

Vantage back on St Kilda Road with \$58m purchase

Exclusive

Larry Schlesinger

Having made a whopping profit on the sale of a St Kilda Road office tower this year, Melbourne fund manager Vantage has returned to the city fringe office boulevard, buying a partially vacant building for \$58 million from the Lederman family's SHL Nominees.

Vantage Property Investments has acquired 574 St Kilda Road, a 10-level tower on behalf of a pooled investment fund, and is targeting a 6.1 per cent fully-let yield following a refurbishment of the 31-year-old building next year.

The off-market deal was struck at a rate of \$7500 a square metre for the 7742 square metre building opposite Wesley College on the corner of St Kilda Road and Moubray Street.

"We have an intensive capital refurbishment program planned for the building in 2020, which will include a new foyer, complete lift upgrade, as well as on-floor lobby and amenity refurbishments", Vantage director Hamish De Crespigny said.

The acquisition follows Vantage selling 420 St Kilda Road – an asset it



The 10-level building was originally built as the Unisys Centre in 1988.

owned in partnership with US private equity group KKR – for \$98 million in April this year to Hong Kong group Mars Family Holdings, having acquired it for \$68 million in 2017.

Originally built as the Unisys Centre in 1988, 574 St Kilda Road is currently 35 per cent vacant.

Tenants include stationary supplier BIC, global advertising agency McCann Worldgroup, and geographic information system operator Esri Cartonet.

"Fundamentally, this building is very similar to 420 St Kilda Road in that it occupies a corner site, offers a double-height foyer and generous internal proportions, and provides

expansive views to all sides," Mr De Crespigny said.

He said the high vacancy rate provided the opportunity to reset rents at market rates following completion of the works program.

The seller was SHL Nominees (1965), a company directed by Jeffrey Lederman and Sharron Singer.

The Ledermans are cousins of Financial Review Rich Listers the Werdigers, with whom they have jointly owned several Melbourne office towers.

The Werdiger family's Enwerd Pty Ltd and the Lederman's SHL Nominees acquired 574 St Kilda Road for \$24 million in 1990.

In 2011, Enwerd transferred its 50 per cent share to their cousins' investment vehicle, giving SHL Nominees 100 per cent ownership of the building.

This year, the Werdigers took control of three CBD towers they had previously jointly owned with the Ledermans in a deal thought to be worth about \$900 million.

The sale of 574 St Kilda Road caps a busy end of the year for the tightly held office boulevard, which has had vacancy rates tumble to 5.9 per cent and rents surge to new highs.