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Author: Philip Hopkins

In what was once a jungle, a forest is now growing in South Yarra

Forrest Hill will host as many as 10,000 workers and residents, writes Philip Hopkins.

CONSULTANT Charter Keck Cramer has reaffirmed its bullish outlook for the residential and office market in South Yarra's Forrest Hill precinct.

But potential traffic snarls from too many cars in the small area and shadowing from too many tall buildings remain concerns.

CKC first reported in May 2008 on the strong prospects for the "niche" Forrest Hill precinct, confirming that again in August. **Now, executive chairman Scott Keck** said despite a period of economic turmoil, Forrest Hill continued to rise, and was relatively undersupplied at a time of surging demand.

"New benchmarks are being set with sales volume, sales price values, rental rates and speed of sale commitments," he said.

Mr Keck said demand for offices in suburbs like South Yarra was benefiting from the tight and dynamic central business district office market as tenants sought cost-effective alternatives.

Exacerbating this demand in South Yarra was the lack of new office supply due to the focus on residential apartments in recent years, he said. The viability of commercial projects had also been held back by rent levels that were too low and yields that were too high.

Forrest Hill is an area bounded by Toorak Road on the south, Chapel Street on the east, South Yarra station on the west and Melbourne High School on the north. Main thoroughfares are Clarendon, Yarra and Daly streets.

The location - next to the railway station, near major tram routes and close to arterial roads and the Monash Freeway - makes Forrest Hill a showpiece for Melbourne's urban consolidation. Consultant Urbis and CKC forecast that over the next few years, Forrest Hill will have 2400 new apartments and 90,000 square metres of office space. It will have 10,000 new occupants - 5600 residents and 4400 commercial office and retail occupants.

More than 20 separate projects totalling almost \$2 billion are in various stages of planning and development. Property veteran Michael Yates, the key player in the transformation of Forrest Hill, said most of the suitable sites had been bought by developers. "But some small sites could be put together," he told BusinessDay.

On the office front, most units in Mr Yates's 16-level strata-office tower, Yarra 9, at 8-9 Yarra Street, have been sold. Soon to be completed are the "Lilli" apartments - a striking black building with a "wavy" front developed by Fridcorp and designed by architects Elenberg Fraser. The 15-level building, with 120 apartments, includes boutique office spaces designed by Hecker Guthrie on the fourth and fifth floors.

Fridcorp has also bought the block on the corner of Chapel Street and Alexandra Avenue, currently slated for the "Tresor" apartment tower, but new plans for the site may be drawn up.

Mr Yates said the various developers in Forrest Hill, despite being competitors, met to try to co-ordinate their projects so that the attraction of the precinct was not undermined. Overshadowing was a key issue, he said.

Stonnington City's structure plan for Forrest Hill encourages podium and tower development to enable sunlight to reach the footpaths and open spaces, as well as to the southern footpath of Toorak Road.

The guidelines for Toorak Road encourage a setback for development to enable reasonable sunshine to reach the southern footpath of Toorak Road.

Construction of Mr Yates's own landmark project, the 21-storey The Claremont, just behind Melbourne High School, is under way. Virtually all apartments, which cannot be built out, have been sold.

Mr Yates has also bought a property at 18 Yarra Street, on the south side of Forrest Hill, that he will develop into a commercial/residential tower with views over Port Phillip Bay.

This project will be released to the market in the third quarter of this year.

Little Projects, the private company of transport boss Paul Little, has snapped up Stockland's site at 2-4 Yarra Street, which has a permit for a 29-storey office and apartment tower.

Little Projects has also started its "Ilk" project, a 24-level tower, with 388 apartments. Demolition of buildings on the site has been completed.

A new player in the precinct is Andrew Norbury from architecture firm Metier3, who plans a residential project with some retail at 661 Chapel Street.

Another new kid on the block is Everbrite, a Chinese company that has bought 4-10 Daly Street from the Deague family's Asian Pacific Building Corporation.

It has approval for a 13-level residential tower on the site that APBC had planned for the Brett Whitely Art Series Hotel. Next door is Le Louvre fashion boutique and the Deagues' Art Series Olsen Hotel.

The Forrest Hill vision is for a village-like atmosphere. Central to this is a new arcade of shops, Yarra Lane, connecting Yarra and Claremont streets, extending through to Daly Street, forming an east-west link across the precinct.

It is aimed at the quality end of the market, anchored at one end by the Dutton car showroom in Claremont Street. Opposite Dutton's will soon be a high-end organic food store, Claremont Topic, by Davis Yu, who runs the Millswyn in South Yarra, the former Lynch's Restaurant.

Celebrity chef George Calombaris is also set to open a restaurant/cafe in the ground floor of the Lilli apartments on the other side of Claremont Street.

Complementing the precinct is the development of the Vogue Apartments, Woolworths and BigW on the other side of Chapel Street.