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Growth in Perth retail market

by Mark Bristow : Thursday, October 22, 2009

New research from Savills has found new international luxury brands, increased development activity, lower vacancies and rising rents in the Perth CBD retail market.

Savills' latest Perth CBD Prime Retailing Report shows a tightening of retail property rental vacancies in the city.



Report author Helen Swanson said that an overall vacancy rate of 7.75% was recorded in the Perth CBD prime retailing market in September 2009, a decrease from the 8.77% rate registered in April 2009.

The largest fall of all precincts was found in Perth's CBD malls, where the vacancy rate fell from 10.3% in April to just 2.9% in September 2009.

Savills national head of retail services, Chris Ireland, said that Perth's CBD retail market has entered a new era, showcasing an exciting range of new retailers and developments.

"Perth shoppers are no longer deprived of choice for international luxury brands with a particular focus now on Hay Street between William and King Streets attracting high profile tenants," said Mr Ireland.

"Demand for prime CBD retail space is strong, which is pushing retail rents to all-time highs with rents of close to \$5,000 per sq m being achieved in some parts of the CBD."

"This has driven Perth's retail market to rents comparable with landmark eastern seaboard retail precincts, such as Queen's Plaza in Brisbane and the Sydney CBD."

The Savills research shows that rents in the Hay Street mall currently range from \$2000/sqm to \$4500/sqm as of the September 2009 quarter, with rental rates rising more than 40% over the past four years.

The report also identified 23,600 sqm of new retail space currently under construction within the Perth CBD, all of which is due for completion by the end of 2012, including Raine Square, ONE40 William and Equus.

High-profile retailers, Coles and Ed Harry, are understood to be among those pre-committed to new projects, with negotiations currently underway with at least 15 tenants, ranging from fashion to food, to secure space at new developments.

Savills itself has contributed to the development of the market by securing a range of high-end fashion retailers to the new \$130 million Wesley Quarter redevelopment including Burberry and Emporio Armani, which have opened their first Perth stores at Wesley Quarter.

Mr Ireland said that Perth's rapidly-evolving retail market reflects Western Australia's strong population growth and renewed economic impetus from the resources sector.

"Despite the global economic downturn, Access Economics predicts WA's retail turnover is anticipated to be resilient and record 1.0% growth for 2009 and 1.9% growth for 2010," said Mr Ireland.

"A new wave of resources activity in the state, highlighted by the Gorgon, Wheatstone, Scarborough and Pluto projects, have also boosted consumer confidence and have positive flow-on effects on retail spending and the local retail market."

"Major infrastructure projects such as the Link and Riverside projects will also help revitalise the Perth CBD."

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