

Fashion king's designs on units



Brett Blundy, left, and business partner Darren Holland, chief executive of BBRC's property division, in Sydney

EXCLUSIVE

Brett Blundy says they are in vogue

BEN WILMOT
STRATEGY

FASHION retailer Brett Blundy has flagged the potential for apartment developments on some of his \$860 million network of large format retail centres and has tipped a healthy Christmas sales season.

The entrepreneur, who is putting the finishing touches on the float of \$210m jewellery retailer Lovisa Holdings, says the sector, better known by its old name, bulky goods, had been misunderstood when he bought in a decade ago.

But he and business partner Darren Holland, chief executive

of BBRC's property division, have been big drivers in changing this perception, since he bought his first centre in Cranbourne, Victoria.

The BBRC business, on its own account, and on behalf of investors secured by its funds unit, owns 13 centres, six of which have development plans, worth about \$104m, under way.

Mr Blundy says large format has truly emerged as a property sub-sector. "It's now got its own standout position and people look at the metrics differently."

Across the group's centres, which house 350 retailers, traffic is up 5 per cent and sales are 4 per cent ahead. "What that tells us is that we're in for a good Christmas," Mr Blundy said.

The group's retailers are surging and many private brands have graduated into the public market, Mr Holland said. Vac-

uum and cleaning retailer God-freys is headed for a float and lighting retailer Beacon Lighting Group has been a big success alongside Super Retail Group.

About 85 per cent of the group's tenants are national chains. "A lot of the private bands are now actually public," he said, citing the presence of Bunnings and Masters stores in the sector.

"The expanding categories are pets, babies, leisure and outdoor," he said, with food and beverage also emerging.

Mr Blundy, himself a retailer, puts great stock in working with his tenants, and emphasises he has formed close ties with them, as many also invest alongside BBRC. The group has delivered returns averaging about 15 per cent at a time when many large institutions have pulled back from the area.

"The sector they operate in

starts at \$250m and goes to \$2 billion and the sector we operate in starts at \$50m and goes to \$300m; we have focused, dedicated, experienced management and that's all we do," Mr Blundy said.

Some of BBRC's sites are certain to have better uses down the track and supermarket developments are a first step ahead of more complex projects.

"There is no doubt in our portfolio there will be some sort of residential and the question is whether we do that ourselves or whether we joint venture," he said.

BBRC has switched from only running single asset funds to a recent multi-centre fund.

"We're maturing in our funds management business and we're getting more demand," Mr Blundy said.

But the pair insist they will remain selective purchasers.