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# Private investors chase Brisbane offices

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The Australian Financial Review | 21 Oct 2004 | Property

Private investors are still forging into Brisbane's strengthening office market, and the latest two deals are being wrapped up for close to \$73 million.

The latest activity includes Victoria's Bennelong Group kicking off due diligence to acquire a fringe-city complex for near to \$28.5 million, according to industry sources.

The deal to acquire 55 Little Edward Street in Spring Hill is being struck at a yield just below 9 per cent and represents the latest in a surge of purchases by private investors in Brisbane's commercial market.

Earlier this week the Sydney-based Precision Group completed its entry into the Brisbane CBD market with the acquisition of the Axa Centre for \$44.65 million.

Private investors are demonstrating an appetite to capitalise upon Brisbane's rental growth prospects and have been involved in 60 per cent of CBD office transactions recorded this year, according to a new research report by Colliers.

If the sale of 55 Little Edward Street is finalised, the purchase will represent a repeat foray by Bennelong into Brisbane. Three years ago it bought a fringe office building at 2 Burke Street, Woolloongabba, from FKP (then known as Forrester Kurts) for about \$8.5 million.

The Woolloongabba purchase was Bennelong's first commercial acquisition. Since then the group has built a private property portfolio worth about \$105 million. Its most recent acquisition is an office

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building in Melbourne's Southbank precinct for \$15.4 million in February.

Bennelong was established by the founder of the UK-listed Sportsworld Media Group, Jeff Chapman, who sold his stake in the media organisation in July 2000 for about ££73 million. Mr Chapman was included in the latest BRW Rich List with wealth of \$245 million.

The complex at 55 Little Edward Street is being sold by Brisbane's Indigo Group and local investor Greg Poole who teamed up to pay \$17.5 million for the 8174 square metre, 16-year-old property at the start of last year. Since then it has been upgraded and re-leased.

While the property has been quietly shopped around the market through Knight Frank's Dave Fowler, both Indigo and the selling agent remained tight-lipped on the negotiations yesterday. Attempts to contact a Bennelong spokesman were unsuccessful.

Elsewhere in Brisbane's CBD, the protracted negotiations on the sale of the Axa building have been concluded with Precision snaring the centre on a 8.5 per cent yield.

Precision director Shaun Bonett said yesterday that the Axa Centre would be progressively refurbished over the next two years.

On the corner of Charlotte and Edward streets, the 16,187 sq m Axa Centre was previously owned by the Deutsche Diversified Trust, one of the three Deutsche vehicles merged last month to become the \$3.3 billion DB RREEF Trust.

The trust's director of agency services, Greg Marr, said the Axa Centre attracted seven "serious" bids.

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The final contenders for the property are understood to have included the Abacus Property Group and the recently created Bramley Properties trust.

In 2000 the Precision Group emerged into the spotlight when it bought the Adelaide Central Plaza development from David Jones for about \$85 million.

Mr Harrison said the sales campaign attracted a significant number of bids, reflecting the dramatic change in investor sentiment towards Brisbane's office market in the past six to 12 months.

"The Axa Centre represents a more active investment because of the tenancy profile," he said.

Built in 1980 by National Mutual Life Association, the 25-level Axa Centre incorporates 75 basement car spaces over two levels.

Mr Baker said while the tower was now 92 per cent leased, there would be a series of lease expiries during the next two years.

"Despite the considerable amount of leasing risk, people are willing to punt on Brisbane because of the tight nature of the leasing market," Mr Baker said.

Colliers latest office report says so far this year there have been more than \$500 million worth of Brisbane city offices sold.

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The next litmus test will be provided by the marketing of an office building and car park at 40 Tank Street, just months after the project was bought jointly by Kevin Seymour and Watpac for \$22.5 million.

Jones Lang LaSalle's Geoff McIntyre and Stephen Conry are marketing 40 Tank Street with a fully leased net income of \$2.625 million and a November 4 deadline for submissions.

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