

MARKETBEAT

\$794m

UNLISTED FUNDS STRONGEST NET PURCHASERS

~6.25%

AVERAGE ROLLING ANNUAL TRANSACTION YIELD

\$2.4bn

TOTAL INVESTMENT VOLUME (Q3 2017)

ECONOMY & RETAIL MARKET REVIEW

Australian GDP growth rose 0.8% in Q2 2017, up from 0.3% in the March quarter. Improvements stemmed from stronger government investment, household consumption and improved exports that were weather affected in Q1. In the retail sector, Moving Annual Turnover grew 3.2% as at June 2017, though it remains below the long-term average of 5.2%. Headwinds include poor consumer sentiment, declining household disposable income and weak wages growth.

INVESTMENT REVIEW

Investment in retail assets rebounded strongly in Q3 2017 to \$2.4 billion, up 45% quarter-on-quarter. Rolling annual investment volume ended Q3 2017 at \$6.5 billion. Victoria and New South Wales led the quarter at \$873 million and \$749 million respectively – a combined 68% of national volume. However, a significant proportion of quarterly figures for Victoria came from GPT Wholesale Shopping Centre Fund acquiring a 25% stake in Highpoint Shopping Centre for \$680 million at an initial yield of 4.2%.

In Q3 2017, the retail investment market witnessed an increase in institutional purchasing activity compared to the first half of the year, accounting for \$2 billion (86%) of the national total. Of this group, Unlisted Funds were the strongest net purchasers, at \$794 million. Aside from the Highpoint sale, Queensland was most attractive to Unlisted Funds, with \$242 million invested across six transactions, including three neighbourhood centres. On the opposite side of the ledger, private investors were the largest sellers, divesting \$1 billion of assets in net terms, much of which occurred in Victoria.

OUTLOOK

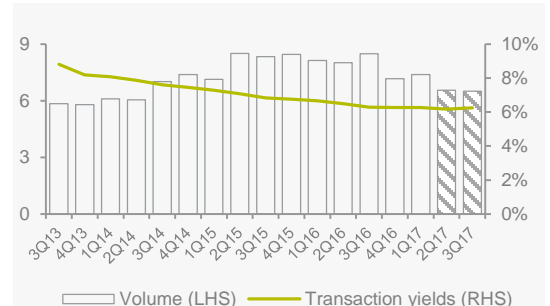
Retail investment assets are expected to remain in high demand given their strong relative value proposition. With several high-quality assets for sale, this should support deal activity over the remainder of the year. However, for the annual investment volume to match the 2016 result, approximately \$2 billion needs to be invested in Q4 2017. This would represent an increase of 47% on the Q4 2016 result.

ECONOMIC INDICATORS

	Q1 17	Q2 17	12-month forecast
GDP growth (national)*	2.3%	2.0%	▲
Moving annual turnover	3.1%	3.2%	—
Unemployment (national)†	5.9%	5.6%	▼
CPI growth‡	2.1%	1.9%	▲

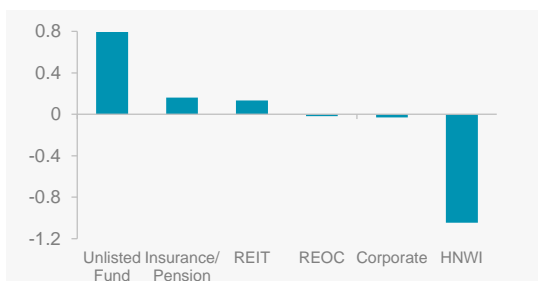
*Average annual growth rate, †seasonally adjusted, ‡ Year-on-year
Source: ABS; Deloitte Access Economics; Cushman & Wakefield Research

1-YEAR ROLLING ANNUAL INVESTMENT VOLUME (AUD billion) AND TRANSACTION YIELDS



Source: Cushman & Wakefield Research

NET PURCHASING ACTIVITY BY INVESTOR TYPE (AUD billion), Q3 2017



Source: Cushman & Wakefield Research

KEY RETAIL TRANSACTIONS Q3 2017

Classification	Property	State	Sale Price (AUDm)	Interest (%)	GLAR	Initial Yield (Passing)	\$psm GLAR
Super Regional	Highpoint Shopping Centre	VIC	\$680.0	25	135,182	4.20%	20,121
Mixed Use	Bakehouse Quarter (Retail component)	NSW	\$196.8	100	18,700	n/a	5,453
Sub Regional	Marketown Shopping Centre	NSW	\$163.0	100	24,999	5.37%	6,520
Mixed Use	East Village Shopping Centre	NSW	\$155.3	50.1	32,779	5.25%	9,457
Freestanding Large Format Retail	IKEA Innaloo	WA	\$143.5	100	29,125	7.80%	4,927
Other Retail	The Brickworks Centre	QLD	\$137.5	100	15,183	n/a	9,056
Neighbourhood	Bluewater Square	QLD	\$55.2	100	10,004	7.00%	5,523
Neighbourhood	Entrada Shopping Centre	NSW	\$41.3	100	5,569	5.70%	7,420
Sub Regional	Mowbray Shopping Centre	TAS	\$38.5	100	11,700	7.35%	3,295
Freestanding (Other)	Virgin Active Gym	VIC	\$33.9	100	4,816	n/a	7,051
Neighbourhood	Eli Waters Shopping Centre	QLD	\$33.1	100	6,338	6.60%	5,235
Freestanding Large Format Retail	Big W & Woolworths Gawler	SA	\$31.8	100	11,000	6.90%	2,891
Large Format Retail	Primewest Midland	WA	\$30.7	100	9,727	7.30%	3,161



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