



Preston Rowe Paterson

International Property Consultants and Valuers

Outdoor Dining on the Rise as Sydney Opens Up

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As specialist valuers and managers of outdoor dining areas in metropolitan Sydney, and based on Dominic Perrotet's 'Al Fresco Restart' initiative, Preston Rowe Paterson Sydney is seeing a fantastic opportunity for Councils and the Food and Beverage industry across the metropolitan area to expand their footprint and rental revenue, for existing and new outdoor dining spaces.

With the previous lockdowns over eighteen months, the Food & Beverage industry has been significantly impacted by the Covid 19 Pandemic and with summer coming and the recent lockdown ending, the demand for outdoor activities is increasing. Bars, restaurants, cafes and other dining areas are seeking to extend their outdoor dining areas, during Summer 2021/2022 in NSW.

With the \$66 million 'Alfresco Restart' Initiative stimulus package that Dominic Perrotet has announced, it will not only stimulate the Food & Beverage industry but also entertainment, arts and cultural businesses impacted by COVID-19 and the recent lockdown.

The initiative from the NSW Government will roll out:-

- Temporary 'Alfresco' measures for outdoor dining in parks or on private land (for example bowling greens and carparks), with the landowner's consent
- Festival of Place – a series of consumer events in and around the CBD such as Long Summer Nights Program at the Rocks, Darling Harbour and The Domain, Streets as Shared Spaces and Open Streets Program
- \$5,000 grants for hospitality businesses to establish new alfresco settings
- Permanent outdoor dining as exempt development for pubs and small bars state-wide. This is now active and follows the successful trial that started last year.



Daniel Saliba, Associate Director at Preston Rowe Paterson Sydney, comments on the Outdoor Dining opportunity from a valuer perspective:

"We have undertaken assessments in the past for several Councils; namely Northern Beaches Council, Randwick City Council, and Mosman Council.

In undertaking these assessments, we have been mindful of the Councils within the Sydney Metropolitan and have reviewed their fees and charges for outdoor dining to determine an appropriate valuation approach for valuing outdoor dining/footpath rentals. We have developed a model based on weighted scores to value driving features, noting that some value driving features may differ depending on Council.

Once the methodology was established, we then identified value driving features for outdoor dining/retail and gave them a weighted score in order of importance equalling 100."

These value driving features can be further defined below:-

1) Loading for locality – to properly analyse current or passing outdoor dining rates we have applied a loading score to the main CBD within the Government area as the rates being achieved for the CBD exceeds most other comparable rates. The loading for the CBD reflects its superior location and unique layout which requires a differentiation between the CBD and the other zones within a Local Government Area. *(Maximum weighted score 20);*

2) On/Adjacent to pedestrian mall/busy or quiet location – outdoor dining locations that benefit from being located on a pedestrian mall or adjacent and within reasonable proximity. This enables the outdoor dining location to benefit from the pedestrian foot traffic that is generated throughout a pedestrian mall. In addition busy versus quiet locations which are outdoor dining locations that benefit from a consistent number of people within the vicinity as opposed to the quieter locations such as a destination style retailer. *(Maximum weighted score 20);*

3) Beach/Harbour/Parkland Prominent feature location/Views – outdoor dining locations that benefit from being located directly opposite or near beach/harbour, prominent feature locations and views. *(Maximum weighted score 15);*

4) Proximity to public transport – outdoor dining locations that benefit from either a serviced bus route or ferry service. *(Maximum weighted score 10);*

5) Proximity to car parking – outdoor dining location that benefit from an availability of parking usually in the form of a council car park and street parking. *(Maximum weighted score 10);*

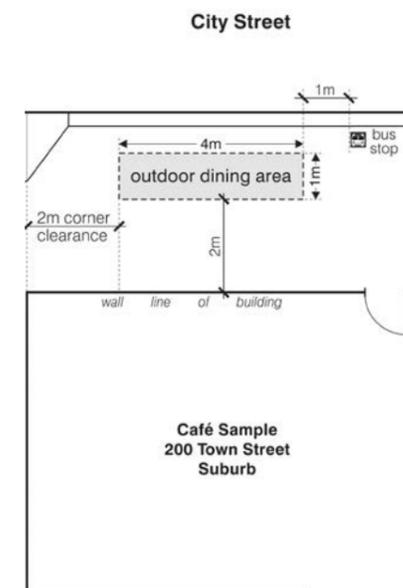
6) Economies of Agglomeration/Destination Food & Beverage – outdoor dining locations that are clustered together which is advantageous because the cluster effect can attract more customers than a single business could achieve alone, this is more so the case with café/restaurant dining, particularly along notable beach side locations and strip retail. *(Maximum weighted score 10);*

7) Proximity to High Density Residential and or Hotel – outdoor dining locations that benefit from being located within reasonable proximity to any high density residential and or hotel accommodation which creates a high-density population location. *(Maximum weighted score 5);*

8) Area – as is common with valuation practice there is usually a value differentiation relative to the area of the tenancy. For example a 5sqm shop would not attract the same rate as a 100sqm shop. *(Maximum weighted score 5).*

9) Nature of Tenancy – as is common practice under the Retail Leasing Act, when undertaking a rental assessment of a particular tenancy and comparing to the market, we are to take into consideration same uses. *(Maximum weighted score 5).*

The plan below gives an indication on how the outdoor dining area could be extended from councils.



It is expected that there will be a large influx of applicants on the horizon, as such an opportunity presents itself to councils who may require some assistance with managing their outdoor dining spaces.

At Preston Rowe Paterson Sydney, we have a dedicated property management team who have expertise in managing outdoor dining portfolios on behalf of councils throughout the Sydney Region.

The application process can initially be quite confusing and daunting for some, so we are there to assist along the way. It begins with communicating with prospective tenants and providing them with the right information to gain approvals. We guide them to ensure they complete the appropriate forms correctly and provide the necessary documentation required. Upon execution of the agreements, our team meet the tenants face to face to introduce themselves as the first point of contact for dealing with any matters that may arise. We ensure that rent is collected on time, tenants are notified appropriately and insurance certificates are supplied as required.

Any Questions?

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