

FINANCIAL REVIEW

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HD **Grollo recycles into Rialto**
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Lorenz Grollo has **sold** a prize Collins Street **site**, doubling its value in less than two years, as he prepares to revamp the iconic Rialto Towers.

A prominent Melbourne player, Mr Grollo is also releasing a second Collins Street landmark into the market, the \$75 million Goods Shed North, which he redeveloped at the Docklands end of the boulevard.

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The Golden Age **Group**, headed by Jeff Xu, has acquired the Makers Mark building at 466 Collins Street for \$25 million. Set on just 483 square metres with an 11-metre Collins Street frontage, the historic three-storey building was snapped up in late 2012 for just \$10.5 million by Mr Grollo.

But Mr Grollo, who has experience building high on narrow sites, saw it as an opportunity for a modish but slender "pencil tower".

He bolstered the vision by acquiring air rights over a neighbouring building, allowing to expand the floorplates, and then secured planning approval for a 55-level tower this year.

Amid growing interest from offshore players, Mr Grollo changed tack in May, putting Makers Mark on the market through CBRE's Mark Wizel, Josh Rutman, Tom Tuxworth. New focus

"Jeff is one of Melbourne's pre-eminent developers. I've got a lot of respect for him," said Mr Grollo, whose building **firm** has constructed some Golden Age projects. Divesting 466 Collins St allows Mr Grollo to focus his efforts on the Rialto, which his father Rino built with brother Bruno Grollo. When the brothers divided the **company** in 2000, the Rialto stake stayed with Lorenz's side of the family.

With co-investor, Kuwaiti-controlled St Martins **Property**, Mr Grollo plans to launch a \$100 million rejig of the Melbourne landmark, adding 9000 square metres of retail space in the forecourt and refurbishing the towers.

"We're going through a once-in-a-generation reset of this asset," Mr Grollo said. "Once we get this project completed we'll be redeploying capital and interest into other projects elsewhere, but it's important to get this right."

To that end, Mr Grollo has opted to put the heritage-listed Goods Shed North to market as well, through JLL's James Kaufman and Robert Anderson, and Colliers' Nick Rathgeber and Leigh Melbourne. It is well covenanted to government tenants with a lease expiry close to 10 years.

Mr Grollo won accolades for his transformation five years ago of the 1889 building, although the Town Hall slammed a recent proposal to add a 34-storey **commercial** tower on the **site**.

"We've decided to sell 466 and we've done that successfully with the right buyer. We are looking to put the Goods Shed on the market. It's largely about the Rialto for us," Mr Grollo said. New name coming

Meanwhile, Golden Age's Mr Xu hoped to launch construction at Makers Mark as early as next year, with a 280-**apartment** project designed by Bates Smart, to be called Collins House.

The **Chinese**-born entrepreneur who came to Melbourne 16 years ago to revive his family's ailing **Chinatown** restaurant now heads a **property** and hospitality empire.

It has expanded to Sydney with Mr Xu's recent acquisition of a \$50 million building at The Rocks, partnered by engineering **firm**, Hannas **Group**.

The per square metre rate for the Makers Mark **site** is close to \$52,000, a clear record for the CBD. But Mr Xu says his focus is unit cost, around \$85,000.

"It's not a big **site**, but it's one of the best. The address is quite amazing."

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