



Business Paper

Shire Services Committee

Monday, 7 May 2018

6.30pm

**Committee Rooms 203 and 204,
Level 2, Administration Building,
4-20 Eton Street, Sutherland**

SUTHERLANDSHIRE

ORDER OF BUSINESS

- 1. ACKNOWLEDGEMENT OF COUNTRY**
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- 3. DISCLOSURES OF INTEREST**
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SER019-18 Proposed Lease - 36 Eton Street, Sutherland to Concrete Pty Limited
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**SER019-18 PROPOSED LEASE - 36 ETON STREET, SUTHERLAND TO CONCRITE
PTY LIMITED**

SER019-18

Attachments: Appendix A [↓](#) and Appendix B (under separate cover)

EXECUTIVE SUMMARY

- Council owns commercial office space at Part level 2, 36 Eton Street, Sutherland. It is currently occupied by Concrete Pty Limited with the lease expiring on 30 June 2018. Concrete Pty Limited have requested a new lease.
- Office vacancies in Sutherland remain relatively high and Council could incur refurbishment costs, re-leasing costs, a vacancy period and possibly a rent free period were new tenants be sought.
- Council officers have negotiated to lease the premises on favourable terms for a three year lease with two one year options.
- The proposed lease offers Council an opportunity to continue its tenure with a secure and reliable tenant paying market rent.

REPORT RECOMMENDATION

THAT:

1. The Lease of Part level 2, 36 Eton Street, Sutherland to Concrete Pty Limited for a term of three years with two one year options, on a commercial basis that achieves prevailing market value be approved.
2. In accordance with the Power of Attorney dated 6 July 2016 BK 4710 No. 28, the General Manager execute any necessary documentation to give effect to these resolutions.

PURPOSE

This report seeks Council's approval to enter into a lease with Concrete Pty Limited for a term of three years with two one year option periods at terms and conditions to the satisfaction of the General Manager.

BACKGROUND

The Council owned commercial property of approximately 695 m² located at Part level 2, 36 Eton Street, Sutherland has been occupied by Concrete Pty Limited since 2006. The current lease is due to expire 30 June 2018 and the tenant has requested that Council consider entering into a new lease commencing at the expiry of the current term.

DISCUSSION

Office vacancies in Sutherland remain relatively high and it is anticipated Council would incur high costs, a length vacancy period and associated leasing costs were the tenant to vacate. Concrete have been an excellent and reliable tenant.

Council officers negotiated commercial terms for a three year lease with two one year option periods. (See Attachment B under separate confidential cover.) The new lease, if approved, will be on terms similar to the current lease with an initial three year term and a 3% increase on the current market rental.

RESOURCING STRATEGY IMPLICATIONS

Council owns a number of investment properties; all income is paid into General Revenue. In addition to its annual income this property has enjoyed some capital growth, attributable to its location and secure and long term tenancy by Concrete Pty Limited. Considering this property's rate of return (see Appendix B under separate confidential cover), it is recommended Council continue to hold this property in its investment portfolio, rather than consider its sale at this time.

The lease as proposed will secure a revenue stream for a Council owned commercial property.

STRATEGIC ALIGNMENT

Community Strategic Plan Strategy	Delivery Program (2017-2021) Deliverables
5A prosperous community	5A.5 Ensure our commercial centres foster an environment that stimulates and supports sustainable economic growth.

POLICY AND LEGISLATIVE REQUIREMENTS

The proposed lease meets the principles of Council's Commercial Leasing Policy.

CONCLUSION

Council's current lease over Part level 2, 36 Eton Street, Sutherland will expire on 30 June 2018. It has been occupied by Concrete Pty Limited since 2006 and wishes to remain at the premises. Office vacancies in Sutherland remain relatively high and Council would incur refurbishment costs to suit a new tenant's needs, re-leasing costs, a length vacancy period and possibly need to offer a rent free period as is the norm in commercial leasing were a new tenant be sought.

The proposed lease to Concrete Pty Limited will provide Council with a secure and reliable tenant for a term of three years with two x one year options and ensures Council receives revenue for its commercial rental property portfolio. It is recommended that Council offer a new lease to Concrete Pty Ltd on negotiated commercial terms.

RESPONSIBLE OFFICER

The officer responsible for the preparation of this report is the Manager Property Services, Lani Richardson, who can be contacted on 9710 0614.

File Number: 2015/37215



	<p>Sutherland Shire Council Mapping 36 Eton Street, Sutherland</p> <p><small>This map has been produced with the most current data available to Council as supplied by various sources. INFORMATION IN THIS MAP IS SUBJECT TO COPYRIGHT. Council is not responsible for any inaccuracies in the data provided. Contact Council's Land Information Unit (ph. 9710 0116) for more information.</small></p>	<p>0 7 14 Metres</p> <p> at A4 Scale 1: 350</p> <p>Printed: 11/04/2018</p>
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