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Millennium business park to be syndicated

The Millennium Centre business park in Greenlane, which has just been purchased unconditionally by Oyster Property Group in New Zealand's biggest ever single office transaction, is now to be syndicated by the commercial fund and property manager.

Earlier this week Oyster Group and vendor Goodman (NZ) Ltd announced the business park at 600-604 Great South Rd had changed ownership for just over \$210 million, at a yield of 7.25 per cent with settlement due at the end of February 2017.

Oyster, in conjunction with Colliers International's syndication division, is offering wholesale investors a total of 448 parcels at \$250,000 each in the property which generates net rental income of about \$15.24 million per annum plus GST.

Tim Lichtenstein, national director of syndications for Colliers, says investors are projected to receive a pre-tax cash return of 8 per cent per annum, paid monthly.

The complex comprises three adjoining properties designated Millennium Centres I, II and III, that were developed progressively from 2001 through to 2009.

They encompass a commercial hub of seven office buildings totalling 43,500sq m in net lettable area which occupy a site area of more than three hectares.

Situated in a prominent position in Auckland's well-established Southern Corridor commercial precinct, stretching from Newmarket to Ellerslie, the Millennium Centre is one of Auckland's biggest commercial business parks occupied by over 40 businesses, 2500 people and a total of 1567 on site car parks.

National and international tenants include American Express, Avis, Siemens, L'Oreal, Chevron, Griffin's Foods, Adidas, Bridgestone and Toyota Finance New Zealand Limited. Among other business tenants are a childcare facility, a Pilates studio, a gym and seven retail amenities including two cafes.

Lichtenstein says the average tenant lease term is five years, which is considered outstanding for an asset of this size.

"This syndication offer represents an exceptional deal for astute investors looking for an outstanding institutional grade property investment opportunity," he says.

Wholesale investment office syndication is New Zealand's biggest ever, reports **Colin Taylor**



The Millennium Centre Park (above), and a street level view of Building A in Millennium Centre I (above right).



The Millennium Centre offer represents a very good return for an A-grade investment property of this scale.

Mark Schiele

unprecedented demand for quality investment products.

"Investors are continuing to seek opportunities for yield and competitive monthly returns.

"The Millennium Centre offer represents a very good return for an A-grade investment property of this scale and quality in the currently low global interest rate environment.

"Institutional grade properties of this calibre are seldom ever available to investors who want to participate in direct ownership and we have already received interest from our investors who knew we were purchasing the Millennium Centre."

Oyster Group will be responsible for the day to day property and facilities management of the Millennium Centre and undertake the management of the proportionate ownership scheme created to own the property, including the payment of monthly income distributions to investors.

Following this purchase Oyster will have over \$1.1 billion of property assets under management through a combination of public and private property syndicates and funds, and property management mandates from institutions and private investors.

Peter Herdson, national director capital markets at Colliers, who brokered the Millennium sale between Goodman and Oyster Group, says the scale of the transaction is noteworthy among several other \$100 million plus transactions in New Zealand over the last two years.

"Demand for commercial property will continue to be spurred on by domestic economic expansion, balanced supply and demand fundamentals and positive debt-to-yield spreads.

"Auckland faces significant challenges with its massive projected population growth stretching the city's resources on all fronts," Herdson says.

He says Colliers approached a select group of experienced property investors regarding the Millennium opportunity and received a number of bids as part of an off-market competitive process.

Lichtenstein says that with no immediate respite in rental increases forecasted, it is an extremely favourable time to be investing.

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