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HD Investors look to CBD fringes for office value

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LP Three Melbourne office buildings have changed hands, including one acquisition by billionaire [Solomon Lew](#), for more than \$170 million.

Mr Lew's Premier Investments has bought the vacant 457 St Kilda Road tower from a private investment group for \$55m.

TD In a separate deal, a private Chinese investor acquired 438 Elizabeth Street in the CBD from interests associated with local businessmen Max Fremder and Ron Lasarovits, with the price believed to be just under the \$80m flagged by [The Australian](#) in May.

The building at 15-31 Pelham Street, Carlton, was sold by Melbourne-based fund manager Forza Capital for \$37.05m to a locally based private investor, four years after it was acquired for \$20.6m.

The three properties have highlighted the limited stock available in Melbourne's CBD and the continuing trend from investors to look to the fringe areas such as St Kilda Road and Carlton for property acquisitions.

[Teska Carlson agent Michael Taylor, who handled the St Kilda Road sale with CBRE](#), said the sale marked increasing demand for the St Kilda Road precinct as investors looked outside a crowded CBD market. "This fact was not lost on a development community eager to play a part in providing quality residential product to Melbourne's rapidly growing population," he said.

In the CBD, the Elizabeth Street building is almost fully leased and anchored by RMIT University, and returns income of about \$4.5m a year.

[Colliers International's Melbourne city sales director Daniel Wolman](#), who led the marketing campaign, said the 10-storey office building at 438 Elizabeth Street had attracted attention in a market dominated by development sites. "There's high demand for such product, but there's hardly anything on the market in terms of that office space," he said.

The 6178sq m Pelham Street property hosts a number of health sector tenants, with a 100 per cent occupancy rate.

Fitzroy's agent Paul Burns said the locally based investor beat 16 other bidders as demand for property on the CBD fringes rose. "There's not much for sale in the CBD at the moment," he said.

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