

Malaysia's SP Setia pushes \$640m twin-tower Melbourne project



SP Setia plans to build 69-storey twin-tower apartments in Melbourne.

RICHARD FERGUSON
The Australian | 12:00AM September 20, 2016



Malaysian developer SP Setia has sought financing from international lenders for a 69-storey twin tower project in Melbourne as it looks to press ahead with its \$640 million project.

The proposed tower development by SP Setia — which is behind the Parque project on St Kilda Road — comes as advisory group Development Finance Partners has called for a “more nuanced discussion” around predictions of a national apartment supply glut.

CBRE national director Mark Wizel said SP Setia’s latest move showed that confidence, “specifically from Asian developers, remains strong”.

“Despite speculation surrounding weakening conditions for the apartment market in Melbourne, 2016 has seen the largest two development site sales in history, SP Setia’s \$101m acquisition of 308 Exhibition Street and Nuway’s acquisition of the Proxima site for close to \$100m,” he said.

Mr Wizel said there was no doubt the selling of high volumes of unit stock in 2012 and 2013 was having an impact, as demand remained high while supply has been low for “20 or so months”.

The CBRE director’s assessment of the Melbourne property market echoed comments by DFP principal Baxter Gamble, who said while oversupply and price falls were on the horizon, it would depend on the location and the types of units being sold.

“Unfortunately, much commentary about apartment numbers and pricing is very general and fails to take into account critical factors,” he said.

Data from consultants Ubris showed another metropolitan market entering a “new normal” where supply actually dropped in the last June quarter.

Ubris associate director Paul Riga said all of the inner Brisbane market’s key precincts showed a fall in both supply and demand, and this suggested the apartment market was “self-regulating”.

“Supply has diminished as new projects under construction take around two or three years to come to the market, giving them more time to be absorbed,” he said.

Mr Riga said transactions were still above average in the June quarter but declined in all Brisbane precincts in the last quarter.

There were 810 new apartment sales in Brisbane last quarter, the third consecutive quarter of declining sales, and marked the lowest sales volume in the city since early 2014.