

Non-bank lenders on a roll: Stamford

ROBYN IRONSIDE
FINANCE

Non-bank lenders and alternative foreign funding sources are emerging as potential winners from the banking royal commission, according to a survey by Stamford Capital.

The commercial property finance provider's inaugural Real Estate Debt Capital study surveyed more than 100 people from major trading banks, non-bank lenders and private financiers.

It found 40 per cent of respondents expect the major banks to further tighten lending criteria in the year ahead, in the wake of the royal commission.

At the same time, 61 per cent expect non-bank investment lending activity to increase, and 63 per cent expect non-bank construction lending to increase.

Stamford Capital executive director Michael Hynes said major banks were continuing to adjust to APRA constraints that came into effect just over a year ago.

"This has significantly impacted the ability of smaller independent developers to get projects off the ground," Mr Hynes said.

"Once able to borrow up to 80 per cent of cost with debt, they now need to meet tougher lending criteria with pre-sales commitments and carry mezzanine equity capital."

The findings were reinforced by non-bank finance group Chifley Securities, which recently lifted its direct lending to residential property developers to \$168 million.

Principal Joe Morello said he expected strong growth in that segment in coming years.

"The combination of tighter controls of the top-tier lenders who are currently under intense scrutiny at the royal commission, and the cooling property market, will inevitably increase demand for non-complying loans from operators like Chifley," Mr Morello said.

Lendlease eyes \$20bn Europe projects

BEN WILMOT
STRATEGY

Development and construction heavyweight Lendlease has outlined more than \$20 billion worth of opportunities it is pursuing across Europe as it swings its operations towards new markets on the continent and builds on its massive pipeline in Britain.

The group, which has renewed its offshore push into a small number of international cities, updated

investors on two major projects in Milan, that will add to its hefty pipeline of both development and building work in the British capital.

However, one of its main projects, the \$7 billion Haringey Development Vehicle in London, on which it is preferred bidder, could come under renewed pressure with reports that British Labour leader Jeremy Corbyn has come out against the scheme.

The 20-year project, to be set up as a 50:50 joint venture part-

nership with Haringey Council, would see about 5000 new homes across the borough, with a split of 40 per cent for affordable housing and 60 per cent mixed between private rental and for sale housing.

British media reported last week that the company was seeking meetings with the newly installed leaders of the Haringey council — now led by Joseph Eji-ofor — as it sought to ensure the scheme went ahead.

"Regardless of the election results, the need for new homes, in-

cluding affordable and social housing, is a key priority for local government," Lendlease's property managing director Jonathan Emery said.

He added: "We accept new councillors may have different views on some of the plans put forward and we look forward to meeting with the borough's new leader and cabinet".

The company has a \$20bn development pipeline in Europe, which makes up about 35 per cent of the company's overall forward

work book, about \$1.5bn of construction work and a funds platform that it looking to rebuild after some recent sales.

On this front, Lendlease is looking to extend its residential for rent capabilities in London after striking up a £1.5bn (\$2.7bn) partnership with the Canadian Pension Plan Investment Board.

Lendlease invests about 14 per cent of its capital in Europe but wants to lift this to about 20 per cent, and this is being driven by both major urban regeneration

projects and infrastructure deals.

The group highlighted both urban developments and infrastructure plays in Europe, including the Treviso PFI Hospital and the Milano Innovation District, both in Italy.

Aside from the Haringey venture, Lendlease has secured long-term mixed use and residential sites including High Road West and Euston Station, both in London, and Milano Santa Giulia in Milan.

It is already delivering schemes

in Britain including the International Quarter London, Elephant Park and The Timberyard, Deptford, and in March joined with US giant Starwood Capital Group to enter talks for a site in East London's Royal Docks worth £3.5bn.

In Italy, the Milano Innovation District will comprise a mixed use scheme over a 100-hectare site with a \$3bn end value. The Milano Santa Giulia Milan has a \$3.5bn end value and is expected to kick off in 2019, with residential, office, retail and leisure components.



The Barangaroo South urban renewal project has been lauded for its design and sustainability features

Barangaroo South renewal scores top design award

ELIZABETH REDMAN
SUSTAINABILITY

The Barangaroo South urban renewal project has taken top honours at the Property Council of Australia's awards ceremony, lauded for its design and sustainability features.

Lendlease's mixed-use project won the RLB Australian Development of the Year at the PCA/Rider Levett Bucknall Innovation and Excellence Awards and won other gongs including the WSP Award for Best Sustainable Development — New Buildings and the Liberty Steel Award for Best Mixed Use Development.

The development will house 23,000 office workers, 2000 residents, a six-star hotel and more than 80 eateries and retail outlets across 500,000sq m of space when completed in 2023.

"Barangaroo South is a truly iconic international project that has recalibrated the way Australia-

lians think about precinct-scale urban renewal," PCA chief executive Ken Morrison said.

"Lendlease has combined iconic buildings designed by acclaimed architects with world-leading sustainability initiatives that have transformed entire supply chains and challenged large tenants to embrace green business practices.

"Barangaroo South also throws down the gauntlet to governments across Australia by showing when density is done right, it delivers."

Meanwhile, Mirvac's EY Centre won the SAS International Award for Best Office Development, recognised for its ground plane activation, architectural design and "smart building" status.

The Sarah Slattery-led quantity surveying firm Slattery won the PwC Award for Diversity for companies with fewer than 250 employees.

Cushman & Wakefield took home the Moulis Legal Award for

Diversity for companies with more than 250 employees.

The du Chateau Chun Award for Future Leader of the Year went to WSP senior mechanical engineer Rebecca Fitzgerald.

The S4B Studio Award for Best Heritage Development was given to the Old Clare Hotel in Sydney's Chippendale, which has been carved out of the Clare Hotel pub and Carlton & United Breweries Administration Building.

The Equiem Award for Best Project Innovation went to Project REDDA, a real estate due diligence tool that detects key risks in leases.

The KONE Award for Best Development Innovation was awarded to the Tonsley Innovation District in South Australia for cultivating high-value manufacturing, leading-edge research and emerging industries.

The PCA's Mr Morrison said the quality of entries reflected an industry committed to driving innovation.

Grocon to build 60-storey tower

BEN WILMOT
DEVELOPMENT

historic headquarters and caretaker's cottage.

Grocon has been under scrutiny over its finances, with a loss-

Facilities on site would also be upgraded, and a perpetual endowment fund is to be set up.

Grocon, as development and

Special