

Melbourne land speculators 'panicking' as settlements loom



Warning signs in Melbourne land market: Anthony Braunthal and Khurram Saaed, who run developer Resi Ventures.



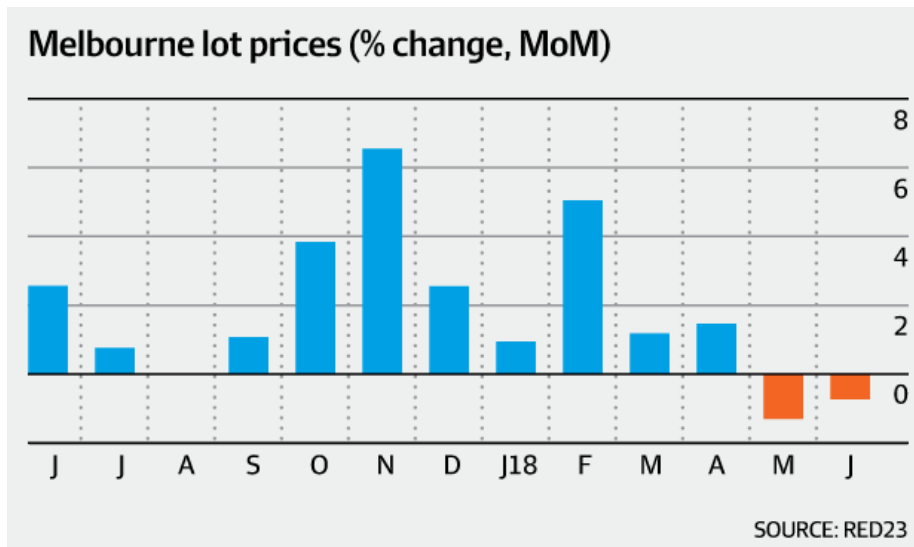
by [Larry Schlesinger](#)

Speculators who hoped to get rich on a boom in Melbourne land prices are "panicking" as settlements loom and they can't find developers to on-sell their sites to, according to Resi Ventures's Khurram Saaed, who has been developing for 15 years.

Mr Saaed said he was getting one call a week from panicked speculators, including one buyer who had put down \$21 million in deposits on a number of sites and risked losing all their money.

"These are people who have been successful in other business, and who have just bought land with no due diligence in the hope of making a lot of money in three to four years' time by flipping the site prior to settlement," he told *The Australian Financial Review*.

Some have indeed done well following a surge in growth-corridor land prices to over \$1 million a hectare (accompanied by median retail lot prices [rising 30 per cent in a year to \\$350,000](#)).



But with the market coming off the boil – lot sales have slowed from 22,000 a year to just 14,000, lot prices have fallen for three straight months and funding has dried up – those who bought in the last two to three years risk losing millions in deposits because they can't find buyers.

'They are gamblers'

"These speculators have priced normal developers out of the market, but now with lot prices falling, developers are not prepared to pay the prices these speculators are demanding and with settlements around the corner they are panicking," said Mr Saaed who runs Resi Ventures with Anthony Braunthal.

"Some of them have amalgamated sites so that they have the capacity for 2000 to 3000 lots, but have risk appetites unlike any normal developer. They are literally gamblers."

With the "music now stopping" and the banks unwilling to lend money to speculators who don't have a development "resume", Mr Saaed said many speculators were turning to developers like Resi Ventures in the hope of striking up land development agreements and joint ventures.



Speculators who hoped to get rich on a boom in Melbourne land prices are "panicking" as the market softens and settlements loom. **Louie Douvis**

"We're looking at executing a couple of these. That way the speculator can settle and won't lose their deposit and they can share in some of the profit from the development. But we're very choosy."

He said many of the speculators were former real estate agents from the local Indian community, but in the past there had been a high proportion of Chinese speculators in the market.

"Two years ago, we bought a site called Accolade in Rockbank [in Melbourne's west] from a Chinese speculator. Incredibly, he contacted us seven days prior to settlement with a rescission notice in his hand. We struck a deal and he was able to get his deposit back," Mr Saaed said.

Secondary market

He said the situation would likely worsen in 2019 and 2020 when many more settlements will become due.

Financial Review Rich Lister Nigel Satterley, who runs the country's biggest privately owned land development business, Satterley Property Group, said a secondary market had been created for land, mainly from Indian buyers, and it would be interesting to see if they could settle.

"If they can't settle, we will buy up these sites," Mr Satterley told *The Australian Financial Review*. Mr Satterley remarked that on a recent trip to Melbourne his [Uber driver told him he had speculated \\$20,000 on land](#).

Other major developers like Villawood Properties are also striking joint venture deals with landowners rather than compete with speculators and offshore buyers at crazy prices.

Last year, Chinese real estate giant Country Garden [paid a record \\$400 million \(to be paid in instalments over four years to vendor Phileo Australia\) for the 366-hectare Windermere estate in Wyndham Vale in the West](#).

The underbidder – believed to be Satterley Property Group – bid \$230 million with a shorter three-and-a-half year settlement.