



# Dexus plots \$30m overhaul

■ **Helen Shield**

Perth's second-biggest office landlord Dexus has withdrawn Woodside Plaza from sale, declaring it will get better value from overhauling the ground floor and lobby and installing a new childcare centre.

The property giant revealed it had quietly tested the market for its 26-storey, 46,000sqm, 240 St Georges Terrace tower after receiving unsolicited offers.

However, head of office and industrial leasing Chris Hynes said the unsolicited offers did not match Dexus' internal assessment of value, listed as \$360 million at December 31.

It had opted instead for a multimillion-dollar "relaunch", introducing smart building



**240 St Georges Terrace.**

initiatives, new end-of-trip facilities, expanded retail and food options, better ground floor accessibility and "upgrading" the north-facing public park at

the rear of the building. It was talking to childcare operators to run a centre in the tower.

The flurry of activity has been prompted by the imminent departure of 85 per cent tenant Woodside, scheduled to move into its new Mounts Bay Road Capital Square tower in the middle of next year. Woodside's lease runs until at the end of next year, providing a handy income buffer. Deloitte and Corrs, now in their new Brookfield Place tower 2 homes, have also left 3½ floors vacant. Corrs' Woodside Plaza lease ends on June 30 and Deloitte's lease a year later.

Mr Hynes said Dexus was "very encouraged" by the past two-quarters of positive absorption in Perth's CBD office.

"Part of the repositioning of

240 St Georges Terrace will include a childcare centre, concierge and online community portals and flexible leasing options for our customers," Mr Hynes said. He declined to reveal Dexus' budget but sources say it will cost at least \$30 million and possibly up to \$60 million.

The value trajectory of the 240 St Georges Terrace property, which cost \$250 million to build in 2003, and was valued at \$446 million in June 2008, \$500 million in December 2013, and \$400 million in December 2015, reflects 15 years of giddy highs and crushing lows in Perth's CBD.

Woodside Plaza was listed with Savills but WA managing director Graham Postma declined to comment.

Despite Perth's overall 23 per

cent office vacancy rate, JLL WA managing director John Williams said premium CBD office building vacancies were closer to 10 per cent and dwindling.

"If someone wants good, high-quality space, there's not a lot left," Mr Williams said. "If you want 2000sqm of contiguous space in 2018 and 2019, Woodside Plaza may be your only option."

Dexus was upbeat about Perth's prospects and for 240 St Georges Terrace because it had received queries for 80,000sqm of the 46,000sqm building.

"We are not going to get all of that," Mr Hynes said.

"But it shows you the depth of the market. We are very encouraged and we are going to relaunch the building. It's a fantastic sign for Perth."



**108 Stirling Street is deferred.**



**Verdant, at no. 78, is starting.**



**DevWest's student digs at no. 80.**



**World Trade Center vision.**



**Stirling's student tower at no. 89.**

## Students, global trade stimulate Stirling Street regeneration

■ **Helen Shield**

Stirling Capital has won a two-year extension for its third Stirling Street project — a \$55 million, 34-level apartment tower — citing last year's downturn.

Managing director Luke Rein-

ecke was upbeat about prospects for the mixed-use tower at 108 Stirling Street, which he stressed Stirling Capital is committed to in the longer term.

"Perth does have a very low level of density, without a doubt, so the macro drivers behind

density are pretty strong," Mr Reinecke said.

In the not-too-distant future, he said, Stirling Street, on the fringe of Perth's museum, culture, arts and dining precinct and walking distance to the CBD, would become "one of the most

exciting urban regeneration areas in Perth".

Last week the City of Perth local development assessment panel unanimously extended development approval, with building to be "substantially commenced" by July 9, 2019.

In his extension application Mr Reinecke said that after an initial "positive number of sales in a relatively short period", the "Perth multi-residential real estate market experienced a

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