



20/11/2017

Welcome to this weeks Property News.

Strongest Convictions in 2017

As we quickly head toward the tail end of 2017 we can already see that this year will eclipse 2016 for total investment sales with close to \$30bn in transactions being recorded, up 10% in volume on last year. RE-Intel gathers this data from reported sales above \$10M across all markets and sectors in Australia with data now going back to 2015.

As with every transaction there are buyers and sellers and one of the interesting insights into the transactions RE-Intel has seen so far in 2017, is who the key buyers and sellers are and how strong their convictions have been about the real estate market.

RE-Intel assess this by examining the net investment position for each investment manager which adds all the purchases and deducts all the sales they have made this year. The chart below from RE-Intel shows who the top 10 strongest buyers and sellers have been across all sectors.

The Top 4 Buyers are all domestic fund managers, whilst the Top 3 Sellers are offshore fund managers. It is quite evident that offshore fund managers are seeing the market fully priced and have elected to sell assets and return capital while the local investment managers have continued to build their portfolios.

Top on the buyers list is AMP Capital who have invested a net \$1.7bn of capital across the commercial and retail sectors with an average cap rate of 5.5%. AMP Capital have invested

heavily in the commercial sector with the Wynyard Place acquisition together with smaller acquisitions in Melbourne, Mascot and the Brisbane Fringe markets, offset slightly by the sale of an asset in North Sydney. AMP Capital's appetite for Retail has been just as strong with acquisitions in Rockingham, Newcastle, Southport and Warner and this is likely to grow stronger with the prospect of their purchase of Indooroopilly.

AMP Capital easily eclipse Dexu who have a net position of \$870M predominantly from their acquisition of the MLC Centre and in Pyrmont but offset by their sale of a site in Parramatta.

Charter Hall have undertaken the largest number of deals across the market with 42 transaction including \$1.3bn of acquisitions and \$0.5bn of divestments generating a net investment position of \$870M.

Also in the Top 10 Buyers list are a number of asian investment managers including Keppel, Country Garden, Suntech and Early Light.

Top on the sellers list is Trust Capital Advisors who announced this week that they exchanged on 5 commercial properties worth \$730M along with an earlier sale this year in Canberra, taking their total divestments this year to \$1.2bn.

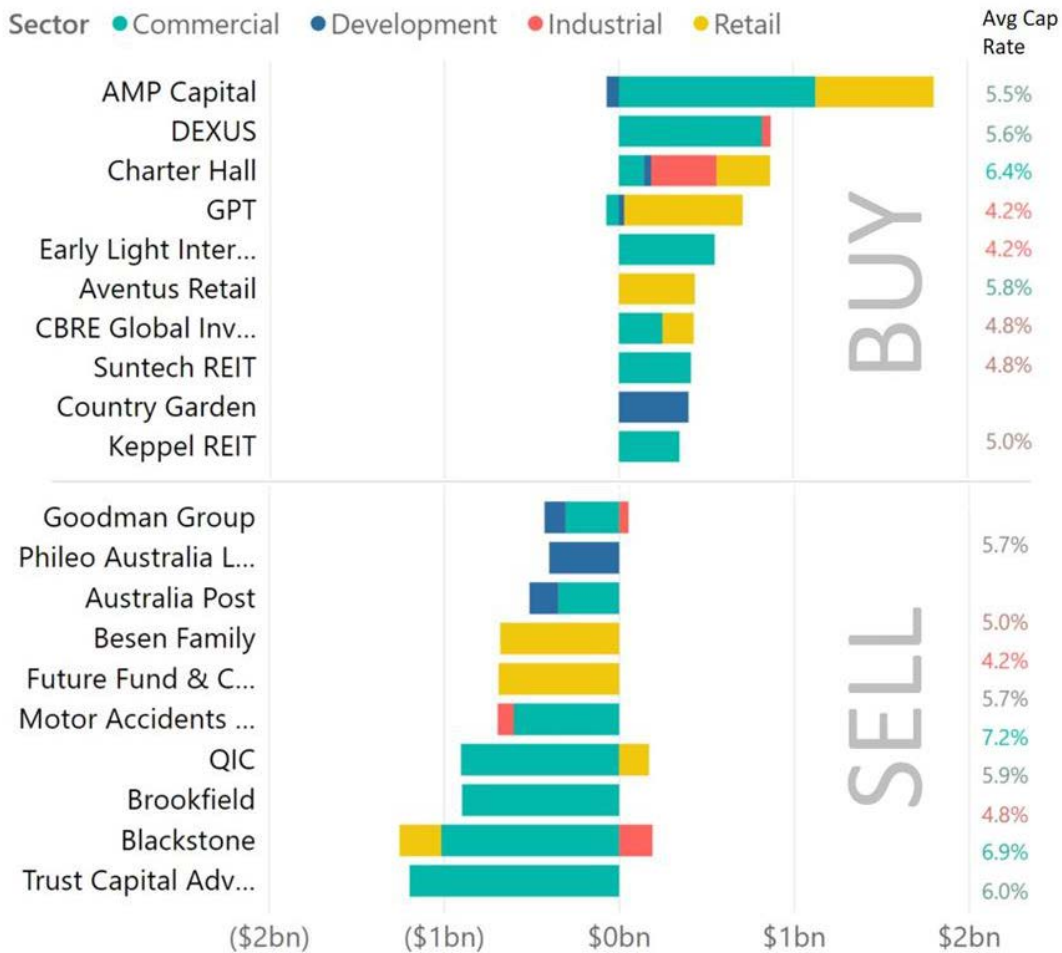
Blackstone were also strong sellers in the market with large commercial sales in Sydney, Melbourne and Brisbane with more recent acquisitions in Perth, Adelaide and Brisbane. Blackstone have been a net buyer of Industrial assets, with a focus on Victoria, and a net seller of Retail assets with Rundall Mall with the sale of their remaining retail portfolio yet to be completed.

Third on the Sellers list is Brookfield who were on the other side of the AMP Capital transaction at Wynyard Place.

Net Investment Position



Top 10 Buyers and Top 10 Net Sellers



CMA aims to assist real estate investment managers and clients to add value to their investment decisions with relevant market based advice. We value your relationship and hope that we can be of assistance to you. If you require any strategic advice, market insights, transaction report or individual REIT assessments, please feel to contact us.

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Launch of 2 new Funds

Capital Management Australia is preparing to launch 2 new wholesale funds for 2018.

High Yield Property Fund

CMA will shortly be seeking to raise capital for investment into the acquisition of a number of strategic retail premises suitable for a preferred range of high volume retailers. The Fund will have very targeted mandate which will generate income and capital growth. Click [here](#) to stay in touch with this opportunity.



Wholesale Select Property Debt Fund

CMA will shortly seek to raise capital for investment into senior debt positions for passive commercial, retail, industrial assets and development projects. Click [here](#) to stay in touch with this opportunity.



Key Property Transactions

This week we recorded 28 major transactions for a total value of just over \$1.9bn. For our regular review of all these deals.... [Continue reading...](#)

Future Fund & CPBIB Sell to AMP Capital

The largest single deals was AMP Capital's purchase of 50% of Rockingham Shopping Centre, 45kms south of Perth for \$300m. ([continue reading](#))



Rockingham Centre

Trust Capital Advisors Bag Over \$730M

Trust Capital Advisors confirmed the sale of 5 commercial assets netting them over \$730M. The assets traded on yields of approx 5.5% with AEW acquiring 50 Pitt St, AMP

Capital buying 469 LaTrobe St for their private client Swiss RE, Australian Unity buy 150 Charlotte St, and a JV between MEC and CLSA buying 850 Collins and 575 Bourke Streets. ([continue reading](#))



50 Pitt St



469 La Trobde St



150 Charlotte St



575 Bourke St



850 Collins St

Access transaction data across Commercial, Industrial, Retail and Development sectors in Australia.

Filter by state, suburb to find information relevant to your investment decision.

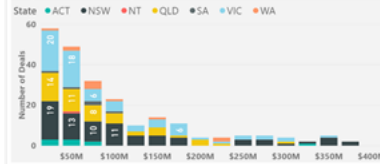
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Commercial Property Markets

Value of Sales by Month by Region



Depth of Market by State



Summary of Transactions

| Year | Quarter | Number | Price | Cap Rate (Weighted) | NLA (sqm) | Price \$/NLA |
|-------|---------|--------|------------------|---------------------|-----------|--------------|
| 2016 | Qtr 1 | 34 | \$3,751,165,000 | 6.5% | 509,376 | \$6,354 |
| 2016 | Qtr 2 | 26 | \$2,638,710,464 | 6.7% | 355,370 | \$5,795 |
| 2016 | Qtr 3 | 27 | \$2,896,343,888 | 6.4% | 268,528 | \$6,433 |
| 2016 | Qtr 4 | 34 | \$3,531,550,000 | 6.2% | 406,874 | \$6,996 |
| 2017 | Qtr 1 | 25 | \$2,411,300,000 | 6.9% | 415,942 | \$7,305 |
| 2017 | Qtr 2 | 43 | \$5,086,584,500 | 5.7% | 650,220 | \$7,907 |
| 2017 | Qtr 3 | 46 | \$3,267,693,000 | 6.2% | 412,239 | \$6,844 |
| Total | | 231 | \$23,553,346,852 | 6.2% | 3,016,949 | \$6,840 |

Commercial Property Yields



Fund News

AFTER a strong week in the market last week, most of the REIT's lost ground this week with the index ASX200 AREIT Index falling 1.9%. The largest stocks to fall were Mirvac (down -4.3%), Dexus (down -3.6%), Scentre (down -1.4%), Vicinity (down 2.9%) and Westfield (down -1.8%).



It's all about Property at Abacus

Abacus held their AGM this week reporting that they have had a solid 2016/17 a range of acquisitions and divestments supporting their growth. Abacus' strategy is to acquire assets with opportunities to extract underlying value from higher income and capital growth prospects.

Abacus are likely to be less acquisitive in the year ahead and focus more on its existing portfolio.

([continue reading](#))



Abacus

2017 Acquisitions

| Qua... | Sector | Suburb | Price\$M |
|--------|--------|---------------|----------|
| Qtr 4 | Com... | Port Melbo... | \$43.5 |
| Total | | | \$43.5 |

2017 Divestments

| Qua... | Sector | Suburb | Price\$M |
|--------|--------|-----------|----------|
| Qtr 1 | Com... | Hornsby | \$22.0 |
| Qtr 1 | Com... | Melbourne | \$267.5 |
| Total | | | \$289.5 |

Arena REIT AGM

Arena REIT's focus is to provide accommodation solutions for social infrastructure with investments in childcare centres and healthcare properties with long term leases to preferred tenants. At their AGM last week, Arena reported that they grew EPS in FY17 by 11% and NTA by 19%, predominantly from re-valuations. Gearing has reduced to 27%. The growth in earnings is predominantly from annual rental increases and profits from development projects of which they have 8 ELC underway with 18 in the pipeline to follow.

[\(continue reading\)](#)



Australia Pacific Data Centres.

360 Capital Group appear to have either done a deal with NextDC or somehow gained the upper hand with NextDC advising that it has withdrawn the nominations of its people to the ADJ Board. Notwithstanding this, the capital distribution may still require a resolution of members which NextDC may still oppose.

This week, 360 Capital increased its total holding to 65% and also indicated that its own capital redistribution plans will not proceed. This may be as a result of the debt arrangements it entered into to fund the ADJ takeover.



Centuria revalues Industrial REIT



In a move which is not unexpected for a trust facing a takeover, Centuria's Industrial REIT has completed a revaluation of all of its assets with a \$31M increase in NTA to \$2.47per unit, up 12 cents per unit (up 5.1%).

[\(continue reading\)](#)

GDI Looks for Value

GDI held its AGM last week reporting a total return for FY17 of 18% driven by significant valuations gains on 66 Goulburn Street which they recently sold and 50 Cavill Ave.

GDI's business is about acquiring assets below replacement cost with multiple exit options and which have been typically under managed or under capitalised. They predominantly play in CBD's but have ventured into metro areas.

[\(continue reading\)](#)



GDI Property Group

2017 Acquisitions

| Qua... | Sector | Suburb | Price\$M |
|--------------|--------|--------|----------------|
| Qtr 3 | Retail | Inaloo | \$143.5 |
| Qtr 3 | Com... | Perth | \$216.3 |
| Total | | | \$359.8 |

2017 Divestments

| Qua... | Sector | Suburb | Price\$M |
|--------------|--------|--------|----------------|
| Qtr 3 | Com... | Sydney | \$252.0 |
| Total | | | \$252.0 |

Mirvac

Mirvac held its AGM this week confirming their earlier results but also providing an update on the current state of the residential market which they expect to remain strong in 2018. Mirvac's residential exposures are predominantly in Sydney & Melbourne where there remains an undersupply of dwellings. They have seen limited impact from funding constraints on purchasers with defaults rates at less than 2%. Mirvac has been pursuing alternative affordability measures including providing first home owners first access to limited stock and have been pursuing a built to rent strategy.

In the Office & Industrial sectors Mirvac is seeking to "reimagine urban life" by pursuing asset creation capabilities through its manager / owner / developer



platform.

In the Retail sector, Mirvac is attempting to differentiate itself from the larger mall owners by focusing on highly convenient centres in high density areas as evident by their acquisitions of the remaining 50% of East Village and South Village.

[\(continue reading\)](#)

Mirvac

2017 Acquisitions

| Qua... | Sector | Suburb | Price\$M |
|--------------|---------|---------------|----------------|
| Qtr 1 | Deve... | Rochdale | \$30.0 |
| Qtr 2 | Deve... | Craigieburn | \$75.0 |
| Qtr 3 | Indu... | Altona | \$37.0 |
| Qtr 3 | Indu... | Altona Nor... | \$28.5 |
| Qtr 3 | Deve... | Everton Park | \$13.3 |
| Qtr 3 | Retail | Kirrawee | \$70.0 |
| Qtr 3 | Retail | Zetland | \$155.3 |
| Total | | | \$409.1 |

2017 Divestments

| Qua... | Sector | Suburb | Price\$M |
|--------------|---------|--------------|----------------|
| Qtr 2 | Com... | Melbourne | \$552.0 |
| Qtr 3 | Indu... | Altona | \$37.0 |
| Qtr 3 | Indu... | Altona North | \$28.5 |
| Total | | | \$617.5 |

Vicinity

At Vicinity's AGM last week, investors were reminded just how far the trust has changed since it was first established in 2015. Since that date, Vicinity made over \$1.7billion of divestments, \$500m of acquisitions and \$1 billion of developments producing an initial yield of 7% and an internal rate of return of greater than 12.

Vicinity also claim to have grown asset values by a third, lifted specialty sales per square metre by more than 12% and improved occupancy levels by 60 basis points to 99.5%.

From a capital position, the business has reduced gearing and extended debt facilities which was recognised by a rating increase by Standard & Poor's.

Clearly, Vicinity are working hard to change the market sentiment for their stock which is down 22% since July 2016.



Vicinity

2017 Acquisitions

| Qua... | Sector | Suburb | Price\$M |
|--------------|--------|-------------|----------------|
| Qtr 1 | Retail | South Wharf | \$141.3 |
| Qtr 4 | Retail | Sydney | \$111.7 |
| Qtr 4 | Retail | Sydney | \$301.2 |
| Qtr 4 | Retail | Sydney | \$143.1 |
| Total | | | \$697.3 |

2017 Divestments

| Qua... | Sector | Suburb | Price\$M |
|--------------|--------|--------------|----------------|
| Qtr 2 | Retail | Raymond T... | \$33.5 |
| Qtr 2 | Retail | Wadonga | \$43.5 |
| Qtr 4 | Retail | Bathurst | \$70.0 |
| Qtr 4 | Retail | Chatswood | \$562.3 |
| Total | | | \$709.3 |

Vicinity remain focused on creating long term value and sustainable earnings growth through the best assets across the retail spectrum. The market has been worried about the quality of their portfolio and the fear factor from online retailing.

Vicinity will however continue to sell several non core assets as they continue to focus on better quality assets as evident by their acquisitions last week in the Sydney CBD.

To counter the expected take up of online shopping, Vicinity expect that new dynamic retailers and innovative concepts are what is required. Specifically, Vicinity will continue to remix their centres away from mid level women's apparel towards more food and services.

[\(continue reading\)](#)



Feedback

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