

PROPERTY

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NORTHAM BOULEVARD SHOPPING CENTRE SELLS FOR \$14M



Steady returns: Fewer neighbourhood shopping centres for sale this year would likely push up prices and yields, Colliers International's Mark Werrett says.

Neighbourhood shop sales tipped to slow

■ Marissa Lague

Strong sales of neighbourhood shopping centres in 2013 has whittled down the number of centres that could change hands this year and those that do are likely to be transacted off market.

Colliers International director of retail investment services Mark Werrett, who last week sold the Northam Boulevard Shopping Centre for \$14.05 million, said supply in the sector had dried up as low interest rates, population growth and strong convenience-based retail sales fuelled sales activity.

The shortage had been exacerbated, Mr Werrett said, because the market was being closely watched by syndicators, private investors and overseas buyers.

"Anyone wishing to go into the sector is going to have to be prepared to be aggressively seeking opportunities off market," he said. "I don't believe there will be a lot on market this year."

"I'd anticipate that as a result of the reduced opportunities to purchase neighbourhood centres this year, we will see upward pressure on prices — and it's likely that yields will tighten by 0.5 to one per cent by the end of 2014."

A bigger number of neighbourhood shopping centres came on the market in the years after the global financial crisis as some owners reduced debt. Owners were now reluctant to part with centres providing steady returns.

The introduction of seven-day trading also had a positive effect.

"I think the neighbourhood sector, driven by major supermarket chains, has been very strong and, to a big extent in WA, that has been fuelled by population growth and new residential subdivisions," Mr Werrett said.

"A typical neighbourhood supermarket of 3000sqm with 12 to

15 specialty shops, all providing convenience-based goods, seems to be almost recession proof."

The 6346sqm Northam Boulevard Shopping Centre, anchored by a 3097sqm Woolworths supermarket with a long-term lease expiring in 2030, and 22 specialty retailers including OPSM, Thingz, Red Dot and Subway met this criteria. The town-centre site, on Fitzgerald Street is 17,159sqm and has 373 car bays.

The shopping centre was sold by private investors and it is believed the buyer was associated with Perdaman Chemicals boss Vikas Rambal.

PREDICTING WATER FRONT RESORT SITE