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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.

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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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