

Newmark gets in the Vicinity

Nick Lenaghan

Busy syndicator Newmark Capital has taken over the Brandon Park mall in Melbourne's south-east, acquiring it from Vicinity and its co-investor for \$135 million.

The deal reflects a 3.8 per cent premium to book value for Vicinity and its partner, understood to be Telstra Super.

"We are pleased to continue to progress the divestment of our non-core assets," said Vicinity's managing director Grant Kelley. "Following on from the sale of our 50 per cent interest in Toormina Gardens in January 2018, we have now agreed the sale of approximately \$109 million of assets this financial year, for a combined 3.1 per cent premium to their book values."

Vicinity's exit is part of a broader sell-down, with about \$1.7 billion in assets

divested over the past two years under Mr Kelley's predecessor Angus McNaughton.

On the buy side, it is the latest deal for the fast-growing Newmark platform, led by Chris Langford – a property veteran better known to many as a former champion defender at AFL club Hawthorn – and Simon Morris.

Newmark has put together an impressive portfolio in just a few years, including its acquisition of South Yarra retail icon the Jam Factory, which it is transforming into a \$1.25 billion entertainment, shopping and office extravaganza.

Further along Chapel Street, Newmark bought the Como Centre, a mixed-use asset, from Mirvac in a \$236.5 million deal in 2016.

Last year it sold one of its early prizes, a landmark office tower in Melbourne's St Kilda Road, to Singaporean

Key points

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fund manager Mapletree in an off-market deal of almost \$150 million.

The Brandon Park deal was brokered by JLL's Simon Rooney.

"Brandon Park is one of only four sub-regional centre transactions within the Melbourne metro area since 2015," he said. "Unlisted funds continue to be drawn to the sub-regional sector, given the attractive yields available relative to premium core assets."

It is the first sub-regional sale in metro Melbourne since British investment giant M&G Real Estate bought Scentre Group's Casey Central in December 2016 for \$221 million.

It also follows the recent sale of Toormina Gardens by Vicinity Centres and Challenger to Fort Street Real Estate Capital Fund III for \$83.3 million.

"Transactions of sub-regional centres dropped to \$1.1 billion in 2017, less than half the \$2.4 billion per annum which sold between 2013 and 2016, given the volume and scale of portfolio sales in prior years," Mr Rooney said.

The Vicinity Retail Partnership – an investment vehicle for major pension funds – also recently sold a 50 per cent stake in the Grand Plaza Shopping Centre in Brisbane to Invesco for \$215 million.

Tributes flow for Abacus founder Wolf

Nick Lenaghan

Respected industry figure and a founder and managing director of property group Abacus, Frank Wolf, passed away on yesterday morning after a short battle with cancer.

While an academic career initially beckoned – he earned a doctorate in accounting at the University of British Columbia – Dr Wolf forged an enviable reputation for spotting and realising the value in under-loved commercial real estate in an industry full of sharp eyes.

"Dr Frank Wolf was a real industry identity," said another industry veteran and former Property Editor at *The Australian Financial Review*, Robert Harley.

"He ... had a legendary reputation both for his deal making and for his understanding of property."

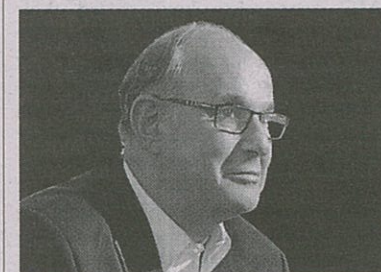
As tributes and memories began flowing, one insider's anecdote encapsulated Dr Wolf's grip on the sector.

Under his guidance, Abacus bought the historic 343 George Street building in Sydney from the Dexis in 2009 for \$55 million and sold it the next year for \$78 million after leasing up the empty office and retail space.

At the annual shareholder meetings that year, Dexis apologised for not understanding the value of the asset while at the Abacus meeting Dr Wolf was asked if there were any more Dexis buildings to buy.

Dr Wolf was 64. He had been planning to step down a day after his next birthday on July 1, to pass the baton to his designated successor former Federation Centres CEO Steven Sewell.

Beyond the world of property, Dr Wolf, who was awarded an Order of Australia Medal, will be remembered for his philanthropic activities, particularly as a major donor and strong advocate of the Jewish community.



Dr Frank Wolf.

Confidence levels at record high across Australia

Nick Lenaghan

Confidence across Australia's property industry has surged to its highest level in six years despite a negative outlook for residential and retail property values in New South Wales, according to the latest ANZ/Property Council of Australia.

The expectation for capital growth in retail property in NSW has turned negative while the outlook for NSW house price growth has been negative for the past two quarters, according to the survey.

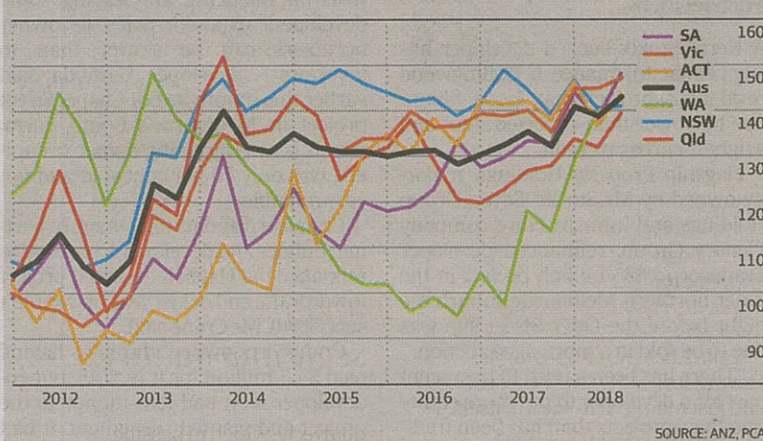
Offsetting those negatives though are a range of positive sentiments: for economic growth broadly along with improving value in the office and industrial property markets.

Confidence is rising for capital growth in the retirement living and hotel sectors. There are better expectations for construction activity in most sectors as well.

The survey is the largest of its type and measures the views of more than 1,000 property industry professionals across the country

Feeling better

ANZ/Property Council Confidence Index (points)



The national confidence index for the June quarter climbed four points to 143, the highest level in its six year history. A score of 100 is considered neutral

"The results from this survey are cause for optimism," said Ken Mor-

rison, chief executive of the Property Council of Australia.

"We're seeing confidence across the industry at elevated levels in all states and territories, with South Australia, Queensland and the ACT the standouts in terms of improvement this

quarter. Expectations around economic growth in South Australia and Queensland have especially strengthened this quarter."

Daniel Gradwell, ANZ's senior economist, said the June quarter survey result showed that the optimism in the property sector had continued into 2018.

"The convergence across the country continues," he said.

"We have previously highlighted the trend improvements in Western Australia and Queensland, but South Australia has been a quiet achiever, and is now the most optimistic region in Australia."

Mr Gradwell said the outlook for the housing sector was improving.

Expected construction activity had slowly picked up, and a large backlog of work would underpin activity this year, he said.

Price expectations were also stabilising in positive territory, with the exception of New South Wales.

Sydney's house prices fell 2.1 per cent in the year to March, on the latest CoreLogic figures.

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