

FUND SNARES ITS SECOND ASSET, AN ALMOST FULLY OCCUPIED REFURBISHED OFFICE TOWER

Chris Herde | 7 October 2022

A QUEENSLAND investment group has secured its second asset, a recently refurbished CBD office tower.

Quanta Investment Funds paid \$39m for the 14-level building at 157 Ann St in a deal underpinned by new lease agreements that took the office tower's occupancy from 46.6 per cent to over 90 per cent.

The leasing campaign effectively increased the passing yield to 8.91 per cent.

Quanta chief executive Stacey Jones said the tower fitted well within the fund manager's portfolio growth strategy.

"We're really pleased to bring a commercial asset of this calibre to our investors, with immediate upside via new tenant leasing, compelling distributions, an increase from initial valuation and a WALE (Weighted Average Lease expiry) of 6.6 years," she said.

"Investor support was strong for this strategic opportunity, which was fully subscribed within 12 days; and will deliver a distribution of 8.15 per cent in its first year."

The \$7.8m refurbishment of the 6576sq m tower included lift and foyer upgrade, and on-floor works. The new leasing included a 2700sq m deal with EMF Sports Performance and Recovery Centre, with plans to launch its Brisbane flagship health centre in 2023.

"We're thrilled to provide 2700sqm to EMF, a national success story who are leading the way in health and recovery. With fit-out designs and planning for their flagship wellness, fitness, performance and recovery centre well underway, this will bring new amenity to the Brisbane CBD," Ms Jones said.

CBRE's Adelaide O'Brien and Jack Morrison, and Jason Lynch from Colliers International struck the deal on behalf of the Anton Real Estate Partners.

Anton, led by principals Tony Martin and Anthony Kingsley, originally acquired the tower in 2013 as a risk adjusted high yielding asset play with Brisbane City Council as anchor tenant.

Ms O'Brien said the sale followed a flurry of middle-market transactions in Brisbane, demonstrating liquidity in the sub-\$100m landscape.

"While market fundamentals have become more challenging over the course of the year, groups with conviction around the occupier market are proving to be rewarded," she said.

Mr Lynch said the campaign attracted strong interest including offers received from both domestic and offshore capital.

"In 2022, there have only been two institutional quality office transactions in the sub-\$100m price bracket in the Brisbane CBD and that includes the tower at 157 Ann St," he said.