

Lease Approval - Level 18, 456 Kent Street, Sydney - JTB Oceania Pty Ltd

File No: X104519

Summary

This report seeks Council approval for the renewal of a lease to JTB Oceania Pty Ltd for Level 18, Town Hall House, 456 Kent Street, Sydney, for a term of three years.

Essential lease terms and conditions of the proposed lease are shown in Confidential Attachment A.

This report recommends that Council approve granting this lease to JTB Oceania Pty Ltd.

Recommendation

It is resolved that:

- (A) Council approve the granting of a lease to JTB Oceania Pty Ltd for Level 18, 456 Kent Street, Sydney for a three-year term, commencing on 1 October 2024 and terminating on 30 September 2027 for the amount outlined in Confidential Attachment A to the subject report; and
- (B) authority be delegated to the Chief Executive Officer to finalise the terms of the proposal and negotiate, execute and administer the terms of the lease relating to the proposal in accordance with Confidential Attachment A to the subject report.

Attachments

Attachment A. Essential Lease Terms and Conditions (Confidential)

Background

1. JTB Oceania Pty Ltd currently occupies a 900 square metre commercial space under a five-year lease of Level 18, 456 Kent Street, which commenced on 1 October 2019 and expired on 30 September 2024. JTB Oceania Pty Ltd has an option to renew the lease for an additional three-year term upon expiration of the existing lease.
2. JTB Oceania Pty Ltd has been a tenant at the premises since October 2012 but has significantly downsized since Covid-19 and prefers a reduced space. As no suitable alternative space was available in the building, the tenant expressed interest in renewing the lease for three years under new terms, as outlined in Confidential Attachment A. JTB Oceania Pty Ltd remains at the premises with the new lease commencing on 1 October 2024.
3. JTB Oceania Pty Ltd has been a model tenant during its tenure at Town Hall House. JTB Oceania Pty Ltd has maintained its tenanted area to a high standard, ensuring the space remains well-maintained. JTB Oceania Pty Ltd has cooperated fully with the City, adhering to their lease terms and maintaining positive communication with the City.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

4. 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

5. The new lease will reduce the current year operating income, and the annual forecast has been updated accordingly. Financial implications are detailed in Confidential Attachment A.

Relevant Legislation

6. Local Government Act 1993 - Sections 10A 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.
7. Attachment A contains confidential commercial information which, if disclosed, would confer a commercial advantage on a person with whom the City is conducting (or proposes to conduct) business.

8. Discussion of this matter in an open meeting would, on balance, be contrary to the public interest because it would compromise the City's ability to negotiate fairly and commercially achieve the best outcome for ratepayers.

Critical Dates / Time Frames

9. Critical Dates are outlined in Confidential Attachment A.

Options

10. Should the Council decide not to proceed with this lease proposal, the premises would remain vacant, depriving the City of valuable income. Given the current market conditions and the extended time it has taken to lease other spaces in the building, leaving the premises vacant would result in a loss of potential revenue. This delay in securing a tenant could lead to additional operating costs and missed opportunities to generate income, especially in light of the recent challenges in attracting long-term tenants.

Public Consultation

11. There is no requirement for public consultation for this commercial lease.

KIM WOODBURY

Chief Operating Officer

Valerie Astalos, Commercial Property Manager