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R&F Properties buys site at three times the DEXUS exit of 2013



Mid-to-high range priced suburbs have shown the best growth over the past six months. supplied

by [Matthew Cranston](#)

Chinese residential property developer R&F Properties has made a record gamble on Brisbane's apartment boom, settling on a riverfront site for \$82.5 million, or just over three times what DEXUS Property Group sold the property for in 2013.

As foreshadowed by [The Australian Financial Review](#) in February this year local developer PointCorp has proceeded to sell two

neighbouring properties at Donkin Street and Buchanan Street in South Brisbane to R&F after having purchased them from DEXUS for \$26 million and subsequently gaining a development approval for 980 apartments.

R&F's deputy general manager in Australia Vincent Chen said he was confident the listed Chinese developer had made a discerning buy.

"I don't think the land price per unit is actually that high for this," Mr Chen said, "We are quite confident about it."

At least \$400 million in residential development sites has been sold to Asia-based buyers in the last year, as they consider Brisbane to be earlier in the booming property cycle than Sydney or Melbourne.

"We don't quite understand the Sydney market," Mr Chen said. "We think there is a risk in Sydney because the prices have gone very high."

Tricky to pick the upside

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For Sale

The deal, negotiated by JLL's Seb Turnbull, has shown how difficult it can sometimes be to pick the upside to a market where Chinese investors have made an entry.

Guangzhou-based R&F made its first big bet in Brisbane last year, paying \$46 million – more than twice the \$22 million that Metro Property Development paid for a nearby apartment tower site in South Brisbane.

That purchase is being used to develop R&F's \$400 million, 600-apartment project "Brisbane I", which is looking like an early success with agency CBRE reporting over \$50 million in contracts signed over the weekend.

Vendors of the most recent Donkin Street development site PointCorp's Chris Vitale said the deal was strong.

"It has been a great deal for us and it underwrites our future," Mr Vitale said, "Obviously we had to do a lot of hard work to get there. Not only did we have to get approval but we had to renegotiate leases in the buildings."

Mr Vitale said concerns around contamination had been dealt with.

DEXUS Property Group, which sold to PointCorp, said the property was an asset that needed to be sold.

"Donkin Street had substantial and unquantifiable contamination and DEXUS is not prepared to take on the risk of developing on contaminated sites," a spokeswoman said.

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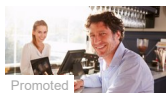


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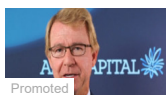
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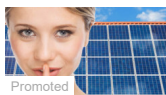
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