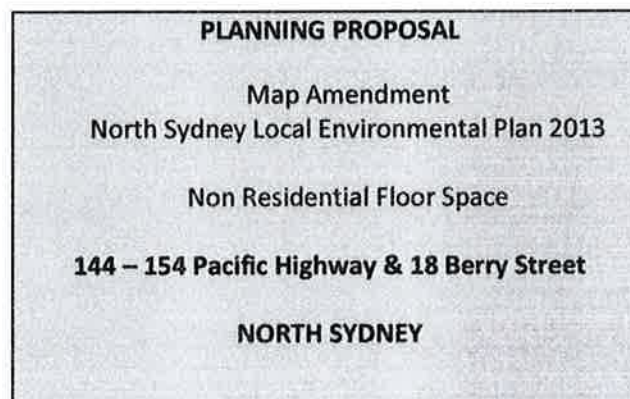




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PLANNING PROPOSAL

Planning Proposal to amend North Sydney Local Environmental Plan 2013

144-154 Pacific Highway & 18 Berry Street, North Sydney

Prepared on behalf of

Strand Estates

By

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October 2013

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EXECUTIVE SUMMARY

This report has been prepared in support of a planning proposal to amend the provisions of North Sydney Local Environmental Plan 2013 (“LEP 2013”).

The proposed amendment to the LEP 2013 provides for a reduction in the minimum required non-residential floor area on part of the site through an amendment to the map referred to in Clause 4.4 of the LEP. The outcome as sought is to have all the land included in Area 9 of the non residential floor space ratio map to provide for a minimum non residential floor space of 0.5:1. The planning proposal has been informed by the following strategic studies and reports:

- Land Use & Apartment Mix (commercial and residential Market Report – 144-148 Pacific Highway and 18 Berry Street, North Sydney) – JBA Urban Consultants July 2013
- Optimising Development Typology in North Sydney – Urbis July 2011
- Various Reports to Council involving Planning Proposals including 156 – 158 Pacific Highway (January 2011) and 12 – 16 Berry Street (January 2011).

This report has been prepared in accordance with the ‘Guide to Preparing Planning Proposals’ developed by the NSW Department of Planning. The report addresses the proposal’s consistency with the Metropolitan Plan for Sydney 2036 and assesses the consistency of the planning proposal against relevant State Environmental Planning Policies, s117 Directions issued by the Director General of the Department of Planning and the ‘Net Community Benefit Test’ criteria established in the Draft Centres Policy.

1.0 SITE AND LOCATION

1.1 Site Description

The subject site comprises the following allotments:

- Lot 4, DP 237104, 18 Berry Street, North Sydney
- Lots 2 and 3 and 10, DP 237104, 144-148 Pacific Highway, North Sydney
- Lot 1, DP 237104, 150 Pacific Highway, North Sydney
- SP 22186, 154 Pacific Highway, North Sydney

The site is in a visually prominent location on the north-west corner of the intersection of the Pacific Highway and Berry Street. The site has an area of 1681.8m². The site has a frontage to the Pacific Highway of 36.755 metres and 43.79 metres to Berry Street. The lots are currently developed as commercial and mixed residential use buildings within the mixed use locality at the fringe of the North Sydney CBD and adjacent to the Australian Catholic University (McKillop - North Sydney Campus). The site is located within the North Sydney Centre and is approximately 570 metres from North Sydney Station and 40 metres from bus stops on the Pacific Highway.

The North Sydney Centre is well served by transport links including:

- The Sydney Orbital Network
- North Shore Rail Line which provides access to the Epping – Chatswood Rail Link
- Strategic Bus Corridors



Aerial Photo - Site highlighted

1.2 Adjoining Development

12-16 Berry Street

Adjoining 18 Berry Street to the west and currently under construction is a mixed use building at 12-16 Berry Street, North Sydney.

On 18 May 2011 the Joint Regional Planning Panel approved Development Application No. DA494/10 to demolish the existing buildings and construct a 9 storey mixed use building comprising two levels of commercial and retail space, 48 apartments and basement car parking at 12-16 Berry Street, North Sydney. The approved development has a maximum height of RL111.86.



View of 18 Berry Street (right) and development adjoining the site to the west

1A Doohat Avenue

A two storey residential development adjoins 18 Berry Street to the north and is known as 1 and 1A Doohat Avenue. Vehicular and pedestrian access to these properties is provided from the northern section of Doohat Lane.



View of 1A Doohat (left) and the rear of 1 Doohat Ave (right)



View of Doohat Lane and the dwelling at 1 Doohat Ave.

2.3 Surrounding Development

The surrounding development consists of a mix of low, medium and high rise commercial and mixed use buildings. Low density residential development is located to the north of the site in Doohat Avenue. This precinct is zoned High Density Residential in LEP 2013.



View of 33 Berry Street (on the corner of Pacific Highway) from the north-east.



View of 25 – 29 Berry Street (on the corner of Napier Street) from the north-east.



View of 20 Berry Street (on the corner of Pacific Highway) from the south-west. Beyond is 211-223 Pacific Highway.

156-158 Pacific Highway, North Sydney

A Development Application was lodged with Council on 12 July 2011 for the demolition of the existing building and erection of a 10 storey mixed use building containing 404m² of retail floor space, 40 apartments and basement parking for 31 vehicles at 156-158 Pacific Highway, North Sydney. The development has a maximum height of RL110.97 to the top of plant and a roof level of RL106.53.

At its meeting of 7 September 2011 the Joint Regional Planning Panel resolved to accept the recommendation of the planning assessment report that, following the gazettal of the Planning Proposal, reducing the non-residential FSR to 0.5:1, it should approve the application.

211-223 Pacific Highway, North Sydney

On 29 April 2011, the Joint Regional Planning Panel approved the erection of an 18 storey mixed use building comprising 4 levels of basement car parking, ground floor retail and commercial office space on Levels 1 – 3. A site specific Planning Proposal was lodged with Council in 2011 seeking to reduce the minimum non-residential FSR to 0.5:1 from 3:1. The Planning Proposal was endorsed by Council in February 2012, with Gateway Determination granted on 12 April 2012 and gazettal in October 2012.

Following the sale of the property, in September 2012, the new purchaser lodged a revised Development Application. The application was approved by the Joint Regional Planning Panel on 14 February 2013. The approved development involves the construction of a 20 storey mixed use development consisting of 228 residential apartments located above commercial and retail tenancies. The non-residential FSR of the approved development is 0.5:1.

177-199 Pacific Highway, North Sydney

The site diagonally opposite the subject site, on the south east corner of Berry Street and the Pacific Highway is known as 177-199 Pacific Highway. The site is currently occupied by a part three and four storey brick commercial development.

A Concept Plan for the site was approved by the Minister for Planning on 20 December 2010 which included the following:

- A building envelope of 31 storeys, plus plant and a 4 level basement (max RL 195);
- Commercial land use, with a public plaza and retail/commercial lobby at ground floor; and
- Streetscape upgrades along the frontage of the site.

A development application for the demolition and construction of the building was lodged with North Sydney Council on 12 May 2011 and approved by the Joint Regional Planning Panel on 7 September 2011.

At the beginning of August, a Section 96 Application was lodged introducing a number of amendments to the proposed building, including the elevation and podium treatments to Pacific Highway and was approved in September 2013.



View of 177-199 Pacific Highway

77 Berry Street and 88 Walker Street

A project application was approved by the Minister for Planning on 25 February 2010 for a commercial retail and hotel development at 77-81 Berry Street and 88 Walker Street, North Sydney. The maximum height of the development the site is RL198. The development will provide 70,950m² of non-residential GFA.

90-100 Mount Street

A Concept Plan seeking approval for a 39 storey commercial and retail development at 86-96 and 100 Mount Street, North Sydney was approved by the Minister for Planning on 25 May 2010. A height of RL200.7 and a floor area of 35,925m² was approved under the concept plan.

2.0 PROJECT OVERVIEW

The application seeks to amend the non residential floor space standard map (sheet LCL_002A) to extend the nominated area 9 to include the corner sites 144 – 154 Pacific Highway. The effect will be to reduce the minimum non residential floor space ratio for these sites from a minimum 3:1 and a maximum 4:1 to a minimum 0.5:1.

The planning proposal is made in conjunction with DA 239/13 which seeks to consolidate and redevelop the remnant SP 22186, No.154 Pacific Highway with the remaining lots previously the subject of DA 467/11 as determined by the NSW LEC (10405 of 2012).

The planning proposal is accompanied by a detailed economic assessment of the demand and supply of commercial and residential development in North Sydney, and the inner north region generally, to demonstrate that the mix of development, and the non residential floor area proposed, is appropriate and responsive to both the short and longer term market conditions. Enclosed are the following:-

- Optimising Development Typology in North Sydney – Urbis – July 2011.
- Land Use and Apartment Mix Commercial and Residential Market Report – JBA Urban Planning Consultants – July 2013

3.0 PART 1 – OBJECTIVES OR INTENDED OUTCOMES

3.1 Objectives

To amend the non residential floor space ratio map relating to 144 - 154 Pacific Highway such that the map is consistent with the non residential floor space ratio applicable to the adjoining sites in this mixed use zone and to reflect the projected market demand for non residential floor space in this locality.

3.2 Intended Outcomes

The intended outcomes of the Planning Proposal are:

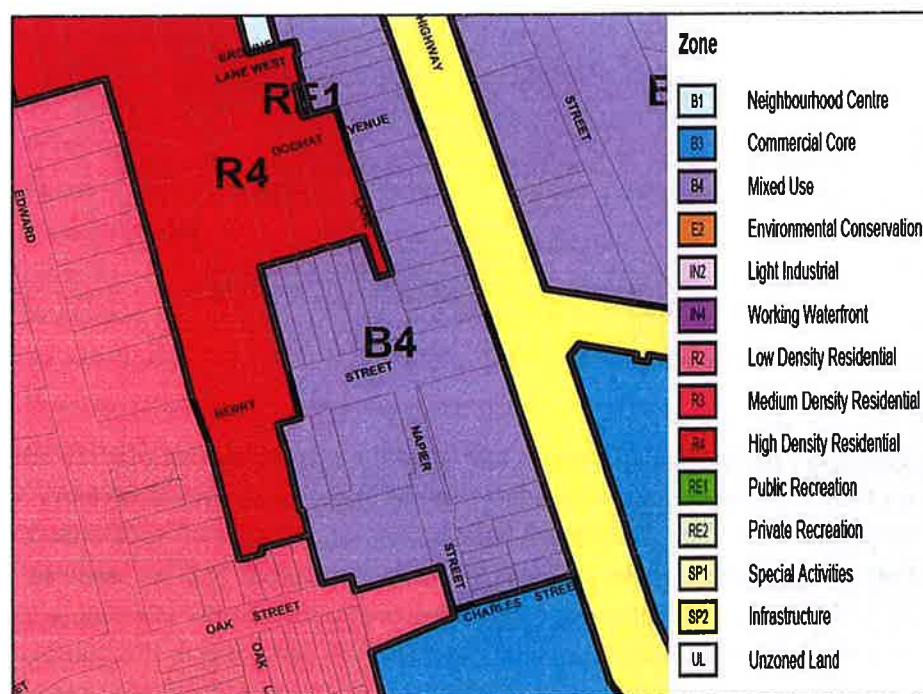
- To amend the non residential floor space map LCL_002A.
- To permit the development foreshadowed by DA239/13.
- To provide a quantum of non residential floor space to the street frontages of the land and to the lower floors consistent with the anticipated market demand for this locality and the objectives of clause 4.4A of NSLEP 2013.

4.0 PART 2 – EXPLANATION OF THE PROVISIONS

4.1 North Sydney Local Environmental Plan 2013

Zoning and Permissibility

North Sydney Local Environmental Plan 2013 applies to the site. The subject site is zoned B4 Mixed Use pursuant to LEP 2013. Business premises, retail premises and shop top housing are permitted with consent in the B4 zone.



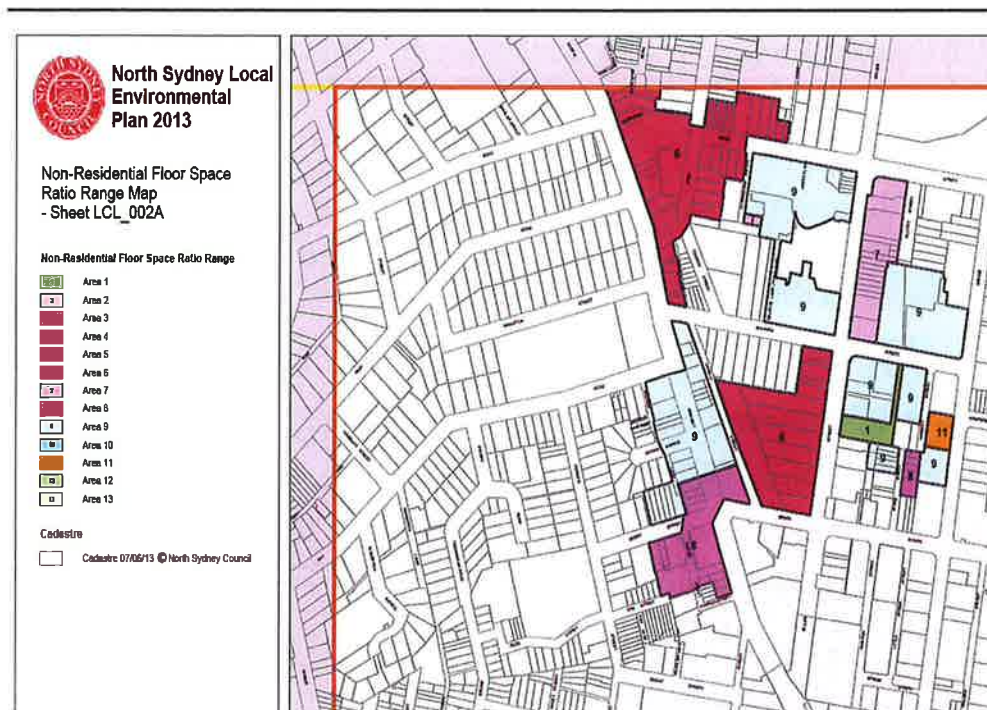
Extract from LEP 2013 Land Zoning Map

Floor space ratio

The non-residential floor space ratio control for buildings in North Sydney is included in Clause 4.4A of LEP 2013.

In accordance with clause 4.4A(2) a building must not be erected in the specified areas if the floor space ratio of that part of the building to be used for non-residential purposes is not within the range specified in the table to the subclause.

As shown in following attachment, 144-150 Pacific Highway is within Area 8 and 18 Berry Street is located within Area 9. A minimum non-residential floor area of 3:1 applies in area 8 (with a maximum of 4:1) and a minimum non-residential floor area of 0.5:1 applies in area 9 (no maximum applies).



LEP 2013 - Non-Residential FSR Map

The intention of the planning proposal is to amend the map to provide that the entirety of the mixed use zone on the western side of Pacific Highway and north of Berry Street is within area 9 on the non residential floor space ratio map and such that the sites incorporated in DA239/13 have a consistent non residential FSR. As well as seeking consistency of the applicable planning controls relating to the site the intention is to permit a non residential FSR that is consistent with the objectives pertaining to the control and that reflects the anticipated demand for non residential floor space in this locality and which has due regard to the strategic outcomes for the North Sydney centre.

5.0 PART 3 - JUSTIFICATION

5.1 Section A - Need for the Planning Proposal

5.1.1 *Is the Planning Proposal a result of any strategic study or report?*

The objective of this planning proposal is to amend North Sydney Local Environmental Plan 2013.

The proposed amendment to LEP 2013 will reduce the minimum required non-residential floor area on the site from 3:1 to 1:1 through an amendment to the map referred to in Clause 4.4A of the LEP.

A detailed architectural proposal of the intended outcome has been prepared by Nettleton Tribe and is included as **Appendix A** of this report. The concept plan has been informed by a detailed site analysis and an analysis of the commercial and residential markets prepared by JBA and Urbis which accompany this Planning Proposal application as **Appendix B**. Further the architectural concept has been reviewed by the various specialist reports that address the specifics of the design, the locality and the impacts arising and which comprise part of the Development Application submission associated with DA239/13.

The conceptual development is for:

- A 23 storey mixed use tower consisting of 3 levels of commercial floor space (2,424m²) and 21 levels of residential floor space accommodating a total of 204 dwellings.
- 5 levels of basement car parking and storage.

The development will have a maximum building height of RL156 measured to the top of the building (including plant). The maximum height of the roof will be RL 149.76. The montage of the development indicates the concentration of the non residential floors to the lower floor levels and addressing the street at ground level with the podium reinforced by the inclusion of vertical landscape wall elements and a change of external materials and detailing to the residential tower.



Photomontage of the concept development

Appendix C is the architects nominated non residential floor areas of the proposed building consistent with the definition of gross floor area of NSLEP 2013 and indicating a total of 2424.2m² or a total non residential floor space ratio of 1.44:1.

The planning proposal has been informed by the following strategic studies and reports:

- 'Land Use and Apartment Mix Commercial and Residential Market Report' – JBA Urban Planning Consultants
- 'Optimising Development Typology in North Sydney' – Urbis

Development Mix

A development typology analysis undertaken by Urbis accompanies the application. The analysis considers the profile of existing residents of North Sydney, the residential market and the commercial market and assesses the nature of, and relationship between, residential and commercial uses in North Sydney.

As a starting point the report considers the viability of refurbishing the existing building. The report notes that the existing buildings on the site are dated and no longer meet the requirements of tenants for commercial space. The refurbishment of the buildings is not a viable option given the limited demand for commercial floor space on the fringe of the North Sydney CBD.

Urbis has undertaken a detailed analysis of the demand and supply of commercial floor space in the North Sydney CBD.

The report notes that a large number of projects in the inner north region which are either due for completion in 2012 or have recently been approved will significantly increase the supply of commercial floor space. The analysis has found that when the Transport Data Centre's forecast of employment growth is considered against the estimates of commercial supply in the inner north subregion, it becomes clear that there is a substantial oversupply and that the data suggests that there will be a cumulative over supply for the next 25 years.

In an assessment of commercial rents v supply in the North Sydney, Urbis have found the following:

'With more than 650,000m² of office space (PCA 2011) planned or mooted for the Sydney CBD over coming years, and more than 300,000m² in the Crows Nest/St Leonards, Chatswood and North Ryde/Global Economic Corridor areas, the commercial market in North Sydney faces significant competitive challenges. It is worth noting that the entire North Sydney market comprises just over this amount at 860,473m². At 300,000m² Barangaroo South constitutes a market more than one third the size of North Sydney. The nature of Barangaroo means that it will compete directly for what have traditionally been North Sydney's tenants. It is clear that there is an oversupply in the market for non-Sydney CBD Core commercial space. This will present significant challenges for the commercial market in North Sydney. It also provides a strong argument in favour of removing planning controls aimed at increasing or even preserving commercial floor space in the area. It also however presents an opportunity to position North Sydney as a vibrant, multi-dimensional mixed use CBD.'

In relation to residential development Urbis concludes that North Sydney is currently experiencing a high level of undersupply of one and two bedroom apartments and that North Sydney faces significant issues regarding low levels of housing affordability as the current and upcoming unit stock is largely unaffordable to the local as well as broader Sydney market. Supply of affordable housing is likely to remain low in the short term and therefore housing affordability for first and second home buyers will worsen. The report

concludes that an increased supply of one bedroom apartments (priced around \$500,000) and two bedrooms apartments (priced from around \$650,000 to \$850,000) would help to improve affordability for buyers and renters and encourage a diverse population.

The findings of the analysis undertaken by Urbis clearly support the proposed reduction in non-residential floor space and increase in residential floor area on the site.

JBA Urban Planning Consultants were engaged to undertake a peer review of the Urbis report and prepared the attached 'Land Use and Apartment Mix Commercial and Residential Market Report'. Their analysis is predicated on forecast employment statistics that post date the Urbis report. That report was based on forecast office based job growth in North Sydney CBD of 3,200 between 2011 and 2036. JBA have based their study on updated forecasts from the Bureau of Transport Statistics who predict there will be a net increase of 12,710 office based jobs in North Sydney CBD between 2011 and 2036. JBA predict approximately 160,000 – 190,000m² of additional commercial floor space is likely to be required in the CBD to meet the growing office worker population. They conclude this supply is likely to be met by approved developments and the further development of other sites in the CBD.

JBA have also undertaken an analysis of the residential market in North Sydney. They conclude the proposed mix is appropriate for the market as likely future purchasers can be characterised as younger adults, investors, small households and professional working households.

5.1.2 Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?

The planning proposal is the best means of achieving the intended outcomes as explored in the studies which support this planning proposal.

5.1.3 Is there a net community benefit?

The 'Guide to Preparing a Planning Proposal' produced by the Department of Planning states that the guidance on conducting a Net Community Benefit Test included in the Draft Centres Policy should be followed when assessing the net community benefit of a planning proposal.

The proposal is assessed against the evaluation criteria for the net community benefit test in the following table.

Criteria	Comment
<i>Will the LEP be compatible with agreed State and regional strategic direction for development in the area?</i>	The proposal's consistency with the Metropolitan Plan for Sydney 2036, the Draft Inner North Subregional Strategy (which was developed following the release of the Metropolitan Strategy) and the Draft North Sydney Local Development Strategy 2008 is considered in detail in section 5.2.1 of this report.
<i>Is the LEP located in a global/regional city, strategic centre or corridor nominated within the Metropolitan Strategy or other regional/subregional strategy?</i>	North Sydney is one part of the Strategic Centre referred to as 'Global Sydney' in the Metropolitan Plan. The proposal's consistency with the Metropolitan Plan's direction for the North Sydney centre is detailed in section 5.2.1 of this report. In summary, the Planning Proposal will maintain an appropriate mix of commercial and residential development outside of the commercial core. The additional residential development on the site is consistent with the Metropolitan Plan and the draft Inner North Subregional Strategy in that additional housing will be located within close proximity to employment opportunities, goods and services, public transport, recreation space and health and education facilities. As such the development will reduce car dependence and make walking, cycling and public transport more viable transport options.
<i>Is the LEP likely to create a precedent or create or change the expectations of the landowner or other landholders?</i>	The proposed reduction to the minimum non-residential floor area required has been based on a detailed study of the demand and supply of both commercial and residential floor area in the North Sydney LEP. The proposal to reduce the non-residential component of the proposed development is wholly consistent with Council's policy on immediately adjoining sites and elsewhere in the Mixed Use zone.
<i>Have the cumulative effects of other spot rezoning proposals in the locality been considered? What was the outcome of these considerations?</i>	The supporting studies which accompany this Planning Proposal application have acknowledged recent approvals in the North Sydney Centre which in many cases have significantly exceeded the planning provisions applying at the time the application was made. It is the approval of these developments which contributes to the need to amend the current planning provisions to ensure that future development on the subject site is consistent with its immediate neighbours, responsive to the changing built form and oversupply of commercial floor

	space in the Centre. Further the rezoning is reflective of the Council approval of similar planning proposal elsewhere in the Council area to reduce non residential floor space where market viability dictates and the reliance upon SEPP 1 variations to approve developments that have not strictly satisfied the non residential standards of the Council planning instruments.
<i>Will the LEP facilitate a permanent employment generating activity or result in a loss of employment lands?</i>	The Planning Proposal will result in a reduction in non-residential floor area in the minimum required by the current and proposed LEP's. The impact on employment resulting from this reduction is minor given the quantum of overall floor space in the North Sydney CBD and the supply of commercial floor space in other nearby centres. The reduction of non-residential floor space will be more than offset by the approval of commercial floor space elsewhere in the core commercial area which is in excess of that which the draft LEP was designed to accommodate.
<i>Will the LEP impact upon the supply of residential land and therefore housing supply and affordability?</i>	The LEP will increase the supply of housing which will assist in reducing the upward pressure on house prices and improve affordability. The reports prepared by Urbis and JBA address this issue in detail.
<i>Is the existing public infrastructure (roads, rail, utilities) capable of servicing the proposed site?</i>	The existing public infrastructure is capable of servicing the proposed increase in residential floor area.
<i>Is there good pedestrian and cycling access? Is public transport currently available or is there infrastructure capacity to support future public transport?</i>	The site is well serviced by public transport as it is within walking distance of North Sydney train station and bus interchange. The site is also in close proximity to several local bus stops.
<i>Will the proposal result in changes to the car distances travelled by customers, employees and suppliers? If so, what are the likely impacts in terms of greenhouse gas emissions, operating costs and road safety?</i>	As discussed previously the additional residential development on the site is consistent with the Metropolitan Plan and the draft Inner North Subregional Strategy in that additional housing will be located within close proximity to employment opportunities, goods and services, public transport, recreation space and health and education facilities. As such the development will reduce car dependence and make walking, cycling and public transport more viable transport options.
<i>Are there significant Government investments in infrastructure or services in the area whose patronage will be affected by the proposal? If so, what is the expected impact?</i>	The proposal does not require any additional Government investment or services.
<i>Will the proposal impact on land that the Government has identified a need to protect (e.g. land with high biodiversity values) or have other environmental impacts? Is the land constrained by environmental factors such as</i>	The proposal will not impact on land that has been identified for protection. The land is not affected by environmental constraints such as land slip, flooding or bushfire hazard.

<i>flooding?</i>	
<i>Will the LEP be compatible/complementary with surrounding land uses? What is the impact on amenity in the location and wider community? Will the public domain improve?</i>	The scale of the proposed residential development on the site is compatible with the scale of development on the adjoining and nearby sites, as detailed in the Urban Design Report which accompanies the application. Future development on the site can and will be designed to minimise any impacts on the adjoining and nearby properties. The consolidation of 154 Pacific Highway into the proposed development avoids leaving this site in isolation, creating positive planning gain and enhancement of the streetscape.
<i>Will the proposal increase choice and competition by increasing the number of retail and commercial premises operating in the area?</i>	The proposed development will not increase the number of retail and commercial premises in the area however it will increase the residential population in the centre which will support the viability of local businesses.
<i>If a stand-alone proposal and not a centre, does the proposal have the potential to develop into a centre in the future?</i>	N/A.
<i>What are the public interest reasons for preparing the draft plan? What are the implications of not proceeding at that time?</i>	The proposed development is considered to be in the public interest in that: ▪ The proposed development will provide a more appropriate mix of development types on the fringe of the North Sydney Centre. ▪ The proposal will increase the supply of housing which will help to relieve the upward pressure on house prices. ▪ The proposal will provide housing in close proximity to transport, schools, health care facilities, employment opportunities and recreation areas which will reduce car dependence and increase the viability of more sustainable forms of transport. ▪ If the planning proposal does not proceed, an opportunity to achieve the objectives of the Metropolitan Plan relating to increasing housing in and around strategic centres will be missed. ▪ The proposed development incorporates a pedestrian through site link, connecting Berry Street to the northern section of Doohat Lane. ▪ The proposed development avoids the prospect of 154 Pacific Highway being left as an isolated site.

Based on the above consideration of the evaluation criteria it is considered that the proposal will have a net community benefit. This is supported by Urbis who undertook a Cost Benefit Analysis comparing commercial and residential uses and concluded that the community would benefit substantially from increased residential development in the North Sydney CBD.

5.2 Section B - Relationship to Strategic Planning Framework

5.2.1 *Is the planning proposal consistent with the objectives and actions contained within the applicable regional or sub-regional strategy (including the Sydney Metropolitan Strategy and exhibited draft strategies)?*

Metropolitan Plan for Sydney 2036

The Metropolitan Plan for Sydney 2036 which was released on 16 December 2010, updates the 2005 Metropolitan Strategy and will guide Sydney's growth and development to 2036. The Plan draws on the principles of the 2005 Metropolitan Strategy – City of Cities: A Plan for Sydney's Future and the Metropolitan Transport Plan: Connecting the City of Cities.

The Metropolitan Plan sets the strategic direction for decisions related to land use and transport planning.

The Metropolitan Plan sets out an employment target for the Sydney Region of 760,000 new jobs by 2036. The Plan provides further detailed targets of 62,000 additional jobs for the Inner North Subregion and 14,000 additional jobs for North Sydney by 2036. The Plan also identifies a Sydney-wide target of 10,000,000m² of new commercial floor space by 2036. The term 'Global Sydney' is defined as 'the main focus for national and international business, professional services, specialised health and education precincts, specialised shops and tourism, it is also a recreation and entertainment destination for the Sydney region and has national and international significance.

Draft Inner North Subregional Strategy

Subregional strategies were prepared to provide detailed guidance as to how the 2005 *City of Cities: A Plan for Sydney's Future* Metropolitan Strategy was to be applied at the local and subregional level.

The Draft Inner North Subregional Strategy covers the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby local government areas. The Strategy was exhibited between 18 July to 17 September 2007. The Strategy is currently being updated now that the Metropolitan Plan for Sydney 2036 has been released.

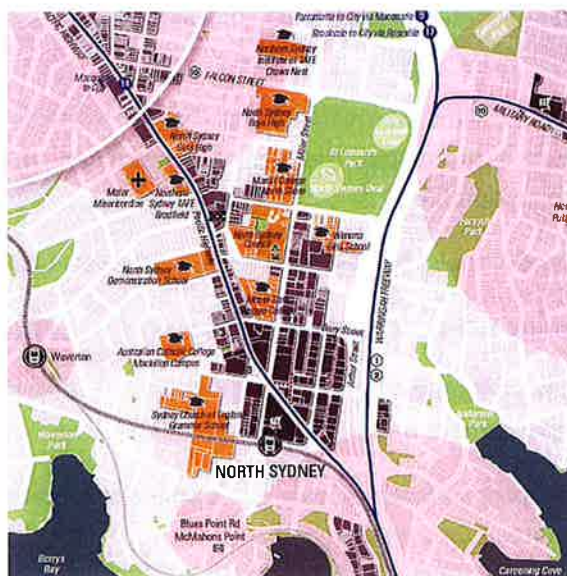
In accordance with the 2005 Metropolitan Strategy an additional 30,000 dwellings and capacity for 60,000 jobs are to be provided in the Inner North subregion by 2031. The draft Inner North Subregional Strategy set specific dwelling and job targets for each local government area within the subregion. In accordance with the draft Inner North Subregional Strategy North Sydney was to provide 5,500 of these dwellings and capacity for 11,000 new jobs. These targets are likely to be revised upwards to reflect the revised housing and employment targets of the Metropolitan Plan.

Centres and Corridors

North Sydney is described in the Draft Inner North Subregional Strategy as follows:

North Sydney has specialisations in the communications, finance and insurance and engineering services sectors. It contains A-grade offices yet offers comparatively lower rents than Sydney CBD. However, new office construction in Sydney CBD, such as Barangaroo (East Darling Harbour), and increasing competition of lower cost, large scale office development at Macquarie Park, has impacted in recent years on the uptake of the centre's office market. The centre has seen relocation of some major tenants in recent years.

North Sydney will further consolidate its role as a part of Global Sydney by supporting high-value added economic activities and reach an employment capacity target of 60,000 jobs by 2031 including 11,000 new jobs.



B1 Provide plans and location for all types of economic activity and employment across the Sydney Region

24

capacity is to be concentrated in existing strategic centres with North Sydney to provide an additional 11,000 jobs.

The report prepared by Urbis demonstrates that there is an oversupply of non-Sydney CBD Core commercial space. As such the minor reduction in non-residential floor space ratio on the site will not prevent the achievement of the job capacity target of the subregional strategy. Further a continuing requirement to provide commercial floor space outside the non core area of the regional CBD is one that is likely to result in a diminution of the regional objective of reinforcing and expanding the CBD function.

The report prepared by JBA was based on different projected figures than those used by Urbis. Nevertheless, JBA concluded the North Sydney CBD has the capacity to comfortably accommodate the projected growth in jobs through to 2036.

B2 Increase densities in centres whilst improving liveability

In relation to this objective the Strategy states that in the Strategic Centres of North Sydney, Chatswood and St Leonards there are a range of approaches to accommodate housing to ensure that residential growth supports and revitalises the centres' commercial and retail role.

Further, the Strategy states that through the development of its Principal LEP, North Sydney Council is to continue to restrict residential development within the commercial core of North Sydney CBD to support its economic role within Global Sydney, and to encourage further residential development in other areas with access to key public transport nodes.

As the site is not located within the commercial core of North Sydney in which residential development is prohibited, the proposed reduction of non-residential FSR is considered to be acceptable.

B3 Cluster Businesses and Knowledge-based activities in Strategic Centres

Objective B3.4 is to ensure sufficient commercial office sites in strategic centres

The Strategy states that through the development of Principal LEPs, the Department of Planning and local government is to:

- Continue to support sufficient supply of commercial office sites within the Inner North Strategic Centres;
- Plan for designated commercial only areas in Strategic Centres; and
- Use planning controls to encourage consolidation of key sites for large scale development.

The reports prepared by Urbis and JBA demonstrate that there is an oversupply of non-Sydney CBD Core commercial space. The subject site is located outside the commercial core and within a mixed use area of the centre. In this regard the proposal is consistent with this objective. Council recognises the weakness of

demand for office accommodation within the Mixed Use zone. It has actively stimulated development in the zone by reducing the minimum non-residential FSR requirement from 3:1 to 0.5:1 on the immediately adjoining sites to the north and west and elsewhere in the CBD.

B4 Concentrate retail activity in centres, business development zones and enterprise corridors

As the site is not located within the commercial core of North Sydney in which residential development is prohibited, the proposed reduction of non-residential FSR is considered to be acceptable and is supported by both the Urbis and JBA reports.

B5 Protect and Strengthen the primary role of economic corridors

As detailed in the accompanying reports prepared by Urbis and JBA, the proposal will not adversely impact on the strength of the economic corridor.

B6 Focus development in renewal corridors to maximise infrastructure use where demand and opportunities exist

The proposed increase in residential accommodation in an existing strategic centre will maximise the use of the existing infrastructure.

B7 Recognise the role of enterprise corridors as locations for local employment

The documentation submitted with this planning proposal demonstrates that there is an adequate supply of commercial floor space in the region to meet current and projected demand. Adequate opportunities therefore exist within the centre for the provision of local employment.

Housing

For the Inner North a subregional dwelling target of 30,000 was set in the Metropolitan Strategy. The dwelling target set for North Sydney was 5,500 dwellings by 2031.

This component of the Strategy encourages Councils to plan for a greater range of housing forms, especially in centres with good public transport, which will contribute to improving the mix of housing choice to accommodate changing demands of existing residents and to support a diverse workforce.

The Draft North Sydney Local Development Strategy indicates that sufficient capacity exists under the existing controls to meet the dwelling targets of the subregional strategy. The existing controls are also likely to be able to meet the target once it is revised to be consistent with the Metropolitan Plan. Notwithstanding this the provision of additional residential accommodation in the centre is beneficial in that it will assist in minimising the upward pressure on house prices, particularly if the majority of dwellings are one or two bedroom apartments.

The location of the dwellings is consistent with the subregional strategy in that it will not compromise the commercial core of the CBD but will provide housing that has convenient and close access to a range of public transport options.

C1 Ensure adequate supply of land and sites for residential development

The Strategy encourages new housing to be provided in existing urban areas, focused around centres and corridors.

The proposal allows for the provision of additional housing on the fringe of an existing strategic centre.

C2 Plan for a housing mix near jobs, transport and services

The Metropolitan Plan aims to focus residential development within centres and corridors with access to public transport and local services.

The location of the dwellings is consistent with the subregional strategy in that it will not compromise the commercial core of the CBD but will provide housing that has convenient and close access to a range of public transport options.

C3 Renew Local Centres

The proposal will contribute to the revitalisation of the site and the North Sydney Centre generally.

C4 Improve Housing Affordability

The reports prepared by Urbis and JBA indicate that the proposal will assist in improving housing affordability in North Sydney.

C5 Improve the Quality of New Development and Urban Renewal

An evaluation of the proposed development against the State Environmental Planning Policy No. 65 Design Quality of Residential Flat Development principles is included in the Urban Design Report prepared by GM Urban Design and Architecture and the sunlight and natural ventilation indicators prepared by Dr S King and which accompany DA 239/13. These analysis conclude that the proposal achieves consistency with each principle.

Draft North Sydney Local Development Strategy 2008

The Draft North Sydney Local Development Strategy (LDS) is a translation of the strategic vision for North Sydney as identified in the Metropolitan and Subregional Strategies.

The LDS was prepared to inform the preparation of the Draft LEP and ensure its consistency with the relevant metropolitan, regional and local planning strategies.

Commercial Development

The LDS identifies the North Sydney Centre as being a location where future growth for other residential and commercial uses can be accommodated.

The LDS notes that in order to maintain the status of the North Sydney Centre as a major commercial centre, the provisions of North Sydney Local Environmental Plan 2001 were gazetted that allowed for an additional 250,000m² of non-residential floor space. At the time, this capacity equated to 12,500 additional jobs. A review of the provisions was to be achieved once 200,000m² of non-residential floor space had been approved. This threshold has been achieved and Council commissioned a Demand Study that was completed by Urbis and presented in February 2013. Council has also commissioned Hill PDA to undertake a comprehensive review of the CBD, its development controls, development mix and capacity.

The reports prepared by Urbis and JBA demonstrate that there is an oversupply of non-Sydney CBD Core commercial space. The detail provided in the reports provides a strong argument of removing planning controls aimed at increasing or even preserving commercial floor space in the area.

Housing

The aim of the Residential Development Strategy is to strengthen North Sydney's centres, towns, villages and neighbourhoods by ensuring the bulk of new residential development is within walking distance to most amenities while minimising any detrimental impacts that could be created as a result.

Consistent with this aim, the LDS states residential development should be encouraged in mixed-use areas outside of the commercial core. Further, the LDS recognises that the majority of new residential development will comprise high density residential flat buildings and apartments within mixed use developments, concentrated in and around centres which provide ready access to retail, office, health, education, leisure, entertainment facilities and community and personal services.

The development of a high density mixed use development within a mixed use area that is in close proximity to a wide range of goods, services and employment opportunities will be consistent with the form and location of residential development encouraged by the LDS.

The LDS notes that the Draft LEP will contain sufficient capacity to accommodate over 6,000 additional dwellings by 2031 in addition to the 1,300 dwellings which were approved since 2004. Therefore the LGA will meet the NSW Government's housing target of 5,500 additional dwellings between 2004 and 2031. Whilst the current dwelling target for the LGA may be achieved, this does not mean that the demand for housing in the LGA will be satisfied. As noted in the Urbis and JBA Reports which accompany the application, housing affordability continues to be a significant issue in the locality as the demand for new housing outweighs the supply. The provision of additional housing will assist in reducing the upward pressure on house prices and will also be offset by other local government areas that have not been able to meet their dwelling targets.

5.2.2 Is the planning proposal consistent with the local council's Community Strategic Plan, or other local strategic plan?

The proposal does not conflict with the provisions of the North Sydney Community Strategic Plan 2009-2020 particularly the goals, objectives and strategies related to the Built Environment.

The goals of the Community Strategic Plan related to the built environment are:

- Ensure the long term sustainability of infrastructure and assets.
- Improve mix of land use and quality development.
- Provide effective compliance management
- Encourage sustainable transport
- Improve traffic management.

The Planning Proposal seeks to amend the current planning provisions so that a more appropriate mix of commercial and residential development can be provided on the site. The mix of uses proposed is responsive to the large number of commercial developments that have recently been approved in the North Sydney Centre and other large centres in the region. The development will be of a high architectural quality, as demonstrated by the concept plans prepared by Nettleton Tribe which accompany the application.

The Planning Proposal seeks to increase the number of dwellings permitted on the site through reducing the minimum required non-residential floor space. The Proposal will therefore ensure that dwellings are provided close to employment opportunities and close to a major public transport hub. In this regard, the Planning Proposal supports council's goal to encourage sustainable transport and reduce dependency on motor vehicles.

5.2.3 Is the planning proposal consistent with applicable state environmental planning policies?

The planning proposal is consistent with all relevant State Environmental Planning Policies as summarised in the following table:

SEPP	Comment	Consistent
SEPP 32 -- Urban Consolidation	The aims of SEPP 32 are: (a) to promote the orderly and economic use and development of land by enabling urban land which is no longer required for the purpose for which it is currently zoned or used to be redeveloped for multi-unit housing and related development, and (b) to implement a policy of urban consolidation which will promote the social and economic welfare of the State and a better environment by enabling:	Yes

	(i) the location of housing in areas where there are existing public infra-structure, transport and community facilities, and (ii) increased opportunities for people to live in a locality which is close to employment, leisure and other opportunities, and (iii) the reduction in the rate at which land is released for development on the fringe of existing urban areas. The objectives of this SEPP are: (a) to ensure that urban land suitable for multi-unit housing and related development is made available for that development in a timely manner, and (b) to ensure that any redevelopment of urban land for multi-unit housing and related development will result in: (i) an increase in the availability of housing within a particular locality, or (ii) a greater diversity of housing types within a particular locality to meet the demand generated by changing demographic and household needs, In accordance with clause 6 of this SEPP each Council must consider whether urban land is suitable for redevelopment for multi-unit housing and related development in accordance with the aims and objectives of this Policy and whether action should be taken to make the land available for such redevelopment. The planning proposal will increase the supply of housing in the local government area and therefore assist in reducing the downward pressure on house prices in the LGA. In this regard, the proposal ensures that land is available for additional housing in a timely manner. The site is ideally located for additional residential development in that it is located near public transport, employment opportunities, educational facilities, commercial, retail and recreational facilities and is adequately served by existing infrastructure. The proposal will assist in the reducing the demand for development on the fringe of existing urban land.	
SEPP 55 – Remediation of Land	When carrying out planning functions under the Act (including undertaking LEP amendments), SEPP 55 requires that a planning authority must consider the possibility that a previous land use has caused contamination of the site as well as the potential risk to health or the environment from that contamination. The site has historically been used for commercial purposes and there is no evidence of contamination. A preliminary geotechnical report prepared by Douglas Partners accompanies this submission.	Yes

SEPP (BASIX) 2004	The aim of this Policy is to encourage sustainable residential development. A BASIX certificate accompanies DA 239/13	Yes
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5.2.4 Is the planning proposal consistent with applicable Ministerial Directions (s.117directions)?

The following table summarises the planning proposal's consistency with applicable Ministerial Directions:

S.117 Direction No. and Title	Comment	Consistent
1.1 Business and Industrial Zones	The objectives of this direction are to: (a) encourage employment growth in suitable locations, (b) protect employment land in business and industrial zones, and (c) support the viability of identified strategic centres. The direction applies when a relevant planning authority prepares a planning proposal that will affect land within an existing or proposed business or industrial zone (including the alteration of any existing business or industrial zone boundary). In accordance with this direction a planning proposal must: (a) give effect to the objectives of the direction (b) retain the areas and locations of existing business and industrial zones, (c) Not reduce the total potential floor space area for employment uses and related public services in business zones (d) Not reduce the total potential floor space area for industrial uses in industrial zones, and (e) Ensure that proposed new employment areas are in accordance with a strategy that is approved by the Director General of the Department of Planning. The documentation submitted with the application indicates there is an oversupply of commercial floor space in North Sydney to meet current and projected demand. The minor reduction in non-residential floor area at this site is more than offset by the approved supply of commercial floor space in North Sydney which has exceeded the 200,000m² LEP threshold.	Yes
3.1 Residential Zones	The objectives of this direction are: (a) to encourage a variety and choice of housing types to provide for existing and future housing needs,	Yes

	(b) to make efficient use of existing infrastructure and services and ensure that new housing has appropriate access to infrastructure and services, and (c) to minimise the impact of residential development on the environment and resource lands. The direction applies when a relevant planning authority prepares a planning proposal that will affect land within: (a) an existing or proposed residential zone (including the alteration of any existing residential zone boundary), (b) any other zone in which significant residential development is permitted or proposed to be permitted. The direction states that a planning proposal must: (a) broaden the choice of building types in the housing market, and (b) make more efficient use of infrastructure and services, and (c) reduce consumption of land on the fringe, and (d) be of good design. The proposed development increases the supply of housing in the local area which will reduce the upward pressure on house prices in the area. This is particularly important given the lack of affordable housing in the locality. The site is also well serviced by existing infrastructure, including public transport and is in close proximity to jobs. The proposal will provide residential development in an existing urban area and therefore will result in minimal impact on the environment. For the reasons given the planning proposal is consistent with this direction.	
3.4 Integrating land use and transport	In accordance with this direction planning proposal's must be consistent with the aims, objectives and principles of "Improving Transport Choice" and "The Right Place for Business and Services" prepared by DUAP. The planning proposal is consistent with these	Yes

	documents in providing opportunity for development of additional dwellings in an area which is well served by existing public transport services.	
6.3 Site Specific Provisions	The objective of this direction is to discourage unnecessarily restrictive site specific planning controls. The direction applies when a relevant planning authority prepares a planning proposal that will allow a particular development to be carried out. The amendment of the planning controls on the subject site allows for a more appropriate development mix to be provided on the site. The planning proposal does not include any site specific provisions which will unnecessarily restrict development on the site.	Yes
7.1 Implementation of the Metropolitan Plan for Sydney 2036	In accordance with this direction planning proposals shall be consistent with the Metropolitan Plan for Sydney 2036. The proposal's consistency with the Metropolitan Plan for Sydney has been addressed in detail in section 5.2.1 of this report.	Yes

5.3 Environmental, Social and Economic Impact

5.3.1 *Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of the proposal?*

The site is within a densely built up area and does not currently support any natural vegetation. No critical habitat, threatened species, populations, ecological communities or their habitats will be adversely affected as a result of the proposal.

5.3.2 *Are there any other likely environmental effects as a result of the planning proposal and how are they proposed to be managed?*

The site is not affected by natural hazards such as land slip, flooding or bushfire hazard. The management and minimisation of any environmental impacts associated with development on the site is detailed in the development application submission.

5.3.3 *How has the planning proposal adequately addressed any social and economic effects?*

The proposed additional residential development in the North Sydney Centre will contribute to the vitality of the centre and support local businesses within the centre.

The proposal will increase the number of dwellings that are conveniently located in relation to employment, public transport and shops and services.

5.4 Section D - State and Commonwealth Interests

5.4.1 Is there adequate public infrastructure for the planning proposal?

The site has convenient access to public transport with bus services operating along the Pacific Highway and North Sydney train station located in close proximity to the site.

5.4.2 What are the views of State and Commonwealth public authorities consulted in accordance with the gateway determination?

Relevant public authorities will be consulted following the gateway determination.

6.0 PART 4 - Community Consultation

'A guide to preparing local environmental plans' produced by the NSW Department of Planning sets out the community consultation requirements for planning proposals.

The guide indicates that consultation will be tailored to specific proposals. The exhibition for low impact planning proposals will generally be 14 days and all other planning proposals will be 28 days.

Community consultation to be commenced by giving notice of the public exhibition of the planning proposal in a local newspaper, on the North Sydney Council website and in writing to adjoining landowners.

The written notice of the planning proposal will:

- Give a brief description of the objectives or intended outcomes of the planning proposal;
- Indicate the land affected by the planning proposal;
- State where and when the planning proposal can be inspected;
- Give the name and address of the relevant planning authority (North Sydney Council) for the receipt of submissions; and
- Indicate the last date for submissions.

7.0 CONCLUSION

The detailed documentation prepared in support of this planning proposal demonstrates that the proposed reduction in the minimum required non-residential floor space is reasonable and appropriate given the specific locational characteristics of the site, the changing built form of the North Sydney centre and the supply and demand for both commercial and residential floor area in the centre.

The economic studies undertaken by Urbis and JBA demonstrate that the proposed reduction in non-residential floor area and increase in residential floor area is responsive to the oversupply of commercial floor area in the North Sydney Centre and the inner north region generally, and the need for additional residential accommodation to relieve the upward pressure on house prices in the area.

Whilst the Planning Proposal seeks a reduction in the minimum non-residential floor space required on the site, a mix of uses will continue to be required on the site, consistent with the mixed-use zoning of the site. Appendix C to this submission demonstrates that a development that complies with the amended controls would provide 3 levels of commercial floor space with frontage to the Pacific Highway and two levels commercial floor space with frontage to Berry Street.

This report has demonstrated that the planning proposal is consistent with the current Metropolitan Plan for Sydney, the draft subregional strategies and the draft North Sydney Local Development Strategy.

For the reasons outlined above in my opinion it would be appropriate for North Sydney Council, as the relevant planning authority, to support the planning proposal.

Ross Fleming
B Urb & Reg. Plan (UNE) MPIA
Director
Boston Blyth Fleming

APPENDICIES

- A DA drawings - 154 Pacific Highway – Nettleton Tribe
- B “Landuse & Apartment Mix – Commercial and Residential Market Report” – JBA
- “Optimising Development Typology in North Sydney” - Urbis
- C Residential Floor Space drawings and areas – Nettleton Tribe

APPENDIX A

Architectural Drawings
Area Schedule
Floor Space Ratio Calculations

Nettleton Tribe Architects

DRAWING LIST:

4203_001	Site Analysis	4203_027	Level 13 Plan	4203_070	Shadow Diagrams 9:00am
4203_002	Site Plan	4203_028	Level 14 Plan	4203_071	Shadow Diagrams 9:15am
		4203_029	Level 15 Plan	4203_072	Shadow Diagrams 9:30am
4203_010	Basement 5 Plan	4203_030	Level 16 Plan	4203_073	Shadow Diagrams 9:45am
4203_011	Basement 3-5 Plan	4203_031	Level 17 Plan	4203_074	Shadow Diagrams 10:00am
4203_012	Basement 2 Plan	4203_032	Level 18 Plan	4203_075	Shadow Diagrams 10:15am
4203_013	Basement 1 Plan	4203_033	Level 19 Plan	4203_076	Shadow Diagrams 10:30am
4203_014	Ground Floor Plan	4203_034	Level 20 Plan	4203_077	Shadow Diagrams 10:45am
4203_015	Level 1 Plan	4203_035	Level 21 Plan	4203_078	Shadow Diagrams 11:00am
4203_016	Level 2 Plan	4203_036	Level 22 Plan	4203_079	Shadow Diagrams 11:15am
4203_017	Level 3 Plan	4203_037	Level 23 Plan	4203_080	Shadow Diagrams 11:30am
4203_018	Level 4 Plan	4203_038	Plant	4203_081	Shadow Diagrams 11:45am
4203_019	Level 5 Plan			4203_082	Shadow Diagrams 12:00am
4203_020	Level 6 Plan	4203_040	Elevations 1	4203_083	Shadow Diagrams 12:15pm
4203_021	Level 7 Plan	4203_041	Elevations 2	4203_084	Shadow Diagrams 12:30pm-3:00pm
4203_022	Level 8 Plan	4203_042	Streetscape Elevation 1		
4203_023	Level 9 Plan	4203_043	Streetscape Elevation 2	4203_090	External Finish schedule
4203_024	Level 10 Plan				
4203_025	Level 11 Plan	4203_050	Sections	C050-001	Survey
4203_026	Level 12 Plan				
		4203_060	Unit Types 1		
		4203_061	Unit Types 2		
		4203_064	Adaptable Units 1		
		4203_065	Adaptable Units 2		
		4203_066	Adaptable Units 3		



144-154 Pacific Highway

cnr Pacific Highway & Berry Street

01/08/2013



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APPROVED DA
ENVELOPE NO.156
PACIFIC HWY

EXISTING BUILDINGS TO
BE DEMOLISHED

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SITE PLAN

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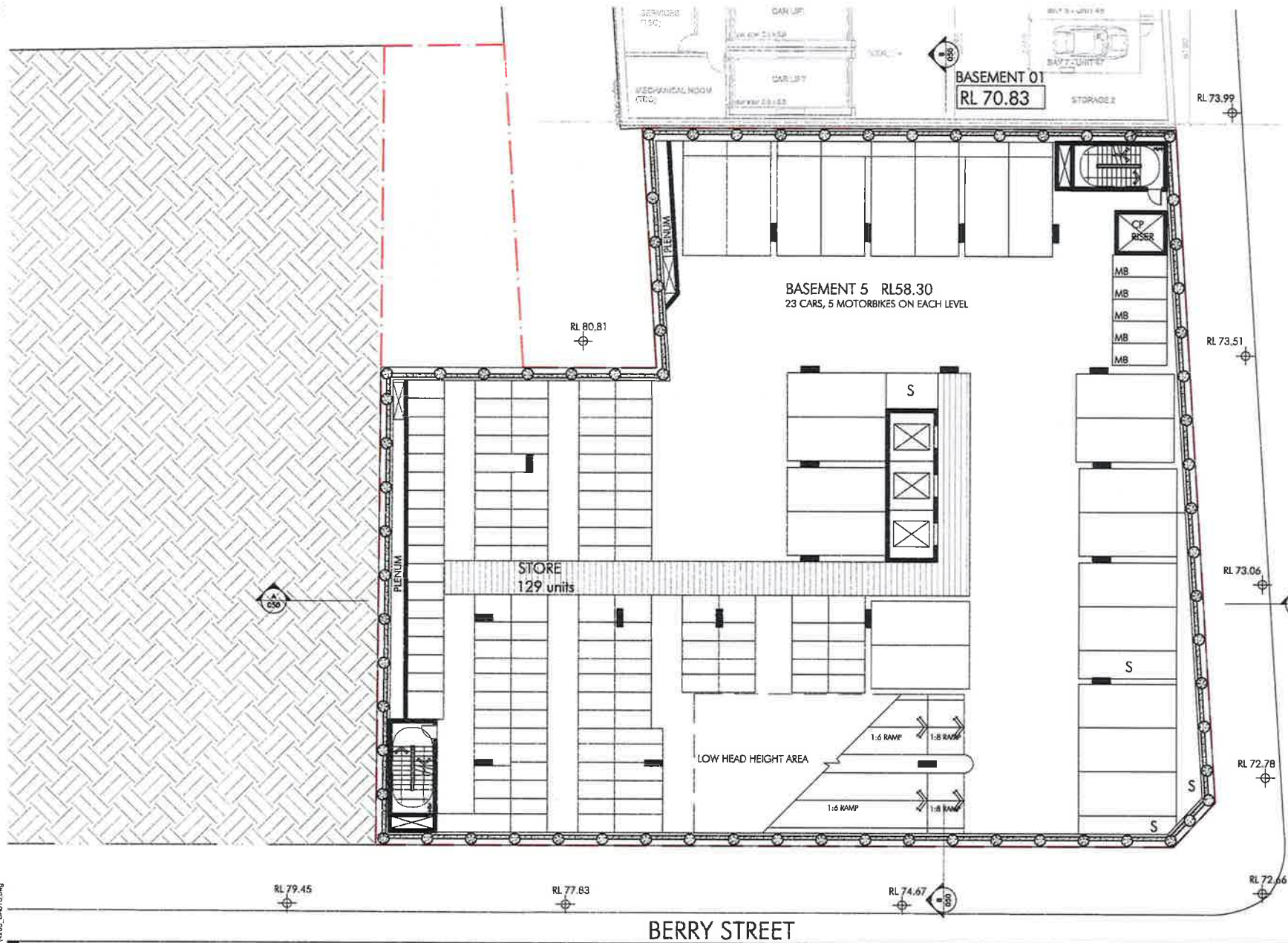
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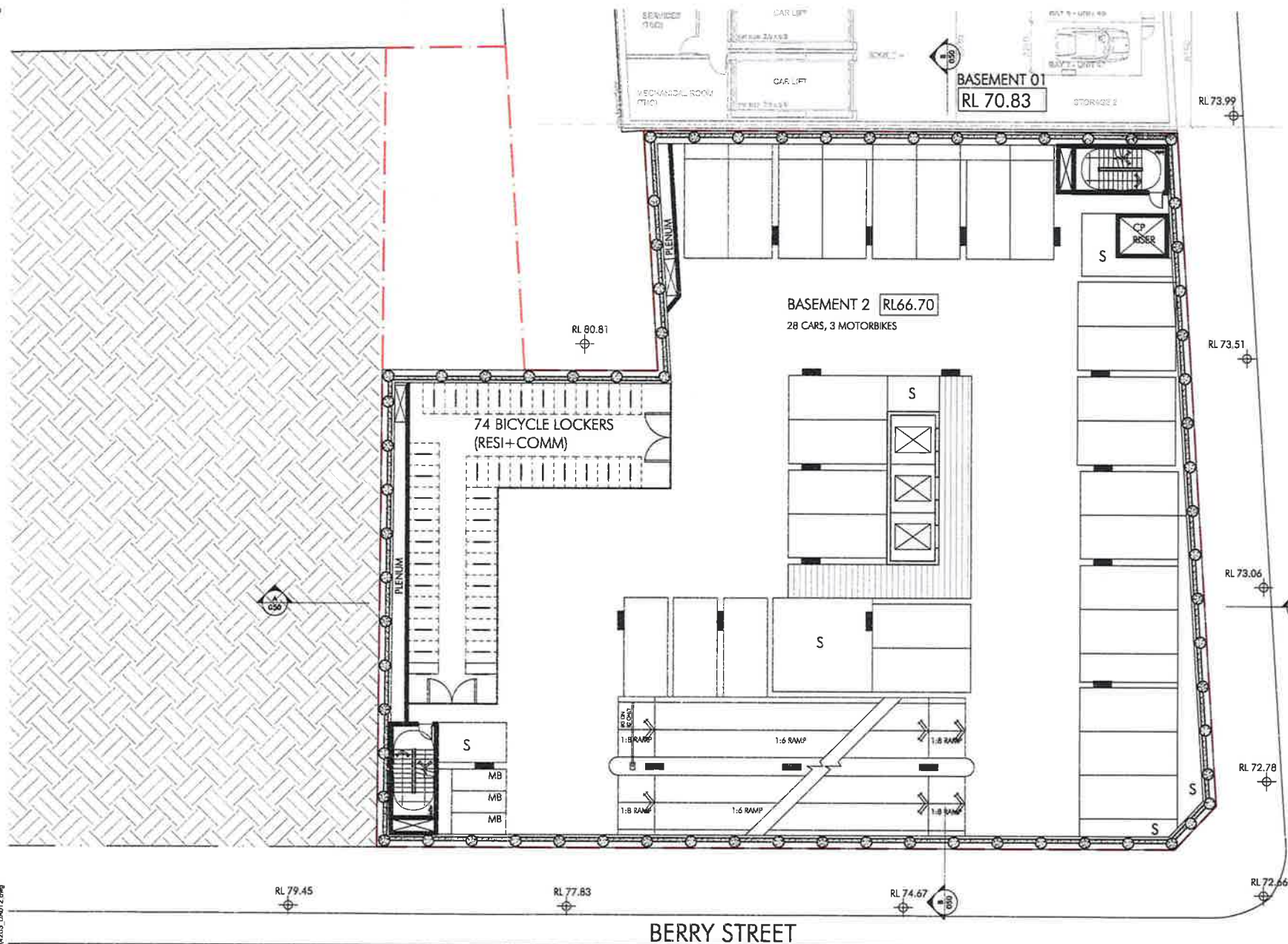
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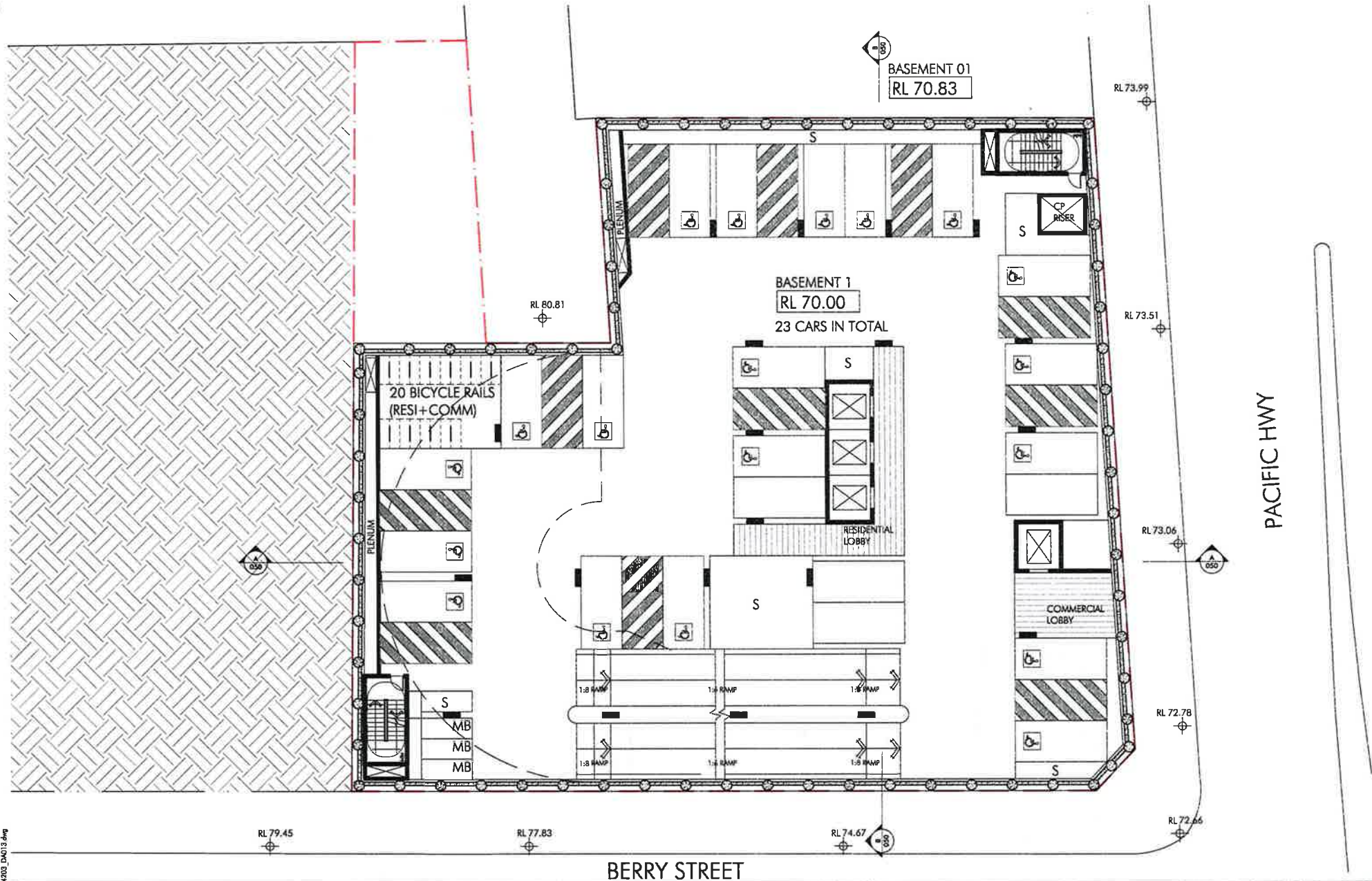
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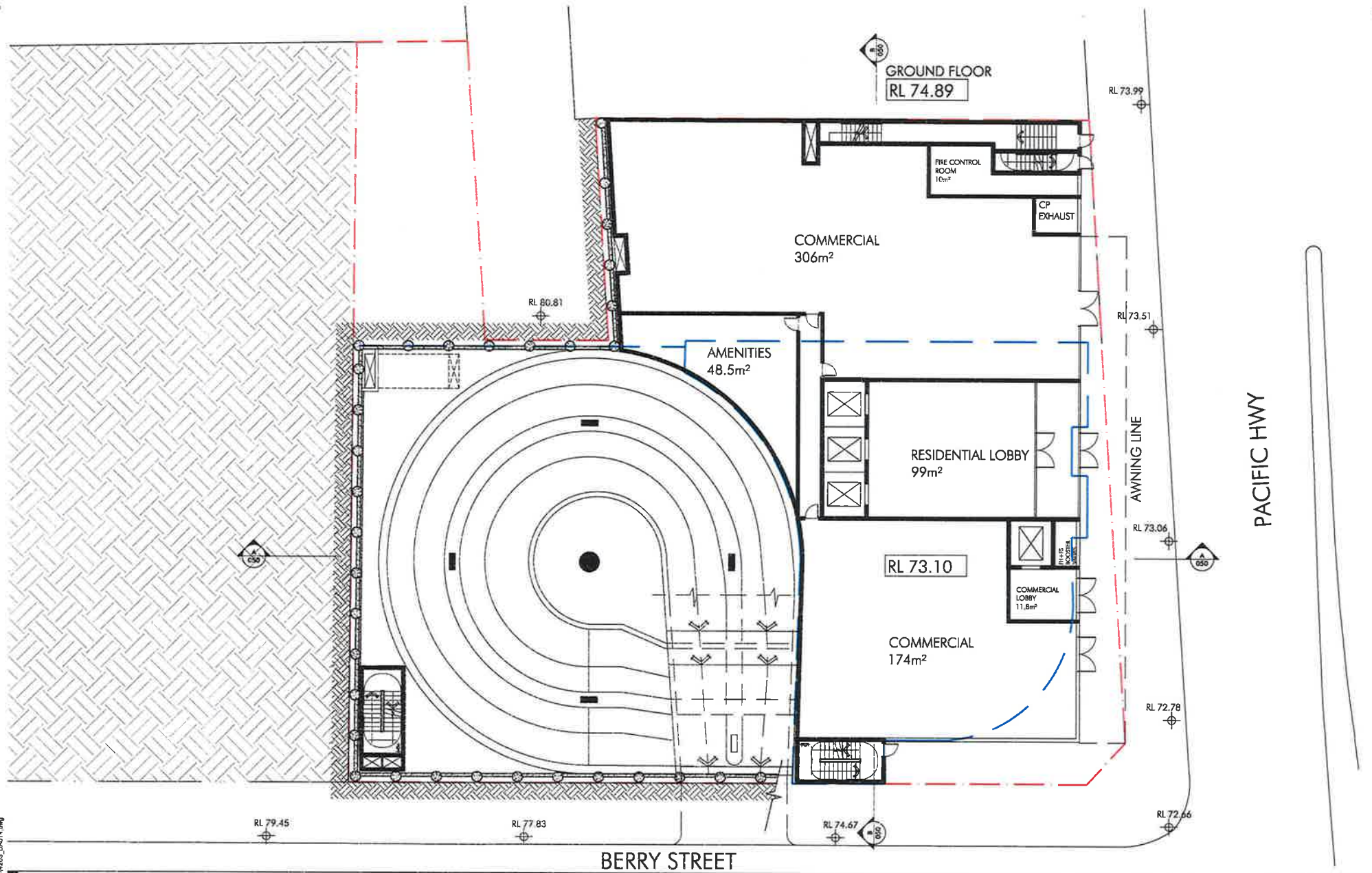
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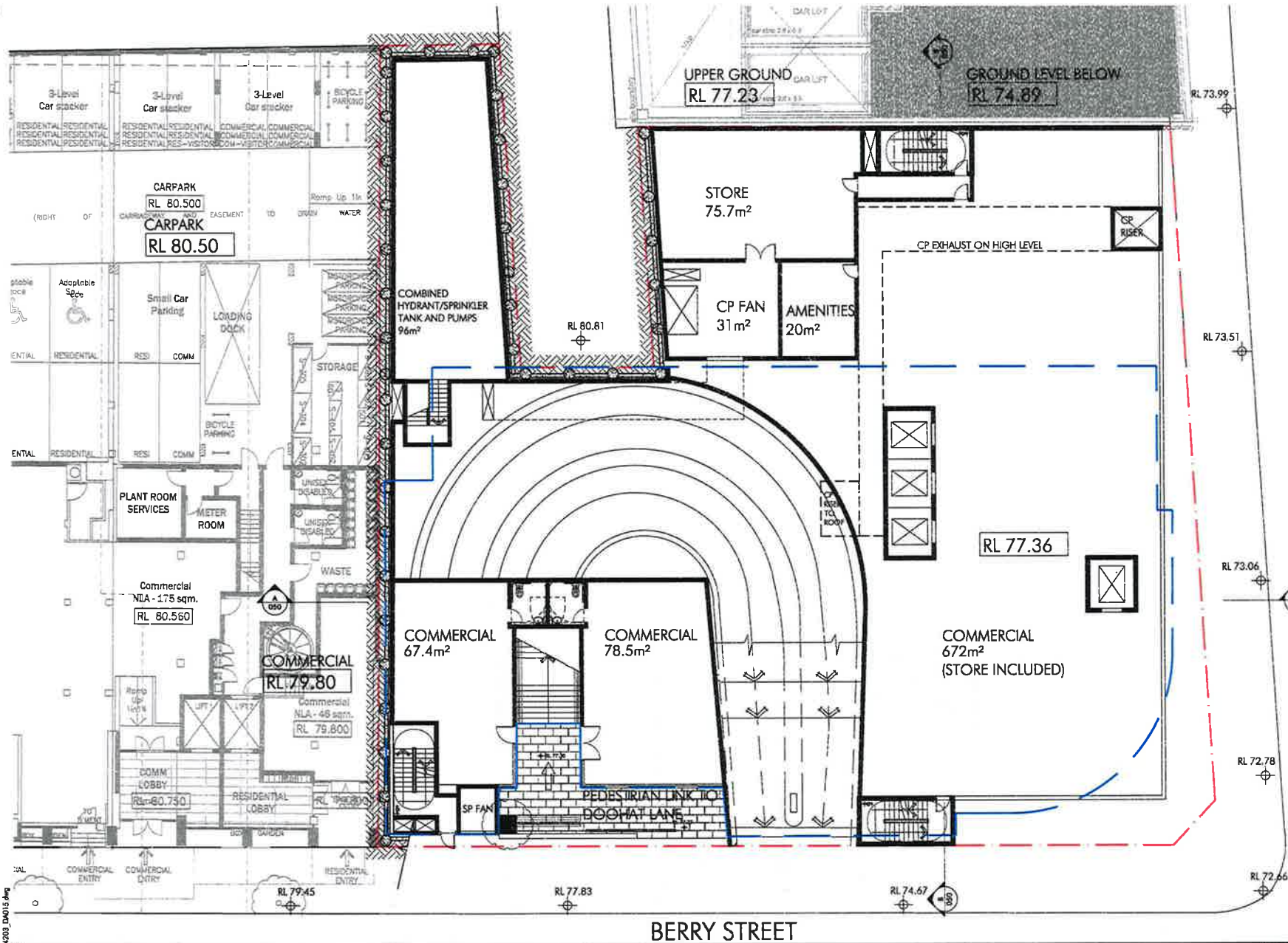


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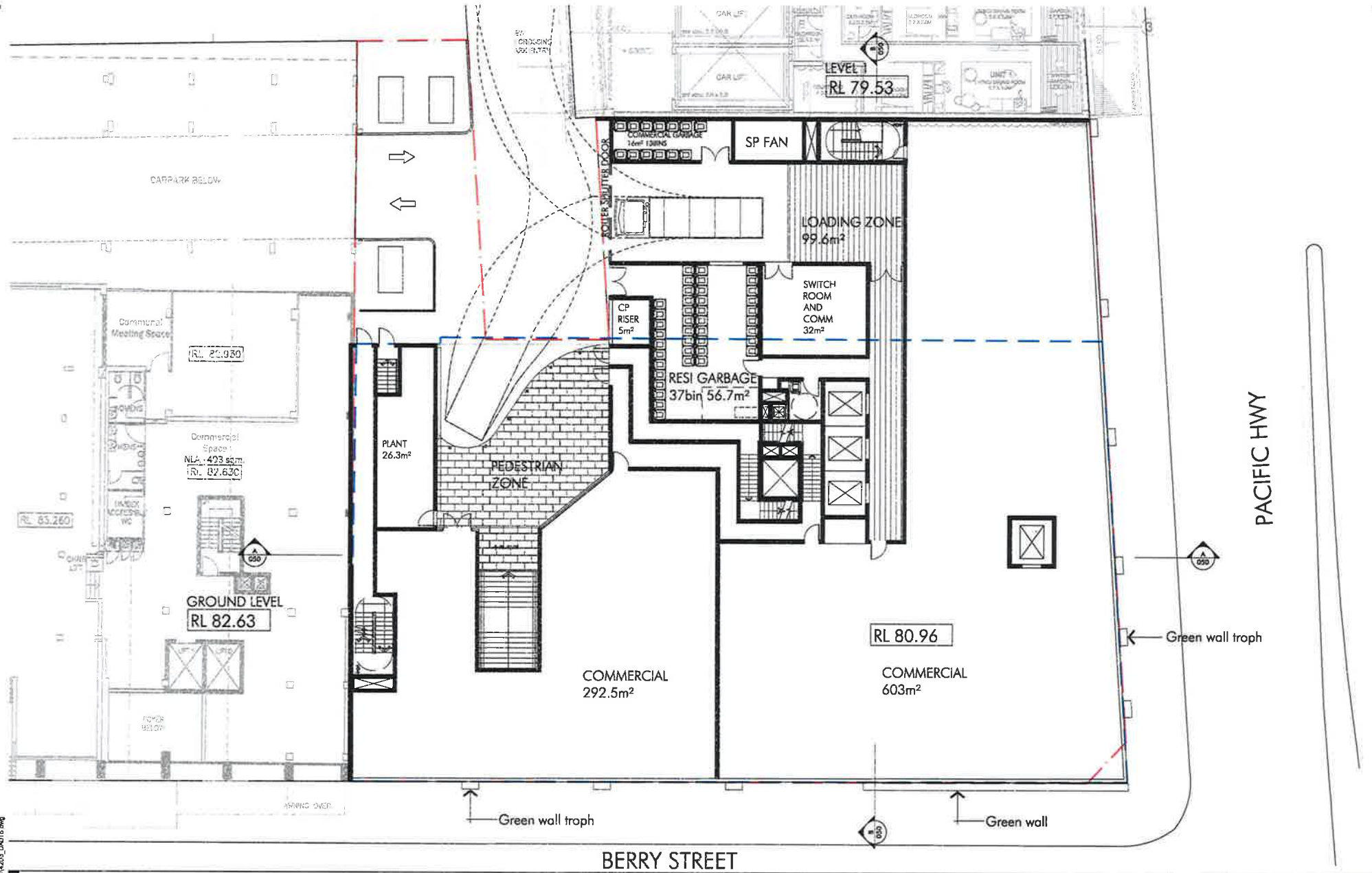
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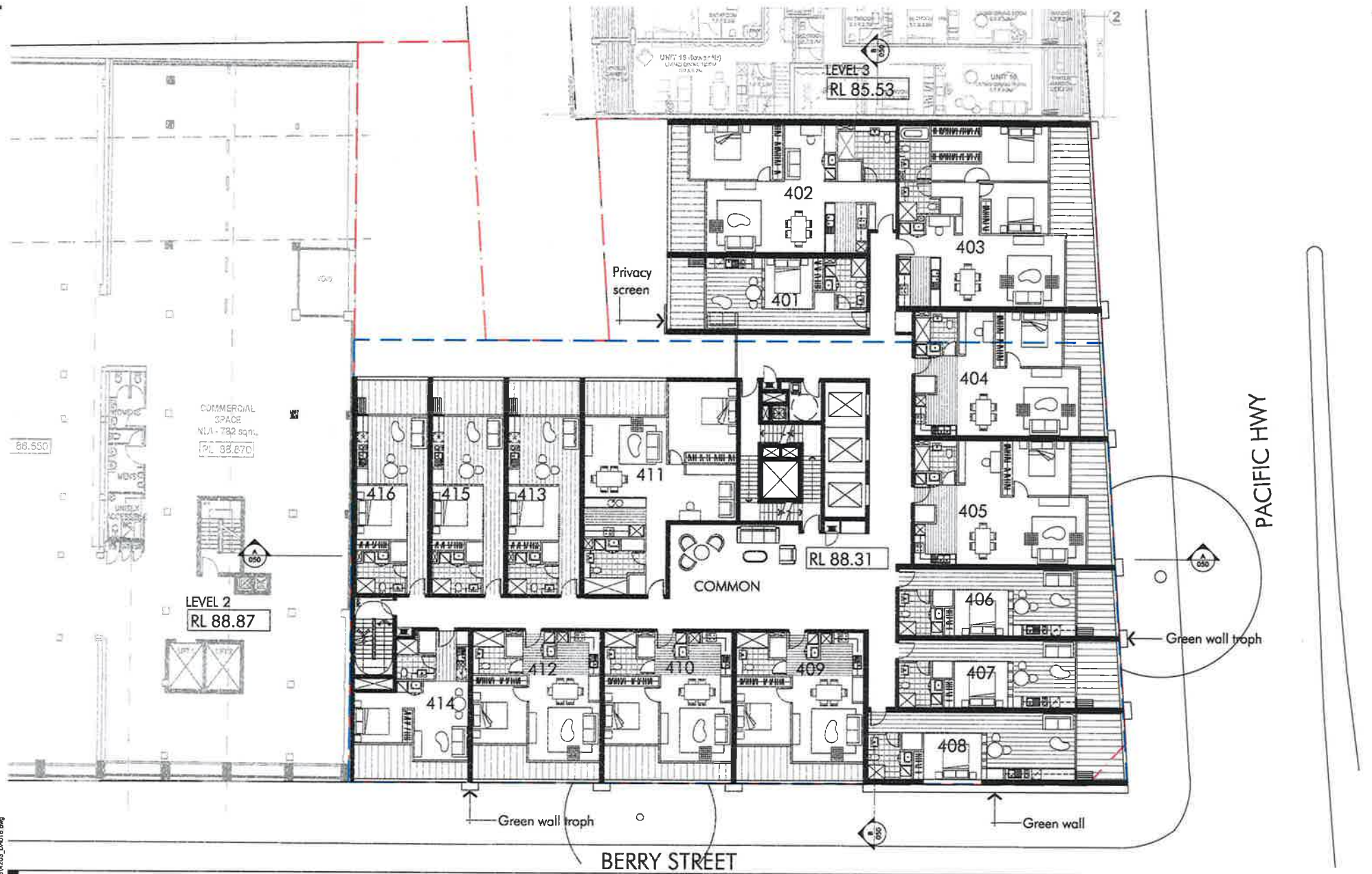


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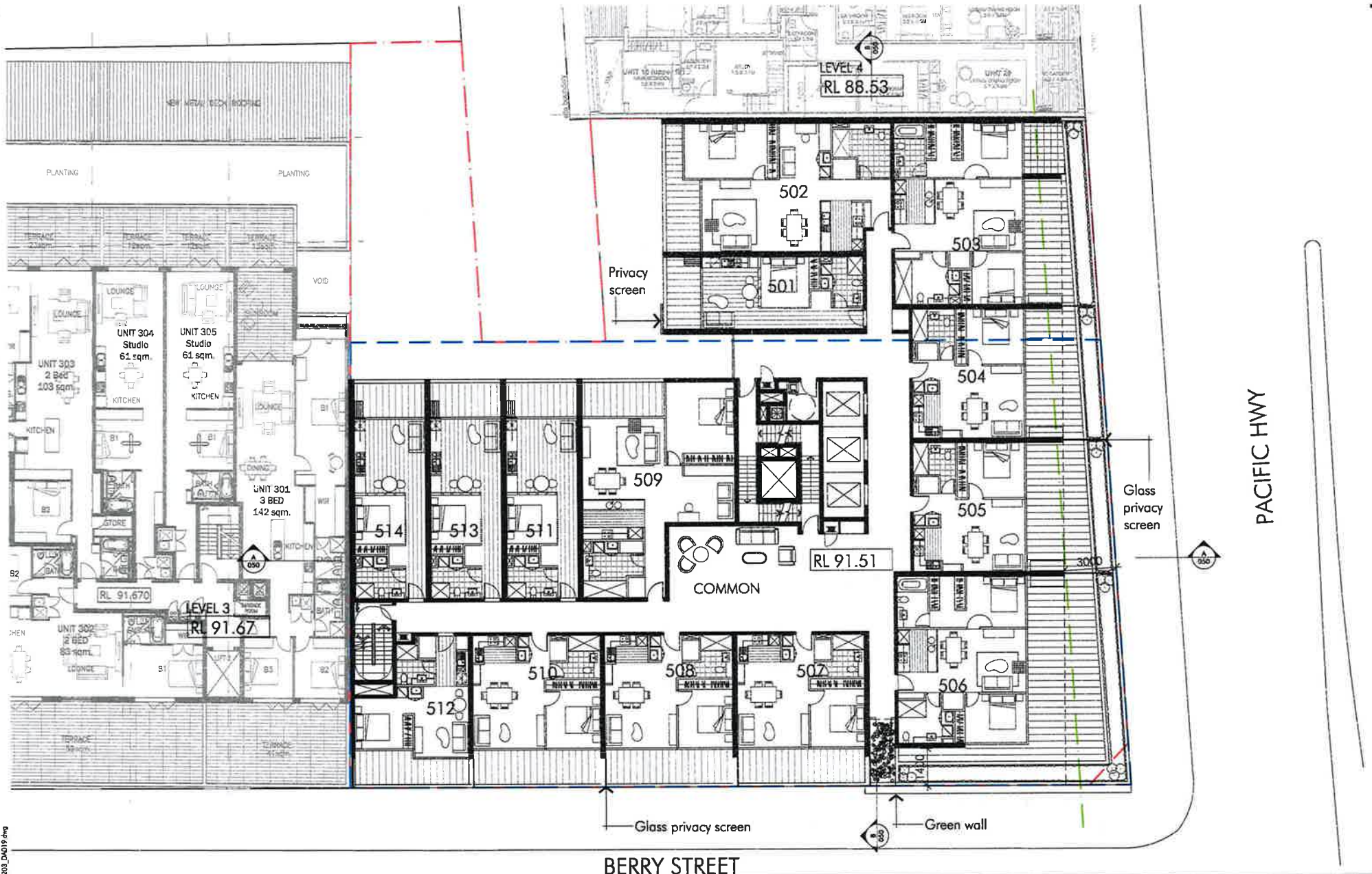


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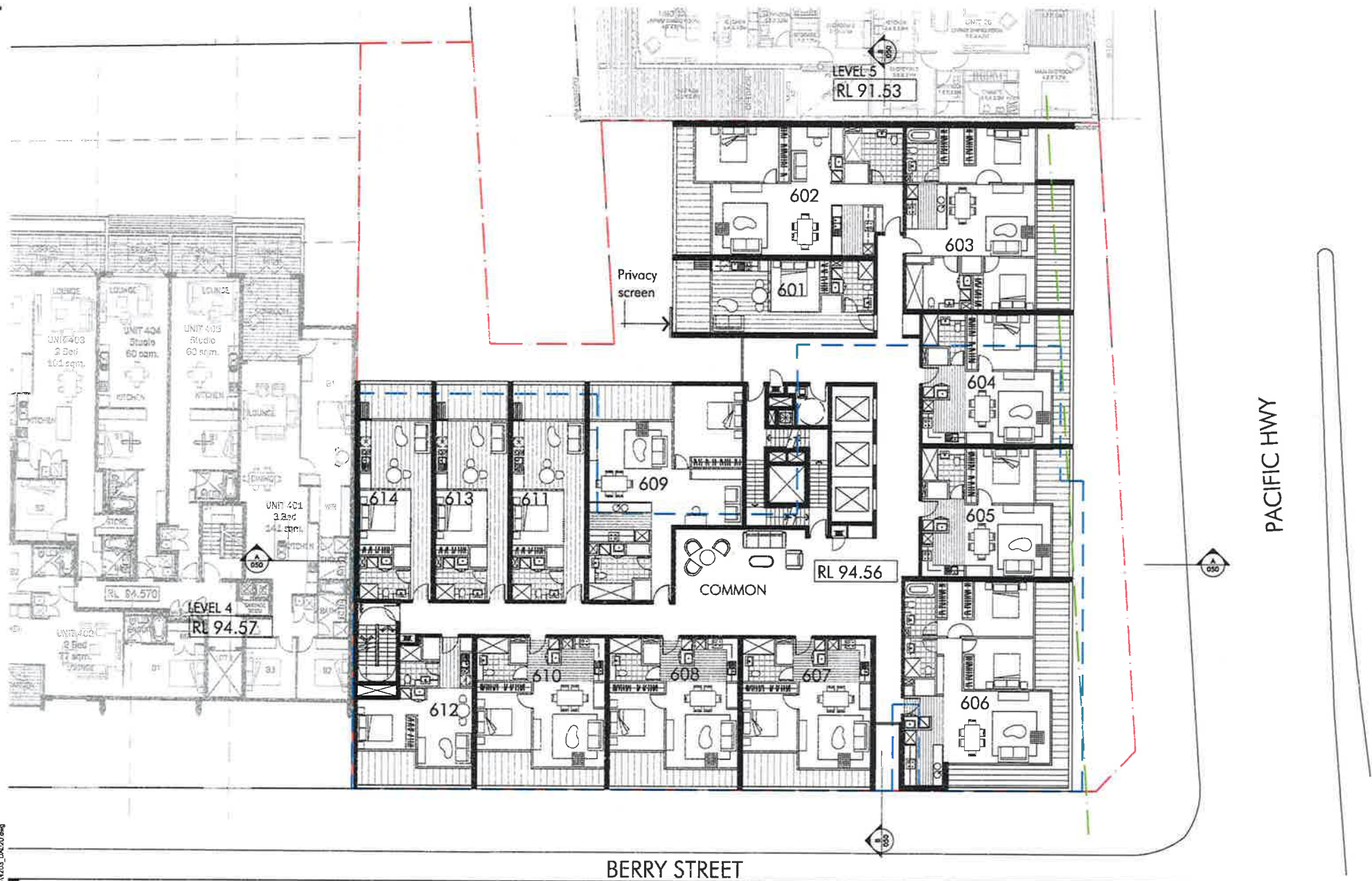
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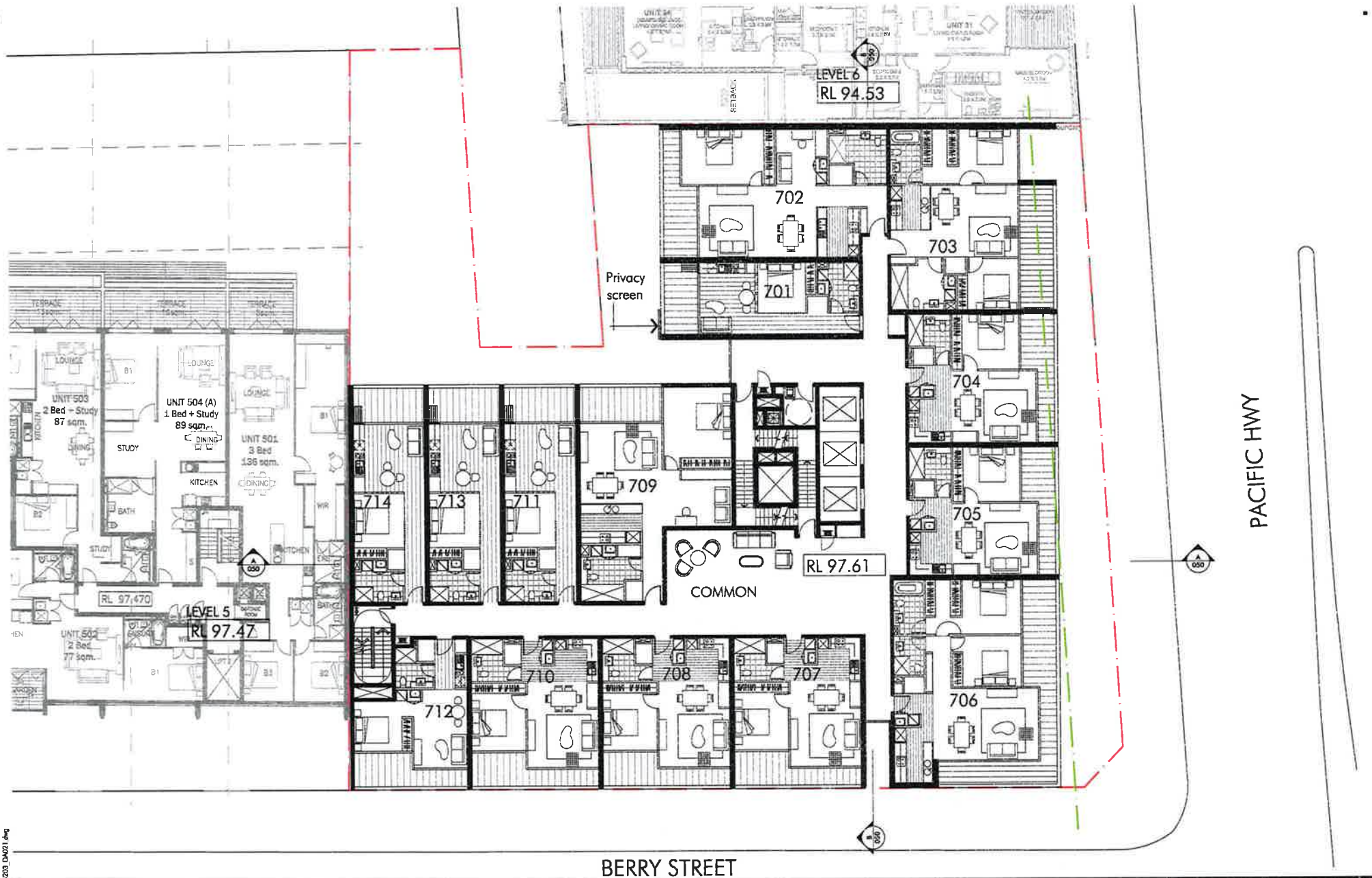


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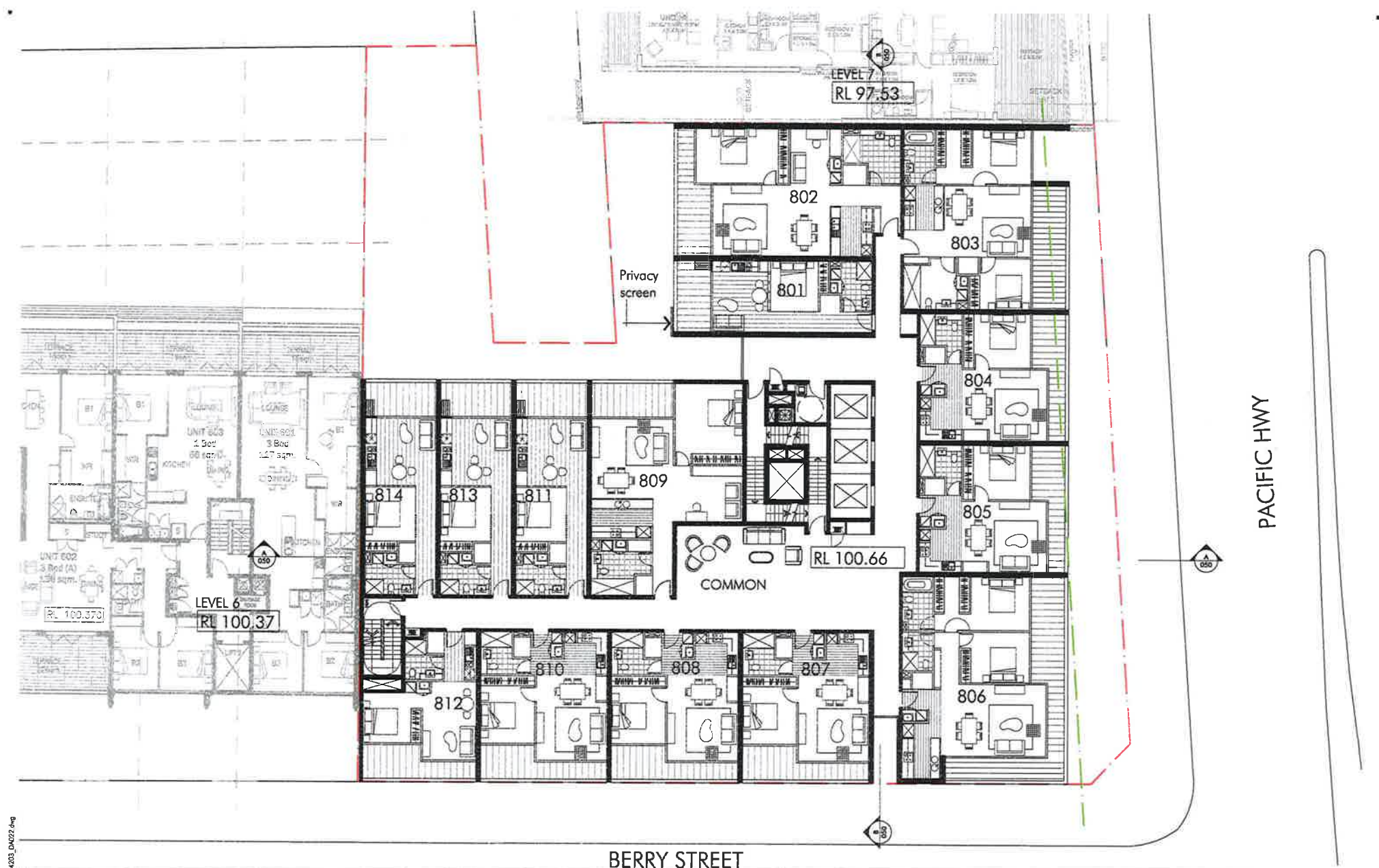
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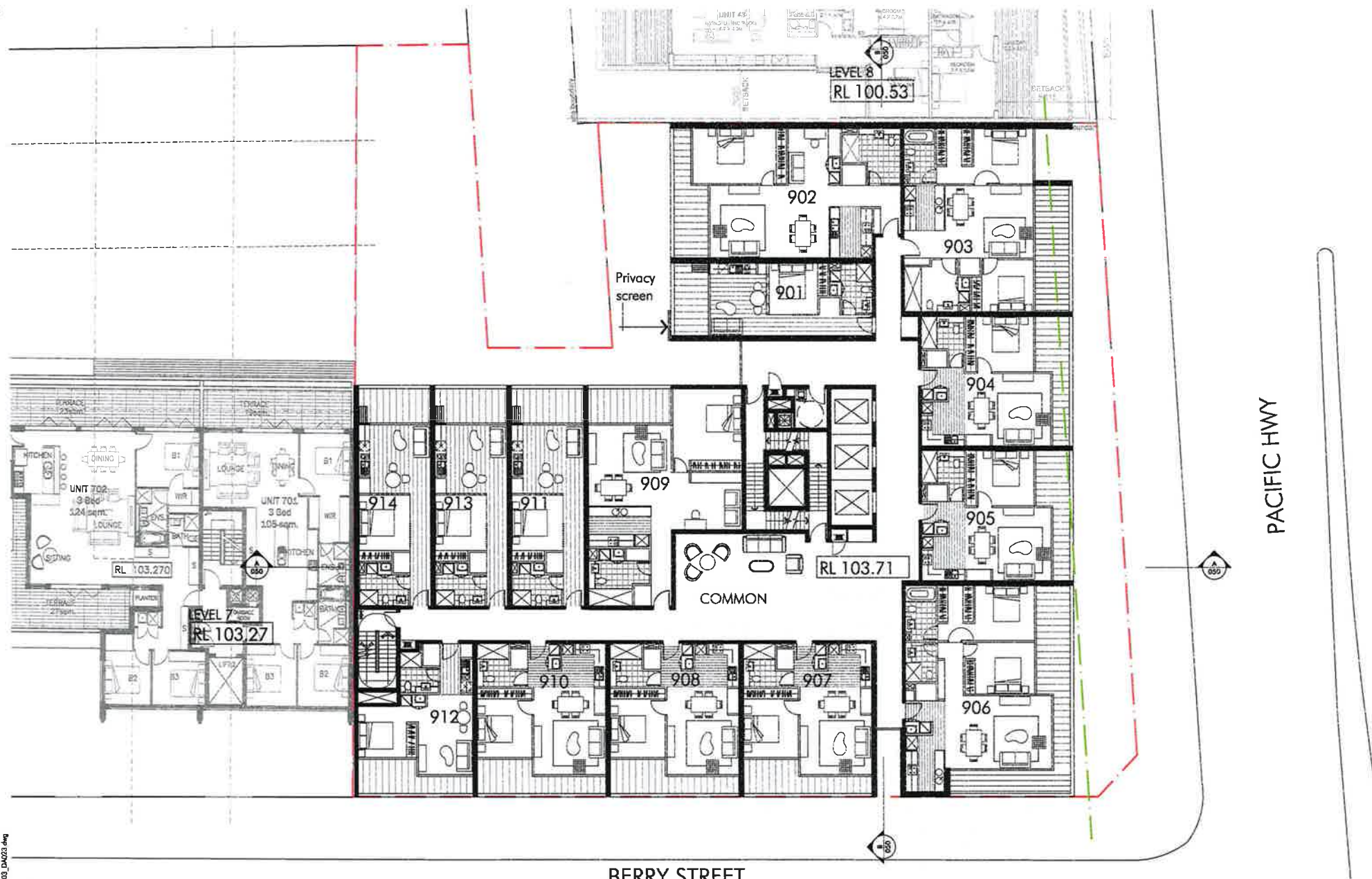
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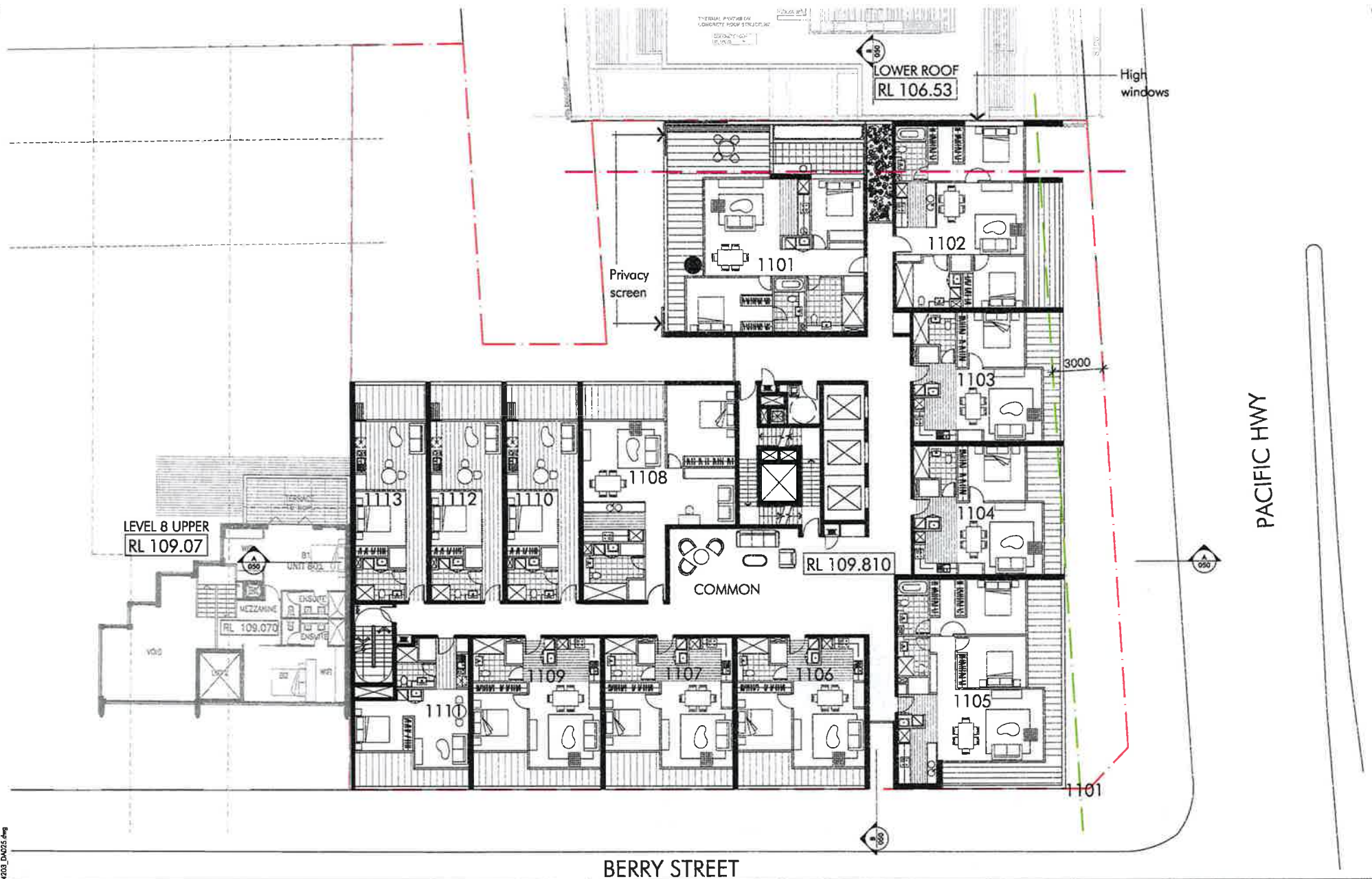
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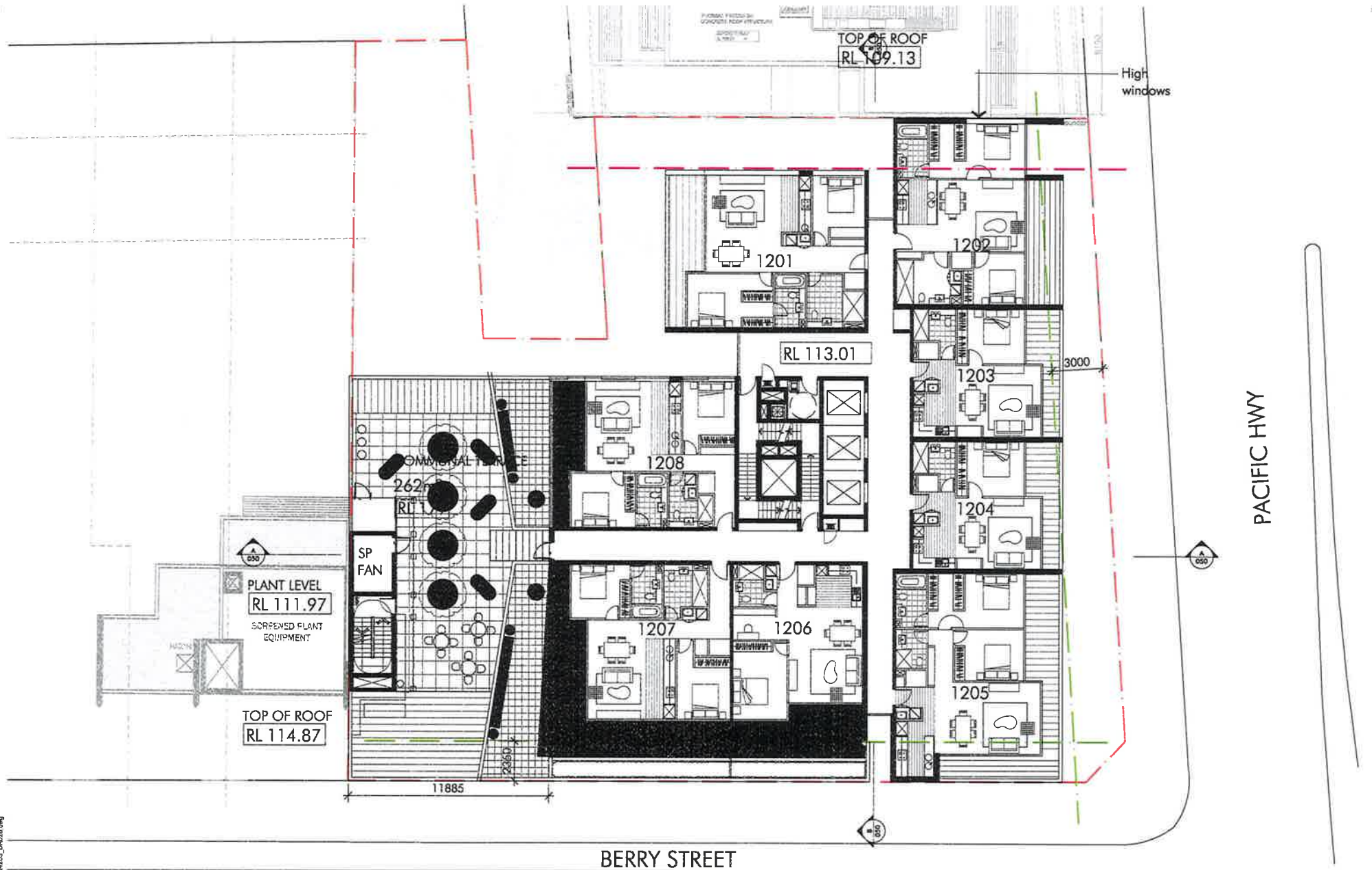
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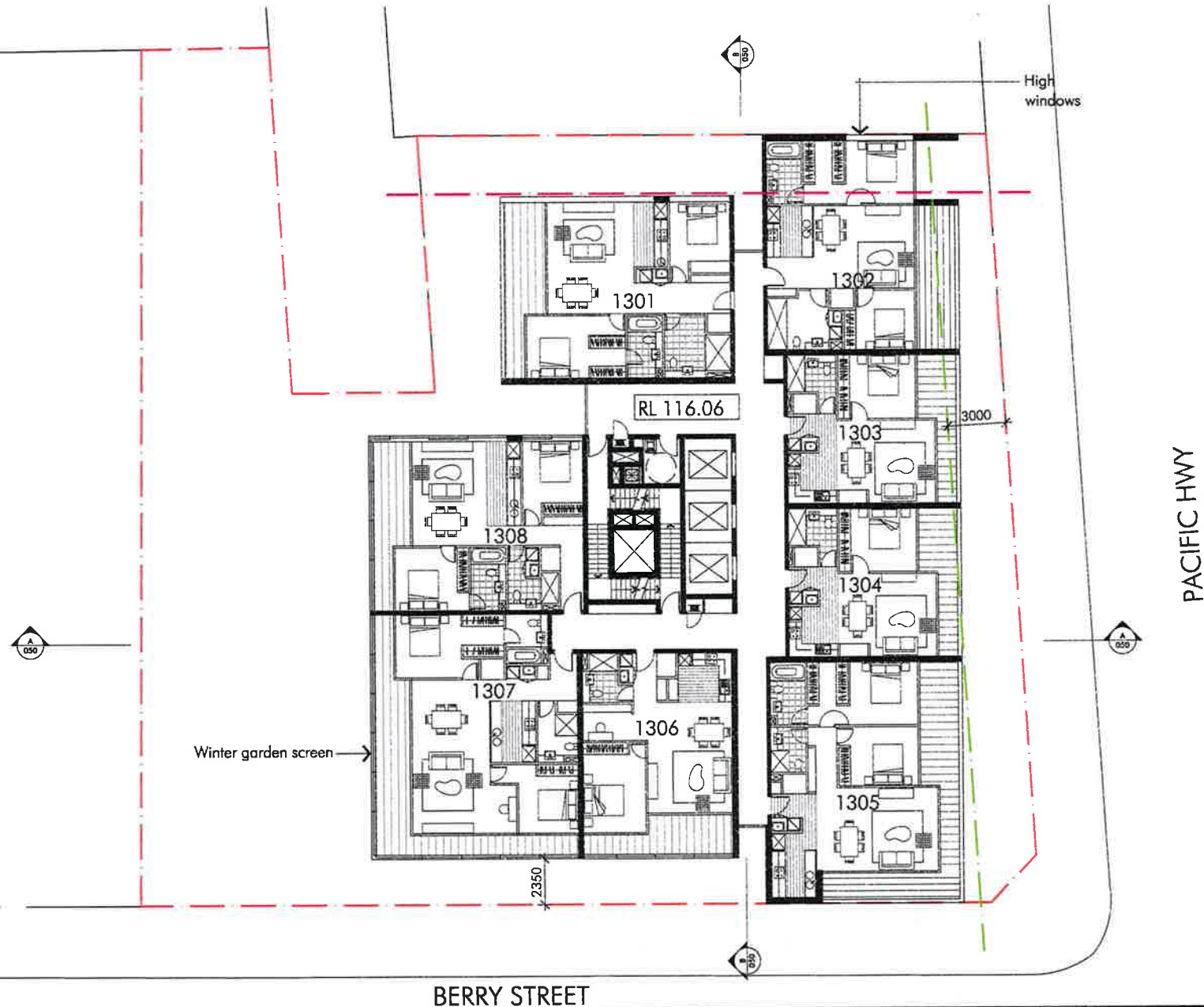
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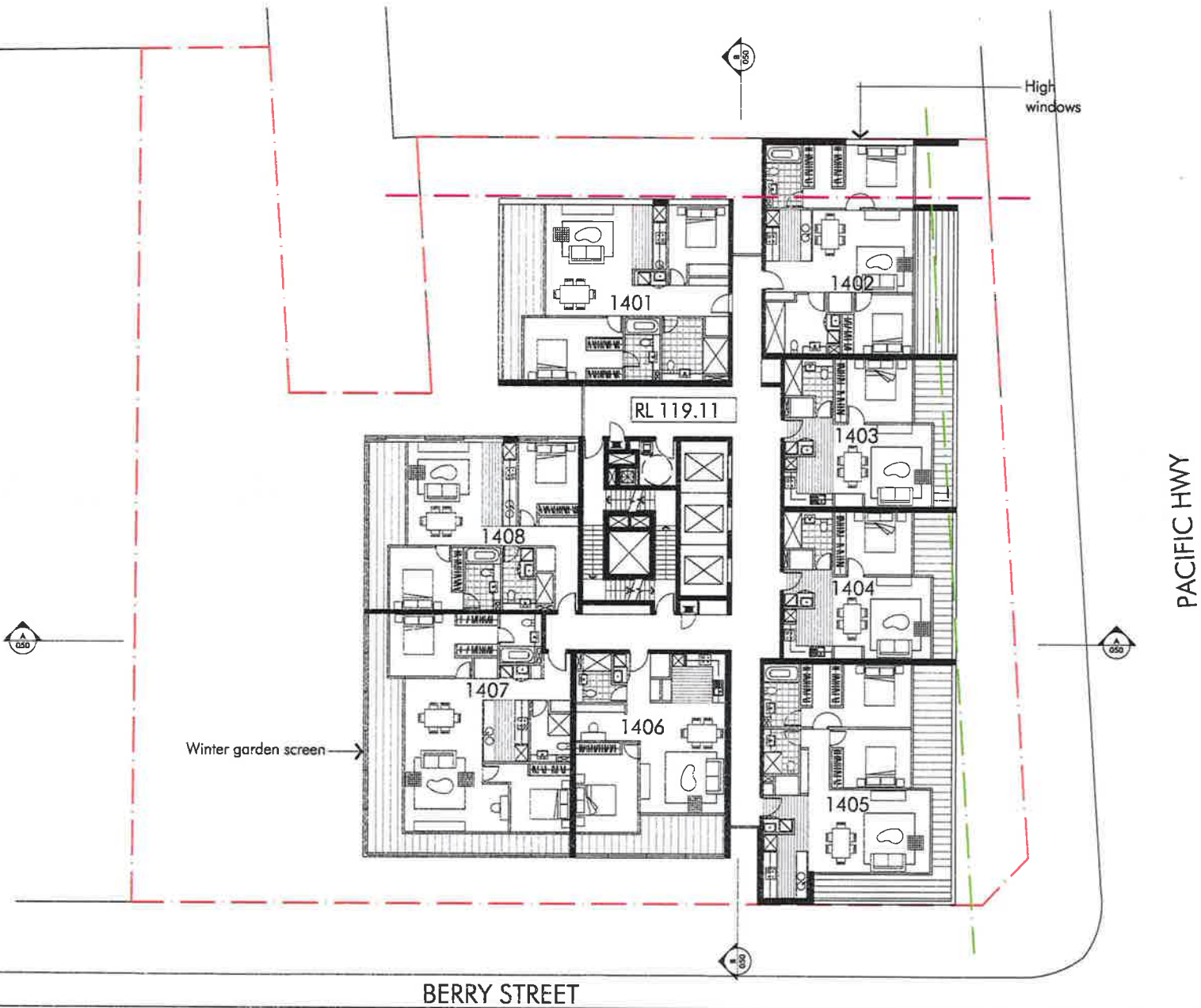
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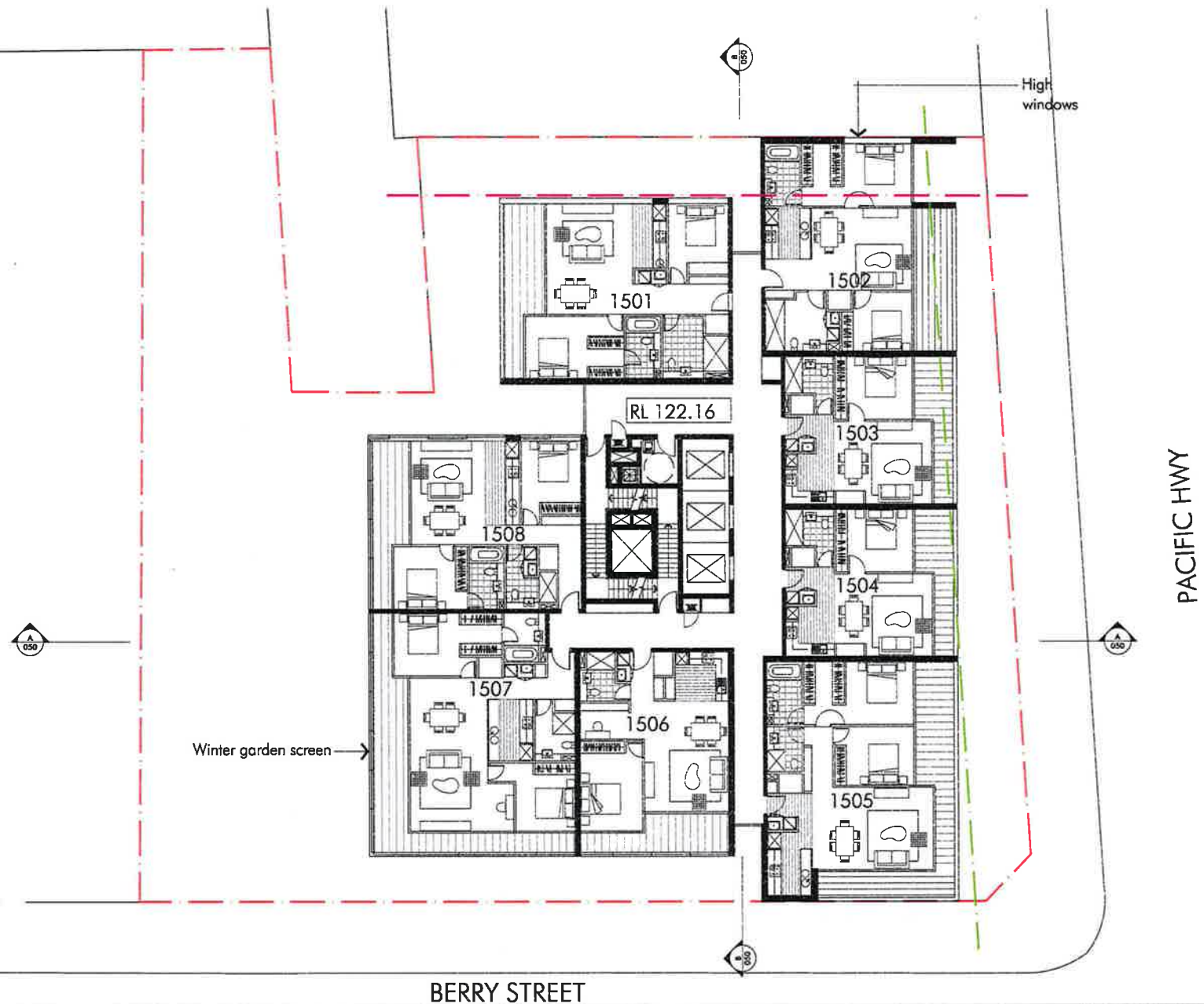
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Winter garden screen

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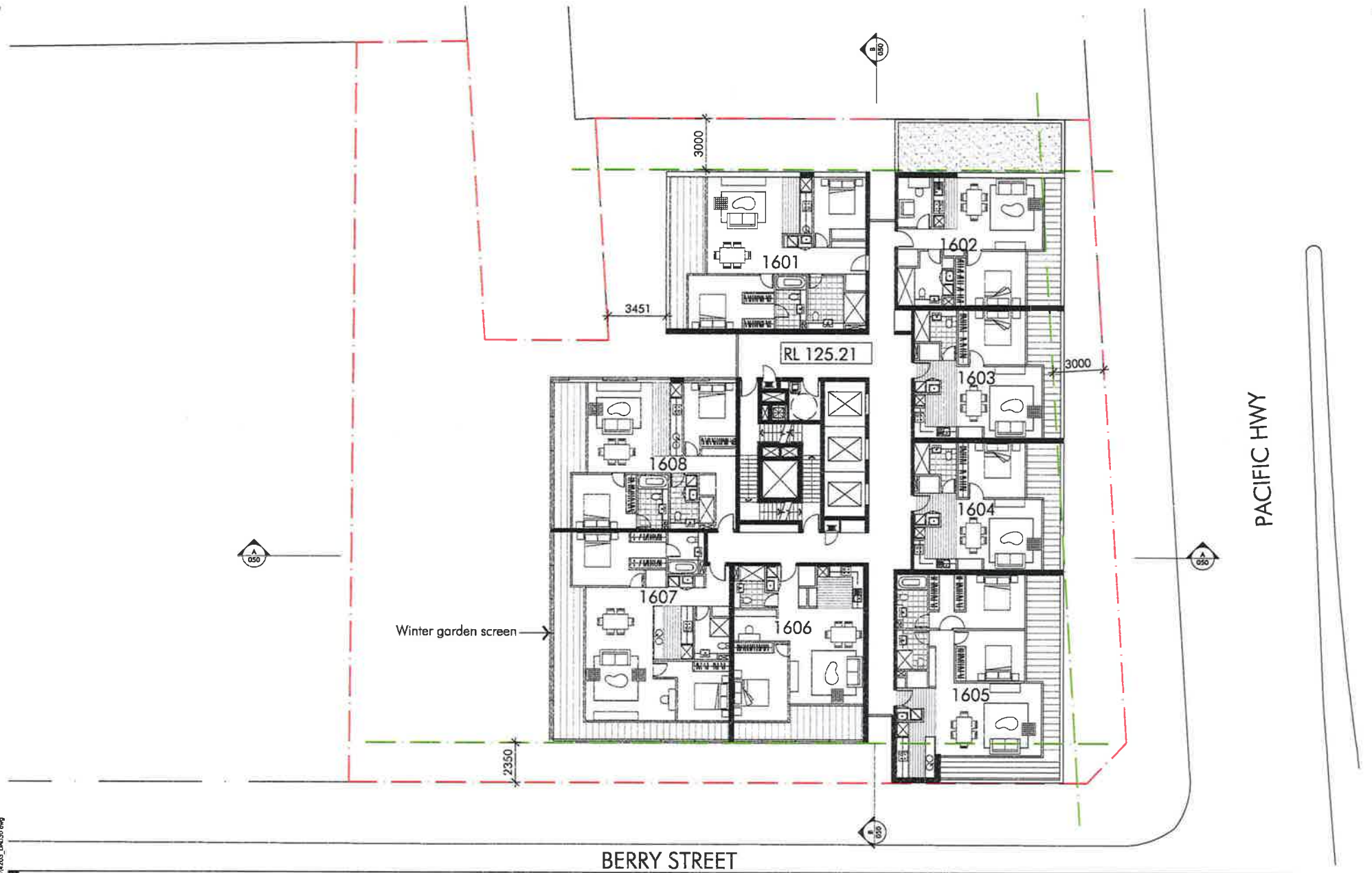
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BERRY STREET

PACIFIC HWY

Privacy screen

PRIVATE TERRACE
RL 91.35m²

COMMUNAL TERRACE
RL 109m²

RL 131.46

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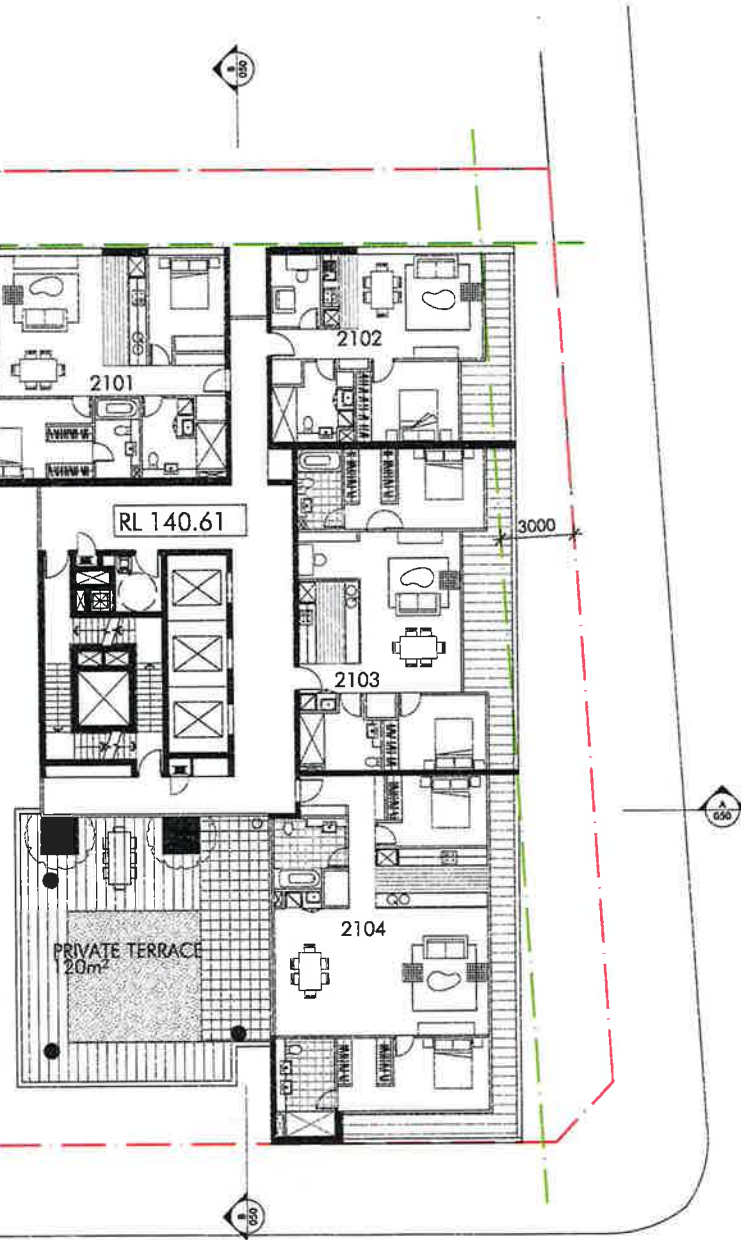
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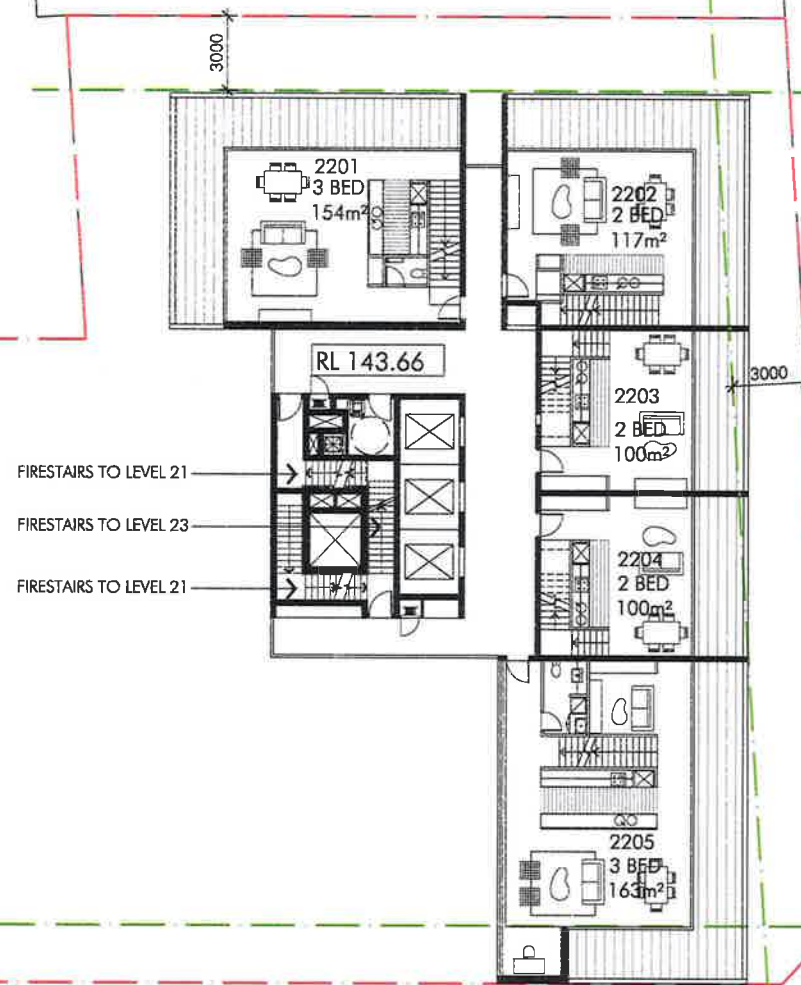


Aug 01, 2013 - 3:49pm P:\4203\4203 DA036.dwg

154 pacific highway, north sydney

BERRY STREET

PACIFIC HWY



Title
Scale
Date
Number

LEVEL 22

1:200

01/08/2013

4203 DA036

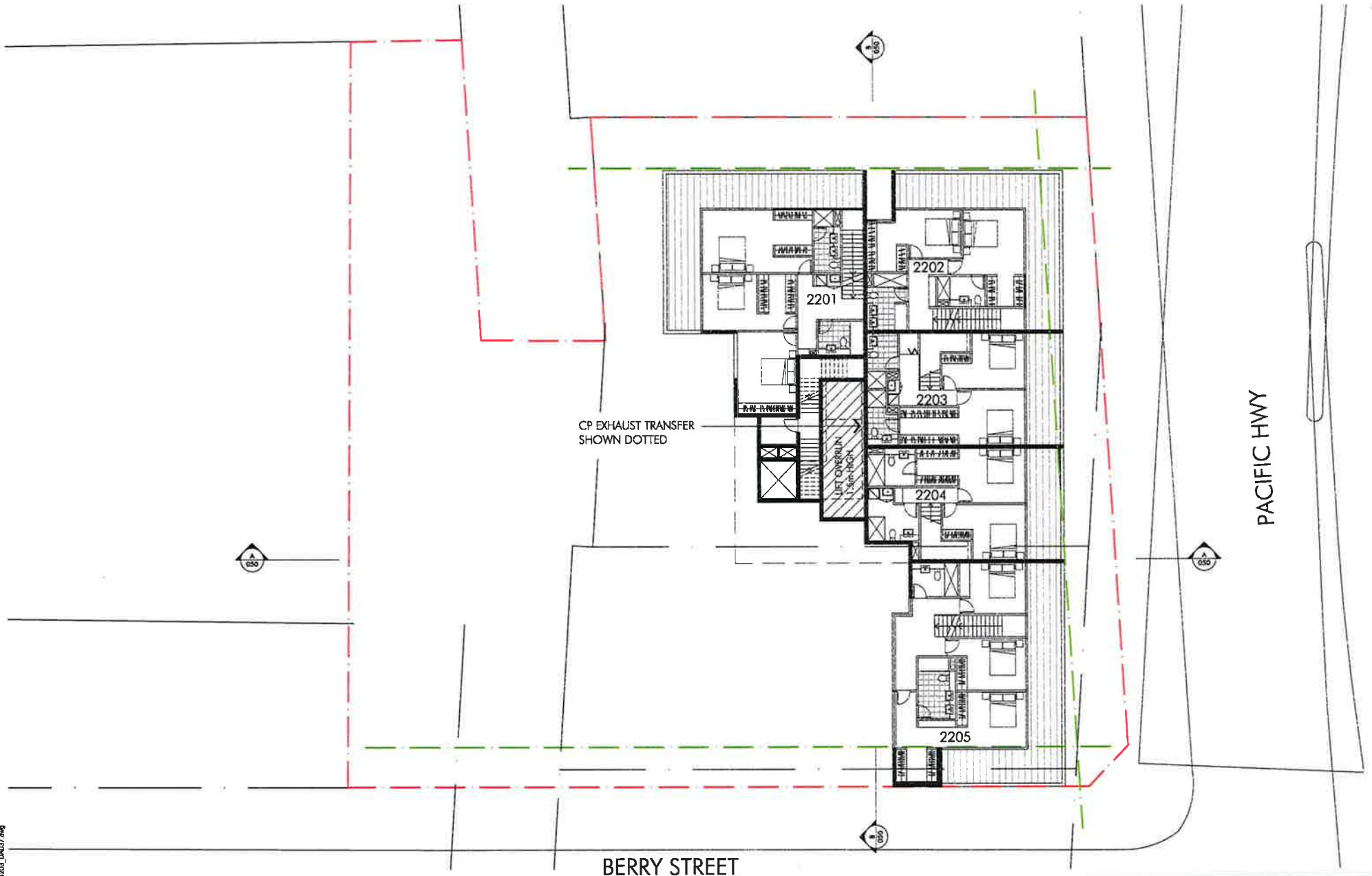
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154 pacific highway, north sydney

Title
Scale
Date
Number

LEVEL 23
1:200
01/08/2013
4203 DA037
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Aug 01, 2013 - 3:46pm F:\4203\4203 DA038.dwg

154 pacific highway, north sydney

BERRY STREET

PACIFIC HWY

RL 149.76

PLANT
213m²

CP EXHAUST TRANSFER
ON LEVEL 23

LEVEL 23 OUTLINE

Title
Scale
Date
Number

PLANT

1:200

01/08/2013

4203 DA038

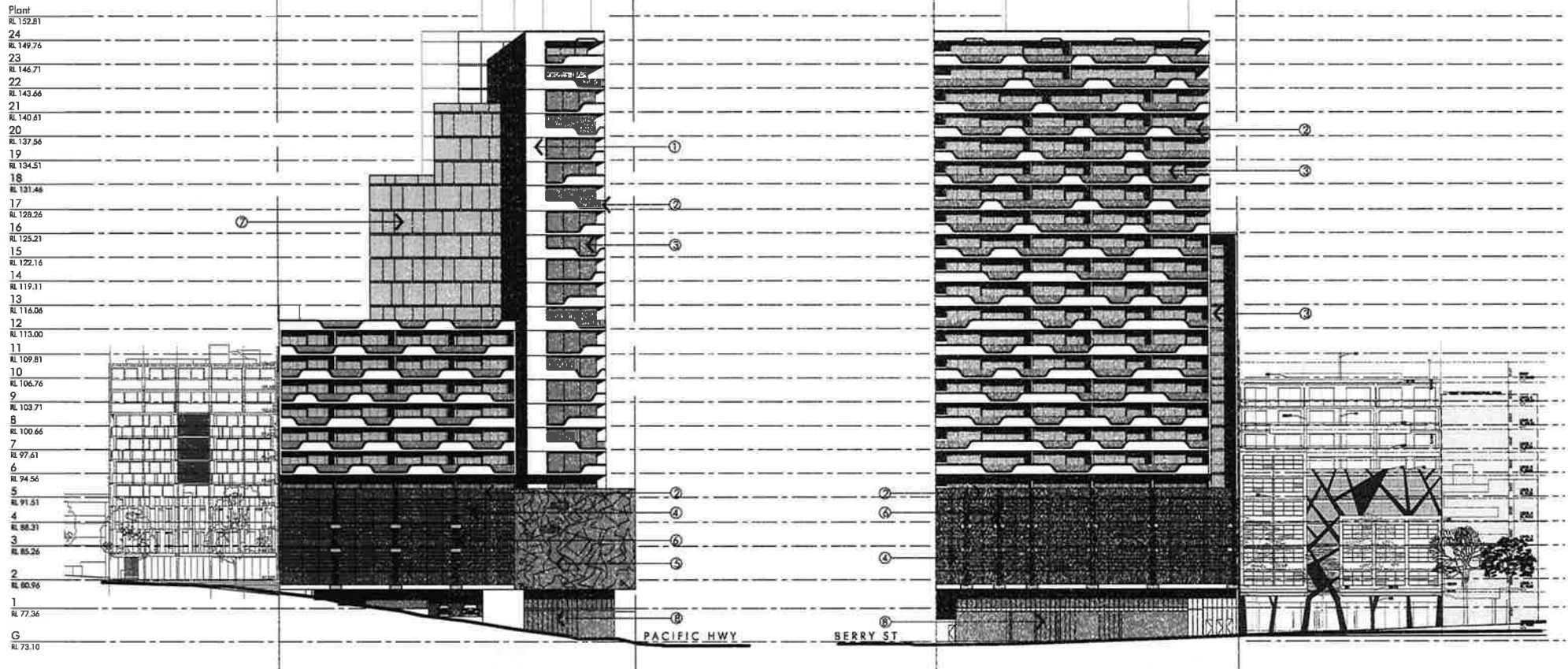
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nt
nettleton tribe

- ① STAINED PRE-CAST CONCRETE
- ② GLASS BALUSTRADE
- ③ ALUMINUM FRAMED WINDOWS
- ④ OPERABLE GLAZED PODIUM
- ⑤ LANDSCAPE WALL
- ⑥ CLIMBING PLANTS
- ⑦ GLAZED WINDOW FACADE
- ⑧ CLEAR SHOPFRONT GLAZING WITH
TIMBER BLADE IN FRONT

DA APPROVED HEIGHT RL156.00



SOUTH ELEVATION - FACING BERRY ST

EAST ELEVATION - FACING PACIFIC HWY

154 highway, north sydney

Title
Scale
Date
Number

ELEVATION 1

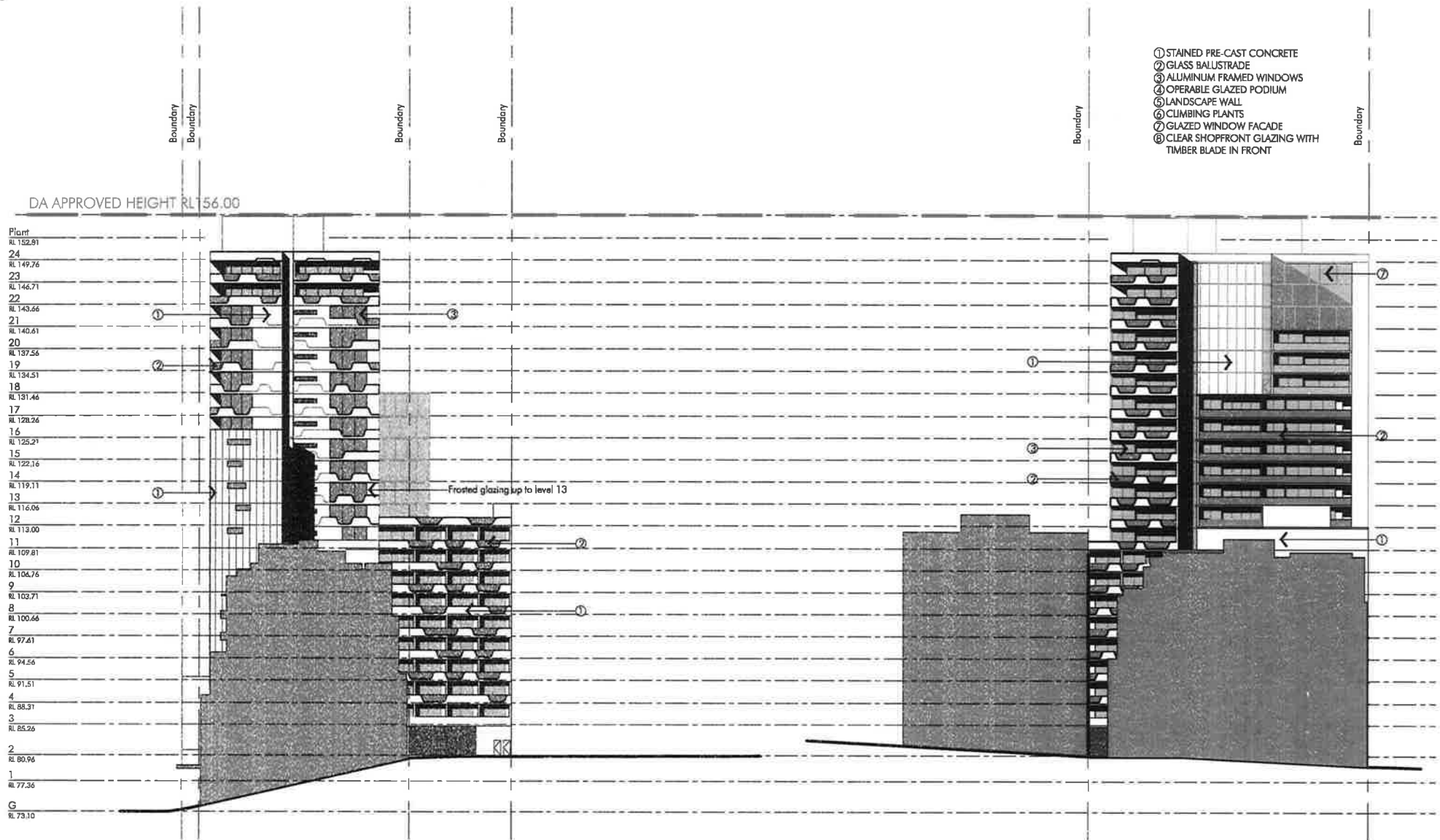
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01/08/2013

4203 DA040

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NORTH ELEVATION - DOOHAT LANE

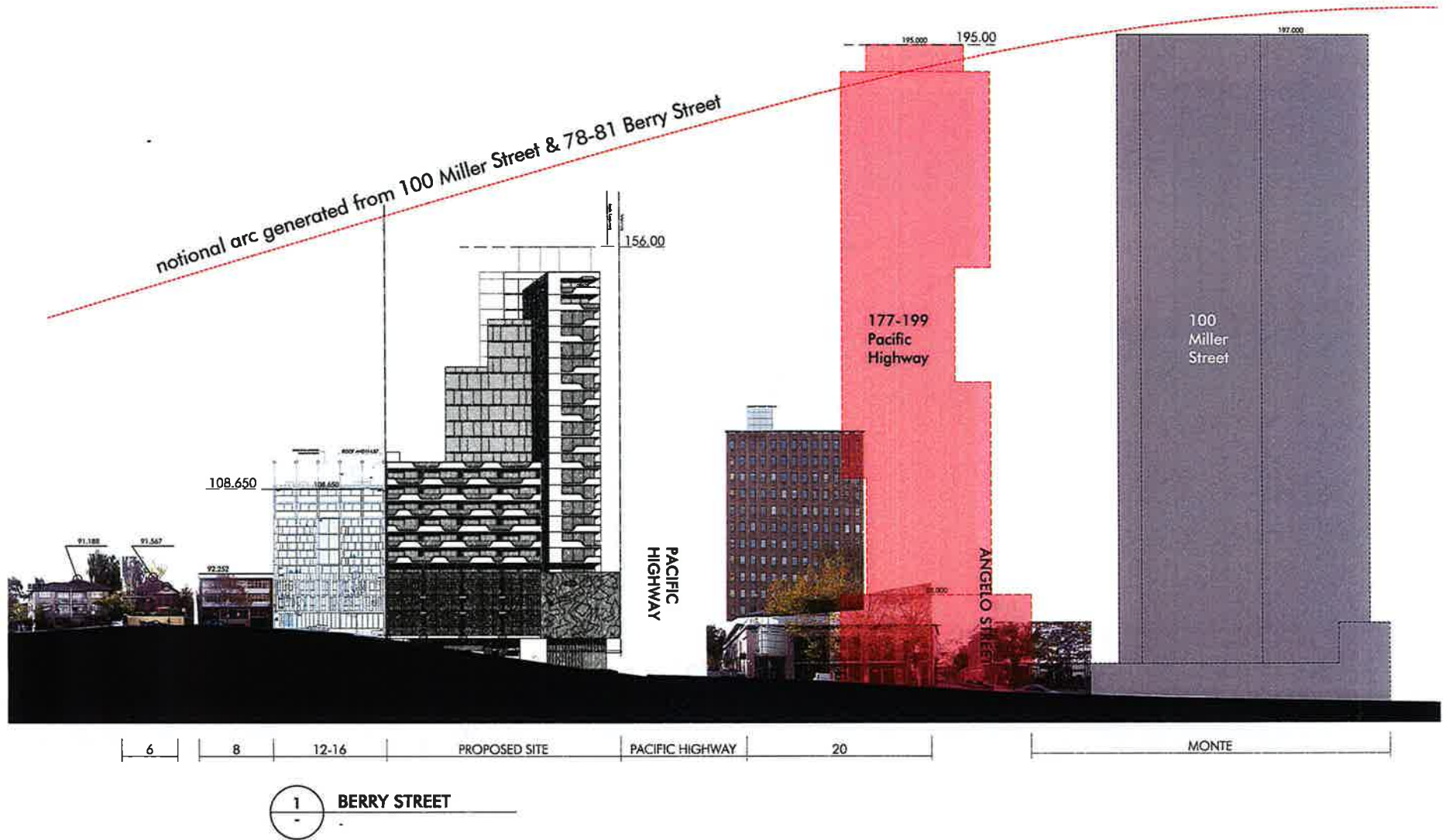
WEST ELEVATION

154 pacific highway, north sydney

Title
Scale
Date
Number

ELEVATION 2
1:500
01/08/2013
4203 DA041
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154 highway, north sydney

Title
Scale
Date
Number

STREETSCAPE ELEVATION 1

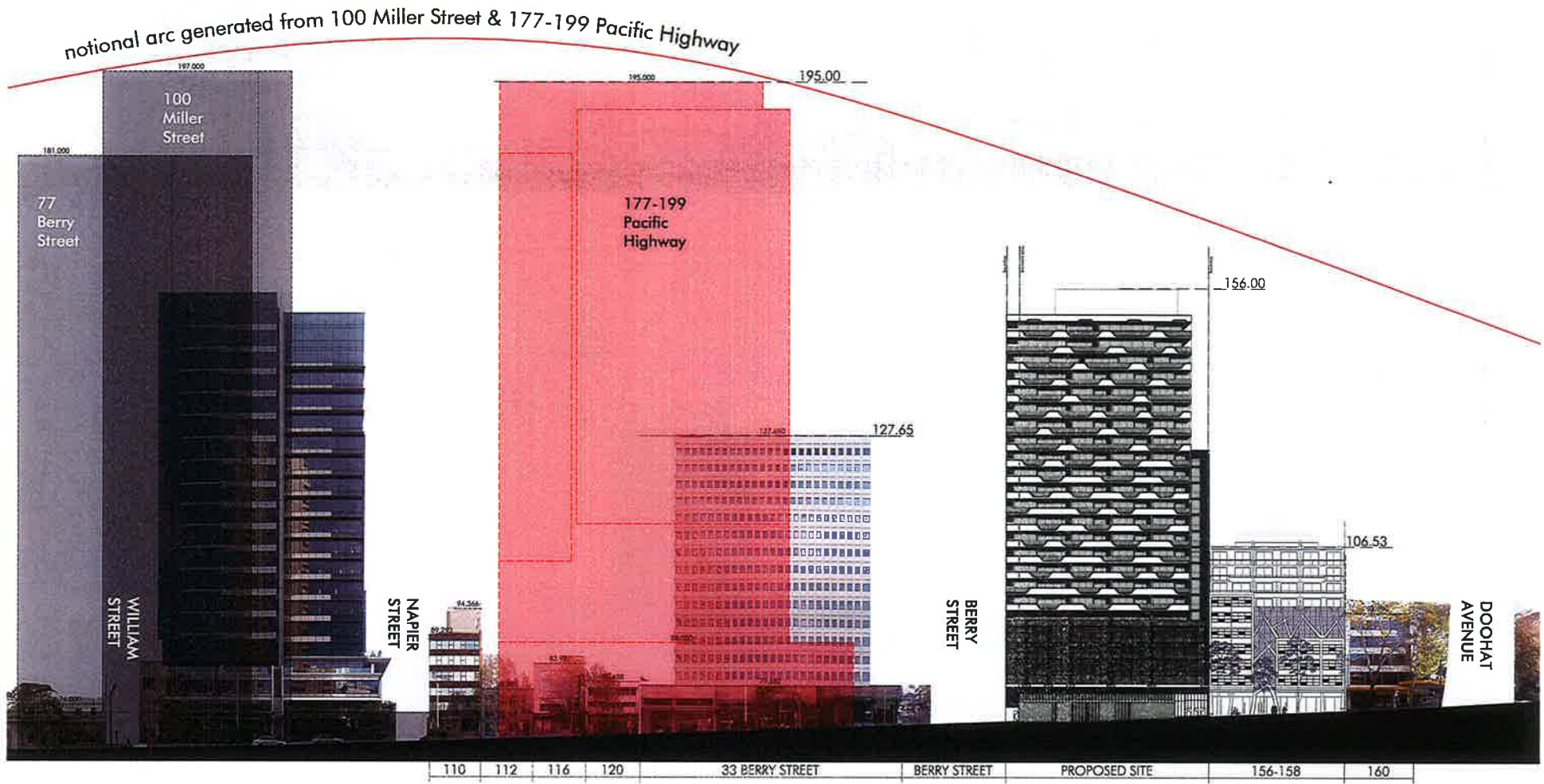
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01/08/13

4203 DA042

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154 pacific highway, north sydney

Title
Scale
Date
Number

STREETSCAPE ELEVATION 2

1:750
01/08/13
4203 DA043
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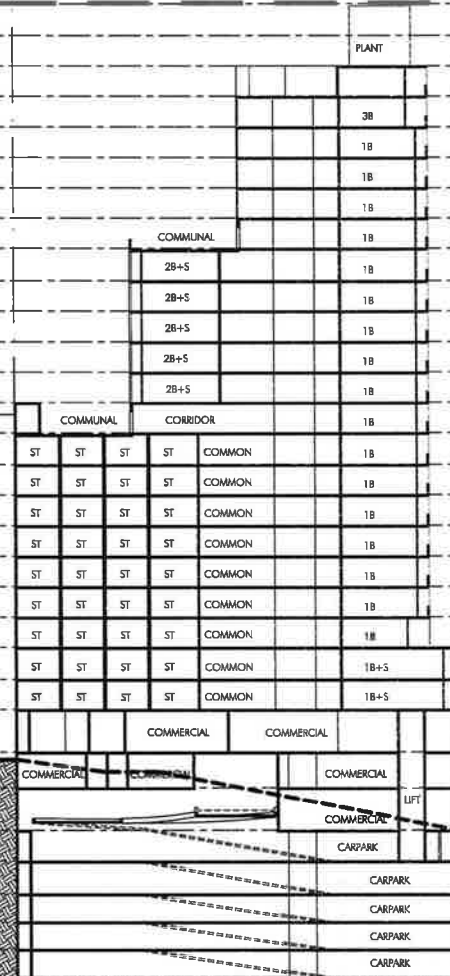


DA APPROVED HEIGHT RL156.00

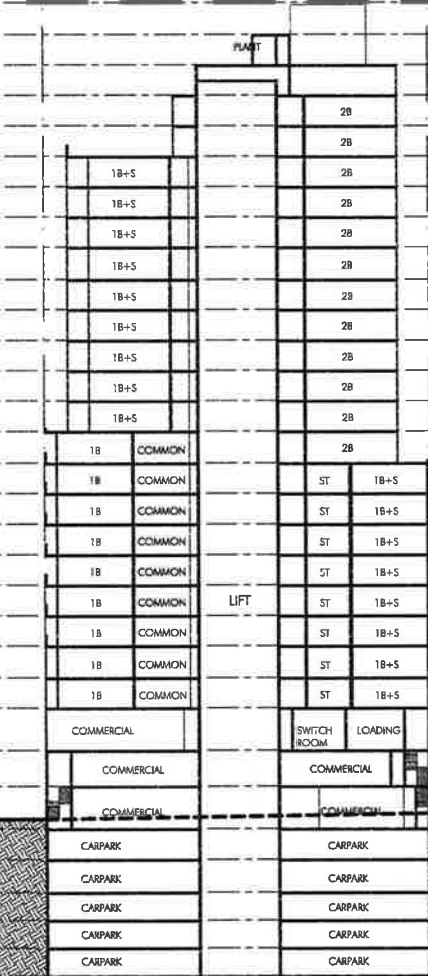
Plant
RL 152.81
24
RL 149.76
23
RL 146.71
22
RL 143.66
21
RL 140.61
20
RL 137.56
19
RL 134.51
18
RL 131.46
17
RL 128.26
16
RL 125.21
15
RL 122.16
14
RL 119.11
13
RL 116.06
12
RL 113.00
11
RL 109.81
10
RL 106.76
9
RL 103.71
8
RL 100.66
7
RL 97.61
6
RL 94.56
5
RL 91.51
4
RL 88.31
3
RL 85.26
2
RL 82.16
1
RL 77.36
G
RL 73.10
B1
RL 70.00
B2
RL 66.70
B3
RL 63.90
B4
RL 61.10
B5
RL 58.30

TOP OF ROOF RL114.87

PROPOSED NEIGHBOURING BUILDING



1 SECTION A



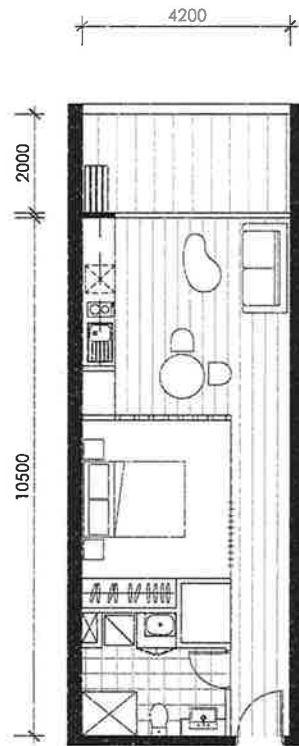
2 SECTION B

154 highway, north sydney

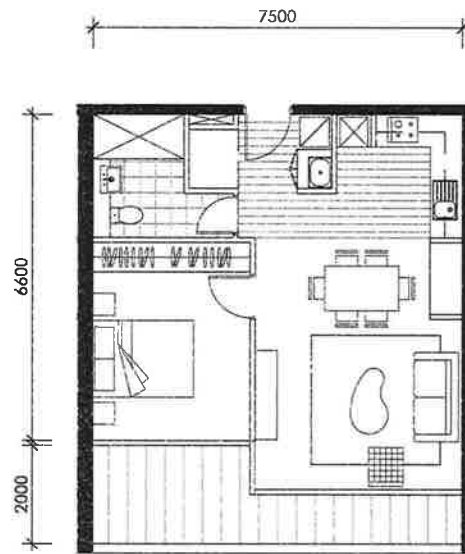
Title
Scale
Date
Number

SECTION
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01/08/2013
4203 DA050
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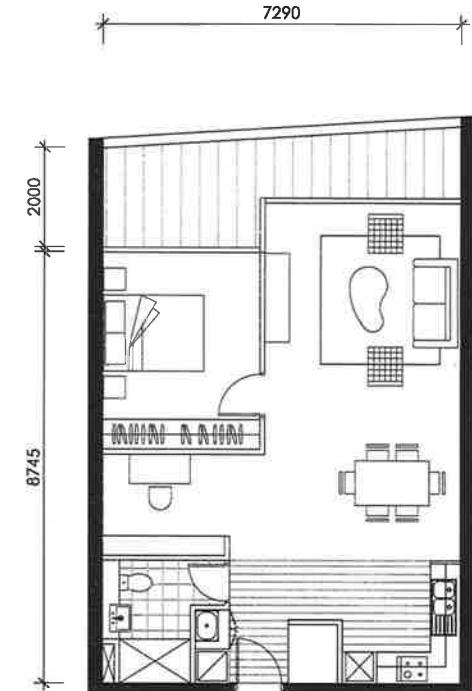




01 **STUDIO** 43.7 m² + 8.4 m² BALCONY
1:100



02 **1 BED** 53.3 m² + 10.7 m² BALCONY
1:100



03 **1 BED + STUDY** 67.4 m² + 12.1 m² BALCONY
1:100

154 highway, north sydney

Title
Scale
Date
Number

TYPICAL UNIT LAYOUTS

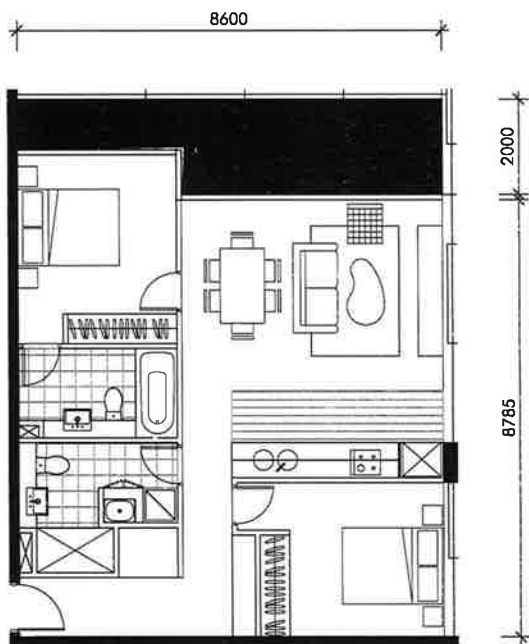
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01/08/2013

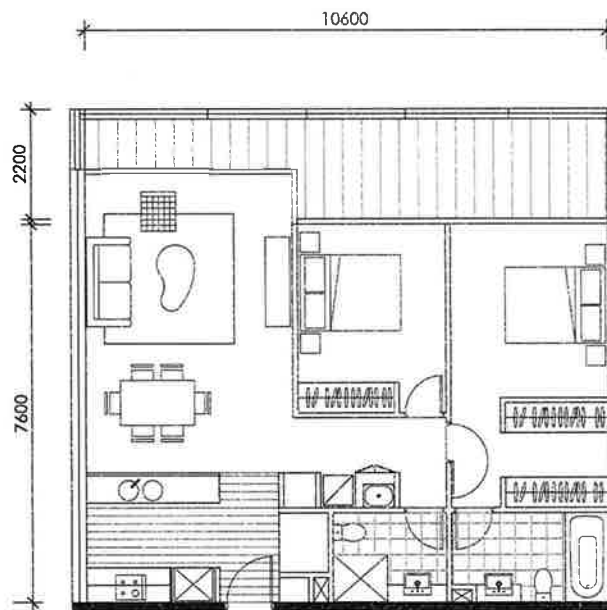
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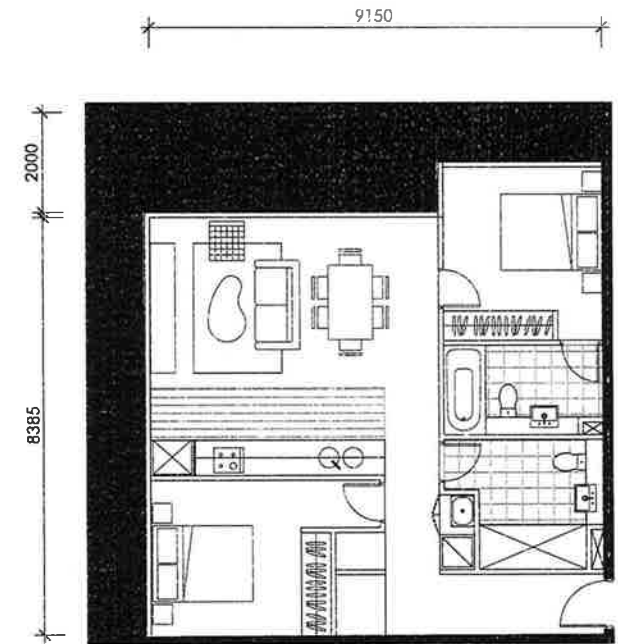




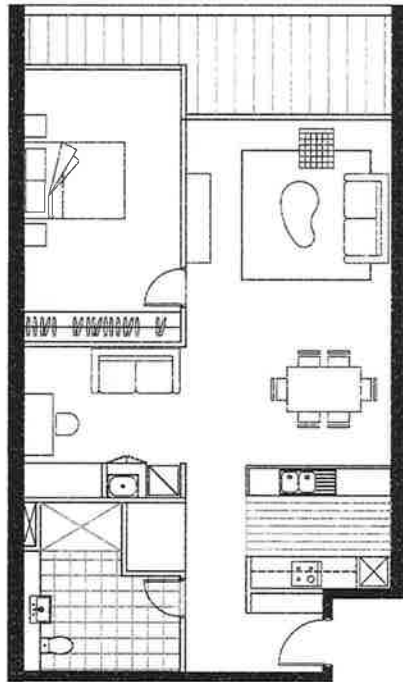
01 **2 BED** 77.8 m² INTERNAL + 13.3 m² BALCONY
1:100



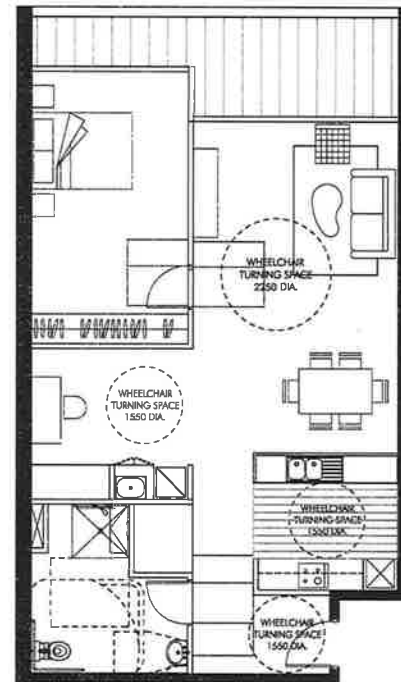
02 **2 BED** 84.2 m² INTERNAL + 16.9 m² BALCONY
1:100



03 **2 BED + STUDY** 79.3 m² INTERNAL + 25.6 m² BALCONY
1:100



01
-
1BS1
1:100



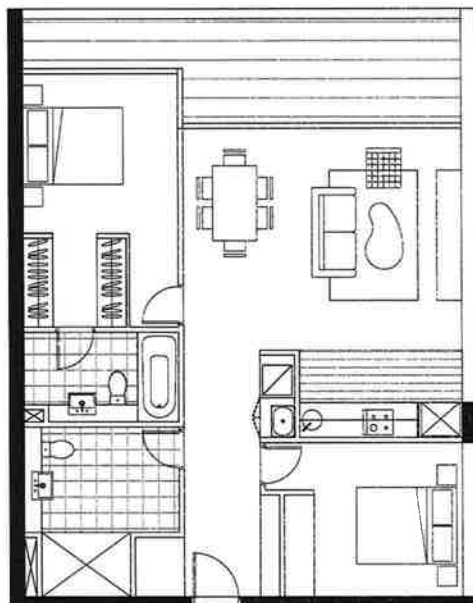
02
-
1BS1-ADATABLE
1:100

154 highway, north sydney

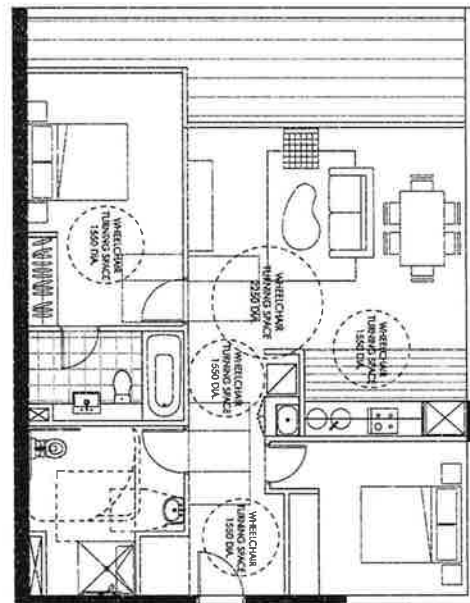
Title
Scale
Date
Number

UNIT TYPE_ADAPTABLE UNIT 1
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01/08/2013
4203 DA064
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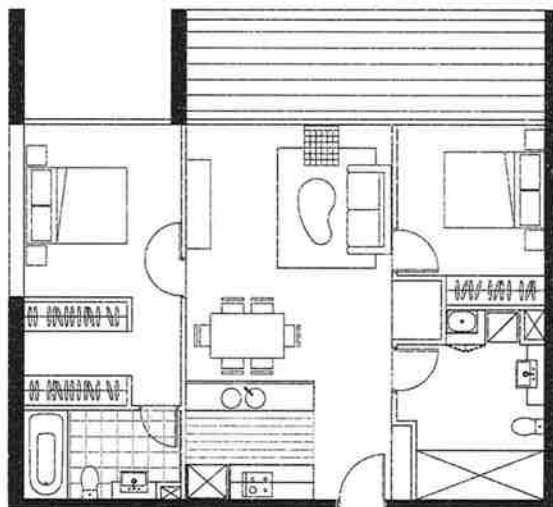




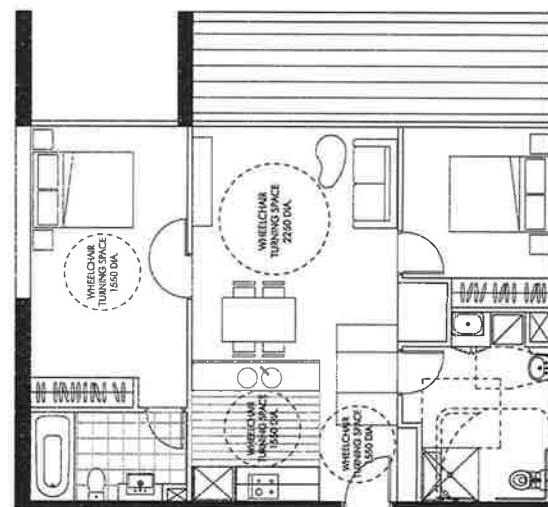
01 2B5
1:100



02 2B5-ADATABLE
1:100



01 2B1
1:100



02 2B1-ADAPTABLE
1:100

154 highway, north sydney

Title
Scale
Date
Number

UNIT TYPE_ADAPTABLE UNIT 3
1:100
01/08/2013
4203 DA066
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9:00am, 21st of June

THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE AM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-223 PACIFIC HIGHWAY
- 12-16 BERRY ST
- 136-142 WALKER ST
- 120 MOUNT ST
- 239-247 PACIFIC HIGHWAY
- 156-158 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY WHELAN OPERATIONS PTY LTD TITLED PLAN SHOWING DETAIL & LEVELS OF NO'S 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004



17-19
BERRY ST

154
pacific highway, north sydney

Title **SHADOW DIAGRAMS 9:00am**

Scale NTS

Date 01/08/2013

Number 4203 DA070

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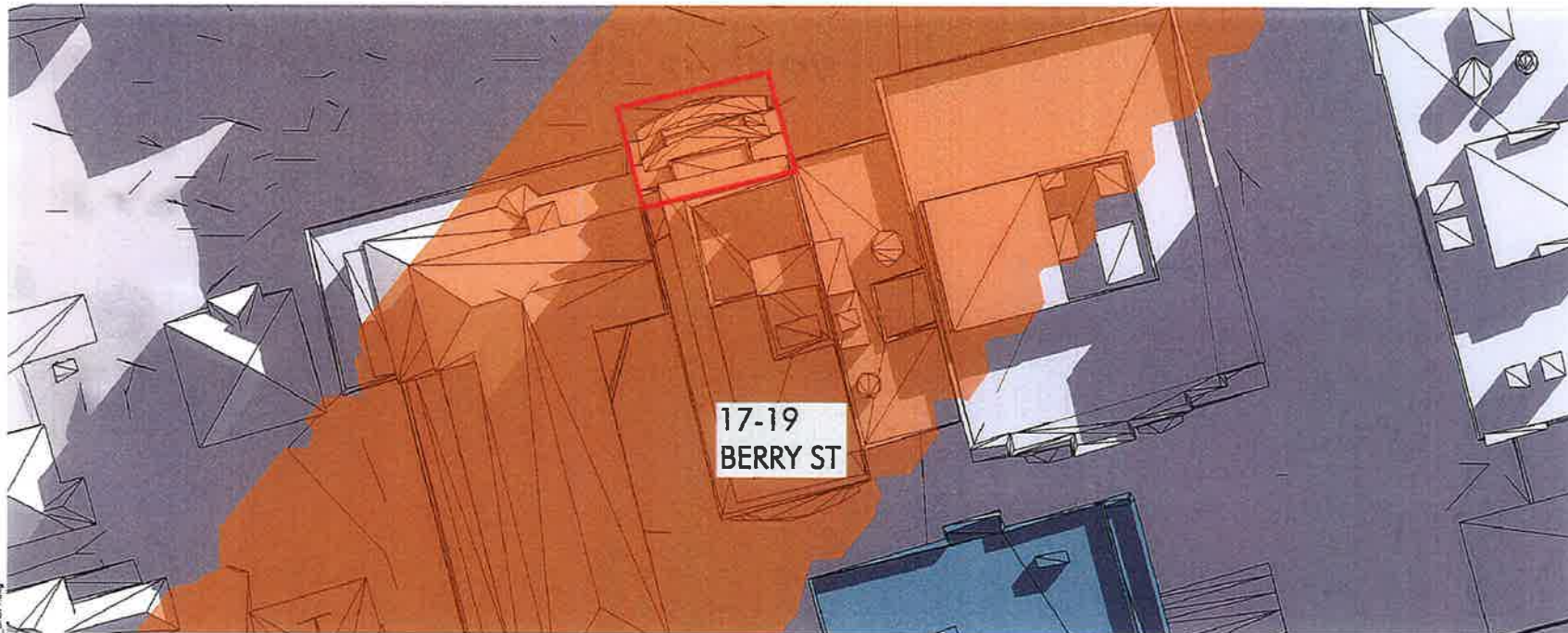


THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE AAM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-223 PACIFIC HIGHWAY
- 12-16 BERRY ST
- 136-142 WALKER ST
- 100 MOUNT ST
- 239-247 PACIFIC HIGHWAY
- 156-158 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY WHELAN OPERATIONS PTY LTD TITLED PLAN SHOWING DETAIL & LEVELS OF NOS 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004

9:15am, 21st of June



Aug 01, 2013 - 3:46pm F:\4203\4203 DA071.dwg

154 pacific highway, north sydney

Title SHADOW DIAGRAMS 9:15am

Scale NTS

Date 01/08/2013

Number 4203_DA071

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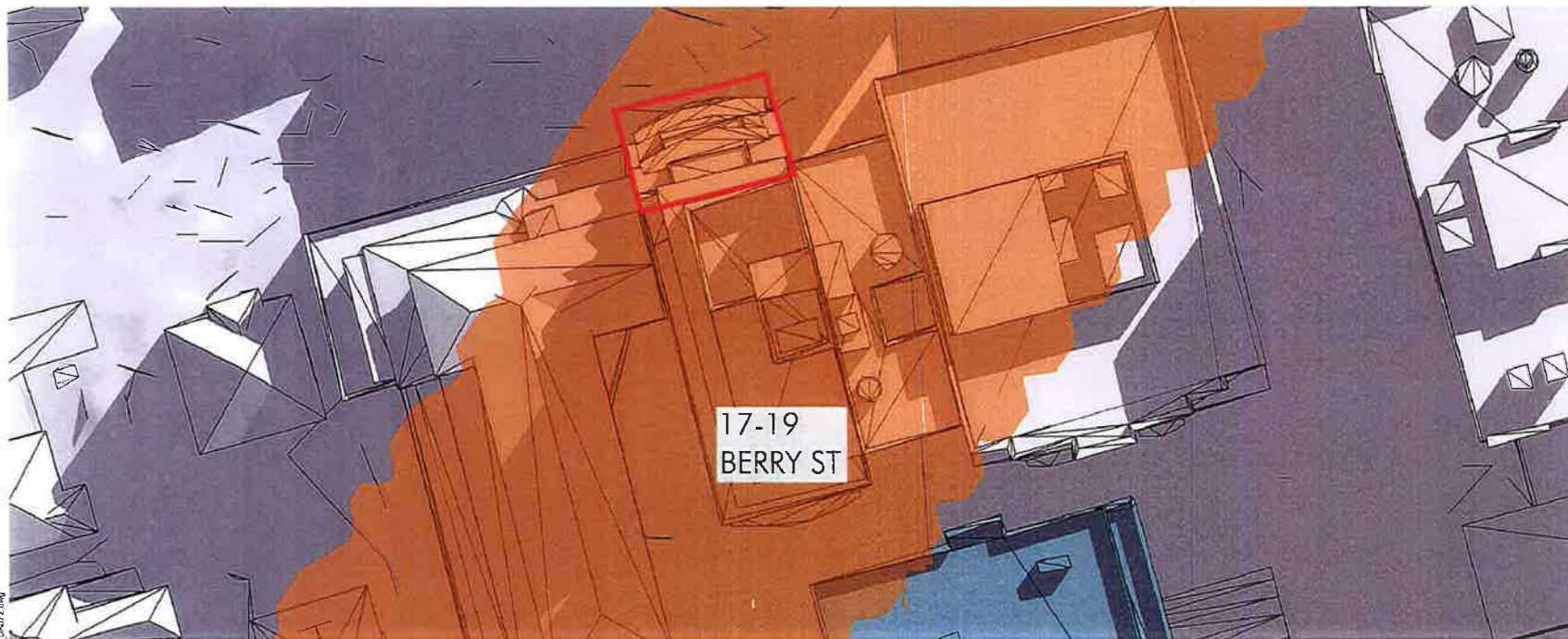


9:30am, 21st of June

THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE AMM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-222 PACIFIC HIGHWAY
- 12-16 BERRY ST
- 135-142 WALKER ST
- 100 MOUNT ST
- 239-247 PACIFIC HIGHWAY
- 155-158 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY WHELAN OPERATIONS PTY LTD TITLED PLAN SHOWING DETAIL & LEVELS OF NO 2 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004



17-19
BERRY ST

154
pacific highway, north sydney

Title SHADOW DIAGRAMS 9:30am

Scale NTS

Date 01/08/2013

Number 4203 DA072

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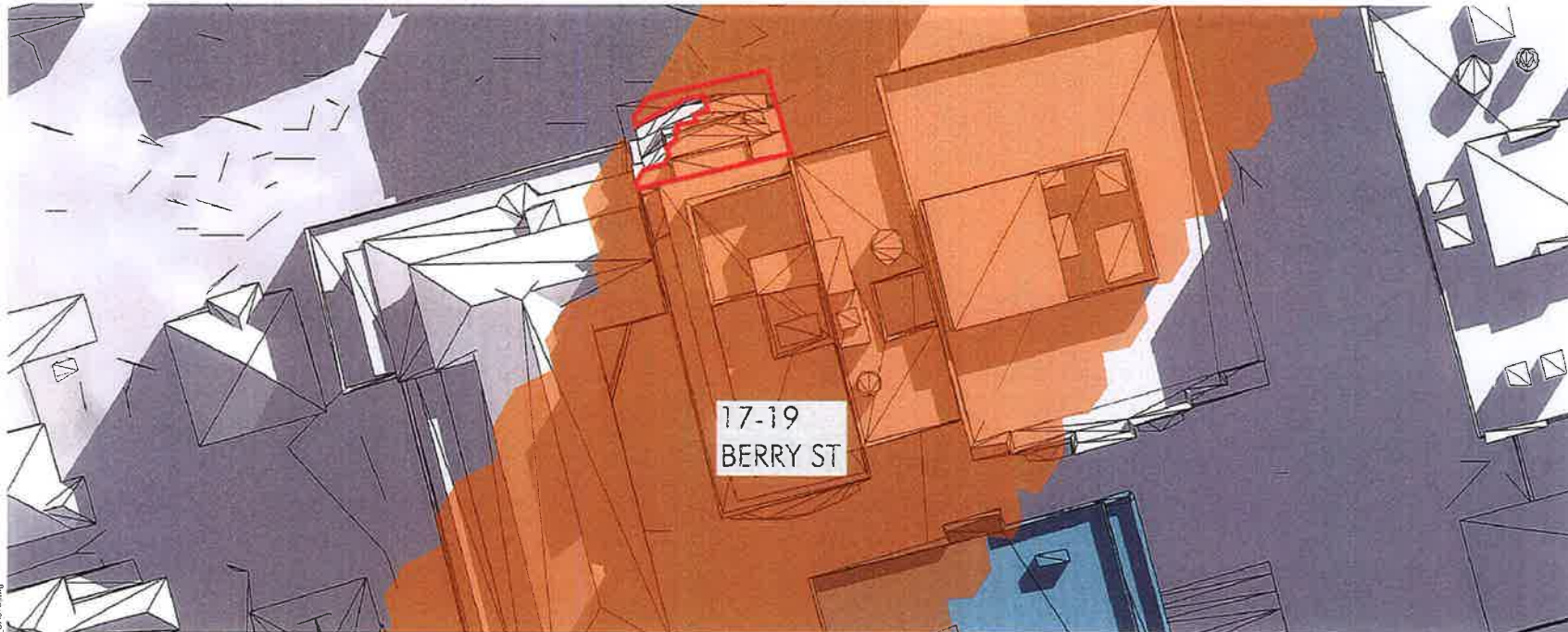


THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE AAM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-223 PACIFIC HIGHWAY
- 12-16 BERRY ST
- 136-142 WALKER ST
- 100 MOUNT ST
- 239-247 PACIFIC HIGHWAY
- 156-158 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY WHELAN OPERATIONS PTY LTD TITLED PLAN SHOWING DETAIL & LEVELS OF NOS 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19/2/2004

9:45am, 21st of June



154
pacific highway, north sydney

Title SHADOW DIAGRAMS 9:45am

Scale NTS

Date 01/08/2013

Number 4203_DA073

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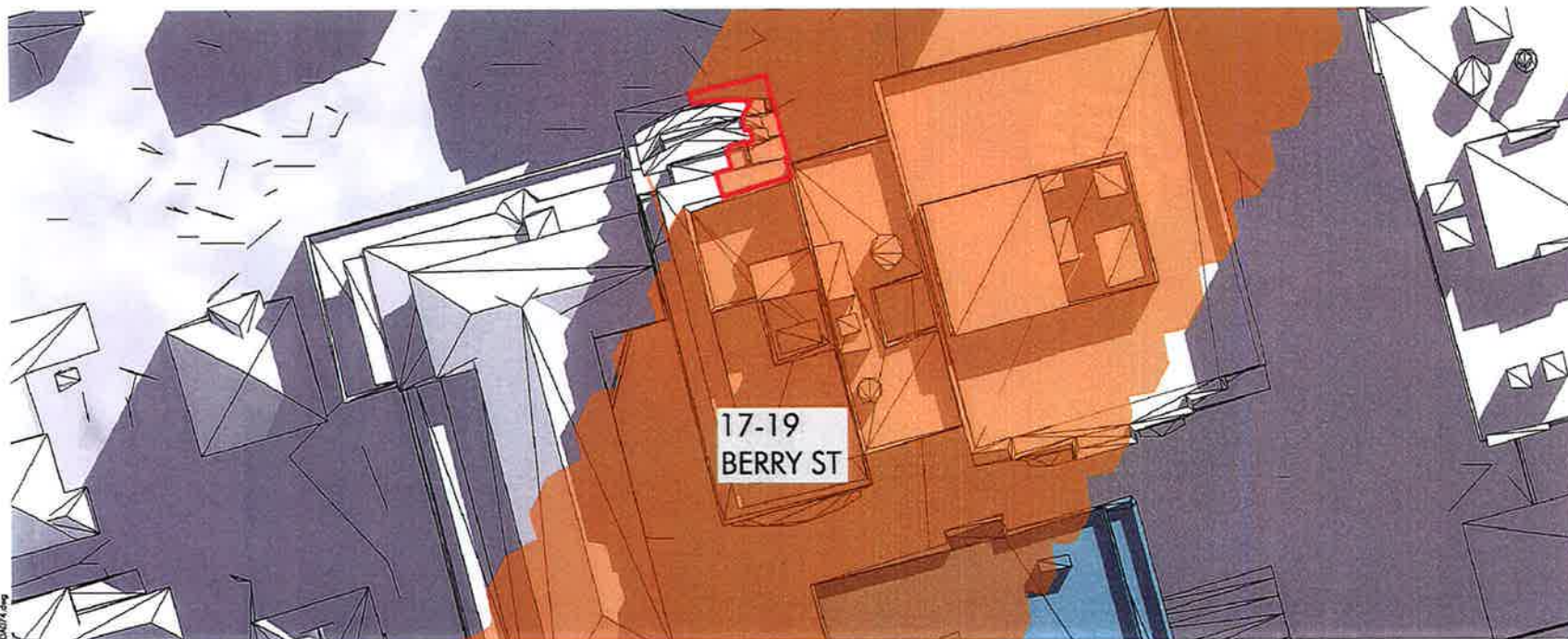


10:00am, 21st of June

THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE AAM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITE:

- 211-223 PACIFIC HIGHWAY
- 12-16 BERRY ST
- 136-142 WALKER ST
- 100 MOUNT ST
- 239-247 PACIFIC HIGHWAY
- 156-158 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY WHELAN OPERATIONS PTY LTD TITLED PLAN SHOWING DETAIL & LEVELS OF NOS 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004



17-19
BERRY ST

154 highway, north sydney

Title SHADOW DIAGRAMS 10:00am

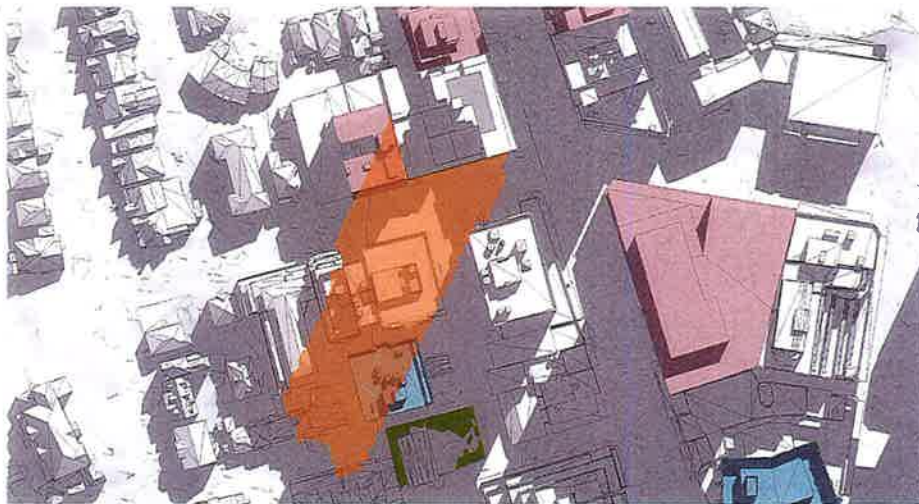
Scale NTS

Date 01/08/2013

Number 4203 DA074

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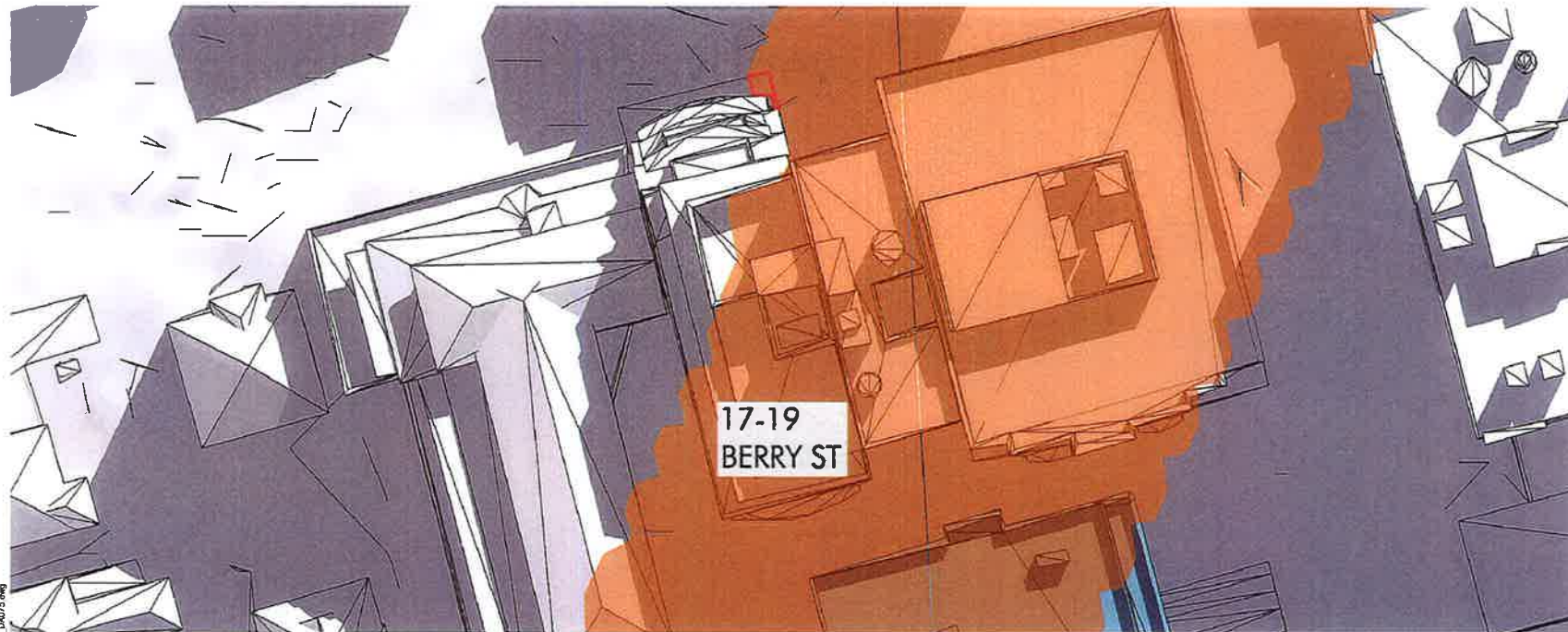


THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE AM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-223 PACIFIC HIGHWAY
- 12-16 BERRY ST
- 136-142 WALSH ST
- 100 MOUNT ST
- 239-247 PACIFIC HIGHWAY
- 154-158 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY WHELAN OPERATIONS PTY LTD TITLED PLAN SHOWING DETAIL & LEVELS OF NOS 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004

10:15am, 21st of June



17-19
BERRY ST

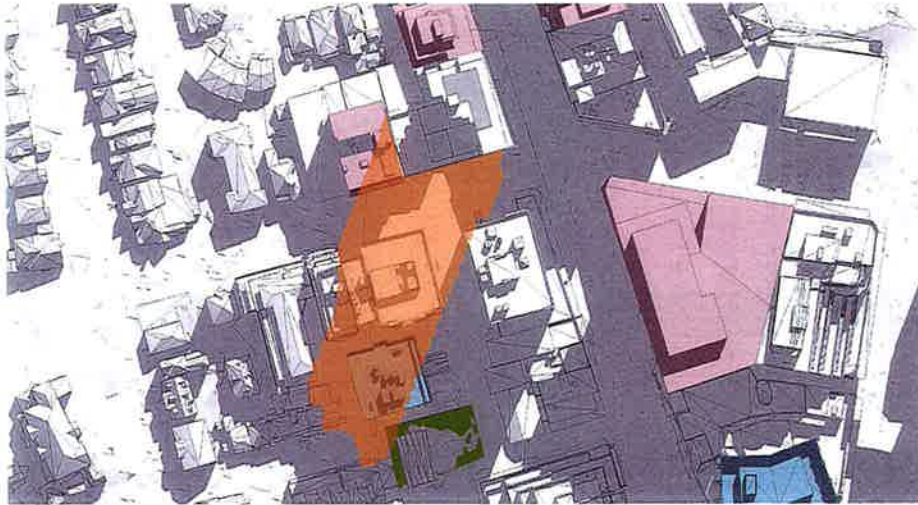
OVERSHADOWING
TO 17-19 BERRY ST
ENDS AT 10:20am

154 pacific highway, north sydney

Title SHADOW DIAGRAMS 10:15am
Scale NTS
Date 01/08/2013
Number 4203_DA075

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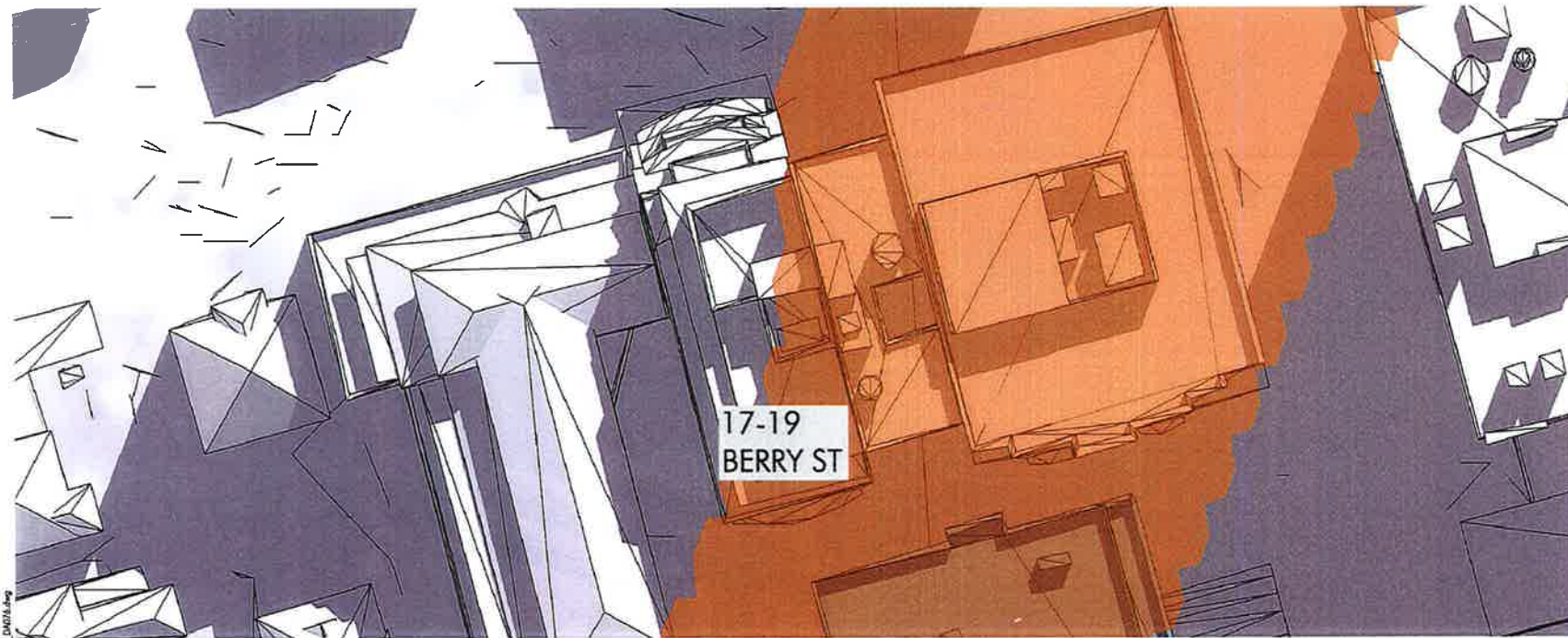


10:30am, 21st of June

THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM SD SURVEY DATA PRODUCED BY THE AAM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-223 PACIFIC HIGHWAY
- 12-16 BERRY ST
- 136-142 WALKER ST
- 100 MOUNT ST
- 229-247 PACIFIC HIGHWAY
- 156-158 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY WHEELANS OPERATIONS PTY LTD TITLED PLAN SHOWING DETAIL & LEVELS OF NOS 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004



154 pacific highway, north sydney

Title SHADOW DIAGRAMS 10:30am

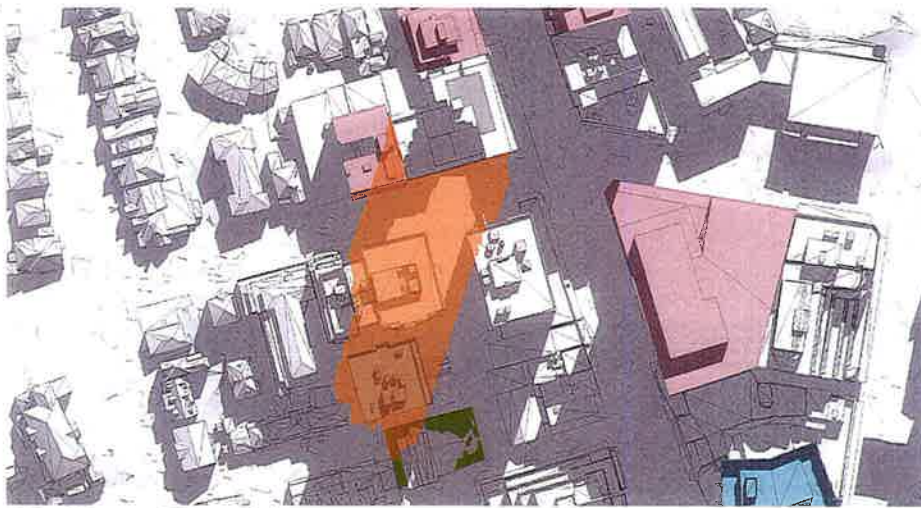
Scale NTS

Date 01/08/2013

Number 4203 DA076

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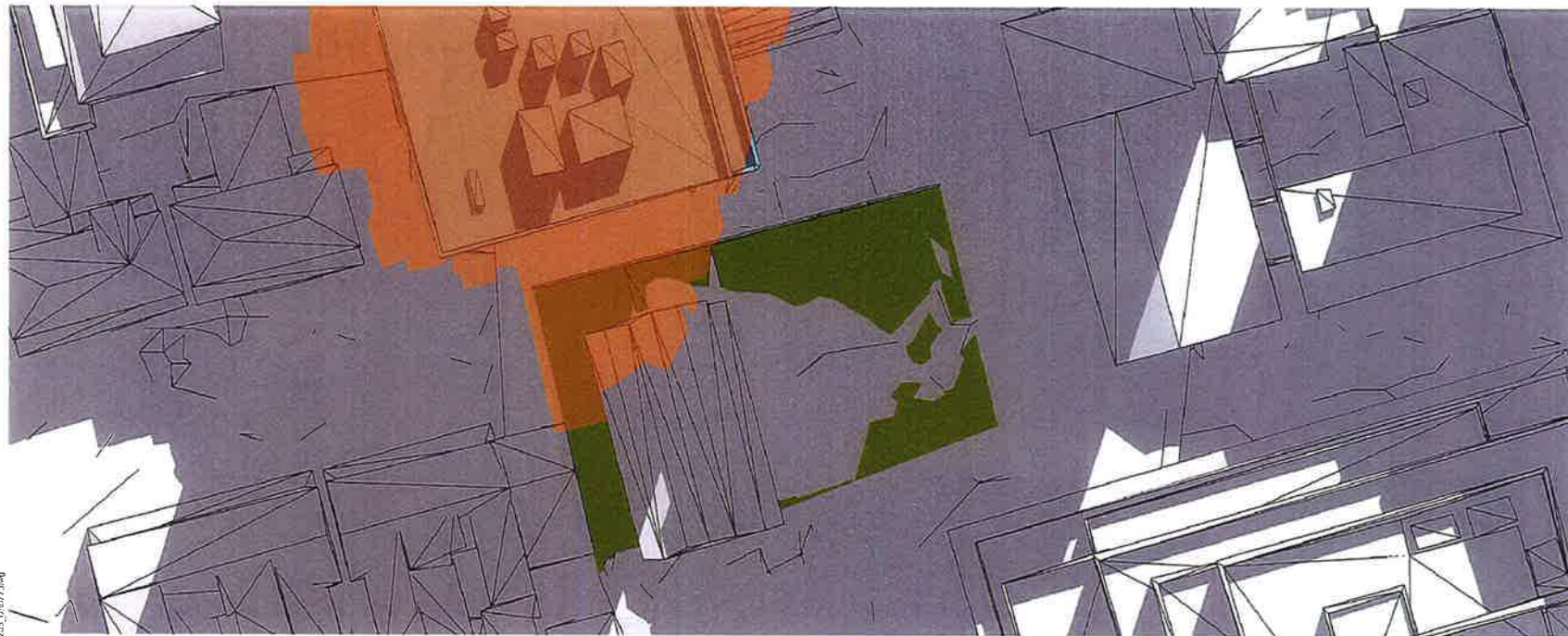


10:45am, 21st of June

THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE AJM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-223 PACIFIC HIGHWAY
- 152-168 BERRY ST
- 136-142 WALKER ST
- 100 MOUNT ST
- 239-247 PACIFIC HIGHWAY
- 156-158 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY WHELAN OPERATIONS PTY LTD TITLED 'PLAN SHOWING DETAIL & LEVELS OF NOS 144-146 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004'



154
pacific highway, north sydney

Title SHADOW DIAGRAMS 10:45am

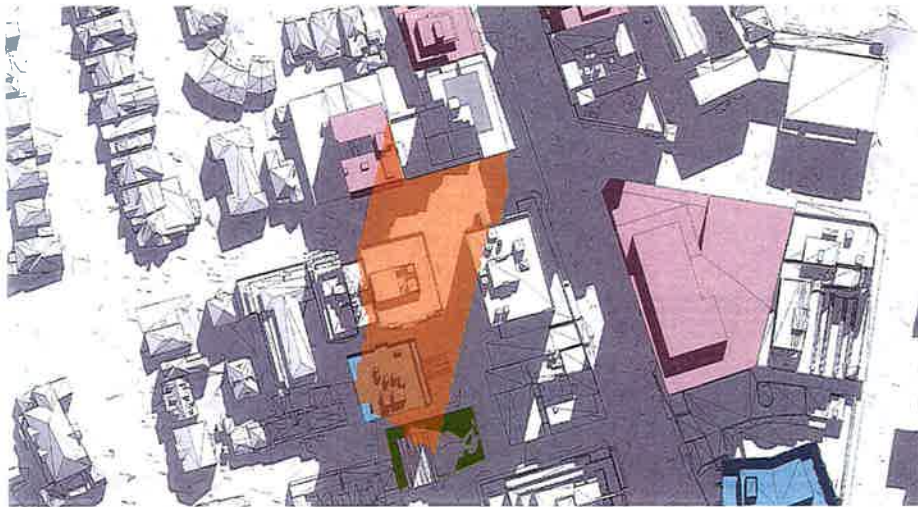
Scale NTS

Date 01/08/2013

Number 4203_DA077

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THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE AAM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-223 PACIFIC HIGHWAY
- 12-15 BERRY ST
- 136-142 WALKER ST
- 100 MOUNT ST
- 239-247 PACIFIC HIGHWAY
- 156-158 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY WHELAN OPERATIONS PTY LTD TITLED PLAN SHOWING DETAIL & LEVELS OF NOIS 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004

11:00am, 21st of June



Aug 01, 2013 - 3:45pm P:\4203-4031_DA078.dwg

154 highway, north sydney

Title SHADOW DIAGRAMS 11:00am

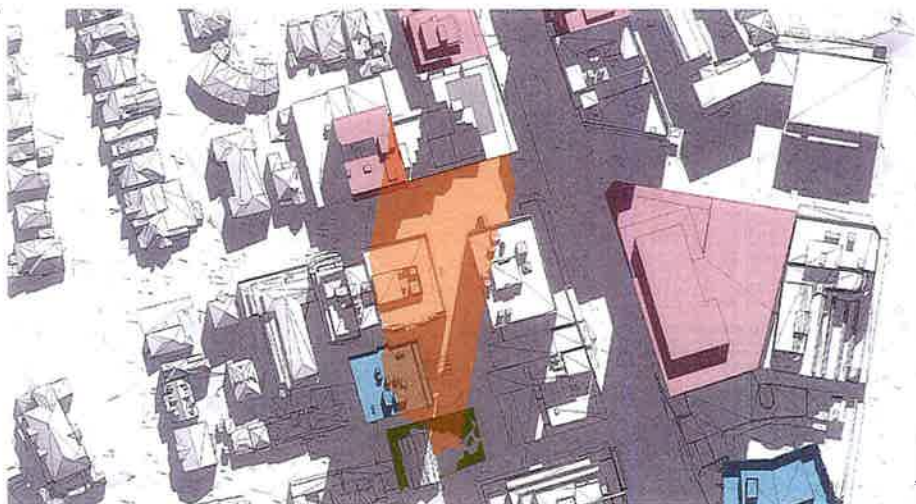
Scale NTS

Date 01/08/2013

Number 4203 DA078

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THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE AAM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-223 PACIFIC HIGHWAY
- 12-16 BERRY ST
- 136-142 WALKER ST
- 106 MOUNT ST
- 229-247 PACIFIC HIGHWAY
- 156-158 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY WHEELS OPERATIONS PTY LTD TITLED PLAN SHOWING DETAIL & LEVELS OF NOS 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004

11:15am, 21st of June



OVERSHADOWING
TO DON BANK
STARTS AT 11:15
ENDS AT 11:25pm
(10 MIN.)

154 pacific highway, north sydney

Title SHADOW DIAGRAMS 11:15am

Scale NTS

Date 01/08/2013

Number 4203_DA079

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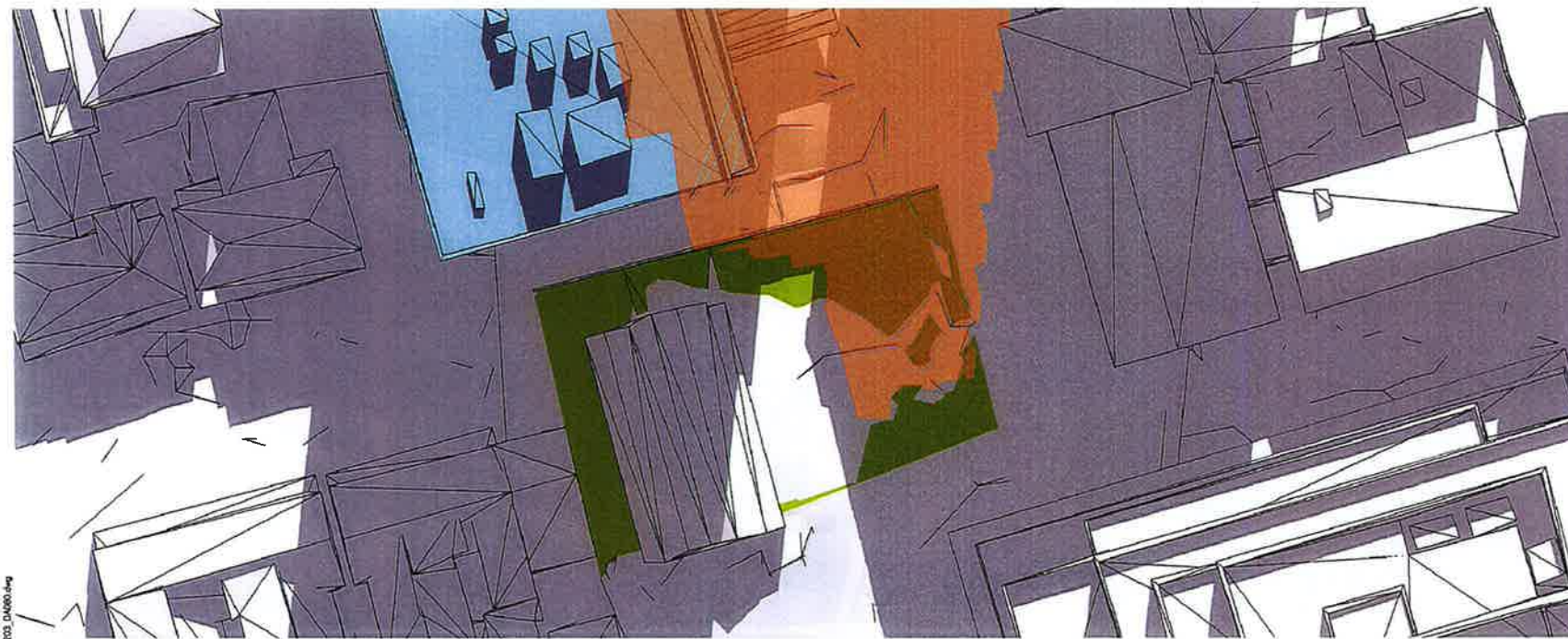


11:30am, 21st of June

THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE AAM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-223 PACIFIC HIGHWAY
- 12-16 BERRY ST
- 136-142 WALKER ST
- 100 MOUNT ST
- 239-247 PACIFIC HIGHWAY
- 156-158 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BARK IS INCLUDED FROM SURVEY PRODUCED BY WHELAN OPERATIONS PTY LTD TITLED PLAN SHOWING DETAIL & LEVELS OF NOS 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004



154 highway, north sydney

Title SHADOW DIAGRAMS 11:30am

Scale NTS

Date 01/08/2013

Number 4203 DA080

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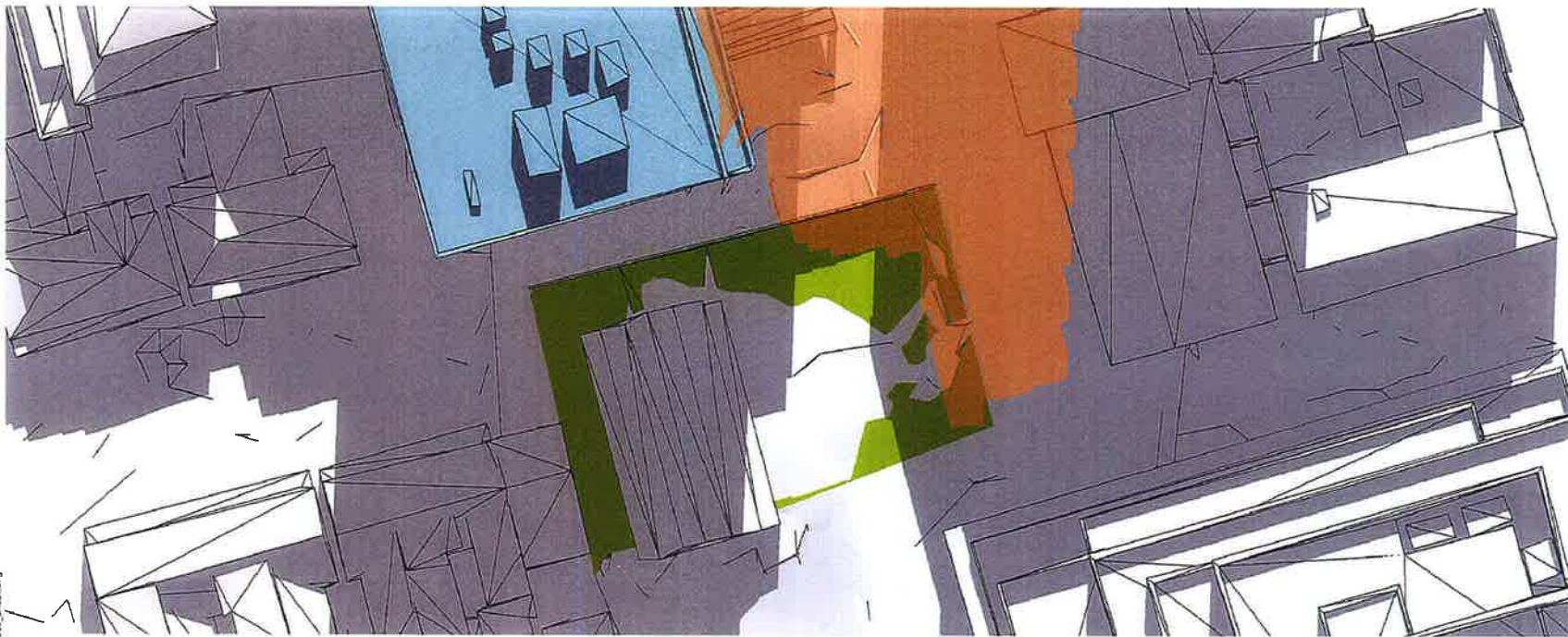


11:45am, 21st of June

THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDINGS AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE AM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-223 PACIFIC HIGHWAY
- 12-16 BERRY ST
- 136-142 WALDER ST
- 100 MOUNT ST
- 229-247 PACIFIC HIGHWAY
- 154-155 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY: WHELAN OPERATIONS PTY LTD TITLED PLAN SHOWING DETAIL & LEVELS OF NOS 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004



Aug 01, 2013 3:45pm P:\4203\DA081.dwg

154 pacific highway, north sydney

Title
Scale
Date
Number

SHADOW DIAGRAMS 11:45am

NTS

01/08/2013

4203_DA081

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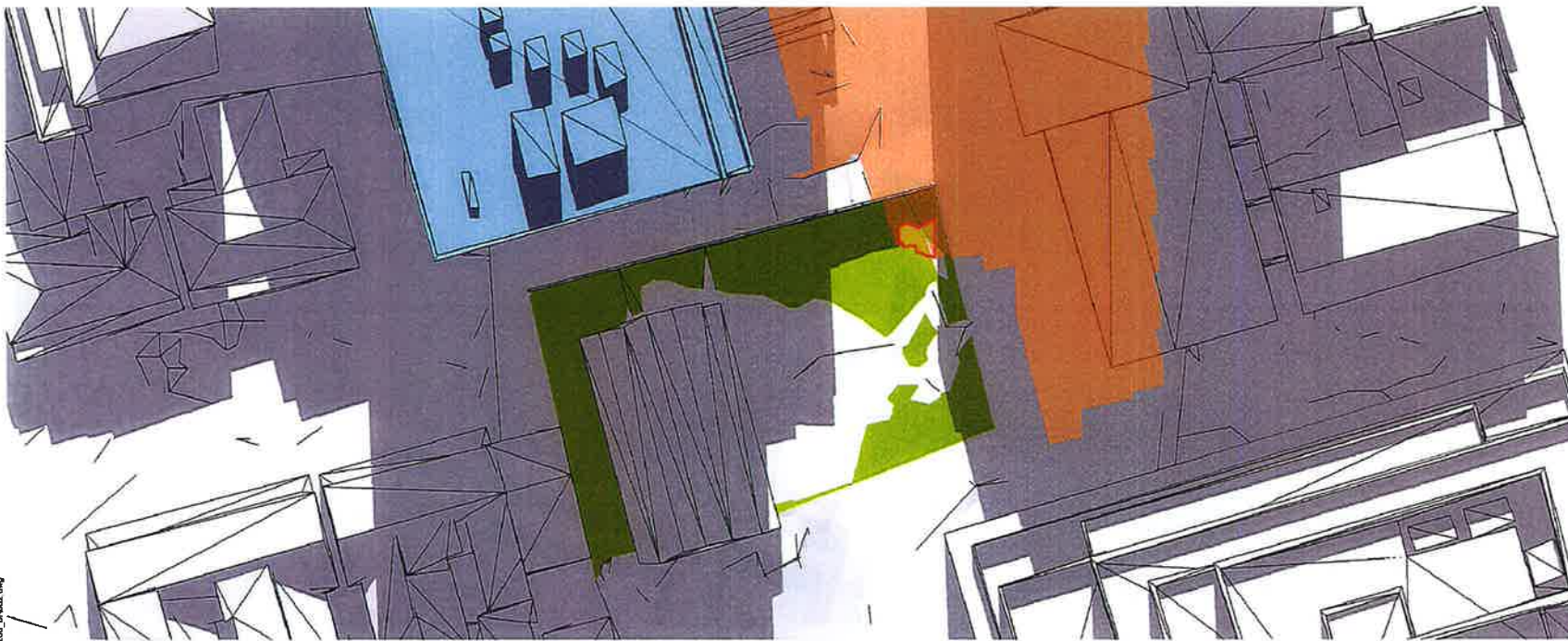


THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE AAM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-223 PACIFIC HIGHWAY
- 12-16 BERRY ST
- 136-142 WALKER ST
- 100 MOUNT ST
- 239-247 PACIFIC HIGHWAY
- 156-158 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY WHISLANS OPERATIONS PTY LTD TITLED PLAN SHOWING DETAIL & LEVELS OF NOS 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004

12:00pm, 21st of June



OVERSHADOWING
TO DON BANCK
STARTS AT 11:50
ENDS AT 12:10PM
(20 MIN.)

Aug 01, 2013 - 3:43pm PA/4203/DA082.dwg

154 highway, north sydney

Title SHADOW DIAGRAMS 12:00pm
Scale NTS
Date 01/08/2013
Number 4203 DA082

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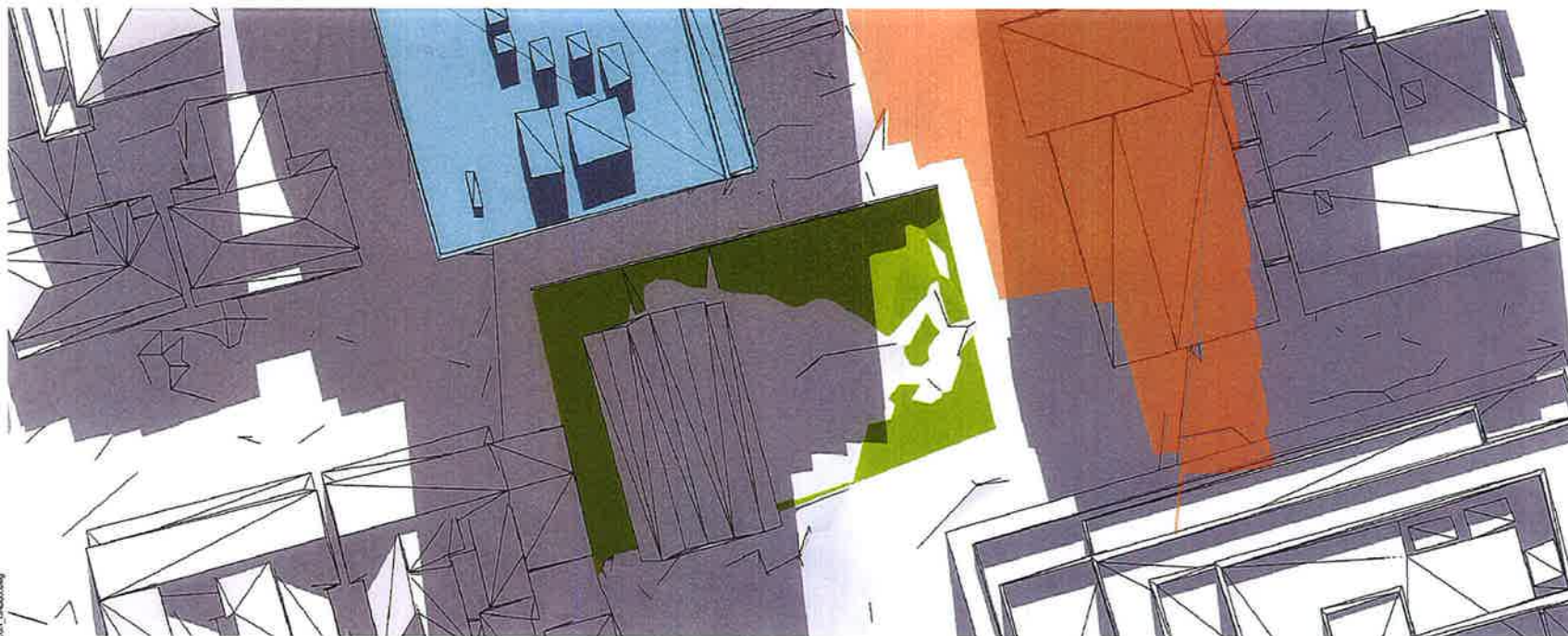


12:15pm, 21st of June

THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE AAM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-223 PACIFIC HIGHWAY
- 12-16 BERRY ST
- 136-142 WALKER ST
- 100 MOUNT ST
- 239-247 PACIFIC HIGHWAY
- 156-158 PACIFIC HIGHWAY
- 177-179 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY WHELAN OPERATIONS PTY LTD TITLED 'PLAN SHOWING DETAIL & LEVELS OF NOS 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004



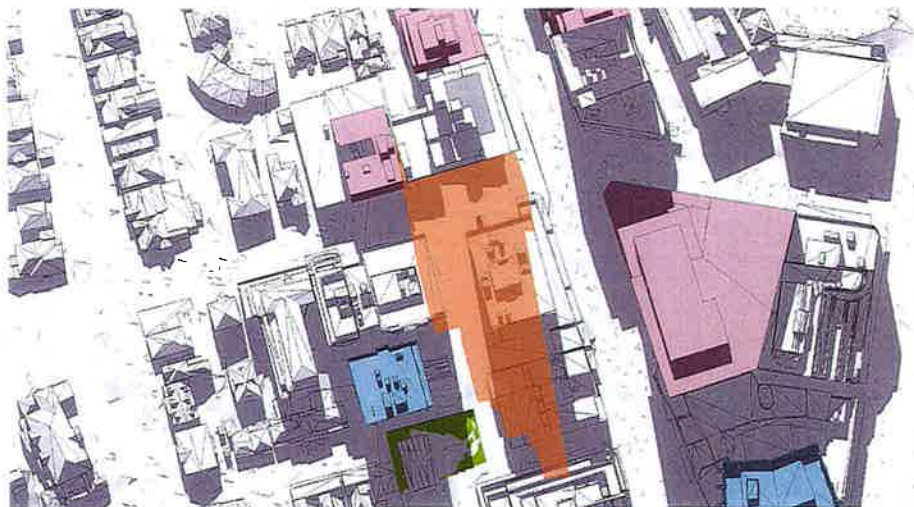
Aug 01, 2013 - 3:42pm P:\4203\4203_DA083.dwg

154 pacific highway, north sydney

Title SHADOW DIAGRAMS 12:15pm
Scale NTS
Date 01/08/2013
Number 4203_DA083

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12:30pm, 21st of June



1:00pm, 21st of June



2:00pm, 21st of June



3:00pm, 21st of June

THE SHADOW DIAGRAMS SHOW THE PREDICTED SHADOW EXTENT FOR EXISTING AND PROPOSED BUILDINGS. EXISTING BUILDING AND LANDFORM GEOMETRY IS FROM 3D SURVEY DATA PRODUCED BY THE ANM GROUP USING THEIR 2009 DATA SET. BUILDINGS CONSTRUCTED AFTER 2009 IS INCLUDED IN THE SHADOW ANALYSIS USING DEVELOPMENT APPROVAL DRAWINGS OBTAINED FOR THE FOLLOWING SITES:

- 211-223 PACIFIC HIGHWAY
- 12-16 BERRY ST
- 136-142 WALKER ST
- 100 MOUNT ST
- 239-247 PACIFIC HIGHWAY
- 156-158 PACIFIC HIGHWAY
- 177-199 PACIFIC HIGHWAY
- 77-81 BERRY ST
- 40 MOUNT ST

ADDITIONAL EXISTING BUILDING AND LANDFORM GEOMETRY AROUND DON BANK IS INCLUDED FROM SURVEY PRODUCED BY WHEELANS OPERATIONS PTY LTD TITLED PLAN SHOWING DETAIL & LEVELS OF NOS 144-148 & ADJOINING PACIFIC HIGHWAY/BERRY ST NORTH SYDNEY DATED 19.2.2004

154 highway, north sydney

Title SHADOW DIAGRAMS 12:30pm -3:00pm

Scale NTS

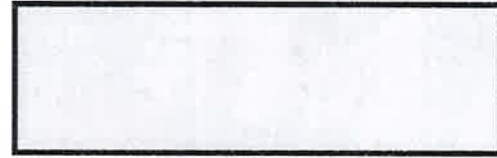
Date 01/08/2013

Number 4203 DA084

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FINISHES LEGEND

- ① CONCRETE STAINED WHITE
- ② TIMBER 'LOOK' BLADES
- ③ ALUMINIUM POWDERCOATED, DARK GREY (WINDOW FRAME/ SCREEN)
- ④ GENERAL GLAZING, GREY
- ⑤ GLAZED BALUSTRADE, CLEAR
- ⑥ GLAZED PODIUM WINTERGARDEN CLEAR



①



②



③



④



⑤



⑥

FINISHES



PERSPECTIVE - LOOKING UP BERRY ST

③ ④

①

⑤

⑥

②



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AREA SCHEDULE

154 PACIFIC HIGHWAY NORTH SYDNEY

DATE: 24.07.2013

OB NO. 4203

LEVEL	UNIT NO.	UNIT TYPE	INTERNAL m ²	BALCONY m ²	WINTER GARDEN m ²	TOTAL AREA m ²	INTERNAL STORAGE m ²	CARPARK STORAGE m ²	TOTAL STORAGE m ²	CAR PARK
3	301	st	40	8.4		48.4	4.7	5.6	10.3	
	302	1B+S	84.6	11.7		96.3	8	5.6	13.6	
	303	2B+S	98.4		22.5	120.9	5	5.6	10.6	1
	304	1B+S	67.7		12.1	79.8	6.5	5.6	12.1	
	305	1B+S	71.1		12.1	83.2	6.5	5.6	12.1	
	306	st	41.3		8.7	50	4.7	5.6	10.3	
	307	st	41.3		9.7	51	4.7	5.6	10.3	
	308	st	48.3		10.7	59	5.5	5.6	11.1	
	309	1B	53.7		10.7	64.4	6.35	5.6	12.0	
	310	1B	53.7		10.7	64.4	6.35	5.6	12.0	
	311	1B+S	84.6		9.7	94.3	10.8	5.6	16.4	
	312	1B	53.7		10.7	64.4	6.35	5.6	12.0	
	313	st	44.1		8.4	52.5	5.45	5.6	11.1	
	314	st	38		10.7	48.7	5.4	5.6	11.0	
	315	st	44.1		8.4	52.5	5.45	5.6	11.1	
	316	st	44.1		8.4	52.5	5.45	5.6	11.1	
	401	st	40	8.4		48.4	4.7	5.6	10.3	
	402	1B+S	84.6	11.7		96.3	8	5.6	13.6	
	403	2B+S	98.4		22.5	120.9	5	5.6	10.6	1
	404	1B+S	67.7		12.1	79.8	6.5	5.6	12.1	
	405	1B+S	71.1		12.1	83.2	6.5	5.6	12.1	
	406	st	41.3		8.7	50	4.7	5.6	10.3	
	407	st	41.3		9.7	51	4.7	5.6	10.3	
	408	st	48.3		10.7	59	5.5	5.6	11.1	
	409	1B	53.7		10.7	64.4	6.35	5.6	12.0	
	410	1B	53.7		10.7	64.4	6.35	5.6	12.0	
	411	1B+S	84.6		9.7	94.3	10.8	5.6	16.4	
	412	1B	53.7		10.7	64.4	6.35	5.6	12.0	
	413	st	44.1		8.4	52.5	5.45	5.6	11.1	
	414	st	38		10.7	48.7	5.4	5.6	11.0	
	415	st	44.1		8.4	52.5	5.45	5.6	11.1	
	416	st	44.1		8.4	52.5	5.45	5.6	11.1	
5	501	st	40	8.4		48.4	4.7	5.6	10.3	
	502	1B+S	84.6	11.7		96.3	8	5.6	13.6	
	503	2B	80.7	40.7		121.4	5.5	5.6	11.1	1
	504	1B	49.5	33.3		82.8	5.2	5.6	10.8	
	505	1B	49.5	37		86.5	5.2	5.6	10.8	
	506	2B	74.3	61.5		135.8	5.5	5.6	11.1	1
	507	1B	49.4	15.7		65.1	5.2	5.6	10.8	
	508	1B	49.4	15.7		65.1	5.2	5.6	10.8	
	509	1B+S	84.6	9.7		94.3	10.8	5.6	16.4	1
	510	1B	49.4	15.7		65.1	5.2	5.6	10.8	
	511	st	44.1	8.4		52.5	5.45	5.6	11.1	
	512	st	36.4	11.8		48.2	5.4	5.6	11.0	
	513	st	44.1	8.4		52.5	5.45	5.6	11.1	
	514	st	44.1	8.4		52.5	5.45	5.6	11.1	

LEVEL	UNIT NO.	UNIT TYPE	INTERNAL m²	BALCONY m²	WINTER GARDEN m²	TOTAL AREA m²	INTERNAL STORAGE m³	CARPARK STORAGE m³	TOTAL STORAGE m³	CAR PARK
6	601	st	40	8.4		48.4	4.7	5.6	10.3	
	602	1B+S	84.6	11.7		96.3	8	5.6	13.6	1
	603	2B	80.6	14.6		95.2	5.5	5.6	11.1	1
	604	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	605	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	606	2B	88.2	26.4		114.6	6.25	5.6	11.9	1
	607	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	608	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	609	1B+S	84.6	9.7		94.3	10.8	5.6	16.4	1
	610	1B	53.7	10.7		64.4	6.35	5.6	12.0	1
	611	st	44	8.4		52.4	5.45	5.6	11.1	
	612	st	38	10.1		48.1	5.4	5.6	11.0	
	613	st	44	8.4		52.4	5.45	5.6	11.1	
	614	st	44	8.4		52.4	5.45	5.6	11.1	
7	701	st	40	8.4		48.4	4.7	5.6	10.3	
	702	1B+S	84.6	11.7		96.3	8	5.6	13.6	1
	703	2B	80.6	14.6		95.2	5.5	5.6	11.1	1
	704	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	705	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	706	2B	88.2	26.4		114.6	6.25	5.6	11.9	1
	707	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	708	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	709	1B+S	84.6	9.7		94.3	10.8	5.6	16.4	1
	710	1B	53.7	10.7		64.4	6.35	5.6	12.0	1
	711	st	44	8.4		52.4	5.45	5.6	11.1	
	712	st	38	10.1		48.1	5.4	5.6	11.0	
	713	st	44	8.4		52.4	5.45	5.6	11.1	
	714	st	44	8.4		52.4	5.45	5.6	11.1	
8	801	st	40	8.4		48.4	4.7	5.6	10.3	
	802	1B+S	84.6	11.7		96.3	8	5.6	13.6	1
	803	2B	80.6	14.6		95.2	5.5	5.6	11.1	1
	804	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	805	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	806	2B	88.2	26.4		114.6	6.25	5.6	11.9	1
	807	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	808	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	809	1B+S	84.6	9.7		94.3	10.8	5.6	16.4	1
	810	1B	53.7	10.7		64.4	6.35	5.6	12.0	1
	811	st	44	8.4		52.4	5.45	5.6	11.1	
	812	st	38	10.1		48.1	5.4	5.6	11.0	
	813	st	44	8.4		52.4	5.45	5.6	11.1	
	814	st	44	8.4		52.4	5.45	5.6	11.1	
9	901	st	40	8.4		48.4	4.7	5.6	10.3	
	902	1B+S	84.6	11.7		96.3	8	5.6	13.6	1
	903	2B	80.6	14.6		95.2	5.5	5.6	11.1	1
	904	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	905	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	906	2B	88.2	26.4		114.6	6.25	5.6	11.9	1
	907	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	908	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	909	1B+S	84.6	9.7		94.3	10.8	5.6	16.4	1
	910	1B	53.7	10.7		64.4	6.35	5.6	12.0	1
	911	st	44	8.4		52.4	5.45	5.6	11.1	
	912	st	38	10.1		48.1	5.4	5.6	11.0	
	913	st	44	8.4		52.4	5.45	5.6	11.1	
	914	st	44	8.4		52.4	5.45	5.6	11.1	

LEVEL	UNIT NO.	UNIT TYPE	INTERNAL m²	BALCONY m²	WINTER GARDEN m²	TOTAL AREA m²	INTERNAL STORAGE m³	CARPARK STORAGE m³	TOTAL STORAGE m³	CAR PARK
10	1001	st	40	8.4		48.4	4.7	5.6	10.3	
	1002	1B+S	84.6	11.7		96.3	8	5.6	13.6	1
	1003	2B	80.6	14.6		95.2	5.5	5.6	11.1	1
	1004	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1005	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1006	2B	88.2	26.4		114.6	6.25	5.6	11.9	1
	1007	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1008	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1009	1B+S	84.6	9.7		94.3	10.8	5.6	16.4	1
	1010	1B	53.7	10.7		64.4	6.35	5.6	12.0	1
	1011	st	44	8.4		52.4	5.45	5.6	11.1	
	1012	st	38	10.1		48.1	5.4	5.6	11.0	
	1013	st	44	8.4		52.4	5.45	5.6	11.1	
	1014	st	44	8.4		52.4	5.45	5.6	11.1	
11	1101	1B	87.3	33.9		121.2	6	5.6	11.6	1
	1102	2B	80.5	14.6		95.1	5.5	5.6	11.1	1
	1103	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1104	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1105	2B	88.2	16.4		104.6	6.25	5.6	11.9	1
	1106	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1107	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1108	1B+S	84.6	9.7		94.3	10.8	5.6	16.4	1
	1109	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1110	st	44	8.4		52.4	5.45	5.6	11.1	
	1111	st	38	10.1		48.1	5.4	5.6	11.0	
	1112	st	44	8.4		52.4	5.45	5.6	11.1	
	1113	st	44	8.4		52.4	5.45	5.6	11.1	
12	1201	2B	87.3	15.1		102.4	6	5.6	11.6	1
	1202	2B	80.5	14.6		95.1	5.5	5.6	11.1	1
	1203	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1204	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1205	2B	88.2	26.4		114.6	6.25	5.6	11.9	1
	1206	1B+S	65.5		12	77.5	9	5.6	14.6	1
	1207	2B	80		25.7	105.7	5.25	5.6	10.9	1
	1208	2B	78.4		13.3	91.7	6.25	5.6	11.9	1
13	1301	2B	87.3	15.1		102.4	6	5.6	11.6	1
	1302	2B	80.5	14.6		95.1	5.5	5.6	11.1	1
	1303	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1304	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1305	2B	88.2	26.4		114.6	6.25	5.6	11.9	1
	1306	1B+S	65.5		12	77.5	9	5.6	14.6	1
	1307	2B	80		25.7	105.7	5.25	5.6	10.9	1
	1308	2B	78.4		13.3	91.7	6.25	5.6	11.9	1
14	1401	2B	87.3	15.1		102.4	6	5.6	11.6	1
	1402	2B	80.5	14.6		95.1	5.5	5.6	11.1	1
	1403	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1404	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1405	2B	88.2	26.4		114.6	6.25	5.6	11.9	1
	1406	1B+S	65.5		12	77.5	9	5.6	14.6	1
	1407	2B	80		25.7	105.7	5.25	5.6	10.9	1
	1408	2B	78.4		13.3	91.7	6.25	5.6	11.9	1
15	1501	2B	87.3	15.1		102.4	6	5.6	11.6	1
	1502	2B	80.5	14.6		95.1	5.5	5.6	11.1	1
	1503	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1504	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1505	2B	88.2	26.4		114.6	6.25	5.6	11.9	1
	1506	1B+S	65.5		12	77.5	9	5.6	14.6	1
	1507	2B	80		25.7	105.7	5.25	5.6	10.9	1
	1508	2B	78.4		13.3	91.7	6.25	5.6	11.9	1

LEVEL	UNIT NO.	UNIT TYPE	INTERNAL m²	BALCONY m²	WINTER GARDEN m²	TOTAL AREA m²	INTERNAL STORAGE m²	CARPARK STORAGE m²	TOTAL STORAGE m²	CAR PARK
16	1601	2B	87.3	15.1		102.4	6	5.6	11.6	1
	1602	1B	61.1	10.7		71.8	5.1	5.6	10.7	1
	1603	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1604	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1605	2B	88.2	26.4		114.6	6.25	5.6	11.9	1
	1606	1B	65.5		12	77.5	9	5.6	14.6	1
	1607	1B+S	94.2		25.7	119.9	6.45	5.6	12.1	1
	1608	2B	78.4		13.3	91.7	6.25	5.6	11.9	1
17	1701	2B	87.3	15.1		102.4	6	5.6	11.6	1
	1702	1B	61.1	10.7		71.8	5.1	5.6	10.7	1
	1703	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1704	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1705	2B	88.2	26.4		114.6	6.25	5.6	11.9	1
	1706	1B	65.5		12	77.5	9	5.6	14.6	1
	1707	1B+S	94.2		25.7	119.9	6.45	5.6	12.1	1
	1708	2B	78.4		13.3	91.7	6.25	5.6	11.9	1
18	1801	2B	87.3	15.1		102.4	6	5.6	11.6	1
	1802	1B	61.1	10.7		71.8	5.1	5.6	10.7	1
	1803	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1804	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1805	2B	88.2	16.4		104.6	6.25	5.6	11.9	1
	1806	2B	84.7		16.9	101.6	5.8	5.6	11.4	1
19	1901	2B	87.3	15.1		102.4	6	5.6	11.6	1
	1902	1B	61.1	10.7		71.8	5.1	5.6	10.7	1
	1903	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1904	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	1905	2B	88.2	16.4		104.6	6.25	5.6	11.9	1
	1906	2B	84.7		16.9	101.6	5.8	5.6	11.4	1
20	2001	2B	87.3	15.1		102.4	6	5.6	11.6	1
	2002	1B	61.1	10.7		71.8	5.1	5.6	10.7	1
	2003	1B	53.6	10.7		64.3	6.35	5.6	12.0	1
	2004	2B	78	15.4		93.4	6.35	5.6	12.0	1
	2005	2B	119	82.7		201.7	7.75	5.6	13.4	1
21	2101	2B	87.3	15.1		102.4	6	5.6	11.6	1
	2102	1B+S	61.1	10.7		71.8	5.1	5.6	10.7	1
	2103	2B	91.5	19.4		110.9	3	5.6	8.6	1
	2104	2B	118	20		138	6.75	5.6	12.4	1
22	2201	3B	154	74.8		228.8	6.2	5.6	11.8	1
	2202	2B	117	67.2		184.2	7	5.6	12.6	1
	2203	2B	100	25.8		125.8	7.25	5.6	12.9	1
	2204	2B	85.6	25.8		111.4	7.25	5.6	12.9	1
	2205	3B	141.6	55		196.6	6.6	5.6	12.2	1

144 - 154 PACIFIC HIGHWAY & 18 BERRY STREET, NORTH SYDNEY

Non-residential FSR calculations

Site Area:	144-148 Pacific Highway:	540.70 m ²
	150 Pacific Highway:	246.60 m ²
	154 Pacific Highway:	382.30 m ²
	18 Berry Street:	512.20 m ²
		1,681.80 m ²

Building Area:	Basement 1	22.20 m ²
	Ground	573.00 m ²
	Level 1	845.00 m ²
	Level 2	984.00 m ²
		2,424.20 m ²

LEP 2001 Controls

		Required FSR	Provided	FSR
144-148 Pacific Highway:	3:1	1,622.10		
150 Pacific Highway:	3:1	739.80		
154 Pacific Highway:	3:1	1,146.90		
18 Berry Street:	3:1	1,536.60		
		5,045.40	2,424.20	1.44

LEP 2013 Controls

		Required FSR	Provided	FSR
144-148 Pacific Highway:	3:1	1,622.10		
150 Pacific Highway:	3:1	739.80		
154 Pacific Highway:	3:1	1,146.90		
18 Berry Street:	0.5:1	256.10		
		3,764.90	2,424.20	1.44

FSR Provided: 2,424.20

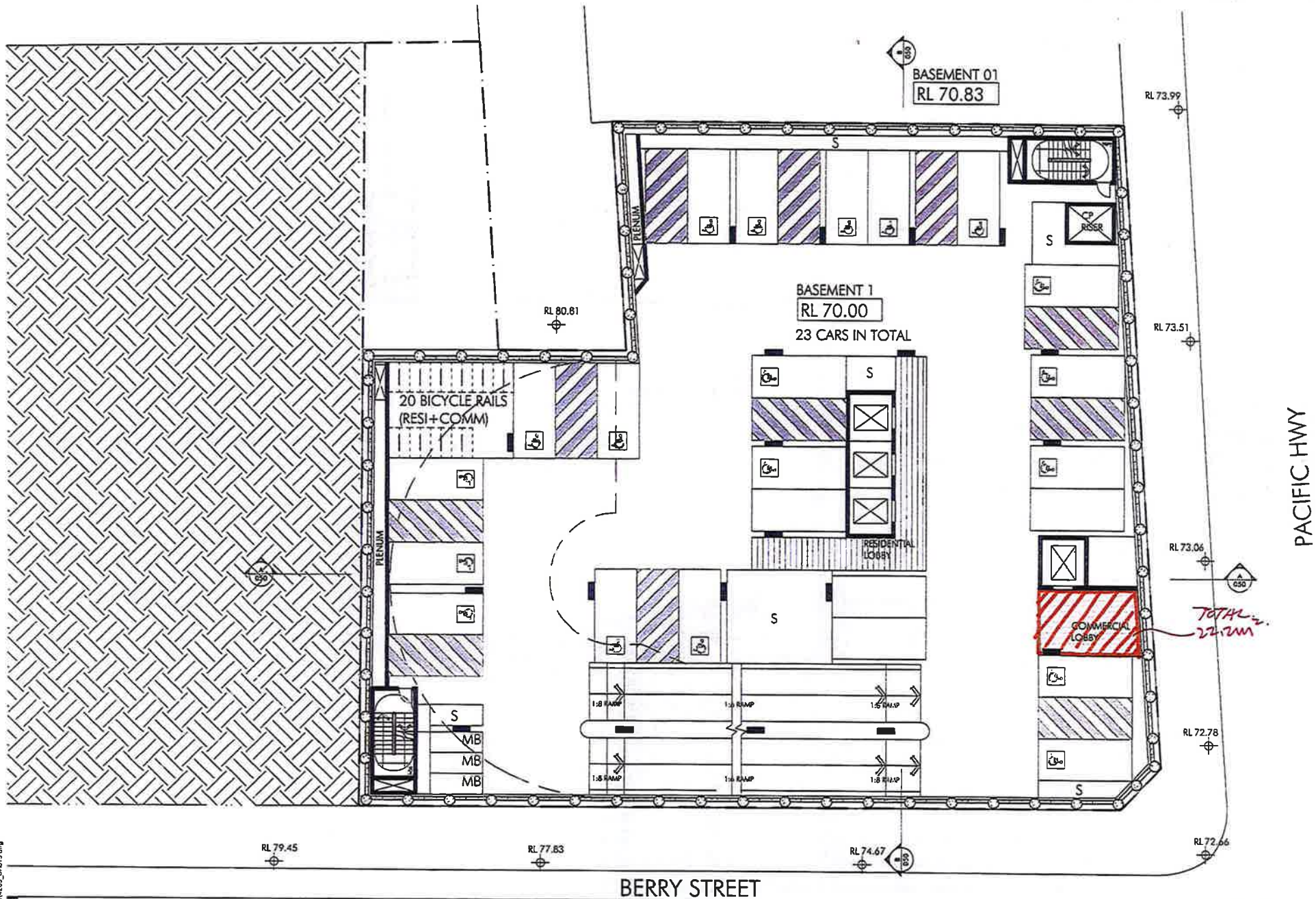
less:-

18 Berry Street FSR allocation @ 0.5:1: 256.10

144-150 Pacific Highway FSR allocation: 2,168.10

144-150 Pacific Highway site area: 1,169.60

FSR on Pacific Highway sites: 1.85



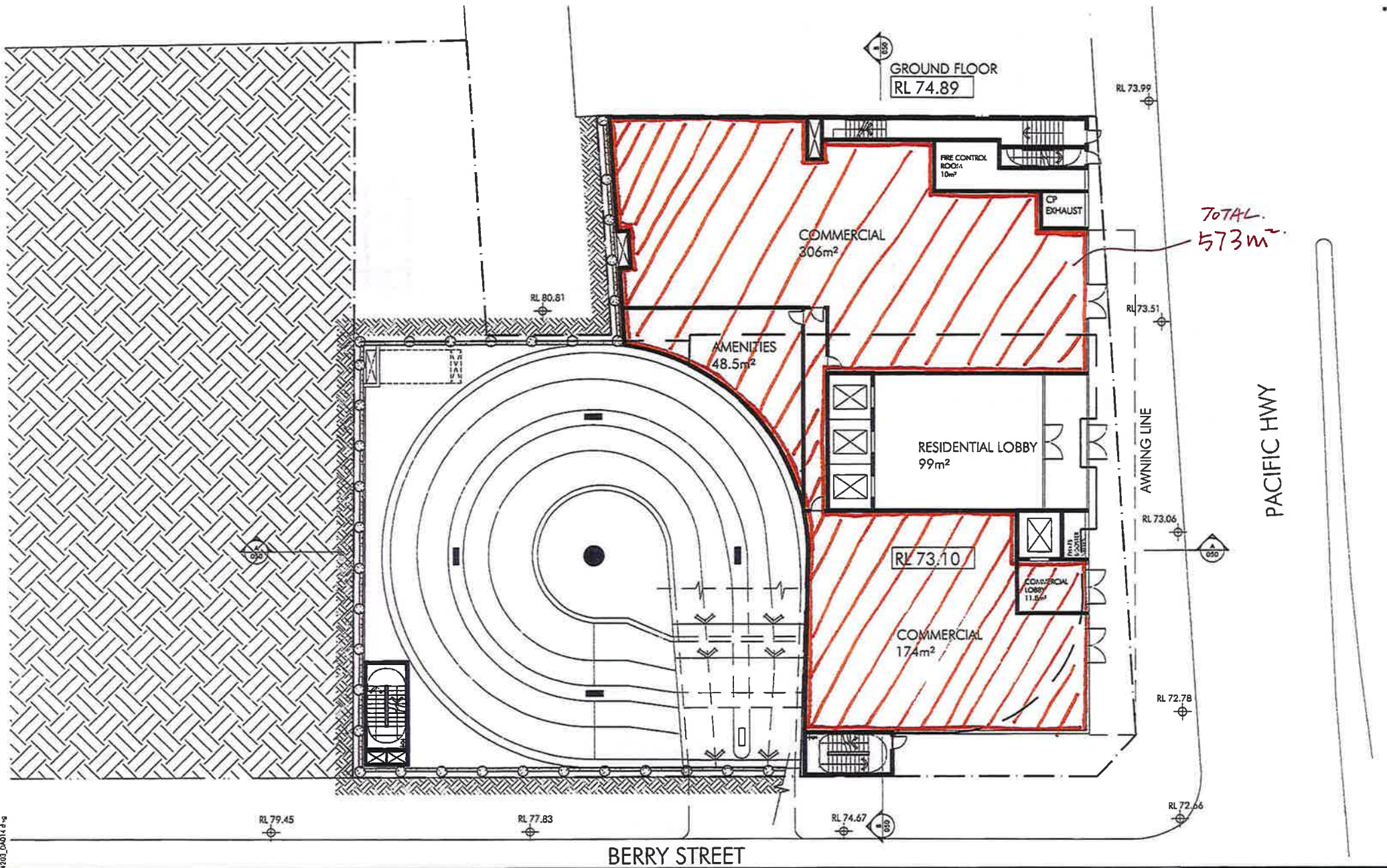
154
pacific highway, north sydney

Title
Scale
Date
Number

BASEMENT 1
1:200
01/08/2013
4203_DA013

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Aug 01, 2013 - 3:52pm P:\4203\4203_DA014.dwg

154 pacific highway, north sydney

Title
Scale
Date
Number

GROUND FLOOR

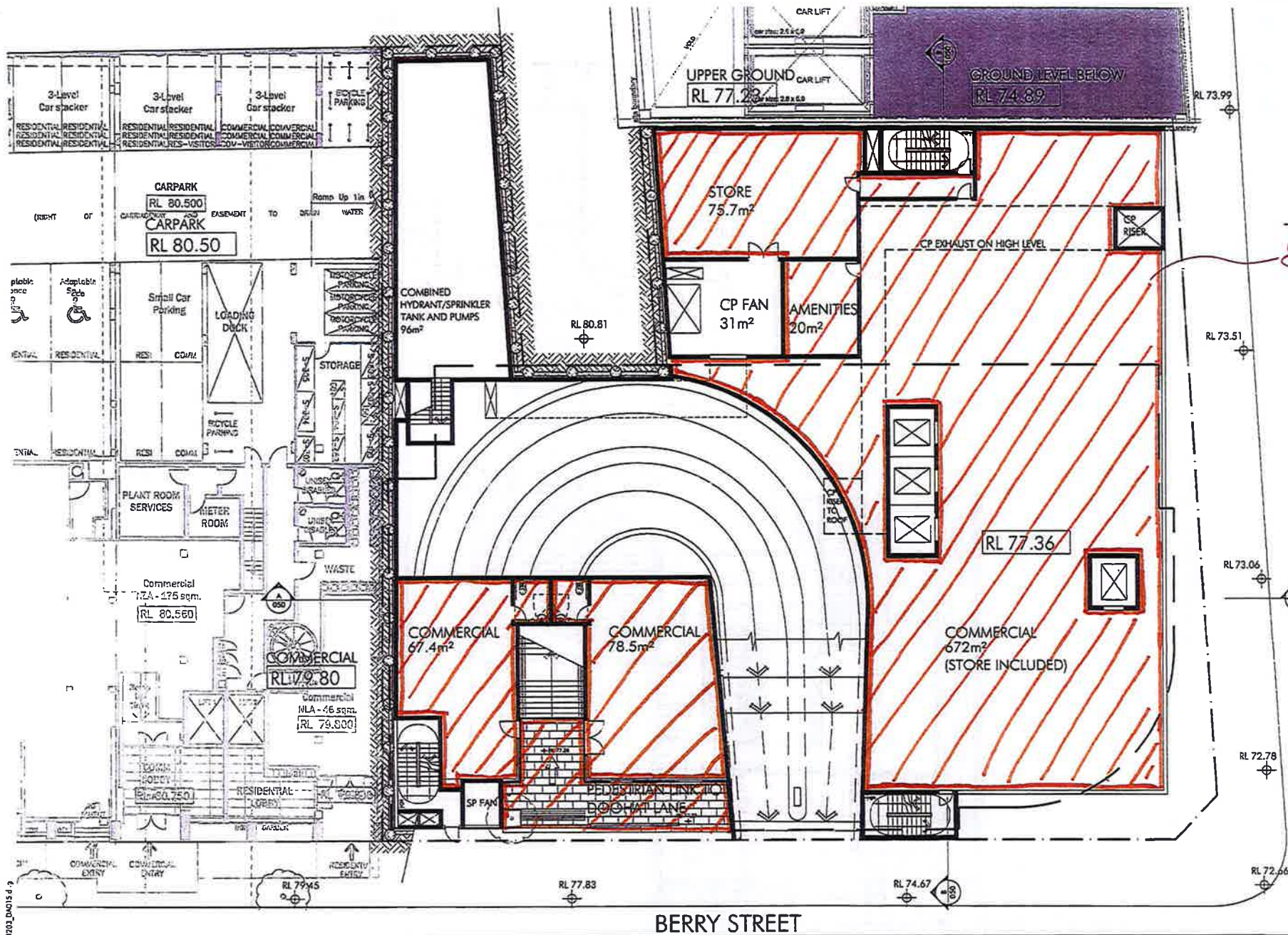
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01/08/2013

4203 DA014

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TOTAL
845 m²

PACIFIC HWY

BERRY STREET

154
pacific highway, north sydney

Title
Scale
Date
Number

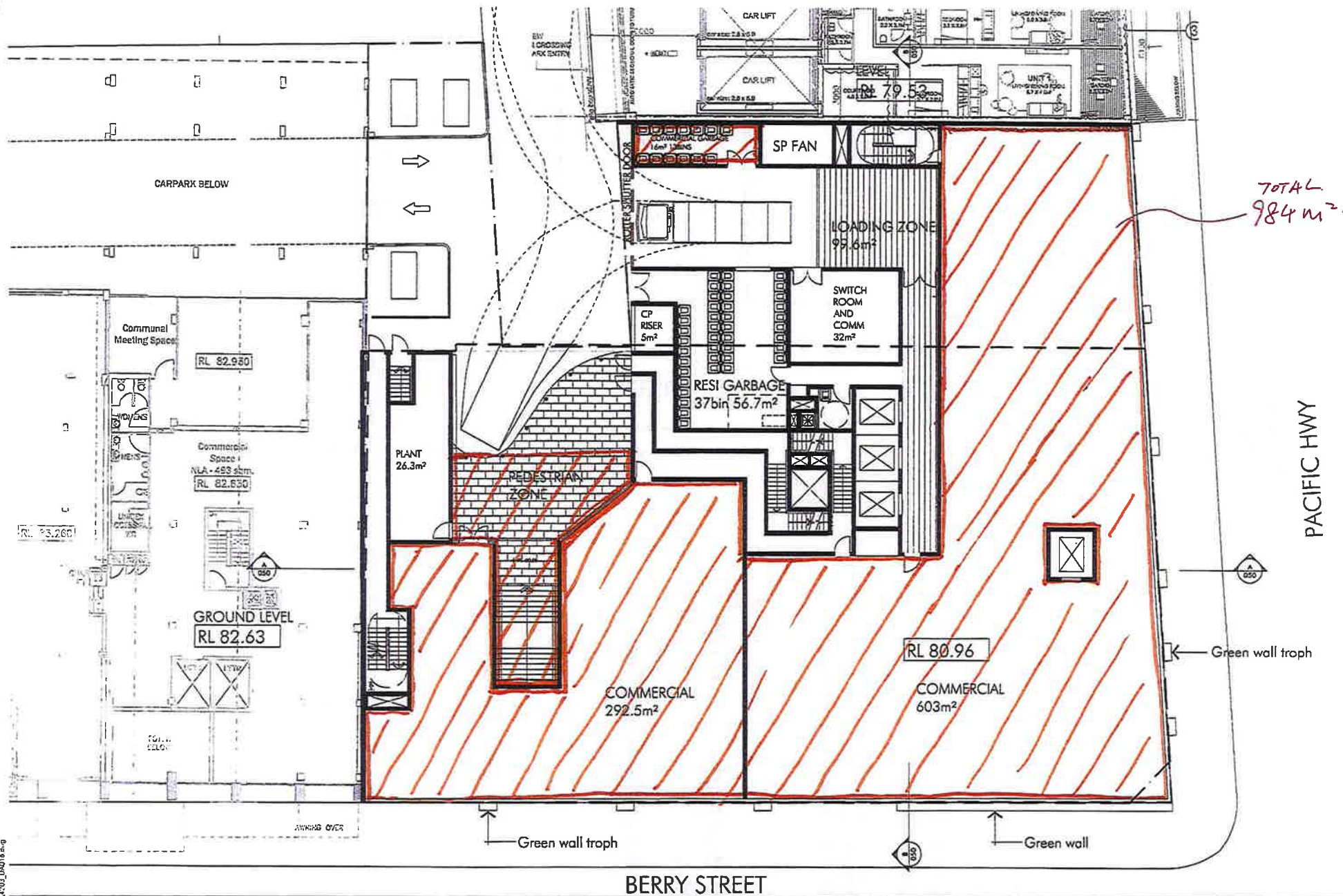
LEVEL 1
1:200
01/08/2013

4203 DA015

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Aug 01, 2013 - 3:50pm PLV2013V003 DA015.dwg



Aug 01, 2013 - 1:32pm PL4203 DA016.dwg

154 pacific highway, north sydney

Title
Scale
Date
Number

LEVEL 2
1:200

01/08/2013

4203 DA016

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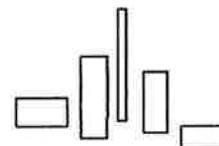
nettletontribe

	RESIDENTIAL sqm	COMMERCIAL sqm
B5	36.8	0
B4	36.8	0
B3	36.8	0
B2	36.8	0
B1	36.8	22.2
GF	99	573
1	0	845
2	0	984
3	1175	0
4	1175	0
5	1035	0
6	1073	0
7	1073	0
8	1073	0
9	1073	0
10	1073	0
11	1038	0
12	754	0
13	754	0
14	754	0
15	754	0
16	732	0
17	732	0
18	563	0
19	563	0
20	563	0
21	468	0
22	391	0
23	382	0
GFA	17481	2424.2
FBR	1037	144

APPENDIX B

Letter of 19 August 2013
Pikes & Verekers Lawyers

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Sydney 2000 Sydney 2001 DX 521 Sydney ABN 77 357 538 421



PIKES & VEREKERS
LAWYERS

16 August 2013

The General Manager
North Sydney Council
PO Box 12
NORTH SYDNEY NSW 2059

Dear Ms Holloway

**PLANNING PROPOSAL TO VARY NON-RESIDENTIAL FSR CONTROL
144-154 PACIFIC HIGHWAY AND 18 BERRY STREET, NORTH SYDNEY
Our ref JRP:130232**

Background

We are instructed by Strand Estates Pty Ltd in respect of a Development Application ("the DA") lodged with North Sydney Council ("Council") seeking demolition of existing structures and erection of a 24 storey mixed use building at the corner of Berry Street and the Pacific Highway, being 18 Berry Street and 144-154 Pacific Highway, North Sydney ("the land"). The DA is to be determined by the Sydney East Region Joint Planning Panel ("the JRPP") pursuant to section 23G of and clause 3 of Schedule 4A to the Environmental Planning and Assessment Act 1979 ("the Act"), in conjunction with clause 20 of State Environmental Planning Policy (State and Regional Development) 2011.

The DA will fall for consideration under the terms of both North Sydney Local Environmental Plan 2013 ("NSLEP2013") and North Sydney Local Environmental Plan 2001 ("NSLEP2001") by dint of clause 1.8A of NSLEP2013 and section 79C(1)(a)(i) and (ii) of the Act. The site is zoned Mixed Use under both instruments.

Under both NSLEP2001 (cl 31) and NSLEP2013 (cl4.4A) the land is subject to a non-residential floor space ratio ("FSR") control specifying a range within which the non-residential FSR must fall, being 3:1-4:1. The exception to this is that portion of the site known as 18 Berry St, which has a minimum non-residential FSR control of 0.5:1 and no maximum under NSLEP2013 (under NSLEP2001, 18 Berry Street has a minimum of 3:1 and maximum of 4:1).

It is also noted that a significant portion of the site (18 Berry St and 144-150 Pacific Highway) benefits from an existing development consent granted by the Land and Environment Court in January 2013 ("the Court Consent"). The Court Consent approved a mixed use development to a maximum RL of 156, with an overall non residential FSR of 2.65:1. In the final hearing Council did not raise a concern with the reduction in non-residential FSR, which was enabled by an objection pursuant to



State Environmental Planning Policy No. 1 – Development Standards. A similar objection has been prepared for the current DA.

Executive Summary

At the invitation of both Council and the Department of Planning and Infrastructure ("the Department") the Applicant has prepared the enclosed Planning Proposal and supporting documentation seeking a reduction in the minimum non-residential FSR requirement to 1:1 across the site (a slight increase for 18 Berry St under NSLEP2013), with no maximum.

Having regard to Council's request for a planning proposal and the opportunity to consider the controls applicable to the site to be considered through the prism of a development application (see Council's Post Exhibition Report on the [then] Draft North Sydney Local Environmental Plan, prepared 4 July 2011), it is requested that this planning proposal be considered in close conjunction with the DA, and that the two travel together. It is considered that the SEPP 1 objection lodged with the DA will enable the JRPP to approve the DA despite the non-compliance with the non-residential FSR control, particularly when regard is had to this planning proposal, and the reasoning underpinning both that objection and this planning proposal is generally the same. Nevertheless some degree of certainty in the progress of this planning proposal would be of utility in considering the DA.

The Planning Proposal complies with the relevant Local Environmental Plan making provisions under the Act and is consistent with the Department's "A Guide to Preparing Planning Proposals" and "A Guide to Preparing Local Environmental Plans." It is unlikely to result in adverse impacts on the environment or the wider community and is likely to result in improved community outcomes. The Planning Proposal is compatible with surrounding land uses and if progressed will bring the subject site into closer alignment with those land uses, both current and future. The Planning Proposal is supported by detailed planning and economic studies clearly demonstrating the benefits of the change sought.

The current controls represent an onerous and unviable land use mix that is contrary to the objectives of the relevant planning instruments and the respective mixed use zones. Enforcing the control will limit the provision of much needed residential accommodation on the fringes of the North Sydney CBD, in particular more affordable accommodation. The controls will result in a further oversupply of commercial space in an already high-supply/limited-demand commercial market, and locates that commercial space away from the core CBD area where future demand, if any, will be highest.

Council has reduced the non-residential FSR limits for other mixed use zoned land in the CBD fringe on similar grounds, and these reductions are reflected in NSLEP2013. The same approach ought be taken on the subject site, particularly when regard is had to the specific non-residential FSR reductions on land immediately adjoining the site to the west along Berry St (including that part of the site comprised of 18 Berry St) and to the north along the Pacific Highway. Whilst the significance of corner sites

generally is acknowledged, this is not sufficient to justify a 6-fold increase in non-residential FSR compared to the immediately adjoining land, especially when regard is had to the zone objectives and the demand for residential and commercial space in the North Sydney Centre. The DA involves a non-residential FSR of 1.86:1 across the Pacific Highway sites, almost four times that of the neighbouring sites. To the extent that a corner site may be said to warrant emphasis by provision of additional commercial floor space, the DA clearly achieves this in its context.

Request for Preparation of Planning Proposal

The Applicant made very detailed submissions to both Council and the Department on the terms of NSLEP2013 when that instrument was still in draft, with a particular focus on the non-residential FSR controls applicable the land. Those submissions, in a similar fashion to this Planning Proposal, drew attention to, inter alia, the physical constraints of the land, the weak commercial market and Council's reduction of the non-residential FSR requirement of other similarly zoned and located land within the North Sydney Centre.

Both the Department and Council expressed a reluctance to make further changes to the draft planning instrument, but instead invited the Applicant to submit a planning proposal to enable consideration of the issues raised (Council in its Post Exhibition Report of 4 July 2011 and the Department by way of letter dated 1 July 2013).

It is noted with respect to the submission to Council that the question of height was also raised. This was subsequently resolved in the Court Consent, with the building approved at an RL of 156. Council's response to the Applicant's submission acknowledged the concerns raised regarding commercial and residential demand, and noted the Council's desire to consider the constraints of the site through the prism of a development application. The development application has now been made, and a copy accompanies this planning proposal.

The Department was generally supportive of the Applicant's position and made the following comments:

I note your request for the Department to consider making a post exhibition change to the draft LEP's non-residential floor space ratio controls as they apply to your client's land in North Sydney. While I appreciate the arguments you have put forward in support of this request, the draft LEP is within the final stages of plan making and a post exhibition change at this advanced stage is not supported.

I understand that there have been a number of cases where North Sydney Council, through a planning proposal, has amended the non-residential floor space ratio controls to 0.5:1 for land in North Sydney. A planning proposal is the best means to pursue an amendment to the non-residential floor space ratio provisions for your client's land. As such I encourage your client to continue to liaise with North Sydney

Council to progress this matter based on the evidence you have presented.

This planning proposal is made with the encouragement of both Council and the Department.

LEP and Zone Objectives

As NSLEP2013 has been drafted so as to effect, in general terms, a roll-over of the provisions of NSLEP2001, the LEP aims and zone objectives are in similar terms. For present purposes it is sufficient to note that the instruments and zones, amongst other things, aim to:

- (a) provide for an increase in dwelling stock where appropriate, including in the North Sydney Centre, and including affordable housing;
- (b) maintain commercial space, but to allow up to an additional 250,000m² commercial floor space in the North Sydney Centre;
- (c) maintain a diversity of uses, and allow mixed use buildings with non-residential space at lower levels (resulting in active street frontages);
- (d) maintain North Sydney Centre's status as a major commercial centre; and
- (e) promote high quality urban environments and residential amenity.

Having regard to the reports accompanying this planning proposal it is readily apparent that the reduction in non-residential FSR sought is generally consistent with these objectives.

Certainly the proposed decrease in non-residential FSR, and commensurate increase in residential FSR, increases dwelling stock desperately needed in the North Sydney Centre. We note the conclusion of the URBIS Report of July 2011, forming part of the Planning Proposal, entitled Optimising Development Typology in North Sydney ("the July 2011 URBIS report"):

Our analysis of the residential market demonstrates that there is an undersupply of residential apartments, particularly smaller apartments.

Given that the current residential apartment supply line is dominated by prestige stock, this undersupply of smaller, more affordable apartments will continue for the foreseeable future."

We also note the comment of JBA Urban Planning Consultants in their July 2013 report in support of the DA and this planning proposal, Land Use and Apartment Mix: Commercial and Residential Market Report ("the July 2013 JBA report"):

The buyer profile identified is likely to demand dwelling types which suit their needs and expectations of the area, namely:

- *smaller apartments suiting lone person and couple households;*
- *affordable apartments which are within the relevant price constraints; and*
- *well-designed apartments which offer convenience and functionality...*

Of particular note is that the floor space which would be given over to non-residential development if the 3:1 minimum required by NSLEP2001 was enforced would be levels 3, 4 and possibly 5 of the development. It is expected that commercial space be at the lower levels of the building (correctly from a planning and residential amenity perspective), and the ground floor as well as levels 1 and 2 are already given over to commercial space. The difference in non-residential floor space between what is proposed by the DA and the requirements of the control is in the order of 2600m², which equates to between 2 and 3 floors of the development. These floor space calculations have been carried out by Nettleton Tribe Architects and are attached to this letter.

The most affordable units in the proposed development are those on levels 3 to 5, having regard not only to their configuration, but also their outlook. These levels comprise x studio apartments (16 of which are on levels 3 and 4), 21 x 1BR apartments (14 of which are on levels 3 and 4) and 4 x 2 BR apartments.

Those affordable units cannot be reclaimed simply by pushing the development higher to accommodate the non-residential floor space. The proposed development is at the height acknowledged by the Court as within the contemplation of the current controls. Even within the current envelope, pushing these units higher up the building, with a commensurate increase in desirability from the improved outlook, will reduce their affordability.

Adherence to the current non-residential FSR controls, for this or any other development on the site, will, when regard is had to the inherent conflict between lower level (and hence more affordable) residential accommodation and lower level commercial space, seriously undermine the residential objectives of the planning instruments and mixed use zones.

At the same time, a move away from the current non-residential FSR controls for this site, will, when regard is had to the commercial market (discussed below), have little impact on the achievement of the commercial objectives of the planning instruments or mixed use zones. The market will determine whether those objectives are achieved, and whether further commercial floor space is provided on this site will not have any bearing on that outcome.

The proposed 1:1 non-residential FSR does, however, ensure that the objectives for a diversity of uses are achieved for the site, and provides by way of active street frontages and non-residential FSR commensurate with controls on adjoining sites, a safe and high quality urban environment, with high residential amenity appropriate to a mixed use site in a transitional location between the CBD core and residential zoned land.

This high quality urban environment is further supported by the proposal not adding to the extant oversupply of commercial space in the centre. In reference to an earlier iteration of development for the site URBIS in their July 2011 report state:

"the 1110sq.m of commercial office space proposed is considered high and may encounter problems with leasing and therefore vacancy. In turn this can impact on the aesthetics and overall appeal of the development..."

Thus a reduction in non-residential FSR is likely to lead to a reduced risk of vacancy, and therefore an increase in the aesthetics and amenity of the development, with flow on effects on the streetscape and urban character of the locality.

FSR Control Objectives

The FSR control objectives relevant to the site under NSLEP2001 are set out in clause 31(1) and are to:

- (a) ensure a diverse mix of uses in each building in the mixed use zone, and
- (b) minimise traffic generation from commercial development.

Objective (b) is clearly associated with the maximum non-residential FSR control rather than the minimum (0:1 non-residential FSR would clearly achieve this objective) and need not be considered here.

Objective (a) is more closely associated with the minimum FSR control. The minimum non-residential FSR control ensures some non-residential uses on a given site, thus achieving a diverse mix of uses.

This diverse mix of uses remains achievable at a lower non-residential FSR, as is demonstrated by the number of commercial tenancies provided for in the development and the variance in their size and configuration (presently 7 tenancies ranging in area 67.4m² to 672m² not including plant and storage areas). The objective is achieved at the lower FSR sought by this planning proposal.

Further, having regard to the concerns about vacancy of commercial spaces and the associated reduction in the appeal of the development outlined above, a reduced non-residential FSR is likely to better achieve the objective, as it will better ensure the occupancy and hence the desirability and hence the continued occupancy of each of the commercial spaces.

The objectives for the non-residential FSR controls in NSLEP2013 are more detailed than those in NSLEP2001, and provide even greater support for the proposed reduction in non-residential FSR, particularly when regard is had to the commercial market. Clause 4.4A(1) of NSLEP2013 sets the following objectives for the control:

- (a) to provide for development with continuous and active street frontages on certain land in Zone B1 Neighbourhood Centre, Zone B4 Mixed Use and Zone SP2 Infrastructure,*
- (b) to encourage an appropriate mix of residential and non-residential uses,*
- (c) to provide a level of flexibility in the mix of land uses to cater for market demands,*
- (d) to ensure that a suitable level of non-residential floor space is provided to reflect the hierarchy of commercial centres.*

Objective (a) will be met for any development that incorporates non-residential development to its street frontages, even at quite low non-residential FSRs. Certainly this can be achieved at a non-residential FSR of 1:1 as demonstrated by the DA.

Objectives (b), (c) and (d), however, are arguably undermined by the current controls when consideration is given to what is an "appropriate" mix of residential and non-residential uses; to the degree of flexibility necessary to cater to market demands, particularly when regard is had to level of supply and demand in the North Sydney Centre; and to what is a "suitable" level of non-residential floor space to reflect the hierarchy of the North Sydney Centre, and in particular the North Sydney Commercial Core.

The reports accompanying this planning proposal clearly demonstrate an oversupply of commercial space and an undersupply of residential space, particularly the type of residential space required in the North Sydney Centre. Even a brief perusal of these reports reveals that the current FSR controls do not give adequate flexibility to cater for the current and future demand for non-commercial floor space. Rather the Applicant, if the current controls are maintained, is locked into providing commercial space for which there is simply no market.

Similarly, this enforced provision of commercial floor space that is not wanted by the market, at the expense of desperately needed residential space results in a clearly inappropriate mix of residential and non-residential floor space on the site.

The reduction in non-residential FSR and removal of a maximum requirement sought by the Applicant better allows a proper response to market demands, and allows for the appropriate mix sought by the control.

It is important to note that the removal of a maximum non-residential FSR for the site further reinforces the flexibility sought by the objectives. Whilst an increase in commercial demand at some time in the future is not likely on the basis of the reports accompanying this planning proposal, should market demand shift in the future the absence of a maximum non-residential FSR limit enables as much of the site to be utilised for commercial purposes as the market demands. The desired flexibility is introduced to truly allow the market to dictate the development mix on the site.

Further, the reduction in non-residential FSR on this site, in a mixed use zone on the fringe of the North Sydney CBD, better reinforces the role of the commercial core in the centre's hierarchy. Additional commercial floor space here can only hope to draw scarce tenants away from the centre, and undermine its role and function.

The Commercial Market

It is not proposed to here traverse in full the matters raised in the supporting documents accompanying this planning proposal, however it is useful to make a few brief observations in support of the matters outlined above.

Firstly, the July 2013 JBA report was based on the January 2013 Property Council of Australia figures that reported a vacancy rate of 7.8% in North Sydney. It was prepared prior to the release of the Property Council of Australia's 31 July 2013 North Shore Office Market Report (a copy of which is attached to this letter), which shows that figure now at 10.6%. This is a significant deterioration in a limited six month period and is not attributable to an increase in supply through new development. The vacancy rate has increased by almost 36% compared to the January figure and equates to additional commercial vacancy in North Sydney in the order of 25,000m².

Further, increased technological mobility challenges the need for conventional office space. The rapid evolution and adoption of mobile technology in the form of notebook computers, tablets and smartphones has allowed workers to remain connected to information and other individuals and, in many cases, allowed them to perform their work activities remotely. Increased workforce mobility has spawned a rapid change in work practices that is having a significant impact on the way in which office accommodation is being used.

At the forefront of this revolution is the concept of Activity Based Working (ABW) pioneered by a Dutch company, Veldhoen & Co. The practice has many facets and initially sought to encourage companies to switch to more flexible workplaces, drastically reducing the number of workstations and offices. Savings in leasing and fit out costs were often invested in enhancing IT operations and improving the quality of the working environment. Increasingly, the introduction of ABW, is being linked to cultural change programs. Locally, companies such as Commonwealth Bank, Macquarie Bank, Bankwest, CB Richard Ellis, Freehills, Jones Lang LaSalle and DLA Piper have embraced the practice and have enjoyed a reduction in their footprint of up to 30%. The increasing acceptance of ABW and its derivatives is likely to have enormous ramifications for the demand for office accommodation as many adherents have been able to reduce their occupancy rate to around 10m² per person.

JBA forecast approximately 160,000 – 190,000m² of additional floor space will be required in order to accommodate the forecast additional jobs of 14,800 between 2011 and 2036. This is predicated on 10 – 20% of the existing stock of office accommodation being refurbished within that timeframe to a standard sufficient to permit it to be occupied at a rate of 15m² per person. This analysis is arguably conservative on two fronts. Firstly, the additional jobs are predicted to occur over a

25 year timeframe. Based on most comprehensive refurbishments having a lifespan of 12 – 15 years, it is likely that at least 50% of the existing stock of buildings will be refurbished within the term of the study. Secondly, the occupancy rate of 15m² per person is 50% higher than is being achieved by proponents of ABW. If the occupancy rate of 15m² per person is accepted and 50% of the current stock refurbished during the term of the study, using JBA's methodology, the number of additional jobs able to be accommodated through the increased utilisation of the existing stock is 10,750. This leaves future supply having to accommodate 4,065 jobs which equates to an additional 60,975m² of office accommodation. It is clear from JBA's analysis the CBD is capable of meeting this requirement.

In their report of July 2011, *Optimising Development Typology in North Sydney*, Urbis demonstrated that real commercial rents in North Sydney have fallen over the 20 year period from 1991 – 2011. The actual rental performance of the building at 144-148 Pacific Highway demonstrates the lack of nominal and real rental growth over time. Urbis concluded that residential land use is substantially more productive and results in a far higher net community benefit than does commercial use.

The broader lack of commercial demand in the North Sydney Centre is exacerbated by the physical constraints of the subject site. Notably:

- the site slopes steeply with a fall of just over 8m from the north western corner off Doohat Lane to the south eastern corner at Pacific Highway. This limits the depth of accommodation with a frontage to Pacific Highway;
- Berry Street falls steeply from west to east which inhibits the depth of accommodation at the intersection with Pacific Highway. The fall of Berry Street also impacts on the accessibility of commercial accommodation on this elevation;
- the Berry Street frontage must incorporate access to the car park levels, which could not be provided off the Pacific Highway. It also must accommodate the through site link;
- it is necessary to provide loading and garbage facilities at Level 2 with access off the southern section of Doohat Lane, which also impacts on the design and efficiency of commercial space at this level;
- the irregular configuration of the site as a consequence of the intrusion of the southern section of Doohat Lane has a significant impact on the efficiency of the design of commercial space;
- Pacific Highway and Berry Street present physical barriers that define the fringe of the CBD and that has a great impact on limiting demand;
- the dimensions of the Pacific Highway and Berry Street frontages impose a significant design constraint in that it is not possible to provide large, efficient floorplates with access to an acceptable level of natural light and amenity; and
- the shape and dimensions of the residential tower dictate the extent of the commercial footprint. The structural grid to support the residential tower and the lift and services core penetrate the commercial floors and impact on the efficiency and layout of the accommodation, at a time when contemporary tenants are demanding column free office space.

Thus the physical constraints of the site not only limit the amount of non-residential floor space able to be provided but also result in commercial accommodation that is sub-optimal. It is not the prestige office space identified as required to re-energise the CBD core.

Council has recognised the concerns with the commercial market and the inappropriateness of enforcing high non-residential FSRs on mixed use zoned land on the CBD fringe and reduced the non-residential FSR for a number of sites (initially by way of planning proposal and amendment to NSLEP2001, and ultimately by adoption in NSLEP2013). In March 2013, Council's strategic planners prepared a Briefing Paper for Councillors. In Section 3.2 of the Paper, under the heading of "Draft LEP 2012", and stated:

"In existing mixed use parts of the Centre, Council has actively sought to increase the potential for properties to redevelop by allowing developments to provide less commercial space in favour of more residential. This has already led to a number of site specific planning proposals being lodged to make previously unviable development opportunities more attractive to owners/developers."

These site specific planning proposals related to:

- 156-158 Pacific Highway;
- 12-16 Berry Street;
- 211-223 Pacific Highway;
- 239-247 Pacific Highway;
- 136-140 Walker Street;
- 144-148 Walker Street; and
- 225 Miller Street.

12-16 Berry Street and 156-158 Pacific Highway immediately adjoin the subject site. In each of the above examples, the reduction in non-residential FSR was accepted, in part, as a reflection of the lack of demand for commercial accommodation on the fringe of the North Sydney CBD. Further support for the reduction in non-residential FSR for these sites was found in that the reduction would:

- Maintain the mixed use character of the area.
- Increase the amount of permanent residential accommodation in the area.
- Provide added flexibility for the sites.
- Increase the vibrancy of the North Sydney CBD.

Although not strictly within the North Sydney Centre similar reasoning was adopted in respect of planning proposals for 8 and 10-18 Cliff St, Milsons Point, where non-residential FSR was reduced to 0:1.

The proposed development and reduction in non-residential FSR the subject of this Planning Proposal is consistent with all of the above.

It is also important to recognise the supply of 125, 849m² of commercial space in the CBD core expected to come on-line by way of approvals under the now repealed Part 3A of the Act, as referenced in the July 2013 JBA report. This additional space soon to become available achieves two thirds of the anticipated 2031 demand alone. This space has been down played to date on the basis that the developments have not commenced. Such proposals, however, require significant pre-construction commitments to secure construction funding.

It has recently been announced that Leighton Holdings have made a commitment to occupy the development at 177-199 Pacific Highway. A Section 96 Application was lodged at the beginning of August, seeking to tailor the approved building to Leighton's specific requirements. The building is to provide the opportunity for Leighton to consolidate its operations in a single location. It is understood that advanced negotiations are underway with a major tenant whose requirement will underpin the 100 Mount Street development. Even were those specific developments to not go ahead, the development potential of those sites remains, and remains within the commercial core.

Conclusion

This planning proposal clearly demonstrates that there is a limited demand for commercial floor space in the North Sydney Centre and in particular the CBD fringe. What demand exists is able to be met comfortably by existing and approved commercial building stock. There is a demonstrable future supply to meet projected demand for commercial floor space in the North Sydney Centre, notably in the commercial core and away from the mixed use CBD fringe. There is, however, a dire need for more affordable residential accommodation. These issues have been recognised and acted upon by Council in relation to other sites, and a similar approach should be adopted here.

The simple fact is that a 3:1 non-residential FSR is not viable for any site in the North Sydney fringe having regard to the current and future market, and that is particularly so for this site given its physical constraints. The corner location cannot generate the demand that is absent market wide, and certainly cannot boost that demand to 3:1.

Significantly, by forcing developers to give over valuable floor space to unwanted commercial space at the expense of highly sought after residential accommodation is directly contrary to the objectives and intentions of the current and future planning controls applying to the land.

This can readily be resolved by reducing the minimum non-residential FSR to 1:1.

We commend the planning proposal to Council and urge that it be processed with all due despatch, in conjunction with the DA.

16 August 2013
North Sydney Council
Page 12

If you have any queries regarding any of the above, please do not hesitate to contact the undersigned.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Joshua Palmer', with a long horizontal flourish extending to the right.

Joshua Palmer
Associate

A handwritten signature in blue ink, appearing to read 'Gary Green', with a large, stylized initial 'G' and a horizontal line across the middle.

Gary Green
Partner



North Shore vacancy rate rising again

Published: 31 Jul 2013 Author: Property Council Source: Property Council of Australia



Weak demand has led to rising vacancy rates across the North Shore office market, according to the Property Council of Australia's latest *Office Market Report*.

"The weakest period of demand in over five years has been the main driver of a rise in vacancy rates," says Property Council NSW Executive Director Glenn Byres.

"Net absorption dropped by 39,191sqm – and as a result, the vacancy rate rose from 9 percent to 11.2 percent in the six months to July 2013.

"The vacancy rate rose above 9 percent in all three sub-markets, and demand was in the negative across most grades.

"In the sub-markets, North Sydney's vacancy rate rose from 7.8 percent to 10.6 percent, Crows Nest went from 12 percent to 13.8

percent and Chatswood from 8.9 percent to 9.8 percent.

"The biggest fall in demand occurred in North Sydney, with net absorption dropping by 24,773sqm."

Mr Byres said 1617sqmsqm of stock is due to enter the North Shore market in the second half of 2013, followed by a further 6,872sqm of new stock in 2014.

Analysis & Commentary – North Shore, Jul 2013

Headline comments:

Vacancy for the overall North Shore market increased over the period

This was due to weak demand

Only D Grade experienced positive demand and a vacancy decrease

All grades of space have vacancy above 9 percent

Vacancy analysis:

Total vacancy for the North Shore increased from 9.0 percent in January 2013 to 11.2 percent in July 2013

This was largely due to net absorption of -39,191sqm, the weakest since January 2008

There were 350sqm of supply additions over the period, while 7,728sqm was withdrawn

Only D Grade experienced positive demand and a vacancy decrease

All grades of space have vacancy above 9 percent

North Sydney:

North Sydney vacancy increased from 7.8 percent to 10.6 percent over the half year to July 2013

This was largely due to -24,773sqm of net absorption, the weakest since January 2008

350sqm of space was added over the period, while 1,443sqm was withdrawn

Crows Nest / St Leonards:

Vacancy increased from 12.0 percent to 13.8 percent

This was largely due to -10,436sqm of net absorption

Withdrawals totaled 4,668sqm

Chatswood:

Vacancy in Chatswood increased in the 6 months to July 2013 from 8.9 percent to 9.8 percent

The increase was due largely to -3,982sqm of net absorption

Withdrawals totaled 1,617sqm

Future supply:

1,617sqm of stock is due to enter the North Shore market in the second half of 2013

6,872sqm of projects are due to be completed in 2014

40,100sqm of space is due to come online from 2015 onwards

119,000sqm is mooted

Key market indicators, North Shore (aggregate)

Grade	Vacancy, Jul 13 (%)	Vacancy, Jan 13 (%)	Net absorption, 6 months to Jul 13 (sqm)	Net absorption, 12 months to Jul 13 (sqm)
A	9.7	8.2	-8,122	5,993
B	9.6	8.6	-5,654	-1,941
C	15.2	10.3	-25,500	-23,525
D	18.3	18.5	85	-1,439
Total	11.2	9.0	-39,191	-20,196

Key market indicators, North Shore (by locale)

Locale	Vacancy, Jul 13 (%)	Vacancy, Jan 13 (%)	Net absorption, 6 months to Jul 13 (sqm)	Net absorption, 12 months to Jul 13 (sqm)
North Sydney	10.6	7.8	-24,773	-27,904
Crows Nest / St Leonards	13.8	12.0	-10,436	-1,972
Chatswood	9.8	8.9	-3,982	9,680

Future supply, North Shore (by locale)

Locale	Future supply by year (sqm)			
	2013	2014	2015+	Mooted
North Sydney	0	2,472	40,100	46,500
Crows Nest / St Leonards	0	0	0	72,500
Chatswood	1,617	4,400	0	0
Total North Shore	1,617	6,872	40,100	119,000

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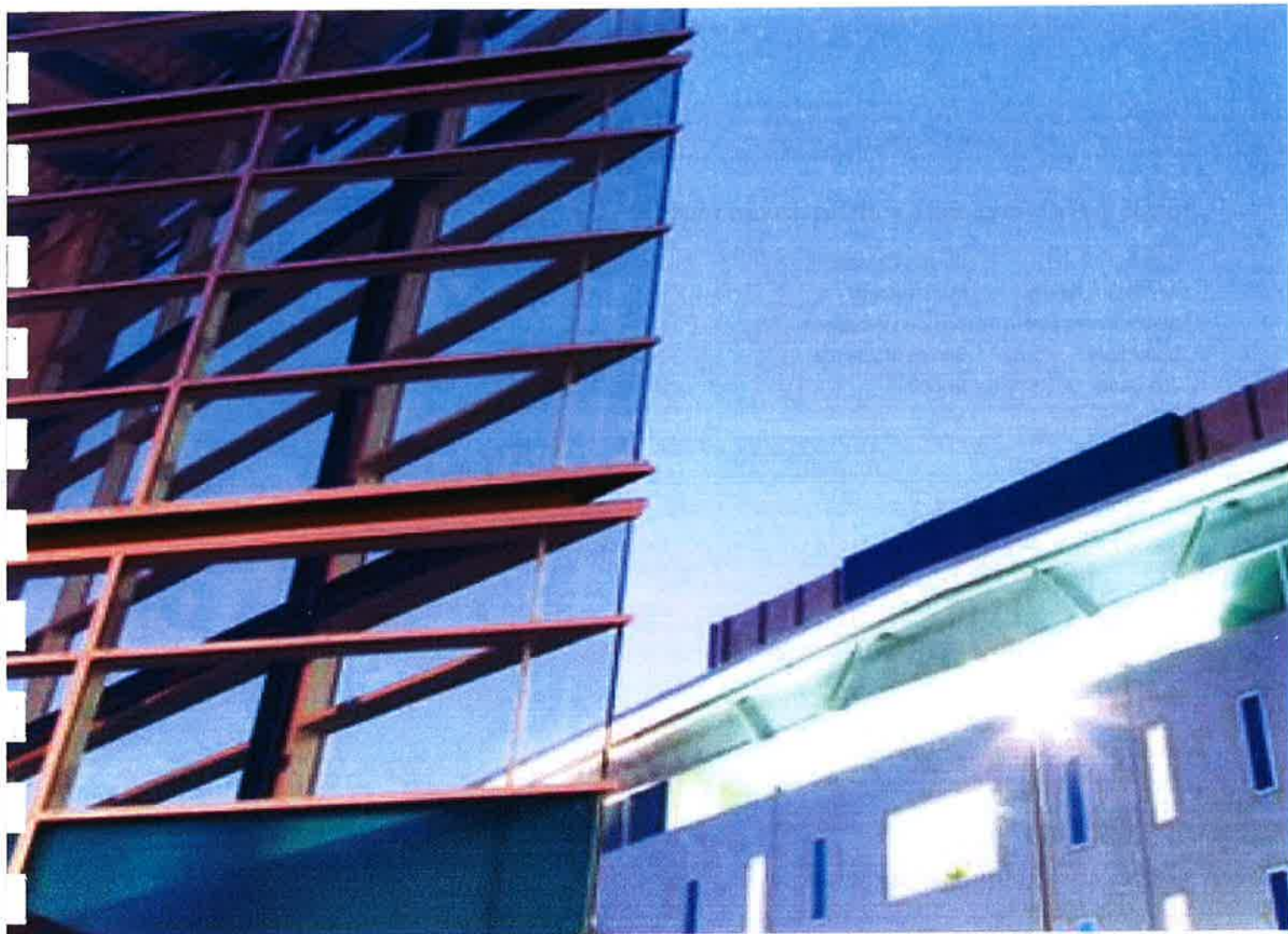
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02 9033 1943 or 0410 449 210

For full analysis and coverage, visit the dedicated website: www.officemarketreport.com.au

APPENDIX C

**Optimising Development Typology in North Sydney
Urbis**

**Land Use and Apartment Mix
Commercial and Residential Market Report
JBA Urban Planning Consultants**



Optimising Development Typology in North Sydney

Prepared for Strand Estates Pty. Limited in Support of a Planning Proposal to Reduce
the Commercial FSR at 144 Pacific Highway North Sydney

July 2011

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Executive Summary

Urbis has been engaged by Strand Estates Pty Limited to undertake a development typology analysis and make recommendations for the development mix of a proposed development at 18 Berry Street and 144-150 Pacific Highway, North Sydney. Strand Estates is proposing a mixed use development, comprising commercial floor space and residential uses.

This report is for the use in support of a planning proposal for a reduction in the commercial floor space ratio (FSR) for the subject site. This report outlines the economic justification for the relaxation of the prescribed mix as detailed in the DCP and DDCP. This is recommended based on analysis of current market conditions which at present do not promote an economically viable development based on commercial uses only. Accordingly, the larger provision of residential uses within a development is seen as being more feasible at this time.

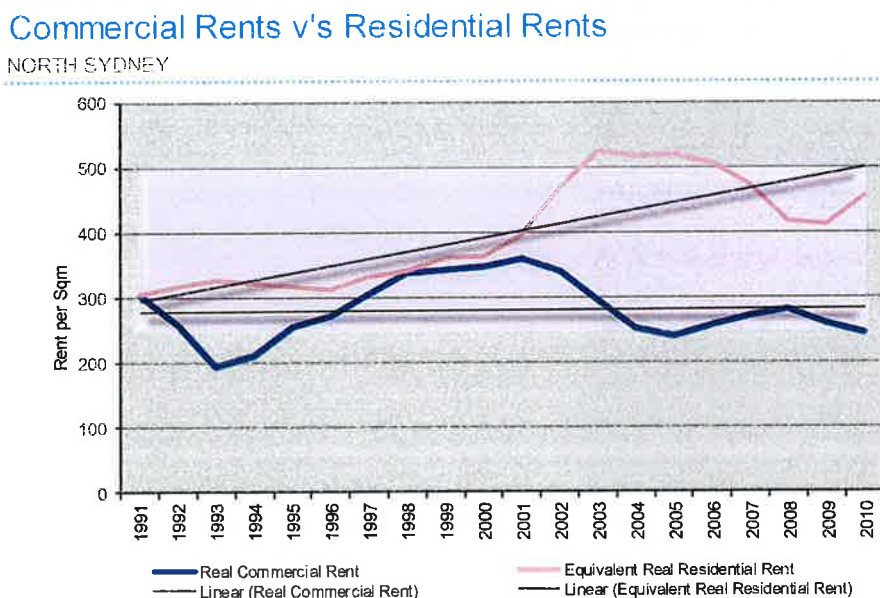
Urbis has considered the profile of existing residents of North Sydney, the residential market and the commercial market. We have then analysed and assessed the nature of, and relationship between, residential and commercial uses in North Sydney.

Our analysis of the residential market demonstrates that there is an undersupply of residential apartments.

Our analysis of the commercial office market demonstrates that there is a substantial over supply and that this oversupply will continue over coming decades.

The demand for residential dwellings over commercial space is demonstrated by the difference between real rental growth over the last twenty years.

FIGURE 1 – CHANGES IN REAL COMMERCIAL RENT VS REAL RESIDENTIAL RENT



The subject buildings are on the fringe of the CBD. They are dated and of a standard no longer in demand within the market. Refurbishment of the buildings is not considered a practical option given the limited demand generally in North Sydney and particularly given the fringe location. There are residential buildings within close proximity to the subject.

We find that residential land use is substantially more productive and results in a substantially higher net community benefit, than does commercial use.

We recommend that to secure the optimal sustainable future for the North Sydney CBD, residential development be encouraged, in place of commercial development.

We further recommend that consistent with the above recommendation the subject building be permitted to be developed with a minimum of commercial space, in favour of residential accommodation.

Introduction

Urbis has been engaged by Strand Estates Pty. Limited to undertake a development typology analysis and make recommendations for the development mix of a proposed development at 18 Berry Street and 144-150 Pacific Highway, North Sydney. We understand that Strand Estates is proposing a mixed use development, comprising commercial floor space on the lower levels with residential uses above.

The proposed development is expected to comprise a dwelling typology mix which represents a variation from that set out in North Sydney Council's Development Control Plan. Further, the proposal will require a variation to the commercial FSR provisions identified in Council's Local Environmental Plan 2001 and Draft Local Environmental Plan 2009 (LEP). The DCP provides that, 'substantive variations to unit mix must be supported by an authoritative analysis of current and future market demand'¹.

As part of the documentation which is to be submitted with the Planning Proposal and Development Application for this proposal, it will be necessary to consider the proposed nature of the development in the context of a range of policy documents including.

- Local Environmental Plan 2001;
- Development Control Plan 2002;
- Draft LEP 2009;
- Draft Development Control Plan 2010;
- Affordable Housing Strategy 2008;
- State Government's State Environmental Planning Policy (SEPP) 65, which relates to residential apartment buildings.

Having considered the background to the development we then consider the commercial and residential markets in North Sydney. We look at the history of the markets and by considering future demand and supply draw conclusions about where the markets are going individually. Following this we discuss the interrelationship between the markets and draw out the implications for the future of the North Sydney CBD and Suburb.

1.1 PROPOSED METHODOLOGY

In order to demonstrate the appropriate development typology mix and need for a commercial FSR variation, it has been necessary to set the context for the scheme through the consideration of a range of factors, including the following:

- The demographic profile of the existing community of North Sydney, including population; age; household types and occupancy rates; tenure; average weekly incomes (individual and household); car ownership and the method of travel to work;
- The workforce profile and growth for North Sydney and the Inner North Sub Region;
- The supply of commercial space is considered through an analysis of existing vacancy and planned future development compared to anticipated workforce growth;
- The current commercial market demand within North Sydney, including demand for particular residential unit types (one, two and three-bedroom units);
- A review of office rent change in North Sydney;

¹North Sydney Council, *Development Control Plan 2002*, p38.

- The current residential market demand within North Sydney, including demand for particular residential unit types (one, two and three-bedroom units);
- The historic apartment sales rates and historic net absorption rates for North Sydney commercial property;
- Affordability, through comparative consideration of weekly household incomes; weekly rents, and monthly home loan repayments;
- A consideration of the relationship between commercial and residential uses and markets.

Our consideration of these factors has involved consultation with local real estate agents, to determine levels of demand for particular unit and office types and associated levels of demand, supply and affordability.

The key elements of this research are set out below.

1. POLICY AND DOCUMENT REVIEW

We have undertaken a limited contextual review of relevant policy documents, including the Draft LEP 2009, Draft Development Control Plan 2010, North Sydney Residential Strategy 2009, and Affordable Housing Strategy 2008. The State Government's State Environmental Planning Policy (SEPP) 65 and the LEP 2001 and DCP 2002.

2. DEMOGRAPHIC PROFILING AND POPULATION PROJECTIONS

We have prepared a demographic profile of the local community, based on ABS Census data for the North Sydney LGA, North Sydney Suburb and the Sydney SD. We have examined the data available for 2001 and 2006, to provide a longitudinal analysis, in relation to the following community characteristics:

- Total population;
- Population density (persons per hectare);
- Age profile;
- Dwelling types;
- Household structure and size (including average household occupancy rates);
- Household tenure;
- Household income and family income;
- Housing costs: weekly rental payments and monthly loan repayments;
- Motor vehicle ownership;
- Method of travel to work;
- Workforce characteristics.

In addition to the analysis of the existing community, we have undertaken an analysis of population projections for the local government area, based on NSW Department of Planning 2010 projections.

Analysis of this data has enabled us to provide a profile of the local community with regard to the likely market for the residential development scheme which is proposed and associated housing diversity and affordability issues.

3. MARKET DEMAND ANALYSIS

3.1 Residential market demand analysis

We have undertaken an analysis of local residential market characteristics.

Utilising the RP Data residential property database, we have undertaken an historical study of apartment sales in the locality. This has enabled us to provide an analysis of sales rate in recent years in relation to key price points and dwelling types.

We have also considered market rent data available for a range of dwelling types (one to three-bedroom) in the locality.

In addition to our quantitative evaluation of available data, we have consulted with local real estate agents, to gain further insights into the local market context.

3.2 Commercial market demand analysis

This has included an analysis of commercial market characteristics and opportunities using local intelligence and existing Urbis data and resources. Urbis has considered existing and predicted future supply, net absorption rates and potential long term take up of future supply. We have reviewed the historic changes in rentals within North Sydney and considered this in the context of demand for office space.

4. FINAL ANALYSIS AND CONCLUSIONS

Following our review of the socio-economic profile of the area and market parameters for residential and commercial property, we have considered the broader implications for development typology within North Sydney.

2 Policy and document review

This section contains a review of the planning instruments that apply to the locality, including the following:

- 1) North Sydney Local Environment Plan 2001;
- 2) North Sydney Development Control Plan 2002;
- 3) North Sydney Affordable Housing Strategy 2008;
- 4) NSW State Environmental Planning Policy No. 65;
- 5) North Sydney Draft LEP 2009 and Draft DCP 2010.

2.1 NORTH SYDNEY LOCAL ENVIRONMENT PLAN 2001

The North Sydney Local Environment Plan 2001 (LEP) was adopted by Council on 10 July 2000 and came into effect on 1 June 2001. The LEP provides the planning objectives and development controls for new buildings and other developments, and clearly states which types of development require consent. The objectives and controls cover zoning, height, floor space ratios, landscaping, overshadowing, and heritage and conservation areas.

Development not specifically permitted by the LEP is prohibited, and no development applications can be made for those types of developments. The LEP is supplemented by North Sydney Development Control Plan 2002 (DCP), which provides guidelines on detailed aspects of development.

The specific aims of the LEP are found in Part 1.3(a) and include:

- to promote the character of the neighbourhood and development which is compatible with neighbouring development in terms of bulk, scale and appearance;
- to maintain a diversity of activities while protecting residential accommodation and local amenity; and
- to ensure that development on foreshore lands or land visible from the harbour or any public place does not adversely affect the appearance of that foreshore land, or the views of that land from the harbour or public place.

Part 2 of the LEP sets out the general provisions for the development of land in North Sydney LGA and the section most relevant to this proposal is section 2.14 which outlines the aims of the LEP in relation to zone objectives and desired character. The objectives of development in mixed use zones are to:

- encourage a diverse range of living, employment, recreational and social opportunities, which do not adversely affect the amenity of residential areas;
- create interesting and vibrant neighbourhood centres with safe, high quality urban environments with residential amenity;
- maintain existing commercial space and allow for residential development in mixed use buildings with non-residential uses at lower levels and residential above; and
- promote affordable housing.

Permitted developments in this zone include, but are not limited to, apartment buildings and attached dwellings.

Part 3.25 indicates the intended objectives for apartment building development are to 'reduce the adverse effect of larger scale buildings and ensure that apartment buildings do not dominate the streetscape and ensure that dwelling-houses or duplexes will not be left isolated on sites that are not reasonably capable of development for apartment buildings.'² An apartment building must not be erected if:

- the length of any façade facing the street is less than 9 metres or more than 15 metres; or

²North Sydney Council, *Local Environment Plan 2001*, Part 3, p10

- dwelling-house or duplex will be left isolated as a result of the development on sites that are not reasonably capable of development for apartment buildings.

2.2 NORTH SYDNEY DEVELOPMENT CONTROL PLAN 2002

The North Sydney Development Control Plan 2002 (DCP) came into effect on 21 February 2002 and applies to all land in the North Sydney Local Government Area (LGA). The DCP provides objectives and controls for development proposals within the North Sydney LGA, the provisions of which are designed to promote development consistent with the desired character, urban design and community outcomes for the North Sydney LGA.

Section 6 – Mixed Use Development and the functional objectives include:

- a dwelling mix that achieves an on-site dwelling density contributing to energy efficient design and residential amenity;
- housing choice in the mix of dwelling sizes and in the range of affordability;
- uses and activities are mixed to meet the needs of residents, workforce and visitors;
- public transport, including walking and cycling, is the main form of access;
- Section 6 of the DCP contains a number of subsections and clauses that guide the desired development outcomes. The clauses most relevant to this development are contained in section 6.1b and include;
- developments in mixed use zones should be consistent with the dwelling density objectives established in North Sydney Council's Residential Development Strategy.

The mix of dwelling types required is listed in Table 1 below.

Table 1 – Mix of dwelling types required under the North Sydney DCP 2002

1.	Dwelling type	2.	Control
3.	Studio apartments	4.	15% (max)
5.	1 bedroom apartments;	6.	30% (max)
7.	2 bedroom apartments;	8.	40% (min)
9.	3 bedroom or greater;	10.	15% (min)

Source: North Sydney DCP, 2002

- substantive variations to unit mix must be supported by an authoritative analysis of current and future market demand;
- new developments should provide at least 4% of dwelling space as affordable housing (applicable with gazettal of Affordable Housing State Environmental Planning Policy);
- provide a minimum 10% of dwellings as adaptable housing;
- integrate the affordable housing components, do not isolate them or use a different standard of materials and finishes; and
- provide services and facilities within the development that meet the needs of different population groups and build flexibility into communal spaces to meet changing needs.

The North Sydney Council Residential Development Strategy (the Strategy) is incorporated into the DCP. The Strategy aims to accommodate growth in an appropriate manner in terms of local character, access to facilities and services, employment and transport opportunities and environmental impact. The basic aims of the Strategy are to:

- preserve existing and potential commercial floor space from further residential competition by maintaining a high quality business centre - the North Sydney Centre - and prohibiting residential development in the core area of the centre;
- maintain smaller scale commercial and retail space in the mixed use centres and provide for dwelling/population growth through increased heights;
- reduce pressure for redevelopment in Conservation Areas by down zoning to Residential A2 and Residential B to reflect existing detached/semi-detached and terrace/town-house style development, respectively;
- reduce pressure for redevelopment in sensitive areas, the foreshores or adjoining bushland, or where traffic access is limited, by maintaining a lower density zone in those areas;
- maintain housing choice by maintaining intact areas of detached housing and allowing for further development of apartments and attached dwellings only in appropriate locations - in the understanding that detached dwellings provide for families and will contribute substantially to maintaining population numbers and mix;
- concentrate further development in areas with good access to transport employment and other services, and where the impact of development can best be absorbed with minimal impact on amenity, environment and heritage; and
- reduce development pressures in the areas of Kirribilli, Cremorne Point, McMahon's Point and Waverton, which are considered fully developed in terms of the impacts of existing development on parking, traffic, heritage, visual amenity and stormwater runoff.

2.3 NORTH SYDNEY AFFORDABLE HOUSING STRATEGY 2008

North Sydney Council has had significant involvement in affordable housing over the past 20 years. The North Sydney Affordable Housing Strategy 2008 (AHS) was commissioned by Council to review the effectiveness of current policy in this area and to provide strategic direction to increase effectiveness and ensure sustainability of involvement into the future.

The overarching aim of the AHS is 'to maintain and increase the amount of affordable rental stock in North Sydney LGA and ensure the long term sustainability of Council's involvement in affordable housing.'³

The AHS is divided into two parts. Part A provides an overview of supporting data and information on local affordable housing issues and the policy context that supports the strategies proposed. Part B sets out the proposed strategic directions for Council's consideration that aims to retain and increase the amount of affordable rental stock in North Sydney LGA and ensures Council's long-term involvement in affordable housing.

The AHS provides 6 key strategies for Council to consider and makes recommendations on how Council can obtain the objectives specified in each of the strategies.

2.4 NSW STATE ENVIRONMENTAL PLANNING POLICY NO. 65

The NSW State Environmental Planning Policy No. 65 (SEPP 65) came into effect on 1 December 2003 and applies to any proposed residential flat development application submitted after that date.

SEPP 65 was established to implement the recommendations of Achieving Better Design - Residential Flat Developments in NSW, the report of the Urban Design Advisory Committee in response to the Forum on Residential Flat Design in March 2000. This forum brought together a range of industry stakeholders to consider ways of improving the design quality of residential flat buildings.

³North Sydney Council, *Affordable Housing Strategy 2008*, p1

SEPP 65 aims to improve design quality of residential flat buildings of three or more storeys, and those containing four or more self-contained dwellings. The Policy recognises that the design quality of residential flat development is of significance for environmental planning for the State due to the economic, environmental, cultural and social benefits of high quality design.

The aims and objectives of SEPP 65 are stated in Part 1 section 2 and are to:

- improve the design quality of residential flat development in New South Wales;
- recognise that the design quality of residential flat development is of significance for environmental planning for the State due to the economic, environmental, cultural and social benefits of high quality design;
- improve the design quality of residential flat development aims:
 - to ensure that it contributes to the sustainable development of New South Wales:
 - ✓ by providing sustainable housing in social and environmental terms;
 - ✓ by being a long-term asset to its neighbourhood; and
 - ✓ by achieving the urban planning policies for its regional and local contexts;
 - to achieve better built form and aesthetics of buildings and of the streetscapes and the public spaces they define;
 - to better satisfy the increasing demand, the changing social and demographic profile of the community, and the needs of the widest range of people from childhood to old age, including those with disabilities;
 - to maximise amenity, safety and security for the benefit of its occupants and the wider community; and
 - to minimise the consumption of energy from non-renewable resources, to conserve the environment and to reduce greenhouse gas emissions;
- provide consistency of policy and mechanisms across the State, and a framework for local and regional planning to achieve identified outcomes for specific places.

Part 1 Section 4 of the SEPP 65 states that the 'policy applies to development being the erection of a new residential flat building, and the substantial refurbishment of an existing residential flat building, and the conversion of an existing building to a residential flat building.'

Clause 30(2)(c) of the SEPP 65 requires a consent authority to 'take into consideration the publication Residential Flat Design Code (a publication of the Department of Planning, September 2002)' before determination of the development application.

2.5 NORTH SYDNEY LOCAL DEVELOPMENT STRATEGY

The North Sydney Draft Local Development Strategy acknowledges the importance of flexibility in development options.

"It is important to note however, that under DLEP 28 a number of the mixed use properties in the North Sydney Centre will provide the flexibility for future development to be either fully commercial or predominantly residential (with non-residential use provided on lower floors). The reason for incorporating this flexibility within LEP controls is to allow property owners and developers to develop properties according to prevailing market conditions."

It is noted that Council has planned for sufficient development potential in which the LGA will accommodate 5,500 additional dwellings and 11,000 additional jobs in the CBD by 2031. However it is also worth noting that simply zoning land for particular accommodation does not necessarily lead to the development or use of that accommodation in the desired way. Jobs are created through economic

growth and new jobs in a location will always require new residential accommodation in a complementary location.

Council has also committed to concentrating the bulk of new dwellings in close proximity to facilities and amenity. This includes development in mixed use centres in close proximity to retail, office, health, education, transport, leisure, entertainment facilities and community and personal services. One of the most effective ways to do this is to concentrate and encourage more residential development at the fringe of the CBD Core.

2.6 DLEP 2009 AND DDCP 2010

LEP and DCP documents are the principal documents by which Council administers and controls development within the North Sydney LGA. (North Sydney CC, 2011)

The draft LEP was exhibited during early 2011 and issued to Department of Planning and Infrastructure in July, although we understand that DP&I will require it to be re-exhibited in the near future. The draft DCP is currently on public exhibition.

The major differences between LEP 2001 and the draft LEP include:

- New zone names, standard across all councils;
- New definitions, standard across all councils;
- New planning controls for the North Sydney Centre;
- The rezoning of the majority of sites currently zoned Special Uses (schools, churches, car parks etc) to the nearest appropriate zone;
- Incorporation of the adopted North Sydney Heritage Review recommendations;
- Rezoning of some land from Mixed Use to Commercial in St Leonards, Crows Nest and the North Sydney Centre;
- The removal of building height plane and landscaped area controls, which have been incorporated into the draft DCP; and
- Controls mandated by the Department of Planning's section 65 certificate dated 29 October 2010;
- The removal of the notional arc concept for height limits and its replacement with specific RL's for each site;
- The need to read the RL provisions in conjunction with over shadowing implications;
- The introduction of significant increases in development potential in some areas and reductions in others, such as the subject site.

The major changes proposed under the draft DCP include:

- Combining the former "Commercial" and "Mixed Use" sections into a single section;
- Incorporating new sections relating to "Non-residential development in residential zones" and "accessibility";
- Incorporation of the adopted North Sydney Heritage Review recommendations;
- Incorporating Council's Tree Preservation Order controls;

- Incorporating existing provisions of NSLEP 2001 which cannot be incorporated into the draft LEP; and
- New provisions for landscaping, site coverage, deep soil requirements, building height plane and building setbacks;
- The part dealing with area character statements has yet to be finalised.

2.7 IMPLICATIONS OF REVIEW OF PLANNING CONTEXT

The objectives of the LEP are to:

- promote the character of the neighbourhood and development which is compatible with neighbouring development in terms of bulk, scale and appearance;
- to maintain a diversity of activities while protecting residential accommodation and local amenity;
- to encourage a diverse range of living, employment, recreational and social opportunities, which do not adversely affect the amenity of residential areas;
- maintain existing commercial space and allow for residential development in mixed use buildings with non-residential uses at lower levels and residential above; and
- to promote affordable housing.

The DCP aims to:

- promote a dwelling mix that achieves an on-site dwelling density contributing to energy efficient design and residential amenity, housing choice in the mix of dwelling sizes and in the range of affordability;
- uses and activities that are mixed to meet the needs of residents, workforce and visitors;
- developments in mixed use zones should be consistent with the dwelling density objectives established in North Sydney Council's Residential Development Strategy;
- substantive variations to unit mix must be supported by an authoritative analysis of current and future market demand;
- new developments should provide at least 4% of dwelling space as affordable housing (applicable with gazettal of Affordable Housing State Environmental Planning Policy);
- provide a minimum 10% of dwellings as adaptable housing;
- integrate the affordable housing components, do not isolate them or use a different standard of materials and finishes;
- To maintain smaller scale commercial and retail space in the mixed use centres and provide for dwelling/population growth through increased heights;
- the AHS recommends that Council consider the development of planning incentives based on density bonuses as outlined in Strategy 6, and undertake more detailed investigation and modelling regarding how this approach would best be utilised in the North Sydney LGA housing market; and
- SEPP 65 aims to:
 - improve the design quality of residential flat development in New South Wales;

- recognise that the design quality of residential flat development is of significance for environmental planning for the State due to the economic, environmental, cultural and social benefits of high quality design;
- improve the design quality of residential flat development; and
- provide consistency of policy and mechanisms across the State, and a framework for local and regional planning to achieve identified outcomes for specific places.

3 Demographic Profile of North Sydney Suburb and North Sydney LGA

The following section outlines the key demographic characteristics considered in this study, considering data from the ABS 2006 Census and CDATE and North Sydney Council's key social and strategic planning documents. This demographic analysis aims to correlate specific population, housing and income characteristics of these areas. This process provides a context for assessing and identifying the appropriate dwelling typology and affordability factors associated with the proposed development.

The latter part of this section provides commentary of the projected population profile of North Sydney compared to Sydney. The subject site is located in the suburb of North Sydney. For the purpose of this study, this suburb has been compared to the North Sydney Local Government Area (LGA) and the Sydney Statistical Division (Sydney Average). In addition to the demographic profile we have also considered workforce characteristics for North Sydney.

3.1 AGE PROFILE

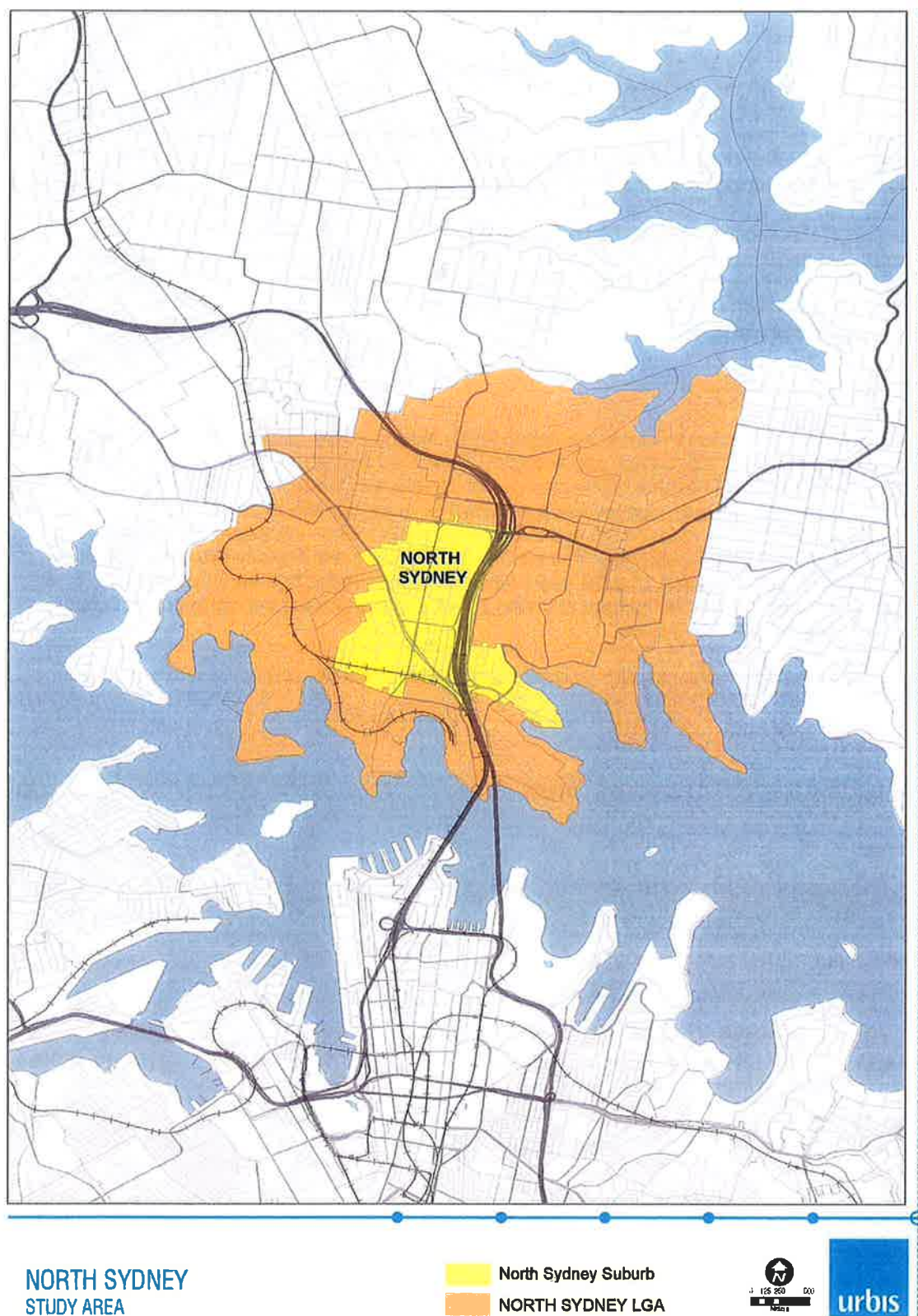
At the time of the 2006 Census the total population within North Sydney (suburb) was 6,059 persons, with a median age of 34 years. This median age is slightly lower than that of the North Sydney LGA (35) and Sydney SD (35) averages. The table below provides an overview of the age profile of North Sydney. As can be seen, the suburb of North Sydney has a significantly lower number of persons aged 0 to 4 years (3.4% and 2.4%) and 5 to 14 years (4.5% and 2.7% respectively), when compared to the Sydney averages (6.6% and 13.0% respectively). The suburb and LGA of North Sydney have a significantly higher proportion of persons aged 25 to 34 years when compared to the Sydney Average. This comparison may reflect the higher number of young couples and professionals, as opposed to families with children, who reside in the suburb.

TABLE 2 – AGE PROFILE FOR NORTH SYDNEY (SUBURB) COMPARED TO NORTH SYDNEY LGA AND SYDNEY SD.

AGE	NORTH SYDNEY (SUBURB)	NORTH SYDNEY LGA	SYDNEY SD
Population	▪ 6,059	▪ 58,257	▪ 4,119,190
Median Age	▪ 34	▪ 35	▪ 35
0-4 years	▪ 3.4%	▪ 4.5%	▪ 6.6%
5-14 years	▪ 4.5%	▪ 5.1%	▪ 13.0%
15-24 years	▪ 15.0%	▪ 10.6%	▪ 13.8%
25-34 years	▪ 28.8%	▪ 27.6%	▪ 15.3%
35-44 years	▪ 14.5%	▪ 16.8%	▪ 15.3%
45-54 years	▪ 9.6%	▪ 12.0%	▪ 13.5%
55-64 years	▪ 10.8%	▪ 11.5%	▪ 10.2%
65 years and over	▪ 13.6%	▪ 11.9%	▪ 12.3%

Source: ABS, 2006

FIGURE 2 – NORTH SYDNEY (SUBURB) AND STUDY AREAS



Source: Urbis, 2010

3.2 HOUSEHOLD FORMATION AND STRUCTURE

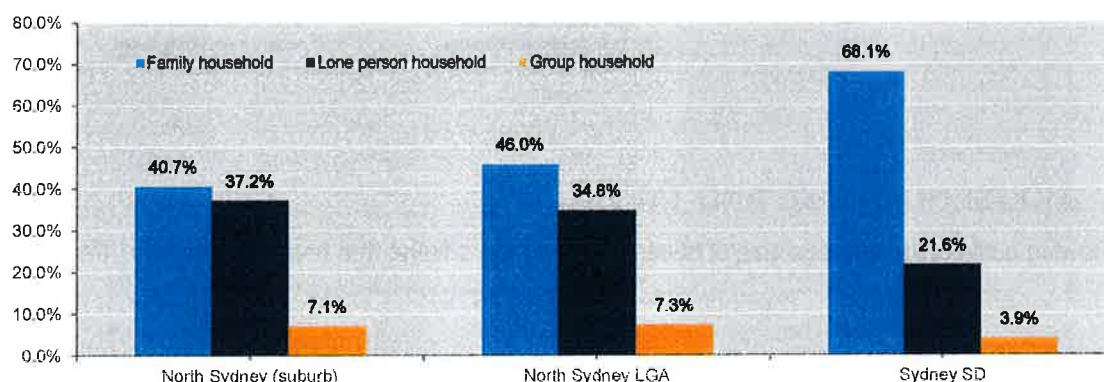
The figure below provides a snapshot of the household formations within the designated suburbs studied as well as North Sydney LGA and Sydney SD. North Sydney (suburb) (40.7%) and the North Sydney LGA (46.0%) have a significantly lower number of family households than that of the Sydney average (68.1%).

The suburb of North Sydney has the largest total percentage of lone person households (37.2%) when compared to the Sydney Average. The North Sydney LGA also has a higher than average percentage of lone person households (34.8%). It is noted that group households within North Sydney (suburb) and North Sydney LGA are somewhat higher than the Sydney average.

FIGURE 3 – HOUSEHOLD FORMATION FOR NORTH SYDNEY (SUBURB) COMPARED TO NORTH SYDNEY LGA AND SYDNEY SD.

Household formation

NORTH SYDNEY (SUBURB), NORTH SYDNEY LGA AND SYDNEY SD



Source: ABS, 2006

Note: Those respondents who did not state their household formation are not included in the above figure

Figure 3 below provides a more detailed perspective of the household structure of North Sydney compared to the Sydney SD.

It is evident that North Sydney (suburb) has a significantly higher percentage of one person households (43.9%) in comparison to the Sydney average (23.1%). This is also replicated in the North Sydney LGA (39.5%).

Two person households are also significantly higher within North Sydney (suburb) (40.0%) and the North Sydney LGA (40.2%) when compared to the Sydney average of 31.2%.

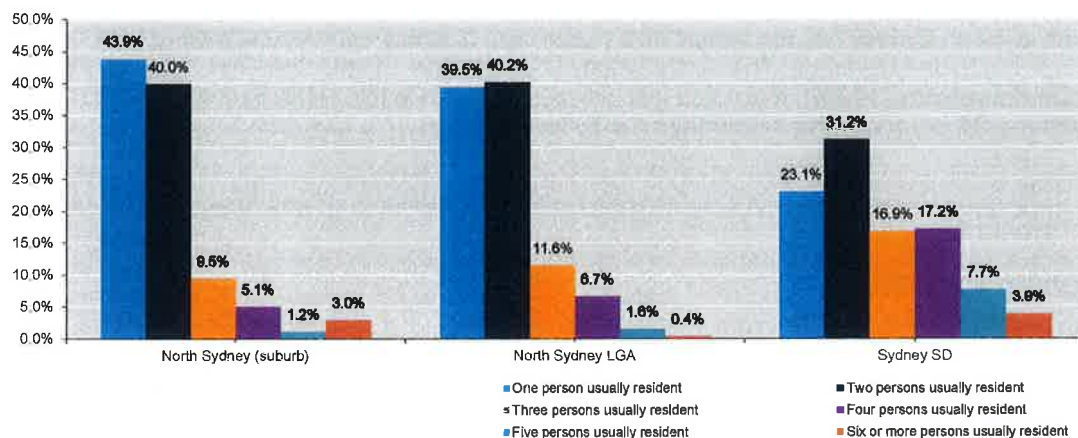
The Sydney Average for three person household or more is higher than that of North Sydney.

Given that there are less lone person households than single person residents, may be suggestive that individual residents are more likely to travel and be away more.

FIGURE 4 – HOUSEHOLD STRUCTURE IN NORTH SYDNEY (SUBURB) COMPARED TO NORTH SYDNEY LGA AND SYDNEY SD.

Household structure

NORTH SYDNEY (SUBURB), NORTH SYDNEY LGA AND SYDNEY SD



Source: ABS, 2006

3.3 HOUSEHOLD SIZE AND TYPE

The following outlines the average size of households and the change that has occurred from 1996 to 2006.

TABLE 3 – HOUSEHOLD SIZE IN NORTH SYDNEY (SUBURB) IN COMPARISON WITH NORTH SYDNEY LGA AND SYDNEY SD.

CHARACTERISTICS	NORTH SYDNEY (SUBURB)	NORTH SYDNEY LGA	SYDNEY SD
Average household size 2006	▪ 1.8	▪ 1.9	▪ 2.7
Average household size 2001	▪ 1.9	▪ 1.9	▪ 2.6
Average household size 1996	▪ 1.9	▪ 1.9	▪ N/A

Source: ABS, 2006

Overall, at the time of the 2006 Census, the suburb of North Sydney and the North Sydney LGA have significantly lower average household sizes than that of the Sydney SD.

Household size in the suburb of North Sydney has slightly declined from 1.9 persons in 1996 and 2001 to 1.8 persons at the time of the 2006 Census

The North Sydney LGA average household size remained the same (1.9 persons) between 1996 and 2006. Table 2 below details these figures.

Table 3 below provides an overview of the housing types within North Sydney (suburb), North Sydney LGA and the Sydney SD.

It can be seen that the majority of housing types within North Sydney (suburb) (74.1%) and North Sydney LGA (70.3%) are flats, units or apartments. These are significantly higher than that of the Sydney average of 25.7%.

The suburb and LGA of North Sydney have a similar percentage of separate houses stated (12.6% and 13.9%) respectively. This is considerably lower than the Sydney Average of 61.7%.

TABLE 4 – HOUSING TYPE WITHIN NORTH SYDNEY (SUBURB) WITH NORTH SYDNEY LGA AND SYDNEY SD.

HOUSE TYPE	NORTH SYDNEY (SUBURB)	NORTH SYDNEY LGA	SYDNEY SD
Separate house	12.6%	13.9%	61.7%
Semi-detached, row or terrace townhouse	12.3%	15.0%	11.8%
Flat, unit or apartment	74.1%	70.3%	25.7%
Other e.g. caravan, houseboat	1.0%	0.8%	0.7%
Not stated	0.0%	0.0%	0.1%

Source, ABS, 2006

3.4 HOUSEHOLD TENURE

The following explains the tenure type associated with North Sydney and the Sydney SD.

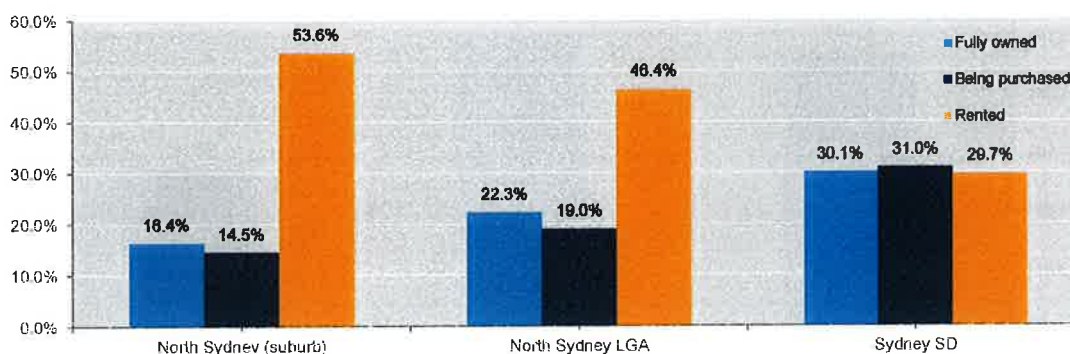
The figure below shows that there are a significantly higher proportion of rented homes within North Sydney (suburb) (53.65%) and the North Sydney LGA (46.4%) as a whole when compared to the Sydney Average of 29.7%.

Overall, at the time of the 2006 Census, these suburbs and North Sydney LGA had a significantly lower proportion of property being fully owned or being purchased when compared to Sydney.

FIGURE 5 – TENURE TYPE FOR NORTH SYDNEY (SUBURB) COMPARED TO NORTH SYDNEY LGA AND SYDNEY SD

Household tenure type

NORTH SYDNEY (SUBURB), NORTH SYDNEY LGA AND SYDNEY SD



Source: ABS, 2006

Note: The graph does not include those who did not state an answer or stated 'other tenure type'

3.5 INDIVIDUAL AND HOUSEHOLD INCOME

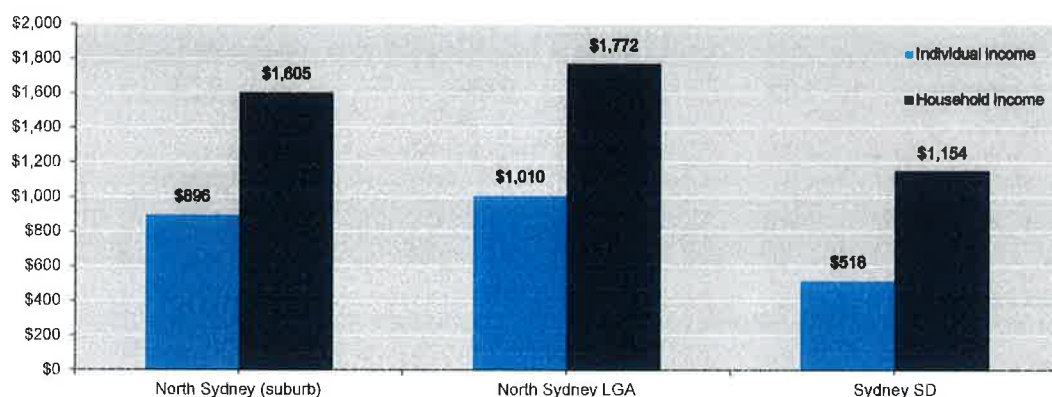
The figure below presents a comparison of the median individual and household incomes for North Sydney (suburb), the North Sydney LGA and the Sydney SD.

At the time of the 2006 Census, North Sydney (suburb) had a significantly higher weekly individual (\$896) and weekly household (\$1,605) income when compared to the Sydney average of \$518 and \$1,154 respectively.

FIGURE 6 – WEEKLY INDIVIDUAL AND HOUSEHOLD INCOME FOR NORTH SYDNEY (SUBURB) COMPARED TO NORTH SYDNEY LGA AND SYDNEY SD.

Weekly household income

NORTH SYDNEY (SUBURB), NORTH SYDNEY LGA AND SYDNEY SD



Source: ABS, 2006

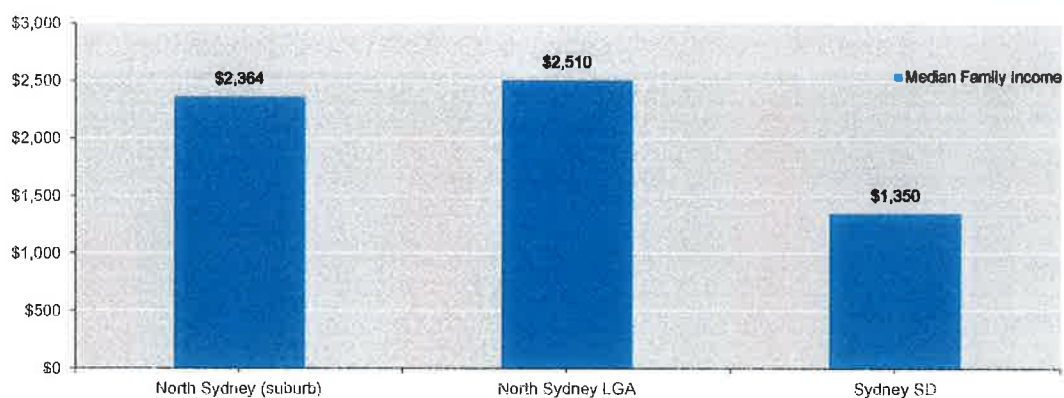
3.6 FAMILY INCOME

The following figure provides the average weekly family incomes for North Sydney (suburb) compared to the North Sydney LGA and the Sydney Average.

FIGURE 7 – WEEKLY FAMILY INCOME FOR NORTH SYDNEY AND SYDNEY SD

Median Family Income

NORTH SYDNEY (SUBURB), NORTH SYDNEY LGA AND SYDNEY SD



Source: ABS, 2006

3.7 WEEKLY RENTAL PAYMENTS

The table below details weekly rent payments for North Sydney (suburb) compared to the North Sydney LGA and the Sydney SD as at the time of the 2006 Census. As stated previously, North Sydney (suburb) and the North Sydney LGA have significantly higher rental tenure than that of the Sydney Average.

This is discussed in further detail in Section 4 of this report.

TABLE 5 – WEEKLY RENTAL PAYMENTS FOR NORTH SYDNEY (SUBURB), MILSONS POINT (SUBURB), ST LEONARDS (SUBURB) AND CHATSWOOD (SUBURB) COMPARED TO NORTH SYDNEY LGA AND SYDNEY SD.

RENT	NORTH SYDNEY (SUBURB)	NORTH SYDNEY LGA	SYDNEY SD
\$0 – \$179	▪ 7.7%	▪ 7.2%	▪ 24.4%
\$180 – \$224	▪ 10.5%	▪ 4.5%	▪ 15.5%
\$225 – \$274	▪ 14.1%	▪ 11.6%	▪ 17.7%
\$275 – \$349	▪ 18.7%	▪ 24.5%	▪ 17.3%
\$350 – \$449	▪ 19.8%	▪ 24.8%	▪ 12.2%
\$450 – \$549	▪ 13.9%	▪ 12.3%	▪ 4.9%
\$550 and over	▪ 12.6%	▪ 13.1%	▪ 5.0%
Not stated	▪ 2.8%	▪ 2.1%	▪ 3.1%

Source: ABS, 2006

3.8 MONTHLY HOME LOAN REPAYMENTS

The following details monthly home loan repayments as at the 2006 Census for the four study suburbs, the North Sydney LGA and the Sydney SD.

As detailed in Table 5 below, it can be seen that the majority of all monthly home loan repayments in North Sydney (suburb) and the North Sydney LGA, are above \$2,000, considered relatively high, reflecting high property prices in the area and higher incomes as previously discussed. The average Sydney monthly home loan repayments above \$2,000 are 40.2%.

TABLE 6 – MONTHLY HOME LOAN REPAYMENTS IN NORTH SYDNEY (SUBURB), COMPARED TO NORTH SYDNEY LGA AND SYDNEY SD.

HOUSING LOAN REPAYMENT	NORTH SYDNEY (SUBURB)	NORTH SYDNEY LGA	SYDNEY SD
\$1 – \$749	▪ 7.2%	▪ 5.9%	▪ 9.6%
\$750 – \$949	▪ 4.5%	▪ 3.3%	▪ 5.4%
\$950 – \$1,199	▪ 3.8%	▪ 5.0%	▪ 8.2%
\$1,200 – \$1,399	▪ 5.8%	▪ 4.4%	▪ 7.7%

HOUSING LOAN REPAYMENT	NORTH SYDNEY (SUBURB)	NORTH SYDNEY LGA	SYDNEY SD
\$1,400 – \$1,599	▪ 4.3%	▪ 4.6%	▪ 7.1%
\$1,600 – \$1,999	▪ 7.2%	▪ 9.9%	▪ 14.1%
\$2,000 or more	▪ 58.2%	▪ 58.9%	▪ 40.2%
Not stated	▪ 9.0%	▪ 7.6%	▪ 7.8%

Source: ABS, 2006

3.9 EMPLOYMENT PROFILE

At the time of the 2006 Census, the unemployment rate for the suburb of North Sydney was 3.6%, being lower than that of the Sydney SD (5.3%). The North Sydney LGA was also below the Sydney average for unemployment in 2006.

With regard to occupation type, North Sydney had a significantly higher percentage of persons who stated that they were a 'professional' when compared to the Sydney SD. The second most common response for North Sydney residents was 'managers', compared to 'clerical and administrative workers' for the Sydney SD.

The table following shows that there is a lower percentage of 'technicians and trades workers', 'labourers' and 'machinery operators and drivers' within North Sydney (suburb), Milsons Point, St Leonards, Chatswood and the North Sydney LGA than that of the Sydney Average.

TABLE 7 – OCCUPATION TYPE FOR NORTH SYDNEY (SUBURB), COMPARED TO NORTH SYDNEY LGA AND SYDNEY SD.

OCCUPATION	NORTH SYDNEY (SUBURB)	NORTH SYDNEY LGA	SYDNEY SD
Professionals	▪ 42.3%	▪ 42.0%	▪ 23.8%
Managers	▪ 19.1%	▪ 20.0%	▪ 13.2%
Clerical and administrative workers	▪ 13.8%	▪ 14.5%	▪ 16.7%
Sales workers	▪ 7.5%	▪ 7.2%	▪ 9.5%
Community and personal service workers	▪ 7.1%	▪ 5.9%	▪ 8.0%
Technicians and trades workers	▪ 5.7%	▪ 5.6%	▪ 12.7%
Labourers	▪ 2.3%	▪ 2.1%	▪ 8.1%
Machinery operators and drivers	▪ 0.6%	▪ 0.8%	▪ 6.0%

Source: ABS, 2006

3.10 MOTOR VEHICLE OWNERSHIP

The following figure depicts the number of motor vehicles owned within dwellings across North Sydney and the Sydney SD at the time of the 2006 Census.

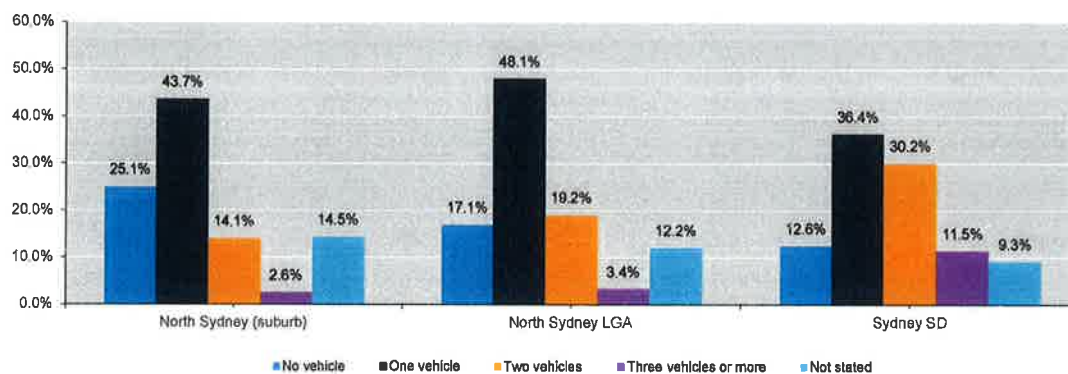
Overall, North Sydney (suburb and LGA) have a lower vehicle ownership rate than the Sydney Average. This is likely due to the higher density living and limited car parking options within these areas.

North Sydney (suburb) (25.1%) has significantly higher percentages of 'no vehicle' households when compared to the Sydney average of 12.6%. The most common number of vehicles owned per household across all areas studied is one vehicle. There were also a number of persons who did not provide a response to vehicle ownership at the time of the 2006 Census.

FIGURE 8 – VEHICLE OWNERSHIP FOR NORTH SYDNEY (SUBURB), COMPARED TO NORTH SYDNEY LGA AND SYDNEY SD.

Vehicle ownership

NORTH SYDNEY (SUBURB), NORTH SYDNEY LGA AND SYDNEY SD



Source: ABS 2006

4 Future Demographic Profile

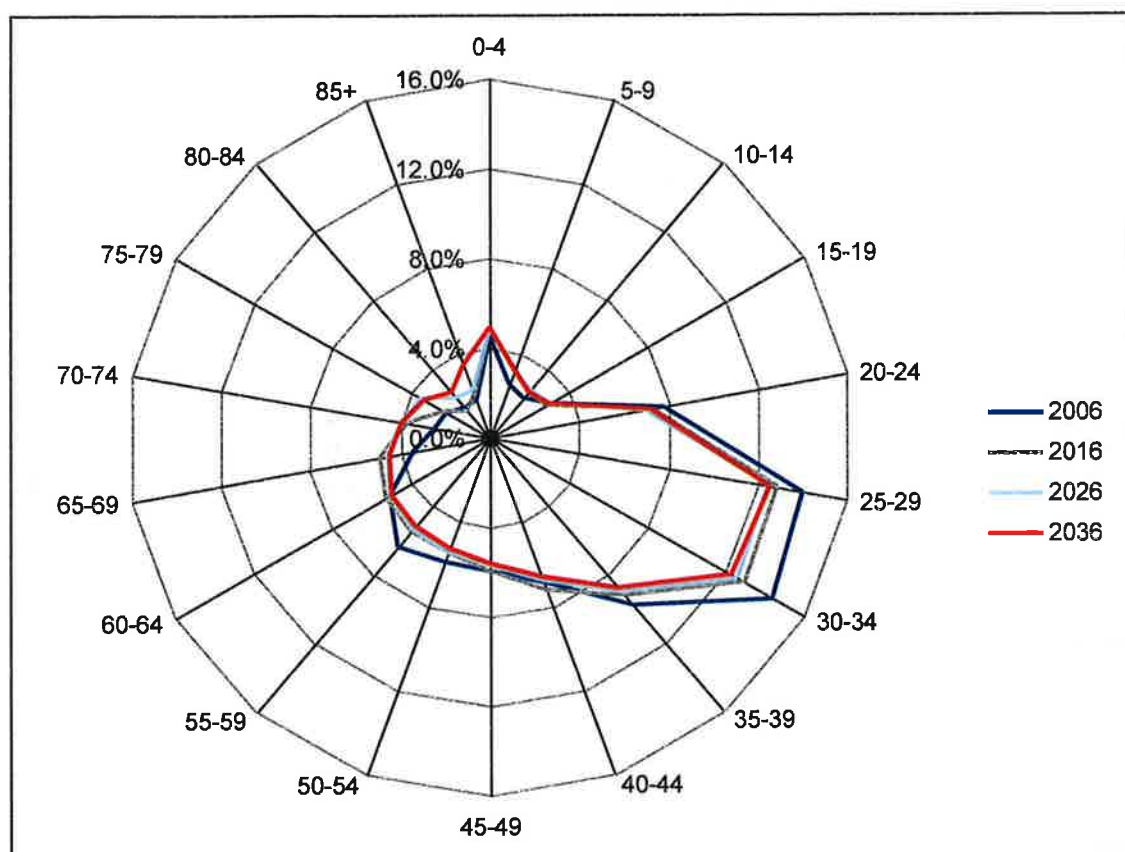
The following section outlines the key population projections considered in this study. For the purpose of this study, the North Sydney LGA has been compared to the Sydney Statistical Division.

The data and information in this section has been derived from the NSW Department of Planning population projections published in 2010. This analysis aims to identify specific future population trends that are critical for assessing and identifying the appropriate dwelling typology and affordability factors associated with the proposed residential apartment development.

4.1 PROJECTED POPULATION AGE DISTRIBUTION

The Department of Planning projections indicate a noticeable change in the composition of the population of the North Sydney LGA. The Diagram below, graphically details the expected future distribution. Utilisation of a radar graph shows a change in population distribution in the 25-49 age brackets. Though the change is only small in percentage terms, it is still notable. Growth rates are available on a 5-year interval basis in line with the numerical projections above. The use of 10-year intervals makes trends clearer and eliminates out of line fluctuations.

Figure 9 – North Sydney projected population distribution in 10 year increments

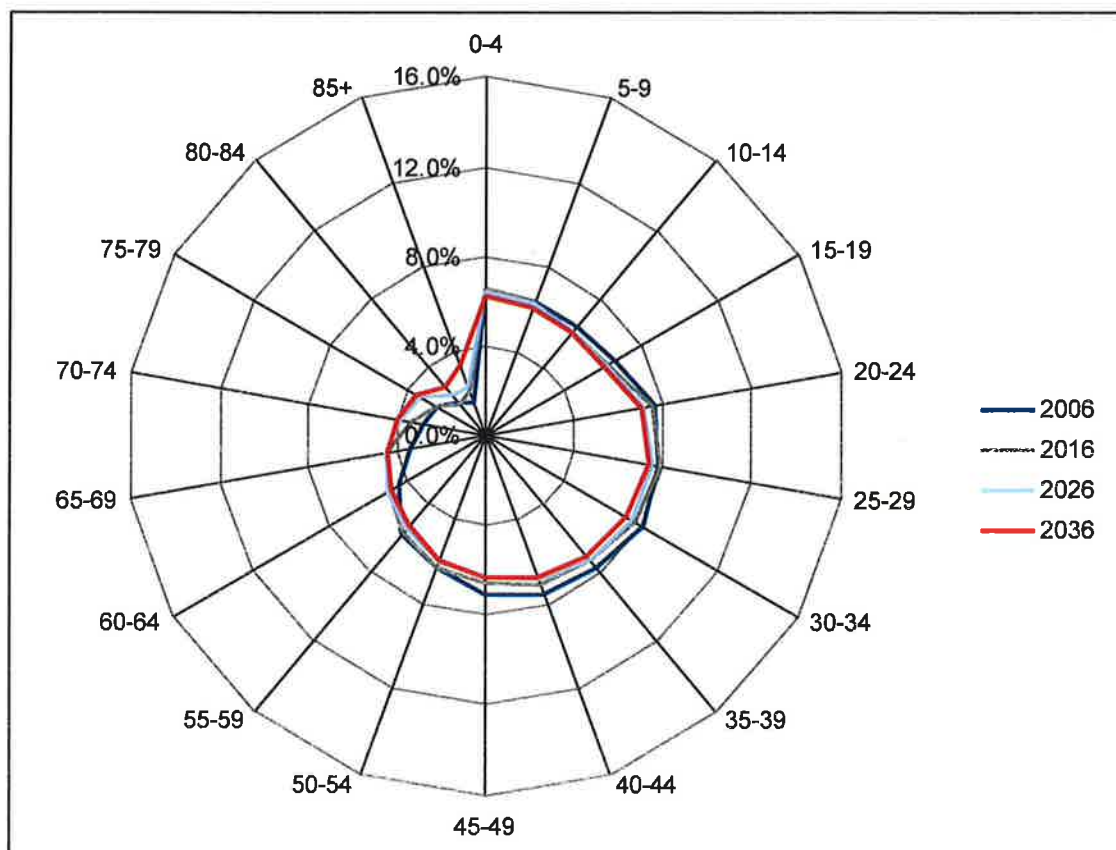


When assessed in ten-year increments a better picture of the overall change can be seen. The percentage of the population aged 20-24, 25-29, 30-34, 35-39 and 40-44 is expected to decline consistently from 2011 to 2031. An increase of distribution of persons aged 65+ supports an ageing population with all other categories remaining relatively stable. Changes in the lower age brackets (19 and below) are negligible.

The population profile is currently very different to that of the Sydney SD and this trend is expected to continue. The Sydney SD (seen in the figure below) is a typically distributed radar chart with a slight ageing of the population, but overall only minimal deviations expected between 10-year intervals. North

Sydney's change is more noticeable and can be partially attributed to a more diverse range of socially influential factors such as the existence of a regional CBD. As the charts progress (in time), North Sydney's population gradually moves towards Sydney's normal distribution.

Figure 10 – Sydney SD projected population distribution in 10 year increments



The overall picture is an extraction of population from the 25-49 age brackets and replacement of those losses into the 65+ age brackets. This analysis is only proportional and does not account for significant overall projected growth in population. Though some categories may decline in proportionate terms they are still expected to grow in number.

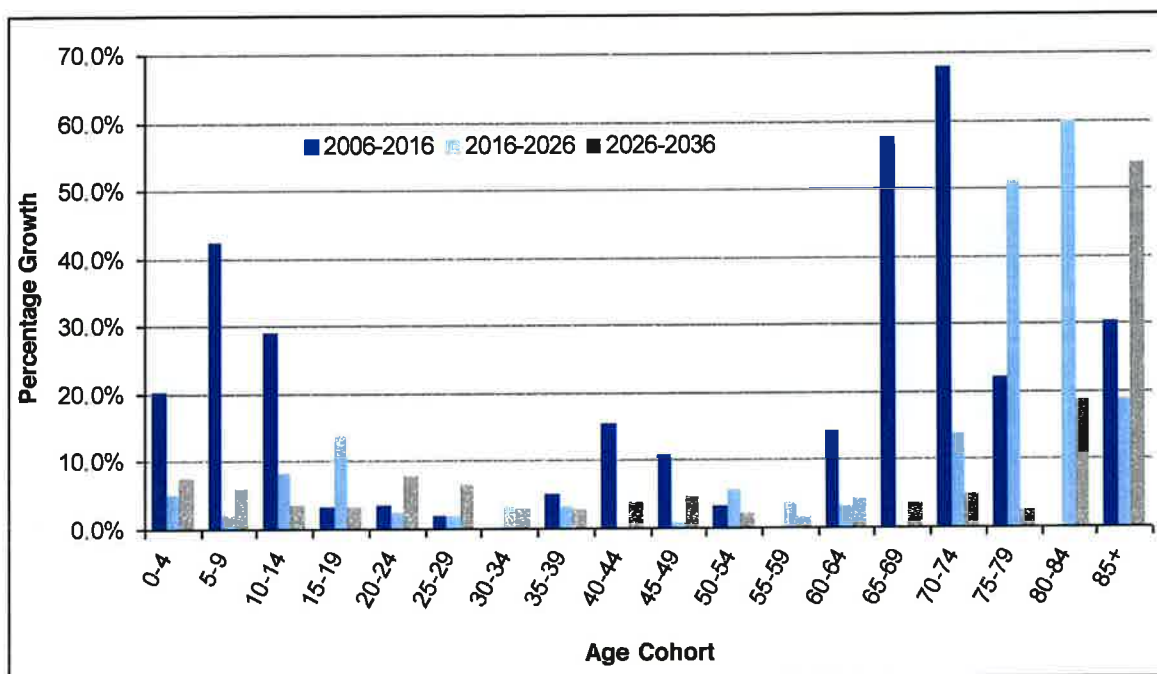
4.2 PROJECTED POPULATION INCREASES

The North Sydney LGA is expected to experience stable population increases in each 5-year interval from 2006 to 2036 as detailed in the Department of Planning's population projections. The LGA is expected to grow to 76,600 persons, representing an increase of 14,700 persons from 2006. This represents a total increase of 23.7% from 2006, significantly less than the 39.7% growth expected for the Sydney SD.

The highest numerical levels of growth are anticipated to be persons aged 70-74 and 85+ with 1,520 and 1,510 new residents respectively by 2036. The Sydney SD presents a very similar set of figures with the greatest increases being in the same two categories.

Growth rates, as seen in Figure 11 below, are not too dissimilar from the raw numerical increases.

Figure 11 – North Sydney LGA population growth rates



10-year interval growth rates are weighted towards the top end of the age spectrum, further supporting an ageing population. In addition, substantial growth is expected to be seen through to the end of the second half of the 2006-2016 interval for persons aged 0-14. This level of growth is however expected to significantly decline for the remaining two intervals with relatively minimal rates of growth for all persons aged between 0 and 69.

Comparatively, the growth rates for the Sydney SD are expected to be different with greater increases across most age brackets. The key similarity can be seen in the weighting of growth towards the top end of the age spectrum. Persons aged 60+ are anticipated to experience relatively high growth rates with persons aged 85+ increasing by 60% between 2026 and 2036.

4.3 JOURNEY TO WORK

Journey to Work data has been analysed in the charts overpage with the top ten ranked LGA's highlighted. As anticipated the largest proportion of North Sydney LGA workers reside within the LGA at 15.5% of total residents. The LGA's of Warringah (6.22%), Willoughby (6.21%) and Sydney City (5.74%) are significantly lower however are closely aligned.

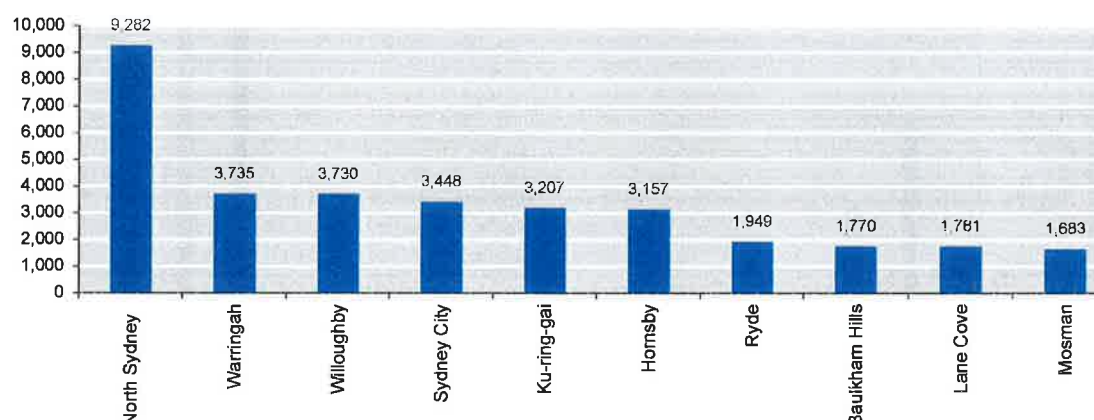
Conversely, the largest proportion of North Sydney LGA residents work within the Sydney CBD at 12,981 persons (37.1%), with North Sydney LGA residents representing 26.5% of workers within the LGA.

FIGURE 12 – PLACE OF WORK (2006)

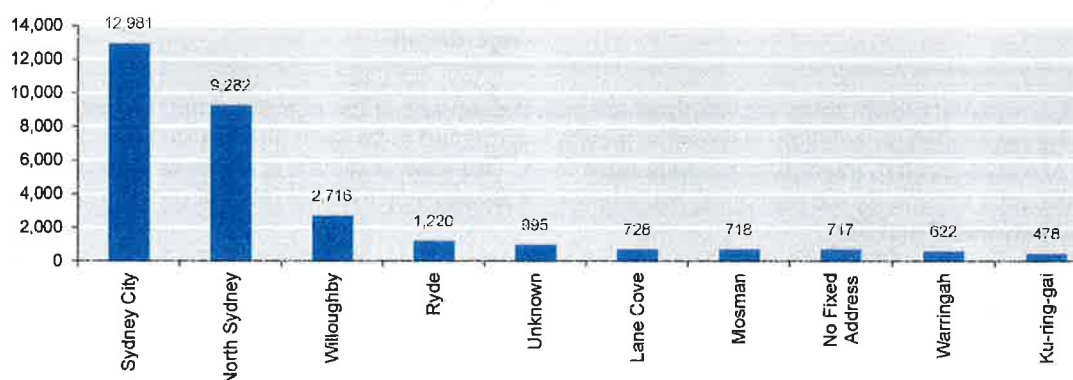
Place of Work

NORTH SYDNEY LGA, 2006

North Sydney LGA Workers Place of Residence (Top Ten)



North Sydney LGA Residents Place of Work (Top Ten)



Source: Transport Bureau of Statistics

4.4 KEY FINDINGS OF DEMOGRAPHIC ANALYSIS

The demographic analysis identified a number of key observations including:

- The suburb of North Sydney has a significantly lower number of persons aged 0 to 4 years ((3.4% and 2.4%) and 5 to 14 years (4.5% and 2.7% respectively), when compared to the Sydney averages (6.6% and 13.0% respectively);
- The suburb of North Sydney has the largest total percentage of lone person households (37.2%) when compared to the Sydney average;
- Two person households are also significantly higher within North Sydney (suburb) (40.0%) and North Sydney LGA (40.2%) when compared to the Sydney average of 31.2%;
- The majority of housing types within North Sydney (suburb) (74.1%) and North Sydney LGA (70.3%) are flats, units or apartments, significantly higher than the Sydney average of 25.7%;
- There is a higher proportion of rented homes within North Sydney (suburb) (53.6%) and the North Sydney LGA (46.4%) compared to the Sydney average of 29.7%;
- At the time of the 2006 Census, North Sydney (suburb) had a significantly higher weekly individual (\$896) and weekly household (\$1,605) income when compared to the Sydney average of \$518 and \$1,154 respectively;

- The majority of all monthly home loan repayments in North Sydney are above \$2,000, reflecting high property prices in the area and higher incomes;
- at the time of the 2006 Census the unemployment rate for the suburb of North Sydney was 3.6%, lower than the Sydney average of 5.3%;
- North Sydney (suburb) (42.3%), Milsons Point (43.6%), St Leonards (45.2%), Chatswood (35.4%) and the North Sydney LGA (42.0%) had a significantly higher percentage of persons who states that they were a 'professional', when compared to the Sydney SD (23.8%);
- North Sydney (suburb) (25.1%) has significantly higher percentages of 'no vehicle' households when compared to the Sydney average of 12.6%;
- Between 2011 and 2036, the population aged between 20 and 44 years of age is expected to decrease;
- Between 2011 and 2036, the population aged 65 years and over is expected to increase, supporting an ageing population;
- The North Sydney LGA is expected to experience stable population increased in each 5-year interval from 2006 to 2036, with the LGA expected to increase by 14,700 persons (23.7%), significantly less than the growth expected for the Sydney SD (39.7%); and
- The highest numerical levels of growth are anticipated to be person aged 70-74 years and those aged 85 years and older. Substantial growth is also expected to be seen through to the end of the second half of the 2006-2016 interval for persons aged 0-14.
- The largest proportion of persons working within the North Sydney LGA also resides within the LGA at 15.5%. Conversely the largest proportion of residents within the North Sydney LGA work within the Sydney CBD at 37.1% compared to North Sydney at 26.5%.

Having considered the demographic profile of North Sydney we will now consider the consequences for the commercial market before moving on to the residential market.

5 The Commercial Market in North Sydney

The market for commercial office space in North Sydney is one of Australia's Largest, being similar in scale to the markets in the smaller capital cities. The Sydney CBD is Australia's largest commercial market by a considerable margin. In this context, the relationship of North Sydney with the Sydney CBD is of key importance. This proximity has made North Sydney the first alternative for businesses that require proximity to the Sydney CBD.

Tenants have indicated that their choice of North Sydney is most influenced by the relative cost of office space, public transport, the availability of parking and corporate image. (Urbis JHD, 2004). North Sydney offers similar prestige to the Sydney CBD, without the generally higher costs. To summarise, the competitive advantage of the North Sydney CBD, as expressed by Tenants, is;

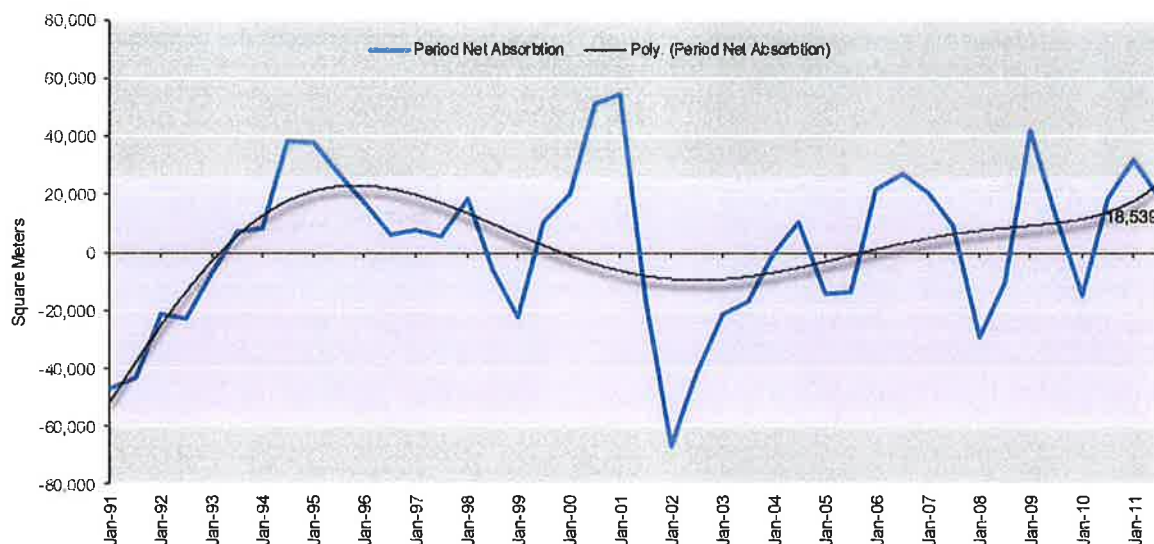
- Relative Affordability;
- Accessibility, including vehicular;
- Corporate Image.

5.1 DEMAND

As can be expected, the commercial property market in North Sydney has been influenced by changes in economic circumstance over the years. The absorption rate, or vacant space take up rate, shows how demand for commercial space has changed over the years.

Net Absorption of Commercial Office Space

NORTH SYDNEY, PCA



Source: PCA ; Urbis

The above chart shows the improvement in demand which flowed from the recovery after the 1987 stock market crash, followed by the deterioration during the recession we had to have. The biggest effect flowed from the tech bust at the beginning of the new century. This shows the nature of demand for space, being utilised by what might be considered secondary and newer businesses, pushed out of the Sydney CBD. This demonstrates that demand has since recovered, however has only recently moved ahead, largely as a consequence of the release of significant new supply attracting tenants, taking advantage of relatively lower rents.

According to the latest PCA Office Market figures released as at July 2011, the audited net absorption for the 12 month period for the North Sydney office market was 18,539sq.m, only slightly below that of 12

months prior being 18,564sq.m. This is a positive result compared to that of 2009 and 2010 where negative net absorption was experienced.

Having regard to the subject building in our assessment of demand within the local market, we have been advised that the most recent dealing was undertaken in May 2011. This comprised an initial gross rent of \$300/sq.m over 459.6sq.m of floor space on level 5. The previous tenants' lease commencement was in August 2001 for a term of 10 years terminating in May 2011. The initial gross rent for this tenant was \$345/sq.m, terminating at a rental of \$367/sq.m, equating to a low 6.3% growth in net rental over the 10 year period. It is noted that in an attempt to retain this tenant at lease expiry, significant incentives were offered to the tenant.

Further of note, there has been a deal struck over the ground floor commencing 1 September, 2011 for a period of only 2 years, terminating in August 2013. The 412m² has been leased at a gross rental of \$225/sq.m.

These new deals at \$225/sq.m and \$300/sq.m gross are indicative of market conditions, especially for older commercial premises and in both cases are below the commencement rents of the previous tenant. Further to this, and as stated earlier in this report, whilst nominal rents increased prior to the GFC, after adjusting for inflation, nominal rents are actually showing negative growth. Accordingly, this re-establishes that depreciating real long term rents are a factor of the oversupplied North Sydney Office Market.

The proposed development encompasses commercial accommodation to the ground floor and levels 1 and 2 totalling to approximately 1,110sq.m (additional 129sq.m of mezzanine). The balance of the development proposal provides for a mix of studio, 1 bedroom, 1 bedroom plus study, 2 bedroom, 2 bed crossover and 3 bedroom units as detailed in the table below.

Project Synopsis

PROPOSED DEVELOPMENT SCHEME 150 PACIFIC HIGHWAY

	Commercial	Mezzanine	Residential					
			Studio	1 bed	1 bed + study	2 bed	2 Bed Crossover	3 bed
Basement 1 - 6								
Ground Floor	80							
Level 1	511							
Level 2	519	129						
Level 3			3	1	3	2		
Level 4			1	3				1
Level 5			6	3		1	5	
Level 6			1	3				1
Level 7			6	3		1	5	
Level 8			1	3				1
Level 9			6	3		1	5	
Level 10			1	3				1
Level 11			6	3		1	5	
Level 12						4		1
Level 13			1			5		
Level 14			1			5		
Level 15			1			5		
Level 16						4		1
Level 17						4		1
Level 18						2		1
Level 19						2		1
Level 20						2		1
Level 21						1		1
Level 22						1		1
Level 23								
Total	1,110	129	34	25	3	41	20	12

Source: Floor Plans Nettleton Tribe 20/9/11

As stated, the net absorption within the inner northern market has seen little movement within the past 12 months and it is unlikely that the market will experience significant demand for floorspace within the next

12 months, especially with lowering business sentiment and uncertainty apparent within financial markets. With regard to market demand, the 1,110sq.m of commercial office space proposed is considered high and may encounter problems with leasing and therefore vacancy. In turn this can impact on the aesthetics and overall appeal of the development. Furthermore as stated in section 2.7.1 the commercial component at present does not promote a positive return on development and is therefore not feasible at this time.

5.2 SUPPLY

The following chart provides a summary of the future commercial office supply proposed to enter the Inner North Office Precinct of Chatswood, Crows Nest/St Leonards and North Ryde over the next three years. 2012 is anticipated to add 24,370sq.m of office space to the market.

Future Office Supply

NORTHERN OFFICE PRECINCTS

Market	Address	Project Name	Proposed Completion	Status	Levels	Proposed Office NLA
Chatswood	457-471 Victoria Avenue	n/a	2012	DA Approved	15	14,412
Chatswood	7 Railway Street	Pacific Place	2013+	Construction	5	4,900
Crows Nest/St Leonards	296-304 Pacific Highway	300 Pacific Highway	2011 (Q3)	Construction	3	1,183
Crows Nest/St Leonards	Pacific Highway	Gore Hill Technology Park - Building C	2012	Site Works	7	14,100
Crows Nest/St Leonards	Cnr Pacific Highway & Campbell Street	Gore Hill Technology Park - Building D1	2013+	DA Applied	8	14,133
North Ryde	105 Delhi Road	The Precinct Corporate Centre	2012	Site Works	4	10,270
TOTAL			2011		1,183 sq.m	
			2012		24,370 sq.m	
			2013		19,033 sq.m	

Source: PCA, URBIS

Further to this, there are a number of developments which are proposing mixed use development with a larger proportion of residential uses in conjunction with the level of demand within the market for affordable residential product. Developments include:

12-16 Berry Street – Development Approval has been granted for a mixed use tower comprising two levels of basement parking (36 car spaces), office space over levels 1 and 2 and 7 floors of residential apartment accommodation above, providing 53 apartments. The office accommodation proposed comprises 503.2sq.m across two floors representing 12.2% of the proposed GFA (4,113sq.m). The nature and mix of this development is considered to reflect the demand for affordable accommodation within these areas and the feasible nature of such developments.

156-158 Pacific Highway - The site is improved with a 5 storey commercial office building which is proposed to be demolished and redeveloped into a 9 storey mixed use building containing 404sq.m of commercial floor space, 40 residential apartments and basement car parking for 31 vehicles.

239-237 Pacific Highway - An application has been submitted for an 86 unit development over 10 floors providing a mixture of studio, 1, 2 and 3 bedroom units. The development is surrounded by a mixture of commercial and residential developments. This was approved by the JRPP in July.

136-142 Walker Street – An application has been submitted to Council for a residential tower with four levels of basement parking, commercial uses to part of the ground floor and 21 levels of residential apartment accommodation above. Approved by the JRPP in July

211-223 Pacific Highway – Also approved by the JRPP. This is owned by Australian Institute of Management. The original DA was predicated on them being built back into the development. The site is currently on the market with Expressions of Interest closing on 15 September 2011. AIM have now

advised they do not propose to go back into the development. It is our understanding all interested parties require to reduce the quantum of commercial space in the approved development.

The above provide examples of the type of developments currently proposed in the market and which are considered to promote the most viable use of the site.

Barangaroo and Darling Harbour also represent significant competition to North Sydney, and as can be seen from the table below these areas will supply over 465,000 square metres of space, which in itself is more than 50% of the entire North Sydney market. Further to this we have also attempted to investigate the supply proposed for Pyrmont, Ultimo, Rhodes and Homebush and have included detail, where available in the table following. Note, PCA does not collect data on these markets and it is therefore difficult to determine the current stock levels and therefore vacancies within the market.

FIGURE 13 – OFFICE SUPPLY; OTHER NON-SYDNEY CBD MARKETS

Future Office Supply

OTHER MARKETS COMPETING WITH NORTH SYDNEY

Market	Address	Project Name	Proposed	Status	Levels	Proposed
Sydney CBD (Fringe)	Hickson Road and Shelley Street	Barangaroo	2013	DA Approved	20+	300,000
Sydney CBD (Fringe)	Harbour Street	Darling Harbour	2011	Construction	8	58,000
Pyrmont	21-43 Harris Street	Jacksons Landing	2014	DA Approved	7	18,337
Pyrmont	38-42 Pirrama Road	Revy Site	2016	DA Approved	5	5,416
Rhodes	1 Homebush Bay Drive	Rhodes Corporate Business Park	2013	Out for Tender	6	17,750
Homebush Bay	Cnr Murray Rose Ave & Australia Ave	Sydney Olympic Park Town Centre	2016	Early Planning	6	15,600
Homebush Bay	Cnr Olympic Blvd & Herb Elliot Ave	Sydney Olympic Park	2013	DA Approved	10	26,141
Homebush Bay	15 Carter Street	Carter Street Office	2012	DA Approved	6	8,063
Homebush Bay	7 Carter Street	Carter Street Office	2013	DA Approved	8	18,586

Source: Councils, URBIS

Further to the above, we note there are also a number of office premises which are undergoing refurbishment and or fitout works within the areas of Pyrmont, Ultimo, Rhodes and Homebush.

Additional projects of significance proposed to enter the market include the following:

- 177 – 199 Pacific Highway, North Sydney - It is our understanding that a Part 3A has been granted for the concept proposed to be located at 177-199 Pacific Highway. Approval of the Concept Plan was granted in December 2010 by the NSW Government. The development is proposed to include:
 - 31-storey building
 - 4 levels of basement parking with 112 car spaces
 - Publicly accessible plaza and a maximum floor area of 44,770 square metres.
 - The project is currently in early planning with the DA before Council and to be determined by JRPP. We note it is understood that this proposal was approved late August.
- 77 – 81 Berry Street and 88 Walker Street, North Sydney – This development was lodged under Part 3A as it addressed the relevant requirements under the Department's guidelines. The development proposes:
 - Excavation of a 4 level basement car park to accommodate 226 cars, a 2 level basement at 88 Walker Street.
 - Construction of 37 storey retail / commercial building comprising 60,630sq.m of GFA on 77 – 81 Berry Street.
 - Construction of a 33 storey, 200 bedroom hotel with conference, restaurant and bar facilities on 88 Walker Street.
 - Excluded from the conditions of consent is also the construction of a pedestrian bridge linking between 88 Walker Street and 77-81 Berry Street over Little Spring Street.

- 88 Christie Street, St Leonards – The proposed development has been declared a major project under Part 3A legislation. The proposal includes:
 - The development of an 18 storey commercial office building with ancillary retail uses.
 - Total GFA proposed is 36,253sq.m.
 - No further detail on this project has been released to date with preliminary estimates of completion date set for late 2013/ early 2014.
- 90-100 Mount Street, North Sydney proposes:
 - 2 storeys of retail tenancies fronting Walker and Mount Streets.
 - 8 storeys of 'low rise' commercial floor space (floor plate of 1,145sq.m of NLA).
 - 10 storeys of 'midrise' commercial floor space (floor plate of 1,250sq.m NLA).
 - 10 storeys of 'high rise' commercial floor space (four floor plates of 1,250sq.m NLA and six floor plates of 1,265sq.m Net Lettable Area).
 - 5 basement levels accessed from Spring Street accommodating 130 car parking spaces.

It is our understanding that a revised DA is in the final stages of preparation based on expanding the commercial component by several thousand square metres.

It would be expected that a considerable impact would be seen within the market from any one of these projects due to the significant size and floor space proposed. Particularly when considered against the low absorption rate.

Further to this there are a number of mooted projects based on PCA data, most of which have development approval, which have been detailed in the following table.

Mooted Projects

NORTHERN OFFICE PRECINCTS

Market	Address	Project Name	Proposed Completion	Status	Levels	Proposed Office NLA
Chatswood	Albert Avenue	Thomas Street Car Park	Mooted	DA Approved	26	24,155
Crows Nest/St Leonards	5-7 Atchison Street	Stage 2	Mooted	DA Approved	1	552
Crows Nest/St Leonards	Spine Road	Gore Hill Technology Park - Buildings D3 & D4	Mooted	DA Applied	7	20,000
Crows Nest/St Leonards	Pacific Highway	Gore Hill Technology Park - Building D2	Mooted	DA Applied	6	12,000
North Ryde	Lot 8 Julius Avenue (incl Lot 9)	Epicentre (Riverside Corporate Park)	Mooted	DA Approved	17	34,194
North Ryde	84-92 Talavera Road	88 Talavera Road	Mooted	Site Works	11	28,354
North Ryde	80 Waterloo Road	80 Waterloo Road	Mooted	DA Applied	9	15,000
North Ryde	112 Talavera Road	n/a	Mooted	DA Approved	6	12,000
North Ryde	144 Wicks Road	Former Peter Board Highschool	Mooted	DA Approved	9	25,000
North Ryde	34 Waterloo Road	IQ Macquarie Park	Mooted	DA Approved	23	34,033
North Ryde	1 Rivett Road (Stage 2)	1 Rivett Road (Stage 2)	Mooted	DA Approved	8	11,380
North Ryde	39 Delhi Road - Phase 2	Lighthouse	Mooted	DA Approved	8	30,000
North Ryde	27-37 Delhi Road	Global Business Park - Stages 1 & 2	Mooted	DA Approved	8	32,000
North Sydney	1 Denison	Shopping World Site	Mooted	DA Approved	28	46,500
North Sydney	90-100 Mount Street	n/a	Mooted	DA Approved	36	34,590
North Sydney	80 Arthur St	Standards House/Astronotech House	Mooted	DA Approved	24	15,808
TOTAL						375,566

Source: PCA, URBIS

Incentives within the market at present are between 25% - 30% and with further supply proposed to enter the market it is likely that these will remain for the foreseeable future, resulting in the lowering of effective

rents. It is noted that the upper end of this range is reflective of older style commercial stock, which in some cases have exceeded this range. The number of mooted projects and significant floor space proposed is anticipated to put pressure on net absorption figures in the medium term. Incentives within this range have been apparent since early 2009 having increased by up to 10% in some dealings from 2007 when conditions were much more positive.

By considering the Transport Data Centres forecast of employment growth against the Property Council's estimates of commercial supply in the Inner North Subregion, it becomes clear that there is a substantial oversupply. The data suggests that there will be a cumulative over supply for the next 25 years.

The Inner North Subregion incorporates the local Government Areas of Lane Cove, North Sydney, Ryde, Willoughby, Hunters Hill and Mosman.

Figure 14 – North Sydney Office Space Over Supply forecast⁴

Inner North Employment Growth v Office Space Supply

Year	Total Number of Office Workers	Increase in Office Employees	Additional Area Required (sq.m)	Forecast and mooted supply (sq.m)	Oversupply (sq.m)*	Cumulative Oversupply (sq.m)
2011	117,272	-	-	-	89,748	89,748
2016	118,476	1,205	18,071	77,396	59,325	149,073
2021	124,740	6,264	93,958	342,756	248,798	397,871
2026	127,005	2,265	33,979	0	-33,979	363,892
2031	129,383	2,377	35,661	0	-35,661	328,232
2036	133,117	3,734	56,008	0	-56,008	272,224

* 2011 Oversupply is existing vacancies

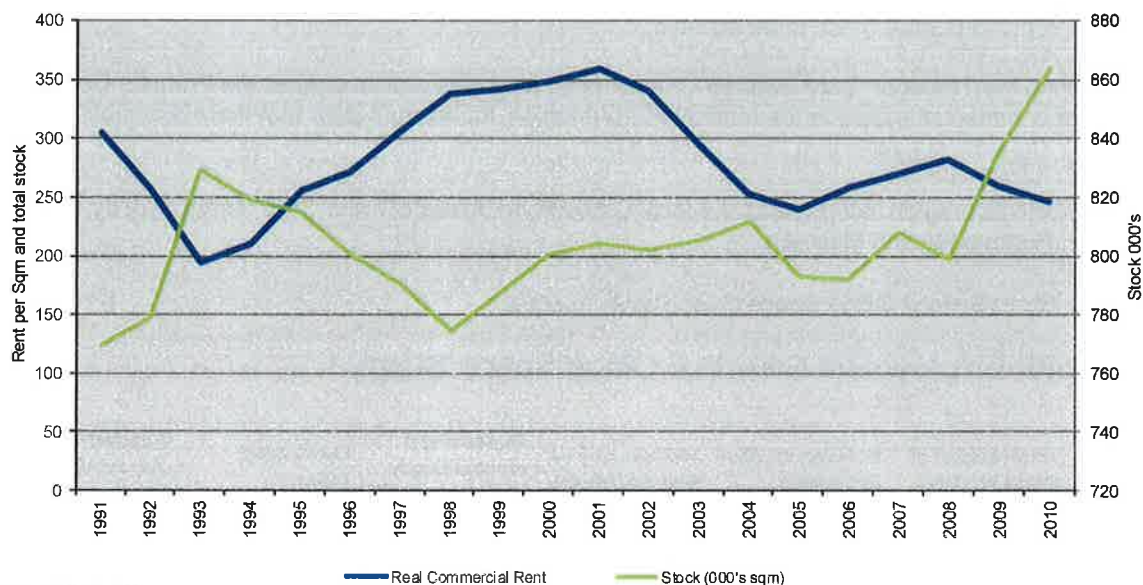
Source (TDC, PCA, Urbis)

If all mooted supply comes on line, the Inner North will be oversupplied beyond 2036 assuming no more developments are approved before this time. The below graph demonstrates the supply of commercial floor space in North Sydney against the real commercial rents. As can be seen, supply has remained fairly consistent over the past 20 years with a decrease in real rents corresponding to a reasonably recent increase in supply.

⁴ Employees included are from IT, Finance, Real Estate Services, Professional and Scientific, Admin and Public Administration

Commercial Rents VS Supply

NORTH SYDNEY



Source: PCA, JLL, Uris

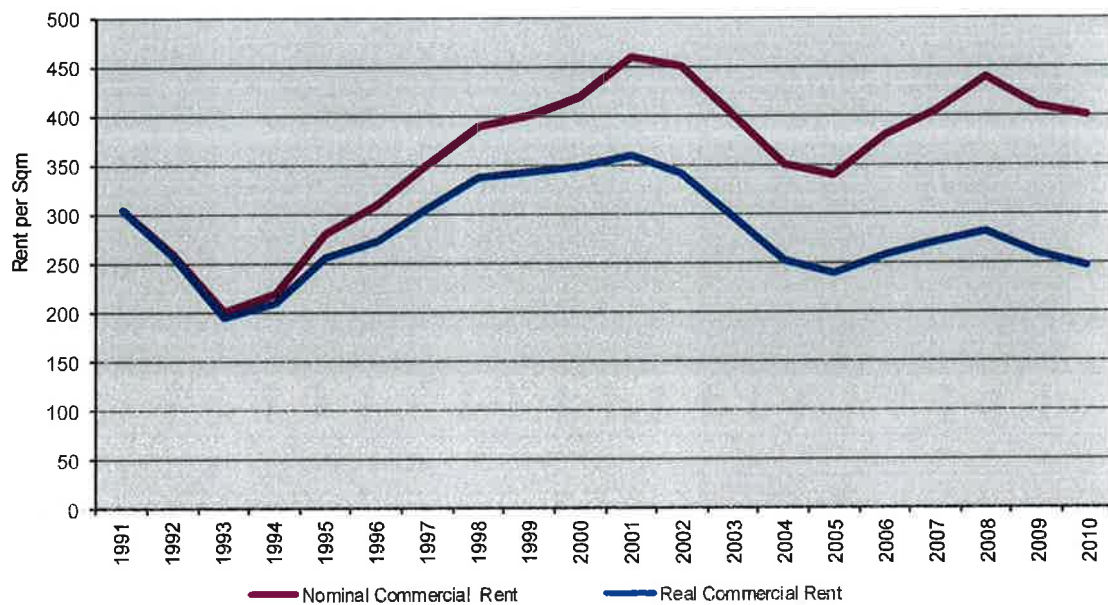
With more than 650,000sq.m of office space (PCA, 2011) planned or mooted for the Sydney CBD over coming years, and more than 300,000sq.m in the Crows Nest/St Leonards, Chatswood and North Ryde/Global Economic Corridor areas, the commercial market in North Sydney faces significant competitive challenges. It is worth noting that the entire North Sydney market comprises just over this amount at 860,473sq.m. At 300,000sq.m, Barangaroo South constitutes a market more than one third the size of North Sydney. The nature of Barangaroo means that it will compete directly for what have traditionally been North Sydney's tenants. It is clear that there is an oversupply in the market for non-Sydney CBD Core commercial space. This will present significant challenges for the commercial market in North Sydney. It also provides a strong argument in favour of removing planning controls aimed at increasing or even preserving commercial floor space in the area. It also however presents an opportunity to position North Sydney as a vibrant, multi-dimensional mixed use CBD.

5.3 THE RESULT OF COMPETITION AND OVERSUPPLY

As with any market there is a limit to its size, and consequently there is a limit to the demand for office space in Sydney generally. As other alternatives such as Chatswood, The Global Economic Corridor and North Ryde have developed, they have successfully competed with North Sydney. With a continued emphasis in many areas on increasing employment lands the broad competition for North Sydney commercial property can be considered to incorporate almost all commercial areas throughout Sydney. Such areas as Pyrmont/Ultimo, Rhodes, Homebush and Norwest, whilst not directly included in the analysis here, may also offer alternatives and competition to North Sydney. It is worth noting that improvements in communication technology to date and going forward have meant that businesses have much more flexibility in regard to where they locate. This will conceivably increase the locational opportunities for businesses and hence competition for North Sydney going forward.

Real VS Nominal Commercial Rents

NORTH SYDNEY



The above chart demonstrates that commercial rents in North Sydney have actually declined in the past 20 years. That is, whilst nominal rents have increased from about \$300/sq.m to \$400/sq.m, after adjusting for inflation they have declined by some \$50 per square metre. Competition from North Ryde began in about 2005 and it is evident from the above graph that the strong commercial market in the lead up to the Global Financial Crisis (GFC) shielded North Sydney from the worst of this competition. However, depreciating real long term rents are a clear sign of an over supplied market that is in decline. This is evident in the recent lease deal undertaken in the subject building at \$300/sq.m gross which is below the initial rent from the previous tenant commencing as at August 2001 at \$345/sq.m gross.

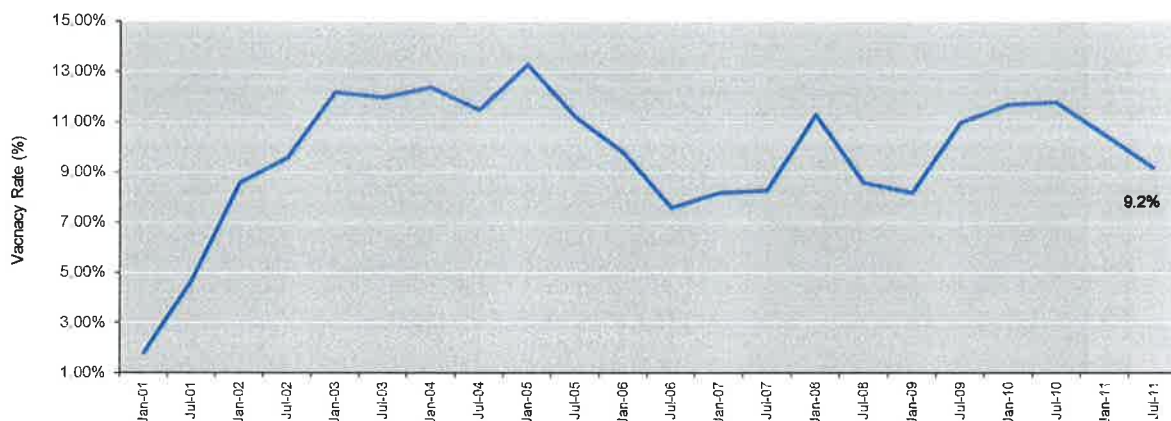
5.4 OFFICE VACANCY

North Sydney currently has a total commercial vacancy rate of 9.2%, down from 10.5% in January 2011, according to the PCA figures released for July 2011. It is noted that the North Sydney market is considerably sensitive to business sentiment and uncertainty with a lot of smaller firms occupying the precinct which are the types of tenants that can be high risk during uncertain times.

The figure over the page compares the historical vacancy rate for North Sydney.

North Sydney Office Vacancy

PCA AS AT JULY 2011

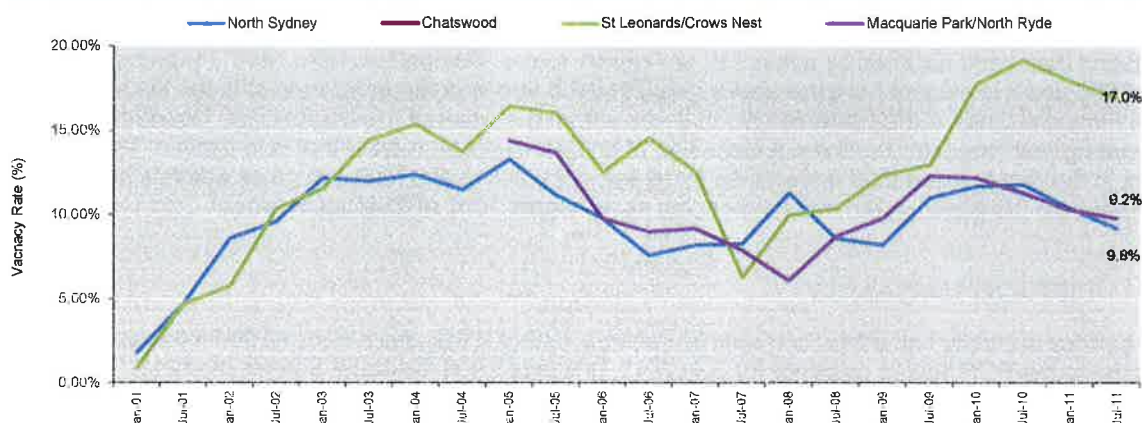


Source: PCA, URBIS

The following chart highlights the current vacancy rates for the other Inner North Office Precincts including Chatswood, St Leonards/Crows Nest and Macquarie Park/North Ryde.

Inner North Office Vacancy

PCA AS AT JULY 2011



Source: PCA, URBIS

The key findings from these other markets are:

- In all the above markets, vacancy rates have decreased from the previous 12 month period following post GFC related increases.
- The vacancy rate for Chatswood as at July 2011 was 17.0%, a decrease of 1% from January 2011 and an overall decline of 2.2% from 12 months prior, however this is still considerably high.
- St Leonard's/Crows Nest decreased from 14.7% in January 2011 to 12.5% in July 2011.
- Macquarie Park/North Ryde decreased only slightly to 9.8% in July 2011 from 10.3% in January 2011 and 11.3% from 12 months prior.

Until recently, the North Sydney Office market vacancy rate has been forecast to decline. This was largely anticipated due to the level of supply coming on board and the inherent demand for product within the market. Looking ahead, based on the current market sentiment and uncertainty within global markets, it is likely that the vacancy rate will increase within the short to medium term as existing tenants consolidate and postpone expansion plans and firms move from the market. Further, the level of stock proposed or

mooted to enter the market would suggest that vacancy levels will increase and effective rentals will decline.

5.5 MARKET SHARE

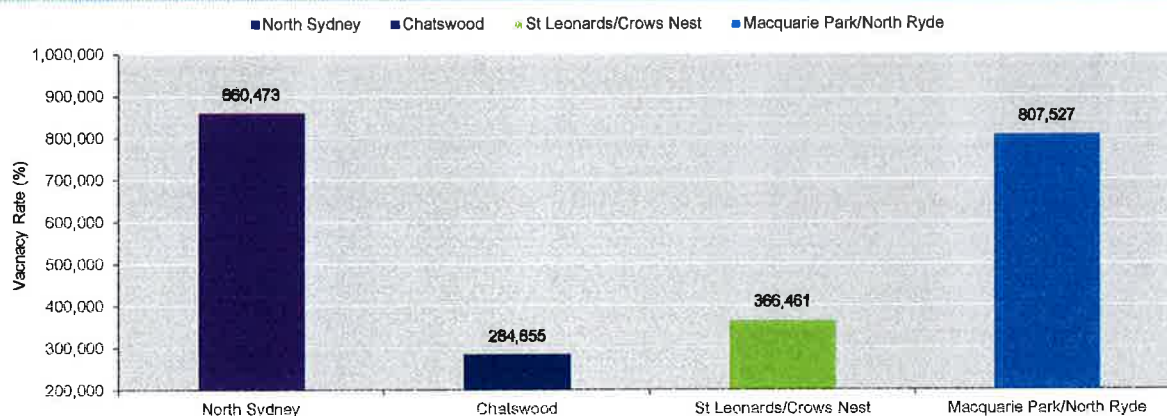
The North Sydney market overall has the largest amount of commercial office stock within the north precincts at 860,473sq.m according to the latest PCA Office Market figures released for July 2011. In terms of the type of stock in the North Sydney Office Market, the majority of stock is B grade space accounting for 50.1% (431,216sq.m) with A and C Grades of similar proportions at 21.7% (186,296sq.m) and 21.2% (182,827sq.m) respectively, of the total market supply.

The older style and dated office stock generally carries the higher level of vacancy as tenants are looking for newer more efficient accommodation to occupy. As such vacancy is concentrated in D Grade (21.2%) and to a lesser extent, C Grade (11.5%) and B Grade stock at 10.2% while A grade stock showed a 4.8% vacancy as at July 2011.

The following chart highlights the total stock levels within each of the Inner Northern markets. Evident is the large stock levels in the North Sydney office market in comparison to Chatswood and St Leonard's/Crows Nest. It is noted that the Macquarie Park market has only come on line since 2004.

Office Market Share (Total Stock)

INNER NORTHERN MARKET



Source: FCA Urbis

5.5.1 COUNCIL COMMERCIAL FLOORSPEACE TARGET OF 250,000 SQM

The Department of Planning has imposed a requirement on Council that it should make provision to accommodate an additional 250,000 square metres of commercial floor space by 2025. It is noted that after accounting for the existing approvals and those being proposed, Council has achieved some 80% of this target already. Given this, it is considered appropriate to locate any additional supply within the core, rather than on the periphery.

5.6 COMMERCIAL USE OF THE SUBJECT SITE

Having considered the market as a whole, it is worth considering the site itself more specifically and how it performs against key success factors for office developments.

Access to a skilled workforce: The site is well located to take advantage of the highly educated professional workforce located in the North Shore and Upper North Shore. It would have a significant advantage if it had superior vehicular access to that of the Sydney CBD. It is acknowledged that it cannot readily compete with sites in the GEC which have ample parking, yet by being significantly better than the Sydney CBD, North Sydney could attract a higher proportion of businesses.

Proximity to public transport: the site is up hill and some distance from the rail station, limiting the desirability of accessing the site by rail for commercial uses.

Co-location with other office developments: Although there is existing and planned office space in the immediate vicinity, this is limited in absolute scale and hence does not offer ideal proximity to the bulk of office space at the core. This fringe location limits agglomeration benefits.

Exposure: The office development would be well exposed to the main road however without the obvious ability to park near the site it has no advantage over core property.

Access to employee amenity: Facilities and services for workers e.g. retail, accommodation, gyms, medical, civic and community services: The site is removed from the retail and activity core of the CBD resulting in reduced amenity.

Good road access: The site rates well on this metric, offering good road access from the highway.

6 Proposed Development

The subject sites under the proposed LEP and DCP requirements creates significant design and functionality challenges. There is a difficulty accommodating appropriate parking and access for commercial and residential tenants such that functionality and privacy are maintained. For example a single level of commercial space allows lifts to be reserved primarily for residential occupants where multiple levels of commercial either necessitates separate residential and commercial access or risks creating in-compatible uses which detract from both the commercial and residential amenity of the building.

6.1.1 LACK OF APPEAL AND VIABILITY OF COMMERCIAL SPACE

We have been provided with high level project costs based on the proposed development scheme which have been summarised in the table following. The costs vary slightly on the basis of an Owner Occupier/Strata based Scheme compared to an Investment Scheme with the main cost variance attributed by leasing expenses.

Project Costs

PROPOSED DEVELOPMENT SCHEME

Cost Item	Owner Occupier/Strata Scheme	Investment Scheme
Land Costs	\$1,812,409	\$1,812,409
Construction Costs	\$2,849,700	\$2,849,700
Escalation Allowance	\$71,243	\$71,243
Professional fees @ 12%:	\$341,964	\$341,964
Contingency allowance @ 10%:	\$326,291	\$326,291
General expenses:	\$6,000	\$6,000
Leaseing expenses		\$711,716
Marketing expenses:	\$241,905	\$215,653
Financing costs:	\$76,000	\$76,000
Development charges:	\$111,000	\$111,000
Financing costs @ 9%	\$868,297	\$885,730
Total Project Costs	\$6,704,809	\$7,407,706

Further to this we have undertaken a high level review of potential project returns based on these two schemes. Evident from the table following is the higher overall potential returns achievable from a strata scheme with rates per square metre ranging from \$5,000 to \$6,000 per square metre, equating to a return of \$6,563,500. Conversely, adopting a rental of \$350 per square metre for the commercial space and \$500 per square metre over the ground floor retail equates to a total rental return of approximately \$406,695. Capitalising this at an estimated 9% equates to a potential return of an estimated \$4,518,833.

Project Returns

PROPOSED DEVELOPMENT SCHEME

Component

Owner Occupier/Strata Scheme

Pacific Highway - retail	80 m2 @	\$6,000	\$480,000
L1 Pacific Highway - commercial	170 m2 @	\$5,500	\$935,000
	120 m2 @	\$5,500	\$660,000
L1 Berry Street - commercial	221 m2 @	\$5,500	\$1,215,500
L2 Pacific Highway - commercial	66 m2 @	\$5,500	\$363,000
L2 Berry Street - commercial	370 m2 @	\$5,000	\$1,850,000
	212 m2 @	\$5,000	\$1,060,000
Total			\$6,563,500

Investment Scheme

Pacific Highway - retail	80 m2 @	\$500	\$40,000
L1 Pacific Highway - commercial	150 m2 @	\$350	\$52,500
	120 m2 @	\$350	\$42,000
L1 Berry Street - commercial	199 m2 @	\$350	\$69,650
L2 Pacific Highway - commercial	55 m2 @	\$350	\$19,250
L2 Berry Street - commercial	333 m2 @	\$350	\$116,550
	191 m2 @	\$350	\$66,850
Total			\$406,800
Capitalised @ 9%			\$4,520,000

Within the North Sydney office market, incentives are currently ranging from 20% - 30%, the upper end dependant on the location, quality (grade) and efficiency of the premises. Although, the level of immediate supply proposed to enter the market is low, the level of uncertainty within the market is likely to see incentives remain at this level for the short to medium term.

Although the above table highlights the benefit in terms of potential return based on a strata scheme although at a sizeable loss, this does not necessarily reflect demand within the market for this type of accommodation. At present there is an oversupply of office space within the market, with the current vacancy as at July 2011 at 9.2%, further there is a significant level of approvals also in place (detailed further in section 5.2 of this report).

Overall, this analysis suggests that in the current market and for the foreseeable future, as a consequence of the lack of demand it is not viable to build commercial space in this location. Given the construction costs for such space as detailed above and having due regard to other project costs such as professional fees, contingency allowance, marketing expenses and finance costs it is not economically possible to develop commercial space based on the current returns achievable. Through high level analysis of the two schemes this results in negative profit outcomes with typical developers returns for a project of this nature generally in the order of 15% to 25%.

Banks and other financial institutions require this level of return to secure finance for a project of this type with a certain level of pre-commitment also required. This suggests that developments of a mixed use nature with very limited commercial accommodation are a more appropriate planning response within this market. That is, the reduction of commercial space and the inclusion of residential type uses will provide a better planning outcome. Accordingly, where commercial space only is developed it is likely that the space will be under-utilised and often vacant, detracting from the amenity and aesthetics of the development. Given this, commercial development is not considered to promote the most viable and efficient development for the subject site. If Council insist on the current controls, further development within the area will concede and accordingly the status quo will be retained for years to come.

The LEP requires some 3,900 square metres of commercial space for the subject site. Conversely, based on the DLEP the minimum commercial threshold reduces to 2,608sq.m based on the requirement for 18 Berry Street being 0.5:1. This provides a substantial disincentive to the development of any functional or improved building. It is considered the commercial component identified in the scheme proposed by Strand Estates is inappropriate. Viewed in isolation, this component is unviable as the high cost component is not reflected in the level of return potentially achievable. However, it does activate the Pacific Highway and Berry Street frontages and provides appropriate separation for the residential component of the development.

7 The Residential Market in North Sydney

This section examines the North Sydney residential apartment market in terms of key buyer profiles, their requirements and level of demand, the existing apartment typology breakdown in the study area, and upcoming apartment supply. This section also provides an analysis of the relative level of over and under supply of dwellings in the area, and a discussion on the outlook for the suburb, taking into consideration issues such as affordability.

7.1 BUYER PROFILES

Market research has been conducted in relation to the residential apartment market within the North Sydney suburb, and in conjunction with the analysis surrounding the existing demographic profiles as per Section 4, it has been determined that there are three key buyer profiles that account for the bulk of demand, being first/second home buyers, downsizers and investors. These buyers vary considerably in their requirements and price points resulting in a two tiered market.

While current and historical demand over the last several years is reported to be particularly high for all three categories, market research has indicated that **demand is significantly higher in the first/second home owner and investor markets than in the prestige property segment.**

7.1.1 FIRST AND SECOND HOME BUYERS

First home buyers' budgets are typically capped at approximately \$500,000, with second home buyers generally demanding stock priced between \$600,000 and \$1 million. Market enquiries have determined that demand for this segment of the market is generally focused on one, one plus study and two bedroom apartments due mostly to issues of affordability: most buyers are limited by their borrowing capacity, with many borrowing up to their maximum and incurring mortgage repayments that represent up to 30% of their gross income (viewed by AHURI as the general threshold of housing stress).

7.1.2 DOWNSIZERS

Downsizers are typically retired or semi-retired empty nesters who are relocating from larger family houses located in the suburban North Shore suburbs. Many wish to downsize their land but not their living space, with most generally desiring two car spots (preferably contained), at least three bedrooms and a high provision of storage. Typical price points for downsizers range from between \$1.2 million to \$1.6 million. Growth in this segment of the market has been particularly strong, with many recent and upcoming developments particularly focused to this buyer profile, through the provision of large floor sizes (some up to around 150 square metres), high quality finishes, harbour views and significant storage.

7.1.3 INVESTORS

The investor market has a significant presence in the North Sydney residential market, attracted to the suburb mostly due to its proximity to the CBD, the good provision of public transport and resulting strong demand from renters. Investors generally target rental returns of between 3 and 5%. Current average rents in the area, as outlined in the table below, in comparison to current dwelling prices discussed in the following section, generally restrict ideal investment product to studios, one and two bedroom stock.

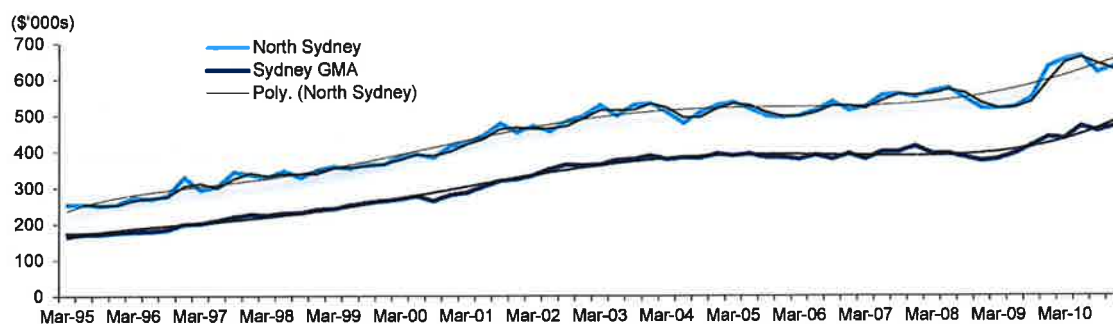
7.2 MARKET PERFORMANCE

7.2.1 CAPITAL GROWTH

Between March 2000 and March 2011, median strata unit values in North Sydney (suburb) increased from \$255,000 to \$655,000, representing an average compounded annual growth rate (CAGR) of 6.5%. Over the same period, median unit values across Sydney Greater Metropolitan Area increased from \$177,000 to \$437,000 representing a slightly lower CAGR of 6.4%.

Figure 15 – Median House Prices – North Sydney and Sydney GMA (2000-2011)

Median Apartment Prices (March 2011)



North Sydney shows consistently higher rents than Sydney overall due to its proximity to the city and the residential amenity offered by the harbour and other local facilities.

7.2.2 RENTAL GROWTH

As illustrated below, rental growth in North Sydney (suburb) over the last 20 years has been particularly strong in for 1 bedroom apartment stock, at 4.2% per year compounded on average. Four bedroom stock has also shown growth however this is a very small, thin and highly volatile market. Growth has been considerably more stable for 1 bedroom apartments, reflecting more consistent demand in that segment throughout the period. This demand has been particularly driven by strong growth in dwelling prices in the area and tight supply, which has forced many potential first time buyers to remain in the rental market.

Strong demand from renters and a low level of supply of affordable product has resulted in very low rental vacancy rates, reported by local agents to be as low as 1% of stock.

Table 8 – Current rental rates – North Sydney suburb (March 2011)

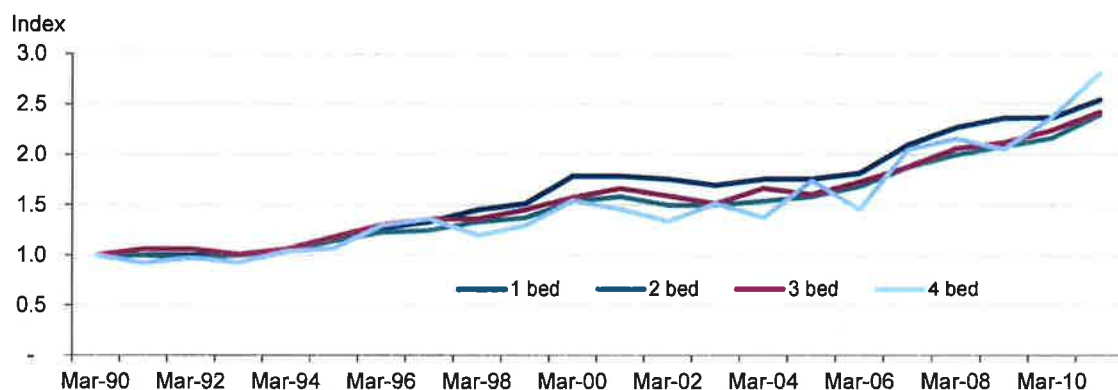
North Sydney Suburb Rents (March 2011)

1 br	2br	3br	Average
420	575	800	520

(Source: HNSW)

Figure 16 – Historic apartment rents index – North Sydney

North Sydney Suburb Rents (to March 2011)



Source : Housing NSW; Urbis

High capital and rental growth rates in North Sydney have resulted in a deterioration of housing affordability for both buyers and renters.

7.2.3 EXISTING APARTMENT SUPPLY

As at 2006, the North Sydney suburb comprised 11% studios, 35% one bedroom, 39% two bedroom, 13% three bedroom and 1% four+ bedroom dwellings (Source ABS). This represents a total of 85% of all units being 2 bedrooms or less. By comparison Crows Nest has 93% of all units which are 2 bedrooms or less.

Taking into consideration that the key buyers driving demand in North Sydney, being first/second home buyers and investors, are generally limited to existing stock with fewer than 2 bedrooms, **the suburb is currently experiencing a high level of undersupply of one and two bedroom apartments.** This view is consistent with comments from local real estate agents who note that enquiries for this segment of the market greatly outstrip supply and that product on the market tends to sell very quickly, more so prestige property.

7.2.4 FUTURE APARTMENT SUPPLY

There are three key upcoming residential developments in North Sydney (suburb):

- 150 Walker Street, North Sydney – the development is specifically targeted to the prestige end of the market, providing 3 bedroom apartments of approximately 160 square metres, and priced between \$1.25 million and \$3 million.
- North Star, 197 Walker Street, North Sydney – this development is targeted to the higher end of the market, providing 2 bedroom apartments priced from \$775,000 and 3 bedroom apartments priced from \$1.12 million. Most apartments have views of the city/harbour and have large terraces and either one or two car spaces.
- 225 Miller Street, North Sydney – this Meriton development is expected to be completed at the end of 2011, and will provide a total of 79 apartments. As per the Section 96 plans (approved July 2010), the development will contain 12 one bedroom apartments, 46 two bedroom apartments (one with study) and 21 three bedrooms apartments (5 with studies). It is understood that this is only being offered to the market for lease at this stage.

In addition, there are also seven other new apartment developments through the broader North Sydney LGA, being:

- **Ensemble, 72-76 Chandos Street, St Leonards** – 17 one bedroom apartment priced from \$460,000; three bedroom apartments ranging in price from \$975,000 to \$1.6 million.

- **Pavilions on the Park (stage 2), Duntroom Avenue, St Leonards** – one bedroom apartments priced from \$485,000 to \$495,000; two bedroom apartments prices from \$890,000 to \$955,000 and three bedroom apartments prices from \$1.3 million to \$1.4 million.
- **136 to 142 Walker Street, North Sydney:** Winten has started marketing this new development which incorporates 1, 2 and 3 bedroom luxury apartments, rooftop facilities, gym, lap pool and high quality finishes. Currently being sold off the plan with prices starting from under \$600,000
- **12-16 Berry Street, North Sydney** comprises a nine storey mixed use building incorporating retail, commercial and residential floor space. There are 53 residential units and basement parking.
- **211-223 Pacific Highway, North Sydney** comprises the development of an 18 storey mixed use building consisting 4 levels of basement car parking, ground floor retail (two restaurant tenancies), commercial (office space) development on levels 1 to 3, and residential development from level 4 to 17. The proposal is for 60 one bedroom, 64 two bedroom and 20 three bedroom units.
- **239-247 Pacific Highway, North Sydney** comprises a proposed mixed use building which is to include 791m² of commercial or retail space at ground floor level and a residential tower which incorporates a total of 86 residential units. The unit mix comprises 20 studio apartments; 27 x 1 bedroom units; 31 x 2 bedroom units and 8 x 3 bedroom units.
- **Panorama, 200-220 Pacific Highway, Crows Nest,** comprises the development of a 17 storey mixed use building containing 203 apartments, 7 serviced apartments, ground floor retail and 150 car parking spaces.

With typical first home owners limited to dwelling prices of around \$500,000 and investors generally demanding properties that are either studios, one bedroom or two bedrooms, new developments in North Sydney (suburb) are unlikely to address strong demand from these segments of the market. As a result, it is likely that **the existing undersupply of lower priced stock will continue into the short term, given that the current supply pipeline for North Sydney is predominantly limited to prestige stock.**

7.3 MARKET SIZE ASSESSMENT

This section provides an assessment of the level of affordability and hence the depth of the market in the North Sydney (suburb) residential market to local North Sydney LGA residents, and to people across the Greater Sydney Metropolitan area.

7.3.1 LOCAL RESIDENTS

The estimated maximum dwelling value that the first home buyer segment currently living in North Sydney LGA could afford is \$480,000. This is derived by adopting the average household income for North Sydney and assuming a 30 year mortgage, 7% interest rate and a 20% deposit. Beyond \$480,000, buyers would fall into housing stress – the situation where mortgage repayments exceed 30% of gross household income. Therefore, **the current North Sydney (suburb) median strata dwelling price of \$655,000 is unaffordable to the average first home buyer.** As a consequence, such people are likely to be restricted to the rental market.

It is important to note that the asking prices of one bedroom apartments in upcoming developments in the North Sydney LGA are also mostly beyond the budget of the average first home buyer currently living in North Sydney LGA. The prices of apartments in the two new developments in North Sydney (suburb), being 150 Walker Street and 197 Walker Street, are significantly higher than the \$480,000 price threshold for the North Sydney LGA first home buyers. Only approximately 40% of first home buyer households could afford the asking price of a one bedroom unit in Ensemble, roughly 30% could afford the asking price for a one bedroom apartment at Pavilions on the Park and less than 15% could afford the two bedroom asking price in the Pavilions.

Therefore, it is evident that **new apartment stock being developed in the North Sydney LGA is not providing for the first home buyer market.** This poses challenges to attracting a diverse and vibrant population mix within the suburb.

The housing affordability matrix below illustrates affordability thresholds at varying house prices and varying interest rates for the North Sydney LGA first home buyer market. As shown, the affordability issue

can be quickly and significantly worsened by a change in interest rates. The numbers in red in the table overpage indicate that at the given house price and interest rate, buyers fall into housing stress.

Table 9 – Affordability matrix – North Sydney LGA first home buyers

Threshold Interest Rate & House Price Levels for North Sydney First Home Buyers							
	House Price						
	\$300,000	\$350,000	\$400,000	\$450,000	\$500,000	\$550,000	\$600,000
Average Household Income = \$102,702							
6.00%	\$1,439	\$1,679	\$1,919	\$2,158	\$2,398	\$2,638	\$2,878
6.25%	\$1,478	\$1,724	\$1,970	\$2,217	\$2,463	\$2,709	\$2,955
6.50%	\$1,517	\$1,770	\$2,023	\$2,275	\$2,528	\$2,781	\$3,034
6.75%	\$1,557	\$1,816	\$2,076	\$2,335	\$2,594	\$2,854	\$3,113
7.00%	\$1,597	\$1,863	\$2,129	\$2,395	\$2,661	\$2,927	\$3,193
7.25%	\$1,637	\$1,910	\$2,183	\$2,456	\$2,729	\$3,002	\$3,274
7.50%	\$1,678	\$1,958	\$2,237	\$2,517	\$2,797	\$3,077	\$3,356
7.75%	\$1,719	\$2,006	\$2,293	\$2,579	\$2,866	\$3,152	\$3,439
8.00%	\$1,761	\$2,055	\$2,348	\$2,642	\$2,935	\$3,229	\$3,522
8.25%	\$1,803	\$2,104	\$2,404	\$2,705	\$3,005	\$3,306	\$3,606
8.50%	\$1,845	\$2,153	\$2,461	\$2,768	\$3,076	\$3,383	\$3,691
8.75%	\$1,888	\$2,203	\$2,517	\$2,832	\$3,147	\$3,461	\$3,776
9.00%	\$1,931	\$2,253	\$2,575	\$2,897	\$3,218	\$3,540	\$3,862
9.25%	\$1,974	\$2,303	\$2,633	\$2,962	\$3,291	\$3,620	\$3,949
9.50%	\$2,018	\$2,354	\$2,691	\$3,027	\$3,363	\$3,700	\$4,036
9.75%	\$2,062	\$2,406	\$2,749	\$3,093	\$3,437	\$3,780	\$4,124
10.00%	\$2,106	\$2,457	\$2,808	\$3,159	\$3,510	\$3,861	\$4,212

Note: Bold Red numbers show that this house price and interest rate level pushes residents over the 30% of household income threshold. Average household incomes are taken from the 2006 census and adjusted to account for income growth to 2010.

Source :Urbis

The estimated maximum dwelling value that established buyers (i.e. second home buyers and down-sizers / empty nesters) currently living in the Sydney LGA can afford is around \$855,000. This is derived by adopting the same assumptions used for the first home buyers, with the exception being at 50% instead of 20% deposit to account for the average amount of equity that this market has in their current home.

With this price threshold, established buyers could afford the one bedroom apartments that are being provided in new developments in the North Sydney LGA, which range in price from around \$460,000 to \$495,000. However, **there is little provision of new two bedroom apartments that are affordable to the average established buyer currently residing in the North Sydney LGA.** Increasing the provision of two bedroom apartments in North Sydney (suburb) would assist in addressing this issue.

Once again, the matrix below demonstrates that buyers' price thresholds are significantly affected by interest rate changes.

Table 10 – Affordability matrix – North Sydney LGA established market

Threshold Interest Rate & House Price Levels for Established Buyers							
	\$700,000	\$750,000	\$800,000	\$850,000	\$900,000	\$950,000	\$1,000,000
Average Household Income = \$102,702							
6.00%	\$1,889	\$2,023	\$2,158	\$2,293	\$2,428	\$2,563	\$2,698
6.25%	\$1,940	\$2,078	\$2,217	\$2,355	\$2,494	\$2,632	\$2,771
6.50%	\$1,991	\$2,133	\$2,275	\$2,418	\$2,560	\$2,702	\$2,844
6.75%	\$2,043	\$2,189	\$2,335	\$2,481	\$2,627	\$2,773	\$2,919
7.00%	\$2,096	\$2,245	\$2,395	\$2,545	\$2,694	\$2,844	\$2,994
7.25%	\$2,149	\$2,302	\$2,456	\$2,609	\$2,763	\$2,916	\$3,070
7.50%	\$2,203	\$2,360	\$2,517	\$2,674	\$2,832	\$2,989	\$3,146
7.75%	\$2,257	\$2,418	\$2,579	\$2,740	\$2,901	\$3,063	\$3,224
8.00%	\$2,311	\$2,476	\$2,642	\$2,807	\$2,972	\$3,137	\$3,302
8.25%	\$2,366	\$2,536	\$2,705	\$2,874	\$3,043	\$3,212	\$3,381
8.50%	\$2,422	\$2,595	\$2,768	\$2,941	\$3,114	\$3,287	\$3,460
8.75%	\$2,478	\$2,655	\$2,832	\$3,009	\$3,186	\$3,363	\$3,540
9.00%	\$2,535	\$2,716	\$2,897	\$3,078	\$3,259	\$3,440	\$3,621
9.25%	\$2,591	\$2,777	\$2,962	\$3,147	\$3,332	\$3,517	\$3,702
9.50%	\$2,649	\$2,838	\$3,027	\$3,216	\$3,405	\$3,595	\$3,784
9.75%	\$2,706	\$2,900	\$3,093	\$3,286	\$3,480	\$3,673	\$3,866
10.00%	\$2,764	\$2,962	\$3,159	\$3,357	\$3,554	\$3,752	\$3,949

Note: Bold Red numbers show that this house price and interest rate level pushes residents over the 30% of household income threshold. Average household incomes are taken from the 2006 census and adjusted to account for income growth to 2010.

Source :Urbis

The assessment in the preceding section demonstrated that **new apartment stock entering the North Sydney (suburb) market is largely unaffordable to local North Sydney LGA residents.**

7.3.2 SYDNEY GMA RESIDENTS

This section repeats the assessment presented in the preceding section, however references buyers across the entire Sydney Metropolitan area.

The approximate price threshold for the average Sydney first home buyer is \$415,000, making the existing and new apartment stock in North Sydney (suburb) unaffordable to the average first home buyer.

Table 11 – Affordability matrix – Sydney GMA first home buyers

Threshold Interest Rate & House Price Levels for Sydney First Home Buyers							
	House Price						
	\$300,000	\$350,000	\$400,000	\$450,000	\$500,000	\$550,000	\$600,000
Average Household Income = \$88,480							
6.00%	\$1,439	\$1,679	\$1,919	\$2,158	\$2,398	\$2,638	\$2,878
6.25%	\$1,478	\$1,724	\$1,970	\$2,217	\$2,463	\$2,709	\$2,955
6.50%	\$1,517	\$1,770	\$2,023	\$2,275	\$2,528	\$2,781	\$3,034
6.75%	\$1,557	\$1,816	\$2,076	\$2,335	\$2,594	\$2,854	\$3,113
7.00%	\$1,597	\$1,863	\$2,129	\$2,395	\$2,661	\$2,927	\$3,193
7.25%	\$1,637	\$1,910	\$2,183	\$2,456	\$2,729	\$3,002	\$3,274
7.50%	\$1,678	\$1,958	\$2,237	\$2,517	\$2,797	\$3,077	\$3,356
7.75%	\$1,719	\$2,006	\$2,293	\$2,579	\$2,866	\$3,152	\$3,439
8.00%	\$1,761	\$2,055	\$2,348	\$2,642	\$2,935	\$3,229	\$3,522
8.25%	\$1,803	\$2,104	\$2,404	\$2,705	\$3,005	\$3,306	\$3,606
8.50%	\$1,845	\$2,153	\$2,461	\$2,768	\$3,076	\$3,383	\$3,691
8.75%	\$1,888	\$2,203	\$2,517	\$2,832	\$3,147	\$3,461	\$3,776
9.00%	\$1,931	\$2,253	\$2,575	\$2,897	\$3,218	\$3,540	\$3,862
9.25%	\$1,974	\$2,303	\$2,633	\$2,962	\$3,291	\$3,620	\$3,949
9.50%	\$2,018	\$2,354	\$2,691	\$3,027	\$3,363	\$3,700	\$4,036
9.75%	\$2,062	\$2,406	\$2,749	\$3,093	\$3,437	\$3,780	\$4,124
10.00%	\$2,106	\$2,457	\$2,808	\$3,159	\$3,510	\$3,861	\$4,212

Note: Bold Red numbers show that this house price and interest rate level pushes residents over the 30% of household income threshold. Average household incomes are taken from the 2006 census and adjusted to account for income growth to 2010.

Source :Urbis

In comparison, the established buyer market across Sydney has an approximate price threshold of \$670,000, taking into account the average amount of equity that this market has in their home. **Encouraging more development of one bedroom apartment stock within this price range to address the needs of the wider market would be an effective strategy for improving the level of affordability in North Sydney to encourage population growth and a diverse population mix.**

Table 12 – Affordability matrix – Sydney GMA established buyers

Threshold Interest Rate & House Price Levels for Sydney GMA Established Buyers

	\$500,000	\$550,000	\$600,000	\$650,000	\$700,000	\$750,000	\$800,000
Average Household Income = \$88,480							
6.00%	\$1,499	\$1,649	\$1,799	\$1,949	\$2,098	\$2,248	\$2,398
6.25%	\$1,539	\$1,693	\$1,847	\$2,001	\$2,155	\$2,309	\$2,463
6.50%	\$1,580	\$1,738	\$1,896	\$2,054	\$2,212	\$2,370	\$2,528
6.75%	\$1,621	\$1,784	\$1,946	\$2,108	\$2,270	\$2,432	\$2,594
7.00%	\$1,663	\$1,830	\$1,996	\$2,162	\$2,329	\$2,495	\$2,661
7.25%	\$1,705	\$1,876	\$2,047	\$2,217	\$2,388	\$2,558	\$2,729
7.50%	\$1,748	\$1,923	\$2,098	\$2,272	\$2,447	\$2,622	\$2,797
7.75%	\$1,791	\$1,970	\$2,149	\$2,328	\$2,507	\$2,687	\$2,866
8.00%	\$1,834	\$2,018	\$2,201	\$2,385	\$2,568	\$2,752	\$2,935
8.25%	\$1,878	\$2,066	\$2,254	\$2,442	\$2,629	\$2,817	\$3,005
8.50%	\$1,922	\$2,115	\$2,307	\$2,499	\$2,691	\$2,883	\$3,076
8.75%	\$1,967	\$2,163	\$2,360	\$2,557	\$2,753	\$2,950	\$3,147
9.00%	\$2,012	\$2,213	\$2,414	\$2,615	\$2,816	\$3,017	\$3,218
9.25%	\$2,057	\$2,262	\$2,468	\$2,674	\$2,879	\$3,085	\$3,291
9.50%	\$2,102	\$2,312	\$2,523	\$2,733	\$2,943	\$3,153	\$3,363
9.75%	\$2,148	\$2,363	\$2,577	\$2,792	\$3,007	\$3,222	\$3,437
10.00%	\$2,194	\$2,413	\$2,633	\$2,852	\$3,072	\$3,291	\$3,510

Note: Bold Red numbers show that this house price and interest rate level pushes residents over the 30% of household income threshold. Average household incomes are taken from the 2006 census and adjusted to account for income growth to 2010.

Source :Urbis

7.4 SUMMARY

This assessment reveals that North Sydney faces significant issues regarding low levels of housing affordability as the current and upcoming unit stock is largely unaffordable to the local as well as broader Sydney market.

With a low amount of affordable stock expected to enter the market in the short term, expectations are for strong capital growth, and further worsened affordability for first/second home buyers. This is likely to have a flow on effect on the rental market, as many would-be purchasers will delay their plans to buy.

Promoting more development of one bedroom stock priced from around \$500,000, and two bedroom stock priced from around \$650,000 to \$850,000 would help to improve the affordability for buyers and renters, and encourage a diverse population mix.

8 Commercial VS Residential Uses

This section will consider the differences and the relationship between residential and commercial property.

8.1 COST BENEFIT ANALYSIS OF COMMERCIAL RESIDENTIAL USES

It is important in land use planning to consider what may, in the circumstances, be in the best interests of the community as a whole. That is, to consider the net community benefit of a planning or policy decision. In assessing the net community benefit of a planning or policy decision by Government it is usual to apply cost benefit analysis (CBA). The Economic Appraisal Guidelines⁵ issued by NSW Treasury for analysis of NSW Government Agency decisions applies CBA as part of the process. This process is also to be applied in accordance with the Department of Local Government Capital Expenditure Guidelines, where Councils are making capital decisions.

In assessing the cost of a public sector decision, it is usual to consider the cost as the market value of the opportunity lost in pursuing that decision. In this instance, the opportunity cost may be the cost to the community of zoning land for commercial use as opposed to residential use. That is, the opportunity cost of an item is the opportunity which is given up when pursuing one course of action over another. It is its worth in its best alternative use.⁶

In this context, the opportunity cost of producing one square metre of commercial office space can be measured against the lost opportunity to produce one square metre of residential space. In economic terms, in measuring the net community outcome, we consider the cost to be equivalent to the benefit forgone, expressed in monetary terms.

To measure the opportunity cost of producing commercial space as opposed to residential space, it is appropriate to compare the gross margin of producing one against the other. In doing this we are acknowledging that the large number of people who make up the market, and indicate their preferences by the prices they are willing to pay, are good judges of the benefit to themselves and by extension the community. Therefore, in the absence of a direct measure of the cost to the community of zoning land for commercial use, as opposed to residential use, we are using the markets' assessment of value.

The gross margin, for the purpose of this analysis, is the difference between the market value of one square metre of ready to use space and the cost of producing that space. Non construction development costs, such as interest, S94 contributions and profit are transfers to other members of the community (transfer costs) and are therefore not net economic costs to the community. They are also likely to be reasonably consistent across the type of development.

The table below estimates the gross margin or difference between the construction costs and market value for residential and commercial space in North Sydney.

Gross Margin, Commercial v's Residential Space

	Commercial	Residential
Approx: Market Value of 1 square metre of Completed Space	\$ 5,000	\$ 7,500
Approx: Construction Cost	\$ 3,075	\$ 2,515
Gross Margin	\$ 1,925	\$ 4,985

(Source: Rawlinsons 2011, RPDData)

The resulting gross margin demonstrates the significantly higher gross residual value that results from developing residential as opposed to commercial property in North Sydney. That is \$4,985 less \$1,925 gives a gross margin of \$3,060 per square metre. This demonstrates that the market considers commercial uses to be a significant underutilisation of the land in the North Sydney CBD.

⁵ "Economic appraisal is mandatory as it assists selection of those projects or programs which maximise benefits to the community" NSW Government Guidelines for Economic Appraisal, tpp 07-5.

⁶ Jackson, J., McConnell, C., Economics, McGraw-Hill Book Company, 1989.

If one was to undertake an Economic Appraisal or Cost Benefit Analysis, (as defined within NSW Treasury Guidelines⁷), of increasing residential development over commercial development in North Sydney, the net difference (\$3,060) between the gross margins, would broadly demonstrate the benefit of residential development to the community. Council would be required to prepare such an analysis for the Department of Local Government, NSW Treasury and Cabinet if it proposed to build commercial office space itself, to comply with DLG Guidelines. The analysis above demonstrates that it is highly unlikely that Council itself could mount a reasonable Business Case for the development of commercial office space, as it is clearly not in the best interests of the community as a whole.

In quantifying the detriment to the community of the oversupply of office space in North Sydney it is helpful to consider the following analysis. Although the relationship between residential and commercial development gross margins would change as the supply of commercial property decreased and prices increased, it can be argued that land and stratum used for commercial purposes is only **40%** as efficient as land used for residential purposes. (That is, $\$1,925/\$4,985 = 38.6\%$). In simple terms, this means that **if all 861,000 sqm of commercial space in North Sydney was used for residential purposes, the community as a whole (including North Sydney residents) could be up to $(\$3,060 \times 861,000)$ \$2.635 billion better off.** If these resources could be released they could be used to provide better facilities and services to the people of North Sydney and NSW.

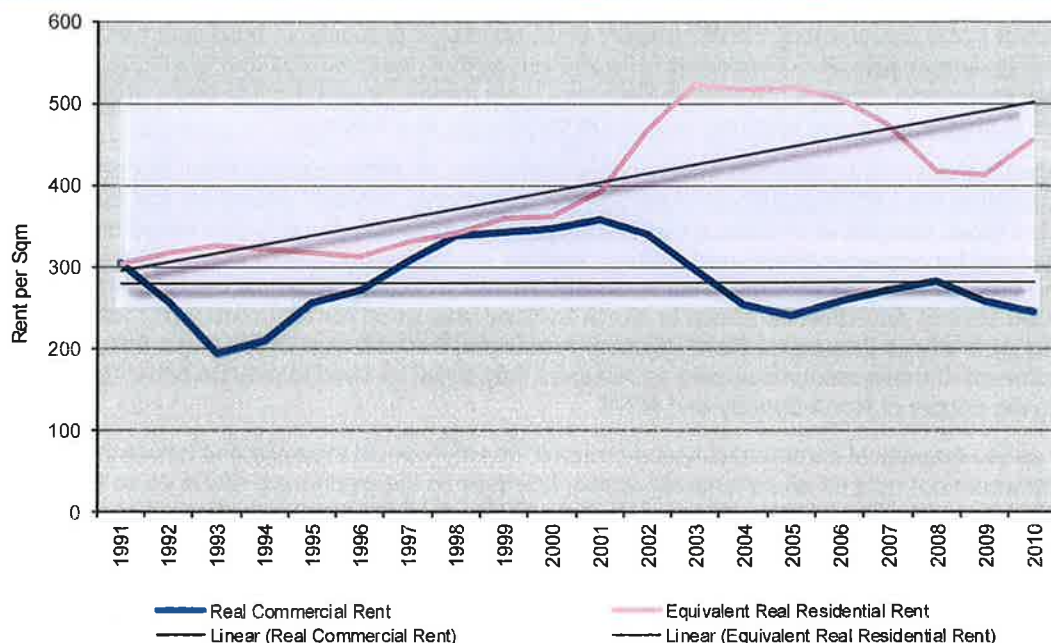
Naturally, as the quantity of commercial space reduced, its value would increase and hence this relationship would not hold for all commercial space, however on the evidence it would do so for a large portion of it. There may also exist an argument that the CBD contributes wider economic benefits (WEBs) to the community, over and above those valued by the market. Such benefits however must be subject to a substitution test, wherein the alternative to the status quo is considered. Given the existing and ample future supply of alternative office accommodation, there is ready substitution for the majority of space. That is, space use in North Sydney which does not directly serve the needs of residents of North Sydney cannot be seen to produce a benefit by way of service and other efficiencies to the community. It does not save the community travel time in procuring services nor provide other benefits not captured in market values. **By any reasonable measure, a large portion of the existing commercial space usage in North Sydney is not in the best interests of the community as a whole.**

The disparity between the performance of the commercial and residential markets in North Sydney is drawn out in the graph following.

⁷ New South Wales Treasury, NSW Government Guidelines for Economic Appraisal tpp-07-5, July 2007.

Commercial Rents VS Residential Rents

NORTH SYDNEY



Source: Jones Lang LaSalle, Urbis

The above graph demonstrates the relative change in commercial and residential rents in North Sydney. As is evident from the graph, real rents in North Sydney have gone down by more than ten per cent in the last 20 years. This is in spite of one of the longest periods of economic prosperity in the nation's history and North Sydney's highly desirable location. If this pattern continues, the consequence for North Sydney may be particularly undesirable. North Sydney risks losing its mantle as a genuine alternative to the Sydney CBD. Companies looking for the accessibility, amenity and image that once was available in North Sydney may opt for more attractive modern areas available in the Global Economic Corridor. In order to compete successfully, North Sydney will need to focus on its strengths and differentiate itself from the commercial centres and corporate parks to its north and north west.

These competitive advantages include:

- Proximity to Sydney CBD;
- The amenity of a vibrant and active CBD;
- The accessibility of being on major rail and road transport links;
- The aesthetics of the harbour side location;
- The prestige of being within the greater Sydney CBD;

To capitalise on these advantages North Sydney needs to:

- Consolidate the commercial core;
- Encourage or permit hotels, serviced apartments, prestige residential, retail and entertainment uses within the commercial core;
- Encourage and permit residential development immediately adjacent to the commercial core;
- Permit scale and density to be maximised within the context of high performance urban design outcomes.

It is noted that other market participants have taken the view that demand for commercial space is poor. This is demonstrated by Planning Proposals which have been approved in respect to developments at 12-16 Berry Street and 156-158 and 239-247 Pacific Highway, 136-142 Walker Street and 225 Miller Street arguing in favour of reducing commercial FSR in favour of residential use.

It is clear that commercial uses are less efficient than residential uses and that there is an oversupply of commercial space in North Sydney. By acknowledging this and focussing on the advantages of North Sydney, it can be a vibrant, activated, high amenity city in which to live and work.

8.2 DEVELOPMENT TYPOLOGY FOR THE SUBJECT PROPERTY

In the context of the subject property at 18 Berry and 144-150 Pacific Highway, this study supports the need to permit a higher proportion of residential development use, rather than commercial uses. The residential uses are considered to have a higher demand and are more marketable at present than commercial uses and will assist in providing activity to the North Sydney CBD. Furthermore the level of planned and mooted projects reflects a large amount of potential supply for the market within the medium term.

Further, based on a review of the demographic and housing market profile of the suburb of North Sydney, the broader North Sydney LGA and Inner North Subregion, in our opinion a higher provision of studio and one bedroom units is consistent with Council's objectives and would provide the following economic and community benefits:

- The design, bulk and scale of the proposed development will promote the character of the neighbourhood and encourage a diverse range of accommodation that promotes affordable housing options in the suburb of North Sydney. These elements of the proposed development comply with the aims of the North Sydney LEP 2001, the North Sydney DCP 2002 and the NSW SEPP 65 and consistent with DLEP 2009 and DDCP 2010.
- The proposed development will provide services and facilities for a mix of people, conforming to the North Sydney Council Residential Development Strategy 2008.
- The proposed development will conform to Strategy 6 of the North Sydney Affordable Housing Strategy 2008, being to maintain and increase the amount of affordable rental stock within the North Sydney LGA.
- A higher proportion of studio and one bedroom apartments will suit the demographic profile of the North Sydney LGA, that is, a higher proportion of persons aged 25-34 (27.6%) years of age compared to 15.3% for the Sydney SD, and a lower proportion of family households across the LGA (46.0%) when compared to the Sydney average (68.1%).
- Residential agents report that there is a substantially higher demand for one bedroom units, than three bedroom units, and that demand is coming predominately from the first home owner and investor segments, this is largely due to issues of affordability with most buyers constrained by their borrowing capacity.
- Local (North Sydney LGA) first home buyers have an approximate price threshold of around \$480,000. In contrast, the average median unit price in North Sydney (suburb) is \$655,000, while pricing for recent and upcoming developments in North Sydney starts from \$775,000. Therefore, new housing product is not meeting the needs of the first home buyer segment. This could be addressed by increasing the provision of studio and one bedroom apartments in the \$500,000 price range.
- The relatively lower level of affordability of dwellings in North Sydney (suburb) is reflected by the significantly higher proportion of renters (53.6% compared to 29.7% for the Sydney SD) and lower proportion of residents that own their property outright (16.4% compared to 30.1% for the Sydney SD).
- The low level of affordability for first home buyers will have flow-on impacts on the rental market as many would-be purchasers will delay their plans to buy, and stay in rental accommodation instead. This will continue to put upward pressure on rents, particularly for one bedroom units, which have already demonstrated stronger growth than the Sydney Average.

In the past twenty years one bedroom apartment rents have grown at a faster rate than two and three bedroom apartment rents, reflecting the strong level of demand for this product. This has resulted in deterioration in rental affordability. Increasing the provision of one bedroom apartments would assist in addressing this issue.

9 Conclusions and Recommendation

Our analysis of the residential market demonstrates that there is an undersupply of residential apartments, particularly smaller apartments.

Given that the current residential apartment supply line is dominated by prestige stock, this undersupply of smaller, more affordable apartments will continue for the foreseeable future.

Our analysis of the commercial office market demonstrates that there is a substantial over supply and that this oversupply will continue over coming decades.

Competition from Sydney CBD and Inner North commercial centres creates a risk that the North Sydney CBD will be increasingly underutilised and further marginalised over coming years.

Planning Proposals lodged in respect of other peripheral sites (12–16 Berry Street, 156–158 and 239–247 Pacific Highway, 225 Miller Street and 136–142 Walker Street) all reported a lack of demand for commercial space. In all instances, the thrust of the Planning Proposals was the lack of demand for commercial space in the Mixed Use zones. The argument has been endorsed by Council. The first two named projects are immediately adjacent to the subject site.

The proposed development specifically provisions 135 units from levels 3 to 22 and 1,110m² of commercial office space (excl mezzanine) over ground floor and levels one and two. We find that residential land use is substantially more productive and results in a substantially higher net community benefit, to that of a commercial use. Furthermore from an economic standpoint, residential uses provide a more positive return on development to that of purely commercial uses. Accordingly, there is considered to be economic justification for the relaxation of the prescriptive mix as set out in both the DCP and DDCP. On this basis, it is recommended that to secure the optimal sustainable future for the North Sydney CBD, the proposed mix comprising a larger residential emphasis in addition to commercial floorspace be encouraged for the subject site through the relaxation of current planning controls.

Appendix A

Success Factors for Vibrant Activated CBD's and the Economic or Opportunity Cost of Land Underutilisation

SUCCESS FACTORS FOR VIBRANT ACTIVATED CBD'S

Activity centre or CBD location: The precinct must be within a substantial activity centre/CBD and attract the necessary anchors.

Natural movement of people: The site must be able to capitalise and maximise strong existing traffic flows; or must have a major anchor or pedestrian generator e.g. • railway station, retail anchors, cinemas.

Access to multiple markets: The centre should have access to multiple markets to drive the precinct at all times. For example, a worker population for daytime business; tourists and/or visitors for night time business. A genuine tourist/visitor destination is a key driver. It is noted that there tends to be concern about entertainment and other such uses in a mixed use precinct conflicting with residential, primarily as a consequence of noise. By having residential on the fringe and entertainment more to the core, this potential conflict can be minimised. However it is important to balance the potential negatives with the need to activate the core outside of business hours.

Strong demographics: A good local catchment, preferably mid to high incomes.

Appropriate scale of retail: The site should incorporate a retail anchor

Exposure – Identity – Profile: The site must have an identity or profile (some unique characteristics).

Exposure to a main road or thoroughfare is important.

Design: Key design fundamentals are critical to the success of a mixed-use site. It should be a 'people place', with ground or predominantly single level retail and the design should provide a point of difference. It should be easy to move around and pedestrian and vehicular access and permeability are critical (including car parking).

ECONOMIC OR OPPORTUNITY COST OF LAND UNDERUTILISATION

Another way to view the situation where the land in North Sydney is underutilised is to consider the opportunity cost of this inefficient land use. Assuming that commercial values would increase by 30% or 40% if supply halved, and hence commercial land would on these metrics be as valuable as residential land, we could say that at least half the commercial space in North Sydney is currently underutilised. If this was the case, it can be argued that the community is (861,000sqm/2 x \$3000) or some **\$1.3 billion** worse off as a consequence of the current land uses. It should be noted that this is not community benefit which is displaced, but rather destroyed, as a consequence of the inefficient land use regime. To place this in context, this is equivalent to the inefficient land use preventing the community/Council from providing more than **3000 free home units** to those in the community who most need them.

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Land Use and Apartment Mix Commercial and Residential Market Report



144-154 Pacific Highway and 18 Berry Street, North Sydney

Planning Proposal and Development Application

Submitted to North Sydney Council
On Behalf of Strand Estates Pty Ltd

July 2013 ■ 13302

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JBA Urban Planning Consultants Pty Ltd operates under a Quality Management System. This report has been prepared and reviewed in accordance with that system. If the report is not signed below, it is a preliminary draft.

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Signature:  Date 29/07/13

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Executive Summary

This peer review and market analysis report has been prepared by JBA on behalf of Strand Estates Pty Ltd (Strand Estates) to support a Planning Proposal and Development Application for 144-154 Pacific Highway and 18 Berry Street, North Sydney. Strand Estates is proposing a mixed use development comprising commercial office floor space on the lower levels and residential units on the upper levels.

Methodology

This report considers the planning context, commercial market, demographic context and development precedents in the local area. This report relies on a mix of primary analysis and work previously undertaken for Strand Estates and North Sydney Council.

Planning Context

The existing North Sydney LEP requires a minimum of 3.0:1 and a maximum of 4.0:1 FSR to be provided as non-residential floor space across the Site. The draft North Sydney LEP 2012 proposes to retain the non-residential FSR for 144-154 Pacific Highway and reduce the non-residential FSR to a minimum of 0.5:1 for 18 Berry Street.

The apartment mix controls are shown in the table below.

Dwelling Type	DCP 2002	Draft DCP 2012
Studio	15% max	10-20%
1 bedroom	30% max	25-35%
2 bedroom	40% max	35-45%
3 bedroom	15% min	10-20%

Commercial Market

The North Sydney CBD currently accommodates approximately 860,000m² of commercial office floor space. The existing stock includes a high proportion of low quality stock (i.e. Grade C and D) but current vacancy rates are relatively low by comparison to surrounding markets.

Future demand for commercial office floor space is driven by the likely future number of employees to be accommodated in North Sydney CBD. By 2036, North Sydney CBD is projected to accommodate an additional 14,800 additional office jobs. Some of these jobs will be accommodated in more efficient use of existing floor space. However, approximately 160,000m² to 190,000m² in additional commercial floor space is likely to be required in the CBD to accommodate the growing working population.

The likely future commercial office supply includes:

- 116,000m² in additional commercial floor space accommodated in recent Part 3A approvals; and
- 71,000m² in additional commercial floor space in potential projects identified by North Sydney Council as 'feasible'.

The above projects equate to 187,000m² and meet the future demand for commercial floor space up to 2036. The above additional commercial floor space does not capture all potential new developments in North Sydney CBD, and the future commercial office floor space is likely to exceed the above estimates.

Residential Market

The likely future buyers for apartments in this location can be characterised as:

- younger adults (aged 25-39);
- investors (i.e. renters);
- small households (lone persons and couples); and
- professionals working households.

These groups make up large proportions of the current apartment occupants in North Sydney CBD which is likely to continue into the future. These groups are also relatively price constrained and make compromises on size of apartments in favour of price and accessibility to services.

The average unit price in North Sydney (suburb) was \$645,000 in 2012. This is significantly higher than the Greater Sydney average of \$498,000 and demonstrates the popularity of the area for residential accommodation. One bedroom units generally achieve between \$400,000 and \$500,000 in North Sydney, while two bedroom units generally achieve \$650,000 to \$750,000 which is unaffordable for a large proportion of North Sydney residents.

Proposed Development

The Planning Proposal is seeking to reduce the required minimum non-residential floor space to 1.0:1 (from 3.0:1) with no maximum non-residential FSR (currently 4.0:1) for 144-154 Pacific Highway (and 18 Berry Street under the currently controls).

The Development Application (DA) seeks consent for the following:

- 2,398m² commercial floor space (over three storeys);
- 204 residential units, including 41 studios, 101 x one bedroom units, 60 x two bedroom units and 2 x three bedroom units; and
- Five basement parking levels.

Land Use Mix Assessment

The commercial market analysis demonstrates there is sufficient future supply of commercial floor space elsewhere in North Sydney CBD to cater for the future demand for office jobs to 2036. As a result, the site is not required to provide significant non-residential floor space to meet future office demand. This analysis has been informed by a number of studies and data sources previously prepared or utilised by North Sydney Council in their analysis of the capacity and market of North Sydney CBD.

Furthermore, the proposed non-residential FSR is suitable for the site for the following reasons:

- The site is in a precinct in transition from commercial to predominantly residential, highlighted by a number of recent Planning Proposals (including those immediately adjoining the site);
- Council has provided justification for various similar Planning Proposals, all of which can similarly apply to the subject site; and
- The site is suitable for residential purposes.

Apartment Mix Assessment

The proposed apartment mix is suitable for the site within the North Sydney CBD for the following reasons:

- the smaller unit types will be more affordable for the local residential market;
- the site is highly accessible and is ideal to accommodate increased densities;
- likely future buyers will favour smaller dwellings types (particularly lone and couple households); and
- there is sufficient existing diverse supply across the North Sydney CBD.

Furthermore, there are a number of precedents whereby the JRPP has recently approved a number of projects that include a similarly high proportion of studios and one bedroom units (i.e. between 60-70%). This demonstrates the market characteristics in the area, particularly relating to the increased affordability (and therefore market) for smaller unit types.

1.0 Introduction

This peer review and market analysis report has been prepared by JBA on behalf of Strand Estates Pty Ltd to support a Planning Proposal and Development Application for 144-154 Pacific Highway and 18 Berry Street, North Sydney.

1.1 Project Purpose and Methodology

Purpose

This report has been prepared to:

- Determine the relevant planning controls regarding commercial floorspace and apartment mix that apply to the site;
- Provide a peer review of previous reports identifying and analysing the commercial office market in North Sydney;
- Identify the key population and residential market characteristics that inform the demand for apartment typologies in North Sydney;
- Support and inform the Planning Proposal to amend the minimum commercial FSR requirement of the North Sydney Local Environmental Plan (LEP) 2001 and Draft North Sydney LEP 2012; and
- Support and inform the Development Application to vary the apartment mix controls of the North Sydney Development Control Plan (DCP) 2002 and Draft North Sydney DCP 2012.

Methodology

The following methodology was used to prepare and inform this report:

- Review of existing and draft planning controls that apply to the site;
- Review material describing the Planning Proposal and development;
- Review of previous commercial market reports prepared for the site and North Sydney CBD;
- Identify the future demand and supply for commercial office floor space in North Sydney CBD;
- Analyse Census data for 2011 to identify the key demographic characteristics and trends which will identify the likely buyers and occupants of apartments in North Sydney;
- Assess the quantum of commercial floor space proposed to be provided as part of the Planning Proposal and Development Application at 18 Berry Street and 144-154 Pacific Highway; and
- Assess the ability for the development proposed for 18 Berry Street and 144-154 Pacific Highway to cater for the future demand for residential typologies in North Sydney CBD.

2.0 The Site

Site Description

The site is located at 144-154 Pacific Highway and 18 Berry Street, North Sydney. The site is located approximately 500m north-west of the North Sydney Rail Station and is considered part of the North Sydney CBD. The site is 1,679m² in area and has frontage to both Berry Street and Pacific Highway (shown at **Figures 1 and 2**).



 The Site

Figure 1 – Location plan

The site consists of four lots currently developed for:

- 18 Berry Street – a three storey commercial building;
- 144-148 Pacific Highway – a 7 storey commercial building;
- 150 Pacific Highway – a 3 three storey commercial building; and
- 154 Pacific Highway – a 7 storey mixed use building.

The existing development consists of approximately 4,550m² of leasable commercial floor space. The existing commercial floor space is currently of Grade C and D quality.



Figure 2 – Aerial photo of the site

The site is subject to a Land and Environment Court approval for a mixed use building of 23 storeys consisting of the following:

- 5 storeys of basement car parking;
- 3,435m² commercial floor space; and
- 84 residential apartments including 3 x studios and 33 x one bedroom units (43%), 34 x two bedroom units (40%) and 14 x 3 bedroom units (17%).

Surrounding Development

The site is located within the north-west section of the North Sydney CBD. The site immediately adjoins mixed use residential buildings (currently under construction) to the west and north. Further west is predominantly residential development and to the north is a mix of commercial and mixed use buildings.

Across the Pacific Highway is a mix of commercial and mixed use buildings. A number of buildings on the eastern side of Pacific Highway are subject to development consent for predominantly residential buildings.

Development to the south of Berry Street is predominantly commercial buildings, with some residential buildings to the south-west of the site.

The site is part of an area transitioning from commercial to mixed use residential (predominantly residential). This transition reflects the distance of the site from North Sydney Station, proximity to the neighbouring residential areas and the land use framework (i.e. B4 Mixed Use) which is discussed further at Section 7.2.

3.0 Planning Context

This section identifies the strategies, policies and planning controls that apply to the site, as relevant to land use and apartment mix.

3.1 Planning Strategies

Table 1 identifies the key actions or objectives of the relevant strategies apply to the site. These Strategies identify that North Sydney CBD has an employment capacity target of 12,000 new jobs between 2011 and 2031 (i.e. 600 jobs p.a.). This is a significant increase on the previous target of 370 jobs p.a.

Table 1 – Relevant strategies

Section/Issue	Strategy/Action
Draft Metropolitan Strategy for Sydney	
Dwelling Target	North Sydney CBD falls within the Central Subregion. The Draft Strategy requires the Central Subregion to accommodate 138,000 additional dwellings between 2011 and 2031. No specific target applies to the North Sydney LGA or North Sydney CBD. However, the Central Subregion's housing target represents an increase of approximately 30% from the original housing targets in the Draft Subregional Strategies. If North Sydney LGA's Draft Subregional Strategy target was increased by 30% over a 20 year period, North Sydney LGA would need to accommodate 5,200 new dwellings between 2011 and 2031. This would equate to approximately 7,150 between 2005 and 2031 (the Draft Subregional Strategy timeframe).
Employment Target	The Draft Strategy sets an employment capacity target of 12,000 additional jobs in North Sydney CBD between 2011 and 2031.
Draft Inner North Subregional Strategy	
Dwelling Target	The Draft Strategy identifies a housing target of 5,500 new dwellings to be provided in the North Sydney LGA between 2005 and 2031.
Employment Target	The Draft Strategy sets an employment capacity target for North Sydney CBD for 11,000 new jobs between 2001 and 2031.
North Sydney Local Development Strategy	
Housing Target	The Strategy identifies that North Sydney LGA has sufficient capacity under the existing and draft planning controls to meet the housing target of 5,000 new dwellings by 2031.
Employment Target	The Strategy identifies that North Sydney CBD has sufficient capacity under the existing and draft planning controls to meet the employment capacity target of 11,000 additional jobs by 2031.
The Local Development Strategy was prepared prior to the release of the Metropolitan Strategy for Sydney and does not consider the increased employment capacity or housing targets.	

3.2 Planning Controls

Land Use Mix

The North Sydney Local Environmental Plan 2001 (LEP 2001) currently applies to the site and includes planning controls that specify the permitted floor space and land use mix. The Draft North Sydney Local Environmental Plan 2012 (DLEP 2012) is expected to come into effect within the coming month/s which will repeal LEP 2001 and update the key planning controls for the site. The planning controls of both LEP 2001 and DLEP 2012 are provided in **Table 2**.

Table 2 – LEP 2001 and DLEP 2012 Controls

Relevant Control	Provision
North Sydney LEP 2001	
Zoning	Mixed Use Zone
Mixed Use Zone Objectives	– Encourage a diverse range of living, employment, recreational and social opportunities, which do not adversely affect the amenity of residential areas, and – Create interesting and vibrant neighbourhood centres with safe, high quality urban environments with residential amenity, and – Maintain existing commercial space and allow for residential development in mixed use buildings with non-residential uses at the lower levels and residential above, and – Promote affordable housing.
Mixed Use Zone Permitted Uses	advertisements; apartment buildings ; attached dwellings; boarding-houses; business identification signs; child care centres; clubs; commercial premises ; community facilities; community notice signs; duplexes; dwelling-houses; drainage; educational establishments; home industries; home occupations; hospitals; hotels; medical centres; open space; places of assembly; places of public worship; real estate signs; recreational facilities; refreshment rooms; remediation; restricted premises; shops ; showrooms; take-away food shops; taverns; telecommunications facilities; temporary signs; utility installations, other than gas holders or generating works.
Non-residential FSR	Minimum of 3:1 to maximum of 4:1
Clause 28C Railway infrastructure (North Sydney Centre)	Consent must not be granted... if the consent authority is satisfied that the increase in non-residential gross floor area authorised under the consent concerned when added to the increases (reduced by any decreases) in non-residential gross floor area authorised under all consents granted in relation to land in the North Sydney Centre since the commencement of this Division would exceed 250,000 square metres.
Draft North Sydney LEP 2012	
Zoning	B4 Mixed Use Zone
Zone Objectives	– To provide a mixture of compatible land uses. – To integrate suitable business, office, residential, retail and other development in accessible locations so as to maximise public transport patronage and encourage walking and cycling. – To create interesting and vibrant mixed use centres with safe, high quality urban environments with residential amenity. – To maintain existing commercial space and allow for residential development in mixed use buildings, with non-residential uses on the lower levels and residential uses above those levels.
Clause 6.5(2) Railway infrastructure – transitional arrangements	Development consent must not be granted for development on land [in North Sydney Centre] unless the consent authority is satisfied that the increase in non-residential gross floor area authorised under the development consent concerned when added to the increases (reduced by any decreases) in non-residential gross floor area authorised under all consents granted in relation to land [in North Sydney Centre] since 28 February 2003 would not exceed 250,000 square metres.
Non-residential FSR	– 18 Berry Street: Minimum 0.5:1 – 144-154 Pacific Highway: Minimum of 3:1 to maximum of 4:1

Apartment Mix

The key controls relating to the apartment mix of a residential development on the site are currently included in the North Sydney Development Control Plan 2002 (DCP 2002). The Draft North Sydney Development Control Plan 2012 (DDCP 2012) includes provisions that are likely to come into effect subsequent to the implementation of the DLEP 2012. **Table 3** identifies the key relevant controls within these planning instruments.

Table 3 – DCP 2002, SEPP 65 and DDCP 2012 Planning Controls

Relevant Control	Provision
North Sydney DCP 2002	
Section 6 Mixed Use Development - Objectives	- To provide various grades and sizes of commercial floorspace, accommodate a mix of small and larger business, services, high tech industries, retail and recreation facilities - To provide a dwelling mix that achieves an on-site dwelling density contributing to energy efficient design and residential amenity; - To provide a choice in the mix of dwelling sizes and in the range of affordability - To provide a mix of uses and activities to meet the needs of residents, workforce and visitors - Locate retail/commercial uses on the ground floor, retail/commercial or residential uses on the first floor, and residential uses on upper floors.
Clause 6.1 Function - Mixed residential population	- Provide a mix of dwelling types and sizes as follows: a) studio apartments maximum 15% b) 1 bedroom apartments maximum 30% c) 2 bedroom apartments minimum 40% d) 3 bedroom+ apartments minimum 15% - Substantive variations to unit mix must be supported by an authoritative analysis of current and future market demand.
Draft North Sydney DCP 2012	
Commercial and Mixed Use Development aims:	- To provide various grades and sizes of commercial floor space to accommodate a mix of business, service, high tech industry, retail and recreational uses, - To meet the residential and employment population targets as outlined in the State Government's Metropolitan Strategy and Inner North Subregional Strategy.
2.2.3 Mixed Residential Population	- For developments containing 20 or more dwellings the following mix must be provided: a) studio 10-20% b) 1 bedroom 25-35% c) 2 bedroom 35-45% d) 3 bedroom+ 10-20% - Variations to the dwelling mix will require the applicant can adequately demonstrate by an authoritative analysis of current and future market demand that the suggested mix is not reasonable.

4.0 Commercial Market

This section of the report provides an assessment of the commercial market in the North Sydney CBD. This report utilises research and analysis previously undertaken on behalf of Strand Estate Pty Ltd and North Sydney Council.

Strand Estates Pty Ltd engaged Urbis to prepare 'Optimising Development Typology in North Sydney' (ODTNS, September 2011). ODTNS was prepared to support a variation to the required non-residential GFA within the development application approved by the Land and Environment Court in January 2013. The details of the approval are discussed at Section 2.0.

A number of reports prepared for North Sydney Council also include information that informs this analysis. In particular, North Sydney Council engaged Urbis in May 2012 to complete the 'North Sydney Commercial Centre Study' (NSCCS). The report was completed in February 2013 and presented to Council in May 2013. The report provides an updated assessment of the commercial office market in North Sydney CBD. In 2006, 2007 and 2008, Council also engaged SJB, Preston Rowe Paterson, Rice Daubney and Landmark White to undertake an analysis of the development potential and feasibility of the draft LEP controls. This analysis is also utilised in the following analysis.

The above reports include detailed analysis of the supply, demand and conditions of the commercial office market in the North Sydney CBD. These reports are sufficiently recent and comprehensive to support the following analysis.

The 2011 and 2013 reports rely on the information included in the Property Council of Australia (PCA) Office Market Reports for North Sydney. Where relevant, the most recent January 2013 PCA Office Market has also been referenced.

4.1 North Sydney CBD

The North Sydney CBD, as defined by the February 2013 report, is shown at **Figure 3**. The site is located within the north-west precinct of the CBD, and forms part of the boundary of the CBD.

As at January 2013, North Sydney CBD included 862,000m² of commercial office floor space¹. NLEP 2001 and DLEP 2012 include a provision limiting non-residential floor space to 250,000m² on top of the floor space that existed at 28 February 2003. This limitation is due to the capacity of North Sydney rail station and further arrangements to increase capacity of the rail station are to be undertaken before any additional capacity can be provided. PCA estimates 810,000m² of commercial floor space existing in North Sydney CBD in January 2003.

Therefore, the maximum amount of commercial floor space to be accommodated in North Sydney CBD is 1,060,000m² (before North Sydney rail station is required to be further upgraded). This figure is unlikely to be met as the additional non-residential development also includes retail, hotel accommodation and serviced apartments.

¹ PCA Office Market Report January 2013

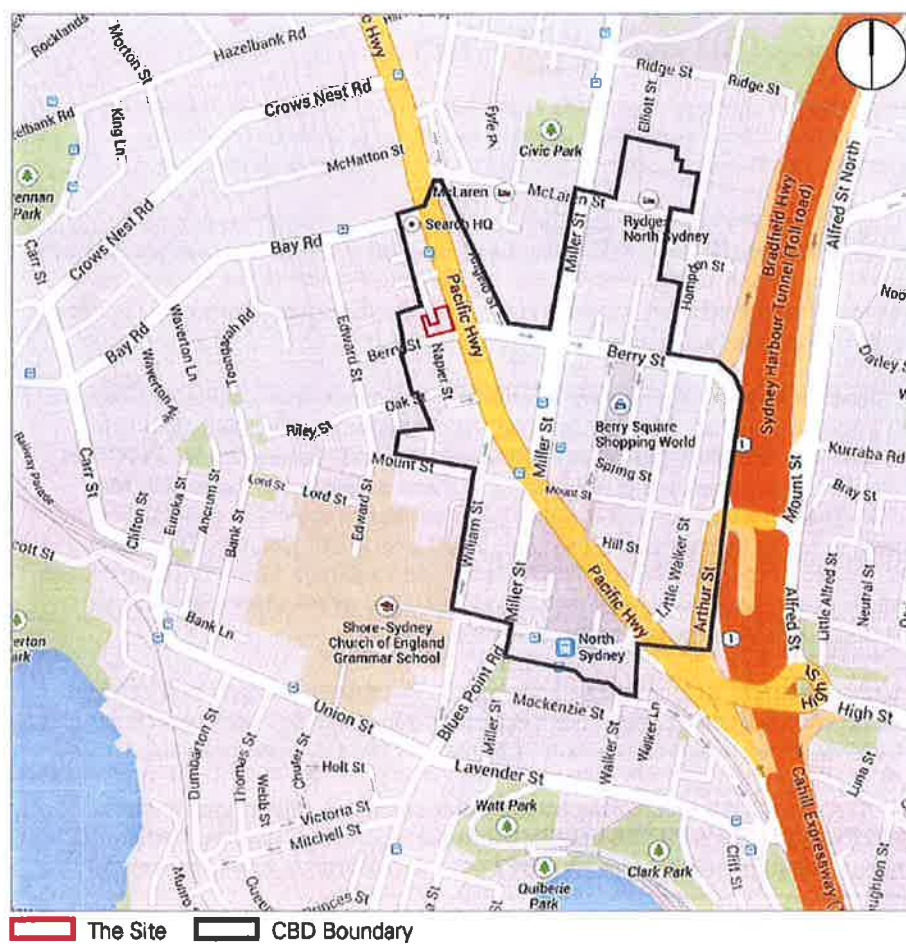


Figure 3 – North Sydney CBD

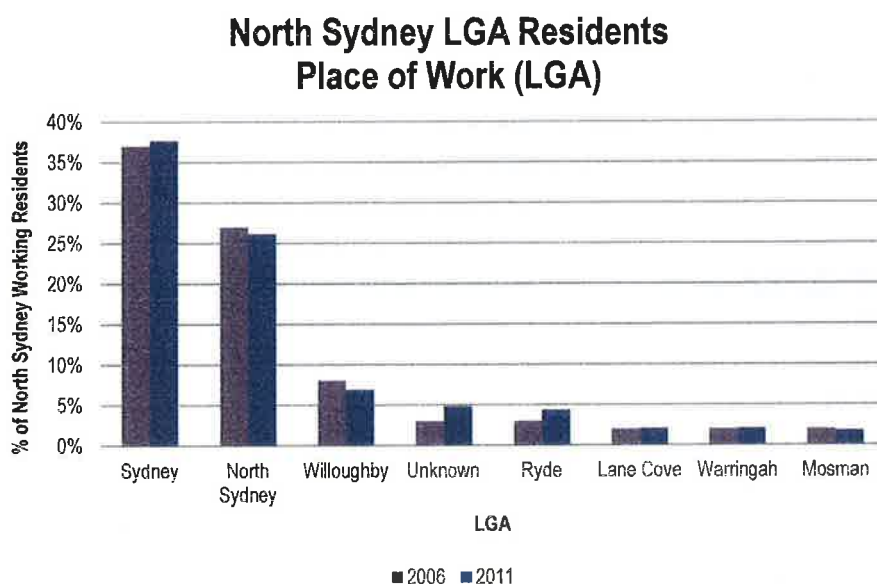
4.2 Working Population

NSCCS provides a detailed breakdown of the North Sydney LGA resident and working population. However, NSCCS outlines the resident and working population characteristics of the 2006 population. The 2011 Census data was not used to provide an updated profile of the resident and working population.

The key characteristics of the North Sydney LGA resident population are provided at Section 4.2. The characteristics of the working population of North Sydney LGA are outlined below.

Place of Work

The chart below identifies the place of work of North Sydney residents in 2006 and 2011. The majority of the North Sydney LGA working population work in Sydney LGA or North Sydney LGA (64%). This proportion has remained static since 2006, however a larger proportion work in the Sydney LGA. The most significant change is a reduction of residents working in Willoughby LGA and an increase in residents working in Ryde LGA. This is likely due to the growing employment opportunities in Macquarie Park.



Source: ABS, Urbis and JBA

Industry of Employment

Table 4 compares the workforce areas in the North Sydney LGA in 2006 and 2011. The key workforce areas of workers in the North Sydney LGA include Professional, Scientific and Technical Services (30%), Financial and Insurance Services (12%) and Information Media and Technologies (6%). This was similar in 2006, where the three workforce areas made up 47% of the working population (up slightly to 48% in 2011). Like 2006, the North Sydney LGA is predominantly a white collar workforce.

Table 4 – North Sydney LGA Workers – Industry of Employment

Workforce Area	2006	2011
Professional, Scientific and Technical Services	27%	30%
Financial and Insurance Services	11%	12%
Information Media and Telecommunications	9%	6%
Health Care and Social Assistance	5%	6%
Education and Training	4%	6%
Administrative and Support Services	5%	5%
Accommodation and Food Services	5%	5%
Retail Trade	6%	5%
Public Administration and Safety	3%	4%
Construction	4%	4%
Wholesale Trade	3%	4%
Other Services	3%	3%
Other	14%	11%

Source: ABS, Urbis and JBA

Income

North Sydney LGA workers have higher incomes than the Greater Sydney average (shown in **Table 5**). In North Sydney LGA, 57% of workers earn more than \$65,000 p.a., compared to 37% in Greater Sydney. Similarly, more than double the proportion of workers in North Sydney LGA (30%) earn over \$104,000 p.a. when compared to Greater Sydney (14%). This reflects the white collar nature of workforces located in the North Sydney LGA.

Table 5 – North Sydney LGA Workers – Income (2011)

Personal Income	North Sydney LGA	Greater Sydney
\$Neg/Nil	1%	1%
\$1 - 10,400	2%	4%
\$10,400 - \$15,600	2%	4%
\$15,600 - \$20,800	3%	5%
\$20,800 - \$31,200	5%	10%
\$31,200 - \$41,600	8%	14%
\$41,600 - \$52,000	10%	13%
\$52,000 - \$65,000	12%	13%
\$65,000 - \$78,000	11%	10%
\$78,000 - \$104,000	16%	13%
\$104,000 +	30%	14%

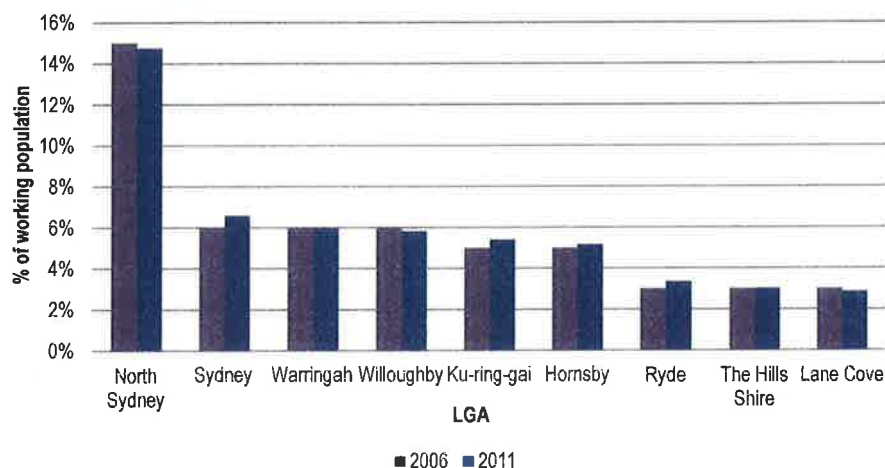
Source: ABS, JBA

Place of Residence

The place of residence of workers in the North Sydney LGA has not varied significantly between 2006 and 2011. A large proportion of workers live in the North Sydney LGA, North Shore or Northern Beaches. This is likely to reflect the public transport accessibility (train and bus) for residents living north of Sydney Harbour.

A number of workers reside in other LGAs not shown on the chart below (47%). This reflects the accessibility of North Sydney to the broader Sydney Metropolitan region, particularly by the rail network.

North Sydney LGA Workers Place of Residence (LGA)



Source: ABS, JBA

Conclusion

The working population analysis undertaken by NSCCS is based on 2006 TDC data. However, there are few changes in the working population between 2006 and 2011. North Sydney LGA continues to employ a significant proportion of the North Sydney LGA residential population. The working population continues to be in the white collar industries and earning well above the Greater Sydney average.

Therefore the assumptions used in the NSCCS regarding the working population of the North Sydney LGA and CBD are still relevant.

4.3 Existing Demand Indicators

ODNTS and the PCA North Sydney CBD Office Market Reports identify a number of demand indicators for commercial office floor space in North Sydney. The demand indicators demonstrate the commercial market in North Sydney CBD fluctuates over the short term, but is generally a long term stable yet slow office market.

Net Absorption

The demand analysis undertaken in ODTNS relies on an analysis of the absorption rate and rental growth in North Sydney as indicators for demand. The combined analysis of OCTNS and NSCCS provide adequate measures to assess demand for commercial office floor space in North Sydney.

ODTNS states that it is unlikely that the North Sydney office market will experience significant demand for floor space within the following 12 months. **Table 6** identifies the net absorption rates between January 2011 and January 2013². The total supply of commercial floor space in North Sydney CBD has increased slightly over the 12 months to January 2013 (by approximately 1,700m²) while the total vacancies across North Sydney has increased by 7,100m². This has resulted in a negative net absorption rate over the past two 6 month periods.

² PCA North Sydney CBD Office Market Report (January 2013)

Table 6 – Net Absorption Rates 2011 – 2013

Month	Total Stock (m2)	Supply Additions (m2)	Supply Withdrawals (m2)	Total Vacancies (m2)	Net Absorption (12 months)
Jan-11	861,273	538	3,915	89,004	7,812
Jul-11	860,473	0	800	77,476	10,727
Jan-12	859,885	761	1,349	60,180	16,708
Jul-12	861,153	2,642	1,374	63,734	-2,285
Jan-13	861,554	1,374	973	67,266	-3,131

Source: PCA

Vacancy Rate

Although the net absorption rate demonstrates decreasing demand for commercial floor space in North Sydney CBD, the current vacancy rate in North Sydney CBD is relatively low (6.7%) by comparison to the last 10 years. The vacancy rates of other local commercial office markets (i.e. Sydney CBD, Macquarie Park/North Ryde, St Leonards/Crows Nest and Chatswood) have also recently fallen and only Macquarie Park/North Ryde is currently lower than North Sydney (6.3%)³.

Rental Growth

ODTNS states the recent rental activity for tenancies within 144 Pacific Highway, North Sydney indicate decreasing demand for commercial office premises of similar quality and size. Recent transactions demonstrated only 6.3% in net rental growth over 10 years between 2001 and 2011.

ODTNS identifies the average real commercial rents across North Sydney CBD between 1991 and 2010. During that period, real commercial rents have fluctuated but in 2010 were lower than 1991. This indicates that supply has exceeded demand for commercial floor space over this time period.

4.4 Existing Commercial Office Supply

The NSCCS includes a detailed analysis of the existing office supply in the North Sydney CBD. NSCCS relies on Property Council of Australia Office Market Report (July 2012). Although an updated report is now available (January 2013), the data is reliable. The key characteristics of the existing supply are described below.

Quantum

In January 2012 there was approximately 860,000m² of commercial office space in North Sydney CBD which had fallen slightly from a peak of 865,000m² in July 2010. There has been only a slight increase since January 2012 (1,500m²).

Net Additions

NSCCS identifies the net additional commercial floor space in North Sydney CBD has fluctuated considerably since 2010, with up to 28,000m² in additional commercial floor space during one half yearly period (between 2010 and 2012) and down to 10,000m² less commercial floor space in another half yearly period. These changes reflect new commercial floor space and the redevelopment of commercial floor space into another land use (eg. residential), respectively. Between 2003 and 2013, the total amount of commercial floor space in North Sydney CBD increased by 50,500m².

³ According to PCA North Sydney CBD Office Market Report (January 2013) and NSCCS.

Absorption

North Sydney CBD has experienced an average annual (10 years to January 2013) net absorption rate of approximately 8,300m² additional commercial floor space per year. This demonstrates the additional commercial floor space was generally taken up by the market over the previous 10 years and the vacancy rate has fallen significantly (from 12.2% to 6.7%).

Quality of Stock

North Sydney CBD has relatively low quality commercial office stock. Although only North Sydney CBD and Sydney CBD include premium office stock within the other key centres analysed in NSCCS, 74% of stock is B Grade or worse (as shown at **Figure 4**). Only St Leonards / Crows Nest have a larger proportion of lower grade stock with 75% of stock B Grade or worse.

The quality of stock in North Sydney CBD is likely reflective of:

- the age of stock – with only 20% of commercial office space built after 1991;
- small building footprints – with only 12% of floor plates over 1,000m² (the average floor plate for commercial offices in North Sydney CBD is 668m²); and
- strata properties – in different ownership which are more difficult to redevelop.

Grade of Commercial Office Stock (2012)

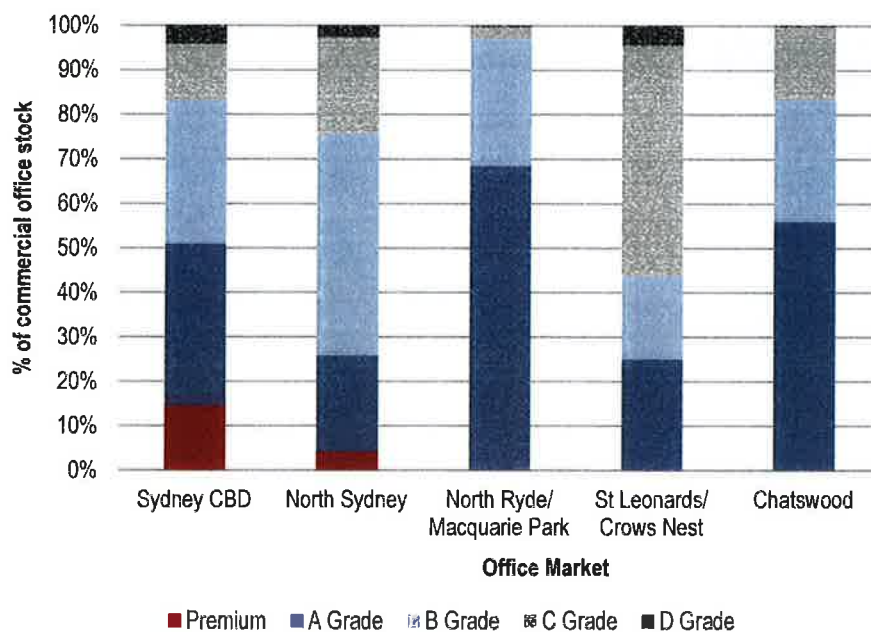


Figure 4 – Existing quality of commercial office stock

Source: PCA, Urbis, JBA

4.5 Future Commercial Office Demand

NSCCS provides a detailed analysis of the existing and future demand for commercial office floor space in the North Sydney CBD. The detailed demand analysis is informed by the projected number of jobs to be provided in North Sydney CBD, and the floor space required to accommodate additional jobs.

Employment/Jobs

The NSCCS utilises Transport Data Centre (TDC) projections for additional employment targets to 2036. NSCCS estimates employment in North Sydney LGA will increase by approximately 8,000 jobs between 2011 and 2036. Of these 3,200 additional office-based jobs are projected for the North Sydney CBD.

NSCCS significantly underestimates the employment projections for North Sydney CBD. The Bureau of Transport Statistics (BTS, former TDC) released updated employment projections for the North Sydney CBD in August 2012. The employment projections for the relevant travel zones in the North Sydney CBD (generally following the North Sydney CBD boundaries) are provided in **Table 7**.

BTS projects there will be 12,710 additional jobs in the North Sydney CBD between 2011 and 2036. Of these jobs, there will be an increase of 14,815 jobs in office based industries and a reduction of 2,105 jobs in non-office based industries. This is a significant increase on the projections identified in NSCCS.

Table 7 – North Sydney CBD Employment Projections – By Industry⁴

Industry	2011	2036	Total Change
Administrative and Support Services	2,856	3,155	299
Education and Training	1,514	1,897	383
Financial and Insurance Services	6,036	8,654	2,618
Health Care and Social Assistance	1,182	1,350	168
Information Media and Telecommunications	1,604	3,332	1,728
Professional, Scientific and Technical Services	13,065	23,201	10,136
Public Administration and Safety	1,995	1,478	-517
Office based industries	28,252	43,067	14,815
Other industries	10,898	8,793	-2,105
Net additional jobs			12,710

⁴ Travel zones included within North Sydney CBD include – 2353 Don Bank Museum North Sydney, 2354 North Sydney (Monte Sant Angelo), 2359 North Sydney CBD (Southern End), 2360 North Sydney CBD (Northern End) and 2364 North Sydney Station.

Commercial Office Floor Space

NSCCS states the additional number of jobs projected in the North Sydney CBD (i.e. 3,200 additional office jobs) will equate to approximately 65,000m² of additional commercial floor space. The additional commercial floor space is determined using an assumed occupancy rate of 1 x office based employee per 20m² of commercial office floor space. This represents a decrease from the average actual occupancy rate of 24m² per employee in 2006.

As discussed above, the projected increase in office-based jobs in North Sydney CBD is 14,815 between 2011 and 2036. Using NCSSC assumptions (20m² per job) this equates to 296,300m² in additional commercial floor space.

However, NSCCS acknowledges the employee density rate is conservative, with fit outs currently achieving employee densities at an average of 15m² per employee and some down to as low as 12m² per employee. This assumption is also supported by Urbis's ODTNS report prepared in 2011 and is reflective of the trend towards higher employee densities in CBDs, partly due to activity based workplaces.

If the average employee density achieved in North Sydney CBD continues to be provided at 15m² per employee, the actual demand for commercial office floor space in North Sydney CBD would be 222,225m² by 2036, a reduction of 74,075m².

Furthermore, NSCCS assumes the employee density of existing commercial buildings will remain the same (average 24m² per employee) to 2036. It is more likely a proportion of the existing commercial floor space would be refurbished or redeveloped by 2036 and therefore increasing employee density and accommodating more employees within the existing floor space.

For example, if the average employment density decreases by only 1m² (i.e. to 23m²) per employee, the existing commercial floor space in North Sydney CBD will accommodate an additional 1,500 jobs. Alternatively, if 10-20% of the existing floor space were refurbished to accommodate an employee density of 15m² per employee, the existing floor space would accommodate an additional 2,150 to 4,300 jobs.

If 10-20% of the existing commercial floor space is refurbished by 2036 to accommodate 2,150 - 4,300 additional employees, the total demand for additional commercial floor space would be approximately 157,725m² to 189,975m² (i.e. 10,515 - 12,665 jobs x 15m²). This equates to approximately 6,300m² - 7,600m² p.a. and represents an increase of 7.3-9.3% over 10 years on top of the commercial floor space in North Sydney CBD in January 2013.

Over the past 10 years, the average annual increase in commercial floor space was 5,065m² p.a. which equates to 6.3% since 2003. The projected demand for commercial floor space far exceeds the average growth over the past 10 years and, therefore, 189,975m² additional commercial floor space is likely to be an upper limit.

4.6 Future Commercial Office Supply

Known Future Supply

There are three major commercial buildings approved in North Sydney CBD which, if constructed, will increase commercial office supply. These developments all fall within the CBD commercial core and have been approved for over 125,000m² of commercial floor space (as outlined in **Table 8**). There is approximately 11,000m² of existing commercial floor space within these buildings, therefore, the three approvals will result in a net increase of approximately 115,000m² commercial floor space.

Table 8 – Known future commercial supply

Address	Approved Commercial Floor space
90-100 Mount Street	40,100m ²
Shopping World site (1 Denison Street)	46,500m ²
177-199 Pacific Highway	39,249m ²
Total	125,849m²
Existing commercial floor space (approx.)	11,000m ²
Net additional commercial floor space	115,849m²

These projects were all approved under Part 3A and have not commenced construction. As identified in NSCCS, these developments are larger than any others in North Sydney CBD and are likely to require significant pre-commitments before finance funding is provided. The delay in achieving pre-commitments is likely reflective of the current market in North Sydney CBD and the ability to attract large tenants.

Estimated Future Supply

In 2006 and 2008, North Sydney Council engaged SJB Architects and Rice Daubney to identify the development potential of a number of potential development sites in the North Sydney CBD. Preston Rowe Paterson (PRP) and Landmark White assessed the economic viability of the development potential identified by SJB Architects and Rice Daubney, respectively. The outcomes of these studies are summarised in **Table 9** (where these figures overlap, the most recent data is used).

The objective of this exercise was to demonstrate the existing controls would provide sufficient development capacity to deliver 250,000m² of additional non-residential floor space (as envisaged under LEP 2001). We understand Council accepts the outcomes of these studies and have subsequently proceeded with DLEP 2012.

The Rice Daubney analysis demonstrated there is capacity for approximately 47,000m² additional viable commercial floor space on two key sites in the North Sydney CBD. These sites generally avoided highly constrained lots (i.e. strata titled) and increased capacity above the SJB estimates. Only one additional site was found to be viable by the PRP analysis of SJB's development yield estimates. This site provides the capacity for approximately 24,000m² of additional commercial floor space in the North Sydney CBD. These two studies indicate there is capacity for 71,000m² of additional commercial floor space in the North Sydney CBD. When combined with the approved developments, this generates a total of 187,000m² potential additional commercial office supply.

Council acknowledges the sites analysed in the four studies are not the only sites with capacity to provide additional commercial floor space in the North Sydney CBD. Furthermore, the sites considered not feasible by PRP and Landmark White provide capacity for over 282,000m² of commercial floor space. This floor space

may become feasible by 2036. Therefore, the future commercial capacity within the North Sydney CBD is likely to exceed 187,000m² by 2036.

Table 9 – Estimated development yield

Address	Total GFA	Additional Commercial GFA ⁵	Feasibility Result
North Sydney Capacity Study 2008 (Rice Daubney)			
118 & 122 Walker Street	25,045m ²	20,000m ²	Marginal/Viable
1 Wheeler Avenue	28,780m ²	27,000m ²	Viable
53 & 63-67 Walker Street	28,150m ²	17,000m ²	Not Viable
177-197 Pacific Highway	Included in approved development above		
77-81 Berry Street (i.e. 1 Denison Street)	Included in approved development above		
86-100 Mount Street	Included in approved development above		
Total Feasible Floor Space	53,825m²	47,000m²	Feasible
North Sydney Height Study and Commercial Feasibility Study (SJB and PRP)			
77-81 Berry Street	Included in approved development above		Feasible
110- 122 Walker Street	53,284m ²	43,042m ²	Not feasible
153-165 Walker Street	57,357m ²	43,202m ²	Not feasible
86-100 Mount Street	Included in approved development above		Feasible
107-125 Walker Street and 104 Mount Street	45,398m ²	32,094m ²	Not feasible
116-118 Mount Street and 122 Arthur Street	45,132m ²	34,588m ²	Not feasible
86-102 Walker Street	53,982m ²	40,177m ²	Not feasible
69-83 Walker Street	30,355m ²	14,020m ²	Not feasible
53-67 Walker Street	33,746m ²	23,778m ²	Feasible
97-103 Pacific Highway and 51 Walker Street	25,384m ²	18,452m ²	Not Feasible
107-109 Mount Street	23,165m ²	16,516m ²	Not feasible
80-90 Arthur Street	43,966m ²	28,374m ²	Not feasible
177-199 Pacific Highway	Included in approved development above		Feasible
1 Wheeler Lane	As per Rice Daubney figures above		Feasible
Total Feasible Floor Space	33,746m²	23,778m²	Feasible

⁵ JBA estimate

4.7 Conclusion

The existing commercial office supply in North Sydney CBD equates to approximately 860,000m². This has increased at a rate of 5,050m² p.a. over the past 10 years. Due to increasing occupancy of commercial floor space in North Sydney, the occupied floor space has increased by a rate of 8,300m² p.a. over the same time period.

Employment projections estimate approximately 14,800 additional office jobs are to be accommodated in North Sydney between 2011 and 2036. Some of these jobs are likely to be accommodated through efficiency improvements in the existing floor space (approximately 2,150 to 4,300 jobs). However, approximately 160,000m² to 190,000m² in additional commercial floor space will be required to accommodate the remaining additional office based jobs (i.e. 10,515 to 12,665 jobs). This is likely to reflect an optimistic maximum as it depicts a significant growth by comparison to the past 10 year trend.

A number of studies undertaken for North Sydney Council indicate the potential future supply of commercial office floor space in North Sydney CBD. It is estimated these sites can deliver approximately 187,000m² of additional commercial floor space under the current and draft LEP controls. Council has acknowledged there is also likely to be a number of additional sites that will further contribute to additional commercial floor space in the CBD.

Therefore, the potential future supply of commercial floor space in North Sydney CBD will meet the projected maximum demand by 2036.

5.0 Residential Market

This section identifies and describes the key demographic characteristics of North Sydney (suburb) and North Sydney CBD. This report relies on 2011 Census data, and refers to trends over time as relevant. The characteristics of apartment occupants are referenced, and are compared to the overall population across North Sydney and North Sydney CBD. Recent trends in the residential property market are also identified, particularly recent price trends in apartments in North Sydney.

This combined analysis identifies the key characteristics of the likely future buyers or occupants of apartments and the relative affordability of apartments in this location for the likely future population.

5.1 Demographic Profile

5.1.1 Population Profile

This section identifies the key characteristics of the North Sydney suburb population, by comparison to the North Sydney LGA and Greater Sydney populations.

Population Snapshot

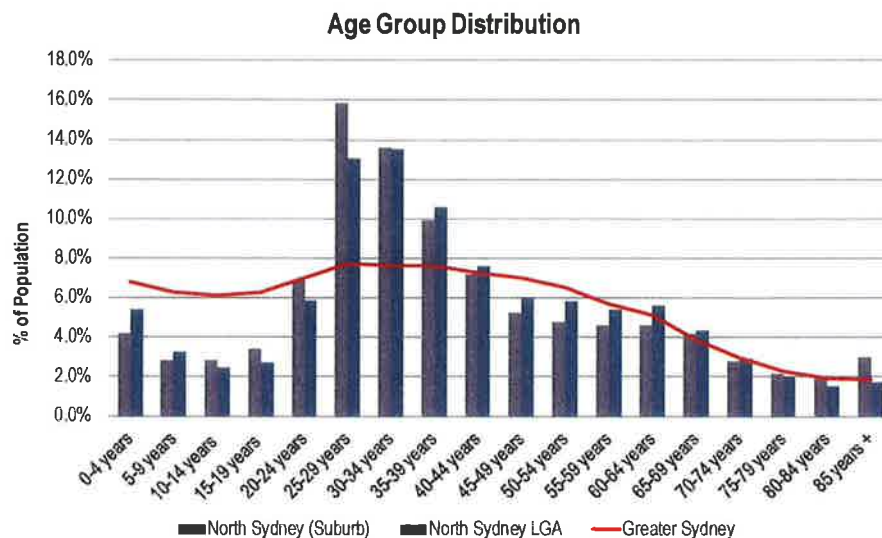
Table 10 – Population snapshot

	North Sydney (Suburb)	North Sydney LGA	Greater Sydney
Population	6,258	62,289	4,391,674
Median age	35	36	36
Median individual income (\$ weekly)	\$1,146	\$1,216	\$619
Median family income (\$ weekly)	\$2,635	\$2,768	\$1,683
Median household income (\$ weekly)	\$1,926	\$2,205	\$1,447
Median housing loan repayment (\$ monthly)	\$200	\$2,700	\$2,167
Median rent (\$ weekly)	\$460	\$480	\$351
Average number of persons per bedroom	1	0.91	0.9
Average household size	1.9	2	2.7

Table 10 identified the population, income, housing costs and household size medians of North Sydney, North Sydney LGA and Greater Sydney. The key characteristics are:

- North Sydney suburb and LGA have significantly higher median incomes (at an individual, family and household level) than Greater Sydney.
- Median individual income in North Sydney suburb is higher than the North Sydney LGA, however household and family incomes are lower.
- Dwelling occupancy per bedroom is higher in North Sydney suburb than in both the North Sydney LGA and Greater Sydney.
- Average household size is slightly lower in North Sydney suburb than in the North Sydney LGA, and significantly lower than the Greater Sydney average.

Age Profile



Source: ABS (2011) and JBA

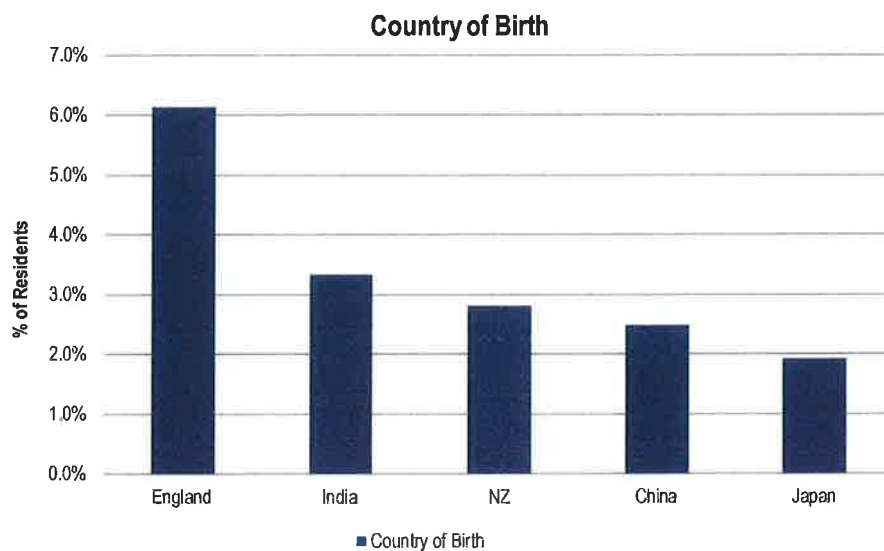
The Age Group Distribution graph above shows the distribution of the population in North Sydney, North Sydney LGA and Greater Sydney.

North Sydney suburb had a higher proportion of 25 to 39 year olds in 2011 (39.4%) compared to in 2006 (37.6%). In 2011, this proportion was significantly higher compared to Greater Sydney (23%), and marginally higher than North Sydney LGA (37%). North Sydney has a lower proportion of 45 to 64 year olds (19%) compared to both the North Sydney LGA (23%) and Greater Sydney (24%).

North Sydney suburb has a marginally higher proportion of children and young people than the North Sydney LGA, but is significantly lower than the Greater Sydney average.

The age profile indicates the popularity of North Sydney as a suburb for young adults, which is typical of a high density suburb that is accessible to public transport, employment, education and recreation.

Country of Birth



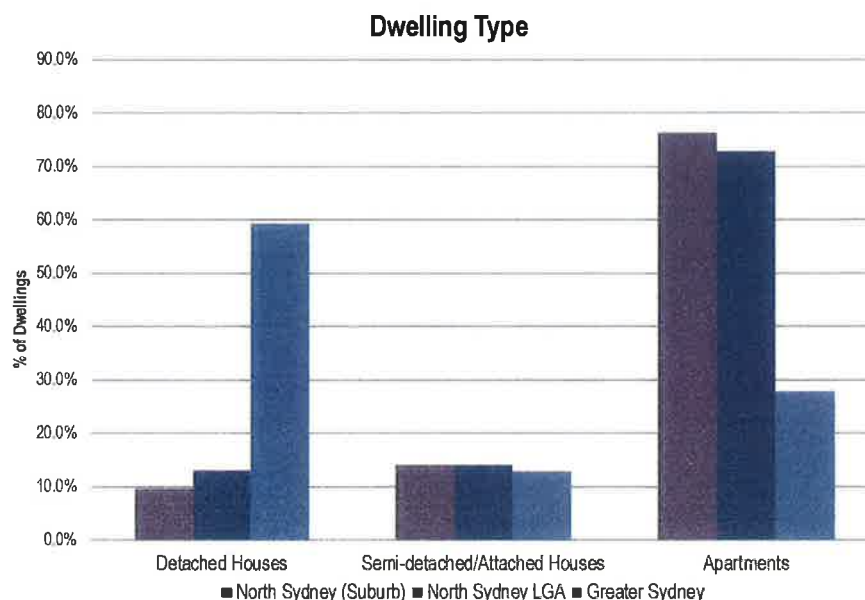
Source: ABS (2011) and JBA

The Country of Birth chart above identifies the birthplace of residents of North Sydney suburb, excluding Australia.

The Australian-born population of North Sydney suburb in 2011 comprised 49.5% of the total population. English, Asian and New Zealand-born residents comprised the largest groupings of overseas-born residents. This represents a high proportion by comparison to Greater Sydney and is likely to reflect the popularity of the area due to proximity to services, employment and Sydney Harbour.

5.1.2 Dwelling and Household Characteristics

Dwelling Type



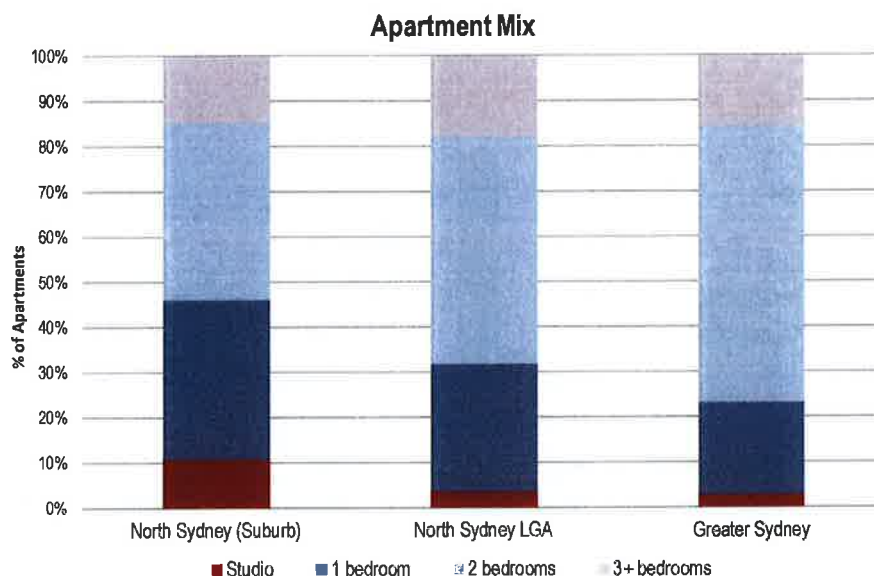
Source: ABS (2011) and JBA

The Dwelling Type graph identifies the distribution of housing types in North Sydney, North Sydney LGA and Greater Sydney.

The majority of dwellings in both North Sydney suburb and North Sydney LGA are apartments (76% and 73% respectively), which is significantly higher than the proportion of apartments in Greater Sydney (28%).

The high proportion of apartments in North Sydney represents the role of the suburb and locality as a major metropolitan centre which is part of Sydney's global economic arc. This proportion is likely to increase in the future as more sites are developed for apartments in the CBD.

Apartment Mix



Source: ABS (2011) and JBA

The Apartment Mix graph above identifies the mix of apartments in North Sydney, North Sydney LGA and Greater Sydney by the number of bedrooms. North Sydney has a significantly higher proportion of studio and one bedroom apartments (46%) than North Sydney LGA (32%) and Greater Sydney (23%).

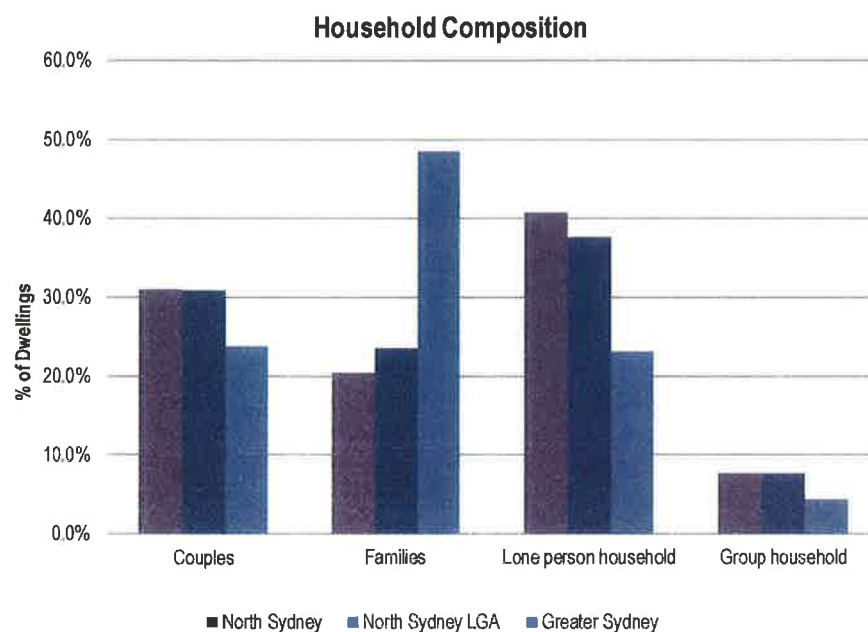
Two bedroom apartments represent a smaller proportion of apartments in North Sydney (40%) than the North Sydney LGA (51%) and Greater Sydney (62%), whilst the proportion of three and four bedroom apartments is generally consistent across all areas.

The high proportion of one bedroom apartments is a reflection of the popularity of North Sydney with young urban professional singles and couples who prefer smaller, more affordable housing types in close proximity to public transport and employment centres.

By comparison, the higher proportion of two and three bedroom apartments in the North Sydney LGA indicates the different locational setting of the North Sydney suburb to less urban and commercialised areas of the LGA. It also indicates the variety of apartments available across the North Sydney LGA which accommodate a range of buyers.

The larger proportion of studio and one bedroom apartments is reflective of the greater residential densities achieved through these housing types and which are typical of major centres such as the North Sydney CBD.

Household Type



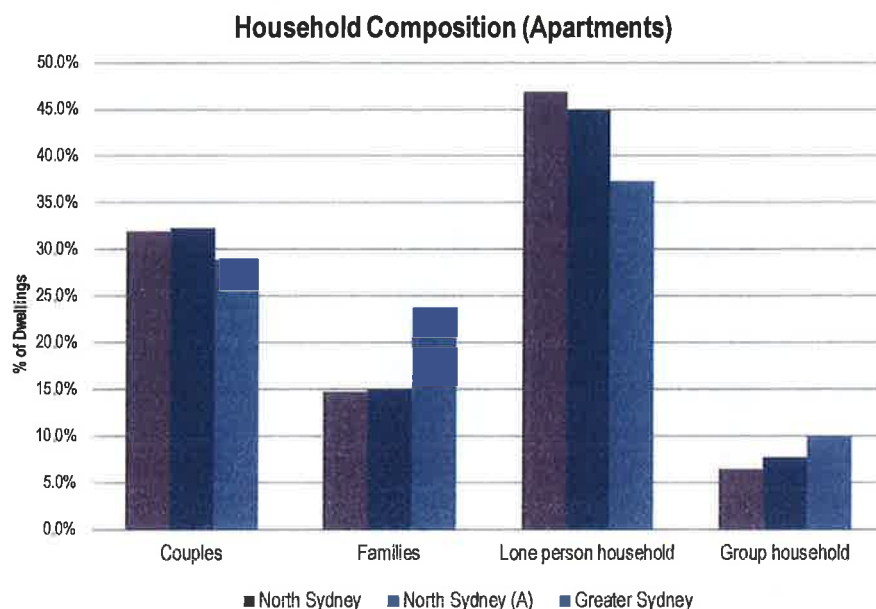
Source: ABS (2011) and JBA

The Household Composition graph above shows the breakdown of household types for North Sydney, North Sydney LGA and Greater Sydney.

Lone persons (41%) are the single largest household type in North Sydney suburb, followed by couples (31%). This is generally consistent with the pattern for the North Sydney LGA (38% and 31%), however differs from the Greater Sydney region where families are the most predominant household type (49%).

North Sydney suburb has seen an increase in the proportion of families from 16% to 21% of all dwellings between 2006 and 2011, whilst the number of lone person households has decreased from 46% to 41%. The proportion of couple households and group households has remained steady.

Household Type of Apartments



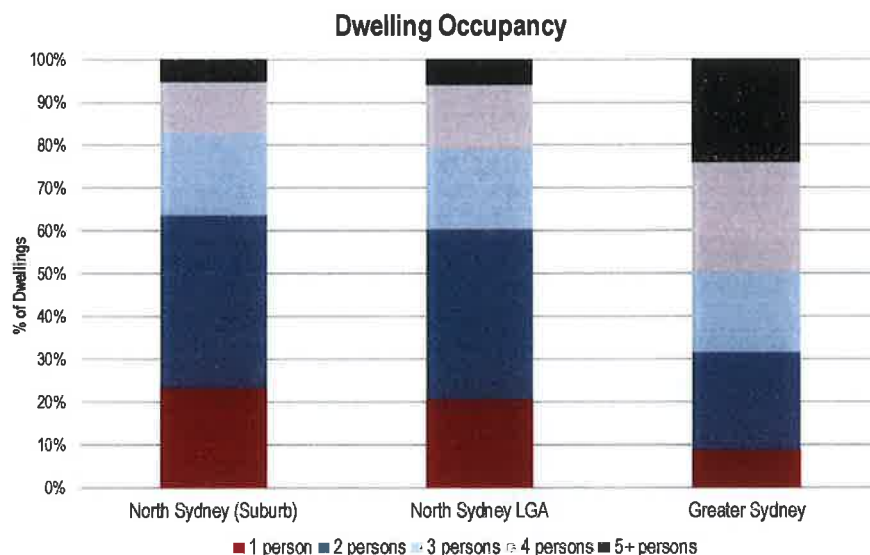
Source: ABS (2011) and JBA

The Household Composition (Apartments) graph above illustrates the breakdown of household types occupying apartments in North Sydney, North Sydney LGA and Greater Sydney.

Lone person households are the predominant household type in apartments in North Sydney suburb, North Sydney LGA and Greater Sydney, however the prevalence of this household type in North Sydney suburb (47%) was much higher than for Greater Sydney (37%). There is a significantly smaller proportion of families in North Sydney suburb and North Sydney LGA (both 15%) than for Greater Sydney (24%).

Between 2006 and 2011, the proportion of lone person households in North Sydney suburb has decreased slightly from 54% to 47%, whilst the proportion of families has increased slightly from 11% to 15%.

Dwelling Occupancy



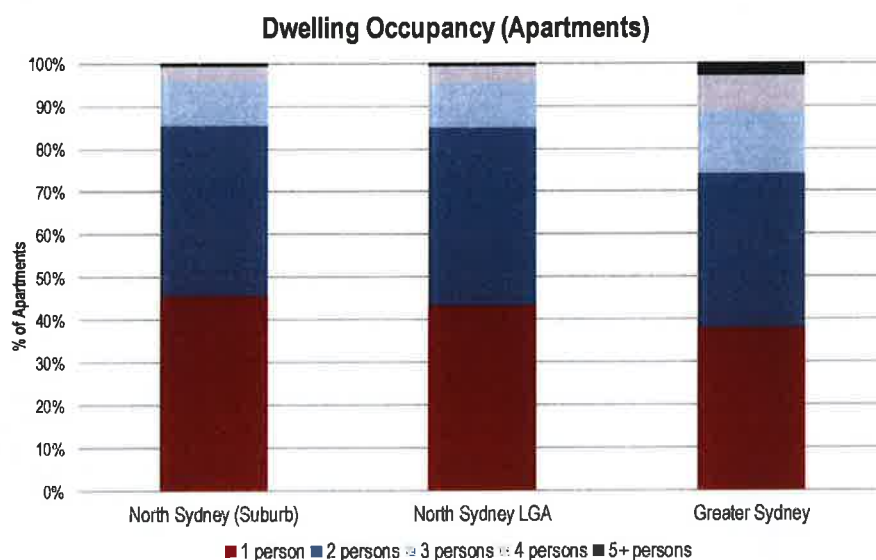
Source: ABS (2011) and JBA

The above Dwelling Occupancy chart shows the breakdown of the number of persons occupying dwellings in the North Sydney suburb, North Sydney LGA and Greater Sydney.

In North Sydney there is a higher proportion of one person households (22%) and a very low proportion of four and five + person households than the North Sydney LGA. The proportion of one and two person households in North Sydney (64%) is similar to North Sydney LGA (60%), but double the proportion of Greater Sydney (32%).

The difference is representative of the larger proportion of apartments (which are generally occupied by smaller households) in North Sydney and the North Sydney LGA compared to greater Sydney, rather than a difference in apartment occupancy rates, as illustrated in the Dwelling Occupancy (Apartments) graph below.

Apartment Occupancy

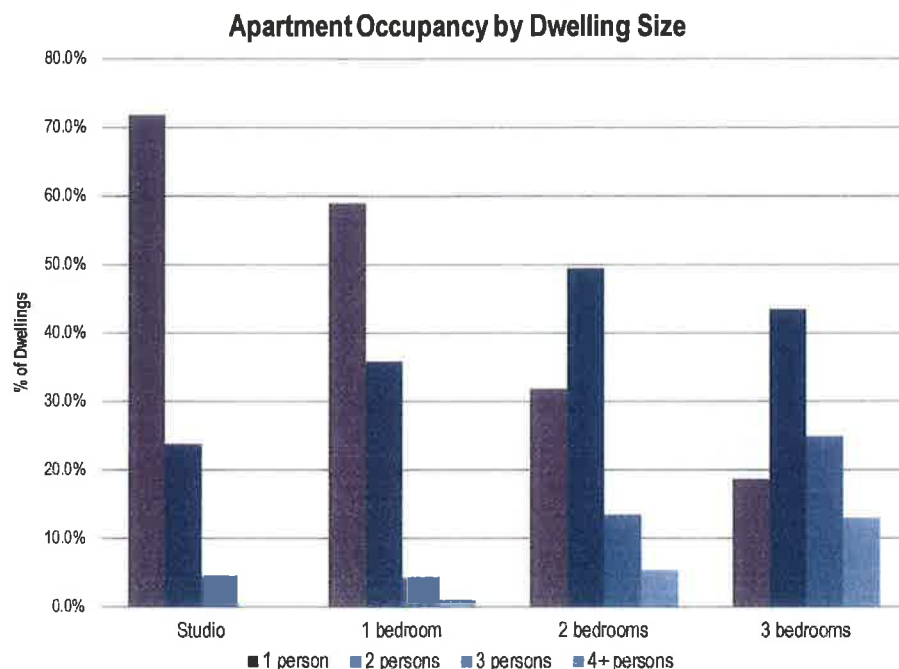


Source: ABS (2011) and JBA

The Apartment Occupancy graph above identifies the occupancy rates for apartments in North Sydney, North Sydney LGA and Greater Sydney.

Small households (one and two persons), including couples and group households, comprise the main household type in apartments. There is a marginally higher proportion of one and two person households in apartments in North Sydney (86%) and North Sydney LGA (85%) than for Greater Sydney (74%). There is a very large proportion of apartments occupied by lone persons and couples in North Sydney suburb and North Sydney LGA

Apartment Occupancy by Dwelling Size



Source: ABS (2011) and JBA

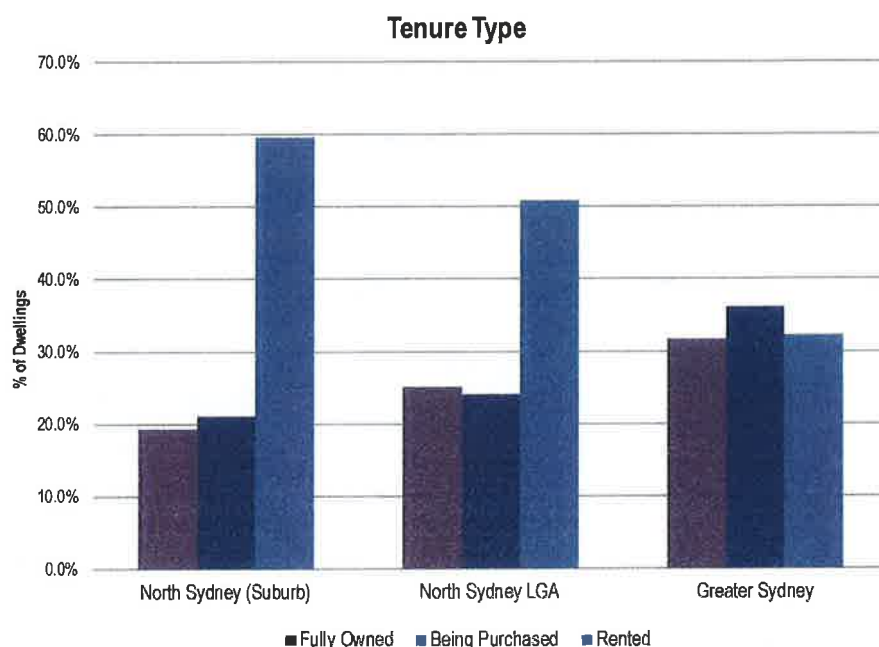
The Apartment Occupancy by Dwelling Size graph above shows the breakdown of household size by apartment size for North Sydney suburb.

Lone person households, which account for 46% of all apartments in North Sydney (not shown in graph), are the predominant household type in studio (72%) and one bedroom (59%) apartments. 64.4% of lone person households occupy one bedroom apartments.

Two person households are the predominant household type in two bedroom apartments (49%), however lone person households also account for a large proportion of two bedroom apartment occupants (32%). Of all two person households, 36% occupy studio and one bedroom apartments. This demonstrates these products are attractive to couples who are likely to favour smaller units due to affordability constraints.

This is representative of high demand for smaller apartments amongst one and two person households, which account for 86% of total households in apartments in North Sydney suburb.

Tenure



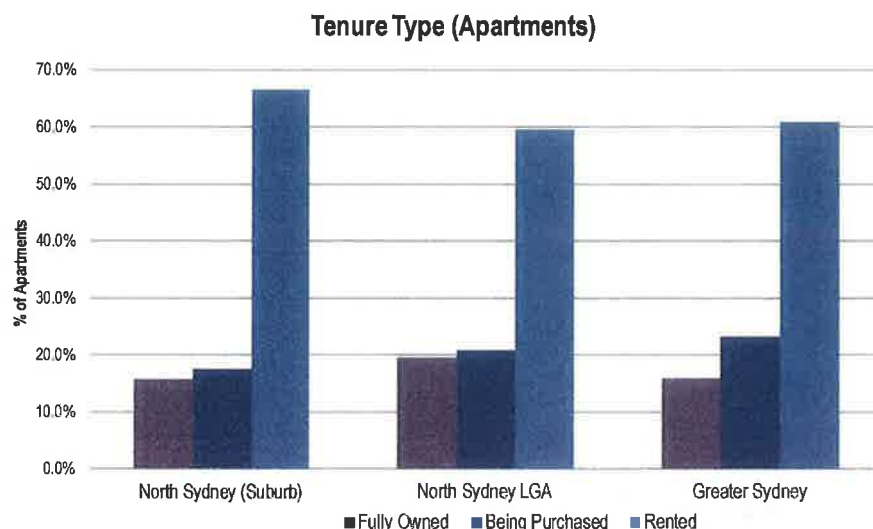
Source: ABS (2011) and JBA

The Tenure Type graph above demonstrates the nature of home ownership and tenancies in North Sydney, North Sydney LGA and Greater Sydney.

The majority of dwellings in North Sydney suburb (60%) and North Sydney LGA (51%) are rented, which is above the Greater Sydney average (32%). This is representative of the higher proportion of apartments in North Sydney, which are more likely to be rented as a dwelling type by occupants across Sydney (refer section below).

This demonstrates the popularity of North Sydney with investors (and renters) who are attracted to smaller apartments (studios and one bedroom) due to higher yields when compared to other dwelling types.

Tenure of Apartments



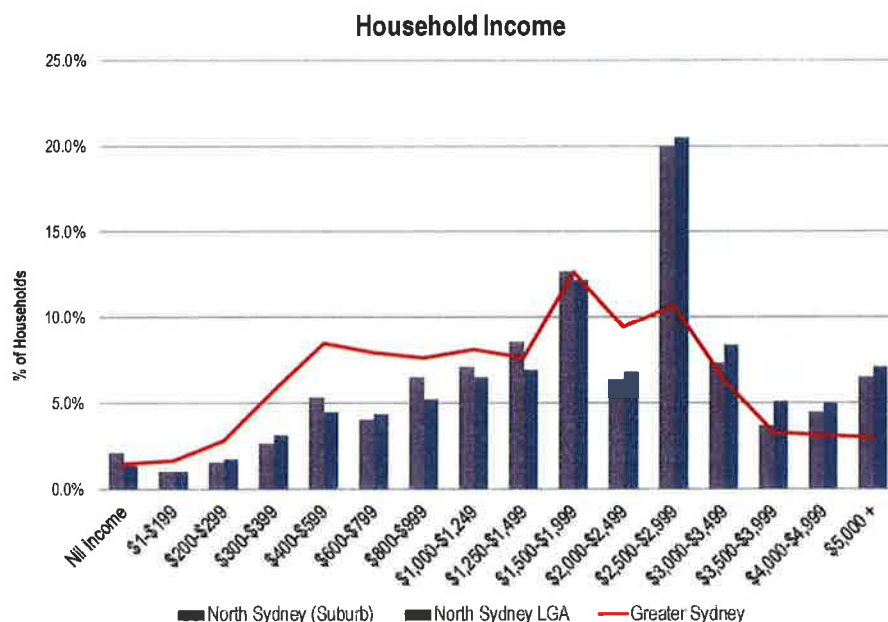
Source: ABS (2011) and JBA

The Tenure Type (Apartments) graph above illustrates the breakdown of dwelling ownership characteristics for apartments in North Sydney, North Sydney LGA and Greater Sydney. Apartments in North Sydney are predominately rented (67%) at a proportion which is higher than the North Sydney LGA (60%) and Greater Sydney (61%) averages.

This demonstrates the popularity of the area for investors who generally favour smaller dwelling types that are popular with renters, are lower priced and achieve higher yields and larger units.

5.1.3 Income, Employment and Education

Household Income



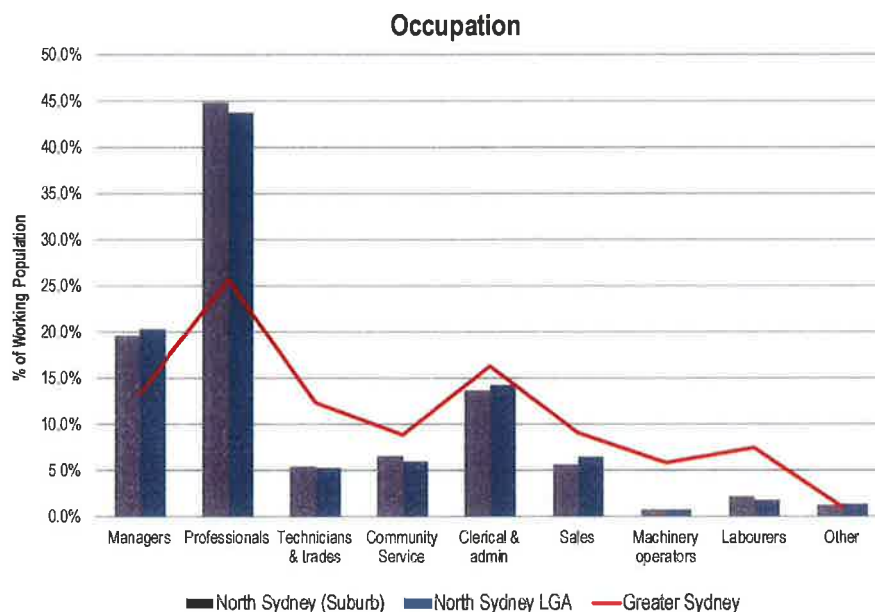
Source: ABS (2011) and JBA

The Household Income graph above shows the breakdown of weekly household income in North Sydney, North Sydney LGA and Greater Sydney.

North Sydney has a substantially lower proportion of households with a weekly income of less than \$1,250 (30%) compared to Greater Sydney (44%), however marginally higher than the proportion of households in this income bracket within the LGA (28%).

Twenty per cent of households in North Sydney and North Sydney LGA earn between \$2,500 and \$2,999 per week, which is approximately double the proportion of such households in Greater Sydney (11%). This is indicative of the higher proportion of middle income professional couples living in the area who are likely to be attracted to the area due to proximity to transport, employment, recreation and services and are price constrained within the North Sydney context and therefore demand smaller dwelling types.

Occupation



Source: ABS (2011) and JBA

The Occupation Graph above illustrates the distribution of the working population in each of the occupation groups in North Sydney, North Sydney LGA and Sydney.

There is a higher proportion of persons employed in manager and professional roles in North Sydney and the LGA (64%) than in Greater Sydney (39%).

There is a substantially lower representation of persons employed in trades or as technicians, machinery operators and labourers within the North Sydney suburb and LGA (8%) than in Greater Sydney (26%).

This reflects the proximity to office-based employment in the North Sydney CBD and high level of accessibility to public transport to the Sydney CBD, Chatswood and Macquarie Park employment corridors.

5.2 Buyer Profiles

Based on the analysis in **Section 5.1** above, the majority of future buyers for apartments in this location are likely to be characterised as:

- younger adults (aged 25-39);
- investors (i.e. renters occupying the units);
- small households (lone persons and couples); and
- professional working households.

These groups are generally price-constrained and favour smaller dwellings (i.e. studios and one bedroom apartments) in locations which are close to employment centres, education, services and recreation and are accessible by public transport.

5.3 Property Market

This section identifies key characteristics of recent property sales in North Sydney. This data indicates the dwelling mix of existing apartments in North Sydney and the median sales prices of each apartment type. This analysis informs the affordability of apartment typologies in the local area and the likely future demand.

Apartment Price Trends

The average unit price in North Sydney LGA has increased from \$530,000 in 2003 to \$645,000 in 2012. This reflects a growth rate of approximately 2.2% p.a. By comparison, units across Greater Sydney have increased in average value from \$365,000 to \$498,000 in 2012. The growth rate across Sydney was much higher than North Sydney LGA, at 3.6% p.a. This reflects the initial popularity of North Sydney LGA for apartment occupants and a growing acceptance of apartments across Sydney.

Price growth in North Sydney LGA is likely growing at a slower rate as the initial price was much higher than average and there is an affordability cap on units in North Sydney around \$660,000, which was achieved in 2010 and has not been passed.

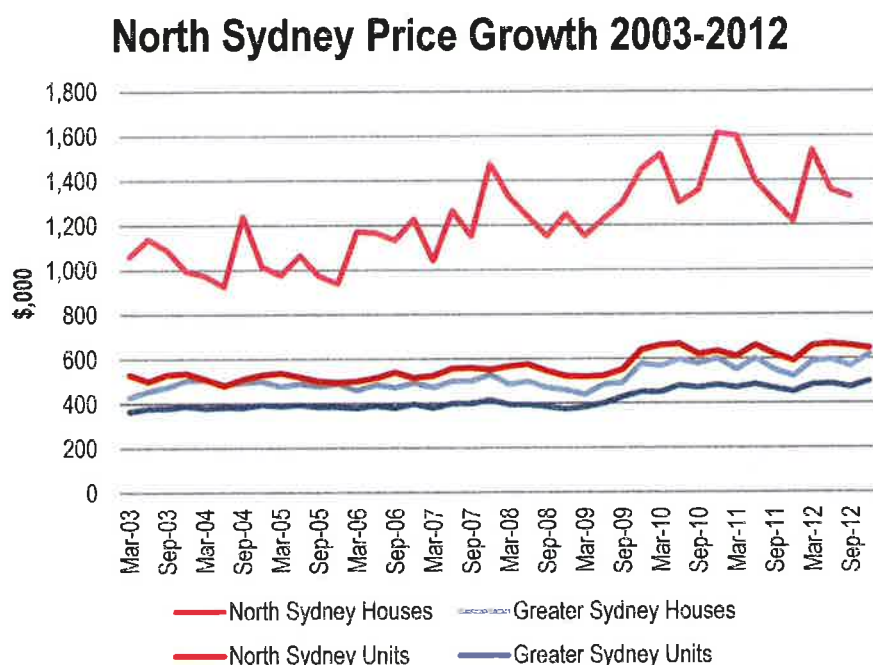


Figure 5 – House and Unit Price Growth

Source: *Housing NSW and JBA*

Local Apartment Prices

Table 11 identifies the mix and median price of recent apartment sales in North Sydney (i.e. past 24 months). Of all units sold in the past 24 months, just under 50% have one bedroom (includes studios). Apartment prices are generally achieving the following prices:

- One bedroom apartments: \$400,000 to \$500,000;
- Two bedroom apartments: \$650,000 to \$750,000; and
- Three bedroom apartments: \$1M - \$1.5M.

Table 11 – North Sydney apartment sales – new and resales

Dwelling Type	Dwelling Mix	Median Price
1 Bedroom unit	49%	\$452,500
2 Bedroom Unit	39%	\$688,500
3 Bedroom Unit	13%	\$1,077,500

Source: *RP Data*

As discussed at Section 5.1, North Sydney is very popular with young professional singles and couples attracted to the amenity, employment and accessibility of the local area. These groups are highly price sensitive and often choose apartments according to location and accessibility rather than internal space. One bedroom apartments are likely to be very popular with first home buyers (i.e. professional singles and couples) who are attracted to the area but suffer from affordability constraints.

Furthermore, North Sydney is very popular with investors. Investors are attracted to the initial low price of a one bedroom unit that achieve strong rental yields. Investors are less likely to be attracted to two and three bedroom units due to the higher upfront costs with lower yields.

Affordability

The median household income for North Sydney residents is \$1,926 per week, which equates to \$100,150 p.a. The median household income for North Sydney LGA residents is slightly higher at \$2,205 per week, which equates to \$114,660 p.a.

The first home buyer affordability analysis for North Sydney residents is provided at **Table 12**. **Table 12** demonstrates the average household in North Sydney could afford to purchase a unit for \$450,000 which is the current median one bedroom unit price. The average household cannot afford the median two bedroom unit price of around \$688,000 without paying well over 30% of their income towards housing (and therefore be in housing stress).

Table 13 identifies the first home buyer affordability for the average North Sydney LGA resident. Under the current circumstances, the average first home buyer in North Sydney LGA could afford to purchase a unit for \$550,000 before going into housing stress (i.e. spending more than 30% of their income on housing costs). This is still well below the average two bedroom unit price in North Sydney.

The affordability analysis demonstrates the high cost of apartment in North Sydney, and the difficulties for existing residents to purchase in the local area. One bedroom units provide an affordable option for first home buyers, which would otherwise not be available.

Table 12 – Affordability analysis – North Sydney (suburb)⁶

Interest Rate	Unit Price						
	\$350,000	\$400,000	\$450,000	\$500,000	\$550,000	\$600,000	\$650,000
Average Household Income: \$100,150							
4.50%	\$1,419	\$1,621	\$1,824	\$2,027	\$2,229	\$2,432	\$2,635
4.75%	\$1,461	\$1,669	\$1,878	\$2,087	\$2,295	\$2,504	\$2,713
5.00%	\$1,503	\$1,718	\$1,933	\$2,147	\$2,362	\$2,577	\$2,791
5.25%	\$1,546	\$1,767	\$1,988	\$2,209	\$2,430	\$2,651	\$2,871
5.50%	\$1,590	\$1,817	\$2,044	\$2,271	\$2,498	\$2,725	\$2,953
5.75%	\$1,634	\$1,867	\$2,101	\$2,334	\$2,568	\$2,801	\$3,035
6.00%	\$1,679	\$1,919	\$2,158	\$2,398	\$2,638	\$2,878	\$3,118
6.25%	\$1,724	\$1,970	\$2,217	\$2,463	\$2,709	\$2,955	\$3,202
6.50%	\$1,770	\$2,023	\$2,275	\$2,528	\$2,781	\$3,034	\$3,287
6.75%	\$1,816	\$2,076	\$2,335	\$2,594	\$2,854	\$3,113	\$3,373
7.00%	\$1,863	\$2,129	\$2,395	\$2,661	\$2,927	\$3,193	\$3,460
7.25%	\$1,910	\$2,183	\$2,456	\$2,729	\$3,002	\$3,274	\$3,547
7.50%	\$1,958	\$2,237	\$2,517	\$2,797	\$3,077	\$3,356	\$3,636
7.75%	\$2,006	\$2,293	\$2,579	\$2,866	\$3,152	\$3,439	\$3,725
8.00%	\$2,055	\$2,348	\$2,642	\$2,935	\$3,229	\$3,522	\$3,816

Table 13 – Affordability analysis – North Sydney LGA

Interest Rate	Unit Price						
	\$450,000	\$500,000	\$550,000	\$600,000	\$650,000	\$700,000	\$750,000
Average Household Income: \$114,660							
4.50%	\$1,824	\$2,027	\$2,229	\$2,432	\$2,635	\$2,837	\$3,040
4.75%	\$1,878	\$2,087	\$2,295	\$2,504	\$2,713	\$2,921	\$3,130
5.00%	\$1,933	\$2,147	\$2,362	\$2,577	\$2,791	\$3,006	\$3,221
5.25%	\$1,988	\$2,209	\$2,430	\$2,651	\$2,871	\$3,092	\$3,313
5.50%	\$2,044	\$2,271	\$2,498	\$2,725	\$2,953	\$3,180	\$3,407
5.75%	\$2,101	\$2,334	\$2,568	\$2,801	\$3,035	\$3,268	\$3,501
6.00%	\$2,158	\$2,398	\$2,638	\$2,878	\$3,118	\$3,357	\$3,597
6.25%	\$2,217	\$2,463	\$2,709	\$2,955	\$3,202	\$3,448	\$3,694
6.50%	\$2,275	\$2,528	\$2,781	\$3,034	\$3,287	\$3,540	\$3,792
6.75%	\$2,335	\$2,594	\$2,854	\$3,113	\$3,373	\$3,632	\$3,892
7.00%	\$2,395	\$2,661	\$2,927	\$3,193	\$3,460	\$3,726	\$3,992
7.25%	\$2,456	\$2,729	\$3,002	\$3,274	\$3,547	\$3,820	\$4,093
7.50%	\$2,517	\$2,797	\$3,077	\$3,356	\$3,636	\$3,916	\$4,195
7.75%	\$2,579	\$2,866	\$3,152	\$3,439	\$3,725	\$4,012	\$4,298
8.00%	\$2,642	\$2,935	\$3,229	\$3,522	\$3,816	\$4,109	\$4,403

⁶ Affordability analysis assumes 30 year mortgage, 6.5% interest rate and 20% deposit.

5.4 Conclusion

The likely future buyers for apartments in this location can be characterised as:

- younger adults (aged 25-39);
- investors (i.e. renters);
- small households (lone persons and couples); and
- professionals working households.

These groups make up large proportions of the current apartment occupants in North Sydney CBD which is likely to continue into the future. These groups are also relatively price constrained and make compromises on size of apartments in favour of price and accessibility to services.

The average unit price in North Sydney (suburb) was \$645,000 in 2012. This is significantly higher than the Greater Sydney average of \$498,000 and demonstrates the popularity of the area for residential accommodation. One bedroom units generally achieve between \$400,000 and \$500,000 in North Sydney, while two bedroom units generally achieve \$650,000 to \$750,000 which is unaffordable for a large proportion of North Sydney residents.

6.0 Proposed Development

This section describes the proposed development, including the Planning Proposal and development application sought for the site.

6.1 Planning Proposal

The Planning Proposal is seeking to reduce the required minimum non-residential floor space to 1.0:1 (from 3.0:1) with no maximum non-residential FSR (currently 4.0:1). If Draft North Sydney LEP 2012 is implemented prior to the implementation of the Planning Proposal, this will only apply to 144-154 Pacific Highway.

6.2 Development Application

The Development Application (DA) seeks consent for the following:

- 2,398m² commercial floor space (over three storeys);
- 204 residential units, including 41 studios, 101 x one bedroom units, 60 x two bedroom units and 2 x three bedroom units; and
- Five basement parking levels.

Proposed Apartment Mix

The apartment mix proposed within the development is provided at **Table 14**.

Table 14 – Proposed apartment mix

Apartment Type	No. of Apartments	% of Apartments
Studios	41	69.6%
1 Bedroom	68	
1 Bedroom + Study	33	
2 Bedroom	58	29.4%
2 Bedroom + Study	2	
3 Bedroom	2	1%

Typical floor plates are provided are provided at **Figures 6-7**.



Figure 6 – Example Floor Plate (Level 4)

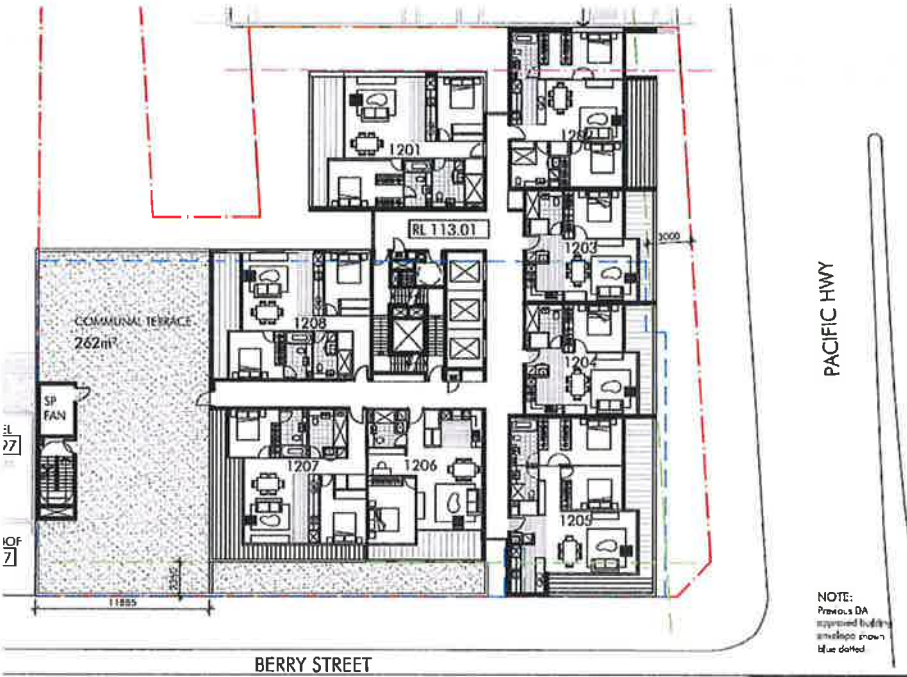


Figure 7 – Example Floor Plate (Level 12)

7.0 Land Use Mix Assessment

The Planning Proposal aims to reduce the required minimum non-residential FSR from 3.0:1 to 1.0:1 for 144-154 Pacific Highway (with no maximum non-residential FSR). With a site area of 1,686m², this will reduce the minimum non-residential floor space up to 3,372m² on the site. The proposed development includes 2,398m² of non-residential floor space. With 4,550m² of non-residential floor space currently on the site, the total non-residential floor space on the site will reduce by a maximum of 2,864m². At a rate of 24m² per employee (as per existing employment density rates), this would equate to 120 employees.

The key reason for reducing the non-residential FSR is to ensure the development outcome is economically viable. The provision of 3.0:1 in non-residential floor space is not viable, particularly due to cost associated with amalgamating the site (i.e. 4 Torrens title lots and 13 Strata title lots). Furthermore, the existing development on the site is ageing and provides low quality commercial office stock that is nearing the end of its lifecycle.

Economic viability is not sufficient justification alone for the amended non-residential FSR. The key considerations in assessing the suitability of the reduced commercial FSR are:

1. Ability to ensure future demand for non-residential floor space can be accommodated elsewhere in the CBD;
2. Commercial in the mixed use area may compete and attract tenants away from the CBD;
3. Surrounding context and precedence for reducing the non-residential FSR; and
4. Suitability of the site for residential purposes.

7.1 Future Demand and Supply

The future demand for commercial office floor space in North Sydney CBD is approximately 160,000m² to 190,000m² by 2036 (discussed in detail at Section 4.5). An additional 1,800m² would be required in North Sydney CBD to replace the jobs no longer proposed to be accommodated on 18 Berry Street and 144-154 Pacific Highway.

There are a number of approved and potential commercial office sites in the North Sydney CBD. These sites have been identified and assessed (in reports prepared for North Sydney Council) as having the capacity to provide 187,000m² of potential additional commercial office floor space under the current planning controls. Furthermore, Council has acknowledged there are a number of other sites in the CBD that would further contribute to commercial office floor space. These additional buildings provide the opportunity for commercial floor space well in excess of the maximum future demand.

The subject site is therefore not required to provide a minimum of 3.0:1 of non-residential floor space to meet the future demand for commercial office development in the North Sydney CBD.

7.2 Competition for Commercial Floor Space

There is a lot of potential supply for commercial floor space in the North Sydney CBD, particularly the sites that have been approved for large areas of commercial floor space under Part 3A. These sites will compete for tenants over the coming years, particularly initially to ensure pre-commitments and funding is achieved.

The provision of significant commercial floor space outside of the North Sydney CBD (including sites like 18 Berry Street and 144-154 Pacific Highway) will increase competition for these tenancies, and make pre-commitments more difficult for the larger approved buildings.

Sites in the mixed use precinct are also unlikely to be as attractive as tenancies within the North Sydney CBD, particularly due to distance to the CBD and the physical barriers of Berry Street and Pacific Highway. If 18 Berry Street and 144-154 Pacific Highway is required to provide at least 3.0:1 in non-residential floor space, the tenancies are likely to struggle to be filled without competitive pricing structures. This will attract tenancies away from the CBD and affect the viability of a future project at 18 Berry Street and 144-154 Pacific Highway.

7.3 Local Context and Precedents

The low demand for commercial accommodation on the site and immediate surrounds has been demonstrated through a number of recent Planning Proposals which have reduced the requirement for non-residential floor space in the local area. These projects demonstrate the following:

- The lack of market demand for commercial floor space in this location;
- A willingness of North Sydney Council and the Department of Planning & Infrastructure (DP&I) to consider the variation to the non-residential minimum requirements in this locality; and
- The changing nature of the local area within the North Sydney CBD from a commercial precinct to a mixed use residential area. This transition to a residential character also contributes to the difficulties of attracting commercial tenants to the site due to its perceived future residential character.

A number of these Planning Proposals were allocated reduced non-residential FSRs in the Draft North Sydney LEP 2012 (or previous iterations of the Draft LEP), in accordance with following Planning Proposals. It is understood a reduced non-residential FSR was not envisaged for 144-154 Pacific Highway. The reduced FSR was requested by Strand Estates Pty Ltd in a submission regarding the draft LEP. Council's post-exhibition report acknowledged Strand Estates submission but stated that *"such an amendment should be considered independently of the Draft LEP via a Planning Proposal. It is recommended that Council encourage the lodgement of a Planning Proposal for 144-148 Pacific Highway and 18 Berry Street for further consideration"*. This report supports a Planning Proposal as requested by Council.

The relevant Planning Proposals and Development Applications are discussed below, and shown at **Figure 8**. These Planning Proposals demonstrate the changing nature of the North Sydney CBD, particularly north of Berry Street where a number of sites have a minimum of 0.5:1 FSR of non-residential floor space.

Council gave various justifications and reasons for supporting the reduced non-residential FSRs on these sites. These justifications equally apply to the subject site and include:

- It will reflect the current market demand in the locality;
- It will maintain the mixed use character of the area;
- It will benefit the local community by increasing the amount of residential accommodation in walking distances of services;
- It is consistent with the Metropolitan Strategy as it will provide more housing in existing centres;
- It is consistent with a number of other Planning Proposals in the local vicinity;

- It is located in the mixed use zone which is a transition between the commercial core and the residential areas;
- It is consistent with neighbouring buildings; and
- The greater uptake of residential apartments will contribute to the vibrancy of the North Sydney CBD.

Furthermore, Council staff have acknowledged the current approach to non-residential development in mixed use areas, as shown in the North Sydney Centre Review 2013 – An Introduction for Councillors *“In existing mixed use parts of the Centre, Council has actively sought to increase the potential for properties to redevelop by allowing developments to provide less commercial space in favour of more residential. This has already led to a number of site specific planning proposals being lodged to make previously unviable development opportunities more attractive to owners/developers”*. This statement similarly applies to 144-154 Pacific Highway and 18 Berry Street, North Sydney.

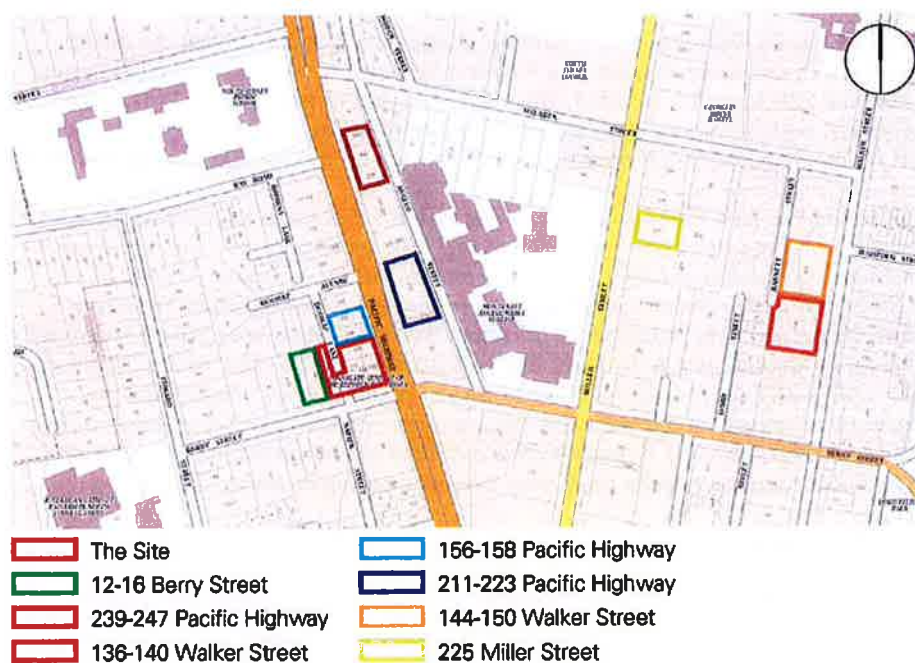


Figure 8 – Surrounding Planning Proposals and/or DAs

12-16 Berry Street, North Sydney

12-16 Berry Street, North Sydney immediately adjoins the site (to the west). 12-16 Berry Street was subject to a Planning Proposal to reduce the non-residential FSR from 3.0:1 – 4.0:1 to 0.5:1. This represented the proposed controls for the site as part of the Draft North Sydney LEP 2009. The Planning Proposal came into effect on 5 August 2011.

Prior to the Planning Proposal, the site was occupied 2 x four storey commercial buildings. Council found the reduction in non-residential floor space acceptable as it *“will maintain the mixed use character of the area, with the increase in residential floor space merely reflecting the current market demand in that particular area.”*⁷

⁷ North Sydney Council report of 19 January 2011

156-158 Pacific Highway, North Sydney

156-158 Pacific Highway, North Sydney immediately adjoins the site (to the north). The site was subject to a Planning Proposal to reduce the non-residential FSR from 3.0:1 – 4.0:1 to 0.5:1. This represented the proposed controls for the site as part of the Draft North Sydney LEP 2009. The Planning Proposal came into effect on 7 October 2011.

Prior to the Planning Proposal, the site was occupied by a vacant lot (No. 156) and a two storey commercial building (No. 158). Council found the reduction in non-residential floor space acceptable as it *“will directly benefit the local community by increasing the amount of permanent residential accommodation and local economy... in line with the provisions of the Metropolitan Plan for Sydney 2036 which aims to locate 80% of new housing within walking distance to centres.”*⁸ The Council also noted similar reasons to support the Planning Proposal as for 12-18 Berry Street, North Sydney (as outlined above).

211-223 Pacific Highway, North Sydney

211-223 Pacific Highway, North Sydney, is opposite the site, across the Pacific Highway. The site was subject to a Planning Proposal to reduce the minimum non-residential FSR from 3:1 to 0.5:1, the maximum was to remain at 4:1. This was consistent with the controls proposed for the site under the Draft North Sydney LEP 2009. The Planning Proposal came into effect on the 12th October 2012.

Prior to the Planning Proposal the sites were used for commercial purposes. Council found the reduction in non-residential FSR acceptable as *“The reduction of minimum non-residential floor space was introduced for a number of sites under DLEP 28 within the North Sydney Centre, to provide added flexibility for these sites. Similar Planning Proposals in the North Sydney Centre have been considered recently by Council at 12-16 Berry Street, 239-247 & 156-158 Pacific Highway, 144-150 Walker Street, and 225 Miller Street, North Sydney. These Planning Proposals all sought to decrease the minimum non-residential FSR on their sites to 0.5:1. As these Planning Proposals have reflected the proposed provisions under DLEP 2009, Council and the DoPI have been supportive of them.”*⁹

239-247 Pacific Highway, North Sydney

239-247 Pacific Highway, North Sydney, is on the eastern side of the Pacific Highway, approximately 140 metres from the site. The site was subject to a Planning Proposal to reduce the minimum non-residential FSR from 3.0:1 to 0.5:1. This represented the proposed controls for the site as part of the Draft North Sydney LEP 2009. The Planning Proposal came into effect on the 14th October 2011.

Prior to the Planning Proposal, the site was occupied by three buildings with a combined non-residential FSR of 2,150m², the proposal will reduce this to 791m². Council found the reduction in non-residential floor space acceptable as it *“is consistent with the desired future character of the North Sydney's CBD. The site is located in the mixed use zone which is characterised as a transitional zone between the commercial core of the CBD and the residential development surrounding the development. The density achieved is considered to be appropriate within this mixed use area under transition in which the site is located taking into account the controls, environmental and growing urban context in close proximity to North Sydney Station.”*¹⁰

⁸ North Sydney Council report of 19 January 2011

⁹ North Sydney Council Report 12 March 2012

¹⁰ JRPP (Sydney East Region) Business Paper 6 July 2011 – Item No. 2011SYE050

136-140 Walker Street, North Sydney

136 and 138-140 Walker Street is approximately 300metres to the east of the subject site. The site was subject to a Planning Proposal to reduce the non-residential FSR from 3.0:1 to 4.0:1 to 0.5:1. This represented the proposed controls for the site under the Draft North Sydney LEP 2009. The Planning Proposal came into effect on the 11 February 2011.

Prior to the Planning Proposal, the site was occupied by two low rise residential flat building. Council found the reduction in non-residential floor space acceptable as *"the site is located at the interface between the North Sydney CBD and the residential area of North Sydney. The site is located in close proximity to the commercial and mixed use buildings ...the Planning Proposal will maintain the mixed use character of the area, with the increase in residential floor space being consistent with the neighbouring buildings"*¹¹

225 Miller Street, North Sydney

225 Miller Street is located approximately 230 metres to the north-east of the subject site. It was subject to a Planning Proposal to change the minimum non-residential floor space from 3.0:1 to 0.5:1. The Planning Proposal allowed the use of approved serviced apartments as residential apartments. This represented the proposed controls for the site under the Draft North Sydney LEP 2009. The Planning Proposal came into effect on the 4th December 2009.

Prior to the Planning Proposal, the site was under construction for use as a 19 storey mixed use building with 73 residential units, 19 serviced apartments and 450m² of commercial space. North Sydney Council found the reduction in non-residential floor space acceptable as *"It is considered that a greater uptake of residential apartments in this area would contribute to the vibrancy of the North Sydney CBD. The site itself is located within walking distance of North Sydney Railway Station and public transport routes, as well as being well located within close proximity to many other services."*

"Under the provisions of the NSW Metropolitan Strategy, North Sydney is required to provide an additional 5,500 dwellings by 2031. The conversion of 24 serviced apartments to residential apartments will assist North Sydney Council achieve this quota."

"The reduction of the required minimum non-residential floor space was introduced for a number of mixed use sites in the fringe of the commercial core to provide flexible redevelopment options for these sites".¹²

7.4 Suitability for Residential Development

The site is suitable for mixed use residential development for the following reasons:

- The site is located in the Mixed Use zone, which permits apartment buildings;
- The site immediately adjoins, and is opposite, a number of predominantly residential buildings;
- The site is part of the transition area between the commercial core and the neighbouring residential areas;
- The site is within walking distance of the services and facilities of North Sydney CBD; and

¹¹ North Sydney Council report 25th August 2010

¹² North Sydney Council report 17th November 2009.

- Residential development is in accordance with market demand for development in this locality.

The site is also generally unsuitable for commercial floor space due to:

- the topography of the site - which does not allow for large floor plate and efficient tenancies, particularly on the lower levels of the building; and
- the site immediately adjoins residential buildings - which may cause conflicts between the residential and commercial occupants, to the detriment of one or both occupants.

JBA understands these issues are addressed further in the Planning Proposal documentation.

7.5 Conclusion

The proposed non-residential FSR is suitable for the site for the following reasons:

- There is sufficient future commercial floor space supply on other sites in the North Sydney CBD to meet demand to 2036;
- The site is in a precinct in transition from commercial to predominantly residential, highlighted by a number of recent Planning Proposals (including those immediately adjoining the site);
- Council has provided justification for various similar Planning Proposals, all of which can similarly apply to the subject site; and
- The site is suitable for residential purposes.

8.0 Apartment Mix Assessment

The development proposes to refine the numerical apartment mix by increasing the number of studios and one bedrooms and reducing the number of three bedroom apartments as summarised in **Table 15** below. The proposed apartment mix differs from the recommended mixes under DCP 2002 and Draft DCP 2012.

Table 15 – Comparison of proposed dwelling mix with North Sydney DCP 2002 and DCP 2012 Controls

Dwelling Type	DCP 2002	Draft DCP 2012	Proposed Development
Studio	15% max	10-20%	20.1%
1 bedroom	30% max	25-35%	49.5%
2 bedroom	40% max	35-45%	29.4%
3 bedroom	15% min	10-20%	1.0%

8.1 Assessment

8.1.1 Objectives

The controls for mixed use development in DCP 2002 are informed by a number of objectives outlined at Section 6.0, with those that are relevant to apartment mix being:

- To provide a dwelling mix that achieves an on-site dwelling density contributing to energy efficient design and residential amenity.
- To provide a choice in the mix of dwelling sizes and in the range of affordability.

The objective of clause 2.2.3 of Draft LEP 2012 is:

- To provide a mixed residential population in terms of age, gender, household type and size, education, income and employment, including households with children, households on low to moderate incomes, households with aged or disabled persons.

The proposed apartment mix is consistent with the objectives outlined above as the proposal:

- Ensures new housing supply is appropriate to the current and future residential population based on an analysis of the age, household type, occupation, education level and incomes of existing and future residents;
- Increases population density in a location that is readily accessible by walking and public transport to employment, services and lifestyle destinations, thereby reducing energy usage associated with transport;
- Improves residential amenity allowing more dwellings to be provided in a locality with high amenity;
- Promotes smaller household sizes thereby reducing energy demand associated with heating and cooling; and
- Provides a range of housing appropriate to the anticipated buyer profile, ensuring dwellings are constructed and priced appropriate to the needs and budget of the buyer profile.

8.1.2 Controls

Both the North Sydney DCP 2002 and the Draft North Sydney LEP 2012 require the submission of an “authoritative analysis of current and future market demand” to support any substantial variations to the defined apartment mix controls. This document fulfils that requirement. The Draft DCP 2002 requires that this analysis must “support” the variations to the apartment mix, whilst Draft LEP 2012 requires that the analysis should demonstrate that the LEP’s suggested mix “is not reasonable”.

This assessment considers that the proposed dwelling mix (69.6% studio and one bedroom apartments) is supported on the basis of the site location, likely buyer profile, dwelling characteristics and existing mix of housing stock within North Sydney.

Requiring the provision of more two and three bedroom apartments within this location is considered unreasonable, as a provision of more larger-sized apartments does not reflect the buyer profile for the site. Nor do two or three bedroom apartments reflect products that are affordable for the local home buyer.

Providing more two and three bedroom apartments would also create greater competition (and therefore pricing) for a reduced amount of smaller apartments, thereby decreasing affordability of the studios and one bedroom dwellings. At the same time, the marketing of two and three bedroom apartments would be difficult as the market for this product type would be limited, thereby impacting upon development feasibility.

Site Location

The site is ideally located to support increased residential densities. The site is located on the edge of the main CBD area, placing future residents within close walking distance of employment, educational facilities, recreation areas, services and dining. Existing infrastructure, and particularly public transport, is in place and is capable of accommodating greater residential development within the immediate area.

Increased residential densities can be achieved within existing built form controls by reducing apartment sizes to accommodate more studio and one bedroom apartments.

Likely Future Buyers

Based on the analysis in **Section 5.0** above, the likely future buyer for new apartments in North Sydney will be:

- younger adults (aged 25-39);
- investors (i.e. occupied by renters);
- small households (lone persons and couples); and
- professionals workers.

These groups are generally price-constrained due to their younger age and career progression, and require less living space due to their smaller household size (86% of apartments in North Sydney are occupied by only one or two persons).

Lone person households and couples combined occupy over 75% of apartments in both North Sydney suburb and North Sydney LGA.

Dwelling Characteristics

The buyer profile identified is likely to demand dwelling types which suit their needs and expectations of the area, namely:

- smaller apartments suiting lone person and couple households;
- affordable apartments which are within the relevant price constraints; and
- well-designed apartments which offer convenience and functionality.

Lone person households and couples account for over 75% of dwellings in North Sydney suburb and North Sydney LGA. These household types generally seek smaller dwellings, however, the DCP 2002 controls specify that studios and one bedroom dwellings do not exceed more than 45% of dwellings. The Draft LEP 2012 controls are more flexible and allow these dwellings to account for up to 55% of total dwellings, however, this apartment mix still does not fully reflect the profile of existing residents and likely buyers.

Existing Mix Elsewhere in North Sydney

Despite the proposed variation to the apartment mix control on this site, the mix of apartment sizes across the North Sydney LGA will continue to provide a range of apartments to suit larger household types (i.e. families). Within the North Sydney LGA 69% of all apartments are 2+ bedrooms, providing ample opportunity for prospective purchasers/occupants of larger apartments.

8.2 Precedents

Strong demand for smaller dwelling types has been demonstrated through a number of recent Development Applications which have sought (and received) a variation to the dwelling mix controls. These projects demonstrate the following:

- A strong market for smaller units (i.e. studios and one bedroom units);
- The suitability of the area to accommodate higher density dwellings due to the employment, accessibility and amenities available in the local area;
- Council's willingness to consider variations to the dwelling mix controls; and
- The attractiveness of the area to smaller household types (singles and couples).

The projects are summarised at **Table 16** and demonstrate Council is willing to support an apartment mix similar to what is proposed for the subject site. The red text denotes a variation from the DCP controls.

Table 16 – Apartment mix precedents

Site	Date of Approval	No. of units	Studios	1 bed units	2 bed units	3 bed units
<i>Draft DCP Control</i>			10-20%	25-35%	35-45%	10-20%
12-16 Berry Street, North Sydney	10/8/11	48	25%	31%	40%	4%
520 Miller Street, Cammeray	7/4/10	36	22%	27%	36%	14%
200-220 Pacific Highway, Crows Nest	11/11	207	18%	52%	28%	1.4%
51-53 Chandos Street, St Leonards	18/5/11	32	9%	53%	38%	0%
156-158 Pacific Highway, North Sydney	7/9/11	40	0%	48%	38%	15%
6-16 Atchison Street, St Leonards	27/2/13	173	17%	37%	38%	7.5%
621 Pacific Highway, St Leonards	7/11/12	72	50%	17%	33%	0%
11-19 Albany Street, St Leonards	3/10/12	79	17%	45%	31%	5%
221 Miller Street, North Sydney	3/4/13	173	23%	34%	41%	2%

Source: *Strand Estates Pty Ltd*

Table 12 demonstrates support for a number of projects that vary the dwelling mix. In particular, there are a number of projects that provide a greater proportion of smaller dwellings types (i.e. studios and 1 bedroom units. The maximum proportion of studio and 1 bedroom units under the Draft DCP controls is 55%. However, a number of projects exceed this proportion with up to 71% of apartments provided as studios and 1 bedroom units. These projects include:

- Over 60% units provided as studios or one bedroom units:
 - 239-247 Pacific Highway, North Sydney;
 - 200-220 Pacific Highway, Crows Nest;
 - 51-53 Chandos Street, St Leonards;
 - 621 Pacific Highway, St Leonards; and
 - 11-19 Albany Street, St Leonards.
- 55-60% units provided as studios or one bedroom units:
 - 12-16 Berry Street, North Sydney; and
 - 221 Miller Street, North Sydney.

8.3 Conclusion

This study has been carried out in accordance with the requirements of clause 6.1 of North Sydney DCP 2002 and clause 2.2.3 of Draft North Sydney DCP 2012. It is evident that the proposed mix of 69.6% studio and one bedroom apartments is appropriate and supported on the site given the characteristics of the location and the likely buyer profile as discussed in **Section 8.1**. Providing a higher mix of two and three bedroom apartments would be unreasonable as this would impact upon housing affordability and development feasibility. As discussed in **Section 8.2**, there are a number of precedent examples where Council has supported the provision of a higher proportion of studio and one bedroom apartments within major centres in the North Sydney LGA. In light of the above, the proposed apartment mix should be supported by Council.

9.0 Conclusion

Land Use Mix

The Planning Proposal aims to amend the non-residential FSR required on the site from a minimum of 3.0:1 and a maximum of 4.0:1 to a minimum of 1.0:1 (with no maximum non-residential FSR). The non-residential FSR is suitable for the site as it is not required to meet the future demand for commercial floor space in the North Sydney CBD, as demonstrated below:

- North Sydney CBD is to accommodate approximately 14,800 additional jobs by 2036. A proportion of the additional jobs will be accommodated within improved efficiencies in the existing floor space, resulting in a requirement for additional floor space to accommodate approximately 10,515 to 12,665 additional jobs.
- At 15m² per job, this equates to approximately 160,000m² to 190,000m² of additional office floor space demand in North Sydney CBD by 2036.
- There are a three approved projects within North Sydney CBD that will accommodate a significant proportion of the required future commercial floor space. These projects include a net increase of approximately 116,000m² of commercial floor space.
- Previous studies undertaken for North Sydney Council indicate other sites (not including the subject site) in North Sydney CBD currently have capacity for an additional 71,000m² in development scenarios that are considered economically viable and possible under the draft North Sydney LEP controls.
- Therefore, the future commercial capacity within the North Sydney CBD is likely to achieve 187,000m² by 2036. This meets the demand for additional commercial office floor space.

There are also a number of precedents around the site where Council has accepted a reduced non-residential FSR. These precedents demonstrate the lack of market for commercial offices in this location, the suitability of the area for residential development and Council's willingness to progress similar Planning Proposals.

Apartment Mix

The proposed development varies the existing and draft North Sydney DCP controls relating to apartment mix. Specifically, the proposed development includes a larger proportion of smaller unit types (i.e. studios and one bedroom units) which result in fewer larger unit types (i.e. two and three bedroom units).

The proposed apartment mix is suitable for the site within the North Sydney CBD for the following reasons:

- the smaller unit types will be more affordable for the local residential market;
- the site is highly accessible and is ideal to accommodate increased densities;
- likely future buyers will favour smaller dwellings types (particularly lone and couple households); and
- there is sufficient existing diverse supply across the North Sydney CBD.

Furthermore, there are a number of precedents whereby the JRPP has recently approved a number of projects that include a similarly high proportion of studios and one bedroom units (i.e. between 60-70%). This demonstrates the market characteristics in the area, particularly relating to the increased affordability (and therefore market) for smaller unit types.

