

# 106-128 WOODPARK ROAD, SMITHFIELD ECONOMIC BENEFITS REPORT

Prepared for Maurici



JULY 2019

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# EXECUTIVE SUMMARY

- Maurici is proposing an integrated development comprising a mix of bulky goods, food and beverage premises, childcare and in another stage a supermarket, offices and further retail premises. Council is supportive of the overall concept plan which has been approved as Stage 1. Council however are seeking to understand the market demand for offices on the southern part of the site, and therefore the supportability of this land use. Our analysis in this report takes into consideration:
  - LGA employment targets
  - The demand for property types
  - The economic benefits in terms of job creation and overall investment
  - The demand for offices located in environments with similar characteristics, most notably in locations where industrial is the dominate land-use.
- Precincts naturally evolve driven by both market and land use planning policy. The concept proposed for 106-128 Woodpark Road, Smithfield is an example of changing the land-use to meet the demands driven by changes in employment and industry. Importantly, the site is retained as an employment generating use yet for higher yielding purposes.
- There are broad ranging economic benefits from the construction and ongoing operation resulting from proposed development. Benefits of the construction phase alone will result in:
  - Approximately **\$59.9 million total GVA**
  - Jobs in the order of **183 jobs per year**.
- In terms of ongoing jobs from operation across stages 2 and 3, there is:
  - Potential to deliver **1,427 direct ongoing jobs** across retail, commercial office, medical and child care uses.
  - **Potential for an annual contribution to GVA of \$111.5 million per annum** over the same period.
- The employment benefit will be felt throughout the local economy and broader state economy for the duration of the indicative 4-year construction timeframe of the staged development
- Cumberland Council has identified the Smithfield Industrial Precinct as an Enterprise Park Precinct. The Precinct has been identified to accommodate higher knowledge workers, with the potential to build synergies with surrounding development. Proposed offices on the subject site would support the establishment of businesses drawn to the new precinct. Further, the amenity proposed on the subject site would be attractive to future businesses and assist them to attract skilled workers. These type of workers typically demand a high level of amenity and the Smithfield area currently does not offer what is appropriate.
- The job sectors projected to have the highest growth in the Cumberland LGA are professional, scientific and technical roles. An addition of quality office space on the subject site will support the expansion of businesses in the LGA with this employment profile.
- Across Sydney there are examples of offices located in industrial precincts that have attracted demand. There is a market for quality offices outside of CBD locations for a range of reasons that include the location is optimal for customers and staff, and provides a lower cost option relative to CBD centres.
- Based on the alignment with planning strategy, employment projections and the existing precedent of demand for offices in industrial locations as illustrated by the case studies, these factors indicate demand for offices on the subject site and hence they are supportable.

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# EXECUTIVE SUMMARY CONT.

- Based on the alignment with planning strategy, employment projections and the existing precedent of demand for offices in industrial locations as illustrated by the case studies, the demand for offices on the subject site is likely to be supportable. The benefits that support this conclusion are summarised on this page.

- 1 Maurici's Vision is for an integrated mixed-use development
- 2 The location of offices in industrial precincts has been supported by the market, and therefore appropriate for the subject site
- 3 The proposed development is consistent with the Cumberland Employment and Innovation Lands Strategy
- 4 There is positive job creation from the construction phase and ongoing operations.
- 5 The development will contribute to employment targets
- 6 Offices on the subject site will support the increased demand for office accommodation in the LGA
- 7 The development will provide improved amenity for workers and residents in Smithfield
- 8 The development is an orderly and efficient use of the land

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# INTRODUCTION

## INTRODUCTION

Urbis has been appointed by Maurici to review the economic benefits associated with the proposed scheme for its site at 106-128 Woodpark Road, Smithfield.

Maurici is seeking to develop a range of uses on-site, including commercial office, bulky goods retail, traditional retail, food and beverage premises, child care and medical centre uses.

The site is located within the Smithfield Industrial Precinct, which has been designated as an Enterprise Park Precinct under the Cumberland Employment and Innovation Lands Strategy (EILS).

As such, the proposal provides space for knowledge based companies to establish synergies with surrounding industrial uses.

The purpose of this report is:

- To assess the employment potential and broader economics associated with the overall development
- To provide advice relating to the supportability and tenant demand for the commercial office development on the southern portion of the site.

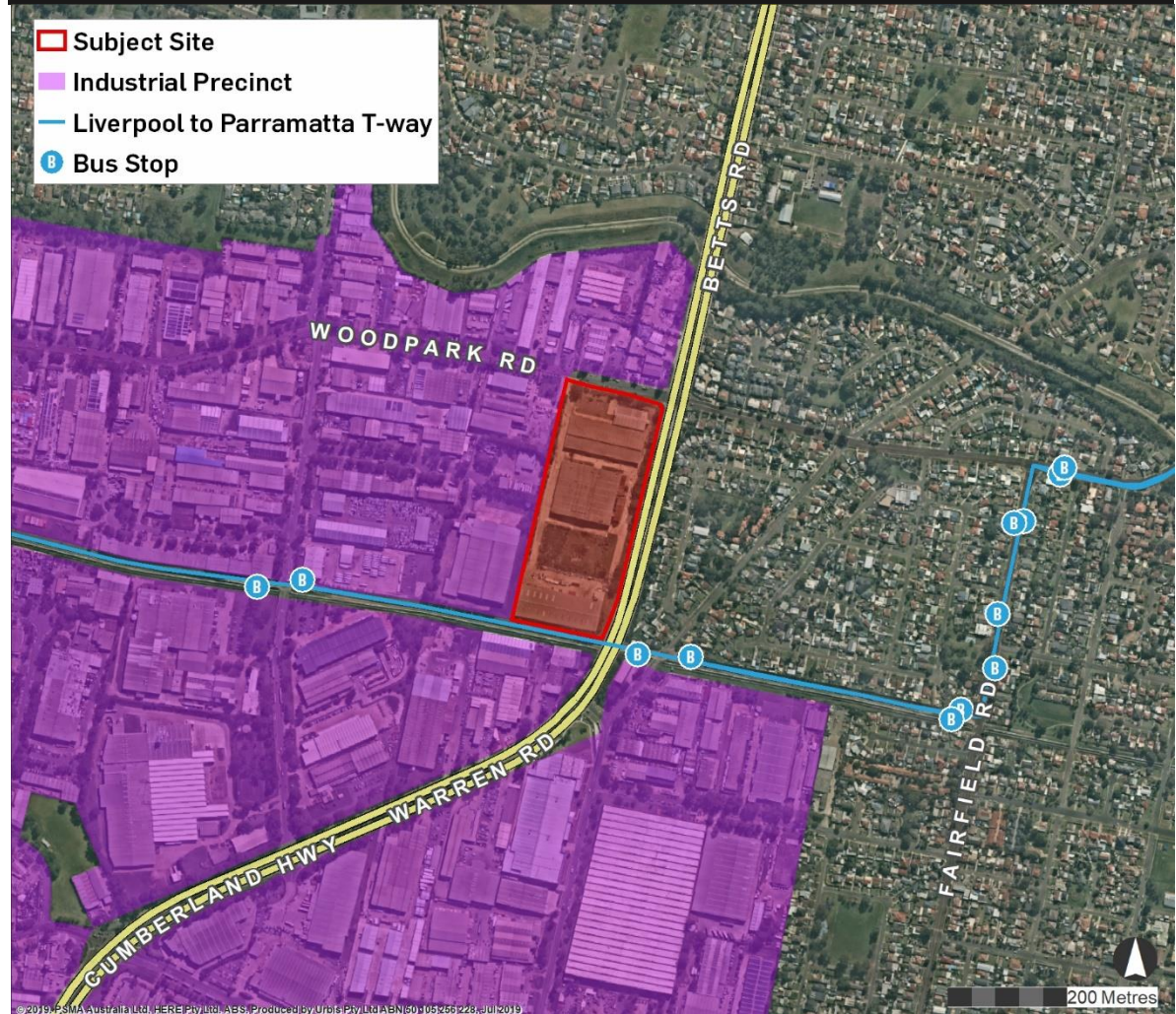
# SITE CONTEXT

## KEY FINDINGS

- The overall site is located at 106 Woodpark Road, Smithfield and is part of the Cumberland Local Government Area (LGA). The site sits on the eastern edge of the Smithfield Industrial Precinct, and is currently zoned as B5 – Business Development.
- The site current accommodates four large buildings and associated structures. Vehicular access to the site is via a driveway on Woodpark Road, to the north of the site.
- Surrounding uses include a mix of light industrial, freight transport facilities to the north, more general industrial land uses to the south, low-density residential development to the east, and industrial uses to the west.
- The Parramatta to Liverpool bus transit-way adjoins the southern boundary of the site, with a bus stop located on the intersection of Warren Road (100 metres from the south-eastern corner of the site).

The subject site benefits from vehicular access via Woodpark Road as well as high visibility to passing trade along Cumberland Highway.

## SUBJECT SITE









# 1. MAURICI'S VISION IS FOR AN INTEGRATED MIXED-USE DEVELOPMENT CONT.

## KEY FINDINGS

- The table opposite shows the breakdown of employment generating uses to be delivered on site. It should be noted that Stage 1 represents a concept DA for the entire site only, which allows for the allocated land uses and a maximum allowable Gross Floor Area (GFA).
- A high proportion of GFA within Stage 2 is allocated to bulky goods premises, which is a permissible use under the current zoning. A prospective list of bulky goods tenants could include automotive parts and accessories, household appliance and fittings, homewares or office equipment.
- As such, the proposed development fulfils a need for a high quality format retail facility which provides a level of critical mass to support the proposed food offer, child care and medical centre.
- A planning proposal for Stage 3 is in preparation to amend for:
  - additional permitted uses – commercial office building and a supermarket.
  - Changes to the building height, dependent on further urban design concepts.
- Investment in large scale commercial office reflects the site's ability to offer co-location for knowledge-based companies and establish synergies with other tenants within the precinct.
- The scale of retail uses will allow for a solid convenience and goods offer serving the immediate worker market and local Smithfield residents.

**The proposed development is expected to deliver large scale office and retail premises that is envisaged to form an enterprise precinct.**

## PROPOSED DEVELOPMENT GFA BY LAND USE

Stage 1 <sup>1</sup>	GFA (sq.m)
Bulky goods premises	39,600
Warehouse	2,000
Food and beverage premises	1,851
Child care centre	1,820
Medical centre	1,580
<b>Total - Stage 1</b>	<b>46,851</b>
Stage 2	GFA (sq.m)
Bulky goods premises	20,005
Child care centre	727
Food and beverage premises	805
Fast food premises	508
Medical centre	1,330
<b>Sub-total - Employment generating uses</b>	<b>23,375</b>
Ancillary Uses	690
Outdoor Play Space (Childcare) <sup>2</sup>	775
<b>Total - Stage 2</b>	<b>24,065</b>
Stage 3	GFA (sq.m)
Commercial office	7,040
Bulky goods premises	8,960
Supermarket	3,850
Retail specialties	4,538
Fast food premises	430
<b>Total - Stage 3</b>	<b>24,818</b>

1. Stage 1 represents the approved concept plan only, with Stage 2 and Stage 3 set to deliver employment generating uses on site (subject to approval)

2. Outdoor play area not included in GFA calculations

Source: Maurici

## 2. THE LOCATION OF OFFICES IN INDUSTRIAL PRECINCTS HAS BEEN SUPPORTED BY THE MARKET, AND THEREFORE APPROPRIATE FOR THE SUBJECT SITE

### KEY FINDINGS

- The establishment of stand-alone offices has occurred in several industrial precincts across Sydney. Changes to industry and employment towards office-based jobs including an increase in professional and technical employment has driven the demand for offices in locations across Sydney. To accommodate the changes there has been a natural evolution of industrial precincts to meet this demand for companies, particularly those not looking to locate in designated CBD's and local centres.
- Case studies on the evolution of Macquarie Park from industrial to business park and three stand-alone office developments located in industrial precincts, highlight the appropriateness of this type of use on the subject site at Smithfield. These case studies are provided on pages 11 to 14.

### CASE STUDIES

#### Macquarie Park

- The transition from industrial to a mixed-use area including large scale office tenants making it the second largest office market in Sydney, has been occurring for some 60 years. The case study highlights that transition from industrial use illustrates that for the subject site it can develop into higher density employment over time.

#### 447 Victoria Street, Wetherill Park

- Direct interviews with tenants at the above location to inform an understanding of demand drivers for offices on the subject site confirmed a set of attractors in relation to this type of office development. Like the subject site, the offices are located in an industrial precinct and not within walking distance to typical amenity such as public transport and shops. Importantly for these tenants, they were looking for quality office accommodation in the west or south west and did not want to be located in Parramatta or Liverpool CBDs. The demand drivers identified include:
  - Location offers easy car access for visitors and staff, including parking a particular benefit over CBD centres
  - Location was close to their general client base, including some customers located in the Wetherill Park industrial area
  - Location was close to key personnel in the business
  - Staff could still access nearby amenity easily by car e.g. Stockland Wetherill Park
- Importance placed on proximity and access are key drivers for the businesses in this location. The property has a history of strong leasing demand and as of July 2019 had only one vacant office.

#### 63-79 Parramatta Road, Silverwater

- The above offices are located on a stand-alone site surrounded by industrial uses. The location does not offer benefits assumed to be important to office demand. It is not located within walking distance to public transport, and neither provides workers with access to a good range of food and beverage options. The subject site by comparison, will have a substantially better amenity offer on-site. With an NLA of 19,240 sq.m it is considerably larger than the 7,030 sq.m proposed on the subject site. The building has a strong leasing history further indicating the demand for quality office accommodation outside of CBD and local centre environments.

#### 2-13 Lord Street (Lakes Business Park), Botany

- Lakes Business Park at 43,000 sq.m is substantially larger than floorspace proposed on the subject site. There are similar location factors to the subject site in that the offices are located near industrial and residential areas and not located within walking distance to retail amenity. The attraction of the location for businesses is that it is centrally accessible for customers from a wide range of areas, and it a mid-way point between southern Sydney suburbs and the Sydney CBD. It offers a lower cost alternative to office space in Sydney's CBD, and this factor is similarly applicable to the other office locations in that they provide lower cost commercial floorspace to most CBD buildings.

# CASE STUDY: EVOLUTION OF MACQUARIE PARK FROM INDUSTRIAL TO BUSINESS PARK

## OVERVIEW

Macquarie Park/North Ryde is located 12km north west of the Sydney CBD, and is a major business centre for pharmaceutical, biotechnology, electronics and communications industries. With over 850,000 sq.m of commercial office space, Macquarie Park/North Ryde is host to leading companies and institutions such as Microsoft, Optus, CSIRO, Hyundai and Sony. The precinct has been characterised by new residential apartment development and amenity, leading to investment in transport infrastructure and improving access to employment.

## EVOLUTION SEQUENCE

- **1961** – CSIRO relocated to North Ryde
- **1964** – Macquarie University established. Rezoning of greenfield land to ‘Macquarie Park Employment Area’, allowing for industrial uses
- **1970-75** – Biotechnology, pharmaceutical and science businesses seeking mixed warehouse and office space and proximity Macquarie University began taking up space.
- **1981** – Macquarie Shopping Centre Opened
- **1985-89** – Traditional office tenants sought stand-alone office space (as opposed to mixed office-industrial space) such as American Express and Microsoft. First large scale Macquarie Park office buildings opened including Goodman’s Talavera Business Park (1985), Karimbla’s Macquarie View Corporate Park (1988) and AMP’s Thomas Holt Drive (1989).
- **1991** – Goodman completed Catalyst Business Park.
- **1993** – M2 opened, linking Artarmon to Bella Vista and going through Macquarie Park.
- **1997-00** – High volume of office developments completed including three more owned by Goodman, three owned by Stockland, and others including Challenger Life, Dexu, AMP and Macquarie University.
- **2006-09** – Lane Cove Tunnel opened on the M2 increasing accessibility to Macquarie Park from the Lower North Shore and Sydney CBD. Epping to Chatswood Rail Link opened. Office stock almost doubled (2006-09), with major pre-commitments from business such as Optus (84,000 sq.m), Aristocrat, Hyundai, CA, Sonic Health Care and Medtronic.
- **2013** - Civil works commenced on Lachlan’s Line master planned community within North Ryde Station Precinct for over 5,000 residents, 2,700 apartments, retail, open space and pedestrian and cycle links to North Ryde Station.
- **2015** - Macquarie Park is second largest office market in NSW with 850,000 sq.m. Herring Road considered priority precinct under *A Plan for Growing Sydney*. Macquarie University Station Precinct Plan included a B4 Mixed Use zoning of the ‘academic core’ of Macquarie University to integrate academia with business and industry on campus.
- **2019** – Sydney Metro Northwest opened, linking Macquarie Park to North West Sydney.

## KEY FINDINGS

- The key catalyst of development was the establishment of Macquarie University in 1964. Modelled on Stanford University and its industrial area, the land surrounding the University was rezoned to allow industrial businesses to co-locate with the University.
- The land use transition from its original industrial zonings to its existing business park / office development occurred over a 50-year time span, with the aid of additional retail services, infrastructure and policy support.
- Surrounding industrial land was rezoned to commercial and light industrial in 1982. The M2 opening in (1993), Lane Cove Tunnel (2007) and Epping to Chatswood Rail (2009) were also key in realising higher density employment.
- Proximity to the North Shore executive belt and other business parks, provided access to skilled workers and decision makers.
- The transition from industrial use illustrates that, for the subject site early development of industrial with links to Badgerys Creek airport can develop into higher density employment over time, improved connectivity and supporting retail and leisure/entertainment facilities will assist in simulating amenity and demand.

# CASE STUDY

## 447 VICTORIA STREET, WETHERILL PARK



### OVERVIEW

**Description:** Victoria Centre represents the only large scale commercial office building in the Wetherill Park Industrial Precinct, and is located on the busy intersection of Victoria Street and Newton Road. The A-grade four level commercial building consists of a combination of office and retail tenancies. The building itself contains a glass façade, natural light, high quality finishes and basement car parking.

**Total NLA (sq.m):** 3,617

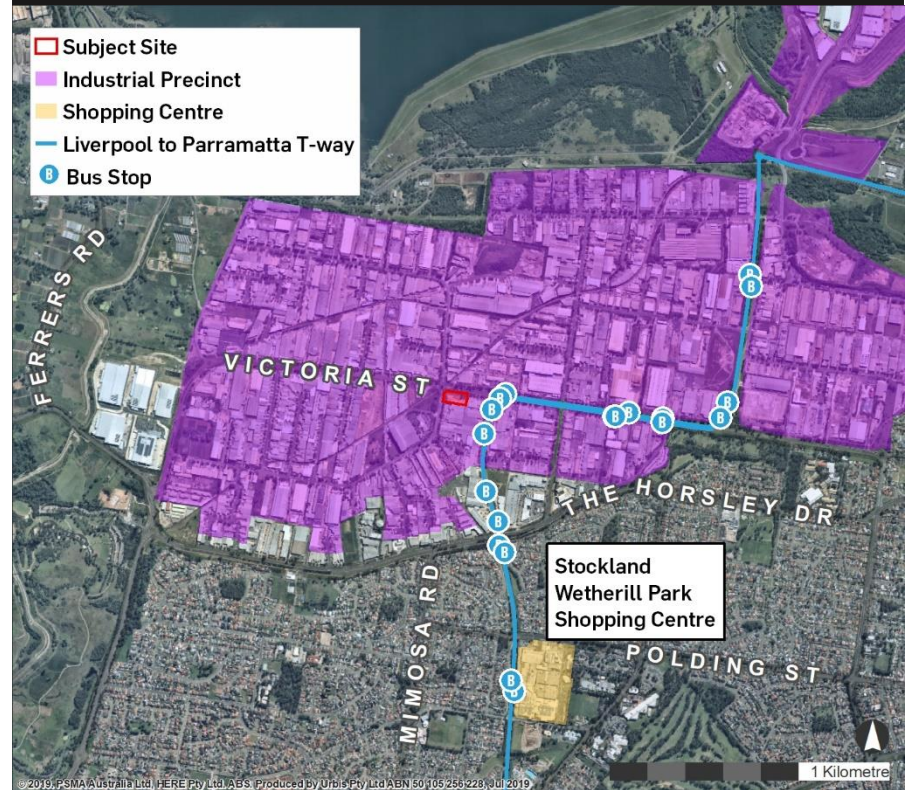
**No. of Tenancies:** 19

**Tenants:** GDC Chartered Accountants, Chandler Macleod Services, ANZ, United Convenience, Hoban Recruitment

**Amenity:** Ground floor café and restaurant

**Parking:** 90 spaces

### LOCATION



- Located within 300 metres of a T-Way bus stop
- Fairfield train station, located 7.5 km to the east or a 15 minute drive, represents nearest train station to the site
- Stockland Wetherill Park is a 5 minute drive to the south of the site.



# CASE STUDY

## 63-79 PARRAMATTA ROAD, SILVERWATER



### OVERVIEW

**Description:** Gateway Business Park provides modern and affordable office accommodation situated in a highly exposed corner location with easy access to Parramatta Road and the M4 Motorway. The property provides for flexible accommodation requirements with 8,000 sq.m of flexible office space over two commercial towers and over 11,000 sq.m of office/warehouse accommodation. Southern Cross Protections is the latest company to move to the Park, having secured a 7-year lease for 500 sq.m.

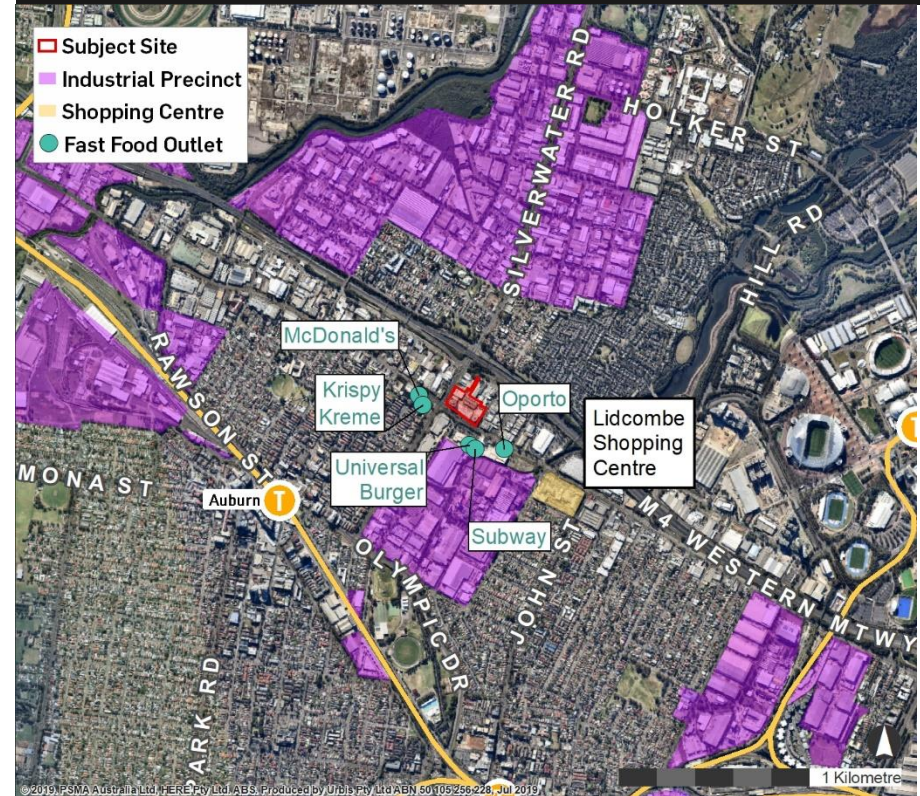
**Total NLA (sq.m):** 19,240 – spaces ranging from 70 to 950 sq.m

**Tenants:** MSS Security, Direct Shoe Warehouse, CITIC HIC Australia, The Foresight Foundation for the Deaf/Blind, Digifort and Vatech Medical

**Amenity:** On-site café

**Parking:** 430 spaces

### LOCATION



- Auburn train station, located 2.0 km to the south-west or a 7 minute drive, represents nearest train station to the site
- A number of fast food premises located along Parramatta Road, with Lidcombe Shopping Centre within a 5 minute drive from the site.

# CASE STUDY

## 2-13 LORD STREET, BOTANY



### OVERVIEW

**Description:** Lakes Business Park is a corporate park in Sydney's south-east providing office and warehouse accommodation across six free standing buildings. The property comprises two adjoining sites – the Northern site being actively managed and the Southern site represents a future development opportunity for commercial uses.

**Total NLA (sq.m):** 43,000

**Tenants:** BRP, Mazda, Telstra

**Amenity:** Onsite café

**Parking:** 640 spaces

### LOCATION



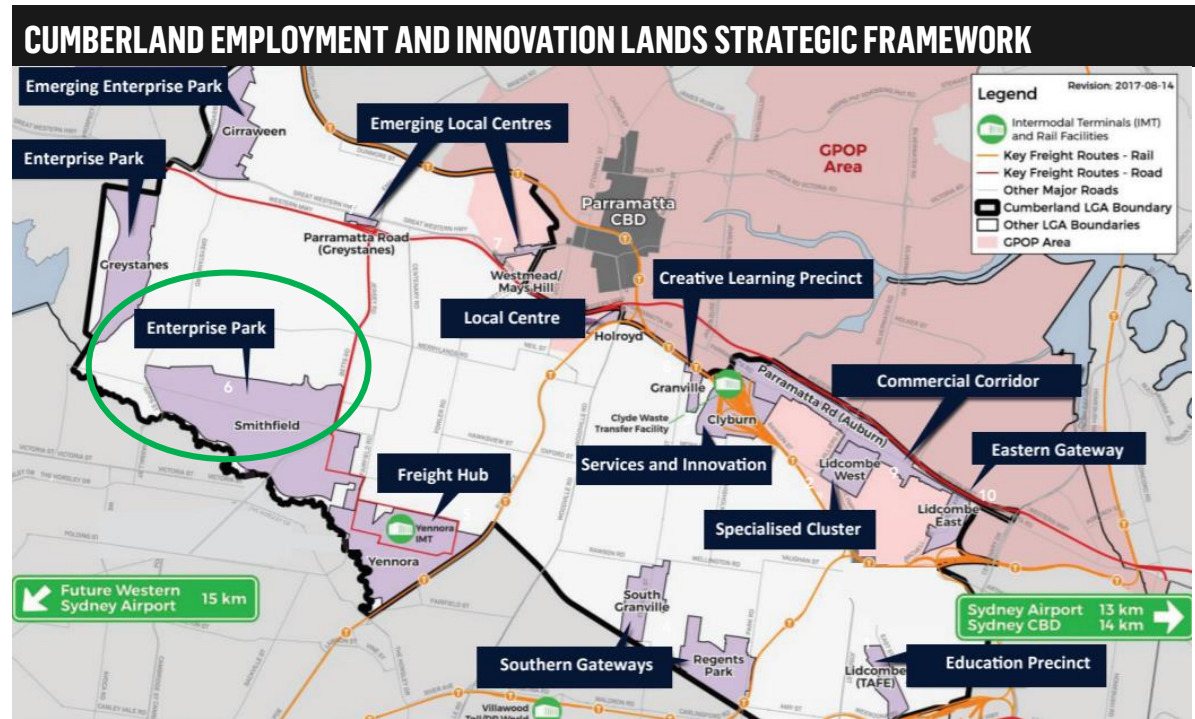
- Botany town centre retail strip located 500 metres to the south-west, and consists of town centre
- Mascot train station represents the closest public train station to the site, located within a 10 minute drive to the north.



# 3. THE PROPOSED DEVELOPMENT IS CONSISTENT WITH THE CUMBERLAND EMPLOYMENT AND INNOVATION LANDS STRATEGY

## KEY FINDINGS

- An Employment and Innovation Lands Strategy (EILS) was adopted by Cumberland Council in May 2019. The Study seeks to provide a number of opportunities for local employment and containment of the working population within the LGA, with the recommendations of a number of precincts focusing on various sectors and innovation hubs.
- The Smithfield Industrial Precinct has been identified as an Enterprise Park Precinct, with a strategic focus to build on its existing industry specialisations and increasing digitisation of production. In particular, the Precinct has been identified to accommodate higher knowledge workers, with the potential to build synergies with surrounding development.
- As such, the proposed development aligns with the EILS objectives as it accommodates for high value knowledge sector jobs through its provision of office space. The future tenant profile is expected to reflect a diverse range of businesses that will leverage opportunities associated with the designated Enterprise Precinct .
- The proposed development also represents a strategic opportunity for the Cumberland LGA overall, given its:
  - positioning and ability to support innovation activities in the Western Sydney Employment Area (WSEA) and to an extent, the Western Sydney Aerropolis
  - Providing an affordable price point for businesses requiring office accommodation relative to space in the Eastern City of Sydney.



Source: Cumberland Council

**The proposed development will deliver high value knowledge jobs within its commercial office component, while being strategically positioned to attract high quality tenants from emerging sectors.**

## 4. THERE IS POSITIVE JOB CREATION (FROM THE CONSTRUCTION PHASE)

### KEY FINDINGS

- The construction of the proposed development would require substantial capital investment, which would sustain significant employment in the local economy.
- The indicative construction cost of the proposed development (Stages 1, 2 & 3) has been provided by Maurici and equates to around **\$93 million (incl. GST)**. The cost breakdown is provided by stage:
  - **Stage 1:** \$8.0 million (9% of total)
  - **Stage 2:** \$40.0 million (43% of total)
  - **Stage 3:** \$45.0 million (48% of total).
- Stage 3 is therefore expected to account for almost half of the capital investment, and is expected to deliver a significant portion of the benefits generated within the construction phase.
- It is estimated that the development would generate around **71 direct jobs** at the peak year of construction activity.
- Construction activity also has multiplier effects throughout the local economy. REMPLAN modelling shows that direct construction jobs could generate up to 112 indirect jobs per year in supply chain industries.
- Total employment from the construction of the proposed development could be in the order of **183 jobs per year**. The employment benefit will be felt throughout the local economy and broader state economy for the duration of the indicative 4-year construction timeframe of the staged development.
- It is anticipated that the construction of the proposed development could contribute approximately **\$59.9 million total GVA** (in net present value terms) to the local region and broader state economy. This consists of \$23.3 million direct GVA and \$36.6 million indirect GVA.

### CONSTRUCTION BENEFITS

<b>Construction Cost</b>	<b>(\$M)</b>	<b>\$93.1</b>	
<b>Employment<sup>1</sup></b>			
Direct Employment	(no.)	71	<i>Indirect Multiplier</i>
Indirect Employment	(no.)	112	2.58
<b>Total Employment</b>	<b>(no.)</b>	<b>183</b>	
<b>Gross Value Added (GVA)<sup>2</sup></b>			
Direct GVA	(\$M)	\$23.3	<i>Indirect Multiplier</i>
Indirect GVA	(\$M)	\$36.6	2.57
<b>Total GVA</b>	<b>(\$M)</b>	<b>\$59.9</b>	

1. Reflects construction employment generated in the peak construction year

2. Expressed as a net present value of future GVA

Source: REMPLAN; Urbis

**The construction of the proposed development has the potential to generate 183 jobs per year within the local economy and across NSW for the duration of the construction period. This includes direct jobs in the construction industry and supply chain jobs in supporting sectors.**

## 4. THERE IS POSITIVE JOB CREATION (FROM ONGOING OPERATIONS)

### KEY FINDINGS

- For the purposes of this analysis, we have assessed the economic benefits associated with jobs delivered within **Stage 2 and Stage 3** of the proposed development. This notes that Stage 1 represents a concept DA for the entire site only.
- The development has the potential to deliver **1,427 direct ongoing jobs** across retail, commercial office, medical and child care uses.
- The number of direct jobs for the proposed development is estimated by referring to industry benchmarks and Urbis' experience in staffing requirements for different land uses, based on the floorspace of each use.
- REMPLAN modelling (Methodology shown in Appendix A) shows that the proposed development has the potential to create a number of benefits including:
  - Up to **472 indirect jobs** per annum across the NSW state economy. These jobs would be typically employed within industries that supply goods and services to on site businesses.
  - Up to \$2.2 billion in total gross value added (GVA) contribution (in net present value terms) over an assumed 20-year operating period. This equates to an **average annual contribution to GVA of \$111.5 million per annum** over the same period.

### ONGOING BENEFITS – EMPLOYMENT GENERATING USES

Land Use	GFA (sq.m)	Benchmark			
		GFA per job	Direct jobs	Indirect Jobs	Total jobs
Retail	39,096	37	1,050	236	1,286
Commercial Office	7,040	20	352	231	583
Medical	1,330	91	15	3	18
Child care	727	68	11	2	13
<b>Total</b>	<b>48,193</b>		<b>1,427</b>	<b>472</b>	<b>1,899</b>
<b>Summary</b>			<b>Direct</b>	<b>Indirect</b>	<b>Total</b>
Total jobs			1,427	472	1,899
Avg. Annual GVA (\$M)			69.4	42.1	111.5

*Note: GVA is expressed as the average annual net present value of total economic benefits realised over a 20-year operating period.*

*Source: REMPLAN; Urbis*

**The site is currently used for low yielding industrial uses, and therefore supports minimal jobs and is making minimal GVA contribution to the local or state economy. The proposal will deliver a positive uplift of 1,427 new jobs on site and adds \$111.5 million per annum to the economy following full development of all stages.**

# 5. THE DEVELOPMENT WILL CONTRIBUTE TO EMPLOYMENT TARGETS

## KEY FINDINGS

- The proposed development can make a significant contribution to the Cumberland LGA projected employment between 2016 to 2036. 2036 employment forecasts have been rebased off 2016 ABS Census Place of Work data to provide a more robust estimate of future employment within the LGA.
- As discussed on Page 17, the proposed development could result in an additional 1,427 jobs on-site. This net increase equates to 7.3% of the 19,660 additional jobs projected within the LGA between 2016 to 2036.
- In terms of jobs in the Professional, Scientific and Technical Services sector, the proposed development is estimated to accommodate 352 jobs associated with new commercial office development within Stage 3. This net increase would account for 21.8% of the 1,610 additional Professional, Scientific and Technical Services jobs projected for the LGA between 2016 and 2036.
- Similarly, the proposed development is expected to generate a significant number of retail trade related jobs associated with supermarket, specialty retail and bulky goods uses.

**The proposed development will result in an uplift in jobs that represents:**

- 7.3% of projected LGA growth to 2036
- 21.8% of projected LGA growth in the professional, scientific and technical services sector

## CURRENT AND FORECAST EMPLOYMENT 2016-36 – CUMBERLAND LGA

Industry	2016	2036	2016-2036 Change	
	No.	No.	No.	p.a. growth %
Health Care and Social Assistance	7,108	10,732	+3,624	2.1%
Retail Trade	8,565	11,788	+3,223	1.6%
Education and Training	5,685	8,060	+2,375	1.8%
Construction	7,150	9,179	+2,029	1.3%
Manufacturing	11,120	12,909	+1,789	0.7%
Professional, Scientific and Technical Services	2,841	4,452	+1,612	2.3%
Accommodation and Food Services	3,780	5,230	+1,450	1.6%
Public Administration and Safety	2,831	3,934	+1,103	1.7%
Wholesale Trade	5,417	6,112	+695	0.6%
Administrative and Support Services	2,303	2,994	+691	1.3%
Other Services	3,510	4,128	+618	0.8%
Electricity, Gas, Water and Waste Services	636	944	+308	2.0%
Arts and Recreation Services	691	988	+296	1.8%
Rental, Hiring and Real Estate Services	1,010	1,273	+264	1.2%
Information Media and Telecommunications	721	808	+88	0.6%
Mining	101	110	+9	0.4%
Agriculture, Forestry and Fishing	226	207	-19	-0.4%
Transport, Postal and Warehousing	7,486	7,242	-244	-0.2%
Financial and Insurance Services	1,894	1,644	-249	-0.7%
<b>Total Jobs</b>	<b>73,074</b>	<b>92,734</b>	<b>+19,660</b>	<b>1.2%</b>

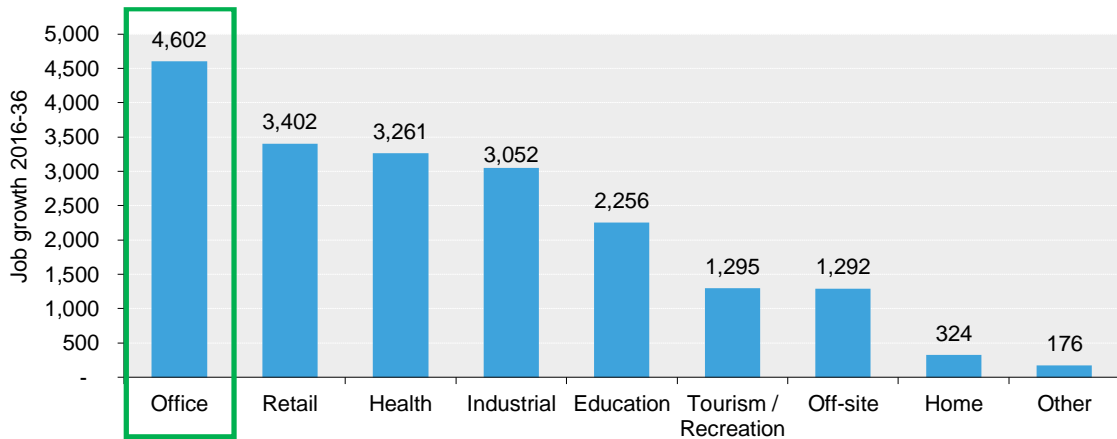
Source: ABS; TNSW; Urbis

## 6. OFFICES ON THE SUBJECT SITE WILL SUPPORT THE INCREASED DEMAND FOR OFFICE ACCOMMODATION IN THE LGA

### KEY FINDINGS

- The opposite chart shows how projected employment growth for Cumberland LGA from 2016 to 2036 by ANZIC Industry (derived from TNSW Forecasts) is likely to be split by property type. This analysis is based on benchmarks that Urbis has derived looking at land use demand by different categories of employment.
- The analysis shows that around 23% of all LGA growth to 2036 is projected to be in office property, with around 17% of additional jobs to be allocated within retail, health and industrial classes each.
- The proposed development includes over 7,000 sq.m of office commercial space that is expected to deliver around 350 jobs, and as such, is consistent with the future employment and floorspace requirements of the LGA.
- Importantly, flexible commercial floorspace can provide options as the nature of businesses change, i.e. increase in technical jobs and expansions of the services sector.

### JOB GROWTH BY PROPERTY TYPE 2016-36



Source: TfNSW; Urbis

**The proposed development includes office commercial and retail property classes; industries that are forecast to accommodate future jobs. As such, the proposal is consistent with the future employment needs of the LGA.**



# 7. THE DEVELOPMENT WILL PROVIDE IMPROVED AMENITY FOR WORKERS AND RESIDENTS IN SMITHFIELD

## KEY FINDINGS

- As the demand for offices in a range of different centre contexts has increased, so has the expectation of potential tenants for a certain standard of amenity.
- The subject site will provide important amenity for workers that is in line with the quality available in established office markets. Stage 2 for which there is an active DA under assessment will deliver:
  - Food and beverage tenants
  - Fast food tenants
  - Childcare
  - Medical centre.
- Proposed under stage 3 is additional amenity that will further activate the precinct, including:
  - More fast food premises
  - Convenience retail specialty tenants
  - A supermarket.
- Combined the above will drive demand for quality office space on the subject site. This is a level of amenity that offices featured in the case studies do not have, and thereby creating a more compelling list of benefits for future tenants.
- Further, they will provide amenity for workers in the industrial businesses in the broader Smithfield precinct, which it currently lacks. The retail will also benefit nearby residents.
- Overall the precinct will activate and enhance the visual landscape of the industrial area of Smithfield. The proposal provides commercial and retail spaces that are in line with contemporary office market, worker and resident needs and demands.



Cafes



Supermarket



Medical Centre



Childcare



## 8. THE DEVELOPMENT IS AN ORDERLY AND EFFICIENT USE OF THE LAND

Benefits	Achieves
Achieving the highest and best value use for the site	✓
Creating employment uses across the site that will increase employment density and support an increase in jobs	✓
Providing commercial office workspace to support the skilled jobs of the future	✓
Supporting the strategic direction of the local economy – potential to attract SMEs and larger knowledge based industries	✓
Fulfilling a need for a high quality format retail facility which is compatible with the existing nature of development	✓
Employment uplift at the proposed development will contribute up to 7.3% of total projected job growth for the LGA by 2036	✓
Delivering employment floorspace that is consistent with the future employment needs of the LGA	✓
Investment stimulus in the Smithfield area and broader Cumberland LGA	✓

The proposed development reflects the orderly and efficient use of land by achieving the site's highest and best use and supporting the strategic direction of local economy.

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# **APPENDIX A**

## **REMPPLAN METHODOLOGY**

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# REMPPLAN METHODOLOGY

## SUMMARY

Analysis presented in this report uses REMPLAN economic modelling to assess current and potential economic impacts. REMPLAN is an Input-Output model that captures inter-industry relationships within an economy. It can assess the area-specific direct and flow-on implications across industry sectors in terms of employment, wages and salaries, output and value-added, allowing for analysis of impact at the local level, and for the state more generally.

Key points regarding the workings or terminology of the model are as follows:

- REMPLAN uses either the value of investment or employment generation as the primary input. For this analysis, the value of total upfront investment has been used as the key input to assess the benefits of the construction phase, whereas future employment within the new retail floorspace is the input to assessing the on-going economic benefits of the operation phase
- Outputs from the model include employment generated through the project and economic Gross Value Added (GVA) at both the local and the state level
- Employment generated includes all full-time and part-time jobs created over the life of the construction phase; or in terms of the on-going operations, total on-going jobs generated
- Gross Value Added or GVA is a measure of the value of goods and services produced in an area, industry or sector of an economy during a certain period of time. In this case, GVA represents the total economic contribution of the project.
- Both the direct and indirect benefits are modelled for employment and value added:
  - *Direct* refers to the effect felt within the industry as a result of the investment. For example, the construction phase will directly result in the creation of construction jobs
  - *Indirect* effects are those felt within industries that supply goods to the industries directly affected by the investment.
- Economic benefits are modelled for the construction and the on-going operation phases. For both phases:
  - the employment numbers are presented on **annualised basis**
  - Value added numbers are expressed as a **net present value** of total economic benefits realised over a 20-year operating period.
- It should be noted that the results presented below are estimates only based on the existing state of economic activity in the area. Due to the static nature of input-output modelling, they have the potential to overstate the actual effects. Nonetheless, the analysis still reflects the fact that employment growth and economic value added will be positive for the region
- Urbis consider that in the absence of this investment it is unlikely that a similar project would be undertaken within the same period, and therefore the investment can be considered *additional*.

