LandMark White Valuation Research Property Advice

LandMark Byte

NSW RETAIL DEVELOPMENT – METRO OR REGIONAL?

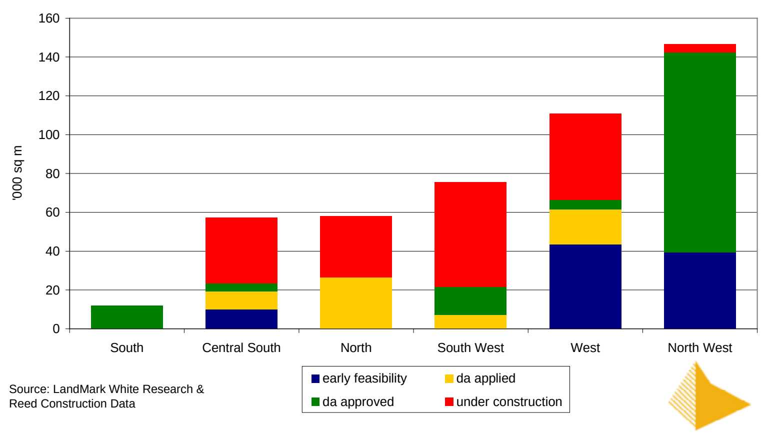
- LandMark White are currently monitoring approximately 820,000 sq m of new retail developments in 86 projects.
- Areas north of Sydney including the Central Coast and Hunter regions together with the south coast of Illawarra are likely to benefit from additional retail infrastructure.
- Despite a fall in retail spending for household goods and the softening Sydney residential market, Bulky Goods development has continued strongly.

In the past there has been a significant push for greater retail development in Non-Metropolitan or Regional areas of NSW particularly with the expanding Sydney Metropolitan areas both up and down the coast. Areas north of Sydney including the Central Coast and Hunter regions together with the south coast of Illawarra are likely to benefit from expected population growth and future land releases with additional retail infrastructure.

Across the Sydney Metropolitan area there are 37 retail projects in the development pipeline, of which there is approximately 168,000 sq m under construction and 139,000 sq m with DA approval. The sub region with the greatest activity is the North West with just under 150,000 sq m due to enter the market in the next five to seven years. Of this space, 100,000 sq m is allocated to the Major Regional Shopping Centre proposed for Rouse Hill, this development will be divided up into two stages and is anticipated to be a long running project.

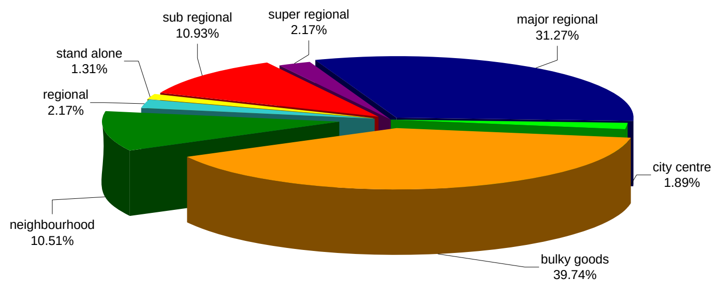
Sydney's West and South West have historically resulted in good increases in retail supply; looking ahead this is likely to continue. In Sydney's West there is currently 44,500 sq m under construction including the extension of Westfield Parramatta, while in the South West where 54,000 sq m is currently being constructed in three projects; two are also extensions to large Regional shopping centres being Centro Bankstown and Westfield Liverpool.

nsw metro retail supply by region & status



Despite a fall in retail spending for household goods and the softening Sydney residential market, Bulky Goods development has continued strongly. Accounting for close to 40% of all Metropolitan Sydney retail developments, this segment has continues to grow particularly in the western regions of Sydney. 12 projects are proposed in Sydney over the next three years including the Greenway Supa Centre of 33,000 sq m, Belrose Homemaker Supa Centre (31,500 sq m) as well as another addition to Moore Park SupaCentre of approximately 4,000 sq m.

nsw metro retail supply by retail type

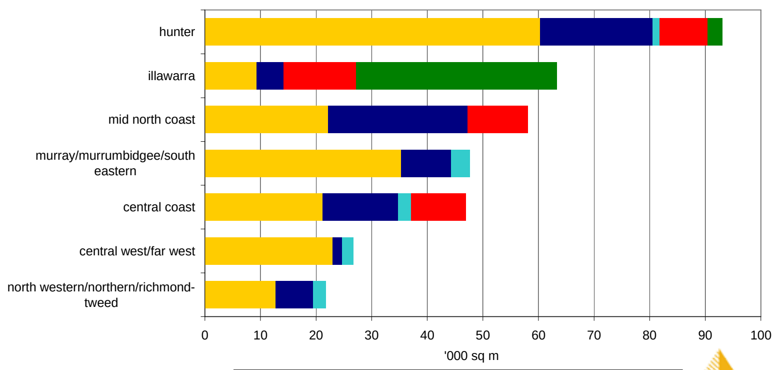


total development: 460,464 sq m in 37 projects

Source: LandMark White Research & Reed Construction Data

With growing levels of investment into all property types outside of the Sydney Metropolitan area, a growth in retail development activity has been anticipated. The bulk of new supply will enter the market in the form of Neighbourhood shopping centres, Bulky Goods outlets or expansions of other Regional centres. Across the Hunter 93,000 sq m of retail space is projected to enter the market over the next three years, approximately 65% of this space is for Bulky Goods purposes. A high 21.8% of this space will be devoted to Neighbourhood shopping including new centres in Fletcher, Rutherford, Singleton, Medowie and Morisset, all areas identified in the Lower Hunter Regional Strategy for population growth.

regional nsw retail supply by region & type



Source: LandMark White Research & Reed Construction Data

Illawarra is also looking to add over 60,000 sq m of retail space, this figure is likely to increase with the release of the West Dapto plan which will include a further retail component. The Mid North Coast and Central Coast look to see the addition of 58,000 sq m and 47,000 sq m respectively with the additions of Bulky Goods outlets such as a Toormina of 16,660 sq m and Neighbourhood centres such as Wadalba Bi Lo Centre.

OUTLOOK

Looking ahead, 99,000 sq m of retail space is likely to be added to the market in the remainder of the year across NSW; however 2007 will be the key year for many retail completions with 428,000 sq m projected. This will include the completion of larger projects such as extensions to Westfield Liverpool, Centro Bankstown, Carnes Hill Marketplace, Broadway Shopping Centre and Wollongong Centre as well as new developments including Bunning Centres in Charmhaven and Griffith, Cessnock Homemaker Centre, Smithfield Square, Leumeah Shopping Centre and Pacific Square Maroubra.

Beyond this in 2008, another 108,000 sq m and 116,000 sq m will enter the market in Sydney and Regional NSW respectively. These include further redevelopment and extension projects such as Campbelltown Mall, Westfield North Rocks, Stockland Baulkham Hills, Lithgow Valley Shopping Centre and Morisset Central.

NB. All retail supply projects over 1,000 sq m have been included; if you require definitions for sub regions, planning status or property types please contact Vanessa Rader.

Part of our focus at LandMark White has been client service and we are committed to provide a quick response to your valuation and advisory needs, please feel free to contact Nick Garnsey, Director Commercial & Industrial if you should have any valuation requirements, nick.garnsey@lmw.net.au. If you have any queries regarding this LandMark Byte or any other research publication, contact Vanessa Rader, National Research Director, vanessa.rader@lmw.net.au.

If you wish to unsubscribe to LandMark Byte, please return email with the words “unsubscribe” in the subject header. If you wish to be added to our distribution list please send full contact details to research@lmw.net.au.