

Courier Mail
Edition 1 - First with the news FRI 27 MAY 2005, Page 039
Private investor pays \$50m for a slice of CBD
By Bob Wilson

PRECISION Property Group has contracted to buy 160 Ann St from owner Zurich Australia Insurance for about \$50 million, an 8 per cent yield.

The 22 storey building was Zurich's last non-core asset.

The deal comes as Sydney-based Allco Finance Group is believed to be negotiating to buy 260 Queen Street for about \$60 million.

260 Queen Street owner Kevin Seymour wouldn't discuss the deal this week, deflecting speculation of the sale.

He bought the 24-level office building -- one of the oldest in the CBD -- for \$22.5 million about 12 months ago and a full refurbishment was started.

Precision Property, a Sydney-based private group is one of the newcomers to Brisbane's CBD commercial property scene.

Last year **Precision** bought the Axa Building in Edward St for \$44.65 million. Since then it has been actively looking at other opportunities including shopping centres.

Precision's Ann Street deal came days after expressions of interest for the property closed last week through Colliers International and Knight Frank.

Colliers International's Bruce Baker refused to comment on the deal yesterday and **Precision's** Shaun Bonnet could not be contacted.

The major tenant in 160 Ann St is the State Department of Environment.

Seymour Group and **Precision** are among the many private groups that have invested about \$500 million buying Brisbane CBD office buildings and shopping centres in recent years.

They include a Leyshon Group consortium (Comalco Place) and Sunny Lettuce Pty Ltd (Broadway on the Mall).

Recently Bramley Properties paid \$40.9 million for 145 Eagle St and Stencraft's paid \$23 million for MBF House.

The latest deals come as several CBD buildings have been brought to the market with many agents reporting strong competition among investors for properties.

Private investors were among those bidding for 10 Felix St, when put on the market by the owner, an unlisted open-ended property trust managed by SAYTeyMcMahon.

Expressions of interest closed last week.

The 11-storey building was refurbished in 1999. It has two levels of basement parking and a total net lettable area of 4662sq m.

Jones Lang LaSalle's Geoff McIntyre confirmed six offers had been received to buy 10 Felix St. Bidders have until Monday to submit revised offers after meeting with vendors' representatives.

A price around \$19 million is expected.

Syndicate group Challenger is meanwhile seeking expressions of interest for its 369 Ann St office building, located next to St John's Cathedral.

Bill Tucker, of CB Richard Ellis, is handling the campaign for Challenger, which is also selling two other properties in Sydney on behalf of separate syndicates.

While all three properties are owned by different syndicates, the total value of the properties is about \$170 million.

Engineering firm Sinclair Knight Merz Group is the anchor tenant of the 6646sq m building. The net income is \$1.83 million which on the basis of prices being offered for similar stock could attract a price of about \$23 million.

CB Richard Ellis noted in its first-quarter research paper that prime yields in the investment market were in the 7 to 8 per cent range, while secondary yields had firmed to an 8 to 9 per cent range.

"Investor activity remains high moving into 2005, with off-market activity prominent during the first few months," researcher Craig Godber said.

Large transactions last year involving big institutions reflected a growing confidence in the Brisbane CBD market. This was now translating to smaller assets.

Caption: SALE yield of 8 per cent . . . the Zurich Australian Insurance building at 160 Ann St, Brisbane City now under contract to Brisbane CBD newcomer Precision Property.

Illus: Photo

Library Heading: REAL ESTATE, INSURANCE

Column: Prime Site

Commercial Property

Section: REAL ESTATE

© Copyright. All rights reserved. Most articles on Newstext are copyright News Limited. Some copyright is owned by third parties. You may read this article on-screen or print it once for your own personal use. You may not make further copies, forward it by email, post it on an internet or intranet site or make any other use of it without written permission from us. These and any copyright licensing queries should be sent to us at newstext@newsltd.com.au