

Cavill about to get cooking on Inspire

ON THE QT

WITH QUENTIN TOD



THE slow-burner could be about to be turned up at Labrador property landmark Cav's Steakhouse.

The Frank St building, had things gone to plan, should by now have been razed to make way for an apartment tower tagged Inspire.

Two "cows" that grace the lawn in front of the restaurant would have been "wintered" in a storage shed ahead of an indoor reappearance at a new Cav's.

Owner Richard Cavill flagged Inspire more than two years ago and, after "sizzling" early sales, hoped to have it under way by late 2016.

He didn't count on the major banks covering away from lending on Gold Coast apartment tower projects.

Yes, as Richard knows only too well, getting blood out of a steak is easy but in the case of the banks, sourcing funding is more like trying to get blood out of a stone.

Richard's experience is being shared by other developers. The upshot is that they are having to source what the industry terms "private" funding – loans that can cost in the 12 to 16 per cent range

and, if it's mezzanine money, more like 20 per cent.

Among those who have taken the private route is Forise, the Chinese company building the 89-level Spirit tower on the Surfers Paradise beachfront.

The group went to Sydney funder MaxCap when it was building the basement on Spirit, reportedly a \$44 million exercise.

Brisbane's Citimark group, despite having a strong record with the Big Four banks, has

ended up funding a \$220 million Surfers tower offshore.

The Australian banks reportedly won't entertain funding a Gold Coast tower unless the loan being sought is covered 120 per cent by pre-sales. That would mean, if a \$100 million loan was being sought, pre-sales would need to reach \$120 million.

One developer argues that a 120 per cent "requirement" would mean selling 80 per cent or more of the project off the plan before work could start.

He's also made the point that revelations during the banking royal commission hearings could make the

banks take even tougher lending stances.

In the case of the 32-year-old Cav's and replacement Inspire, pre-sales appear to have reached the 50 per cent level – a figure that might take in a commercial-retail area at the tower's base.

That area, by virtue of the quality of the tenants waiting to move in, appears already to have drawn the attention of keen buyers.

There will be a heavy medical slant, with those already committed to the building including a medical centre, a pharmacy, a pathology business and a group of specialists.

Richard's previously announced plans for a new Cav's at Inspire's base – an emporium with a dozen butchers, gourmet meats, a smokehouse for ham, bacon and ribs, and a burger house.

It seems improbable that any bankers will be on the invitation "menu" for the Cav's reopening.



Richard Cavill's Inspire has been delayed by the banks' reluctance to lend for Coast tower projects.