

Westfield ready to ride the recovery wave, mostly in Australia



SALES REBOUND: Steven Lowy of Westfield Group in his office on William Street in Sydney. Picture: Alan Pryke
Source: The Daily Telegraph

WESTFIELD plans to start \$1 billion worth of development projects this year as global retail markets continue to recover from the economic crisis.

The shopping centre giant said yesterday \$800 million would be concentrated in Australia, where the company is experiencing almost full occupancy and rental growth, with the balance focused on the United States.

Four big projects are under construction and another \$500 million to \$1 billion in new complexes are planned to kick off annually starting next year.

Preliminary work on \$10 billion of future projects is also under way, with developments mooted for the Brisbane suburbs of Carindale and Mt Gravatt among the seven planned for Australia and New Zealand.

Westfield, which suffered a \$457 million loss last year, had halted new work in early 2009 in response to global financial turmoil.

But its first quarter review released yesterday shows sales are rebounding even if there is some "anticipated softening" and the figures remain far below those before the crash.

Joint managing director Steven Lowy told analysts trading conditions had started to turn around in both the US and in the United Kingdom. "Given the improved environment, we are now confident to expand our development program for the current year," Mr Lowy said.

"We saw continued strong results from (the) Australian portfolio and now we are seeing improving conditions, particularly in retail sales performance, in the United States and United Kingdom."

During the three months to the end of March, occupancy levels overseas rose as foreclosures brought on by bankruptcy declined.

In Australia, retail sales grew 2.1 per cent over the period, or less than half the rate in 2008. Occupancy and rental growth in the US and UK is inferior to that in Australia.

Another joint managing director, Peter Lowy, said: "We believe at this point of the cycle the returns in Australia are better than the ones we can generate out of here (the US) at the moment."

Westfield shares closed 1c higher at \$13.14 after earlier reaching a high of \$13.47.

The company, which has reconfirmed its market guidance, suffered \$3.5 billion in property write downs at the start of the financial year but was able to generate a second-half profit of \$250 million based on strong Christmas trading.

Source: [The Courier-Mail](#)
May 05, 2010 12:00AM