



Economic Impact Assessment

84-90 Christie Street and 75-79 Lithgow Street

St Leonards

July 2015

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Executive Summary

Urbis has been instructed by Winten Property Group to prepare an economic impact assessment for the proposed mixed use development at 84-90 Christie Street and 75-79 Lithgow Street, St Leonards.

The economic impact assessment indicates that the site's existing approval for a 18 storey 31,000 sq.m commercial building cannot be supported by market conditions.

Over the last three years Winten Property Group has been seeking an anchor tenant pre-commitment for the site's existing approval, with no success.

Urbis has calculated that under the average 15 year take up of 634 sq.m for St Leonards, the approved 28,400 sq.m NLA (31,000 sq.m GFA) tower will take 42 years to fully lease.

The low take-up rate observed within the St Leonards market is reflective of its poorer competitive positioning relative to other suburban office markets, its higher rental rate and smaller floor plates compared to Macquarie Park / North Ryde.

This does not mean however that there will be no demand for commercial space within St Leonards moving forward. Rather a growing proportion will be focused in the health care and social services sector, which will be well provided for with the redevelopment of the RNSH.

In addition to the RNSH, there may be opportunity to attract specialised health businesses into the area, which do not necessarily require a large corporate office format.

Employment growth in the health and social services sector between 2006 and 2011 reflects a broader trend of a growing health sector within St Leonards Strategic Centre. In 2011, the health care and social services sector provided 25% of St Leonards employment and is forecast to grow to 28% of the Centre's jobs by 2031 (jobs growth of 3,475 over this period).

The high proportion of health services jobs in St Leonards Strategic Centre is aligned to the presence of the RNSH and medical services businesses located along the Pacific Highway.

With the RNSH's redevelopment, including the addition of 31,230 sq.m of commercial GFA, further employment growth in this sector is expected. The pre-lease of 20,000 sq.m (NLA) of this space to the NSW Government will support jobs growth in this sector as well as anchor the development of this commercial space. As such it would appear that the St Leonards Strategic Centre has sufficient office space capacity to meet the needs of the current business cycle.

Health sector tenants typically demand small professional suites which can be accommodated in a mixed use format. The provision of this type of stock within close proximity to the RNSH in the proposed development concept will support future growth in the health care and social services sector.

In addition to this, the existing approval for a 31,000 sq.m commercial tower is unlikely to be required to achieve the 8,400 additional jobs (NSW Government Bureau of Transport) projected for the St Leonards Strategic Centre by 2031.

- Achievement of the projected employment growth for the St Leonards Strategic Centre is expected to generate demand for approximately 43,350 sq.m of additional commercial floorspace by 2031
- This level of demand can be sufficiently accommodated within the St Leonards Strategic Centre's existing vacant floorspace and proposed supply, and will result in a surplus of office floorspace of 91,454 sq.m by 2031 (which also could accommodate potential 'spill over' demand from other centres)
- In addition to this, with the site currently un-occupiable the proposed development concept actually represents a net ongoing employment benefit of 473 full-time, part-time and casual jobs once fully developed and tenanted above existing employment levels

- This net employment benefit represents approximately 5.6% of the job projections for the St Leonards Strategic Centre, outlined in the Draft Metropolitan Strategy.

In addition, the proposed development concept will contribute to meeting Lane Cove LGA's housing targets, as well as contribute to the urban renewal of the St Leonards Strategic Centre.

Specifically our analysis finds that the addition of apartments on the subject site should be supported based on the following reasons:

- Demand drivers for residential accommodation which include access to amenities, demographics, access to employment, transport and infrastructure, population growth, and competing supply and demand are particularly strong for the subject site.
- The lower proportion of family households and residents aged below 15 years indicates the market may be amenable to higher density living
- The employment participation rate amongst residents in the market catchment indicates a much higher proportion of workers living in the market catchment than the broader Sydney area, which points to a potential preference for housing located close to key employment / transport nodes
- The proposed development's close proximity to the St Leonards train station is likely to attract strong interest from white collar workers, seeking to minimise their travel to work time
- Analysis of the subject site's catchment housing demand and supply indicates a potential gap between housing demand and supply of residential projects from 2016 onwards
- The delivery of the St Leonards' Plaza will contribute to the long-term attractiveness of St Leonards to commercial users and local residents.

Introduction

This report presents the results of economic impacts analysis, of the proposed rezoning of 88 Christie Street, St Leonards from its existing approval for a 31,000sq.m commercial tower to a mixed use development concept.

The purpose of this report is to outline the key employment arguments supporting the subject site's rezoning.

The report is structured as follows:

- **Section 1** provides an overview of the study area and local context
- **Section 2** conducts an analysis of historic and existing employment within St Leonards and Lane Cove LGA that underpin ongoing demand for office floorspace
- **Section 3** provides an analysis of the North Shore office market, specifically focusing on the performance of and investment in the St Leonards office market over the last decade, and identifying the quantum of new supply of floorspace that will provide employment capacity within the St Leonards CBD
- **Section 4** provides an estimate of future commercial floorspace demand, based on forecast employment growth and industry floorspace benchmarks, compared to the identified pipeline for commercial property projects
- **Section 5** identifies the direct and indirect economic benefits associated with the proposed development
- **Section 6** considers the future demand for housing within a defined residential catchment
- **Section 7** summarises the conclusions and recommendations arising out of the report.

1 Study Background

1.1 STUDY PURPOSE

Due to St Leonards being identified as a specialised office precinct in previous metro strategies and a Strategic Centre in the recently release "A Plan for Growing Sydney", retaining employment uses is an important policy objective for both Lane Cove Council and the Department of Planning and Environment.

The following priorities for the St Leonards Strategic Centre were identified in the recently released "A Plan for Growing Sydney":

- Work with Council to retain a commercial core in St Leonards for long-term employment growth
- Work with Council to provide capacity for additional mixed-use development in St Leonards including offices, health, retail, services and housing
- Support health-related land uses and infrastructure around Royal North Shore Hospital
- Work with Council to investigate potential future employment and housing opportunities associated with a Sydney Rapid Transit train station at St Leonards/Crows Nest

In addition, while superseded by A Plan for Growing Sydney, the Draft Metropolitan Strategy 2013 has previously identified a target of 8,000 new jobs between 2011 and 2031 for St Leonards (which are not currently outlined in A Plan for Growing Sydney).

As such an employment analysis is required to illustrate the proposed Winten Property Group concept for 88 Christie Street will not negatively impact the St Leonards Strategic Centre as an employment precinct. Instead the proposed development will deliver amenity upgrades necessary for the St Leonards Centre to attract businesses, creating a vibrant hub of activity, as well as increase jobs and housing on the site.

1.2 SITE LOCATION AND PROPOSED DEVELOPMENT CONCEPT

The subject site covers an area of 3,200 sq.m and fronts Christie and Lithgow Street, and comprises of approximately 5,500 sq.m of commercial space that has not been occupied for approximately 4 to 5 years.

Winten Property Group has an existing development approval for an 18 storey 31,000 sq.m commercial building on the subject site.

The subject site is within the Lane Cove LGA, and is in close proximity to other key locations within the St Leonards Centre, namely:

- The St Leonards Forum retail, 50 metres north
- The St Leonards railway station, 50 metres north
- Royal North Shore Hospital, 230 metres north-west (access on Herbert Street)
- Willoughby Road / Crows Nest 530 metres north-east
- North Sydney TAFE, 730 metres north-west along the Pacific Highway.



Market conditions within the St Leonards office market however are not supportive of large scale commercial product of this kind. Over the last three years Winten Property Group has been seeking an anchor tenant pre-commitment for the site's existing approval, with no success.

In addition to this, the historic 15 year average annual take up rate for the St Leonards / Crows Nest office market is 683 sq.m per annum (Property Council of Australia, Office Market Report Jan-2015).

Applied to the subject site's approved commercial floor area of 28,400 sq.m net (31,000sq.m GFA), this average take up rate would result in a take up period of approximately 42 years. The low take-up rate observed within the St Leonards / Crows Nest market is reflective of its poorer competitive positioning relative to other suburban office markets, such as Macquarie Park and North Sydney.

As such Winten Property Group is seeking a review of the site's planning controls to allow for a mixed use development concept that would better reflect market demand within the St Leonards Centre.

The proposed development concept comprises of:

- A four storey retail and commercial podium component comprised of 8,275 sq.m non-residential uses, centred around an internal courtyard and through-site link. The non-residential GFA includes:
 - Supermarket (3,150 sq.m GFA)
 - Commercial / retail (5,125 sq.m GFA).
- Two residential components including a total of 628 residential apartments, comprised of:
 - The 'plaza buildings' at the interface of the future Plaza and containing 10,645 sq.m of GFA across 16-24 storeys
 - 'The Tower' located further to the east and containing 40,590 sq.m across 40-48 storeys.

2 Workforce and Employment Analysis

This section presents an analysis of historic and existing employment within the St Leonards Strategic Centre and the Lane Cove LGA.

The analysis include, the following:

- The size and profile of the local resident workforce and employment base, in terms of industry sector and occupation
- Journey to work analysis of local resident workforce and local workers employed in the St Leonards Strategic Centre
- Comparison between study area jobs and resident workers.

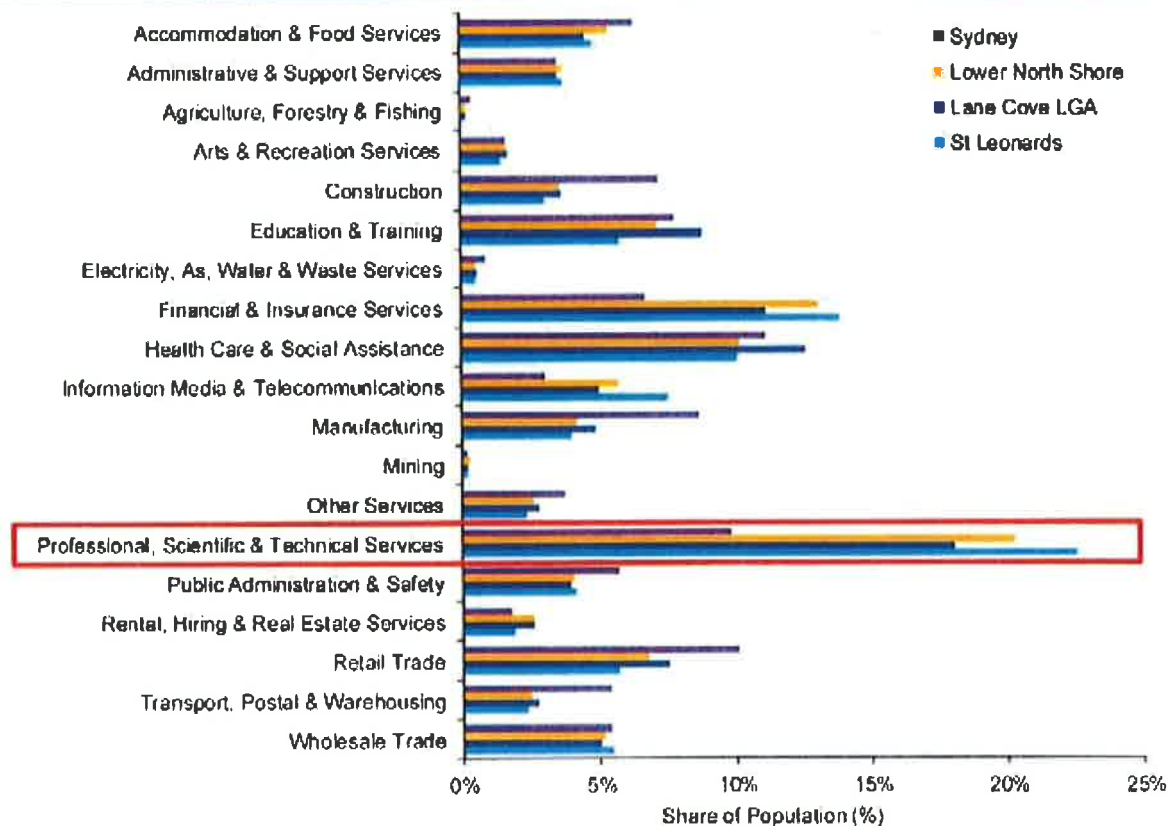
2.1 LOCAL RESIDENT WORKERS

According to Bureau of Transport Statistics (BTS) Journey to Work data, the St Leonards Strategic Centre accommodates around 8,400 employed local residents. Chart 2.1 illustrates the industry make-up of the local resident workers. The chart shows that the St Leonards Strategic Centre has a higher proportion of workers employed in Professional, Scientific and Technical Services than the Lane Cove LGA and broader Lower North Shore.

Resident Employment by Industry

ST LEONARDS STRATEGIC CENTRE AND BENCHMARKS 2011

CHART 2.1



The industry distribution in Chart 2.1 also illustrates the contrasting industry profile of Lower North Shore residents compared to the broader Sydney distribution:

- A much lower proportion of Lower North Shore resident workers are employed in industrial sectors such as manufacturing, transport, postal and warehousing and construction (10%) compared to the broader Sydney (21%)
- St Leonards has a slightly higher proportion of local resident workers employed in information media and telecommunications (+3%), and professional, scientific and technical services (+2%) compared to the Lower North Shore.

Table 2.1 illustrates the changing local workforce in the St Leonards Strategic Centre and Lane Cove LGA between 2006 and 2011. Although the employment base grew for both areas, the growth for the St Leonards Strategic Centre was higher at 3% per annum compared to Lane Cove LGA at 1% per annum over the period.

The employment growth for both areas was driven by the following sectors:

- Professional, Scientific and Technical Services
- Health Care and Social Assistance
- Information Media and Telecommunications

Growth in the Professional, Scientific and Technical Services was stronger for the St Leonards Strategic Centre, which aligns with the presence of office precincts and easy access to the Sydney CBD.

Change in Resident Employment by Industry

Industry Sector	St Leonards			Lane Cove LGA		
	2006	2011	2006-11 Total Change	2006	2011	2006-11 Total Change
Professional, Scientific and Technical Services	1,495	1,901	407	2,738	3,045	309
Health Care and Social Assistance	662	851	190	1,930	2,128	196
Information Media and Telecommunications	469	638	169	806	846	40
Financial and Insurance Services	1,033	1,174	141	1,650	1,885	234
Education and Training	371	488	117	1,369	1,491	122
Manufacturing	298	337	39	886	829	-57
Wholesale Trade	428	460	32	904	843	-61
Public Administration and Safety	320	352	32	624	665	41
Rental, Hiring and Real Estate Services	135	162	27	355	439	84
Administrative and Support Services	292	318	26	586	602	16
Other Services	175	200	25	474	472	-2
Construction	242	260	18	678	621	-57
Transport, Postal and Warehousing	186	202	16	400	463	63
Mining	12	19	7	32	41	9
Arts and Recreation Services	123	124	1	266	289	23
Agriculture, Forestry and Fishing	12	6	-6	31	38	7
Electricity, Gas, Water and Waste Services	52	43	-9	121	102	-19
Accommodation and Food Services	423	410	-12	705	769	64
Retail Trade	523	485	-38	1,363	1,277	-85
Total	7,252	8,433	1,181	15,916	16,843	927

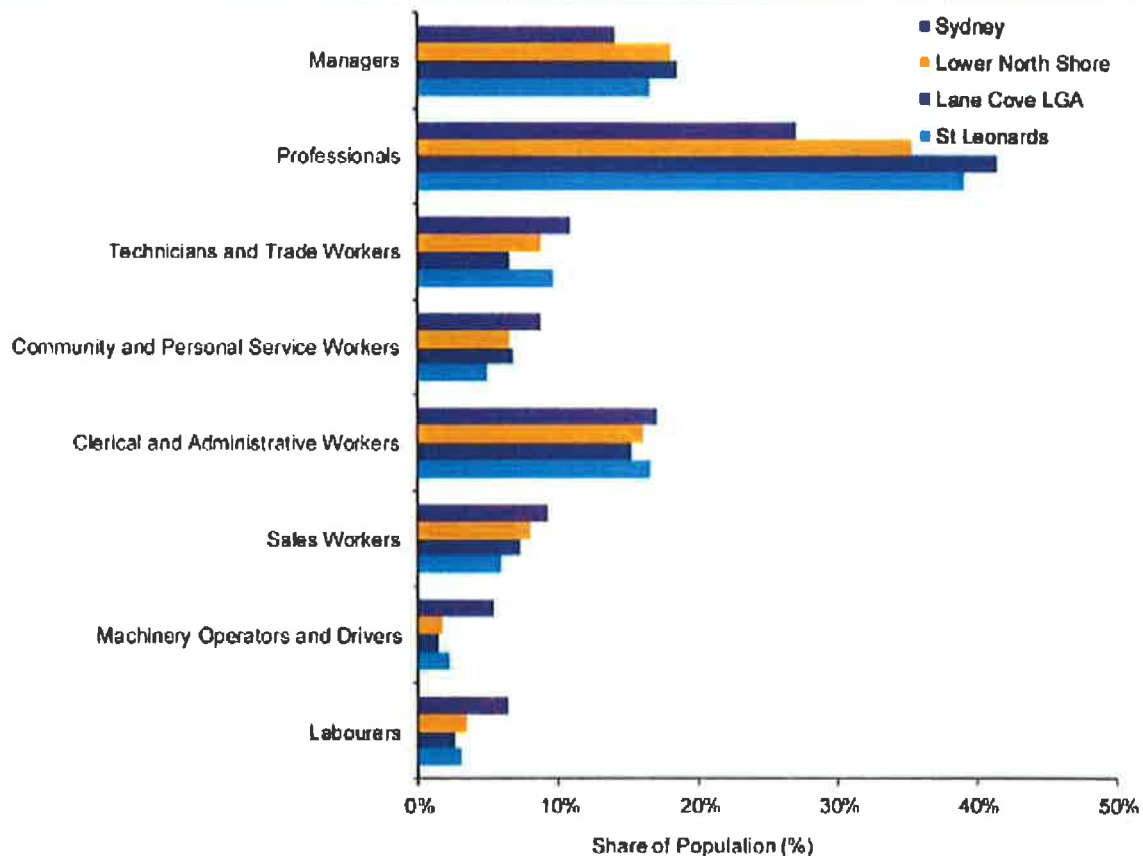
Chart 2.2 compares the distribution of resident workers by occupation for St Leonards against the benchmark areas.

St Leonards and the Lane Cove LGA have a higher proportion of professionals compared to the Lower North Shore and Sydney. This contributes to the higher proportion of white collar workers residing in these areas and also to the higher average household incomes above the Sydney average.

Resident Workers by Occupation

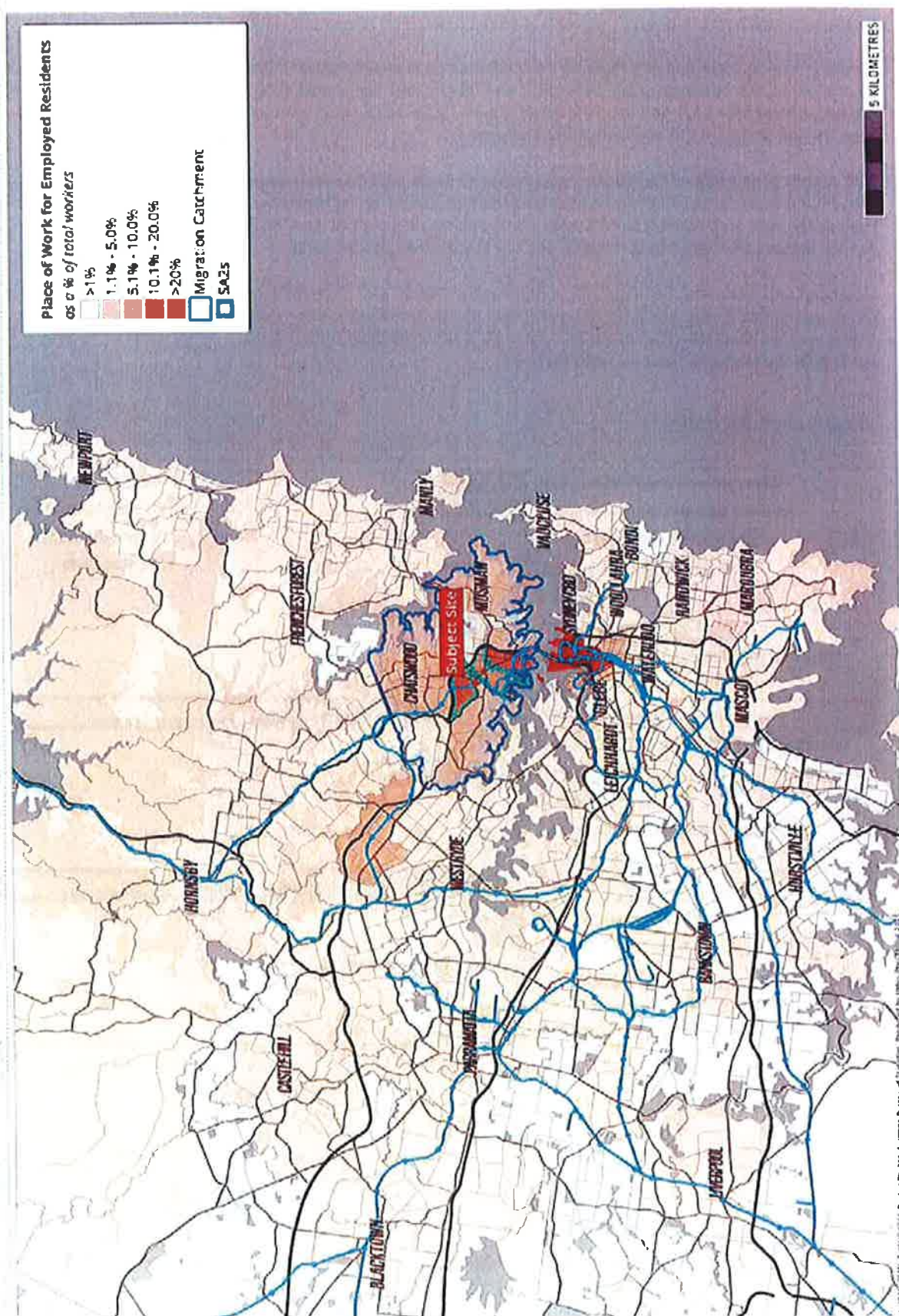
ST LEONARDS STRATEGIC CENTRE AND BENCHMARKS 2011

CHART 2.2



The occupation profile found amongst St Leonards' resident workers is shown in Map 2.1. St Leonards' workers are employed mainly in established office precincts, such as:

- Sydney CBD
- North Sydney CBD
- Macquarie Park /North Ryde
- St Leonards Strategic Centre.



2.2 LOCAL JOBS

The St Leonards Strategic Centre accommodates around 29,000 jobs, contrasting significantly with the relatively small number of local resident workers (8,400) as stated in Section 2.1.

Industry employment sectors represented in the St Leonards Strategic Centre are displayed in Chart 2.3. The chart shows **Professional, Scientific and Technical Services (27%)** and **Health Care and Social Assistance (25%)** provide over 50% of jobs in the local area, and represent a higher proportion of jobs than the Lane Cove LGA and benchmarked areas.

The higher proportion of health services jobs in St Leonards Centre is aligned to the presence of the RNSH and medical service businesses located along the Pacific Highway. In addition, the RNSH redevelopment and expansion of health related services south of the Pacific Highway is expected to further enhance employment in these sectors in the short to long term.

Financial and Industrial Services (6%), Information Media and Telecommunications (5%), Manufacturing (4%), and Retail Trade (4%) are the next most represented industries. The smaller representation of these sectors illustrates that while St Leonards is a commercial hub, it is not a major CBD in Sydney's north with a diversified business tenant base.

Local Jobs by Industry

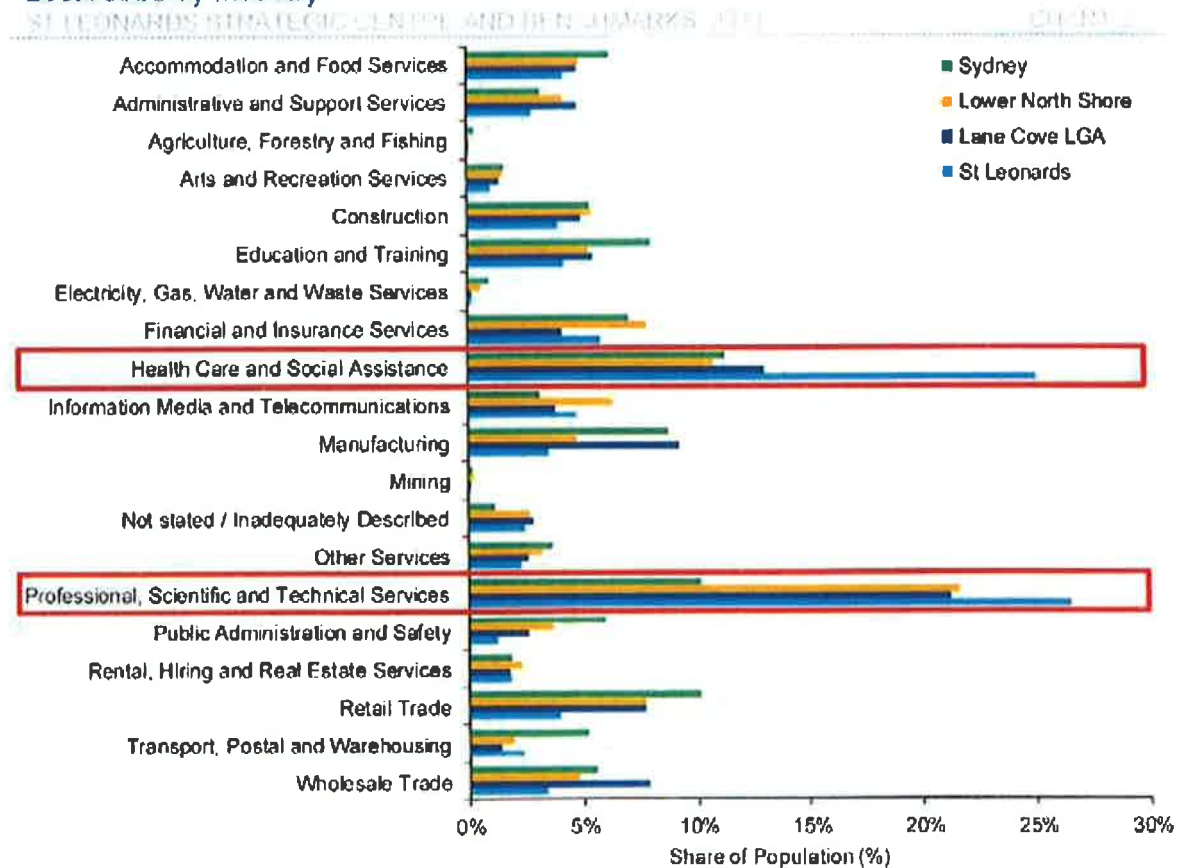


Table 2.2 presents the job growth in the St Leonards Strategic Centre and Lane Cove LGA by industry between 2006 and 2011.

The following industry sectors experienced moderate employment growth in the St Leonards Strategic Centre during this period (higher than the Lane Cove LGA):

- Professional, Scientific and Technical Services (+1,556 jobs)
- Health Care and Social Assistance (+966 jobs)

Lane Cove LGA, on the other hand, experienced growth across a wider array of industry sectors including the following:

- Professional, Scientific and Technical Services (+ 1,485 jobs)
- Health Care and Social Assistance (+541 jobs)
- Wholesale Trade (+233 jobs)
- Financial and Insurance Services (203 jobs)
- Retail Trade (+182 jobs).

This difference in job growth illustrates that the Lane Cove LGA has a more diversified industry base than the St Leonards Strategic Centre, which in addition to containing the southern end of the Strategic Centre, also includes the Lane Cove Town Centre which serves the local population and Lane Cove West Industrial Precinct.

Change in Local Jobs by Industry

ST LEONARDS STRATEGIC CENTRE AND LANE COVE LGA 2006-2011 TABLE 2.2

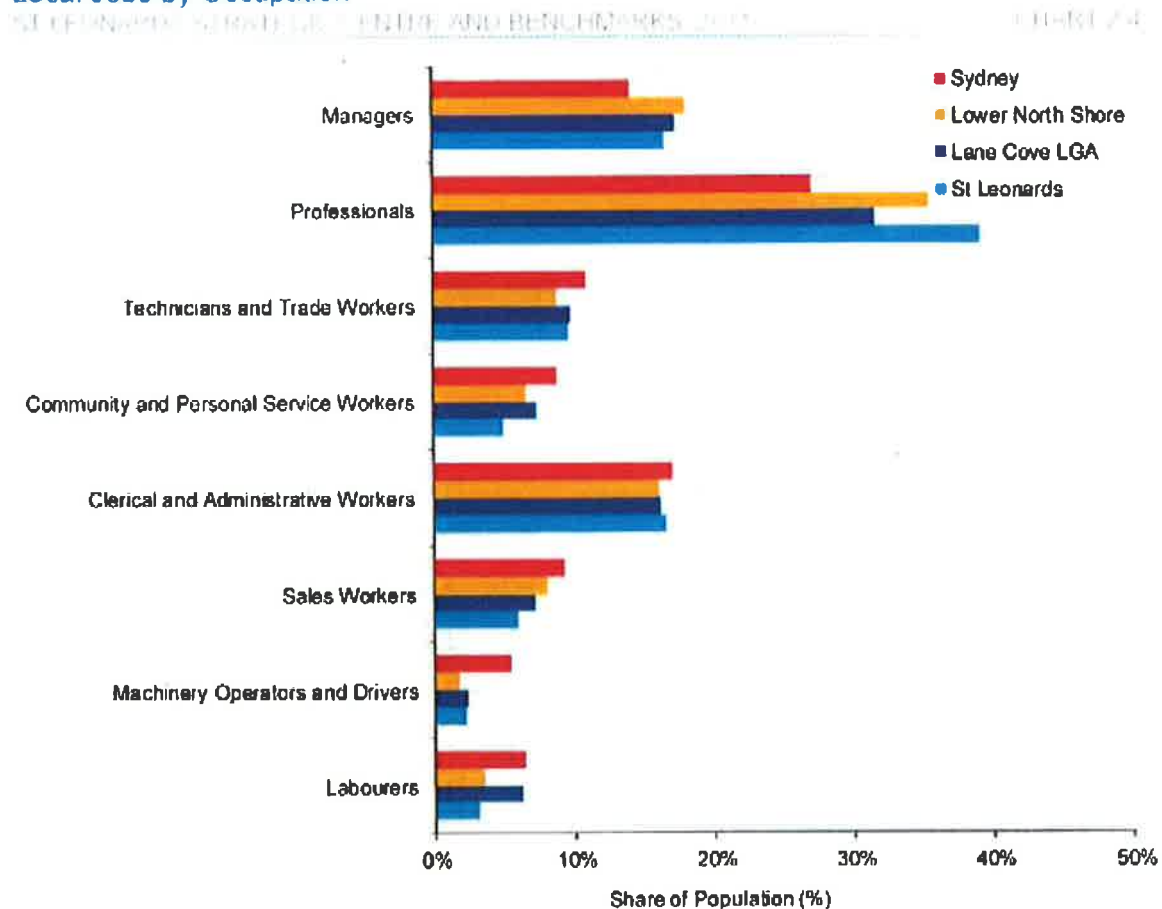
Industry Sector	St Leonards			Lane Cove LGA		
	2006	2011	2006-11 Total Change	2006	2011	2006-11 Total Change
Professional, Scientific and Technical Services	6,124	7,680	1,556	2,147	3,632	1,485
Health Care and Social Assistance	6,278	7,244	966	1,678	2,219	541
Not stated	25	280	255	24	154	130
Construction	988	1,144	156	1,063	846	-217
Education and Training	1,143	1,223	80	797	934	137
Manufacturing	985	1,025	40	1,752	1,571	-181
Other Services	637	677	40	563	451	-112
Accommodation and Food Services	1,180	1,210	30	737	822	85
Mining	24	27	3	6	6	0
Agriculture, Forestry and Fishing	16	16	0	30	14	-16
Arts and Recreation Services	296	296	0	198	240	42
Rental, Hiring and Real Estate Services	562	546	-16	271	303	32
Transport, Postal and Warehousing	735	697	-38	258	242	-16
Financial and Insurance Services	1,726	1,879	153	499	702	203
Inadequately described	530	434	-96	244	331	87
Wholesale Trade	1,143	984	-159	1,109	1,342	233
Administrative and Support Services	1,029	832	-197	791	822	31
Public Administration and Safety	582	361	-221	590	443	-147
Retail Trade	1,436	1,160	-276	1,137	1,319	182
Information Media and Telecommunications	1,774	1,381	-393	513	649	136
Electricity, Gas, Water and Waste Services	471	65	-406	450	32	-418
Total	27,664	28,961	1,297	14,857	17,075	2,218

Chart 2.4 shows the distribution of jobs by occupation for the St Leonards Strategic Centre and the LGA against the benchmark areas.

White collar workers are well represented in the St Leonards Strategic Centre, where the following occupations make up a large share of local jobs in the area:

- Professionals (39%)
- Managers (17%)
- Clerical and Administrative Workers (17%).

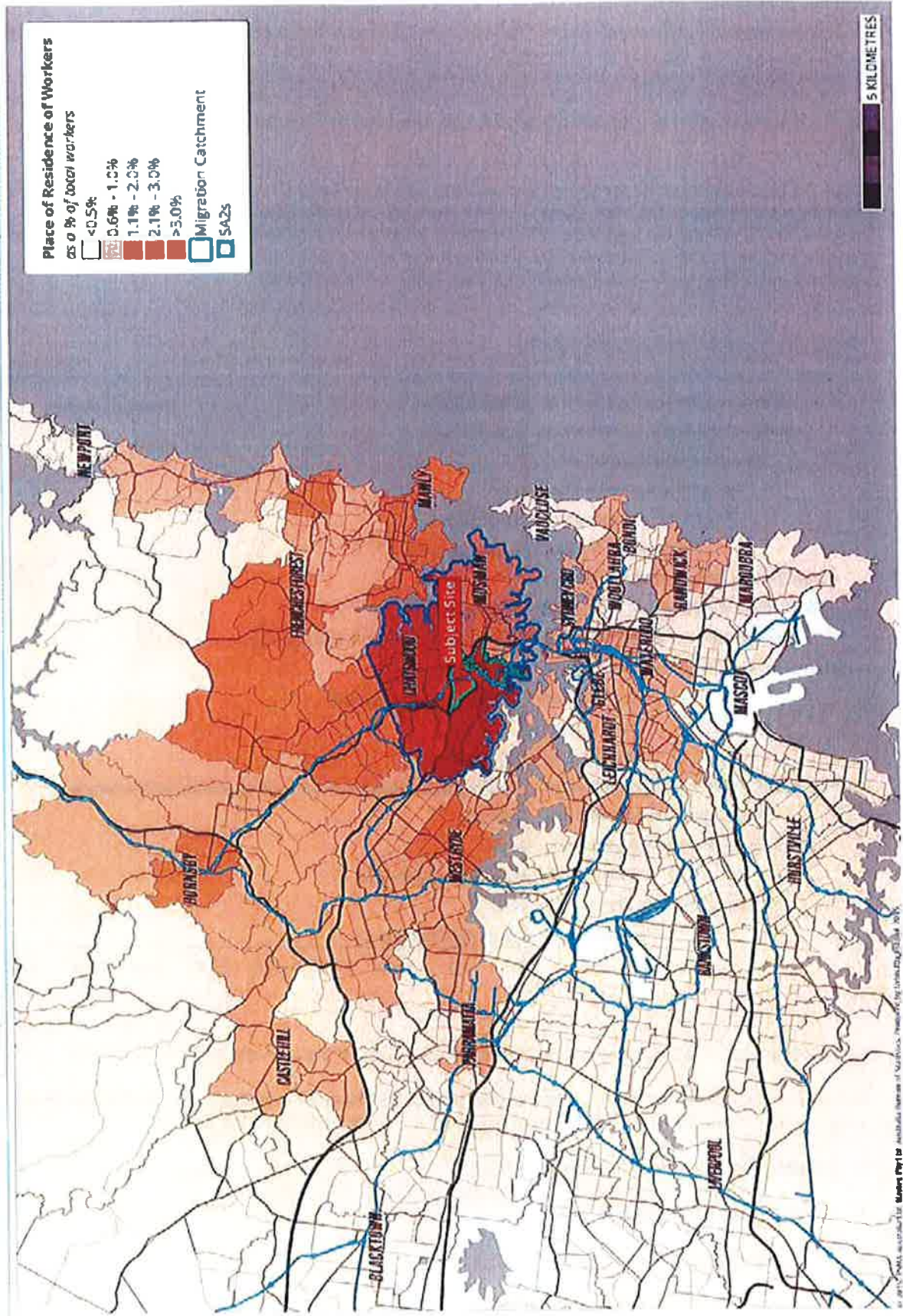
Local Jobs by Occupation



As show in Map 2.2, residents of the following areas represent approximately a third of workers in St Leonards:

- North Sydney (10%)
- Willoughby (9%)
- Warringah (7%)
- Ku-ring-gai (7%).

This is consistent with the rationale that the workforce seeks employment closer to their place of residence. Furthermore, it indicates that additional housing in the area would be well received by workers who are employed in North Sydney, Macquarie Park, Sydney CBD and St Leonards.



2.3 JOB GAP ANALYSIS

When comparing the data presented in Table 2.1 and 2.2 (that is the number of jobs provided within the Lane Cove LGA with the number of residents employed, in 2011), there are particular imbalances between the skills of residents and available jobs within the LGA in a number of categories.

As at 2011, the number of the Lane Cove LGA jobs exceeded the number of local resident workers by 232.

Chart 2.5 below outlines the number of workers and jobs in the Lane Cove LGA by industry sector. The chart shows that overall the Lane Cove LGA has more jobs in white collar industry sectors than local workers, which reflects the presence of St Leonards within the Lane Cove LGA. Therefore many of the industry sectors accommodated in office based employment currently exceed the demand from local residents, requiring business to import labour from other areas of Sydney.

Jobs and Local Resident Workers

LANE COVE LGA 2011

CHART 2.5

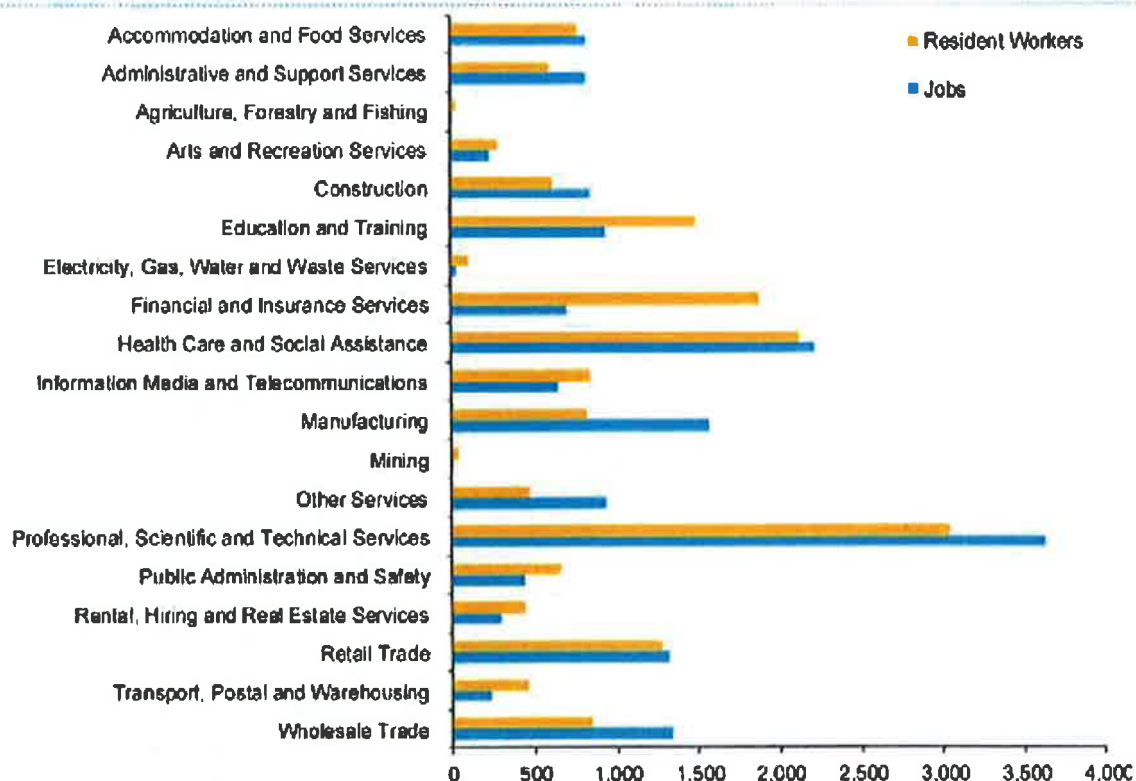


Chart 2.6 illustrates the scale by which different types of jobs in the LGA are in deficit or surplus.

In the following categories, there are fewer jobs provided in the LGA than there are resident workers, meaning that these workers need to travel beyond the LGA to work (exported labour):

- Financial and Insurance Services (-1,183)
- Education and Training (-557)
- Public Administration and Safety (-222)
- Transport, Postal and Warehousing (-221).

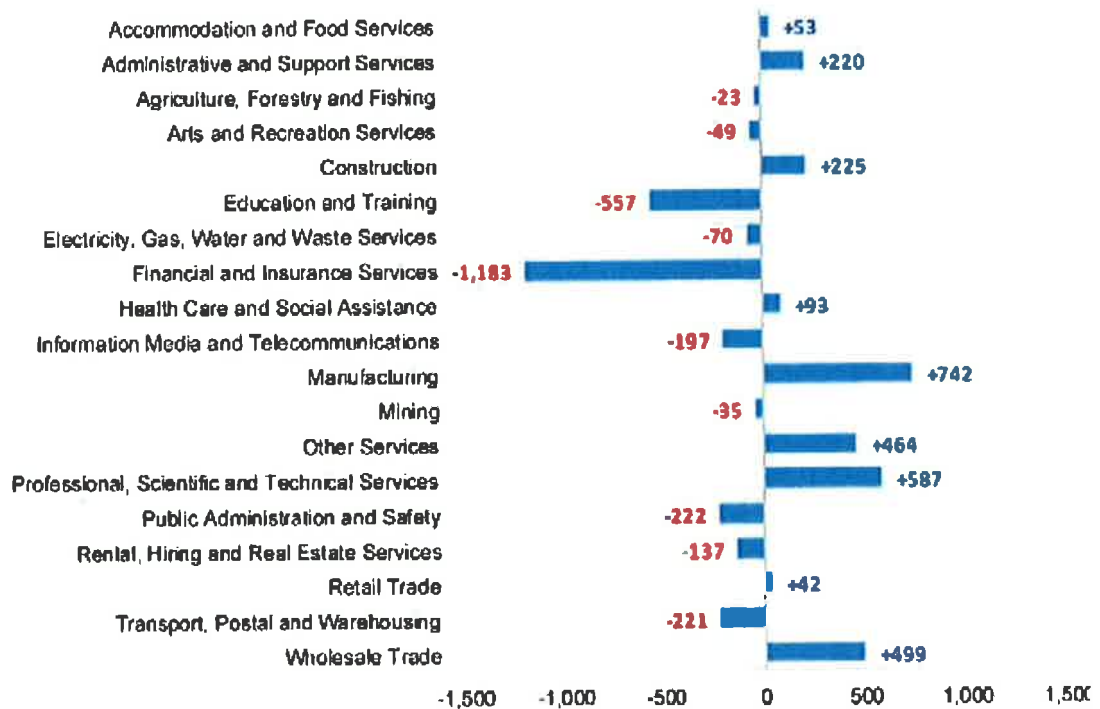
There is a mismatch between the number of jobs provided within the LGA and the skills of local residents, therefore labour must be imported for the following sectors:

- Manufacturing (+742)
- Professional, Scientific and Technical Services (+587)
- Wholesale Trade (+499)
- Construction (+225)
- Administrative and Support Services (+220).

Jobs Gap (Surplus / Deficit)

LANE COVE LGA 2011

FIGURE 2-16



3 Office Market Analysis

The analysis in this section show the level of tenant / business interest in the St Leonards Strategic Centre, its prospect of achieving the employment forecasts discussed previously and the viability of leasing large scale commercial buildings in St Leonards.

This section assesses the strength of the office market in the St Leonards Strategic Centre in comparison to other North Shore Centres. The key measures that St Leonards, and other North Shore centres, will be benchmarked on will include:

- Centres size and location, relative to other competing centres
- Demand for office space, measured through an analysis of historic net absorption and vacancy rates
- Rents
- Location and format of the development of new commercial within the market.

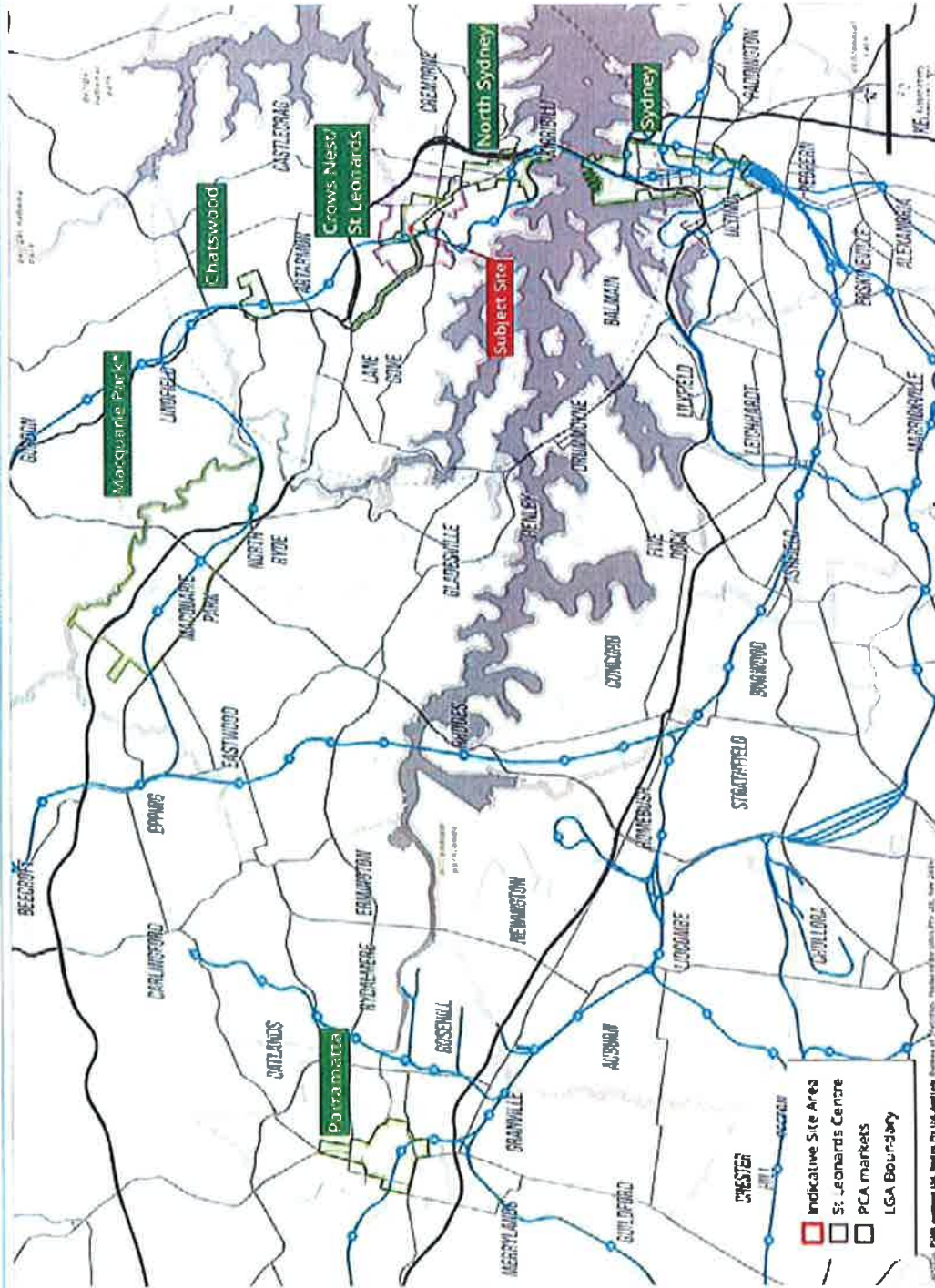
3.1 SYDNEY OFFICE MARKETS – SIZE AND POSITION

Map 3.1 overleaf shows the major office precincts throughout Sydney.

St Leonards / Crows Nest is located 5 kilometres north of the Sydney CBD, between the North Sydney, Chatswood and Macquarie Park office markets. As of January 2015 the St Leonards / Crows Nest had a total of 348,400 sq.m of office space, making it smaller than the North Sydney (822,200 sq.m) and Macquarie Park (866,500 sq.m) office markets, however larger than Chatswood (285,200 sq.m).

The Property Council of Australia (PCA) release office market data biannually that relates to the Sydney Metro office markets overleaf in Map 3.1.

While the St Leonards / Crows Nest market is not completely aligned with the NSW Bureau of Transport Statistics definition of the St Leonards Strategic Centre, it encompasses the main office / commercial areas around the St Leonards CBD, Pacific Highway and Chandos Street.



Compared to these markets, St Leonards has the softest vacancy rate (12%). It achieves an average net face rent of \$426 per sq m, placing it behind North Sydney (\$553 per sq.m) but ahead of Chatswood (\$408 per sq.m) and Macquarie Park (\$336 per sq.m) illustrating its relative premium for asking rents compared to other suburban office markets.

Chart 3.1 shows the total quantum of office stock within the St Leonards / Crows Nest market, and the shift in the quality of the office stock, since 2000.

As at January 2015, approximately 51% of office stock has been classified as C and D Grade. C and D grade stock has historically accounted for approximately a third of total office stock, however has increased since July 2009. The increase was due to a large proportion of the St Leonards office stock being re-rated against the Property Council of Australia's Guide to Office Quality.

Office Stock

CROWS NEST / ST LEONARDS OFFICE MARKET - JAN 2015

CHART 3.1

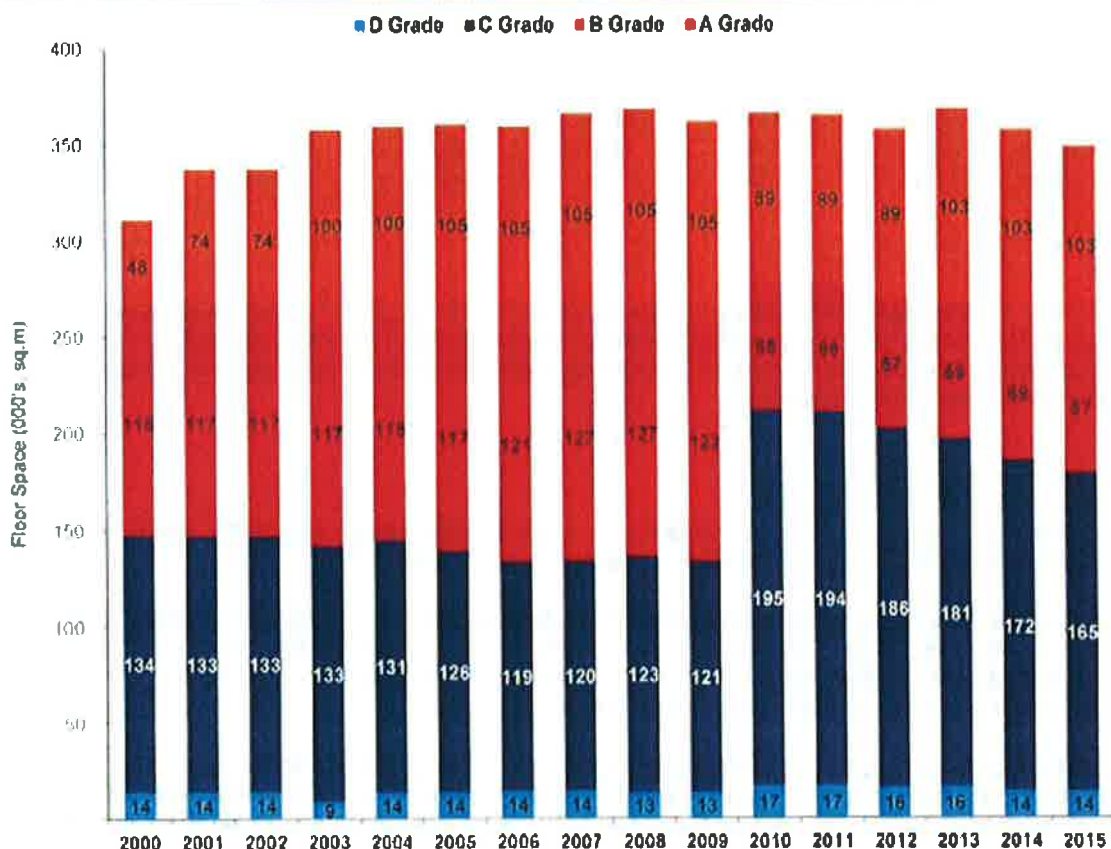


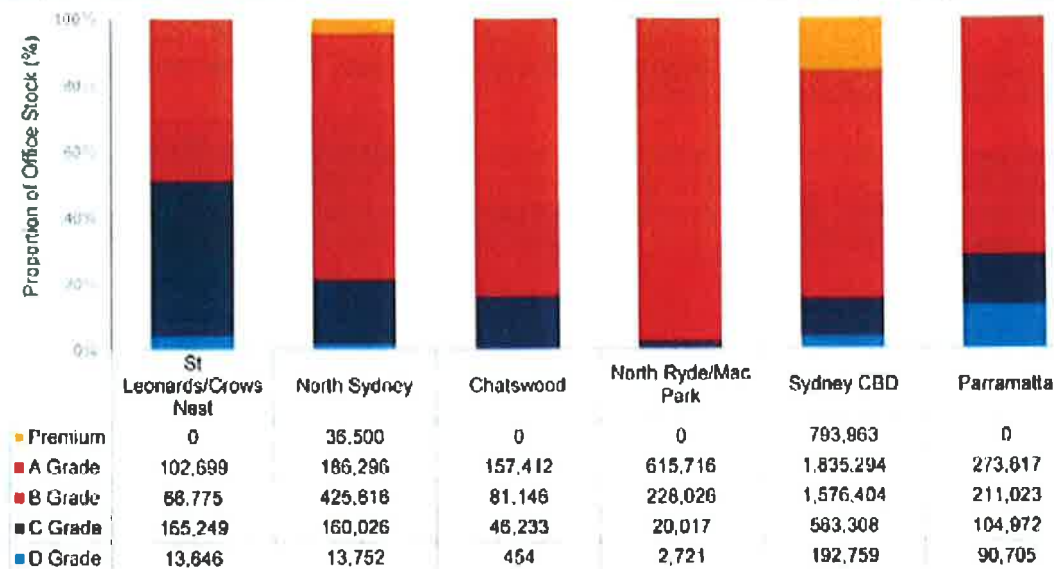
Chart 3.2 shows the distribution of St Leonards office stock quality compared to the other major commercial centres. As noted, the volume of C Grade stock is significantly greater than all other major commercial centres.

This research indicates that the Sydney CBD has the highest amount of premium office stock. Some 52% of the office stock in North Sydney is classified as B-Grade which has remained relatively constant for some time. Chatswood (55%) and Macquarie Park (71%) both have large supply of A-Grade office accommodation. Conversely, in St Leonards the majority of its office stock is classified as C-D Grade (51%).

Grade of Office Space

SYDNEY OFFICE MARKETS JAN 2015

CHART 3.2



It is evident from the age of office stock that the St Leonards' office market has not continued to attract new office investment, office developments or major refurbishments. This has detracted from the appeal of St Leonards to the office tenant market, compared to other centres that have attracted a higher level of investment in new higher grade stock.

3.2 NET ABSORPTION

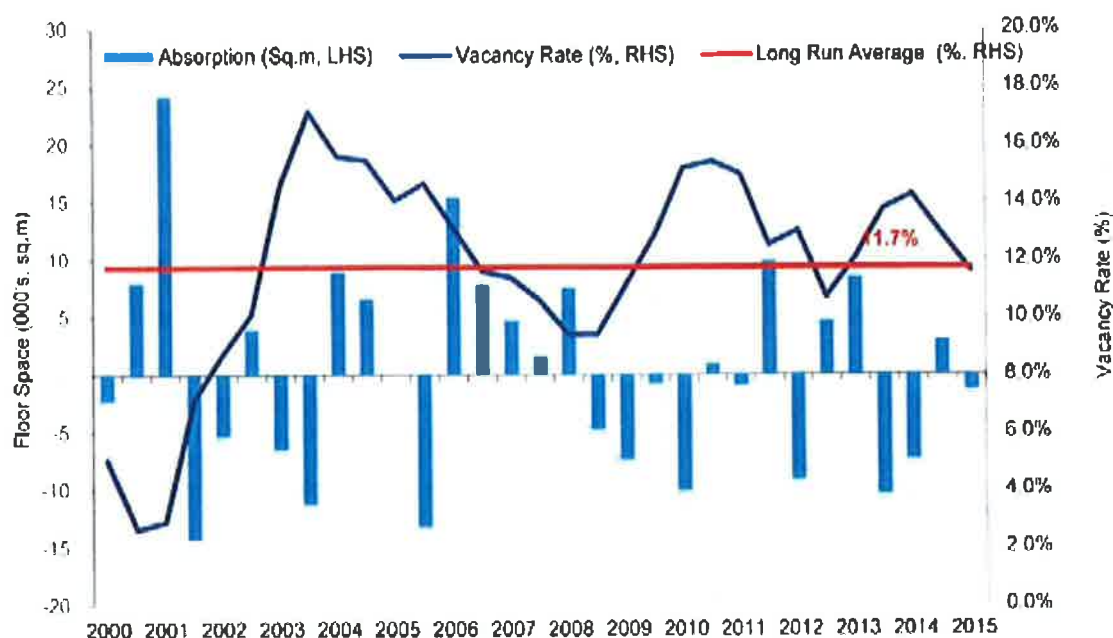
Since January 2000 only 10,200 sq.m of new office space has been taken up in the St Leonards office market, which equates to around 683 sq.m per annum since January 2000.

Chart 3.3 illustrates St Leonards' net absorption from January 2000 to January 2015. It shows that net absorption fell during 2013/14, by approximately 17,841 sq.m. This impacted vacancy rates significantly, which climbed from 10.7% in July 2012 to 14.3% in January 2014. Since then the vacancy rate has fallen slightly and is currently at the long run average rate of 11.7%.

The more recent drop in vacancy rate has not been due to increased tenant demand however, with net absorption falling over this period by 5,714 sq.m. The fall in vacancy has been driven rather by the withdrawal of unoccupied stock, with a net withdrawal of 16,860 sq.m over this period (Property Council of Australia, Office Market Report, January 2015).

Net Absorption and Vacancy Rate

CHART 1.1



Recent corporate tenants relocating out of St Leonards reflects the low net absorption rate within the St Leonards market. IBM announced a partial relocation of staff in 2013 to relocating its Pennant Hills campus, while Leightons will be moving its office to North Sydney.

In addition, Winten Property Group has been seeking an anchor tenant pre-commitment for the site's existing approval over the last 3 years, with no success. Both indicate that large scale commercial developments located in St Leonards of the scale approved at 88 Christie Street will struggle to achieve pre-commitments from tenants large enough to anchor large scale commercial developments.

This does not mean however that there will be no demand for commercial space within St Leonards moving forward. Rather a growing proportion will be focused in the health care and social services sector, which will be well provided for with the redevelopment of the RNSH.

In addition to the RNSH, there may be opportunity to attract specialised health businesses into the area, which do not necessarily require a large corporate office format.

There are some early indicators that this is already occurring with it recently announced that Primary Health Care Pty Ltd will take up to 4,500 sq m in the St Leonards Forum.

Employment growth in health and social services sector between 2006 and 2011 reflects a broader trend of a growing health sector within St Leonards Strategic Centre. In 2011, the health care and social services sector provided 25% of St Leonards employment and is forecast to grow to 28% of the Centre's jobs by 2031 (jobs growth of 3,475 over this period).

The high proportion of health services jobs in the St Leonards Strategic Centre is aligned to the presence of the RNSH and medical services businesses located along the Pacific Highway.

With the RNSH redevelopment, including the addition of 31,230 sq m of commercial GFA, further employment growth in this sector is expected. The pre-lease of 20,000 sq m (NLA) of this space to the NSW Government will support jobs growth in this sector as well as anchor the development of this commercial space.

Health sector tenants typically demand small professional suites which can be accommodated in a mixed use format similar to the 5,125 sq.m in the proposed development concept. The provision of this type of stock within close proximity to the RNSH will support future growth in the health care and social services sector.

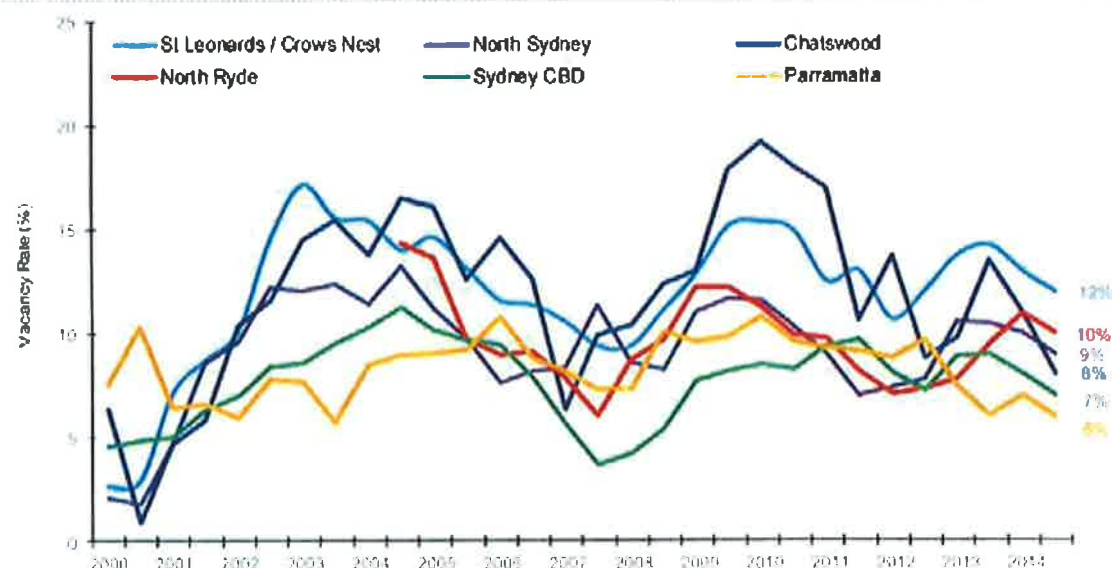
3.3 VACANCY

Chart 3.4 provides a comparison of office market vacancy amongst Sydney office markets from January 2000 to January 2015, providing an indication of the relative strength of different Metropolitan Sydney office markets.

Urbis has calculated the long run vacancy rates for competing Sydney office markets based on the average of the past 15 years. The combined Sydney office markets long run vacancy rates average at around 10%, with both Sydney CBD and Parramatta recording the lowest long run vacancy rate of 8%. On the other hand, St Leonards/Crows Nest and Chatswood had the highest long run average vacancy rates of around 12%.

Currently St Leonards has the highest vacancy rate when compared to the CBDs benchmarked, at 12%. This follows a period which saw the St Leonards' office market vacancy decrease from 15% in January 2010 to 11% in July 2012, due largely to a withdrawal of office of 19,800 sq.m. Historically St Leonards and Chatswood have displayed the highest office vacancy, reflecting their higher rental cost compared to the Macquarie Park / North Ryde.

Office Space Vacancy Rate



3.4 RENTS

Table 3.1 compares the 2015 average net face rents of different office precincts within Sydney. The rental data illustrates that St Leonards seeks higher average rents compared with Chatswood and North Ryde/Macquarie Park.

Construction, development and acquisition costs are a primary driver of this. St Leonards' fragmented land ownership makes it more expensive to acquire and consolidate sites. The higher cost in St Leonards drives up the yields required to justify this higher cost, and the subsequent rent sought for office space. St Leonards' fragmented land is in contrast to outer suburban location such as North Ryde / Macquarie Park that have a format / type that allows for larger consolidated floor plates.

The difference in rental rates between A and B grade stock in St Leonards is driven by both the quality of its built form and location – with much of the lower grade office stock located further away from the St Leonards CBD (close to the train station).

Overall, the rental analysis illustrates that the St Leonards / Crows Nest office market has a higher rental cost base compared to outer locations, while not having the locational amenity of more central locations such as North Sydney and the Sydney CBD. This has a negative impact on St Leonards' competitiveness compared to other office market locations.

Market Rents

TABLE 3.1

AVERAGE NET FACE RENT (PER SQ.M)

Grade of Stock	A Grade	B Grade
St Leonard / Crows Nest	\$478	\$404
North Sydney	\$641	\$521
Chatswood	\$439	\$371
North Ryde / Macquarie	\$358	\$283

3.5 NEW SUPPLY

In addition to the existing supply of office accommodation within St Leonards, there are 7 proposed developments containing commercial floorspace, summarised in Table 3.2.

The progression of Gore Hill D1, D2 and D3 developments in the St Leonards area is dependent on tenant pre-commitments.

The majority of new office stock is being delivered through the Gore Hill Technology Park and Royal North Shore Hospital developments. Urbis understands that the NSW Government will be committing to take up 20,000 sq.m of NLA at the RNSH, while the Gore Hill Technology Park is unlikely to proceed until a proportion of D1, D2 and D3 buildings achieve pre-commitments.

Office Developments

TABLE 3.2

Project	Address	Stage	Owner	Estimated Completion	Office Net Lettable Area (MLA Sq.m)
Air Apartments St Leonards	6-16 Atchison Street	Under Construction	Holdmark	Dec-15	2,989
Albany Street Mixed Development	7-19 Albany Street	DA Approved	Austino PTY LTD	Nov-16	1,810
Pacific Highway Mixed Development	472-486 Pacific Highway	DA Approved	Mindac	Nov-19	7,790
Pacific Highway Mixed Development	504 Pacific Highway	DA Approved	Charter Hall	Nov-19	3,795
Royal North Shore Hospital (Phase 1)	Reserve Road and Herbert Street	Tender for development	NSW State Government	Dec-20	31,230
Gore Hill Technology Park (D1, D2 and D3)	219-247 Pacific Highway	DA Approved	Lindsay Bennelong Development	Mooted	46,000
Atchison Street Mixed Development	18-20 Atchison Street	DA Approved	Electroboard	Mooted	2,300
Total					95,914

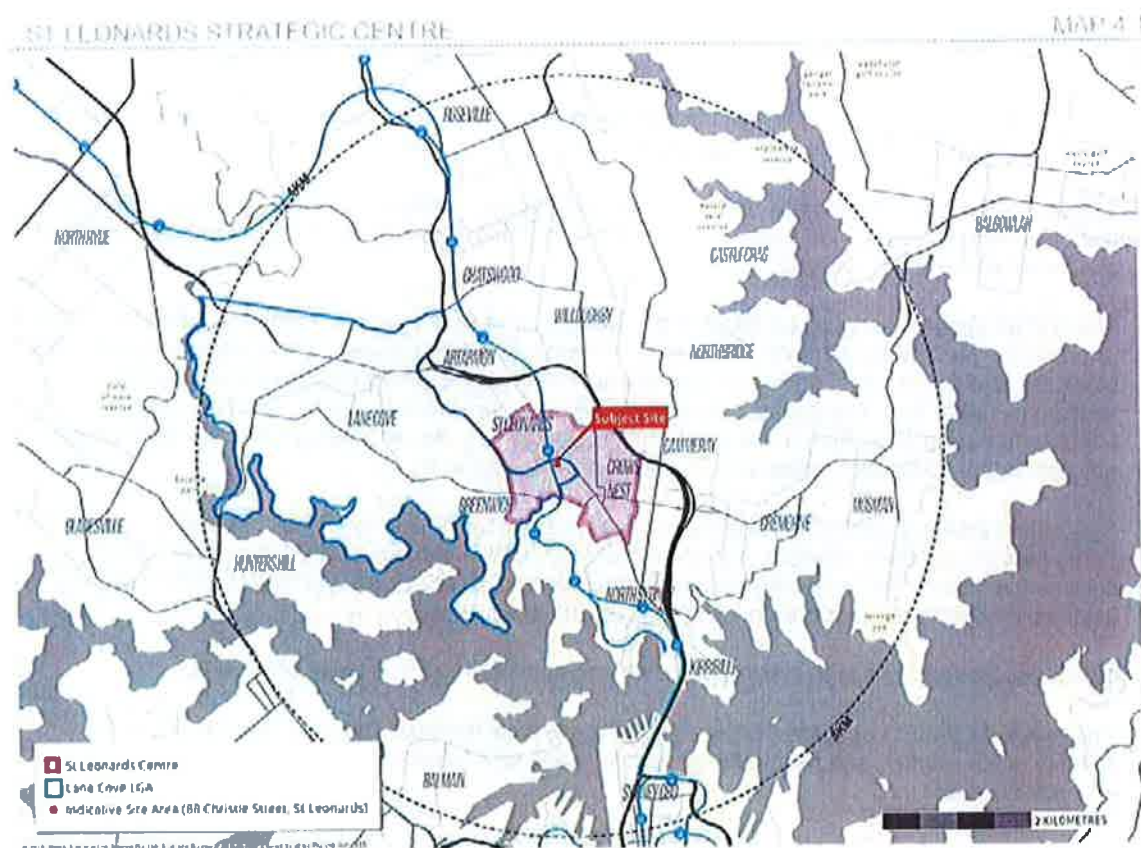
The key findings of the analysis of the St Leonards office market compared to other North Shore office markets are as follows:

- 23

4 Office Floorspace Demand

To identify demand for commercial floorspace it is necessary to consider the nature of future employment within the St Leonards Strategic Centre (identified by NSW the Department of Planning and Environment).

The St Leonards Strategic Centre refers to the area shown in Map 4.1



Future demand for commercial floorspace in the St Leonards Strategic Centre has been estimated by applying floorspace (sq.m) / employment ratios to the Bureau of Transport and Statistics (BTS) 2014 industry projects, providing an estimate of future floorspace demand from jobs growth.

This process involves the following:

1. Analysis of job growth forecasts at the individual industry level
2. Converting jobs growth per industry into jobs growth by land use
3. Converting forecasted jobs growth by land use into floor space demand.

4.1 EMPLOYMENT GROWTH

Between 2011 and 2031 the Draft Metropolitan Strategy 2013 has an employment growth target of 8,000 additional jobs within the St Leonards Strategic Centre.

Table 4.1 illustrates the projected employment for St Leonards Strategic Centre between 2011 and 2031 and its distribution across different industry sectors using BTS data. It shows that employment within the Centre is projected to increase by approximately 8,400 jobs between 2011 and 2031, which is above the draft Metropolitan Strategy's employment growth target of 8,000 jobs.

The key growth sectors outlined in Table 4.1 are expected to add the following jobs:

- **Health Care and Social Assistance**, increasing by +3,475 jobs, equal to 1.8% growth per annum
- **Professional, Scientific & Technical Services**, increasing by +1,199 jobs, equal to 0.6% growth per annum
- **Information Media & Telecommunications**, increasing by +575 jobs, equal to 1.6% growth per annum.

Projected Employment

TABLE 4.1

Industry Sector	Forecast										2011-31	
	2011		2016		2021		2026		2031		Total Change	Annual Growth %
	No.	%	No.	%	No.	%	No.	%	No.	%		
Health Care & Social Assistance	8,202	25%	9,115	26%	10,089	27%	10,892	28%	11,677	28%	3,475	1.8%
Professional, Scientific & Technical Services	8,692	27%	8,719	25%	8,974	24%	9,375	24%	9,891	24%	1,199	0.6%
Information Media & Telecommunications	1,549	5%	2,025	6%	2,051	6%	2,084	5%	2,124	5%	575	1.6%
Manufacturing	1,136	3%	1,250	4%	1,370	4%	1,487	4%	1,606	4%	470	1.7%
Education & Training	1,378	4%	1,436	4%	1,538	4%	1,652	4%	1,766	4%	388	1.2%
Retail Trade	1,326	4%	1,476	4%	1,564	4%	1,638	4%	1,709	4%	383	1.3%
Construction	1,315	4%	1,360	4%	1,462	4%	1,567	4%	1,676	4%	361	1.2%
Accommodation & Food Services	1,357	4%	1,443	4%	1,519	4%	1,597	4%	1,678	4%	321	1.1%
Administrative & Support Services	945	3%	1,097	3%	1,129	3%	1,159	3%	1,201	3%	256	1.2%
Financial & Insurance Services	1,903	6%	2,050	6%	2,051	6%	2,105	5%	2,158	5%	255	0.6%
Unclassified	799	2%	984	3%	1,000	3%	1,020	3%	1,034	3%	235	1.3%
Other Services	782	2%	853	2%	878	2%	911	2%	948	2%	166	1.0%
Transport, Postal & Warehousing	790	2%	882	2%	866	2%	879	2%	900	2%	110	0.7%
Rental, Hiring & Real Estate Services	619	2%	633	2%	659	2%	688	2%	719	2%	100	0.8%
Arts & Recreation Services	365	1%	374	1%	376	1%	391	1%	407	1%	42	0.5%
Electricity, Gas, Water & Waste Services	74	0%	88	0%	91	0%	95	0%	99	0%	25	1.5%
Public Administration & Safety	396	1%	385	1%	395	1%	406	1%	417	1%	21	0.3%
Agriculture, Forestry & Fishing	19	0%	26	0%	28	0%	30	0%	32	0%	13	2.6%
Mining	36	0%	36	0%	40	0%	43	0%	47	0%	11	1.3%
Wholesale Trade	1,110	3%	1,114	3%	1,104	3%	1,105	3%	1,113	3%	3	0.0%
Total Employment	32,793	100%	35,346	100%	37,184	100%	39,124	100%	41,202	100%	8,409	1.1%

Different industry sectors have different needs when it comes to the type of floorspace required to operate their respective organisations.

Jobs growth by industry sector has been converted to jobs by land use below in Table 4.2, to provide an indication of the demand for different types of land use within the St Leonards Strategic Centre.

Jobs by Land Use

TABLE 4.2

LAND USE	JOBS GROWTH (2011 TO 2031)
Industrial	+750
<i>Includes industrial components of 'non-industrial' sectors such as retail, wholesale trade and information technology.</i>	
Office	+2,890
<i>Includes office components of sectors where majority of employment is accommodated in 'non-office' floorspace, such as education and training, health and arts and recreational services and industrial industries such as construction and urban services.</i>	
Retail	+420
<i>Includes retail components of accommodation and food services and wholesale trade.</i>	
Education	+450
<i>Does not include office based education services.</i>	
Health	+3,130
<i>Does not include office based health services.</i>	
Other	+390
Off-Site	+270
Home	+100
Total	+8,400

The office based employment is expected to comprise of a number of different industry sectors. Industry sectors that have the majority of their operations located in non-office floorspace still require a proportion of office floorspace, including:

- Health services (10% office floorspace)
- Urban services (10% office floorspace)
- Construction (5% office floorspace)
- Education and training (5% office floorspace)
- Arts and recreation (30% office floorspace)

These sectors may be better suited to co-locating office based employment with its other non-office based operations, with the functional benefits of co-locating with its core business greater than the amenity associated with CBD locations.

As such these sectors may not require traditional 'corporate' office accommodation and may suite smaller professional suites, or co-located with other business operations (e.g. factories, warehouses or temporary accommodation on construction sites).

4.2 EMPLOYMENT FLOORSPACE DEMAND

To determine the office floorspace requirement that will arise from jobs growth for the St Leonards Strategic Centre, Urbis has derived employment floorspace densities, from the typical sq.m per employee by land use.

Table 4.3 outlines the indicative floorspace required to accommodate growth in jobs outlined in Table 4.2. It illustrates that approximately 43,350 sq.m of office floorspace will be required to accommodate the targeted employment growth outlined the draft Metropolitan Strategy.

Office floorspace employment density is expected to be 15 sq.m per job. The floorspace demand assessment for office provided in Tables 4.4 overleaf uses this employment density assumption.

It is important to note that these forecasts have assumed that the BTS employment forecasts for St Leonards Strategic Centre will be achieved.

Total Floorspace Demand

TABLE 4.3

LAND USE	SQ.M / JOB	TOTAL FLOORSPACE (SQ.M)
Office	15	+43,350
Industrial	150	+112,500
Retail	25	+10,500
Education	25	+11,250
Health	10	+31,300
Other	10	+3,900

4.3 OFFICE FLOORSPACE - SUPPLY AND DEMAND ANALYSIS

According to the Property Council of Australia's (PCA) Office Market Report (OMR) January 2015, there is currently 40,265 sq.m of vacant office space and an approved development pipeline of 99,914 sq.m office space in the St Leonards market.

If we take into account the withdrawal of the subject site from the supply of office space, Table 4.4 shows that the St Leonards Strategic Centre will still have ample supply of office floorspace to deliver on job targets to 2031.

Surplus / Deficit of Office Floorspace

ST LEONARDS STRATEGIC CENTRE (2011 TO 2031)

TABLE 4.4

JOBS GROWTH (2011 TO 2031)

Vacant Existing Floor Space	40,265
Proposed Commercial Developments	99,915
Withdrawal of existing property on subject site	-5,500
Proposed development's commercial GFA	5,125
Existing and Approved Supply	135,304
Office Floorspace (sq.m) required to deliver St Leonards Strategic Centre job target (by 2031)	43,350
+Surplus / -Deficit (by 2031)	+91,454

In addition to this Lane Cove Council recently published (June 2015) their analysis on St Leonards commercial floorspace capacity based on a comparison between the existing GFA and the existing FSR controls.

The total uplift potential for commercial floorspace was calculated to be 104,693 sq.m. This would add to the surplus calculated in Table 4.4 to 196,147 sq.m of office floor area.

This analysis excludes the subject site, and as such its redevelopment into a mixed use development will not detract from the potential commercial GFA uplift identified by Lane Cove Council.

The development of the 104,693 sq.m of potential commercial floor area identified by Lane Cove Council is subject to market drivers. It however illustrates that if demand for office floorspace increases greater than what is currently projected there would be ample capacity to meet unexpected demand pressures and 'spill over' demand from other office markets.

4.4 SUMMARY

Given the existing pipeline of approved commercial development the existing approved commercial development concept the subject site is unlikely to be required to achieve the target job outlined in the Draft Metro Strategy or job projections outlined Bureau of Transport Statistics.

Achievement of forecast employment growth within the St Leonards Strategic Centre is expected to result in demand for approximately 43,350 sq.m of additional office floorspace by 2031. This level of demand can be sufficiently accommodated within the existing vacant floorspace and proposed supply, and will result in a surplus of 91,454 sq.m office floorspace by 2031, assuming all approved commercial and mixed use development projects are developed.

Within the proposed supply pipeline, the Royal North Shore Hospital Masterplan provides for 34,700 sq.m of developable GFA for a commercial office building fronting Reserve Road, 20,000 sq.m (NLA) of which will be pre-leased to the NSW Government.

Adjacent to the commercial building, and fronting Herbert Street there is also potential for an additional 11,645 sq.m mixed use development including commercial and health related uses (e.g. medical hotel, medical suites, staff and carer accommodation and child care).

Both developments reflect St Leonards' ongoing evolution into a health services hub. Health industry tenants are better suited to co-locating in the developing health hub and in the redevelopment of the RNSH Precinct, rather than in traditional corporate office floor plates.

5 Economic Benefits

The employment benefits of the proposed development have a positive impact on St Leonards' economy. The employment benefits occur in two distinct phases, the construction phase and operational phase.

5.1 CONSTRUCTION EMPLOYMENT IMPACTS

Construction of a new mixed use development would require a substantial capital investment. This would sustain significant employment in the construction industry throughout the development period.

In order to assess the employment generation of the construction phase for the proposed development, it is necessary to first estimate the construction costs associated with the development. Using \$305 million as the indicative value of the development (\$2015), as provided by Winten Property Group, the number of direct employment can be calculated. The estimated number of jobs created is illustrated in Table 5.1.

Table 5.1 indicates that the construction investment of \$305 million would generate direct employment of around 1,314 full-time, part time and casual one year equivalent jobs over the life time of the construction period.

Construction Employment Impact of Proposal

SUBJECT SITE			
Development Option/Type of Employment	Capital Cost (indicative)	Construction Jobs per \$1 Million Dollar Invested	Direct Employment
Construction Phase	\$305 million	4.087	1,314

5.2 OPERATIONAL (RETAIL AND COMMERCIAL) EMPLOYMENT IMPACTS

It is important to ensure that any future development retains an employment component so as not to diminish the employment potential of the site.

Table 5.2 shows the target mix of retail and commercial uses by the Winten Property Group. Under this target scheme there is a potential to generate a direct employment uplift of approximately 473 full-time, part-time and casual jobs. The site currently does not employ any people, as such the employment yield from the proposed development will constitute a net employment addition to the St Leonards Strategic Centre.

Employment could be further enhanced by including provision for home office space to be incorporated into future dwellings to enable people to work from home.

Ongoing Operational Employment Potential

SUBJECT SITE			
Type of Use	Employment Per '000 Sq.m	Indicative Floorapace and Employment Yield	
	Industry Average	GLA (Sq.m)	Employment (Persons)
Retail	41	3,150	129
Commercial	67	5,125	343
Total Property		8,275	473

5.3 ECONOMIC ACTIVITY

In addition to the direct employment to be generated from the proposed commercial / retail / residential development, there are multiplier effects that will be felt throughout the local economy. Indirect impacts related to the employment generated in supporting and supplying businesses as a result of increased demand for intermediate goods and services.

For the purposes of this analysis the Australia Input-Output (I-O) employment multiplier tables from 1996-97 have been utilised. These are the most recently published tables by the Australian Bureau of Statistics (ABS). We note that the published tables are not current. In order to reflect the current state of the economy more accurately, appropriate adjustments have been made for productivity and inflation changes since 1996-97. The combined direct and indirect employment effects are detailed in Table 5.3, with the latter being based on ABS input-output multiplier tables.

Direct and Indirect Employment

SUBJECT SITE

Development Option/Type of Employment	Direct Employment	Supplier Employment Multiplier Effects	Total Jobs ¹
Construction Phase	1,314	2,068	3,382
Centre Employment	473	376	849

The direct employment of **1,314** jobs from the 'construction phase' would generate an additional **2,068** indirect one year equivalent jobs in supporting industries and other businesses servicing the expenditure by the employed workers. Total employment from the construction phase therefore would be in the order of **3,382** full-time, part-time and casual equivalent jobs over the development timeframe.

The ongoing 'centre employment' (i.e. retail and commercial employment) could sustain an additional **376** supplier jobs in the broader economy. Total employment from centre employment therefore would equate to **849** jobs per year.

5.4 POTENTIAL REDEVELOPMENT OF 546-564 PACIFIC HIGHWAY

It is important to note that Winten Property Group is currently seeking to acquire all eight properties at 546-564 Pacific Highway, with the intention to redevelop them into a commercial building.

This is an opportunity for additional commercial development capacity within St Leonards. An indicative development scheme (provided by Winten Property Group) has been outlined in Table 5.4 below.

Indicative Scheme

Type of Use	Indicative Floorspace GLA (Sq.m)
Retail	1,009
Commercial	15,968
Total Property	16,977

Should this development take place, there would be additional employment gains, as detailed in Table 5.5. The addition of retail and commercial floorspace would generate direct ongoing employment approximately **1,111** full-time, part-time and casual jobs, in turn contributing to the St Leonards Centre employment target.

It should be noted that even if Winten Property Group do not proceed with its redevelopment, 546-564 Pacific Highway represents 'potential' additional commercial GFA that would add jobs to the St Leonards Strategic Centre.

Construction and Operational Employment Potential

540-554 PACIFIC HIGHWAY, ST LEONARDS

TABLE B.5

Type of Use	Employment Per '000 Sq.m Industry Average	Indicative Floorspace and Employment Yield	
		GLA (Sq.m)	Direct Employment ¹ (Persons)
Retail	41	1,009	41
Commercial	67	15,958	1,070
Construction Phase ²	-	-	99

B.5 SUMMARY OF EMPLOYMENT IMPACTS

The proposed development at the subject site will result in a number of direct economic benefits at the construction stage of the development as well as from the ongoing employment uses. These include:

- A total of 1,314 direct and 2,068 indirect construction jobs, equating to 3,382 construction one year equivalent jobs over the life of the construction project
- Ongoing employment of around 849 total jobs (473 direct and 376 indirect jobs).

6 Residential Needs Analysis

In addition to considering the employment impacts of redeveloping the subject site, an assessment of the residential market was conducted, which includes:

- The geographic market that the redevelopment will draw on
- The profile and demographics of this geographical market, and implications for housing demand
- Benefits of locating high density developments with strong access to employment opportunities
- Future population growth, which will impact underlying demand for housing
- The market catchment's housing market, compared to the broader Sydney Greater Metropolitan Region (GMR)
- Historic development patterns, and where the majority of infill development occurs
- The affordability of existing developments and the average unit price to different market segments
- Future supply and demand of housing in the market catchment

6.1 RESIDENTIAL DEMAND DRIVERS

We have identified five key drivers of residential housing demand relevant to the development. These key drivers include access to amenities and employment, transport and infrastructure, population growth and competing supply. Table 6.1 provides a brief description of these drivers and implications for the subject site.

Residential Demand Drivers

FACTORS	COMMENTS	IMPLICATIONS FOR THE SUBJECT SITE
1. Access to amenities	Locations that have easy access to shops, public transport, parks, entertainment and dining options, medical facilities and schools will be highly demanded as residential locations. These factors remain high on the priority lists of those looking to rent or buy.	Strong connection and access to retail services at St Leonards Forum and High Street (Willoughby Road, Crows Nest), medical facilities, St Leonards train station and bus stops along Pacific Highway, entertainment and dining, and local parks will drive demand for housing on the subject site.
2. Demographics	The residential market's demographic profile has significant ramifications for housing demand. It affects its location, type, design and price. It also has socio-economic implications relating to affordability.	- The age profile shows a significantly lower proportion of residents aged below 15 years. This reduces the demand for larger dwelling types, and indicates that the market may be more amenable to a higher density residential dwelling product - This points to potential demand for smaller higher density product, located close to key employment / transport nodes - The employment amongst residents in the market catchment indicates a much higher proportion of workers living in the market catchment than the broader Sydney GMR - Workers appear to be employed in close proximity to the market catchment, indicating that a driver of demand for housing in this market is employment accessibility
3. Access to employment	Residents often prefer to live close to work, enabling them to minimise travel times and improve work life balance.	- St Leonards has access to the most employment opportunities within 20 minutes of by train in Sydney - Access to employment exceeds what is available from than the North Ryde Urban Activation Precinct, which indicates that it will attract strong interest from white collar workers.

FACTORS

COMMENTS

IMPLICATIONS FOR THE SUBJECT SITE

4. Transport and Infrastructure

Access to good public transport and road infrastructure are important to potential purchasers and renters. Particularly, linkages to the CBD, airport and major employment centres.

The subject site is approximately 160 metres from St Leonards Train Station and has easy access to Pacific Highway via Christie Street and Lithgow Street

This provides strong transport links to the CBD and other key employment centres.

Future infrastructure projects can revitalise areas, improve connectivity and linkages, create new jobs and reshape the existing community.

5. Competing supply

Competing residential developments provide an indication of market preferences in terms of price points, size, mix and scale of development.

There are a number of competing projects located within the catchment area that are currently under construction, including:

- The 2 bed product appears to be the most sought after apartment type in the market catchment

The amount of competing supply, quality and location of other apartment developments in the area can influence demand on the subject site.

- The market catchment attracts a mix of investors and owner occupiers, which reflects its strong location draw to workers who are seeking to live close to work

- Strong sales rates have been observed across all projects, indicating strong demand for apartments in the market catchment

- However housing supply is likely to be exceeded by the forecast population growth within the market catchment area, and its subsequent housing demand.

FACTORS	COMMENTS	IMPLICATIONS FOR THE SUBJECT SITE
6. Supply and Demand	Forecasting population and household size provides an indication of housing demand. Compared to the identified residential development pipeline, this can indicate if there is a surplus / deficit of housing.	There appears to be a deficit of housing stock of approximately 4,600 dwellings by 2026, within the market catchment.
7. Population growth	- Population growth is a key indicator of demand for apartments. - Population growth within the identified market catchment to 2031 will exceed what was observed between 2001 and 2011, growing at a fixed annual rate of 1.2% compared to 1.1% - This will support demand for additional housing within the market catchment, specifically located in close proximity to key residential amenity and transport infrastructure.	

In summary, the subject site has the fundamental elements which will drive strong demand for residential apartment living. These elements include:

- Strong population growth
- Access to a café on site, St Leonards Forum retail and proximity to local supermarkets, retail precincts and high street (e.g. Willoughby Road, Crows Nest)
- Located near a main road that is well serviced by buses connecting easily to the CBD
- A number of primary and secondary schools within 3 km from the subject site
- Future investment in social infrastructure, with a new school planned in Cammeray and High School (7-12) in St Leonards
- Large health industry in the LGA, with a number of hospitals (Royal North Shore Hospital and North Shore Private Hospital) and health care services surrounding the subject site
- Access to major employment precincts, including St Leonards, North Sydney and the Sydney CBD
- Proximity to the St Leonards Train Station.

6.2 MARKET CATCHMENT ANALYSIS

The market catchment for a new residential development is essentially the main geographical area from which new residents/potential purchasers are likely to be drawn from. For the purpose of defining this for the subject site, historic migration patterns for new residents moving into the local SA2 census area in which the subject site sits have been identified between both 2006 to 2010 and 2010 to 2011.

The subject site sits within the St Leonards – Naremburn SA2. Given that there has been a large number of apartment developments in recent years within the Crows Nest – Waverton SA2, which is next to the St Leonards – Naremburn SA2, migration into the combine geography of these two SA2s has been used to determine the subject site's market catchment.

Chart 6.1 illustrates the changing migration patterns into this area, illustrating that:

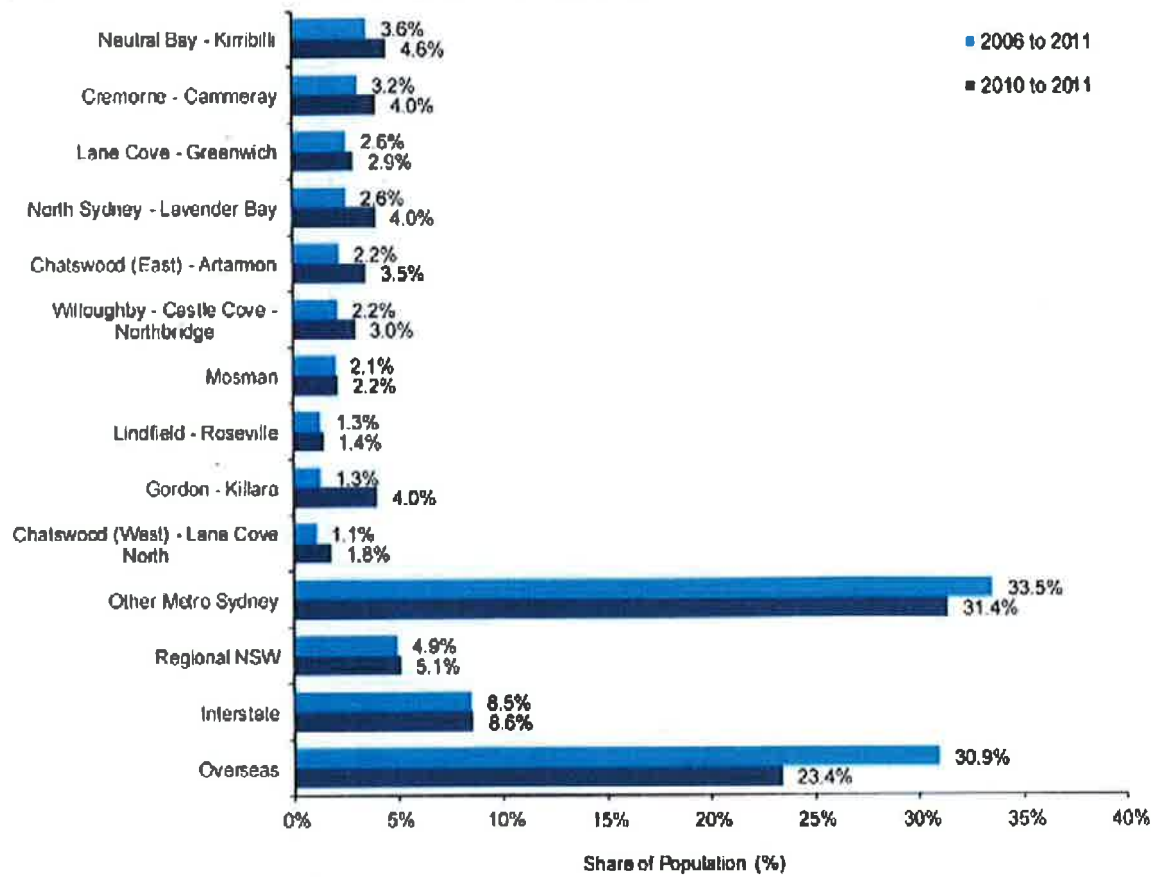
- Migration from the Sydney Metro is dominated by the Lower North Shore areas surrounding the subject site. These areas have increased as a proportion between 2010 and 2011, relative to 2006-2011, indicating that the proposed development will attract an increasingly geographically contained market
- Interstate and Regional migration have maintained a consistent share, between 2006 and 2011 and 2010-2011. Overseas migration, as a share of overall migration, has fallen from 30.9% (2006-2011) to 23.4% (2010-2011)

As the majority of SA2s highlighted below are within Mosman, North Sydney, Lane Cove and Willoughby, these LGAs combined have been identified as the main catchment area for the proposed development, and the study area for this residential assessment. This is outlined spatially overleaf in Map 6.1.

Migration Analysis

GROWS ALL ST - WARRINGTON SAZ AND ST LEONARDS - NERL (NUMBER 0000)

CHART 6.1



6.3 DEMOGRAPHIC ANALYSIS

The demographics of an area can indicate the market profile of potential purchasers. A comparative profile of demographic characteristics has been undertaken to identify specific residential property buyer segments and needs within the market catchment.

Comparing the identified market catchment in which the subject site sits and the broader Sydney Metropolitan Region (GMR) provides an indication of the type of market that is available within the market catchment, relative to the broader Sydney area.

Age: Chart 6.2 shows that the market catchment area has a higher proportion of residents aged between 20-49 years of age, and a markedly lower number from residents aged 0-19. This indicates fewer family households in the area, with a larger 'working aged' population.

Income: Table 6.2 illustrates that the market catchment has a significantly higher income than the broader Sydney GMR. This is driven by the fact that 45% of households earn above \$130,000 per annum, compared to 26% across the Sydney area.

Household Composition: Chart 6.4 demonstrates the market catchment has a much higher proportion of lone person households, comprising 38% of local households, compared to 23% across the wider Sydney GMR.

Family households comprise 55% of households in the market catchment, compared to 73% across Sydney GMR. This reflects the age profile discussed above, which showed a significantly lower proportion of residents aged below 15 years and consequently lower formation of family household.

This may reduce the demand for larger dwelling types, and indicates that the market is more amenable to a higher density residential dwelling product.

Family Composition: Chart 6.5 shows that family households within the market catchment are dominated by couples without children, comprising 43% of family households compared to 34% across the Sydney GMR. This again points to demand for smaller /higher density product, suitable for smaller households, with a larger proportion of the market without children.

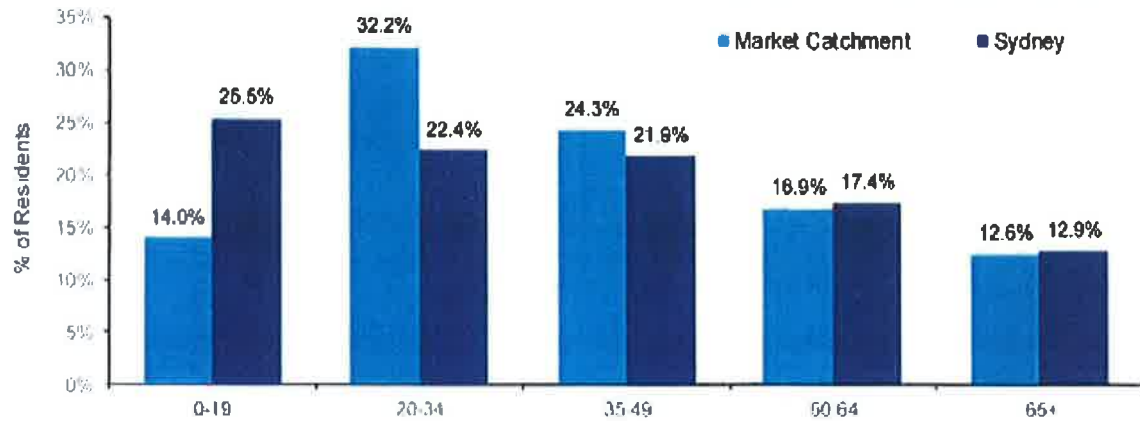
Housing Structure: Table 6.3 reflects this underlying need for smaller housing in the market catchment. The housing profile is largely made up of apartments which comprise 54% of housing compared to 25.8% across the Sydney GMR.

Employment: Table 6.4 shows a breakdown of the market catchment workforce against Sydney's workforce. Employment participation amongst residents in the market catchment indicates a much higher proportion of workers living in the market catchment than the broader Sydney GMR. Workers appear to be employed in close proximity to where they live (Map 6.2), indicating that a driver of demand for housing in the market catchment is employment accessibility.

Age Distribution

MARKET CATCHMENT AND SYDNEY 2011

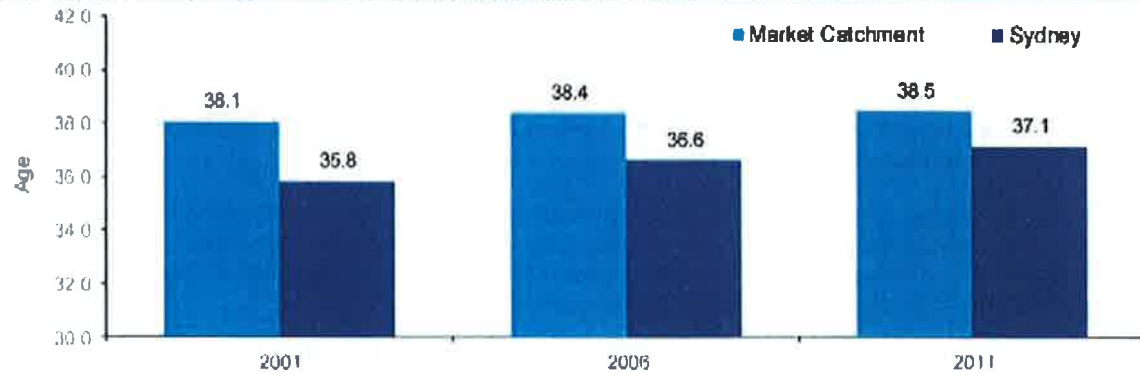
CHART 6.2



Average Age

MARKET CATCHMENT AND SYDNEY 2001 TO 2011

CHART 6.3



Income Profile

MARKET CATCHMENT AND SYDNEY

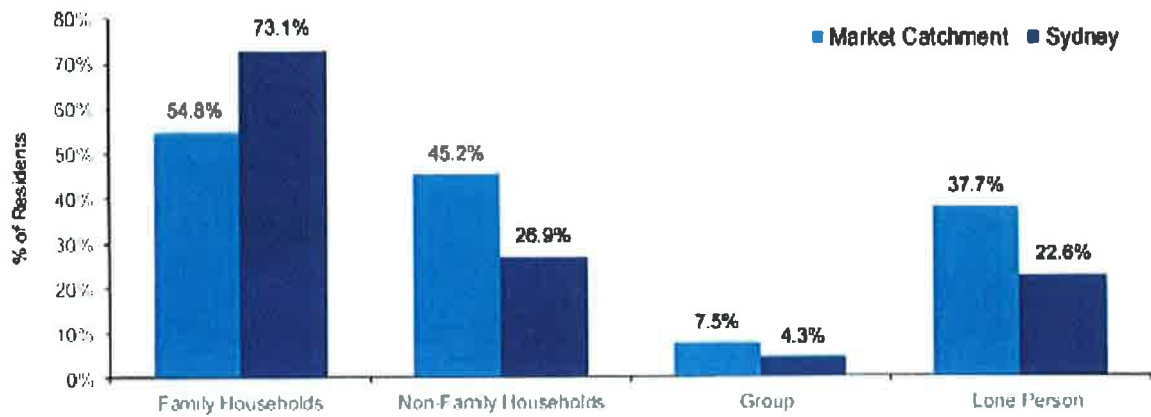
TABLE 6.4

	Market Catchment	Sydney
\$Neg/Nil	2.0%	1.7%
\$1-\$10,400	1.3%	1.7%
\$10,400-\$15,800	1.7%	2.8%
\$15,800-\$20,800	3.3%	5.7%
\$20,800-\$31,200	5.1%	8.5%
\$31,200-\$41,600	4.8%	8.0%
\$41,600-\$52,000	5.4%	7.6%
\$52,000-\$65,000	6.3%	8.1%
\$65,000-\$78,000	6.6%	7.6%
\$78,000-\$104,000	11.2%	12.6%
\$104,000-\$130,000	7.1%	9.4%
\$130,000-\$156,000	18.4%	10.6%
\$156,000-\$182,000	8.5%	6.4%
\$182,000-\$208,000	5.2%	3.3%
\$208,000 plus	13.0%	6.1%
Average Income	\$125,167	\$94,428
Household Income Variation	+32.6%	

Household Profile

MARKET CATCHMENT AND SYDNEY

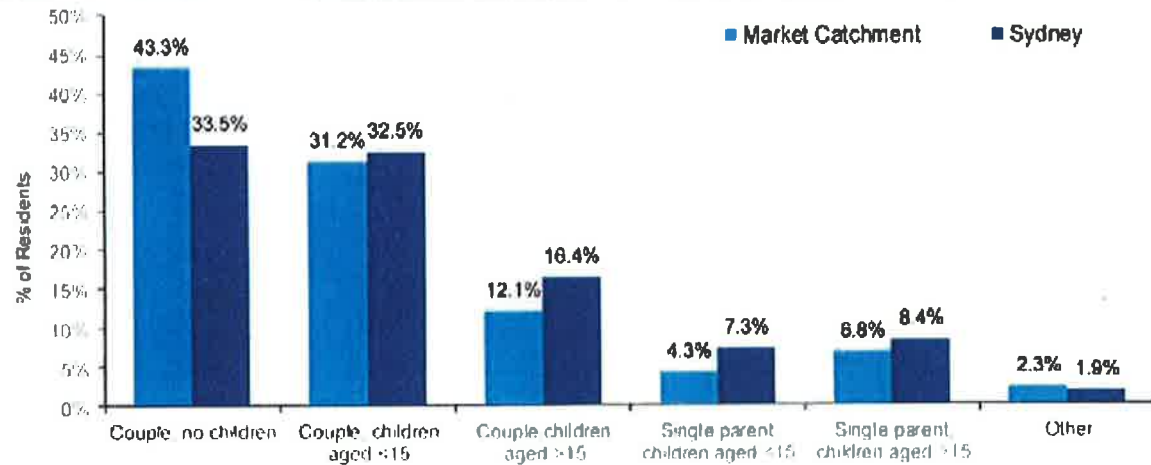
CHART 5.4



Family Profile

MARKET CATCHMENT AND SYDNEY

CHART 5.5



Housing Type

MARKET CATCHMENT AND SYDNEY

TABLE 5.1

	Market Catchment	Sydney
Separate House (%)	34.9%	61.0%
Semi-detached (%)	10.7%	12.8%
Flat, Unit or apartment (%)	54.1%	25.8%
Other dwelling (%)	0.3%	0.5%

Employment

MARKET CATCHMENT AND SYDNEY

TABLE 6.4

	Market Catchment	Sydney
Employment Rate (%)	50.6%	44.8%
Labour Force Participation (%)	71.7%	65.6%
Unemployment Rate (%)	3.9%	5.7%
White Collar	90.4%	74.3%
Blue Collar	9.6%	25.7%

Journey to Work

MARKET CATCHMENT RESIDENTS

TABLE 6.5

Statistical Area 2 (SA2)	Number	%
Sydney - Haymarket - The Rocks	26,945	26.6%
North Sydney - Lavender Bay	9,070	9.0%
St Leonards - Naremburn	6,034	6.0%
Chatswood (East) - Artarmon	5,926	5.9%
Mosman	3,899	4.0%
Lane Cove - Greenwich	3,811	3.9%
Macquarie Park - Marsfield	3,364	3.3%
Willoughby - Castle Cove - Northbridge	3,253	3.2%
Crows Nest - Waverton	3,129	3.1%
Neutral Bay - Kirribilli	2,880	2.7%
Balance	32,832	32.6%
Total	101,144	100.0%

6.4 POPULATION GROWTH

Population growth provides an indication of the underlying demand for housing in a particular area.

The NSW Department of Planning and Environment (DP&E) is responsible for the development and regular review of the official population projections. These forecasts provide the main source of population analysis undertaken by the NSW Government. The Department of Planning released population projections for NSW and each local government area (LGA) for the period 2011 to 2031 in 2014.

Table 6.6 outlines the population forecast estimated by the DP&E.

Population Growth

MARKET CATCHMENT AND SYDNEY

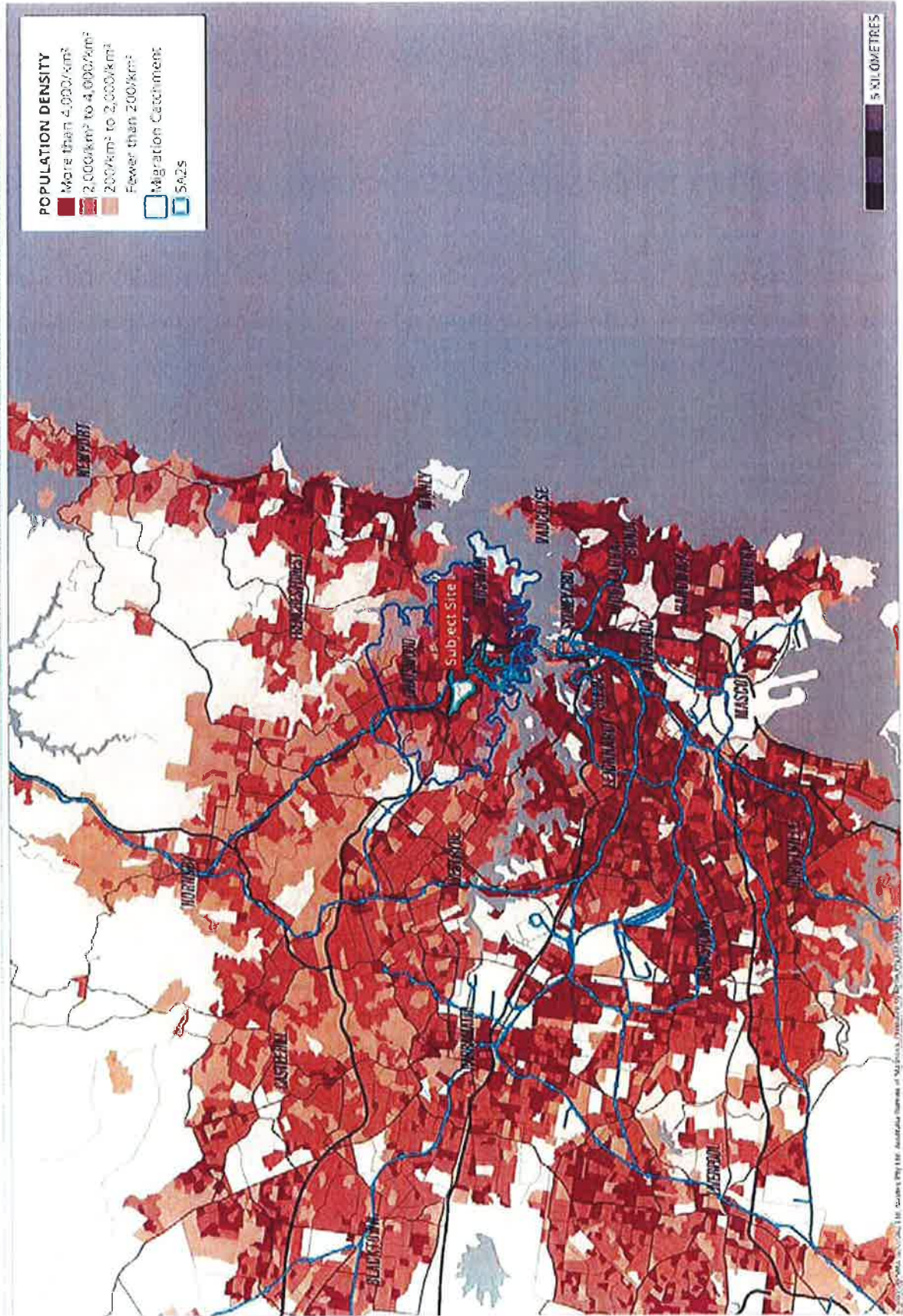
TABLE 6.6

LGA	Historic			Forecast			
	2001	2006	2011	2016	2021	2026	2031
Lane Cove	32,086	31,721	33,250	35,150	38,050	41,550	45,250
Mosman	27,851	27,737	29,350	30,500	32,050	33,700	35,350
Willoughby	61,795	66,891	71,150	76,200	81,250	86,100	90,300
North Sydney	58,711	61,891	66,750	71,550	76,650	81,150	85,750
Market Catchment	180,400	188,240	200,500	213,400	228,000	242,500	256,650
Sydney Metro	4,128,300	4,281,988	4,608,950	4,995,750	5,418,950	5,838,750	6,248,750
Growth %		2001-06	2006-11	2011-16	2016-21	2021-26	2026-31
Market Catchment		0.9%	1.3%	1.3%	1.3%	1.2%	1.1%
Sydney Metro Area		0.7%	1.5%	1.6%	1.6%	1.5%	1.4%

The key findings from the historical and forecast growth for the market catchment include:

- From 2001 to 2011 the average annual population growth for the market catchment increased by 11.1%, with an additional 20,100 residents over this period. Therefore reflecting an annual growth rate of 1.1% per annum
- Sydney GMR increased by 11.6% over this period, slightly higher than the market catchment. This discrepancy is likely due the wider GMR containing urban release areas able to accommodate a substantial uplift in housing and population
- The market catchment population growth has been supported by approximately 6,600 new dwelling approvals, comprised of 78% of apartments and 22% of detached dwellings
- Population growth for the market catchment is expected to continue to grow by 1.2% per annum, a slight increase on historic levels. This increase is expected to be accommodated by the major centres in the market catchment (as illustrated in Map 6.4).

The historic and projected population densities are shown in Map 6.3 and 6.4.



6.5 COMPETITIVE CONTEXT

HISTORIC DWELLING APPROVALS

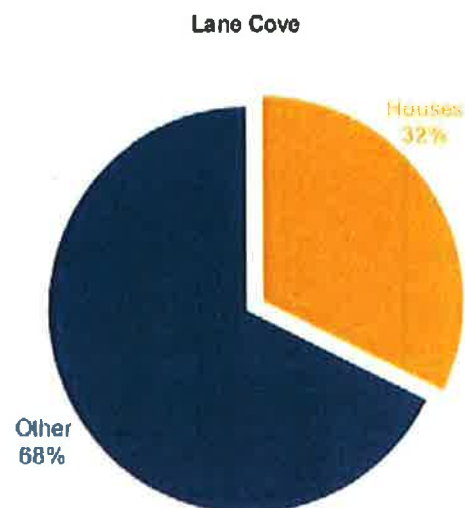
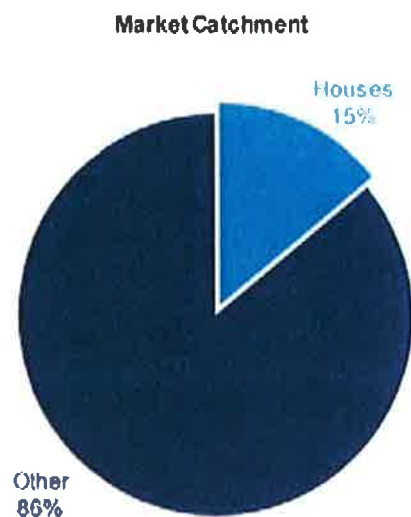
The following charts illustrate the proportion and historic trends of new dwelling approvals (NDAs) for houses and flats/units/apartments ('other') for the market catchment and Lane Cove LGA during the period 1996/97 to 2013/14.

The historic NDAs data for both the market catchment and the Lane Cove LGA reflect the urban character and locational attributes of the two areas. In particular:

- Infill development comprised a greater proportion of the market catchment compared to the Lane Cove LGA, reflecting its comparative high density urban character, transport infrastructure and proximity to the CBD
- The market catchment is a more developed area, reflecting the incentive to maximise dwelling production on higher priced land, the improved marketability of infill developments closer to the Sydney CBD and along the North Shore Railway
- The trend in NDAs shows a clear shift towards flats/units/apartments developments within the LGA
- The number of new flats/units/apartments dwelling approvals has averaged approximately 120 per annum for the LGA and 940 per annum for the market catchment.

Housing Type Approvals

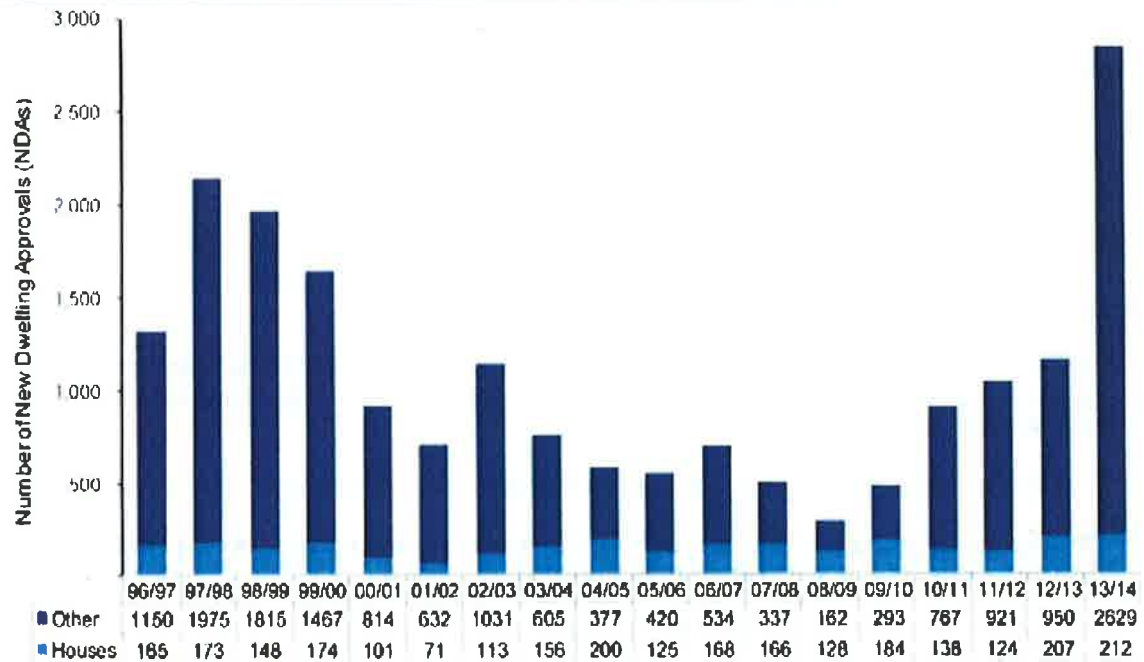
MARKET CATCHMENT AND LANE COVE LGA NEW DWELLING APPROVALS 1996/97 TO 2013/14



New Dwelling Approvals

MARKET CATCHMENT 1996/97 TO 2014/15

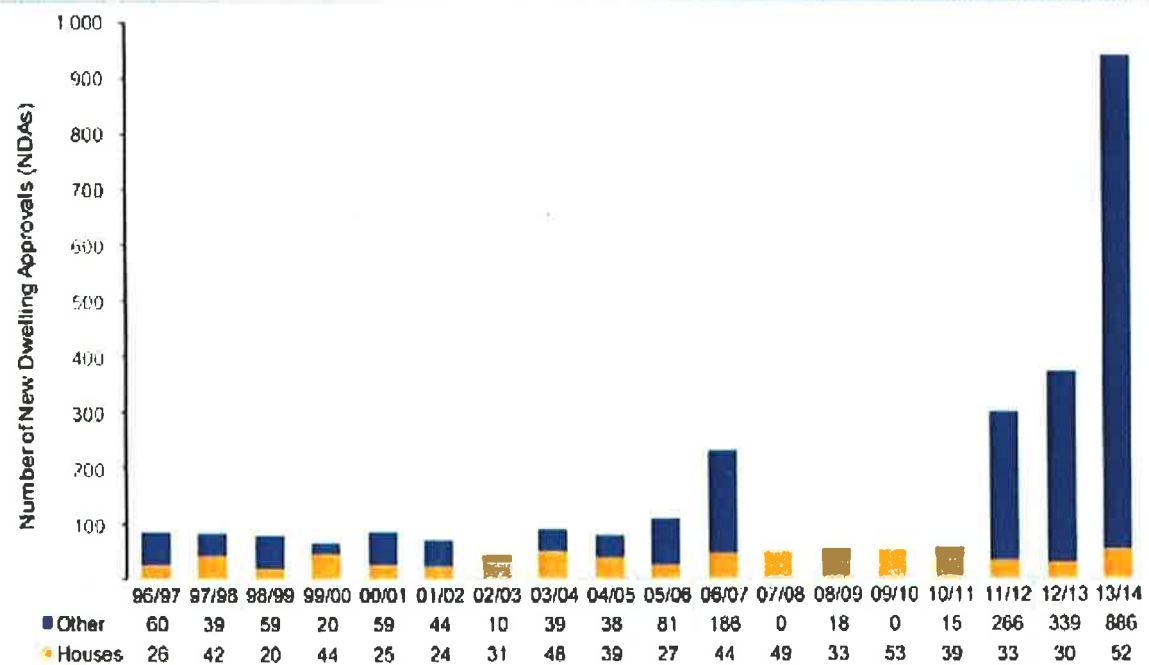
CHART 6.7

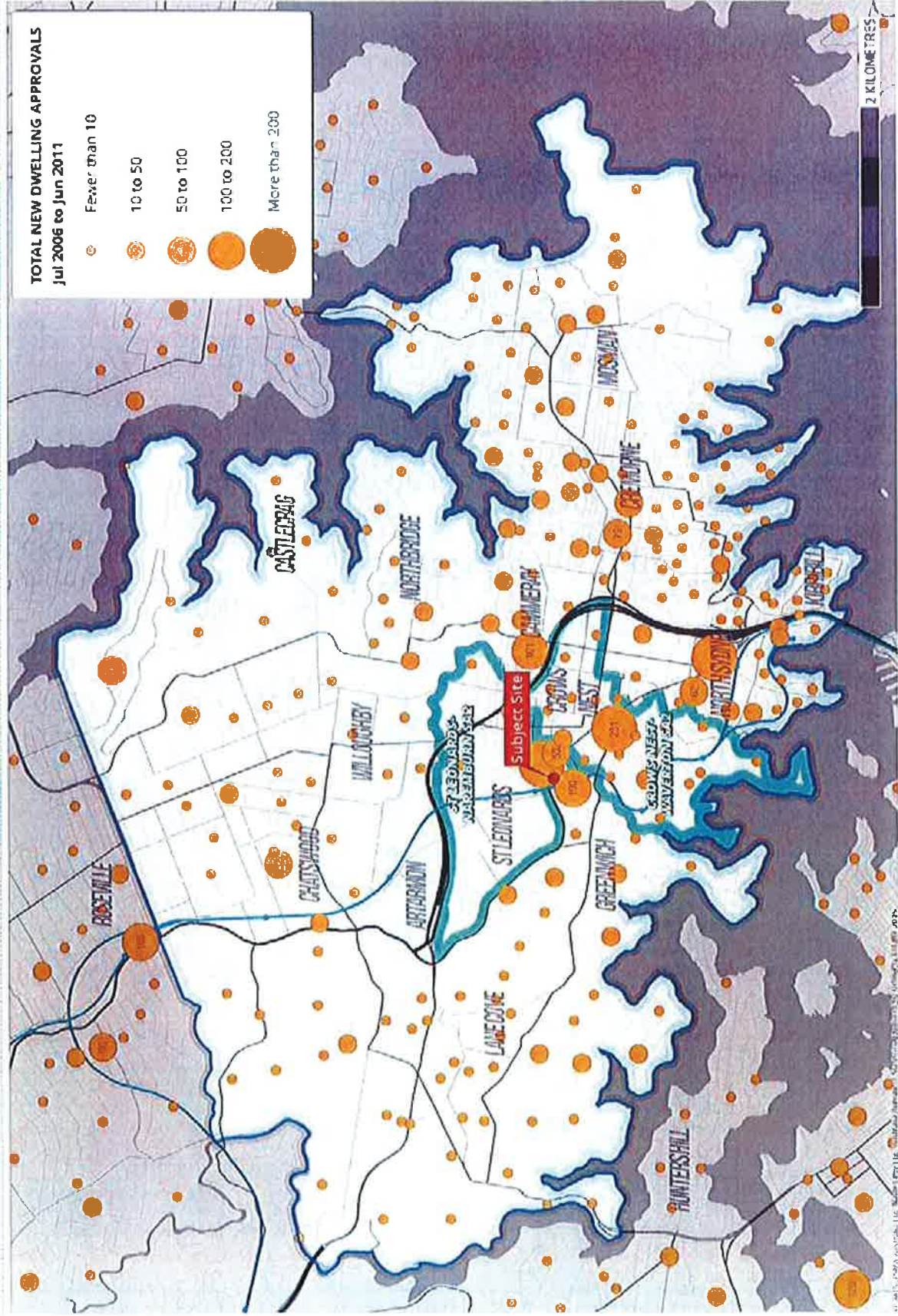


New Dwelling Approvals

LAND DEVELOPER 1996/97 TO 2014/15

CHART 6.8





6.6 RESIDENTIAL PROJECTS

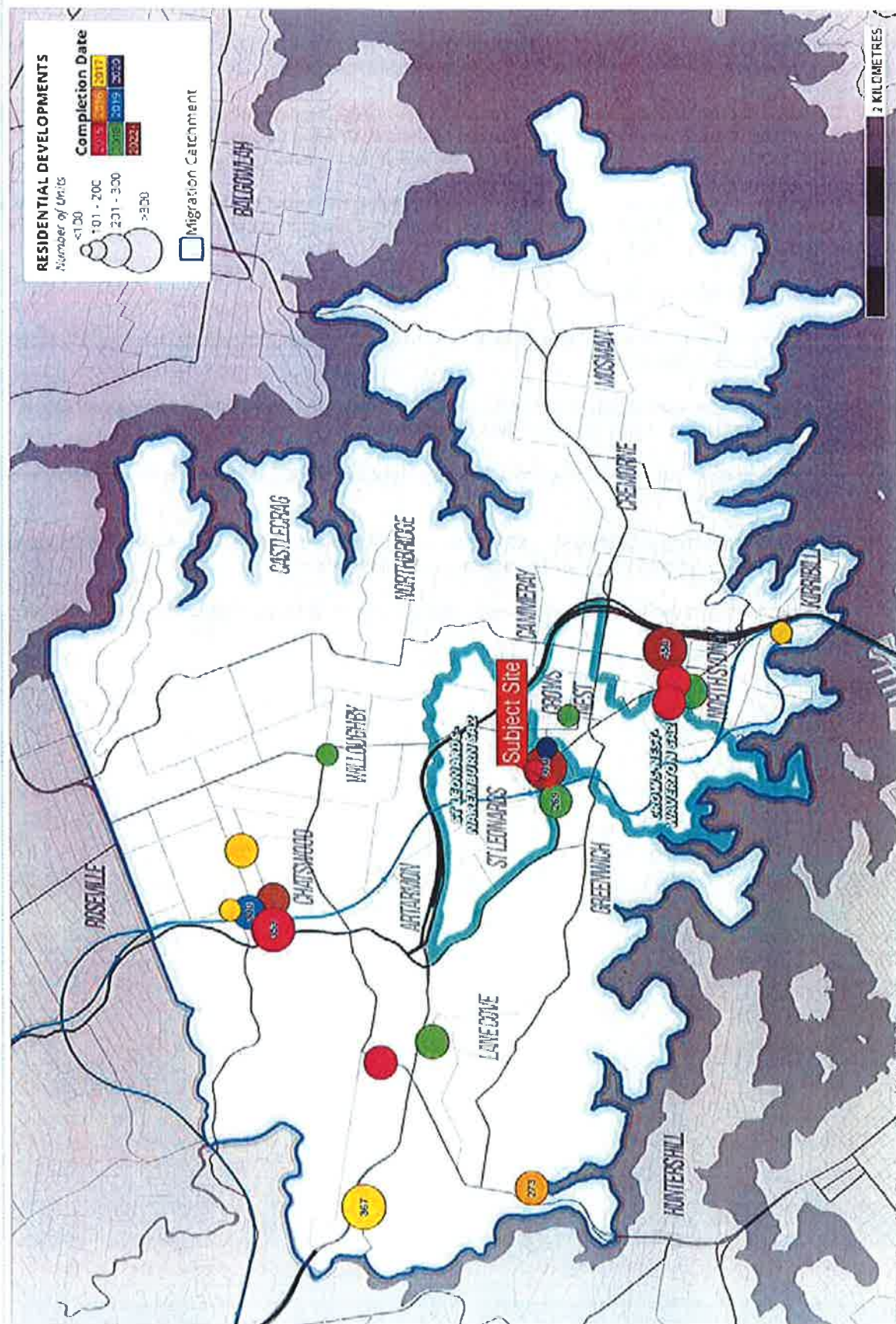
The State Government's Metropolitan Strategy set a target of 3,900 new dwellings for Lane Cove LGA by 2031. However the most recent update to this strategy ('A Plan for Growing Sydney') has revised this target upwards to around 6,000 additional dwellings for the LGA by 2036. The proposed development encompassing 628 apartments will contribute to reaching this target.

This section considers the competitive context for residential development within the identified migration catchment. It considers a range of residential projects at different stages of development including projects that are currently being assessed by council, in early planning or under construction.

In addition, a sample of residential projects currently being marketed has been analysed to provide an indication of how residential projects are being received in the market catchment, price point and the type of product that is selling well.

The analysis following illustrates:

- Major proposed residential projects with 100+ yield are located within close proximity of transport infrastructure (Map 6.7)
- Mosman does not contain apartments above 100 units, with Lane Cove containing the highest number of units in these type of projects (Table 6.7)
- The high dwelling yield in Lane Cove is driven mainly by the 910 units bound by Nicholson Street and Pacific Highway
- Agents marketing projects with a 100+ units indicate that a mix of buyers are attracted to the market catchment – both investors, owner occupiers and foreign buyers
- The majority of projects have experienced strong take-up during pre-sales, with few dwellings remaining to be sold.



Proposed Developments

Development Name	Address	Suburb	Yield	Completion Date	Status
Lane Cove LGA					
Centennial Av & Gordon Cr Units - Sevana	7-15 Centennial Avenue & 92-96 Gordon Crescent	Lane Cove	213	2015	Construction
Burns Bay Rd Units - Bay Pavilions	316-322 Burns Bay Road	Lane Cove	273	2016	Construction
Epping Rd Mixed Development	150 Epping Road	Lane Cove	367	2017	Development Approval
Ironbark Lane	2-22 Birdwood Avenue & 1-15 Finlayson Street	Lane Cove	245	2018	Development Approval
Embassy Residents	1-13A and part 15 & 15A Marshall Avenue	St Leonards	269	2018	Development Application
Pacific Hwy & Nicholson St Mixed Development	472-520 Pacific Highway & 95 Nicholson Street	St Leonards	910	2024	Development Application
Total			2,277		
North Sydney LGA					
Air Apartments St Leonards	6-16 Alchison Street	St Leonards	173	2015	Construction
Pacific Hwy Mixed Development - Skye By Crown	211-223 Pacific Highway	North Sydney	228	2015	Construction
Pacific Hwy & Angelo St Mixed Development	225-235 Pacific Highway & 22 Angelo Street	North Sydney	211	2015	Construction
Vibe Hotel Redevelopment	84-88 Alfred St South	Milsons Point	123	2017	Early Planning
Crows Nest Residential Development	Near Alexander Street	Crows Nest	200	2018	Early Planning
Berry St & Pacific Hwy Mixed Development	18 Berry Street & 144-154 Pacific Highway	North Sydney	230	2018	Site Preparation
Albany St Mixed Development	7-19 Albany Street	St Leonards	125	2020	Construction
168 Walker St	168 Walker Street	North Sydney	450	2022	Early Planning
Total			1,740		
Willoughby LGA					
Thomas St Carpark Site	16 Thomas Street & Albert Avenue	Chatswood	353	2015	Contract Let
Anderson St Mixed Development	28-36 Anderson St, 2A McIntosh Street & 1 Help Street	Chatswood	156	2017	Development Approval
Hercules St & Victoria Av Mixed Development	36-44 Hercules Street & 256-260 Victoria Avenue	Chatswood	233	2017	Development Application
Mowbray Rd Mixed Development - The Mint	150 Mowbray Rd & 670-680 Willoughby Rd	Willoughby	104	2018	Development Application
Australian Post Office Site Chatswood	45 Victor Street	Chatswood	300	2019	Rezoning Application
Mandarin Centre	65 Albert Street	Chatswood	244	2023	Rezoning Application
Total			1,390		
Total All Proposed Developments			5,407		

RESIDENTIAL DEVELOPMENT PROFILES

Project Name

Skye



Developer

Crown

Location

211-223 Pacific Highway, North Sydney

Anticipated Completion

Late 2015

Units

232

Mix

Studio: 14

1 bedroom: 70

2 bedroom: 144

3 bedroom: 4

Property Description

Construction of a 20 storey mixed use building comprising ground floor retail and commercial on part of level 1, with commercial/retail GFA of 860 sq.m. Basement car parking over 6 levels accommodating up to 194 car parking spaces.

Indicative Living Area

Studio: 36 – 43 sq.m

One-bedroom: 50 – 61 sq.m

Two-bedroom: 73 – 88 sq.m

Three-bedroom 120 – 148 sq.m

Advertised / Asking Prices

Studio: From \$600,000

1 Bedroom: \$620,000 – \$905,000

2 Bedroom: \$950,000 – \$1.175 million

3 Bedroom: From \$2.755 million

Take-up Rates

8 two bedroom apartments are left. Prices range from 1.1 million to 1.3 million.

Source

Cordell, Agent, Property Observer

Project Name

Bay Pavilions



Developer

Piety Developments

Location

316-322 Burns Bay Road, Lane Cove

Anticipated Completion

Late 2015

Units

270

Mix

1 bedroom: 82

2 bedroom: 163

3 bedroom: 25

Property Description

Construction of five 8 to 9 storey buildings, with basement car parking over 3 levels for 448 vehicles.

Indicative Living Area

1 Bedroom: 51-83 sq.m

2 Bedroom: 71-85 sq.m

3 Bedroom: 87-154 sq.m

Advertised / Asking Prices

1 Bedroom: From \$600,000

2 Bedroom: From \$735,000

3 Bedroom: From \$1.12 million - \$1.6 million

Take-up Rates

Stage one all sold, stage now selling (with two bedrooms being the most popular).

Buyer Profile

High proportion of owner-occupiers

Source

Cordell, Domain, Property Observer, Agent

Project Name
The Chatswood



Developer	Toga Group and Reyhoda
Location	28-36 Anderson Street, 2A McIntosh Street and 1 Help Street
Anticipated Completion	2017
Units	156
Mix	1 bed: 105 2 bed: 46 3 bed: 5
Property Description	Construction of a 12 storey mixed use development above a landscaped podium, comprising of commercial and retail space. Proposed basement car parking over two levels consisting of 211 car spaces.
Indicative Living Area	1 bedroom: 50-54 sq.m 2 bedroom: 76-88 sq.m 3 bedroom: 106-112 sq.m
Advertised / Asking Prices	1 bedroom: From \$670,000 2 bedroom: From \$1,200,000 3 bedroom: From \$1,800,000
Take-up Rates	80% of apartments sold on launch day.
Buyer Profile	Buyers mostly consisted of couples and young families from the local north shore area.
Source	Cordell Connect, Domain

6.7 SUPPLY AND DEMAND FORECASTS

This section provides an indication of the future supply and demand for housing within the market catchment.

Supply has been obtained from the residential development pipeline outlined in Table 6.8 below.

The residential development pipeline comprises of projects either currently undergoing early planning/council approval, projects that have achieved approval or projects currently under construction. Projects that have been deferred or abandoned have been ignored in terms of future potential dwelling supply.

The following pipelines, in terms of development stage, have been identified:

- 57% of the development pipeline or 10 projects are currently being assessed/undergoing development approval
- 14% of the developments or three projects have approval, however have not yet commenced construction or site works
- 29% of the development pipeline or seven projects are currently under construction/or site works have commenced.

Housing Supply by Project Stage

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Works Commenced / Contracts Let	1,178	273	0	0	0	125	0	0	0	0
Have Development Approval	0	0	523	245	0	0	0	0	0	0
Pre-Development Approval / Early Planning	0	0	358	803	300	0	0	450	244	910
Total	1,178	273	879	1,048	300	125	0	450	244	910

The high proportion of projects in the commenced / contract let stage indicates that over the short-term there is a relatively high degree of certainty that the housing in 2015 and 2016 will be delivered.

There is a degree of risk associated with the proportion of the development pipeline that is still going through the development approval/building approval process. The uncertainty may affect the eventual project approval or yield.

As such many of the projects scheduled for completion between 2017 and 2024 have a higher degree of risk of being abandoned or not gaining development approval.

Table 6.9 compares the residential project pipeline with forecast housing demand.

We note that household formation has been used as a proxy for underlying housing demand, which has been derived for the market catchment by comparing forecasts for population and housing supply. This has been estimated as 2.31 people per household between 2016 and 2026.

The analysis suggests a potential gap between housing demand and the supply of residential projects. This forecast indicates that there will potentially be an acute housing shortage as early as 2016, which could lead to a net out-migration from the market catchment area, as the market seeks housing elsewhere and a price point appreciation further restricting first home buyers' access to entry level housing.

Housing Supply and Population Forecasts

MARKET CATCHMENT

TABLE 6.9

	Population Forecast		
	2016	2021	2026
LGA			
Lane Cove	35,150	38,050	41,550
Mosman	30,500	32,050	33,700
Willoughby	76,200	81,250	86,100
North Sydney	71,550	76,650	81,150
Total Market Catchment	213,400	228,000	242,500
	Dwelling Demand Forecasts		
	2016-2021	2021-26	
Additional Residents	14,600	14,500	
Additional Housing Demand	6,313	6,269	
New Dwelling Supply	2,625	1,604	
Housing Deficit (-) / Surplus (+)	-3,688	-4,665	

ST LEONARDS STRATEGIC CENTRE

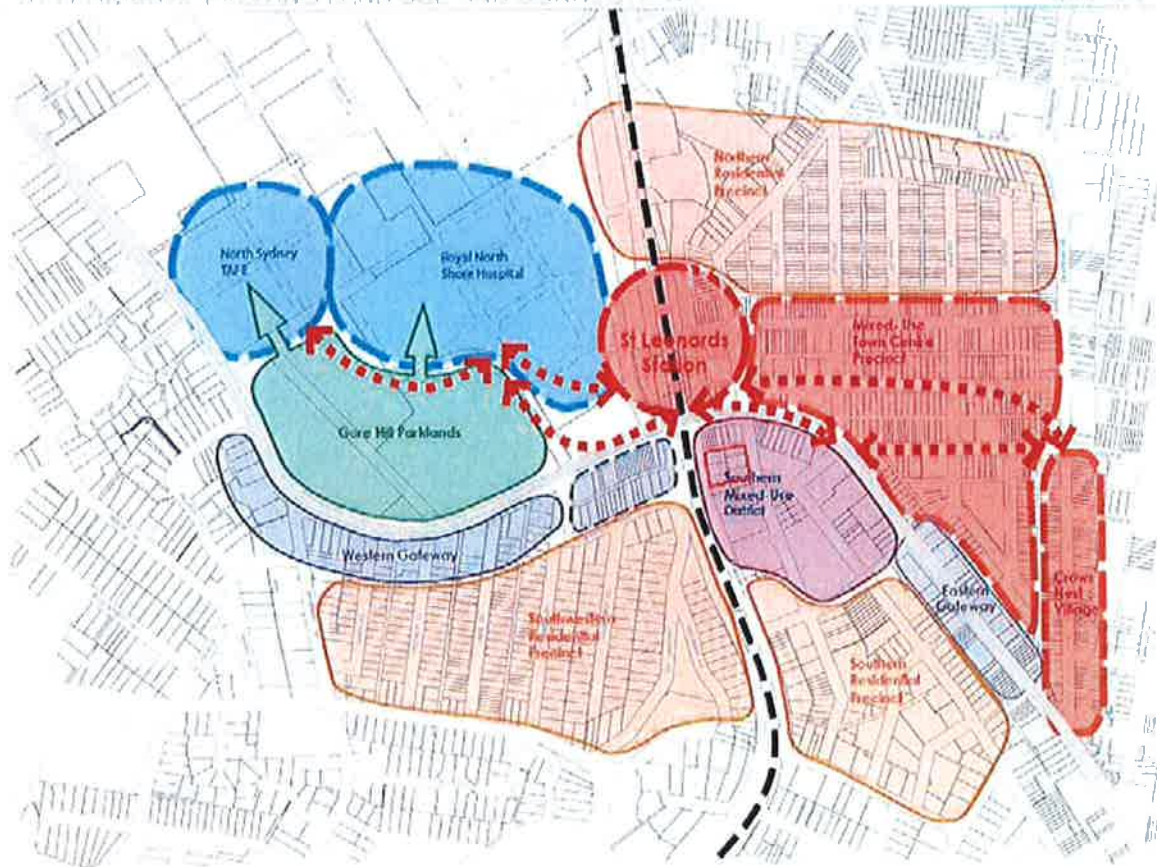
Within St Leonards, the core centre has been outlined in Figure 6.8 below identifies its centre as the railway station, with the commercial core south of the Pacific Highway and east of the railway station, along the Pacific Highway.

There are currently mixed used precincts separating the St Leonards Core with the Crows Nest Village (to the south east) and RNSH and Gore Hill Parklands (to the west). The current structure results in an isolated St Leonards Core, limiting economic and social benefits from Crows Nest and the RNSH health precinct

St Leonards is serviced by vehicle access via the Pacific Highway and train access at St Leonards Railway Station. The St Leonards Railway Station is located on the North Shore Line and Northern Line of Sydney's CityRail network. Buses also service St Leonards, with services along the Pacific Highway. There is no railway station at Crows Nest. The walkability of the commercial area is poor given the elongated nature of the precinct and the busy nature of the Pacific Highway.

ST LEONARDS EXISTING LAND USE AND CONNECTIONS

MAP 6.8



CHANGING NATURE OF ST LEONARDS

The changing nature of St Leonards aims to establish better integration through the creation of an eastern gateway to the centre, with commercial and residential developments on both the southern and northern sides of the Pacific Highway thereby linking the St Leonards Railway Station and Crows Nest Village.

St Leonards is located close to a number of other local centres. Crows Nest is immediately east of St Leonards, and is an important retail and dining precinct for the local area focussed along Willoughby Road. Crows Nest also includes a number of important community services such as the Crows Nest Centre.

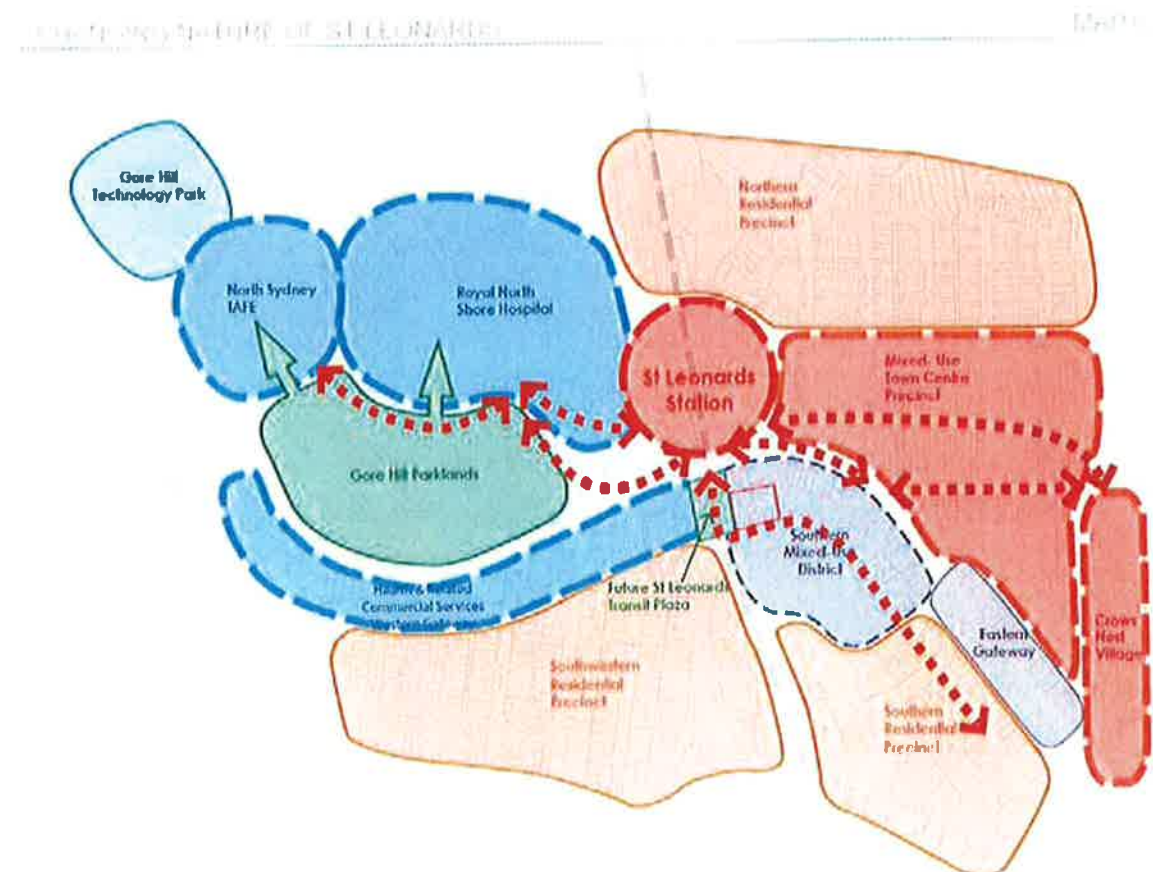
Map 6.9 illustrates the land use transition in Naremburn to the northeast, Wollstonecraft to the south and Greenwich to the southwest to medium - and low-density residential development, accessible by buses and trains and with good connectivity to local centres and services.

Greater residential dwellings are needed to accommodate these changing amenities, and the proposed mixed use development on the subject site will support this growth.

The redevelopment of the RNSH also sees improved integration between the St Leonards Core and the growing health services precinct to the west of the railway station and south-west of the Pacific Highway.

The increase in health services will generate employment within the St Leonards Core. The continued expansion of the Gore Hill Technology Park will see the development of modern and specialised office space and improved service to the St Leonards commercial market in the short to long term future.

The St Leonards Plaza and the proposed development concept provide a southern linkage from St Leonards Station, and will better connect the south Pacific Highway precinct with the Station and the RNSH.



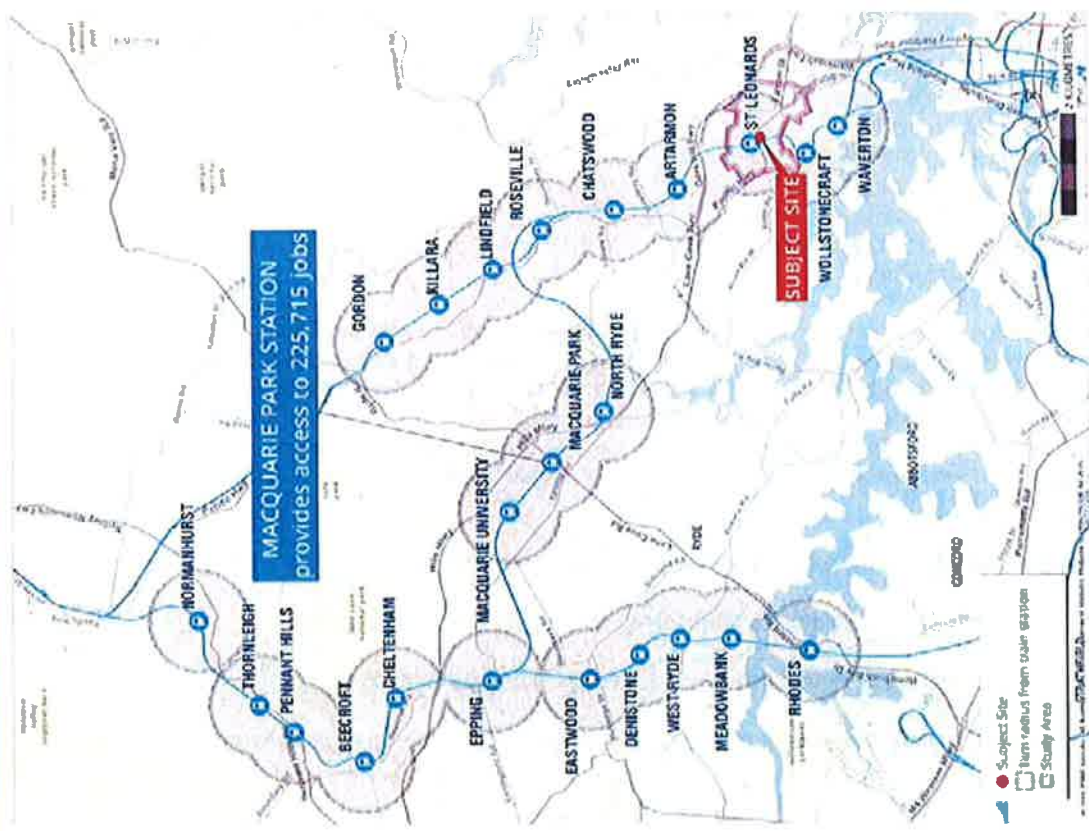
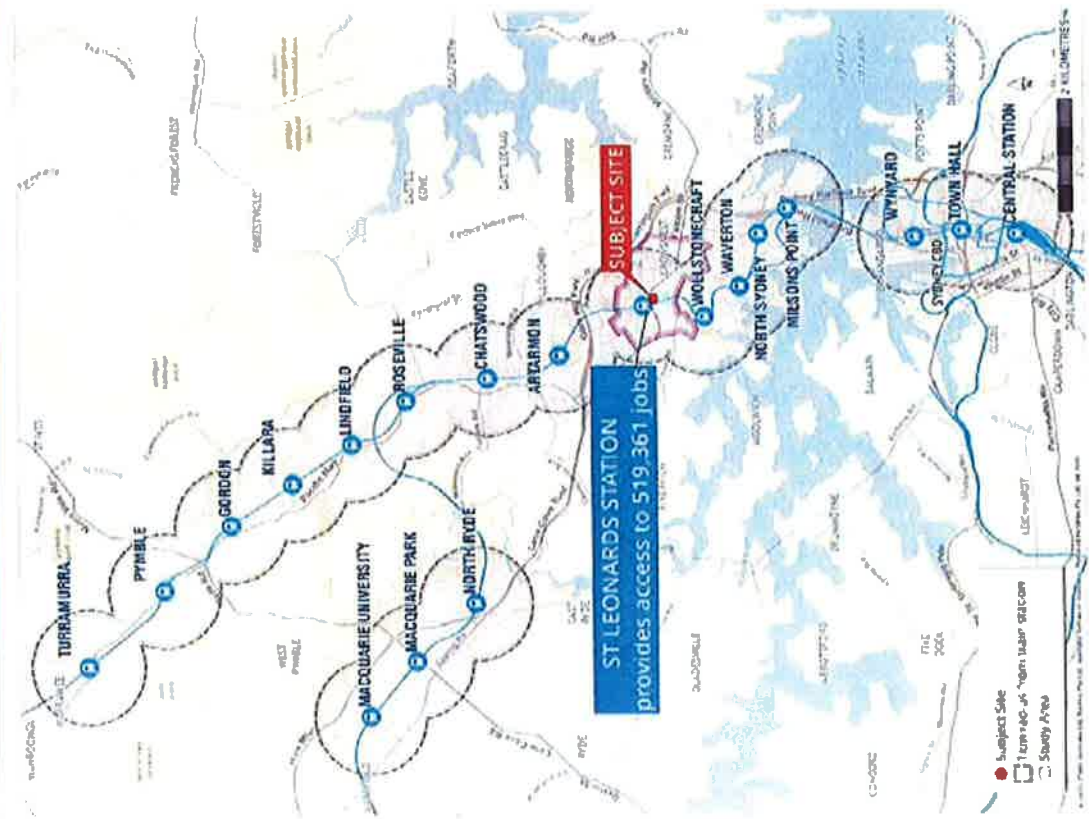
ACCESS TO EMPLOYMENT

The demographic analysis of the market catchment illustrates that white collar resident workers are highly represented. A key driver of where these residents seek to live is access to suitable jobs, mainly located within CBDs and town centres.

In addition to the amenity associated with the St Leonards Strategic Centre, the subject site's geographical positioning between Macquarie Park / North Ryde and the Sydney CBD and access to the rail network provides residents with access to a significant amount of jobs.

This underpins the subject site's value as a residential area, providing local residents with access to approximately 520,000 jobs within a 20 minute train ride. Contrasting this with Macquarie Park which has access to approximately 225,000 jobs, fewer than 50% available to St Leonards residents. This is despite a number of large scale residential developments being directed into the Macquarie Park / North Ryde area.

None of these centres have access to the same level of employment as St Leonards, which can access the developing Macquarie Park Employment Corridor, North Sydney and the Sydney CBD. Increasing residential density through mixed use development concepts can leverage St Leonards' geographic positioning and connection to key employment centres.



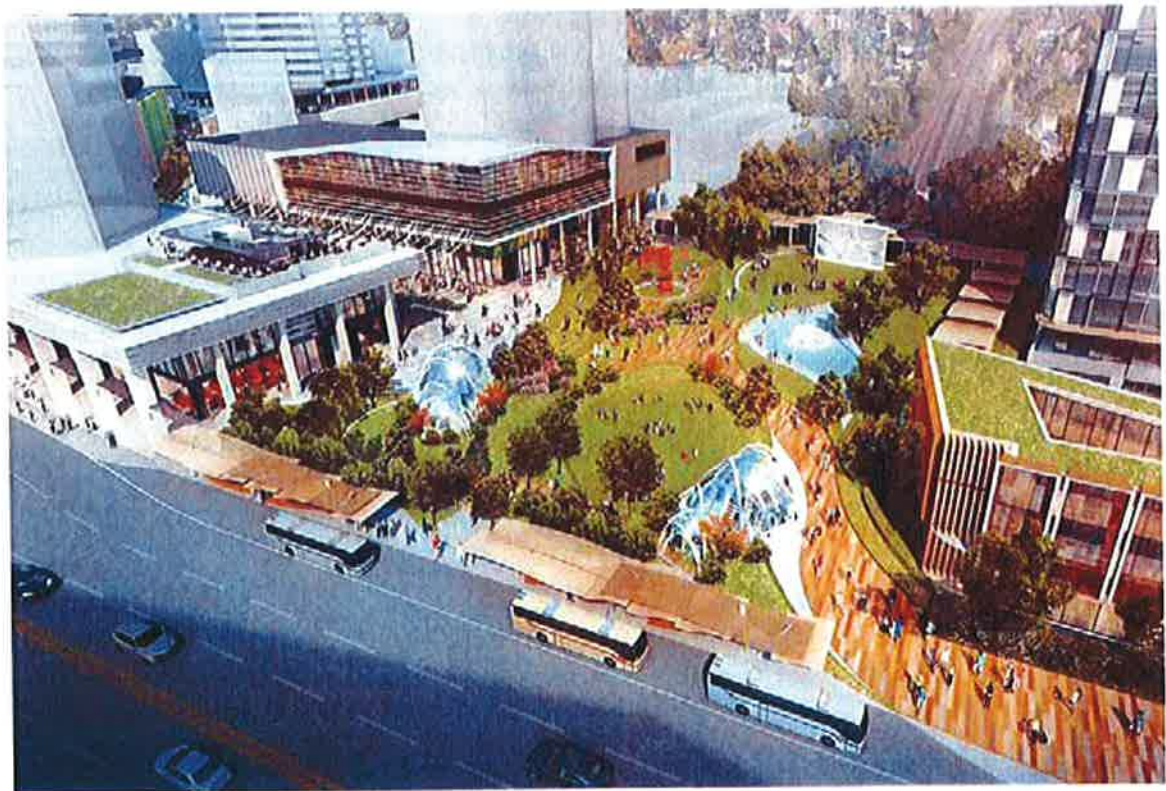
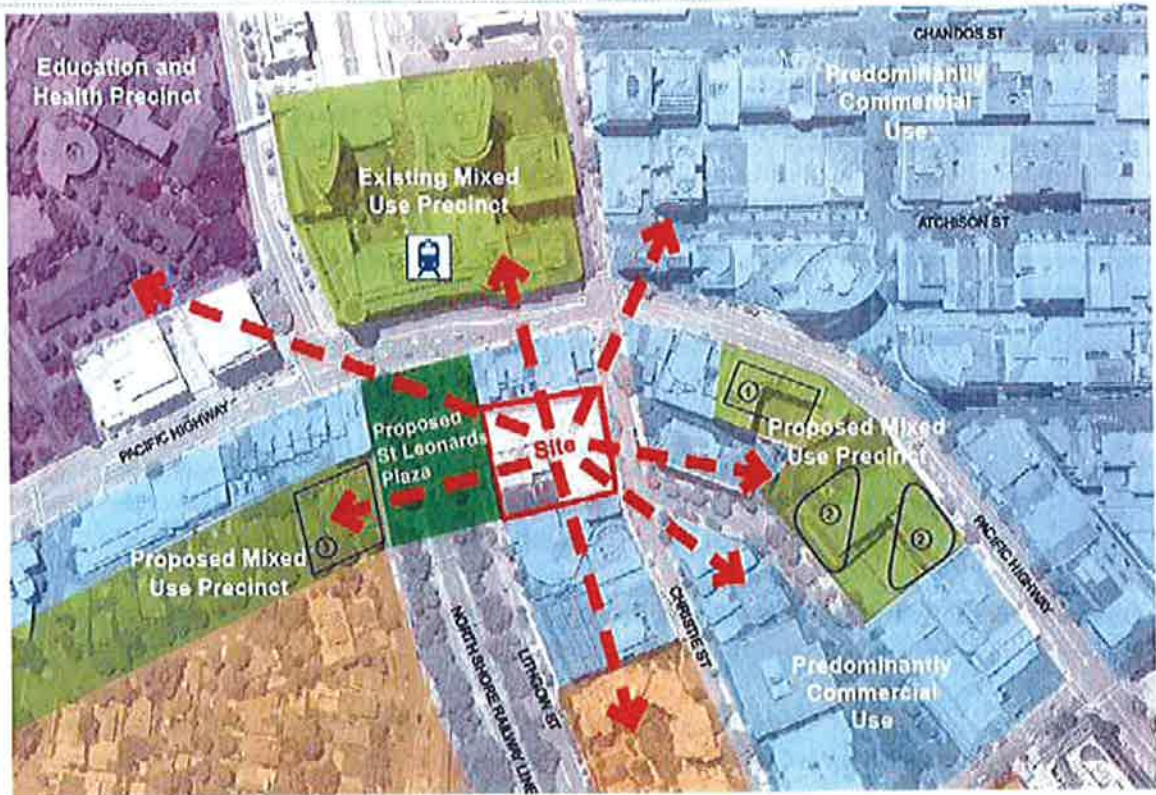
ST LEONARDS PLAZA

The proposed St Leonards Plaza (the Plaza) by Lane Cove Council is located immediately west of the site and above the existing railway line. The Plaza will contribute to improving the amenity and identity of the St Leonard's Town Centre where it is identified as St Leonard's "heart". The Plaza will incorporate pedestrian link to St Leonards station as well as incorporate a new bus interchange.

The development of the Plaza is expected to cost approximately \$70 million. Funding the development of the Plaza is intended to be made partially from Voluntary Planning Agreements (VPA) with major development companies in the area. As such, Winten Property Group (the owners of the site) intend to enter into a VPA with Lane Cove Council to make a monetary contribution to fund the delivery of the future St Leonards Plaza.

The proposed development plans to provide a strong connection with the Plaza. Due to the positioning of the subject site (adjacent to Council's future Plaza) **the proposed development is critical to the strategy of the Plaza being built.** The planned development of the Plaza over Lithgow Street (bound west of the subject site), coupled with pedestrian linkage via Christie Lane (bound north of the subject site), provides direct accessibility and integration with the proposed development. Furthermore, plans to integrate the Plaza and the bus interchange via a pedestrian link through the centre of the subject site will:

- Improve pedestrian walkability and amenity within the precinct
- Reinforce the Plaza as a vibrant and well-connected new public space
- Add additional retail services to the St Leonards Strategic Centre
- Improve the attractiveness of the St Leonards Strategic Centre to businesses and tenants.



MIXED USE AND RETAIL SERVICES

Mixed use developments in addition to increasing housing supply can have positive urban design and service provision impacts on their local area.

The proposed development at the subject site is expected to contain a 3,150 sq m supermarket and 5,125 sq m of retail/commercial GFA. This additional non-residential land use is expected to add to the existing amenity of the St Leonards Strategic Centre, as well as provide grocery shopping needs to residents of the proposed development.

The non-residential additions of the development will integrate well into the changing nature of the St Leonards Strategic Centre.

TABLE 6.10 – BENEFITS OF NON-RESIDENTIAL COMPONENTS OF THE PROPOSED DEVELOPMENT

BENEFITS	COMMENTS
Activation	Activation of the Christie Street and Lithgow Street frontage, with a supermarket centre will service future residents at the proposed development, as well as the provision of commercial spaces. The proposed pedestrian network will contribute to activating Christie Lane.
Provision of Food and Dining	With an additional 628 units, it is likely that the new residents will require additional retail amenity on top of the local areas existing provision.
Retail Services	At the moment the only other full-line supermarkets within the St Leonards Strategic Centre are located in Crows Nest along Willoughby Road (approximately 1km away). Moving forward additional retail services will be necessary to service the growing resident population.
Urban Realm Upgrades	In association with the planned St Leonards Plaza, the proposed development concept will deliver strong pedestrian connections between the Plaza and the proposed mixed use developed.

As illustrated in Map 6.13 there is only one supermarket (Coles) within a 0.5 km radius of the subject site and one supermarket centre within a 1.0km radius of the site. To note, the Coles supermarket located at The Forum (corner of Herbert Street and Pacific Highway) is their express model which is only 800 sq.m or 25% of a full-line supermarket. As such, the proposed supermarket will service the grocery shopping needs of current and future residents of the proposed development.

6.9 SUMMARY

The key findings of the analysis of the St Leonards residential market are as follows:

- Demand drivers for residential accommodation which include access to amenities, demographics, access to employment, transport and infrastructure, population growth, and competing supply and demand are particularly strong for the subject site
- The main catchment area for the proposed development includes Mosman, North Sydney, Lane Cove and Willoughby LGAs, based on migration analysis
- The age profile shows a significantly lower proportion of residents aged below 15 years which may reduce the demand for larger dwelling types, indicating that the market is more amenable to a higher density residential dwelling product
- The employment participation rate amongst residents in the market catchment indicates a much higher proportion of workers living in the market catchment than the broader Sydney area, which points to a potential preference for housing located close to key employment / transport nodes
- Workers appear to be employed in close proximity to the market catchment, indicating that one potential driver of demand for housing in this market is employment accessibility
- The proposed development's close proximity to the St Leonards train station is likely to attract strong interest from white collar workers, seeking to minimise their travel to work time
- The historic growth in new dwelling approvals has to some degree kept pace with historic population growth, however a demand and supply analysis indicates a potential gap between housing demand and supply of residential projects from 2016 onwards
- St Leonards has become a competitive residential area in terms of its locational attribute, employment opportunities, connectivity to other major precincts and increased service amenities
- A mixed use development on the subject site will contribute to the centre's urban realm, retail services and directly support the urban renewal south St Leonards via a Voluntary Planning Agreement (VPA) for the development of the St Leonards' Plaza
- The proposed mixed use development concept will complement the St Leonards Plaza, bringing with an additional retail market, a full-line supermarket that will draw on passing trade, activate the connection between The Plaza and the subject site and bring in an additional worker market via its commercial floorspace.

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