

P R E S S R E L E A S E

CB Richard Ellis Pty Ltd
ABN 57 057 373 574Level 26, 363 George Street
Sydney NSW 2000
DX 10262T 61 2 9333 3333
F 61 2 9333 3330www.cbre.com.au

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For further information:

Frances Kearey

Marketing & Communications

Coordinator

61 2 9333 3585

61 411 967 287

Retail investments drive western Sydney recovery

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Population growth and increasing liquidity are driving investor interest in retail assets in western Sydney, with over \$21 million worth of retail property transacted by CB Richard Ellis in the second quarter of 2010.

The recent demand for retail investments demonstrates the continued recovery of the western Sydney market.

CBRE's Harry Bui said bank lending criteria was beginning to ease and investors were moving to capitalise on stronger fundamentals in the retail investment market, specifically in the sub \$30 million bracket.

"The stand out example of our recent sales is the Cecil Hills Shopping Village for \$10.8 million on an initial net yield of 8.9%," Mr Bui said.

A private Asian investor syndicate acquired the 3,911 square metre centre which is fully leased to Woolworths Supermarket, Mac's Liquor and 12 specialty retailers.

Mr Bui said the strong cash flow and attractive depreciation benefits were the primary motivation for the investor syndicates purchase.

In addition, the sale of a 2,383 square metre neighbourhood retail centre at 1 Villawood Place, Villawood for \$3.5 million demonstrated the continued demand for development sites.

"1 Villawood Place currently comprises ten shops with six office suites though there is a DA approved for 82 large apartments and 13 shops over seven levels," Mr Bui said.

He also commented the investment was underpinned by the existing income stream while the current DA approval offered the purchaser the opportunity for further capital growth.

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“During the first quarter of 2010 there was significant investor demand for development sites in the sub \$10 million market in western Sydney, with over \$20 million worth of property transacted. However, the second quarter of 2010 illustrates that demand seems to have shifted to retail investments with solid cash flow.”

Other notable CBRE sales are a 208 square metre shop located at 67 John Street; Cabramatta was sold to an offshore Asian private investor for \$3.045 million on a tight net yield of 3.5%. The shop includes a new 5+5 year lease to Taylor Pharmacy.

They also include the sale of two bulky goods retail showrooms at 71 Richmond Road, Blacktown for \$2.475 million. The showrooms are located on a 2,445 square metre site, leased to Supercheap Auto Pty Ltd until 2015 and Rigby Wright, trading as Carpet Choice, until 2011 with a three year option

Mr Bui said the market for retail / shopping centre assets in the sub \$30 million bracket in NSW continued to perform well as evidenced by the willingness of private investors to snap up retail assets in favourable locations.

About CB Richard Ellis

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