



Forest Road, Durham Street and Roberts Lane,  
Hurstville Planning Proposal  
Economic Impact Assessment

Prepared for Dickson Rothschild

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## EXECUTIVE SUMMARY

HillPDA was commissioned by Dickson Rothschild on behalf of One Capital Group Pty Ltd to undertake this Economic Assessment (hereafter referred to as 'the Study') related to a Planning Proposal for the rezoning of the site generally bounded by Forest Road, Durham Street and Roberts Lane (hereafter referred to as the Subject Site) in Hurstville from IN2 Light Industrial to B4 Mixed Use to allow for the mixed use development which will be known as the Landmark Square Development. The Subject Site has an area of 8,546 square metres.

### The Planning Proposal

The Client (One Capital Group Pty Ltd) is proposing a mixed-use development known as Landmark Square which will comprise of three towers ranging from 17 to 18 levels and will include the following land uses:

- Residential land uses comprising 273 units;
- A 150 room hotel;
- Retail uses of 3,150sqm; and
- Childcare of 641sqm.

### Site Assessment

The development of industrial related uses require a number of prerequisites or site characteristics such as appropriate zoning, a large developable area, high accessibility or connectivity to major roads, good topography and soil conditions, agglomeration/proximity to other industries and a conducive surrounding environment with minimal land use conflicts. The table below summarises the subject site in terms of achieving these objectives.

**Table 1 Impact of Subject Site's Characteristics on Industrial Uses**

| Industrial vs Mixed Use Development |                                                                                     |                                                                                       |
|-------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Prerequisite                        | Industrial development                                                              | Mixed Use Development                                                                 |
| Zoning                              |  |  |
| Developable area                    |  |  |
| Accessibility and Connectivity      |  |  |

|                                |                                                                                   |                                                                                     |
|--------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Industrial Agglomeration       |  | NA                                                                                  |
| Topography and Soil Conditions |  |  |
| Environment                    |  |  |

Based on the above analysis redevelopment of the subject site for uses permitted under the current IN2 zone is unviable. Without rezoning the existing structures and land uses are likely to remain in the foreseeable future. This is due to the low value of new industrial buildings combined with high built costs and environmental constraints. A mixed use zone enables urban renewal (replacing the old buildings with new contemporary buildings) in a way which is feasible.

## Economic Comparisons

The following table summarises the economic benefits of retaining the Subject Sites' current uses in comparison to redevelopment in accordance with the Planning Proposal.

**Table 2 Economic Comparisons of Current Uses vs Planning Proposal**

|                                                                                   | Current Uses | Planning Proposal |
|-----------------------------------------------------------------------------------|--------------|-------------------|
| Total Jobs Generated                                                              | 83           | 303               |
| Total Salaries (\$m) Generated                                                    | \$2.7m       | \$7.2m            |
| Value Add to GDP                                                                  | \$5.0        | \$13.6m           |
| Construction Cost                                                                 | N.A.         | \$150m            |
| Total Economic Activity generated by the construction of the proposed development | N.A.         | \$497m            |
| Jobs During Construction (direct and indirect)                                    | N.A.         | 1,575             |
| Retail Spend from Residents & Workers on Site (\$/ann)                            | \$0.3m       | \$8.7m            |
| Retail Spend from Tourists (\$/ann)                                               | N.A.         | \$6.7m            |

Source: HillPDA

Evidently the Planning Proposal is preferred over the 'do nothing' scenario as it would lead to a net increase in jobs (+220 jobs), salaries generated (+\$4.5m) and industry value added (contribution to GDP) (+\$8.6m). Moreover the Planning Proposal would generate additional economic activity (+\$497m) and jobs (+1,575 job years directly and indirectly) during the period of construction and stimulate investment in the locality.

## Government Strategies and Targets

The State and Government strategies and policies give impetus to the need to create housing and employment opportunities. This is evident in the 'A Plan for Growing Sydney' and the South Subregional Strategy where the population, dwelling and employment objectives for the South Subregion are an additional +35,000 dwellings and +29,000 jobs by 2031. As such the Planning Proposal is in accordance with these strategies and would address each of these targets by creating employment opportunities and additional dwelling mixture choice for the increase in population. Moreover the Planning Proposal would provide significant housing which will be in close proximity to a major public multi-modal transport interchange. The development would also generate benefits from the hotel component, with the multiplier effect of tourism in creating additional jobs in the locality and the wider Sydney Region.

Section 117 Direction 1.1 also relates to Business and Industrial zones. The following table assesses the consistency of mixed use development on the Subject Site, against the three key requirements of the Direction for strategies concerning employment lands.

**Table 3 Consistency of Mixed Use Development with Ministerial Direction 1.1 Business & Industrial Zones**

| Relevant Matters                                                                                      | Comment and Consistency                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Objectives of the Direction                                                                           | The proposed development would not result in a net loss of employment generating floorspace in comparison to the existing development and its uses. It would also generate additional demand for retail and business services through the proposed commercial and retail component which would help to support the viability of identified strategic centres (consistent with objective 1.C). |
| No net loss of potential floorspace for employment uses and related public services in business zones | The proposed rezoning would result in a net increase in floorspace for employment uses. More specifically the Landmark Square Site has the potential to provide some 8,546sqm of industrial floorspace, however the Planning Proposal proposes to include 13,465sqm of employment uses (i.e. the hotel and retail component), equating to a net increase of almost 5,000sqm.                  |
| In accordance with a Strategy approved by the Direction General of DP&E                               | Whilst the Planning Proposal does not align with the current LEP, the proposed mixed use development responds and accords with the Plan for Growing Sydney as well as supporting the indicative targets for population, housing and employment growth within the draft South Subregional Strategy.                                                                                            |

## Summary

The preceding Chapters have demonstrated the likely economic impacts of the proposed rezoning of the Subject Site from IN2 Light Industrial to B4 Mixed Use.

There are considerable economic benefits of amending the zoning on the Subject Site. The Planning Proposal would help to meet very strong demand for housing in the area and provide additional employment generating uses. The prevalent market conditions support the proposal and it would be consistent with current development activity in Hurstville.

There are some long term impacts of continuing this trend in development especially in regards to the contraction of the Hurstville industrial market. However give the Subject Site's proximity to the transport hub, schools and amenities, a mixed use development is more appropriate in that location. Moreover the mixed use development and hotel would create additional demand for retail and business services which would help to support the viability of the identified major centre. By comparison the economic contribution made by the existing uses under the industrial zone is underwhelming.



# 1 INTRODUCTION

HillPDA was commissioned by Dickson Rothschild on behalf of One Capital Group Pty Ltd to undertake this Economic Assessment (hereafter referred to as 'the Study') related to a Planning Proposal for the rezoning of the site generally bounded by Forest Road, Durham Street and Roberts Lane (hereafter referred to as the Subject Site) in Hurstville from IN2 Light Industrial to B4 to allow for the mixed use development which will be known as the Landmark Square Development.

## The Subject Site

The Subject Site is situated in Hurstville NSW, which falls within the boundaries of the Hurstville Local Government Area (LGA) and is bounded by Forest Road, Durham Street and Roberts Lane.

The Subject Site is currently occupied by multiple buildings ranging from one to two levels most of which form industrial spaces and are leased or occupied mostly for bulky goods and storage tenants. The Subject Site has an area of 8,546sqm (refer to the figure below).

**Figure 1 Aerial View of Subject Site**



Source: Nearmaps; HillPDA

The Subject Site is zoned IN2 Light Industrial in the Hurstville LEP 2012 with a permissible FSR of 1:1 and height limit of 10m.

The Subject Site is strategically positioned in close proximity to the core retail and commercial precinct which includes Westfield Hurstville (a major Regional Shopping Centre serving the St George / Southern Subregion) and Hurstville City Council. Immediately surrounding the Subject Site is:

- Hurstville Public School to the north;
- low density residential uses to the east;
- mixed use development (apartments above ground floor retail) immediately to the north fronting Forest Road;
- high density residential and recreational uses to the south; and
- a Toyota Car Dealership to the west.

The Subject Site is also within walking distance to Hurstville Train Station (800m) the 12th most frequented train station in NSW in 2013 with express services to the Sydney CBD<sup>1</sup>.

## The Planning Proposal

The Client (One Capital Group Pty Ltd) is proposing a mixed-use development known as Landmark Square.

Landmark Square development will comprise of three towers ranging from 18 to 19 levels and will include the following land uses:

- Residential land uses comprising 27 one bedroom units, 196 two bedroom units and 50 three bedroom units, totalling 273 units (25,753sqm GFA);
- A 150 room hotel (9,674sqm);
- Retail uses of 3,150sqm; and
- Childcare of 641sqm.

<sup>1</sup> Bureau of Transport Statistics (2013)

## The Study Brief

It is understood that the owner of the land is seeking the rezoning of the Subject Site from its current zoning of IN2 Light Industrial in the LEP 2012, to a zoning that would allow the development of mixed uses on the Subject Site. The purpose of this Study is to provide an economic assessment of the Planning Proposal of the Subject Site. As part of this assessment the Study explores the economic viability and economic impact of retaining the current zoning versus amending the zoning to allow for a mixed use development. Furthermore it addresses the directions set out in the Ministerial Section 117 Direction 1.1 in relation to economic impact.

## Structure of the Study

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

- Chapter 2 undertakes an assessment of the planning and legislative background to the proposed rezoning, the chapter then assesses the economic principle of the rezoning in context of the planning policies reviewed earlier;
- Chapter 3 undertakes a site assessment to ascertain the Subject Site's suitability for either business uses or whether other uses are more feasible;
- Chapter 4 assesses the potential economic benefits of the Planning Proposal in the context of the residential market activity in Hurstville. This includes the broader factors driving demand and the supply of available opportunity sites in Hurstville;
- Chapter 5 assesses the economic implications of retaining the Subject Site's current zoning versus the implications of the proposed rezoning.
- Chapter 6 outlines the key conclusions of the Study and assesses the net economic benefits of the Planning Proposal.

## 2 CONTEXTUAL REVIEW

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

### State and Regional Planning Policies NSW

#### A Plan for Growing Sydney (2014)

'A Plan for Growing Sydney 2014' provides a framework for strengthening the global competitiveness of Sydney (including the South Subregion). To achieve this vision, the Government has set down goals that Sydney will be:

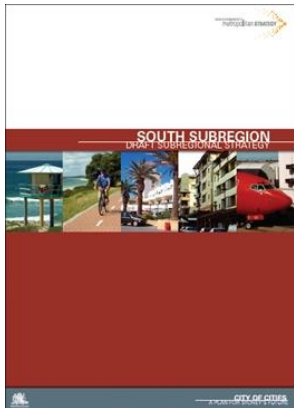
- A competitive economy with world-class services and transport;
- A city of housing choice with homes that meet our needs and lifestyles;
- A great place to live with communities that are strong, healthy and well connected; and
- A sustainable and resilient city that protects the natural environment and has a balanced approach to the use of land and resources.

The Metropolitan Plan sets the following priorities for the South Subregion:

- A competitive economy;
- Accelerate housing supply, choice and build great places to live; and
- Protect the natural environment and promote its sustainability and resilience.

Of relevance to this Study, the strategy stipulates there is a priority to:

- Retain a commercial core in Hurstville, as required, for long term employment growth; and
- Provide capacity for additional mixed-use development in Hurstville including office, retail, services and housing.



### Draft South Subregional Strategy (2007)

The Hurstville LGA falls within the South Subregion of Sydney and therefore relevant policies are set out within the Draft South Subregional Strategy that was prepared in accordance with the 2005 plan City of Cities. The Draft South Subregional Strategy provides a range of actions and objectives for the Region covering themes such as: economy and employment, centres and corridors, housing, transport, environment, heritage and resources, culture and governance.

Relevant to this Study, the Draft South Subregional Strategy provides a number of targets, aims and objectives over a 25 year timeframe to 2031 for both the Region and specific to the Shire.

- Key visions for the South Subregion by 2031 include:
- Providing a superior lifestyle and amenity, allowing residents to live and work within the subregion;
- Retaining its high quality environmental, tourism and lifestyle attributes; and
- Having a diverse community supported by a greater range of housing choice

Accordingly, the Draft South Subregional Strategy sets a dwelling target of accommodating an additional 35,000 dwellings within the subregion by 2031. This represents 7.8% of the total dwelling target set for Sydney's existing areas. By 2031, the population of the South Subregion is expected to grow to over 676,000 people.

A key direction for the Subregion is to identify and investigate renewal. In addition, an increase in housing densities was seen as a method of improving the mix of housing types in the Subregion (addressing the existing predominance of low density, detached and high value housing stock) whilst meeting broader centre objectives to increase vitality and make better use of existing infrastructure. The Strategy recommends that to achieve housing growth, it will be necessary to increase densities through medium density development in the Region's Major Centres, Towns, Villages and Neighbourhood centres. In addition densities should be increased in areas benefiting from projects identified in the State infrastructure Strategy such as the Cronulla Rail Corridor.

One of the key directions for Sydney's South Subregion is to strengthen Hurstville's commercial centre. Hurstville has been identified as a Major Centre for the subregion and is a key retail and

service centre, as well as offering a mix of low, medium and high density housing choices.

#### **Hurstville City Centre Concept Masterplan 2004**

This concept plan sets a number of key directions for the future of the centre of Hurstville (which includes the Subject Site). The master plan develops seven key design principles to improve the amenity of the city of Hurstville including:

1. To develop a new bus interchange;
2. To create a new Civic Precinct;
3. To improve the north-south connections;
4. To improve railway station access;
5. To create a new sequence of public spaces;
6. To create parks, green gateways and street trees; and
7. To simplify the traffic system.

Of relevance to this Study, the masterplan also proposes ways to improve development in Hurstville CBD by looking at “value capture” from development to contribute to public domain improvements.

#### **Hurstville LEP 2012**

The Subject Site has been zoned IN2 Light Industrial under the Hurstville LEP 2012 with a permissible FSR of 1:1 and height limit of 10m.

The below extract provides the objectives, permitted and prohibited uses of this zone:

1. *‘Objectives of zone*
  - *To provide a wide range of light industrial, warehouse and related land uses.*
  - *To encourage employment opportunities and to support the viability of centres.*
  - *To minimise any adverse effect of industry on other land uses.*
  - *To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area.*
  - *To support and protect industrial land for industrial uses.*
  - *To enable industrial development which does not pollute or adversely affect adjoining land, air or water.*
  - *To ensure industrial development creates areas that are pleasant to work in, safe and efficient in terms of transportation, land utilisation and service distribution.*

## 2. Permitted without consent

*Home occupations*

## 3. Permitted with consent

*Depots; Garden centres; Hardware and building supplies; Industrial training facilities; Kiosks; Landscaping material supplies; Light industries; Neighbourhood shops; Plant nurseries; Roads; Take away food and drink premises; Timber yards; Vehicle sales or hire premises; Warehouse or distribution centres; Water recycling facilities; Any other development not specified in item 2 or 4*

## 4. Prohibited

*Agriculture; Air transport facilities; Airstrips; Amusement centres; Biosolids treatment facilities; Boat launching ramps; Boat sheds; Camping grounds; Caravan parks; Cemeteries; Charter and tourism boating facilities; Child care centres; Commercial premises; Community facilities; Correctional centres; Crematoria; Eco-tourist facilities; Educational establishments; Entertainment facilities; Environmental facilities; Exhibition homes; Exhibition villages; Extractive industries; Farm buildings; Forestry; Function centres; Health services facilities; Heavy industrial storage establishments; Helipads; Highway service centres; Home occupations (sex services); Information and education facilities; Industries; Jetties; Marinas; Mooring pens; Moorings; Mortuaries; Open cut mining; Passenger transport facilities; Public administration buildings; Recreation areas; Recreation facilities (major); Recreation facilities (outdoor); Registered clubs; Research stations; Residential accommodation; Respite day care centres; Rural industries; Sewage treatment plants; Tourist and visitor accommodation; Water recreation structures; Water supply systems; Wholesale supplies.'*

## Ministerial Section 117 Direction 1.1 (2009)

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

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

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

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



### 3 SITE ASSESSMENT

The following chapter undertakes an assessment of the Subject Site and surrounding land uses. Identification of particular traits and characteristics which would inhibit the feasibility of industrial uses is explored. Alternative land uses which could be accommodated on the Subject Site are also considered.

#### Site Characteristics

The Subject Site is strategically located on the block bounded by Forest Road to the west, Durham Street to the south and Roberts Lane to the east. The Subject Site has a level topography, with an area of around 8,546 square metres which is undesirable for large uniform floorplates typical of industrial uses. As previously discussed in Chapter 1 the Subject Site is located in close vicinity to public transport facilities including Hurstville Train Station and Bus Interchange and the major retail and the commercial precinct of Hurstville (including Westfield Hurstville). This coupled with the surrounding residential, school facilities and open space lends to the Subject Site's appeal for a mixed use development.

#### Requirements for Industrial Uses

The development of industrial related uses require a number of prerequisites / characteristics such as appropriate zoning, a large developable area, high connectivity, good topography and soil conditions, industrial agglomeration and a conducive surrounding environment. Each of these prerequisites / characteristics and how they relate to the Subject Site are considered below.

##### Zoning

The Subject Site's current zoning of IN2 Light Industrial allows for the development of industrial related uses. The Subject Site's current zoning of IN2 Light Industrial allows for the development of neighbourhood shops, recreation areas; recreation facilities (indoor), although residential uses are not permitted under this zone.

##### Developable area

Industrial developments usually require a large developable area to allow for large floor plates, storage areas and vehicle turning and access points. The Subject Site is somewhat limited. Further to this, amalgamation with surrounding lots is unlikely. The flexibility of mixed use developments allows for development on various sized allotments. Although the limited size of the Subject Site is a hindrance to the development of industrial uses, the flexibility of

mixed use developments negates this hindrance allowing for more efficient design outcomes.

#### Accessibility and Connectivity

Industrial developments usually require good access to highways with two entry points. The Subject Site is located along a major arterial road. However it also abuts residential uses which is not appropriate for heavy vehicle movements. As such a mixed use development would be more suitable for this reason.

#### Industrial Agglomeration

Agglomeration or clustering is the phenomenon whereby firms from the same industry, and/or firms with strong linkages, locate together in close proximity. It is particularly evident in industries like health care, banking, research and development, automotive industries, construction industries and manufacturing. Economists explain clustering as a means for businesses to enjoy some of the economies of scale usually reserved for large firms. Simply due to its scale the existing precinct is too small to enjoy any benefits from industrial agglomeration.

#### Topography and Soil Conditions

Industrial developments usually require level ground with good soil conditions that allow drainage as such the Subject Site topography would be considered suitable for most land uses, including industrial and residential uses.

#### Environment / Surrounding Land Uses

The surrounding environment is one of residential and recreational space, with Hurstville Public school located immediate to the north. This would place stringent requirements on the type of industry that could locate there. Further the Subject Site is within walking distance to a major train station and the core retail precinct. The provision of higher density dwellings, especially apartments aligns with broader trends in lifestyle and living close to amenities, transport nodes and employment. It would provide a higher and better use for the Subject Site and reduce land use conflicts.

**Table 4 Impact of Subject Site's Characteristics on Industrial Uses**

| Industrial vs Mixed Use Development |                        |                       |
|-------------------------------------|------------------------|-----------------------|
| Prerequisite                        | Industrial development | Mixed Use Development |

|                                |                                                                                   |                                                                                     |
|--------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Zoning                         |  |  |
| Developable area               |  |  |
| Accessibility and Connectivity |  |  |
| Industrial Agglomeration       |  | NA                                                                                  |
| Topography and Soil Conditions |  |  |
| Environment                    |  |  |

## Conclusion

Based on the above analysis redevelopment of the subject site for uses permitted under the current IN2 zone is unviable. Without rezoning the existing structures and land uses are likely to remain in the foreseeable future. This is due to the low value of new industrial buildings combined with high built costs and environmental constraints. A mixed use zone enables urban renewal (replacing the old buildings with new contemporary buildings) in a way which is feasible.

## 4 RESIDENTIAL DEMAND

This Chapter undertakes an assessment of demographic profile the residential market in the Hurstville suburb. It uses published data sources to provide an insight into the nature of residential market demand and supply in the Hurstville locality.

### Population Growth

The Hurstville suburb contained 26,040 residents in 2011 and experienced a 12% population growth over the previous 10 years. The majority of that growth occurred between 2001 and 2006. Population growth in the City of Hurstville and Greater Sydney has been comparatively lower at 7% between 2001 and 2011. This is reflective of ongoing housing development in the suburb.

**Table 5 Population Growth 2001 to 2011**

| Location           | 2001      | 2006      | 2011      | Change 2001-11 |     | Change 2006-11 |     |
|--------------------|-----------|-----------|-----------|----------------|-----|----------------|-----|
|                    |           |           |           | #              | %   | #              | %   |
| Hurstville         | 20,370    | 23,332    | 26,040    | 5,670          | 28% | 2,708          | 12% |
| City of Hurstville | 70,642    | 73,750    | 79,085    | 8,443          | 12% | 5,335          | 7%  |
| Greater Sydney     | 3,997,321 | 4,148,574 | 4,429,034 | 431,713        | 11% | 280,460        | 7%  |

Source: ABS Census 2001, 2006 and 2011

### Population Projections

Population projections sourced from the NSW Bureau of Transport Statistics (BTS) are shown in the table below for Hurstville and the City of Hurstville.

**Table 6 Population Projections 2011 to 2031**

| Location           | 2011   | 2016   | 2021   | 2026   | 2031    | Growth 2011-31 |     |
|--------------------|--------|--------|--------|--------|---------|----------------|-----|
|                    |        |        |        |        |         | #              | %   |
| Hurstville         | 26,974 | 29,338 | 34,009 | 38,258 | 42,255  | 15,281         | 57% |
| City of Hurstville | 82,810 | 87,188 | 93,747 | 99,577 | 104,957 | 22,147         | 27% |

Source: NSW Bureau of Transport Statistics (September 2014)

Over the 2011 to 2031 period Hurstville will experience population growth equivalent to a 57% increase in the population based on the BTS data. The City of Hurstville will experience a 27% population increase over the same period. It should be noted that the BTS population projections in 2011 are greater than the estimated

population derived from ABS because BTS considers ABS to be an undercount of the actual resident population. This is indicative of the need for additional housing to support this substantial growth.

## Drivers of Demand

Falling interest rates and improved business confidence since the Federal election has succeeded in stimulating the property sector in parts of Australia, including NSW, despite uncertainties in the global economy. Increased construction activity is reported<sup>2</sup> and business and consumer confidence is growing in most sectors.

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

A period of soft residential activity and growth since 2004 resulted in significant pent-up demand. This is a large contributing factor to the high levels of market activity currently witnessed, from generous premiums paid to assemble and amalgamate development sites to rapid and high level of pre-sales.

Late 2013 was the start of a property bubble in the Sydney market evident by the significant price rises, increase in development activity, buyer enquires and clearance rates. In our view the current levels of demand reflect sustained pent up demand for dwellings in Sydney and are a correction which has preents historically in the 1980s. Residential property prices and investor interest over the 5 years prior to 2013 were quite flat and construction activity was failing to keep up with long term demand (which resulted in average household sizes or occupancy rates increasing slightly in the last inter-censual period). The recent upward trend in the residential market is a correction to the previous 5-7 years. Residential property prices will continue to rise through 2015 before levelling out.

The key drivers to Sydney's residential property market are:

- Low interest rates underpinning affordability;
- Demand for an affordable housing product – leading to increased development and proportion of apartments;
- High cost of ownership leading to a higher propensity for households to rent;

<sup>2</sup> Source: Property Week, Property Council of Australia (October 2013)

- Downsizing of empty nesters;
- Increased demand for new housing around major transport nodes, especially existing railway stations owing to lifestyle changes;
- Demographic trends leading to declining household sizes;
- Strong population growth from international migration and natural increase; and
- Strong demand from international investors particularly from Asia.

It is widely acknowledged that until recently development had not kept pace with demand, contributing to a tight rental market and rising house prices.

The collective impact of these factors is that there is increasing pressure on existing urban areas – especially those served by employment and transport nodes to provide a greater level of infill housing. New development is helping to ease some of the pent-up demand as well as provide a larger market for property investors in Sydney who are particularly active in the apartment market.

Deloitte Access Economics note that increased residential development has major benefits for the Australian economy, mainly due to foreign investment capital which is especially directed at Sydney. They note that "The Sydney market is particularly attractive to developers and investors because mortgages tend to be higher than other cities, so demand is more sensitive to lower interest rates. As an international gateway city, Sydney is attractive and familiar to many foreign investors and developers"<sup>3</sup>.

The NAB Residential Property Survey also backed this, revealing that foreign investors currently account for 14% of all new property market demand, with particular demand for dwellings in the Sydney CBD and inner city markets.

## Housing Market Change

From 2001-2011 the Hurstville housing market (which for this exercise includes the Hurstville SA2) experienced a considerable increase in the supply of new dwellings. By way of example, the total number increased by 29% from 4,188 dwellings in 2001 to 5,418 dwellings by 2011<sup>4</sup>. Of this growth over 80% was in apartments. The table below shows the total number of dwellings and net increase

<sup>3</sup> Deloitte Access Economics (2014) Business Outlook

<sup>4</sup> ABS (2011) Hurstville SA2 Community Profile, excludes other dwellings

broken down by dwelling type and number of bedrooms from 2001 to 2011.

**Table 7 Dwelling Totals and Change in Hurstville SA2 2001-2011**

|                       | 2001         | 2006         | 2011         | Change 2001-2011 Total | Change 2001-2011 (%) |
|-----------------------|--------------|--------------|--------------|------------------------|----------------------|
| <b>Separate House</b> |              |              |              |                        |                      |
| Bedrooms 1/0          | 17           | 12           | 31           | 14                     | 82%                  |
| Bedrooms 2            | 423          | 329          | 280          | -143                   | -34%                 |
| Bedrooms 3            | 1,249        | 1,185        | 1,119        | -130                   | -10%                 |
| Bedrooms 4+           | 828          | 1,024        | 1,207        | 379                    | 46%                  |
| Sub-Total             | 2,517        | 2,550        | 2,637        | 120                    | 5%                   |
| <b>Semi-detached</b>  |              |              |              |                        |                      |
| Bedrooms 1/0          | 18           | 13           | 8            | -10                    | -56%                 |
| Bedrooms 2            | 73           | 90           | 83           | 10                     | 14%                  |
| Bedrooms 3            | 186          | 241          | 216          | 30                     | 16%                  |
| Bedrooms 4+           | 28           | 71           | 119          | 91                     | 325%                 |
| Sub-Total             | 305          | 415          | 426          | 121                    | 40%                  |
| <b>Apartment</b>      |              |              |              |                        |                      |
| Bedrooms 1/0          | 57           | 105          | 200          | 143                    | 251%                 |
| Bedrooms 2            | 978          | 1,256        | 1,507        | 529                    | 54%                  |
| Bedrooms 3            | 322          | 458          | 611          | 289                    | 90%                  |
| 4+                    | 9            | 26           | 37           | 28                     | 311%                 |
| Sub-Total             | 1,366        | 1,845        | 2,355        | 989                    | 72%                  |
| <b>Total</b>          | <b>4,188</b> | <b>4,810</b> | <b>5,418</b> | <b>1,230</b>           | <b>29%</b>           |

Source: ABS (2011)

As the Subject Site is an established urban area, the vast majority of opportunities for growth are through redevelopment of lower density residential lots, the redevelopment of land with redundant or underutilised uses and (increasingly as in the case of the Subject Site) through conversion of industrial core sites to mixed use developments incorporating a range of uses including commercial, retail and residential.

The provision of higher density dwellings, especially apartments aligns with broader trends in lifestyle and living close to amenities, transport nodes and employment. This is reflected in multiple other centres in Sydney which have experienced change to a greater proportion of dwellings that are medium and high density.

## Current and Forecast Development

The changes in the type of housing stock provided by the market between 2001 and 2011 as shown in the table above may be exemplified by the significant strength of the residential apartment pipeline over the past 2-3 years.

Based on research conducted by HillPDA using Cordell Connect data, there are approximately 1,750 apartment dwellings in the development pipeline for Hurstville with some examples provided in Table 8 below.

We caution however that this figure is likely an under-representation as some projects in the pre-planning phase and are therefore yet to gain approval or determine the total number of dwellings and as such have been discounted from this total.

**Table 8 Projected Residential Pipeline for Hurstville**

| Development Type | Stage                   | Units                  | Expected Completion |
|------------------|-------------------------|------------------------|---------------------|
| Mixed Use        | Building approval       | 96                     | 2016                |
| Mixed Use        | Construction            | 30                     | 2015                |
| Mixed Use        | Construction            | 8                      | 2014                |
| Mixed Use        | Contract Let            | 437                    | 2016                |
| Mixed Use        | Contract Let            | 103                    | 2016                |
| Mixed Use        | Development Application | 97                     | 2017                |
| Mixed Use        | Development Application | 150                    | 2018                |
| Mixed Use        | Development Application | 14                     | 2017                |
| Mixed Use        | Development Application | 227                    | 2018                |
| Mixed Use        | Development Application | 75                     | 2017                |
| Mixed Use        | Development Approval    | 14                     | 2017                |
| Mixed Use        | Development Approval    | 66                     | 2016                |
| Mixed Use        | Development Approval    | 12                     | 2016                |
| Units            | Development Approval    | 9                      | 2016                |
| Units            | Development Approval    | 13                     | 2016                |
| Units            | Concept Plans           | 402                    | 2018                |
| <b>Total</b>     |                         | <b>1,753 Dwellings</b> |                     |



Source: Cordell Connect

## Policy Perspective

As discussed in Chapter 2, the draft 2007 Draft South Subregional Strategy set a dwelling target of 35,000 dwellings for the South Subregion.

The Planning Proposal which will provide housing in close proximity to transport and employment is helping to meet some of the unmet demand in the market. Crucially, the Planning Proposal would actually result in a net gain in total employment generating floorspace from the current use including hotel and retail space allocation. This means that it is still enabling new housing to be located contiguous to employment space and not developing at the direct expense of jobs.

## Summary & Implications

Anticipated population growth and demand for new residential dwellings at Hurstville is driving a major transformation of the area with a notable increase in the level of residential development. This activity is being supported by strong underlying demand, a lack of development activity in preceding years and favourable lending rates.

As there are limited development opportunities to develop new housing in direct proximity to major transport nodes (such as Hurstville) increasingly sites are being rezoned to mixed use to maximise their potential to contribute to a range of government objectives.

These factors have led to the total number of dwellings in Hurstville increasing by over 29% from 2001 to 2011. It has also created a strong development pipeline of over 1,750 dwellings having the potential to come onto the market in the next four years.

From a market and demand perspective, the proposal would help to meet the high demand for new dwellings as well as providing jobs close to transport infrastructure and employment. Although the Planning Proposal would likely lock in residential uses for the future, it is increasing the residual employment generating floorspace and therefore not creating new residential dwellings at the expense of jobs.

## 5 ECONOMIC IMPLICATIONS

The following chapter undertakes an assessment of the economic implications of retaining the Subject Sites current zoning verses the economic implications of rezoning to allow for a mixed use development.

### Employment Implications of IN2 Zone vs B4 Zone

The following assesses the economic implications of retaining the Subject Site for industrial uses.

#### Employment

The Landmark Square Site is currently occupied by a number of buildings ranging from one to two levels. These building facilities currently accommodate a number of tenants employing 33 known staff members described in the table below:

**Table 9 Landmark Square Site Staff Numbers**

| Address       | Business                  | Number of staff |
|---------------|---------------------------|-----------------|
| 61 Forest Rd  | Storage King              | 8               |
|               | Lawrence and Hanson       | 4               |
|               | Colorful Flooring         | 1               |
|               | Factory Direct Furniture  | 1               |
|               | Tacmed Australia (closed) | 0               |
| 67 Forest Rd  | Speedy Tyres              | 2               |
|               | N&G Mechanical Repairs    | 3               |
| 71A Forest Rd | Forest Carwash            | 4               |
| 73 Forest Rd  | Ultratune                 | 6               |
| 75 Forest Rd  | Great Wall                | 4               |
| <b>Total</b>  |                           | <b>33</b>       |

Source: Hurstville Site Staff Numbers, Rappoport Heritage Consultants, 2014

The Landmark Square Site could be redeveloped under the current zone to a higher density (up to 1:1 FSR) and employ more workers. However the likelihood of this scenario is very low given the lack of viability.

The Landmark Square proposal would support permanent employment post-construction through the operation of hotel and

retail uses within the development. The table below provides an estimate of the number of jobs on site in accordance with the Planning Proposal.

**Table 10 Employment Generation from Site A and B**

| Land Use             | Employment Rate* | Apartments | GLA    | No. of Worker |
|----------------------|------------------|------------|--------|---------------|
| Childcare Facilities | 1/5 Children     |            | 641    | 18            |
| Retail               | 1/23sqm          |            | 3,150  | 137           |
| Hotel                | 0.85/room        | 150        | 9,674  | 128           |
| Workers at Home      | 1/14 apartments  | 273        | 25,753 | 20            |
| <b>Total</b>         |                  |            |        | <b>303</b>    |

Source: Hotels: Australian average is 0.625 jobs per rooms. 0.85 is assumed in this case due to higher 4-Star level of service;  
 Childcare: Educator to child ratios are sourced from the National Quality Framework. 90 places/children are assumed with an educator to child ratio of 1:5;  
 Work at Home: 7.6% of workers undertake majority of work at home (ABS Locations of Work 2008 Cat 6275.0) and assuming 1.1 working residents per household it calculates to 1 job per 14 dwellings.  
 Retail: Weighted Average assuming convenience store, restaurants, a take-away, one non-food retailer and personal services (ABS Retail Surveys 1991, 1999)

Based on the table above, the proposed development is estimated to accommodate 302 jobs on site. These are jobs in full, part-time and casual positions.

As demonstrated in the above table, the hotel will generate +128 jobs, with the childcare facility generating approximately +18 jobs and the retail component 137 jobs. The development further Assuming a further +20 jobs from home based businesses, then a total of +303 permanent jobs will be provided on the Subject Site following development. Accordingly with only 83 jobs currently estimated on site, the Planning Proposal will provide a net increase of 220 jobs.

## Salary Implications of IN2 Zone vs B4 Zone

The combined total of workers' salaries currently is approximately \$2.7 million. The bases of these calculations are provided in the table below.

**Table 11 Existing Estimated Salary Contribution**

| Existing Tenant           | No. of Workers | Average Annual Wage | Total Wages (\$)   |
|---------------------------|----------------|---------------------|--------------------|
| Storage King              | 8              | \$55,001            | \$440,007          |
| Lawrence and Hanson       | 4              | \$79,179            | \$316,714          |
| Colorful Flooring         | 1              | \$28,474            | \$28,474           |
| Factory Direct Furniture  | 1              | \$45,000            | \$45,000           |
| Tacmed Australia (closed) | 0              | N/A                 |                    |
| Speedy Tyres              | 2              | \$42,611            | \$85,222           |
| N&G Mechanical Repairs    | 3              | \$24,278            | \$72,834           |
| Forest Carwash            | 4              | \$24,278            | \$97,113           |
| Ultratune                 | 6              | \$24,278            | \$145,669          |
| Great Wall                | 4              | \$56,369            | \$225,475          |
| Other Uses                | 50             | \$24,278            | \$1,213,908        |
| <b>Total</b>              | <b>83</b>      |                     | <b>\$2,670,415</b> |

Source: IBIS World Reports; HillPDA

The Planning Proposal would increase the combined total of workers' salaries on site to approximately \$7.2 million as shown in the table below.

**Table 12 Potential Salary Contribution**

| Land Use             | No. of Workers | Average Annual Wage | Total Wages        |
|----------------------|----------------|---------------------|--------------------|
| Childcare Facilities | 18             | \$24,204            | \$435,675          |
| Retail               | 137            | \$17,557            | \$2,405,339        |
| Hotel                | 128            | \$24,583            | \$3,146,666        |
| Workers at Home      | 20             | \$60,000            | \$1,200,000        |
| <b>TOTAL</b>         | <b>303</b>     |                     | <b>\$7,187,680</b> |

Source: IBIS World Industry Reports.

On this basis, the Planning Proposal would increase total salaries by around \$4.5m every year.

## Value Add to GDP of IN2 Zone vs B4 Zone

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

We estimate the value add from the existing tenants to be \$5.0m every year as shown in the following table.

**Table 13 Industry Value Add from the Existing Land Uses on Site**

| Value Add                 | No. Of Workers | IVA/ Worker | Industry Value Add |
|---------------------------|----------------|-------------|--------------------|
| Storage King              | 8              | \$124,473   | \$995,787          |
| Lawrence and Hanson       | 4              | \$140,020   | \$560,082          |
| Colorful Flooring         | 1              | \$41,549    | \$41,549           |
| Factory Direct Furniture  | 1              | \$61,013    | \$61,013           |
| Tacmed Australia (closed) | 0              | \$-         | \$-                |
| Speedy Tyres              | 2              | \$73,392    | \$146,784          |
| N&G Mechanical Repairs    | 3              | \$45,254    | \$135,761          |
| Forest Carwash            | 4              | \$45,254    | \$181,014          |
| Ultratune                 | 6              | \$45,254    | \$271,521          |
| Great Wall                | 4              | \$80,684    | \$322,737          |
| Other Uses                | 50             | \$45,254    | \$2,262,676        |
| <b>Total</b>              | <b>83</b>      |             | <b>\$4,978,924</b> |

Source: IBIS World Industry Reports and HillPDA Estimate.

Conversely, we estimate the value add from the Planning Proposal to be in the order of \$13.5m every year as shown in the below table.

**Table 14 Industry Value Add from the Various Land Uses on Site**

| Value Add            | No. Of Workers | IVA/ Worker | Industry Value Add  |
|----------------------|----------------|-------------|---------------------|
| Childcare Facilities | 18             | \$27,570    | \$496,265           |
| Retail               | 137            | \$54,987    | \$7,533,258         |
| Hotel                | 128            | \$42,702    | \$5,465,905         |
| Workers at Home      | 20             | \$2,839     | \$56,784            |
| <b>TOTAL</b>         | <b>303</b>     |             | <b>\$13,552,212</b> |

Source: IBIS World Industry Reports and HillPDA Estimate.

Therefore the Planning Proposal would provide a further \$8.6m every year in added value or contribution to the local economy (measured in current 2014 dollars).

## Other Economic Benefits from Planning Proposal

The following assesses the economic implications of rezoning the Subject Site to allow for a mixed use development. Given that the

Planning Proposal is at a concept stage, a high level assessment of potential economic benefits has been undertaken.

The development of a mixed use development containing residential and retail uses could have the following economic multipliers.

### Construction Benefits

HillPDA estimates the construction of the Planning Proposal would cost in the order of \$150m. The estimate was made based on the following:

- Residential at \$3,000/sqm for a total GFA;
- Hotel at \$3,000/sqm plus FFE at \$15,000 per room;
- Balconies at \$15,000 per apartment and hotel room;
- Car parking at \$40,000 per car space; and
- A further 5.5% to cover internal access, site works, landscaping, external works, contingency and other miscellaneous items.

**Table 15 Breakdown of Estimated Construction Cost**

| Component                                                   | Estimated Cost (\$m) |
|-------------------------------------------------------------|----------------------|
| Residential Uses                                            | \$77.3               |
| Hotel Uses (including FF&E)                                 | \$31.3               |
| Retail Uses (including childcare)                           | \$9.5                |
| Balconies                                                   | \$6.4                |
| Car parking                                                 | \$18.0               |
| Site Costs, External works, landscaping, contingencies, etc | \$7.8                |
| <b>Total</b>                                                | <b>\$150.2</b>       |

Source: HillPDA Estimate using Construction Rates sourced from Rawlinsons Construction Handbook 2014

The construction industry is a significant component of the economy accounting for 7.3% of Gross Domestic Product (GDP) and employing almost one million workers across Australia<sup>5</sup>. The industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of construction. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

<sup>5</sup> IBIS World Construction Industry Report 2011

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

**Table 16 Estimated Economic Multipliers**

|                    | Direct Effects | Production Induced Effects |                            | Consumption Induced Effects | Total   |
|--------------------|----------------|----------------------------|----------------------------|-----------------------------|---------|
|                    |                | First Round Effects        | Industrial Support Effects |                             |         |
| Output multipliers | 1              | 0.6463                     | 0.6734                     | 0.9891                      | 3.3088  |
| Output (\$million) | \$150          | \$97.0                     | \$101.1                    | \$148.5                     | \$496.8 |

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

\$150m construction would generate a further \$198m of activity in production induced effects and \$148m in consumption induced effects. Total economic activity generated by the construction of the proposed development would be almost half a billion dollars.

### Construction Employment

HillPDA calculates that every million dollars of construction generates 2.85 full time positions over 12 months directly in construction on site<sup>6</sup>. Based on the estimated cost of \$150m, 428 job years<sup>7</sup> would be directly generated.

<sup>6</sup> Source: Hill PDA and ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0)

<sup>7</sup> Note: One job year equals one full-time job for one full year

**Table 17 Estimated Economic Multipliers**

|                                     | Direct Effects | Production Induced Effects |                            | Consumption Induced Effects | Total |
|-------------------------------------|----------------|----------------------------|----------------------------|-----------------------------|-------|
|                                     |                | First Round Effects        | Industrial Support Effects |                             |       |
| <b>Multipliers</b>                  | 1              | 0.64                       | 0.70                       | 1.34                        | 3.68  |
| <b>Employment No. per \$million</b> | 2.85           | 1.83                       | 1.98                       | 3.81                        | 10.48 |
| <b>Total job years created</b>      | 428            | 275                        | 298                        | 573                         | 1,574 |

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

From the ABS 2008-09 ANA Input-Output tables Hill PDA has calculated the multipliers for first round, industrial support and consumption induced effects of 0.64, 0.70 and 1.34 respectively for every job year in direct construction. Including the multiplier impacts the proposed development would therefore have potential to generate 1,574 job years during the period of construction.

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

### **Expenditure from Residents**

The Planning Proposal would provide 273 new residential apartments on site. Assuming 96% of the apartments are occupied and an average occupancy rate of 2.2 persons per apartment we estimate 577 permanent residents on the Subject Site.

These residents would generate demand for local retail and commercial goods and services. With an assumed average retail spend of \$13,600 per capita<sup>8</sup> the residents would spend around \$7.85m every year on retail goods and services.

<sup>8</sup> This is equivalent to the NSW average based on Marketinfo 2012 data escalated to 2015 dollars.



### Expenditure from Workers

A recent survey<sup>9</sup> found that Sydney CBD workers spend an average of \$200 a week or \$9,200 per annum (based on 46 working weeks) on retail goods and services in the CBD localities. In smaller centres average spend is considerably lower due to the lack of retail offer. For the purpose of the assessment HillPDA has applied a more conservative weekly expenditure of \$60 per employee for the workers on the Subject Site which equates to an annual spend of \$2,800. With 283 non-resident workers on the Subject Site this amounts to \$0.8m per annum.

### Benefits from Tourists on Site

Tourism is an important component of the NSW economy between the period of June 2012 to June 2013, 28 million international and domestic tourists visited NSW spending \$21 billion. Nearly 70% of this was attributed to domestic overnight tourists spending an average of \$171 per night<sup>10</sup>.

In that year Greater Sydney received 7.7m domestic overnight tourists staying an average of 2.7 nights and spending \$266 per day. Sydney received a further 2.78m international tourists staying an average of 21 nights and spending \$100 per day<sup>11</sup>.

Revenue from overnight visitors in the hotels is expected to be around \$8.3m per annum based on an average charge of \$200/night and 72% occupancy rate<sup>12</sup>.

Total number of visitor nights per annum is expected to be around 63,000 assuming 1.6 persons per apartment and 72% occupancy rate. Average spend per person per day in Sydney on food and other retail goods and services is \$107<sup>13</sup>. We would expect tourists staying on the Subject Site to have similar spending levels. Total expenditure generated by tourists on site is therefore expected to be around \$6.75m per annum. This is expenditure that will be captured by retailers in the general locality.

### Investment Stimulus

Where a significant property investment decision has been made it is generally viewed as a strong positive commitment for the local area.

<sup>9</sup> 2013 National Office Workers Survey, Urbis (2013)

<sup>10</sup> Tourism NSW, NSW Snapshot June 2013

<sup>11</sup> Tourism Research Australia, Regional Tourism Profiles 2012-13

<sup>12</sup> Tourist Accommodation in Australia, ABS Cat. 8635.0

<sup>13</sup> This excludes accommodation and travel costs. Source is Tourism Research Australia, Regional Tourism Profiles 2012-13

Such an investment can in turn stimulate and attract further investment. The direct investment in the Subject Site would support a wide range of economic multipliers as outlined above which would in turn support investment in associated industries. It would also raise the profile of Hurstville to potential investors.

The provision of high density residential development on the Subject Site would increase the economic benefits of the scheme to surrounding businesses, services and the financial feasibility of public transport. The benefits of residential uses are recognised in planning policy. Residents would also create further demand for retail, commercial and transport services increasing these services viability.

The proposed development would create additional business opportunities in this locality associated with future residents and the commercial and retail uses on site. It would increase the profile of this area and in so doing increase the financial feasibility of mixed use development, potentially acting as a catalyst on surrounding sites. From an economic perspective this is a good outcome given that it maximises the potential of this edge-of-centre site and creates a greater economic benefit from it.

## Summary and Implications

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

**Table 18 Economic Comparisons of Current Uses vs Planning Proposal**

|                                                                                   | Current Uses | Planning Proposal |
|-----------------------------------------------------------------------------------|--------------|-------------------|
| Total Jobs Generated                                                              | 83           | 303               |
| Total Salaries (\$m) Generated                                                    | \$2.7m       | \$7.2m            |
| Value Add to GDP                                                                  | \$5.0        | \$13.6m           |
| Construction Cost                                                                 | N.A.         | \$150m            |
| Total Economic Activity generated by the construction of the proposed development | N.A.         | \$497m            |
| Jobs During Construction (direct and indirect)                                    | N.A.         | 1,575             |
| Retail Spend from Residents & Workers on Site (\$/ann)                            | \$0.3m       | \$8.7m            |
| Retail Spend from Tourists (\$/ann)                                               | N.A.         | \$6.7m            |

Source: HillPDA

Evidently the Planning Proposal is preferred over the 'do nothing' scenario as it would lead to a net increase in jobs (+220 jobs), salaries generated (+\$4.5m) and industry value added (contribution to GDP) (+\$8.6m). Moreover the Planning Proposal would generate additional economic activity (+\$497m) and jobs (+1,575 job years directly and indirectly) during the period of construction and stimulate investment in the locality.

#### Planning Policy Implications

The State and Government strategies and policies give impetus to the need to create housing and employment opportunities. This is evident in the '*A Plan for Growing Sydney*' and the South Subregional Strategy where the population, dwelling and employment objectives for the South Subregion are an additional +35,000 dwellings and +29,000 jobs by 2031. As such the Planning Proposal is in accordance with these strategies and would address each of these targets by creating employment opportunities and additional dwelling mixture choice for the increase in population. Moreover the Planning Proposal would provide significant housing which will be in close proximity to a major public multi-modal transport interchange. The development would also generate benefits from hotel component, with the multiplier effect of tourism in creating additional jobs in Hurstville and the wider Sydney Region; and the "spill over effect" of tourism expenditure into the local and wider economy.

Section 117 Direction 1.1 also relates to Business and Industrial zones. The following table assesses the consistency of mixed use development on the Subject Site, against the three key requirements of the Direction for strategies concerning employment lands.

**Table 19 Consistency of Mixed Use Development with Ministerial Direction 1.1 Business & Industrial Zones**

| Relevant Matters            | Comment and Consistency                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Objectives of the Direction | The development of a mixed use development on the Subject Site would result in a net loss in land zoned IN2 for employment uses. Despite this the proposed development would not result in a net loss of employment generating floorspace in comparison to the existing development and its uses. It would also generate additional demand for retail and business services through the proposed commercial and retail component which would help to support the viability of identified strategic centres (consistent with objective 1.C). |

|                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>No net loss of potential floorspace for employment uses and related public services in business zones</b></p> | <p>The proposed rezoning would result in a net increase in floorspace for employment uses. More specifically the Landmark Square Site has the potential to provide some 8,546sqm of industrial floorspace, however the Planning Proposal proposes to include 13,465sqm of employment uses (i.e. the hotel and retail component), equating to a net increase of almost 5,000sqm.</p> |
| <p><b>In accordance with a Strategy approved by the Direction General of DP&amp;E</b></p>                           | <p>Whilst the Planning Proposal does not align with the current LEP, the proposed mixed use development responds and accords with the Plan for Growing Sydney as well as supporting the indicative targets for population, housing and employment growth within the draft South Subregional Strategy.</p>                                                                           |

## 6 CONCLUSIONS

The preceding Chapters have demonstrated the likely economic impacts of the proposed rezoning of the Subject Site from IN2 Light Industrial to B4 Mixed Use.

There are considerable economic benefits of amending the zoning on the Subject Site. The Planning Proposal would help to meet very strong demand for housing in the area and provide additional employment generating uses. The prevalent market conditions support the proposal and it would be consistent with current development activity in Hurstville.

There are some long term impacts of continuing this trend in development especially in regards to the contraction of the Hurstville industrial market. However give the Subject Site's proximity to the transport hub, schools and amenities, a mixed use development would be more appropriate for that location than industrial uses. Moreover the mixed use development and hotel would create additional demand for retail and business services which would help to support the viability of the identified major centre. The capture of tourism expenditure will benefit the locality considerably.

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4. This report and its attached appendices are based on estimates, assumptions and information provided by the Client or sourced and referenced from external sources by Hill PDA. While we endeavour to check these estimates, assumptions and information, no warranty is given in relation to their reliability, feasibility, accuracy or reasonableness. Hill PDA presents these estimates and assumptions as a basis for the Client's interpretation and analysis. With respect to forecasts, Hill PDA does not present them as results that will actually be achieved. Hill PDA relies upon the interpretation of the Client to judge for itself the likelihood of whether these projections can be achieved or not.
5. Due care has been taken to prepare the attached financial models from available information at the time of writing, however no responsibility can be or is accepted for errors or inaccuracies that may have occurred either with the programming or the resultant financial projections and their assumptions.
6. This report does not constitute a valuation of any property or interest in property. In preparing this report Hill PDA has relied upon information concerning the subject property and/or proposed development provided by the Client and Hill PDA has not independently verified this information except where noted in this report.
7. In relation to any valuation which is undertaken for a Managed Investment Scheme (as defined by the Managed Investments Act 1998) or for any lender that is subject to the provisions of the Managed Investments Act, the following clause applies:

This valuation is prepared on the assumption that the lender or addressee as referred to in this valuation report (and no other) may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risk for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that the lender is providing mortgage financing at a conservative and prudent loan to value ratio.



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