

## Western space lures offices - The Age 7/3/2007

Melbourne's suburban office market will grow by about 11% in the next three years, according to an independent property adviser.

Most development is expected for the western suburbs, where 68,000 square metres of stock is under construction or about to be ready for development, according to LandMark White.

Overall, 251,280 sq m of new suburban office supply is due to enter the market.



"We're seeing a lot of growth in the west," Vanessa Rader, LandMark White's National Research Director, said. "While the inner east is still very popular, it's very expensive to locate and build there."

Affordability and improved transport infrastructure were driving office development in the area, she said.

Half of the office development in the west, which includes Essendon, Laverton North and Point Cook, is expected to be finished by the end of this year, according to LandMark White.

"There's a lot of smaller or growing business preferring that location because they can see some real savings in rent," Ms Rader said. The west has also proved attractive to government agencies including Centrelink and the Tax Office, which need large offices but are very concerned about costs, she said.

The biggest suburban office projects in the west include the 15,000 sq m Point Cook Town Centre development.

The Point Cook Town Centre is a mixed use of office-retail development that will total more than 40,000 sq m when completed. "Some of these expanding (outer suburban) shopping centres are a lot more of an office component to them." Ms Rader said.

"It's within a new residential subdivision, so it seems a perfectly logical place, given there is that infrastructure nearby, and accessibility and parking."

Several office buildings are also seeking tenant pre-commitment at Essendon Fields, in the north-west.

The surge in industrial development in the outer west is also partially responsible for the emerging suburban office market, according to agents.

"You've got all this industrial development there, but there's no commercial offices for the accountants, consultants, etc to service these people," Barry Marks of Colliers International said. "The next part of the cycle is when commercial people take advantage."

LandMark White estimates net face rents are \$215 per sq m in the west, compared to \$237 in the east and \$227 in the inner region. "The growth in supply is only going to be positive for that rental market, Ms Rader said. A lack of tenant options for office space in the eastern suburbs is resulting in some sharp increases in rent for B-grade space, according to agents.

At the moment in the Hawthorn and Camberwell area, there is no space over 1000sq m on a single floor for tenants to occupy," said Sandro GorrmanKelly.

