

# Property

The West Australian | GREEN BUILDING HIGH ENERGY RATING FOR RAINE SQUARE P56

Edited by REBECCA KEENAN

Developer says it secured higher price from Japanese LNG hopeful by signing after construction started

## Axiom snares record deal

REBECCA KEENAN

Developer Axiom Properties' decision to start construction of the \$260 million Century City building without a major tenant has been justified with the company locking in a record leasing deal with Japan's national energy company, Inpex.

Construction at the 22-storey building started early last year and since then joint owners Axiom and Industry Superannuation Property Trust (ISPT) have been negotiating with prospective tenants.

Inpex has committed to a 10-year lease and will occupy the top four floors of the office tower. Inpex is developing the \$US8 billion (\$10 billion) energy project off WA's North-West coast. Ichthys could become Japan's first liquefied natural gas project.

The leasing deal accounts for 7000sqm, or 25 per cent, of the building and negotiations with an estimated three other anchor tenants are still continuing.

Axiom executive director Ben Laurance said locking away the first major tenancy deal for the building was a major milestone.

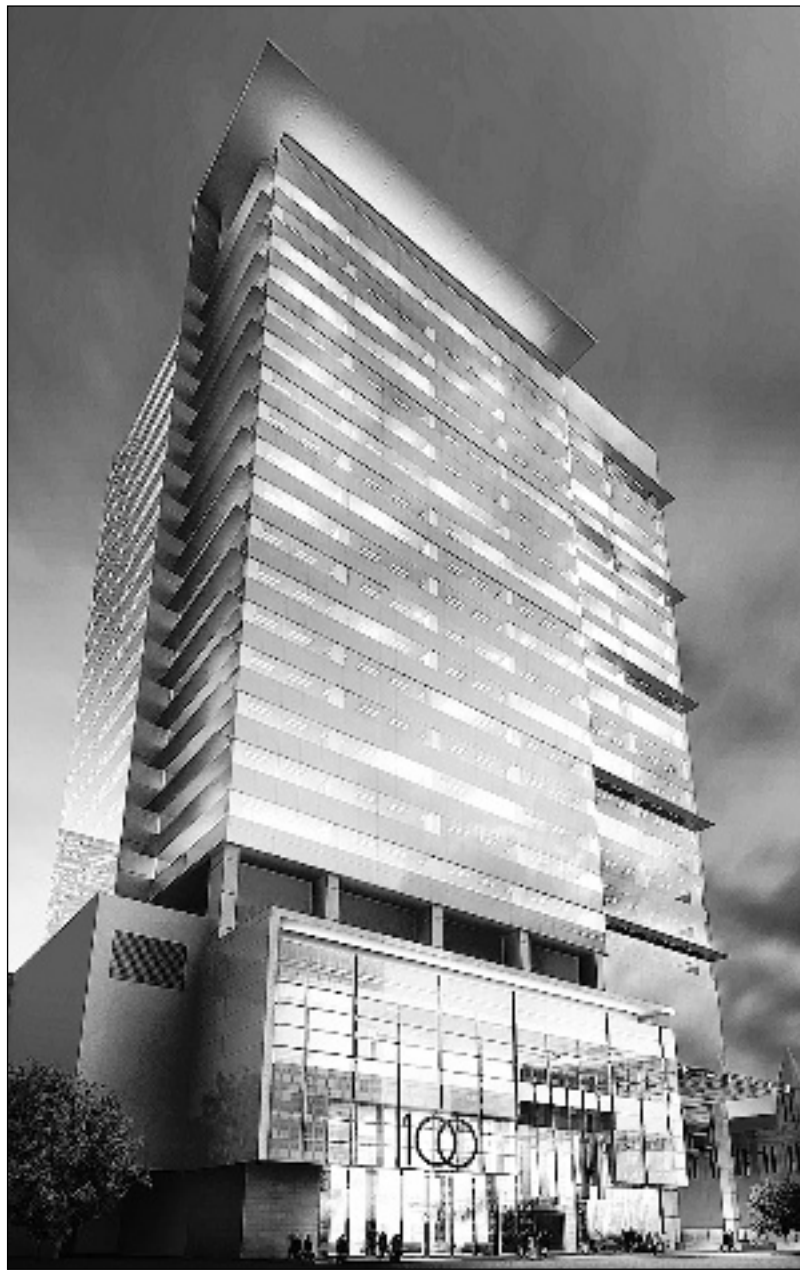
"I think it vindicates the decision to build on speculation, and it's also very important that we are able to deliver the first new space in Perth," he said.

The terms of the leasing agreement have not been disclosed but it's understood to have set a new record for pre-commitment agreements, with market sources speculating the deal was worth \$500 per square metre or a total of \$35 million over the life of the contract. This surpasses the previous high of a reported \$380/sqm when BankWest signed to the Raine Square building last year.

Mr Laurance said waiting to sign major tenancy agreements had resulted in a higher price than if a deal had been done before construction started.

He said the premium office building was keenly sought after by prospective tenants and there was still a lot of competition for office space in the city.

"There is some big competition



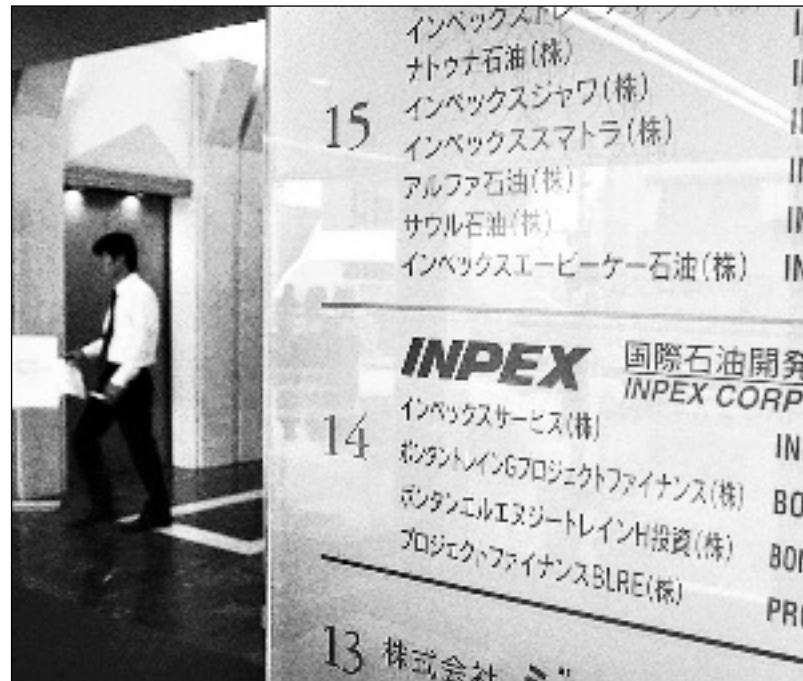
New kid on the block: The leasing deal accounts for 7000sqm, or 25 per cent, of the \$260 million Century City building at 100 St Georges Terrace.

out there and there's been some jockeying for positions definitely," he said.

Negotiations with other tenants are continuing, led by leasing agent Knight Frank, but Mr Laurance said he had no deadline in mind to get other contracts bedded down.

But with the market set to remain tight he was confident of securing further lucrative agreements with ease.

With many of the other major developments either fully leased or waiting for a pre-commitment before starting construction, Mr Laurance



Energised: Inpex has committed to a 10-year lease over the top four floors.

said space would remain a rare commodity.

Other buildings have been put on hold until a major tenant is signed, including the second stage of Bishop's See, a joint venture between Multiplex and Hawaiian.

Meanwhile, building developers are courting a big tenant, with major resources company BHP Billiton still considering its options for a new 50,000sqm home. On the short-list are Bishop's See, Multiplex's City Square and the old Emu Brewery site, a joint venture between Saville Australia and Babcock & Brown.

National Australia Bank has been rumoured as another major tenant at Century City and is thought to be considering five storeys, or around 9000sqm, but Axiom was unable to confirm this.

The bank is at its namesake National Australia Bank House at 50 St Georges Terrace, which it owns freehold. It would need to break its leasing contract but it's understood to be intent on relocating.

Knight Frank's national leasing director, Greg McAlpine, brokered the Inpex deal and said a full-scale

marketing campaign for the remainder of the space at the building would start once a few major contracts were signed.

He said the big floorplates of almost 1800sqm would suit large tenants.

Colliers associate director, research consultancy David Cresp said the current conditions in the Perth market were unlikely to change, with vacancies set to remain low while rents continued to rise.

"New space is not forecast to come on until 2009 but there will be some smaller developments in the city," he said.

The building is due for completion in early 2009 and once it is finished ISPT will take full ownership of the asset, with Axiom taking a slice of the profits from the office component.

The project also has three levels of retail facing the Hay Street Mall and a marketing campaign to attract middle-to-upper end retailers will kick off shortly.

Woolworths will anchor the retail section, with negotiations now under way with national and international high-end type retailers.

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