

# Pacific Region Prime Suburban Retail Strips **ViewPoint**

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## PRIME SUBURBAN RETAIL STRIP RENTS

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**SUMMARY** Cavill Avenue, Surfers Paradise has once again topped the rankings as the Pacific Regions most expensive Prime suburban Retail Strip. Queensland retained the top three positions in the ranking while Western Australia's Bay View Terrace Strip in Claremont moved up to take fourth position.

### PRIME RETAIL SUBURBAN STRIPS RENTAL SURVEY

CB Richard Ellis Global Research and Consulting has just completed its survey of Prime suburban Retail Strip shops across Australia and New Zealand. The total number of Strips in the survey has increased over the past few years to now total 44.

There are several points worth noting from the March 2009 results:

- Overall net face rents across the Pacific region for Prime Strips has fallen by 0.6% over the year to March 2009.
- Cavill Avenue, Surfers Paradise maintained the top Prime Retail Strip rental position in the Region;
- South Australia (3.7%) and Queensland (0.4%) were the only States to display overall rental growth over the year to March 2009;
- New Zealand suburban Retail Strips suffered the largest overall rental decline;
- New South Wales and Western Australia rents remained reasonably stable; and
- The Jetty Road Strip in Glenelg, Adelaide witnessed the strongest rental growth across the monitored Pacific Region Prime Retail Strips.

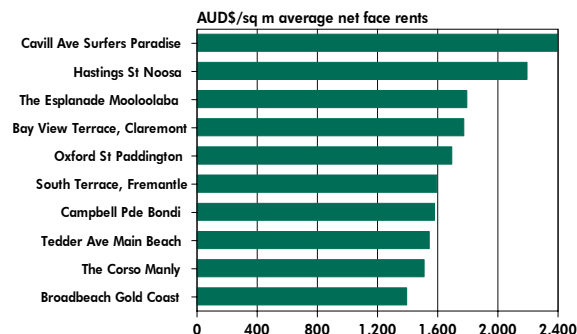
### SURFERS STRIP MAINTAINS TOP RENT LEVEL

Top ten Prime suburban Retail Strips across Australia and New Zealand were:

#### The Top Ten by net face rents

|    |   |
|----|---|
| 1  | Surfers Paradise (Cavill Avenue) Gold Coast, Queensland |
| 2  | Hastings Street, Noosa, Queensland                      |
| 3  | The Esplanade, Mooloolaba, Queensland                   |
| 4  | Bay View Terrace, Claremont, Western Australia          |
| 5  | Oxford Street, Paddington, New South Wales              |
| 6  | South Terrace, Fremantle, Western Australia             |
| 7  | Campbell Parade, Bondi, New South Wales                 |
| 8  | Main Beach (Tedder Avenue) Gold Coast, Queensland       |
| 9  | The Corso, Manly, New South Wales                       |
| 10 | Broadbeach, Gold Coast, Queensland                      |

#### Top ten Prime suburban Retail Strips in AUNZ



Source : CB Richard Ellis, as at March 2009

The March 2009 survey of Prime suburban Retail Strips has been expanded to now cover 44 Strips across Australia and New Zealand. The top ten positions have seen a lot of positional changes but predominantly the same Strips remain.

Cavill Avenue in Surfers Paradise, the premier Gold Coast Strip, remained Australia's most expensive, with an average net face rent of A\$2,400/sq m. Ponsonby, Auckland was New Zealand's most expensive suburban Retail Strip with a net face rent of NZ\$675/sq m (NZ\$500/sq m to NZ\$850/sq m) and when converted to Australian dollars entered the survey in thirty seventh position.

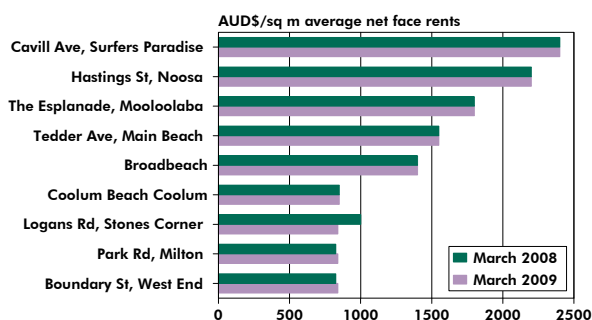
Over the past five years Queensland has benefited from strong population growth, a hefty increase in international tourist arrivals, increasing employment growth and strong retail trade. Although all these indicators have slowed over 2008 and 2009 there has been over this period an increase in consumer and hence tenant demand and therefore pressure on rental levels for retail generally.

The Jetty Road Strip in Glenelg, South Australia saw the strongest level of net face rental growth of the 44 monitored suburban Strips in the Pacific region at 19.4% over the 12 months to March 2009. The second strongest growth over this period was recorded along the Bay Road Strip at Kilbirnie in Wellington, New Zealand at 2.5%. The Park Road Strip in Milton, Logan Road Strip at Stones Corner and Boundary Street Strip in the West End (all in central Brisbane), all experienced the next highest growth rate of 1.8% over the 12 months to March 2009.

Not surprisingly South Australia followed by Queensland were the top states in terms of Retail Strip rental growth over the year to March 2009. On average South Australian Strips experienced 3.7% rental growth over the year to March 2009. This was on the back of very strong retail turnover growth. South Australian retail turnover was the strongest across the Australian states over the year to February 2009 at 8.8% seasonally adjusted.

## QUEENSLAND PRIME STRIPS

### Queensland's Top Prime Strips



Source: CB Richard Ellis

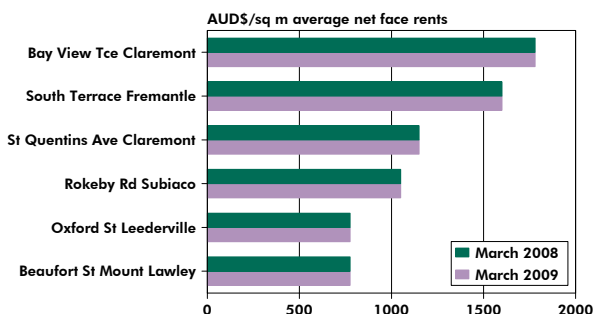
Prime Retail Strips across the Sunshine State have now taken the top three highest net face rent positions for Strips monitored across the Pacific region. Having previously occupied the top two positions since March 2006. The top rent was averaged along the Cavill Avenue Strip at Surfers Paradise where rents were \$2,400/sq m as at March 2009.

Five out of the top ten Prime Strips in Australia, continue to be from Queensland's major centres. Queensland has the advantage of an economy that while slowing is still outperforming most Australian growth indicators. According to Access Economics real output over 2008 reached 3.3% compared to 2.1% for Australia and is expected to be 0.8% in 2009 compared to -0.9% for Australia. Population growth is expected to reach 2.4% in both 2008 and 2009 compared to 1.7% p.a. for Australia for the two year period.

In terms of rental growth, Queensland has seen the second strongest rate of increase across any state with an average of just 0.4% rental growth across its nine monitored Strips over the past 12 months. This growth was boosted by a rise of 1.8% over the year to March 2009 along the Park Road Strip in Milton, Logan Road Strip at Stones Corner and Boundary Street Strip in the West End all in Brisbane.

## WESTERN AUSTRALIAN PRIME STRIPS

### Western Australian Top Prime Strips



Source: CB Richard Ellis

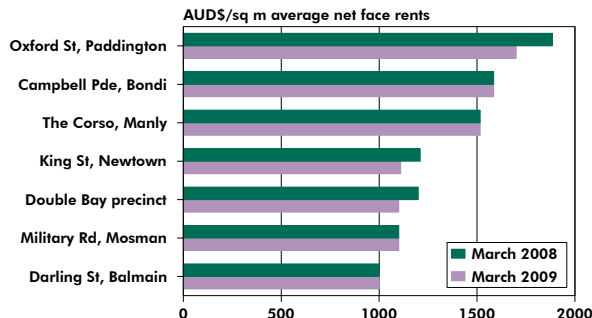
Prime Retail Strips surveyed in Western Australia outperformed all other States over 2007/start of 2008 with an average rental growth of 11.2% across its six monitored Prime Strips over the year to March 2008. Over the year to March 2009, however, a different story has emerged with rents remaining static across all Perth's monitored Prime Strips. The Bay View Terrace Strip in Claremont, Perth is currently averaging the highest net face rents across the monitored Western Australian Strips at \$1,780/sq m. This Prime Retail Strip is very tightly held helping maintain the strong rental level.

Western Australia experienced fairly strong retail turnover growth over 2008 of 3.6% which helped maintain rental levels despite many other negatives including high interest rates and petrol prices and a slowing residential sector.

Looking forward Western Australia is expected to have the second strongest rate of retail turnover growth across Australia over 2009 (behind the Northern Territory). This indicates that the retail sector rents could continue to be fairly stable over the remainder of 2009.

## NEW SOUTH WALES PRIME STRIPS

### New South Wales Top Prime Strips

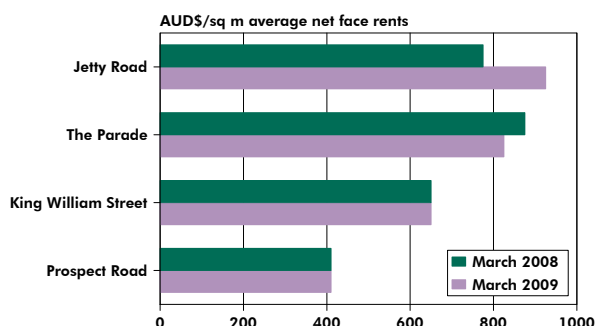


Source: CB Richard Ellis

Despite vacancy remaining low, New South Wales experienced flat or declining net face rents over the year to March 2009 across its seven monitored Prime Strips. This was largely a result of easing economic growth and declining sentiment. Overall rents declined by 4.1%, down from stable rental levels over the same period in the previous year. The largest decline in rents occurred in the Oxford Street Paddington Strip where rents fell by 9.8% to \$1,700/sq m. Strong falls were also experienced along the King Street, Newtown and Double Bay precinct Strips with net face rents in both of these Strips falling by 8.3%. The remaining four monitored Prime Retail Strips in NSW witnessed stable rents over the year to March 2009.

## SOUTH AUSTRALIA PRIME STRIPS

### South Australian Top Prime Strips



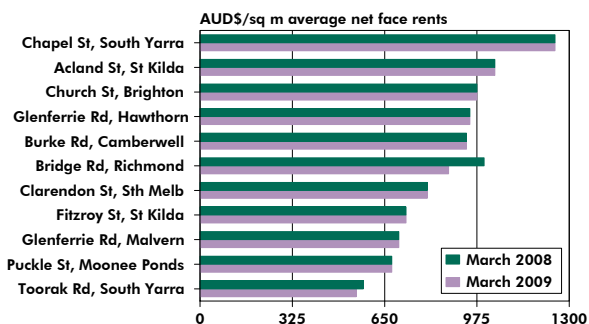
Source: CB Richard Ellis

The State with the strongest overall net face rental growth for Prime Retail Strips over the year to March 2009 has been South Australia. The four Prime Retail Strips monitored in South Australia witnessed 3.7% rental growth over the twelve month period.

The growth in Adelaide is likely to have been influenced by very strong retail turnover, housing starts and international tourist arrivals growth in South Australia in 2008, particularly when compared with most other Australian states. The other factor that is likely to have influenced the rate of growth in Adelaide over the last few years has been the low rental base, which the Adelaide Strips have come from.

## VICTORIAN PRIME STRIPS

### Victorian Top Prime Strips



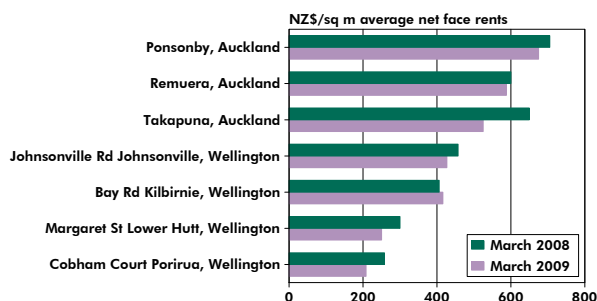
Source: CB Richard Ellis

Victorian Strip retailing has largely remained static over the year to March 2009, with only two of the eleven monitored Prime Retail Strips witnessing rental decline. This resulted in an average decrease of 1.6% over the year to March 2009. The two Strips which saw rents fall were the Bridge Road Strip in Richmond which decreased by 12.5% and the Toorak Road Strip in South Yarra which reduced by 4.3% over the year.

Chapel Street, South Yarra remained Victoria's top Strip in terms of net face rent levels averaging \$1,250/sq m as at March 2009. It was just outside the top ten Strips in the Region at number eleven.

## NEW ZEALAND PRIME STRIPS

### New Zealand Top Prime Strips



Source: CB Richard Ellis

Overall rental growth for the monitored Prime Retail Strips in New Zealand was -8.5% over the year to March 2009. An expected result considering consumer confidence and retail turnover remained low. The overall growth rate hides differences across the various New Zealand Strips with growth ranging from -19.4% up to 2.5%. Of the monitored Prime suburban Retail Strips in New Zealand all but one saw rental decline over the year to March 2009. The Bay Road Strip in Kilbirnie, Wellington witnessed net face rental growth of 2.5% over this period to reach an average of NZ\$416/sq m.

The highest net face rents across the New Zealand Strips was observed in Ponsonby, Auckland where rents ranged from NZ\$500/sq m to \$850/sq m to reach an average of NZ\$675/sq m as at March 2009.

## FOR MORE INFORMATION PLEASE CONTACT:

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