Savills Research
Victoria

Quarter Times
Melbourne Retail

Q4/2016

Key Market Indicators

Melbourne Enclosed Centres	Regional		Sub-Regional		Neighbourhood	
	Low	High	Low	High	Low	High
Major Tenant Net Rental ($/sq m)	250	270	220	250	220	250
DDS Tenant Net Rental ($/sq m)	230	250	200	240	na	na
Specialty Tenant Net Rental ($/sq m)	750	1,500	550	1,250	450	600
Yield - Market (%)	4.75	5.75	5.25	6.75	5.00	6.50
IRR (%)	7.25	8.00	7.50	8.25	7.50	8.25
Outgoings Operating ($/sq m)	90	120	75	110	45	75
Outgoings - Statutory ($/sq m)	30	40	25	35	25	35
Outgoings - Total ($/sq m)	120	160	100	145	70	110
Capital Values ($/sq m)	5,500	12,000	2,950	5,500	2,500	5,250

Source: Savills Research

Melbourne Shops	Bourke St Mall		Other CBD		Shopping Strip	
	Low	High	Low	High	Low	High
Net Rental ($/sq m)	9,000	11,000	1,000	4,000	400	1,200
Yield - Market (%)	3.50	5.50	3.50	6.50	3.50	6.50
Outgoings Operating ($/sq m)	80	150	80	130	30	50
Outgoings - Statutory ($/sq m)	130	150	80	100	40	40
Outgoings - Total ($/sq m)	210	300	140	230	70	90
Capital Values ($/sq m)	na	na	6,500	14,000	2,600	4,900

Source: Savills Research na = not currently available Note: Shop sizes average 100 sq m

Melbourne Large Format Retail	Large Format Retail	
	Low	High
Tenant Net Rental ($/sq m) > 1,000sq m	175	280
Yield - Market (%)	7.25	8.50
IRR (%)	8.25	9.25
Outgoings Operating ($/sq m)	25	50
Outgoings - Statutory ($/sq m)	10	10
Outgoings - Total ($/sq m)	35	60
Capital Values ($/sq m)	2,300	3,200

Source: Savills Research

Major Sales Activity

Select Retail Shop Sales

Date	Property	Price ($m)	GLA (sq m)	$/sq m	Yield (%)
Jun-16	385 Clayton Rd, Clayton	2.23	125	17,800	2.70
Aug-16	789 Pascoe Vale Rd, Glenroy	3.20	1,290	2,481	VP
Aug-16	394 Victoria St, Richmond	2.80	527	5,313	3.60
Sep-16	313-315 Whitehorse Rd, Balwyn	6.18	701	8,816	6.30
Sep-16	5,7 & 9 Ferguson St, Williamstown	4.23	375	11,267	3.40
Sep-16	321 Chapel St, South Yarra	2.85	100	28,500	VP
Oct-16	394 Centre Rd, Bentleigh	2.03	250	8,100	3.21
Nov-16	333A Clayton Rd, Clayton	2.62	288	9,097	4.40
Nov-16	100-102 Glenferrie Rd, Malvern	3.21	200	16,050	3.73
Dec-16	98 Glenferrie Rd, Malvern	2.60	250*	10,400	3.60

Source: Savills Research * Two levels VP = vacant possession

Select Enclosed Centre Sales

Date	Property	Price ($m)	GLA (sq m)	$/sq m	Yield (%)
May-16	Brimbank Central Shopping Centre	162.68*	32,788	na	7.09#
May-16	Forest Hill Chase	265.68*	51,820	na	7.33#
May-16	Mornington Central (50%)	32.5	11,720	5,546	6.50
May-16	Myer Melbourne (33%)	151.30	39,923	11,369	4.62#
Jul-16	Bentons Square (50%)	38.25	9,733	7,860	4.94
Jul-16	Laurimar Shopping Centre	27.00	4,719	5,722	6.04#
Sep-16	Coburg North Village	37.98	6,283	6,045	4.92#
Sep-16	Pakingston Strand	31.80	5,358	5,935	5.45#
Oct-16	Healesville Walk Shopping Centre	29.90	4,972	6,014	5.91#
Nov-16	St Collins Lane	247.00	c.9,000	c.27,447	c.5.00
Dec-16	Casey Central	221.00	24,853	8,892	5.25

Source: Savills Research *Three property portfolio #Equated Market Yield

Select Large Format Retail Sales

Date	Property	Price ($m)	GLA (sq m)	$/sq m	Yield (%)
Nov-15	Epping Homemaker Centre	40.00	22,146	1,806	7.99#
Dec-15	Wodonga Homemaker Centre	24.60	12,602	1,952	8.13#
Dec-15	Bunnings Warehouse, Eltham	23.80	7,255	3,280	6.47#
Apr-16	283-285 Burwood Rd, Hawthorn	17.00	4,509	3,770	4.22
Apr-16	14-24 Dalton Rd, Thomastown	12.96	5,299	2,446	8.07#
May-16	Home Central, Shepparton	21.60	13,661	1,581	8.02#
May-16	Home Quarter, Dandenong South	29.80	12,052	2,473	7.48#
Jun-16	Officeworks, Ballarat	7.75	2,117	3,661	5.19
Aug-16	Bunnings, Yarrawonga	11.50	6,863	1,676	4.98
Sep-16	Bunnings, Warragul	6.43	5,094	1,262	6.63

Source: Savills Research #Equated Market Yield

Select Freestanding Sales

Date	Property	Price ($m)	GLA (sq m)	$/sq m	Yield (%)
Dec-15	Woolworths, Ivanhoe	16.50	3,552	4,645	5.57
Dec-15	Woolworths, Clyde North	20.50	4,946	4,145	6.10
Feb-16	Woolworths, Mt Waverley	10.00	4,287	2,333	4.38
Jun-16	Railway Arcade, Hawthorn	8.56	1,194	7,169	4.35
Jun-16	Dan Murphy's, Forest Hill	6.33	1,402	4,515	4.67
Jun-16	KFC, Deer Park	4.14	323	12,817	4.81
Jul-16	Woolworths, Middle Brighton	32.08	3,307	9,701	3.77
Jul-16	IGA plus Liquor, Hoppers Crossing	4.88	750	6,507	5.30
Aug-16	KFC, Altona North	5.00	348	14,368	3.70
Sep-16	Coles, Drouin	10.01	2,106	4,753	5.27

Source: Savills Research

Select Development Site Sales

Date	Property	Price ($m)	Area (sq m)	$/sq m
Oct-14	452-468 Queen St, Melbourne (opposite Queen Vic Mkt)	76.00	6,462	11,761
Oct-15	142 Burwood Hwy, Burwood	na	6,106	na
Oct-15	15 Glenelg Highway, Delacombe	20.00	65,000	307
May-16	Ashton Square, Craigieburn	11.00	31,428	350

Source: Savills Research na = not currently available

Current Retail Construction

Major Centres Currently Under Construction

Centre	Suburb	Type	New	Extension	Refurb	Completion
Collins Square, Collins Street	Docklands	City Centre	10,000			staged
Hamilton Hub	Hamilton	Neighbourhood		2,000		Jan-17
Gateway Plaza Leopold	Leopold	Sub-Regional		22,000		Mar-17
Suleman Gateway	Truganina	Neighbourhood	4,000			Jun -17
Village Warralily	Armstrong Creek	Neighbourhood	7,000			Jun-17
Colac Plaza	Colac	Neighbourhood	5,000			Jul-17
Woolworths Supermarket	Wodonga	Neighbourhood			6,650	Jul-17
Mann Central	Wodonga	Neighbourhood	12,000			Oct-17
Delacombe Town Centre	Ballarat	Sub-Regional	16,150			Dec-17
Aurora Village Shopping Centre	Epping North	Neighbourhood	7,923			Jul-18

Source: Cordells Construction/ Savills Research

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