

AHEAD of the PACK

A series of significant changes and developments has seen DEXUS Property Group perfectly position its assets and business for the future.

Images by Scott Ehler and DEXUS Property Group

In March 2012, Darren Steinberg joined DEXUS Property Group as CEO. With 25 years of experience in the property and funds management industry, Darren was the natural choice to head up one of Australia's leading real estate groups as it underwent a dramatic transformation.

"When I joined, I sat down with the board and we asked ourselves, 'What should DEXUS stand for?'" explains Darren. "They'd embarked on this global strategy and they'd gone into the United States and Europe, so we asked, 'What can DEXUS be known for?' When we looked at the strengths and weaknesses in the company, history has shown me that a strong focus can deliver the best outcomes.

"We went out with the support of the board and we exited from those offshore markets—where, if

we'd executed our strategies well, we might have been a top-10 player at best—and focused our efforts back in our home market where we know the tenants, rents, political situation, and laws, and were able to extract the most value from real estate.

"We brought the capital back to Australia and redeployed it into the markets and assets that we know very well. It's all about good timing, and we've been very fortunate in that we exited at a good price. Then we went about systemically redistributing that capital. We were very focused in the way that we did it."

Darren says he and his team took a diverse approach when strategically positioning DEXUS for the future. "First, we focused on the closed-ended unlisted funds that were caught for liquidity in 2011 and 2012, and we were able to pick up

a large portfolio from Colonial First State Global Asset Management [CFSGAM] and several smaller funds that had been trying to provide liquidity for their investors. We then worked with a number of developers who had secured very favourable projects but did not have the financing in place, so we were able to acquire in an off-market approach a large office project in Brisbane and one in Perth, which are both looking like very attractive acquisitions today when you compare transactions that have occurred in those markets recently.

"We then saw an opportunity in Commonwealth Property Office Fund [CPA], a vehicle that some of my team and I used to manage when we were at CFSGAM and we strategically took a position there before other groups realised that it was good value. The execution went very well and we were >

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fortunate enough to secure CPA jointly with the support of a strong capital partner in Canada Pension Plan Investment Board.”

DEXUS has a strong record of long-term, profitable partnerships. The company recently announced the establishment of a new capital partnership with sovereign wealth fund the Future Fund in the Australian industrial sector. The new DEXUS Industrial Partnership will be seeded with the acquisition of a prime industrial development opportunity known as Quarrywest, at Greystanes in western Sydney.

This news further cements DEXUS’s reputation as the wholesale partner of choice in the Australian office, industrial, and retail sectors. Under Darren’s leadership and strategic focus over the past two years, DEXUS has developed strong partnerships with three leading pension groups, demonstrating the confidence these parties have in DEXUS as an investment manager, property manager, and developer.



These and other developments have securely placed DEXUS as a prominent player in the property industry. Darren states that an important area of change for DEXUS has been in its technological systems and offering. “I believe that property has been a bit slow in implementing technology, so what we’ve done is to focus on implementing technology that makes us more effective at what we do on a day-to-day basis. It’s a journey, and it’s certainly not over, but we’re on our way.

“One of the best examples is that we used to have leasing analysts that would take three to four hours to calculate leasing deals. That now goes into an application that we created internally that the guys can complete on an iPad with the client in around 25 seconds. That saves many man-hours that we can then redeploy into revenue raising and more active roles.”

Redirecting and positioning teams has allowed Darren to optimise the talented people throughout DEXUS’s operations. He says the values and culture of DEXUS have played an important role in tying these elements together.

“There’s no doubt that culture is crucial. If you have a good team of executives in any field, I’d back them over better assets. I’m very fortunate at DEXUS to have a very good team that enables us to deliver and exceed market expectations. Part of that is having a real can-do, active culture, so I suppose what we did at DEXUS was we worked out the kind of company we wanted to be.

“We didn’t want to be a business where people just rocked up to work. We wanted people who were passionate about real estate, and we were lucky that we already had a lot of people here who are passionate about what they do. We refreshed our strategy and set our sights on being globally recognised as Australia’s leading real estate company. We examined what that meant, and for us it means having people who are recognised for



their property expertise, institutional rigour, and an entrepreneurial spirit. We’ve been very focused on that as we’ve moved forward.”

This culture has spread to DEXUS’s partnerships with strategic partners and suppliers. Darren notes, “We have close relationships with many providers, whether it be agents like CBRE, who help us with our facilities management or insurance companies, trading providers, or other partners.

We’re very much impacted by business cycles. We have close relationships with a large number of our tenant base.

“It’s really important for us because there’s many touchpoints in a working day with our customer base. They could be a tenant of ours and we could be a client of theirs, so there are a lot of interactions there. It’s important that we have good relationships with our suppliers and customers and that we treat everyone with respect and

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in the way that we would like to treated ourselves.”

This focus on mutual respect and collaboration has served DEXUS and its partners and customers well in the past few years as the company has developed in the Australian market. As Darren looks to the future, he believes that DEXUS is in the perfect position to continue to work and to build on its existing foundations.

“We’ve taken a clear leadership position in the Australian office sector, and that’s where we saw the gap. As we stand today, we’re a clear leader in terms of scale, though we acknowledge that we’ve got further work to do in that space. We’re well positioned to meet that goal!”

DEXUS Property Group will continue to meet and exceed its goals as the company takes a strategic approach to the development of its assets, people, and culture. •



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