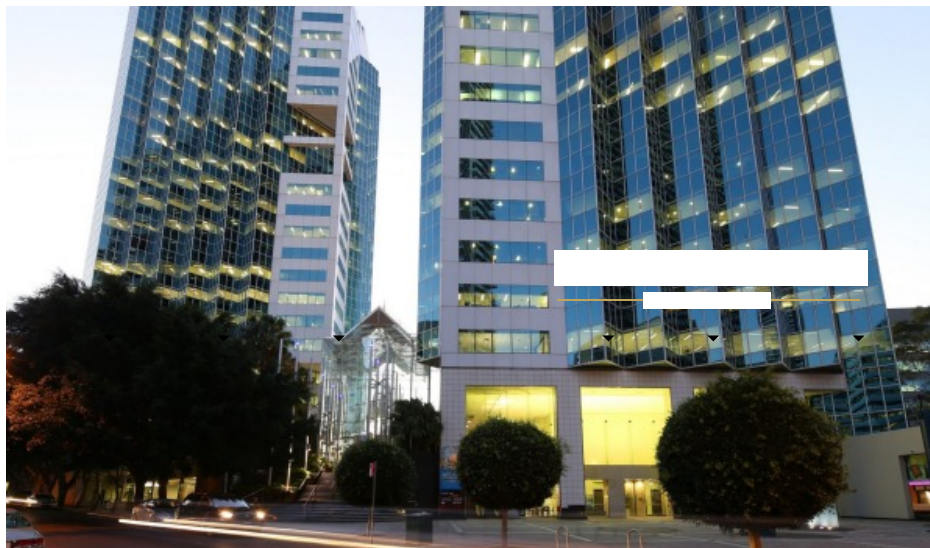


May 25 2016 at 4:33 PM Updated May 25 2016 at 4:33 PM

BlackRock seeks property funds management platform in Australia



The Zenith Centre in Chatswood, Sydney. Supplied



by [Larry Schlesinger](#)

BlackRock, the world's biggest fund manager with about \$US4.6 trillion (\$6.1 trillion) of assets under management, is seeking a multibillion-dollar property funds management platform in Australia, the *Australian Financial Review* understands.

The New York-listed company, which is seeking to diversify and grow its relatively small \$US21.3 billion of real estate assets under management, was recently in Melbourne to seek advice on potential opportunities.

According to sources, BlackRock would look to create a circa \$10 billion platform in Australia. A spokeswoman for BlackRock Australian declined to comment.

Last year, the \$53 billion unlisted property funds sector tracked by Mercer/IPD Australia delivered a 12.7 per cent total return, its highest annual return since the global financial crisis. It is understood BlackRock is keen on a meaningful presence in this market.

Lendlease, DEXUS Property Group, Eureka, Charter Hall and GPT all run the type of large unlisted wholesale property fund platforms that might appeal to BlackRock.

A spokeswoman for Lendlease said: "Lendlease does not comment on market speculation." DEXUS, Eureka, Charter Hall and GPT all declined to comment, spokespeople for these companies said.

"A group with the scale of BlackRock would bring significant resources into the Australian market. In property investment management there is significantly less competition than in other asset classes," said Ken Atchison of Atchison Consultants.

BlackRock CEO and founder Laurence Fink highlighted a bigger push into real estate in his letter to shareholders in April. "Persistent low rates and modest risk premiums are elevating real assets, including infrastructure, as an attractive way to achieve clients' long-term financial goals," Mr Fink said.

Global property groups active in Australia include private equity giant Blackstone, which is [circling two industrial portfolios owned by Australia's Goodman Group](#) in a deal expected to be worth about \$650 million

Charter Hall managing director David Harrison, said this week, following its acquisition of Macquarie Group's headquarters in Sydney for \$525 million, that core office property remained attractive to both international and local investors "due to the current spread between Australian property income yields and bond yields".

BlackRock already has some exposure to Australian commercial property [through European and Asia-Pacific-focused real estate advisory firm MGPA](#), which it acquired in 2013 and via direct acquisitions. Its Australian real estate business is led by former MGPA Australia director Hamish MacDonald.

Last week, BlackRock acquired the [Zenith office tower in Chatswood, Sydney for \\$279 million](#) in a joint venture with Centuria.

Its other direct investments include [Anglo American House at 201 Charlotte Street, Brisbane](#), which it bought last year for less than \$90 million on a yield of about 8 per cent with Fortius Funds Management.