

Ascot Capital in regional push

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Perth-based Ascot Capital has joined the rush of private fund managers chasing higher-yielding commercial property returns on offer in regional hubs, paying \$37.9 million for a Port Macquarie office building.

The deal for the recently upgraded office building at 8 Buller Street was struck on a yield of 6.5 per cent. The 6214sq m building is fully leased to NSW government-funded utility Essential Energy on a 15-year agreement.

This compared with an 8.6 per cent initial yield when the vendor, Brisbane fund manager Sentinel Property Group, acquired the NSW mid-north coast property for \$20.6 million for its Regional Office Trust.

Sam Hatcher and Elliott O'Shea of JLL negotiated the sale to Ascot Capital.

Flush with cash from self-managed super funds and retirees seeking higher returns amid record low interest rates, property fund managers have been investing heavily in regional hubs with strong population growth and diverse economies.

While yields have been tightening in some regional centres amid the growing competition for assets, they are still highly attractive compared with the major markets of Sydney and Melbourne, where sub 5 per cent and even sub 4 per cent yields are common.

Fund manager MPG recently took the value of its regional-focused portfolio to over \$700 million after buying the Bunnings in Rockhampton for \$43 million on a yield of 5.9 per cent.

Last year, Sydney-based property syndicator Bricktop bought the Australian Securities and Investments Commission's registry office in Traralgon in regional Victoria for about \$25 million on a yield of almost 14 per cent.

Ascot Capital, led by David van der Walt, has also been investing in regional property. Last year, it partnered with Facilimate Hotels to buy the Coral Cay Resort in Mackay for about \$10 million.

Sentinel managing director Warren Ebert said the sale of 8 Buller Street showcased the group's strategy of adding value to its properties where possible.

"Sentinel has an enviable track record of adding value to its assets and working closely with tenants to improve amenities and we continue to undertake initiatives to add value to all of our properties," Mr Ebert said.