Property   Commercial   Retail   Print article

Stockland, HomeCo find Sydney buyers for $72m of regional malls

Larry Schlesinger *Reporter*

Jan 12, 2022 – 6.10pm

Sydney-based investors have shown appetite for convenience and large-format shopping centres in regional hubs after spending $72 million on malls in Townsville and Wagga Wagga offered for sale by Stockland, AMP Capital and Home Consortium.

In the bigger of the two deals, a syndicate headed by experienced fund managers Mark Slot and Benlee Capital's John Dalley has agreed to pay $47.25 million for the Coles Kmart Plaza in Townsville jointly owned by Stockland and AMP Capital.

Mr Slot told *The Australian Financial Review* he and Mr Dalley had acquired the mall sight unseen but had had no trouble raising $28 million from investors to fund the deal, which will be an initial 8 per cent distribution.

"We're very excited about the purchase. As private investors there are opportunities for significant cost savings and value-add opportunities including broadening the convenience offer and bringing in services like medical and childcare," Mr Slot said.

The deal for 13,892-square-metre subregional centre on the corner of Ross River Road and Nathan Street was acquired above book value on a fully leased yield of 5.5 per cent.

The Coles Kmart Plaza Townsville sold to a syndicate headed by Mark Slot.

Stockland paid $36.5 million for the mall in 2012, when it acquired it from a Centro property syndicate that was being wound up.

The centre is directly across the road from the 45,000sq m Stockland Townsville regional mall, which is also joint owned by Stockland and AMP Capital. In November, AMP Capital puts its 50 per cent stake in the mall up for sale, asking about $150 million.

The smaller plaza - also known as the Nathan Street Centre - sits on a 4.2-hectare site and is anchored by a Coles supermarket and Kmart department store alongside 21 specialty stores and 731 car parking spaces.

It sold with a weighted average lease expiry (by area) of 4.6 years in deal brokered by Jonathon Fox and Carl Molony of Stonebridge Property Group in conjunction with Jacob Swan, Nick Willis and Sam Hatcher of JLL.

AMP Capital's half-share of Stockland Townsville and Coles Kmart Plaza Townsville were offered for sale by the AMP Capital Shopping Centre Fund.

Mr Fox said the sale of the Townsville plaza reinforced the strength of demand for convenience-based assets.

"Interstate buyers accounted for the significant majority of offers, despite being unable to inspect due to COVID lockdowns. The capital pool is deep for assets of this scale," he said.

Also heading into the regions was a new fund established by Kaipara Property Group and Argus Property Partners Group.

The Argus Kaipara Fund 2 acquired a large-format retail centre in Wagga Wagga from ASX-listed fund manager Home Consortium for $25 million on about a 7.5 per cent yield.

The former Masters store on a four-hectare site on the corner of Hammond Avenue and Kooringal Road is leased to Spotlight, Anaconda, PETstock and others.

Kaipara will open the largest Planet Fitness in the Wagga Wagga mall

Kaipara will add value to the property through leasing up of vacancies and through partial redevelopment, including opening the largest Planet Fitness gym in Australia.

"We really like the convergence of retail and industrial found in the large format retail sector," said joint managing director, Toby Daniel.

"These assets provide retailers with huge brand presence and the typically large floor areas provide excellent opportunity for omni-channel retailing."

Institutional investors were among those who bought regional malls last year including SCA Property Group, which paid $112 million for the Woolworths and Kmart-anchored Delacombe Town Centre near Ballarat in November on a 5.3 per cent yield.

Larry Schlesinger writes on real estate, specialising in commercial and residential property. Larry is based in our Melbourne newsroom. *Connect with Larry on Twitter. Email Larry at larry.schlesinger@afr.com*