

SE Business
 HD **Invesco on hunt for more deals**
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US funds management giant Invesco Real **Estate** is expanding its remit in Australia and has emerged as a major conduit for local institutions investing in international markets.

The **group**, almost unknown in Australia several years ago, has forged into prime office markets ahead of a compression of yields and is now on the hunt for top-class industrial estates. The **group** is thought to have emerged as the top contender for a Kmart distribution centre in Melbourne's Laverton being **sold** by Goodman **Group** through Colliers International and JLL, for about \$100 million.

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Invesco is also continuing to scout out **residential** developments to back following its investment in Grocon's \$290m Swanston Square Apartments in Melbourne, alongside CLSA Capital Partners.

Invesco has emerged as one of the prime capital exporters with about \$800m pumped into US and European markets on behalf of Australian superannuation funds.

On a recent visit to Sydney, Invesco Real **Estate** managing director, head of investment services, Asia-Pacific, Takuya Yamada, said: "In terms of activities in the last few years, Australia has been a very important market, very large.

"What we've been focusing on in the last year is core **property**. Tokyo and Sydney and Melbourne, we've been very busy in those larger cities." This has been borne out in a series of major office tower **purchases**, with two Melbourne towers bought from Cromwell **Property Group**, and the **group** acting for **China's** CIC in the **purchase** of Sydney's Centennial Plaza.

Invesco's Australian Real **Estate** head, Ian Schilling, noted that the **group** had invested across the entire risk spectrum, though the focus in office towers has been on high-quality assets.

"They are all core deals," he said, noting the strength of the **group's** reputation. "From a track record point of view when we're bidding on something else it builds faith." Invesco has been seeking new mandates and developing new products, with Australian **property** on the menu. Mr Yamada said the majority of clients had held separate accounts but the funds business had also grown. "So the capital which we'd bring to Australia is mixed ... we have different types of capital, some looking for core, others looking for very opportunistic investments," he said.

Mr Yamada noted the attraction of returns from local **property** in a regional context, though he was cautious about Australia's higher interest rates. "Looking at absolute numbers in Australia cap rates for A class are between 5.5 per cent and 6 per cent. In Tokyo, for similar class assets, cap rates are 3-4 per cent and in the US between 4 per cent and 5 per cent, so on an absolute number basis Australia has higher cap rates. But on the spreads between the risk free rates, I think Japan has a higher rate."

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