

MARKETBEATS

\$653m

INVESTMENT VOLUME (Q1 2019)

6.25%

AVG ROLLING ANN TRANSACTION YIELD

49%

SUB-REGIONAL % OF Q1 VOL.

WHAT'S NEXT

ECONOMIC & RETAIL MARKET REVIEW

Relatively soft year-on-year Australian GDP growth of 2.3% was recorded in the fourth quarter of 2018, below the 2.7% recorded in the September quarter. Consumption growth for many discretionary retail categories remain weak, impacted by the housing downturn and weak income growth. Moving Annual Turnover remained relatively soft at 3.0%, below the ten year average of 3.7%.

INVESTMENT REVIEW

Q1's national retail investment volume of \$653 million marked the smallest quarterly investment volume since Q3 2012 and marked the fourth year in a row in which Q1 investment volume failed to reach \$1bn. However recent history indicates that a strong Q1 is not a prerequisite for a large annual volume. There are a significant number of retail assets with the potential to transact in 2019, indicating that strong rolling annual investment volumes are likely to continue.

Sub Regional centres are likely to lead transaction volumes again in 2019, as they have done so in Q4 2018, and in Q1 2019. Notable Sub Regional centres to transact in Q1 included Rockdale Plaza (\$142m) and Neeta City Shopping Centre (\$85m).

In Q1 New South Wales led investment volume by state with \$291 million while Queensland ranked second with \$260 million. Private investors were active in Q1, leading both gross purchasing and gross selling volume, resulting in a minor net positive position for the quarter. Coles was an active vendor, divesting four free standing supermarkets for a total of \$96m.

OUTLOOK

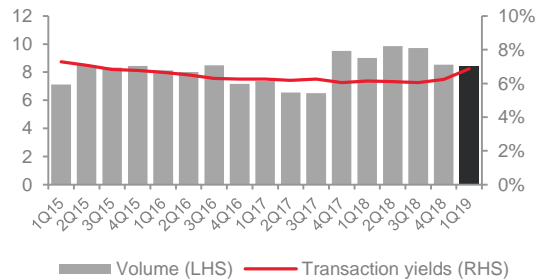
Liquidity is expected to continue. A-REITs are currently trading at below NAV indicating that the market is pricing in cap rate expansion. Convenience and non-discretionary oriented assets are expected to fare better than fashion and discretionary oriented assets, and will remain appealing to yield focused investor mandates. Metropolitan assets, underpinned by optionality of uses, are likely to better weather the structural uncertainty.

ECONOMIC INDICATORS

	Q3 18	Q4 18	12-month Forecast
GDP Growth (National)*	2.8%	2.8%	▼
Moving Annual Turnover*	2.9%	3.0%	▲
Unemployment (National) †	5.0%	5.0%	■
CPI Growth ‡	1.9%	1.8%	■

*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*



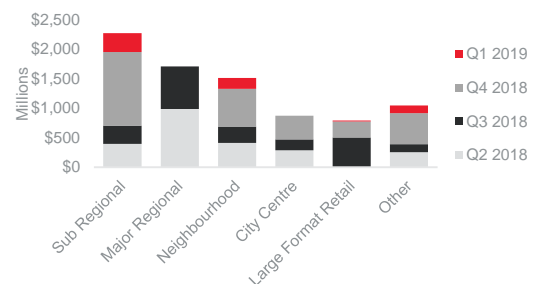
*Rolling average annual unweighted yields
Source: Cushman & Wakefield Research

TRANSACTION VOLUME BY LOCATION, Q1 2019



Source: Cushman & Wakefield Research

TRANSACTION VOLUME BY CENTRE TYPE



Source: Cushman & Wakefield Research

KEY RETAIL TRANSACTIONS Q1 2019

CLASSIFICATION	PROPERTY	STATE	SALE PRICE (AUDm)	INTEREST (%)	YIELD	GLAR	\$psm GLAR
Sub Regional	Rockdale Plaza	NSW	\$142.0	100	6.3%	21,331	6,657
Neighbourhood	Cleveland Shopping Centre	QLD	\$103.0	100	6.4%	15,509	6,448
Sub Regional	Neeta City Shopping Centre	NSW	\$85.3	100	7.8%	24,750	3,380
Sub Regional	Inala Plaza Shopping Centre	QLD	\$56.0	100	6.5%	16,500	3,394
Neighbourhood	Liverpool Plaza	NSW	\$46.0	100	4.4%	7,931	5,800
Sub Regional	Pialba Place Shopping Centre	QLD	\$36.5	100	8.0%	15,650	2,332



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