



Melrose Arch:  
Report Card on a  
New Urban Adolescent

REPORT: URBAN DESIGN

HISTORY

COMMERCIAL / OFFICES

RETAIL

RESIDENTIAL

POINTS

From Plans  
to Places

ACNU2010

Australian Council for  
New Urbanism Congress  
28 to 30 April 2010  
Adelaide Convention Centre

Graham Wilson





Macro location





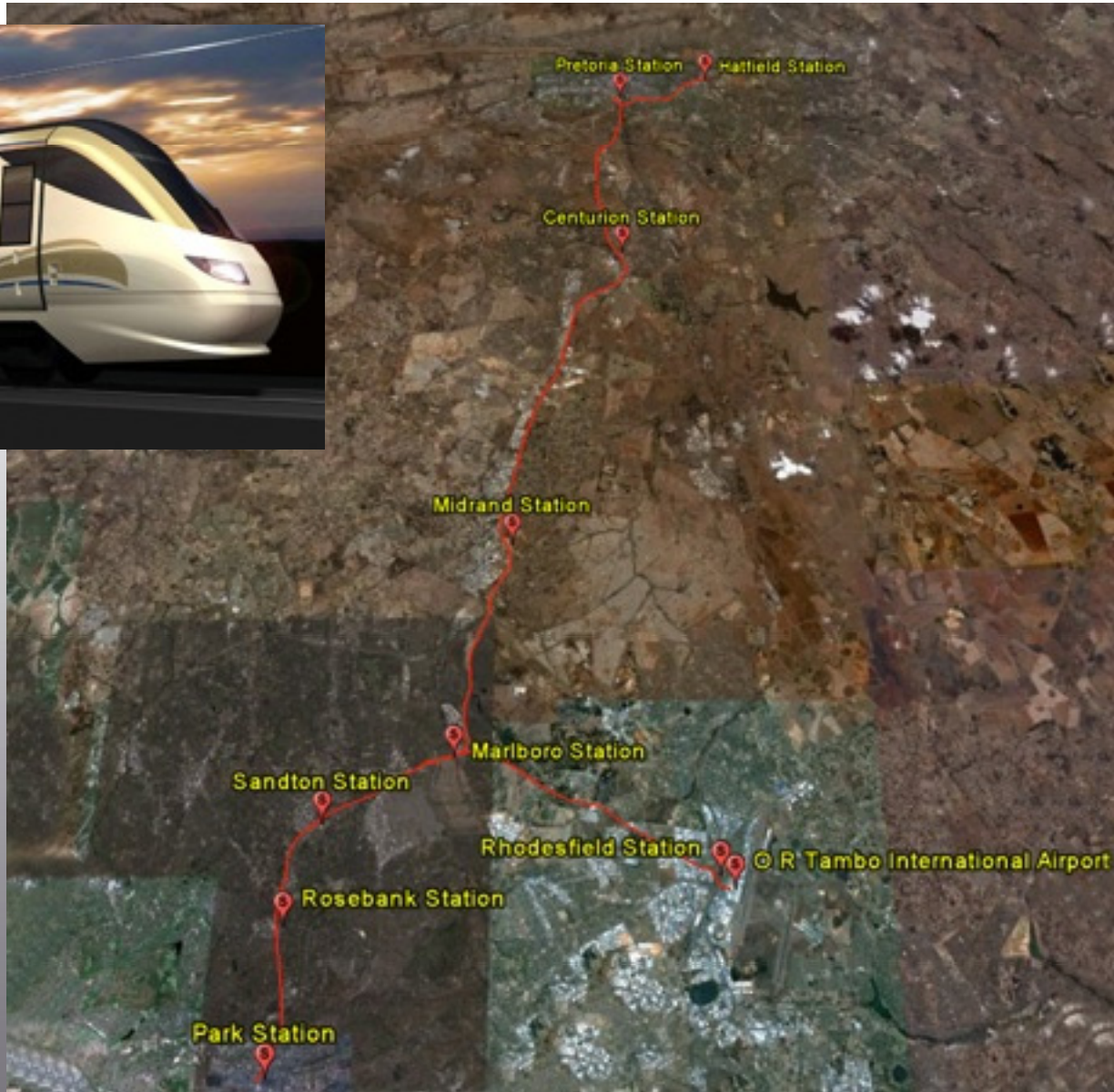
## HISTORY





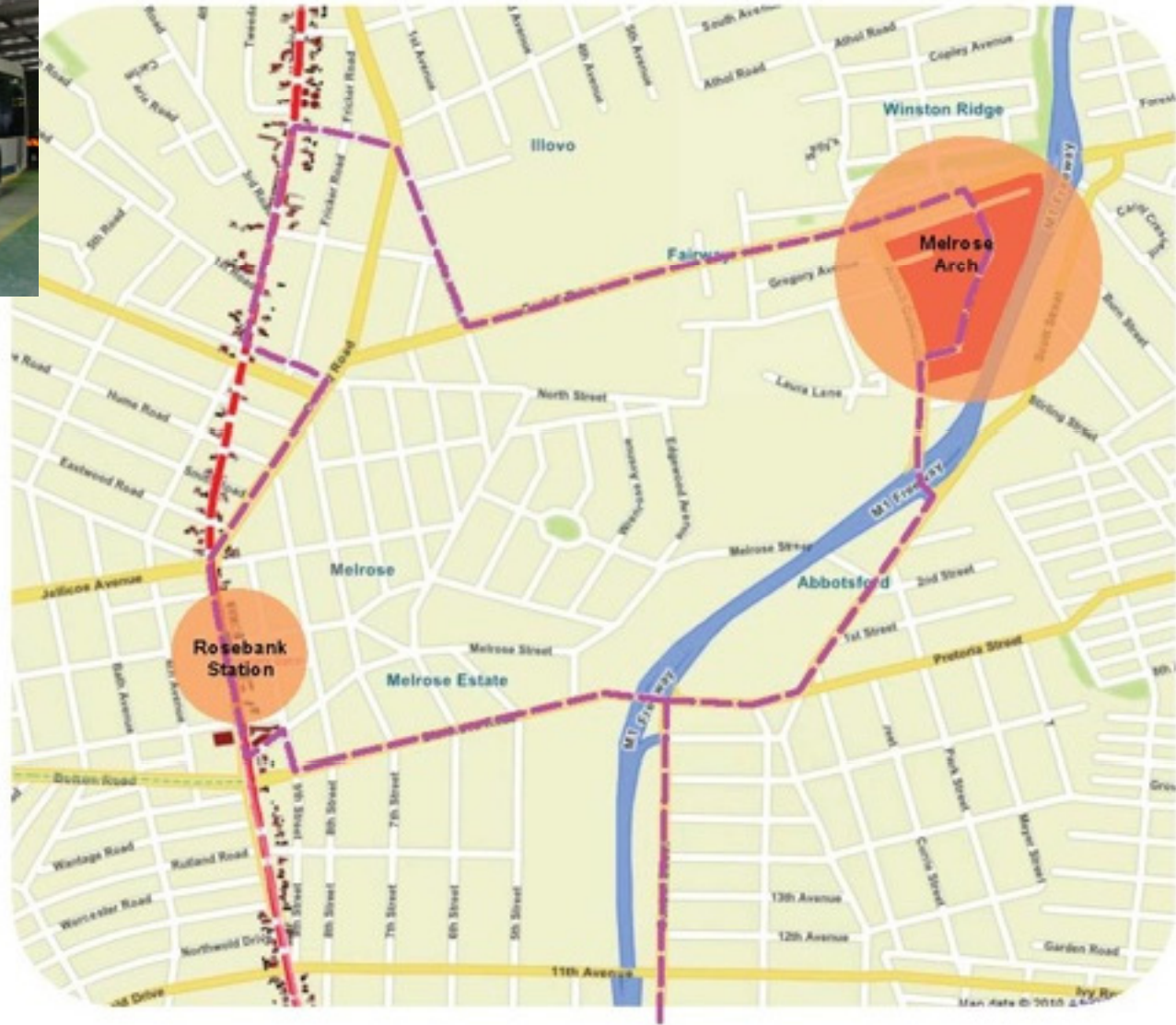


Mixed Use



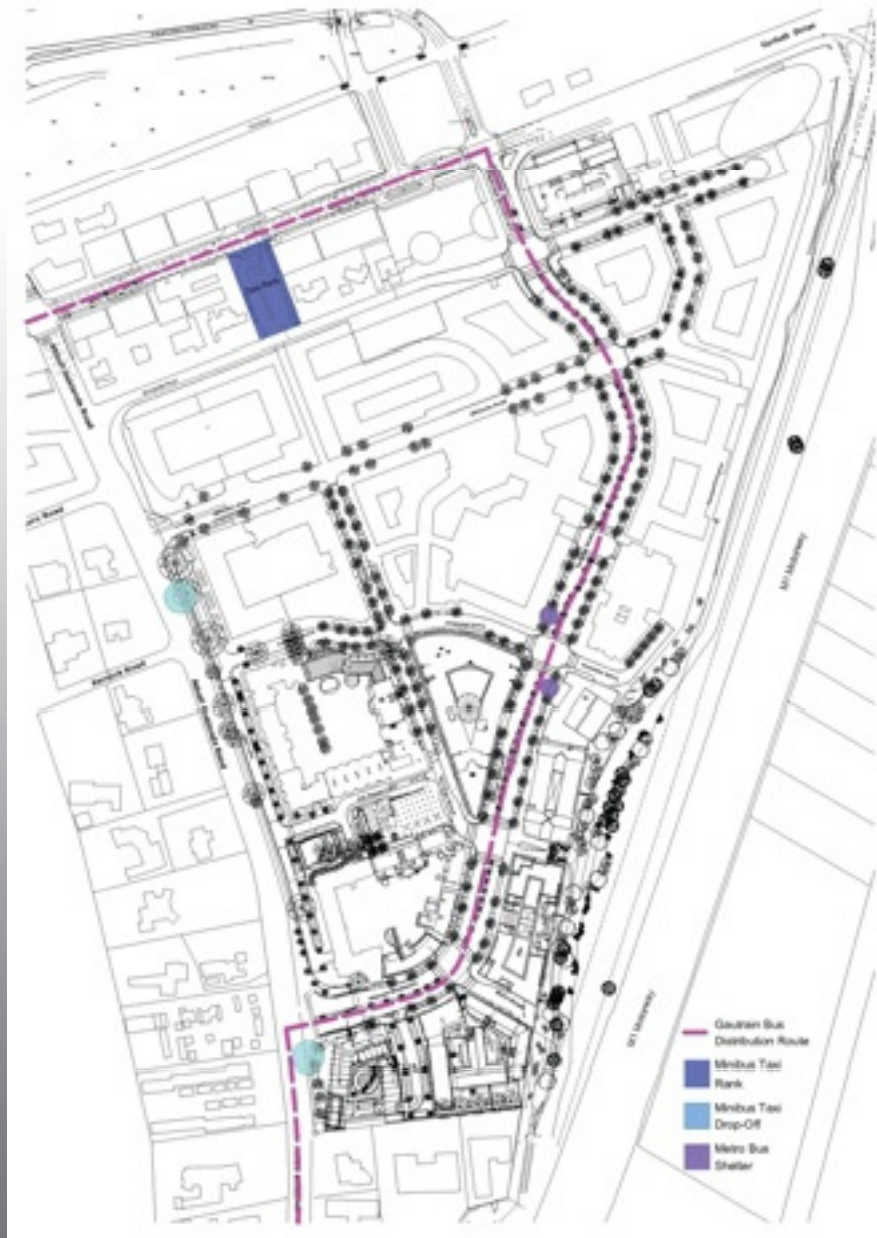
## GAUTRAIN Stations





- Street
  - Main Road
  - National Route
  - Bus Feeder Route
  - Bus Distribution Route
  - Railway Line
- 
- Gautrain Line**
  - Above Ground
  - Under Ground
  - Viaduct
  - Platform
- 
- Gautrain Station
  - Out Building
  - Main Building
  - Affected Property
  - Metro
  - Suburb
  - Selected Property
  - Property

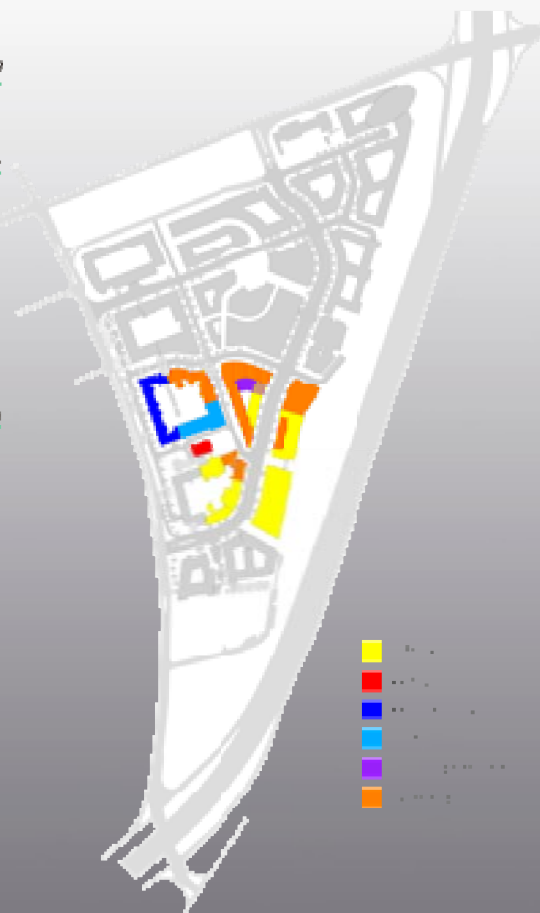
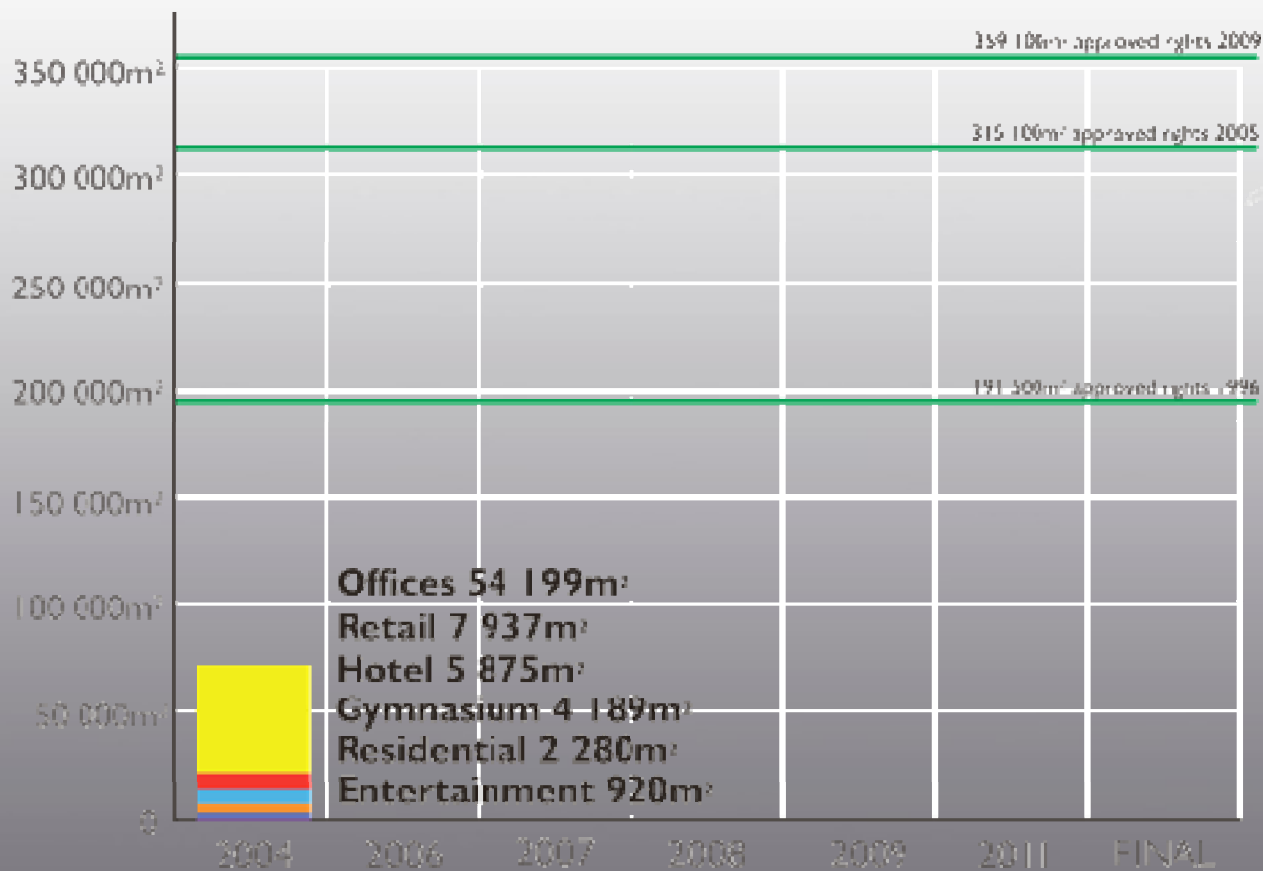
## GAUTRAIN Bus Feeder Route

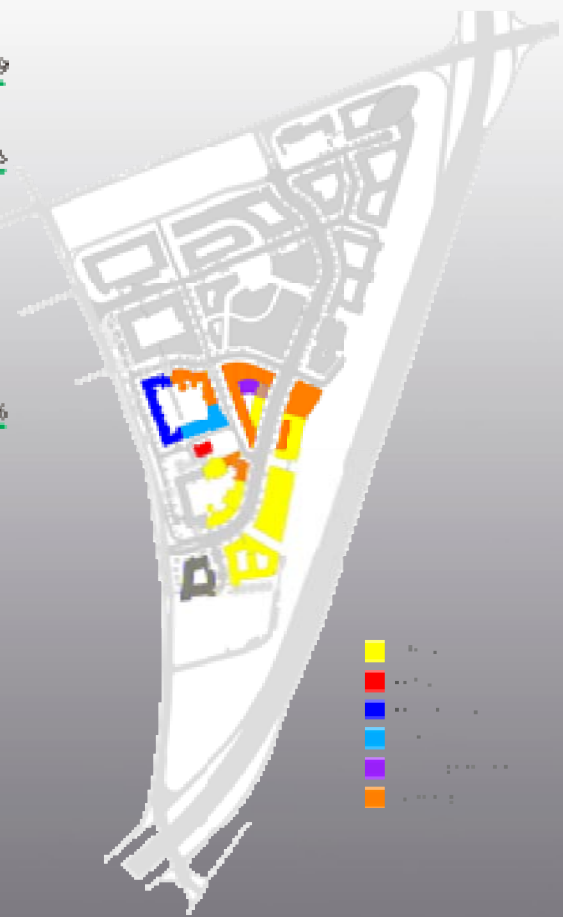
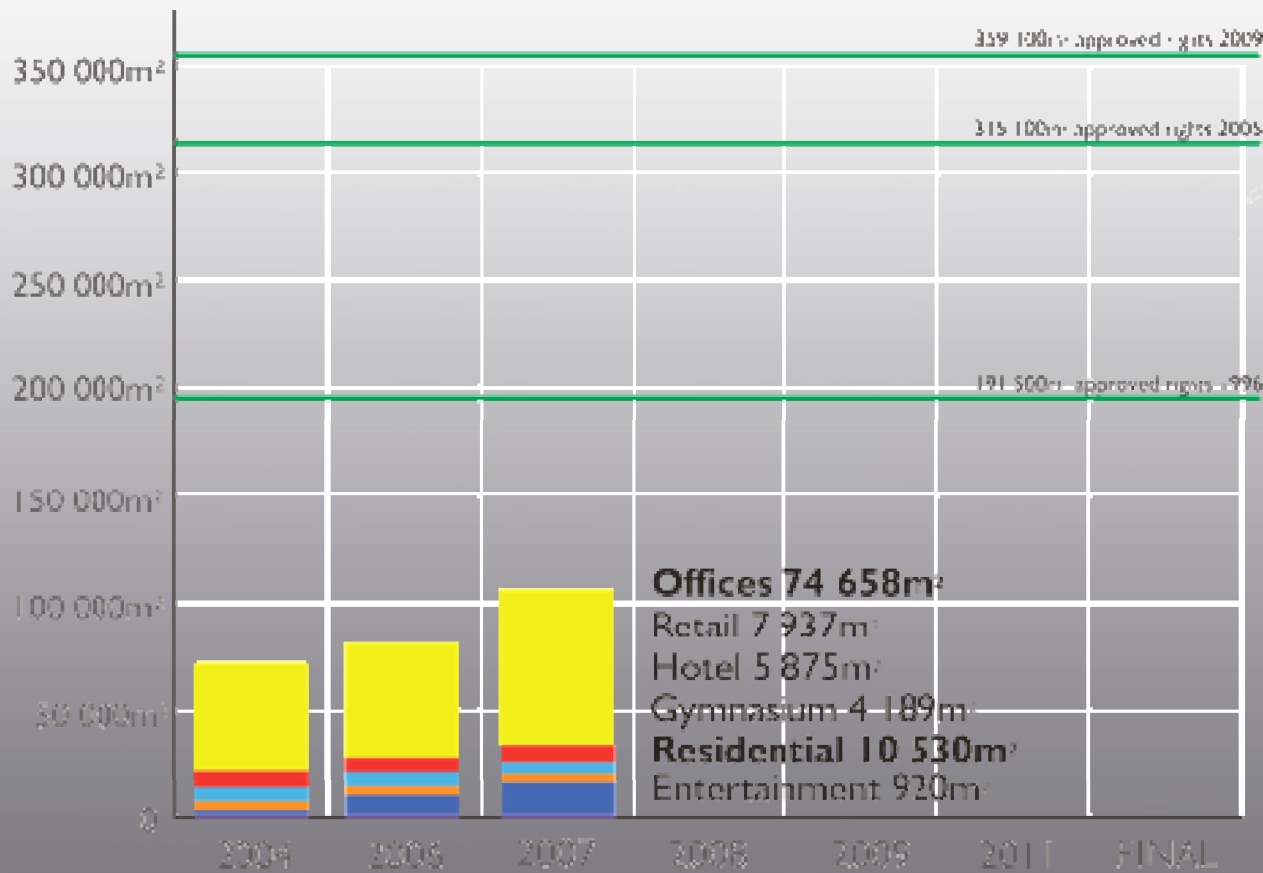


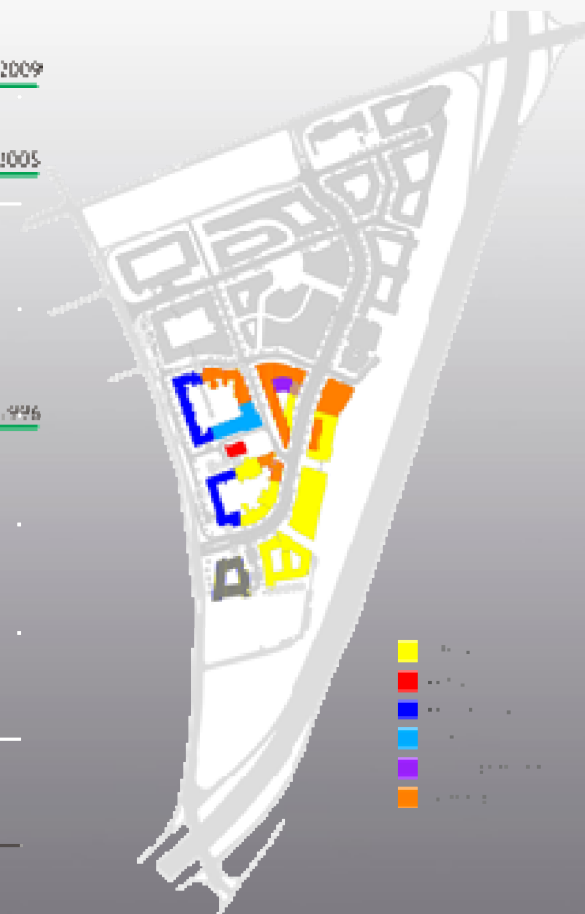
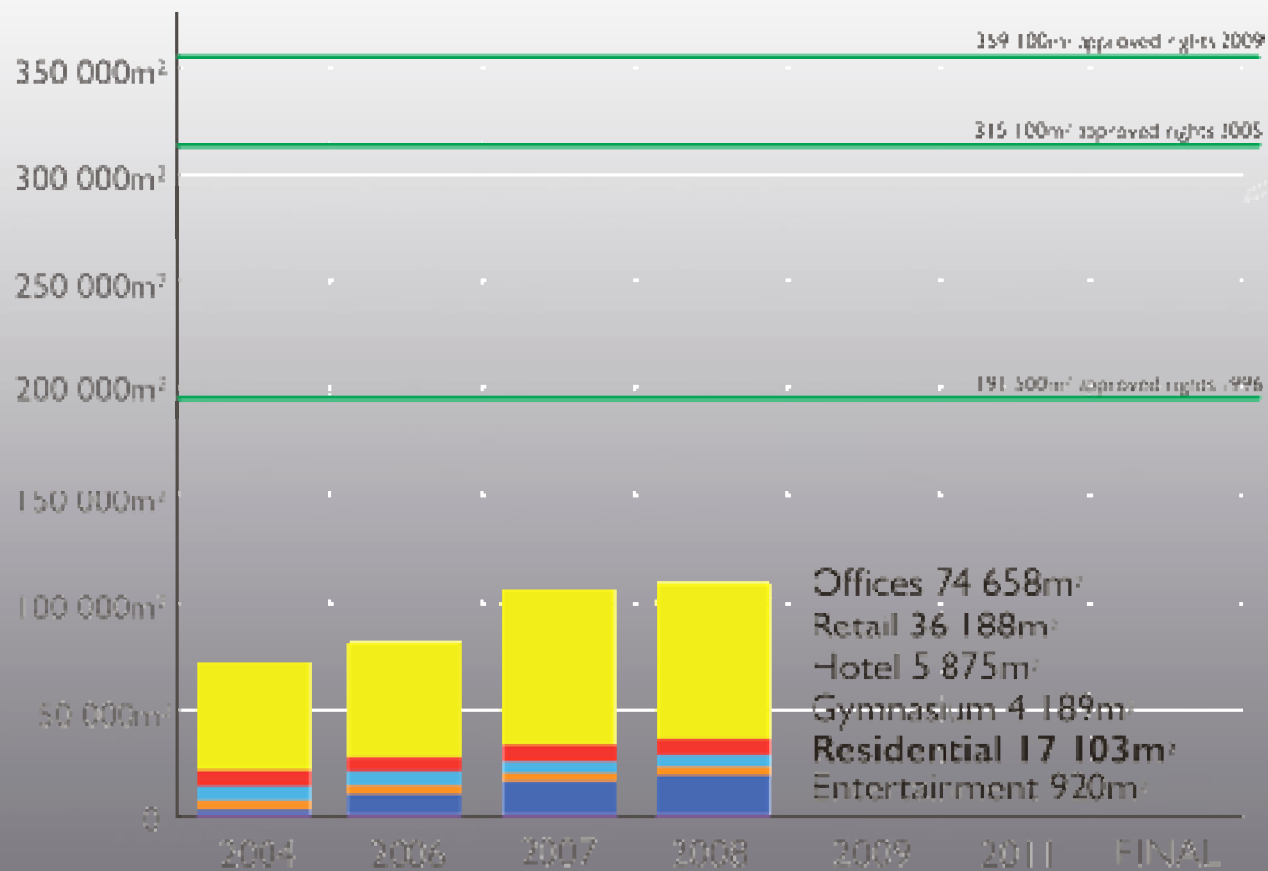
Metro Bus Route

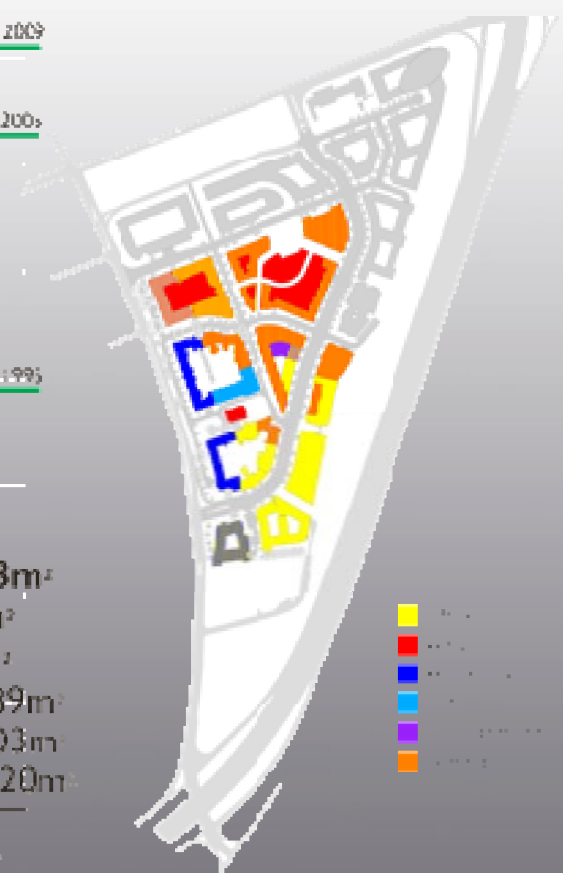
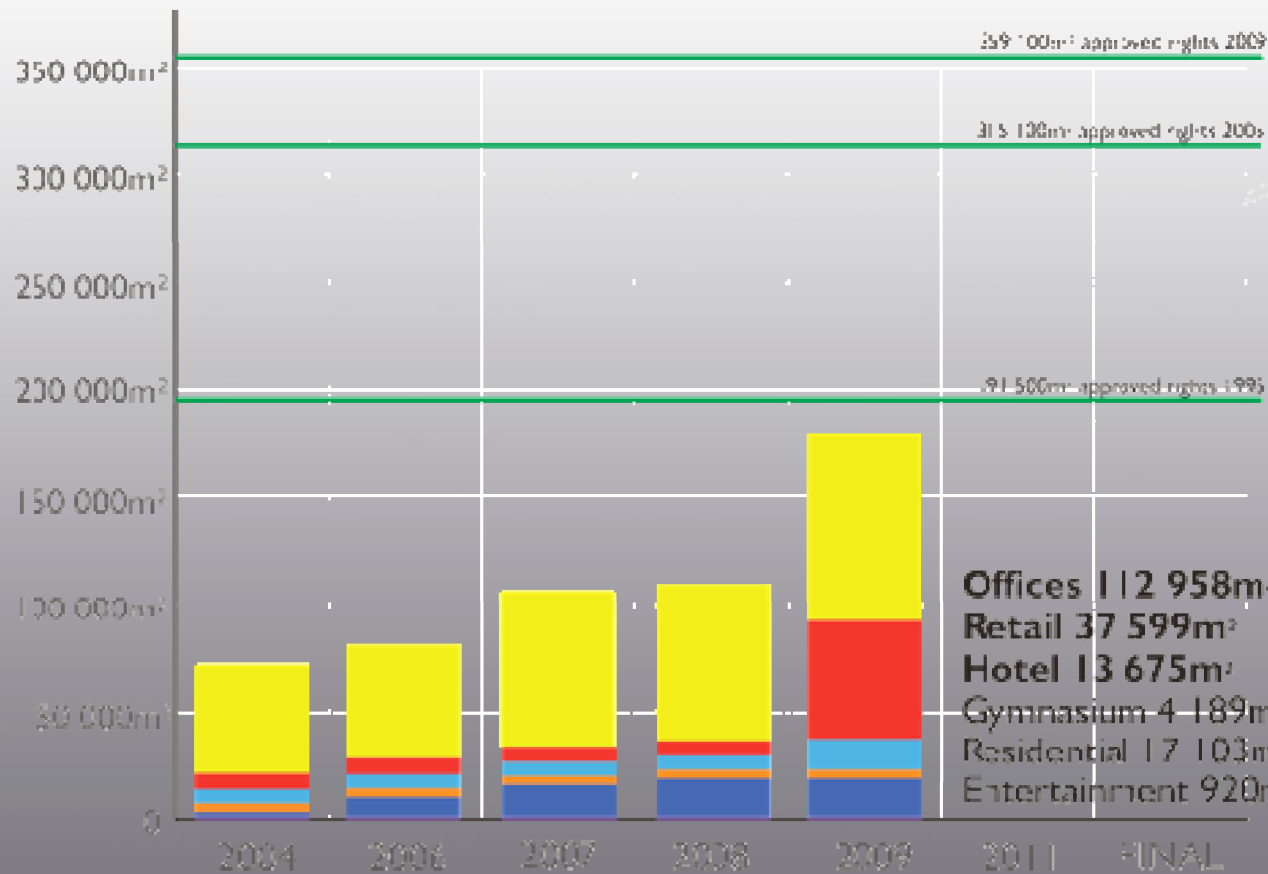


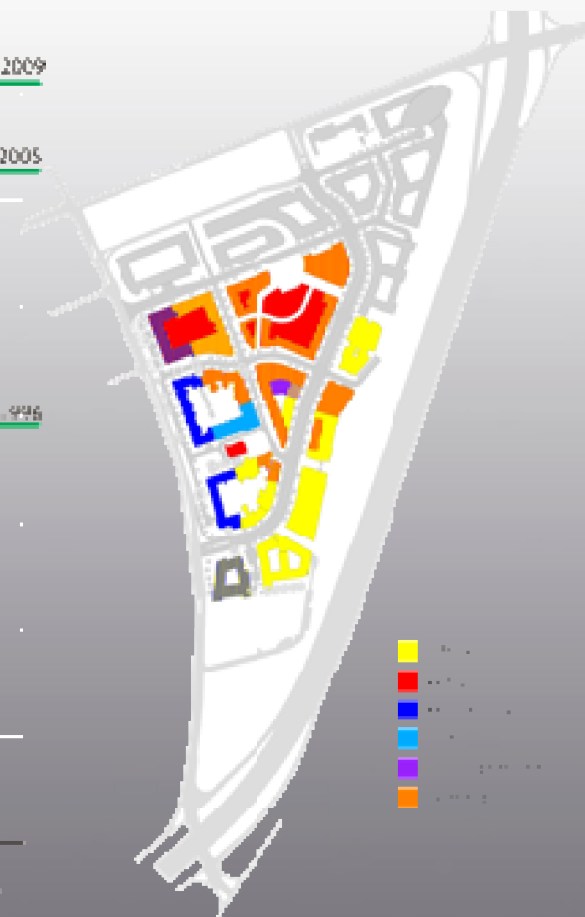
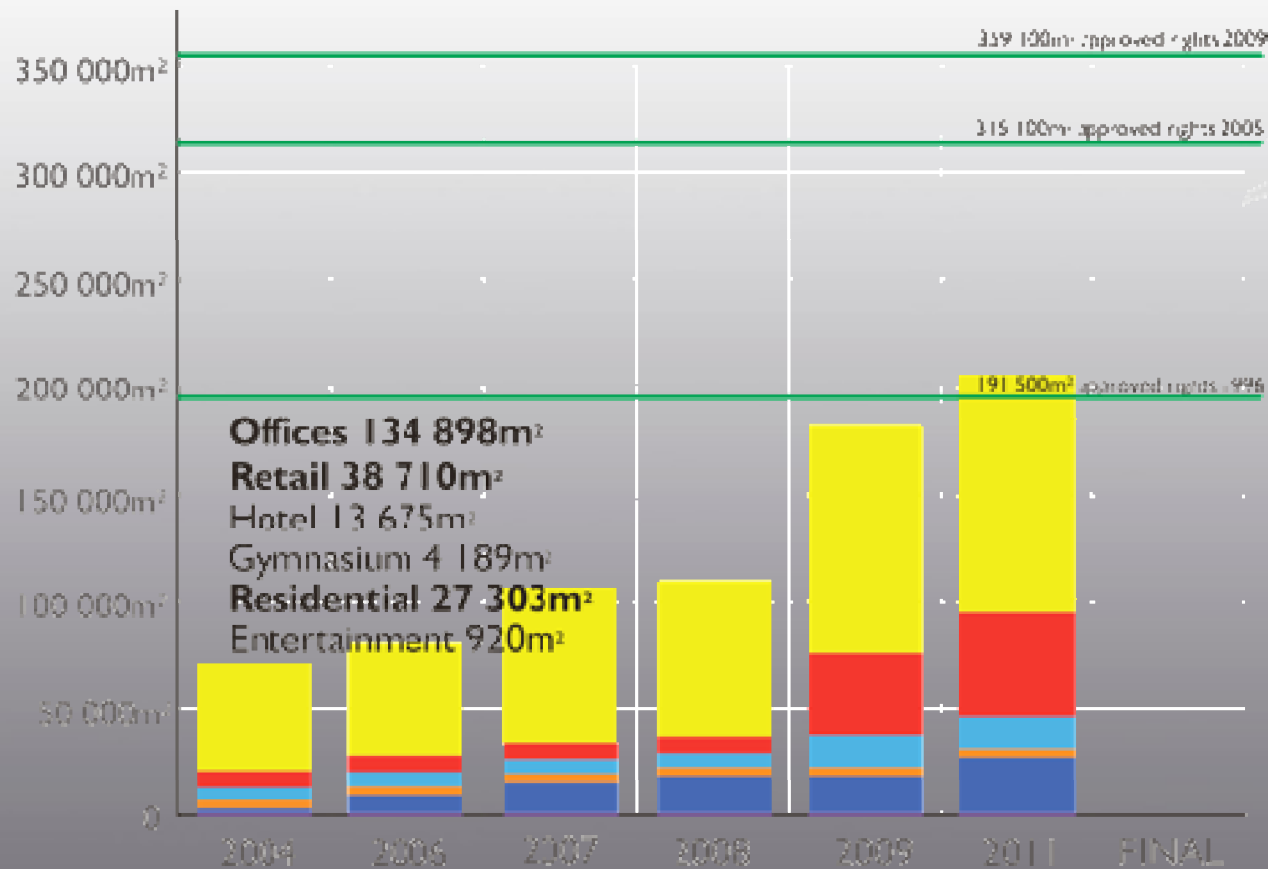
# Melrose Arch



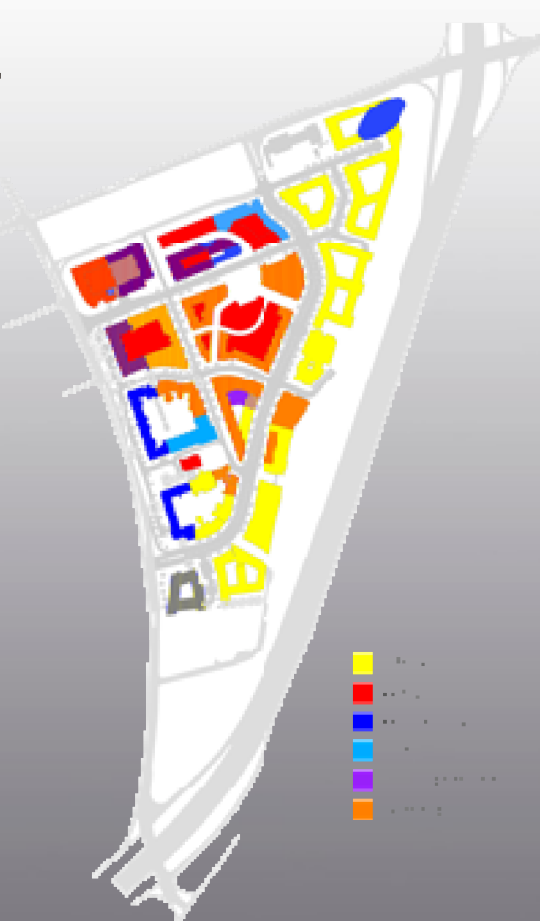
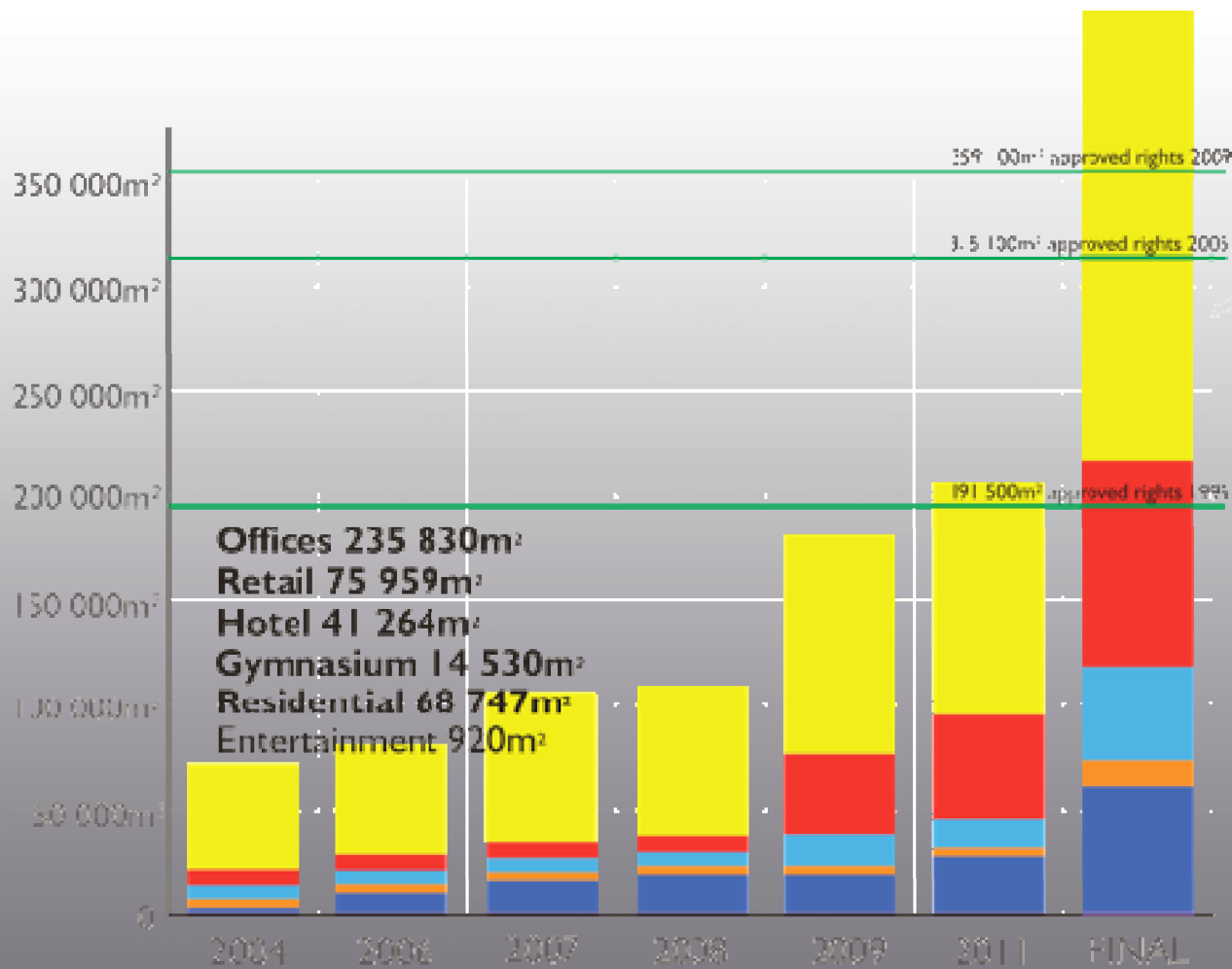














## History



1996









September 2004















CONCEPT PERSPECTIVE MODEL – PHASES 4, 5, 6 & 7



CONCEPT PERSPECTIVE MODEL – PHASES 4, 5, 6, 7 + 8



## Future Phases





CONCEPT PERSPECTIVE MODEL – PHASES 4, 5, 6, 7 + 9



CONCEPT PERSPECTIVE MODEL – PHASES 4, 5, 6, 7, 8, 9 + 10





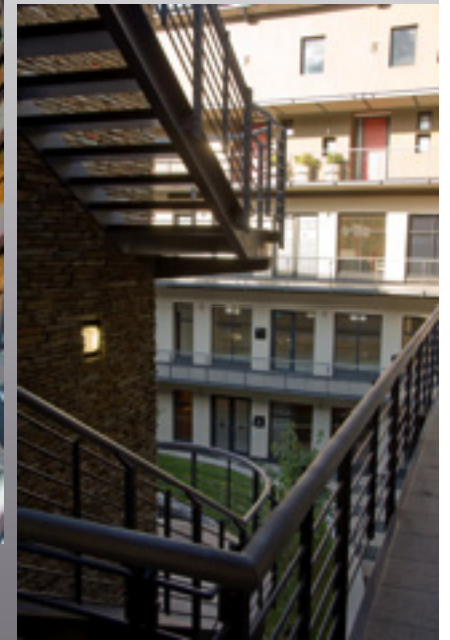
CONCEPT PERSPECTIVE MODEL – PHASES 4, 5, 6, 7, 8, 9, 10 + 11 (LOW RISE)





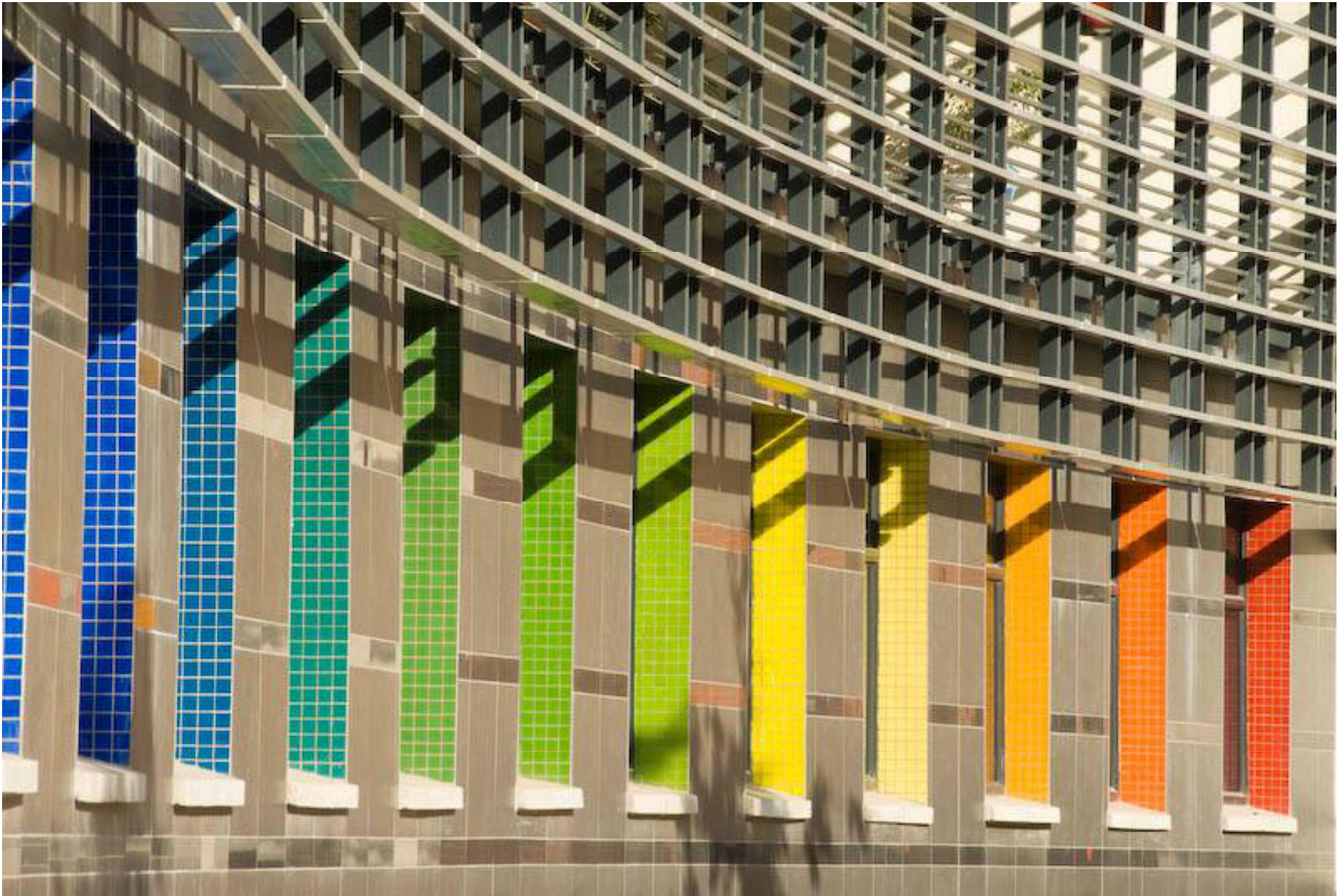








Melrose G





the feel of a street scene.

Wilson, who is managing Melrose Arch, says much of the criticism is misguided. "Yes, our retail has been hit, but that's due to the recession, which has hit most retail badly, and the usual adjustments of a newly opened centre. It is not the openness or the design. Trade picked up enormously over November and December and some retailers are doing brilliantly.

"Our critics choose to remain ignorant about new urbanism. It's about much more than a retail experience, it's about the way we live successfully. Most developers are scared of pioneering ideas and fear the change. Consumers have become indoctrinated into thinking that the retail mall is as good as it gets."

They also ignore the fact that a development like Melrose Arch is phased over years, says Wilson. "We are only halfway. Development will include a focus on leisure, hotels, restaurants, theatre and cinemas. We will emphasise apartments for young people looking for a Manhattan

HIGHEST ASKING RENTS IN TOWN						
Office space available in Melrose						
	Total rentable area (m <sup>2</sup> )	Area available for leasing (m <sup>2</sup> )	Current % available	Previous months in %		
				3 mths ago	6 mths ago	9 mths ago
P	85 000	9 392	11,0	11,7	9,9	11,2
A	39 378	3 800	9,7	18,9	0,5	0,0
B	15 663	1 380	8,8	0,0	0,0	0,0
Total	140 041	14 572	10,4	13,4	4,9	4,2

P = Premium A = A grade B = B grade

SOURCE: SAPOA

lifestyle in a unique urban environment."

He says the development isn't a typical mall or office building. Its feasibility isn't based on return on total costs, but the margin on the properties he develops and sells. "We're happy with the values we're creating."

Urbanist John Chapman of developer Rabie, which owns Century City in Cape Town, says he now has 3 000 front doors in his project. Melrose Arch has about 35. "I stayed at Melrose Arch in December," he says. "It's a perfect venue and a great place, but its residential

entry level is too high and there are too few homes."

Wilson is about to build the second phase of the retail section. By the time it is finished in four or five years, Melrose Arch will be double its 175 000 m<sup>2</sup>. He says "it will be an even greater icon".

This is a dialogue of the deaf between an old and a new language of modern living. But the evidence is overwhelming of the social damage wrought by the old, and the healing that people find in the new. For this reason, it's important that Melrose Arch wins the war. **Ian Fife**









Residential - First block 2006



## Melrose Arch First Residential Block

















Melrose Arch A4 Residential Interior









## FIRST BLOCK (Completed 2006)

5958m<sup>2</sup> saleable on 5172m<sup>2</sup> plot (1.12 Bulk Factor)

47 Units: **91** units/ hectare

65m<sup>2</sup> to 255m<sup>2</sup>. **170**m<sup>2</sup> average

A\$0.32m to A\$1.22m

**70%** owner occupiers

Return ?

## SECOND BLOCK (Completed 2008)

6682m<sup>2</sup> saleable on 4632m<sup>2</sup> plot (1.44 bulk factor)

67 units: **145** units/ hectare

61m<sup>2</sup> to 305m<sup>2</sup> **99**m<sup>2</sup> average

A\$0.23m to A\$1.03m

**70%** renters

Return: 7.11% to 16.62%

Ho sales between (transfer) April 2008 and March 2010

Average purchase price: A\$5506/m<sup>2</sup>

Average sale price: A\$4748/m<sup>2</sup>

Average increase in value: **31.67%**



EMPEROR			
Year	\$/m2	1Y %growth	5Y %growth
2005	2862		
2006	3221	12.52	
2007	3565	10.69	
2008	5113	43.41	
2009	4124	-19.34	44.07
MICHELANGELO			
2005	5549		
2006	4720	-14.94	
2007	6585	39.51	
2008	6855	4.10	
2009	6440	-6.05	16.07
MELROSE ARCH			
2005	3512		
2006	3393	-3.39	
2007	4267	25.75	
2008	4526	6.07	
2009	4933	8.98	40.43



## Residential Comparisons



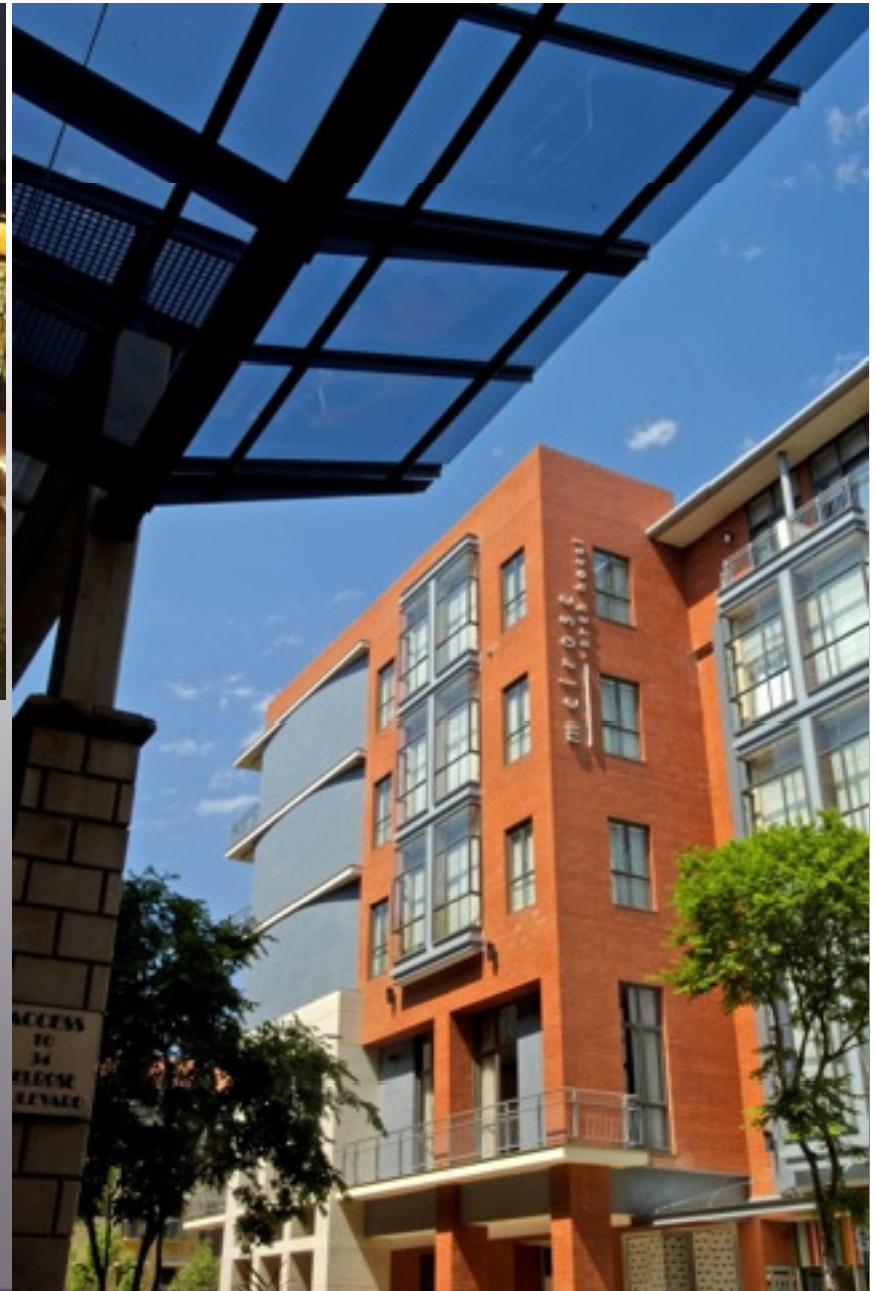








VIEW FROM HOTEL



## Melrose Arch Hotel



Gym

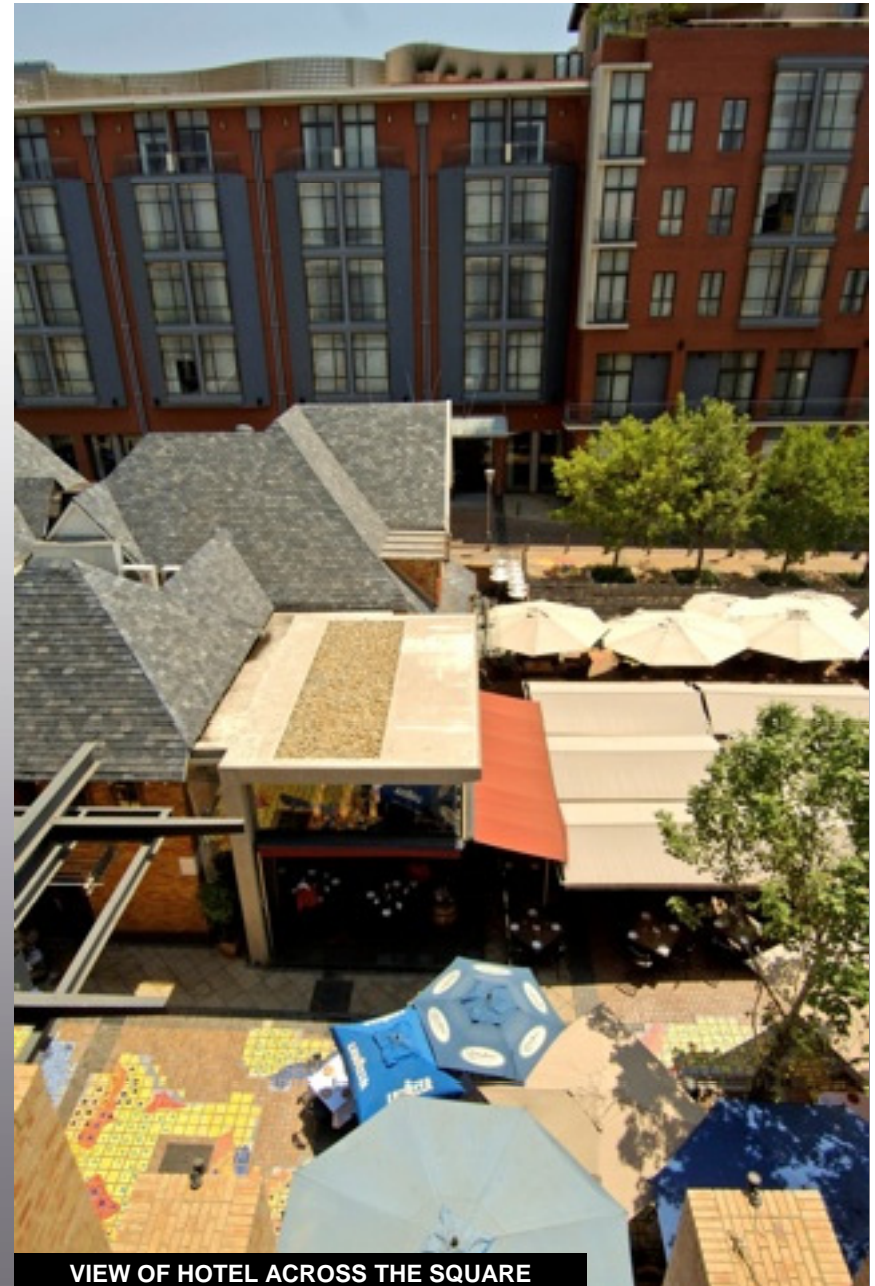












VIEW OF HOTEL ACROSS THE SQUARE



## Melrose Arch Hotel



## Melrose Arch

























































PROPERTY

# Urban dialogue of the deaf

Developers aren't yet convinced by the mixed-use dream

**Two big new tenants are** putting colour in the cheeks of recession-hit Melrose Arch, Johannesburg's iconic mixed-use development. The owners say it's on its way to success. Yet some serious property developers seem determined that it will be a failure.

Winning this argument is vital to the "new urbanist" movement in SA, pushing a pavement café city lifestyle. The urbanist movement is a reaction to the social stress that resulted from planners' increasing separation of work, shops and





**Melrose Arch** SA's most visible residential, retail and office project

homes, starting in the early 20th century. It aims to revive healthy lifestyles.

If Melrose Arch, as SA's most visible residential, retail and office project, isn't profitable enough, developers could abandon plans for similar projects worth many billions of rand.

Western Cape transport & public works MEC Robin Carlisle's new policy — to develop the province's vast Cape Town property holdings into SA's most ambitious integrated development — could also be compromised. He wants mixed-use development to combine thousands more rich and poor households in a "work, live and play" CHID. This would make transport and infrastructure more cost-effective and invigorate social life.

But Carlisle will have to rely on the private sector to buy into his plans and come up with some quick wins to get credibility.

What is convincing European, Australian and American developers that mixed-use, open precincts work is research showing investors have been getting higher returns from mixed-use than single-use investments. Research by UK property services company King Sturge shows mixing uses — say, residential, office and retail — in a single building produces higher rents and better returns than if separate buildings are used on one site.

But most SA developers are clinging to the safety of separated old-style malls, office buildings and walled residential precincts, and are quick to put down any change from their 50-year-old formula.

The new lettings will improve the feasibility of Melrose Arch. TWP, SA's largest design, engineering and construction

group, has taken 30 000 m<sup>2</sup> of office space and could take another 15 000 m<sup>2</sup> after its recent merger with construction company Basil Read. And the FM has learnt that Liberty Life is close to signing up for 30 000 m<sup>2</sup> in the precinct. At a rent of R160/m<sup>2</sup>, the two lettings would add close to R9m/month to Melrose Arch's income stream. The latest Sapcon office vacancy survey shows less than 10 000 m<sup>2</sup> of the project's already built offices of 110 000 m<sup>2</sup> are still available to let.

Initially the rent will be a lot lower, because the developers have signed up TWP at the cost of guaranteeing the rent in TWP's now empty Rivonia offices, and have probably given it generous tenant installation allowances. This is apparently enough to prompt critics to predict doom. "They need rentals of close to R200/m<sup>2</sup> to get the kind of returns investors want," says one of the many developers who are happy to talk but not to be named. "After the rent they must pay on TWP's old offices, they can't be getting more than R100/m<sup>2</sup>. They must be bleeding."

But James Wilson, CEO of Melrose Arch development partner Andec, says this criticism is a typical thumbsback by people who want to avoid the inevitability of mixed use. "We are satisfied with

our returns at much lower rentals than R200," he says, "and so are our bankers, who have invested R2,5bn and are about to inject another R2bn."

Most criticisms of Melrose Arch have little to do with urbanism. Another developer says: "Andec and Property Partners have ignored some of the basic rules of retailing. They're in the middle of one of the most competitive retail areas: Kilarney Mall to the south, Norwood Pick n Pay Hypermarket to the east, Rosebank to the west, Woodmead Mall to the north and many smaller but strong centres in between. Their only potential uniqueness is to build on their leisure and entertainment, but they have no cinema.

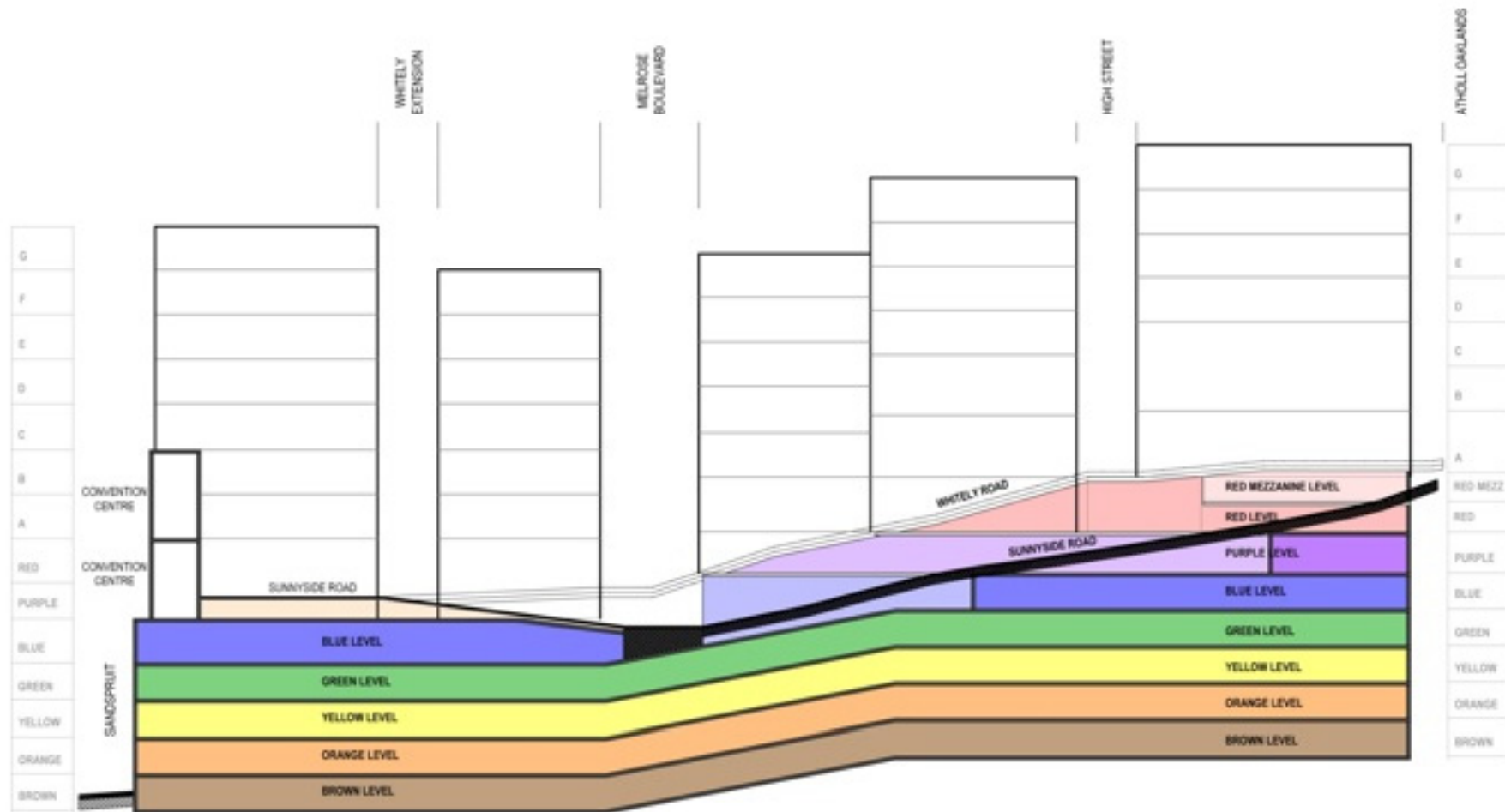
"And the way the 37 000 m<sup>2</sup> of retail is set out is incoherent, where customers want simplicity. For instance, there should be a clear path between the two anchor stores, Woolworths and Edgars. But they're on different levels and ascend the corner from each other."

One of SA's most experienced property developers, Pat Flanagan, isn't prepared to assess Melrose Arch directly, but says the weakness of all projects with uncovered streets and walkways is just that — they're open to the weather. "Walk through a centre like Melrose Arch on a rainy day and see how many shoppers are there," he says. "Around the world, developers are moving back to enclosed centres after trying open ones. But the architecture and atmosphere are good."

Flanagan's latest venture, the 10 000 m<sup>2</sup> Morningside centre, fulfils the primary role of a centre, he says. "Retail developers must provide a quality environment, protected from the weather and where shoppers can easily move from one store to another — that includes them moving in straight lines." Shoppers drive straight off the street onto the centre's parking and walk directly into an enclosed, airy centre. The restaurants open onto the parking to give

"Our critics ignore the fact that a development like Melrose Arch is phased over years. We are only halfway"

— JAMES WILSON



**Sunnyside Section  
Looking South**

NB: 5x vertical scale exaggeration



SKETCH VIEW OF PHASES 4, 5, 6 & 7 LOOKING WEST UP WHITELEY ROAD