

# EQ beats titans to inner-city project

## EXCLUSIVE

LISA ALLEN  
DEVELOPMENT

Little-known apartment developer EQ Projects is said to have knocked out rival heavyweights Walker, Frasers and Stockland to snare the rights to build a \$600 million residential development in the booming inner-city suburb of Zetland.

Despite Sydney's apartment glut, more than 150 inquiries for the 106-116 Epsom Road site were received from local and international groups.

But the submission by EQ Projects — headed by Louis Yazbek and Colin Sim and backed by finance from PAG, a Hong Kong-based alternative investment house with \$20 billion in funds under management — won out, sources said.

Under the agreement EQ Projects will partner with the site's long-term owner and developer, Lincon, to apartments.

Market commentators have long discussed the crunch on investor lending, which coupled with rising levels of new apartment stock is affecting all major capital city housing markets leading to price falls across the unit sector.

Several developer groups that bought sites at the peak of the cycle are finding it difficult to secure development finance, particularly in Sydney.

Matrix Property Group founder Andrew Antonas, who acted

for Lincon said Chinese developers were still looking at Sydney development sites and were making up about 10 per cent of the inquiries. He noted that Indian property developers were also showing interest.

"Anything within 5km-7km of the city is hot and recession-proof, but finance is the key," he said.

"The challenge is some developers have bought at the peak of the cycle and are struggling to secure finance."

Lincon bought the 2.1ha site in 1994 and has since operated a family business on the property, on 8000sq m with developments including warehouses and offices.

Following a design competition, four separate architectural practices have designed the apartment towers, including MHN Design in collaboration with Neeson Murcutt Architects.

Mr Antonas is believed to have received 12 formal submissions for a development partner to work with Lincon since he went to the market last October. The development has approvals for 546 units spread across four separate buildings.

While Mr Antonas would not comment on the identity of the interested parties, it is understood a Roxy Pacific was also keen on the Epsom Road site.

Meriton Apartments recently bought the adjoining Epsom Road site in a deal worth about \$80m for another apartment development.

Lincon was advised by Census Advisory.

# Triguboff pushes on as unit prices find floor



ADAM YIP

Harry Triguboff says Meriton hopes to build 2500 apartments next year and says the market 'is settling down'

## EXCLUSIVE

TURI CONDON  
APARTMENTS

Apartment prices in Sydney have fallen 15 per cent since early last year and are still weakening, but the market is closer to finding a floor, according to billionaire developer Harry Triguboff.

"There is no boom coming, I promise, but it is settling down," Mr Triguboff told *The Australian*.

Despite the sluggish market, the Meriton founder does not plan to slow his pipeline of projects. "We hope to build 2500

apartments next year," he said.

The veteran developer owns sites where more than 6000 units could be built. "The main issue is getting approvals," Mr Triguboff said.

Despite first-home buyer numbers improving, Mr Triguboff said he was still seeing little first-time buyer activity and Australian buyers in general were thin on the ground.

"We must allow the market to find its feet and giving first-home buyers assistance was the right thing to do," he said.

Most states have brought in first-homeowner grants after new buyers were locked out of the

market in the east coast property boom.

Mr Triguboff said low wage growth was hampering local buyers after the extraordinary run-up in Sydney prices. But rents had held firm, which should eventually see renters become buyers as prices dropped, he noted.

A wave of recent analyst reports have painted a bleak picture of the housing market, largely expecting weak conditions for longer as banks tighten credit.

Investment bank Morgan Stanley on Tuesday noted that vendors were offering bigger discounts in Sydney than Brisbane for the first time in 10 years.

Mr Triguboff does not expect a short-term rise in the cash rate with the Reserve Bank this week keeping rates on hold for a record 23 months. But he but does see more expensive home loans ahead as funding costs and the banking royal commission weigh on the sector.

Developer costs and charges remained high and were being passed on to purchasers, he said.

Population growth and the wave of new transport infrastructure being built in Sydney would help underpin the city's market, he added.

"The big thing is infrastructure. New roads and rail will open

up the city," Mr Triguboff said.

The apartment market's nadir was last year, when foreign buyers and investors fell away in the wake of funding restrictions in Australia and China.

"A lot of Chinese buyers lost their 10 per cent deposit — that was the worst time," Mr Triguboff said.

That trend had dissipated, and interest from Chinese buyers was beginning to return, he said.

Mr Triguboff said Chinese buyers were "very important to our segment of the market".

"It is very important not to find new reasons for raising their costs," he said.

# Record \$252m buy for Brisbane

BEN WILMOY  
OFFICES

Brisbane's office market is running hot, with the powerful JPMorgan Asset Management swooping on an Albert Street tower being sold by financial services group Challenger for just over \$252 million in the city's largest deal this year.

The off-market purchase of the 22-level building will be struck at a crisp yield of about 6 per cent.

The US funds outfit is buying the Queensland government-occupied complex at a time when the surrounding precinct is set for an overhaul.

The complex at 53 Albert Street will benefit from Star Entertainment Group's \$3 billion Queen's Wharf development and a \$1.4bn plan by Dexis to transform the Eagle Street Pier into a new waterfront hub.

The off-market campaign for the A-grade building was handled by CBRE's Flint Davidson, Bruce Baker and Tom Phipps, who declined to comment, as did the parties.

The state government in 2014 re-signed to the office space until 2022, giving the purchaser a decent term to expiry, at a time when the city's market is also improving.

Challenger Life bought the building in 2014 for \$224m from private investor and developer Hatham Holdings in a move showing its early commitment to Brisbane, which remains strong.

It was notable at the time for breaking the \$10,000/sq m barrier but the latest sale will show an even higher level.

The 20,166sq m building has nine levels of parking space, which can accommodate about 580 cars, and 13 levels of office space occupied by the government. The building was overhauled by builder Hutchinson in a project starting in 2007.