

Goodman teams up to grow pipeline

Robert Harley

Global logistics real estate leader Goodman Group will boost its development pipeline through its new £1 billion (\$2.08 billion) British logistics partnership with global heavyweight investors the Canada Pension Plan Investment Board and the Dutch pension fund manager APG Asset Management.

The new partnership, announced last week, would be able to use its money in range of ways, including development, value-add and core investment, Goodman Group said.

But for Goodman chief executive Greg Goodman it is "primarily a development strategy".

Goodman, which would commit £200 million to the new partnership, would rotate the capital out of investment assets in Britain and reinvest in "ground up" development, Mr Goodman said. "Which is where you want to be. It is lower for longer. It is just a matter of positioning yourself for that outcome. Goodman has \$30 billion of assets and we want to improve the quality at this part of the cycle ... In a market with lower growth, you want the very best assets."

Cap rates would tighten further and values rise because "good, quality assets are really hard to get", he said.

But he does not want to be buying assets at this point in the cycle. In general, Goodman and its funds are sellers.

"Our gearing is coming off around the world, but we are generating a lot of capital and that is turning into very



Greg Goodman says the partnership has two projects lined up. PHOTO: NIC WALKER

strong development starts," he said.

"We have a return on equity target in excess of 12 per cent and everything we are doing is to beat that target."

Goodman had a \$3 billion development pipeline and it was heading to \$3.5 billion, he said. The new partnership already had two projects lined up,

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Greg Goodman, Goodman chief executive

one in London and one in Birmingham, and negotiations were advanced on the 59,000 square metres of space, he said. "UK logistics has good demand and a lack of supply in A-grade markets. In the Midlands and the south-east and London, there is more demand than supply."

The new partnership also brings Goodman closer to two of the big sources of global real estate capital.

Andrea Orlandi, CPPIB's managing director and head of real estate investments Europe, said the fund reflected CPPIB's view on the long growth in demand for high-quality logistics space. "In addition, this is an excellent opportunity for us to deepen our existing relationships with Goodman and APG, and consolidates Goodman as a truly global real estate partner for CPPIB," he said.

Federation appointee

Michael O'Brien has returned to listed property as the new chief investment officer at Federation Centres. Mr O'Brien stepped down from the GPT Group last year after 25 years with GPT and its one-time manager, Lend Lease, during which time he had been chief operating officer and chief financial officer at GPT and chief executive of Lend Lease Retail. Federation Centre chief executive Angus McNaughton, said Mr O'Brien's retail property and investment experience would further strengthen the group's management team. Mr O'Brien will "work closely" with Mr McNaughton on group strategy and be responsible for investment management, strategic partnerships, investor relations and capital transactions. ROBERT HARLEY

IMAX site deal

Grocon has exercised its option over the IMAX site at Darling Harbour, paying private real estate group Markham \$70 million. The deal was foreshadowed by *The Australian Financial Review* last month. Grocon CEO Caroline Viney said Grocon was committed to redeveloping the site into a \$800 million office and retail complex. "This truly is one of the most iconic sites in Sydney and we're passionate about a redevelopment of it to ensure that its potential is realised," she said. Planning approval was granted in 2014. MERCEDES RUEHL

JLL team expands

JLL has bolstered its NSW Metro Sales team with the appointment of Michael Binskin as associate director. He comes from Cushman & Wakefield and will focus on the inner west and west. MERCEDES RUEHL

BioMed Realty Trust deal agreed

Chad Bray

The Blackstone Group has agreed to acquire BioMed Realty Trust, a provider of office space to the life science industry, in a deal valued at \$US8 billion (\$10.9 billion) including debt.

Affiliates of Blackstone Real Estate Partners VIII would pay \$US23.75 (\$32.39) a share in cash for BioMed Realty, a 10 per cent premium to its closing price on Wednesday.

The offer represents a 24 per cent premium to the company's closing price on September 22, the day before news media reports of a potential deal for BioMed Realty.

BioMed Realty provides office and research space to biotechnology and pharmaceutical companies, scientific research institutions, government agencies, and other entities in the life

science industry. The company has more than 1.5 million-square-metres of rental space and posted revenue of \$US674.6 million in 2014.

"We are excited to acquire this best-in-class company, which owns an exceptional collection of office buildings catering to life science tenants in gateway markets including Boston-Cambridge, San Francisco, San Diego and Seattle," Nadeem Meghji, the co-head of US real estate acquisitions for Blackstone, said in a news release.

"We believe in the long-term fundamentals of this sector, particularly in locations with top-tier educational and research institutions," he added.

Approval will be required from BioMed's shareholders.

The transaction has been approved by BioMed Realty's board of directors. BLOOMBERG

TPG Capital raises \$US2b

Hui-yong Yu

Seattle | TPG Capital finished gathering more than \$US2 billion of capital pledges for its first multi-investor real estate fund, exceeding its target at a time of volatility in financial markets.

The Texas-based firm, whose property unit is led by Kelvin Davis and Avi Banyasz, began raising the new pool about 20 months ago.

TPG, like rival buyout firm KKR, began a dedicated real estate business after the global financial crisis as Wall Street banks exited or scaled back, acquiring bargain assets in the US and Europe. The company's assets include office buildings, home builders, warehouses, self-storage units and publicly traded real estate investment trusts.

Investors continue to flock to real estate for higher yields than they can

get in fixed-income investments as interest rates hover near historic lows.

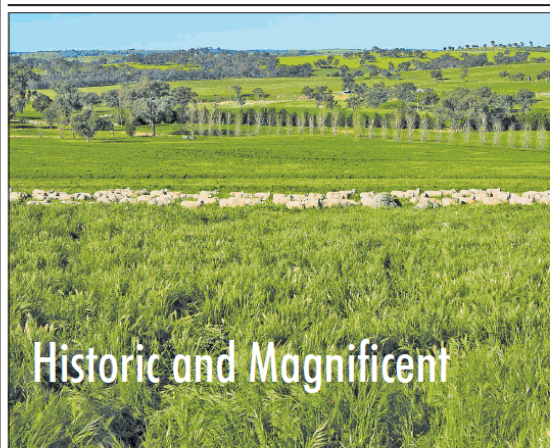
Sovereign wealth funds and other institutions also are seeking the perceived safety of high-quality, well-leased US properties, an attribute enhanced by the recent swings in financial markets amid tumbling commodity prices and the slowdown in China's economic growth. Falling US REIT share prices are fuelling expectations of buyouts.

"We continue to see really interesting opportunities in the States and Europe," Mr Davis said. In the US, "we're watching closely as the REIT market goes through some gyrations".

"It's likely we will see more take-private activity if public real estate company valuations remain pressured." BLOOMBERG

Buyers' agent wins

Rich Harvey, buyers' agent and managing director of the property buyer agency, has won the Woodrow Weight Award, the highest accolade from the Real Estate Institute of NSW. REINSW president Malcolm Gunning said Mr Harvey was a highly regarded and staunch advocate of buyers' agents. Other 2015 award winners were auctioneer Jesse Davidson (big commercial agency), L J Colquhoun Dixon (small commercial agency), Atkinsons Real Estate (small real estate agency) and Morton (large real estate agency). Residential salesperson of the year was Cathy Baker of Belle Property Killcare and commercial salesperson was Knight Frank's Kybal Dunne. The property management awards went to CBRE's Nathan Chehab for commercial and Edith Byrne of No Bull Real Estate for residential. ROBERT HARLEY



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