



CONFIDENCE: Penny Taylor hopes the council can attract businesses and development by continuing to reduce red tape. Photos: Gabriel Oliveira

Project pipeline to drive Subi revival

Subiaco is set for resurgence, but it will take a coordinated approach from landlords, developers and council to take full advantage of its more than \$500 million pipeline.



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4 PAGE FEATURE

SUBIACO has a history of reinvention, and expectations are building that a pipeline of new developments will drive the renewal missing in the city in recent years.

Struggling through a bit of a funk of late, Subiaco has suffered from an identity crisis since the loss of some top attractions.

The crisis started well before the final siren sounded at Western Australia's long-time home of football, which shifted to the Burwood Peninsula in 2018.

That followed the closure of one of Rokeby Road's iconic hospitality venues, the Witch's Cauldron, and the departure of several other businesses, including the cinema, which collectively sparked a sharp rise in vacancies.

Even earlier was the shuttering of the Subiaco Pavilion Markets, which had been a cultural and community hub for nearly 30 years until 2008.

But a series of developments has the potential to start a new chapter for Subiaco.

Opportunity

With a combined value of more than \$500 million, the projects

feature a mix of residential and commercial.

One of the largest developments under way is **Blackburne's \$280 million ONE Subiaco** project.

Multiplex is expected to start construction on the project, located on the former Pavilion Markets site, next month, putting an end to its decade-long dormancy.

The apartment development is spread across three buildings, the tallest reaching 24 storeys, with the ground floors to house a reimagined marketplace, including shops, cafes, bars and restaurants.

Blackburne managing director Paul Blackburne purchased the 5,451 square metre site for \$25 million in 2018.

"The lack of action on the site was a major factor in the decline of Subi as Perth's number one

\$280m
BLACKBURNE'S ONE
SUBIACO PROJECT

entertainment destination," Mr Blackburne told *Business News*.

"The area has had a tough run for a few years and, without doubt, it will emerge again as a leading place to visit and live."

Mr Blackburne said his team had already sold more than 80 per cent of the 245 apartments.

"I think those in power now have seen what happens when fear of change dominates," he said.

"Subi has a bright future. Its unique village feel and prime location makes it hard to beat."

While Subiaco may have lost a few of its notable drawcards, the

Regal Theatre has been a saving grace.

Regal Theatre general manager Kim Knight spent most of her childhood in Subiaco, watching her parents transition the heritage building from a cinema to a performance venue.

"Subi has gone through some changes. The Regal has been the one consistent," Ms Knight said.

"When we are busy, Subi is busy; it's such an integral part of the economy here.

"We're in a kind of a niche market. You can never replace a live performance, I think people will always want to have that experience."

She said the Regal had been closed since March, unable to open at 50 per cent capacity under the current COVID-19 restrictions.

“ I am hoping we can bring a sense of certainty, because certainty breeds confidence

– Penny Taylor

In the meantime, Ms Knight has been collaborating on the launch of 'Streets of Subi', a new online directory for events and businesses.

"Not only do we suffer ... all these businesses around me are suffering," she said.

"We've got a lot going for us, look at all the development popping up.

"And hopefully, once COVID is gone, if it goes, we can get back to being a thriving inner-city suburb. But to do that you've got to make yourself appealing."

New plan

Urbanista Town Planning director Petar Mrdja is quick to point out what he considers are two of Subiaco's major turn-offs in recent years: parking and poor planning policies.

"Subiaco used to be a vibrant town centre and tourist destination," Mr Mrdja said.

"Unfortunately, Subiaco has suffered a steady decline for more than a decade now, for a number of different reasons, including a lack of vibrancy through lost tenants and high rents, [and] a backwards council with outdated and restrictive planning policies that have stifled development.

"Business owners simply took their ideas to other areas and the

people followed. While other town centres such as Mount Lawley, Leederville and Claremont have thrived, Subiaco has stagnated and suffered as a result."

That stagnation could soon end, however, with a refreshed local planning scheme (which hadn't been updated in 20 years) approved in December 2019.

That move has prompted significant developer interest, with Mr Mrdja currently advising on two major projects set to be announced in coming months. Those projects and several more, he said, would help bring about revival.

"These developments will more than make up for the loss of Subiaco Oval and provide an opportunity to inject some diversity and activity back into the town centre," he said.

City of Subiaco Mayor Penny Taylor was also hopeful the new planning scheme would create opportunities for widespread revival in the area.

"Change is inevitable," Ms Taylor said.

"It's only when councils and mayors work hard in engaging with state government that we have a chance of getting what residents want."



DRAWCARD: Kim Knight says The Regal Theatre is one of the few historic Subiaco attractions still in business.

She said although there had been some community consternation over density, the city was successful in getting about 95 per cent of what it asked for, which included protecting the character of the neighbourhood, with most

of that density focused around activity centres, key transport corridors and the Development-WA-led Subi East project.

The new Forrestfield Airport Link, which could connect Subiaco with an additional 20,000

passengers per day, presented another opportunity for resurgence, Ms Taylor said.

"Vibrancy is all about people," she said.

Continued on page 30



SUCCESS AND LEADERSHIP
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Future of energy

As managing director and chief executive of Australia's top independent oil and gas producer, Peter Coleman has some difficult decisions to make in the coming years. The Scarborough and Browse projects are looming large on the horizon, but global demand has taken a hit in the wake of the global pandemic. The future of the company rests largely in his hands, and the flow-on effects for Western Australia are not insignificant. Join Peter for breakfast as he talks about his years with Woodside and the difficult road that lies ahead for the industry.

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PROACTIVE: Brian Neo says landlords needed to work more closely with tenants to achieve a win-win scenario.

Project pipeline to drive revival of Subiaco

From page 29

"Why would anyone want an empty or derelict building in their area?"

"I am hoping we can bring a sense of certainty, because certainty breeds confidence."

Ms Taylor said part of that involved continuing to support the community; this included the city's 2020-21 budget planning to offset rates with a \$2 million contribution from reserves, as well as fast-tracking more than \$2.5 million in capital works projects.

There have been a couple of recent setbacks in terms of building Subiaco's commercial population.

Mineral Resources had planned to shift its headquarters to SubiXO on Hay Street, but instead purchased a property in Herdsman.

Park Regis was also due to hang its shingle at SubiXO, but pulled out of operating the 168-room hotel portion prior to the development's completion.

While this had been disappointing, Ms Taylor said SubiXO's vacancies could be viewed as additional opportunities for Subiaco.

"If anyone is out there with 500 people that they want to bring into Subi, we're ready for you," she said.

"In a world facing an unprecedented crisis, look out the window; three kilometres from the CBD, four train stations, tree-lined streets, historical houses, inner-city apartments, beautiful parklands, where would you rather be?"

Reset

It's no secret Subiaco has been plagued by for-lease signs in recent years, with vacancies increasing almost threefold between 2017 and 2018 (from 5.94 per cent to 15.19 per cent, before easing slightly to 14.74 per cent in 2019).

While the latest figures are yet to be compiled, Ray White Commercial property

adviser Brett Wilkins is confident vacancies have improved significantly.

That confidence is backed by several large leasing transactions in recent months, including Dilly Dally's move into the Witch's Cauldron space, and Chemist Warehouse taking up about 400 square metres of the former Esprit tenancy.

Mr Wilkins said lengthy road, gas and NBN works that had negatively impacted the strip in recent years were now over, with the previously attainable \$600 per net square metre another barrier.

"There's a cycle with retail strips," he said.

"They start off boutique with low rents, become successful and rents rise; all of a sudden those trendy shops can't survive, so they move out and the big national franchises move in.

"The rents have to collapse low enough so that independent retailers move back in again."

LJ Hooker Commercial Perth director Brian Neo said landlords needed to work more closely with tenants to achieve a win-win scenario.

"The days of squeezing all the juice out of the lemon are over, and as soon as retail property owners understand this, we believe you will see a fundamental change to streetscape," Mr Neo told *Business News*.

"We don't see this as a problem for Subiaco but a problem for Perth retail in its entirety."

Mr Neo said Subiaco's train station, easy-to-access arterial roads, and proximity to the Perth CBD made it an attractive commercial hub.

He said investors had taken notice, pointing to two significant transactions this financial year: Realside Financial Group's \$38 million acquisition of 388 Hay Street, and the \$15.5 million sale of the former Coles site on Barker Road.

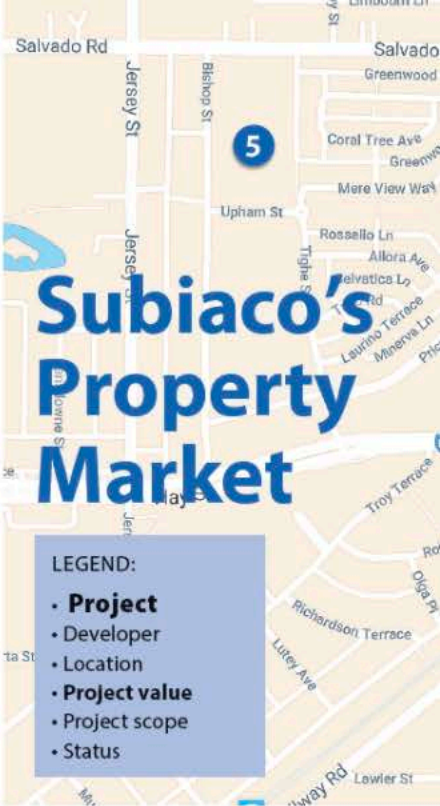
"A CBD-based business could potentially halve their rental costs by moving to a brand new building in Subiaco, which in

PROJECT PIPELINE

- ONE Subiaco**
 Blackburne
 24 Rokeby Rd, Subiaco WA 6008
\$280 million
 245 apartments, hospitality and retail spread across three buildings
 Multiplex to start construction September 2020, expected completion late 2022
- Subi East**
 DevelopmentWA
 Subiaco Oval and Princess Margaret Hospital site
\$227m
 Expected to attract \$1 billion in private sector investment
 Redevelopment of 35 hectares into a mixed-use development
 Final master plan completed late 2020, early works expected to start 2021
- Bob Hawke College**
 State Government
 200 Roberts Road
\$128m (Stage 1: \$70.5m Stage 2: \$57.6m)
 New public high school with 250 year 7 students, expected to reach up to 2,000 students by 2025
 Opened February 2020, Stage 2 construction expected to start mid-2021

PROJECTS IN EARLY PLANNING PHASE

- Residential development**
 TBC
 3-5 May Avenue Subiaco
\$4.5m
 12 multiple dwellings
 Development application lodged May 2020
- Residential development**
 Cedar Woods
 133 Salvado Road
TBC
 Townhouses, apartments
 Development application expected to be lodged late 2020



LEGEND:

- Project
- Developer
- Location
- Project value
- Project scope
- Status

the current environment would seem very attractive," Mr Neo said.

"Subiaco has seen almost more commercial investment recently than the Perth CBD.

"There is a shortage of available land for sale, and with the pending release of DevelopmentWA's Subi East project, [there] will only be further investment into the suburb."

As a vote of confidence, Mr Neo's agency shifted its head office from West Perth to 388 Hay Street earlier this year.

That property was originally designed as a shopping centre, but owner **Realside Financial Group** is focused on repositioning it into a commercial precinct to take advantage of its large floor plates and 300-bay car park.

Realside principal Mark Vonic said COVID-19 had strengthened the firm's commitment to its strategy, with the potential to prompt a resurgence of the suburban office market.

"It's really important these precincts get a bit of love in terms of acknowledging the good as opposed to focusing on the bad, because fundamentally there are a lot of positives about Subiaco," he said.

"And when you benchmark against any other area in the metropolitan area, it all stacks up."

Shift

Edge Visionary Living managing director Gavin Hawkins said the relatively recent emphasis on high-density living, facilitated through planning frameworks and reforms, had created a much-needed shift towards more sustainable accommodation and lifestyle options, providing a boost to the city's resident numbers.

The organisation completed its Botanical Apartments on Price Street last year, and Mr Hawkins said more than 60 per cent of its residents had previously lived within three kilometres of the development.

"I'm sure many of these residents were skeptical about apartment living not so long ago, and perhaps even opposed," he said.

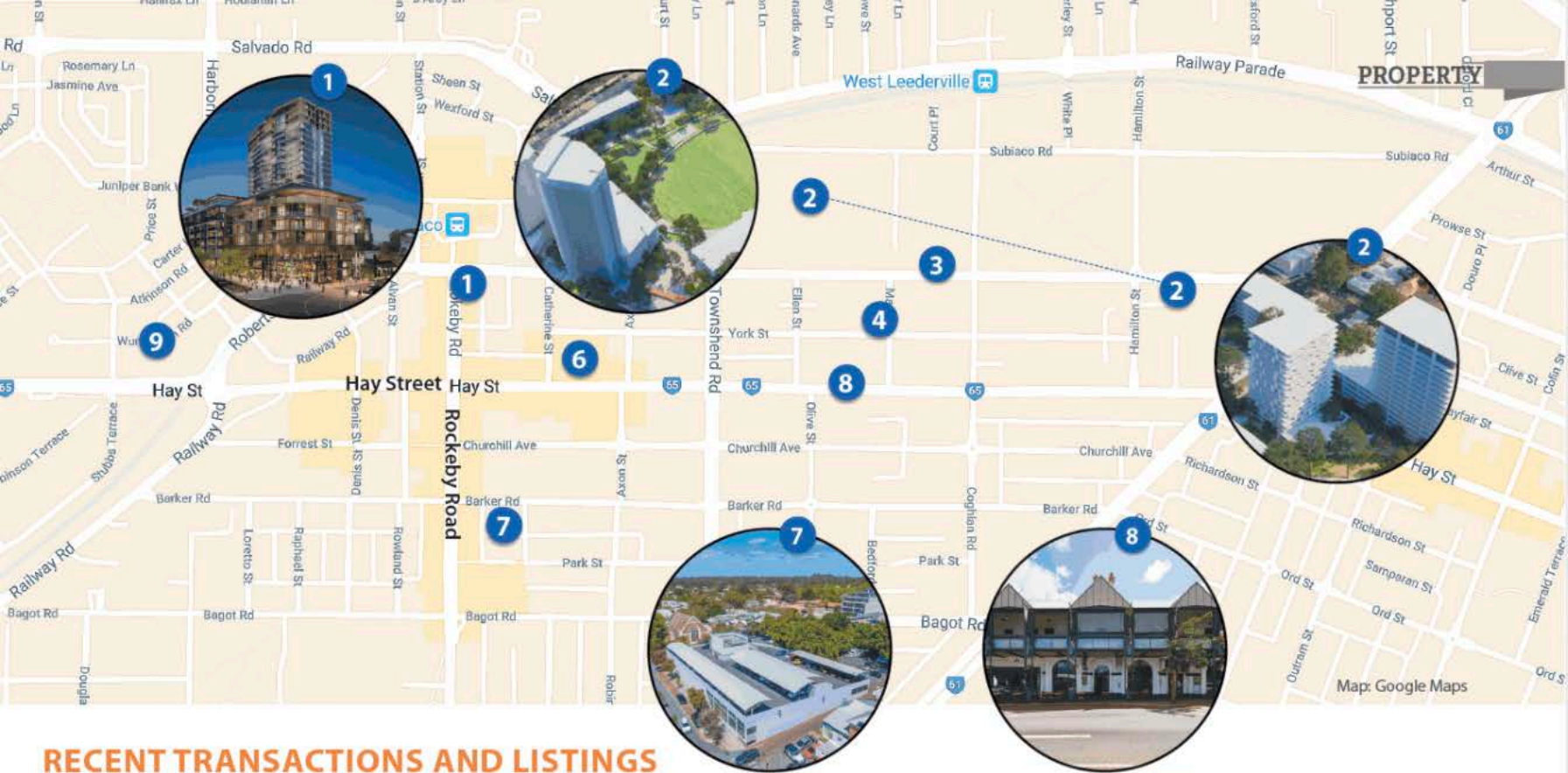
"We are now seeing broad-based acceptance from a range of buyers who view apartment living as a smart and attractive lifestyle choice.

"The opportunity is for the development industry to continue to be involved in providing smart, well-designed and affordable multi-residential living options in Subiaco."

Cedar Woods Properties is another developer hoping to tap in to Subiaco's potential.

Managing director Nathan Blackburne said Subiaco had been a logical target for the group's first WA-based medium-density

“The days of squeezing all the juice out of the lemon are over” - Brian Neo



RECENT TRANSACTIONS AND LISTINGS

6

The Colonnade

388 Hay Street

Purchased for **\$38m** July 2019

Owner: Realside Financial Group

Plans to reposition the asset from retail to suburban office offering

7

Former Coles site

277 Barker Road

Purchased for **\$15.5m** July 2020

Owner: Pinstripe Holdings (Fred Fairthorne, owner of Farmer Jack's Supermarkets)

8

The Vic Hotel

226 Hay Street

Listed for sale by CBRE

Expressions of interest closed August 13

9

Mixed-use development site

Lot 203 Wunderlich Road

Listed for sale by CBRE

The 6,499 square metre site has a current development application for 201 apartments, 11 offices

Expressions of interest closed July 23

infill project, featuring a mix of townhouses and low-rise dwellings

Cedar Woods purchased the former 1.5-hectare TAFE site on Salvado Road last year, with plans to launch the development in coming weeks.

"Subiaco is a well respected and established suburb that lots of buyers have aspirations to live in," Mr Blackburne told *Business News*.

"Since the downturn .. it has remained a popular suburb where property values have held up relatively well."

Mr Blackburne said development approval was imminent and registrations of interest so far had largely been characterised by downsizers, as well as young professionals and couples who couldn't afford the \$1.2 million median buy-in price.

"There is a great opportunity to build upon brand Subiaco, and that starts with building the population," he said.

"That is the start of the resurgence of Subiaco because it's that diversity in population that creates the vibrancy and the demand for retail activity."

Subiaco will receive a further boost to its population once the state government-led Subi East project comes to fruition.

Subi East involves the redevelopment of 35ha of land in and around Subiaco Oval and the former Princess Margaret Hospital site into a new precinct expected to deliver more than 2,000 dwellings for 4,000 new residents.

The draft Subi East Master Plan, led by architecture practice **Hames Sharley**, was

released for public comment in July and has been more than two years in the making.

Planning Minister Rita Saffioti said the government had been engaging with community, local businesses and developers since the announcement of the project, and was aiming for the final master plan to be approved by the end of the year.

"The need for a substantial development in Subiaco to breathe new life into the area has been on the state and local government radar for some time," Ms Saffioti told *Business News*.

"By focussing density on these areas, it helps to alleviate pressure from other potential places in Subiaco."

"We anticipate strong interest from both WA and national developers when we go out to market, likely 2021."

Beyond Subi East, additional development opportunities include a 6,499sqm parcel of land on Wunderlich Road, which is being sold through **CBRE** with a current development application for 201 apartments and 11 offices.

Expressions of interest for that site closed last month, but CBRE said it could not yet comment on its status.

CBRE is also brokering the sale of The Vic Hotel on Hay Street.

CBRE hotels director Ryan McGinnity said the property had so far drawn interest from publicans, brewers and developers looking to take advantage of the site's 2,000sqm land parcel, 54 onsite parking bays, and long-term development potential.



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