

# There's life left for shopping centres

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By [Ryan Newman](#) - September 10, 2013

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Although many have given the brick and mortar retail industry a bleak outlook, a number of analysts have recognised a series of indicators that suggest that there is still plenty of life left for the sector. In particular, Atchison Consultants' managing director, Ken Atchison's comment that "Shopping centres are not finished. That message is loud and clear" should give investors significant encouragement.

Whilst there was a common theme of caution and expected volatility emerging from the recent periodic reports from shopping centre operators, most of their financial results were largely in line with expectations, although "volatile retail conditions" were expected to continue whilst consumer and business confidence remained poor and the online retail sector continues its rapid rise.

However, Michael Gorman from CFS Retail Trust believes that there are "several macroeconomic indicators" that are offsetting these weaknesses, which include positive real wages growth, a slowing rate of growth in offshore travel as the Australian dollar weakens, as well as an improving housing market with interest rates remaining at an all-time low.

What may be an even more definitive sign of a recovery in the sector are the activities being undertaken by shopping centre operators themselves. For instance, operators such as **CFS Retail Property Trust** (ASX: CFX), **Westfield Group** (ASX: WDC) and its affiliate **Westfield Retail Trust** (ASX: WRT) are each undertaking enormous redevelopment and expansion projects on their more profitable centres.

Meanwhile, *The Australian Financial Review* highlighted that **Shopping Centres Australasia** (ASX: SCP) and **Charter Hall Retail** (ASX: CQR) are both looking to enhance their earnings by acquiring further stores, whilst **Federation Centres** (ASX: FDC) has also entered a growth phase.

The enormous amount of spending being undertaken by property groups to redevelop their shopping complexes is a clear sign of their long-term confidence for the sector.

## Foolish takeaway

At the forefront of this group is Westfield which is currently trading at just \$10.69 per share and offers a dividend yield of 4.8%. Having proven its dominance in the sector, now could be an excellent time to add this company to your collection.