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Aurizon set to exit Brisbane city



Brisbane's empty office towers



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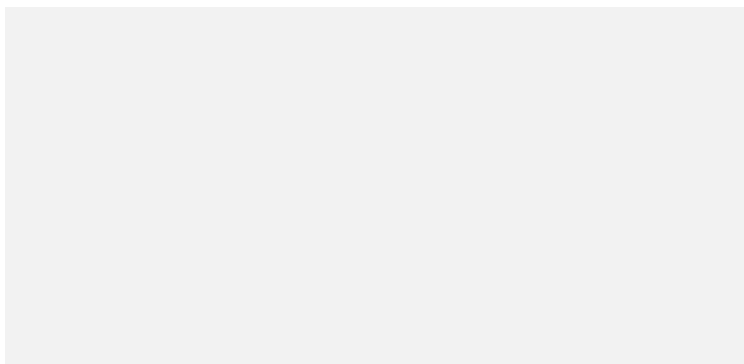
by Matthew Cranston

Queensland's second largest listed company Aurizon is planning to exit the already weakened Brisbane city office leasing market with a new headquarters set to be built at either Fortitude Valley or the airport.

Last month [The Australian Financial Review](#) reported that the [listed freight train and rail company](#) had received dozens of [proposals](#) from developers including Lend Lease and Grocon to build a 20,000 square metre A-grade office tower which Aurizon will lease for at least 10 years.

An Aurizon spokesman confirmed that a shortlist of two had now been prepared but would not reveal which developers they were. The Financial Review understands the two developers to be local group Consolidated Properties and BNE Property, which is the property arm of the sovereign wealth fund backed Brisbane Airport Corporation.

"Aurizon's assessment of its long-term property requirements has progressed to the shortlisting of two parties," the spokesman said.



PROPERTIES



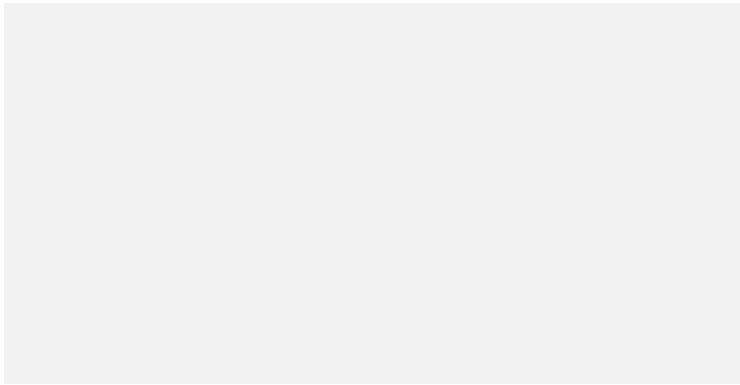
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Aurizon has shortlisted two parties for its new headquarters. Both are outside the Brisbane CBD

"Aurizon will be working with these two companies in coming months to refine its requirements."

The move by Aurizon will see it move out of 10,700 square metres at Charter Hall's 175 Eagle Street and 10,500 square metres at Japanese group Daisho's Mincom building on Ann Street.

Such a large subtraction of space from the market will further worsen Brisbane's office leasing market where vacancy has risen to more than 15 per cent from about 6 per cent in 2012.

The city is also looking at an extra 190,000 square metres of space coming on to the market and there are [predictions the vacancy could jump to 19 per cent by next year](#).

However, Aurizon is focused on reducing its own costs and bringing its workforce together under one roof.

BNE Property is offering the company a 20,000 square metre headquarters designed by Cottee Parker Architects. The building at a prime Brisbane airport location will also be substantially cheaper and fit in with Aurizon's logistics oriented business. BNE Property declined to comment on its shortlisting.

Consolidated Properties proposal at 900 Ann Street offers Aurizon a John Wardle Architects designed building facing onto the bustling James Street precinct in Fortitude Valley.

Consolidated Properties is working in partnership with the Liberman family-backed CVS Lane Capital Partners on the development. Consolidated Properties also declined to comment.

Whoever wins the race to provide Aurizon its headquarters will gain an asset with a strong leasing covenant making it a highly prized property that could be sold off to the wave of offshore real estate investors that have pushed prices up in the last 12 months.

A new Aurizon building of 20,000 square metres would cost at least \$120 million to build.



568 Collins Street MELBOURNE VIC
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