

## 10.14.1st Quarterly Property Portfolio Report 2023/2024

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<b>ENDORSED BY</b>	Gary Parsons, Director Open Space and Infrastructure
<b>ATTACHMENTS</b>	1. CONFIDENTIAL - 1st Quarterly Property Portfolio Report 2023/24 02 11 2023 [10.14.1 - 7 pages]
<b>CSP LINK</b>	2. Our Built Infrastructure 2.1 Infrastructure and assets meet diverse community needs

### PURPOSE:

The purpose of this report is to provide Council with an overview of the Property Portfolio's performance and activities for the 1<sup>st</sup> Quarter of 2023/2024, 1 July 2023 to 30 September 2023.

### EXECUTIVE SUMMARY:

- The actual income for the first quarter (Q1) of the 2022/2023 financial year, received on a cash basis amounted to \$1,599,220.96. This was slightly under the forecasted budget of \$1,602,159 for the quarter by \$2,938.04 representing a less than 1% decrease for the quarter. The slightly lower income was due to historic arrears.
- The income received on an accrual basis for the first quarter of 2023/24 amounted to \$1,678,761.00.
- Council's Property Portfolio vacancy rate at the end of September was 6.4%, which remains the same as it was at the end of June 2023.
- The confidential attachment includes monetary information relating to property income, including Outdoor Dining, as well as leasing transactions, arrears data and carpark income. Should Council wish to discuss this report it is noted that the attached confidential document includes information that would, if disclosed, confer a commercial advantage on a competitor of the Council. Further, release of the information would, on balance, be contrary to the public interest as it would affect Council's ability to obtain value for money services. If the Council wishes to discuss the report, the meeting should be closed to the public to do so in accordance with Section 10A(2)(a) of the Local Government Act (LGA).

### RECOMMENDATION:

**1. THAT** the report be received.

**2. THAT** Council resolves that the identified attachment to this report is to be treated as confidential in accordance with section 11(3) of the Local Government Act for the following reason under Section 10A (2) of the Local Government Act:

*(d) commercial information of a confidential nature that would, if disclosed (ii) confer a commercial advantage on a competitor of the Council. It is further noted that the release of this information would, on balance, be contrary to the public interest as it would affect Council's ability to obtain value for money services.*

## Background

This report provides Council and the community with a detailed overview of the performance of Council's Property Portfolio, for the first quarter of 2023/24.

## Report

### Vacancy Position of North Sydney Council's Property Portfolio

Council's Property Portfolio incorporates a diversified portfolio, consisting of office, retail, community centres, outdoor seating arrangements and other assets. There is currently an overall vacancy rate of 6.40% across the Portfolio. The North Sydney CBD commercial vacancy rate is 19.2%.

The following properties are currently listed as vacant. Council's Property Managing Agents, Colliers International, are responsible for the lease negotiations and management of Council's properties under lease.

<b>Building</b>	<b>Unit</b>	<b>Area (m<sup>2</sup>)</b>	<b>Comments</b>
Balls Head Drive, 2 Waverton	Café	87.1	Lease arrangements being finalised with operation commencing December 2023
James Place, 1 North Sydney	3.01	304.8	Low office space demand currently in North Sydney
James Place, 1 North Sydney	5.01	273.2	Low office space demand currently in North Sydney
Miller Street 283A, North Sydney	Suite 9	320.7	Low demand for this type of space in North Sydney.
Pacific Highway, 80 North Sydney	Shop 8	43.3	HOA issued.
Ridge Street, 43 North Sydney	GF & 1.02	155.7	Stair access restricts market demand.

Table 1(a): Current Vacancies within the North Sydney Council Property Portfolio

<b>MONTH</b>	<b>July</b>	<b>August</b>	<b>September</b>
Total Vacant Areas (m <sup>2</sup> )	1,365.10	1,520.80	1,520.80
Portfolio NLA (m <sup>2</sup> )	23,778	23,778	23,778
Vacancy % of Portfolio NLA	4.59%	6.89%	6.4%

Table 1(b): Vacancies as an overall area (m<sup>2</sup>) and % of the total property portfolio

<b>MONTH</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>Comments</b>
Total Vacant Parking Spaces	3	3	3	Colliers marketing for Lease
Total Parking Spaces under Portfolio	11	11	11	10 of the spaces are at 52 Alfred Street.

Table 1(c): Parking Spaces for lease in the Property portfolio

## Leasing Transactions for the 1<sup>st</sup> Quarter 2023/24

Proposed Transaction	Subject Property & Lessee/ Tenant	Term	Permitted Use	Lettable Area	Terms of Lease / Remarks
Renewal Lease	<b>Address:</b> - Harnett Street Carpark, North Sydney	<b>Period:</b> 01/09/2023-31/08/2026  <b>Term:</b> 3 years  <b>Option:</b> N/A	Carpark	384.30sqm	The Lessee will be responsible for the Lease preparation costs
Renewal Lease	<b>Address:</b> - 2 Henry Lawson Avenue, McMahons Point	<b>Period:</b> 30/07/2023-29/07/2028  <b>Term:</b> 5 years  <b>Option:</b> N/A	Seating for restaurant patrons	30sqm	The Lessee will be responsible for the Lease preparation costs
Renewal Lease	<b>Address:</b> - Shop 3, 192 Military Road, Neutral Bay	<b>Period:</b> 10/09/2023-09/09/2026  <b>Term:</b> 3 years  <b>Option:</b> N/A	Barber shop	30sqm	Council will be responsible for the Lease preparation costs in accordance with the Retail Leases Act.
Renewal Lease	<b>Address:</b> - Part 41 Alfred Street South, Milsons Point	<b>Period:</b> 01/07/2023-30/06/2028  <b>Term:</b> 5 years  <b>Option:</b> N/A	Italian Restaurant	212.4sqm	Council will be responsible for the Lease preparation costs in accordance with the Retail Leases Act.

Table 2: Leasing transactions for Council's owned and leased properties for the period ending 30 September 2023

	Address	Reason	Date	Remarks
<b>Acquisitions</b>	Nil			
<b>Disposals</b>	Nil			

*Table 3: Acquisitions and Disposals within the North Sydney Council Property Portfolio for Q1 23/24*

### **Consultation requirements**

There was no community engagement required in the development of this report.

### **Financial/Resource Implications**

Whilst staff are working to address arrears, leasing of office space within the North Sydney area remains challenging at this point in time.

### **Legislation**

The management of leases within Council's Property Portfolio is governed by the provisions of the Retail Leases Act 1994 and the Local Government Act 1993. These legislations set out the legal framework and requirements for handling retail leases and property management in Local Government, NSW.