

Carrington Square Castle Hill Planning Proposal

Economic Impact Assessment

Prepared for Spotlight Property Group
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Deep End Services

Deep End Services is an economic research and property consulting firm based in Melbourne. It provides a range of services to local and international retailers, property owners and developers including due diligence and market scoping studies, store benchmarking and network planning, site analysis and sales forecasting, market assessments for a variety of land uses, and highest and best use studies.

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This report should be read in its entirety, as reference to part only may be misleading.

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Executive summary

Introduction

This report presents an assessment of the development opportunity and economic effects associated with a Planning Proposal to facilitate a mixed-use commercial development at 21-23 Victoria Avenue, Castle Hill ('Carrington Square').

The Planning Proposal seeks to amend building heights and floor space ratios applicable to the site to encourage an intensification of economic activity and employment, consistent with the strategic planning framework that has been developed for the Norwest Strategic Centre.

Development concept plan

A development concept plan has been prepared by Bates Smart to indicate the likely development outcome if the Planning Proposal were approved. It provides for a commercial office development with supporting uses including food & drink premises, small service businesses and other community services, as well as provision for continuation of specialised retail uses. Total floorspace provision for the proposed development would be 48,410 sqm gross floor area (GFA), representing a Floor Space Ratio (FSR) of 2.3:1.

The concept design has a commercial tower on the southern part of the site adjacent to Carrington Road, with a small amount of food & beverage provision at ground level. The remainder of the site would accommodate specialised retail, other food & drink outlets, business premises and a range of other activities such as medical services, childcare and/or gym.

Planning context

The site is within the Norwest Service Precinct which forms part of the wider Norwest Strategic Centre where considerable strategic planning work has been undertaken to plan for urban renewal that is being stimulated by the delivery of the Sydney Metro Northwest public transport infrastructure. The Norwest Precinct Plan anticipates +19,870 new dwellings and +26,570 more jobs across Norwest by 2036.

The Norwest Service Precinct is identified for a mix of 'high density commercial offices' and 'urban support services' within the area west of Cattai Creek, with the eastern part around the Showground Metro station accommodating medium and high density residential with a local centre adjacent to the station.

The proposed development is consistent with these plans, with a focus on commercial offices, retention of specialised retail, and business services to support workers, visitors and local residential demand.

Economic outcomes

The Planning Proposal would enable intensification of the subject site and would generate the following economic benefits:

- Capital investment estimated at \$359.3m
- An estimated 770 full-time equivalent (FTE) jobs directly created during the construction period (or about 385 jobs over a two year project), and a further 2,400 indirect FTE jobs created throughout the wider economy
- An estimated 2,120 employment positions created on the site on an ongoing basis, or approximately 1,860 jobs on an FTE basis
- A further 3,775 ongoing FTE jobs created indirectly in the wider economy through inter-industry linkages and expenditure of wages
- Revitalisation of an under-utilised site, providing a much more intensive and attractive development at this prominent gateway
- Potential to act as a catalyst for development of other sites in the area, especially signalling investor appetite for major office development
- Reduction in car trips and environmental externality effects by encouraging local office provision and reducing commuter distances to inner city office precincts
- Uplift in rates revenue for The Hills Shire
- Added local amenity for workers, shoppers and other visitors.

1

Introduction

1.1 Background

This report presents an economic impact assessment for a Planning Proposal to facilitate a mixed-use commercial development at 21-23 Victoria Avenue, Castle Hill by increasing building heights and floor space ratios applicable to the site.

The report has been prepared on behalf of Spotlight Property Group.

The site is a 2.1 ha property situated at the intersection of Victoria Avenue and Carrington Road within the Norwest Service Precinct, which is central to the wider Norwest Strategic Centre.

The Planning Proposal would facilitate a development concept that has been prepared by Bates Smart on behalf of Spotlight Property Group. The plan provides for a commercial office development with a range of supporting uses including small service businesses and other community service uses, as well as enabling the continuation of specialised retail uses (large format retail) on the site.

Total floorspace provision for the proposed development would be 48,410 sqm gross floor area (GFA), representing an overall Floor Space Ratio (FSR) of 2.3:1.

1.2 This report

This report provides economic analysis of the Planning Proposal, including a review of the policy context (from a strategic economic perspective) and an assessment of the expected economic outcomes arising from development of the project.

The report is organised as follows:

Section 2 describes the local and regional site context.

Section 3 presents details of the Planning Proposal and the concept development plan.

Section 4 summarises strategic planning and policy documents that have economic relevance to development of the site.

Section 5 presents an assessment of the economic effects of the proposal, including during the construction and ongoing operational phases of the development.

2

Context analysis

2.1 Regional context

The subject site at 21-23 Victoria Avenue in Castle Hill is located 31 km north-west of the Sydney CBD, within The Hills Shire local government area (LGA).

The Hills Shire, along with Blacktown, Parramatta and Cumberland LGAs, forms the *Central City District* under the *Greater Sydney Region Plan*.

The municipality contains established housing to the south around Baulkham Hills, new urban development areas extending from Kellyville through Rouse Hill to Box Hill to the north-west, and rural and semi-rural communities to the north extending to Wisemans Ferry.

According to the latest estimates from the Australian Bureau of Statistics (ABS), the shire had a population of 215,610 persons in June 2024, having grown by more than 98,000 people since 2001 and by almost 68,000 people since 2011.

Further significant population growth is planned; according to the Hills Future 2036 Local Strategic Planning Statement (LSPS) the Shire will experience an 80% increase in the residential population over the period 2016 to 2036, or an extra 128,000 residents, mainly in greenfield areas in the North West Growth Area, and in urban renewal areas including around Metro Northwest station precincts.

Major retail, commercial and other employment uses are clustered in and around Norwest, the Castle Hill commercial centre and Rouse Hill.

In the wider region, other significant centres of employment and economic activity include Greater Parramatta to the south which is a focus for CBD-style commercial office development, health and education institutions; Penrith which is a key regional centre to the west; and more established inboard employment precincts to the east such as Macquarie Park.

Figure 1—Regional context

Source: Deep End Services; Transport for NSW; Google Maps



2.2 Local context

The subject site is a 2.1 ha parcel of land located within the Norwest Service Precinct, adjacent to Victoria Avenue which is the main road bisecting the surrounding commercial area. The site also has frontage to Carrington Road which extends east to the Hills Showground Metro precinct.

The Norwest Service Precinct contains a mix of light industrial uses, small offices, building supplies and large format retailing. It forms part of the wider Norwest Strategic Centre, which also consists of Norwest Central and the Norwest Innovation precinct at Bella Vista. In more recent strategic planning policy the Service Precinct has been extended eastwards to include planned residential intensification adjacent to the Showgrounds Metro station.

Norwest has emerged as an important location in Sydney's west to accommodate demand for large-scale commercial uses that are attracted by its excellent access to the regional road network and the highly skilled supporting workforce.

The Service Precinct is anticipated to accommodate more significant employment, including commercial offices, in the future, but the current focus is on large format retail, and this role is expected to be retained in the future.

Intensification of land uses is being stimulated by major infrastructure provision including delivery of the Metro Northwest rail line with local stations at Hills Showground, Norwest and Bella Vista.

Figure 2—Local context

Source: Deep End Services; NearMap



3

Proposed development

3.1 Planning Proposal

The Planning Proposal for the site seeks to facilitate a mixed commercial development of the subject site by:

- Increasing the FSR applicable to the site from 1:1 to 2.3:1; and
- Amending the Height of Building control (HOB) to facilitate a high-density development outcome including 12 storeys on the Carrington Street frontage.

The underlying intention of the Planning Proposal is to enable development of the site for more intensified mixed-use employment-generating uses, focussing on commercial offices along with service businesses, food & beverage premises and other uses that support the local workforce, shoppers and visitors. Provision for specialised retail is currently supported by the LEP and provides for the continuation of such uses within the Norwest Service Precinct.

3.2 Concept development

A Concept Design has been prepared by Bates Smart in accordance with the Planning Proposal. The design incorporates a commercial tower along the Carrington Road frontage, consisting of 11 levels of office floorspace above ground level service precinct (business premises and food & beverage) and two levels of basement parking.

The northern part of the site would accommodate specialised retail and some food & beverage uses at ground level, additional specialised retail and service uses on the upper level, with basement car parking below and four levels of car parking above to support the commercial office parking requirements.

Overall the total car parking provision would be in the order of 1,156 spaces.

The proposed land uses under the Bates Smart scheme are set out in Table 1 below which provides calculations of GFA and also presents estimates of Net Leasable

Area (NLA) which is a more relevant measure for the commercial office floorspace outcomes.

The total FSR of the development as proposed under the Bates Smart plan would be approximately 2.3:1.

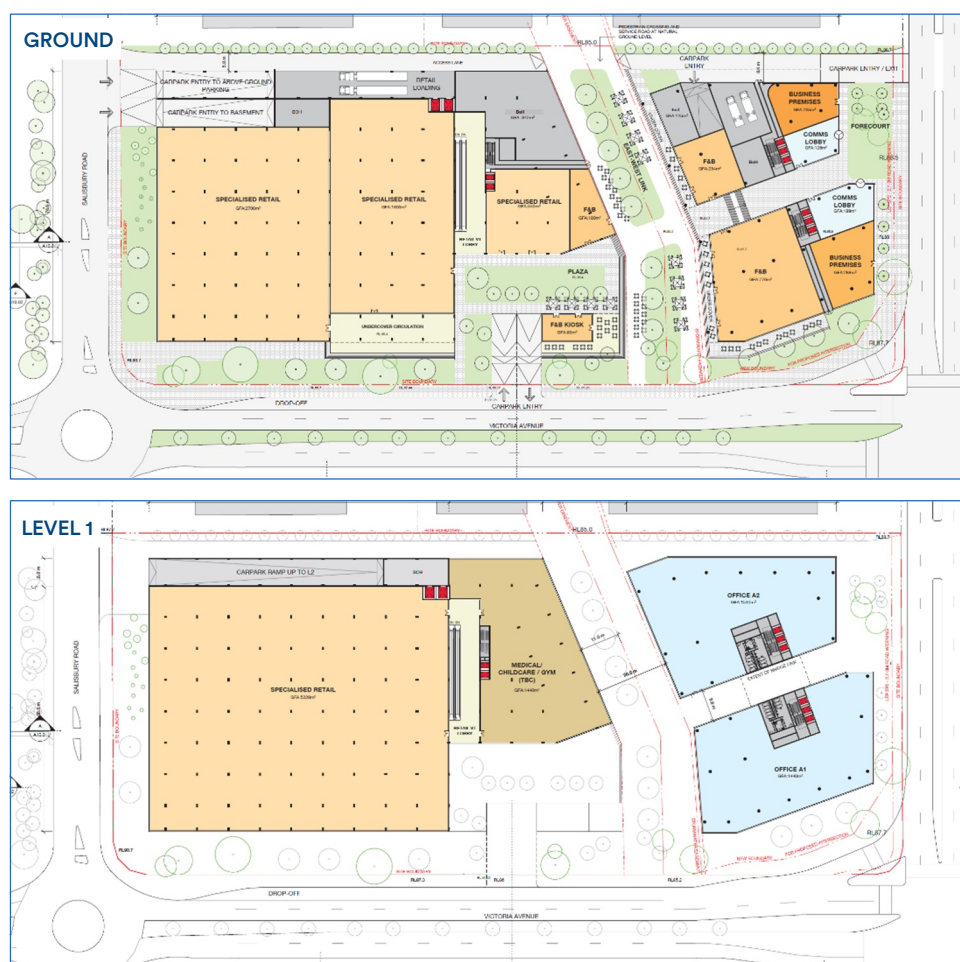
Table 1—Uses and floorspace provision

Source: BatesSmart

| Use | GFA (sqm) | NLA (sqm) |
|---------------------------|---------------|---------------|
| Office | 34,470 | 32,555 |
| Specialised retail | 10,600 | 10,600 |
| Medical / Childcare / Gym | 1,440 | 1,440 |
| Food & drink premises | 1,280 | 1,865 |
| Business premises | 495 | 450 |
| Total | 48,285 | 46,910 |

**Figure 3—
Carrington Square
concept design**

Source: BatesSmart



4

Planning and policy context

4.1 Introduction

Relevant strategic planning policy with respect to matters of land use and economic development are reflected in The Hills Local Environmental Plan (LEP) which sets out the land zoning and permissible uses, and in policy documents including the *Hills Future 2036 Local Strategic Planning Statement* and the *Norwest Precinct Plan*.

A detailed examination of relevant planning policy is presented in the town planning report prepared by Ethos Urban.

4.2 The Hills LEP 2019

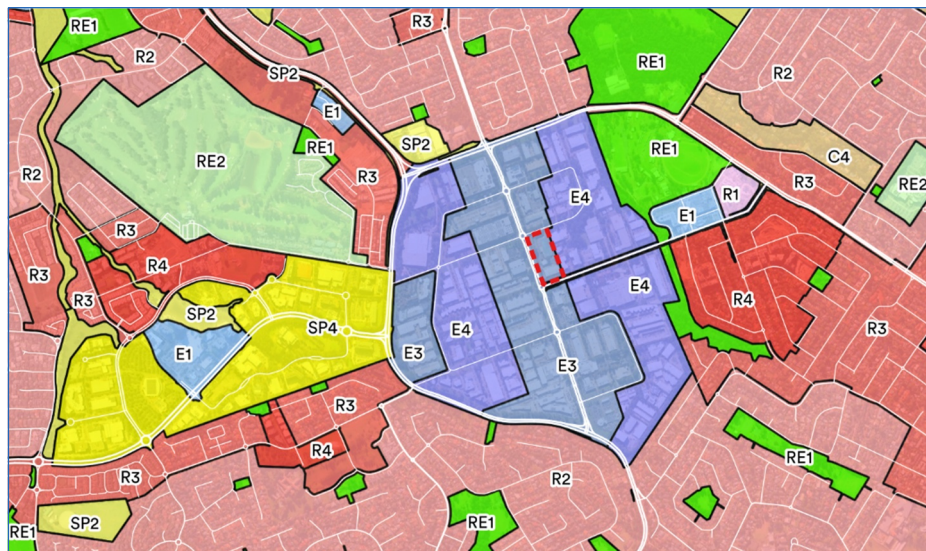
The Hills LEP (2019) is the principal planning instrument guiding land use and development within The Hills Shire local government area. Pursuant to the LEP, the subject site is within the E3 Productivity Support zone where the objectives are:

- To provide a range of facilities and services, light industries, warehouses and offices.
- To provide for land uses that are compatible with, but do not compete with, land uses in a surrounding local and commercial centres.
- To maintain the economic viability of local and commercial centres by limiting certain retail and commercial activity.
- To provide for land uses that meet the needs of the community, businesses and industries but that are not suited to locations in other employment zones.
- To provide opportunities for new and emerging light industries.
- To enable other land uses that provide facilities and services to meet the day to day needs of workers, to sell goods of a large size, weight or quantity or to sell goods manufactured on site.
- To provide for specialised retail premises that meet community demand.

The uses proposed for the development are all permitted within the E3 zone.

Figure 4—Zone map

Source: Hills Shire LEP 2019 (NSW Planning Portal)



4.3 The Hills Local Strategic Planning Statement

The *Hills Future 2036 Local Strategic Planning Statement* has been prepared to guide future land use planning and to manage growth within The Hills Shire over the period to 2036. The LSPS was endorsed by Council in October 2019 and formally made in March 2020.

The underlying premise for Hills Future 2036 is that The Hills Shire will be a significant contributor to achieving dwelling and employment outcomes set out in the Central City District Plan, with the Shire expected to deliver 38,000 new dwellings and 32,300 additional jobs in strategic centres over the planning period.

The LSPS sets out its planning priorities under various themes, with most relevant priorities under the topic ‘Economy’:

- Planning Priority 1 is to plan for sufficient jobs, targeted to suit the skills of the workforce, noting that there is lower employment self-containment in office-based commercial activities.
- Planning Priority 2 is to build strategic centres to realise their potential, noting that Norwest is one of three strategic centres that are intended to become locations for diverse activities supported by high levels of private sector investment. The LSPS seeks to ensure that suitable areas in these centres will transition to greater commercial activity and functions, helping to provide an appropriate number and mix of jobs.

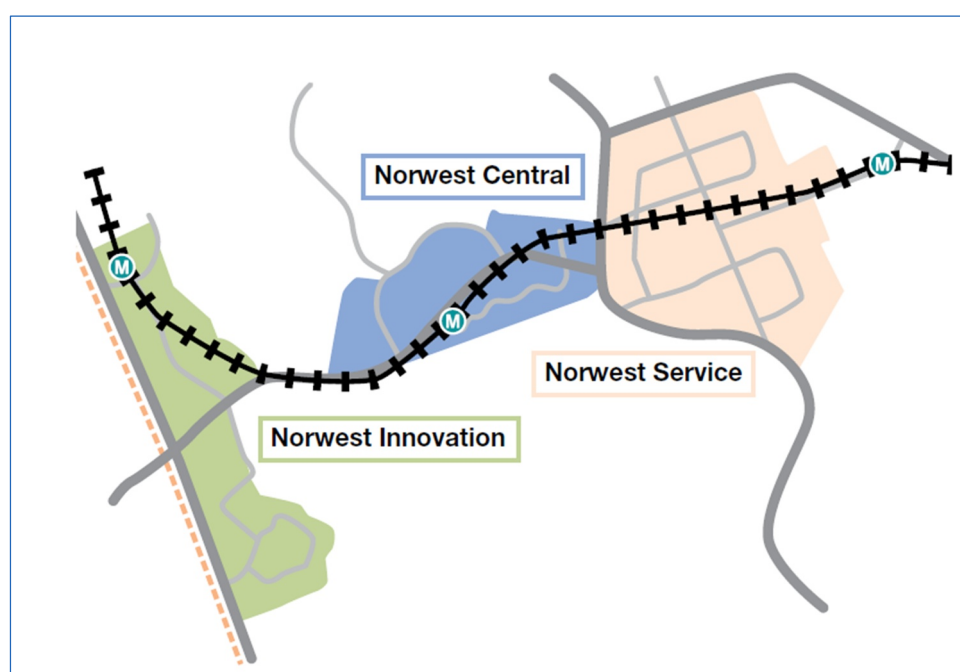
As noted above, the LSPS sets out a target of 32,200 additional jobs in strategic centres by 2036, with Norwest Strategic Centre identified to accommodate the bulk of this with an estimated capacity to deliver an additional 23,900 jobs by that time. Structure Plans have been prepared for each strategic centre with a focus on the desired land use, accessibility and public domains to grow jobs and investment in these centres.

Norwest is intended to become a significant employment district across three precincts (refer Figure 5 below):

- Norwest Central – a mixed use core including retail, business, office, entertainment, leisure and community as well as some higher density housing
- Norwest Innovation – an emerging health precinct
- Norwest Service – retaining its role of providing large format retailing but with opportunities for greater levels of high-density commercial uses, particularly along the Carrington Road transition corridor.

Figure 5— Norwest Strategic Centre sub-precincts

Source: Hills Future 2036 LSPS (October 2019)



For the Norwest Service sub-precinct, the key land use expectations described in Hills Future 2036 include:

- The opportunity for new commercial/office development along Carrington Road and on Windsor Road, with the potential to accommodate taller office style buildings
- The retention of the specialised large format retail spine along Victoria Avenue
- Light industrial areas in the west accommodating urban services with potential to also provide opportunities for smaller start-up businesses longer-term.

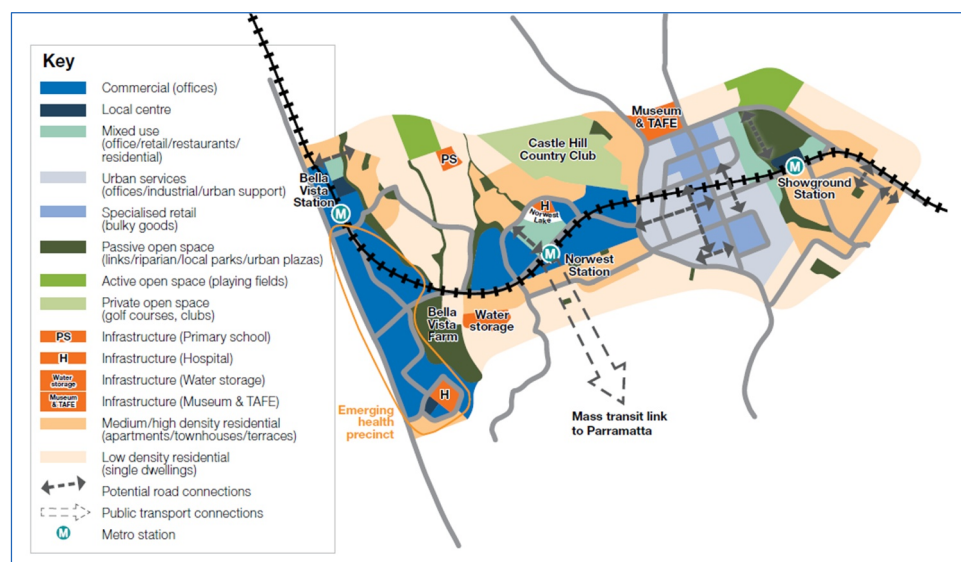
As shown in the Structure Plan set out for the Norwest strategic centre (refer Figure 6) the subject site is located within the urban services precinct, with frontage to Carrington Road, where Hills Future 2036 supports larger scale office development. A future connection westwards to Norwest Boulevard would establish Carrington Road as a key employment boulevard.

Hills Future 2036 emphasises that the structure plan represents a strategic, 20-year vision for the centre and implementation will be a staged process. The subject site is to be part of Phase 2 (medium-term), with further planning work to be undertaken as

part of the precinct planning process. The LSPS specifies that Phase 2 will respond to jobs target through a land use framework to grow commercial capacity and investment to attract business activity and jobs.

Figure 6—Norwest Strategic Centre Structure Plan

Source: Hills Future 2036



Hills Future 2036 is accompanied by more detailed supporting strategies addressing topics such as housing, recreation facilities, integrated transport and land use, environment, and rural issues. The background strategy 'Productivity and Centres' addresses economic issues that are relevant to the current Planning Proposal.

The Productivity and Centres Strategy identifies the importance of Norwest Strategic Centre as a location for significant employment growth along with delivery of services to enhance the amenity of the centre for local workers and nearby residents.

4.4 Norwest Precinct Plan

The Norwest Precinct Plan articulates a vision for how the centre is expected to be developed over a period extending to 2041, and was adopted by Council in July 2024.

Norwest is envisaged as a thriving mixed use Strategic Centre and competitive employment precinct, attracting investment across knowledge intensive businesses focussed on health, education, science, technology, finance and advanced manufacturing. The precinct is expected to evolve into a location valued by workers, residents and visitors for its vibrancy and amenity, especially with the introduction of taller and more intensive built form.

The number of residential dwellings within Norwest is projected to increase by +19,870 between 2021 and 2041, while jobs growth is projected to be +26,570 over the same period.

The land use vision for the Norwest Service Precinct is shown in Figure 7, in which the land west of Cattai Creek continues to be promoted for employment-generating uses including high density commercial offices along Carrington Road. The area east

of Cattai Creek will accommodate high density housing, supported by a local centre at Hills Showground Metro Station which is currently under construction.

**Figure 7—Norwest
Land Use Plan:
service precinct**

Source: Norwest
Precinct Plan (July
2024)

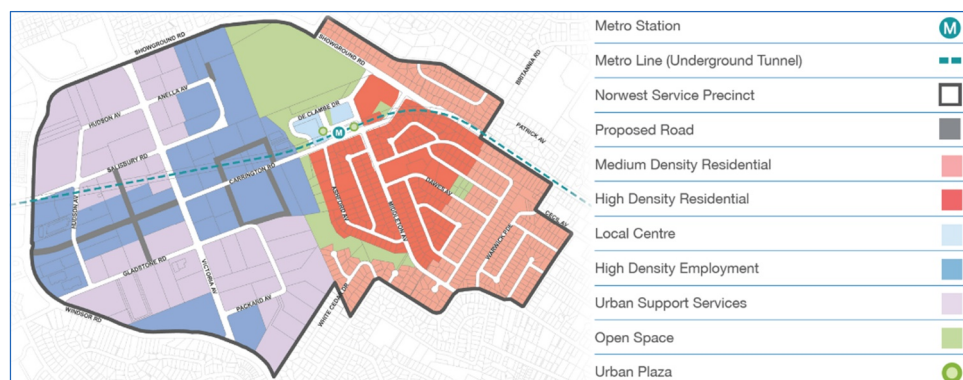


Figure 8 presents the Precinct Plan's future land use guidance for the Cattai Creek West Focus Area, in which land currently within the E3 and E4 zones is proposed as a high density employment sub-precinct extending either side of Carrington Road which is to become the new spine between Showground Village and Norwest Central. Building heights will range from 6 to 12 storeys, with higher densities and taller buildings located close to the Hills Showground Station and along Carrington Road.

**Figure 8—Norwest
Precinct Plan:
Cattai Creek West
focus area**

Source: Norwest
Precinct Plan (July
2024)



The Precinct Plan provides guidance on expected density (FSR) and building height controls to be enacted through future planning proposals. These apply an FSR of 2.3:1 across the subject site, with building height controls that indicate 12 levels on the southern part of the site and 6 levels on the northern part.

4.5 Summary

Considerable strategic planning work has been undertaken at Norwest Strategic Centre to plan for urban renewal and the creation of a mixed use centre combining residential, knowledge intensive employment, urban support services and supporting shops and amenity.

Strong growth in residential dwelling construction and employment generation is expected to occur as the strategies come to fruition.

Within the Norwest Service Precinct, the land use outcomes are expected to include:

- High density and medium residential close to the Hills Showround Station, along with a local centre which is now under construction
- Intensive high-rise commercial offices along the Carrington Road corridor and generally across the Cattai Creek West Focus Area
- Continuation and possible expansion of large format retailing (ie specialised retail premises) and other urban support services.

The planning proposal is consistent with these policies.

5

Economic outcomes

5.1 Introduction

This Chapter presents an examination of the potential economic outcomes that would be generated by the Planning Proposal, assuming that the development outcome reflects the Concept Design prepared by Bates Smart.

The analysis includes consideration of a range of economic outcomes including capital investment, employment generation (during construction and ongoing operation) and other effects.

5.2 Capital investment

The project represents a significant investment in a major gateway site, enabling its transition from low-rise light industrial and showroom uses to more intensive employment-creating development format.

Based on information provided by Spotlight Property Group the total cost of the development is estimated at \$359.3m, consisting of costs already borne in design and town planning stages, and construction activity which includes demolition of existing structures, site preparation and infrastructure service connections, and new building construction.

Construction activity is expected to be conducted over a two-year period.

5.3 Construction employment

Estimates of employment creation during the 2-year construction program have been prepared based on a total construction cost of \$359.3m and applying typical labour cost ratios as summarised in Table 2.

As shown in the table, an estimated 770 full-time equivalent (FTE) jobs would be directly created as a result of construction activities over the two-year period. This represents an average of 385 jobs per year for a 2-year project (noting that the actual workforce will vary considerably over the period).

Approximately another 2,400 indirect FTE jobs would be created in the wider economy over the life of the project. These indirect jobs are associated with upstream and downstream economic linkages, including for example production of construction material inputs, as well as consumption of wages income. A small share of these indirect effects would be retained locally through supply contracts, expenditure and wages, etc, but the majority is likely to be distributed more widely across the NSW and national economies.

**Table 2—
Construction
employment**

Source: SPG; Deep
End Services

| Item | Measure |
|---------------------------------|-----------|
| Estimated construction cost | \$359.3 m |
| Labour component | 25% |
| Labour cost | \$89.8 m |
| Average construction wage (FTE) | \$116,500 |
| Direct employment (FTE) | 770 |
| Indirect employment (FTE) | 2,400 |

5.4 Ongoing employment

Once completed, the proposed development will directly support an estimated 2,120 employment positions (full-time, part-time and casual) across the different uses. Having regard to typical employment ratios this represents an estimated 1,860 full-time equivalent (FTE) jobs directly created on-site.

Another 3,775 ongoing jobs would be created indirectly through multiplier effects associated with production inputs and expenditure of wages. Most of these wider employment effects would accrue to the state or national economies.

**Table 3—Ongoing
employment**

Note: Total GFA
includes retail
circulation area and
end-of-trip facilities

Source: Deep End
Services; ABS

| Use | GFA (sqm) | Positions | Direct jobs (FTE) | Indirect jobs (FTE) | Total jobs (FTE) |
|--------------------------|---------------|--------------|----------------------|------------------------|---------------------|
| Office | 34,470 | 1,809 | 1,630 | 3,450 | 5,080 |
| Business premises | 493 | 11 | 10 | 20 | 30 |
| Medical/childcare/gym | 1,440 | 40 | 35 | 45 | 80 |
| Specialised retail (LFR) | 10,602 | 177 | 140 | 175 | 315 |
| F&B Premises | 1,280 | 85 | 45 | 85 | 130 |
| Total | 48,285 | 2,120 | 1,860 | 3,775 | 5,635 |

5.5 Other benefits

In addition to job creation, the proposed development would generate a range of other benefits including the following:

- The development represents the revitalisation of an under-utilised site, providing a much more intensive and attractive development at this prominent gateway into the Norwest Service precinct.
- The proposal would act to signal investor appetite for major office developments, therefore stimulating the office market and acting as a catalyst for further developments in the area.
- The proposal would help to reduce car trips and environmental externality effects by encouraging local office provision and reducing commuter distances to inner city office precincts.

- Capital improvements of the site as a result of the proposed development would generate a significant uplift in rates revenue for The Hills Shire.
- The introduction of new, modern office facilities with on-site amenity will provide new opportunities for businesses to locate in the area.