

# FINANCIAL REVIEW

SE **Property**  
HD **Goodman has \$1bn in pipeline**  
BY Samantha Hutchinson  
WC 408 words  
PD 13 March 2014  
SN The Australian Financial Review  
SC AFNR  
ED First  
PG 41  
LA English  
CY Copyright 2014. Fairfax Media Management Pty Limited.  
LP

Goodman **Group** could offload up to \$1 billion of assets in Sydney and Melbourne with the potential to be turned into apartments over the next 10 years, under a new Urban Renewal division.

A \$200 million prime industrial slab in Sydney's Homebush is expected to become the next asset **sold** by the new division, charged with unlocking value from a portfolio worth \$23 billion.

TD

Sources close to Goodman and other landowners at the 52-hectare **site** on Carter Street, John Swire and Sons and The Sutton **Group**, expect NSW's Department of Planning in coming days to rezone the Urban Activation Precinct for housing and employment.

The news comes in the midst of efforts at Goodman to ramp up Urban Renewal activity, targeting growing demand among developers for middle ring sites carrying **apartment** approval.

The division helped net \$73 million in November from the **sale** of a North Ryde business **park** to **Chinese residential** developer Country Garden. In May, the **group** earned \$100 million selling a **site** in Alexandria to Meriton.

Goodman has 14 urban renewal projects on industrial sites across Sydney and Melbourne, including Fisherman's Bend and Cambridge Street in Epping, and is understood to be focused on obtaining **apartment** approval before selling. The **group** declined to comment on the new division, but has in past months flagged potential for up to 20,000 apartments across the sites, and to generate **sale** prices up to 3-times book value, CLSA analysts said.

Analysts are mixed on the impact of future asset sales. Credit Suisse analyst Stephen Rich does not expect sales to meaningfully change the **group's** operating profit profile, but said it would help underwrite its 6 per cent earnings growth target. Others are more upbeat, saying good sales results could bring about a positive earnings surprise and could help fund future development.

Chief executive Greg Goodman told shareholders in November that urban renewal projects would reduce available logistics space, but customers would be relocated to higher-density sites in new markets.

A Planning spokesperson said plans for Carter Street will be revealed "imminently" but could not comment on how many apartments the **site** will carry approval for.

Developers will pay \$110,000 to \$140,000 per unit on middle ring sites, CBRE's Matthew Ramsay said. Unit prices at Sydney Olympic **Park**, adjoining Carter Street, have risen 15 per cent in 12 months, he added.

CO magmgrp : Goodman Group | swirs : John Swire & Sons Ltd.

IN ireest : Real Estate | icre : Real Estate/Construction | i81502 : Trusts/Funds/Financial Vehicles | i8150206 : Investment Trusts/Funds | i815020602 : Real Estate Investment Trusts | i8396 : Diversified

Holding Companies | ibcs : Business/Consumer Services | ifinal : Financial Services | iinv : Investing/Securities

**NS** c182 : Asset Transactions | ccat : Corporate/Industrial News | c18 : Ownership Changes | cactio : Corporate Actions | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter

**RE** austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

**PUB** Fairfax Media Management Pty Limited

**AN** Document AFNR000020140312ea3d00010