

Savvy Chinese develops local feel



TRADING ROOM

RACHEL BAXENDALE

AXF Group managing director Richard Gu is leading a pack of young, savvy, and extremely wealthy Chinese property developers making a big impact in the Australian market.

The scion of a prominent Shanghai family that dominates development in China, Mr Gu, 30, started his branch of the business in Australia in 2005.

He said Asian companies looking to expand were attracted by the pace of growth in the Australian market.

"There's a lot of Asian migration. It's moving very fast, it's multicultural, and governments are transparent and open and not against people coming in to invest," Mr Gu said.

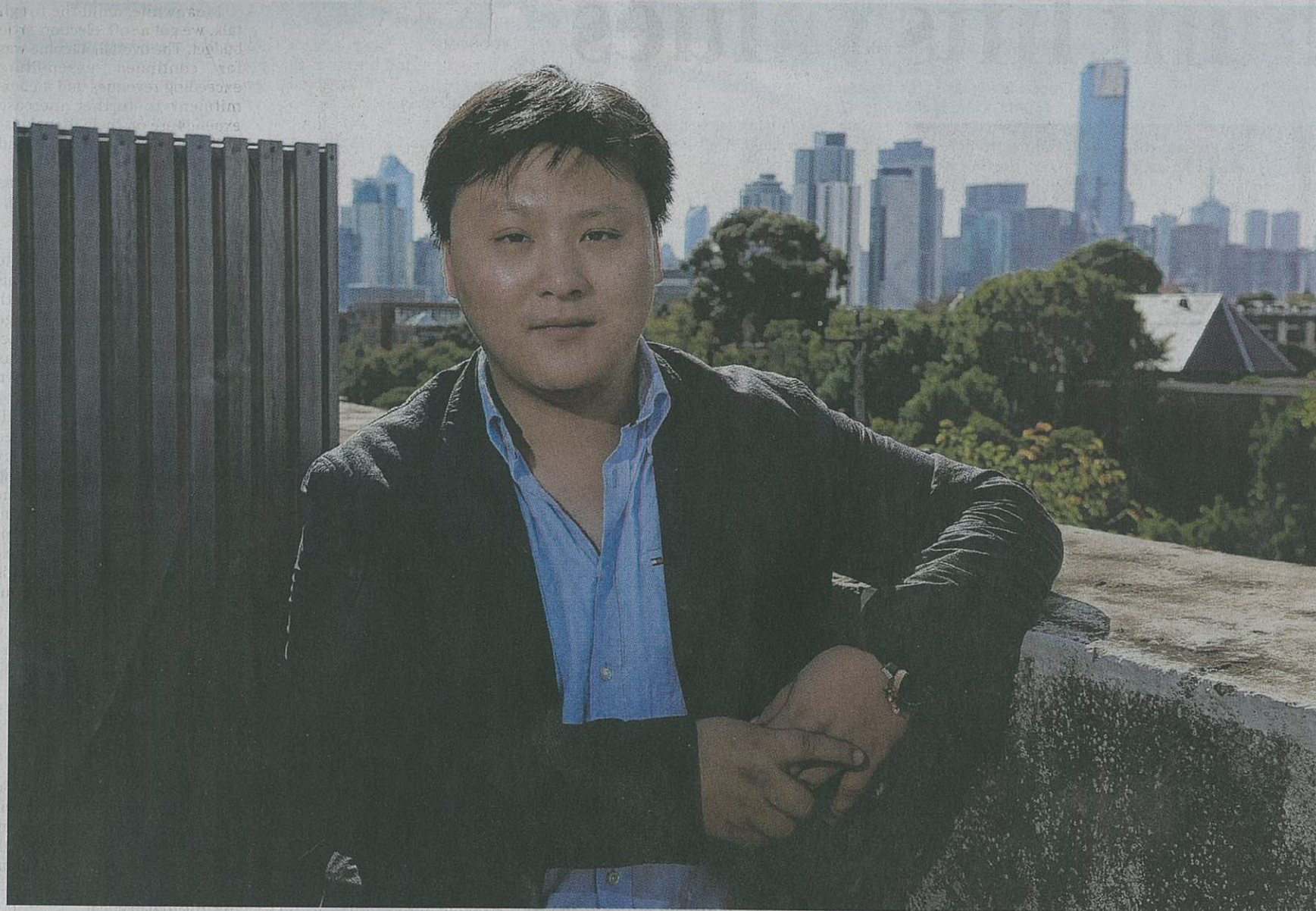
Doing business in China had also changed considerably across the past few decades, Mr Gu said.

"Twenty years ago it was a lot different. China wasn't as transparent and there was corruption, but it's now developed a lot and is more welcoming to international investors," he said.

"Everything's transparent, the processes are very clear, and the ways of doing business are not much different to Australia any more — the only difference is the market."

Mr Gu said he had learned two main lessons from which other Asian developers entering the Australian market could benefit.

"The key one is that a lot will use the Chinese way of planning projects. Every developer thinks more density is better. That's true in China but not in Australia," he said. "You have to sell them. It's not as simple. You can't just copy



STUART McEVOY

'You have to understand what local people like,' says Richard Gu, managing director of AXF Group, who is based in Melbourne for nine months of the year

China; you have to understand what local people like."

Mr Gu said it had taken him some time to develop a feel for the tastes of the local market.

"The key one is that you have to hire a professional team locally to help. That's a major thing," he said.

"You can't just get away with hiring students or grads. You need real professionals. Even if it's expensive, it will make sure you stay on budget at the end of the project."

Mr Gu has several large projects on the go in Melbourne.

His \$40 million purchase last year of the landmark Total carpark in Chinatown prompted speculation about his plans for the site and the city's skyline.

the carpark, which is regarded by some as a modernist symbol.

Mr Gu downplayed these suggestions, admitting he might be one of very few pleased by the City of Melbourne's recent decision to increase the cost of parking in council bays in the CBD.

"We purchased the carpark as an investment and the contract with Wilson Parking still has six years left to run," he said.

"It's a big site, and obviously we'll have to do something, but when we purchased it the development potential was only a small consideration."

"We were more attracted by the 8 per cent per annum return on the site. Car parking in the city is

Gu bought the Total site last year, it was revealed he had donated \$20,000 to Lord Mayor Robert Doyle's campaign for re-election.

Asked what he made of the controversy that followed this revelation, Mr Gu said he didn't think he'd done anything wrong.

"We donate to lots of organisations. Some of them are charities; some are other organisations."

"The only thing I have in the city is the Melbourne carpark and we're not planning any development on that site immediately."

"I just try to do the right thing." AXF's other big projects include the Imperial apartment complex in Doncaster, a 10-level, 100-apartment development.

apartments had sold, all for more than \$1m.

"We're really looking at an owner-occupier market with this," he said.

The company also will be taking expressions of interest later in the year for a project in Box Hill.

"We'll be starting to kick off early next year. We're very much in the planning process at the moment," Mr Gu said of the \$270m, 33-storey mixed-use retail and residential development.

He said a project in Footscray was also in the pipeline.

"As a developer, you need enough stock to keep moving, and this will be a 10-year project." Mr Gu said the plan was to

year in Footscray, starting next year, and ending up with a 1500-plus apartment and retail development.

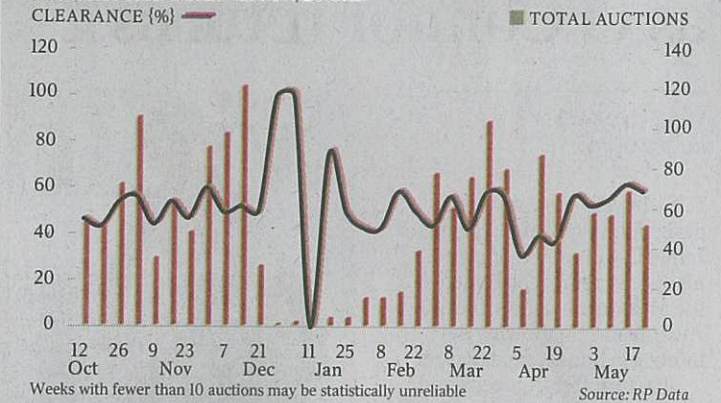
He said the aim with all of AXF's developments was to target central activity centres.

"Each market has its own buyers, and you don't have to develop in the CBD," he said. "With our Doncaster development, a lot of those customers have never lived in the city and don't want to. It's about finding the heart of a suburb, even with high-density developments."

Mr Gu calls East Melbourne home for nine months of the year, having moved here in 2005 after completing high school and uni-

Commercial auction clearance rates

May 24: 51 properties listed for sale, 30 sold with a 59 per cent clearance rate. Total value: \$20.5m.



SEALING THE DEAL

and Circular Quay.
RENT: \$68,216
LESSEE: ProChile
AREA: 84.2sq m
AGENT: David Schmidt-Linder, Savills

VICTORIA

Industrial lease, 17 Vella Drive, Sunshine West

Beer distributor Liquex has agreed to a three-year lease of a 1700sq m property in Melbourne's west. Colliers International said it was the third building in three years that Liquex had leased in Vella Drive to accommodate business growth.

RENT: \$56 a square metre
LESSEE: Liquex
LESSOR: MDR Australia
AREA: 1700sq m
AGENT: Nick Saunders, Colliers International

Industrial sale, 47 Albert Street and 2 Victoria Crescent, Abbotsford

Hamilton Marino Builders has bought an industrial building in Melbourne's inner north. The 735sq m vacant possession was passed in at auction before being sold privately for \$1.75m. The deal was secured by Colliers International. "The inner north continues to evolve as one of Melbourne's most sought after regions because of its proximity to the CBD and the local amenity that is on offer," said Andrew Ryan of Colliers.

PRICE: \$1.7 million
BUYER: Hamilton Marino Builders
AREA: Building 625sq m, land 735sq m
AGENT: Andre Ryan and Jeremy Gruzewski

Office and warehouse lease, 49-51 Rocco Drive, Scoresby, southeast Melbourne

LED sign manufacturer Omnet agreed to a long-term office and

Retail sale, 343 New England Highway, Rutherford

Sentinel Property Group has continued its expansion into NSW and in the retail bulky goods sector with the acquisition of the Hunter Supa Centre at Rutherford in the lower Hunter region. The \$18.5m purchase by the Brisbane-based Sentinel Property Group is its second in NSW and its fourth retail bulky goods centre. The centre is located near Maitland, 40km northwest of Newcastle and 160km north of Sydney. It is on a 50,690sq m site area and features three buildings accommodating 21 retail tenancies, with a total lettable area of 19768sq m and a carpark with 438 bays. About 85 per cent of the centre's income is underpinned by national tenants, including Fantastic Furniture, Petbarn, Betta Electrical, among others.

PRICE: \$18.5m
BUYER: Sentinel Property Group
AREA: 50,690sq m (land), 19,758sq m (lettable)
AGENTS: Philip Gartland and Carl Molony, Stonebridge Property Group

QUEENSLAND

Office lease, 72 Newmarket Road, Windsor

Specialist fleet rental company Sargent Rental and Maintenance will move to the top floor of the fringe office development in Brisbane's inner north. The company secured 300sq m of office space with a rent in the mid-\$400 a square metre. The deal completes the leasing of the three-storey building, anchored