

Relevant Information for Council

FILE: X118741 **DATE:** 23 February 2026

TO: Lord Mayor and Councillors

FROM: Marcia Morley, A/Chief Operating Officer

THROUGH: Monica Barone PSM, Chief Executive Officer

SUBJECT: Information Relevant To Item 6.6 – Continuing the Transformation of Central Sydney - Project Scope - Town Hall Square

For Noting

This memo is for the information of the Lord Mayor and Councillors.

Purpose

To provide additional information regarding the Town Hall Square project.

Background

At the meeting of the Corporate, Finance, Properties and Tenders Committee on 16 February 2026, further information was sought on the Town Hall Square project.

Maintenance/upgrade costs versus costs to deliver Town Hall Square

In May 2023 Council resolved that the delivery of the future Town Hall Square was to be commenced no earlier than 2035 and that the increased rental revenue due to the extension of the available commercial lease terms will be allocated to a specific reserve towards the construction costs of a future Town Hall Square.

The City's FY24 Long Term Financial Plan included forward estimates for rental revenue based on market conditions at that time and allocated a provisional capital budget of \$20M (through the City's Property Renewal Programs) for the renewal of the 6 buildings owned by the City.

In response to escalating capital costs for renewal works which were underway at 546-552 George Street and on-going leasing challenges a review of capital costs to maintain the 6 buildings owned by Council and forward estimates for rental revenue was undertaken in late 2024. The initial review completed in late 2024 estimated that the 10-year capital costs to retain the buildings would be in the order of \$45-50M.

The on-going leasing challenges combined with the substantially increasing capital costs to meet market expectations informed the recommendation to accelerate the delivery of the future Town Hall Square and Resolution of Council in May 2025.

Leasing conditions remain challenging, as demonstrated in the Property Council of Australia's latest Office Market Report, released in February 2026 which highlights the challenges of leasing secondary stock noting that while the CBD vacancy rate is holding steady at 13.8% over the last 6 months there is a clear flight to quality, with prime vacancy at 13.2% compared with 14.9% for secondary stock.

Properties included in the future Town Hall Square site

Plans for a square outside Town Hall have been underway for more than 40 years. Over this period numerous property amalgamation scenarios (some of which included 309 Pitt Street) have been reviewed for their potential to realise the City's long-term vision for a new Square opposite the Sydney Town Hall.

In 2012, Council endorsed the Sydney Local Environmental Plan which defined the area for the future Town Hall Square project as the properties 532-540 George Street, 542-544 George Street, part 546-552 George Street, 5-7 Park Street, 295-301 Pitt Street, 303-305 Pitt Street and 307 Pitt Street. This designated area was established following the full statutory public consultation process required under the Environmental Planning and Assessment Act 1979.

Activation of the future Town Hall Square

The project will provide a public square capable of hosting a range of events - both community and commercial - of a range of scales. The square will provide infrastructure/services to support events and activations in the square, and these services are to be suitably concealed within the public domain.

Possible activation types could include art exhibitions (photography, live content, film), product launches/promotional events, food and beverage festivals, events with amplified sound (such as performances, film screenings/live sites), markets, busking and the City's cultural and arts programs (Art & About, Lunar New Year, City Christmas etc.)

The Head Design Consultant once engaged will develop a suitable design response to the southern edge to ensure adequate quality, activation and amenity for everyday use of the square (noting that a building does not form part of the scope). This will include but not be limited to the develop suitable design responses to any repair/remediation/treatment required to adjoining buildings.

Memo from Marcia Morley, A/Chief Operating Officer

Prepared by: Anna Field, Development Manager

Approved

P.M. Barone

MONICA BARONE PSM

Chief Executive Officer