

Vendors double up in city's west

Simon Johanson

Cashed up Asian investors looking to develop a boutique hotel have set a new benchmark for land prices in West Melbourne.

The influx of overseas capital into Australia's commercial property sector shows little sign of slowing, with a nondescript two-storey office on Melbourne's busy King Street selling for \$14.6 million to a Chinese investor.

The deal was finalised at a land rate of \$15,135 per square metre, said Colliers International's Daniel Wolman, who negotiated the sale with colleagues Oliver Hay, Matthew Stagg and David Sia.

Mr Wolman said three different Chinese groups had placed offers for the property that were 50 per cent above bids submitted by local investors.

"There are quite a few Chinese groups in town looking at city and fringe sites where they can place a hotel. That north-west end of the CBD is growing quickly," he said.

The office at 407 King Street demonstrates the heat in the city's development sector.

The site, which has no development permit, was last purchased by a consortium of Hong Kong-based investors for \$7.05 million in 2013.

Just three years later, they have flipped it as a development opportunity for nearly double the original purchase price.



Foreign investors are not only looking to gain a foothold in Melbourne's hospitality sector.

An estimated \$US1 trillion of capital is looking for a home in global real estate markets this year, according to CBRE's latest investor intentions survey.

The beefed-up property investment activity comes as negative sentiments in volatile global sharemarkets prompt caution from investors.

"The survey asked investors

how much capital (gross acquisitions) they would deploy in real estate purchases this year. The results reveal there is approximately \$US1.16 trillion of capital," CBRE said.

Another site in King Street next door to No. 407 was snapped up last year by private school Haileybury College.

The upmarket school paid a speculated \$50 million for a substantial 10-level office at 383 King Street, which it intends to turn into

the city's first privately run secondary college.

Mr Wolman said development uncertainty in the central city was driving interest in fringe sites.

Debate over the city's high-rise development has intensified after Labor's Planning Minister Richard Wynne imposed strict new interim controls on the height and scale of new city towers.

Mr Wynne is likely to set out guidelines on apartment sizes and designs later this year.

Farm tempts developers in north suburb

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A Melbourne family stands to make up to \$80 million from the sale of a cattle farm in the growth corridor behind Caroline Springs in the city's north-west.

The farm spanning three titles and 214 hectares along Mickleham Road between Mount Ridley and Donnybrook roads is expected to be keenly sought after by large greenfield developers.

Title documents show the land belongs to descendants of the local Cocking family and could potentially house up to 2000 dwellings.

Marketing agent Biggin & Scott Land's Frank Nagle said the site was "the last major parcel in Melbourne's north".

The land is the largest block to come on to the market this year following huge demand for sites in 2015.

Prominent Melbourne residential developer ID_Land has also decided to take advantage of the demand and sell a 132-hectare holding in Plumpton, in Melbourne's west, asking for about \$70 million, instead of developing it.

Central Equity recently paid almost \$1 million a hectare for a 105-hectare parcel and ASX-listed PEET paid \$90 million for a 123-hectare partially developed estate in Tarneit.

Auction	Sale
<p>Corner Central Park freehold</p> <p>389 Wattletree Road, Malvern</p> <p>Auc: Fri 15 Apr 1pm on site</p> <ul style="list-style-type: none"> Corner site of 760m² approx. Vacant Possession Future development potential (STPA) Zoned: Residential 3 	<p>Permit approved Kensington</p> <p>10-12 Nottingham St, Kensington</p> <p>By EOI closing Tue 12 Apr 3pm</p> <ul style="list-style-type: none"> Land Area: 384m² approx. with rear lane access Approved permit for 9 apartments Highly sought after residential location Boutique development
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