Sydney CBD Car Parking ViewPoint

www.cbre.com.au/research

27/02/2009

By Peter Aingetroy
Senior Research Consultant
Pacific Region

SUMMARY This report focuses on providing an overview of the non-residential car parking market within the Sydney CBD, analysing supply, demand and parking rates.

Introduction

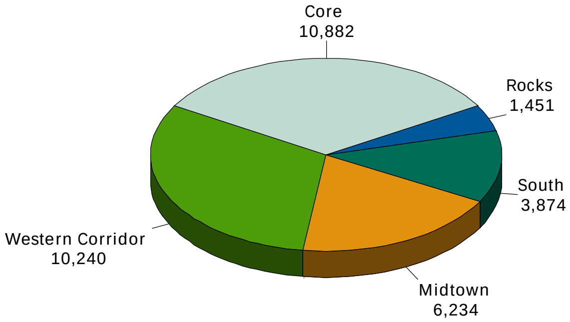
Car parking within the CBD has been a topic of discussion for some time, with businesses and property developers alike seeking to gain the greatest number of car parks available, while the City of Sydney Council have sought to discourage car usage. While car parking has been a topical subject in the past, research reports have primarily focused on public parking stations and parking rates. To date little research has been carried out in regards to the total size number of non residential car parks and the demand for these car parks.

This report presents the results of a survey on the Sydney CBD car parking market, which identified the total number of non residential car parks, parking stations, long term (>10 hours) street side parking and the future supply of car parks within the CBD. The report then compares this data to Australian Bureau of Statistics Census Data and Property Council of Australia office space data, to determine both the current and future demand for car parks within the Sydney CBD. Lastly the report undertakes a review of the costs associated with car parking within the CBD, including casual rates, permanent rates and an overview of the Parking Service Levy.

Number of Car Parks

Within the Sydney CBD there is an estimated 33,824 individual car parks not utilised solely for residential purposes. Unsurprisingly the location of these cars parks is influenced heavily by the amount of office stock within near proximity. As such the core precinct has the greatest number of car parks with an estimated 10,882 non-residential car parks. The Western Corridor has the second highest number of car parks (10,240) followed by Midtown precinct (6,234) the Southern precinct (3,874) and Rocks precinct with 1,451. In addition to the CBD, the Domain car parking station has a total of 1,144 car parks.

Sydney CBD Car Parking Spaces



Source : CBRE Research & Consulting
NB: Excludes Domain Car Park 1,144 Car Parks

While the Core precinct of the CBD has the greatest amount of car parks it also has the greatest amount of office space. When compared to the amount of office floor space, the Core has the highest floor space to car park ratio in the CBD with 194.7sq m to every car space. Based on a workspace ratio of 22.29 there is one car space for every 8.7 people who work in the core precinct. The second highest floor space to car park ratio is found in the Western corridor, which has a ratio of 170:1

CBRE
CB RICHARD ELLIS

The remaining three CBD precincts have significantly lower car parking ratios with the Western Corridor, Southern and Rocks precincts recording 111:1, 85.8:1 and 29.3:1 respectively.

Table one gives an indication of the total amount of non residential car parks available within the CBD, it is however, important to note that many of these car parks are included in office space lease agreements and as such are not offered to the public..

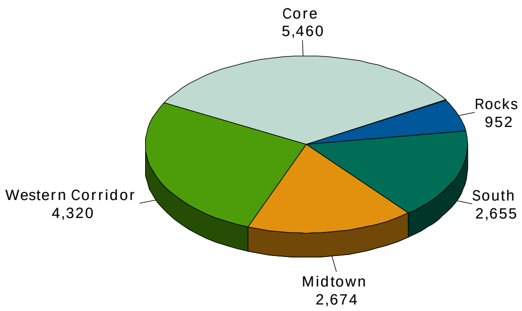
Unsurprisingly the core has the greatest amount of public parking with a total of 5,460 public spaces, followed by the Western Corridor (4,320), Midtown precinct (2,674), Southern Precinct (2,655) and the Rocks precinct which has and estimated 952 car spaces. Separate to the CBD the Domain car park has a total 1,144 public car spaces

Table 1: Number of Non Residential Car Parks

Precinct	Number of Non Residential Car Parks	Amount of Office Space (Sq m)	Car Parking Ratio	Estimated number of people per car space
Core	10,882	2,118,719	194.7	8.7
Western	10,240	1,136,207	111.0	5.0
Midtown	6,234	1,057,663	170.0	7.6
Southern	3,874	332,203	85.8	3.8
Rocks	1,451	42,501.	29.3	1.3

Within the CBD there is an estimated 17,205 parking spaces which are offered either to the public, either on a casual of permanent basis. The majority of these public parking stations are located in the basement or lower levels of office buildings, with only eight dedicated parking stations within the CBD.

Sydney CBD Public Car Parking Spaces



Source : CBRE Research & Consulting
NB: Excludes Domain Car Park 1,144 Car Parks

In the CBD there is very limited all day street parking, with the majority of spaces reserved as loading zones, resident parking or are subject to very small time limits during business hours. Currently, there is an estimated 270 street side parking spaces (10 hour limit) located along the northern end of Sussex Street adjacent to the future Barangaroo site.

Within the CBD there is currently 19 office and retail properties either under construction or mooted for redevelopment. Of these 19 projects a total of 1668 car parks will be added to the CBD, whilst 80 car parks will be withdrawn, resulting in a net increase of 1,558 car parks. The majority of this increase in parking stock will occur in 2013 when some 925 car parks will be added. This sudden increase in supply is primarily due to the completion of the Darling Walk precinct, which will include 200 car spaces for tenants and 600 public car spaces.

CBRE
CB RICHARD ELLIS

While the exact specifications of the Barangaroo precinct are likely to change, dependent upon the floor space motivations of the successful bidder. The transport management plan included in the original concept plan study indicated that there will be a total of 460 for the commercial tenants and 300 public spaces. It is expected that this new supply will begin to come online form 2013 onwards.

Demand for Car Parks

The demand for CBD parking is impacted greatly by the level of CBD employment. While the most accurate measurement of car parking demand is the Journey to Work data provided by the Australian Bureau of Statistics (ABS), the data provided is based on the last Census (August 2006) and is now two years old and projections are limited. As such demand has also been measured using the level of occupied office stock.

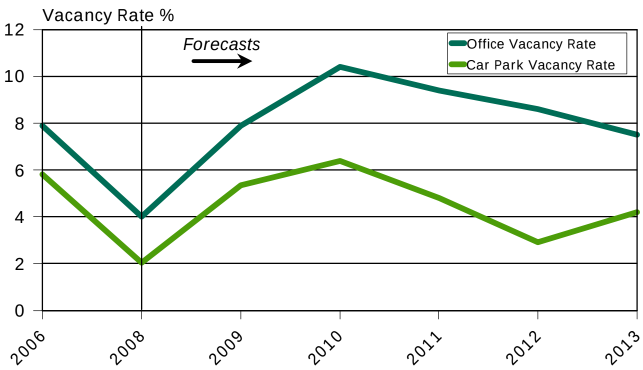
Based on the 2006 census (Aug 2006) a total of 231,563 people were employed within the Inner Sydney, place of work statistical division, an area spreading from Circular Quay in the North to Central station in the South, and from Macquarie street in the East to Cockle Bay in the West. The 2006 employment figure represents a 23.9% increase in the total number of people employed within inner Sydney in 2001. Within the CBD there is very limited all day street parking, with the majority of spaces reserved as loading zones, resident parking or are subject to very small time limits during business hours. Currently, there is an estimated 270 street side parking spaces (10 hour limit) located along the northern end of Sussex Street adjacent to the future Barangaroo site.

Within the inner Sydney the most popular method of transportation to work was via a train (43.3%), followed by bus transportation 20.13%. Transportation using a vehicle as a single method equated to 13.8% of the inner Sydney workforce. Unsurprisingly the majority of car drivers recorded as driving into inner Sydney for employment, were employed either as Managers or Professionals, with these two occupations accounting for 67.9% of the workforce who commute to work via a private car.

From 2001 to 2006 the demand for car parks has risen slightly faster than employment, with the number of car drivers rising by 25.8%, while employment has risen 23.9% over the same time period.

Within the Sydney CBD the demand for parking is heavily influenced by the amount of occupied office stock, with the measure providing a proxy for the level of office employment within the CBD. While from 2001 to 2006 the level of occupied office space has fallen from 4,265,550sq m to 4,215,853sq m, this is representative of the fall in workspace ratios rather than a fall in employment. Following 2006 occupied office space has risen to 4,487,558sq m (June 2008), suggesting that both employment and therefore demand for car parks has risen. .

Sydney CBD Car Parking Spaces



Source : CBRE Research & Consulting and Property Council of Australia

Due to the number of car parks and security issues, accurate vacancy surveys are unable to be carried out in the CBD car parking market. An estimation of the number of people who drive to work, however, can be derived from the comparison of the 2006 Census (Journey To Work) data and the number of car parks located within the CBD. As at August 2006 there was a total of 31,903 people who drove to work as the primary driver and a total of 33,871 car spaces, equating to a vacancy rate of 5.81% as at August 2006.

CBRE CB RICHARD ELLIS

A review of CBD employment levels in comparison to the amount of the population who traveled to work as the primary driver, revealed that the level of employment had little impact upon the proportion of people who drove to work, with employment rising by 44,739 from 2001-2006, while the proportion of people who drove to work changed marginally from13.57% to 13.79%. Based on the assumption that the proportion of the workforce who drive to work is unchanged by the employment levels, current and forecast car park vacancy can be estimated by forecasting the level of office employment, based on the forecast amount of occupied office stock.

Through the utilization of the above assumptions, the current and forecast vacancy within CBD car parks can be estimated. As at July 2008 the estimated car park vacancy was 2.03% a significant fall from the 5.11% recorded in 2006. This fall in vacancy was primarily due to a rise in office employment and a lack of supply of new car parks. Looking forward it is expected that car park vacancy will rise over the next two years, as growth in office employment stagnates while the supply of car parks increases.

Parking Cost

The cost of casual parking ranges greatly within the CBD and is generally impacted by the amount and quality of office space that surrounds the car park. As at November 2008 the Core precinct recorded the highest maximum daily rate and the highest average daily rate, currently $69.0 and $59.0 respectively. Reflecting the low car parking ratio and lower quality of office accommodation, the Southern precinct recorded both the lowest daily rate and the lowest average daily rate recording $27 and $43.5 respectively.

While the average casual car parking rates represent the highest rates charged for car parking within the CBD, there is a total of 31 car parks which offer a discounted “Early Bird” rate, for people who park their cars for the entirety of the working day, these rates are indicated in table 2 below.

Following the trend of casual car parking rates, permanent car parking rates are the highest within the core precinct of the CBD, recording an average of $787.0 per month (inclusive of GST and the Parking Service Levy) for a permanent reserved space. Similarly the lowest permanent parking rates are found within the Southern precinct, with this region recording an average of $442.0 per month, for a reserved permanent space. .

Table 2: Sydney CBD Parking Rates

Precinct	Average Maximum Daily Rate	Average Early Bird Rate	Average Monthly Reserved Rate
Core	$59.0	$33.0	$787.0
Western	$49.0	$22.0	$628.0
Midtown	$35.0	$27.0	$752.0
Southern	$43.5	$15.0	$442.0
Rocks	$51.5	$22.0	$655.0

The Parking Service Levy “PSL” was introduced in 1992 as a method of funding and improving public transport infrastructure, with the end goal of increasing public transport utilisation and subsequently improving the air quality. When introduced the levy was broken down into two separate rates based on the location of the car park. For car parks located in the Sydney CBD, North Sydney CBD and Milsons point the current rate is $950 per space per annum. In the majority of publicly available car parks, this cost is absorbed by the operator and passed on in the form of higher permanent and casual parking rates.

CBRE
CB RICHARD ELLIS

In the recently released "Mini Budget" the NSW government announced its intention to raise the PSL within both the Sydney CBD and other suburban CBD's. If this legislation is passed, the Parking Service Levy will increase to $2,000 per space per year. The impact of the increase in the parking service levy will be dependent upon whether the full increase is passed onto the consumers, through higher parking rates. If the full increase is passed on, then there is likely to be a fall in demand for car parks, given the discretionary nature of car parks. If however, the increase in the levy is absorbed in part by the car park operator then demand is expected to remain unchanged.

Conclusion

Currently there are some 33,824 non residential car parking spaces within the Sydney CBD (inclusive of the Domain), of these, 18,439 car parks are located in public parking stations, with the remainder included in the terms of an office lease or privately owned. Additionally there is some 270 street side parking with 10hr limits, taking the total number of car parks to 34,094. It is estimated that as at June 2008 some 33,403 Sydney CBD workers drive to work every day as the primary driver, which equates to an estimated vacancy rate of 2.03%.

A review of the historical trend of the Journey to Work indicated that while the number of people travelling to the CBD via other means has increased, it is due to an increase in CBD employment rather than a shift away from car usage. From 2001 to 2006 the percentage of CBD workers who travelled to work grew slightly, rising from 13.57% to 13.77%.

Looking forward it is expected that vacancy within the Sydney CBD car parking market will remain low, in spite of the proposed increase to the parking service levy. The low vacancy levels are expected to come as a result of increases in CBD employment and low levels of new supply.

Despite the forecast low vacancy levels, excessive increases in casual and permanent car parking rates are not expected. Unlike CBD office space, a CBD car space is seen as more of a luxury and as such demand is likely to be impacted negatively by large increases in car parking rates.

FOR MORE INFORMATION PLEASE CONTACT:

Peter Aingetroy
Senior Research Analyst
CBRE Research & Consulting
02 9333 3505
peter.aingetroy@cbre.com