



469-483 Balmain Road, Lilyfield

Economic Impact Assessment

Prepared for Roche Group

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QUALITY ASSURANCE

Report Contacts

RACHAEL LOGIE

MA Economics (Hons). MSc Economics

Associate Urban and Retail Economics

Rachael.Logie@hillpda.com

Supervisor

ADRIAN HACK

M. Land Econ. B.Town Planning (Hons). MPIA

Principal Urban and Retail Economics

Adrian.Hack@hillpda.com.

Quality Control

This document is for discussion purposes only unless signed and dated by a Principal of HillPDA.

Reviewed by:



Dated 14/06/17

ADRIAN HACK

M. Land Econ. B.Town Planning (Hons). MPIA

Principal Urban and Retail Economics

Adrian.Hack@hillpda.com.

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LIST OF ABBREVIATIONS

ABS	Australian Bureau of Statistics
BTS	Bureau of Transport Statistics
DP&E	NSW Department of Planning and Environment
EIA	Economic Impact Assessment
ELDM	Employment Lands Demand Model
FSR	Floor Space Ratio
GFA	Gross Floor Area
GLA	Gross Lettable Area
Ha	Hectares
LEP	Local Environmental Plan
LGA	Local Government Area
NLA	Net Lettable Area
PTA	Primary Trade Area
Sqm	Square metre
STA	Secondary Trade Area

EXECUTIVE SUMMARY

HillPDA was commissioned by Roche Group to undertake this Economic Assessment (hereafter referred to as 'the Study') of a Planning Proposal to add residential accommodation as a permissible use on land at 469-483 Balmain Road, Lilyfield (hence referred to as the Subject Site).

The Planning Proposal

The Planning Proposal would facilitate a development comprising residential, industrial, office, shop and community uses.

For the purpose of this study it has been assumed that the proposal will provide:

- 142 apartments with an NSA of 12,935sqm;
- Approximately 6,000sqm GFA of non-residential uses comprising:
 - 400sqm for a studio space for artists;
 - 80sqm for a convenience store; and
 - 5,520sqm of flexible industrial/office space.

Industrial Planning Policy

The presence of the character buildings limits potential uses and intensification opportunities. It is also unlikely that there would be a commercially viable redevelopment option for the Subject Site for traditional light industrial uses given the constraints around accessibility, parking and the need for appropriate buffer zones on account of the surrounding residential uses. It is therefore likely that the site would remain underutilised for uses under its current zoning and continue to be used for small scale and discrete wholesaling or warehousing activities.

Government Strategies and Targets

The State and Local Government strategies and policies give impetus to the need to create housing and employment opportunities. This is evident in the new Sydney Metropolitan Strategy 'A Plan for Growing Sydney' and the Draft Inner West Subregional Strategy.

The Planning Proposal is in accordance with these strategies in providing significant additional housing and an increase in dwelling mixture choice in close proximity to transport and employment.

The Subject Site is 900m from the Lilyfield Light Rail Station and approximately 1.4km from the White Bay Power Station, where rail options are under consideration to support future populations and employment uses within the Bays Precinct Urban Transformation Area and to link the future airport at Badgery's Creek to the Sydney and Parramatta CBDs.

Along with helping meet housing targets, the Planning Proposal would result in a more intensive use of space and increase in employment in a locality with good access to transport, employment – including a proposed technology park at White Bay – and amenities.

Residential Justification

The median house price achieved in the Lilyfield suburb over the first quarter of 2016 was 22.5% higher than that achieved in the Leichhardt LGA, whereas the unit price was only 2.5% higher¹.

While the Lilyfield suburb has a household profile similar to the broader Leichhardt LGA, Lilyfield suburb's dwelling profile comprises a higher share of separate houses and lower share of semi-detached houses and units than the broader Leichhardt LGA.

This underutilisation of dwellings within Lilyfield suburb will exacerbate in the future without a rebalancing of the housing stock composition towards 1 and 2 bedroom dwellings to match growing demand from lone person households.

Increasing the provision of multi-unit dwellings in Lilyfield would assist in alleviating the deterioration in housing affordability in the LGA. Moreover, allowing higher density apartment buildings is consistent with the Department of Planning and Environment's objectives of encouraging higher density, mixed used developments within the vicinity of Parramatta Road and in close proximity to town centres, as previously outlined in the Draft Inner West Subregional Strategy.

Assessment of Non-Residential Uses on Site

The share of the Leichhardt LGA's workforce classified as managers and professionals rose from 33.2% in 2001 to 62% in 2011. Leichhardt LGA residents are more likely to be employed in service sectors than

¹ Residex Suburb Reports

in primary and secondary industries, with a 16.8% share of employment within the professional, scientific and technical services sector the highest of any industry subsector. The changing demographic profile of the Leichhardt LGA is consistent with an influx of high income young white collar professionals.

The Planning Proposal includes 5,520 sqm of flexible office/industrial space. The provision of flexible floorspace will be better suited than the existing floorplates to industrial uses in the new economy. In particular, the Planning Proposal would support one of the objectives of the IN2 zone under the Leichhardt Local Environment Plan 2013 to *“...provide for certain business and office premises and light industries in the arts, technology, production and design sectors.”*

Economic Comparisons

To assess the net economic impact of the Planning Proposal, two scenarios for the site were considered:

- Maintaining the site under its existing use; and
- The Planning Proposal for medium to high density housing and mixed use development.

Table 1 below summarises the economic impact of each scenario.

Table 1 Economic Impact of Planning Proposal

	Current Uses	Planning Proposal
Total Jobs Generated	26	131
Total Salaries (\$m) Generated	\$1.5m	\$8.1m
Industry Value Added (to GDP)	\$2.3m	\$14.4m
Construction Costs	-	\$66.7m
Total Economic Activity from Construction	-	214
Job Years in Construction*	-	619

The Planning Proposal would lead to a net increase in jobs (+105 jobs), salaries generated (+\$6.6m) and value added contributed (+\$12.1m). Moreover, the Planning Proposal would generate additional economic activity (+\$214m) and jobs (+619 job years directly and indirectly) during the period of construction and stimulate investment in the locality.

Summary

Providing sufficient lands for light industrial uses to service local businesses and subregional populations is an important component of urban planning. However, the Subject Site is currently underutilised as an industrial site and has been for an extended period.

The addition of residential accommodation as a permissible use on the Subject Site would facilitate the renewal of the site for light industrial uses with a floorspace configuration more suited to the requirements of the new economy, including creative industries and technology firms, while also contributing strong demand for multi-unit dwellings in the suburb.

The Planning Proposal would result in a more intensive use of space and increase in employment on site and also help meet strong demand for multi-units in a locality with good access to transport, employment centres and amenities.

1 INTRODUCTION

HillPDA was commissioned by Roche Group to undertake this Economic Assessment (hereafter referred to as 'the Study') of a Planning Proposal to add residential accommodation as a permissible use on land at 469-483 Balmain Road, Lilyfield. Hereafter it is referred to as the Subject Site.

The Subject Site

The site is formally described as Lot 2 DP 101583. It occupies a whole street block and is bound by Balmain Road to the north west, Cecily Street to the north east, Alberto Street to the south west and Fred Street to the south east. The site is surrounded by a mixture of residential development interspersed with industrial and light industrial buildings, particularly along Fred Street (north of Cecily Street), Fred Lane and Balmain Road.

Figure 1 Aerial Image of Subject Site



Source: Six View Maps

The subject site is served well by buses, which are accessed from the site along Balmain Road. Services run from Lilyfield to Sydney CBD (via Glebe, Broadway, Leichhardt, and Broadway) and to Coogee (via Newtown). The Lilyfield light rail station in Catherine Street is 900m south of the subject site.

Figure 2 Site Zoning



Source: NSW Planning Portal

Area Overview

The Subject Site is on the outskirts of the Rozelle B2 neighbourhood centre which centres on the intersection of Victoria Road and Darling Street. The commercial zoning extends the length of Darling Street from Park Street to Norman Street. Along Victoria Road the commercial zoning extends from Gordon Street to Callan Street. There are also industrial zoned areas along Victoria Road incorporating Terry and Crystal Streets towards the Iron Cove Bridge and from Prosper Street extending to the City West Link Road and into the Rozelle industrial area across from the White Bay Station site.

The Subject Site is also distinctly positioned close to education facilities such as Orange Grove Public School, Sydney College of the Arts and the University of Tasmania Rozelle campus and recreational facilities such as Callan Park, Leichhardt Oval and Leichhardt Park Aquatic Centre.

The Study Purpose

It is understood that Roche Group is seeking to add residential accommodation as a permissible use on the Subject Site. The Subject Site is currently zoned IN2 Light Industrial under the Leichhardt Local Environmental Plan (LEP) 2013, a zoning for which residential accommodation is not a permissible use.

The purpose of this Study is to provide an economic assessment of the Planning Proposal. As part of this assessment the Study explores the economic viability / impact of retaining the current zoning versus amending the zoning to allow for a residential accommodation as a permissible use.

Planning Proposal

The Planning Proposal would facilitate a mixed use development comprising residential, industrial, shop, office and community uses.

For the purpose of this study it has been assumed that the Planning Proposal will provide:

- 142 apartments with a NSA of 12,935sqm;
- Approximately 6,000sqm GFA of non-residential uses comprising:
 - 400sqm for a studio space for artists;
 - 80sqm for a neighbourhood shop; and
 - 5,520sqm for office suites and retail uses

Study Structure

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

- Chapter 2 assesses the economic principle of the rezoning in the context of the relevant planning policies;
- Chapter 3 undertakes an assessment of the demographic profile for the Lilyfield suburb residential market. It uses published data sources to provide an insight into the drivers of residential demand and supply in the Lilyfield suburb locality; and
- Chapter 4 assesses the economic implications of retaining the Subject Site's current zoning versus the implication of the proposed rezoning.

2 CONTEXTUAL REVIEW

This Chapter undertakes an appraisal of the planning and legislative context for the proposed zoning amendment based on state, regional and local planning guidelines.

State Policies and Guidance

A Plan for Growing Sydney (2014)

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

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

The Metropolitan Plan includes the following goals for the Central Subregion:

- Preserve a corridor for Sydney Rapid Transit;
- Enable delivery of key transport projects to facilitate better connections to Global Sydney, including Sydney Rapid Transit, CBD and South East Light Rail, and WestConnex;
- Prepare and deliver a Structure Plan for the Sydney Airport and Port Botany precincts to support their growth;
- Plan for adjoining land uses and freight connections at Enfield Intermodal Logistics Centre, based on continued long-term operation; and
- Identify and protect strategically important industrial-zoned land.

The Subject Site is 900m from the Lilyfield Light Rail Station. The Subject Site is also approximately 1.4km from the White Bay Power Station, part of the Bays Precinct Urban Transformation Program. A number of transport initiatives are under consideration to support future populations within the Bays Precinct, including an option to

extend either the Light Rail or Metro network to White Bay. White Bay is also under consideration as a potential stop on a route linking the future airport at Badgery's Creek to the Sydney and Parramatta CBDs.

Draft Inner West Subregional Strategy (2007)

The draft Inner West Subregional Strategy sets a target of an additional 12,500 jobs and 30,000 dwellings within the Subregion by 2031 compared to 2001 levels. To achieve this target 500 additional jobs are to be generated and 2,000 dwellings are to be provided in the Leichhardt LGA.

In relation to employment lands, the draft Strategy identified the Subject Site as Category 1 Employment Lands, designating it as land to be retained for local industry uses.

The Subject Site will retain its IN2 zoning and employment for IN2 uses is anticipated to increase as a result of the Planning Proposal. The Planning Proposal will also introduce 142 apartments onto the Subject Site and is therefore consistent with the Draft Inner West Subregional Strategy.

NSW 2021: Plan to make NSW Number 1, NSW Government (2012)

The NSW 2021 Plan aims to rebuild the NSW economy, provide quality services, renovate infrastructure, restore government accountability and strengthen NSW's local environment and communities. The Plan comprises five key strategies. The main strategies of relevance to this Study are:

"Rebuild the Economy", which seeks to secure +100,000 new jobs in the State by 2021; improve housing affordability and availability; facilitate the delivery of additional dwellings; and increase uptake of 'empty nester opportunities'.

The provision of 142 dwellings, together with an estimated 5,520sqm of flexible office/industrial employment uses, will contribute to state dwelling targets and to diversity in employment and provide greater housing options for empty nesters in close proximity to amenities.

ACTION 1.9.2: SUPPORT KEY INDUSTRIAL PRECINCTS WITH APPROPRIATE PLANNING CONTROLS

This action requires the completion of an **Industrial Lands Strategic Assessment Checklist** to guide the assessment of proposed rezonings

of industrial lands. The Checklist allows for evidence-based decisions and aims to prevent encroachment on important industrial sites.

Strategic Assessment Checklist	Response
Is the proposed rezoning consistent with State and/or council strategies on the future role of industrial lands?	Yes. It is consistent with Leichhardt City Council's endorsement of the Leichhardt Industrial Lands Study (2015) which recommends the retainment all industrial lands to meet the demand from future population and employment growth. The zoning of the Subject Site will remain IN2 Light Industrial but residential accommodation will be added as a permissible use. The level of floorspace and potential employment under IN2 uses will increase under the Planning Proposal compared to existing uses. Yes. Action 1.9.2 of A Plan for Growing Sydney states that Government should "identify where improved and innovative planning controls will allow for the ongoing evolution of industrial activities to more intensive commercial activities". It is unlikely that a commercially viable redevelopment for currently permissible IN2 uses could be found and therefore the site would remain underutilised for IN2 uses without the rezoning to allow residential accommodation as an additional permissible use.
Is the site: Near or within direct access to key economic infrastructure? Contributing to a significant industry cluster	The Subject Site is not contributing to a significant industry cluster. Uses on the Subject Site currently comprise residential (3%), storage (7%), wholesale (56%), artistic space (12%) and light manufacturing (17%) and are therefore not predominantly classified as local light industrial uses. The Subject Site will be impacted by WestConnex. A proposed underground connection between the planned interchange within the Rozelle Rail Yards and Iron Cove Bridge is projected to lead to a halving of traffic on Victoria Road, reducing the exposure of industrial uses to passing trade. However, the Subject Site is 900m from the Lilyfield Light Rail Station and approximately 1.4km from the White Bay Power Station, where rail options are under consideration to support future populations and employment uses within the Bays Precinct Urban Transformation Area and to link the future airport at Badgery's Creek to the Sydney and Parramatta CBDs. While WestConnex will reduce passing trade which plays an important role in the success of urban services, the proximity of the Subject Site to the planned tech-hub at the White Bay Power Station, and its good accessibility by public transport, is consistent with the Planning Proposal's provision of flexible office/industrial space suitable for creative and tech industries.
How would the proposed rezoning impact the industrial land stocks in the subregion or region and the ability to meet future demand for industrial land activity?	The Subject Site would retain its IN2 zoning but residential accommodation would be added as a permissible use. Therefore there will be no impact on industrial lands stock as a result of the rezoning.

Strategic Assessment Checklist	Response
How would the proposed rezoning impact on the achievement of the subregion/region and LGA employment capacity targets and employment objectives?	The Planning Proposal will increase the level of employment on the Subject Site in IN2 permissible uses and will contribute to employment objectives with respect to high-tech and creative industries through the provision of modern flexible floorspace in an attractive location with good transport connections to the city and to the proposed tech hub at the White Bay Power Station.
Is there a compelling argument that the industrial land cannot be used for an industrial purpose now or in the foreseeable future and what opportunities may exist to redevelop the land to support new forms of industrial land uses such as high-tech or creative industries?	The Planning Proposal is consistent with this criterion. The presence of the character buildings limits potential uses and intensification opportunities. It is unlikely that a commercially viable redevelopment for currently permissible IN2 uses could be found and therefore the site would remain underutilised for IN2 uses without the rezoning to allow residential accommodation as an additional permissible use. The Planning Proposal will increase the floorspace available for IN2 uses and will replace the existing older style industrial buildings with flexible space suitable for high-tech and creative industries.
Is the site critical to meeting the need for land for an alternative purpose identified in other NSW Government or endorsed council planning strategies?	The subject precinct has not been identified for an alternative purpose in NSW Government or endorsed council planning strategies.

NSW Draft Centres Policy (2009)

The NSW Department of Planning and Infrastructure (now named the Department of Planning and Environment) released the Draft Centres Policy in April 2009.

The Draft Centres Policy focuses around six key principles. The principles relate to:

- The need to reinforce the importance of centres and of clustering business activities;
- The need to ensure the planning system is flexible, allows centres to grow and new centres to form;
- The market is best placed to determine need. The planning system should accommodate this need whilst regulating its location and scale;
- Councils should zone sufficient land to accommodate demand, including larger retail formats;
- Centres should have a mix of retail types that encourage competition; and

- Centres should be well designed to encourage people to visit and stay longer.

The Draft Centres Policy indicates that the preferred location for new retail and commercial development is in centres, although it recognises that there may be exceptions to this approach.

The Planning Proposal will not impact on existing centres as it only includes provision for an 80sqm (GFA) neighbourhood shop.

Neighbouring centres will benefit from the estimated 255 person resident population and the increase in the working population under the Planning Proposal.

Draft State Significant Planning Policy (Competition) (2010)

Following a review undertaken by the DP&I and the Better Regulation Office concerning how economic growth and competition is affected by the planning system, a draft State Environmental Planning Policy (SEPP) was prepared and placed on public exhibition in July 2010.

The proposed state-wide planning policy removes artificial barriers to competition between retail businesses. The draft SEPP proposes:

- The commercial viability of a proposed development may not be taken into consideration by a consent authority, usually the local council, when determining development applications;
- The likely impact of a proposed development on the commercial viability of other individual businesses may also not be considered unless the proposed development is likely to have an overall adverse impact on the extent and adequacy of local community services and facilities, taking into account those to be provided by the proposed development itself; and
- Any restrictions in local planning instruments on the number of a particular type of retail store in an area, or the distance between stores of the same type, will have no effect.

The Planning Proposal will not impact on existing centres as it only includes provision for an 80sqm (GFA) neighbourhood shop.

Neighbouring centres will benefit from the estimated 255 person resident population and the increase in the working population under the Planning Proposal.

Local Policies and Guidance

On 12 May 2016 the Leichhardt LGA was merged with the Marrickville and Ashfield LGAs to form a single Inner West Council.

The DCPs and LEPs of the former LGAs currently remain in place. However, the basis of future planning will reflect the requirements of the new LGA.

Leichhardt Local Environmental Plan (LEP) 2013

As stated previously the Subject Site is currently zoned IN2 Light Industrial. The objectives of the IN2 zone are described below.

- To provide a wide range of light industrial, warehouse and related land uses.
- To encourage employment opportunities and to support the viability of centres.
- To minimise any adverse effect of industry on other land uses.
- To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area.
- To support and protect industrial land for industrial uses.
- To retain existing employment uses and foster a range of new industrial uses to meet the needs of the community.
- To ensure the provision of appropriate infrastructure that supports Leichhardt's employment opportunities.
- To retain and encourage waterfront industrial and maritime activities.
- **To provide for certain business and office premises and light industries in the arts, technology, production and design sectors.**

Residential development is prohibited within an IN2 zone, as are home businesses, child care facilities, registered clubs, restaurants and cafes and shops. Neighbourhood shops however are permitted with consent.

The floorspace provided for IN2 uses Planning Proposal is consistent with the objective to provide for light industries in the arts, technology, production and design sectors.

Leichhardt Industrial Lands Study (2015)

The Leichhardt Industrial Lands Study was endorsed by Council in 2015. The SGS Economics and Planning (SGS) study recommends that all existing industrial lands are retained within the LGA to meet the demand from future population and employment growth.

This analysis suggested that Leichhardt LGA would have an overall shortage of IN2 zoned land under the medium supply scenario by 2036.

The Planning Proposal would increase the floorspace available for IN2 permissible uses on the Subject Site and would be retained as an IN2 zoning. It is therefore consistent with Council's strategy.

Summary

The character buildings on the Subject Site constrain the type of uses on site and the potential for intensification of use. It is unlikely that there would be a commercially viable redevelopment option for the site for local light industrial uses given the constraints around accessibility, parking and the need for appropriate buffer zones on account of the surrounding residential uses. It is therefore likely that the site will remain underutilised under its current zoning and continue to be used for small scale and discrete wholesaling or warehousing activities rather than for uses that would directly support subregional population or local businesses.

The Planning Proposal would result in a more intensive use of space and increase in employment on site in a locality with good access to transport, employment centres and amenities. It would provide flexible light industrial/office floorspace that will better reflect the requirements of the new economy.

3 RESIDENTIAL ASSESSMENT

This Chapter undertakes an assessment of the demographic profile for the Lilyfield suburb residential market and analyses trends and factors influencing the property market within Lilyfield.

Projected Growth

The Subject Site is located within the suburb of Lilyfield. The demographic profile of Lilyfield suburb as at 2011 is detailed in Table 3, alongside that of the wider Leichhardt LGA and the Sydney Metropolitan Area.

Table 2 Demographic Profile of Lilyfield, Leichhardt, Sydney Metro

	Lilyfield	Leichhardt	Sydney Metropolitan
Age Cohort			
0-14	1,456	9,050	801,850
15-24	562	4,700	588,800
25-34	1,039	10,850	704,050
35-49	2,175	15,900	935,100
50-64	1,248	9,600	730,700
65+	862	5,600	525,750
Total	7,342	55,700	4,286,250
Household Type			
Couple families with dependents	27.2%	24.4%	36.6%
Couples without dependents	26.5%	24.4%	21.9%
Single parent families	7.9%	7.2%	10.6%
Other families	1.6%	1.0%	4.1%
Single person households	29.3%	32.5%	22.2%
Group households	7.6%	7.9%	4.6%
Total	100%	100%	100%
Dwelling Type			
Separate House	54.5%	35.3%	60.9%
Semi-detached	22.9%	36.4%	12.8%
Flat, unit, apartment	22.0%	27.0%	25.8%
Other	0.6%	1.2%	0.5%

Source: ABS Census 2011, Department of Planning and Environment

As at 2011 there were 7,342 persons in the suburb of Lilyfield. The suburb has a similar profile to the broader Leichhardt LGA with respect to the age spread of its population and household type composition. Notably, the suburb has a higher share of 34-49 year olds and lower share of 15-24 year olds than the Sydney Metro area.

Lilyfield suburb and the Leichhardt LGA have a higher proportion of households comprising single persons and couples without dependents than the Sydney Metro Area and a correspondingly lower share of family household with dependents. Lilyfield suburb and Leichhardt LGA also have a higher proportion of group households than the Sydney Metro Area.

While the Lilyfield suburb has a household profile similar to the broader Leichhardt LGA, Lilyfield suburb's dwelling profile comprises a higher share of separate houses and lower share of semi-detached houses and units than the broader Leichhardt LGA.

Despite Lilyfield's inner west location, its share of separate houses is comparable to that for Sydney Metro. Lilyfield however has a higher share of semi-detached houses and lower share of units than the Sydney Metro region.

Table 4 illustrates median house and unit prices in both Lilyfield suburb and the Leichhardt LGA. The median house price achieved in the Lilyfield suburb over the first quarter of 2016 was 22.5% higher than that achieved in the Leichhardt LGA, whereas the unit price was only 2.5% higher. Annual growth over the five years to 2016 was 9.2% for median house prices and 6.3% for median unit prices in the Lilyfield suburb. For the Leichhardt LGA the corresponding growth rates were 7.7% and 8.0% respectively.

According to the Domain Group's March 2016 House Price Report, the median house price in the Sydney Metro region was \$995,804 and the median unit price was \$656,166. Lilyfield's median house price in the March quarter 2016 was therefore around 61% higher than the Sydney Metro median, while its median unit price was around 43% higher.

Table 3 Demographic Profile of Lilyfield and Leichhardt

	2011	2012	2013	2014	2015	2016	Change 11 -16
Lilyfield							
Houses	\$1,033,000	\$1,017,000	\$1,084,000	\$1,233,000	\$1,439,000	\$1,607,000	\$574,000
Strata	\$689,000	\$663,000	\$650,000	\$771,000	\$893,000	\$937,000	\$248,000
Leichhardt							
Houses	\$904,000	\$873,000	\$918,000	\$1,038,000	\$1,200,000	\$1,312,000	\$408,000
Strata	\$623,000	\$626,000	\$635,000	\$694,000	\$803,000	\$914,000	\$291,000

Source: Residex

Consequently, while Lilyfield's median unit prices are significantly higher than the Sydney Metro region, and slightly higher than those

in the broader Leichhardt LGA, they provide a more affordable alternative for households than the suburb's stock of houses.

Looking ahead, population projections from the Department of Planning and Environment suggest that the strongest growth in household types in the Leichhardt LGA to 2031 will be lone person households (see Table 5), while the share of couple families with dependents is expected to decline.

Table 4 Forecast Population, Households and Dwellings

	Leichhardt			Sydney Metropolitan		
	2011	2031	Change %	2011	2031	Change %
Age Cohort						
0-14	16.2%	16.0%	-0.3%	18.7%	19.0%	0.3%
15-24	8.4%	9.1%	0.7%	13.7%	12.3%	-1.4%
25-34	19.5%	16.9%	-2.6%	16.4%	13.9%	-2.5%
35-49	28.5%	25.6%	-3.0%	21.8%	21.3%	-0.5%
50-64	17.2%	17.4%	0.1%	17.0%	16.6%	-0.4%
65+	10.1%	15.2%	5.1%	12.3%	16.9%	4.6%
Household Type						
Couple families with dependents	24.4%	23.1%	-1.3%	36.6%	35.1%	-1.5%
Couples without dependents	24.4%	23.3%	-1.2%	21.9%	21.9%	0.0%
Group households	7.9%	7.1%	-0.8%	4.6%	3.8%	-0.7%
Lone person households	32.5%	34.9%	2.4%	22.2%	24.1%	1.9%
One parent family	7.2%	7.9%	0.7%	10.6%	11.1%	0.5%
Other families	3.5%	3.7%	0.2%	4.1%	3.9%	-0.2%

Source: Department of Planning and Environment

Only 8.9% of Lilyfield's occupied private dwelling stock of separate houses, semi-detached houses and units had a single bedroom as at 2011 (Table 6).

This underutilisation of dwellings within Lilyfield suburb will exacerbate in the future without a rebalancing of the housing stock composition towards 1 and 2 bedroom dwellings to match growing demand from lone person households.

Increasing the provision of multi-unit dwellings in Leichhardt would assist in alleviating the deterioration in housing affordability in the LGA. Moreover, allowing higher density apartment buildings is consistent with the Department of Planning and Environment's objectives of encouraging higher density, mixed used developments within the vicinity of Parramatta Road and in close proximity to town centres, as previously outlined in the Draft Inner West Subregional Strategy.

Given Lilyfield suburb's highly sought after location – reflected in its high unit and house prices – and its good transport links to both employment and amenities, not planning for a greater mix of housing types would represent a lost opportunity for sustainable development.

Table 5 Private Occupied Dwellings by Bedroom Numbers

	Lilyfield	Leichhardt	Greater Sydney
Separate House			
Bedroom 1	0.5%	1.0%	0.8%
Bedroom 2	11.7%	10.2%	5.6%
Bedroom 3	23.5%	17.2%	27.5%
Bedroom 4+	9.1%	7.5%	27.7%
Sub-Total	<u>44.9%</u>	<u>35.9%</u>	<u>61.6%</u>
Semi-detached			
Bedroom 1	2.0%	2.3%	0.9%
Bedroom 2	15.7%	15.9%	3.8%
Bedroom 3	16.9%	15.3%	6.4%
Bedroom 4+	2.9%	3.6%	1.7%
Sub-Total	<u>37.5%</u>	<u>37.1%</u>	<u>12.8%</u>
Apartment*			
Bedroom 1	6.4%	11.0%	5.8%
Bedroom 2	8.7%	13.0%	15.9%
Bedroom 3	2.3%	2.8%	3.7%
Bedroom 4+	-	-	-
Sub-Total	<u>17.6%</u>	<u>27.0%</u>	<u>25.6%</u>
Total	100%	100%	100%

Source: Census 2011; * excludes units attached to a house

Based on a review of Cordell Connect's construction database, there are no residential apartment developments currently under construction in Lilyfield suburb, however there are projects with a total yield of 51 dwellings at various planning stages (Table 7).

Table 6: Private Occupied Dwellings by Bedroom Numbers

Address	Suburb	Development Type	Stage	Units	Expected Completion
107-109 Lilyfield Rd	Lilyfield	Townhouses	Development Approval	5	2018
55 Justin St	Lilyfield	Mixed Use	Development Approval	3	2017
83-85 Hubert St	Lilyfield	Semi-detached dwellings	Development Approval	6	2018
18-20 Lonsdale St	Lilyfield	Mixed Use	Development/Town Planning Application Refused	22	2018
64 Brenan St	Lilyfield	Units	Development/Town Planning Application Refused	6	2017
69 Church St	Lilyfield	Townhouses	Sketch Plans	3	2017
37 Edna St	Lilyfield	Semi-detached dwellings	Development Application	6	2017
Total				51 Dwellings	

Source: Cordell Connect

Employment Demographics

The Planning Proposal's provision of flexible light industrial/office space will appeal to businesses requiring small professional suites will cater for employment uses that are not only closely matched to the local population, but by providing jobs close to home will also contribute to the quality of life of the local community.

Table 8 compares the industry employment shares in 2011 for the Leichhardt LGA and Greater Sydney based on place of enumeration. Compared to Greater Sydney, Leichhardt residents are more likely to be employed in service sectors than in primary and secondary industries. In particular, a relatively high percentage of Leichhardt LGA residents are employed in the professional, scientific and technical services sectors (16.8% versus 9.6% for Greater Sydney) and Leichhardt LGA residents are also more likely to be employed as managers and professionals and therefore be office-based.

The share of Leichhardt's workforce classified as managers and professionals was 33.2% in 2001, but by 2011 this share had risen to 62%. In contrast, the share for Greater Sydney increased from 24.2% to 38.8%. The changing demographic profile of Leichhardt is consistent with an influx of high income young white collar professionals.

Providing office-based employment on the subject site will also have benefits in terms of reducing congestion and increasing passing trade for shops and restaurants within the Rozelle commercial centre.

Table 7: Resident Employment by Industry: Leichhardt vs Greater Sydney

	Leichhardt LGA		Greater Sydney	
	Share of employment	Share of sector employment by managers and professionals	Share of employment	Share of sector employment by managers and professionals
Primary and secondary industries	10.0%	48.4%	17.0%	25.2%
Wholesale trade	4.4%	62.5%	5.2%	40.3%
Retail trade	6.4%	36.8%	9.9%	24.1%
Accommodation and food services	4.6%	29.2%	6.2%	18.5%
Transport, postal and warehousing	2.9%	38.6%	5.3%	17.6%
Information media and telecommunications	6.5%	74.1%	3.0%	60.6%
Financial and insurance services	9.9%	70.6%	6.6%	55.1%
Rental, hiring and real estate services	2.0%	42.4%	1.8%	27.0%
Professional, scientific and technical services	16.8%	78.9%	9.6%	68.6%
Administrative and support services	3.8%	57.1%	3.5%	29.2%
Government-related services	25.0%	69.9%	24.1%	51.7%
Arts and recreation services	2.9%	60.4%	1.6%	39.8%
Other services	2.7%	38.5%	3.7%	19.6%

Source: ABS Census 2011 - industry of employment by occupation (based on place of enumeration)

Policy Perspective

From a policy perspective, the Planning Proposal would help to meet demand for new dwellings and align housing supply with demand.

In addition to contributing to the supply of housing, other benefits from the development include:

- Complementing the character of the immediate region, which is predominately residential;
- Proximity to the Sydney CBD, light rail and major bus routes will reduce car dependency, promoting walking and increased public transport patronage which is consistent with NSW State Plan 2021 objectives;
- Providing live-work opportunities for residents through the provision of ground floor light industrial/office suites;
- Creating a new pedestrian link connecting Fred Street and Maida Street and thereby providing a safe walkway towards Orange Grove Public School;
- Supporting the viability of existing centres and increasing the proportion of residents living close to employment, retail

facilities, amenities and public transport (which aligns with the NSW State Plan 2021);

- Supporting creative industries through the provision of artists' studio space and a gallery;
- The provision of public space through a communal courtyard connecting Callan Park to the development with views, greenery and sunlight; and
- The Subject Site is also distinctly positioned close to education facilities such as Orange Grove Public School, Sydney College of the Arts and the University of Tasmania Rozelle campus and recreational facilities such as Callan Park, Leichhardt Oval and Leichhardt Park Aquatic Centre. This is an advantage to residential developments with residents seeking to escape from the urban environment and attracted by proximity to schools for their children.

4 ECONOMIC IMPACTS

The following Chapter assesses and where possible quantifies the potential economic benefits of retaining the Subject Site's current use and zoning in comparison to the development of the Subject Site in accordance with the Planning Proposal.

Employment

The subject site is currently tenanted by a range of businesses. There are also two residential apartments on site. Approximately half of the non-residential floorspace is currently let by a furniture wholesaler employing 12 persons. Industrial uses comprise a carpentry business employing 2 persons and an aluminium window manufacturer employing 10 persons. It is estimated that there are a total of 26 employees at the Subject Site.

Table 8 provides an estimate of the jobs that would be supported on the Subject Site in accordance with the Planning Proposal.

Table 8: Planning Proposal Employment Generation

Land Use	Employment Density	GLA	Units	Jobs
Industrial/office	1 / 60 sqm	5320	sqm	89
Creative industries	1 / 15 sqm	400	sqm	27
Neighbourhood shop	1 / 20 sqm	80	sqm	4
Work at Home	1 / 14 units	170	apartments	12
Total				131

Source: IBIS World Reports; Work at Home: 7.6% of workers undertake majority of work at home (ABS Locations of Work 2008 Cat 6275.0). Assuming 1 working residents per apartment, this translates to approximately 1 job per 14 apartments.

Based on the estimates in Table 8, the Planning Proposal is forecast to provide 131 jobs on the subject site after full development. These are jobs in full, part-time and casual positions. On this basis the Planning Proposal would support approximately 105 more jobs than if the subject site were retained for its existing uses.

The combined total of the 26 workers' salaries under the Subject Site's current use is estimated at \$1.5 million.

The Planning Proposal would support a combined salary contribution of around \$8.1 million as shown in the Table below, \$6.6 million more than under the Subject Site's current uses.

Table 9: Potential Annual Salary Contribution

Land Use	Jobs	Avg Annual Wage	Total (\$m)
Industrial/office	89	\$70,260	\$6.2m
Creative industries	27	\$38,617	\$1m
Neighbourhood shop	4	\$24,200	\$0.1m
Work at Home	12	\$58,906	\$0.7m
Total	131	\$61,392	\$8.1m

Source: IBISWorld Industry Reports, ABS and HillPDA Estimate.

Industry Value Added

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

We estimate the value added from industrial uses on the site to be \$2.3m a year, reflecting the comparatively high industry value added per worker in the wholesaling and manufacturing industries.

We estimate the value added from the Planning Proposal to be in the order of \$14.4m every year as shown in the table below.

Table 10: Annual Industry Value Added from the Various Land Uses on Site

Land Use	Jobs	IVA / Worker	Industry Value Added (\$m)
Industrial/office	89	\$128,113	\$11.4m
Creative industries	27	\$56,378	\$1.5m
Neighbourhood shop	4	\$31,200	\$0.1m
Work at Home	12	\$116,944	\$1.4m
Total	131	\$109,583	\$14.4m

Source: IBISWorld Industry Reports, ABS and HillPDA Estimate.

Therefore, the Planning Proposal would provide an additional \$12.1m value added contribution to the economy (measured in 2014/15 dollars) to that achieved under the Subject Site's current uses along with creating an additional 105 jobs.

Economic Impacts from Construction

The following assesses the economic implications of rezoning the subject site to allow for a mixed use development. Table 11 provides a breakdown of the estimated construction costs of the Planning Proposal. This covers the cost of clearing the site of existing

improvements and constructing a 142 unit development incorporating 6,000sqm of non-residential uses (GFA).

Table 11: Breakdown of Estimated Construction Cost

Work Type	sqm	\$/sqm	\$m
Demolition and Clearing	6,824	100	\$0.7m
Residential	14,173	2,800	\$39.7m
Balconies	1,601	1,000	\$1.6m
Retail/commercial space	6,667	2,150	\$14.3m
Car Parking	221	45,000	\$9.9m
Paths	1,000	100	\$0.1m
Open Space Embellishment	1,000	300	\$0.3m
Earthworks & water quality	1	150,000	\$0.1m
TOTAL	22,441		\$66.7m

Source: Roberts Day, RLB, Rawlinson's Construction Handbook, HillPDA Estimates.

The construction industry is a significant component of the economy accounting for 7.3% of Gross Domestic Product (GDP) and employing almost one million workers across Australia². The industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of construction. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

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

The estimated values of these multipliers are provided in Table 12.

² IBIS World Construction Industry Report 2011

Table 12 Estimated Economic Multipliers

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.620	0.647	0.945	3.212
Output (\$million)	67	41	43	63	214

Source: ABS Australian National Accounts: Input-Output Tables 2012-2013 (ABS Pub: 5209.0).

A \$67m construction value would generate a further \$84m of activity in production induced effects and \$63m in consumption induced effects over the life of the project. Total economic activity generated by the construction of the proposed development would be approximately \$214m.

Construction Employment

HillPDA calculates that every million dollars of construction generates 2.35 full time positions over 12 months directly in construction on site³. Based on the estimated cost of \$67m, approximately 157 job years⁴ would be directly generated over the life of the project.

Table 13 Estimated Job Multipliers

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	0.728	0.794	1.423	3.945
Employment No. per \$million	2.352	1.713	1.869	3.347	9.280
Total job years created	157	114	125	223	619

Source: ABS Australian National Accounts: Input-Output Tables 2012-2013 (ABS Pub: 5209.0).

Including the multiplier impacts the proposed development would therefore have potential to generate 619 job years during the period of construction.

Note that the multiplier effects are national, and not necessarily local. The ABS notes that "Care is needed in interpreting multiplier effects; their theoretical basis produces estimates which somewhat

³ Source: Hill PDA and ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0)

⁴ Note: One job year equals one full-time job for one full year

overstate the actual impacts in terms of output and employment. Nevertheless, the estimates illustrate the high flow-on effects of construction activity to the rest of the economy. Clearly, through its multipliers, construction activity has a high impact on the economy.” Nevertheless, multipliers represent a significant additional economic benefits associated with this development to the economy.

Other Economic Impacts

Expenditure from Residents

The Planning Proposal would provide 142 new residential dwellings on site. Assuming 95% of the apartments are occupied and an average occupancy rate of 1.7 persons per apartment we estimate around 255 permanent residents on the Subject Site.

These residents would generate demand for local retail and commercial goods and services. With an assumed average retail spend of \$18,803 per capita⁵ the residents would spend around \$4.8m every year on retail goods and services.

The proposed neighbourhood shop on the Subject Site will meet some of the convenience shopping requirements of residents and workers on site but is of insufficient scale to impact on neighbouring centres which will benefit from both the net increase in the worker population on the Subject Site and the addition of a permanent resident population of some 255 persons.

Investment Stimulus

Where a significant property investment decision has been made it is generally viewed as a strong positive commitment for the local area. Such an investment can in turn stimulate and attract further

The proposed development would create additional business opportunities in this locality associated with future residents. It would increase the profile of this area and in so doing increase the financial feasibility of future development, potentially acting as a catalyst on surrounding sites.

⁵ Average 2014 per capita spend within Lilyfield and Rozelle South (Anysite data, HillPDA analysis)

Summary and Implications

The below table summarises the economic benefits of retaining the current uses in comparison to the development of the subject site in accordance with the Planning Proposal.

Table 14 Economic Impact of Planning Proposal

	Current Uses	Planning Proposal
Total Jobs Generated	26	131
Total Salaries (\$m) Generated	\$1.5m	\$8.1m
Industry Value Added (to GDP)	\$2.3m	\$14.4m
Construction Costs	-	\$66.7m
Total Economic Activity from Construction	-	214
Job Years in Construction*	-	619

Source: HillPDA; * Direct and Indirect Job Years, where a Job Year refers to a single individual who is employed for one year

The Planning Proposal would provide a higher employment outcome and a higher contribution in terms of value added on site compared to its current uses, while also accommodating an estimated resident population of 255 persons.

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ABN 52 003 963 755

SYDNEY

Level 3, 234 George Street

Sydney NSW 2000

GPO Box 2748 Sydney NSW 2001

t: +61 2 9252 8777

f: +61 2 9252 6077

e: sydney@hillpda.com

MELBOURNE

Suite 114, 838 Collins Street

Docklands VIC 3008

t: +61 3 9629 1842

f: +61 3 9629 6315

e: melbourne@hillpda.com

BRISBANE

Level 27 Santos Place, 32 Turbot Street

Brisbane QLD 4000

GPO Box 938 Brisbane QLD 4001

t: +61 7 3181 5644

e: brisbane@hillpda.com