



Only way is up: Vend Property is tipping a healthy recovery for the large-format retail sector.

Big-store retailers poised for recovery

■ Marissa Lague

WA's large-format retailers have missed out on strong growth in the national sector but the lean times may soon be over, with sales increases set to bottom at 1.4 per cent this year before rising to 2.2 per cent in 2016 and 3.8 per cent in 2017.

According to Justin Ganly, managing director of property economics consultancy Deep End Services, national sales in the sector grew 7 per cent in the past year but just 2 per cent in WA.

Ahead of the slowdown, WA recorded strong household goods retail turnover growth of 5 per cent for the year ending in March, 8.7 per cent in 2013 and 13.6 per cent in 2012.

"It's the classic WA boom, bust cycle," Mr Ganly said.

"WA had some great times but when it turns bad, it turns bad and that's where you are sitting at the moment."

Speaking at Vend Property's large-format retail market update last week, Mr Ganly said there had been little increase in house prices and the turnover in established homes had fallen away because consumers spent less on buying goods for their new homes.

"We used to think building new homes was good for the industry and it's not bad for the

industry," Mr Ganly said. "But because we sell a lot more existing homes than we ever build in a year, it's the turnover of those existing dwellings that affects large-format retailers. When that falls away the industry has difficulties."

Sales of existing dwellings in WA peaked at about 50,000 last year but are expected to fall to 40,000 in 2015.

Mr Ganly said population growth and WA's ability to ride out the downside of the mining boom would help to offset the tough trading conditions.

"I understand the pain you are going through as you come off the investment hump but what is often missing is that Perth is now a serious city in its own right and its employment comes from a range of industries," he said.

Mr Ganly said WA had lost 23,000 mining jobs, 6500 in manufacturing and 600 in utilities since the boom but had added 21,000 construction jobs, 15,000 in accommodation and food services sector, 14,000 in professional services and 13,000 in health.

Across WA, the large-format retail sector has a vacancy rate

of 7 per cent, the highest in Australia, but that is expected to fall as space in a recently completed homemaker centre in Joondalup is leased.

Vend Property managing director Jeff Klopfer said Osborne Park was holding on to its position as the biggest large-format retail centre in Australia but Armadale and Forrestdale, with their affordable land subdivisions, were key emerging markets.

Leasing has started on developments across 11,000sqm in Armadale, 20,000sqm in Forrestdale, 15,000sqm in Butler and 23,000sqm in Midland.

New arrivals in the past six months include: Bursons Auto Parts; Nick Scali Furniture; Total Tools, which is opening stores in Midland and Welshpool before Christmas; and bedding chain Beds 'n' Dreams to compete with Bedshed, Snooze and Forty Winks.

Mr Klopfer said large-format retailers in WA were still waiting on planning reforms that would standardise the definition of bulky goods traders and end conflicting local government rules about what can be sold in the sector.

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