

THE AUSTRALIAN BUSINESS REVIEW

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Melbourne's Chapter Group features both banker and architect

By GREG BROWN

12:00am September 10, 2015



Dean Lefkos and David Lee of the Chapter Group.

The left and right sides of the brain both have a voice in a Melbourne-based property company run by a former Goldman Sachs investment banker and a one-time partner at design firm Hassell.

Dean Lefkos, a former executive director at Goldman Sachs, and David Lee, an architect previously with Hassell, say their divergent skills have led to a successful strategy at the five-year-old development company Chapter Group.

“Push and pull, yin and yang, left and right brain,” Lefkos says.

“We are highly complementary in terms of our skill set. David is the sensible design guy and I am the sensible numbers person. He needs me to pull him back on certain things and I need him to push me on certain things,” he says.

“There are a lot of developers that talk about design but not a lot of them, only a handful actually, have real architectural and design capability.” Lee quickly adds: “I’m his conscience.”

The group has a development portfolio valued at about \$150 million and has focused on developing bigger-than-normal homes with a premium on design.

Chapter Group has four Melbourne projects at various stages, and will next month launch a planned development in affluent Hawthorn East.

The project, Collection XI, will feature 11 homes that will hit the market for about \$2.5m each.

“From an architectural point of view it’s a fantastic site: it’s a sloping site, the street is beautiful,” Lee says.

The group has won backing from Asian investors.

The two unlikely partners met in 2006 when Lee designed Lefkos’s house.

Lefkos had developed small residential projects since 2000 while he was still mainly a banker.

“We had a good chat but man he’s expensive; there were other people that wouldn’t charge the fees he was charging,” Lefkos jokes.

“But he convinced me over a couple of conversations, ‘let’s go on a journey together and we will see what comes of it’. What I then saw with David was the potential for a partnership where we could do something bigger,” Lefkos says.

The pair waited until 2010 to undertake their first development at Richmond in Melbourne’s east, which included 31 units and a couple of penthouses.

They went to market at a difficult time for real estate, but saw an opportunity in building large apartments rather than smaller units in a dense development.

One year from completion, Lefkos says there have been no resales on the fully sold project. “That was the toughest market in real estate in probably a decade. It was after the GFC but it was a real lull in the market, so we ran a product that went a bit against other developers in Richmond and we did the apartments bigger, we gave more space,” Lefkos says.

“David has been designing houses everywhere — Singapore, Sydney, Melbourne — and he has had a lot of international practice, and we just thought that some of the design standards back then were not (good). I think people are getting a bit smarter and better now, but I think we saw that coming a while ago,” he says.

Lee also runs his own architectural firm, K2LD Architects, which is trying to gain planning approval for a 26-level building at 1 Queen Street in the Melbourne CBD.

Lefkos left investment banking in 2011, after a career focusing on mergers and acquisitions and capital raisings. Clients included the four major Australian banks.

“Goldman taught me how to look at opportunities and find innovative ways to make money,” Lefkos says.

“When you work for a big corporate you don’t think about a lot of things that you do need to think about when you run a small or medium-sized business,” he says.

“As an investment banker you are providing a service and as a developer you are getting a service and you are putting your own money at risk: that is a big shift.”