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LP Chinese developer eyes large Southbank site

A Chinese developer is speculated to be in advanced negotiations to snare one of inner-Melbourne's last true major development sites in an off-market deal worth about \$140 million.

TD Sources say local developer Banco Group is offloading the two-hectare Southbank site occupying the block bound by Kavanagh, Power and Balston streets, the West Gate Freeway and the Citylink Operations Maintenance building.

Identified as an open-air car park, the site is capable of accommodating six or more skyscrapers. In 2001 the block was approved for five mid-rise office buildings. Banco has owned the site for 14 years, in 2002 proposing a village with three apartment towers and nearly 600 flats.

In a show of how fast developers have pushed planning limits since that time, an application was recently lodged to replace a nearby 3096-square-metre Southbank site with a 71-level, 846-unit apartment complex.

Melbourne's tallest proposed apartment building, earmarked for the corner of Kavanagh Street and City Road, is speculated to rise close to 100 levels.

Savills director Clinton Baxter said Asian developers have turned their attention to Southbank as purchase opportunities within the CBD become less frequent and more competitive.

Central Equity is one of the few local outfits to recently outmuscle offshore developers for sites, Mr Baxter said. Some \$400 million of Southbank land sales have taken place in the past 12 months.

"Asian developers also have tremendous channels through which to sell apartments to buyers throughout Asia, allowing them to construct a huge number of dwellings in a relatively short period," Mr Baxter said.

Banco director Mario LoGiudice was unavailable to comment about a speculated sale of his car park at 93-119 Kavanagh Street. Whispers about the site being for sale started earlier this year.

Last year, in a \$23 million off-market deal, Banco sold a site at 97-105 Franklin Street to an offshore hotelier that has since lodged plans for a 62-level, 511-unit residential and hotel building.

### Cemetery buys

Operators of the Springvale Botanical Cemetery have quietly snared a major industrial facility abutting the western edge of the 169-hectare facility.

The Southern Metropolitan Cemeteries Trust is believed to be paying about \$9.5 million for the 1.8-hectare property known as 23 Smith Road, on the corner of McWilliam Street and at the eastern edge of an industrial estate.

For seven years until last September the Springvale factory was leased to global luggage manufacturer Samsonite, which has since relocated to Mulgrave.

The block next door to the Springvale factory is fenced off - a cemetery sign saying the land is earmarked for burials, memorials and other cemetery purposes.

However, it is not expected the ex-Samsonite block will make way for plots. The 12,877 square metre buildings on the site, being in good condition, instead make it suitable to commercial use and storage. A cemetery spokesman was unavailable when contacted.

Vinci Carbone directors Joseph Carbone and Frank Vinci, for years the Smith Road building's manager, negotiated the off-market sale but declined to comment when contacted.

### Student housing

A UK-based student accommodation developer is speculated to be paying \$35 million for a prime asset at the top of town, for years known as ACTU House - but currently majority leased to the Royal Melbourne Institute of Technology.

The 786-square-metre site at 393 Swanston Street includes a seven-level, 4738-square-metre office with lower level retail.

It was offloaded by private investor PGA Group, which paid \$9.7 million for it in 2005.

From 1982 until 2005 the building was owner-occupied by the Australian Council of Trade Unions.

It is now expected to be razed to make way for student housing.

PGA has been adjusting its portfolio, last year paying \$28.5 million for a 14-level building at 99 William Street in the CBD.

#### Up Property sells

Local outfit Up Property has decided against redeveloping a prime site opposite the Yarraman train station in Melbourne's south-east. Up has spent years acquiring the Noble Park land parcels at 48-130 Hanna Street and 146 Hanna Street, which in total spread across four hectares.

After successfully lobbying to have the land rezoned to allow for medium-density residential development, Up has decided to sell. According to selling agent Dominic Gibson of Melbourne Acquisitions, the site is expected to fetch about \$15 million.

Both the Liberal and the ALP state governments support medium density development on land immediately around Melbourne's train stations. In March, Premier Denis Napthine announced disused land around 10 metropolitan train stations will be offered to the private sector for redevelopment.

Affected stations include Hampton on the same Pakenham line as Yarraman. Alphington, Brunswick, East Richmond, Essendon, Jewell, Ringwood, Victoria Park, Watsonia and West Footscray stations should also see residential redevelopment in the medium term.

#### Making his Marc

Small-scale builder turned millionaire entrepreneur turned big-time developer Larry Kestelman has unveiled details of his next major apartment complex, The Marc, in St Kilda.

Ahead of a swank apartment showcase event, to be compered by Eddie McGuire at Docklands on June 24 - Kestelman's LK Property Group has revealed itself as the owner of a prime site at 2 Princes Street, behind the Elephant and The Wheelbarrow pub.

The Marc will include 43 luxury apartments in a four-level building.

Upper-level apartments will capture north views over Albert Park Lake to the CBD. The site is presently an open-air car park.

Mr Kestelman told BusinessDay the boutique project he planned was better suited to a quieter lane like Princes Street instead of nearby Fitzroy Street where numerous other development sites have recently been offered for sale.

LK Property Group has made headlines in the property pages since last April, buying major development sites other builders failed to get out of the ground in the previous property cycle.

Earlier this week Mr Kestelman announced the 41-level building earmarked for one of those sites, [the Capitol](#) Bakeries building on the corner of Toorak Road and Chapel Street in South Yarra, will offer Melbourne's most expensive ever apartments. Mr Kestelman was a small Melbourne property developer before establishing telecommunications company Dodo, a share of which he sold last year for \$250 million.

Also a venture capitalist, Mr Kestelman hosted a conference this week designed to help other entrepreneurs by providing further intellectual resources and capital for their ideas.

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