

FINANCIAL REVIEW

Friday 13th May 2016

Cheng family splashes out \$310m on MidCity

Matthew Cranston

Hong Kong's Cheng family has purchased a shopping centre in the middle of Sydney city for the highest price per square metre paid for such a property.

The Cheng family, who already own several office buildings in Sydney, including one leased to technology company Atlassian, has purchased a 75 per cent share in the MidCity Centre from Fortius Active Property Trust No.1 for more than \$310 million.

Details of the deal have not been disclosed but the price reflects more than \$45,000 per square metre and a yield which is likely to be well below 5 per cent.

The tightening yields reflect cheaper borrowing rates and the huge wave of offshore money attracted to Australia's commercial property market.

Cheng family patriarch Tony Cheng, who runs NGI Investments, said he was very pleased to acquire the asset.

"We see this as an opportune time to invest in Australia and we are excited to acquire this prime retail asset," he



The MidCity Centre buy boosts the Cheng family's Sydney property portfolio.

said. "This purchase strengthens our property portfolio in Sydney."

Fortius chairman Ray Sproats, who developed the entire MidCity centre and its adjoining 420 George Street office tower, said the latest deal would now value the combined development at more than \$1 billion.

"The sale concludes our vision of 10 years ago and we consider it one of the best retail assets in the city," he said.

His son Nick Sproats said the sale price was a good result. "We are delighted with the sale price and the future outlook for the MidCity Centre."

McVay Real Estate's Dan McVay and

Sam McVay handled the sale for Fortius in conjunction with Lachlan MacGillivray from Colliers International.

"The market understands how unique and powerful the precinct is and the ultimate price demonstrated this," Sam McVay said.

The MidCity centre sits on a site of 4300sqm with a frontage of 55 metres to the Pitt Street Mall and commands some of the highest rents in Australia. It attracts more than 10 million visitors through its doors on an annual basis.

Lendlease's Australian Prime Property Fund Retail has retained a 25 per cent interest in the shopping centre, which includes brand names such as Japan's Uniqlo and Virgin Active.

Other high-profile larger stores in the centre include General Pants Co, Rebel Sport, Forever New, Culture Kings, Just Jeans, Portmans and Witchery.

The centre includes a through-site link that connects two of Sydney's busiest thoroughfares, George Street and Pitt Street.