

FINANCIAL REVIEW

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HD **New Sky over west of Melbourne**
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Chinese developer New Sky has moved into the house and land market, snapping up a 64-hectare housing project in Melbourne's west with approval for 800 lots for about \$60 million.

The deal comes as Melbourne's land market becomes increasingly attractive to developers with population growth and affordability driving a record 22,000 lots sold this past financial year, according to the Victorian Planning Authority.

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New Sky, which has a 60-storey tower development on Southbank called 88 Melbourne and another apartment project in Blackburn, bought the housing estate on Sayers Road in Tarneit known as "Golden Sayers" from prominent WA-based developer Golden Group, backed by Indonesian mining magnate Johan Lenza.

Demand for permitted sites on Melbourne's fringe - as stock levels run low - presented Golden Group with the opportunity to take an early profit, nearly doubling its money on the \$36 million it paid in 2011.

The former farm shot up in value - turning its owner into a multi-millionaire - after the expansion of Melbourne's Urban Growth Boundary in 2010 made it suitable for conversion to housing.

Despite apartment sales starting to decline in Melbourne, albeit off a very high base, New Sky Group's Judy Gu told The Australian Financial Review land development and apartments were still in demand as they catered to different buyers and needs.

Ms Gu said land in Victoria was still affordable compared to the east coast.

"We have also acquired another site at Truganina which consists of approximately 450 lots, with our land acquisition to date totalling \$100 million," she said.

Chinese-backed developers have been pouring money into Melbourne development sites amid the land boom, including Chinese real estate giant Dahua, who bought a 63-hectare greenfield site in Melbourne's western growth corridor from Lendlease for more than \$60 million.

The sale of the Tarneit site to New Sky was negotiated by Frank Nagle and Andrew Egan from Biggins and Scott Land. Mr Egan said the sale was further evidence of the significant interest among international players in the Melbourne land market.

"The competition for this site shows demand is not abating," Mr Egan said.

Golden Group has more than a dozen residential communities under development in WA and Victoria. The company is backed by Mr Lenza, who has investments in coal mining and property and has amassed a \$US670 million fortune, according to the Jakarta Post, making him Indonesia's 56th richest person.

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