
CHESTER SQUARE SHOPPING CENTRE, CHESTER HILL

ECONOMIC IMPACT ASSESSMENT

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EXECUTIVE SUMMARY

BACKGROUND AND OVERVIEW

The Chester Square Shopping Centre (referred to as 'Chester Square' or 'the Site') is located in the suburb of Chester Hill and falls in the Canterbury-Bankstown local government area (LGA). Located at 1 Leicester Street, Chester Square is a single storey neighbourhood shopping centre comprising almost 8,300sqm of retail floorspace and is anchored by a full-line Woolworths supermarket. Chester Square comprises a site area of 1.67ha and is zoned B2 Local Centre under the *Bankstown Local Environmental Plan 2015*.

Holdmark own the Chester Square Shopping Centre and are seeking to progress a planning proposal (the Proposal) for its redevelopment into a new mixed-use precinct comprising residential, commercial and retail uses.

AEC Group (AEC) is engaged by Holdmark to prepare an Economic Impact Assessment to analyse the economic impacts likely to result from implementation of the Proposal.

The Proposal

The Proposal envisages the redevelopment of the Site into a new mixed-use precinct. Ground floor uses will be a mix of commercial (1,000sqm) and retail (15,763sqm) floorspace with approximately 648 apartments across six buildings ranging from 6 to 19 storeys. The Proposal seeks to provide a new public square (2,500sqm) and improved pedestrian links to the Chester Hill bus interchange and train station.

Chester Square is currently zoned B2 Local Centre and is subject to a maximum building height control of 20m (circa 5-6 storeys) and a floor space ratio of FSR 2.5:1. To facilitate the envisaged built form and development yields outlined in the Proposal, a building height control of up to 19 storeys and FSR 4.5:1 is proposed.

STRATEGIC PLANNING CONTEXT

The Site forms part of the broader Chester Hill local centre which is identified as a Local Centre in the Greater Sydney Region Plan and South District Plan. Shopping-centre based local centres such as Chester Hill are specifically identified in the South District Plan as strong candidates for additional housing and employment.

The Proposal responds to several objectives of the District Plan:

- Provision of fine grain activated spaces to encourage pedestrian activity (Planning Priority S4);
- Contribution to short and medium-term dwelling targets for the LGA (Planning Priority S5);
- Improving accessibility to public transport and creation of new public realms (Planning Priority S6);
- Provision of new commercial floorspace to facilitate a broader range of employment (Planning Priority S9).

The Chester Hill local centre is also identified in Canterbury-Bankstown Council's North West Local Area Plan as one of the most important centres in the LGA with additional housing and employment to generally be encouraged.

SOCIO-ECONOMIC OVERVIEW

Demographic Profile

Chester Hill recorded an Estimated Residential Population of just over 4,200 in 2018, indicative of average annual growth of 2.0% since 2016. By comparison, the LGA grew by 1.7% per annum. Chester Hill is dominated by family households and comprises a larger proportion of single parent families and lone person households than the LGA. Most households in Chester Hill own their home although there is a much higher proportion of residents renting social housing compared to the broader LGA.

Households in Chester Hill are amongst the most socio-economically disadvantaged in the LGA. Most households in Chester Hill are experiencing housing stress and in much higher rates compared to the LGA. Housing stress deteriorated over 2011-2016 and is unlikely to have improved.

Employment Profile

The Chester Hill local centre is an important local employment hub, dominated by the health care and social assistance and retail trade industries. The centre expanded by just over 200 workers over 2011-2016, largely driven by the health care and social assistance and retail industries.

Chester Hill comprises a much larger composition of health and education employment compared to the broader Canterbury-Bankstown LGA in addition to a strong population-serving sector (primarily retail trade).

Future Expectations

The Canterbury-Bankstown LGA is *projected* to grow by 142,500 residents over 2016-2036, equating to 1.7% per annum (DPIE, 2017). To support this growth, the LGA is expected to require an additional 55,250 dwellings over this period with take-up expected to increase over each 5-period from 2016-2036 (DPIE, 2017).

Despite its role as a local centre, Chester Hill is *forecasted* to grow by only 1,162 residents over 2016-2036, analysing to 0.4% per annum (ID, 2019). An additional 432 dwellings are forecasted at an average annual growth rate of 0.5%. This is a function of permissibility under the current planning framework.

PROPERTY MARKET CONTEXT

Residential Land Uses

Chester Hill is one of the more affordable housing markets in Bankstown's North West with a median house price of just over \$800,000 and median house rent of \$480 per week (CoreLogic RP Data, 2019; FACS, 2019). Both house prices and rents have been steadily declining over the past 12-18 months but are still higher than median house prices and rents recorded in 2016.

Despite these recent falls, housing affordability is an enduring issue in Chester Hill with historic dwelling price and rental levels far outstripping wage growth. Analysis of household incomes and housing costs indicates that most households were paying well above the accepted measure of housing stress, i.e. 30% of household income on mortgage or rental repayments. Given weak wage growth over the past 3 years since 2016 and the general growth in house prices and rents, it is likely that housing stress has exacerbated.

Commercial Land Uses

The Chester Hill local centre is not a sought-after location for commercial office users with a distinct lack of quality commercial accommodation. Informal discussions with local agents indicate that whilst demand for commercial space has been shallow, this is more a function of a lack of quality supply.

The local centre has remained unchanged for several decades with many existing commercial buildings approaching the end of their economic useful life. Whilst the centre comprises a strong mix of medical and healthcare related uses, a lack of supply has inhibited the ability for similar and complementary uses to be accommodated and provide for a greater range of population serving and health and education employment.

ASSESSMENT OF ECONOMIC IMPACTS

To estimate the economic impacts arising from the Proposal, a Base Case and Proposal Case are defined:

- **Base Case:** The Base Case assumes a Do-Nothing scenario, with the Site continuing their existing use with no redevelopment envisaged. The Site has a FSR 2.5:1 with existing improvements below the permissible FSR. Whilst there is latent capacity on the Site, almost half of the Site is utilised as at-grade carparking. A reconfiguration of the existing improvements without triggering redevelopment is likely to represent a financially feasible option. Therefore, the Site remaining 'as is' is considered a reasonable Base Case scenario.
- **Proposal Case:** The Proposal Case assumes the demolition of the Site to facilitate a mixed use development comprising 648 dwellings, retail floorspace of 15,763sqm and commercial floorspace of 1,000sqm.

The assessment distinguishes economic impacts during construction and those that are more permanent in nature following construction completion and operations commencement.

Construction Phase

During construction, the Proposal is estimated to result in a net increase in economic activity in the order of:

- \$398.5 million in output (including \$160.8 million in direct activity).
- \$168.8 million contribution to GRP (including \$52.8 million in direct activity).
- \$102.5 million in incomes and salaries paid to households (including \$42.0 million in direct activity).
- 1,287 FTE jobs (including 494 directly employed in construction activity).

Operational Phase

Economic activity in the Base Case assumes the Site remains 'as is'. During the operational phase of the Proposal, the Site is expected to accommodate ongoing economic/operational activity through:

- Direct turnover generated by the retail/commercial operational activities on-site.
- Economic activity that would not otherwise occur in the Canterbury-Bankstown LGA as a result of employment activity from 'dispersed jobs', i.e. residents who work from home.
- Economic activity that would not otherwise occur in the Canterbury-Bankstown LGA as a result of direct expenditure of new households, i.e. households who live in the new dwellings (only in the Proposal Case). It must be noted that household expenditure activity supported should not be combined with the operational impacts as some of these impacts are likely to have already been captured in the assessment (e.g. some expenditure on retail and food and beverage by households is likely to be spent at the retail and food/beverage outlets locating to the Site).

Compared to the Base Case, the Proposal Case is expected to result in a net increase in annual economic activity through the direct and flow-on impacts (per annum):

- \$98.8 million *additional* in output (including \$43.7 million in direct activity).
- \$55.3 million *additional* in contribution to GRP (including \$25.2 million in direct activity).
- \$31.8 million *additional* in incomes and salaries paid to households (including \$17.5 million directly).
- 471 *additional* FTE jobs (including 279 additional jobs directly related to activity and dispersed jobs on the Site).

Table ES.1: Estimated Net Operational Impacts in Canterbury-Bankstown LGA

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$43.7	\$25.2	\$17.5	279
Production Induced	\$17.2	\$8.0	\$4.7	56
Household Consumption	\$37.9	\$22.0	\$9.7	136
Total	\$98.8	\$55.3	\$31.8	471

Source: AEC.

*Note: Totals may not sum due to rounding.

The economic impacts estimated demonstrate the Proposal has economic merit, having the ability to contribute to the Canterbury-Bankstown local economy, as well as supporting growth in the local centre of Chester Hill.

Impacts on the Greater Sydney and NSW economies are beyond the scope of this EIA. When included, the Proposal will undoubtedly demonstrate an even more compelling proposition for consideration.

CONCLUSION

The Proposal responds to the Greater Sydney Region Plan and South District Plan in a number of key areas:

- **Services and Infrastructure to meet Communities' Changing Needs**

Analysis of the socio-demographic characteristics demonstrates an increasing proportion of younger households, particularly families with children. The Proposal seeks to provide opportunity not just for housing, but for the ability for residents to combine live and work functions, as well as opportunity for retail and commercial floorspace to accommodate services to support the community's evolving needs.

- **Greater Housing Supply**

Improving housing choice by creating housing capacity. It is an undisputed fact that supply of new dwellings across Chester Hill and the broader LGA has not kept pace with demand over the past decade. This has, *inter alia*, resulted in sharp increases in residential property values (as demonstrated in the foregoing analysis). The Proposal will deliver further housing supply and choice in a location within walking distance of public transport infrastructure and a local centre.

- **Investment and Business Activity in Centres**

Growing economic activity in Chester Hill local centre by increasing the pool of expenditure available for spend at local businesses. This affirms the objective of growing investment and business activity in centres. Being a supermarket-based centre, increase in residential capacity within walking distance not only results in a good liveability outcome, it assists with the sustainability of the centre.

Economic modelling estimates that the Proposal facilitates a net increase in economic activity in the Canterbury-Bankstown LGA as indicated by additional output generation and contribution to GRP, additional incomes and salaries paid to households and total employment (both direct and indirect).

New residents on the Site are estimated to support economic activity (not just on-site but in the Chester Hill local centre and in the Canterbury-Bankstown LGA), indicated by additional output generation and contribution to GRP, additional incomes and salaries to households and total employment supported.

The Proposal facilitates new residential and commercial development, revitalises and expands existing retail floorspace and improves connectivity to the Chester Hill town centre and train station through provision of a new public spaces and improved pedestrian links.

The economic impacts estimated in this study demonstrate the Proposal has economic merit, having the ability to contribute significantly to the Canterbury-Bankstown local economy, assisting to ensure additional capacity is unlocked for Chester Hill to fulfil its potential as a local centre.

TABLE OF CONTENTS

DOCUMENT CONTROL.....	I
EXECUTIVE SUMMARY	II
TABLE OF CONTENTS	VI
1. INTRODUCTION.....	1
1.1 BACKGROUND	1
1.2 THE PROPOSAL	1
1.3 SCOPE AND PURPOSE.....	1
1.4 STRUCTURE OF STUDY	2
1.5 ASSUMPTIONS AND LIMITATIONS	2
2. LOCATION AND PLANNING CONTEXT	3
2.1 LOCATION CONTEXT	3
2.2 SITE CONTEXT	3
2.3 PLANNING CONTEXT	5
2.4 IMPLICATIONS FOR THE SITE	8
3. SOCIO-ECONOMIC PROFILE	9
3.1 SOCO-DEMOGRAPHIC PROFILE.....	9
3.2 EMPLOYMENT PROFILE	14
3.3 FUTURE EXPECTATIONS	18
3.4 SUMMARY OF FINDINGS AND IMPLICATIONS	20
4. PROPERTY MARKET APPRAISAL	21
4.1 KEY ECONOMIC INDICATORS.....	21
4.2 RESIDENTIAL LAND USES	22
4.3 COMMERCIAL LAND USES.....	24
4.4 SUMMARY OF FINDINGS AND IMPLICATIONS	26
5. ECONOMIC IMPACT ASSESSMENT	27
5.1 INTRODUCTION	27
5.2 DRIVERS OF ECONOMIC IMPACT	27
5.3 ECONOMIC ACTIVITY AND IMPACTS	28
5.4 HOUSING IMPACTS.....	30
6. POLICY ASSESSMENT	32
6.1 ECONOMIC AND HOUSING IMPACTS	32
6.2 SECTION 9.1 DIRECTION	33
6.3 CONCLUSION	34
REFERENCES.....	35
APPENDIX A: INPUT-OUTPUT METHODOLOGY	36



APPENDIX B: TENANCY SCHEDULE 43

APPENDIX C: SEIFA INDEX (2016) 44

1. INTRODUCTION

1.1 BACKGROUND

The Chester Square Shopping Centre (referred to as 'Chester Square' or 'the Site') is located in the suburb of Chester Hill and falls in the Canterbury-Bankstown local government area (LGA). Located at 1 Leicester Street, Chester Square is a single storey neighbourhood shopping centre comprising almost 8,300sqm of retail floorspace and is anchored by a full-line Woolworths supermarket. Chester Square comprises a site area of 1.67ha and is zoned B2 Local Centre under the *Bankstown Local Environmental Plan 2015*.

Holdmark own the Chester Square Shopping Centre and are seeking to progress a planning proposal (the Proposal) for its redevelopment into a new mixed-use precinct comprising residential, commercial and retail uses.

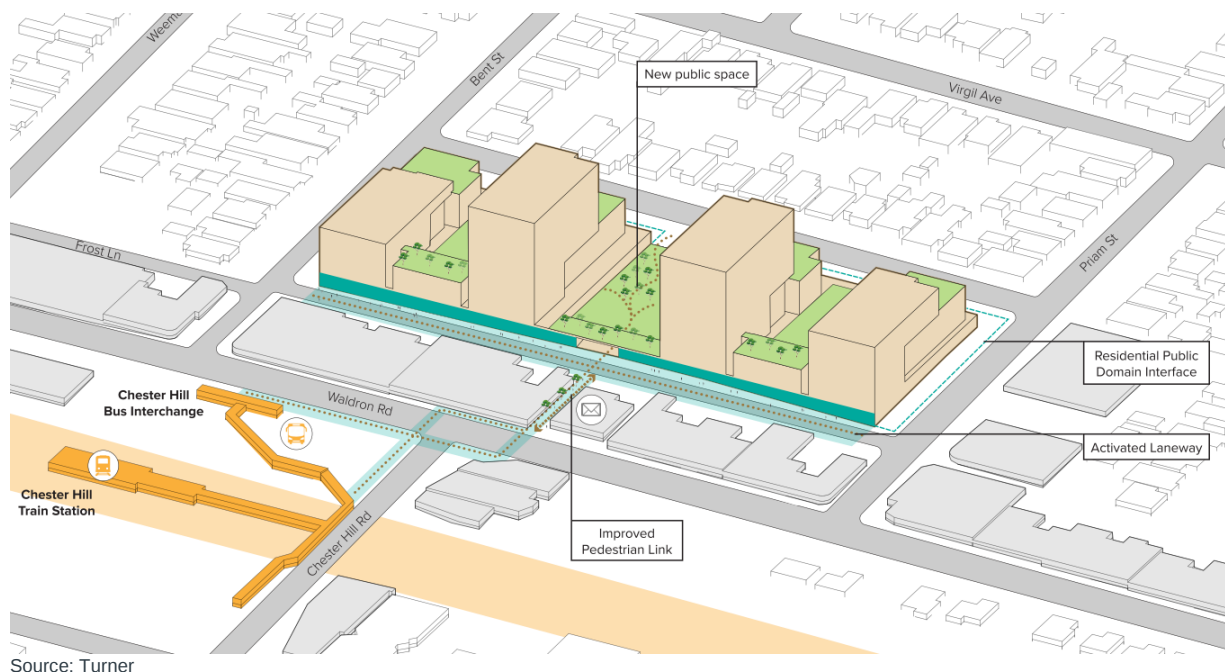
AEC Group (AEC) is engaged by Holdmark to prepare an Economic Impact Assessment to analyse the economic impacts likely to result from implementation of the Proposal.

1.2 THE PROPOSAL

The Proposal envisages the redevelopment of the Site into a new mixed-use precinct. Ground floor uses will be a mix of commercial (1,000sqm) and retail (15,763sqm) floorspace with approximately 648 apartments across six buildings ranging from 6 to 19 storeys. The Proposal seeks to provide a new public square (2,500sqm) and improved pedestrian links to the Chester Hill bus interchange and train station.

An indicative diagram of the Proposal is illustrated in Figure 1.1.

Figure 1.1: Illustrative Diagram, The Proposal



Chester Square is currently zoned B2 Local Centre and is subject to a maximum building height control of 20m (circa 5-6 storeys) and a floor space ratio of FSR 2.5:1. To facilitate the envisaged built form and development yields outlined in the Proposal, a maximum building height control of up to 19 storeys and a floor space ratio of FSR 4.5:1 is proposed.

1.3 SCOPE AND PURPOSE

AEC Group (AEC) is engaged by Holdmark to prepare an Economic Impact Assessment (EIA) to analyse the economic impacts likely to result from proposed planning control amendments and redevelopment of Chester Square. A Base Case and Proposal Case are developed to consider the cumulative impacts of the Proposal.

- **Base Case:** The Base Case assumes a Do-Nothing scenario; i.e. existing planning controls are unchanged. The Chester Square Shopping Centre is assumed to continue in its existing use.
- **Proposal Case:** The Proposal Case assumes the demolition of the Site to facilitate a mixed-use development comprising 1,000sqm of commercial floorspace, 15,763sqm of retail floorspace, and 648 apartments.

The purpose of the EIA is two-fold:

- 1 To consider the merits of the Proposal from a strategic planning and market perspective, specifically the role of Chester Square to provide for housing opportunities, employment and local services. The appropriateness of the Proposal in assisting to support and strengthen the role of Chester Hill as a local centre proximate existing transport infrastructure is also important for consideration.
- 2 To carry out economic modelling to assess the economic impacts of the Proposal and to understand the opportunity cost of the Base Case.

1.4 STRUCTURE OF STUDY

The Economic Impact Assessment is structured in the following manner:

- **Chapter 1: Introduction**
This chapter provides an overview of the Site, including its location, surrounding uses, strategic planning context and the proposed amendments to planning controls.
- **Chapter 2: Location and Planning Context**
This chapter provides an overview of the Site including its location and strategic planning context.
- **Chapter 3: Socio-Economic Profile**
This chapter examines the socio-demographic profile and employment profile of Chester Hill, noting historical trends, the nature and characteristics of residents and business activity and potential for future growth as espoused in key strategic planning objectives. The socio-demographic analysis provides insight into the profile of current residential demand, growth prospects and respective implications for the Site.
- **Chapter 4: Property Market Appraisal**
This chapter briefly investigates demand and supply of residential and commercial property uses in Chester Hill and other surrounding centres.
- **Chapter 5: Economic Impact Assessment**
This chapter assesses the economic impacts of future development on the Site by investigating two scenarios:
 - Base Case: the economic impacts should the Site remain under the current planning controls.
 - Proposal Case: the economic impacts following implementation of changes to planning controls as envisaged by the Proposal.
- **Chapter 6: Policy Assessment**
This chapter reviews and translates the key findings from Chapters 2 to 5 and applies them in the assessment of the Proposal against policy considerations.

1.5 ASSUMPTIONS AND LIMITATIONS

Input-Output modelling has been used in assessing the economic impacts of The Proposal, and this methodology is subject to a range of assumptions and limitations. An overview of the broad assumptions and limitations of Input-Output modelling is presented in Appendix A.

In addition to the general assumptions and limitations inherent in Input-Output modelling, assumptions have been made regarding where goods and services are likely to be sourced during construction of The Proposal. The accuracy of the estimated economic impacts is limited by the accuracy of the assumptions used for construction and ongoing enabled activity.

This Study does not review potential retail impacts of the Proposal which could be investigated if required.

2. LOCATION AND PLANNING CONTEXT

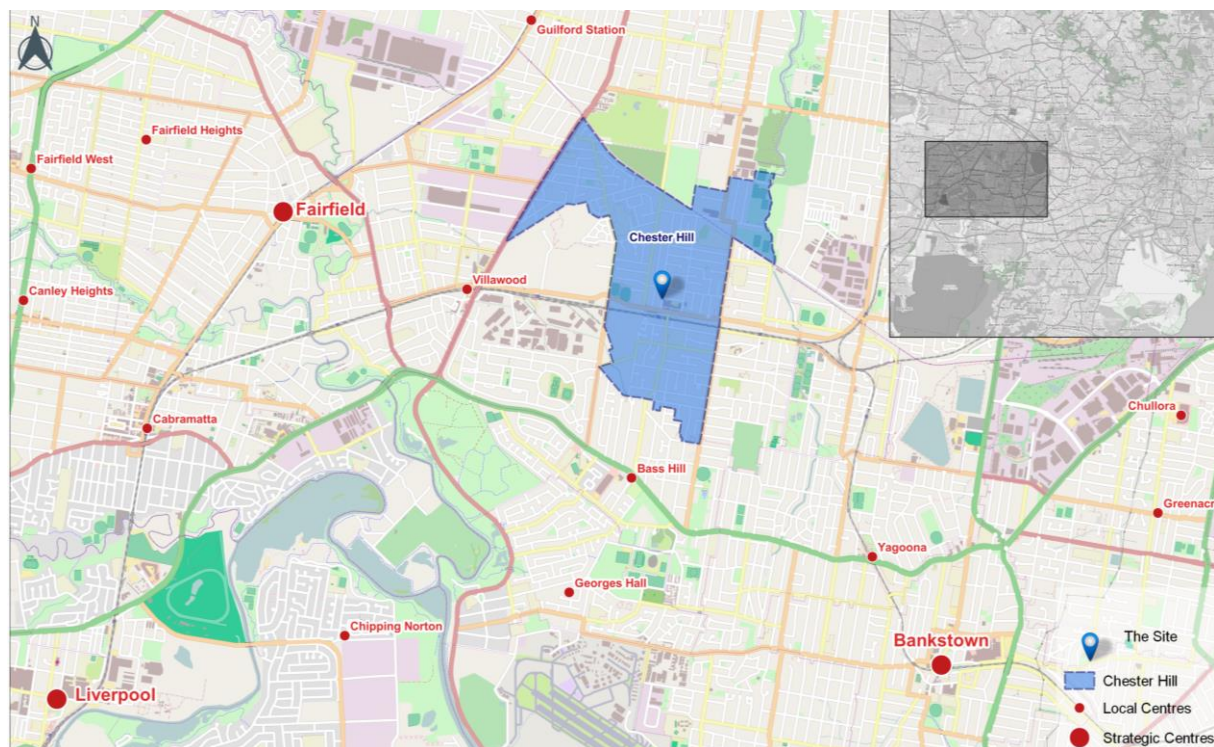
2.1 LOCATION CONTEXT

Chester Hill is a mostly residential suburb in the Canterbury-Bankstown LGA located approximately 25km south-west of the Sydney. It is proximate to three major centres within Sydney's South West, namely Fairfield (4.4km west), Bankstown (circa 5.3km south-east) and Liverpool (circa 7.5km south-west). It is located along the T3 Liverpool train line and is well-served by a number of arterial roads linking with Sydney's Orbital Network.

Chester Hill is an important local centre within the Canterbury-Bankstown LGA. Additionally, its location in the north-western edge of the LGA also results in the centre playing a role for residents just outside the Canterbury-Bankstown LGA in areas such as Villawood.

Figure 2.1 illustrates the locational context of Chester Hill and the Site in the surrounding region.

Figure 2.1: Location Map



Source: AEC

2.2 SITE CONTEXT

The Site bears a site area of approximately 16,714sqm. The Site is held in a single allotment and bears four separate frontages to Leicester Street, Priam Street, Frost Lane and Bent Street.

The Site is well serviced by transport infrastructure with the Chester Hill train station and Chester Hill bus interchange approximately 150m to the south. Hume Highway is located approximately 1.8km to the south providing vehicular access to the Liverpool CBD and M5 Motorway.

A mix of residential and commercial land uses surround the Site. Low-density detached housing (predominantly small Post-War brick cottages) are observed immediately north and west of the Site along Bent Street and Leicester Street. Most existing housing is in a relatively aged condition.

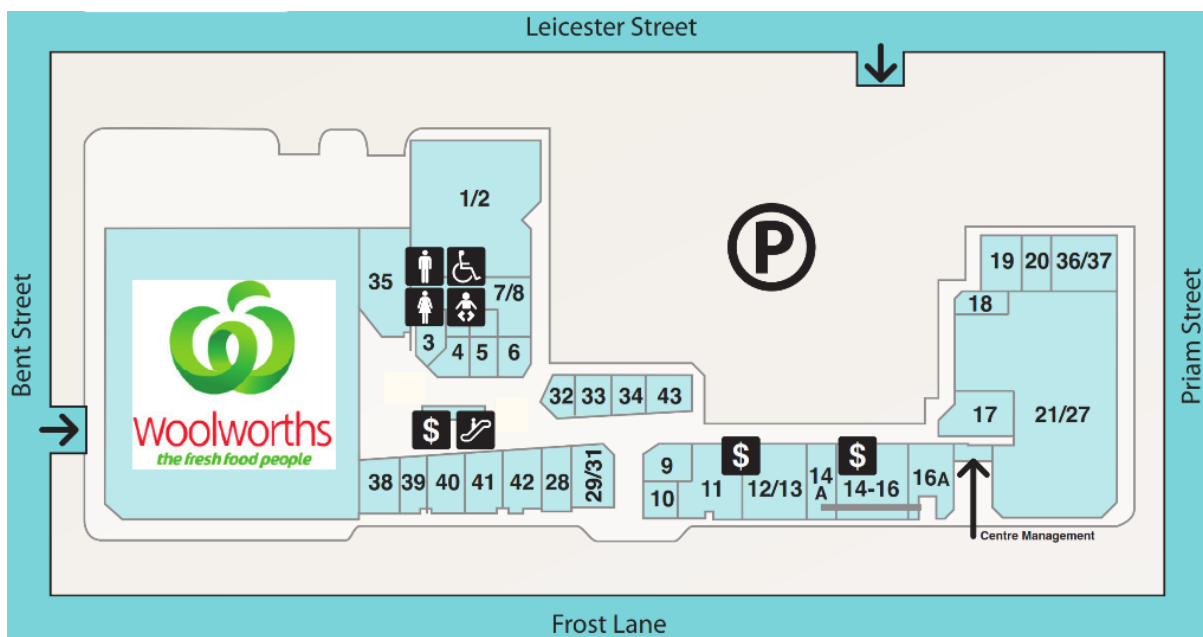
Waldron Road is located just south of the Site and is the primary retail high street in Chester Hill, comprising a mix of single and double storey commercial buildings with a mix of retailers and business services. Immediately east of the Site along Priam Street are a number of double storey commercial buildings occupied for retail uses.

Figure 2.2: Site Map

Source: Nearmap

Chester Square Shopping Centre

The Site is improved by the Chester Square Shopping Centre. Chester Square is a single storey neighbourhood shopping centre comprising almost 8,300sqm of retail floorspace comprising a full-line Woolworths supermarket (3,468sqm floorspace), The Reject Shop (1,289sqm floorspace) and 35 specialty retailers totalling 3,503sqm of floorspace. Chester Square also comprises 350 at-grade car spaces.

Figure 2.3: Shopping Centre Map, Chester Square

Source: Colliers

An overview of the existing tenancies at Chester Square is provided in Appendix B.

2.3 PLANNING CONTEXT

2.3.1 A Metropolis of Three Cities - Greater Sydney Region Plan

A Metropolis of Three Cities - Greater Sydney Region Plan (the Region Plan, GSC, 2018a) sets the strategic vision for Greater Sydney towards 2036. A framework for the liveability, productivity and sustainability of the metropolis of three cities is detailed.

10 Directions, each comprised of a series of objectives are articulated to deliver and monitor the Region Plan.

The objectives of direct relevance to the Proposal are:

- Liveability Direction
 - Objective 6 - Services and infrastructure meet communities' changing needs.
 - Objective 7 - Communities are healthy, resilient and socially connected.
 - Objective 10 - Greater housing supply.
- Productivity Direction
 - Objective 22 - Investment and business activity in centres.

Each of these objectives are discussed in turn.

Objective 6

The objective emphasises the importance of ensuring services and infrastructure is tailored to meet the changing needs of population groups. Improved health, public transport and accessibility outcomes can be achieved through the provision of schools, recreation, transport, arts and cultural, community and health facilities in walkable, mixed-use places that are co-located with social infrastructure and local services. This is related to Objective 7.

Objective 7

The objective aims to deliver infrastructure and services to support socially connected communities that include:

- Playgrounds, libraries, education facilities and active street life.
- Farmers' markets, eat streets, street verges and community gardens.
- Creative arts centres, theatres, live music and co-working spaces.
- Bushcare groups, outdoor gyms, sportsgrounds, aquatic centres and community spaces.

The objective recognises the importance of having mixed-use neighbourhoods close to centres and public transport that will not only promote walking and cycling, but also generate social opportunities in walkable neighbourhoods.

Objective 10

A central tenet of the requirement to create more housing capacity is that the provision of new homes should be linked to local infrastructure, both to optimise existing infrastructure and to maximise investment in new infrastructure.

Opportunities for urban renewal are seen as valuable, however they need to be considered by location and by capacity of existing and proposed infrastructure. In established areas, urban renewal opportunities around regional transport and strategic centres where walking and cycling links are available contribute to liveability.

Development of housing targets will help inform preparation of councils' housing strategies. The 0-5 year targets are reflect the existing development pipeline and provide a focus for infrastructure delivery. Beyond that, councils are to identify areas suitable for housing supply beyond 5 years and attributes of suitable areas for housing supply beyond 10 years.

The 0-5 year housing supply targets are a minimum and councils are required to find additional opportunities to exceed their target to address demand. Developers are recognised to play an important role in supporting housing outcomes and facilitate development capacity created by the planning system.

Objective 22

Centres are a key element of the urban structure of Greater Sydney and play an important role to providing access to jobs, goods and services. The Region Plan establishes a hierarchy of three levels of centres - metropolitan, strategic and local centres.

The scale and role of centres are important for a variety of functions:

- Metropolitan centres are economically significant and will continue to be the focus of government investment.
- Strategic centres increase access to a wide range of jobs, goods and services and supports the vision for a 30-minute city.
- Local centres are important for providing access to day-to-day goods and services close to where people live. They are a collection of shops and health, civic or commercial services. Enhancing their accessibility, connectivity through walking and cycling paths is important.

Chester Hill is identified in the Region Plan (GSC, 2018a) as a local centre. The Region Plan identifies the role of supermarket-based centres in providing opportunities for local employment. It also notes that increasing residential development within walking distance of a supermarket-based centre is a desirable liveability outcome.

2.3.2 South District Plan

The South City District Plan (the District Plan) is a 20-year plan to manage growth in the context of economic, social and environmental matters to achieve the 40-year vision for Greater Sydney. The District Plan assists councils to plan for and deliver growth whilst aligning their local planning strategies to place-based outcomes through a set of planning priorities and actions. The planning priorities and actions align with the 10 Directions of the Region Plan and their corresponding objectives.

The planning priorities and actions of direct relevance to the Proposal are:

- Liveability Direction
 - Planning Priority S4 - Fostering healthy, creative, culturally rich and socially connected communities.
 - Planning Priority S5 - Providing housing supply, choice and affordability with access to jobs, services and public transport.
 - Planning Priority S6 - Creating and renewing great places and local centres, and respecting the District's heritage.
- Productivity Direction
 - Planning Priority S9 - Growing investment, business opportunities and jobs in strategic centres.

Each of the relevant planning priorities are discussed in turn.

Planning Priority S4

A multi-faceted approach and place-based approach is required to support healthy lifestyles and strong social connections. Delivery of fine grain urban form and local mixed-use places are identified as having a role to provide better access to local retailers of fresh food, together with opportunities for people to participate in arts, recreation and cultural activities.

The Proposal envisages delivering a fine grain activated laneway along Frost Lane to accommodate retail uses and drive an increase in pedestrian activity. This will be further encouraged through a new public square in the centre of the Site and improved pedestrian link from the Site to the train station and bus interchange.

Planning Priority S5

New housing must be in the right places to meet demand for different housing types, tenure, price points, preferred location and design. Housing supply must be coordinated with local infrastructure to create liveable, walkable, cycle-friendly neighbourhoods with shops, services and public transport.

The District Plan sets five-yearly housing targets for the South District, based on dwelling needs and existing opportunities to deliver supply. The housing target for Canterbury-Bankstown LGA for the period 2016-2021 is 13,250 dwellings. The District Plan notes that the short term (2016-2021) targets are generally consistent with known housing approvals and construction activity. They are minimum targets and largely reflect the delivery potential under current planning controls.

Relevant actions required to implement this Priority include preparation of local housing strategies to:

- Deliver five-year housing supply targets for each local government area.
- Deliver 6–10 year (when agreed) housing supply targets for each local government area.
- Establish capacity to contribute to the longer term 20-year strategic housing target for the District.
- Housing strategy requirements outlined in Objective 10 of the Greater Sydney Region Plan.

The Proposal seeks to provide a range of apartment typologies in combination with a large quantum of retail and commercial floorspace within 150m of an important bus interchange and train station. The Proposal has the capacity to make a meaningful contribution to the LGA's short (2016-2021) and medium-term (2021-2031) housing targets.

Planning Priority S6

Planning Priority S6 recognises the importance of supporting and improving the existing network of local centres as focal points of neighbourhoods which are highly accessible and provide a range of land uses. A set of place-based planning principles are outlined for local centres including (but not limited to):

- Provide public realm and open space;
- Improve walking, cycling and public transport connections;
- Protect or expand retail/commercial floorspace; and
- Increase residential development in, or within a walkable distance, of the centre.

The Proposal aligns with this Planning Priority through improving connectivity with the nearby transport interchange, providing new public realms, delivering new housing in close proximity to public transport and expanding retail and commercial floorspace on the Site.

Planning Priority S9

Planning Priority S9 outlines the importance of facilitating new investment and employment in existing centres. Whilst strategic centres are identified as playing the most important role in this regard, smaller supermarket-based local centres will also need to expand to accommodate the demands of Greater Sydney's growing population.

The Proposal seeks to provide circa 7,400sqm of new commercial floorspace on the Site, facilitating a broader range of employment and expanded and renewed retail facilities.

2.3.3 Bankstown Local Environmental Plan 2015

The Bankstown Local Environment Plan 2015 (BLEP 2015) is the principal planning instrument which guides land use and development in the former Bankstown LGA (which was amalgamated with the Canterbury LGA in 2016).

Under the BLEP 2015, the Site is designated B2 Local Centre subject to a floor space ratio of FSR 2.5:1 with a maximum building height of 20m.

2.3.4 North West Local Area Plan (2013)

The North West Local Area Plan (the Local Area Plan) outlines the local strategic planning framework for Bankstown's North West suburbs, including Chester Hill, Bass Hill, Georges Hall, Landsdowne, Sefton and Villawood. The Local Area Plan outlined a series of key objectives for the Chester Hill local centre, including:

- Plan for additional dwelling growth in the Chester Hill Village Centre;
 - Increase densities in the existing B2 Local Centre zone, ranging from FSR 2.5:1 to FSR 3:1.
 - Introduce a R4 High Density Residential zone in areas immediately surrounding the B2 Local Centre zone with densities from FSR 1:1 to FSR 1.75:1.
 - Introduce a R3 Medium Density Residential zone as a transition zone from the new R4 High Density Residential zone to the surrounding R2 Low Density Residential zone. Densities from FSR 0.75:1.
- Plan for additional retail growth in the Chester Hill Village Centre through extending the B2 Local Centre zone south of the rail line.
- Redevelop and expand the Chester Hill train station to accommodate future population growth and provide better connections to the rail/bus interchange and neighbouring civic spaces.
- Enhance accessibility across the Chester Hill village centre, particularly through pedestrian and cycle links.

The Local Area Plan was formally approved by the NSW Department of Planning and Environment in 2016 with the proposed amendments to planning controls formalised in the Bankstown LEP 2015 (Amendment No. 3).

2.4 IMPLICATIONS FOR THE SITE

From a locational and strategic planning perspective, the Site is well-positioned to assist in delivering additional housing and employment opportunities in the Canterbury-Bankstown LGA. Key points of note include:

- The Site is located approximately 150m north of the Chester Hill train station and bus interchange and circa 5.3km north-west of the Bankstown City Centre.
- The Site is large and held in single ownership which provides an opportunity for a transformative development.
- The Site forms part of the broader Chester Hill local centre which is identified as a Local Centre in Greater Sydney Region Plan and South District Plan. The Proposal responds to several objectives of the District Plan:
 - Provision of fine grain activated spaces to encourage pedestrian activity (Planning Priority S4);
 - Contribution to short and medium-term dwelling targets for the LGA (Planning Priority S5);
 - Improving accessibility to public transport and creation of new public realms (Planning Priority S6);
 - Provision of new commercial floorspace to facilitate a broader range of employment (Planning Priority S9).
- Shopping-centre based local centres such as Chester Hill are identified in the District Plan as strong candidates for additional housing and employment.
- The Chester Hill local centre is identified in North West Local Area Plan (2013) as one of the most important centres in the LGA with additional housing and employment to be encouraged.

The next chapter examines the socio-demographic profile of Chester Hill and the employment profile of the Chester Hill local centre.

3. SOCIO-ECONOMIC PROFILE

3.1 SOCIO-DEMOGRAPHIC PROFILE

The basis of socio-economic analysis is the Australian Bureau of Statistics (ABS) Census. Census data can be extracted based on a range of statistical geographies (Statistical Areas, suburbs, local government areas) to understand the socio-demographic profile of different areas at various scales.

In order to understand the historical and future growth dynamics of an area, it is useful to consider both the current and historical socio-economic profile of residents. This is important as it provides insight into the current profile of residents and facilitates an understanding of how that profile has evolved over time.

Socio-demographic analysis is undertaken using the formal suburb boundaries of Chester Hill. For comparative purposes, the analysis is benchmarked against the Canterbury-Bankstown LGA.

3.1.1 Population and Households

Population Growth

In 2016, just over 12,000 residents were recorded in Chester Hill, accounting for approximately 3.5% of the population of the Canterbury-Bankstown LGA's circa 345,000 residents.

Since 2006, Chester Hill has increased by about 1,250 residents at an average rate of 1.1% per annum. In the 10-year period, growth was strongest in the 2011-2016 period where growth averaged 1.8% per annum; outpacing the broader Canterbury-Bankstown LGA (1.6%).

Table 3.1: Historic Population Growth (2006-2016), Chester Hill

Area	2006	2011	2016	Change (%)		Avg Annual Growth	
				2006-11	2011-16	2006-11	2011-16
Chester Hill	10,778	11,021	12,031	2.5%	9.2%	0.4%	1.8%
Canterbury-Bankstown LGA	299,079	319,089	345,238	6.7%	8.2%	1.3%	1.6%

Source: .ID (2019)

The most recent Estimated Resident Population (ERP) for Chester Hill is circa 13,000 residents as at June 2018, following an increase of almost 500 residents since 2016 and indicative of average annual growth of 2.0%. By comparison, the LGA is estimated to have grown by 1.7% per annum since 2016.

Based on the 2018 ERP, the suburb recorded a population density of just over 37.3 residents per hectare, compared to 33.9 residents per hectare in the broader Canterbury-Bankstown LGA. This is the highest population density in the LGA west of the Bankstown City Centre.

Age Structure

Chester Hill comprises a relatively evenly mixed age profile. The largest age groups are middle aged residents aged between 35 and 49 years (typically referred to as "parents and homebuilders") along with residents aged between 25 and 34 years ("young workforce") and residents aged 50 to 59 years ("older workers and pre-retirees") with these three groups collectively accounting for about 45% of all residents. That said, the proportion of these age groups in Chester Hill is much *lower* than that observed in the broader Canterbury-Bankstown LGA.

In contrast, Chester Hill has a *higher* proportion of younger residents aged from 5 to 24 years as compared to the Canterbury-Bankstown LGA. This is particularly the case for residents aged 12 to 17 years ("secondary schoolers"), who account for 8.5% of the Chester Hill population (compared to 7.4% in the broader LGA).

The age profile of Chester Hill is generally becoming younger with large increases in residents aged 5-11 years ("primary schoolers") and the young workforce cohort over 2011-2016. This trend generally aligns with that observed in the Canterbury-Bankstown LGA.

Table 3.2 analyses the age profile of Chester Hill over the 2011-2016 period.

Table 3.2: Age Profile (2011-2016), Chester Hill

Service Age Group	Chester Hill		Canterbury-Bankstown LGA	
	2011	2016	2011	2016
Babies & pre-schoolers (0-4)	7.2%	7.2%	7.6%	7.2%
Primary schoolers (5-11)	9.5%	10.2%	9.5%	9.6%
Secondary schoolers (12-17)	8.9%	8.5%	7.9%	7.4%
Tertiary education & independence (18-24)	10.2%	10.1%	9.4%	9.7%
Young workforce (25-34)	12.4%	13.6%	14.6%	15.3%
Parents & homebuilders (35-49)	19.1%	17.9%	20.8%	19.9%
Older workers & pre-retirees (50-59)	12.8%	13.0%	11.9%	12.1%
Empty nesters & retirees (60-69)	7.7%	9.1%	8.5%	8.9%
Seniors (70-84)	9.6%	7.4%	8.0%	7.7%
Elderly aged (85+)	2.7%	2.9%	1.9%	2.2%
Total	100.0%	100.0%	100.0%	100.0%

Source: .ID (2019)

Place of Birth

Similar to the broader Canterbury-Bankstown LGA, Chester Hill is ethnically diverse with almost half of all residents born outside of Australia. Key countries of Origin include Vietnam, Lebanon and China which also aligns with the broader LGA. The number of residents born overseas increased over the five years to 2016, rising from 41% of the population to 43% of the population.

Table 3.3: Place of Birth (2011-2016), Chester Hill

Birthplace	Chester Hill		Canterbury-Bankstown LGA	
	2011	2016	2011	2016
Australia	54.7%	50.3%	51.3%	50.3%
Overseas	41.3%	43.0%	42.1%	44.0%
Not stated	4.0%	6.7%	6.6%	6.4%
Top 3 Country of Origin (ex. Australia)				
Vietnam	10.1%	9.9%	5.2%	5.5%
Lebanon	6.4%	7.0%	6.2%	5.7%
China	3.1%	4.4%	4.7%	5.4%

Source: .ID (2019)

Household and Family Composition

Chester Hill recorded just over 1,500 households in 2016 with the overwhelmingly majority (over 70%) of these being family households. Couple families with children are the largest household type in Chester Hill, followed by lone person households. A similar amount of couple families with no children and single parent family households are observed, each accounting for almost 15% of all households. The number of couples with no children, single parent families and lone person households *declined* over the 2011-2016 period, whereas couple families with children grew strongly.

The household composition of Chester Hill differs to that of the Canterbury-Bankstown LGA in several aspects:

- A higher proportion of couple families with no children and group households are observed in the Canterbury-Bankstown LGA.
- A higher proportion of single parent families and lone person households are observed in Chester Hill.
- Stronger growth in couple families with children was observed in Chester Hill over 2011-2016 compared to the Canterbury-Bankstown LGA.

Table 3.4 depicts the major household groups in Kotara and surrounds. Not all household types (other families, other households) are in this analysis. Accordingly, the proportion of households listed do not sum to 100%.

Table 3.4: Household and Family Composition (2011-2016), Chester Hill

Area	Couples with Children		Couples with no Children		Single Parent Families		Lone Person Households		Group Households	
	No.	%	No.	%	No.	%	No.	%	No.	%
2016										
Chester Hill	1,504	40.0%	556	14.8%	553	14.7%	828	22.0%	85	2.3%
Canterbury-Bankstown LGA	45,187	39.8%	21,023	18.5%	14,919	13.1%	21,175	18.6%	3,589	3.2%
2011										
Chester Hill	1,385	37.4%	615	16.6%	609	16.4%	835	22.5%	92	2.5%
Canterbury-Bankstown LGA	42,464	39.3%	20,566	19.0%	14,585	13.5%	21,198	19.6%	2,709	2.5%

Source: .ID (2019)

Education Levels

Just over 50% of residents in Chester Hill did not complete high school and approximately 55% do not hold any formal tertiary or vocational qualification. This contrasts with the Canterbury-Bankstown LGA, where only 44% of residents did not complete high school and 48% do not hold any tertiary or vocational qualification.

That said, education levels in Chester Hill are improving with the number of residents who have completed high school and hold a tertiary qualification rising over the 2011-2016 period. This aligns with a broader trend observed across the LGA.

Table 3.5: Education Levels (2011-2016), Chester Hill

Education Levels	Chester Hill		Canterbury-Bankstown LGA	
	2011	2016	2011	2016
Secondary Education				
Completed High School	42.3%	48.2%	49.5%	55.7%
Did Not Complete High School	57.7%	51.8%	50.5%	44.3%
Total	100.0%	100.0%	100.0%	100.0%
Post-School Qualifications				
Bachelor or Higher Degree Level	9.1%	12.8%	15.6%	19.7%
Advanced Diploma & Diploma Level	6.8%	7.8%	7.8%	8.6%
Certificate Level	15.5%	15.1%	14.1%	14.2%
No Qualification	57.7%	54.9%	49.8%	47.9%
Total	100.0%	100.0%	100.0%	100.0%

Source: .ID (2019)

Level of Disadvantage

Socio-economic disadvantage within an area is measured by the ABS through the Socio-Economic Indexes for Areas (SEIFA) index. The SEIFA index measures a series of socio-economic characteristics (income, education, unemployment, occupation type, etc) to assess the relative disadvantage of different areas based on Census data. The index assigns areas scores based on their level of disadvantage; the lower the score the *higher* the level of disadvantage. The index also provides a percentile measure of areas against other areas across Australia.

In 2016, Chester Hill recorded a SEIFA Index score of 871.3 which is lower than both the Canterbury-Bankstown LGA, Greater Sydney, New South Wales and Australia (Profile .ID, 2019), indicating a relatively high level of socio-economic disadvantage. It is amongst the lowest scores within the broader LGA, with only Villawood, Riverwood, Lakemba and the Bankstown LGA recording lower scores.

Table 3.6 summaries the SEIFA Index results for Chester Hill against key benchmark areas.

A detailed list of SEIFA Index scores by suburb in the Canterbury-Bankstown LGA is annexed as Appendix C.

Table 3.6: Summary of SEIFA Index (2016), Chester Hill

Area	2016 index	Percentile
Chester Hill	871.3	7
City of Canterbury Bankstown	935.0	17
Greater Sydney	1018.0	56
New South Wales	1001.0	45
Australia	1001.9	46

Source: .ID (2019)

Method of Travel to Work

The majority of residents in Chester Hill travel to work via car with just over 68% of residents using this form of travel. This is higher than that observed in the broader Canterbury-Bankstown LGA, where just over 62% of working residents use car as the primary method of travel to work. Just over 14% of residents in Chester Hill use the train to travel to work, which is also lower than the broader LGA (19.7%).

Active forms of travel (e.g. walking, bicycle) are not commonly used, with under 2% of working residents using these forms of travel. Higher rates of active travel are observed in the broader LGA (2.3%).

Over the 2011-2016 period, the rate of car usage to travel to work *increased* in Chester Hill whereas it declined in the broader Canterbury-Bankstown LGA. Train usage also declined, with a modest increase in residents walking to work was observed.

Table 3.7: Method of Travel to Work (2011-2016), Chester Hill (Residents)

Travel Method	Catchment Area		Canterbury-Bankstown LGA	
	2011	2016	2011	2016
Train	15.4%	14.2%	17.5%	19.7%
Bus	1.6%	2.4%	2.2%	2.3%
Taxi	0.3%	0.3%	0.3%	0.3%
Car	66.1%	68.4%	66.1%	62.1%
Truck	1.6%	1.3%	1.6%	1.1%
Motorbike	0.3%	0.0%	0.3%	0.4%
Bicycle	0.1%	0.0%	0.1%	0.3%
Walked only	1.8%	2.2%	1.8%	2.0%
Other	0.9%	1.4%	0.9%	1.2%
Worked at home	1.9%	2.2%	1.9%	2.8%
Did not go to work	7.1%	6.1%	7.1%	6.6%
Not stated	2.9%	1.6%	2.2%	1.3%
Total	100.0%	100.0%	100.0%	100.0%

Source: .ID (2019)

Housing Tenure

Most households in Chester Hill are owner occupiers; 27.5% of households own their home outright with about 29% owning their home with a mortgage. A large cohort of households are renters however with 20% of households renting in the private market with almost 16% of households renting in social housing. This pattern of household ownership differs from the Canterbury-Bankstown LGA where a much *lower* proportion of households rent through social housing and a slightly *larger* proportion are owner occupiers.

Over the 2011-2016 period, the proportion of owner occupiers in Chester Hill fell whereas the number of households renting increased. This generally aligns with a broader trend observed across the Canterbury-Bankstown LGA and Greater Sydney region as rising housing costs resulted in renting being a more affordable option.

Table 3.8: Housing Tenure (2011-2016), Chester Hill

	Owned Outright	Owned with a Mortgage	Rent - Private	Rent- Social Housing
2016				
Chester Hill	27.5%	28.7%	20.0%	15.8%
Canterbury-Bankstown LGA	28.7%	28.2%	26.1%	8.1%
2011				
Chester Hill	31.3%	29.3%	16.8%	16.3%
Canterbury-Bankstown LGA	31.2%	29.8%	22.3%	8.2%

Source: .ID (2019)

Household Income and Housing Costs

The median weekly income of residents in Chester Hill was recorded at \$1,125, well below the median weekly income in the broader LGA at almost \$1,300. Household income has increased considerably over the 2006-2016, reflective of the entry of new residents who are more affluent and thereby increasing median income levels.

In 2016, households spent almost 50% of their income on mortgage repayments, well over the housing stress indicator of 30%. This proportion of income spent on mortgage repayments is considerably higher than that observed in the broader LGA (almost 36%). The proportion of income spent on weekly rental repayments has also increased over the decade to 2016, with circa 35% of median household income spent on rental repayments.

Table 3.9 includes a trend analysis of median household income and housing costs in Chester Hill over 2006-2016.

Table 3.9: Household Income v Housing Costs (2006-2016), Chester Hill

Indicator	Chester Hill			Canterbury-Bankstown LGA		
	2006	2011	2016	2006	2011	2016
Median weekly household income	\$783	\$935	\$1,125	\$884	\$1,062	\$1,298
Median mortgage repayment	\$346	\$461	\$461	\$375	\$462	\$462
Median rent	\$200	\$240	\$330	\$200	\$300	\$380
% of income spent on mortgage	44.2%	49.3%	49.3%	42.4%	43.5%	35.6%
% of income spent on rent	25.5%	25.7%	35.3%	22.6%	28.2%	29.3%

Source: .ID (2019)

A household is typically described as being in 'housing stress' if paying more than 30% of income in housing costs (including mortgage repayments or rent). As observed in Table 3.9, housing stress in Chester Hill has increased over the 2006-2016 period.

3.1.2 Dwellings**Dwelling Growth**

In 2016, there were just over 4,000 private dwellings recorded in Chester Hill. Since 2006, almost 270 additional dwellings have been delivered, reflecting average growth of 0.7% per annum (or 27 dwellings per annum). In comparison, the Canterbury-Bankstown LGA recorded a faster rate of dwelling growth at 0.8% per annum.

Table 3.10: Private Dwelling Growth (2006-2016), Chester Hill

Area	2006	2011	2016	Change (%)		Avg. Ann. Growth	
				2006-11	2011-16	2006-11	2011-16
Chester Hill	3,780	3,879	4,048	2.6%	4.4%	0.5%	0.9%
Canterbury-Bankstown LGA	104,382	108,151	113,582	3.6%	5.0%	0.7%	1.0%

Source: .ID (2019)

Notably, population growth in Chester Hill and the LGA exceeded dwellings growth over 2006-2016:

- Population growth averaged 1.1% per annum in Chester Hill compared to dwellings growth of 0.7%.
- Population growth averaged 1.6% per annum in the LGA compared to dwellings growth of 0.8%.

Expectedly, household occupancy rates in Chester Hill increased over the 2006-2016 period, rising from 2.89 persons per dwelling in 2006 to 3.12 persons per dwelling in 2016.

Dwelling Structure

By virtue of historic planning controls, Chester Hill is dominated by low-density separate housing which account for almost 75% of all dwellings as at 2016. That said, medium-density typologies have been increasingly pursued across the suburb over the course of 2006-2016, accounting for just over 23% of all dwellings in 2016.

Unsurprisingly, a much higher proportion of high-density housing is observed across the Canterbury-Bankstown LGA as compared to Chester Hill.

Table 3.11: Dwelling Structure (2006-2016), Chester Hill

Area	Chester Hill			Canterbury-Bankstown LGA		
	2006	2011	2016	2006	2011	2016
Separate house	79.9%	77.1%	73.3%	62.5%	60.6%	56.1%
Semi-detached, row/terrace, townhouse*	16.8%	19.4%	23.2%	26.2%	27.4%	28.4%
Flat, unit, apartment	3.0%	3.1%	2.8%	10.6%	11.1%	14.4%
Other dwelling	0.3%	0.4%	0.6%	0.7%	0.8%	1.1%

Source: .ID (2019)

*Changes in ABS methodologies and dwellings classifications may lead to discrepancies in data between years.

Recent Dwelling Growth

Recent residential development activity is monitored by DPIE through the Metropolitan Housing Monitor which records dwelling completions and approvals for each LGA from 2016. As at April 2019, almost 7,500 additional dwellings had been delivered in the Canterbury-Bankstown LGA from 2016. This equates to approximately 64% of the implied dwelling requirement needed to meet projected population growth over 2016-2021.

Table 3.12: Dwelling Approvals and Completions (2016-2019), Canterbury-Bankstown LGA

Type	2016	2017	2018	2019*	Total
Approvals	3,324	3,141	2,284	569	9,318
Completions	2,246	2,293	2,124	816	7,479

Source: DPIE (2019)

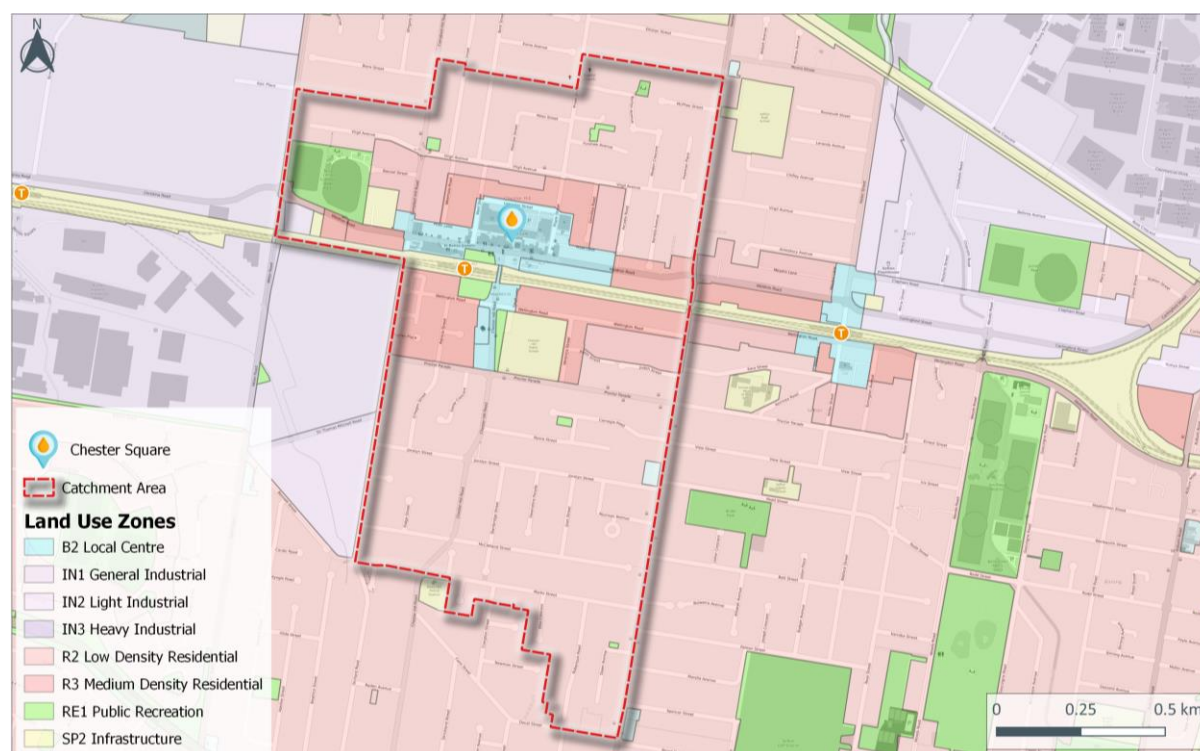
The next section analyses the employment profile of the Chester Hill town centre.

3.2 EMPLOYMENT PROFILE

In order to better understand the employment and activity occurring around the Site, Australian Bureau of Statistics data was examined using statistical geographical boundaries of Destination Zones (DZ). These statistical areas are generally smaller than a suburb and are useful in understanding small area employment characteristics.

For the purposes of this report, analysis of employment activity is focused on DZs surrounding the Site and encompassing the broader Chester Hill town centre (referred to as the 'Catchment Area'). For comparative purposes, employment activity in the Catchment Area is benchmarked against the Canterbury-Bankstown LGA.

The Catchment Area is depicted in Figure 3.1.

Figure 3.1: Catchment Area, Chester Hill

Source: AEC

As shown in Figure 3.1, the Catchment Area encompasses the entirety of the Chester Hill town centre (zoned B2 Local Centre) and the surrounding residential areas to the north and south. The Catchment Area also includes the Chester Hill Public School, Chester Hill RSL and Chester Hill Library and Knowledge Centre as well as multiple privately-operated childcare centres.

A brief snapshot of employment activity in the Catchment Area is provided in Table 3.13

Table 3.13: Employment Snapshot, Catchment Area

Indicator	
Total Employment	
2016	1,101
2011	891
Key Industries (2016)	
Health Care and Social Assistance	28.6%
Retail Trade	23.6%
Accommodation and Food Services	12.3%
Key Occupations (2016)	
Community and Personal Service Workers	20.5%
Sales Workers	16.3%
Professionals	14.9%

Source: ABS (2012b, 2017b)

Broad Industry Classifications

The ABS categorises employment activity into ANZSIC (Australian New Zealand Standard Industry Classification) 19 industry sectors. It is often more useful to consider employment composition in broader industry terms. Broad industry classifications (BICs) group the 19 ANZSIC sectors into four main categories - population-serving, knowledge-intensive, health and education and industrial.

The correspondence between the BIC and ANZSIC classifications is outlined in Table 3.14.

Table 3.14: Broad Industry Classifications (BICs) by ANZSIC

Population Serving	Knowledge-Intensive
• Construction • Retail Trade • Accommodation and Food Services • Arts and Recreation Services • Other Services	• Information Media and Telecommunications • Financial and Insurance Services • Rental, Hiring and Real Estate Services • Professional, Scientific and Technical Services • Administrative and Support Services • Public Administration and Safety
Health and Education	Industrial
• Education and Training • Health Care and Social Assistance	• Agriculture, Forestry and Fishing • Mining • Manufacturing • Electricity, Gas, Water and Waste Services • Wholesale Trade • Transport, Postal and Warehousing

Source: ABS

3.2.1 Employment by Industry

Just over 1,100 workers were recorded in the Catchment Area in 2016. Three sectors dominate employment activity in the Catchment Area, namely health care and social assistance (28.6% of workers), retail trade (23.6% of workers) and accommodation and food services (12.3% of workers).

Over the 2011-2016 period, the Catchment Area has expanded by 210 workers with this growth being driven by the three largest sectors, namely health care and social assistance (104 workers), retail trade (54 workers) and accommodation and food services (48 workers). This rate of growth analyses to 4.3% per annum (on average).

Analysis of the employment composition shows that Catchment Area is primarily performing a dual role with a high composition of population-serving and health and education employment which together account for over 80% of employment. Conversely, knowledge-intensive and industrial employment both contracted over 2011-2016.

Table 3.15: Employment by Industry (2011-2016), Catchment Area

Industry	2011		2016		Change (11-16)	
	No.	%	No.	%	No.	%
ANZ Standard Industry Classification (ANZSIC)						
Agriculture, Forestry and Fishing	0	0.0%	0	0.0%	-	-
Mining	0	0.0%	0	0.0%	-	-
Manufacturing	41	4.6%	21	1.9%	-20	-48.0%
Electricity, Gas, Water and Waste Services	5	0.5%	0	0.0%	-5	-98.6%
Construction	22	2.4%	60	5.4%	38	173.8%
Wholesale Trade	19	2.1%	0	0.0%	-19	-100.0%
Retail Trade	206	23.2%	260	23.6%	54	26.1%
Accommodation and Food Services	87	9.8%	135	12.3%	48	54.7%
Transport, Postal and Warehousing	23	2.6%	8	0.7%	-15	-65.6%
Information Media and Telecommunications	9	1.0%	4	0.4%	-5	-53.6%
Financial and Insurance Services	34	3.8%	45	4.1%	11	33.1%
Rental, Hiring and Real Estate Services	35	4.0%	31	2.8%	-4	-11.5%
Professional, Scientific and Technical Services	38	4.3%	37	3.3%	-2	-4.5%
Administrative and Support Services	10	1.1%	8	0.8%	-2	-18.2%
Public Administration and Safety	50	5.6%	46	4.2%	-4	-7.7%
Education and Training	68	7.7%	108	9.8%	40	58.5%
Health Care and Social Assistance	211	23.6%	315	28.6%	104	49.6%
Arts and Recreation Services	4	0.4%	0	0.0%	-4	-100.0%
Other Services	28	3.1%	21	1.9%	-7	-24.6%
Total	891	100.0%	1,101	100.0%	210	23.6%

Industry	2011		2016		Change (11-16)	
	No.	%	No.	%	No.	%
Broad Industry Classification (BIC)						
Knowledge Intensive	176	19.8%	171	15.6%	-5	-2.8%
Health and Education	279	31.3%	423	38.4%	144	51.8%
Population Serving	348	39.0%	476	43.3%	129	37.1%
Industrial	88	9.9%	30	2.7%	-58	-66.2%
Total	891	100.0%	1,101	100.0%	210	23.6%

Source: ABS (2012b, 2017b)

Several observations can be drawn when comparing employment activity in the Catchment Area against the broader Canterbury-Bankstown LGA:

- Chester Hill recorded faster employment growth over 2011-2016 compared to the LGA (4.7% per annum compared to 1.7% per annum). Population serving and health and education employment drove the majority of this growth.
- Employment in the Catchment is heavily skewed towards health care and social assistance and retail trade, which collectively account for almost half of all employment. In the broader LGA, employment is expectedly more diverse with these two sectors only accounting for about 23% of total employment.
- Employment growth in the Catchment Area was driven by the health care and social assistance and retail trade sectors. Health care and social assistance was similarly the largest source of employment growth in the LGA over 2011-2016. Retail trade also grew, although it was not a major contributor to total growth.
- The Catchment Area comprises the same proportion of knowledge intensive jobs as the broader LGA, albeit it unexpectedly has a much smaller composition of industrial employment.

3.2.2 Employment by Occupation

Aligning with its health care/social services and retail-focused role, community and personal service workers, professionals and sales workers are the most common occupation types in the Catchment Area, collectively accounting for over 55% of all workers. Clerical and administration workers are also commonly observed at 14.4%, followed by managers (11.3%) and technicians and trades workers (10.3%).

Strong growth in community and personal service workers was observed over the 2011-2016 period, rising by 66 workers (36.2%). Solid growth was also observed across most other occupation groups with the exception of clerical and administration workers which marginally declined by 2 workers (-1.2%).

Table 3.16: Employment by Occupation (2011-2016), Catchment Area

Occupation	2011		2016		Change 2011-16	
	No.	%	No.	%	No.	%
Managers	103	11.6%	124	11.3%	21	20.4%
Professionals	133	14.9%	183	16.7%	51	38.3%
Technicians and Trades Workers	107	12.0%	113	10.3%	7	6.4%
Community and Personal Service Workers	183	20.5%	249	22.6%	66	36.2%
Clerical and Administrative Workers	127	14.2%	125	11.4%	-2	-1.2%
Sales Workers	145	16.3%	176	16.0%	31	21.2%
Machinery Operators and Drivers	28	3.1%	29	2.6%	1	3.0%
Labourers	66	7.4%	101	9.2%	35	53.7%
Total	891	100.0%	1,101	100.0%	210	23.6%

Source: ABS (2012b, 2017b)

3.3 FUTURE EXPECTATIONS

Future expectations can be expressed as a 'projection' or 'forecast'.

A projection indicates a future value for the population (and dwellings) if a set of underlying assumptions occur. Projections indicate what future values for the population would be if the assumed patterns of change were to occur (e.g. at assumed rates of births, deaths and migration). They are not a prediction that the population will change in this manner.

Similarly, dwelling projections indicate the number of dwellings that would be required to accommodate the projected population assuming certain household sizes (for example an average of 2.3 persons per dwelling).

In a forecast, the assumptions represent expectations of actual future events based on current and past values as an expectation (prediction) of what will happen. For example, if a certain area has been growing at an average annual rate of 200 dwellings per annum and there have been no major changes to planning controls or market conditions, a forecast may expect similar growth of 200 dwellings per annum until dwelling capacity is exhausted.

'Forecasts' are commonly used when referring to future supply expectations, whereas future demand expectations are typically based on a series of underlying assumptions in demand projections.

3.3.1 Population and Dwelling Projections

The NSW Department of Planning, Industry and Environment (DPIE) publishes population projections based on demographic research and incorporates trends projected to drive population change. The drivers of population change include overseas migration, internal migration movements, fertility rates and ageing of the population.

DPIE highlight that future levels of births, deaths and migration are projected based on a best assessment of likely future trends. Projections of population change and growth is the basis from which households, household types, average household sizes and implied dwellings are then projected. The smallest level geographical at which DPIE's projections are made is the LGA.

Population

The Canterbury-Bankstown LGA is projected to increase by just over 142,000 residents over the 2016-2036 period to reach a total population of circa 503,000 residents (DPIE, 2017). The population is expected to grow at an average annual rate of 1.7%, with the strongest period of growth to occur over 2021-2026 where the population is expected to expand at a rate of 1.8% per annum. This expected rate of growth is faster than that observed over 2006-2011 and 2011-2016.

Notably, the pace of population growth in the Canterbury-Bankstown LGA is expected to exceed that of both Greater Sydney and NSW over 2016-2036.

Table 3.17: Population Projections (2016-2036)

Region	2016*	2021	2026	2031	2036	Growth (2016-2036)	
						Change	Avg. Annual
Canterbury-Bankstown LGA	360,350	391,350	426,900	464,950	502,850	142,500	1.7%
Change in Pop.		31,000	35,550	38,050	37,900		
5-yr Avg. Growth		1.7%	1.8%	1.7%	1.6%		
Greater Sydney		4,681,950	5,106,300	5,537,850	5,975,550	1,739,900	1.6%
NSW	7,748,000	8,297,500	8,844,700	9,386,850	9,925,550	2,177,550	1.2%

*The 2016 population number is a projection
Source: DPIE (2017)

Implied Dwelling Requirement

Based on projected population and household growth, the Canterbury-Bankstown LGA is expected to need an additional 55,250 dwellings over the 2016-2036 period (DPIE, 2017). To meet this implied dwelling requirement, the LGA will require the completion of an annual average of 2,763 dwellings at a rate of 1.8%.

Table 3.18: Implied Dwelling Projections and Average Household Sizes (2016-2036)

Indicator	2016	2021	2026	2031	2036	Growth (2016-2036)	
						Change	Avg. Annual
Dwellings	130,750	142,500	156,050	170,800	186,000	55,250	1.8%
Change in Dwellings		11,750	13,550	14,750	15,200		
5-yr Avg. Growth		1.7%	1.8%	1.8%	1.7%		
Avg. Household Size	2.87	2.86	2.85	2.83	2.81		

Source: DPIE (2017a)

As observed from Table 3.18, the Canterbury-Bankstown LGA will require an additional 11,750 dwellings over the 2016-2021 period to meet expected population growth. The implied dwelling requirement progressively rises over the 2021-2036 period as the population increases; an additional 13,550 dwellings will be required over 2021-2026, 14,750 dwellings over 2026-2031 and 15,200 dwellings over 2031-2036.

3.3.2 Small Area Forecasts

Small area forecasts (suburb level) are undertaken by .ID on behalf of local councils. These forecasts are based on a number of key assumptions, notably the *capacity of small areas* to accommodate development under existing planning controls, population growth, household formation patterns and net migration. As detailed earlier, forecasts expectedly differ from projections.

Projections express expected future demand, whereas forecasts express the expected growth that may occur based on historical trends and capacity in the planning framework.

Population and Dwellings

Chester Hill is not currently expected to facilitate significant population growth over the 20 years to 2036; an additional 1,162 residents are forecasted over this period with an average annual growth rate of 0.4%. This rate of population growth is slower than that projected by DPIE for the broader Canterbury-Bankstown LGA.

Aligning with the modest population growth forecasted for Chester Hill over 2016-2036, growth in dwelling stock is not expected to be significant with an additional 432 dwellings are forecasted over the 20 years to 2036. This equates to an average annual growth rate of 0.5% or an average of 22 dwellings per annum.

Table 3.19: Population and Dwelling Forecasts (2016-2036), Chester Hill

	2016	2021	2026	2031	2036	Total Change	Av. Annual Change (%)
Population							
Population	12,460	13,120	13,094	13,272	13,622	1,162	0.4%
Change in Population		659	-26	179	350		
5-yr Avg. Growth		1.0%	0.0%	0.3%	0.5%		
Dwellings							
Dwellings	4,136	4,355	4,389	4,456	4,568	432	0.5%
Change in Dwellings		219	34	67	112		
5-yr Avg. Growth		5.4%	0.0%	0.0%	0.0%		

Source: Forecast .ID (2019)

Comparison of DPIE projections against .ID small area forecasts shows that Chester Hill is not expected to play a significant role in meeting future housing demand in the Canterbury-Bankstown LGA. This does not align with many of the recommendations in the South District Plan, particularly around focusing residential growth in centres with strong transport connectivity and local amenity.

Furthermore, despite recent changes to planning controls within the Chester Hill local centre the fine grain lot patterns and existing use values present challenges for mixed-use redevelopment within the B2 Local Centre zone of Chester Hill. This risks the ability of the Chester Hill to meet its objectives as outlined in the North West Local Area Plan. The Proposal has the ability to make a meaningful contribution to these objectives.

3.4 SUMMARY OF FINDINGS AND IMPLICATIONS

Chester Hill is one of the largest suburbs in Bankstown's North Western suburbs. The suburb experienced good population and employment growth over the five years to 2016, illustrating its importance as a local centre. A number of key observations of relevance to the Proposal can be drawn from the socio-economic analysis:

Residents

- Chester Hill recorded population growth analysing to 1.8% per annum (on average) over 2011-2016, outpacing that witnessed in the Canterbury-Bankstown LGA at 1.6%. In more recent times, the population is estimated to have grown by 2.0% from 2016-2018 (outpacing the LGA which is estimated to have grown by 1.7% p.a.).
- In contrast, dwelling growth over 2011-2016 was on average 0.9% per annum (slower than the LGA at 1.0%). As a result, average household sizes rose from 2.96 persons per dwelling in 2011 to 3.12 in 2016.
- The age profile of Chester Hill is generally becoming younger, although the current population is evenly mixed.
- Chester Hill is dominated by family households and comprises a larger proportion of single parent families and lone person households than the Canterbury-Bankstown LGA.
- Most households in Chester Hill own their home although there is a much higher proportion of residents renting social housing compared to the broader LGA.
- Households in Chester Hill are amongst the most socio-economically disadvantaged in the Canterbury-Bankstown LGA.
- The majority of households in Chester Hill are facing housing stress and in much higher rates compared to the Canterbury-Bankstown LGA. Housing stress deteriorated further over 2011-2016.

Workers

- The Chester Hill local centre expanded by just over 200 workers over 2011-2016, largely driven by the health care and social assistance and retail industries.
- The largest employing sectors in the Chester Hill local centre are health care and social assistance and retail trade, and accommodation and food services (as at 2016).
- Chester Hill comprises a much larger composition of health and education employment compared to the broader Canterbury-Bankstown LGA in addition to a strong population-serving sector (primarily retail trade).

Future Expectations

- The Canterbury-Bankstown LGA is *projected* to grow by 142,500 residents over 2016-2036, equating to 1.7% per annum (DPIE, 2017).
- To support this growth, the LGA is expected to require an additional 55,250 dwellings over this period with take-up expected to increase over each 5-period from 2016-2036 (DPIE, 2017).
- Despite its role as a local centre, Chester Hill is *forecasted* to grow by only 1,162 residents over 2016-2036, analysing to 0.4% per annum (.ID, 2019). An additional 432 dwellings are forecasted at an average annual growth rate of 0.5%. This is likely a function of permissibility under the current planning framework.

In summary, Chester Hill has experienced strong population and employment growth in recent times which has outpaced growth in the broader LGA. In contrast, dwelling growth has been sluggish. Whilst Council has moved to address this issue through upzoning of much of the local centre in 2016, there has been a modest market response.

The Proposal has the opportunity to provide additional housing and employment to meet the growing needs of the LGA in a location proximate a transport interchange and local centre.

The next chapter investigates the potential for residential and commercial land uses on the Site.

4. PROPERTY MARKET APPRAISAL

4.1 KEY ECONOMIC INDICATORS

The performance of property markets is closely correlated to the level of economic activity across Australia. Business expansion drives demand for employment space during times of economic growth, whilst greater employment typically results in more household income and spending. Both in turn drive further development.

Whilst the Australian economy has generally performed particularly well since the Global Financial Crisis in 2007-2009 and has benefitted from a 28-year long period of economic growth, signs of contraction are beginning to appear. Gross Domestic Product growth slowed to 1.8% over the year to March 2019, reflecting the lowest rate of growth since 2013. Inflation has remained doggedly low over the past 3 years, with the Reserve Bank of Australia opting to consecutively reduce the cash rate twice in the past two months to a historic low of 1.0% in order to stimulate household spending and business investment.

The latest economic indicators and trends impacting the property markets across Sydney are outlined below.

Table 4.1: Key Economic Indicators

	July 2019 1.00%	In July, the Reserve Bank of Australia (RBA) lowered the cash rate to 1.00% from 1.25% following the previous reduction from 1.50% to 1.25% in June 2019. The rate cut is in response to the persistently low inflation rate and slowly rising unemployment rate.
CPI	Mar 2019 1.3%	National annual inflation fell to 1.3% in the year to March 2019 from 1.8% in the previous period. This represents the lowest inflation rate since Q3 2016 and is in response to declining house and petrol prices.
GDP	Mar 2019 1.8%	The Australian economy expanded by just 1.8% in the year to March 2019, down from 2.3% in the previous period.
	May 2019 5.2%	The national unemployment rate remained unchanged at 5.2% in May 2019. The NSW unemployment rate is <i>lower</i> at 4.6% but has generally been rising since Sep 2018.
	Mar 2019 Down 3.0%	Residential property prices fell across all capital cities over the quarter to March 2019 with the national weighted average down 3.0%. Median house prices in Sydney are down 10.3% over the year to March 2019.
	Sep 2018 1.5%	The NSW population grew by 1.5% in the quarter to September 2018 and has remained relatively unchanged since late-2017 when growth of 1.7% was recorded.
	Mar 2019 2.3%	Australian wages grew by 2.3% in the year to March 2019, unchanged from the two previous periods. NSW wage growth was also recorded at 2.3%.
	April 2019 Down 4pts	The NAB Business Confidence Index indicates that business conditions fell to 3 in April 2019, a fall from 7 in November 2017. Businesses indications of conditions, trading and profitability decreased over the month from the previous month.

Source: AEC, various data sources (see References)

Despite the dip in recent market activity, the long-term outlook for Sydney's housing market is good. Sustained population growth will continue to drive demand for housing. The recent lowering of interest rates and loosening of lending criteria by the Australian Prudential Regulatory Authority (APRA) should also encourage market activity.

4.2 RESIDENTIAL LAND USES

4.2.1 General Market Conditions

House Prices

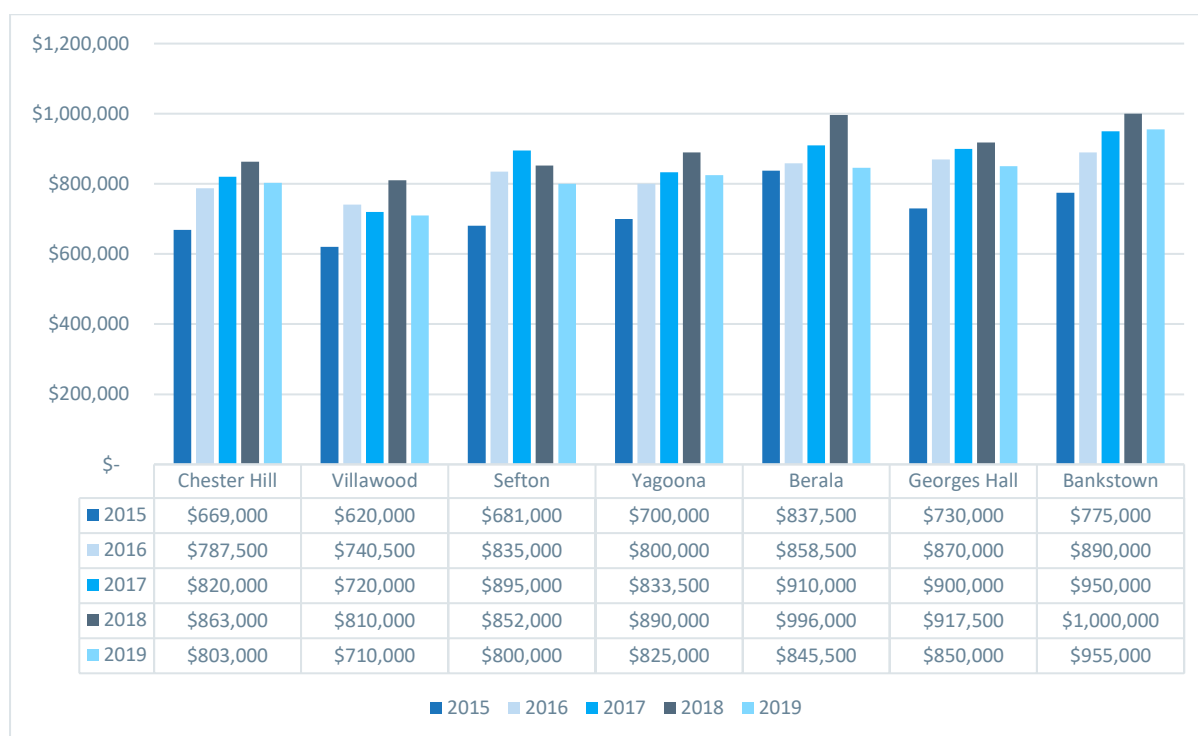
Chester Hill has experienced significant growth in median residential property values in recent years in line with Greater Sydney's housing boom of 2012-2017. Demand for residential property in Chester Hill has been driven by a number of key factors in recent years, namely its affordability compared to other neighbouring centres, strong accessibility via the Chester Hill train station and proximity to retail amenity and employment areas.

Chester Hill recorded a median house price of just over \$800,000 in March 2019, reflecting growth of 20% since March 2015, or circa \$134,000 (CoreLogic RP Data, 2019). This growth analyses to an average annual growth rate of approximately 3.7%. That said, the downturn in the Sydney housing market has seen a sizeable decrease in median house price values in Chester Hill with a fall of 7.0% (\$60,000) recorded over the year to March 2019.

For comparative purposes, median house prices in other local and strategic centres proximate Chester Hill has been undertaken. Analysis of median house prices shows a clear hierarchy in values; Bankstown commands the highest sale price of those markets analysed, followed by Georges Hall, Berala and Yagoona. Chester Hill and Sefton are amongst the most affordable of the suburbs analysed, with neighbouring Villawood the most affordable.

Figure 4.1 illustrates the growth in median house prices across in Chester Hill and other neighbouring centres.

Figure 4.1: Median House Prices (2015-2019*), Chester Hill and surrounds



*As at March 2019

Source: CoreLogic RP Data (2019)

As observed from Figure 4.1, Chester Hill has historically been one of the more affordable suburbs compared to other neighbouring centres. Notwithstanding price growth over the course of 2015-2019, this role has remained relatively unchanged with Chester Hill amongst the most affordable suburbs in the Canterbury-Bankstown LGA.

Despite Chester Hill's affordability compared to many neighbouring centres, earlier analysis of household incomes in section 3.1.1 demonstrated that most households in Chester Hill are living in housing stress, paying almost 40% of their weekly income on mortgage repayments (Profile .ID, 2019). Whilst mortgage rates have undoubtedly fallen since 2016, soft wage growth over the 2016-2019 period is unlikely to have materially mitigated this issue.

Residential Rents

Detached houses in Chester Hill and Sefton collectively recorded a median weekly rent of \$480 in March 2019 (FACS, 2019). This is significantly lower than that observed in the broader Canterbury-Bankstown LGA at \$550 per week (FACS, 2019). Rents for detached houses in Chester Hill have steadily declined since late-2017, following a peak of \$515 per week in September 2017. This rate of decline has been more significant than that observed in the broader LGA, where detached house rents peaked in December 2017 at \$570 per week (FACS, 2019).

Notably, median weekly rents for townhouses in both Chester Hill and the Canterbury-Bankstown LGA have steadily increased since late-2017 and are currently recorded at \$530 per week and \$600 per week, respectively. The majority of these townhouses are understood to have been recently constructed and generally comprise the similar number of bedrooms and amenities provided in older-style detached houses. Higher rents achieved for these townhouses is a reflection of market demand for modern, well-designed accommodation.

Whilst median house rents in Chester Hill have fallen in recent times, analysis of household incomes and housing in section 3.1.1 found that most households renting in Chester Hill were living in housing stress and paying approximately 35% of weekly household income on rental repayments. This analysis was based on the weekly median rental rate at 2016 being \$330. Given weak wage growth over the past 3 years since 2016, it is likely that increases in median house and townhouse rents since 2016 have exacerbated this issue.

Table 4.2 illustrates median rents in Chester Hill and the Canterbury-Bankstown LGA over 2017 to 2019.

Table 4.2: Median Rents (2017-2019), Chester Hill and Canterbury-Bankstown LGA

Typology	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Chester Hill/Sefton (2162)							
Detached houses	\$515	\$515	\$500	\$500	\$518	\$500	\$480
Townhouses	\$500	\$500	\$500	\$470	\$558	\$505	\$530
Canterbury-Bankstown LGA							
Detached houses	\$560	\$570	\$560	\$570	\$560	\$550	\$550
Townhouses	\$570	\$580	\$600	\$600	\$600	\$600	\$600
Apartments	\$430	\$420	\$430	\$430	\$420	\$415	\$420

Source: FACS (2019)

Whilst Chester Hill does not currently have a significant quantum of higher-density housing typologies, it is noted that median weekly rents for apartments in the Canterbury-Bankstown LGA are currently recorded at \$420 per week. This is significantly lower than both median house and townhouse rents and would be a more affordable typology for income-constrained renters in areas such as Chester Hill.

4.2.2 Development Activity

Development activity across Greater Sydney over the course of 2015-2018 was intense, particularly in inner and middle ring local centres around train stations with latent development capacity. The Canterbury-Bankstown LGA was not unique in this regard, with many centres located along the train line with good local retail amenity being subject to higher-density forms of development (e.g. Yagoona, Punchbowl, Campsie, Canterbury).

That said, development activity in Chester Hill over the past 12-18 months has been modest with only four small medium-density projects having been completed. The fine grain nature of commercial buildings along Waldron Road has made site consolidation in many instances unviable, with local developers instead tending to focus on centres in closer proximity to the Bankstown City Centre (e.g. Yagoona) where sites can be more readily acquired.

A review of the current development pipeline indicates there is limited development in Chester Hill currently being progressed. The largest proposed is a mixed-use development at 137 Campbell Hill Road. Bearing a large frontage to Waldron Road and located approximately 80m south of the Site, this 8-storey development is set to comprise ground floor retail space and 100 apartments. The development was approved by the Sydney South Planning Panel in August 2017, noting the proposal would “add to the commercial/retail capacity of the Chester Hill local centre and add to the supply and choice of housing in the LGA” (Sydney South Planning Panel, 2017). Development planning for this site is understood to be underway with construction yet to commence.

Several boarding house projects are also being progressed. Two projects at 73-75 Waldron Road and 77-79 Waldron Road in the recently upzoned R4 High Density Residential zone immediately east of the B2 Local Centre zone are set to each comprise 51 boarding rooms with small ground floor retail suites. A third boarding house development is proposed at 179 Priam Street on the corner of Waldron Road; the proposed 3-storey development is set to comprise two ground floor retail suites and 23 boarding rooms.

Outside of Chester Hill, strong development activity has been observed in a number of transit-orientated centres neighbouring Chester Hill such as Villawood, Yagoona and Guildford.

- **Villawood**

Over 250 apartments are being proposed in the Villawood local centre across two projects; 882-890 Woodville Road (9 storeys; 104 units) and 1 Villawood Lane (10 storeys; 153 units). Both projects are approved and under construction. Owing to the aged condition of many existing buildings in the local centre, there is arguably further capacity for the centre to expand.

- **Yagoona**

The Yagoona local centre experienced a flurry of development activity over the 2015-2018 period with circa 14 projects delivering approximately 280 apartments within and on the periphery on the centre. There remain a number of significant developments in the pipeline, namely 350 Hume Highway which proposes 290 units and circa 2,400sqm of commercial floorspace across a 7-storey mixed-use building.

- **Guildford**

Almost 370 dwellings have been delivered in the Guildford local centre and adjoining residential areas since 2014, with approximately 740 dwellings remaining in the pipeline. Development is mostly 4-6 storey RFBs consisting of between 30 and 100 apartments.

Activity underway in these neighbouring centres is reflective of market demand for higher density living in local centres with immediate access to transport infrastructure, retail amenity and social infrastructure.

4.3 COMMERCIAL LAND USES

4.3.1 General Market Conditions

Sydney's suburban office markets have performed strongly over the course of 2018-2019 as low vacancy levels in the Sydney and Parramatta CBDs has resulted in tenant overflow into many suburban office markets. Infrastructure investment and the relocation/expansion of several university campuses in large centres is also driving uptake of commercial floorspace (e.g. Liverpool City Centre, Parramatta CBD). In most suburban office markets, this has resulted in tightening vacancy rates and increases in rents.

The Chester Hill local centre is not a considered a suburban office market; it does not comprise any purpose-built office buildings with commercial users mostly located in the upper levels of aged, two storey commercial buildings (the ground floor being occupied for retail uses). There is also an overlap between commercial and retail floorspace as many service businesses (real estate agencies, financial advisors and accountants, legal firms) occupy traditional ground floor retail space.

The primary suburban office market proximate the Site is the Bankstown City Centre which serves as the principal commercial and civic hub for the broader Bankstown region.

Bankstown City Centre

Aligning with its designation as a strategic centre, the Bankstown City Centre is a major suburban office market accommodating a variety of occupiers including government agencies, regional branches of national occupiers (e.g. NAB), educational operators and a variety of smaller, locally-based professional firms. The centre has benefited from an upswing in recent times, largely driven by residential growth with population-serving businesses seeking to locate in the City Centre to accommodate growing demand.

Informal discussions with local letting agents indicates that demand for space has mixed in recent times; strong demand for smaller suites (50sqm-100sqm) has been observed whereas larger space (>500sqm) has faced longer marketing periods. This is being observed in the case of 25 Restwell Street; the 10-storey building comprises

10,500sqm of premium office space across 8-storeys with floorplates ranging from 1,000sqm to 1,800sqm. It is understood 30% of the building has been leased to date; the somewhat subdued response from the market a reflection of the shallow demand for *larger* traditional commercial office space in the City Centre.

The Proposal does not envisage the provision of traditional commercial office space to that provided in the Bankstown City Centre. Rather, commercial floorspace on the Site is intended to complement the expanded shopping centre and service the surrounding resident population. This 'mixed-use' format of commercial floorspace is discussed in detail next.

4.3.2 Commercial Co-Located with Retail/Mixed Uses

There is a range of commercial occupiers who do not require a 'corporate' location or building with a corporate identity. Tenants such as child-care centres, small professional practices (accountants, lawyers, financial advisors) and medical practices typically seek out space that is highly accessible and proximate a large resident population. Co-location of these tenants with an established retail cluster or shopping centre is particularly appealing, enabling customers to 'link trips' and enhances the profile of the local centre.

There are numerous examples of medical-focused mixed-use precincts anchored by retail centres across Greater Sydney (e.g. Blacktown City Centre, Northmead Shopping Centre). These precincts offer an array of medical services (GPs, dentistry, allied health services, fertility clinics, general surgery) and benefit from the pedestrian flows generated from their anchor retail centres.

Chester Hill Town Centre

The Chester Hill local centre is already playing a medical-orientated role with a variety of dental surgeries, general practitioners, allied health providers, and medical centres located in the centre. Many small medical suites are sub-leased by medical centres along Waldron Road. For instance, a 26sqm medical suite at 178 Waldron Road is currently available for lease at \$15,600 per annum (net), equating to \$600/sqm of floor area. Demand is understood to have been strong to date following commencement of marketing in mid-2019.

Anecdotal evidence from local commercial agents suggests demand for commercial space in the centre has historically been soft given the lack of quality commercial accommodation. Very little commercial office space on upper levels of two storey buildings along Waldron Road has come to market in recent years, forcing commercial occupiers to compete with retailers for ground floor spaces.

Commercial rents in the Chester Hill local centre are understood to generally range from \$200/sqm to \$300/sqm of floor area (net), with the upper end mostly ground floor space which could otherwise be occupied for retail uses. Very few vacancies are observed across the centre with local commercial agents estimating a vacancy rate of 5%. This is function of both the tightly held market and the high number of owner occupier businesses in the centre.

Similar to the rental market, limited sales activity has been observed in recent times; only six commercial sales have been recorded in the centre since 2016 (although most of these have been for residential redevelopment). The largest of these sales was 154-162 Waldron Road in November 2016. Comprising three individual two storey buildings with 695sqm of ground floor retail and 380sqm of upper level office space (tenanted by an education provider), the site sold for \$3.25m to a local investor on a gross yield of 11.9%. It is understood the purchaser had long-term redevelopment aspirations for the site given its prominent location along Waldron Road.

4.3.3 Development Activity

Little to no new commercial development has been progressed in Chester Hill in recent years with most commercial buildings along Waldron Road approaching the end of their economic useful life. A modest amount of new retail development is observed in the pipeline, solely located at the ground level of proposed mixed-use developments. No new commercial development has been identified in the pipeline.

- **137 Campbell Road**

A total of 460sqm ground floor retail floorspace is proposed at the mixed-use development at 137 Campbell Road. The retail floorspace is proposed across five individual suites fronting Waldron Road.

- **73-75 Waldron Road and 77-79 Waldron Road**

Located on the southern side of Waldron Road just east of the existing local centre, two 4-storey boarding houses each comprising 51 rooms are set to comprise two ground floor retail suites at each building (less than 200sqm in total). 77-79 Waldron Road is currently available for sale with DA approval in place.

In summary, there is little new retail and commercial floorspace expected in the short-term to accommodate business services and health care providers looking to service the growing Chester Hill resident population.

4.4 SUMMARY OF FINDINGS AND IMPLICATIONS

Chester Hill has historically been one of the more affordable housing markets in Bankstown's North West suburbs. The Chester Hill local centre has historically been retail-focused with limited commercial floorspace available through out the centre. Key items of relevance which can be drawn from the property market appraisal include:

Residential Land Uses

- Chester Hill is one of the more affordable housing markets in Bankstown's North West with a median house price of just over \$800,000. Median house prices have declined by 7% over the 12 months to March 2019.
- The median house rent in Chester Hill is \$480 per week with rents steadily declining over the past 12 months.
- Very little new residential development is proposed in the Chester Hill, with the exception of a 100-unit mixed-use project at 137 Campbell Road immediately south of the Site.

Despite recent falls in residential prices and rents, housing affordability is an enduring issue in Chester Hill with historic dwelling price and rental levels far outstripping wage growth. In lower socio-economic areas such as Chester Hill where household incomes have failed to keep pace with market pricing, there is a risk that many existing residents (particularly those in the rental market) can be 'priced out'.

Accordingly, provision of a greater mix of housing typologies as envisaged in the Proposal will assist in providing a range of more affordable housing for both owner occupiers and renters. The Proposal will also strengthen then role of Chester Hill as an important local centre with new residents driving demand for retail and business services.

Commercial Land Uses

- The Chester Hill local centre is not a sought-after location for commercial office users with a distinct lack of quality commercial accommodation.
- A strong cluster of medical and health care-related users are located in the local centre.
- Informal discussions with local agents indicate that whilst demand for commercial space has been shallow, this a more a function of a lack of quality supply.

The Chester Hill local centre has remained unchanged for several decades with many existing commercial buildings approaching the end of their economic useful life. Whilst the centre comprises a strong mix of medical and healthcare related uses, a lack of supply has inhibited the ability for similar and complementary uses to be accommodated and provide for a greater range of population serving and health and education employment.

The Proposal envisages the redevelopment and expansion of existing retail uses on the Site which will significantly improve the profile and desirability of the Chester Hill local centre. Importantly, the Proposal seeks to provide additional commercial floorspace on the Site to accommodate medical and business services uses which are unable to be accommodated in the centre given a lack of adequate supply. Not only would this address a market issue, provision of such uses will provide higher-order employment opportunities and local services for one of the LGA's most socio-economically disadvantaged suburbs.

The next chapter investigates and quantifies the economic impacts associated with the Proposal.

5. ECONOMIC IMPACT ASSESSMENT

5.1 INTRODUCTION

This chapter provides an overview of the economic impacts arising from the Base Case and Proposal Case. The Base Case and Proposal Case are described below:

- **Base Case:** The Base Case assumes a Do-Nothing scenario, with the Site continuing their existing use with no redevelopment envisaged. The Site has a FSR 2.5:1 with existing improvements below the permissible FSR. Whilst there is latent capacity on the Site, almost half of the Site is utilised as at-grade carparking. A reconfiguration of the existing improvements without triggering redevelopment is likely to represent a financially feasible option. Therefore, the Site remaining 'as is' is considered a reasonable Base Case scenario.
- **Proposal Case:** The Proposal Case assumes the demolition of the Site to facilitate a mixed use development comprising 648 apartments, retail floorspace of 15,763sqm and commercial floorspace of 1,000sqm.

The economic impacts are assessed at the Canterbury-Bankstown LGA level using AEC's proprietary Input-Output (IO) model. Refer to Appendix A for details of the modelling methodology and key modelling assumptions).

5.2 DRIVERS OF ECONOMIC IMPACT

The following sections estimate the economic activity supported through the operations of businesses locating to the Site if it was redeveloped under the Proposal Case compared to if it remained in existing use (Base Case).

The economic impacts have been assessed at the Canterbury-Bankstown LGA level. An Input-Output model, including the development of specific regional Input-Output transaction tables, was developed to reflect the economic structure of the Canterbury-Bankstown LGA (refer to Appendix A). Input-Output modelling describes economic activity through the examination of four types of impacts which are defined and described in Table 5.1.

Table 5.1: Economic Indicators

Indicator	Description
Output	Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
Gross Product	Refers to the value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g., Gross Regional Product) defines a true net economic contribution and is subsequently the preferred measure for assessing economic impacts.
Income	Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the Project.
Employment	Refers to the part-time and full-time employment positions generated by the economic shock, both directly and indirectly through flow on activity, and is expressed in terms of Full-Time Equivalent (FTE) positions. One FTE job is defined as one person working full time for a period of one year.

Source: AEC

Input-Output multipliers can be derived from open (Type I) Input-Output models or closed (Type II) models. Open models show the direct effects of spending in a particular industry as well as the indirect or flow on (industrial support) effects of additional activities undertaken by industries increasing their activity in response to the direct spending. Closed models re-circulate the labour income earned as a result of the initial spending through other industry and commodity groups to estimate consumption induced effects (or impacts from increased household consumption).

The following estimates consider both Type I and Type II flow on impacts though it should be noted that Type II impacts are commonly considered to overstate economic activity.

Drivers of Economic Activity

In order to understand the economic impacts likely to result from the Proposal compared to the Base Case, it is necessary to distinguish economic impacts during the construction phase and those economic impacts that will be more permanent in nature following construction completion and operations commencement.

- **Construction Phase:** Construction activity will draw resources from and thereby generate economic activity in the Canterbury-Bankstown LGA as well as from outside the LGA. Assumptions are made on the proportion sourced from within and from outside the LGA.
- **Operations Phase:** During the operational phase, the Site is expected to generate ongoing economic/operational activity through the following:
 - Direct turnover generated by the retail/commercial operational activities on-site.
 - Economic activity that would not otherwise occur in the Canterbury-Bankstown LGA as a result of employment activity from 'dispersed jobs', i.e. residents who work from home (only in the Proposal Case).
 - Economic activity that would not otherwise occur in the Canterbury-Bankstown LGA as a result of direct expenditure of new households, i.e. households who live in the new dwellings (only in the Proposal Case).

Refer to Appendix A for a description of the drivers and assumptions that underpin the assessed economic impacts.

5.3 ECONOMIC ACTIVITY AND IMPACTS

The economic impacts/ contribution can be traced through the economic system via:

- **Direct impacts**, which are first round of effects from direct operational expenditure on goods and services.
- **Indirect Impacts (Flow-on impacts)**, which comprise the second and subsequent round effects of increased purchases by suppliers in response to increased sales. Flow-on impacts can be disaggregated to:
 - **Indirect Impact (Type I)** represents production induced support activity a result of additional expenditure by the industry experiencing the stimulus on goods and services in the intermediate usage quadrant, and subsequent round effects of increased purchases by suppliers in response to increased sales.
 - **Indirect Impact (Type II)** represents the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries paid within the economic system.

The premise behind Type I and Type II indirect impacts applies across both the construction and operations phase, except the impacts on industry will be different. For example, Type I impacts during the construction phase may include professional services (e.g. architects, engineers) and manufacturing (steel, construction materials) while examples of Type I impacts during the operations phase may include manufacturing (food and beverage and related) and administrative and support services (e.g. building cleaning, employment services, etc).

5.3.1 Construction Phase

The economic impacts during the Construction Phase are assessed for the Proposal Case only, as there is no redevelopment or construction activity in the Base Case.

Proposal Case

Economic activity generated by businesses and workers in the Canterbury-Bankstown LGA is expected to be supported direct and flow-on impacts arising during construction:

- \$398.5 million in output (including \$160.8 million in direct activity).
- \$168.8 million contribution to GRP (including \$52.8 million in direct activity).
- \$102.5 million in incomes and salaries paid to households (including \$42.0 million in direct activity).
- 1,287 FTE jobs (including 494 directly employed in construction activity).

Table 5.2: Construction Impacts in Canterbury-Bankstown LGA, Proposal Case

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$160.8	\$52.8	\$42.0	494
Production Induced	\$140.1	\$59.4	\$35.5	443
Household Consumption	\$97.6	\$56.6	\$25.0	349
Total	\$398.5	\$168.8	\$102.5	1,287

Source: AEC.

*Note: Totals may not sum due to rounding.

Major industry beneficiaries of the construction phase include:

- Construction (direct and flow on GRP of \$60.7 million).
- Manufacturing (direct and flow on GRP of \$20.3 million).
- Ownership of Dwellings (direct and flow on GRP of \$16.4 million).

5.3.2 Operational Phase

Economic impacts in the Operational Phase are assessed separately for the Base Case and the Proposal Case.

Base Case

The Base Case is estimated to support the following annual economic activity through direct and flow-on impacts associated with the existing shopping centre on the Site:

- \$81.1 million in output (including \$37.1 million in direct activity).
- \$45.2 million contribution to GRP (including \$21.4 million in direct activity).
- \$25.4 million in incomes and salaries paid to households (including \$14.1 million in direct activity).
- 429 FTE jobs (including 278 directly related to activity on the Site).

Table 5.3: Operational Impacts, Base Case

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$37.1	\$21.4	\$14.1	278
Production Induced	\$13.7	\$6.3	\$3.5	43
Household Consumption	\$30.3	\$17.6	\$7.7	108
Total	\$81.1	\$45.2	\$25.4	429

Source: AEC.

*Note: Totals may not sum due to rounding.

Proposal Case

Following completion and operation of the Proposal, the activity associated with new business activity and additional dispersed jobs in new households is estimated to support the following economic impacts through direct and flow-on impacts (per annum):

- \$179.9 million in output (including \$80.8 million in direct activity).
- \$100.5 million contribution to GRP (including \$46.6 million in direct activity).
- \$57.2 million in incomes and salaries paid to households (including \$31.6 million in direct activity).
- 900 FTE jobs (including 557 directly related to activity and dispersed jobs on the Site).

Table 5.4: Operational Impacts, Proposal Case

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$80.8	\$46.6	\$31.6	557

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTEs)
Production Induced	\$30.9	\$14.3	\$8.2	99
Household Consumption	\$68.2	\$39.6	\$17.4	244
Total	\$179.9	\$100.5	\$57.2	900

Source: AEC.

*Note: Totals may not sum due to rounding.

5.3.3 Net Operational Impact on Economic Activity

Compared to the Base Case, the Proposal Case is expected to result in a net increase in annual economic activity through the direct and flow-on impacts (per annum):

- \$98.8 million *additional* in output (including \$43.7 million in direct activity).
- \$55.3 million *additional* in contribution to GRP (including \$25.2 million in direct activity).
- \$31.8 million *additional* in incomes and salaries paid to households (including \$17.5 million directly).
- 471 *additional* FTE jobs (including 279 additional jobs directly related to activity and dispersed jobs on the Site).

Table 5.5: Estimated Net Operational Impacts in Canterbury-Bankstown LGA

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$43.7	\$25.2	\$17.5	279
Production Induced	\$17.2	\$8.0	\$4.7	56
Household Consumption	\$37.9	\$22.0	\$9.7	136
Total	\$98.8	\$55.3	\$31.8	471

Source: AEC.

*Note: Totals may not sum due to rounding.

5.4 HOUSING IMPACTS

5.4.1 New Household Expenditure Supported

This section outlines the household expenditure that would be associated with 648 new dwellings (and accounting for an estimated 1.8% vacancy rate) in the Proposal Case compared to no dwellings in the Base Case, and potential economic activity supported.

The household expenditure activity supported should not be combined with the impacts in section 5.3 as some of these impacts are likely to have already been captured in the assessment (e.g. some expenditure on retail and food and beverage by households is likely to be spent at the retail and food/beverage outlets locating to the Site). This section provides insight into the specific economic activity supported in the Canterbury-Bankstown LGA through household expenditure as its own separate analysis.

Increase to household expenditure levels can be expected due to the provision of new dwellings in the Proposal Case. Increased household expenditure will support additional economic activity, resulting in economic impacts for the Canterbury-Bankstown LGA.

Compared to the Base Case, *net new* household expenditure associated with the Proposal's 637 new occupied dwellings estimated to support the following economic activity through direct and flow-on impacts (per annum):

- \$54.9 million in output (including \$28.1 million in direct activity).
- \$31.4 million in contribution to GRP (including \$16.8 million in direct activity).
- \$14.0 million in incomes and salaries paid to households (including \$7.0 million in direct activity).
- 221 FTE jobs (including 128 additional jobs directly related to activity and dispersed jobs on the Site).

Table 5.6: Household Expenditure Impacts in Canterbury-Bankstown LGA

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$28.1	\$16.8	\$7.0	128
Production Induced	\$10.1	\$4.9	\$2.7	33
Household Consumption	\$16.6	\$9.6	\$4.3	60
Total	\$54.9	\$31.4	\$14.0	221

Source: AEC.

*Note: Totals may not sum due to rounding.

Refer to Appendix A for a detailed description of the assumptions and drivers that underpin the estimates of economic activity supported.

5.4.2 Contribution to Housing

The Proposal envisages in the order of 648 dwellings, compared to zero existing dwellings in the Base Case.

The Sydney metropolitan area is experiencing significant demand for housing amid housing affordability issues, largely as a result of population growth. As a response, State government is focused on ensuring that the planning system facilitates increased opportunities for housing.

The Greater Sydney Region Plan and South District Plan emphasise the importance of ensuring housing supply and choice, and housing affordability which is facilitated close to jobs, services and public transport.

Housing Supply

More specific to Canterbury-Bankstown LGA, the overall rate of population growth over the 2006-2016 period averaged 2% per annum. In contrast, the overall rate of dwellings growth over the 2006-2016 averaged 1.6% per annum. This suggests a dwellings deficit, consistent with Canterbury-Bankstown's number of persons per household increasing from 2.9 to 3.1 persons over the 2006-2016 period.

The provision of 648 new dwellings on the Site constitutes a strong positive economic impact.

Housing Choice and Homes Close to Jobs and Infrastructure

The Greater Sydney Region Plan and South District Plan identify the need to accelerate housing supply and local housing choice, acknowledging the importance of ensuring there is housing choice.

Growing market appetite for multi-dwelling living and a desire to live closer to retail and transport amenity has resulted in strong market response to new developments in neighbouring centres proximate Chester Hill (e.g. Yagoona). As a local centre that currently benefits from heavy rail access and good bus connections, Chester Hill is well-positioned to accommodate additional housing demand.

5.4.3 Other Impacts

By enabling a more economically efficient use of the Site to be achieved and by delivering much needed residential development in close proximity to important transport nodes, the Proposal would maximise the development potential of this infill site.

The Greater Sydney Region Plan and South District Plan identify the need to co-locate housing and employment opportunities, particularly in locations such as Chester Hill where this is strong existing transport infrastructure.

The Proposal would assist to achieve planning policy principles by concentrating new development away from locations less suitable for such uses, such as outer suburbs or greenfield sites not well connected to public transport infrastructure, services, jobs and retail amenity. The Proposal would ensure efficient and effective use of land.

The economic impacts estimated in this chapter demonstrate the Proposal has economic merit, having the ability to contribute significantly to the Canterbury-Bankstown local economy.

6. POLICY ASSESSMENT

6.1 ECONOMIC AND HOUSING IMPACTS

To compare the outcome of the Base Case against the Proposal Case, each of the identified impacts compared to the Base Case are summarised and ranked based on the rating system outlined in Table 6.1.

- **Base Case:** The Base Case assumes a Do-Nothing scenario where the Site remains as is. The Site has a FSR 2.5:1 with existing improvements below the permissible FSR. Whilst there is latent capacity on the Site, almost half of the Site is utilised as at-grade carparking. A reconfiguration of the existing improvements without triggering redevelopment is likely to represent a financially feasible option. Therefore, the Site remaining 'as is' is considered a reasonable Base Case scenario.
- **Proposal Case:** The Proposal Case assumes the demolition of the Site to facilitate a mixed use development comprising 648 apartments, retail floorspace of 15,763sqm and commercial floorspace of 1,000sqm.

Table 6.1: Economic Impact Rating Matrix

Severity of Impact	Score	Explanation
Strong Positive Impact	+3	The scenario would make a strong positive contribution towards this impact compared to the Base Case
Slight Positive Impact	+1	The scenario would make a slight positive contribution towards this impact compared to the Base Case
Neutral Impact	0	The scenario would make neither positive or a negative contribution towards this impact compared to the Base Case
Slight Negative Impact	-1	The scenario would make a slight negative contribution towards this impact compared to the Base Case
Strong Negative Impact	-3	The scenario would make a strong negative contribution towards this impact compared to the Base Case

Source: AEC

Table 6.2 identifies the economic impacts and derives a total score for Proposal using the Base Case as the starting point of '0'. The higher the positive score the greater the net positive economic impact from a community perspective, the lower the score the greater the adverse economic impact.

Table 6.2: Economic Impact, Base Case v Proposal Case

Impact	Base Case	Rating	Proposal Case	Rating
Employment & Economic Impact				
Output (\$M)	\$81.1	+1	\$187.1	+3
GRP (\$M)	\$45.2	+1	\$105.5	+3
Incomes (\$M)	\$25.4	+1	\$60.9	+3
Direct Employment (FTE)	278	+1	567	+3
Construction				
Output (\$M)	n/a	0	\$398.5	+3
GRP (\$M)	n/a	0	\$168.8	+3
Incomes (\$M)	n/a	0	\$102.5	+3
Direct Employment (FTE)	n/a	0	494	+3
Total		+4		24

Source: AEC

In comparison to the Base Case, the Proposal Case clearly exhibits a positive economic impact.

As the Site evolves with economic and demographic trends and needs, the net economic impacts identified in this Assessment would undoubtedly be realised.

6.2 SECTION 9.1 DIRECTION

The Section 9.1(2) direction considered relevant in this Assessment is Section 1.1 (Business and Industrial Zones) and Section 3.1 (Residential Zones). The objectives are identified below together with their consideration in the context of the Proposal.

Table 6.3: Consistency with Section 117(2) Objectives

No.	Objective	Proposal Case
Section 1.1 (Business and Industrial Zones)		
1	Encourage employment growth in suitable locations	The Site is centrally located within the Chester Hill local centre. The Proposal envisages redeveloped and expanded retail uses in addition to 1,000sqm of commercial floorspace, encouraging a variety of employment. The Proposal Case complies with this objective.
2	Protect employment land in business and industrial zones	The Site is currently zoned B2 Local Centre. The Proposal intends on expanding the current quantum of retail floorspace and providing for 1,000sqm of commercial floorspace (thereby intensifying the use of employment land in the business zone). The Proposal Case complies with this objective.
3	Support the viability of identified strategic centres	The Proposal would accommodate circa 648 new dwellings. Household expenditure from new households locating to the Site is expected to support not only the Chester Hill local centre but strategic centres in the Canterbury-Bankstown LGA. The Proposal complies with this objective.
Section 3.1 (Residential Zones)		
1	Encourage a variety and choice of housing types to provide for existing and future housing needs	The Proposal seeks to provide a greater range of dwelling typologies and dwelling sizes that will provide residents the opportunity to combine the functions of living and work. This address a variety of housing needs. The Proposal complies with this objective.
2	Make efficient use of existing infrastructure and services and ensure that new housing has appropriate access to infrastructure and services	The Site is located within the Chester Hill local centre and is within 150m from the existing Chester Hill train station and bus interchange. Accessibility to public transport will be further improved following improvements to pedestrian links from the Site. The Proposal complies with this objective.
3	Minimise the impact of residential development on the environment and resource lands	This objective is not applicable.

Source: AEC

Section 9.1 Directions set out five requirements for planning authorities to consider when preparing a planning proposal that will affect land within an existing or proposed business zone. This are considered in Table 6.4.

Table 6.4: Planning Authority Considerations

Consideration	Achieved?	Explanation
Section 1.1 (Business and Industrial Zones)		
Give effect to the objectives of this direction	Yes	Table 6.3 has established that the objectives of the direction would be achieved via the Proposal.
Retain the areas and locations of existing business and industrial zones	Yes	The Proposal seeks to retain the existing B2 Local Centre zone.
Not reduce the total potential floor space area for employment uses and related public services in business zones	Yes	The Proposal seeks to increase the quantum of floorspace for employment uses.
Not reduce the total potential floor space area for industrial uses in industrial zones	N/A	The Site is currently zoned B2 Local Centre. This consideration is not applicable.
Ensure that proposed new employment areas are in accordance with a strategy that is approved by the Director-General of the Department of Planning	N/A	The Proposal falls within an existing employment area. This consideration is not applicable.
Section 3.1 (Residential Zones)		
Broaden the choice of building types and locations available in the housing market	Yes	The Proposal envisages new apartments that will provide residents greater housing choice.
Make more efficient use of existing infrastructure and services	Yes	The Site is within 150m of an existing heavy rail station and bus interchange. The Chester Hill local centre accommodates retail and non-retail services,

Consideration	Achieved?	Explanation
		community facilities and a wide range of medical and related services. The consideration is met.
Reduce the consumption of land for housing and associated urban development on the urban fringe	Yes	Unlocking capacity for housing in an established urban centre such as Chester Hill will reduce the reliance on land on the urban fringe for housing development
Contain a requirement that residential development is not permitted until land is adequately serviced	N/A	Chester Hill local centre is an established urban centre with available services infrastructure.
Not contain provisions which will reduce the permissible residential density of land	N/A	This consideration is not applicable.

Source: AEC

6.3 CONCLUSION

The Site is within the Chester Hill local centre within walking distance to the Chester Hill train station and bus interchange. The Proposal aligns with the South District Plan's objective of concentrating new development within centres to maximise use of existing infrastructure, create walkable local centres and facilitate mixed-use neighbourhoods and communities that are healthy and resilient.

Objectives, Directions and Planning Priorities

The Proposal responds to the Greater Sydney Region Plan and South District Plan in a number of key areas:

- Services and Infrastructure to meet Communities' Changing Needs**
 Analysis of the socio-demographic characteristics in section 3.1 demonstrates an increasing proportion of younger households, particularly families with children. The Proposal seeks to provide opportunity not just for housing, but for the ability for residents to combine live and work functions, as well as opportunity for retail and commercial floorspace to accommodate services to support the community's evolving needs.
- Greater Housing Supply**
 Improving housing choice by creating housing capacity. It is an undisputed fact that supply of new dwellings across Chester Hill and the broader LGA has not kept pace with demand over the past decade. This has, *inter alia*, resulted in sharp increases in residential property values (as demonstrated in the foregoing analysis). The Proposal will deliver further housing supply and choice in a location within walking distance of rail infrastructure and a local centre.
- Investment and Business Activity in Centres**
 Growing economic activity in Chester Hill local centre by increasing the pool of expenditure available for spend at local businesses. This affirms the objective of growing investment and business activity in centres. Being a supermarket-based centre, increase in residential capacity within walking distance not only results in a good liveability outcome, it assists with the sustainability of the centre.

Modelling in Chapter 5 estimates that the Proposal facilitates a net increase in economic activity in the Canterbury-Bankstown LGA as indicated by additional output generation and contribution to GRP, additional incomes and salaries paid to households and total employment (both direct and indirect).

New residents on the Site are estimated to support economic activity (not just on-site but in the Chester Hill local centre and in the Canterbury-Bankstown LGA), indicated by additional output generation and contribution to GRP, additional incomes and salaries to households and total employment supported.

The Proposal facilitates new residential and commercial development, revitalises and expands existing retail floorspace and improves connectivity to the Chester Hill town centre and train station through provision of a new public spaces and improved pedestrian links.

The economic impacts estimated in this study demonstrate the Proposal has economic merit, having the ability to contribute significantly to the Canterbury-Bankstown local economy, assisting to ensure additional capacity is unlocked for Chester Hill to fulfil its potential as a local centre.

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APPENDIX A: INPUT-OUTPUT METHODOLOGY

INPUT-OUTPUT MODEL OVERVIEW

Input-Output analysis demonstrates inter-industry relationships in an economy, depicting how the output of one industry is purchased by other industries, households, the government and external parties (i.e. exports), as well as expenditure on other factors of production such as labour, capital and imports. Input-Output analysis shows the direct and indirect (flow-on) effects of one sector on other sectors and the general economy. As such, Input-Output modelling can be used to demonstrate the economic contribution of a sector on the overall economy and how much the economy relies on this sector or to examine a change in final demand of any one sector and the resultant change in activity of its supporting sectors.

The economic contribution can be traced through the economic system via:

- **Direct impacts**, which are the first round of effects from direct operational expenditure on goods and services.
- **Flow-on impacts**, which comprise the second and subsequent round effects of increased purchases by suppliers in response to increased sales. Flow-on impacts can be disaggregated to:
- **Industry Support Effects (Type I)**, which represent the production induced support activity as a result of additional expenditure by the industry experiencing the stimulus on goods and services in the intermediate usage quadrant, and subsequent round effects of increased purchases by suppliers in response to increased sales.
- **Household Consumption Effects (Type II)**, which represent the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the economic system.

These effects can be identified through the examination of four types of impacts:

- **Output:** Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
- **Gross Product:** Refers to the value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g. Gross Regional Product) defines a true net economic contribution and is subsequently the preferred measure for assessing economic impacts.
- **Income:** Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the project.
- **Employment:** Refers to the part-time and full-time employment positions generated by the economic shock, both directly and indirectly through flow-on activity, and is expressed in terms of full-time equivalent (FTE) positions.

Input-Output multipliers can be derived from open (Type I) Input-Output models or closed (Type II) models. Open models show the direct effects of spending in a particular industry as well as the indirect or flow-on (industrial support) effects of additional activities undertaken by industries increasing their activity in response to the direct spending.

Closed models re-circulate the labour income earned as a result of the initial spending through other industry and commodity groups to estimate consumption induced effects (or impacts from increased household consumption).

MODEL DEVELOPMENT

Multipliers used in this assessment are derived from sub-regional transaction tables developed specifically for this project. The process of developing a sub-regional transaction table involves developing regional estimates of gross production and purchasing patterns based on a parent table, in this case, the 2014-15 Australian transaction table (ABS, 2017b).

Estimates of gross production (by industry) in the Catchment Area were developed based on the percent contribution to employment (by place of work) of the Catchment Area to the Australian economy (ABS 2012, 2017a), and applied to Australian gross output identified in the 2014-15 Australian table.

Industry purchasing patterns within the Catchment Area were estimated using a process of cross-industry location quotients and demand-supply pool production functions as described in West (1993).

Where appropriate, values were rebased from 2014-15 (as used in the Australian national IO transaction tables) to current values using the Consumer Price Index (ABS, 2017c).

MODELLING ASSUMPTIONS

The key assumptions and limitations of Input-Output analysis include:

- **Lack of supply-side constraints:** The most significant limitation of economic impact analysis using Input-Output multipliers is the implicit assumption that the economy has no supply-side constraints, so the supply of each good is perfectly elastic. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.
- **Fixed prices:** Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using Input-Output multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. The system is in equilibrium at given prices, and prices are assumed to be unaffected by policy and any crowding out effects are not captured. This is not the case in an economic system subject to external influences.
- **Fixed ratios for intermediate inputs and production (linear production function):** Economic impact analysis using Input-Output multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. That is, the input function is generally assumed linear and homogenous of degree one (which implies constant returns to scale and no substitution between inputs). As such, impact analysis using Input-Output multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount. Further, it is assumed each commodity (or group of commodities) is supplied by a single industry or sector of production. This implies there is only one method used to produce each commodity and that each sector has only one primary output.
- **No allowance for economies of scope:** The total effect of carrying on several types of production is the sum of the separate effects. This rules out external economies and diseconomies and is known simply as the “additivity assumption”. This generally does not reflect real world operations.
- **No allowance for purchasers’ marginal responses to change:** Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.
- **Absence of budget constraints:** Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.

Despite these limitations, Input-Output techniques provide a solid approach for taking account of the inter-relationships between the various sectors of the economy in the short-term and provide useful insight into the quantum of final demand for goods and services, both directly and indirectly, likely to be generated by a project.

In addition to the general limitations of Input-Output Analysis, there are two other factors that need to be considered when assessing the outputs of sub-regional transaction table developed using this approach, namely:

- It is assumed the sub-region has similar technology and demand/ consumption patterns as the parent (Australia) table (e.g. the ratio of employee compensation to employees for each industry is held constant).
- Intra-regional cross-industry purchasing patterns for a given sector vary from the national tables depending on the prominence of the sector in the regional economy compared to its input sectors. Typically, sectors that are more prominent in the region (compared to the national economy) will be assessed as purchasing a higher proportion of imports from input sectors than at the national level, and vice versa.

DRIVERS OF ECONOMIC IMPACT

The following sections examine the estimated economic activity supported through the operations of businesses locating to the Site if it was redeveloped under proposal compared to if it remained in its existing use.

- **Base Case:** The Base Case assumes a Do-Nothing scenario, with the Site continuing their existing use with no redevelopment envisaged. The Site has a FSR 2.5:1 with existing improvements below the permissible FSR. Whilst there is latent capacity on the Site, almost half of the Site is utilised as at-grade carparking. A reconfiguration of the existing improvements without triggering redevelopment is likely to represent a financially feasible option. Therefore, the Site remaining 'as is' is considered a reasonable Base Case scenario.
- **Proposal Case:** The Proposal Case assumes the demolition of the Site to facilitate a mixed use development comprising 648 apartments, retail floorspace of 15,763sqm and commercial floorspace of 1,000sqm.

The economic impacts have been assessed at the Canterbury-Bankstown Local Government Area (LGA) level. Input-Output modelling describes economic activity through the examination of four types of impacts which are defined and described in Table A.1.

Table A.1: Economic Indicators

Indicator	Description
Output	Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
Gross Product	Refers to the value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g., Gross Regional Product) defines a true net economic contribution and is subsequently the preferred measure for assessing economic impacts.
Income	Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the Project.
Employment	Refers to the part-time and full-time employment positions generated by the economic shock, both directly and indirectly through flow on activity, and is expressed in terms of Full-Time Equivalent (FTE) positions. One FTE job is defined as one person working full time for a period of one year.

Source: AEC

Input-Output multipliers can be derived from open (Type I) Input-Output models or closed (Type II) models. Open models show the direct effects of spending in a particular industry as well as the indirect or flow on (industrial support) effects of additional activities undertaken by industries increasing their activity in response to the direct spending. Closed models re-circulate the labour income earned as a result of the initial spending through other industry and commodity groups to estimate consumption induced effects (or impacts from increased household consumption).

The following estimates consider both Type I and Type II flow on impacts though it should be noted that Type II impacts are commonly considered to overstate economic activity.

Drivers of Economic Activity

In order to understand the economic impacts likely to result from the Proposal, it is necessary to distinguish economic impacts during the construction phase and those economic impacts that will be more permanent in nature following construction completion and operations commencement.

- **Construction Phase:** Construction activity will draw resources from and thereby generate economic activity in the Canterbury-Bankstown LGA as well as from outside the LGA. Assumptions are made on the proportion sourced from within and from outside the LGA.
- **Operations Phase:** On completion of development, the Site is expected to generate ongoing economic/operational activity through the direct turnover generated by the retail commercial operational activities, as well as the dispersed jobs of residents working from home.

Construction Phase

For modelling purposes, construction costs (including contingency) for the Proposal Case were broken down into their respective ANZSIC industries. As the Base Case does not involve any construction activity, drivers of the Construction phase were examined for the Proposal Case only. This breakdown was developed based on assumptions by AEC regarding the most appropriate ANZSIC industries for each activity.

Table A.2: Construction Cost Allocations, Proposal Case (Including Contingency)

Item	\$M	ANZSIC
Residential	\$258.55	Residential Building Construction
Retail/Commercial	\$44.00	Non-Residential Building Construction
Demolition	\$1.01	Construction Services
Site Works	\$6.07	Construction Services
Landscaping	\$2.63	Construction Services
Professional Fees	\$31.23	Professional, Scientific and Technical Services
Total Cost	\$343.49	

Source: AEC.

*Note: Totals may not sum due to rounding.

Of the above capital outlay, not all activity will be undertaken within the Canterbury-Bankstown LGA economy. For example, some professional services activities are likely to be sourced from capital city centres. The following table outlines assumptions used in the modelling to identify where relevant activity is anticipated to occur.

Table A.3. Location of Construction Phase Activity by Industry

Industry	% Local
Non-Residential Building Construction	100%
Residential Building Construction	100%
Construction Services	100%
Professional, Scientific and Technical Services	15%

Source: AEC.

For the purposes of this assessment it was assumed:

- Approximately 50% of the direct expenditure on construction-related (i.e. Residential Building Construction, Non-Residential Building Construction and Construction Services) activity would be sourced from local businesses and labour. Of this:
 - Approximately 25% of purchases on goods and services (supply chain related activity) made by construction-related businesses sourced from outside the Canterbury-Bankstown LGA would be spent within the local economy (i.e., 25% of the Type I flow on activity associated with non-local construction companies is assumed to represent additional local activity in Canterbury-Bankstown LGA).
 - Approximately 5% of wages and salaries paid to construction-related workers sourced from outside the region would be spent on local goods and services, such as food and beverages (i.e., 5% of the Type II

flow on activity associated with non-local workers is assumed to represent additional local activity in Canterbury-Bankstown LGA).

- Approximately 15% of the direct expenditure on professional, scientific and technical services activity would be sourced from local businesses and labour.

Only flow-on activity of locally sourced professional, scientific and technical services activity is included, as it is not anticipated professional, scientific and technical services businesses located outside of Canterbury-Bankstown LGA would purchase goods/ services from within Canterbury-Bankstown LGA.

Base Case Operational Phase

In order to model the economic impacts, operational employment levels for the economic activity occurring in the two Base Case scenarios were categorised into the ANZSIC industries which AEC considered most appropriate. Employment by industry estimates were converted to an output value using a multiplier based on the national transaction table (ABS, 2017b; ABS, 2017a). The resultant estimates of output were modelled as the direct activity associated with the Base Case scenario in Table A.3.

Table A.3: Operational FTE Allocation, Base Case

IO Industry	FTE on Site	Output (\$M)
Retail Trade	186	\$25.55
Food and Beverage Services	92	\$11.58
Total	278	\$37.13

Source: AEC.

*Note: Totals may not sum due to rounding.

Proposal Case Operational Phase

The mix of land uses as envisaged under the Proposal Case would generate economic activity consisting of:

- Operational employment from retail/commercial activities.
- Net new dispersed jobs, i.e. additional people working from home in the Proposal Case versus the Base Case.

Output estimates for the resultant activity operational employment from the proposed retail floorspace (non-residential floorspace) were developed using the same assumptions and methodologies used for the Base Case.

The ANZSIC allocations and operational output estimates for the Proposal Case are outlined in Table A.7.

Table A.7: Operational FTE Allocation of Non-Residential Floorspace, Proposal Case

Activity	GFA (sqm)	FTE/sqm	FTE	ANZSIC Allocation
Retail	15,763	33	478	Retail Trade (67%), Accommodation and Food Services (33%)
Commercial	1,000	25	40	Health Care and Social Assistance (80%), Education (20%)
Total	16,763	32	518	

Source: AEC.

*Note: Totals may not sum due to rounding.

The Input-Output model was used to convert FTE employment estimates to direct output (\$M) based on transaction table relationships for the relevant ANZSIC sectors as shown in the table below.

Table A.8: Operational Output by ANZSIC Sector

IO Industry	FTE on Site	Output (\$M)
Retail Trade	320	\$43.9
Food and Beverage Services	158	\$19.9
Education	8	\$1.8
Health Care and Social Assistance	32	\$4.5

IO Industry	FTE on Site	Output (\$M)
Total	518	\$70.2

Source: AEC.

*Note: Totals may not sum due to rounding.

In addition to the operational activities above, the new residences are also anticipated to accommodate some people that choose to work from home (and thereby increase total jobs in the LGA). Data provided indicates the Proposal would accommodate approximately 1,400 additional residences compared to the base case (accounting for the 1.8% vacancy rate). By applying analysis of ABS and TfNSW data, an estimated 2.8% of the residents in the Canterbury-Bankstown LGA would work from home. Therefore, the Proposal would accommodate approximately 39 *net new* dispersed workers in its residential apartments (total increase of 39 *net new* dispersed jobs compared to the base case).

These 39 dispersed jobs were allocated into their relevant ANZSIC industries to calculate estimated output drivers, based on the Canterbury-Bankstown's existing employment mix. The results are outlined in Table A.8 below.

Table A.8: Operational Output Drivers, Proposal Case

ANZSIC Sector	Output (\$M) Non-Residential	Output (\$M) Net New Dispersed Jobs	Output (\$M) Total
Agriculture, Forestry and Fishing	\$0.00	\$0.05	\$0.05
Mining	\$0.00	\$0.04	\$0.04
Manufacturing	\$0.00	\$0.35	\$0.35
Electricity, Gas, Water and Waste services	\$0.00	\$0.12	\$0.12
Construction	\$0.00	\$1.71	\$1.71
Wholesale Trade	\$0.00	\$0.36	\$0.36
Retail Trade	\$43.93	\$0.30	\$44.23
Accommodation and Food Services	\$19.91	\$0.09	\$20.00
Transport, Postal and Warehousing	\$0.00	\$0.49	\$0.49
Information Media and Telecommunications	\$0.00	\$0.64	\$0.64
Financial and Insurance Services	\$0.00	\$1.44	\$1.44
Rental, Hiring and Real Estate Services	\$0.00	\$0.39	\$0.39
Ownership of Dwellings	\$0.00	\$0.00	\$0.00
Professional, Scientific and Technical Services	\$0.00	\$2.13	\$2.13
Administrative and Support Services	\$0.00	\$0.62	\$0.62
Public Administration and Safety	\$0.00	\$0.11	\$0.11
Education and Training	\$1.85	\$0.29	\$2.14
Health Care and Social Assistance	\$4.51	\$0.96	\$5.46
Arts and Recreation Services	\$0.00	\$0.12	\$0.12
Other Services	\$0.00	\$0.38	\$0.38
Total	\$70.20	\$10.58	\$80.78

Source: AEC.

HOUSEHOLD EXPENDITURE SUPPORTED

This section outlines the household expenditure that would be associated with the new dwellings proposed as part of the Proposal Case, and potential economic activity supported.

The household expenditure activity supported **should not be combined** with the impacts in the section above, as some of these impacts are likely to have already been captured in the assessment (e.g. some expenditure on retail and food and beverages by households is likely to be spent at the retail and food and beverage outlets locating on-site).

This section is to understand specific economic activity supported in Canterbury-Bankstown LGA through household expenditure as its own separate analysis.

Household Expenditure

The ABS Household Expenditure Survey (ABS, 2017c) was used to identify the proportion of weekly household incomes that is spent across expenditure items in the Canterbury-Bankstown LGA. To ensure the weekly household expenditure for NSW was similar to that of the Canterbury-Bankstown LGA, the second quintile of residents was used to best represent the expenditure patterns of residents in the LGA¹.

The household survey only contains household expenditure data, and individual residents must be converted to an equivalent number of households. By using the estimated number of residents (1,426), a vacancy rate of 1.8% (representative of Canterbury-Bankstown's current rental market) and an estimated average household size of 2.2 persons, the average number of equivalent households that would be living in the precinct is approximately 637. Although the Site redevelopment proposes the establishment of 648 units, a vacancy rate was applied estimating that approximately 637 households will reside on the premises.

This data was converted to 2018 values, annualised and allocated into their respective ANZSIC industries. The breakdown to ANZSIC industries was developed based on assumptions by AEC regarding the most appropriate ANZSIC industries for each activity.

Table A.9 shows the household expenditure estimates for the Canterbury-Bankstown LGA should the Site be redeveloped to accommodate 637 households.

Table A.9: Net New Household Expenditure by Industry

ANZSIC Sectors	Expenditure Estimate	Proportion Spent in Canterbury-Bankstown LGA	Total Spent in LGA
Ownership of Dwellings	\$8.40	100%	\$8.40
Electricity Transmission, Distribution, On Selling and Electricity Market Operation	\$0.63	25%	\$0.16
Retail Trade	\$9.46	80%	\$7.57
Food and Beverage Services	\$3.25	50%	\$1.63
Health Care Services	\$2.46	80%	\$1.97
Road Transport	\$2.85	50%	\$1.42
Rail Transport	\$0.95	50%	\$0.47
Air and Space Transport	\$0.95	0%	\$0.00
Telecommunication Services	\$1.41	25%	\$0.35
Sports and Recreation	\$4.39	75%	\$3.29
Primary and Secondary Education Services (incl Pre-Schools and Special Schools)	\$0.24	80%	\$0.20
Arts, Sports, Adult and Other Education Services (incl community education)	\$0.73	80%	\$0.59
Personal Services	\$2.06	80%	\$1.65
Other Services	\$0.86	50%	\$0.43
Total	\$38.65		\$28.13

Source: ABS (2017c), AEC.

¹ Canterbury-Bankstown LGA registered an average household income of \$1,298 per week in the 2016 Census compared to \$1,488 per week for NSW as a whole.

APPENDIX B: TENANCY SCHEDULE

Table B.1: Tenancy Schedule, Chester Square Shopping Centre

Tenant	Floor Area (sqm)
Majors	
Woolworths	3,468
The Reject Shop	1,289
Specialties	
Grocer	653
Women's fashion	59.1
Discount variety	187
Pharmacy	209.3
Bank	238.5
Newsagency	97.5
Discount variety	118
Sushi	61
Food take-away	97
Food take-away	68
Fashion	84.9
Spa Salon	101
Massage	69
Café	62.2
Barber	54.8
Optometrist	62.6
Restaurant	156.5
Butcher	91.7
Bakery	65.5
Food take-away	76
Fishmonger	97.4
Women's fashion	101
Shoe store	105
Café	87.7
Tobacconist	51
Café	59
Mobile phone store	72.1
Vacancies	326.6

Source: Colliers

APPENDIX C: SEIFA INDEX (2016)

Table C.1: SEIFA Index (2016), Canterbury-Bankstown LGA

Area	2016 index	Percentile
Villawood	669.4	2
Riverwood	799.0	3
Lakemba	851.9	5
Bankstown CBD	856.1	6
Chester Hill	871.3	7
Wiley Park	874.9	7
Punchbowl	879.8	7
Bankstown Balance	900.6	10
Yagoona	901.9	10
Bass Hill Ward	904.6	10
Sefton	904.9	10
Bass Hill - Lansdowne	913.3	12
Greenacre - Mount Lewis - Chullora	914.2	12
Belmore	914.8	12
Campsie - Clemton Park	921.3	14
Condell Park - Bankstown Aerodrome	941.8	19
Birrong - Regents Park - Potts Hill	945.1	20
Narwee - Beverley Hills	956.1	24
Roselands	971.3	30
Revesby - Revesby Heights	988.8	39
Cooks River Catchment area	989.5	39
Canterbury	993.0	41
Belfield	995.7	43
Georges Hall	1001.0	45
Kingsgrove	1001.6	46
Croydon Park (part)	1004.2	48
Revesby Ward	1006.4	49
Padstow - Padstow Heights	1007.4	50
Panania - East Hills	1009.8	51
Hurlstone Park	1024.4	60
Earlwood	1028.8	63
Milperra	1060.8	82
Picnic Point	1078.4	90
Ashbury	1080.2	91
City of Canterbury Bankstown	935.0	17
Greater Sydney	1018.0	56
New South Wales	1001.0	45
Australia	1001.9	46

Source: Profile .ID (2019)

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