



# North Sydney Economic Development Study 2024-2034

FINAL REPORT

North Sydney Council

28 | 08 | 2024





Independent  
insight.



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# 1. Introduction

This section describes the background to the study, method and study area.

## 1.1 Study background

North Sydney Council is developing the North Sydney Economic Development Strategy (EDS) 2024-2034. The Council is committed to developing a vibrant, diverse, connected, resilient and sustainable economy in the North Sydney Local Government Area (LGA).

The last North Sydney EDS was developed in 2016. Since 2016, two major drivers – the COVID pandemic and delivery of the City & Southwest Metro – have, and will, change the way people move, work and live. The impact of these two drivers on the economy and the way in which people use their local town centres needs to be explored in conjunction with the development of a refreshed EDS for North Sydney.

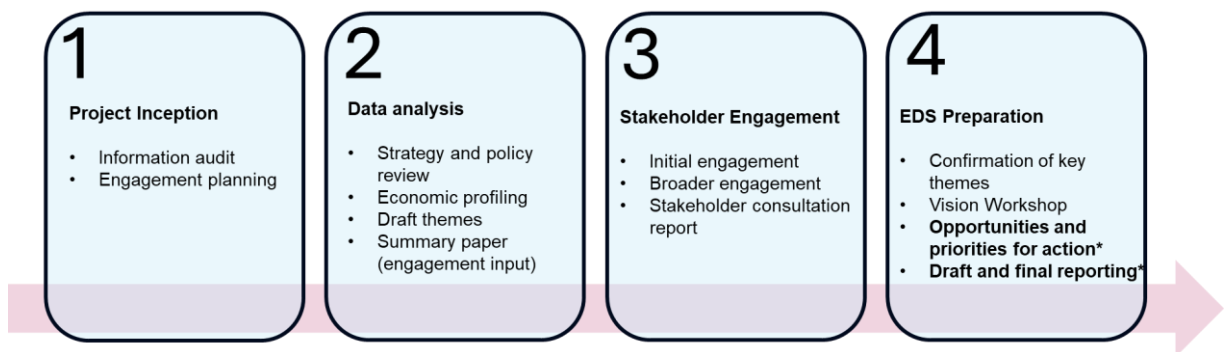
This study will inform the development of the North Sydney EDS 2024-2034. The study provides evidence and an understanding of the state of the economy and identifies priorities and opportunities for Council to progress over the next decade.

The study area is North Sydney LGA. It includes North Sydney and suburbs along the Sydney Harbour foreshore to Cremorne in the east, Cammeray and Crows Nest in the north, and Wollstonecraft in the west.

## 1.2 Study method

The study was conducted over four stages. Presentations and workshops were held with the Council ELT and PCG throughout the study.

FIGURE 1: STUDY PROCESS



Source: SGS Economics & Planning, 2024

Key stages in the study were as below:

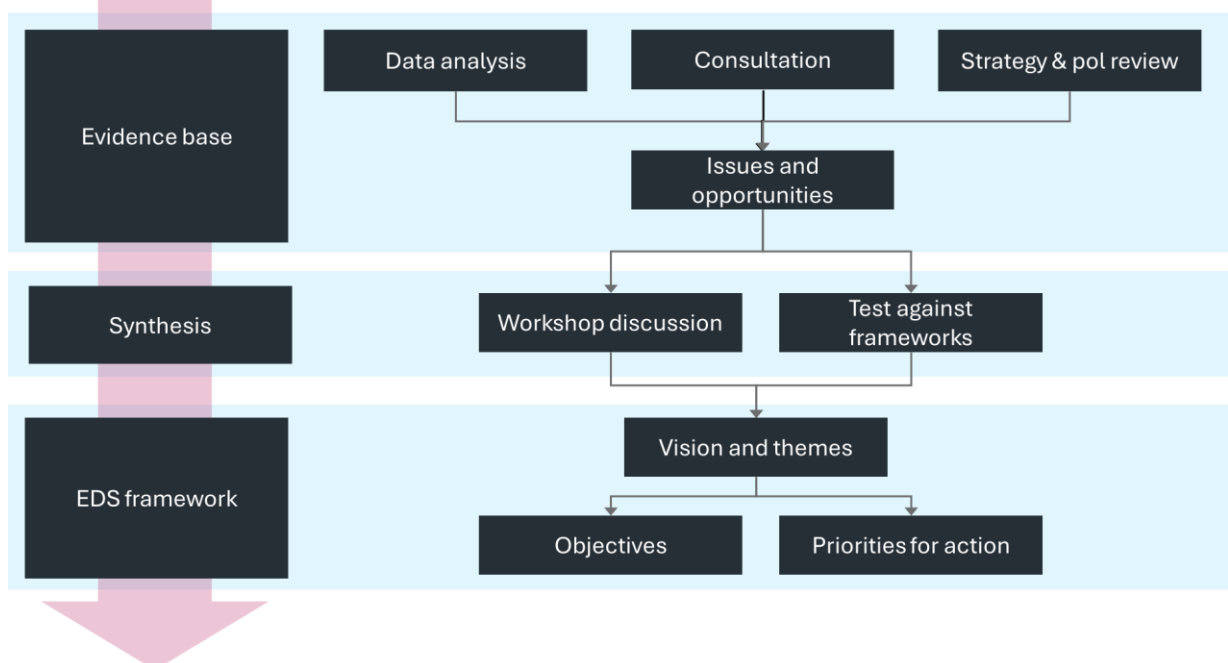
- **Inception** – information review, engagement planning
- **Data analysis** – policy review, economic profiling and analysis
- **Engagement** – in-person and group engagement sessions<sup>1</sup>
- **EDS preparation** – distillation of key themes, identification of priorities and opportunities, vision workshops, draft and final report.

The final output from this study is an EDS framework which Council will use to prepare a full Economic Development Strategy. The process for developing the EDS framework is summarised in the figure below.

The evidence base for the study is comprised of data tables emerging from the data analysis task, outputs from consultation and a strategy and policy review. These are combined and assessed to produce a list of issues and opportunities for economic development, which is then grouped by broad themes.

The initial long list of issues and opportunities is synthesised through a workshop with the ELT and testing against established EDS frameworks to produce overarching visions for each theme, and a series of objectives and priorities for action for each.

**FIGURE 2: EDS FRAMEWORK GENERATION**



Source: SGS Economics & Planning, 2024

<sup>1</sup> Extensive stakeholder engagement was conducted as part of this study. Engagement included 140 conversations with industry representatives and community members, 5 x 1.5-hour online sector engagements, and an online survey. This report includes a summary of key points made during the engagement process. For a complete report on the engagement findings see Attachment A.

## 2. Where We Are Now?

This chapter presents a variety of demographic, spatial and economic snapshots for the North Sydney LGA to provide a summary of the current position

### 2.1 Centres profile

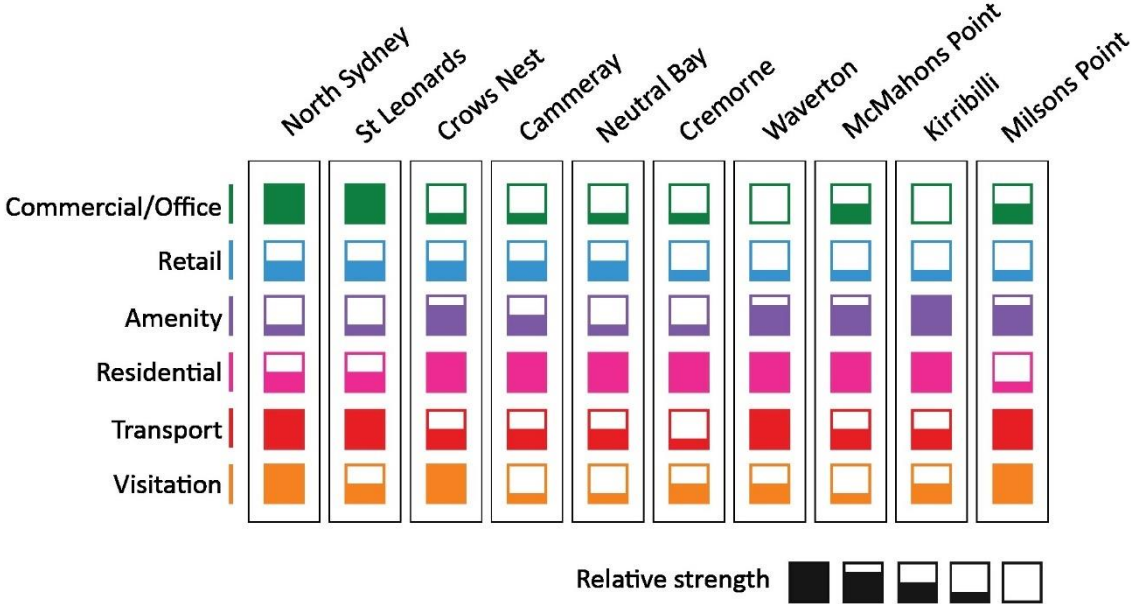
North Sydney LGA possesses a diverse variety of centres and villages that play a significant role both locally and in the broader region. These centres are often multifunctional, having a range of land uses that attract various industries and people, they also have certain services like transport and amenities that make them more attractive places for both visitors and businesses.

Ten centres across the LGA have been assessed based on their primary roles and land use. Factors that were considered for each of these attributes included:

- Commercial/office - the presence of offices and showrooms
- Retail - position in the retail hierarchy, and local-serving retail (retail strips with local stores)
- Amenity - the attractiveness of the place, considering liveability, character and place-making like urban design and visual amenity
- Residential - the relative percentage of residential areas
- Transport - how well-served by public transport the centre is (i.e. number of transport modes available)
- Visitation - how well centres will be able to attract visitors, considering anchor institutions, landmarks, and recreation/activities.

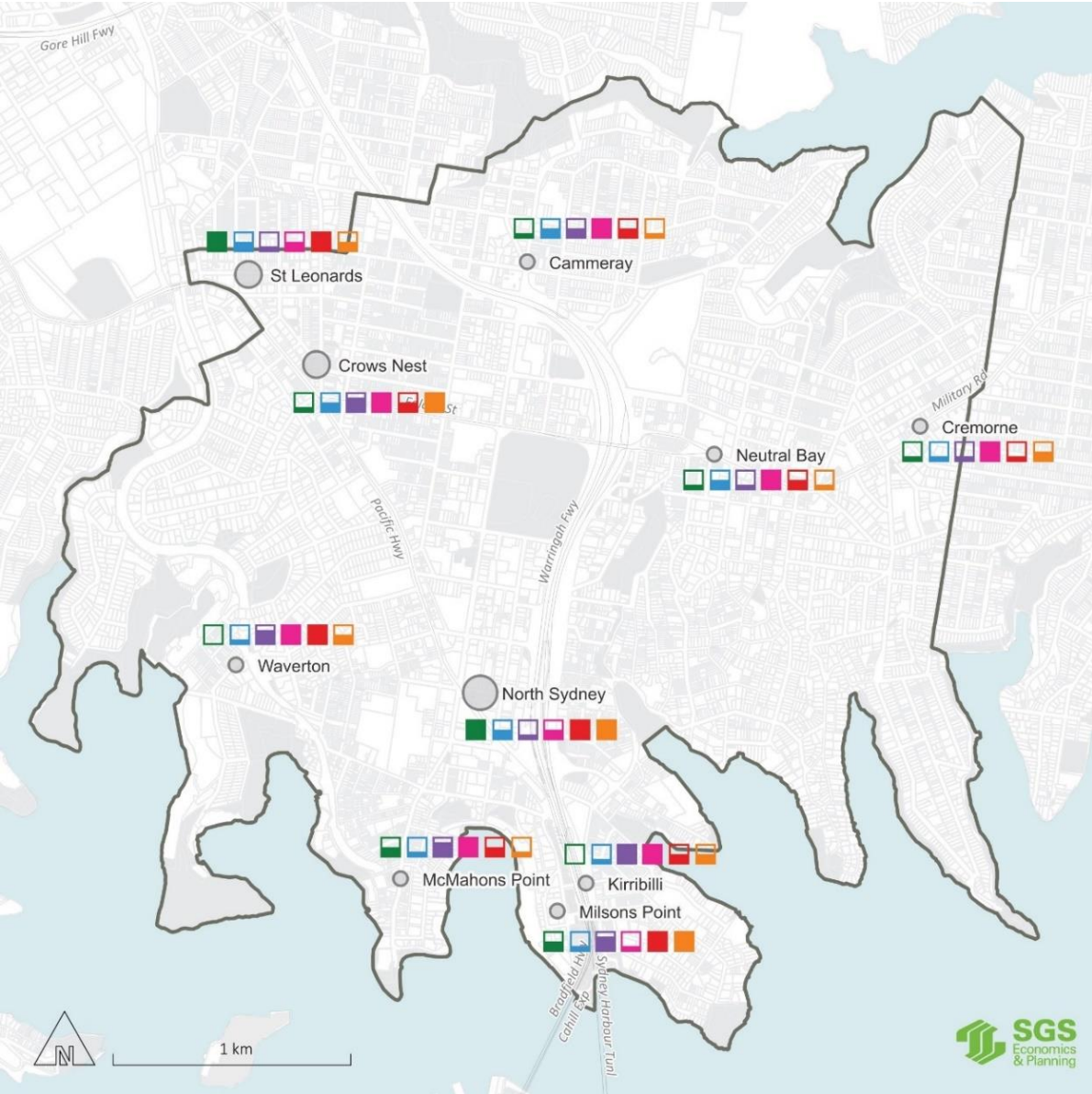
Figure 3 highlights the relative strengths in each of the centres. The coloured boxes represent various attributes where the fuller the coloured box is, the stronger the attribute. Figure 4 shows the spatial distribution of these attributes across the LGA.

FIGURE 3: RELATIVE STRENGTHS OF CENTRES IN NORTH SYDNEY LGA



Source: SGS Economics & Planning, 2024

FIGURE 4: MAP OF CENTRES AND THEIR RELATIVE STRENGTHS IN NORTH SYDNEY LGA



Source: SGS Economics & Planning, 2024



## Key Takeaways

Council has an important role to play to ensure these centres continue to thrive, understanding how the current condition and operations of these centres is central to the continuing their economic success. The key highlights from these centres include:

- Led by North Sydney CBD and St Leonards, the LGA possesses office precincts of metropolitan significance. This can be a major attraction for businesses that are looking for alternatives to the more expensive property in Sydney CBD. These centres need to remain an attractive option with appealing amenities and retail options for workers.
- Retail activity in larger centres like North Sydney, St Leonards, Crows Nest, Cammeray and Neutral Bay is driven by shopping malls, while other centres have local neighbourhood shopping strips.
- Kirribilli and Milsons Point are considered to be the most attractive centres within the LGA, with their unique characters and place-making elements that encourage walking.
- Most of the LGA's centres include a significant residential component.
- Most centres in the LGA are well-served by public transport, with some offering ferry services, North Sydney, St Leonards, Waverton and Milsons Point are currently equipped with railway stations and the Sydney Metro stations in North Sydney and Crows Nest. Some centres, such as Neutral Bay, rely on buses or private transport.
- The LGA is filled with scenic foreshore walks and bushwalks, with North Sydney, Crows Nest and Milsons Point offering activities that draw the most visitation for events, entertainment and hospitality.

## 2.2 Economic profile

### Industry

The North Sydney economy is dominated by three industries, collectively making up more than more than half of all jobs in the LGA, these industries include:

- Professional, Scientific & Technical Services<sup>2</sup> (29.6 per cent)
- Information Media & Telecommunications<sup>3</sup> (11.1 per cent)
- Financial & Insurance Services<sup>4</sup> (10.5 per cent).<sup>5</sup>

In addition to the above three sectors, North Sydney also has sizeable proportions of the jobs in Education and Training (4,356 jobs), and Health Care and Social Assistance (5,348 jobs). This is largely

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<sup>2</sup> Under the ABS categorisation, this category includes jobs like scientific research services, architectural services, engineering services, legal and accounting services, advertising, market research and statistical services, management and consulting services, veterinary services, computer system design.

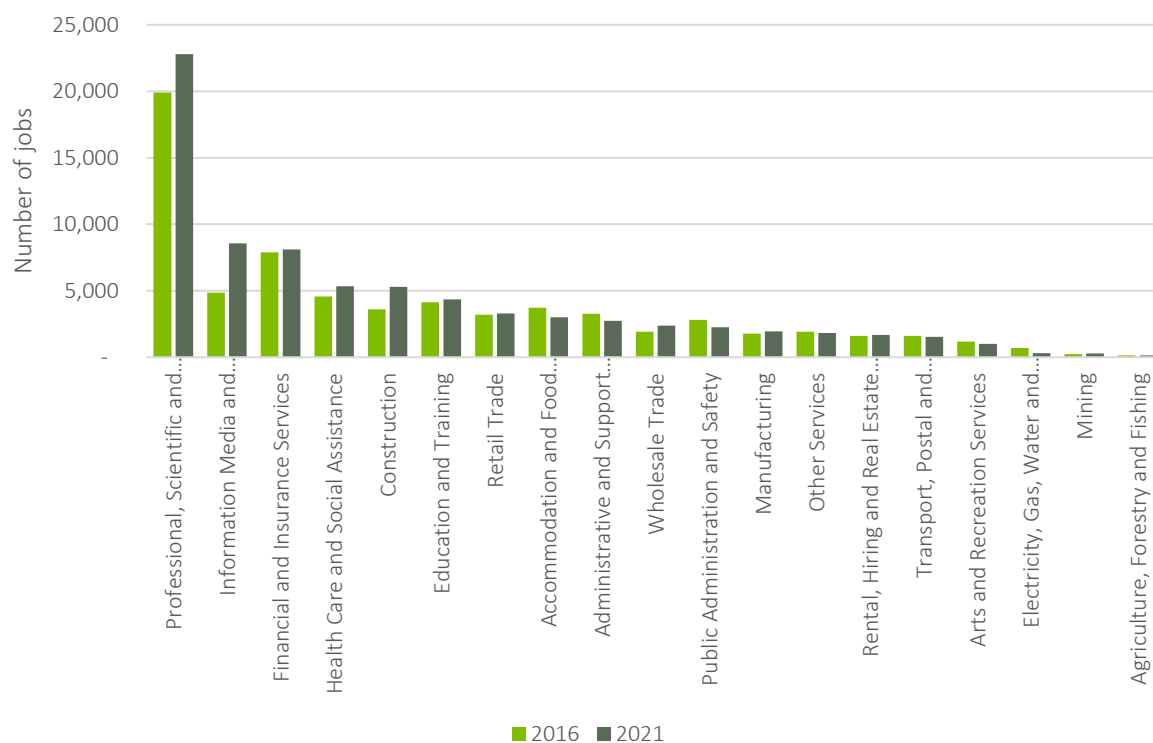
<sup>3</sup> Under the ABS categorisation, this category includes jobs like publishing (not internet or music), motion picture and sound recording, broadcasting, internet publishing and broadcasting, telecommunications, internet service providers, data processing services and web search portals.

<sup>4</sup> Under the ABS categorisation, this category includes jobs like central banking, depository finance, financial asset investing, insurance and superannuation funds, auxiliary finance and insurance services.

<sup>5</sup> ABS Census, 2021

due to several medium sized institutions in the LGA such as the Mater Hospital and Charles Sturt University.

**FIGURE 5: INDUSTRY OF EMPLOYMENT, NORTH SYDNEY LGA, 2016 AND 2021, POW**



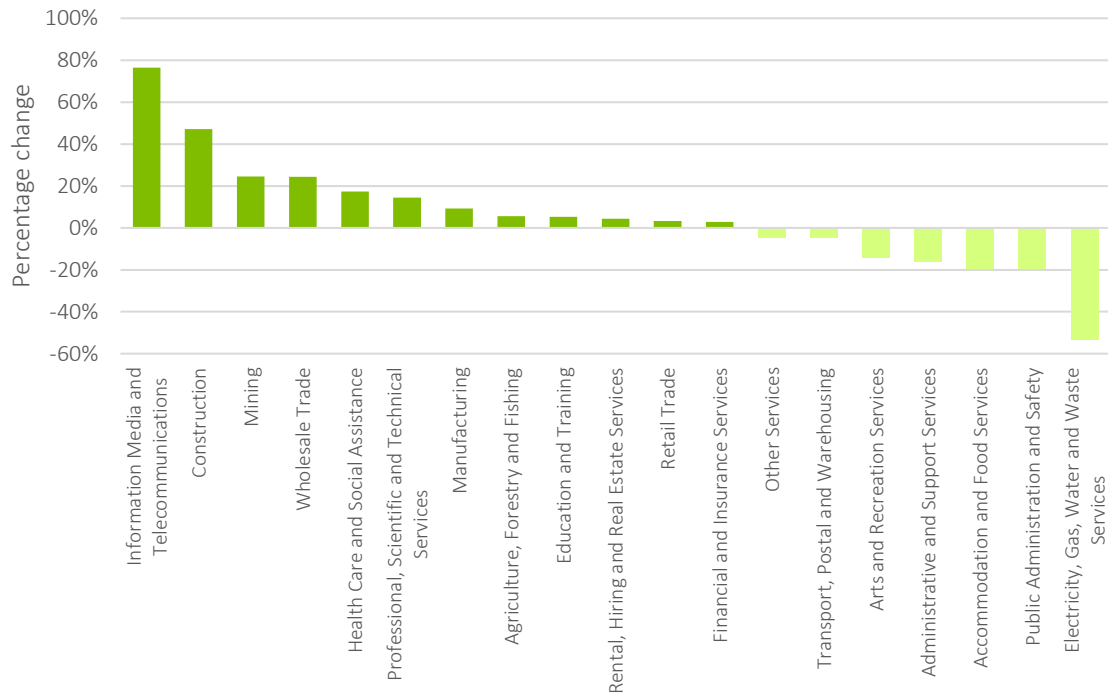
Source: ABS Census, 2016 & 2021, SGS Economics and Planning, 2024

Employment within the Information Media & Telecommunications industry within North Sydney has nearly doubled since 2016, growing to just over 8,500 jobs or by 78 per cent. This is a high level of growth in an industry that is facing significant technological and financial challenges (such as competition from streaming services and decline in traditional print media) and has largely seen a decline across Greater Sydney. This growth is largely attributed to several major companies relocating to the LGA, such as Nine Entertainment.

Outside of professional services, the LGA has a relatively low level of activity in the service sector. Relative to Greater Sydney as a whole, there is under-representation in Arts and Recreation Services, Accommodation and Food Services, Retail Trade and Other Services. Retail Trade has had minimal growth over the past five years, and the other service sectors have all been in decline. This has implications for centres as these industries are typically centre-based, having less opportunities for workers and visitors to spend time and money in the LGA.

Arts and Recreation Services, Accommodation and Food Services and Retail Trade combined make up just 9.5 per cent of jobs in the North Sydney LGA. Significantly lower than 15.5 per cent for Eastern Harbour City and 16.5 per cent for Greater Sydney.

**FIGURE 6: PERCENTAGE CHANGE OF INDUSTRY OF EMPLOYMENT, NORTH SYDNEY LGA, 2016-2021, POW**



Source: ABS Census, 2016 & 2021. SGS Economics and Planning, 2024

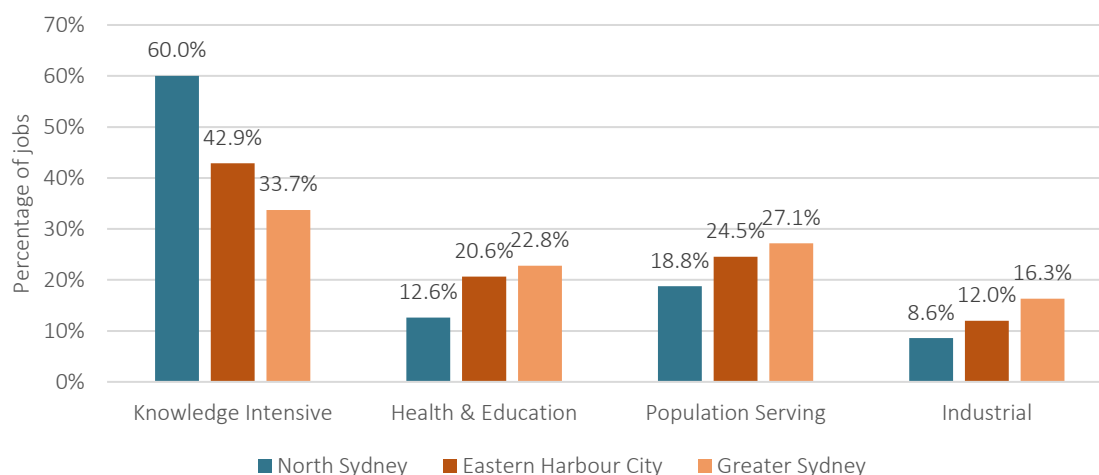
### Broad industry classifications (BIC)

SGS has grouped the Australian and New Zealand Industrial Classification codes into four groups called the Broad Industry Classifications (BICs) to provide greater insight into the general types of economies.<sup>6</sup>

Most jobs in the North Sydney LGA are in the Knowledge Intensive category, at 60 per cent, this is much larger than Eastern Harbour City and Greater Sydney, which generally have a greater mix of industries. This high concentration is largely driven by the high level of employment in the three major industries in the North Sydney LGA (Professional, Scientific & Technical Services, Information Media & Telecommunications, Financial & Insurance Services). Population Serving industries are the second largest and may be driven by the high number of construction workers in the LGA working on major projects, such as the Metro development.

<sup>6</sup> Broad Industry Categories (BICs) are Knowledge Intensive, Population Serving, Health and Education and Industrial. In general, Knowledge Intensive jobs include financial, technical and administration services; Health and Education include Healthcare, Social Assistance and Education jobs; Population Serving are jobs in construction, retail, cafes, restaurants and recreation; and Industrial employment includes traditional manufacturing and logistics and forestry jobs.

**FIGURE 7: INDUSTRY OF EMPLOYMENT BY BIC, NORTH SYDNEY LGA, EASTERN HARBOUR CITY AND GREATER SYDNEY, 2021 POW**



Source: ABS Census, 2021

### Industry specialisations

Location Quotient (LQ) analysis is a measure of relative industry specialisation of a local economy compared to a larger area. In this case, this measures North Sydney’s industry profile against Greater Sydney. Doing so, insight is provided to ascertain whether there are certain industries which comprise greater relative specialisation.

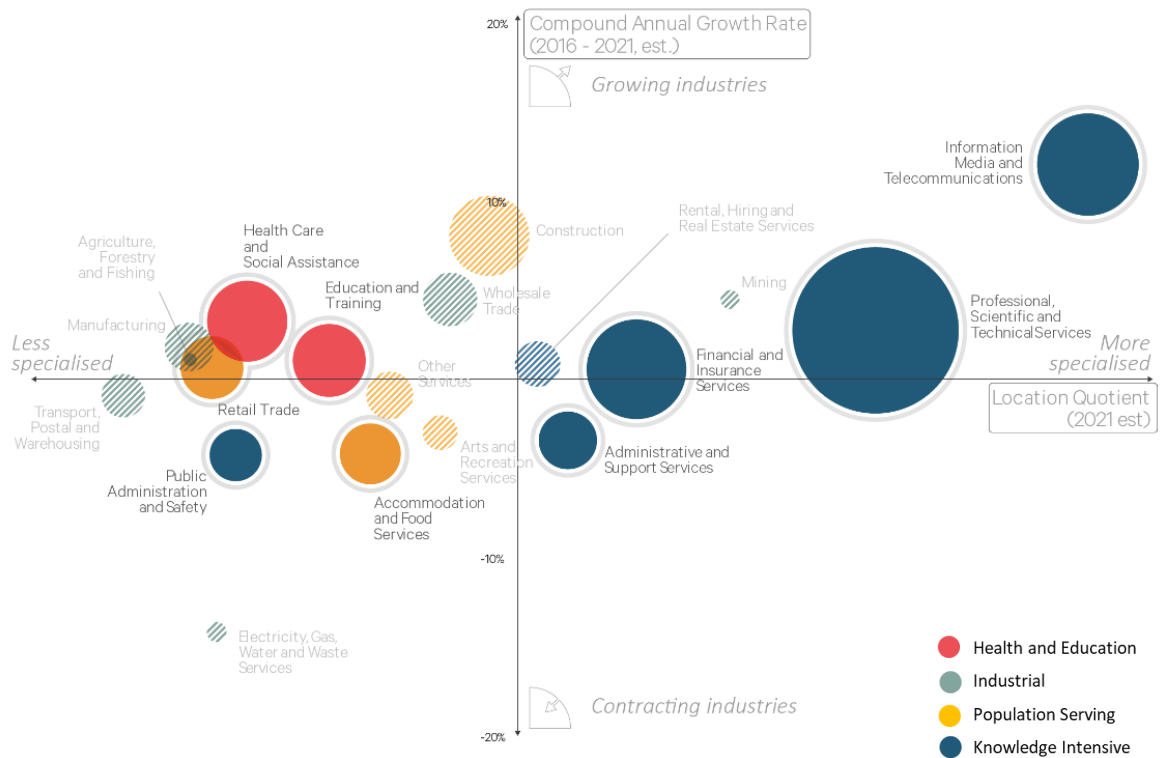
The LQ directly compares the proportional size of the industry in North Sydney to Greater Sydney. For example, an LQ score of 2 portrays that the North Sydney LGA is twice as specialised as the Greater Sydney, or an LQ score of 0.5 demonstrates that the LGA is half as specialised.

As the chart shows, the three most significant industries in the North Sydney LGA (Professional, Scientific and Technical Services, Information Media and Telecommunications and Financial and Insurance Services) also have high relative LQ scores and have all experienced growth in the past five years. Information Media and Telecommunications industry has an LQ score of 4.2 and Professional, Scientific and Technical Services has a score of 2.5. The Financial and Insurance industry is still specialised, but only has a score of 1.3. These are the foundation of the North Sydney economy. Actions to protect and nurture the core should focus on these sectors.

The Health Care and Social Assistance and Education and Training sectors are not specialised in the North Sydney LGA; however, they are emerging industries. Meaning that that they are growing faster than other industries and could become future anchors of the North Sydney economy by leveraging the locally skilled workforce and attracting similar businesses.

The Accommodation and Food Services sector is not a specialised industry for the LGA and is declining. This sector is a component of in-centre amenity and impacts on both service to residents and attractiveness as a place for business. Similarly, Retail Trade has been stagnant in terms of job growth and with LQ values less than 1 is under-represented in the LGA.

**FIGURE 8: GROWTH SHARES (LOCATION QUOTIENT, GROWTH AND TOTALS) FOR NORTH SYDNEY LGA V GREATER SYDNEY, 2016-2021.**



Source: ABS Census, 2016 & 2021. SGS Economics and Planning, 2024

### Economic diversity

Economic diversity index, which is calculated using the entropy index formula, shows a relative index measure of economic diversity within a given area. This index assesses the distribution of economic activities across various industries, indicating the degree of diversification in the local economy. The higher score, the more diverse the economic landscape. The entropy index defines diversity as the same proportion of economic activity in each industry.

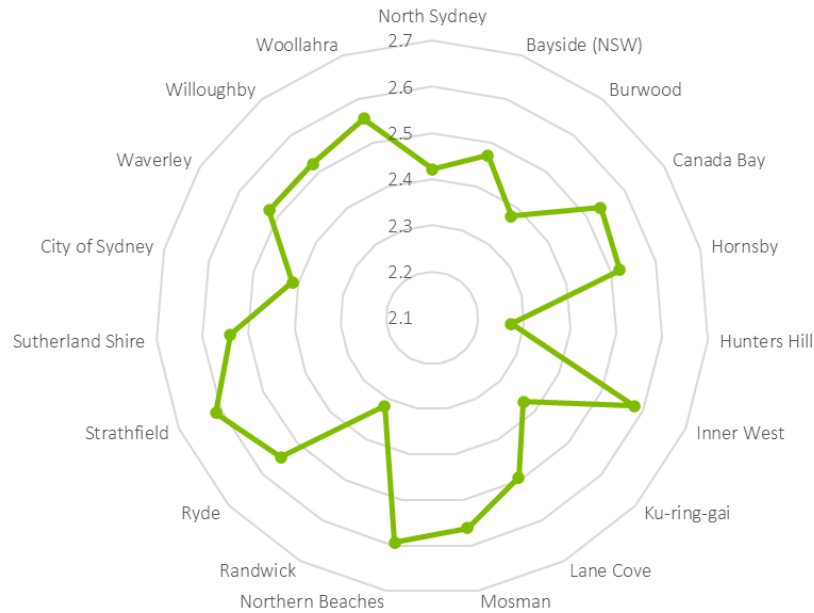
If employment in a region were equally distributed among industries, the entropy index would achieve its maximum value. On the other hand, if a region’s employment was concentrated in a single industry, the value of the entropy index would be zero, indicating a lack of industrial diversity.

**Figure 9** shows the entropy score across of across the all the LGAs in the Eastern Harbour City, including North Sydney. In comparison to the other Eastern Harbour City LGAs, North Sydney typically has a less diverse landscape, this is most likely due to the concentration of jobs in the three major industries Professional Services, Financial and Insurance Services and Information Media and Telecommunications.

While the concentration of activity in the three major industries of North Sydney LGA is a strength, it also exposes the economy to risk. Any change in the operating environment for these sectors would significantly affect the North Sydney economy. The traditional publishing industry is experiencing decline more broadly, while many of these industries are the subject of intense competition around

Sydney. For example, the Tech Central precinct, located around Sydney’s Central Station and Redfern Technology Park, has a specific focus to target the IT sector (including Computer Systems Design) which may draw jobs away from North Sydney. There is an imperative to ensure the ongoing competitiveness of North Sydney CBD as a precinct for office-based sectors.

**FIGURE 9: ECONOMIC DIVERSITY OF EASTERN HARBOUR CITY LGAS, 2021, POW**

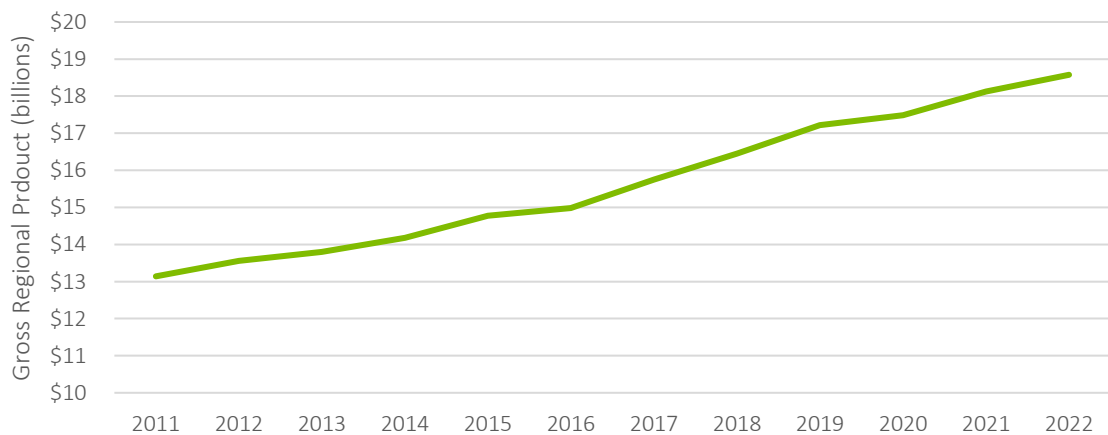


Source: ABS Census, 2021. SGS Economics and Planning, 2024

**Economic performance**

Gross Regional Product (GRP) is a measure of size of net activity generated by the local economy. Overall, North Sydney has experienced consistent economic growth over the last decade, as measured through the growth rate of GRP. **Figure 10** shows North Sydney’s contributed \$18.6 billion to GRP in 2022, growing from \$13.1 billion in 2011.

**FIGURE 10: GROSS REGIONAL PRODUCT OF NORTH SYDNEY, 2011-2022.**

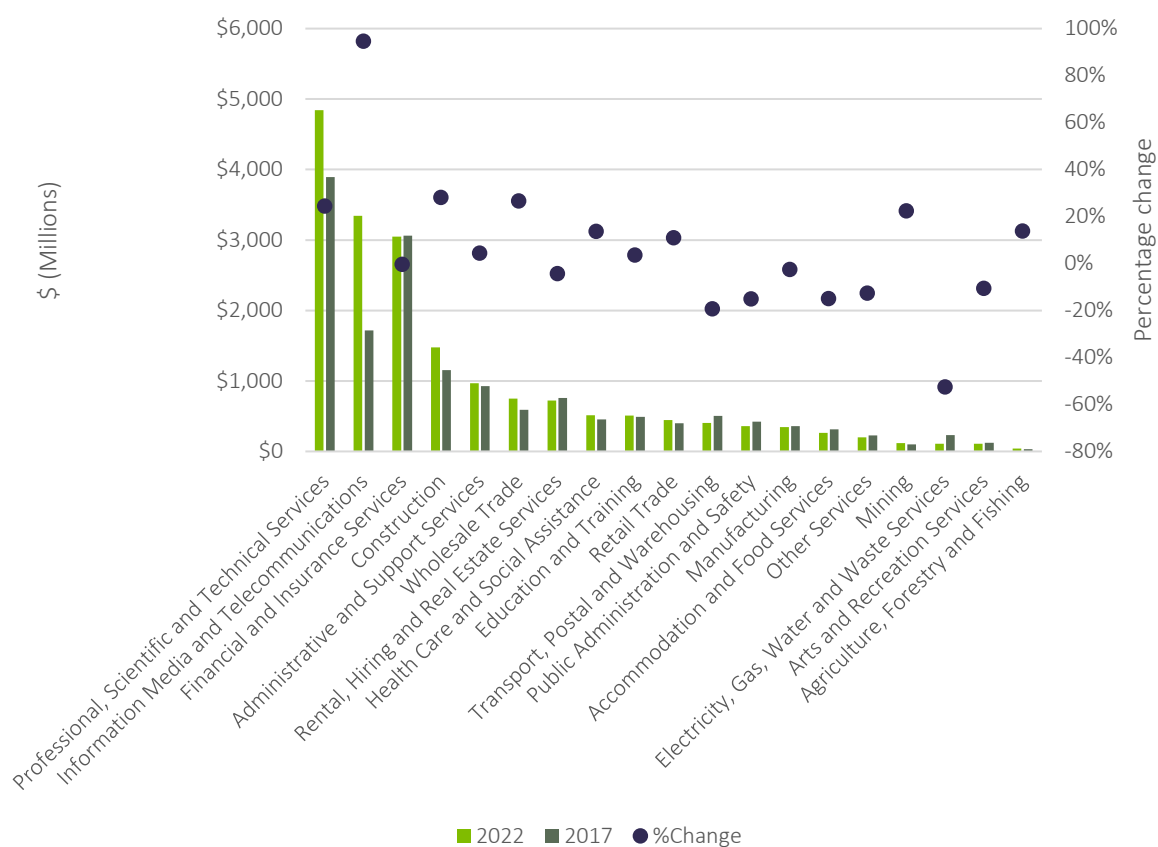


Source: SGS Economics and Planning’s Australia Economic Wellbeing Index, 2023

**Figure 11** shows the gross value added to GRP by industries for both 2017 and 2022. Overall, the North Sydney LGA contributed \$18.6 billion to GRP in 2022, growing from \$15.7 billion in 2017.

The top three contributing industries, which are also the three largest employing industries in the LGA, contribute 60.5 per cent of the GRP. Professional, Scientific and Technical Services contributed the most, both in 2017 and 2022. In 2022, the next largest contributor was Information Media and Telecommunications. The value added of this industry jumped significantly since 2017, growing by 94.6 per cent. Financial and Insurance Services contributed the same amount in both years. The contribution for most of the remaining industries remained consistent between 2017 and 2022.

**FIGURE 11: CONTRIBUTION TO GRP BY INDUSTRY, NORTH SYDNEY LGA, 2017 & 2022**



Source: SGS Economics and Planning, IO Model, 2023

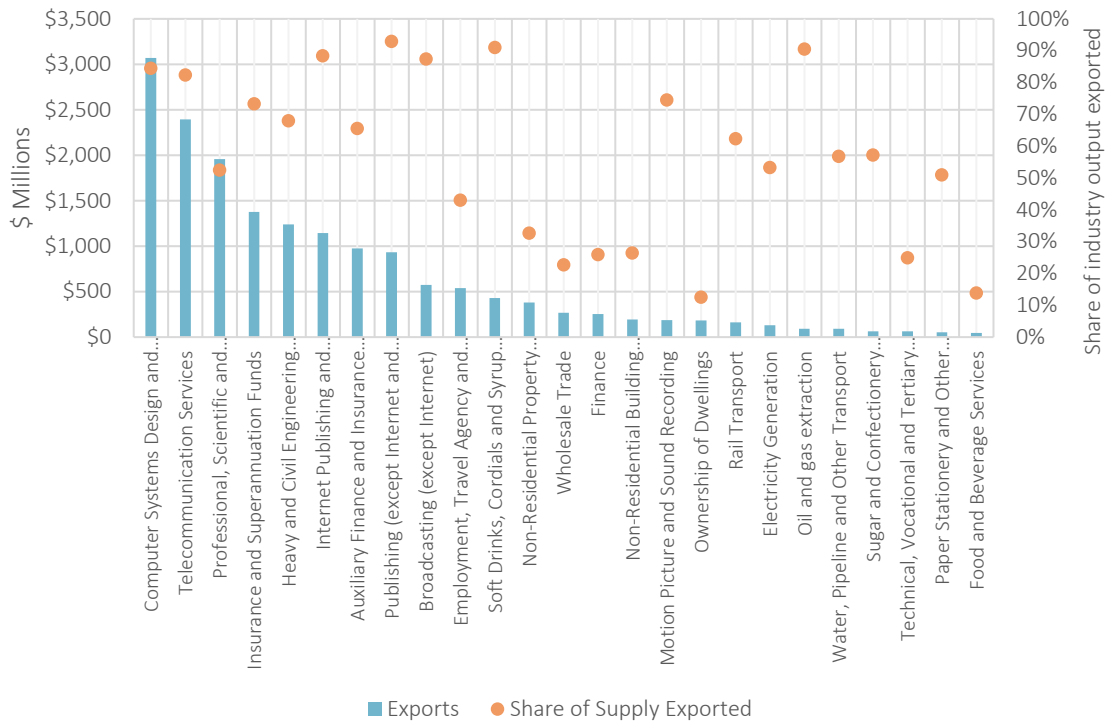
### Exports and imports

Exports in this context refer to any product or service traded to anyone outside of the North Sydney LGA, to the rest of New South Wales, Australia or internationally. **Figure 12** below shows the top sub industries in the North Sydney LGA by the value of goods and services exported.

Computer Systems Design and Related Services was the largest export earner at \$3,070 million, followed by Telecommunication Services at \$2,393 million and Professional, Scientific and Technical Services at \$1,958 million. Most of the industries listed below export over half of their production, the Publishing (except Internet and Music Publishing) exports the largest proportion at 93 per cent,

followed by Soft Drinks, Cordials and Syrup Manufacturing at 91 per cent and Oil and Gas Extraction at 90.5 per cent.<sup>7</sup>

**FIGURE 12: VALUE OF EXPORTS FROM THE NORTH SYDNEY LGA ECONOMY INDUSTRIES, 2023 (\$MILLIONS)**



Source: SGS Economics and Planning, IO Model, 2024

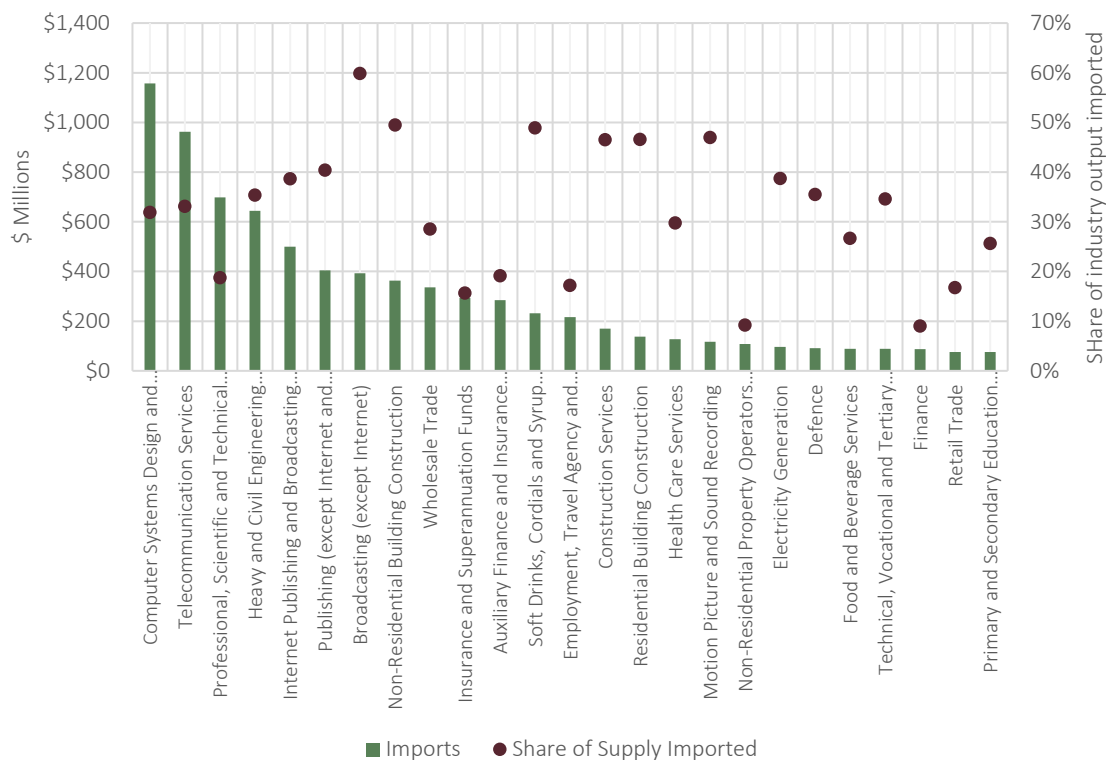
Imports by industry are sales of goods and services from industries located outside the North Sydney LGA to resident businesses and institutions. **Figure 13** below shows the top sub-industries in the North Sydney LGA regarding the value of goods and services imported.

The industries that import the most in absolute terms are Computer Systems Design and Related Services at \$1,157 million, followed by Telecommunication Services at \$962 million and Professional, Scientific and Technical Services at \$698 million. There is some overlap in sub-industries that are exported and imported due to the interplay between the various professional and scientific sectors.

<sup>7</sup> Note that within these industry sectors, the activity in North Sydney falls under management and services rather than manufacturing or processing



**FIGURE 13: VALUE OF IMPORTS FROM THE NORTH SYDNEY LGA ECONOMY INDUSTRIES, 2023 (\$MILLIONS)**



Source: SGS Economics and Planning, IO Model, 2024

### Key Takeaways

North Sydney’s economy has been steadily growing over the last decade, despite major fluctuations such as the COVID-19 pandemic.

There are three major industries driving the economic growth of the North Sydney LGA, making up over half the jobs in the LGA and being the major export services. These industries are Professional, Scientific and Technical Services, Information Media and Telecommunications and Financial and Insurance services.

While these sectors provide a solid foundation, the lack of diversity in the industry composition exposes the economy to risk if any of these industries suffer from major structural changes. The Information Media and Telecommunications industry is largely shrinking across the country due to technological advances and poses a risk to the North Sydney economy if this industry contracts.

Other industries, such as Retail, Food Services, and Arts and Recreation Services, have less than expected activity in the LGA, making up less than 10 per cent of jobs in the LGA. These industries can be supported to complement a professional workforce, and largely presents an opportunity to diversify the local economy.

## 2.3 Workforce profile

### Number of workers

Since 2006, the number of jobs in North Sydney LGA has increased by just over 20,000 jobs and has over seen an average annual growth rate (AAGR) of 2.3 per cent each year. This is largely consistent with Greater Sydney, which saw an AAGR of 2.4 per cent each year since 2006.

**TABLE 1: NUMBER OF WORKERS, NORTH SYDNEY LGA AND GREATER SYDNEY, 2006-2021**

Geography	2006	2011	2016	2021	AAGR 2006-2021
North Sydney	60,053	65,946	72,245	80,715	2.3%
Greater Sydney	1,663,708	1,698,995	2,104,553	2,269,463	2.4%

Source: ABS Census, 2006, 2011, 2016 & 2021

### Occupations

Workers in North Sydney are mostly comprised of white-collar occupations. Professionals, Managers and Clerical and Administrative Workers make up just over 80 per cent of jobs in the LGA. The same occupations make up only 61 per cent of jobs across Greater Sydney.

**FIGURE 14: OCCUPATION, NORTH SYDNEY LGA, EASTERN HARBOUR CITY AND GREATER SYDNEY, 2021, PLACE OF WORK**



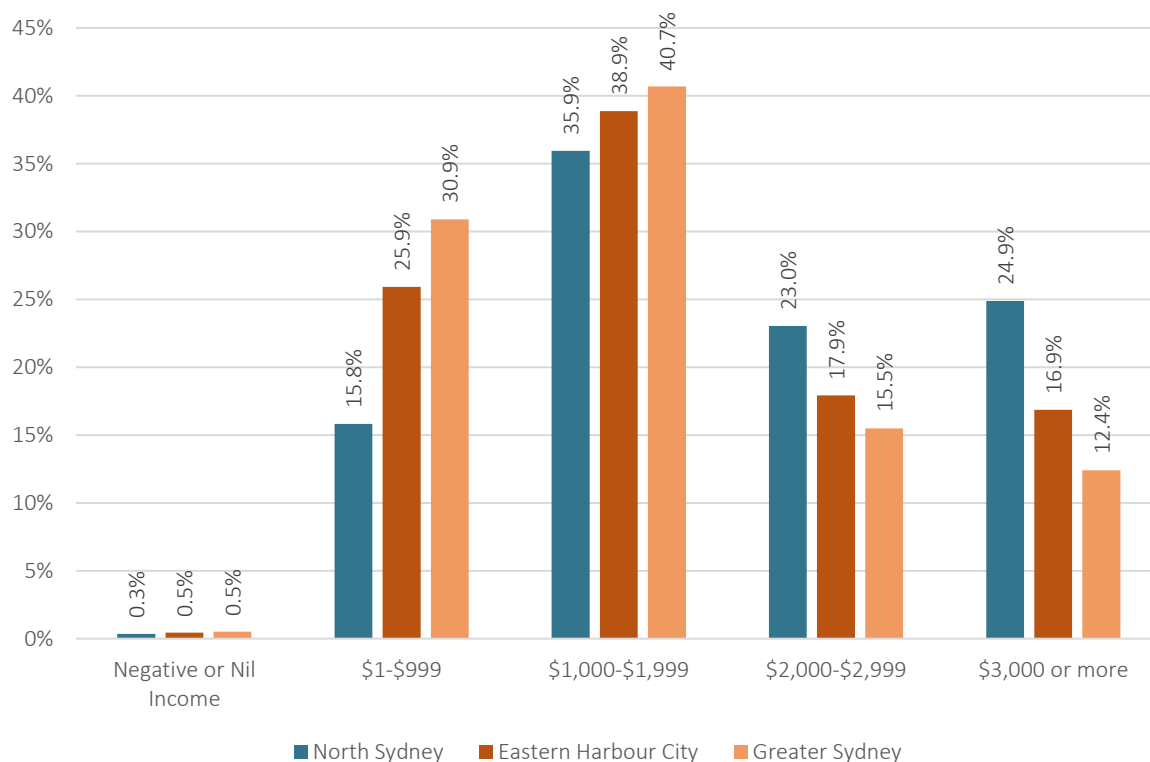
Source: ABS Census, 2021

## Income

Workers in North Sydney are some of the highest paid in Greater Sydney, nearly a quarter of the workforce has a weekly income of \$3,000 or more while Greater Sydney has roughly only 12 per cent of workers with this income. The industries that make up most jobs in the LGA have highly paid positions, making North Sydney an attractive place for skilled workers.

Conversely, there is a small proportion of workers on lower weekly incomes. There may be less workers with these incomes as there are less jobs in lower paid industries in the LGA, or they may not be able to afford to live in or travel to North Sydney for these lower incomes.

**FIGURE 15: PERSONAL WEEKLY INCOME OF WORKERS, NORTH SYDNEY LGA, EASTERN HARBOUR CITY AND GREATER SYDNEY, 2021, POW**



Source: ABS Census, 2021

## Inward migration of workers

The table below shows the proportion of North Sydney workers and where their place of residence (PUR) is located by LGA. Most workers in the North Sydney LGA live outside of the North Sydney LGA. The largest proportion of workers still live in the LGA at 13.6 per cent followed by the neighbouring LGAs of the Northern Beaches, City of Sydney and then Parramatta LGA.

Health and Education workers have the largest proportion of workers who live in the North Sydney LGA, with nearly a fifth of workers in the sector living locally. Health and Education workers, by the nature of

the sector, work long hours and ideally should live close to their workplace. North Sydney has some of the most expensive real estate in Greater Sydney, if workers cannot afford to live in the LGA, it comprises the ability for the industry to source workers and may inhibit the growth of the sector. It is an important industry for the area given the ageing population and their need to access healthcare services locally.

Knowledge Intensive workers have only a slightly higher proportion of workers that live in the LGA, at 12.2 per cent. With the proliferation of working from home and attraction of higher income jobs in the sector, workers have greater scope to live outside the North Sydney LGA and also conduct their day-to-day jobs.

**TABLE 2: LOCATION OF NORTH SYDNEY WORKERS AND THEIR PLACE OF RESIDENCE (PUR), 2021**

LGA (PUR)	Knowledge Intensive	Health & Education	Population Serving	Industrial	Total
North Sydney	12.2%	19.0%	15.4%	11.6%	13.6%
Northern Beaches	8.0%	10.8%	8.2%	8.2%	8.4%
City of Sydney	6.5%	5.7%	7.1%	5.7%	6.5%
Parramatta	6.4%	3.3%	4.2%	4.7%	5.4%
Willoughby	4.2%	6.8%	5.7%	4.4%	4.8%

Source: ABS Census, 2021

### Outward migration of workers

The table below shows the proportion of employed North Sydney residents and their Place of Work (POW). The largest proportions of North Sydney’s working residents in Health & Education and Population Serving categories have jobs within the LGA, followed by City of Sydney and then Willoughby.

Most working residents employed in the Knowledge Intensive category are employed in the City of Sydney, then North Sydney followed by Willoughby. This indicates that there is a large pool of residents who would be able to be employed locally within the LGA, and that industries such as the Information Media and Telecommunications and Professional Services can be supported by a local workforce. Conversely, if some of these workers can work from home, they would be able to support local centres throughout the LGA through spending at local cafes or shops.

Working residents employed in the Industrial category are more spread out. The largest proportion is found in City of Sydney, followed by North Sydney, then Ryde, Willoughby and Bayside. This is most likely due to the higher number of Industrial jobs and industrial land uses that are available in other LGAs.

**TABLE 3: LOCATION OF NORTH SYDNEY RESIDENTS AND THEIR PLACE OF WORK (POW), 2021**

LGA (POW)	Knowledge Intensive	Health & Education	Population Serving	Industrial	Total
City of Sydney	55.2%	18.0%	27.0%	22.0%	39.4%
North Sydney	26.8%	23.4%	29.3%	20.0%	26.0%
Willoughby	3.6%	14.5%	8.0%	7.5%	6.9%
Ryde	2.5%	4.8%	2.5%	11.7%	3.8%
Northern Beaches	1.2%	6.3%	6.6%	6.0%	3.7%

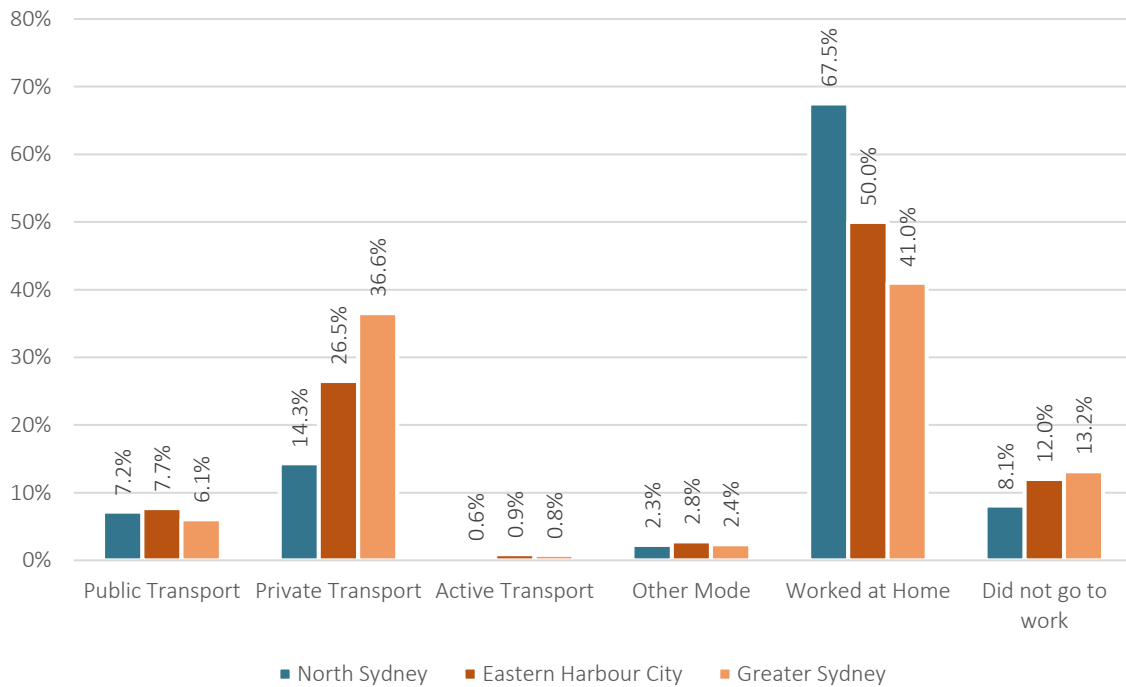
Source: ABS Census, 2021

### Travel to work method

In 2021, the proportion of workers using public transport was roughly the same as the Eastern Harbour City and Greater Sydney, while the use of private transport was far less. Workers in North Sydney had a significant proportion of workers working from home, at nearly 70 per cent of the workforce. Greater Sydney only had roughly 40 per cent of the work force at home. This is due to the high proportion of office-based occupations in the LGA.

The timing of the 2021 Census during the COVID-19 lockdowns means that there is a much higher proportion of workers who were working from home than normal, especially given the high proportion of workers in office-based industries. However given the continued uptake of working from home and hybrid working since the lockdowns, it provides an indication of how many workers in North Sydney may still be utilising hybrid working and working from home.

**FIGURE 16: METHOD OF TRAVEL TO WORK, NORTH SYDNEY LGA, EASTERN HARBOUR CITY AND GREATER SYDNEY, 2021, POW.**



Source: ABS Census, 2021

### Key Takeaways

The North Sydney workforce is largely a white-collar workforce, with a high proportion of professional workers. Nearly a quarter of these workers are earning large weekly incomes over \$3,000 or more.

However, just over 10 per cent of these workers live and work in North Sydney LGA and in 2021, and over half of North Sydney workers were working from home. This potentially means that high income earning workers are not spending money within the LGA, leaking revenue that could otherwise be captured by businesses in the North Sydney LGA.

Over 75 per cent of North Sydney residents who are employed are leaving the LGA for work, while this is not unexpected given the North Sydney's connectivity, there may be scope for increasing local self-containment to strengthen the local economic ecosystem.

## 2.4 Trends and drivers

### Changing working patterns

The North Sydney economy (heavily influenced by job numbers in the North Sydney CBD) is dominated by office-based sectors. Through the COVID-19 pandemic, there was a significant spike in the incidence of work from home. After the pandemic, growth in work from home or hybrid work (where workers have the option of working from home or the office) has returned to trend but at a much higher base.

As of the 2021 Census, 67.5 per cent of North Sydney LGA workers worked from home – much higher than the average for Greater Sydney (41 per cent) or even Eastern Harbour City (50 per cent). This is a steep increase from the 4.6 per cent recorded in the 2016 Census. Conversely, there is a high proportion of working residents who’s place of work is outside the North Sydney LGA, if they choose to work from home, they can potentially increase the activity and expenditure at local centres.

Hybrid working has largely become a more widely acceptable work practice and is likely to persist for many occupation types, largely white collar and office-based occupations. The impact on the commercial office market has been significant, with sharp decreases in demand and high levels of vacancy across the North Sydney CBD. Despite the high vacancies, the North Sydney market and St Leonards market still has some of the most valuable office floorspace across Greater Sydney.

**TABLE 4: AVERAGE RENTS PER SQUARE METRE AND VACANCY RATES ACROSS GREATER SYDNEY CENTRES.**

Market	Avg rents/sqm	Vacancy
Sydney CBD	\$1,300	12%
<b>North Sydney</b>	\$855	21.40%
<b>St Leonards</b>	\$645	29.30%
Parramatta	\$550	30%
Inner West	\$500	5%
Macquarie Park	\$455	20.20%
Olympic Park	\$435	22.10%
Chatswood	\$433	19.70%
Liverpool	\$400	5%
Bankstown	\$250	8%

Source: SGS and Raine and Horne Commercial Insights, JLL, Cushman and Wakefield, 2024.

With the popularity of work from home modes, many office-based employers are finding it difficult to entice workers back into offices. Some employers have started offering workers more incentives to draw them back into the office, for example improving and meeting demand for more break-out, meeting, relaxation and circulation spaces, offering greater in-office amenity and having more social services like food and drink.

For office precincts and the centres in which they are located, this means a greater focus on high amenity spaces - access to open space, a range of retail, food and drink options, recreation and entertainment facilities and services.

### **Key Takeaways**

With businesses trying to attract workers back into the offices, premium office spaces are in demand due to their high level of amenities and offerings. The new office buildings on Denison Street and Mount Street in North Sydney are examples of new premium grade offices that provide both the quality of internal fit outs for business and additional amenities that businesses are now wanting.

To compete with the appeal of working from home, future commercial spaces will need to provide a higher level of amenity and Council will need to ensure that planning controls enable this outcome.

In addition, connectivity of the North Sydney CBD is being improved with the construction of the Victoria Cross Metro station. This transformative project gives Council the opportunity to improve public domain amenity via improved walking connections, reduced road speeds and additional green space.

Both the private sector and Council will need to be proactive in providing an attractive workspace and urban environment to attract workers back to the office.

### **Renewed focus on the visitor economy**

The visitor economy includes both domestic and international tourists, as well as the visitors who travel for business, education, major events, visiting friends or relatives, or are seeking services such as health care. The visitor economy captures all businesses that provide goods and services to this wide variety of different visitors.<sup>8</sup>

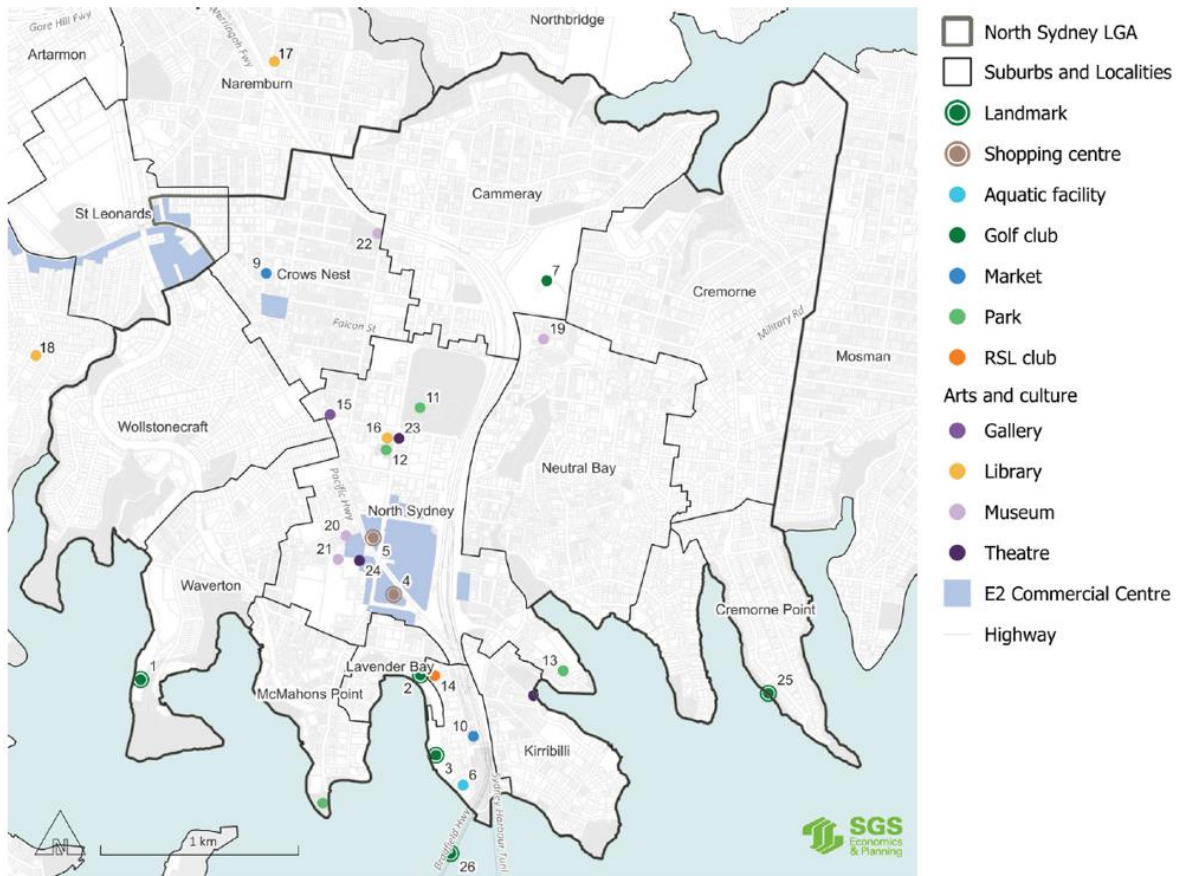
The North Sydney LGA not only has a number of key attractions that draw in domestic and international tourists, like Luna Park and Wendy Whitely's Secret Garden, but a number of important services such as the Mater Hospital and retail options like Greenwood Plaza. Both traditional tourists and the people who visit the North Sydney LGA are important as their spend helps sustain the local economy.

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<sup>8</sup> Australian Trade and Investment Commission, 2021, 'Opportunities for the Visitor Economy', < <https://www.austrade.gov.au/en/news-and-analysis/publications-and-reports/opportunities-for-the-visitor-economy-report> >



**FIGURE 17: KEY VISITOR ATTRACTIONS IN NORTH SYDNEY LGA**



- |                                    |                               |                           |                              |
|------------------------------------|-------------------------------|---------------------------|------------------------------|
| 1 – Coal Loader                    | 8 – Northside Produce Markets | 15 – RochfortGallery      | 22 – Sexton’s Cottage Museum |
| 2 – Wendy Whiteley’s Secret Garden | 9 – Crows Nest Markets        | 16 – Stanton Library      | 23 – The Independent Theatre |
| 3 – Luna Park                      | 10 – Kirribilli Markets       | 17 – Naremburn Library    | 24 – Isabel MentonTheatre    |
| 4 – Greenwood Plaza                | 11 – North Sydney Oval        | 18 – Greenwich Library    | 25– Mccallum Pool            |
| 5 – Northpoint                     | 12 – Ted Mack Civic Park      | 19– May Gibbs’ Nutcote    | 26 – Sydney Harbour Bridge   |
| 6 – North Sydney Olympic Pool      | 13 – Sub Base Playpus         | 20 – Don Bank Museum      |                              |
| 7 – Cammeray Golf Club             | 14 – Kirribilli Club          | 21 – Mary MacKillop Place |                              |

Source: SGS Economics & Planning, 2024

Other key attractions in North Sydney include but are not limited to the Sydney Harbour Bridge, the North Sydney Oval, May Gibbs’ Nutcote, and Sub Base Platypus. There are also markets in Kirribilli, Crows Nest, the Coal Loader and Ted Mack Civic Park. Other events are regularly held across the LGA.

Tourism is a key industry in North Sydney, having generated around \$1.3 billion in 2018/19, and an average of two million visitor nights per annum. The 5-year average for visitor nights is 21 days which is slightly higher than the NSW average of 17 days.<sup>9</sup>

In 2018/19, international visitor nights were around 1.5 million in the LGA. Domestic visitor nights were approximately 526,000.<sup>10</sup> This is a significant finding when considering the position of the LGA, and how appealing it is to overseas travellers compared to Australians.

<sup>9</sup> North Sydney Council, 2024, Economic Development Discussion Paper, p. 31 based on data from Tourism Research Australia, National & International Visitor Survey, North Sydney LGA

<sup>10</sup> Idcommunity, 2024, ‘North Sydney Council Area’, <http://economy.id.com.au/north-sydney/tourism-visitor/summary>

For international visitors, visiting family and friends is a key reason for travelling to the LGA (40 per cent), with the purpose of holidays at 28 per cent and business visits at 20 per cent. For domestic day visitors, the most common reason for travelling to the LGA was for a holiday.<sup>11</sup> Accommodation for domestic overnight visitors is split between hotels and staying with families and friends fairly evenly at 47 per cent and 43 per cent respectively. International visitors, however, were less likely to stay at a hotel (26 per cent) favouring friends or a relative's property at 51 per cent.<sup>12</sup>

The above data is pre-pandemic as there is limited tourism data available post-pandemic. The pandemic had a significant, protracted impact on tourism across Australia. North Sydney would have been particularly affected by this, as it has three times the international visitor nights to domestic.

Given the visits to NSW by both domestic and international visitors is up by 57.3 per cent and their expenditure is nearly double between June 2023 and 2022, there is now an opportunity to capture this market in the North Sydney LGA.<sup>13</sup>

### **Key Takeaways**

The North Sydney LGA already has an intrinsic advantage with not only its natural features along the Harbour but also its entertainment attractions such as Luna Park and its cultural heritage. These advantages can be capitalised on to create a unique identity and better promote the LGA through better promotional material and marketing. The identification of any new or expanded uses for visitor accommodation can help support the broader economy, with more long-term international and domestic visitors.

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<sup>11</sup> North Sydney Council, 2019, North Sydney Visitor Economy Strategy, Post Exhibition V2, p. 45

<sup>12</sup> Ibid., p. 46

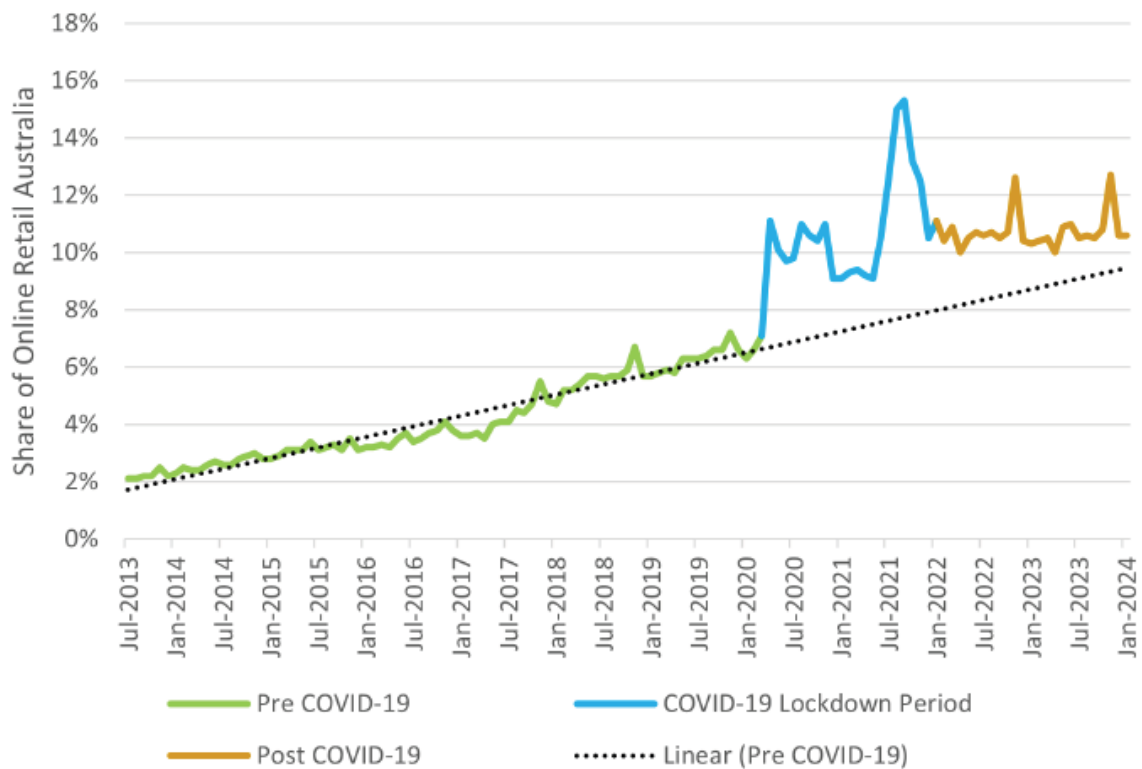
<sup>13</sup> Destination NSW, 2023, 'Travel to NSW Year ended June 2023', <https://cdn.sanity.io/files/fajcivmy/production/19a442d5c5f064c69a7dec5d7a89cec6ee3a25ec.pdf>

## Growth of online retail

Online retail has had an increasing impact on Australia’s retail economy for over a decade, with COVID-19 acting as a major accelerator of this trend with total online retailing turnover remaining elevated. This inflection point is shown in the figure below, with a sharp jump in online retailing in early 2020. Following COVID-19, the volume of online trade has generally increased, with a high point in 2021, and as of 2023 was well above pre-COVID levels.

To counter competition from competitively priced online retail, traditional bricks and mortar centres are placing increasing emphasis on service-oriented offerings and quality. This also differentiates retail centres from one another to attract customers.<sup>14</sup> Leisure-based retailing relies in part on creating an appealing and enjoyable experience to attract and retain consumers.<sup>15</sup> The retail habits of 18 to 34-year-olds has found a growing preference for retail centres with foreign brands and a wide range of high-quality food and beverage options.<sup>16</sup>

**FIGURE 18: SHARE OF ONLINE RETAIL PURCHASES ACROSS AUSTRALIA, 2024**



Source: ABS, SGS 2024

<sup>14</sup> Jones Lang Lasalle, 2013, 'The evolution of Brisbane Retailing', July 2013, <http://www.jll.com.au/australia/en-au/Research/JLL-AU-Advance-The-Evolution-Of-Brisbane-Retailing-July2013.pdf>

<sup>15</sup> Mathwick, C. et al, 2002, 'The effect of dynamic retail experiences on experiential perceptions of value: an Internet and catalogue comparison', *Journal of Retailing*, 78, 51-60.

<sup>16</sup> CBRE, 2015a, 'Implications for retailers as the demographic wave moves through'; CBRE, 2015b, 'Asia Pacific Consumer Market: How we like to shop online'

This puts the emphasis on the ‘experience’ that centres can offer. To remain competitive with online retail, local retail centres must ensure that they provide a pleasant retail experience and offer retail premises for a wide range of sectors. This also results in the diversification of uses and activities in centres, for example shopping centres offering entertainment spaces or medical centres; and ambient local centres offering a range of activities.

### **Key Takeaways**

North Sydney has the opportunity to leverage existing strengths and address weaknesses in each centre to provide opportunities for improved retail experiences. This can include incentivising premium retail spaces and improved urban amenities.

The retail sector can be further supported by providing enhanced food and beverage options. This could include provisions for outdoor dining, urban design improvements, such as widening and landscaping of footpaths, and embellishment of heritage assets to enhance the street’s visual character and utility for pedestrians.

Not only would embracing new retail experiences help the viability of centres across the LGA, but it would also help support the struggling personal service sector.

### **Push for a 24-Hour economy**

Recent decades have seen a softening of restrictions on business trading hours and an increased emphasis on the ‘night-time economy’. Societal changes throughout this period have weakened credibility for the concept of ‘standard business hours’ and increased expectations that retailers will stay open later into the evening.

A strong evening and nighttime economy can provide a significant economic contribution in its own right in addition to creating vibrancy and economic ‘pull’ factors. It can help to attract and retain business and provide greater amenity for residents. Contemporary ideas of the night-time economy encompass a broader range of activities than simply licensed venues (although these remain valuable). It can include 24-hour gyms, late night supermarkets, other late-night shopping options, late night museum and gallery openings, food festivals, as well as the obvious options of bars, restaurants, nightclubs, theatre and performances and sporting events.

In terms of spatial planning and urban design, the following elements can help to create an environment which hosts activity during both day and night:

- Concentration and mixing of trip-generating economic activities
- A high-amenity pedestrian environment
- Street lighting and passive surveillance (eyes on the street)
- Minimising conflict between residential and night-time uses
- Extended hours of public transport.

While often crucial to their local economies, developing a 24-hr economy is not without its challenges and local considerations. These include land use and noise conflicts, affordability of commercial space in centres, antisocial behaviour and safety concerns, transport and access.

The NSW Government has also recognised the importance of the 24-hour economy for the broader wellbeing of the growing population. To fully realise the social and economic potential of Sydney, the Sydney 24-hour Economy Strategy, identifies a need for more business activity through the night – creating more employment opportunities and greater choice of activities for locals and visitors to participate in. With the backing of NSW Government, local government can support and enhance a greater range of entertainment options across centres, providing more employment and spending opportunities for visitors. NSW Government’s ‘Uptown District Acceleration Program’ is designed to assist local business communities and enable the growth of 24hr economy districts in line with the NSW Government’s 24-Hour Economy Strategy for Greater Sydney. The 24hr economy strategy also includes the ‘Purple Flag’ accreditation schemes – an international scheme to establish standards for excellence in vibrancy, diversity and safety at night.

### **Key Takeaways**

Crows Nest is currently the prime night-time precinct in the LGA and has functioned well for years as a dining precinct that attracts a wide variety of patrons from the local business and resident community. With the new Metro likely to make this precinct more accessible than ever, there is an opportunity to promote and increase the precinct’s presence as a 24-hr economy.

North Sydney CBD has more limited activity after hours. Providing opportunities for workers to remain in the LGA’s key employment centres after work hours, is likely to improve the attractiveness of these places for workers and by extension will likely drive increased interest from businesses, further supporting struggling industries such as retail and food services.

The high level of residential buildings across North Sydney centres means that mitigation measures will need to be considered for night-time uses.

## **2.5 Engagement outcomes**

An extensive engagement program was developed for the study. Engagement was conducted by The Planning Studio. The aim of the engagement was to:

- Collect qualitative data and evidence
- Gain a detailed understanding of the experience ‘on the ground’ from key stakeholders in government, not for profit, industry, business and the community
- Develop localised solutions and place-based objectives and recommendations to guide future growth and development
- Develop recommendations that are developed through a multiple of lens that consider a range of influences and impacts.

Engagement included an online survey, community panel and face to face workshops. The full engagement report is available at Appendix A.

## Online survey - summary

An online survey was open to the wider community from 28 May through to 25 June 2024. During this time, 111 responses were received via 145 unique visitors. Participants were asked a range of questions. Below is a snapshot of the way respondents use, describe, and perceive the centres.

**FIGURE 19: HIGHLIGHTS FROM THE ONLINE SURVEY**

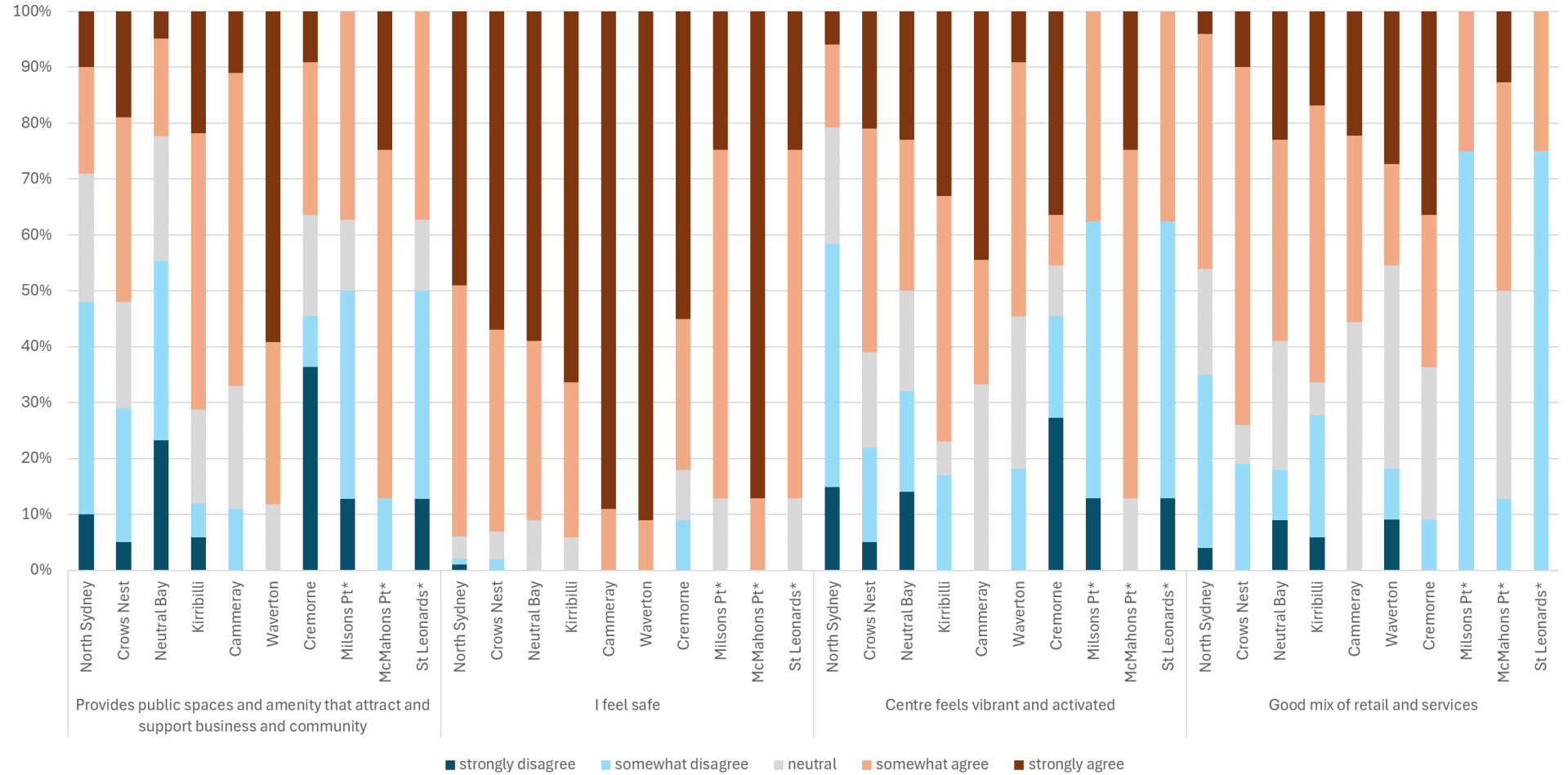
Centre	Description and use of centre [no. of responses]
<b>North Sydney</b>	<ul style="list-style-type: none"> <li>Top three themes that emerged: boring [14], inactive/dead [12], windy [12]</li> <li>More respondents visit North Sydney centre for convenience shopping (58.3%) or to go to a café, bar or restaurant (52.1%).</li> <li>North Sydney is predominantly visited by respondents through the day (6am-6pm, 87.5%) and after work (6pm-9pm, 56.25%). Night time visits (9pm-2am) were 4.2%.</li> </ul>
<b>Crows Nest</b>	<ul style="list-style-type: none"> <li>Top three themes that emerged: vibrant [16], community [13], improving [13], busy [13]</li> <li>More respondents visit Crows Nest centre to go to a café, bar or restaurant (87%) and for convenience shopping (73.95)</li> <li>Respondents tend to visit Crows Nest equally during the daytime (78.3%) and evening (76.1%).</li> </ul>
<b>Neutral Bay</b>	<ul style="list-style-type: none"> <li>Top three themes that emerged: overcrowded [11], undeveloped [9], charming [8]</li> <li>More respondents visit Neutral Bay centre for convenience shopping (81.8%) and to go to a café, bar, or restaurant (68.2%)</li> <li>Neutral Bay is primarily visited in the daytime by respondents (100%).</li> </ul>
<b>Kirribilli</b>	<ul style="list-style-type: none"> <li>Top three themes that emerged: village [11], local [8], beautiful [6]</li> <li>More respondents visit Kirribilli to go to a café, bar or restaurant (94.4%) and to meet friends (72.2%)</li> <li>Kirribilli is primarily visited in the daytime by respondents.</li> </ul>
<b>Cammeray</b>	<ul style="list-style-type: none"> <li>Top three themes that emerged: convenient [8], local [6], friendly [5], popular [5], tired [5]</li> <li>More respondents visit Cammeray to go to a café, bar or restaurant (88.8%) and for convenience shopping (88.8%)</li> <li>Respondents tend to visit Cammeray equally during the daytime and evening.</li> </ul>
<b>Waverton</b>	<ul style="list-style-type: none"> <li>Top three themes that emerged: village [10], welcoming [7], boring [4]</li> <li>More respondents visit Waverton to go to a café, bar or restaurant (90.9%), and for convenience shopping (72.7%).</li> <li>Waverton is primarily visited in the daytime by respondents (6am-6pm, 54%).</li> </ul>

<b>Cremorne</b>	<ul style="list-style-type: none"> <li>▪ Top three themes that emerged: uninviting [6], vibrant [5], congested [5], local [4], unloved [4]</li> <li>▪ More respondents visit Cremorne to go to a café, bar or restaurant (72.7%), and for entertainment (72.7%)</li> <li>▪ Cremorne is visited by respondents both day and night.</li> </ul>
<b>Milsons Point*</b>	<ul style="list-style-type: none"> <li>▪ Words used to describe Milsons Pointed included famous tourist spot, safe, convenient, sweet little village, quiet, empty, concrete, needs better parks</li> <li>▪ A small sample size indicated they visit the centre for local convenience reasons and to visit cafes, bars or restaurants.</li> <li>▪ All seven respondents indicated they visit the centre during the day.</li> </ul>
<b>McMahons Point*</b>	<ul style="list-style-type: none"> <li>▪ Words used to describe McMahons Point included village, community, quiet, warm, sunshine, contentment, cafes, local</li> <li>▪ A small sample size indicated they visit the centre to meet friends and visit cafes, bars and restaurants</li> <li>▪ Of the seven respondents, six indicated they visit McMahons Point both during the day and night.</li> </ul>
<b>St Leonards*</b>	<ul style="list-style-type: none"> <li>▪ Words used to describe St Leonards included crowded, convenient, busy, practical, inclusive, unexciting, transitory, emerging, needs improvement, impersonal, fun, food, high rise</li> <li>▪ A small sample size indicated they visit St Leonards for convenience shopping and to go to cafes, bars and restaurants</li> <li>▪ All eight respondents visit during the day, with three also visiting during the evening and one visiting at night.</li> </ul>

Source: The Planning Studio, Engagement Report, 2024 summary points tabulated by SGS, 2024

\*Note small sample size received

**FIGURE 20: RESPONDENT PERCEPTIONS ABOUT AMENITY, SERVICES AND SAFETY IN CENTRES - SUMMARY**



Source: SGS Economics & Planning based on data collected by The Planning Studio, 2024



- Approximately 87 per cent of respondents felt they need to travel outside the LGA to access retail and services. More respondents felt clothing stores and department/chain stores were missing in the LGA with 19 and 10 responses respectively.
- Approximately 78 per cent of respondents shop online. Key reasons included convenience [20], items are not available locally [14], and for choice/variety [14].
- Around 57 per cent of respondents feel the night-time offering in North Sydney LGA is very limited with limited options.
- Around 82 per cent of respondents would recommend North Sydney LGA as an area for family, friends, and visitors to explore.
- Northside Markets (62 per cent), Kirribilli Markets (50 per cent) and the Twilight Markets (44 per cent) were the top three Council run events that respondents attended in the last six months.

### **Stakeholder workshops – summary**

Targeted stakeholder workshops were held with people from the tech and media sector, local business community, professional services sector, and tourism, entertainment and night-time economy sector.

Some of the following key themes and points were made at these engagements in relation to the current context in North Sydney LGA:

- There is a lack of people after hours and a lack of activation of existing spaces. It is difficult to draw people to the area.
- North Sydney is no longer the destination where people start and end their nights
- High costs in the LGA means there are fewer young people living in the area
- It is tough for the food and beverage businesses with the lack of people after hours
- Many workshop participants are keen to keep the conversation going as the Economic Development Strategy is prepared and implemented
- There is a desire for people to meet in-person, but the opportunities presented in the LGA to support this are limited
- North Sydney has a solid community brand that is not leveraged
- Concern that the lack of affordable housing and workspace in the LGA is driving out the creatives.

### Key Takeaways

Generally, respondents perceive the centres and villages of North Sydney LGA as being safe with some centres offering good services and a nice ambience, for example Kirribilli. However, respondents also indicated that not all centres and villages are providing a vibrant and attractive atmosphere and that there is significant scope for improvement, particularly in centres like North Sydney, Cremorne and Milsons Point. Engagement indicated that the centres and villages in North Sydney LGA tend to be visited during the day for convenience shopping and visits to cafes, highlighting the muted night-time offering available throughout the LGA and the need for development. Respondents also indicated that wider economic pressures are also negatively impacting business operations in the LGA, including the lack of people coming into the centres for work and the high cost of living. Altogether, engagement suggested there are gaps that require action – night-time economy, centre vibrancy and activation, and better attractors to draw workers and visitors to the area.

Despite these conditions and gaps, respondents highlighted many positive aspects about the LGA which can be leveraged, including a strong community perspective, a strong desire by locals to live, work and play in the LGA, popular existing events and activities run in the LGA, points of interest and landmarks that can be better utilised, and the desire to network, connect more, develop night-time economy options and keep the economic development conversation going with Council.

## 2.6 Emerging priorities and action areas

From the online and in-person engagement, the following key points were made by respondents about where the future focus and efforts could be in relation to economic development.<sup>17</sup>

### Online survey

- **How could North Sydney (centre) be improved? What are the priorities? (42 respondents)**
  - Increasing business diversity and activity
  - Local business support and incentives
  - Improved pedestrian environment
  - Activation of spaces
  - Events and activities in public spaces
  - Increased residential development in centre
  - More social infrastructure
  - Improved transport accessibility and parking
  - Opportunities for redevelopment
  - Engagement with local community and workers.

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<sup>17</sup> For the full discussion about engagement and results see the Engagement Report at Appendix A

- **How could Crows Nest be improved? What are the priorities? (42 respondents)**
  - Increased retail diversity and entertainment options
  - Improved transport accessibility and parking
  - More places to stay and gather
  - Increased open spaces and community
  - Increased residential in centre
  - Redevelopment opportunities
- **How could Neutral Bay be improved? What are the priorities? (22 respondents)**
  - More outdoor places to dine and relax.
  - More greening of the centre and green spaces
  - Greater maintenance and care to activate the public areas
  - More diversity of business
- **How could Kirribilli be improved? What are the priorities? (18 respondents)**
  - Establishment of a business network and business hub
  - Greater variety of retail options, restaurants and night time activities
  - Improved transport accessibility and parking, and reduced speeds
  - Revitalise and increase the markets, restaurants and alfresco dining and drinking options
- **How could Cammeray be improved? What are the priorities? (9 respondents)**
  - More family friendly spaces
  - Improved active transport infrastructure and parking
  - More green spaces
  - Revitalisation of the mall area
- **How could Waverton be improved? What are the priorities? (9 respondents)**
  - Better maintenance of public services
  - More events and community centre activities
  - Activation of cafes and restaurants and outdoor dining.
- **How could Cremorne be improved? What are the priorities? (11 respondents)**
  - Greater access to lower rent commercial properties to help new businesses
  - Greening, revitalisation and modernising of the centre
  - Improved access and connectivity
  - Noise and greening barriers to Military Road traffic
- **How could Milsons Point be improved? What are the priorities? (7 respondents)**
  - Upgrading of the public areas
  - Generating a critical mass of businesses in the centre to improve activation
- **How could McMahons Point be improved? What are the priorities? (8 respondents)**
  - Greater support and scope for local businesses (extended trading hours, more outdoor dining, business support)
  - Revitalisation of the streetscape
  - Better bus services
- **How could St Leonards be improved? What are the priorities? (8 respondents)**
  - More entertainment options, more dining options

- More green space
- Greater retail diversity
- North Sydney (74 per cent), Crows Nest (47 per cent) and Neutral Bay (25 per cent) are the locations where respondents would like to see more activities after 6pm. Five per cent of respondents do not want more activities after 6pm in any location.
- Restaurants (81 per cent), small bars (76 per cent) and night markets/after dark events (75 per cent) were the top three activities that respondents would like to see after 6pm in North Sydney LGA.
- Around 92 per cent of respondents supported the concept of a Special Entertainment Precinct in the LGA with North Sydney (50 per cent), Crows Nest (22 per cent) and Kirribilli (10 per cent) identified as the most appropriate locations.

### Stakeholder workshops

Respondents indicated:

- **The existing business ecosystem, spaces and skills should be better leveraged:** for example, using Sub Base Platypus for tech and start-ups, or bring tenants of the larger businesses to support and run events and training.
- **Economic growth should be to be organic:** North Sydney centre needs to find ‘its heart and soul’ and allow the NTE to grow organically.
- **North Sydney should capture more visitors:** ideas to capture more visitors to the area included foreshore activation, an increase in accommodation, laneway activation, developing the nature-based experiences, improve awareness (marketing/branding) about what the area has to offer; better connection to events, events with a cultural focus.
- **North Sydney wants to support a different way of working that also benefits local businesses and the local economy:** some stakeholders interviewed suggested this may be achieved by offering smaller floorplates to businesses, responding to the new hybrid working patterns, responding to workers that are looking for more than just a nice office (improved offer in town centres), supporting innovation and lab research opportunities, responding to increased demand for co-working space, providing for a community that wants to live, work and play locally.
- **North Sydney wants strengthened local business partnerships and networks:** some stakeholders indicated that there is a desire within the local business community to keep the conversation going with Council, to meet up in-person, to build a collective voice, to learn from others and that there is a need to create the space to make this happen.
- **North Sydney wants space for creative businesses and activities:** for example, using existing assets and office spaces for recording studios, recognising that Luna Park is also putting in effort and resources into creating tech-driven spaces, identifying existing large event/conference spaces in the LGA that are affordable.
- **There needs to be an increase in the promotion and awareness of what the LGA offers:** as some stakeholders believe North Sydney is only seen as a ‘boring commercial area’ when in fact, there is a community and character there that is not leveraged. The introduction of the Metro and

activation of the Harbour foreshore would be help bring increased visitation and Luna Park could be a lynchpin.

## 2.7 Issues and opportunities: the case for change

Drawing on the findings of the stakeholder engagement process, data analysis, strategy and policy review and discussion with Council's ELT and PCG, we have identified a series of issues and opportunities that the economic development study should respond to. These are summarised below.

### There are significant positive drivers for economic development in North Sydney

The Metro station developments at North Sydney CBD (Victoria Cross) and Crows Nest will act as significant drivers for economic development. As well as driving visitation and activity, the improved accessibility will help to boost the competitive position of North Sydney as a place for business. We would expect direct impacts on existing business in the affected centres (North Sydney and Crows Nest) and there is a good potential for leveraging the station development for land use change around the station sites.

Forecast population growth (total of 79,442 persons by 2036, up from 72,014 persons in 2023<sup>18</sup>) will drive demand for retail and services as well as increasing the resident labour force.

There are significant 'economic assets' in the LGA, around which economic development can be fostered. These include:

- **Health and education assets:** including proximity to Royal North Shore Hospital, North Shore Private Hospital, Mater Hospital, highly regarded selective public schools and private schools (North Sydney Boys, North Sydney Girls, Shore), CSU, ACU, and a TAFE campus.
- **Natural environment:** the Harbour foreshore is a significant asset, foreshore access, various harbour front walks and reserves (Balls Head, Lavender Bay, Sawmillers Reserve, Mary Booth Look Out, Blues Point Reserve, Cremorne Point/Reserve, Kurraba Point/Reserve, Milson Park, Carradah Park, Bandagai Reserve, Berry Island, etc) and specific foreshore assets such as the Coal Loader, sub-base Platypus boost this aspect of North Sydney's brand.
- **Infrastructure:** new Metro station development at North Sydney CBD (Victoria Cross) and Crows Nest will further improve accessibility and will drive visitation and improve centre competitive positioning as place for business.
- **Business networks:** there is an engaged business community that is seeking additional networking opportunities. From the focus group consultation, we have learned that business networking events are highly valued. There is a desire for events and a need for more venues to host them and potential opportunities to work with existing business anchors, Charles Sturt and ACU to improve business-focussed events.
- **Proximity to the CBD:** there is a halo effect from being so close to a major business capital and tourist hub.

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<sup>18</sup> Data supplied by Council; Australian Bureau of Statistics Estimated Resident Population, 2023

## **North Sydney LGA's economy is dominated by the North Sydney CBD**

North Sydney CBD hosts a large number of jobs and is characterised by office-based activity. Its job profile is skewed towards three industry sectors – Professional, Scientific and Technical Services, Information, Media and Telecommunications, Finance & Insurance Services, which together account for just over half of the jobs in the LGA (51.2 per cent<sup>19</sup>).

North Sydney CBD is a well-established office precinct, being the third largest in Sydney behind Sydney CBD and Parramatta and the second most highly valued after Sydney CBD. It has significant gravity in the commercial marketplace and in that sense plays a role in the office market that extends well beyond serving the immediate needs of the LGA's residents.

### **...but there are headwinds affecting key sectors**

Although employment growth has been strong in the three key industry sectors, there are broader issues affecting the office market. In a post-COVID environment, much more is expected of office spaces in terms of physical workspaces, office buildings and the office precincts in which they exist. There is more emphasis on the broader amenity of these places such as access to green space, recreation options, retail and services, and places to go after work. Office precincts now need to provide a much more compelling offer to encourage workers to work from the office instead of working from home.

Focus group consultation confirmed that fewer staff are attending the office during the week, and that tenancies are shrinking as larger firms consolidate their operations. Some businesses reported very high vacancies (around 30-40 per cent). There may be opportunities for larger tenancies to sub-let space to SMEs or start-ups. Where sub-letting occurs within the industrial ecosystem, there may be opportunities to strengthen local supply-chains.

### **...and specific issues affecting the CBDs competitive position which exposes the LGA's economy to risk**

The North Sydney CBD is lacking some attributes that are important for competitiveness in post-COVID office markets. There is a perception that the North Sydney CBD has poor amenity, with little street-level activation, a poor urban environment and little after-hours activity. This fuels a belief that North Sydney is a transitory space that people pass through or leave after the work day is over. From the online survey, the most frequently-used words used to describe the centre were, 'boring', 'windy', and 'inactive'. Of all centres in the LGA, it has the most negative responses from residents, with most respondents feeling that the centre does not have a good mix of retail and services, does not feel vibrant and activated, and does not provide public space and amenity that support business and the community.

This negative positioning of the North Sydney CBD exists in the context of a highly competitive office market. North Sydney has traditionally faced competition from Parramatta, Sydney CBD, Macquarie Park and Chatswood. Newly developing precincts (such as Tech Central) will compete directly for tenants in the three key sectors. There is a challenge for North Sydney CBD to re-establish its position, to find its own character.

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<sup>19</sup> As discussed in Section 2.2

The dominance of the three office-based sectors, exposes the LGA's economy to downside risk. When measured using an entropy index, the LGA is shown to have low economic diversity – with low levels of employment in retail and services in particular (LQ 0.4 for retail trade, and LQ 0.69 for accommodation and food services<sup>20</sup>). Any shock to the three dominant sectors is likely to be broadly felt in the LGA. This also adds to the perception that North Sydney is just about commercial activity in the CBD and little else. For the centres themselves, low levels of retail and service activity affects their ability to meet residents' needs and detracts from the competitive offer as places for business.

Risk mitigation measures to grow other sectors – particularly those that will help to address centre amenity issues should form part of the economic development effort.

### **There is growing demand for smaller business spaces**

In addition to larger businesses seeking smaller floorspace, there is persistent demand for affordable space for small business, start-up and creatives. Some stakeholders interviewed suggested that offering smaller floorplates to businesses, responding to the new hybrid working patterns should be part of the process to improving the competitive position of North Sydney CBD as a business location in addition to responding to workers' needs for improved in-centre amenity and services.

Through focus group consultation we also learned that some existing assets are re-configuring space for creatives - Luna Park is also putting effort and resources into creating tech-driven spaces – using the Big Top as temporary space for creatives. It was also suggested that Sub-Base Platypus could be leveraged as a location for tech start-ups.

### **Crows Nest is highly regarded within and beyond the LGA**

Crows Nest is very highly regarded by the local community. In the online survey the most frequently-used words used to describe the centre were 'vibrant', 'busy' and 'improving'. It is also an 'export centre' in the sense that it is an established 'eat street' destination and serves a catchment beyond the LGA in addition to serving local residents.

### **...but perceptions of other centres and villages are more mixed**

From the online survey, we found that for Cammeray and Kirribilli, residents are most likely to agree that 'the centre feels vibrant and activated'. For Crows Nest and Cremorne, residents are most likely to agree that centre has a good mix of retail and services. For Waverton, most likely to agree that centre provides public spaces and amenity that attract and support business and community. However, the online survey did produce a range of responses with all centres and villages drawing both negative and positive comments.

### **...large numbers of residents leave the LGA to visit centres elsewhere**

Large numbers of residents and workers leave the LGA after business hours to visit other areas. There is a widespread perception that there is no compelling reason to stay in the area after business hours – particularly for North Sydney CBD. From focus group discussion, we heard that North Sydney CBD used to be a place where people would come to start and end the night, but now the combination of fewer young people living in the LGA, and negative perceptions of the place are keeping people away.

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<sup>20</sup> SGS Economics & Planning, 2024, North Sydney EDS, March, p. 45 and 47 based on ABS Census 2016 and 2021, POW

### **...and traditional retail (and high streets) face stiff competition from online trade**

There has been a long-running growth trend for online retail shares of retail expenditure. During the pandemic online retail shares showed a significant spike and post-COVID, while shares have reduced, these now sit higher than pre-COVID levels are and expected to continue to grow. From the online survey we learned that 78 per cent of residents shop online, both for convenience and because items are not available locally.<sup>21</sup> The response from centres broadly has been to shift towards more service-focused activity with a greater emphasis on the physical experience and high amenity.

### **A growing population and changes in work preferences present opportunities at the local level**

Forecast population growth (total of 79,442 persons by 2036, up from 72,014 persons in 2023<sup>22</sup>) will continue to drive demand for retail and services. This forecast does not include the population increase from the NSW Government's Transport Oriented Development (TOD) Proposal for Crows Nest nor its foreshadowed 'low to medium rise' density increase proposals.

Increasing prevalence of work from home will also drive demand for retail and services in those centres close to home based workers residences. From focus group discussion, we learned that demand for co-working space (particularly premium space) is rising significantly. This presents opportunities for all centres as co-working space is most attractive if it is near to where people live.

However, population growth rates are lower than expected compared to growth rates for the Eastern Harbour City and Sydney statistical division (SD) more broadly (1.1 per cent North Sydney, 1.3 per cent for Eastern Harbour City, 2 per cent for Greater Sydney<sup>23</sup>). This will mean a greater reliance on the capture of visitor and worker expenditure.

North Sydney is home to a highly skilled labour force (65 per cent of residents hold university qualifications compared to 38 per cent for Greater Sydney<sup>24</sup>). However, we can also see that the high level of accessibility facilitates a high level of leakage of this workforce to jobs elsewhere – with around 55.2 per cent of the LGA's knowledge workers have jobs based in the City of Sydney.<sup>25</sup>

### **The visitor economy is anchored by significant existing assets**

As the most well-known entertainment asset - Luna Park operates as a well-regarded and highly visible gateway to the LGA. However, from the focus group discussion it's clear there is a perception that it operates separately from the rest of the LGA with the topography adding to the feeling of disconnection. Other attractions such as the coastal walk, Coal Loader, North Sydney pool, HMAS Platypus, Wendy Whiteley's Secret Garden, the Ensemble Theatre at Kirribilli, and a number of local markets form part of the tourism offer. From the online survey, approximately 82 per cent of residents would recommend the LGA to family, friends and visitors are a place to explore.<sup>26</sup>

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<sup>21</sup> The Planning Studio, 2024, Engagement Summary – North Sydney Economic Development Study, p. 34

<sup>22</sup> Data supplied by Council; Australian Bureau of Statistics Estimated Resident Population, 2023

<sup>23</sup> SGS Economics & Planning, 2024, North Sydney EDS PowerPoint, March, p. 28 based on ABS Census 2011 and 2021, PUR

<sup>24</sup> Ibid., p. 31 based on ABS Census 2021, PUR

<sup>25</sup> Ibid., p. 39 based on ABS Census 2021, PUR and POW

<sup>26</sup> The Planning Studio, 2024, op. cit., p. 39



### **...and is boosted by well-attended events and local markets**

There are a range of markets (such as Northside Markets, Kirribilli Markets, Twilight Food Fairs, Coal Loader Artisan Markets, Crows Nest Markets) and events (like Stanton Library events and sports at North Sydney Oval) run by both Council and third parties that are well attended and run throughout the year. There may be opportunities to further expand events or to better leverage existing events so that ties with local businesses, the community and local heritage are strengthened.

### **There is a perception that existing assets are under-utilised**

Focus group consultation suggested that more could be made of connections with Sydney CBD and major events across the Harbour. The Harbour foreshore is generally perceived as an underutilised asset – sub-base Platypus, the coal loader and the various reserves and coastal walks should be promoted as components of North Sydney’s foreshore brand.

Multiple participants in focus group discussion suggested that there is a need for more effective promotion of the LGA – the area is perceived as nothing more than a place big business with a ‘boring’ commercial area. The real value of North Sydney LGA is in the character and community that is already established, and this is what should be built upon.

### **New infrastructure has the potential to increase visitation and activation**

The new Metro station developments will improve accessibility and in so doing will drive the potential for increased visitation. However, just as its important to provide a good reason for people to visit the LGA, it is important to provide a compelling reason to stay. Improved access will also make it easier for people to leave the area. From focus group consultation with existing business operators in the night time economy, we heard that that the 24-hr economy will only work if all the pieces are in place – this includes accommodation

### **The community is supportive of a 24-hr economy and special entertainment precincts**

From the online survey we learned that the community is very supportive of the notion of a 24-hr economy. Centres with existing evening activities such as cafes, bars, are the preferred locations, with 74 per cent identifying North Sydney CBD<sup>27</sup> 47 per cent identifying Crows Nest and 41 per cent Kirribilli as suitable locations. Restaurants, small bars, night-markets are the most sought-after components with 81 per cent, 76 per cent and 75 per cent respectively.<sup>28</sup>

There was overwhelming support for the idea of special entertainment precincts with 92 per cent of respondents in support.<sup>29</sup> Again, North Sydney is the preferred location (50 per cent of respondents) given ease of access, existence of existing commercial area that can be buffered from residential areas followed by Crows Nest at 22 per cent. Opportunity was also identified for Cremorne to build on the Orpheum Theatre with other creative events, music or art, and also for Milsons Point, building on Luna Park and its harbour location - ideal for special after dark events making the most of harbour views.

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<sup>27</sup> Ibid., p. 36

<sup>28</sup> Ibid., p. 37

<sup>29</sup> Ibid., p. 38

**...but nurturing growth requires careful consideration of the required components and land use balance**

24-hr economy functions are prone to operational conflict with residential uses (principally from noise generation). Population growth and associated residential development provide an opportunity to drive activity in and around centres. However, careful planning is needed to ensure that commercial areas do not become ring-fenced by residential uses and there is appropriate buffering to minimise land use conflict. Public transport connectivity is also essential to make sure people can leave the area quickly after leaving businesses and events at night.

Through focus group discussion, it was clear that a 24-hr economy for North Sydney CBD has broad support, however it was also clear that its growth should build on identifiable strengths in the first instance and not simply seek to transplant what has worked elsewhere in places like Chatswood and Surry Hills. North Sydney needs to find its heart and soul and grow the economy organically from there.

## **2.8 Emerging economic development themes**

The issues and opportunities emerging from the evidence base can be broadly grouped into three themes:

- **Centres and villages.** Centres should meet the service, entertainment and convenience needs of residents and visitors as well as providing the locations for activities that generate employment and drive the local economy.
- **Business environment.** North Sydney should recognise headwinds in the business environment and take steps to mitigate risks while at the same time building on positive trends and the inherent assets and attributes of the local economy.
- **Visitation and the 24-hr economy.** To be successful in meeting resident expectations and providing a compelling destination of choice for visitors, North Sydney should build on authentic characteristics of the local economy, its community, environment, and heritage.

# 3 Where We Want to Be in 10 Years

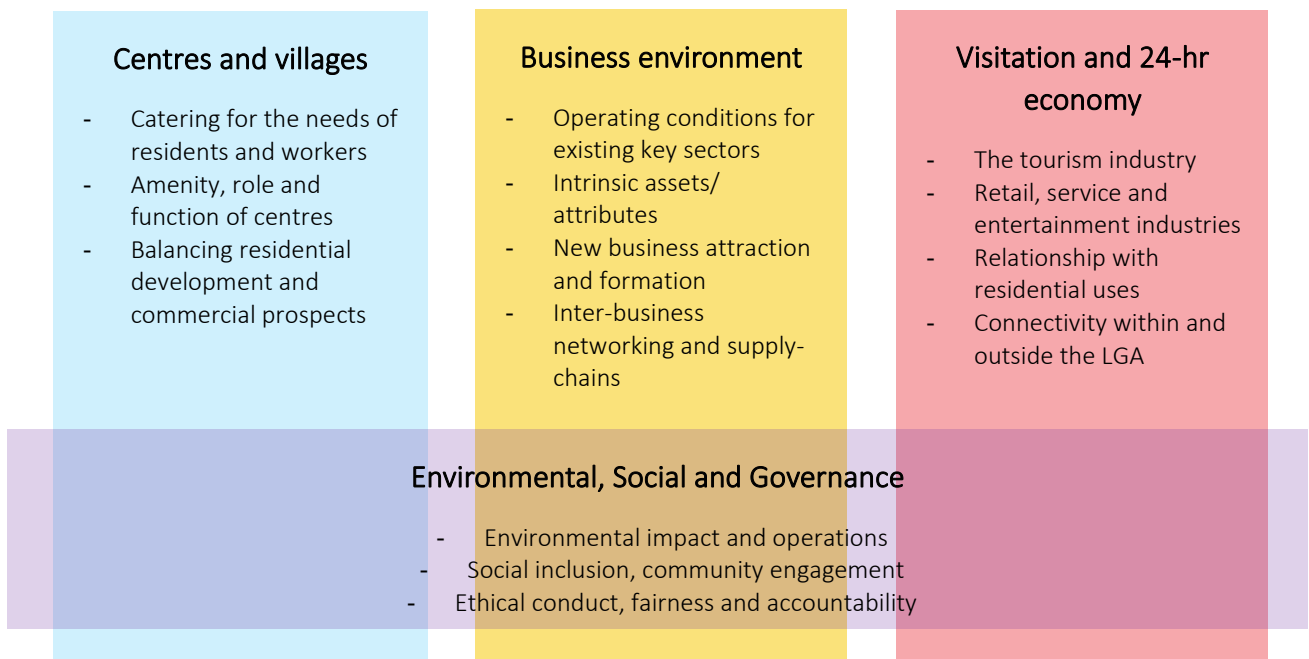
This section reports on the vision for economic development under each of the EDS themes that emerged from the previous section. For each theme, we outline objectives and priorities for action that respond to the identified issues and opportunities.

The study supports the development of a more vibrant and stronger business environment and visitor economy, as well as greater activation of centres but also the nurturing of the villages that are in North Sydney LGA.

## 3.1 Themes

Themes emerging from the issues and opportunities are shown in the figure below, with ESG running horizontally across all three.

FIGURE 21: EDS THEMES



Source: SGS Economics & Planning, 2024

## Theme 1: Commercial centres and villages

*Centres should meet the service, entertainment and convenience needs of residents and visitors as well as providing the locations for activities that generate employment and drive the local economy.*

This theme is about the role of commercial centres and villages in stimulating economic growth and sense of community.

The North Sydney LGA has a diverse range of commercial centres and villages that play a significant role in the local economy. Commercial centres and villages serve as commercial hubs and employment generators. They thrive through a combination of urban design, infrastructure, placemaking and business collaboration.

When supported by well-developed infrastructure and public services, commercial centres and villages attract and retain businesses and enhance residents' quality of life. Furthermore, they promote community engagement and social cohesion, providing spaces for interaction. Ensuring that centres and villages are attractive places for people will usually also mean that they are attractive places for business.

Sustaining commercial centres and villages is vital for sustainable economic development and the overall well-being of the local community.

## Theme 2: A thriving business environment

*North Sydney should recognise headwinds in the business environment and take steps to mitigate risks while at the same time building on positive trends and the inherent assets and attributes of the local economy.*

A thriving business environment is one that is ready to meet the challenges and opportunities of the future and is resilient in the face of unforeseen shocks. It is one that has access to skills, and is connected, informed, collaborative, creative and diverse.

Over the past decade, the economy of North Sydney has continued to grow, despite the challenges presented throughout the pandemic years. In 2022 and 2023, GRP has increased by 7.11 per cent and 7.23 per cent respectively<sup>30</sup>, and the number of local jobs has risen by 3.23 per cent and 9.06 per cent respectively in the same period<sup>31</sup>.

Whilst against many metrics, North Sydney is performing well economically, there are opportunities for the area to attract new businesses to diversify the economy, help existing businesses flourish, and retain businesses in face of competition from elsewhere in Greater Sydney.

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<sup>30</sup> Idcommunity, 2024, 'North Sydney Council Area – Annual change in Gross Regional Product', <http://economy.id.com.au/north-sydney/gross-product>

<sup>31</sup> Idcommunity, 2024, 'North Sydney Council Area – Local jobs', <http://economy.id.com.au/north-sydney/local-jobs>

### Theme 3: Visitation and the 24-hr economy

*To be successful in meeting residents' expectations and providing a compelling destination of choice for visitors, North Sydney should build on authentic characteristics of the local economy, its community, environment, and heritage.*

Every day, thousands of people converge on North Sydney for work, education or health purposes, however in the North Sydney CBD, most do not stay long after the end of the workday.

At present, many workers and residents travel elsewhere (such as to Surry Hills, Newtown or Chatswood) to engage in afterhours activity such as dining or visiting bars. A stronger 24-hour offering may attract and better retain residents and workers' to spend within the LGA. It would also be more convenient for locals to socialise locally.

North Sydney's position as a tourist destination is limited despite existing events, natural and built assets, accessibility and proximity to the millions of local and international visitors to the Harbour City each year.

This theme explores the opportunity to increase discretionary spending within the LGA by increasing the appeal for non-residents to stay longer and for residents to spend more locally. To expand upon existing visitation, the theme also explores the opportunity to take advantage of our location, attractions and history to increase visitation through tourism.

Increasing dwell times allows for further growth in business hours and employment.

This concept accommodates the needs of consumers seeking access to goods, services, and entertainment outside regular working hours. It promotes economic productivity, job creation, and flexibility in employment.

### Environmental, Social and Governance

Environmental, Social and Governance (ESG) is evolving across the world and represents a move towards businesses practicing good governance and operating in a more transparent, environmentally, and socially responsible way.

In recent years, ESG factors have emerged as major considerations in driving sustainable economic development. The integration of ESG principles into business operations and policy frameworks is increasingly recognised as not only a moral imperative but also a strategic necessity for long-term business success.

The global value of sustainable investment assets is estimated at \$30.3 trillion.<sup>32</sup> For the Australian and New Zealand markets, the Global Sustainable Investment Alliance estimates this has grown from US\$906 billion in 2020 to US\$1.22 trillion in 2022.<sup>33</sup> Research has shown that ESG makes businesses more competitive and attractive to customers, employees and investors.<sup>34</sup>

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<sup>32</sup> Global Sustainable Investment Alliance, 2022, Global Sustainable Investment Review 2022, p. 10

<sup>33</sup> *Ibid.*, p. 10

<sup>34</sup> Bendigo Bank, 2024, 'Part 1: Why ESG is important for your small business', <https://www.bendigobank.com.au/blog/business/why-esg-is-important-for-your-small-business/>

The ESG regulatory framework within Australia is evolving with reporting disclosures being increasingly introduced. Initially aimed at large businesses, these requirements are increasingly focusing on small businesses due to their connection through the supply chain.

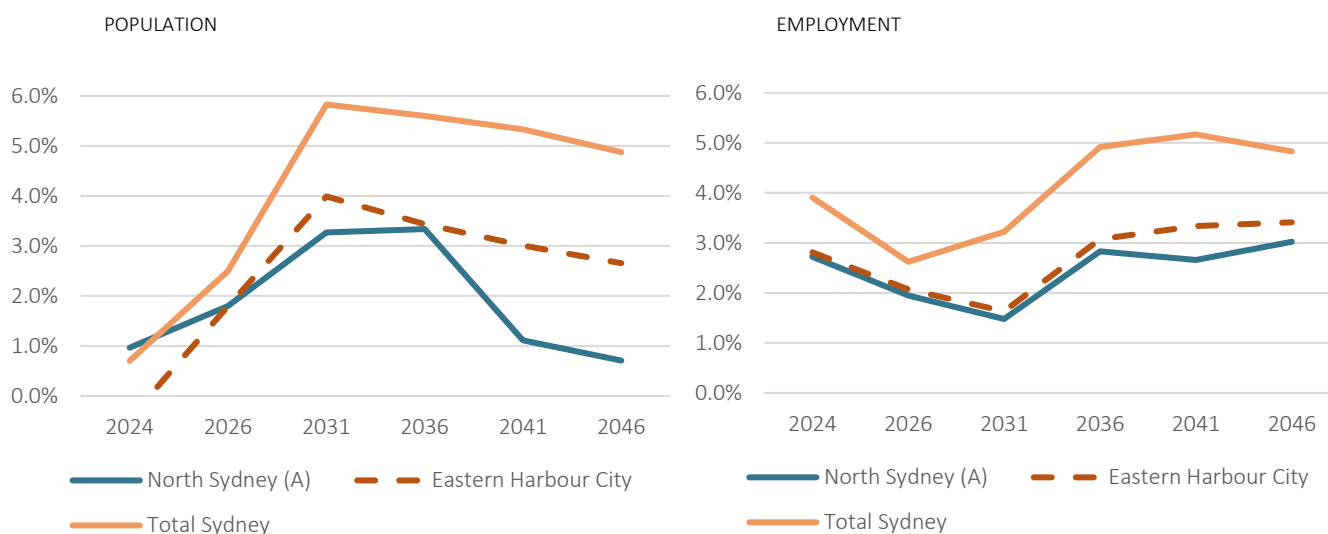
As businesses strive to meet their ESG Goals, there could potentially be opportunities for businesses to work together to improve their capability or to implement programs to achieve these objectives.

### 3.2 Vision

Without intervention, and if past trends persist, the North Sydney LGA is expected to have approximately 81,749 residents and 98,917 jobs by 2036.<sup>35</sup> This forecast does not include the population increase from the NSW Government’s Transport Oriented Development (TOD) Proposal for Crows Nest, nor its foreshadowed ‘low to medium rise’ density increase proposals.

The rate of growth between the forecast periods for both population and employment are slightly lower than the rates for the Eastern Harbour Sydney and significantly lower than those for Sydney SD as a whole. However, the gap between employment growth rates is expected to widen after 2036. Jobs per capita are higher than for Eastern Harbour City as a whole – largely driven by jobs in North Sydney CBD.

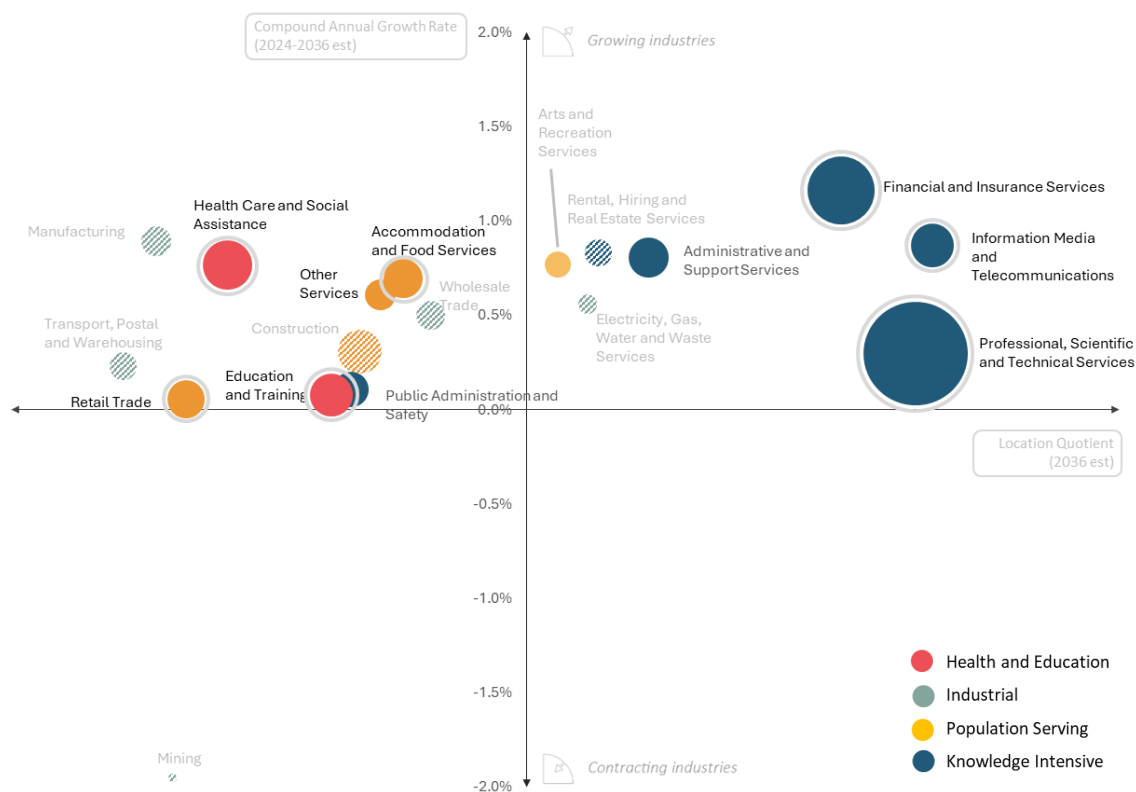
**FIGURE 22: POPULATION AND EMPLOYMENT GROWTH RATES**



Source: TfNSW TZP22 Projections, SGS Economics and Planning, 2024

<sup>35</sup> Transport for NSW, TZP22 projections

**FIGURE 23: GROWTH SHARES (LOCATION QUOTIENT, GROWTH AND TOTALS) FOR NORTH SYDNEY LGA V GREATER SYDNEY, 2024-2036**



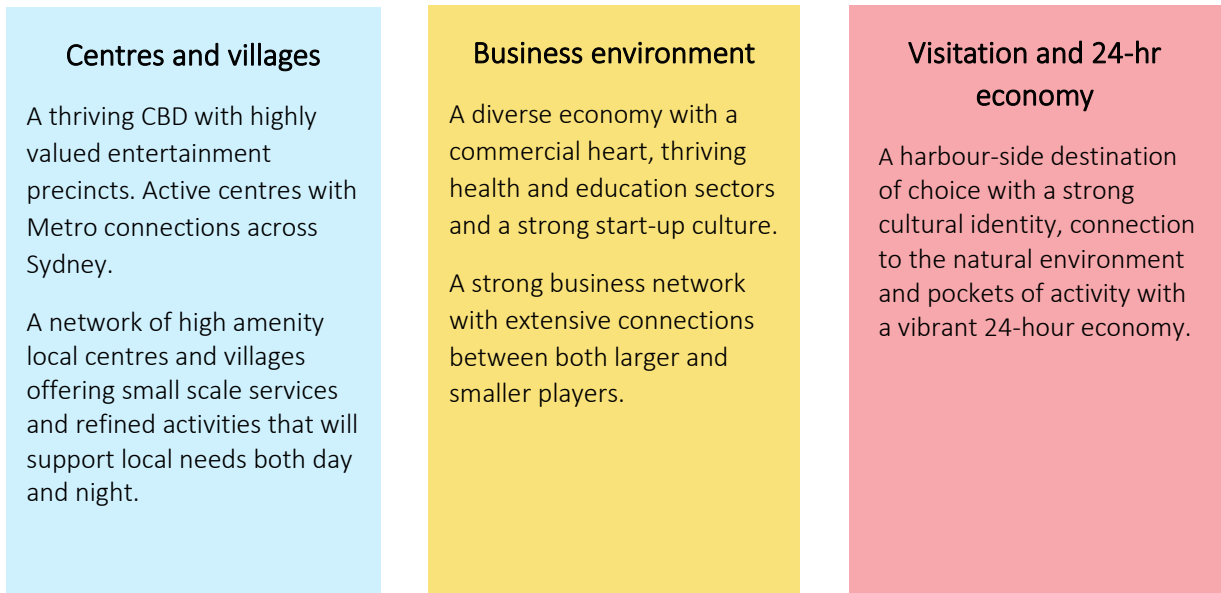
Source: TfNSW TYP22 Projections, SGS Economics and Planning, 2024

Reflecting on the trend-based forecasts, a desirable future would be one where:

- A greater rate of employment growth is achieved
- Health Care and Social Assistance achieves a higher relative specialisation (higher LQ) in the LGA
- Retail Trade shows much stronger employment growth and has a LQ value of at least 1 (i.e. a comparable presence in the North Sydney economy to that of Greater Sydney as a whole)
- Accommodation and Food Services and Other Services to have LQs of at least 1
- Job numbers in the key three sectors of Professional Scientific and Technical Services, Information Media and Telecommunications, and Professional, Scientific and Technical Services are realised at least in line with the forecast.

Taking these issues in account and responding more broadly to the range of issued and opportunities emerging from the evidence base, vision statements have been prepared under each theme. These are shown below.

**FIGURE 24: VISION STATEMENTS**

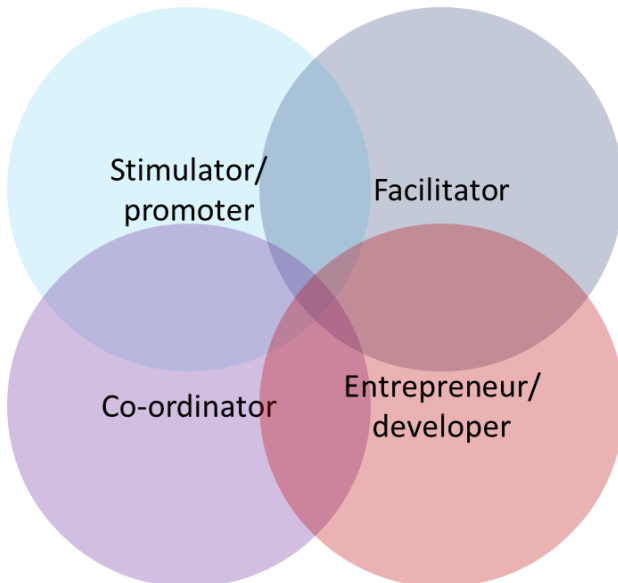


Source: SGS Economics & Planning, 2024

### 3.3 EDS Framework: Objectives and priorities for action

To deliver a future position for North Sydney in line with the vision statements, it is useful to apply some simple analytical frameworks. First, we must be mindful of the roles that Council can play in economic development.

**FIGURE 25: COUNCIL ROLES IN ECONOMIC DEVELOPMENT**



Source: SGS Economics & Planning, 2024

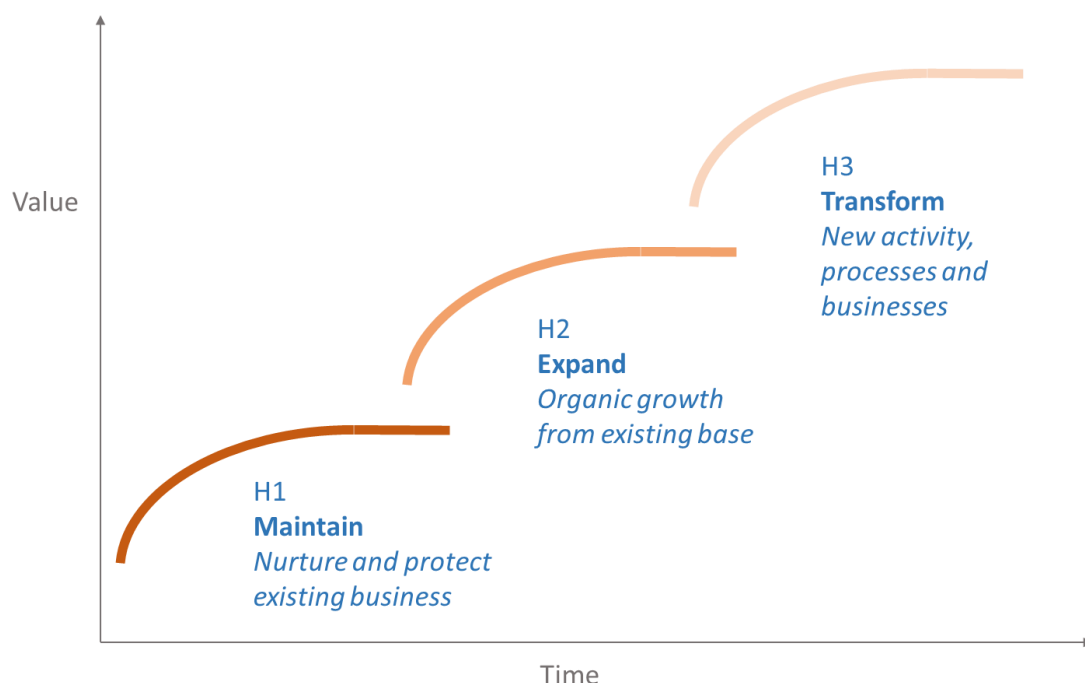


Council would not necessarily ‘choose’ a specific role. In fact, the best outcomes are likely to be achieved with a mix of activities that cut across all of these broad classifications. The appropriate role depends on a number of factors such as pre-existing organisational relationships, local industrial structure, relative level of social and economic prosperity, identified priorities, and available funding.

- **Stimulator/Promoter:** This is where Council takes specific action to induce business creation or expansion. This can be undertaken through branding and marketing or by direct intervention to support a particular industry sector.
- **Facilitator:** This is the most common role - it can take the form of providing an ‘enabling’ environment for development by delivering a streamlined development approval process and by providing a clear policy statements 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 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.

The second useful framework to apply is the ‘three horizons’ framework. This is a widely used framework originally developed by McKinsey & Company to help organizations manage innovation and growth across different timeframes.

**FIGURE 26: THE THREE HORIZONS FRAMEWORK**



Source: SGS Economics & Planning, 2024 based on work by McKinsey & Company

### Horizon 1: Maintain

- **Focus.** Nurture and protect and build existing core business and functions.
- **Activity.** The focus is on maintaining and improving existing products, services, or activities that generate the majority of current economic value.

For economic development, activities in this horizon will be about strengthening established industries, improving infrastructure and regulatory environments to support current businesses.

### Horizon 2: Expand

- **Focus.** Organic growth - building on emerging activities, businesses or sectors that have strong economic potential.
- **Activity.** This horizon is about nurturing growth areas. From an economic development perspective, a typical example is import replacement and the strengthening of existing local supply chains.

### Horizon 3: Transform

- **Focus.** New activities or sectors, creating options for long-term growth and innovation.
- **Activity.** The third horizon involves envisioning and experimenting with new ideas, technologies, and business models that could transform the economy or create entirely new industries. It often requires investment in research and development, fostering innovation ecosystems, and being open to disruptive changes.

From an economic development perspective, it might involve investing in R&D for frontier technologies, developing new education and skills programs for future industries, or creating policies that encourage radical innovation and entrepreneurship.

Over the following pages, the framework for the EDS is set out in a series of tables for each of the three themes. Each table shows:

- The vision for economic development corresponding to the theme
- The issues and opportunities emerging from the study's evidence base
- Objectives with Key Performance Indicators (KPIs) in response to the issues and opportunities
- Priorities for action including reference to relevant existing Council services/activities.

Existing Council activity and services are shown in italics.

## Centres and villages

### Vision

- A network of high amenity centres and villages offering services and activities that will support local needs both day and night.
- A thriving CBD with highly valued entertainment precincts. Active centres with Metro connections across Sydney.

### Issues & Opportunities

- North Sydney CBD is an established top tier office precinct with Sydney-wide significance.
- North Sydney CBD has poor amenity, poor street level activation and little after hour activity.
- Crows Nest is an established 'eat street' serving a catchment beyond the LGA.
- Population growth and high levels of work from home (67per cent of residents compared to 41per cent Greater Sydney average) will continue to drive demand for population-related services and retail in centres.
- There is a high level of escape expenditure from residents to businesses in other LGAs – especially food and drink. This is related to low job numbers (low LQs) in local retail and service sectors.
- High street retail has been under threat from continued growth in online retail. Centres typically respond with more of a service and amenity focus.
- Consultation suggested North Sydney LGA contains locals who want to work, eat and play in their local area.

Objectives [KPI]	Priorities for action	Role <sup>36</sup>	Horizon <sup>37</sup>	Cost <sup>38</sup>	Impact
<b>Strengthen North Sydney CBD's position as top tier office precinct with a focus on professional services, media, technology and digital innovation</b> [Job growth => EHC in FI, IMT, PST services]	- Support existing networking events to build relationships with local professional services, media technology and digital innovation businesses and business organisations to understand operations, intentions and required support. Consider hosting small business networking opportunities/events.	F, C	1	L	M
	- Encourage large businesses in professional services, media, technology and digital innovation to participate in business networking events, for example as speakers/mentors.	F, S	1	L	M
	- Explore options for the provision of more venues/meeting spaces to facilitate business networking and conferences.	F, C	1	L	M
	- Promote and increase awareness of existing facilities that are available for business networking and conferences.	S	1	L	M
	- Explore options to facilitate the sub-leasing of excess and vacant space in larger office buildings to small firms and start-ups (if possible, within the same industry ecosystem).	C	2	M	M
	- Examine the potential to use underutilised Council assets as space for start-up businesses and/or co-working space.	E	2	L	M

<sup>36</sup> Related to Figure 25 – facilitator (F), co-ordinator (C), stimulator (S), entrepreneur (E),

<sup>37</sup> Related to Figure 26

<sup>38</sup> Low (L), medium (M), high (H)

Objectives [KPI]	Priorities for action	Role <sup>39</sup>	Horizon <sup>40</sup>	Cost <sup>41</sup>	Impact
<b>Re-establish North Sydney CBD as a high-amenity centre</b> [Resident survey response with >75% stating that the CBD has good amenity] [90% of shopfronts in the CBD are activated and trading with appropriate use]	- Invest in the enhancement of public spaces and community amenities (libraries, community centres, and public art) to improve the quality of life for residents and create an attractive environment for businesses. This includes implementation of key public domain projects such as Miller Place, Miller Walk, Post Office Square, Denison Street Laneway upgrades and expansion of Brett Whiteley Place, and other laneway and intersection upgrades.	F	1	H	H
	- Explore opportunities to gain access for the wider community to the high-quality facilities and spaces that the local schools have within their grounds.	C	1	L	M
	- Monitor the performance and impact of the Metro and instigate changes in land use, policy and promotion to catalyse benefits and encourage a range of retail and services in the surrounding area.	F, S	2	L	H
	- <i>Monitor and review relevant controls and design guidelines in planning documents, including active frontage controls, to improve the pedestrian experience, improve amenity, sustainability, and competitive positioning of the North Sydney CBD for business.</i>	F	2	M	M
<b>Nurture and protect centres and villages</b> [Resident survey response with >75% stating that centres have good amenity and range of services] [Sitting opportunities in local centres increased by 25% per centre]	- Plan for and deliver centres that support business' and residents' needs. Create attractive local centres that will draw work-from-home residents out before, during and after a day of work.  Explore specific requests emerging from consultation: <ul style="list-style-type: none"> <li>- More green/open space in Neutral Bay and Cremorne</li> <li>- More outdoor dining and bus services for McMahons Point</li> <li>- Promote a greater range of retail/services in Kirribilli</li> <li>- Provide more child friendly space in Cammeray</li> <li>- Explore potential for pedestrianisation of Willoughby Road in Crows Nest</li> </ul>	F	1	M/H	M/H
	- Encourage small-scale, high-quality restaurants and bars to locate in the centres.  - Explore opportunities for pedestrian priority environments within North Sydney centre and Milsons Point centre.	F	1	M	M

<sup>39</sup> Related to Figure 25 – facilitator (F), co-ordinator (C), stimulator (S), entrepreneur (E), promoter (P)

<sup>40</sup> Related to Figure 26

<sup>41</sup> Low (L), medium (M), high (H)

## Business environment

### Vision

- A diverse economy with a strong commercial heart, thriving health and education sectors and a start-up culture.
- A strong business network with extensive connections among both larger and smaller players.

### Issues & Opps

- The LGA economy is dominated by three office-based sectors concentrated in North Sydney CBD.
- The LGA economy has low economic diversity and as such is exposed to the risk of a downturn in the three dominant sectors.
- North Sydney CBD faces direct competition from newly developing office precincts (esp. Tech Central).
- The LGA benefits from proximity to Syd CBD (the largest business centre in the Greater Metropolitan Region).
- Economic 'magnets' will drive economic activity – e.g. high-profile private schools, CSU, ACU and TAFE campuses, Mater Hospital, RNSH, and harbour foreshore access.
- The LGA has a highly skilled labour force (65per cent hold university qualifications compared 38per cent for Greater Syd) but there is also high leakage of skilled workers to jobs elsewhere (55per cent of resident knowledge workers have jobs in the CoS).
- The high cost of housing is affecting the attraction and retention of key workers and creatives.

Objective	Priorities for action	Role	Horizon	Cost	Impact
<b>Diversify the economy</b> [Increase entropy score from 2.4 to over 2.5 by the 2026 census]	- <i>Promote the LGA as a cultural and creative destination and develop the ‘cultural and creative’ branding of the LGA.</i>	S	1	L	M
	<i>Support creative industries and the arts through advocacy with relevant bodies on the importance of North Sydney's creative sector.</i>	C	1	L	L
	- Investigate retail and service industry market dynamics and business needs with a view to increasing business numbers and improving the competitive offer and amenity of centres.	F	1	M	M
	- Work with the hospitals and health sector to explore opportunities for developing a health precinct through planning controls and promotion of health services in the streets surrounding key existing health facilities.	F	1	L	M
	- Work with major employers to promote procurement using local business to strengthen local supply chains and grow local business.	C, S	2	L, M	M
	- Develop and implement a ‘shop local’ campaign to support local businesses.	F, C	2	L, M	M
	- Review council procurement processes with a focus on encouraging increased procurement from local businesses.	S	1	L	M
	- Enable targeted initiatives including pilot programs and workshops to attract, develop and grow First Nations businesses.	F, C	2	M	M

Objective	Priorities for action	Role	Horizon	Cost	Impact
<b>Nurture start-ups</b> [Maintain new business formation of >1,200 pa] [Establish targeted SME networking events, run 2 per quarter] [Reduce vacancy rates in smaller centres by 5% by matching startups with space]	- Explore opportunities to partner with business and provide support programmes for startups and small businesses, including grants, spaces, mentorship, and networking opportunities to stimulate entrepreneurial activity and innovation. There may be specific opportunities to create a start-up hub in partnership with schools, the universities, businesses.	S, C	2	H	M
	- Partner with the Service NSW Business Bureau and other relevant organisations to facilitate connections for small and new businesses to access resources, funding programmes and training initiatives.	C	2	M	M
	- Connect, support and build on existing 'Lunch and Learn' activities being run by ACU.	C	1	M	M
<b>Achieve balanced growth</b> [Achieve a 90% approvals to completions ratio for commercial development]	- <i>Continue to support the North Sydney CBD commercial core as an employment and commercial precinct and protect it from being undermined and eroded by competing and conflicting land uses.</i>	F	1	M	H
	- Advocate for the protection and growth of employment capacity in St Leonards/Crows Nest.	S, F	1	L	M
	- Advocate to the state government to exempt commercial land from Build-to-Rent provisions which threaten to undermine the economic function of North Sydney CBD and St Leonards.	S, F	1	L	M
	- Carefully plan for mixed-use development that combines residential, commercial, and recreational spaces can create vibrant, liveable communities without constraining commercial prospects. Engage with major tenants to understand key issues.	F	1	L	H
<b>Maximise skills development and retention</b> [Reduce skilled worker leakage to <50%]	- Investigate opportunities to create more pathways for young Aboriginal children and support employment of Aboriginal workers.	C	2	L	M
	- Extend existing activity on community partnerships to include liaison with business in key sectors and education providers to explore skills gaps and potential for better industry-focussed training.	C	2	M	M
	- Work with ACU, CSU and TAFE to connect with local business and local schools to create a connected, local learning ecosystem.	C	2	M	M



## Visitation & 24-hr economy

### Vision

- A harbour-side destination of choice with a strong cultural identity, connection to the natural environment and pockets of activity with a vibrant 24-hour economy.

### Issues & Opps

- The LGA has very high number of day visitors, however retaining visitors and capturing expenditure in local businesses is a problem. Accessibility drives visitation but it also makes it very easy for visitors to leave if there is no compelling reason to stay.
- The tourism industry benefits from proximity to the Sydney CBD as a major international tourism hub.
- Events run by Council and third parties are well attended and run throughout the year.
- Harbour foreshore access is a considerable tourism asset, but consultation suggests that its potential is not fully realised.
- Luna Park is a well-attended and well-known entertainment precinct that acts as a strong visual gateway to North Sydney. However, the perception is that it is disconnected from the rest of the LGA.
- There is strong community support for both 24-hr economy and Special Entertainment Precincts.
- The Metro station developments in Crows Nest and North Sydney CBD will improve accessibility and facilitate greater visitation.

Objectives	Priorities for action	Role	Horizon	Cost	Impact
<p><b>Increase the visibility of North Sydney LGA as a place for other Sydneysiders to visit and as a tourist destination</b></p> <p>[Raise inter-state nights spent per trip to 3 or more]</p> <p>[Increase international nights by 20%]</p> <p>[Achieve value proposition awareness]</p>	<ul style="list-style-type: none"> <li>- Build on existing work to create a destination identity for North Sydney LGA<sup>42</sup> and develop the value proposition for the LGA. Use this value proposition to then increase promotion and awareness of North Sydney LGA, leveraging specific harbourside assets to build the harbourside aspect of the LGAs tourism brand – e.g. HMAS Platypus, Luna Park, various coastal walks and nature reserves, the Coal Loader, Nutcote Museum.</li> </ul>	F, S	1	L	M
	<ul style="list-style-type: none"> <li>- Explore opportunities to leverage the value of the North Sydney Olympic Pool and North Sydney Oval as iconic venues.</li> </ul>	S	1	L	M
	<ul style="list-style-type: none"> <li>- Leverage the Metro station development and work with the NSW Government to secure funding sources to deliver Hume Street Park upgrades to maximise the welcome and appeal of Crows Nest as a destination.</li> </ul>	S	1	L	M
	<ul style="list-style-type: none"> <li>- Develop and progress the visitor experience on the north side of the harbour. Initiatives could include: <ul style="list-style-type: none"> <li>- Creation of a visitor 'landing spot' for visitor information</li> <li>- Creation of a volunteer programme at high visitation periods (e.g.: NYE, summer holidays) where volunteers act as ambassadors for the LGA and help direct visitors with options that are available in the LGA</li> <li>- Build an awareness campaign about exploring the natural side of North Sydney LGA</li> <li>- Promoting existing self-guided walking tours</li> <li>- Providing a visible entrance to the LGA through gateway public art.</li> </ul> </li> </ul>	F,C,S	2	H	H
	<ul style="list-style-type: none"> <li>- Explore opportunities to attract third party events that will draw visitation from outside the LGA.</li> </ul>	F, S	2	L	M
	<ul style="list-style-type: none"> <li>- Work with First Nations community to acknowledge the history and culture of the area through First Nations led tours, public art, placemaking and knowledge projects.</li> </ul>	F, S	1	L	M

<sup>42</sup> North Sydney Visitor Economy Strategy, ref 1.1

Objectives	Priorities for action	Role	Horizon	Cost	Impact
<b>Establish successful entertainment precincts</b> [Establish SEPs] [Increase number of entertainment venues by 25% within SEPs]	- Explore options to deliver better functional connection between Luna Park and the rest of the LGA (e.g. through wayfinding, coordinated urban design, etc).	F	1	M	M
	- Investigate the potential for Special Entertainment Precincts in North Sydney LGA with the NSW DPPI and undertake the necessary studies to create a Special Entertainment Precinct in North Sydney CBD and Crows Nest, with an option for Kirribilli.	F, C	2	M	H
<b>Build and expand on successful markets and events</b> [Increase numbers of events by 20%] [Achieve total visitation increase to events by 20%]	- In addition to existing locally-focussed events, develop a revised events program to maximise visitation to the LGA. Collect data on effectiveness of events and continue to review and update.	F, S	2	M	M
	- Explore opportunities to establish events around existing key assets such as the Cremorne Orpheum Theatre with other creative events, music or art and at Luna Park for after dark events to capitalise on harbour views.	F	2	M	M
	- Investigate opportunities to increase local engagement via events – through stronger ties to local businesses and greater connection with local communities, culture and heritage.	F	2	L	M
	- Build on the existing popularity of markets in the LGA – consider after dark events, other small-scale, high-quality markets that may draw other Sydneysiders across the harbour to visit.	F	2	L	M
	- Connect with various workplace committees within local organisations (for example pride committees) to provide and support opportunities for connection between business, workers and events - beyond the office.	C	2	L	M

Objectives	Priorities for action	Role	Horizon	Cost	Impact
<b>Reposition North Sydney CBD as a 24-hr economy and tourism hub</b> [Increase retail, service and entertainment job numbers by 15%]	Explore options for a 24-hr economy in North Sydney CBD. Potential for food, drink and entertainment late licences – options should be within existing commercial areas and away from established residential areas to minimise impacts from increased night-time activities, people and potential conflicts. Consider a revision of planning controls that support night time activities and later opening hours in centres such as North Sydney, Crows Nest.	F	2	M	H
	<ul style="list-style-type: none"> <li>- Assess the tourist accommodation market and reported under-supply of tourist accommodation in terms of both type and volume.</li> </ul>	F	2	L	M

# Appendix A: Engagement Summary Report

Certified



Corporation



**SGS**  
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