

FINANCIAL REVIEW

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HD **Zone Q battles glut**
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Offshore **residential** developer Zone Q Investments is closing in on building its first **apartment** project in Australia, with nearly 35 per cent of the units presold or under negotiation.

The **group**, which is the Australian arm of **Chinese** mainland developer JiaHe JianAn **Group**, received development approval for the \$100 million project in August.

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But it comes along with a jump in the number of proposals from developers and a drop in the rate of sales activity below the 20 year average, fuelling predictions of an oversupply in the Western Australian city.

Far from seeing Perth as at risk of a supply glut, Zone Q thinks the city was the best market to enter for its first offshore play.

"When we began considering the Australian market, we examined opportunities in Sydney and Melbourne before looking at Perth," a Zone Q senior representative said.

"While we will continue to look at key eastern states markets such as Sydney going forward, we believe it is the Perth market that currently offers the best opportunity and we have already secured two more sites for development in the coming months."

Colliers International director, **residential** Jo-Anne **Chin** said while there were fewer **apartment** buyers recently, a glut was unlikely.

"What many people don't realise is that if you see a crane on a **site** constructing apartments, the chances are that around 70 per cent of that development is already **sold**," Ms **Chin** said.

"Most **apartment** developers require a high level of presales to be achieved before their banks or financiers will provide the funds to proceed. At the moment that level is generally in excess of 60 per cent, so by the time you see the crane on the skyline, most of the apartments will be **sold**."

Since launching, Pinnacle South Perth, which includes a \$70 million 20-storey **apartment** tower with 102 apartments, has presold just over 35 per cent – worth in excess of \$26 million in sales. The two penthouses **sold** prior to the launch.

Elsewhere, Finbar **Group**, one of the biggest developers in Perth, has **sold** more than 80 apartments at its Concerto development, which will have 228 apartments.

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