

Item 4.

Lease Approval - Mandible Street, Alexandria Properties

File No: X039615

Summary

This report seeks Council approval to grant a new lease renewal to Murrays Australia Pty Limited for 30 and 33-39 Mandible Street, Alexandria, for a term of three years, which will expire 8 October 2027.

This proposed lease will secure income for the City until October 2027. This date aligns with the lease expiry for 25 Mandible Street, which is also owned by the City of Sydney.

It is anticipated that the redevelopment of the Mandible Street Sports Precinct will commence in early 2028.

Essential lease terms and conditions of the proposed lease are set out in Confidential Attachment A.

Recommendation

It is resolved that:

- (A) Council approve a three-year lease renewal from 9 October 2024 to 8 October 2027 to Murrays Australia Pty Limited ABN 65 008 468 666 for 30 and 33-39 Mandible Street, Alexandria for the amount outlined in Confidential Attachment A to the subject report; and
- (B) authority be delegated to the Chief Executive Officer to finalise the terms of this proposal and to negotiate, execute and administer the lease relating to the proposal in accordance with the Confidential Attachment A to the subject report.

Attachments

Attachment A. Essential Lease Terms and Conditions (Confidential)

Background

1. The City owns 25, 30, 33-39, and 41 Mandible Street, Alexandria, and the total area is approximately 19,490m².
2. Council approved the development of concept designs for multi-purpose sports fields at Mandible Street, Alexandria, at its meeting of 21 February 2022.
3. The City acquired 30 and 33-39 Mandible Street Alexandria in October 2020 with the view of redeveloping the sites into community sporting fields.
4. Murrays Australia Pty Limited hold a lease for 30 and 33-39 Mandible Street Alexandria which will expire 8 October 2024 and they wish to renew for a further three years, being from 9 October 2024 to 8 October 2027. The current lease to Murrays' Australia Pty Ltd does not have an option to renew.
5. Murrays Australia Pty Limited use these sites to undertake repairs and servicing of their coaches as well as parking of coaches.
6. The combined area for 30 and 33-39 Mandible Street is 9,876m².
7. The lease to Concrete Pty Ltd for 25 Mandible Street Alexandria, which adjoins 33-39 Mandible Street, and forms part of the proposed sporting precinct, is in place until 20 December 2027.
8. It is anticipated that the redevelopment of the Mandible Street Sports Precinct will commence upon completion of the lease to Concrete Pty Ltd.
9. This proposed lease will secure income for the City until October 2027. This date aligns with the earliest redevelopment and the expiration date of other leases within the Mandible Street Alexandria complex.

Rental Determination

10. The City appointed independent valuers, Ray White Valuations, to undertake an assessment of the rental value of the properties for leasing purposes.
11. The proposed lease terms are in line with the independent valuation as outlined in Confidential Attachment A.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

12. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 1 - Responsible governance and stewardship - specifically expand revenues from commercial operations, property portfolio and other income generating assets.

Financial Implications

13. Revenue for the 2024/25 budget will have a positive impact as there is an uplift in rent as of 8 October 2024.

Relevant Legislation

14. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
15. Attachment A contains confidential commercial information and details which, if disclosed, would confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business.
16. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Councils ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Options

17. The City could go back to market in an attempt to source an alternative lessee. This is not recommended given the limited use for both properties and the short lease term on offer which would have a negative impact on leasing the properties.
18. On balance, there is no commercial advantage to go back to the market and source an alternative lessee.

KIM WOODBURY

Chief Operating Officer.

David Graham, Commercial Property Manager