

FINANCIAL REVIEW

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

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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.

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