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Brisbane City Council Offloads \$35m Business Centre



Brisbane City Council's investment arm sold a \$35.25 million asset in an effort to reduce its portfolio risk and obtain property in Sydney and Melbourne.

City of Brisbane Investment Corporation sold the South Regional Business Centre at Yeerongpilly to Ascot Capital Limited.

The corporation came under scrutiny when the *ABC reported* it was at risk of losing taxpayer money as

more than 80 per cent of the property portfolio income came from council rent.

The investment arm was set up by former lord mayor Campbell Newman in 2008 and had initial seed funding of \$135 million which had grown to \$282 million in net assets and \$131 million in dividends which were paid back to the corporation's only shareholder, the Brisbane City Council.

The 665 Fairfield Road, Yeerongpilly building was purchased in 2012, with a rent review structure at 3.5 per cent fixed annually and is currently fully-leased to Brisbane City Council until mid-2027, with two additional five-year options.

CBIC acting chief executive officer Kirsty Rourke said the sale was an important part of their strategic plan to continually evolve and rebalance its property portfolio.

“Over the past year, CBIC has divested several assets, including the SRBC, in order to broaden its investments across asset class, sector and geography,” Rourke said.

“As part of our strategic vision, we are looking to diversify into markets in other locations, including the Sydney and Melbourne metro areas.

“Rebalancing our investments will solidify the fund's risk profile as well as its prospects for the continued strong performance CBIC has enjoyed over the past decade.

“Our primary responsibility is delivering long-term investment growth that helps fund Brisbane's future amenity needs—in particular, the council's program to increase the parks, sporting fields and green space

available for Brisbane residents.”

The business centre was sold to Ascot Capital, a Western Australian commercial and residential property development business with assets across the country including an office in Port Macquarie [purchased](#) for \$37.9 million in January.

The 665 Fairfield Road building sits directly across the road from [stage one](#) of the Yeerongpilly Green project, which will serve as the town centre of the \$850 million master-planned community.

The property was offered for sale via expressions of interest through Cushman and Wakefield agents Mike Walsh, Peter Court and Nick Spiro as well as Peter Chapple and Savills' Greg Woods.

Walsh said that the sale was hotly-contested with 13 bids received in total from both domestic and offshore parties.

“Investors were clearly attracted to the Government-backed lease covenant, long term tenure and net lease structure, and given the current climate we expect the market will place a more heightened focus on security of income and covenant moving forward,” Walsh said.

Since portfolio risks were identified with CBIC, the Brisbane City Council investment arm have acquired a \$45 million office building on 9 George Street, Parramatta in 2019 and the Australian Taxation Office at [99 Gerogiana Terrace](#), Gosford in 2018.

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