

# REAL COMMERCIAL

## Big-buying Irongate swings in behind the industrial and logistics sector

BEN WILMOT

Real estate fund manager Irongate Group is expanding its industrial and logistics platform and has made a series of acquisitions to take its holdings in the sector to about \$350m.

The company has been on the acquisition trail across NSW and Queensland and believes that its focus on infill properties in key areas of large cities will pay off in this cycle.

The industrial acquisitions are partly a "back-to-the-future"

move by Irongate after it exited the sector during the last market peak. In 2022, Irongate's management team delivered on the sale of the Irongate listed-REIT to Charter Hall.

The trust included 37 office and industrial assets valued at \$1.7bn and, when sold, returns to investors came in at close to 300 per cent over the trust's nine-year life.

Irongate has now rapidly grown since its management team undertook a buyout of the funds management business, with assets under management now close to \$750m. This equity is commit-

ted to projects with a forecast end value of more than \$3.5bn, including the group's Youngusband and Yarraville developments in Melbourne. Institutional investors have provided ongoing commitments to grow the portfolio.

Irongate chief executive Graeme Katz said his team would seek to further grow its industrial platform as well as invest in the re-bounding office market.

"This acquisition reflects our confidence in the long-term prospects of the industrial market in Australia. The sector has consistently shown its strength, and we



Recent purchases include a 9.7ha site on South Pine Road in Brendale

see further potential for growth, particularly for investors who are able to identify undervalued assets in strategic locations," Mr Katz

said. "Likewise, we are seeing the rebound in the office market, particularly the core Sydney CBD. We have previously timed our

entrance and exit into this market well and see signs pointing to a new growth phase."

Recent purchases include two Queensland sites bought from ISPT for about \$140m in deals brokered by JLL and CBRE. The first was a 9.7ha site on South Pine Road in Brendale. The 31,738sq m complex is leased to VIP Plastic Packaging & Modern Star, with a 3.7-year weighted average lease expiry.

Irongate also picked up the Interchange Industrial Estate in Narangba. The 10ha site has facilities that span 34,382sq m that are

leased to Bunnings, Apex Building Products, Cleanaway, Liquid Specialty Beverages, Avante, Merlin Marine & Leisure, and T-Pac Lumber with a 4.9-year WALE.

It also bought a 4ha site on Williamson Road in the Sydney suburb of Ingelburn from EG for about \$62m via Colliers. It has an 85,54sq m complex leased to ABBE and SPS with a 2.9-year WALE. It also picked up a cold storage facility on Zeleny Road in Minchinbury. Irongate bought the facility on a fund through basis and works on the 10,190sq m state-of-the-art cold storage facility that

will have an end value of about \$75m when completed. It was sold by Colliers on behalf of Barber Property Group and Minus I Refrigerated Logistics.

"These plays, along with an earlier acquisition in Smithfield, are in keeping with Irongate's active asset management style. It believes that buying up infill industrial real estate in the country's tightest markets, where there is strong underlying property fundamentals that can benefit from a hands-on approach to property management, will deliver high returns through the cycle."

## GIANT'S LOGISTICS ALLIANCE TAKES SHAPE WITH \$800M WORTH OF DEALS

# Stockland locks in KKR, M&G



BEN WILMOT COMMERCIAL PROPERTY EDITOR

Property giant Stockland has closed deals worth about \$800m in total that will result in US private equity house KKR and British funds giant M&G Real Estate joining it as partners in growing its logistics operations.

The listed developer is teaming with M&G on a major Sydney facility and will partner with KKR on new projects in the sector, with the initial focus also on the gateway city.

The Stockland M&G Asia Partnership Trust is a 50-50 open-ended core partnership with M&G Real Estate, which is seeded with Ingelburn Logistics Park in Sydney. The initial asset has a gross value of about \$435m.

The Stockland KKR Partnership Trust is a 70-30 open-ended core-plus partnership with KKR - the private equity firm holding a 70 per cent stake - that is seeded with three Sydney assets with an initial value of \$388m.

The company indicated it would talk with both its new partners about new opportunities in the still hot industrial and logistics sectors.

Under chief executive Tarun Gupta, Stockland has struck a series of alliances as it has forged into new areas, and Stockland chief executive, investment management, Kylie O'Connor flagged more opportunities.

"The formation of these partnerships with leading global capital partners further delivers on Stockland's strategy to scale our capital partners across each of our real estate sectors," Ms O'Connor said.

"We now have seven partnerships across workplace, MPC, LLC and logistics, noting the strength of our existing portfolio and development pipeline. We are confident



Ingelburn Logistics Park in southwest Sydney, part of a new Stockland partnership with M&G and (insets) Tarun Gupta and Kylie O'Connor

that we'll be able to offer further opportunities to partner across all sectors in the future."

Stockland has been active in land lease, housing estates, where it has partnered with both Invesco Real Estate and Mitsubishi Estate Asia, as well as taking on a backer for a life sciences business park in Sydney. It has also expanded the

Invesco tie-up, adding four sites to the partnership.

Stockland first went to market seeking a capital partner for more than \$2bn worth of warehouses and logistics centres in mid-2023, when the industrial sector was running hot as demand for space drove up rents.

Prices came back as interest rates were lifted, but large institutions are still keen on the area as it rides both the e-commerce boom and the ongoing shortage of space in key locations. Stockland is already in the top ranks of industrial property developers in the nation and could accelerate its rollout of new centres by taking on the new capital partners.

M&G is acquiring a stake in a major existing centre that Stockland already owns, while KKR would back the development of new projects in key city locations.

The deal was handled by real estate agency CBRE's Stuart McCann, Paul Ryan and Chris O'Brien. The agency declined to comment.



## Revelop snaps up Lake Macquarie Square for \$122.5m

BEN WILMOT

Property developer Revelop has swooped on Lake Macquarie Square in a \$122.5m deal as it builds on its holdings in regional NSW.

The private group has emerged as one of the prime movers in buying and developing shopping centres across the state, backing consumers to continue their spending in supermarket-anchored complexes.

Revelop picked up the centre, Mount Hutton near Newcastle, from the listed Charter Hall Retail REIT. In a sign of the strength in the market, the trust said the sale reflected a 1.2 per cent premium on book value.

Charter Hall Retail chief executive Ben Ellis said the sale "forms part of our ongoing curatorial strategy, which has seen us expand our exposure to net lease convenience retail, further enhancing the income growth potential and quality of our portfolio."

The sale was handled by JLL's Nick Willis and Sam Hatcher in an off-market deal.



Lake Macquarie Square is anchored by Woolworths, Big W and Coles, with about 69 specialty stores

The Charter Hall fund had completed a \$60m redevelopment in 2019 that consolidated Lake Macquarie Fair and Mount Hutton into a single retail destination.

It now has a moving annual turnover exceeding \$160m. The centre is anchored by Woolworths, Big W and Coles, with about 69 specialty stores, including a dining precinct.

Over the past two years Revelop has added seven retail prop-

erties to its growing portfolio. Their most recent deals include Pemulwuy Marketplace, Stockland Balgowlah and Stanhope Village.

It also bought Kirrawee Shopping Centre in Sutherland Shire, which was offloaded by supermarket giant Woolworths for \$39.75m, and acquired East Quarter Village in Hurstville in another direct deal for about \$30m.

Revelop has also been looking to develop new shopping centres and snapped up a site for a \$200m-

plus shopping centre on Sydney's outskirts from Melbourne's Tarasco family.

Revelop, led by directors Anthony El-Hazouri and Charbel Hazzouri, has been buying shopping centres offloaded by larger institutions and repositioning them.

Mr Hazzouri said the acquisition of Lake Macquarie was a "strategic addition" to the portfolio, connecting and providing greater efficiencies for its develop-

ment of Chisholm Village, which is now under way.

Mr El-Hazouri said that like metropolitan Sydney, the surrounding catchments in Newcastle and Wollongong were very tightly held.

"The ability to acquire a quality subregional like Lake Macquarie from Charter Hall was an opportunity we have been searching for and we are excited to bring the asset into our portfolio," he said.

JLL's Mr Willis said the sale underscored the ongoing demand for subregional centres and reflected the increasingly positive sentiment surrounding retail globally. He said few subregional assets were available this year.

"This scarcity has prompted investors to expand their focus to other regional cities, as opportunities to acquire controlling stakes in subregional properties within Sydney's metropolitan area are seldom available," he said.

## Centennial and Parkstone swoop on Orange centre in \$37.4m deal

BEN WILMOT

Fund manager Centennial and retail joint venture partner Parkstone have kicked off the year by snapping up their second shopping centre asset in the NSW regional centre of Orange in a \$37.4m deal.

The pair bought The Village on Summer Street from hospitality identity Bill Gravanis and renowned architect Paul Saunders.

Mr Gravanis's Oscars Hotel Group, which he runs with brother Mario Gravanis, bought Luna Park in Sydney last year for more than \$50m.

Buying The Village, a prominent centre in Orange's city centre on a 21,090sq m site, is part of Centennial and Parkstone's plans to build up a \$1bn retail portfolio.

The retail component spans 4974sq m of gross lettable area, giving the new owners significant scope to maximise returns and build on the centre's tenancy mix.

The centre was built in 1993 and underwent a \$4m refurbishment in late 2022.

Centennial executive director Paul Ford said Parkstone was a specialist retail investment manager with proven expertise working across many retail portfolios nationally.

Parkstone's retail portfolio now comprises about \$300m in assets under management across seven subregional and neighbourhood centres in NSW, South Australia and Queensland.

"We are fortunate to have a joint venture partner whose deep retail management experience and extensive retail tenant networks can be drawn upon to maximise returns for our investors while also supporting each centre's management team and retailers," Mr Ford said.

"We are well on our way to scaling our retail exposure towards in excess of \$1bn and during an attractive point in the retail sector cycle."

Mr Ford said the centre offered "strong defensive income based on its largely non-discretionary retail mix, positive growth indicators for the region and limited new supply of retail assets in the CBD".

Mr Ford said Parkstone was a co-founder Christopher Day said the group was gaining a greater foothold into the flourishing region, with its population growing in step with a thriving economy largely driven by diverse industry sectors including tourism, agriculture, health, education, retail, mining and government.