

KKR exits St Kilda Road on high

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Private equity firm KKR and its local partner Vantage Property Investments have made a quick but profitable exit on Melbourne's St Kilda Road, finding a buyer for an office building that went on the market with expectations of \$92 million or more.

An offshore buyer, which has exposure to the local market, is understood to have snapped up the property in what is being described as a strong result, according to market sources.

Vantage, led by Matt Spring and Hamish de Crespigny, bought the 10-storey building at 420 St Kilda Road from CEL Australia, the local arm of Singapore-listed property group Chip Eng Seng, for \$68 million on a 5.6 per cent passing yield, on behalf of itself and its client, KKR, in 2017.

Two intensive years of value-adding activity followed with a new



Vantage Property's Matt Spring and Hamish de Crespigny.

foyer and cafe operator, lift upgrades, on-floor lift lobby and amenities refurbishments, and investment in end-of-trip facilities.

The property was about 9 per cent vacant when it was acquired and went on the market almost fully let. Following the refurbishment face rents had increased 40 per cent on rents before it was acquired.

The joint venture appointed CBRE's Kiran Pillai and Mark Coster together with Cushman Wakefield's

Luke Etherington and Josh Cullen to manage the sale process.

The latest transaction augurs well for the St Kilda Road market after a run of high-profile transactions in recent months including a deal in November last year when property tycoon John Beville sold an office tower for \$163 million, close to doubling his money in less than four years.

Nearby, prospective buyers are sharpening their pencils for 424 St Kilda Road, a dual-tower complex that could fetch \$70 million or more. Bidding is already into the first round with as many as eight players in the mix.

KKR is a busy player in the Australian property markets. Along with Abacus and Clement Lee's Riverlee Group, it sold the World Trade Centre in the Melbourne CBD for \$267.5 million two years ago.

Four years ago, also in conjunction with Abacus, KKR bought the Oasis Shopping Centre on the Gold Coast for \$103.5 million.