

St Kilda Road 10-level tower fetches \$40m

Bayley Stuart

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Wealthy Hong Kong expat Malcolm Dumenil has sold 606 St Kilda Road, a 10-level office tower on the city fringe, to Melbourne investment firm Bayley Stuart Capital for \$40 million. The deal was struck on an initial yield of 7 percent and a strong building rate of \$4,625 per sqm.

The glass-encased office tower last sold for \$23 million in 2009 when Mr Dumenil, the CEO of Hong Kong-based metal products manufacturer Chiaphua, picked it up from a Becton Office Fund.

The 8,647sqm building is 97 percent leased with tenants that include Advantage Property Consultants, Gallagher Jeffs and Sinochem Australia.

Bayley Stuart Capital are consultants and syndicators run by Alasdair and Andrew MacGillivray. "We've been attracted to the office fundamentals of St Kilda Road for a while now. Despite significant office withdrawals for residential conversion and more anticipated, office space remains in keen demand, and it is attractively priced relative to other fringe markets," Andrew MacGillivray said.

The latest Property Council Office Market Report shows St Kilda Road vacancy rates improved from 9.3 percent to 8.9 percent over the six months to January 2016, due to 15,685sqm of withdrawals.

The building sold through Joseph Walton of Allard Shelton and Kiran Pillai of CBRE and follows soon after another notable St Kilda Road sale - Cadbury-Schweppes House sold by private equity giant Blackstone in November for \$90 million to National Mutual Life Nominees. Another office tower in the area, at 324 St Kilda Road, is up for sale through Colliers International, asking about \$30 million.

Mr Walton said the yield and price achieved for 606 St Kilda Road was above the typical \$4,000 per sqm paid for this type of asset and showed underlying confidence in the office strip.

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Press Release