

A Hartigan Bolt

# Investor Report

Autumn 2009



## 78-81 Chandos Street Investment For Sale



2 Storey office of 652sqm.  
Fully leased to 2012.  
Located close to the station.  
Future development potential.

Further details P3.

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It would be surprising if the leasing market wasn't getting tougher with all the doom and gloom in the media and the economy. What is perhaps surprising is that the market is not as dead as some might believe. For us the New Year started strongly with seven lettings being completed in January alone.

There is no question that fewer companies are looking to move and those that are, are not necessarily taking more space but are taking advantage of the market to get better quality and value. This makes it ever more important to look at the quality of space that is vacant and in many cases accept that some form of refurbishment will be necessary to have a realistic chance of securing a tenant.

Rents and incentives are under pressure and as always it is those owner's that move first who will have a better chance of creating an impact. The decision on whether to compete aggressively on terms depends on a number of factors many of which are dictated by the owner's situation and overall strategy. Our general advice is to look seriously at all offers and try and work towards an agreement. The cost of losing a potential deal and waiting for another tenant could be very significant.

The sales market is also challenging particularly at the top end where many of the trusts would like to sell in order to raise cash but there are few buyers with the capacity to make large investments. At the lower end the market is far more active with buyers looking at both investments and buildings for owner occupation.

We have seen a noticeable increase in investor enquiries in the last month or so as the impact of lower interest has taken hold. This has resulted in our selling an investment at 8 McLaren Street, North Sydney for a return of just over 8%. We are now offering a number of other investments for sale and expect this market to gather pace as buyers look for good opportunities.

We have negotiated two recent sales to owner occupiers. 85 Alexander Street, Crows Nest has been sold for \$2.8M and 41 Hume Street, Crows Nest was sold to the Australian Security Industry Association for just over \$2M.

The priority for many private owners is to ensure that existing tenants are retained and any vacancies are leased as quickly as possible. This requires active management and a concerted approach to leasing both areas that we have been heavily focused on.

Looking forward we have no doubt that the market will remain challenging for some time and with this in mind we have strengthened both our leasing and management teams in recent months.

Our team remains keen to help you with all your property needs on the North Shore.

David Bolt

Chris Hartigan

Call **David Bolt** or **Chris Hartigan** on

**9955 9211**



# Recent sales



## **8 McLaren Street, North Sydney – Investment**

Large heritage building on the corner of Pacific Highway and McLaren Street. Fully leased to a Medical Clinic for 5+5 years from 2008. Income approx' \$114,500p.a. Sold Jan 09 – 8% return.



## **41 Hume Street, Crows Nest – Vacant Possession**

Sold on behalf of the Professional Golfers Association. 3 storey office of 650sqm plus 9 car spaces. Sold Jan 09 – \$2.05M.



## **85 Alexander Street, Crows Nest – Large Corner Building**

Sold on behalf of ADCO following their relocation to larger offices at West Street. Prominent 2 storey offices of 625sqm + 9 cars. Impressive board room and entrance. Sold Dec 08 – \$2.8M.



## **176 Pacific Highway, St Leonards – Major Investment**

One of the largest North Shore sales of 2008. Sold to Australian Unity for their Healthcare Fund. Refurbished office building of 2,300sqm leased to IVF Australia for 10 years. Sold Aug 08 – \$14.6M.



## **9-11 Ridge Street, North Sydney – Heritage Building**

Impressive double fronted, heritage building providing just over 550sqm of offices on ground and 2 upper floors. Sold Aug 08 – \$2.15M.



# Leasing goes back to basics

There's nothing like a downturn to get owners focused on the need to fill empty space. Equally important is the need to do everything to avoid vacancies and ensure that existing tenants renew their leases.

Leasing is becoming ever more competitive and whilst vacancy rates may not be as high as they have been in previous down turns this is small comfort to an owner who has a significant void at the current time.

There are a number of principles that we apply to our leasing appointments and we believe have helped us maintain a very consistent level of deals throughout the last 12 months.

- For all of our appointments we encourage other agencies to introduce tenants and if they do they will receive the lion's share of the client's fee. This maximizes the chances of securing a letting in the shortest time. It also motivates our team to be pro-active and not sit back and just wait for an enquiry to emerge.
- Our leasing team is constantly working to build relationships with occupiers that are looking to move both now and in the future. This is essential to getting through to decision makers and making sure that our client's properties are getting fully considered.
- At all stages our Directors, Chris and David are on hand to give advice on how to progress with enquiries and negotiations. Unlike some of our larger competitors there is a genuine cooperation to get deals done and our agents know that this doesn't dilute their all important commission.
- We invest in marketing that helps our clients get full exposure. Examples include our popular leasing magazine Niche. We are also raising our profile on the ever more important internet sites by taking the North Sydney and St Leonards banner adverts on [realcommercial.com.au](http://realcommercial.com.au) where we will be featuring some of our client's properties.

*For assistance with any leasing instruction please contact Chris Hartigan, Michael Vanstone, Adam Ray or Joanne Watson.*

## Property management continues to grow

**Our property management portfolio continues to increase mainly as a result of owners reaching a point with they want more than their existing property mangers are delivering.**

What the clients want is not difficult to deliver and is probably easier for a smaller organization such as ourselves where team work and senior input is simply part of everyday work.

Clients want to know that the property manager and the director visit the property on a regular basis, that significant changes to expenses are looked into, that reviews are not missed and above all that every effort is made to maximize occupancy and income.

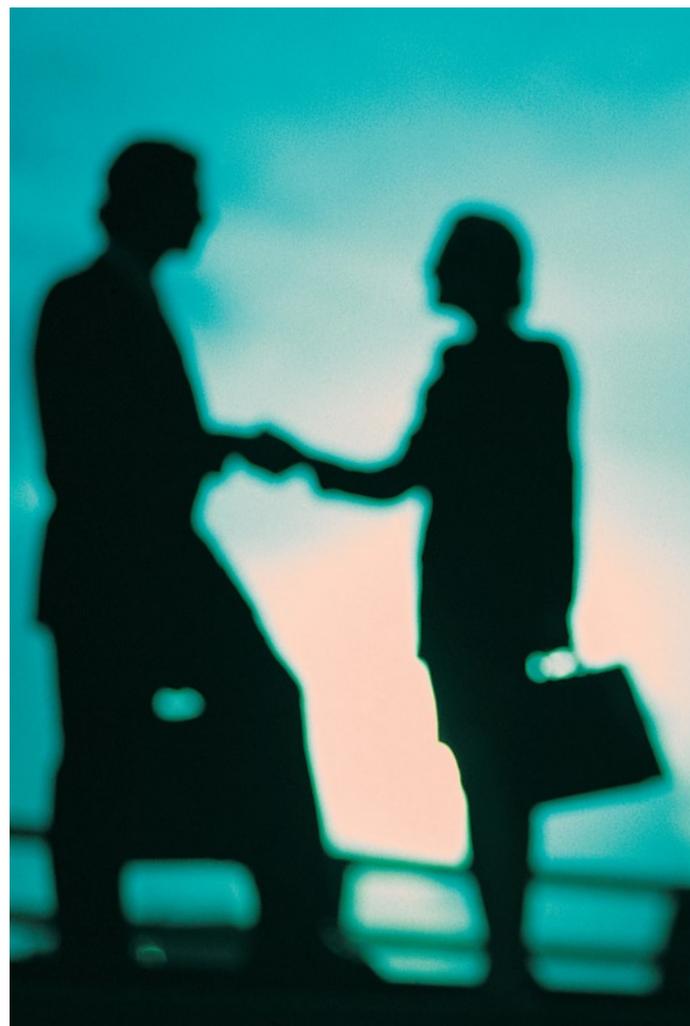
These issues simply require the right level of resources and experience.

Our directors Chris Hartigan and David Bolt are each involved with all of our management appointments and are ably supported by Tracey Stewart on building management and Gai Kovacs who runs our accounts system.

Most of our appointments have come to us after some time of deliberation by the client and we are always happy to have a confidential chat to see if our service fits your needs.

Recent appointments include 40 Oxley Street and 619 Pacific Highway in St Leonards.

*For further information on property management please call Chris Hartigan.*



## Current sales

**Our current sales instructions include the following:**

### **Confidential Sales**

Like our sale last year of 176 Pacific Highway, St Leonards to Australian Unity many of our larger transactions are done on a confidential basis without being openly publicized. We are currently working with a number of clients who are looking to place their properties with buyers. These range from well located North Shore office buildings in the \$5-10M range through to a couple of larger, securely leased investments in the \$20-25M range. To discuss a proposed sale or your investment requirements in more detail please contact David Bolt or Chris Hartigan.



### **Chandos Street, St Leonards – Investment**

79-81 Chandos Street is a well presented 2 storey office building of approx 652sqm + 4 car spaces. The building offers contemporary office space with exposed timber ceilings on the ground floor and exposed pitched ceiling on level one. There is ducted air conditioning throughout and the building has been well maintained. It is fully leased to two tenants until 2012 producing a net income of approx' \$180,000p.a. with annual increases. Freehold for sale – \$2.3M. Yield approx' 8.6%.

### **Alexander Street, Crows Nest – Freehold**

About to undergo refurbishment 87 Alexander Street comprises approx' 650sqm on 3 levels with secure parking for 10 cars. Level 1 provides large open plan offices with atrium to level 2. The top floor features a large fully fitted training / meeting room and a large roof terrace. The ground floor has showroom / office fronting Alexander Street plus car park to the rear. The building is located in the heart of Crows Nest close to shops and cafes. For sale or lease – POA.

*For further information on sales please contact David Bolt.*

# Leasing instructions

Our leasing team had a successful 2008 letting on average 1,000sqm of space each month. Despite the growing difficulties in the economy we have started 2009 strongly with seven deals being completed in January alone.

There is no question that there are less active enquiries around and those that are can afford to be choosy and pick the right space and deal. For this reason presentation of buildings is ever more important.

We have a number of clients who are offering good quality refurbished buildings at realistic rentals. These include:

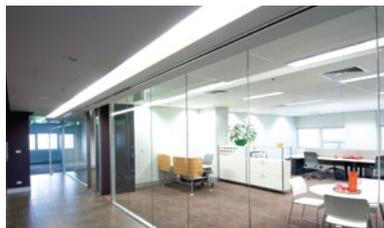
#### 6-12 Atchison Street, St Leonards

Just a stones throw from the Station this 2,800sqm building has been fully refurbished with new carpet, entrance foyer and finishes. Levels 1 & 2 can accommodate enquires between 300 and 700sqm. The ground floor has high ceilings and street profile and totals 570sqm.



#### 75 Miller Street, North Sydney

Fully refurbished within the last 2 years by Lend Lease, we have a few suites available of between 55 and 200sqm. The building is close to Greenwood Plaza and North Sydney's revamped train station.



#### 20 Chandos Street, St Leonards

Currently undergoing a major refurbishment to include a stunning new façade. Upon completion this is going to set the benchmark for creative and stylish offices in St Leonards. Offices from 125sqm are available up to a whole floor of 650sqm.



#### 619 Pacific Highway, St Leonards

One of the best value options in St Leonards just 1 minute from the Forum and St Leonards Station. Level 1 is being fully refurbished with new ceilings, lighting, carpet etc. Various sizes can be accommodated from 160sqm up to a whole floor of 341sqm.



## Recent Lettings

#### 28 Clarke Street, Crows Nest

– 450sqm leased to architects PMDL

#### 213 Miller Street, North Sydney

– 112sqm leased to Executive Surf

#### 47 Victoria Street, McMahons Point

– 200sqm leased to White Kite

#### 58 Atchison Street, St Leonards

– 140sqm leased to On Line Printing

#### 26-28 Albany Street, Crows Nest

– 190sqm leased to Signwave

#### Chatswood Central, Chatswood

– 225sqm leased to Tag Services

#### 54 Victoria Street, McMahons Point

– 421sqm leased to Eventful Management

#### 194 Miler Street, North Sydney

– 357sqm leased to Wiliam & 215sqm to Tyco Earth Tech

#### 75 Miller Street, North Sydney

– 170sqm leased to Loop Tech

#### 51a Hume Street, Crows Nest

– 280sqm leased to Sydney Design School

#### 107 Mount Street, North Sydney

– 429sqm leased to Reedsoft

#### 621 Pacific Highway, St Leonards

– 140sqm leased to Surfidity

Details of all of our listings and successes can be found on our web site [www.hartiganbolt.com.au](http://www.hartiganbolt.com.au)

## Contact details

Call **David Bolt** or **Chris Hartigan** on **9955 9211**

#### Leasing

Michael Vanstone

Adam Ray

Joanne Watson

#### Property Management

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#### Investment & Sales

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- Leasing
- Sales
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