Nelson
Alexander

Commercial

187 Gertrude Street
Fitzroy 3065

10th July 2026

Valuation and Commercial Impact Assessment
Property: 340 Sydney Road, Brunswick VIC

To Whom It May Concern,

Re: Commercial Viability Assessment – Retention of Existing Pews and Sloping Floor

I have inspected the property and have considered the commercial implications associated with retaining the existing church pews and sloping floor within the proposed redevelopment and adaptive re-use of the property known as The Church at **340 Sydney Road, Brunswick**.

Based upon the information provided, the proposed usable and lettable commercial floor area would be reduced from approximately **350 square metres to 150 square metres** if the existing pews and sloping floor are retained. This represents a loss of approximately **200 square metres**, or **57% of the potential commercial floor area**.

Applying prevailing market rental rates of **$350–$400 per square metre per annum**, the reduction in lettable area would result in a substantial loss of rental income as follows:

- Lost floor area: **200m²**
- Rental rate: **$350–$400/m²**
- Annual rental income forgone: **$70,000–$80,000 per annum**

This reduction in income has a material and adverse effect on the economic viability of the proposed development. The loss of more than half of the potential lettable space significantly diminishes the property's capacity to generate a commercial return commensurate with the capital expenditure required to refurbish, maintain and occupy the building.

Commercial Attractiveness to Tenants

In addition to the direct financial impact, the retention of the pews and sloping floor would severely limit the building's functionality and flexibility for contemporary commercial use. Modern retail, hospitality, office and community-based commercial occupiers generally require flat, open-plan floor plates capable of accommodating a variety of fit-out configurations.

The retention of fixed pews and a sloping floor would:

- Reduce usable floor area and efficiency.
- Restrict tenant fit-out options.
- Increase occupational and fit-out costs.
- Limit accessibility and operational practicality.
- Reduce the range of prospective tenants able to occupy the premises.

From a market perspective, these features would create a space that is both **aesthetically unattractive and commercially untenable**. Rather than enhancing the property's appeal, the retained religious fixtures would be perceived as an impediment to occupancy and would substantially reduce tenant demand.

Impact on Market Value

Commercial property value is fundamentally linked to its ability to generate income. A reduction in lettable floor area from 350m^2 to 150m^2 materially diminishes the property's income-producing capacity and consequently its market value. Any prudent purchaser or investor would recognise the significant loss of earning potential arising from the retention of the pews and sloping floor and would adjust their valuation accordingly.

Value of Religious Use

It is also relevant to note that the market for dedicated religious facilities has contracted substantially over recent decades. Congregation numbers across many traditional denominations have experienced significant decline, resulting in reduced demand for large purpose-built places of worship.

As a consequence, the existing religious configuration of the building provides little or no additional value in a commercial context. The highest and best use of the property is likely to be achieved through adaptation to a flexible commercial use rather than retention of features that primarily serve a religious function. The preservation of pews and a sloping worship space does not enhance commercial value and instead acts as a constraint on the property's marketability and economic performance.

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Conclusion

In my opinion, the retention of the existing pews and sloping floor at 340 Sydney Road, Brunswick would have a significant negative impact on the property's commercial viability. The resulting reduction in lettable floor area from 350m² to 150m² would lead to an estimated annual rental income loss of **$70,000 to $80,000**, undermining the financial feasibility of the project.

Furthermore, the retained religious layout would create a commercially unattractive and functionally restrictive tenancy, substantially reducing demand from prospective occupiers. Given the limited value attributable to dedicated religious space in the current market, retention of these elements would not only diminish rental income but would also adversely affect the overall market value, lease ability and economic sustainability of the development.

Yours faithfully,

Damien Theisz
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