

EG snaps up trendy Surfers retail site

Matthew Cranston

Sydney's EG Funds Management has acquired fashionable retail precinct the Forum at Surfers Paradise from the Brisbane-based Cromwell Property Fund for \$42 million.

The sale comes at a tumultuous time for property activity in the Gold Coast.

More than \$100 million worth of deals have been finalised in just over a month, but other assets such as the Marina Mirage shopping centre have fallen into the hands of receivers after sale campaigns fail to attract the right price.

EG Funds Management, chaired by Michael Eason, is banking on the Gold Coast's potential but warned that investors will need to be patient.

"I think the Gold Coast is at a cyclical low, but to capitalise on the upswing you have to have the ability to be patient. And I think it helps to have a strong income stream," EG divisional director Trevor Byles said.

The Forum, which has more than 8000 square metres of retail and commercial space, sold on a passing yield of 6.9 per cent.

McVey Real Estate's Dan and Sam McVey negotiated the deal in conjunction with CB Richard Ellis managing director Mark Wilherff.

Sam McVey said investors were now spending money on Gold Coast assets



Scene sale hopes have been shattered on the Gold Coast, but the Forum deal is a positive sign.

to improve their quality and compete for tenants.

"Surfers Paradise always gets over-bought and over-sold.

"But I can safely say that on the back

of recent deals the market has turned the corner."

Parts of the Forum has been made vacant due to plans of failed Raptis Group to develop the property and

buy it from the Cromwell Fund. Cromwell took the property to market last year after the deal with Raptis Group fell through.

Cromwell Group chief executive

Paul Weightman said the sale could see the Cromwell managed fund start paying distributions again. Cromwell announced a \$120 million capital raising this week.

"This sale will reduce the fund's debt and hopefully get it into a position to pay distributions," Mr Weightman said.

EG Funds Management was one interested party. EG's Yield Plus Infrastructure Property Trust will own the asset and EG may look at developing it. "Ideally we are looking to land bank assets near new infrastructure," Mr Byles said.

"This asset has strong underlying income from retail tenants and is likely to benefit from infrastructure such as the proposed light rail."

EG Funds Management has been cautious about buying property. But last week bought an office tower in Sydney for \$25.35 million.

"We hadn't bought anything for 21 months and we had the capital for four years," Mr Byles said.

"We have bid on a number of assets at prices we believed to represent excellent value for risk. However, our disciplined approach meant we missed out on all of those opportunities in the last 21 months."

"However, Forum and [the Sydney property] have been in line with our investment strategy to protect downside risk whilst offering a credible upside.