

# MARKETBEAT

\$9.3bn

TOTAL INVESTMENT VOLUME  
(2017)

6.0%

AVERAGE ROLLING ANNUAL  
TRANSACTION YIELD

\$4.3bn

TOTAL INVESTMENT  
VOLUME (Q4 2017)

## ECONOMY & RETAIL MARKET REVIEW

Australian GDP growth of 0.6% was recorded in Q3 2017, down from 0.9% in the June quarter. Growth stemmed from strong private sector investment and exports. For the retail sector, Moving Annual Turnover (MAT) grew 2.9% in September 2017, though remains below the long-term average of 5.1% and is below the 3.2% recorded in Q2. Headwinds include weak household income growth and low inflation.

## INVESTMENT REVIEW

Despite a slower first half of the year, record quarterly volume in Q4 catapulted 2017 to the strongest year on record. Quarterly retail investment of \$4.3bn was up 72% on the \$2.5bn recorded in Q3, and triple the volume of Q4 2016. Annual volume of \$9.3bn eclipsed the previous high in 2015 by 10% (\$8.4bn). New South Wales and Queensland led the quarter with \$1.9bn and \$1.6bn respectively. These results were driven by the 50% sale of Indooroopilly Shopping Centre for \$800m and the exchange of four Sydney metro assets between GIC and Vicinity worth over \$1.1bn. In line with record volume, transaction yields have compressed further, totaling 25bps over the year.

While Q4 was heavily influenced by City Centre and Regional shopping centre transactions, deal activity over the year was focused towards Neighbourhood centres (\$1.9bn) and Super Regional centres (\$1.5bn). Large Format volume was also strong (\$1.4bn) with notable transactions including Home Hub Castle Hill (\$336m), multiple Bunnings stores (\$247m), and the divestment of several former Masters' stores totaling \$197m.

## OUTLOOK

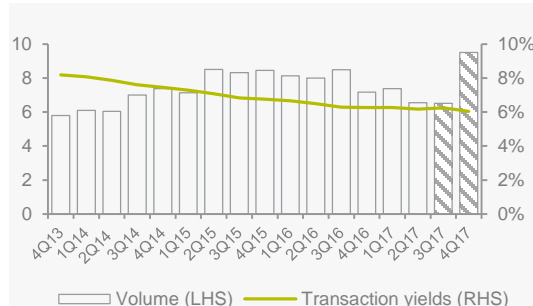
Looking ahead, it is anticipated that liquidity will continue into the new year and support volumes over H1 2018. Institutional investors will continue to seek opportunities to divest non-core assets to recycle capital in order to fund development and refurbishments. While most of the yield compression has already occurred expectations are that they will remain under downward pressure over the year.

## ECONOMIC INDICATORS

	Q2 17	Q3 17	12-month Forecast
GDP Growth (National)*	2.0%	2.2%	▲
Moving Annual Turnover (MAT)	3.2%	2.9%	▲
Unemployment (National)†	5.6%	5.4%	—
CPI Growth‡	1.9%	1.8%	▲

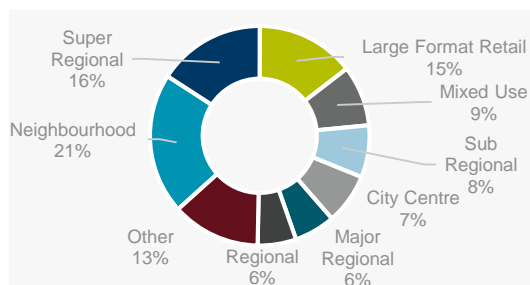
\*Average annual growth rate, †Seasonally adjusted, ‡Year-on-Year  
Source: ABS; Deloitte Access Economics; Cushman and Wakefield Research

## 1-YEAR ROLLING ANNUAL INVESTMENT VOLUME (AUDbn) AND TRANSACTION YIELDS



Source: Cushman & Wakefield Research

## INVESTMENT BY CENTRE TYPE (%) 2017



Source: Cushman & Wakefield Research

## KEY RETAIL TRANSACTIONS Q4 2017

Classification	Property	State	Sale Price (AUDm)	Interest (%)	GLAR	Initial Yield (Passing)	\$psm GLAR
Super Regional	Indooroopilly Shopping Centre	QLD	800.0	50	116,444	4.30%	13,741
Major Regional	Chatswood Chase	NSW	562.3	49	63,715	4.75%	18,011
City Centre	3 retail assets	NSW	556.0	50	34,314	5.10%	32,406
Regional	Rockingham Shopping Centre	WA	300.0	50	61,398	6.00%	9,772
Mixed Use	Gasworks Newstead	QLD	*248.4	100	18,834		13,189
Regional	Kawana Shopping World	QLD	186.0	50	38,415	5.50%	9,684
Neighbourhood	Pittwater Place Shopping Centre	NSW	98.0	100	11,703	5.10%	8,374
Neighbourhood	Marketplace Warner Shopping Centre	QLD	78.4	100	11,477	5.18%	6,827
Neighbourhood	Bathurst City Centre	NSW	71.2	100	12,559	5.89%	5,665
Neighbourhood	Stockland Corrimal	NSW	70.0	100	9,835		7,117
Neighbourhood	Chester Square Shopping Centre	NSW	68.5	100	17,000	3.78%	4,029
Freestanding Large Format Retail	Bunnings Caringbah	NSW	59.6	100	13,604	5.25%	4,381

\*Includes full building



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