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Goldfields starts building 24-storey luxury office in South Yarra

July 21, 2019  Marc Pallisco

Goldfields is replacing a small South Yarra office with a much bigger, luxurious one.

By the end of 2021, the local developer plans to have completed [a 24-storey commercial building](#) at 627 Chapel Street – a six-level property [it bought from Fridcorp in December, 2017](#), for \$50 million.

Fridcorp unsuccessfully tried to get a 37-floor residential tower approved for the 1510 square metre plot, next door to Larry Kestelman's Capitol Grand complex, which contains a 50-level tower.



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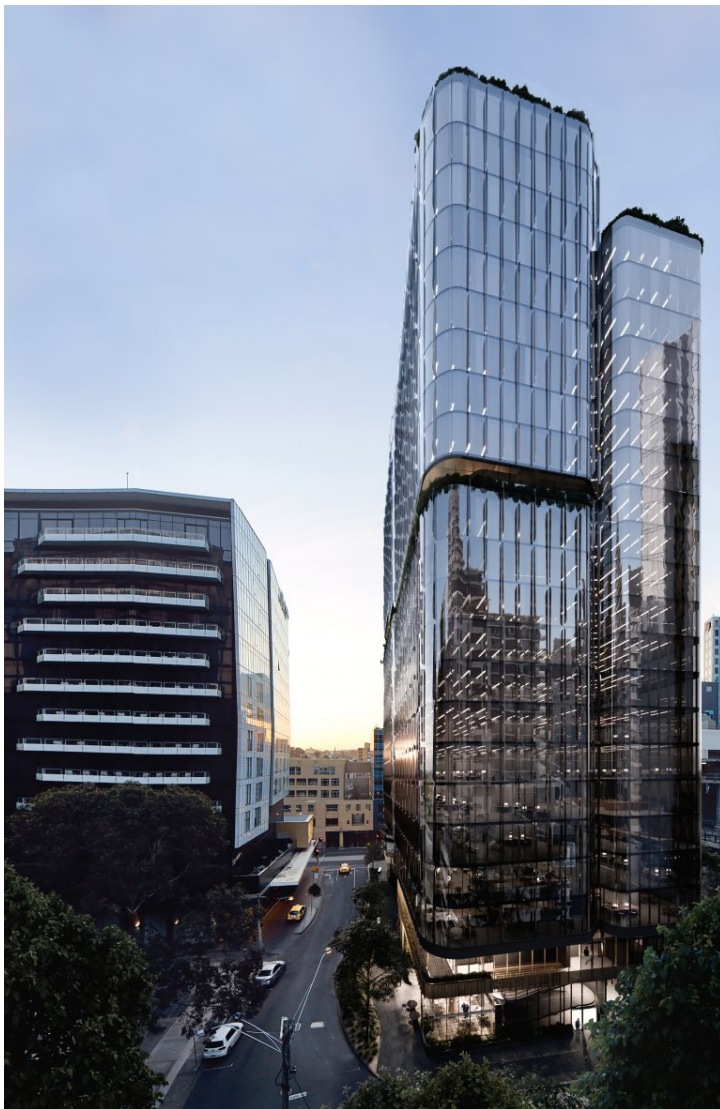
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The proposed 24-storey tower will contain 24,000 sqm of office area.

Goldfields' proposed \$300 million office, known in planning circles as Goldfields House, received official approval this month, company directors Lachlan Thompson and Marco Gattino (pictured, top) said.

The tower will contain 24,000 square metres of offices, ground floor retail and basement car parking.

The developers are proceeding with construction prior to obtaining a tenant pre-commitment.

"The current conditions in the Melbourne office-leasing markets mean that now is most definitely the right time to launch this project," Mr. Gattino said. "Goldfields has seized this unique opportunity and we're excited to venture into the commercial market with such a significant project".

"There is a rapidly growing appetite for office space in South Yarra due to scarcity of opportunity in the area, coupled with record low vacancy rates in the Melbourne CBD and broader Melbourne City Fringe market," the developer said.

The site was perfectly positioned to cater for tenants looking for a sophisticated office address outside the CBD but within the heart of a dynamic commercial, cultural and lifestyle precinct, he added.



Fridcorp bought 627 Chapel Street, South Yarra, from Henkell Brothers for \$40 million in 2015, but sold it to Goldfields for \$50 million in 2017.

"Because of its enviable location, we're already seeing plenty of interest for future tenancies within 627 Chapel St," Mr Gattino said. "This will be the best PCA-rated A-Grade office building outside of the Melbourne CBD and will cater for the ever-increasing demand for premium office space in South Yarra."

Goldfields has appointed agents Colliers International and Cushman & Wakefield to market the project.

According to Colliers International national director of Office Leasing, [Travis Myerscough](#), "a key driver of interest in the project is the Melbourne City Fringe leasing market having Australia's third lowest vacancy rate of just 4.5 per cent, behind only Parramatta (3 per cent) and Melbourne CBD (3.2 per cent).

"In addition, with 84% of the 399,000 sqm of new space currently under construction in the CBD already pre-committed, a new sense of urgency is growing amongst occupiers, who are now looking to the convenience and value on offer in the Melbourne City Fringe market," the broker said.

"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 - 30-year-old age bracket," Mr Myerscough added.

[Adam Spencer-Shirley](#) - Director of Office leasing, Victoria at Cushman & Wakefield said that 627 Chapel St underpinned a wider shift in the Melbourne City Fringe market, as well as South Yarra's transformation into a vibrant mixed-use precinct.



Vicland Property Group is also building an office in South Yarra on a speculative basis.

"The neighbouring suburbs of Richmond and Cremorne have witnessed huge transformations in recent years as more commercial tenants seek alternative locations to the CBD," he said.

"627 Chapel St represents the next iteration of this shift and as the most significant commercial development to hit South Yarra in decades, it will change the landscape, delivering over 24,000sqm of prime commercial space in a transport and amenity-rich location.

"This landmark development will not only capitalise on pent-up demand for commercial office space in the catchment, it is estimated it will support a workforce of over 2,500 people with significant benefits for South Yarra's retail and hospitality businesses," he said.

South Yarra office supply set for a spurt

As [we recently reported](#), the supply of South Yarra office space is set to nearly double by 2023.

Newmark Capital is proposing to build about 50,000 square metres of office space within four towers earmarked to replace airspace atop the Jam Factory entertainment complex.

Bill McNee's Vicland Property Group is also building an office within a [mixed-use complex](#) mooted to replace airspace atop train lines opposite the South Yarra train station.

Last month [we reported, exclusively](#), that Vicland started construction of a nine-storey, 6295 sqm office at 11-13 Wilson Street, South Yarra. This speculative office is replacing the former Jam Factory car park, [which Mr McNee bought from Newmark Capital off-market last year](#) for \$12.6 million.

Goldfields

Goldfields has made news on our site for two deals, this year.

Last month [the developer paid between \\$105 million and \\$110 million](#) for a farm in Clyde North, about 50 kilometres south-east of the Melbourne CBD.

In May [we reported](#) that Goldfields was spending \$20 million on a 12 hectare block of land, in a pocket of Plumpton recently gazetted as Fraser Rise (pictured, below).



39-57 Saric Court, Fraser Rise (highlighted).

Goldfields also develops apartments, townhouses, master-planned communities and mixed-use projects – though 627 Chapel Street will be its flagship office asset.

Designed by COX, the South Yarra office is being marketed as “self-sustaining, connected, impeccably designed and integrated with personal lifestyle amenities”.

“627 Chapel St will deliver an innovative workplace featuring restaurants, cafes, multiple green spaces, state of-the-art end-of-trip facilities, a concierge and a business lounge,” the developers said.

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Marc Pallisco

A freelance property writer and analyst, Marc is a co-founder of realestatesource.com.au.

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