



# WALKER STREET PLANNING PROPOSAL

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FEASIBILITY ASSESSMENT REPORT  
JUNE 2021

## 1. OVERVIEW

This brief feasibility assessment report has been prepared by APP Corporation Pty Limited in addressing the following request for additional information in the letter from North Sydney Council, dated 19 April 2021:

***Feasibility of development –***

*One of the key arguments of the planning proposal is to ensure the orderly and economic development of the land on the basis that redevelopment of the subject land, either as isolated sites or as a consolidated site is “unfeasible”. However, no details have been provided to demonstrate these claims.*

*Accordingly, a feasibility assessment report is required to be submitted. It should, at a minimum, demonstrate how the redevelopment of the individual sites and as a consolidated site under the current planning controls, is unfeasible.*

A key element of the Planning Proposal relates to the feasibility of development under the proposed scheme. The following section explains the limitations to development feasibility under the existing development controls and explains the rationale, from a feasibility perspective, for the amendments outlined within the Planning Proposal.

## 2. Existing Site Configuration

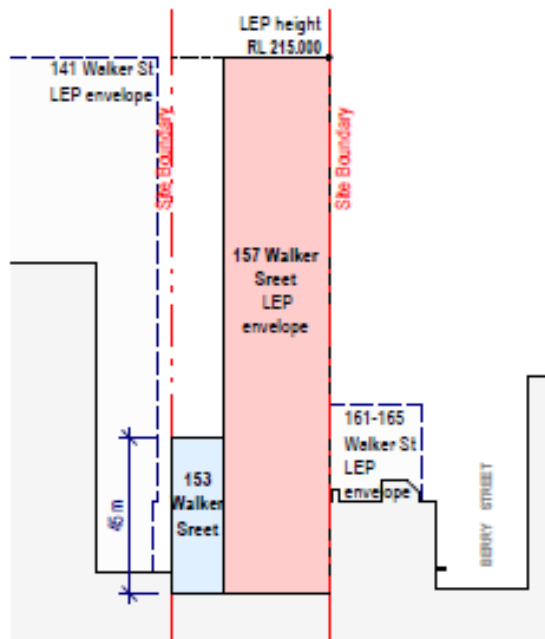
The subject sites under the Planning Proposal are 153 and 157 Walker Street as shown in **Figure 1** below.



**Figure 1** Subject Sites

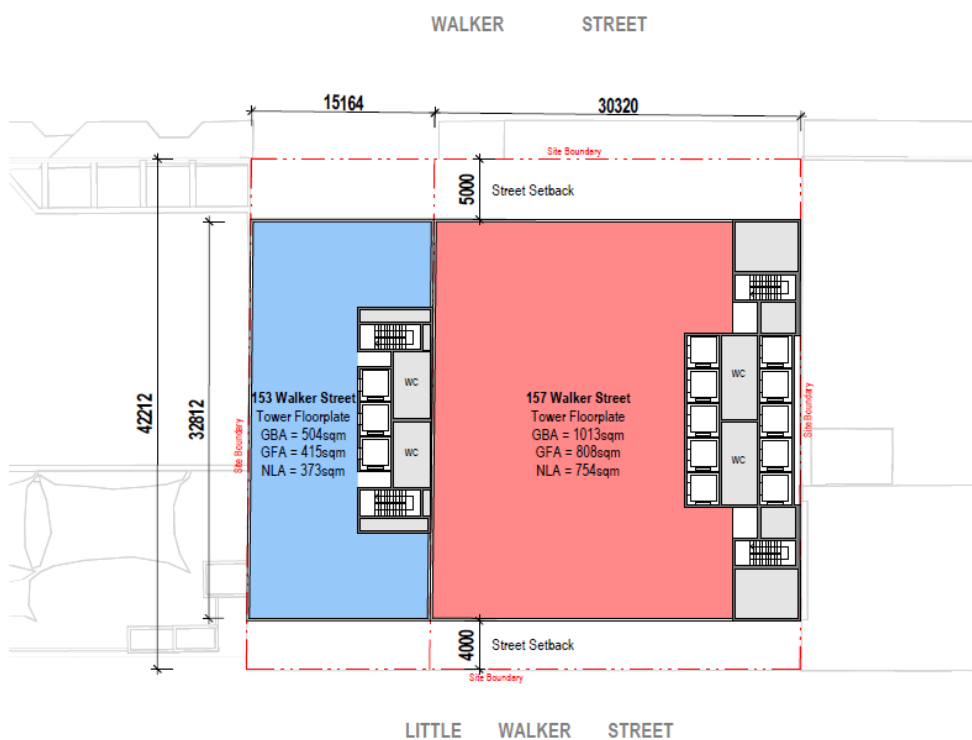
Source: Architectus – Subject Sites PP 09-01

As the area of No.153 Walker Street is under the minimum lot area of 1,000m<sup>2</sup> to enable full potential under the existing LEP, it is unfeasible to redevelop in isolation. The maximum permissible height is limited to 45m and taking required setbacks into account would result in a floorplate of only 373m<sup>2</sup> NLA which is well below the 1,000m<sup>2</sup> minimum NLA to be considered A-Grade commercial as per the Property Council of Australia (PCA) guidelines. Refer to **Figures 2 and 3** below.



**Figure 2** Maximum height permissible under LEP

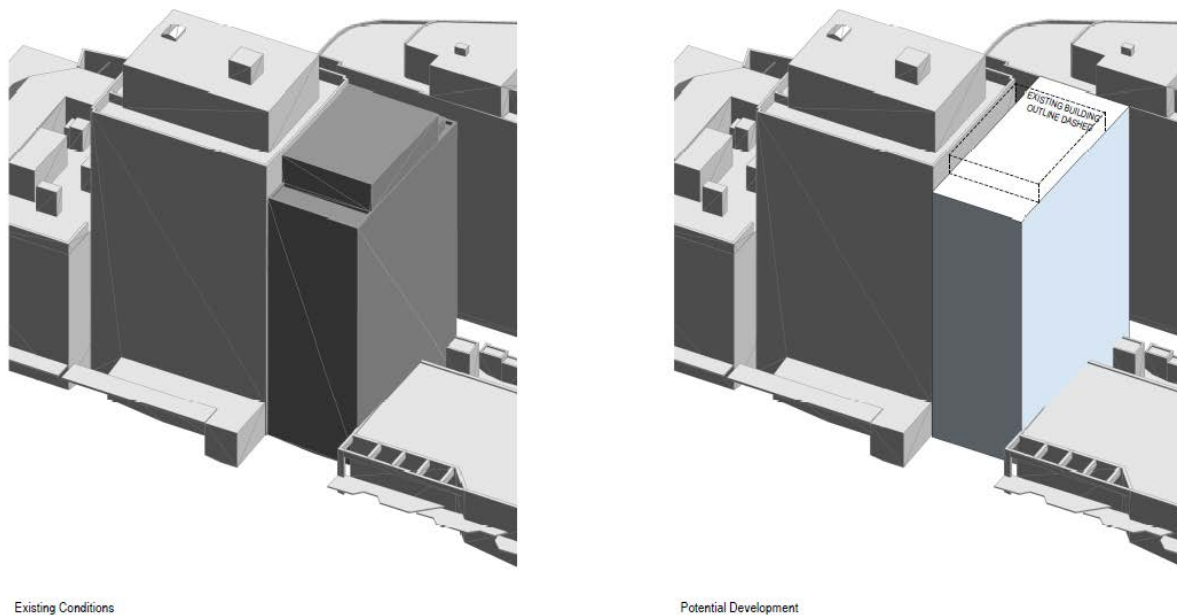
Source: Architectus – Individual Sites – Potential Development PP 09-02



**Figure 3** Potential Floorplates under current LEP

Source: Architectus – Individual Sites – Potential Development PP 09-02

As indicated in **Figure 4** below, given that there is no uplift potential in the redevelopment of 153 Walker Street, there is no commercial incentive to redevelop the site under the existing controls. As there is no uplift potential in NLA and redeveloped floorplates are well under A-Grade quality, the site would simply not be redeveloped.



**Figure 4 Building Massing**

Source: Architectus – 153 Walker Street Massing PP 09-03

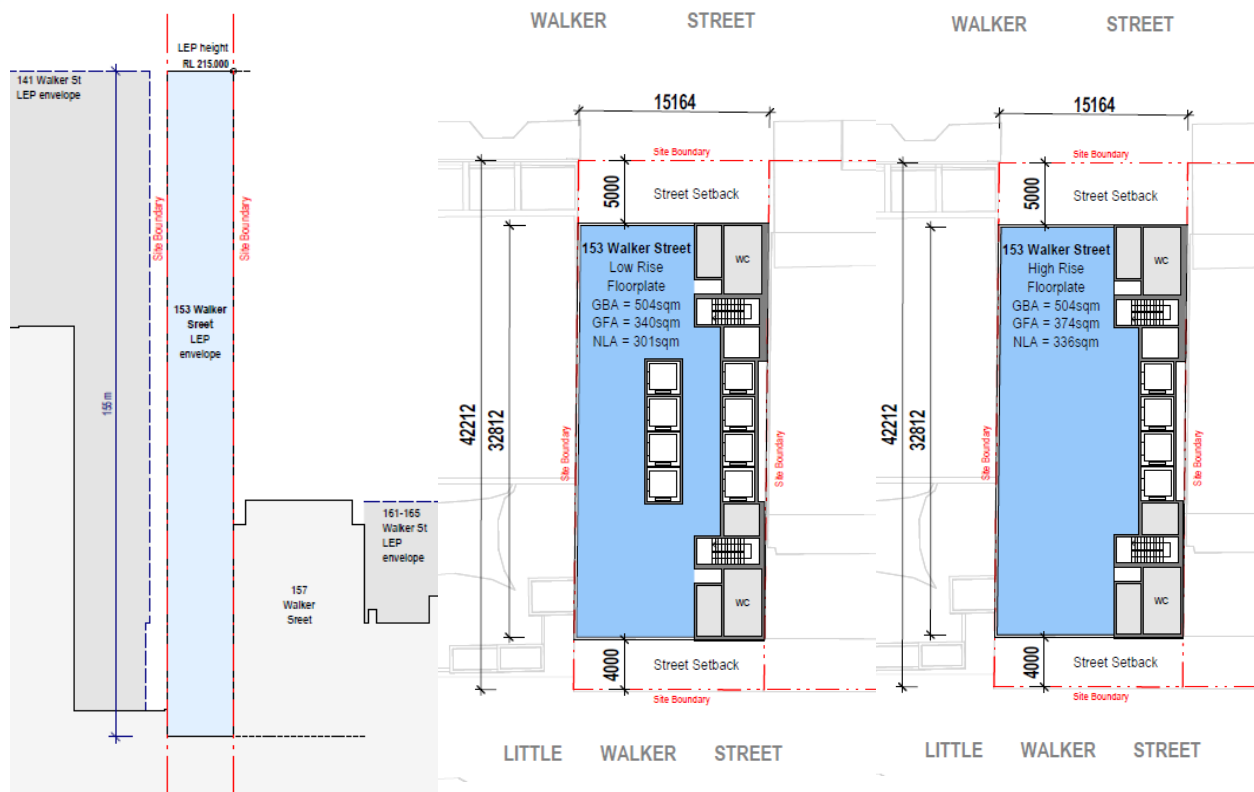
### 3. Uplift Potential – 153 Waler Street In Isolation

Should existing controls over 153 Walker Street be amended such that redevelopment could be undertaken to the fullest height potential under the LEP of 215m, this would still not enable a feasible outcome.

The additional lift cores required to service the increased building height would take even further NLA from the floorplates making them even less desirable and well under the PCA A-Grade quality benchmark for commercial office accommodation.

The floorplates would only deliver 301m<sup>2</sup> of NLA in the lower levels and 336m<sup>2</sup> of NLA in the upper levels. Refer to **Figure 5** below.





**Figure 5**      **Redevelopment Potential of 153 Walker to Full LEP Height of 214m**

In this case the inefficiencies in building a small floorplate, given the service areas and lift cores as a percentage of the overall GFA, results in a total development cost on a per NLA m2 basis that is higher than a larger more efficient floorplate.

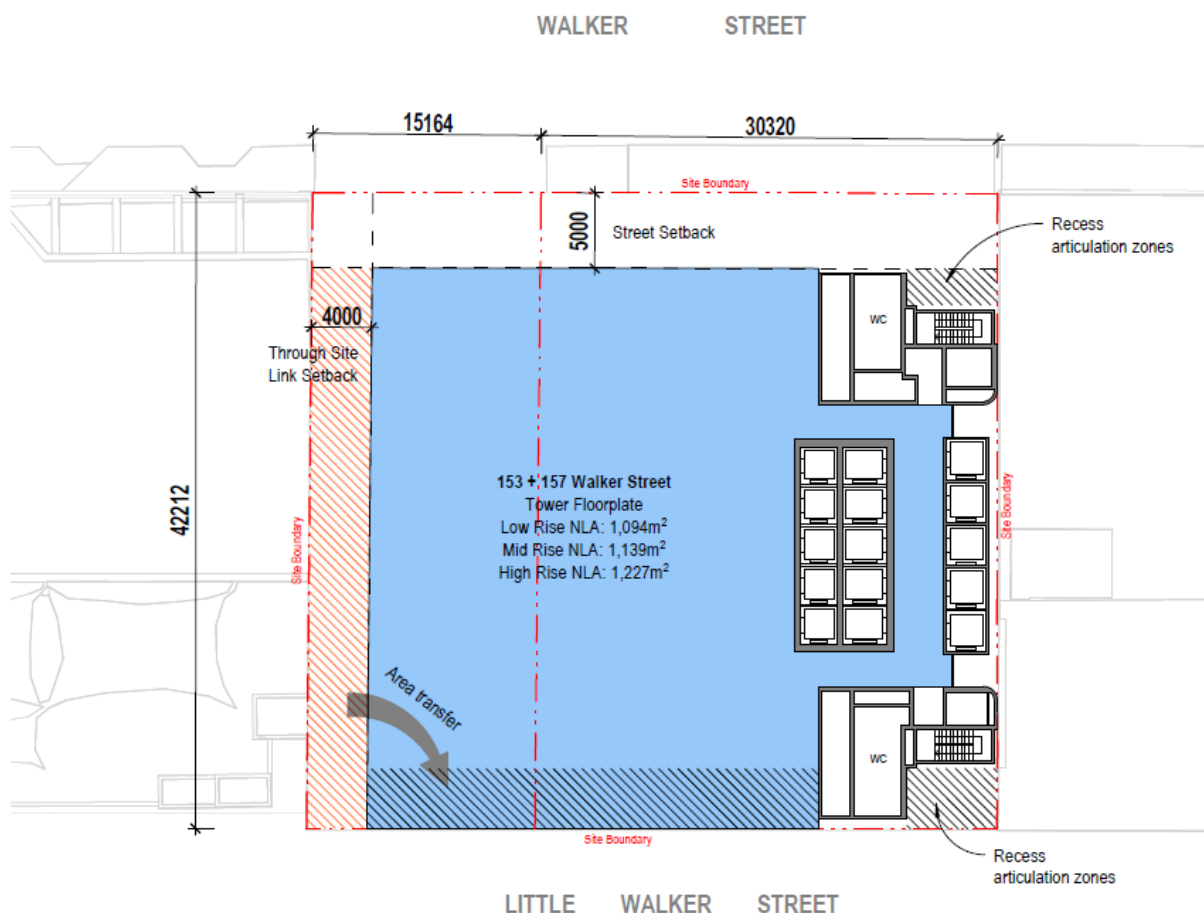
From a marketing perspective, to redevelop a building on this site would require pre-commitments to secure development funding and mitigate market risk. The size of the floorplate would not attract major tenants and any tenants that suit smaller floorplates and smaller overall areas generally look for completed office space. This will make it extremely difficult and highly unlikely to achieve the pre-commitments required to redevelop the site.

As a result of the redevelopment cost, time to achieve pre-commitments for the slow uptake of B-Grade accommodation and the foregoing of income during redevelopment, a feasible result would not be achievable given the low returns associated with B-Grade accommodation. Any redevelopment of 153 Walker Street, whether under the existing LEP controls or under full height potential is therefore not considered feasible.

## 4. Amalgamation of 153 and 157 Walker Street

The feasibility of development changes considerably by amalgamating 153 with 157 Walker Street as proposed under the Planning Proposal. The efficiencies gained through a consolidated site allow for larger floorplates, economies in development costs, opportunities for better building architectural articulation, greater street level activation and superior public domain outcomes and connectivity.

The consolidated site will allow the development of floorplates larger than 1,000 m<sup>2</sup> NLA and therefore meet the minimum standard under the PCA guidelines for A-Grade commercial accommodation. Refer to **Figure 6** below indicating floorplates from 1,094m<sup>2</sup> NLA in the low rise up to 1,227m<sup>2</sup> NLA in the high rise .



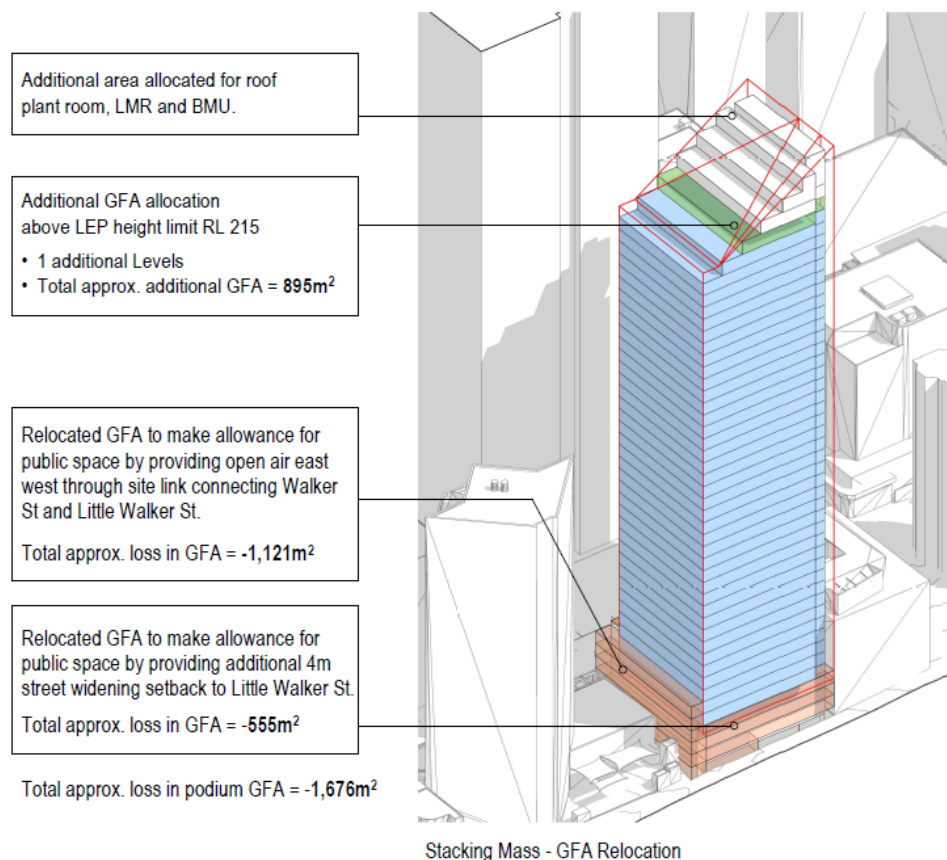
**Figure 6 Consolidated Site Floorplate**

Source: Architectus – Amalgamated Sites PP 09-05

The larger A-Grade floorplates will be attractive to market and enable pre-commitments by larger tenants to facilitate development.

By amalgamating the two sites there is an opportunity to provide a 5m public pedestrian link through the site along the southern boundary and connect Walker Street with Little Walker Street. This provides a full height open air connection between public spaces to the east and west of the building. To enable this connection to be created to its full potential it is necessary to set back the building from its southern boundary by 4m. Furthermore, to allow better pedestrian flow a 4m street front setback is proposed along Little Walker. By providing these linkages and increased setbacks, building GFA is sacrificed, thereby negatively impacting the feasibility of development.

The Planning Proposal seeks to offset the lost GFA in enabling better public amenity through adding GFA by adding one habitable floor to the building. Notwithstanding this, there is an approximate loss to the building GFA of 781m<sup>2</sup> to facilitate this public benefit. Refer to **Figure 7** below.



**Figure 7 Relocation of GFA**

Source: Architectus – Stacking Mass – GFA Relocation PP 10-01





The additional GFA will assist in offsetting the lost revenue of the greater setbacks at lower levels and the increased cost attributable to developing the public realm as part of the pedestrian thoroughfare.

The proposed concept incorporating the pedestrian linkages will also provide greater activation and retail opportunities at the ground floor thereby adding to revenue opportunities to assist the feasibility.

Ultimately, the net benefit that is derived through the Planning Proposal will encourage the owners of each site to collaborate such that redevelopment together provides a superior outcome for all stakeholders.



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