

FINANCIAL REVIEW

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By Ingrid Fuary-Wagner

Overseas investors still see opportunity in commercial property

Sydney-based boutique outfit Intergen Property Group has bought two commercial properties in Adelaide and Melbourne on behalf of a Singaporean family office, in addition to a government-leased building bought last year, with the three acquisitions totalling \$73 million.

The most significant asset acquired was NAB House, a 14-level A-grade office building at 22-28 King William Street in Adelaide purchased for \$47 million, on an initial yield of 7.8 per cent.

The building comprises 9604 square metres of net lettable area and is home to the banking operations of NAB's South Australian head office, including its subsidiaries JBWere and MLC.

Its other acquisition was a 1538 sq m redevelopment site in Collingwood currently comprising two showrooms leased by two tenants, Absafe and Metz Tiles, for \$13 million.

The building bought on behalf of the Singaporean family last year was an office asset leased to the South Australian government at 176 Grenfell Street in Adelaide also for \$13 million.

Intergen managing director Dennis Kalofonos said that despite the uncertainty created in the property market as a result of the COVID-19 pandemic, Australia's commercial property remained attractive for overseas investors seeking a safe haven.



NAB House, 22 -28 King William Street, Adelaide.

He said the relatively high yields, tax incentives and relatively strong economy, managed by stable government, were attractive to overseas investors.

“We are finding increased interest from overseas investors during the pandemic, as Australia appears to be performing better than the majority of other countries and shows signs that it will bounce back better than most as the negative economic effects of the virus subside,” he said.

Mr Kalofonos said the three off-market acquisitions would lay the foundations for the private family office to grow its Australian commercial property portfolio, which includes the potential development of the Collingwood site within excess of 10,000 square metres of office or mixed-use space.

"We expect over the next 12 months in the office, retail and hospitality sector, there will be many more opportunities for prudent acquisitions and redevelopments as the economic effects of the pandemic continue to bite."

The two Adelaide properties were acquired off market through Oliver Totani of Knight Frank.