

## Burke Road remains robust!

The Camberwell retail market is showing its usual resilience after a significant reshuffle in its tenancy mix over the past 12 months.

The report comes at a time local residential developments are set to boost pedestrian traffic through the area, and after Fitzroys successfully leased the core component of the high-profile Chocolate Box Centre in the heart of Burke Road, Camberwell formerly occupied by Borders Bookstore.

The 1,165m<sup>2</sup> retail site has been leased to Kathmandu. Already a tenant of the strip, Kathmandu has been actively seeking a larger site to allow the expanding retailer the ability to run further product lines in the Camberwell precinct and catchment areas beyond.

Kiran Pillai of Fitzroys, said it came as no surprise to receive an influx of interest on the site.

"It's a high-profile building with a multitude of benefits including strong building presence, large floor capacity, great access to car parking and tremendous signage allowance. We had plenty of interest from the nationals, as well as the independents looking to occupy part of the building," he said.

The Burke Road strip, regarded as one of Melbourne's premier strip retail centres, has witnessed a significant push in rental values in recent years and has brought on a shift in the tenant profile as a result, with the departure of retailers including Blockbuster Video and Origin Energy.

Over the past 12 months rents for a typical 120 square metre shop have crept up to between \$1,100 and \$1,300 per square metre, but have stabilised over the last quarter.

"Fitzroys have introduced some big-name tenants, into Burke Road including both Citibank and ME Bank looking to capitalize on their target demographic, as well as national retailers such as Kikki K, 2XU and Mountfords who have been actively pursuing prime Burke Road sites in recent years" said Mr. Pillai.

Other notable additions to the strip include Bras N Things, Forever New, Diva and Seed, each of whom have undertaken large scale refurbishments of their new premises, reinforcing their long term commitment to the strip centre.

"There have been some big changes, but we definitely think it's a more vibrant and diversified strip now than it was 18 months ago," he said.

"Yes, there are some vacancies at present, but the stock we're currently marketing is receiving solid interest and we're confident of the vacancies being absorbed in the coming months.

On the investment side, he said owners of prime retail property typically held a long-term view for retail and as such, covenant is king.

"It's not just about the rent, it's a combination of rent and security, landlords' preferences are for tenants with a proven track record. Being an agency with direct contact with retailers from across the country we are across market trends and tenant requirements and as such can best advise our Landlords."

Looking at a ten-year trend, the strip has shown investors robust capital returns. Fitzroys sold 755 Burke Road in 1999 for \$1.52 million, which was sold again in 2007 for \$3.8 million and most recently for \$4.82 million in late 2009, showing a tripling in capital value over the ten-year cycle.

Furthermore, with a large amount of residential developments in the pipeline, pedestrian traffic through the retail area is set to increase as more residents dependent on key shopping centres such as Burke Road utilise public transport, the generous local public car parking and their proximity to the strip centre.

Heading these projects is the redevelopment of Camberwell railway station, approved by VCAT in 2009, which will see a mixed-use development comprising ground-floor retail, office and residential apartments. It is tipped to connect the retail core north of Prospect Hill Road, from the junction and to pull pedestrian traffic northward.

It will be bookended by the "Aerial" mixed-use development, currently underway on the former Camberwell Honda site on the south-western corner of Burke and Riversdale Roads, comprising a key corner restaurant site with additional retail and luxury apartment style living across the upper levels.

These projects are to come online not long after the \$500 million launch of the nearby Tooronga Village development last year. The development, anchored by Coles and First Choice Liquor, comprises further specialty shops, commercial offices and 300 apartments.

"The addition of residential and retail activity in the area will no doubt see the retail strips which service these communities held in good stead into the future" Mr. Pillai said.



Burke Road, Camberwell

# Staff announcements

The Directors of Fitzroys are pleased to announce some recent promotions within its executive team:

### Steve Bloumis, Senior Associate

Steve has been promoted to a Senior Associate at Fitzroys. Steve joined Fitzroys in 2003 and has had over 20 years experience in property management. Steve heads up a team that manages a diverse range of properties across Melbourne's major retail strips which has grown significantly under Steve's professionalism and leadership.



### Mark Talbot, Associate

Mark has been appointed as an Associate of Fitzroys. Mark is an active member of the Fitzroys Agency team and has had over 15 years experience in real estate. Since joining Fitzroys in 2005, Mark has been involved in a wide range of leasing and sales transactions across Melbourne and in particular through Melbourne's bayside suburbs. Mark has completed his Bachelor of Business in Property and is a Licensed Estate Agent.



### James Gregson, Associate

James has been appointed as an Associate of Fitzroys. James joined Fitzroys through a graduate traineeship in 2004 and has handled numerous leasing and sales campaigns across Melbourne's metropolitan markets with particular focus on the inner western bayside suburb of Williamstown where James has secured some outstanding results for clients. James has completed his Bachelor of Business in Property and is a Licensed Estate Agent.



**Fitzroys Director, Rick Berry, congratulated the recipients on their promotions noting they were well deserved with each recipient providing a high degree of professionalism in their roles with Fitzroys. "It is pleasing to see these professionals, who have been contributing to the growth of Fitzroys progress through the company."**

## Importance of market rental advice

The Fitzroys Valuations and Advisory team acts on behalf of many clients, advising them of trends in the leasing market to assist in market rental review negotiations.

Upon expiration of a lease term, leases generally have a market rent review provision clause, at which time the landlord and tenant negotiate the new rental amount.

When a rental amount cannot be agreed, the matter is typically referred to a determining valuer who will act as an expert and set the market rental for the term.

Ryan Korda, CPV of Fitzroys Valuations and Advisory Team, said the importance of clients getting the right advice in advance was often overlooked, considering the rental may not be reviewed to market again for another five years or more.

"It is worthwhile having a certified practicing valuer provide this advice in advance as the handling of these reviews can have a significant impact on the capital value of the asset."

**For further details contact Ryan Korda, Certified Practicing Valuer, on 9275 7758 or kordar@fitzroys.com.au.**



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