

Cape Bouvard not locked in

Janelle Carter

CAPE Bouvard Developments is confident the continued strength of the local commercial market will vindicate its decision to hold off from chasing an anchor tenant for its proposed \$100 million project on Mounts Bay Road.

The Sarich family-owned company is currently compiling a short-list of builders for the proposed 21-storey office tower, in partnership with Charter Hall.

The successful tender for the \$100 million project is expected to be announced early next month before forward works begin.

Cape Bouvard general manager Lee Pinkerton said the company was not concerned about securing an anchor tenant before commencing construction,

as it was confident in the ongoing strength of Perth's commercial market.

"There's a risk in locking in tenants too early before locking in the construction contract. We want to ensure we can deliver the quality product we've planned," he said.

Whether Cape Bouvard's move is a smart one, only time will tell, as building costs in the current market continue to rise dramatically while the field of available builders narrows.

On this point, property pundits have been watching Raine Square developers Luke Saraceni and Hossean Pourzand with interest, as the November 2009 deadline for their \$450 million project nears.

It has been more than six months since BankWest announced its pre-commitment to Raine Square, and

the developers have yet to award the primary construction contract.

For its part, Cape Bouvard is no stranger to speculative construction projects.

After starting work on the seven-storey \$15 million Allendale 2 building in 2004, it went on to sign Alinta to a 7,400 square metre whole-of-building lease the following year.

Mr Pinkerton said he was confident the new building's entire net lettable area of 20,500sq m would be occupied by early 2009, with agents having received substantial leasing inquiry to date.

"Our agents are not aggressively seeking tenants but are responding to leasing requests. I think there's probably more upside in getting a tenant further down the track," he said.



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