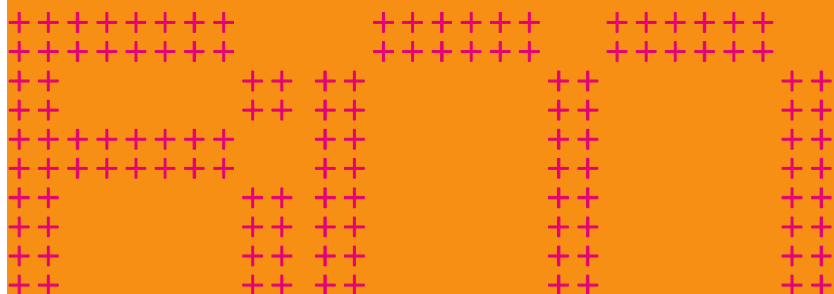
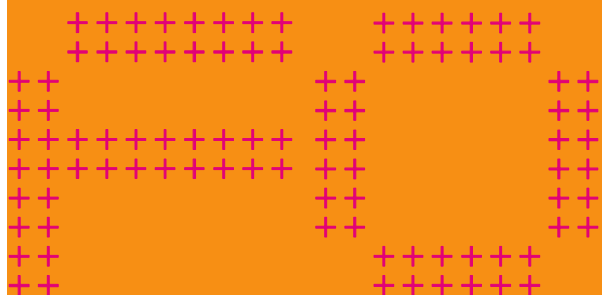
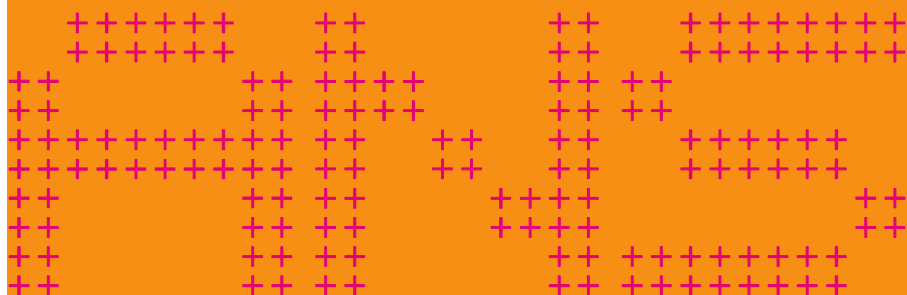
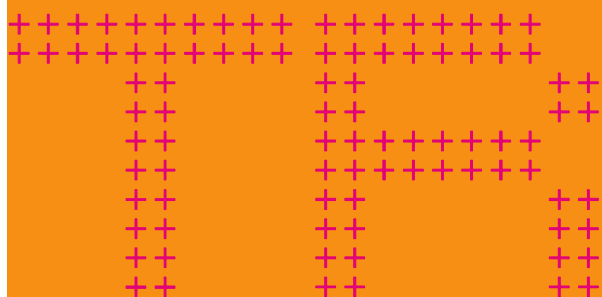


# Chatswood – Office Market Assessment

May 2009







# Chatswood Office Market Assessment

Prepared for Mirvac

Level 26, 60 Margaret Street

Sydney NSW 2000

May 2009

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## Executive Summary

- The objective of this report is to provide analysis of the Chatswood office market, with consideration of the **need** and **demand** for office floorspace as part of Mirvac's Pacific Place development.

### *Competition*

- Chatswood is one of Inner Northern Sydney's major office locations. Other major office locations in this area are Northern Sydney, St Leonards/Crows Nest, and North Ryde (Macquarie Park).
- Macquarie Park has provided the Chatswood market with significant competition over the past few years thanks to the significantly lower rents being offered as well as the availability of flexible development options. Transport to Macquarie Park continues to improve with the recent completion of the Chatswood – Epping rail link.

### *Chatswood Office Supply & Occupancy*

- Chatswood currently has an estimated 295,000 sq.m of office floorspace, of which 253,000 sq.m is occupied. While occupancy improved gradually up to 2001, it has dropped away markedly since then with vacancy of around 42,000 sq.m in 2009.
- We are unaware of any future committed or mooted office developments within Chatswood, despite the availability of zoned commercial land. In contrast, Macquarie Park, North Sydney and St Leonards/Crows nest all have new supply coming into the market.

### *Chatswood Office Rentals*

- Chatswood's A grade office generates net rents of between \$350 - \$410. In terms of both net rents and incentives, Chatswood is cheaper than North Sydney and St Leonards, but more expensive than Macquarie Park.

### *Chatswood Office Vacancy*

- Chatswood currently has a total commercial vacancy rate of 14.2%, the highest among Sydney's commercial centres. Over the past two decades, vacancy has varied considerably, generally between 5% and 15%.
- High vacancy rates have been driven by:
  - The recent economic slowdown that has hit the entire Sydney market;
  - The impact of Macquarie Park which has provided significant competition.
- **Rental, incentive and vacancy levels in Chatswood are not currently at a level that would sustain construction of new office.**

### *Future Need for Office at Chatswood*

- The high level of vacancy discussed above is reflective of the low level of net absorption that has occurred at Chatswood both historically and in recent years. Only 38,000 sq.m has been absorbed at Chatswood since 1991. Since 2001, net absorption has been equal to around **negative** 44,000 sq.m.
- The negative net absorption of office space in Chatswood is symptomatic of a location that is losing market share, in particular to Macquarie Park. North Ryde/Macquarie Park has absorbed 231,000 sq.m since 2005, or 74% of the total demand over that time.
- There is little evidence to suggest that Chatswood's office market will improve over time. Indeed all of these factors suggest otherwise:
  - Historic performance of Chatswood and other suburban office markets (excluding North Ryde)
  - The volume of new supply expected to come on-line at Macquarie Park and the Sydney CBD.

- Modest regional population growth rates.
- The recent trend of office employment declining at Chatswood.
- As it currently stands, the market is showing a preference away from Chatswood. North Ryde/ Macquarie Park is proving too attractive a proposition for the majority of prospective office tenants. Given the continued improvements to access to North Ryde, and as the region continues to develop allied services to support the office component, the competition provided by North Ryde is likely to only get stronger.
- Unlike office development, residential development is considered viable now. This would have a number of benefits for Chatswood:
  - Market demand dictates that development can begin right away. This will stimulate employment in construction.
  - More residents will also contribute to higher demand for retail and services. This will support employment growth in these fields and support floorspace growth in Chatswood's major retail centres.
  - Allowing a residential development as opposed to leaving the site vacant for the foreseeable future will enhance the liveliness of Chatswood as a mixed use centre. This could over time help enhance Chatswood's desirability as an office location and possibly prevent further leakage of office employment to other locations.

#### *Conclusion*

- **Major new office development is unlikely to occur in Chatswood in the foreseeable future.**
- **The subject site does not need to be retained for future office demand.**
- **Residential development can be supported now.**
- On this basis, we consider it unnecessary to reserve Pacific Place for future office floorspace needs. This is likely to simply postpone any development of the site indefinitely.



# 1 Introduction

This report has been prepared for Mirvac for submission to the NSW Department of Planning.

The objective of this report is to provide analysis of the Chatswood office market, with consideration of the **need** and **demand** for office floorspace as part of Mirvac's Pacific Place development.

This introductory section provides some context to the analysis provided in this report. The local and regional geography and demographics are considered.

## 1.1 Regional Geography

### 1.1.1 Chatswood

Chatswood is located in the Inner North sub-region of Sydney and the Willoughby local government area (LGA). It is located approximately 6 km north of the Harbour Bridge.

The central commercial area of Chatswood, shown on Map 1.1, is a mixed use centre designated as a "major centre" by the Inner North Draft Sub-Regional Strategy (INDSS). As a major centre Chatswood is a:

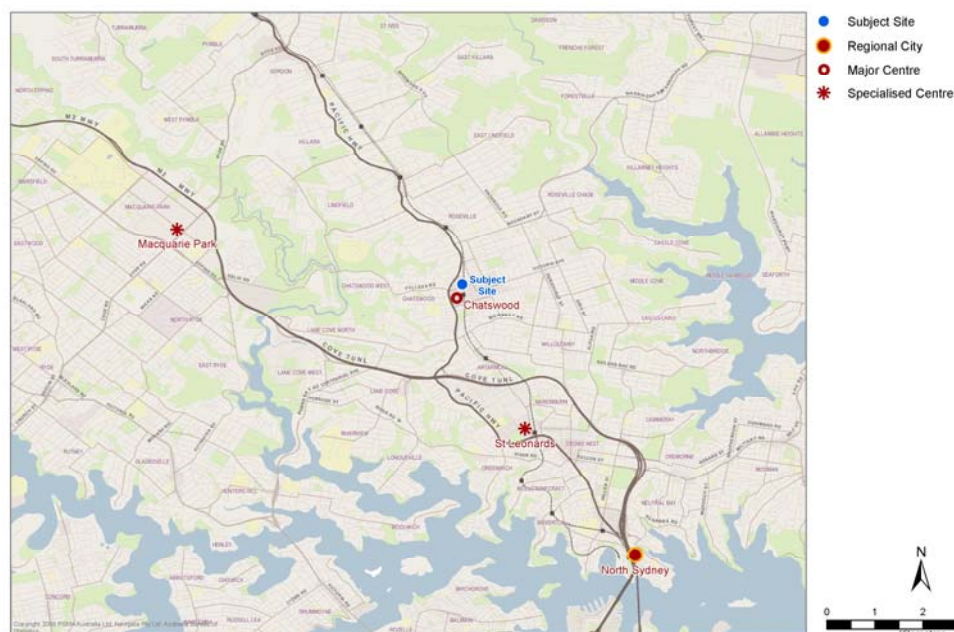
*"Major shopping and business centre serving immediate subregional residential population usually with a full scale shopping mall, council offices, taller office and residential buildings, central community facilities and a minimum of 8,000 jobs."*

Currently Chatswood contains just under 300,000 sq.m of office space, 190,000 sq.m of retail including two major malls, and a significant amount of high density residential clustered around the main transport interchange.

The centre of Chatswood is well served by both private and public transport, including road, rail and bus networks.

Map 1.1 shows the location of Chatswood in the context of greater Sydney. The map also displays the other major office locations in the inner north, including North Sydney (5km), St Leonards/Crows Nest (3km) and North Ryde (Macquarie Park, 5km). The significance of these centres and their relationship with Chatswood are discussed in Section 2.1.

**Map 1.1 Subject Site Regional Context**



## 1.2 Pacific Place

The site in question is part of a larger master-planned development called Pacific Place, the location of which is shown on Map 1.2. This development currently contains seven residential buildings; three are high density, ranging from 23 to 33 stories, whilst the other four are medium density of 4 to 6 stories.

Pacific Place is situated in the Chatswood central commercial area, just to the east of the Pacific Highway. The site sits on the corner of Railway St and Help St. The North Shore railway line runs directly through the site.

The surrounding land uses are as follows:

- North: Medium/high density residential.
- East: Medium/high density residential immediate to the east of the railway line. On the other side of this is a major retail precinct that includes Chatswood Chase and Westfield Chatswood shopping centres.
- South: Commercial precinct from Help St to Albert Ave.
- West: Commercial precinct bordered by Pacific Highway

The site is within 400m of the Chatswood Transport interchange, which provides bus and train services as outlined above. It is within 1 km of other community services including Chatswood High School, Chatswood Public School and the two major shopping centres mentioned above.

**Map 1.2 Pacific Place Local Context**



## 2 Chatswood Office Market

### 2.1 Competition

As mentioned previously, there are three centres in Sydney's Inner North besides Chatswood that are expected to absorb future demand for office space. Full profiles of these markets are described in Appendix A.1. This information is summarised below:

- **North Sydney:** CBD style office precinct located on Pacific Highway just north of Harbour Bridge. Stock is generally of higher quality than Chatswood and attracts higher rents.
- **St Leonards/Crows Nest:** Stretched along Pacific Highway further north than North Sydney. Contains similar grade to North Sydney but with slightly lower rents (still above Chatswood).
- **Macquarie Park (North Ryde):** Growing commercial area located just south east of Macquarie University. Much of the stock is new and development is occurring rapidly. The stock is characterised by large floorplates and fewer stories due to the lower cost and availability of land. Rents are also much lower due to lower construction costs.

Of these precincts, we believe that Macquarie Park is the most competitive centre with Chatswood. North Sydney and St Leonards are generally viewed as too expensive for the types of tenants that would be attracted to Chatswood, and more aimed at those who require a CBD-style office alternative, or require medical suites near the Royal North Shore Hospital, as is the case with St Leonards.

Macquarie Park has a distinct advantage over Chatswood in that land has been significantly cheaper and available. This means that developers can make significant savings building low rise offices with large floorplates, which in turn are passed on in lower rents. Furthermore, the fact that Macquarie Park is further from the city has largely been negated by the completion of the Chatswood-Epping rail link, along with the improved road connection via the Lane Cove Tunnel.

Future development at Macquarie Park will compete with Chatswood mainly in the provision of A-Grade stock. This is because the large floorplates in Macquarie Park require large tenants. These tenancies are only provided for in the A-grade stock in Chatswood, as the lower grades are mainly smaller offices of around 250-500 sq.m in available floorplate size.

### 2.2 Chatswood Office Supply

Chatswood currently has an estimated 295,000 sq.m of office floorspace, of which 253,000 sq.m is occupied.

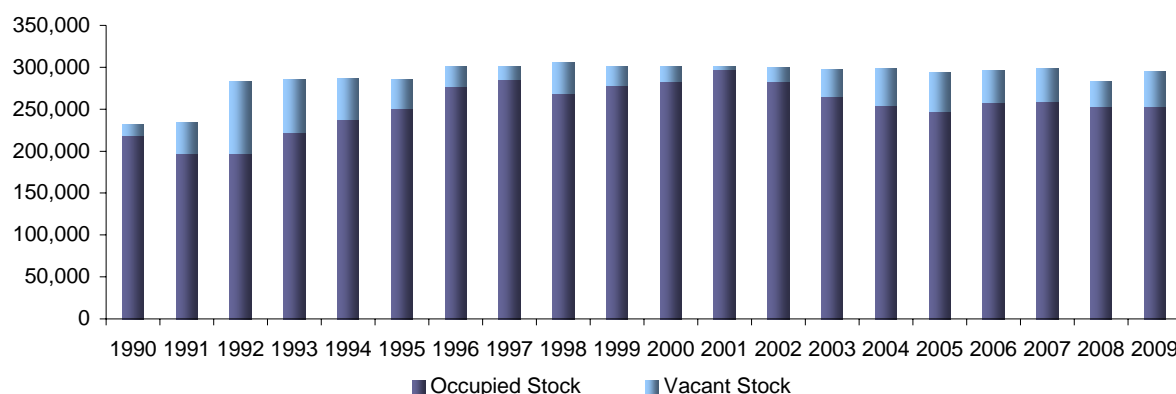
Chart 2.1 displays occupied and vacant office stock in Chatswood from 1990 to 2009. Since 1992, the change to the total amount of office stock in Chatswood has been negligible, hovering at or just below 300,000 sq.m. While occupancy improved gradually up to 2001, it has dropped away markedly since then with vacancy of around 42,000 sq.m in 2009.

We are unaware of any future committed or mooted office developments within Chatswood. Given the current state of the market and the inability of developers to secure pre-commitments for Chatswood this is unsurprising.

In contrast, Macquarie Park, North Sydney and St Leonards/Crows nest all have new supply coming into the market. Macquarie Park has more than 82,000 sq.m committed, while North Sydney has more than 49,000 sq.m committed. While St Leonards only has a small amount of floorspace committed (3,500 sq.m), a further 70,000 sq.m has been mooted as part of the Gore Hill Technology Park and Royal North Shore Hospital.

Chatswood Total and Occupied Office Stock

Chart 2.1



Source : PCA Office Market Report Jan 09

## 2.3 Chatswood Office Rental Levels

Table 2.1 gives indicative rental levels for Chatswood and other Inner North centres based on our discussion with local agents. Chatswood is divided into two grades, A and B-C. The lower grades are not segmented due to the advice of leasing agents that both of these grades are generally for small tenancies and there is not a substantial difference between them. Comparisons are made with other centres in A-Grade rents due to the opinion that most tenants in lower grades are small local businesses and less likely to relocate away from their home markets.

The rental figures quite clearly establish a pecking order between the four centres. In terms of both net rents and incentives, Chatswood is cheaper than North Sydney and St Leonards, but more expensive than Macquarie Park.

The fact that Macquarie Park has been able to add a significant amount of stock over the past few years with net rentals as low as \$285-\$315, and with significant incentives, shows the massive advantage it has in terms of lower developer costs. Meanwhile Chatswood, which has higher rents than Macquarie Park, has not had a significant amount of stock added since 1992.

Rental, incentive and vacancy levels in Chatswood are not currently at a level that would sustain construction of new office. The nature of Chatswood requires that high rise office towers (in excess of 20 stories) need to be constructed to achieve appropriate floor space requirements for each site. In contrast the large and plentiful sites in North Ryde lend it to a significantly lower construction cost base, as buildings are typically low rise of six to seven stories. This creates a significant cost disadvantage for Chatswood.

Chatswood and Competetive Centres Indicitive Rents

Table 2.1

Centre	Grade	Rents	Incentives
		(per sq.m)	
Chatswood	A	\$350-\$410 net	35% gross
	B-C	\$250-\$350 gross	1-2 months
North Sydney	A	\$475-\$550 net	25-30% gross
St Leonards	A	\$425-\$480 net	30% gross
Macquarie Park	A	\$285-\$315 net	40-50%gross

Source : Various Agents; Urbis

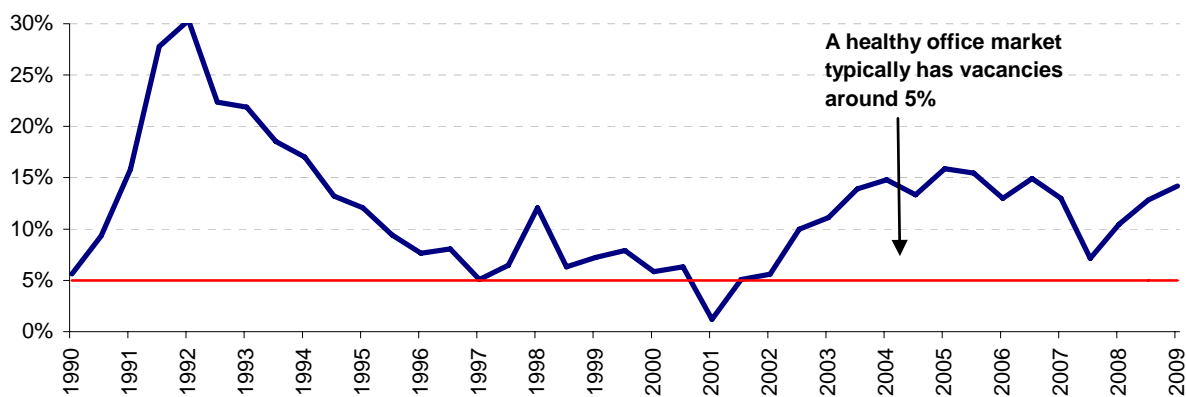
## 2.4 Chatswood Office Vacancy

Chatswood currently have a total commercial vacancy rate of 14.2%, the highest among Sydney's commercial centres (refer Chart 2.2). This represents a total vacancy of 41,880 sq.m (as of January 2009).

Over the past two decades, vacancy has varied considerably. After peaking in 1992 at almost 30% (driven by a large increase in supply and a collapse of the Sydney property market), vacancy has largely varied between 5% and 15%. In the past eighteen months, vacancy has increased again and is now at the top end of this range in Sydney. A healthy office market generally shows vacancies of around 5% - vacancies in Chatswood have only been at or below this level three times over the last twenty years.

**Chatswood Office Vacancy Rate, 1990 - 2009**

**Chart 2.2**

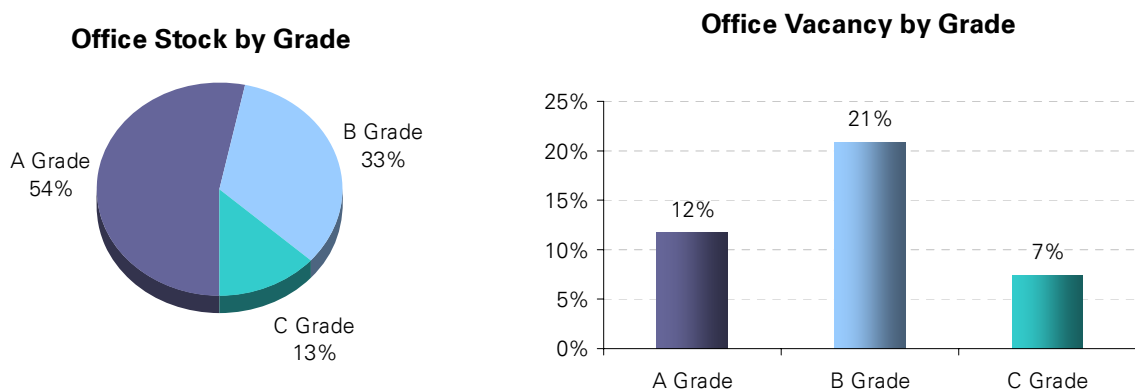


Source : PCA Office Market Report Jan 09

The majority of stock in Chatswood is A grade space, with 33% B grade and 13% C grade. Vacancy is concentrated in the B Grade stock (21%), while the A grade stock has 12% vacancy (refer Chart 2.3).

**Chatswood Office Stock by Grade and Vacancy Rates, Jan 2009**

**Chart 2.3**



Source : PCA Office Market Report Jan 09

There are a number of key factors that have driven the high vacancy rate at Chatswood:

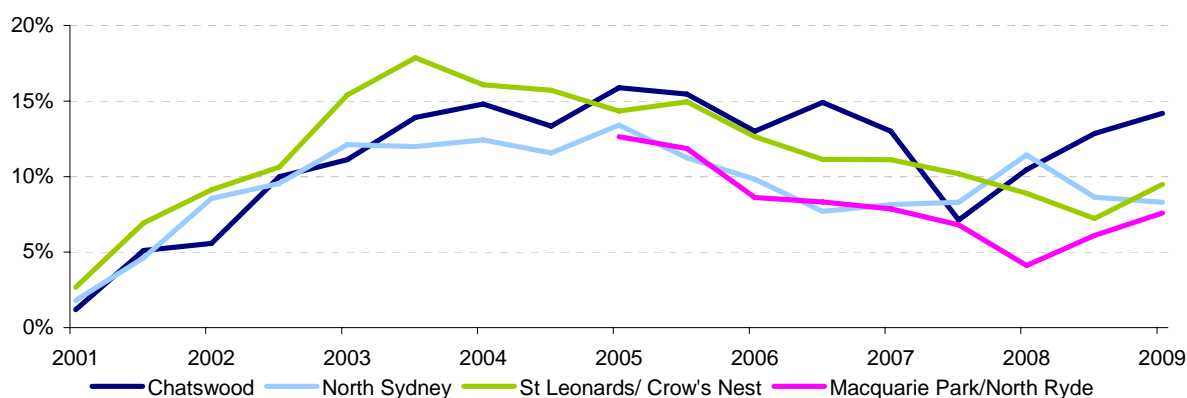
- The recent economic downturn has led to increased vacancy throughout Sydney.

- While the global economic downturn has clearly had an impact, Chatswood has a far more significant problem - the ongoing development of Macquarie Park. Indeed, the development of Macquarie Park is likely to have an impact on the whole Sydney commercial property market, with particular emphasis on Chatswood due to geographical proximity. The recent opening of a train link between Chatswood and Macquarie Park (North Ryde) is likely to exacerbate this impact by reducing Chatswood's transport point of difference.
- The impact of Macquarie Park continues to be felt by Chatswood - CSR is relocating its head office from Chatswood to Trinity Business Campus (Macquarie Park) in 2010. Leasing agents have suggested that CSR is not the only organisation likely to move. These moves will continue to put significant pressure on vacancy rates at Chatswood, especially given the level of take-up and absorption that Chatswood has been able to achieve recently.

Chart 2.4 compares vacancy rates in Chatswood to other Inner North centres for the last nine years. Of particular interest is the relationship between Chatswood and Macquarie Park. Macquarie Park has had lower vacancies than Chatswood since data recording commenced in 2005.

Inner North Office Vacancy Rates, 2001 - 2009

Chart 2.4



Source : PCA Office Market Report Jan 09

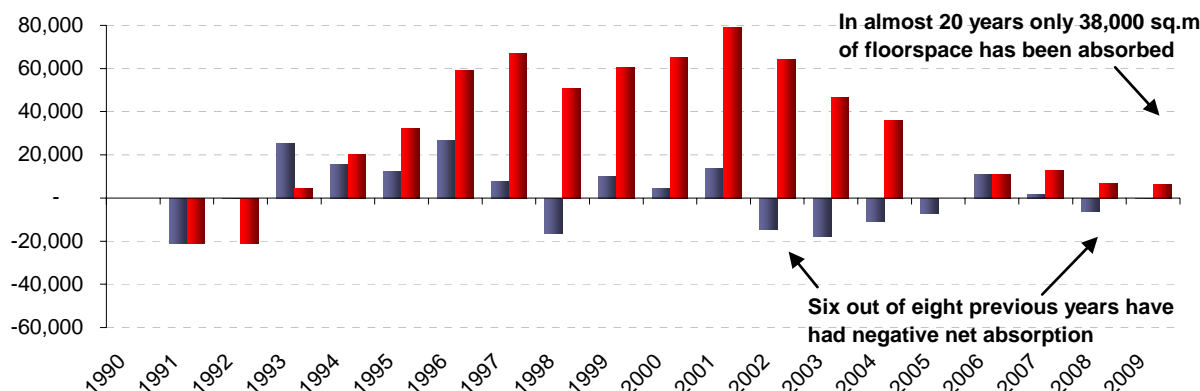
## 2.5 Chatswood Office Net Absorption

The high level of vacancy discussed above is reflective of the low level of net absorption that has occurred at Chatswood both historically and in recent years (see Chart 2.5). Only 38,000 sq.m has been absorbed at Chatswood since 1991. Since 2001, net absorption has been equal to around **negative** 44,000 sq.m. In the past year, net absorption was marginally negative at -273 sq.m. The blue bars show annual absorption whilst the red bars show cumulative absorption.



Chatswood Net Annual and Cumulative Floorspace Absorption, 1990 - 2009

Chart 2.5

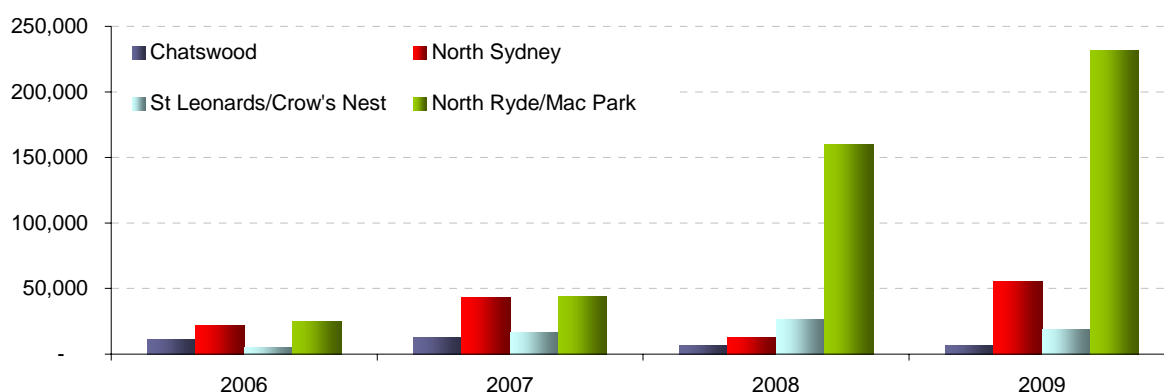


Source : PCA Office Market Report Jan 09

The negative net absorption of office space in Chatswood is symptomatic of a location that is losing market share. As shown in Chart 2.6, since 2005 the commercial centres in Inner Northern Sydney (including North Sydney, Chatswood, St Leonards/Crows Nest and Macquarie Park/North Ryde) have absorbed a total of more than 312,000 sq.m of commercial floorspace. However Chatswood has only absorbed 6,000 sq.m, equating to a market share of 2%. In contrast North Ryde/Macquarie Park has absorbed 231,000 sq.m, or 74% of the total demand over that time.

Sydney Inner North Centres Cumulative Absorption, 2006 - 2009

Chart 2.6



Source : PCA Office Market Report Jan 09

## 2.6 Future Absorption - Chatswood

On the basis of historic evidence alone, it is clear that Chatswood will find it difficult to achieve the level of growth in commercial floorspace envisaged in the Inner North Draft Subregional Strategy. As noted above, this document indicates that *"Willoughby Council is examining opportunities to strengthen its commercial role and deliver an additional 95,000 m<sup>2</sup> of office space over the next twenty years."* Delivery of this level of supply would require absorption of around 137,000 sq.m over the next twenty years to take account of the current level of vacancy.

Such a level of absorption will be a difficult to achieve in twenty years, particularly given:

▪ **Historic Suburban Market Performance:**

- The major non-CBD office locations other than North Ryde have only absorbed 337,000 sq.m of commercial floorspace since 1990, or 18,000 per annum. If we assumed that this trend continued, total absorption over the next twenty years **could** be in the vicinity of 360,000 sq.m. For Chatswood to absorb 137,000 sq.m over this period and achieve the objective of the INDSS, it would need to achieve a market share of 38% compared to a market share of 10% over the past twenty years.
- Since 2001, these major non-CBD locations (excluding North Ryde) have actually had **negative** net absorption of almost 38,000 sq.m.

▪ **New Supply:**

- Macquarie Park has potential for a further 900,000 sq.m of commercial floorspace according to the INDSS. This would more than double the amount of floorspace in North Ryde from the current 756,000 sq.m.
- Supply within the Sydney CBD is set to continue to grow significantly into the future. The Barrangaroo development is currently expected to provide more than 500,000 sq.m, making it significantly larger than Chatswood.

▪ **Weak Population Growth:**

Official population forecasts for the Willoughby LGA predict an average growth of 0.5% per year between 2001 and 2031. Growth for the Inner North subregion as a whole is also forecast to average 0.5% per annum over this period (see Appendix A.2.1). In contrast, the INDSS employment targets have annual employment growth in Chatswood and the Inner North as a whole at 0.9% and 0.8% respectively (see Appendix A.2.2).

In order for employment growth at Chatswood to be significantly stronger than population growth, the following has to occur:

- Labour force participation rates need to continue to increase; and/or
- The share of employees in white collar industries will need to continue to increase; and/or
- Chatswood needs to attract an increasing share of total employment; and/or
- Employees need to be sourced from outside the broader region.

While we expect that the right market conditions **could** result in participation continuing to grow, white collar work **could** increase its share of total employment, and employees **could** be sourced from outside the broader region, there remains real risk that this is not the case. Further, as we have shown above, history suggests that Chatswood is unlikely to turn its market share around to such an extent to achieve the required growth rates.

▪ **Employment Levels are Currently Falling:**

- Employment targets from the INDSS for Chatswood are somewhat out of date, and do not take account of the amount of office employment that has been lost from Chatswood. Since 2001, occupied stock at Chatswood has decreased by around 44,000 sq.m (which, assuming 20 sq.m per worker, amounts to 2,200 office workers). Taking this into account, Chatswood would now need to achieve an annual employment growth rate of 1.7% to reach its target of 30,300 jobs by 2031.



▪ **More Successful Office Locations have Ample Capacity:**

- The INDSS indicates future demand for up to 61,000 jobs over the forecast period for the Inner North region. Even if we conservatively assume that 70% of these are white collar office, each requiring around 20 sq.m of floorspace, total floorspace demand would only be 854,000 sq.m. This level of demand is lower than the remaining capacity in North Ryde.

While the historic performance of Chatswood clearly doesn't provide any indication of a high growth future for the Chatswood office market, markets can change and there may be scope for the City of Willoughby to drive an improvement in net absorption.

Given the expectation that vacancy at Chatswood will rise before it starts to come down again (e.g. imminent relocation of CSR), the City of Willoughby should focus its attention on stemming the flow of businesses away from Chatswood. This can be achieved by improving local amenity, supporting local retail owners and retailers, and ensuring that residential development can continue to grow to provide the critical mass that will support a level of services that would be attractive to a prospective commercial tenant.

As it currently stands, the market is showing a preference away from Chatswood. North Ryde/ Macquarie Park is proving too attractive a proposition for the majority of prospective office tenants. Given the continued improvements to access to North Ryde, and as the region continues to develop allied services to support the office component, the competition provided by North Ryde is likely to only get stronger.

### 3 Office vs. Residential Development

In comparison to office development, residential development is currently in demand in Chatswood. This is evidenced by the previous stages of Pacific Place which have historically sold out prior to completion of construction.

For appropriate A-Grade buildings to be developed in Chatswood, rents of between \$500 and \$550 (net) are likely to be required (economic rent). This compares to \$410 (net) that is at the upper level currently being achieved in Chatswood. Given the competitive environment mentioned above it is very unlikely that rents in Chatswood will rise to a level that makes development viable, as indeed rents have not changed significantly for the past 5-10 years.

In the current economic climate, a net office rental of \$410 before deduction of an incentive, which currently range between 25% and 35%, in A Grade office space would result in a value below \$4,000 per square metre assuming a capitalisation rate of 8%. This of course would assume that the building was fully leased, which is unlikely given the current growing long term vacancy levels in Chatswood. Given the cost of construction, car parking, land costs, other on costs such as interest charges and the requirement for a profit, the current rental settings do not make for a viable development, with the current threshold value for development exceeding \$5,000 per sq.m.

In contrast, residential sales prices have been in excess of \$6,000 per sq.m, as demonstrated by sales achieved in Pacific Place. The level of value generated by residential far exceeds that of office, despite the fact that the construction costs are not significantly different for the two forms of construction. At this level, construction is viable and could generate immediate development activity and construction jobs as well as bolster local retail with the introduction of new residents into the area.

Residential development on the subject site can be beneficial to Chatswood for the following reasons:

- Market demand dictates that development can begin right away. This will stimulate employment in construction.
- More residents will also contribute to higher demand for retail and services. This will support employment growth in these fields and support floorspace growth in Chatswood's major retail centres.
- Allowing a residential development as opposed to leaving the site vacant for the foreseeable future will enhance the liveliness of Chatswood as a mixed use centre. This could over time help enhance Chatswood's desirability as an office location and possibly prevent further leakage of office employment to other locations.

## 4 Conclusions and Recommendations

This section provides our conclusions regarding the state of the Chatswood office market, and what this means for the Pacific Place .

### **Major new office development is unlikely to happen in Chatswood in the foreseeable future,...**

There are a number of key factors that suggest that expectations of strong growth in demand for office floorspace in Chatswood is unlikely to eventuate:

- The employment and office floorspace targets appear high given the current level of vacancy;
- Chatswood is unlikely to be able to attract tenants of a scale that would support new development;
- North Ryde (including Macquarie Park) still have significant capacity to support new development. The Sydney CBD will also have significant new capacity with the Barrangaroo development)
- Chatswood can not compete with Macquarie Park in terms of rents or incentives.
- Current rents will not support office development. Furthermore, competitive supply will continue to come on line, keeping rents at Chatswood low and preventing office development from becoming economical.
- Development at Chatswood is also hampered by the inability to attract large tenants for pre-commitment. This is unlikely to change in the short to medium term.

### **...the subject site does not need to be retained for future office demand, ...**

There is unlikely to be a need for the subject site as an office development over the long term given:

- The current and historic performance of the Chatswood market does not provide any indication of long term growth in demand. Indeed, in recent years net absorptions has been negative.
- North Ryde appears to have enough capacity to absorb almost all demand generated within the Inner North region. Further, the capacity of the CBD will increase significantly with the Barrangaroo development.

### **...and residential development can be supported now.**

On this basis, we consider it unnecessary to reserve Pacific Place for future office floorspace needs. This is likely to simply postpone any development of the site indefinitely.



## Appendix A    Office Market Data

## A.1 Competitive Office Centres

### Macquarie Park

#### Key Facts

<b>Location</b>	Area bounded by the M2 to the north-east, Epping Road to the south-east, with Lane Cove Road intersecting the site at the southern end.
<b>Dist from Chatswood</b>	5 km north west
<b>Major Arterials</b>	M2 Motoway, Epping Road, Lane Cove Road, Lane Cove Tunnel
<b>Office Floorspace</b>	755,897 sq.m
<b>Av 4yr Absorption<sup>1</sup></b>	57,864 sq.m
<b>Current Vacancy</b>	7.6%
<b>Average Rents<sup>2</sup></b>	\$285-315 per sq.m
<b>Incentives</b>	40-50% of gross
<b>Known Future Supply</b>	82,745 sq.m
<b>Comments</b>	<ul style="list-style-type: none"> <li>- Accessibility greatly improved by the Chatswood-Epping rail link.</li> <li>- Potential for an extra 900,000 sq.m</li> <li>- Development costs much lower than Chatswood</li> <li>- Larger floorplates than Chatswood</li> </ul>



Photo : Macquarie Park Railway Station

1. Data only available for 4 years.

2. Net rents for A-grade stock

Source : INDSS; PCA Office Report; Urbis

## North Sydney

### Key Facts

<b>Location</b>	Stretching along Pacific Highway from the Harbour Bridge to North Sydney Girls High.
<b>Dist from Chatswood</b>	7 km south east
<b>Major Arterials</b>	Warringah Freeway, Pacific Highway, Harbour Bridge, Harbour Tunnel
<b>Office Floorspace</b>	814,893 sq.m
<b>Av 5yr Absorption</b>	8,213 sq.m
<b>Current Vacancy</b>	8.3%
<b>Average Rents</b>	\$475-\$550 per sq.m
<b>Incentives</b>	25-30% of gross
<b>Known Future Supply</b>	49,305 sq.m
<b>Comments</b>	<ul style="list-style-type: none"> <li>-More premium "CBD style" office stock than Chatswood</li> <li>-Rents much higher</li> <li>-North Sydney Station to be upgraded 2010</li> <li>-Target of 250,000 sq.m additional floorspace</li> </ul>

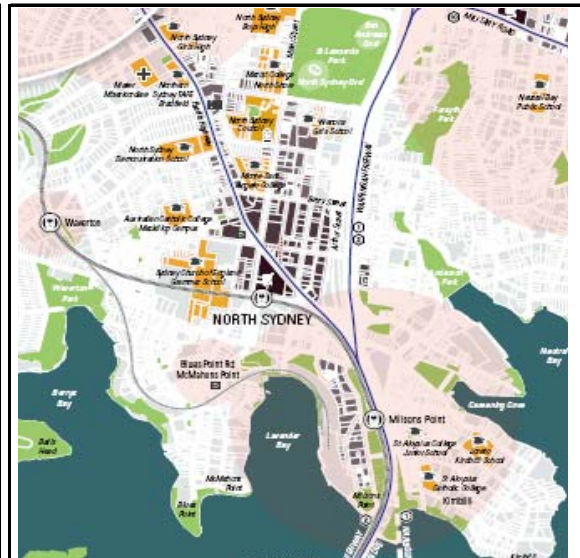


Photo : North Sydney

1. Net rents for A-grade stock

Source : INDSS; PCA Office Report; Urbis

## St Leonards

### Key Facts

<b>Location</b>	Area along Pacific Highway from North Sydney Girls High to Gore Hill Technology Park.
<b>Dist from Chatswood</b>	5 km south
<b>Major Arterials</b>	Pacific Highway, Warringah Freeway
<b>Office Floorspace</b>	354,084 sq.m
<b>Av 5yr Absorption</b>	5,148 sq.m
<b>Current Vacancy</b>	9.5%
<b>Average Rents</b>	\$425-\$480 per sq.m
<b>Incentives</b>	30% of gross
<b>Known Future Supply</b>	3,555 sq.m
<b>Comments</b>	-Also "CBD style" stock -Rents in between North Sydney and Chatswood

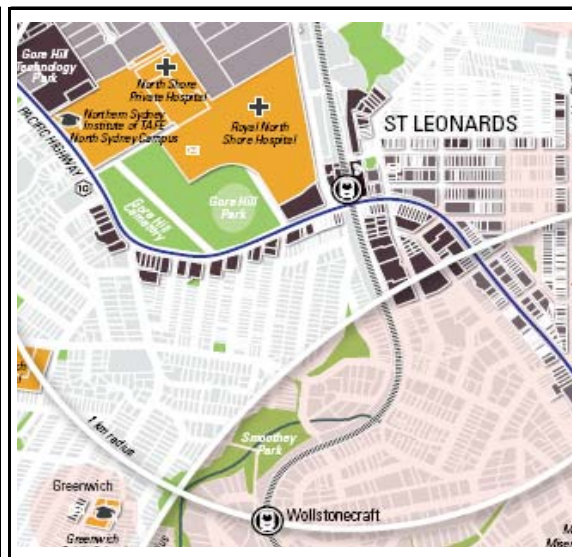


Photo : Clemenger Building, St Leonards

1. Net rents for A-grade stock

Source : INDSS; PCA Office Report; Urbis



## A.2 Supporting Tables

**Historic & Projected Population Growth 2001-2031**
**Table A.2.1**

Year	Estimated Resident Population (No.)						Total
	Willoughby	Mosman	North Sydney	Lane Cove	Hunter's Hill	Ryde	
2001	61,795	27,851	58,711	32,086	13,382	99,151	292,976
2031	72,180	28,620	75,490	34,130	17,340	111,780	339,540
<b>Average Annual Growth (No.)</b>							
2001-2031	346	26	559	68	132	421	1,552
<b>Average Annual Growth (%)</b>							
2001-2031	0.5%	0.1%	0.8%	0.2%	0.9%	0.4%	0.5%

Source : ABS Cdata 1991, 1996, 2001 and 2006; ABS, Regional Population Growth, Australia, Electronic Delivery (3218.0.55.001); NSW SLA Population Projections 2001 to 2031; Urbis

**INDSS Employment Targets**
**Table A.2.2**

Centre/Region	Employment		Average Annual Growth (%)	% of Inner North Growth
	2001	2031		
Chatswood	23,000	30,300	0.9%	12%
North Sydney	49,000	60,000	0.7%	18%
St Leonards	25,100	33,300	0.9%	14%
Macquarie Park	32,200	55,300	1.8%	39%
<b>Total Centres</b>	<b>129,300</b>	<b>178,900</b>	<b>1.1%</b>	<b>83%</b>
<b>Total Inner North</b>	<b>228,000</b>	<b>288,000</b>	<b>0.8%</b>	<b>100%</b>

Source : Inner North Draft Subregional Strategy; Urbis