

# Botanica offices to set record

**Kathryn House  
and Karina Barrymore**

Macquarie Bank and Melbourne developer R. Corporation are finalising the sale of three office buildings at its new Melbourne office park for an estimated \$115 million.

The joint venture developer RMAC confirmed yesterday the property had been offered to a small group of potential buyers and that group had now been reduced to a short list.

Only two parties — Westpac and interests associated with the Rabinowicz family — are believed to be undertaking due diligence on the asset, which is set to change hands on a yield of about 7 per cent.

All three properties are leased to finance group GF, which will pay more than \$8 million net a year in rent when they are completed next year.

## KEY POINTS

- Westpac and the Rabinowicz family are believed to be the final bidders.
- The deal is expected to set a record low yield of just over 7pc for a non-CBD transaction.

The purchase covers two office buildings of 10,000 square metres and a third property of 15,000 sq m at the new \$200 million Botanica Corporate Park in the Melbourne inner-city suburb of Richmond.

The sale will be Melbourne's biggest non-CBD commercial deal for many years.

Commentators expect the deal to set a record low yield of just over 7 per cent for the Melbourne suburban market.

A lack of investment opportunities and the strong lease covenant from GF were major drawbacks.

"There is a significant shortage of high-quality investment stock like this in the major capitals right now and we are very encouraged by the market response to date," R. Corporation's Andrew Rettig said yesterday.

Analysts said yields on well-let suburban properties had compressed right across the country.

The Botanica office park, on Swan Street, will eventually have up to nine buildings.

R. Corporation purchased the former Amrad site last year for \$47.5 million in its first major commercial development venture.

Amrad has leased back a 4000 sq m building at the office park.

Representatives for Westpac and the Rabinowicz family could not be

reached yesterday. PPD Savills, represented by David Harrison and Anthony Wilson, has been negotiating the sale but declined to comment.

Westpac has been involved in a series of big property deals recently, including the \$307 million purchase of Brisbane's Waterfront Place office tower and the \$190 million purchase of a Department of Defence site in Sydney's Moorebank.

Both properties were sold into unlisted trusts involving Stockland and analysts said they would not be surprised if Stockland sought a position on Botanica.

The other contender is Melbourne's Rabinowicz family, which last year sold a swag of property into the Rabinov Diversified Property Trust.

The family is the major stakeholder in the trust, which holds 16 properties worth about \$100 million.