

# FINANCIAL REVIEW

SE **Property**  
HD **Good but no guidance**  
BY Robert Harley  
WC 403 words  
PD 8 May 2014  
SN The Australian Financial Review  
SC AFNR  
ED First  
PG 34  
LA English  
CY Copyright 2014. Fairfax Media Management Pty Limited.  
LP

Goodman **Group** is "well positioned to meet its growth expectations in current and future periods", according to the industrial **property** heavyweight's third-quarter update.

But despite prodding from analysts, chief executive Greg Goodman declined to upgrade guidance.

TD

At the half-year, Goodman foreshadowed a 6 per cent rise in operating earnings per security and a 7 per cent rise in distribution to 20.7¢ per security.

Most of the metrics for the quarter were strong. Assets under management rose to \$26.4 billion, occupancy is at 96 per cent, \$5.2 billion was raised in debt and equity markets, and \$1.5 billion of new development was secured.

"Earnings are tracking in line with guidance," Mr Goodman said. "We are very positive about this year and positive about 2015 with the earnings coming through the bottom line."

Mr Goodman emphasised growth in the **group's** United States business and the long-term potential in urban renewal. In the US, Goodman is about to harvest its effort on buying land and gaining approvals. Close to \$150 million in development will start this year, and more next year, in what Mr Goodman called an "improving market".

"We will build a concentration in California, New Jersey and Pennsylvania," he said. "Our timing is very good."

In Australia, the **group** holds land with potential for 30,000 apartments. Over the next decade, their planning potential will be maximised and then **sold** to specialist **residential** builders.

"We would be one of the biggest unit **site** owners in the country. There are many developers talking to us," he said.

Six sites with potential for 15,000 apartments are in the planning stage at Epping, Homebush, Alexandria, Macquarie **Park** and Erskineville in Sydney and Port Melbourne.

The industrial metrics are also positive. In Australia, rents on releasing rise by an average 3 per cent with little incentive. The global average is 5 per cent, driven by 10 per cent growth in **China** and **Hong Kong**.

Mr Goodman is confident global capital will drive yield compression over the next 12 to 24 months. Macquarie's equities research team did note a decline in the work under way in **China**, now below 600,000 square metres. Mr Goodman said it would rise next year to 800,000 square metres, driven by supply and demand. "We are cautious in a very big market," he said.

CO magmgrp : Goodman Group

**IN**      ireest : Real Estate | icre : Real Estate/Construction | i81502 : Trusts/Funds/Financial Vehicles |  
i8150206 : Investment Trusts/Funds | i815020602 : Real Estate Investment Trusts | ifinal : Financial  
Services | iinv : Investing/Securities

**NS**      ccat : Corporate/Industrial News

**RE**      austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

**PUB**      Fairfax Media Management Pty Limited

**AN**      Document AFNR000020140507ea580001v