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Sentinel's Port Hedland buy takes WA spree to \$45m

Helen Shield, Commercial Property Editor - The West Australian on November 7, 2016

Sentinel Property Group has paid \$17.6 million for Port Hedland Boulevard Shopping Centre — taking to almost \$45 million its spending on WA retail assets in a little more than a year.



The Port Hedland Boulevard Shopping Centre

Sentinel, a Brisbane-based property investor, targets established retail centres in regional growth hubs and in September last year paid \$27.3 million for the Geraldton Homemaker Centre.

Managing director Warren Ebert said Sentinel was a buyer and a seller in the neighbourhood shopping centre sector at current prices.

“We have bought well when (the sector) was unloved by others,” he said, adding that the group was receiving unsolicited offers for its centres and was keen to maximise opportunities for its investors.

Mr Ebert said the 6259sqm Port Hedland Boulevard Shopping Centre, at 150 Anderson Street, anchored by Woolworths, had 16 other specialty stores and only 2.5 per cent vacancy.

Making it even more attractive, Woolworths was on a 20-year lease, expiring in 2028, with two further five-year options and Mr Ebert said “asset re-pricing on the back of the downturn in iron ore” had given Sentinel and opportunity to capitalise on the “strong growth prospects ahead”.

“Port Hedland is the world’s largest bulk minerals port, is Australia’s largest export port by annual throughput and ships over 58 per cent of Australia’s total iron ore exports,” Mr Ebert said.

“The Pilbara Ports Authority has forecast a 16 per cent increase in shipping capacity over the next three years.”

He said despite the spot rate for iron ore exports being at cyclical lows, “profitability is returning to the sector” and he tipped Altura Mining’s Pilgangoora’s lithium mine, to start operating early next year, would be “a key future driver”.

The centre’s national tenants accounted for 70 per cent of its gross passing income and just over three-quarters of the gross lettable area. The centre, which is managed by ACTON Commercial, has a weighted-average lease expiry of 8.13 years and is the latest asset in Sentinel’s Countrywide Retail Trust, which owns shopping centres in Dubbo, Bathurst and Broken Hill in NSW and centres in Atherton, Townsville and Emerald in Queensland.

The Port Hedland sale was negotiated by Acton Commercial’s Jonathan Kilborn, Lee Bradshaw and Conray Passaris.