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Hurstville Central sold for $119.5m

Larry Schlesinger

The deal for Hurstville Central reflected a passing yield of 6.07 per cent.

A US private equity group has made its maiden investment in Australia after buying the Coles-anchored Hurstville Central Shopping Centre in Sydney's south for $119.5 million.

The deal for the leasehold property, with 42 years remaining, reflected a passing yield of 6.07 per cent. The mall sits about the Hurstville train station, one of the busiest transport hubs in Sydney, with direct links to two major bus interchanges.

Sydney property investment firm Cerno put the 15,000-square-metre mall and adjoining Gateway site on the market in March with price expectations around $130 million after undertaking a major refurbishment backed by private investment house AsheMorgan.

Cerno, led by Paul Di Cristo and Mike Figg, acquired Hurstville Central in 2006 when it was a dilapidated and underperforming centre.

Corporate records show that prominent Sydney property developer Gabriel Lorentz and his wife Diana are major shareholders in owner, Hurstville Central Pty Ltd alongside Cerno and AsheMorgan.

The two-level shopping centre is anchored by a high-turnover Coles supermarket, along with four mini-majors, 27 specialty tenants, eight kiosks and seven ATMs. The property was offered for sale with an average lease expiry of 7.6 years by area and more than 98 per cent occupancy.

Stonebridge Property Group's Phil Gartland and Sam McVay of McVay Real Estate co-marketed the mall.

Mr McVay said the NSW government, which owns the freehold, was keen to renegotiate the leasehold "sooner rather than later" and work with the new owners to achieve the best outcome for the station.

He said retail investments in metropolitan areas located on or around key infrastructure within a short radius of the CBD were particularly sought after by investors.

"The sale result and volume of inquiry during the sale campaign was extremely strong," Mr Gartland said.

"Hurstville Central is a very complex asset due to its leasehold title and transit interchange integration, but its exceptional location, customer traffic and income growth potential drew solid interest from a broad cross-section of buyers.

"Some of the world's largest retailers have their best performing tenancies in retail-oriented concourses and these groups understand the benefit of placing stores into highly trafficked transit hubs," he said.

Examples of that were at King's Cross and St Pancras stations in London, where retailers such as John Lewis and Nike had smaller "click and commute" stores, he said.