

Edited by CATHY SAUNDERS

Location comes at a high price: tenants in inner-city malls now pay up to \$4600/sqm for their pricey premises

# Perth tops retail rents growth list

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Perth has outstripped all other Australian capital cities with the strongest growth in retail rents over the past year. Rents have risen an average of 7.3 per cent compared with the national average of 4.7 per cent.

Figures released by Jones Lang LaSalle for the September quarter showed that prime CBD and regional retail rents rose 9.6 per cent and 7.3 per cent respectively since the same time last year.

Bulky goods outlet rents were up 9.1 per cent in Perth, well above the 6.4 per cent national average.

The rises mean tenants in inner-city malls now pay up to \$4600/sqm and those in suburban Bayview Terrace in Claremont up to \$2400/sqm.

Bayview Terrace was named last month as the second most expensive retail strip in Australia in which to set up shop.

King Street in the city is also a pricey address, where tenants pay up to \$2200/sqm.

But while consumers continue to part with their money and tenants seek more space, many developers are

getting cold feet and reviewing their project plans. As a result, the Perth supply pipeline of new retail outlets looks set to slow down in 2010 compared to the levels of activity forecast for this year and next.

JLL senior research analyst Andrew Bouhlas said despite the fall in consumer confidence across the country, Perth retail rents continued to exceed the national average.

“Retailers in Perth are still benefiting from the local economy and consumer spending is still in positive territory,” Mr Bouhlas said. “With Christmas only a few months away, there will undoubtedly be an even greater increase in the level of consumer spending, which will be another positive for retailers.”

Although tenant demand has slowed, vacancies remain well below long-term averages. In Perth, the average retail vacancy rate is 2.3 per cent.

The tight conditions are creating a general requirement for further retail outlets.

“There is more than 120,000sqm

[Continued on page 68](#)

## RETAIL VACANCY RATES AND RENTS

Current vacancy:	Long-term average vacancy rates over the past 15 years:	Rents:
CBD Retail: 3.6%	CBD retail: 3.8%	Hay and Murray Street malls range from \$3000-\$4600/sqm
Regional centres: 0.1%	Regional centres: 1.7%	King Street ranges from \$1400-\$2200/sqm
Sub-regional: 1.5%	Sub-regional: 3.4%	Bayview Terrace ranges from \$1200-\$2400/sqm
Neighbourhood: 2.3%	Neighbourhood: 7.1%	Regional centres range from \$1000-\$2200/sqm
Average: 2.3%	Average: 4%	Sub-regional centres range from \$800-\$1300/sqm
Shopping centres average: 1.9%	Shopping centres average: 4.1%	Neighbourhood centres range from \$350-\$600/sqm



SOURCE: JONES LANG LA SALLE



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