

FINANCIAL REVIEW

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A developer with links to mainland **China** has acquired a two-storey office building on La Trobe Street in the Melbourne central business district for \$10 million.

The price represented a land value of \$9882 a square metre, demonstrating the continued strong appetite for Melbourne CBD sites with future **residential** redevelopment potential.

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The building at 488 La Trobe Street stands on a 1012-square-metre **site** and has the potential to be redeveloped into high-rise apartments or a **hotel**. It **sold** without a planning permit.

The fully leased **property** brings in current annual net income of about \$385,950. It **sold** on a passing yield of 3.85 per cent.

The deal included a demolitions clauses in place providing the buyer with the ability to break the current lease terms to redevelop the **property**.

The vendors, Jennifer and Kevin Winward, own and run engineering consultancy Winward Structures from the **site**.

The Winwards acquired the **property** for \$3.16 million in October 2003 and benefited strongly from accelerating Melbourne CBD land values. The \$10 million **sale** price equated to a compound annual growth rate of almost 11 per cent.

It **sold** four weeks before the close of an expressions of interest campaign handled by Clinton Baxter and Nick Peden of Savills, alongside Alasdair MacGillivray of Bayley Stuart. "The **property** was **sold** on an unconditional basis, with numerous offers having been made from a wide range of buyers, including local developers plus buyers based in Malaysia, Singapore and **China**," Mr Baxter said.

In early May, a Singapore-based investment **company** paid \$15 million for a three-level car **park** at 399 Lonsdale Street with approval for a 39-level **residential** tower. The **sale** price equated to a rate of \$17,600 a square metre.

Dan Magree, director of research **firm** m3property, said demand had pushed up land rates from \$6000 a square metre to as high as \$18,000 a square metre.

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