

Economic Benefit Statement

Site B, Castle Hill

On behalf of QIC



‘Gura Bulga’
Liz Belanjee Cameron



‘Gura Bulga’ – translates to Warm Green Country. Representing New South Wales.

By using the green and blue colours to represent NSW, this painting unites the contrasting landscapes. The use of green symbolises tranquillity and health. The colour cyan, a greenish-blue, sparks feelings of calmness and reminds us of the importance of nature, while various shades of blue hues denote emotions of new beginnings and growth. The use of emerald green in this image speaks of place as a fluid moving topography of rhythmical connection, echoed by densely layered patterning and symbolic shapes which project the hypnotic vibrations of the earth, waterways and skies.

Ethos Urban acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and culture.

We acknowledge the Gadigal people, of the Eora Nation, the Traditional Custodians of the land where this document was prepared, and all peoples and nations from lands affected.

We pay our respects to their Elders past, present and emerging.

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Contents

- 1.0 Introduction.....5
- 2.0 Site and Development Context6
 - 2.1 Site location and local context.....6
 - 2.2 The Proposal8
 - 2.3 Strategic policy context9
- 3.0 Economic Context.....11
 - 3.1 Study area11
 - 3.2 Resident profile.....13
 - 3.3 Worker profile15
 - 3.4 Resident and worker projections.....16
 - 3.5 Economic and Social Trends.....17
 - 3.6 Suitability of the proposed development.....19
- 4.0 Economic Benefits20
 - 4.1 Increased economic output (employment and economic activity)20
 - 4.2 Increased retail expenditure for on-site residents.....22
 - 4.3 Other Benefits22

Table of Figures

- Figure 1 Site Aerial.....6
- Figure 2 Site Context.....7
- Figure 3 QIC Landholdings in Castle Hill.....8
- Figure 4 Study Areas12
- Figure 5 Study Area - Occupation 2016.....16

Table of Tables

- Table 1 QIC landholding sites.....7
- Table 2 Summary of Relevant Strategic Policies for Proposal.....9
- Table 3 Demographic Profile by Study Area, 2021.....14
- Table 4 Industry of Employment by Study Area, 2016.....15
- Table 5 Resident and Worker Projections – Study Area, 2022-2036.....17
- Table 6 Suitability of the site for development.....19
- Table 7 Construction Phase Economic Benefits (\$2020/21)21
- Table 8 Operational Phase Economic Benefits (\$2020/21)21
- Table 9 Retail expenditure estimates for on-site residents22

Summary of Economic Benefits

This Economic Benefit Statement has been prepared by Ethos Urban on behalf of Queensland Investment Corporation (QIC) in support of the Planning Proposal for future development of a Site generally bounded by Showground Road, Kentwell Avenue, Castle Street and Pennant Street, Castle Hill (known as 'Site B') in Castle Hill, in the north-western suburbs of Sydney. A proposed development scheme is planned to activate a large underutilised site to incorporate 1,410 residential apartment dwellings and 18,600m² of commercial and retail floorspace.

The proposed development at the Castle Street site (also known as Castle Green) will result in a range of positive economic benefits for the local and regional community including:

- **Enhancing employment opportunities and economic activity:** The project is estimated to contribute around \$700 million directly into the local economy during the construction phase of the project, supporting some 4,320 full-time equivalent (FTE) (direct and indirect) construction job years. Once complete and fully occupied, the proposal will support some 930 FTE direct ongoing jobs, contributing an estimated \$139 million in value added to the local and regional economy annually.
- **Catalysing local economic growth and sustainability:** The proposed development will be a key contributor to economic activity and the socio-economic sustainability of the Castle Hill strategic centre. The project is estimated to invest around \$700 million during the construction phase which will help to stimulate the local and regional economy, supporting and providing new opportunities for local workers and businesses both during construction and on an ongoing basis once complete through the delivery of 18,600m² of commercial and retail floorspace.
- **Increasing housing diversity and choice:** The proposed 1,410 apartments will support the delivery of new dwellings in a high amenity, centrally located precinct. The proposal will enhance housing choice and diversity within the Castle Hill strategic centre and will leverage the site's close proximity to transport infrastructure (including the Metro) as well as retail and community facilities.
- **Supporting local business opportunities through increased retail spending:** The project will support local businesses by enabling greater activity in the local area through supporting additional residents and workers in close proximity to the Castle Hill strategic centre. These customer segments will support additional retail expenditure throughout the local area, enhancing overall employment and business opportunities.

Based on an average household size of 1.5 across the proposed residential units, an additional 2,115 residents could be supported at the subject site. These residents will generate \$35.5 million in annual retail expenditure, based on the average annual retail spend of \$16,800 per person within Castle Hill. A significant proportion of this expenditure will be directed to local businesses in the Castle Hill strategic centre.

- **Revitalising a high-profile, underutilised site:** The proposed development represents a unique opportunity to activate and deliver a new community on a underutilised strategic site in the Castle Hill strategic centre. A significant proportion of the subject site comprises vacant land, with little to no activity on the site since the demolition of previous structures in 2010. The subject site is located within a high-profile and easily accessible precinct, positioned adjacent to the existing Castle Hill Library, immediately west of the Castle Towers Shopping Centre, and within 350m of the Castle Hill Metro Station.
- **Enhancing the amenity and activation of the precinct:** Future residents and workers at the proposed development will support increased levels of activity in the local area, including during weekdays as well as after-hours and on weekends. This in turn will contribute to the critical mass in the precinct and support additional existing and future businesses and uses, all of which will enhance the level of amenity available to local residents and workers.
- **Supporting strategic priorities for Castle Hill as a Strategic Centre including:**
 - Delivery of a true, mixed use community providing for residents, workers and the community.
 - Supporting objectives for commercial uses through delivery of 18,600m² of modern, commercial and retail floorspace that will appeal to contemporary occupiers.
 - Providing additional housing stock which supports housing diversity and choice within a key strategic location.
 - Facilitating a walkable neighbourhood precinct.
 - Supporting the vision for 30-minute cities through the provision of a true live, work and play environment that is close to major transport connections.

1.0 Introduction

This report has been prepared by Ethos Urban on behalf of Queensland Investment Corporation (QIC) (the Proponent) in support of a Planning Proposal to amend The Hills Local Environmental Plan 2019 (LEP) to facilitate the future development of Site B, Castle Hill (the Site).

The Planning Proposal will enable the development of the site to accommodate a contemporary, well-designed, mixed-use neighbourhood that will contribute positively to the Castle Hill strategic centre. It will deliver a public benefit to the community through the provision of an embellished, high-quality new public open space, local amenities and well-designed, diverse, family-friendly housing within easy walking distance of amenities, the Castle Towers Shopping Centre and the Castle Hill Metro Station. The Planning Proposal will complement the transforming urban environment of Castle Hill, spurred by the Castle Hill Metro Station, the Pennant Street Target Area, and the vision for the Castle Hill North Precinct.

In order to assist stakeholders, an assessment of the economic benefits likely to result from the proposed development has been undertaken in order to review the likely economic contribution that the project will have on the local and regional community.

This report is structured as follows:

- Chapter 1. Introduction
- Chapter 2. Site and Development Context
- Chapter 3. Economic Context
- Chapter 4. Economic Benefits

2.0 Site and Development Context

2.1 Site location and local context

The Site is located in Castle Hill within The Hills Shire Local Government Area (LGA). The Hills Shire is located in the north-west region of Sydney, and has a land area of approximately 40,000m², stretching from North Parramatta to the Hawkesbury River. The Greater Cities Commission (GCC) identifies Castle Hill as a ‘Strategic Centre’ that provides retail and community services to a large population catchment in Greater Sydney’s northwest. Castle Hill is the premier centre within The Hills Shire LGA is located approximately 30km northwest of the Sydney Central Business District.

Castle Hill contains retail, commercial, residential and community uses. Its centrepiece, the Castle Towers Shopping Centre (immediately east of the Site), has expanded rapidly in the past two decades to provide a high quantum of retail floorspace. Nearby education and community facilities include the Castle Hill Public School (250m to north-east), Castle Hill Library (directly adjacent to the Site), Castle Hill High School (450m to the north-west) and the Castle Hill Medical Centre (300m to the east).

Continued growth is anticipated in Castle Hill, catalysed by the opening of the Castle Hill Metro Station in 2019, which forms part of the North-West Rail Line. The Station, located within 350m of the Site, provides an opportunity for transport orientated development and the creation of a compact, walkable and mixed-use precinct.

As a predominantly vacant site, this large and strategic landholding represents a significant opportunity to redevelop and activate a high-profile, yet underutilised site within the Castle Hill strategic centre.



Figure 1 Site Aerial
Source: Nearmap, edits by Ethos Urban

The site is well serviced by public transport, with the Metro Station providing frequent, high-speed services to Tallawong and Chatswood (**Figure 2**). When complete, the Metro network will provide high speed ‘turn up and go’ services to the Sydney CBD and Bankstown (2024) and from the CBD to Parramatta (~2030). In addition, the area is well serviced by existing bus routes, with bus services available to Blacktown, Parramatta, Hornsby, Epping, Pennant Hills at bus stops adjacent to

the Castle Hill Metro Station. The Site is also strategically positioned near the Sydney motorway network, with the M2 Motorway located approximately 5km south along Old Northern and Windsor Roads.



Figure 2 **Site Context**

Source: Nearmap, edits by Ethos

Castle Hill strategic centre (incorporating Castle Towers Shopping Centre) already operates as a significant mixed use precinct, and is undergoing further transition driven by the new Castle Hill Station as part of Sydney Metro North West. This public transport investment has resulted in a significant transition towards higher density uses, including a number of a multi-level residential projects currently underway or recently completed within the strategic centre and in close proximity to the Metro station.

The subject site represents an ideal location to deliver a contemporary development that will be aligned with the growth and evolution of the Castle Hill strategic centre. The subject site signifies a logical extension of the strategic centre, and has the potential to serve an important role within the strategic centre as a destination for residents and the community.

QIC, as the existing owners of the site, along with other significant landholdings in the immediate precinct, have a significant interest and opportunity to support the continued growth and evolution of the Castle Hill strategic centre as a key community destination. QIC seek to redevelop their sites to contribute to Castle Hill as a desirable and liveable mixed-use precinct that capitalises on its proximity to public transport.

Table 1 **QIC landholding sites**

Site	Address	Existing development
Site A	6-14 Castle Street, Castle Hill	Existing Castle Towers Shopping Centre comprising three main levels of retail space with over 300 specialty stores and associated parking.
Site B (subject site)	Generally bounded by Showground Road, Kentwell Avenue, Castle Street and Pennant Street, Castle Hill	Vacant land with vegetation and trees. A mix of low-density residential dwellings front Kentwell Avenue.
Site C	3 Les Shore Place, Castle Gill	Large at-grade car park with access from Les Shore Place.



■ Site A
 ■ Site B
 ■ Site C

Figure 3 QIC Landholdings in Castle Hill

Source: Ethos Urban

An analysis of the existing built form and physical environment of the centre indicates a mix of uses including retail, residential, education, and entertainment. Old Northern Road is the 'main street' through the Castle Hill town centre, with a range of retail, commercial and recreational premises located on the eastern side of the road. This main street is a low-speed road, providing wider footpaths and several pedestrian crossings. A substantial amount of at-grade public car parking is provided within this area, accessible from Terminus Street.

Significant diversity of built form scale exists across the centre, from single and low-rise retail and commercial developments, through to high density residential uses of around 23 storeys, including in the area located immediately south of the Metro station, as well as north of Castle Towers Shopping Centre. The strategic vision for Castle Hill emphasises a significant increase in residential densities within this area to reflect the importance of the Castle Hill Strategic Centre and additional public transport capacity provided by Sydney Metro.

2.2 The Proposal

The proposed development aims to unlock a large, underutilised site in order to deliver a contemporary, mixed use community in a strategic location. A proposed development scheme is planned to incorporate 1,410 residential apartment dwellings and 18,600m² of commercial and retail floorspace. These uses will be centred around a public park, providing new community public space to serve the existing and future community.

The proposal will enable the development of the site to accommodate a well-designed, mixed-use community that contributes positively to the Castle Hill strategic centre. It will deliver a public benefit to the community through the provision of an embellished, high-quality, new public open space, local amenities and well-designed commercial, retail and diverse, family-friendly housing, all within walking distance of amenities, the Castle Towers Shopping Centre and the Castle Hill Metro Station. It will also provide the growing community with a new public open space integrated with the surrounding pedestrian network.

The proposal will complement the transforming urban environment of Castle Hill and deliver an active mixed use precinct accommodating both residents and workers, that encourages walking and the use of public transport, being close to cultural, retail and entertainment facilities.

2.3 Strategic policy context

The site is located within the suburb of Castle Hill, which the Greater Sydney Commission (GSC) identifies as a Strategic Centre that provides retail and community services to a large population catchment in Greater Sydney’s northwest.

Castle Hill is the premier centre within the Hills Shire Council. Castle Hill is transitioning into a “*vibrant and active centre with office, retail, community facilities, recreation, cultural facilities, education and increasing housing densities within walking distance of the Station*”, as envisioned by the Hills Local Strategic Planning Statement (LSPS). Detailed strategic planning has been undertaken for the Castle Hill North precinct, immediately north of the site, to facilitate development uplift in that area. Meanwhile, residential lands to the south and west of the site are identified for medium to high-density residential development in the Hills LSPS.

The proposal will complement the transforming urban environment of Castle Hill, spurred by the Castle Hill Metro Station, the Pennant Street Target Area, and the vision for the Castle Hill North Precinct.

A detailed review of the planning policy and strategic context is provided with the supporting planning documentation, however, key policies of most relevance to the proposal and this statement are outlined in **Table 2**.

Table 2 Summary of Relevant Strategic Policies for Proposal

Strategic Policy	Implications for the Planning Proposal
Greater Sydney Region Plan	<ul style="list-style-type: none">• The Greater Sydney Region Plan (GSRP) provides the 40 year vision for Greater Sydney and sets out a 20 year plan for growth. Importantly, the GSRP supports the 30-minute city aspiration.• The Greater Sydney Commission’s 30-minute city plan aims to accommodate all key functions and services such as jobs, amenities and transport all within 30 minutes of an individual’s home.• Castle Hill is designated as a Strategic Centre under the Greater Sydney Region Plan 2018 (Region Plan) and the Central City District Plan (District Plan).
Central City District Plan	<ul style="list-style-type: none">• The Central City District Plan (the District Plan) underpins the Greater Sydney Region Plan and establishes the 20-year vision for the District through ‘Planning Priorities’ that are linked to the Regional Plan.• The District Plan identifies Castle Hill as a ‘Strategic Centre’. It also highlights that the Metro North West will facilitate housing and jobs growth around the new metro stations including at Castle Hill. Castle Hill is seen as providing retail and community services to a large population catchment within north west Sydney.
Local Strategic Planning Statement: “Hills Future 2036” (Hills Future 2036: LSPS)	<ul style="list-style-type: none">• The LSPS envisions Castle Hill as a “<i>vibrant and active centre with office, retail, community facilities, recreation, cultural facilities, education and increasing housing densities within walking distance of the Station</i>”.• The population of The Hills Shire is expected to grow by +128,400 residents by 2036, with an additional 38,000 dwellings expected to be delivered by 2036. The LSPS identifies Castle Hill suburb as being able to deliver 6,500 new dwellings.• In terms of high-density housing, the LSPS indicates a focus on transit orientated development (TOD) principles, with the metro station precincts being specifically identified as appropriate locations. This approach is summarised as follows: “<i>Higher density housing must be provided in areas connected to or within reach of transport and other urban services.</i>” (Hills Future 2036, p. 53)”• Identifies the need to create true mixed use places through:<ul style="list-style-type: none">– Providing walkable places with active street life– Prioritising opportunities for people to walk, cycle and use public transport– Collocating schools, health, aged care, sporting and cultural facilities.• ‘Shaping Growth’ theme:<ul style="list-style-type: none">– Plan for new housing to support greater Sydney’s growing population.– Plan for new housing in the right locations.– Plan for diversity of housing– Renew and create greater place

	<p>These priorities under the Shaping Growth Theme focus on delivering dwellings and creating attractive, walkable and convenient neighbourhoods. Importantly, they also focus on the dwelling mix and the need to provide greater housing choice.</p> <ul style="list-style-type: none">• Another important aspect is the need to address housing affordability issues and ensure that affordable housing for key workers is provided close to jobs, services and public transport.• Other key areas of focus include locating housing in appropriate places. This is defined as aligning forecast urban growth with infrastructure, and delivering high density housing to locations that minimise impacts to suburban areas of lower scale and intensity.
Productivity and Centres Strategy	<ul style="list-style-type: none">• The Hill Shire Council's Productivity and Centres Strategy seeks to action a number of the planning priorities identified in the 'economy' theme of the Hills Future 2036 LSPS. The Strategy sets out the approach to protecting and managing the LGA's economy, centres and employment related land uses.• According to the Strategy, The Hills Shire has the capacity to accommodate around 83,000 additional jobs. It is expected that around 59,230 jobs can be achieved under current controls, while the remaining 23,770 are anticipated to be accommodated via future masterplanning and review of existing plans and policies.• Currently, the Castle Hill Strategic Centre provides 9,800 jobs, with a target of between 16,000-19,500 jobs by 2036.
The Hills Shire - Draft Housing Strategy	<ul style="list-style-type: none">• The Housing Strategy plans for the mix of housing in The Hills Shire. Development of 76,100 net new dwellings, including 38,000 new dwellings by 2036 and capacity for 38,100 dwellings beyond this timeframe is identified in the Strategy.• Out of this total almost 24,000 dwellings will be apartments in urban renewal areas such as Castle Hill, and around 7,200 of these apartments will need to cater for families. This level of demand implies that an additional 1,900 dwellings will need to be developed on average every year across the LGA over the period to 2036.• The Strategy identifies the need for greater housing diversity to accommodate the projected demographic changes of residents within The Hills Shire in the future. In particular, a projected increase in dwellings that accommodate couple only and single-person households including smaller dwellings and apartments.• Under the Strategy, Castle Hill has been identified as an Urban Renewal Area. As such, this means an expectation of 6,500 new dwellings by 2036 and an additional 3,000 dwellings beyond 2036.

3.0 Economic Context

The following section identifies the key social and economic drivers for this site, based on a review of the key state and local policies and strategies relevant to the proposed development.

3.1 Study area

For the purposes of this analysis two study areas have been defined in order to analyse both the immediate Castle Hill strategic centre, as well as the broader Castle Hill suburb and local area.

These study areas have factored in the proximity of the subject site to the Metro Station and the Castle Hill strategic centre. In this context, a 1km radius and 3km radius have been adopted from the heart of the Castle Hill strategic centre. Consideration has also been given to geographical and physical barriers in the area, as well as the location of other key centres, such as Norwest, Cherrybrook, Baulkham Hills, and Kellyville.

Primary Study Area

A Primary Study Area (PSA) has been defined that broadly aligns with a 1km radius from Castle Hill strategic centre. This area has been used in order to emphasise the subject site as part of the broader Castle Hill strategic centre and represents a local walkable catchment. The 1km Study Area incorporates part of the suburb of Castle Hill and broadly aligns to the Castle Hill Structure Plan boundary as a representation of the immediate strategic centre and surrounds.

Secondary Study Area

The 3km Study Area has been used to reflect the broader local area and Castle Hill suburb. The extent of the 3km Study Area is limited to the north by Glenhaven Road and nature reserves running along Cattai Creek. To the north east the Study Area extends to New Line Road and the Cherrybrook Village Shopping Centre; and in the east to Franklin Road and Cumberland State Forest as well as adjoining nature reserves. To the south the 3km Study Area extends to Bidjigal Reserve, Ted Horwood Reserve and Cross Street, and to the west to Windsor Road and Fred Caterson Reserve.

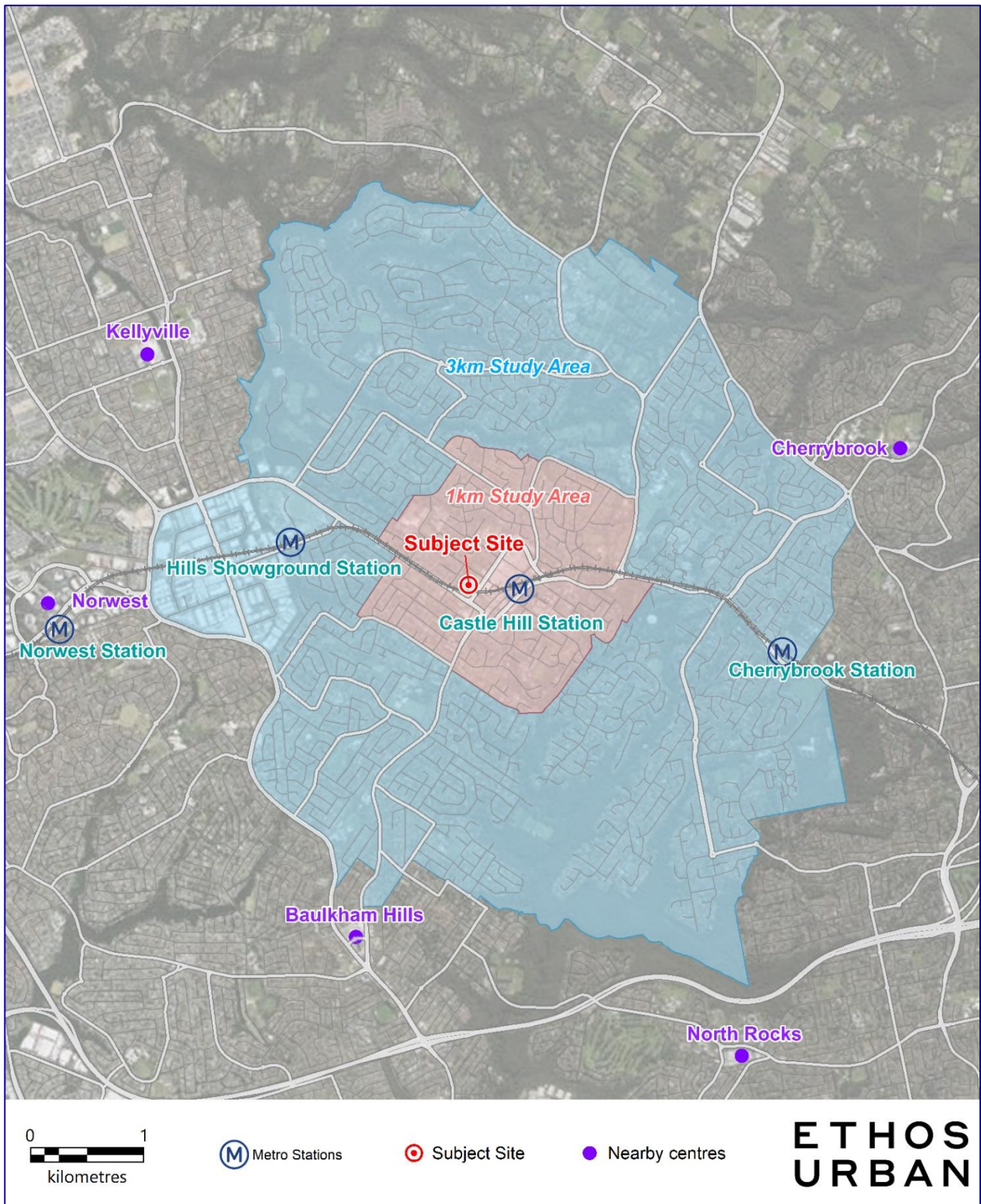


Figure 4 Study Areas

Source: Bing.com; Ethos Urban; map completed using Mapinfo

3.2 Resident profile

The demographic data has been drawn from the Australian Bureau of Statistics (ABS) 2021 and 2016 Census of Population and Housing. As at the time of writing this report, the 2021 census has been released for key population data such as usual resident data. Additional location variables and employment data will be released in October 2022, while more complex topics will be released in 2023.

The data analysis provides a general overview of the demographic characteristics of residents within the Study Area. Key characteristics of the 3km Study Area population include:

- **High levels of household income** with a median annual household income of \$139,800 compared to \$108,750 in Greater Sydney.
- **A older population** with a median age of 41.7 years compared to 37.3 years across Greater Sydney.
- **Higher share of family households** with 83.6% of households being traditional family households compared to 72.6% in Greater Sydney.
- **High share of low density housing** with 75.2% of dwellings being defined as a 'separate house' while only 11.6% of dwellings were classified as 'flat, unit or apartment.'
- **High levels of home ownership** with 37.5% of dwellings owned outright compared to 28.3% of dwellings in Greater Sydney. The share of dwellings owned with a mortgage was 38.4%, which was also higher than the share in Greater Sydney of 34.0%.
- **High levels of housing costs** with the median monthly mortgage repayments at \$3,146 compared to \$2,510 in Greater Sydney. Similarly, weekly rents are also high at \$582 compared to \$480 in Greater Sydney.
- **Residents are highly educated**, as at the 2016 Census, 41.0% of resident had obtained a Bachelor degree and 16.0% had obtained a postgraduate degree compared to 36.4% and 13.9% of residents in Greater Sydney, respectively.
- **The majority of residents work in white collar occupations**, at 77.7% compared to 74.8% in Greater Sydney (as at the 2016 Census)

Overall households within the 3km Study Area are typically older, more affluent, live in family households in separate houses that are likely to be owned outright or with a mortgage. Housing costs are high, which suggests housing affordability may be an issue in the locality. This population would associate strongly with a range of uses within their local community, including commercial and retail uses as proposed, highlighting the opportunity for a greater intensification of uses at the subject site.

Within the 1km Study Area, a similar demographic profile is also present, although the following distinctions with the 3km Study Area are relevant:

- A slightly lower income profile and a younger age profile.
- A much higher share of higher density housing formats, with over 30% of dwellings being flats, units or apartments.
- A higher share of rented dwellings.
- Slightly lower housing costs.

The above reflects expectations for a higher density residential area in proximity to the subject site and strategic centre, and indicates the attractiveness of the Castle Hill for demographic groups (younger people, first home buyers etc) likely to live in residential apartments at the subject site.

Table 3 Demographic Profile by Study Area, 2021

Category	1km Study Area	3km Study Area	Greater Sydney
Income (2021)			
Median household income (annual)	\$116,570	\$139,800	\$108,750
Variation from Greater Sydney median	7.20%	28.60%	n.a.
Age Structure (2021)			
Median Age (years)	39.2	41.7	37.3
Household Composition (2021)			
Family households - Total	78.40%	83.60%	72.60%
Lone person household	19.60%	15.40%	23.30%
Group household	2.00%	0.90%	4.10%
Dwelling Structure (Occupied Private Dwellings) (2021)			
Separate house	47.20%	75.20%	56.10%
Semi-detached, row or terrace house, townhouse etc.	15.60%	13.20%	12.80%
Flat, unit or apartment	37.20%	11.60%	30.70%
Other dwelling	0.00%	0.00%	0.40%
Occupancy rate	92.70%	94.90%	91.80%
Average household size	2.7	3	2.7
Tenure Type (Occupied Private Dwellings) (2021)			
Owned outright	28.70%	37.50%	28.30%
Owned with a mortgage	29.40%	38.40%	34.00%
Rented	40.70%	20.70%	36.10%
Housing Costs (2021)			
Median monthly mortgage repayment	\$2,807	\$3,146	\$2,510
Variation from Greater Sydney median	11.80%	25.30%	n.a.
Median weekly rents	\$543	\$582	\$480
Variation from Greater Sydney median	13.10%	21.30%	n.a.
Non-school Qualifications (2016)			
Postgraduate degree	16.70%	16.00%	13.90%
Graduate diploma or certificate	3.00%	4.00%	3.40%
Bachelor degree	41.10%	41.00%	36.40%
Advanced diploma or diploma	18.10%	17.70%	17.70%
Occupation (2016)			
Managers	16.90%	18.40%	13.70%
Professionals	30.70%	31.80%	26.30%
Technicians and trades workers	10.00%	9.20%	11.70%
Community and personal service workers	8.40%	7.60%	9.60%
Clerical and administrative workers	14.70%	15.40%	14.60%
Sales workers	9.30%	9.70%	9.00%
Machinery operators and drivers	3.00%	2.20%	5.60%
Labourers	5.20%	4.20%	7.60%

Source : ABS, Census of Population and Housing, 2016 and 2021 (where applicable); Ethos Urban

Note: interpretation of small area data from the 2021 ABS Census should consider potential outcomes from the COVID-19 pandemic.

3.3 Worker profile

Key points to note regarding the profile of workers employed within the 1km Study Area and 3km Study Area include:

- In the 1km Study Area, Retail Trade accounts for 30.5% of jobs followed by Accommodation and Food Services at 15.0%, and Health Care and Social Assistance at 12.1%. Together these industries account for 57.7% of all jobs in the 1km Study Area. The concentration of jobs in these industries is due to the presence of Castle Towers and other retail premises, such as Castle Hill Mall and retail businesses along Old Northern Road.
- In the 3km Study Area, Retail Trade had the highest share of jobs, although at a lower share of 18.9% of all employment. The next largest industries of employment are Health Care and Social Assistance at 13.1%, and Professional, Scientific and Technical Services at 11.3%.
- In the 1km Study Area, the highest share of jobs are Sales Workers (29.1%) followed by Professionals (16.0%) and Community and Personal Service Workers (15.5%).
- In contrast, within the 3km Study Area, 21.6% of workers worked as Professionals followed by Sales Workers at 16.4% of all occupations.
- In the 1km Study Area 16.0% of jobs were classified as blue collar jobs, while 20.9% of jobs were considered blue collar jobs within the wider 3km Study Area.
- Overall, jobs are highly concentrated in specific industries within the 1km Study Area, in particular Retail Trade. This concentration reinforces the role of Castle Hill as a key strategic centre and the proposed uses would be well aligned with the needs and employment profile of the local community. The 3km Study Area had a greater range of jobs across industries, highlighting the diverse nature of employment across this broader geographic area.

The share of employment by industry for each study area is shown in **Table 4**, while the job by occupation is shown in **Figure 5**.

Table 4 Industry of Employment by Study Area, 2016

Industry of Employment	1km Study Area		3km Study Area	
	Number	Share	Number	Share
Agriculture, Forestry and Fishing	0	0.0%	10	0.0%
Mining	0	0.0%	70	0.3%
Manufacturing	80	1.0%	820	3.8%
Electricity, Gas, Water and Waste Services	10	0.1%	80	0.4%
Construction	240	3.2%	1,850	8.5%
Wholesale Trade	100	1.3%	950	4.4%
Retail Trade	2,310	30.5%	4,080	18.9%
Accommodation and Food Services	1,140	15.0%	1,460	6.7%
Transport, Postal and Warehousing	50	0.7%	280	1.3%
Information Media and Telecommunications	170	2.2%	320	1.5%
Financial and Insurance Services	270	3.6%	440	2.0%
Rental, Hiring and Real Estate Services	240	3.2%	410	1.9%
Professional, Scientific and Technical Services	380	4.9%	2,450	11.3%
Administrative and Support Services	180	2.3%	460	2.1%
Public Administration and Safety	180	2.3%	380	1.8%
Education and Training	560	7.4%	1,970	9.1%
Health Care and Social Assistance	920	12.1%	2,850	13.1%
Arts and Recreation Services	120	1.6%	390	1.8%
Other Services	360	4.8%	1,150	5.3%
Inadequately described	160	2.1%	890	4.1%
Total	7,470	100%	21,310	100%

Source: ABS Census of Population and Housing, 2016; Ethos Urban. Note: figures rounded

Note: Industry of employment data is sourced from the 2016 Census, as results from the latest 2021 Census will not be released until October 2022.

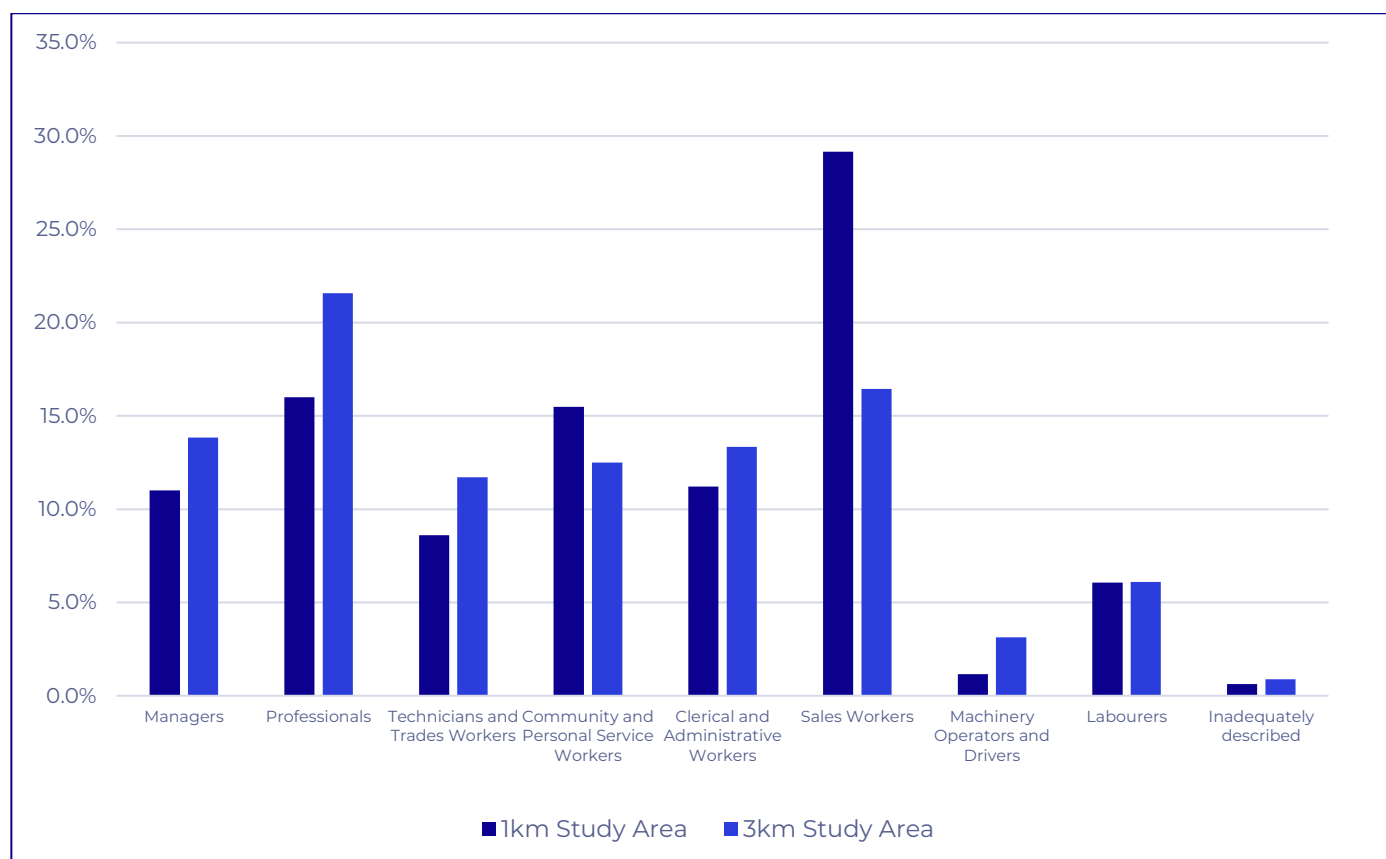


Figure 5 Study Area - Occupation 2016

Source: ABS 2016, Ethos Urban

3.4 Resident and worker projections

Castle Towers is a key destination in the Hills Shire for a range of uses and services. As such, the region accommodates both local residents and local workers as key customer and visitor segments on a daily basis.

Population and worker projections have been prepared using latest official projections from Transport for NSW and an examination of historic trends and recent building approvals as well as dwelling and jobs targets.

In total, some 89,990 persons are likely to be present within the defined 3km Study Area on an average weekday including 60,030 residents and 29,960 workers. By 2036, the number of residents is projected to increase by +16,120 to reach 76,150 residents. Meanwhile, the number of workers is projected to increase by additional +7,520 workers to reach 37,480 workers by 2036.

As such, by 2036 around 113,630 persons are likely to be present within the 3km Study Area on an average weekday representing an increase of +26% from current levels. A number of schools are also located within the 3km Study Area, and Castle Towers functions as a point of destination for many of these students. As such, while a smaller customer segment, students will also form a customer base of the strategic centre.

As **Table 5** indicates, the 1km Study Area will accommodate slightly more than half (+13,390) of the +23,640 total growth in combined residents and workers across the 3km Study Area. Other locations of population growth in the 3km Study Area will be at Hills Showground Station (to the west) and Cherrybrook Station (to the east), which are both expected to accommodate higher density housing development by 2036. Significant employment growth will also be delivered by the Norwest Service sub-precinct at Victoria Road, located west of the Hills Showground Metro station.

Reflecting the location of the subject site, some 350m from the Castle Hill Metro Station, the site will form an ideal location to accommodate future residential growth, and support a new mixed use community.

Table 5 Resident and Worker Projections – Study Area, 2022-2036

	2022	2036	Change (2022-2036)
1km Study Area			
Residents	12,530	20,770	+8,240
Workers	<u>11,470</u>	<u>16,620</u>	<u>+5,150</u>
Total	24,000	37,390	+13,390
3km Study Area			
Residents	60,030	76,150	+16,120
Workers	<u>29,960</u>	<u>37,480</u>	<u>+7,520</u>
Total	89,990	113,630	+23,640

Source: Ethos Urban, ABS, NSW TfNSW

Note: figures rounded

3.5 Economic and Social Trends

Key social and economic trends of relevance to the proposed development are summarised as follows:

3.5.1 COVID-19 impact on local communities

One of the primary impacts of the COVID-19 pandemic has been the increased shift for workers to work-from-home (WFH). Analysis of COVID-19 working patterns has highlighted the importance of the need for the “revitalisation of suburbia”, in which local and suburban business can capture the “redistributive effect” of increased WFH arrangements.

While the long term implications of COVID-19 remain uncertain, the pandemic has reinforced the importance of local community centres and retail precincts, highlighting the benefit of co-locating communities with retail with other services and facilities, to improve convenience for local residents and reduce the number of trips that need to be taken outside of their immediate region, either by public or private transport.

3.5.2 Modern Tenant Requirements

Tenant demands and requirements within the commercial office market are continually evolving. In recent times, a move towards more open plan, flexible spaces has occurred that allows collaborative workspaces, seamless integration with technology and incorporate sustainable initiatives.

While providing increased technology integration and flexibility, modern workplace design has also resulted in increased efficiency within modern commercial office buildings. For suburban office markets, the average provision tends to be higher than in CBD locations. This now provides suburban office markets with a potential advantage given the expectations for convenience, social distancing and community safety in a post COVID-19 environment.

It should be noted that tenant requirements in the post-COVID-19 environment remain uncertain. However, several trends are unlikely to change including the importance of technology enabled workspaces and the ability to provide a safe and healthy work environment, which remain more important than ever in the post-COVID world.

The result of COVID-19 will mean that the way businesses and office tenants use their space will continue to evolve. In response to the pandemic, commercial office buildings will play a central role in the recovery and enhance opportunities to improve the way we work in a safe environment.

Market sounding and research undertaken by this office across Sydney metropolitan office markets relating to tenant and occupier requirements, indicate that:

- Occupiers have preference for prime quality buildings with available space that provide large contiguous floorplates with efficient building layouts and high quality design.
- Preferred floorplates for major occupiers are whole floors with large floorplates of at least 1,500m² or larger.

- Occupiers seek high quality spaces that typically achieve sustainable and wellness outcomes including NABERS, Green Star and WELL ratings.
- Tenants seek flexible spaces that allow for up and down scaling, active working spaces that enable collaboration internally and externally, and 24 hour access.
- Clustering benefits including being within activated spaces that offer retail amenities, outdoor open space and accessibility to public transport.

3.5.3 High-density living and live/work/play centres

Sydney is continuing to evolve with areas of high-density, particularly focused around key public transport nodes. This trend will continue as Sydney's population grows and land remains constrained. The result is increased demand for locations for people to reside that are close to jobs, amenities, as well as community and social infrastructure. Castle Hill is a prime example of a location that undergoing transformation towards a higher density precinct.

Some of the key success factors attributed to a vibrant higher density precinct include:

- Walkability and access to public transport.
- Adjacent to retail facilities.
- Accessibility to employment centres.
- Accessibility to education and health facilities.
- Vibrancy and amenity.
- Access to quality public open spaces.

3.5.4 Rising costs and housing diversity

Housing affordability in Sydney remains a social, economic and political challenge. The ability to provide for increased housing stock and diversity (across a range of sizes and price points) in key strategic centres and locations, will support affordability and result in increased community benefits.

In the current economic climate, rising inflation and interest rates will further add to pressure on household finances. The ability to provide for increased housing supply and addition dwellings in close proximity to high amenity precincts (such as the Castle Hill strategic centre), will help to provide for more affordable housing options for the local community.

3.5.5 Benefits of 'third places' within high density developments

High density environments are evidenced to contribute to loneliness and social isolation, currently exacerbated by the remote working scenarios associated with the COVID-19 pandemic. Given the increasing time people are spending at home, providing for community connection in high density communities is of pressing importance.

Disaster response, social cohesion and inter-group understanding are key to socially sustainable communities. Given the diversity of high density areas in Sydney, community capacity building is vital in creating meaningful connections across various groupings and for mutual understanding and broader societal health. Research suggests that high-density developments often lack suitable spaces for socialisation – as events and gatherings are not scheduled between neighbours, and developments are not designed to enable “affordance for lingering.” This means that social interactions in high density development are often no more than incidental, suggesting that they require more spaces for social connection in order to facilitate a cohesive community¹. Open space is of critical importance to the health and wellbeing of high density communities, as it functions as a “backyard” for residents living in apartments and workers in high-density buildings.

A total of 31% of the households in the 1km Study Area live in apartments, compared with the Greater Sydney average of 28%. The population density of the area has been projected to increase as the area continues to develop, which will drive demand for open space and social spaces outside the home for gathering, as many residents have limited access to sufficient private space to facilitate such gatherings.

¹ Thompson, S 2019, “Supporting encounters and casual social ties in large apartment complexes and their surroundings: The role of people, planning, design and management,” Thesis prepared for UNSW

Government recognises that community facilities are essential for community cohesion, providing local spaces where diverse communities can freely access services and programs, and come together to meet, grow, learn, and play. It is critical to ensure that there is a further sufficient supply of well-connected, flexible, and accessible (both physically, and financially) facilities to support the projected resident and worker population growth in the area.

3.5.6 Benefits of walkable, mixed-use neighbourhoods

Co-locating housing, employment, social infrastructure, retail, public transport and daily living needs within dense, mixed-use precincts supports urban activation and amenity. Clustering destinations, such as housing, shops, schools, libraries, cafes, medical centres and so on, makes it more convenient for residents to access a variety of needs within one location. Mixed-use precincts encourage walking and active transport, supports the viability of local retail and social infrastructure, as well as increased activity on the street and improved perceptions of safety.

The co-location of housing, social infrastructure, and services has the potential to significantly decrease car dependency and encourage walkability. Walkability can have substantial effects on the health and wellbeing of populations:

*'People who live in a pedestrian-friendly designed environment participate much more in social life and have greater confidence in their environment. That proved a significant gain in 'social capital' and thus a better quality of life... Against this backdrop walkability is understood as a comprehensive approach for a liveable sustainable city and does not only mean walk-friendliness.'*²

3.6 Suitability of the proposed development

The subject site is ideally positioned for redevelopment, taking advantage of the high-profile and easily accessible location within the Castle Hill strategic centre, and in proximity to major transport connections including the Castle Hill Metro Station.

The proposed development has the potential to reactivate a large, high-profile, yet underutilised site, in order to deliver a contemporary mixed use community, that will appeal to existing local residents as well as directly to new residents, workers and visitors to the site and to the overall strategic centre.

Through the provision of 1,410 residential apartment dwellings and 18,600m² of commercial and retail floorspace, the development will deliver additional housing diversity and choice, within a highly desirable precinct, close to employment, amenity and transport. The location of the proposed development is well suited to accommodate additional density, and more active uses that better align with the future vision and growth objectives of Castle Hill as a key strategic centre.

A summary of the attributes and suitability of the site for redevelopment is outlined in **Table 6**.

Table 6 *Suitability of the site for development*

Site Attributes	Locational Attributes	Alignment with Strategic Policy
Large and currently underutilised	Within 350m of the Castle Hill Metro Station.	Supports growth targets for Castle Hill as a strategic centre
Centrally located and easily accessible	High amenity precinct within the Castle Hill strategic centre (and adjacent to Castle Towers Shopping Centre)	Support Transit Orientated Development
Generous street frontages allow for multiple access points and connectivity		Supports the vision for walkability and 30-minute cities
Size allows for multiple uses within one community	Excellent access to local retail, business and community facilities	Deliver employment and amenities
	Supports a live/work/play environment	Improve diversity of housing

² Tran, M. 2021, 'Healthy cities – walkability as a component of health-promoting urban planning and design', Journal of Sustainable Urbanization Planning and Process, vol. 1, no. 1.

4.0 Economic Benefits

Development of the proposed mixed-use community will provide a range of benefits for the local and broader economy. Primary benefits include employment generation and increased economic output associated with the construction and operation phases of the development. Additional benefits include housing diversity, increased retail spending, realising the strategic potential of the site, enhanced local amenity and activity, and support for local planning priorities.

4.1 Increased economic output (employment and economic activity)

4.1.1 Input Output Modelling

Economic impacts associated with the proposed development have been prepared with input-output modelling undertaken with reference and compliance to best-practice guidelines.

Input-output tables are a 'map' of the economy that track the flow of products, services, and payments through the many industries, households, government organisations and foreign transactions that make up the Australian economy.

Every industry requires inputs from many other industries, plus the inputs of workers and machinery and equipment to produce output. Input-output modelling uses averages derived from the ABS Input Output Tables to estimate the impact on all industries when one industry expands its production. The modelling used in this report is based on the 2018/19 ABS National Accounts release.

As with all economic models input-output models include a number of limitations, which include the following inherent assumptions: unlimited supplies of all resources including labour and capital, prices remaining constant, technology is fixed in all industries, and import shares are fixed.

Having regard for these limitations, the modelling used for the purposes of this assessment applies the **Simple Multiplier effect** measure. The **Simple Multiplier effect** measure estimates the expansion of other industries required to support the initial (direct) increase in the original industry; and does not include the additional impacts of extra wages and employment income being spent across the economy (spill-over effects).

Use of the **Simple Multiplier effect** measure is in-line with best practice industry standards and reflects a conservative position. Results from the modelling should be interpreted as indicative of the potential impact the project will have on the Australian economy.

The modelling provides estimates of the following economic benefits as a result of the project:

- **Construction Employment** - direct construction job-years supported by construction of the development and indirect job-years supported across all other industries over the construction period.

'Job-years' is defined as the number of full-time equivalent (FTE) jobs supported over the construction period. i.e. if construction is over 10 years, 100 job-years is equivalent to 10 FTE jobs per year. Only applies to construction employment.

- **Ongoing Employment** - direct and indirect FTE jobs supported by the ongoing operation of the project annually.
- **Value Added** - direct and indirect value added generated during the construction and operational phase of the project.

Value Added is defined as the wages, salaries and supplements plus gross operating surplus (income earned by businesses) required in producing the extra output (construction investment and operating output/turnover). This represents the standard measure of economic contribution, that is, the increase in economic activity as measured by gross domestic product (GDP).

Estimates of the economic benefits of the proposed development will be realised across the national economy, given the scale and diversity of the New South Wales economy, a large proportion of these benefits will be realised locally. The benefits have been prepared for:

- **Construction Phase:** Economic activity during the construction phase of the project which will be spread across the construction program.
- **Operational Phase:** Ongoing economic activity once the project is completed.

4.1.2 Construction Phase

It is estimated the capital investment required to realise the proposed development will be in the order of \$700 million. This estimate is based on concept plans and relevant construction cost benchmarks including those sourced from Napier and Blakeley Construction Cost Card Sydney July 2021.

Based on an estimated construction cost of \$700 million, the construction phase is expected to directly support employment of 1,060 job-years and deliver a direct value-add to the economy of \$146 million (see **Table 7**).

When the multipliers are taken into account, total state-wide economic effects over the construction program are forecast to be: employment of 4,320 job-years and a total direct value-add to the economy of \$565 million.

Table 7 Construction Phase Economic Benefits (\$2020/21)

Measure	Construction Phase (spread over construction period)		
	Direct	Indirect	Total
Employment (job-years*)	1,060	3,260	4,320
Value Added (\$M)	\$145.6	\$419.3	\$564.8

Source: Ethos Urban analysis utilising data from ABS, National Accounts 2018/19; ABS, Consumer Price Index

*Job-years: Number of FTE jobs supported over the construction period. i.e. if construction is over 10 years, 100 job-years is equivalent to 10 FTE jobs per year.

4.1.3 Operational Phase

Economic impacts associated with the operation of the proposed development have been based on supportable employment estimates for the various uses planned to be incorporated within the development. These estimates have been prepared with reference to relevant industry benchmarks.

On completion of the proposed development, the operational phase is expected to deliver the following (direct) benefits: FTE employment of 930 ongoing jobs and direct value-add to the economy of \$106.8 million per annum (see **Table 8**).

When the multipliers are taken into account, total ongoing state-wide economic effects are estimated at: FTE employment of 1,630 jobs supported and a total value-add to the economy of \$194.9 million per annum.

Table 8 Operational Phase Economic Benefits (\$2020/21)

Measure	Operational Phase (annual)		
	Direct	Indirect	Total
Employment (FTE)	930	700	1,630
Value Added (\$M)	\$106.8	\$88.1	\$194.9

Source: Ethos Urban analysis utilising data from ABS, National Accounts 2018/19; ABS, Consumer Price Index

4.2 Increased retail expenditure for on-site residents

The proposed development is planned to deliver 1,410 residential apartments. Additional residents at the subject site will support higher levels of activity, including retail expenditure throughout the local area. Based on the indicative development concept for 1,410 apartments, around 2,115 residents could be accommodated on the site (taking into account the average household size of 1.5 persons).

These additional residents at the site may direct around \$35.5 million each year to retail goods and services in the area, taking into account the average level of retail spending per capita within the Castle Hill region of around \$16,800 each year (refer **Table 9**).

Importantly, these residents will support year-round spending on a broader range of goods and services, including spending on food, liquor and groceries, food catering, non-food items and services.

Overall, the increase in expenditure from new residents will benefit the local and regional community, providing additional activity, and directing a substantial amount of retail expenditure towards local operators. This will also assist to enhance vibrancy and appeal in the region, including after-hours and on weekends.

Table 9 *Retail expenditure estimates for on-site residents*

Measure	Value
Expected number of new residents	2,115
Per capita retail expenditure per annum (Castle Hill)	\$16,800
Increase in retail expenditure per annum (\$M)	\$35.5 million

Source: Marketinfo, Ethos Urban. Figures rounded.

4.3 Other Benefits

The proposed development will deliver an array of economic benefits to the local and regional community. In particular, the proposed development will deliver quality residential housing and retail/commercial uses within an integrated and contemporary mixed use community. The project will also support residential housing within a high amenity area that is close to employment and transport.

A summary of key benefits, and other economic considerations, that the proposed development is likely to produce include:

- Providing a catalyst for economic growth at a time of economic recovery, through stimulating investment, construction and business activity by way of a \$700 million investment.
- Supporting additional housing supply, improving resident choice, and supporting population growth within a high amenity precinct, close to transport, employment opportunities as well as social and community infrastructure.
- Increasing housing diversity and choice through the proposed 1,410 apartments which will support the delivery of new housing opportunities and price points within proximity to transport infrastructure and retail amenity.
- Delivering increased employment opportunities and flow-on economic activity both during construction and on an ongoing basis once operational.
- Supporting local business opportunities through increased activity associated with increased visitation from additional future residents at the site. These customers will support additional activity and retail expenditure throughout the local area, enhancing local employment and business opportunities during weekdays and also after-hours and on weekends.
- Revitalising an underutilised site, with little to no activity since the removal of previous buildings from the site in 2010. The subject site is in a prime position, being adjacent to Castle Towers Shopping Centre, and the existing library and theatre as well as within 350m of Castle Towers Metro Station.
- Supporting strategic priorities for Castle Hill as a growing strategic centre through the delivery of a contemporary mixed use community that will support additional housing stock, employment and walkability by activating a high-profile underutilised site.

As a result, the proposed development is anticipated to support a range of economic and community benefits and will further enhance the role and function of the Castle Hill strategic centre.