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## Commercial Property

# Closing the great divide

Dandenong's billion-dollar regeneration is under way, writes Philip Hopkins.



ON LONSDALE Street, Dandenong, the roadwork signs send a clear message: the revitalisation of the city, Australia's second biggest urban renewal project after Melbourne Docklands, is well under way.

The 15-to-20-year project, overseen by VicUrban, involves \$290 million in State Government spending and is expected to generate \$1 billion in private investment.

Seven hectares of central Dandenong, between Lonsdale Street and the railway station, will be demolished, buildings and new streets built and some existing streets extended. A new, tree-lined street will link Lonsdale Street with the railway station.

The \$40 million Arkana development, the first major private sector building in Dandenong for 20 years, is already more than 95 per cent leased.

The recently completed

complex — an apartment hotel, offices and shops, developed and owned by Deal Corporation — has snared some significant tenants on 10-year leases: State Trustees and the Commonwealth Department of Human Services. They move in this month.

Management group Punt Hill also has a 10-year lease on the 56 serviced apartments, all 4.5 star, and conference facilities for up to 250 people.

VicUrban's general manager of urban revitalisation, Dominic Arcaro, told *businessday* that land acquisition had been completed. "There was a diversity of landholdings. The multiplicity of landowners made it impossible for the private sector to consolidate the sites," he said. Confidentiality clauses prevented VicUrban from disclosing the total cost of the acquisitions.

VicUrban wants to "control everything in a deliberate manner,"

Mr Arcaro said. "We will get seed projects under our belt before going to the market."

A key project is a \$55 million government office building that will be built by Grocon on the site of the Grand International Entertainment Centre. Demolition has begun, and construction of the 5-star green rating building will start early next year and should be completed in late 2011. "The Grocon cranes will give the Dandenong project credibility," Mr Arcaro said.

On the "wish list" of seed projects is the relocation of an education institution such as Chisholm TAFE — "we're still working hard on that one" — and a residential project.

Mr Arcaro said the need to revamp Lonsdale Street could not be underestimated. "Residents told us, 'Lonsdale Street is a dagger in the heart of Dandenong,'" he said — a traffic sewer entrenching the divide between east and west.

Rents in this area had plunged by more than two-thirds after a big retail plaza opened in west Dandenong on the other side of Lonsdale Street, a development widely blamed for the demise of the central city.

In the new-look Lonsdale Street traffic will be slowed to 40 km/h, the service lanes laid with granite, creating a "cobblestone" feel, 265 deciduous pin oak trees will be planted and wooden bench seating installed.

Heavy traffic will be diverted around Dandenong.

Mr Arcaro said VicUrban aimed to create planning certainty for developers. "It is not 'open slather'. We are taking a hands-on approach. There are design guidelines for Dandenong, and projects will be assessed for their quality," he said.

The Arkana development, for example, had a striking use of timber to reflect the site's heritage as a hardware and timber yard.

A landscaped Lonsdale Street precinct is at the heart of the VicUrban renewal project. PICTURE:

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