

OPINION
on
CLEVELAND STREET SITE,
REDFERN

Prepared For:

HIGH QUALITY BUILDING PTY LTD

Prepared By:

LEYSHON CONSULTING PTY LTD
SUITE 1106 LEVEL 11
109 PITT STREET
SYDNEY NSW 2000

TELEPHONE (02) 9224 6111
FACSIMILE (02) 9224 6150

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1 INTRODUCTION

1.1 Background

This Report has been prepared by Leyshon Consulting Pty Ltd for High Quality Building Pty Ltd which has proposed a mixed-use five storey development on a site at 175-177 Cleveland Street, Redfern (hereafter the subject site). The proposed development would comprise student accommodation for 40 students and a residential flat building containing 13 apartments.

We understand the application for approval was made to the Department of Planning and Infrastructure pursuant to State Environmental Planning Policy (Major and Regional Development) 2011 given that the subject site forms part of the “Redfern – Waterloo Sites” State Significant Site.

In issuing the Director General’s Requirements, the Department noted that the proposal is exclusively for residential accommodation and has requested comment on whether there is a need for some component of commercial floorspace on the subject site.

The purpose of this Report is to respond to this request.

2 CONTEXT

The subject site is located close to the intersection of Cleveland and Regent Streets and is on the border between the suburbs of Chippendale and Redfern.

Cleveland Street is a four-lane road carrying high volumes of traffic. Cleveland Street provides a link to Abercrombie Street and enables traffic originating from areas to the south of Redfern to bypass the CBD and access Sydney's Inner West or to travel north via the Harbour Bridge.

Parking is prohibited outside subject site and in any event, this part of Cleveland Street is subject to significant clearway restrictions Monday to Friday between 6 am and 10am and between 3pm and 7pm in the afternoon.

We note the subject site is only accessible by vehicles travelling westbound on Cleveland Street. There is no capacity for eastbound vehicles to turn into the site.

We also note the site does not enjoy extensive "sight lines" for west-bound passing traffic due to its close proximity to the intersection of Cleveland and Regent Streets and the geometry of the intersection.

Immediately to the east of the site on Cleveland Street is a YWCA residential development. To the immediate west is a residential apartment block and beyond that a large student accommodation development known as Urbanest.

On the opposite side of Cleveland Street (the northern side) is a Dulux trade paint outlet and dog daycare facility. Adjacent to the Dulux development is a Waldorf serviced apartment complex.

The surrounding area consists of a mix of traditional terrace houses and older warehouse-style buildings. Some of the latter have been converted to office-type uses and some to residential apartments.

The subject site is about five minutes walking time from Redfern station and approximately 10 minutes from Central Station.

3 POTENTIAL COMMERCIAL USES

3.1 Retail Uses

In our opinion, the subject site is unsuitable for retail or showroom uses. As noted above, there is no curbside parking which often is very important to retail activity in city areas. Secondly, as also noted above, due to poor sight lines motorists travelling westbound along Cleveland Street effectively are 'on top of' the subject site before they know it. Furthermore, there is no access to the subject site for eastbound motorists on Cleveland Street.

While there are some low intensity retail uses in the surrounding area the majority of these appear to be oriented toward meeting the needs of local residents and those who work nearby. No significant cluster of retailers exists, however, which might otherwise make this part of Cleveland Street an attractive destination for shopping per se.

In our opinion, the subject site is not suitable for outdoor dining given that it lacks the required amenity due to the significant volume of passing traffic.

3.2 Office Uses

As previously noted, the Chippendale area has developed a reputation over time as a location for "creative industries". This has been facilitated by the conversion of former warehouse properties to office accommodation.

A survey of commercial rents in the area indicates these older style properties command very low rents—in the order of \$275 to \$325 per m² per annum (net).

Despite the relatively low rents being charged for commercial space in the Chippendale area a survey of available properties for lease on commercial real estate web-sites indicates there is at least 4,956m² of vacant office space available at present in the Chippendale area.

APPENDIX A provides details of current vacancies.

It would not be economically feasible to develop new office space on the subject site given prevailing rents. Further, the extent of current vacancies indicates there is no unmet demand for office space in the area at present.

3.3 Warehouse Use

There are some residual warehouse and distribution activities being undertaken from properties in the Chippendale/Redfern area. Generally, however, many of these types of activities have relocated to other parts of South Sydney, Botany or to Sydney's Central West or outer suburbs, which are more central to the overall metropolitan market or more accessible in terms of the delivery and dispatch of stock by truck.

We do not consider the subject site has potential for such activities given its highly restricted access as far as commercial vehicles are concerned .

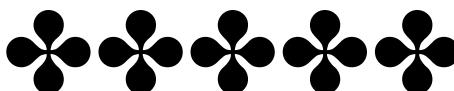


CONCLUSION

On the basis of research we have conducted, and our inspection of the subject site and the surrounding area, we conclude that:

- there is no potential for retail development on the subject site;
- while theoretically there may be some potential for commercial office space development on the site, surrounding areas are currently oversupplied with office space and such development does not appear to be economically feasible; and
- the subject site does not have potential for industrial warehouse distribution activities given its accessibility problems.

Accordingly, we conclude that residential accommodation, including student accommodation, appears to be the most appropriate form of development on the site from an economic perspective .



Appendix A

Current Listing of Office Space to Rent – Chippendale, April 2014

Address	Area (sq.m)	Comments
45 Chippen Street	300	
122-130 Abercrombie Street	250	
94 Abercrombie Street	100	ground floor shop
97 Rose Street	500	
36 – 42 Chippen Street	1,022	office/showroom
63 – 71 Balfour Street	200	
55 Regent Street	110	ground floor retail
140 – 144 Cleveland Street	138	two separate tenancies
5 Queen Street	437	
3 Blackfriars Street	224	
13-15 Levey Street	230	
97 Myrtle Street	732	two separate tenancies
140 Myrtle Street	479	
5 – 13 Queen Street	234	
Total	4,956	
Source: www.commercialrealestate.com.au (24 th April 2014)		