

LARGE FORMAT RETAIL MONTHLY MARKET UPDATE

APRIL/MAY

CBRE



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INTRODUCTION

Welcome to the April/May edition of CBRE Large Format Retail's Market Update for 2015.

As we enter the end of the second quarter there has been a continued hype of leasing activity and development across the eastern seaboard. Approximately 40,000sqm of new multi-tenanted large format retail floor space has been delivered in Victoria and a host of projects have been proposed or actively being leased in NSW and QLD including projects in Robina and Burleigh QLD and Tuggerah NSW.

Other news includes revitalised rumours that Lidl are readying to enter the Australian market. Recent reports by the Australian Financial Review suggested that the retailer had been applying for a multitude of trademarks covering thousands of supermarket products and that it had also been in contact with logistics providers in recent weeks in an effort to help create a network of distribution centres.

Appetite for retail investments also continues to remain strong with little signs of slowing. APN Property Group recently announced the setting up of two new unlisted funds, one of which was to specialise in retail assets. APN believed that this fund could grow to \$200million of assets and is targeting eastern seaboard assets. CBRE is also aware of several groups in DD or negotiating on a number of assets across the eastern seaboard. CBRE Retail Investments recently also sold the Kessels Court Homemaker Centre in Brisbane which we will explore further in this edition.

We hope that you enjoy this edition of the Large Format Retail Update, for any further information on any of the topics contained within please do not hesitate to contact anyone from the team.

Kind Regards,

Chris Parry
Director – Head of Large Format Retail Australia

LARGE FORMAT RETAIL ASSOCIATION (LFRA) NATIONAL FORUM – Q1 2015 - REVIEW

CBRE attended the 2nd LFRA National Quarterly Forum for 2015 in Brisbane.

Presentations on the day included;

- LFRA Update, Philippa Kelly, CEO
- 'CITI Large Format Sales Report' by Craig Woolford, Managing Director & Head of Consumer Sector, Research, Citi & presented by Justin Ganly, Managing Director, Deep End Services;
- 'Optimising Margin & Working Capital Through Tax in a Retail Environment, Peter Konidaris, National Leader of the Indirect Taxes Group PwC;
- 'The Power of End to End Digital', Lalita Stables, Enterprise Sales Manager, Google Australia
- Getting to Know Our Members Presentations by CBRE & Primewest; and
- LFRA 2015 Overseas Study Tour to Colorado & New York, Phil Schoutrop, Director, The Buchan Group
- Part of Tomorrow - how Australia Post will underpin the future of commerce in Australia, Ahmed Fahour, Group CEO, Australia Post



Ahmed Fahour,
Group CEO, Australia Post

Some of the key take outs from the various presentations included;

1. Australia is at trend for retail sales growth, with household goods and hospitality leading the charge. Breaking down household goods spending in the 12 months to December 2014 Electrical was up 3.9%, Furniture 8.4%, Hardware 9.7%, other recreational goods 6.3%.
2. According to CITI, it is predicted that sales growth will level out during the year and that to sustain growth retailers will have to focus on profitability.
3. The cost of living continues to ease, resulting in a higher discretionary income for consumers and when coupled with rising retailer inflation paints a positive outlook for many large format retailers.
4. Decline in foot fall to stores in the USA and UK is trending but value per sale to retailers is up 13%, this trend is expected to reach Australian shores.

One of the interesting discussion points raised during the forum was that according to the new reports, new apartment dwelling approvals has outstripped detached homes for the first time. The question asked is what challenges does this pose for retailers and do some groups need to change product lines to cater for smaller homes or how they deliver goods?



From Left to R: Philippa Kelly, LFRA CEO, Zac Fried, LFRA Vice President & Deputy Executive Chairman, Spotlight Retail Group; Ahmed Fahour, Group CEO, Australia Post & Ian Robinson, LFRA President & Executive Chairman, Beacon Lighting.

The discussion of online was also thought provoking. It was noted that online sales growth has slowed to less than 10% but what was most interesting was that 50% of orders are click and collect maintaining the importance for retailer to have a bricks and clicks model and not to focus on one or the other. Lalita Stables, Enterprise Sales Manager of Google Australia also presented that retailers should invest further on mobile connectivity, 46% of Google searches at Christmas 2014 were on a mobile device and this was expected to grow to 56% by Christmas 2015.

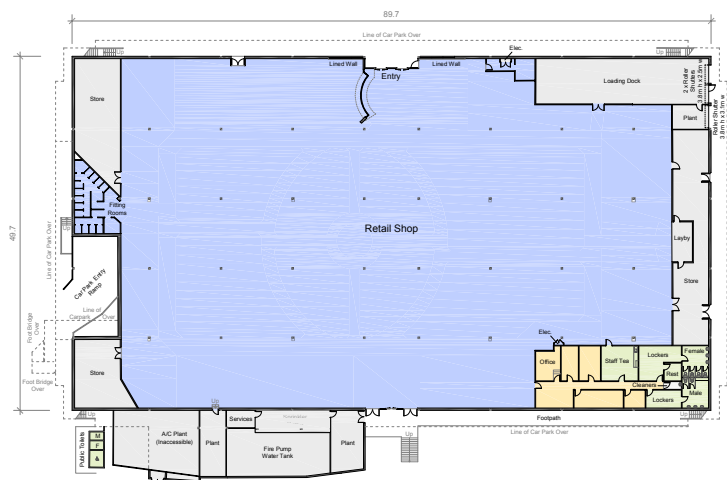
For More information on CBRE's analysis of the 2nd LFRA National Quarterly Forum for 2015, our meetings during the conference or site tours of retail assets, do not hesitate to contact Chris Parry.



FEATURE PROPERTY

CBRE Large Format Retail is pleased to present 4,119.3sqm retail opportunity at 1 Market Street, Rockdale, NSW available FOR LEASE

- Total current "retail area" of 4,119.3m² (Excluding amenities, offices & plant room)
- Located just off the Princes Highway, Rockdale
- 3 street frontages (Being Market Street, Pitt Lane and King Lane)
- The site benefits from a dual level council car park above which caters for approximately 374 cars
- Loading dock at the side of the property
- Currently occupied by Target
- The Census population of St George Region in 2011 was 232,000, living in 90,118 dwellings with an average household size of 2.71*



For further details on the market please contact;
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Moving toward the 'halfway' mark of 2015, the QLD Large Format Team have been kept busy preparing for, and in some cases executing the launch campaigns for various Large Format Retail Leasing Projects including; gearing up for the 'Home + Life' Robina Centre re launch being a proposed 15,102 sqm development (including 14,504 sqm of retail floorspace), targeting large format retailers. The centre, located on Christine Avenue, is situated near a Masters Home Improvement store and close to the Robina Town Centre which is the Gold Coast's largest shopping centre and records annual sales which are equivalent to the sum of sales recorded by Pacific Fair and Westfield Helensvale. The proposed Centre is only weeks away from re launch, with focus predominantly around securing the anchor components. In addition to Robina, the ex Bunnings 'hive up' at Burleigh Heads was officially launched being a retail showroom conversion of the existing circa 11,800sqm ex Bunnings premises to create areas ranging from 400sqm – 6,060sqm. The location is highly prominent and is surrounded by national brands in Spotlight, Anaconda, Beacon Lighting, in addition to adjoining the heavily trafficked Stockland Burleigh Heads Shopping Centre which includes; Big W, Aldi, Woolworths, The Reject

Shop, Best & Less and comprises of 115 specialty stores.

With respect to retailer movements, we are pleased to have assisted Super A Mart with their new store opening at Yamanto Shopping Village being a circa 3300sqm showroom. Super A Mart join a very strong trading Woolworths Supermarket, in addition to other key large format retailers Dick Smith and Super Cheap Auto. In addition CBRE have also assisted in the 1st Myer bedding concept being secured into Aspley Homemaker City, who have recently opened for trade. Myer will further bolster an already strong and diverse retailer mix, and only compliment the existing array of bedding retailers which includes the likes of Snooze, Forty Winks, Bedshed and Beds N Dreams.

Based on continued discussion with retailers throughout Brisbane and greater QLD, general sentiment remains positive with a continued focus to expand where the right locations can be sourced. The CBRE QLD Large Format Team continue to uncover new leasing opportunities on a daily basis and invite you to contact the Brisbane team undersigned to arrange a meeting to review possible expansion options for your business.

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RECENT DEALS



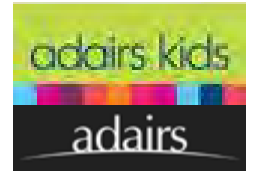
MORAYFIELD SUPER CENTRE

Curtain Wonderland
587sqm



81 ASHMORE ROAD, BUNDALL

Adairs / Adairs Kids
1,000sqm



STORE OPENINGS



LOGAN MEGACENTRE

Vast Interior
689sqm



ASPLEY HOMEMAKER CITY

Orange Theory Fitness
276sqm



NEW LISTINGS



CARSELDINE HOMEMAKER

456sqm - 660sqm



HOMEMAKER THE VALLEY

351sqm





NEW SOUTH WALES



The Large Format Retail market in NSW has sustained strength for Owners of these assets into the second quarter of 2015 . As Owners and Agents are aware, there was an apparent retraction during the GFC of retailers in the Large Format Sector with expansion plans in mind (Notably Electrical and Furniture).

Currently, due to the continuation of strong fundamentals within the NSW market, we have certainly witnessed a diversified and competitive mix of large format retailers now back into the market actively seeking new opportunities. It appears that almost every category which falls under LFR banner is active again, which includes Electrical, Furniture, Bedding, Pet Supplies, Fitness, Automotive, Sporting, Recreation and Hardware.

The most highly desirable areas seem to be located within the tightly held retail strips such Brookvale, Caringbah, Castle Hill, Alexandria, Penrith, Epping/North Ryde, Hornsby and

The Inner West. The distinct lack of available opportunities within these key areas, coupled with the successful trading of retailers throughout NSW is adding to pent up demand for the right property, which is quick to be taken up when offered to the market.

For the first time in quite some time, NSW has been touted as the “best performing state” currently within the LFR sector. This is due to the state currently producing a strong residential sales market, a strong renovators market on the back of the equity and “Wealth Effect” from existing home owners, construction of new dwellings, low interest rates and falling petrol prices all resulting in stronger retail sales performance for retailers.

We are confident that these fundamentals will continue to remain strong for remainder of the year, which will see NSW continue will be a standout performer within this sector.

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NEW LISTINGS



82 PARRAMATTA ROAD LIDCOMBE

450sqm – 2,461sqm
Price on application

[CLICK
HERE](#)



675 BOTANY STREET ALEXANDRIA

1,950sqm
Price on application

[CLICK
HERE](#)



678 BOTANY ROAD ALEXANDRIA

688.3sqm
Price on application

[CLICK
HERE](#)



15 RAILWAY PARADE WOLLONGONG

Building - 1,267sqm
Land - 2,661sqm
Price on application

[CLICK
HERE](#)



Spotlight, Mentone



Pakenham Lifestyle Centre



Victoria has been enjoying a spike in the delivery of new multi-tenanted Large Format Retail floor space with the delivery of the Pakenham Lifestyle Centre and the Mentone Centre.

Spotlight opened at the Mentone Centre, 27 – 29 Nepean Highway in May and will be joined by Repco, Aldi, Tasman Meats, Petbarn, Pillow Talk, Amart Sports + more. The 32,000sqm centre has been developed by H-Troon and is a showcase on the freedoms afforded by the new planning legislation. The centre will enjoy a strong 7 day trade with a balanced mix between uses such as soft furnishings, hardware, pet supplies, automotive and grocery.

The Pakenham Lifestyle Centre at 825 Princes

Highway opened in April also. The multi-tenanted centre comprises a Masters Home Improvement (stage 1) with a JB Hi-Fi Home, Best Friends Pets, Beacon Lighting, Autobarn, Fair Price Furniture, Focus on Furniture and Derrimut Gym. The centre still has a few units remaining for lease but in conjunction with the adjoining Bunnings Centre provides a convenient large format retail shopping destination with true critical mass for Pakenham and the surrounds.

The increased investment into developing large format retail floor space in Victoria is a testament to the states strong retail fundamentals and economy underpinned by population growth and construction.

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RECENT DEALS



NORTHLAND HOMEMAKER CENTER

19 - 33 Murray street, Preston

Maison Est

1,080sqm

MAISON EST



HOME QUARTER DANDENONG

55 - 67 Frankston - Dandenong Road, Dandenong

Chipmunks Playland and Cafe

964 sqm



THE HARVEY NORMAN CENTRE

169 Rosamond Road, Maribyrnong

Anaconda

2,158sqm

ANACONDA
the adventure starts here

STORE OPENINGS



THE MENTONE CENTRE

27 - 29 Nepean Highway, Mentone

Spotlight

3,472sqm

SPOTLIGHT

NEW LISTINGS



MILDURA HOMEMAKER CENTRE

742sqm - 2,600sqm

Rent - POA

CLICK
HERE



DANDENONG HOME QUARTER - FINAL SHOWROOM

1,000sqm

Rent - POA

CLICK
HERE



SOUTH AUSTRALIA

April has seen the handover of 578 North East Road, Holden Hill to two high quality national retailers, in Petbarn & Supercheap Auto. Petbarn are busy fitting out their store ready for their grand opening, and Supercheap Auto recently opened, with this particular store being their 300th store in Australia.

We have tenancies at Gepps X Home HQ, Mile End Homemaker Centre & Mt Barker Homemaker Centre all under offer with final negotiations taking place with fantastic retailers on the vacancies. We expect to be able to make some exciting announcements soon on these spaces.

Demand in SA is still at a very healthy level, with a number of development opportunities available now that the main centres are nearing

full capacity. We have a new building nearing completion with approximately 400 sqm almost ready for handover at Noarlunga near The Good Guys & Barbecues Galore on Beach Road. This is a very highly sought after area and space in the higher quality centres is rare. There are also a few opportunities in centres that will be home to big name retailers as their anchors which will be coming to the market shortly. There are exciting times for a number of large format retail strips with potential development sites coming onto the market in key locations. We are also continuing to see the trend that many deals are being completed off market, with transactions taking place with no advertising of the properties for lease and targeted approaches to retailers once development sites are obtained.

For further details on the market please contact;
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STORES OPENING



T2, 578 NORTH EAST ROAD HOLDEN HILL

Supercheap Auto
777sqm



RECENT DEALS



NOARLUNGA CENTRE, T2, 160-168 BEACH ROAD

Barbeques Galore
906.5sqm



NEW LISTINGS



800 MARION ROAD MARION

2 tenancies - 600 sqm each.
Price on application

[CLICK
HERE](#)



NOARLUNGA CENTRE, T3, 160-168 BEACH ROAD

2 tenancies - 600 sqm each.
Price on application

[CLICK
HERE](#)



CORNER OF PHILIP HWY & MAIN NORTH RD, ELIZABETH

Up to 2850 sqm
Price on application

[CLICK
HERE](#)



WESTERN AUSTRALIA

Large format retail properties in Western Australia are continuing to experience improved leasing conditions evidenced by the deals concluded and enquires generated during the first quarter of 2015, primarily attributed to low interest rates, strong residential building activity and increased consumer spending.

Many national tenants have now after several years incorporated a strategic plan to acquire sites within the WA network that are not bound by the metro area but also include the Perth periphery expanding suburbs. We expect this will be a major driver for the large format retail sector to build momentum and subsequently impact on rents

and vacancy levels. While the positive changes in the market continue to be supported by strong retail demand and attractive lending conditions we are predicting a surge of new developments to increase the supply pipeline. Initial schemes and talks of new LFR centres are currently under assessment with a view to commence the projects sooner rather than later. However given the construction lag we are expecting to see the benefits of these developments in the next twelve months leading into the first and second quarter of 2016.

For further details on the market please contact;
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RECENT DEALS



MALAGA HOME CENTRE

MCQ & 5 Seasons Fresh
2,770sqm



KWINANA SUPA CENTRE

Disability Services Commission
400sqm



STORES OPENING



488 SCARBOROUGH BEACH ROAD OSBORNE PARK

Nick Scali
2,500sqm



KWINANA SUPA CENTRE

Autobahn
330sqm



INVESTMENTS

With the recent sale of Kessels Court Homemaker in Brisbane and the launch of recent campaigns, CBRE Retail investments are experiencing significant strength and demand for the Large Format Retail sector, on both a private and institutional level.

This increase in demand is being driven by; confidence in the sector with household goods spending growing strongly and attractive yields and annual growth when compared to traditional neighbourhood retail centres. Further to this with banks proactively lending “cheap” money and with the growing weight of capital we are experiencing an unprecedented level of aggressive capital with an appetite specifically for quality large format retail centres.



PRIME METROPOLITAN BRISBANE RETAIL INVESTMENT

- Brisbane’s dominant large format retail precinct only 12kms* from the CBD and home to key national retailers
- Successful 9,252sqm* retail centre leased to leading retailers including Super Cheap Auto, Trade Secret, Pillow Talk, Curtain Wonderland, QLD Transport and others
- A history of strong national tenant retention
- Excellent frontage and exposure with immediate access to the Pacific Motorway
- Immediate value add opportunity
- Main trade area population forecast to grow to 550,000 residents by 2021 ^
- Fully leased net income of \$2,429,865 pa*

*Approx ^ Location IQ

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FOR SALE

NATIONAL RETAILERS - BLUE CHIP INVESTMENT



48 BROWNS PLAINS RD,
BROWNS PLAINS QLD

- Established, tightly held retail precinct adjacent to Grand Plaza Shopping Centre
- 2,365sqm* of prime on grade Large Format Retail
- Secure income from ASX listed retailers: Petbarn, Super Retail Group plus Fernwood Fitness
- Immediate value add opportunity
- Fully leased net income \$563,750pa*

EXPRESSIONS OF INTEREST CAMPAIGN CLOSES THURSDAY 12:00 NOON, 25 JUNE 2015

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DOMINANT FREESTANDING OFFICEWORKS IN REGIONAL CITY CENTRE



11 MILTON ST, MACKAY QLD

- Prominent retail investment (2,160sqm*), 100% leased to Officeworks (ASX:WES)
- Net lease structure with fixed annual increases
- Busy central CBD location opposite a Regional Shopping Centre (Caneland Central)
- Convenient dual street access with ample at grade car parks on title
- Easily managed single tenant asset
- Officeworks operating from the site successfully since 2001
- Net income \$547,442 pa*

*Approx.

FOR SALE BY EXPRESSION OF INTEREST CLOSING THURSDAY 9TH JULY 2015

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FROM THE CENTRE MANAGEMENT TEAM

Mall Merchandising

Shopping centre landlords are always trying to come up with “next big thing” to entice shoppers to buy , however sometimes its’ the simple and old fashioned ways that earn you the best results.

Since retail began the act of displaying ones goods to entice demand has been paramount to successful retail - and todays marketplace is no different

Shop displays are leaving the window behind and now popping up all over the shopping centre - presenting powerful “call to action” prompts to shoppers from the moment they arrive

Here are some recent CBRE examples

SPRINGVALE HOME MAKER CENTRE , VICTORIA

Custom designed Display Cases are styled using a theme incorporating product from all different retailers to showcase a curated “look”



For more information on managing your retail property please contact Suzette Lamont on suzette.lamont@cbre.com.au

LOGA MEGACENTRE QLD

A small scale merchandising box presented at car park level is displayed with “rooms” from retailers



ARTARMON HOME HQ

Display plinths are made from quirky packing pallets – reminiscent of the centres industrial heritage.

The use of real items and chalk drawn “rooms” adds a cute touch

For more information on managing your retail property please contact Suzette Lamont on suzette.lamont@cbre.com.au

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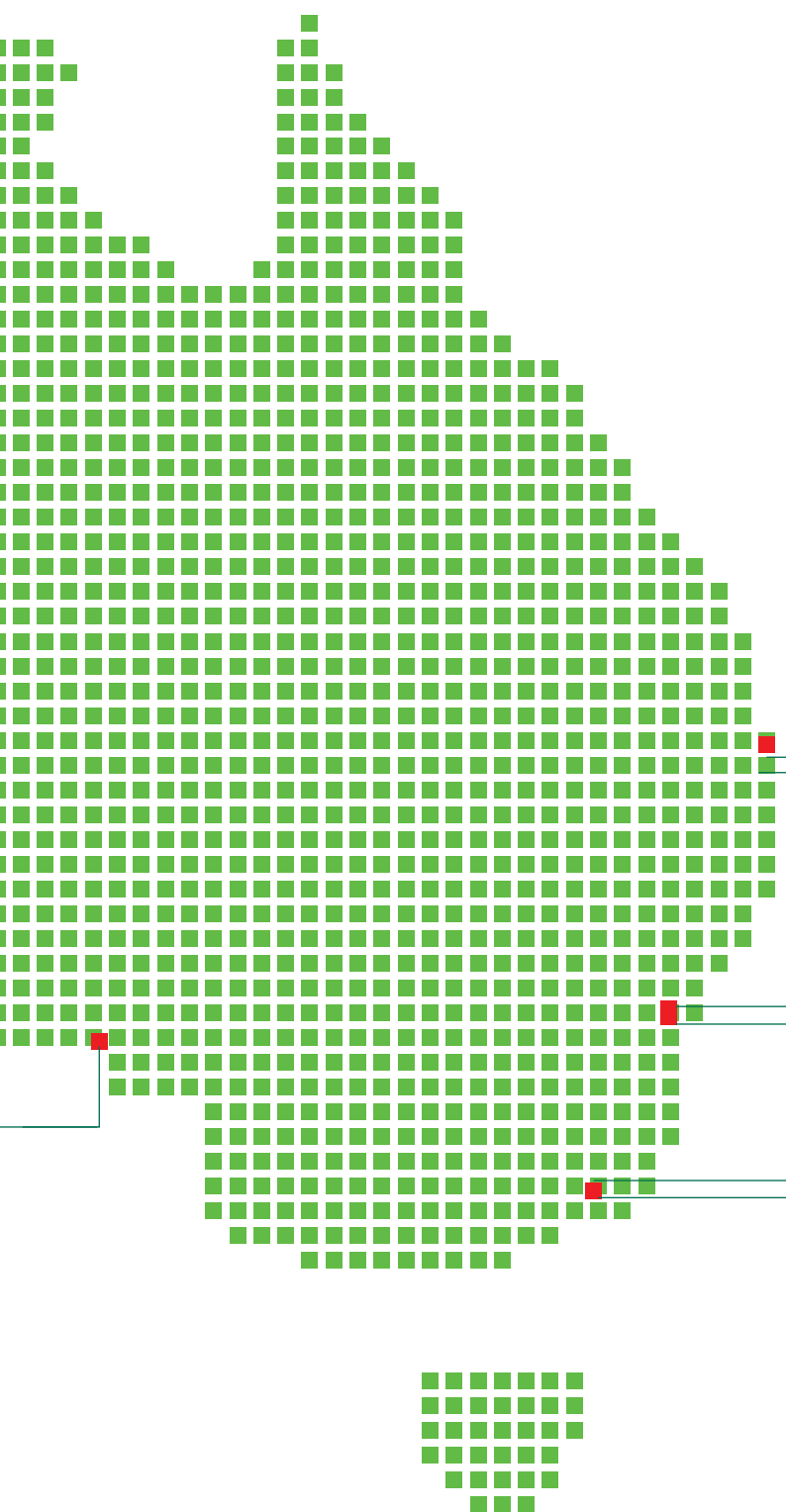
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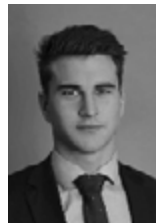
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