

FINANCIAL REVIEW

SE Property
HD ... and bulks up with seven Adelaide sites
BY Larry Schlesinger
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David Devine's rapidly growing Metro Property Development is spreading its wings in Adelaide, acquiring seven sites for a collective \$17 million for new housing developments.

Its most recent South Australian acquisition was a former school site at Evanston in Gawler, about 44 kilometres north of Adelaide, for \$2.5 million.

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A development permit has been granted for an 81-lot subdivision with an end value of \$25 million, with off-the-plan marketing under way.

"We're gradually making sales. Things are going OK," Steve Weightman, director of Metro's South Australian operations told The Australian Financial Review

"We've also acquired a number of sub-\$5 million infill sites close to the Adelaide CBD."

Another site is under contract in Adelaide's southern suburbs, about 18 kilometres from the CBD, which should yield 60 to 70 lots.

"Adelaide is a more conservative property market. It does not have massive peaks or troughs like you see in more transient markets like the Gold Coast. It's been quite suppressed, so there's room for capital growth," Mr Weightman said.

"Vacancy rates are relatively low. We look for sites in areas where it's less than 1 per cent and where there is room for capital growth, but it's still a grind making every sale.

"We're not getting the Chinese investors in droves like in Melbourne and Sydney, but certainly overseas investors are showing stronger interest in new housing closer to the CBD. Rental yields are between 4 and 5 per cent."

Metro Property Development, founded in 2010 by ex-Devine Limited founder David Devine and fellow Devine Limited executives Ken Woodley and Luke Hartman, ranked second fastest-growing business in Australia, according to the BRW Fast 100 list for 2014. Metro reported 2014 revenue of \$224 million, up 224 per cent from \$123 million in 2013 after the success of its Brisbane apartment development business, and housing ventures in Melbourne, Perth, Sydney and Adelaide.

Metro entered the Adelaide market 2½ years ago and has quickly established its presence.

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