

TRENDS



P E R S O N A L

FOR SYDNEY BOUTIQUE rum producer, Inner Circle, it was a case of coming full circle. Founded by champion windsurfer and Olympic yachtsman, Stuart Gilbert, a few years back to manufacture the legendary rum that CSR had – until 1986 – produced exclusively for directors, staff and certain valued clients, Inner Circle was on the lookout for new premises.

What the company found was a remarkable fit: two new strata title units in The Cooperage, a heritage building on the tip of Sydney's Pyrmont peninsula where CSR used to make the barrels for the rum back in 1900. "It's a building that reconnects us with the past and is a great, inspirational place to work," Gilbert says. "It's the views, the community, the modernisation of the whole area and the proximity of the city. You have to feel the light, the brightness and the openness."

With Tanner Architects, the developer W Property has reworked the historic building to create 40 very different

strata-title offices. All reflect the history of the building; all have windows that open and all sold before the work was completed. "If you go around this city, there is very little individual character on offer; people hate the offices they are given in this city, with the plug-in ceilings and plasterboard walls," says Howard Tanner. "If you can offer them an interior that is memorable and the opportunity to step out onto a deck and add dimension to their working life, they see that as worthwhile."

Inner Circle is one of a number of small businesses that have quit the traditional office box in search of something a little less standard issue; a place of work that better suits the work of today. Others include the occupants of the Ace Billiard Tables factory in Melbourne's inner north, a near century-old turreted complex with historic stables and warehouses that have been reworked by award-winning architect Kerstin Thompson; and former ironman Guy Leech,

who will relocate his blossoming sunglasses operation into a new business community on Sydney's northern beaches. Each has made two key decisions. First, they have sought a different workplace environment. Second, they bought their space – not rented. Both are rare decisions for small business.

Buying your own office is not exactly new, of course. The Sydney CBD has more than 70 buildings that have been converted to strata title and, according to Chris Freeman, head of research for property services firm Savills, strata could soon account for 10 per cent of the city's space. But much of it is older office buildings that have simply been chopped into more standard boxes.

What is new is the way a small number of developers are combining strata title with a new style of working space; developers such as W Property or Stable Properties and the listed FKP, which are developing Lifestyle Working at Brookvale on Sydney's northern beaches.



Views of The Cooperage, a historic building on Sydney's Pyrmont peninsula, where champion windsurfer and Olympic yachtsman Stuart Gilbert has located his Inner Circle Rum business on the site where CSR once manufactured the barrels for their exclusive brew.



S P A C E

THE WORKPLACE CAN BE MORE THAN JUST A COST FOR BUSINESS.
DO IT RIGHT, AND THE OFFICE BECOMES A COMMUNITY,
A SPACE YOU CAN NOT ONLY OCCUPY, BUT OWN

— STORY BY ROBERT HARLEY AND ANDREW CORNELL — PHOTOGRAPHS BY ANTHONY BROWELL

Again, they are rare. Behind the glass door, and the stridently stylised foyer, most small businesses remain in sadly standardised spaces in hermetically sealed buildings with no open windows, anonymous neighbours and the ubiquitous gyprock partitions, workstations and ceiling tiles. When the lease expires, the business either signs up or moves on, to another box in another building.

"There has been a lemming-like approach in the past, just standard, pro-forma spaces, strict occupancy and, recently, concentrated towards investors," says Rob Stent, Victorian chapter president of the Royal Australian Institute of Architects (RAIA) and a director of Hayball Leonard Stent Architects. "But there is now a turn towards the owner-occupier market for those who want different provisions, different types of housing and offices that serve a variety of uses."

The Cooperage exemplifies the approach. Tanner Architects has won a number of UNESCO prizes for adaptive reuse, including the conversion of the St Patrick's Seminary at Manly in Sydney into the International College of Tourism and Hotel Management, as well as undertaking new projects such as the Campbelltown Art Gallery, south-west of Sydney. "One of the things we wanted to achieve at Pyrmont was that you could see those absolutely powerful columns and beams and get the impression of a big grand space," Tanner says.

"The other push was to give as many people as possible a balcony. There is a coffee shop at the front door. And, finally, you have a terrific high-pitched roof so you have an opportunity to do things with mezzanines and decks and interesting ceiling lines." Along with the heritage came other advantages: intimate views over the Parramatta River and Refinery Square, and access to a new swimming pool and tennis courts.

W Property, run by Michael and Prue Williams, has made a specialty of such projects, reworking older industrial and office buildings on the fringe of the Sydney CBD and at Crows Nest on the city's lower North Shore. At Crows Nest many of the spaces have been bought by women in business – a psychologist, architect, travel agent and accountant – all attracted by the security of an investment in a new community.

The Ace Billiard Tables factory shows just how mixed – and unconventional – the use can be. For now its courtyard has a veggie patch and scattered kids' play equipment. The 'factory' today is divided into four titles – two residential, two mixed business and residential – with the courtyard as common property. The street facade houses Kerstin Thompson's studio and a design workshop, Optimum Design. Another resident often works from home.

In a couple of decades, the commercial premises might change; the courtyard might have a bocce pitch with easy access for Zimmer frames. But the same group of people may well occupy the site. For Thompson, the project is a vision of how communities will live and work in the future. "It's perfect for kids, cats; there's always someone to water the plants, and it's the way people – a lot of people I know – want to live and work," she says.

It's a trend with a lineage. For 15 years, a remarkable working community of more than 100 architects, artists, movie producers, sculptors and graphic designers – along with a famous café – flourished in a disused warehouse at Blackwattle Studios on the water at Sydney's Glebe. The studios were demolished in 2000 to make way for more waterfront apartments – but its spirit survived and three of the tenants found a new home in Fovo, a warehouse in inner-city Surry Hills owned by the Williams.

Fovo is not a strata building, but it is a rare investment property: a building without parking or air-conditioning that achieves premium rents and zero vacancies. And why? It's all to do with that sense of community. "It is the social quality of it," says leading architect Tone Wheeler, who, just as at Blackwattle, still works with his team at one big desk. Elsewhere in the building is his conservator, his graphic designer, and his marketing advisor.



Views of the Ace Billiard Tables factory in Melbourne's inner north, a near century-old turreted complex with stables and warehouses that have been reworked by award-winning architect Kerstin Thompson.



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MARCUS CLINTON

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"We are all small firms; we go through struggles," Wheeler says. "We pass on good debt-collection agencies and a few of us have discovered how to use a sheriff," he says. And there is something else. Of the 12 offices on the floor, five have dogs in them every day. "It is a measure of how relaxed the atmosphere is in the studios. Michael is a developer with a little bit of aesthetic and social nous. He understands that if he keeps this building the way it is, he will have an income for life, and loyal tenants."

NONE OF THAT WOULD surprise those who advise big business on its workspace innovation. "The NAB@Docklands [Melbourne], Campus MLC in North Sydney, Google at Mountain View in California, and the Genzyme Corporation in Boston have recognised the value of workplace," says Chris Alcock, managing director of strategic workplace consultants DEGWA Asia Pacific.

"The workplace is more than just a cost. It creates the opportunity for people to work together and create a sense of team. The biggest problem for people working alone is who to bounce an idea off. The idea of a working community is very appealing, and the only reason it has not been done for small business is that no one has worked out how to do it yet."

DEGW provided advice to Stable Properties and FKP for Lifestyle Working, a new \$70 million complex in Sydney's Brookvale that is expected to become the prototype for contemporary workspace projects around the country. All up, it will incorporate 170 strata suites with a restaurant, pool, gym and a range of breakout and semi-public spaces. That is enough space for 800 people, and one of the developers, Ed Horton, expects it to be a community of its own.

"Lifestyle Working will reflect the personality and needs of the individuals who live on the northern beaches, many of whom are very independent and demand choice in the

way they live and work," says Michael Morgan, managing director of architect Nettleton Tribe. "The design responds to a significant cultural trend to work and live in free-flowing areas that blend indoor and outdoor space, and there is some resemblance to residential with the extension of individual spaces into private balconies."

On the wall will be screens showing real-time surf conditions at nearby Curl Curl and Harbord beaches. "When I heard about Lifestyle Working I thought: that is what I do," said one-time ironman, Guy Leech. "I have been making money in a pair of board shorts since I left school."

The Leech lifestyle – working "when we like and how we like" – is changing the nature of the office according to one of the founders of DEGWA, leading global thinker on work and the city, John Worthington. "The flexibility afforded by electronic communication to work where and when we want is heightening the demand for distinctive places to foster exchange and provide a sense of home," he says.

Of course, the office trend is part of a larger demographic one. For years now, Australians have been thinking differently about how they are living. Downshifting, sea changing, tree changing – the buzz phrases of the moment for ageing Baby Boomers – are one aspect of this. But so, too, is the more imaginative use of heritage buildings and community arrangements. Developments such as Ace or the Vos Group's renovated IXL warehouse development in Hobart, by architects Morris-Nunn & Associates, have reshaped the relationship between occupants and use.

The IXL development, winner of this year's National Jury Award from the RAIA, combines a similar philosophy with a larger scale – indeed, it includes a boutique hotel. But according to the RAIA judges: "The real gift to the Tasmanian public lies behind [the hotel]. Here is a generous new open space, roofed with a remarkably delicate glass and timber

W Property, run by Michael and Prue Williams, has made a specialty of adapting older industrial and office buildings on the fringe of the Sydney CBD, at Crows Nest (pictured left) on the city's lower North Shore, and at Brookvale (pictured below) on the city's northern peninsula.



structure. This was created as a public space for arts-related activities. It is intended as a 'living room' for Hobart, in the tradition of great public spaces, and is a generous contribution to the cultural life of the city."

According to architect Robert Morris-Nunn, the project will only succeed if it is accepted not just by visiting Hobartians but also develops its own, distinct community. "The different businesses in the project were chosen because of the community and arts focus, the hotel is the sort of mother of the economic side," he says. As the residential phase of the project opens, several of the commercial property owners and merchants are moving in. "The vision was about the sort of community we wanted to bring back the social value," Morris-Nunn says.

Indeed Hobart has been a pioneer of the model, via the redevelopment of the Ordnance Store on Salamanca Place. The project to convert the 1834 building was conceived by Neal Mackintosh of Jacob Allom Wade a decade ago, with the architects teaming up with a gallery and designers to create a living and working space.

But Victoria is catching up fast. Within the giant Melbourne Docklands project, there are hopes for smaller scale initiatives, particularly in Lend Lease's Victoria Harbour precinct. The aim again, in the words of the developer, is to capture "the trend towards the European model, where people live in smaller spaces and their work and living spaces are located closer together".

Anticipating Kerstin Thompson's conception of the breakdown of age-and-stage property ownership are the latest mixed-use retirement complexes, such as Retirement Services Australia's Toorak Place. As well as residences, the complex has boutique office space on several levels where there are also specific home-office apartments.

And Kerstin Thompson Architects is designing a project in Melbourne's Fitzroy with the opportunity for a communal element if the buyers of sites adjoining a courtyard elect to use it as common space. In a way, it is 'back to the future'.

Thompson says she was in part inspired by time spent working in Milan in a building with central, shared courtyard and multi-generational households. But examples have abounded, too, closer to home. Community is, in the end, difficult to avoid. "Just think of shop-top living in Australia," she says. "Really, if you live in the inner city, or in a block of flats, you already have these issues of close living."



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Pymont turns into creative hub

Carolyn Cummins

Pymont has replaced the lower North Shore as the new media hub, with all operators having a major presence on the peninsula.

As a result many properties are being snapped up by related businesses.

The area is also a growing residential and general commercial district and recent sales show prices are rising.

Last year, Charter Hall developed new office space of 16,000 square metres on the corner of Union and Edward streets, the former Goodman Fielder site.

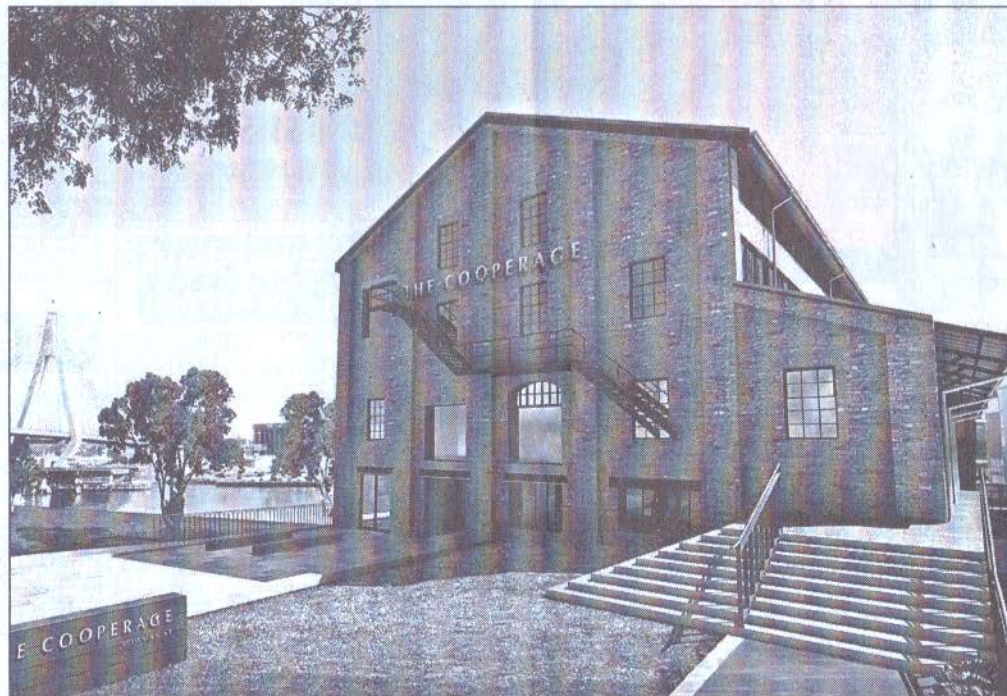
The latest property on the market is owned by Edward House, a subsidiary of the Cove Group. It is selling its five-level office building at 69-71 Edward Street.

Selling agents Scot Robertson and Paul Fernandes of Colliers International say the property offers 950 sq m of net strata area over five floors with an executive penthouse.

There is also a multi-purpose ground floor which has potential for showroom and parking for five cars.

A draft strata plan has been prepared for the property but it is to be offered in one line targeting growth businesses and owner-occupiers.

"Pymont has become the new hub of media, IT, advertising and creative companies in Sydney and offers huge growth potential with 69-71 Edward



Street ideal for groups wishing to accommodate up to 60 staff," Mr Roberston said.

Recent sales in Pymont have included 135-137 Harris Street, which sold for \$1.97 million and 82 Harris Street, a two-level commercial building which sold for \$2.1 million. The former Pymont bakery of 470 sq m, requiring renovation, was sold for \$4468/sq m to Australis Music.

A three-level building of 296 sq m at 102 Pymont Street sold for \$1.5 million and will become a recording studio.

Over at Jones Bay Wharf, sales have been recorded from \$650,000 to \$4.5 million.

Buyers have included a mix of owner-occupiers and investors, media, investment bankers, architects, boutique legal firms and marine-related companies. BlueScope Steel is a major tenant and well known property players Iain Murray and Phillip Wolanski have substantial holdings.

Mr Roberston said 69-71 Edward Street was being sold with an indicative price of \$4.9

million plus GST with offers closing on October 21.

Nearby, the former CSR site at Pymont, now called Jacksons Landing, is experiencing strong residential and commercial sales activity, with the historic Cooperage building sold by Lend Lease to Prue and Michael Williams' W Property for \$3.85 million.

Due to be settled at the end of this month, the Cooperage will be renovated and sold as brand new commercial suites.

The 3000sqm, three-storey

Roll out the barrels ... the Cooperage on the old CSR site on Pymont Point sold for \$3.85 million.

property at 56 Bowman Street dates back to 1901 when it was constructed by CSR to make rum barrels.

W Property has used heritage architect Howard Tanner to redesign the building, in conjunction with interior designer Form Follows Function, with SX Interiors as builders.

The regeneration of the building is expected to be completed by January 2006 and Colliers International and Jacksons Landing Realty have been appointed to sell the strata commercial suites off the plan.

The end value of the building is expected to be \$17 million, with 40 suites ranging in size from 38 to 136sqm being sold off the plan for about \$6000/sqm.

Mr Fernandes said: "The Cooperage stands out as one of Jacksons Landing's historic icons, with the commercial suites featuring water and parkland views.

"We are already receiving strong interest from both investors and owner-occupiers, many of whom own and operate creative groups in the media and design sectors."

Cooperage distils work spaces

Tina Perinotto

W Property has launched another of its funky strata work spaces, this time in a heritage building in Sydney's inner-city Pyrmont.

The project is called The Cooperage after the building's historical use as a barrel-making venture for rum distilled next door at the old CSR refinery, which is being transformed by Lend Lease into a residential development as part of the Jackson's Landing project.

Controlled by Michael and Prue Williams, W Property also has under its belt a near-completed commercial strata development at Buckingham Street in inner-city Surry Hills.

The Cooperage, which has been bought from Lend Lease for \$3.85 million, will be converted to 40 suites ranging in size from 38 to 136 square metres.

The three-storey, 1901 building at 56 Bowman Street has about 3000 sq m in building area.

Heritage architect Howard Tanner re-designed the building in conjunction with interior designer Form Follows Function.

With SX Interiors appointed as builder, the project was expected to be completed in January 2006.

Mr Williams, who appointed Colliers International's Paul Fernandes as agent, said that 18 of the units had already been sold, mostly to investors.

Prices varied from \$195,000 to \$675,000, with an average rate per square metre of about \$6000.

The end value of the project would be about \$17 million.

Mr Williams said there was strong interest from owner-occupiers in the creative, media and design sectors.

At the Surry Hills project, the

pitch had also been to create owner-occupiers. Design features included polished concrete floors and a sawtooth roof.

Mr Williams said that the aim had been to create a community feel, with "common areas where there are island coffee bars and lounge areas, where people can do business with each other without having to meet inside their own spaces".

The refurbishment included the addition of two half floors.

Completion was expected by about November, with the end value projected at about \$16.5 million.

Mr Williams said that he and his wife had taken on about 25 projects since starting the company about 10 years ago.

He was previously an agent with Jones Lang LaSalle and ran the company's office in Jakarta.

Investors eager to enter emerging strata market

Small businesses are keen to snap up strata space with a funky appeal, writes **Tina Perinotto**.

When Michael Williams' company, W, converted the historic The Cooperage barrel-making building in Sydney's inner-city Pyrmont into strata offices he tapped an investor appetite that was surprising.

His agent Paul Fernandes, of Colliers, says that demand was "out of control. We took 16 deposits on the first day". Only two of those fell over and now a single buyer is "circling" to snap up the remaining seven strata units from a total of 40.

Williams found similar enthusiasm for his Surry Hills project — another funky city fringe project pitched to small creative-centred businesses.

In other strata projects around Sydney, the story is the same. Small business tenants and owner

occupiers are snapping up strata title office space with a funky, historic or upmarket flavour. What they are seeking is to leverage some positioning or branding value for their businesses while at the same time making a sound investment.

As far as Williams and other developers are concerned, it's the strata market come of age.

Many who jumped in and bought their own space found the often older buildings struggling to cope with their tarted-up image. Problems such as sharing bathrooms eroded the gloss of companies being their own landlords.

In Sydney, 65 per cent of the strata market is still lower-grade space. In Melbourne it is 75 per cent, according to a report released in November by Jones Lang LaSalle.

In Brisbane, however, the strata market is still in its infancy, because until recently city fringe stand-alone offices were competitive with CBD strata space. All that could soon change, however, as land prices on the fringe and core CBD reach

parity under the upward pressure applied by the inner-city apartment boom, says Janelle Wilson of LandMark White's Brisbane office.

Today's small- and medium-sized businesses, however, are starting to want what the big firms can achieve in premium buildings.

In Sydney, developers such as Winton Property Group say smaller

"Smaller firms are happy to commit to buying their own space."

firms are happy to commit to buying their own space given the right product.

"Smaller businesses know they're not going to double or triple in size," says Winton's Anthony Otto. They don't care that they will never be a Freehills; they like their boutique fit and are happy to commit to long-term space that meets those needs, he says.

Winton is backing that theory with a commitment to a 100-unit upmarket strata office project in Sydney's Pyrmont.

Research released last week by LandMark White predicting an oversupply in the Sydney strata market — with 43,000 square metres on the market and a take-up rate of only 24,000 sq m a year — doesn't faze the company, Otto says.

"Generalising the strata market is the same as generalising the commercial market," he says.

Otto says their demand will come not just from the typical fringe businesses such as media and IT but from private investors.

"We see major [investor] demand coming through because a typical commercial strata office has a yield of 6.5 to 7.5 per cent and that's next to residential which is showing less than 2 per cent."

Ashington, a Sydney developer that has specialised in strata office space, also places some qualifiers on predictions of an oversupply.

Not every square metre of space listed as strata office is available, says Ashington's Craig Anderson.

Today there are some "fairly high calibre" strata office suites on the market and a lot of the space might be categorised as strata but might not be available to the market because it is still tenanted, he says.

So how much can investors expect to pay? At Winton's new project the asking prices will be about \$5000 a sq m, says Anthony Otto.

The LandMark White report says that's on a par with average strata office prices of about \$5266 a sq m in the CBD where the growth has tracked about 4.4 per cent a year since 1997.

This is in the ballpark of Melbourne strata prices. In South Yarra, a strata office project by Andrew Rice, PDA and Walton Constructions is priced from \$4100 a sq m.

In Brisbane, Indigo is converting a building at 420 George Street in the CBD into strata units to go on the market at \$3000 to \$4000 a sq m.