

Northern money sets sail for Yarra

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*Deals

SYDNEY syndicator **Century Funds Management** has made its Melbourne CBD debut with a \$24 million acquisition.

The 601 Bourke St property, known as Allianz Centre, was sold by Australian Growth Properties. The vendor paid \$10.8 million for the 11-storey building in August 2001 and spent a further \$18.6 million on refurbishment.

The \$23.95 million buy was the second Melbourne deal for John McBain's Century Funds, which controls an office building at 17 Market St, South Melbourne. Century Funds joined a long line of interstate syndicators showing unprecedented interest in Melbourne's commercial market, especially at a time of rising office vacancies. Cromwell Property Securities, MFS, FKP and Opus Capital -- all from Queensland -- bought a combined \$280 million in office properties last year.

Century is a boutique property funds management group formed five years ago. It has since acquired around \$130 million worth of commercial property on behalf of about 130 investors.

Last year it paid more than \$39.5 million for an office building in Sydney's Hurstville and two retail properties at Griffith in NSW's Riverina region.

The purchase price of Melbourne's Allianz Centre was believed to reflect a yield of around 9 per cent in a deal understood to have involved Colliers International's Martin O'Sullivan.

Ground floor retail tenants of the 8082sqm building included Gloria Jeans Coffee and Quiznos Subs. Insurer Allianz occupied 3120sqm of office space on an 11-year lease. Other tenants included the Australian Human Resources Institute and Professional Collection Services. Levels eight and nine were vacant late last year when Jones Lang LaSalle offered areas of between 250sqm and 2340sqm for lease.

Last year's biggest sales were Cromwell Diversified Property Trust's \$133 million outlay for 700 Collins St, which is now being built, and MFS's \$78 million for 200 Queen St. Bill Ireland's Mariner Financial recently launched a syndicate to invest in 40 Market St, a 10-storey CBD office building bought last year by Babcock & Brown for more than \$30 million.

A syndicate buyer was now being touted for Melbourne's next big sale, the \$65 million to \$70 million Defence Plaza complex at 661 Bourke St. Colliers International is selling the property, purchased by Sydney investors Greg Shand and Danny Goldberg almost three years ago for \$40 million.