



Melbourne's Joseph Gersh has formed a 'strategic alliance' with Bangkok's Supalai Public Company. PHOTO: LUIS ASCUI

Overseas investors seek Australian high-rise developments

# Gersh wins Thai backer for land plays

Ben Wilmot

Bangkok-listed **Supalai Public Company Ltd** has joined the ranks of Asian groups moving into Australia's beaten down residential development industry.

A host of South-East Asian players is building towers in Melbourne and now Supalai is looking for land projects to fund at a time when major banks are wary of the sector.

The group has tied up with well known Melbourne identity **Joseph Gersh**, executive chairman of **Gersh Investment Partners**, to back local subdivision and apartment developers.

The \$1.1 billion Thai group plans to pour much of its \$60 million annual budget for overseas investment into Australia and, with Gersh's own network of investors, could seed substantial projects.

Gersh has a long track record of backing projects around Melbourne, but the mandate is Australia-wide and in keeping with Supalai's core business.

In Thailand, the group focuses on residential housing and has 70 projects in hand or under construction with a

total of 24,500 units worth \$2.5 billion for sale.

"The strategic alliance will initially target joint-venture opportunities in Australia with recognised developers in the areas of Supalai's core business," Mr Gersh said.

He said that residential development was a core competency of his business and the Thai group had been attracted by Australia's housing shortage and the stability of its political and economic system.

Supalai may ultimately develop its own projects – as Japan's Sekisui House has done after starting with alliances – but Mr Gersh said it had made a strategic decision to partner up with well-credentialed Australian developers initially.

"They're conservative in their outlook," he said.

Mr Gersh said the Victorian residential market had come off the bottom and noted there were better opportunities in broadacre and medium-density sites in Melbourne, rather than the city's highly competitive high-rise market. He identified an "acute capital shortage" for broadacre land, and to an

extent, for medium-density projects.

The venture will look to provide both equity and debt to established developers.

Asian players are also moving into the Sydney market.

Singapore-listed **Thakral Corporation** last month committed to provide just over \$24 million to back development of the \$200 million Union Balmain apartment project.

It was the eighth Australian residential project the group has invested in during the past two years, and the group has set up a fund for wealthy investors in South-East Asia to back more developments.

**Balmain NB Corporation** executive chairman **Michael Holm** said there was "little appetite" for local lenders to participate in land projects. He added that there was also relatively little activity by foreign lenders. But some investors are getting more adventurous as they chase higher yields.

Grocon turned to Invesco and CLSA Capital Partners to back its \$290 million residential development in Melbourne, and is looking for more deals with foreign support.

## Gilbert to Bara

Robert Harley

Sydney law firm **Gilbert + Tobin** is to make the move to Barangaroo.

The firm has signed a memorandum of understanding with developer **Lend Lease** for 10 floors above Westpac Bank at 1 Park Street, part of what the developer is calling International Towers Sydney.

The deal, first reported in *The Australian Financial Review* in April, will introduce the firm as a new tenant to the \$6 billion project.

To date, the commercial tower has come from Westpac, KPMG and Lend Lease itself.

Many doubted that the firm would move to Barangaroo. **Gilbert + Tobin** is already a city core at 1 Park Street, Sydney's mid-town.

The firm appeared in a recent statement and move to Barangaroo as part of a new project.

The MoU paves the way for a binding agreement on a 9500 square metres of land ahead of a move in late 2013.

Details have not been disclosed. The rent in the high-rise Barangaroo towers will be more than \$1000 per square metre, possibly as high as \$1300, equates to an annual rent of more than \$9 million.

## Stock

Gretchen Friemann and Ben Wilmot

**Stockland's** new chief executive **Steen Steinert**, has sacked two senior ranking executives, including former chief executive officer **Tim Foster** and former chief financial officer **Mark Hunter**, in a move likely to be interpreted as a break from the former CEO's controversial strategy.

An executive search firm says the replacements will be announced on Monday's strategy day.

Both Mr Foster and Mr Hunter are close allies of **Stockland's** chairman **Matthew Quinn**, the CEO's called 3R strategy, which focused on residential, retail and retirement housing.

News of the high-p