

# Asian developers hit the Gold Coast

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Indian-based Pearl Global's flagship redevelopment this year is the Sheraton Mirage on the Southport Spit on Queensland's Gold Coast. *Source:* Supplied

**THE gap left by the withdrawal of Australian money for investment building on the Gold Coast is being filled by Indian and Chinese interests.**

There has been no significant investment on the Gold Coast since the global financial crisis, and several high-rise beachfront towers whose construction began before the crash are facing financial problems as they reach final completion.

Foremost among the overseas developers is the Indian-based Pearls Global, whose flagship project is the redevelopment of the Sheraton Mirage on Southport Spit, but it has several other smaller projects.

Chinese developer Ridong is set to make the only significant decision to build a beachfront tower on the Gold Coast this year.

Ridong last year outbid local developer Sunland when it paid \$80 million for a site on the beachfront between Surfers Paradise and Broadbeach, which came on to the market as a result of the collapse of finance group City Pacific.

The site, a victim of the global financial crisis, was previously owned by Foresight Acquisitions, which had to shelve plans for a two-tower development after it struck financial difficulties.

But while Sunland was only prepared to pay \$45m for the site when it was on the market last year, the southern China-based Ridong ruled a line under the GFC by working up its own plans for a three-tower \$900m development.

The Zhuhai Ridong Group, to give it its full name, intends to lodge a development application with the Gold Coast City Council within weeks.

The proposal includes not only a residential and retail component, but also what its proponents describe as a "luxury beachfront hotel".

The Ridong group's principal, Li Riyu, is now based in Sydney, but has connections in China with the tourism industry there. China is overtaking Japan as the main source of tourists to the Gold Coast, and analysts note there are opportunities in inbound tourism from China to the Gold Coast, which would flow to the property market. The New Delhi-based Pearls Global Group last year paid \$62.5m for Sheraton Mirage, which was originally built by Christopher Skase in the mid-1980s, but has since been allowed to become rundown. Pearls Global will begin a three-year refurbishment of the property with stage one commencing next month. Last year, Queensland Premier Anna Bligh, who was in India at the time on a trade mission, visited the group's New Delhi headquarters.

But aside from the high-profile projects on the beachfront the company is also pursuing a \$75m residential and apartment project at Varsity Lakes near Bond University.

When this project was launched this week, Pearls Global chairman Nirmal Singh Bhanghoo said that the Gold Coast remained a strong long-term market despite its current problems.

"Our Australian team is very confident that despite difficult local conditions, there remains a strong market for well-priced, well-built product at superior locations such as this," he said from New Delhi.

"Tough post-GFC lending practices in Australia mean that very few projects are proceeding, creating greater demand for those that do such as Edgewater. This is where Pearls Global's superior balance sheet comes to the fore."

Last year, the first major Chinese investment in Brisbane was made, when Yanjian Group paid 1c under \$10m for an inner-city residential site.

The end price of \$9,999,999.99 is auspicious in Chinese culture, where the number "9" is considered lucky, with the emperor's robes often having nine dragons.

