

Qld: New life being breathed into Australia's first residential resort

By Tony Bartlett

GOLD COAST, April 12 AAP - New life is being breathed into Australia's first major residential resort, the \$2 billion Sanctuary Cove on the Gold Coast.

Sanctuary Cove was created by developer Mike Gore and launched in 1986 with a lavish multi-million dollar concert starring Frank Sinatra and Whitney Houston, with home-grown talent Peter Allen as backup artist.

Its development was made possible through an act of parliament, passed by the government of Sir Joh Bjelke-Petersen, which created a new law allowing international buyers to re-sell their properties to overseas purchasers without prior federal government approval.

Sanctuary Cove, which boasts more waterfront land than any other development in southeast Queensland, was bought in 2002 by current owners Mulpha Australia Limited.

Among its extensive portfolio are Hayman, 99 Macquarie Street, the InterContinental Hotel in Sydney and the Hilton Melbourne Airport.

Mulpha Australia is also the largest security holder (currently around 25 per cent) in the ASX-listed FKP Property Group, the leading retirement sector owner and operator in Australia.

Mulpha has spent \$50 million on Sanctuary Cove in the past two years, including \$25 million in civil works, and \$13 million on a world class golf clubhouse, officially launched on April 9.

A major accommodation upgrade is in the pipeline for the resort's Hyatt Regency Hotel and there are plans to turn the Marine Village into a shopping precinct to equal Noosa's famous Hastings Street.

Executive chairman of Mulpha, Seng Huang Lee, says his company's \$50 million master plan for the community is giving Sanctuary Cove a new lease of life.

"When we took it over it was in receivership and had struggled for many years and we started work very early on a brand new master plan to make it relevant to the 21st century," he said.

"It was designed for the 80s and it was an 80s product and when we first bought it it had only about 600 residences out of a total of 2000, so it was less than a third developed."

Mr Lee said the common perception was that Sanctuary Cove was just about fully developed.

"Now we are only about half way through, with around 800 home sites still to go, so we have about 1200 on the ground."

Mr Lee said golf was an important part of the resort's future.

"Golfing is obviously a very important part of the community and we're upgrading the two courses to make them both world class, as opposed to having The Pines and a sub-standard Palms, and we've put in a brand new \$13 million clubhouse which is an important asset that adds value to the entire community," he said.

"It's unrivalled, you can compare this to even The Australian or Royal Sydney, and hopefully the facility will remain relevant for the next 20 or 30 years."

Mr Lee claims the prospectus for membership of the country club has been the most successful of any golf club in Australia.

A single membership currently costs \$54,000 with annual fees of \$5600, and members can sell or bequeath their asset.

Early members paid around \$25,000 when the prospectus was first floated in June 2006 and pre-prospectus members swapped over for about \$6000.

The refurbishment of the Hyatt Regency is seen by Mr Lee as a critical element of the master plan for Sanctuary Cove.

"The whole Coomera area is really becoming a family playground - the Orlando, Florida of Australia," he said.

"So as part of our master plan we will be reviewing the exact product we'll be offering for the Hyatt in the future."

General manager Patrick Harvey says the hotel has increased its wedding business by more than 60 per cent since 2008 and now has two specialist wedding consultants.

"They get involved from the initial site visit and see it through to the very end, which from a personal perspective of a bride or her mum is very important, as they're just dealing with one person," he said.

"Saturday bookings for the chapel and The Grange function room are full for the next 15 months."

Competition on the Gold Coast for accommodation is savage at the moment with some exceptional savings available, and The Hyatt has felt the impact like everyone else.

"I think the fact that the stimulus package isn't here this year has probably impacted some people, and interest rates are starting to creep up ... and we've noticed it in the last six weeks," Mr Harvey said.

But he said bookings from August to the end of the year were strong and looking good compared with last year.

Mr Lee said the evolution of the Marine Village was a bit of a balancing act.

"It's like the chicken and the egg thing, you can't get the right tenant mix in if you don't have the

population base and there's not enough traffic, so as we build the population base we have been changing the mix," he said.

"Mulpha has done a lot of development on Hastings Street in Noosa, and that's what I envision this to be eventually - like a Hastings Street on the Gold Coast with a lot of upmarket restaurants and lifestyle stores."

Despite entry level dry house blocks selling for around \$500,000 Mr Lee said there is still a misconception that because it's a secure gated community Sanctuary Cove is very expensive and ultra-exclusive.

"What we've always done is try to make it approachable to all segments of the market," Mr Lee said.

"A quarter of our buyers are repeat buyers who buy three times in their lifetime, upgrading to what they want."

The top end of the market, however, comes close to the peak of Gold Coast real estate.

A 4000 square metre prime waterfront block recently sold to a Chinese buyer from Hong Kong for \$7.2 million.

With a lavish mansion and pontoon capable of handling a motor yacht of more than 20 metres planned for the site, the property will pass the \$15 million mark by the time it's finished.

Mr Lee expects a lot more foreign money to be attracted to Sanctuary Cove in the next 12 months, especially from China.

"They're making a lot of money in this recent economic boom, in fact if you go to China today they don't even know there was a financial crisis, honestly, (they ask) 'What crisis? Oh that's an American thing it doesn't really concern us', they never really felt it," he says.

"A lot of them already had money offshore, so they want to put it into a safe haven and Australia has really proven itself to be a resilient safe haven."

AAP bart/pjo/tr/jlw