WESTFIELD PENRITH MARKET NEED AND ECONOMIC BENEFITS ASSESSMENT

Prepared for Scentre Group
April 2021

COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

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This report presents an independent assessment of the economic need, demand and justification for the proposed hotel and commercial mixed use developments at Westfield Penrith.

EXECUTIVE SUMMARY

Hotel Assessment

Penrith currently has an undersupply of hotels, particularly higher grade hotels.

The current hotel offer is not meeting the needs of the market, resulting in Penrith City Centre losing market share to to other locations and demand going to other forms of short-stay accommodation.

The demand for hotels and other short stay accommodation is to increase significantly with further growth in the market and developing business activity in western Sydney.

There is a broad range of drivers underpinning demand for hotels in Penrith and there is an opportunity to establish a stronger role for Penrith as a short stay destination.
There is a range of proposed hotel developments in Penrith City Centre. Scentre Group's proposal has the strongest site attributes among these developments and would be expected to provide the greatest contribution to building the hotel market and addressing market need and demand. There is a need and capacity in the market to support Scentre Group's hotel development.

The proposed hotel will provide sizeable spin-off benefits to the commercial and leisure activity in the Penrith City Centre.

The proposed hotel development will provide a significant contribution to the jobs target for Penrith City Centre.

Commercial Office Assessment

Forecast growth in office jobs across Western Sydney will create demand for an additional 441,500 sq.m of commercial office floorspace to 2028.

The proposed net increase of 16,575 sq.m on the subject site, across two development sites will absorb less than 4% of this demand in 2028.

The market can support an additional 25 developments of similar scale, indicating the proposed developments can be absorbed easily.

The quality of existing office stock in the Penrith City Centre is low. The proposed A-grade developments will increase the quality of office stock, bring more white collar jobs to Penrith and grow the available spending market for local retailers.

The proposed development can service the short term demand for commercial office in Western Sydney, taking the burden off the Aerotropolis which is likely to develop over the longer term.

The proposed developments can deliver office space in line with current and emerging workplace trends. COVID-19 has seen a flight to suburban markets and a premium placed on flexible workplace design.

WESTERN SYDNEY WILL GENERATE DEMAND FOR 441,500 SQ.M OF OFFICE SPACE TO 2028

Economic Benefits

The construction phase of the development would create 205 jobs over 3.5 years and $108.6 million in gross value add (GVA) from capital expenditure of $145 million.

The operational phase would create 2,145 total jobs and $319 million in GVA per year for the NSW economy. Direct jobs are estimated at 1,361.

The proposed development can combat the deficit of 5,631 white collar jobs that currently exists in the Penrith LGA.

Currently, Penrith LGA only retains 24.3% of white collar resident workers. The development could potentially increase the retention, which would have a range of flow on economic, social and environmental benefits.

The proposed development will help create the '30-minute city' by adding jobs to a rapidly growing suburban market.

The development will achieve 14% of the 10,000 jobs target outlined in the Penrith Progression Plan for the Penrith City Centre.

THE DEVELOPMENT WILL GENERATE 2,145 ONGOING JOBS

SITE LOCATION AND PROPOSED DEVELOPMENT

The proposed developments are located at Westfield Penrith, within the Penrith City Centre.

The two developments are summarised as follows:

- **Borec House** is situated on the north-western corner of Henry Street and Station Street and currently comprises a ~3,600 sq.m mid-rise commercial building. The existing tower would be demolished, making way for a ~11,350 sq.m commercial building, inclusive of ground floor retail.
- **The Hub** is situated at the south-eastern corner of the Great Western Highway and Riley Street. The current use on the site is the existing shopping centre. This area would be redeveloped to include a mixed-use building, comprising 10,000 sq.m of commercial floorspace, 152 hotel rooms and additional retail floorspace.

Table I.1 opposite shows a summary of the proposed development by land use.

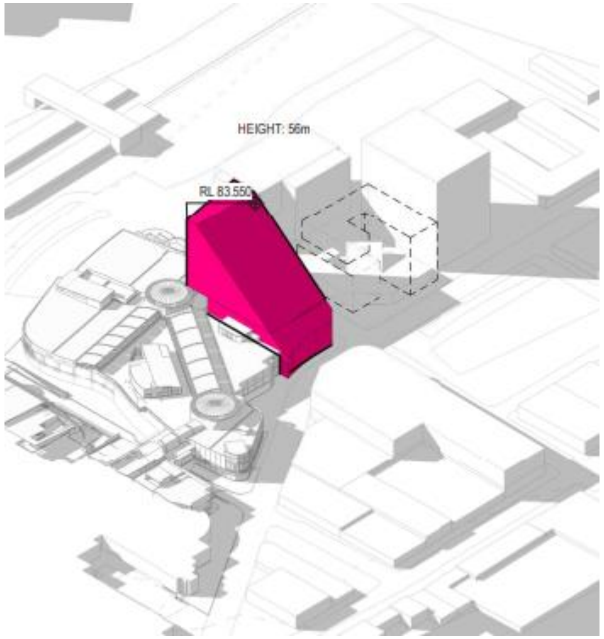
These two developments would be landmark buildings in the Penrith City Centre, delivering a true mixed-use outcome and agglomeration benefits for the City Centre in the form of additional workers, visitors, economic value and activation.

Proposed Development Table I.1

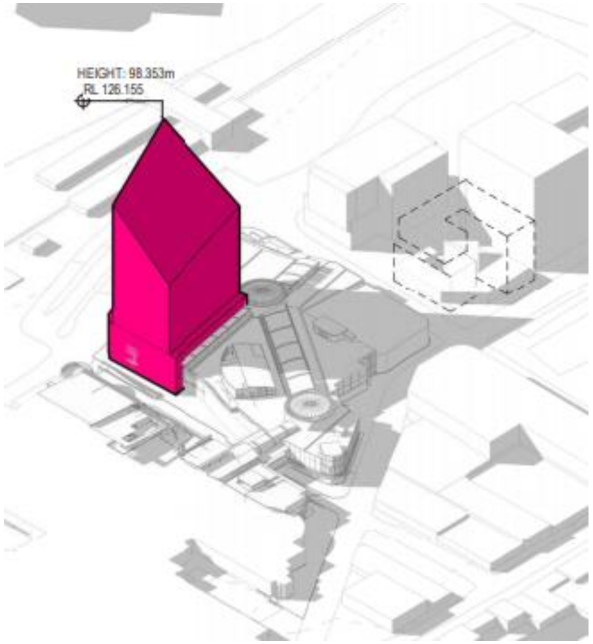
Borec House (2026)	**Existing**	**Proposed**	**Net Uplift**
Commercial Office	3,559 sq.m	10,134 sq.m	**+6,575 sq.m**
Retail		1,208 sq.m	**+1,208 sq.m**
The Hub (2028)			
Commercial Office		10,000 sq.m	**+10,000 sq.m**
Hotel		152 rooms	**+152 rooms**
Retail	1,218 sq.m	4,661 sq.m	**+3,443 sq.m**
Combined Development			
Commercial Office	3,559 sq.m	20,134 sq.m	**+16,575 sq.m**
Hotel		152 rooms	**+152 rooms**
Retail	1,218 sq.m	5,869 sq.m	**+4,651 sq.m**

Source: Scentre Group

BOREC HOUSE



THE HUB



Source: Scott Carver

STRATEGIC CONTEXT

The sites for the proposed development of a hotel and circa 20,000 sq.m of office space are located within the Penrith City Centre. Greater Penrith's identification as a metropolitan cluster in the Greater Sydney Region Plan (2018) indicates that the area has been earmarked for significant jobs growth, infrastructure and investment.

Metropolitan clusters play a pivotal role in the creation of a '30-minute city' outlined in the plan. This concept relies on job creation beyond the Sydney CBD, in growth areas where residents can travel to work in under 30 minutes.

Within the Western Parkland City, the four metropolitan clusters identified are the Western Sydney Airport & Aerotropolis, Liverpool, Greater Penrith and Campbelltown-Macarthur.

Increasing employment generating land uses within Greater Penrith is important for realising the strategic goals of the Greater Sydney Region Plan.

In the context of the Western Parkland City, the Greater Sydney Commission (GSC) state that Greater Penrith will be a critical location for commercial, retail, health and education uses as the city grows.

The Greater Penrith Place Strategy outlines the need to expand the tourism offering, strengthen the night time economy and grow the number of jobs leveraging off strengths in health and education.

The proposed development will contribute to achieving these objectives through delivery of a higher quality tourism offer and an increase in white collar jobs in the commercial towers. The co-location of uses with the Westfield Penrith (and core retail area) will likely increase dwell times in the Penrith City Centre and boost the night time economy.

The $1 billion Nepean Hospital redevelopment (due for completion in 2025) acts as a catalyst for growth in medical tourism which can be serviced by the proposed development.

The proposed development will also contribute toward the goals in the Penrith Progression Plan which aims to add 10,000 jobs in the city centre. Direct ongoing employment for the development is estimated at around 1,400 jobs, a 14% share of the target.

The table opposite outlines some of the goals from the strategic planning documents and how the proposed development contributes to the achievement of these goals.

Alignment with Strategic Goals

Strategic Document	Goal	How is this achieved?
Greater Penrith Place Strategy (2019)	People friendly public realm	High quality development integrated with City Centre
	Grow the number of jobs	Additional 1,361 direct operational jobs
	Expanded tourism offer	High quality accommodation offer
	Strengthen the night time economy	Increased white collar worker and tourist visitation
Penrith Progression Plan (2015)	24-hour city	Additional visitation driven by new uses
	Smart mixed use design	Contemporary mixed-use design in line with current work trends
	Business and development opportunities	Potential catalyst for other development in CBD
Western City District Plan (2018)	Revitalise and grow the Penrith City Centre	New A-grade commercial stock
	Diversity the night-time economy	Hotel accommodation integrated with retail uses
	Develop a major tourist hub	Additional, high quality hotel accommodation

WESTERN SYDNEY AIRPORT AND AEROTROPOLIS

The Western Sydney Aerotropolis will play a significant role in job creation for Western Sydney. The airport is expected to be operational in 2026.

The Aerotropolis has been divided into 10 precincts, with five ‘initial precincts’ having had draft precinct plans released. These precincts are: Aerotropolis Core, Badgerys Creek, Wianamatta – South Creek, Northern Gateway and Agribusiness.

The Aerotropolis has an ambitious target for the creation of 200,000 jobs at build out, over the very long term. Development in the Aerotropolis is expected to be drawn out over many decades given the sparse landholdings and lack of population density.

While it is noted the future metro line will connect the Western Sydney Airport with St Marys station, Greater Penrith is one of the closest Metropolitan Clusters to the future airport and can therefore contribute, and benefit, in the short to medium term given the likely timeframe for the establishment of the Aerotropolis. Furthermore, a business case is being prepared for a rapid bus service connecting Penrith, Liverpool and Campbelltown to the Aerotropolis.

It is considered that Greater Penrith, and the proposed development in particular, would take some of the burden off of the Aerotropolis while contributing to the jobs target for Greater Penrith and the Penrith City Centre.

Given the Aerotropolis is unlikely to be established prior to the opening of the Airport, Greater Penrith will be able to service demand for commercial office and short term accommodation within a short distance from the Airport. Over the short term, while the Airport and Aerotropolis establishes, businesses will need to be located in established areas.

Penrith has an established and diverse City Centre supported by a large population base and retail provision. Furthermore, the development of additional, A-grade office space, as well as a new premium hotel offer, will increase the overall attractiveness of Penrith City Centre.

Strategic merit of Penrith for short stay accommodation

Given the location of the Western Sydney Airport, in a greenfield location and with limited existing amenity within the area, it presents a key opportunity for investment in high quality, short stay accommodation uses within established precincts that offer a mix of entertainment, retail, employment and recreation uses.

Penrith ticks all of these boxes, and further operates as a base for visitors to the Blue Mountains.

The proposed hotel development at the subject site provides integration with the town centre, retail and entertainment facilities, is located adjacent to the existing train station and is close to existing employment nodes.

Hotel and short stay accommodation development near the Western Sydney airport will likely take time to develop and establish, Penrith is well placed to serve the demand generated and driven by the new airport over the short to medium term.

Strategic merit of Penrith for commercial office

Commercial office floorspace within the Aerotropolis is likely to establish over the longer term, driven by increased population growth throughout south-west Sydney as well as the maturation of the Western Sydney Airport.

Over the short term, demand for commercial floorspace within proximity to the Western Sydney Airport will be hotly contested by other Metropolitan Clusters across Western Sydney, including Penrith, Liverpool and Campbelltown-Macarthur.

Given Penrith’s connection to the future Airport via The Northern Road, proximity to St Marys Station (for future Metro Rail connection), established Health and Knowledge Precinct and government tenant base, it is considered a commercial office developments such as those proposed by Scentre Group would further increase the attractiveness of the Penrith City Centre.

SECTION 1: HOTEL MARKET NEED AND DEMAND

Key findings

1. **Existing Supply:** Penrith has an undersupply of hotels, particularly higher grade hotels.
2. **Unable to Capitalise on Hotel Demand:** The current hotel offer is not meeting the needs of the market, resulting in Penrith City Centre losing market share to other locations and demand going to other forms of short stay accommodation.
3. **Growth in Hotel Demand:** The demand for hotels and other short stay accommodation is to increase significantly with further growth in the market and developing business activity in western Sydney.
4. **Penrith City Centre:** There is a broad range of drivers underpinning demand for hotels in Penrith and there is an opportunity to establish a stronger role for Penrith as a short stay destination.
5. **Optimal Site Attributes:** There is a range of proposed hotel developments in Penrith City Centre. Scentre Group's proposal has the strongest site attributes among these developments and would be expected to provide the greatest contribution to building the hotel market and addressing market need and demand.
6. **Capacity in the Market:** There is a need and capacity in the market to support Scentre Group's hotel development.
7. **Flow-on Benefits:** The proposed hotel will provide sizeable spin-off benefits to the commercial and leisure activity in the Penrith City Centre.
8. **Employment Targets:** The proposed hotel development will provide a significant contribution to the jobs target for Penrith City Centre.

DEMAND DRIVERS OF SHORT-STAY ACCOMMODATION IN PENRITH

Commercial activity in Penrith City Centre. Penrith is one of the largest commercial centres in western Sydney, including some 100,000 sq.m of office space and 23,000 businesses *(within Core Penrith Market defined on page 14)*. This level of business activity generates sizeable ongoing demand for hotel accommodation and will grow as the market further establishes.

Large and growing resident market. Over the next 10 years to 2030, the resident population in the Western Sydney market is forecast to grow by almost 80,000 residents. A larger base of residents will generate more short stay trips to the area and will drive demand for a greater level of business activity and employment, which will also have flow-on benefits to demand for hotels and other accommodation.

Proximity to major tourist attractions. Penrith is located at the foothills of the Blue Mountains, a major domestic and international tourist destination. The Blue Mountains is estimated to attract some 4.6 million visitors annually (calendar year 2019), including 1.4 million overnight visitors. Penrith is the closest major urban centre to the Blue Mountains.

Visitation associated with major sporting, event and recreation facilities. In Penrith there are several facilities that generate visits from outside the Sydney metropolitan area, including Panthers stadium which is home to the Penrith Panthers rugby league club, Penrith Panthers League club (including conference / event facilities and an exhibition centre) and Sydney International Regatta Centre. All of these facilities are important drivers of visitation to Penrith by visitors seeking overnight accommodation.

Major health and education hub. In 2016 Penrith Council adopted a strategic action plan for ‘The Quarter’ which outlined the development of Penrith as a key education and health precinct. The action plan placed emphasis on expanding the role and presence of education facilities in addition to expanding the health capabilities and capacity within the region. The action plan also highlighted the importance of integrating Penrith into the Western Sydney’s innovation ecosystem as well as the $5bn Sydney Science Park, Western Sydney Airport and north south rail. Since then, the strategic plan behind ‘The Quarter’ has materialised, headlined by state government’s commitment of $1bn towards the two-staged redevelopment of Nepean Hospital. Stage 1 has commenced construction and Stage 2 is likely to be fast tracked by 1-2 years as part of NSW COVID-19 recovery. The continued development and investment within core-industry supporting Western Sydney and Penrith in particular, will further facilitate greater level of visitation to the region, supporting the development short-stay accommodation.

Western Sydney Airport and Aerotropolis. The Western Sydney Aerotropolis is a key strategic site identified by state government that upon development will include a multitude of employment and visitor generating land uses, headlined by the construction of Western Sydney Airport, which is expected to be in operation by 2026. The five ‘initial precincts’ within the Aerotropolis include: Aerotropolis Core, Badgerys Creek, Wianamatta – South Creek, Northern Gateway and Agribusiness. The Northern Gateway is the closest precinct to Penrith city centre, and includes the $5bn Sydney Science Park. This ‘smart city’ is expected to begin construction in 2021 and upon completion will provide a mixture of residential (10,000 residents), education (10,000 students) and health uses, culminating in 12,000 knowledge-based jobs. The delivery of the north south rail line, which will link Penrith with the Western Sydney Aerotropolis, will help generate commercial activity in Penrith. Furthermore, the Penrith City Centre will play a role in accommodating short-stay requirements for workers, visitors and airport-related traffic, particularly in the earlier years as the airport and associated development occurs.

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1.1 EXISTING HOTEL SUPPLY IN PENRITH

Based on an audit undertaken by Urbis in February 2021, Table 1.1.1 and Map 1.1.1 shows the existing short term accommodation establishments in the region of most relevance to Penrith. This area, which is referred to as the Western Sydney market, extends from Rooty Hill in the east to Yarramundi in the north, Springwood in the west and Luddenham in the south.

This catchment has 22 existing establishments, providing 1,345 rooms. The short stay accommodation comprises 11 hotels, 6 motels/inns and 5 serviced apartments.

Within the Penrith City Centre there are 10 short stay establishments with 569 rooms. The key features of the Penrith offer are as follows:

- The existing offer is predominantly 3- to 3.5-star midscale quality, with the provision of 4-star upscale offerings limited to three establishments, two of which are serviced apartments. Compared to other suburban markets such as Bankstown, Liverpool, Campbelltown, Castle Hill and Parramatta, 30% of hotels and almost 50% of hotel rooms are considered 'upscale' hotels and above.
- The vast majority of short stay accommodation consists of small scale facilities, e.g.. less than 70 rooms. Compared with those suburban markets listed above, hotels in Penrith typically consist of 40% less hotel rooms.
- The only larger scale hotel is the Mercure Penrith.

Although the Penrith City Centre possesses the demand drivers for a broader depth and breadth of hotels, to date the market has been concentrated around smaller scale motel/inn and serviced apartment facilities.

When taking into account the demand drivers and benchmarking the Penrith against other suburban markets in Sydney, there is an undersupply of hotel facilities within the Penrith City Centre, and in particular upscale 4 star or higher establishments.

Existing Short Term Accommodation Supply Table 1.1.1

Name of Establishment	Suburb	Driving Distance to Subject Site (km)	Type	Star Rating	Rooms
Mercure Penrith	Penrith	2.1	Hotel	4	222
Quest Penrith	Penrith	2.2	Serviced Apartments	4	115
ValueSuites Penrith	Emu Plains	2.7	Serviced Apartments	3.5	67
Quality Inn Penrith	Penrith	2.9	Motel/Inn	3	55
The Select Inn Penrith	Penrith	1.4	Motel/Inn	3	39
Astra Apartments Penrith	Penrith	2.2	Serviced Apartments	4	16
Astina Central	Penrith	2.1	Serviced Apartments	3	16
Astina Parkside	Penrith	1.6	Serviced Apartments	3.5	15
Penrith Hotel Motel	Penrith	1.0	Motel/Inn	3	14
Nightcap At Jamison Hotel	South Penrith	2.7	Hotel	3	10
Core Penrith Sub-Total (10)					**569**
Novotel Sydney Rooty Hill	Rooty Hill	15.4	Hotel	4.5	164
Alpha Hotel Eastern Creek	Eastern Creek	24.7	Hotel	4.5	164
Holiday Inn Sydney St Marys	St Marys	9.0	Hotel	4	119
Voyager Motel	Minchinbury	14.6	Motel/Inn	3.5	78
Mercure Rouse Hill	Rouse Hill	34.8	Hotel	4	78
Nightcap At Blue Cattle Dog Hotel	St Clair	10.4	Hotel	3.5	34
Nightcap At Colyton Hotel	Colyton	10.6	Hotel	3.5	30
Wallacia Hotel	Wallacia	16.3	Hotel	4	30
St Marys Park View Motel	St Marys	7.5	Motel/Inn	3.5	28
Pioneer Way Motel	Faulconbridge	19.1	Motel/Inn	3	21
Plumpton Hotel	Glendenning	26.5	Hotel	3	21
Royal Hotel	Springwood	17.6	Hotel	2.5	9
Western Sydney Sub-Total (12)					**776**
Grand Total (22)					**1,345**

Source: STR, Urbis

1.1 PROPOSED HOTEL SUPPLY IN PENRITH

Table 1.1.2 and Map 1.1.1 (overleaf) outlines the proposed short stay accommodation developments in the catchment.

There are currently 11 developments proposed, which could bring an additional 1,178 rooms to the catchment by 2027. Of these projects, 9 are situated in the Penrith City Centre (890 rooms).

Two developments located in Penrith are currently under construction, which are anticipated to add 211 rooms by the end of 2021. This includes Penrith Panther's Western Sydney Community & Conference Centre, which will feature a 4.5-star 153-room hotel.

Four developments have received development approval, which, if constructed, could deliver a further 451 rooms within the next five years. Further to this there are five projects that are in the early planning or development application stage.

Scentre Group's proposed development has arguably the strongest location attributes of the hotel supply in the pipeline, recognising its proximity to the main concentration of higher grade office stock/commercial core area, train station and best accessibility to core retail, entertainment and food & beverage facilities in the City Centre.

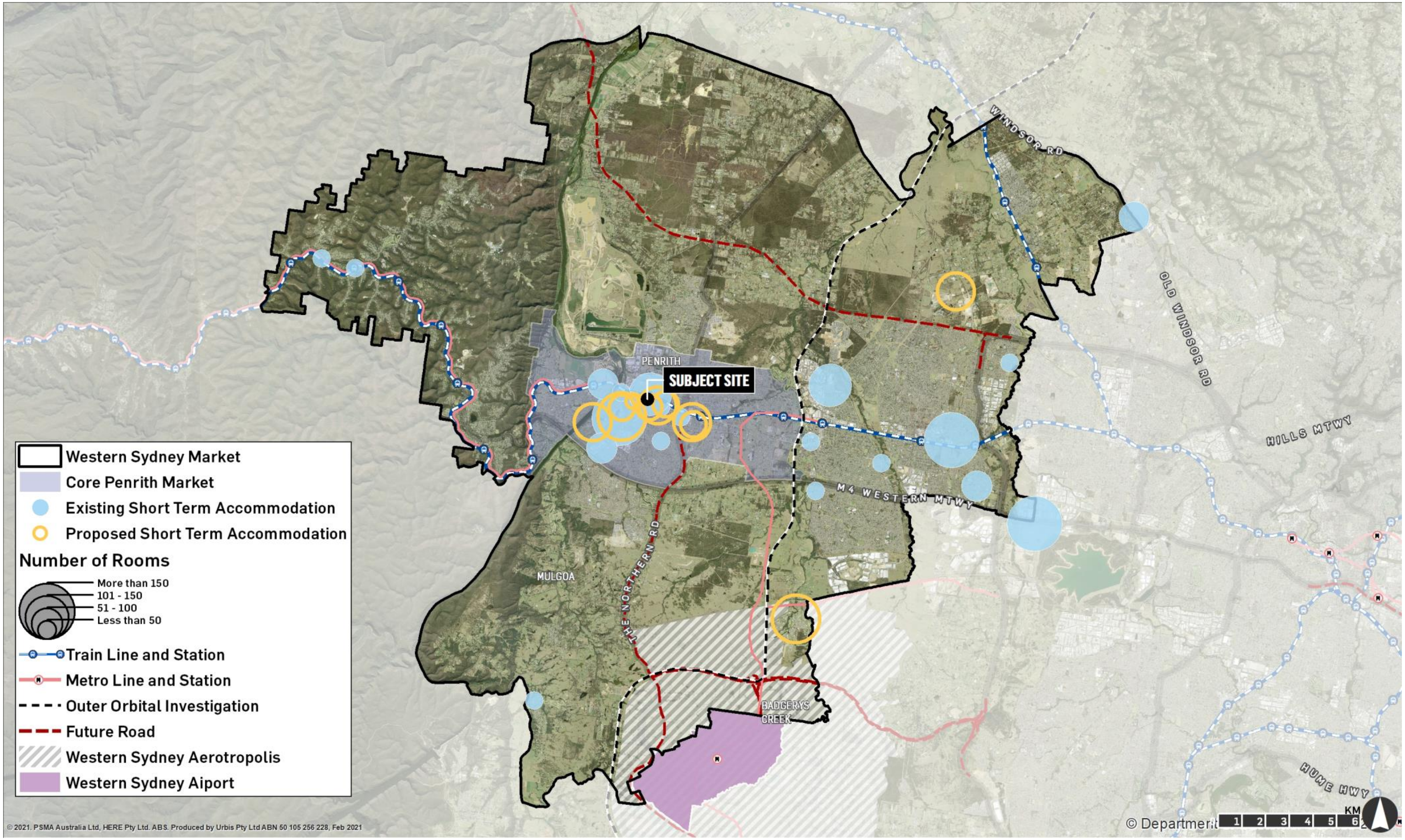
Improving the quality and quantum of hotel rooms would be expected to improve the attractiveness of Penrith as short stay location and build the overall market for hotels and serviced apartments.

Proposed Short Term Accommodation Establishments Table 1.1.2

Project Title	Project City	Distance from Subject Site (km)	Type	Completion Year*	Development Status	Rooms
Western Sydney Community & Conference Centre	Penrith	1.6	Hotel	2021	Construction	153
Somerset Street Hotel	Kingswood	2.6	Hotel	2024	Development Application	140
Australian Arms Hotel	Penrith	0.9	Hotel	2024	Development Application	115
Winter Sports World	Jamisontown	3.0	Hotel	2024	Early Planning	120
Henry Street Mixed Use Development	Penrith	0.8	Hotel	~2025	Early Planning	100
Astina Suites Mixed Use Development Penrith	Penrith	0.6	Serviced Apartments	2021	Construction	58
Penrith Panthers Serviced Apartments - WSCCC	Penrith	1.6	Serviced Apartments	2022	Development Approval	83
Hargrave Street Serviced Apartments	Kingswood	2.7	Serviced Apartments	2023	Development Approval	80
High Street Mixed Use Development	Penrith	0.6	Serviced Apartments	2027	Development Application	41
Core Penrith Sub-Total (9)						**890**
Twin Creeks Resort - Stage 1	Luddenham	16.1	Hotel	2022	Development Approval	165
Hawthorne Avenue Hotel	Marsden Park	27.0	Hotel	2023	Development Approval	123
Western Sydney Sub-Total (2)						**288**
Grand Total (11)						**1,178**

** Except for projects under construction, timing is indicative only*
Source: Cordell, Urbis

1.1.1 EXISTING AND PROPOSED HOTEL SUPPLY



1.2 PENRITH TOURIST MARKET TRENDS

All data displayed on this page refers to the 'Core Penrith Market' defined on page 14.

Chart 1.2.1 shows that the number of visitors in the Core Penrith market has risen significantly over the past decade, increasing from 137,000 in 2010 to 215,000 by 2020 or 57% (78,000 visitors) per annum, which is in-line with the Western Sydney market.

In Penrith, the growth in tourists has been weaker than the Western Sydney market, growing by around 38% from 2010-14 to 2015-20' relative to Western Sydney (43%). Penrith therefore has been accounting for a progressively smaller share of visitor activity in the Western Sydney market (e.g. share of visitors has declined from 49% between 2010-2015 to 47% between 2015-20).

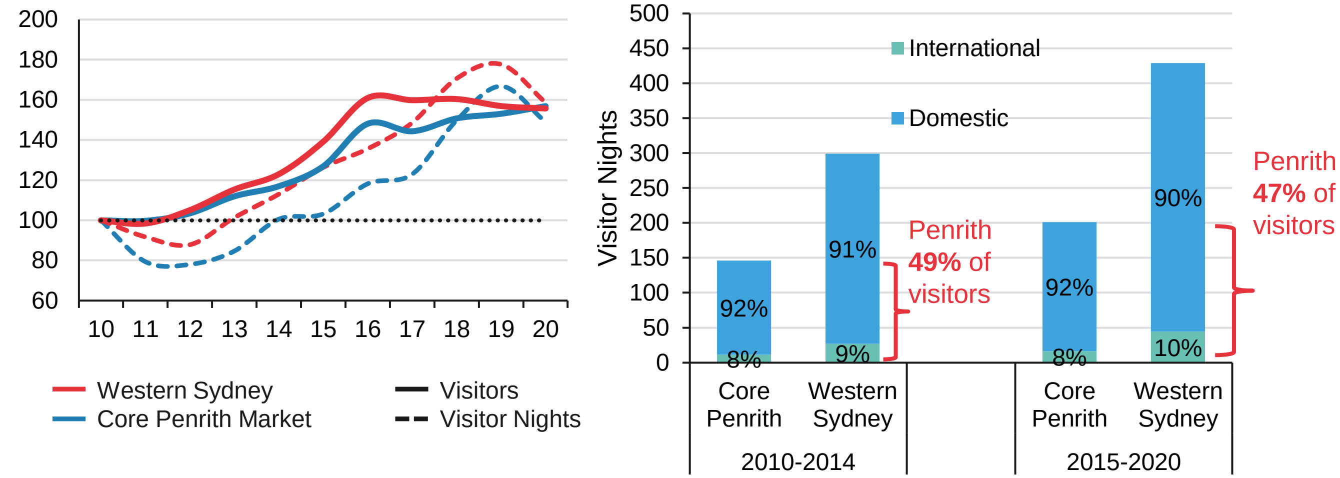
In 2020, tourist numbers fell across all markets due to Covid-19 effects and restrictions on domestic and overseas travel.

While majority of the growth over the past decade has been driven by domestic visitation, reflecting the broader growth of metropolitan Sydney, there has been a growing proportion of international visitation since 2015 (excluding 2020).

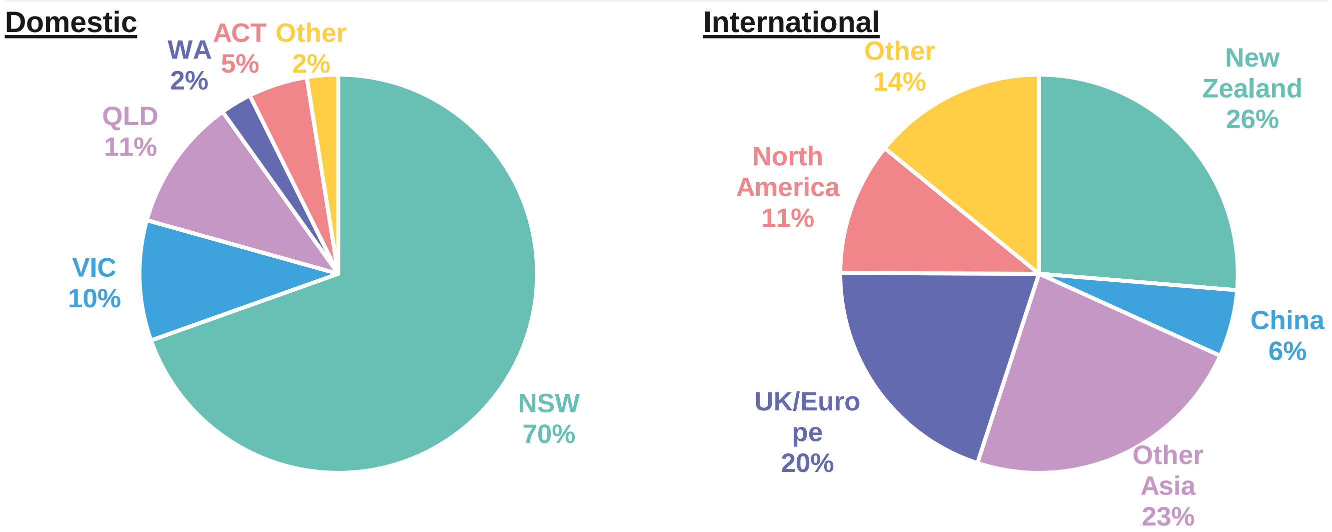
Chart 1.2.2 shows that historically domestic visitation has been driven by intrastate visits, while New Zealand and Asia are the major sources of international visitation, together accounting for 55% of international visitors.

In the short term the volume of domestic visitation is expected to be higher than recent trends, largely due to a continuation of restrictions on overseas travel. In the case of international visitation, the market is expected to remain subdued over the next few years and return to more normalised trends around 2023-2024.

Historical Overnight Visitation (Year to September, 3 yr rolling average) Chart 1.2.1



State/Country of Origin (5-Year Average, 2016-2020, Visitors) Chart 1.2.2



Source: Tourism Research Australia, Urbis

1.3 PENRITH VISITOR AND ACCOMMODATION TRENDS

Table 1.3.1 shows the main purpose of visit for domestic and international tourists within the Core Penrith Market (average of the five years from 2016-2020).

Visiting friends and relatives (VFR) was the most common purpose for both domestic and international visitation, followed by holidays and business. Compared to Western Sydney and other similar suburban markets, the main purposes of visitation is largely similar to Penrith, with a slightly higher proportion visiting for Holiday purposes.

Table 1.3.2 shows the accommodation preferences of visitors to the Core Penrith catchment, averaged between 2016 and 2020.

Over the past five years, around one-quarter of visitors typically stay within hotel (or similar) accommodation. This is marginally greater (+6%pts) than the broader Western Sydney market and slightly less (-3%) than the average of similar suburban markets. Accommodation preferences throughout Penrith, Western Sydney and other like-markets is predominately offered through private accommodation.

Importantly for Penrith, the share of visitors within Hotels & similar accommodation has declined by 9%pts between 2010-15 to 2016-2020, which far exceeds the movement in accommodation preferences seen in Western Sydney and other suburban markets. The declining share of visitors staying within hotel (or similar) accommodation could partly be reflective of Penrith's hotel supply not meeting the level of tourist visitation or their demand for higher-quality stock.

Western Sydney Hotel Occupancy[5]

73%

Purpose of Stopover (All Visitors, 5-Year Average, 2016-2020) Table 1.3.1

	Proportion of Visitors, Purpose of Stopover			
	Holiday	Visiting friends and relatives	Business	Other
Penrith	23%	50%	19%	8%
Western Sydney Market	**18%**	**55%**	**18%**	**9%**
Average of Other Suburban Markets[4]	**19%**	**52%**	**19%**	**10%**

Accommodation Type (5-Year Average, 2016-2020) Table 1.3.2

	Proportion of Visitors				*% pt change from 2010-2015*
	Hotels & Similar[1]	Other Commercial[2]	Private[3]	Other	*Hotels & Similar[1]*
Penrith	25%	10%	63%	2%	*-9%*
Western Sydney Market	**19%**	**6%**	**74%**	**2%**	***-5%***
Average of Other Suburban Markets[4]	**28%**	**5%**	**65%**	**2%**	***0%***

[1] *Includes serviced apartments, motels, resorts and motor inns.*
[2] *Includes guest houses, rented homes or apartments, backpacker/hostels, etc.*
[3] *Includes the homes of friends or relatives, one's own property, etc.*
[4] *Includes Bankstown, Rouse Hill, Liverpool, Blacktown, Campbelltown, Castle Hill, Hornsby, Miranda and Parramatta*
[5] *As at December 2019*
Source: Tourism Research Australia, Urbis, STR Global

1.4 MARKET NEED AND DEMAND FOR NEW HOTEL STOCK IN PENRITH

The market need and demand for the proposed hotel integrated with the Westfield Penrith property is demonstrated by the following:

1. Addresses a low supply of hotel accommodation and reduces the loss of short stay visits

Compared with other suburban city-centre markets, such as Liverpool, Bankstown, Parramatta, Campbelltown and Castle Hill, the provision of hotel rooms in Penrith is low relative to the size and range of demand drivers.

With a better range and quality of hotels, the Penrith City Centre will be in a stronger position to grow the market in western Sydney, capture more of the available short stay demand and would be expected to underpin higher levels of occupancy consistent with good performing hotel markets.

A greater number of visitors also has flow-on benefits for the overall activity, performance and vibrancy of the Penrith City Centre.

2. Contributes to the provision of more higher-grade and larger hotels

Penrith currently has only two short stay establishments that are rated as ‘4 star’ or above and are of a larger scale (e.g. > 100 rooms). When compared with other suburban city centre markets there is typically around 50% of short stay rooms that are graded ‘upscale’ and above. In Penrith there are only two short stay establishments with 20% of rooms that are in the higher grade category. The proposed 152 room hotel, aimed at a 4-5 star rating, would address a need and demand for hotels in the higher grade category.

Improving the diversity of hotel stock within Penrith is critical to maximising future tourist visitation. Importantly higher-grade stock has the potential to encourage more affluent visitors to stay in Penrith who typically have a greater spending capacity for retail goods and services.

3. Enhances competitive position of Penrith as a tourist destination and business node

A well supplied hotel offer that adequately meets the needs of a broad cross-section of the market, is integral to positioning Penrith as a prime destination for overnight stays in western Sydney and in providing the infrastructure to support a greater volume and diversity of business activity in the City Centre. Penrith City Centre, with its established and improving retail, entertainment and F&B offer, proximity and connectivity to the Aerotropolis precinct has the attributes to support its role as a key short stay location.

4. Capitalises on future growth in the Penrith tourist market

Since 2010, the number of residents within the Western Sydney market has grown by 13%, in addition to a growing local business base in Penrith City Centre (+36%). Further growth in the resident market and increasing levels of commercial activity within Penrith and key existing and emerging business nodes (e.g. Aerotropolis) will drive demand for a greater range and diversity of short stay accommodation, of which hotels will be a key contributor to addressing demand.

The visitor market in Western Sydney has the potential to grow in excess of historical trends which is around 6% p.a. If hotels within Penrith captured a similar share of hotel accommodation stays, the number of hotel rooms sustained in the market could be increased by 135% (or +770 rooms). The growing the level of business and commercial activity (i.e. airport and other emerging employment nodes) could provide demand for a further increase in the number of hotel rooms within Penrith.

5. Generates spin-off benefits for retail / commercial activity

The attraction of more overnight visitors will drive greater spin-off benefits for retailers, entertainment facilities, food & beverage establishments and services. In terms of retail spending, Scentre Group’s proposed hotel could generate around $2.8 million annually for retail shops and services in the Penrith City Centre.

1.5 ADVANTAGES OF SCENTRE GROUP PROPOSAL

1. Addresses a key gap in the hotel offer in Penrith City Centre

'The Hub' will be a 152 room upper scale (~4 star +) hotel and upon development will be one of the more premium hotel offer's within Penrith's city centre and provide the Penrith market with a new and higher quality hotel offer to visitors to the region.

The development therefore addresses a key gap in the short stay accommodation that is expected to build the market and strengthen Penrith's role as a short stay destination.

2. Caters for and drives future growth in short-stay visits

Between 2010 and 2019 the number of domestic and international overnight visitor nights in Penrith has grown by 36% and 5% respectively.

With further growth in the resident population, tourists, business activity and developing employment nodes in western Sydney, the Scentre Group proposal in terms of its scale and quality of offer, will be contribute to meeting and driving demand for short stay accommodation in Penrith City Centre.

3. Optimal location within the City Centre

'The Hub' development is centrally located and with its direct integration with the main shopping destination (Westfield Penrith) and its upgraded entertainment, dining and leisure precinct (centred around Riley Street) will provide hotel visitors with the best access to amenities during their stay in the City Centre. The hotel will also be in close proximity to the train station (200 metres) and the main office hub in the city (including the two new A-grade office buildings proposed by Scentre Group), thus helping to maximise agglomeration benefits from the development.

The Hub's' integration and proximity to the main commercial and retail/dining functions of the city centre will be appealing to potential visitors and drive demand for short stay visits in Penrith City Centre.

4. Potential to deliver greater spin-off benefits for the Penrith City Centre

The location of 'The Hub' hotel will provide visitors with convenient access to the core amenities in the Penrith City Centre, As a result and relative to other hotels, the Scentre Group development has the potential to deliver significantly higher spin-off benefits to retail shops, entertainment facilities, services and cafes, restaurants and other F&B establishments.

Greater levels of business activity will have flow-on benefits for the overall economic performance of the City Centre.

SECTION 2: COMMERCIAL OFFICE MARKET NEED AND DEMAND

Key findings

1. **Office jobs:** Office jobs in Western Sydney are expected to grow by 29,400 to 2028.
2. **Demand for office:** By 2028, there is potential to support an additional 442,000 sq.m of office space in the Western Sydney market.
3. **Market share:** With a net additional 16,575 sq.m, Scentre Group's proposed development would account for less than a 4% share of estimated market demand.
4. **Future supply:** The 20,482 sq.m of other proposed A-grade office in Penrith can also comfortably be supported by the market.
5. **Workplace trends:** Decentralisation of the office and evolving workplace trends will support demand for A-grade space in suburban markets such as Penrith.
6. **Higher grade office stock:** There is a market need for a greater provision of A-grade office stock in Penrith City Centre to address demand.
7. **Flow-on Benefits:** Better quality office space would also attract higher value business activity which would have flow-on benefits for the balance of the City Centre.
8. **Employment Targets:** The proposed office development will provide a significant contribution to the jobs target for Penrith City Centre.

29,400

Additional Office Jobs to 2028 in Western Sydney

~441,500 SQ.M

Office Demand to 2028 in Western Sydney

4%

Scentre Group's Development Share of Western Sydney Demand

2.1 WORKPLACE TRENDS AND OFFICE DEMAND

This section of the report covers the workplace trends relevant to future office demand and how these are benefiting demand in suburban markets and better quality more modern work environments.

Over the past year many of these trends have been accelerated by the effects of COVID-19 which include a greater focus on more flexible working arrangements, improvements in office technology, design and quality of workspace to facilitate a more productive workplace and an increasing ‘flight to suburbia’ trend.

The innovation, knowledge and services economy will continue to play an important role for office demand, as well as roles requiring face-to-face interaction and creative collaboration (e.g. sales, HR, R&D, engineering).

Shifting toward a fluid workplace, anchored by a high quality offices and supported by a network of smaller locations will become a reality more quickly than anticipated pre-COVID-19. By 2030, CBRE predicts that nearly all employees will be mobile and require a network of locations to make them as productive and engaged as possible.

Decentralisation of the office market will see the spatial distribution of office demand shift toward liveable, well-connected suburbs and new clusters of innovation and service based activities.

The proposed office development by Scentre Group, i.e. new quality A-grade space, integrated with the Westfield shopping centre and located in a key suburban commercial node in western Sydney, has the attributes that align with many of the key office market trends and needs of workers and businesses going forward. This development would also contribute to the ’30-minute city’ vision for Sydney.

Technology

- Technology has played a significant role in maintaining collaboration and social interaction during periods of forced remote work but is unlikely to replace the need for physical workplaces to enhance innovation and productivity in the long term.
- There is increasing demand for smart offices, as companies focus on sustainability and health & wellness initiatives.

THE OFFICE PROVIDES ASPECTS OF SOCIAL INTERACTION, MENTORING AND MANAGEMENT THAT TECHNOLOGY CANNOT REPLICATE

Flexible Working Arrangements

- The working from home trend highlights the need for a flexible workplace. Future office design will need to allow for flexible working arrangements, something lower grade existing stock is generally not able to support effectively.
- A JLL survey of office users showed increasing preference for the integration of flexible remote working options, averaging 1-2 days a week. There is still overwhelming demand for regular office interaction.

OFFICES WILL REMAIN THE MOST IMPORTANT BASE FOR BUSINESS AND WORKERS WITHIN A MORE FLEXIBLE WORKING ENVIRONMENT

Flight to Suburban Markets

- The effects of Covid-19 have heightened the awareness and appeal of the convenience provided from working more locally. Demand for jobs in more suburban markets is expected to increase.
- To create a ’30-minute city’, more jobs need to be provided where there is highest densities and/or growth is occurring (e.g. western Sydney) to minimise commute times and congestion.

THE DEMAND FOR WORKING CLOSER TO HOME AND GROWTH OF THE WESTERN SYDNEY MARKET WILL INCREASE DEMAND FOR EMPLOYMENT IN MORE SUBURBAN MARKETS SUCH AS PENRITH

Office Design

- Redesigning office spaces away from individual full-day occupancy desks towards spaces that emphasise face-to-face interactions.
- Upward trend in occupational density has sharply reversed due to social distancing requirements. This is likely to recover but not to the extent of pre-COVID-19 densities.
- The quality of the workplace plays a major role in the employee value proposition to secure the best talent, which will continue to shape future office design and demand.

CHANGING CORPORATE PERCEPTION OF OFFICE REAL ESTATE FROM AN EXPENSE TO A STRATEGIC PERFORMANCE DRIVER

2.2 EXISTING COMMERCIAL OFFICE STOCK

Table 2.2.1 details the performance of the Sydney West commercial office market. This market includes Penrith and Blacktown. Penrith is currently estimated to provide around 100,000 sq.m of commercial office space.

Field work undertaken by Urbis and discussions with local agents have indicated a large variance in the quality of Penrith's office stock (ranging from A-grade to D-grade). There are two key A-Grade towers in the City Centre, namely 121 Henry Street and 2-6 Station Street, which combined account for around 20% of commercial office floorspace in Penrith. These A-Grade buildings, which were both built more than 10 years ago, are predominantly occupied by State and Federal Government tenants. Across Penrith, there is a greater weighting of space in the lower grades and the market is largely characterised by older / less efficient office space.

Urbis estimates have the February 2021 vacancy rate for Penrith at around 8%, an increase on the 6.4% vacancy rate noted by Knight Frank (across the Sydney West market) in January 2019. The impact of COVID-19 on market conditions is in part influencing this level of vacancy, however most of the vacancy is in lower quality office stock where demand is lower.

An increase in quality A-grade office space would be expected to better align with market demand and in turn improve the performance of the Penrith office market. The Scentre Group proposal would deliver a marked improvement in the quality of office stock in Penrith City Centre and would be expected to attract significant market interest due to the strengths of the location (e.g. a short walk from the train station, integration with the shopping centre and all the amenities it provides and within the heart of the CBD where commercial activity is highest)..

Sydney West* Commercial Office Market Table 2.2.1

	Jan-15	Jan-19
Total Stock	152,435	159,965
Vacancy Rate	5.9%	6.4%
A Grade Gross Face Rent	$331	$348
A Grade Incentive	25.0%	20.0%
Outgoings	$85	$87
A Grade Core Market Yield	9.25-10.25%	7.5-8.5%

**Sydney West includes Penrith and Blacktown*
Source: Knight Frank

A Grade: 121 Henry Street

Lower Grade: High Street

A Grade: 2-6 Station Street

Lower Grade: High Street

2.2 PROPOSED COMMERCIAL OFFICE STOCK

As per Table 2.2.2, there is currently 20,482 sq.m of proposed A-grade office space in the Penrith City Centre, 14,898 sq.m of which has received development approval. The pipeline is modest in scale with completions spread from 2022-2027.

The proposed commercial office developments at the Westfield Penrith subject site are both larger than any of the other proposed developments.

The following page maps existing and proposed office and proposed office developments in the Penrith City Centre.

New Office Supply Table 2.2.2

Project Name	Address	NLA (sq.m)	Grade	Development Stage	Indicative Completion Year*
50 Belmore	46-50 Belmore Street, Penrith	9,382	A	Development Approval	2022
Henry Street Commercial Centre	84 Henry Street, Penrith	1,760	A	Development Approval	2023
Barwick 306	304-306 High Street, Penrith	3,758	A	Development Approval	2024
Soper Place Commercial Development	5-17 Lawson Street, Penrith	5,584	A	Development Application	2027
Total		**20,482**			

** Currently no definitive timing for these developments.*
Source: Cordell Connect

2.2.1 EXISTING AND PROPOSED OFFICE SUPPLY IN PENRITH CITY CENTRE

2.3 DEMAND FOR COMMERCIAL OFFICE SPACE IN WESTERN SYDNEY

Table 2.3.1 presents an assessment of the potential demand for commercial office space in western Sydney to 2036. As shown in Map 2.3.1, the Western Sydney office market is defined as the area including and extending west from Liverpool, Blacktown and Campbelltown to Penrith.

The estimate of potential demand for office space is based on the forecast growth in office based jobs in the Western Sydney catchment taking into account:

- Employment projections prepared by the Transport for NSW (TZP19) adjusted for COVID-19 impacts.
- The number of 'office' jobs has then been estimated based on the expected employment by industry.

Office jobs in Western Sydney are expected to grow by over 63,700 from 2020-2036. With an assumed office job density of 15 sq.m per worker, the cumulative increase in demand for office space to 2036 is estimated at ~955,000 sq.m.

The proposed development that would provide approximately 20,000 sq.m of office space across two buildings (delivering a net ~16,500 sq.m of additional floorspace) would be expected to capture around 4% of the expected growth in demand for office space in Western Sydney to 2028 (the year identified for completion of the office component of the development).

Over the same period to 2028, the Western Sydney market could potentially support in excess of 25 other developments of similar scale to that proposed by Scentre Group. There is extensive capacity in the market to support other developments in the Penrith City Centre and major employment nodes throughout Western Sydney.

Western Sydney Commercial Office Demand Table 2.3.1

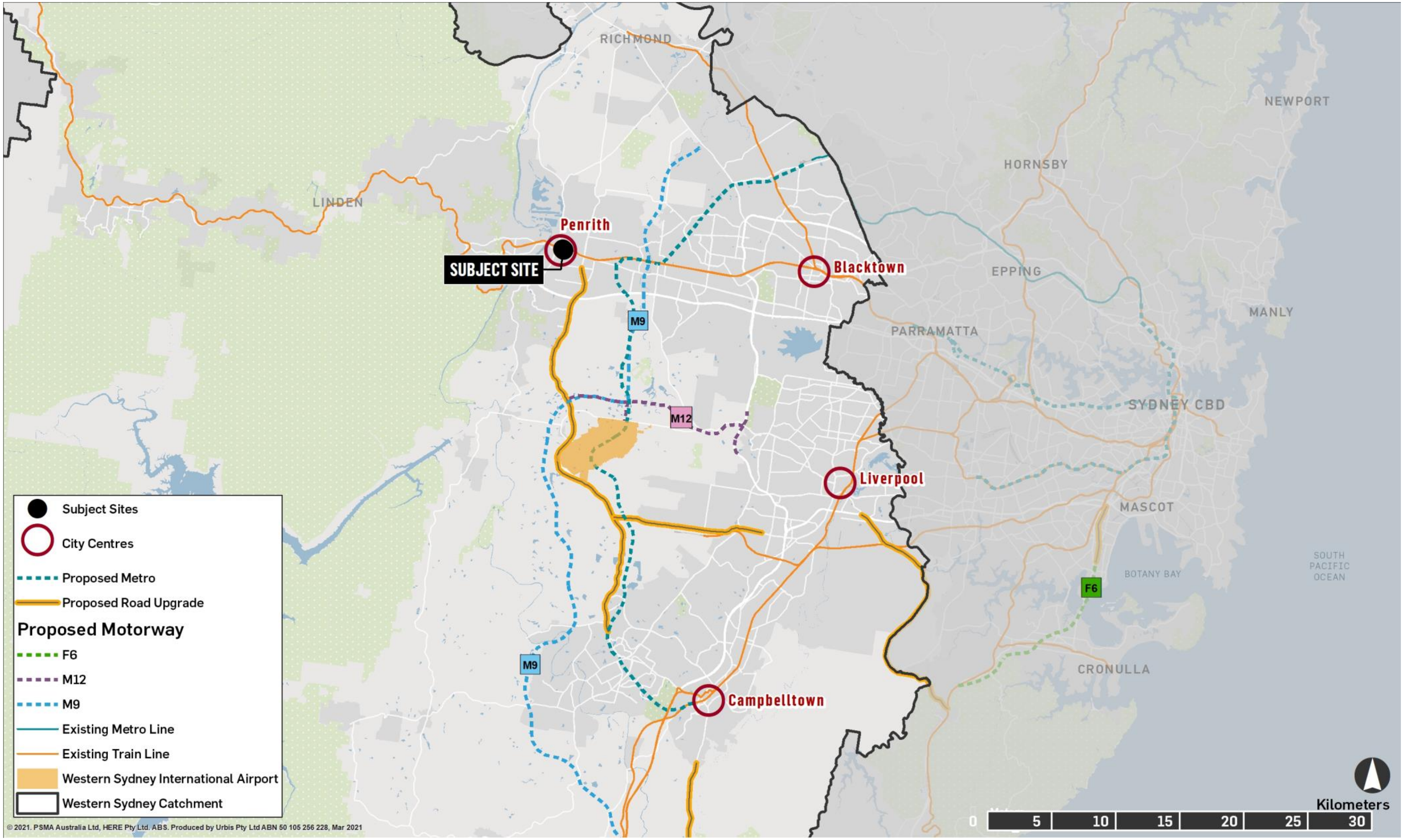
	Unit	2021	2026	2028	2031	2036
Demand						
Estimated Office Jobs	*no.*	167,800	187,200	194,900	207,100	229,100
Cumulative Office Job Growth	*no.*	2,400	21,700	29,400	41,600	63,700
Job Density	*sq.m/worker*	15.0	15.0	15.0	15.0	15.0
Additional Demand (Annual)	*sq.m*	35,800	69,000	58,400	62,300	69,200
Cumulative Additional Demand	***sq.m***	**35,800**	**326,000**	**441,500**	**624,500**	**955,400**
Subject Site Supply						
Borec House (Existing)	*sq.m*		-3,559			
Borec House (Proposed)	*sq.m*		10,134			
The Hub (Proposed)	*sq.m*			10,000		
Subject Site Total (Annual)	*sq.m*		6,575	10,000		
Subject Site Share of Annual Demand	***%***		**9.5%**	**17.1%**		
Subject Site (Cumulative Net)	*sq.m*		6,575	16,575	16,575	16,575
Subject Site Share of Cumulative Demand	***%***		**2.0%**	**3.8%**	2.7%	1.7%

Source: Scentre Group, Transport for NSW, Urbis

WESTERN SYDNEY WILL DEMAND AN ESTIMATED ~441,500 SQ.M OF OFFICE FLOORSPACE TO 2028

THE WESTERN SYDNEY MARKET CAN SUPPORT 25 OTHER DEVELOPMENTS OF SIMILAR SCALE TO 2028

2.3.1 COMMERCIAL OFFICE WESTERN SYDNEY STUDY AREA



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2.4 COMMERCIAL OFFICE MARKET SUMMARY

Workplace Trends

COVID-19 has accelerated many of the commercial office trends that have been emerging over recent years.

These trends primarily relate to a greater focus on more flexible working arrangements, improvements in office technology, design and quality of workspaces to facilitate a more productive workplace and an increasing 'flight to suburbia' trend.

Decentralisation of the office market will see the spatial distribution of office demand shift to a more suburban market. Liveable and well connected suburbs, with high levels of amenity and established business operations are well placed to benefit from this shift.

The proposed office development by Scentre Group, i.e. new quality A-grade space, integrated with the Westfield shopping centre and located in a key suburban commercial node in western Sydney, has the attributes that align with many of the key office market trends and needs of workers and businesses going forward.

SCENTRE GROUP'S PROPOSAL WILL PROVIDE THE TYPE OF OFFICE SPACE THAT ALIGNS WITH THE FUTURE NEEDS OF THE MARKET

Penrith Office Market

Penrith currently provides ~100,000 sq.m of office space with an estimated current vacancy rate of 8%. There is a wide mix of office stock ranging from A-grade to D-grade space, with the better quality offices in the immediate vicinity of the Westfield Penrith property.

Most office vacancy is in lower quality, C and D-grade stock. Strongest demand exists in the higher grade office stock, particularly A-grade space.

The existing lower grade stock will suffer from obsolescence as it is unable to be adapted to respond to emerging workplace trends and will not meet the demands of customers

New, A-grade office development is required to cater to the changing needs of businesses and workers. The proposed developments at Westfield Penrith are well placed to respond to change in market demand.

HIGHER QUALITY A-GRADE OFFICE DEVELOPMENTS WILL ADDRESS THE SEGMENT OF THE MARKET WITH HIGHEST DEMAND AND STRENGTHEN THE OVERALL OFFICE MARKET IN PENRITH

Demand for Commercial Office

Western Sydney is expected to add another 63,700 office jobs between 2020 and 2036, generating demand for potentially an additional ~955,400 sq.m of office space.

By 2028, cumulative additional office space demand is estimated at ~442,000 sq.m. The Scentre Group proposal (with a net additional ~16,575 sq.m) would only absorb around 4% of additional available demand in Western Sydney.

The balance of potential available office space demand could support the 20,482 sq.m of other proposed developments in the Penrith City Centre as well as around 25 other similar scale developments across Western Sydney.

The Aerotropolis and surrounding precincts are not expected to absorb a significant proportion of this demand before 2028 as it will take decades for the area to be built out. It is reasonable that other markets absorb the majority of available office space demand over the next 5-10 years.

Penrith City Centre is strategically important location given the quality of supporting transport infrastructure, its role as a commercial and employment node and extent of amenities and demand drivers that support office based activities.

SUFFICIENT MARKET DEMAND TO SUPPORT THE SCENTRE GROUP DEVELOPMENT AS WELL AS 25 OTHER SIMILAR SCALE DEVELOPMENTS

SECTION 3: ECONOMIC & PUBLIC BENEFIT

Key findings

1. Construction employment: The development will support 78 direct and 118 indirect construction jobs
2. Operational employment: The development will support 1,361 direct and 784 indirect operational jobs
3. Construction Gross Value Add: The construction phase will contribute $109M of GVA to the broader NSW economy
4. Operational Gross Value Add: The operational phase will contribute $184M of GVA to the Penrith and broader NSW economy each year
5. Jobs Closer To Home: The proposed development will deliver white collar jobs to Penrith, combating the existing job leakage
6. Drive Additional Spend in Penrith City Centre: The 1,361 additional employees and hotel guests in Penrith will drive spin off benefits for retailers in the CBD in the order of $10.1 million
7. Other Consumer Benefits: Increased utilisation of public transport, improved public realm, safer environment, more vibrant night-time economy and a catalyst for other development

205

Construction Phase jobs

2,145

Total Operational Jobs

$319M

Gross Value Add to the economy annually

3.1 EMPLOYMENT GENERATION – CONSTRUCTION PHASE

Construction of the proposed development would require substantial capital investment, which would generate significant employment in the local and wider economies.

It is understood that Borec House will have a 1.5 year construction period. For the purposes of this analysis, we have estimated completion by 2026. The Hub is expected to take two years with completion estimated in 2028.

The proposed developments are estimated to require project expenditure of approximately $145 million over the 3.5 years of construction.

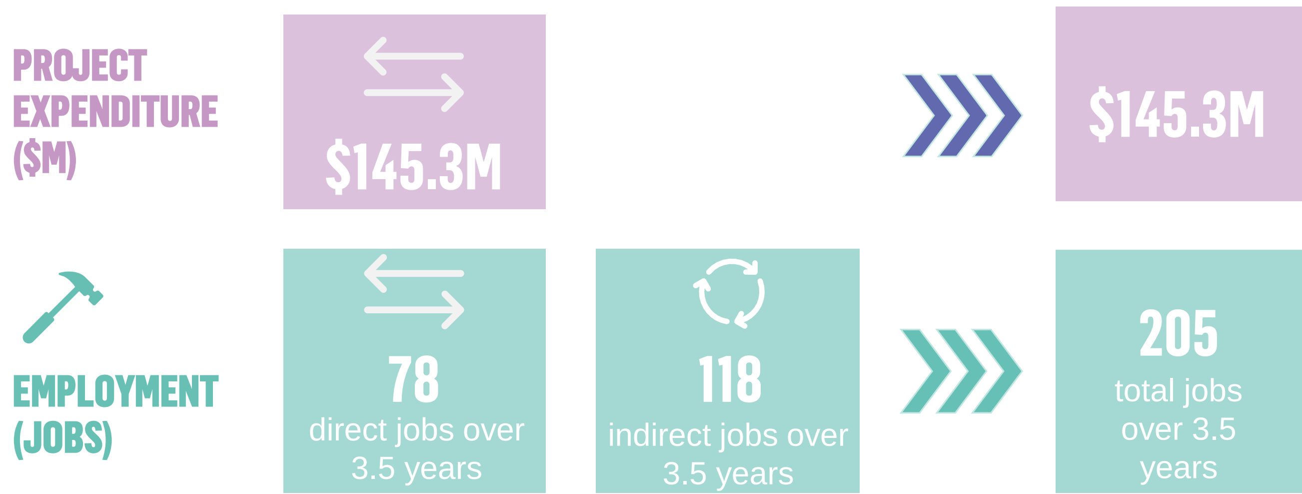
Based on economic modelling, using REMPLAN, the construction of the proposed development would generate 617 total jobs, including multiplier effects, over the construction period, including:

- Direct jobs = 78 jobs
- Indirect jobs = 118 jobs

Most of new direct jobs will be in the construction sector.

Indirect jobs associated with the construction are expected to be mostly in manufacturing, accounting for one third of total indirect jobs.

Construction Jobs Figure 3.1.1



Source: Scentre Group, REMPLAN Economy, Urbis

3.2 GROSS VALUE ADDED – CONSTRUCTION PHASE

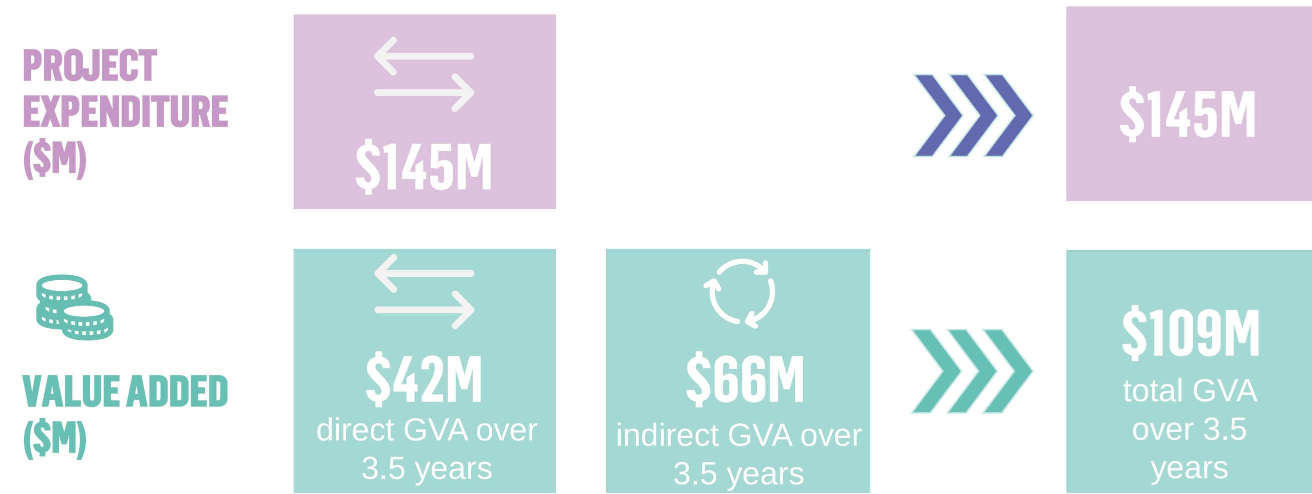
The significant capital investment required for the construction of the proposed development will generate a significant uplift in economic activity in

We have used the REMPLAN model to assess the potential economic contributions of the construction of the proposed development in terms of Gross Value Added (GVA).

The construction phase will generate **a total Gross Value Added (GVA) of $109 million to the NSW economy during the 3.5-year construction period.**

- Direct GVA = $42 million
- Indirect GVA = $66 million

Construction Phase Figure 3.2.1



Source: Scentre Group, REMPLAN Economy, Urbis

3.3 EMPLOYMENT GENERATION – OPERATIONAL PHASE

Upon completion of the development, the ongoing operations will support new jobs and generate value added to the economy.

The ongoing phase will generate **a total net increase of 2,145 jobs**.

- Direct jobs = 1,361 jobs
- Indirect jobs = 784 jobs

Direct jobs are associated with the future intended uses on the subject site. The hotel component is expected to create 101 jobs with a density of 1.5 rooms per job.

The proposed office space is expected to create 1,105 jobs based on a job density of 15 sq.m applied to the net uplift of floorspace on the site. This assumption is conservative given the downward trend in office market job densities.

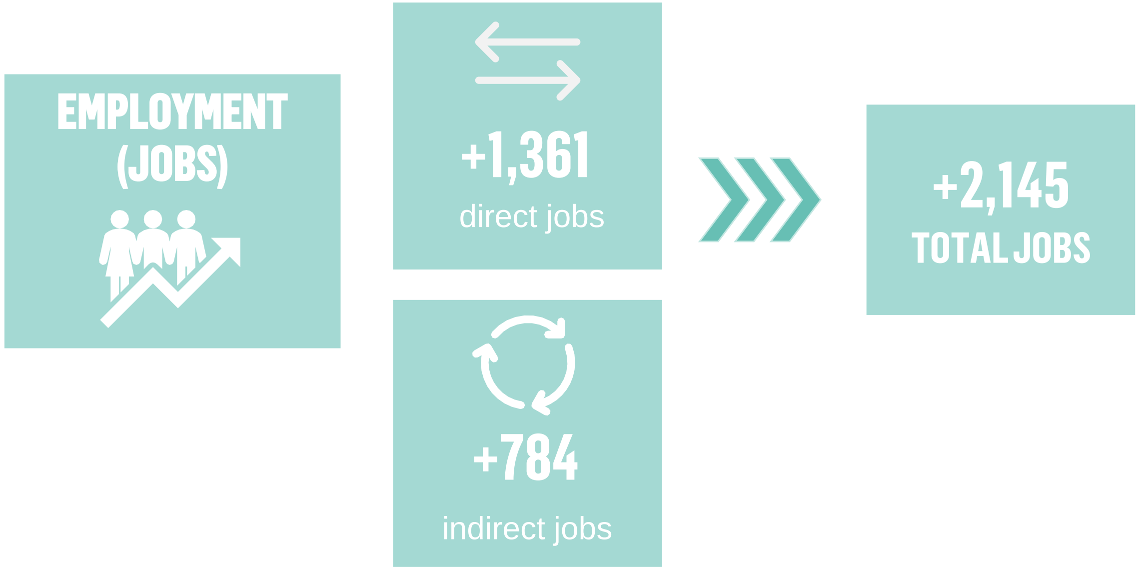
The retail component is expected to create an additional 155 jobs to the already substantial existing retail employment at Westfield Penrith.

Direct Operational Jobs Table 3.3.1

Land Use	Proposed	Unit	Job Density	Total Jobs
Hotel	152	*Rooms (No.)*	1.5	101
Commercial Office*	16,575	*NLA (sq.m)*	15	1,105
Retail*	4,651	*GFA** (sq.m)*	30	155
Total				**1,361**

**Net uplift of commercial office and retail*
***NLA numbers for the proposed retail are unknown*
Source: Scentre Group, Landcom, Melbourne CLUE, PLUC, Urbis

Total Operational Phase Jobs Figure 3.3.1



Source: Scentre Group, REMPLAN Economy, Urbis

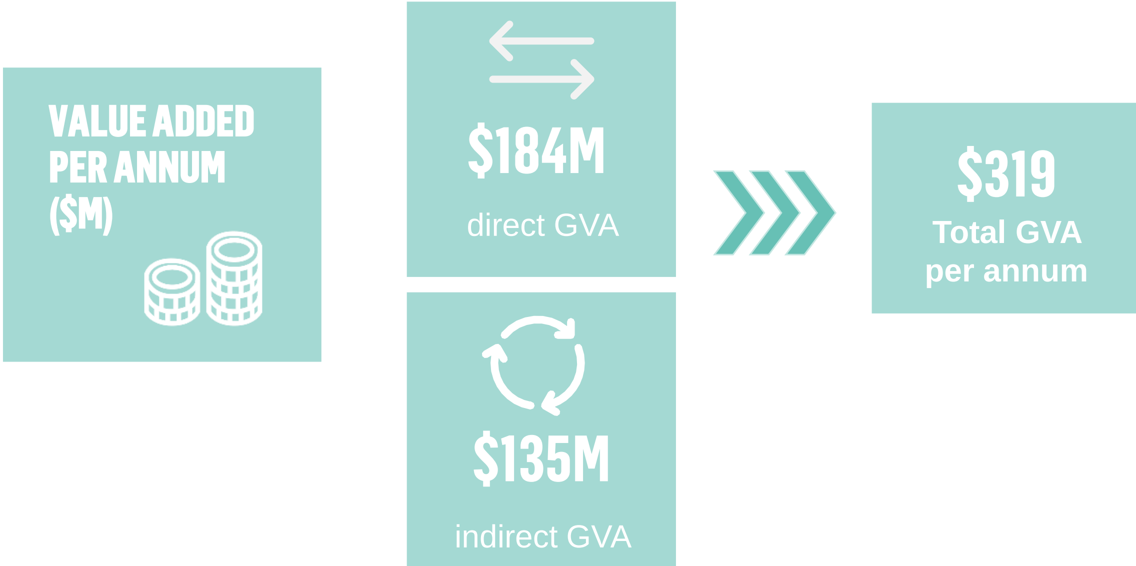
3.4 GROSS VALUE ADDED – OPERATIONAL PHASE

Upon completion of the development, the ongoing operations will support new jobs and generate value added to the NSW economy.

The operation of the proposed development also has the potential to deliver **$319 million in direct and indirect annual gross value add** to the economy comprising:

- Direct annual GVA = $184 million
- Indirect annual GVA = $135 million.

Operational Phase Figure 3.4.1



Source: Scentre Group, REMPLAN Economy, Urbis

3.5 JOB CONTAINMENT

Table 3.5.1 opposite presents the job leakage of white collar workers in the Penrith LGA using 2011 and 2016 ABS Census data.

Across the LGA, the number of white collar jobs grew by 467 from 3,268 to 3,735 between 2011-2016.

The number of white collar resident workers grew from by 744 to 9,366 over the time period, outpacing the growth in white collar jobs by 277.

White collar workers that live and work in the LGA grew from 1,993 to 2,278. As at 2016, Penrith LGA retained only 24.3% of white collar resident workers.

In addition to the low retention rate of white collar resident workers, there is a deficit of 5,631 white collar jobs in the LGA. The deficit means where is an undersupply of 5,631 jobs, forcing residents to leave the LGA for work.

Table 3.5.2 opposite shows the other LGA's white collar resident workers in Penrith work in. Sydney and Parramatta are the top two with 3,985 Penrith workers combined working there.

The proposed development would likely increase the retention of white collar workers, lower the jobs deficit and bring white collar jobs to the Penrith City Centre to gain market share from Sydney and Parramatta.

White Collar Job Leakage Table 3.5.1

	2011	2016	Variance
Penrith LGA Jobs	3,268	3,735	+467
Penrith LGA Resident Workers	8,622	9,366	+744
Resident Workers that Work Within Penrith LGA	1,993	2,278	+285
Jobs Deficit (No.)	5,354	5,631	+277
Job Leakage (%)	76.9%	75.7%	-1.2%

Source: ABS

Place of Work by White Collar Resident Workers Table 3.5.2

LGA (Place of Work)	No. of Penrith LGA Resident Workers	% of Total Resident Workers
Sydney	2,489	27%
Penrith	2,278	24%
Parramatta	1,496	16%
Blacktown	434	5%
North Sydney	304	3%
Ryde	274	3%
Remaining LGAs	2,091	22%
Total	**9,366**	**100%**

Source: ABS

3.6 SPIN-OFF BENEFIT TO RETAIL SHOPS AND SERVICES

Figure 3.6.1 illustrates the number of jobs and hotel guests generated by the Scentre Group development as well as the estimated spin-off benefit to Penrith's retail shops and services.

Upon completion in 2028, 'Borec House' and 'The Hub' are estimated to provide 1,361 operational on-going jobs.

Based on workers estimated retail expenditure whilst at work, the spin-off to Penrith's retail shops and services could be around $7.3m.

The 152 room proposed hotel within 'The Hub' is estimated to generate around 46,600 guests nights, generating around $2.8m in spin-off to Penrith's retail shops and services.

Collectively, 'Borec House' and 'The Hub' are estimated to generate around $10.1m in spin-off benefit to Penrith's retail shops and services.

Estimated Spin-Off Generated by Scentre Group Development (2028, $2019) Figure 3.6.1

Workers	Hotel Guests
1,361 Direct Operational Jobs created by development	**46,600** Estimated total guests nights
$7.3 M Spin-Off Benefit to Penrith Retail Shops and Services	**$2.8 M** Spin-Off Benefit to Penrith Retail Shops and Services

3.7 OTHER BENEFITS

The proposed development has other benefits in addition to the economic uplift, job containment and spin-off benefits to the Penrith City Centre. Other benefits include:

- Development of a more **vibrant night time economy**
- **Increased use of public transport**
- **Improved public realm**
- A **catalyst to drive greater business activity and further development**

All benefits are aligned with the priorities and actions set out in the Greater Penrith Place Strategy and the Penrith Progression Plan.

Greater Penrith Place Strategy (2019) priorities and targets:

- People friendly public realm
- Grow the number of jobs
- Expand the tourism offer
- Strengthen the night time economy

Penrith Progression Plan (2015) goals:

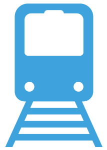
- Meeting the jobs challenge
- 24-hour city
- Smart mixed use design
- Business and development opportunities

Vibrant Night Time Economy

- The proposed development will increase the number of white collar workers and tourists in the Penrith City Centre, brining additional spend and activation.
- The additional spend and footfall will benefit the local retailers as the workers and tourists shop and dine in convenient locations close to their place of work and accommodation.
- The result would likely be a more vibrant night time economy, increasing dwell times, a more active/safer environment and spend in the Penrith City Centre.

Increased Use of Public Transport

- The proposed developments are highly accessible via public transport being opposite Penrith Train Station.
- A-grade office and, to a lesser extent, hotel development near the station reduces the reliance on cars for workers and visitors.
- The increased utilisation of public transport would provide greater support for the investment in this critical infrastructure.



Improved Public Realm

- The proposed development will increase the quality of commercial office stock, retail and accommodation uses in the Penrith City Centre.
- New modern developments would also add to the quality of the public realm and likely encourage investment in the upgrade / improvement of other similar uses in the City Centre.
- This improvement also has the potential to make the Penrith City Centre a safer place to shop and visit due to the more active night time economy.

Catalyst for Future Development

- The proposed development could act as a catalyst for further A-grade commercial office development in Penrith. Developers may wish to capitalise on the increased attractiveness of the Penrith City Centre as a suburban office market.
- The increased visitation generated by the hotel and additional retail could also spur development in the retail and tourism sectors due to the increased expenditure in the market.

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