



#### STRATEGIC LEASING APPROACH PAYS OFF FOR 171 HOBSON STREET

The recent lease of two floors of 171 Hobson St is the culmination of a strategic approach to the disposal of space in this distinctive building on the corner of Cook and Hobson streets in Auckland central.

The premises sits on a 1088 sqm freehold site and currently delivers an annual net rental of \$664,164 per annum. Extensively renovated in 1998/1999, it is a four-level office building, with basement carparking, retail and showroom space on the ground level, three levels of modern office accommodation, and a two-bedroom apartment on level four.

It was sold to its current owner approximately a year ago, by Kevin Richards of Jones Lang LaSalle. At that time, it was largely tenanted by education provider Carich Training, which went into receivership shortly after the deal was concluded. Richards consulted with the building owner and it was agreed that replacement tenants would be sought on a structured basis in order to retain the greatest potential investment returns possible. Long-term, the aim was to see the building re-leased and re-pitched to the market in its natural profile as an asset class for family trusts, institutional investors or syndicators.

“It was a case of the agent and landlord agreeing on a leasing/sales strategy from the outset. Too often, agents or landlords encourage one-off leasing deals with inferior tenants just to fill space. This was not to be the case here,” says Richards. “It was decided to avoid education-based tenants, as they tend not to add long-term value to a building, and instead to target corporate or government occupiers, who would pay market rental rates with minimal incentives.”

Jones Lang LaSalle leasing agent Simon Wilde embraced the idea and assembled a marketing campaign to targeted lessees that would meet the corporate requirements of the strategy. One of these was Radio New Zealand, which was approached by Wilde and turned out to be seeking a modern building with efficient floor plates, that combined a prominent situation with a city fringe location. Wilde subsequently secured 740 sqm for the client on level three, on a 10-year lease, along with exclusive naming rights for the building.

In the last week, Wilde, in conjunction with colleague Craig Watson, has also leased 740 sqm of level two to accountancy software and support provider MYOB.

“MYOB were located in a nearby building, but were looking to expand their operation. They called us and it was immediately apparent they met the criteria we had set for 171 Hobson,” says Wilde.

With the New Zealand Police and accountants Lock & Partners taking up level one, this means the building is now fully leased, apart from one small retail space on the ground floor.

With the initial strategic goals achieved, 171 Hobson St is now being marketed for sale once more by Richards, this time by deadline private treaty with a closing date of October 15.

“With carefully chosen tenants in place, the building is now in great shape for a new owner to reap the rewards of buying a sound investment property,” says Richards.