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One of Melbourne's oldest landmark hotels sold for \$5.65 million

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The historic Francis Hotel in the heart of the Melbourne CBD has changed hands for the first time in almost 50 years.

CBRE Hotels Senior Director Scott Callow said the Lonsdale Street hotel had attracted frenetic auction bidding, which pushed the sale price to \$5.65 million - well above initial expectations.

The new owners are believed to be associated with the current lessee, a company associated with the Cook Beaumont & Partners Hotel Group. Cook Beaumont own and manages numerous accommodation, entertainment and nightclub facilities in Melbourne, country Victoria and north Queensland.

Mr Callow said he believed the buyer intended to renovate and expand the existing hotel operations in line with a number of successfully renovated hotel operations within the CBD.

Six bidders competed for the 383-397 Lonsdale Street property, which has been in the same family ownership since 1960. There are very few freestanding hotels remaining in the CBD and The Francis Hotel represented a rare opportunity for many buyers.

Bidding started at \$3 million, with the property officially put on the market at \$4 million. Mr Callow said the eventual sale price of \$5.65 million reflected the strength of interest in well located hotel investment opportunities

The Francis was sold with five years remaining on the existing lease, which provides annual income of \$172,000 excluding land tax.

"The Francis Hotel represented an outstanding opportunity for purchasers to acquire a prime CBD

hotel property with a 5am license, a quality tenant, secure holding income and future development potential," Mr Callow said.

The Lonsdale Street hotel occupies a land area of 398sqm. There are 1,197sqm of existing improvements including a basement/cellar, ground floor bar area and two upper levels.

Mr Callow said one of the key draw cards for a number of prospective bidders had been the site's future potential for alternate uses such as retail.

Recent CBD sales such as that of The Stork Hotel in Elizabeth Street and the Naval and Military Club in Little Collins Street had highlighted the demand for city development opportunities, Mr Callow said, with both those sites earmarked for residential apartment projects.

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