

Charles and Macquarie Street Parramatta Planning Proposal: Economic Report

PREPARED FOR

Statewide Planning Pty Ltd

March 2014



HillPDA



ABN 52 003 963 755

Sydney

Level 3, 234 George Street
Sydney NSW 2000
GPO Box 2748 Sydney NSW 2001
t. +61 2 9252 8777
f. +61 2 9252 6077
e. sydney@hillpda.com

Melbourne

Suite 114, 838 Collins Street
Docklands VIC 3008
GPO Box 3424 Melbourne VIC 3001
t. +61 3 9629 1842
f. +61 3 9629 6315
e. melbourne@hillpda.com

www.hillpda.com

Liability limited by a scheme approved under the Professional Standards Legislation

[illegible]

QUALITY ASSURANCE

REPORT CONTACTS:

Tom Duncan

Associate Property Economics

MA Prop Dev (candidate) MA Town Plan, BA (Hons), MRTPI

Email: thomas.duncan@hillpda.com

QUALITY CONTROL:

This document is for discussion purposes only unless signed and dated by a Principal of Hill PDA.

REVIEWED BY:



..... Dated 18 March 2014

Adrian Hack

Principal Property Economics

M. Land Econ. B.Town Planning (Hons). MPIA

Email: adrian.hack@hillpda.com

REPORT DETAILS:

Job Ref No: C14174

Version: Final

Date Printed: 18/03/2014 2:43:00 PM

File Name: C14174 - Charles and Macquarie Street Proposal Economic Report (draft).docx

CONTENTS

1. INTRODUCTION.....	5
1.1 The Subject Site	5
1.2 The Planning Proposal	6
1.3 The Study Brief.....	6
1.4 The Study Structure	6
2. PLANNING POLICY CONTEXT.....	7
2.1 NSW 2021: Plan to make NSW Number 1, NSW Government (2012).....	7
2.2 Metropolitan Plan for Sydney to 2036, DP&I (2010).....	7
2.3 Draft Metropolitan Strategy for Sydney to 2031, DP&I (2013).....	8
2.4 Draft West Central Subregional Strategy, DP&I (2007).....	8
2.5 Ministerial Directions	8
2.6 Implications	10
3. THE COMMERCIAL MARKET	11
3.1 Trends and Drivers.....	11
3.2 Commercial Office Supply	12
3.3 Commercial Office Demand	13
3.4 Commercial Site Requirements.....	15
3.5 Implications for the Subject Site	16
4. ECONOMIC CONTRIBUTION	19
4.1 Existing Use	19
4.2 Potential for Redevelopment under Existing Zoning	19
4.3 Economic Contribution of the Proposed Use.....	20
4.4 Contribution Towards Planning Objectives.....	21
4.5 Subject Site Significance.....	22
5. SUMMARY AND CONCLUSION	26
5.1 Summary	26
5.2 Conclusion.....	26

LIST OF FIGURES

Figure 1 - The Subject Site	5
-----------------------------------	---

LIST OF TABLES

Table 1 - Parramatta CBD – December 2013	13
Table 2 - Commercial Leasing Activity in Parramatta CBD to December 2013.....	14
Table 3 - Commercial Sales Parramatta CBD to December 2013	15
Table 4 - Commercial Sales Parramatta CBD Key Market Indicators – December 2013	15
Table 5 - Commercial Office Development Site Requirements.....	16
Table 6 - Appraisal of the Subject Site for Commercial Redevelopment.....	17
Table 7 - Commercial Office Development Site Requirements.....	21
Table 8 - Consistency with Section 117 Direction 1.1 (Business & Industrial Zones).....	22

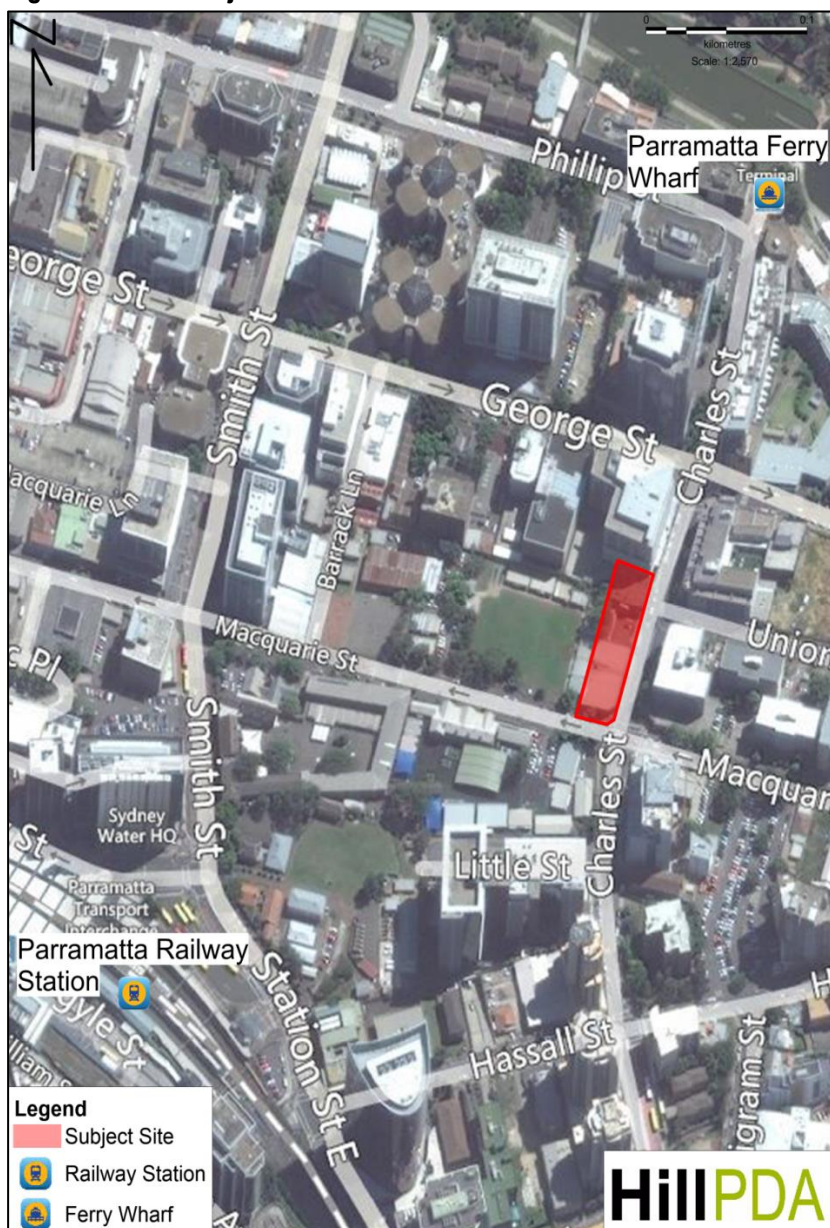
1. INTRODUCTION

This Economic Report, hereafter referred to as the Study, considers the implications of a planning proposal in Parramatta CBD. It considers matters relating to economics only.

1.1 THE SUBJECT SITE

The site which is the subject of the Study, hereafter referred to as the Subject Site, is located at the corner of Charles Street and Macquarie Street, Parramatta. It is known as 5-7 Charles Street and 116 Macquarie Street and is depicted in the figure below.

Figure 1 - The Subject Site



Source: Map produced by Hill PDA using MapInfo 11.5 software and Microsoft Bing © 2013 Microsoft Corporation

The Subject Site is zoned B3 Commercial Core under the Parramatta City Centre Local Environment Plan (LEP) 2007. It thus forms part of Parramatta CBD. It is situated 400m north east of the Parramatta CBD rail and bus node and 250m west of the Parramatta Ferry.

1.2 THE PLANNING PROPOSAL

The planning proposal seeks to rezone the Subject Site to B4 Mixed Use under the Parramatta City Centre LEP 2007. This would enable to comprehensive redevelopment of the Subject Site at a high density with lower floor retail and commercial uses and residential above.

In considering the planning proposal Parramatta City Council ('Council') resolved the following:

"that the applicant's preliminary concept to rezone land from B3 (Core Commercial) to B4 (Mixed Use) is supported and that the applicant be invited to proceed with a detailed planning proposal for the site"¹.

1.3 THE STUDY BRIEF

The purpose of this Study is to provide economic analysis requested by Council to allow the planning proposal to proceed. This analysis comprises:

"...justification...to address the strategic merit of the proposal, giving consideration of the relevant State Government (section 117) Directions applicable to the site and proposal..."

"...an analysis of the impact of the planning proposal in terms of loss of employment land within the Parramatta City Centre and any wider context implications that may arise in this regard"².

1.4 THE STUDY STRUCTURE

To meet the requirements of the project brief, this Study is set out in the following manner:

- Chapter 2: Planning Policy Context – Examines relevant planning policies and strategies which should be considered from an economic perspective in the context of the planning proposal;
- Chapter 3: The Commercial Market – Undertakes an appraisal of the commercial office market in Parramatta CBD and considers the redevelopment of the Subject Site under the existing zoning in this context;
- Chapter 4: Economic Contribution – Assesses the economic contribution associated with retaining the existing zoning versus the proposed zone. It also reviews the principle of the planning proposal in the context of planning policy and strategy aspirations; and
- Chapter 5: Summary and Conclusion – Provides a summary of the Study and distils the relevant conclusions.

¹ Source: 7 Charles Street Parramatta – Planning Proposal Requirements, Parramatta City Council (26 August 2013)

² Ibid

2. PLANNING POLICY CONTEXT

This Chapter considers relevant planning policies and guidance which has implications for consideration of economic matters relevant to the planning proposal.

2.1 NSW 2021: PLAN TO MAKE NSW NUMBER 1, NSW GOVERNMENT (2012)

The NSW 2021 Plan aims to rebuild the NSW economy, provide quality services, renovate infrastructure, restore government accountability and strengthen NSW's local environment and communities. The Plan comprises five key strategies. The key strategy 'Rebuild the Economy' seeks to secure +100,000 new jobs in the State by 2021 of which +60,000 will be provided in non-Regional localities. At least +25,000 new homes are targeted per annum in Sydney to 2021.

Goal 20 of the NSW 2021 Plan seeks to 'Build Liveable Centres'. This includes facilitating metropolitan strategic planning frameworks which set housing and employment targets for centres to ensure that growth is concentrated within public transport catchments.

2.2 METROPOLITAN PLAN FOR SYDNEY TO 2036, DP&I (2010)

The DP&I's Metropolitan Plan for Sydney 2036 was released in December 2010. The Plan aims to shape the future growth of Sydney to 2036 ensuring a more resilient, compact, connected, multi-centred and sustainable city. The Metropolitan Plan integrates land use and transport planning by integrating the Metropolitan Transport Plan, which was published for consultation earlier in 2010.

The Plan aims to address key challenges facing Sydney including managing a growing and changing population, providing more jobs closer to home, more efficient transport delivery, climate change and maintaining global competitiveness. These challenges are addressed through strategic directions.

The Plan anticipates Sydney's population will reach close to 6 million by 2036. To accommodate this population growth, land use service provision and infrastructure capacity must be planned to provide for +769,000 additional homes and +760,000 additional jobs by 2036. The Plan nominates +98,000 additional jobs and +96,000 new dwellings for the West Central Subregion (within which Parramatta LGA is located) between 2006 and 2036.

The Plan forecasts that an additional 10 million sqm of additional commercial floorspace and 5 million sqm of additional retail floorspace will be required across Sydney by 2036 in order to cater for employment growth and increasing demand. The focus for accommodating employment growth will be in centres, particularly those on the public transport network. Parramatta is identified as a Regional City in the Metropolitan Plan.

2.3 DRAFT METROPOLITAN STRATEGY FOR SYDNEY TO 2031, DP&I (2013)

The DP&I published the draft Metropolitan Strategy for Sydney to 2031 (the draft Strategy) for consultation in March 2013. It seeks to achieve the following outcomes:

- Balanced growth;
- A liveable City;
- Productivity and prosperity;
- Healthy and resilient environment; and
- Accessibility and connectivity.

The draft Strategy seeks to promote and facilitate growth which acknowledges market considerations and which integrates transport, infrastructure and land use. Job growth will thus be concentrated in Metropolitan areas. An additional +625,000 new jobs across Sydney by 2031 is targeted and minimum job targets are set across the Subregions in Sydney to achieve this.

The draft Strategy defines the West Central and North West Subregion as comprising the LGAs of Auburn, Blacktown, Holroyd, Parramatta and The Hills. Within this area a minimum of +75,000 additional jobs, +74,000 houses and +192,000 people are targeted to 2021. By 2031 the draft Strategy seeks to ensure minimum targets of +355,000 new residents, +148,000 new homes and +142,000 new jobs are achieved.

Parramatta is identified as a Regional City in the draft Metropolitan Strategy and one of nine significant city shapers. Associated targets for Parramatta CBD include the generation of +21,000 new jobs between 2011 and 2031 and support for economic clustering in, and extension of, the commercial core.

2.4 DRAFT WEST CENTRAL SUBREGIONAL STRATEGY, DP&I (2007)

The Draft West Central Subregional Strategy relates to the LGAs of Auburn, Bankstown, Fairfield, Holroyd and Parramatta. It seeks to accommodate 61,000 new jobs and 95,500 new dwellings within the West Central Subregion between 2004 and 2031. Of these +27,000 jobs and +21,000 dwellings are to be accommodated within Parramatta LGA. Parramatta is identified as a Regional City within the draft Strategy.

2.5 MINISTERIAL DIRECTIONS

Section 117 Direction 1.1 (Business and Industrial Zones)

The Ministerial Section 117 Direction 1.1 is a relevant consideration in this instance. The objectives, application, directions and consistency of this are as follows:

“Objectives

(1) The objectives of this direction are to:

- (a) encourage employment growth in suitable locations,*
- (b) protect employment land in business and industrial zones, and*
- (c) support the viability of identified strategic centres.*

When this direction applies

(3) This direction applies when a council prepares a draft LEP that affects land within an existing or proposed business or industrial zone (including the alteration of any existing business or industrial zone boundary).

What a council must do if this direction applies

(4) A draft LEP shall:

- (a) give effect to the objectives of this direction,*
- (b) retain the areas and locations of existing business and industrial zones,*
- (c) not reduce the total potential floor space area for employment uses and related public services in business zones,*
- (d) not reduce the total potential floor space area for industrial uses in industrial zones, and ensure that proposed new employment areas are in accordance with a strategy that is approved by the Director-General of the Department of Planning*

Consistency

(5) A draft LEP may be inconsistent with the terms of this direction only if council can satisfy the Director-General of the Department of Planning (or an officer of the Department nominated by the Director-General) that the provisions of the draft LEP that are inconsistent are:

- (a) justified by a strategy which:*
 - (i) gives consideration to the objective of this direction, and*
 - (ii) identifies the land which is the subject of the draft LEP (if the draft LEP relates to a particular site or sites), and*
 - (iii) is approved by the Director-General of the Department of Planning, or*
- (b) justified by an environmental study (prepared in accordance with section 57 of the Environmental Planning and Assessment Act 1979) which gives consideration to the objective of this direction, or*
- (c) in accordance with the relevant Regional Strategy or Sub-Regional Strategy prepared by the Department of Planning which gives consideration to the objective of this direction, or*
- (d) of minor significance”³.*

³ Source: Section 117 Direction, NSW Department of Planning and Infrastructure (2009)

2.6 IMPLICATIONS

The planning strategy documents considered above indicate that there is a significant need to facilitate new employment opportunities and new housing development within Metropolitan Sydney, the West Central Subregion and the Parramatta LGA over the next 25 years. Centres and their catchments should be the focus for new employment and housing growth given their high levels of public transport accessibility. The principle of the planning proposal is consistent with these policy aims.

Notwithstanding this, the loss of employment land and the resultant impact upon Parramatta Regional City requires consideration given the potential to adversely impact on the role and function of the centre and achieving job targets. This is explored in this Study. The Study also considers the principle of the planning proposal in the context of Section 117 Direction 1.1 which seeks to protect employment land in business and industrial zones, support employment and centre viability.

3. THE COMMERCIAL MARKET

This Chapter undertakes an appraisal of the commercial office market in Parramatta CBD in the context of the Subject Site. It begins by examining broader trends and drivers of commercial demand in the CBD before examining supply and demand in the existing commercial office market in more detail. It identifies site requirements for successful commercial development. The Chapter concludes by appraising the Subject Site in the context of the commercial office market and commercial office site requirements.

3.1 TRENDS AND DRIVERS

Based on Hill PDA's research and experience in this area the key trends and drivers for commercial demand in Parramatta CBD are as follows:

- **Population Growth** – As a Regional City Parramatta services an extensive residential catchment for retail goods and services, employment, entertainment, civic, leisure, cultural and other essential functions. Both the CBD and its environs will sustain substantial population increases over the next 25 years which will fuel demand for retail and commercial office floorspace in Parramatta CBD;
- **Employment Growth** – Parramatta CBD will accommodate a sizeable proportion of new jobs over the next two decades with an additional +12,000 new jobs targeted by 2021 and +21,000 jobs by 2031⁴. A significant proportion of these will be white collar jobs supporting demand for commercial office floorspace. Parramatta City Council's Parramatta Square alone will accommodate 13,000 workers and 500 apartments upon completion⁵;
- **Service Provision** – Parramatta CBD contains a sizeable 180,000sqm of retail floorspace⁶ anchored by Westfield Parramatta which contains approximately 137,200sqm of occupied floorspace inclusive of 3,050sqm of office tenancies⁷. Westfield Parramatta is anchored by Myer, David Jones, Kmart, Target, Woolworths and Coles. The provision of such a strong retail and associated entertainment and service offer supports the attractiveness of the CBD as a place to work and invest;
- **Accessibility** – Parramatta CBD is highly accessible at the intersection of major public transport infrastructure including a high speed rail link to Sydney CBD. Parramatta's transport interchange was upgraded in 2006 to facilitate future patronage growth, improve the passenger experience and provide integrated bus and rail connections. The centre has access to the M4 Western Motorway within 2kms. Two road schemes are being progressed to ease congestion in Parramatta CBD: the Western Sydney Regional Ring Road and Western Sydney Light Rail Network;
- **Major Anchor Tenants** – The commercial office market in Sydney CBD is anchored by a number of sizeable tenants in the Government and private sector who stimulate associated demand. Government tenants include Sydney Water, NSW Police, NSW Fair Trading, Department of Attorney General and

⁴ Source: Draft Metropolitan Strategy for Sydney to 2031, NSW Department of Planning and Infrastructure (2013)

⁵ Source: Parramatta CBD Retail Impact Study, MacroPlan Dimasi (2013)

⁶ Source: UWS Westmead Campus Redevelopment Retail Economic Impact Assessment, Hill PDA (January 2011)

⁷ Source: Property Council of Australia NSW Shopping Centre Directory 2013/14

Justice, Road Traffic Authority and Urbangrowth NSW. Private tenants include CBHS Health Fund, Deloitte, QBE and Coleman & Grieg;

- **Affordability and Lifestyle Offer** – Parramatta is positioned as Sydney's second CBD in terms of its combined retail and commercial office offer but its localised catchment provides more affordable housing market relative to Global Sydney. In comparison to other commercial office markets A-grade floorspace in Parramatta CBD is relatively affordable;
- **Parramatta City Council** – Council is a significant landowner in Parramatta CBD and is able to use this position to stimulate and drive development. The Parramatta Square development is one example of this and Council has other sites available to facilitate future growth; and
- **Infrastructure Investment in the Catchment** – Parramatta CBD is well positioned to capitalise on demand emanating out of major developments and assets in Western Sydney. These include the North West and South West Growth Centres, Westmead hospital and adjacent bio-medical cluster and the University of NSW.

3.2 COMMERCIAL OFFICE SUPPLY

Existing Supply

Parramatta CBD is Australia's fifth largest suburban office centre with 685,878sqm of stock at December 2013⁸. Approximately 40% of this space comprised A-grade stock with B, C and D-grade stock accounting for the residual 60% of stock.

The Parramatta CBD market has traditionally been the least volatile of the NSW office markets, benefiting from a large base of government tenants. Since 2000 Parramatta has seen the consolidation of its role as a government centre with the relocation of a number of Government agencies.

Pipeline Development

Parramatta CBD has an estimated 126,300sqm of new and refurbished office stock in the pipeline⁹. Most of this is expected to be delivered by 2015 and on this basis there is significant commercial office floorspace supply projected over a protracted period.

Council's Parramatta Square or Civic Place development will see a sizeable quantum of commercial office floorspace provided in the CBD. The development has the capacity to deliver up to 140,000sqm of commercial office floorspace when fully developed and extend to 53-storeys¹⁰. The first stage at 169 Macquarie Street will provide over 24,200sqm and is due for completion in 2015/16¹¹.

⁸ Source: January 2014 Office Market Report, Property Council of Australia (2014)

⁹ Source: Spotlight Parramatta Office, Savills Research (February 2014)

¹⁰ Source: Parramatta City Council (2013)

¹¹ Source: Cordell's

Westfield Parramatta alone proposes a further 35,000sqm of commercial office floorspace in a 20-storey tower¹². If approved this development is expected to be completed in 2021¹³.

Council has aspirations to develop the Auto Alley precinct in the southern part of the CBD for mixed use purposes including commercial/ retail and/ or residential development. Indicative commercial floorspace capacity estimates for this area is up to 446,000sqm¹⁴ although it is currently at a very early stage of planning. The effect of this would be to extend Parramatta CBD's commercial core to the south and provide a new gateway. A mixed use planning proposal at Gateway South is proceeding through the gateway process. It will deliver over 700 apartments, 200,000sqm of commercial office floorspace and 13,000sqm of retail floorspace¹⁵ in the auto alley precinct.

This analysis demonstrates that Parramatta CBD has a sizeable quantum of commercial office supply in the pipeline.

3.3 COMMERCIAL OFFICE DEMAND

Vacancies and Net Absorption

Commercial office floorspace vacancy and net absorption are indicators of underlying demand. The Parramatta CBD office market recorded moderate levels of absorption in the year to December 2013, equivalent to 9,800sqm of floorspace¹⁶. In December 2013 the commercial office vacancy in Parramatta CBD fell to 6% overall¹⁷.

The A-grade component of the Parramatta CBD commercial office market has performed strongly with vacancy for this type of accommodation extremely tight at 0.5% in December 2013. This represents an all-time low. The tight A-grade market is expected to act as a catalyst for building refurbishments of B and C-grade stock. It should also encourage tenant pre-commitments.

The table below illustrates the quality and vacancy of commercial office stock, by grade, within Parramatta CBD.

Table 1 - Parramatta CBD – December 2013

Grade	Net Lettable Area (NLA)	Vacancy (Dec 2013)
A	1,450	0.5%
B	13,688	6.5%
C	19,684	18.8%
D	6,429	6.6%
Total	41,251	6.0%

Source: Spotlight Parramatta Office, Savills Research (February 2014)

¹² Ibid

¹³ Source: Economic Impact Assessment (Including Additional Information): Westfield Parramatta and Gateway Office Tower, URBIS (November 2012 (Updated May 2013))

¹⁴ Source: Auto Alley Urban Renewal Study Community Consultation, Sydney Metropolitan Development Authority (2012)

¹⁵ Source: Catalyst Properties (2013)

¹⁶ Source: Spotlight Parramatta Office, Savills Research (February 2014)

¹⁷ Ibid

Recorded vacancy rates in Parramatta CBD were at their lowest level in a decade in December 2013 which reflects increasing demand and a lack of recent additional commercial supply.

It is evident that a two-tier market has emerged in Parramatta between higher and lower grade stock. This trend is also apparent across other office markets in the Sydney metropolitan Area where the A-grade market is tight. Based on Hill PDA's previous market research in this market tenant enquiry is reported to be the strongest in the prime grade category of space even for large tenancies up to 15,000sqm. This is as compared to B and C grade markets which are lower performing with significantly higher vacancy levels of 6.5% and 18.8% respectively.

The Parramatta CBD office market has recorded positive absorption every quarter for the last three years¹⁸. This is a reflection of the ongoing strengthen of the Parramatta CBD commercial office market.

Leasing Activity

The most prominent recent leasing activity is summarised in the following table. The available leasing evidence indicates strong performance (by way of number of transactions) in the A-grade commercial market, predominately for public sector tenants.

Table 2 - Commercial Leasing Activity in Parramatta CBD to December 2013

Date	Property	NLA (sqm)	Rent (\$/sqm)	Tenant
Feb-13	60 Station St, Parramatta	3,970	470 N	Government Property NSW
Feb-13	60 Station St, Parramatta	1,322	470 N	Services NSW
Feb-13	60 Station St, Parramatta	2,644	470 N	Fair Trading
Apr-13	126 Church St, Parramatta	1,135	365 G	NSW Police
May-13	88 Phillip St, Parramatta	500	310 N	Huge WOFTAM
Jun-13	10 Smith St, Parramatta	3,577	396 N	Government Property NSW
Jun-13	88 Phillip St, Parramatta	1,115	355 N	Lend Lease Communities
Aug-13	136 Church St, Parramatta	1,135	365 G	NSW Police

Source: Spotlight Parramatta Office, Savills Research (February 2014)

Based on Hill PDA's previous research into this market we understand that higher grade accommodation in Parramatta CBD is typically characterised by lower vacancy rates and more stable net face rents. Letting-up periods for A-grade accommodation typically average between 6 and 12 months, depending on the location and quality of the accommodation.

Sales Activity

Private acquisitions of investments have dominated commercial transactions since 2009 with investors distinguishing between investments with long remaining lease terms compared to assets with vacancy, capex issues and short leases.

The following table illustrates the major office transactions occurring in Parramatta CBD based on Savills research.

¹⁸ Source: Second Half 2013 Metro Office Report, Colliers CRE (2013)

Table 3 - Commercial Sales Parramatta CBD to December 2013

Date	Property	Price (\$m)	NLA (sqm)	Price (\$/sqm)	Yield (%)
Jun-13	88 Phillip St, Parramatta	Portfolio	5,209	na	na
Oct-13	1 Smith St, Parramatta	166.00	23,000	7,217	6.95
Nov-13	91 Phillip St, Parramatta	15.88	5,634	2,819	7.50
Dec-13	88 Phillip St, Parramatta	20.25	5,209	3,850	10.50
Dec-13	93 George St, Parramatta	28.75	7,127	4,034	9.40

Source: Spotlight Parramatta Office, Savills Research (February 2014)

Table 4 provides a summary of key indicators (capital values and market yields) for commercial property in Parramatta CBD.

Table 4 - Commercial Sales Parramatta CBD Key Market Indicators – December 2013

Market Indicators	A Grade		B Grade	
	Low	High	Low	High
Rental – Gross Face (\$/sqm)	400	500	300	400
Rental – Net Face (\$/sqm)	310	395	225	300
Rental – Net Effective (\$/sqm)	254	324	180	240
Yields – Market (% Net Face Rental)	7.25	8.50	9.00	10.50

Source: Spotlight Parramatta Office, Savills Research (February 2014)

Yields are relatively low and Savills expect these to harden over the next 12 months. Rental prices are expected to increase as a result of ongoing tight vacancies and solid demand. We understand based on our previous market research in the area that investor demand is strong for well leased A and B grade buildings in Parramatta CBD. In the medium term new office supply will help to alleviate the low level of office vacancies.

3.4 COMMERCIAL SITE REQUIREMENTS

Based on the characteristics of the Parramatta CBD commercial office market and Hill PDA's experience, the following table identifies attributes influencing the attractiveness of potential commercial office development sites.

Table 5 - Commercial Office Development Site Requirements

Attribute	Description	Importance
Site Size	Larger sites are more attractive to prospective developers because they allow a greater quantum of floorspace to be developed, increasing the financial viability of development. Larger sites also offer the ability for greater landscaping, ancillary services and amenity provisions which increase commercial attractiveness.	Significant
Site Shape	Regular shaped sites are easier to develop. Irregular shaped smaller sites in particular can be problematic to achieve financially viable development due to associated site constraints.	Medium
Location	Proximity to public transport, other commercial office uses and supporting services such as retail are a strong influence on where business wish to locate and where tenants desire to work. Locations that are closer to other commercial tenancies and allow clustering of similar businesses are partially attractive.	Significant
Accessibility	Attractive development sites are located close to, and easily accessible from, public transport nodes and major private vehicular routes. This includes appropriate car parking facilities (either on-site or in close proximity) and pedestrian access to the wider CBD.	Significant
Site Constraints	Site constraints which limit the potential development on a site can adverse impact upon development feasibility. These include height and FSR controls.	Significant
Abutting Land Uses	Commercial office tenants seek to co-location with other commercial and retail tenancies to create a cluster, allowing all to benefit from access to shared facilities. Commercial office tenancies resist being located in isolation from other users and support services. Generally locations which abut poor quality commercial floorspace or non-commercial uses (e.g. residential, automotive uses) in Parramatta CBD are less commercially attractive comparative to locations which are surrounded by major commercial office tenancies.	Significant
Prestige	Commercial office tenancies can be attracted to locations because of associated prestige of addresses, for example Macquarie Street in Sydney CBD is focal point for lawyers and solicitors.	Low
Aspect and Amenity	The amenity and/ or views of commercial offices and their immediate surroundings are a consideration to tenants. Offices which offer attractive views and are situated away from heavy traffic in well designed, high square and landscaped areas are preferred	Medium

Source: Hill PDA (2014)

3.5 IMPLICATIONS FOR THE SUBJECT SITE

This analysis undertaken thus far in this Chapter has shown that:

- Parramatta CBD benefits from a range of attributes which make it attractive to commercial office tenants and developers. These include: high levels of accessibility; good range of retail and service uses locally; access to labour markets in Western Sydney; well positioned relative to major infrastructure investment projects; and ongoing employment and population growth in the catchment;
- The Parramatta CBD commercial office market is characterised by low and tightening vacancy levels in A Grade office floorspace. The expected effect of this is to stimulate refurbishment and investment in lower grade stock and encourage tenant pre-commitments;
- Net commercial office floorspace absorption in Parramatta CBD has been positive for an extended period of time although it is considered relatively modest at 9,800sqm for the year to December 2013;
- Parramatta CBD has strong representation from Government and private tenants which has supported demand in the commercial office sector and will continue to do so going forward;

- There is a significant quantum of commercial office floorspace supply in the pipeline which will enter the market over the next 10 years. This includes major development in Parramatta Square, Westfield Parramatta (subject to approval) and Parramatta's auto alley; and
- Council has aspirations to extend the Parramatta CBD commercial core to the south in the auto alley area along Church Street. This is expected to include a substantial component of residential and commercial offices use and will be the focus for future new commercial office supply.

Site requirements for successful commercial office development in Parramatta CBD were ascertained in Table 5. These are considered in the context of the Subject Site in the table below. The maximum achievable score is +32 which would reflect a very suitable site for commercial office development. The lowest achievable score is -32 which would indicate a site completely unsuited towards commercial development.

Table 6 - Appraisal of the Subject Site for Commercial Redevelopment

Scoring System

Significance of Attribute	Lowest Score	Highest Score
Significant	-5	+5
Medium	-3	+3
Low	-1	+1

Subject Site Appraisal

Attribute	Description	Comment	Attractiveness to Commercial Office Development?
Site Size	1,900sqm	The Subject Site is a modest size and in isolation could sustain only a limited quantum of commercial office floorspace.	0
Site Shape	Rectangular shape comprising 21m x 90m.	Whilst it is rectangular in shape which is positive for redevelopment, its depth is narrow at around 20m making an efficient floor plate for high rise commercial problematic and inefficient.	-1
Location	The Subject Site is located adjacent to educational uses and a Commonwealth Bank commercial office building. It is situated: • 800m from Westfield Parramatta; • 800m from the northern end of auto alley and the future CBD extension; • 600m from the Valentine Avenue commercial office cluster; • 450m from the Parramatta Square development; • 400m from Sydney Water offices; • 250m from the Parramatta bus and station interchange; and • 250m from the Parramatta Ferry.	The Subject Site is reasonably well located comparative to facilities including public transport and retail facilities, but some distance from the main commercial office hub of Parramatta CBD and its future extension along auto alley and Parramatta Square which will support associated demand. It located away from the primary focus of commercial office investment.	-1
Accessibility	The site is reasonably well located in relation to public transportation as examined above. Pedestrian links to the local area are adequate but are via vehicular routes rather	The Subject Site has relatively proximate access to public transport infrastructure and pedestrian access to the retail focus of the CBD. However, the	-1

	than pedestrian only connections. The closest car park is 80m from the Subject Site at Macquarie Street although we understand that a planning proposal for this site to facilitate redevelopment for alternative uses is under consideration by Council. It is likely that the Subject Site would need to incorporate on site car parking to support commercial office uses.	pedestrian environment is relatively poor and existing commercial office hubs are located in much closer proximity to the major bus/ rail transport node in the CBD, car parking facilities and landscaped pedestrian routes.	
Site Constraints	Existing Planning controls of relevance are: - FSR of 10:1 leading to a maximum floorspace of 19,000sqm; - Permitted building height of 120m; - No heritage items on the site; and 0m setback is applicable.	Previous work undertaken by Hill PDA tested the viability of a commercial office development in the vicinity of the Subject Site at 12.24.1 ¹⁹ . This was found to deliver an Internal Rate of Return of 9.27% which would not be viable. In this context, development under a lesser FSR of 10.1 is not expected to be viable either (although we note the market has changed since Hill PDA's 2011 Study).	-5
Abutting Land Uses	Adjacent land uses to the Subject Site are: - To the west: Arthur Philip school and grounds; - To the north: Commonwealth Bank commercial office building; - To the east beyond Charles Street: Commercial and residential land uses; and - To the south beyond Macquarie Street: Parramatta Public school and grounds.	From a commercial office perspective, the Subject Site is not well situated given that only one adjacent occupant is a commercial office tenancy. The immediate surroundings lack major commercial office anchors.	-3
Prestige	The Subject Site is not located in a prestige commercial office location.	The Subject Site would not attract any specific tenants because of its location.	-1
Aspect and Amenity	The Subject Site is not situated close to any public open space or landscaped area.	The aspect and amenity of the Subject Site would neither contribute to nor detract from commercial office development viability,	0
Total Score			-12

Source: Hill PDA (2014)

Overall the Subject Site scores -12 based on suitability for commercial office development. This is largely because of the planning controls and the site dimensions and location giving it a competitive disadvantage to the existing and future CBD commercial office hubs. It offers few attributes which positively support commercial office development such as direct access to public transport. In summary therefore the Subject Site is not well positioned to capitalise on the future growth of the commercial office market in Parramatta CBD by comparison of pipeline development schemes.

¹⁹ Source: Parramatta City Centre Planning Controls Review, Hill PDA (2011)

4. ECONOMIC IMPACTS

This Chapter ascertains the economic contribution of the Subject Site in its existing use and considers the potential for redevelopment under the existing zoning. It goes on to consider the potential economic contribution facilitated by the planning proposal. It compares the two outcomes from an economic perspective to assess which would yield greater support for relevant planning policy and strategy aspirations.

4.1 EXISTING USE

Based on a desktop examination of the Subject Site²⁰ existing land uses comprise:

- A 2-storey medical facility occupied by Specialty Orthopaedics and adjacent surface level car park; and
- A 2-storey commercial office building which is only temporally occupied by the owner of the site.

The Subject Site makes a limited contribution towards the local economy at the current time, associated with employment in the tenanted commercial building only. The site represents an inefficient and low intensity use of land given its position in the Parramatta CBD.

Based on an estimated floor area of 2,100sqm²¹ we estimate that there would be around 60 jobs on site (assuming 35sqm per worker) assuming the commercial building on the northern boundary was occupied by say medical services.

4.2 POTENTIAL FOR REDEVELOPMENT UNDER EXISTING ZONING

The objectives of the B3 Commercial Core zone in the Parramatta City Centre LEP 2007 are *“to provide for a range of retail, business, office, entertainment, community and other suitable land uses which serve the needs of the local and wider community”*²².

This Study does not constitute a market appraisal. However in reviewing the Subject Site in the context of the aims of the B3 Commercial Core zone we make the following comments from a qualitative perspective:

- **Commercial office uses** – As established by the previous Chapter the Subject Site is not as well located to accommodate future commercial office uses as are its competitors. Based on its prevailing attributes and existing planning controls financial viability is poor. It would not expect that redevelopment for such uses would occur in the current market under the existing zoning;
- **Retail uses** – The provision of retail and/ or shopfront commercial uses on the ground floor of any redevelopment of the Subject Site is likely to be viable as part of a comprehensive mixed-use

²⁰ Source: Googlemaps

²¹ Measured from NSW Government “Six Viewer” aerial photography

²² Source: Parramatta City Centre Local Environmental Plan 2007

development. As a stand-alone low rise development we would not expect such uses to be viable and such a development would not represent an economically efficient use of this centrally located site;

- **Cultural and entertainment facilities** – The Subject Site is not situated within an existing cultural or entertainment cluster. Related facilities such as restaurants and cafes at ground level may be viable as part of a comprehensive mixed-use development;
- **Tourism, recreation and leisure uses** – In isolation the attributes of the Subject Site are not considered to support redevelopment for tourism, recreational or leisure uses and such development may not be financially viable for the land owner; and
- **Social, education and health services** – The Subject Site is located adjacent to several educational facilities but redevelopment for related uses is not likely to be financially viable for the landowner. Medical suites on the Subject Site may be viable as part of a comprehensive mixed-use development.

On this basis the most likely outcome of the 'do-nothing' option if the existing zone is retained is that redevelopment is unlikely to occur in the foreseeable future. The existing use of the Subject Site is expected to persist with the continued underuse and limited economic contribution associated with it.

4.3 ECONOMIC CONTRIBUTION OF THE PROPOSED USE

This Section identifies the potential economic contribution of the Subject Site resulting from the planning proposal and the associated development. The planning proposal provides indicative uses of ground and first floor retail/ commercial uses and residential uses above extending to 38 storeys.

Hill PDA has identified the following economic contribution associated with the planning proposal:

- Direct investment associated with the construction process and spin-off economic multipliers for the local, Subregion, Metropolitan, State and national economy;
- Direct employment sustained during the construction process and associated spin-off or indirect employment opportunities;
- Ongoing employment in ground and first-floor retail/ commercial uses;
- Contribution towards achieving employment targets;
- Contribution towards the supply of dwellings in the CBD and housing targets;
- Positive impact upon house price affordability in the locality;
- Enabling more people to live close to their place of employment;
- Facilitating greater residential densities within walking distance of major transport nodes; and
- Creating additional retail expenditure associated with future residents to support existing and new businesses in Parramatta CBD.

As a result it can be concluded that the proposal would yield greater economic benefits to Parramatta CBD than the 'do nothing' option of no rezoning which is not likely to support any redevelopment. The planning proposal represents a higher and better use of the Subject Site and therefore a more economically optimum outcome.

4.4 CONTRIBUTION TOWARDS PLANNING OBJECTIVES

Chapter 2 of this Study identified policy considerations relevant for the Study. The following Section considers the contribution of the 'do nothing' option (retention of existing zoning and no development) versus the planning proposal (rezoning and mixed use retail/ commercial/ residential development) in the context of the economic aims of planning objectives.

Table 7 - Commercial Office Development Site Requirements

Objective	Policy Document	Contribution	
		Do Nothing Option	Planning Proposal
Achieve employment targets	- NSW 2021: Plan to make NSW Number 1, NSW Government (2013); - Metropolitan Plan for Sydney to 2036, DP&I (2010); - Draft Metropolitan Strategy for Sydney to 2031, DP&I (2013); - West Central Subregional Strategy, DP&I (2007).		
Achieve housing targets	- NSW 2021: Plan to make NSW Number 1, NSW Government (2013) - Metropolitan Plan for Sydney to 2036, DP&I (2010) - Draft Metropolitan Strategy for Sydney to 2031, DP&I (2013); - West Central Subregional Strategy, DP&I (2007).		
Consolidate growth on accessible locations	- Metropolitan Plan for Sydney to 2036, DP&I (2010) - Draft Metropolitan Strategy for Sydney to 2031, DP&I (2013); - West Central Subregional Strategy, DP&I (2007).		
Support Role of Parramatta Regional City	- Metropolitan Plan for Sydney to 2036, DP&I (2010) - Draft Metropolitan Strategy for Sydney to 2031, DP&I (2013); - West Central Subregional Strategy, DP&I (2007).		

Source: Hill PDA (2014)

As shown in Table 7 the planning proposal would provide greater support towards relevant planning objectives comparative to the do nothing option. This reflects the uplift in employment, investment, housing targets and positive impacts upon the wider Parramatta CBD that are expected from the planning proposal.

Section 117 Direction 1.1 (Business and Industrial Zones)

As recognised in Chapter 2 Section 117 Direction 1.1 is relevant for this planning proposal. The following table assesses the consistency of the planning proposal against the five key requirements of the Direction.

Table 8 - Consistency with Section 117 Direction 1.1 (Business & Industrial Zones)

Relevant Matters	Comment and Consistency
Objectives of the Direction	The Objectives of the direction are to: • Encourage employment growth in suitable locations; • Protect employment land in business and industrial zones; and • Support the viability of identified strategic centres. The proposal would support these aims by facilitating a greater economic contribution from the Subject Site comparative to the existing zoning being retained. It would: • Generate additional employment relative to the low intensity existing uses associated with the construction process and permanent ground and first floor retail/commercial uses post-development; • Generate significant household retail expenditure associated with future residents which would support existing and future businesses in the Parramatta CBD; and • Support commercial office uses elsewhere by offering more employees the opportunity to live close to their place of work. The planning proposal would result in the rezoning of some B3 Commercial Core land to B4 Mixed Use purposes, however retail/ commercial uses would still be provided on lower levels of the Subject Site and it is not considered 'significant' in meeting commercial office demand in Parramatta CBD or Metropolitan Sydney. The most likely scenario if the existing zoning is retained is that no development would eventuate and underuse of this site would continue. On this basis, the planning proposal is considered to accord with the Objectives of Direction 1.1.
Retain existing business and industrial zones	The proposed rezoning would result in the loss of B3 Commercial Core land. As demonstrated in this Study the Subject Site is not likely to be redeveloped under the existing zoning and the planning proposal would yield significant economic benefits to the wider CBD, as well as sustaining a likely greater number of jobs on the Subject Site relative to the existing use. The Subject Site is modest in size at 1,900sqm and accounts for a small proportion of total B3 Commercial Core lands in the CBD. It is not considered 'significant' for commercial office supply to the CBD or Metropolitan Sydney. As such there are not considered to be any notable adverse impact on the wider B3 Commercial Core lands and limited potential to set a precedent as a result of the planning proposal.
No net loss of potential floorspace for employment uses and related public services in business zones	In considering the planning proposal against the do nothing option which is expected to see no development, the proposal would support two levels of job-generating retail and commercial uses. This would more than make good the existing commercial uses on the Subject Site. The planning proposal would remove the potential for upper floorspace to be developed for commercial office uses but, as demonstrated in this Study, such development is not expected to be financially viable. The opportunity cost of the planning proposal is thus continuation of existing uses and persistent under-use of the Subject Site. In this context the planning proposal would support net additional floorspace for employment uses in the locality.
In accordance with a Strategy approved by the Direction General of DP&I	This Study has established the positive contribution of the planning proposal in the context of relevant State, Metropolitan and Subregional strategies written by the DoPI. This is because of the potential to generate additional jobs, provide additional housing, stimulate economic multipliers, support existing and future businesses in Parramatta CBD and consolidate growth on urban localities relative to the do nothing option.

Source: Hill PDA (2014)

Based on Table 8, the planning proposal would not contravene the relevant Ministerial Section 117 Direction 1.1.

4.5 SUBJECT SITE SIGNIFICANCE

The Subject Site is not deemed to be 'significant' in the context of the Parramatta CBD or the broader Metropolitan Sydney for meeting future commercial office needs. This is because of the high quantum of commercial office floorspace in the development pipeline and its sub-optimum location relative to the existing and

future commercial office focus of Parramatta CBD. If the existing zoning is retained the current low intensity use on the Subject Site is expected to remain unchanged.

The provision of a high density mixed use retail, commercial and residential development on the Subject Site would yield a greater economic contribution from it towards the Parramatta CBD and the wider economy. It would be commensurate with relevant aims and objectives of planning policy and the planning proposal has the potential to secure a significant economic benefit to Parramatta CBD relate to the 'do nothing' option.

4.6 CONSTRUCTION IMPACTS

We estimate that construction will cost around \$80m based on the following calculation:

Table 9 - Estimated Construction Cost

Land Use	Approx GFA (sqm)	\$/sqm	\$ Total
Residential Levels	23,200	2,600	60.3
Balconies	2,320	800	1.9
Car Parking Levels	13,528	750	10.1
Retail Levels	3,479	2,200	7.7
External, Landsc, Contingency, etc	10.0%		8.7
TOTAL			88.0

Source: Hill PDA Estimate using Construction Rates sourced from Rawlinsons Construction Handbook 2014

The construction industry is a significant component of the economy accounting for 7.3% of Gross Domestic Product (GDP) and employing almost one million workers across Australia²³. The industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of construction. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

- **production induced:** which is made up of:
 - first round effect: which is all outputs and employment required to produce the inputs for construction; and
 - an industrial support effect: which is the induced extra output and employment from all industries to support the production of the first round effect; and
- **consumption induced:** which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

The source of the multipliers adopted in this report is ABS and Australian National Accounts: Input-Output Tables 1996-97 (ABS Catalogue 5209.0). These tables identify first round effects, industrial support effects and consumption induced multiplier effects at rates of \$0.466, \$0.438 and \$0.962 respectively to every dollar of construction.

²³ IBIS World Construction Industry Report 2011

Table 10 - Economic Multipliers

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.6463	0.6734	0.9891	3.3088
Output (\$million)	\$88	\$56.9	\$59.3	\$87.0	\$291.2

* Source: ABS Australian National Accounts: Input-Output Tables 1996-1997 (ABS Pub: 5209.0).

\$88m construction would generate a further \$116m of activity in production induced effects and \$87m in consumption induced effects. Total economic activity generated by the construction of the proposed development would be approximately \$291m.

4.7 CONSTRUCTION EMPLOYMENT

Every million dollars of construction generates 2.85 full time positions over 12 months directly in construction on site²⁴. Based on the estimated cost of \$88m, approximately 251 job years²⁵ would be directly generated.

Table 11 - Employment Generation

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	0.64	0.70	1.34	3.68
Employment No. per \$million	2.85	1.83	1.98	3.81	10.48
Total job years created	251	161	174	336	922

* Source: ABS Australian National Accounts: Input-Output Tables 1996-1997 (ABS Pub: 5209.0).

From the ABS 2008-09 ANA Input-Output tables Hill PDA has calculated the multipliers for first round, industrial support and consumption induced effects of 0.64, 0.70 and 1.34 respectively for every job year in direct construction. Including the multiplier impacts the proposed development would therefore have potential to generate over 922 job years during the period of construction.

Note that the multiplier effects are national, and not necessarily local. The ABS notes that “Care is needed in interpreting multiplier effects; their theoretical basis produces estimates which somewhat overstate the actual impacts in terms of output and employment. Nevertheless, the estimates illustrate the high flow-on effects of construction activity to the rest of the economy. Clearly, through its multipliers, construction activity has a high impact on the economy.” Nevertheless, multipliers represent a significant additional economic benefits associated with this development to the economy.

4.8 IMPACTS FROM RESIDENTS

Development will provide around 232 new residential apartments on site. Assuming 96% of the apartments are occupied and an average occupancy rate of 2.0 persons per apartment we estimate 445 permanent residents on site.

²⁴ Source: Hill PDA and ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0)

²⁵ Note: One job year equals one full-time job for one full year

These residents will generate demand for local retail and commercial goods and services. With an assumed average retail spend of \$13,500 per capita²⁶ the residents will spend around \$6.0m every year on retail goods and services. Being within the regional CBD we would expect Parramatta to capture the bulk of this expenditure – as much as 75% or \$4.5m. In addition to retail spend will be demand generated for local commercial and contract services including medical, finance, travel, communications, real estate, trades, etc, thereby supporting businesses located in Parramatta.

4.9 JOBS ON SITE

Development as proposed will provide jobs on site. Shop front space will be provided on the first two levels in the building although it is likely that Level 1 (above ground) will accommodate non-retail commercial services. Assuming a leasable floor area of 80% that means around 2,750sqm of employment uses will be provided. Assuming 27.5sqm per worker this means around 100 full time and part time jobs will be provided on site of which around half are expected to be part-time.

Furthermore around 7.6% of working residents are expected to work full-time (or the majority of their working time) at home²⁷. Assuming 90% of the apartments are occupied by at least one working resident and 7.6% of those will be working at home then a further 15 jobs will be provided in the residential levels.

A total of 115 jobs will be provided on site following development. This is an increase of 50 jobs over and above the existing property assuming both existing buildings were occupied.

²⁶ This is 10% higher than the Suburb average as sourced from Marketinfo 2009 adjusted to \$2012. The higher than average spend is expected given the prestige position and likely target market of residents.

²⁷ ABS Locations of Work 2008 Cat 6275.0

5. SUMMARY AND CONCLUSION

5.1 SUMMARY

This Study has demonstrated that:

- The commercial office market in Parramatta CBD appears to be performing reasonably well at the current time with low vacancy in A grade office space, positive market absorption over the last few years and a number of high profile Government and private sector tenancies;
- There is a high level of commercial office development in the pipeline which will be concentrated in the central CBD area and, further into the future, in the auto alley area to the south;
- In the context of the location of the Subject Site, local particularities and site constraints it is not considered to offer strong potential for redevelopment for commercial office uses under the existing zone. The most likely outcome of retaining the existing zoning or the 'do nothing' option is the perpetuation of current uses and the continued under-utilisation of the Subject Site. The Subject Site is not considered to be 'significant' to commercial office floorspace supply in context of the Parramatta CBD and Metropolitan Sydney;
- Compared to the 'do nothing' option the planning proposal would facilitate a higher and better use of the Subject Site and support a range of positive economic impacts from which Parramatta CBD would benefit. These include additional job opportunities, more residential in the CBD and additional household retail expenditure for existing and future businesses to capture;
- Based on the positive economic impacts of the planning proposal it would yield a greater contribution towards the aims and objectives of relevant planning policies and strategies comparative to the 'do nothing' option. It would not contravene the relevant Ministerial Section 117 Direction 1.1;
- Construction will generate 251 jobs years directly in construction and a total of 922 job years through production and consumption induced multiplier impacts; and
- The building will provide 115 permanent jobs on site which is around 50 jobs more than would be provided assuming both existing buildings were occupied.

5.2 CONCLUSION

Based on the findings of this Study, the planning proposal constitutes a higher and better use of the Subject Site relative the 'do nothing' option of retaining the existing zone. The planning proposal would support comparatively greater economic benefits to Parramatta CBD and would provide greater support to economic related planning aims and objectives. It is not considered to contravene Ministerial Section 117 Direction 1.1. Any commercial redevelopment of the Subject would be likely to deliver Grade 3 commercial property which has limited demand and significant vacancy rates in Parramatta.

DISCLAIMER

1. This report is for the confidential use only of the party to whom it is addressed ("Client") for the specific purposes to which it refers and has been based on, and takes into account, the Client's specific instructions. It is not intended to be relied on by any third party who, subject to paragraph 3, must make their own enquiries in relation to the issues with which this report deals.
2. Hill PDA makes no representations as to the appropriateness, accuracy or completeness of this report for the purpose of any party other than the Client ("Recipient"). Hill PDA disclaims all liability to any Recipient for any loss, error or other consequence which may arise as a result of the Recipient acting, relying upon or using the whole or part of this report's contents.
3. This report must not be disclosed to any Recipient or reproduced in whole or in part, for any purpose not directly connected to the project for which Hill PDA was engaged to prepare the report, without the prior written approval of Hill PDA. In the event that a Recipient wishes to rely upon this report, the Recipient must inform Hill PDA who may, in its sole discretion and on specified terms, provide its consent.
4. This report and its attached appendices are based on estimates, assumptions and information provided by the Client or sourced and referenced from external sources by Hill PDA. While we endeavour to check these estimates, assumptions and information, no warranty is given in relation to their reliability, feasibility, accuracy or reasonableness. Hill PDA presents these estimates and assumptions as a basis for the Client's interpretation and analysis. With respect to forecasts, Hill PDA does not present them as results that will actually be achieved. Hill PDA relies upon the interpretation of the Client to judge for itself the likelihood of whether these projections can be achieved or not.
5. Due care has been taken to prepare the attached financial models from available information at the time of writing, however no responsibility can be or is accepted for errors or inaccuracies that may have occurred either with the programming or the resultant financial projections and their assumptions.
6. This report does not constitute a valuation of any property or interest in property. In preparing this report Hill PDA has relied upon information concerning the subject property and/or proposed development provided by the Client and Hill PDA has not independently verified this information except where noted in this report.