

FINANCIAL REVIEW

SE **Property**
HD **Retail hotspot frees up**
BY Mercedes Ruehl
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A boutique retail and **commercial** office building adjoining Westfield Sydney in the CBD has hit the market for the first time in 20 years, with price expectations for around \$50 million.

No. 75 Castlereagh Street is home to Montblanc's flagship retail store, with 10 upper levels of office space occupied by a diverse tenancy mix, ground-floor retail and a car **park**.

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It has been held by a Singaporean bank for the last two decades.

The **property** is being offered for **sale** by public tender, closing December 11, by James Aroney and Ben Hunter of JLL. Mr Aroney said Castlereagh Street is regarded as the city's premium destination for international luxury retail. "75 Castlereagh Street is situated on a generous 1062-square-metre **site** and features longer-term development opportunities, including potential redevelopment into a substantial **hotel** or serviced **apartment** tower with a large retail podium," he said.

"A number of significant upgrades have been completed or are currently nearing completion, including the building's entry foyer, lift lobby, air conditioning chillers and lift carts. In addition, a medium-term repositioning option is to reconfigure the retail component, extending over a larger section of the ground floor with the potential to incorporate Levels 1 and 2."

Architectural schemes have been prepared by Sydney **firm** Daryl Jackson Robin Dyke Architects.

In addition to development upside, a new owner has room to grow rents at the building.

The passing average rental is \$475 a square metre gross at 75 Castlereagh Street. But the surrounding buildings are currently leased at levels much higher than this Mr Aroney said.

"No. 77 Castlereagh Street, part of the premium Westfield complex, has rents that are above \$700 per square metre gross," he said.

The **site** is close to Westfield, Pitt Street Mall, David Jones. Hyde **Park** and the Queen Victoria building.

Sites with development potential in the Sydney CBD have been the sweet spot for investors. A **Chinese group** snapped up 75 Elizabeth Street for \$67 million in October.

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