



# Property Funds Association

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Master Class Victoria

Stuart Fox

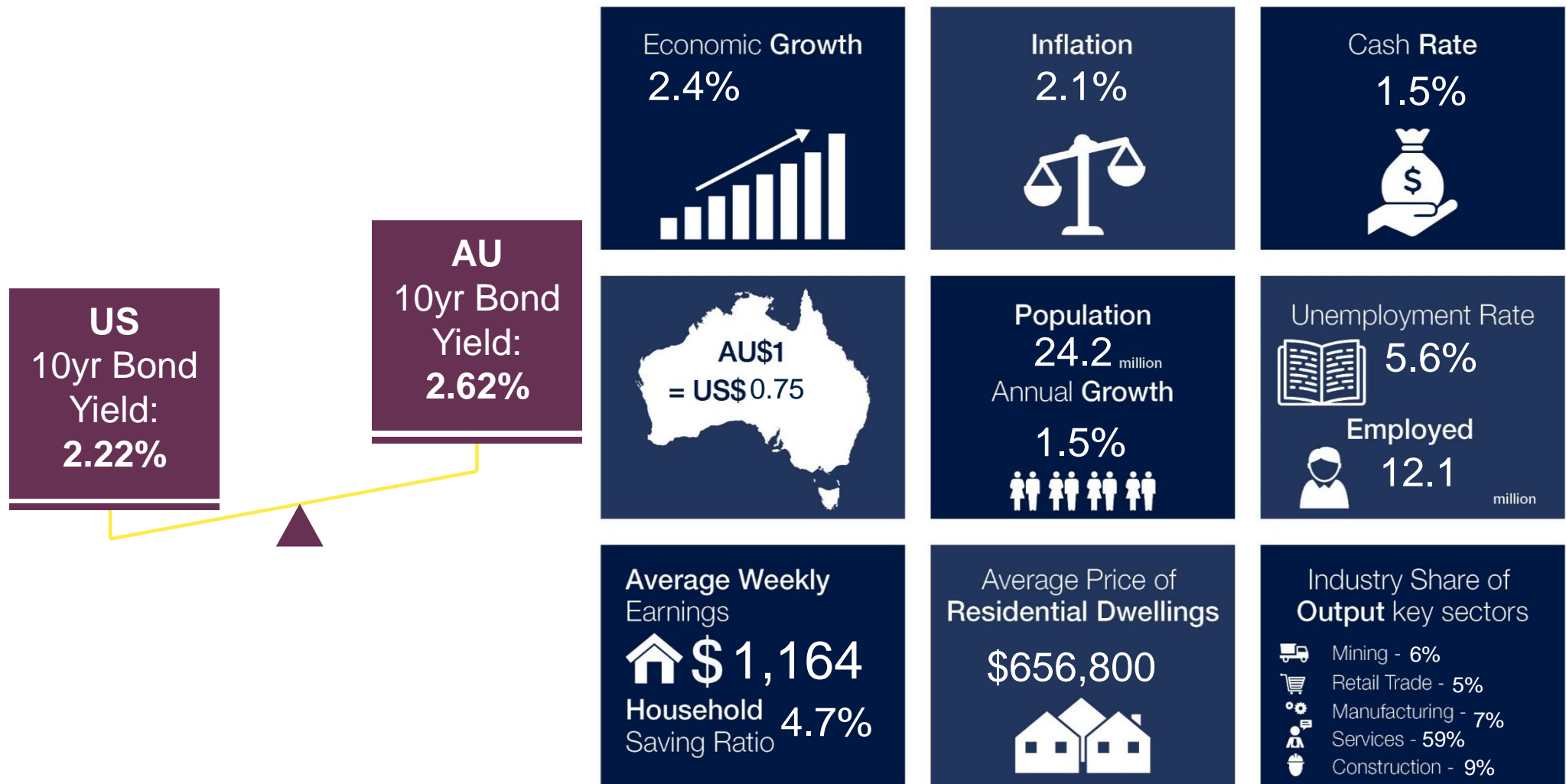
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Thursday, 17<sup>th</sup> August 2017

[savills.com.au](http://savills.com.au)

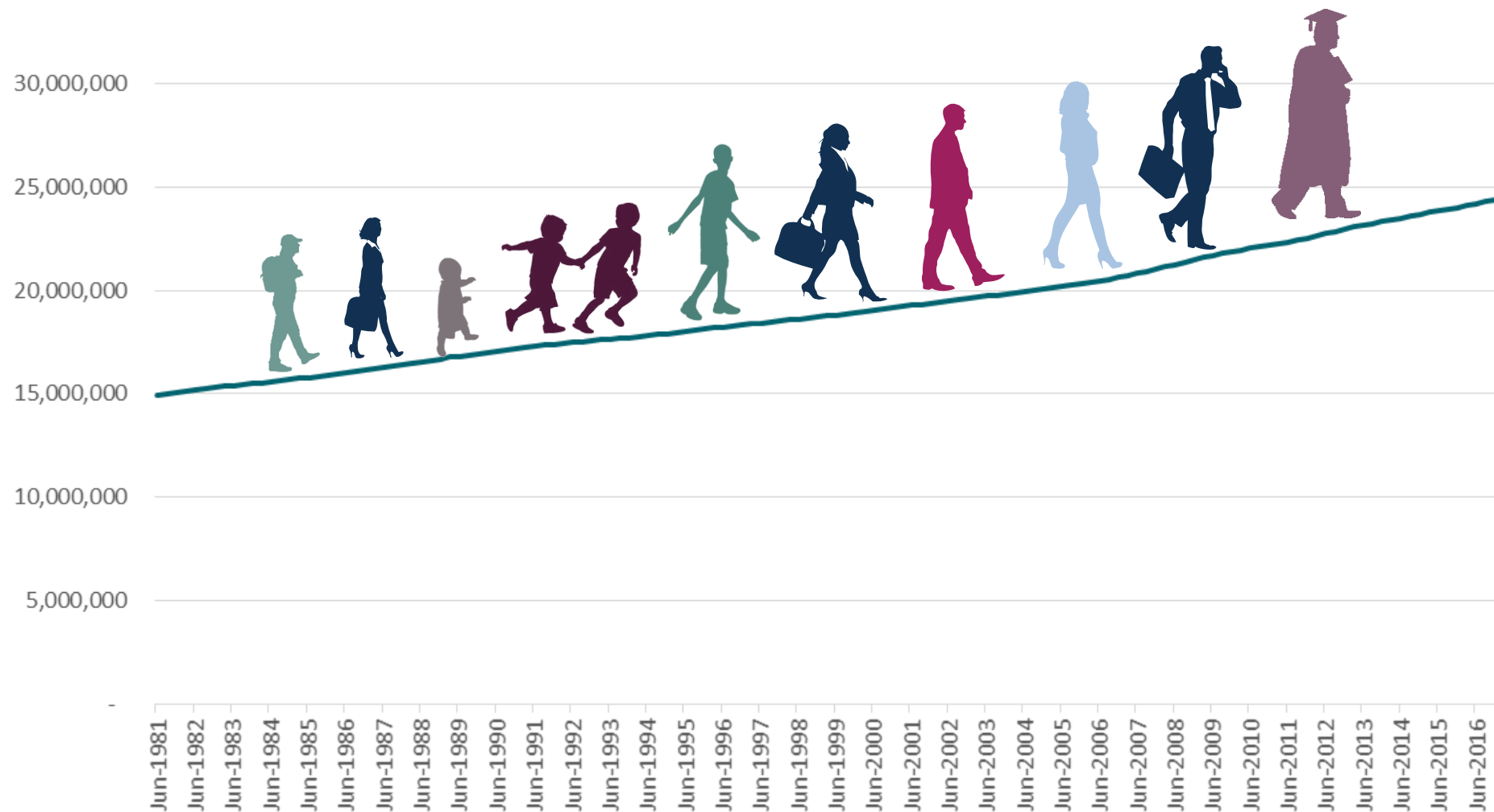
# Australian Economic Indicators

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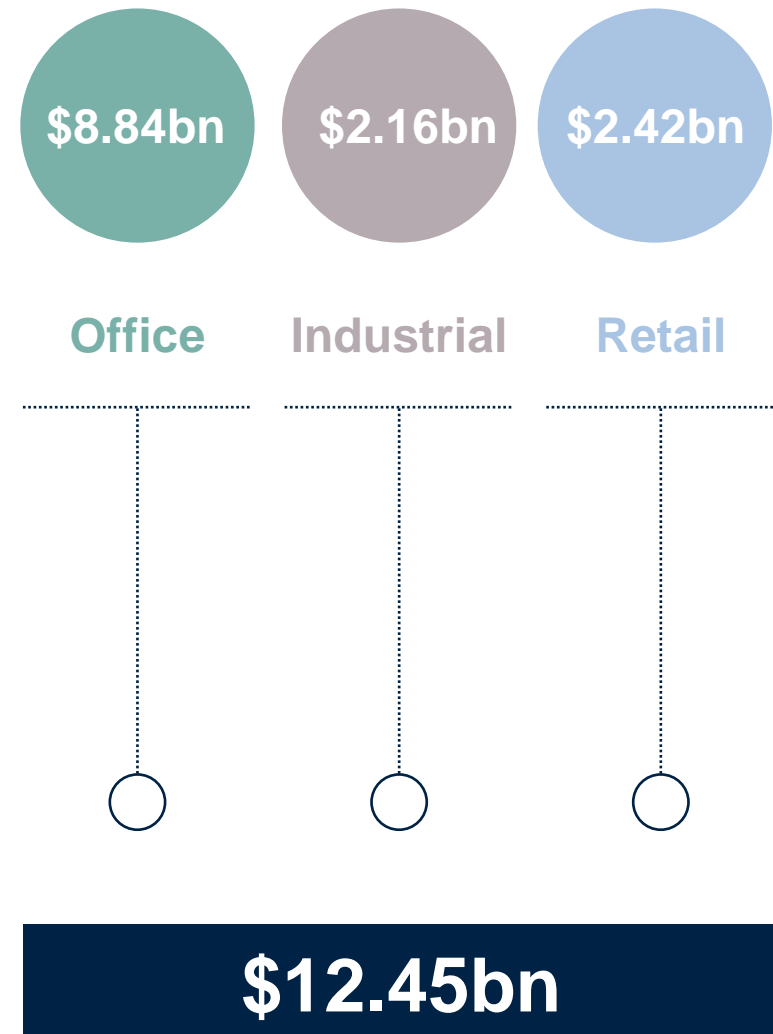
# Population - A Key Driver

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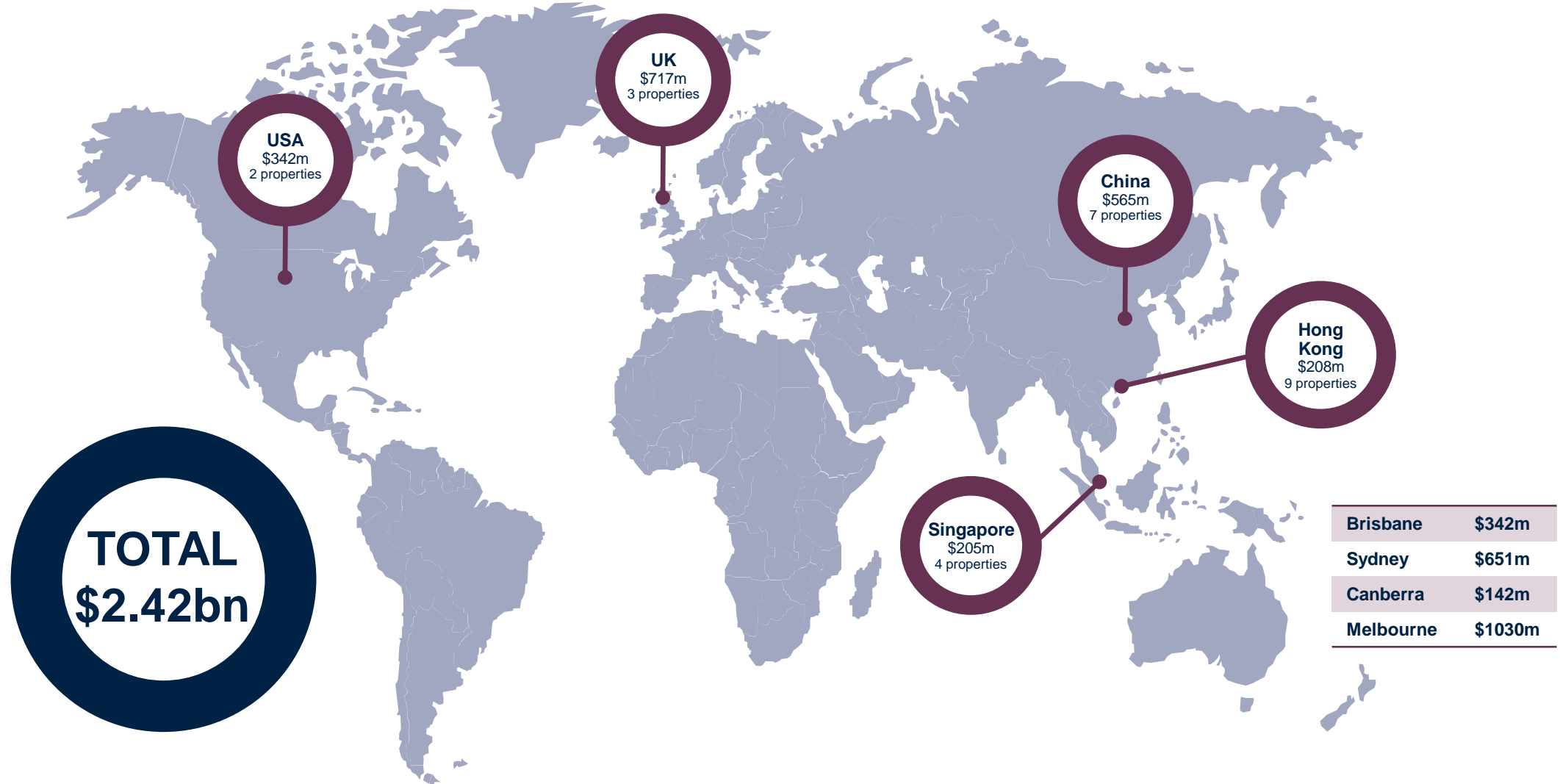


# Cross Border Investment into Australia Office, Industrial & Retail

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# Cross Border Investment into Australia Retail



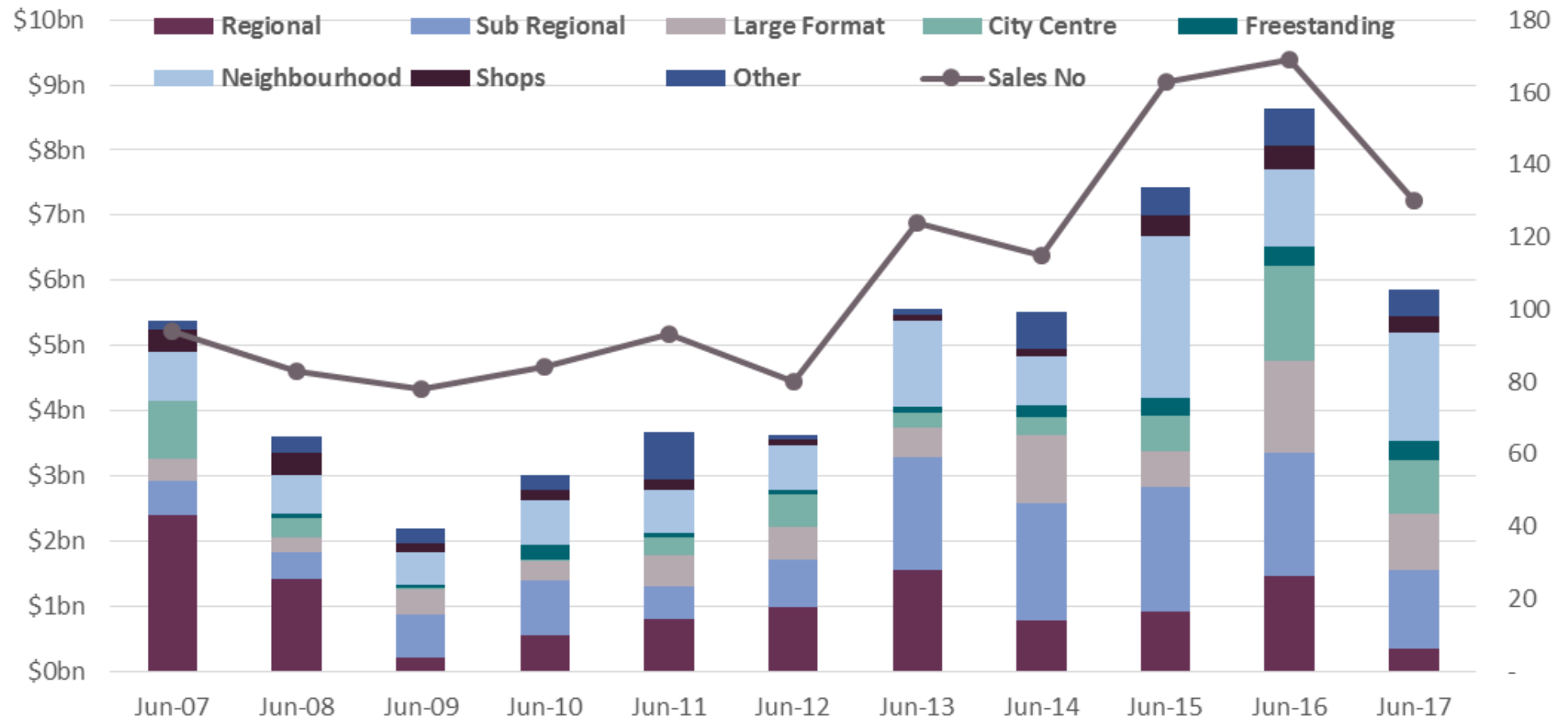
# The Retail Market

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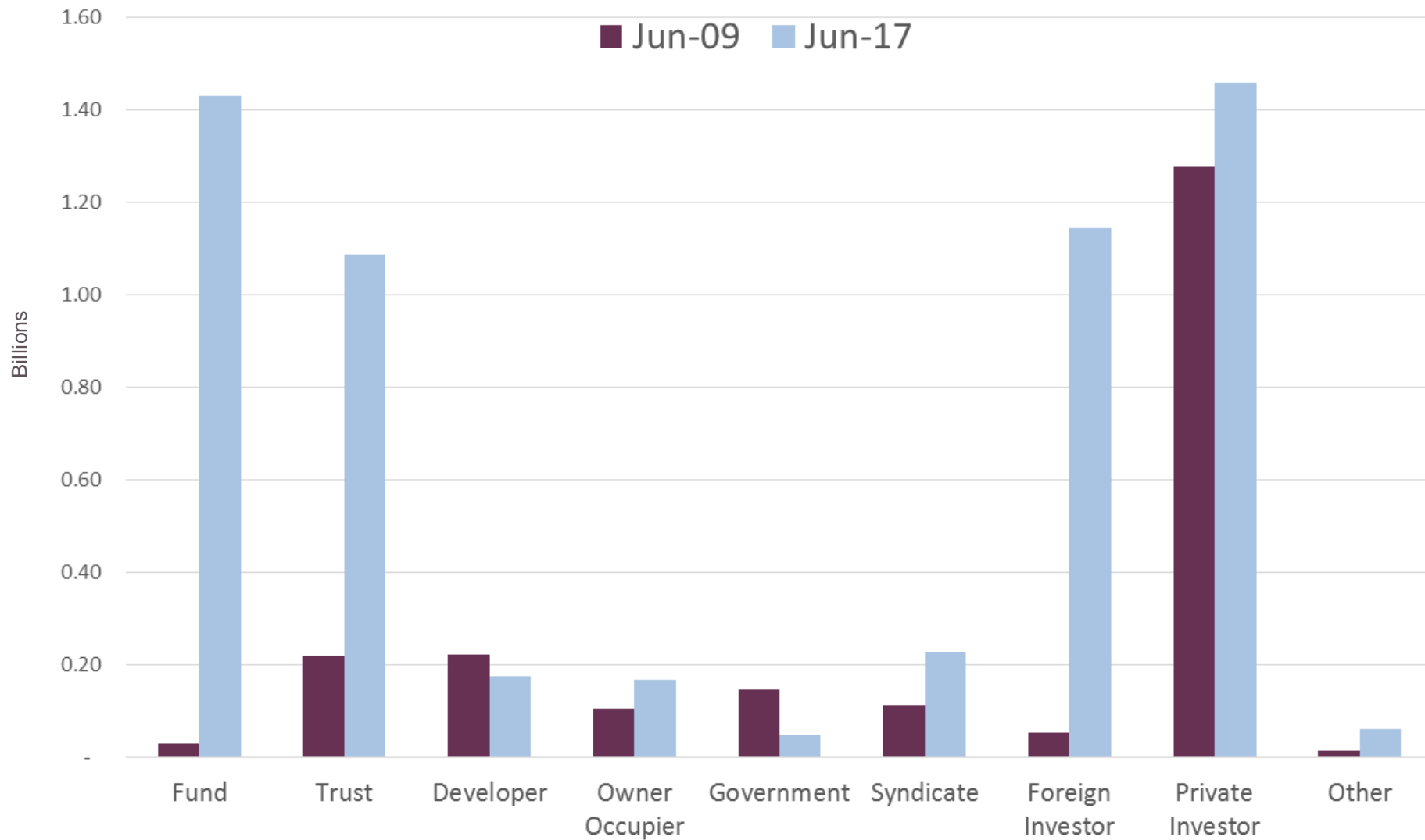
# National Retail Sales

## Total Sales Volume and Sales No by Centre Type



# Players Change

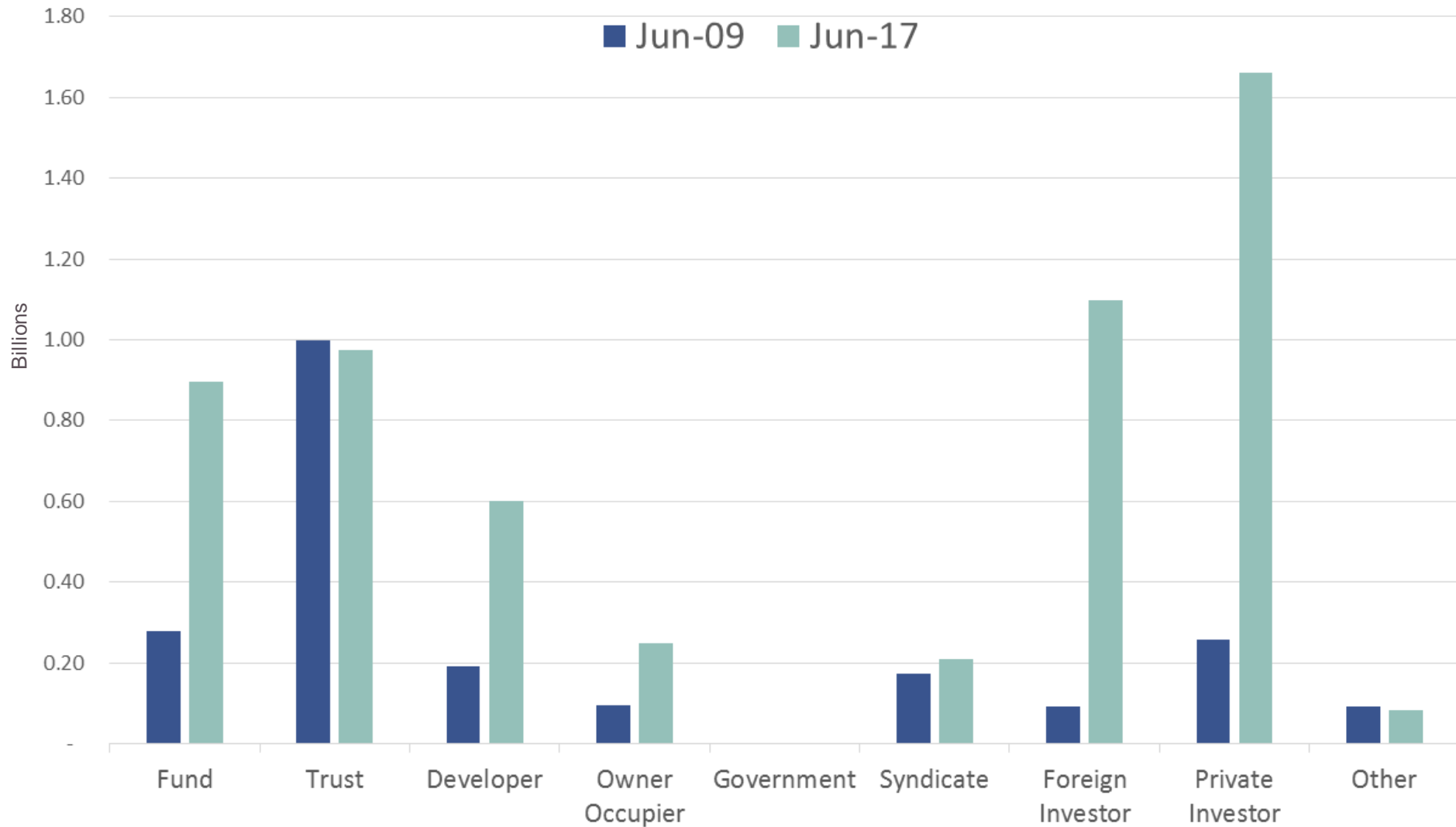
## Retail Sales by Buyer Type





# Game Changes

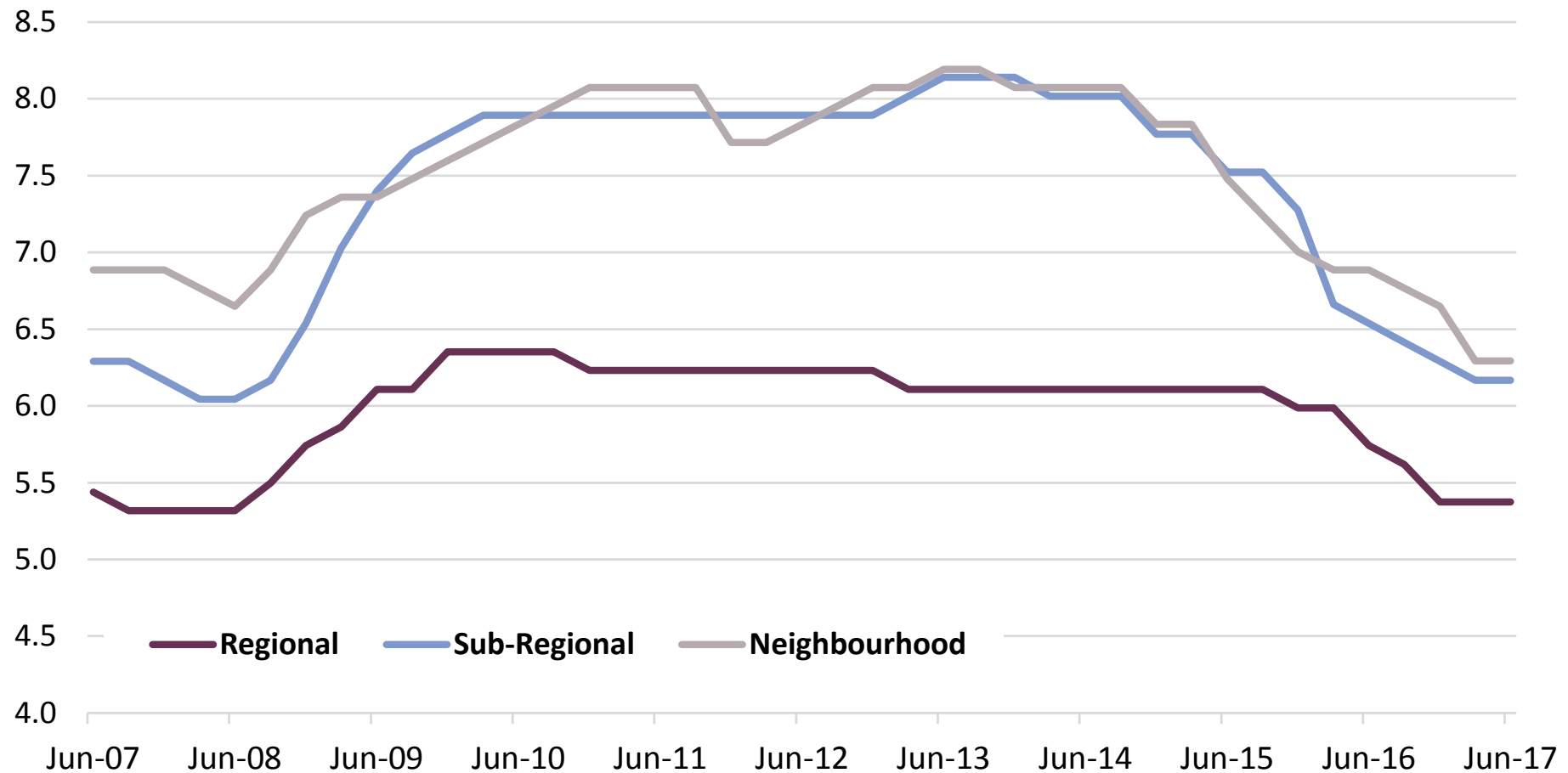
## Retail Sales by Vendor Type



# National Retail Record Low Market Yields



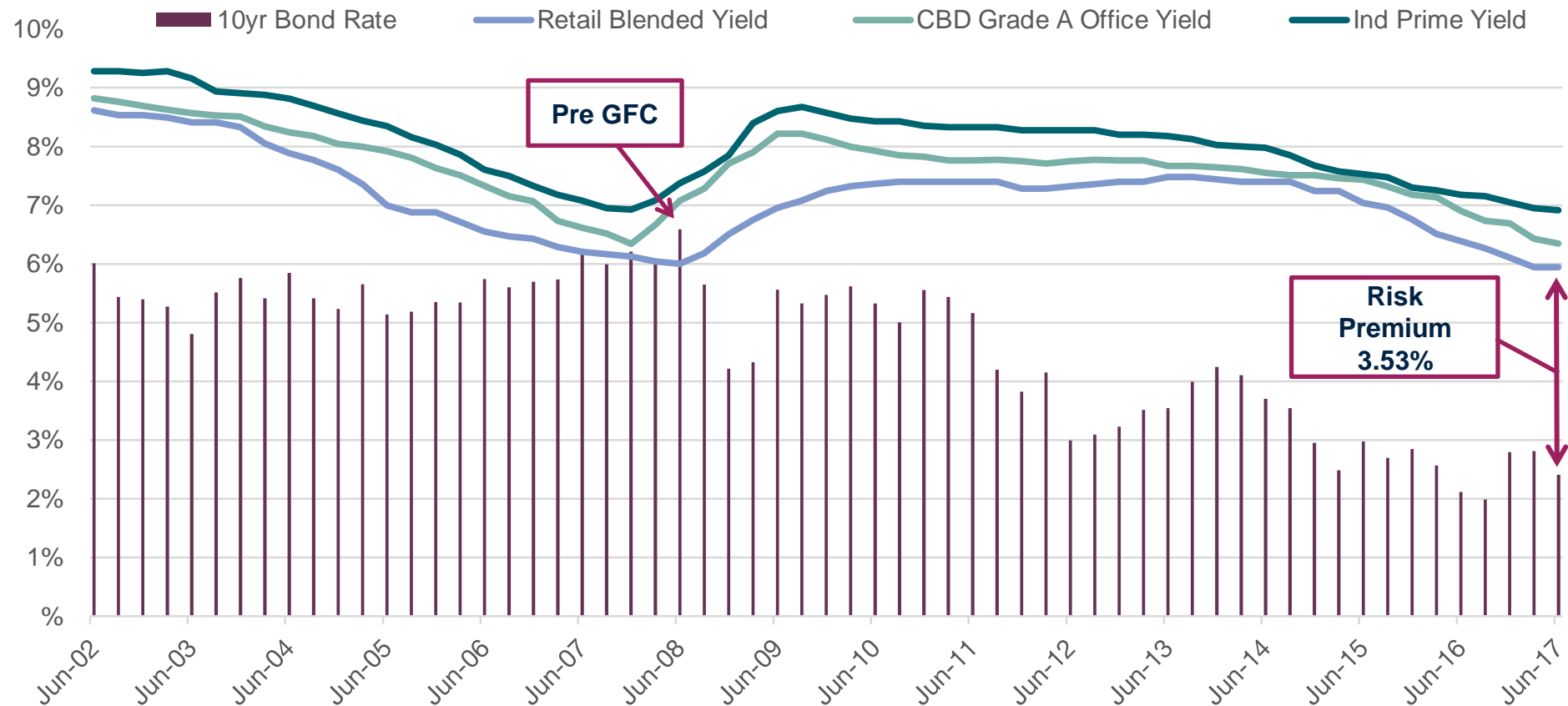
Average Yields by Centre Type



# National Retail Lower for Longer - Average Yields vs Bond Rates

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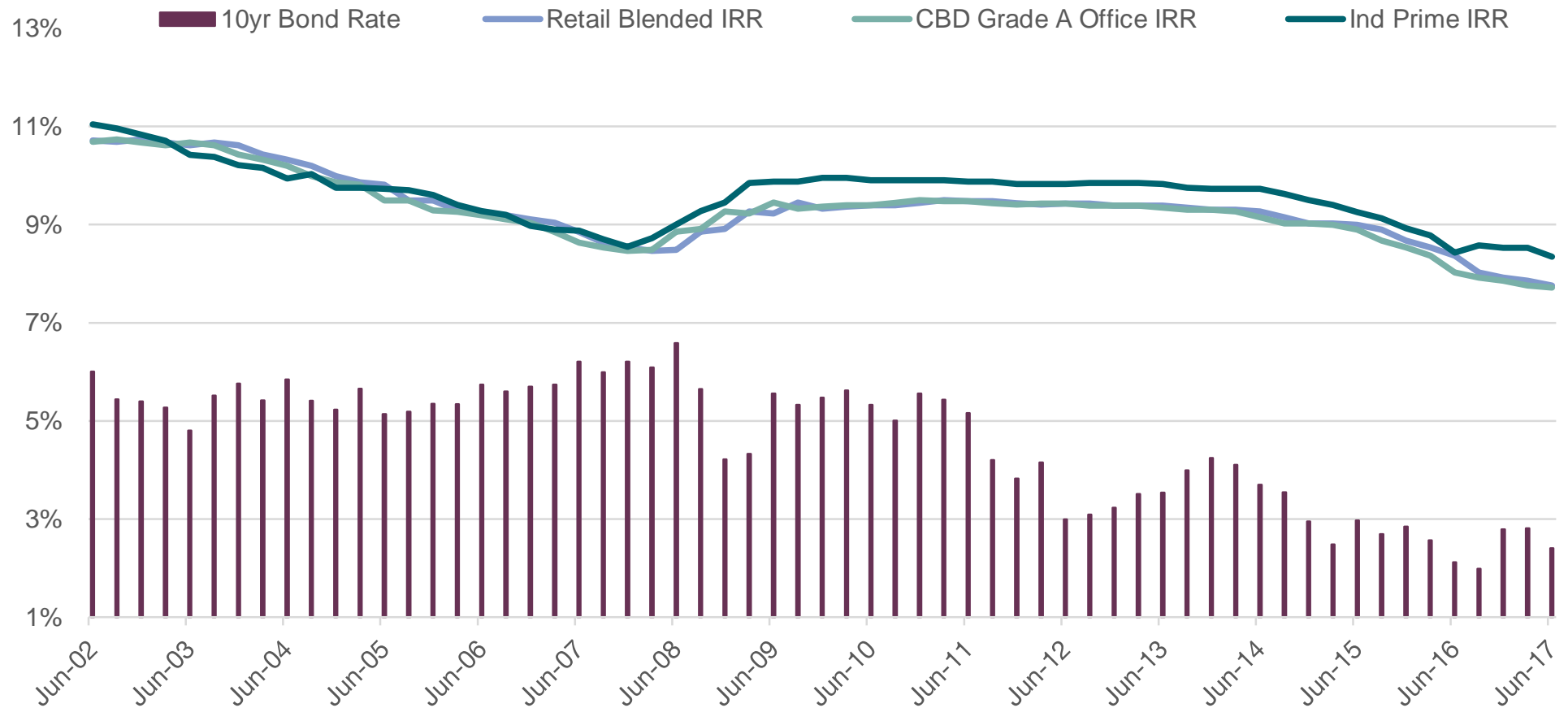
## Core Property Sectors



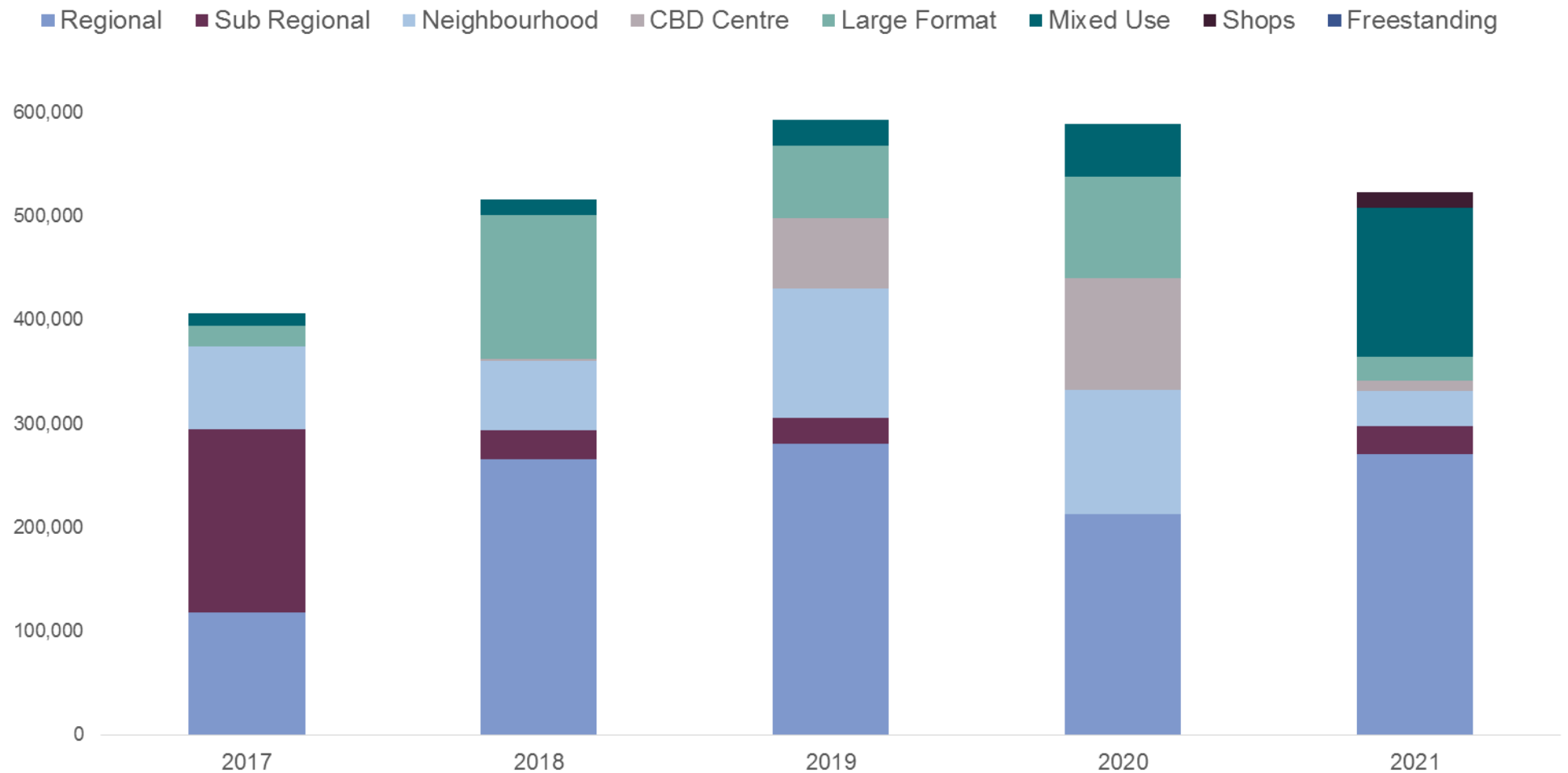
# National Retail Average IRR's vs Bond Rates



## Core Property Sectors



# National Retail Major Retail Supply By Centre Type



# Sale Comparison

## Pakington Strand Geelong - VIC

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<b>GLA</b>	5,358 m <sup>2</sup>
<b>Site Area</b>	2.098 hectares
<b>Cars</b>	300 car spaces
<b>Classification</b>	Neighbourhood
<b>Tenants</b>	Woolworths and 14 specialties

<b>Sale Date</b>	May 2011	Sep 2016
<b>Price</b>	\$19.9 mil	\$31.8 mil
<b>PIY</b>	8.09%	4.97%
<b>EMY</b>	8.02%	5.45%
<b>IRR</b>	9.12%	6.34%
<b>\$/m<sup>2</sup> GLA</b>	\$3,421/m <sup>2</sup>	\$5,935/m <sup>2</sup>
<b>Spec Rental Growth</b>	3.57% pa	3.75% pa

# Sale Comparison

## Stud Park Shopping Centre Rowville - VIC



<b>GLA</b>	25,573 m <sup>2</sup>
<b>Site Area</b>	10.920 hectares
<b>Cars</b>	1,530 car spaces
<b>Classification</b>	Sub Regional
<b>Major Tenants</b>	Kmart, Coles and Woolworths

<b>Sale Date</b>	Mar 2010	Aug 2015
<b>Price</b>	\$102.0 mil	\$154.0 mil
<b>PIY</b>	7.16%	5.58%
<b>EMY</b>	7.29%	5.92%
<b>IRR</b>	9.25%	7.76%
<b>\$/m<sup>2</sup> GLA</b>	\$3,818/m <sup>2</sup>	\$6,179/m <sup>2</sup>
<b>Spec Rental Growth</b>	4.01% pa	3.69% pa

# Sale Comparison

## Northland Shopping Centre Preston - VIC



<b>GLA</b>	93,560 m <sup>2</sup>
<b>Site Area</b>	19.268 hectares
<b>Cars</b>	4,800 car spaces
<b>Classification</b>	Major Regional
<b>Major Tenants</b>	Myer, Target, Kmart, Woolworths, Coles, Aldi and Hoyts

<b>Sale Date</b>	May 2011	April 2014
<b>Price</b>	\$910.0 mil	\$992.0 mil
<b>PIY</b>	6.23%	6.11%
<b>EMY</b>	6.25%	5.78%
<b>IRR</b>	8.83%	8.27%
<b>\$/m<sup>2</sup> GLA</b>	\$10,032/m <sup>2</sup>	\$10,603/m <sup>2</sup>
<b>Spec Rental Growth</b>	4.02% pa	3.87% pa



# Sale Comparison

## Logan Mega Centre Slacks Creek - QLD



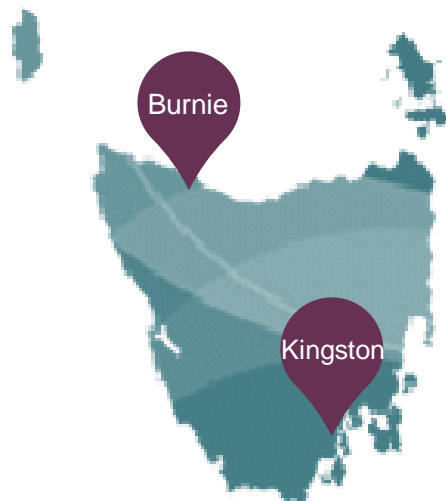
<b>GLA</b>	26,998 m <sup>2</sup>
<b>Site Area</b>	2.679 hectares
<b>Cars</b>	600 car spaces
<b>Classification</b>	Large Format Retail
<b>Major Tenants</b>	28 tenancies including Freedom, Anaconda & Spotlight

<b>Sale Date</b>	Jul 2013	May 2016
<b>Price</b>	\$52.0 mil	\$81.9 mil
<b>PIY</b>	10.21%	7.17%
<b>EMY</b>	9.76%	7.09%
<b>IRR</b>	10.38%	8.61%
<b>\$/m<sup>2</sup> GLA</b>	\$1,926/m <sup>2</sup>	\$3,034/m <sup>2</sup>
<b>Spec Rental Growth</b>	2.68% pa	3.12% pa

# Sale Comparison

## Bunnings Warehouse Burnie & Kingston - TAS

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Property	Burnie	Kingston
<b>Sale Date</b>	May 2014	Feb 2016
<b>Price</b>	\$15.862 mil	\$18.983 mil
<b>PIY</b>	7.25%	5.90%
<b>EMY</b>	7.25%	5.90%
<b>IRR</b>	9.36%	7.21%
<b>\$/m<sup>2</sup> GLA</b>	\$1,688/m <sup>2</sup>	\$1,996/m <sup>2</sup>
<b>Spec Rental Growth</b>	May 2014	Feb 2016
<b>Lease Term</b>	12 years	12 years
<b>Options</b>	6 x 5 years	8 x 6 years
<b>Reviews</b>	3.0% pa	2.5% pa
<b>GLA</b>	9,510 m <sup>2</sup>	6,929 m <sup>2</sup>

# Disclaimer

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