

The Sydney Morning Herald

SE **Commercial** realestate
HD **Overseas growth augurs well**
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Global industrial **property** owner and developer Goodman **Group** will focus on overseas expansion and unlocking cash from the **sale** of non-core land banks in the coming year.

Based on the continued rise in demand for warehouses from e-tailing and overseas third-party and joint-venture developments, Goodman has reaffirmed its 2014 full-year forecast for an operating earnings per security of 34.3¢, up 6 per cent on the previous corresponding year, and a forecast distribution of 20.7¢ per security, up 7 per cent.

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Goodman's chief executive, Greg Goodman, said the **company** was sitting on a large land bank and, where the assets were deemed non-core, they could be **sold** to developers for **residential** conversion. In other projects, hotels and office towers could be built to accommodate tenants.

The **group**, which generates 53 per cent of its earnings offshore, reported a operating profit of \$296 million, an increase of 11 per cent on the same period last year, equating to 6 per cent growth in operating earnings per security.

The statutory profit of \$160 million included \$216 million of unrealised derivative and foreign exchange adjustments, offset by \$262 million of foreign currency translations recognised on the balance sheet, but not through the income statement.

The interim distribution of 10.35¢ per stapled security, up 7 per cent on the same period last year, was in line with forecast full-year 2014 distribution of 20.7¢. The results were in line with market expectations, with brokers saying it was a solid result.

The UBS trading desk said that with increasing capital allocated to developments (Goodman has \$2.3 billion of balance sheet invested in developments), the market would ask for more growth.

"Additional capital was allocated to a number of our key markets, including North America, Japan, [including at Nagoya, above], **China** and Brazil, reflecting the growth in our development workbook to \$2.6 billion," Goodman said.

"In Australia, the growth in online sales has seen demand rise for warehouses to accommodate fresh food for deliveries by supermarkets, auction businesses such as Grays online and, potentially, Amazon-style operations."

Development demand remained strong, particularly in the Asian business, with robust market conditions and an undersupply of well-located, modern logistics space driving development opportunities.

Goodman also progressed its urban renewal strategy in the first half, with a further opportunity realised in Australia from the \$73 million **sale** of a second Sydney **property** that was suitable for rezoning.

The United States and South American operations were expanding and more sites would be acquired.

CO magmgrp : Goodman Group

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