

The URBIS logo consists of the word "URBIS" in a bold, white, sans-serif font. To the right of the text is a white square frame that is partially open on the right side, with the top and bottom horizontal bars extending slightly beyond the text.

URBIS

NORTH ROCKS LAND USE ECONOMIC ASSESSMENT

26 March 2021

Prepared for

EG

26 March 2021

URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director	Clinton Ostwald
Associate Director	Kylie Newcombe
Senior Consultant	Ryan Condon
Consultant	James Sewell
Project Code	P0008869
Report Number	Final

All information supplied to Urbis in order to conduct this research has been treated in the strictest confidence. It shall only be used in this context and shall not be made available to third parties without client authorisation. Confidential information has been stored securely and data provided by respondents, as well as their identity, has been treated in the strictest confidence and all assurance given to respondents have been and shall be fulfilled.

© Urbis Pty Ltd
50 105 256 228

All Rights Reserved. No material may be reproduced without prior permission.

You must read the important disclaimer appearing within the body of this report.

urbis.com.au

CONTENTS

Executive Summary.....	1
Introduction	2
1. Housing Diversity	3
2. Retail and Commercial assessment.....	4
2.1. Trade Area Definition.....	4
2.2. Retail Trade Area	4
2.3. Competitive context.....	5
2.4. Population and Spending	7
2.4.1. Population and Spending	7
2.4.2. Population forecast.....	7
2.4.3. Spend Per Capita variation from Sydney Average.....	7
2.5. Proposed on Site Retail and Commercial	8
2.5.1. Proposed Retail	8
2.5.2. Indicative tenancy Mix	8
2.6. Retail Demand and Supportability	9
2.6.1. Supportability Assessment	9
2.6.2. Proposed Retail Turnover (\$2020) and Market Share	9
2.6.3. Impact of proposed retail.....	9
3. Economic Impact Assessment	10
3.1. Construction Phase.....	10
3.1.1. Construction Phase Benefits	10
3.1.2. Construction Jobs and Gross Value Added	10
3.2. Operational Phase	11
3.2.1. Operational Phase Benefits.....	11
3.2.2. Operational Employment Potential.....	11
3.2.3. Operational Employment Economic Benefits	11
3.3. Place-Based and consumer Benefits.....	12
3.3.1. Methodology	14
Disclaimer.....	15

Appendix A Remplan Methodology

EXECUTIVE SUMMARY

The most recent masterplan results in positive outcomes for the community from additional space, reduced density and an increase in medium density housing options to increase housing diversity on the site and more broadly in the local area.

We forecast that retail at the subject site will have turnover of \$2.1 million in 2041, compared to a forecast \$37.3 million in retail spend by on site residents. The onsite retail turnover would therefore account for a maximum of **5.6% of subject site resident spend in 2041** with the remaining retail spend to be distributed to other retail centres.

Given the significant net increase in retail expenditure by onsite residents, visitors and workers, it is likely that all retail centres in and immediately around the trade area will experience an uplift in trading levels compared to current conditions, indicating that the proposed onsite retail will have a positive economic impact.

The proposed development will include an element of retail and commercial floorspace of approximately 700 sq.m Gross Lettable Area Retail (GLAR) within the ground floor of buildings adjacent to North Rocks Road and the proposed oval. Less than half this floorspace is planned for dedicated retail uses, most likely a convenience store and café.

Further, the development has the potential to deliver 138 direct ongoing jobs across retail, commercial and aged care uses. Over a 20 year operating period, there is potential to contribute Gross Value Add (GVA) of \$19.7 million per annum.

Assessing the demand for Seniors' accommodation, under the high case scenario, demand for ILUs is projected to increase from 1,552 units in 2019 to 2,433 units in 2031, reflecting an average growth rate of 3.3% per annum. Hence, the site is well placed to meet some of this demand.

Place-based and consumer benefits include enhanced retail choice, sense of place and improved public amenity and activation. The current masterplan therefore brings a mix of community, housing and economic benefits to the catchment and beyond.

INTRODUCTION

This (North Rocks Village Economics Study) has been prepared to support a Planning Proposal to City of Parramatta Council for land at 361-365 North Rocks Road, North Rocks (the site).

The planning proposal seeks to create North Rocks Village, a Housing Diversity Precinct (HDP) as expressed in Council's Local Strategic Planning Statement (LSPS). It will deliver a genuine mix of housing opportunities within a garden village setting that complements existing neighbourhood character and has the potential to revitalise North Rocks Local Centre. Key elements will comprise:

- Executive/family housing including detached housing, townhouses, large private garden and terrace style apartments, low-rise apartments as well as seniors living and affordable housing;
- Publicly accessible open spaces including a full-sized oval able to accommodate multi-purpose fields and operate as a village green for the community;
- The creation of a village square with direct pedestrian connection to North Rocks Shopping Centre;
- Embellishment of adjoining Council reserve to improve existing infrastructure;
- Community gardens, walking trails, green and blue connections and public access throughout the site;
- Multiple community spaces to provide for the development of cultural, community and arts programs, including co-working areas, multi-purpose facilities and Hear the Children (RIDBC) Early Intervention service;
- Regular transport connections to major bus interchange at M2; and
- Shared way through the site providing connections to existing pedestrian and cycle links.

PICTURE 1 – MASTERPLAN



Source: Oculus

1. HOUSING DIVERSITY

The masterplan provides for a mix of housing for different needs and lifestages, and as such will deliver an intergenerational community. Currently there is very limited opportunity for residents of North Rocks to downsize in the suburb and age in place. This plan provides choices that do not exist today.

The 65+ cohort is predicted to account for 17% of the catchment population in 2026 at 39,500 persons increasing to 45,200 persons in 2031. Subsequently, Seniors will require options to move to when remaining in their current homes is not appropriate for their needs.

Demand for independent living units (ILUs) and aged care has been assessed applying historical propensity rates. Two scenarios have been analysed, a low case forecast that assumes existing demand is not encumbered by supply restrictions. The high case predicts that the catchment area's ongoing ILU development will increase the propensity for residents aged 65+. Under the low case, it is forecast that the demand for ILUs will increase from 1,591 units in 2020 to 2,270 units in 2031. Under the high case scenario, demand for ILUs is projected to increase from 1,552 units in 2019 to 2,433 units in 2031, reflecting an average growth rate of 3.3% per annum.

Adopting a similar approach for aged care, in the short to medium term there is an existing **gap of 306 beds** which declines to 102 beds in 2026 as 474 beds in the pipeline are completed. In the long term, a large deficit of 648 beds is projected by 2031. Subsequently, the 60-80 proposed beds on the site would be easily absorbed.

Regardless of how conservative the forecast is for both ILUs and aged care beds, the need for housing dedicated to meet the requirements of older Australians in the catchment is very apparent. With access to public transport and a shopping centre, the subject site is well located to contribute to addressing the gap, both in terms of amenity for residents living independently and attracting employees.

2. RETAIL AND COMMERCIAL ASSESSMENT

2.1. TRADE AREA DEFINITION

The trade area for the proposed development has been defined based on:

- The existing road alignments and accessibility of the Subject Site
- Significant physical and geographic boundaries, such as the railway line, motorways etc.
- The provision of existing competitive retail facilities in the local area.

The adopted trade area has been based on ABS SA1 statistical divisions. It is bounded by the M2 Motorway to the North, Pennant Hills Road to the East and South, and Darling Mills Creek to the West (shown in map opposite).







North Rocks Shopping Centre is the only substantive shopping centre offering in the trade area, directly adjacent to the subject site. The competitive context for the proposed retail at the subject site is detailed on the following page.


2.2. RETAIL TRADE AREA



2.3. COMPETITIVE CONTEXT

Table 1

<p>North Rocks Shopping Centre</p>	<p>North Rocks and the immediate surrounding area are currently serviced by North Rocks Shopping Centre, an enclosed sub-regional shopping centre with a total centre GLAR of 22,601 sq.m. The centre is anchored by a Kmart discount department store and three supermarkets, including Coles, First Choice Liquor, Supa IGA and Aldi. The Property Council Shopping Centre Directory lists approximately 64 specialty tenants retail tenants in the centre in addition to Fernwood gym, Anytime Fitness and a medical centre. The swim school is currently undergoing a \$32 million upgrade.</p>	
<p>North Rocks strip retail</p>	<p>Within North Rocks, there are some small-scale strip retail offerings adjacent to North Rocks Shopping Centre on the corner of Lawndale Avenue and North Rocks Road and Pembury Avenue and North Rocks Road. These contain 9 and 3 tenancies respectively, including a newsagent, barber shop, Asian grocer, bait & tackle store, pharmacy, hairdresser, beauty salon, alterations, aquarium, travel agent, food takeaway and restaurant.</p>	 
<p>Carlingford Court and Carlingford Village</p>	<p>The only other major retail offering in proximity is located at Carlingford and includes Carlingford Court Shopping Centre, Carlingford Village Shopping Centre and a limited amount of strip retailing. Carlingford Court is a sub-regional shopping centre of approximately 33,394 sq.m with 104 speciality shops and major anchors including Coles and Woolworths supermarkets and a Target discount department store. Carlingford Village is a small-scale convenience centre anchored by an Asian Grocery Store.</p>	 
<p>Carmen Drive, Carlingford</p>	<p>To the north of the TA, a small strip retail centre is located on the corner of Carmen Drive and Oakes Road, Carlingford. It includes approximately 12 retail tenancies (around 1,300 sq.m in total), including a newsagent, pharmacy, baker, butcher and several food and beverage retailers.</p>	

Kingsdene Shops	<p>To the south of the TA, another small strip centre with 8 tenancies (around 800 sq.m in total) on the corner of Felton Road and Bettington Road, Carlingford. It comprises a pharmacy, hair salon, post office, liquor store, dentist, doctor and two food and beverage retailers.</p>	
-----------------	---	--

2.4. POPULATION AND SPENDING

2.4.1. Population and Spending

The table below shows the forecast population at the subject site and within the trade area. Trade area forecasts are based on ABS estimated resident population and Transport for NSW population projections. Subject site population projections are based on an indicative construction timeline of proposed residential dwellings at the subject site and applying Carlingford Contributions housing occupancy rates for dwellings of different types and sizes.

The proposed development will ultimately accommodate approximately **1,950 residents** in apartments, townhouses and ILUs that will increase the overall size of the local retail market. To note, residents in the proposed RAC facility are not likely to actively contribute to the local retail market.

The rest of the Trade Area is forecast to experience population growth of 0.9% per annum to 2026, before falling to low growth of 0.5% per annum from 2026.

As shown in the chart below, residents within the Trade Area spend 3.3% more per capita than the Sydney benchmark. Based on spending data from MarketInfo, Trade Area residents spend **\$15,785 per capita per annum** of retail goods and services in 2020. This is forecast to grow to \$19,124 per capita per annum by 2041 when all future residents will have moved in.

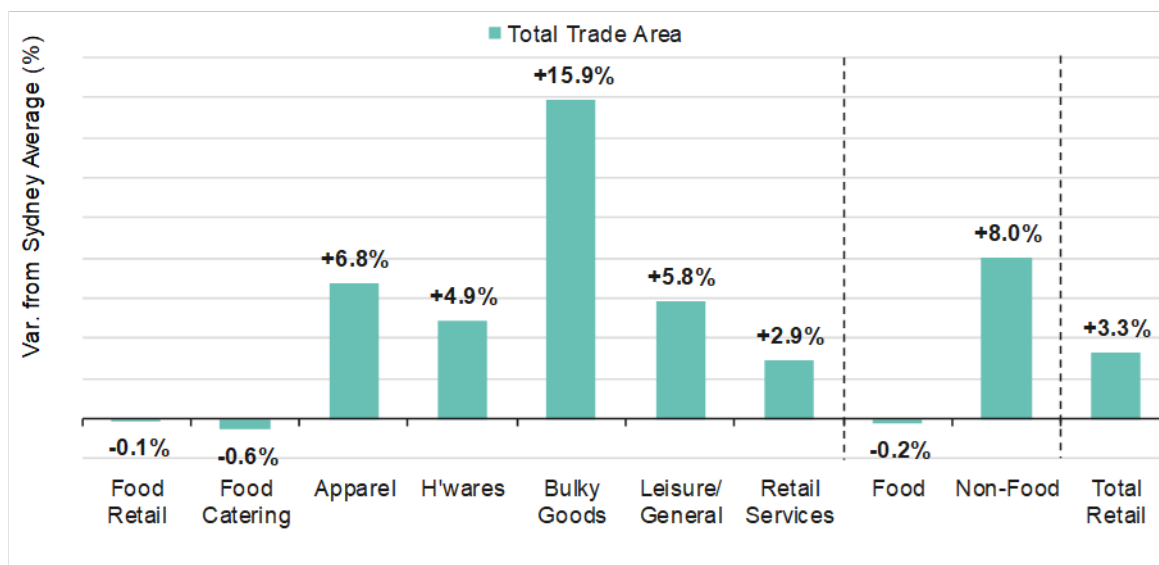
On this basis, the uplifted population will contribute approximately **\$44.7 million** in additional annual retail expenditure in 2041 (in \$2020). Whilst not all this expenditure will be retained locally, a significant proportion will be directed to local retail centres. The staging of the development and incoming population is an estimate which may alter if the program changes.

2.4.2. Population forecast

	Population					Annual Population Growth (%)			
	2020	2026	2031	2036	2041	20-26	26-31	31-36	36-41
Subject Site	0	750	1,500	1,950	1,950	0.0%	14.9%	5.4%	0.0%
Rest of Trade Area	24,584	25,877	26,588	27,257	32,180	0.9%	0.5%	0.5%	3.4%
Total Trade Area	24,584	26,627	28,088	29,207	34,130	1.3%	1.1%	0.8%	3.2%

Source: ABS; Transport for NSW; EG Property; Urbis

2.4.3. Spend Per Capita variation from Sydney Average



Source: ABS; MarketInfo; Urbis

2.5. PROPOSED ON SITE RETAIL AND COMMERCIAL

2.5.1. Proposed Retail

The proposed development will include an element of retail and commercial floorspace of approximately 700 sq.m Gross Lettable Area Retail (GLAR) within the ground floor of buildings adjacent to North Rocks Road and the proposed oval.

Urbis have been advised that this retail and commercial floorspace is largely intended to be utilised for non-retail uses such as communal office working space and meeting rooms, and medical services. Some of this floorspace will be allocated to retail uses, which will be targeted at a small local convenience retail and café-type spaces.

A childcare centre is also likely to form part of the community 'hub' precinct.

An indicative tenancy mix on this basis could include the types of tenants shown in the table opposite.

2.5.2. Indicative tenancy Mix

Tenancy Type	Retail/Non-Retail	Indicative Floorspace (GLAR)
Convenience Store	Retail	100-150 sq.m
Café	Retail	100-150 sq.m
Communal Office Working Space and Meeting Rooms	Non-retail	150 sq.m
Medical Centre and Doctors Surgery (Royal Institute for Deaf and Blind Children)	Non-retail	200-250 sq.m
Total		700 sq.m

2.6. RETAIL DEMAND AND SUPPORTABILITY

2.6.1. Supportability Assessment

The table opposite provides an assessment of whether the proposed retail is supportable, based on future retail spending within the Trade Area.

Based on per capita spending data for the Trade Area from MarketInfo (as detailed earlier in this chapter), future residents at the subject site will spend **\$37.3 million** on retail in 2041, when all residents have moved in. By the same method, residents of the overall trade area excluding onsite residents will spend **\$615.4 million** on retail in 2041.

The proposed retail at the subject site (250 sq.m GLAR) will require an average trading level (ATL) of circa \$7,500 per sq.m of retail floorspace to support its viability. Assuming ATL growth of 0.5% per annum, the retail at the subject site is forecast to achieve turnover of **\$2.1 million** in 2041 (in \$2020).

This forecast turnover is equivalent to **0.3% of retail spending by trade area residents in 2041**, or **5.6% of retail spending by future subject site residents**. As such, the proposed 700 sq.m of retail and commercial space is likely to be adequately supported by additional residents at the subject site and the wider trade area.

2.6.2. Proposed Retail Turnover (\$2020) and Market Share

	2020	2026	2031	2036	2041
Retail Spending Market (\$M)					
Future Subject Site Residents	\$0.0	\$12.5	\$26.1	\$35.5	\$37.3
Primary Trade Area Residents	\$388.1	\$429.8	\$462.4	\$496.9	\$615.4
Proposed Retail Forecast Turnover					
Indicative On Site Retail GLAR (sq.m)	250	250	250	250	250
Required ATL (\$ per sq.m)	\$7,500	\$7,728	\$7,923	\$8,123	\$8,328
Indicative Retail Turnover (\$M)	\$1.9	\$1.9	\$2.0	\$2.0	\$2.1
Potential Market Share					
of Subject Site Resident Spend	n/a	15.5%	7.6%	5.7%	5.6%
of Trade Area Resident Spend	0.5%	0.4%	0.4%	0.4%	0.3%

Source: Marketinfo; EG Property; Urbis

2.6.3. Impact of proposed retail

As detailed in this chapter, future residents at the subject site will generate retail expenditure that significantly exceeds the turnover required for the proposed onsite retail.

Specifically, we forecast that retail at the subject site will have turnover of \$2.1 million in 2041, compared to a forecast \$37.3 million in retail spend by on site residents. The onsite retail turnover would therefore account for a maximum of **5.6% of subject site resident spend in 2041** with the remaining retail spend to be distributed to other retail centres.

Given the significant net increase in retail expenditure by onsite residents, visitors and workers, it is likely that all retail centres in and immediately around the trade area will experience an uplift in trading levels compared to current conditions, indicating that the proposed onsite retail will have a positive economic impact.

3. ECONOMIC IMPACT ASSESSMENT

3.1. CONSTRUCTION PHASE

3.1.1. Construction Phase Benefits

We estimate that the construction of the proposed development will cost approximately \$785 million. This equates to an average annual construction cost of **\$60.4 million per annum** based on an indicative construction timeframe. This indicative construction cost estimate has been provided by the Proponent.

REMPLAN modelling (methodology in **Appendix A**) shows that an investment stimulus of \$785 million has the potential to create numerous benefits over the construction phase:

- Sustaining up to **269 total jobs per annum** over the construction phase to Parramatta LGA and the wider state economy. This includes 122 direct jobs and 174 indirect jobs per annum
- Generating up to **\$355 million total GVA** contribution over the construction phase (in net present value terms) to the Parramatta LGA and the wider state economy.

3.1.2. Construction Jobs and Gross Value Added

	Direct	Indirect	Total
Project Expenditure (\$M)	\$784.8	-	\$784.8
Employment (Jobs)	122 jobs over 13 years	174 jobs over 13 years	296 jobs over 13 years
Value Added (\$M, NPV)	\$139.8	\$215.2	\$355.0

Note: Reflects construction employment generated per annum. NPV calculated using a 7% discount rate

Source: EG Property; REMPLAN Economy; Urbis

3.2. OPERATIONAL PHASE

3.2.1. Operational Phase Benefits

The development has potential to deliver **138 direct ongoing jobs** across retail, commercial, community and aged care uses. As shown in the table opposite, this is estimated by referring to industry benchmarks and Urbis' experience in staffing requirements for different land uses, based on the floorspace of each use.

Given that the 280 current jobs on site are planned to be relocated to the new operating site of the Royal Institute for Deaf and Blind People in Macquarie Park, we consider any future employment at the subject site to be a positive net employment addition for the economy.

The second table, opposite, shows the flow on economic benefits of the ongoing jobs at the proposed development. REMPLAN modelling shows that the operation of ongoing site uses within the proposed development has the potential to create the following benefits:

- Up to **180 total (full time equivalent) jobs per annum** over the operational phase to the NSW state economy. This includes 138 direct jobs and 42 indirect jobs per annum
- Up to \$19.7 million annual gross value added (GVA) contribution, in \$2020, upon completion of the proposed development.

3.2.2. Operational Employment Potential

Land Use	Floorspace (GFA sq.m)	Job Density (GFA sq.m/job)	Ongoing Jobs (No.)
Retail	250	16	16
Health / Medical	250	23	11
Office	200	20	10
Community Space	2,700	71	38
	(beds)	(beds/job)	(No.)
RAC facility	81	1.4	56
ILU facility ¹			7
Total			138

1. Typical staff requirements for a large ILU village, including maintenance, administration and service staff.

Source: EG Property; Urbis

3.2.3. Operational Employment Economic Benefits

	Direct	Indirect	Total
Employment (Jobs)	138	42	180
Gross Value Added Per Annum (\$M, \$2020)	\$13.2	\$6.5	\$19.7

Source: EG Property; REMPLAN Economy; Urbis

3.3. PLACE-BASED AND CONSUMER BENEFITS

The following benefits reflect the importance of retail facilities in supporting the residential component of the proposed development and providing benefits to the local North Rocks community.

Table 2

ENHANCED RETAIL CHOICE	<p>The inclusion of retail at the subject site will add to the overall quality and range of retailing provision within the trade area, resulting in an extension of choice for local and onsite residents, and visitors and workers to the site.</p> <p>The extension of choice could potentially result in benefits for the consumer in terms of keener prices and better quality.</p>
SENSE OF PLACE	<ul style="list-style-type: none"> ▪ Creating a sense of place adds significantly to the vibrancy and appeal of a precinct. ▪ A modest retail offer in a central location on site can contribute to a sense of place if it is provided with: <ul style="list-style-type: none"> – Strong links to the outdoors, including daylight and living greenery – Generous and comfortable open space where people can sit and linger, particularly in areas close to community facilities – A human-scale of street level pedestrian experience. ▪ Distinctive architectural or landscape features.
ACCESS TO CONVENIENCE RETAIL	<ul style="list-style-type: none"> ▪ The proposed 1,080 dwellings on the subject site (excluding RAC beds) will accommodate around 1,950 new residents upon completion. Retail at the subject site would be targeted to service the convenience needs of these residents, located centrally to the dwellings and community facilities ▪ The on-site retail offer will be limited given the site is directly opposite the North Rocks Shopping Centre. Access will be strengthened between the subject site and centre resulting from planned works.
IMPROVED PUBLIC AMENITY & ACTIVATION	<ul style="list-style-type: none"> ▪ The proposed retail will be located close to proposed community facilities, and will include public spaces and amenities, adding significantly to the liveability of the overall development ▪ Activation of the site with a small retail centre will deliver a high quality urban design outcome with improved safety for residents and travellers.

APPENDIX A

REMPAN METHODOLOGY

3.3.1. Methodology

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

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

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

DISCLAIMER

This report is dated 26 March 2021 and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd (**Urbis**) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of EG (**Instructing Party**) for the purpose of Report (**Purpose**) and not for any other purpose or use. To the extent permitted by applicable law, Urbis expressly disclaims all liability, whether direct or indirect, to the Instructing Party which relies or purports to rely on this report for any purpose other than the Purpose, and to any other person which relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

In preparing this report, Urbis was required to make judgements which may be affected by unforeseen future events, the likelihood and effects of which are not capable of precise assessment.

All surveys, forecasts, projections and recommendations contained in or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report, and upon which Urbis relied. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

In preparing this report, Urbis may rely on or refer to documents in a language other than English, which Urbis may arrange to be translated. Urbis is not responsible for the accuracy or completeness of such translations and disclaims any liability for any statement or opinion made in this report being inaccurate or incomplete arising from such translations.

Whilst Urbis has made all reasonable inquiries it believes necessary in preparing this report, it is not responsible for determining the completeness or accuracy of information provided to it. Urbis (including its officers and personnel) is not liable for any errors or omissions, including in information provided by the Instructing Party or another person or upon which Urbis relies, provided that such errors or omissions are not made by Urbis recklessly or in bad faith.

This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the reasonable belief that they are correct and not misleading, subject to the limitations above.

