

# Investors seek that neighbourhood feeling

Author: Carolyn Cummins

Date: 22/06/2002

Publication: Sydney Morning Herald

Section: Property

Just-released statistics from the 2001 census are finding a keen readership in the property world, with smart investors using the information to decide which are the fastest-growing locations.

While the CBD has become home for more people, the office market there is feeling the pinch of flat rents and slowing tenant demand. That has spurred investors and developers to search elsewhere for sites and with the aid of the census data finding which suburbs are worthy alternatives.

The west and outer-metropolitan areas continue to record the fastest-growing populations and the fastest-growing incomes. However, in property investors' eyes, other areas offering quality properties with long-term tenants, such as part of the lower North Shore, remain popular.

Because more companies are decentralising their head offices out of the CBD, and because the number of people working at home is rising, demand for neighbourhood-based office precincts has increased.

That has also led to the re-incarnation of strip shopping centres and a growing sense of community which has made more people happy to work and live in the same district. As a result, investors are buying up property with yields of 10 per cent that have stable, long-term tenants.

**Century Funds Management**, run by John McBain and Jason Huljich, is the latest group to scour the suburbs and find the bargains. Armed with about \$100 million of funds under management, a figure which is growing, the **Century** team under the guidance of Chesterton International's director, Bevan Kenny has bought a number of properties.

These are then placed with syndicates which offer high yields for high net worth clients.

The latest buy was 357 Military Road, Cremorne, for \$10.75 million. It sits opposite **Century's** other site at 339 Military Road, tenanted by IdeaWorks, which it bought for \$13.75 million.

The fund also owns properties at North Ryde, Epping, St Leonards and North Sydney. Sites in Melbourne are being considered.

Mr Huljich says Cremorne is typical of suburban office precincts which offer large spaces, reasonable rents and proximity to North Sydney and the CBD. "Both [Cremorne] properties have significant potential for strata office or residential conversion in the event that the leasing profile changed," he says. Mr Kenny says investment stock of this calibre is tightly held. "The off-market nature of the transaction emphasises the demand for high-quality properties on the lower North Shore. "Cremorne has emerged as a strong niche location for service companies requiring visibility, high car-parking ratios and access to the city." Another booming suburb is Kogarah, where locals say a building revolution is transforming its heart.

Using the design principles of "new urbanism", whereby the neighbourhood commercial centre becomes the focal point of residents, projects worth a combined \$150 million are breathing new life into the suburb.

Chris Tsioulos of CMT Architects, however, prefers to describe Kogarah's revival as "old urbanism". He says living over shops and positioning buildings around the perimeter of a site, with activity concentrated in the centre is a return to the past.

He considers that the Italian Forum in Leichhardt, where people live around a vibrant piazza, is the direction that the Kogarah city centre is taking on a grander scale.

Typical of the new mixed-used developments is Palladio, a six-storey building in Belgrave Street which houses 20 two- and three-bedroom apartments, two double-storey penthouses and two ground-floor shops.

"The building is lightly styled on the Palladian period of architecture which provided a level of formality usually found in old world European cities, hence its name," Mr Tsioulos says.

Bill Aslanidis of Colliers International says the apartments in Palladio have raised prevailing quality standards in the area with their granite finishes, stainless steel appliances and stylish marble, ceramic and vitrified tiles.