

Faith lost but Chappel still hungry



TRADING ROOM

VERITY EDWARDS

SIMON Chappel has lost his confidence in South Australia's development industry. So much so that he and his business partners are moving their focus to the less regulated southeast Queensland, because its population is growing, tenants are more abundant and there is a greater need for innovation and competition.

"Adelaide is a great place to live and it's got a lot of benefits, even though I get depressed about how slowly things are moving here," Chappel says.

"One of the reasons we're developing in Brisbane is that we're finding it is getting harder and harder in Adelaide. There's no population growth here. It's all about supply and demand, and there's no demand."

The Adelaide developer, 56, has been in property for more than 30 years, first in demolition and later in residential and office buildings, and has seen Adelaide's highs and lows.

Always the entrepreneur, Chappel, who grew up in upmarket Torrens Park, dropped out of St Peter's College to work as a draftsman for his architect father.

After returning to finish his high school studies, Chappel bought an old truck in the early 1980s, painted it pink and parked it in Mitcham Shopping Centre car park. The pink truck attracted business and Chappel started doing odd jobs.

He bought more trucks, moved into demolition and built up PT Building Services across 30 years, with a \$20 million turnover and 120 employees at its peak during the mid 2000s, before selling it in 2007.

Chappel insists it was hard work, and a struggle at times to win contracts and pay his staff.

"Like everyone in business, you're gambling everything, every day. It only takes one thing to go wrong and often those things are out of your control," he says.



Simon Chappel, director of Prime Space Projects, at On Statenborough retirement village, the company's first major residential development

KELLY BARNES

"I probably had 30 years where I was worried every day. How do you pay that \$20,000 wages bill and how do you win that next contract?"

"You're constantly under pressure. It's certainly not all wine and roses. For anybody that's self-employed, it's very tough."

During his 30 years heading PT, Chappel was constantly looking for the next venture that could make a quick or a big buck.

Never afraid to give something a go, in the early days Chappel teamed with his brother, fashion retailer Joff, to open a hot dog stand at the Brickworks Markets in 1984. The pair, who were 25 and 26 at the time, sold the busy Hungry Colonel MacDougall's a year later.

They then spent \$5000 on a house at inner city Brompton, which they renovated and sold for \$40,000.

With profits from several renovations, the brothers bought and converted some warehouses into an industrial precinct, which they again sold for a profit.

Joff opened Miss Gladys Sym Choon's in Rundle Street and Simon moved from project to project, with his demolition business

operating in the background. These ventures included a bike hire business on the banks of the River Torrens in Elder Park, and firewood deliveries, which went on to become a franchise in partnership with VIP owner Bill Vis.

Chappel and another partner, Tony Francis, also designed an advertising car window sunscreen and sold it to Coca-Cola, using the profits to open an advertising agency in Adelaide's East End. Francis still operates the ad agency.

Chappel says one of the best deals he made at PT was winning a contract to demolish a display apartment for Urban Construct on North Terrace for \$10,000 in about 2000.

Chappel had bought a block of land at the same time at Port Willunga, south of Adelaide, in a handshake deal from a prominent Adelaide silk for \$100,000.

Realising the apartment was worth much more than the dismantling fee because of its marble kitchen and bespoke fit-out, Chappel had it transported to Port Willunga. He sold his new family holiday home three years later for \$700,000.

With business booming after

winning several major contracts, Chappel branched out and started buying property, including a recycling facility at industrial Wingfield and a Kent Town warehouse, which was converted into offices.

In 2000 he bought the YMCA building in central Adelaide, followed by the former Coopers brewery site at Leabrook and a Mitcham quarry on the edge of picturesque Brownhill Creek.

The YMCA building became the core site of the Flinders Link city development, which now houses Adelaide's Santos headquarters and the IAG building, and which was later sold for \$160m.

The Coopers brewery site on Statenborough Street became an \$80m, 133-apartment and housing retirement estate after neighbourhood protests to protect the suburb's upper-class amenities.

"The brewery, they all hated when it was here, (then) they all loved it and were nostalgic and didn't want it to go," he says.

The development was Chappel's leap of faith into residential property, teaming with real estate agent David Smallacombe.

It has since turned into a picturesque village complete with

a walking track, creeks and amenities including an indoor pool and spa.

Hoping to repeat their success, Chappel battled Mitcham Council for 10 years in a bid to mirror On Statenborough at a rehabilitated quarry with an elevated view of the city.

Despite his pessimism about Adelaide's development industry, Chappel says the state has a future in defence

After being refused approval and fighting their case through to the Supreme Court at a cost of several millions of dollars, Chappel gave up his fight two years ago and now plans to subdivide the block and sell parcels of prime real estate for about \$700 a square metre, with allotments ranging from 700sq m to 1200sq m.

With joint venture partner George Kambitsis, Chappel's Prime Space Projects also built the

\$15m Techport facility on 25,000sq m of land at Osborne, a campus-style defence precinct where the Royal Australian Navy's \$8 billion Air Warfare Destroyer project is under way.

Despite his pessimism about Adelaide's retail rental market and the development industry, Chappel says the state has a future in defence and should be focusing on its strengths. The federal government has also committed to building the next generation of submarines on site.

"We see Techport as the saviour of South Australia because Holden is winding back and it's insane to think we can compete with China and Korea in car manufacturing — and our (car) industry has survived on subsidies," he says.

"The Techport operation is \$40bn of potential income to South Australia, plus there's the life servicing."

That means Chappel will continue to be busy, along with maintaining the Crestwood Plaza shopping centre he bought on the Gold Coast three years ago and his plans to develop a prominent commercial holding in Brisbane's Fortitude Valley.