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SE Business
HD Charter Hall in \$150m powerplay
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LP Charter Hall Group has stamped itself as one of the canniest players in capitalising on the current boom in the pricing of office assets with residential conversion potential by striking a \$150 million deal to offload a site on Sydney's north shore to a joint venture backed by a new Chinese entrant.

Charter Hall in \$150m powerplay

TD In a major push into Australia, Chinese group Newhope Real Estate Development and local player VIC Investment Management Group have joined up to secure a site at 500-520 Pacific Highway in St Leonards, mainly owned by Charter Hall's Direct Office Fund.

A DOF office asset, 504 Pacific Highway, sits on the site, entitling the fund to about 80 per cent of the price, which is well above its book value.

The deal follows the site's rezoning for a 138m mixed-use residential development, which is part of a broader redevelopment of the precinct. The tower sits in the middle of a fast-growing residential precinct near a railway station and has potential for about 450 apartments.

The deal, brokered by CBRE and Colliers International, was struck at a steep premium to the \$121m Mirvac Group paid for a neighbouring site with capacity for about 500 apartments.

Charter Hall joint managing director [David Harrison](#) said the group had consistently looked to dispose of higher risk secondary grade office buildings that had conversion potential, while seeking an uplift for its investors.

Charter Hall fund manager Steven Bennett said the sale showed the group's ability to actively manage its portfolio.

"The sale is a positive outcome for DOF investors and is the final non-core asset sale for the fund," he said.

Part of the sale proceeds will be reinvested in higher quality towers and DOF is raising more equity as it establishes itself as a major player in the office sector.

While the property is Newhope's first play in Australia it is engaged in real estate, construction, and property management of commercial centres in China.

The group, based in Sichuan Province, China, was founded in 2000 and operates as a subsidiary of New Hope Group.

Over the past seven years, VIMG has undertaken more than half a billion dollars in property projects in Melbourne and Sydney.

Melbourne projects include Central Gardens in Box Hill and the Scout Apartments in Prahran, as well as CBD and Southbank towers.

The pair's venture saw off interest in the site from existing Chinese players active in Australia, including state-backed heavyweight Greenland.

CO chhaus : Charter Hall Group

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IPD office assets | secondary grade office | residential development | Chinese entrant | real estate | office sector | commercial centres | Melbourne | Victoria | Australia | Colliers International | Prahran | Sydney | New South Wales | New Hope Inc. Group | Greenland | canniest players | fast-growing residential precinct | final non-core asset | residential conversion | non-core asset sale | Chinese players active | Chinese group | grade office buildings | joint venture | managing director | positive outcome | China | Mirvac Group Ltd. | Newhope Real Estate Development | Charter Hall Group | David Harrison | Steven Bennett | David Southon

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