

Old World meets New World in Sydney's CBD Investors with a flair for history secure boutique CBD assets

18 November 2015, Sydney – Offshore interest in Sydney's boutique office buildings continues to surge, with three buildings in the CBD's western corridor selling, each with a \$10million plus price tag.

The significant investment in the future of Sydney via the development of Barangaroo, Darling Harbor Live and the George Street Light Rail, is focusing investor interest on the Western Corridor of the Sydney CBD.

According to **Knight Frank's John Bowie Wilson**, "These are three game changing projects for Sydney and they each adjoin the western corridor. It is unprecedented for Sydney to have this much money committed in capital upgrades and the Western Corridor will be the first to benefit".

Occupier trends and workplace demographic shifts are also moving in a favorable direction for owners of character buildings in the Western Corridor.

According to **Knight Frank's Jonathan Vaughan**, "There is an ongoing trend for occupiers seeking to differentiate from their competitors, identifying character buildings as the ideal foundation for their brands. Buildings with period features provide a real point of difference, and the scarce nature of this style of property means quality stock is tight.

Mr Vaughan went on to say "Owners of these assets are therefore typically experiencing stronger effective rental growth and higher probability of renewal on lease expiry which will underpin capital values going forward".

204 Clarence Street is a heritage listed, turn of the century building which sold off market for \$15.5m. Jonathan Vaughan and John Bowie Wilson from Knight Frank brokered the deal on behalf of Greenpath Pty Ltd.

The asset is a well presented boutique office building, located just south of Market Street within the Western Corridor of the CBD, The building was constructed in 1908, extensively refurbished in 1999 and has a net lettable area of 2,242sqm. Internally, the office space was fitted out with high ceilings and character features throughout.

According to Mr Vaughan "The purchaser appreciated the quality of the accommodation and was attracted to the location's excellent growth prospects".

Further highlighting the interest in Western Corridor boutique buildings, an education provider from Singapore has secured, by way of call option agreements, the right to acquire 100 per cent of the strata suites in **432 Kent Street, Sydney** for a total cost of \$13.8m. The 297sqm site provided a 14.3m Kent Street frontage and 1,339 sqm strata area.

Jonathan Vaughan, John Bowie Wilson and Andy Hu of Knight Frank sold the option agreements after a highly competitive Expressions of Interest process on behalf of KSO Pty Ltd. The purchaser was represented in the transaction by Rob Harrington from Fitzroy's Real Estate.

These two recent sales follow hot on the heels of the sale of **143 York Street, Sydney**, which a local private investor sold for \$21.25m in May 2015 to a local Chinese hotel developer. The property sold in a highly competitive auction process by Knight Frank's Jonathan Vaughan, John Bowie Wilson and Andy Hu and Steven Krulis Real Estate's Michael Burke.

The boutique heritage listed office building is situated on a prominent site of approx. 468sqm the building comprises seven office levels above ground and lower ground level retail tenancies with a total net lettable area of approx. 2,650sqm. Constructed in 1922 the building was substantially

refurbished in 1986 when the upper two floors were added with further refurbishments in 1991-1992 and again in 2003-2004.

END

For further information, please contact:

Jonathan Vaughan, Associate Director, Commercial Sales, Capital Markets

Jonathan.Vaughan@au.knightfrank.com +61 0423 681 854

John Bowie Wilson, Head of Commercial Sales, NSW

John.BowieWilson@au.knightfrank.com +61 423 000 882

Andy Hu, Associate Director - Asian Markets

Andy.Hu@au.knightfrank.com +61 410 868 066

Jessica Freeman, Associate Director, PR & Communications, NSW

Jessica.Freeman@au.knightfrank.com +61 411 354 307

Notes to Editors

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank has more than 13,000 people operating from over 400 offices across 58 countries. These figures include Newmark Grubb Knight Frank in the Americas, and Douglas Elliman Fine Homes in the USA. The Group advises clients ranging from individual owners and buyers to major developers, investors and corporate tenants. For further information about the Company, please visit www.knightfrank.com.