

Property

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In 2016, Dahua made a swoop on three Point Cook sites that gained it control of 200 hectares of land. PHOTO: SCOTT MCNAUGHTON

Dahua strikes \$140m land deal in Point Cook

Larry Schlesinger

Shanghai-based developer Dahua has beefed up its Melbourne housing pipeline after striking a \$140 million deal to buy almost 100 hectares of land in Point Cook in the city's south-west.

Title deeds show Dahua Group Melbourne has placed a caveat over a 98.4-hectare site at 688 Aviation Road after agreeing to buy it from land banker Aviation 3030 Pty Ltd.

Aviation 3030, led by Cambodian-born Hakky Lao, is currently the subject of a wind-up application by the Australian Securities and Investments Commission on the grounds that it operated an unregistered managed investment scheme and that it issued shares without a prospectus.

Mr Lao was also the orchestrator of another land banking scheme, VKK Investments Unit Trust, which was wound up April after being found to be operating an illegal MIS that raised \$22 million from 125 investors.

Aviation 3030 bought 688 Aviation Road for \$7.8 million in 2011 and then raised about \$10.59 million from

Key points

Dahua's acquisition will give it a blank canvas of almost 200 hectares.

The developer has housing estates in Melbourne, Sydney and Brisbane.

approximately 73 shareholders and unitholders with an intention to resell it as a rezoned housing site.

It forms part of the proposed new suburb of Aviators Field, which was recently rezoned by the Victorian government.

Dahua declined to comment. Trent Hobart and Mark Burgio from Colliers International and Frank Nagle and Andrew Egan of Biggin & Scott Land acted for Aviation 3030.

Dahua's acquisition of 688 Aviation Road will give the developer a blank canvas of almost 200 hectares – almost half the total area of Aviators Field, which covers 414 hectares adjacent to

the existing suburb of Point Cook.

In 2016, Dahua paid \$52 million to buy the neighbouring 96-hectare site at 640 Aviation Road, part of a swoop on three Point Cook sites that gained it control of 200 hectares of land that could support thousands of new homes. Subdivision of Aviators Field for housing is about three to four years away.

Dahua also bought two sites with over 110 hectares of land in Wollert in Melbourne's north in 2017. It has active housing estates in Melbourne, Sydney and Brisbane along with a 345-unit apartment development under construction in Hawthorn East.

Dahua was founded in 1988 by real estate mogul Jin Huiming. Mr Huiming, whose wealth Forbes estimated to be \$US1.1 billion, was a farmer living on the outskirts of Shanghai before he convinced a group of neighbouring farmers to join forces in a transformative real estate transaction.

That former farming region is now a developed suburb of Shanghai called Dahua, which bears a statue of Mr Huiming commissioned by residents.

Melbourne lot prices tumble as sales fall

Larry Schlesinger

Melbourne lot prices suffered their biggest monthly fall in more than three years in January as developers battled subdued sales levels and competition from the "Gumtree Index" – the secondary sales market.

In the first month of the year, the median price of a 400-square-metre lot in Melbourne's growth corridors fell 2.9 per cent to \$338,000 on a gross basis and 5.7 per cent to \$328,000 on a net basis when the value of incentives – which are on the rise – are discounted from the advertised price, figures from real estate group Red23 show.

The median price of 600 new lots offered for sale in January was \$320,000, according to Red23, indicating the potential for further price falls in the coming months.

The price fall follows annual lot sales tumbling from a peak of 24,000 about 18 months ago to around 10,000-12,000 currently, with some major housing estates struggling to sell even a handful of lots a month.

"Land price declines from six of the seven municipalities amongst Melbourne's growth regions resulting in one of the largest month-on-month median price declines in years," said Red23 head of research Andrew Perkins.

"Throughout the last eight months there has been little to no change to the median land price, fluctuating merely from month-to-month. With Melbourne's entire property market becoming somewhat exhausted, it was only a matter of time for this kind of price drop to take place," Mr Perkins said.

The slowing Melbourne land market – the country's biggest by some margin – has already hit the market value of the

country's biggest land developer Stockland, which was forced to sell a major estate, The Grove last year, to reduce its exposure to the weakening market.

At the same time private developers such as Nigel Satterley have warned that lot prices will fall by between 7.5 and 12.5 per cent amid a rising default rate of between 20 and 25 per cent as speculators – many of them Indian migrants – struggle to onsell their lots.

Research by another real estate firm, RPM, found that more than a third of all Melbourne housing lots advertised online are re-sales by buyers who can't get financing or speculators trying to flip sites prior to settlement.

Separate to these figures, nearly 1000 lots are being resold through nomination on classifieds website Gumtree, a phenomenon which has given rise to the term "Gumtree Index" to refer to the secondary resales market.

Based on the latest Red23 figures – the most current in the market – land prices are now just 2.6 per cent higher than a year ago compared to January 2018 which displayed a 38.2 per cent year-on-year increase. Lot prices peaked at \$355,000 in April last year.

"Although there is a marginal year-on-year median land price increase for January 2019, the majority of municipalities actually experienced price reductions from 12 months prior, with Cardinia being affected the most having dropped by \$65,000 or 16.5 per cent," Mr Perkins said.

Hume in the north had the highest median price for the fourth straight month but suffered a significant drop of \$21,000 over January.

While Melbourne lot prices are falling, Geelong's land market is booming with prices up 46.4 per cent to \$288,500 over the past year.

Heading down

Melbourne lot median prices and sizes, Jan 19

Local govt area	Size (sq m)	Price (Jan 19 (\$))	YoY change (\$)	YoY change (%)
1 Hume	426	358,000	-11,000	-3.0
2 Casey	394	355,000	-24,100	-6.3
3 Wyndham	415	339,000	+24,000	+7.6
4 Cardinia	357	330,000	-65,000	-16.5
5 Melton	400	324,950	+37,450	+13.0
6 Whittlesea	392	318,000	-7,500	-2.3
7 Mitchell	448	290,000	-13,500	-4.4
Median	400	338,000	+8,500	+2.6

SOURCE: RED23

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Vacant Games kiosks for lease

Su-Lin Tan

The City of Sydney is leasing street kiosks installed during the Sydney Olympic Games for the first time in 18 years.

The council will lease 21 vacant kiosks that can be used as newsagencies, fruit stalls or general retail across the city. The kiosks will be leased on short-term contracts. The indicative gross monthly rent will be about \$3000 to \$4000. Colliers International is seeking expressions of interest from local businesses.

"This presents an exceptional and

rare opportunity for local businesses to secure prime retail positions in the heart of Sydney CBD at an excellent rate," retail leasing agent Michael Tuck said.

With the city undergoing major infrastructure works that will create more foot traffic, such as the light rail and the Sydney Metro, Colliers International says the kiosks present a good opportunity for local businesses to "pop up" in the CBD.

The kiosks are in areas such as Circular Quay, the streets surrounding Wynyard Station and Museum Station as well as the QVB precinct.