

# North Sydney Economic Development Strategy

Strategy Report



North Sydney Council  
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Independent insight.



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# 1 INTRODUCTION

## 1.1 Project context

SGS Economics and Planning has been commissioned by North Sydney Council to develop an Economic Development Strategy (ESD) for the North Sydney local government area (LGA). The Economic Development Strategy will inform Council policies, procedures and projects to stimulate and facilitate further economic growth across the North Sydney local government area.

As background to this strategy, SGS Economics and Planning prepared the *North Sydney Economic Development Strategy Scoping Study* to illicit the policy environment and market trends impacting on the North Sydney local government area. The findings of the *North Sydney Economic Development Strategy Scoping Study* have been utilised to inform the economic development strategies, policies and initiatives recommended in this report.

## 1.2 Objectives of the strategy

The primary objective of this Economic Development Strategy is to outline Council's vision for economic development in a consolidated policy document. The document also clearly defines Council's role in economic development. The Economic Development Strategy sets out a coordinated plan and function to facilitate the continued economic growth of North Sydney.

Specifically, this Economic Development Strategy aims to provide:

- An overarching vision which encompasses the breadth of Council's intent to improve economic outcomes in the municipality
- A set of thematic objectives that focus Council's efforts in particular topic areas which have been identified through the analytical work in Stage 1
- An extensive list of strategies and actions for Council to pursue
- A clear articulation of Council's role under the three horizons model to ensure the implementation program is lucid and well-focused.

## 1.3 Structure of the strategy

The Economic Development Strategy is structured as follows:

<b>Chapter 2: Strategic Context</b>	Overview of the policy and strategy framework shaping North Sydney
<b>Chapter 3: Issues &amp; Opportunities</b>	Identification and analysis of economic trends impacting on North Sydney
<b>Chapter 4: Centre Futures</b>	Analysis of specific challenges and opportunities for north Sydney's largest centres
<b>Chapter 5: Strategy</b>	Overview of the vision for economic growth in North Sydney and outline of strategies designed to address the challenges and opportunities identified
<b>Chapter 6: Implementation</b>	Outline of the implementation plan for the identified strategies, including Council's role and timing

## 2 STRATEGIC CONTEXT

### 2.1 Urban form and structure

North Sydney's central location within Metropolitan Sydney, its contribution and relationship to key employment nodes in Global Sydney and high amenity environments drive the nature of economic growth across the local government area. These elements present major opportunities which should be recognised and capitalised upon in local planning and economic development policy.

The North Sydney local government area is in close proximity to the Sydney CBD. A number of arterial roads connect the North Sydney local government area to the Sydney CBD and the city's northern suburbs. The Northern Rail Line provides direct connections for the North Sydney local government area to these areas and Sydney's western suburbs and vice versa. A number of ferry stops provide direct connections from waterfront suburbs to the Sydney CBD. Cumulatively, this all generates a high level of accessibility for North Sydney residents and businesses.

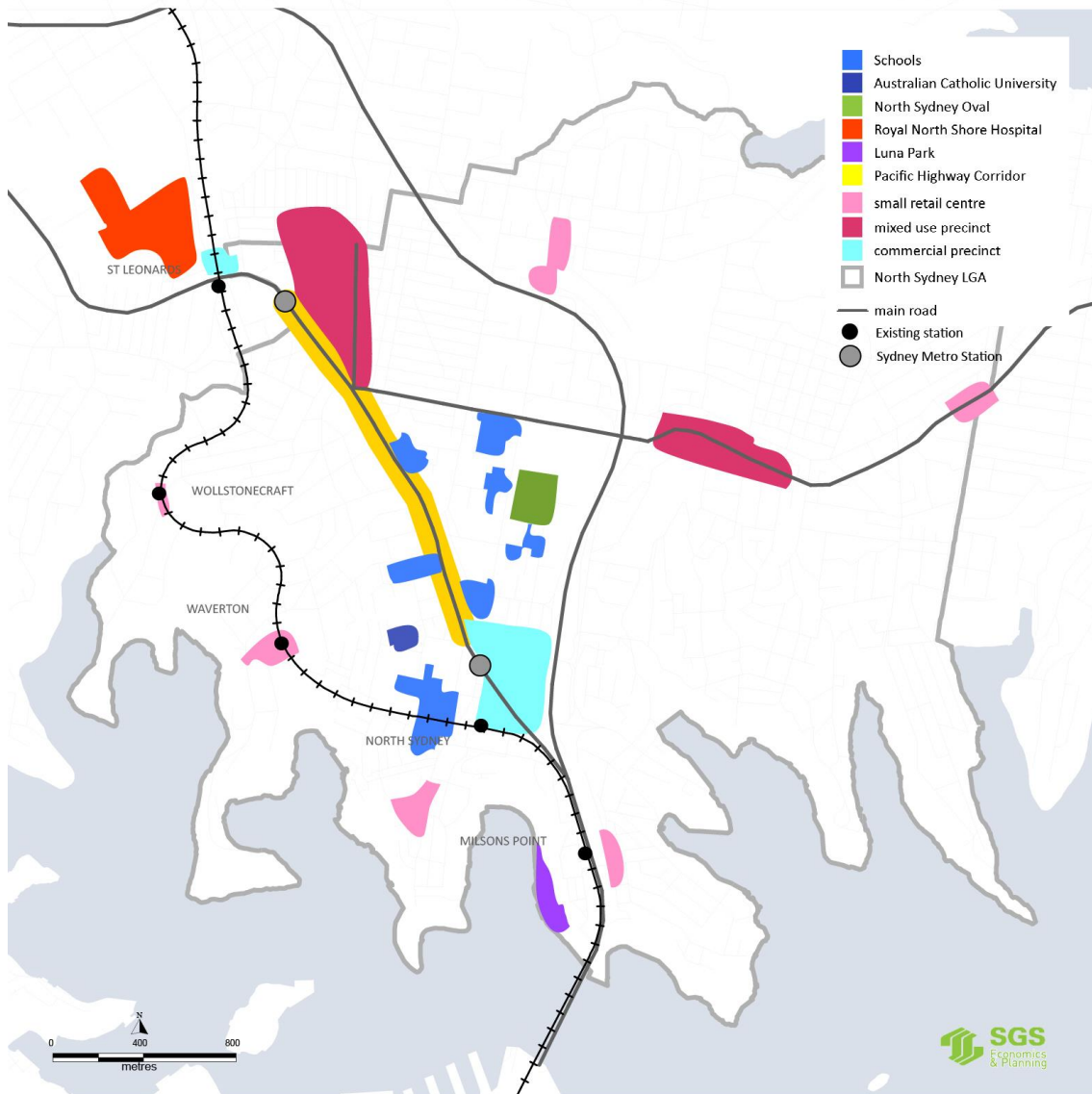
**Figure 1** presents a selection of major centres and assets that currently have a significant influence on North Sydney's economic trajectory. The centres identified follow the centres hierarchy identified by North Sydney Council in the *North Sydney Local Development Strategy*. Only those centres, precincts and institutions that present a critical mass of activity with the potential to influence a broad catchment have been presented (i.e. schools and small villages have not been highlighted – although some of these are still significant employment locations).

The North Sydney CBD is the focus of economic activity in the local government area. The North Sydney CBD operates a metropolitan centre and an effective extension of the Sydney CBD, with significant commercial, retail, residential and education uses attracting workers and students from across Metropolitan Sydney. St Leonards also contains significant office development attracting workers from across Metropolitan Sydney, with strong links to the Royal North Shore hospitals. Large employment centres such as North Sydney and St Leonards represent key nodes in the local, regional and Metropolitan economy. Aligned business activities often interact with these major nodes and gain significant economic advantages by doing so. Understanding these local and regional relationships is important to maximising economic development opportunities in the North Sydney local government area.

Smaller centres such as Crows Nest and Neutral Bay, play a significant role in local economic activity. These centres largely generate economic activity from the local resident population, supporting local employment and retail needs. The North Sydney local government area offers some of the densest and most attractive housing locations in Metropolitan Sydney, and is therefore well positioned to continue to attract a resident professional workforce into the future.

An important shaping factor of North Sydney's smaller centres has been the heavy rail network and arterial road network. Most of North Sydney's smaller centres are located at or near major railway stations of the principal public transport network. These locations not only provide important access to employment opportunities elsewhere in the metropolis, but they also help to concentrate foot traffic and retail expenditure for their respective centre and the traders within those centres.

FIGURE 1 KEY INSTITUTIONS, ASSETS AND CENTRES (DRAFT)

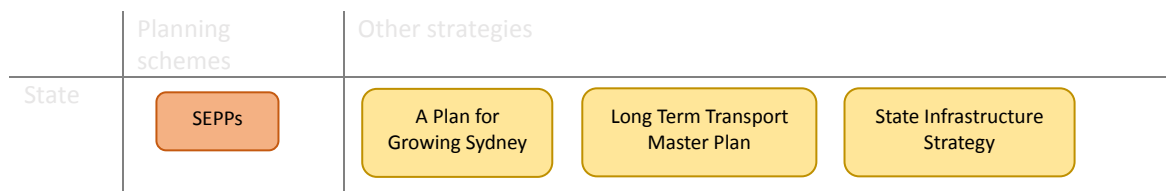


Source: SGS Economics and Planning based from a range of council and public datasets.

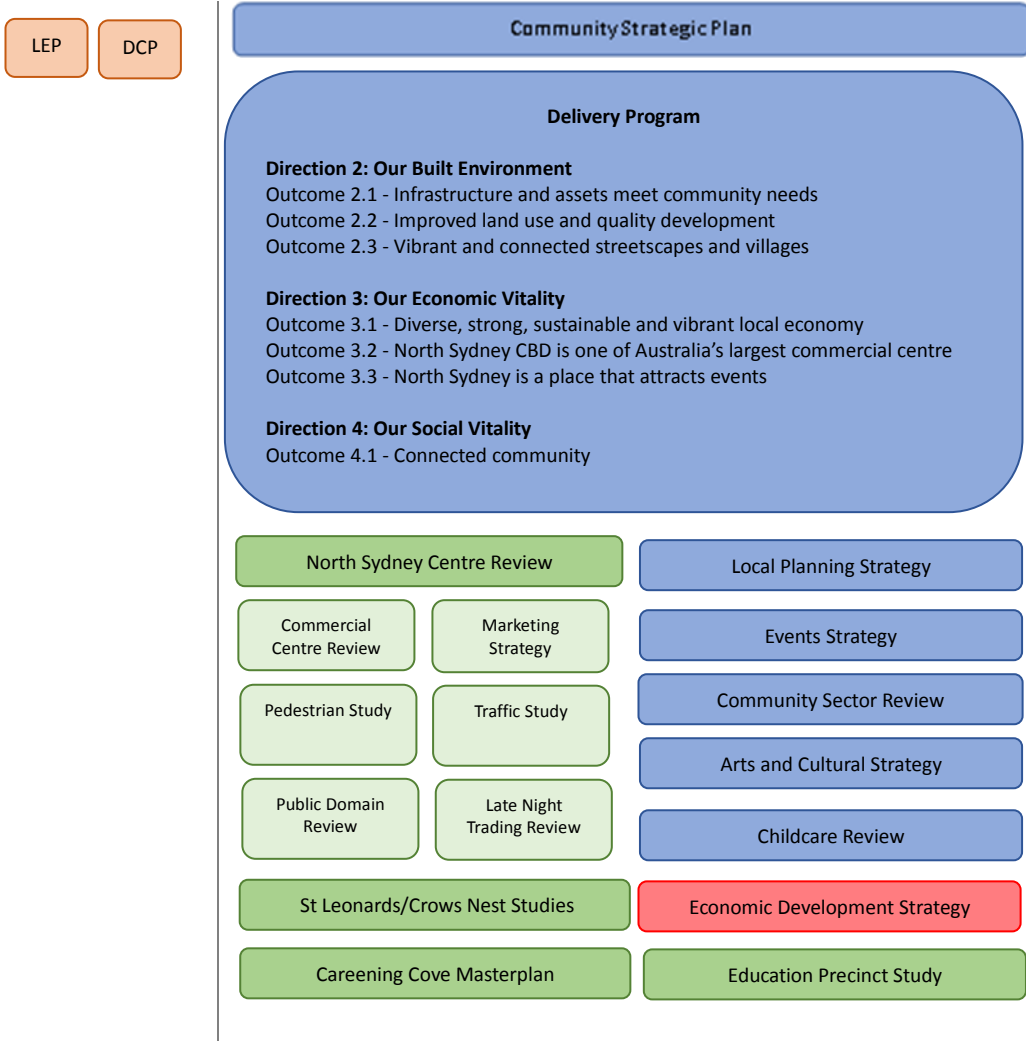
## 2.2 Policy and strategy framework

Figure 2 below provides a diagrammatic overview of recent and relevant state and local policies impacting on economic activity across North Sydney. This Economic Development Strategy will build upon and help to inform future updates to many of these other documents where relevant.

FIGURE 2 STRATEGIC FRAMEWORK







Source: SGS Economics and Planning

North Sydney local government area plays an important role in metropolitan Sydney and is a focus of State planning. The North Sydney CBD is part of Global Sydney, an agglomeration of high-value industries and employment with substantial variety and density of activities, strengthening Sydney's global influence. St Leonards, which also falls within Willoughby and Lane Cove local government areas, is a Strategic Centre, containing a density and diversity that is of metropolitan significance. Infrastructure planned by the NSW Government will continue to shape the North Sydney local government area, including the Sydney Metro and Northern Beaches Bus Rapid Transit.

Local policies and strategies reflect the objectives of NSW Government plans, focusing on the North Sydney CBD and St Leonards as important centres of local and metropolitan economic activity. North Sydney CBD has been subject to extensive planning through the North Sydney Centre Review. This comprehensive review has focused on the role of the CBD and its activities. Recommendations have largely centred on improving traffic flow, the attractiveness of the centre and the pedestrian experience. This has been proposed through 'hard' measures, such as improvement to the public domain, and 'soft' measures, such as a marketing campaign for the centre.

St Leonards has also been subject to significant local planning, through the *St Leonards/Crows Nest Planning Studies*. This study has separated the centre into four precincts with each precinct planned through a rolling program. The completed precinct plans for St Leonards have focused on improving pedestrian amenity, attracting night time activity, rejuvenating public spaces, and improving aging commercial stock.

Other smaller centres (such as Crows Nest, Neutral Bay and Cremorne) have limited plans and policies. These centres are discussed in existing policies and strategies for the entire local government area in general terms. This is largely reflective of the importance of North Sydney and St Leonards to the local and metropolitan economy. However, the role of these smaller centres to local economic activity should not be ignored or undervalued.

## Major themes of the existing EDS framework

Key areas of opportunities and focuses for the future directions of economic development in the North Sydney local government area are:

- Branding the local government area and or centres to highlight the character and advantages of the area
- Assisting in building local business capacity and facilitating collaboration between businesses
- Making it easier for businesses to establish and operate by explaining or modifying regulations
- Supporting start-up businesses, in particular technology based start-ups, through the possible provision of office space and providing information on resources available
- Advocating for improved infrastructure for transport, telecommunications and social needs such as childcare.

The documents reviewed as part of the Stage 1 work contained a number of actions which relate to the economic development of the local government area. The plans prepared as part of the North Sydney Centre Review are complementary and work together to enhance the attractiveness and functionality of the centre for workers and businesses by fulfilling a stimulator/provider role. The challenge remains for a comprehensive, cohesive vision of St Leonards as the centre falls within three LGAs and is currently being addressed in the *St Leonards/Crows Nest Planning Studies*.

## 2.3 Policy gaps

Existing policies and strategies provide extensive planning for the North Sydney CBD and St Leonards /Crows Nest centres. These centres contain the majority of economic activity in the local government area and contribute to the local regional, and metropolitan economy. The roles of these centres and the activities within them are comprehensively considered and specific actions recommended for Council.

Nonetheless there are elements which can be improved on. The few areas of concern which can be addressed in this strategy document are detailed below.

Firstly, there is a **lack of detailed policies and strategies to support smaller centres**, specifically Crows Nest and Neutral Bay. While this is reflective of the role of the North Sydney CBD and St Leonards as significant employment locations in the region, the role of Crows Nest and Neutral Bay in supporting economic activity and development across the local government area should not be ignored. Examining the Crows Nest and Neutral Bay centres to determine their opportunities to facilitate economic activity and developing strategies to address the weaknesses and threats to the centres would benefit their economic development and support local employment, retail and entertainment opportunities.

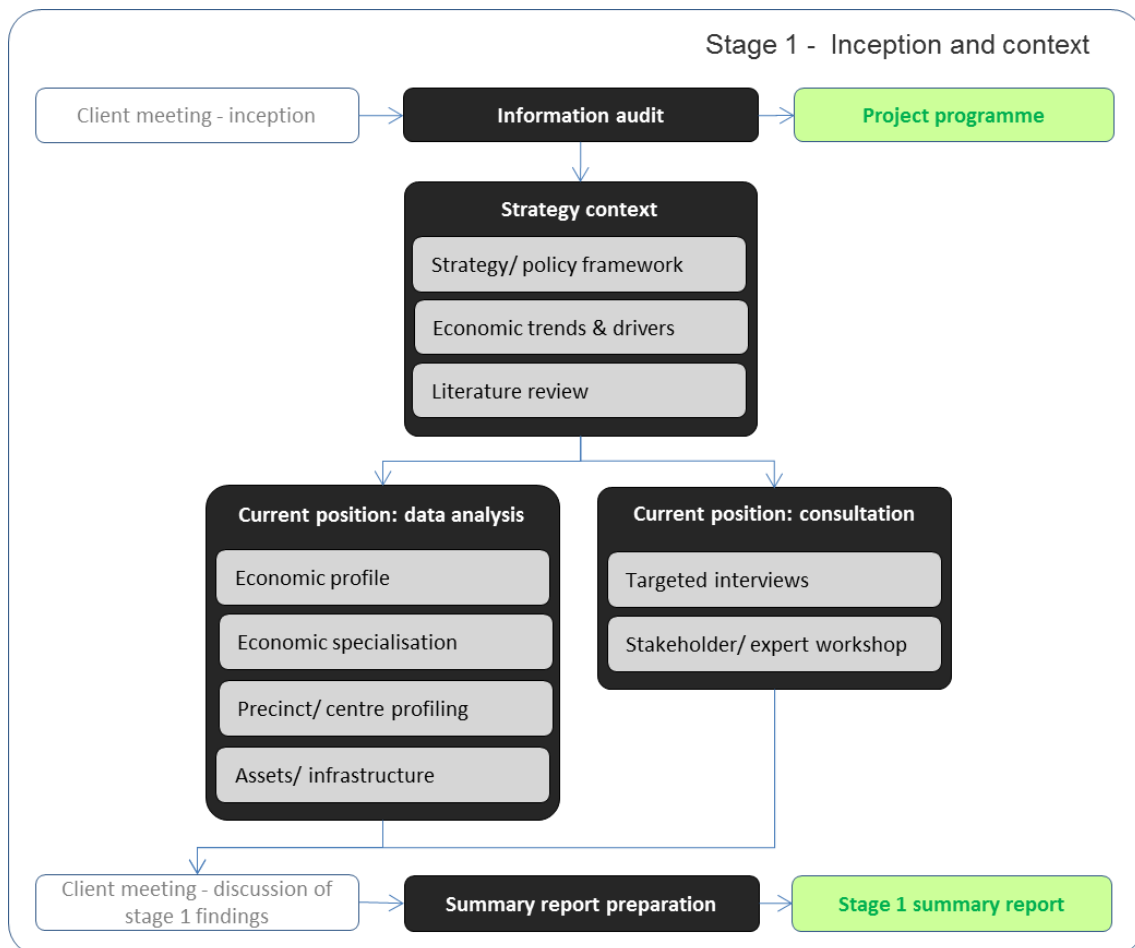
Secondly, current strategy documents focus on improvements to Council property. This is justified as Council has direct control over these assets. However, there is an **opportunity to provide support to local business development**. Current strategies and policies lack actions to facilitate professional development, networking and capacity building of local businesses and reduce the complexity of doing business in North Sydney. Council currently provides some support to businesses which does not appear in policy documents and there are opportunities for Council to provide further assistance to local businesses and develop stronger relationships with local business groups and chambers of commerce.

Thirdly, there is a current policy gap in **supporting home businesses and start-ups**. As technology becomes increasingly embedded in business, there are greater opportunities for workers to telecommute and/or establish home businesses. Furthermore, technological innovation enable different facets to current policies and strategies which support economic development and employment growth in the North Sydney local government area are silent on home businesses and start ups and do not contain strategies to support these form of employment. These activities are occurring in the local government area however additional support for home businesses and starts would enable greater ease in viability for these economic activities.

## 2.4 Method for the EDS

This Economic Development Strategy has been developed through two phases. It commenced with a first stage that involved significant volumes of research, analysis and interpretation, and concludes with a second stage (this report), which summarises the implications arising from the research findings and develops the appropriate strategic responses.

### Stage 1

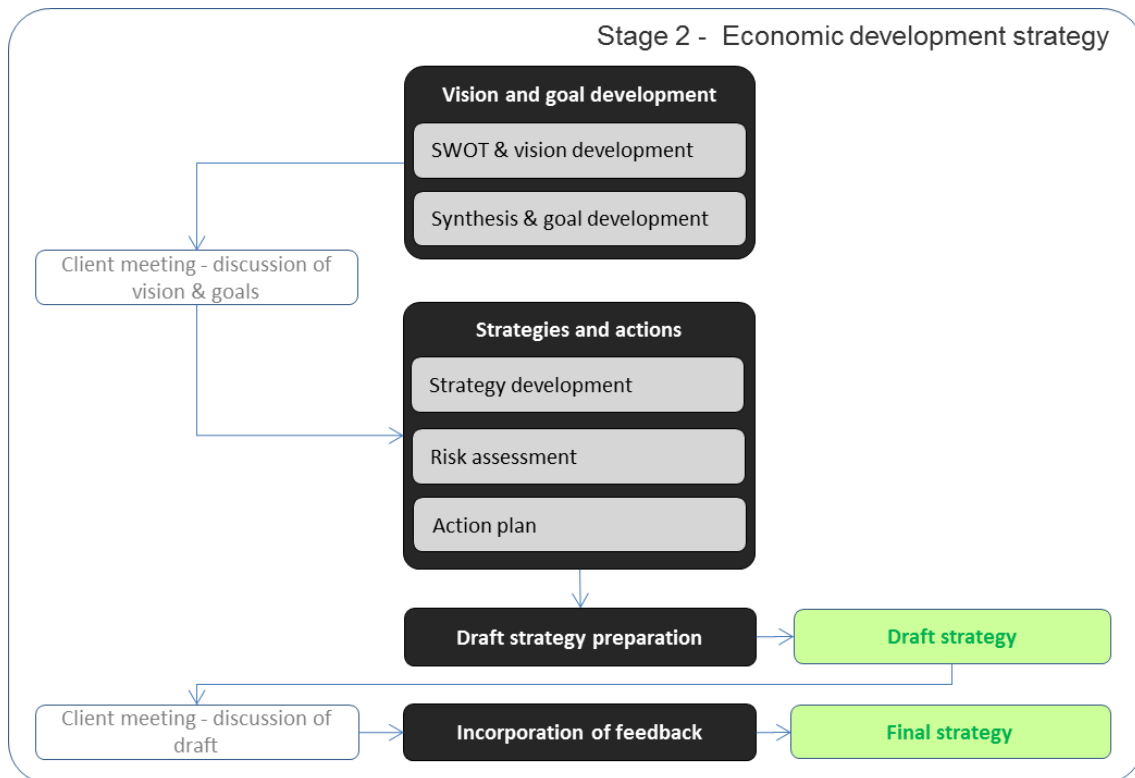


The stage 1 work comprised of three key components:

1. A **document review**, which included a wide-ranging interpretation of policy documents relevant to Economic Development in the local and regional systems, to gain an appreciation of the work which has been done on the topic matter to date. This was supplemented by a review of available literature.

2. **Stakeholder consultation**, combining an online survey, targeted interviews as well as an expert stakeholder workshop involving peak bodies, local business representatives and commercial property agents.
3. **Data analysis**, which was underpinned by profiling of the local and regional economy, economic specialisations and centre profiling.

## Stage 2



Stage 2 of the Economic Development Strategy (culminating in this report) involved distillation of Stage 1 findings into a SWOT framework, which then formed the core set issues and problems for the strategy to respond to.

From there, a responsive vision was developed and underpinned by a set of strategic themes which were direct responses to the key findings of the Stage 1 work.

These themes were then presented and discussed at a strategic workshop with key council officers to canvass implementable actions. From there SGS have developed a broad and comprehensive set of strategies and actions for North Sydney LGA.

# 3 ISSUES & OPPORTUNITIES

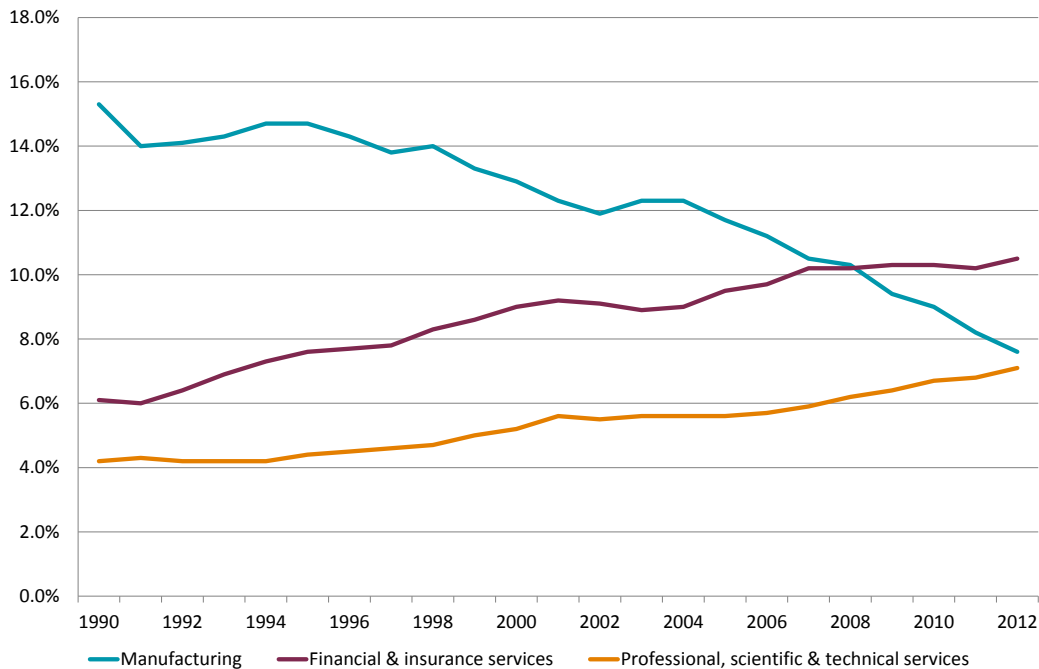
This Chapter outlines the issues and opportunities facing economic development on the North Sydney local government area. The challenges and opportunities have been informed by analysis of economic trends, employment forecasts for the local government area, and consultation with North Sydney businesses conducted as part of the *North Sydney Economic Development Strategy Scoping Study*.

## 3.1 Economic trends and drivers

### Structural changes in Australia and Sydney's economy

During the early 1980s, the economic structure of Australia was fairly homogeneous. Manufacturing was the primary income generator across most parts of the country. Of course, certain areas possessed specialisations in particular industries, for example, tourism, agriculture and mining in regional areas. Earlier versions of advanced business services also existed in the central core of cities since early in the 20<sup>th</sup> century. The economic evolution of the past 30 years has resulted in a far more complex picture. The rise of knowledge intensive services, the resource boom and a high Australian dollar, has created a patchwork economy. Figure 3 below highlights the restructuring of the Australian economy for three key industries over the last two decades – with services becoming an increasingly important component of domestic product and national wealth.

FIGURE 3 SHARE OF GDP FOR SELECTED INDUSTRIES, AUSTRALIA



Source: Australian Bureau of Statistics – National Accounts

This economic structural change has – and will continue to – impact on the composition of employment opportunities across Metropolitan Sydney. Knowledge based services have become the core element of Australia and Sydney's economy. North Sydney's economy benefits from a high proportion of knowledge intensive jobs in professional, scientific and technical services, financial and insurance services and information media and telecommunications. These are industries where North Sydney has some

competitive advantage due to a degree of specialisation compared to the North District and metropolitan Sydney. The professional, scientific and technical services sector in the LGA in particular is twice the proportion compared to the North District and approximately three times the proportion when compared to metropolitan Sydney.

### **North Sydney LGA Economic Profile**

The composition of industries within the North Sydney LGA provides clear indication to the nature of current business activity. The dominant industries within the LGA are definitively Professional, Scientific and Technical Services and Financial and Insurance Services (at 30.2% and 12.5%, respectively).

Within the North Sydney LGA, the rate of growth in the Professional, Scientific and Technical Services industry has been marginally lower than the rate of growth in the District and to a greater extent when compared to the Sydney GCCSA in the decade to 2011. A substantial decline in the Information Media and Telecommunications industry has been observed, decreasing by 45.9% in the years between the 2001 and 2011 Censuses. The Financial and Insurance Services industry has experienced higher growth than the benchmark areas, to position itself as the second greatest industry by employment within the North Sydney LGA. The Public Administration and Safety industry has also experienced growth at a faster rate (52.2%) than the two benchmark areas to position itself as a substantial employer within the LGA. Overall however, the North Sydney LGA has experienced a lower employment growth rate than the benchmark areas.

The current economic profile of North Sydney LGA is summarised in the table below and benchmarked against the broader sub-region.

TABLE 1 EMPLOYMENT BY INDUSTRY

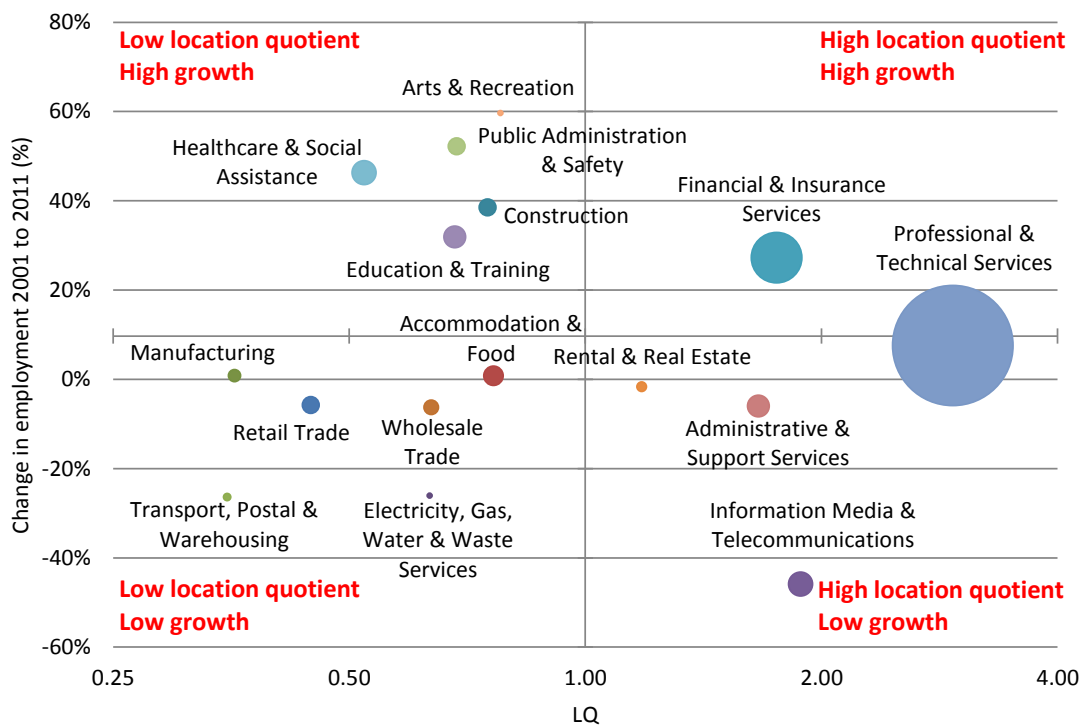
ANZSIC Industry	North Sydney			North District			Sydney GCCSA		
	2011	Proportion of jobs	2001-2011	2011	Proportion of jobs	2001-2011	2011	Proportion of jobs	2001-2011
Agriculture, Forestry and Fishing (A)	71	0.1%	-19.3%	837	0.2%	-41.3%	6,429	0.4%	-34.0%
Mining (B)	244	0.4%	132.4%	536	0.2%	88.1%	4,076	0.2%	53.0%
Manufacturing (C)	2,065	3.1%	0.8%	23,287	6.5%	-13.3%	160,853	8.8%	-18.5%
Electricity, Gas, Water and Waste Services (D)	386	0.6%	-26.1%	1,917	0.5%	-26.2%	16,962	0.9%	18.2%
Construction (E)	2,595	3.9%	38.5%	20,114	5.6%	20.0%	96,184	5.2%	18.6%
Wholesale Trade (F)	2,344	3.6%	-6.3%	27,055	7.6%	17.9%	102,496	5.6%	1.1%
Retail Trade (G)	2,982	4.5%	-5.8%	35,163	9.8%	-5.5%	185,708	10.1%	4.0%
Accommodation and Food Services (H)	3,128	4.7%	0.8%	19,667	5.5%	6.9%	114,019	6.2%	7.9%
Transport, Postal and Warehousing (I)	1,183	1.8%	-26.4%	6,917	1.9%	-15.1%	94,127	5.1%	6.9%
Information Media and Telecommunications (J)	3,961	6.0%	-45.9%	19,105	5.3%	-21.1%	58,528	3.2%	-11.7%
Financial and Insurance Services (K)	8,213	12.5%	27.2%	16,378	4.6%	2.5%	130,306	7.1%	18.7%
Rental, Hiring and Real Estate Services (L)	1,468	2.2%	-1.7%	7,315	2.0%	-0.4%	34,606	1.9%	1.3%
Professional, Scientific and Technical Services (M)	19,893	30.2%	7.5%	55,419	15.5%	10.1%	188,167	10.3%	17.2%
Administrative and Support Services (N)	3,502	5.3%	-6.0%	11,640	3.3%	-6.5%	58,578	3.2%	3.2%
Public Administration and Safety (O)	2,707	4.1%	52.2%	12,043	3.4%	23.7%	109,894	6.0%	28.1%
Education and Training (P)	3,640	5.5%	31.8%	31,232	8.7%	28.5%	148,456	8.1%	25.7%
Health Care and Social Assistance (Q)	3,901	5.9%	46.2%	45,382	12.7%	33.3%	207,774	11.3%	35.0%
Arts and Recreation Services (R)	824	1.2%	59.7%	4,866	1.4%	29.6%	29,426	1.6%	24.1%
Other Services (S)	1,789	2.7%	13.9%	13,365	3.7%	-12.8%	67,588	3.7%	-3.0%
Inadequately described/Not stated (X)	1,048	1.6%	97.0%	4,982	1.4%	55.3%	21,182	1.2%	33.1%
<b>TOTAL</b>	<b>65,944</b>	<b>-</b>	<b>5.8%</b>	<b>357,220</b>	<b>-</b>	<b>6.5%</b>	<b>1,835,359</b>	<b>-</b>	<b>9.7%</b>

Source: ABS, 2011

## Growth share

The figure below illustrates industries in the North Sydney local government area by their relative concentration (i.e. their location quotient) and historic growth in that industry to determine the industries that have the greatest potential for economic development. Figure 4 highlights the growth share analysis of North Sydney LGA compared to metropolitan Sydney. The horizontal axis indicates the degree of specialisation indicated by the location quotient and the vertical axis shows the change in employment over 2001 to 2011. The top right quadrant indicates the industries that have a high level of specialisation (i.e. a high location quotient) and high growth in employment. The size of the circles indicates the relative size of the industry<sup>1</sup>.

FIGURE 4 LOCATION QUOTIENT GROWTH SHARE ANALYSIS: NORTH SYDNEY AGAINST SYDNEY GCCSA (2001-2011)



Source: SGS Economics and Planning 2015

For North Sydney, the financial and insurance services industry displays a strong degree of growth across the previous ten years alongside a high degree of speciality. Whilst the Financial and Insurance Services sector has displayed positive growth along with achieving a high degree of specialisation, it can be considered to be relatively well established as the North Sydney local government area's second largest employer. Professional, scientific and technical services remained the same size between 2001 and 2011 and continues to be the largest industry of employment in the local government area.

The Information media and telecommunications industry, whilst retaining a reasonably high level of specialisation within the region, has seen a decline of nearly 46 percent over the ten year period to 2011. However, information media and telecommunications has remained the third highest industry of employment.

<sup>1</sup> To allow for increased ease of interpretation, two categories have been removed, mining and agriculture, forestry and fishing, due to their small size resulting in low significance to the graph and a dramatic percentage change in employment growth over the time period.



There is a clustering of industries which are of similar size to the information media and telecommunications industry which experienced growth between 2001 and 2011 but have a lower degree of specialisation than metropolitan Sydney, including:

- Health and social assistance services
- Education and training
- Public administration and safety
- Construction

## Shift share

A shift-share analysis was conducted for the North Sydney LGA against the Sydney GCCSA to determine the extent to which job growth can be attributed to unique regional factors and how much is due to broader trends (Table 2).

The top and bottom five industries according to their competitive shift are highlighted in green and red respectively. The industries which have employed in excess of 3000 persons within the North Sydney LGA at the time of the 2011 Census (the top 7 employers) have also been highlighted, being in light brown where that industry's competitive shift has decreased and in blue where it has increased.

TABLE 2: SHIFT-SHARE ANALYSIS: NORTH SYDNEY AGAINST SYDNEY GCCSA (2001 - 2011)

	Regional Growth (RG)	Expected Change	Industrial Mix (IM)	Total Growth	Competitive Shift (CS)	Employment Proportion
Agriculture, Forestry and Fishing (A)	9.7%	-34.0%	-43.6%	-19.3%	14.7%	0.1%
Mining (B)	9.7%	53.0%	43.3%	132.4%	79.4%	0.4%
Manufacturing (C)	9.7%	-18.5%	-28.2%	0.8%	19.3%	3.1%
Electricity, Gas, Water and Waste Services (D)	9.7%	18.2%	8.5%	-26.1%	-44.2%	0.6%
Construction (E)	9.7%	18.6%	8.9%	38.5%	19.9%	3.9%
Wholesale Trade (F)	9.7%	1.1%	-8.6%	-6.3%	-7.4%	3.6%
Retail Trade (G)	9.7%	4.0%	-5.7%	-5.8%	-9.8%	4.5%
Accommodation and Food Services (H)	9.7%	7.9%	-1.7%	0.8%	-7.2%	4.7%
Transport, Postal and Warehousing (I)	9.7%	6.9%	-2.8%	-26.4%	-33.3%	1.8%
Information Media and Telecommunications (J)	9.7%	-11.7%	-21.4%	-45.9%	-34.2%	6.0%
Financial and Insurance Services (K)	9.7%	18.7%	9.0%	27.2%	8.5%	12.5%
Rental, Hiring and Real Estate Services (L)	9.7%	1.3%	-8.4%	-1.7%	-3.0%	2.2%
Professional, Scientific and Technical Services (M)	9.7%	17.2%	7.6%	7.5%	-9.7%	30.2%
Administrative and Support Services (N)	9.7%	3.2%	-6.4%	-6.0%	-9.3%	5.3%
Public Administration and Safety (O)	9.7%	28.1%	18.5%	52.2%	24.0%	4.1%
Education and Training (P)	9.7%	25.7%	16.0%	31.8%	6.1%	5.5%
Health Care and Social Assistance (Q)	9.7%	35.0%	25.4%	46.2%	11.2%	5.9%
Arts and Recreation Services (R)	9.7%	24.1%	14.4%	59.7%	35.6%	1.2%
Other Services (S)	9.7%	-3.0%	-12.7%	13.9%	17.0%	2.7%
TOTAL	9.7%	9.7%	0.0%	5.8%	-3.9%	100%

Source: SGS Economics and Planning 2015

There have been substantial decreases across a range of industries within the North Sydney LGA, most severely within the Utilities Sector (Electricity, Gas Water and Waste Services), along with the Transport Postal & Warehousing and the Information Media & Telecommunications industries. There have been substantial increases in competitive shift in the industries of Mining, Arts and Recreation Services, and Public Administration and Safety.

The two highest changes in competitive shift, a 79.4% increase in Mining and a 44.2% decrease in the Utilities Sector have a reduced significance on the economic landscape of North Sydney due to the small size of these industries within the North Sydney LGA (less than 1% of total employment). The decrease in the competitive shift of the Professional, Scientific and Technical Services industry (9.7%) is highly significant due to its prominence as the North Sydney LGA's largest employer. Additionally, the substantial decrease (34.2%) in the competitive shift of the Information Media and Telecommunications industry holds a similar significance due to its decrease from its 2001 level of 7,326 jobs (or 11.7% of employment) within the North Sydney LGA. This equates to a drop in the location quotient of the industry within the North Sydney LGA compared to the Sydney GCCSA from 2.97 to 1.88.

## Employment forecasts

Employment forecasts prepared by the NSW Bureau of Transport Statistics (BTS) are shown in Table 3. Overall, the North Sydney local government area is forecast to provide an additional 19,370 jobs on 2016 levels.

TABLE 3: NORTH SYDNEY EMPLOYMENT FORECASTS

	Total Counts						Increase (2016 – 2041)		Proportion of Forecast Growth
	2016	2021	2026	2031	2036	2041	2041	2041	
Agriculture, Forestry and Fishing	87	94	102	109	116	123	36	42%	0.2%
Mining	310	353	387	426	468	510	200	64%	1.0%
Manufacturing	2,297	2,431	2,553	2,671	2,792	2,942	644	28%	3.3%
Electricity, Gas, Water and Waste Services	533	549	576	596	621	648	114	21%	0.6%
Construction	3,375	3,630	3,892	4,163	4,431	4,712	1,338	40%	6.9%
Wholesale Trade	2,732	2,734	2,760	2,798	2,846	2,917	185	7%	1.0%
Retail Trade	3,884	4,123	4,321	4,513	4,716	4,950	1,066	27%	5.5%
Accommodation and Food Services	4,011	4,204	4,402	4,612	4,848	5,109	1,098	27%	5.7%
Transport, Postal and Warehousing	1,396	1,344	1,342	1,353	1,380	1,419	23	2%	0.1%
Information Media and Telecommunications	5,681	5,719	5,780	5,864	5,977	6,137	456	8%	2.4%
Financial and Insurance Services	9,381	9,733	10,286	10,813	11,362	11,913	2,533	27%	13.1%
Rental, Hiring and Real Estate Services	1,734	1,797	1,871	1,948	2,042	2,164	431	25%	2.2%
Professional, Scientific and Technical Services	21,495	21,934	22,752	23,860	24,966	26,134	4,639	22%	23.9%
Administrative and Support Services	4,231	4,313	4,393	4,519	4,668	4,846	615	15%	3.2%
Public Administration and Safety	2,752	2,832	2,922	3,006	3,088	3,173	421	15%	2.2%
Education and Training	4,198	4,562	4,962	5,361	5,758	6,175	1,977	47%	10.2%
Health Care and Social Assistance	4,928	5,475	5,930	6,375	6,837	7,308	2,380	48%	12.3%
Arts and Recreation Services	1,072	1,087	1,136	1,189	1,240	1,320	248	23%	1.3%
Other Services	2,144	2,197	2,272	2,356	2,441	2,537	393	18%	2.0%
Unclassified	2,859	2,993	3,126	3,234	3,339	3,433	574	20%	3.0%
<b>TOTAL</b>	<b>79,099</b>	<b>82,104</b>	<b>85,763</b>	<b>89,767</b>	<b>93,935</b>	<b>98,470</b>	<b>19,370</b>	<b>24%</b>	<b>-</b>

Source: BTS, 2014

The three industries which are forecast to experience the highest growth by total counts over the forecast period are professional, scientific and technical services, financial and insurance services and health care and social assistance. Health care and social assistance and education and training hold significance in their high forecast growth *rate* and absolute *amount* over the forecast period.

Medium to high percentage growth is forecast for retail trade, construction and accommodation and food services industries. These industries currently employ a significant number of workers in the North Sydney local government area (i.e. between 1,000 and 1,500 jobs). There is a forecast growth rate for the agricultural and mining sectors, however there is a relative few jobs forecast due to the size of these industries in the North Sydney local government area.

North Sydney local government area is forecast to have a lower employment growth (24%) than both the North District (30%) and metropolitan Sydney (39%) to 2041.

Whilst governments (local, state and federal) possess limited influence and clout over some of these economic trends, policy making still has a significant role in determining how the economy will ultimately impact on our communities.

## Retail dynamics

Recent economic, social and technological influences have significantly changed the shopping behaviour of consumers worldwide. Retailers both globally and locally have since responded to these changing patterns of shopping and consumption. As a result, the spatial landscape of retailing in Australia is rapidly evolving.

Since 2008, the Global Financial Crisis coupled with the downturn in the Australian housing market has reduced the level of new household establishments and subsequently, expenditure on household goods and discretionary clothing has declined. Activity centres which are solely underpinned by household goods and clothing expenditure will continue to struggle whilst the economy remains relatively stagnant in the short to medium term.

Meanwhile the continued development of online retailing has resulted in uneven impacts across the retail landscape. Whilst local and regional centres remain the dominant outlets for the sale of food products and household goods, clothing and apparel sales are increasingly conducted online. Online retailing offers consumers lower prices and convenience. Apparel retailers have responded in two ways.

The first of these is the cost reduction method. By reducing the cost of inputs, apparel outlet sales for the more generic apparel products are more price competitive. The reduction of costs may involve one or a combination of the following:

- Obtaining low value rents for floorspace in out of centre locations
- Recycling second hand apparel (which also allows for green marketing)
- Co-locating apparel with retail stores that still encourage shopper trips (household goods, food), often in the one centre

A second method for competing with online apparel retailers is the attractiveness method. This involves creating and invoking the power of a brand or experience (or both). This is a complex process which requires a degree of product or service innovation coupled with strong marketing. It is better suited to high value apparel products where a unique in-store experience can be effectively price bundled with a compelling product. The spending preferences of Gen-Y and social media also play a part, with new-age consumers increasingly lured by a visually stunning or quirky store.

Over the past decade, only three models of retailing have experienced strong growth:

- **Fast retail**, which capitalises on efficiency, time savings and cost savings. In many respects this is a high turnover model which relies on large population catchments to capitalise on new innovations. There should be some elements in the North Sydney CBD but in smaller centres, it merely plays an incremental role.
- **Slow retail**, which engages consumers at a more comfortable pace. Typically they constitute owner-operated shops with individuality and personality. This model is particularly well suited to smaller

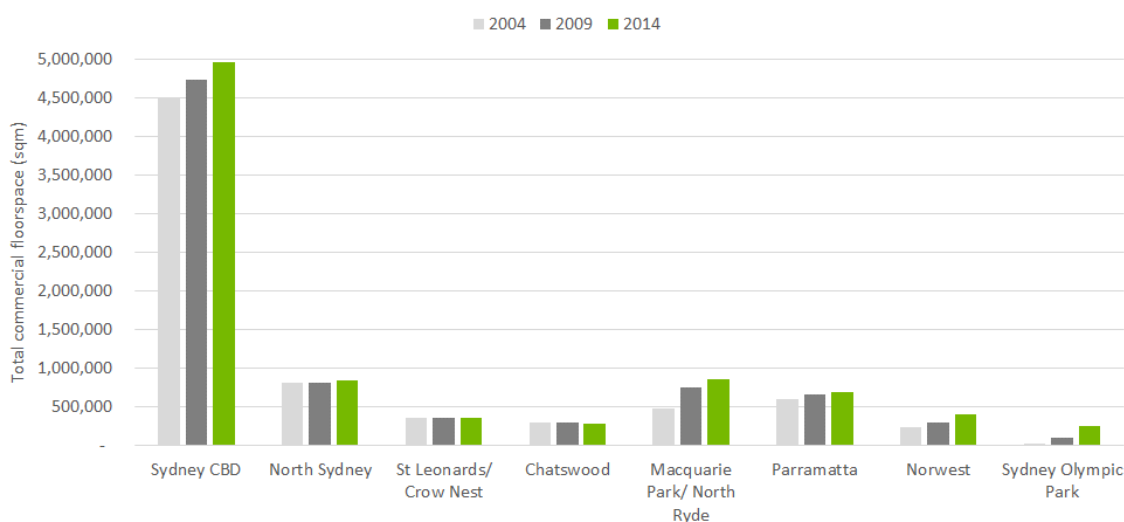
rural townships, as the ability of a retailer to build relationships and repeat sales with local customers is essential given the limited populations which can support trade within a given catchment. Quality of customer interaction and store design are key competitive advantages.

- **Cultural retail**, which positions the arts as the centrepiece of a unique offer. On the ground, this form of retailing will usually possess cultural facilities as the major anchor of a commercial district/precinct. Any combination of museums, galleries, studios, arts retailers, offices and dwellings can all typically be found within a mixed use precinct. Whilst this model can serve to attract visitors, it should be concentrated in areas where sufficient critical mass and exposure can be achieved. It also requires strong collaboration between Council, the local arts community and retailers in implementation due to the inherent link between the private shop and the public space.

## Office market

At a metropolitan scale, the Sydney CBD is the major office market and is generally considered in isolation to the other metropolitan office markets. This is apparent when comparing the sheer size of its office market compared to the other metropolitan office markets across Sydney (refer to Figure 5). As a result, the following analysis generally considers North Sydney and St Leonards within the context of other metropolitan office markets rather than the Sydney CBD.

FIGURE 5 SYDNEY METROPOLITAN OFFICE MARKETS 2004-2014



Source: CBRE 2004, 2009, Colliers 2004, 2005, 2009, Savills 2014.

There are a number of key trends which have been observed over the past decade including:

- the strength and growth in the Sydney CBD office market
- the absolute and rapid percentage growth in the ‘business park’ markets of Macquarie Park, Norwest and Sydney Olympic Park
- the slow but steady growth in Parramatta and North Sydney
- the small decline in office floorspace in the lower north shore centres of Chatswood and St Leonards.

Drivers at work in these different markets covered in the Stage 1 report demonstrated that, notwithstanding strong centralising forces, there is ‘life’ in suburban centre office markets where the conditions are favourable.

## Home based businesses

A key emerging trend in well-educated residential communities is the formation of home-based businesses. Whilst proximity to place of residence has always been a major driver of firm formation and

employment location decisions, technological changes and the increasing cost of offices as well as dwellings have further encouraged individuals to work away from their traditional place of work.

Whilst there is little conclusive data on this trend<sup>2</sup>, we do know that there are many reasons why people might prefer to work from home. Those include:

- Startups; which tend to have unpredictable and low cash flows in their early years – preventing them from signing leases or committing to larger investments
- Labour intensity; little need for large floorplates to accommodate machinery
- No benefits from economies of scale, reducing the need for those businesses to grow in number of employees and leaving the business owner as the sole operator
- No need for main street frontages; exposure to passing trade/traffic is not required (or significant) for marketing or sales
- The homes themselves possess some locational advantages; a significant factor in parts of North Sydney LGA, with dwellings often being better located in terms of access to customers and suppliers than many employment lands or Activity Centres across Greater Sydney. Indeed, high house prices could be offset by running a small business out of the residential property.

The most common home-based businesses are in professional services, arts, health and retail (which is growing due to the online presence). More capital intensive industries that benefit from economies of scale and more operating space are less likely to operate out of homes; these include manufacturers, printers and wholesalers.

Traditionally, almost all retailers needed store fronts in prominent locations. This is now gradually changing, with some retailers capitalising on online platforms and therefore no longer needing to pay for main street shopfronts.

## **Workforce skills**

<sup>2</sup> The Australian Business Register (ABR) data provides the best insights by identifying business registrations by street address. All business registrations located in residential zoned lands could then potentially be classified as home based businesses. However, previous SGS studies have shown that only a small percentage of these identifications are typically active, with the majority of registrations comprising superannuation funds and inactive trusts.

Table 4 focuses on the skills and qualifications which North Sydney residents possess. It reveals that local residents are well trained across a broad spectrum of industries, with a particular specialisation in the 21<sup>st</sup> century growth industries of finance and professional services.

More than half of the residents in North Sydney LGA possess a Tertiary Qualification, with the vast majority of these being a Bachelor's Degree or higher.

TABLE 4 NORTH SYDNEY LOCAL RESIDENT QUALIFICATIONS

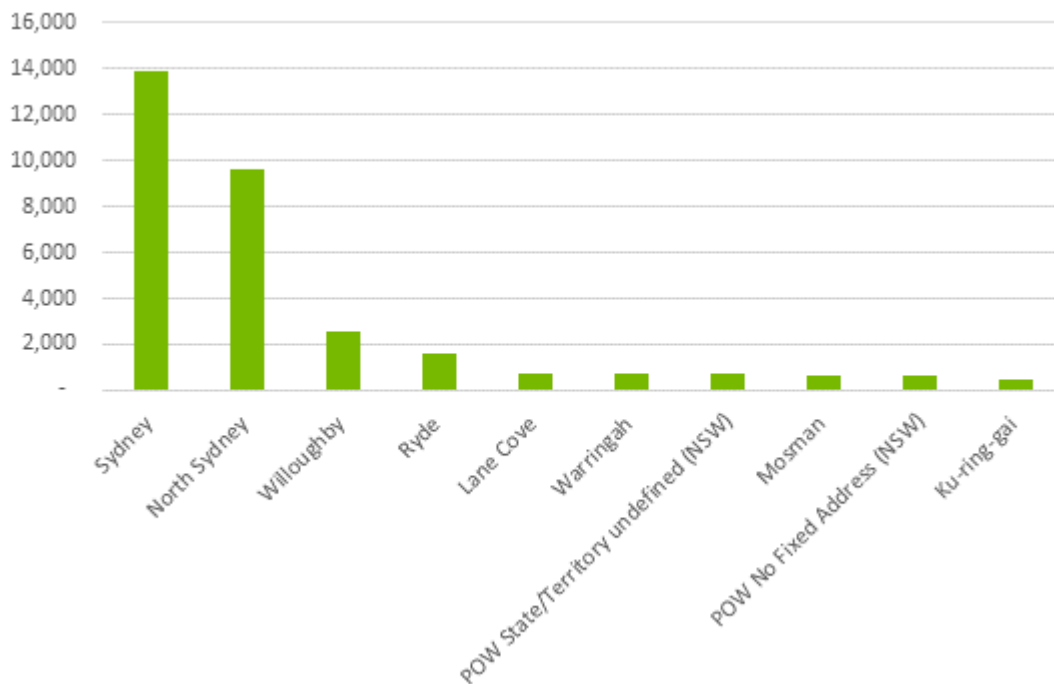
Industry	Postgrad Degree	Grad Dip & Grad Cert	Bachelor Degree	Adv. Dip & Diploma	No Tertiary Qual.	Total
Agriculture, Forestry and Fishing	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Mining	0.0%	0.0%	0.1%	0.0%	0.0%	0.2%
Manufacturing	0.3%	0.1%	0.9%	0.3%	0.5%	2.2%
Electricity, Gas, Water and Waste Services	0.1%	0.0%	0.1%	0.0%	0.1%	0.3%
Construction	0.2%	0.0%	0.7%	0.2%	0.5%	1.6%
Wholesale Trade	0.4%	0.1%	1.2%	0.3%	0.8%	2.8%
Retail Trade	0.3%	0.1%	1.1%	0.5%	1.4%	3.3%
Accommodation and Food Services	0.1%	0.0%	0.7%	0.5%	1.4%	2.8%
Transport, Postal and Warehousing	0.1%	0.0%	0.5%	0.2%	0.4%	1.3%
Information Media and Telecommunications	0.5%	0.2%	1.7%	0.4%	0.9%	3.6%
Financial and Insurance Services	1.7%	0.4%	4.1%	1.0%	1.4%	8.6%
Rental, Hiring and Real Estate Services	0.2%	0.1%	0.6%	0.3%	0.5%	1.5%
Professional, Scientific and Technical Services	2.5%	0.6%	6.9%	1.3%	1.9%	13.3%
Administrative and Support Services	0.2%	0.1%	0.9%	0.3%	0.7%	2.2%
Public Administration and Safety	0.5%	0.2%	1.1%	0.3%	0.5%	2.6%
Education and Training	1.3%	0.4%	1.7%	0.4%	0.6%	4.3%
Health Care and Social Assistance	1.1%	0.3%	2.4%	0.6%	0.8%	5.3%
Arts and Recreation Services	0.1%	0.0%	0.4%	0.1%	0.3%	1.1%
Other Services	0.2%	0.0%	0.4%	0.2%	0.3%	1.2%
Not Stated	2.0%	0.6%	5.7%	2.8%	30.5%	41.6%
<b>Total</b>	<b>12.0%</b>	<b>3.1%</b>	<b>31.3%</b>	<b>10.0%</b>	<b>43.5%</b>	<b>100.0%</b>

Source: ABS Census 2011

### Origin and destination of workers

Figure 6 then shows that a significant proportion of these skilled workers are either employed locally or work in the City of Sydney, with some other residents in surrounding LGAs.

FIGURE 6 WHERE NORTH SYDNEY LGA RESIDENTS WORK (BY LGA)

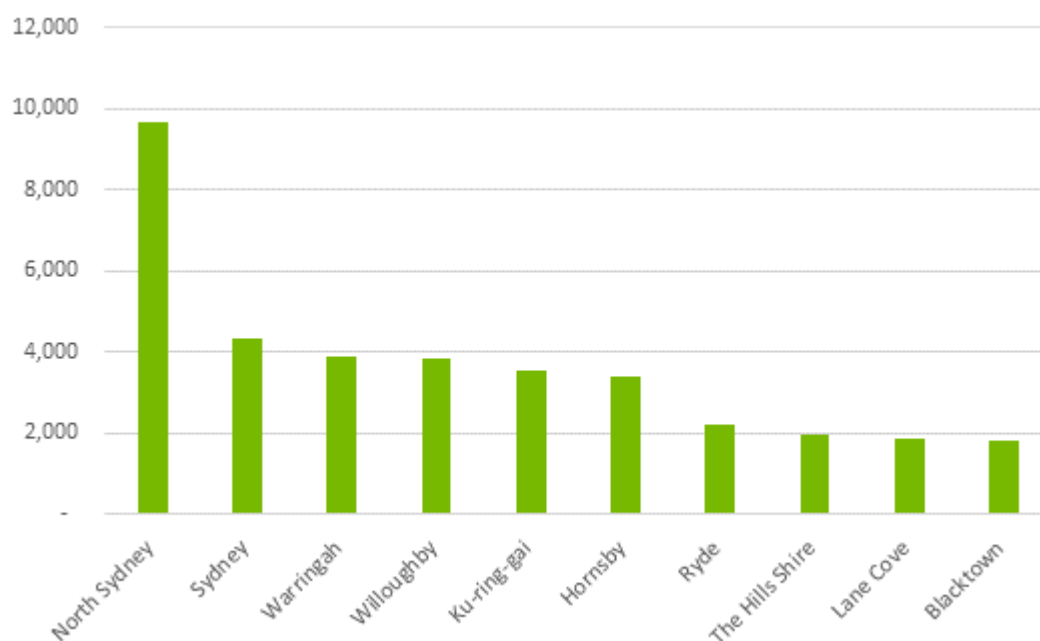


Source: ABS Census 2011

In terms of people who work in North Sydney LGA, the data shows a relatively even distribution of residents from LGAs in the surrounding region, along with a strong presence of local residents.

This demonstrates that better employment outcomes in North Sydney LGA generates greater employment opportunities for not only local residents, but also those in the broader region.

FIGURE 7 WHERE NORTH SYDNEY LGA WORKERS RESIDE (BY LGA)



Source: ABS Census 2011

## Centre profiles

Detailed analysis of centres within the North Sydney LGA found five precincts which experienced significant employment growth between 2006 and 2011, along with three which had declining employment.

The precincts which saw growth are listed below, along with the change in total counts and as a percentage:

- North Sydney CBD (an increase of 4487 jobs, or 19.8%)
- North Sydney Periphery (an increase of 2872 jobs, or 32%)
- St Leonards (an increase of 2411 jobs, or 28.3%)
- Crows Nest (an increase of 297 jobs, or 7.1%)
- Pacific Highway (an increase of 508 jobs, or 19.3%)

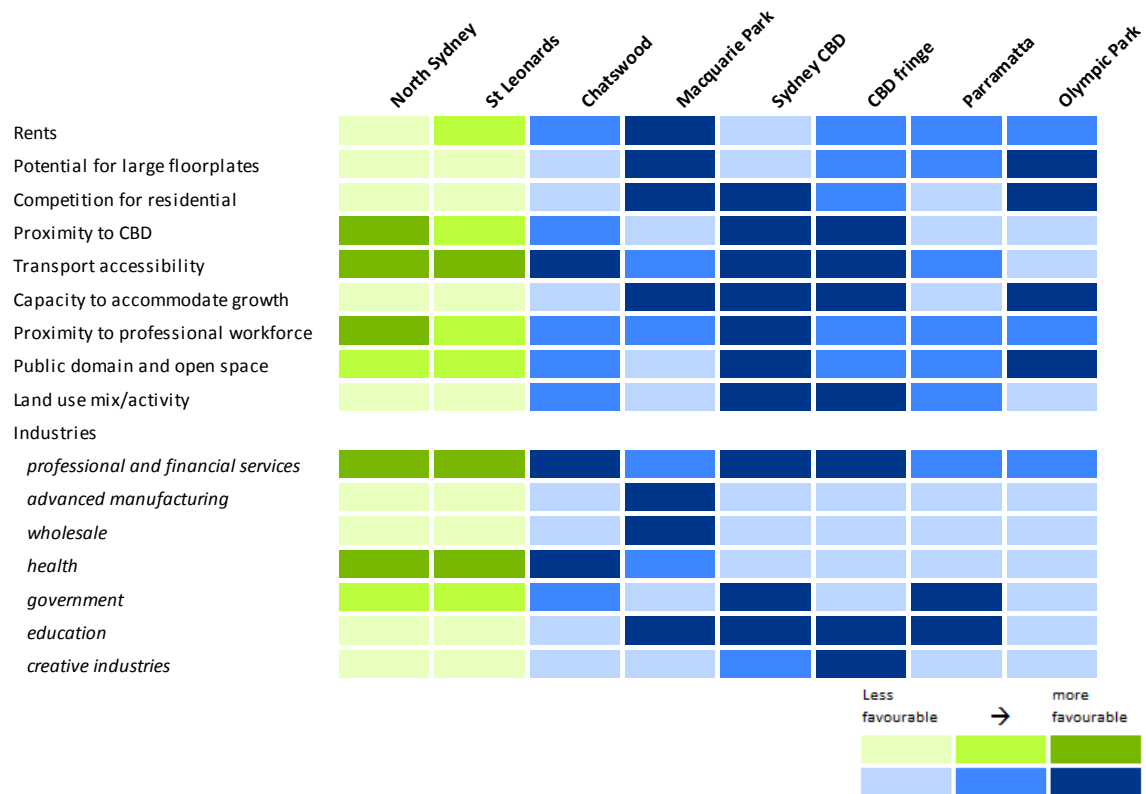
The precincts which experienced decline are listed below, along with the change in total counts and as a percentage:

- Milsons Point (a decrease of 100 jobs, or 2.7%)
- Neutral Bay (a decrease of 428 jobs, or 11.5%)
- Cremorne (a decrease of 53 jobs, or 3.8%)

A profiling of North Sydney's two largest commercial centres against other competing centres found that their core competitive advantages lay in their location within the metropolis and the local skills base. Capacity for supply growth (particularly larger floorplate developments) was found to be the major weakness.



TABLE 5 COMPARISON OF CENTRES



Source: SGS Economics and Planning, 2015. Note: scoring for 'rents' is based on affordability.

### 3.2 Challenges

The **relative competitiveness of North Sydney has declined**. The rate of forecast employment growth in the North Sydney local government area is less than the North District as a whole and metropolitan Sydney to 2041. Across the local government area there is a lack of office stock for certain market segments including small offices, new offices, and A grade offices. The North Sydney CBD has also lost its place as the second largest office market in metropolitan Sydney while maintaining the second highest rents. The factors contributing to this relative decline include **competition with other centres**, the general downturn in commercial property during and following the GFC and competition with residential development.

The continued growth of **Macquarie Park presents a challenge to commercial development in the North Sydney local government area**. Macquarie Park has replaced the North Sydney CBD as the second largest office market in metropolitan Sydney. The campus style development of the Macquarie Park business park, along with cheaper rents, enable businesses to achieve greater value for money and floorplates. Macquarie Park has similar specialisations to the North Sydney local government area, with significant employment in professional, scientific and technical services and information media and telecommunications, as well as a strong medical research and pharmaceuticals sector. Macquarie Park also benefits from having key research institutions, including Macquarie University and Macquarie Hospital, something which is not present in the North Sydney local government area.

Proximity to the **Sydney CBD is both an asset and a challenge** for the North Sydney local government area. The Sydney CBD has the largest and most diverse office market in metropolitan Sydney, the centre of tourism activity, has a functioning night time economy, and offers good amenity. While North Sydney is considered part of Global Sydney in NSW planning documents, consultation from local businesses found there is some competition between the North Sydney CBD and Sydney CBD. Additional

competition for the commercial office market in particular is likely to come from Barangaroo as office spaces become available.

The **attractiveness of North Sydney's centres** present a particular challenge. North Sydney CBD, St Leonards, Neutral Bay and Cremorne Junction are along arterial roads with significant, often congested, traffic flows through the centre. A relatively poor pedestrian experience, relatively poor quality of public spaces and limited activity outside of business hours also impacts on the attractiveness of centres for businesses, workers, shoppers, and residents.

Telecommunications infrastructure and internet speeds were highlighted as a challenge for businesses across the local government area. Consultation found that poor internet speeds and telecommunications infrastructure affect businesses in all centres regardless of size and provide a barrier to effectively doing business.

The **encroachment of residential development on commercial and retail spaces** is evident across North Sydney's centres. North Sydney and St Leonards face the challenge of ensuring that sites in strategic centres provide for longer term employment opportunities and a critical mass for commercial or office employment activity. In North Sydney, approximately 33,000sqm of office floorspace has been converted to residential uses since that start of 2013 (Knight Frank 2015). In St Leonards, approximately 20,000sqm (around 5.7% of all commercial stock) has been converted to residential uses since the start of 2015 (Knight Frank 2015). This is not a problem specific to the North Sydney local government area; employment centres across metropolitan Sydney are experiencing competition from residential development as the residential property market continues to perform strongly.

**Council's role in encouraging economic development in North Sydney was considered neutral by the majority of consulted businesses.** Survey and telephone responses called for Council to improve public spaces, reduce 'red tape' and facilitate easier approvals, increase available parking, and provide support for small businesses through online networks and provision of hotdesking spaces.

### 3.3 Opportunities

As stated above, the proximity of the North Sydney local government area to the Sydney CBD is a significant asset. The **North Sydney CBD forms part of Global Sydney** in State planning documents, reflecting the importance of commercial uses in this centre to local, regional and metropolitan economic development. There is an opportunity to further **cultivate the North Sydney CBD's relationship with the Sydney CBD.**

The North Sydney local government area benefits from existing public transport networks, connecting the local government area by rail, bus and ferry. **Planned transport infrastructure, including the Sydney Metro and the Northern Beaches B-Line, provide an opportunity to increase the connectivity** of the North Sydney CBD, Crows Nest and Neutral Bay to potential workers, shoppers and visitors. The Sydney Metro in particular provides the opportunity to increase connectivity between the North Sydney's local government area's major centres and connecting these centres directly to a greater potential workforce.

Proximity to the Sydney CBD and existing tourism infrastructure provide **an opportunity for further tourism activity in the North Sydney local government area.** There is an opportunity to leverage off Luna Park, Sydney Harbour foreshore access and views over the Sydney CBD and Sydney Harbour to increase visitation, diversify the local economy, and encourage further economic development throughout the North Sydney local government area. Hosting events and festivals in the North Sydney local government area and establishing a calendar of events would assist in raising the North Sydney local government area's profile for visitors.

The relative specialisation of the North Sydney local government area in knowledge service jobs is a significant advantage for the region. Australia's economy is becoming increasingly focused on knowledge services and creative industries, spurred on by technological advancements. An opportunity therefore

exists to **build on North Sydney’s existing specialisations** and proximity to transport infrastructure and the Sydney CBD to attract further businesses and employment opportunities.

High employment in knowledge service jobs and creative industries, in particular professional, scientific and technical services, financial and insurance services, and information media and telecommunications, may see an increase in the number of start-up businesses establishing in the North Sydney local government area. There is an opportunity to provide **support for knowledge service industry start-ups** as a means to build upon the local government area’s existing specialisations and provide further employment opportunities. Support can be provided through ‘hard’ infrastructure, such as office spaces for hotdesking, and ‘soft’ infrastructure, such as business networking opportunities.

Attention should also be made to **high growth industries** in the North Sydney local government area. Fostering health care, education, and construction industries would provide an opportunity to diversify the North Sydney local government area’s economy and provide additional employment opportunities. Specialisation within existing centres, as discussed in Chapter 4, also provides opportunities to further economic development in the North Sydney local government area.

### 3.4 SWOT analysis outcomes

Workshops with key Council staff and stakeholders were conducted to understand the strengths, weaknesses, opportunities and threats impacting on the North Sydney local government area. This analysis takes into account the North Sydney local government area’s current trajectory and the means in which it can be improved. The results of the SWOT analysis are illustrated below.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Proximity to Sydney CBD</li> <li>Established business location and existing commercial profile</li> <li>High amenity area</li> <li>Highly educated and skilled workforce</li> <li>Access to Sydney Harbour</li> <li>Tourism infrastructure</li> <li>High quality access to public transport</li> <li>High number and specialisation in knowledge service jobs</li> <li>Local entertainment centres - retail and hospitality</li> </ul>	<ul style="list-style-type: none"> <li>High proportion of B grade and C grade office space</li> <li>Limited retail offering and lack of higher order retailing</li> <li>Limited entertainment options in CBDs</li> <li>Limited parking in centres</li> <li>Traffic congestion through LGA &amp; centres</li> <li>Cost of parking in centres</li> <li>Lack of innovative research institutions</li> <li>Poor pedestrian amenity in centres</li> <li>Lack of night time economy</li> </ul>
<ul style="list-style-type: none"> <li>Building on LGA specialisation in knowledge service jobs</li> <li>Building on emerging clusters in centres (e.g. arts sector)</li> <li>Activation of the waterfront, Coal Loader precinct and Milsons Point</li> <li>Reconfiguring centres away from main roads</li> <li>New transport infrastructure increasing access to centres</li> <li>Increase visitation and tourism opportunities</li> <li>Capitalise on industries with high growth in the LGA</li> </ul>	<ul style="list-style-type: none"> <li>Poor commercial property market</li> <li>Residential encroachment of commercial office centres</li> <li>Competition from other commercial centres</li> <li>Increases in traffic congestion</li> <li>Changes in macroeconomic trends</li> <li>Oversupply of B/C grade office space</li> </ul>
<b>Opportunities</b>	<b>Threats</b>

**Proximity to the Sydney CBD** and high quality access to public transport networks are key strengths for economic activity in the region, connecting the local government area to other employment areas and workforces. The **concentration and specialisation of knowledge service industries** in established

commercial office locations, particularly within the North Sydney CBD and St Leonards, provide significant employment opportunities in and economic output from the local government area now and into the future. The North Sydney local government area contains **high amenity areas and access to the Sydney Harbour foreshore**, making the area an attractive place to live and work.

This high amenity and foreshore access alongside existing tourism infrastructure provides an opportunity to **increase visitation** to the local government area. Activation along the waterfront, such as Milsons Point, provide opportunities to increase local economic activity and encourage greater visitation from daytrips and overnight stays. The provision of **new transport infrastructure** through the Sydney metro and Northern Beaches B-Line will offer the North Sydney local government area additional connections to potential workers, shoppers and visitors. Opportunities also exist to **build on existing industries** in the local government area, **embrace high growth industries**, and **support emerging industry clusters**, such as an arts sector cluster in St Leonards/Crows Nest.

However, the local government area also contains weaknesses which inhibit further capitalisation on these strengths. The North Sydney local government area has a significant supply of B grade and C grade office space, and **limited supply of A grade office space**. This presents a problem in attracting and maintaining high quality tenants within the local government area. **Limited diversity of offering in centres** also present a weakness to the North Sydney local government area's economy by limiting activity within centres and exposing centres to greater vulnerability to macroeconomic trends. Commercial office centres in particular have a lack of economic activity outside of business hours, including after hours and weekends. Other centres rely on retail and hospitality activity, industries which are particularly susceptible to changes in economic climate. The **amenity of centres** was identified as weaknesses through consultation. Factors impacting on the amenity of North Sydney's centres include poor pedestrian access, public domain, traffic congestion and lack of parking. These factors weaken the appeal of centres and impacting negatively on the pedestrian environment.

The North Sydney local government area also faces significant threats. Changes to **property markets and macroeconomic trends**, including downturns and recessions, could have a substantial impact on North Sydney's existing specialisation and in turn impact on the functioning of centres. The **rise of other commercial office centres**, such as Macquarie Park, also pose a threat to the North Sydney local government area's office markets. The configuration, quality, cost and value for money of office spaces in these centres present competition to office spaces in North Sydney. The **encroachment of residential development on commercial office spaces** presents another significant threat to the North Sydney local government area's economic activity, as increasing amounts of office floorspace are converted to residential uses.

# 4 CENTRE FUTURES

This Chapter provides an overview of the major centres in the North Sydney local government area, North Sydney CBD, St Leonards, Crows Nest, and Neutral Bay, their current strengths, weaknesses and opportunities to address issues.

## 4.1 North Sydney

The North Sydney CBD currently has the highest count of employment in the North Sydney local government area and the **focus of the region's economic activity**. The North Sydney CBD has a very high level of transport accessibility, located along a rail line, bus interchange and in proximity to major arterial roads. This accessibility and convenience is a great strength of the North Sydney CBD's competitive offer. As part of Global Sydney, the North Sydney CBD plays a significant role in the local, regional and metropolitan economy with a relative specialisation in knowledge service jobs and creative industries.

However, the North Sydney CBD is facing some significant challenges. **Residential development is encroaching on commercial uses** and threatening to dominate the CBD. This has significant implications for the future of the North Sydney CBD as an employment centre of metropolitan Sydney and its position as part of Global Sydney.

Consultation with commercial real estate agents found that that **larger firms with over 100 employees are seeking A grade buildings of over 40,000m<sup>2</sup>**. **North Sydney CBD currently does not offer these** office spaces, however there are some development applications in the pipeline. B and C grade stock with smaller floorspace offerings are attractive to smaller businesses that serve the North District as rent is cheaper than A grade floorspace.

The North Sydney CBD has also **lost its place as the second largest office market in metropolitan Sydney** to Macquarie Park while maintaining the second highest rents per square metre. Despite strong employment growth and regional specialisation in knowledge service industries, the North Sydney CBD has started to lose its competitive advantage as businesses choose to locate in other centres with more attractive office configurations, quality, value for money, and/or price.

The **Sydney CBD is becoming an increasingly large competitor for the North Sydney CBD commercial market**. Consultation with North Sydney businesses found that the Sydney CBD is the most common location of competitors of North Sydney CBD-based businesses and the preferred location for businesses choosing to relocate. Consultation found this was especially true for businesses with 50 or more employees. The amenity offered by the Sydney CBD's public spaces, alongside the transport accessibility, quality of pedestrian environment of the centre, and entertainment options were identified in consultation as factors attracting businesses away from the North Sydney CBD. Consultation with real estate agents found that prices in the North Sydney CBD, while lower, were comparable to the Sydney CBD, which offers additional amenity and activity to support business.

The North Sydney CBD has **limited activity outside of business hours**. Activity in the North Sydney CBD is driven by office workers. Consultation findings stressed that there is limited retail activity occurring in the North Sydney CBD outside of business hours and on weekends, with shopping centres closed on weekends. A **lack of entertainment uses**, including restaurants and bars, also limits the activity and vibrancy with the North Sydney CBD. Hospitality and entertainment uses which are present in the North Sydney CBD, such as The Greens, demonstrate that there is a market to support these uses, however a greater critical mass of residents and visitors are needed to support additional businesses in these sectors.

Consultation findings raised that the North Sydney CBD currently has **limited pedestrian amenity and accessibility, traffic congestion, and limited activity and vibrancy in public spaces**. These factors can inhibit future economic growth and development in the North Sydney CBD. The Pacific Highway bisects the centre, limiting the ease and attractiveness of pedestrian movement through the North Sydney CBD. Walkability of the North Sydney CBD was identified as a key weakness of the centre through consultation findings. Current planning and strategy documents for the North Sydney CBD under the North Sydney Centre Review aim to address these issues.

The North Sydney Oval is a significant public open space in the centre and provides for sporting activity throughout the year. There is potential to **increase the use of North Sydney Oval** through its current role as a function, sports, and event space to generate additional economic activity in the CBD and increase visitation.

The introduction of the Sydney Metro and a station at Victoria Cross in the North Sydney CBD has the potential to increase access to the CBD from across metropolitan Sydney, bringing in additional workers, shoppers and visitors. The **new Sydney Metro station provides an opportunity to spur on additional development and activity** in the North Sydney CBD. Access to two train stations at either end of the North Sydney CBD will relieve demand during peak travel times and provide two axes for development and economic activity in the North Sydney CBD.

Increases to the residential population in and around the North Sydney CBD would provide a critical mass to encourage greater activity, vibrancy and mix of uses in the CBD. **A balance needs to be struck between additional residential development and maintaining North Sydney’s commercial core** and role as part of Global Sydney. Intensified residential development on the periphery of the North Sydney CBD provides an opportunity to strike this balance and achieve a critical mass to ensure centre truly functions as a CBD with a vibrant mix of uses.

A SWOT analysis was conducted to better understand the future trajectory of the North Sydney CBD, and the means in which it can be improved. The result of this analysis is summarised in the matrix below.

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>– Proximity to Sydney CBD</li> <li>– High quality public transport networks</li> <li>– Specialisation in knowledge service jobs</li> <li>– Highly educated local skills base</li> <li>– Amenity of the surrounding area</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>– Limited out of hours activity</li> <li>– Limited retailing activity</li> <li>– Traffic congestion</li> <li>– Poor pedestrian experience</li> <li>– Limited parking options</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>– Residential development increasing activity in CBD</li> <li>– Sydney Metro providing additional access to the centre and connections to workforce</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>– Residential encroachment</li> <li>– Rise of other office employment locations (e.g. Macquarie Park)</li> </ul>

## Floorspace target

A target for commercial floorspace has been calculated to help guide council and to inform the upcoming District Plans. Planning for the future of a commercial centre requires a solid understanding of current role and function. SGS has employed a mixture of methods to assess the current nature of North Sydney CBD's commercial floorspace. The steps can be summarised as:

- Consultation with local and metropolitan wide property experts including CBRE, Colliers, Investa, NSW Property Council amongst others
- Consultation with local businesses through telephone and workshops
- Quantitative assessment of existing floorspace using property market data

The existing floorspace composition of the North Sydney CBD is summarised below. Note that for commercial markets there is typically a long term minimum vacancy of 5% due to frictional vacancies associated with market 'churn'. Table 6 therefore indicates that currently, prime floorspace in the North Sydney CBD is occupied at capacity, with approximately 320,000 sqm of unmet demand flowing to other locations, whilst the 12.4% vacancy for secondary floorspace would indicate there is a significant oversupply of B and C grade floorspace in the centre.

TABLE 6 NORTH SYDNEY CBD EXISTING DEMAND AND SUPPLY EQUATION

Grade	Supply <sup>3</sup>				Demand <sup>4</sup>	
	Occupied	Vacant	Vacancy %	Total stock	Total Estimated Demand	Unmet Demand
Prime	211,433	11,363	5.1%	222,796	532,227	320,794
Secondary	548,209	77,600	12.4%	625,809	548,209	0
<b>Total</b>	<b>759,702</b>	<b>89,104</b>	<b>10.5%</b>	<b>848,806</b>	<b>1,080,496</b>	<b>320,794</b>

The second step is to estimate the extent to which this equation evolves over the next 20 years. Table 7 below provides some indication of how the demand and supply equation might change. On the supply side, it is expected that North Sydney CBD will accommodate an extra 124,484sqm of commercial floorspace resulting from three new developments between 2017 and 2021. It is assumed that these developments will only contribute prime floorspace.

On the demand side, BTS employment forecasts indicate that demand for commercial floorspace (through jobs) will fall by 2021 – before recovering over the medium to longer term. In gross terms, this compresses the level of undersupply across the North Sydney commercial office market in 2021.

However, a closer inspection of prime and secondary floorspace reveals that there is still a significant undersupply of prime floorspace even in 2021, due to the fact that the total figures include large volumes of vacant secondary floorspace. As demand for prime floorspace begins increasing again after 2021, the undersupply problem will likely be further exacerbated. This has been validated by all property market experts that SGS has contacted for comment.

<sup>3</sup> Source: Knight Frank April 2014 report of North Sydney CBD's floorspace vacancies for January 2014.

<sup>4</sup> Source: SGS calculations of floorspace requirements based on BTS employment estimates for North Sydney CBD.

TABLE 7 NORTH SYDNEY CBD PROJECTED DEMAND AND SUPPLY EQUATION

	Supply			Demand			Unmet Demand/ Required Stock
	Prime Supply	Secondary Supply	Total Supply	Prime Demand	Secondary Demand	Total Demand	
Existing	222,796	625,809	848,806	532,227	548,209	1,080,496	320,794
2021	347,280	625,809	973,290 <sup>6</sup>	469,957	484,069	954,078	194,376
2026	347,280	625,809	973,290	490,635	505,367	996,057	236,355
2031	347,280	625,809	973,290	514,678	530,132	1,044,868	285,166
2036	347,280	625,809	973,290	539,207	555,399	1,094,667	334,965

Aside from facilitating new development, another option is the refurbishment or upgrade of secondary floorspace to prime category. This is quantified below in

Overall, it is important for Council to meet these floorspace targets to help keep prime floorspace rents down. If rents for prime commercial floorspace in the North Sydney CBD is inflated, businesses will continue to bypass North Sydney for the Sydney CBD.

<sup>5</sup> SGS using BTS employment forecasts to calculate floorspace demand at an assumed 25sqm of commercial floorspace occupied per job.

<sup>6</sup> Includes 177-199 Pacific Highway, 1 Denison Street, 100 Mount Street developments all expected to occur between 2017 and 2021.



Table 8. There are some important caveats however:

- The objective should not be to seek to have all oversupplied secondary floorspace convert to primary
- Council should aim to maintain approximately 5% frictional vacancy for secondary floorspace. So for example, whilst the nominal oversupply of secondary floorspace in 2021 is actually 141,740sqm, Council should only convert 110,450sqm to prime to ensure some is left over to facilitate churn in the market.
- The oversupply does diminish over the longer term. So it may be somewhat unnecessary to convert all 110,450sqm of secondary commercial floorspace by 2021 given that by 2036, the oversupply will have reduced.
- Finally, it is worth noting that what is considered prime floorspace today, is probably not going to be considered prime floorspace by 2031 or 2036. This is difficult to quantify given that refurbishments could always occur. But the key implication is that the oversupply of secondary floorspace is unlikely to diminish significantly.

A reasonable, realistic interim conversion target for Council to achieve should be in the order of 40,000 to 60,000 sqm of commercial floorspace, whilst collecting data to regularly monitor the extent of oversupply.

Overall, it is important for Council to meet these floorspace targets to help keep prime floorspace rents down. If rents for prime commercial floorspace in the North Sydney CBD is inflated, businesses will continue to bypass North Sydney for the Sydney CBD.

TABLE 8 POTENTIAL FOR CONVERSION OF SECONDARY SPACE TO PRIME SPACE

	Prime floorspace undersupply	Secondary oversupply for conversion	Extra prime development still required
Existing	320,794	46,310	274,485
2021	194,376	110,450	83,927
2026	236,355	89,151	147,204
2031	285,166	64,386	220,780
2036	334,965	39,120	295,845

### Vision statement

The vision developed for the North Sydney CBD:

***“The North Sydney CBD will retake its place as one of Metropolitan Sydney’s preeminent centres by providing quality floorspace at competitive rents. The metro station will offer a key focal point for a vibrant city centre which forms an eclectic mix of retail, entertainment and commercial uses.”***

## 4.2 St Leonards

St Leonards has the **highest number of jobs in professional, scientific and technical services in the North Sydney local government area**, representing approximately 45% of all employment in the centre. Employment in professional, scientific and technical services also grow significantly between 2006 and 2011. This specialisation, alongside a high level of transport accessibility, provides the potential for St Leonards to continue as a centre for office employment. St Leonards has also seen **significant growth in the arts sector** between 2006 and 2011, providing an opportunity to diversify the centre’s economy and generate additional activity and interest in the centre.

However, St Leonards faces significant challenges and barriers to releasing this future. The **St Leonards centre falls on the border of three local government areas**, each with its own approach to planning the centre. North Sydney Council has undertaken extensive planning of the part of St Leonards within their jurisdiction but has little control over the planning and development in parts of St Leonards that fall with Willoughby and Lane Cove local government areas.

Activity in St Leonards is driven by office workers and proximity to the Royal North Shore hospitals with The Forum (in Willoughby local government area) acting as the centre of economic activity. Like the North Sydney CBD, St Leonards has **limited activity outside of business hours**. There is limited night time activity and entertainment options within the centre. Consultation also found the centre provides a relatively **poor pedestrian experience, poor public domain and limited parking availability**. High traffic volumes along the pacific Highway affect the centre’s amenity, attractiveness, and retail offering. The *St Leonards/Crows Nest Planning Study* has aimed to improve the function and activity of St Leonards.

**Commercial uses in St Leonards are under significant pressure from residential development**. Knight Frank (2015) reported that approximately 20,000sqm of commercial floorspace has been converted to residential uses since the start of 2015. A further 42,000 square metres of commercial floorspace has been earmarked for potential conversion to residential uses (Knight Frank 2015). This is a significant threat to the viability of St Leonards as an employment centre. Ensuring there is significant commercial

space to accommodate current and future employment is a significant challenge for this centre into the future.

While residential development within the centre is quite dense, residential development surrounding St Leonards is at a low density. There **may be potential to intensify residential development surrounding the centre** to redirect residential demand out of the commercial core while generating a critical mass to support after hours and weekend activity.

A SWOT analysis was conducted to better understand the future trajectory of St Leonards, and the means in which it can be improved. The result of this analysis is summarised in the matrix below.

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>– Relative proximity to Sydney CBD</li> <li>– Access to public transport networks and arterial road</li> <li>– Specialisation in knowledge service jobs</li> <li>– Highly educated local skills base</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>– Centre on the border of three planning authorities</li> <li>– Aging commercial stock</li> <li>– Limited out of hours activity</li> <li>– Limited retailing activity</li> <li>– Poor pedestrian experience</li> <li>– Limited parking options</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>– Residential development increasing centre activity</li> <li>– Emerging arts sector</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>– Significant residential encroachment</li> <li>– Rise of other office employment locations (e.g. Macquarie Park)</li> </ul>

### Vision statement

The vision developed for St Leonards:

***“St Leonards will continue to provide an important source of commercial floorspace supply for start-ups, emerging businesses and other innovative enterprises. Residential developments will add pedestrian footfall and provide the impetus for new service and retail businesses.”***

### 4.3 Crows Nest

Crows Nest currently operates as a **mixed use centre**, providing retail, commercial, residential, and entertainment opportunities for local residents. The centre has a significant retailing, hospitality and entertainment role locally. Consultation found the **majority of clientele are from the local population**. Crows Nest has established itself as the North Sydney local government area’s **Eat Street**, with a significant food services industry. Consultation found that Crows Nest has significant day time and night time activity.

Analysis by SGS and consultation conducted for the *North Sydney Economic Development Strategy Scoping Study* found that St Leonards/Crows Nest has an **emerging arts and cultural sector**. This industry has experienced significant growth between 2006 and 2011 and provides an opportunity for future specialisation of the centre.

Crows Nest at present has a relatively **homogenous range of businesses**, focused on retailing and food services. This may impact on the centre if there are adverse impacts on retailing and hospitality industries. Consultation also found that there is **limited parking** to support current activity in the centre. This is problematic and consultation findings note that the majority of clientele drive to the centre.

Consultation with local businesses found there is **limited activity off the main street**. Poor public domain was also noted in consultation as a weakness of the centre.

The **introduction of a Sydney Metro stop** in Crows Nest announced by the NSW Government will increase the accessibility of the centre for residents across metropolitan Sydney. Activity generated by the new metro stop may see the role of Crows Nest change. Council has commenced a planning study for Crows Nest to guide any growth in and around Crows Nest associated with the new Metro.

The introduction of the Sydney Metro stop also provides an opportunity to **improve connectivity between Crows Nest and St Leonards**. As a significant activity generator the Sydney Metro stop can direct pedestrian activity between St Leonards and Crows Nest and connect the activity centres. Other works by Council, such as the Hume Street Park Concept Plan, will also help to draw people into the area between St Leonards and Crows Nest, activating the area and potentially increase economic activity and employment in the area.

A SWOT analysis was conducted to better understand the future trajectory of St Leonards, and the means in which it can be improved. The result of this analysis is summarised in the matrix below.

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>- Relative proximity to Sydney CBD</li> <li>- Access to public transport networks and arterial roads</li> <li>- Specialisation in hospitality</li> <li>- Highly educated local skills base</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>- Minimal commercial office development</li> <li>- Limited diversity of industries</li> <li>- Parking availability</li> <li>- Poor public domain</li> <li>- Limited activity off main street</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- New Sydney Metro stop improving accessibility of centre</li> <li>- Emerging arts sector</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Sydney Metro may spur on residential encroachment</li> <li>- Sydney Metro may see significant changes to built form, potentially changing the nature of the centre</li> </ul>

### Vision statement

The vision developed for Crows Nest:

***“Crows Nest will consolidate its position the preminent retail and hospitality destination of the region. The metro station will enable the centre to evolve its commercial sector, and generate significant levels of new commercial and retail activity.”***

## 4.4 Neutral Bay

Neutral Bay plays a similar role to Crows Nest by providing a **mix of uses** aims to service the local population. Neutral Bay contains significant retailing, hospitality and entertainment uses as well as commercial office spaces servicing business needs of the local population. Consultation found that this mix of uses provides support for other uses in Neutral Bay, for instance, office development provides for day time retail activity that would not otherwise occur.

Consultation with local businesses found that **Crows Nest and Neutral Bay, while fulfilling similar functions, do not compete** due to the large residential markets available to each centre.

Currently, Neutral Bay is crippled by **traffic congestion along Military Road**, limiting pedestrian amenity and accessibility, appeal of public transport, and attractiveness of the centre. Consultation found that Military Road is the single largest weakness of Neutral Bay. The proposed **Northern Beaches B-Line** at Neutral Bay may provide increased accessibility to the Northern Beaches of Sydney and access to a greater market for retail, hospitality and commercial uses in Neutral Bay. The B-Line may provide an opportunity to relieve some of this congestion, however the proposed bus network may also impact on street parking in the centre. Detailed design information from the NSW Government is not yet available.

**Parking in Neutral Bay, especially along the main road**, was also identified as a considerable issue during consultation. Consultation found that the majority of clientele drive to the centre as Neutral Bay is located off major public transport networks and congestion along Military Road limit the reliability of buses.

An opportunity exists to **shift the retail and hospitality focus off Military Road** to areas with an emerging retail and hospitality role along **Grosvenor Lane and Young Street** etc. Development of retail and hospitality activity has naturally evolved along these streets, anchored by The Oaks and the northern Woolworths. A focused shift would provide for a more pleasant and accessible pedestrian experience and improve the amenity of Neutral Bay. This may be complicated by the presence of retail anchors on both sides of Military Road and difficulties for pedestrians to cross Military Road. In which case, a second retail clusters around **Rangers Road and Wycombe Road** anchored by the southern Woolworths can cater for retail activity to the south of Military Road in a more amenable environment.

Commercial development in Neutral Bay is experiencing similar pressure from residential uses that is evident in the North Sydney CBD and St Leonards. Commercial uses in Neutral Bay provide a significant role in servicing the local population and providing alternative office spaces outside of the North Sydney CBD and St Leonards. **Residential encroachment on office uses** has a flow on effect of limiting day time activity in a centre, reducing the amount of retail activity in Neutral Bay and diminishing its role as a truly mixed use centre.

A SWOT analysis was conducted to better understand the future trajectory of St Leonards, and the means in which it can be improved. The result of this analysis is summarised in the matrix below.

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>- Relative proximity to Sydney CBD</li> <li>- Mix of uses</li> <li>- Specialisation in retail hospitality</li> <li>- Highly educated local skills base</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>- Traffic congestion</li> <li>- Parking availability</li> <li>- Recent decline in employment in centre</li> <li>- Accessibility</li> <li>- Pedestrian environment</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- New B-Line stop improving accessibility of centre from Northern Beaches</li> <li>- Increased retail and hospitality development off Military Road</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Residential encroachment on office spaces</li> <li>- Reduction in day time activity impacting retail</li> <li>- Competing retail catchments for anchors on both sides of Military Road</li> </ul>

### Vision statement

The vision developed for Neutral Bay:

***“Neutral Bay will improve its offer to the local community by embracing the emerging retail and hospitality offer along Grosvenor Lane and Young Street. This will provide the opportunity for centre to evolve a more pedestrian friendly setting.”***

## 4.5 Other centres

Smaller centres within the local government area play a significant role in supporting local economic activity. These centres provide **convenience retailing** for local residents, provide for day-to-day needs for a walkable catchment. An attractive public domain, appropriate parking facilities and accessible pedestrian environment are required to ensure the viability of these centres.

Smaller centres in the North Sydney local government area, such as McMahons Point, Cremorne Junction and Kirribilli, were found through consultation to support small commercial businesses providing services in industries including information technology, media, education, and administrative services. These businesses generally have less than five employees. Consultation also found that a number of home businesses were looking to relocate to office spaces in these smaller centres. Therefore, **the North Sydney local government area's smaller centres have an important role to play in supporting small business** alongside larger commercial hubs. Specifically, they support their local catchments and provide important day-to-day services for the local community.

Similar issues were raised in consultation findings across smaller centres. **Improvements to the public domain** and **increased parking options, including long term parking for workers** were identified as key challenges for North Sydney's smaller centres. While timed parking helps support retail activity, the need for additional parking which enables workers to leave their car for the day without concern about overstaying the allowable parking time. Any additional long term or untimed parking should be located the edge or outside of centres, providing residents and visitors with easy access to the services offered in these centres.

However, Council's broad transport objectives of encouraging more sustainable, active transport options over private car use are noted here. It is understood that Council is currently preparing a Transport Strategy that will address these issues.

# 5 STRATEGY

## 5.1 Principles and strategic approach

The findings of the *North Sydney Economic Development Strategy Scoping Study* provide the basis for strategic approach and recommendations this Chapter. The components for this economic development strategy's approach is as follows:

- A vision for the North Sydney local government area's employment and retail centres
- A set of themes derived from the analysis undertaken, which help to frame the key objectives and strategic responses
- A combination of planning and economic development strategies including those which focus on strategic land use, built form and zoning, as well as policy actions and initiatives.
- An implementation action plan (Section 6) for North Sydney to implement the key objectives.

## 5.2 Vision

A vision has been developed for North Sydney's Economic Development Strategy as follows:

***“North Sydney LGA will continue to evolve and diversify as it provides a diverse set of options for business looking to locate in the area. Led by a reinvigorated North Sydney CBD, North Sydney LGA will re-establish its status as one of the Sydney's premier employment centres. St Leonards, Crows Nest and a number of other centres will supply alternative options for businesses searching for a more niche locale”.***

This vision has been developed through a review and appraisal of existing policy and underlying economic conditions. In so doing, it takes into account the vision outlined in the *Community Strategic Plan 2013-2023* for Council 'Shaping a progressive, diverse and vibrant North Sydney community'.

The vision also retains an important principle for economic development in centres – to ensure that it maximises employment opportunities for its local and regional population, from large employers to local start-ups.

## 5.3 Strategic themes

The strategies outlined in this section directly respond to key policy gaps, challenges and opportunities across the local government area as well as location specific issues distilled from previous chapters and the *North Sydney Economic Development Strategy Scoping Study*. The strategies identified relate to the themes identified in Chapters 2, 3 and 4 of this document and aim to address the following issues:

### **Office market supply and grade**

The North Sydney local government area has a significant supply of office space. However this office space largely consists of B grade and C grade office stock. The North Sydney CBD has also lost its place as

the second largest office market in metropolitan Sydney while maintaining the second highest rents, despite the high proportion of B grade and C grade office stock. This has contributed to the North Sydney CBD and St Leonards in terms of declining competitiveness with other employment centres, which have increased their supply of premium or A grade office space. This is a particular concern as consultation with commercial real estate agents found that larger firms (those with over 100 employees) are seeking A grade floorspace over 40,000m<sup>2</sup>. The provision of new A grade office floorspace or the refurbishment of existing B and C grade office stock is required to attract these larger firms and improve the competitiveness of North Sydney's main commercial centres for the attraction of commercial tenants. However, this is largely outside of Council's control and there is limited potential for new office development sites.

### **Limited vibrancy of North Sydney centres**

The lack of activity and limited amenity of North Sydney's centres has been raised consistently through consultation as a key challenge to economic development. The quality and attractiveness of the pedestrian environment in particular has been identified as one of the most significant issues to be addressed as poor public domain discourages pedestrian activity, which is needed to generate activity and interest in a centre. Changes to the public domain are a challenge for centres, which fall on or are adjacent to major arterial roads, however they are necessary to improve the pedestrian experience, attract a diverse range of businesses, and generate additional economic activity.

### **Limited night time economy**

Night-time activity is an important part of a centre's economy. Night time activity is becoming increasingly important as cities move to a 24 hour society and conventional operating hours for employment, retail and entertainment become less relevant. The need for after business hours operation has been increasing across services industries, including retail, fitness services and hospitality.

North Sydney's largest centres, the North Sydney CBD and St Leonards, have limited night time activity and entertainment. Consultation with local businesses found that poor public domain and limited night time activity, in particular entertainment and hospitality uses, mean that workers do not have reasons to remain in these centres into the evening. This is a significant impact on the vibrancy, safety, and the attractiveness of the North Sydney CBD and St Leonards as places to work.

### **Additional support for North Sydney businesses**

Consultation found that businesses across North Sydney do not feel that Council provides significant support to business needs and interests in the same way it responds to residents. Furthermore, the majority of local businesses consulted as part of this strategy indicated that Council's current economic development efforts have been neutral, indicating further work can be done to improve Council's support for local businesses and role in shaping economic development.

Council has actively sought to protect and promote employment within the local government area, particularly in the major centres of the North Sydney CBD and St Leonards. There is potential to continue this emphasis on commitment to local employment and develop further initiatives to support the growth and development of North Sydney businesses.

### **Opportunities for new infrastructure**

Significant new infrastructure has been planned for delivery within the North Sydney local government area. New transport infrastructure, in particular the Sydney metro, provide a significant opportunity to better connect North Sydney businesses to potential employees, clients and customers. The rollout of the National Broadband Network will address many concerns raised by local businesses consulted regarding poor internet speeds, however the timing for provision in the North Sydney local government area is unknown.



Centre specific strategies have also identified for North Sydney's largest centres to improve their function, focus, and economic growth.

## 5.4 Principles to support strategy implementation

In order to identify approaches to further improve North Sydney's economic standing, the strategies outlined below have been assessed through a two-stage assessment framework. The first, the Three Horizons framework. This provides a useful categorisation of actions drawing on business management theory. The second framework identifies how these opportunities can be developed through the Four Roles of Government lens.

### Three horizons

This report includes a range of strategies and actions to promote economic growth in North Sydney. Applying a Three Horizons framework provides an opportunity to assess how these strategies can be implemented across the North Sydney local government area.

Devised by Baghai, Coley and White (1999), this framework is highly adaptable to planning endeavours in public policy. It is premised on the assertion that truly robust and sustainable enterprises (and city economies) must simultaneously plan to three horizons or agendas.

The first horizon is concerned with protection of the enterprise's existing core business. The focus here is on cost control and ensuring that the current customer base is retained by continuing to offer reliable quality.

In planning to the second horizon, the enterprise looks for ways to incrementally leverage its current core businesses to expand its customer base. This often involves diversification into related product streams, or providing value added services to existing products, such as improved after sales service. These improvements can be thought of as 'organic innovations'; 'building on what we know we do well'.

Planning to the third horizon requires the enterprise to lift its sights to contemplate new opportunities which might be quite distant from current core business, but which draw on the competencies, skills and endowments which underpin current activities. This is the horizon where the enterprise seeks to 'reinvent itself'.

Councils must simultaneously maintain a focus on all three horizons. Horizon 1 initiatives may consolidate the current economic performance of centres, Horizon 2 measures will tap organic diversification opportunities to enhance this performance, but Horizon 3 strategies are required to ultimately transform the study area.

## Four roles of government

There are four basic roles or models that local government can adopt to encourage better outcomes in their employment precincts and centres. Council would not necessarily need to choose any one of these; indeed the best outcomes may be achieved with a mix of activities that cut across all of these broad classifications.

The appropriate role depends on a number of factors such as pre-existing organisational relationships, the local commercial structure, the relative level of social and economic prosperity, identified priorities for the future, available funding for planning and economic development initiatives, and local personalities. The caveat to all of this is that the limited power and resources of local government can make it difficult to implement these roles. In understanding these roles and functions, we can start to think about appropriate responses to the challenges North Sydney Council faces in implementation.

The four roles of government are:

**Stimulator/Promoter.** This is where Council could take specific action to induce business creation or expansion. This can be undertaken through a branding and marketing role or by direct intervention to protect or support particular industry sectors. An example here could be using an underutilised Council building or land.

**Facilitator.** This can take the form of providing an 'enabling' environment for local development by delivering a streamlined development approval process and by providing a clear policy statement focusing the Council's development objectives.

**Co-ordinator.** Here, Council takes the role of co-ordinating the provision of infrastructure or services for which it is not directly responsible but which are required for new business development. This co-ordinating role would generally be undertaken in partnership with other government agencies, private sector representatives and/or community interest groups.

**Entrepreneur/Developer.** Here, Council would become directly involved in development activities, either as a sole operator or in partnership arrangements with the private or public sector. This *could* involve joint ventures with other organisations. **This strategy document is not proposing an entrepreneurial or development role for North Sydney Council, although this is an option for Council to consider in the future should it wish to further encourage economic growth.**

A number of new roles have been recommended as part of this Strategy. While economic development may primarily be the focus of the Economic Development Officer and Place Manager, policies and actions across Council have a bearing on enabling or preventing economic activity in the local government area. The strategies and actions below identified which area of Council would be best suited to implement the initiative.

## Assessment matrix

The following assessment matrix distributes the strategies identified in this report by Horizon and government role. Each strategy is elaborated on further in Section 5.5 under each of the three horizons. Note that individual actions under each strategy could fall across different horizons.

	Horizon One	Horizon Two	Horizon Three
<b>Stimulator/ Promoter</b>	<p>Strategy 5 - Support capacity building and professional development of local business owners, operators and employees.</p> <p>Strategy 6 – Expand the small business advisory service, led by the Economic Development Officer, to support local businesses.</p>	<p>Strategy 7 – Encourage new businesses to locate in North Sydney, focusing on existing industry specialisation and growing industries.</p> <p>Strategy 8 – Establish a calendar of events across the North Sydney local government area.</p> <p>Strategy 12 – Provide support for the emerging arts and cultural sector in St Leonards/Crows Nest.</p>	
<b>Facilitator</b>	<p>Strategy 1 - Encourage new A grade office stock and the refurbishment of existing office stock.</p> <p>Strategy 3 - Ensure that planning controls continue to preference commercial office floorspace over residential floorspace in office centres.</p>	<p>Strategy 15 – Investigate parking options and strategies for retail centres.</p> <p>Strategy 16 – Increase residential population in appropriate areas.</p> <p>Strategy 22 – Investigate shifting the focus of Neutral Bay north of Military Road towards emerging retail activities.</p>	
<b>Co-ordinator</b>		<p>Strategy 2 - Improve amenity of centres for workers.</p> <p>Strategy 4 - Introduce new roles and functions in Council to support local business development.</p> <p>Strategy 9 – Support small businesses, start-ups and those working from home.</p> <p>Strategy 10 – Enhance the role of North Sydney’s smaller centres as focal points for night time activity by targeting specific needs in the early evening hours.</p> <p>Strategy 11 – Enhance the role of North Sydney’s major centres as focal points for night time activity by targeting entertainment uses.</p> <p>Strategy 13 – Build off the Hayden Orpheum and existing restaurants to organically develop Cremorne Junction’s role as a suburban entertainment precinct.</p> <p>Strategy 19 – Activate the laneway network of the North Sydney CBD.</p> <p>Strategy 20 – Resolve the future of St Leonards.</p>	<p>Strategy 17 – Work with the State Government to develop a long-term transport strategy for the proposed Sydney Metro stations in North Sydney and Crows Nest.</p> <p>Strategy 18 – Lobby the Federal Government for the prompt implementation of the National Broadband Network.</p> <p>Strategy 21 – Utilise the Sydney Metro station at Crows Nest to formalise connectivity between St Leonards and Crows Nest.</p>
<b>Entrepreneur/ Developer</b>			

## 5.5 Strategies and implementation plan

### First Horizon

#### Strategy 1 – Encourage new A grade office stock and the refurbishment of existing office stock

**Action 1.1 Provide straightforward, timely assessment of development applications, complying development certificates etc. for office development in the local government area.**

*Rationale Council is largely unable to affect the quality of office space and number of jobs available in the local government area. However, Council can facilitate straightforward and timely approvals of office developments and refurbishments to facilitate further employment opportunities through streamlining its assessment processes. Ensuring clear controls and development guidelines alongside a clear and straightforward assessment process across Council provides the greatest opportunity to facilitate new office development and refurbishment.*

*Opportunities may also exist to facilitate office refurbishments through complying development through the North Sydney Local Environment Plan 2013 beyond development permissible under the State Environmental Planning Policy (Exempt and Complying Development Codes 2008). Complying development provides a simplified and faster approval process for applicants and can provide an incentive to redevelop existing B and C grade stock.*

*Responsibility Development Services, Environmental and Building Compliance, Strategic Planning (drafting planning controls)*

**Action 1.2 Configure planning controls and utilise relative incentives to encourage high quality development and facilities within office developments**

*Rationale Planning controls set by Council can also encourage design excellence for office spaces and building facilities through development incentives and establishing clear standards for office development and refurbishment, enabling and attracting new employment in the local government area. Potential controls and incentives can include increased floor space ratios, continuing to use Voluntary Planning Agreements, discounted infrastructure levies (as appropriate) for meeting a certain standard set by Council, for example 4 star Greenstar rating or above, meeting design excellence criteria established by Council).*

*Responsibility Strategic Planning*

#### Strategy 2 – Improve amenity of centres for workers

**Action 2.1 Implement a rolling program of public domain upgrades, including implementing actions of the North Sydney Centre Review**

*Rationale Consultation found that many businesses in North Sydney were contemplating relocating to other centres with better pedestrian amenity, attractive public domain, and vibrant public spaces. To encourage businesses to remain in North Sydney, and attract new businesses, a rolling program to improve the public domain of the local government area's centres should be implemented. Works to improve the legibility, accessibility and ease of the pedestrian experience in centres should be prioritised. A high quality pedestrian environment and public domain will improve the amenity of the local government area's employment centres.*

*Responsibility Works Engineering*

**Action 2.2 Activate public open spaces in employment centres through place making initiatives, night economy uses and events**

*Rationale Increasing activity within centres can encourage new businesses to locate to North Sydney's employment centres and attract supporting activities, such as food and drink services and entertainment uses. The importance of a pleasant, legible and interesting pedestrian environment is increasingly recognised as a necessary component for*

generating activity in a centre. As activity increases in centres other complimentary uses, such as bars, pubs and entertainment uses, become more viable. Applying the principles of place making to North Sydney's employment centres is recommended to encourage pedestrian and business activity and interest in North Sydney's centres.

Responsibility Place Manager

### **Action 2.3 Improve pedestrian experience in office centres**

*Rationale* As noted above, consultation with local businesses found that pedestrian amenity is an important factor in locational decisions and keeping businesses in North Sydney. Work has previously been done by Council to improve the pedestrian experience of the North Sydney CBD and St Leonards through the North Sydney Centre Review and St Leonards/Crows Nest Planning Study respectively. Implementing the recommendations and strategies from these reviews is crucial to improving the pedestrian experience for workers. Improving pedestrian amenity increases the attractiveness of centres, facilitating greater activity within centres. The design of future improvements to the pedestrian experience across North Sydney's centres should be informed by a Place Manager.

Responsibility Place Manager, Works Engineering

## **Strategy 3 – Ensure that planning controls continue to preference commercial office floorspace over residential floorspace in office centres.**

### **Action 3.1 Explore options to expand and utilise B3 Commercial Core zone in North Sydney CBD and St Leonards, and continue to prohibit residential accommodation in these Strategic Centres**

*Rationale* North Sydney CBD and St Leonards play a significant role as employment centres servicing the local government area, North District and metropolitan Sydney, providing office floorspace in accessible locations close to the Sydney CBD. However, the recent strength of the residential property market is placing increasing pressure on office floorspace. Significant amounts of office floorspace have been converted to residential uses in both St Leonards and the North Sydney CBD, placing their roles as employment centres at risk.

*Planning controls should continue to preference office development in North Sydney and St Leonards commercial cores through zoning and continuing to prohibit any form of residential development in the B3 Commercial Core zone. Interest in developing residential property should be capitalised on in surrounding areas zoned for residential uses to contribute to a vibrant CBD with a mix of activities and uses, which in turn can attract additional businesses.*

Responsibility Strategic Planning

### **Action 3.2 Implement planning guidelines within the North Sydney Local Environmental Plan to give preference to employment floorspace over residential in major employment centres**

*Rationale* Currently the North Sydney Local Environmental Plan contains few provisions to preference and support commercial development in mixed use zones. Under current market conditions, this is necessary to ensure that uses other than residential are developed in mixed use zones in and around North Sydney employment centres. Indicating a preference for commercial development in locality statements and developing controls to reaffirm this preference provide Development Services with additional tools to assess development and protect existing office floorspace from conversion to other uses. These controls may not prevent all conversions of office floorspace, however they provide a signal that North Sydney's commercial cores and their surrounds are places for business and employment.

Responsibility Strategic Planning

#### Strategy 4 – Introduce new roles and functions in Council to support local business development

**Action 4.1 Engage a Place Manager to improve the operation, amenity and identity of North Sydney’s centres, with a particular focus on the North Sydney CBD**

*Rationale* A Place Manager is also recommended to be engaged by Council to complement the role and function of the Economic Development Officer by focusing on shaping and building desirable places in North Sydney. It is envisaged that a Place Manager will utilise the principles of placemaking to develop more vibrant and attractive North Sydney CBD. The title of Place Manager is suggested to reflect the importance of such a role within Council’s operations.

*It is envisaged that the operations of the Economic Development Officer and Place Manager would complement each other rather than overlap or compete. The Place Manager’s role would be to improve the functioning and attractiveness of the North Sydney CBD for all users while the Economic Development Officer’s role would be to support business development across the North Sydney local government area. Both roles would work with local businesses and each other to generate positive economic outcomes for the North Sydney CBD.*

*Responsibility* Place Manager

**Action 4.2 Investigate the potential for procuring an Economic Development Officer to coordinate economic development and business development initiatives across the local government area.**

*Rationale* The majority of local businesses consulted as part of this strategy indicated that Council’s current economic development efforts have been neutral, suggesting further work can be done to improve Council’s support for local businesses. It is recommended that an Economic Development Officer is engaged by Council to develop, prioritise and coordinate economic development across the North Sydney local government area and cultivate relationships with local Chambers of Commerce and business groups. An Economic Development Officer is considered to be a primary economic development strategy moving forward for the North Sydney local government area.

*Responsibility* Economic Development Officer

**Action 4.3 Establish a Business Improvement District for the North Sydney CBD**

*Rationale* Business Improvement Districts (BIDs) are defined areas where businesses pay an additional levy to fund improvements that benefit business activities such as improved security, improved streetscapes and marketing. BIDs have been implemented around the world to fund improvements to CBDs and improve the environment for business activity. The majority of BID members are businesses operating in the district, with local government and Chambers of Commerce, also represented. The BID model is supported by Council rather than run by Council, enabling local businesses to engage meaningfully in improving their local area.

*It is recommended that a BID is established for the North Sydney CBD and a BID potentially established for St Leonards. The possibility of introducing BIDs in other centres in the North Sydney local government area should also be considered. The implementation of BIDs enable Council to adequately support the needs of businesses in the North Sydney local government area, a criticism of Council raised through consultation findings. It is recommended that Council is a partner of the BIDs, working with local businesses and Chambers of Commerce to support business-led initiatives to improve the local government areas employment centres. The Place Manager and/or Economic Development Officer would be the most appropriate staff member to represent Council in the BID.*

Responsibility Economic Development Officer

**Strategy 5 – Support capacity building and professional development of local business owners, operators and employees**

**Action 5.1 Develop, advertise and operate business events**

*Rationale* A calendar of business events, including seminars, workshops, talks, and potentially a business fair held at North Sydney Oval, would provide opportunities for the professional development of business owners, operators and employees in the North Sydney local government area. The Economic Development Officer would be responsible for the development, advertising and operation of these events. It is envisaged that these events would provide information on a range of business skills, opportunities and insights to businesses of different sizes and industries. These events also would provide an opportunity for local businesses to network and would need to be reasonably scheduled to enable business owners, operators and employees to attend (i.e. after business hours).

Responsibility Economic Development Officer, Events Officer

**Strategy 6 – Expand the small business advisory service, led by the Economic Development Officer, to support local businesses**

**Action 6.1 Transfer advisory service to the Economic Development Officer**

*Rationale* Council currently operates a free small business advisory services, providing advice on development approvals, business planning, starting up a business and expanding a business. This is a valuable service for North Sydney businesses and has the potential to be expanded and led by the proposed Economic Development Officer. Information on Council run business events, State government support and the online business directory are possible additional services for the advisory service.

Responsibility Economic Development Officer

**Action 6.2 Investigate holding meetings bordering business hours to facilitate ease of access to Council's advisory service**

*Rationale* Where possible, times available to meet with Council's Economic Development Officer should occur at times convenient to business operators. This may involve holding meetings before or after business hours. The viability of providing an after hours advisory service should be investigated further by Council.

Responsibility Economic Development Officer

## Second Horizon

**Strategy 7 – Encourage new businesses to locate in North Sydney, focusing on existing industry specialisation and growing industries**

**Action 7.1 Monitor employment numbers and trends in identified industry specialisations and high growth industries**

*Rationale* North Sydney local government area's existing strengths in knowledge services, such as professional, scientific and technical services and finance and insurance services, provide a solid foundation for future economic growth. Additional commercial office growth should focus on attracting these industries to North Sydney.

To ensure that Council's economic development strategies are working, it is recommended that employment numbers are monitored across North Sydney's employment centres by industry. This will enable Council to continue to monitor the health of knowledge services industries in the local government areas and identify new growth industries. This may be achieved by monitoring Census data, and utilising land audits and surveys of local businesses to supplement data in non-Census years.

Responsibility Economic Development Officer/Place Manager

**Action 7.2 Conduct regular monitoring of the North Sydney commercial property market to identify gaps and opportunities**

*Rationale Keeping tabs on the economic activity across North Sydney's centres and provide multiple avenues to monitor employment trends.*

*These include:*

*An **online database** of available sites and floorspace. Whilst this provides an opportunity for investors, developers and businesses to find out more about the supply stock of commercial floorspace and lands in the centres, the real motive behind this initiative would be to collect quality data on the who, what and why of potential tenants/investors who don't eventually do their business in North Sydney. Insights derived from this information eventually leads to more powerful and targeted market interventions.*

***Land audits** which identify the use of individual lots across employment centres by industry, including recording vacant lots. This data can be useful to monitor changes in North Sydney's economic makeup on a more regular basis than the Census, which is collected every 5 years, and provide an indication of the floorspace used by different industries across the local government area.*

*Responsibility Economic Development Officer/Place Manager, Strategic Planner*

**Action 7.3 Develop a prospectus for the North Sydney CBD**

*Rationale The development of a prospectus is recommended as a means to reassert the North Sydney CBD as a premier place to do business. The prospectus would provide a reference point for potential investors and tenants on the competitive advantage of doing businesses in the North Sydney CBD, including its strengths in knowledge service industries, high natural amenity, proximity to the Sydney CBD, and high quality transport connections to employment centres across metropolitan Sydney.*

*Information on major tenants and education providers should also be provided to highlight the diversity of industries located in the North Sydney CBD, the strength of the business environment and generate interest in the centre's office market. New infrastructure proposals, including the Sydney Metro, should also be included. The prospectus should also contain details of major land owners, developers and commercial real estate agents that operate in the North Sydney CBD to provide potential investors and tenants with a simple means to turn their interest in North Sydney into action. The prospectus should be developed in conjunction with major tenants in North Sydney to assist in promoting the CBD to other like-minded as well as complementary business targets.*

*The prospectus should be accompanied by a dedicated website showcasing the North Sydney CBD as a commercial centre and a premium place to do business. The website should not present as a webpage on Council's website, but a separate website designed to market the strengths and amenity of the North Sydney CBD and surrounds.*

*Responsibility Economic Development Officer, Place Manager*

**Action 7.4 Position North Sydney CBD's strength as a commercial CBD through branding and marketing materials**

*Rationale North Sydney's strength as an employment centre lies in its proximity, connectivity and interrelationship to the Sydney CBD and its functioning as a CBD in its own right. This role as a CBD separates North Sydney from its potential competitors, such as Macquarie Park (focused on campus style, large floorplates) and the Sydney CBD fringe including Pyrmont and Surry Hills (which have an urban character that attracts high numbers of creative industries).*



Consultation found that many of North Sydney businesses competitors located in the Sydney CBD. Likewise, consultation with North Sydney businesses found that the Sydney CBD was the preferred relocation destination. This suggests that the North Sydney CBD shares a relationship with the Sydney CBD. The North Sydney CBD, with a significant proportion of B grade office stock, could be viewed as a stepping stone to the Sydney CBD's prestige as businesses grow. This interrelationship is fundamental to understanding the strength of North Sydney and should be stressed in the prospectus and any marketing material developed for the North Sydney CBD. A physical connection will also be made with Barangaroo through the new Sydney Metro, enabling this relationship to continue.

Responsibility Economic Development Officer, Place Manager, Communications and Events

## Strategy 8 – Establish a calendar of events across the North Sydney local government area

### Action 8.1 Implement Events Strategy

**Rationale** The Events Strategy prepared by North Sydney Council in 2015 provides a good framework for establishing and maintaining events across the North Sydney local government area. The Events Strategy should be implemented to drive economic activity in the local government area. It is envisaged that events are held across centres of different sizes, with night events held in larger centres and/or centres with string entertainment functions. While the North Sydney CBD would be the focus of activities and the local government area's largest centre, events and festivals should occur across the local government area to generate economic activity and interest in the North Sydney local government area's retail centres.

The provision of hard infrastructure for these events can often be quite costly, so it would be prudent for Council to undertake a feasibility and/or cost benefit analysis of all major event projects prior to proceeding with any. Night markets in particular tend to generate a net financial loss, but can be (to some extent) offset by wider social and economic benefits for the LGA.

Responsibility Events Officer, Place Manager

### Action 8.2 Investigate the potential of different forms of events, in the North Sydney local government area

**Rationale** There is an opportunity to host different types of events other than markets. Different forms of community events provide for a diversity of experiences and assist in maintaining interest in what the North Sydney local government area has to offer. There is a particular opportunity to build off North Sydney's arts and cultural sector through the development of arts festivals and events. Potential events include music festival/events, street fairs, and film festivals. When completed, the North Sydney Public Art Trail may provide a venue for arts based events. There is potential for Council to co-ordinate events with the Australian Catholic University and local schools. This should be investigated further by Council.

Responsibility Events Officer, Place Manager

### Action 8.3 Utilise the waterfront for events

**Rationale** Hosting events along the waterfront is encouraged as it utilises the significant natural amenity of the area and capitalises on a point of interest and difference held by the North Sydney local government area. Examples include Luna Park and the North Sydney Pool. Waterfront events have the potential, possibly more than other events, to attract visitors to the local government area due to the natural amenity and views offered. Much of North Sydney's waterfront is accessible by ferry, reducing trips taken by car to events.

Responsibility Events Officer, Place Manager

**Action 8.4 Increase the use of North Sydney Oval for events and functions**

*Rationale* The North Sydney local government area currently lacks an exhibition space for conferences and functions. The North Sydney Oval presents an opportunity to service business function needs in a high amenity, accessible location. The active use of the North Sydney Oval for business functions, conferences and exhibitions would provide an attractor to the North Sydney local government area providing the potential for additional activity, such as overnight stays for business, supporting the local government area's commercial businesses.

*Responsibility* Events Officer, Place Manager

**Strategy 9 – Support small businesses, start-ups and those working from home**

**Action 9.1 Establish a North Sydney small business hub**

*Rationale* Small businesses consulted indicated the need for spaces to hold meetings and conduct business without requiring a whole office. Similarly, a gap noted in the policy review was a lack of concentrated efforts to support small home businesses and start-ups. A North Sydney Small Business Hub operated by Council is recommended to provide spaces for businesses to hotdesk, hold meetings (including video conferencing) and networking with other businesses in the North Sydney CBD.

A Council operated space has the potential to be more competitively priced for small businesses than a space operated by a private enterprise. This is significant given that the North Sydney CBD has the second highest rent per square metre of office space in metropolitan Sydney.

Similar shared office spaces have been implemented in Camden, Penrith and The Hills local government areas to support small businesses. These spaces include between 30 and 40 separate workstations, offices, meeting rooms and office amenities including WiFi, kitchen facilities and bike parking. Networking events and business seminars are generally held at these venues.

The Village is a privately operated hotdesking space currently operating in North Sydney. The space contains only 25 work stations and, given the amount of commercial activity in the North Sydney CBD, there is potential for Council to operate an additional space providing similar levels of support to other hotdesking hubs in metropolitan Sydney.

*Responsibility* Economic Development Officer, Place Manager

**Action 9.2 Establish a St Leonards Co-working Hub**

*Rationale* There is the potential to target growing industries in St Leonards. There is an opportunity to engage the State Government's Knowledge Hubs program and encourage the move of the Medical Technologies Knowledge Hub and its associated research activities to St Leonards, which has a larger critical mass of medical related industries than at Macquarie.

*Responsibility* Economic Development Officer, Place Manager

**Action 9.3 Establish a Crows Nest Co-working Hub**

*Rationale* Crows Nest is known to have numerous digital/creative/IT industry sectors and is sometimes perceived to be the "Surry Hills" of the North Shore. Leveraging off the perception of the place, new Metro station, high knowledge residential catchment, there is a potential to target this Co-working space as Digital/Creative with potential to take advantage of emerging global trends in Augmented/Virtual reality etc.

*Responsibility* Place Manager

**Action 9.4 Investigate the viability of establishing a well-publicised and targeted industry Incubator or Accelerator**

*Rationale* An accelerator and/or Incubator will help shape North Sydney's commercial brand, and with successful implementation, could have flow on effects such as incubated businesses taking up office space nearby etc. Accelerators / Incubators are much more targeted and require more resources, networks and careful curation. If done right, the benefits could be substantial. An exemplar of an Accelerator is Y Combinator, which has nurtured companies such as AirBnB, Dropbox and Reddit. A targeted industry Incubator or Accelerator with its relevant programs will not only grow targeted industries but also enhance North Sydney's profile.

*Responsibility* Economic Development Officer, Place Manager

**Strategy 10 – Enhance the role of North Sydney's smaller centres as focal points for night time activity by targeting specific needs in the early evening hours**

**Action 10.1 Encourage businesses to operate into the evening**

*Rationale* The key to this strategy for smaller, suburban centres then, will be to not only encourage more grocers, gymnasiums and restaurants etc. to open between 5pm and 7pm, but also to get local businesses and entrepreneurs thinking harder about servicing residents on their way home from work, dining options, and also different methods of exercise (evening dance studios for example).

*Responsibility* Economic Development Officer

**Action 10.2 Improve public domain attractiveness and safety to encourage evening activity**

*Rationale* In order to encourage night time activity in centres, the public domain needs to provide a safe, pleasant and navigable environment. Particular sub precincts in centres (restaurant precincts for example) should be the focus of improved street lighting, themed clusters of restaurants and improvements to sight lines through public spaces.

*Responsibility* Works Engineering

**Strategy 11 – Enhance the role of North Sydney's major centres as focal points for night time activity by targeting entertainment uses**

**Action 11.1 Encourage use of the footpath for night time use, where appropriate, and maintain a straightforward application process.**

*Rationale* Activity within the public domain can generate interest in a centre and can attract further people and economic activity. To encourage further activity during the evening and night, it is recommended that the use of the footpath for outdoor dining etc. should be encouraged. The use of the footpath has provided great success to the vibrancy of Crows Nest in the evening and similar successes can be replicated in North Sydney's larger centres.

*Responsibility* Place Manager, Environmental and Building Compliance

**Action 11.2 Improve public domain attractiveness and safety to encourage evening activity**

*Rationale* As with suburban centres, the quality of the public domain has an impact on the use of larger centres at night. Particular sub precincts of the North Sydney CBD and St Leonards should be the focus for improved public amenity to support night time activity, such as improved street lighting, public domain, CCTV, and events/festival activity. These sub precincts would be governed by current and future anchors of night time activity.

*Responsibility* Works Engineering

**Strategy 12 – Provide support for the emerging arts and cultural sector in St Leonards/Crows Nest**

**Action 12.1 Investigate the potential to provide temporary and/or permanent studio spaces in**

### **St Leonards/Crows Nest for a range of artforms**

*Rationale* St Leonards/Crows Nest has a growing arts and cultural sector. It is recommended that direct support is given to the arts and cultural sector through the provision of production spaces, such as artist studios. The arts and cultural sector provides an opportunity for centre specialisation and a potential attractor for additional visitors to St Leonards/Crows Nest. Opportunities may exist for artist studios to be established in vacant spaces. The provision of temporary artist spaces has been successfully implemented in other centres such as Parramatta and Newcastle to support the arts and cultural sector and generate activity and interest in the centre.

*Responsibility* Economic Development Officer

#### **Action 12.2 Investigate the potential to provide temporary and/or permanent exhibition spaces in St Leonards/Crows Nest for a range of artforms**

*Rationale* The provision of exhibition spaces also provides a means to support the growing arts and cultural sector and attract visitors to the centre. The provision of a gallery and/or events spaces would act as an attractor to St Leonards/Crows Nest and contribute to vibrancy and mix of uses. Opportunities may exist for exhibition spaces to be established in vacant spaces. A gallery space may be more appropriate than a performance space at this stage due to sound proofing requirements etc. necessary for a performing space to function.

*Responsibility* Economic Development Officer

### **Strategy 13 – Build off the Hayden Orpheum and existing restaurants to organically develop Cremorne Junction’s role as a suburban entertainment precinct**

#### **Action 13.1 Improve amenity of pedestrian experience along Military Road**

*Rationale* The Hayden Orpheum provides an anchor for Cremorne Junction’s economic activity. The Hayden Orpheum provides a unique experience compared to other cinemas across Sydney, showcasing a wide range of films in a distinctive Art Deco venue. A cluster of restaurants have established in Cremorne Junction to the south west of the Hayden Orpheum support the cinema’s operation and provide for night time economic activity.

Council should continue to support the organic growth of Cremorne Junction as a suburban entertainment precinct. Improvements to the public domain can encourage residents and visitors to visit the centre and businesses to utilise the footpath. This is especially important for Cremorne Junction which significant constraints with heavily congested Military Road as the main street. Specific public domain elements to improve the pedestrian experience in Cremorne Junction should be developed in conjunction with the Place Manager. Cremorne Plaza provides an opportunity to further grow entertainment and hospitality uses away from Military Road’s congestion.

*Responsibility* Place Management, Works Engineering

#### **Action 13.2 Investigate encouraging greater retail and hospitality activity on adjoining streets to Military Road to complement existing activity on Cremorne Junction**

*Rationale* As Cremorne Junction continues to develop, it may be appropriate to direct economic activity on adjoining streets to Military Road, which have significantly less traffic flow and provide opportunity for greater pedestrian amenity. This should be subject to further investigation by Council to determine its appropriateness.

*Responsibility* Strategic Planning

### **Strategy 14 – Create a sense of place for smaller centres, building on the core functions and character of each centre**

**Action 14.1 Work with local businesses, Chambers of Commerce and Streetscape Committees to identify the defining character of each centre and appropriate public domain elements**

*Rationale High quality public domain and amenity are essential to a positive pedestrian retail experience. High quality public amenity and pedestrian experience is becoming increasingly important for retail centres as they compete with the convenience of standalone shopping centres. As many of the smaller centres in North Sydney have a retail focus, the quality of their public domain is increasingly important to their successful operation.*

*Unique public domain elements, such as street trees, paving, and street furniture, provide an opportunity to express a centre's character and build upon its defining elements, such as proximity to the waterfront, significant heritage buildings or views. An assessment should be made about what unique public domain elements reflect and enhance the character of each centre, potentially involving the Streetscapes Committees, local businesses and Chambers of Commerce.*

*Responsibility Place Manager, Strategic Planning*

**Action 14.2 Facilitate a rolling program of public domain upgrades to reflect a centre's character through the Public Domain Upgrade program**

*Rationale A rolling program to upgrade the public domain of North Sydney's centres (of all sizes) is recommended to maintain a high standard of public spaces and streetscapes in North Sydney's villages and neighbourhood centres. This can be achieved through Council's existing Public Domain Upgrade program.*

*Responsibility Works Engineering*

**Strategy 15 – Improve accessibility to all commercial, mixed use and neighbourhood centres**

**Action 15.1 Improve infrastructure for sustainable modes of transport**

*Rationale a high proportion of journeys to work in North Sydney are currently undertaken by walking, cycling, public transport or car sharing. Improving walking, cycling, public transport and car sharing infrastructure is, therefore, paramount for minimising delays and associated economic impositions on these types of commuter journeys. Where necessary, traffic and parking space may be re-allocated to accommodate these infrastructure improvements where wider community/economic benefits outweigh the limited benefits associated with access to traffic and parking facilities.*

*Responsibility Strategic Planning*

**Action 15.2 Investigate the composition of customers (local vs regional) and how they travel to and from each of North Sydney's commercial, mixed use and neighbourhood centres**

*Rationale Understanding customer travel/shopping choices will help Council, in partnership with local businesses, to target infrastructure improvements that encourage more business activity in local centres. Placemaking; improved walking access; provision of visitor cycle parking; improved public transport stations, stops and services and traffic reduction will have a greater positive impact on business activity.*

*Responsibility Strategic Planning*

**Action 15.3 Limit traffic growth**

*Rationale The negative impacts of traffic on health, safety, local environments, social activity, sustainability, business activity and congestion have a serious detrimental impact on the attractiveness of North Sydney commercial, mixed use and neighbourhood centres*

*in terms of: the ability of workers and customers to get to the centre, the customer environment once in the centre and the areas ability to attract staff to beautiful and accommodating urban spaces.*

*Responsibility Traffic and Transport Operations*

### **Third Horizon**

#### **Strategy 16 – Increase residential population in appropriate areas to support centres’ role and function**

**Action 16.1 Continue to investigate areas zoned for residential development on the North Sydney CBD’s periphery for increased in maximum height of buildings and floor space ratios.**

*Rationale A critical mass of people is essential to the healthy and vibrant activity in centres. The critical population mass required is dependent on the scale of centres, with larger centres such as CBDs requiring a significantly larger population to support economic activity than smaller village centres or neighbourhood centres.*

*It is recommended that appropriate areas for residential intensification are identified on the periphery of North Sydney. An increase in residential density in existing residential areas on the edges of the CBD not only provides for additional economic activity, it also provides an avenue to direct interest in property development out of these centres’ commercial cores, protect office floorspace and the role of these centres as key employment precincts in metropolitan Sydney.*

*Consideration by Council is required before any area, identified in this strategy or otherwise, have planning controls amended to support additional dwellings, including consideration of the nature and impact on local heritage items and the value Council places on vibrant, healthy centres.*

*Responsibility Strategic Planning*

**Action 16.2 Work with Willoughby and Lane Cove Councils to investigate residential areas on the periphery of St Leonards/Crows Nest for increased in maximum height of buildings and floor space ratios.**

*Rationale As with the North Sydney CBD, existing residential areas bordering St Leonards may be appropriate for residential intensification due to their proximity to high quality public transport networks and employment centres. Furthermore an increase in residential populations can provide for greater economic activity and vibrancy of centres. However appropriate areas for residential intensification may not be located in the North Sydney local government area. Therefore, it is recommended that Council work with Willoughby and Lane Cove Councils to investigate potential areas for residential intensification across all three local government areas.*

*The introduction of a metro stop at Crows Nest in particular provides an opportunity to increase residential densities to support local economic activity and provide additional homes close to North Sydney’s major employment centres of the North Sydney CBD and St Leonards. However, specific recommendations around the extent of additional development capacity should form part of the Crows Nest Planning Study.*

*Consideration by Council is required before any area, identified in this strategy or otherwise, have planning controls amended to support additional dwellings, including consideration of the nature and impact on local heritage items and the value Council places on vibrant, healthy centres.*

*Responsibility Strategic Planning*

**Strategy 17 – Work with the State Government to develop a long-term transport strategy for the proposed Sydney Metro stations in North Sydney and Crows Nest**

**Action 17.1 Utilise the Crows Nest Planning Study to consider the nominated site for the new Metro stop and potential economic opportunities**

*Rationale* The Sydney Metro provides significant opportunity for the North Sydney local government area, connecting Crows Nest and North Sydney to the additional workers, shoppers and visitors from across metropolitan Sydney via a high frequency, reliable public transport network. It is recommended that Council continues to work with the State Government to ensure transport and land use planning are integrated, providing the greatest benefits to workers, shoppers, residents, and visitors of these centres.

The introduction of a metro station at Crows Nest may see additional interest in the centre, both in terms of visitation and development potential. Council's commencement of the Crows Nest Planning Study is supported to ensure the impacts of additional, high quality transport access are adequately planned for and support further economic activity and development in Crows Nest.

*Responsibility* Strategic Planning

**Action 17.2 Devise a strategy to capitalise on opportunities for economic activity following the development of the Victoria Cross metro stop.**

*Rationale* The introduction of a metro stop in the North Sydney CBD at Victoria Cross not only provides relief for the existing North Sydney train station, but provides a catalyst for development in this part of the CBD. When the metro station is finalised, it is recommended that Council develop a strategy to best capitalise on this infrastructure.

This will require a long term strategic plan to be established, cognisant of a broad range of factors. The objectives of this work should prioritise the importance of public domain improvement as well the leveraging of catalyst investments from the private sector.

*Responsibility* Strategic Planning, Place Manager

**Strategy 18 Lobby the Federal Government for the prompt implementation of the National Broadband Network**

**Action 18.1 Lobby the Federal Government for the prompt implementation of the National Broadband Network**

*Rationale* The need for more reliable, faster broadband speeds was raised throughout consultation across all centres and business sizes. As the provision of telecommunication infrastructure is outside the realm of government, it is recommended that Council lobby the Federal Government for the prompt delivery of the National Broadband Network to the North Sydney local government area, prioritising the North Sydney CBD and St Leonards as key employment centre for knowledge services and creative industries in metropolitan Sydney.

*Responsibility* Communications and Media

**Strategy 19 – Activate the laneway network of the North Sydney CBD**

**Action 19.1 Implement upgrades to streetscapes through this network to improve amenity and attractiveness of the street as the CBD's open space**

*Rationale* The North Sydney CBD benefits from a network of human-scale streets bounded by Miller Street, Berry Street, Arthur Street and Mount Street. These smaller streets represent an opportunity to provide a focus for activity in the North Sydney CBD. Developing an attractive, interesting and pleasant streetscape can improve the pedestrian experience and walkability of the CBD. This in turn can act as a stimulus to generate pedestrian activity through these streets.

*Responsibility* Place Manager, Works Engineering

**Action 19.2 Configure planning controls to encourage active frontages and pedestrian activity along the laneway network**

*Rationale* Active street frontages play a significant role in generating activity in centres. To activate this area of the North Sydney CBD, it is recommended that planning controls aim to encourage active street frontages throughout this street network. This can largely be achieved through the North Sydney Development Control Plan 2013. Focusing food services and retailing activity through this street network can also provide for additional pedestrian activity through the North Sydney CBD and improve the attractiveness of the streetscape.

*Responsibility* Strategic Planning, Place Manager

**Action 19.3 Investigate a food truck strategy, focusing activity through the laneway network.**

*Rationale* Consultation with North Sydney CBD businesses noted there are limited options for food and drink services in the North Sydney CBD. Furthermore, the majority of food services that are available not located on street level. This impacts on the centre's amenity, vibrancy, and standing as a commercial centre. To address this, it is recommended that Council develop a clear strategy to attract and regulate food trucks in the North Sydney CBD. Such a strategy would include identifying suitable street locations for food trucks to park, clear guidelines around parking requirements, and any approval requirements. It is recommended that food trucks locate in the identified street network to further activate this precinct.

*Responsibility* Place Manager, Environmental and Building Compliance

**Action 19.4 Assess changes to traffic flow through the laneway network to improve pedestrian amenity**

*Rationale* Many of the streets through the North Sydney CBD preference the car over the pedestrian. This has a negative impact on the amenity and attractiveness of the centre for workers throughout the day. It is recommended that, alongside the recommendations of the Traffic and Pedestrian Study, potential changes to the traffic network through the identified street network are investigated and considered by Council to improve pedestrian access and amenity. Potential changes to investigate include reduced speed limits, shared zones and non-vehicle hours.

*Responsibility* Traffic and Transport Operations, Place Manager



## Strategy 20 – Resolving the future of St Leonards

### **Action 20.1 Work with Willoughby and Lane Cove Councils and the Department of Planning and Environment to resolve the future of St Leonards**

*Rationale* A Plan for Growing Sydney suggests a direction to retain a commercial core in St Leonards for long-term employment growth, however the role of the centre needs to be further clarified due to a number of factors including the lack of a specialised centre category within the new metropolitan strategy, fragmentation of the centre across three different council areas, apparently modest current demand for pure office development in this location, and pressures for rezoning to other non-employment uses.

*Redevelopment prospects are constrained because of strata title holdings and a lack of future prospects to underpin financing. It may be that prospects for a major employment revival of St Leonards are slipping. In this case a strategy that allows for higher density residential development with ground floor activation could be pursued. The aim would be to create a high quality but mixed residential environment with, for example, restricted car parking to encourage use of the available high quality public transport and given the strength of employment nearby in Crows Nest, and at the Royal North Shore Hospital and in the Artarmon industrial area (in the Willoughby LGA).*

*As part of the district planning process, it is suggested that a review of St Leonards Centre as a whole should be completed jointly by North Sydney Council and Lane Cove and Willoughby councils. In addition to the directions set out above, this review needs to consider the concept plan prepared for the Royal North Shore Hospital site as part of a Part 3A application, which proposes development for high rise office, housing, retail and adaptive reuse of heritage items.*

*Responsibility* Strategic Planning

## Strategy 21 – Utilise the Sydney Metro station at Crows Nest to formalise connectivity between St Leonards and Crows Nest

### **Action 21.1 Utilise the Sydney Metro station at Crows Nest to formalise connectivity between St Leonards and Crows Nest**

*Rationale* Consultation findings and previous planning studies for St Leonards/Crows Nest found that connections between the commercial core of St Leonards and the main street of Crows Nest are limited. The most direct route between the two centres (i.e. along Atchinson Street) has limited activity due to the presence of low density residential development and office development without active street frontage. This direct route also ends in an area of relatively low activity in Crows Nest. These factors limit the appeal of walking between St Leonards and Crows Nest, limiting the advantage workers would gain from access to a high amenity centre like Crows Nest and vice versa.

*The new Sydney Metro station along the Pacific Highway near Oxley Street and Hume Street is not only an opportunity to increase development and economic activity around the station. The Sydney Metro stop also provides an opportunity to direct pedestrian activity between St Leonards and Crows Nest and connect the centres at areas of activity. Other works by Council, such as the draft Hume Street Park Concept Plan, will also help to draw people into the area between St Leonards and Crows Nest, activating the area and potentially increase economic activity and employment in the area.*

*Responsibility* Strategic Planning, Place Manager

**Strategy 22 – Investigate shifting the focus of Neutral Bay north of Military Road towards emerging retail activities**

**Action 22.1 Assess the impact of shifting the focus of Neutral Bay away from Military Road**

*Rationale* An opportunity exists to shift the retail and hospitality focus off Military Road to areas with an emerging retail and hospitality role along side streets to the north of Military Road (Grosvenor Lane and Young Street etc.). Development of retail and hospitality activity has naturally evolved along these streets, anchored by The Oaks and the Woolworths north of Military Road, directing some pedestrian flows and economic activity away from Military Road. A focused shift would provide for a more pleasant and accessible pedestrian experience and improve the amenity of Neutral Bay. This may be complicated by the presence of retail anchors on both sides of Military Road and difficulties for pedestrians to cross Military Road. A similar focus on Rangers Road and Wycombe Road south of Military Road, where a smaller but similar retail and hospitality focus has developed, could help to counteract any risk of downgrading retail activity on the south side of Military Road.

*It is recommended that a potential shift in Neutral Bay’s focus of Military Road is investigated further by Council. Further assessment is required to determine which option provides the greatest benefits to workers, shoppers and visitors to Neutral Bay, including pedestrian amenity, traffic management, amenity of public domain and general activity and vibrancy.*

*Responsibility* Strategic Planning, Place Manager

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