

# Cottages take shape in Kew

Mark Phillips

When Mirvac bought the \$1.1 billion property portfolio of Lang Walker's Walker Corporation late last year, one asset not subject to the sale was the first stage of the Kew Cottages development in Melbourne.

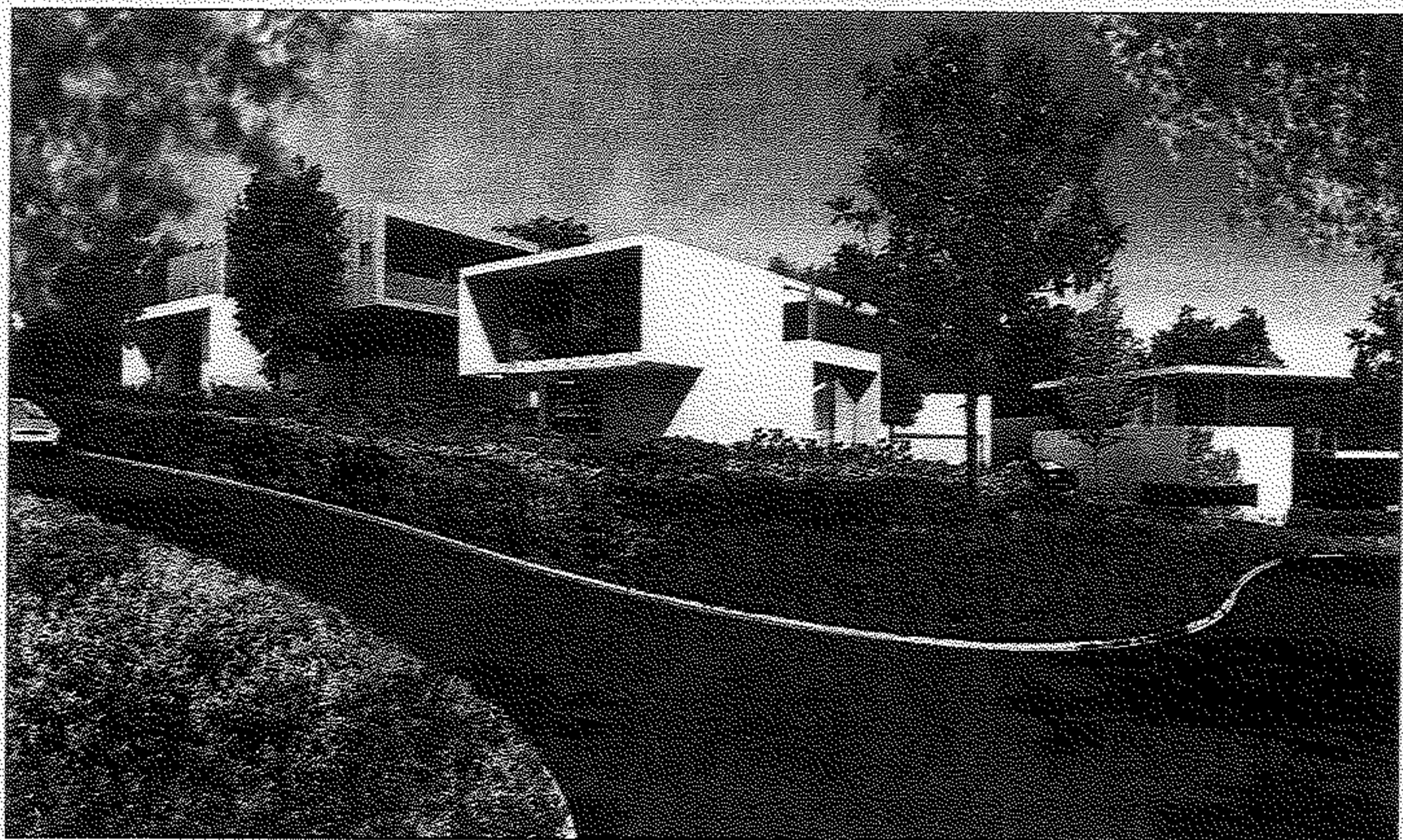
As the project's release was imminent, Walker Corp wanted to hang on to the first stage of the redevelopment of a former state government institution on the edge of the Yarra River in the inner-eastern suburb.

Valued at \$400 million, the medium-density redevelopment has been one of the most anticipated and controversial in recent years in the city and has consumed the past three years of the life of Walker's Victorian chief, Kevin Hunt.

Mr Hunt, a former Mirvac executive, will steer the \$80 million first stage, but completion of the project will transfer to Mirvac. Apart from some tinkering, Mirvac is unlikely to make any big changes to the development plan.

Negotiations with the Victorian government are still at a sensitive stage for the bulk of the project to be formally handed over to Mirvac.

"We've signed a contract subject to government consent to take over Kew from stage



An artist's impression of the \$400m redevelopment of Kew Cottages, which once housed a government institution.

## KEY POINTS

- Walker Corp has held on to the first stage despite selling \$1.1bn of property.
- Mirvac will take over after talks with the state government.
- The redevelopment has been scaled down to 380 dwellings.

two," said Mirvac's Victorian chief executive, Greg Collins.

Nearly two years after Walker Corp was selected as the developer, construction of the first 75 dwellings is about to begin.

The project will work around remaining residents at Kew Cottages, which once housed about 500 people with intellec-

tual disabilities. About 100 people with disabilities will continue to live there in new houses.

Ultimately, 380 dwellings will be built, including 220 houses — a significant scaling down of original plans for 520.

The remainder will be apartments — 75 in three five-storey towers and the rest in 14 three-storey houses.

Almost a third of the 27 hectare site will be dedicated open space, and three buildings must be retained because of their social heritage. They will be converted into a cafe and recreational facilities.

The first of up to eight stages is 75 houses following an existing road that will form the spine of the project, giving it its name of Main Drive Kew.

"There's a lot of interest in the site because of the historic background of it," Mr Hunt said, "but the big test will be the selling."

Architects dKO Architecture have produced a contemporary, split-level housing design on typically 600 square metre blocks. They are priced from \$900,000 to \$1.2 million.

"The market is definitely people relocating within 5 kilometres of here, trading up or trading down in equal numbers, and owner-occupiers," Mr Hunt said.

The government had expected to receive about \$80 million from the land sale and a share of the profits, based on 520 dwellings. But as the project was scaled down, so will be the government's return.