



RETAIL LEASING DIRECTION

ARTICULATING A VISION FOR RETAIL IN THE ROCKS



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ABOUT THE ROCKS

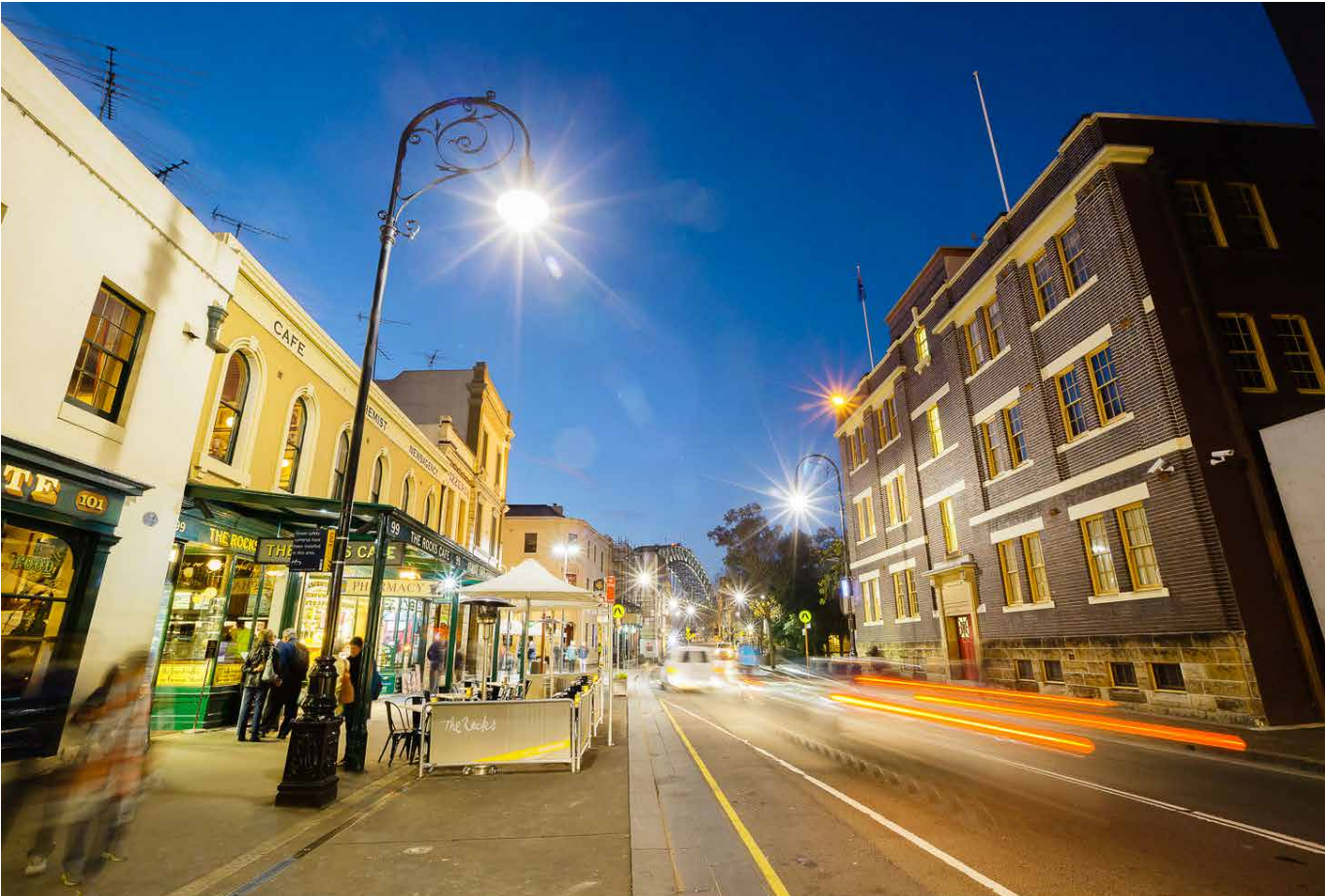
The Rocks is an iconic location, situated between the two most recognisable symbols of Australia: Sydney Harbour Bridge and Sydney Opera House.

The Rocks precinct:

- is 26 hectares of premium real estate
- has prime access to the CBD and all modes of transport
- adjoins Sydney Harbour
- is home to much loved cultural institutions
- has over 15million people movements annually.

As well as being Australia's most significant historic precinct, The Rocks is a vibrant and contemporary space, well placed for future growth.

As a NSW Government agency, Property NSW works to ensure the activation and profitability of The Rocks for the mutual benefit of tenants, visitors and the people of NSW.



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CUSTODIANSHIP

Place Management NSW (PMNSW) was established under the Place Management NSW Act 1988 and is the landowner of The Rocks. PMNSW is the custodian of the precinct.

Property NSW manages the assets of PMNSW. Its main roles are:

- precinct management
- property management and leasing
- heritage conservation
- urban renewal.

Property NSW manages commercial and retail leases, and provides security, cleaning, building maintenance and other asset management services.

It manages and curates two key heritage and cultural precincts – The Rocks/Circular Quay and Darling Harbour – which together attract over 42million visitors annually.

The Rocks precinct contributes \$1.2billion per annum gross value to the NSW visitor economy. The Property NSW corporate vision is to create extraordinary places.

As a Government agency, Property NSW works to ensure the activation and profitability of The Rocks for the mutual benefit of tenants, visitors and the people of NSW.



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THE ROCKS LEASING PLAN

Property NSW's vision for The Rocks is to make it one of the most envied heritage precincts in the world – an alluring precinct and a leader in retail experience internationally.

The type and combination of retail tenants has a profound impact on the visitor experience in The Rocks and, in turn, on visitation and visitor spend.

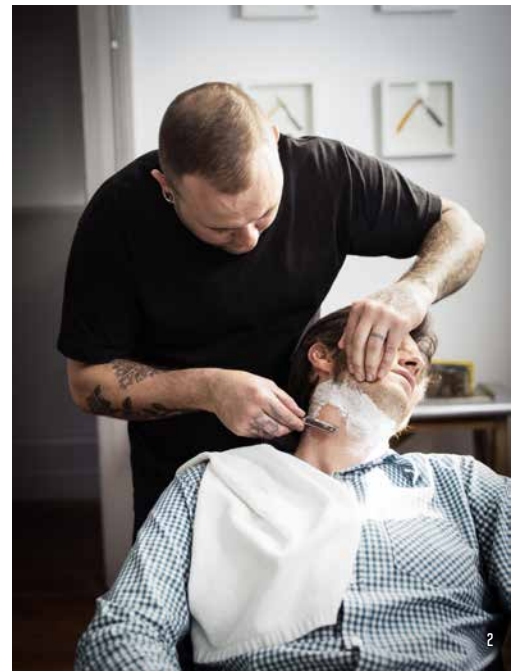
The leasing plan forms part of an overall precinct plan, which also includes investment in buildings and public spaces and activating and marketing The Rocks.

In assessing a prospective tenant's application to lease a property in this unique precinct, Property NSW looks for:

- the best available proposal within a target retail category mix for the relevant zone within the precinct
- sustainable businesses capable of meeting their lease obligations and providing a stable business operation
- the best value for money noting that the best outcome for the precinct is to achieve the desired retail mix at rents which can be sustained by those businesses.

Our vision is to make The Rocks one of the most envied heritage destinations in the world.

- 1 Creperie Suzette
- 2 Barber Supreme
- 3 Sake Restaurant
- 4 Mancuso
- 5 The Doss House



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KEY TRENDS IN RETAIL

Across the globe the rapidly changing retail environment is becoming increasingly more complex, with savvier customers, shifting demographics and new channel formats all playing a part in the evolution of retail.

The future successful retailers will be those who can adapt to the changing needs of the customer and create a more engaging experience in store and across all channels.

When considering the leasing direction, Property NSW considers key and emerging trends in retail and heritage precincts globally, including:

- Retail has experienced a shift, with customers expecting much more than ever before from their dining, leisure and shopping experiences.
- Customers are placing increased value on experiences. They want to discover great products and socialise with others and often want experiences they can't find anywhere else.
- Customers are spending significant time online before they enter the store and expect a seamless approach to their experience across all channels.
- Customers are more mindful of their purchases and the effect on their health and the environment. Customers are increasingly choosing products that are ethically sourced and are good for their bodies, mind and the environment.
- Other destinations embracing this heritage approach globally include SoHo in NYC, Stockholm, Berlin and Le Marais in Paris.



Retail in other international heritage precincts

- 1 Carlo e Camilla Restaurant & Cocktail Bar, Milan – Italy
- 2 Mardou & Dean store, Oslo – Norway
- 3 Soho, New York City – USA
- 4 Gamala Stan, Stockholm – Sweden
- 5 Gestalten Pavilion, Berlin – Germany
- 6 Le Marias, Paris – France

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AN ENVIABLE VISITOR PROFILE

The Rocks attracts a broad range of customers – both locals and tourists:

Local Customers – CBD Workers and Sydneysiders†

- **Affluent:** Our local Sydneysiders and CBD workers are higher earners compared to the Sydney average.
- **Urban:** They are city dwellers, predominately living in the Inner City, Lower North and Eastern suburbs of Sydney.
- **Social:** Socialising is a big part of their lives – they're nearly four times more likely than the Sydney average to dine/drink out.
- **Cultural:** They enjoy cultural activities such as theatre and performing arts and are four times more likely to visit a museum than the Sydney average.
- **Leisure seekers:** They have a high propensity for leisure/lifestyle activities.



Source: † Quantum 2017, Sydneysider/CBD worker combined profile.

Domestic Tourists*

- **Eastern Seaboard:** The Rocks attracts a broad range of domestic tourists primarily from the East coast of Australia.
- **Affluent:** They are high earners compared to the Australian average.
- **Jet-setters:** Travel is a big part of their lives, they are nearly three times more likely than the average Australian to travel domestically and spend time at tourist attractions.

International Tourists^

- **Origin:** There were 1.5million visitors to the precinct in 2017 predominately coming from China, the US and the UK.
- **Travel Alone:** Nearly half travelled unaccompanied for the purpose of holidaying.
- **Experiences:** Dining experiences, sightseeing and shopping are the most popular activities for international visitors to Australia who visited The Rocks.



Source: * Quantum 2017, Domestic Tourist profile.

Source: ^International and National Visitors Surveys, Tourism Research Australia.

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TARGET RETAIL MIX

For The Rocks to achieve its vision it must appeal to its target customers, and the six retail categories below have been identified as critical to engaging current and future customers. Stores should align with one or more of the guiding principles within a category.

1 Dining Experiences

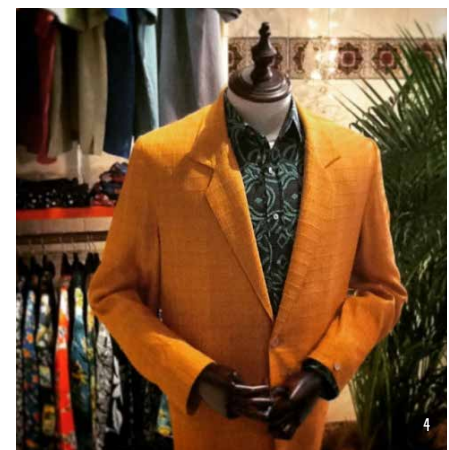
- A holistic experience that is about more than just food and makes customers want to share their experience with others
- A casual, premium or fine dining offer stretching across restaurants, bars, pubs and cafes
- Caters to multiple times of the day and the occasions that draw customers to the precinct eg. after work dinner/drinks, lunch with family/friends
- Quality produce, carefully selected and beautifully presented.



1 Pano Brot & Kaffe, Stuttgart – Germany
 2 The Argyle bistro and bar, The Rocks, Sydney – Australia
 3 The Doss House, The Rocks, Sydney – Australia
 4 Pony Restaurant, The Rocks, Sydney – Australia

2 Fashion, Accessories and Jewellery

- The best in Australian and international design, across women's, men's, unisex and children's offers
- Aggregators or designers offering a best in class experience and contemporary range
- Unique and individual stores that are not commonly found in other retail precincts.



1 Nemika Concept Store, Tokyo – Japan
 2 Jason Ree, The Rocks, Sydney – Australia
 3 Retrosuperfuture Eyewear store, New York City – USA
 4 Joe Bananas, The Rocks Sydney – Australia

3 Arts and Creativity

- The best in design and craftsmanship from Australia and internationally
- Offer bespoke and unique pieces
- Show the masters at work and the stories behind their craft.



1 ATTY Gallery, The Rocks, Sydney – Australia

4 Homewares and Gifts

- Highly curated product mix with unique or recognised brands
- Unique and individual stores that are not commonly found in other retail precincts.



1 Dinosaur Designs, London – UK
2 Top 3 by Design, Richmond, Melbourne – Australia
3 Williams Sonoma, New York City – USA

5 Tourism Focused Retail

- Products and experiences exclusive to Australian culture that commemorate and preserve a tourist's visit to Sydney and Australia.
- Gifts expressing The Rocks' history and heritage.



1 Spirit Gallery, The Rocks, Sydney – Australia
2 Pure Oz, The Rocks, Sydney – Australia

6 Beauty, Health and Well-being

- Offer products and/or services in the beauty & anti-aging, pharmacy, healthy eating & nutrition, spa, fitness, mind-body or wellness categories
- Best in class boutique experience, with a reputation built in other locations
- Provide convenient services for CBD workers and local residents.



1 Cosmetics boutique, Krakow – Poland
2 Okinaha Store, Brussels – Belgium
3 Aesop, The Rocks, Sydney – Australia
4 One Hot Yoga studio by Rob Mills, Melbourne – Australia

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THE ROCKS ZONES

RETAIL ZONES

George Street Gateway

'First impressions count'

- As the major pedestrian gateway into the precinct, the retail offer must represent the best of what The Rocks has to offer to set the tone for the rest of the experience.
- The overall ambience in this zone must signify the distinctly different experience vs the rest of the CBD.

Retail Categories in George St Gateway:

- Dining Experiences
- Fashion, Accessories and Jewellery
- Arts and Creativity
- Homewares and Gifts
- Beauty, Health & Well-being

Other Businesses in George St Gateway:

- Accommodation
- Commercial Offices

Heart of The Rocks

'The Complete Rocks Experience'

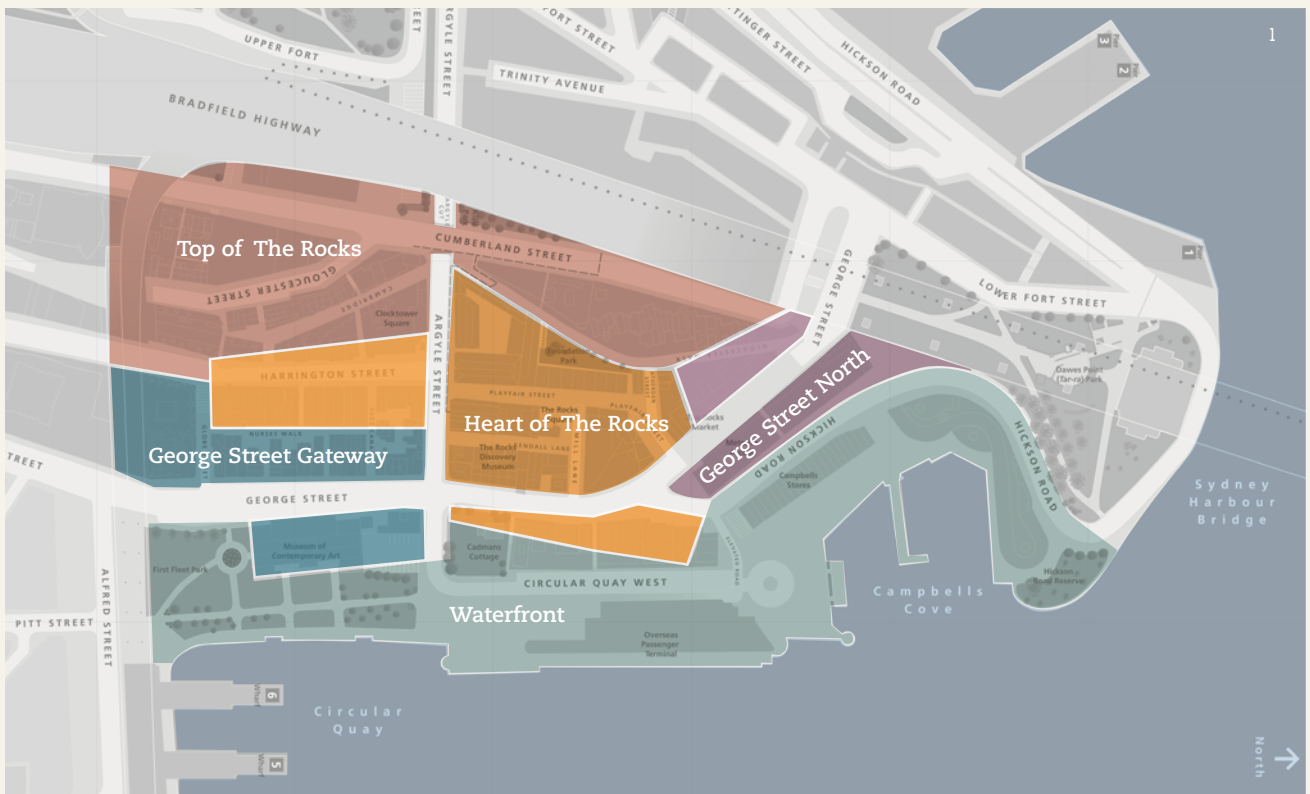
- Where visitors can enjoy the full Rocks retail experience.
- You'll find the smaller shops, courtyards and laneways where people meander, sit and enjoy the sights and sounds.

Retail Categories in the Heart of The Rocks:

- Dining Experiences
- Fashion, Accessories and Jewellery
- Arts and Creativity
- Homewares and Gifts
- Tourism Focused Retail
- Beauty, Health & Well-being

Other Businesses in the Heart of The Rocks:

- Accommodation
- Commercial Offices



George Street North ■

‘Anchoring the Northern End’

- During weekdays this area supports the Rocks Retail with an eclectic mix of commercial office tenants, supported with some food & beverage.
- During weekends the Rocks Markets draws traffic through to the northern end of the precinct.

Retail Categories in George St North:

- Dining Experiences
- Beauty, Health & Well-being

Other Businesses in George St North:

- Accommodation
- Commercial Offices

Waterfront ■

‘World Class’

- Skirts the stunning foreshore of Sydney Harbour.
- A place for visitors to soak up the relaxed atmosphere of The Rocks and enjoy world-class views from a selection of luxury hotels and premium restaurants.

Retail Categories in the Waterfront zone:

- Dining Experiences

Other Businesses in the Waterfront zone:

- Accommodation

Top of The Rocks ■

‘Hidden Gems’

- Offers spectacular views of the harbour from a network of streets, laneways and public spaces.
- It is the gateway to Sydney Harbour Bridge for pedestrians.

Retail Categories in Top of The Rocks:

- Dining Experiences

Other Businesses in Top of The Rocks:

- Accommodation

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IMPROVED PRESENTATION STANDARDS

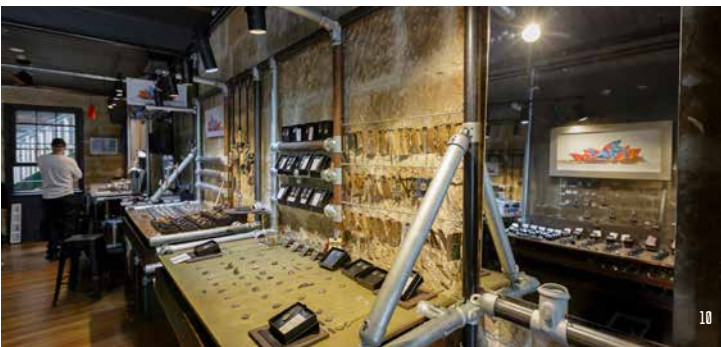
For retail precincts to continue to be successful they require ongoing rejuvenation of the retail mix and offering – this includes the presentation standards of the premises. This is a process that typically is assessed during the negotiation of new leases.

With the majority of the premises in The Rocks being within heritage listed buildings, great care must be taken to achieve results that inspire best in class experiences and honour the heritage of the building.

A number of openings in The Rocks illustrate what's possible:



- 1 L'Occitane
- 2 Saké Restaurant and Bar
- 3 Pony Dining
- 4 The Doss House
- 5 Endeavour Tap Rooms
- 6 Cosmopolitan Jewellers
- 7 Shab & Shadi
- 8 Barber Supreme
- 9 Deceim
- 10 AHW Studios
- 11 Hat World



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**Every building in The Rocks has
its own story.**

**Property NSW is preserving the
stories of the past and inviting
new generations to create their
own stories in this unique place.**

