

Leasing secrecy 'creating lost opportunity'

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Varying requirements for retail lease registration across Australia are hampering investment and disadvantaging smaller retailers.

Leasing Information Services director Simon Fonteyn said he knew of at least one international retailer that was re-evaluating its entry into the local market due to a lack of information about leasing costs in Victoria, South Australia and Western Australia.

"That is creating a lost opportunity for those states," Mr Fonteyn said.

In NSW and Queensland, retail leases must be registered with the Land Titles Office. After registration, the lease becomes a public document, which landlords and tenants can access to learn about the market.

There is no requirement to register leases in other states, which makes it more difficult to obtain leasing data.

"There's evidence to suggest that there's mispricing of leasing when the market is not transparent," Mr Fonteyn said.

Smaller retailers often ended up paying too much rent as they lacked informal networks that were needed to operate in states where data was not readily available, Mr Fonteyn said.

Australian Retailers Association executive director Russell Zimmerman said retailers were unable to find out how much rent their competitors paid and were at a disadvantage when negotiating with landlords.

"Knowledge is power and the landlord has a lot of knowledge and a lot of power and the tenant has very little knowledge and very little power," he said.

Mr Zimmerman said NSW had the best model of lease registration for information sharing, but it needed to be refined to also disclose incentives such as assistance with marketing and rent-free periods.

The federal government's response in 2008 to the Productivity Commission inquiry into retail tenancy in Australia, which included an investigation into data about retail leases, noted that better access to data could improve decision-making, understanding of contractual obligations and reduce disputes.

The Commonwealth government supported the states and territories examining whether to introduce a one-page summary of key lease terms and conditions, which it said could reduce power imbalances between landlords and tenants, and improve market operations.

It also noted that there was a risk a summary might not be current or contain all information about lease terms and value, and that less experienced tenants might rely on the information.

Shopping Centre Council of Australia executive director Milton Cockburn said shopping centre landlords were "not opposed" to registering leases.

Western Australia has been consulting with industry on ways to improve access to retail lease information. Submissions to a regulatory impact assessment close on July 25.

In Victoria, there has been resistance to lease registration, which the Law Institute of Victoria has said would cause delays and add costs to leasing transactions in the state, while being incomplete and unreliable.

South Australia has no plans to mandate lease registration.