

INNOVATIVE

ITEM NUMBER	17.1
SUBJECT	FOR APPROVAL: Site-specific Development Control Plan for land at 89-91 George Street, Parramatta
REFERENCE	F2021/00521 - D07661044
REPORT OF	Project Officer-Land Use Planning
LAND OWNER:	Various Owners Under Strata Plan 71180
APPLICANT:	Urbis per. GPT RE Limited

PREVIOUS DEVELOPMENT APPLICATIONS CONSIDERED BY SYDNEY CENTRAL CITY PLANNING PANEL:

DA/954/2017: Determined by Panel 4 July 2018 : 89 George Street, Parramatta - 28 storey hotel building comprising 300 rooms and ancillary restaurant/bar, ballroom, outdoor terrace/pool and 67 above ground car parking spaces (car stacker); landscaping works; demolition of existing buildings. (Approved).

PURPOSE:

To recommend Council endorse a draft site-specific Development Control Plan for 89-91 George St, Parramatta for public exhibition.

RECOMMENDATION

- (a) **That** Council endorse the draft Development Control Plan (DCP) at **Attachment 1** for public exhibition, including insertion of controls reflecting the setbacks in “Option A” as outlined in this report.
 - (b) **That** the draft DCP at **Attachment 1** be amended to address the potential requirement for footpath construction within the frontage of the site as a result of the proposed road widening under the Parramatta CBD Planning Proposal.
 - (c) **That** the following public authorities are consulted during public exhibition:
 - i. NSW Department of Education;
 - ii. Transport for NSW;
 - iii. Department of Planning, Industry and Environment – (both Planning and Environment, Energy and Science Branches);
 - iv. Heritage NSW – Department of Premier and Cabinet;
 - v. Aerospace agencies; Civil Aviation Safety Authority (CASA), Department of Infrastructure, Transport, Regional Development and Communications and Regional Development (DIRD); and
 - vi. Utility providers – Endeavour Energy and Sydney Water.
 - (d) **That** Heritage NSW is consulted during the public exhibition, and that Council notifies Heritage NSW as part of that consultation about the potential heritage significance of the olive tree in the front setback area of Perth House as it may warrant inclusion within the existing State Heritage Register listing for Perth House and the Moreton Bay Fig Tree.
 - (d) **That** the results of the public exhibition be reported to Council.
-

- (e) **Further, that** the Chief Executive Officer be authorised to make amendments of an administrative, minor, or non-policy nature to the DCP during the drafting and exhibition process.

THE SITE

1. The subject site comprises 87 George Street (Lot 1 DP505486) and 91 George Street (CP SP 71180), Parramatta and is approximately 2,869 square metres. The site has a single frontage to George Street at its northern boundary. The site is otherwise bound by a seven-storey commercial building to the east, Arthur Phillip High School to the south and Perth House (a State Heritage-listed item) to the west (refer **Figure 1**).



Figure 1: The subject site outlined in blue. Sites with heritage listings are shaded beige.

PREVIOUS DEVELOPMENT APPLICATION FOR PART OF SITE

2. In November 2017, a Development Application (DA) was lodged on part of the site (89 George Street only – see Figure 1) seeking approval for demolition of existing structures and construction of a 28-storey hotel, comprised of 300 rooms, ancillary hotel uses and 67 car parking spaces. It was previously announced that the hotel would operate under the ‘Four Points by Sheraton’ chain. The DA was informed by a Design Excellence competition which was awarded to Group GSA.
3. On 11 July 2018 the DA was approved by the Sydney Central City Planning Panel. It included several concessions to the Parramatta Development Control Plan (PDCP) 2011 setback and street-wall height controls, as shown in **Table 1** below.

Table 1: Comparison of setback and street wall controls under PDCP and the approved DA

	PDCP 2011 relevant control	Approved DA
North (George St) setback	Podium ^a - 0m or creation of a 20m publicly accessible forecourt (the latter being an option that seeks to provide a forecourt that interprets the historical alignment of George St) Tower above podium ^a 20m from George Street	7.5m setback from George Street boundary for podium ^b . 10.5m for tower above podium ^b .
Side setbacks	Podium ^a setback to both boundaries: 0m Tower above podium ^a to both boundaries: 6m	East setback: 0m podium ^b 3m tower West setback podium: 7.6m ground and first floor adjoining Perth House then 0m for upper 3 storeys of podium. West setback tower: Variable 0.5-1.3m
Rear setback	Podium ^a : 0m Tower up to 54m height: 9m Tower above 54m height: 12m	Podium ^b - 0m Tower above podium ^b - 13.3m

a. Podium under DCP controls has maximum height of 4 storeys but with height no greater than 14.5m

b. Podium Approved in DA has height of 5 storeys (20.5m)

4. It is acknowledged that the approved DA included several setback concessions. However, 91 George Street was not included in the DA and strict compliance with the DCP setback controls on the limited site footprint at 89 George Street would not have resulted in a feasible development scheme. Given that the site area has significantly expanded and feasibility settings have therefore been significantly altered, Council officers recommend that those setback concessions be re-examined as part of the site-specific DCP process at hand. This issue is discussed in further detail in this report.

SITE-SPECIFIC DEVELOPMENT CONTROL PLAN - BACKGROUND

5. In September 2020, the Applicant approached Council's Land Use Planning team to express an interest in developing 89-91 George Street as a wholly commercial building.
6. The Applicant intends to progress a scheme which is compliant with the Parramatta CBD Planning Proposal controls. Under these controls, the site could achieve a maximum height of buildings control of RL 211m and an unlimited floor space ratio for commercial buildings (as the site area is above the 1,800 square metre threshold). Due to the relative progress of the Parramatta CBD Planning Proposal (having been exhibited and due to be reported to Council in Q2 2021), it is considered that the CBD Planning Proposal is highly likely to be finalised before any site-specific Planning Proposal amendment could be finalised. The Applicant and Council officers agreed that a site-specific Planning Proposal was not necessary or desirable in this instance.

7. However, Council officers and the Applicant agreed to progress a site-specific DCP, so that the development proposal can progress through Design Excellence and DA lodgment stages prior to the finalisation of the new Parramatta CBD DCP (noting that a DA lodged in response to the Parramatta CBD Planning Proposal would not be able to be determined until the Parramatta CBD Planning Proposal is finalised as well.)
8. The Applicant and Council officers worked in an iterative manner over late 2020 / early 2021 to progress a site-specific DCP that reconciled the stated commercial imperatives of the Applicant and various public domain impacts and policy issues identified by Council officers.
9. The majority of matters in the DCP have ultimately been agreed upon by both sides, and the draft DCP being recommended for Council's endorsement reflects the outcome of that collaboration. However, despite significant engagement, the Applicant and Council staff have not been able to resolve an agreed position on the setback controls. The applicant has advised that they require a greater floorplate of more than 1,500 sqm (net lettable area) to attract a Government tenant and as such require smaller setbacks. Therefore, this report addresses three setback options as follows:
 - **Option A:** Council officer-recommended option;
 - **Option B:** Applicant-preferred option; and
 - **Option C:** Alternative option (while not recommended by Council officers, this option has been formulated by Council officers in response to the commercial imperatives stated by the Applicant. This is an alternative to "Option B" in the event that Council forms the view that more commercial floorspace should be accommodated onsite than that envisioned under "Option A").

SETBACK CONTROLS

Setback Controls Option A: Council officer-recommended

10. The setbacks recommended by Council Officers are as below:

Table 2: Officer-preferred setbacks at 87-91 George Street, Parramatta

	Podium	Tower
North (street) setback	6m	12m
East setback	0m	6m
West setback	0m*	3m
Rear setback	0m	6m

* Podium setbacks at the north-west corner will be subject to additional design controls relating to the interface with the adjacent heritage item.

11. **Figure 3** below depicts the setbacks proposed in Council Officer-recommended "Option A".

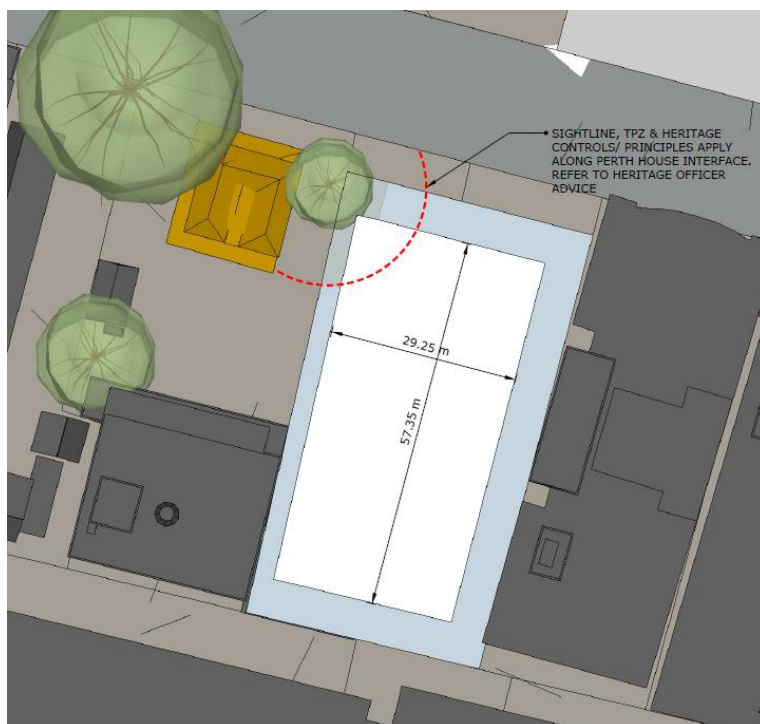


Figure 2: Option A - The siting of the podium (blue) and tower (white) on the site.

12. The DCP recommended in this report (with setbacks laid out in Table 2 above) is considered by Council Officers to maximise the commercial floorplate developable on this site, while still maintaining acceptable impacts on a range of urban design matters. Setback concessions have been made from those that would generally be supported in the Parramatta CBD, as follows:

Table 3: Proposed setbacks in comparison to current Parramatta DCP controls

Setback	Current PDCP Control	Proposed site-specific DCP Control	Justification
North podium	0m	6m	An increase in the setback is considered appropriate in order to develop sympathetically with the adjoining State listed heritage item (Perth House).
North tower	20m	12m	The history of recent development applications and Design Competitions indicates that Council has not been successful in enforcing the 20m tower setback from George Street. Further, early indications suggest that the likely outcome of Council Officers' work preparing the draft Parramatta CBD DCP will a reduction of the 20m setback to 12m. Based on the likely strategic outcome under the CBD DCP and the testing of the controls through recent DA assessment and Design Competitions, it is recommended that the front tower setback be prescribed at 12m. It is considered that this setback is sufficient to reinforce the role of George Street as a main thoroughfare within the context of the

			historic Georgian grid of Parramatta while allowing for redevelopment of the site.
West tower	6m	3m	Perth House to the west is a State Heritage listed item, and therefore very unlikely to be redeveloped. The usual 6m required to achieve appropriate building separation can be acceptably reduced in this instance and the reduced setback is considered acceptable by Council heritage advisor.
Rear tower	Variable 9-12m	6m	Considered acceptable given this is the generally accepted setback for commercial buildings, and also given that the school site has a 5m wide driveway located between the subject site and the school buildings which provides a further "buffer" to the school buildings.

13. It should be noted that concessions have been given to the setbacks in current Council controls on three of the four boundaries in recognition of the need to make the floor plate more viable. Council officers consider that further setback concessions would impact on a range of urban design and heritage issues in ways that Council Officers consider unsatisfactory. Key issues are summarised as follows:

- i. While it is recognised that the approved DA on 89 George St provided a significant setback concession this was necessary due to the size of the site (1,350sqm for 89 George Street alone) in that DA and the need to allow a viable floor plate for the proposed hotel. Also under that approval, the height was 28 storeys (93.5m). The subject proposal seeks to develop a larger site (89 and 91 George Street together have a site area of 2,869sqm) for a much taller building that reflects the controls under the CBD Planning Proposal. This allows for a building of 211m RL (approximately 50 storeys and 203m from ground). Given the much taller building proposed a setback of 3m to Perth House is considered an appropriate balance between the need to provide space surrounding the heritage item and a workable floor plate for development of the site.
- ii. A concession on the setback to the commercial site to the east would introduce building separation issues (particularly access to light and air, as well as visual impacts created by having densely-built towers).
- iii. A further concession on the setback to the school could introduce privacy/overlooking issues to the school site, as well as potentially future building separation issues should the school site redevelop.
- iv. A further concession to the setback to George St would undermine the strategic goal of widening the vista down George St.

Setback Controls Option B: Applicant-preferred Option

14. The applicant does not support the setbacks proposed by Council Officers in "Option A". The Applicant considers that these setbacks do not meet their commercial imperatives for development of the desired commercial floorplate size. As the Applicant and Council officers were unable to reach alignment on a preferred position on setbacks, Council officers agreed to put forward the

Applicant's position as part of this report in the form of an attachment authored by the Applicant. Please refer to **Attachment 2** of this report to view the Applicant's preferred option in detail, as well as the Applicant's justification therein.

15. In summary, the setback controls the Applicant is proposing are as follows:

Table 4: Applicant-preferred setbacks at 87-91 George Street, Parramatta

	Podium	Tower
North (street) setback	7.5m	10.5m
East setback	0m	3m
West setback	<i>Front part of the site near Perth House:</i> 9m setback at lower podium levels and 0m setback at upper podium levels <i>Rear of the site farther from Perth House:</i> 0m	1.3m
Rear setback	0m	6m

16. Figure 3 below shows the setbacks proposed in the Applicant-preferred "Option B".



Figure 3: Option B as preferred by the applicant. The podium is in grey and tower in beige. The rectangular area identified by the red asterisk reflects a 9m setback from the western boundary for the lower levels of the podium only.

17. The rectangular area identified by the red asterisk in **Figure 3** above would effectively appear as an undercroft or colonnade at the lower levels of the podium and would be set back 9 metres from the western boundary. The upper levels of the podium would have a nil setback to the western boundary. The

applicant has prepared a massing diagram which illustrates this arrangement in **Figure 4** below.

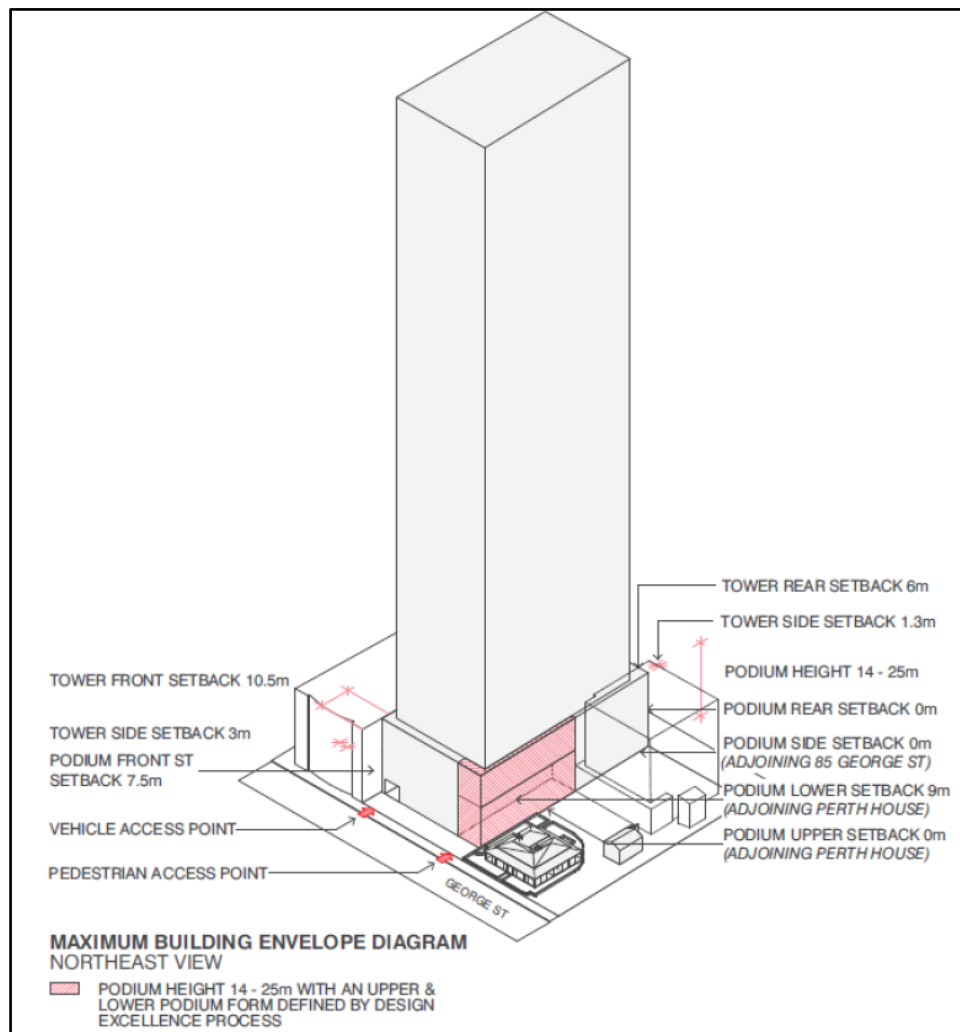


Figure 4: The massing as preferred by the applicant. The area shaded red reflects the rectangular area identified by the red asterisk in Figure YY above. (Source: Applicant's Draft DCP)

18. The image submitted by the applicant above in **Figure 4** shows this area of the podium as having a setback of 9 metres at the lower level with the upper podium having a nil setback. The precise details of the building form would be subject to the Design Excellence process in keeping with the heritage principles relating to Perth House.
19. The Addendum at Attachment 2 provided by the Applicant, includes the image in **Figure 5** below. This image demonstrates a hypothetical example of what these controls may look like in terms of the relationship of the proposed western podium setback with Perth House and the associated olive tree.



Figure 5: Image of the potential relationship of the western setback of the site with Perth House and the olive tree. (Source: Extracted from Applicant's Addendum – see **Attachment 2**).

20. Further to this information from the Applicant which is extracted from the Addendum in **Attachment 2**, they have also prepared several points which they wish to be presented on their behalf. The bullet points below are content prepared by the Applicant justifying the reasons for their preferred option which they have requested be included in the body of the Council report. This was agreed to by Council Officers on the basis that it be made very clear that this content is from the applicant. The bullet points from the applicant are shown in italics below:
- i. *“GPT seeks the City of Parramatta’s support for GPT’s Site Specific DCP Proposal (Proposal).*
 - ii. *To attract high quality national tenants in Parramatta, both market leading buildings with a minimum 1,500sqm floorplates are required. Evidence of this position is that within the last 5 years, no national tenant within the Government or Financial Services sector has leased a floorplate less than 1,500sqm of Net Lettable Area (NLA).*
 - iii. *On this basis, Council’s preferred Option (A) and alternative Option (B) will not attract the high quality tenants of a GPT A-Grade office building, therefore is not commercially viable.*
 - iv. *GPT’s Proposal includes a built form envelope and floorplate that supports the viability of a substantial investment within Parramatta and urban design context of Perth House and George Street.*

- v. *GPT's Proposal puts forward envelope controls facing George St and Perth House that are consistent with a currently approved DA awarded design excellence; refer to DA/954/2017. The remaining setbacks are consistent with built form outcomes within the commercial CBD core.*
 - vi. *GPT is committed to high quality outcomes. This is demonstrated by our purchase of the heritage listed Perth House, which collectively with our Proposal, will deliver community focused outcomes for the precinct.*
 - vii. *GPT's Proposal demonstrates the rationale behind our civic considerations by improving the design response towards Perth House and George Street from Council's alternative option (B).*
 - viii. *GPT has a leading track record for delivering high quality assets. Our current ownership in Parramatta includes 60 Station Street and 32 Smith Street; Parramatta's newest commercial office tower.*
 - ix. *GPT will be investing over \$800 million in the project and its delivery is estimated to enable a net uplift of over 15,100 direct and indirect job during the construction and operational phases of developments.*
 - x. *Supporting the GPT Proposal will contribute a net uplift of \$1.4 billion of annual direct and indirect Gross Value Add contribution to the local economy on an ongoing basis, in net present value terms."*
21. The Applicant has since submitted further correspondence to confirm that they have offered to dedicate a 2 metre wide road widening to Council on the George Street frontage and have suggested a partnership with Council whereby they dedicate the land to Council, subject to Council endorsing their preferred controls within the draft DCP. This issue is discussed further under the heading: "ROAD WIDENING ALLOWANCE TO ACCOMMODATE BICYCLE LANE."

Setback Controls Option C: Alternative option

22. In response to issues raised by the Applicant during the assessment process about commercial floorplate size, Council Officers undertook modelling of various built form arrangements on this site to test whether more floor space could be satisfactorily accommodated.
23. This urban design analysis concluded that "Option A" discussed above remains the Council-officer recommended option. However, should Council form the view that larger floorplates should be accommodated at this site than that provided for in the officer-recommended "Option A", Council officers conclude that a tower without a podium is a preferable built form option to that put forward by the Applicant; this option would have setbacks as follows:

Table 4: The 'Option C' setbacks at 87-91 George Street, Parramatta

	Podium	Tower
North (street) setback	No podium, i.e. bottom levels of the building to have identical setbacks to tower setbacks	12m
East setback		3m
West setback		3m
Rear setback		6m

24. **Figure 6** below depicts the setbacks proposed in “Option C”.

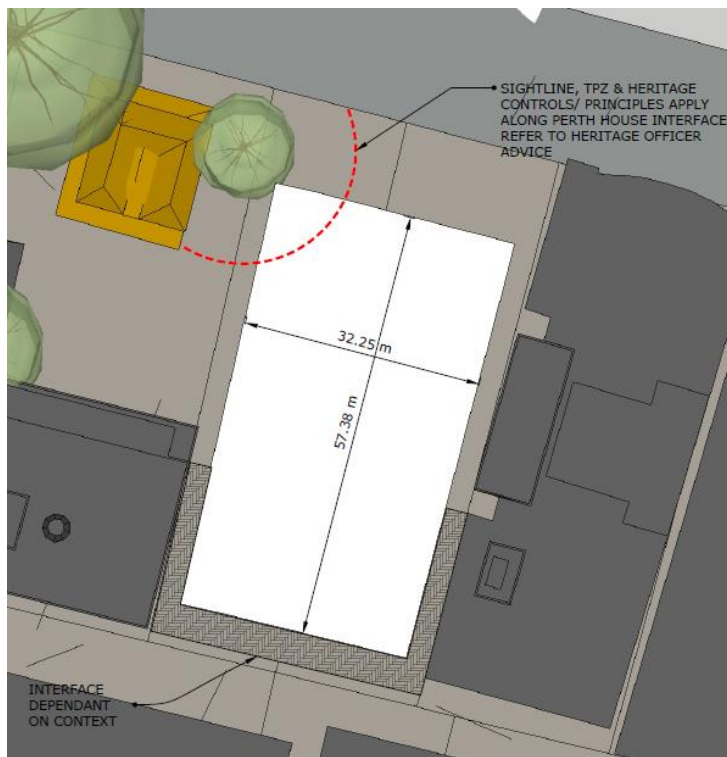


Figure 6: Option C - Siting of the alternative-option tower on the site (note this scheme does not include a podium)

25. Option C has been formulated by Council’s City Design team to increase the size of the tower floorplate compared with Option A while not compromising Perth House. As Perth House is a stand-alone small building with no podium, there is the opportunity to stop any podium on the lot to the east of Perth House and introduce a stand-alone tower without a podium. Under this Option, any podium in future development would not extend onto the subject site at 89-91 George Street but will finish on the site to the east at 93 George Street.
26. Option C introduces a different typology and locates a stand-alone tower on the lot. Because the tower is not encumbered by a podium, the setbacks around the tower can be regularised and slightly reduced. This enables a larger floorplate for the tower and a clear space around the tower. At the rear where the site adjoins the school and existing buildings there is the opportunity for some roof covering depending on design resolution. Option C provides a slightly smaller tower floor plate than the proponent’s scheme (1,480sqm as opposed to 1,588sqm), however it is a superior outcome to that of the proponent because it:
- i. Enables a larger floorplate than the Officer preferred setbacks closer to the applicant’s target floorplate;
 - ii. Reduces the perceived ‘crowding’ of Perth House created by the combination of tower, podium with different street setbacks including the under-croft on George Street and different setbacks on the side boundaries;
 - iii. Creates a generous, clearly defined space between Perth House and the proposed tower;

- iv. Extends the space at ground level in which Perth House sits so that the tower is related to Perth House and not the lots to the east; and
 - v. Opens up sight lines along George Street so that there are clear views to Perth House and the olive tree.
27. Council officers wish to stress that “Option C” is **not** preferred or recommended by Council officers. Council officers’ recommended setbacks remain those discussed in “Option A” above.

Setback controls: Summary and comparison of Options A, B and C

28. A comparison of the setback controls of all three schemes is provided in **Table 5** below.

Table 5: Comparison of setback controls and resulting estimated typical tower level floorplates

	Option A (officer recommended)	Option B (Applicant preferred)	Option C
North (street) setback *	12m	10.5m	12m
East setback	6m	3m	3m
West setback	3m	1.3m	3m
Rear setback	6m	6m	6m
Estimated Gross Building Area, typical tower level	1,677 sqm	1,985 sqm	1,850 sqm
Net Lettable Area (NLA)**, typical tower level (80% of GBA)	1,341.6sqm	1,588sqm	1,480sqm

* **Note:** all northern setbacks from the George Street frontage are measured from the current property boundary and include the area identified for road widening under the draft Land Reservation Acquisition Map under the Parramatta CBD Planning Proposal.

** The Net Lettable Area (NLA) has been calculated using the same 80% efficiency assumption as Gross Floor Area. The independent assessment of the St Johns Anglican Cathedral Planning Proposal by JPW Architects notes that at the early concept stage of development, an 80% efficiency rate assumption is appropriate for estimating the NLA.

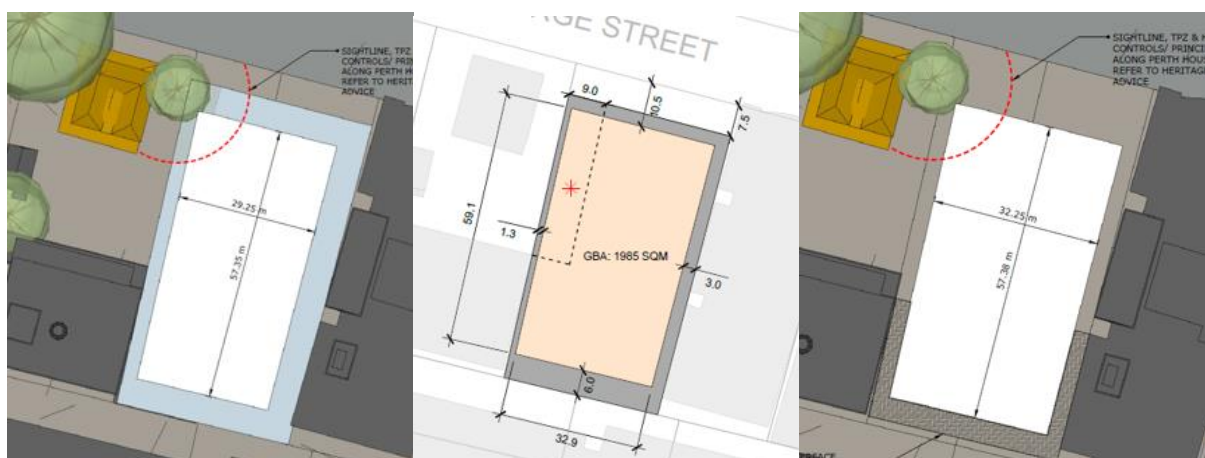


Figure 7: Comparison of Option A, Option B and Option C respectively.

29. The above analysis demonstrates that

- (a) Option A delivers 84% of the floorplate of the Applicant preferred Option B.
 - (b) Option C delivers 93% of the floorplate of the Applicant preferred option B.
30. Council officers conclude by recommending Option A due to the following main reasons:
- (a) Minimises the impacts on Perth House by creating a greater level of separation from the new building form on the subject site
 - (b) Avoids unacceptable impacts on current and future commercial development on the site directly adjacent to the east, and more broadly avoids setting an undesirable precedent about building separation between commercial buildings which if repeated will see many large buildings with minimal spacing between them. The impact of this is that it impacts on light and movement of wind/air in the public domain and makes them much less desirable spaces. This is a poor outcome as activated well used public domain is an amenity and economic asset to the city;
 - (c) Option A still delivers a significant portion of the floorplate sought in the Applicant-preferred option (84%);
 - (d) Option A delivers a NLA floorplate of 1,341 sqm;
 - (e) Compared with the alternative Council Officer option (Option C), Option A is more reflective of the building typology promoted for the Parramatta CBD in terms of being a podium and tower arrangement.
31. Finally, it is noted that the Applicant will still be able to seek to vary the recommended setbacks through the Development Application stages, particularly if the outcomes of the relevant Design Excellence competition support such variations. Giving concessions on DCP controls at DCP-drafting stage risks setting the scene for further concessions to setbacks without justification being fully demonstrated to be pursued through later processes.

URBAN DESIGN v COMMERCIAL FLOOR PLATE TRADE-OFF

32. The tradeoff the applicant is asking Council to consider is to accept a poor quality urban design and heritage outcome in order to maximise the floor plate and therefore the value of their site.
33. Officers acknowledge that sites with larger floor plates are sought after by potential tenants and therefore sites that can achieve larger floor plates will provide a greater return for the developer/building owner.
34. The Strategy embedded in the CBD Planning Proposal for delivering future commercial floor space in the CBD was based on the study “ACHIEVING A-GRADE OFFICE SPACE IN THE PARRAMATTA CBD -ECONOMIC REVIEW” which was updated in 2019. In relation to floor plate size the advice provided in this study is:-

“New A-Grade office space generally needs to have a floorplate size of at least 1,300 sq.m, with most major tenants wanting a floorplate of over 1,500 sq.m. (It is also noted that in some instances tenants are looking for office accommodation with floorplates over 2,000 sq.m, which is more common in

locations such as Macquarie Park and in new major development in the Sydney CBD such as Barangaroo). “

Note: The glossary of the study defines the floorplate area as being: “the rentable area of an entire floor”. This is interpreted to refer to Net Lettable Area (NLA).

35. One of the challenges for the Parramatta CBD delivering commercial floor space is the large number of relatively small sites which need would need to be amalgamated to allow for sites capable of accommodating A-Grade office buildings.
36. Allowing the concession to setbacks requested by the applicant on this site would be seen as a precedent for other sites. A likely outcome is that Council will receive further applications to allow setback similar concessions on smaller sites for the same reason ie to maximise the floor plate size. This will decrease the incentive for sites to be amalgamated and undermine Council’s strategic imperative to drive amalgamation.
37. The study includes a table of potential developments for commercial office space in Parramatta. Whilst the study was undertaken in 2019 it indicates at that time availability of sites to deliver 608,322sqm of A-Grade Office Space (all with a NLA greater than 1,300sqm). A copy of the table from the report is included as **Attachment 3**. Some of the sites in the table have been realised such as sites in Parramatta Square. This shows that generally there is sufficient potential to deliver A Grade Office space in the CBD in the short to medium term.
38. It should also be noted that Council strategy involves zoning areas of Auto Alley along Church Street in the south to provide further longer term potential for A-Grade Office space floor space.
39. Given the short medium and long term A Grade options available in the CBD and the unsatisfactory precedent that would be set that would discourage site amalgamation, it is neither necessary nor consistent with Council’s strategic framework for delivering A-Grade office space in Parramatta, to endorse setbacks as proposed by the Applicant. Particularly given the negative urban design impacts and precedent that would be set if lesser setbacks were endorsed in the DCP.

REMAINING SITE-SPECIFIC DCP CONTROLS

40. Council officers and the Applicant came to agreement on nearly all other matters in the site-specific DCP aside from setback controls as discussed above. The remainder of the DCP controls are summarised in the following paragraphs.

Other matters – podium height

41. Council Officers and the applicant did not come to a full agreement on the matter of the podium height control. The applicant has requested a podium height control of a range between 14 and 25 metres. This conflicts with the

preferred height control of a range of 14 to 21 metres as preferred by Council Officers.

42. The applicant has advised that they prefer the upper limit of the podium height range to be increased from 21 metres to 25 metres to give greater flexibility at the Design Competition stage. In particular, they would like the potential to relate to the height of the existing commercial building adjoining to the east at 93 George Street while still being sympathetic to Perth House.
43. Council Officers recommend the podium height control reflect the range of 14 to 21 metres as this is a principle which is likely to be recommended to Council for the broader CBD through the draft CBD Development Control Plan. Further, it is considered that any attempt to relate the podium height to the existing commercial building to the east will compromise the attempt to relate well to the much lower scale Perth House to the west. It is also noted that the commercial building to the east is a 7 storey commercial building under Torrens Title and may itself be subject to redevelopment in the future.

Other matters – Heritage

44. The draft site-specific DCP incorporates design principles that seek to ensure that the building's interface with the adjacent heritage item is appropriate and does not diminish the heritage values of Perth House. The design principles deal with, amongst other things, façade treatment, view lines, ground-floor permeability, heritage interpretation and landscaping. These principles will be incorporated into the site-specific DCP irrespective of which setbacks are endorsed as part of this report.
45. When analysing the potential impact of the proposed new building on Perth House it was noted that there is a well established olive tree very close to the boundary shared by the subject site and Perth House. This tree is not included in the description of the heritage item at 85 George Street, Parramatta, which is described as 'Perth House and Moreton Bay Fig Tree'.
46. The Arborist Report, submitted with the previously approved DA on 87 George Street, stated that '*The Olive tree near the north-eastern corner of the property is also an old specimen and may be a remnant of the original cottage garden, planted contemporary with Perth House. [The tree] is clearly visible as a mature specimen in the 1943 aerial photo of Sydney (SIX maps).*
47. A further site inspection carried out by Council's Heritage Advisor and Landscape and Tree Assessment Officer revealed that the olive tree is likely to be at least 200 years old, and thus should be included within the heritage listing. Further, it is possible that the olive tree on the site is the oldest olive (of all subspecies) tree in the City of Parramatta area.
48. As the site is State Heritage-listed, it is recommended that Heritage NSW be consulted as part of the exhibition of the site-specific DCP for the 87-91 George St site, and that Council request as part of that consultation that Heritage NSW consider adding the Olive Tree to the description of the item on the State Heritage Register.

49. The draft DCP makes reference to the olive tree and its suspected heritage significance. Further, the draft DCP includes the following provision: “C.1 (a)(3) *Setbacks should maintain and enable continued maturity of the Olive Tree associated with Perth House.*”

Other matters – Sustainability

50. The applicant is relying on the implementation of the Parramatta CBD Planning Proposal controls to commence their development, so as to achieve the greater FSR and height controls proposed under this policy. The Parramatta CBD Planning Proposal will introduce high performing buildings criteria which, under its current drafted form, would apply to the proposed development.

ROAD WIDENING ALLOWANCE TO ACCOMMODATE BICYCLE LANE

51. A 2 metre strip along George St is nominated on the draft Land Acquisition Reservation map under the Parramatta CBD Planning Proposal. The purpose of this LRA notation is to allow for a 2 metre road widening to occur to accommodate a future regional cycleway on George St. Functionally, the 2 metre setback would be used for footpath widening within the footprint of the site, to ensure the footpath was still wide enough after road widening to accommodate the cycleway has occurred.
52. A Planning Agreement is not expected at this site under the Parramatta CBD Community Infrastructure framework, as this framework only applies to residential development. This site is zoned B3, therefore, no residential development option is possible. It is not considered that a Planning Agreement to secure the footpath widening is crucial, as an allowance for footpath widening can be made within the front podium setback in any of the options presented in this report, and this can be made a condition of consent at DA stage.
53. The Applicant has offered to dedicate the 2 metre wide road widening to Council and has suggested a partnership with Council whereby they dedicate the land to Council subject to Council endorsing their preferred controls within the draft DCP. Council Officers do not consider that this is an appropriate arrangement as the Applicant's preferred setbacks are not supported. Further, the front setback from George Street within all options is greater than 2 metres and would allow for this footpath widening to be provided as a condition of development consent without impacting on the development potential. However, given that the applicant has taken the position that support for the road widening is conditional upon their preferred setback being supported, they may object to any control being added to the Draft DCP and any condition being imposed on any future DA requiring to this effect.
54. Ultimately if the Council was unable to acquire the 2m strip via a DA process Council would be required to acquire the site. The setbacks proposed in all options mean this is feasible. Based on land values prepared by independent consultants for land acquisition as part of the CBD Planning Proposal project the expected cost would be in the order of \$150,000.
55. Council's City Significant Development Team has requested that this matter be addressed in the draft Development Control Plan so as to provide a policy

framework for any footpath widening to be required through the DA assessment. It is recommended that the draft DCP at **Attachment 1** be amended to address the potential requirement for footpath construction within the frontage of the site as a result of the road widening within the Parramatta CBD Planning Proposal.

PRELIMINARY CONSULTATION WITH HERITAGE ADVISORY COMMITTEE

56. The Heritage Advisory Committee (HAC) was given a short briefing on this site at its meeting of 21 October 2020. In response, the HAC resolved as follows:

***That** given the importance of Perth House (85 George Street) to the heritage of Parramatta, the Committee supports the provision of a 10m minimum setback along the western edge adjacent to the Heritage item.*

57. It is noted that a 10 metre setback along the western edge is more than the current Parramatta DCP controls and the application of such controls would impact on the ability to develop a commercially viable building on the site.
58. Further, the Committee was advised that the western setback facing Perth House recommended by Council officers would be 0 metres for the podium and 3 metres for the tower. The setback facing Perth House would also be recommended to be subject to heritage controls which will likely result in an increase in the podium setback for part of the western setback as determined through the Design Competition process
59. The Heritage Advisory Committee was updated on the project again at its meeting on 18 February 2021. The committee was advised that Council Officers and the applicant are yet to agree on the building's setbacks. The committee subsequently resolved as follows:

***That** the Committee expresses to Council great concern over the proposal for the site-specific DCP adjacent to Perth House, specifically that there is insufficient area surrounding the cottage (curtilage), and that whilst the historic olive tree will be saved the 1790s fig tree is also a significant part of heritage landscape of Parramatta, which the Committee would also wish to protect.*

60. It is reiterated that further design consideration will be undertaken at design excellence stage to ensure an appropriate interface with the curtilage of Perth House. Further, it is the intention of Council Officers to address the heritage value of the olive tree as part of the implementation of this site-specific DCP

CONSULTATION AND TIMING

61. The recommendation of this report facilitates consultation with the community and relevant public agencies. Council officers propose to consult the following public agencies as part of the public exhibition:
- i. NSW Department of Education (due to proximity to school site)
 - ii. Transport for NSW (RMS, Transport, PLR and Metro)

- iii. DPIE Environment, (both Planning and Energy and Science Branches as the latter branch deals with biodiversity, floodplain risk management and Aboriginal cultural heritage issues)
- iv. Heritage NSW – Department of Premier and Cabinet
- v. Aerospace agencies
- vi. Relevant utilities for energy and water
- vii. State Emergency Service (SES NSW)

62. The table below demonstrates the consultation with other sections of Council that has been undertaken to date. No external consultation has yet been pursued. This will be pursued once the Draft DCP has been endorsed for exhibition by Council.

Date	Stakeholder	Stakeholder Comment	Council Officer Response	Responsibility
18/9/2020	City Design	Concerns were raised regarding applicant's built form in terms of setbacks. City Design formulated Options A and C and recommend Council adopt Option A	Comments reflected in recommendation to Council.	City Planning
18/9/2020	Heritage Officer	Concerns were raised regarding interface with Perth House. Recommended design principles to be included in draft DCP. Noted potential significance of Olive Tree.	Recommended controls reflected in Design Principles under the Section "Heritage".	City Planning
18/9/2020	Environmental Outcomes	Noted that while there are existing ESD controls in PDCP 2011, these will be refined in the upcoming draft DCP for the CBD PP. Recommended a similar approach with subject site with	Noted that it is premature to introduce new ESD controls that have yet to be endorsed by Council through the upcoming DCP for the CBD PP. Existing sustainability measures considered sufficient subject	City Planning

		some amendment.	to some refinement as recommended by Environmental Outcomes.	
18/9/2020	Traffic and Transport	No changes requested.	Noted.	City Planning
18/9/2020	City Architect	Controls within first version of applicant's DCP duplicate existing DCP. Remove and advise applicant of Council's endorsed Business Rules for Design Competitions.	Recommendation is reflected in draft DCP at Attachment 1. Council's endorsed Business Rules for Design Competitions were forwarded to applicant.	City Planning
18/9/2020	City Significant Development	Noted the previous DA history onsite and the identification of the Olive Tree by the applicant's Arborist. Also requested footpath widening be addressed in DCP.	Comments reflected in recommended controls.	City Planning
18/9/2020	Senior Catchment Engineer	No changes requested.	Noted. Flooding addressed in Parramatta CBD Planning Proposal.	City Planning

FINANCIAL IMPLICATION FOR COUNCIL

63. There is no direct financial implication to Council as a result of this report.
64. The Draft DCP does not generate any increased floor area permissible on the site. It relies on the CBD PP for the increase in development potential described in this report. Also the site is zoned for commercial use so the Community Infrastructure Policy framework included in the draft CBD Planning Proposal does not apply. Developer contributions will be payable at Development Application stage.
65. The report suggests that it may be possible to have the 2m land acquisition at the front of the site dedicated as part of the Development Application process, however there is a risk that this may not be possible if this is challenged by the

applicant at Development Application stage. If the land is not able to be secured via the Development Application process current estimates suggest the cost of Council acquiring the land will be in the order of \$150,000.

	FY 20/21	FY 21/22	FY 22/23	FY 23/24	F24/25
Revenue Contribution	0				
Operating Result					
External Costs					
Internal Costs					
Depreciation					
Other					
Total Operating Result					
Funding Source	0				
CAPEX					
CAPEX					
External					
Internal					
Other					
Total CAPEX	0				

CONCLUSION/ NEXT STEPS

66. It is recommended Council endorse the Draft DCP incorporating the setbacks in Option A discussed in this report to allow the matter to be placed on public exhibition. The exhibition outcomes will be reported to Council to allow Council to determine the Draft DCP.

Felicity Roberts

Project Officer-Land Use Planning

Sarah Baker

A/Team Leader Land Use Planning

Roy Laria

Land Use Planning Manager

Robert Cologna

Acting Group Manager, City Planning

David Birds

Acting Executive Director, City Planning & Design




Paul Perrett

Chief Financial Officer

Brett Newman

Chief Executive Officer

ATTACHMENTS:

1 	Draft Development Control Plan	13 Pages
2 	Applicant's Addendum	34 Pages
3 	Table of potential A grade office space	1 Page

REFERENCE MATERIAL



DRAFT SITE SPECIFIC DCP

87-91 George Street,
Parramatta

For inclusion in Section 4.3.3.7 City Centre Special
Areas of the Parramatta DCP 2011

Prepared for
GPT GROUP
18 February 2021



URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director	Murray Donaldson
Senior Consultant	Nazia Pokar / Jocelyn McDowall
Project Code	P0019169
Report Number	DRAFT FOR COUNCIL REVIEW-Version 2

All information supplied to Urbis in order to conduct this research has been treated in the strictest confidence. It shall only be used in this context and shall not be made available to third parties without client authorisation. Confidential information has been stored securely and data provided by respondents, as well as their identity, has been treated in the strictest confidence and all assurance given to respondents have been and shall be fulfilled.

© Urbis Pty Ltd
50 105 256 228

All Rights Reserved. No material may be reproduced without prior permission.

You must read the important disclaimer appearing within the body of this report.

urbis.com.au

CONTENTS

87-91 George Street, Parramatta	1
Land and Development covered by this plan	1
Relationship to other Planning Documents.....	1
Desired Future Character	1
Heritage	2
Built Form.....	4
Sustainability	5
Disclaimer	7

FIGURES

Error! Reference source not found. 4.3.3.7.XX - Area covered by this development control plan amendment for 87 to 91 George Street, Parramatta	1
Error! Reference source not found. 4.3.3.7.XX - State and local heritage items in the vicinity of 87 to 91 George Street, Parramatta	2
Error! Reference source not found. 4.3.3.7.XX - Heritage Interface and Setbacks	4
Error! Reference source not found. 4.3.3.7.XX - 87-91 George Street – Maximum Building Envelope Diagram, view from North East.....	5
Error! Reference source not found. 4.3.3.7.XX - 87-91 George Street – Maximum Building Envelope Diagram, view from North West.....	5
Error! Reference source not found. 4.3.3.7.XX - 87-91 George Street – Building Setback Control Diagram	5

THIS PAGE IS LEFT INTENTIONALLY BLANK

87-91 GEORGE STREET, PARRAMATTA

Land and Development covered by this plan

This part of the DCP applies to No. 87 to 91 George Street, Parramatta. The site comprises 2 parcels of land fronting George Street legally known as Lot 1 DP 505486 and Strata Plan 71180 within the Parramatta CBD, as shown in 4.3.3.7.XX.



Figure 4.3.3.7.XX - Area covered by this development control plan amendment for 87 to 91 George Street, Parramatta

Relationship to other Planning Documents

This part of the DCP is to be read in conjunction with other parts of this DCP and the Parramatta City Centre Local Environmental Plan (LEP) 2011.

If there is any inconsistency between this part of the DCP and other parts of the Parramatta City Centre DCP 2011, this part of the DCP will prevail.

Desired Future Character

The redevelopment of the site will deliver an A-grade commercial building. The design will achieve an elegant tower that will contribute to the revitalisation of George Street, and will reinforce the character of the Parramatta City Centre as a centre for employment, and business. The office tower in the heart of Parramatta's CBD will meet the needs of large and very large office space users to support the Parramatta CBD in its role as a Sydney's Central City CBD.

The redevelopment of the site will provide for an appropriate relationship to the state significant heritage item known as 'Perth House' to the west of the site whilst responding to the future envisaged scale of the CBD. The sense of place will come from the significant heritage and culture characteristics of the local context,

whilst retail services and public space amenity will be critical to the success of the site and surrounding precinct.

The redevelopment of the site is required to establish an active street frontage to George Street. The design of the building at ground level will embrace and enhance the setting of the heritage item and the special qualities of the adjacent streetscape context including the historic Fig tree and Olive tree. Convenient, vibrant, and high-quality retail spaces and publicly accessible spaces will service the community in the building and in surrounding buildings.

Large floor plates are to be designed to meet the needs of large government and corporate tenancy workplace requirements. The workplace environment will celebrate natural light, fresh air, indoor and outdoor space, worker flexibility, efficiency, comfort, and views of the greater Parramatta region. The design will accommodate opportunities for bicycle parking and end of trip facilities.

Heritage

The subject site is not a listed heritage item on the Parramatta Local Environment Plan (LEP) 2011 or the State Heritage Register (SHR); however as identified in Figure 4.3.3.7.XX, it is located in the vicinity of a number of state and locally listed heritage items, including:

- Perth House, stables, carriageway (SHR no. 00155) - 85 George Street, Parramatta
- Moreton Bay Fig (heritage tree) (SHR no. 00155) – 85 George Street, Parramatta
- Convict Barracks Wall and Potential Archaeological Site (Item no. I717) – 80-100 Macquarie Street, Parramatta
- Convict Drain (Item no. I647) – George Street
- Arthur Phillip High School (Item no. I1720) at 175 Macquarie Street, Parramatta.
- Olive Tree (unidentified item subject to future investigation due to potential to be original planting) – 85 George Street, Parramatta.

The Parramatta LEP 2011 sets out the controls for development within the vicinity of heritage items.



Figure 4.3.3.7.XX State and local heritage items in the vicinity of 87 to 91 George Street, Parramatta

Objectives

- O.1 Embrace the distinctive local context by recognising the contextual relationship with the surrounding heritage listed items through a scale and form that is contextually appropriate.
- O.2 Conserve the heritage significance of 85 George and 80 -100 Macquarie Street by respecting the heritage buildings and settings.
- O.3 Ensure future development of the site enhances the heritage qualities of the heritage items on the adjoining sites.
- O.4 To create a commercial building with setbacks and articulation that are compatible with maintaining a strong streetscape presence for the adjoining heritage item "Perth House".

Controls

- C.1 The development should respond to and protect the significance of Perth House and identified trees as shown in Figure 4.3.3.7.XX in the following ways:
 - (a) Podium setbacks to the north (George Street) and west (Perth House – 85 George Street) should comply with the following design principles:
 - (i) Views from George Street to the eastern façade of Perth House should be maximised and enhanced by articulation and selection of materials and finishes.
 - (ii) Pedestrian access and activation should be encouraged around the podium to Perth House to increase public appreciation and aid heritage interpretation
 - (iii) Setbacks should maintain and enable continued maturity of the Olive Tree associated with Perth House.
 - (b) the tower form should have a minimum 1.5m separation from Perth House; and
 - (c) the western façade of the site is to be designed to respect the scale and maintain legibility of the eastern façade of Perth House through articulation and appropriate selection of materials and finishes.
 - (d) Subject to design excellence and environment impact studies, development should have vertical walls, with protrusions and recesses minimised
 - (e) Landscaping should generally be based on historic landscaping layouts and schemes, and should be used to enhance Perth house presentation
 - (f) Ground floor areas of the future building should provide a direct outlook to the Perth House curtilage, with visual clutter adjacent to Perth House minimised.
 - (g) New buildings must incorporate interpretation of heritage significance of the place.

Note: Proponents are referred to best-practice guidelines including *Design in Context guidelines for infill development in the historic environment*, prepared by the NSW Heritage Office (now Heritage Branch, Office of Environment and Heritage) and RAIA (now Australian Institute of Architects).

- C.2 Encourage pedestrian access around the heritage-listed buildings from the site to increase public appreciation and aid interpretation.
- C.3 Provide opportunities for views of Perth House from George Street (east) with the provision of a heritage view corridor setback as shown in Figure 4.3.3.7.XX along the frontage of the subject site to maintain the association between both sites and appreciation of the state heritage item and significant trees from the George Street.
- C.4 Trees listed as being of heritage significance on 85 George Street must be retained and protected.

Figure to be inserted to reflect Council's resolution.

Figure 4.3.3.7.XX - Heritage Interface and Setbacks

Source: Fender Katsalidis Architects

Built Form

This section seeks to establish built form controls for the site to deliver a development which exhibits architectural design excellence and will positively contribute to the emerging and future character of the Parramatta CBD. The urban form will enable commercial uses to support a thriving economic city centre and promoting modern and flexible workplaces.

Objectives

- O.1** Facilitate the redevelopment of the site to achieve a high-quality urban form which respects the heritage significance of adjoining sites and exhibits design excellence.
- O.2** Establish the building envelope requirements for 87-91 George Street, Parramatta and facilitate designers as part of a future design excellence competition.
- O.3** The built form is to provide for large, flexible and efficient commercial floorplates suitable for achieving A grade office space.
- O.4** Provide for a range of retail uses for the activation of the ground floor plane along George Street suitable for day and night-time activities.

Controls

- C.4** Ensure the new development provides suitable levels of solar access to 85 George Street.
- C.5** Roof design is to make a positive contribution to the quality of the CBD skyline.
- C.6** Opportunities for outdoor areas and terraces should be considered in order to enhance the amenity for future building occupants.
- C.7** Future development should also have regard to the potential wind impact on George Street and publicly accessible areas on the adjoining site at 85 George Street.

Figure to be inserted to reflect Council's resolution.

Figure 4.3.3.7.XX - 87-91 George Street – Maximum Building Envelope Diagram, view from North East

Source: Fender Katsalidis Architects

Figure to be inserted to reflect Council's resolution.

Figure 4.3.3.7.XX - 87-91 George Street – Maximum Building Envelope Diagram, view from North West

Source: Fender Katsalidis Architects

Figure to be inserted to reflect Council's resolution.

Figure 4.3.3.7.XX - 87-91 George Street – Building Setback Control Diagram

Source: Fender Katsalidis Architects

Sustainability

This section seeks to deliver an ecological sustainable building which responds to the local climate conditions and seeks to combat the effects of the urban heat island affecting Western Sydney. This will implement a best practice sustainability approach based on recognised industry frameworks to deliver the ESD outcomes throughout the design, construction, commissioning, and occupation stages, that respond to the rapidly emerging consciousness of ESD principles both globally and locally:

Objectives

- O.1** Deliver a commercial development that exhibits sustainable design practices and is a legacy for future generations.
- O.2** The development should be resilient to the impacts of climate change and urban microclimate, including extreme heat, storm events, energy uncertainty, water scarcity and bushfires.
- O.3** The design should seek to maximise the quality of the indoor environment and wellness for building occupants and visitors.

- O.4** Building envelopes and façade articulation that are expressive and achieve high levels of solar protection and minimise reflected heat into public areas.
- O.5** Evolve building design to best position the future asset to accommodate a pandemic environment.

Controls

- C.1** Development is to achieve the following best practice sustainability standards for the site, including:
- Zero Net Carbon in operation.
 - 6 Star Green Star (Design and As Built) for commercial office buildings under Green Building Council of Australia (GBCA).
 - 5.5 Star NABERS Energy Base Building Rating.
 - 4 Star NABERS Water Base Building Rating.
 - Resilience and flexibility of energy supply.
 - Maximise natural ventilation, daylight and winter sun access.
- C.2** The façade should be designed to minimise energy use by reducing heat gain while improving user comfort through glare control.
- C.3** Design with a circular economy approach to minimise consumption of finite resources both during construction and for the lifecycle of the building. Such as:
- Minimising construction waste to landfill
 - Selecting recycled materials or with low embodied carbon
 - Dematerialising or reducing materials which do not add performance or functional value
 - Introducing design initiatives to reduce operational waste.
 - Designing energy and water efficient systems
- C.4** Explore carbon positive pathways by relying on passive design strategies and exploring high efficiency solutions for building services, maximising the site's potential to integrate renewable energy systems and designing for a fully electrical building (not reliant on gas) and require tenants to deliver fitouts which do not utilise gas.
- C.5** Implement socially sustainable and community engagement practices, following best practice guidelines of early and continued engagement.

DISCLAIMER

This report is dated 18th February 2021 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 (**Urbis**) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of GPT Group (**Instructing Party**) for the purpose of DRAFT Site-Specific DCP (**Purpose**) and not for any other purpose or use. To the extent permitted by applicable law, Urbis expressly disclaims all liability, whether direct or indirect, to the Instructing Party which relies or purports to rely on this report for any purpose other than the Purpose, and to any other person which relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

In preparing this report, Urbis was required to make judgements which may be affected by unforeseen future events, the likelihood and effects of which are not capable of precise assessment.

All surveys, forecasts, projections and recommendations contained in or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report, and upon which Urbis relied. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

In preparing this report, Urbis may rely on or refer to documents in a language other than English, which Urbis may arrange to be translated. Urbis is not responsible for the accuracy or completeness of such translations and disclaims any liability for any statement or opinion made in this report being inaccurate or incomplete arising from such translations.

Whilst Urbis has made all reasonable inquiries it believes necessary in preparing this report, it is not responsible for determining the completeness or accuracy of information provided to it. Urbis (including its officers and personnel) is not liable for any errors or omissions, including in information provided by the Instructing Party or another person or upon which Urbis relies, provided that such errors or omissions are not made by Urbis recklessly or in bad faith.

This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the reasonable belief that they are correct and not misleading, subject to the limitations above.

APPENDIX A

APPENDIX

DRAFT



The logo for URBIS.COM.AU, featuring a horizontal bar with a gradient from blue to green above the text "URBIS.COM.AU" in a bold, sans-serif font.



CONTENTS

Executive Summary	3
Introduction	5
A Shared Vision for Parramatta CBD	6
GPT's Vision for 87-91 George Street: Celebrating History, Creating Opportunity	7
A History of Responding to Context with Design Excellence	8
Council and GPT are Aligned in Delivering A-Grade Office Space in the Parramatta CBD	9
Responding to George Street and Perth House with Design Excellence	11
GPT's Rationale: Responding to the Local Context	12
Benefits to Parramatta Community	13
Appendices	
• Appendix A: Project Team	
• Appendix B: Alignment of GPT Proposal to Council Proposals	
• Appendix C: Proposed Site-Specific DCP Controls and Diagrams	
• Appendix D: JLL Data 2021 Study	

EXECUTIVE SUMMARY

GPT IS EXCITED BY THE CONTRIBUTION 87-91 GEORGE STREET WILL HAVE TO ACHIEVING THE CITY OF PARRAMATTA'S VISION FOR PARRAMATTA AS THE HEART OF THE CENTRAL RIVER CITY, A VIBRANT BUSINESS AND CULTURE CENTRE.

GPT'S PROPOSED SITE-SPECIFIC DCP BUILDING ENVELOPE IS ALIGNED WITH COUNCIL'S VISION FOR THE PARRAMATTA CBD, ACHIEVING A 1,500SQM NLA FLOORPLATE TO ATTRACT NATIONAL TENANTS.

IT IS ESSENTIAL THAT COUNCIL ENDORSE A SITE-SPECIFIC DCP ENVELOPE THAT PROVIDES A MINIMUM 1,500SQM NLA FLOORPLATE.

Site-Specific DCP: 87-91 George Street, Parramatta

17/03/2021

Page 3

GPT shares Council's vision for the Parramatta CBD. Parramatta has a bright future.

Following the recent opening of 32 Smith Street, GPT is excited to be working collaboratively with the City of Parramatta (Council) to enhance the prominence of the Parramatta CBD with 87-91 George Street that will be developed for a new market-leading A-grade commercial tower.

GPT's proposal is to progress the site-specific DCP with envelope controls that enable commercial floorplates that are greater than 1,500sqm NLA, to meet the leasing market of leading national organisations.

The site-specific controls, particularly the boundary setbacks and resulting floorplates, are crucial to supporting this shared vision. GPT's proposal presents a carefully considered response to the local context and setting that builds on and improves on the previous hotel DA approval for the site.

GPT's proposal:

- **Aligns to the Parramatta CBD Planning Proposal intent to provide high quality A-Grade office space** in Parramatta CBD attracting top-tier and national commercial tenants;
- **Delivers a podium and tower building form response that mitigates the scale of a tower and provides a strong-streetscape response** that recognises George Street's role as the original high street of Parramatta;
- **Delivers a generous podium setback to Perth House of 9m** which seeks to improve the response to the distinctive heritage context of Perth House, the Fig Tree and 80-100 Macquarie Street;
- **Delivers floorplates aligned to market demand, with national tenants seeking greater than 1,500sqm NLA to meet their office accommodation requirements.**

GPT's proposal aims to define the parameters to inform a competitive design excellence process on site.

EXECUTIVE SUMMARY (CONT.)

GPT will be investing over \$800 million in the project and its delivery is estimated to enable:

- Approximately **to 80,000 sqm GFA of prime-grade office space** within the heart of the Parramatta CBD;
- Establish opportunities for a **partnership with Council to revitalize and open Perth House** to the Parramatta community;
- **Enable a competitive design excellence process to deliver an integrated design** that responds to the heritage significance of Perth House, the prominence of George Street to the CBD and improves the urban outcome of the evolving city;
- A **net uplift of approx. 15,000 direct and indirect jobs** during the construction and operational phases of developments; and
- The ability to contribute **a net uplift of \$1.4 billion of annual direct and indirect Gross Value Add contribution to the local economy** on an ongoing basis, in net present value terms.

GPT request Council's support to progress the site-specific DCP with the envelope controls to achieve commercial floor plates that are greater than 1,500sqm NLA, with the aim of attracting national and multi-national organisations to Parramatta CBD.



INTRODUCTION

Purpose of Report

This report has been prepared on behalf of the GPT Group (GPT) by Urbis Pty Ltd (Urbis) to **outline GPT's development proposal for a new A-Grade commercial office tower located at 87-91 George Street, Parramatta** (site) within the Parramatta Local Government Area.

To progress the proposal, a site-specific DCP is required to be endorsed by the Councillors of the City of Parramatta. This report describes **why GPT's proposal is aligned with Council's vision for Parramatta CBD**.

This report has been informed by a detailed review of the existing and future context of the Parramatta CBD and demonstrates why GPT's proposal is able to be supported.

Since June 2020, GPT has been in discussion with the City of Parramatta Planning Unit and City Architect, in consideration of the Parramatta CBD Planning Proposal and the site specific requirements, with the aim of progressing to an architectural design competition and Development Application as soon as possible in 2021.

The site-specific DCP should enable a development proposal for a new market leading commercial office tower located at 87-91 George Street, and the site-specific controls, particularly the boundary setbacks and resulting floor plates, are crucial to the achieving an A-Grade office tower that is aligned with Council's vision to grow the Parramatta CBD.



GPT REQUEST COUNCIL'S SUPPORT TO PROGRESS THE SITE-SPECIFIC DCP WITH THE ENVELOPE CONTROLS TO ACHIEVE COMMERCIAL FLOORPLATES THAT ARE GREATER THAN 1,500SQM NLA, WITH THE AIM OF ATTRACTING NATIONAL AND MULTI-NATIONAL ORGANISATIONS TO PARRAMATTA CBD.

A SHARED VISION FOR PARRAMATTA CBD

Parramatta CBD: A Vibrant Business and Cultural Hub

GPT shares Council's vision for Parramatta CBD as a vibrant business and cultural hub. At the core of any great city is quality design and planning.

- GPT has confidence in the planning process for the delivery of development in Parramatta CBD.
- GPT recently announced a revised target to achieve **net zero carbon emissions** across its portfolio **by the end of 2024**, reflecting a market leading position.
- GPT's recent opening of **32 Smith Street** has set a new benchmark for **workplace design in Parramatta**, incorporating market leading amenity, technology and sustainability initiatives.
- GPT will **conserve, recognise and celebrate the significance Perth House**, revitalizing to provide opportunities for partnerships with Council and community groups.
- Council's CBD Planning Proposal seeks to deliver an extra 50,000 jobs over the next 40 years. **GPT is excited to contribute up to 21,600 jobs** through the existing and planned portfolio, **positioning Parramatta as a global centre for business and investment**.
- **GPT commends Council's on their vision for tall, slender towers** that provide sunlight, celebrate views and provide strong streetscape responses to the public domain, reinforcing an important nexus of design outcomes and attracting and retaining tenants and investment.
- **87-91 George Street proposal will be is the third significant investment by GPT in Parramatta and further contributing towards realising Council's vision for the Parramatta CBD Proposal.**

GPT's Existing & Proposed Investment to Parramatta CBD


 **\$1.503 BILLION INVESTMENT**

 **UP TO 121,600SQM OFFICE NLA**

 **21,600 JOBS**

GPT is committed to a Net-Zero Portfolio by 2025. Since 2005, GPT have reduced

 **60% EMISSIONS**

 **45% ENERGY**

 **46% WATER**

GPT'S VISION FOR 87-91 GEORGE STREET: CELEBRATING HISTORY, CREATING OPPORTUNITY

87-91 George Street will provide a vibrant A-Grade commercial tower, that celebrates Perth House and supports the continued growth of Parramatta as a vibrant business and cultural CBD.

Endorsement of the site-specific DCP by the Councilors will enable Council and GPT to commence the Design Excellence Competition Process. Council's Design Excellence Process has a record of raising the bar for delivery of high-quality, architectural responsive design outcomes that contribute to the natural, cultural, visual and built character of Parramatta.



UP TO 80,000SQM A-GRADE OFFICE SPACE



PARTNER WITH COUNCIL TO OPEN PERTH HOUSE TO THE PARRAMATTA COMMUNITY



A NET UPLIFT OF 15,000 DIRECT & INDIRECT JOBS



A NET UPLIFT OF \$1.4 BILLION OF ANNUAL DIRECT GROSS VALUE ADD/ANNUM



ESTABLISHING A COMPLIMENTARY PRECINCT THAT CELEBRATES PERTH HOUSE

Site-Specific DCP: 87-91 George Street, Parramatta



17/03/2021

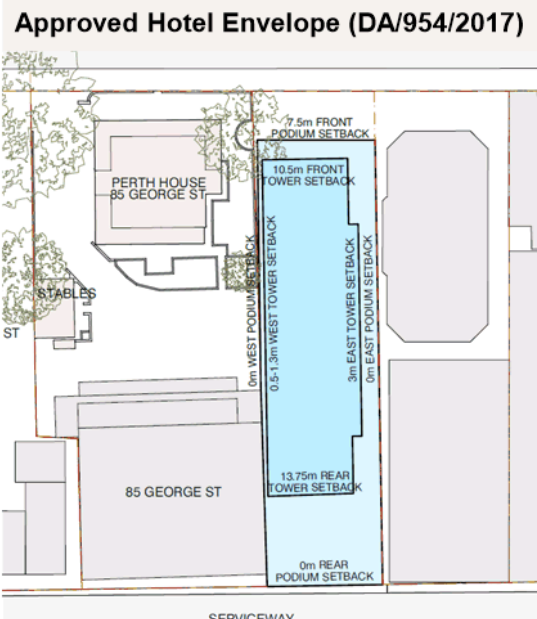
Page 7

A HISTORY OF RESPONDING TO CONTEXT WITH DESIGN EXCELLENCE

Design Excellence Awarded to 89 George Street

In July 2018, the Sydney Central City Planning Panel approved a 28 storey hotel on 89 George Street (DA/954/2017). The hotel was subject to Council's Competitive Design Excellence Process, with the Jury awarding Group GSA's scheme design excellence. The scheme achieved design excellence with a:

- 1.3m tower setback to the western boundary (Perth House);
- 10.5m tower setback to the northern boundary (George Street);
- A podium with strong datum lines that reflect the 'verandah' of Perth House on George Street; and
- Architectural design and setbacks which maximises shared views along George Street and Perth House.



Site-Specific DCP: 87-91 George Street, Parramatta



**COUNCIL PREVIOUSLY AWARDED
DESIGN EXCELLENCE TO THE SITE.
GPT'S PROPOSAL IS CONSISTENT
WITH APPROVED SETBACKS TO
PERTH HOUSE AND GEORGE STREET.**

17/03/2021

Page 8

COUNCIL & GPT ARE ALIGNED IN DELIVERING A-GRADE OFFICE SPACE IN PARRAMATTA CBD

Council's CBD Planning Proposal Proved 1,500sqm Floorplates are Achievable on 2,500sqm Sites

The setback controls proposed to date by Council officers are not commercially viable. The setbacks do not achieve the Council objectives for creating opportunities for increasing the supply of A-Grade office space in the Parramatta CBD. These objectives are incorporated into the Parramatta CBD Planning Proposal and proposed LEP amendments, and supporting documents placed on public exhibition.

The Parramatta CBD Economic Review for the Parramatta CBD Planning Proposal makes a number of important observations, as follows:

- All recent office buildings developed in the last decade in the Parramatta CBD have been over 1,290 sqm;
- Parramatta has experienced significant competition from new centres such as North Ryde, Norwest and Sydney Olympic Park, which have been able to develop new large floorplate campus style office buildings; and
- The older office buildings generally have floorplates of under 1100 sqm, have higher vacancy.

Urban design testing was undertaken by Council, which indicates that A-Grade office floorplates of 1,500 sqm can generally be achieved on sites over 2,500 sqm.

87-91 GEORGE STREET HAS AN AREA OF 2,871 SQM, WELL EXCEEDS THE THRESHOLD IN THE CBD PLANNING PROPOSAL FOR SITES ABLE TO INCENTIVISE THE SUPPLY OF A-GRADE COMMERCIAL OFFICE SPACE. AND ACHIEVE FLOOR PLATES IN EXCESS OF 1,500 SQM.

Site-Specific DCP: 87-91 George Street, Parramatta



17/03/2021

Page 9

COUNCIL & GPT ARE ALIGNED IN DELIVERING A-GRADE OFFICE SPACE IN PARRAMATTA CBD (CONT.)

GPT's Market Analysis Demonstrates Major A-Grade Office Tenants Seek Minimum Floorplates >1,500sqm NLA

Council's CBD Planning Proposal seeks to deliver new A-Grade office space to Parramatta CBD, that is flexible, accessible and allows for efficiency workplace design and internal circulation.


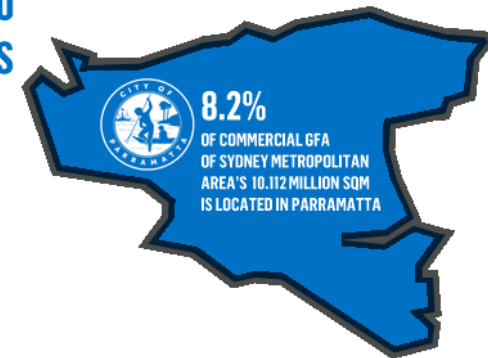
GPT has drawn on their experience across the eastern seaboard to understand market demand in Parramatta CBD. Typically, A-grade tenants are seeking larger floorplates (1,500sqm NLA or more) that enable:

- Greater occupier efficiency and productivity outcomes,
- A collaborative workplace that supports stronger relationships between specialists businesses
- Shared spaces that allow for greater connections between team members
- Flexibility in accommodating project space and adapting to changing space requirements
- Occupancy cost minimisation.

GPT will require pre-commitment from a major tenant prior to commencing construction.

IN SYDNEY CBD 76% OF BUILDINGS COMPLETED BETWEEN 2010-2020 HAVE FLOORPLATES >1,500SQM

70% OF MAJOR TENANTS REQUIRE MINIMUM 1,500 SQM FLOORPLATE, A POSITIVE SHIFT THAT HAS OCCURRED SINCE 1970

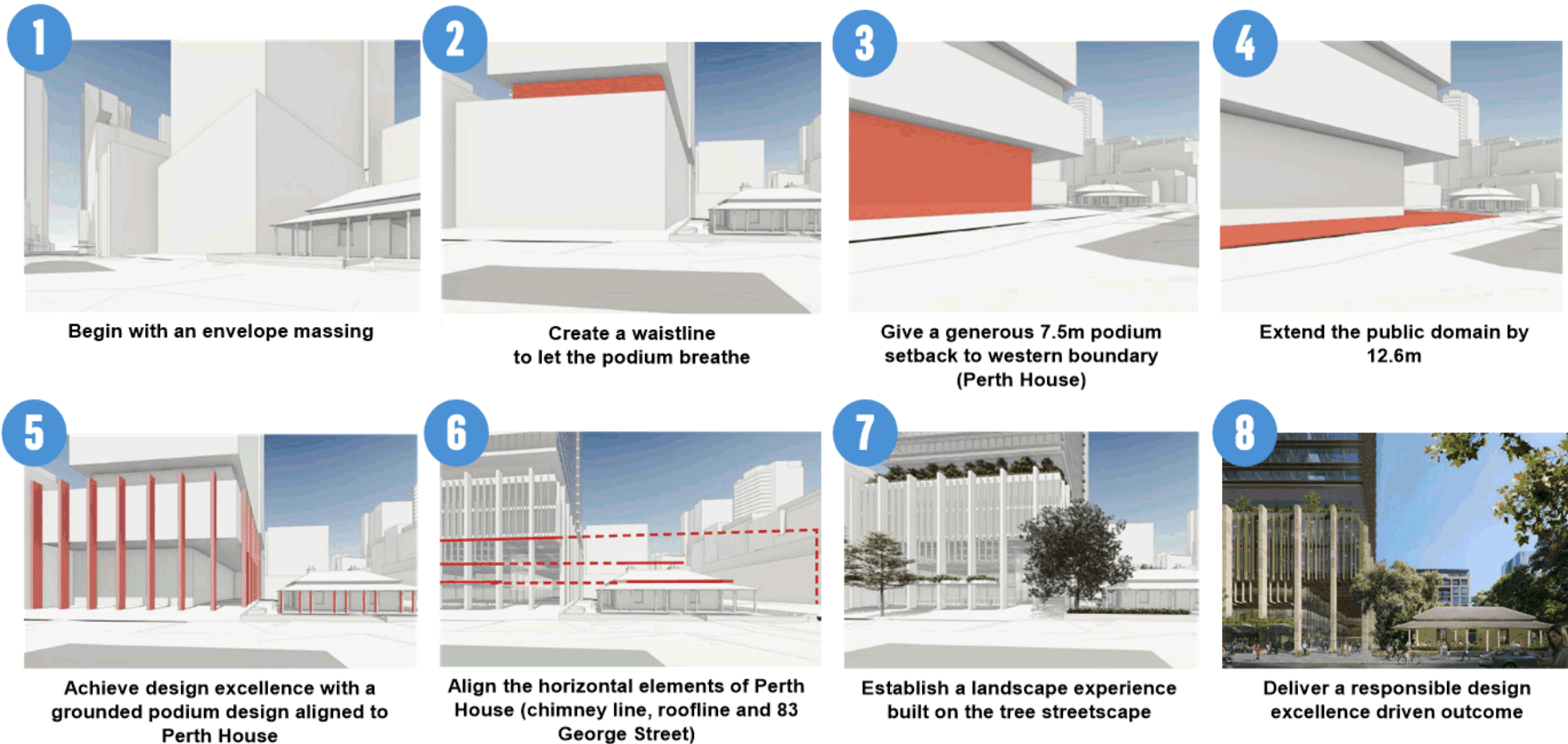



BETWEEN 2015-2020 NATIONALLY, NO MAJOR GOVERNMENT OR FINANCIAL SERVICES SECTOR TENANTS MOVED INTO BUILDINGS WITH LESS THAN 1,500SQM FLOORPLATE

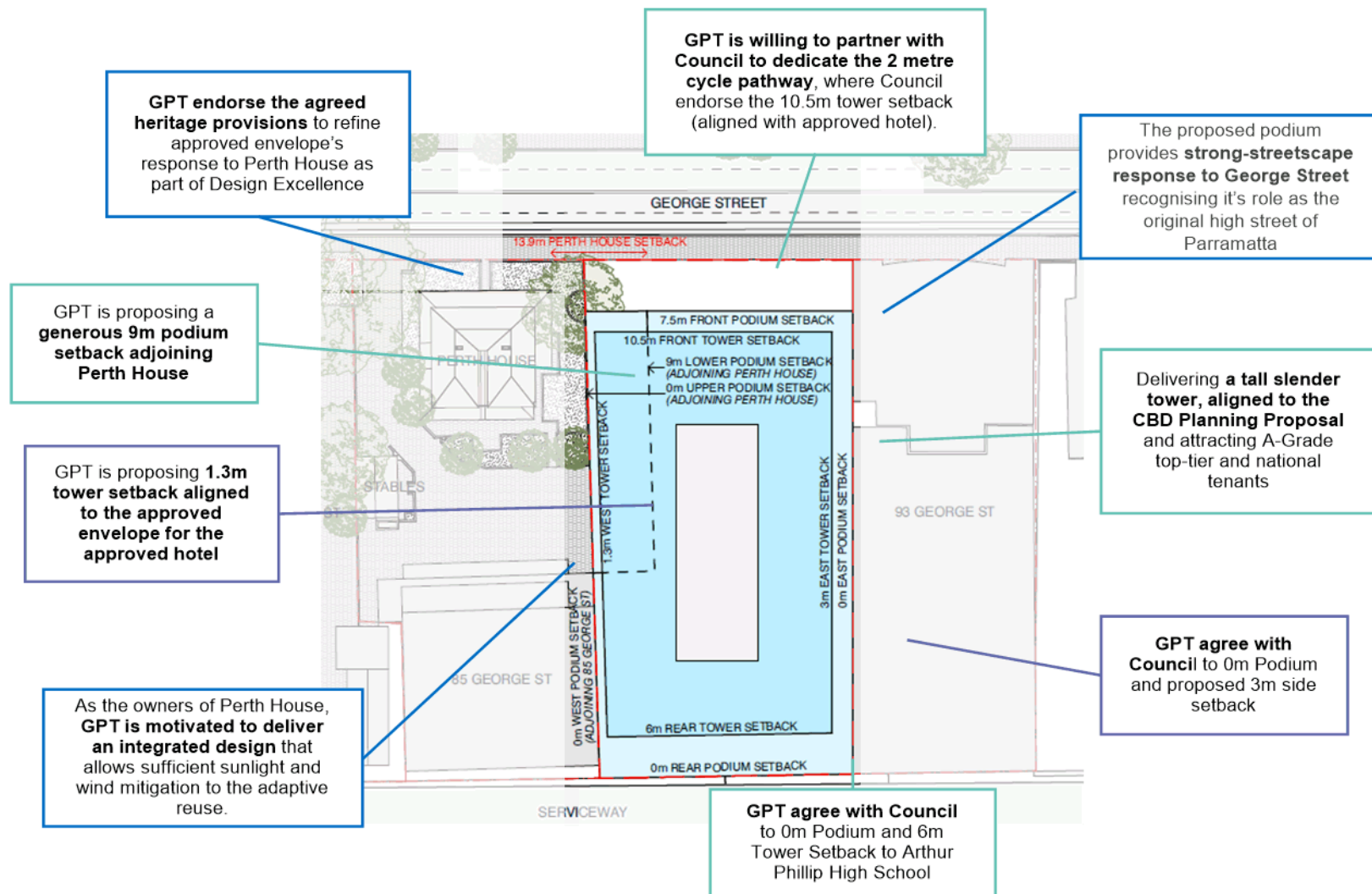
RESPONDING TO GEORGE STREET & PERTH HOUSE WITH DESIGN EXCELLENCE

87-91 George Street will provide a vibrant A-Grade commercial tower, that celebrates Perth House and supports the continued growth of Parramatta as a vibrant business and cultural CBD.

The following sequence of images illustrating how GPT's proposal can achieve design excellence, unlocking the potential sought by Council's CBD Planning Proposal. The design excellence principles align to those previously endorsed for the approved hotel on site.



GPT'S PROPOSED RATIONAL: RESPONDING TO THE LOCAL CONTEXT



Site-Specific DCP: 87-91 George Street, Parramatta

17/03/2021

Page 12

BENEFITS TO PARRAMATTA COMMUNITY

Revitalising Perth House as a Place for the Community

- GPT is committed to refurbishing and revitalising Perth House
- GPT wishes to partner with Council to allow accessibility for Council's current programs and initiatives.

Pedestrian and Cyclist Friendly George Street

- GPT is willing to dedicate the land required for a new regional cycleway along George Street, where Council to endorse the proposed envelope controls that allows a tower floorplate greater than 1,500sqm

Delivering Flexible and Sustainable A-Grade Office Space

- Council's Economic Review for the Parramatta CBD Planning Proposal identified that sites greater than 2,500sqm should be capable of 1,500 sqm NLA floor plates, aligning to market demand

Supporting the Continued Growth of Parramatta CBD

- A net uplift of 15,000 direct and indirect jobs, and a net uplift of \$1.4 billion of annual direct gross value add per annum

GPT'S VISION FOR 87-91 GEORGE STREET ALIGNS WITH COUNCIL'S VISION FOR A VIBRANT BUSINESS AND CULTURAL CBD AND RESPONDS TO THE GEORGE STREET CONTEXT. INVESTMENT BY GPT REQUIRES A MINIMUM TOWER FLOORPLATE OF 1,500SQM NLA.





URBIS.COM.AU

APPENDIX A

GPT

The GPT Group (GPT) is a listed property group and is an active developer and manager of \$25.3 billion worth of high-quality Australian retail, office and logistics property assets. GPT has long favoured a proactive and cooperative approach to working with all levels of Government to achieve the highest quality outcomes for all stakeholders.

GPT's office portfolio is the highest quality of an Australian REIT and includes a number of iconic assets in Eastern Seaboard locations. GPT's office investment of \$13.1 billion consists of a portfolio of assets held on the Group's balance sheet and an investment in the GPT Wholesale Office Fund, giving GPT exposure to 24 Premium and A-Grade office buildings.

This development proposal is the third significant investment by GPT in Parramatta, which aims to strengthen Parramatta's role as Sydney's Central River City by delivering high-quality commercial floor space that drives long term private and public sector investment.

This development proposal follows GPT's acquisition of 60 Station Street and the recent completion of GPT's latest office tower at 32 Smith Street, Parramatta, which has set a new benchmark for workplace design in Parramatta, incorporating market leading amenity, technology and sustainability initiatives.

Consultant Team

This report and the GPT preferred development option for the site-specific DCP has been informed by a detailed review of the existing site and future context of the area. GPT engaged a specialist team of consultants to undertake analysis and identify the appropriate site-specific DCP controls, including:

- Fender Katsaladis (Architecture and Urban Design)
- NBR Architecture (Heritage)
- Icon Project Management
- Urbis (Planning)



NBRARCHITECTURE.



About GPT

GPT is a vertically integrated diversified property group that owns and actively manages its \$24.4 billion portfolio of high quality Australian office, logistics and retail assets. The Group leverages its real estate management platform to enhance returns through property development and funds management.

Listed on the Australian Securities Exchange (ASX) since 1971, today The GPT Group is a constituent of the S&P/ASX 50 with a substantial investor base of more than 32,000 securityholders.

Our vision






To be the most respected property company in Australia in the eyes of our investors, people, customers and communities.

Our purpose

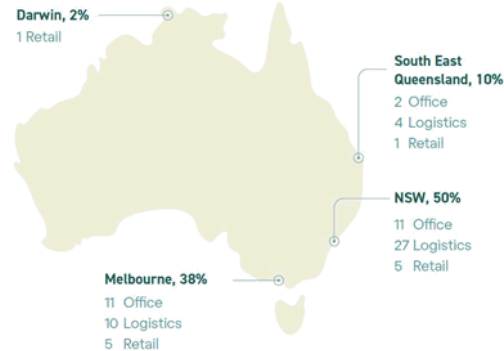
To create value for investors by providing high quality real estate spaces that enable people to excel and our customers and communities to prosper in a sustainable way.

Our values

Each day, our core values guide our employees as they work to deliver on our purpose.

-  **Safety First – Everyone, Always**
We care about people above everything else.
-  **Deliver Today, Create Tomorrow**
We focus on the present and the future to deliver consistent, dependable performance.
-  **Value Differences, Play as a Team**
We embrace our diverse backgrounds, experiences and perspectives, working together for the best outcome.
-  **Raise the Bar**
We think big, take initiative, share ideas and challenge the status quo.
-  **Speak Up**
We are courageous and speak up about things that matter.

Portfolio diversity across locations



Our portfolio

GPT owns a diversified portfolio of high quality properties across Australia.



- » 24 assets
- » 1,000,000 sqm NLA
- » 360+ tenants¹
- » \$5.6 billion GPT owned portfolio
- » \$12.9 billion assets under management



- » 41 assets
- » 1,140,000 sqm GLA
- » 90+ tenants
- » \$3.0 billion GPT owned portfolio
- » \$3.0 billion assets under management



- » 12 shopping centres
- » 960,000 sqm GLA
- » 3,100+ tenants
- » \$5.5 billion GPT owned portfolio
- » \$8.5 billion assets under management

77
properties

\$24.4b
Assets under management

Portfolio diversity across asset classes



3,600+
Tenants

32,000+
Securityholders

~500
Employees

~\$8.8b
Market capitalisation

¹ Excludes retail tenants.

60 Old Waggrove Road, Eastern Creek, NSW

Our Strategy

GPT's strategy aims to deliver growing and predictable earnings for investors through owning, developing and managing a diversified portfolio of high quality real estate.

Our strategy is influenced by the megatrends that continue to shape how people live, work and play and the spaces businesses need in order to thrive. Some of these trends accelerated in 2020, presenting both opportunities and challenges.

Owning and managing a diversified portfolio of high quality real estate in Australia's largest cities is core to our strategy and provides us with the opportunity to benefit from sectors with favourable trends while reshaping our exposure to others.

Our strategy leverages our extensive real estate experience to create value through disciplined investment, development, asset management, and funds management.

Portfolio growth in the Logistics sector has been a core focus over the last three years and the Group has made strong progress in securing development and investment opportunities in this sector. This continues to be an ongoing focus given the structural tailwinds from e-commerce and supply chain management.



[Site-Specific DCP: 87-91 George Street, Parramatta

17/03/2021

Page 17

How We Create Value

Our vision

To be the most respected property company in Australia in the eyes of our investors, people, customers and communities.

Our purpose

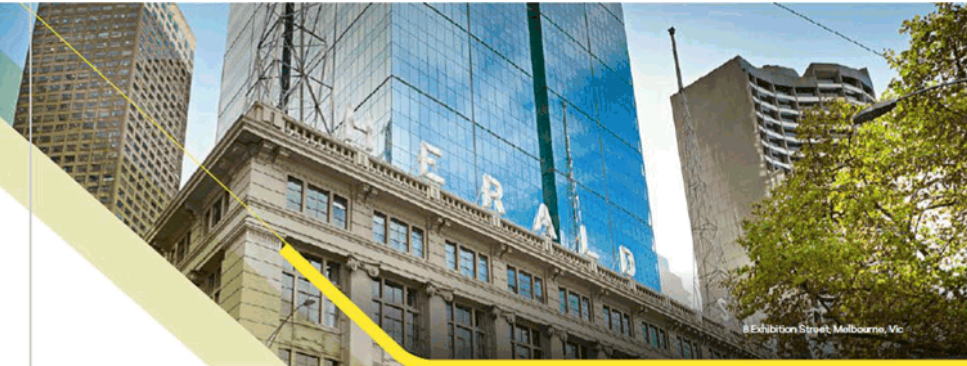
To create value for investors by providing high quality real estate spaces that enable people to excel and our customers and communities to prosper in a sustainable way.

To deliver our purpose, GPT uses resources and inputs in our business activities to create value for our stakeholders.

Key inputs into the Group are our investors, real estate, our people, environmental resources, and our customers, suppliers and communities.

Through the application of our business model, GPT creates value in the form of growing and predictable earnings, thriving places, empowered people, a sustainable environment, and prospering customers, suppliers, and communities.

This process of value creation is illustrated in the diagram below.



© Exhibition Street, Melbourne, VIC

Inputs

Our investors

Equity and debt investors who provide capital to support strategy execution and growth.

Real estate

Buildings and land that we own, manage and develop.

Our people

The capabilities and effort of the people in our workforce.

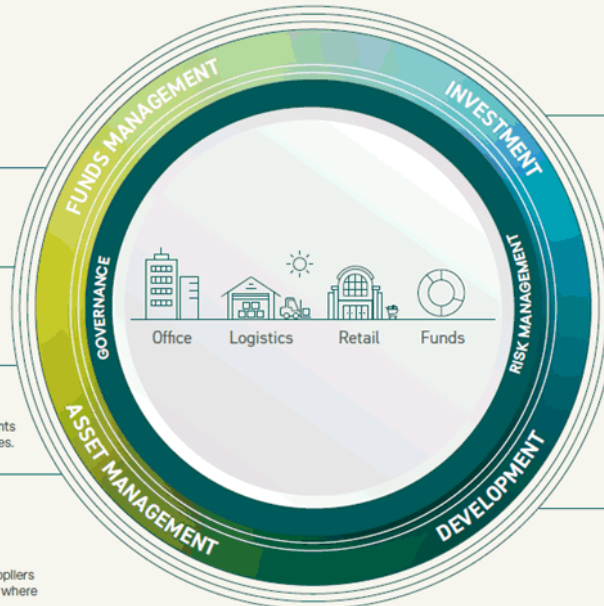
Environment

Natural resources and environments impacted by our business activities.

Our customers, suppliers, and communities

Relationships with customers, suppliers and communities in the locations where we operate.

Business model



Value created

Growing and predictable earnings

Our aim is to deliver growing and predictable earnings and maximise total returns for our investors, through the successful execution of our strategy.

[MORE ON PAGE 19-19](#)

Thriving places

Our properties are community places where people come together for work, connection and enjoyment.

[MORE ON PAGE 20-21](#)

Empowered people

Through their effort and continued development, our skilled, engaged and motivated workforce deliver on our purpose to create value for customers, investors and communities.

[MORE ON PAGE 22-23](#)

Sustainable environment

We develop and manage sustainable places that operate efficiently and minimise our impact on the environment.

[MORE ON PAGE 24-25](#)

Prospering customers, suppliers and communities

Strong relationships with customers, supply chain partners, and communities enable us to meet their current and emerging needs and ensure our mutual future success.

[MORE ON PAGE 26-27](#)

APPENDIX B

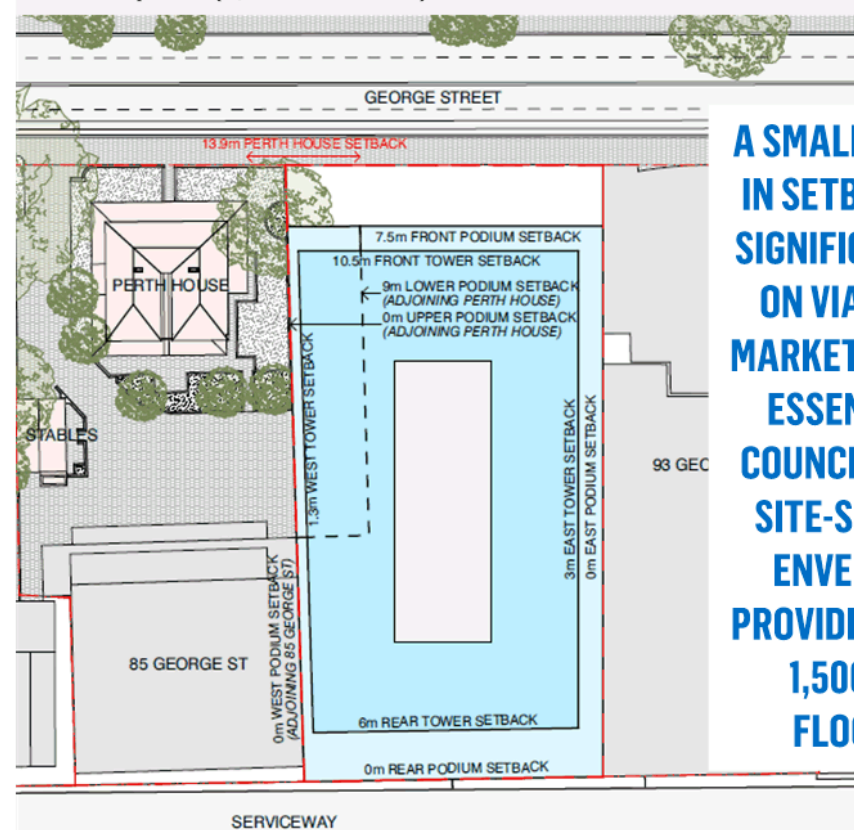
GPT's Proposal Draws Upon Council's Design Outcomes to Set Site-Specific Parameters for Design Excellence

Since June 2020, GPT has been in discussion with the City of Parramatta Planning Unit and City Architect to refine the site-specific DCP outcomes for 87-91 George Street.

Following endorsement by the Councilors, GPT is excited to collaborate with Parramatta Council to coordinate a Competitive Design Excellence Process. Council's Design Excellence Process has a record of raising the bar for delivery of high-quality, architectural responsive design outcomes that contribute to the natural, cultural, visual and built character of Parramatta. GPT strongly advocates that the foundational principles that informed Council's options, should be reflected in the site-specific DCP:

- A sensitive design response and celebration of the heritage listed Perth House and Fig Tree;
- A strong streetscape presence to George Street, opening views to Perth House and recognising George Street's role as the original high street of Parramatta;
- A podium-tower design that mitigates the scale of the potential tower compliant to the CBD Planning Proposal;
- Enabling the future delivery of the George Street Cycle Path (identified 2m setback in CBD Planning Proposal);
- Improving solar access to the public domain and commercial floorplates to enable efficient design; and
- Provides a tower floorplate that aligns to market demand for bringing national tenants to Parramatta CBD and the previous hotel approval for the site.

GPT Proposal (1,522 SQM NLA)



**A SMALL DIFFERENCE
IN SETBACKS, HAS A
SIGNIFICANT IMPACT
ON VIABILITY AND
MARKETABILITY. IT IS
ESSENTIAL THAT
COUNCIL ENDORSE A
SITE-SPECIFIC DCP
ENVELOPE THAT
PROVIDES A MINIMUM
1,500SQM NLA
FLOORPLATE.**

APPENDIX C

GPT Proposed DCP Controls

The following Controls are to be populated in the Built Form section of the proposed site-specific DCP.

Built Form

Controls

C1. Development must not exceed the building envelope identified by the Building Envelope Diagram as shown in Figure 4, Figure 5 and Figure 6.

Podium setbacks to be observed are:

- 7.5 metres to the North (front) George Street Podium Setback
- 9 metres West (side) Lower Podium Setback Adjoining Perth House
- 0 metres West (side) Upper Podium Setback Adjoining Perth House
- 0 metres West (side) Podium Setback Adjoining 85 George Street
- 0 metres East (side) Podium Setback
- 0 metres South (rear) Podium Setback

Tower setbacks to be observed are:

- 10.5 metres to the George Street Tower Setback
- 1.3 metres West Tower Setback
- 3 metres East Tower Setback
- 6 metres Rear Tower Setback

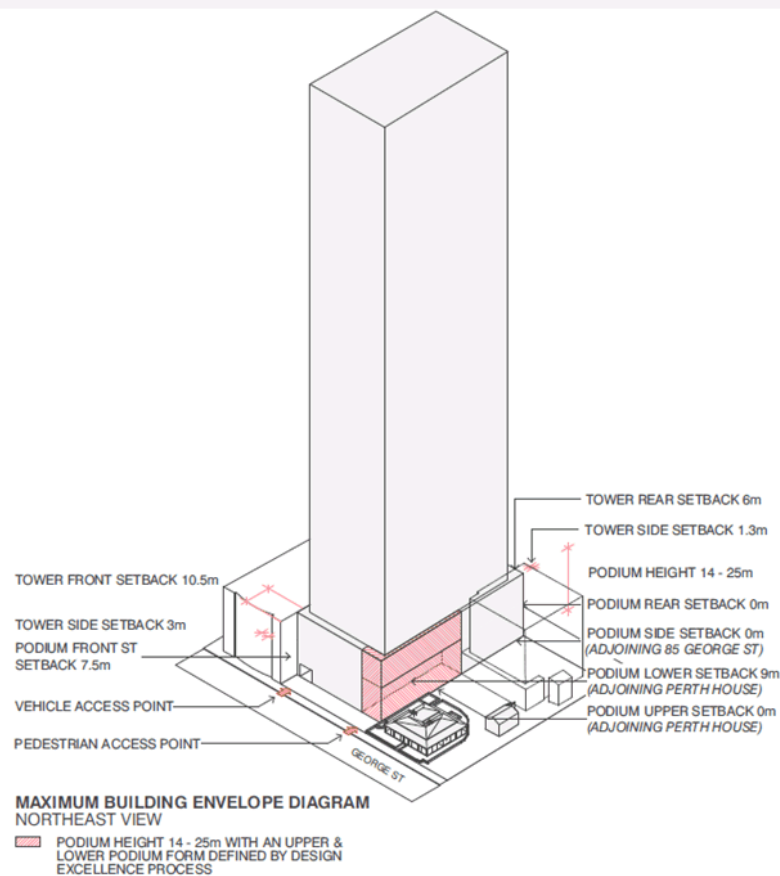
C2. The podium height is to be 14m-25m above the ground level.

C3. The height of the upper and lower podium setback to Perth House is to be resolved as part of Design Excellence

APPENDIX C (CONT.)

Figure 4 - 87-91 George Street – Maximum Building Envelope Diagram, view from North East

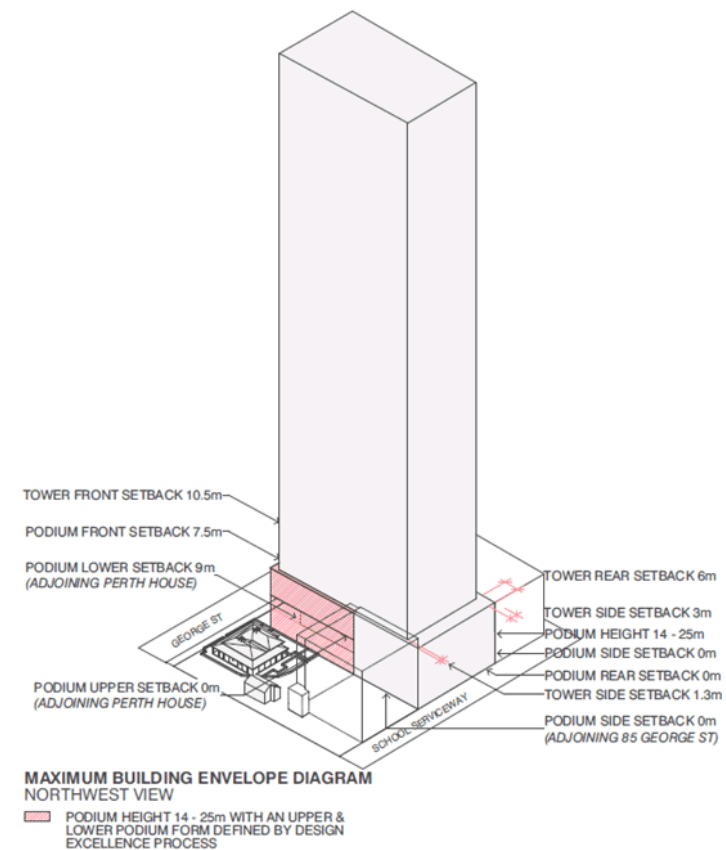
Source: Fender Katsalidis Architects



Site-Specific DCP: 87-91 George Street, Parramatta

Figure 5 - 87-91 George Street – Maximum Building Envelope Diagram, view from North West

Source: Fender Katsalidis Architects



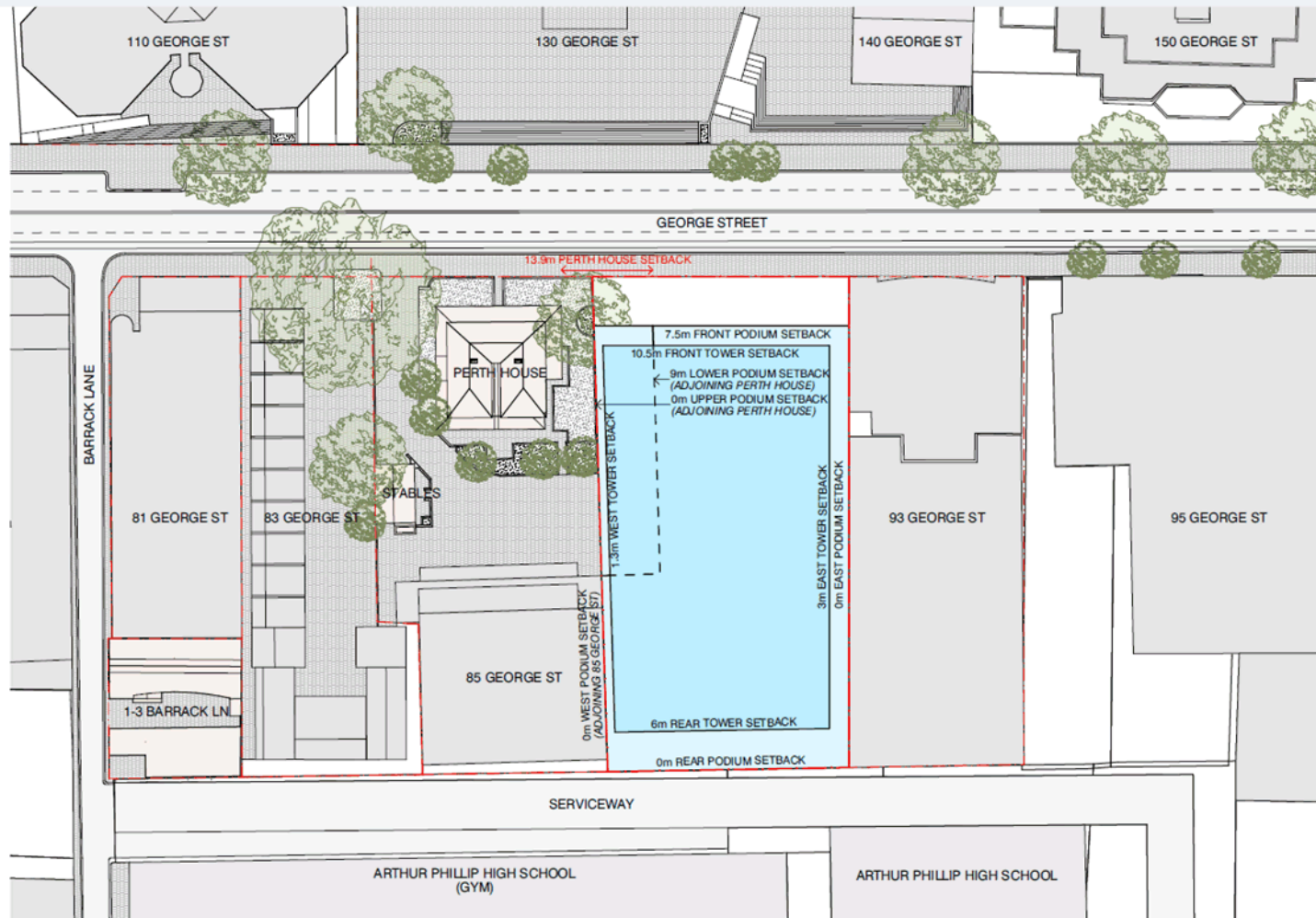
17/03/2021

Page 21

APPENDIX C (CONT.)

Figure 6 - 87-91 George Street – Building Setback Control Diagram

Source: Fender Katsalidis Architects



Site-Specific DCP: 87-91 George Street, Parramatta

17/03/2021

Page 22

APPENDIX D

Office Floorplate Market Research prepared by JLL

The JLL Data Study was commissioned by GPT to undertake a market research report relating to office floorplate size.

The data is focused on major office buildings (equal or greater than 20,000sqm) and larger office tenants (equal or greater than 5,000sqm).



Office *Floor Plate* Market Research

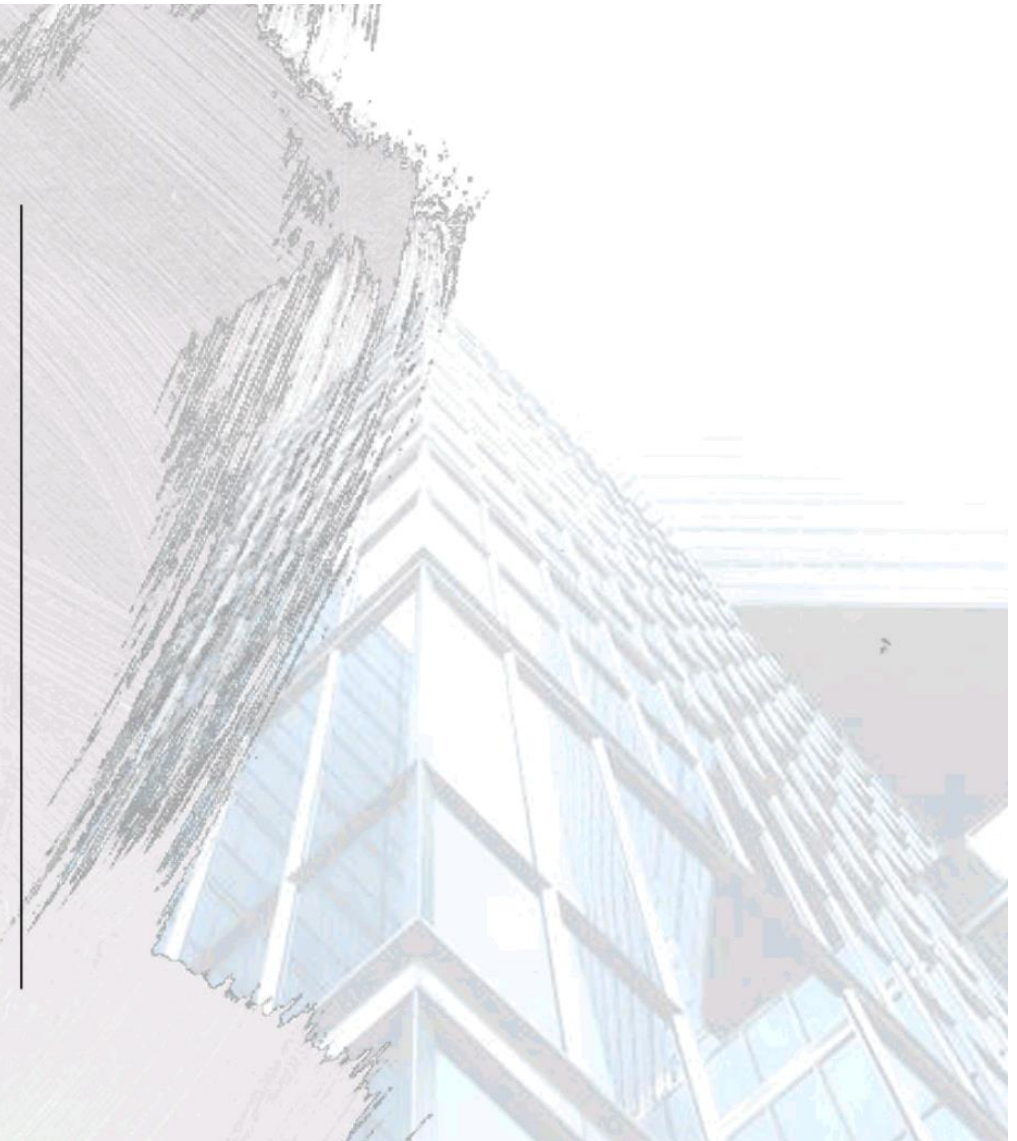
Prepared for The GPT Group

February 2021



Contents

Background & Scope	4
Background	4
Scope	4
Introduction	5
Overview of Sydney Office Markets	6
Review of Sydney Office Building Floor Plates	7
Split by Grade	7
Split by CBD vs Suburban Market	7
Split by Building Age	8
Recent Development & Development Pipeline	8
Review of Tenant Demand for Larger Floor Plates	9
Tenant Moves	9
Vacancy	9
Focus on Government & Financial Services	10
Tenant Briefs	10



Disclaimer

The material contained in this report is confidential and was provided by JLL to the party to whom it is addressed strictly for the specific purpose to which it refers and no responsibility is accepted to any third party.

Neither JLL nor any of its associates have any other interests (whether pecuniary or not and whether direct or indirect) or any association or relationships with any of its associates that might reasonably be expected to be or have been capable of influencing JLL in providing this report.

Neither the whole of the report nor any part or reference thereto may be published in any document, statement or circular or in any communication with third parties or distributed without JLL's prior written approval.

Whilst the material contained in the report has been prepared in good faith and with due care by JLL, no representations or warranties are made (express or implied) as to the accuracy of the whole or any part of the report.

JLL, its officers, employees, subcontractors and agents shall not be liable (except to the extent that liability under statute or by operation of law cannot be excluded) for any loss, liability, damages or expense suffered by any party resulting from their use of this report.

If a projection has been made in respect of future demand, business trends, property prices, rentals and projected take up rates, such a projection is an estimate only and represents only one possible result therefore should at best be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projections of such key elements involves assumptions about a considerable number of variables that are acutely sensitive to changing conditions and variations, and any one of which may significantly affect the resulting projections. This must be kept in mind whenever such projections are considered.

JLL is not operating under an Australian Financial Services Licence. The financial analysis and conclusions contained within this report do not purport to represent a valuation in the conventional sense. It is an exercise involving only relatively few variables, such as zoning information and a general knowledge of background market conditions; whereas, a valuation involves a detailed investigation of the property including, where appropriate, the nature of the locality, surrounding properties, full inspection, site peculiarities, the nature, quality and condition of improvements, comparable sales, market trends, yields, competition, design and layout and so on. The market value could be greatly affected by such factors, and by encumbrances, restrictions, or other impediments on Title which have not been considered in this report. Accordingly, the financial analysis contained herein is indicative only and not authoritative. It is merely a precursor to a formal valuation and should not be taken as a substitute for it.

Background & Scope

Background

The requirement for this market research report has arisen as The GPT Group ("GPT") are currently pursuing an office development proposal on their site at 87-91 George Street, Parramatta. Due to existing controls and setback requirements the site is only capable of providing a floor plate of ~1,300m², while GPT are proposing amendments to these which would result in a floor plate of ~1,600m². GPT therefore require a market research report be undertaken to explore demand associated with different office floor plate sizes to inform their discussions with Parramatta City Council.

Scope

GPT engaged JLL to undertake a market research report relating to office floor plate size. Our report is based on empirical research data including historic and current office developments, historic tenant moves, vacancy and stated tenant requirements.

Our data has only focussed on:

- Major office buildings, defined within this study as being equal to or greater than 20,000 sqm
- Large office tenants, defined within this study as being equal to or greater than 5,000 sqm

In order to provide observations relating to larger floor plates we have split our observations into buildings with floor plates less than 1,500 sqm and floor plates equal to or greater than 1,500 sqm.

Introduction

In recent years there has been a **growing demand for large floor plate office accommodation**. Part of this demand within suburban CBD type locations such as North Sydney and Parramatta CBD, has been driven by large corporations wanting to be located in close proximity to well located transport nodes, while still having a desire for large floor plates – due to greater occupation density and therefore cost reduction.

Demand for large floor plates are **driven by a number of factors** as they enable:

- Greater occupier efficiency and productivity outcomes for large tenants than buildings with smaller floor plates
- A collaborative workplace that supports stronger relationships between specialist businesses
- Shared spaces that allow for greater connections between team members
- Flexibility in accommodating project space and adapting to changing space requirements
- Occupancy cost minimisation

Discussions with leasing operatives further supports the demand for large floor plate stock, particularly for major corporation and government departments, as they seek to unlock the benefits identified above.

The benefits and demand for larger floor plates has been a trend observed in the market for some years. Parramatta City Council engaged Urbis to prepare reports in 2015 & subsequently updated in 2019¹ to assess the requirements for attracting additional A-Grade commercial floorspace within the Parramatta CBD. **One of the findings / recommendations of this report was that large floor plates improve demand for corporations**, extracts from the report include:

- *Large corporations want to improve the circulation and interaction within their offices. Large floorplates allow businesses to get more workers on the same floor and improve*

social interaction in the office. Tall and thin towers fail to provide this requirement to tenants

- *New A-Grade office space generally needs to have a floorplate size of at least 1,300 sq.m, with most major tenants wanting a floorplate of over 1,500 sq.m.*

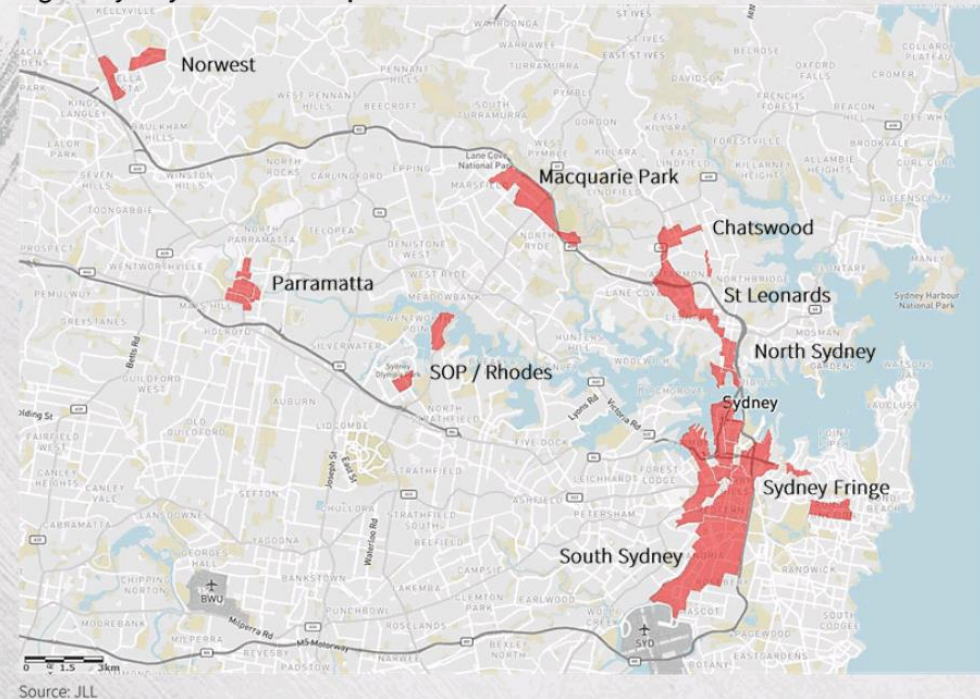
¹ Achieving A-Grade Office Space in the Parramatta CBD – Economic Review – Urbis October 2015 & September 2019

Overview of Sydney Office Markets

The Sydney office markets monitored by JLL comprise just over 10.112 million sqm of office space, 50.5% of which is located in the Sydney CBD market, and 49.5% located in the 9 major metropolitan office markets. The Sydney metropolitan markets monitored by JLL include the following:

- Sydney Fringe (~1,060,000 sqm)
- North Sydney (921,000 sqm)
- Chatswood (298,000 sqm)
- St Leonards (341,000 sqm)
- Norwest (246,000 sqm)
- Sydney Olympic Park/Rhodes (302,000 sqm)
- Sydney South (261,000 sqm)
- Macquarie Park (including North Ryde) (746,000 sqm)
- Parramatta (832,000 sqm)

Figure: Sydney CBD and Metropolitan Office Market Locations



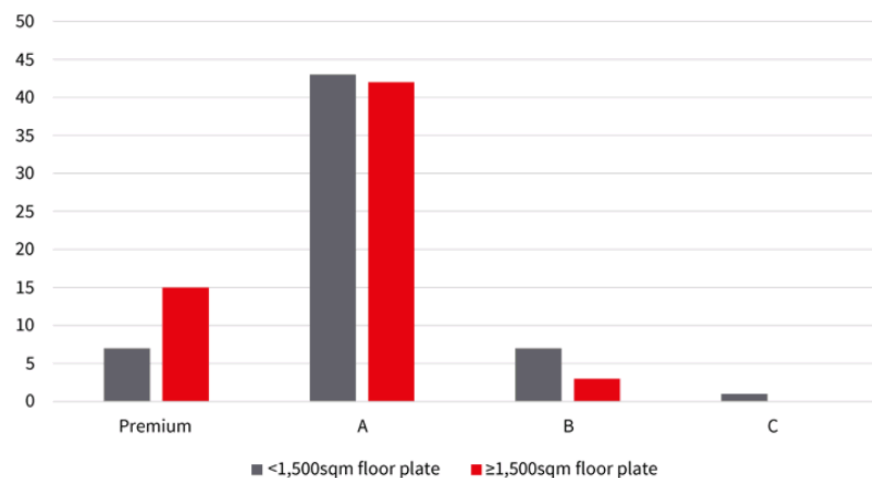
Review of Sydney Office Building Floor Plates

As at Q4 2020, there were 118 major office buildings ($\geq 20,000$ sqm) within the Sydney office market comprising just over 4.8 million sqm (just under half the total office space tracked). Across these buildings there is broadly an even split between buildings with smaller floor plates ($<1,500$ sqm) and larger floor plates ($\geq 1,500$ sqm).

Split by Grade

The split by grade shows a broadly similar observation to the above, although with a slightly higher propensity for Premium grade buildings to have larger floor plates, while B & C grade buildings have a higher likelihood of smaller floor plates.

Figure: Major Office Building Floor Plate, Split by Grade



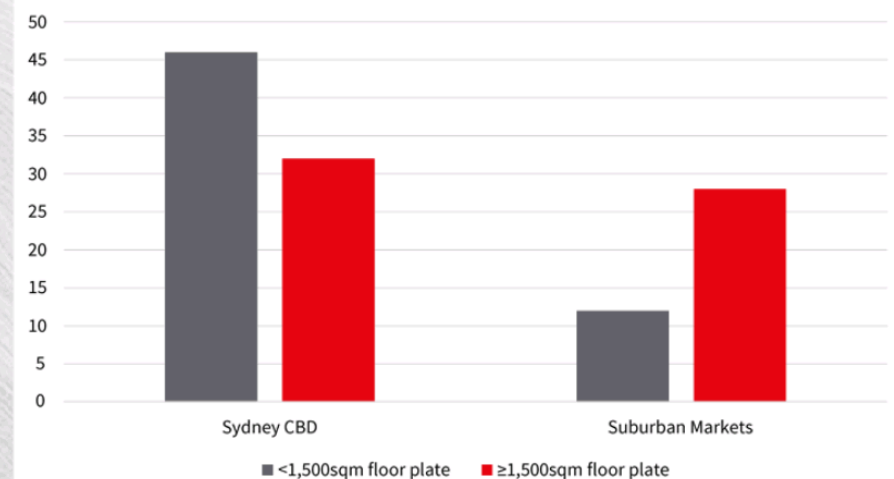
Source: JLL Research

© 2021 Jones Lang LaSalle IP, Inc. All rights reserved.

Split by CBD vs Suburban Market

The split by CBD vs suburban market shows a much larger divergence with ~60% of major office buildings in the Sydney CBD having smaller floor plates, whereas, 70% of major office buildings in the suburban market have larger floor plates. This is likely part explained by some of the challenges of development within the Sydney CBD (e.g. site areas), as well as, the age of these buildings – discussed further overleaf.

Figure: Major Office Building Floor Plate, Split by CBD vs Suburban Market



Source: JLL Research

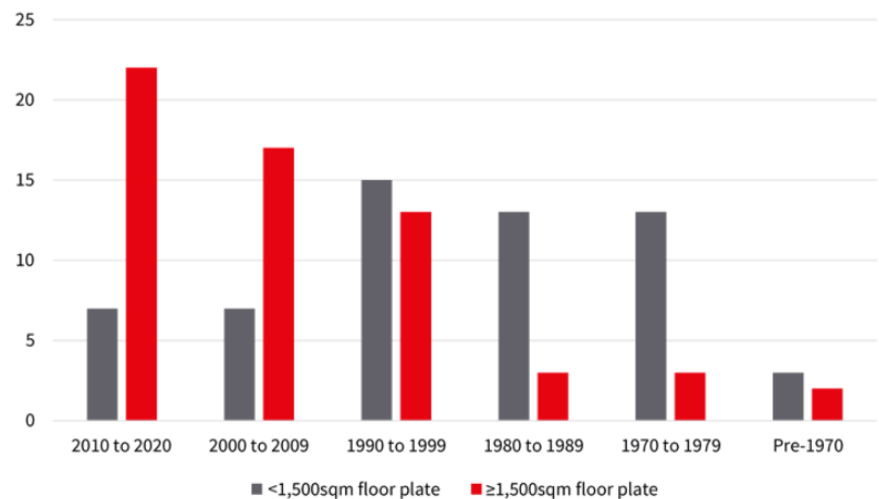
Review of Sydney Office Building Floor Plates cont.

Split by Building Age

A key factor in floor plate size appears to be building age, with newer major buildings tending to have larger floor plates. The figure below shows that ~76% (22 out of 29 buildings) of recently completed buildings (2010 to 2020) have larger floor plates, with the preceding decade (2000 to 2009) at ~71% (17 out of 24 buildings). This proportion was significantly less historically.

As highlighted earlier, there are many benefits tenants associate with larger floor plates and many of these have become of greater importance over the past two decades, such as, shared spaces and flexibility.

Figure: Major Office Building Floor Plate, Split by Building Age



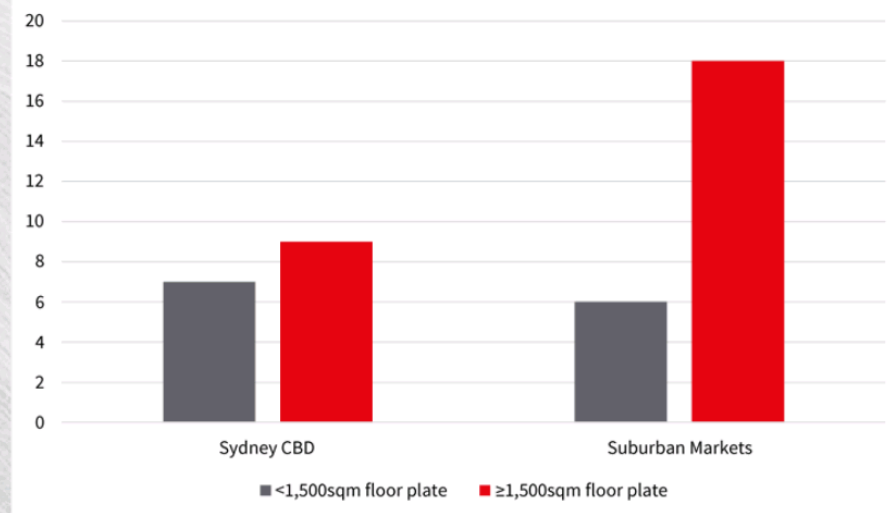
Source: JLL Research

© 2021 Jones Lang LaSalle IP, Inc. All rights reserved.

Recent Development & Development Pipeline

The building age observation relating to floor plate size is further emphasised when reviewing more recent development (2016 to 2020) and the current development pipeline of major office buildings in Sydney. The figure below shows ~56% (9 out of 16 buildings) of the recent developments and pipeline have larger floor plates within the Sydney CBD, while this is significantly more in the suburban markets at ~75% (18 out of 24).

Figure: Recent Development and Development Pipeline, by Floor Plate Size & Market



Source: JLL Research

Note: we excluded office buildings projects categorised as "proposed" and "project on hold" due to lack of floor plate information.

Review of Tenant Demand for Larger Floor Plates

Tenant Moves

We have reviewed recent large tenant moves within major office buildings in Sydney over the past five years (2016 to 2020). In total, JLL Research tracked 54 moves across the Sydney office market comprising just over 903,000 sqm.

We found there to be a tendency for these tenants to locate in buildings with larger floor plates with ~70% (38 out of 54 tenant moves) locating in these buildings. These tenants on average also occupied larger amounts of space, with the total leased space proportion at ~81% (~730,000 sqm out of ~903,000 sqm).

Vacancy

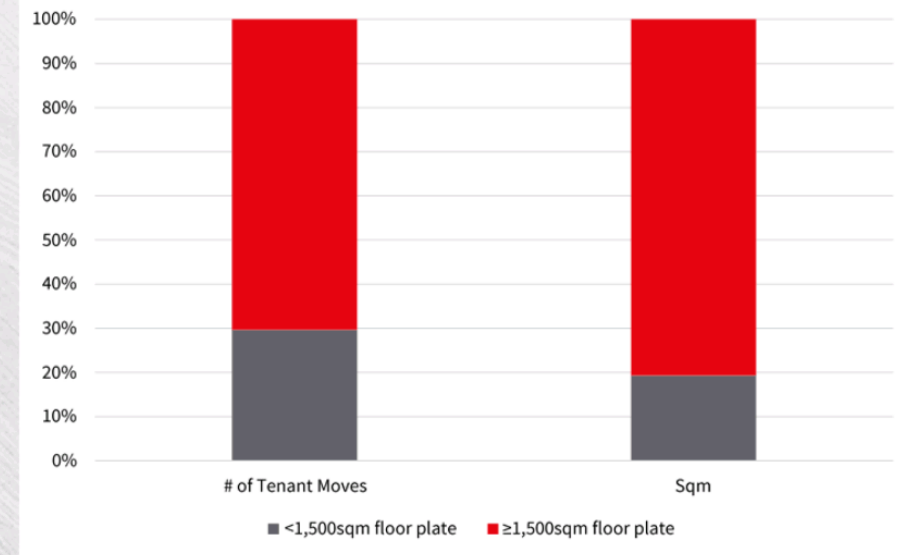
As at Q4 2020, the overall Sydney office market vacancy sits at 12.6%. The vacancy rate across major office buildings in Sydney is slightly lower, although still comparable, at 12.2%.

A much larger vacancy divergence appears when comparing the overall vacancy of major buildings by floor plate size, with:

- 16.9% vacancy for buildings with floor plates less than 1,500 sqm; and,
- 8.8% vacancy for buildings with floor plates equal to or greater than 1,500 sqm.

Similar to the tenant moves, the above highlights the relative demand from tenants for larger floor plates.

Figure: Proportion of Recent Large Tenant Moves by Floor Plate, Building and Area



Source: JLL Research

Review of Tenant Demand for Larger Floor Plates cont.

Focus on Government & Financial Services

Similar to our review of Sydney major tenant moves, we have also reviewed recent (2016 to 2020) **national tenant moves of government and financial services**. For these moves we have only focused on very significant moves of 20,000 sqm or greater. In total, JLL Research tracked **17 moves** nationally.

Across these 17 moves, **no tenant moved** into buildings with floor plates less than 1,500 sqm. Further, **only 4 moves** were into buildings with floor plates less than 1,750 sqm, while the majority (10 moves) were into buildings with floor plates larger than 2,000 sqm.

The above, further emphasises the demand for larger tenants (particularly significant tenants) to locate in buildings with larger floor plates.

Tenants Briefs

In order to provide more recent observations relating to tenant floor plate demand, we have considered recent tenant briefs submitted to the market and any accompanying comments relating to floor plate requirements.

JLL have recorded **26 tenant briefs** within the Sydney office market for large tenants (5,000sqm or greater) since the start of 2019. Within these **9 have identified some kind of floor plate requirement**, with **8 out of the 9 requiring a floor plate of no less than 1,500 sqm**. Additionally, we note **5 out of these 8 relate to government and financial services**. These tenant briefs again reinforces the demand for larger floor plates for major tenants.



Tim Brown

Head of Strategic
Consulting – NSW

+61 2 9220 8440
tim.brown@ap.jll.com

Level 25, 420 George Street
Sydney NSW 2000

© 2021 Jones Lang LaSalle IP, Inc. All rights reserved.

11

Proposed New Office Developments

PARRAMATTA CBD, AS AT APRIL 2019

TABLE 2.4

Project Title	Project Address	Development Type	Status	Estimated Commercial Floorspace (sq.m)*	Anticipated Office Grade
32 Smith St	32 Smith St	Commercial	Construction	26,400	A
Parramatta Square (Stage 3)	153 Macquarie St	Commercial	Construction	46,000	A
Parramatta Square (Stage 4)	30 Darcy St	Commercial	Construction	64,000	A
Parramatta Square (Stage 6)	12-38 Darcy St	Commercial	Development Approval	45,000	A
George Street Commercial Building	140 George St	Commercial	Development Approval	45,700	A
Argyle Towers (Westfield Parramatta)	Argyle St & Church St	Commercial	Mooted	112,000	A
Parramatta Square (Stage 8)	188 Church St	Commercial	Mooted	80,000	A
10 Valentine St Mixed Use	10 Valentine Ave	Commercial	Mooted	9,000	A
50 Macquarie St	50 Macquarie St	Commercial	Mooted	25,222	A
99 Macquarie St	99 Macquarie St	Commercial	Mooted	9,000	A
South Quarter Precinct	57-83 Church St	Mixed Use	Mooted	8,000	A
142 Macquarie St Mixed Use	142-154 Macquarie St	Mixed Use	Mooted	15,000	A
61B George St Mixed Use	61B George St	Mixed Use	Mooted	65,000	A
6 Hassall St Mixed Use	6 Hassall St	Commercial	Mooted	28,000	A
132 Marsden	132 Marsden St	Commercial	Mooted	30,000	A
Total				608,322	

Note: * Estimated net lettable area

Source: PCA Office Report; Cordell Connect; Urbis; Parramatta City Council