

Melbourne's Jam Factory set for overhaul

Jam Factory proposed redevelopment by Newmark Capital. Picture: supplied.

ELIZABETH REDMAN THE AUSTRALIAN 4:55PM October 10, 2017

The Jam Factory cinema and dining precinct on Melbourne's famed shopping strip Chapel Street is set for an overhaul, with plans lodged for an expansive retail and office development.

Owner Newmark Capital is planning to invest more than \$450 million to transform the South Yarra site, with hopes of benefiting from the residential boom underway in the neighbourhood and serving as a catalyst for the area.

The project will feature 50,000 square metres of retail, cinemas and dining with pedestrian laneways.

Another 50,000 square metres of office space will be spread across four buildings that can be subdivided into smaller tenancies with floor plates of up to 4,000 square metres.

The investment comes in defiance of concerns about the health of the retail sector. Commercial agents have been touting Chapel Street as a counter-cyclical investment proposition given the vacancies on the strip.

Newmark joint managing director Chris Langford acknowledged that parts of the street were not the destination they used to be, but said other parts were thriving.

"Retail evolves very quickly and when you have landlords who haven't kept investing in their properties ... then you fall behind," Mr Langford said, adding that other landlords had invested and supported the area.

The two-hectare site in the city's inner south east could have housed a residential project. But joint managing director Simon T. Morris said the group preferred to create a work environment rather than adding supply to the "already flourishing" residential market.

Newmark hopes to attract office tenants in the creative industries such as marketing, media and IT. The site currently houses 8,500 square metres of office space occupied by Village Roadshow.

Job search giant Seek had been rumoured to be interested in the Jam Factory before inking a deal to move to a new office in Cremorne, although Newmark declined to comment on the speculation.

Mr Morris flagged a long-term investment horizon but said the group considered alternative capital structures — such as selling a stake — for each of its investments.

Construction is set to create 1,000 jobs and 5,000 jobs will be in place once the precinct is complete.

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