



# Australian Property Markets News & Views

A review of last weeks property transactions and AREIT activities.

11th August 2017

Wanda Exit ?  
Big Price for Little Bay  
Annual Reports from SCA, AVN, AOF & FET

14/8/2017

Welcome to this weeks Property News.

There has been a fair amount of speculation in recent weeks about the withdrawal of various Chinese based investment groups, specifically Dalian Wanda, Anbang, HNA and Fosun and whilst many of these groups may be forced to scale back, there appear to be plenty of smaller private capital groups able to take their place. It is too early to suggest that these initial withdrawals are the start of a wholesale shift of institutional capital which if occurred would be the signal for a new round of real estate re-pricing.

The key factor influencing these capital flows is the strength of the Aussie dollar. If the AUD climbs too high, foreign capital invested in property will retreat and new foreign capital may find better opportunities in other regions. Recent increases in commodity prices and volumes have helped push the AUD closer to \$0.80 and whilst the RBA is loath to lower interest rates to take some pressure off the dollar (as it would only serve to stoke the housing markets), there is a good chance that the AUD will stabilise around the current position for some time.

My view is that provided the Aussie dollar doesn't sit above 0.80cents, the more sophisticated investment groups with a disciplined investment approach and a strong governance regime will continue to attract foreign private capital.

In this context, selecting the right investments will be critical and so herein lies the opportunity and the risk in the current market.

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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## Property Transactions

Only 7 significant deals were announced this week, totaling \$541M.

The largest single deal was the acquisition by Meriton of an 11 hectare parcel of land at Little Bay in Sydney's east.

We also take a look at MTAA's purchase of Ferntree Business Park at Notting Hill.



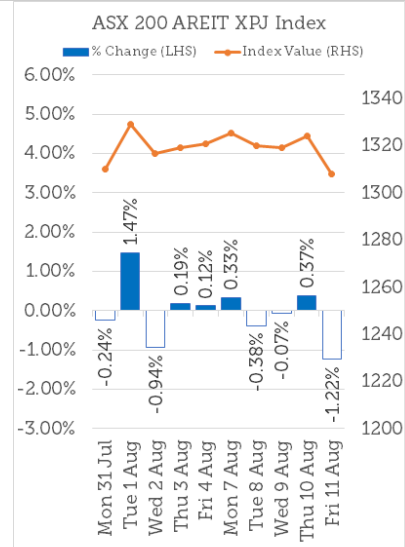
Little Bay Development Sold to Meriton

[Continue reading...](#)

## Fund News

The ASX 200 AREIT index closed the week down 0.97% following a fairly flat week ahead of annual announcements. A big fall across the ASX on Friday pushed the AREIT index down 1.22%.

The largest sells offs were in the major REITs Scentre (-3.2%), Lend Lease (-3.5%), Westfield (1.3%), Vicinity (-1.1%) and Mirvac (-1.4%), while gains were made in Goodman (+1.9%), Charter Hall (+1.1%) and Growthpoint (+0.6%).



## Australian Unity Office Fund FY17 Report

Australian Unity Office Fund released its annual results on Tuesday announcing that it exceeded forecasts in income and capital growth. AOF achieved a 4.2% increase in FFO to 17.1 cpu above its PDS Forecast of 16.4 cpu and increase its NTA from \$1.96 to \$2.23 as a result of an uplift in valuations of \$48.3M. ([continue reading...](#))

## SCA Property Group

The SCA Trust released its annual results last week with confirmation that FFO was up 6.9% from FY16 to 14.7cpu with distributions up 7.4% to 13.1cpu. NTA was up 14.6% to \$2.20 per unit, driven by 66bps improvement in cap rates to an average of 6.47%. ([continue reading...](#))



## Aventus Retail Property Fund

Aventus Retail Property Fund released its results yesterday announcing FFO of 17.7cpu in line with previous guidance, and a distribution of 15.9cpu. The highlight for the fund in 2017 was the acquisition of two large bulky good centres in Castle Hill and Marsden Park. NTA fell to \$2.22 post settlement of these acquisitions but up from \$2.10 in Dec 16. Aventus expect 2% growth in FFO in FY18 in part due to ongoing development works. ([continue reading....](#))

aventus

## Folkestone Education Trust

Folkestone Education Trust released its annual report yesterday with a 14.6% increase in statutory profit, and an increase in distributions per security of 6.0% to 14.2 cpu. The portfolio of child care centres increased in valuation by 6% due to a sharpening of cap rates by 60bps over the past 12 months. FET completed a \$35M of development projects during the period with a development margin of 11%. FET sits on 31 more development projects in the pipeline which would increase net income by 21%. ([continue reading....](#))



## Other News

- Arena REIT Group issued details of its \$5M security purchase plan to support the acquisition of 9 child

care centres it announced on the 29th July. ([read more](#))

- Industria REIT announced that it elected to adopt the AMIT regime for income tax attribution for 2017/18. ([read more](#))
- NEXTEC provided an updated Bidders Statement for control of AJD ([read more](#))
- Growthpoint Properties provided a leasing update following the successful leasing of 55 South Centre Rd, Melbourne Airport. The new 10 yr lease to Direct Couriers brings the portfolio occupancy to 99%. Growthpoint also announced the disposal of a small asset in Yatala for \$4.8M. ([read more](#))
- Centuria Industrial REIT announced that it had acquired an asset in Belmont WA for \$11.2M. The property is leased to Toll holdings and will deliver an initial yield of 11%. The acquisition will be funded from the recent capital raising. ([read more](#))

## Property Research Portal

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- [Commercial markets](#)
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## Daily REIT Report

Propel publishes a daily REIT Report listing the key movements in the Australian listed property markets with information on key announcements, performance reports, presentations and analysis.

If you are interested in accessing these updates click on the link below and let us know.

***[REIT Updates](#)***

## Feedback

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