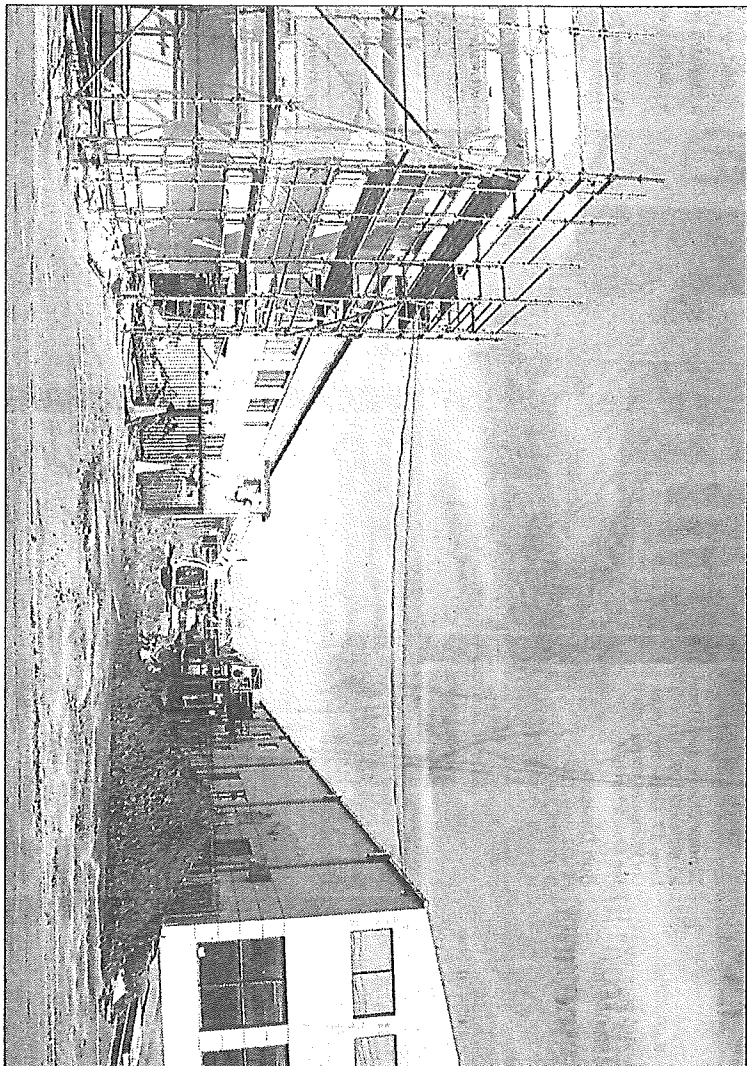


Office complexes favoured in industrial areas

Rising land prices are turning blue-collar areas into white-collar ones, as LIZ McDONALD reports.



In progress: work is underway turning this former industrial property in Addington into the Workstations55 office park.

Photos: Liz McDonald

It's a quiet revolution in the old industrial suburbs. The sounds of hammers and machinery are giving way to the quieter tones of pens and keyboards as developers move into what were once factory buildings.

In the days before modern communications, most Christchurch offices were in the central business district. Then came the purpose-built suburban office complexes such as Canterbury Technology Park at Burnside, and Show Place in Addington, where office workers can stroll across grass at lunchtime and email the city from their desks.

The latest development idea converts old industrial buildings in the inner suburbs for office use. In Christchurch, the trend began in Sydenham and can now be seen in Addington, Phillipstown and parts of Riccarton.

Blue-collar suburbs are becoming white-collar ones.

Such projects are made viable by the combination of rising land values and tenant preferences, according to valuer Errol Saunders from Ford Baker Valuation. Saunders says developers need the higher rents of occupant-dense office complexes to make their sums add up.

"In those industrial areas it wasn't that long ago that land prices were about \$200 a metre, now they are double that. Certainly, we are seeing some office developments starting to take place in those areas. It's difficult for industrial developments to compete with that."

Christchurch has already seen

industrial strips in areas such as Blenheim Road and Moorhouse Avenue given over to retail redevelopment.

Saunders says this sort of demand has pushed up prices at the fringe of the inner city, making the land too valuable for low-intensity industrial use. "These developers perhaps can't afford to buy on Moorhouse Avenue any more because the prices are too high there, so they are buying in secondary locations. They are targeting places where there's a bit of profile in those fringe areas."

Saunders says the new office complexes are attracting tenants because of their ease of access, space for car-parking, and lower operational costs for items such as rates and insurance compared with the inner city.

He estimates operational costs at \$15 to \$20 a square metre in the inner suburbs compared with \$30 to \$50 in town, while carparking spaces are \$12 a week to rent compared with \$25 to \$50.

Most of the new developments so far are neither the large office buildings seen in the central city and purpose-built office parks, nor the small investor-sized mixed-use units popping up all over town. Instead, they are typically single or double-storey buildings redeveloped for modern office tenants with carparking and some street profile.

Recent examples are the Eaton Industries headquarters on Princess Street in Addington, the former Tat Industries building in Phillipstown, and the old Toomeys furniture factory in Leslie Hills Drive in

Riccarton. There are already several office buildings in industrial pockets of Sydenham, such as that occupied by Credit Express in Durham Street.

Developer Bruce McLean bought the old Tat building in late 2004 and has converted it to a one and a half-storey complex with offices and carparks.

McLean's redevelopment is not a once-over-lightly with a coat of paint.

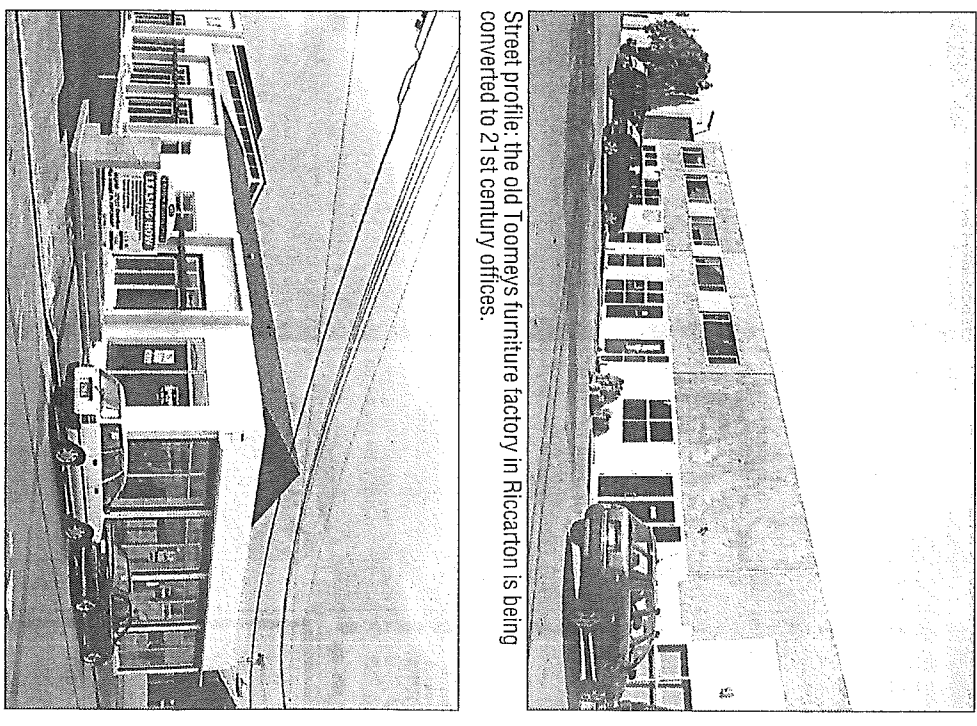
The architecturally-designed conversion was chosen after a plan for separate units was scrapped, and the resulting complex branded as the St Asaph Business Centre.

The project involved putting windows into thick concrete block walls, adding canopies and highlighting architectural detail to give a contemporary look, and removing old amenity areas and a staircase to create space for up to five tenants.

McLean, whose previous projects include converting an old foundry to the Loaded Hog bar in central Christchurch and similar projects in Auckland, says he enjoys seeing the potential in buildings.

"St Asaph Street was a real rabbit warren. Lots of people thought I was mad taking up the project, but it required a bit of vision. The building had good bones and the area is starting to move."

Marketing agent Gavin Ryan, of Cook Commercial, says interest has come from accountants, a technical business systems company, and a national health provider — a far cry from previous occupants which included electronics company Phillips, and Tat Electronics, for



Street profile: the old Toomeys furniture factory in Riccarton is being converted to 21st century offices.

New brand: the former Tat Industries building in Phillipstown has been given a contemporary look as the St Asaph Business Centre.

which the complex was built. Across town, at 55 Princess Street in Addington, an even bigger conversion is taking place.

The 3.9ha industrial property was bought last year by Auckland developers Latitude Group from a group of Christchurch investors including Switchtec founders Dennis Chapman and John Morrissey.

In what is a multi-million dollar development, Latitude is modernising two large buildings on the site, has added a third at the rear, and also has plans to build a block of units.

Existing tenant Eaton Electric — part of American giant Eaton Corporation — remains on site and has been joined by Statistics New Zealand and the Ministry of Education, who vacated Education House in the central city last year.

Like the Phillipstown development, the complex is snappily branded — in this case with the name Workstations55.

Out is going the old industrial look and in is coming modern air-conditioning, lighting and cable ducting, a cafe and a creche.

Agent Howard Smith says tenants' interest in the offices, which range in size from 400sq m upwards, has come

from a variety of tenants, including government ones.

"It's going to be a professional office and commercial park, with lots of space and carparking," Smith says.

Leslie Hills Investment's conversion of the old Toomey factory adjacent to the Riccarton railway corridor is also well underway.

Philip Smith, a director of property consultancy company BRK which is supervising the conversion and also leasing space in the building, says the project is a major one.

Other occupants include an accountancy firm and an importer. The architecturally-designed conversion has seen 70 per cent of the two-storey building's interior revamped with work now starting on the outside.

Smith says the work has incorporated industrial aspects of the building such as the roof structure into the office design.

"If you look at the building from the outside you'd think nothing is happening. But this really has been turned into 20th century contemporary offices."

"This is an industrial building but it's office space. It is top quality space now."

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