

Commercial Investments strong to the end of 2016

Written by Su-Lin Tan | Australian Financial Review | Wednesday 7th December, 2016

Unflagging investor enthusiasm and a cheeky \$10 bid dominated Burgess Rawson's final Sydney commercial auction for the year on Tuesday, with nearly 70 per cent of the 30 properties on offer sold under the hammer.

There was spirited bidding by mum-and-dad, self-managed super fund and family trust investors across a portfolio of petrol stations, retail outlets, pubs and government-tenanted assets in NSW, Queensland, ACT and Western Australia. A unique parcel of six properties occupied by optometrists also was scooped up.

An average net yield of 6.1 per cent was achieved across the 20 properties sold.

“Property still presents as a very safe option,” Burgess Rawson director Dean Venturato said. “End of year interests are still strong, with people wanting to pick up assets [before the year closes].”

Regular Burgess Rawson client Leo Tsekos' cheeky \$10 incremental bid at the end of the auction of the Iron Horse Hotel at 325-329 Main Road, Cardiff, in Newcastle saw him win the property for \$14,800,010 and a good laugh from the 200-strong crowd.

The 1861 square-metre pub is leased to the ALH Group until 2032 with options. It comes with a drive-through BWS liquor outlet.

It was the highest-priced sale of the auction, contested by three strong bidders, including Mr Tsekos.

“The market is still all right,” Mr Tsekos said. “Especially for long-term leases.”

The standout auction was the “irreplaceable” \$8.76 million sale of a KFC outlet at 436 Pacific Highway, Artarmon, seven kilometres north of the Sydney CBD. The net yield struck on the sale – and the lowest in the auction – was 3.96 per cent.

KFC has occupied the site for 48 years and has another 20-year lease in place with options.

Another strong sale was the XO Cafe premises in Sydney's CBD, which sold for \$2.21 million at a net yield of 4.46 per cent.