

\$200m office park for inner-city Melbourne

Karina Barrymore

Melbourne's R.Corporation and Macquarie Bank have received Victorian government planning permission for a new \$200 million office park in inner-city Melbourne.

The 70,000 square-metre development is to be built on the former Amrad site in Burnley, which the development partners bought last year from the listed biotech company for \$47.5 million. It is the first major office development for R.Corporation and the first in Melbourne for the Sydney-based Macquarie Bank.

R.Corporation chief executive Andrew Rettig said yesterday the development had already been substantially pre-leased with only two of the proposed nine office buildings uncommitted.

Amrad, the former owner and occupier of part of the site, has pre-leased 4000 square metres. The other major tenant is international finance company GE which is expected to occupy the bulk of the remaining space which could be up

to 50,000 sq m of the development. There will also be about 1000 sq m of retail space within the park made up of restaurant, cafe, creche and service retail.

The project has an end value of \$200 million and is expected to have a construction value of about \$125 million. It will include nine low-rise buildings, up to seven storeys high, in a campus-style office park next to the Burnley Horticultural College in Swan Street.

Asking rents in the project rival A-grade CBD office buildings at between \$250 and \$280 a square metre with outgoings of a further \$80 a square metre.

However, with the precommitments already in place only a further 14,000 sq m remain unleased. The retail space is expected to earn about \$500 a square metre net.

The inner-city suburban office market has been a stronghold for property owners in Melbourne with very few vacancies and steadily rising rents during the past few years. The joint-venture development

company for the Burnley project, RMAC, has chosen large floor plates for each building. The smallest is 1500 sq m, increasing to 2500 sq m a floor. Mr Rettig said the Swan Street site, to be called Botanica Corporate Park, had been rezoned Business 2, which allows a wide range of uses including residential.

The planning approval and rezoning follows a controversial move by the Victorian government 'after it took control of the site away from the Yarra Council and approved the project itself, bypassing the usual local government process.

In addition to the site they bought from Amrad, the developers are also buying a small parcel of land from the state government and will contribute to a new transport strategy for the area.

This is to include bike paths, a tram stop, a pedestrian link to the railway station and an overhaul of the Swan Street intersection leading to the park to cater for the 4000 staff expected to visit the site each day.



R.Corporation's chief executive, Andrew Rettig

Photo: GABRIELE CHAROTTE