

SE News
HD **Retail outlook bright: report**

WC 287 words

PD 13 June 2014

SN Gold Coast Bulletin

SC GCBULL

ED GoldCoast

PG 67

LA English

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FOREIGN investment, along with a weaker Australian dollar and the improving housing market, are contributing to gains in Australia's retail sector, Colliers International says.

Colliers in a report — Can recent consumer spending growth be sustained? — identifies a lift in retail spending over the past six months that annualises out at 9.4 per cent.

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Colliers head of retail, Michael Bate, said a major driver for the spending was the amount of foreign investment in Australian **property**.

He said offshore investment in the **residential** market has been flowing through to the retail sector in the form of stronger demand, and prices, for housing.

"Rising home values impact on how wealthy consumers feel and, in turn, on their propensity to spend," he said.

"Also, there has been a direct impact on retail spending.

"Many foreign buyers make the most of the lower dollar on their visits to **buy** luxury goods in Australia." According to the Foreign Investment Review **Board**, \$17.2 billion in approved **residential property** investment flowed into Australia in the year to June 2013.

The **Chinese** are spending about \$5.9 billion a year to **purchase** Australian **property**, and are acquiring both **residential** and **commercial** holdings.

The report says the strength of Asian purchasing power and the preference Asians have for buying luxury goods will support retail spending growth.

It says the weakening Australian dollar also has been a key factor in the improving retail sector. Nora Farren, director of research at Colliers International and author of the report, said the dollar's level "is supportive not only of attracting more overseas visitors to Australia, but also acts as a disincentive for Australians to take offshore holidays, particularly to the US".

IN iretail : Retail | i64 : Retail/Wholesale

NS ereal : Real Estate Markets | e11 : Economic Performance/Indicators | ecat : Economic News

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

PUB News Ltd.

AN Document GCBULL0020140612ea6d0002e