

CONCORD FRESHFOOD PROJECT

Economic Impact Assessment



Prepared for Colliers

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EXECUTIVE SUMMARY

HillPDA was commissioned by Colliers to undertake this Economic Assessment (hereafter referred to as ‘the Study’) of a Planning Proposal for the rezoning of land at 160 Burwood Road, Concord (hence referred to as the Subject Site).

The Planning Proposal

The Planning Proposal would facilitate a mixed use development comprising medium to high density residential, retail, commercial and community uses.

For the purpose of this study it has been assumed that the proposed new zoning will provide:

- 475 apartments
- 48 (10%) for affordable housing
- up to 3,500sqm (GFA) retail space
- 15,700sqm of public open space.

Government Strategies and Targets

The State and Government strategies and policies give impetus to the need to create housing and employment opportunities. This is evident in the Eastern District Plan and the new Greater Sydney Region Plan. The Planning Proposal is in accordance with these strategies in providing significant additional housing – including affordable housing – and an increase in dwelling mixture choice in close proximity to transport and employment. The associated increase in population will also stimulate demand for businesses located in Concord Town Centre and this will have positive flow-on effects for economic activity and employment in the locality.

Industry Market Overview

The Inner West industrial market is characterised by low levels of demand and new lease activity. This has been a result of subdued investment resulting in a lack of new developments.

Low demand for traditional industrial uses has resulted in the development of alternative uses in industrial areas such as hardware retailing, showrooms and self-storage facilities rather than manufacturing and urban support services.

The Subject Site’s peninsula location, poor road access for heavy vehicles and its proximity to sensitive residential areas are significant constraints on its suitability for industrial uses and its ability to maximise the available floorspace.

Given the Subject Site's foreshore location and the fact that it is surrounded by residential uses, it would be better suited for higher valued land uses – that is residential and other employment uses.

Residential Justification

Anticipated population growth and latent demand for new residential dwellings in the Canada Bay LGA has been driving a major transformation of the area with a notable increase in the level of medium density

development, particularly around the foreshore. This trend is projected to continue, with demand expected to remain strong through the foreseeable future notwithstanding the recent ‘downturn’ in the market. The recent downturn is a short term adjustment to the ‘heated’ market during the 2014-17 period.

As there are limited opportunities to develop new housing in areas with high amenity and proximity to employment, increasingly industrial and mixed use sites are being redeveloped to maximise their potential to contribute to a range of government objectives.

From a policy perspective, the Planning Proposal would help to meet the demand for new dwellings and, by providing 10% of the apartments as affordable housing units, would also help address housing affordability within the Canada Bay LGA.

Economic Impacts

Currently the site is occupied by FreshFood Services Pty Ltd (The House of Robert Timms) for the manufacture of coffee and has 136 employees. However, the factory has come to the end of its useful life and an alternative, more suitable, site is currently being sought to establish a new facility.

Two scenarios for the site were investigated:

- Maintain the site under its existing use; or
- Redevelopment for medium to high density housing and mixed use development under the planning proposal.

Table 1 below summarises the economic impact of each scenario.

Table 1: Economic Impact of Planning Proposal

	Industrial Use	Planning Proposal
Total Jobs Generated	136	187
Total Salaries (\$m) Generated	\$8.4m	\$7.1m
Industry Value Added (to GDP)	\$14.4m	\$9.8m
Construction Costs		\$311m
Total Economic activity from construction		\$1.0bn
Jobs Years in Construction		2,677

Source: HillPDA

The Planning Proposal would lead to a net increase in jobs (+51 jobs) but a lower total remunerations to workers (-\$1.3m) and lower gross value added (-\$4.6m) largely because it would replace jobs in manufacturing with jobs in the retail, hospitalities and service industries.

The Planning Proposal would generate \$311m construction on site, additional economic activity of +\$1.0bn and +2,677 job years directly and indirectly during the period of construction.

Maintaining the site for food & beverage manufacturing and expanding the operation to maximise the potential floorspace and employment onsite would bring some minor additional benefits in terms of industry value add and employment. However, the Site’s location on the Parramatta River, surrounded by residential uses, with poor heavy vehicle access, and isolated from other industrial uses and major transport routes, are major constraints on its continued suitability and appeal as an industrial site.

Public Benefits

In addition to providing 475 dwelling units, the Planning Proposal will provide substantial public benefits in terms of open space, public transport services and affordable housing. These benefits are quantified below.

Table 2: Estimate of Value of Public Domain

Public Benefit	Sqm	Rate	TOTAL
AIR RIGHTS OVER PUBLIC SPACES*	7,400	\$3,500 /sqm	25,900,000
D+C OF PUBLIC SPACES (say)	7,400	\$500 /sqm	3,700,000
10% AFFORDABLE HOUSING UNITS**	5,207	\$3,611 /sqm	18,802,000
BUS SERVICE***			840,000
FERRY SERVICE***			2,100,000
TOTAL VALUE OF PUBLIC BENEFITS			51,342,000

* Foreshore park and public plaza area only. It excludes the area of internal roads or laneways and the areas of private open spaces. The market value of development rights (at \$3,500/sqm GFA) is the rate adopted by Burwood Council under its VPA policy evident by several development site sales in 2017-18.

** Assumes 10% of the total residential GFA and a benefit of 25% of the assumed sales rate per net saleable area of \$14,444/sqm (or equivalent in monetary terms).

*** This is the capped level of underwriting by Freshfood for three years of service

Source: Freshfood and HillPDA

The total value of the public benefits components amount to \$51.3m. This includes the proposed community bus loop operating hourly and connecting the site with both Burwood and Strathfield stations via Concord hospital. It is proposed that the developer will fund the operation of the bus route at an annual estimated cost of \$280,000 (excludes fleet and depot costs) for a period of three years.

The above estimate also includes the cost of Freshfoods underwriting a ferry service (14 ferry trips to Barrangaroo every day, 7 days a week) at \$700,000 over three years, commencing immediately following building completion of the first residential stage.

The development proposes significant visual and amenity improvements to the public domain by way of renewed urban form, increased connectivity including open spaces and a through site link, and associated landscaping works. These improvements would enhance the appeal of the site for a broad range of visitors increasing the scale of its trade area.

The public spaces, through site link (between the waterfront and Burwood Road) and the public transport services are public benefits being delivered by the planning proposal. These items will benefit a much wider community than just the residents on the subject site. If the site was already appropriately zoned for residential apartments then an application could be submitted for a residential only development with no provision of public spaces, no public access through the site and no underwriting of additional public transport services. For these reasons the above items should be treated as public benefits over and above normal development costs.

Summary

In addition to contributing to the supply of housing there would be considerable economic benefits associated with changing the composition of use of the Subject Site from predominantly industrial to predominantly residential:

- Complementing the character of the immediate region, which is predominately residential

- Increasing the proportion of residents living close to employment, retail facilities, amenities and public transport (which aligns with the Greater Sydney Region Plan)
- Supporting the viability of the main retail and commercial precincts
- Providing housing close to education and recreation facilities. This is an advantage to residential developments with residents seeking to escape from the urban environment and attracted by proximity to schools for their children
- Provision of open space. This new space would have a positive visual impact in the locality. There is also a range of social benefits that well located and equipped open space offers to the local community and society more broadly
- Financially supporting public transport initiatives including bus and ferry.

INTRODUCTION

1.0 INTRODUCTION

HillPDA was commissioned by Colliers to undertake this Economic Assessment (hereafter referred to as ‘the Study’) of a Planning Proposal for the rezoning of land (known as the Bushells Coffee Site). Hereafter it is referred to as the subject site.

1.1 The Subject Site

The Subject Site comprises 3.93ha of land and is located at 160 Burwood Road, Concord (see Aerial figure below).

The Subject Site consists of the following lots: Lot 2, DP230294, Lot 398, DP752023, Lot 399, DP752023, Lot 5, DP129325.

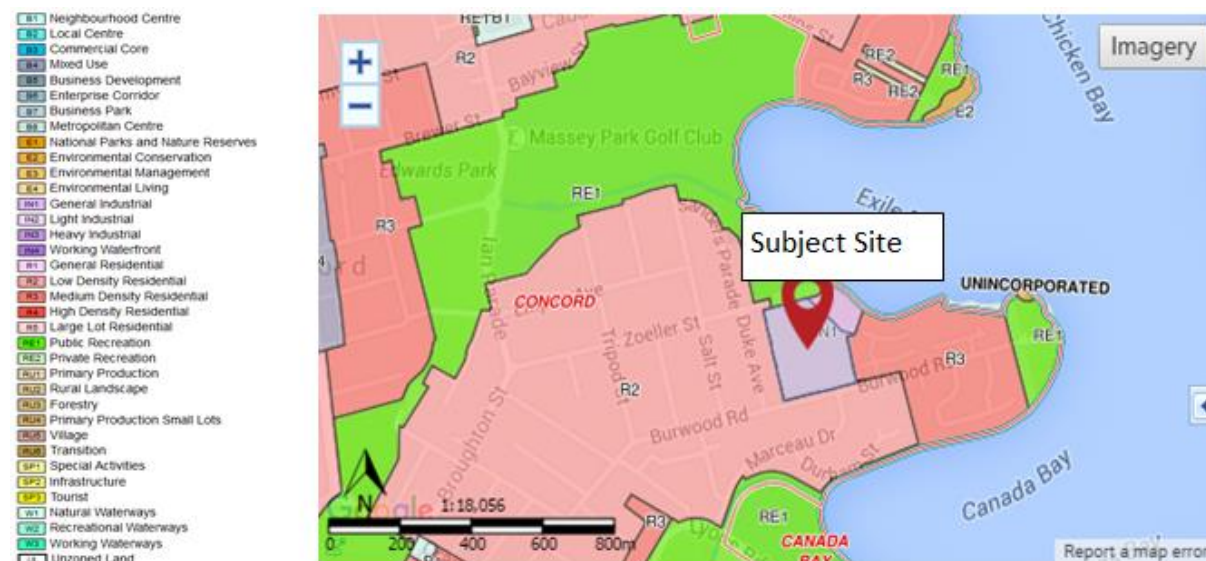
Figure 1: Aerial Image of Subject Site



Source: Six View Maps

The site area is currently zoned for General Industrial Use (IN1) – see Figure 2. The site has a legal frontage to the Parramatta River (Exile Bay). Access along the foreshore is currently available to the public however the remainder of the site is securely fenced. The site has an approximate 170m frontage to Burwood Road.

Figure 2: Site Zoning



Source: NSW Planning Portal

1.2 Area Overview

The Subject Site is around 1.5km from the Majors Bay Road shops, 2.5km from Burwood Station and 1km from Parramatta Road (A4). Sydney CBD is 12km from the site via Parramatta Road, which is a 45 minute journey by bus or 15 minutes by train from Burwood Station. The site is within an easy drive (7km) of Sydney Olympic Park and Rhodes Waterside Shopping Centre.

The site is also distinctly positioned close to education and recreation facilities such as the Concord Public School, Concord High School, Massey Park Public Golf Club, Barnwell Public Golf Club, Bayview Park, Jesse Stewart Reserve, Greenlees Park, Rothwell Park and the Cintra Park tennis courts.

1.3 The Study Purpose

It is understood that FreshFood Services Pty Ltd is seeking the rezoning of the Subject Site from its current zoning of IN1 General Industrial under the Canada Bay Local Environmental Plan (LEP) 2013, to a zoning that would allow a mixed use development.

The purpose of this Study is to provide an economic assessment of the Planning Proposal. As part of this assessment the Study explores the economic viability / impact of retaining the current zoning versus amending the zoning to allow for a mixed use development. Furthermore the Study considers the proposed rezoning of industrial lands against the directions set out in the Ministerial Section 117 Direction 1.1.

1.4 Planning Proposal

The Planning Proposal would facilitate a mixed use development comprising medium to high density residential, retail, commercial and community uses.

The planning proposal will provide:

- 475 residential dwellings
- 48 (10%) for affordable housing
- Up to 3,500sqm (GFA) retail / commercial space

- 15,700sqm of public open space

1.5 Study Structure

To meet the requirements of the project brief and fully consider the economic impacts associated with the proposed rezoning, the study is set out in the following manner:

- Chapter 2 undertakes an assessment of the planning and legislative background to the proposed rezoning and assesses the economic principle of the rezoning in context of the planning policies reviewed earlier
- Chapter 3 undertakes an industrial supply assessment to ascertain whether there is sufficient demand for industrial uses in the Canada Bay area
- Chapter 4 undertakes an assessment of the demographic profile for the Concord suburb residential market. It uses published data sources to provide an insight into the drivers of residential demand and supply in the Concord suburb locality
- Chapter 5 assesses the economic impacts of the planning proposal against the base case “do nothing” option and also quantifies where possible the public benefits of the Planning Proposal.

CONTEXTUAL REVIEW

2.0 CONTEXTUAL REVIEW

This Chapter undertakes an appraisal of the planning and legislative context for the proposed rezoning based on state, regional and local planning guidelines. It considers matters relating to the proposed rezoning and development from an economic perspective only.

2.1 State Government Plans and Policies

2.1.1 Greater Sydney Region Plan

The Greater Sydney Region Plan – *A Metropolis of Three Cities* (Region Plan) was finalised in March 2018 by the Greater Sydney Commission. The vision of the Region Plan is to create a metropolis of three cities, specifically the Western Parkland City, Central River City and the Eastern Harbour City. The study area is within the Eastern Harbour City with its aim to – *build on its recognised economic strength and address liveability and sustainability*. The Eastern Economic Corridor City is identified within the Eastern Harbour City to foster innovation and global competitiveness, supported by investments in transport and services, jobs growth and business activity.

A core intent of the Region Plan is to give people more housing choice and establish more jobs closer to where people live, to develop a more accessible and walkable city and creating conditions for a stronger economy.

2.1.2 Eastern District Plan

The East District Plan maps out the 20-year vision for the East District of Greater Sydney. Canada Bay LGA is the western end of the district. By 2036 it is projected that the District will have a population of 1.338million, representing an additional 325,050 persons over the 20 year period from 2016.

To house this growth an additional 624,000 dwellings are required representing an average annual rate of 36,250 dwellings. Specifically, the District Plan targets an additional 48,650 dwellings to be provided over the next five years.

Another key focus of the plan is housing diversity and affordability. The plan identifies a number of measures to improve affordability across the continuum. The key measure is to target 5-10% affordable housing for new developments. Also Planning Priority E5 is about providing housing supply, choice and affordability, with access to jobs, services and public transport.

The planning proposal contributes to these objectives by providing 475 new apartments on the Parramatta River combined with regular ferry services to the city and bus services to Burwood major centre.

2.1.3 NSW Draft Centres Policy (2009)

The NSW Department of Planning and Infrastructure (now named the Department of Planning and Environment) released the Draft Centres Policy in April 2009.

The Draft Centres Policy focuses around six key principles. The principles relate to:

- The need to reinforce the importance of centres and of clustering business activities
- The need to ensure the planning system is flexible, allows centres to grow and new centres to form

- The market is best placed to determine need. The planning system should accommodate this need whilst regulating its location and scale
- Councils should zone sufficient land to accommodate demand, including larger retail formats
- Centres should have a mix of retail types that encourage competition
- Centres should be well designed to encourage people to visit and stay longer.

The Draft Centres Policy indicates that the preferred location for new retail and commercial development is in centres, although it recognises that there may be exceptions to this approach.

An assessment of the impact of the proposed retail floorspace at the Subject Site showed that it would capture demand currently served by a number of centres. This diffusion of demand, together with solid population growth in these centres' trade areas, would preclude the site's retail offering from undermining the viability of neighbouring centres.

2.1.4 Draft State Significant Planning Policy (Competition) (2010)

Following a review undertaken by the DP&I and the Better Regulation Office concerning how economic growth and competition is affected by the planning system, a draft State Environmental Planning Policy (SEPP) was prepared and placed on public exhibition in July 2010.

The proposed state-wide planning policy removes artificial barriers to competition between retail businesses. The draft SEPP proposes:

- The commercial viability of a proposed development may not be taken into consideration by a consent authority, usually the local council, when determining development applications
- The likely impact of a proposed development on the commercial viability of other individual businesses may also not be considered unless the proposed development is likely to have an overall adverse impact on the extent and adequacy of local community services and facilities, taking into account those to be provided by the proposed development itself
- Any restrictions in local planning instruments on the number of a particular type of retail store in an area, or the distance between stores of the same type, will have no effect.

Further to the above, the retail offering proposed at the Subject Site will provide a different mix and design to that of existing retail in Concord. The Site will provide specialised retailing, as well as serving the localised walking catchment for convenience shopping, which together with the Site's public amenities will attract destination shopping.

2.1.5 Ministerial Section 117 Direction 1.1 (2009)

Section 117 Direction 1.1 relates to Business and Industrial zones. The objectives of the direction are as follows:

- Encourage employment growth in suitable locations
- Protect employment land in business and industrial zones
- Support the viability of identified strategic centres.

This Direction applies when a planning proposal would affect land within an existing or proposed business or industrial zone. As such this report will address the five key requirements of Direction 117, these being:

- Follow the objectives of the Direction
- Retention of existing business and industrial zones
- No net loss of potential floorspace for employment uses and related public services in business zones
- Not reduce the potential floorspace area for industrial uses in industrial zones
- Be in accordance with a Strategy approved by the Director General of the DP&I.

The following table assesses the consistency of mixed use development on the Subject Site, against the five key requirements of the Direction for strategies concerning employment lands.

Table 3: Consistency of Planning Proposal with Ministerial Direction 1.1 Business & Industrial Zones

Relevant Matters	Comment and Consistency
Objectives of the Direction	A mixed use development on the Subject Site would result in a net loss in land zoned for employment uses. Despite this the site proposed for rezoning has little opportunity for employment growth or intensification. It comprises only a small proportion of industrial land in the Central Subregion. The proposed development would generate additional demand for retail and business services which would help to support the viability of identified strategic centres (consistent with objective 1.C).
Retain existing business and industrial zones	The proposed rezoning would result in a loss in industrial zoned land. However the site is isolated from other industrial land, has poor access for heavy vehicles and is surrounded by residential uses, which impact on its ongoing suitability for industrial uses. From a future supply perspective, the Subject Site represented 13% of existing supply of employment lands (land zoned B5, B6, B7 or IN) in Canada Bay in 2015, but just 0.3% of the supply within the Central Subregion ¹ .
No net loss of potential floorspace for employment uses and related public services in business zones	The proposed rezoning is not within a business related zone. Thus it would not result in a potential net loss in floorspace related to employment uses and related public services in commercial centres. The development proposes to include 3,500sqm of retail and commercial floorspace. As such the development would actually result in a net increase in employment and community floorspace in a business zone (329 jobs).
Not reduce the potential floorspace area for industrial uses in industrial zones	The proposed rezoning would result in a potential loss in floorspace that could be utilised for industrial uses. However industrial uses are increasingly unnecessary in these locations resulting in significant under-capitalisation of land. The development of a mixed use development would create additional demand for local urban services.
In accordance with a Strategy approved by the Director General of DP&I	The proposed rezoning and subsequent mixed use development responds to and accords with the indicative targets for population, housing and employment growth set out in the Greater Sydney Region Plan and the Eastern District Plan.

2.1.6 State Environmental Planning Policy (Affordable Rental Housing) 2009

The ARH SEPP 2009 aims to facilitate affordable rental housing through incentivising private and public development by way of expanded permissibility, FSR bonuses and non-discretionary development standards. Additionally, the ARH SEPP 2009 seeks to retain and mitigate the loss of existing affordable housing stock, expand the development role of not for profit housing providers and locate affordable housing near local businesses for workers.

¹ NSW Department of Planning & Environment: Employment Lands Development Program, 2015 Report

The Planning Proposal would address this issue by providing 10% of the 475 apartments on site for affordable housing.

2.2 Local Policies and Guidance

2.2.1 Canada Bay Local Environmental Plan (LEP) 2013

As stated previously the Subject Site is currently zoned IN1 General Industrial. The objectives of the IN1 zone are described below.

- To provide a wide range of industrial and warehouse land uses
- To encourage employment opportunities
- To minimise any adverse effect of industry on other land uses
- To support and protect industrial land for industrial uses.

Residential development is prohibited within an IN1 zone, as are water recreation structures, child care facilities, registered clubs and community facilities. Neighbourhood shops are permitted with consent.

2.2.2 The City of Canada Bay Local Planning Strategy 2009-2031

The Local Planning Strategy (LPS) is the principal document for communicating the future land use planning of Canada Bay. The purpose of the LPS is to:

- Ensure that the Metropolitan Strategy for Sydney and the draft Inner West Subregional Strategy are considered at a local level
- Provide a framework for future land use planning of the City of Canada Bay to guide the preparation of a new city-wide LEP and DCP
- Ensure that future planning achieves principles of Ecologically Sustainable Development (ESD)
- Achieve quality urban design outcomes for public and private areas that provide the City of Canada Bay with high amenity
- Provide housing and employment in locations that is designed and located to meet the requirements of the existing and future population
- Support changing social needs of the City of Canada Bay community, including the ageing population and affordability
- Protect the heritage items and conservation areas of the City of Canada Bay
- Protect the natural environment, including prominent view corridors of the City of Canada Bay – its parks, bushland and foreshore areas
- Ensure that planning for land use and transport occurs in an integrated manner to reduce private car use.

Objective E5 of the planning strategy is to *retain industrial sites within the LGA*. The Subject Site is identified along with George Street, North Strathfield and Leeds Street, Rhodes.

Action E8 similarly relates to the same three industrial zonings. It states that the IN1 general industrial zoning is likely to be the most appropriate land use for these areas and that Council supports the retention of these areas for industrial purposes in the medium term. However, it also outlines a timeframe for further

investigations of the most appropriate uses for the zones in the longer term, which in the case of the Subject Site is within 10 years – i.e. by 2020.

Action H6 considers opportunities for the provision of affordable housing on rezoned sites including the Subject Site, which it is stated is expected to be rezoned for other purposes than employment lands over the longer term.

The planning proposal would address these issues in the following manner:

- Provide both public and private areas within high amenity, including improved access to the foreshore
- Support the changing social needs of the community through the provision of a range of unit typologies and price points, including affordable housing
- Provide easy access to a range of retail and community uses, including child care facilities, thereby supporting both an ageing population and young families with children
- Retain the industrial heritage onsite through the adaptive uses of the Bushells building
- Protect the natural environment through remediating the site and enhancing the site's connectivity to the foreshore.

INDUSTRY MARKET OVERVIEW

3.0 INDUSTRY MARKET OVERVIEW

The following chapter undertakes an assessment of the current supply and demand for industrial lands and therefore the likely need for retention of industrial lands within the Canada Bay LGA.

3.1 Industrial Sector Trends

The demand for industrial floorspace continues to be influenced by the globalisation of trade and the increasing dominance of information technology by businesses. The global supply chain has evolved into an alignment of firms that design, develop, market and produce goods and services and deliver to the end user as required. The face of traditional manufacturing is therefore changing, becoming more efficient amid the use of new technologies and equipment. These savings in efficiency have resulted in corresponding savings in labour costs and the demand for floorspace.

As a consequence, the rate of development of industrial land and floorspace across NSW has generally been outpaced by the rate of employment growth. This trend however varies considerably between types of activity.

Manufacturing employment growth has generally either declined or remained stagnant, with a few exceptions. These exceptions include food manufacturing and beverage & tobacco manufacturing. The combination of a rising population and growing disposable incomes has underpinned growth in domestic demand for these goods. The perishable nature of significant proportion of production, together with the relative isolation of Australia from competitor markets, has helped cushion these sectors from international forces. Australia is also a major food and beverage exporter and growing demand from emerging Asian markets has bolstered demand for Australian production.

With declines in non-food manufacturing and a growth in imports, warehousing, transport, distribution and logistics businesses have thrived. These types of businesses together with larger manufacturing services have shifted their preferred locations from the inner city to the Outer-West and South-West of Greater Sydney. These locational decisions have been supported by improvements to the outer orbital ring roads and motorways (M5 and M7) and the proposed development of intermodal facilities such as the Moorebank Intermodal.

These locations benefit from the availability of larger sites required for modern logistics businesses that are not generally available in the Inner West Subregion.

3.2 Subject Site Assessment

The development of industrial related uses require a number of prerequisites / characteristics such as appropriate zoning, a large developable area, high connectivity, good topography and soil conditions and a conducive surrounding environment. Each of these prerequisites / characteristics will now be explored.

3.2.1 Zoning

The Subjects Site's current zoning of IN1 General Industrial allows for the development of industrial related uses.

3.2.2 Developable area

Industrial developments usually require a large developable area to allow for large floor plates, storage areas and vehicle turning and access points. The Subject Site comprises approximately 3.93ha of land which is ample for most industrial uses.

Currently the site only contains one access point on Burwood Road, 2km from the intersection with Parramatta Road. Although Burwood Road is a major arterial road between Parramatta Road and Croydon Park, it is only a local road between Parramatta Road and Exile Bay. The site is surrounded by residential uses and effectively freight movements are passing through local residential roads.

3.2.3 Connectivity

Industrial developments usually require good access to highways with two entry points. Rail and freight lines are also desirable. As stated before the site contains one access point for vehicles on Burwood Road and the site is accessed through a residential area. The site does not have ready access to any rail and freight transport nodes.

The isolation of the site from other industrial and business zones will also limit any agglomeration benefits for prospective firms.

3.2.4 Topography and Soil Conditions

Industrial developments usually require level ground with good soil conditions that allow drainage. The Subject Site topography reveals that the site is predominantly flat.

3.2.5 Environment

The surrounding environment is one of water courses, residential land and recreational spaces. Exile Bay, the neighbouring Bays and the Parramatta River are used by recreational fishermen, student rowers and the occasional swimmer. This would place stringent requirements on the type of industry that could locate there. Manufacturing and many engineering and service industries would be contentious because of the potential for increased amounts of run off and pollution.

Based on the above analysis, the Subject Site's peninsula location with poor access, and proximity to sensitive residential uses, is a significant constraint on its suitability for many industrial uses.

3.3 Central Subregion Industrial Lands Demand

The 2018 Employment Lands Development Monitor (ELDM)² identifies 30.3ha of employment lands within the Canada Bay LGA³, of which the Subject Site accounts for 12.8%, Parramatta Road/Queens Road for 40.5%, Concord West for 25.0% and Leeds Street, Rhodes for 21.1%.

The Canada Bay LGA contains just 2.0% of the total zoned employment lands in the Eastern City District. While Strathfield LGA was identified as having 287ha of employment lands, the other Inner West LGAs (Canada Bay, Burwood and Inner West) totalled 307.3ha.

² Department of Planning and Environment: Employment Lands Development Monitor 2018

³ Employment lands was defined as land zoned for industrial purposes and included IN1, IN2, IN3, B5, B6 and B7 land use zones

Colliers noted in their Industrial Research and Forecast Report, Second Half 2015, that “speculative purchases continued to occur in the inner west submarket and that properties in proximity to train stations, bounding the Parramatta River, or in areas with potential rezoning were in high demand”⁴.

These sites are being purchased with a view to their future rezoning in accordance with government policy to promote greater housing density in locations with high amenity and good transport links.

3.4 Conclusion

With the exception of activity around Port Botany, the Eastern City District industrial market is characterised by low levels of demand and new lease activity. This has been a result of subdued investment resulting in a lack in new developments.

Outside of the Port, investment activity has been centred on non-traditional uses. Low employment generating industrial uses are increasingly unnecessary in close proximity to major centres as a result of a long term structural shift in economic activity.

Low demand for traditional industrial uses has resulted in the development of alternative uses within the industrial areas such as hardware retailing, showrooms and self-storage facilities rather than manufacturing.

The development of a mixed use development would create additional demand for local urban service trades and industries.

⁴ Colliers International: Industrial Research and Forecasts Report, Second Half 2015, pg. 16

RESIDENTIAL JUSTIFICATION

4.0 RESIDENTIAL JUSTIFICATION

This Chapter undertakes an assessment of the demographic profile for the Concord suburb residential market and analyses trends and factors influencing the property market within Concord.

4.1 Local Market Overview

The suburb of Concord is located in the LGA of Canada Bay. Concord is an inner west suburb of Sydney, located 14km west of the Sydney CBD.

The 2016 Census recorded a resident population of 13,880 persons for the suburb of Concord. The suburb is characterised by low density housing – separate houses accounted for 71% of total dwellings in 2016, apartments just 16%. Of a total of 783 units, 69% were in one or two storey blocks and only 30% were located in a block with four or more storeys.

There were 70 unit sales (new and existing) in the Concord suburb from 1 July 2017 to 22 June 2018 according to RPData and 163 house sales. Median house price at \$2.11m was much higher than the median unit price at \$871,000. Over the five years to 2014-15 there were just 58 dwelling completions in Concord suburb or 1.4% of dwelling completions within the Canada Bay LGA (NSW Department of Planning and Environment).

The Canada Bay LGA itself has a high share of apartments, comprising 52% of all occupied dwellings in 2016. The Canada Bay LGA was formed in December 2000 following the merger of Drummoyne and Concord councils. The proportion of apartments to total dwellings in the two former councils in 2001 was 31%. Concord LGA was only 21%. In the intervening period dwelling growth has been predominantly centred in the north west of the Canada Bay LGA in Rhodes, Liberty Grove, Mortlake and Breakfast Point (taking advantage of their foreshore locations), and in the south west, near Strathfield and North Strathfield railway stations.

House and unit price growth within the suburb of Concord has largely kept pace with that of the broader Canada Bay LGA over the last five years.

4.2 Population Projections

Population projections sourced from the NSW Bureau of Transport Statistics (BTS) are shown in the table below for the Concord suburb and for the Canada Bay LGA.

Table 4: Population Projections 2011 to 2031

	2016	2021	2026	2031	2036	Growth 2016-36	
Concord	15,098	15,389	16,408	17,617	18,742	3,644	24%
Canada Bay LGA	75,098	78,248	81,726	85,239	89,688	14,590	19%

Source: NSW Transport Performance and Analytics (2018)

Over the 2016 to 2036 period, NSW Government forecasts a 24% increase in the population for Concord suburb and a 19% increase in the Canada Bay LGA population. It should be noted that the BTS population estimates are a little higher than ABS Census figures because – the latter is considered to be an undercount of the actual resident population.

4.3 Private Occupied Dwellings

Over the period of 2006 to 2016, the number of private occupied dwellings in the Canada Bay LGA increased by 7,958 dwellings (from 26,147 in 2006 to 34,105 in 2016). A comparison of the number of private occupied dwellings against population growth demonstrates that supply has not kept up with demand over this period. The average household size has crept up from 2.51 to 2.58.

In 2001 the average household size was 2.50. If we apply this rate today it suggests a need for 35,206 occupied dwellings – some 1,100 more than actual.

4.4 Affordable Housing

4.4.1 Rental Market

A shortage in the supply of houses has resulted in the escalation of house prices in Concord. In the Concord suburb over the five years to 2011 the median weekly rent increased from \$300 to \$426, a compound annual growth rate of 7.3%. The median weekly rent for the Canada Bay LGA over the same period grew at an annual compound rate of 7.5%, from \$335 to \$480.

Rental affordability deteriorated in Concord suburb between 2006 and 2011, with the rental share of income increasing from 22.2% in 2006 to 24.6% in 2011 (refer to Table 5).

Table 5: Rental Affordability Canada Bay (2006-2011)

	2006	2016
Annual Median Rent	17,420	29,380
Annual Median Household Income	75,556	107,106
Rent % of Income	23%	27%

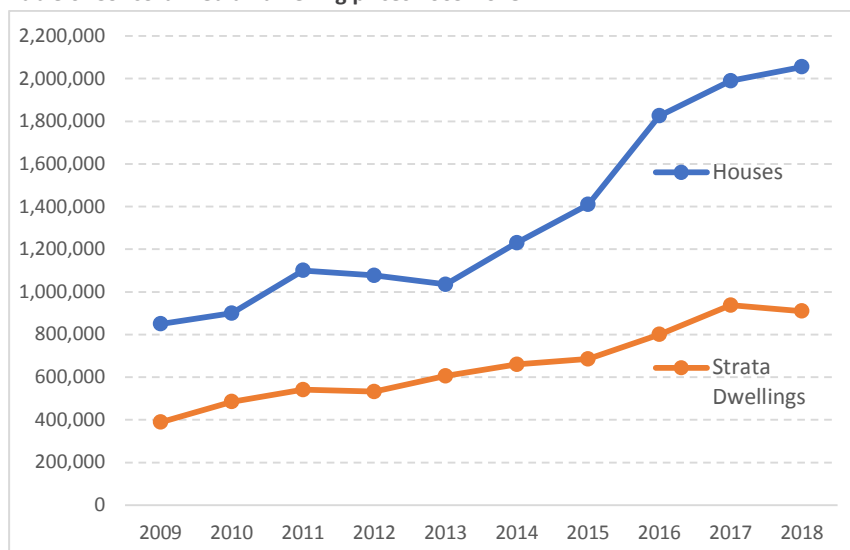
Source: Census 2006-16 Time Series

With moderate population growth anticipated in Concord over the next decade, it will be essential to provide new residential stock to maintain affordability. As such the Planning Proposal will facilitate in alleviating some of the ongoing rental pressure being experienced in Concord.

4.4.2 Housing Market

Data relating to unit prices in Concord has been derived from Residex and is provided in Table 6 below. This indicates that the median price of a house and a unit increased sharply between 2012 and 2017.

Table 6: Concord median dwelling prices 2009-2018



Source: RPData

Between 2013 and 2018 the median price of houses doubled compared to an increase of 50% for strata title dwellings. The extent of the price rise for dwellings in Concord is indicative of high demand for dwellings in this location and evidence of the increasing unaffordability of these dwelling types, particularly with respect to houses. Increasing the supply of apartments is imperative to alleviating the problem of affordability.

Despite the relatively high median annual household income of \$107,106⁵, it is evident that home ownership is challenging in the suburb of Concord.

In 2015-16 the NSW Government developed a new package aimed at improving housing affordability across the state.

For first home buyers, the package:

- Abolished stamp duty on all homes up to \$650,000
- Gave stamp duty relief for homes up to \$800,000
- Provided a \$10,000 grant for builders of new homes up to \$750,000 and purchasers of new homes up to \$600,000
- Abolished insurance duty on lenders' mortgage insurance
- Ensured foreign investors pay higher duties and land taxes.

The Planning Proposal would provide 53 affordable housing dwellings – a mix of 1, 2 and 3 bedroom units – at a 25% discount to the prevailing market price. It is anticipated that some of these dwellings would fall within the price bands that would qualify for stamp duty relief from the NSW State Government, further improving their affordability to first home buyers.

4.5 Improving Housing Choice

One of the overarching priorities of the draft Central District Plan is to improve housing choice, diversity and affordability.

⁵ Census 2016 median household income for Concord

Table 7: Age and household type profile, Canada Bay LGA (2011-2031)

	2016	2036	2016-36
Age cohort			
0-14	16%	15%	-1%
15-24	12%	12%	0%
25-34	20%	19%	-1%
35-49	21%	21%	-1%
50-64	16%	16%	0%
65+	14%	18%	3%
Household type			
Couple families with dependents	32%	30%	-2%
Couples without dependents	30%	31%	1%
Group households	6%	6%	0%
Lone person households	22%	23%	1%
One parent family	8%	8%	0%
Other families	3%	3%	0%

Source: Canada Bay LGA Forecast.ID

As demonstrated in the table above, the Canada Bay LGA is anticipated to experience an ageing population, with a greater proportion of retirees over the next two decades. Similarly, the proportion of couples without dependent children and lone person households is also expected to increase over this period.

Over the past few years, a number of developers including Mirvac and JQZ have included housing affordability measures, targeted at first home buyers. These initiatives have not formed part of any formal planning agreement. In Sydney Olympic Park, as part of a 690 apartment development, Mirvac priced 60 apartments at a lower level, exclusively to first home buyers. This resulting lower price-point enabled buyers to utilise the First Home Owners Grant. As part of this initiative, first time buyers were able to pay 5 per cent on exchange, half the usual deposit, and the remaining 5 per cent in two annual instalments. This secures the property while the first home buyer continues to save for the full 10 per cent deposit. A similar initiative was offered in 2017 by JQZ as part of the redevelopment of the former Darrell Lea site at Ramsgate⁶.

4.6 Drivers of Demand

The development of land for residential use is driving more widespread renewal than for any other land use at present, representing the 'highest and best use' from a development standpoint. Sales of development sites reflect this sentiment, with sites offering residential development opportunities observed to be principally driving sales activity in the development market.

Late 2013 saw the start of a strong phase of activity in the Sydney market, evidenced by the significant price rises and the increase in development activity, buyer enquires and clearance rates. The high levels of demand reflected significant pent up demand for dwellings as residential property prices and investor interest over the 5 years prior to 2013 was flat and construction activity failed to keep up with long term demand.

⁶ See: <https://pavilions.mirvac.com/the-right-start-plus> and <https://marrickandco.mirvac.com/the-right-start-plus>

In the past 12 months we have seen some “correction” in the heated market with a minor fall in the median price of apartments as well as falls in the number of properties sold and auction clearance rates.

The key drivers of NSW’s residential property market have been:

- Low interest rates underpinning affordability
- Demand for an affordable housing product – leading to an increased proportion of apartment developments
- High cost of ownership leading to a higher propensity for households to rent
- Downsizing of empty nesters
- Increased demand for new housing around major transport nodes, especially existing railway stations, owing to lifestyle change
- Demographic trends leading to declining household sizes
- Strong population growth from international migration and natural increase
- Strong demand from international investors, particularly from Asia.

The minor downturn or correction in the market over the past year is partly due to the downturn in investor interest including overseas buyers and the tightening of finance. However this is a short term condition. Continued population growth in the Sydney region will continue to increase pressure on existing urban areas – especially those served by employment and transport nodes – to provide a greater level of infill housing.

Strong population growth and demand for residential sites with good transport links and amenities will continue to underpin high demand for new apartments in Sydney’s inner west.

4.7 Housing Market Change

From 2001 the Canada Bay LGA housing market experienced a sizeable increase in the supply of new dwellings. The total number increased by 48% from 21,596 dwellings in 2001 to 32,102 dwellings by 2016⁷. From 2006 to 2016 the number of occupied dwellings in the LGA increased by 7,689 and 97% of the increase were in apartments. The table below shows the total number of dwellings and net increase by dwelling type and number of bedrooms from 2001 to 2011.

The majority of opportunities for residential growth within Concord suburb are through redevelopment of lower density residential lots and redundant or underutilised sites, such as the Subject Site.

The provision of higher density dwellings, especially apartments, aligns with broader lifestyle trends towards living close to amenities, transport nodes and employment. This is reflected in the Canada Bay LGA which has experienced a significant shift in its housing composition towards medium and high density dwellings.

⁷ ABS 2016 Canada Bay LGA Time Series Profile

Table 8: Change in Occupied Private Dwellings, Canada Bay LGA 2006-2016

	2006	2011	2016	2006-26	2006-16 (%)
Separate house:					
None (includes bedsitters)	3	4	8	5	167%
One bedroom	33	35	23	-10	-30%
Two bedrooms	1,458	1,237	937	-521	-36%
Three bedrooms	5,160	4,954	4,562	-598	-12%
Four or more bedrooms	3,518	4,148	4,660	1,142	32%
Number of bedrooms not stated	123	92	108	-15	-12%
Total	10,297	10,469	10,295	-2	0%
Semi-detached, row or terrace house:					
None (includes bedsitters)	0	3	0	0	
One bedroom	15	20	26	11	73%
Two bedrooms	634	811	646	12	2%
Three bedrooms	1,033	1,327	1,226	193	19%
Four or more bedrooms	195	253	298	103	53%
Number of bedrooms not stated	14	18	28	14	100%
Total	1,890	2,429	2,221	331	18%
Flat, Unit or Apartment:					
None (includes bedsitters)	7	16	19	12	171%
One bedroom	200	434	1,098	898	449%
Two bedrooms	2,944	4,187	6,093	3,149	107%
Three bedrooms	1,760	2,258	2,712	952	54%
Four or more bedrooms	59	112	148	89	151%
Number of bedrooms not stated	58	51	112	54	93%
Total	5,023	7,059	10,182	5,159	103%
TOTAL	17,210	19,957	22,698	5,488	32%

Source: ABS – Time Series Profile for Canada Bay LGA (2006 - 2016)

4.8 Policy Perspective

The Eastern District Plan has set a housing target in Canada Bay of 2,150 new dwellings between 2016 and 2021.

The City of Canada Bay Local Planning Strategy aims to achieve that target through quality urban design outcomes designed and located to meet the requirements of the existing and future population, including the ageing population and affordability. Additionally, the Strategy targets protection of heritage items, conservation areas and the natural environment, including prominent view corridors covering parks, bushland and foreshore areas. The Strategy also looks to ensure that planning for land use and transport occurs in an integrated manner to reduce private car use.

The planning proposal would address these issues in the following manner:

- Provide both public and private areas within high amenity, including improved access to the foreshore
- Support the changing social needs of the community through the provision of a range of unit typologies and price points, including affordable housing
- Provide easy access to a range of retail and community uses, including child care facilities, thereby supporting both an ageing population and young families with children and reducing vehicle trips
- Retain the industrial heritage onsite through the adaptive uses of the Bushells building
- Protect the natural environment through site remediation and enhancing the site's connectivity to the foreshore.

4.9 Summary & Implications

Anticipated population growth and latent demand for new residential dwellings in the Canada Bay LGA has been driving a transformation of industrial and business areas with a notable increase in the level of mixed use developments incorporating residential uses over time. This trend is projected to continue, with demand in the Canada Bay LGA expected to remain strong through the next decade.

As there are limited opportunities to develop new housing in sites with high amenity and good transport links, increasingly old industrial and cottage sites are being redeveloped to maximise their potential to contribute to a range of government objectives.

From a policy perspective, the Planning Proposal would help to meet the shortfall of new dwellings in a highly sought after location within the inner west of Sydney.

In addition to contributing to the supply of housing, other benefits from the development include:

- Complementing the character of the immediate region, which is predominately residential
- Increasing the proportion of residents living close to employment, retail facilities, amenities and public transport (which aligns with the NSW State Plan 2021)
- Supporting the viability of the main retail and commercial precincts, including the Majors Bay Road shopping centre
- The Subject Site is also distinctly positioned close to education and recreation facilities such as the Concord Public School, Concord High School, Massey Park Public Golf Club, Barnwell Public Golf Club, Bayview Park, Jesse Stewart Reserve, Greenlees Park, Rothwell Park and the Cintra Park tennis courts. This is an advantage to residential developments with residents seeking to escape from the urban environment and attracted by proximity to schools for their children
- Provision of open space. This new space would have a positive visual impact in the locality. There is also however a range of social benefits that well located and equipped open space offers to the local community and society more broadly. Research has found that the provision of parks and open space areas promotes physical activity and the associated health benefits for all age groups⁸
- Providing development contributions which could be used to improve public space and infrastructure within the LGA.

⁸ South Australian Active Living Coalition. Creating active communities. How can open and public spaces in urban and suburban environments support active living? A literature review. South Australia: 2010

ECONOMIC IMPACTS

5.0 ECONOMIC IMPACTS

The following Chapter assesses and where possible quantifies the likely economic impacts of retaining the Subject Site’s current use and zoning in comparison to redevelopment of the Subject Site under the Planning Proposal.

5.1 Employment

The Subject Site is currently home to the Bushells coffee manufacturing facility and employs 136 persons (full-time and part-time) across a range of roles:

- Factory floor (skilled) – 14 persons
- Factory floor (unskilled) – 61 persons
- Office staff – 44 persons
- Management staff – 17 persons.

However, the factory has reached the end of its useful life and an alternative location is currently being sought for a new operation.

The City of Canada Bay Local Planning Strategy 2010-2031 (pg. 64, Table 4.3) includes an assessment of employment land capacity and the potential for existing employment land sites to accommodate future employment undertaken by SGS Economics and Planning Pty Ltd (SGS). Based on this analysis, the number of additional jobs that could be created on site if the existing FSR of 1:1 were maximised is estimated to be 37, based on creating an additional floorspace capacity of 2,953sqm.

As it is uncertain what industrial uses the Subject Site would be redeveloped for. It has been assumed that the existing operations are maintained and expanded to maximise the floorspace and employment potential as described in the City of Canada Bay Local Planning Strategy 2010-2031.

The Planning Proposal would support permanent employment post-construction through the operation of retail and community uses within the development.

The Table below provides an estimate of the number of jobs that would be supported on the Subject Site in accordance with the Planning Proposal.

Table 9: Planning proposal employment generation

Land Use	Employment Density	NSA (sqm)	No. of Workers
Shop front space	1 worker per 24sqm	3,272*	136
Work at home	1 per 10 dwellings *		51
Total			187

Source: IBIS World Reports

* Assumes 92% of GFA is leasable space

** Work at home: 7.6% of workers undertake majority of work at home (ABS Locations of Work 2008 Cat 6275.0) and there are 1.4 working residents per occupied dwelling in Canada Bay LGA (Census 2016) which calculates to approximately 1 job for every 10 dwellings. Assumes 4% of apartments remain vacant.

Based on Table 10, the Planning Proposal is forecast to provide 187 jobs on the Subject Site after full development. These are jobs in full, part-time and casual positions. On this basis the Planning Proposal would provide 51 more jobs than the current use of the site.

If the current land use continued the combined total of 136 workers' remunerations under the current zoning would be approximately \$8.4 million assuming an annual average wage of \$61,920 in 2014-15 – sourced from IBISWorld Market Research for 'Tea, Coffee and Other Food Manufacturing Australia'⁹.

Total workers' remunerations under the Planning Proposal is a little lower than the base case (approximately \$7.1 million) as shown in the Table below, but with the creation of an additional 51 jobs. This is because the change in nature of the work from largely full time manufacturing jobs to a combination of full and part time jobs in lower paid retail services.

Table 10: Potential salary contribution

Land Use	No. of Workers	Average Annual Wage	Total Wages (\$m)
Retail	136	\$29,000	\$3.94
Work at Home	51	\$62,000	\$3.16
TOTAL	187	\$38,000	\$7.11

Source: ABS Average Weekly Earnings (Cat 6302) and IBIS World Reports.

5.2 Gross Value Added

Gross value added of an industry refers to the value of outputs less the costs of inputs. It also measures the contribution that the industry makes to the country's wealth or gross domestic product (GDP).

We estimate the GVA from the existing industrial uses on the site to be \$14.4m every year based on \$106,176 per worker¹⁰.

We estimate the value add from the Planning Proposal to be in the order of \$8.2m every year as shown in the below table.

Table 11: Gross value added from the various land uses on site

Land Use	No. Of Workers	IVA/ Worker	Gross Value Added (\$m)
Retail	136	\$42,800	\$5.82
Work at Home	51	\$77,500	\$3.95
TOTAL	187	\$52,264	\$9.77

Source: * IBISWorld Industry Reports and HillPDA Estimate

Therefore the Planning Proposal would provide a lower annual gross value added or contribution to the economy than under its existing use despite the increase in number of workers. This is not surprising because the existing use is a manufacturing business and manufacturing generally has higher levels of value added than retail and personal services.

⁹ Sources: IBIS World Reports and HillPDA

¹⁰ Sources: IBIS World Reports

5.3 Economic Impacts from Construction

The following assesses the economic implications of rezoning the Subject Site to allow for a mixed use development. Given that the Planning Proposal is at a concept stage, a high level assessment of potential economic benefits has been undertaken.

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 Australia¹¹. 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
 - an industrial support effect: which is the induced extra output and employment from all industries to support the production of the first round effect
- 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.

Table 12: Estimated economic multipliers

	Direct Effects	Production induced effects		Consumption Induced Effects	Total
		First round effects	Industrial support effects		
Output (\$/m)	1.000	0.620	0.647	0.945	3.309
Output (\$million)	310.9	192.8	201.1	293.9	1,028.6

Source: ABS Australian National Accounts: Input-Output Tables 2014-15 (ABS Pub: 5209.0)

With an estimated cost of \$311m construction would generate a further \$394m of activity in production induced effects and \$294m in consumption induced effects. Total economic activity generated by construction would be \$1.03bn.

5.4 Construction Employment

HillPDA calculates that every million dollars of construction generates 2.16 full time positions over 12 months directly in construction on site¹². Based on the estimated cost of \$311m, 673 job years¹³ would be directly generated.

¹¹ IBIS World Construction Industry Report 2015

¹² Source: Hill PDA and ABS Australian National Accounts: Input-Output Tables 2014-15 (ABS Pub: 5209.0)

¹³ Note: One job year equals one full-time job for one full year

Table 13: Estimated Job Multipliers

	Direct Effects	Production induced effects		Consumption Induced Effects	Total
		First round effects	Industrial support effects		
Multipliers	1	0.737	0.818	1.422	3.978
Job Years per \$million	2.165	1.596	1.772	3.079	8.612
Total Job Years Generated	673	496	551	957	2,677

Source: ABS Australian National Accounts: Input-Output Tables 2014-15 (ABS Pub: 5209.0)

From the ABS 2014-15 ANA Input-Output tables Hill PDA has calculated the multipliers for first round, industrial support and consumption induced effects of 0.74, 0.82 and 1.42 respectively for every job year in direct construction. Including the multiplier impacts the proposed development would therefore have potential to generate 2,677 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.

5.5 Other Economic Impacts

5.5.1 Expenditure from Residents

The Planning Proposal would provide 532 new residential dwellings on site. Assuming 96% of the apartments are occupied and an average occupancy rate of 2.3 persons per apartment¹⁴ we estimate 1,175 permanent residents on the Subject Site.

These residents would generate demand for local retail and commercial goods and services. With an assumed average retail spend of \$14,550 per capita¹⁵ the residents would spend around \$17.1m every year on retail goods and services.

The retail centre will include speciality shops and restaurants as well as convenience shopping. HillPDA’s retail assessment¹⁶ demonstrates that the majority of expenditure generated by onsite residents would be captured by the larger centres such as Concord (Majors Bay Road), Burwood and other existing centres. The Subject Site’s retail offering will however attract some of the convenience shopping demand previously captured by these neighbouring centres for residents within a walking catchment. It will provide some attraction as a ‘retail/restaurant destination’, reflecting its unique offering with the heritage building, waterfront access, through site link and the public amenity provided on site.

¹⁴ Calculated from known occupancy rates by dwelling type by bedroom number in Canada Bay LGA (ABS Census 2016)

¹⁵ Average expenditure in Concord suburb. Source: Pitney Bowes Anysite (\$2017).

¹⁶ HillPDA, Concord Site Retail Demand Assessment (March 2016)

5.5.2 Expenditure from Workers

A recent survey¹⁷ found that Sydney CBD workers spend an average of \$230 a week or \$11,000 per annum on retail goods and services in the CBD localities. In smaller centres average spend is considerably lower due to the lack of retail offer. For the purpose of the assessment HillPDA has applied a more conservative weekly expenditure of \$80 per week per employee which equates to an annual spend of around \$3,700. With 91 non-resident workers on site this amounts to around \$335,000 per annum.

5.5.3 Investment Stimulus

Where a significant property investment decision has been made it is generally viewed as a strong positive commitment for the local area. Such an investment can in turn stimulate and attract further investment. The direct investment in the Subject Site would support a wide range of economic multipliers as outlined above which would in turn support investment in associated industries. It would also raise the profile of Concord to potential investors.

The proposed development would create additional business opportunities in this locality associated with future residents and the commercial and retail uses on site. It would increase the profile of this area and in so doing increase the financial feasibility of mixed use development, potentially acting as a catalyst on surrounding sites.

5.6 Public Benefits

In addition to providing 475 dwelling units, the Planning Proposal will provide substantial public benefits in terms of open space, public transport services and affordable housing. The total value of the public benefits components amount to \$51.3m as quantified in the table immediately below.

Table 14: Estimate of Value of Public Domain

Public Benefit	Sqm	Rate	TOTAL
AIR RIGHTS OVER PUBLIC OPEN SPACE*	7,400	\$3,500 /sqm	25,900,000
D+C OF PUBLIC SPACES (say)	7,400	\$500 /sqm	3,700,000
10% AFFORDABLE HOUSING UNITS**	5,207	\$3,611 /sqm	18,802,000
BUS SERVICE***			840,000
FERRY SERVICE***			2,100,000
TOTAL VALUE OF PUBLIC BENEFITS			51,342,000

* The equivalent rate for the market value of development rights (\$/sqm GFA) adopted by Burwood Council under its VPA policy evident by several development site sales in 2017-18.

** Assumes 10% of the total residential GFA and a benefit of 25% of the assumed sales rate per net saleable area of \$14,444/sqm (or equivalent in monetary terms).

*** This is the capped level of underwriting by Freshfood for three years of service

Source: Freshfood and HillPDA

5.6.1 Bus Service

A public benefit is the proposed community bus loop operating hourly and connecting the site with both Burwood and Strathfield stations via Concord hospital. It is proposed that the developer will fund the operation

¹⁷ 2013 National Office Workers Survey, Urbis (2013)

of the bus route at an annual estimated cost of \$280,000 (excludes fleet and depot costs) for a period of three years.

5.6.2 Ferry Service

The above estimate also includes the cost of Freshfoods underwriting a ferry service (14 ferry trips to Barrangaroo every day, 7 days a week) at \$700,000 over three years, commencing immediately following building completion of the first residential stage.

5.6.3 Public Open Space

The development proposes significant visual and amenity improvements to the public domain by way of renewed urban form, increased connectivity including open spaces and a through site link, and associated landscaping works. These improvements would enhance the appeal of the site for a broad range of visitors increasing the scale of its trade area.

The public open space area in the above table measured at 7,400sqm relates only to the foreshore park and public plaza area. It excludes the area of internal roads or laneways and the areas of private open spaces.

The public spaces, through site link (between the waterfront and Burwood Road) and the public transport services are public benefits being delivered by the planning proposal. These items will benefit a much wider community than just the residents on the subject site. If the site was already appropriately zoned for residential apartments then an application could be submitted for a residential only development with no provision of public spaces, no public access through the site and no underwriting of additional public transport services. For these reasons the above items should be treated as public benefits over and above normal development costs.

5.6.4 Affordable Housing

For the purpose of the assessment it has been assumed that 10% of the apartments are sold at 75% of market value. The benefit to affordable housing is the 25% discount on average end sale value (\$14,444 per square metre of internal saleable area).

There is flexibility around the implementation. Hence the contribution could be made by monetary payment or other method to the equivalent value.

5.7 Summary and Implications

The below table summarises the economic benefits of retaining the current uses in comparison to the development of the Subject Site in accordance with the Planning Proposal.

Table 15: Summary of the Economic Impacts of Planning Proposal

	Current Use	Planning Proposal
Total Jobs Generated	136	187
Total Salaries Generated (\$m)	\$8.4m	\$7.1m
Gross Value Added (\$m to GDP)	\$14.4m	\$9.8m
Construction Costs (\$m)		\$311m
Total Economic activity from construction*		\$1.0bn
Jobs Years in Construction**		2,677

* Assumes expansion of activity to the site's feasible capacity (Canada Bay LPS)

** Direct and Indirect Job Years, where a Job Year refers to a single individual who is employed for one year

The Planning Proposal would provide more jobs onsite than the base case (retained for existing uses with potential expansion to maximise floorspace and employment capacity) and a higher level of industry value added than an expanded food and beverage manufacturing operation.

The Planning Proposal would create an additional 10 ongoing jobs. It would generate \$1.0 billion in activity and create 2,677 job years during the construction phase of the development. The base case of continued industrial use would also create benefits during its expansion phase, but these are comparatively small compared to those under the Planning Proposal.

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