

SE Business - **Commercial Property**
HD **Developer looks to level up in Lonsdale Street**
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Capital Gain

A \$400 million-plus mixed-use village with two skyscrapers rising 67 and 51 levels is mooted to replace a rundown car **park** at 380 Lonsdale Street - a **site purchased** by listed Singaporean developer Hiap Hoe 10 months ago with a permit for one 46-level building.

TD

In another show of how fast Melbourne planning precedents have shifted in just a year, the proposed village will contain 1040 apartments and 469 car **park** bays compared with the permitted 627 flats and 774 bays.

Soon after buying the **site** Hiap Hoe announced it would engage boutique architect **firm** Elenberg Fraser to design a new concept for the **site**, which also has access to Little Lonsdale Street. At the time it was suggested the proposal would include two towers rising about 51 and 47 levels.

The taller skyscrapers in Elenberg Fraser's latest proposal will sit above a five-level podium.

More than 300 flats will be configured as **hotel** suites, continuing a theme in many proposals recently lodged by offshore developers for residents to live with visitors. Retail, office, function space and rooftop recreation facilities will also form part of the proposed new project.

Hiap Hoe paid \$43.8 million for the 3165-square-metre Lonsdale Street **site** as part of a \$177.8 million spending spree that also saw it **buy** a Docklands development **site** and Bourke Street shopping centre, with airspace expected to be developed with offices.

Also this week, another Singapore developer, Aspial, lodged plans with Planning Minister Matthew Guy to replace a low-rise office at 383-405 King Street - until recently occupied by National Australia Bank - with a 23-level, 392-**apartment** building.

In June it approached Mr Guy again to boost the height of a proposed 49-level tower at 54-64 A'Beckett Street to 81 levels. The minister also approved Aspial's plans for the revised 70 Kavanagh Street building - set to be the southern hemisphere's first 100-storey super-scraper.

Inn on offer

Another major development **site** in Parkville's tree-lined Royal Parade is about to hit the market, carrying price expectations, sources say, of about \$10 million.

The Parade Inn motel, on 3221 square metres at 535-541 Royal Parade, has been listed for the first time since the early 1980s, targeting **hotel** investors and **residential** developers likely to build a much taller building.

The 41-room Parade Inn **site** also has frontage to The Avenue.

The listing comes months after the University of Melbourne paid the Salvation Army \$26 million for a 4500-square-metre landholding at 303-305 Royal Parade and 80-90 The Avenue. Monash University also has a Parkville campus at 381 Royal Parade.

In May, an educator of a different kind - the Australian Ballet School - paid \$4.7 million for the historic Queen Anne mansion Auld Reekie at 511 Royal Parade, near the Parade Inn, which is being marketed by CBRE's Josh Rutman, Scott Callow, Mark Wizel and Ed Wright.

Luxury in 'burbs

As it enters the final stage of construction, Cedar Woods is seeking tenants for what may be the western suburbs' most exclusive new office space.

The 100 Overton Road office building is part of the \$30 million Williams Landing Shopping Centre, about 20 kilometres from the CBD. The Perth-based developer is asking rents of about \$350 per square metre per annum - which is comparable with some (albeit much lower-quality) inner-city offerings.

The office is premium grade, NBN ready and available configured as suites from 50 to 1000 square metres. Jones Lang LaSalle's Colin Dioguardi is representing Cedar Woods.

Genesis fits in

A local investor has paid \$5.7 million for a strata-titled fitness centre at the bottom of the near-new Adesso complex in Mentone, in south-east Melbourne.

Based on the annual rent of \$617,000, which the Genesis fitness club is paying, the asset **sold** on a yield of 10.8 per cent - substantially higher than current bank borrowing rates.

The 2245-square-metre facility includes 70 car parks and was offered with a 12-year lease to Genesis. The gym has the option to stay for two further five-year terms.

Knight Frank's Marcus Quinn and Tim Grant marketed the **site** at 86-88 Balcombe Road as a "double-digit yield investment".

Swann song

A **China**-based investor is paying \$21.6 million for an unrenovated art-deco CBD office on a large block with redevelopment potential at 22 William Street, near the Yarra River.

Swann House, a 10-level, 5700-square-metre complex on an 826-square-metre **site, sold** shortly after a recent expression of interest campaign that called for local and international developers.

The concrete office was developed by the SEC on the **site** where in 1835 a Melbourne founder John Pascoe Fawkner built his first house, later used as a **hotel**.

Occupants of the upper levels at 22 William Street would enjoy postcard views beyond Southbank and over the low-rise and heritage protected Immigration Museum abutting the **site** to the south.

Immediately north, CBUS recently announced a major village would replace the former National Mutual office at 447 Collins Street. Last month Mirvac announced it would build a 38-level, 50,000-

square-metre **commercial** building nearby at 477 Collins Street.

Extendable

A private investor has paid \$9.5 million for the CBD's Duckboard House, a building that for 60 years was owner-occupied by the RSL.

The asset - now a fully leased office and retail investment - was offloaded by local investor Applied Capital, which extended it by two levels in 2008 at a cost of nearly \$3 million.

Applied Capital paid the RSL \$3.1 million for the then three-level complex at 91-93 Flinders Lane. The RSL bought the 1930s art deco building in 1949 for \$40,000.

Duckboard House now has a lettable area of about 1000 square metres. On the ground floor is restaurant and bar Papa Goose.

Alexander Robertson selling agent Kristian Peatling said the deal reflected a healthy price per square metre of \$9500. Five years ago, he said, the price per square metre of a similar building in the area

would have been about half that. Despite the recent extension, airspace atop Duckboard House provides further development potential, he said. Duckboard House **sold** on a yield of 5 per cent.

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