

Belmont property's return jumps

Boutique WA syndicator Lester Property Investments has put the icing on the cake of its latest acquisition, locking in two high-profile tenants at its Belmont property, with a jump in rental income of 25 per cent.

The property investment group has locked in its major sitting tenant, multinational services provider Tyco, for a further eight years plus a new tenant — WA utility infrastructure business Underground Services.

Underground Services, a subsidiary of national logistics and equipment supply company CFC Group, signed a five-year lease over a

767sqm freestanding office building fronting Eyre Street.

Lester Property Investments managing director Blair Gerrard said the result came after eight months of protracted negotiations.

“When we purchased the property, we identified three key areas to value add — the property was significantly under-rented, the imminent lease expiry profile resulted in a discounted sales price and there were indications the incumbent tenant wanted to remain in place and did not require all of their existing improvements,” he said.

The syndicator bought the property at 1-3 Eyre Street last year for

\$5.8 million, at a passing yield of 8.75 per cent.

At the time the deal was struck, Tyco had about 3½ years remaining on its lease.

“Tyco had occupied the premises for 14 years and indicated a desire to remain,” Mr Gerrard said.

“However, their space requirements had changed — so as part of the negotiation of the new lease they agreed to relinquish the office building at the front of the property.”

Both deals, which improved the building's passing yield to above 10.5 per cent, were completed by Lester Property Investments.



Better yield: Lester Property's Eyre Street property in Belmont.