

FINANCIAL REVIEW

Property

Developers pay \$400m for city's key housing sites

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Private developers from Sydney and Melbourne have splashed out about \$400 million to acquire two major land parcels in Melbourne's outer north and south-east that could accommodate more than 7000 new homes with an end value of more than \$4 billion.

The two acquisitions are part of a wave of local and Asian private money being funnelled into greenfield land on Melbourne's outskirts as developers look to grow their future housing pipelines amid soaring lot prices - up 39 per cent in the past 12 months - and a chronic under supply of new homes.

At 500 Old Hume Highway in Beveridge, about 40 kilometres north of the Melbourne CBD, Melbourne-based Zeng Xiong Lin has paid about \$200 million to buy the 600-hectare Deloraine farm from the Laffan family, who have owned and farmed it for the past 54 years.

Incredibly, the Laffans paid just £82,000 at auction in 1964 (about \$13 million in today's money) for Deloraine when it was offered for sale as one of the best "carrying and fattening [cattle] properties between Melbourne and Sydney" as part of the estate of the famed grazier and wool industry leader Douglas Boyd.

Deloraine was acquired by Akron Property Group, a wholly-owned subsidiary of Mr Lin's Redrock Plumpton No.2 Pty Ltd.

ASIC records show Mr Lin is the director of 25 Melbourne-based companies and has investments in restaurants, land and commercial property.

Deloraine lies within Melbourne's urban growth boundary and could support 6000 new dwellings once rezoned for housing.

In the second deal, Sydney-based developer Goldmate Group led by Kim Ni beat the likes of Stockland and Frasers to acquire a 92-hectare zoned site at 2125 Thompsons Road in Clyde North in the outer south-east for \$200 million. The site could support a 1300-lot subdivision.

Fund manager Goldmatea is undertaking big residential projects in Sydney and has been seeking a foothold in Melbourne for some time.

The Thompsons Road property is the last undeveloped portion of the approved Clyde North Precinct Structure Plan (PSP) and is surrounded by projects by Stockland and Mirvac.

Both land deals were negotiated by Frank Nagle and Andrew Egan of Biggins & Scott Land, who confirmed the sales but declined to comment.

Much like the land boom of the 1880s, landowners on the Melbourne fringe are sitting on proverbial housing gold mines, their land rezoned for housing within newly gazetted suburbs or included in the city's enlarged urban growth boundary.

Much of this "gold" has been converted into cash, developers now being prepared to pay well over \$1 million a hectare for sites already zoned.

Last year, Chinese development giant Country Garden paid a record \$400 million for a 363-hectare site in the city's west sold by ASX-listed Phileo Australia. Phileo paid just \$14.5 million for the rural property in 2004.

Key pointsZeng Xiong Lin has paid about \$200 million to buy the 600ha Deloraine farm.

Goldmate Group paid \$200 million for a 92ha zoned site in Clyde North.

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