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Andrews government to sell tower after sinking millions to fix flammable cladding

By [Nicole Lindsay](#)

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It could be a case of second time lucky for the Andrews Government in its attempt to sell off the EVO Apartments in Parkville's university bio-precinct.

The last time the 175-unit apartment block at 107-115 Manningham Street hit the market in 2017, it was quietly withdrawn from sale because the building was covered in flammable cladding.



The EVO Apartments in Parkville.

Grenfell Tower in London had burned mid-year and by December 2017 a local audit had found the dangerous cladding on 1400 buildings, including hospitals and other government structures.

After five years and a few million dollars in remediation, the timing couldn't be better for the state government as a wave of build-to-rent developers and investors jostle for likely sites and assets.

In the nearby Macaulay precinct, on the other side of Royal Parade from EVO, a swathe of industrial and commercial properties are poised for redevelopment and a railway station in the new Metro Rail Tunnel.

US group Hines is planning a 220-unit project; and a joint venture between Macquarie Bank and Local paid \$50 million for an 8803 square metre site - previously Vision Australia headquarters - where it's planning 424 units.

The Liberal Napthine Government reportedly paid \$90 million for the newly finished flats because the building was rather too close to a proposed East West Link off-ramp, but the property is no longer new, and the expected price range is now \$60-\$70 million.

Evo, built by Pace Development Group in 2014, faces the northern end of Royal Park and is just 4km from the city and a decent walk to the University of Melbourne, hospitals and research centres.

JLL agents Josh Rutman, David Hill and Noral Wild are running an expression of interest campaign for the building on behalf of the Department of Treasury and Finance Victoria. It closes in mid-June.

The seven-storey building is for sale with ongoing rental agreements and an immediate income stream.

Rutman said. "EVO holds a strategic address in the city's main knowledge hub, and it's set to benefit from major investment in transport and medicine by the Victorian and Australian governments."

"As a significant addition to a passive investment or build-to-rent portfolio, EVO offers low-risk exposure to an emerging asset class," he said.

"Opportunities to acquire operational residential assets of an institutional scale are extremely rare in Australia. EVO provides the build-to-rent investor base with an opportunity to secure immediate income while building out platforms which are presently heavily weighted towards development," Hill said.

According to JLL research, Melbourne is the epicentre of the build-to-rent sector with 21 projects and almost 8000 units underway.

EVO was part of a \$320 million portfolio of properties, including 113 homes and 18 commercial properties in Clifton Hill, Collingwood and Parkville that were compulsorily acquired for the aborted East West Link.

A contract to build the road was controversially signed just before the 2014 state election and cost around \$1 billion in cancellation fees after the Napthine Government lost power.

Proceeds from property sales were expected to reduce the final net cost to the state. It looks like that final tally will fall at least \$20 million short.

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