

FINANCIAL REVIEW

SE Property

HD Chinese fund CIC eyes Goodman site

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LP Goodman Group is in talks with Chinese interests for record-breaking sales of more than \$800 million in development sites near the Sydney Olympic Park in Sydney's west.

In what could be the largest development site sale in Australia, China's main sovereign wealth fund, [China Investment Corporation \(CIC\)](#) has run the ruler over a large development site in Goodman's Carter Street industrial precinct earmarked for residential development by the NSW government. It is understood the price is around \$660 million.

TD In another deal, Chinese-backed property developer JQZ, formerly Tong Group, is understood to be closing in on the acquisition of major site in the same precinct for more than \$200 million.

To date, the largest residential development sale in Australia was also a Goodman deal. It involved the sale of a 7-hectare site in the Ashmore industrial precinct in Sydney's Erskenville to Chinese-backed group, Golden Horse Australia for \$380 million last year.

The sale of urban renewal sites, both in Australia and the UK, has become a key source of "long term capital" for Goodman with \$1.1 billion in sites conditionally contracted at June 30, and the capacity to develop 35,000 new homes.

Carter Street was earmarked for urban activation in 2013 with the state government planning to rezone the industrial area into development sites to house up to 5500 homes, retail facilities, a business park and a new school across 52 hectares.

Housing will spread across townhouses and multi-storey apartments.

Goodman owns many of the sites at the precinct located south west of the Sydney Olympic Park, north of the M4 Motorway and east of Haslams Creek.

Sources said CIC's subsidiary in Hong Kong is responsible for the negotiation of the \$660 million site as well as its future development.

"They are here with plans for big moves. Of course, Investa is its flagship investment," a source said.

"But they want to some development projects here and they will do them through its development company in Hong Kong."

This is not the first time CIC and Goodman had crossed paths.

The sovereign fund rescued Goodman from near collapse in the midst of the global financial crisis when it invested in Goodman's equity raise.

CIC continued to stamp itself as a major player in Australia's property market with its \$2.5 billion purchase of [Investa Property Group's](#) portfolio of nine office towers in July.

Headquartered in Beijing and founded in 2007, CIC has a registered capital of more than \$US200 billion in China's foreign reserves and a mandate to invest it in offshore assets.

It is currently waiting for Beijing's approval to make a bid for the \$US12 billion [Starwood Hotels and Resorts Worldwide](#) which manages the Westin, W Hotels and St Regis.

If successful, it could be the largest-ever Chinese takeover of an American company.

Goodman's other buyer, apartment builder, JQZ, has been active since 2010 focusing in Sydney's west and south.

It is developing a \$300 million 320-apartment project near the Carter precinct in Strathfield and marketing a 345-unit project in Waterloo in Sydney's inner south.

CIC and JQZ were not the only companies interested in Goodman's Carter precinct which sources said add up to 30 hectares.

In March, apartment giant Meriton paid about \$250 million for a site in the precinct which can hold 1300 apartments.

Goodman Group, CIC and JQZ declined to comment.

Key points

Chinese companies are showing interest in large development sites.

CIC is in talks with [Goodman Group](#) over a possible \$660m deal.

CO chinvm : China Investment Corp. Ltd. | magmgrp : Goodman Group

IN ireest : Real Estate | icre : Real Estate/Construction | i81502 : Trusts/Funds/Financial Vehicles | i8150206 : Closed-end Funds/Investment Trusts | i815020602 : Real Estate Investment Trusts | ifinal : Financial Services | iinv : Investing/Securities | isover : Sovereign Wealth Fund

NS gplan : Urban Planning/Development | ccat : Corporate/Industrial News | gcat : Political/General News | gpir : Politics/International Relations | gpol : Domestic Politics

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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