WHITE PAPER

Justifying Shopping Centre Rent Increases – An Inconvenient Truth

A White Paper
By Peter Buckingham CFE CMC

"How do shopping centre owners press for increases in rents of 4% or 5% pa. when the increase in the $ / sq m. sold through the Centres has been increasing in the range of 0.5% – 1.65% pa. over the last few years?"

Using data provided by The Property Council, and originally sourced from the Shopping Centre owners, the logic for these increases is not substantiated.

This White Paper sets out to explain why in detail, as well as to assist in the understanding of the data that can be used to evaluate your own position with the Shopping Centre owners and their representatives.

Average Rental Increase versus Average Combined Shopping Centre Tenant Turnover $ Increase

Type of Centre	Sample size	% Increase 5 years to 2017	% increase pa
Super Regional	15	7.54%	1.51%
Major Regional	30	8.18%	1.64%
Regional	29	7.85%	1.57%
Sub Regional	90	4.76%	0.95%
Neighbourhood	53	8.15%	1.63%
City Centre	18	2.54%	0.51%

Derived using MAT/GLAR from 2012 and 2017 Property Council data

By doing a longitudinal study of a large group of shopping centres, and using The Property Council data, we can see that the $ / sq m (overall for the SC's) has risen far less than CPI, and far, far less than the majority of annual rental increases that are written into the Leases.

The Current Climate

Recently Luke Baylis of Sumo Salad took an unusual negotiating position with the major shopping centre owners to place two of his property leasing companies into Administration. This was to change his negotiating position and highlight some facts about shopping centres.

Luke's position was to show how rentals kept rising at well above CPI rates and yet the shopping centres are not increasing sales and turnover accordingly to justify the increases. And in many cases he was highlighting added competition in his direct field entering the same centre markets, thereby reducing the potential sales.

As well as looking at the Shopping Centre Classifications, as defined by the industry, we have also looked at all the Super Regional Shopping Centres across Australia to see how they perform individually based on the 2017 Property Council Data. *This shows they range from Chadstone at $11,081 / sq m through to Westfield Garden City at $3,907 / sq m.*

The Property Council do take their responsibility seriously in this area, and have advised they exclude shopping centres if they do not want to participate, or there are major works underway, possibly making the data incorrect.

We have the following data which we have used in this analysis:

- Shopping Centre directories online (2017)
- Shopping Centre directories online (2012)
- Shopping Centre Directories (hard copy books) dated 2011 Vic / Tas, NSW / ACT, Queensland.
- Specific older pages from Shopping Centre directory book 2006 for The Glen and Forest Hill Chase.

THE PROPERTY COUNCIL DATA

To talk in quantitative terms, the main source of data used by the retail industry is that compiled, and sold by The Property Council of Australia, called Shopping Centres Online. These use to come as state based books, but now you can purchase a national electronic version, which we participate in at Spectrum Analysis.

I cannot validate the accuracy of the Property Council data as it is their responsibility to collect this data normally from the shopping centre owners; however I do feel we should be able to trust this data, and therefore look at the changes over time. The questions is then, what does that data tell us?

CLASSIFICATIONS

We have looked at the shopping centres in Australia, and made some calculations based on the Property Council Data we have for Shopping Centres (2017) and previously from Shopping Centres (2012). There are some issues in that some shopping centres do not provide data, and many smaller centres seem to have data that is missing or unreal.

In the following work, we needed to create a reasonable sample size to represent each of the Classifications:

- Super Regional,
- Major Regional,
- Regional,
- Sub Regional,
- Neighbourhood,
- City Centre.

Before reading the next section, please understand the following data descriptions:

⋆ GLAR – Gross Lettable Area Retail – how many square meters of space is
rented for retail.
⋆ MAT – Moving Annual Turnover (for a 12 month period) – measured in $
⋆ Pedestrian Estimate – total pedestrians as counted by door counters and the like.
⋆ MAT / GLAR – gives a $ / sq m comparison.

If the Shopping Centre owners feel they are being misrepresented using a single figure for MAT for their Shopping Centre, maybe they should submit the MAT broken down to specific segments for the Property Council to include in their data.

This could be breaking it down into Supermarkets, Specialty Sales and other segments to assist in understanding the changing sales dynamics of the Centres.

Due to some missing data, and some unexplainable numbers provided, we sorted out our representative sample as follows:

• Used only Shopping Centres where we have the GLAR, MAT and Pedestrian counts (estimated) from both 2012 and 2017data sets. This removed a large number of smaller Shopping Centres, as it appears the owners do not all submit all the information, or the Property Council chose not to include some of the data.

• To try and minimise the effects of major changes at an individual shopping centre due to expansion / re-development, we computed the ratio GLAR 2017 / GLAR 2012. If this showed greater than 20% variation (in either direction), we eliminated the Shopping Centre as it indicated to us either:

• Major works had, or were taking place in this period. This would lead to a ramp up period, and possible data issues if the Centre had been partially closed during the major works.

• GLAR Measurements may be incorrect.

The full list of Shopping Centres used is in Appendix 1. The results gave us the following sample sizes:

Shopping Centre Type	Sample Number
Super Regional	15
Major Regional	30
Regional	29
Sub Regional	90
Neighbourhood	53
City Centre	18

Whilst there are some minor issues to do with how many full-line department stores, discount department stores and supermarkets are present, the basic breakdown is done by the GLAR (sq m). I have included these in the following table of our sample, and also computed some averages to represent each classification.

Type	GLAR Classifications	Total-Centre-GLAR	MAT $	Pedestrian-Estimate	MAT / GLAR	Sample Size – Examples
Super Regional	85,000 + sqm	108401	$796,296,905	16,025,658	**$7,346**	15 - Biggest SC's in Oz, Bondi Junction, Doncaster, Marion, Carindale, Chadstone
Major Regional	50,000 – 85,000 sqm	64,699	$452,696,213	10,843,145	**$6,997**	30 - Kotara, Forest Hill Chase, Belconnen, Chatswood, Dandenong, Penrith
Regional	30,000 – 50,000 sqm	40,185	$271,492,760	6,986,128	**$6,756**	29 - Greensborough Plaza, Innaloo, Australia Fair, Helensvale
Sub Regional	10,000 – 30,000 sqm	18,380	$129,008,168	4,474,171	**$7,019**	90 - The Pines, Malvern Central, Traralgon, Hollywood, Rosebud Plaza SC,
Neighbourhood	< 10,000 sqm	6,573	$57,963,008	2,315,884	**$8,818**	53 - Normally a Coles or Wooly's supermarket and a few specialty stores
City Centre	In the CBD	13,388	$105,922,624	12,573,324 (1)	**$7,912**	18 - Queen Victoria Building, Melbourne Central, Myer Centre, Strand Arcade

Note: Data derived from Property Council Shopping Centre data 2017, to which Spectrum Analysis subscribes.

(1) Note some of these like Melbourne Central, Greenwood Plaza and Queen Victoria Building have huge pedestrian numbers (30 M +) mainly due to railway stations.

The point is that the Super Regional shopping centres sell slightly more $ / sqm than the smaller shopping centres, so command more rent. Neighbourhood centres look good in this format, but that is because the largest tenant by far is normally the major supermarket, and that does sell well in terms of $ / sq m compared to many of the specialty stores surrounding it.

Longitudinal study over a 5 year period

As we have the Property Council data from 2012 and 2017, we can compare the changes in MAT / GLAR for each Classification (over the 5 year period) on our sample (described above):

2012 data

Type	Total Centre GLAR	MAT	Pedestrian Estimate	MAT / GLAR
Super Regional	104,839	$716,104,715	15,723,977	$6,831
Major Regional	64,556	$417,542,432	10,601,489	$6,468
Regional	41,035	$257,040,711	6,860,908	$6,264
Sub Regional	18,224	$122,096,273	4,232,450	$6,700
Neighbourhood	6,488	$52,902,224	3,019,514	$8,153
City Centre	13,524	$104,348,228	11,890,474	$7,716

2017 data

Type	Total-Centre-GLAR	MAT	Pedestrian-Estimate	MAT / GLAR
Super Regional	108,401	$796,296,905	16,025,658	$7,346
Major Regional	64,699	$452,696,213	10,843,145	$6,997
Regional	40,185	$271,492,760	6,986,128	$6,756
Sub Regional	18,380	$129,008,168	4,474,171	$7,019
Neighbourhood	6,573	$57,963,008	2,315,884	$8,818
City Centre	13,388	$105,922,624	12,573,324	$7,912

SPECTRUM ANALYSIS

Summary

MAT/ GLAR Ratio Changes 2012 to 2017

Type of Centre	MAT / GLAR 2012	MAT / GLAR 2017	% increase 5 years	% increase pa
Super Regional	$6,831	$7,346	7.54%	1.51%
Major Regional	$6,468	$6,997	8.18%	1.64%
Regional	$6,264	$6,756	7.85%	1.57%
Sub Regional	$6,700	$7,019	4.76%	0.95%
Neighbourhood	$8,153	$8,818	8.15%	1.63%
City Centre	$7,716	$7,912	2.54%	0.51%

The Property Council release data on a rotational basis for each state, and each shopping centre has a date the data was verified. The average period between the 2012 and 2017 data was 57.2 months (not quite 5 years). This could result in around a minor adjustment if deemed necessary.

Even using a statistically strong sample for each group of shopping centres, all suburban classifications show very consistent growth in terms of $ / sq m of between 0.95% – 1.64% pa. The City Centre shopping centres are lower again at 0.51% pa.

This makes it very hard to achieve rental increases of between 4% and 5% per annum!

Breakdown by Super Regional Shopping Centres

When you look at the Super Regional shopping centres across Australia, you see the following:

Note: Data from Property Council Shopping Centre data 2017, to which Spectrum Analysis subscribes.

Centre Name	Type	Total-Centre-GLAR	MAT	Pedestrian-Estimate	MAT / GLAR
Chadstone Shopping Centre	Super Regional	130,366	1,444,581,12 6	17,600,748	11,081
Westfield Bondi Junction	Super Regional	96,609	1,043,800,00 0	20,600,000	10,804
Westfield Doncaster	Super Regional	112,018	961,900,000	15,971,000	8,587
Westfield Chermside	Super Regional	106,674	869,700,000	15,420,000	8,153
Westfield Carindale	Super Regional	122,495	914,600,000	15,450,000	7,466
Westfield Hornsby	Super Regional	88,812	644,400,000	17,000,000	7,256
Westfield Southland	Super Regional	119,705	852,400,000	15,260,000	7,121
Westfield Marion	Super Regional	117,239	809,000,000	14,200,000	6,900
Westfield Miranda	Super Regional	117,703	812,200,000	14,800,000	6,900
Highpoint Shopping Centre	Super Regional	133,451	893,400,000	16,200,000	6,695
Westfield Fountain Gate	Super Regional	148,726	990,200,000	15,774,000	6,658
Westfield Parramatta	Super Regional	120,355	771,600,000	29,500,000	6,411
Westfield Knox	Super Regional	111,131	700,400,000	14,554,000	6,302
Westfield Warringah Mall	Super Regional	113,039	668,200,000	10,900,000	5,911
Westfield Tea Tree	Super Regional	89,514	512,500,000	10,600,000	5,725
Northland Shopping Centre	Super Regional	92,983	528,994,579	16,680,946	5,689
Bayside Shopping Centre	Super Regional	87,365	410,177,870	11,848,176	4,695
Eastland Shopping Centre	Super Regional	102,422	407,000,000	9,800,000	3,974
Westfield Garden City	Super Regional	128,749	503,000,000	13,460,000	3,907

Breakdown by Super Regional Shopping Centres

The following Super Regionals were not included as there is missing or incorrect data:

Centre Name	Type	Total-Centre-GLAR	MAT	Pedestrian-Estimate	MAT / GLAR
Castle Towers Shopping Centre	Super Regional	103,456	N/A	N/A	
Macquarie Centre	Super Regional	112,883	N/A	17,809,759	
Robina Town Centre	Super Regional	10,367 ??	852,000,000	13,800,000	

Note: Data from Property Council Shopping Centre data 2017, to which Spectrum Analysis subscribes.

I believe this supports Chadstone's claim to be the best shopping centre in Australia, or as it advertises – Australia's Fashion Capital.

However the variation must bring some concern to retailers as whilst I am sure there will be stories about the different segments of the market, these are the total reported MAT figures according to the Property Council data for each Shopping Centre.

It is interesting to see the bottom two (Garden City and Eastland) do around 35% of the $ / sq m of Chadstone. It should be noted Eastland did just have a large refurbish 2014 – 2016 so probably not fully reporting the sales, however Garden City was last refurbished in 2014 according to the data.

Breakdown by Super Regional Shopping Centres

This data can be generated for any Shopping Centre in the Property Council database. We have included a selection of 4 of each of the categories as an example so you can see the range of variations:

Centre Name	Type	Total-Centre-GLAR	MAT	Pedestrian-Estimate	MAT / GLAR
Chadstone SC	Super Regional	130,366	1,444,581,126	17,600,748	11,081
Westfield Hornsby	Super Regional	88,812	644,400,000	17,000,000	7,256
Westfield Marion	Super Regional	117,239	809,000,000	14,200,000	6,900
Bayside SC Frankston	Super Regional	87,365	410,177,870	11,848,176	4,695
Chatswood Chase	Major Regional	58,398	573,031,268	12,005,954	9,813
Karrinyup Shopping Centre	Major Regional	53,715	440,219,163	6,719,745	8,195
Westfield Belconnen	Major Regional	84,788	534,700,000	11,700,000	6,306
Forest Hill Chase SC	Major Regional	53,891	304,160,996	8,664,241	5,644
Westfield Helensvale	Regional	38,540	374,300,000	8,470,000	9,712
Runaway Bay SVillage	Regional	35,083	286,209,645	6,773,236	8,158
Orion Springfield	Regional	61,808	260,000,000	8,000,000	4,207
Craigieburn Central	Regional	54,314	215,220,000	4,770,000	3,963
Menai Marketplace	Sub Regional	14,706	172,080,000	5,260,000	11,701
Stockland Nowra	Sub Regional	15,906	148,200,000	3,205,274	9,317
Kwinana Marketplace	Sub Regional	28,679	140,668,287	3,063,116	4,905
Caboolture Square	Sub Regional	14,232	53,606,617	2,002,056	3,767
Mudgee Metroplaza	Neighbourhood	3,970	60,200,000	1,705,119	15,164
Stockland Tooronga	Neighbourhood	8,892	111,600,000	2,119,729	12,551
Cessnock City Centre	Neighbourhood	8,671	70,681,236	1,897,825	8,151
Beaudesert Fair SC	Neighbourhood	6,990	29,500,000	1,130,000	4,220
Strand Arcade	City Centre	4,864	$108,925,059	5,232,416	22,394
Perth Central	City Centre	9,833	$40,000,000	1,400,000	4,068
Myer Centre	City Centre	59,538	$359,777,595	30,803,172	6,043
Queen Victoria Building	City Centre	13,669	$214,258,448	34,000,000	15,675

Changes over the years - Longitudinal study of 2 specific shopping centres

"Each shopping centre is different", I am sure will be the catchcry of the industry, however we can only go based on the facts. Depending on our sample size, using only shopping centres where we have full reporting etc, can we try and make some sense out of the trends in the industry.

As a starting point, we still have the 2011 Shopping Centre Directories for Victoria / Tasmania, Western Australia and Queensland. Whilst we do have access to an electronic version of the 2012 data, and other points in time for other states, I will use the 2011 copies as this gives 5 year spreads based on the stated correct date for the data.

Breakdown by Super Regional Shopping Centres

10 year look at The Glen and Forest Hill Chase

I would like to start with two shopping centres for which we have data for 2006, 2011 and 2017, and I think it is an interesting starting point analysis. The Property Council gives a date that is when the data is correct at, and for The Glen we have:

- 2006 data correct at Feb 2006,
- 2011 data correct at May 2011,
- 2017 data correct at April 2016.

This gives a very even 5 year spread on each report.

The Glen was the flagship centre for Centro before it morphed into Federal and now Vicinity Centres. It is a Major Regional Shopping Centre in Glen Waverley in Melbourne. I believe it is a good example as it has always been kept "current" as Centro originally had their Head Office in the Centre, and it was their showpiece.

In Luke Baylis' arguments with the shopping centres, he recounted how many extra food court outlets had entered each centre, so for this exercise, we shall also include those numbers from the reports

Factor	2006	2011	2017 data (last update 1/4/16)
GLAR (The Glen)	50,405	53,375	53,825
Other Tenancies	2,170	5,604	5,199
MAT	$303,175,560	$330,571,600	$346,965,975
Pedestrian count	10,000,000 (in book)	Not supplied	Not supplied
Annual MAT % increase (over 5 years)		1.81%	0.99%
Annual MAT % increase (over 10 years)			1.44%
Food Court Outlets	17	19	20

Appendix 2 has the page from the Property Council Shopping Centre Directory 2006(VIC/TAS) for Centro The Glen and Forest Hill Chase.

Another shopping centre we have similar data on is Forest Hill Chase (also in the Melbourne Eastern suburbs), a major regional shopping centre, but not considered a flagship in the portfolio.

For Forest Hill we have:

- 2006 data correct at Feb 2006
- 2011 data correct at May 2011,
- 2017 data correct at April 2016.

Breakdown by Super Regional Shopping Centres

10 year look at The Glen and Forest Hill Chase

Whilst I am sure there can be questions on the exactness of the data, we can see in both cases over a 10 year period, the increase in MAT has been about 1.5% pa.

Factor	2006	2011	2017 data (last update 1/4/16)
GLAR (Forest Hill)	58,698	49,058	53,891
Other Tenancies	9,377	5,287	7,358
MAT	$282,770,000	$252,866,000	$304,160,996
Pedestrian count	7,700,000	7,900,000	8,664,241
Annual MAT % increase (over 5 years)		-2.12%	4.06%
Annual MAT % increase (over 10 years)			1.51%
Food Court Outlets	16	17	20

Shopping Centres - Victoria

This data is represented by the way of measuring the Shopping Centre in terms of definitions for GLAR, MAT and the pedestrian estimates (normally using door counters) and provided to the Property Council by the owners. We see some issues with this as some SC's seem to have become smaller, and we find that unexpected (more likely a change in the measurement methodology).

Our two main data sources for this section are:

• Shopping Centre Directory 2011 from the Property Council of Australia (hardcopy),
• 2017 Electronic version from the Property Council of Australia.

The following table is a selection of Victorian SC's where we feel we have realistic data, or we may know that a large increase in GLAR is the result of the Centre's expansion in the last 6 years.

When you can see a Centre you may know, and have an idea if you feel it has physically changed or not, the numbers begin to make sense.

SPECTRUM ANALYSIS

Government CPI Data

Over the similar period the best way of looking at inflation is the government provided CPI figures and the graph below shows this for around the last 10 years.

Whilst these show by quarter, they are annualised. Over the 10 year period the CPI for Australia has moved from 87.7 (June 2007) to 110.7 (June 2017). This could be seen as a 10 year increase of 26.23% or 2.63% pa.

So if the MAT's are rising by around 1.5% pa, and inflation is running at 2.6% pa, the actual product sales (like for like numbers not $) must be decreasing across shopping centres like the two discussed above, and NOT increasing.

This definitely makes a strong argument against high rental increases, and having them locked in by the policies of the Shopping Centre owners!

The common thread is that if a Centre has not changed much at all (small % change in GLAR), then the larger Centres seem to have maintained some MAT growth, and often the Pedestrian numbers appear to have decreased.

In the following table, Southland is a classic case of this with very small GLAR growth of 0.3% (probably just the way of measurement), it reports 8.6% MAT growth and a 4.3% reduction in pedestrian numbers.

		2011 Property Council Data			2017 Property Council Data			% Change over period		
Centre Name	Type	Total-Centre-GLAR	MAT	Pedestrian-Estimate	Total-Centre-GLAR	MAT	Pedestrian-Estimate	% GLAR	% MAT	% PED
Chadstone Shopping Centre	Super Regional	145,171	$1,070,960,000	18,400,000	130,366	$1,444,581,126	17,600,748	-10.2%	34.9%	-4.3%
Westfield Doncaster	Super Regional	109151	$789,147,441	15,013,000	112,018	$961,900,000	15,971,000	2.6%	21.9%	6.4%
Westfield Fountain Gate	Super Regional	74951	$703,923,709	13,306,000	148,726	$990,200,000	15,774,000	98.4%	40.7%	18.5%
Westfield Southland	Super Regional	119321	$785,076,710	15,951,000	119,705	$852,400,000	15,260,000	0.3%	8.6%	-4.3%
Highpoint Shopping Centre	Super Regional	104490	$777,700,000	14,700,000	133,451	$893,400,000	16,200,000	27.7%	14.9%	10.2%
Westfield Knox	Super Regional	103389	$677,800,000	12,700,000	111,131	$700,400,000	14,554,000	7.5%	3.3%	14.6%
Northland Shopping Centre	Super Regional	91179	$402,472,993	11,268,318	92,983	$528,994,579	16,680,946	2.0%	31.4%	48.0%
Bayside Shopping Centre	Super Regional	73882	$362,027,845	11,847,335	87,365	$410,177,870	11,848,176	18.2%	13.3%	0.0%
Eastland Shopping Centre	Super Regional	70822	$502,638,230	12,100,000	102,422	$407,000,000	9,800,000	44.6%	-19.0%	-19.0%
Watergardens Town Centre	Major Regional	66332	$404,000,000	10,400,000	54,497	$386,000,000	11,300,000	-17.8%	-4.5%	8.7%
The Glen Shopping Centre	Major Regional	53375	$330,571,600	N/A	53,825	$346,965,975	N/A	0.8%	5.0%	
Forest Hill Chase	Major Regional	49058	$252,866,000	7,900,000	53,891	$304,160,996	8,664,241	9.9%	20.3%	9.7%
Westfield Geelong	Major Regional	53417	$266,107,229	8,828,000	51,298	$283,200,000	8,828,000	-4.0%	6.4%	0.0%
Broadmeadows SC	Major Regional	55787	$272,836,000	8,800,000	57,747	$265,179,986	10,470,819	3.5%	-2.8%	19.0%
Dandenong Plaza	Major Regional	59030	$239,300,000	11,300,000	53,196	$202,300,000	11,200,000	-9.9%	-15.5%	-0.9%
Greensborough Plaza	Regional	51849	$306,000,000	9,500,000	45,011	$347,211,848	8,500,000	-13.2%	13.5%	-10.5%
Parkmore Shopping Centre	Regional	36600	$233,200,000	8,400,000	36,059	$245,300,000	9,400,000	-1.5%	5.2%	11.9%
Karingal Hub Shopping Centre	Regional	27945	$228,137,506	N/A	41,788	$216,650,771	N/A	49.5%	-5.0%	
Mid Valley Shopping Centre	Regional	34891	$145,000,000	3,300,000	37,746	$138,000,000	3,300,000	8.2%	-4.8%	0.0%
Waverley Gardens	Regional	36990	$180,000,000	N/A	36,971	N/A	6,800,000	-0.1%		
Belmont Shopping Village	Sub Regional	13226	$103,161,010	N/A	13,226	$95,287,117	N/A	0.0%	-7.6%	
Stockland The Pines	Sub Regional	23510	$168,000,000	4,800,000	23,998	$171,706,901	4,874,783	2.1%	2.2%	1.6%
North Blackburn S C	Sub Regional	11318	$80,000,000	3,500,000	11,406	$77,000,000	3,100,000	0.8%	-3.8%	-11.4%
Victoria Gardens	Sub Regional	20872	$163,932,700	n/a	28,226	$189,833,626	N/A	35.2%	15.8%	
Sunshine Marketplace	Sub Regional	20765	$128,418,560	n/a	20,635	$134,905,938	N/A	-0.6%	5.1%	
Stockland Wendouree	Sub Regional	25083	$156,000,000	4,740,000	25,264	$164,677,193	4,838,380	0.7%	5.6%	2.1%
Stockland Traralgon	Sub Regional	18628	$116,735,672	3,317,179	19,489	$123,509,273	3,398,424	4.6%	5.8%	2.4%
Altona Gate Shopping Centre	Sub Regional	25772	$118,396,000	3,717,000	24,164	$146,161,339	4,204,776	-6.2%	23.5%	13.1%
Corio Shopping Centre	Sub Regional	27350	$164,600,000	6,900,000	27,898	$160,526,837	5,840,662	2.0%	-2.5%	-15.4%
Rosebud Plaza SC	Sub Regional	23677	$129,649,617	2,923,197	24,705	$136,121,000	2,900,000	4.3%	5.0%	-0.8%
Campbellfield Plaza	Sub Regional	17991	$85,075,404	N/A	18,081	$93,300,000	N/A	0.5%	9.7%	
Pakenham Place SC	Sub Regional	15719	$92,000,000	N/A	15,828	$69,062,430	N/A	0.7%	-24.9%	

Whatever the direction over the last 6 years, it is hard to push the story for rental increases on averages of 4% - 5% per annum, from what is often an inflated starting position.

Summary

There are facts and data relating to most shopping centres in Australia, and if you have to negotiate a new lease or a lease renewal, it would be very prudent to have the facts relating to the shopping centre readily available.

Whilst the shopping centre owners may question some of the numbers in the Property Council data, it must be pointed out that it was provided by them or their predecessors (hopefully in good faith) in the past, and we are just comparing the data at different points in time.

Finally - Use Data to make better business decisions.

Peter Buckingham

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May be in the future? – Food Hall Berlin style

Appendix 1

Shopping Centres used in the Sample for comparative purposes:

Centre Name	Type	Sub Region
Westfield Carindale	Super Regional	Brisbane City
Bayside Shopping Centre	Super Regional	Frankston City
Westfield Marion	Super Regional	Southern Adelaide
Westfield Miranda	Super Regional	St George-Sutherland
Knox Shopping Centre	Super Regional	Eastern Outer Melbourne
Westfield Tea Tree Plaza	Super Regional	Northern Adelaide
Warringah Mall	Super Regional	Northern Beaches
Westfield Doncaster	Super Regional	Eastern Middle Melbourne
Westfield Chermside	Super Regional	Brisbane City
Northland Shopping Centre	Super Regional	Northern Middle Melbourne
Westfield Southland	Super Regional	Southern Melbourne
Westfield Bondi Junction	Super Regional	Eastern Suburbs
Westfield Hornsby	Super Regional	Central Northern Sydney
Westfield Parramatta	Super Regional	Central Western Sydney
Chadstone the Fashion Capital	Super Regional	Eastern Middle Melbourne
Stockland Rockhampton	Major Regional	Rockhampton
Westfield Belconnen	Major Regional	Non-Civic
Macarthur Square	Major Regional	Outer South Western Sydney
Hyperdome Shopping Centre (QLD)	Major Regional	Logan City
Erina Fair	Major Regional	Gosford-Wyong
Westfield Whitford City	Major Regional	North Metropolitan
Forest Hill Chase Shopping Centre	Major Regional	Eastern Middle Melbourne
Westfield Kotara	Major Regional	Newcastle
Broadmeadows Shopping Centre	Major Regional	Hume City
Garden City Booragoon	Major Regional	South West Metropolitan
Chatswood Chase	Major Regional	Lower Northern Sydney
Tuggeranong Hyperdome (ACT)	Major Regional	Non-Civic
Westfield Tuggerah	Major Regional	Gosford-Wyong
Westfield Eastgardens	Major Regional	Eastern Suburbs
Karrinyup Shopping Centre	Major Regional	North Metropolitan
Westfield North Lakes	Major Regional	Pine Rivers Shire
Morayfield Shopping Centre	Major Regional	Caboolture Shire
Sunshine Plaza (QLD)	Major Regional	Sunshine Coast
Westfield Mt Druitt	Major Regional	Blacktown
Westfield Chatswood	Major Regional	Lower Northern Sydney
Westfield Carousel	Major Regional	South East Metropolitan
Westfield Geelong	Major Regional	Geelong City
Westfield Burwood	Major Regional	Inner Western Sydney

Westfield Hurstville	Major Regional	St George-Sutherland
Westfield Woden	Major Regional	Non-Civic
Westfield Penrith	Major Regional	Outer Western Sydney
Dandenong Plaza	Major Regional	Greater Dandenong City
Rouse Hill Town Centre	Major Regional	Outer Western Sydney
Westfield Liverpool	Major Regional	Fairfield-Liverpool
Watergardens Town Centre	Major Regional	Inner Melbourne
Lake Haven Shopping Centre	Regional	Gosford-Wyong
Ipswich Riverlink Shopping Centre	Regional	Ipswich City
Mid Valley Shopping Centre	Regional	La Trobe Valley
Redbank Plaza	Regional	Ipswich City
Capalaba Park Shopping Centre	Regional	Redland Shire
Mirrabooka Square Shopping Centre	Regional	North Metropolitan
Campbelltown Mall	Regional	Outer South Western Sydney
Eastlands Shopping Centre	Regional	Greater Hobart
Cairns Central	Regional	Cairns City
Australia Fair	Regional	Gold Coast City Part B
Runaway Bay Shopping Village	Regional	Gold Coast City Part B
Willows Shoppingtown	Regional	Thuringowa City
Grand Plaza Shopping Centre	Regional	Logan City
Narellan Town Centre	Regional	Outer South Western Sydney
Stockland Glendale	Regional	Newcastle
Parkmore Shopping Centre	Regional	Greater Dandenong City
Westfield Innaloo	Regional	North Metropolitan
Brookside Shopping Centre	Regional	Brisbane City
Westfield Helensvale	Regional	Gold Coast City Part B
Park Beach Plaza	Regional	Coffs Harbour
Brimbank Central Shopping Centre	Regional	Inner Melbourne
Smithfield Centre	Regional	Cairns City
Grand Central Toowoomba	Regional	Toowoomba
Chirnside Park Shopping Centre	Regional	Yarra Ranges Shire
Westfield Plenty Valley	Regional	Northern Outer Melbourne
Westfield Airport West	Regional	Inner Melbourne
Greensborough Plaza	Regional	Northern Middle Melbourne
Rockingham City	Regional	South West Metropolitan
Midland Gate Shopping Centre	Regional	East Metropolitan
Centro Hollywood	Sub Regional	Eastern Adelaide
Wyndham Village	Sub Regional	Melton-Wyndham
Arana Hills Kmart Plaza	Sub Regional	Moreton
Wagga Wagga Market Place	Sub Regional	Wagga Wagga
Winston Hills Mall	Sub Regional	Central Western Sydney
Chullora Marketplace	Sub Regional	Canterbury-Bankstown

SPECTRUM ANALYSIS

Appendix 1

Shopping Centres used in the Sample for comparative purposes:

Stanhope Village	Sub Regional	Blacktown
Booval Fair Shopping Centre	Sub Regional	Ipswich City
Deception Bay Shopping Centre	Sub Regional	Caboolture Shire
Ringwood Square Shopping Centre	Sub Regional	Eastern Outer Melbourne
Central West Shopping Centre	Sub Regional	Inner Melbourne
Plumpton MarketPlace	Sub Regional	Blacktown
Salamander Shopping Centre	Sub Regional	Newcastle
Golden Grove Village Shopping Centre	Sub Regional	Northern Adelaide
Stockland Wallsend	Sub Regional	Newcastle
Highlands Marketplace	Sub Regional	Illawarra
Richmond Marketplace	Sub Regional	Richmond-Tweed
Riverside Plaza	Sub Regional	Queanbeyan
Stockland Traralgon	Sub Regional	La Trobe Valley
Westfield North Rocks	Sub Regional	Inner Sydney
Rosebud Plaza	Sub Regional	Mornington Peninsula Shire
Deepwater Plaza	Sub Regional	Gosford-Wyong
Port Central Shopping Centre	Sub Regional	Port Macquarie
Logan Central Plaza	Sub Regional	Logan City
Gateway Plaza	Sub Regional	Warrnambool City
Malvern Central	Sub Regional	Inner Melbourne
Stockland Cleveland	Sub Regional	Redland Shire
Wynnum Plaza Shopping Centre	Sub Regional	Brisbane City
Cannon Hill K-Mart Plaza	Sub Regional	Brisbane City
Sturt Mall	Sub Regional	Wagga Wagga
Kingsway City	Sub Regional	North Metropolitan
Bunbury Forum Shopping Centre	Sub Regional	Bunbury
Toowoomba Plaza	Sub Regional	Toowoomba
Stockland The Pines	Sub Regional	Eastern Middle Melbourne
Corio Village Shopping Centre	Sub Regional	Geelong City
Stockland Bullcreek Shopping Centre	Sub Regional	South West Metropolitan
The Bentley Centre	Sub Regional	South East Metropolitan
Palms Shopping Centre	Sub Regional	Coffs Harbour
City Plaza - Tamworth	Sub Regional	Tamworth
Stockland Baulkham Hills	Sub Regional	Central Northern Sydney
Carlingford Court	Sub Regional	Central Northern Sydney
Bonnyrigg Plaza	Sub Regional	Fairfield-Liverpool
Stockland Bathurst	Sub Regional	Bathurst-Orange
Village Centre Batemans Bay	Sub Regional	Lower South Coast
Burwood Plaza	Sub Regional	Inner Western Sydney
Northgate Centre	Sub Regional	Greater Hobart
Beenleigh MarketPlace	Sub Regional	Logan City
Ingle Farm Shopping Centre	Sub Regional	Northern Adelaide
North Blackburn Shopping Centre	Sub Regional	
Stockland Wendouree	Sub Regional	Ballarat City
Southgate Shopping Centre (NSW)	Sub Regional	St George-Sutherland

Menai Marketplace	Sub Regional	St George-Sutherland
Carnes Hill Marketplace	Sub Regional	Fairfield-Liverpool
Raymond Terrace Marketplace	Sub Regional	Newcastle
Dapto Mall	Sub Regional	Illawarra
Mt Gravatt Plaza	Sub Regional	Brisbane City
Warilla Grove	Sub Regional	Illawarra
Clifford Gardens Shopping Centre	Sub Regional	Toowoomba
St Ives Shopping Village	Sub Regional	Central Northern Sydney
City Centre Plaza	Sub Regional	Rockhampton
Sunbury Square Shopping Centre	Sub Regional	Hume City
Mount Pleasant Shopping Centre	Sub Regional	Mackay City
Settlement City Shopping Centre	Sub Regional	Port Macquarie
Ashfield Mall	Sub Regional	Inner Western Sydney
Glenquarie Town Centre	Sub Regional	Outer South Western Sydney
The Park Centre	Sub Regional	South East Metropolitan
Southpoint Shopping Centre	Sub Regional	Eastern Suburbs
Stockland Nowra	Sub Regional	Illawarra
Fairfield Forum	Sub Regional	Fairfield Liverpool
Stockland Bay Village	Sub Regional	Gosford-Wyong
St Marys Village Shopping Centre	Sub Regional	Outer Western Sydney
Eastgate Shopping Centre	Sub Regional	Eastern Suburbs
Casula Mall	Sub Regional	Fairfield-Liverpool
Arndale Shopping Centre (QLD)	Sub Regional	Logan City
Westfield Figtree	Sub Regional	
Endeavour Hills Shopping Centre	Sub Regional	South Eastern Outer Melbourne
Stockland Jesmond	Sub Regional	Newcastle
Rhodes Shopping Centre	Sub Regional	Inner Western Sydney
Pacific Square	Sub Regional	Inner Sydney
Marketplace Leichhardt	Sub Regional	Inner Sydney
Altona Gate Shopping Centre	Sub Regional	Inner Melbourne
Alexandra Hills Shopping Centre	Sub Regional	Redland Shire
Hinkler Central	Sub Regional	Bundaberg
Marrickville Metro Shopping Centre	Sub Regional	Inner Sydney
Centro Karratha	Sub Regional	Fortescue
Noranda Shopping Village	Sub Regional	East Metropolitan
Southlands Boulevarde	Sub Regional	South East Metropolitan
Neeta City Shopping Centre	Sub Regional	Fairfield-Liverpool
Stud Park Shopping Centre	Sub Regional	Eastern Middle Melbourne
Valley Plaza	Sub Regional	Fairfield-Liverpool
Morisset Square Shopping Centre	Neighbourhood	Newcastle
Carlingford Village Shopping Centre	Neighbourhood	Central Northern Sydney
Orange Central	Neighbourhood	Bathurst-Orange
Fairfield Gardens	Neighbourhood	Brisbane City

Appendix 1

Shopping Centres used in the Sample for comparative purposes:

Stockland Corrimal	Neighbourhood	Illawarra
Brassall Shopping Centre	Neighbourhood	Ipswich City
Southlands Shopping Centre	Neighbourhood	Outer Western Sydney
Nowra Mall	Neighbourhood	Illawarra
My Centre - Nerang	Neighbourhood	Gold Coast City Part B
West Ryde Marketplace	Neighbourhood	Lower Northern Sydney
Palm City Oasis Shopping Centre	Neighbourhood	Palmerston
Niddrie Central	Neighbourhood	Inner Melbourne
Peninsula Plaza Shopping Centre	Neighbourhood	Gosford-Wyong
Sunny Park Shopping Centre	Neighbourhood	Brisbane City
Royal Randwick Shopping Centre	Neighbourhood	Eastern Suburbs
Margate Village	Neighbourhood	Redcliffe City
Noosa Village Shopping Centre	Neighbourhood	Sunshine Coast
Eagle Vale Marketplace	Neighbourhood	Outer South Western Sydney
Griffin Plaza	Neighbourhood	Lower Murrumbidgee
Lakeside Shopping Centre	Neighbourhood	Gosford-Wyong
Forestway Shopping Centre	Neighbourhood	Northern Beaches
Village Central Wyong	Neighbourhood	Gosford-Wyong
Dog Swamp Shopping Centre	Neighbourhood	North Metropolitan
The Mall, Wentworthville	Neighbourhood	Central Western Sydney
Kings Langley Shopping Centre	Neighbourhood	Blacktown
Glenmore Park Town Centre	Neighbourhood	Outer Western Sydney
Northam Boulevard	Neighbourhood	Greenough River
Chester Square	Neighbourhood	Canterbury-Bankstown
Rutherford Shopping Centre	Neighbourhood	Newcastle
Northside Plaza	Neighbourhood	Rockhampton
Auburn Shopping Arcade	Neighbourhood	Central Western Sydney
Tamworth Shopping Village	Neighbourhood	Tamworth
Acland Court	Neighbourhood	Inner Melbourne
Taylors Lakes Shopping Centre	Neighbourhood	Inner Melbourne
Beaudesert Fair Shopping Centre	Neighbourhood	Beaudesert Shire
Nineteenth Avenue Shopping Centre	Neighbourhood	Gold Coast City Part B
Pender Place	Neighbourhood	Newcastle
Mudgee Metroplaza	Neighbourhood	Central Macquarie
Russell Island Shopping Centre	Neighbourhood	Redland Shire
Unley Shopping Centre	Neighbourhood	Eastern Adelaide
Parkes Metroplaza	Neighbourhood	Lachlan
The Mezz	Neighbourhood	Central Metropolitan
Pemulwuy Marketplace	Neighbourhood	Central Western Sydney
Erindale Shopping Centre	Neighbourhood	Non-Civic
Sunland Plaza	Neighbourhood	Townsville City
Cherrybrook Village	Neighbourhood	Central Northern Sydney
Northbridge Plaza	Neighbourhood	Lower Northern Sydney
Hurstville Central	Neighbourhood	St George-Sutherland
Gordon Centre	Neighbourhood	Central Northern Sydney

Norton Plaza	Neighbourhood	Inner Sydney
Liverpool Plaza Shopping Centre	Neighbourhood	Fairfield-Liverpool
Junction Fair	Neighbourhood	Newcastle
Thornleigh Marketplace	Neighbourhood	Central Northern Sydney
The Strand Arcade	City Centre	Inner Melbourne
Metcentre	City Centre	Inner Sydney
Centrepoint Shopping Centre (TAS)	City Centre	Greater Hobart
The Galeries	City Centre	Inner Sydney
Town Hall Square	City Centre	Inner Sydney
World Square Shopping Centre	City Centre	Inner Sydney
Australia Square	City Centre	Inner Sydney
Strand Arcade	City Centre	Inner Sydney
Perth Central	City Centre	Central Metropolitan
Myer Centre	City Centre	Brisbane City
Queen Victoria Building	City Centre	Inner Sydney
Target Centre	City Centre	Inner Melbourne
Collins Two3Four	City Centre	Inner Melbourne
Market Square Shopping Centre (VIC)	City Centre	Geelong City
Greenwood Plaza	City Centre	Lower Northern Sydney
Central Square - Ballarat	City Centre	Ballarat City
Chevron Renaissance Shopping Centre	City Centre	Gold Coast City Part B
Melbourne Central	City Centre	Inner Melbourne

Appendix 2

Property Council pages for The Glen and Forest Hill Chase from 2006:

Centro The Glen

235 Springvale Road
Glen Waverley VIC 3150
REGION: Melbourne

Phone: (03) 9802 3200 Fax: (03) 9887 9151 Website: www.centro.com.au
Postal Address: 235 Springvale Road Glen Waverley VIC 3150

Owner(s):	Centro Properties Group	Management:	Centro Properties Group
Owner Type:	Listed Property Trust	Centre Manager:	Richard Terhorst
Date Purchased:	30 June 2000	Marketing Manager:	Bianca Ferrante
Purchase Price:	$163,000,000	Leasing Manager:	Nicolle Austin
Merchant Association:	No	Operations Manager:	Joe Fazio

Tenancy Details

Major Tenants:	**29,426**	**sq.m**
David Jones	15,188	sq.m
Target	6,620	sq.m
Safeway	4,165	sq.m
Coles	3,453	sq.m

Specialties: **20,979 sq.m** **[179 specialty shops on 2 level(s)]**

Angus & Robertson, Athlete's Foot, Aussie Disposals, Australia Post, Baker's Delight, Bank of Melbourne, Best & Less, Brown Gouge Dry Cleaners, Budget Eyewear, Burger King, Collins Booksellers, Dick Smith Electronics, Gloria Jeans Coffees, Godfreys, Goldmark Jewellers, Harvey World Travel, HBA, Healthy Life, High & Mighty, HMV, House, Jacqui E, Jeans West, Just Jeans, Katies, KFC, Kleins, Laubman & Pank, Lenard's, Lincraft, McDonald's, Medibank Private, Medicare, Michel's Patisserie, Miller's Fashion Club, Mister Minit, Muffin Break, Nando's, Nine West, Nutshack, OPSM Express, Pet's Paradise, Portmans, Price Attack, Priceline, Rabbit Photo, Rivers, Roger David, Sanity, Speeds Shoes, Sportsco, Sportsgirl, St George Bank, STA Travel, Strandbags, Subway, Sunglass Hut, Sussan, Suzanne Grae, Table Eight, Telstra Shop, Terry White Chemists, The $2 Shop, The Body Shop, The Reject Shop, Villa & Hut, Vodafone, Watchworks Australia, Wendy's, Williams The Shoemen, Witchery, Wittner's Shoes

Total Retail Area (GLAR):	**50,405**	**sq.m**	**Retail Vacancy (sqm):**		**sq.m**
Other Tenancies:	**0**	**sq.m**			
Office Tenancies:	**2,170**	**sq.m**	**[1 office tenants on level(s)]**		
Total Centre Area:	**52,575**	**sq.m**	**Office Vacancy (sqm):**		**sq.m**

Site Area(ha):	15.00	Food Court Outlets:	17
Open Car Bays:	621	Food Court Seats:	800
Enclosed Car Bays:	2,517	Cinema Screens:	0
Unspecified Car Bays:		Pedestrian Estimate(pa):	10,000,000
Promotion Fund:	No	MAT:	$303,175,560
Promotion Area:	No	GST Inclusive:	Yes

Construction

Developer(s):	Centro Properties Group	Architect(s):	Perrott Lyon & Mathieson (Stage 1) / Hames Sharley (Stage 2)
Year Opened:	1991		
Year(s) Refurbished/Extended:	1993 1996 2001	Centre Type:	Enclosed Mall
Plans for Refurbishment:	No	Ventilation:	Fully Air Conditioned
Plans for Extension	No	Data correct as at:	Feb-2006

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Forest Hill Chase Shopping Centre

270 Canterbury Road
Forest Hill VIC 3131
REGION: Melbourne

Phone: (03) 9878 7111 Fax: (03) 9877 7950 E-mail: dkee@pacificshopping.com.au Website: www.foresthillshoppingcentre.com.au
Postal Address: 270 Canterbury Road Forest Hill VIC 3131

Owner(s):	CFS Gandel Retail Trust	Management:	Gandel Retail Management Pty Ltd
Owner Type:	Listed Property Trust	Centre Manager:	Ron Harper
Date Purchased:		Marketing Manager:	Daryl Kee
Purchase Price:		Leasing Manager:	Richard Hardy
Merchant Association:	No	Operations Manager:	Ron Mayes

Tenancy Details

Major Tenants:	**30,727**	**sq.m**
Kmart	7,740	sq.m
Big W	6,696	sq.m
Harris Scarfe	4,729	sq.m
Coles	4,127	sq.m
Safeway	3,775	sq.m
Dimmey's	1,858	sq.m
Australian Way Of Life	1,802	sq.m

Specialties: **27,971 sq.m** **[169 specialty shops on 3 level(s)]**

Amcal Chemist, Angus & Robertson, ANZ Bank, Australia Post, Baker's Delight, Bon Bons, Bradmans, Brown Sugar, Casual Guy, Commonwealth Bank, Darrell Lea, Donut King, Fletcher Jones, Flight Centre, Harvey World Travel, Homeart, House, Jay Jays, Katies, KFC, Kodak, Lenard's, Medicare, Merringtons Optometrists, Michael Hill Jeweller, Miller's Fashion Club, Mister Minit, National Australia Bank, Noni B, OPSM, Payless Shoes, Pet's Paradise, Priceline, Prouds Jewellers, Rivers, Roger David, Sanity, Sires, Smokemart, Spendless Shoes, Sportcutter, Sportsco, Sportsgirl, Sussan, TAB, Tattslotto, The Reject Shop, Wendy's, Westco Jeans, Wittner's

Total Retail Area (GLAR):	**58,698**	**sq.m**	**Retail Vacancy (sqm):**		**sq.m**
Other Tenancies:	**9,377**	**sq.m**			
Hoyts Cinema	4,984	sq.m			
AMF Bowling Centre	2,490	sq.m			
Tabaret "Vegas"	935	sq.m			
Pancake Parlour	568	sq.m			
Planet Earth	400	sq.m			
Office Tenancies:	**1,994**	**sq.m**	**[10 office tenants on 2 level(s)]**		
Total Centre Area:	**70,069**	**sq.m**	**Office Vacancy (sqm):**		**sq.m**

Site Area(ha):	8.50	Food Court Outlets:	16
Open Car Bays:	3,255	Food Court Seats:	300
Enclosed Car Bays:		Cinema Screens:	10
Unspecified Car Bays:		Pedestrian Estimate(pa):	7,700,000
Promotion Fund:	Yes	MAT:	$282,770,000
Promotion Area:	Yes	GST Inclusive:	Yes

Construction

Developer(s):	Pacific Shopping Centres Australia P/L	Architect(s):	Buchan Laird & Bawden P/L
Year Opened:	1964		
Year(s) Refurbished/Extended:	1975 1989 1990 1997	Centre Type:	Partially Enclosed Mall
Plans for Refurbishment:	Yes	Ventilation:	Fully Air Conditioned
Plans for Extension	Yes	Data correct as at:	Feb-2006

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