

Tender - Reject and Negotiate - T-2024-1215 - Property Services Leasing Panel – Work Lots 1 to 3

File No: X120516

Tender No: T-2024-1215

Summary

This report provides details of the tender responses received for the Property Services Leasing Panel.

The purpose of this procurement was to identify a suitably qualified and experienced panel of service providers capable of providing specialist leasing services for the City's Property Portfolio.

The City owns a diversified commercial property portfolio, including office, retail and industrial tenancies (with a significant ownership bias to office space).

Overall, there has been a significant shift in leasing market conditions within the Local Government Area (LGA) post-Covid. The office leasing market has weakened, given new supply and the shift to work-from-home arrangements, reducing office premises needs.

From the perspective of the lease management market, the City portfolio resembles that of a medium-sized, diversified Real Estate Investment Trust (REIT). Where the City differs from diversified REITs is that it contains a far larger number of small tenancies. As a result, the City requires to source a panel of specialised leasing providers to ensure property-to-market fit.

This report recommends that Council decline to accept the tender offer/s received for the Property Services Leasing Panel – Work Lots 1 to 3 and enter into negotiations with suitable vendors.

Recommendation

It is resolved that:

- (A) Council decline to accept the tender offer/s for the Property Services Leasing Panel – Work Lots 1 to 3, for the reasons set out in the subject report and Confidential Attachment A to the subject report;
- (B) Council does not invite fresh tenders, as it is considered that inviting fresh tenders would not attract additional suitable vendors over and above those that have responded to this tender for the reasons set out in the subject report and Confidential Attachment A to the subject report;
- (C) authority be delegated to the Chief Executive Officer to enter into negotiations with any person with a view to entering into a contract on terms that are appropriate in relation to the subject matter of the tender;
- (D) authority be delegated to the Chief Executive Officer to finalise, execute and administer the contracts relating to the tender;
- (E) Council be informed of the successful vendor/s via the CEO Update.

Attachments

Attachment A. Tender Evaluation Summary (Confidential)

Background

1. The Property Services Leasing Panel Request for Tender included:

Work Lots 1 to 3 - Property Leasing*

- **Work Lot 1** – Commercial Property Leasing
- **Work Lot 2** – Industrial Property Leasing
- **Work Lot 3** – Retail Property Leasing

* It should be noted this does not include Accommodation Grants Program (AGP) Property Leasing.

2. A pricing Schedule of Rates for Services applicable to each Work Lot was included as part of the RFT Returnable Schedules.
3. The Schedule of Rates for Work Lots 1 to 3 sought pricing services applicable to each of the 3 Work Lots which included:
 - (a) Leasing management services that are focused on tactical and operational negotiation and execution of new or renewing leases, licences and other use agreements to third party tenants.
 - (b) Marketing strategies that include a range of online and direct-to-market activities.
 - (c) Reporting services providing market-wide and individual building leasing Intelligence and price benchmarking.

Invitation to Tender

4. The Request for Tender T-2024-1215 Property Services Leasing Panel was released to the open market on 27 November 2025 and closed 13 February 2026.
5. The Request for Tender was available on the Supply Nation and NSW Indigenous Chamber of Commerce (NSW ICC) websites via their member opportunity boards.

Tender Submissions

6. Submissions for Work Lots 1 to 3 were received from the following organisations:

Work Lot 1 – Leasing Commercial Property

- CBRE Pty Ltd (ABN: 57 057 373 574)
- Colliers International (NSW) Pty Ltd (ABN: 65 001 401 681)
- Jones Lang LaSalle (NSW) Pty Ltd (ABN: 37 002 851 925)
- One Commercial Property Pty Ltd (ABN: 21 607 056 806)

- Preston Rowe Paterson Sydney Pty Limited (ABN: 61 003 139 188)

Work Lot 2 – Leasing Industrial Property

- CBRE Pty Ltd (ABN: 57 057 373 574)
- Colliers International (NSW) Pty Ltd (ABN: 65 001 401 681)
- Jones Lang LaSalle (NSW) Pty Ltd (ABN: 37 002 851 925)
- One Commercial Property Pty Ltd (ABN: 21 607 056 806)
- Preston Rowe Paterson Sydney Pty Limited (ABN: 61 003 139 188)

Work Lot 3 – Leasing Retail Property

- CBRE Pty Ltd (ABN: 57 057 373 574)
- Colliers International (NSW) Pty Ltd (ABN: 65 001 401 681)
- Jones Lang LaSalle (NSW) Pty Ltd (ABN: 37 002 851 925)
- Preston Rowe Paterson Sydney Pty Limited (ABN: 61 003 139 188)
- Rook Sheu Pty Ltd trading as Rook Partners (ABN: 84 622 547 513)

7. No late submissions were received.

Tender Evaluation

8. All members of the Tender Evaluation Panel have signed conflict of interest declarations. No conflicts of interest were noted.
9. The approved evaluation criteria was:

Work Lot 1: Commercial - Property

Evaluation Criteria	Evaluation Weightings
Relevant Experience Demonstrated experience in sourcing of new tenants for A-Grade and B-Grade Commercial Properties.	20%
Proposed Methodology Methodology proposed in the sourcing of new tenants including access to commercial property data, analytics and tenant demand forecasting tools.	20%
Proposed Personnel Personnel capability, qualifications, experience and capacity.	20%

Evaluation Criteria	Evaluation Weightings
Company Capacity Company profile, programs and systems that display good corporate citizenship and align with the values of the City of Sydney.	10%
Pricing Schedule of Rates.	30%
Financial integrity	Mandatory
Material acceptance of the City's standard form contract	Mandatory
Ability to meet insurance requirements	Mandatory

Work Lot 2: Industrial - Property

Evaluation Criteria	Evaluation Weightings
Relevant Experience Demonstrated experience in sourcing of new tenants for various industrial property sectors including warehousing, factory and logistics	20%
Proposed Methodology Methodology proposed in the sourcing of new tenants including access to industrial property data, analytics and tenant demand forecasting tools.	20%
Proposed Personnel Personnel capability, qualifications, experience and capacity.	20%
Company Capacity Company profile, programs and systems that display good corporate citizenship and align with the values of the City of Sydney.	10%
Pricing Schedule of Rates.	30%
Financial integrity	Mandatory
Material acceptance of the City's standard form contract	Mandatory
Ability to meet insurance requirements	Mandatory

Work Lot 3: Retail - Property

Evaluation Criteria	Evaluation Weightings
Relevant Experience Demonstrated experience in sourcing of new tenants for A-Grade and B-Grade Commercial Properties.	20%
Proposed Methodology Methodology proposed in the sourcing of new tenants including access to commercial property data, analytics and tenant demand forecasting tools.	20%
Proposed Personnel Personnel capability, qualifications, experience and capacity.	20%
Company Capacity Company profile, programs and systems that display good corporate citizenship and align with the values of the City of Sydney.	10%
Pricing Schedule of Rates.	30%
Financial integrity	Mandatory
Material acceptance of the City's standard form contract	Mandatory
Ability to meet insurance requirements	Mandatory

Performance Measurement

10. The City will use the following general Key Performance Indicators (KPIs) to evaluate and monitor the performance of the successful vendor:
- (a) Quality of Work – Availability of high-quality tenant prospects.
 - (b) Reporting – Quality of market intelligence and trends with briefings aligned to the City Property Portfolio.
 - (c) Communication – Weekly updates on in-progress tenant acquisition engagements.

Risks

11. The CBD leasing market is competitive and rapidly evolving in the post-Covid hybrid workplace market. Ensuring the expertise needed to maximise the City's return on property investment requires access to real-time market data to identifying leasing opportunities. A panel arrangement manages investment risk by ensuring the best market fit possible is achieved for each leasing engagement.

12. The City of Sydney mitigates procurement risks by assessing risk through active industry engagement in the pre-procurement stage, designing contract terms in the procurement stage to align with the City's needs, proactive contract management with all impacted service delivery partners, conducting thorough reviews of contract management operational documents, and ensuring appropriate delivery timelines. Additionally, the City fosters strong, professional relationships with service providers, enabling open communication to ensure the service delivery meets community needs while also driving continuous improvements.
13. This approach is within the City's risk appetite, which states:
 - We identify and evaluate emerging risks to ensure timely and appropriate response.
 - We encourage a culture of responsible risk taking to support innovation, excellence and continuous improvement.
 - We comply with our legal and regulatory requirements.

Financial Implications

14. There are sufficient funds allocated for these services within future years' forward estimates.

Relevant Legislation

15. The tender has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.
16. Local Government Act 1993 - Sections 10A and 10B provide that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business if it is in the public interest to do so.
17. Attachment A contains confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.

18. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest. The reasons supporting this are that disclosure of the confidential information would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers. In addition, disclosure of the information provided in the course of the procurement process and the assessment of that information would prejudice the commercial position of the participants in the procurement process.

Critical Dates / Time Frames

19. The proposed contract is for an initial period of 3 years, with one available extension option of 3 years, subject to satisfactory performance and operational requirements.

Recommendation to Reject and Negotiate

20. A reject and negotiate process is recommended as all tenderers did not respond to the Marketing Services and Reporting Services fee structure proposed by the City, citing the variable market conditions in the leasing market requiring bespoke pricing models for specific leasing services.
21. The City issuing a further a tender with an adjusted pricing structure will likely result in a similar market response due to the nature of the services and market conditions.
22. A reject and negotiate process will provide the best opportunity to procure all the services the City requires at negotiated rates commensurate with the market. There is sufficient market interest to negotiate a good outcome for the City.

Options

23. The following alternative option was also considered - cancel and re-advertise the tender for Work Lots 1 to 3. This option is not recommended for the reasons stated in this report.

KIM WOODBURY

Chief Operating Officer

Neil Palagedara, Executive Manager Property Services

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