

10.11.2nd Quarterly Property Portfolio Report 2022/23

AUTHOR: Risha Joseph, Acting Property Assets Manager

ENDORSED BY: Jon Higlett, Acting Director Engineering and Property Services

ATTACHMENTS:

1. CONFIDENTIAL - 2nd Quarterly Property Portfolio Report Confidential [10.11.1 - 6 pages]

PURPOSE:

The purpose of this report is to provide Council with information on the Property Portfolio for the second quarter (Q2) of 2022/2023 (period commencing 1 October 2022 and ending 31 December 2022).

EXECUTIVE SUMMARY:

This report comprises the following information:

- overview of Council's Property Portfolio;
- Property Portfolio vacancy rates;
- leasing transactions for the quarter;
- acquisitions and disposals for the quarter;
- outdoor dining licences; and
- major property projects (maintenance and capital works) for the quarter.

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. As such, should this matter be discussed it should be considered in closed session.

FINANCIAL IMPLICATIONS:

The total annual revenue budget for the Property Portfolio for the 22/23 financial year is forecast at \$6,505,229. The actual income for Q2 of 22/23 (October 2022 to December 2022) which was received on a cash basis through Colliers International was \$1,449,768.00 as of 31 December 2022. This is \$94,658 less than the forecasted budget of \$1,544,426 for the quarter, 6% less than projected. The income received on an accrual basis for the second quarter of 22/23 was \$2,917,429 and the period to date, \$1,408,966.

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 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.

LINK TO COMMUNITY STRATEGIC PLAN

The relationship with the Community Strategic Plan is as follows:

2. Our Built Infrastructure

2.1 Infrastructure and assets meet diverse community needs

BACKGROUND

This Quarterly Property Portfolio report comprises information on Council's property portfolio for the second quarter of 2022/23, 1 October 2022 to 31 December 2022. It is designed to give Council and the Community a detailed overview of the Property Portfolio, including its financial performance for the quarter.

The Public and Confidential attachments provide detailed information on the key business activities of the Property Portfolio.

This reports also includes updates on some of the major projects being undertaken by Council.

CONSULTATION REQUIREMENTS

Community engagement is not required.

DETAIL

The following information is a consolidated summary of North Sydney Council's Property Portfolio financial performance for Q2, 1 October 2022 to 31 December 2022.

Total number of leases: 291 including 155 Outdoor Dining Licenses.

Overall vacancy rate: 3.75%

Financial Performance

The actual income for the Q2 22/23 (October 2022 to December 2022) which was received on a cash basis through Colliers International was \$1,449,768 as of 31 December 2022. This is \$94,658 less than the forecasted budget of \$1,544,426 for the quarter, 6% less than projected. The income received on an accrual basis for Q2 22/23 was \$2,917,429 and the period to date, \$1,408,966.

The confidential attachment provides a detailed analysis of the actual income received for the Q2 22/23.

Vacancy Position of the North Sydney Council's Property Portfolio

The following properties are currently listed as vacant in North Sydney Council's Property Portfolio. Council's Property Managing Agents, Colliers International, manage all of Council's leasing transactions and are responsible for all aspects of lease negotiation and management of Council's properties that are under lease.

Overall, the vacancy rate of Council's Property Portfolio is 3.75%

Table 1(a) Current Vacancies within North Sydney Council's Property Portfolio

| <u>Building</u> | <u>Unit</u> | <u>Area (m2)</u> | <u>Comments</u> |
|---------------------------------------|------------------|------------------|---|
| Alexander Street, 34-48 Crows Nest | Shop 4 | 93.9 | Negotiations in progress with 2 prospective tenants |
| James Place, 1 North Sydney | Suite 5.01 | 273.2 | Colliers marketing for Lease |
| Miller Street 283A, North Sydney | Level 1, Suite 2 | 320.7 | Colliers marketing for Lease |
| Pacific Highway, 80 North Sydney | Shop 8 | 43.3 | Colliers marketing for Lease |
| Ridge Street, 43 North Sydney | GF & 1.02 | 155.7 | Colliers marketing for Lease |

Table 1(b) Summary of Vacancies as an overall area (m²) and % of the total property portfolio

| MONTH | October | November | December |
|---|-----------------------|-----------------------|---------------------|
| Total Vacant Areas (m²) | 1,084.8m ² | 1,043.8m ² | 890.8m ² |
| Portfolio NLA (m²) | 23,778 | 23,778 | 23,778 |
| Vacancy % of Portfolio NLA | 4.56% | 4.39% | 3.75% |

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

| MONTH | October | November | December | Comments |
|---|----------------|-----------------|-----------------|---|
| Total Vacant Parking Spaces | 4 | 4 | 4 | Colliers marketing for Lease |
| Total Parking Spaces under Portfolio | 11.00 | 11.00 | 11.00 | 10 of the spaces are at 52 Alfred Street. |

Table 2 Leasing Transactions for the 2nd Quarter 2022_2023

The following information is provided to Council in relation to the leasing transactions for Council's owned and leased properties for the period ending 30 December 2022.

| Proposed Transaction | Subject Property & Lessee/ Tenant | Term | Permitted Use | Lettable Area | Terms of Lease / Remarks |
|-----------------------------|--|---|---|----------------------|---|
| New Lease | Address: - 246 Miller Street, North Sydney Lessee: Ustyle Trading P/L | Period: 01/01/2023- 31/12/2027 Term: Five (5) years Option: Five (5) years | Ground Floor: Children's birthday gift shop First Floor: Residential | 117.4sqm | Council responsible for lease preparation costs as per the Retail Leases Act. |
| New License | Address: - Suite 3.01 & Level 6, 1 James Place Lessee: License to NSW Electoral Commission | Period: 23/01/2023- 05/05/2023 Term: 103 days Option: N/A | Office | 640.8sqm | Each party to bear their own costs. |

Acquisitions and Disposals within North Sydney Council's Property Portfolio for 22/23

On 24 November 2022, under a Land Transfer Program, the Office of Strategic Lands, Department of Planning and Environment (OSL), transferred the following 35 parcels of land located in the Local Government area of North Sydney, from the Planning Ministerial Corporation (PMC) to the ownership of North Sydney Council.

The land has always been managed and maintained by Council for the purposes of public open space and recreation. The parcels are in Tunks Park (Camberay), Primrose Park (Cremorne), Sawmillers Reserve (McMahons Point), Kurraba Reserve (Neutral Bay), Badangi Reserve (Wollstonecraft), Henry Lawson Reserve (McMahons Point), and on the Kirribilli Foreshore.

Tunks Park (Detail 1)

Zoning

- RE1 Public Recreation
- C2 Environmental Conservation

Source: NSC LEP 2013

| | |
|------------------------------|----------|
| Map Ref | 1 |
| Lot/DP | 3/531642 |
| Land size | 0.3718 |
| Address | |
| Cambridge St (off), Cammeray | |

| | |
|------------------------------|----------|
| Map Ref | 2 |
| Lot/DP | 1/537510 |
| Land size | 0.1739 |
| Address | |
| Cambridge St (off), Cammeray | |

| | |
|-------------------------|------------|
| Map Ref | 3 |
| Lot/DP | 37/1045547 |
| Land size | 0.07947 |
| Address | |
| 580 Miller St, Cammeray | |

Tunks Park (Detail 2)

Zoning

- RE1 Public Recreation
- C2 Environmental Conservation

Source: NSC LEP 2013

| | |
|-------------------------------|----------|
| Map Ref | 4 |
| Lot/DP | 2/558150 |
| Land size | 0.2359 |
| Address | |
| The Boulevard (off), Cammeray | |

Primrose Park (Detail 1)

Zoning

- RE1 Public Recreation
- C2 Environmental Conservation

Source: NSC LEP 2013

| | |
|--------------------------------|-----------|
| Map Ref | 5 |
| Lot/DP | 13/543093 |
| Land size | 0.06956 |
| Address | |
| Churchill Cres (off), Cammeray | |

| | |
|--------------------------------|----------|
| Map Ref | 6 |
| Lot/DP | 1/625787 |
| Land size | 0.09647 |
| Address | |
| Churchill Cres (off), Cammeray | |

| | |
|--------------------------------|-----------|
| Map Ref | 7 |
| Lot/DP | 11/533858 |
| Land size | 0.06829 |
| Address | |
| Churchill Cres (off), Cammeray | |

| | |
|--------------------------------|----------|
| Map Ref | 8 |
| Lot/DP | 2/614363 |
| Land size | 0.04292 |
| Address | |
| Churchill Cres (off), Cammeray | |

| | |
|--------------------------------|-----------|
| Map Ref | 9 |
| Lot/DP | 4/1014557 |
| Land size | 0.05148 |
| Address | |
| Churchill Cres (off), Cammeray | |

Primrose Park (Detail 2)

Zoning

- RE1 Public Recreation
- C2 Environmental Conservation

Source: NSC LEP 2013

| | |
|--------------------------------|----------|
| Map Ref | 10 |
| Lot/DP | 4/501936 |
| Land size | 0.07082 |
| Address | |
| Churchill Cres (off), Cammeray | |

| | |
|--------------------------------|----------|
| Map Ref | 11 |
| Lot/DP | 2/501936 |
| Land size | 0.06513 |
| Address | |
| Churchill Cres (off), Cammeray | |

Primrose Park (Detail 3)

Zoning

- RE1 Public Recreation
- C2 Environmental Conservation

Source: NSC LEP 2013

| | |
|--------------------------------|-------|
| Map Ref | 12 |
| Lot/DP | F1/21 |
| Land size | 0.001 |
| Address | |
| Churchill Cres (off), Cammeray | |

| | |
|--------------------------------|-------|
| Map Ref | 13 |
| Lot/DP | 3/547 |
| Land size | 0.001 |
| Address | |
| Churchill Cres (off), Cammeray | |

Badangri Reserve (Detail 1)

Zoning

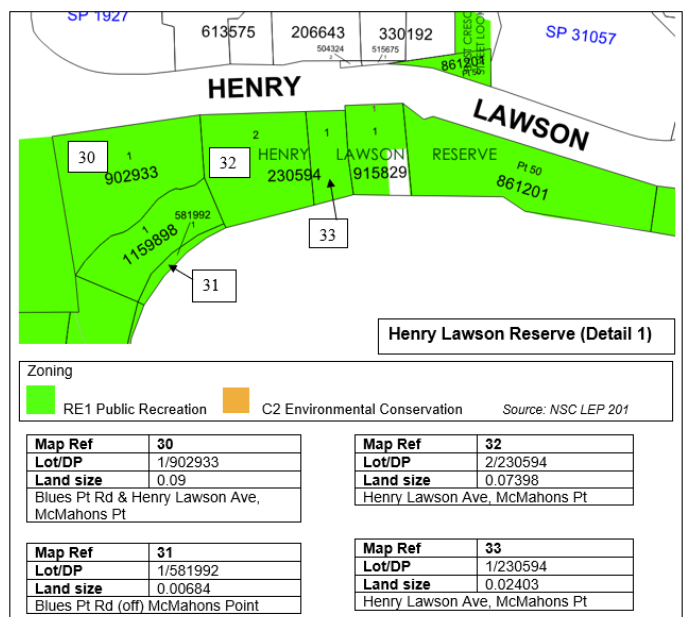
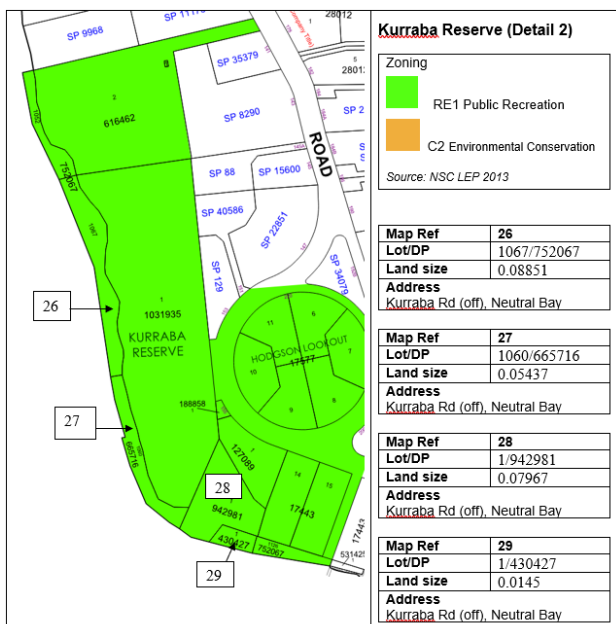
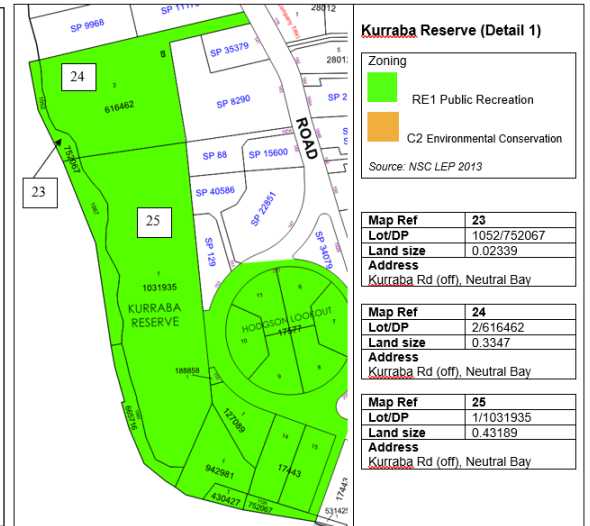
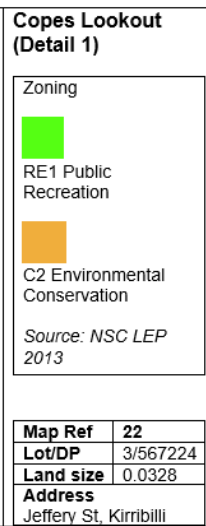
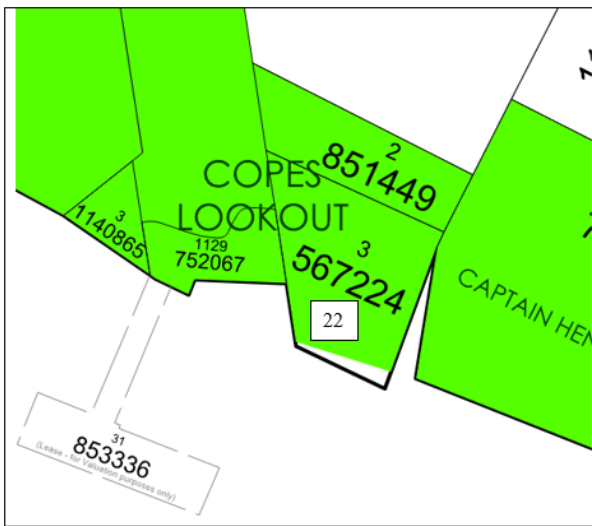
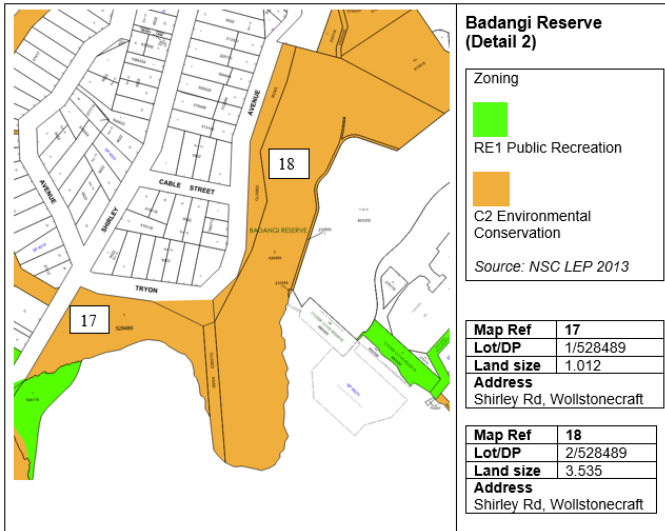
- RE1 Public Recreation
- C2 Environmental Conservation

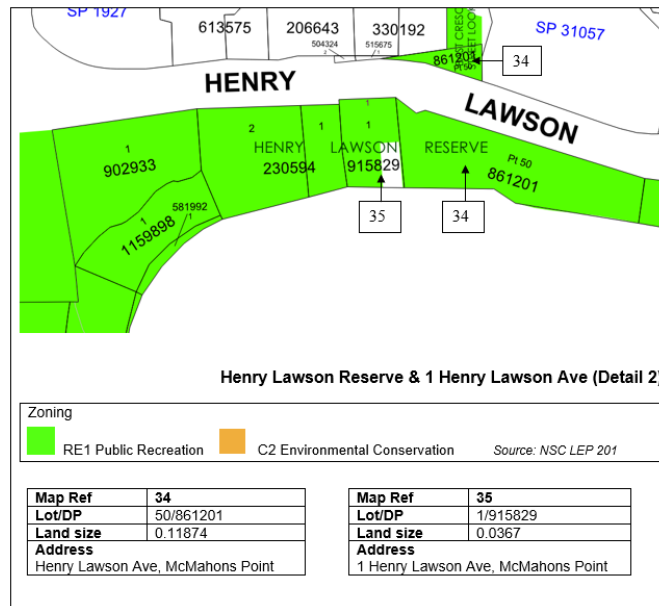
Source: NSC LEP 2013

| | |
|----------------------------------|----------|
| Map Ref | 14 |
| Lot/DP | 5/587555 |
| Land size | 0.1993 |
| Address | |
| Bridge End (off), Wollstonecraft | |

| | |
|----------------------------------|----------|
| Map Ref | 15 |
| Lot/DP | 1/518624 |
| Land size | 0.3958 |
| Address | |
| Bridge End (off), Wollstonecraft | |

| | |
|------------------------------------|------------|
| Map Ref | 16 |
| Lot/DP | 103/613918 |
| Land size | 0.8766 |
| Address | |
| Gas Works Rd (off), Wollstonecraft | |





There were no Disposals in the period.

4. Outdoor Dining Licences

The Property Department consistently updates Council regarding the Outdoor Dining Licence fees, with the last update been reported in the Q1 Property Portfolio Report 22/23 (July to September 2022).

The following details relate to the second quarter of 22/23:

New Licences: 13

Cancelled Licences: 8

Total Outdoor Dining Licences: 155

Major Property Projects (Maintenance and Capital works) for the quarter – Updates

67 Euroka Street Waverton

Council's contractor undertook major drainage works and re-constructed the boundary wall at 67 Euroka Street, Waverton. The works were triggered by volumes of water seepage arising from 67 Euroka Street Waverton (Community Housing) which affected the neighbouring property at 65 Euroka Street.



Figure 1: Re-constructed wall once drainage works were complete

Nutcote Museum

Nutcote, Council's heritage-listed museum located at 5 Wallaringa Avenue Neutral Bay, has undergone major repairs and renovations including painting. The revised and updated Conservation Management Plan for Nutcote, dated 30 August 2022, highlighted some external areas in need of work. Guttering and the fascia board either side of the portico needed to be replaced and during the ensuing works a large amount of rot was discovered in the portico timbers. The rusted roof and all the rotted timbers were removed, and the internal frame was rebuilt and replaced with treated pine timbers. A new galvanised roof was installed, and the eaves and fascia replaced with primed cedar. The guttering down spout armadillo sections were removed and replaced to match the originals, and primed cedar trim was installed to the underside of the guttering. Other minor works included replacing the damaged striker plate on balcony door, and replacing a set of rusted parliament hinges on one set of timber shutters.



Figure 1: Newly painted Nutcote Museum

