

**HD** Strong overseas interest in Canberra

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Long-term moves: International investors are seeing the Australian market as underpriced, making it an attractive option. Recently in Canberra 10 Binara Street, left, and Campbell Section 5 were **sold** to investors. Photo: Michel O'Sullivan

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"It's not a one-hit wonder. They will be here for some time." Paul Powderly

High returns on capital and low interest rates are attracting large international investors to the Canberra market. Paul Powderly, ACT chief executive of Colliers, said the **company** is dealing with a range of investors, particularly from Asian countries.  $\frac{1}{2}$  **China**, Singapore, Malaysia and South Korea are putting an enormous amount of money into safe, balanced government locations where they get a good return.  $\frac{1}{2}$  He said a 3 to 3.5 per cent yield was typical for **commercial** investments in Asian cities, whereas long-term government leases in Australia tend to return about 6 to 7

per cent annually.  $\frac{1}{2}$  The critical thing is that we in Australia see our market as being expensive. One of the things that has clearly been demonstrated to me is that [international investors] believe our market is under-priced and it's extremely attractive. Compared to Asian cities, it's well priced and attractive.  $\frac{1}{2}$  Quality buildings coupled with reliable government tenants offered plenty of growth potential and that was what made Canberra so appealing, he said. A number of substantial **transactions** were made with international investors during the

past few years. Most recently, the Manning Clarke Offices at 186 Reid Street in Greenway, which are leased to the Commonwealth government, were **sold** for \$25.8 million to South African investors in May. Previous sales include 50 Marcus Clarke Street, which **sold** to Singaporean investors in March, 2012 for \$225.9 million, and 10 Binara Street, which **sold** for \$151.7 million to Middle Eastern investors in August last year.

Mr Powderly said international interest in the **commercial** market in Canberra and other Australian cities was expected to continue for a number of years and the greatest challenge will be available, quality stock.  $\frac{1}{2}$  It's not a one-hit wonder. They will be here for some time, they will be here in strength for the next five years buying **property**.  $\frac{1}{2}$  JLL ACT's head of sales and investment, Greg Lyons, said there are plenty of quality office buildings in Canberra but agreed that there may not be enough available to keep up with international enquiries.  $\frac{1}{2}$  There are a lot of good quality

assets in Canberra because 40 per cent of our office stock is less than 10 years old, so there are definitely a lot of newer buildings in Canberra but they are tightly held by current owners.  $\frac{1}{2}$  Mr Lyons said international investors, particularly from **China**, were also looking at the city's **residential** market. Significant **residential** sites in Campbell, Lawson and Amaroo had been **sold** on behalf of **Chinese** developers and investors in the past 12 months.  $\frac{1}{2}$  Canberra is a pretty safe market and once investors get to understand it they feel comfortable investing in this particular market,  $\frac{1}{2}$  he said.

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