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Owner occupier activity underpins Brisbane office sale

Brisbane, QLD (4 March 2010)

Property funds management and development company Charter Hall has sold a boutique office building in Fortitude Valley to a local owner occupier.

CB Richard Ellis's John Dwyer and Darren Collins negotiated the sale of the two-level office building at 385 St Pauls Terrace.

The sale was negotiated following a an on-market campaign, which was run in tandem with joint agents Seb Turnbull and Ben McGrath of Jones Lang LaSalle.

Mr Collins said the buyer was among a growing band of owner occupiers in the Brisbane market, seeking property in the sub \$10 million price bracket.

"Owner occupiers have been increasingly active, with a particular focus on buildings which offer a short weighted average lease expiry (WALE)," Mr Collins said.

"Some of the key selling points in this instance were the building's proximity to public transport, the size of the property and the large amount of on-site parking."

The St Pauls Terrace building is located in a prominent position on the main thoroughfare between the northern suburbs and Brisbane Airport.

The property comprises a net lettable area of 1,757 square metres and offers 40 basement car parks. It is presently occupied on short term leases.

Mr Collins said the sale campaign had attracted broad ranging interest from owner occupiers looking to enjoy the short term holding income and occupy later and from investors looking to reposition the property at the expiration of the existing leases.

The interest had been underpinned by the property's high profile location in the Fortitude Valley Urban Renewal Precinct, just 1.1 kilometres north of the Brisbane CBD. Mr Collins said the building was located within walking distance of the Valley Metro Complex and the Fortitude Valley Station, Brisbane's third largest passenger commuting railway station.

Mr Dwyer said the sale highlighted the strength in the private investor and owner occupier market, particularly in the sub \$10 million price range.

"There have been a number of similar transactions in this price range, underlining the renewed confidence investors and businesses have in the Brisbane office market," Mr Dwyer said.

Recent transactions include the \$8 million purchase of 26 Wharf Street by Harvest Property and the Sydney-based Denison Group. CBRE's John Dwyer and Bill Tucker negotiated the Wharf Street sale with joint agents Jones Lang LaSalle

Mr Dwyer said the Wharf Street sale campaign had attracted significant interest given the competitive pricing, which translated to a sale rate of \$2,590 per square metre of building.

"We still have significant purchaser demand for this type of property in the sub \$10 million range but very few of these assets are available for sale," Mr Dwyer said.

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