

Amid the slump, punt pays off for Ravida



TRADING ROOM

KATHERINE JIMENEZ

DON Ravida has a conservative nature that has served his Melbourne-based property group well for 30 years. But last year, in the middle of the global financial crisis, the veteran property developer took an uncharacteristic punt.

That gamble was the \$9 million Windsor Life residential project near Melbourne's central business district and the \$14.5m Renaissance Living retirement living development — the first foray into the retirement sector for the group. The decision to press ahead with the two projects was an important decision for his Ravida Group, with its key arm, the luxury home business, feeling the effects of the global financial downturn. "The top-end luxury homes, houses priced between \$1m and \$3m, just died away overnight," Mr Ravida said.

"We were lucky we had the apartment work and because of the first-home buyers grant and the stimulus package, that space really moved."

The \$24.5m punt worked and within six weeks of launching the sales marketing for Windsor Life, a 40-unit residential unit development in Windsor, early last year, all the apartments had been sold off the plan.

He said the retirement village project, a 43-unit complex at nearby Surrey Hills, sustained his property group because the retirement village company had paid the group to build it.

And now his company is about to start marketing the Renaissance Living units.

Put simply, he said, those two projects "saw us through it".

Property was not Mr Ravida's first choice of career; it was accounting. But at the age of 23, he gave it up to join his father's small building company, which was building display homes.

"We started an order business and we built the business up to about 100 houses in the first 12 months," recalls Mr Ravida of his early days. About six years later, he broke out on his own.

He stayed on that course for a few years but then changed direction, moving the business into the luxury end. "We scaled down the volume of display homes and just went into high-end homes," he said.

Most of the group's housing contracts ranged between \$1m and \$3m. Mr Ravida said the decision to change direction was because the industry was at a crossroads.

"At one stage, we were within the top 20 largest builders in Victoria . . . but then there was the emergence of Henley and a few companies like that, and we either had to grow and discount or just

move to the boutique luxury end," he said.

"I made the decision to move into the boutique luxury end."

In the past few years, Mr Ravida has broadened the scope of the business, adding a commercial division, which essentially builds apartment projects.

He described that part of the business as "the main growth area in our business", accounting for about 50 per cent of the group.

It has also added a retirement division.

Mr Ravida said 2010 was a year of consolidation for the group.

"We are finishing off the projects we have got in hand and we really want to grow our retirement division . . . and apartment space."

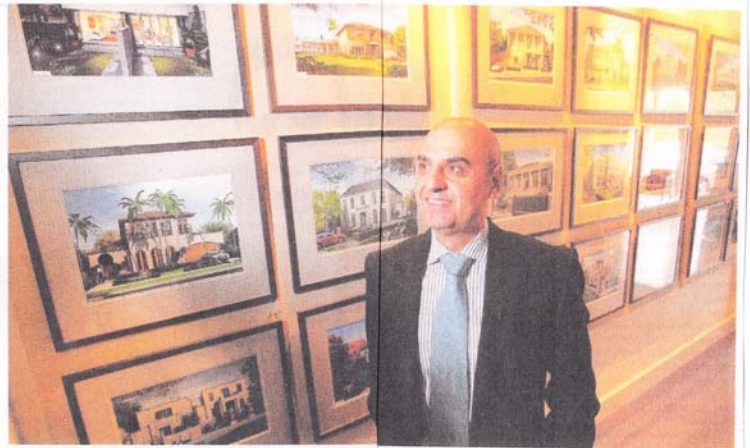
The group's main strength in a crowded market is its size.

"We are small enough to be agile and move with the market," he said.

Another strength is its ability to provide equity in small projects for developers.

"We can come in on an apartment project as a builder but also provide some equity."

"We have seen that as a successful formula in winning apartment work."



Don Ravida says moves into residential and retirement village projects helped his group weather the crisis

DAVID GERAGHTY