

Property

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Bouvard, Charter Hall plan big tower

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Ralph Sarich's family company, Cape Bouvard Investments, and listed group Charter Hall look set to enter the race to develop Perth's next office tower, with plans for a 20-storey, 19,000sqm building on Mounts Bay Road.

In a show of faith in the strength of the Perth commercial property market, which is soaring on the back of WA's resources boom, the pair are considering developing on spec the A-grade tower on the 54 Mounts Bay Road site, opposite the Perth Convention and Exhibition Centre.

Charter Hall paid \$6.5 million to Cape Bouvard in an off-market deal to become a joint-venture partner in the project, through an unlisted wholesale fund.

Cape Bouvard general manager Lee Pinkerton said the company's board had approved developing the building without a space pre-commitment based on their confidence in the Perth property market and the calibre of their joint-venture partner.

Charter Hall joint chief executive David Southon said the decision to speculatively develop the building was still to be approved by the company's investment committee and depended on final construction costs. But there was a "high probability" it would be built regardless of a significant space pre-commitment.

With work on the project due to start early next year and the building to be complete during the third quarter of 2008, the property could trump the Century City project at 100 St Georges Terrace and be the next new office tower out of the ground.

Preliminary construction on the Pivot Group-Axiom Properties-ISPT Century City development is under way, with the \$260 million retail and office project expected to be ready by the end of 2008.

The Mounts Bay Road development site, now a carpark, has had three development approvals and plans for a fourth are now with the City of Perth. The proposed property has 1500sqm floor plates and will be built to a 4½-star Australian Building Greenhouse Rating standard.

Cape Bouvard previously planned to develop the city's tallest apartment block, Icon apartments, on the site.

Mr Southon said the project was part of the company's plans to diversify geographically its property portfolio. Charter Hall was still looking for acquisitions in the Perth market and was in talks over another Perth office property.

Cape Bouvard sold its St Georges Terrace headquarters, Emirates House, to Charter Hall earlier this year. The developers have already been in talks with potential tenants for their Mounts Bay Road tower, competing with the parties behind no less than four other major office projects.

Hawaiian and Multiplex's Bishop's See joint venture, Multiplex and the Griffin Group's City Square development and Luke Saraceni and the Pourzand family's redevelopment of Raine Square are scouting for tenants.

Tenants are also being courted for the Century City project, the State Government is anchoring an office tower at 140 William Street and several smaller city fringe buildings are also competing for tenants.