

Lease Approval - 343 George Street, Sydney

File No: 2024/111593

Summary

This report seeks approval from Council to grant a new lease within 343 George Street, Sydney.

343 George Street is a Local and State Heritage Listed commercial office building comprising ground and lower ground floor retail accommodation and ten upper commercial office floors. It is situated on the corner of George Street and Barrack Street opposite the western end of Martin Place within the Sydney CBD. The property forms part of the City's Commercial Investment Portfolio and is a key income asset for the City of Sydney.

Details of the lease proposal are outlined in Confidential Attachment A and the essential lease terms and conditions are contained within Confidential Attachment B.

This report recommends that Council approve granting a lease within 343 George Street, Sydney.

Recommendation

It is resolved that:

- (A) Council note the lease proposal information for 343 George Street included in Confidential Attachment A to the subject report;
- (B) Council approve the granting of a lease for 343 George Street in accordance with the essential lease terms and conditions contained within Confidential Attachment B to the subject report; and
- (C) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the terms of the lease, including in relation to the exercise of the option, in accordance with the essential terms and conditions contained within Confidential Attachment B to the subject report.

Attachments

Attachment A. Lease Proposal (Confidential)

Attachment B. Essential Lease Terms and Conditions (Confidential)

Background

1. The City of Sydney has a diverse commercial portfolio comprising offices, retail, industrial and strata (air space bridges and tunnels over and under roads).
2. The income derived from the commercial portfolio is the City of Sydney's second highest revenue source and provides a vital role in contributing to the financial sustainability of Council, enabling the City to continue to support community-based organisations and infrastructure projects.
3. The City of Sydney acquired 343 George Street in 2011. The property is a Local and State heritage listed asset comprising retail and commercial office accommodation.
4. The 343 George Street commercial office building has a total lettable area of 10,258m² and forms part of the City's Commercial Investment Portfolio. It is a key income asset for the City.
5. This report seeks approval from Council to grant a new lease within 343 George Street, Sydney.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

6. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 1 - Responsible governance and stewardship - specifically expanding revenue from commercial operations and the property portfolio.

Financial Implications

7. Financial implications are outlined in Confidential Attachment A.

Relevant Legislation

8. 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 and if discussion of the information in an open meeting would, on balance be contrary to public interest.
9. Attachment A contains confidential commercial information which, if disclosed, would confer a commercial advantage on a person with whom the City of Sydney is conducting (or proposes to conduct) business.
10. Discussion of this matter in an open meeting would, on balance, be contrary to the public interest because it would compromise the City of Sydney's ability to negotiate fairly and commercially achieve the best outcome for ratepayers.

Critical Dates / Time Frames

11. Critical Dates are outlined in Confidential Attachment A.

KIM WOODBURY

Chief Operating Officer

Scott Young, Development Manager