

Trucks make way for the suit-and-ties

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The transformation of North Ryde into a fourth major suburban CBD is driving ahead with demand as strong as ever for commercial and industrial space.

Vacancy levels remain low, although the fall-out from a few dot com groups has opened up some sublease space.

In its biannual office market report, the Property Council of Australia said sectors like North Ryde were popular with a variety of groups which did not want to pay the high rents of the Sydney CBD and North Sydney.

Space on the north shore remained tight, however vacancy rates increased in the past six to 12 months in North Sydney (to 4.62 per cent), Crows Nest/St Leonards (6.93pc) and Chatswood (5.1pc), the council reported.

Its NSW president, Ms Louise Joslin, said the increase in vacancies could be partly attributed to a contraction in the IT sector.

In a recent report, Ms Johanna Uy, research analyst at CB Richard Ellis, said North Ryde had emerged as Sydney's fourth largest office market.

Ms Uy said North Ryde's commercial sector was now bigger than either of the more traditional office markets of Crows Nest/St Leonards and Chatswood. The office stock in North Ryde totalled 370,000sqm in March.

She said explosive growth in new-economy industries in the mid- to late-1990s saw companies adopt expansion plans that could not be accommodated in the Sydney CBD and North Sydney, cementing North Ryde's position as Sydney's high-technology corridor.

"Formerly dominated by industrial or warehouse-type developments, the transformation in North Ryde's commercial landscape has occurred rapidly, with the council responding to tenant demand," Ms Uy said. One of the newest projects in the area is from property developer Whitehall Property Group, which has launched the final stage of its \$20.6million Talavera Business Park at No. 1 Talavera Road. The strata development is designed to provide a flexible combination of airconditioned office space and highclearance showroom, storage or workshop areas.

Featuring modern staff facilities, well-lit and carpeted office space and the latest communications technology, these business suites are an enormous advance on the original roller-doored factory units from which this type of development has evolved.

The 37-suite facility offers suites for sale from \$385,000 to \$968,000 and 120-385sqm suites for lease from \$790 per week.

Thirty of the suites have already been sold, many to companies which have discovered that low interest rates and tax benefits make it cheaper to own premises rather than lease.

Whitehall Group's Mr Curtis Mann said: "A study undertaken by leading tax consultants Horwath and Horwath clearly outlines the advantages of ownership over leasing. I believe that ownership of strata business space will dramatically increase in the next few years.

"The same is happening in the commercial office market. More and more buildings are being subdivided into strata floors or lots."

Business Centre was that under-utilised floor space ratio was available. This meant that some suites could have floor space added to improve investment value, a feature no other business complex in North Ryde could offer.

"North Ryde continues to be a hot spot in the Sydney suburban business sector and the popularity of Talavera Business Centre offers solid proof of this," he said.

The Whitehall Property Group is also to sell phase two of its 80 Waterloo Road office development in North Ryde, following the success of the complex's first stage.

The sale of stage one, a two-level 2,016sqm office building for \$7.06million, provides a yield of 8.58 per cent to its investor buyer, **Century Funds Management**. The yield is supported by a 10-year lease to Colmar Brunton Research.

Analysts said the deal supported the case that North Ryde was Sydney's strongest suburban commercial market.

Whitehall director Mr Chris Lombard said phase two would be offered for sale by expressions of interest, closing August 17.

Whitehall has appointed the North Sydney offices of Jones Lang LaSalle and CB Richard Ellis as joint selling agents. They will seek to sell the five level, 5,066sqm building in one line or in four strata-titled floors of 1,240 sqm each.