

# The Sydney Morning Herald

SE **Commercial** realestate  
HD **Singapore aims to reap profits**  
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Offices - GIC believes market is getting 'heated'

The Singapore government has placed another asset, 175 Liverpool Street, on the market as it looks to take advantage of the high demand for office towers from its Asian-based competitors.

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The Singapore Government Investment Corporation (GIC) **sold** its 8 per cent stake in GPT **Group** last week for \$505 million to a range of institutional investors.

Market price expectations for the building are said to be about \$300 million. The **site** is believed to be a candidate for conversion to **residential**. Tenants include Telstra and News Digital Media.

Agents, who declined to be named, said GIC felt the Australian market was starting to get "heated" and that the time was right to realise profits. It has owned 175 Liverpool Street since 1997, when it paid Axiom Funds Management \$125 million for it.

Meanwhile, the South African Woolworths may sell the \$612 million David Jones's **property** portfolio, being its four stores, (two in Melbourne and Sydney's central business districts), to help pay for the proposed \$2.15 billion takeover of the department store chain.

David Jones has also lodged a preliminary development application for a potential development of apartments above its Market and Pitt Street store in Sydney.

Investor focus is increasingly shifting towards secondary stock as they are forced to look towards alternatives given the growing difficulty in purchasing core stock.

In CBRE's first quarter, 2014, national office market view report, it says that the Sydney CBD is best positioned for growth in secondary assets.

CBRE's associate director of research, Claire Cupitt, said Sydney's CBD recorded another strong quarter, with just over \$1 billion in sales.

"The demand for office is solid across the country. Foreign institutions, in addition to local listed trusts and unlisted funds, have been very active in the last 12 months. This is despite below trend net absorption and high vacancy rates since the GFC. In the face of soft market fundamentals, strong investor interest has seen values grow, compressing prime yields by an average of 50 basis points in the Sydney CBD, 70 basis points in the Melbourne CBD and 85 basis points in the Brisbane CBD - since late 2009," she said.

The limited availability of core investment opportunities in the Melbourne CBD has also seen yields tighten over the last 12 months.

"The fringe markets are also active given the limited stock availability. Southbank in particular is seeing continued interest from developers willing to pay a premium for sites suitable for high density

**residential** development. The **Chinese** developer, Eastern International **Property** Development, recently **purchased** 158 City Road for \$22.5 million," she said.

**CO**      deut : Deutsche Bank AG | gnprop : GPT Group

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**RE**      austr : Australia | melb : Melbourne | singp : Singapore | sydney : Sydney | victor : Victoria (Australia) |  
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