CBD corner freehold auction to tap demand for Melbourne pubs

Melbourne, 7 April 2015 – One of Melbourne’s famed corner pubs opposite Parliament House is set to go to auction next month, unlocking a rare opportunity to gain a footprint in the city’s sought after hotel market.

CBRE Melbourne City Sales has been appointed to sell the historic Imperial Hotel, which is positioned on the prestigious north-western corner of Bourke and Spring Streets, directly opposite the Hotel Windsor and adjacent to some of Melbourne’s most well-known hospitality and retail landmarks.

Established in 1863, it is the third oldest pub in Melbourne and is now operated on a long-term lease by the renowned Open Door Pub Company, the group behind the recently revitalised Duke of Wellington in Russell Street and College Lawn Hotel in Prahran.

Originally known as Nobel’s Circus in 1852, the Imperial Hotel housed equestrian shows, promenade concerts and lively dances until it became a permanent theatre site in 1856 and re-named ‘Salle de Valentino’. In 1863, the building became known as ‘Richardson’s Imperial Hotel’ and received only the third liquor license ever granted in Melbourne.

Selling agent Josh Rutman, who is marketing the hotel in conjunction with fellow agents Mark Wizel, Scott Callow, Lewis Tong and Cropley Commercial’s Steve Cropley and George Illiopoulos, said the 8 Bourke Street property was expected to attract strong interest from individual investors, syndicates and private families.

“Very seldom are we given the privilege to offer the market a sub $15 million freestanding CBD building, let alone in the prized Bourke Hill precinct which sees seven day traffic from residents, tourists, theatre-goers and commuters,” Mr Rutman said.

“The opportunity to own a valuable piece of corner real estate in this tightly held precinct and enjoy the benefits a long lease to a powerhouse operator is something which we expect to appeal to a range of local and offshore investors.”

The property benefits from a 24-hour liquor license and also presents a number of value-add opportunities, including the construction of additional floors and optimising the retail potential of the ground and first floors.

Mr Rutman said over the past 12 months, demand for freehold pub sites in prime locations had strengthened.
“With several inner city pubs recently changing hands, the owners of the Imperial freehold have decided to take advantage of current conditions,” Mr Rutman explained.

Recent sales include:

- The Irish Corkman Hotel, Carlton - $4.76 million
- The Flying Duck, Prahran - $4.375 million
- The Prince Alfred Hotel, Carlton - $4.45 million
- Spearmint Rhino, Melbourne CBD - $7.725 million
- Prince of Wales Hotel, St Kilda - $45 million

CBRE’s Mr Wizel said competition from investors had reached fever pitch over the past 12 months, with unabated demand since the market’s peak in 2007.

“As the cost of debt remains at a record low, existing owners of CBD properties have been one of the main groups to show interest in the city market alongside new entrants, including syndicates of doctors, lawyers and accountants who all recognise the benefits and opportunities associated with owning Melbourne CBD real estate,” Mr Wizel said.

“The other market that has staked its claim on the Melbourne market over the past two and half years is that of offshore Asian investors. We have seen this group become increasingly sophisticated in recent times and the interest from this market sector has broadened from smaller retail assets and development sites to include major commercial opportunities, some of which transacted in 2014 for record prices.”

The Public Auction will be held on site at 12:30pm on Friday 8th May 2015.

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