

The West Australian

WA's first carbon neutral building sells for \$79.4 million in one of year's bigger sales

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Upon settlement next year, it will form part of the Castlerock Government Property Fund, which includes 15 regional, suburban and CBD assets in six States and Territories, to a value approaching \$700m.

Corval's helped boost the building's appeal after buying it in early 2017 for \$68.3m from Charter Hall and investing in improving the sustainability performance.

It is not only the first carbon neutral commercial building in WA, but boosted its NABERS Base Building Energy rating from 4.5 stars to 6 stars, and a 4.5-star water rating.

Castlerock chief executive Adam Bronts said the asset fits with the fund's focus on offices which are leased to government and are primed for "long-term performance".

"When we acquire or develop assets leased to State and Commonwealth governments, we see them as long-term partnerships with the occupying agencies or departments," he said.

"We work closely with them to identify and provide their long-term real estate needs which, in turn, produces long-term, stable returns for our investors.

"It's a formula that allows Castlerock to meet its key objectives – delivering strong returns to investors, ensuring positive experiences for tenants, and forging meaningful relationships in the communities where we operate."

Cushman & Wakefield's Nick Charlton, who helped facilitate the deal with Ben Younger and Zaahen Kahn, said there was strong interest from local and offshore institutional investors, who are continuing to place a premium on assets with steady tenants and positive rental growth.

Mr Younger said the sale price reinforced "the growing weight of capital targeting the Perth office market, where improving leasing fundamentals, limited new supply and attractive relative value are strengthening the investment case."

The building has 12,361sqm of total office net lettable area and large 1950 sqm floorplates. End of trip facilities, 81 car spaces and bike storage add to the appeal.

Corval chief investment officer Oliver Picone said the focus was on "improving the quality, resilience and long-term value of the asset".

"This included strengthening the tenant profile, extending income security and materially enhancing the building's sustainability credentials," he said.