

# Hawthorn the office premier

By **MARC PALLISCO**

IN ANOTHER show of confidence in Melbourne's suburban office market, champion racehorse owner and property developer Les Smith has announced a \$30 million Hawthorn office development, without any committed tenants.

The project, at 108 Power Street, between Burwood Road and Riversdale Road, is diagonally opposite the successful Vantage office building, due for completion in May.

Spread over four levels, 108 Power Street, in the city's inner-east, will include about 4500 square metres of premium-

grade office space.

It will also have balcony areas, ground-floor shops and parking for about 130 cars.

The site is close to the Hawthorn railway station and trams on Bridge Road and Swan Street.

GormanKelly director Robert Kelly, who is marketing the property with Colliers International, said demand was "firm and measured" for high-quality offices with floor areas of 1000 to 5000 sq m.

Increasing demand and limited supply were expected to increase rents as vacancy rates dipped, with Hawthorn considered one of the healthiest

suburban office sectors in the country, Mr Kelly said. "Premium rents in Hawthorn have increased from an average of \$250-\$260 per square metre at the start of the year, to about \$280-\$300 per square metre today," he said.

"This is giving developers the confidence to build offices without seeking a prior tenant commitment."

Mr Kelly said he expected construction of 108 Power Street to start in January and finish within a year.

He said Hawthorn tenants had been surprised to find that space was scarce, and that most new projects under construction had

been fully leased before completion. He said that lack of foresight by some companies had forced them to stay in existing premises after their leases expired.

Queensland construction company First State Investments, owned by investor Bruce Tilley, is developing the Vantage office building at 109 Burwood Road.

Mr Tilley announced the construction of the 13,400 sq m A-grade building earlier this year.

At the time, it was the biggest speculatively developed office building under construction in Melbourne's suburbs.

Engineering company

McConnell Dowell has since committed to two levels, or about 4460 sq m, of the five-level building.

Carsales.com.au has also committed to Vantage, leasing one level, or about 3000 sq m, of the building.

Jones Lang LaSalle strategic analyst Matthew Khoo said the office vacancy rate in the Booroondara area, which comprises Hawthorn, Hawthorn East and Camberwell, was now 2.1%.

This compares with a rate of 5.1% at the start of last year.

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