Sentinel buys tower from Centuria

Nick Lenaghan and Matthew Cranston

Local investor Sentinel Property Group has bought an office tower in Brisbane's Spring Hill for $38.7 million from fund manager Centuria.

The tower at 200 Creek Street, held in a a Centuria-run fund, had been put on the market in September last year. It will go into Sentinel's opened-ended pooled Sentinel Regional Office Trust.

"We believe this property presents an attractive opportunistic and counter-cyclical investment in the Brisbane office market with significant potential for future upside," Sentinel managing director Warren Ebert said.

"The property is ideally positioned to benefit from the continued maturing of both the Spring Hill medical precinct and the Brisbane CBD as a whole, including the transformative flow-on impact of the new landmark $5 billion Queens Wharf development."

Jason Huljich, who heads Centuria's unlisted property arm, said the fund manager had upgraded and refurbished the building after buying it in 2011. "The property was taken to market with an occupancy rate of over 95 per cent, with a weighted average lease expiry of almost four years, which made it attractive to buyers."

The 10-storey, A-grade building has 7603 square metres of net lettable area, with three ground floor tenancies and nine levels of office accommodation.

The sale was handled by CBRE's Peter Court and Mike Walsh and JLL's Seb Turnbull and Luke Billiau.

"In a market starved of opportunities it was not unexpected that an asset of this quality attracted a broad profile of capital," said Mr Billiau.

Centuria, which bought out the 360 Capital Group real estate platform in a $290 million deal last year, is looking forward to more acquisitions this year.

"We are confident there will be some good opportunities in the major metropolitan markets – in particular Sydney and Melbourne," Mr Huljich said.

In November, Centuria struck a deal to acquire Canberra's Scarborough House from the Indigenous Real Estate Investment Trust for $72.33 million.