

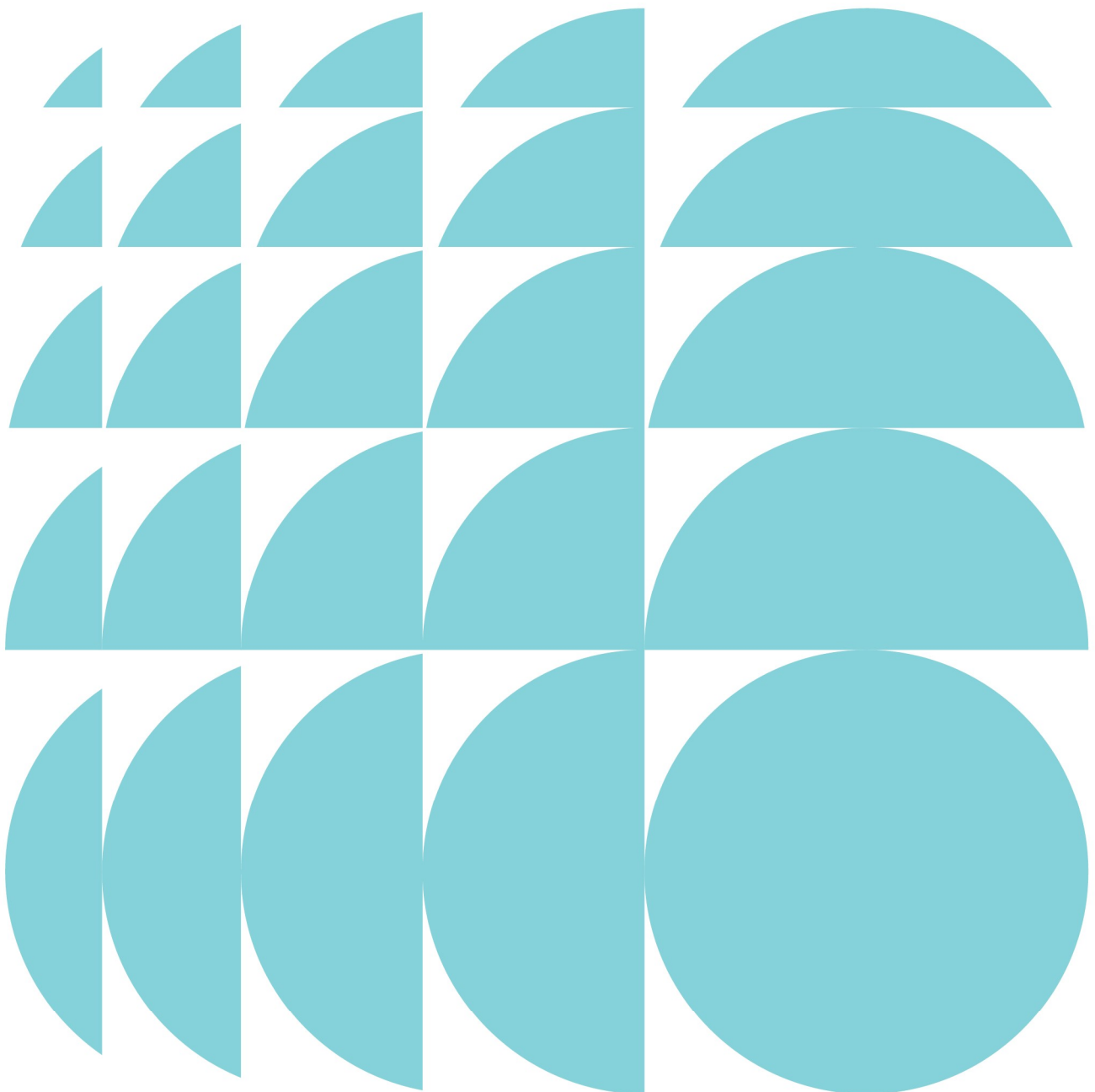
ETHOS URBAN

Social and Economic Assessment

72-84 Foveaux Street, Surry Hills

Submitted to City of Sydney
On behalf of Stasia Holdings

15 March 2019 | 218889



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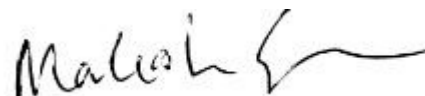
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1.0 Introduction

Stasia Holdings are seeking approval for a commercial development at 72-84 Foveaux Street, Surry Hills. The proposal retains the existing core building structure, although will re-purpose internal floorspace and modernise the building appearance and fit-out.

A response to tenant demand, the proposed development has been designed specifically to accommodate SafetyCulture which is an Australian technology company specialising in digital safety solutions for the workforce. With its headquarters currently located across two buildings in Surry Hills, SafetyCulture is looking to centralise its head office operations within a single commercial building.

The City of Sydney are seeking a Social and Economic Benefits Statement to identify the social and economic benefits of the proposed redevelopment scheme. This economic assessment is not part of any formal assessment process but is intended to assist the City of Sydney in assessing the merits of the application.

1.1 Methodology and Approach

The following methodology and approach has been applied in preparing this Assessment:

- A site visit to the subject site and surrounds
- A review of the strategic land use policies relevant to the project
- A socio-economic review of the relevant surrounding study area and relevant benchmark areas based on available ABS Census and other data sources (as referenced)
- Analysis of population and demographic forecasts based on available sources (as referenced)
- Discussions with local commercial agents and review of local commercial property trends
- Other investigations as required and as detailed in this report.

1.2 Data Sources

Data sources used in this report include:

- Australian Bureau of Statistics. 2011 and 2016. Census of Population and Housing.
- Knight Frank Research. 2018. Periodic Overviews of Sydney Office Market
- Knight Frank (2018) Sydney CBD: Office Market Overview – September 2018.
- Knight Frank (2019) Sydney Suburban: Office Market Overview – February 2019.
- Transport for NSW. 2017. Travel Zone Projections (TZP 2016) for Population, Workforce & Employment in the Sydney Greater Metropolitan Area.

2.0 Project Context

2.1 Site Location

The subject site is located at 72-84 Foveaux Street, Surry Hills within the City of Sydney Local Government Area. It is located approximately 500 metres east of Central Station within the Riley Street Precinct of Surry Hills (Figure 1). The Precinct is characterised by a mix of commercial and residential land uses, including terrace housing and street-front retail.

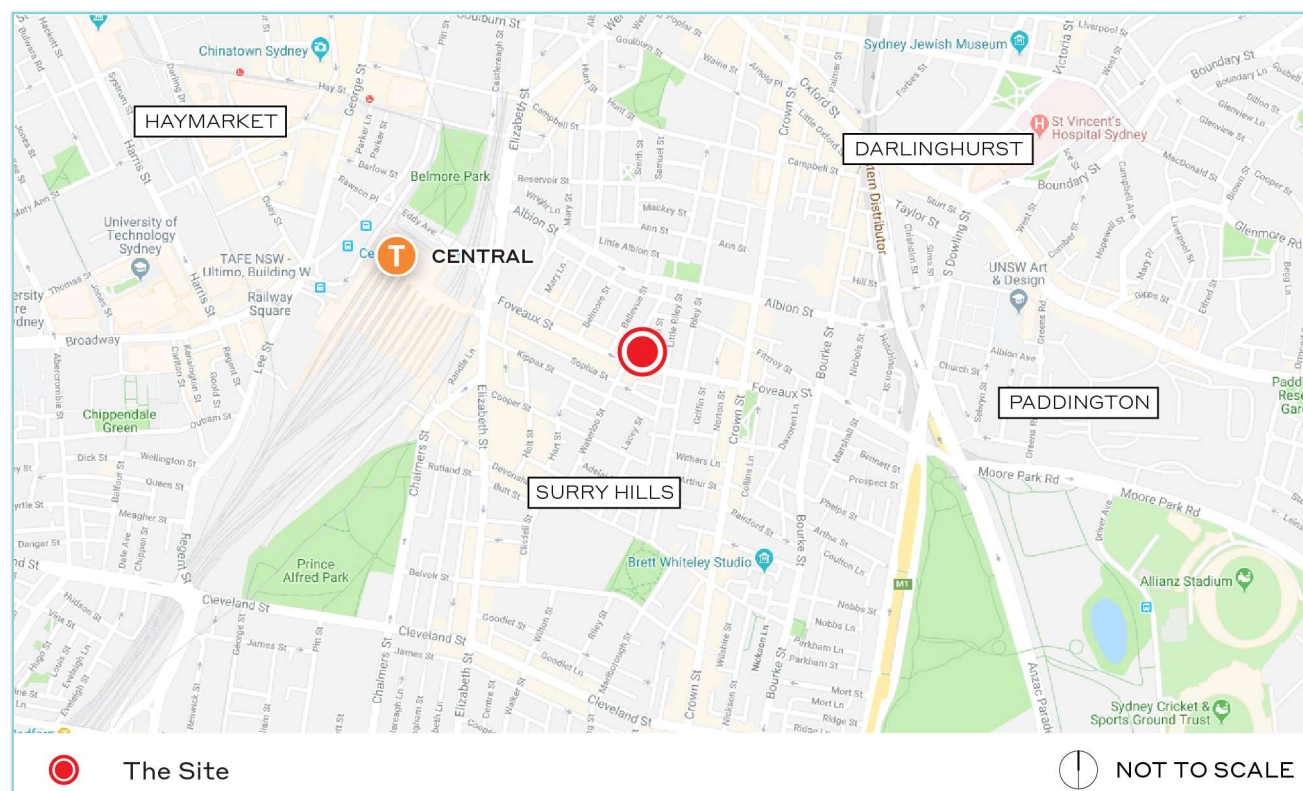


Figure 1 Subject Site Context

Source: Nearmaps and Ethos Urban

2.2 Proposed Development

The Development Application (DA) that this assessment refers to, seeks approval for the retention of the existing core building structure, and extensive internal and external fitout works, including:

- Extension to the existing building floor plates to generate a total building GFA of 3,584 sqm, comprising:
 - 3,333 sqm of commercial (office), staff training and canteen; and
 - 251 sqm of end of trip facilities.
- Internal fit-out and alterations, including:
 - Conversion of existing basement car park for end of trip facilities
 - Conversion of existing lower ground floor for a lecture theatre space
 - Reconfiguration of ground floor to accommodate new building entries, staff kitchen and canteen, and meeting rooms
 - Demolition of existing lift and stair core
 - Introduction of new circulation core at the southern perimeter of the building (fronting Foveaux Street)
 - Reconfiguration of Level 2 to Level 5 for open-plan office space.
- External building redesign and façade treatment
- Introduction of ancillary uses including staff canteen and kitchen, and lecture theatre
- Introduction of rooftop landscaped terrace.

Changes in Gross Floor Area (GFA) that would result from the redevelopment by level are summarised in **Table 1** below. Notably, the current planning approval does not count floorspace in the basement and on lower ground in the building GFA. After the redevelopment, these levels would contribute 636 sqm of floorspace or 63% of the net GFA addition.

Table 1 Distribution of proposed GFA

	Existing GFA (sqm)	Proposed GFA (sqm)	Change (sqm)	Proposed Main Use
Basement	0	251	+251	End-of-trip facilities
Lower ground	0	385	+385	Staff training
Ground	383	644	+261	Void/Staff canteen
Level 1	437	423	-14	Commercial
Level 2	437	440	+3	Commercial
Level 3	437	459	+22	Commercial
Level 4	437	466	+29	Commercial
Level 5	437	466	+29	Commercial
Rooftop	0	50	+50	Rooftop landscaping
TOTAL	2,569	3,584	+1015	

2.3 Strategic Planning and Policy Framework

A Plan for Growing Sydney

The Plan for Growing Sydney identifies a number of key challenges facing Sydney. Of relevance to the proposed development is the need to create 689,000 new jobs by 2031.

In this respect, the proposed development provides additional employment opportunities in a highly accessible location. Given the demographic characteristics of the area, the proposed development is likely to be an attractive place to work for local residents, allowing residents to work close to home.

Eastern City District Plan

The Eastern City District Plan identifies Surry Hills as part of the 'Innovation Corridor'. As such, Surry Hills needs to provide appropriately located and designed space for creative businesses, particularly in the technology sector. In addition, the Plan seeks to ensure sufficient amenity to attract local workers and ensure that market capacity exists to retain and grow local businesses, minimising the need for re-location.

An objective of the proposed development is to refurbish a commercial building that has become dated. This refurbishment will improve the overall façade of the building and continue the trend of revitalisation along Foveaux Street. A number of additional benefits to the local commercial office market are discussed below. The refurbishment will also involve a modest increase in GFA, with a large proportion of this increase coming from the conversion of a carpark into end-of-trip facilities. Additional GFA will also involve improvements to overall worker amenity at the site (workplace amenities and circulation space) and provide additional workforce capacity.

The outcomes of the proposed development are expected to support the existing creative cluster within Surry Hills and help to maintain Surry Hills as an 'Innovation Corridor'.

2.4 Sustainable Sydney 2030: Community Strategic Plan (2013)

The Sustainable Sydney 2030 plan sets out the City of Sydney's Strategic Plan for achieving a sustainable city, including a number of key targets and objectives.

Of relevance to the proposed development is Target 7, aiming to have at least 10 per cent of City Trips made by bicycle and 50 per cent on foot.

In addition, several other objectives relate to incentivising and encouraging more sustainable travel options. For example, Objective 4.3 “Green Travel is the preferred transport choice to City workplaces and venue” notes insufficient end of trip facilities for cyclists and pedestrians. Action item 4.3.1 targets providing these end of trip facilities by 2030, as a key initiative to encourage walking and cycling to work.

Under the proposed development at Foveaux Street, the complete removal of the car park and conversion to an end-of-trip facility will assist in the City of Sydney achieving Target 7 and Objective 4.3. While the redevelopment will increase the building’s GFA, as the current car park is excluded from the existing GFA calculation, this increase directly incentivises sustainable transport by providing workers with end of trip facilities. In addition, given the site’s proximity to existing public transport nodes, it is expected that a significant proportion of workers will use local public transport services.

Overall, the proposed redevelopment will positively contribute to the City of Sydney in achieving its vision for a sustainable Sydney, as set out in the *Sustainable Sydney 2030: Community Strategic Plan (2013)*.

3.0 Community and Economic Profile

This section assesses the current socio-economic profile of the community living in proximity to the subject site and compares this with relevant benchmarks. An overview of current economic and social trends relevant to the proposed development is also provided.

In undertaking this assessment, we have used the Surry Hills Statistical Area 2 (**Surry Hills**) ABS definition as representing the immediate community surrounding the Site as represented by the Surry (see **Figure 2**).

Although not all of the Surry Hills SA2 is likely to experience impacts associated with the construction and operation of the proposed development, in an overall sense this area is relevant in terms of understanding the socio-economic context.

The Surry Hills SA2 has been benchmarked against:

- The City of Sydney Local Government Area (City of Sydney), and
- Sydney Greater Capital City Statistical Area (Greater Sydney).

Changes to the economic and social environment generated by the proposed development will be most significant within Surry Hills and are the focus of this report. However in an overall sense, economic and social outcomes will also be generated across the City of Sydney and wider metropolitan area.

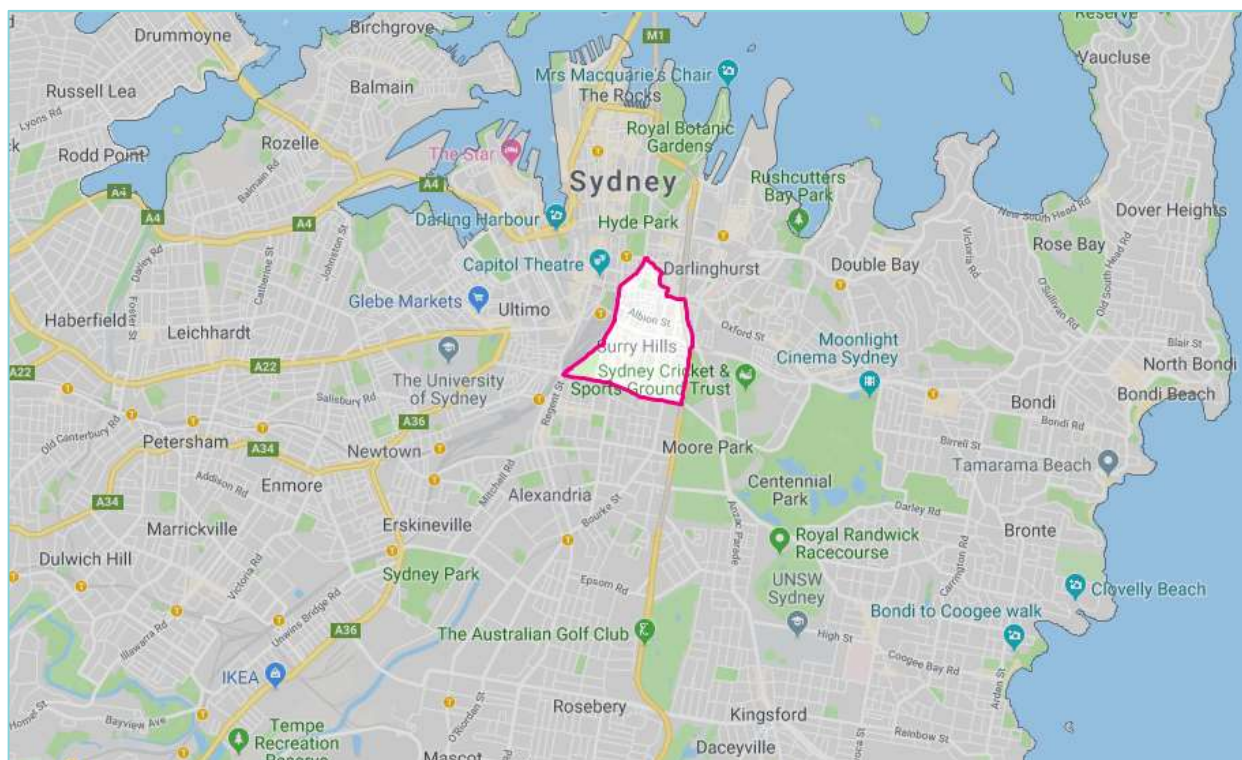


Figure 2 Surry Hills Statistical Area 2 (SA2)

Source: Remplan.com.au

3.1 Existing Community and Economic Profile

Key findings of the analysis are as follows:

Population and Age Structure

- Between 2011 and 2016, the number of residents in Surry Hills has increased by approximately +1,070 residents to 16,400 residents in 2016, or an average annual rate of 1.4%. This annual growth rate was well below that of the City of Sydney at 4.2%, and below that of 1.9% for Greater Sydney.
- The population of the Surry Hills is relatively young. As at the 2016 census, the median age of Surry Hills was 34 years - slightly older than the City of Sydney's at 32, although younger than the Greater Sydney median age of 36 years.
- Approximately 44.5% of residents in the Surry Hills are aged between 20 and 34 years old, a slightly lower share than for the City of Sydney (46.7%) and significantly above the Greater Sydney benchmark of just 23.1%. This suggests that Surry Hills is attractive for young professionals and students.

Household Composition

- In Surry Hills, 43.6% of households are family households. This is lower than the proportion of family households in the City of Sydney (47.2%) and Greater Sydney (73.6%). Of these family households in Surry Hills, most were couple family households with no children, again indicating the popularity of the area with young professionals.

Education

- A high proportion of 46.5% of residents in Surry Hills have obtained a Bachelor degree or above. This is comparable to the proportion of residents in the City of Sydney (44.1%) and significantly above the proportion in Greater Sydney (28.3%).

Occupation and Employment

- In Surry Hills, 85.5% of residents are employed in white collar occupations. This is slightly above the proportion for the City of Sydney (83.6%) and well above the proportion in Greater Sydney (73.2%).

- A significant share of residents are employed across the following industries: Professional, Scientific and Technical Services Industry (19.3%), the Accommodation and Food Services (11.3%) and Health Care and Social Assistance (8.9%). This composition of employment across industries is similar to the City of Sydney, although substantially different from Greater Sydney which has lower shares of employment in the same three categories.

Working Population Profile

- As at the 2016 census, a total of 29,800 jobs were located in Surry Hills. A significant concentration of jobs is in the Professional, Scientific and Technical Services industry, which accounts for 23.0% of all jobs in Surry Hills. This was followed by 11.1% of jobs being in the Public Administration and Safety industry and 10.5% in the Information Media and Telecommunications industry.

Summary

In summary, the socio-economic profile of Surry Hills is characterised by a relatively young and highly educated population with a high share of people working in professional services. Employment in Surry Hills includes industries whose businesses are likely to need the type of office accommodation proposed.

3.2 Future Community and Economic Profile

The population of Surry Hills is forecast to increase from 16,400 in 2016 to around 21,900 residents by 2036, a total increase of approximately +5,500 at an average annual growth rate of 1.5% (see **Table 2**).

This growth rate is much lower than for the City of Sydney (2.0%) and slightly lower than Greater Sydney's at 1.5%.

Importantly, approximately 61% of the total population growth is expected to be in the working age cohorts between 20 and 64 years of age. This suggests that the area will continue retain a large number of young professionals.

Table 2 Population and Age Projections – 2016 to 2036

	Surry Hills	Sydney LGA	Greater Sydney	Surry Hills	Sydney LGA	Greater Sydney
Age Group	2016			2036		
0 to 19	1,100	22,400	1,188,660	1,450	37,360	1,600,410
20 to 34	7,300	97,460	1,115,140	7,780	115,360	1,332,580
35 to 49	4,300	45,300	1,017,800	5,840	67,610	1,325,450
50 to 64	2,300	26,100	829,830	3,740	46,560	1,115,370
65 to 80	1,020	13,340	490,550	1,910	26,080	792,700
80+	430	3,770	181,470	1,080	10,550	393,610
Total	16,400	208,380	4,823,450	21,900	303,520	6,560,120
Age Group	Population Change (2016 to 2036)			Annual Growth (%)		
0 to 19	410	14,950	411,740	1.6%	2.6%	1.5%
20 to 34	490	17,910	217,440	0.3%	0.8%	0.9%
35 to 49	1,540	22,310	307,650	1.5%	2.0%	1.3%
50 to 64	1,450	20,460	285,550	2.5%	2.9%	1.5%
65 to 80	900	12,740	302,150	3.2%	3.4%	2.4%
80+	660	6,780	212,140	4.8%	5.3%	3.9%
Total	5,500	95,140	1,736,670	1.5%	2.0%	1.5%

Source: Ethos Urban; Transport for NSW (2017)

Between 2016 and 2036, the total number of jobs within Surry Hills are projected to increase by around 6,800 positions at an average annual growth rate of 1.1%. Within the City of Sydney, the number of jobs are forecast to grow at an average annual growth rate of 1.4%. This increase in employment in Surry Hills is projected to be concentrated in industries such as Professional, Scientific and Technical Services, Education and Training, and Health Care and Social Assistance.

4.0 Commercial Office Market in Surry Hills

The following section examines the commercial office market in Surry Hills.

4.1 Current Trends in Commercial Office Space Market

Over the last few years the commercial office market within Greater Sydney has been particularly tight, characterised by low levels of the vacancy, constraints in office supply and strong tenant demand. Taken together, these conditions have placed considerable upward pressure on commercial office rents. Indeed, the conditions in the CBD have spilled out into the City Fringe and other markets as tenants priced out of the CBD seek alternative locations.

As highlighted in **Table 3** below, over the last few years, the CBD office market has been particularly constrained, with the vacancy rate at around 4.6% in 2018. This vacancy rate is well below the average between 2011 to 2018 of 7.3%.

The City Fringe (including Surry Hills) is influenced by conditions in the CBD, and has been especially tight for tenants over the last few years. In 2018 the vacancy rate was 3.2%, slightly up from 3.0% in 2017 although remaining well-below the long-term average of 5.1%. The pattern of low office vacancy rates in the CBD and City Fringe is expected to remain over the next few years, as new office supply in the CBD continues to be constrained (Knight Frank, 2018).

Table 3 Commercial Office Space Vacancy Rates – 2012 to 2018

	2012	2013	2014	2015	2016	2017	2018	Average (2012 to 2018)
Sydney CBD	9.6%	7.2%	9.0%	7.4%	6.3%	6.2%	4.6%	7.2%
North Sydney	7.2%	7.8%	10.5%	9.1%	7.0%	7.1%	7.9%	8.1%
Crows Nest/St Leonards	13.0%	12.0%	14.3%	11.6%	8.3%	10.5%	11.1%	11.5%
Chatswood	10.7%	8.9%	13.5%	8.2%	6.6%	7.7%	6.8%	8.9%
North Ryde/Macquarie Park	8.2%	7.3%	9.5%	10.0%	7.1%	7.5%	6.0%	7.9%
Parramatta	N/A	N/A	N/A	N/A	4.5%	4.3%	3.0%	3.9% ⁵
City Fringe ³	7.6%	6.7%	6.7%	5.2%	3.5%	3.0%	3.2%	5.1%
Total Suburban ⁴	9.6%	7.9%	8.7%	8.1%	6.4%	6.2%	6.1%	7.6%

Source: Knight Frank Research; Ethos Urban

1: Buildings with more than 1,000m² of office provision

2: Different office precincts measured at different times within years

3: City Fringe includes Pyrmont, Ultimo, Surry Hills and Bondi Junction

4: Includes City Fringe

5: Parramatta average is calculated from 2016 to 2018

These low levels of vacancy rates have been partly driven by strong employment growth over the last 12 to 18 months, and also due to low levels of new office space supply.

As highlighted in **Table 4** below, the Sydney office market has experienced significant levels of withdrawals in recent years (i.e office space withdrawn from the market). These withdrawals combined with significant investment in residential construction has meant that the stock of office supply has actually declined between 2017 to 2018. Most of the decline in office stock has occurred in the CBB, although the City Fringe, which includes Surry Hills, has also experienced a decline in office stock.

Looking forward, it is expected that limited office supply will enter the Sydney CBD over the course of the next few years as a large share of this space is pre-committed by tenants (Knight Frank, 2018). While discussions with real estate agents, as discussed below, has revealed that new office supply in the City Fringe and Surry Hills is expected to be 'patchy'.

Table 4 Sydney office market stock ('000 m² NLA), 2012 to 2018 ^{1, 2}

Market	2012	2013	2014	2015	2016	2017	2018	Change (2017 to 2018)
Sydney CBD	4,929	4,859	4,959	4,962	5,066	5,080	5,024	-55
North Sydney	860	862	849	822	792	822	824	1.4
Crows Nest/St Leonards	358	369	357	348	334	316	308	-7.8
Chatswood	266	281	281	285	279	279	279	0
North Ryde/Macquarie Park	808	840	854	866	883	879	865	-13.5
Parramatta	625	628	637	660	682	706	705	-0.9
City Fringe ⁴	949	952	952	928	916	936	922	-14
Total Suburban ⁵	3,206	3,229	3,287	3,256	3,201	3,189	3,187	-2.5
Total	11,052	11,068	11,223	11,200	11,239	11,271	11,192	-79

Source: Knight Frank Research; Ethos Urban

1: Buildings with more than 1,000m² of office provision

2: Different office precincts measured at different times within years

3: Parramatta floorspace estimated for 2012-2015

5: City Fringe includes Pyrmont, Ultimo, Surry Hills and Bondi Junction

5: Includes City Fringe

As the above highlights, the Sydney office market has been supply-constrained. Surry Hills, as part of the City Fringe market, has also experienced similar conditions. Indeed, Surry Hills has experienced particularly tight office market conditions and has historically had very low vacancies and strong rental growth¹.

This experience has been driven by Surry Hills being an attractive location for firms looking for a unique space that distinguishes them from firms located in the CBD². In addition, as discussed below, real estate agents have noted that conditions in the CBD market have spilled over into Surry Hills, as businesses have been forced out of the CBD into other markets, while new entrants that would have otherwise looked for a CBD office location have been forced to look in the city fringe.

In general, CBD fringe office markets include firms seeking a high amenity inner city location, without the high rents of the CBD. A risk exists that continued upward pressure on rents could mean that the creative industry sector within Surry Hills could be disrupted and 'crowded out' by other more traditional white-collar industries.

4.2 Consultation with Real Estate Agents

Discussions undertaken in March 2019 with four commercial real estate agents that operate in the Surry Hills area confirms the analysis above.

Agents noted that conditions within the commercial office market in Surry Hills have been difficult for quite a while, with the market has been described as having low vacancies and strong rental growth.

Demand for commercial office space in Surry Hills has been described as strong and is expected to remain strong over the course of the next few years. Part of this demand is due to rents being lower than what is available in the CBD. Agents noted that several businesses had relocated from the CBD due to the high rents. The other factor driving demand was that the area is particularly attractive for businesses operating within the 'creative industry', as well as small to medium sized businesses seeking an office space close to the CBD. Proximity to an educated workforce and good levels of worker amenity were also cited as factors.

Foveaux Street is identified as an attractive location for businesses, especially those in the creative sectors. One agent noted that nearly all the businesses along the street were creative in nature. It was also noted that in recent

¹ For a recent commentary on the Surry Hills office market, see: <https://www.smh.com.au/business/companies/furnished-office-space-in-high-demand-20180621-p4zmyx.html>

² For instance, see <https://www.commercialrealestate.com.au/news/sydneys-fringe-office-leasing-market-the-hottest-in-the-land/>

years, the street has undergone significant revitalisation, with improvements to the streetscape and pedestrian safety. Agents also noted that numerous buildings in the precinct had undergone re-investment and revitalisation.

Although some new projects are expected to complete over the next 12-months, overall supply growth is described as 'patchy'.

Agents also noted that the quality of the current stock of commercial spaces in and around Surry Hills was 'mixed' with some low quality spaces still being used. Overall, they noted a high level of interest in commercial office building investment.

4.3 Proposed Development

The proposed development will help to alleviate some of the high demand/low supply experienced within the City Fringe market. While the overall effect on rents will depend upon the interaction of supply and demand, as well as other non-market factors, the project will provide high quality commercial office stock in a market that is currently constrained in its ability to provide additional commercial office stock.

The City Fringe is an important market for businesses within creative industry that seek to locate similar businesses, as a place for new business entrants and as an incubator for businesses seeking to grow in high-amenity yet cost-effective environment.

5.0 Social and Economic Benefits

The following section examines the social and economic benefits of the proposed development.

5.1 Employment

The employment effects of the proposed development are considered in terms of employment effects during the construction phase and employment effects during the operation phase.

Construction Phase

The construction of the proposed project will create new employment opportunities for the local and regional economy. The Capital Investment Value (CIV) for proposed development has been estimated by Coutts Cost Consulting Pty Ltd at approximately \$12.7 million over the lifetime of the project. A project with a CIV of \$12.7 million is estimated to support approximately 30 full-time equivalent jobs years during the construction phase of the project.

As construction of a project of this size relies on the input of a range of industries, the economic contribution and benefits extend beyond the direct capital expenditure for project goods and on-site employment. The flow-on benefits of construction activity are categorised for measurement into two types of economic multipliers described as a production induced effect and consumption induced effect:

- **Production induced effect** – including both a first-round effect which is all of the direct inputs and employment required to construct the project, and an industrial-support effect which relates to the flow-on employment and expenditure required to produce the inputs into the materials/services obtained in the first-round effect. For example, the purchase of reinforced steel bars from a supplier is measured in the first-round expenditure and employment, whilst the induced demand for mining, transport and manufacturing to produce this product is captured in the industrial-support effect.
- **Consumption induced effect** – being the forward effects of expenditure in all industries from wages/salaries of persons employed as a result of the direct and production-induced effects of the project.

The Australian National Accounts 2008/09, published by the Australian Bureau of Statistics, indicate that for every 1 job directly supported in construction, a further 0.57 jobs are supported within the region as a result of production induced and consumption induced effect within the local region. Input-output models for Australian construction projects indicate that for every 1 job directly provided directly by a construction project, an additional 0.3 to 0.9 jobs are supported throughout the broader Australian economy.

Therefore, based on the estimated direct employment for the construction phase of the project, it is estimated that the proposed development will support a total flow on effect to approximately 26 jobs across the Australian economy. Cumulatively the project will therefore support approximately 56 jobs (including production and consumption induced) during construction.

Operations Phase

During the operations phase, it is expected that the indicative design concept would generate approximately 135 office jobs. This estimate is based on an assumption of 1 office job per 14 sqm of leasable floorspace. However, in practice the actual number of office jobs generated will depend upon the operational requirements of the tenant.

Currently between its two offices in Surry Hills, SafetyCulture has around 150 employees. Across Australia the firm has approximately 300 employees.

These office jobs will most likely be in the Professional, Scientific and Technical Services industry. Firms occupying these office spaces will demand highly skilled workers. As illustrated by the demographic analysis, Surry Hills has a relatively high proportion of highly educated workers. Notwithstanding this, the site is in proximity to sustainable public transport options and thus has access to a relatively large pool of highly skilled workers.

Increased Local Expenditure

The additional workers located at the subject site will also increase retail expenditure available in the local area. This local retail expenditure is expected to be directed toward food-related purchases such as take-away, cafés, restaurant dining and take-home groceries.

Assuming that the 135 additional office and retail workers spend an average of \$12 per working day on local food and beverages, this would result in a net increase in annual spending on local businesses of around \$405,000 per annum. Spread across a number of traders, this will help support overall trading viability and profitability for businesses in the precinct.

The remainder of workforce expenditure is dedicated to spending on retail goods, such as clothing and accessories, entertainment, leisure activities and personal services. As a result, the trading conditions of retailers near the proposed development will likely improve. This will be to the benefit of the wider retail/commercial precinct along Foveaux Street and surrounding areas.

The level of spending by workers on these non-food categories is more difficult to specifically forecast. However, local non-food businesses are expected to experience a positive impact on sales associated with exposure to a larger local workforce population.

5.2 Revitalisation and Improvement in Amenity Foveaux Street

The proposed redevelopment is expected to contribute to the ongoing revitalisation of Foveaux Street. In the last few years, the overall amenity of Foveaux Street has improved. This improvement is the result of streetscape initiatives by the City of Sydney³, as well as the number of new and refurbished buildings along the street.

The proposed development will continue this trend by revitalising a building and façade that has become dated. It will further incentivise improvements in the quality of other nearby buildings. In part, this expectation is because commercial office spaces within the area compete not just through rents but through the quality of their product.

5.3 Proposed Development will Incentivise Active Modes of Transport

As noted above, the proposed development will promote “green travel” and active modes of transport through the conversion of a carpark into an end of trip facility.

³ For details on the improvement for the streetscape see: <https://www.cityofsydney.nsw.gov.au/vision/better-infrastructure/streets-and-public-places/completed-works/foveaux-street-improvements>

Workers will be encouraged to take active modes of transport, such as cycling, while discouraging private vehicle use. It will also assist the City of Sydney in achieving its vision under the *Sustainable Sydney 2030: Community Strategic Plan (2013)*.

In addition, given the site's proximity to existing public transport nodes, it's expected that a significant proportion of workers will walk to work from these nodes.

5.4 Efficient and Productive Use of Land

The proposed re-development provides for a highly quality office environment within an area that already has a high number of office buildings and that has generally experienced tight office market conditions.

While the proposed development will not affect the building height, it is understood that the current building height is above what is permissible. By modestly relaxing the height limit and GFA to allow the proposed commercial component, the subject site can accommodate a scale of office that will attract and retain additional professional services business in the area. This is entirely consistent with the employment needs of the local workforce.

Overall, the site is an ideal location for office space. The building is located along Foveaux Street, which already contains a number of office buildings. It is situated within the creative cluster around Surry Hills and there are already high levels of worker amenity. The desirability of the location as a commercial building is demonstrated by the pre-commitment by SafetyCulture to occupy the building.

5.5 Support Surry Hills as an 'Innovation Corridor'

The proposed development will help support Surry Hills as an "innovation corridor" and help to assist in the Greater Sydney Commission achieving its objective related to innovation corridors. The planning proposal will help support this innovation corridor by supporting the cluster of creative businesses in the area.

Within Sydney, creative industries have situated within the City Fringe due to its locational advantages. Creative industries tend to locate in high amenity areas outside the CBD, that provide a unique cultural experience, are close to where workers live and are cost-effective. In addition, creative industries tend to cluster near other similar businesses to take advantage of important agglomeration effects that benefit businesses and workers. The high-quality office environment proposed under the proposed development will boost worker amenity and provide SafetyCulture with an important competitive advantage in attracting and retaining its workforce.

The increase in GFA at the site and increase in the number of workers will have benefits for businesses that cater to providing goods and services for local workers by contributing to their viability.

6.0 Conclusion

The key findings of this report are as follows:

- The proposed development scheme is generally consistent with the land use and economic outcomes sought by relevant key strategic documents.
- Surry Hills is an attractive location for businesses operating in creative industries, as highlighted by discussions with local real estate agents. As such, the proposed development represents a tailored solution to retain SafetyCulture, a rapidly growing Australian technology company, in Surry Hills.
- The commercial office market in Sydney and the City Fringe, which includes Surry Hills, is tight by historic standards with only limited opportunities for new and expanding businesses.
- Cumulatively the project will support approximately 55 jobs (production and consumption induced) during construction. While during the operation phase approximately 135 office jobs are expected to be created. The increase in local expenditure will support local businesses in the area.
- The proposed development will support Surry Hills as an 'innovation corridor' and help to maintain the creative industry cluster within Surry Hills.
- The proposed development will incentive "green travel" and active modes of transport.