

Queensland postal carve up

Ben Wilmot

Boutique fund manager Ray White Invest has bought and carved up a portfolio of eight light industrial properties in south-east Queensland that are leased to Australia Post.

Ray White Invest picked up the portfolio of mail distribution centres from Australia Post for an undisclosed price in an option deal in March. That off-market campaign was managed by Angus Harvey Ross of CB Richard Ellis Global Corporate Services.

The fund manager on-sold the properties to separate private buyers for a total of \$14.65 million over the course of the year. These sales reflected an average passing yield of 6.73 per cent a year.

Most of the properties had development potential given average site cover of 35 per cent across the portfolio.

The properties are leased back to Australia Post on a variety of lease terms of up to three years



Australia Post sold eight Queensland mail distribution centres.

plus options, which offered some certainty in the volatile market.

"We decided to offer the properties on an individual basis as a result of changing market conditions," Ray White Invest project director Hans Pearson said. "We felt confident in selling them individually to the private investor and owner occupier market because of their size and excellent location within established business and industrial parks."

The properties sold to private investors and owner occupiers at between \$1 million and \$4 million.

"We have certainly seen a stronger level of demand by breaking up the portfolio. Even so, the level of demand at that end of the market was noticeably weaker by the end of the campaign than where it was at the start," Mr Pearson said.

Ray White Transact's Rick Bird sold four of the eight properties.

"We were very pleased to sell all the assets in a very challenging market. The strategy of tailoring the product for the private investor market has served us well," he said.

Paul Horsburgh and Joe Allan of Ray White Commercial also sold properties, and Tony Pagano of CB Richard Ellis sold the Kelvin Grove property.

An Australia Post spokesman said the sale to Ray White Invest had been a strong result as it had dealt with a proven counterparty and secured its occupancy requirements for the medium term.