

Shopping centre fetches \$43.5m

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International funds manager Savills Investment Management has bought a Brisbane suburban shopping centre for \$43.5 million amid strong demand for retail assets.

More than 95 per cent of unitholders in the Folkestone Real Estate Income Fund voted to sell the Oxley shopping centre in Brisbane's southwest, known as The Station, which was the sole asset in the fund. The fund will now close three years into what was its planned six-year term.

The \$43.5m price is 25.6 per cent more than the April 2014 acquisition

price and a 13 per cent premium to its last valuation in June last year.

The centre is anchored by a 3200sq m Woolworths and a 2400sq m Queensland government office, as well as 16 specialty shops.

Folkestone managing director Greg Paramor said the fund was established for a six-year term but they decided to sell following "strong demand for high quality neighbourhood retail centres from both domestic and international investors".

"The sale price reflects an excellent outcome for our investors who have received an internal rate of return of 14.5 per cent per annum since inception of the fund and

validates Folkestone's active management of its unlisted funds," Paramor said.

The single-asset fund had forecast a yield of 8 per cent at its outset.

Savills Investment Management has more than \$23 billion of assets in Europe, the US and Asia.

Herron Todd White's latest overview of the Brisbane retail market said it was generally positive with a perception yields may have reached a low point.

Recent transactions include the Arana Hills Kmart at \$67m, Everton Plaza at \$27.5m and Caboolture Square at \$27.5m, reflecting yields of between 6 per cent and 7.25 per cent.

A neighbourhood centre in Tewantin, on the Sunshine Coast, sold for a yield of less than 6 per cent.

"The volume of sales activity has generally been low, primarily as a result of a shortage of stock and lack of other strong yielding investment options," it said.