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HD **Investors compete for $650 million of prized stock**

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Commercial property

More than $650 million of properties are due to change hands in the coming month, as investors rally to get a foothold into the tightly held sector.

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In Sydney, final bids are being reviewed for a half share of the Westpac Bank headquarters at 275 Kent Street and the Sofitel Sydney Wentworth **Hotel** in Phillip Street.

It is understood the South Korean pension fund, KKP, is the likely contender to **buy** Mirvac's half share in Kent Street, worth about $420 million. A number of parties did preliminary due diligence on the asset, but were concerned about whether the bank would exercise its option to sublease about 20,000 square metres.

Westpac is consolidating its remaining Sydney offices into new space at Barangaroo, but will also retain its presence at Kent Street. However, it is said the bank can "opt out" of space in that **property** and move staff to the new **site** opposite.

The second round of bids are also being reviewed for the Sofitel, with a **Chinese group**, Sun Life Insurance and City Developments Ltd (CDL) said to be very keen on the **site**.

Potentially keeping the price down to about $175 million, the **hotel** does not have a pool or harbour views and there are strata issues with the car **park**.

Seller LaSalle Investment Management also has to now compete with the **sale** of the Sheraton on the **Park**, in nearby Elizabeth Street.

Hotels have been keenly sought after. Late last year, the private **Chinese** investor Fu Wah International **Group** made its first major foray into local **property** with the **purchase** of Melbourne's landmark five-star **Park** Hyatt **hotel**.

It was believed the price paid was about $135 million, but the agents and buyer declined to comment.

The **hotel**, at 1 St Andrews Place, near Melbourne's Parliament House, and was developed in 1999 by Lustig & Moar at a cost of $150 million. The **sale** involved both the 240-room **Park** Hyatt and a **commercial** car **park** next door.

The office and **hotel** sales come as CBRE's Australian head of research, Stephen McNabb, said first-quarter office sales activity was lower across all sectors - but this followed a record 2013 during which sales activity eclipsed the previous 2006 record by more than $5 billion.

"The first quarter is seasonally a softer quarter for activity and hence it is more difficult to interpret trends in a market subject to large and lumpy deals," Mr McNabb said.

"Activity in all sectors was lower than a year ago, although office and industrial has held up better than retail. Overall, quarterly volumes in Sydney and Melbourne were ahead of year-ago levels, while down in Brisbane, Perth and Adelaide."

CBRE regional director, capital markets, Josh Cullen, said the lower sales activity had been a timing issue and there had been no signs of any easing in buyer interest.

"The current level of buyer inquiry and the pipeline of **property** that is either in due diligence or being marketed at present suggest that sales volumes in the June quarter will be extremely strong," Mr Cullen said.

"The inquiries we're receiving have been equal to, if not higher, than they were in the first quarter of last year."

This was evident in the three major office tower campaigns that had recently closed on assets valued at about $850 million.

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