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Auckland in the midst of a retail centre development cycle

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Auckland is in the midst of a retail centre development cycle which will deliver 200,000sqm of new space to the market between now and 2010.

The completion of Westfield Albany hot on the heels of Sylvia Park, combined with a range of other developments planned for the next few years, will change the dynamics of the Auckland retail sector and lead to significantly greater competition within the market.

At today's CB Richard Ellis annual Market Outlook breakfast in Auckland, the firm's Director of Research, Zoltan Moricz forecast that the surge in new supply would depress shopping centre turnover in the short term.

However, Mr Moricz said the medium term outlook remained positive based on CBRE analysis, which showed that by international standards Auckland was under catered for in regard to the amount of shopping centre space per capita.

"The good news is that in an international context we are under provided for by centre space, and even though Auckland will be experiencing quite a jump in retail centre stock between now and 2010, it will still look comparatively good," Mr Moricz said.

Auckland currently has just over 900,000 sqm of shopping and bulk retail centre space. This is spread over an estimated population of 1.23 million people, which equates to 0.73 sqm of space per capita.

"Auckland's shopping centre provision is significantly below those of Australia, where most cities have around twice as much centre space per person," Mr Moricz continued.

The 200,000sqm of new shopping centre supply represents a 22% increase on current stock. At the same time, Auckland's population will increase by 58,000 people, or 5%.

"This implies that the ratio of centre space per capita will increase, however these rates will still be below the lowest of the Australian cities," Mr Moricz commented.

Driven by population increases and real, per capita, spending growth, the outlook is for \$2.2 billion worth of extra retail spend in Auckland to reach a total of approximately \$20 billion by 2010.

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