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Property

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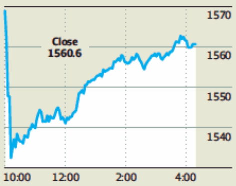
Property snapshot

S&P/ASX 200 REITs Tuesday (pts)



Best	Close ($)	Change (%)
GPT Gp	4.88	+1.24
Charter Hall Gp	15.71	+0.71
Goodman Gp	21.26	+0.62
Scentre Gp	2.75	+0.36
Ingenia Gp	6.17	Stdy
Worst		
Unibail Rodamco Wfld	5.86	-5.18
Growthpoint Property	4.06	-4.25
Vicinity Centres	1.555	-3.42
Abacus Property Gp	3.16	-3.07
Waypoint REIT	2.63	-2.59

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Crown Group sets $500m on Sydney development

Martin Kelly

Developer Crown Group says it is in negotiations to buy three significant development sites in Sydney's north worth about $500 million as it diversifies into the mixed-use and build-to-rent sectors.

Chairman and chief executive Iwan Sunito said the business, which started as an apartment developer, was also looking for opportunities in Brisbane and Melbourne and would consider joint venture opportunities.

Mr Sunito said Crown Group had a growing desire to build and hold businesses it could manage, such as accommodation and shopping centres, while continuing to develop apartments.

"We are busy with the three pillars of the business: residential, growing the Skye Suites [hotel] brand and growing our retail business," he said.

He said the immediate focus was the imminent completion of the first phase of Grand Residences, a mixed-use project in Eastlakes, Sydney, which includes 133 apartments and 14,000 square metres of retail space.

It has started construction of the Mastery precinct in the inner-Sydney suburb of Waterloo – 368 apartments across five buildings – and planning is well advanced on projects in Brisbane, Melbourne and Los Angeles.

Mr Sunito said he believed now was a good time to buy development land with the sector's short-term future clouded by COVID-19 and border closures. "The market is more realistic than three to five years ago as foreign groups and state-owned enterprises have left the market," he said.

"While the international border remains closed, growth will be hampered significantly. This is why we're now looking for development deals. We know that owners of development sites are becoming more realistic in their price expectation and the terms of the sales arrangements.

Iwan Sunito, CEO of Crown Group, is keen to further expand the business into the mixed-use and build-to-rent sectors.

"There are three sites that we have in front us that we want to close the deal on" for projects with an estimated end value of $2 billion, he said.

"One is a mixed-use development where you build a shopping centre and build residential on top of it. The second is a residential development in an established suburb. The third would be mixed use including office and a hotel."

Mr Sunito said the popularity of Grand Residences, which has appealed to buyers at all stages of life, had encouraged Crown to move more in this direction.

"We think that the big trend of the future is mixed-use living. It suits a lot of people who are quite senior because we've found what drives them is security, shopping and medical."

Developments such as these also open up retail management opportunities for Crown Group.

The build-to-rent sector is another priority. "We want to start looking at more and more BTR products in the group," Mr Sunito said.

But what shape its foray into build-to-rent would take remains unclear, although there is little doubt Skye Suites' hospitality expertise – it has three properties in Sydney – will be leveraged in some way.

Apartment developments remained core to the business, he said, but border closures had changed the customer mix.

"It's now 70 per cent local and 25 per cent to 30 per cent foreign buyers," Mr Sunito said.

Central Equity pumps $80m into Melbourne

Larry Schlesinger

Development giant Central Equity has outlaid about $80 million to add almost 700 housing lots to its Melbourne and Geelong project pipeline as developers restock after bumper sales driven by the HomeBuilder grant.

The acquisitions follow Central Equity selling two greenfield housing sites in Melbourne's outer west to Villawood Properties for about $180 million last August as part of plans to recycle capital into other parts of Melbourne.

In the emerging development pocket of Deanside, near Caroline Springs in the city's west, Central Equity has acquired a 30-hectare site with the capacity for almost 500 housing lots.

The property at 137-235 Sinclairs Road – marketed as one of the few remaining development opportunities in Deanside – is surrounded by housing estates being developed by Moremac, ID Land, Avid, Wolfdene and Wel.Co.

In Armstrong Creek near Geelong, Central Equity has acquired 371-379 Horseshoe Bend Road, a 13.4-hectare site with capacity for about a 200-lot subdivision. Frank Nagle and Andrew Egan of Biggin & Scott Land brokered both deals.

Central Equity marketing manager Jeremy Vile confirmed the acquisitions. "We have been actively looking for strategic purchases in growth corridors in and around Melbourne," Mr Vile told *The Australian Financial Review*.

"Our current land estates being marketed in Melbourne have seen strong sales and settlement rates. We have limited future supply of land in these projects.

"We continue to look to acquire appropriate development sites."

Developers have been left with depleted stock levels after sales hit record highs in Greater Melbourne following the introduction of the

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Rates rejig burden for new residents

Martin Kelly

New ratepayers are set to carry the increased cost of a game-changing council rating system aligned with population growth to be rolled out in most of NSW next July.

The state government has backed recommendations in an Independent Pricing and Regulatory Tribunal report and is "committed" to launching the new measures.

Local Government Minister Shelley Hancock said councils needed to raise more revenue to properly fund infrastructure and this was the fairest way to do it.

"This revenue injection will be pivotal in helping local councils overcome growing pains with a reliable and sustainable revenue stream," Mrs Hancock said.

"It will provide key infrastructure for growing communities including roads, drainage and open space.

"Importantly, it's the new residents moving into these areas who will primarily cover the extra rating incomes."

Acting IPART chair Deborah Cope said the rate income councils received was "generally not enough to cover the increased costs associated with population growth".

Under the present system, NSW caps the amount of revenue councils can collect through a rate pegging system that does not take population growth into account.

"For councils with growing populations, this can result in a reduction in service levels or deteriorating assets

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