



## TRADING ROOM

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## Precision timing pays off

A young shopping centre magnate started small and ended in the big time

WHILE many university students were probably partying their way through law school in the 1980s, Shaun Bonett was intensely saving the money he earned from working part-time as a clerk in Adelaide to buy his first piece of property.

And by the age of 18 he had secured enough for a deposit on a house in the city's suburb of Unley.

But it didn't take long for the stakes to escalate to millions of dollars for shopping centre deals throughout Australia.

The big risks, the background as a commercial lawyer and the confidence to go it alone at the age of 24 and start his property company, Precision Group, helped propel Bonett, 37, into the *BRW* rich list, with an estimated worth of \$340 million.

But the man himself attributes a large dose of his success to timing.

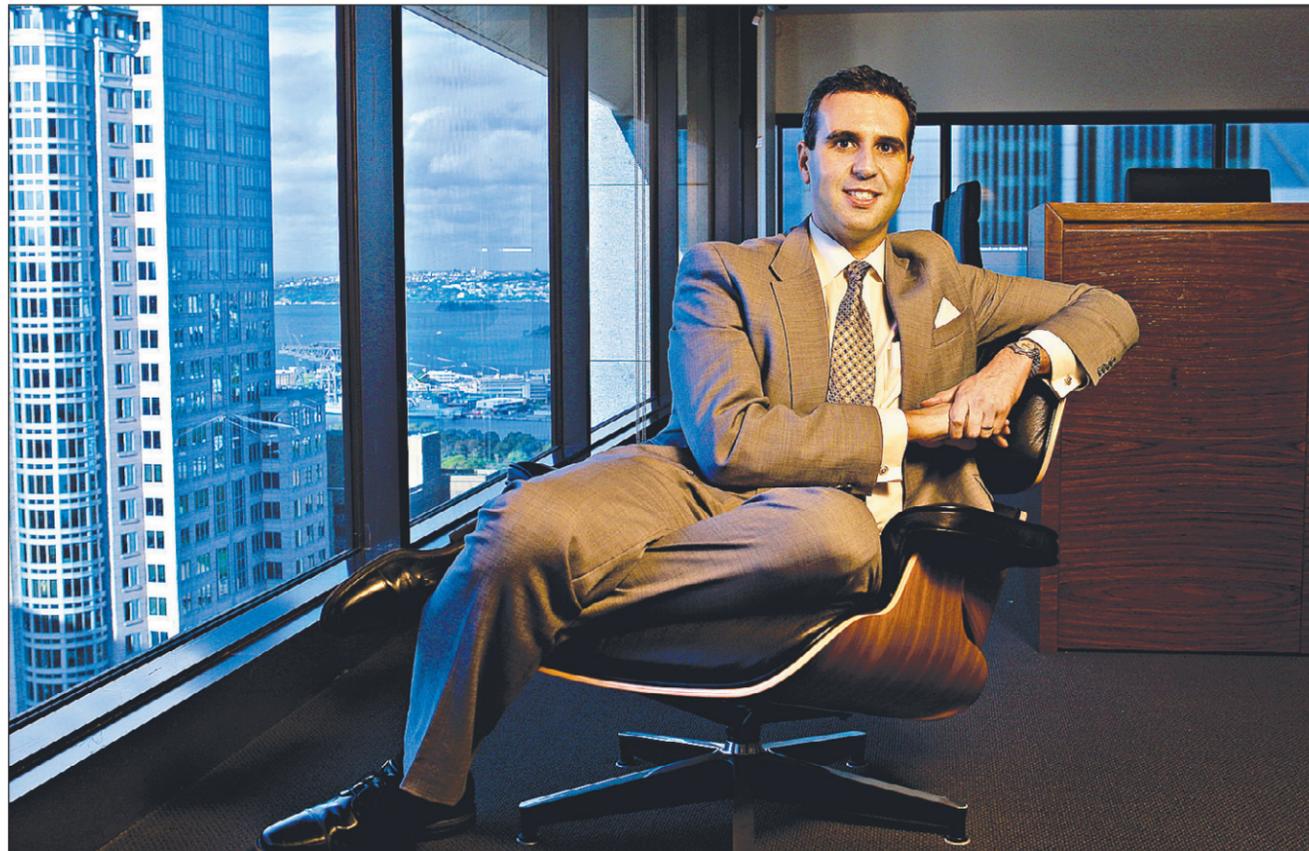
"I was very fortunate to start my business in the 1990s, as the economy was starting to move out of the recession," he says.

"Everytime I bought something, values were increasing."

Precision Group owns a shopping centre portfolio that includes MacArthur Central Shopping Centre in Brisbane, Adelaide's Central Plaza and Port Canal Shopping Centre, Pran Central Shopping Centre in Melbourne and the soon to be completed Metro Chatswood Shopping Centre in Sydney.

The company also owns office buildings and has an interest in property lending.

Bonett pounced on the



**Early start:** Shaun Bonett bought his first house at 18, and at 37 is estimated to be worth \$340 million

Picture: Amos Aikman

opportunities of low rates and high yields of the 1990s, where a small shopping centre offered yields of 18 per cent and money could be borrowed at 16 per cent.

"I saw it as a deal that made commercial sense, it would be cash flow positive from the start."

A stickler for detail, Bonett chose the name Precision Group for his company because he knew that, with the sort of risks he was taking, one mistake would mean the empire he was building around him could crumble.

"I built my business from scratch," he says.

"The business needed to succeed from the start, there was

no room for error, so Precision made sense."

One of the good things about doing business in Australia, Bonett says, is that there are people in the business community prepared to back young players.

He moved with his family to Australia from England at the age of eight when his oncologist father secured work here, and by his mid-20s he found himself at the negotiating table with one of Australia's most prominent men in finance — former Babcock & Brown head Phil Green.

That was over Bonett's plans to develop the Port Canal Shopping Centre in Adelaide.

"In a lot of other countries,

young entrepreneurs wouldn't be given a chance," he says.

"They were willing to negotiate a deal with you."

The attraction of property for Bonett is its tangible nature.

"It is an asset which is real, you're not just shuffling money. It's people who create buildings, create an environment, and places where people do business," he says.

Bonett says the risks he takes these days are far more calculated than early in his career.

At one stage, he "bet the whole farm", but if he hadn't done so he might not have got to where he is now.

"I don't think I completely

understood the magnitude of the risk, the concept of how much you lay at the mercy of the banks and guarantees," he says.

"As you go on, you appreciate the gravity of how much easier it is when you are younger to take those risks."

Bonett says most in the industry, including Precision Group, are sitting on the fence at the moment.

"Financiers are obviously pushing their clients to sell, but the financiers aren't offering attractive finance facilities," he says. "I think the market will have to continue to spiral downwards before we see companies letting top property assets go. I don't think it is going to be for another six months."

## QUEENSLAND

## Caltex Service Station, Stanthorpe, and Optus Centre, Fortitude Valley

THE former MFS offshoot, GEO Property Group, has sold both of these properties as part of a move to slash debt.

The \$2.8 million received for the Caltex Service Station in Stanthorpe was 2 per cent above the property's book value, while the \$18.7 million received for the Optus Centre in Fortitude Valley was 1.5 per cent below the figure recorded in the books.

**Price:** Caltex — \$2.8 million, Optus Centre — \$18.7 million  
**Seller:** GEO Property Group  
**Buyer:** Undisclosed

## Industrial warehouse, 34 Manufacture Drive, Molendinar, Gold Coast

QUEENSLAND Health has leased the Molendinar warehouse in a move to free up room at the Gold Coast Hospital for other uses.

**Landlord:** Predicated Pty Ltd  
**Tenant:** Queensland Health  
**Rate:** \$263,244 per annum  
**Tenancy term:** five years plus five-year option.  
**Area:** Land 3490sq m; building 2065sq m.  
**Agent:** Colliers International Gold Coast.

## NSW

## Residential development site, 43 Kurraba Road, Neutral Bay, Sydney.

UP to 16 residential units are planned for this land, subject to council approval. CBRE negotiator Nicholas Heaton said the sale indicated small residential development sites within a 10km radius of the Sydney CBD were still sought after.

**Seller:** Tazzy Estates

**Price:** \$3.7 million

**Area:** 1200sq m

**Agent:** CBRE

## Former Saunders Business Cards facility, 15 Salisbury Rd, Castle Hill

THE sale is a result of Saunders Business Cards' move to rationalise out of the facility into a smaller one. Dayspring, a Castle Hill-based church, made the purchase as part of a move to expand.

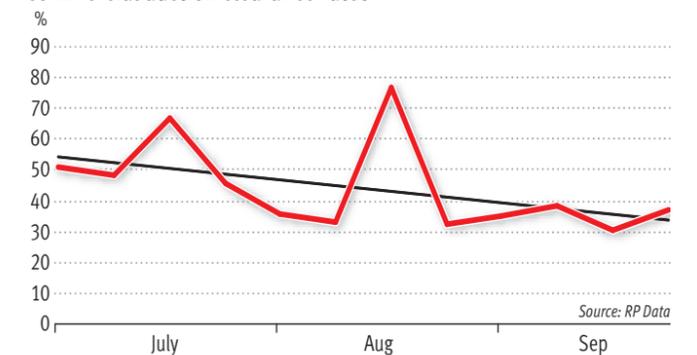
The property was sold with a six-month lease to Saunders Business Cards.

**Area:** 2814sq m on 8619sq m

**Price:** \$5.55 million

## WAITING FOR THE BIG BOYS TO COME BACK

## Commercial auction clearance rates



A SURE sign of any turnaround in commercial property will be when the big players — private or public — return to the market.

There is no doubt the commercial property market has slowed dramatically, but the question remains just how the diminished market is divided.

A look at CBD sales worth more than \$10 million around Australia reveals a total of 257 commercial properties sold during 2007, 130 of them to public companies, 109 picked up by private investors and the remaining 18 purchased by foreign interests.

All up, those 257 properties accounted for \$12.18 billion in sales, with 65 per cent, or \$7.88 billion, paid by public companies.

Private investors accounted for a further 22 per cent of the pie at \$2.74 billion, while the 18 properties purchased by foreign investors sold for

\$1.56 billion — the remaining 13 per cent. By comparison, this year only 69 commercial properties have sold for \$10 million or more in the same CBD areas, with the sales volume dropping to a mere \$3.56 billion."

This year's sales have swung towards private investors, which currently account for 42 per cent of the sales.

Some of the familiar names in commercial property have bought this year and have bought big.

Sales volume may be down, but the number of properties bought, and large purchases — such as 100 Miller Street, North Sydney, 260 Queen Street, Brisbane, and 86-100 Edward Street, Brisbane — show that private investors are still in the game.

Richard Crnek is general manager of RP Data Commercial

**Seller:** Agamyl Investments

**Buyer:** Dayspring College Limited.

**Agent:** Jones Lang LaSalle

## VICTORIA

## Baden Powell Hotel, 61 Victoria Parade, Collingwood, Melbourne

THE pub is not currently trading but the new owners intend to refurbish the property and relaunch the hotel operation.

**Price:** \$2 million

**Seller:** Liem Holdings Pty Ltd.

**Agent:** CBRE

## SOUTH AUSTRALIA

## Lenzerheide Restaurant,

## 146 Belair Rd, Hawthorn, Adelaide.

THE leasehold on the property was also sold for \$350,000 to the same purchaser.

**Price:** \$2.45 million

**Area:** 700sq m

**Agent:** Savills

## WESTERN AUSTRALIA

## 11 Efficiency Way, Bibra Lake, Perth.

A NEW industrial building at has been recently completed for development and leased to Marc Environmental Solutions.

**Price:** \$108 per square metre.

**Area:** 4592sq m.