

The Sydney Morning Herald

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HD **Chinese group** snaps up icon in \$425m deal
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Property- Apartment conversion looms

An office block will be turned into apartments with arguably the best views of Sydney Harbour after it was snapped up by **China's** Dalian Wanda **Group** for \$425 **million**.

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The **sale** of **Gold** Fields House, at 1 Alfred Street, Circular Quay, comes as more **Chinese** investors are tipped to enter the Australian market in the coming year. They are cashed up and very large insurance and pension funds that like this country's transparent regulations and ease of doing deals.

CBRE head of research Australia Stephen McNabb said investors are expected to remain risk averse and this will ensure that, in most cases, there will continue to be a wide spread between the yields that can be achieved for prime versus secondary assets until there are signs of stronger economic growth.

It is expected the Goldfields **site** will be redeveloped into upmarket apartments. The harbourside building, controlled by Blackstone and a **group** of pension funds, was **sold** by JLL and CBRE.

Another 1960s-era building nearby, 275 George Street, is understood to be close to being bought by Charter Hall. More large-ticket sales are due to be completed in the last business week of 2014.

Neil Brookes, Knight Frank's head of capital markets Asia Pacific, says investors are shifting their focus towards sustainable returns in the long term.

"The key factors for **Chinese** investors are the policy push from the **Chinese** government to diversify into other countries; a softening domestic market; and the pull from higher returns achievable in overseas markets. Australia, the US and the UK are the top three markets most **Chinese** investors are looking at.

"We saw five times as much capital outflow from **China** into these three markets in 2013 alone compared to the previous year. We expect the **transaction** volumes from **Chinese** investors into these three markets this year will match or even exceed that of last year.

There has been a tremendous surge of **Chinese** outward investment in overseas real **estate** in recent years. From 2009 to 2014, the total value of **Chinese** overseas investment volume has skyrocketed from \$US600 **million** to hit an estimated US\$15 **billion** (\$18.45 **billion**).

"So far the thrust of this investment has been focused in gateway cities of Australia, the US and the UK. In 2014, Australia has seen the strongest growth in inbound real **estate** investment from **China** at over 60 per cent increase year on year," Mr Brookes said.

The Goldfields house **sale** comes as Circular Quay is set for a \$1 **billion** revamp after a plan for a striking angular office building was approved for the **site** of the AMP building at 50 Bridge Street. 3XN, a Danish architectural **firm**, has been appointed to the project.

CO dwgrcl : Dalian Wanda Group Company Limited

IN i8396 : Diversified Holding Companies | ibcs : Business/Consumer Services

RE china : China | austr : Australia | nswals : New South Wales | sydney : Sydney | apacz : Asia Pacific |
asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz :
Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

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