

\$16m fund buy-up

Matthew Cranston

Melbourne-based boutique property fund manager Quintessential Equity has increased its property portfolio acquiring two industrial properties in Victoria and South Australia for \$16 million.

The acquisitions follow a string of purchases from syndicate-style investors this year including from groups such as Alceon, Primewest and Sentinel.

Quintessential Equity's properties were acquired from wholly owned subsidiaries of ASX-listed iron ore company Arrium Ltd, reflecting a combined initial yield of 9.58 per cent. Director of Quintessential Equity, Shane Quinn, said the properties would serve as a passive investment during a future period of uncertainty.

"We expect major issues in the property market in the next one to two years in regards to leasing metrics in the commercial office property market and some areas of the industrial property market," Mr Quinn said.

"These are passive investments with minimal risk, and will strengthen Quintessential Equity's portfolio in terms of increased weighted average lease expiry," he added.

Quintessential Equity negotiated a 12-year lease with two seven-year renewal options for each property.

The first property at Noble Park in Melbourne covers 23,800 square metres and was purchased for \$6.8 million, while the second property at Port Adelaide, covering 44,000 square metres, was purchased for \$9.4 million.

Both properties have low building coverage of less than 40 per cent of their total land area, providing plenty of space for future expansion.

Last week expanding syndicator Sentinel Property Group also snapped up AMP Capital Investors' A-grade commercial building in Brisbane last week for \$28.5 million.

Sentinel has purchased four properties for more than \$83 million this year and the Sentinel Coronation Office Trust, which purchased the AMP building, has a forecast first year distribution of 12 per cent.

Self-managed super funds backed the purchase, which was brokered by CBRE's Flint Davidson and Peter Court.

Sentinel general manager Anthony Lattin said the three-level asset at 555 Coronation Drive was in one of the city's most sought-after precincts. "We've had our eye on this for about 18 months," he said.

Brookfield in police deal

Ainslie Chandler

Brookfield Johnson Controls has struck its fifth major property portfolio management deal since its Australia and New Zealand operations started in February.

The company, formed by a merger between Brookfield Asset Management and Johnson Control's Australia and New Zealand services businesses, has won the integrated property portfolio services contract for the New South Wales Police Force, including 5.6 million square metres of office, police station and training facilities.

The contract was previously held by DTZ.

The group is steadily winning market share from its competitors, which include Jones Lang LaSalle, DTZ and CBRE, according to managing director Jon McCormick.

However, he remained tight-lipped on the clients of the other four contracts, saying only that two are public sector and two private sector.

The company was positioned to double its core business within five years, he said. As the deals have rolled in, the headcount has risen from 630 at the merger to 730.

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