



# SHOP TALK

ISSUES AND NEWS AFFECTING THE AUSTRALIAN SHOPPING CENTRE INDUSTRY

SHOPPING CENTRE  
COUNCIL OF AUSTRALIA

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## FEWER THAN TWO PERCENT OF AUSTRALIAN RETAILERS INSOLVENT

An interesting study by Citi Research has revealed that, despite sluggish retail sales over the past three years, fewer than 2% of Australian retailers have become insolvent. Citi also notes that "debt levels [among retailers] are low". Data from the 'big four' banks shows only 0.2% of retailer loans are more than 90 days overdue. This equates to around 250-300 retailers across the country (Citi Research *What's In Store?* Issue 61, 26 July 2013).

This data is not surprising. Retailers often draw attention to the disadvantages of leasehold title, such as the lack of security of tenure when the lease ends. They rarely acknowledge the significant advantages of leasehold over freehold title: retailers who lease their shops don't have to go further into debt (or dip further into their capital) in order to buy their shop. They still have to use their capital or go into debt in order to run their businesses but the capital to build and maintain the premises in which they trade is provided by someone else. These days, in shopping centres, this is usually a real estate investment trust or superannuation fund. In shopping strips, this is often a small private investor. In other words, the premises are provided by people who are saving for, or living out, their retirement and these are often the 'forgotten people' in retail tenancy debates. These investors are also carrying the property risk. The retailer who leases a shop obviously carries the risk that their business plan will not be successful. If the business is not successful, however, that is the limit of the retailer's loss. As Citi notes, "small under-performing retailers are more likely to exit by simply handing the keys back to the landlord". Retailers on leasehold do not also carry the risk that property returns and property values will fall and they don't find themselves servicing debt on mortgaged property that is now worth much less in value. That risk is being carried by someone else.

## GADENS LAWYERS RETAIL TENANCY LEGISLATION COMPENDIUM

Gadens Lawyers has released an up-to-date version of its *Australian Retail Tenancy Legislation Compendium*, a handy comparison of key provisions of retail tenancy legislation around Australia as at 1 July 2013. This is available [here](#).

## SHOPPING CENTRE NEWS LATEST EDITION IS NOW AVAILABLE

The latest edition of *SCN (Shopping Centre News)* is now available. This edition includes special features on leasing and marketing and a cover story on Stockland Shellharbour. The entry form for inclusion in the 2013 'Mini Guns' survey (i.e. shopping centres 6,000 m<sup>2</sup> to 20,000 m<sup>2</sup>) is also contained in this edition. Click [here](#) to subscribe.

## MALL CHINA INTERNATIONAL SYMPOSIUM IN BEIJING FROM 13-14 SEPTEMBER 2013

Mall China is holding its annual symposium in Beijing on 13-14 September. The speakers list includes a number of companies and executives with experience in retailing and shopping centre development in China. A number of Australians are also speaking, including Jack Hanrahan, Head of Retailer Relations, Westfield, and Michael Lloyd, Publisher of *Shopping Centre News*. Click [here](#) for further information and to register [here](#).

## WORLD RETAIL CONGRESS 'SHAPE THE FUTURE OF RETAIL' IN PARIS, 7-9 OCTOBER

The [World Retail Congress](#), themed as 'Shape The Future of Retail', will be held in Paris on 7-9 October. Speakers include many of the world's most successful and influential retailers. Click [here](#) for the program and [here](#) to register. Additionally, a [Retail Study Tour](#) in Paris will follow on 10 October.