



Commercial Real Estate
Cbus push for 35-level tower near CBD corner

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CAPITAL GAIN

Cbus Property is wasting no time redeveloping one of the city's most under-utilised sites, which it bought seven months ago, off-market, for a reported price of more than \$70 million.

The local super fund has applied to replace 13-23 Spring Street, near the city's south-east tip, with a 35-storey apartment complex containing 84 presumably oversized flats.

Opposite Treasury Gardens, the proposed 125-metre tall tower will replace the 12-storey 164-suite Mercure Hotel and rise above the Harry Seidler-designed, 24-level, 1 Spring Street office, next door, on the corner of Flinders Street.

Cbus Property is responsible for Spring Street's last major apartment tower at No. 35. This high-end building, at the north west corner of Flinders Lane, metres from the 1311 square metre Mercure site, rises 43 storeys and includes 270 apartments. It replaced a 12-storey office.

Further north, at 271 Spring Street, ISPT has recently developed a new office part-tenanted to Australian Unity.

In February it was reported Cbus Property was paying about \$180 million for adjoining CBD sites at 140 and 150 Queen Street and 27 McKillop street. This about 3000 sq m parcel is expected to be replaced with several skyscrapers.

Cbus Property is also behind one of the city's most distinctive proposed new buildings - Collins Arch, also dubbed the "pantscraper", which is being built at 447 Collins Street.

Fitzroy sale

A corner site at the top end of inner-city suburb Fitzroy is selling for a price speculated to be around \$10 million.

At 62 Rose Street, at the south-west intersection with Fitzroy Street, about two kilometres north of the CBD, the site is configured with three standalone warehouses, returning annual rent of \$168,840. The mixed use-zoned block is expected to make way for a medium-density apartment building but any details of the sale could not be confirmed with selling agent Teksa Carson's Larry Takis.

In mid 2016, Australian Volunteers International banked \$7.8 million - about \$2 million more than price expectations - for a 1049 sq m Fitzroy site at 71-75 Argyle Street. In February it listed for sale a neighbouring 1197 sq m site at 88 Kerr Street - which could be expected to sell for more than \$8 million.

Not far away from these sites, in Collingwood, local developer Tim Gurner recently won approval to replace a 5100 sq m rectangle-shaped block on Wellington Street with a \$350 million mixed-use complex containing 219 flats in buildings rising up to 11 storeys.

The approved project replaced a controversial, curvaceous design by Sydney-based Koichi Takada Architects, which City of Yarra councillor Steve Jolly described as "a bogan, sparkling white, Las Vegas building Photoshopped onto a map of Collingwood".

ON MENU AGAIN

The historic city building that housed Wing Ching, said to be the first Chinese eatery to be frequented by Westerners, is for sale again.

The four-level, 440 sq m freestanding property at 11 Heffernan Lane, off Little Bourke Street, was built in 1891 and once owned by local real estate agent Shayne Whiteley. It underwent a major refurbishment after a major fire in 2010 and last sold at auction for \$2.65 million in 2013 (it had been asking \$3.3 million for private sale eight months earlier).

This time around, CBRE agents Max Ruttner, Alex Brierley, Josh Rutman and Jing Jun Heng with Morley Commercial's Andrew Morley and James Lie, are expecting a return of more than \$4.5 million following a campaign targeting investors. Within the seven-day/24-hour Chinatown precinct, the property is offered with an eight-year net lease, currently returning annual rent of \$213,075. The agents promote future value-add opportunities like a rooftop garden. However in recent years some city property owners have been able to extend the height of historic buildings - a possibility at 11 Heffernan Lane.

Permit-ready site

Veteran car dealers Gary Brill and John Ayres are offloading a Fishermans Bend site, permit ready for a 36-storey residential building with 298 flats.

The 2618 sq m offering at 150 Turner Street, Port Melbourne, is expected to sell for more than \$10 million after a campaign by Colliers International's Oliver Hay and Lachlan Dornauf. It was reported the Range Rover dealers of 40 years had sold this site and a Malvern asset to Malaysian conglomerate Sime Darby in 2014, but this deal didn't proceed.

In 2016 the pair sold their ULR Jaguar/Land Rover and Melbourne City Jaguar/Land Rover business to NGP Group, which is owned by Nick Politis.

Mr Politis, another car dealer and also the chairman of NRL team the Sydney Roosters, is no stranger to this column, having paid \$15.5 million for the City Lexus site at 551-575 Elizabeth Street in 2014.

UNI plan

Victoria University is planning to "plonk" 17 storeys of vertical campus on legs behind the historic former Land Titles Office in Queen Street.

At 33,418 sq m, the planned building is so large, it will need to be signed off by the Planning Minister Richard Wynne, who is at present reviewing it.

The proposal would, according to preservation group Melbourne Heritage Action, require removing a quarter of 19th century slate shelving to make room for elevators.

If approved it could accommodate nearly 2500 students. Though 192 bike spaces are proposed, the vertical campus won't offer one car park.

Victoria University paid \$5.3 million in 2003 for the four-storey building on a 4538 sq m plot at 247-283 Queen Street.

The university has also been an active seller of city sites in recent years.

In 2013 it reaped \$48.5 million from the sale to a Malaysian investor of a 12-storey asset at 300 Flinders Street, offered with a leaseback to the university until 2020 - about the time its proposal behind the Land Titles Office could be completed.

Two years earlier Victoria University sold the multi-storey car park component of this building for \$28.2 million (the vendor in that instance, Queensland investor Kevin Seymour, sold it a couple of years later to a Chinese investor for \$40 million).

Last June the University of Melbourne banked a reported price of around \$40 million offloading a 4176 sq m site at 268 Sturt Street, Southbank.

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