

Australian Property Review

Yields remain strong in Melbourne CBD

by Mark Bristow : Tuesday, July 08, 2008

A Queensland-based private investor has purchased a building in the Melbourne CBD with a passing yield of approximately 5.5%, confirming a continuing strong demand for CBD retail and commercial property.

The property, located at 67-73 Hardware Lane, Melbourne, comprises a recently restored, high profile, five level, retail/residential and office building with a total building area of approximately 1165 sqm.

The five level Hardware Lane building is currently leased to Charlie's Bar, The Mill Restaurant, four residential apartment tenants and a top floor office tenant.

Colliers International selling agent, Matthew Stagg, said that the \$6.4 million sale demonstrates that purchaser demand for high quality, securely leased, Melbourne CBD investment property is very strong as private investors seek refuge from a volatile stock market.

"This sale, along with a number of other free standing buildings sold in the CBD this year, in the \$5 million to \$20 million range, showed that yields for Melbourne CBD retail and commercial property remained firm," said Mr Stagg.

Conjunctional agent Mulcahy & Co Managing director, Chris Mulcahy, agreed that enquiry for fully leased investment properties was extremely strong and added that the purchaser would also be able to take advantage of depreciation benefits.

According to Colliers International research, the average yield for properties in the \$5 million to \$20 million price range this year has been between 5% and 6%.

Colliers International state director of investment sales, Pat Burke, said that enquiry from interstate investors had increased noticeably in 2008 ...

"This is a trend we have seen develop as the markets in Perth and Brisbane have become overheated," said Mr Burke.

"We are now handling an unprecedented amount of enquiry from cashed-up private investors from these markets."

The Hardware Lane Queensland-based purchaser was represented by local buyers advocate Chris Lang.

