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Yates reveals shrewd deals in South Yarra

When shrewd developer Michael Yates last month unveiled two South Yarra buildings he had recently received ministerial approval to develop, he was quietly formalising a plan to sell the project to a **Chinese** developer.

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In an off-market deal, Yates is speculated to be banking about \$30million from the **sale** of 663 Chapel Street - a 2100-square-metre portion of a 3537-square-metre block he bought for \$19 million in 2011, a depressed time in Melbourne's development **site** sector.

Yates bought the **property** from owner-occupier CR Kennedy 11 months after a \$25 million **sale** to another developer had fallen through. Eight months ago, Yates lobbied Planning Minister Matthew Guy to replace part of the **site** with 321 units in two buildings - the tallest rising 29 storeys. The South Yarra stalwart will develop an education academy on another part of the block he **sold** at cost price to the Melbourne High School Foundation.

Four years ago Yates made headlines when he bought an **apartment** within a low-rise complex at 19 Yarra Street - a **purchase** which gave him rights to block other owners developing or selling airspace in future. Yates was proposing an **apartment** building next door and wanted to price in view security that occupants would enjoy over 19 Yarra's rooftop.

On the up and up

The owners of a development **site** abutting the West Gate Freeway have reapplied to Mr Guy to make an approved project bigger.

It is now hoped 57 Haig Street will make way for a 52-level building, which is up 13 levels on an earlier proposal. The new complex would include 248 flats and 171 car-**park** bays and a small **commercial** area. It is one of several new skyscrapers earmarked for sites abutting the West Gate at Southbank.

Box Hill boost

An open-air Budget car-hire complex in central Box Hill is speculated to have been **sold** for well over \$6 million after hitting the market last month with price expectations of about \$5 million.

Offered for the first time in 60 years, the 1241-square-metre block at 997-1003 Whitehorse Road is expected to make way for a medium-density, mixed-use complex with ground floor **commercial** and upper level flats. The **site** is near the Box Hill train station about 14 kilometres east of town.

It's hard to miss Box Hill from most eastern suburbs - with the Australian Taxation Office building, currently under construction and set to rise 19 levels, already dominating the skyline from several kilometres away. A 35-level **residential** building has also been approved in the area.

Gorman **Commercial**'s Stephen Gorman and Stephen Speck declined to comment about any part of the Budget **property**, which **sold** before a scheduled auction.

#### Chirnside Choice

An offshore investor has paid \$7.2 million for an as yet unbuilt retail complex in Chirnside **Park**. The 30 Old Melbourne Road asset is the first of a six-stage **site** redevelopment. It has been leased to the Coles liquor chain First Choice and a chemist. Jones Lang LaSalle's Stuart Taylor said the deal reflected a 7 per cent yield.

#### Historic pub sells

The prominent Brooklyn **Hotel** in Melbourne's west has **sold** before a scheduled auction.

The 3135-square-metre triangle block at the junction of the Princes Highway and Old Geelong Road includes a 20-suite motel as well as the historic pub, drive-through bottle shop and a TAB facility.

Leased with options until 2044, the asset currently returns annual rent of \$130,000. Based on the \$1.6 million **sale** price, the hospitality investment **sold** on a yield of about 8.1 per cent.

Selling agent Jamie Perlinger was offering 700 Geelong Road, Brooklyn, as part of the 92nd Burgess Rawson portfolio auction at Crown Casino next week.

#### In the shade

While history might reveal 2014 as a period in Melbourne planning when high-density was centralised to the CBD area - it has also had its fair share of permit approvals that have defied what were once restrictive shade protections.

The City of Melbourne council is behind one of the latest approvals - a 33-level **residential** building on a **site** adjacent to the gardens of the State Library of Victoria.

The proposed tower will be the tallest in the immediate vicinity and will replace a 1926 low-rise building that for years was part-leased to Hungry Jack's.

The 615-square-metre **site sold** to an offshore developer in 2015. It is known as both 188-196 La Trobe Street and 389 Swanston Street.

In the past few months Mr Guy has received several applications for skyscrapers that would cast a shadow over the Yarra River's north bank.

#### Moveable feast

Dining institution The Spaghetti Tree can celebrate its 26th year in peace at 59-63 Bourke Street - but if it renews a four-year option in 2015 it may find itself amid a construction zone.

That's the message from the new landlord - high-rise builder AXF **Group** - which has quietly paid \$8 million for the four-level building on a 500-square-metre block - and is now said to want the restaurant out so as to redevelop the space.

The Italian eatery and other tenants, including Madame Brussels and Japanese karaoke bar Asuka, have leases at 59-63 Bourke Street with options expiring at various stages up to 2019.

In response to questions about whether it will wait until 2019 to develop, AXF **Group** only said it "won't start the [59-63 Bourke Street] project next year".

"The project" that AXF is planning is unknown. The developer's Melbourne head office is built into airspace of an older (cinema) building - and was acquired because it had further airspace redevelopment potential.

The Spaghetti Tree manager responded to questions about whether it will renew until 2019, saying, "It is up to the new owners to decide when we leave.

"We don't know what's going on; all we want to say is the building **sold** with a long lease and the business is not closing down."

Local industry sources say the burgeoning AXF **Group** would consider building around tenants, if the owners of Spaghetti Tree decided to stay.

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