

93 Bridge Road, Westmead

Economic Assessment of Planning Proposal

Prepared for 93 Bridge Road Pty Ltd
12 March 2019



Deep End Services

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

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

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Introduction

1.1 Background

This report has been commissioned by 93 Bridge Road Pty Ltd to assess the market context and likely economic outcomes associated with development of the subject site at 93 Bridge Road, Westmead in accordance with a Planning Proposal prepared by RobertsDay and WillowTree Planning.

The site is currently zoned *R4 High Density Residential* pursuant to the *Parramatta Local Environmental Plan 2011* (PLEP2011) and accommodates a housing estate of attached and semi-detached low-rise units.

The Planning Proposal seeks to amend the building height and floor space ratio (FSR) controls to facilitate a mixed-use development consisting of high-rise residential apartments, student housing, short-stay accommodation for medical-related users, respite housing for people with physical and mental disabilities and a range of medical, commercial and community functions that complement the surrounding Westmead precinct.

This report presents analysis of the market context for the following key use types:

- High-rise apartment dwellings including student housing
- Short-stay accommodation
- Respite disability care
- Medical suites
- Small-scale retail and food & drink uses to serve residents, guests, workers and visitors.

The economic outcomes arising from the Planning Proposal are analysed with respect to the following types of outcomes:

- Capital investment
- Employment – during construction and ongoing

1.2 Report structure

- Local expenditure flows
- Contribution to local and state government charges
- Other economic outcomes.

This report is structured as follows:

- **Section 2** presents an overview of the suburb of Westmead and the Innovation District in which it is located, including planned major residential, investment and infrastructure projects of relevance.
- **Section 3** describes the local and regional site context and assesses the attributes of the site in relation to the proposed uses.
- **Section 4** summarises relevant government planning and policy with respect to Westmead and assesses the strategic support for the proposed uses.
- **Section 5** provides a broad contextual economic analysis of the site and the surrounding area, including population trends and forecasts, demographic characteristics and employment trends and forecasts.
- **Section 6** presents an assessment of the market context for the proposed uses.
- **Section 7** presents calculations of the likely economic outcomes associated with the construction and ongoing operation of the proposed development, including capital investment, employment generation, local expenditure flows and other economic effects.

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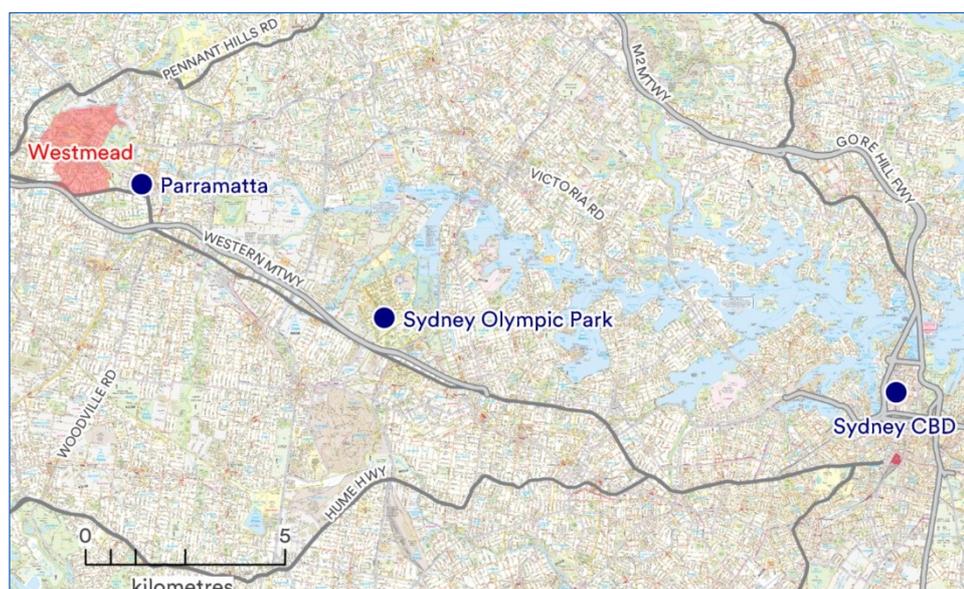
Westmead overview

2.1 Westmead

The suburb of Westmead is approximately 2 kms to the west of the Parramatta Central Business District (CBD) and 35 kms west of Sydney's CBD (refer Figure 1). The Great Western Motorway, a major transport corridor, is situated immediately to the south, while public transport connections include a local railway station within the precinct. The suburb is a young family area, with well-educated, white collar workers and a significant Indian population.

Figure 1—Regional location

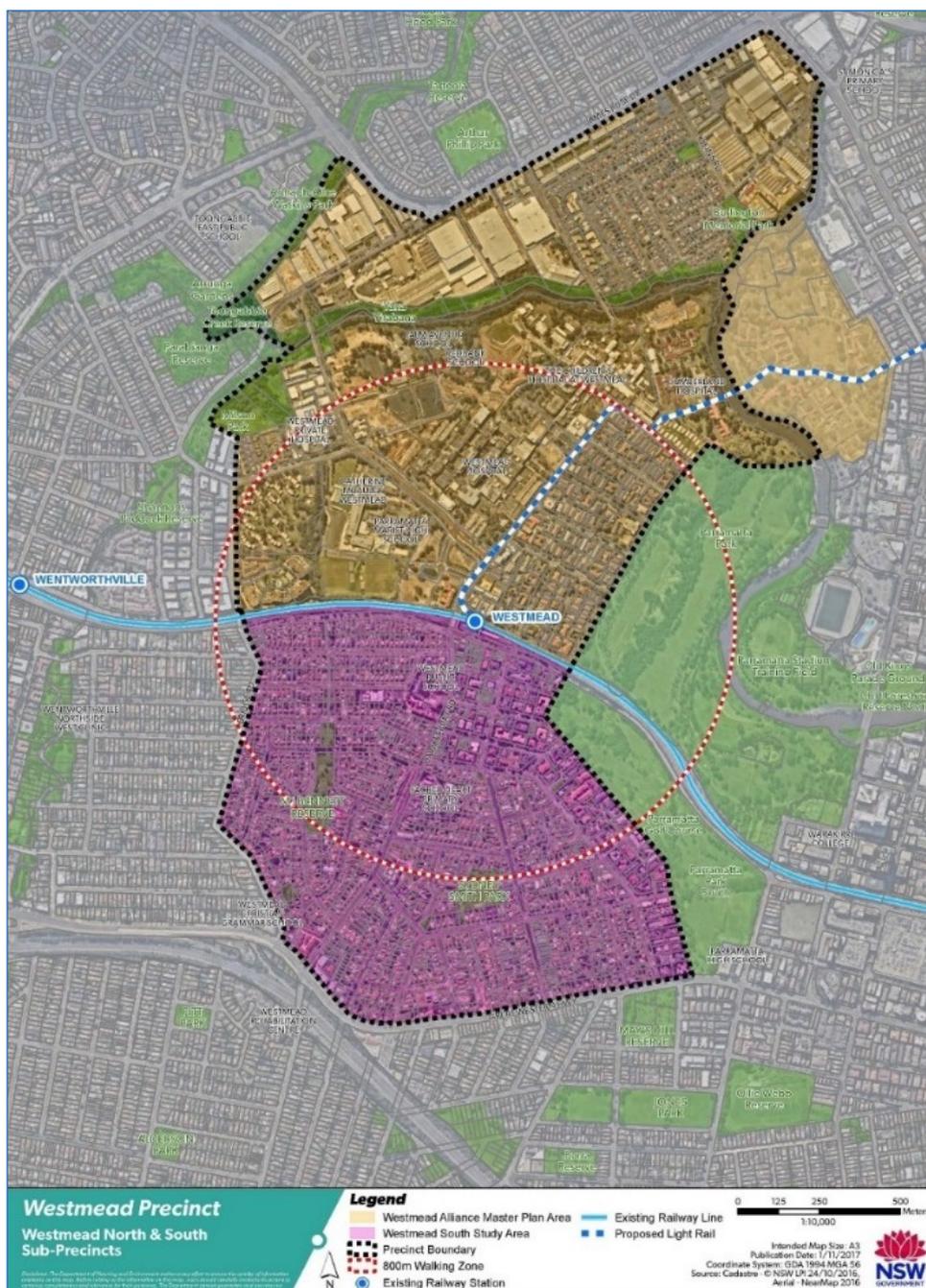
Source: Deep End Services



The Department of Planning and Environment (DP&E) established Westmead as a Priority Precinct in 2017, with the boundary identified below in Figure 2. Priority precincts enable a planned approach to accommodate Sydney’s future growth requirements, with a core aim to encourage the co-location of new homes and jobs in a higher density format close to public transport and community services.

Figure 2—
Westmead Districts

Source: NSW
Government



The Westmead Precinct boundary broadly follows the suburb boundary and is split into two distinct districts, bisected north-south by the railway line:

- Westmead North constitutes the Westmead Alliance Master Plan Area, or Westmead Innovation District, which contains major health, education and research institutional uses, with pockets of housing on the northern, eastern and western edges comprising medium and high-density formats.
- Westmead South is a residential area south of the railway line within the Cumberland LGA, mainly comprising a mix of traditional detached and semi-detached dwellings and newer medium density development along the Great Western Highway.

2.2 Westmead Innovation District

The Westmead Innovation District is Australia's largest health, education, research and training precinct. The district broadly follows the Westmead Alliance Master Plan Area defined in Figure 2. Minor variations to this boundary are evident between policy documents, however the boundary roughly approximates the area defined in Figure 3 which will be used throughout this report and referred to as the *Innovation District*.

The Innovation District is the subject of master planning by the Westmead Alliance¹, a body of stakeholders responsible for leading the growth and development of the area through its shared vision. The core health, education and research precinct is situated south of the Toongabbie Creek (ie it excludes the Northmead Industrial Area containing Coca Cola Amatil and other uses along Briens Road).

According to research undertaken by Westmead Alliance, the Innovation District currently provides over 18,000 specialised jobs.

The Innovation District includes the following key components:

- Health
 - Westmead Hospital
 - Westmead Private hospital
 - The Children's Hospital at Westmead
 - Cumberland Hospital
 - Ronald McDonald House at Westmead
- Education
 - The University of Sydney
 - Western Sydney University (WSU)
 - Parramatta Marist High School (boys)
 - Catherine McAuley Catholic School (girls)
 - Mother Teresa Primary School
 - Redbank specialist school
- Research and other facilities
 - Children's Medical Research Institute
 - The Westmead Institute for Medical Research
 - Westmead Research Hub

¹ The alliance includes City of Parramatta Council, Cumberland Council, University of Sydney, Western Sydney University, Western Sydney Local Health District, Westmead Private Hospital, The Sydney Children's Hospitals Network, Westmead Institute of Medical Research, Children's Medical Research Institute and Sydney Business Chamber.

- Westmead Millennium Institute
- Pathology West – ICPMR Westmead

**Figure 3—
Westmead
Innovation District**

Source: Deep End Services



2.3 Future investment projects and infrastructure changes

Several investment and infrastructure projects within and close to the Innovation District are currently underway or planned:

Hospital redevelopment

The \$900 million Westmead redevelopment is currently underway and will transform Westmead into a world-class health city. The key components of the development are as follows:

- A new 12 storey central hospital building (called the central acute services building), integrating the Westmead Hospital and The Children's Hospital at Westmead. Will include two new emergency departments, operating theatres, surgical suites, pharmacy and other associated facilities. The University of Sydney will also take space across 1.5 floors of the new building. The development is expected to open in 2020.
- A \$95 million refurbishment of The Children's Hospital at Westmead
- Staged refurbishment of the Westmead Hospital expected to be completed by 2022
- A new multi-storey carpark opened in Dec 2017 and other carparking upgrades.

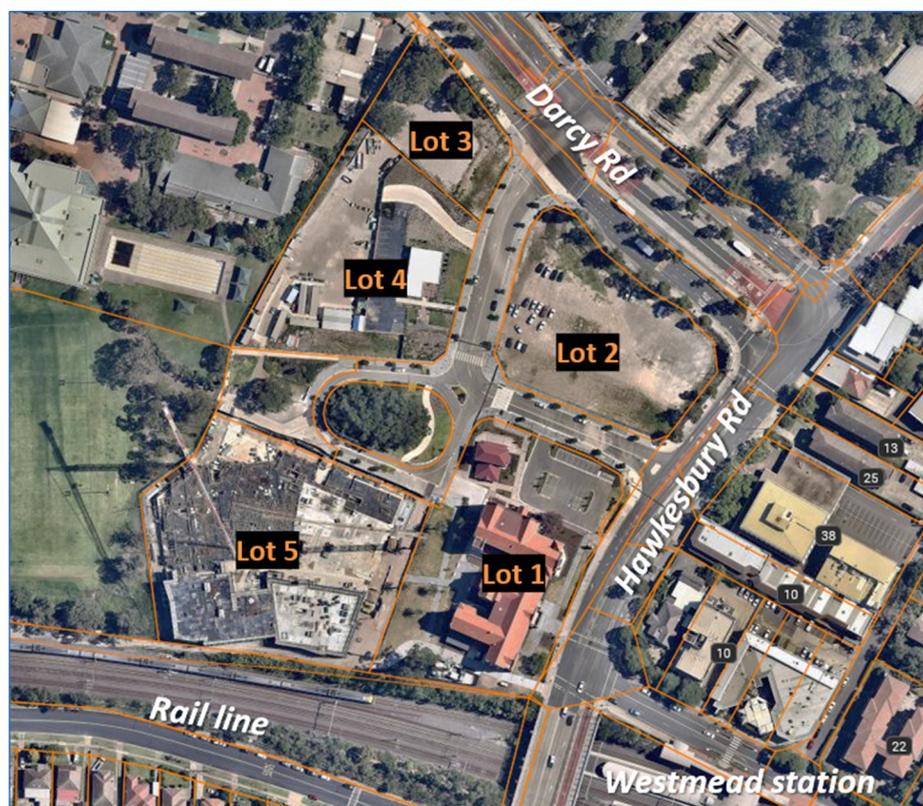
Western Sydney University (WSU)

The redevelopment of Western Sydney University is proposed on Lots 2 and 3 of the old campus on the corner of Hawkesbury Road and Darcy Road (refer Figure 4). Valued at \$450 million, the project will include a mixed-use development with education, commercial, child care, retail and community space over two buildings of 8 and 11 storeys. The application for the site is currently under assessment.

The development is situated immediately south of the Westmead Hospital and is close to transport infrastructure including Westmead railway station, the T-way and the station for the future Parramatta Light Rail (refer below). Lots 4 and 5 are currently being redeveloped with high-rise residential towers, marketed as Highline.

Figure 4—WSU redevelopment site

Source: Nearmap;
Deep End Services



University of Sydney

The NSW Government and University of Sydney have partnered to develop a \$500 million campus at Westmead. Planning is preliminary at this stage, with the proposal to be finalised by 2020. The campus will be established on the site of the Cumberland Hospital east and west campuses.

It is envisaged that the campus will “*integrate research-led education with world-class teaching infrastructure and research facilities, complementary industry activity, community facilities and services, and key public services including a pre-K to 12 school.*”²

² In announcement made by Michael Spence, University of Sydney vice-chancellor and principal (5 Nov 2018)

The first phase of the Parramatta-Westmead campus will be completed by 2030 and serve 6,100 students, 3,100 local jobs, over 1,000 affordable housing places and new community infrastructure. The vision for the campus is to host 25,000 students, creating 20,000 jobs by 2050.

According to work undertaken by the NSW Government, the Westmead Redevelopment project, together with the expansion of the University of Sydney and Western Sydney University Westmead campuses will increase Westmead's workforce from 18,000 to 32,000 by 2036. The number of students is expected to grow from 2,000 to 9,000 by 2036. However, if there is additional investment over and above existing projects, Westmead has the potential to provide 50,000 jobs according to the Central City District Plan (refer Section 0).

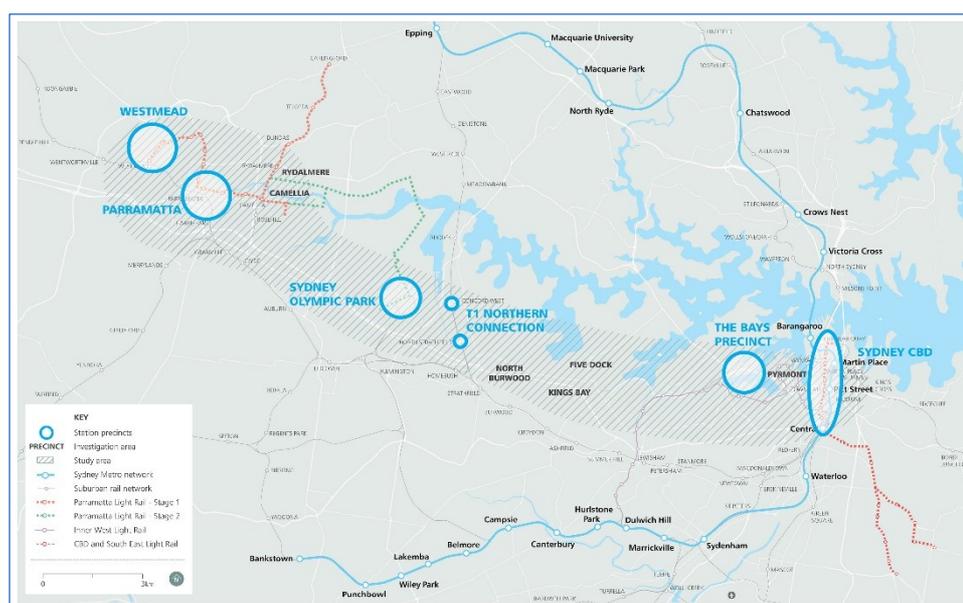
Sydney Metro West

The planned new underground metro railway will connect Parramatta with the Sydney CBD and service Greater Parramatta (includes Westmead), Sydney Olympic Park, The Bays Precinct and Sydney CBD. The key precincts and alignment of the rail is shown in Figure 5. The proposal will double the rail capacity between Parramatta and CBD, unlocking housing supply and employment growth along the route corridor.

Sydney Metro West will include a new underground metro station at Westmead, to support the growing residential area and the Innovation Precinct. Longer term opportunities include an underground interchange at Westmead or Parramatta to provide connections to the outer west and Blue Mountains in addition to other interchanges along the line.

Figure 5—Sydney Metro West

Source: NSW Government



Parramatta Light Rail

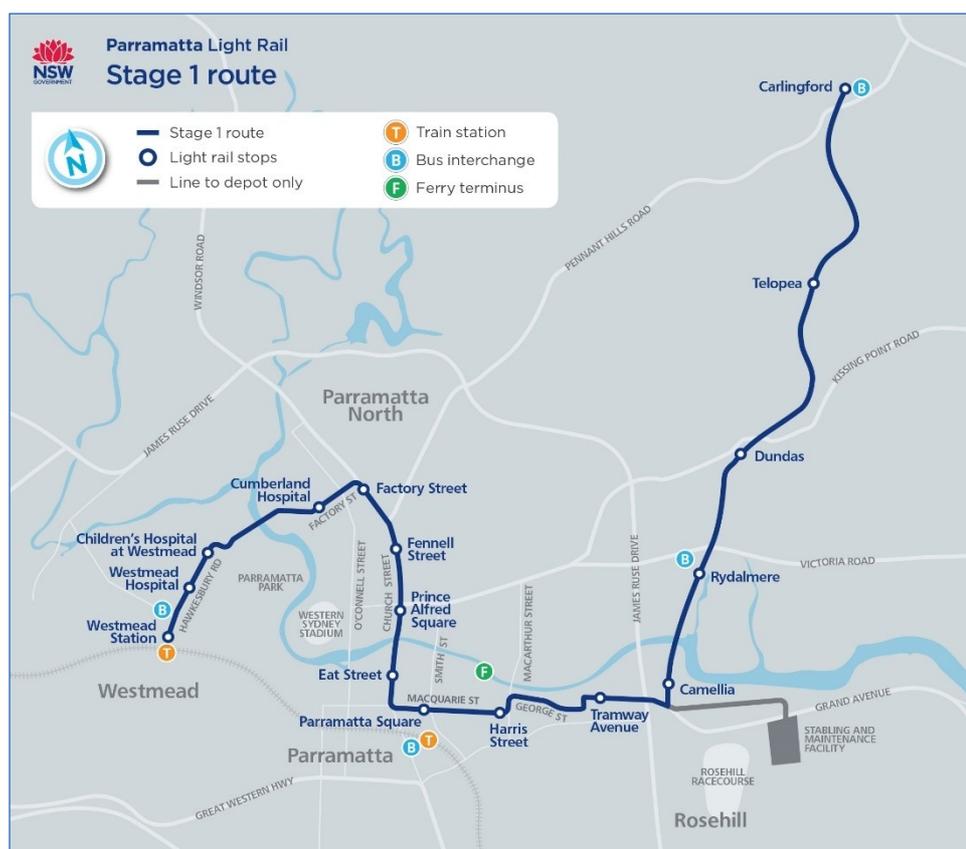
The Parramatta Light Rail is a major infrastructure project by the NSW Government, at an estimated cost of \$2.4 billion. Stage 1 of the line will run between Westmead and Carlingford via Parramatta CBD and Camelia connecting to existing rail, bus and ferry interchanges at Westmead, Parramatta CBD and Carlingford (refer Figure 6).

Construction has commenced on Stage 1 with an anticipated completion date of 2023. Plans for Stage 2 are still to be finalised but are expected to connect Stage 1 and the Parramatta CBD with Ermington, Melrose Park, Wentworth Point and Sydney Olympic Park.

It is anticipated that by 2026, an estimated 130,000 people will be living within walking distance of the light rail stops and around 28,000 people will use it every day.

Figure 6—
Parramatta Light Rail

Source: NSW Government



Both the future Parramatta Light Rail as well as Sydney Metro West recognise the importance of Westmead as a significant health, education, research and training precinct. The new rail projects will service Westmead, improving regional access and connectivity for residents, workers, students and other visitors to the Innovation District.

These projects will reinforce Westmead as a suitable location for increased housing density, employment, education and other services. The proposed residential and

mixed-use development on the subject site is well placed to benefit from these public transport initiatives.

Parramatta

Several large-scale projects are planned or underway in the Parramatta CBD, including, but not limited to:

- Parramatta Square, a \$2 billion, mixed-use redevelopment precinct involving the redevelopment of 3 hectares of council-owned land in central Parramatta to include new council offices and civic facilities, new campus tower for the University of Western Sydney, offices, residential apartments, commercial accommodation and retail, entertainment and lifestyle use.
- Parramatta Riverbank – rejuvenating the waterfront and including residential and retail space, museum and theatre.

Parramatta is just 2 km east of Westmead and both are within the defined Greater Parramatta region. Although accessibility between Westmead and Parramatta is already very good, this will improve significantly in the future with the new light rail and metro west connections. Residential development in Westmead could readily and conveniently service workers and students in Parramatta and vice versa.

2.4 Summary

In summary, the subject site is located within a precinct that is already Australia's most significant health, education and research hub, with plans for significant expansion through public and private investment.

Future projects will add significant employment opportunities, while introducing greater connectivity through new public transport investment.

In this context, the development site has potential to add diversity to the land use mix within the district, by introducing a residential dwelling product that can provide local live-work and live-study opportunities, and by widening the mix of commercial and community activities and services on offer.

3

Context analysis and design response

3.1 Local context The subject site consists of 8,663 sqm of land on the eastern side of Bridge Road, on the western periphery of the Innovation District, and currently houses 31 attached and semi-detached single level brick villas.

The site is approximately 100m north of the overpass on the railway line and 200m south of Darcy Road (refer Figure 7). Westmead Station is about 1.4km to the east via Darcy Road and Hawkesbury Road, but a new cross-precinct road is proposed to provide a more direct connection through the precinct. The existing frontage to Bridge Road is approximately 93m, with a boundary of 124m along the future road connection to the north.

Surrounding uses include the following (refer Figure 8):

- North:
 - Immediately north of the site is an extensive hospital residence complex on the corner of Bridge Road and Darcy Road which provides long or short term and furnished or unfurnished accommodation to hospital staff. The facility includes multiple 2-4 storey buildings and associated carparking, playground and lawn areas. Access is via Darcy Road and Bridge Road. The access from Bridge Road (South Avenue) runs along the northern shared boundary of the subject site. It is our understanding that the complex will be redeveloped, although no planning is underway at this stage. A Draft Master Plan for the Westmead precinct as a whole³ identifies a new link road to be developed between the complex and the subject site which will provide an important alternative route eastward to Hawkesbury Road. We understand that the northern side of this new road is potentially earmarked for some retail and other commercial uses.

³ Draft Westmead Master Plan November 2018 (not yet publicly released)

- Further north on Darcy Road is a small neighbourhood shopping facility including Coles supermarket and a limited range of mainly convenience retailers.
- East:
 - Immediately east of the site is a residential tower that forms part of the Riveria Park Monarco Estate. Further east are education uses including Mother Teresa Primary School, Catherine McAuley Catholic School (girls) and Parramatta Marist High School (boys), with the WSU redevelopment and Highline forming the eastern edge of this sub-precinct that is bounded by Bridge Road, Darcy Road, Hawkesbury Road and the railway reserve.
- South:
 - Riveria Park Monarco Estate is directly to the south, with the railway line on its southern border. The estate comprises four multi-storey residential apartment blocks (ranging from 9 to 15 levels) totalling 420 apartments. Set over 3.3 hectares, the estate incorporates private gardens, tennis courts, swimming pool, spa, gym and children's play area.
- West:
 - The western side of Bridge Road, between Darcy Road and the rail line, is predominantly comprised of 3-storey residential flats.

Regional road connections include the Western Motorway, which is accessible for city-bound travel via Bridge Road to the south; the Great Western Highway, immediately south along Bridge Road; and Darcy Road, which provides a connection westward to the Cumberland Highway.

Local road connections include Alexandra Avenue on the southern side of the railway line, which is the most direct link at present to Wentworth Station, while Wentworth Avenue and Veron Street provide a local connection westward towards the Wentworth shopping village.

Public transport access includes:

- Rail – Situated just north of the railway line, the site is approximately 800m from both Westmead (east) and Wentworthville (west) train stations.
- T-way – the rapid bus network runs between Westmead and Rouse Hill along Old Windsor Road. In the local area, the T-way is along Mons Road, Darcy Road and Hawkesbury Road.
- Buses – there are three bus routes along Bridge Road, and bus stops adjacent to the site. The buses provide the following services:
 - Between Parramatta Station and Blacktown Station via Seven Hills
 - Connecting Westmead with Merrylands Station, via Wentworthville
 - Between Parramatta Station and Northmead via Pendle Hill.

The site is zoned R4 High Density Residential within the Parramatta Local Environmental Plan 2011 (PLEP2011). The Planning Proposal retains the existing zone and seeks to increase the FSR and building height controls to facilitate a more intensive mixed-use development outcome.

Figure 7—Site location

Source: Deep End Services

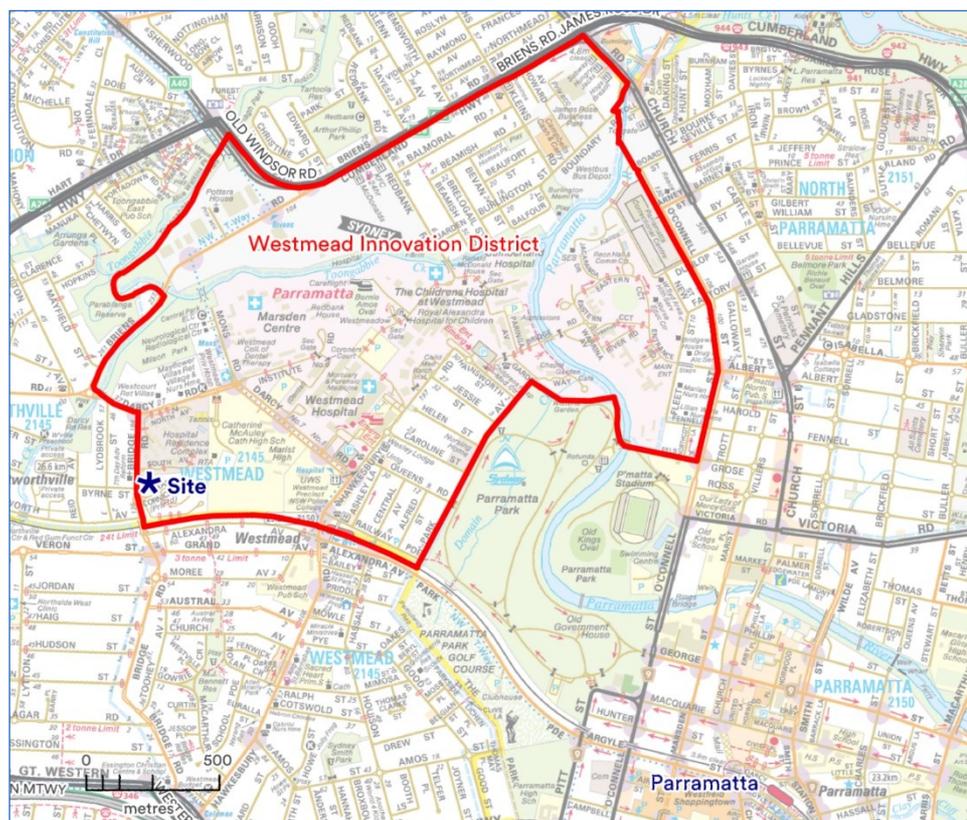


Figure 8—Local uses

Source: Nearmap; Deep End Services



3.2 Planning context

Greater Sydney Region Plan

The Greater Sydney Region Plan – *A Metropolis of Three Cities* presents the NSW Government’s strategic direction on metropolitan development for the next 40 years as the city grows to a population of more than 8 million people.

The Plan has a strong theme of restructuring the city’s development for a better alignment of infrastructure development, jobs creation and the spatial pattern of residential growth, so that people have equitable access from their place of residence to jobs and services within 30 minutes’ travel.

The outcome is transformation of Greater Sydney into a metropolis of three cities:

- Western Parkland City
- Central River City
- Eastern Harbour City.

Westmead is within the Central River City which is centred on Greater Parramatta, incorporating the Westmead precinct, and the Olympic Park Peninsula economic corridor. This region is envisaged to take advantage of its location as the geographic centre of Sydney and accommodate a significant share of future housing and employment growth, particularly with respect to development in health, education and research fields, and underpinned by investment in the Metro West rail line.

Central City District Plan

The *Central City District Plan*, prepared in March 2018 for the local government areas of Blacktown, Parramatta, Cumberland and The Hills (refer Figure 9), provides additional detail around planning for housing and population growth anticipated to occur within the region over the period 2016 to 2036.

In terms of dwelling and population growth the District Plan sets out the following:

- The Central City District is to add a further 207,500 dwellings over the next 20 years, comprising 28% of Greater Sydney’s target
- The population of the area is to increase by 550,500 people
- The District Plan sets a strategic housing target of 21,650 homes in the City of Parramatta by 2021 over the initial 5-year planning period
- In the longer term, the population of the City of Parramatta is expected to increase by an additional 177,900 people (over the 20 years to 2036).
- The Plan encourages councils to develop housing strategies to accommodate the anticipated growth, and to ensure that growth occurs in the right locations and aligns with existing and proposed local infrastructure, such as rail corridors.

One of the key elements of the vision for the District is to transform “*Westmead health and education precinct to an innovation district with greater diversity of knowledge-intensive jobs*” (p 6)

Greater Parramatta, which comprises the Parramatta CBD, Parramatta North and the Westmead Innovation District, has a significant role as the Metropolitan Centre and core of the Central River City. As outlined in the District Plan, Greater

Parramatta’s economy is “centred on world-class health, education and research institution as well as finance, business services and administration.” (p 8)

The District Plan identifies future job growth within the area, specifically:

- The target for Greater Parramatta is to have 55,000 new jobs by 2036. To reach this target “requires new opportunities for medical and education services and associated commercial activities in Westmead, and greater commercial capacity in Parramatta CBD.” (p 58). This will also put pressure on providing new residential development in both locations.
- The Parramatta CBD is the 5th largest office market in Greater Sydney and the Plan provides for capacity for more than 27,000 new jobs and 7,500 new dwellings in the CBD by 2036.
- The Plan refers to Westmead as “one of the largest integrated health, research, education and training precincts in Australia and provides health services to almost 10 per cent of Australia’s population. By 2026, it will have over 2.8 million outpatient visits and over 160,000 emergency development presentations every year.” (p 60)

Westmead is identified as an important growth area that is expected to evolve into a world-class innovation precinct encompassing health, education and research.

Figure 9—Central City District Structure Plan

Source: Greater Sydney Commission, Central City District Plan, 2018 (extract)



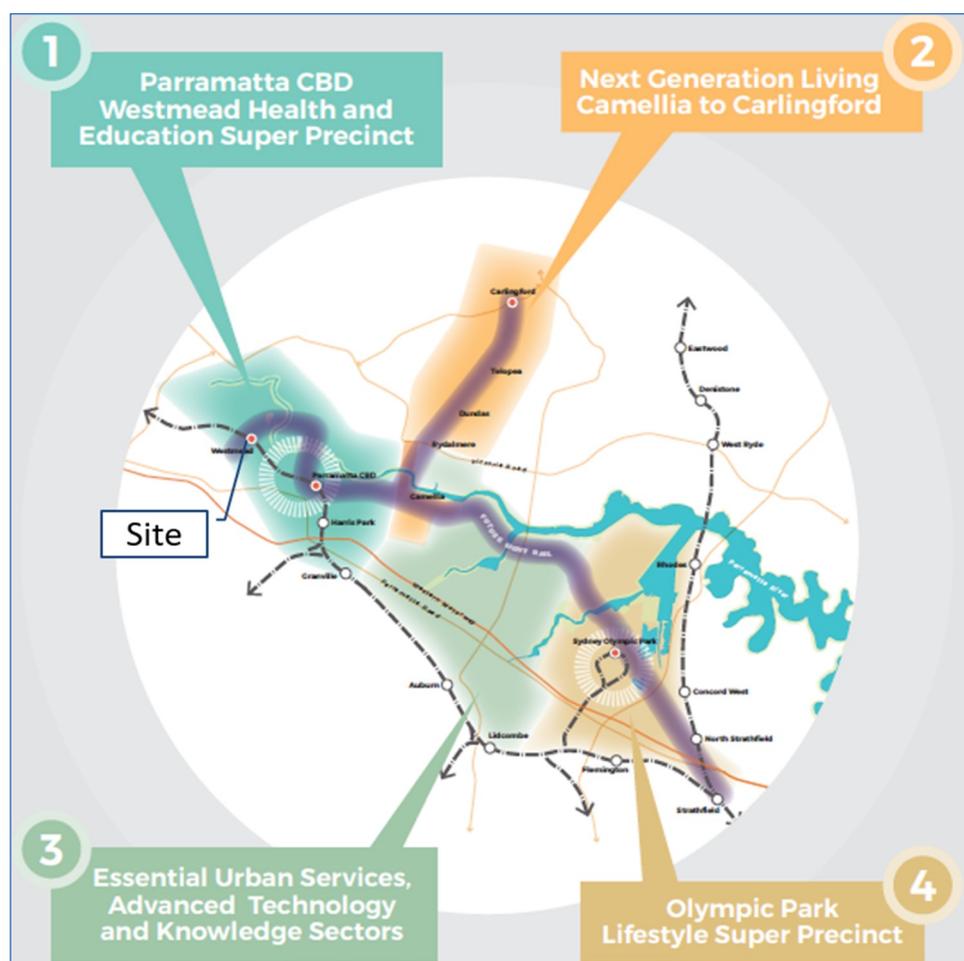
Greater Parramatta and the Olympic Peninsula (2016)

The Greater Parramatta and the Olympic Peninsula (GPOP) was established in 2016 by the Greater Sydney Commission (GSC) as the first Collaboration Area (or priority growth area) of the GSC. The GPOP Economic Corridor and its four defined ‘quarters’, or precincts, are illustrated in Figure 10.

The area extends 13 km east-west from Strathfield to Westmead along the Parramatta River and the planned Parramatta Light Rail (purple) will form its spine.

Figure 10—GPOP

Source: Greater Sydney Commission



GPOP is considered the geographic centre of Greater Sydney and the vision of the GSC is to create a city and urban hub at the heart of the metropolitan area. The draft vision for GPOP is to create a city in which people work, live, learn, and connect, and which provides hospitals, universities, commercial centres, leisure hubs and open spaces.

The *Parramatta CBD and Westmead Health and Education Precinct* forms one of the quarters within GPOP and will have a critical role in its development. This quarter includes a commercial core and civic heart (Parramatta CBD) and health, education and research hub (Westmead). The precinct is referred to as “GPOP’s

westernmost economic anchor – attracting human talent, investment and creative and innovative activity”. (p 30)

Although Parramatta CBD is considered the commercial and civic centre of the region, the Westmead quarter is to become the core location for clinicians, researchers and students, as well as accommodating the everyday services required to serve these users (childcare, hairdressers, florists, cafes).

The precinct is also anticipated to provide a range of housing types, to suit all needs, including for students, researchers, medical professionals and executives. Affordable housing and micro-housing for students, interns, etc, is also promoted.

Westmead Innovation District economic report (2016)

The report titled *Westmead Innovation District: Building Western Sydney’s jobs engine* was prepared by Deloitte on behalf of the Westmead Alliance in 2016 to examine the opportunities for economic development and employment generation within the precinct and prepare an action plan for future investment by public and private interests.

The key aspects of the report include the following:

- The precinct is already Australia’s largest health services precinct and a *“national and international leader in critical and acute health care, medical research, and education in nursing, medicine, allied health professions, and science and technology related to health”*
- Although significant investment in the precinct has been made in recent years, further investment by public and private interests will leverage significant future development and employment creation opportunities
- The opportunities present at Westmead will assist in creating the necessary future employment pipeline to support the anticipated population growth in the surrounding region
- Along with the investment opportunities in innovative enterprise and specialist health, education and research facilities, it will be necessary to create a *“new civic heart, public domains and high-quality living options which will help attract the best and brightest to Westmead”*
- In addition to high-quality housing, the precinct will need a wide array of long and short stay formats, including hotel accommodation, short-stay for students and health professionals, executive accommodation and medical-related stays for visitors, family members and patients
- An employment base of 30,000 jobs in 2036 is likely occur under a business as usual scenario, but with the proper interventions the employment growth opportunity could be as high as 50,000 jobs by 2036.

3.3 Site attributes The key attributes of the site as a location for mixed-use development are as follows:

- A strategic position within a ‘transition’ area between large-scale employment and institutional use to the north and east, and residential housing to the south and west.
- Close to major new developments that will create employment growth and provide an impetus for a local live-work or study-work residential address.
- Excellent access to the wider road and public transport systems.
- Close to local services on Darcy Road (and higher-order services elsewhere in the region), while recognising the opportunity to insert new local-level amenity that is currently missing from the precinct, including local retail and personal services and community uses.
- Well-served by local roads, but recognising an opportunity to capitalise on the creation of a new east-west link through the precinct that will provide a direct connection from Bridge Road through to Westmead Station and the future Metro West.
- A position within an employment-growth precinct which currently has a lack of diversity in the housing offer, particularly with respect to the lack of affordable apartment living, student housing and respite housing.
- A position in the centre of the sub-precinct bounded by Bridge Road, Darcy Road, Hawkesbury Road and the railway line, where the new draft master plan aims to create better integration with these elements, including new access connections for vehicles and pedestrians.
- Adjacent to the Nurses Quarter precinct which is envisaged to redevelop over time.

Overall the site presents as an excellent opportunity to address existing and future demand for residential and short-term accommodation within close proximity to one of Sydney’s most extensive employment and education precincts, while including a more diverse range of uses to provide local services for existing and future residents, workers and visitors.

3.4 Design response

Preliminary plans have been prepared by Roberts Day to establish the scale and mix of uses that would be facilitated by the Planning Proposal.

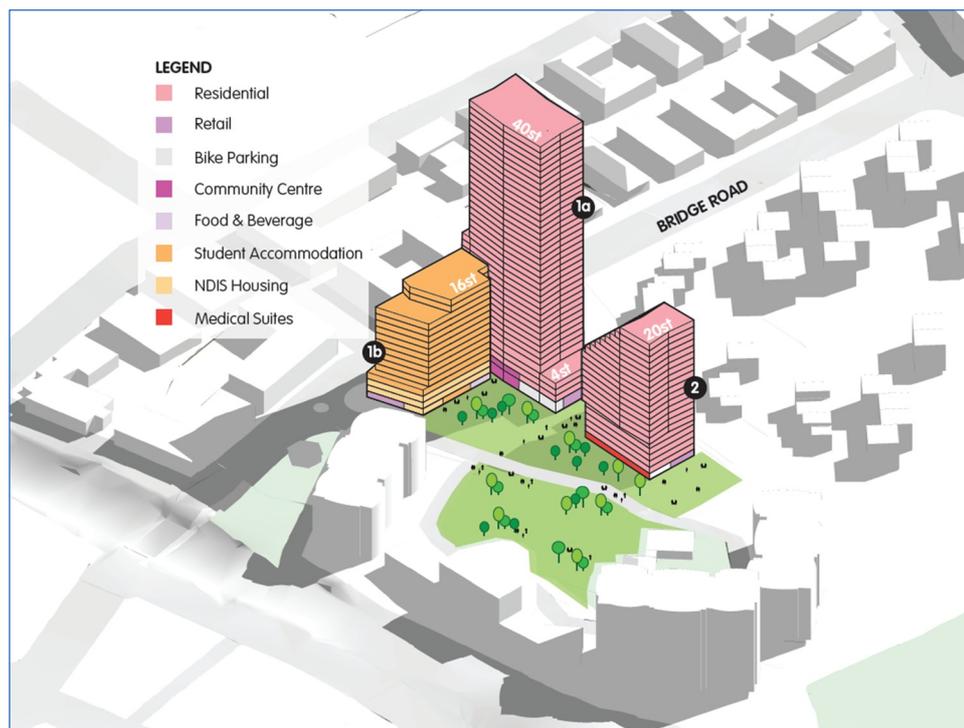
Although a detailed breakdown of uses will emerge during preparation of the development application, an indicative use mix has been established to guide consideration of the Planning Proposal, comprising:

- 424 residential apartments accommodated over two high-rise buildings, incorporating 21 affordable housing units
- 300-room student housing facility
- 23-unit respite care for medical stay and assisted disability housing
- Community hub multi-purpose facilities (1,000 sqm)
- Medical suites (929 sqm)
- Convenience retail tenancies (756 sqm)
- Food & drink outlets (441 sqm).

This range of uses reflects the position and other attributes of the site, and the opportunities already identified in relevant policy and strategic studies.

Figure 11—Design response – land use diagram

Source: RobertsDay



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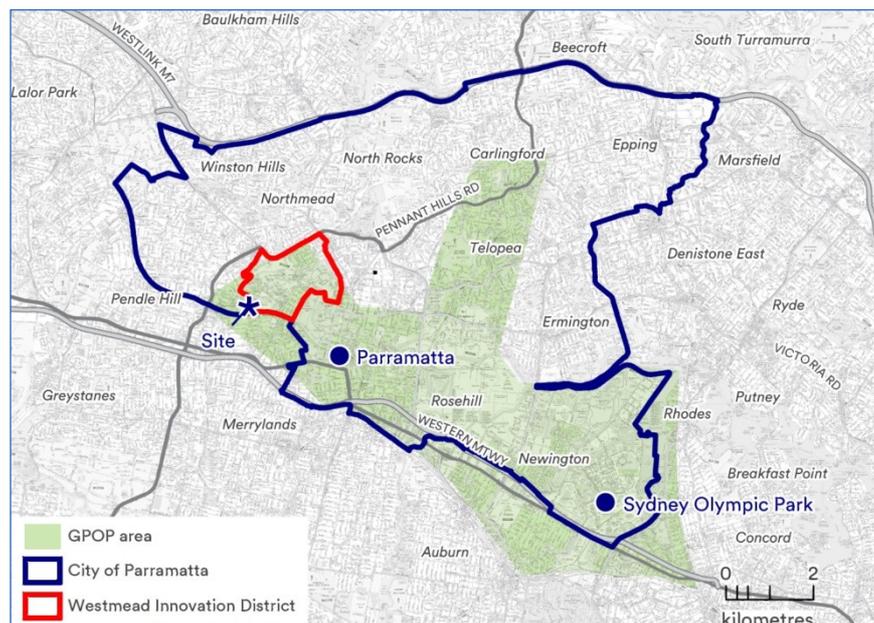
Economic context

- 4.1 Study regions** For the purpose of assessing the market context and economic impact associated with the proposed uses, analysis has been undertaken for the following areas:
- Westmead Innovation District (as described in Section 2.2); and
 - City of Parramatta Local Government Area

The extent of these areas is shown on Figure 12 as well as an indicative boundary of the GOP area. The subject site at 93 Bridge Road is at the western end of the GOP area and within the City of Parramatta.

**Figure 12—
Economic study regions**

Source: Deep End Services



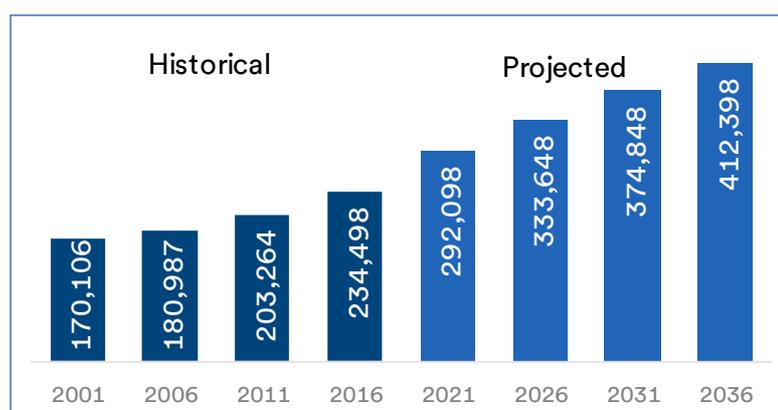
4.2 City of Parramatta population trends

At the time of the 2016 Census there were 234,500 people living in the City of Parramatta, having experienced growth of 4,300 people per annum over the 15-year period from 2001 (refer Figure 13).

The population of Parramatta is forecast to increase at a more rapid rate over the 20-year period to 2036, averaging more than 8,000 new residents each year. This represents total growth of 177,900 between 2016 and 2036, consistent with the population and housing targets of the Central City District Plan.

Figure 13—City of Parramatta population

Source: ABS; NSW Government; Deep End Services



Over the five-year period to 2021, the local population within the City of Parramatta is projected to increase by 57,600 people, which is broadly consistent with the District Plan's housing target of an additional 21,650 new homes for the municipality over the 5 years to 2021. It is expected that medium and high-density development will account for the majority of dwelling growth, concentrated within and around the major transport and commercial hubs, namely Parramatta CBD, Westmead, and Sydney Olympic Park.

4.3 Westmead population trends and forecasts

The suburb of Westmead currently contains 17,514 residents, up from 10,700 in 2001, representing average growth of a little more than 400 people each year.

Westmead is bisected by the railway line (refer Figure 2, p4). In 2001 the population in the suburb was split roughly 50:50 north and south of the line. Over the last ten years, however, population growth in the south has been at an average of 125 people per annum, while growth in the northern part of the suburb has averaged 300 people per annum.

Future growth in the northern part of the suburb will be driven by medium-high density development in and around the Westmead Innovation District, with the largest existing project being the Highline development on the site of the Western Sydney University campus.

Growth in the south is predominantly low to mid rise development along Great Western Highway and in its surrounding area at the southern boundary of the suburb, with future opportunities for higher density housing restricted by the need for site amalgamation.

4.4 Demographic profile and forecast changes

The housing and demographic profile for the Innovation District and City of Parramatta is provided in Table 1 with comparisons against metropolitan Sydney averages.

The demographic profile of the City of Parramatta is generally very similar to the Sydney average but with greater ethnic diversity, in particular a larger proportion of Indian and Chinese-born residents. A higher proportion of apartments and rented accommodation across the municipality is also evident compared to the Sydney average.

The Innovation District includes the northern part of the suburb of Westmead including the residential and industrial area north of Toongabbie Creek and south of Briens Road. The demographic profile for the population living within this area is as follows:

- A well-educated labour force, albeit with higher unemployment possibly due to recent graduates seeking work
- Strong representation in health-related and professional, technical and scientific employment sectors
- Smaller average household size associated with a student-aged population, and with a corresponding higher incidence of lone person households
- Slightly greater proportion of younger children, reflecting the fact that the population also includes recent arrivals in family-forming age groups
- Slightly lower incomes
- Very strong Indian-born minority, with an under-representation of people born in North-East Asia
- Emphasis on people (including students) in rental accommodation
- Very high incidence of apartment living (86%).

**Table 1—
Demographic
Characteristics**

Source: ABS; Deep
End Services

Demographic characteristic	Innovation District	City of Parramatta	Sydney
Persons and dwellings			
Usual resident population	10,061	226,225	4,823,991
Total private dwellings	3,867	85,654	1,855,169
Average household size	2.60	2.80	2.78
Economic indicators			
Unemployment rate	8.3%	7.0%	6.0%
White collar workers	65%	61%	56%
Bachelor degree or higher	50%	37%	28%
Top employment sectors for residents			
Health care & social assistance	20.7%	13.7%	12.7%
Professional, scientific & technical	15.9%	12.6%	10.8%
Age group			
0-9	18%	13%	13%
10-19	6%	10%	12%
20-34	36%	27%	23%
35-49	25%	22%	21%
50-64	8%	16%	17%
65+	8%	12%	14%
Average age	32.5	36.5	37.6
Income			
Average individual income	\$52,833	\$50,018	\$53,724
Variation from Sydney average	-2%	-7%	-
Average household income	\$102,773	\$106,733	\$110,026
Variation from Sydney average	-7%	-3%	-
Country of birth			
Australia	32%	48%	61%
India	35%	11%	3%
China	4%	11%	5%
South Korea	1%	4%	1%
Other	28%	25%	30%
Regions of ancestry (top 4)			
North-West European	20%	33%	49%
Southern and Central Asian	55%	20%	9%
North-East Asian	10%	28%	13%
Oceanian	12%	19%	28%
Dwelling tenure			
Fully owned	8%	25%	30%
Being purchased	21%	32%	34%
Rented	71%	43%	35%
Dwelling type			
Separate house	6%	46%	57%
Townhouse/semi-detached	8%	15%	14%
Apartment	86%	39%	28%
Household composition			
Couples with children	41%	41%	38%
Couples without children	24%	24%	24%
One parent family	6%	10%	11%
Lone person	23%	20%	22%
Group	5%	5%	5%

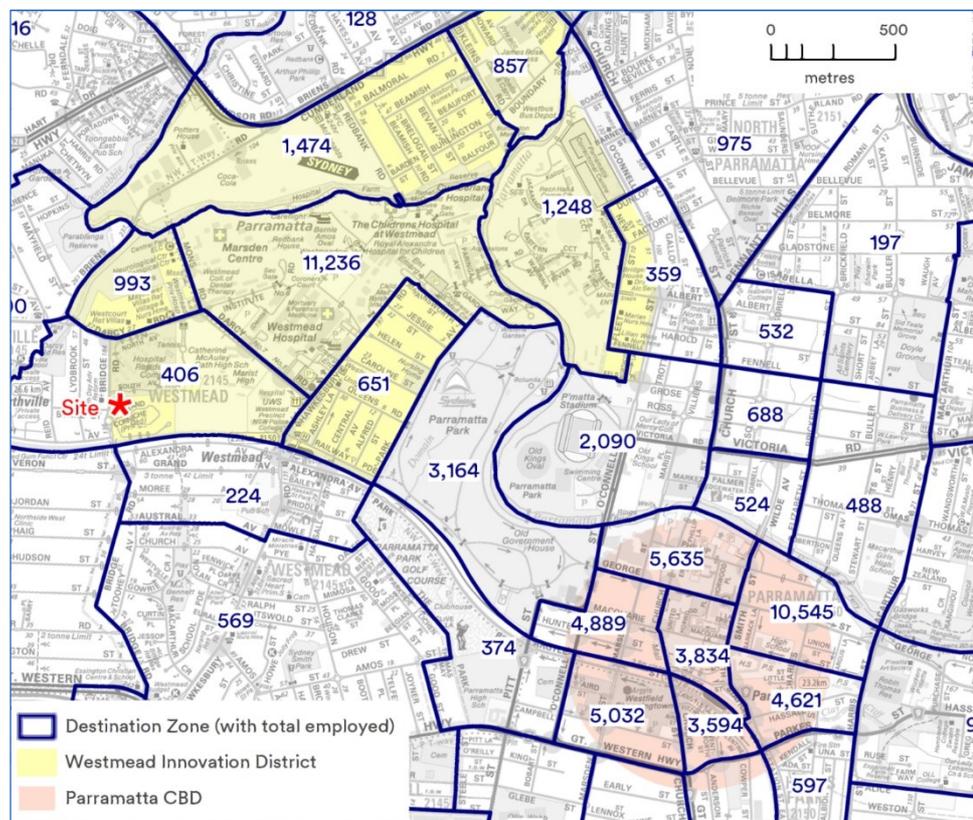
4.5 Employment trends and forecasts

The Innovation District is a major employment node, with 16,865 people working within the precinct at the time of the 2016 Census, compared to almost 40,000 people working in the Parramatta CBD (refer Figure 14 which provides employment data for individual employment destination zones).

The Health Care and Social Assistance industry sectors accounts for over two-thirds of the number of workers in the Innovation District, while Public Administration and Safety and Financial and Insurance Services are the largest industries of employment in the Parramatta CBD.

Figure 14—Number employed by Destination Zone

Source: ABS



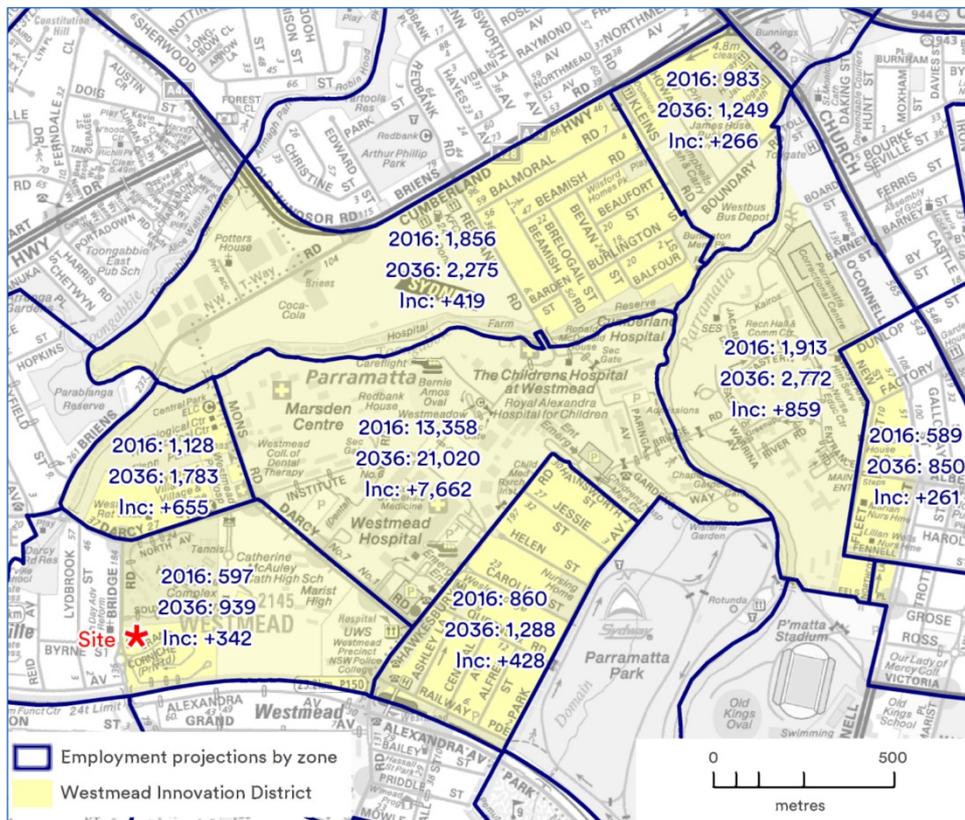
The most recent official employment forecasts were prepared by Transport for NSW in 2016, with data at a small area level (Travel Zones, equivalent to destination zones).

Figure 15 shows the 2016 and 2036 employment projections for each small area in the Westmead Innovation District⁴. Given the differences between this data and the more recent Census data for 2016, the key observation is that Transport for NSW predicts employment growth of around 10,600 between 2016 and 2036, reaching approximately 31,326 in 2036 which is generally consistent with the Base Case employment forecast in the Deloitte study.

⁴ Note that the 2016 estimates of employment differ between Travel Zone data and Destination Zone data. The Destination Zone data is based on information from the 2016 Census and is the best estimate of number employed in each zone at that time. The Transport for NSW forecasts were prepared in 2016, prior to the release of the results from the 2016 Census and therefore is not based on latest available information. The additional employment is the more important component to consider.

**Figure 15—
Employment
projections by
Travel Zone, 2016-
2036**

Source; NSW
Government; Deep
End Services



**4.6 Travel to
work patterns**

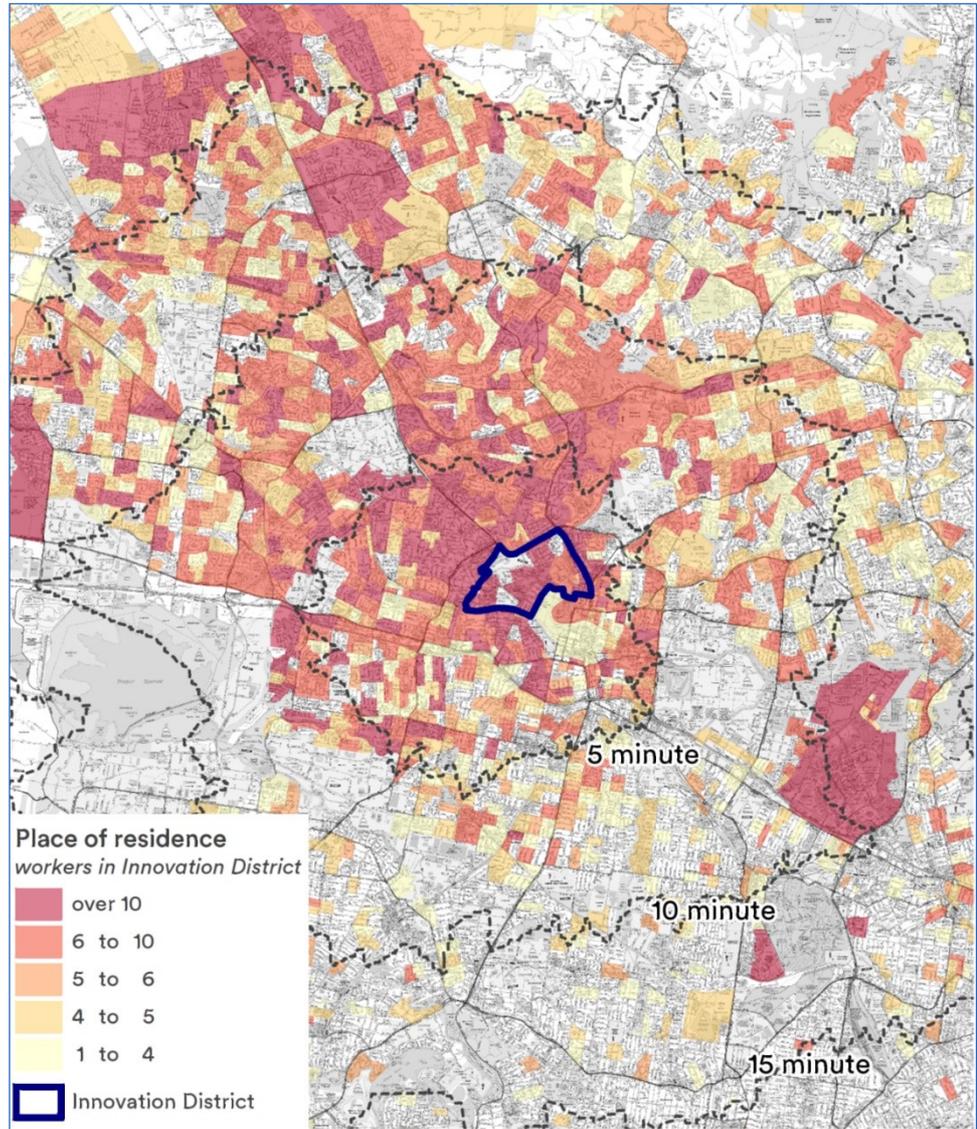
The place of residence of workers in the Innovation District is thematically mapped on Figure 16 along with 5, 10- and 15-minute drive time isochrones from the subject site. The majority of workers reside north or west of the Innovation Precinct and across a very broad region. In comparison, fewer workers in the District reside more than a 5-minute drive to the south.

Using available Census data, it is estimated that roughly 5% of workers in the Innovation District also live elsewhere in the District. However, a larger 35% of workers come from outside a 15-minute drive of the site.

The regional and local planning frameworks aim to provide residential housing options well-connected to and close to place of work. The opportunity for more housing within the Innovation District will further reduce travel times for workers in the area, in addition to travel times to the Parramatta CBD, the other major employment node in the area.

Figure 16—Place of residence for workers in Health area

Source: ABS; Deep End Services



5

Use assessments

5.1 Introduction This section of the report presents an overview of the types of uses likely to be facilitated by the Planning Proposal in accordance with the indicative development design from RobertsDay. An assessment of each of these uses is provided in the context of broad market demand and supply conditions, showing that each element responds to an identifiable market need or opportunity.

5.2 Residential The suitability of the site to accommodate high density apartment development can be analysed with respect to:

- Historical changes in housing stock
- Recent residential approvals by type of dwelling
- Housing requirements to accommodate forecast employment growth in the Parramatta region and Westmead in particular
- Commentary on how the proposal responds to future demand for high density housing.

For the purposes of analysis, the following dwelling definitions are used:

- Houses – detached dwellings
- Townhouse/semi-detached – includes semi-detached, row or terrace houses, townhouses of one, two or more storeys
- Apartments – including lower-rise of up to 3 storeys, and high-rise blocks of 4 or more storeys which can be segmented as follows:

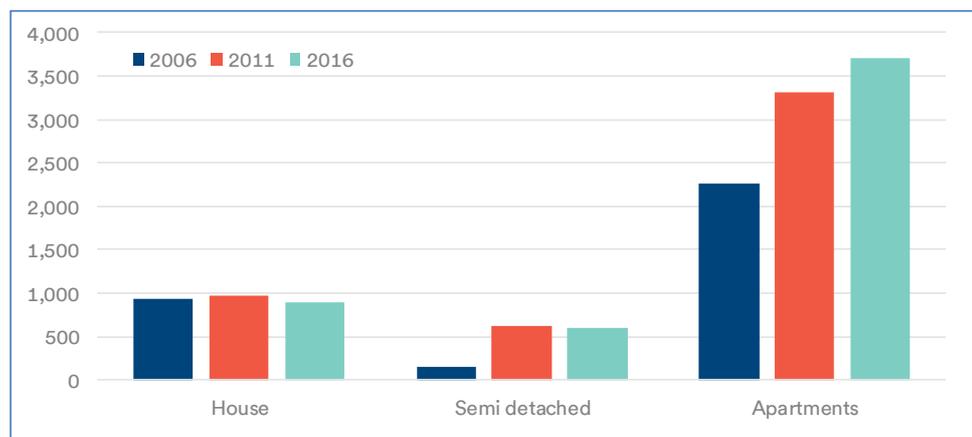
Dwelling stock changes

Data from the last three Census periods (2006, 2011, 2016) shows that the change in dwelling stock in the suburb of Westmead was an increase of 1,857 dwellings over this period, of which 1,457 dwellings, or 78% of the total net change, involved an increase in the number of apartment dwellings. In the most recent period 2011-2016 the only change in stock was an increase in apartments.

These changes in dwelling stock are shown in Figure 17, highlighting the dominance of apartments as the most significant format.

**Figure 17—
Westmead suburb –
change in dwelling
structure**

Source: ABS; Deep
End Services



Dwelling approvals

Residential dwelling approval activity for the period January 2017 to December 2018 is shown in Figure 18, which provides information on the volume and type of approvals granted across Sydney's inner and middle suburbs.

The pattern of approval activity highlights key growth area clusters in the inner city (Alexandria to North Sydney), in Macquarie-Epping, and within the GPOP corridor. Liverpool is another emerging cluster in the south-west.

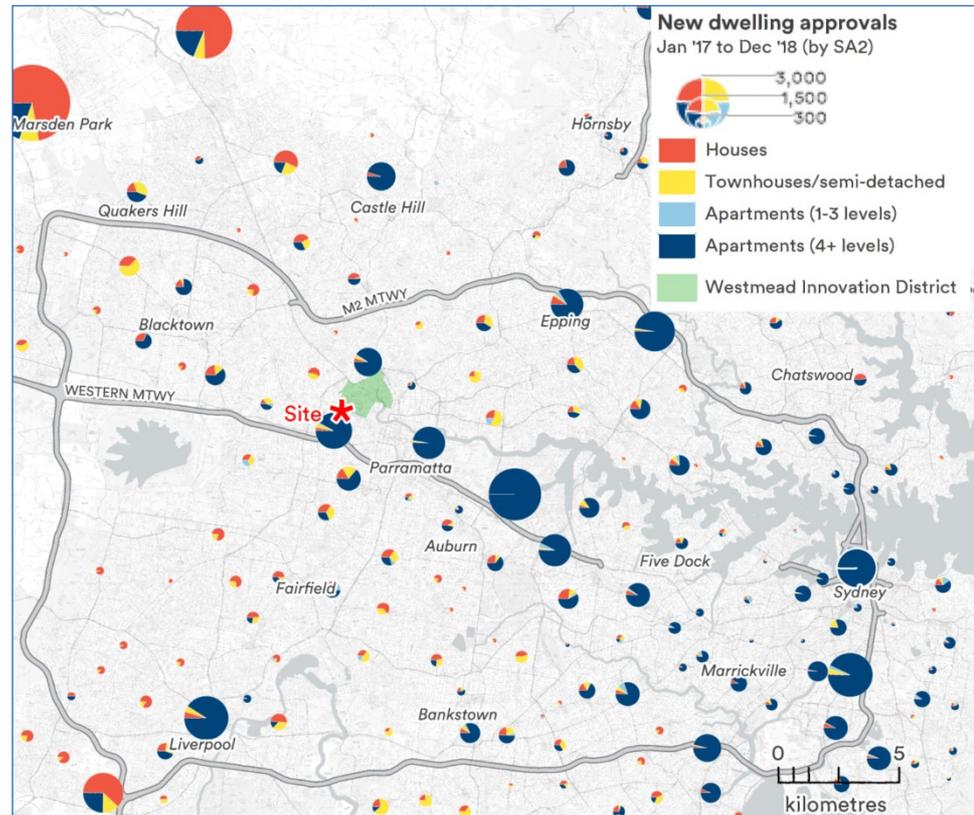
Within these strategic inner and middle suburbs, the dominant form of development is high-rise apartment dwellings.

Greenfield development on the North-west and South-west urban fringe, by contrast, involves a much greater proportion of separate homes and townhouses, reflecting the lower underlying land values in these areas.

The inclusion of high-rise apartments on the subject site is therefore entirely consistent with the general scale and structure of urban development in metropolitan Sydney, where large scale multi-level apartment developments are focussed on strategic centres that are close to public transport and major roads.

Figure 18—Dwelling approvals by structure (by SA2)

Source: ABS; Deep End Services



Major residential development projects

Within the Innovation District there are several residential and mixed-use developments that are planned or underway, as listed in Table 2.

The largest project in the area is Deicorp's Highline development currently under construction on Hawkesbury Road. The development is on the site of the old Western Sydney University. Stage 1 is currently being developed and comprises five residential dwellings with 556 units. Construction of stage 2 is yet to commence and will include another three buildings with a total of 355 units. The mixed-use proposal currently under assessment and adjacent to Highline is part of the WSU proposal (discussed in Section 2.3) and will include commercial, education and other uses.

Two other projects propose to incorporate commercial accommodation in their mix, reflecting the existing lack of available short-stay options for people visiting the precinct.

In the wider region, other high-rise apartment projects have been completed, are under construction or planned within the Parramatta CBD.

The emergence of new apartment development projects is consistent with the encouragement given in local and regional planning policies for high density residential close to major employment and service districts where investment in transport and other infrastructure is planned and underway.

Table 2—Example projects Westmead

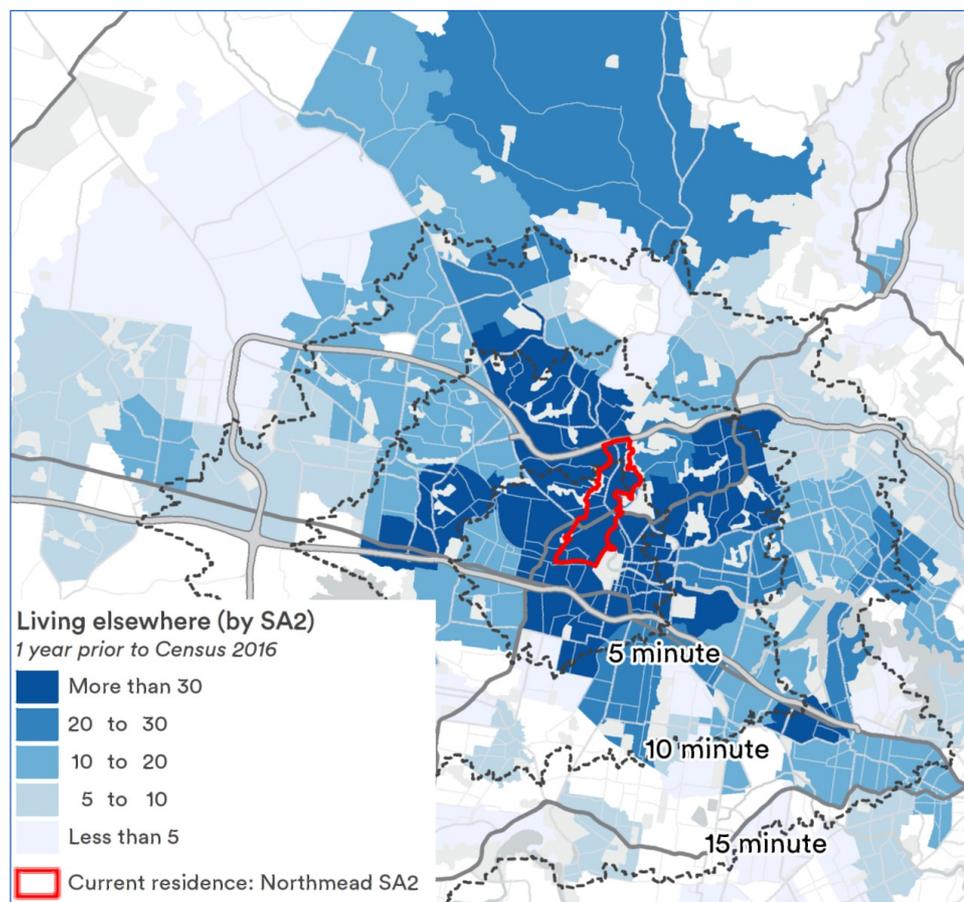
Address	Type	Status	No. buildings	No. levels	No units
164 Hawkesbury Rd (Lot 5)	Residential	Under construction	5	Up to 25	556
164 Hawkesbury Rd (Lot 4)	Residential	Approved	3	6-21	355
2-6 Helen St	Aged Care	Under construction	5	7 each	70
24-26 Railway Pde	Residential & Hotel	Under assessment	1	16	33 (resi.) 97 (hotel)
14A Mons Rd	Serviced Apartments	Application	1	4	

Migration patterns

Figure 19 shows the previous residential address one year prior to the 2016 Census, for residents living within the Northmead Statistical Area 2 geographic region (which incorporates Westmead).

Figure 19—Northmead residents – place of usual residence 1 years ago

Source: ABS; Deep End Services



This analysis shows that the subject site is within a housing region that extends southwards within around 5-minutes travel time, with a more extensive 'catchment' north and north-west of Westmead towards Epping, Castle Hill and Blacktown.

In addition to these local movements, a significant 29% of residents who moved over the 12 months prior to 2016 came from overseas.

Summary

In summary, the proposed inclusion of 424 apartments in the proposed development responds to the underlying development trends and changes occurring in the wider region and across Sydney more generally. The added apartment supply represents a small fraction of the dwelling targets identified for the Central City region and for Greater Parramatta, and would easily be absorbed by ongoing demand, especially as employment opportunities within Westmead emerge over time.

5.3 Short-stay accommodation

In addition to residential apartments, the indicative design plan by RobertsDay incorporates 7,607 sqm for student housing, which is sufficient to accommodate a 300-room facility.

The need for student housing has been identified in previous work undertaken for the Westmead Innovation District and will be driven by existing student numbers as well as a significant increase in student numbers predicted over the next 20 or so years.

The current provision for student housing is limited to facilities in Parramatta CBD, with no dedicated student housing within the Westmead District.

The proposal also includes allowance for respite care accommodation, which could be available for a range of potential user groups:

- Medical-related guests such as family members visiting patients, or patients from remote areas staying off-site during treatment
- Respite care for people with physical or mental disabilities (supported by the NDIS), including short-term transition care as well as longer-term living arrangements.

These proposed uses reflect the types of short-stay accommodation demands generated as a result of the site's location within the Westmead precinct, and have been identified in previous studies for the precinct.

5.4 Medical suites

The indicative development plan includes 929 sqm associated with new medical suites. These could be taken up by new general practitioners in the area, or (more likely) provide an opportunity for off-site consulting rooms for specialists associated with the hospitals in the precinct.

The need for additional private consulting rooms is generated by the extensive private health industry that already exists in the precinct, and its further development and expansion in accordance with the Westmead Master Plan.

Other opportunities could be in more commercially-focussed parts of the health industry, including firms involved in researching the commercial application of health products and procedures.

A new purpose-built medical centre would be easily accessible to the local population and those travelling into the area from the west (via Darcy Road) and south via Bridge Road. The combination of residential apartments, medical suites

and other uses also provides an adequate transition between the high-intensity medical uses in the east and the predominant residential areas south and west of the site.

5.5 Retail

The existing provision of retailing in Westmead is relatively limited and somewhat fragmented, consisting of:

- The traditional street-based commercial centre on Hawkesbury Road, near Darcy Road intersection, just north of the Westmead train station. This precinct comprises a small range of dining options (cafes, takeaway, Subway, Oporto) as well as other businesses and services including banks, real estate and upper level medical suites.
- A small supermarket centre is located on Darcy Road near the Bridge Road intersection within a 4-storey mixed use development. The centre, which opened in 2012, includes Coles (3,600 sqm), Liquorland, a pharmacy, an Asian grocer, discount variety and a medical centre.

The indicative plan proposes to incorporate a small amount of retail floorspace consisting of:

- 756 sqm of floorspace configured as 6 shops, aimed to provide convenience-related services to local residents, workers and visitors
- 441 sqm associated with eateries (7 outlets) to provide local lunch-time and dining opportunities for residents and other users of the precinct.

Analysis of the opportunity for these retail elements can be examined with respect to the future retail demands generated by:

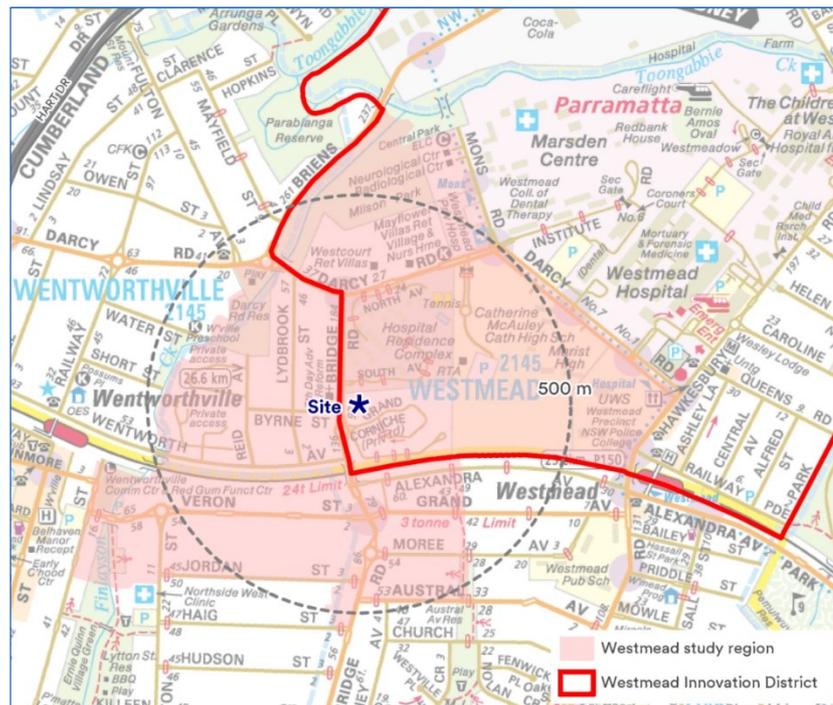
- Local residents, including those in the new residential apartments on the site as well as those living close to the site.
- Short-stay occupants, including students and people using the medical-related family accommodation (and to a lesser extent respite care users)
- Visitors to the medical suites and any components of the development
- Other visitors from nearby, including workers elsewhere in the Innovation District, students, etc.

Residents

A study region has been defined for the purposes of assessing the retail spending levels of residents within approximately 500 metres' radius of the subject site (refer Figure 20). These people would be candidates for regular use of the facilities within the development.

Figure 20—Retail study region

Source: Deep End Services



According to ABS data the retail study region had a total population of 6,190 residents in 2017, with annual growth averaging around 210 new residents a year for the 5 years previously.

Approximately 800 residents are likely to live in the 424 apartments on the subject site, with residents also moving into the 900 or so new units within the Highline development. With allowance for other new residential development projects within the surrounding area, the study region is expected to have a residential population of around 9,000 residents by 2026.

Demand will be generated across all types of retail, however the most relevant spending categories for the proposed development are:

- Convenience groceries, including spending on fresh food and other grocery goods
- Pre-packaged/take home liquor
- On-site dining at cafes and restaurants
- Takeaway food
- Fashion
- A range of other no-food items including pharmaceutical good, newspapers and magazines and other convenience-related merchandise

- Retail services such as dry cleaning, hairdressing and beauty salons.

It is estimated that study region residents will spend a total estimated \$80.9 million on these core goods and services in 2021, increasing to \$118.5 million by 2026 as shown in Table 3.

**Table 3—
Population and
spending
projections**

Deep End Services;
ABS; MarketInfo
expenditure model;
Deloitte Access
Economics

Measure	2021	2026
Population		
Population	7,240	9,140
Growth (no. pa)	266	380
Growth (% pa)	4.1%	4.8%
Market size (\$m)		
Groceries	36.9	55.1
Take-Home Liquor	3.2	4.6
Dining	13.7	19.5
Takeaway food	7.6	10.8
Fashion	11.2	16.2
Convenience non-food	4.4	6.3
Retail Services	3.9	6.0
Total	80.9	118.5

Students

Additional expenditure would also be generated by students. Based on an estimated 500 students within the development, and expenditure rates that are discounted by 40% when compared to the estimated spending by permanent residents, students would add another \$4m or so to the available spending in the immediate area, including \$1.8m on groceries and \$0.6m on dining.

Assuming a conservative estimate of an addition 14,000 workers in the Innovation District by 2036 (based on the current development pipeline), the retail spend of workers in the area is calculated as follow:

Retail opportunity

The retail opportunity at Westmead is significant as a result of the expenditure flows by permanent residents and incorporating an allowance for students living within the subject site. Other opportunities will be generated by workers in the surrounding precinct and visitors to the site.

The indicative development plan proposes to include a relatively small amount of retail floorspace, recognizing that much of the additional expenditure flow identified above will be directed to existing facilities such as the Coles development on Darcy Road, and existing and new facilities close to Westmead Station. In addition, new retail is also expected to be delivered in associated with the redevelopment of the Nurses Quarters to the north of the site.

Nevertheless, the identified expenditure flows are sufficient to support the amount of floorspace proposed in the RobertsDay design response, as shown in the calculations in Table 4. This analysis indicates that a retail element of around 1,197 sqm would generated a total of around \$10.9 million turnover in 2026, which

represents about 10% of the available expenditure on relevant items (such as groceries, food dining, takeaway food, convenience non-food and services) by permanent residents and students.

The implication is that the proposed retail elements can be supported by the surrounding residential and student population, especially having regard to the additional expenditure potential that is likely to be derived from workers in the area (not shown in this analysis). Moreover, the inclusion of this small amount of retail will not have any adverse effect on existing retailing in the area, especially as the increasing residential and worker population supports a more significant increase in retail opportunity.

Table 4—Retail sustainability analysis

Note: * market share incorporates student expenditure

Source: Deep End Services

Component	Area (sqm)	Indicative sales performance (\$/sqm)	Indicative turnover (\$m)	Market share (%)*
Convenience retail	756	\$10,000	\$7.6	10.9%
Food & drink	441	\$7,500	\$3.3	10.6%
Total	1,197		\$10.9	10.8%

5.6 Summary

In summary, the analysis in this section shows that each of the use components proposed for the site responds to an identifiable market demand, and is consistent with the locational attributes of the site and the policy support for a more diverse mix of uses to be incorporated into the Westmead District.

6

Economic outcomes

6.1 Overview

This section presents analysis of potential economic outcomes arising from the proposed development in terms of:

- Project investment and construction cost
- Employment generation during construction (direct and indirect)
- Ongoing employment generation (direct and indirect) associated with the non-residential uses
- Financial transfers including Special Infrastructure Contributions (SIC) levy and rates revenue to Council
- Local expenditure flows associated with new residents, students and visitors
- Other economic effects such as improved housing choice.

6.2 Project costs

The total investment in the construction of the project (excluding land purchase costs and other non-employment related costs) is estimated at approximately \$200 million having regard to indicative costs per square metre for the range of uses proposed.

This represents a significant investment that will improve the value and amenity of the property and lead to more intensive use of the land.

6.3 Employment estimates

Based on the investment involved in construction-related activities, and typical parameters with respect to labour components and wages, an estimated 945 construction-related jobs will be directly created on-site over the life of the project. Another 3,140 or so jobs would be generated elsewhere in the economy (both locally and wider afield) as a result of consumption and production multiplier effects.

Averaged over an assumed construction period of 2½ years, this represents 380 full-time equivalent (FTE) jobs each year over the project duration, with 1,265 indirect jobs generated each year as well.

The calculations are shown below in Table 5.

**Table 5—
Construction
employment**

Source: ABS; Deep
End Services

Item	Measure
Construction cost	\$200.0m
Labour component	45%
Labour cost	\$90.0m
Average construction wage (FTE)	\$95,000
Direct employment (FTE - total)	945
Multiplier (Type 2B)	3.325
Indirect employment (FTE - total)	3,140
Job years	
Construction period (years)	2.5
Direct employment (FTE - job years)	380
Indirect employment (FTE job years)	1,265

6.4 Ongoing employment

Ongoing employment will be generated by the following activities:

- Convenience retail uses
- Food & drink outlets
- Medical suites
- Student accommodation management
- NDIS respite/short term medical family accommodation.

A total of 73 positions are expected to be associated with these activities (refer Table 6), which is equivalent to approximately 58 FTE jobs having regard to typical distribution of casual, part-time and full-time staff for each use type.

In addition to these jobs created because of commercial activities, it is estimated that around 20-30 jobs would be generated as home-based employment within the residential apartments. This estimate is based on the typical work-from-home rates shown by ABS Census data in 2016.

In addition to the 58 FTE jobs directly created on-site, another 84 jobs would be generated through employment multipliers. A share of these indirect jobs would be retained locally in the form of retail and personal service jobs supported in nearby centres.

**Table 6—Ongoing
employment**

Source: Deep End
Services

Use	Estimated positions	FTE direct jobs	FTE indirect
Retail	25	19	24
Food & dining	18	11	20
Medical	23	21	29
Student accommodation management	2	2	4
Respite care	5	5	7
Total	73	58	84

6.5 Rates and charges

The proposed development would generate an uplift in rates, charges and land taxes as a result of the capital improvements on the site, including any SIC levied.

These calculations have not been made as final valuations for the project have not been completed. However, the increase in these transfers is likely to be substantial.

6.6 Spending flows

On completion the development would have a resident population of approximately 800 persons based on an average household size of 1.9 residents per apartment dwelling. Another 500 students would also be accommodated within the development site, along with other short-stay occupants.

This residential population base (excluding the short-stay occupants of the respite care and the family medical accommodation) would generate a total of \$18.7m of annual spending on retail goods and services as summarised in Table 7. This is presented as an estimate for the year 2026 to indicate approximately when the development may be completed, and is based on modelling the existing expenditure levels for residents living within the Innovation District.

Given the proximity of Coles Westmead, a substantial share of the food spend of residents will be directed to this store. Spending will also flow to any other retail shops within the Innovation District, such as existing and future retailers on Hawkesbury Road or elsewhere in the precinct (eg new shops possibly incorporated into the nurses' quarter redevelopment). A share of spending will also be directed to higher-order centres such as Parramatta CBD.

As detailed in Section 5.5, a share of expenditure will also flow to the local shops within the development itself.

Table 7—Retail expenditure flows

Source: Deep End Services; ABS; MDS Market Data Systems; Deloitte Access Economics

Item	Measure
Permanent population	
Persons	800
Average retail spending (2026)	\$17,000
Total retail spending (2026)	\$13.6m
Students	
Persons	500
Average retail spending (2026)	\$10,200
Total retail spending (2026)	\$5.1
Combined	
Total spending	\$18.7m

Approximately another \$23m of annual resident spending will be generated in non-retail sectors, but a large share of this expenditure (eg on financial services, household energy retailing, etc) will accrue to the wider economy. Nevertheless, local businesses such as health and personal service providers, personal services and businesses offering financial planning and taxation advice would stand to benefit from the additional local spending flows.

6.7 Other economic effects

The proposed development will generate a range of benefits in addition to the employment outcomes described above. These include:

- Improved housing options for people working and studying in Westmead or in other nearby employment precincts such as the Parramatta CBD.
- Opportunities for local businesses to win contracts during the construction phase and in ongoing operation and maintenance.
- Support for local businesses which may capture a share of the estimated \$18.7m in retail spending by residents.
- Opportunities for other businesses in health, personal and business services.
- Increased activity and support for other developments to be realised in the precinct, including on the adjacent site to the north.
- Support for local and state planning policies which encourage additional housing and mixed-use development within the precinct, and diversification of uses.
- Creating an opportunity for innovative live-work and live-study arrangements.
- Helping to catalyse other development elsewhere in the precinct, including the adjoining site to the north.