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**Salta finds ally for \$230m offices**

**The Australian, Australia** by **Ben Wilmot**

28 Mar 2019

Business News - page 25 - 670 words - ID 1099537740 - Photo: Yes -

Type: News Item - Size: 567.00cm<sup>2</sup>

**EXCLUSIVE**

Private developer Salta Properties is stepping up its commercial property ambitions - striking a fresh partnership with the listed Abacus Property Group to develop a \$230 million office complex in Melbourne's Richmond - but also remains confident that the residential market will bounce back.

The company, run by billionaire scion Sam Tarascio Junior, is readying to kick off the speculative development of a \$230m project in Church Street in Richmond by introducing the listed Abacus Property Group as its joint-venture partner.

At the same time it is finishing off major apartment projects, promoting new logistics parks and pushing into the build-to-rent sector.

"We try not to let cycles influence our thinking too much," Mr Tarascio said.

"If you try to pick cycles you get it wrong; our attitude is to be well positioned to trade through but also to be diversified." The move with Abacus will spark the development of two premium office towers and a childcare facility in the group's longtime Richmond stomping ground.

Salta will manage the project's development, leasing and asset management, and will keep a half share in the end project with Abacus to also take half.

In a nod to the entrepreneurial Abacus, Mr Tarascio said the companies had "closely aligned" values and flagged they could also work together in future.

Abacus last year said it could help find institutional capital partners for Salta's growing build-to-rent business.

Salta is advancing plans for two build-to-rent residential projects - a \$390m five-building project in Richmond and another Docklands site that will include about 200 hotel rooms and 300 build-to-rent units.

For now, the focus is on delivering what is being pitched as one of the best quality commercial buildings in the buzzing Richmond and Cremorne precinct. Mr Tarascio dubbed the project at 459 Church Street a flagship in the company's holdings and has tapped Architectus to design the precinct. He said the area, known as "Silicon Yarra", was attracting a wider range of tenants, pointing to the advertising firms also shifting into the "creative hubs".

The pair will kick off building in mid-2019 and anticipate the first tenants will move in during 2021. It is a rapid turnaround since Salta forked out \$51m for the site in late 2017.

Mr Tarascio said the group was in the market for tenants but the project would go ahead whether or not it had a precommitment, noting that the hot area was also drawing companies out of the CBD.

"Currently the commercial market is very strong in that part of Richmond and Cremorne," he said.

Mr Tarascio added that the project's size and quality meant it made sense to bring in an institutional partner and Abacus has flagged a shift towards long-term ownership of high-quality nonCBD assets.

Salta knows the area well thanks to its Victoria Gardens Shopping Centre development and its 540-apartment The Park House in nearby Abbotsford.

Mr Tarascio is unruffled about the funding squeeze hitting developers with Salta on track for one of its busier years due to its diversified holdings and long pedigree in the favoured industrial sector.

Strong industrial inquiry is bringing Salta's holdings in Dandenong South in the city's south eastern suburbs into play.

Mr Tarascio said supply was tight but Salta could meet demand for space as it had ample land remaining.

He acknowledged the residential market was slow but will deliver The Park House in two stages next year.

But he cited the fleeing nature of factors that had driven the slowdown in demand as not reflective of the under-supply of residential property.

"In 12 to 18 months time we think the market dynamics will be different," he said, with the supply of rental stock to tighten, particularly in the inner city Richmond which had generated solid rather than skyrocketing price growth over the last decade.

'We try not to let cycles influence our thinking' SAM TARASCIO JR SALTA PROPERTIES

Caption Text:

DAVID GERAGHTY Sam Tarascio Jr is managing director of Salta Properties which has started a partnership with Abacus Property Group



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