

APPENDIX D

Analysis of office building floorplates prepared by Urbis

Introduction

Office building and floor plate size will invariably appeal to different business profiles, with office floor plate and floor space requirements varying depending on the size of the development site, planning provisions and market demand. There is an observable trend for larger organisations to occupy space in larger floor plate formats in A Grade office developments in office precincts within metropolitan Sydney. This is driven by the efficiency and connectivity gains associated with consolidating staff/employees and physical resources, rather than being dispersed across different floors and locations. This applies specifically to larger corporates seeking to relocate back-office operations into more affordable suburban office markets and have the capacity to occupy larger floor plates.

This type of floor space is in short-supply in more established markets, such as North Sydney for example, where a shortage of potential development sites and smaller stratified office space constrain the markets ability to offer consolidated floor plate product to larger tenants. Markets such as Macquarie Park / North Ryde have been able to service this market leveraging its ability to develop new stock, providing floor plates regularly exceeding 2,000 sq.m. As such, the provision of larger floor plates is an important consideration for Parramatta in attracting new employment opportunities/business into its CBD and when assessing new commercial developments.

In addition to this, in order to receive project financing private developers must confirm a certain amount of pre-commitments for a proposed commercial project in order to receive debt funding. Therefore it is essential that any proposed development has the capacity to attract larger anchor tenants that can underpin project financing and satisfy financial institution's pre-commitment requirements. It is therefore critical that developers have a degree of flexibility in determining the size of the product developed, allowing them to reach their required pre-commitments whilst servicing the market's demand for large floor plates.

Office Development – Floor Plate and Tenancy Profile

This section will review recent commercial developments in a number of the competing suburban CBD office markets to the Parramatta CBD market to ascertain comparative size and format of competing office developments. This will illustrate the size of floor plates offered compared to what has been developed in the Parramatta CBD over the last 5 to 10 years (depending on availability of data), and the potential impact on its competitiveness in attracting larger tenants.

The following is not intended to be an exhaustive analysis of the office stock currently at each location, rather we have concentrated on a representative sample of newly built product, over the last 5 to 10 year period, based on the availability of data.

NORWEST BUSINESS PARK

TABLE 1 – NEW BUILDINGS, PAST 5 TO 10 YEARS, MAJOR TENANCIES

Address	Size (Sq.m)	Average Floor Plate	Year Completed	Major Tenants
Q Central, Norbick Drive	7,500	2,500	2009	Various medical research and services tenants
Norwest C3, Columbia Court	15,500	1,300	2009	
22 Brookhollow Avenue	5,300	1,600	2012	

Address	Size (Sq.m)	Average Floor Plate	Year Completed	Major Tenants
Vantage, 7-9 Irvine Place	14,000	2,700	2010	Braun Australia (2,709 sq.m), GWA (2,378 sq.m), Holcim (1,486 sq.m)

MACQUARIE PARK/NORTH RYDE

TABLE 2 – NEW BUILDINGS, PAST 5 TO 10 YEARS, MAJOR TENANCIES

Address	Size (Sq.m)	Average Floor Plate	Year Completed	Major Tenants
78 Waterloo Road	14,704	1,900	2009	Boehringer Ingelheim (Pre-committed to 4,181 sq.m), Schneider Electric (9,617 sq.m)
Australian Hearing Hub, 16 University Drive	19,538	3,160	2012	Part of the building pre-leased to Macquarie University faculties and hearing and health related organisations
The Precinct Corporate Centre, 105 Delhi Road	10,270	2,600	2012	PacLib, Avnet (1,012 sq.m), Oki Data Australia (540 sq.m), Imagetec Solutions (993 sq.m), SMA Australia (770 sq.m)
City Views Business Park, 67 Epping Road	7,560	1,300	2008	PacLib, Avnet (1,012 sq.m), Oki Data Australia (540 sq.m), Imagetec Solutions (993 sq.m), SMA Australia (770 sq.m)
Pinnacle Office Park - Building B	15,500	1,875	2009	
Hyundai HQ, 394 Lane Cove Road	15,000	3,000	2008	Hyundai
Pinnacle Office Park -Building A, 376 Lane Cove Road	15,400	1,875	2008	Aristocrat (Pre-committed to whole building), Ecolab (4,100 sq.m)
Triniti Business Campus, 39 Dehli Road	12,000	1,800	2009	CSR (Pre-committed to 5,700 sq.m)
Triniti Business Campus,	16,000	1,100	2008	Boulderstone Hornibrook (Pre-committed to 3,500 sq.m), Downer EDI Engineering (Pre-committed),

Address	Size (Sq.m)	Average Floor Plate	Year Completed	Major Tenants
39 Dehli Road				Goodman Fielder (Pre-committed)

RHODES CORPORATE PARK

TABLE 3 – NEW BUILDINGS, PAST 5 TO 10 YEARS, MAJOR TENANCIES

Address	Size (Sq.m)	Average Floor Plate	Year Completed	Major Tenants
Rhodes Corporate A	14,622	2,166	2007	Link
Rhodes Corporate B	12,791	2,225	2003	NAB
Rhodes Corporate C	10,854	1,855	2003	Australand
Rhodes Corporate D	17,238	3,447	2003	Nestle
Rhodes Corporate F	17,789	2,635	2013	Citigroup (3,400 sq.m) and Hewlett Packard (6,600 sq.m)

SYDNEY OLYMPIC PARK/HOMEBUSH

TABLE 4 – NEW BUILDINGS, PAST 5 TO 10 YEARS, MAJOR TENANCIES

Address	Size (Sq.m)	Average Floor Plate	Year Completed	Major Tenants
5 Murray Rose, Avenue	12,306	2,461 sq.m	2012	Lion Group
7 Murray Rose, Avenue	6,000	1,054 sq.m	2012	Thales
8 Australia Avenue	6,000	1,200	2010	Watpac, SOPA and Fujitsu
Dawn Fraser Avenue	23,817	4,330	2007	
Quad 3	5,241	1,747	2004	
Quad 4	7,998	1,775	2007	

PARRAMATTA

TABLE 5 – NEW BUILDINGS, PAST 5 TO 10 YEARS, MAJOR TENANCIES

Address	Size (Sq.m)	Average Floor Plate	Year Completed	Major Tenants
Eclipse, 60 Station Street	25,138	1,320	2013	QBE (Pre-committed to 15,840 sq.m), Landcom (Pre-committed to 2,640 sq.m), Dellote Australia (Pre-committed to 6,600 sq.m)
Sydney Water HQ, 1 Smith Street	23,307	1,659	2009	Sydney Water
27 Argyle Street	9,985	1,109	2006	
25 Smith Street	10,578	1,322	2007	

Summary - Floor Plate Comparison

Commercial development in Parramatta and comparative suburban markets over the last 5 to 10 years indicates the type of product demanded by industry sectors and the respective markets ability to attract and accommodate new employment opportunities.

Table 6 overleaf provides a summary of the data adopted for this report. It shows a significant difference in floor plates between four metro markets that compete with Parramatta's recent commercial developments providing significantly lower amount of floor plates above 1,400 sq.m, with only the Sydney Water HQ having a floor plate over 1,400 sq.m.

TABLE 6 – NEW BUILDINGS FLOOR PLATE SUMMARY

	Parramatta	Norwest Business Park	Mac Park/North Ryde	Sydney Olympic Park/Homebush	Rhodes
Average (Floor plate)	1,351	1840	1,909	1,620	2,435
Proportion of floor space >1,400m²	34%	63%	94%	80%	100%
Sq.m >1,400m²	23,307	26,800	118,412	49,362	73,294
Sq.m <1,400m²	45,613	15,500	7,560	12,000	-

As mentioned previously there is demand from anchor tenant corporations to occupy larger floor plates across fewer floors in order to maximise organisational efficiency and connectivity. The lack of floor plates over 1,400 sq.m in the Parramatta CBD, compared to other suburban office markets, is likely to constrain its ability to attract these types of tenants seeking this type of office product.

It appears that Parramatta's poor provision of floor space over 1,400 sq.m is caused by the fragmented land ownership in the Parramatta CBD, similar to other more developed CBD locations such as North Sydney, and the fact that there are fewer consolidated land holdings that provide opportunity to develop larger floor plates. Westfield has a comparative advantage in this sense, with a site that can

accommodate a large floor plate. This represents an opportunity to attract larger corporate tenants or back office operations into the Parramatta CBD that would have otherwise sought a larger floor plate in another suburban CBD market where land consolidation is more feasible.

In summary, the proposed office tower development, co-located with the existing Westfield shopping centre at the proposed floor plate of 2,000 sq.m and 2,450 sq.m is more likely to achieve a better outcome commercially and for the wider Parramatta CBD, largely due to:

- Larger floor plates attracting a broader range of tenants, including larger anchor tenants;
- Has a greater capacity to bring jobs to the Parramatta CBD, than smaller floor plate product;
- Is more likely to be commercially viable, improving Westfield's ability to secure pre-commitments from major anchor tenants and therefore project finance; and
- Due to the fragmented land ownership associated with CBD locations such as Parramatta, this represents an opportunity to develop a differentiated product attracting tenants that would otherwise seek larger floor plates in other suburban CBD locations.

These factors, in addition to the clear development pattern amongst suburban CBDs to leverage their comparative advantage in land consolidation and maximise floor plates, presents a commercial imperative to allow the proposed commercial tower to accommodate floor plates over 1,400 sq.m.