

Goldfields, McNee aim for lucky strike in South Yarra

By [Simon Johanson](#)

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Speculative developers have broken ground on two South Yarra office towers, adding to a considerable development pipeline in the city-fringe suburb.

Vicland's Bill McNee has started construction of a nine-storey building at 11 Wilson Street that it expects to finish by the middle of next year, leading an office development push hoping to cater for surging tenant demand and take advantage of tight city-wide vacancy rates.

Another private developer, Goldfields Group, hopes the squeeze on suitable CBD office space and a willingness of city-based tenants to look further afield will help fill a 24-level, A-grade office tower it has under construction at 627 Chapel Street.

Both projects hope to steal prospective tenants from Melbourne's hottest and hippest office market, in nearby Cremorne, and neither building has an anchor tenant.



Goldfields Group's speculative 24-level, A-grade office tower is under construction at 627 Chapel Street. ARTISTS' IMPRESSION

Vicland's office, in a network of streets behind the Jam Factory complex, will deliver 6200 square metres of space in a building designed by Travis Walton Architects featuring outdoor terraces for tenants.

The developer has appointed Colliers International and CBRE to spearhead a leasing campaign.

Goldfields' bold \$300 million commercial tower is sandwiched between Larry Kestelman's luxury \$700 million Capitol Grand apartment complex and the Olsen Hotel on Chapel Street, directly opposite the palatial Como complex.

"It is the largest commercial project to hit South Yarra in decades and will change the landscape of the Melbourne office leasing market, delivering over 24,000 square metres of A-grade [space]," Goldfields' chief operating officer Lachlan Thompson said.

The city-style building will feature five-star end-of-trip facilities and large 900 to 1250 square metre floorplates, he said.

"We're already seeing inquiries from smaller businesses, looking for space in the 900 square metre to 1200 square metre range, who traditionally start searching for their next home about 12 to 15 months from their lease expiry."

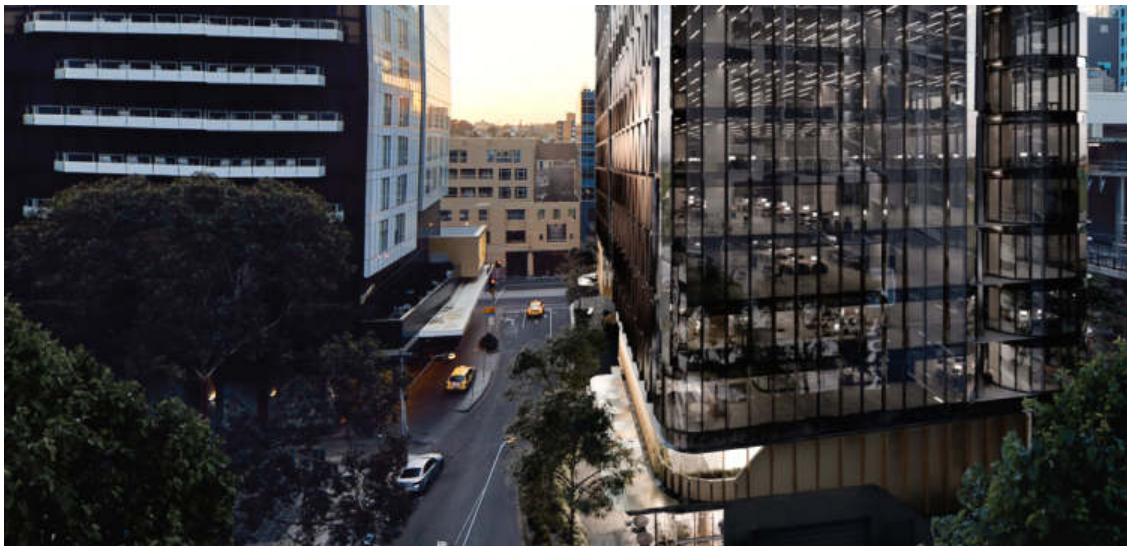
Cushman & Wakefield and Colliers International will handle leasing inquiries.

Adam Spencer-Shirley, Cushman & Wakefield's director of office leasing, said Goldfields' decision to speculatively develop the site was a vote of confidence in the strength of Melbourne's office leasing market.

It also gave certainty for potential tenants that the project would be delivered by its September 2021 deadline, he said.

The new towers will put the pincers into another prospective South Yarra developer, Newmark Capital, which is currently in the market pitching for pre-commitments to fill 50,000 square metres across the four office buildings for which it gained planning approval earlier this year in the new-look Jam Factory complex in Chapel Street.

Mr McNee said there was strong demand from small businesses in the suburb looking for new space. One tenant had already signed up for two floors, each 900 square metres in size, he said.





South Yarra has existing office space with a net lettable area of 97,000 square metres. ARTISTS' IMPRESSION

Vicland hadn't specifically sought a "first mover" advantage, he said. "It's good timing more than anything else."

Vicland has another development under way at the entrance to the South Yarra train station which will add another 2000 square metres of office and retail space to the mix.

The Property Council of Australia's Victorian executive director Cressida Wall said the CBD's vacancy rate was 3.3 per cent and vacancy in both nearby Docklands and St Kilda Road were tightening.

"With no new space in the pipeline for either the St Kilda Road or the Southbank markets and with C270 continuing to hinder approvals in the CBD, competition among tenants will inevitably drive up office rent prices with little reprieve for businesses in sight," Ms Wall said.

South Yarra has existing office space with a net lettable area of 97,000 square metres. The proposed new supply will almost double that.



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