

Fridcorp flips prominent South Yarra site for more than \$50m

December 15, 2017

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Reporter
None

Developer Fridcorp has sold its office building at 627 Chapel Street, South Yarra, for more than \$50 million. Photo: Google Maps

Historic CBD building slated for demolition

Development site values start to crack

Eight months after it was stopped from redeveloping a central South Yarra office into a “dominant and overbearing” residential skyscraper, Melbourne boutique builder Fridcorp has quietly on-sold the site in a \$50 million-plus deal.

The sale of 627 Chapel Street to another local residential developer Goldfields reflects a substantial short-term capital gain for Fridcorp, managed by Paul Fridman, which bought the site for \$40 million in 2015 from East Melbourne-based investment house, Henkell Brothers.

The six-level, 5600-square-metre building is on a 1510-square-metre plot one lot in from the corner of Toorak Road, the intersection said to be Melbourne’s most valuable for commercial rents outside of the CBD. The site is at the westernmost edge of a pocket of the suburb known as Forrest Hill, an former industrial precinct which has seen rampant high-density development in recent years, mostly in the form of apartment towers and hotels.

But despite becoming one of Melbourne’s most active residential developers in recent years, Goldfields managing director Marco Gattino told Domain the builder had no plans to repurpose 627 Chapel Street as residential.

Describing the asset as “the jewel in the crown of the Forrest Hill precinct”, Mr Gattino said his company was committed to fully refurbishing the office building, which is currently occupied by 25 tenants.

This news would be welcome to the City of Stonnington council which in April rejected a proposal by Fridcorp to replace the site with a 37-storey residential skyscraper with 372 flats, two levels of offices, a ground floor café and 265-bay basement car park.

Fridcorp’s proposal – two and a half times the local height limit – was rejected for, amongst other reasons, being too high and too bulky.

Melbourne Acquisitions managing director Dominic Gibson and colleague, investment sales broker Marcus Neill, handled the off-market sale for Fridcorp.

Goldfields’ new asset is next door to high-profile entrepreneur Larry Kestelman’s Capitol Grand development – which at 50-storeys, is set to be suburban Melbourne’s tallest skyscraper when complete in a couple of years.

Mr Kestelman’s LK Group paid \$85 million for that 5600-square-metre development site in 2014, before initially proposing a 58-storey tower with 660 flats. In 2015 he paid Hollywood actress Charlize Theron \$3 million to be an ambassador for the project, despite it not yet receiving planning approval.

Elsewhere in the Forrest Hill precinct, which is near the suburb’s train station, developers have been developing buildings of more than 30 storeys on certain large sites.

Last month Alfasi Property – a division of Melbourne-based steel construction and equipment hire group – paid \$18.5 million for an office warehouse on a 2116-square-metre holding across two addresses between 2-10 River Street, which is now earmarked for a 12-storey hotel.

Vinci Carbone director Frank Vinci, an active agent in the area, said developers continued to be attracted to South Yarra because of the strong demand for apartments, both to buy and rent, by end users.