

## Degraves Bookstore and Melbourne CBD Laneways

One of Melbourne's bookstore icons, The Little Bookroom is coming back to the CBD. The iconic bookstore was opened in 1960, and was Australia's first retailer to be devoted exclusively to children's books.

Fitzroys Senior Associate Mitchell Humphreys leased 5 Degraves Street to the Little Bookroom.

"It's a rewarding experience to bring this iconic bookshop back to the city and enhance the Degraves Street precinct with such a vibrant and interesting non-food retailer", he said.

Home to an edgy mix of cafes, eateries and specialty shops that all attract an eclectic clientele, Degraves Street is an appropriate new home for a great contributor to Melbourne's literary culture. Melbourne was UNESCO's City of Literature in 2008.

On October 13th last year The Little Bookroom celebrated its 50th birthday at the Wheeler Centre for Books, Writing and Ideas in the State Library with over 300 guests. The history of the shop, The Little Bookroom: 50 Years of Children's Books, was launched on the evening by John Marsden, author of the popular Tomorrow, When the War Began series.

This expansion of a specialist book outlet comes at a time when major book retail chains are under pressure with the recent announcement that Borders and Angus and Robertson have called in Administrators.

Fitzroys Director Rick Berry said despite the continual stream of negative retailing statistics, Fitzroys is seeing a continued take up of Laneway retail opportunities when they arise in the Melbourne CBD – such as that seen with The Little Bookroom.

"Retail occupancy levels of Laneway shops, particularly in the retail core have hardly been impacted by the challenges of 2010", he said.

Mr. Berry added that the recently completed Southern Cross Lane, running between Bourke and Little Collins Streets, opened late in 2010 and all of the more than 20 shops have been leased. A range of operators have found a home there; in addition to cafés there are fashion, giftware, travel and cosmetic retailers.

"Another new addition is the Little Hero development in Russell Place. Leased by Fitzroys retail agent Tom Noonan only one shop remains at the base of this Katsalidis-designed building near the Melbourne Town Hall".

Mr. Noonan said "Specialist fashion has been drawn to the project with high profile names moving from within the CBD and also first-time CBD retailers moving from inner-suburban locations."



Centreway, CBD

## Fitzroys CBD sales running hot

The commercial property market of the northern sector of Melbourne's CBD has been running hot throughout the summer.

The sector has continued to attract strong interest after Fitzroys reported a year of high demand for sales between \$1 million and \$5 million in the area in 2010.

Fitzroys has recently sold three strata floors in the area at a total of \$3.25 million, whilst seven freeholds – including four on La Trobe Street alone – were sold at a total of \$23 million.

Director of Fitzroys Rob Harrington said La Trobe Street had been a star performer and values were continuing to grow.

"It is attracting owner occupiers due to the variety of smaller- to medium-sized standalone freeholds, but the competition from residential developers is strengthening," he said.

"Having sold four buildings on the street and having seen the level of interest they generated, it is clear that it is preferred by more and more developers compared to some of the smaller streets in this part of the CBD."

All properties were put on the market by private sellers, and predominantly picked up by owner occupiers and residential developers.

The short-term leased 36 La Trobe Street and property 315 La Trobe Street were sold for \$4.6 million and \$3.95 million respectively, while the vacant 289 La Trobe Street sold for \$2,820,000.

A sale of \$2.15 million for 360 La Trobe Street reflecting a yield of 3.8% was the beginning of the spate of high-price sales Fitzroys has recorded since.

Mr. Harrington said the strong sales of strata floors and freeholds were evidence of continued establishment of the locality, growing values and an economic climate allowing new development to thrive.

Smaller developments have been planned for these sites in addition to larger schemes seen elsewhere in the locality, such as Grocon's Carlton Brewery site, Chip Eng Seng's MacKenzie Street, and the refurbishment and pre-leasing to Origin Energy of Cromwell's 321 Exhibition Street, he added.



315-317 La Trobe Street

# Good management achieves energy efficiency in buildings

It has been calculated that commercial buildings account for over 10% of Australia's greenhouse gas emissions. It's small wonder then that the Federal Government has chosen this sector of the economy to impose new regulations requiring the mandatory disclosure of energy consumption data with the aim of reducing both energy consumption and greenhouse emissions.

Under the program, since November 1st, 2010, most vendors and landlords of office space of 2,000 square metres or more will be required to obtain and disclose an up-to-date energy efficiency rating, although certain exceptions and exemptions apply.

While the legislation initially applies to office buildings or tenancies over 2,000 square metres, we expect it to be rolled out across all commercial properties in the near future.

At first glance, it may seem the new NABERS rating system provides an advantage to newer buildings that have been constructed in a more "energy efficiency"-focused environment.

However, as Fitzroys have successfully demonstrated, older commercial buildings are also capable of achieving lower energy consumption if maintained and managed skillfully.

A Fitzroys-managed 20 year-old building in the Melbourne CBD, featuring 12 floors of office space and two levels of basement car parking, has been

measured and achieved a four-star NABERS rating for the second consecutive year.

The building has a typical glazed exterior and is equipped with two variable air volume air conditioning systems, and the chilled water equipment comprises high load and low load machines. Originally designed to incorporate an energy-efficient air conditioning system, the building has been maintained regularly since installation.

Mark McClelland, Director of the Commercial Asset Management department at Fitzroys, said the maintenance is part of the management program instituted by Fitzroys.

"The program demonstrates that regardless of how effective the original design of the building may be, energy efficiency will ultimately be achieved with proper and planned maintenance", he said.

"In addition, compulsory disclosure means that tenants will increasingly demand optimum efficiency and reduced environmental impacts and will vote with their feet. Addressing these issues helps to attract and retain tenants, which in turn adds significant value to the property."

**For further information, please direct any queries regarding NABERS and energy efficiency of commercial properties to Mark McClelland at Fitzroys on 9275 7733.**

# Inner city development opportunities in demand

Fitzroys note from recent marketing campaigns that strong and renewed interest in inner-city development sites has been evident throughout 2010 and into 2011.

Fitzroys Director, David Bourke, said it was evident from recent campaigns that the many developers showing interest have a proven track record in the commercial sector and were looking to expand into the mixed use markets for high and medium-density opportunities.

There have also been a number of owner/builders seeking to take advantage of the buoyant apartment market across Melbourne's CBD and the inner-city precincts, with rates up to \$10,000 per sqm being achieved.

### Recent sales have included:

- 59 Upper Heidelberg Road, Ivanhoe - \$2,800,000
- 97 Rose Street, Fitzroy - \$2,000,000
- 649 Chapel Street, South Yarra - \$3,830,000
- 21-29 Wills Street, Melbourne - \$5,250,000
- 336 St Georges Road, Fitzroy North - \$1,400,000

Fitzroys Senior Associate and Valuer David Ellis said many of Melbourne's strip centres are being transformed, with developers identifying key sites on the periphery of these centres and undertaking mixed-use developments, incorporating a commercial and retail flavour at ground level with residential above.

"It is clear that Generation Y buyers and occupants are looking for more than the back garden and want to be close to activity nodes such as public transport, restaurants, bars and cafes and the like", Mr. Ellis said.

"Residential developers are prepared to pay a premium for these sites and in excess of that payable to sustain a commercial development with the residential developer outbidding the commercial developer in recent campaigns."

Fitzroys sold a property located on the corner of Burwood Road and Power Street, Hawthorn in December, a site opposite the major suburban office building "The Vantage" and which in a previous property cycle may have been earmarked for commercial development on the site. Interest in this site was from a range of commercial and residential developers, with a residential developer securing the property.

Mr. Bourke said the revitalisation of these strips provided astute investors with an opportunity to secure investment property with potential development upside in precincts that were once dormant and lacking amenities.

Strips such as High Street, Northcote; Toorak Road, South Yarra and Lygon Street, Brunswick were all witnessing these changes.

Mr. Ellis added that housing affordability throughout Melbourne had increased and these apartments provided the first opportunity for young professionals to get their foot into the residential market.



St George Bank 3A Shannon Mall, Frankston



205 Peel Street, North Melbourne



899 High Street, Armadale



474 Little Lonsdale St, Melbourne



Shop 1, 177 Toorak Road, South Yarra



93 Church Street, Brighton



198 Glenferrie Road, Malvern



187 Bay Street, Port Melbourne

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