

10 May, 2018

The Sydney Morning Herald

'Government scraps plan to buy Powerhouse's Parramatta neighbour'

By Carolyn Cummins, with Linda Morris

The NSW government has ceased talks to buy a Parramatta office tower as part of its controversial plans to move the Powerhouse Museum to western Sydney. Australian Unity Office Fund in February said it had been approached by the state government to sell the GE Building at 32 Phillip Street, Parramatta, which is adjacent to the planned site of the museum. On Thursday, it said it had been told the government wouldn't proceed with the acquisition and negotiations had stopped.

[photo] A state government media release of the proposed design of the new Powerhouse Museum planned for Parramatta.

Late last month, the NSW government said it had committed to moving the Powerhouse Museum to Parramatta, with the museum forming part of a new arts and cultural precinct on the banks of the Parramatta River.

The Parramatta museum is to include 18,000 square metres of exhibition and public spaces, more than the 15,708sq m at its current site in Ultimo. Exhibition halls will host international travelling exhibitions and there will be dedicated play and learning spaces devoted to science, technology, engineering, arts and mathematics. An international design competition is to be held for the site at the end of this year with works to commence in 2019 and the new museum to open its doors in 2023.

But the government said a portion of the museum's collection would be kept for exhibition in a design and fashion museum at the Ultimo site. As a result, it is understood it does not need as much space at Parramatta.

[photo] An artist's impression of the new Powerhouse Museum to be built in Parramatta.

The NSW Arts, Screen and Culture division on Thursday said: "Much research and evaluation had gone into considering the best outcomes for the new Powerhouse Museum and precinct at Parramatta, recently announced by the Premier."

"Purchase of the building, located at 32 Phillip Street, Parramatta, known as the GE building, had been among considerations. The government has chosen not to proceed with the purchase as the land is not required to deliver the new Powerhouse Museum and precinct at Parramatta."

A parliamentary inquiry has savaged the decision to relocate the Powerhouse Museum, originally announced by the former NSW Premier Mike Baird in 2015, as an "act of vandalism".

Australian Unity Office Fund manager Grant Nichols said the significant government and private investment taking place in Parramatta was transforming the city. "Our site at 32 Phillip Street is well placed to benefit from these

changes, either by capturing tenant or investment demand for well-located Parramatta CBD office buildings or from a potential future change of use," Mr Nichols said.

[photo] Eclipse Tower site for sale

Elsewhere in Parramatta, the Eclipse Tower at 60 Station Street, which is valued at about \$275 million, has been put up for sale by Rest super fund. Agents from Knight Frank and CBRE said the 23-level, A grade property was expected to attract strong interest from local and offshore groups due to its prime Parramatta location and the lack of high-quality stock to be offered to the market on a national basis in 2018.

Knight Frank's Paul Roberts, joint head of institutional sales, Australia said the campaign presented a "highly attractive opportunity for investors". "The sale provides an opportunity to secure high quality A-grade office space in the heart of Parramatta – one of Australia's strongest-performing office markets," Mr Roberts said. "The building provides a robust cashflow and offers strong tenant retention prospects, given most leases are in their first generation. Parramatta CBD's near zero vacancy will be another attraction for investors as will the quality of the building's improvements and access to transport."

CBRE's James Parry, state director, capital markets, said the property was also "ideally positioned to benefit from greater Sydney's forecast growth and planned infrastructure upgrades". "As the second-largest economy in NSW, Western Sydney is set to benefit from ongoing population growth and \$32 billion in infrastructure spending," Mr Parry said. "The Parramatta CBD is forecast to provide the highest seven-year annualised returns of any office market in the country, underpinned by the market's strong underlying fundamentals and forecast rental growth."

<https://www.smh.com.au/business/companies/government-scraps-plan-to-buy-powerhouse-s-parramatta-neighbour-20180510-p4zeg7.html>