

David Rosenthal, President of US-based MAB Rosenthal, has outlined the advantages of investing in the commercial property markets in the USA and the buying opportunities that exist for Australian investors.

Mr. Rosenthal is visiting Australia this week to discuss with partner MAB Funds Management (MAB FM) further acquisitions of retail properties for the MAB International Retail Trust (MIRT).

MIRT has a strategic focus on non discretionary grocery based shopping centres located in regions exhibiting strong population and employment growth, such as south-eastern USA.

Mr Rosenthal said: "The US property market has a considerably larger pool of investment grade assets and is not as heavily securitised as the Australian market meaning that there are many more buying opportunities.

"The US economy is the largest in the world and there are significant growth opportunities for Australian investors. For example, the retail property market has proven a consistent performer, particularly in areas and regions exhibiting strong population growth, such as the south-east of the USA."

Nick Gray, General Manager of MAB FM said: "MAB Rosenthal has been able to access retail properties at higher yields than for comparable properties in Australia. With the advantage of lower borrowing costs in the US, MAB FM has been able to generate higher returns for its investors in MIRT."

Mr Gray added: "From the knowledge we have gained from our US partners about the US property markets, it is clear that there are many similarities between the US and Australian markets.

"The US, like Australia, is a transparent market with excellent disclosure of information. This makes us very comfortable to provide Australians with investment opportunities in that region."

In the wake of the sub-prime mortgage issues in the USA, Mr Rosenthal said: "Such events simply demonstrate the need for investors to diversify their investment portfolio, seek professional advice from experts and be aware of risk, but my advice is certainly don't shy away from US markets.

"Lax lending standards to insufficiently credentialed borrowers led to rising mortgage defaults as interest rates and loan repayments rose. Lenders failed to appropriately assess and price risk - investors should learn from this and not make the same mistakes.

"For some categories of borrowers in the USA, debt is now not as easily available and is more expensive. While this may lead to a tempering of demand for property, it should also lead to some good buying opportunities.

"A well credentialed buyer such as the MAB International Retail Trust can obtain still obtain debt at an interest rate well below yields on grocery based shopping centres.

"Grocery based shopping centres catering for essential products are an example of lower risk investments. They provide strong secure cash flows and have proven to be resilient performers over time and throughout various market cycles and events.

This is the type of property targeted by the MAB International Retail Trust and we have identified a number of future properties for the Trust in strong population growth areas."

Mr Gray said: "With any investment, there is risk. The key ingredient for success in investing in the US is to manage the investment risks by partnering with local expertise to be able to assess and respond quickly to opportunities.

"With MAB Rosenthal we have a first rate team in the US to manage our assets and to identify and execute investment opportunities."