



STANDING TALL

From Central to Global Business District

**EXPLORING THE BUSINESS ECOSYSTEM IN
SYDNEY CBD AND THE KEY TRENDS
INFLUENCING ITS FUTURE**

Revised for Dexus
February 2024

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BUILDING THE NEXT GENERATION NARRATIVE FOR SYDNEY GBD

Sydney has the brand capital, place experience and dynamism to evolve into a next generation global business district and a magnet for talent. Bold moves that enrich the urban landscape and build new economic advantages will drive momentum and advance international business magnetism.

Sydney CBD's economic geography is changing. Investment in transport infrastructure and precinct renewal are collectively creating new economic and lifestyle nodes, transforming the city's energy and experience. The dense concentration of the CBD and (North) Harbour Core as an advanced financial and professional services industry cluster is an important lever for the elevation of the CBD into a global business node (of GBD).

To position Pitt + Bridge Street as a powerful catalytic development within the (North) Harbour Core, its role in the CBD's wider economic ecosystem must be considered. Urbis was therefore engaged to explore how the business ecosystem of the city centre is evolving and the influence of key mega trends on its growth. Identifying how its current proposition and global role can be elevated and the optimal contribution of the Pitt + Bridge Street Tower in advancing this future.

This report sets out the findings and establishes the real potential for the Pitt + Bridge Street development to become an iconic headquarters for the Southern Hemisphere's first Green Stock Exchange and financial market, at the heart of a powerful green economy cluster. This proposition is based on findings that the conditions precedent for a green economy cluster to succeed, are largely present within the Sydney CBD, specifically:

Highly skilled human capital is the foundational resource for any powerful business district. Sydney world class education system and desirable lifestyle brand is well placed to compete globally for talent.

Sydney CBD has a strong, highly-skilled workforce with a globally competitive pipeline of skills relevant to its established specialist clusters and emerging future-focused industries. The sustained attraction and retention of talent is rooted equally in its world class university sector and cosmopolitan lifestyle – attractive to international students and workers.

Sydney's continuing economic success is supported by sustained investment into its multimodal transport network; widening the labour market accessible within a thirty-minute commute – a significant threshold for millennial talent. This increased connectivity, coupled with investment in next generation workplaces and urban vitality (arts, culture, creative industries and evening economy), will work together to amplify the CBD's future competitiveness and appeal.

'Green talent' represents a specific cohort of highly-skilled human capital globally; typically characterised as professional and technical services experts, who align their career objectives with their personal values – searching for careers with purpose. Sydney has a growing workforce with qualifications aligned to this agenda, however they are diffused across the city and could be leveraged more powerfully if they were to be amalgamated into a concentrated, high performing knowledge cluster, promoting knowledge sharing and innovation.

Sydney remains Australia's gateway to the international economy, through its role as a finance hub, with the density of high value economic activity more concentrated than other central business districts nationally.

In 2022/2023, 41 companies within the top 100 ASX companies had head offices in Sydney. This is an increase from 29 companies in 2021 (Thompson Cook, 2022). Notably, half of the ASX 100s Financial Service companies are also headquartered in Sydney; more than double the concentration of that in Melbourne.

Mapping business activities across the CBD reveals the presence of key sector specialisations co-located in clusters. Financial and advanced professional services (legal and accounting and higher order consulting services) being confirmed as the strongest of these sectors, with strengths emerging in technology, software development and publishing.

Companies in the finance sector accounted for 23 per cent of occupied office floorspace across the Sydney CBD and Harbour precinct. Of the top 20 Global Investment Banks (of which 18 have an Australian presence), fifteen have their Australian Headquarters in Sydney CBD; all accommodated in landmark premium office buildings. The Sydney headquarters of Australia's key monetary and finance policy makers, regulators and the Australian Stock Exchange further reinforce the significance of the cluster nationally.

EXECUTIVE SUMMARY

The Northern Core has traditionally been the focus of an intensifying financial services cluster, with the potential for increased agglomeration benefits, as adjacencies in digital technologies and fintech were added to the business profile.

Office floor spaces in Sydney CBD has increased by nearly three quarters of a million square metres over the last two decades. Whilst the City Core still dominates – the geography of the city is evolving as new nodes emerge in Midtown, Circular Quay, Barangaroo and eventually at Bays West.

Premium assets are creating sub-precincts and reinforcing industry clusters. Proposed future premium assets will intensify existing commercial clusters and, if strategically positioned, can reinforce and drive sector specialisms.

Whilst the Northern Core has a significant day-time population, both remaining within and passing through the precinct, the subject site is under-activated during the evening and will benefit from a more focused place and public realm strategy. A place-experience lens at the ground plane, and throughout the public areas, will be critical to ensuring new premium assets maximise their contribution to the future success of the CBD.

The City of Sydney and its CBD are well positioned to play a leading role in driving a green economy specialism, establishing Sydney as a future-focused hub for innovation, exchange and talent.

Global expenditure on climate related projects required to meet obligations under the Paris Agreement is anticipated to exceed US\$ 90 -100 trillion by 2030. This spending pipeline is igniting the growth of the green economy and catalysing the development of the green finance sector. The magnitude of the Australian response to green energy, infrastructure and projects however has not yet gained momentum and still lacks global impact. An increased level of intervention is gradually being introduced through national, state and city scale policy interventions to accelerate energy transition and reduce greenhouse gas emissions. This is accelerating the opportunity for Sydney to leverage its credentials and emerge as a new sector lead.

The CBD, specifically its Northern Core, has the conditions precedent to ignite a green economy-green finance cluster, becoming an Asia-Pacific and potentially a global trading hub. The impact of this bold move would create momentum and transform Sydney's CBD into a next generation global business address.

Cities are increasingly understood as the engine rooms of the national economy, however not all cities are equally well positioned to drive sustained growth and competitiveness.

The value proposition of Sydney CBD is underpinned its sustained ability to attract talented workers and provide precincts in which they can come together easily to share knowledge and ideas. The quality of workplaces, together with the vitality of social and cultural experience in the city-centre, are critical to this paradigm and therefore remain markers of future success despite the emergence of agile working.

Sydney is well placed to capitalise on its intrinsic competitive advantages and emerge as one of the new generation of leading global cities. Its position as an international business address could be advanced by the launch of a green stock exchange, positioned at the heart of a specialist green economy services.

How, where and even when work happens is being profoundly disrupted. The acceleration of digital technologies enabling remote working and the increased cultural acceptance of this outcome will not be reversed.

Workplaces remain critical to the development of corporate culture, collaborative and creative working practices and the quality of client engagement, however the way in which workers interact with workplaces has drastically changed.

Pre-pandemic there was a recognition that the skills needed for the future workforce were changing and that future jobs would have an increased reliance on technology, creativity, collaboration and critical thinking. The next generation Gen Z and Millennial worker's needs, preferences and attitude towards working life were also evolving; with purpose, personalisation and a preference for portfolio activities emerging as the new keys to the attraction and retention of skilled workers.

Future workplaces will need to be more agile, adaptive and engaging to resonate with their workforce; providing an attractive office environment to the evolving next generation workforce. The quality of the surrounding neighbourhood and provision of authentic amenity within the workplace will both increasingly influence employee attitude towards their centralised working practices. This signals the importance of the public realm environment and experience.

EXECUTIVE SUMMARY

Pitt + Bridge Street will be an iconic addition to the Sydney CBD skyline; positioned to deliver maximum benefit to the city and its communities, through its role as an international hub for the green economy and potential future home for the proposed Sydney Green Stock Exchange.

Specifically, Pitt + Bridge Street will deliver key public benefit opportunities at a local, city-wide and global scale – delivering increasing economic, social and environmental value over time. It creates an important opportunity to signal confidence in Sydney's knowledge based economic future and establish its role in the global network of cities. The presenting opportunity is immediate and real.

Creating a focal point for Sydney's green economy sector

Establishing a premium office environment and place experience is critical to attracting and retaining a highly-skilled workforce. Fostering new specialist sector activity will strengthen the economic magnetism of Sydney CBD and support its transformation into a global business district with a competitive advantage.

The proposed delivery of an Asia Pacific Green Stock Exchange, that leverages established competitive advantages, will bolster Sydney CBD's powerful business brand, with a clear global proposition. The opportunity to launch a GSX in Sydney is a real and immediate opportunity that can be catalysed by leveraging digital trading platforms now, with a clear plan to ultimately transition into the building on completion.

Build the distinctive urban lifestyle experience and appeal of the CBD

The immersive sky garden gallery concept reflects the ancient and contemporary creativity of the Sydney community. This enhancement of the natural and urban environment will diversify the existing experience offering of the CBD both within and beyond core hours.

Enhance the neighbourhood amenity of the CBD

Through its careful design response, seeking to optimise engagement with the surrounding urban environment, the Pitt + Bridge Street tower will contribute to an enhanced human CBD experience: safe, inviting, climatically sensitive and active. It will deliver in-tower amenity to meet the increasing workforce needs of precinct including end of trip, fitness and food and beverage opportunities.

INTRODUCTION

Report Purpose

Urbis has been engaged by Dexus to review the socio-economic context of the proposed development at Pitt and Bridge Street in the Sydney CBD.

We understand that the key objective of this advice is to position the project as an inspiring opportunity with clear public benefit for the City of Sydney and local stakeholders. Specifically, it will explore the:

1. **Proposed ‘purpose’ of the development and the competitive advantage** that the proposition will bring to the city and its communities [what it will be known for];
2. **Vision for the super tower, the programme and place experience** - how it will amplify the future workplace value proposition, enhance the image of the northern section of the Sydney CBD as a leading business address and strengthen its role as a global hub of finance [what it will be loved for]; and
3. **Relevant public benefit options**, ensuring that these are aligned with the project purpose and desired the place experience [the lasting-legacy].

Framing powerful responses to these foundational questions requires detailed consideration of:

The local context

- The future of the Sydney CBD and its changing ecosystem;
- The prominence of the northern precinct as a commercial address;
- The rise of the green economy opportunity; and
- The global drivers of change in central business districts.

The global context

- The significance of the super towers;
- The changing role of the corporate office in the post COVID knowledge-intensive world; and
- The evolving work vs life preferences of anticipated end users

This report supports the programme of engagement undertaken with the City of Sydney in February – April 2021. Presentation material tabled during these sessions is appended.

Report Structure

The report is structured as follows:

- **Section 1 – The Changing Ecosystem of Sydney CBD and its Northern Core:** Provides the local Sydney context including commentary relating to the profile of key premium CBD assets, analysis of the CBD ecosystem, return to the CBD core and CBD afterhours.
- **Section 2 – The Green Economy:** Provides an overview of the global green finance market; together with an understanding of the performance of green finance mechanisms across Australia.
- **Section 3 – The Changing Global Context:** Assesses the changing global trends; relating to cities and workplace change.
- **Section 4 – Work-life and Workplace Change:** Highlights the mega trends and talent preferences that are shaping the future workplace.
- **Section 5 – Role of Super Towers:** Details the rise of the super tower globally and their subsequent benefits.
- **Section 6 – Project Opportunity:** Presents a range of opportunities that positions the Pitt + Bridge Street super tower to maximise its contribution to the city and its communities as the focal point of Sydney’s green economy.

Understanding the business ecosystem in the northern core of Sydney CBD and how it is changing.

Significance of Sydney CBD, talent pipeline, business ecology, workplace landscape and premium assets and their customer profile.

Exploring global trends, their impact on the future of work and the effect of COVID-19.

Significance of Sydney CBD, talent pipeline, business ecology, workplace landscape and premium asset profile

Positioning a super-tower at Pitt + Bridge Street to maximise its contribution to the city and its communities.

01

CHANGING ECOSYSTEM OF SYDNEY CBD AND ITS NORTHERN CORE



LOCAL CONTEXT: KEY FINDINGS

Section Objectives

This section explores the ecosystem of Sydney City Centre Business District (CBD). It is structured around:

1. Establishing the project background and confirming the study area;
2. Defining the elements of the contemporary business 'ecosystem' in Sydney CBD;
3. Providing commentary about the current workforce characteristics, the business profile and commercial office assets;
4. Establishing the ascendancy of the financial services sector in the CBD;
5. Identifying key changes to the elements of the ecosystem over time.

Key Insights and Recommendations

The underlying economic power, competitiveness, appeal and resilience of Sydney CBD is critical to the sustained success of the metropolitan region and the State.

- The contemporary business ecosystem of the CBD comprising the inter-related elements of talent (the workforce), tenants (sectors and businesses) and assets (commercial and associated infrastructure) – were analysed to establish its prevailing characteristics, established strengths and anticipated evolution.
 - The workforce is dominated by mid career, highly paid talent: 30–44-year-olds were the fastest growing cohort between 2016-2021, with an increase of 11.5%, this perpetuated the trendline of the previous decade. The 'early career' age bracket of 20–29-year-olds meanwhile continued to decline, reducing by 6% over the same time period – which reflects a concerning perpetuation of the trendline since 2006.
 - The workforce is highly paid and educated, with strong foundations in critical pipeline sectors including business, finance and law. Critical to meeting the human capital needs of the new emerging economic sectors, there has been an increase in workers with computer science and information technology degrees within the CBD.
- The city's business ecosystem is weighted towards finance and professional services, with a strong concentration of businesses employing less than twenty people. Despite this, the greatest concentration of large and very large employers in Greater Sydney are also to be found in the CBD.
- The CBD is home to a significant specialist financial services sector cluster, with representation from all participants in its value chain, notably including fintech. With this cluster largely positioned within the city blocks surrounding the proposed Pitt + Bridge Street site, the potential to support the growth of a green finance sub-sector is strong.
- The CBD also has a growing cluster of tech, software and digital publishing companies, and an increasing number of businesses with a clean, renewable energy and infrastructure focus.
- Future premium assets (planned and under construction) will intensify clusters in the Northern Core, as well as Martin Place. The current ambiguity surrounding future patterns of workplace demand (in terms of volume and design direction) is anticipated to slow office absorption for the short term; however, increasing 'return to office' trends are expected to smooth this impact in the medium/longer-term.
- Enhancing the quality of environment and experience in the CBD will be critical to bringing workers back to the office, with increasing the frequency of visits and length of stay. In simple terms – the CBD will have to work harder to attract and retain the physical presence of its talent pool.

1.1 PROJECT BACKGROUND

The subject site at Pitt and Bridge Street is located within the heart of the Sydney's established Central Business District (CBD) North precinct. The area and its adjacencies are continuing to experience renewal and intensification.

CBD North has a high concentration of prime grade office buildings and is regarded as Sydney's premier financial and legal district.

This area is well served by public transport, with the subject site positioned within 400 metres of the key transport node at Wynyard Station. The site is also supported by the Light Rail, on George Street, and in close proximity to Circular Quay; a key multi modal public transport interchange which is planned for renewal to include new ferry wharves and an upgraded train station.

The subject site's proximate location, strategic positioning as a prime business address, and superior access to public transport, creates a powerful proposition to deliver a city-defining project, with global influence and outcomes.

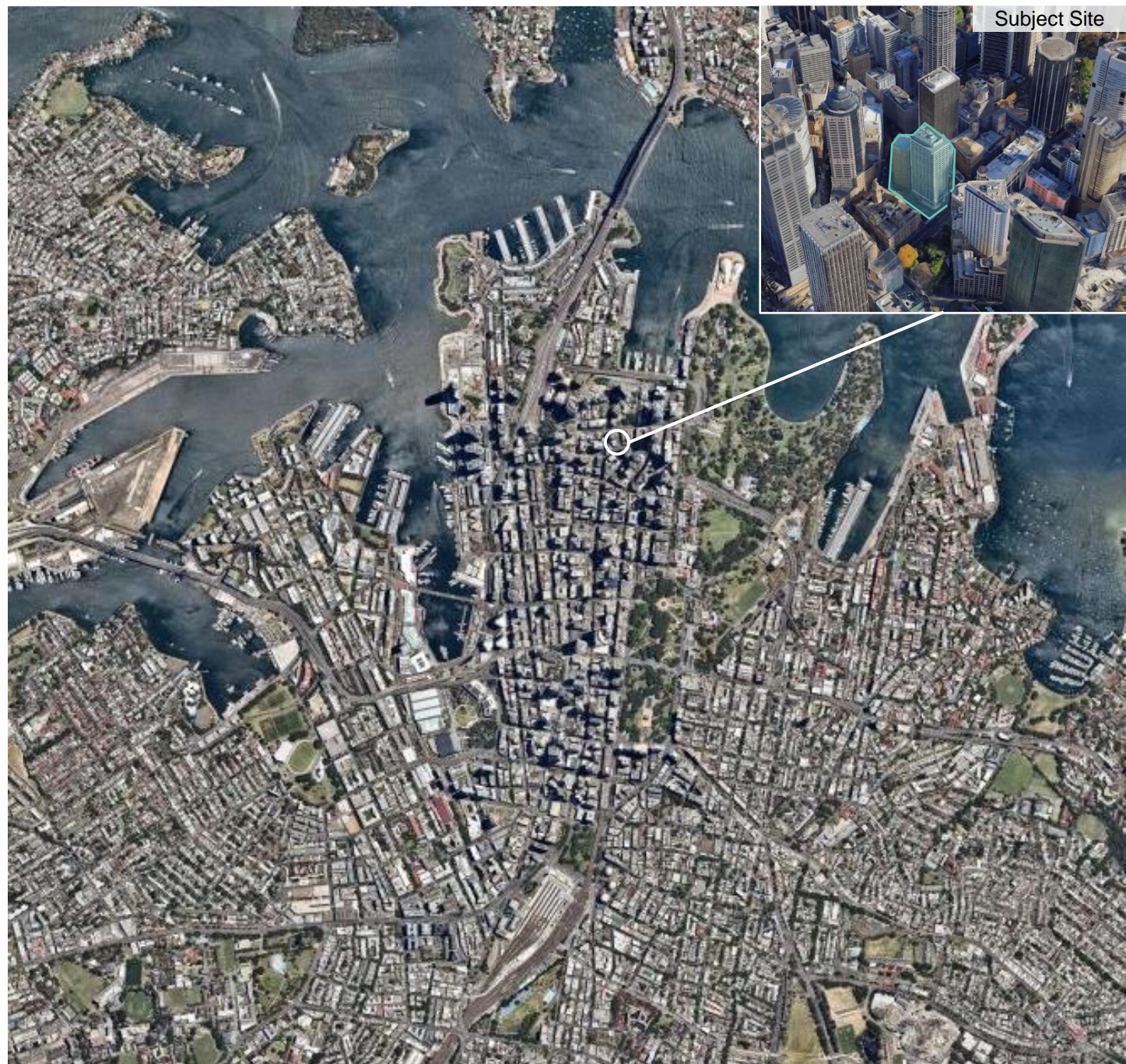


Figure 1.1: Subject site location

1.2 STUDY BOUNDARIES

The adjacent map provides the boundaries for the study area used throughout this report. The entire study area boundary aligns to the Sydney (North) – Millers Point and Sydney (South) – Haymarket SA2s; divided into sub sectors as follows:

- **CBD & Harbour (Millers Point SA2)**– encompassing the northern sector of the Sydney CBD, and the CBD and Harbour core precinct. This sub-sector is bound by Darling Harbour in the north and west, Easter Distributor (M1) in the east, and Bathurst Street in the south.
 - **CBD & Harbour Core** – a sub-precinct of the CBD & Harbour, is bordered by Cahill Expy (north), Macquarie Street (east), King Street (south) & Darling Harbour (west).
- **Chinatown & CBD South (Haymarket SA2)** – the southern sector of the CBD includes Chinatown and runs along Bathurst street in the north, Wentworth avenue and Elizabeth street to the west, Darling drive in the east and stops at Central Station to the south.
- The business ecosystem of the CBD is defined as its talent, tenants and assets: each of which was explored in the context of these boundaries.

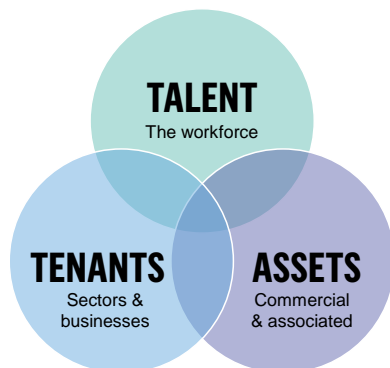


Figure 1.2.1: Contemporary business ecosystem

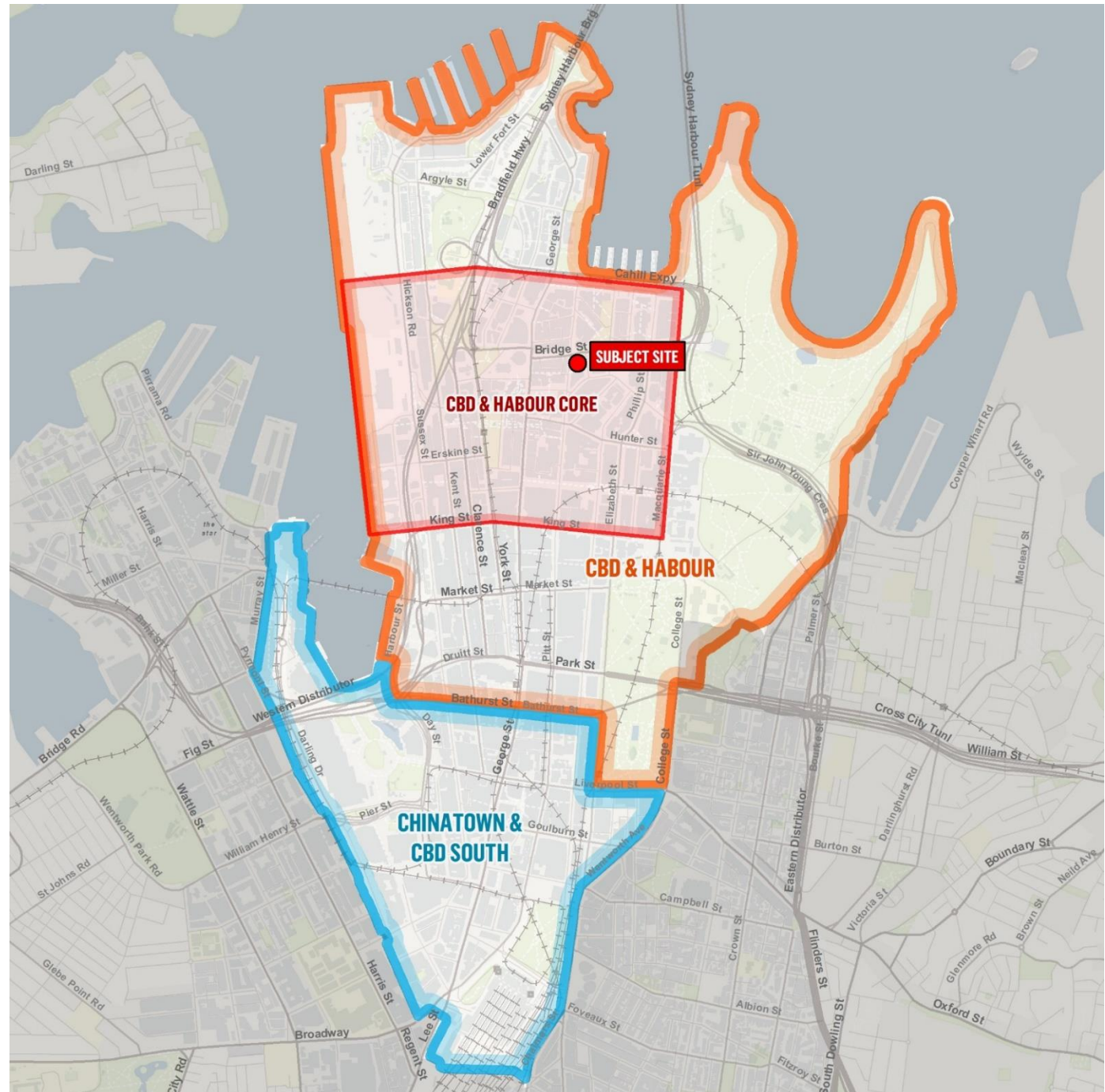


Figure 1.2.2: Sydney CBD study boundaries

1.3 TALENT - WORKER AGE & INCOME

Key Insights

The CBD workforce is dominated by mid career, highly paid talent, with 30-44 year olds as the fastest growing cohort.

- The Sydney CBD workforce is dominated by employees aged 30-44 years, equating to 48.3% of total workers. Melbourne CBD follows a similar workforce demographic at 47.2%. This age bracket has recorded a 3.3% growth over the 10-year period from 2011 to 2021 across the Sydney CBD.
- The Sydney CBD remains Australia's largest concentration of highly paid workers, with more than 178,510 employees earning over \$104,000 per annum.

Early career talent is declining as a proportion of the CBD workers.

- Workers aged 20-29 years, making up 22.5% of the CBD workforce, have recorded a decline of 4.4% over the 10-year period to 2021. Sydney must continue to invest in the development and attraction of young talent as a foundational resource to sustain economic vitality.

CBD & Harbour North's dense concentration of highly paid workers.

- Driven by a concentration of financial and investment businesses, the northern CBD (Millers Point) has a greater proportion of high-income workers at 53.8%, compared to southern CBD (Haymarket) at 42.1 and the Greater Sydney region at 27%.

Workforce Age (2021)

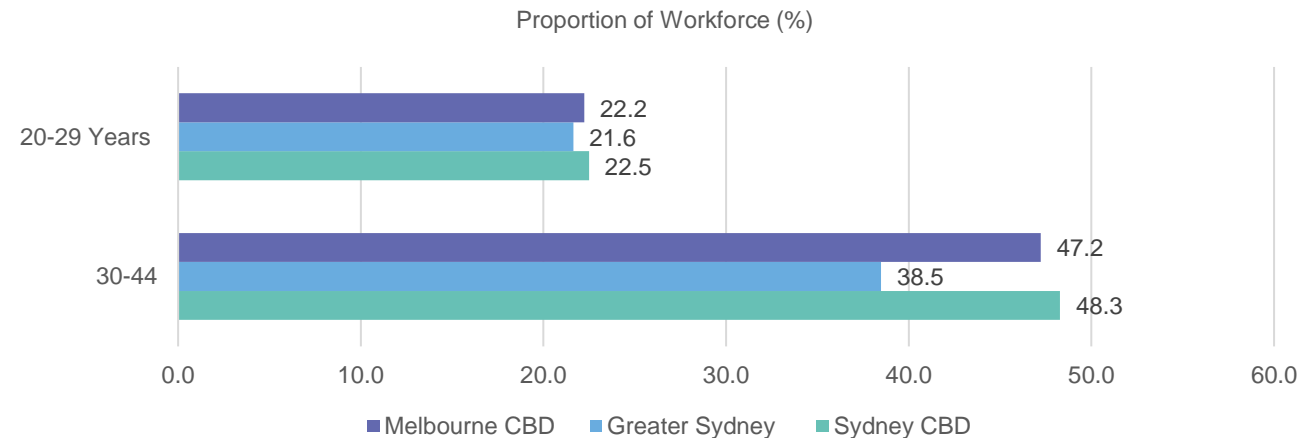


Figure 1.3.1: Key worker age brackets

Total workers earning more than \$104,000 in 2021 (POW)

Region	Workers (2021)	Growth p.a. (2016 – 2021)
1. Sydney CBD	178,510	8.5%
2. Melbourne CBD	105,709	9.8%
3. Perth CBD	68,172	8.4%
4. Brisbane CBD	61,508	12%
5. Docklands	42,482	17%

Source: Australian Bureau of Statistics; Urbis

Figure 1.3.2: Top per capita income SA2's

Proportion of Sydney workers earning more than \$104,000

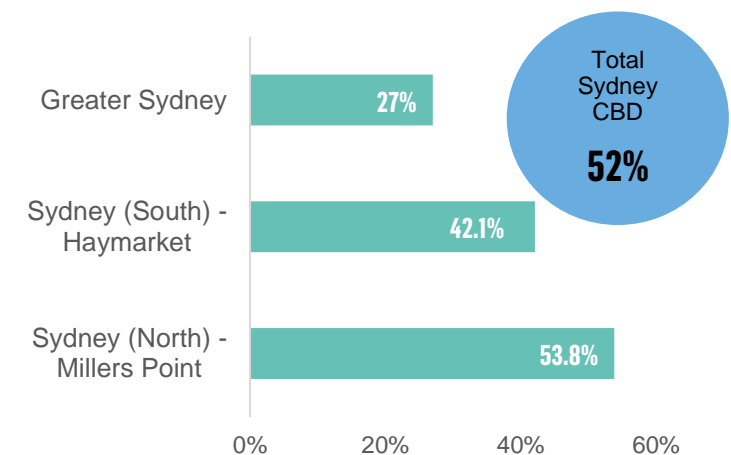


Figure 1.3.3: Sydney CBD per capita income

1.3 TALENT - WORKER EDUCATION

Key Insights

The Sydney CBD has strong workforce foundations and a globally competitive talent pipeline. Business, finance-related and law are the key education fields fuelling the next generation workforce.

- Similarly to the high incomes of the Sydney CBD, its workers are also highly educated with 66.1% of employees having a bachelor degree or higher. This is significantly more than the Greater Sydney region (43.4 %) and slightly higher than the Melbourne CBD (62.1%).
- The dominate fields of education for Sydney CBD workers are Business and Management (12.7%), Accounting (8.5%), Law (7.4%), Banking and Finance (6.2%) and Information Technology (3.7%). These educational fields are reflected in the main business types located in the CBD.

Following global trends, there has been an uplift in technology-related skills in the CBD workforce.

- In line with technology advancements, integration in everyday businesses and subsequent increases in tech-related jobs, the number of Sydney CBD workers with a computer science has increased by nearly 8,000 workers between 2011 and 2021.
- Workers with a computer science degree now make up 3.7% of the total Sydney CBD workforce and are employed by a growing number of software technology businesses that are basing their office within the CBD.

Highest level of educational attainment (2021)

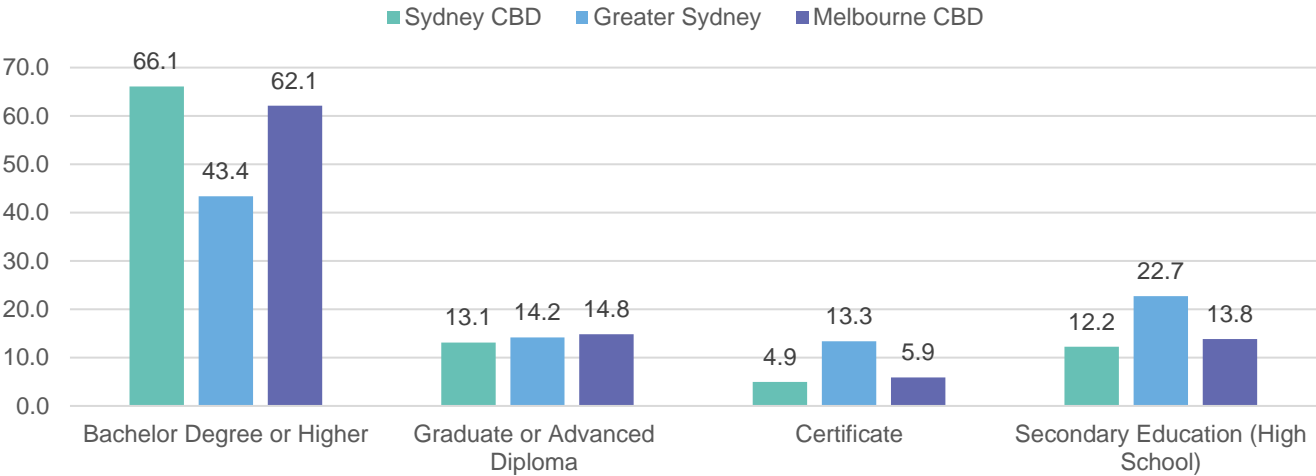


Figure 1.3.4: Highest level of educational attainment

Sydney CBD Worker field of education (2021)

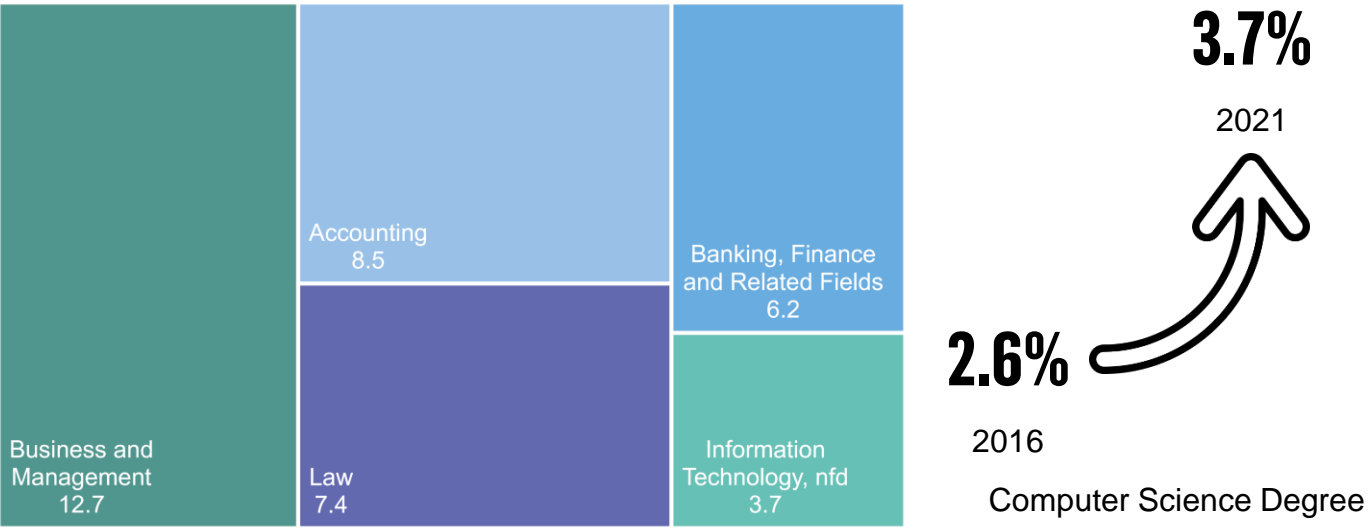


Figure 1.3.5: Worker field of education

1.3 TALENT - WORKER AUDIENCE PROFILE

Key Findings

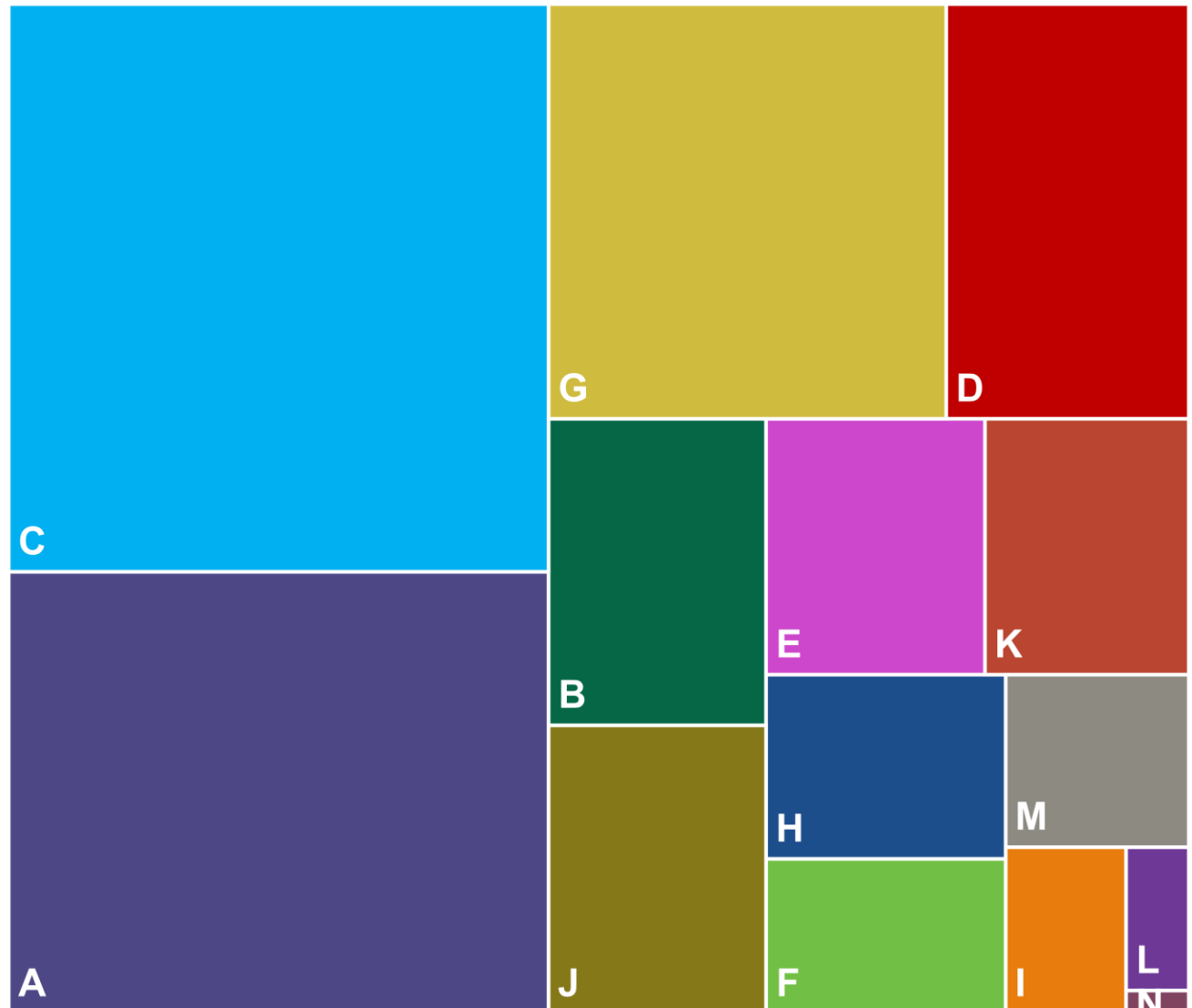
Based on Experian MOSAIC segmentation data (2018), used under licence by Urbis, the City of Sydney LGA has a workforce orientated strongly towards Groups C, A and G. The common characteristics of these audiences can be summarised as:

- Ambitious and career oriented;
- Increasingly looking for careers with purpose;
- Relatively cash rich but many are time poor;
- Living blended and active 18-7 lives;
- Social and quite tribal;
- Experimental and curious;
- Educated, cosmopolitan and globally aware;
- Invested in on-going personal development;
- Authentic purpose meets high octane options;
- Constantly connected; and
- Looking for work life balance -without losing career momentum.

Their convergent place experience appetites are:

- Gritty, grainy + super urban;
- Energetic mornings and interesting evenings;
- Distinctive and contemporary vibe and style;
- Health, wellness + active lifestyles oriented;
- Hyper local rituals that define their neighbourhood experience;
- Festivalisation of streets and urban spaces (planned and pop up);
- Embedded info-tainment; and
- Cultural production, consumption and participation.

City of Sydney - Worker audience profile segmented by MOSAIC



Sourced as at May 2021: Experian; Urbis

Figure 1.3.6: Experian MOSAIC Segmentation for the City of Sydney

1.3 TALENT - WORKER TRAVEL

Key Findings

Greater Sydney’s expansive public transport networks support a wide range of workforce commuting distances.

- The Sydney CBD worker population’s place of residence is broadly distributed across the wider Greater Sydney region, with approximately 33.5% living within 10 kilometers of the CBD. A further 43% of workers travel up to 30 kilometers to work in the CBD.
- The large geographical distribution of the Sydney CBD workforce is enabled by its strong public transport network.
- The number of CBD workers commuting to work has drastically dropped due to the rise of ‘work from home’; catalysed by the COVID-19 pandemic. In 2021, 74% of Sydney CBD workers were working from home. Despite the now emerging ‘return to office’ trend, flexible working is expected to remain as a core optional benefit for many workers.
- From 2016 to 2021, the number of commuters traveling by car has increased from 14% to 33%. This substantial shift in preference is largely due to commuters increased health awareness around catching public transport during and after the COVID-19 pandemic.
- The importance of Sydney’s rail network is evident, with 41% of commuting CBD workers utilising this method of travel to work. It is expected that this proportion will increase with the completion of the new metro and train line and leveraging future transport investment.

Distance of travel to work (2021)

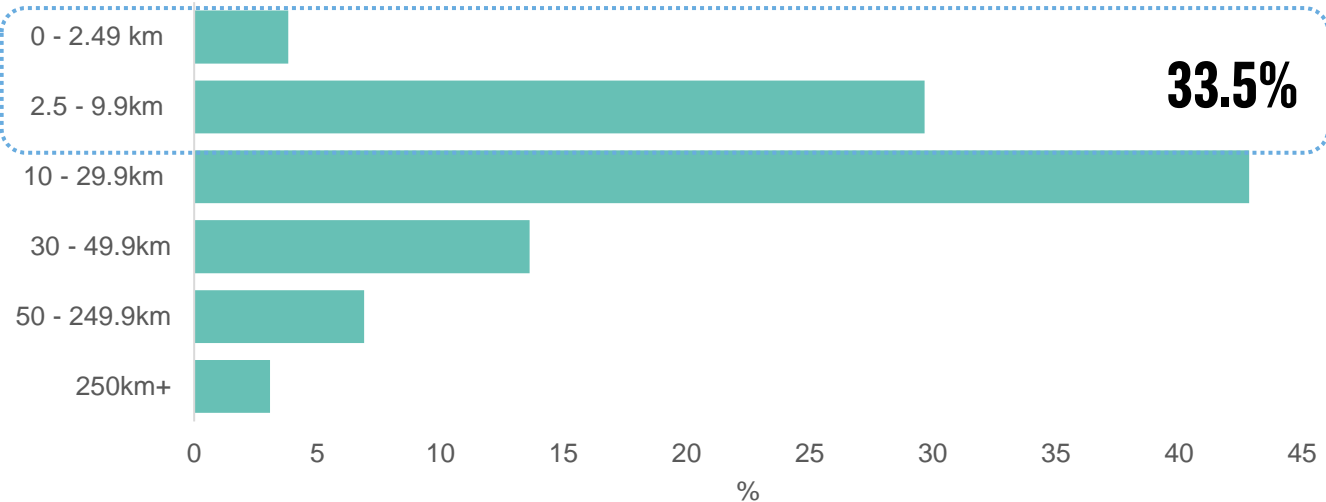
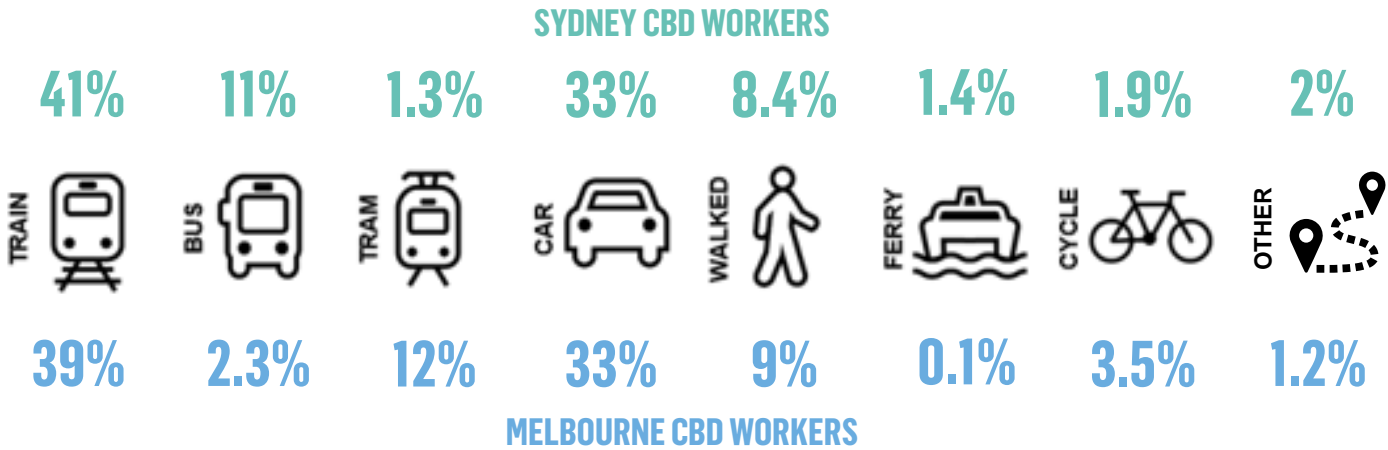


Figure 1.3.7: Distance of travel to work

Method of travel to work for CBD Commuters (2021)



Source: Australian Bureau of Statistics; Urbis

Figure 1.3.8: Method of travel to work

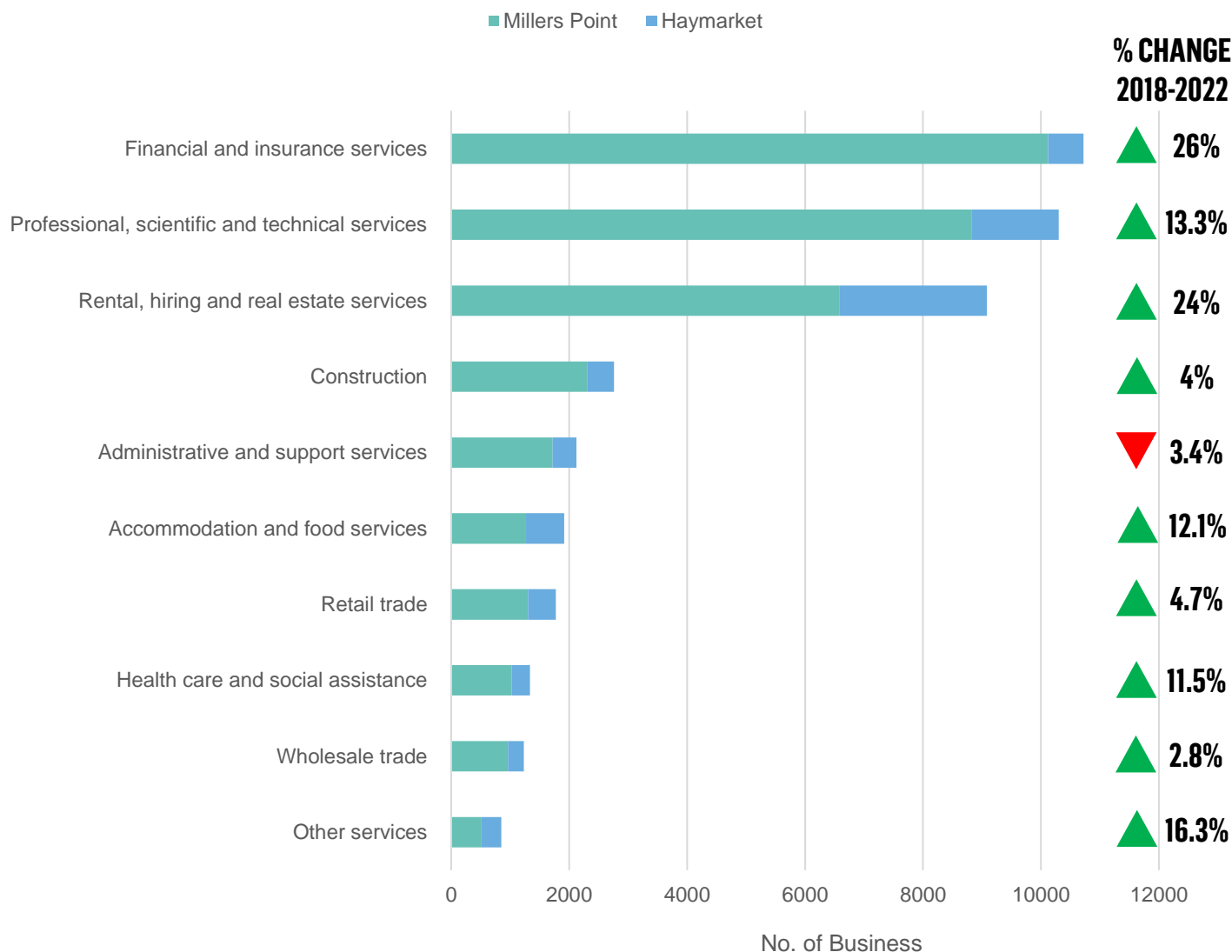
1.4 TENANT - BY INDUSTRY

Key Findings

Within the Sydney CBD, Professional Services are the most prevalent business type.

- The financial and insurance services industry has the highest number of businesses based in the Sydney CBD, totaling over 10,000 companies, with the majority (94%) located in the northern CBD of Millers Point SA2. This industry is the fastest growing industry, expanding by 26% from 2018 to 2022.
- The second most prevalent business type across the Sydney CBD is the professional, scientific and technical services industry, with just over 10,000 companies within Sydney CBD (13.3% increase from 2018-2022). This is followed by rental, hiring and real estate services, with just over 9,000 companies, growing 24% from 2018 to 2022.
- There was significant growth in accommodation and food service industry, with an additional 207 business, reflected in a 12.1% increase over the four-year time span. Similarly, health care and social assistance businesses grew by 138, resulting in a 11.5% increase.
- Business growth in the northern (Millers Point) and the Southern (Haymarket) CBD region, is relatively consistent, with both regions experiencing a 14% increase, despite the ratio of business counts between Millers Point and Haymarket as 80/20. This growth demonstrates consistent growth across the entire Sydney CBD.

Top 10 Sydney CBD business types by industry 2022



Source: ABS (2022)

Figure 1.4.1: Top 10 CBD business types by industry

1.4 TENANT - CHANGING INDUSTRY PROFILES

Key Findings

There are key differences in the business composition of the northern and southern CBD precincts.

- Whilst the northern and southern Sydney CBD precincts share some similarities (e.g., prevalence of legal businesses), the northern precinct (CBD & Harbour) contains a higher concentration of white-collar businesses, whilst the southern precinct contains a higher proportion of grey collar businesses (e.g. restaurants and service industries).
- The second most dominant business across the northern CBD and Harbour is Financial Asset Investing businesses. This industry has recorded a strong growth in businesses of 9.2% per annum between 2007 and 2017. These new finance businesses generally gravitate toward premium grade office buildings, in central locations, with strong public transport connections.
- Software Publishing businesses have also recorded strong growth between 2007 and 2017, with 93% of new businesses locating in the northern CBD & Harbour precinct.

New agglomeration opportunities are emerging in the northern CBD & Harbour Precinct.

- The subject site is strategically positioned in the heart of the financial business cluster, offering a strong opportunity to act as a catalyst in agglomerating this growing finance sector, strengthening the Sydney CBD economy.

Key business industries: CBD & Harbour (2007 – 2017)

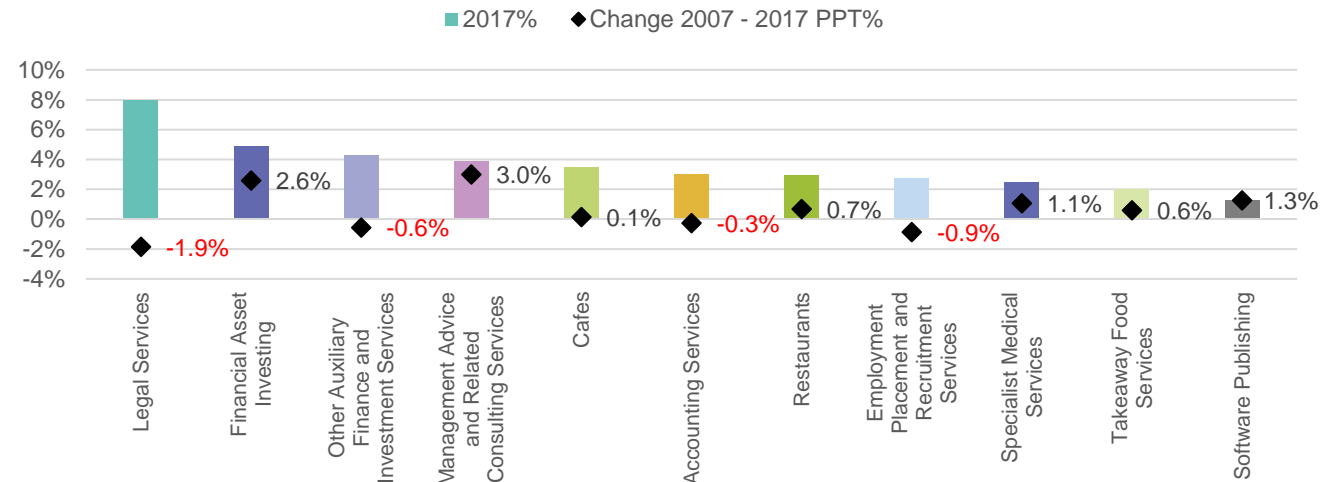
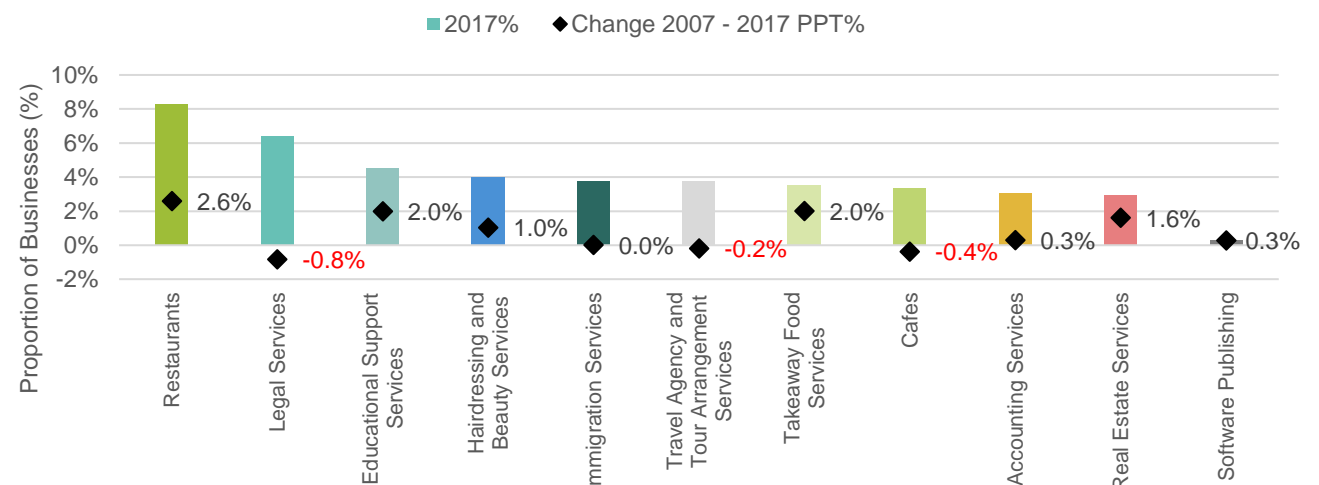


Figure 1.4.2: Key CBD & Harbour business industries

Key business industries: Chinatown & CBD South (2007 – 2017)



Source: City of Sydney Floorspace and Employment Survey 2007-2017; Urbis

Figure 1.4.3: Key China Town & CBD South business industries

1.4 TENANT– A GLOBAL FINANCE CLUSTER

Sydney's hosting of the 2000 Olympic Games propelled the city into the global spotlight. This momentum gained, coupled with a thriving finance industry and sustained transformational economic growth, established Sydney as Australia's global city and international gateway economic hub.

- Sydney's global city status is reinforced by the coalescence of economic, political and cultural influences, engagement with international trade and finance flows, international connectedness, and attractiveness to mobile talent, tourism, business enterprise and investment capital.
- In 2021, the number of jobs in the finance and insurance service industries located in Sydney CBD were 101,527 (29.6%) – the highest concentration of jobs in any sector. This dense concentration of jobs is further demonstrated when compared with Melbourne at 39,562 (16.2%) [ABS 2021].
- In research work undertaken for the Greater Sydney Commission, Charter Keck Cramer [2017] confirmed that the domination of the financial services industry in Sydney CBD is enabled by the concentration of major, internationally significant companies co-located in large premium grade office buildings.
- The strength of the finance sector in Sydney is reinforced by the presence of the headquarters of Australia's key monetary and finance policy makers and regulators (the RBA, ASIC, APRA), and the existing Australian Stock Exchange (ASX). In 2022/2023, 41 companies within the top 100 ASX companies had head offices in Sydney. This is an increase from 29 companies in 2021.
- Sydney CBD also accommodates 50 per cent of the ASX100s Financial Service companies, which is double the concentration in Melbourne (25 per cent) [ASX 2021]. Companies in the finance sector also accounted for 23 per cent for occupied office floorspace across the Sydney CBD and Harbour precinct [CoS FSE 2017].
- Of the top 20 Global Investment Banks (of which 18 have an Australian presence), the Australian Headquarters for 15 are in Sydney CBD, with all accommodated in landmark premium office buildings.
- The finance sector is imperative to the confidence and structure of the property market, as a significant pre-Covid driver of commercial office space in premium grade buildings and a significant source of fee income for the advanced professional services (legal, accounting, real estate and insurance) – many of whom co-locate as part of the CBD business network (half of Australia's globally competitive service sector jobs are based in Global Sydney).
- A fast-emerging fintech sector is also supported by the presence of the major financial institutions and corporate sector organisations, located within sponsored and market-based incubators and co-working spaces.

1.4 TENANT - BUSINESS TURNOVER

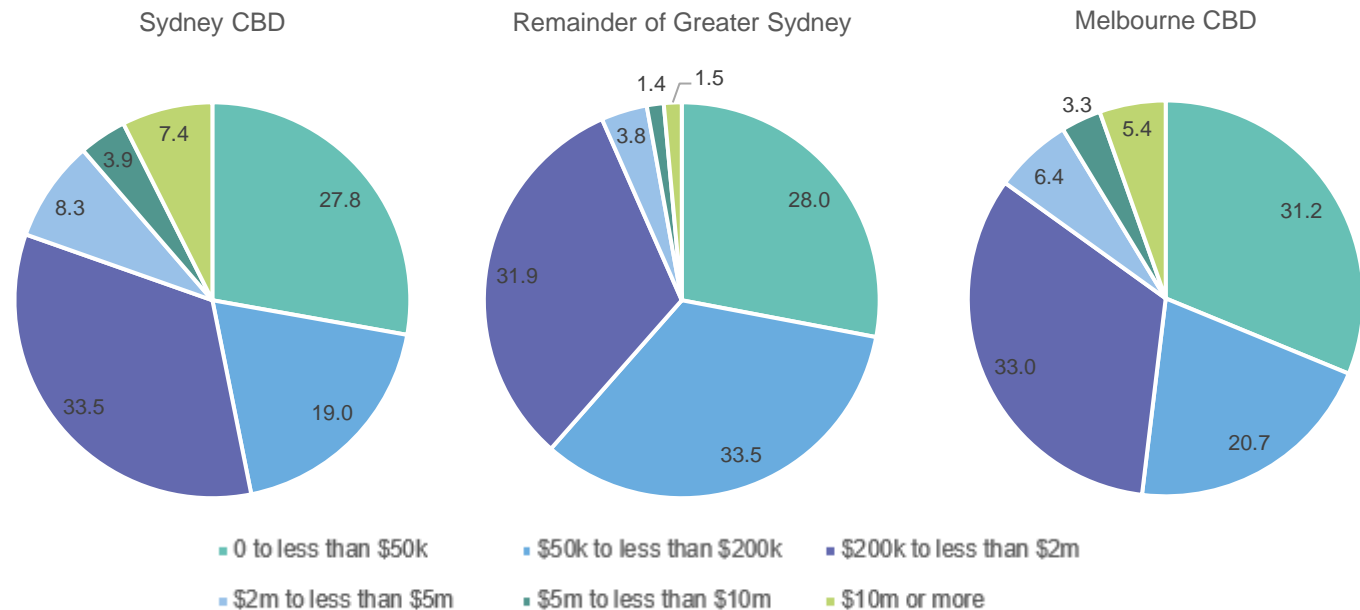
Key Insights

Businesses with an annual turn-over of \$200k-\$2m comprise the largest share of businesses in the CBD at 33.5%. Sydney CBD hosts more than twice the number of businesses with a turnover of \$5-10 million than Melbourne CBD.

- The make up of the Sydney CBD by business size (turnover) is proportionate to Melbourne CBD; with 33% as smaller business with \$200k-\$2m in turnover, 3.3% with a turnover of \$5m-\$10m and 5.4% having a turnover of \$10m plus.
- Conversely when looking at the number of businesses, the Sydney CBD houses more than double the number of businesses with a turnover of \$5m-\$10m than the Melbourne CBD.
- From 2019 to 2022, the number of CBD business with a turnover of \$5m-\$10m, and those \$10m plus, has growth by 13.3% and 17.2%, respectively. This growth is stronger than Melbourne CBD, which recorded growth rates of 9% (\$5m-\$10m) and 5.2% (\$10m plus).

In order for the Sydney CBD to retain its national dominance in the large to very-large business sector, the city must continue to develop premium, state of the art office assets to attract both big businesses and world class talent to the city centre.

Business by turnover size (2022)



Region	Zero to less than \$50k	\$50k to less than \$200k	\$200k to less than \$2m	\$2m to less than \$5m	\$5m to less than \$10m	\$10m or more
Sydney CBD	12,795	8,766	15,440	3,809	1,795	3,419
Greater Sydney	169,120	195,987	193,640	24,845	9,517	11,555
Melbourne CBD	7,727	5,126	8,172	1,580	812	1,340

Source: Australian Bureau of Statistics; Urbis

Figure 1.4.4: Businesses by turnover size

1.4 TENANT - BUSINESS EMPLOYMENT SIZE

Key Findings

The CBD profile reflects the domination of small businesses with 0-4 employees (85.8%), with only 4.4% of firms with a workforce of 20+ employees.

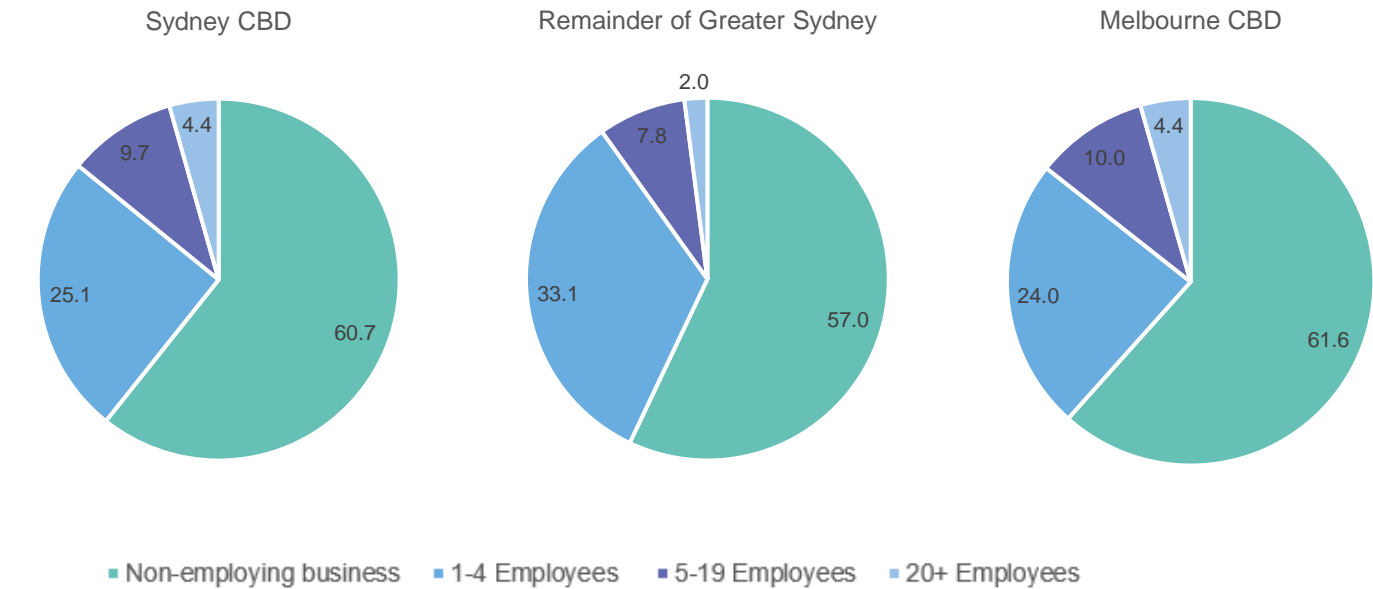
The business profile of Sydney CBD based on employee size includes 60.7% being non-employing business, 25.1% comprising of business with 1-4 employees, 9.7% with 5-19 employees and 4.4% with a workforce of more than 20+ employees.

- The number of large business (20+ employees) has increased by 2% across Sydney from 2019-2022. Conversely, over than same period, Melbourne saw a decrease of 8% in these large businesses.
- Total businesses within the Sydney CBD has grown 14% from 2018-2022; however, the remainder of Greater Sydney has increased 16% over the same period. This indicates strong competition in growth between the two regions, fueling the need to keep new and existing businesses in the CBD region; promoting healthy competition and interaction between firms.

The existing large employers in the Sydney CBD are concentrated around premium and A-grade office space.

- The delivery of future premium projects will be critical in attracting and sustaining large businesses in the CBD; allowing for economic stimulation from high density benefits.

Business by employment size (2022)



Region	Non-employing business	1-4 Employees	5-19 Employees	20+ Employees
Sydney CBD	27,949	11,572	4,485	2,025
Remainder Greater Sydney	318,683	184,781	43,804	11,358
Melbourne CBD	15,246	5,935	2,464	1,093

* Excludes non-employing businesses
Source: Australian Bureau of Statistics; Urbis

Figure 1.4.5: Businesses by employment size

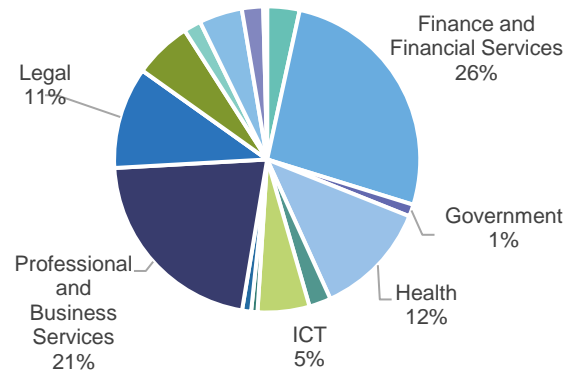
1.4 TENANT - CBD & HARBOUR CORE BUSINESS PROFILE

Key Findings

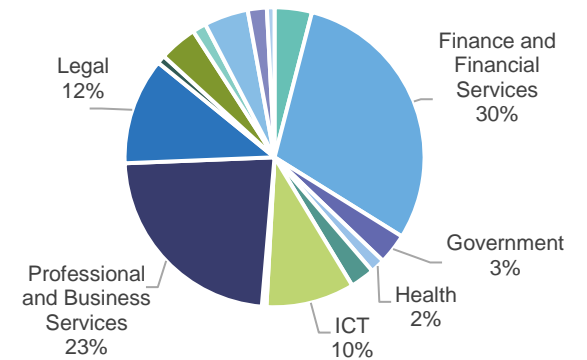
At all scales, finance and financial services dominate the business profile in the CBD & Harbour Core. They are over-represented as a proportion of large and very large businesses.

- Although the finance and financial services sector is the dominant industry across all business types. This dominance is especially evident in in very large businesses, with 80% being finance and financial services firms.
- The magnitude, design and quality of the proposed development at the subject site has the potential to further ignite the agglomeration of finance and financial services across the Sydney CBD.
- Supported by advanced professional and business services, and ICT, this would assist in re-positioning Sydney as a global finance centre, driving economic growth for the region.

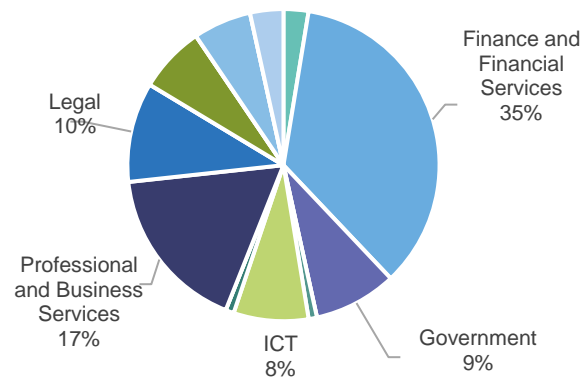
Small: 1-19 employees



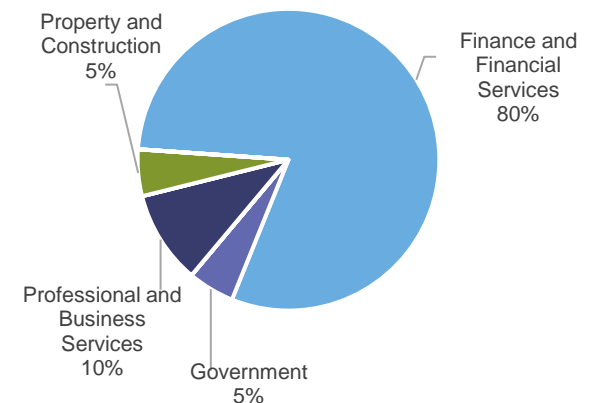
Medium: 20-199 employees



Large: 200-999 employees



Very Large: 1,000+ employees



Legend

■ Creative Industries	■ Finance and Financial Services
■ Government	■ Health
■ Higher Education and Research	■ ICT
■ Bio-Tech	■ Resources
■ Professional and Business Services	■ Legal
■ Co- Working Space	■ Property and Construction
■ Social Capital	■ Tourist, Cultural and Leisure
■ Transport and Logistics	■ Utilities

Source: City of Sydney Floorspace and Employment Survey 2017; Dexis; Urbis

¹City & Harbour Core precinct is bordered by Cahill Expy (North), Macquarie St (East), King St (South) & Darling Harbour (West)

Figure 1.4.6: CBD & Harbour Core business profile

1.5 ASSETS

OFFICE INDUSTRY CLUSTERS

The adjacent map shows the distribution of the key office industry clusters across the Sydney CBD, highlighting the significance of the CBD & Harbour precinct as a prime business location.

As the city's business ecology matures, key clusters of industry specialisations are emerging. The following page provides an analysis of the CBD's emerging clusters.

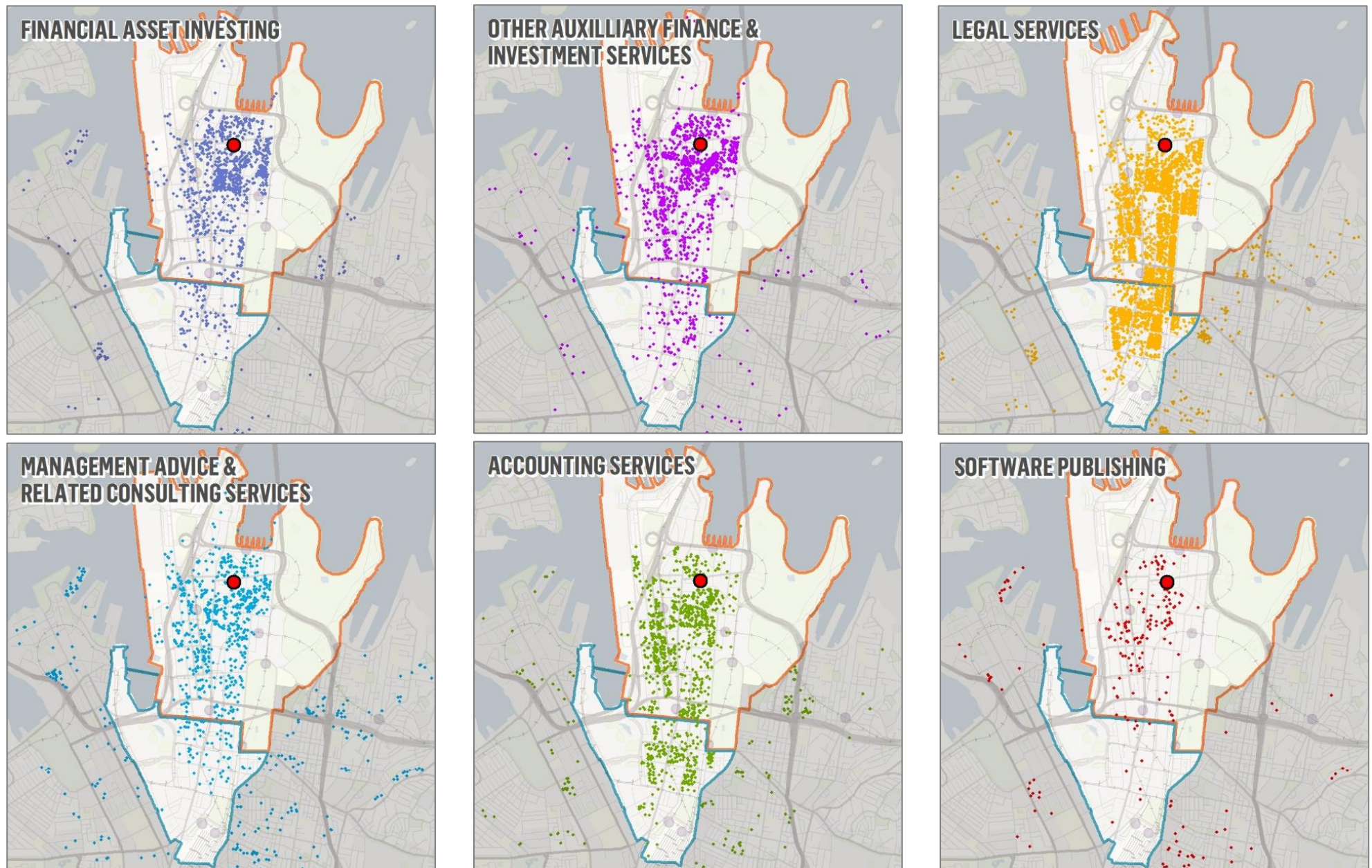
The greatest degree of specialisation is occurring in the finance and financial services sector.



Source: City of Sydney Floorspace and Employment Survey 2017; Urbis

Figure 1.5.1: Sydney CBD office-based industries

1.5 ASSETS - INDUSTRY CLUSTERS



Source: City of Sydney Floorspace and Employment Survey 2017; Urbis
Figure 1.5.2: Sydney CBD office-based industries by sector

1.5 ASSETS - DISTRIBUTION OF OFFICE SPACE

Key Findings

Offices in Sydney CBD have increased by more than 1.6 million sq.m over the last 23 years to 5.25 million sq.m in July 2023

- Growth in Premium and A-Grade growth in supply has remained strong, with total stock of 3.3 million sq.m in July 2023
- There has been volatility in supply with stock withdrawn for refurbishment and added back into the market. Withdrawals increased in 2017 as several office buildings were demolished for the Sydney Metro station developments and residential conversions. New premium stock from the Over Station Development is expected to be completed by the end of 2024.

Whilst the City Core has dominated the CBD office market – the geography of the city has changed as new supply has emerged in Midtown, Western, Walsh Bay and Southern.

Figure 1.5.3 highlights the historical dominance of the City Core as an office precinct with the largest amount of floorspace (2.1 million sq/m)

- Whilst the City Core still houses the largest supply, it has significantly decreased in from 53% total CBD office space in July 1990 to 40% in July 2023. This is the result of increasing of supply in Midtown, Western and the development of the Barangaroo International Towers in Walsh Bay.
- Figure 1.5.4 shows that the City Core remains the most diversified, with the highest quantum of premium stock (773,000 sq.m). The proportion of premium office space in Walsh Bay (81%) is the result of a low base, with 270,000 sq.m of the total 335,000 being premium grade.

Total office floorspace by precinct (sq.m)

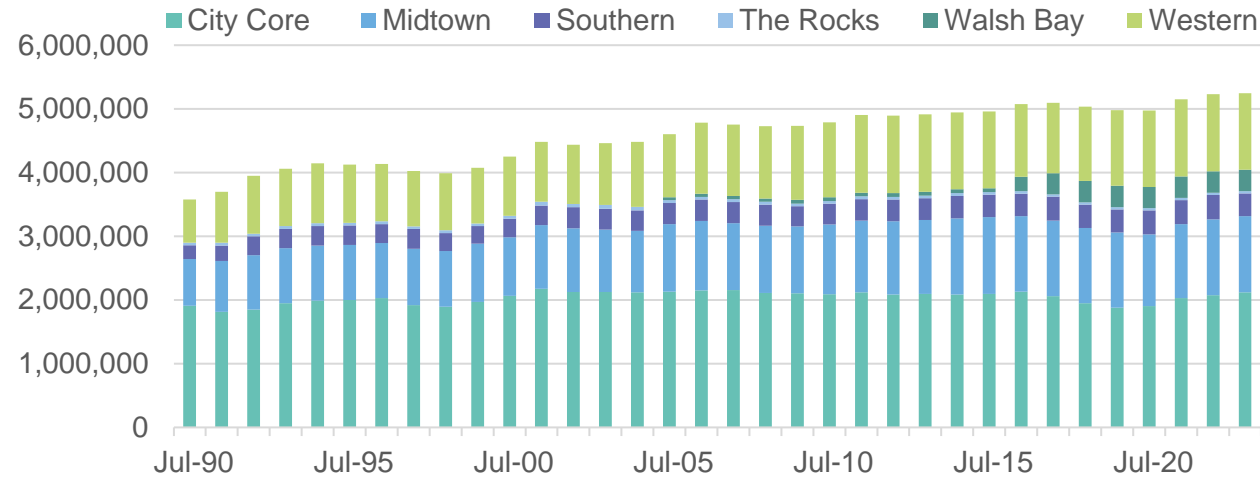
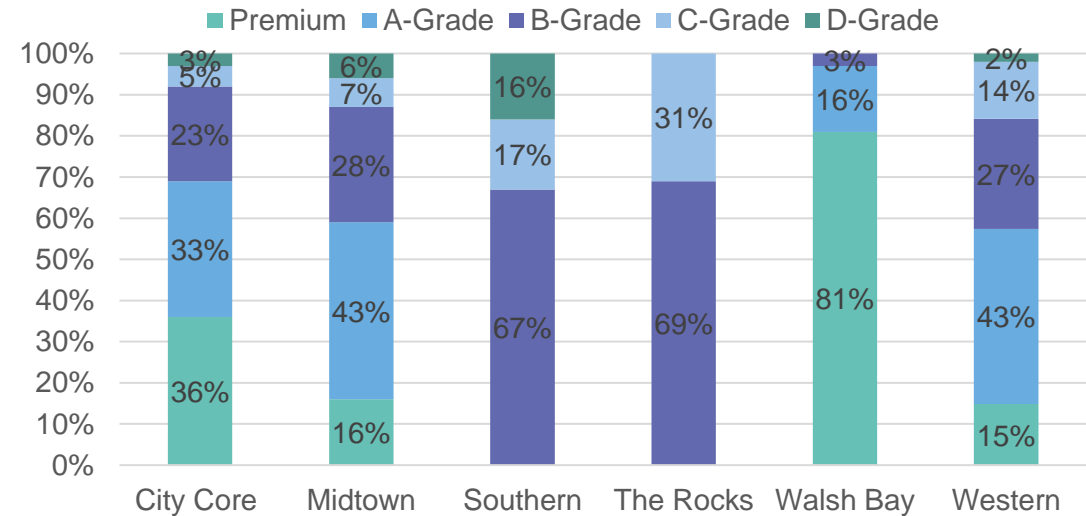


Figure 1.5.3: Sydney office floorspace by precinct

Proportion of total stock by grade (2023 July)



Source: Property Council of Australia On the Market Report July 2023; Urbis

Figure 1.5.4: Sydney office floorspace by grade

1.5 ASSETS - OFFICE RENTAL ANALYSIS

Key Findings

Sydney CBD office rents have grown steadily over the past 20 years.

- Figure 1.5.5 outlines the average net face rents June 1997 to June 2023 by grade; reflecting an upward trend, with notable fluctuations in line with economic conditions relating to:
 - 2000-2001 (Olympic & Sept-11 attacks);
 - 2008-2009 (GFC);
 - 2016-2018 (tenant displacements due to infrastructure projects); and
 - 2019-2021 (COVID-19).
- Office rents post COVID-19 have increased from Q3 in 2021 to June in 2023, across all asset classes. This has been driven by high interest rates and working from home trends. Premium grade stock as of June of 2023 is averaged to be at approximately \$1,300 per square metre, with A-grade and B-grade office rents respectively at \$1,052 and \$833 per square metre.
- Vacancy rates in the Sydney CBD continue to increase from 10.1% in July of 2022 to 11.5 in July of 2023. Despite this, face rent continues to grow, with an increasing number of incentives.
- Large tenants in the Sydney CBD have been contracting of subleases office space, resulting in a net absorption of -7,900 sqm over Q4 2023.
- The office supply pipeline in the Sydney CBD is stable, with 270,800 sqm of under construction. This equates to 5.2% of total CBD stock.
- Figure 1.5.6 highlights the significance of the Sydney CBD as a premium business address, fetching double the average prime rent in Melbourne CBD of \$699 per square metre.

Sydney CBD Net face rents (\$/sq.m)

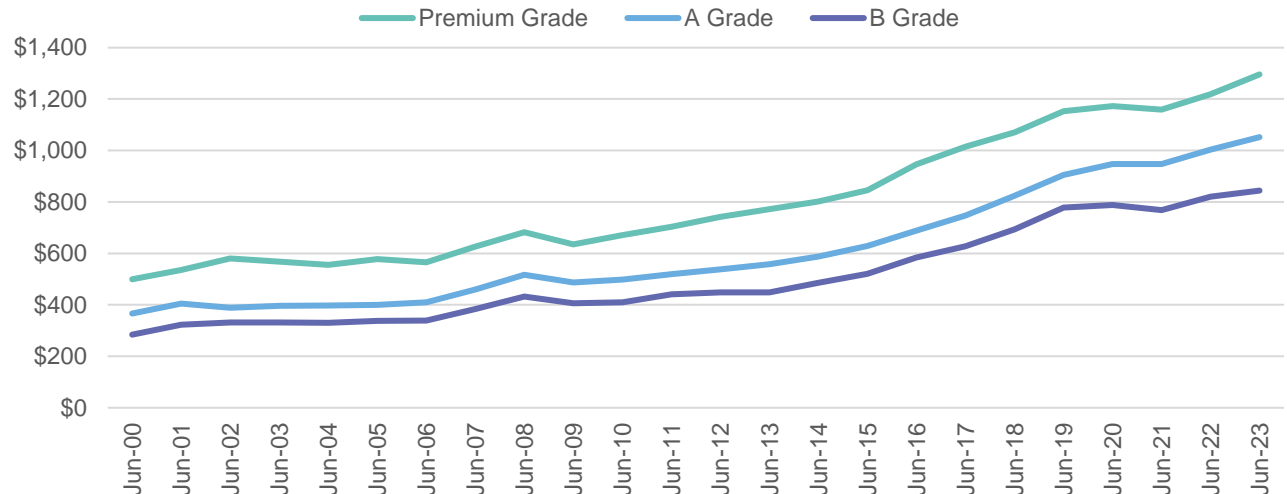
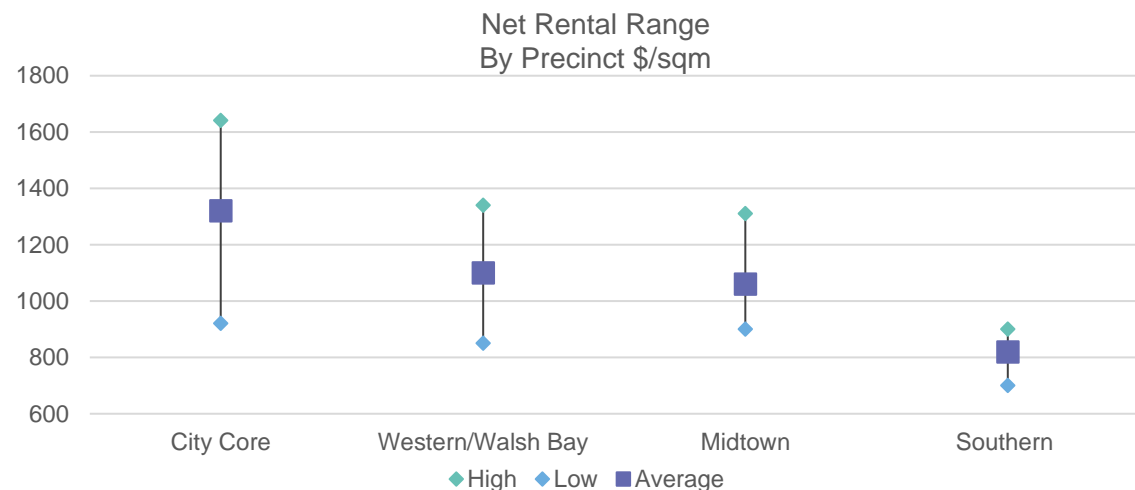


Figure 1.5.5: Sydney CBD net face rents

Sydney CBD prime rents by precinct (\$/sq,m average gross face rent)



Source: Knight Frank; Urbis

Figure 1.5.6: Prime rent comparison by precinct

1.5 ASSETS - PREMIUM ASSETS & TENANTS

Premium office assets are creating sub-precincts and reinforcing industry clusters.

The map alongside shows the distribution of premium office assets across the Sydney CBD. The three key concentrations of premium assets are: Barangaroo, Darling Park and CBD North (where the subject site is located). CBD North is the city's dominant financial and legal precinct.

Key tenants in this area include:

- Bain & Company, Bank of America Merrill Lynch, Goldman Sachs (Governor Phillip Tower)
- Minter Ellison (Governor Macquarie Tower)
- McKinsey & Company (Aurora Place)
- Bloomberg (1 Bligh Street)
- Barclays, UBS, Morgan Stanley (Chifley Tower)
- Deutsch Bank and Allens (Deutsche Bank Place)
- Deloitte (Quay Tower)
- Salesforce (180 George Street)
- NAB, Allianz, Brookfield (Brookfield Place)



Source: City of Sydney Floorspace and Employment Survey 2017; Urbis

Figure 1.5.7: Sydney CBD existing premium office assets

1.5 ASSETS - FUTURE PREMIUM ASSETS

Proposed future premium assets have the potential to intensify existing office concentrations, with premium office buildings in the CBD North and neighboring Martin Place.

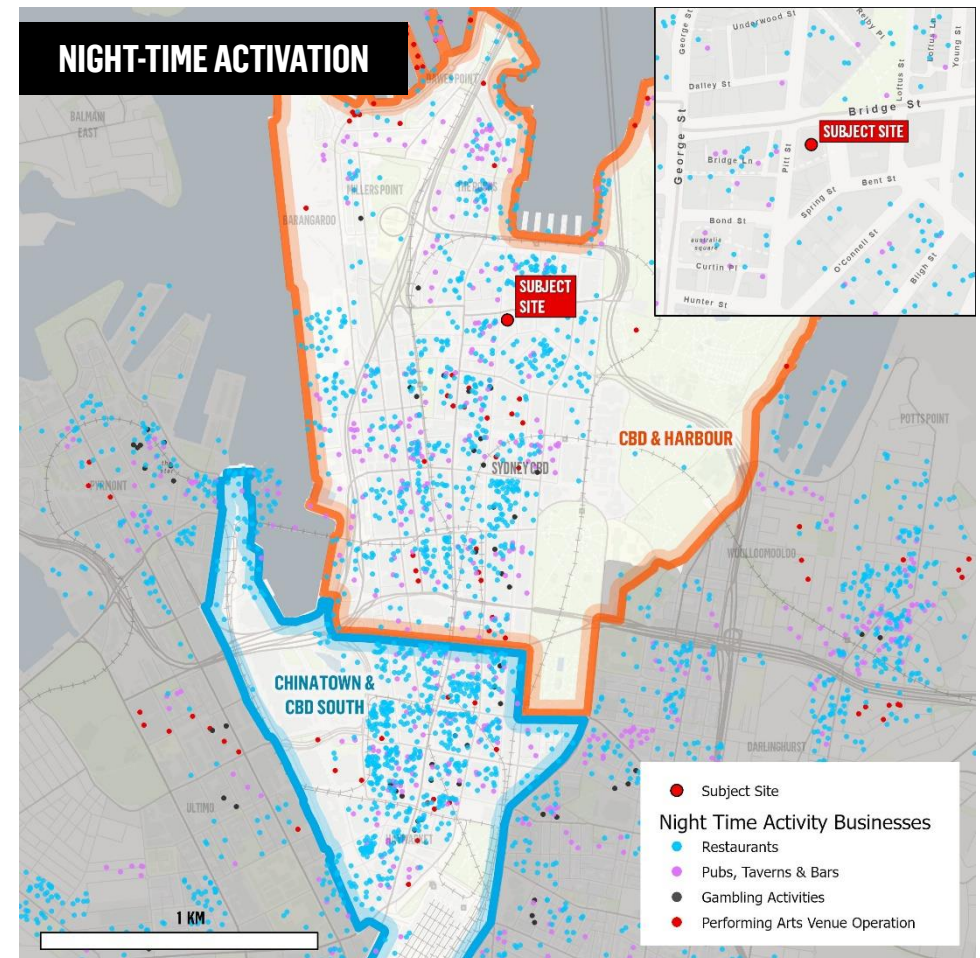
These proposed towers offer an increasing level of tenant amenity and publicly accessible signature elements, as outlined in Appendix B. For example, **Martin Place Metro North Tower** is developed integrally with the new Martin Place underground Metro Station and uses latest Digital Twin technology in the design of the project. The development will comprise office, retail, conference, alongside vibrant public art and landscape within an active, inviting multi-level podium. **Martin Place Metro South Tower** will include a rooftop plant, bicycle parking and end of trip facilities.

These new premium addresses will exert a more powerful attraction for Multinational Enterprises. A more powerful presence of MNEs will further increase the magnetism of Sydney CBD as a global business address.



1.5 ASSETS - DAYTIME & NIGHT-TIME ECONOMY

The maps below show activation of the Sydney CBD from day through night. Daytime activation is indicated by the location of office-based businesses while night-time activation is revealed by the location of restaurants; pubs, taverns and bars; gambling activities; and performing arts venues, as recorded by the City of Sydney Floorspace and Employment Survey. Evening activation within the precinct, to stimulate a vibrant urban experience, is a fundamental building block to creating an attractive, premium business address.



Source: City of Sydney Floorspace and Employment Survey 2017; Urbis

Figure 1.5.9: Sydney CBD day and night-time activation

02

GREEN ECONOMY OPPORTUNITY



GREEN FINANCE: KEY FINDINGS

Section Objectives

This section set out to explore the green economy and provide commentary relating to:

- Defining the green economy;
- Establishing the green finance sector and exploring its significance.
- Providing an overview of the global green finance market and the dominant countries internationally.
- Understanding the performance of green finance mechanisms across Australia.
- Identifying the opportunities for Australia and City of Sydney for strengthening the green finance sector.
- Highlighting the role and opportunity at the Pitt and Bridge street subject site.

THE ADOPTION OF GREEN FINANCE REPRESENTS A PARADIGM SHIFT FROM VALUE CREATION FOR SHAREHOLDERS, TO SHARED VALUE FOR ALL.

Key Insights and Recommendations

Expenditure on climate related projects globally in the decade to 2030 is estimated to exceed US\$ 90 - 100 trillion to meet obligations under the Paris Agreement. This spending pipeline is igniting the growth of the green economy and catalysing the development of the green finance sector.

- Globally, the green economy is scaling rapidly. The urgency of the climate crisis and fast approaching net zero target dates are accelerating the transition to a green economy, largely driven by the renewable energy transition and the delivery of green infrastructure. Australia has taken a strong response to the climate crisis; however further momentum must be gained to make a global impact.
- Green finance instruments are critical in facilitating the delivery of sustainable infrastructure and thus green finance is an exponentially growing sector. Green finance is defined as using financial devices (including loans, debt mechanisms and investment instruments) to facilitate green development projects, infrastructure or products that minimise the impact of climate change. A maturing green finance sector has the advantage of deepening financial markets and as well as safeguarding environmental resilience.
- The USA, China and Germany are leading the way, but there is a presenting opportunity for Australia to leverage its financial services credentials to become a top ten player. Green bond issuances nationally have risen from over AUD 10 bn in 2022 to over AUD 13 bn issued in just the first half of 2023.

The City of Sydney and its CBD are well positioned to play a leading role in driving this green economy to cement itself as a hub for innovation, exchange and talent. The CBD, specifically its Northern Core, has the foundational conditions to ignite a green economy-green finance cluster, establishing Sydney as Asia-Pacific's primary trading hub.

- As Australia's finance capital, in 2018, NSW established a Sustainability Bond Programme, promoting a mechanism in which investors can help to finance sustainability-focused government projects. The programme as of 30 June 2023 has \$9.2bn on issue, making it one of the largest semi-sovereign green and sustainability bond programs in Australia.
- The foundational pillars to sustaining a productive green finance hub are rooted in an established traditional capital market, the strength of financial regulation, extend of global integration and political stability, and the depth of a highly-skilled human capital capability.
- The presenting opportunity is imminent and would optimally be ignited by the delivery of physical infrastructure - preferably emblematic and in a highly visible location. In practical terms, a green stock exchange (GSX) can be launched on a digital platform, with the 'floor' largely for showmanship and investor relations. The pathway to the delivery of a stock exchange is well established and can reasonably be completed within a twenty-four-month period. This would allow the framing of a GSX to commence imminently, before first mover advantage is lost.

2.1 UNDERSTANDING THE GREEN ECONOMY

What is the Green Economy

The green economy is diverse, growing and essential to the transition to a low carbon economy and mitigating the impacts of climate change. It comprises of green energy, green infrastructure, green development projects, green tech and the professional, educational and creative services that support them.

A critical pillar in the of the green economy is green energy; defined as an energy form generated from a natural source that is replenished at a higher rate than is consumed. The exponential uptake of these forms of energy, doubling over the last decade, is illustrated in Figure 2.1.1.

Supporting the transition to a green economy, is the growth in green development projects, all of which will be supported by funding. This sustained growth in green development has catalysed the development of a green finance market.

Growing the green economy will be pivotal to future competitiveness; increasing resilience and achieving a city's sustainable development objectives to support the global agenda.

An increasing number of sustainability projects are employing green finance instruments to maximise their 'green' sustainability contributions. This monumental shift towards a green economy will not be achieved through public sector funding alone.

Globally, in 2022, 54% of green finance bonds were originated from the private sector. Australia must follow suit. The collective action of government and private sector is essential to build impetus - bringing forward a flow of green projects & green funding; but success requires clear political leadership and policy.

Market demand for 'green tech' has also exponentially increased with enhancements to agricultural, aquacultural and energy production together with the enhanced performance of infrastructure and built form assets relying on digital disruptions.

Growth in Australian renewable energy hours by type

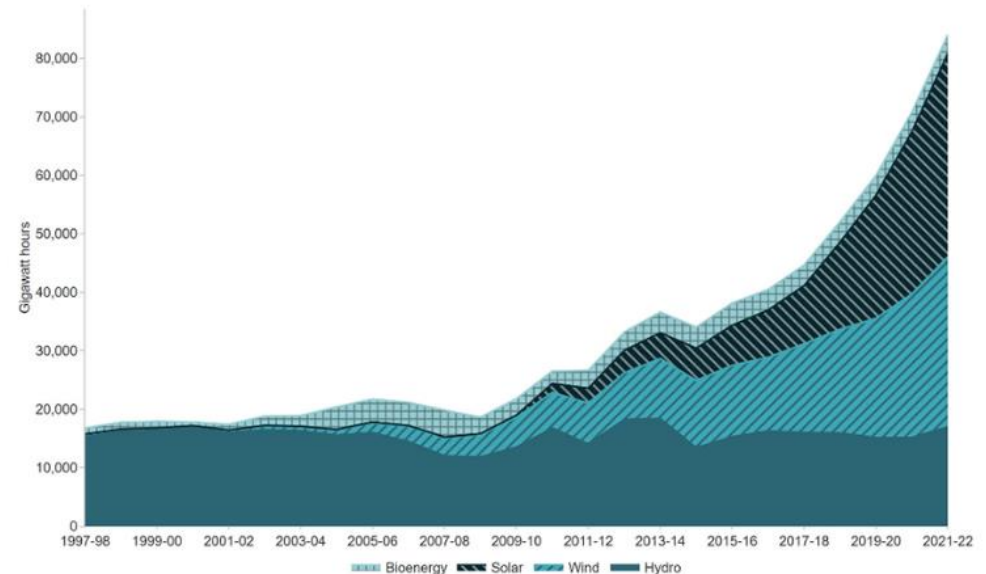


Figure 2.1.1: Growth in renewable 'green' energy hours in Australia

TO GROW THE GREEN ECONOMY REQUIRES HUMAN CAPITAL...

...GREEN TALENT IS AN EMERGING COHORT OF HUMAN CAPITAL GLOBALLY. A COMBINATION OF PASSION AND PURPOSE ALIGNS THEIR CAREER OBJECTIVES TO THEIR PERSONAL VALUES; AND THEY ARE ACTIVELY ENGAGED IN ALL FACETS OF THE GREEN AGENDA.

2.2 GREEN FINANCE

Key Findings

Green finance is a rapidly growing finance sector. It will be instrumental in funding the spectrum of projects required globally to meet the Paris Agreement on climate change and increase the environmental sustainability and resilience of cities.

- Green finance (also known as environmental or sustainable finance) is any structured financial activity, product or service that has been created to fund enhanced environmental outcomes.
- The ascendant principle is that green finance is only directed at projects that have a net positive impact on the environment; not ones that simply don't cause any further harm.
- Finance devices include loans, debt mechanisms and investment instruments that facilitate green infrastructure or development projects; or products that minimise the impact of climate change.
- Green finance has the advantage of deepening financial markets and safeguarding environmental resilience: it represents a shift in focus from value creation for shareholders (economic) to shared value for all stakeholders (economic, environmental and social).
- Green finance can be used as a tool to support a city in achieving; its regional sustainable development objectives, global sustainable development goals (United Nations 2030 agenda) and advance the Paris Agreement on climate change.

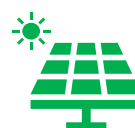
The USA, China and Germany are leading the way – but there is a presenting opportunity for Australia to leverage its financial services credentials to become a top ten player.

- The global green finance market is growing rapidly. In 2022 approximately \$487.1 billion in green bonds were issued, equating to a growth of 60% compared to 2020 levels. The majority of this green bond activity occurred in 10 key countries, with the top three including USA, China and Germany.

Typical Green Finance Projects



RESILIENT INFRASTRUCTURE + BUILT ENVIRONMENT



RENEWABLE ENERGY & ENERGY EFFICIENCY



POLLUTION PREVENTION & CONTROL



BIODIVERSITY CONSERVATION



CIRCULAR ECONOMY INITIATIVES



SUSTAINABLE USE OF NATURAL RESOURCES & LAND



CLEAN TRANSPORTATION

Source: Climate Bonds Initiative 2019; United Nations; External; Urbis

Figure 2.2.1: Typical green finance projects

2.3 GROWTH IN THE GREEN FINANCE SECTOR

Key Findings

Throughout 2022 more than USD 487bn of green bonds were issued, representing an increase of 60% above 2020.

- The Dominican Republic joined the green bond market in 2022 and Austria, Canada, Denmark, New Zealand, Singapore and Switzerland all entered the sovereign green bond club.
- The most frequent issuers of green bonds in 2022 are:
 - Ginnie Mae, USA – 431 deals
 - Fannie Mae, USA – 29 deals
 - Deutsche Bank, Germany – 71 deals
- Figure 2.3.1 charts the amount of green bonds issued during 2022 by country; highlighting the current position of Australia's green bond issuance.
- Green bond issuance in Australia has risen steadily from AUD 0.5 bn (2015) to AUD 6.0 (2018) and AUD 10 bn in 2022. By 31 December 2022, the cumulative domestic green bond issuance in Australia had reached USD24bn, i.e. 4th in the Asia-Pacific region behind China, South Korea and Singapore, and 17th globally, led by USA.
- Green bond use of proceeds between 2014-2023 in Australia have been dominated by clean transport; followed by energy, green construction/buildings and climate change.

Top 10 issuer countries by amount (2022)

Country	Issuers	Deals	Amount (\$USDbn)	Change in issuance amount 2019-2022
1. China	126	346	\$85.4	174
2. USA	78	2192	\$64.4	26
3. Germany	20	191	\$61.2	227
4. Netherlands	13	33	\$26.7	77
5. France	12	31	\$24.8	-18
6. UK	9	35	\$18.4	268
7. Spain	n/a	26	\$15.1	132
8. Italy	n/a	12	\$14.9	119
9. Japan	29	69	\$12.6	75
10. Canada	n/a	16	\$12.1	73

Figure 2.3.1: Top 10 green bond issuers by country

Top 2022 countries: Amount issued (USD\$ Billion)

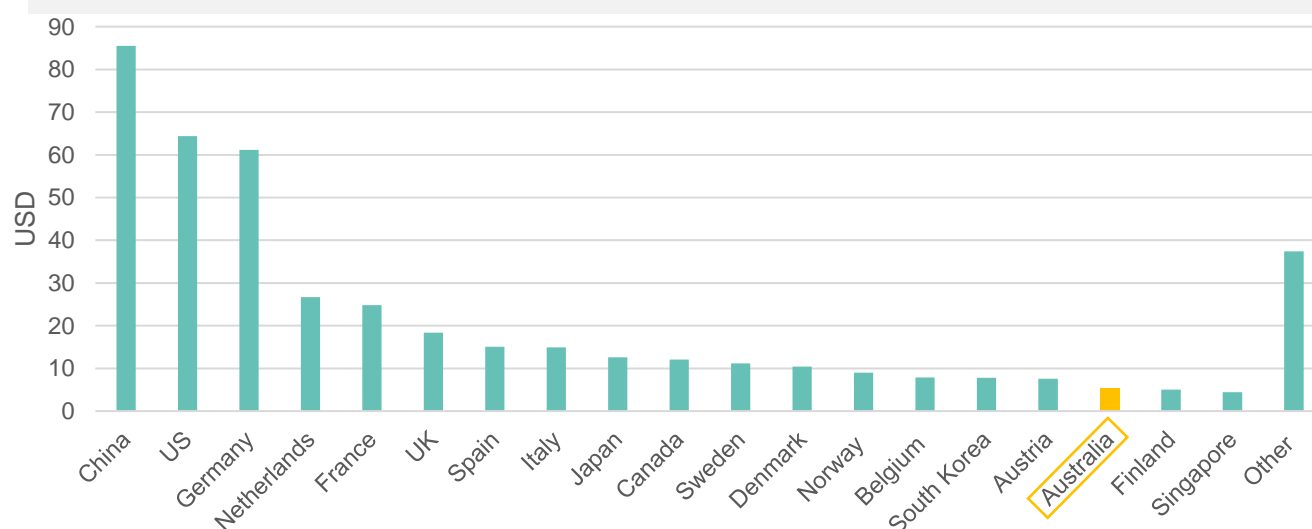


Figure 2.3.2: Top countries of green bond issuance

Source: Climate Bonds Initiative 2019; Urbis

2.4 AUSTRALIA'S GREEN FINANCE MARKET

The Changing Market Sentiment

Sustainability is fast-becoming an integral consideration in decision making; with 83% of Australian's expecting their bank account and super to be invested responsibly and ethically. The evolving expectation across the market, from regulators, through to the public more broadly, is that financial institutions are managing the negative impacts of their portfolios; but importantly also making an active contribution to supporting Australia's transition to a green economy.

Despite investment returns providing mixed financial return evidence, the demand for sustainable investments has still grown strongly. The Reserve Bank of Australia notes this may be signalling a foundational shift in the way investors make their decisions; evolving from the traditional risk vs return analysis, to a more values-based decision-making process, with investors placing more weight on sustainable investments.

This attention from investors, regulators and the public naturally signals and increases the demand for 'green' finance; however, the rapid growth of this sector has resulted in an influx of mis-information and the emergence of 'greenwashing' due to a lack of ESG transparency. The ongoing maturity of this sector is driving the demand for stronger leadership, governance and transparency, with a trusted sustainability rating systems.

At a localised level, sustainability focussed policies are being increasingly implemented, driving demand and investment; intensifying the need for green finance as a facilitator. Examples of these policies include the City of Sydney's Sustainability Strategy (2023) and NSW's State Environmental Planning Policies.

A Sustainability-centred Future

62%

of Australians consider ESG in when making investment decisions

Australia is ranked

6th globally

for attracting investment for renewable energy

14%

of Australians invest in companies that are focused on creating a positive impact

9x

expected increase in the demand for solar and wind by 2050

43%

of professionally managed funds are invested in sustainable investments

#1

For highest innate potential for solar and wind power globally

Source: 2023 Investment Trends 2023 ASX Australian Investor Report; Australian Green Economy Prospectus (Austrade); Responsible Investment Benchmark Report (riaa 2022)

A Government-led Green Finance Future

As market sentiment and decision-making processes evolve, driving the maturity of the 'green' finance industry, the need for effective, aligned governance and leadership becomes increasingly apparent. Australia has responded and begun the transition from a market-led to government-led sector, with policy support emerging from the Australian Government in two key policy papers, released in 2023.

Sustainable Finance Strategy Consultation Paper (November 2023)

This consultation paper from Treasury aims to help mobilise the private sector investment required in the coming decades, enable Australian businesses to access the capital needed to finance their own transactions and capitalise on new opportunities and to ensure the financial opportunities and risks because of the climate crisis are identified and effectively managed. These intentions will be implemented through three key pillar objectives; improve transparency on climate and sustainability, financial system capabilities, and Australian Government leadership and engagement

The Green Bond Framework (December 2023)

Building on the Australian Government's sustainable finance strategies, this framework sets out the climate change and environmental priorities and summarises how green bonds can be leveraged to finance green projects; accelerating Australia's green economy transition.

2.4 AUSTRALIA'S GREEN FINANCE MARKET

Key Findings

- The positive trajectory of the green finance sector is well aligned to global sentiment surrounding climate & resilience**
- Australia's renewable energy patents are among the highest ratios in the world, on par with the USA and Germany.
 - National cumulative green bond issuance has grown to \$24 billion (USD) in 2022, making it the nineteenth largest market globally, behind USA (USD\$380B).
 - The adjacent chart highlights the sector allocation breakdown in green bonds, with the majority being directed towards clean transport (45%), followed by energy efficiency (24%) and green construction/buildings (14%).
 - In 2023, approximately 44 per cent of loans issued in the Australian property sector have been recognised as sustainable financing, a substantial increase on previous years.
 - The largest green bond transactions were handled by NSW and QLD Treasury Corporations, with the focus on low carbon transport and water infrastructure, respectively.
 - There are several backings from private institutes, with NAB topping the lot with the largest green bond transaction of \$1.2 billion in 2018, and an additional \$1 billion transaction in 2022.
 - The City of Sydney has identified that the green economy can unlock significant environmental and economic benefits for the city, broader state and national economies.

Australian green bond allocations (2014-2023)

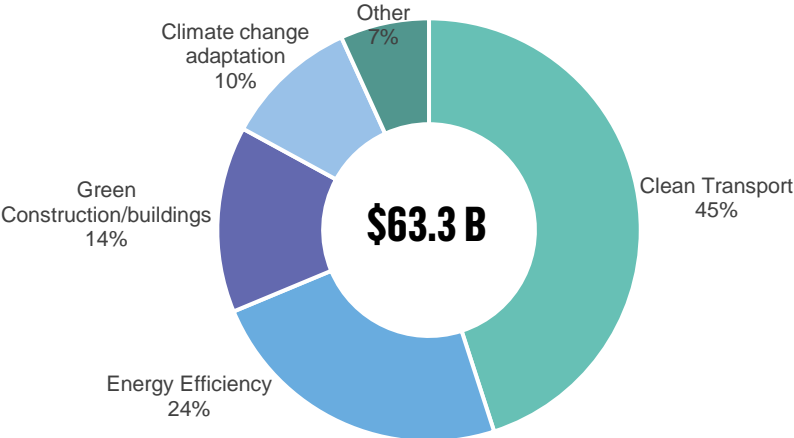


Figure 2.4.1: Proportion Australian green bond allocation by sector

Australia's largest green bond transactions in 2023

Company	Value (\$AUD)	Year	Sector
New South Wales Treasury Corporation	\$5.36 billion	2023	Low Carbon Transport
Queensland Treasury Corporation	\$2.3 billion	2023	Water Infrastructure
Queensland Treasury Corporation	\$2.16 billion	2023	Low Carbon Transport
Queensland Treasury Corporation	\$2.09 billion	2023	Water Infrastructure
Treasury Corporation of Victoria	\$1.46 billion	2023	Low Carbon Transport

Source: Climate Bonds Initiative 2019; World Bank Group; Urbis

Figure 2.4.2: Top 5 Australian green bond transactions

2.5 FUTURE DRIVERS & OPPORTUNITIES FOR THE CITY OF SYDNEY

Key Findings

As identified by government bodies and the Australian Sustainable Finance Initiative's Sustainable Finance Roadmap, Australia has the potential to become a sustainable finance market hub for raising capital and finance.

- The global green bond market is witnessing exponential growth, with an estimated \$100 trillion (USD) worth of climate/compatible infrastructure required globally by 2030 to meet the Paris Agreement targets. The Climate Bonds Initiative Green Infrastructure Opportunities report identifies approximately 400 Australian projects and assets that could qualify for green refinancing, additional financing, or new financing.
- Existing funding allocations and traditional financing methods will not adequately provide for the identified green pipeline. Furthermore, a disconnect exists in Australia between linking the capital markets with green investment opportunities. Federal, state and local governments are developing policy interventions and frameworks to attract further private investment to public sector infrastructure projects.

The City of Sydney and its CBD is well positioned to play a leading role in driving this green economy development to cement itself as a hub for innovation, exchange and talent.

- The Sydney CBD's dominant financial market, strong start-up ecosystem, access to diverse talent and existing green initiatives offers a strategic opportunity to be leveraged as a hub for innovation, exchange and talent.
- The core of the development of green finance lies in financial intermediaries and the need to provide facilities that connect green finance mechanisms to green investment projects in Australia and internationally. Government, corporates and the wider city will benefit from increased talent attraction, diversified investor base, access to additional capital and ability to promote social responsibility and sustainability.
- Green financing will become an important component of the global financial market as investors and lenders increasingly become more focused on the impact of their investments, as well as the traditional return matrix. Additionally, the health, sustainability and stability of the national and City of Sydney economy is inextricably linked with the health, sustainability and stability of its people, society and natural systems. To deliver on various government driven sustainability objectives, while safeguarding the financial market and meeting the expectations of Australians now and into the future, we need a financial system that is investing in the green economy.

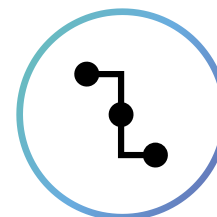
Green Finance Drivers & Opportunities



\$100T in green infrastructure required globally by 2030



400+ projects qualify for green finance



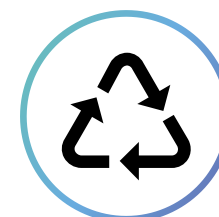
Strengthen link between capital markets & green investment opportunities



Establish Sydney CBD as a global hub for green finance



Attract new talent to Australia & Sydney



Promote health, sustainability & strengthen financial markets

2.6 THE OPPORTUNITY FOR PITT + BRIDGE STREET

Key Findings

There is a real and immediate opportunity to position Sydney as a green economy hub of global impact; with a cluster of specialist finance and professional services industries that leverage the inherent competitive advantages of the city’s world class financial services capability and emerging ‘green’ talent pool.

Global green finance hubs are essential infrastructure to facilitate transactions across diverse, dynamic investor markets. Asia Pacific is still looking for a credible opportunity. With China as the global leader, and Japan and South Korea as the top bond issuers in Asia Pacific (ahead of Australia); there is a real opportunity for Sydney and Australia to compete on a global scale.

In this context, Sydney is well placed to elevate its role in the global green business and finance ecosystem and join London, Luxembourg and New York as the ascendant Asia-Pacific hub. Analysing the conditions precedent for successful green finance hubs at global scale suggests the significance of factors that are largely present in Sydney, illustrated in Figure 2.6.1.

Whilst policy and leadership are not as mature as the other criteria points, the Australian Government has, in the last year, released policy and consultation papers providing leadership and governance, around Australia leveraging green finance to support the national economic transition to net zero. At a localised level, New South Wales Treasury has an established track record in green bonds, facilitating some of the largest green bond transactions. Supporting Sydney’s strong presence in the sector, the rate of growth in green economy jobs within Sydney LGA is circa twice that of overall employment, with a continued strong demand for green skills in law, creative and business services, sales and marketing.

The City of Sydney has deep financial services skills and a reputation for handling complex financial deals. It has well-respected financial institutions and regulatory frameworks; the headquarters of most Australian financial institutions and regulatory bodies, together with the ASX are all within a few blocks of the subject site. The ASX was one of the first of the global exchanges to trade – providing an early mover advantage for capital flows. The proposed Green Finance Exchange can follow this successfully paved pathway.

Green talent is an emerging cohort of human capital globally who align their career objectives to their personal values. Green talent is highly mobile and gravitates towards cities with a strong social equity agenda and proven environmental credentials. Green talent workers are attracted to cities with a strong brand and value proposition, inclusive and tolerant, connected cities with great natural assets and obvious urban vitality. Sydney is a naturally appealing city to international green talent workers, already benefiting from its pipeline of business and finance graduates.

Conditions Precedent for a Green Finance Hub

SYDNEY: MEETING THE CRITERIA FOR A GLOBAL GREEN-ECONOMY HUB

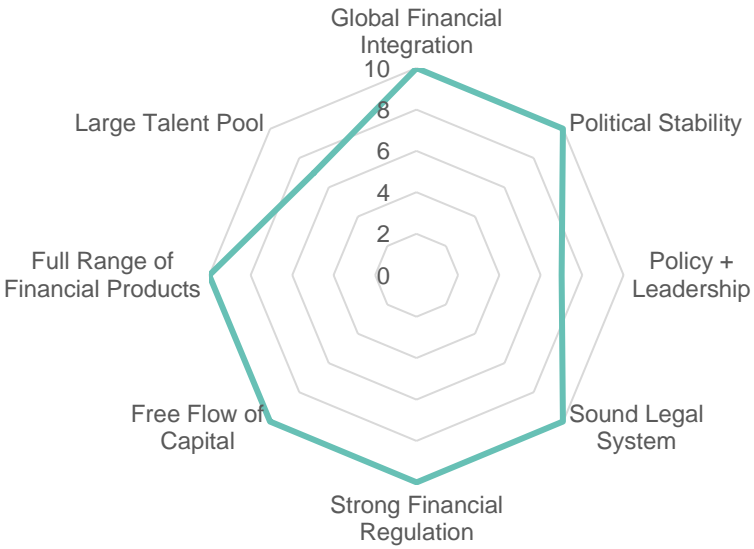


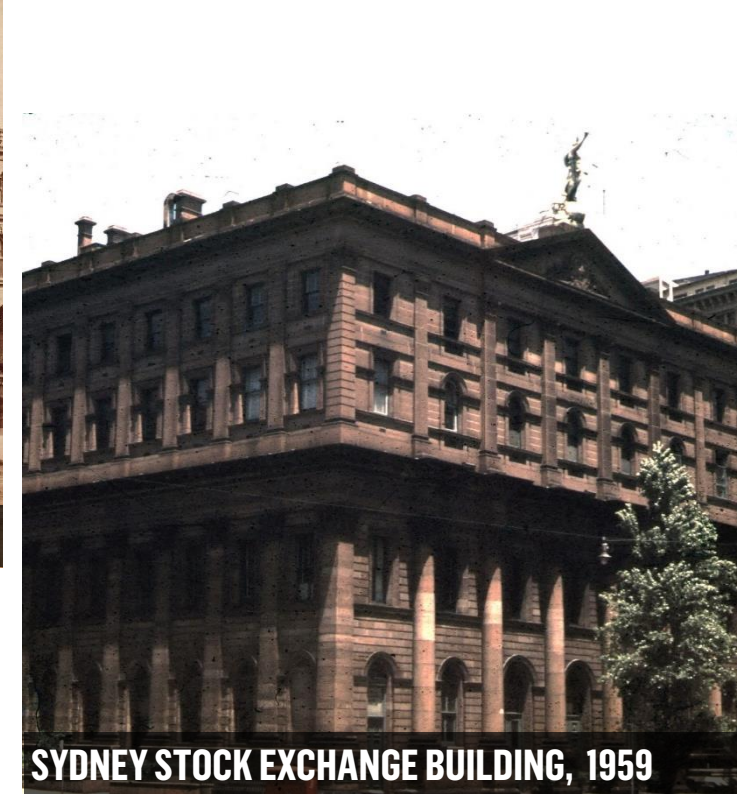
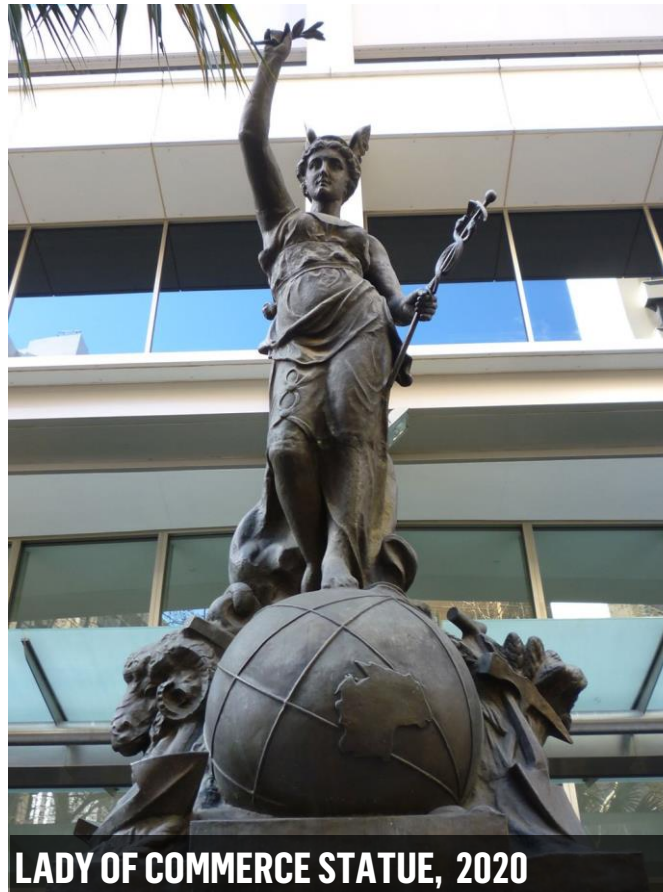
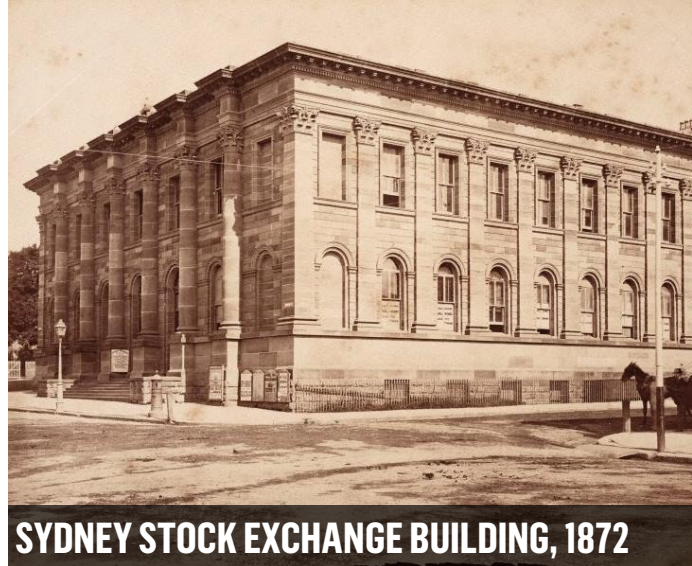
Figure 2.6.1: Conditions precedent for a green finance hub

The **Sydney ‘GSX’**, together with associated pre-established financial and professional service companies, could be located within the new super tower at Pitt and Bridge Street.

Whilst most trading is undertaken using digital platforms – the opportunity to leverage a new city icon for this emblematic use increases its ability to position the central business district of Sydney as a place of global impact and significance.

A BOLD PROPOSAL THAT WOULD SEE THE REINVENTION OF HISTORY. SYDNEY'S GSX WOULD BE LOCATED PROXIMATE TO THE SITE OF ITS FIRST STOCK EXCHANGE

- Located at 56 Pitt Street, the Sydney Exchange building (completed 1857) was the city's centre of commercial activity and operated with the objective of "furthering commerce for the benefit of future citizens of Sydney".
- A number of NSW's most prominent organisations trace their origins back to the Exchange building, including The Coal Association, The Royal Humane Society, Royal Exchange and the Sydney Wool and Stock Exchange. The chamber of Commerce, founded in 1824, also took up residence in the new Exchange Building.
- Share-brokers first arrived at the site in 1871 and by 1874 there were 24 brokers trading in the Sydney Stock Exchange. Over the next two decades the Stock Exchange had outgrown its space at 56 Pitt Street and move to a larger premises at Martin Place.
- The original building was demolished in 1964 to make way for the current tower; however, the Lady of Commerce Statue that sat atop the building can still be seen at street level. Continuing in its tradition, the current building, tenants and clubs at 56 Pitt Street act as a place for like-minded businesspeople to meet, interact and facilitate the 'exchange' of business.



03

THE CHANGING GLOBAL CONTEXT OF CBDS



GLOBAL TRENDS: KEY FINDINGS

Section Objectives

This section set out to explore pre-existing mega trends and the acute impacts of COVID-19 as disruptions to:

- Sydney's global brand
- City centres and business districts as the places where we work;
- The future of work and commercial offices as workplaces and the future of work.

Key Insights

- **Cities will matter more than ever to the wealth of nations – but post COVID recovery between cities has been uneven, revealing structural challenges and reinforcing the reality that not all cities will succeed to the same extent.** There will be a new generation of city leaders and laggards. Their journey to recovery will depend on their specific geopolitical context and socio-economic characteristics, together with the depth of disruption caused by their pandemic experience.
- **COVID accelerated the momentum of pre-existing social, cultural and organisational changes to lifestyle and working practices;** in response many assets and places will need to be re-imagined. However, for those cities with a growing orientation towards knowledge, advanced professional services, technology and experience-based economic activity, the central business district remains a critical part of the city. Specifically, CBD's future value as an economic asset value lies in its ability to attract talented workers and provide a precinct in which they are enabled to perform, frame ideas and share knowledge freely.
- **Many of the pre-pandemic themes that were already reshaping city centre business districts remain relevant:** these include the drive towards the CBD as an experience district, a place of new-economy clusters and a complete (or 20 minute) neighbourhood. These paradigm shifts have been supported in practice by the increasing provision of amenities and public realm activation of business precincts, creating vibrant and interesting human-centred places.
- **Simultaneously, a new level of business districts are emerging: the global business district (GBD).** These GBDs are places exerting extreme power and influence – disproportionate in some instances to their scale. This new generation included familiar names such as London, New York and Singapore, but has added cities where fast growing knowledge economies are coupled with higher order experiences and high value lifestyle amenity – San Francisco, Berlin, Seoul, Tokyo and Amsterdam, for example.

3.1 CITY OF SYDNEY GLOBAL BRAND

Key Findings

Whilst Sydney CBD remains Australia's leading financial hub and world city, the city must adapt and evolve with the changing macro environment to retain this status and continue to compete as a global city.

- The success of a city can be measured by its global presence, and ability attract talent and investment. Financial centres are one of the commercial pillars that facilitate this attraction and are fundamental in driving an economy. The chart (Figure 3.1.1 overleaf) benchmarks Sydney and Melbourne against the top eight financial centres over the last 10 years, as ranked by the Global Financial Centres Index.
- This chart highlights the dominance of the top five cities (New York, London, Singapore, Hong Kong and San Francisco), all of which have remained the most important financial hubs over the last 10 years. These cities have retained the top spots by recognising the importance of maintaining a competitive business environment, investing in infrastructure and skills, providing sufficient and appropriate office space, as well as, working with partners to showcase their city's distinct strengths to the world.
- Both San Francisco and Los Angeles emerged from COVID as key global financial centres, with more businesses choosing to expand their operations to the cities. This is largely due to their strong human capital and clustering of future-focussed emerging industries, including Fintech. Similarly, Sydney is presented with the same opportunity to pioneer Australia's global positioning as a green finance hub, through investing in both an attractive working environment and an ever-growing human capital market.
- Sydney's strength as a global financial centre peaked at number seven in 2016. This was on the back of strong economic growth (post global financial crisis), and the completion of significant commercial assets including the International Towers, in Barangaroo, and the EY Centre, at 200 George street. Since 2018, Sydney's ranking (along with Melbourne) has declined to reach 22 in 2023. Sydney's global positioning has fluctuated, largely influenced by the emergence of other growing financial centres including Boston, Seoul and Madrid. These fast-growing financial centres are driven by the relocation of businesses and talent, and the shift from a localised/specialised financial sector, to a more international/diversified market.
- Sydney has strong talent foundations, growing specialisations and emerging business clusters in the CBD. Leveraging its globally recognised lifestyle brand, close ties to Asia, premier educational institutions, natural assets and political stability/business certainty; Sydney has the potential to re-establish itself as a leading global financial centre and magnet for investment.

The development of Pitt & Bridge Street offers the opportunity to catalyse the agglomeration of the city's strong financial sector, delivering capacity in the form of a world class office space as a beacon for world class talent. Pitt & Bridge Street will mark a sign of confidence in the financial sector, and in the City of Sydney.

Key Financial Sector Drivers



COMPETITIVE BUSINESS ENVIRONMENT



INFRASTRUCTURE INVESTMENT



TALENT INVESTMENT



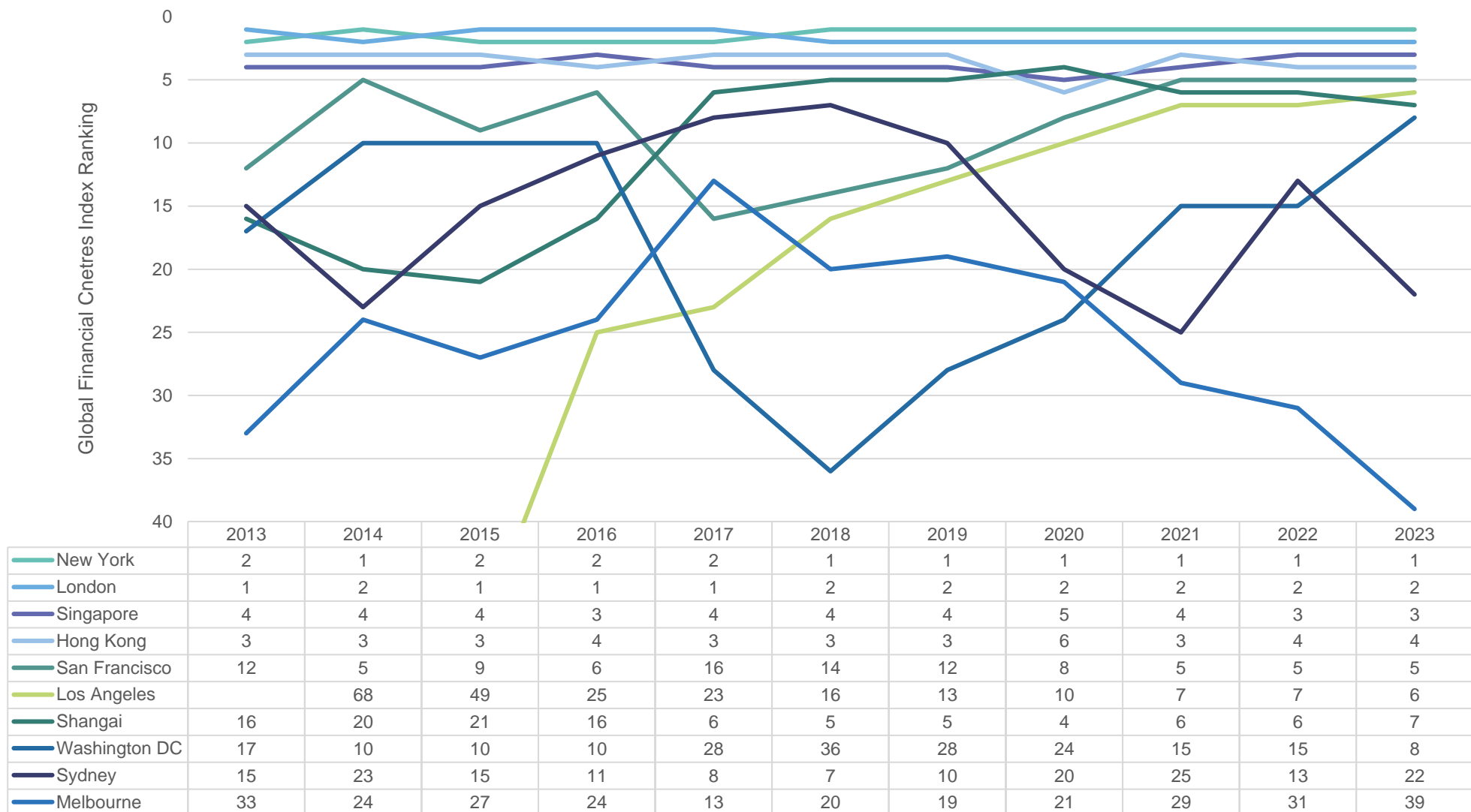
SUFFICIENT / APPROPRIATE OFFICE SPACE



PARTNERSHIPS TO SHOWCASE CITY STRENGTHS

3.1 CITY OF SYDNEY GLOBAL BRAND

Global Financial Centres Index (2013 - 2023)



Source: Z/Yen Partners; Urbis

Figure 3.1.1: Ranking of top global financial centres and change over the last 10-years

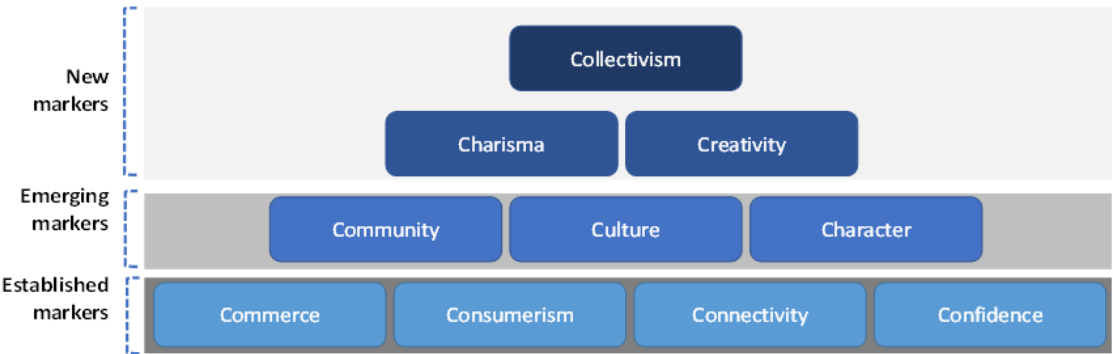
3.2 NEXT GENERATION CENTRAL BUSINESS DISTRICTS

Trends in Next Generation City Centres + Their Business Districts

The pandemic has created a global lightening rod for change and city centres have been at the epicentre of its disruption. The immutable truth however remains; city centres are unique assets that contribute irreplaceable social, cultural and economic value to their entire metropolitan community.

The city centre is inevitably the most densely and intensively activated part of the metropolitan landscape, where the greatest number of social and economic connections occur. The vibrant and dynamic experience of a successful city centre is created by the interplay between the diverse layers of activities, institutions and people who uniquely coincide throughout the day, week and year. Each city centre will experience a unique journey of recovery from the impacts of COVID-19, influenced by the severity of its experience and responsive to the challenges of its geo-political and economic context together with the changing aspirations of its local community.

Ahead of COVID-19 a series of shifts in the landscape and experience of city centres and business districts were already in play expanding, diversifying and re-positioning its role. Concomitantly, a series of new markers of for success, or building blocks, were also beginning to emerge - these are visualised in Figure 3.2.1. The established markers of commerce, consumerism, connectivity and confidence had already been joined in contemporary central business districts. Emerging community and cultural layers have enacted strategies that protect and celebrate the character of the built and natural environment. The new layers of charisma and creativity address the vitality of the experience; whilst the concept of collectivism speaks to the importance of shared management and activation.



Four Reasons why Strong City Centres Matter

For fast-growing lifestyle cities with aspirations of future prosperity, powered by knowledge and experience, the energy of the city centre is central to economic impetus and cultural vitality.



The most connected part of the metropolitan area and a place of **deep urban amenity and experience**



Iconic identity and experience as a cultural connector – strengthens city brand + attracts tourists



Talent and capital attraction needed to improve productivity and growth in high value jobs: young talent is mobile



Knowledge formation and sharing – enabling face to face collaboration essential to innovation processes

Figure 3.2.1: New Markers of CBD Success Urbis 2020

3.2 NEXT GENERATION CENTRAL BUSINESS DISTRICTS

New Drivers for Business Districts

Five key trends are driving the transition of city centres from business precincts to people places, specifically:

- The rise of the knowledge and innovation economy and the global competition for new talent (with different workplace and lifestyle aspirations);
- The emergence (and acceptance) of remote working enabled by digital technology;
- The evolving role of high street retail, driven by the success of e-commerce platforms;
- Escalating apartment development, responding to demands for urban lifestyle in key audiences;
- Changing patterns of mobility, powered by investment in public and active transport infrastructure;

A rapid review of contemporary commentary and case studies revealed three ascendant themes in the repositioning of city centre business districts (CBDs) globally – the CBD as an experience district, a new economy cluster, and a complete neighbourhood. These concepts are summarised below.

The City Centre as an Experience District

Reimagining Our Economic Powerhouses (March 2021) confirmed the enduring significance of the city centre business districts to future economic, social and cultural success and underlined the significance of recasting their purpose and offer. Based on a study of Australian cities, it was confirmed, that despite a temporary reduction patronage during the 2020-21 pandemic, 82 per cent of participants were confident in the future of their nearest city centre.

The reports primary recommendation was the repositioning of the city centre business district as an 'experience district'. It focused recommendations around six solutions, which included reimagining workplaces, redefining quality, increasing greening, accelerating the move to future transport, and amplifying 'brand Australian' in addition to building momentum around the experience economy.

New Drivers for Business Districts

The City Centre as a New-Economy Specialist Cluster

Labour is the most significant factor of production driving knowledge and innovation based economic growth. Highly qualified, creative and entrepreneurial people are highly mobile and the quality of life, together with lifestyle, determine the cities that experience positive human capital flows. In this regard, the vitality of the city centre is an important attractor, particularly for Millennial talent. Simultaneously, activities requiring a high talent quotient are most productive when they are located within close proximity – benefiting from external economies of scale. The rate of network formation and knowledge sharing that drives a high performing specialist clusters is supported by amenities that enable co creation. In this context place experience is increasingly recognised as a success factor.

Increasingly the commercial landscape of the city centre will orientate round high value activities, with an emphasis on collaboration and creativity. Full value chains (from mature corporations to start ups), in advanced professional and creative services, sectors enabled by advanced digital technologies and potentially biomedical R+D, will become the mainstay. The rhythm of the day will change, with the new workforce considering the whole city centre as an extension of their workplace.

The City Centre as a Complete Neighbourhood

An alternative, but complimentary, perspective is provided by urbanist Richard Florida (February 2021) who depicted the 'Roaring 2020s'. His thinking describes the growth in arts, culture and creativity within the more liberalised and inclusive city centre; suggesting the development of complete neighbourhoods (allied to the 15-minute model) in which working and living are intermingled. This concept also places emphasis on leisure, health, well-being, and localised amenity to ensure a high quality of life, a more inclusive, human scale and walkable city centre environment.

All three approaches are plausible and somewhat complementary; if all were to be accomplished it would lead to a stronger narrative depicting city centre business districts as places of creativity and social capital. The success of these approaches would position city centres as resilient social and economic assets driving future liveability and prosperity for communities.

3.3 THE RISE OF THE GLOBAL BUSINESS DISTRICT

Agglomeration, Amenity and Appeal as the Integrated Markers of Success for Global Business Districts.

- Central Business Districts are an integral part of the economic function of the city centre; highly connected precincts where the greatest concentration of corporate offices and financial institutions are located. In these precincts, land value and rents are high, leading to a high density and high-rise urban environment, with an orientation towards high value activities. These concentrated districts are commonly hubs for multi-national enterprises (MNEs) headquarters operations and blue-chip organisations.
- Over the last three decades, since Michael Porter started to write about the role of MNEs in supporting the relative competitive advantage of cities, the environment needed to attract and retain major corporate tenants has radically changed. The presence of a significant specialised clusters of economic activity, collocated in premium grade office buildings, is no longer enough to attract the skilled talent that contemporary businesses rely on. The shift from single to mixed use precincts implies the provision of a vibrant and interesting urban experience beyond the core hours of the working day.
- Contemporary, lifestyle-driven cities have the potential to foster the next generation of powerful global business districts, using their renewed appeal to attract talent as a commanding competitive advantage.
- The global economic landscape is being re-made and digital disruption is empowering new business locations: market power is shifting to the south and east, while knowledge and ideas are the new source of wealth for a nation [OECD 2015]. In this context, talent is the key determinant of success - driving domestic and international competitiveness.
- In the developed world, 'young' cities tend to have greater numbers of domestic and expatriate graduates with more contemporary skills aligned to the growing economic clusters of the city [Florida 2017; Iammarino et al 2017].
- The future competitiveness of cities will be shaped by the dynamism of their central business districts and the ability to form high performing business clusters, anchored by headquarter operations, supported by a flourishing ecosystem of start-up/scale-up, small and medium sized enterprises.

- For cities, like Sydney, with both economic specialisation and international business agendas, the development of a high performing 'global business district' (GBD) will depend significantly on their ability to support powerful agglomerations and attract Fortune 500 companies and other multi-national enterprises.
- The first wave of global business districts were located in the ascendant world cities of London, Paris, New York, Hong Kong and Shanghai; where scale and international accessibility determined economic power and influence. The next generation will be powered by economic open-ness, urban appeal and quality of life, with digital platforms mediating the effect of distance and enabling intellectual connectivity.

Whilst there is no formula for becoming (and remaining) 'global' in its influence, there are a series of specific attributes which can ignite the innovation and leadership required to integrate a city into the network.

1. **Resilience and responsibility:** a city shape, civic culture and urban infrastructure that support its environmental performance and security.
2. **Efficient local, national and international connectivity:** high frequency mass rapid transport complemented by rapid inter urban services and exceptional capillary mobility (or last mile connections).
3. **Deep pools of human capital:** the education and R+D institutions that develop onshore talent or attract international students, academics and entrepreneurs.
4. **A diverse and inclusive community:** strong social capital supported by infrastructure that promotes an equitability and that supports the vulnerable.
5. **Business intensity and economic power:** the existence of international enterprises, an active stock exchange, specialised business clusters and an agglomerative economy with a deepening innovation sector.
6. **Business events, trade fairs and corporate-commercial networks:** encouraging the exchange and dissemination of knowledge and ideas.
7. **Global activities:** cultural, media and sporting activities, exhibitions and festivals that introduce new ideas and people from around the world.
8. **Enviably lifestyle and quality of life:** leveraging world renowned natural or manmade assets, cultural, and entertainment experiences – at all scales.

3.4 COVID-19: DISRUPTING THE DIRECTION OR ACCELERATING THE INEVITABLE?

The United Nations 2030 Agenda for Sustainable Development recognises five key mega trends: climate change, urbanisation, demographic shifts, digital technology and social inequality. The COVID-19 crisis has impacted the mega trends in different ways; however consistent trends have been observed.

- Urbanisation will continue. No pandemic in history has interrupted the development of metropolitan areas; although different cities may emerge more strongly in the post Covid-19 world.
- Urban areas have been the heartland of the COVID-19 crisis, where its impacts have been most acutely experienced; however, they have also been the foundries for solutions to the social and economic wellbeing challenges that surfaced. The United Nations (2018) anticipate sustained growth in the urban population, predicting that circa 70 per cent of people globally will live in towns and cities by 2050: in Australia, this proportion will exceed 80 per cent.
- In the medium term the outlook for mid-scale, new-world cities with high quality lifestyles remains positive, particularly in nations which have proactively managed the pandemic [Florida 2020]. This prognosis is supported by the relative efficiency of urban populations and compressed city shapes in addressing climate change and associated impacts on environmental resilience [Sennett 2020].

Covid-19 has accelerated the impact of communication technologies, advanced remote working, encouraged the rise of the digital economy and contemporised the health, education, culture and entertainment sectors

- There is little doubt that Covid-19 accelerated the natural trajectory of the communication technology mega trend, enabling sustained business and social continuity; whilst navigating a social and economic lockdown. This forced reliance on technology has changed cultural paradigms about working from home and increased the affordance of application-based activities and streaming platforms. The advancement, by necessity, of on-line healthcare, learning and entertainment formats will reshape these sectors.

04

WORKLIFE + WORKPLACE CHANGE



WORKPLACE CHANGE: KEY FINDINGS

Section Objectives

This section briefly reviews:

- The future skills and workflows of the knowledge sector;
- The remote work experience of COVID-19; and
- Changing worker preferences.

Key Insights and Recommendations

How and where work happens has experienced profound disruption arising from COVID-19: the acceleration of digital technologies enabling remote working and the increased cultural acceptance of this outcome will not be reversed. However, workplaces remain critical to the development of corporate culture, collaborative and creative working practices and the quality of client engagement.

- Pre-pandemic there was a recognition that the skills needed for the future workforce were changing and that future jobs would have an increased reliance on technology, creativity, collaboration and critical thinking. Additionally, the next generation Millennial worker's needs and preferences about working life were also evolving to increasingly value purpose and personalisation, with a preference for portfolio activities.
- Work and workplace changes have also been accelerated, with the increased ability and affordance of work from home (or third place) practices. Whilst this trend was already in play pre-pandemic, the rate of change has brought forward organisational acceptance and amplified the technological innovation required to support effective remote working. In practice, many workers are choosing a blended working week as opposed to a total shift to home-based activity.
- Workplace design and culture has a significant impact on performance and productivity, as well as worker wellbeing: in response a new workplace typology will emerge – more agile and amenitised. This will provide the essential platform for cultural development, creative thinking, collaboration and client engagement, and learning or professional mentoring – but within a different format and footprint.
- Future workplaces will need to be more agile, adaptive and engaging to resonate with their workforce and provide an attractive office environment to the evolving next generation workforce. The quality of the surrounding neighbourhood and the authentic amenity within the workplace will both increasingly influence employee choice about centralised working practices.

WORKPLACE CHANGE: OVERVIEW

COVID-accelerated Change

The global mega trends are impacting the future of work at varying rates, Covid-19 has accelerated the rate of change for some trends, whilst delaying or pausing the changes arising from others.

- The pace of technological change is unabated. The key impact of Covid-19 has been in the rate of affordance and adoption – where forced cultural and behavioural change has increased propensity for adaption of cloud computing, big data, e-commerce, applications, virtual meeting software, automation, robotics and artificial intelligence.
- For many white-collar workers, these changes had already arrived and Covid has rendered the trend irreversible through the application of mandatory remote working practices. The arrival of robotics, automation and AI are still having variable impact between sectors and the rate of acceptance still lags the pace of technological change.
- The role of the corporate workplace and business centres in the 'with pandemic world' will change: a more hybrid working life in more inclusive, diverse environments with more amenities will become the new normal.
- Covid has accelerated the acceptance and adoption of remote working practices but has equally focused attention on the need for centralised workplaces to provide high-value environments where culture is formed and shared, collaboration and creativity are actively encouraged, and innovation is facilitated.
- Corporate workspaces will become more agile and rapidly reconfigurable, contributing spaces for 'deep work' and active face to face collaboration; the routine work may increasingly be undertaken off site, at home or in remote working locations. To encourage and sustain employees to return to work (even on a hybrid schedule) over the longer term, the provision of a workplace environment and community that delivers the experiences emerging employees aspire to – within the tenancy, the building and the precinct – will become increasingly important.

Next Generation Office Formats

- Next generation office formats will demand fully integrated technological solutions, embedding both IoT sensors to manage the building experience and enabling the digital communication platforms required to promote hybrid working models, or facilitate effective ideation and engagement – internal and external to the organisation.
- Office density will continue to be a consideration, but the need to accommodate greater staff density will be replaced by the imperative of providing more space per employee. Floor space will need to be ultimately operable and adaptable to changing scenarios.
- The pandemic has expedited a shift towards employers understanding their responsibility to their staff as people – showing concern with respect to their work-life balance, health and well-being. The 'at-the-office' experience is an important option to separate work from home life but will also require modification to deliver the enhanced comfort, flexibility, fresh air and access to natural light and views that home can. Equally the work from home experience should remain connected and supportive.
- There has been significant variances between sectors in terms of availability of stimulus support and ability to transition to an on-line/flexible working model. The need for right sizing is difficult to model, resulting in tough decision making for corporate leaders who need to reduce overheads, yet retain scale and capability for the recovery

4.1 RISE OF THE KNOWLEDGE WORKER

Key Insights

Economic restructuring towards knowledge and experience-based growth, together with technological advancement such as automation, and artificial intelligence, have caused major disruptions to the future workforce and workplace needs.

Between the 1960s and 2020, the manufacturing sector's contribution to Australian GDP fell from 30% to just 5.5%, while knowledge-intensive sectors rose by 4.5% annually in the same period (Australian Government Economic Analysis 2019).

As the pace of technology adoption accelerates, some activities conducted by knowledge workers will become automated – for example, information management, data collection, processing and analytics. More baseline activities can be industrialised, as technological change moves beyond machine learning to machine reasoning.

The jobs of tomorrow will increasingly involve higher value-add services and place greater emphasis on skills which cannot be easily replicated by machines. The World Economic Forum report on the Future of Jobs 2023 highlights that the top skills and skill groups which employers see as rising in prominence include analytical, creative and systems thinking, increasing technological literacy and adaptability. Personal soft skills in high demand include resilience, flexibility and agility, motivation and self-awareness, and curiosity and lifelong learning.

Relative importance of future worker skills

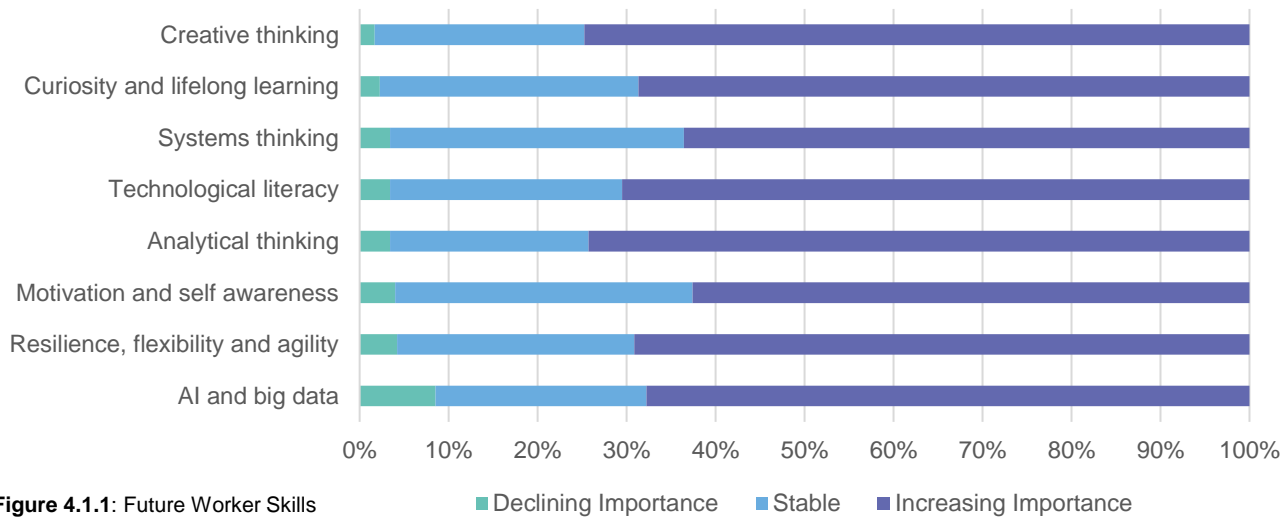


Figure 4.1.1: Future Worker Skills

Top 15 worker skills in 2023

1	Analytical thinking	9	Leadership and social influence
2	Creative thinking	10	Quality control
3	Resilience, flexibility and agility	11	Systems thinking
4	Motivation and self-awareness	12	Talent management
5	Curiosity and lifelong learning	13	Service orientation and customer service
6	Technological literacy	14	Resource management and operations
7	Dependability and attention to detail	15	AI and big data
8	Empathy and active listening		

Figure 4.1.2: Top worker skills for 2025
Source: World Economic Forum Future of Jobs Report 2023

4.2 CORE KNOWLEDGE WORKER TASKS

In simple terms, knowledge workers think for a living. They may become exceptionally nuanced in their technical content, but equally can apply exception critical and design thinking skills to create significant value.

Knowledge workers undertake a broad range of tasks to find, analyse, generate, communicate and use and share information daily. These tasks range from highly group-orientated activities in which a physical collaborative setting is preferred, to individual tasks that can be completed from a variety of locations.

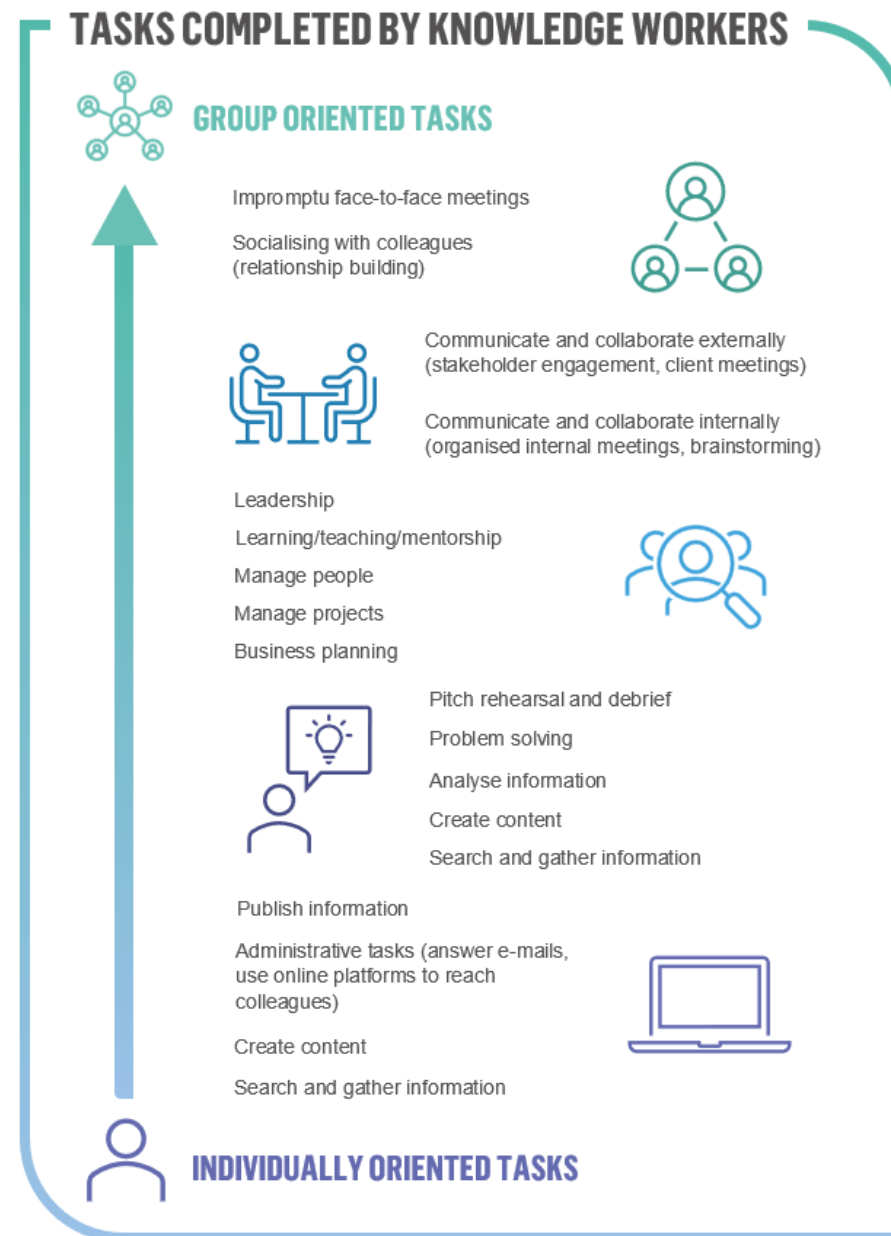


Figure 4.2.1: Tasks completed by knowledge workers
Source: Urbis

4.3 COVID-19: REMOTE WORKING EXPERIENCE

Key Insights

Amid the pandemic, knowledge workers had a relatively smooth transition to working from home and were capable of doing most of their day-to-day tasks online for a period of time. Certain tasks, however, proved more suited to remote work than others.

Bates Smart's Remote Working Survey, a long-term project designed to track the changing sentiment of remote working, indicates working remotely has been a mixed experience, with both perks and pitfalls.

In the first round of the survey conducted in March 2020, 74% said they were as productive working remotely as in the office. Only 12.3% of employees said they wanted to work from the office full time in the future: 82% cited the reduced travel time to and from work as the reason, while 70% liked the increased flexibility in working from home.

The survey of over 1,500 respondents reveals the ability to undertake high quality focussed work has been one of the key benefits of remote work. However, the effectiveness of collaboration and creativity declined. By November, only 39% felt they could effectively share ideas and think creatively and strategically while working remotely.

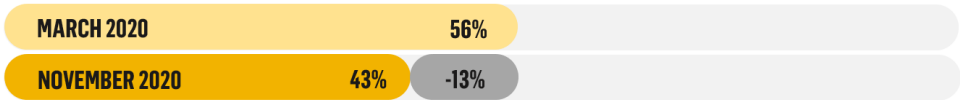
The survey found one of the greatest challenges with remote working is the separation of work and home life. Only 32% felt they were able to achieve the same separation of work and life working from home as when they were in the office. Gen Z and Millennials struggled more than older generations to find balance. This may be because this cohort is more likely to be tasked with caring for younger children or sharing workspaces with housemates while managing a full-time job.

Social connection also registered as a significant challenge – just 30% of people feel well connected to their colleagues while working remotely and maintain a strong sense of belonging to their organisation. 73% rate social interaction a priority for returning to the office.

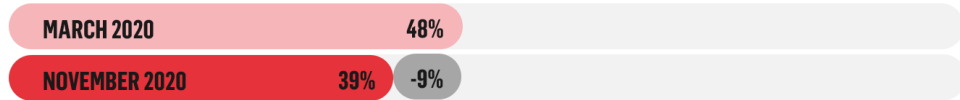
These findings of this localised research are broadly consistent with countless other global studies on similar subjects.

Impact of remote work on different aspects of work

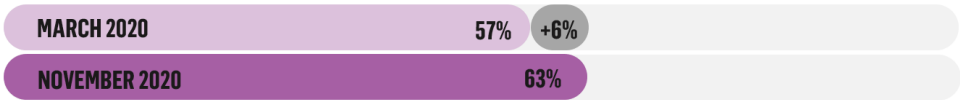
COLLABORATION



CREATIVITY



FOCUS



WORK-LIFE BALANCE



CONNECTION

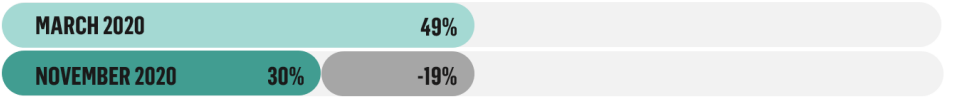


Figure 4.3.1: Impact of remoteness on different aspects of work
Source: Bates Smart The Impact of Remote Working Survey 2020

4.4 WORKER'S PREFERENCES FOR WHERE AND HOW THEY WORK HAVE CHANGED

Overview

The Australia Workplace Survey 2020 reveals there is a broad appetite for combining in-office and remote working, with the strongest preference being for 3 days/week in the office (41%). While this preference is not fixed, understanding and facilitating this model is likely to be essential to attracting and retaining talent.

This hybrid work model will see employees blending time in the office with time at home and other locations – creating an ecosystem of work settings, as illustrated in 4.5. It is not yet clear which tasks may prove more productively undertaken from out of office locations, and which require an office platform to be optimised.

Current evidence suggests employees prefer hybrid working (69%) and at home working (27%); with only 4% of respondents stating they prefer to work at the office 5 days per week.

Despite this, employers prefer employees to be in the office or hybrid working (a combined 87%), with only 13% of employers not mandating any office days.

Worker preferences for office layout are also changing because of this hybrid model. Most workers (51%) would prefer a shared office layout with the flexibility to work remotely (instead of a fixed desk with greater expectation of working from the office).

Hybrid working: Employee Preference vs Employer Mandated

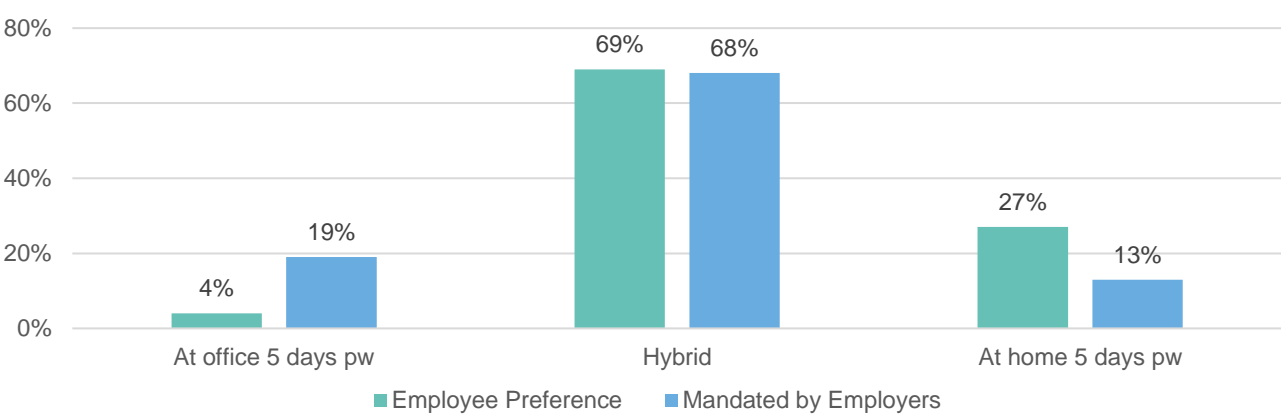


Figure 4.4.1: Hybrid working: Employee Preference vs Employer Mandated
Source: PWC Balancing Act: The New Equation in hybrid working (2022); Robert Half Back to Office survey (2023)

Most important reasons to go to the office according to employees (%)

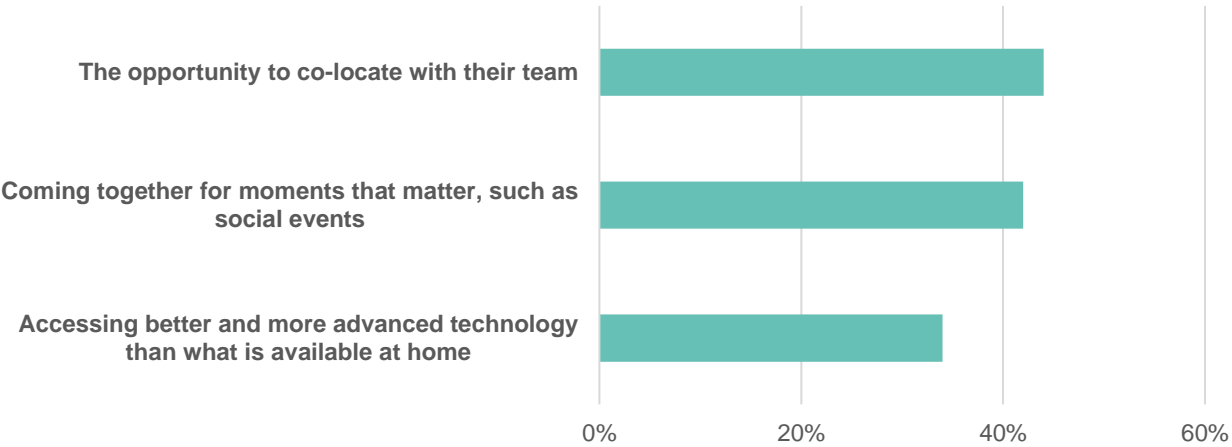


Figure 4.4.2: The top three most cited important reasons to go into the office
Source: PWC Balancing Act: The New Equation in hybrid working (2022)

4.5 EVOLVING WORK TRENDS: WORK FROM OFFICE VS WORK FROM HOME

Employer vs Employee Expectations

The COVID mandatory work from home lockdown has perpetuated a momentous shift in attitude and preference for a hybrid working model; balancing work from home and office.

Despite 96% of employees' preference for a hybrid or at home working model, there has been an increasing push from employers to incentivise workers back to come back into the office.

Seek data indicates that the number of jobs advertised as able to be done at home peaked in April 2023 at 11% and has been steadily declining to 9.4% in December 2023, signifying the current flexibility allowed to work at home may soon be reducing. Despite this clear stance to return to office from employers, employees are still actively searching for jobs that have full or partial work from home benefits.

As the job market cools employers will gain more 'power' to demand employees back into the office. This has already been observed, with in office workers reaching 71% of the 2019 levels in 2023, compared to 54% in the prior period in 2022.

These current trends and observed mis-match in expectations between employer and employee point towards a hybrid future, with an emerging push to work from office.

However, to ensure businesses continue to attract and retain high quality talent, there is no doubt employers will need to adjust their workplace offering to adapt to the desires of the next generation workforce. This is evolving as a new focus on creating an enticing 'workplace experience'.

A Premium Office Offering

With Gen Z, Millennial and COVID-driven evolving employee preferences, businesses must create vibrant, quality work environments through investment in key pillars; location, design, social and technology. A CBRE Research survey has summarised the key features characterising a quality office environments as the availability of car parking, environmental features (natural light, air quality), free food and beverage options and improve technology in the office. Alongside ensuring a premium office environment, workers are also placing increasing importance on the public realm and amenities in the surrounding area, in line with the trend towards designing central business districts as lifestyle neighbourhoods.

These trends are driving a strong demand for prime and premium office spaces with a high level of amenities and ESG credentials; over 90% of office occupiers searching for space in 2023 indicating they required a prime space, with 45% searching for a premium space. Businesses are willing to pay more for quality office spaces, with 75% of office re-locations in CBDs paying the same or higher rents on re-location (median net face rent increases of +10% \$/sqm). Re-location allows businesses to reset their workplace design and amenity offerings to ensure they can continue to attract and retain high quality talent to compete in the evolving economic landscape. This preference of prime office space is supportive of new builds and re-developments and is helping inform strong predicted net rent growth; particularly for prime spaces.

Important Workplace Design Features

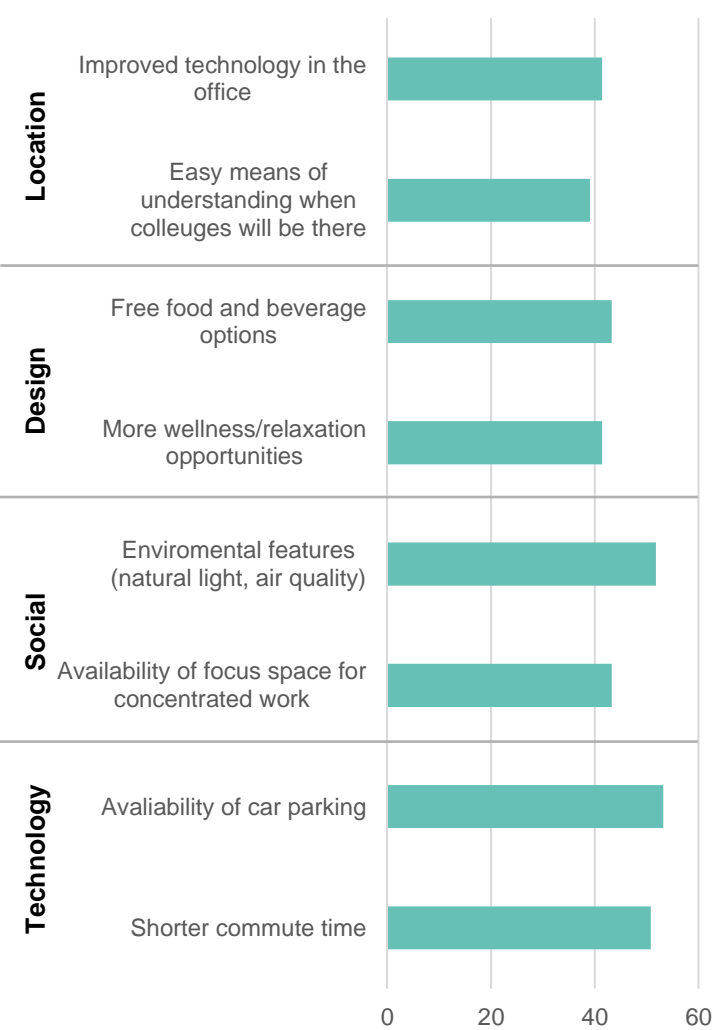


Figure 4.5.1: What, specifically, makes a quality office environment? (% = Top 2 choice of importance)

Source: CBRE Research 2024 Pacific Real Estate Market Outlook
Page 53

4.5 THE FUTURE WORK ECOSYSTEM...

The 'new' workplace will be re-designed as a web of spaces to support convenience, functionality and wellbeing – illustrated in Figure 4.5.1. This web reflects home and neighbourhood-based working together, with a series of CBD nodes which include but do not depend on the office. Technology will be the cornerstone of this hybrid approach with the core office likely to be the centralised base.

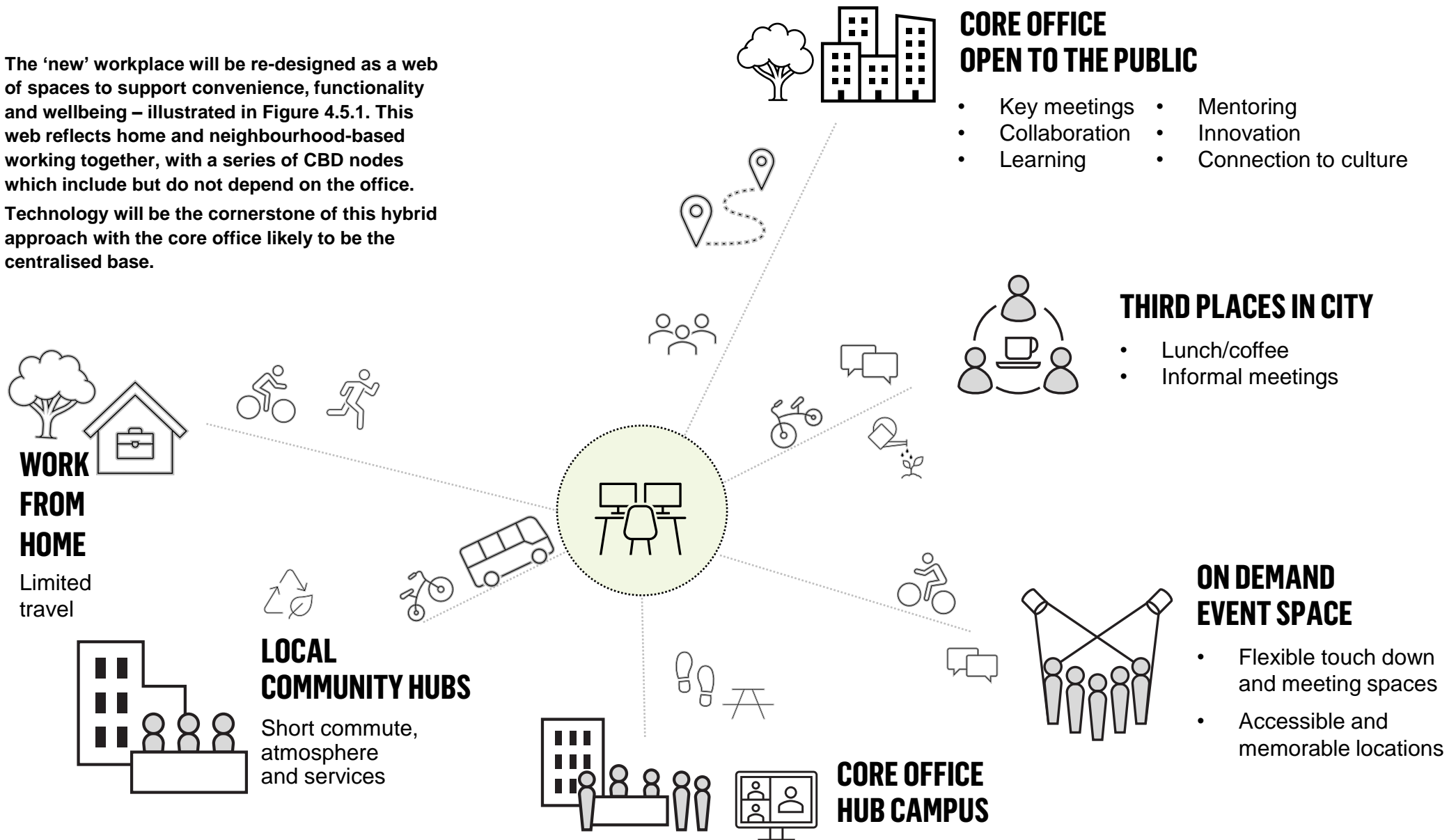


Figure 4.5.1: Most important reasons to go to the office

Source: Adopted from Cushman & Wakefield 2020

05

ROLE OF SUPER TOWERS

CONTRIBUTING TO THE ICONICISM OF A CITY'S SKYLINE AND OPTIMISING ITS ECONOMY



ROLE OF SUPER TOWERS: KEY FINDINGS

Section Objectives

This section set out to explore the green economy and provide the following agenda.

- Detailed the rise of the super tower globally;
- Lessons learned about the benefits of super towers and how to amplify success;
- Position the future of the Sydney CBD and its inclusion of a super tower.

Key Insights

The 2020s represent the coming of age of super-towers: the new beacons of high performing, higher-order central business districts, where economic growth is rapid and land supply is under pressure.

- Super-towers are the perfect combination of ego and efficiency– contributing to the iconicism of the city skyline and optimising the productive potential of land in its most valuable locations. Vertical urbanism, facilitated by ego as much as engineering, is the new frontier in property typologies/asset classes for Australian CBDs and represents a potential siren call expressing international confidence in the potential of our cities and their place in the global business network.
- Super towers can have a catalytic impact; igniting or accelerating regeneration, renewal and repositioning in cities - a landmark communicating confidence in the new future of the precinct. They can be a destinational asset, attracting businesses and visitors to a precinct; but also provide local benefit to businesses, by increasing footfall and supporting viability of goods or services.
- A super-tower will create distinctive workplace environments, supported by shared experiences and amenities that are appealing to a next generation or cohort of employees – acting as talent attractors. However, the configuration of floor plates to maximise those at the efficiency margin of 1,500 square metres is important to economics of the building and in turn, enables the inclusion of higher order building and public amenity assets.
- Despite its sky-line appeal, the ground plane and podium are often the most significant areas in terms of quality of urban life and experience. The addition of singular public amenity, with relevancy beyond the tenants, is essential to integrating the building into the social life of its precinct or neighbourhood. Similarly, placemaking and the social curation of the building with a programme that has broad based appeal are critical to optimising impact.

5.1 THE RISE AND RISE OF THE SUPER TOWER

The 2020s represent the coming of age of super-towers: the new beacons of high performing, higher order central business districts, where economic growth is rapid and land supply is under pressure.

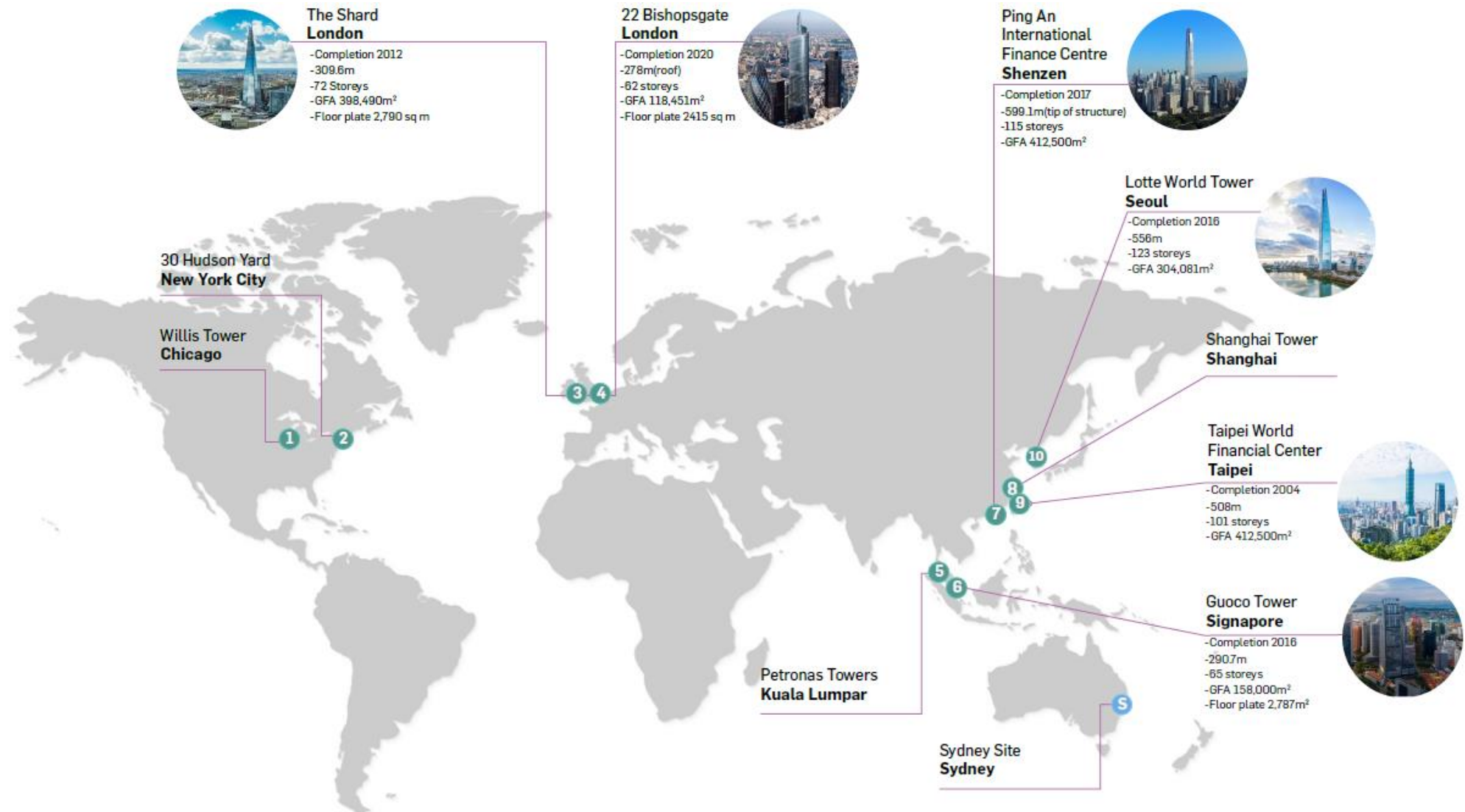
- They are the perfect combination of ego and efficiency– contributing to the iconicism of the city skyline and optimising the productive potential of land in its most valuable locations. They are facilitated by the advancement of engineering and the ambition of capital investment.
- Vertical urbanism is the new frontier in property typologies/asset classes for Australian CBDs and represent a potential siren call expressing international confidence in the potential of our cities and their place in the global business network.
- Exceptional design is non-negotiable – however the engineering solution enables commercial success.
- The building economics is driven by efficient engineering as much as design excellence. The (often) tapered or stepped back form of the structure favours a mix of uses within the tower, with floor plates ranging 1,500 to 3,000 sqm favouring commercial tenants and the transition to 800 or less at higher levels favouring accommodation uses.
- Not all levels of the super-tower command the same rent: the marginal price premium commanded by higher floors does not always justify their construction – so the commerce of the building relies on maximising floorspace in the more efficient podium and mid-level floors.
- The 1500 sqm floor plate is the driver of commercial feasibility because:
 - i. The form and envelope of the tower create its unique identity and iconography – but can be expensive, so constructability and cost matter
 - ii. The structural grid, facade + ceiling grids can be aligned (cost efficient) floorspace ratios are effective.
 - iii. The scale enables the net to gross margin required on lower floors to accommodate non lettable areas of the core and plant.
 - iv. Promotes clear span space which is highly flexible and optimally reconfigurable.

Identifying the Benefit Flow Associated with Super Towers.

- Often correlated with major transport nodes to build and maximise long term return on investment in public transport infrastructure. Enable agglomerations to intensify where there is maximum connectivity (two foundations of success for a next generation GBD).
- Super towers can have a catalytic impact; igniting or accelerating regeneration, renewal and repositioning in cities - a landmark communicating confidence in the new future of the precinct. In an outlying district or within a cluster they offer brand value to owners, tenants, districts and cities.
- They can be a destinational asset, attracting businesses and visitors to a precinct. They can also bring benefit to local businesses by increasing footfall and supporting viability of goods or services.
- A super towers can enable distinctive workplace environments supported by shared experiences and amenities that are appealing to a certain generation or cohort of employees – the talent attractors.
- They signal economic and technological prowess and confidence in the future of the city.
- The well designed and managed super-tower can be a better solution for the environment, improving the performance of the urban footprint in terms of water, heating, cooling and waster [Klemperer. J.,2015]. They also encourage more sustainable city shapes – addressing unstoppable urban sprawl in cities experiencing rapid urban and economic growth.
- High performing assets that can raise land and rental values in the area.

A series of global case studies have been explored to confirm the benefits of super towers and identify other lessons learned from their development. This exemplar study specifically identified outcomes associated with projects in Chicago, New York, London, Singapore, Taiwan, Korea and China – these are identified in the following pages.

5.2 INTERNATIONAL CONTEXT



5.3 INTERNATIONAL CASE STUDIES

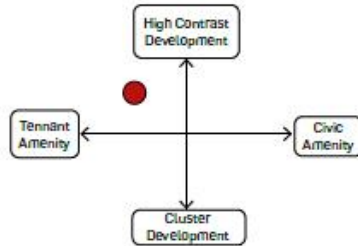
The Shard London

- Completion 2012
- 309.6m
- 72 Storeys
- GFA 398,490m²

Key Tennants



The connection of high density living and rapid transit was the key driver of the towers design.



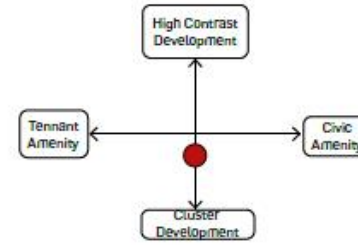
22 Bishopsgate London

- Completion 2020
- 278m(roof)
- 62 storeys
- GFA 118,451m²

Key Tennants



A building has been designed specifically to benefit and support its diverse, connected community.



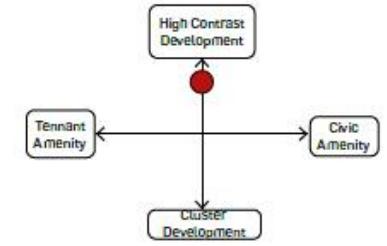
Lotte World Tower Seoul

- Completion 2016
- 556m
- 123 storeys
- GFA 304,081m²

Key Tennants



A building designed to challenge vertical living within a dense urban environment. Public amenities are dispersed throughout the levels, creating a connected amalgamation of uses for the public and tenants to enjoy.



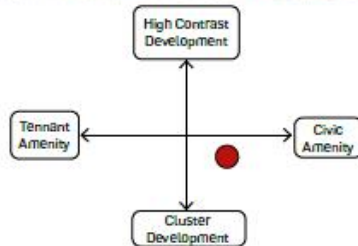
Guoco Tower Singapore

- Completion 2016
- 290.7m
- 65 Storeys
- GFA 158,000m²

Key Tennants



The towers' ground plane offers useful outdoor gathering spaces for the public and tenants to utilise. Guoco Tower connects with the existing MRT station via an underground pedestrian network.



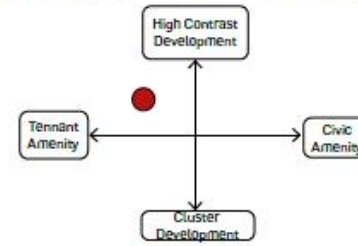
Ping An International Finance Centre Shenzhen

- Completion 2017
- 599.1m(tip of structure)
- 115 Storeys
- GFA 412,500m²

Key Tennants



Close proximity to the Pearl River Delta's high-speed rail corridor increasing access to the region's rapidly densifying cities. Designed for local weather resistance, sustainable architecture principles and has achieved the LEED gold standard.



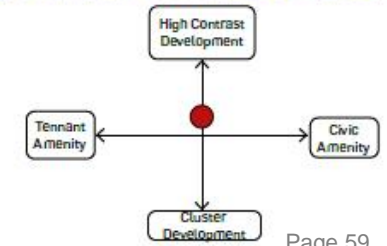
Taipei World Financial Center Taipei

- Completion 2004
- 508m
- 101 storeys
- GFA 412,500m²

Key Tennants



Noted as one of the world's greenest and tallest buildings. Ground floor urban design outcomes have instilled seamless transitions from the development into the existing urban fabric of the city.



5.4 CRITICAL SUCCESS FACTORS FOR HIGH PERFORMING SUPER TOWERS

Optimising the benefits from super-towers demands that they are strategically conceptualised, beautifully designed, and exceptionally engineered: contributing to the efficiency, experience and economy of a city.

The following lessons learned/critical success factors have been derived from case studies of twelve super-towers delivered globally in the decade to 2020.

- The tower and the city have to work together (from inception);
- Maximisation of internal flexibility (agile and adaptable spaces that can be readily reconfigured);
- Both form and function matter – aesthetically pleasing and equally have maximised floor plate ratios, respecting both light and shade;
- Efficiency of the structural solution is key;
- Graduated scale breaks down the mass, but can compromise the functional effectiveness of the floor plates at the upper floors unless there is a vertical mix that aligns the structural form to the use;
- Balancing porosity with density – permeable ground plane facilitating maximum points of exchange within the building and between the super-tower and its local context (built form and experience);
- Positioned proximate to transport enabled locations to minimise car dependency;
- Designed beyond its boundary as part of a precinct; integrating the building programme with the wider neighbourhood or city programme;
- Intelligent – not just smart (full integration of the IoT);
- Demands the inclusion of public space around and within the building to increase the quality of the streetscape and urban appeal;
- Inclusion of singular, additive public amenity that is relevant to and beyond the tenants- enhancing urban experience and ensuring activation beyond core corporate hours;
- Social curation of the building community, cultural placemaking - the role of the asset manager and place curator is critical to its short-term success and long-term resilience; and
- Extend the concept of last mile integration vertically – how to ensure that the internal mobility up and around the building is seamless.

Aspects that Challenge the Successful Delivery of Super Towers.

Tall and super tall buildings are a 'built-form equation'. Whilst they bring value to a city, they are equally expensive and complex to deliver successfully. The construction and management of a super-tower asset is a specialist exercise. When poorly conceptualised, designed or constructed – the insertion of a super tower in the city scape can:

- Be inappropriately integrated into the context or habitat of the city;
- Create congestion and overcrowding at the ground plane (poor in the post pandemic environment);
- Grows in isolation of the development of the precinct and remain ectopic to it;
- Be introspective and self-referential – underperforming in respect to urban appeal, community amenity or experience;
- Reduce the per capita provision of public open space;
- Provide no activation and therefore be a black hole after hours;
- Reduce access to light;
- Fail to increase the diversity of the CBD ecosystem or experience.
- Present safety and security issues – fire, seismic threats and terrorism opportunities;
- Specifically issues of lifecycle costing, the challenges of the core at the lower levels and the different design challenges of sections of the building.

Not all levels of the super tower have the same degree of efficiency in their floor plates – with structural solutions that promote the productivity and wellbeing of the building as well as the people working or living within it. Ideally a super-tower asset is designed and managed by a specialised team with the skills and experience to leverage the potential opportunity that it creates.

5.5 SUPER – TOWERS AND THE SUPER TALENTED

Super towers can play an important role in the brand development of cities and their attraction and retention of talent; specifically in the context of highly competitive global business district locations.

- Staff costs are the most significant expenditure for a business and the most important investment – without talent businesses are not competitive and cannot thrive over time. It is imperative for a city to attract and retain, as well as foster, talent; but equally it is critical that a business understands the workplace environment that the talent specific to their sector and phase of development demands.
- Talent is most productive when it is connected, because knowledge still passes and ideas are still created fastest face to face (MIT Sloan School of Management) when able to collaborate and co-create or learn from colleagues and competitors. When all other things are equal, talent is looking for the amenity and enablers of professional and personal development.
- Creating distinctive, signature workplace environments that are memorable and enviable and recognised regionally, nationally and globally is one talent attraction platform. Delivering internationally recognisable addresses.
- Large uninterrupted floor plates with distinctive workplace and lifestyle amenities are attractive to headquarters and multi-national enterprises (MNEs). The ability for the commercial floors to provide uninterrupted floor plates is significant for knowledge intensive business. Chance encounters facilitating knowledge sharing is exponentially greater on larger multi-functional floor spaces. Allen and Henri suggest that there is a 95% chance of casual interaction on the same floor and only a 5% when you need to travel between floors.
- The new flexible workplace is reconfigurable and adaptive. It is designed to facilitate both social distancing and equally connectivity. Large assembly spaces, multiple break out spaces and third spaces within the curtilage are all critical success factors for businesses using the valuable CBD space for collaborative, creative, ceremonial or culture-building activities.

06

PROJECT OPPORTUNITY

POSITIONING A SUPER-TOWER
AT PITT + BRIDGE STREET TO
MAXIMISE ITS CONTRIBUTION TO
THE CITY AND ITS COMMUNITIES.



6.1 A POWERFUL PUBLIC BENEFIT PROPOSITION FOR PITT + BRIDGE STREET

Pitt + Bridge Street will be an iconic addition to the Sydney CBD skyline and can be positioned to deliver maximum benefit to the city and its communities through its positioning an international hub for the green economy and provision of an iconic future home for the proposed Green Stock Exchange.

Specifically Pitt + Bridge Street will deliver:

1. **Strategic economic benefit to the city** through the delivery of a Green Stock Exchange and commercial cluster focused on the attraction and retention of (green) talent as a critical success factor for the CBD business ecosystem. Strengthening the specialist magnetism of Sydney CBD and supporting its sustained transformation into a global business district; and
2. Enhanced local, and distinctive destination, amenity within the Northern Core precinct to increase the diversity and vitality of experience during and after hours.

This section of the report proposes key public benefit opportunities at a local, city wide and global scale.

The public realm and private amenity componentry of the super tower at Pitt + Bridge Street must respond to the new markers of success for central (and global) business districts together with the changing needs and aspirations of next generation talent. The public benefit proposition must therefore be positioned to:

1. Support the talent attraction, development and retention needs of the City of Sydney and the aspirations of the emerging green talent cohort; respecting the urban appetites of end users need for:
 - Urban sociability;
 - Vibrant and interesting evenings;
 - Balanced active and creative lifestyles; and
 - The development of personal networks and professional capabilities.
2. Enrich the amenity and experience of the business district for local residents and workforce audiences; Sydney-siders and their visitors;
3. Expand the repertoire of curated lifestyle experiences available in this part of the city centre district and enhance its distinctive appeal to all users; and
4. Contribute to a vibrant work-life neighbourhood.

In response, a public benefit solution is proposed that **combines the local benefit** of a safe and activated public realm with cycle centre, fitness and food and beverage to meet emerging demand - with a unique combination of assets providing **city-wide and global value**.

The following higher order public benefits, aligned to the green economy focus of Pitt + Bridge Street, are proposed:

- A ground floor Bridge Street plaza;
- The skygarden; and
- The global sustainable futures exchange – Sydney GSX.

These concepts are individually summarised in the following 'mood boards'

LOCAL + CITY WIDE BENEFIT BRIDGE STREET PLAZA

A grand entrance to set the tone of a future focused working precinct. A warm, inviting first impression, with large open space with seamless connection between greenery and public amenity.

This public realm space within the ground floor plaza could include amenities to meet the emerging demand:

- Cycle centre
- Fitness
- Food and beverage



LOCAL + CITY WIDE BENEFIT SKYGATE GARDEN GALLERY

An elevated subtropical greenhouse experience, incorporating a dramatic contemporary arts and performance space. In passive mode, an important public open space and viewing point for the city and its visitors to enjoy.

This space could be delivered as a midrise or pinnacle volume space; alternatively, a series of interconnected vertical rooms could also provoke interesting public engagement with the building.

This feature could also intersect with the immersive urban gallery concept as a key platform for dramatic VR and mixed medium installations. Creating a new cultural and creative platform for the new media content.



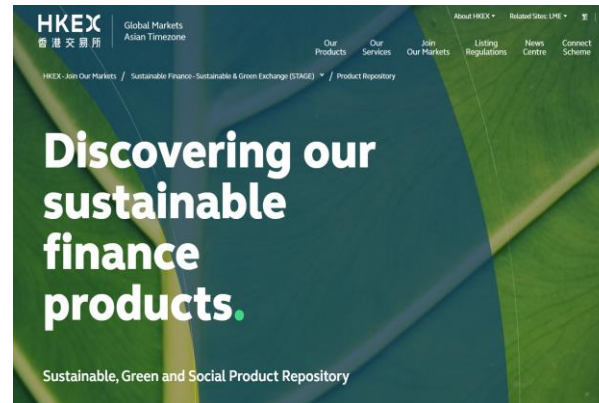
GLOBAL BENEFIT THE GSX: A GLOBAL SUSTAINABLE FUTURES EXCHANGE

A global sustainable-finance trading centre:
coalescing social impact investing with green finance
and a carbon exchange.

Complemented by a national sustainable finance
centre of excellence committed to:

- Supporting companies transitioning to sustainable impact investment, climate compatible operations or develop green investment strategies.
- Linking the green finance instruments to the green in projects (green loans, bonds or gilts)
- Showcasing projects seeking green finance or hub for green venture capitalists and clean-green tech incubation.

A media and investor centre provides an emblematic
'front of house' area which elevates the community
and industry facing aspects of the platform and
celebrates it.



07

APPENDICES



APPENDIX A: CBD & HARBOUR CORE BUSINESSES

CBD & Harbour Core Businesses by size (based on employees)				
City-Based Industry	Small: 1-19 employees	Medium: 20-199 employees	Large: 200-999 employees	Very Large: 1,000+ employees
Creative Industries	108	49	3	-
Finance and Financial Services	832	363	41	16
Government	40	40	10	1
Health	384	19	-	-
Higher Education and Research	73	32	1	-
ICT	173	116	9	-
Bio-Tech	21	3	1	-
Resources	30	3	-	-
Professional and Business Services	678	280	20	2
Legal	339	140	12	-
Co- Working Space	0	11	-	-
Property and Construction	192	50	8	1
Social Capital	58	18	-	-
Tourist, Cultural and Leisure	144	58	7	
Transport and Logistics	71	25	-	-
Utilities	13	10	4	-
Total	3,156	1,217	116	20

Source: City of Sydney Floorspace and Employment Survey 2017; Dexus; Urbis

APPENDIX B: PROPERTY COUNCIL OF AUSTRALIA - SYDNEY CBD OFFICE PRECINCTS



Source: Property Council of Australia; Urbis

APPENDIX C: UNITED NATIONS 17 SUSTAINABLE DEVELOPMENT GOALS

United Nations 17 Sustainable Development Goals

1. No poverty
2. Zero hunger
3. Good health and well-being
4. Quality education
5. Gender equality
6. Clean water and sanitation
7. Affordable and clean energy
8. Decent work and economic growth
9. Industry innovation and infrastructure
10. Reduced inequalities
11. Sustainable cities and communities
12. Responsible consumption and production
13. Climate action
14. Life below water
15. Life on land
16. Peace, justice and strong institutions
17. Partnerships for the goals



APPENDIX D: GREEN FINANCE MECHANISM DEFINITIONS

Name	Definition
<u>Bonds</u> - There are several different types of bonds available under the sustainable finance banner:	
Green bonds	The funds from these bonds are committed to environmental or climate projects, such as investing in renewable energy.
Social bonds	The funds are committed to social impact projects, such as investing in low cost housing for people with restricted access to the housing market.
Blue bonds	The funds are committed to marine or water projects, such as investing in transition to sustainable fish stock.
Sustainable bonds	The funds are committed to social or green impact projects which are aligned with the UN Sustainable Development Goals (SDG). For example, the capital raised can be used to provide energy efficient, low cost housing for people with restricted access to the housing market.
<u>Loans</u> - Loans are similar to bonds but differ in how the funding is raised. With bonds, funds come from the investor market, while funds for loans come from a bank.	
Green loans	The funds are committed to environmental or climate projects, such as recycling of plastic.
Social loans	The funds are committed to social impact projects, such as training people with disabilities to improve employability
Sustainability loans	The funds are committed to green and social impact projects, such as providing people with disabilities employment opportunities in a plant which recycles plastic
<u>Sustainability Linked Loans and Revolving Credit Facility (RCF)</u> - The emphasis of a Sustainability Linked Loan or RCF is on the ESG performance (i.e., the impact that ESG issues has on a company's economic value) of the company itself, rather than on the use of funds.	

Source: Sustainalytics; Urbis



APPENDIX E: PROJECT PROFILES

KEY FEATURES OF PREMIUM BUILDS: RECENT DEVELOPMENTS

60 MARTIN PLACE

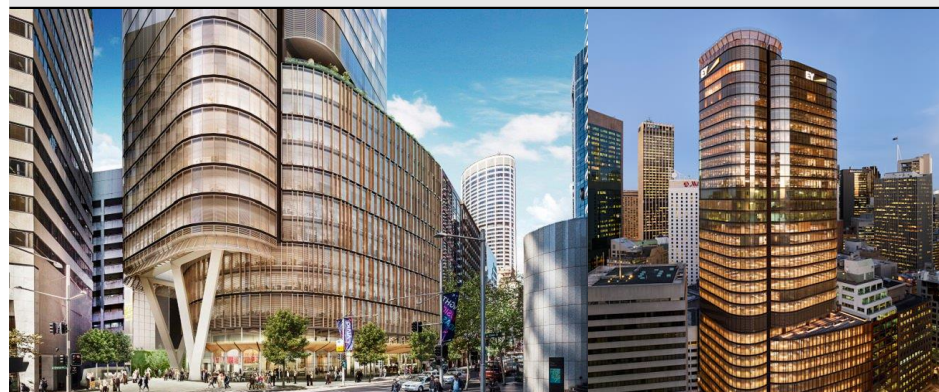
Year Built	2019
Storeys / Floorspace	33 storeys - 40,000 office sq.m
Typical Floorplate	1,200 sq.m
Key Tenants	Norton Rose Fulbright, Mizuho Financial Group, Munich Re and Banco Chambers
Amenity	<ul style="list-style-type: none">• On site café, concierge and end-of trip facilities• 2,100 sq.m of on-site retail



Source: External; Urbis

EY CENTRE, 200 GEORGE STREET

Year Built	2016
Storeys / Floorspace	33 storeys - 40,000 office sq.m
Typical Floorplate	1,100 - 1,500 sq.m
Key Tenants	Mirvac, AGL, EY
Amenity	<ul style="list-style-type: none">• 6 Star - Green Star - Performance v1.2 rating• Smart climate control technology monitors air quality, sunlight, power and water usage and adjusts the internal environment according to the needs of the building and its occupants• 300 bicycle spaces and end of trip facilities.• Water recycling system• Retail including 2 cafes and a bar



KEY FEATURES OF PREMIUM BUILDS: RECENT DEVELOPMENTS

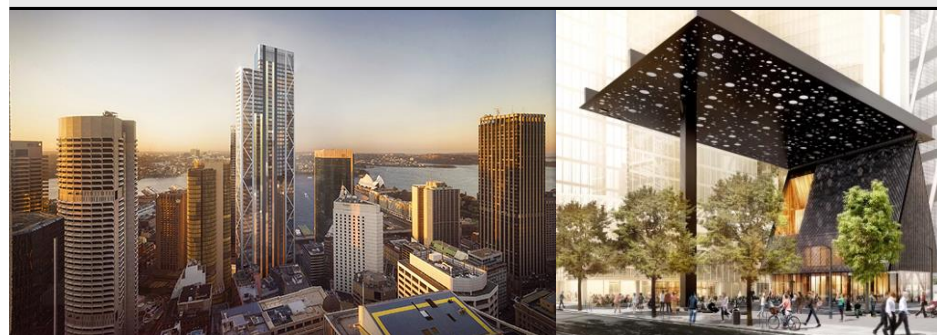
QUAY QUARTER TOWER, 50 BRIDGE STREET

Estimated Completion	2020
Storeys / Floorspace	50 storeys - 49,000 office sq.m
Typical Floorplate	2,000 sq.m
Key Tenants	AMP, Deloitte
Amenity	<ul style="list-style-type: none"> Podium Garden which functions as an informal meeting room, yoga studio or an event space 1 acre of green space Landscaped rooftop terrace 6-star Green Star Office Energy rating



180 GEORGE STREET

Estimated Completion	2022
Storeys / Floorspace	53 storeys - 55,000 office sq.m
Typical Floorplate	1,000 sq.m
Key Tenants	Salesforce
Amenity	<ul style="list-style-type: none"> Retail precinct including shop-lined laneways and public plazas Sydney's first public bike hub Smart climate control technology utilising Internet of Things (IoT) sensors and artificial intelligence 'Ohana' Floor" – an open hospitality space on the top floor for Salesforce employees, customers and partners, as well as non-profits and local education groups free of charge



KEY FEATURES OF PREMIUM BUILDS: FUTURE DEVELOPMENTS

BROOKFIELD PLACE, 10 CARRINGTON STREET

Estimated Completion	2021
Storeys / Floorspace	27 storeys - 67,000 office sq.m
Typical Floorplate	2,500 sq.m
Key Tenants	NAB, Allianz and Brookfield
Amenity	<ul style="list-style-type: none"> • Transit hall: Underground connectivity to Barangaroo, Wynyard and Martin Place Station • 7,000 sq.m of high-end retail • Annual program of arts and cultural activities • 6 Star Green Star – Office Design v3 rating • 360 degree views of Sydney and its surrounds • Large external terraces



MARTIN PLACE TOWERS

Estimated Completion	2023
Storeys / Floorspace	39 storeys - 110,000 office sq.m
Typical Floorplate	1,100 – 2,000 sq.m
Key Tenants	Macquarie Bank
Amenity	<ul style="list-style-type: none"> • 6 Star Green Star office design rating • 1,000 sqm of retail area on ground level and mezzanine, 1,000 sqm of retail area integrated into Martin Place metro station • End of trip facilities



This report is dated February 2024 and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (Urbis) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of Dexus (Instructing Party) for the purpose of a Standing Tall: Exploring The Business Ecosystem In Sydney CBD and the Key Trends Influencing Its Future (Purpose) and not for any other purpose or use. Urbis expressly disclaims any liability to the Instructing Party who relies or purports to rely on this report for any purpose other than the Purpose and to any party other than the Instructing Party who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

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Urbis staff responsible for this report were:

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Senior Consultant	Rene Tonna
Consultant	Lily Havers
Project code	P002330
Report number	1

COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

The data and information that informs and supports our opinions, estimates, surveys, forecasts, projections, conclusion, judgments, assumptions and recommendations contained in this report (Standing Tall: Exploring The Business Ecosystem In Sydney CBD and the Key Trends Influencing Its Future) are predominantly generated over long periods, and is reflective of the circumstances applying in the past. Significant economic, health and other local and world events can, however, take a period of time for the market to absorb and to be reflected in such data and information. In many instances a change in market thinking and actual market conditions as at the date of this report may not be reflected in the data and information used to support the Report Content.

The recent international outbreak of the Novel Coronavirus (COVID-19), which the World Health Organisation declared a global health emergency in January 2020 and pandemic on 11 March 2020, is causing a material impact on the Australian and world economies and increased uncertainty in both local and global market conditions.

The effects (both directly and indirectly) of the COVID-19 Outbreak on the Australian real estate market and business operations is currently unknown and it is difficult to predict the quantum of the impact it will have more broadly on the Australian economy and how long that impact will last. As at March 2020, the COVID-19 Outbreak is materially impacting global travel, trade and near-term economic growth expectations. Some business sectors, such as the retail, hotel and tourism sectors, are already reporting material impacts on trading performance now and potentially into the future. For example, Shopping Centre operators are reporting material reductions in foot traffic numbers, particularly in centres that ordinarily experience a

high proportion of international visitors.

The Report Content and the data and information that informs and supports it is current as at the date of this report and (unless otherwise specifically stated in the Report) necessarily assumes that, as at the date of this report, the COVID-19 Outbreak has not materially impacted the Australian economy, the asset(s) and any associated business operations to which the report relates and the Report Content. However, it is not possible to ascertain with certainty at this time how the market and the Australian economy more broadly will respond to this unprecedented event. It is possible that the market conditions applying to the asset(s) and any associated business operations to which the report relates and the business sector to which they belong could be (or has been) materially impacted by the COVID-19 Outbreak within a short space of time and that it will have a lasting impact. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on the report and the Report Content.

Any Report Content addressing the impact of the COVID-19 Outbreak on the asset(s) and any associated business operations to which the report relates or the Australian economy more broadly is (unless otherwise specifically stated in the Report) unsupported by specific and reliable data and information and must not be relied on.

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