

Newcomer targets Mackay

Michelle Hele

AN emerging property partnership has secured two office buildings in Mackay for \$7.5 million and is cashed up ready to buy more.

Deniz Mete of Ozturk said they recognised Mackay as a good place for investment in the office market because its economy was continuing to grow on the back of the resources boom and the demand for office space was huge.

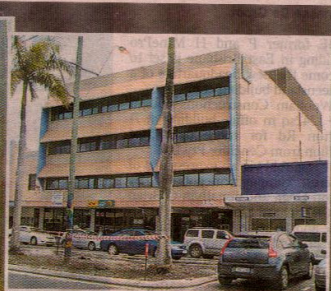
"We have chosen to invest in two office buildings there which are probably the major office buildings in the Mackay CBD," he said.

"The first building we have settled on is the CHR building at 224 Victoria Street."

The building is fully leased to a number of tenants, including the HIA, Orica and Brown and Bird Financial.

"It is fully leased (but) agents are still ringing us asking if there is any free space in there," Mr Mete said.

The two-level building was previously a Freedom Furniture showroom, which had been converted into office space.



IN demand ... 224 Victoria Street, Mackay, left, and 123 Victoria Street were snapped up for \$7.5 million.

"It was on the market, I actually say it advertised while I was overseas on holidays," Mr Mete said.

When he contacted the owner it was under contract, but when that deal did not proceed the owner approached Mr Mete to talk terms.

Ozturk paid \$3.5 million for the building, which represented a net yield of 8 per cent.

Partner Jay McPhee said there was significant upside to the building, which was what had made it so appealing.

"The average net rental is about \$200/sq m, but the market

up there is about \$320/sq m," Mr McPhee said.

"So whilst the yield was 8 per cent, we saw a fair bit of upside there as tenants come up for renewal in the next couple of years."

There is also the option to add an additional 500sq m of

office space to the building, which will be done as soon as possible. Mr McPhee believes that will most likely be absorbed by existing tenants.

The second building is also in the same street, at 123 Victoria St. It is known as the Suncorp Building.

It has a net lettable area of 2075sq m. Ozturk paid \$4 million for the property on a net yield of 8.23 per cent.

It is leased to Suncorp, two government tenants and Whit-sunday Broadcasting and is on the main street through the Mackay CBD.