

# Century cautious about growth

Author: Ben Wilmot  
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High net worth property funds manager **Century Funds Management** has an appetite for growth but is cautious about moving too fast.

The Sydney property manager added a new trust to its commercial portfolio earlier this month after buying an office building at 601 Bourke Street in Melbourne for \$23.95 million. The deal took **Century** to \$205 million of funds under management.

**Century** director John McBain was bullish. "I honestly believe the market has under-rated it," he said. But the manager did not make the purchase in a hurry.

"We've only been looking for two years ... we've got a file of buildings we are going to buy but the owner just doesn't know it yet," he said.

Last year was a relatively quiet one for **Century**. "We made over \$300 million of offers last calendar year until we bought something," said **Century** director Jason Huljich.

Notwithstanding this diligence, Mr McBain sees **Century** operating 20 individual funds, mostly passive and some opportunistic, by 2006. "This will represent a portfolio of around \$400 million but still maintain a core investor list of around 300 to 350," he said.

Mr McBain was quick to point out that **Century's** growth will never be meteoric. "If we get huge we can't do what we are doing now," he said.

Instead, **Century** is focusing on several niches it sees as underdone.

Mr McBain noted that **Century** had been successful in metropolitan office markets within five to eight kms of the CBD.

"The total vacancy rate in our portfolio is 1.8 per cent," he said. "We're getting higher rents than in the CBD in some of our buildings."

**Century** is keen to emphasise the importance of each site.

He would very rarely buy a property that's not on a corner site," Mr McBain said.

**Century** also carefully assesses infrastructure surrounding properties. "We were one of the first people looking at Epping when train lines were to converge," he said. He believes Hurstville has unique infrastructure and transport characteristics.

Over the next two years **Century** will continue to focus on metro and CBD commercial offices but also plans to expand more into homemaker centres.

**Century** recently invested in a Griffith homemaker centre with an end value of \$18.85 million.

The trust also acquired an office block in Hurstville for \$13.65 million and a nearby

homemaker centre anchored by Harvey Norman for \$7.05 million. In **Century's** latest market commentary, Mr McBain cautions that US interest rates may rise more than anticipated, with a direct impact on local cash rates.

"If the yields off a property that you're going to buy is 8 per cent, but the interest rates have increased, we're forecasting that returns from that sort of securitised property will decrease."