

News Release

13 March 2019

Surry Hills office building sells for \$39.5m

Headline summary:

- **Security Capital Australia has sold 19 Foster Street to Marks Henderson**
- **The sale represents a yield of 4.8%**

Security Capital Australia has sold 19 Foster Street, Surry Hills, to private investor Marks Henderson for \$39.5 million in a deal negotiated by **Knight Frank's Jonathan Vaughan** and **John Bowie Wilson** in conjunction with **Karbon Property's James McCourt** and **Joshua Watts**.

The sale represents a yield of 4.8%.

19 Foster Street underwent significant refurbishment in 2013, delivering approximately 2,123 square metres of industrial-style creative office space in addition to over 1,000 square metres of retail/showground space.

With two street frontages, the building is set across five levels and features a dual core and internal lightwell, along with high ceilings, exposed brickwork and polish concrete floors. Currently 100% let 19 Foster Street has a WALE of 2.25 years (as at 1 November 2018).

19 Foster Street is strategically located to central station and benefits from its close proximity to some of Sydney's best restaurants, including Nomad, Chin Chin, Firedoor and Longrain.

According to **Jonathan Vaughan, Knight Frank's Partner, Commercial Sales, NSW** the property received strong interest from a number of parties.

"We had significant buyer interest throughout the campaign, reflecting the ongoing confidence in Sydney's fringe markets and the sale demonstrates the continued outperformance of the Surry Hills market in particular. With a vacancy rate of 3%, the fundamentals in Surry Hills are some of the best in the country, underpinned by its position as the number one destination for the growing TAMI (technology, advertising, media and information) sector."

James McCourt, from Karbon Property co agent on the sale said, "19 Foster appealed to a significant investor pool due to the tenant and expiry profile. Not many buildings in the Sydney fringe accommodated as many industry leading companies as 19 Foster does. This coupled with the heritage characteristics meant a highly competitive sale process was inevitable. Investor demand for assets like this will continue to grow."

Chris Marks, Director, Marks Henderson said 19 Foster Street presented an opportunity to acquire an office building with a favourable lease expiry that also caters to the generational shift in the way people are working and utilising office space.

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“Surry Hills is continuing to rise in popularity amongst the creative industries and this increasing demand combined with a lack of supply has led to a drop in vacancy in the area, with an expected reversionary uplift in rents. The refurbishment of 19 Foster Street delivered space that not only appeals to today’s occupier but will continue to attract tenant interest within the Surry Hills market for years to come.”

“We are extremely pleased with the result of the sale of 19 Foster Street,” said **Mark Clohessy, Security Capital**. “19 Foster Street was identified in 2014 by us as being a building that provides an excellent platform to leverage the changing workplace demographics, which has proved to be the case. The divestment of the asset is in line with our long track record of recycling capital and our investors are very happy with the result”

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Notes to Editors

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