

Fortis forges ahead with tower project

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A prime Clifton Hill corner will be transformed into a large office and retail hub after a developer amalgamated multiple individual titles, including several from the defunct East West Link project.

Fortis Development Group is seeking planning approval for two towers with 23,000 square metres of office space and 7000 sq m of retail on the corner of Smith Street and Alexandra Parade.

The subsidiary of Sydney-based Pallas Group, in conjunction with another landowner, has amassed control over at least seven buildings giving it a large 5500 sq m block.

The properties, five between 592 to 622 Smith Street and another two on the corner of Alexandra Parade and Reeves Street, include a historic former foundry. The project is named The Foundry.

Several of the site's buildings were purchased by the state to make way for the East West Link tunnel. When that project was

scrapped by the incoming Labor government in 2014, they and multiple other properties were subsequently resold.

Fortis snapped up three and has since placed caveats on another two. Title documents show the Ashworth family own another two.

The Foundry's block borders Fitzroy, Collingwood and Clifton Hill and is opposite the massive former Gasworks site which the state government is remediating for soil contamination.

The Gasworks land will eventually be turned into a 650-student senior high school, and include 1100 apartments, a sports centre, underground parking and public open space.

Pallas director Charles Mellick said his firm's project will have a full-line supermarket and fresh food market in a location that was lacking large-scale retail space.

"Creating that large retail amenity will draw in commercial tenants that would usually go to Richmond, Cremorne or Collingwood," he said.



An artist's impression of The Foundry in Clifton Hill on the corner of Smith Street and Alexandra Parade.

The two office towers will include a gym, childcare, wellness centre and rooftop bar with views up Smith Street and towards the popular nearby restaurant and shopping strip on Brunswick Street.

Fortis' development manager Avalon Nethery said the Bates Smart-designed project's tallest structures fronted Alexandra Parade, with the building's height and density scaling back to the rear where the foundry is located.

Fortis spent \$32 million acquiring its share of the buildings and will distribute profits from the \$300 million development with the

project's investors.

If all goes to plan, construction will finish in early 2024 and investors can expect a net 18 per cent return.

A non-bank lender and real estate investor, Pallas Group is rapidly building a developer profile and investor base in Melbourne.

It has plans to build a \$38 million nine-level office on a site at 67-69 Palmerston Crescent in South Melbourne which it purchased last December at a mortgagee auction for \$8.55 million. It will base its Melbourne staff there.

Earlier this month, another of its subsidiaries, Pallas Capital, ac-

quired Melbourne rival Gravitas Group for \$75 million in a bid to expand its funds under management to \$500 million.

It also recently purchased an office at 30-36 Bay Street in Double Bay which it intends to expand and make its Sydney base.

"We see Melbourne as a growth spot for us. For the last couple of years we've been fairly aggressive in our acquisitions," Mr Mellick said.

The bulk of Fortis' developments are upmarket apartment projects in Melbourne and Sydney's eastern suburbs aimed at owner-occupier buyers.