

CorVal's \$40m sale proof of demand

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Property fund manager CorVal has made a strong return on its Pennant Hills office building, selling it for more than \$40 million, double the property's price nearly two years ago.

Pitt Street Real Estate Partners beat 13 other bidders for the property at 1 City View Road. The area is set to benefit from the shrinking commercial space in the city's north-west as residential developers convert office buildings into apartment towers.

The deal was brokered by JLL's Sam Brewer and John Macree in conjunction with CBRE's Steven Kearney, Simon Kasprovicz and Scott Gray-Spencer. Mr Brewer declined to comment on the price but said he was surprised by the high number of onshore bidders after the expressions of interest campaign.

"This reflected the local understanding of the impact massive infrastructure spending by the NSW government in the north-west will have on asset values in this location," Mr Brewer said.

CorVal and Pitt Street Real Estate Partners – a subsidiary of Washington H. Soul Pattinson – declined to comment on the deal.

However, it is understood to reflect a passing yield of about 8 per cent.

The tower has a weighted average lease expiry of three-and-a-half years and 75 per cent of the lease covenants are to government tenants.

CorVal bought the building from the mortgagee and spent \$1.7 million refurbishing the bathrooms, facade, foyers and car park. The 8484-square-metre property has had 7000 square metres of leases signed since CorVal acquired the asset.

RP Data shows the property firm bought the Pennant Hills building for \$18.7 million in 2013.

In recent years, commercial property prices have risen sharply because of increasing demand – particularly from offshore – and limited supply.

Also, with nearly 200,000 square metres of office space coming off the market on the north shore and in north-west Sydney to be converted into



1 City View Road: limited options for companies in the area in the future.

apartments, properties such as 1 City View Road will become one of the limited options for companies in the area. It also sits opposite the railway station.

Potentially, the property could be converted into apartments in the medium to long term, but it is under-

stood that the buyer intends to retain the building as an income earner.

Pitt Street Real Estate Partners is a savvy local investor in property. Last year, it sold the Super Cheap logistics portfolio to Malaysian pension fund KWAP for just over \$150 million.