

# ST LEONARDS

## MARKET SNAPSHOT

### DECEMBER 2020

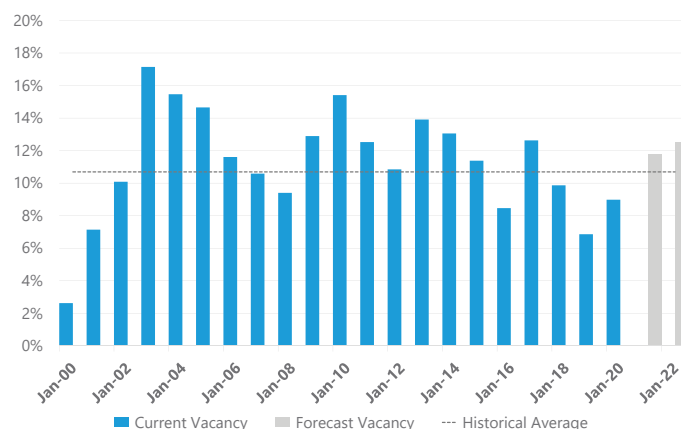
We explore how the St Leonards office market, on Sydney's North Shore, is tracking and the short-term outlook to help you make informed commercial property decisions, backed by data.

#### AT PRESENT: RENTS AND VACANCY

- Net effective rents have declined steadily over the course of 2020 in St Leonards, as they have across Sydney's broader office markets.
- Face rents are holding steady, with total gross incentives increasing 10 - 15% from previous levels across all North Shore suburbs since March 2020, the commencement of the COVID-19 pandemic in Australia.
- Landlords are successfully attracting higher levels of tenant enquiry and leases signed by offering fitted out spaces - a trend not only on the North Shore but across the Sydney market. In fact, all recent leasing transactions outlined in the Table (overleaf) had varying existing and speculative fit-out incentives.
- The availability of sublease stock in St Leonards and across the market has increased significantly over the course of 2020, with large tenants of prime-grade assets seeking to minimise expenditure from current unused office space.
- The uncertainty of business growth for some tenants, who had committed to larger space with plans for future growth, has compounded the higher than usual levels of sublease stock on the market. So has the increase in full or partial working from home arrangements that many businesses now offer their employees.

#### LOOKING AHEAD: MARKET OUTLOOK

- We may see larger tenants exit the St Leonards market in favour of North Sydney and Sydney CBD options upon lease expiry, due to increased affordability generated by the pandemic. This includes engineering firm Taylor Thomson Whitting which is relocating from its current C-grade offices of 1,850sqm in 33 and 48 Chandos Street, St Leonards, to 1,700sqm in the newly refurbished suites of 73 Miller Street, North Sydney.
- The St Leonards market will however continue to be a more affordable metropolitan suburb along the North Shore, and it is likely we will see occupiers relocate from suburban markets to St Leonards.
- It is almost certain there will be an increase in vacant stock in St Leonards over the next 24 months, mostly attributable to the large amount of sublease space currently available and a continuation of current St Leonards tenants re-assessing their office requirements.





## RECENT LEASING TRANSACTIONS

| ADDRESS                               | TYPE   | LEASE TERM | NLA (sqm) | RENT (psm) | RENT TYPE | FIT-OUT              | OTHER INCENTIVES PROVIDED |
|---------------------------------------|--------|------------|-----------|------------|-----------|----------------------|---------------------------|
| 270 - 272 Pacific Hwy,<br>ST LEONARDS | Direct | 4 years    | 215       | \$650      | Gross     | Fit-Out Contribution | Rental Abatement          |
| 1 Chandos St,<br>ST LEONARDS          | Direct | 5 years    | 336       | \$550      | Gross     | Fit-Out Contribution | Rental Abatement          |
| 1 Chandos St,<br>ST LEONARDS          | Direct | 5 years    | 299       | \$550      | Gross     | Existing Fit-Out     | Rental Abatement          |
| 1 Chandos St,<br>ST LEONARDS          | Direct | 5 years    | 202       | \$550      | Gross     | Fit-Out Contribution | Rental Abatement          |
| 657 Pacific Hwy,<br>ST LEONARDS       | Direct | 3 years    | 280       | \$500      | Net       | Existing Fit-Out     | 30% Incentive             |
| 20 Clarke St,<br>ST LEONARDS          | Direct | 3 years    | 125       | \$460      | Gross     | Fit-Out Contribution | Delayed Start Date        |
| 121 Alexander St,<br>ST LEONARDS      | Direct | 3 years    | 205       | \$430      | Gross     | Fit-Out Contribution | Rent Free Period          |
| 2 - 4 Clarke St,<br>ST LEONARDS       | Direct | 5 years    | 103       | \$410      | Gross     | No Contribution      | Rent-Free Period          |
| 28 Clarke St,<br>ST LEONARDS          | Direct | 10 years   | 350       | \$320      | Gross     | Fit-Out Contribution | Rental Abatement          |

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