LIVE HELP

FACTIVA Home Search Alerts Newsletters News Pages Companies/Markets

Display Options

Related Dow Jones Intelligent Indexing™

Listen to Article | Share

FINANCIAL REVIEW

SE Property
HD Far East Consortium pays $151m for Ausgrid

AU Rebecca Thistleton
BY Rebecca Thistleton
WC 456 words
PD 8 March 2014
SN The Australian Financial Review
SC AFNR
ED First
PG 38
LA English
CY Copyright 2014. Fairfax Media Management Pty Limited.

LP Asia-based Far East Consortium has paid $151.8 million for the Ausgrid building at 570 George Street in Sydney's CBD.

The site is expected to be developed into a residential or hotel project and is the latest in a string of high-profile Australian acquisitions for Far East.

TD The site went on the market in mid-2013 and price expectations started around $120 million.

Throughout the sales campaign, industry sources speculated it could sell for as much as $200 million because of the potential for apartment development and high competition from eager local and offshore developers.

NSW Finance Minister Andrew Constance said the sale figure exceeded the building's retention value. He said the building could be converted to a residential, hotel or retail project, subject to planning approval.

The Ausgrid site could be the next in a series of Sydney commercial buildings to be converted to today's highest and best use – residential development.

Sites in the CBD and North Sydney are being marketed for their development potential, particularly as office vacancies are above average levels.

Sydney office blocks are selling at premiums to residential developers and have drawn interest from offshore groups with access to cheaper capital, who can then afford to build at a smaller profit margin.

China's Greenland Group and Singapore-backed Frasers Property were also said to be interested in the site.

Far East Consortium has bought more than $1 billion worth of Australian property for redevelopment and has signed up Toga Hotel group as a joint venture partner to establish hotels around south-east Asia.

In February, The Australian Financial Review revealed that Far East Consortium was the buyer of 50-58 Park Street in the city in a deal close to $130 million.

The sale price was a 42 per cent increase on the $89 million Kyko Group paid for the building in 2011.

Late last year, Far East paid $145 million for Valad Property Group's B-grade office block at 227 Elizabeth Street, an increase of more than 28.3 per cent on its 2007 purchase. The 23-storey building came with development approval for 114 units and came to market with price expectations around $120 million.

In October last year, Far East Consortium bought Perth's Harbour Town Centre for $205 million and the Clocktower Square in Sydney for $72 million.

The NSW government placed the Ausgrid building on George Street on the market along with the sandstone Lands and Education buildings on Bridge Street last year. The sandstone buildings have attracted keen interest from luxury hotel developers from Asia, Europe and the Middle East.

The government assets were listed with Macquarie Capital.

IN i6651 : Hotels (except Casino)/Motels | ireest : Real Estate | i66 : Hotels/Restaurants | i665 : Lodgings | icre : Real Estate/Construction | ilea : Leisure/Arts/Hospitality | itourm : Tourism

NS c182 : Asset Transactions | c18 : Ownership Changes | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter

RE austr : Australia | nswals : New South Wales | sydney : Sydney | apacz : Asia Pacific | ausnz : Australia/Oceania

PUB Fairfax Media Management Pty Limited

AN Document AFNR000020140307ea380004k

© 2017 Factiva, Inc. All rights reserved. Terms of Use | Privacy Policy | Cookie Policy | DOW JONES