

P R E S S R E L E A S E

CB Richard Ellis Pty Ltd
ABN 57 057 373 574

Level 26, 363 George Street
Sydney NSW 2000
DX 10262

T 61 2 9333 3333
F 61 2 9333 3330

www.cbre.com.au

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For further information:
Kathryn House
Communications Manager
61 2 9333 3585
61 402 465 440

Investors turn their sights to southern CBD investment opportunities

Sydney, NSW (5 March 2010)

The lower ground floor of Sydney's Regent Place Shopping Centre has changed hands for \$10 million amid signs of increased investor interest in the city's mid town and southern CBD markets.

CB Richard Ellis Directors Gavin Lloyd and Josh Loudoun negotiated the sale of the former Asian supermarket in the largest CBD strata transaction in three years.

Only a handful of strata properties in Sydney have traded for over \$10 million – the last being the circa \$11.5 million sale in 2007 of the now Rockpool restaurant space at 66 Hunter Street to a US private equity investor with links to restaurateur Neil Perry.

Also in 2007, Sydney's now failed Mandarin Club paid approximately \$16 million for a parcel of strata lots in the 1 Dixon Shopping Centre in the city's Chinatown precinct.

Mr Lloyd, who negotiated both the Hunter Street and Mandarin deals, said larger strata lots were rarely made available and typically generated strong buyer interest as evidenced by the recent Regent Place sale.

The 2,067 square metre strata space is located at 501-509 George Street at the base of the acclaimed Lumiere Apartment building. Developed by Frasers Property Group, the building comprises a 56-level residential tower and the three-level Regent Place shopping centre.

The fitted out lower floor strata space was sold to a private investor on behalf of Receivers and Managers Deloitte.

"With an absolute prime George Street address in the heart of Sydney's mid town precinct, the property offered buyers the opportunity to buy a landmark asset with a number of value add investment options," Mr Lloyd said.

"There is potential to carve the space up into smaller strata shops which could then be on-sold, and the possibility to link the strata directly into Town Hall Station via a pedestrian tunnel subject to the relevant planning approvals."

The floor could accommodate up to 20 tenancies and there is approval for a café with plaza seating.

Mr Lloyd said the buyer interest in Regent Place was reflective of rising investor demand for strata and freehold investment opportunities in Sydney's mid town and southern CBD markets.

"The city's southern precinct offers the most significant development opportunities in the CBD," Mr Lloyd said.

"For investors, the precinct also provides a significant yield differential of up to 2% on comparable properties in the city core."

Rental growth prospects are one of the other factors underpinning increased investor activity in the southern CBD.

"Rentals in the southern CBD will be coming off a lower base as the market turns, providing greater opportunities for rental growth moving forward," Mr Lloyd said.

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