

Kmart clinches Perth warehouse lease

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Wesfarmers-owned discount department store chain Kmart has inked a deal to lease a massive new warehouse that will be developed in Perth's southern suburbs.

The pre-lease deal is the largest in the Western Australian industrial market in nearly a decade, according to Savills which managed the deal.

Kmart has committed to a 41,700 square metre office and warehouse complex within the Jandakot City precinct at Jandakot Airport.

The property will serve as the retailer's major distribution hub for Western Australia and will see it relocate from its current facility at Canning Vale.

The development will have an end value of about \$35 million.

Kmart has taken a long-term lease over the facility, which includes one hectare of containerised hardstand, with a specially designed wind safety barrier, on the 10ha site.

The rental was not disclosed.

The facility will be developed by Jandakot City Holdings, which will begin construction this month with an expected completion date of mid next year.

Jandakot City Holdings is owned by a group of Perth-based private investors.

The Kmart deal is the second major pre-lease deal at Jandakot City in the last few months — following Reece Plumbing's 15 year precommitment to a 25,000sq m office and warehouse complex in December.

Savills Australia divisional director James Condon said the Kmart and Reece deals were the largest in WA's industrial property market in nearly ten years.

"The commitment of two national corporations to major new, multi-million dollar, facilities indicates a very confident longer-term view of the strong underlying fundamentals of the WA economy and that will deliver positive momentum right across the property market.

"In particular it shows a strong level of support for the superb Jandakot City precinct which is a major 150ha estate," Mr Condon said.

The deal comes as the resource sector-dependent West Australian economy is buffeted by a fall in capital expenditure from mining companies, slowing house price growth and lacklustre retail spending.

Mr Condon, who worked on the deal with colleague Darren Curry, said the Savills team expected to announce a third significant leasing deal at the Airport later this month.