

SE Business - **Commercial Property**  
HD **Charter Hall reaps tax benefit from office sale**

BY MARC PALLISCO

WC 1,162 words

PD 18 October 2014

SN The Age

SC AGEE

ED First

PG 12

LA English

CY © 2014 Copyright John Fairfax Holdings Limited.

LP

Capital Gain

Charter Hall has **sold** a suburban office near the Moonee Ponds Junction for a speculated \$83 million - \$3 million more than the asset's book valuation four months ago.

TD

The seven-level, 21,034-square-metre building at 6-22 Gladstone Street is fully occupied by the Australian Taxation Office, which in 2011 renewed a lease - due to expire in 2013 - until 2020.

Based on the \$7.5 million annual rent the ATO pays, the investment **sold** on a yield of about 9 per cent.

It could have longer-term redevelopment potential, with sites around retail strip Moonee Ponds proposed to make way for 20-plus-level towers.

The ATO has occupied the Gladstone Street office since it was developed in 1991, with Charter Hall - as the authorised representative of Perpetual - the landlord since 1993. The Commonwealth government department recently committed to a 20-level, 19,600-square-metre office under construction in Box Hill.

Colliers International's Peter Bremner and Leigh Melbourne marketed the Moonee Ponds office with CBRE's Justin Clarkson and Mark Coster. The new owner is a consortium including Cyprus-based private investors.

Delicate dance

The businessmen who decades ago acquired neighbouring sites at a prominent CBD intersection - including the Kilkenny Inn, which currently trades as the Goldfingers strip club - are about to lap up.

Avi Silver and Eddie Hirsch are offering the properties at the north-east corner of Lonsdale and King streets with a lease. However, the owner can break it if the Kilkenny is to be demolished.

This clause has previously turned off potential business operators. Silver and Hirsch founded service station giant United Petroleum.

The four-**property** portfolio, which sources expect will sell for about \$40 million, could accommodate an 80-plus-level tower incorporating what would be a disused council laneway. CBRE's Josh Rutman and Mark Wizel are the marketing agents.

Golden Mile deal

The Pearson Australia office in Nunawading has **sold** for a speculated \$5.7 million, reflecting a yield of 8.5 per cent.

The modern, two-storey, 3674-square-metre building is next to what **commercial** agents call Nunawading's "Golden Mile" - a bulky goods retail precinct.

Dawkins Occhiuto's Andrew Dawkins and Walter Occhiuto declined to comment about the **sale**.

Super-**site** moves

Rather than complain about new housing estates being developed on neighbouring farms, more outskirts landholders are uniting to offer super sites that would be more attractive to the biggest-spending builders.

In Melton West six landowners controlling a **site** that is walking distance to QIC's Woodgrove Shopping Centre are selling. Their 82-hectare parcel is expected to sell for about \$30 million and make way for more than 1200 lots, plus open space and **commercial** zones.

Biggin & Scott Land's Frank Nagle said it was the third time the agency had worked with ABC Project Management to package a **site**. ABC helps rural landowners handle aspects such as rezoning. Redevelopment master plans and fair valuations are also important for these kind of sell-downs.

In 2000 Stockland paid six individuals \$43.5 million for 200 hectares of adjoining farms now known as Mernda Villages.

Last year four owners of prime farms overlooking the Melton Reservoir gorge reaped \$26 million offloading a combined 62-hectare parcel.

Goods Shed listed

Equiset has listed a highly acclaimed Docklands asset with valuable redevelopment potential.

The Goods Shed North at 710 Collins Street includes a green office fitted into a heritage building and fully leased to the state government until 2024. Importantly, the **site** has a wide frontage to Collins Street. The shed would require little modification for airspace to be developed with one or more skyscrapers.

In March Equiset unveiled plans to replace the airspace with a 34-level building.

Sources say the **site** is expected to sell for about \$75 million, but this could not be confirmed with selling agents Jones Lang LaSalle's Robert Anderson and James Kaufman and Colliers International's Leigh Melbourne and Nick Rathgeber.

Nice reception

A developer has swooped on the prominent Footscray **site** known for 34 years as 501 Receptions.

The 6271-square-metre block at the T-intersection of Barkly Street and Summerhill Road is speculated to have **sold** for about \$8.5 million after being listed a few months ago.

Offered with vacant possession, the campaign also targeted owner-occupiers, with a 3000-square-metre building comprising five functions rooms capable of accommodating 1160 guests.

The vendor offered 495-507 Barkly Street with a permit for a five-level **apartment** building. Fitzroys selling agents James Gregson and David Bourke were the marketing agents.

Nearby, an 8000-square-metre **site** covering blocks between 41 and 49 Robbs Road, Footscray West, has been listed and is expected to sell for more than \$7.5 million. Currently a collection of industrial sites, the land has a valuable "general **residential**" zoning, allowing for medium and high-density development.

Southbank flip

In a blatant example of developer flipping, the new **Chinese** owner of a Southbank development **site** is selling just six months after receiving ministerial approval to replace the land with a 55-level, 295-unit **apartment** tower.

Moreover, Financial Fook only settled on 84-90 Queensbridge Street last month after agreeing to **buy** it in February for \$18 million.

At the time the lucrative permit application had been lodged but not approved by the Planning Minister Matthew Guy. The landmark tower will be prominent, the **site** also abutting the West Gate Freeway.

Predictably, CBRE is marketing the land as 88 Queensbridge Street - eight being considered a lucky number in **China**.

Mr Guy approved Financial Fook's permit on the same day as a landmark 100-level building, also in Southbank.

Josh Rutman, Ed Wright and Mark Wizel are representing Financial Fook, which bought the asset under the **company** name Starryland Melbourne. It is expected to sell for at least \$20 million this time.

High excitement

A hilltop Doncaster **site** - for years owned by the Myer family - is being prepared for **sale** by the Asian developer who bought it four years ago.

The 8395-square-metre **site** at the south-east corner of Doncaster and Tram roads has since been permitted to make way for a mixed-use village with offices and nearly 300 apartments in towers rising nine levels.

Like many properties in Doncaster Hill, the **site** captures postcard views over the eastern suburbs to the CBD. It's also opposite Westfield's Shoppingtown complex.

At present the retail showroom **site** is leased to Officeworks, Autobarn and Clark Rubber. Sources expect the **site** to sell for about \$40 million, but this could not be confirmed with the selling agent, GormanKelly's Sandro Peluso.

Andrew Myer, the grandson of department store founder Sidney, **sold** the building at a depressed time for the market a few years ago.

marcpallisco@gmail.com

Twitter: @marcpallisco

**IN** ireest : Real Estate | icre : Real Estate/Construction

**NS** ecgtax : Capital Gains Tax | e21 : Government Finance | e211 : Government Taxation/Revenue | e2111 : Direct Taxation | ecat : Economic News

**RE** austr : Australia | melb : Melbourne | victor : Victoria (Australia) | apacz : Asia Pacific | ausnz : Australia/Oceania

**PUB** Fairfax Media Management Pty Limited

**AN** Document AGEE000020141017eaa00064