

CELTIC CLUB MELBOURNE REDEVELOPMENT FEASIBILITY STUDY

Prepared for
Celtic Club of Melbourne

MacroPlan Australia Pty Ltd
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FINAL REPORT



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Contents

1	EXECUTIVE SUMMARY.....	4
2	INTRODUCTION	5
2.1	STUDY CONTEXT.....	5
2.2	STUDY TERMS OF REFERENCE.....	5
2.3	OPTIONS FOR THE REDEVELOPMENT OF THE CLUB.....	5
2.4	STUDY LIMITATIONS.....	6
2.5	DISCLAIMER.....	6
3	THE OPPORTUNITY.....	7
3.1	REDEVELOPMENT CONTEXT	7
3.2	THE SITE	7
3.3	INDICATIVE INTEGRATED CLUB / RESIDENTIAL REDEVELOPMENT.....	9
4	MARKET ANALYSIS	16
4.1	OVERVIEW	16
4.2	MULTI-LEVEL RESIDENTIAL REDEVELOPMENT	16
4.3	COMMERCIAL OFFICE REDEVELOPMENT.....	17
4.4	SERVICED APARTMENT / HOTEL REDEVELOPMENT	17
4.5	MIXED USE REDEVELOPMENT	18
5	FEASIBILITY ANALYSIS	19
5.1	METHODOLOGY.....	19
5.2	COST ESTIMATE FOR CLUB REFURBISHMENT (OPTION 1).....	19
5.3	INDICATIVE INTEGRATED CLUB / RESIDENTIAL REDEVELOPMENT (OPTION 2).....	20
5.4	FEASIBILITY ANALYSIS & INTERPRETATION	25
6	PROCUREMENT STRATEGY & NEXT STEPS	27
6.1	PROCUREMENT SOLUTIONS	27
6.2	PROJECT FUNDING	27
6.3	SUMMARY & NEXT STEPS	28
7	ANNEXURE 1 – MARKET ANALYSIS	30
8	ANNEXURE 2 – NAPIER BLAKELEY REPORT	31
9	ANNEXURE 3 – ESTATEMASTER.....	32

1 Executive Summary

Key Findings

This study demonstrates there is a business case for the Club to invite expressions of interest from the market during the coming 3-6 months for the redevelopment of the Queens Street CBD site.

The site is ideal for an integrated Club facility over four levels incorporating smaller-sized multi-level residential comprising between 270-315 residential apartments over approximately 30-35 levels.

There is strong demand locally and internationally (i.e. young professionals, first home buyers and international student accommodation) for competitively priced one bedroom, one bedroom plus study and two bedroom apartments in the \$280,000 to \$360,000 price range.

A 270-315 unit residential development scenario has the potential to generate site value in the order of \$10 million - \$12 million which would fund the construction of new Club facilities.

The cost to the Club of refurbishing the existing building and facilities is estimated at \$4.77 million and may be as much as \$10 million depending on the extent of building works required by the Club. Refurbishment is unlikely to be financially viable for the Club in the short term and represents a lower benefit/cost outcome for the Club over the long term.

While commercial office and serviced apartment/hotel accommodation have been considered in the financial analysis, these uses represent higher risk development options which do not generate land value payments required to fund the construction of new Club facilities.

Discussions with the National Australia Bank (NAB) and city residential developers confirms that an investor/buyer would most likely need to achieve up to 40 per cent equity (i.e. presales) to gain project financing.

MacroPlan has received feedback from the development and banking sectors which indicates a growing appetite for well located CBD sites with good redevelopment and presales potential within the affordable end of the residential market.

Recommendations

MacroPlan recommends the Club proceed to a market call for Expression of Interest (EOI) for the redevelopment of the Club site as soon as practicable (i.e. within the next 3-6 months) subject to Club approval of an appropriate process

MacroPlan recommends the Club undertake a competitive tendering process that will allow the Club to appoint a preferred developer to enter into a Legal Heads of Agreement (HOA) which would not bind either party financially to a contract for sale and redevelopment of the site.

MacroPlan suggests the Club seeks legal advice regarding contract of sale documentation prior to proceeding to a market call for expressions of interest.