

Commercial Property

Harbour's taken, so back south they go

Carolyn Cummins
Commercial Property Editor

At the turn of the last century the southern end of the CBD was considered the city's commercial hub. Central Station was the main transport link for people visiting the CBD and this triggered a building spree of other businesses such as retailers and rag traders in nearby Surry Hills.

Carlton and United Breweries opened its doors as did John Fairfax, publisher of *The Sydney Morning Herald* in its former Jones Street site, and Grace Bros dominated with its flagship department store.

Marcus Clarke was also near the railway and the former chocolate factory in Holt Street eventually became the headquarters for Rupert Murdoch's News Ltd.

But with the opening of the Harbour Bridge, Circular Quay and Stock Exchange, the business and transport end of the CBD gradually moved north to where it is today.

However, the harbour's popularity and the desire to have a view have made the area almost inaccessible for many companies.

The explosion in residential development in the inner east and west has led to more companies moving back to the southern end of the CBD. There are new commercial offices, hotels such as the Medina in the former post office in Railway Square and large tracts of apartments.

The latest building to be converted is the former NSW Milk Board headquarters at 67 Regent St, Chippendale, where individual



floors are available for lease, with fit-outs also co-ordinated by the property's new owner, W Property.

The boutique commercial space in the building, most recently owned by orthopaedic group Otto Bock, is being leased on a sliding scale over three years, with three of the six storeys already tenanted. The leasing program, through Deans Property and Colliers International, is based on 240 square metre floors at \$150sqm for the first year, \$260sqm in year two and \$280sqm in the third year.

Leasing agent Eric Lundberg from Deans Property said this refurbished warehouse-style building has wooden floors, high exposed-timber ceilings and the latest technology in security and communications.

"We believe that a range of companies would be interested in this building as their headquarters or operations centre. The leasing rates are more reasonable than the CBD, while Railway Square is

quickly becoming the commercial hub of the south CBD," Mr Lundberg said.

There is a range of new corporate and residential developments, with the State Railway Authority and the NSW Registry of Births, Deaths and Marriages and Medina Serviced Apartments moving in over the past year. Two companies have already moved into the Railway Square building - the Australian operations of British-based Bibby Financial Services and an internet group, Netventures.

David Brown of DB Property said the area was showing solid price gains. "We recently sold 17 Randle Street, Surry Hills, for \$6 million, which was a 1638sqm building with adjoining eight-car garage," he said.

Another Railway Square property for sale, which is leased to a franchise outlet of freight group Pack & Send is attracting keen interest from investors, particularly those exiting the over-stocked and slow-performing residential market.



The sale with lease-back is being negotiated by Lindsay Sturrock, an associate director at Laing+Simmons Commercial.

"Commercial property values at the southern end of the city have benefited from the upgrade of Central Station and Broadway. Furthermore, the shift of many government departments to the area has brought liveliness to that part of the city," Mr Sturrock said. "As a result, strong demand and lack of stock have caused a shortage of good commercial investment properties. It is particularly hard to find good opportunities for under \$1 million."

New lease on life ... the exterior of the former Milk Board building in Regent Street, above, right, and the interior, above left.

Companies after cheaper city offices find all roads lead to Central

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SMH

The revamp of the Central railway district has breathed life into the southern end of the CBD, with more companies looking to relocate away from high rents elsewhere in the city.

Australand has recently completed its commercial development of Henry Deane Park in Lee Street, a short section between

the Railway Square intersection and Regent Street.

Another property being sold by W Property Pty Ltd, a company associated with Michael Williams, is 68 Regent Street, Railway Square.

Luke Briscoe and Scot Robertson, from Colliers International, have been appointed to

sell the site by public auction on March 14.

Offers are expected in the upper \$3 million range (plus GST).

According to the agents, the offices were purchased from Otto Bock (Asia) in early 2001 and have undergone refurbishment guided by PMDL architect David Morris.

Morris created a "Soho-style" office building featuring polished timber floors, herringbone strutting, exposed air-conditioning ductwork and industrial-style reflector batten lighting, giving the building a "raw" creative feel.

W Property has completed the refurbishment with rewiring of

the building, new floor-by-floor air-conditioning, new amenities, remodelled foyer and modern security system.

Williams has had success in the Central railway area, having recently purchased, refurbished and on-sold 35 Regent Street, Railway Square, for \$4.85 million to the NSW

Government to host the Registry of Births, Deaths and Marriages.

Other major developments in the area are the hotel/serviced apartment facilities of The Medina Serviced Apartments in the former Parcel Post building and the four-star Mercure and Country Comfort hotels.

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