

Stock: Westfield Group
Code: WDC
Market Cap: \$32.2 Billion
Recommendation: BUY

FEW companies have impacted or changed the way we live the way Westfield has. For better or for worse, Westfield ushered in a cultural revolution, the era of shopping centres. In the process, it became the largest property development group in the world.

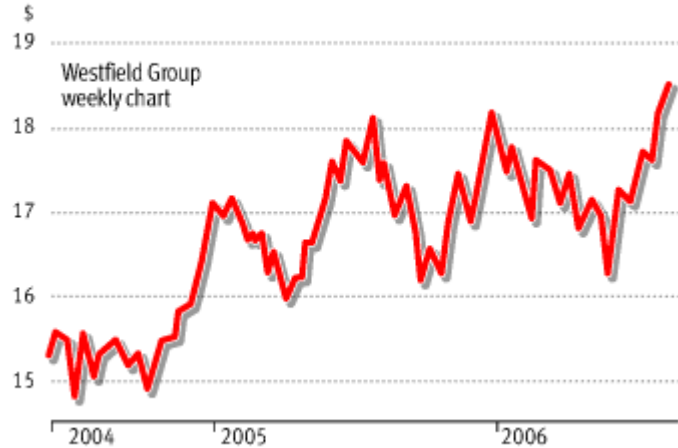
The Westfield empire includes 120 shopping centres, more than 10 million sq m of retail space occupied by 21,800 retail outlets in the US, Britain, New Zealand and of course Australia.

Not willing to rest on its laurels, Westfield continues to develop its business and will continue to redefine and recreate the way we shop.

Westfield derives its revenues from three divisions: property management and marketing, property development and asset management.

Property management involves the day to day operation and leasing of shopping centres. You may not be aware that Westfield takes a surprisingly hands-on approach towards its retailers to ensure shoppers have the best possible experience. This division also focuses on marketing into local communities.

UPS AND DOWNS



Source: wise-owl.com



WHAT'S HOT WHAT'S NOT

The property development arm of the business takes care of the design and construction of projects. This not only maximises Westfield's profitability through vertical integration but also ensures that Westfield remains in control of its projects under development.

Last but not least, Westfield also manages property assets on behalf of institutions and other investors, generating recurring management fees for the group.

Wise-owl.com analyst, Simon Guzowski says: "With

talk that interest rates are on the rise, investors looking for shelter will warm to Westfield's defensive qualities. As a commercial property play with a strong dividend yield and modest valuation it is in a strong position to weather a modest interest rate storm, so to speak".

Right now, all eyes are on Westfield's yet to be confirmed plan to sell some of its stakes in shopping malls into an unlisted wholesale fund. Such a move will free up equity for new projects and generate a steady stream of funds management fees. If this occurs it could also de-risk some of Westfield's business.

Source: wise-owl.com