



CROMWELL
PROPERTY GROUP

Potential Retailer Interest

501 Victoria Ave, Chatswood

August 2019

Chatswood West Retail

Real Estate Agents and other Chatswood owner's comments

We have spoken to a number of Real Estate Agents who work in the Chatswood area and other owners who own commercial property in Chatswood about their views on retail tenancies on the western side of the railway lines. The overall feedback was that there is a need for some services such as cafes and places for staff to pick up a quick lunch, however the main concern from owners was that they have seen retail tenancies change hands a number of times, indicating that the business isn't profitable to stay on in that location and other vacant suites sit on the market for an excess amount of time. A few key factors of why this part of Chatswood struggles for retailers is that it is purely a Monday to Friday trade relying on staff located within the commercial towers.

One agent pointed out that there has also been evidence of struggling retailers within 7 Railway Street; the retailers in that new development have all changed a numerous number of times indicating that even retail under a large mixed-use development doesn't work

The general comment for a retail shop location at 501 Victoria Ave was that we would have extreme difficulty in leasing a retail tenancy facing Victoria Ave given the lack of foot traffic and the size of the new building. Their recommendation was not to allocate a retail premise of the ground floor of the new building as it won't work unless we were happy to have a vacant shop sitting there for potentially a number of years at a time.

Retailers comments and potential interest in 501 Victoria Ave

Below is a list of immediate retailers to the surrounding site at 501 Victoria Ave, Chatswood. We have canvassed many of the business' or their staff members onsite to see if they had any interest in relocating to 501 Victoria Ave once built, there was no interest from any of these tenants. The overall comment was negative, especially from café operators who believe that there are too many café options for the amount of workers in Chatswood. They have also raised the fact that this side of Chatswood is only a Monday to Friday trade and with so much competition some of these current businesses are struggling to sustain the current retail rentals putting them into financial anxiety. Some of the vacant shops have been vacant for well over 2 years and the owners have been struggling to fill them. Discounted rental rates have been offered to some retailers to just 'get them in' including 15 Help Street the new café operator who has been put in there just to fill the vacant shop so that the building has some amenity rather than having a vacant shop out the front. We are not aware of the deal which was done, but we have been told it was extremely attractive to the café operator.

Address	Business	Comments
9 Help Street	2 Seasons Café Café	No interest in moving, business isn't great.
15 Help Street	Piccante Café Café	Tenant has just moved in on an extremely low rental.

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815 Pacific Highway	Vacant – 99 sqm Knight Frank Steve Clapman	This space has been vacant for over 2 years. It was previously a residential real Estate agency. They have had two calls from café operators, but nothing has ever eventuated past that. The owner will offer a 5 year lease term. Comment from agent is that would not recommend putting any retail in these buildings as this is a prime example of the amount of interest from retail tenants is.
815 Pacific Highway	Cycle Shop Has a warehouse attached	They have no interest in moving, have been in this location for many years and also have a warehouse attached. Current rent is around \$520/sqm Gross
813 Pacific Highway	Bupa Dentist Medical	Need to talk to Head Office if we could have medial.
813 Pacific Highway	The Coffee Thery Café	Current fitting out
813 Pacific Highway	Glamour Lash Bar Beauty	Too small to talk to
813 Pacific Highway	Vacant For Sale or Lease – via Colliers	This space has been vacant since September 2018 that we know about, asking \$770/sqm Gross including 6 parking spaces, 104 sqm. The demand for the space has been very slow. The overall comment is that the space is too large for any enquiries and the owner is now looking at splitting the tenancy into two suites. They now have a Wedding Dress and an Accountant as the interested parties. No food retailers have shown any interest in this location.
813 Pacific Highway	Newsagency	Closed – no signage or anything confirming what is going on with this retailer.
12 Help Street	Lot 12 Café	They have just taken over the business in February 2019, feedback was business is going well for them but they haven't been there long enough to comment on if they would move elsewhere in Chatswood
10 Help Street	Café	Owner of this café was extremely passionate that retail isn't sustainable in Chatswood, there are too many cafes and the thinks that more service providers such as a medical hub would be good to see on this side of Chatswood to bring more people over from the eastern side of the Chatswood area.
10 Help Street	Kwik Kopy Printer	Didn't talk to this tenant as they move from 501 Victoria Ave to this new site.

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8 Help Street	Vacant – 124 sqm Talish Real Estate Anthony Ellis	This space has been vacant for over 2 years. It is being marked around \$90K per annum and they will take as low as \$55K if an office user came through (\$443/sqm). No firm interest or offers received on this space. Comment from the agent was that they believe that having retail in a commercial zone is clearly an issue from low foot traffic creating a financial issue pertaining to both the Landlord and the Tenant.
6 Help Street	Chimi Churi Café	The owners of this café have changed a number of times
6 Help Street	Mali Mali Massage	Not the right use for 501 Victoria – did not get a comment
2 Help Street	Sydney Smiles Dentist	The owner wasn't available but left card. They have been there for a number of years, business is ok, but they are unsure of a move for them given their corner location on Help and Railway Street.
465 Victoria Ave	The Avenue Restaurant/Bar	Not the right use for 501 Victoria Ave
465 Victoria Ave	Mini Disc	Too small of a tenancy
465 Victoria Ave	San Ma Ru Restaurant	Not the right use for 501 Victoria Ave
465 Victoria Ave	Dry Cleaner	Not the right use/look for 501 Victoria Ave
465 Victoria Ave	Briskett Food outlet	Too small for 501 Victoria Ave
465 Victoria Ave	OZ Dance Centre	Budget rental tenant
465 Victoria Ave	LHM Café	Just moved in
465 Victoria Ave	FBI Gaming Internet Café for gaming	Not the right look for 501 Victoria Ave
465 Victoria Ave	7 – Eleven Convenience Store	Would not consider 501 Victoria Ave due to the location and lack of exposure
465 Victoria Ave	Tax Ideas Accountants/Tax	No comments
465 Victoria Ave	Cherry Lane Bakery	Not the right tenant for 501 Victoria Ave – they have prime position opposite the train station exit
465 Victoria Ave	Star Fit Personal Training	Budget rental – mezzanine office/retail

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11 Help Street	The Chatswood Club	Owner/occupiers would not move
2 Help Street	Unique Chinese Restaurant	Not the right tenant for 501 Victoria Ave
2 Help Street	Australian New Express Media Group	Not the right tenant for 501 Victoria Ave
7 Help Street	Ariso Korean Bathhouse	Owner wasn't around, no comments could be provided
7 Help Street	Vacant- 99 sqm Via Loyal Property Jack Boa 0411 566 106	This premise has been vacant for over 12 months. It was previously a restaurant has a bathroom inside the tenancy. Comment was that the enquiry levels for this space was very low and they are really struggling to find any tenant, not just another restaurant user. Rent asking: \$1,500 per week (\$787/sqm Gross) + GST
7 Help Street	Bank of Queensland	Need to talk to Head Office
7 Help Street	Hi Games	Too small for 501 Victoria Ave
7 Help Street	Ostara Australia Recruitment	Do not have many staff members not interested in moving.
7 Railway Street	Luminous Hair & Nail Beauty	Like their prominent corner location, close to eastern side of Chatswood and residents.
503 Victoria Ave	Fortnight Gaming	Just moved in
811 Pacific Highway	No Gaps Dental Medical	Not the right tenant for 501 Victoria Ave
811 Pacific Highway	Sydney Embroidery	Not the right tenant for 501 Victoria Ave
811 Pacific Highway	Healing Art Clinic Health/Beauty	Not the right tenant for 501 Victoria Ave
811 Pacific Highway	Australian Mortgage Alliance	Not the right tenant for 501 Victoria Ave
811 Pacific Highway	Subway Food	Not the right tenant for 501 Victoria Ave
811 Pacific Highway	Vacant Signboard out the front Phone number 0491 156 126	Called, no answer, no voicemail.

Conclusion

The overall feedback is that retail demand is virtually non-existent on this side of Chatswood this is evident from vacancies surrounding 501 Victoria Ave which have been sitting on the market for over 2 years. The only difference between the current vacancies and 501 Victoria Ave is that 501 Victoria Ave would have even less foot traffic to the other sites making this an even worse site location to offer to a retailer. Whilst Victoria Ave is a busy stretch of road, it's the other side of Victoria Ave where the bus stop is that pedestrian's walk down, not the side of the road our site is on.

My professional opinion working in this market over the past 15 years and completing extensive market research is to strongly advise the Senior Management Team within Cromwell not to proceed with a ground floor retail tenancy. The space will not lease, it will sit vacant and then likely vandalised. A vacant retail tenancy at the front of the building is going to detract from the overall look and feel of the building and will eventually look like derelict site after it sits vacant for a number of years.

Let me know if you would like to talk further about this, but I can't see how a retail business will actually ever survive in this location.

Regards,

Lisa Treble
Leasing Manager
Cromwell Property Group

Phone: (+61) 2 8278 3661
Mobile: (+61) 411 542 497