

Amcor to sell prime river tract

Nick Lenaghan

A huge 16.5 hectare industrial land site in inner Melbourne — with a potential end value of \$1 billion or more as mixed development — has been released for sale by packaging giant Amcor.

Amcor had flagged the disposal of its Alphington paper mill site last year as part of a plan to build a \$400 million recycled paper mill at its Botany plant in NSW.

While the sale is being conducted through expressions of interest, the mill will continue to operate on the site until 2010-2011, when the new plant is commissioned.

The Alphington site has a 279-metre frontage onto the Yarra River and will be sold either whole or in two parcels.

Colliers International's state chief executive, John Marasco, who is handling the sale, said it may become Melbourne's last major infill site within seven kilometres of the city.

"It's not often that land holdings this large, this close to the CBD, and with water frontage come to market," Mr Marasco said.

"Looking at land holdings across the inner city rings, it is highly unlikely that a more significant site



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will become available in the foreseeable future."

Industry insiders have speculated the sale could yield a windfall of around \$150 million, although some of the proceeds will need to go toward fixing the site.

Amcor's executive general manager for corporate affairs, John Murray, said the firm had run a paper mill on the site for nearly 90 years. "Alphington has prospered significantly over this time, alongside neighbouring suburbs that are

among Melbourne's most affluent," Mr Murray said.

"The site will be better utilised as a residential, retail and community precinct, than as a paper mill, once we exit in 2010-11," he said.

Last year Amcor sold a much smaller site in the vicinity — about 1 hectare housing its research and technology centre — for around \$13 million to a company controlled by Valad Property Group.

The Yarra River has proven to be a lure for developers, including

KEY POINTS

- Amcor is offering for sale a 16.5 hectare industrial site in Melbourne with an end value of more than \$1 billion.
- The Alphington paper mill site boasts sought-after water frontage and promises novel options for mixed development.

private player Salta Properties, looking to cash in on the riparian views. Property industry sources said Amcor had been approached for the past 10 years by developers eager for a riverside site.

Some developers — such as Lend Lease, which has recent experience in mixed-use development at Docklands — may be keen to run their ruler across the offering. But many of the larger listed companies may be too busy restoring their balance sheets to get involved, leaving the field open for private players with deep pockets, such as Lang Walker.

The Amcor site could provide an opportunity for government-backed housing initiatives. The Victorian government was not aware the site was on the market but hoped for a mix of uses, a spokeswoman said.

Minister bypasses council

Mathew Dunckley

Victorian Planning Minister Justin Madden has bypassed council approval to push through a \$300 million development in Melbourne — making good on a vow to hasten large projects.

Mr Madden's intervention has angered Stonnington Council, which disputes parts of the mixed-use development at 670 Chapel Street in South Yarra.

The development, backed by the Stamoulis family, centres on 228 apartments, and includes a 4300 square metre supermarket, a 7829 square metre department store and 3825 square metres of specialty retail space.

The prominent site has been vacant for more than 10 years, and the developer received a permit from the Victorian Civil and Administrative Tribunal in December.

The council ruled the plans were outside the permit terms and sought more information on matters including landscaping, thereby delaying construction.

It is understood Mr Madden last week seized control of the approval process, cutting out the council's role after his department assessed the plan. "There was a dispute over petty issues that led to an

Stonnington Council ruled the plans were outside the permit terms.

impasse between the council and the developer," Mr Madden's spokeswoman said.

"Stonnington Council's inaction jeopardised 150 construction jobs, workers who would have walked off the job this Friday."

The Victorian government has said that fast-tracking planning applications for developments that offer a "net community benefit" would be among its main responses to the slowing economy.

Stonnington Mayor Claude Ullin hit back, saying the council was particularly concerned that the 991-space car park intruded about 2 metres further into the street than the VCAT-granted permit allowed, effectively taking land that was supposed to be used for footpaths.

Cr Ullin said the actions amounted to illegal building works, and its officers could not approve the plans since this would contravene a decision of the elected councillors.

"The minister has taken it in and is going to approve it, and that's that. I think it's highly unusual," he said.

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