

FINANCIAL REVIEW

Crown adds carpark air rights to property deal

Crown Resorts has sold the air rights over a car park next to its Melbourne casino along with two parcels of land nearby, clearing the way for a local developer to pursue a \$700 million apartment project at Southbank on the edge of the CBD.

While the deal between Crown and LAS Group – a Melbourne developer led by Les Smith – was struck three years ago, the bulk of it settled only recently and the developer has just won approval for two big apartment towers on the neighbouring sites of 52 and 25 levels.



An artists render of the proposed development on Clarendon Street.

For Crown, the transaction is part of [a divestment strategy](#) under the ownership of Blackstone as it invests in restoring the operator's profitability.

The Melbourne deal also underlines how [the space above a building](#) – known as its air rights – has become increasingly valued as developers look to maximise the scope of neighbouring projects.

In this case, LAS Group, bought two Southbank sites owned by Crown – one on Clarendon Street and the other on City Road – for around \$30 million, according to market sources.

Included in the transaction brokered by Cushman & Wakefield and Colliers – for an undisclosed value – are the air rights for a neighbouring Crown carpark just behind the Clarendon Street site, where the larger of the towers will rise.

For LAS Group, holding those rights means Crown cannot build above the carpark should it wish to at some future date, thereby protecting the views from the proposed tower and allowing a larger development as a result.

Smith, LAS Group founder, said the planning process and the car park air rights had “successfully unlocked significant development” with close to 700 apartments permitted across the two towers.

The planning approvals had come at a time when confidence was returning to the market and the need to deliver quality apartment stock in Melbourne’s inner suburbs was becoming critical to help ease the housing and affordability crisis, he said.

“Confidence is starting to return given the recent interest rate drops and the buoyancy in the economic climate, so we believe the time is right to bring these two new projects to market in the coming months,” he said.

Crown Resorts last month reported its first profit in five years and the first since it was taken over by Blackstone in 2022. As it works to restore Crown's business [after regulatory restrictions](#) and return it to profitability, the US private equity giant has divested a number of assets that are not key to its gaming and hospitality business in Melbourne, Sydney and Perth.

It has sold [Crown London for \\$11.3 million](#) and the company's 20 per cent stake [in Japanese restaurant giant Nobu for \\$266 million](#). It is also in talks with prospective buyers [of a golf course it owns in Melbourne](#).

Last year it offloaded another property opposite its Melbourne casino, that was once slated as the site of a \$1.75 billion, 90-floor hotel and apartment complex that was to be [connected to Crown via a sky bridge](#). That sale [yielded \\$85 million](#).

The inherent value of air rights has become apparent in a number prominent property plays in Melbourne and Sydney in recent years. The owner of 101 Collins Street in the Melbourne CBD has been particularly [assiduous in protecting the views from](#) arguably the city's best corporate address.

"The ability to buy air rights both to protect your asset and to enhance the value of the asset has been around forever. It's not a new thing. The law has allowed for this right to exist," said Gia Cari, a partner specialising in property and development at law firm Arnold Bloch Leibler.

"But they are increasingly becoming more common as a path to creating value, particularly in Victoria where there is demand for greater height, density and the ability to do more with the square metres that the landowner has.

“The smart developers, when they are looking at a site, see the opportunity to unlock the value in a property where there are either air rights that can be acquired or surrounding air rights to buy to preserve the value of the asset.

“The smarter landowners and investors apply the right strategy early to create an air rights opportunity so they can really unlock value in that asset in the future.”