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Goldfields kicks off work on spec \$300m Chapel Street office tower

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Melbourne-based developer Marco Gattino says he is confident of filling up 24,000 square metres of office space on the city fringe, after kicking off a leasing campaign for a speculatively built \$300 million tower on Chapel Street, South Yarra.

"Speed to market is very important. We want to be one of the early movers in bringing an office building of scale to this market," Mr Gattino told *The Australian Financial Review*.



Goldfields director, Marco Gattino, and chief operating officer, Lachie Thompson, on the rooftop of 627 Chapel Street. **Supplied**

The new 24-level office tower at 627 Chapel Street will replace an older office building Goldfields bought for \$50 million in December 2017.

The development, [which secured a permit from the City of Stonnington just before Christmas, is due for completion in late 2021.](#)

Demolition has already begun on the site, which neighbours Rich Lister Larry Kestelman's Capitol Grand apartment tower on the corner of Chapel Street and Toorak Road.

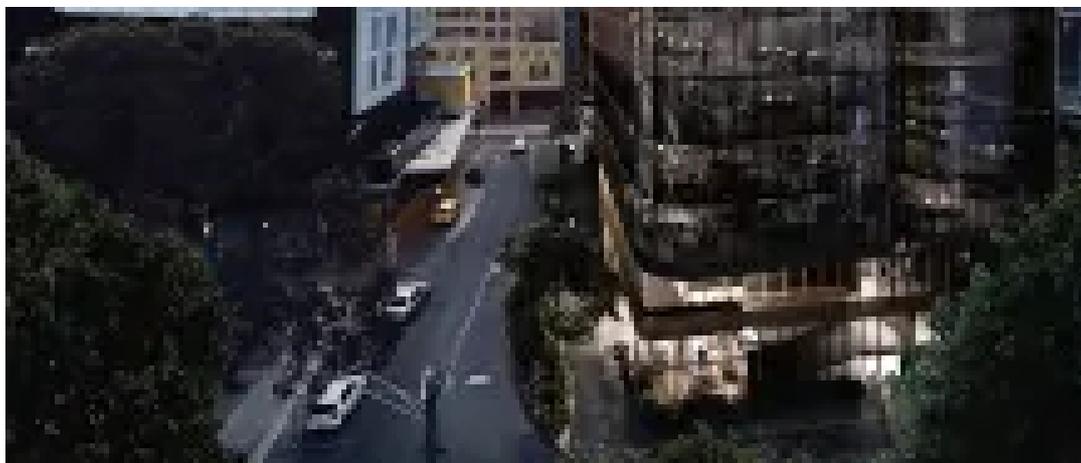
Mr Gattino said construction was expected to kick off in September with a builder soon to be appointed.

“The current conditions in the Melbourne office-leasing markets mean that now is most definitely the right time to launch this project,” said Mr Gattino, who has appointed Colliers International and Cushman & Wakefield as leasing agents.

Whilst retail leasing has suffered horrendously on Chapel Street with about one in five shops empty, office vacancies are much lower as companies relocate from the city or those further out from town seek premises closer in.

The Melbourne city fringe leasing market has the country's third-lowest vacancy rate at just 4.5 per cent behind only Parramatta (3 per cent) and the Melbourne CBD (3.2 per cent).





The Chapel Street office tower will offer 24,000 square metres of lettable space **Supplied**

With rents on the rise, other developers are also seeing opportunities to develop new office towers on Chapel Street and other inner suburbs like Richmond, Cremorne and South Melbourne.

Alongside Goldfields' 627 Chapel Street tower, Newmark Capital has plans to add around 50,000 sq m of new office space as part of a redevelopment of the once-popular Jam Factory entertainment and retail centre.

Another 4000 sq m of office space is due to be added at the mixed-use Chapel Plaza development at 402 Chapel Street being undertaken by the Rich List owners of the Spotlight Group, including a new Aloft Hotel.

The Goldfields office tower, designed by Cox Architecture, will include restaurants, cafes, multiple green spaces, end-of-trip facilities, a concierge and a business lounge.

Mr Gattino said he was in talks with several co-working space providers with expectations some of the bigger corporates would take out spaces of between 2000 and 4000 sq m and smaller spaces of between 500 and 2000 sq m to appeal to smaller professional business, family offices and creative-type businesses.

"With 84 per cent of the 399,000 sq m of new space currently under construction in the CBD already pre-committed, a new sense of urgency is growing among occupiers, who are now looking to the convenience and value on offer in the Melbourne city fringe market," said Travis Myerscough, co-leasing agent at Colliers International.

"This increasing demand is also being driven by large corporate tenants from eastern suburbs such as Mulgrave and Clayton looking to relocate to a more central location in an effort to attract the best and brightest staff, particularly from within the 18 to 30-year-old age bracket," he said.

