

# MARKETBEATS

**\$3.1 BN**

INVESTMENT VOLUME (Q4 2018)

**6.2%**

AVG ROLLING ANN TRANSACTION YIELD

**60%**

SUB-REGIONAL & N'HOOD % OF Q4 VOL.

## WHAT'S NEXT

### ECONOMIC & RETAIL MARKET REVIEW

Australian GDP growth of 2.8% was recorded in the third quarter of 2018, matching the result of 2.8% of the June quarter. Positive market indicators included ongoing growth in household consumption and some white collar industries. While aggregate income is rising, retail sales may continue to be constrained by a lack of growth in discretionary income. Moving Annual Turnover remained relatively soft at 2.8%, below the ten year average of 3.7%.

### INVESTMENT REVIEW

Q4's national retail investment volume of \$3.1\* billion marked the largest quarterly investment volume of 2018. In fact, it was also the second largest quarterly investment volume on record, behind only Q4 2017. 2018 annual investment volume of \$8.5 billion was down 8% on 2017's volume of \$9.3 billion.

In Q4 New South Wales led investment volume by state with \$1.1 billion while Victoria ranked second with \$997 million. For 2018 volume, New South Wales also ranked first, with \$3.5 billion, or 41% of the national total.

By classification, Sub Regional centres ranked first in transaction volume in Q4 with \$1.2 billion, followed by Neighbourhood centres with \$640 million. Combined, the two centre types accounted for almost 60% of Q4 volume. Over the quarter, a number of Sub Regional centres were sold at below book value.

For the year, Sub Regional centres ranked first in transaction volume (\$1.9bn), followed by Major Regional (\$1.7bn) and Neighbourhood centres (\$1.5bn).

### OUTLOOK

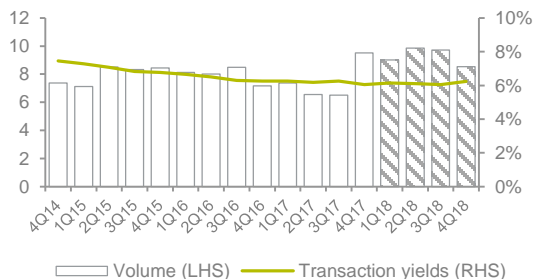
Looking ahead, the uncertain outlook for retail centres is likely to continue to drive elevated transaction volume for Sub Regional centres. A softening of cap rates in this centre class is possible. As such, liquidity is forecast to continue with institutional investors looking to recycle capital. Assets with a clear repositioning story or with a focus on everyday essentials, such as neighbourhood centres, are expected to remain attractive.

### ECONOMIC INDICATORS

	Q2 18	Q3 18	12-month Forecast
GDP Growth (National)*	2.8%	2.8%	—
Moving Annual Turnover*	2.6%	2.8%	—
Unemployment (National) †	5.3%	5.0%	—
CPI Growth ‡	2.1%	1.9%	—

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

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



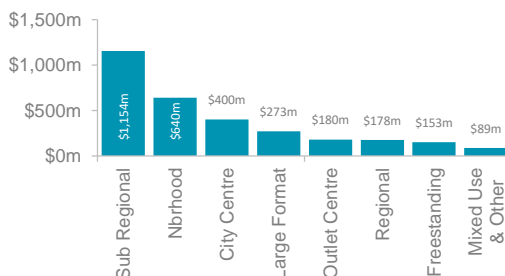
\*Rolling average annual unweighted yields  
Source: Cushman & Wakefield Research

### INVESTMENT BY DESTINATION, Q4 2018



Source: Cushman & Wakefield Research

### TRANSACTION VOLUME BY CENTRE TYPE Q4 2018



Source: Cushman & Wakefield Research

## KEY RETAIL TRANSACTIONS Q4 2018

CLASSIFICATION	PROPERTY	STATE	SALE PRICE (AUDm)	INTEREST (%)	YIELD	GLAR	\$psm GLAR
Sub Regional	Figtree Grove Shopping Centre	NSW	206.00	100%	6.21%	21,788	\$9,455
Outlet Centre	Harbour Town Shopping Centre	QLD	180.00	25%	5.00%	56,744	\$12,689
Sub Regional	Burwood One	VIC	180.00	100%	5.20%	26,602	\$6,766
Regional	Waverley Gardens Shopping Centre	VIC	178.00	100%	6.37%	39,553	\$4,500
City Centre	The Barracks Brisbane	QLD	162.32	100%		9,141	\$17,757
Sub Regional	Lidcombe Centre	NSW	145.00	100%	6.49%	32,910	\$4,406
Large Format Retail	Crossroads Homemaker Centre	NSW	140.00	100%	6.50%	48399	\$2,893
City Centre	King Street Wharf (Leasehold)	NSW	125.50	100%		5,653	\$22,201
Sub Regional	Keilor Central Shopping Centre	VIC	113.00	100%	6.30%	19,700	\$5,736
Sub Regional	Warnbro Centre	WA	92.90	100%	8.16%	21,401	\$4,341
Neighbourhood	Currambine Central	WA	91.00	100%	7.48%	17,064	\$5,333
Sub Regional	Stockland Bathurst	NSW	90.50	100%	7.25%	19,446	\$4,654
Large Format Retail	Highpoint Homemaker Centre	VIC	80.50	100%	6.20%	21271	\$3,784
Sub Regional	Bentons Square	VIC	77.00	100%	6.71%	10,023	\$7,682



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