

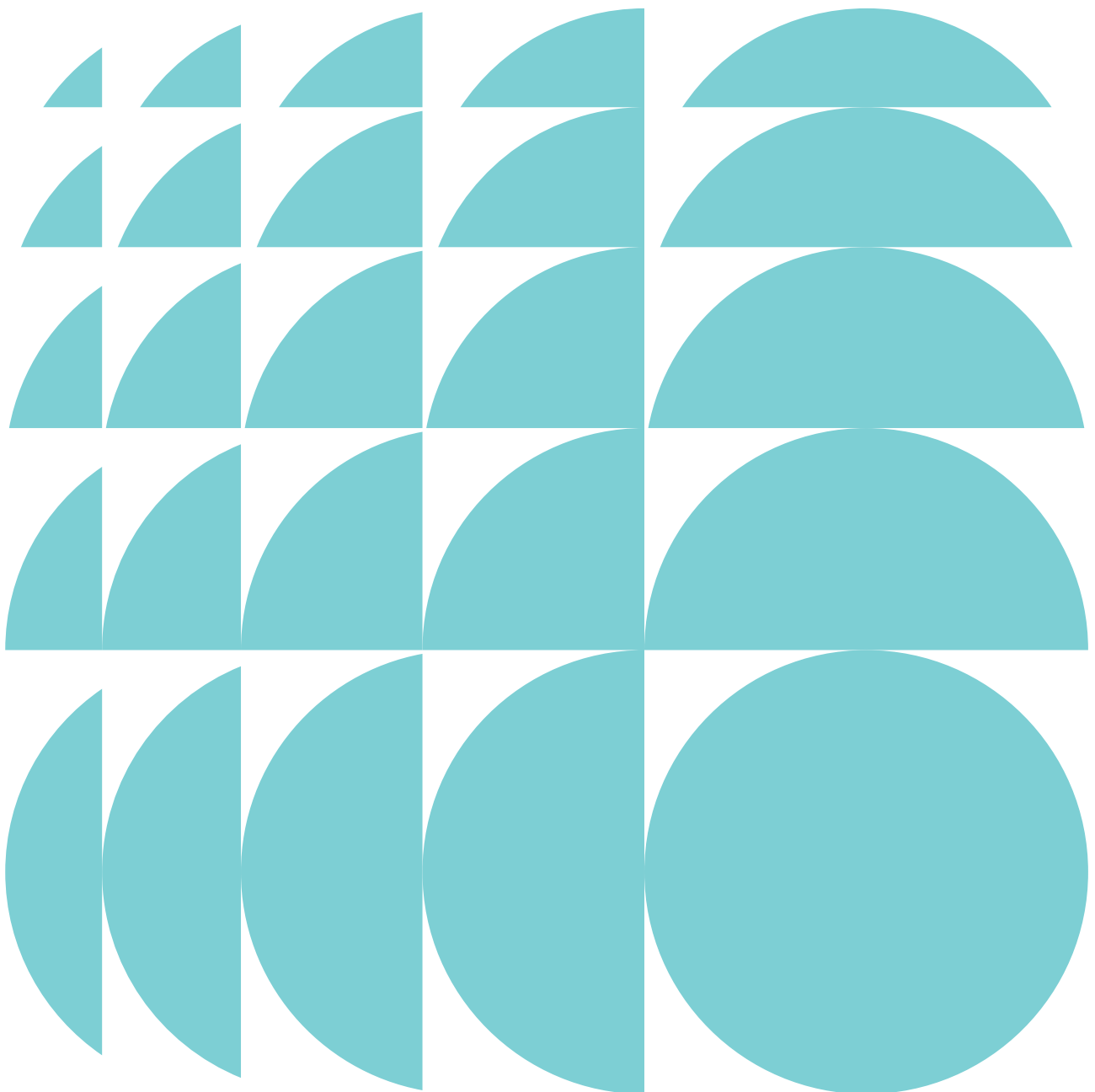
ETHOS URBAN

Social and Economic
Assessment and Strategy

15–23 Hunter & 105–107 Pitt Street

On behalf of Milligan Group

August 2020 | 2190590



COVID-19 is an unprecedented global health crisis and economic event that is rapidly evolving. In these circumstances the short-term economic environment is extremely uncertain, especially where the forecasting of economic trends is involved. At the current time, the research and analysis of economic data – such as forecasts of economic activity, population and employment growth, and so on – reflects a return to “business as usual” scenario, while also noting the potential impacts that may be associated with the COVID-19 virus and the anticipated return to growth in economic indicators. Where required, we will be clear where a specific consideration of the implications of COVID-19 is being provided outside a business as usual scenario.

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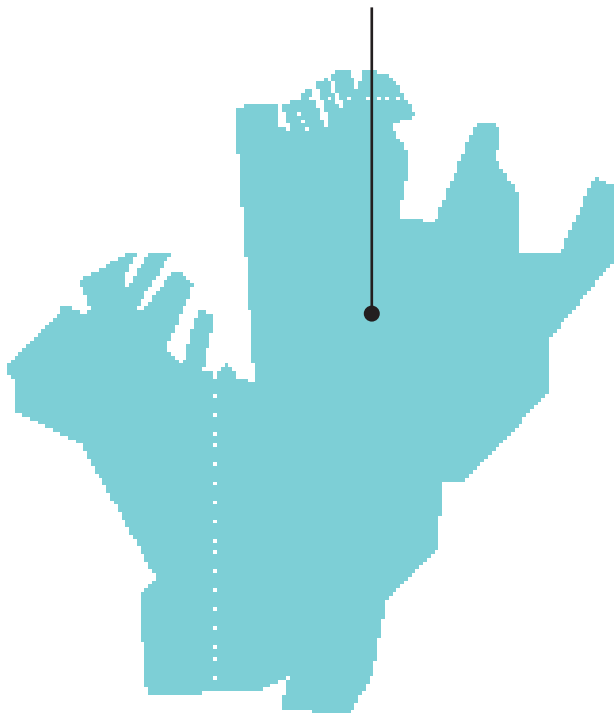
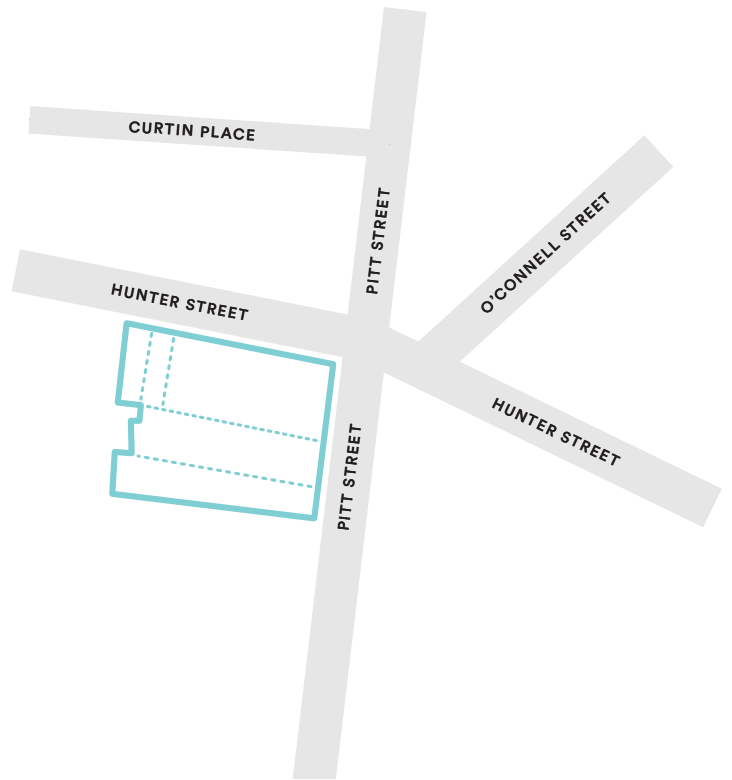
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This report provides a social and economic assessment of the proposed mixed-use retail and commercial development at 15–23 Hunter Street and 105–107 Pitt Street, Sydney.

The site is located in the commercial core of Central Sydney, a globally significant centre and internationally renowned tourism destination.

The proposal has the potential to be transformative for Sydney CBD and to deliver significant social and economic value to the community.



Located on a prominent corner in the heart of Sydney CBD, and within close proximity to the existing Wynyard Station, future Martin Place Metro Station and further northern CBD Metro Stations, the site is extremely well suited for future commercial office uses and can provide for an intensification of employment in the northern CBD.

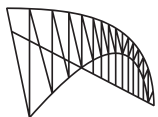
Sydney CBD jobs growth target to 2036

100,000+

Sydney CBD annual economic output

\$108bn

Forecasts indicate growing demand for new premium office space to sustain the economic success, liveability and amenity of the northern part of the Sydney CBD.



Museum of Contemporary Art Australia

MUSEUM OF SYDNEY



The site is within walking distance of significant tourist attractions. The high number of visitors in this area support improved civic spaces and amenity.

The proposal will deliver significant social and economics benefits

+ Delivering on the vision for a globally competitive Sydney CBD

The development supports the strategic goals, directions and actions of the Central Sydney Planning Strategy by strengthening the competitiveness and employment capacity of the Sydney CBD. It will support the role of Sydney CBD as a key commercial office precinct in Sydney by adding 37,736m² of premium contemporary commercial office floorspace.

+ Maximising the benefit of the new Sydney Metro stations

The redevelopment of this site will significantly increase new employment opportunities in close proximity to two confirmed and one potential Sydney CBD Metro stations – at Pitt Street, Martin Place and a further as-yet unannounced Sydney CBD location. Excellent public transport connectivity is key to supporting the productivity of the Sydney CBD, and delivering on the Greater Sydney Commission’s vision for a “30-minute city”.

+ Improving the activation and amenity of the Sydney CBD

Improved retail and streetscape at this site will enhance the dynamism and vibrancy of this area of Central Sydney.

It is a state and local government priority to ensure that future land uses contribute to the vibrancy and vitality of the Sydney CBD after hours, including by encouraging development of new shops, cafes, restaurants and cultural facilities, and by improving the amenity of the ground plane.

The redevelopment of the site will activate this area of Central Sydney by providing an enhanced streetscape and ground plane and revitalised underground retail options, that attract and retain visitors and workers to enliven the area. The development will enhance public access to this high profile and easily accessible site through the inclusion of an active ground floor and underground offer as well as upper levels of the development.

+ Enhancing workforce wellbeing and resilience

Reducing worker stress and boosting the wellbeing and resilience of workers is a key priority for many major companies, and healthy workspaces will likely continue to be a priority. This development would contribute towards meeting workers’ wellbeing needs by delivering a premium commercial development that meets 6 Star Green Star and 5½ star NABERS performance requirements. Premium office space provided will deliver improved design, natural light, technology, safety, sustainability and overall amenity.

Supporting the wellbeing of workers will deliver improved social outcomes in terms of life satisfaction, physical and mental health and reduced work-related stress. As the proposed development could accommodate around 3,805 employees, enhancing the wellbeing and resilience of these workers is a key priority.

1.0 Introduction

1.1 Purpose of this report

This Social and Economic Assessment and Strategy supports a Planning Proposal submitted to City of Sydney Council for a mixed-use retail and commercial development at 15–23 Hunter Street and 105–107 Pitt Street, Sydney. This report sets out the key drivers for this development from a social and economic perspective, aligned with the City's and NSW Government's strategic policy drivers.

The proposal has the potential to be transformative for this northern part of the Sydney CBD and to deliver significant social and economic value to the community.

1.2 Overview of this report

This report provides a social and economic assessment of the commercial development proposed for 15–23 Hunter Street and 105–107 Pitt Street, Sydney. It also incorporates a social and economic strategy, which describes the proposed approach to delivering social and economic benefits and shared value through the scheme.

The report sets out the following information:

- Site context, including site description and existing development context;
- Strategic context, including relevant state and local government drivers and analysis of the Sydney CBD context;
- Local social and economic context, including the population and worker profile of the area, social infrastructure context and the outcomes of community consultation undertaken to date;
- Assessment of the social and economic impacts of the proposed development.

The report concludes with a discussion of strategic directions for delivering social and economic value through the scheme.

Analysis has been developed via a primarily desktop review, drawing on the outcomes of community consultation that has been undertaken to date by City of Sydney Council, on the basis that further stakeholder and community engagement is planned to follow at subsequent stages of the planning process.

1.3 Milligan Group's strategic goals

Milligan Group is a developer passionate about creating developments that add value and complement communities. Ranging from small boutique office spaces to grade-A commercial buildings, Milligan Group's portfolio is testament to their commitment to deliver high quality buildings within the City of Sydney.

This project is aligned with Milligan Group's ambition to create liveable, high-quality commercial development in a strategic Sydney CBD location, and delivering social and economic value.

2.0 Site context and proposed development

2.1 Site location and context

The site is located in the City of Sydney Local Government Area (LGA) and is located in the central part of the Sydney Central Business District (CBD) in a block that is bordered by George Street to the west, Hunter Street to the north and Pitt Street to the east.

The site is located directly adjacent to the George Street light rail and is in proximity to near various public transport options and a mix of retail, business, cultural and entertainment facilities. Circular Quay is located approximately 500 metres to the north of the site. New Metro Stations are planned in close proximity.

The context of the site is shown at Figures 1–3.

2.2 Site description

The site has a total area of approximately 2,080m² and is irregular in shape. It has an approximate 50 metre frontage to Hunter Street and 40 metre frontage to Pitt Street.

The site contains four individual commercial buildings, which are discussed in further detail below.

- 101–103 Pitt Street / 23 Hunter Street – This lot contains a 17 storey commercial building, with ground floor retail which is currently occupied by NAB, and basement parking spaces.
 - 105 Pitt Street – This lot contains an eight storey commercial building, with restaurant and retail uses at ground level.
 - 107 Pitt Street – This lot contains an eight storey commercial building and a restaurant at street level.
 - 19–21 Hunter Street – This lot contains a four storey commercial building with retail tenancies fronting directly onto Hunter Street.
 - 15–17 Hunter Street – This lot also contains a four storey commercial building, with two retail tenancies at ground level and the upper levels occupied by backpacker accommodation. Running beneath this lot is the heritage listed 'Tank Stream', which is a water tunnel which runs from King Street to Circular Quay. This utility infrastructure is the site of Sydney's earliest water supply and dates back to 1860.
-

2.3 Proposed development

An indicative design concept has been prepared by Bates Smart to demonstrate that the proposed envelope can deliver a feasible commercial office tower as proposed. The design would be further refined through a design competition for the site.

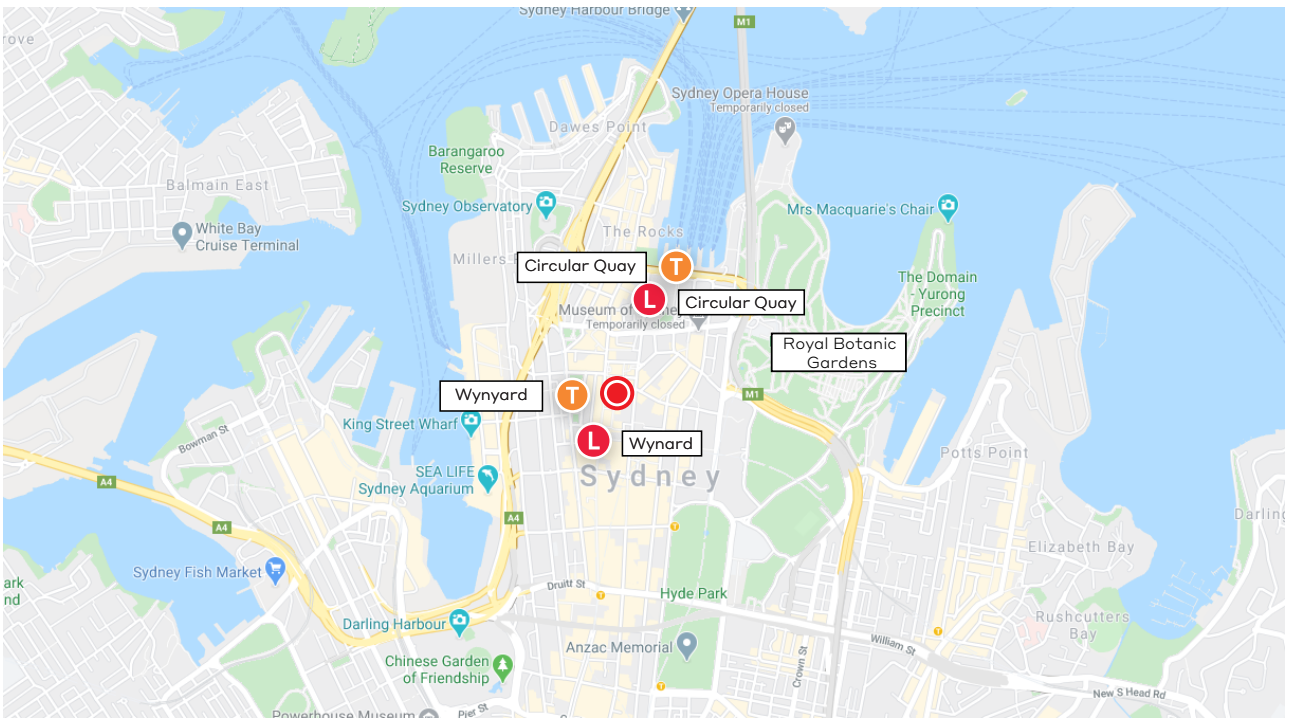
The amendments to planning controls proposed in the Planning Proposal will support (indicatively):

- A 51-storey commercial tower comprising:
 - Six basement levels, with 41 car parking spaces as per Council's requirements, as well as two levels of retail and two levels occupied by a gym and health and wellness facilities;
 - Approximately 54,814m² of Gross Floor Area (GFA);
 - Car park access from Pitt Street;
 - Active uses at ground level; and
 - Public domain improvements, including a high degree of activation and pedestrian links through both the retail provision and generous lobby and podium levels.

It should be noted that the scheme is indicative only and has been prepared for the purpose of demonstrating that the proposed building envelope can deliver a viable scheme which complies with the proposed planning controls. In undertaking the competitive design process and the detailed design of the building, changes to the indicative scheme may occur.



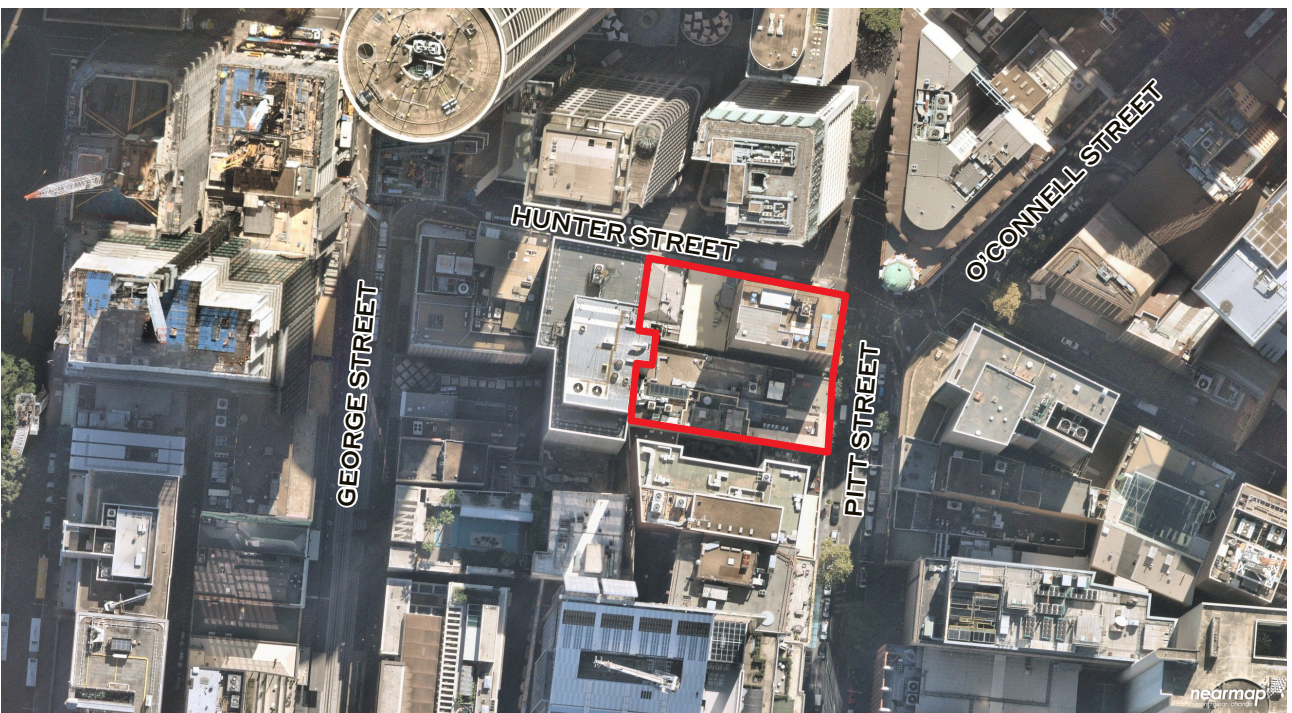
Figure 1. Proposed development (indicative)
Source: Bates Smart, 2020.



 The Site

 NOT TO SCALE

Figure 2. Site context
Source: Google Maps and Ethos Urban



 The Site

 NOT TO SCALE

Figure 3. Site aerial
Source: Nearmap, Ethos Urban

2.4 Surrounding development

As this site is located in the commercial core of the Sydney CBD, the development surrounding the site mostly comprises commercial office uses, with ground floor retail, restaurants and bars. The surrounding buildings vary in style, height and age, and some buildings have poor amenity and an outdated appearance.

2.5 Sydney CBD context

The site is located in the commercial core of Central Sydney, a globally significant economic centre dominated by commercial developments and white-collar professions.

Sydney CBD plays a critical role in Australia's national economy. According to the Central Sydney Planning Strategy, this area helps to generate over \$108 billion of economic activity annually (nearly 8% of the total national economy), and is home to 12,000 businesses. It accommodates a large proportion of City of Sydney's 610,000 domestic and international visitors each day.

There are currently approximately 496,900 jobs in Sydney CBD as a whole, and the Greater Sydney Commission has stated that this is forecast to increase to between 662,000 and 732,000 by 2036. The major industries in this area are finance and financial services and professional and business services.

The site is also within walking distance to a major tourist hub centred on Circular Quay, that attracts a high proportion of the estimated 610,000 domestic and international visitors to Sydney daily. It is within walking distance of significant tourist attractions, including Sydney Opera House, Sydney Harbour Bridge and Museum of Contemporary Art.

The high number of visitors in this area will drive demand for civic infrastructure and amenities that are publicly accessible, including spaces with free Wifi and public seating, for example.

Almost half of the LGA's hotel rooms are located in the CBD and Harbour Village: approximately 9,600 hotel rooms, 1,500 serviced apartments and 1,000 backpacker beds in the locality.

3.0 Strategic context

The following section identifies the key social drivers for this site, based on a review of the key state and local policies and strategies relevant to the proposed development.

Sydney CBD is a nationally significant economic centre, driving demand for high quality commercial floorspace.

3.1 Key policy themes and drivers

The following section synthesises the findings of a review of state and local policies, strategies and documents that articulate the desired social, cultural and economic outcomes relevant to the proposed development.

These findings and their influence on the community benefits offer are summarised at Table 1.

The following documents have been reviewed to inform this analysis:

- Sydney Regional Plan (Greater Sydney Commission, 2018)
- Eastern City District Plan (Greater Sydney Commission, 2018)
- Sustainable Sydney 2030: Community Strategic Plan 2017 – 2021 (City of Sydney, 2017)
- Local Strategic Planning Statement (City of Sydney, 2019)
- Draft Central Sydney Planning Strategy 2016 – 2036 (City of Sydney 2016)
- Sydney Development Control Plan 2012 (Sydney DCP) (City of Sydney, 2012)
- A City for All: Social Sustainability Policy (2016) and Action Plan (2018)
- OPEN Sydney: Future directions for Sydney at night (City of Sydney, 2013)
- Creative City: Cultural Policy and Action Plan 2014 – 2024 (City of Sydney, 2014)
- Digital Strategy (City of Sydney, 2017)
- Economic Development Strategy (City of Sydney, 2013)

Key social, cultural and economic drivers for the development are summarised below.

Table 1 – Key policy drivers for the project.

Policy theme	Summary
<p>Sydney CBD as a nationally significant economic centre, driving demand for high quality commercial floorspace</p>	<ul style="list-style-type: none"> Both state and local planning strategies recognise Central Sydney’s significant contribution to the productivity of both NSW and Australia as a whole and prioritise employment growth in Central Sydney. To strengthen the economy of Central Sydney into the future, commercial floorspace in the area will need to be renewed to meet contemporary tenant demands and continue to attract globally significant organisations. The area where the site is located is Greater Sydney’s most prestigious office sub-market, and the City has noted that the quality and amenity of the public domain is critical for the precinct to maintain its status and overall desirability as a commercial precinct.
<p>Population growth and the “30-minute city”</p>	<ul style="list-style-type: none"> Major centres such as Sydney CBD play a key role in meeting the employment, education and goods and service needs of their communities, while delivering social and economic benefits. It is a state and local priority to deliver a “30-minute city” where employment and education opportunities, daily living needs and housing are accessible to each other in 30 minutes or less via public transport. The Greater Sydney Commission recognises that providing adequate infrastructure to support population growth is essential to delivering a liveable, productive and sustainable community. Investment in public transport projects, including Sydney Metro has improved business-to-business connections and enhance the attractiveness of the Sydney CBD as a commercial centre.
<p>Enhancing amenity and accessibility for CBD workers</p>	<ul style="list-style-type: none"> Policy highlights the critical importance of a high amenity CBD to attract a high calibre, global knowledge economy workforce and businesses. This is a key driver for the CBD – Sydney’s premier commercial office location. Improving public domain quality and amenity for workers is a key foundation for Sydney’s continuing successful growth and development. Enhancing CBD amenity is premised on “direct investment in infrastructure, assets, services, events and activity to improve the amenity, liveability and functioning of the City,” as per the City’s Economic Development Strategy. The Strategy also highlights: “The City has a role to play in the long-term growth of the sector through the creation of a liveable city to attract the skilled professional workforce that the sector relies upon.”
<p>Diversifying economic, cultural and social activities within City of Sydney LGA more broadly – including at night</p>	<ul style="list-style-type: none"> Central Sydney’s global economic role is supported by its high amenity and liveability, as well as its entertainment, cultural, tourist and conference facilities A more robust night-time economy in Central Sydney is supported by Council policy. Development should diversify night-time social and recreational options and contribute to a safe and welcoming public realm. State and local policy recognises that improving and diversifying the night-time economy in Sydney CBD will support the ongoing growth of the area as an employment and tourism destination, by improving amenity for workers and visitors. According to state and local policy, City of Sydney LGA should function socially/ culturally as a ‘city of villages’ and economically as a ‘network of sectors, markets, and high-performance clusters’. It is vital that each community, including that of Central Sydney, where the site is located, is a space to live, study and learn, shop, create, play, and work with a distinct civic character.

4.0 Local social and economic context

The following section analyses the local social and economic context of the proposed redevelopment, including demographic characteristics, local social infrastructure available to the site, current local social and economic issues and trends, and the outcomes of community consultation to date.

4.1 Key findings

- Central Sydney is the premier employment, retail and entertainment destination in Greater Sydney, and contains nationally significant cultural, economic and social infrastructure.
- Compared to the City of Sydney average, residents of the CBD and Harbour Village area are more likely to be aged 35 to 49 years old, well-educated and earn a high income. A high number of lone person and couple only households are located within this area, and a large share of workers are professionals.
- Almost 60% of all workers travel to work by public transport. Travelling by train is the most popular method of travel for City of Sydney workers, accounting for 41.6% of all worker movements on a typical weekday.
- The CBD and Harbour Village has the largest concentration of workers at 274,100 and representing around 55% of all workers in the City of Sydney.
- In total more than 650,000 persons are estimated to be present within the City on an average weekday. The City is projected to continue to grow substantially over the next 15 years, projected to add a further +115,000 new residents and +200,000 additional workers.
- Projections for the CBD and Harbour Village indicate that the population could increase from 9,500 residents and around 275,000 workers, to accommodate some 19,500 residents and 335,000 workers in the area by 2036.
- A significant concentration of social infrastructure and major public transport infrastructure is present in the area surrounding the site, consistent with the role of Sydney CBD as Greater Sydney's major metropolitan centre.
- Key community priorities and aspirations for City of Sydney LGA identified through consultation undertaken by Council include protecting public and open space, increasing active and public transport options, continuing to deliver employment, education and entertainment opportunities and delivering environmentally sustainable development.

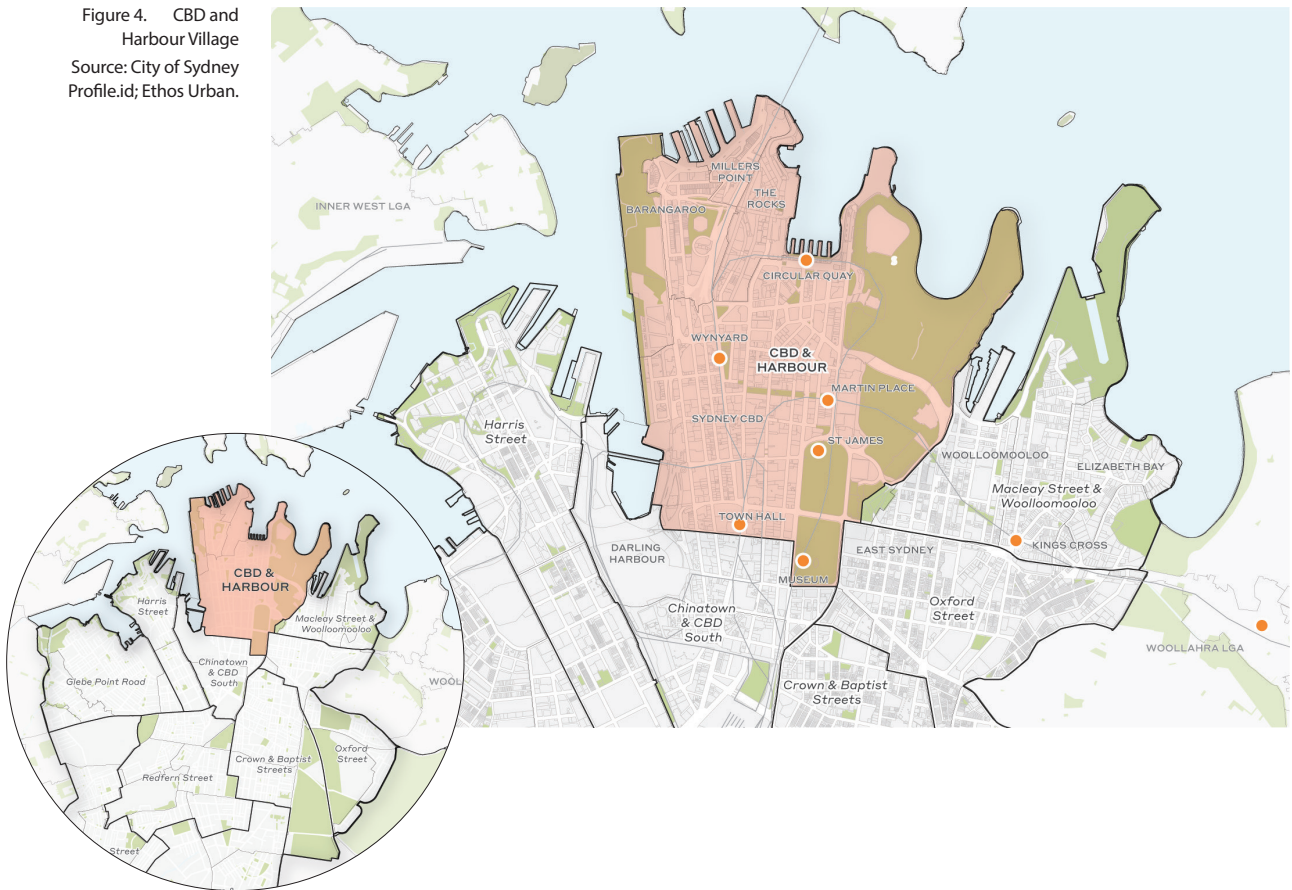
4.2 Study area

The City of Sydney has defined 10 different ‘villages’ that combine to form the Local Government Area (LGA). The subject site is located within the defined ‘CBD and Harbour Village.’

The following community profile of the CBD and Harbour Village (where the site is located) uses population and employment data from multiple sources. The results of the 2016 ABS Census of Population and Housing, sourced from City of Sydney’s Community Profile has been used to identify key socio-economic and demographic characteristics of the community surrounding the site, in comparison to the City of Sydney LGA. This data has been supplemented by other sources, as referenced below.

The geography of the CBD and Harbour Village is shown in Figure 4 below. The CBD and Harbour Village covers the suburbs of The Rocks, Millers Point, Dawes Point and Barangaroo and part of the locality of Sydney.

Figure 4. CBD and Harbour Village
Source: City of Sydney Profile.id; Ethos Urban.



4.3 Resident profile

Current population

The enumerated population of the CBD and Harbour Village Area grew by 19.9% between 2011 and 2016 from 12,878 to 15,445 residents over five years.

Age structure

The CBD and Harbour Village area has a higher proportion of older people compared with City of Sydney LGA. The median age in the Village is 36 years old, compared with 32 years across the City of Sydney LGA and 36 years in Greater Sydney as a whole. There is also a higher proportion of young people compared with City of Sydney LGA:

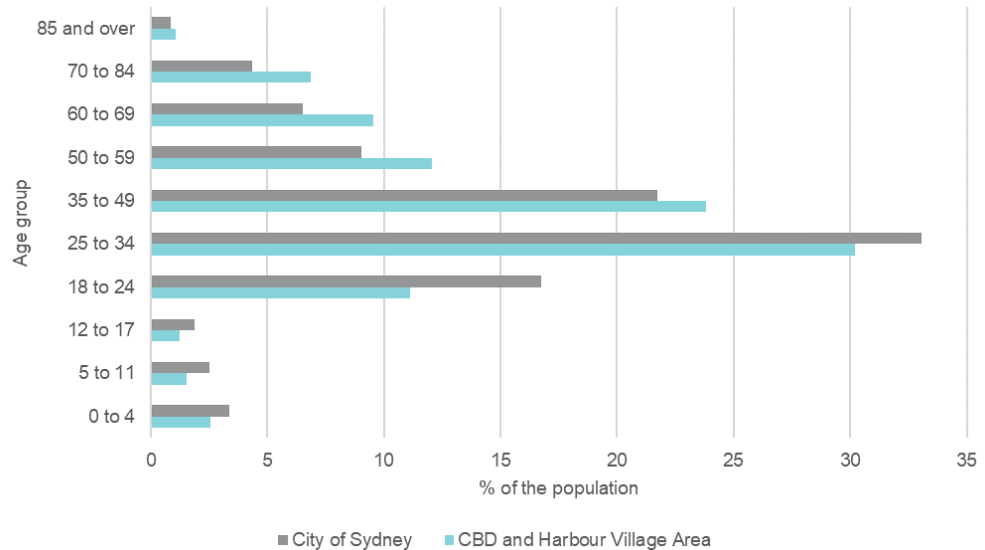
- The population aged 18–24 (11.1%) is lower than the City of Sydney LGA (16.7%), however it is higher than Greater Sydney (9.6%).
- 12% of the population in the CBD and Harbour Village area are aged 50–59, as compared to 9% of the City of Sydney population, and 12% in the Greater Sydney region.
- The largest increase in age group has been in residents aged 35–49, who have increased from 20.7% of the population within the CBD and Harbour Village in 2011 to 23.8% in 2016.

The age structure of the CBD and Harbour Village is shown in more detail in Figure 5 below.

Income

The median household income of residents in the CBD and Harbour Village area is higher than the City of Sydney and Greater Sydney average:

Figure 5. Resident population age structure, 2016
Source: ABS Census of Population and Housing, compiled by .id



- The median income of households in the CBD and Harbour Village is \$2,333 per week, compared with \$1,915 per week in the City of Sydney and \$1,745 per week in Greater Sydney.
- A large proportion of the CBD and Harbour Village population earn between \$3,500–\$3,999 per week (14.9%) as compared with 8.5% of City of Sydney residents and 5.3% of Greater Sydney residents.

Household and dwelling characteristics

The CBD and Harbour Village population has a distinct household and dwelling profile when compared with the City of Sydney benchmark:

- The average household size in the CBD and Harbour Village is 1.75 persons per dwelling, compared to 1.97 in City of Sydney.

- The proportion of couples with children is similar between the CBD and Harbour Village (7.0%) and the City of Sydney (9.5%), however, this proportion is significantly lower than Greater Sydney (35.3%).
- The proportion of couples without children is similar across the CBD and Harbour Village (25.3%), City of Sydney LGA (25.9%) and Greater Sydney (22.4%).
- There is a significantly higher proportion of visitor only households in the CBD and Harbour Village (14.6%) as compared to the City of Sydney (3.2%) and Greater Sydney (0.9%). This reflects the high proportion of hotel and short stay accommodation in the CBD.
- The proportion of group households is lower in the CBD and Harbour Village (6.2%) as compared to 13.5% in the City of Sydney.

The CBD and Harbour Village Area is a high density community, with 88.0% of the population residing in high density dwellings, compared to 74.6% in City of Sydney LGA and 23.5% in Greater Sydney.

Cultural and linguistic diversity

The CBD and Harbour Village area is home to people from many cultural and social backgrounds:

- More than a third (35.5%) of the CBD and Harbour Village population speaks a language other than English at home, compared to 36.2% in the City of Sydney LGA and 35.8% in the Greater Sydney region.
- The main languages spoken at home in the CBD and Harbour Village are:
 - Mandarin (6.6%, compared to 9.9% in City of Sydney and 4.7% in Greater Sydney)
 - Thai (3.6%, compared to 3.2% in the City of Sydney and 0.4% in Greater Sydney)
 - Indonesian (3.3%, compared to 2.2% in the City of Sydney and 0.6% in Greater Sydney)
 - Korean (2.1%, compared to 1.6% in the City of Sydney and 1.2% in Greater Sydney)
 - Cantonese (2.1%, compared to 2.9% in the City of Sydney and 2.9% in Greater Sydney)
- A low proportion (4.6%) of the CBD and Harbour Village residents do not speak English well or at all, compared to 6.2% of City of Sydney residents and 6.5% of residents in Greater Sydney.

4.4 Employment and worker profile

Based on results from the latest 2016 Census, key points to note regarding the profile of employment within the City of Sydney LGA are as follows:

- It is estimated that on a typical weekday there are around 500,000 workers in the City of Sydney. This represents an increase of 71,700 workers since 2011.
- Professionals represent 38.4% of the employment in the City of Sydney, followed by Managers (17.8%) and Clerical and administrative workers (16.9%).
- The City of Sydney is strongly represented by professional services, with the Professional, Scientific and Technical Services and Financial and Insurance Services industries representing 19.4% and 17.7% of total employment in the LGA, respectively. Public Administration and Safety are also well represented at 7.4%.
- Almost 60% of all workers in the City of Sydney travel to work via public transport (59.0%) compared to 23.4% of Greater Sydney workers. Compared to the Greater Sydney average, a higher proportion of City of Sydney workers also travel to work by walking or by bicycle at 6.5% and 1.6%, respectively (compared to the Greater Sydney average of 4.1% and 0.7%).
- Travelling to work by train is the most popular method of travel for City of Sydney workers, accounting for 41.6% of all worker movements on a typical weekday.

Results from the 2017 City of Sydney Floor Space and Employment Survey also provide detail on workers and industries of employment within the CBD and Harbour Village including:

- The area has the largest concentration of workers at 274,100 and representing around 55% of all workers in the City of Sydney.
- There are 9,551 businesses in the CBD and Harbour Village. The majority of these business (78.1%) have less than 20 employees.
- The three top industries (by number of businesses) are Professional and Business Services (23.8%), Finance and Financial Services (16.9%) and Retail and Personal Services (13.2%).
- The largest industries by workforce are Finance and Finance Services (36.9%), Professional and Business Services (25.1%) and Information and Communications Technology (ICT) (5.9%).

4.5 Forecast worker and resident profile

City of Sydney LGA

The City of Sydney is a key destination for a range of uses and services across Greater Sydney. As such, the region accommodates both local residents and local workers as key customer segments on a daily basis.

In total more than 650,000 persons are estimated to be present within the City on an average weekday. The City is projected to continue to grow substantially over the next 15 years, projected to add a further +115,000 new residents and +200,000 additional workers.

Reflecting the mixed-use nature of the Sydney CBD region, as well as the range of other services and amenities including hotels, cultural venues and educational facilities, the region would also serve a range of other customer segments including visitors and students to the area. However, residents and workers will account for the majority of activity on a typical weekday.

The LSPS outlines that by 2030 it is anticipated that there will be 1.7 million people in the city each day (or an additional 1 million people each day).

CBD and Harbour Village

The CBD and Harbour Village is currently the largest employment precinct within the City of Sydney, accounting for some 55% of all workers. The Village will remain a key focus for future development, particularly employment growth as the primary location for knowledge workers. The CSPS and City of Sydney Capacity Study outline that the CBD and Harbour Village has potential to accommodate up to an additional 60,000 jobs and almost 4,000 residential dwellings in the future.

Projections for the CBD and Harbour Village therefore indicate that the population could increase from 9,500 residents and around 275,000 workers, to accommodate some 19,500 residents and 335,000 workers in the immediate area by 2036.

Table 2 – Resident and Worker Projections – CBD and Harbour Village, 2018–2036

	2018	2036	Growth
Residents	9,500	19,500	+10,000
Workers	275,000	335,000	+60,000
Total	284,500	354,500	+70,000

Source: Ethos Urban, City of Sydney, .id Consulting

While a proportion of local residents are also likely to work in the region, the above highlights the continued focus on growth and development within the City of Sydney, with the CBD and Harbour Village region to play a key role in accommodating future growth.

4.6 Local social infrastructure context

The following section provides an overview of social infrastructure within walking distance of the site. This information is provided in order to assess any potential impact on access and availability of social infrastructure as a result of the proposed development, and to identify potential opportunities to contribute to social infrastructure provision that may be lacking in the locality.

The following social infrastructure types have been reviewed:

- Community facilities
- Recreation and sport facilities
- Libraries
- Cultural and creative facilities
- Places of worship
- Medical facilities
- Schools
- Open space
- Recreation facility.

As the area surrounding the site is a major metropolitan centre, with a large worker and resident population, there is a significant concentration of community facilities in the area. However, limited open space is within 400m walking distance of the site.

The local social infrastructure context for the site is shown below in Figure 6.

Community facilities



Figure 6. Social Infrastructure
Source: Ethos Urban.



There are three community facilities within walking distance of the site: Customs House, Abraham Mott Hall and Sydney Town Hall.



Recreation and sport facilities

There are three Council-operated recreation and sport facilities located within walking distance of the site: King George V Recreation Centre and Kent Street Tennis Courts, in The Rocks and Cook and Phillip Aquatic and Fitness Centre.



Open space and public spaces

Four dedicated open spaces are located within walking distance of the site, including Wynyard Park, Macquarie Place Park and Jessie Street Gardens. There are also a significant linear public space at Martin Place.



Other open spaces within walking distance of the site are located on the fringe of the North Sydney CBD, including the Royal Botanical Gardens, Hyde Park and the Domain.



Libraries

There are two libraries located within walking distance of the site: Customs House Library, operated by City of Sydney Council, and the State Library of NSW. There is also a kiosk library service operated by City of Sydney at Town Hall.



Schools

There are five schools within walking distance of the site, a government primary school at Fort Street Public School, government secondary school at Conservatorium High School and private schools St Andrews Cathedral College, Holmes Secondary College and Macquarie Grammar School.



Tertiary education

There are several tertiary education facilities within walking distance of the site: Southern Cross University Hotel School, University of Sydney's Conservatorium of Music, Macquarie University's City Campus, UNSW's CBD campus and a range of private colleges.

Child care centres

There are several child care centres within walking distance of the site.

Cultural and heritage facilities

There are several cultural facilities located within walking distance of the site, including the Museum of Sydney, Museum of Contemporary Art, Susannah Place Museum, Justice and Police Museum, Hyde Park Barracks and the Mint.

Places of worship

There are several places of worship in proximity to the site. Some of these places of worship may have meeting rooms and community spaces available to hire for the broader community.

Medical facilities

There are several medical facilities available to the public in proximity to the site.

Figure 7. Customs House
 Figure 8. Abraham Mott Hall
 Figure 9. Macquarie Park
 Figure 10. Macquarie Park
 Source: Ethos Urban

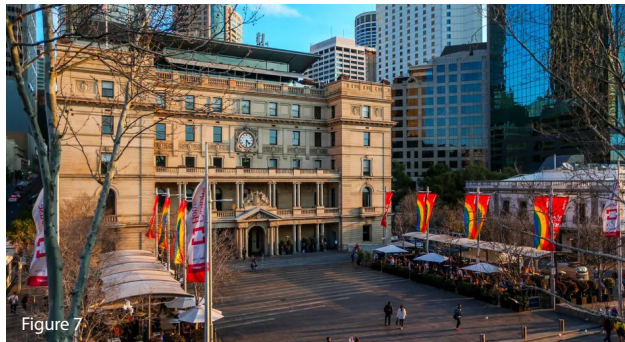


Figure 7



Figure 9



Figure 8



Figure 10



4.7 Transport and access

As the site is located in the heart of Sydney CBD, multiple transport options are available including train, bus, light rail and the future metro stations at Pitt Street and Martin Place.



Rail

The site is located within walking distance to existing train stations at Wynyard, Town Hall, Martin Place and St James. These rail lines have frequent services throughout the day to major centres across Greater Sydney.



Bus

The site is within walking distance of several bus stops connecting to other parts of the Sydney CBD and other centres throughout Greater Sydney.



Light rail

The site is within short walking distance of the George Street Light Rail, which connects to other centres including the health and education precinct in Randwick.

Metro

In the near future, the site will be located close to Pitt Street Metro Station and Martin Place Metro Station, with frequent connections to North Sydney, Bankstown and other centres. These stations are forecast to open in 2024.

The site may also be located close to a future Sydney CBD Metro Station, however, the exact location of this facility has not been confirmed.

4.8 Engagement and consultation outcomes

The following section summarises the outcomes of relevant engagement and consultation outcomes undertaken by City of Sydney Council that highlight community aspirations for the Sydney CBD.

Consultation undertaken to inform Sustainable Sydney 2030

City of Sydney Council has consulted extensively with the community about their aspirations for the LGA, to inform a review of Council's Community Strategic Plan – Sustainable Sydney 2030. Key community priorities arising from this consultation that are relevant to this Planning Proposal include:

- A green city with trees and plants, that is safe and inclusive and has quality public spaces.
 - Shifting towards active and public transport, with reduced reliance on cars.
 - Responding climate change, including sustainable waste management, sustainable use of resources, reduction in emissions, greater recycling and reusing of products, and changes to how we use our city to reduce our impact on the environment.
 - Enhancing urban vibrancy, and celebrating the city's culture and heritage, enabling diverse shopping and entertainment options and events, including after hours.
 - A city that continues to offer a wide variety of opportunities in terms of education, jobs, innovation and the economy, and is supported by digital infrastructure that sustains the creation of new jobs and allows businesses to respond to changing customer needs.
-

Consultation undertaken to inform the Central Sydney Planning Strategy

The Central Sydney Planning Strategy was on public exhibition between 1 May to 10 July 2020, and the outcomes of consultation on this key strategic document have not yet been made publicly available by Council.

Consultation undertaken to inform the Planning Proposal

At this time, no specific community consultation has been undertaken to inform the development of the Planning Proposal, and therefore this section will be further updated after it has been on public exhibition.

5.0 Social Assessment

5.1 Introduction

This section provides an assessment of the current social context relevant to the proposed redevelopment. It considers:

- Ongoing need to reinforce the Harbour CBD as a nationally and internationally significant economic centre;
- Transformative renewal of existing commercial space in the locality;
- City shaping public transport investment and the impact of Sydney Metro;
- Low quality pedestrian spaces and limited activation in the locality;
- Growing demand for commercial development that supports worker wellbeing.

These themes are explored in detail below.

5.2 Social context and drivers for the development

Ongoing need to reinforce Central Sydney as an internationally significant economic centre

The site is located within Central Sydney, which plays a nationally significant social, economic and cultural role. The area generated over \$108 billion of economic activity annually (nearly 8% of the Australian economy)¹ and contains a large number of national headquarters for multinational and Australian companies and has a high concentration of commercial office space and high value knowledge jobs.

However, Central Sydney is currently constrained by both its location on a harbour and by existing planning controls, and it is a state and local priority to unlock employment opportunities and economic growth by increasing the floorspace capacity of Central Sydney.

Through the Central Sydney Planning Strategy, City of Sydney Council aims to support the economic, social and cultural primacy of this area, and enable its ongoing growth. Key Council aspirations for Central Sydney include:

- Prioritising employment growth and increasing employment capacity;
- Providing for employment growth in new tower clusters (including by introducing a new pathway for heights and densities above the established maximum limits to increase opportunities to deliver employment floorspace);
- Ensuring infrastructure supports growth to sustain a resilient city with high liveability;
- Reaffirming Council's commitment to design excellence to reinforce Sydney's status as a city characterised by high design quality.

Council have also stated that growth in Central Sydney should be place-led and people-focused:

"By fostering growth sites through a guideline-led process, and by supporting growth sites with upgrades to footpaths and open space, the City can work with landowners to collectively secure the necessary boosts in profile and image that will result in commensurate rises in the overall commercial viability of these areas."²

Transformative renewal of existing commercial space in the locality

This locality is one of Sydney and Australia's most prestigious office sub-markets. Floor space in this area comes at a premium, and the area is anticipated to experience continued economic growth and, consequently, increased demand for commercial space.

¹ City of Sydney 2016, Central Sydney Planning Strategy, p.5

² Ibid, p.37.

The City of Sydney's Central Sydney Planning Strategy 2016–2036 (2016) states:

“The City Core comprises the largest office sub-market in Australia. It is the most sought-after location in Central Sydney, favoured by the financial, legal, property and technology sectors...

The City Core contains the largest number of premium buildings in Central Sydney, and the most commercial floor space, which in turn facilitates greater volumes of commercial development. It also commands the highest rents...

Due to the profile of occupants, premium-grade floor space and large office floor plates (greater than 1,200 square metres) have traditionally been highly sought after. Notwithstanding, smaller tenancies are increasing in prominence as the trends continue of outsourcing and growth in the technology sector.

In line with its status as metropolitan Sydney's most prestigious office sub-market, the quality of tenant amenity and the public domain is critical for the precinct to maintain its status and market position. Land-use conflicts, for example visible residential balconies and drying laundry, if not managed appropriately, have the potential to erode the City Core's premium status and overall desirability as a commercial precinct.”³

To meet ongoing demand for high quality office space there is significant commercial redevelopment taking place in proximity to the site, with a large number of new office buildings currently being developed, including:

- APDG Site (under construction): 55 storey commercial tower and podium with four basement levels comprising commercial premises, food and drink premises, public cycle facilities and public domain improvements.
- Sydney Metro Station Martin Place Precinct (under construction): Construction of two commercial buildings (28 storeys and 39 storeys) above and integrated with the new Sydney Metro station at Martin Place, with a maximum GFA of 125,437m².
- Sydney Metro Station Pitt Street Precinct (under construction): 39 storey commercial building integrated with the Pitt Street Metro Station, with approximately 54,412m² of commercial GFA.
- One Carrington (under construction): 27 storey commercial building above Wynyard Station, with 89 car parking spaces across two levels of basement.
- 50 Bridge Street, also known as Quay Quarter Tower (under construction): 50 storey commercial tower with approximately 90,000m² of floor space including 8,000m² of retail.

3 City of Sydney 2016, Central Sydney Planning Strategy, p.164.

Figure 11. 1 Carrington and Quay Quarter Tower
Source: Cranfield Group; commercialrealestate.com



City shaping public transport investment – the impact of Sydney Metro

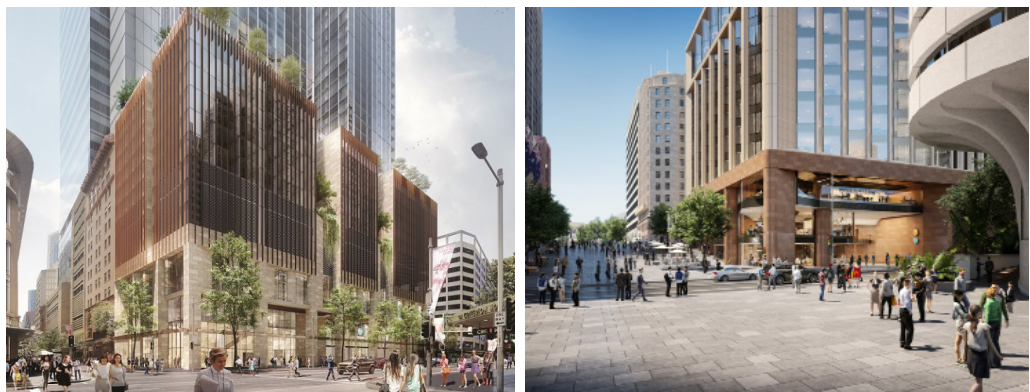
The site is located between two planned Sydney Metro stations at Pitt Street and Martin Place, and an additional planned Metro Station in the Northern CBD (location not yet public). There is also an opportunity to provide a subterranean link between the site and future Metro stations to ensure a seamless pedestrian flow.

Sydney Metro, which is forecast to be completed in 2024, will deliver a significantly improved underground rail service in the CBD, with high frequency, high capacity services, new or upgraded concourses and station entries. The delivery of the Sydney Metro will increase the capacity of train services across Sydney from about 120 an hour today, to up to 200 services an hour beyond 2024⁴.

Future workers and businesses at the site will benefit significantly from the improved public transport connectivity of the site, which will seamlessly link staff and businesses with the rest of the Sydney CBD and other major centres across Greater Sydney.

The delivery of increased employment opportunities at this site will also maximise the benefit of investment in the Metro, by multiplying its connectivity and activation benefits.

Figure 12. Artists' impressions of the future Pitt Street Station and Martin Place Metro Station
Source: Sydney Metro, 2020.



4 Sydney Metro 2020, "Project overview," Sydney Metro <<https://www.sydneymetro.info/citysouthwest/project-overview>>

Low quality pedestrian spaces and limited activation in the locality

Previous eras of commercial development in the locality have resulted in parts of the ground plane of the Sydney CBD being characterised by numerous overshadowed and windy plazas, blank walls, internal food courts with little relationship to the street and large foyers that are uninteresting for passing pedestrians.

This has contributed to a need to revitalise and improve the quality and amenity of the public domain in some areas of Sydney CBD, including through investment in improved public spaces and streetscapes. The City has identified that enhancing the amenity of the CBD is important to enhancing the attractiveness of the area as a desirable office market and supporting the wellbeing of workers.

The diversity of night time activities in the Sydney CBD is limited, as restaurants, cafes, entertainment options and retail shops in the area close to the site tend to rely on workers for trade – and are less likely to be open after 7pm or on weekends.

City of Sydney Council has recognised the need to diversify the night-time economy within the Sydney CBD, to enhance the activation and vibrancy of the area.

Demand for commercial development that supports worker wellbeing

Figure 13. 1 Carrington and Quay Quarter Tower
Source: Cranfield Group; commercialrealestate.com



Workplace design can play a significant role in influencing levels of work stress, which is associated with ill health, including cardiovascular disease and mental illness. Increasingly, businesses, are placing greater emphasis on workplace amenity including “zen rooms” and “wellness hubs” where employees can restore, relax and concentrate without distraction.

Office design, materials and layout can also have both positive and negative outcomes. For example, the use of natural materials such as wood and stone, rather than concrete and laminates, has been shown to increase creativity, and the integration of indoor plants and views of greenery can improve perceptions of air quality, concentration, satisfaction and productivity in the workplace. Other developments in this area, such as those referenced above, include significant investments in worker wellbeing.

Redevelopment of this site to include facilities, spaces and design elements to support worker wellbeing and satisfaction will enhance the health, productivity and resilience of the workers at this site. At this stage, it is intended that the proposed development will meet both 6 star Green Star rating and NABERS ratings.

5.3 Social impacts and benefits

The proposed development has the potential to make a significant contribution to the transformative renewal of the Sydney CBD, aligned with strategic state and local government drivers for renewal and the investment in the Sydney CBD Metro Stations.

From a broader social impact perspective, the proposed redevelopment of the site has the potential to deliver a multiplicity of social benefits to the communities who work, live in and visit this area. Further, the scheme is strategically aligned with the ongoing renewal of Central Sydney currently underway, driven by state and local government, and will make a strong contribution to this transformation.

Key social impacts and benefits of the Planning Proposal are summarised below.

- Broad social benefits associated with delivering a commercial “super tower” that will contribute towards increasing the capacity of Central Sydney to accommodate additional employment opportunities and economic growth, thereby supporting the productivity and prosperity of Greater Sydney.
- Social benefits associated with increased employment opportunities in a location close to public transport (including 3 new metro stations) will contribute towards both reinforcing Central Sydney as Australia’s premier commercial address and delivering a “30-minute city” where workers are within short commuting distance via public transport from where they live.
- The scheme will improve the streetscape and retail offering of the site, while also contributing to the area’s diversity of activities, activation and amenity for residents and workers, via subterranean retail opportunities and an attractive streetscape.
- The scheme has the potential to make a positive contribution to pedestrian flows, wayfinding and amenity, particularly to and from new Metro stations within Central Sydney, as there is an opportunity to provide an underground link to public transport.
- Benefits associated with improved worker wellbeing due to delivery of employment opportunities in a high quality commercial tower designed to be responsive to the physical and mental health needs of workers.

6.0 Economic Assessment

6.1 Introduction

This section provides an assessment of market potential and economic impacts associated with the proposed redevelopment of the subject site.

In order to address the potential and economic impacts, this economic assessment considers:

- Demand for the redevelopment of the site, including:
 - Success factors for commercial uses
 - Sydney CBD office market trends
 - Modern tenant requirements
- Local economic benefits from the proposed development including
 - Construction and ongoing employment generation (direct and multiplier)
 - Expenditure generated during the construction and operational phases
 - Increased Gross State Product and Value-Added Output
 - Benefits to the economic success of Sydney's Northern CBD.

6.2 Demand for the redevelopment

The development is positioned in the heart of the Sydney CBD, at the high-profile corner of Hunter Street and Pitt Street. The existing Wynyard Station is located just west of the site while the northern entrance for the future Martin Place Metro Station is located just east and is planned to open in 2024. This station will significantly enhance connectivity within the Sydney CBD and will act as catalyst for continued growth and development in the city. It is important for this part of the city to respond to this changing environment.

Success factors for commercial uses

There are a range of attributes that act as key success factors for commercial development and would be important for any development in order to attract and retain key tenants including those in emerging industries such as technology, innovation and knowledge sectors. These include:

- Proximity to public transport
- Proximity to other businesses for clustering/knowledge hubs
- Proximity to retail and amenities
- Proximity to public open space
- Proximity to workforce.

Located on a prominent corner in the heart of Sydney CBD, and within close proximity to the existing Wynyard Station and future Martin Place Metro Station, the site is extremely well suited for future commercial office uses and can provide for an intensification of employment in the CBD and Harbour Village.

The proposed development will satisfy a number of attributes that will be attractive to commercial uses including:

- Proximity to public transport: ease of access to existing rail stations, bus networks, and the future Martin Place Metro Station and other Northern CBD Metro Stations due to be operational in 2024.
- Proximity to other businesses for clustering/knowledge hubs: The site is located within the core commercial office precinct of Sydney with the area remaining the focus for major financial and professional services firms. The site will help to form a link between existing modern office development in Martin Place and the emerging Circular Quay precinct.
- Proximity to retail and amenities: benefitting from the central position at the intersection of Hunter Street and Pitt Street, and adjoining existing and emerging precinct including Hunter Connection and Wynyard Place.
- Proximity to public open space: located within walking distance to Circular Quay, The Domain and Royal Botanical Gardens.
- Proximity to workforce: the site is centrally located within the CBD and in close proximity to existing and future transport nodes making access to the site very easy. The existing residential and worker population within the surrounding CBD and Harbour precinct is also projected to continue to grow strongly in the future.

Sydney CBD office market trends

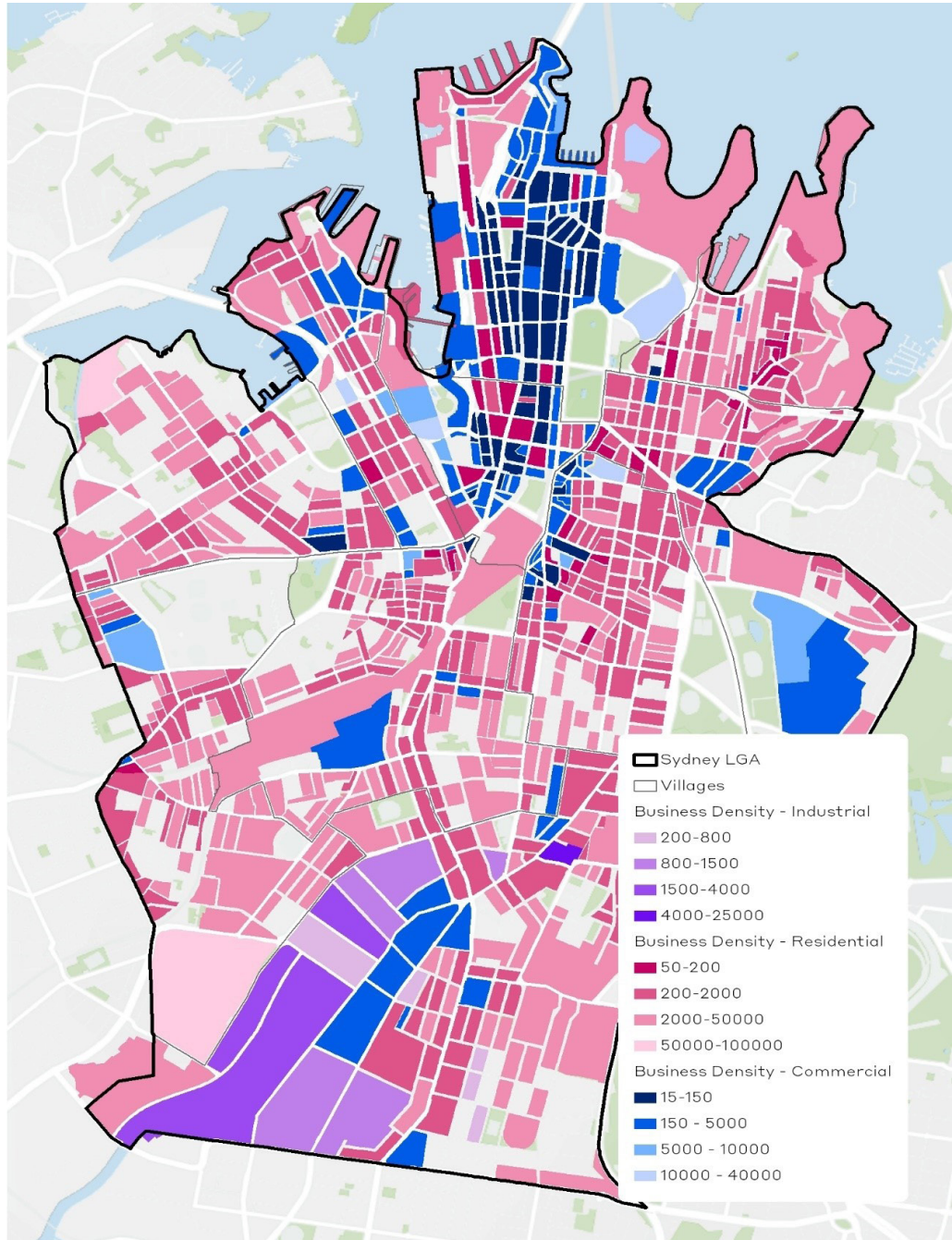
A key objective of the City of Sydney is for the Sydney CBD to remain the primary commercial office market, and serve a local and regional function but also support the international role the CBD plays as part of a global city and destination for visitors and businesses.

It will be important for the quality and amenity provided in commercial office assets across the Sydney CBD to remain of a high standard in order to continue to compete on a national and international stage by attracting and retaining the best businesses and workforce.

The Sydney CBD is the focus area for commercial office development, and taking into account transport infrastructure investment and future supply, this location is likely to remain a key area of focus for commercial office tenants well into the future. Government policy and investment also remains focused on supporting growth in the CBD.

Figure 14 presents a breakdown of the predominant land use and business density across the City of Sydney taking into account results from the City's 2017 Floor Space and Employment Survey. The map reinforces the importance of the CBD core as a major commercial office destination.

Figure 14. Predominant Use by Business Density – City of Sydney 2017
Source: City of Sydney; Esri



The impacts of the recent COVID-19 pandemic have implications on the commercial office market, however, while the short-term impacts are severe, the longer-term impacts are yet to be fully understood. In recent years the Sydney CBD commercial office market has experienced solid conditions and while there is evidence that the market is easing somewhat, particularly in light of the current pandemic, the outlook remains positive in the longer term, with continued growth projected to occur in the CBD as a major economic centre.

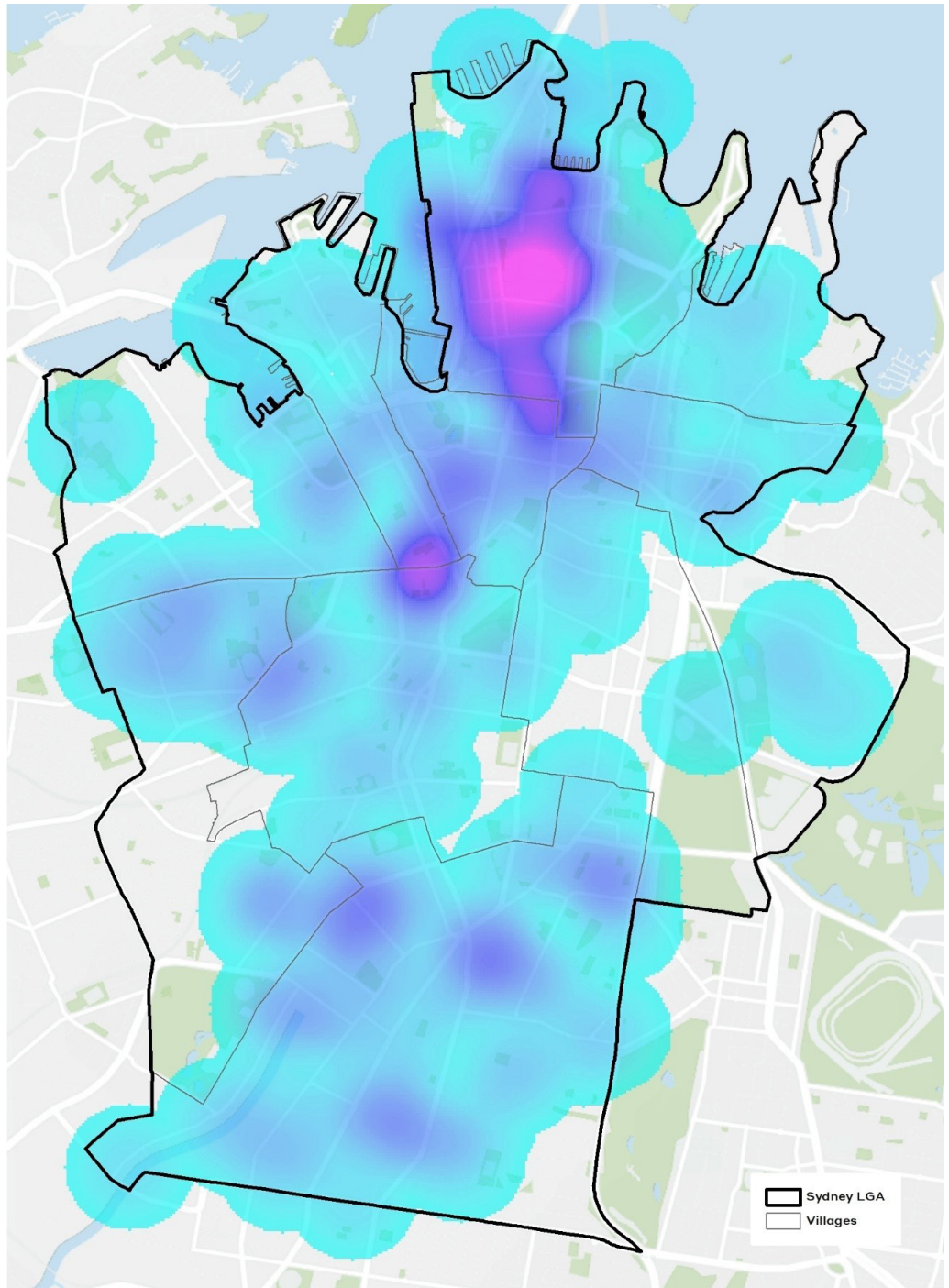
A high-level summary of the Sydney CBD commercial office market and key trends is outlined below.

- In early 2020, the Sydney CBD commercial office vacancy rate was just over 4.0% (Property Council of Australia (PCA)), with demand solid but limited by a lack of available stock.
- There is a substantial supply pipeline for future commercial office development within the Sydney CBD, currently planned to add almost 1 million square metres (equivalent to around 20% of existing stock). The majority of this development is focused within the CBD and Harbour Village around Barangaroo and Circular Quay while a growing pipeline is also occurring around Central Station in the CBD South.
- The CSPP outlines that some 2.9 million square metres is planned to be unlocked in the Sydney CBD in the future, providing the potential for around 100,000 jobs. In addition, further development sites are planned to be unlocked within the Central to Eveleigh corridor.
- Taking into account existing and proposed commercial office projects as shown in the City of Sydney Commercial Monitor, Figure 15 outlines the distribution of commercial office facilities developed over the last five years and those currently planned or underway within the LGA. The majority of key sites are located within the CBD and CBD South.
- Transport infrastructure is a key locational factor taken into account by tenants and as such, major transport investment within the CBD core including the Sydney Metro, George Street Light Rail and future Sydney Metro West will continue to support demand.
- While the ultimate impact from COVID-19 will not be known for some time, it is clear that the pandemic has had substantial implications for the commercial office market. Commercial office requirements have changed, particularly in the short term as large proportions of the workforce continue to work from home, with traditional commercial offices operating at reduced capacity. In the short term, this has implications for commercial office demand. However, demand for commercial office floorspace is projected to remain solid over the longer term, supported by the next wave of commercial office development, continued economic growth as well as improved infrastructure, activation and amenity within the CBD

While work from home and increased flexibility has grown in importance, commercial offices remain a key contributor to local and regional economies, providing the most productive areas for work where collaboration, innovation, relationships and culture can thrive. The central location, easy access to transport infrastructure and excellent services and amenities result in the long term support for CBDs and commercial office floorspace.

The Sydney CBD commercial office market has performing strongly overtime and despite recent headwinds from the current COVID-19 pandemic, the CBD is likely to remain a key hub for businesses and activity into the future.

Figure 15. Concentration of Commercial Development – City of Sydney
Source: City of Sydney; Esri



Modern commercial office tenant requirements

Tenant demands and requirements within the commercial office market are continually evolving. In recent times, there has been a move towards more open plan, flexible spaces that provide collaborative workspaces, seamless integration with technology and incorporate sustainable initiatives.

The changing nature of tenant requirements including a strong desire for efficient, open, collaborative facilities, means that older commercial office stock will become increasingly redundant. Tenants will prefer to locate in modern, well connected developments that are increasingly focused around major transport hubs.

While providing increased technology integration and flexibility, modern workplace design has also resulted in increased efficiency within modern commercial office buildings. The number of square metres per worker has reduced, particularly in flexible, open-plan office environments. Analysis of the recent City of Sydney Floor Space and Employment Survey data suggests that the workspace density has increased by around 25% between 2007 and 2017, with the average provision falling to around 10m² per worker across modern open plan office uses within the core CBD. In the case of co-working providers, this provision can be even higher, with several major companies such as WeWork operating at closer to 5m² per worker.

Beyond requiring more efficient and flexible workspaces, occupiers also increasingly demand access to premium building services, sustainability initiatives and employee wellness benefits. This includes, but is not limited to, offerings such as end of trip facilities, fitness centres, retail amenities and concierge services. Tenants are also more socially responsible, commonly preferring to occupy office spaces that support sustainable practises including 5 Star Green Star and NABERS ratings.

In addition to the above, another focus for modern tenants is the ability to create a 'central hub' for the business. Tenants seek the ability to provide a critical mass of space and facilities that embody the company's brand and culture which can be used to attract and retain the best talent and staff for their business. Often this results in the desire for large floorplates over contiguous levels, often with private tenant access between floors. This is particularly common in fringe and suburban office markets where the focus for tenants is on creating 'campus' style facilities.

Each of these requirements and trends among contemporary occupiers is placing pressure on older or secondary grade office buildings, as tenants increasingly seek higher quality spaces when given the opportunity. Furthermore, the additional rental cost associated with higher quality facilities is offset, or at least partly offset, by the increased workspace density in modern workplaces.

As a result, the dated nature of some secondary quality stock in parts of the Sydney CBD (including the subject site) will need to be addressed in order to secure the long-term viability of the precinct and its appeal to modern occupiers. It will be important for these lower quality assets to be upgraded to meet the needs of modern tenant requirements and secure the long term viability of the Sydney CBD as a key commercial office market and hub for the growing knowledge economy.

It should be noted that tenant requirements in the post COVID-19 environment remain uncertain. However, several trends are unlikely to change, including the importance of technology enabled workspaces and the ability to provide a safe and healthy work environment, which remain more important than ever in the post COVID world.

The current global pandemic has had a significant impact and transformation on commercial office working environments. COVID-19 has resulted in the necessity to work from home, particularly during the height of the pandemic with impacts to commercial office market demand. The result of COVID-19 will mean that the way businesses and office tenants use their space will continue to evolve. In response to the pandemic, commercial office buildings will play a central role in the recovery, and enhance opportunities to improve the way we work in a safe environment.

In recent times, there has been a heightened focus on employee and tenant wellness, and the impact that buildings can have on overall human health. This has emerged through initiatives such as the WELL Building Standard (WELL), described as a "performance-based system for measuring, certifying, and monitoring features of the built environment that impact human health and wellbeing, through air, water, nourishment, light, fitness, comfort, and mind' (Well Building Institute). The attributes of a 'WELL' certified building are important aspects that a new building can offer in a post COVID environment, and the proposed Hunter and

Pitt Street development provides an opportunity to capture and maximise the relationship between people's health and the built environment in the CBD.

The development of projects such as 15–23 Hunter and 105–107 Pitt Street will provide the Sydney CBD office market with over 37,000m² (NLA) of modern, premium grade commercial office floorspace that will appeal to a range of occupiers including knowledge intensive industries. The delivery of projects such as the proposed redevelopment of the Hunter and Pitt Street site will help to support the growth and evolution of the Sydney CBD.

6.3 Economic impacts

The following provides an assessment of the economic impacts likely to result from the Hunter and Pitt Street development. A range of factors are considered including flow-on benefits to the community and the Sydney CBD overall.

Approach

An assessment has been undertaken of the economic impacts associated with the construction and operational phases of the proposed development. The assessment has been undertaken through an analysis of the proposed uses, locational attributes and market trends, as discussed in the following subsections.

Commercial office space

As outlined previously the proposed redevelopment of 15–23 Hunter and 105–107 Pitt Street is planned to result in 37,736m² of modern, commercial office NLA which will be considered premium quality stock and will meet the current requirements for high-quality office floorspace. This would include improved design, natural light, technology, safety, sustainability and overall amenity.

Currently the Sydney CBD accommodates some 5 million square of commercial office floorspace (PCA). The proposed development will account for a small proportion of additional stock to the market (at less than 1%) and any impact on the overall commercial office market would be minimal. Further, this is based on the overall new development, leaving aside the existing secondary grade stock currently provided.

The proposed development will deliver a premium commercial office development that embodies a technology enabled 'smart building' with rapid wireless connectivity, automated technologies such as a contactless lift system, and the built form will support flexibility, with a side core allowing for typical floorplates of around 1,000m² yet providing flexible layouts that will respond to a range of occupiers and their requirements. The project is targeting a 6 Star Green Star rating and 5½ Star NABERS.

A redevelopment of this type would bring the quality of commercial office space at this high profile and well connected site up to modern standards, and will help to contribute to the overall appeal of the Sydney CBD and Harbour Village as a key modern, commercial office destination. The enhanced quality of the commercial office floorspace would enable the asset, and the Sydney CBD more generally, to better appeal to, and accommodate, high-quality occupiers and tenants.

Retail uses

Plans for the Hunter and Pitt Street site indicate that some 1,636m² of retail floorspace (NLA) is planned to be provided in a range of tenancies across the basement and lower levels of the development as well as on two high rise levels. In addition to this, the latest plans indicate that 2,590m² will be occupied by a gym and health and wellness centre across two of the basement levels. The retail offer at the site would serve local residents, workers as well as visitors to the Sydney CBD. Currently, a very limited provision of retail facilities is provided on the ground floor of the existing site.

It is estimated that around 800,000m² of retail floorspace is provided within the Sydney CBD including almost 600,000m² in the CBD and Harbour Village (City of Sydney Floor Space and Employment Survey). The additional 4,440m² proposed at the subject site represents a small addition to the overall provision in the

Sydney CBD (less than 1%).

Furthermore, the retail floorspace is proposed to provide a point of difference from surrounding existing and proposed retail floorspace, leveraging the central and high-profile location in the heart of the Sydney CBD and adjacent to the existing Wynyard Station as well as the future Martin Place Metro station Hunter Street entrance.

The retail provision would appeal to the local and broader market, enhancing the retail offer in this part of the CBD and driving activation including after hours and on the weekends. The retail provision will improve the street level amenity on a prime intersection by making it more publicly accessible and appealing to passing pedestrian traffic, while the upper level provision will provide public amenity and opportunities to activate the location.

Importantly for the retail offer at the site, there is an opportunity to create pedestrian links between the nearby Hunter Connection and the future Martin Place Metro Station (planned to be located on the corner of Hunter Street and Castlereagh Street).

Employment generation

Jobs supported by development of the Hunter and Pitt Street project will accrue through direct and indirect employment generated during the construction phase, plus ongoing employment in the commercial office space and retail offer on completion and full occupation of the project. These calculations take into account total employment and economic benefit on completion of the project, rather than the net gain associated with the redevelopment of existing facilities on the site.

Construction employment

Direct employment in the construction industry is expressed as FTE job years. A 'job year' is a full-time job for one year.

Indirect or flow on employment will also be supported in other industries, for example, suppliers of materials and financial and legal services. Employment estimates in the wider economy are derived from ABS national accounts input-output analysis, specifically, employment multipliers.

Direct employment in the construction industry depends on the nature of the building, in particular, the capital intensity of the project. It is estimated 1.96 FTE direct construction industry job years per \$1 million of expenditure (or 1.0 FTE job year per \$510,000) will be generated by the construction activity, based on research and the type of work expected to be undertaken in the construction phase of the project.

In addition, these direct construction industry jobs lead to demand for employment in supplier industries in the wider economy. The ABS construction multiplier is 2.6 – that is, for every single FTE job in the construction industry a further 1.6 FTE jobs are supported elsewhere in the economy.

The total design and construction investment for the proposed development is understood to be in the order of approximately \$330 million.

Total construction costs of \$330 million would support 647 jobs in the construction industry and support a further 1,035 jobs in related (supplier) industries over the development period. A breakdown of construction employment estimates is shown below in Table 3.

Table 3 – Employment estimates during construction

Metric	Value
Direct Jobs	
Construction estimate	\$330 million
Estimated direct jobs	647 FTE Jobs
Indirect Jobs	
Indirect jobs per construction job	Approximately 1.6

Metric	Value
Estimated indirect jobs	1,035 FTE jobs
Total FTE Construction Jobs	1,682 FTE jobs

Scaling by the duration of construction phase (approximately three years), the project would support 216 direct and 345 indirect FTE jobs for each year of the development phase.

Local businesses, workers and job seekers are likely to benefit from increased employment and contracts afforded by the construction phase of the project. This opportunity is highlighted by the fact that the City of Sydney employs some 30,910 workers in construction related industries and accommodates some 4,521 registered construction businesses.

Ongoing employment

Ongoing employment generated at a redeveloped Hunter and Pitt Street site has been estimated using the proposed NLA of the completed development and results from the City of Sydney Floor Space and Employment Survey, 2017.

Ongoing employment at a redeveloped 15–23 Hunter and 105–107 Pitt Street is estimated as follows:

- 37,736m² of commercial office floorspace. This provision would support some 3,736 workers taking into account the average workspace ratio of 10.1m² per worker outlined in the City of Sydney data (based on average for open-plan and partitioned office space in the City of Sydney LGA).
- 1,636m² of retail floorspace on the lower levels. The typical ratio of employment across retail floorspace is 30.2m² per worker (based on the City of Sydney LGA average for Restaurant/Eating uses) which would indicate 54 retail jobs could be accommodated.

- 2,590m² of floorspace to accommodate a gym in the basement level. The worker calculations are based on a worker ratio of 181.0m² per worker (using the Entertainment/Leisure category) and imply that some 14 jobs associated with the ongoing operation of the gym could be accommodated.

In total, the Hunter and Pitt Street project has the potential to accommodate some 3,805 jobs when the building is complete and fully occupied.

Increased economic output

Gross Regional Product

Gross Regional Product (GRP) is a measure of size or net wealth generated by the regional economy.

The activities and employment supported in the Hunter and Pitt Street development will generate significant regional economic output. As Table 4 shows, total output (GRP) at full occupancy is estimated at an additional \$1.0 billion pa (2019 dollars), which includes significant output contributions from industry sectors such as professional services which has been adopted as a proxy for all office workers in the building (accounting for the largest industry of employment in the City of Sydney).

Value added

Value added by industry is an indicator of business productivity. It shows the net economic uplift by excluding the value of production inputs. Value added is estimated at around \$532 million pa (2019 dollars) at full occupancy of the building (refer to Table 4).

The above analysis has been sourced from economy.id (based on modelling by the National Institute of Economic and Industry Research) for the City of Sydney LGA, with 'best fit' industry sectors applied to likely economic activities at the new asset. The results of the analysis assume no substitution effects from outside the regional economy, rather, the activities undertaken at the new asset represent increased net demand associated with population, labour force and industry growth.

Economy.id is produced by demographic specialists .id and uses data derived from official sources of information (including the Australian Bureau of Statistics), with the industry sector profiles using a National Accounts regional econometric model developed by the National Institute of Economic and Industry Research.

Table 4 – Hunter & Pitt Street – estimated economic output at full occupancy

Activity	Office	Retail	Gym	Total
Economy.id category	Professional, scientific and technical services	Food and Beverage Services	Sports and Recreation Services	
Employment (jobs)	3,736	54	14	3,805
GRP per job	\$283,000	\$149,000	\$238,000	-
Value added per job	\$141,300	\$67,600	\$85,500	-
GRP Total	\$1,057,400,000	\$8,100,000	\$3,400,000	\$1,068,900,000
Value added total	\$527,900,000	\$3,700,000	\$1,200,000	\$532,800,000

Source: Economy.id; Ethos Urban

Other economic benefits

The Hunter and Pitt Street development will deliver an array of economic benefits. In particular, the site will deliver a premium quality asset that will support the growth and evolution of the CBD in line with modern technology and tenant requirements. Benefits associated with the development of the Hunter and Pitt Street project include:

- Support for the role of Sydney's CBD as a key commercial office precinct and the largest metropolitan office markets, adding some 37,736m² of high-quality, contemporary office space, in a central and well-established commercial precinct.
- The success of the Sydney CBD has a critical role in Sydney's transition to a modern service-based economy with an increasingly global influence. The Hunter and Pitt Street project will support this transition through the development of a modern, high-quality and activated commercial office building in the heart of the Sydney CBD.
- Support existing and future infrastructure investment in the area including the existing Wynyard Station, the George Street Light Rail and the opening of nearby Metro stations including Martin Place.
- Contribute to attracting and securing high value tenants and businesses in the Sydney CBD by providing a premium commercial development that caters for modern tenant requirements.
- Improve public amenity and access through the provision of retail facilities and more activate ground floor and publicly accessible facilities on the basement and upper levels of the development. The proposed development will benefit workers, residents and visitors to the CBD.
- Potential to improve the pedestrian experience and network with opportunities to provide connections linking the site with Hunter Connection and the future Martin Place Metro Station.
- The development has the potential to rejuvenate a dated precinct in the CBD, leverage off surrounding investment to provide a natural link to improved commercial facilities and amenity in Martin Place and those emerging at Circular Quay.
- Support the objectives of the City of Sydney and CSPA which seeks to provide the following:
 - Continued growth of employment opportunities in the Sydney CBD
 - Enhance the vibrancy and activation of the CBD including after hours and on weekends
 - Leverage the transport infrastructure investment in the Sydney CBD
 - Improved access, street level activation and public open space
 - Encouraging an increase in building heights within key locations in the CBD
 - Provide high quality commercial buildings that promote design excellence and quality that reinforces Sydney's position as a global city.

7.0 Social and Economic Strategy

The following section draws on the strategic policy context, local social and context, social infrastructure analysis and social and economic assessments to identify integrated strategy directions to deliver social and economic value through the redevelopment of 15–23 Hunter Street and 105–107 Pitt Street. Key social and economic impacts and benefits of the proposed scheme are summarised below.

- Delivering on the vision for a globally competitive Central Sydney
- Maximising the benefit of new Sydney Metro Stations
- Improving the activation and amenity of the Sydney CBD
- Enhancing workforce wellbeing and resilience.

7.1 Delivering on the vision for a globally competitive Sydney CBD

The development supports the strategic goals, directions and actions of the Central Sydney Planning Strategy by strengthening the competitiveness and employment capacity of the Sydney CBD. It will support the role of Sydney CBD as a key commercial office precinct in Sydney by adding 37,736m² of premium contemporary commercial office NLA.

Redevelopment of this site to increase its height and density will contribute to significant job growth in Central Sydney, and to contribute to a globally competitive and innovative city. Increasing the height and density at this site is also aligned with Council's objective in the Central Sydney Planning Strategy to provide for employment growth in new tower clusters, or "super towers".

The development will replace ageing commercial office buildings and ground floor retail with a commercial development capable of attracting higher-order commercial firms, potentially national or international businesses seeking premium-grade office space for national or regional headquarters – further reinforcing the international significance of Central Sydney as an economic centre.

Sydney CBD has a critical role in Sydney's transition to a modern service-based economy with an increasingly global influence – including by attracting and retaining high profile businesses that will generate economic activity in the area. This project will support this transition through the development of a modern, high-quality and activated commercial office building in the heart of the Sydney CBD.

The redevelopment of this site will also significantly increase new employment opportunities in close proximity to two confirmed and one potential Sydney Metro station. Excellent public transport connectivity is key to supporting the productivity of the Sydney CBD, and delivering on the Greater Sydney Commission's vision for a "30-minute city".

This project is also contextualised within a broader landscape of ongoing renewal and change across Sydney CBD, including significant redevelopment of a range of commercial office buildings within walking distance. Redevelopment at this site would contribute to improving the amenity and attractiveness of Central Sydney as a whole.

7.2 Maximising the benefit of the new Sydney Metro stations

The redevelopment of the site will enhance the benefit of new Sydney CBD Metro stations (at Pitt Street, Martin Place and a further as-yet unannounced Northern CBD location) for workers and residents.

There is also potential for the site to include a subterranean link to a future Metro station in the vicinity, enabling a seamless pedestrian link between employment opportunities at the site and public transport.

This project will capitalise on investment in new Sydney CBD Metro Stations by increasing the density of activity and number of jobs in proximity to these stations, which will deliver on the vision of integrated land use and transport planning and a “30-minute city”, where jobs, services and amenity are easily accessible.

This opportunity will be explored further as the planning process progresses.

7.3 Improving the activation and amenity of the Sydney CBD

It is a state and local government priority to ensure that future land uses contribute to the vibrancy and vitality of the Sydney CBD after hours, including by encouraging development of new shops, cafes, restaurants and cultural facilities, and by improving the amenity of the ground plane.

The redevelopment of the site will activate this area of Central Sydney by providing an enhanced streetscape and ground plane and revitalised underground retail options, that attract and retain visitors to enliven the area. The development will enhance public access to this high profile and easily accessible site through the inclusion of an active ground floor and underground offer as well as upper levels of the development.

From a social perspective, improved retail and streetscape at this site will enhance the dynamism and vibrancy of this area of Central Sydney. Creating new ground floor and underground spaces, including retail, will provide new opportunities for social interactions, spaces for workers and visitors to meet each other and connect. After hours activation is also likely to improve perceptions of safety at night and on weekends, as improved activation is associated with enhanced perceptions of safety.

7.4 Enhancing workforce wellbeing and resilience

As outlined previously, the proposed redevelopment of the site is planned to result in some 37,736m² of modern, commercial office floorspace which will be considered premium quality stock and will meet the current requirements for high-quality office floorspace. This may include improved design, natural light, technology, safety, sustainability and overall amenity to support worker wellbeing.

This development would contribute towards meeting worker's wellbeing needs by delivering a premium

Reducing worker stress and boosting the wellbeing and resilience of workers is a key priority for many major companies and healthy workspaces will likely continue to be a priority during and after the current COVID-19 outbreak.

commercial development that meets 6 Star Green Star and 5½ star NABERS performance requirements.

From a social perspective, supporting the wellbeing of workers will deliver improved social outcomes in terms of life satisfaction, physical and mental health and reduced work-related stress. As the proposed development could accommodate around 3,805 employees, enhancing the wellbeing and resilience of these workers should be a key priority.

From an economic perspective, a development of this type would improve the quality of commercial office space at this site and reinforce Sydney CBD as a key modern, commercial office destination that will remain globally competitive and continue to attract high-quality occupiers and tenants.

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