

Sentinel seals \$103m deal for office tower in Brisbane

Larry Schlesinger

Sentinel Property Group has bought the Makerston House office tower in Brisbane city centre for \$103 million from ASX-listed Challenger.

The deal – the largest to date for the Brisbane-based syndicator – was struck on a net passing yield of 7.85 per cent. It will be held within Sentinel's Regional Office Trust, which holds nine assets of more than \$350 million.

Makerston House, at 30 Makerston Street at the northern edge of the Brisbane CBD, last sold for \$38 million in 2000 when Challenger bought it from listed investment company Ariadne.

The tower, offering almost 15,000 square metres of office space, had a book value of \$70.7 million as of June 30 last year. In January, Challenger secured Queensland Rail as a tenant across 2000 sq m to shore up some of the vacancy.

Sentinel acquired the tower fully leased with a weighted average lease expiry of 4.63 years. Other tenants include the Queensland government, as well as various state government corporate entities plus Secure Parking.

The deal follows Brisbane recording the largest drop in office vacancy compared to any other state capital in the six months to February, with a drop to 13 per cent from 14.7 per cent, according to a Property Council report.



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Sentinel Property managing director Warren Ebert said Makerston House was "superbly positioned" at the epicentre of some of the city's multibillion-dollar infrastructure projects, including the \$5.4 billion Cross River Rail network and the \$2.1 billion Brisbane Live precinct.

"This is a fantastic acquisition for Sentinel and is our biggest purchase since the group started 10 years ago," Mr Ebert said.

"The building is opposite the Queensland Police Headquarters and just 50 metres from Roma Street train station, the only existing CBD railway

station that will link to the high capacity Cross River Rail."

Established in 2010, Sentinel has a total national portfolio of more than 40 retail, industrial, office, land, tourism infrastructure and agribusiness assets with a total value in excess of \$1.14 billion.