

Company returns after six-year absence

Office market draws Cape Bouvard back

Matthew Cranston

Perth property baron **Ralph Sarich's Cape Bouvard Investments** has re-entered Australia's office property market after six years on the sidelines.

Mr Sarich, who made his initial fortune as the inventor of the Orbital engine, gained national attention after selling Cape Bouvard's office property portfolio for \$465 million to GE Real Estate at the top of the market in 2006.

The family's wealth is now estimated at \$890 million by BRW Rich List.

Cape Bouvard's head of property Lee Pinkerton confirmed the company was on the comeback trail.

"Cape Bouvard is looking at office opportunities in the core markets, such as Sydney, Melbourne, Brisbane and Perth," Mr Pinkerton said.

Peter Sarich, the deputy chairman of Cape Bouvard and son of Ralph, was unavailable for comment.

The investor told *The Australian Financial Review* during the financial crisis that he would wait for a trough in the cycle to start buying again. "We will be buying when it bottoms; the trick is to find out when it will be," he said.

Mr Sarich said the multibillion-dollar government assistance packages designed to loosen up the credit markets in Europe and the US would take several years to work through the system.

Cape Bouvard, founded by the Sarich family in 1986, withstood the 1990s recession and avoided much of the stress from the economic downturn that other unlisted groups were unable



Ralph Sarich. PHOTO: GREG BURKE

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to do. The company is now looking closely at a major Brisbane office asset and expects the retail sector to follow the office sector with recovering values.

However, the Sarich family, which also looked at investing in the US housing market during its downturn, faces some stiff competition in the fight to buy prime office towers.

Capitalisation rates are forecast by analysts to tighten by as much as 70 basis points in the next three years.

DEXUS Property Group, which is honing in on Grocon's \$600 million Brisbane office tower at 480 Queen Street, **Mirvac**, which is eyeing GE Real Estate's portfolio and others such as Colonial First State, **GPT Group** and Investa are all looking to participate in the office market.

These investors come before major offshore fund managers and pension funds who have already deployed capital and looking to gain even more exposure in the Australian market.

Cape Bouvard's interest in Brisbane also reflects heightened activity in that market where there is more than \$1.5 billion of office property in play.

Earlier this month South Australia's Motor Accident Commission bought out **Grosvenor Australia's** half stake in Brisbane's 400 George Street for \$195.8 million representing a yield of about 6.9 per cent.

Grosvenor appointed Jones Lang LaSalle's Geoff McIntyre and Seb Turnbull to sell its Brisbane assets which include the Bank of Queensland's headquarters on Queen Street worth about \$195 million.