

# Chinese investors spend \$70m in the outer burbs

Larry Schlesinger

Chinese investors have bought two sites in Melbourne's west and south-east for a combined \$70 million as Chinese capital flees the riskier apartment market.

In the bigger of the two deals, a permit-ready 30-hectare site known as Botanic Drive, adjacent to the Cranbourne Royal Botanic Gardens, has changed hands for \$42 million, well above market expectations of \$30 million-plus.

The site at 1160 Ballarto Road and 20,

60 & 80 Botanic Drive in Junction Village, which has approval for 311 lots, was put up for sale at the end of September by Michael Goldthorp, the managing director of land developer Wolfdene, and his investment partners.

Mr Goldthorp said he decided to offload it after receiving a number of unsolicited offers. He said it was a good time to hand the project over to a buyer looking for a permit-ready project.

Development sites with permits have become highly sought after in Melbourne's booming greenfield suburbs,

with prices regularly fetching over \$1 million a hectare and retail lot prices close to \$300,000.

It's the second time Mr Goldthorp has done well from selling development sites to Chinese buyers, having raked in \$190 million (alongside his business partner Heath Woodman) in December from the sale of a Point Cook site to Chinese developer Dahua.

In the second land deal, Zhong Cheng Ye Pty Ltd, a company with an office in Docklands, paid \$27 million – almost \$2 million a hectare – for a 14-hectare site at 440-448 Point Cook

Road in the west of Melbourne. The company's sole director is listed as 27-year-old Jia Zhang from Yan Cheng in China.

The site was put up for sale by private owner Sneydes Pty Ltd, whose directors are Silvana and Elisa Scarica and Anna Tymms.

Both sites were sold by Frank Nagle and Andrew Egan, directors at Biggin & Scott Land.

Mr Egan said the sale in Cranbourne set a new benchmark for zoned and permitted land in the southeast, while the Point Cook site was one of the last

parcels of land available for development in the booming new growth suburb.

"We're still getting developers who are coming out of the apartment market and bidding on these land opportunities.

"A number of the underbidders were developers with current apartment projects in the Melbourne CBD," he said.

"Sentiment has turned against the apartment market because investors don't see continued growth in that market."



Hwang Kag-gyu, Lotte's CEO. PHOTO: BLOOMBERG

## Lotte gets nod for China deal as tensions ease

Joyce Lee

South Korea's Lotte Corp confirmed that a major property development in China had received approval from local authorities to start a second phase of construction in what is being heralded as the latest sign that tension between Beijing and Seoul is easing.

The announcement comes one week after an unexpected detente between the two countries, which have been at odds over the deployment of a US anti-missile system in South Korea – a dispute that has battered South Korean businesses that rely on Chinese consumers.

The Lotte conglomerate has been among the hardest hit by the political tension after it agreed to hand over land for the defence system, angering Beijing, which says the system's radar can penetrate its territory.

A Lotte spokesman said the approval to build commercial complexes at its 66,000 square metre Chengdu land project, worth some 1 trillion won (\$1.17 billion), came on October 31 – the same day that Seoul and Beijing announced they had agreed to mend ties.

"Investors are hoping that from 2017 earnings will improve drastically as relations between South Korea and China get better and Chengdu is one piece of news that is adding to that," said Joo Young-hun, analyst at Eugene Investment & Securities.

But construction at Lotte's Shenyang project, which covers 1.45 million square metres, remains suspended, said the spokesman for Lotte Corp, the conglomerate's holding company.

Construction has been halted since a December inspection for fire hazards. Lotte plans to build apartments and a theme park at the Shenyang project, in addition to a department store and a movie theatre that are already open.

Lotte's retail outlets have been particularly hurt by the political tension, with most of its hypermarkets and supermarkets in China shut down. They are set to be sold for a fraction of what it invested.

Shares in key Lotte units continued to climb on hopes of better earnings amid the thaw in tensions, with Lotte Shopping Co Ltd up 3.9 per cent on Monday, bringing its gains since October 31 to 12.9 per cent. Hotel Shilla Co Ltd was up 3.7 per cent and has risen 6.1 per cent since last week.

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