



WATERLOO METRO QUARTER OVER STATION DEVELOPMENT

Environmental Impact Statement Appendix AA - Social and Economic Assessment

**[SSD-10437 Southern Precinct]
[SSD-10438 Basement Car Park]
[SSD-10439 Central Precinct] and
[SSD-10440 Northern Precinct]**

Detailed State Significant Development
Development Application

Prepared for **Waterloo Developer Pty Ltd**

30 September 2020

Reference	Description
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1. Glossary and abbreviations

Reference	Description
ABS	Australian Bureau of Statistics
ACHAR	Aboriginal Cultural Heritage Assessment Report
ADG	Apartment Design Guide
AHD	Australian height datum
AQIA	Air Quality Impact Assessment
BC Act	Biodiversity Conservation Act 2016
BCA	Building Code of Australia
BC Reg	Biodiversity Conservation Regulation 2017
BDAR	Biodiversity Development Assessment Report
CEEC	critically endangered ecological community
CIV	capital investment value
CMP	Construction Management Plan
Concept DA	A concept DA is a staged application often referred to as a 'Stage 1' DA. The subject application constitutes a detailed subsequent stage application to an approved concept DA (SSD 9393) lodged under section 4.22 of the EP&A Act.
Council	City of Sydney Council
CPTED	Crime Prevention Through Environmental Design
CSSI approval	critical State significant infrastructure approval
CTMP	Construction Traffic Management Plan
DA	development application
DPIE	NSW Department of Planning, Industry and Environment
DRP	Design Review Panel
EP&A Act	Environmental Planning and Assessment Act 1979
EPA	NSW Environment Protection Authority
EPA Regulation	Environmental Planning and Assessment Regulation 2000
EPBC Act	Environment Protection and Biodiversity Conservation Act 1999

Reference	Description
ESD	ecologically sustainable design
GANSW	NSW Government Architect's Office
GFA	gross floor area
HIA	Heritage Impact Assessment
IAP	Interchange Access Plan
LGA	Local Government Area
NCC	National Construction Code
OSD	over station development
PIR	Preferred Infrastructure Report
POM	Plan of Management
PSI	Preliminary Site Investigation
RMS	Roads and Maritime Services
SEARs	Secretary's Environmental Assessment Requirements
SEPP	State Environmental Planning Policy
SEPP 55	State Environmental Planning Policy No 55—Remediation of Land
SEPP 65	State Environmental Planning Policy No. 65 – Design Quality of Residential Apartment Development
SRD SEPP	State Environmental Planning Policy (State and Regional Development) 2009
SREP Sydney Harbour	State Regional Environmental Plan (Sydney Harbour Catchment) 2005
SSD	State significant development
SSD DA	State significant development application
SLEP	Sydney Local Environmental Plan 2012
Transport for NSW	Transport for New South Wales
TIA	Traffic Impact Assessment
The proposal	The proposed development which is the subject of the detailed SSD DA
The site	The site which is the subject of the detailed SSD DA

Reference	Description
VIA	Visual Impact Assessment
WMQ	Waterloo Metro Quarter
WMP	Waste Management Plan
WSUD	water sensitive urban design

2. Executive summary

2.1 Project Background

This Social and Economic Impact Assessment (SEIA) has been prepared by Urbis Pty Ltd on behalf of WL Developer Pty Ltd (“The Proponent”). The Proponent is proposing a mixed use development at Waterloo Metro Quarter site, incorporating a range of uses.

This report has been prepared in response to the requirements contained within the Secretary’s Environmental Assessment Requirements (SEARs) dated 9 April 2020 and issued for the detailed SSD DA which includes assessment of the.

- The adequacy of social infrastructure and open space to support the future population and future social infrastructure requirements based on anticipated community needs
- The economic benefits/impacts associated with providing 33,500sq.m commercial office floor space (previously the envelope allowed up to approx. 20,000sq.m office floor space) and thereby reducing the amount of residential development on the site compared to the original Concept SSD DA
- The economic benefits/impacts of providing a student accommodation building (up to 500 students) in lieu of some of the private residential on the site. What does this do to the social mix/user profile of the site and any flow on benefits/impacts to surrounding businesses
- Demand for all the ground floor retail across the whole site, and generally the demand and user profile for the childcare centre and gym tenancy
- Impact of providing social housing and affordable housing on the site.

2.2 Proposed Development

The Waterloo Metro Quarter OSD comprises four separate buildings, a basement carpark and public domain works adjacent to the Waterloo Metro station. The proposed development includes a mixed use precinct comprising the following floorspace (GFA):

- 33,842.5 sq.m commercial office space
- 29,596.9 sq.m of residential space (including market, affordable, social and student accommodation housing)
- 2,179 sq.m childcare facility
- 2,152.6 sq.m retail space including:
 - 412 sq.m convenience grocer
 - 270 sq.m health and medical centre
 - 300sq.m community space/maker space
 - 60sq.m social enterprise café
 - Multiple food and beverage and convenience tenancies
- 973 sq.m gym
- 2,200 sq.m of open space including Cope Street Plaza and Raglan Street Plaza.

2.3 Social Needs Assessment

This report assesses community needs for five key types of social infrastructure: childcare, community and cultural facilities, open space and recreation, education facilities and health facilities.

The assessment of need for diverse housing is beyond the scope of this report. However, it is important to note that the most prominent social infrastructure type proposed as part of the Concept DA is social and affordable housing. Research undertaken by the City Futures Research Centre at UNSW shows there is current and projected unmet need of 217,000 units of social and affordable housing across Greater Sydney to 2036.

The proposal includes 220 apartments. Of these, 70 are social housing units (32% of all proposed apartments) and 24 are affordable housing units (11% of all proposed apartments). This contribution is well above the targets set in Sustainable Sydney 2030 and the LSPS for 7.5% of all housing in the City to be social housing, and 7.5% to be affordable housing. It also contributes to the gap in the provision of social and affordable housing identified in the LSPS.

In addition to social and affordable housing, the proposal also includes student housing, market housing for rent and market housing for sale. It therefore incorporates a wide range of housing typologies across the housing spectrum. This diversity is highly unusual and will create a positive social benefit.

2.3.1 Community and Cultural Facilities

The Concept DA for Metro Quarter includes a total of 2,809sqm of facilities with a community purpose, consisting of 2,179sqm of childcare, 270sqm for health services, 300sqm of community space and 60sqm for a social enterprise café. This is 809sqm more than is required in the planning controls. With the exception of the social enterprise café, the uses included in this development also align with the uses which were outlined in the Waterloo State Significant Precinct Study.

Consultation with the City of Sydney in June 2020 highlighted the need for co-working spaces and cultural space with capacity for small public assembly and light industrial 'maker space' provisions (recommending a minimum size of around 900sqm). Consultation with TAFE and service providers in 2018 also confirmed a need for a creative centre and exhibition space. The Concept DA includes 300sqm of creative maker space. This space could provide opportunities for the future population to gather and interact as a community (which also supports social cohesion which is critical in diverse communities), as well as affordable spaces for entertainment and creative expression.

2.3.2 Open Space and Recreation

The Concept DA for Metro Quarter includes 2,200sqm open space made up of Cope Street Plaza (1,517sqm) and Raglan Street Plaza (688sqm).

The Cope Street Plaza exceeds the 1,500sqm minimum size for a local park identified as desirable in the draft Open Space for Recreation Guide and the two open spaces provide residents with access to open space within 200m. The site is also within 1km of major district level open space and recreational facilities including Waterloo Park, Redfern Park, Erskineville Oval and Alexandria Park.

The Concept DA also includes a 973sqm privately operated gym. Given the high proportion of student accommodation and social housing, it is recommended that this space consider including affordable options for recreation to help meet the need of these residents.

2.3.3 Early Childhood Education and Care

This section considers the provision of early childhood education and care from a social perspective. Section 2.4.4 below considers child care from an economic perspective.

International and Australian research over many years has demonstrated the positive social and impacts of early education and care. Children from disadvantaged backgrounds show the greatest gains from attending high-quality child care.

The Social Infrastructure Assessment for the Waterloo State Significant Precinct was commissioned by UrbanGrowth NSW and included in the Social Baseline Report undertaken in 2018. The assessment identified the likely social infrastructure needed for the Waterloo Precinct. This included two to three childcare centres, with a total of 298 childcare places.

In accordance with the Social Infrastructure Assessment, the Concept DA includes a childcare centre of 2,179sqm, with capacity for 146 children. This was a commitment of the Project Delivery Agreement between WL Developer and Sydney Metro. The centre will be run by a non-profit operator of early childhood education and care.

The City of Sydney Childcare Needs Analysis, undertaken in 2019, looked in detail at supply and demand for the Redfern Street Village, which includes the site of the proposal. The work was underpinned by population projections undertaken by .id, which suggested the population of this area would increase by 17,177 between 2018 and 2036. It is not known what assumptions were made about growth in the Waterloo State Significant Precinct in developing these projections.

The Childcare Needs Analysis found that the area had 976 long day care places available, assuming all places in the planning pipeline in 2019 were approved and constructed. It also calculated the Redfern Street Village needed a total of 796 places to meet resident and worker demand to 2036.

There is therefore a misalignment between the demand projected in the Social Infrastructure Assessment for the Waterloo State Significant Precinct and in the Childcare Needs Analysis.

There are currently 13 childcare facilities within 1km of the Metro Quarter site, with 573 approved long day care places. As at July 2020, these facilities were all advertising at least three days of vacancies (see Appendix 2). There are also six proposed childcare centre developments within 1.5km of the site, which are expected to provide at least an additional 417 long day places (see Chapter 7).

Benchmarks suggest the likely the incoming residential and worker population of Metro Quarter will generate demand for around 40 places. Current supply and demand analysis indicates that, from a social perspective, the provision of long day care is unlikely to be the highest priority in meeting the needs of the local community.

Nonetheless, high quality early childhood education and care plays an important role in the development of children. Being located above the metro station means the facility will offer good accessibility for families from a wider catchment and demand is likely to be boosted by the affordable nature of the proposed childcare facility.

If long term demand for the childcare facility is not adequate to support ongoing operation of the centre, it is recommended a targeted study be undertaken to understand the best use for the space to meet the needs of the community at that time. It is understood that the podium where childcare is proposed has been designed so that if demand for childcare is not sufficient to make this facility viable in the future, it could accommodate another use.

2.3.4 Education Facilities

This study identifies additional demand for school places (around 10 primary school aged children and around 5 high school aged children) will be able to be absorbed through existing educational facilities.

2.3.5 Health Facilities

Consultation with NSW Health in 2018 as part of the Social Infrastructure Needs Assessment for the Waterloo State Significant Precinct (2018) advised that an integrated primary care facility would be needed in the Waterloo Precinct. It was recommended that this space should be co-located with a multipurpose community facility that supports education, lifelong learning, GPs and NGOs. It is expected that this facility will be provided as part of the redevelopment of the Waterloo Estate.

The Social Infrastructure Needs Assessment suggested the health facility could be supported by a satellite facility, which could include two clinic rooms, a group room, two toilets, 15sqm office space and an outdoor space, supporting health and community uses.

The Concept DA includes 270sqm of designated health space. This space could operate as the satellite facility proposed in the Social Infrastructure Needs Assessment. It should be designed in consultation with NSW Health and the Local Health District and support community health uses. It should also include Commonwealth-funded general practitioners, to help address existing demand and demand generated by the incoming population. This is particularly important given the higher proportions of vulnerable people living in the precinct including, people with complex needs.

2.4 Market Demand, Need and Impact

The market demand and need for the proposed components of the development have been assessed.

2.4.1 Commercial Office

The Inner Sydney office market has recorded a recent trend of some large businesses looking at opportunities for office space on the fringe of the CBD such as the Commonwealth Bank of Australia relocating operations to South Eveleigh and Atlassian proposing to move into a new office building near Central station. These businesses are looking to be located in precincts that are well connected by public transport, offer large floorplates, good amenity and are close to the Sydney CBD (without being right in the middle of the commercial core of the CBD). The proposed development rates strongly against these key demand drivers indicating that demand for the building should be attractive to tenants.

The supply and demand analysis indicates that there is likely to be an oversupply emerge in the Study Area (Sydney CBD through to Mascot) office market over the next five years with vacancy rates across the Study Area forecast to increase to around 14% in 2024. The forecast vacancies are being impacted by COVID-19, that is anticipated to negatively impact the economy and demand for office space in the short term before rebounding in the longer term, as well as significant supply of new office space that is under construction and proposed in Inner Sydney. Despite vacancies projected to exceed 10%, the proposed development on the fringe of the CBD offers a point of difference to other developments and will help generate additional economic activity in Inner Sydney.

The proposed office tower on the subject site of around 34,000 sq.m GFA is relatively small compared to larger towers being proposed in the Sydney CBD and Central to Eveleigh corridor. With over 1 million sq.m of office space proposed in the Study Area, the subject site will account for less than 3% of proposed supply. As such, the proposed office development is unlikely to have a material impact on the overall office market and office a point of difference for some businesses rather than detrimental competition to existing office precincts.

There is also potential for the vacancies in the short-medium term to attract demand from other users that have not traditionally been major drivers of office space. This could include universities looking to establish a campus presence in Inner Sydney (which has been a trend observed in other capital cities in Australia). These opportunities have the potential to drive additional economic growth in the Inner Sydney area in the longer term and highlight the value of the proposed development. As such, the larger proposed office development is supported as it will diversify the Inner Sydney office market, complement nearby office precincts and help drive economic growth.

2.4.2 Residential

The proposed development comprises a diversity of residential types including market apartments, affordable housing, social housing and student accommodation. The proposed development is well positioned to attract demand from buyers and tenants as it will be a vibrant mixed-use precinct that has direct access to the new metro rail station facilitating access to employment nodes, educational facilities and other amenity.

The proposed 126 market apartments are supported as they will help contribute to the housing targets in the Sydney LGA of 10,792 private market dwellings from 2022-2026. Urbis modelling forecasts there will be a shortfall of around 1,940 dwellings by 2030 based on the current pipeline, supporting the need for the proposed apartments.

The proposed social housing apartments are supported as they will help address a significant shortage in the Inner City, which recorded 1,113 households on the waitlist as at 30 June 2019. The Waterloo area has pockets of low socio-economic residents and the provision of social housing will offer significant social benefits.

The proposed student accommodation facility is supported as it will help address a significant shortage in Inner Sydney. While COVID-19 will significantly impact demand in the short to medium term, there is projected to be growth in the longer term that supports the proposed development. Student accommodation at the subject site will also be able to leverage off its positioning between four university campuses and ample public transport, which will allow it to attract a diverse range of students. The inclusion of

student accommodation on the site will also diversify the resident population and benefit the night-time economy in the area.

Housing affordability is a key challenge in the Sydney housing market with the proposed affordable housing assisting key workers in living close to their place of work. An assessment of housing stress in the Study Area indicates that around 53% of rental households are in housing stress. The proposed affordable housing is supported as it will help address a shortage in Inner Sydney and contribute to the City of Sydney's target of 2,714 affordable dwellings between 2022-2026.

2.4.3 Retail

Waterloo is currently undergoing urban renewal with a number of large sites earmarked for large scale residential and mixed use developments. This is forecast to result in steady population and worker growth over the next decade which will drive demand for additional retail facilities. There are currently three small independent supermarkets within the trade area, however the 958 trade area residents and 3,591 workers on the subject site by 2024 will require further facilities to meet their needs. These onsite residents and workers are projected to generate \$27.8 million of retail expenditure in 2024 (in constant \$2020 dollars).

The proposed development is relatively modest in scale, and will be well-positioned to provide convenience-based shopping and food and beverage options for local residents and workers. It aims to combine retail, gym, medical and community uses to contribute to a vibrant, walkable and attractive precinct integrated with the new metro station.

The proposed development is forecast to achieve sales of \$14.9 million (in constant \$2020) in its first year of trading (2024). Onsite workers and residents (not including the catchment population) are estimated to generate demand for 2,342 sq.m of convenience retail space (comprising food retail, food catering, leisure/general and retail services). This compares to 1,875 sq.m of retail floorspace proposed in the development across these sectors. This indicates that the onsite workers and residents by themselves (not including trade area residents and workers who are likely to access retail onsite given its role as a Metro Rail Station) can more than support the proposed floorspace.

In its first full year of trading (2024), the proposed development is forecast to draw \$12.2 million from key existing centres, and \$2.8 million from the expanded South Eveleigh precinct. The important factor to note however, is that despite this, the subject development is still unlikely to undermine the commercial viability of any of the surrounding centres. Due to growth in population and spending, as well as the modest scale of the subject site development, no retail centre is forecast to experience an impact greater than -3% (from their 2024 trading level) which is considered to be a manageable level of impact. The analysis confirms that there is sufficient growth within the market to accommodate the proposed development without adversely impacting the viability of existing and expanded retail centres.

2.4.4 Early Childhood Education and Care

The proposed development will generate demand for childcare places from onsite residents and workers. The majority of demand for childcare is for facilities close to where people live (rather than where they work) as this is generally more convenient for drop

offs and pick-ups rather than having to commute to and from work with children. Based on industry benchmarks, the onsite residents and workers are anticipated to drive demand for around 40 places in 2024.

A childcare centre on the site will also support demand from residents and workers in the surrounding area as the Metro Station will attract visitation. There are currently vacancies in the local catchment of around 16% indicating there is excess capacity in the market. Population growth in the surrounding area will drive demand for additional childcare places in the catchment though with 546 places in the future pipeline there is anticipated to be an oversupply of around 312 places in 2024 if all this supply is developed. Significant population and employment growth in the surrounding area (such as the Waterloo Estate) will increase demand in the longer term.

Despite this situation in the short to medium term, the WL Developer has advised that they are in discussions with an established childcare operator with multiple existing facilities in Sydney. The operator has expressed a need for a 150 place facility to make the project viable. The operator is proposing to offer affordable childcare places which they believe will be attractive in the market with demand also supported by the strategic and easily accessible location above the new station. This highlights there is private sector interest in the proposed facility to improve the early childhood learning and care offering in the area.

2.4.5 Gym

The proposed development will generate demand for fitness and wellbeing services from onsite residents and workers as well as those in the surrounding area. There are 17 gyms currently operating within 1.5km of the subject site. Most gyms cater to niche markets and are relatively small, averaging 360 sq.m, and are therefore unlikely to directly compete with the proposed larger subject site gym. However, there are three larger proposed developments in the pipeline, comprising around 3,900 sq.m of floorspace, that will increase competition in the area.

Population and employment growth in the surrounding area is projected to generate demand for around 15,649 sq.m of gym space by 2024 and 17,101 sq.m by 2030. Comparing this projected demand against current and future supply indicates that the catchment is currently undersupplied by around 4,400 sq.m. This gap is expected to decline to 2,221 sq.m by 2022 with the anticipated completion of the three proposed gyms, before widening again to 3,191 sq.m in 2024 and 3,670 sq.m by 2030. Furthermore, floorspace demand from onsite workers and residents alone (852 sq.m in 2024) is enough to support over 80% of the proposed floorspace (973 sq.m). As such, there is projected to be sufficient demand to support the proposed development without impacting the viability of existing or proposed operators.

2.5 Economic Benefits

The proposed over station development is anticipated to be a vibrant precinct with a significant on-site resident and employee population. The service based components of the development such as retail, childcare and gym will support the onsite residents and workers as well as residents/workers in the local area. The Waterloo Metro Station will be a major hub for local residents and workers and will benefit from the range of support services and community spaces. Major benefits include:

- Construction Impacts:** Direct economic benefits during the development phase are identified in the form of employment and value add benefits. These direct benefits, in turn, generate flow on (multiplier or indirect) benefits which also benefit the regional and state economies. Total expenditure estimates for the proposed over station development have been provided by Mirvac and estimated to generate approximately \$405 million of direct expenditure (Economic Output) to the local region and Greater Sydney over an assumed 4.5-year planning and development period.

New jobs will be supported during the two-year development phase by the direct expenditure on the proposed development. The direct and indirect employment benefits are shown in Table 1 with an estimated total of 466 over an assumed 4.5-year development period.

Value added benefits (Gross State Product) will be generated from the direct expenditure incurred on the proposed development. The direct and indirect value added benefits are estimated at \$261.3 million.

	Direct	Indirect	Total
Project Expenditure (\$M)	\$405.0	-	\$405.0
Employment (Jobs)	196 jobs over 4.5 years	270 jobs over 4.5 years	466 jobs over 4.5 years
Value Added (\$M, NPV)	\$108.9	\$152.3	\$261.3

Note: NPV calculated using a 7% discount rate

Source: REMPLAN Economy; Urbis

Table 1 - Economic Benefits – Development Phase, Proposed Development (\$2020)

- Ongoing Employment:** The proposed development includes several employment generating uses such as office, retail, gym, childcare and student accommodation. Based on industry benchmarks, it is estimated that the development would support 3,591 jobs once fully operational. There may also be a few jobs created as a result of the residential component though these have been excluded due to the small number.

The ongoing operation of the proposed facilities will also indirectly support new jobs in the local region and state. The net increase in direct and indirect employment likely to result from the proposed development is 5,996.

Land Use	Proposed GFA (Sq.m)	GFA/Job	Jobs
Commercial	33,843	10	3,384
Child Care	2,203	71	31
Retail	2,185	16	137
Gym	973	65	15
Student Accommodation	12,129	500	24
Total	51,333		3,591

Table 2 - Operational Phase Employment, Proposed Development

- Achieving Job Targets:** Job targets have been projected for the Harbour CBD in the Eastern City District Plan. These targets seek to inform planning authorities and infrastructure agencies of anticipated growth. The lower end of the range of these job targets reflects the baseline of projected job growth that is anticipated in the centre, while the upper end is an aspirational higher growth scenario to reflect outcomes in the case of future investment and land use planning. Overall, the Greater Sydney Commission is targeting an additional 165,100 – 235,100 jobs from 2016 to 2036. The proposed Waterloo OSD is projected to generate around 2,000 jobs, which will help achieve the growth targets.
- Job Containment:** The Sydney LGA has historically enjoyed a relatively high employment self-containment rate. This is a reflection of the large number of residents who both live

and work within the LGA. The proportion of employed Sydney LGA residents who were employed within the Sydney LGA was 64% in 2016. The proposed development includes significant employment uses ranging from retail/service based jobs to office based professional jobs. This diverse range of uses has the potential to further increasing employment self-containment within the LGA.

- **Employment Accessibility:** The NSW Government has a vision for Greater Sydney to become a '30 minute city' where people across the city can access their nearest city centre in 30 minutes by public transport. The opening of the Sydney Metro Rail Line will improve transport connectivity within Sydney with local residents (within the over station development and in the surrounding area) being able to reach more centres by public transport including from Bankstown in the south-west to Macquarie Park in the north. Conversely, people living in these areas will also be able to reach Waterloo within 30 minutes by public transport to work in the onsite businesses.

Conclusion

The proposed development is anticipated to create a vibrant mixed-use precinct on the fringe of the Sydney CBD. The development will leverage the location directly above the new Metro Station providing a precinct that is well connected by public transport. It will generate significant economic benefits to the local area and wider region during construction and ongoing operation. This will include around 3,600 ongoing jobs created in the precinct which will generate employment opportunities for local residents.

The mix of commercial uses from office, housing (diverse mix of market, affordable, social and student housing), retail, food and beverage and gym are supported with the market assessment identifying demand for these uses. The new residents and workers on the site will drive demand for the supporting mix of uses, which will drive activity and vibrancy on the site and offer convenience retail and services to surrounding residents.

While the assessment of need for diverse housing is beyond the scope of this report, it is important to note that the most prominent social infrastructure type proposed as part of the Concept DA is social and affordable housing. This is a critical form of social infrastructure which research shows is critically under supplied in Sydney.

Almost half (42%) of all conventional units are proposed to be social and affordable housing. This contribution is well above the targets set in Sustainable Sydney 2030 and the Local Strategic Planning Statement (LSPS) for 7.5% of all housing in the City to be social housing and 7.5% to be affordable housing. In addition to social and affordable housing, the proposal also includes student housing, market housing for rent and market housing for sale. It therefore incorporates a wide range of housing typologies across the housing spectrum. This diversity is highly unusual and will create a positive social benefit.

The Concept DA includes a total of 2,809sqm of facilities with a community purpose, consisting of 2,179sqm of childcare, 270sqm for health services, 300sqm of community space and 60sqm for a social enterprise café. This is 809sqm more than is required in the

planning controls. It also includes 2,200sqm open space made up of Cope Street Plaza (1,517sqm) and Raglan Street Plaza (688sqm) to meet local open space needs.

Other than the social and affordable housing and open space, the childcare centre will provide the largest contribution to social infrastructure in the area. High quality early childhood education and care plays an important role in the development of children. Being run by a non-profit provider and located above the metro station means the facility will offer good accessibility for families from a wider catchment and demand is likely to be boosted by the affordable nature of the proposed childcare facility.



3. Introduction

This report has been prepared to accompany a concept SSD DA for the over station development (OSD) at the Waterloo Metro Quarter site. The concept DA seeks consent for an amended building envelope and description of development for the northern precinct and central building of the Waterloo Quarter site approved under SSD 9393. For clarity, this concept DA (formerly referred to as a 'Stage 1' DA) is made under Section 4.22 of the Environmental Planning and Assessment Act 1979 (EP&A Act).

The Minister for Planning, or their delegate, is the consent authority for the SSD DA and this application is lodged with the NSW Department of Planning, Industry and Environment (DPIE) for assessment.

The concept DA seeks to modify the approved building envelope for the northern precinct (previously comprising 'Building A', 'Building B', 'Building C' and 'Building D' under SSD 9393) through:

- increasing the maximum building height for the southern portion of the building envelope from [RL56.2 to RL76.50]
- removing the 'tower component' of the northern precinct, to enable the redistribution of floor space to commercial office floor plates
- amending the description of development to refer to a mid-rise (approximately 13 storey) commercial office building, comprising approximately 33,000sq.m of commercial office floor space within the northern portion of the site, rather than a third residential tower.

The concept DA seeks to modify the central building approved building envelope (previously comprising 'Building E' under SSD 9393) through:

- modifying the eastern extent of the podium envelope.

This proposal will not exceed the permissible building height for the site under the Sydney Local Environmental Plan 2012 (SLEP) or the maximum height approved under SSD 9393. Separate detailed SSD DA (s) will be lodged concurrently for the detailed design, construction and operation of the northern precinct and central building. No changes are proposed to the original concept DA as it relates to the southern precinct.

This report has been prepared in response to the requirements contained within the Secretary's Environmental Assessment Requirements (SEARs) dated 9 April 2020 and issued for the detailed SSD DA.

3.1 The Site

The site is located within the City of Sydney Local Government Area (LGA). The site is situated approximately 3.3 km south of Sydney CBD and approximately 8 km northeast of Sydney International Airport within the suburb of Waterloo.

The Waterloo Metro Quarter site comprises land to the west of Cope Street, east of Botany Road, south of Raglan Street and north of Wellington Street (refer to Figure 1). The heritage listed Waterloo Congregational Church located at 103–105 Botany Road is within this street block but does not form a part of the Waterloo Metro Quarter Site boundaries.

The Waterloo Metro Quarter site is a rectangular shaped allotment and an overall site area of approximately 1.287 hectares.

The Waterloo Metro Quarter site comprises the following allotments and legal description at the date of this report. Following consolidation by Sydney Metro (the Principal) the land will be set out in deposited plan DP1257150.

- 1368 Raglan Street (Lot 4 DP 215751)
- 59 Botany Road (Lot 5 DP 215751)
- 65 Botany Road (Lot 1 DP 814205)
- 67 Botany Road (Lot 1 DP 228641)
- 124-128 Cope Street (Lot 2 DP 228641)
- 69-83 Botany Road (Lot 1, DP 1084919)
- 130-134 Cope Street (Lot 12 DP 399757)
- 136-144 Cope Street (Lots A-E DP 108312)
- 85 Botany Road (Lot 1 DP 27454)
- 87 Botany Road (Lot 2 DP 27454)
- 89-91 Botany Road (Lot 1 DP 996765)
- 93-101 Botany Road (Lot 1 DP 433969 and Lot 1 DP 738891)
- 119 Botany Road (Lot 1 DP 205942 and Lot 1 DP 436831)
- 156-160 Cope Street (Lot 31 DP 805384)
- 107-117A Botany Road (Lot 32 DP 805384 and Lot A DP 408116)
- 170-174 Cope Street (Lot 2 DP 205942).

The boundaries of the overall site are identified in Map 1. The site is reasonably level with a slight fall to the south. The site previously included three to five storey commercial, light industrial and shop top housing buildings. All previous structures except for an office building at the corner of Botany Road and Wellington Street have been demolished to facilitate construction of the new Sydney Metro Waterloo station. As such the existing site is predominately vacant and being used as a construction site.

Construction of the Sydney metro is currently underway on site in accordance with critical State significant infrastructure approval (CSSI 7400).



Map 1 - Aerial Image of the site
 Source: Urbis

The area surrounding the site consists of commercial premises to the north, light industrial and mixed-use development to the south, residential development to the east and predominantly commercial and light industry uses to the west.

3.2 Background

3.2.1 About Sydney Metro

Sydney Metro is Australia’s biggest public transport project. Services started in May 2019 in the city’s North-west with a train every four minutes in the peak. A new standalone

railway, this 21st century network will revolutionise the way Sydney travels. There are four core components:

3.2.2 Sydney Metro Northwest

This project is now complete and passenger services commenced in May 2019 between Rouse Hill and Chatswood, with a metro train every four minutes in the peak. The project was delivered on time and \$1 billion under budget.

3.2.3 Sydney Metro City and Southwest

Sydney Metro City & Southwest project includes a new 30km metro line extending metro rail from the end of Metro Northwest at Chatswood, under Sydney Harbour, through new CBD stations and southwest to Bankstown. It is due to open in 2024 with the ultimate capacity to run a metro train every two minutes each way through the centre of Sydney.

Sydney Metro City & Southwest will deliver new metro stations at Crows Nest, Victoria Cross, Barangaroo, Martin Place, Pitt Street, Waterloo and new underground metro platforms at Central Station. In addition, it will upgrade and convert all 11 stations between Sydenham and Bankstown to metro standards.

3.2.4 Sydney Metro West

Sydney Metro West is a new underground railway connecting Greater Parramatta and the Sydney CBD. This once-in-a-century infrastructure investment will transform Sydney for generations to come, doubling rail capacity between these two areas, linking new communities to rail services and supporting employment growth and housing supply between the two CBDs.

The locations of seven proposed metro stations have been confirmed at Westmead, Parramatta, Sydney Olympic Park, North Strathfield, Burwood North, Five Dock and The Bays.

The NSW Government is assessing an optional station at Pyrmont and further planning is underway to determine the location of a new metro station in the Sydney CBD.

3.2.5 Sydney Metro Greater West

Metro rail will also service Greater Western Sydney and the new Western Sydney International (Nancy Bird Walton) Airport. The new railway line will become the transport spine for the Western Parkland City's growth for generations to come, connecting communities and travellers with the rest of Sydney's public transport system with a fast, safe and easy metro service. The Australian and NSW governments are equal partners in the delivery of this new railway.

The Sydney Metro project is illustrated in Figure 1.

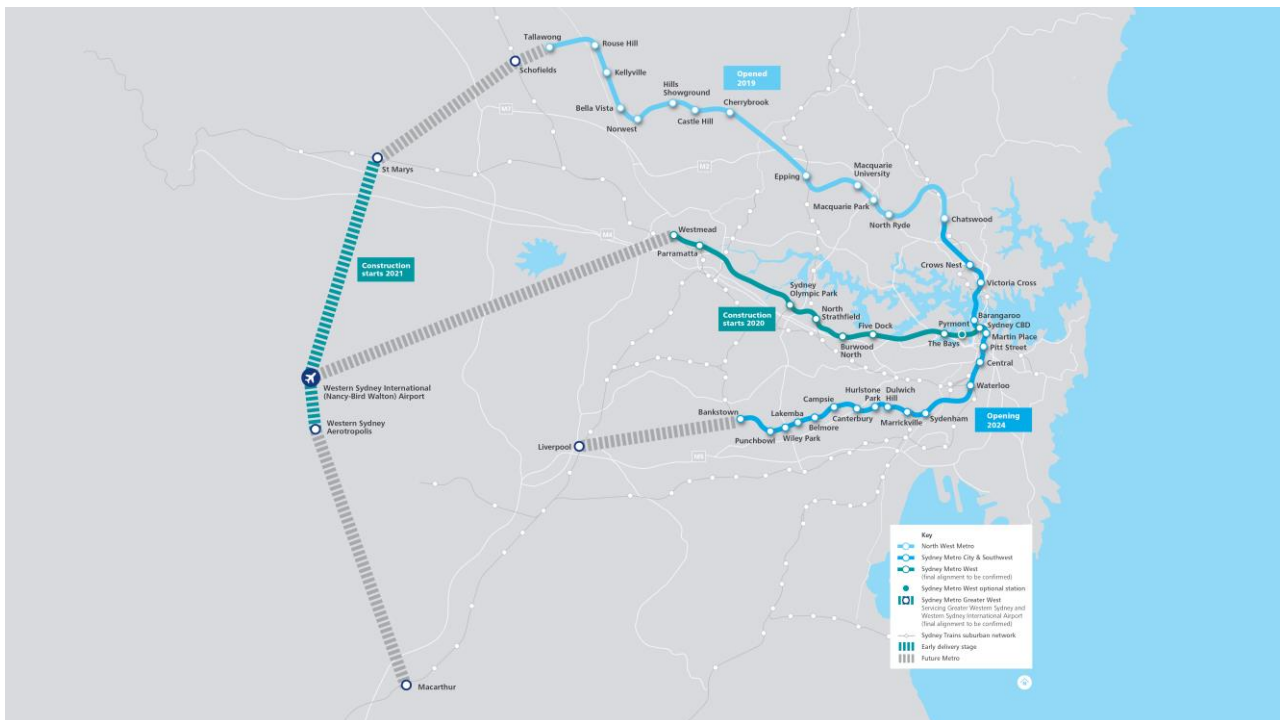


Figure 1 - Sydney Metro alignment map
 Source: Sydney Metro

3.2.6 Sydney Metro CSSI Approval (SSI 7400)

On 9 January 2017, the Minister for Planning approved the Sydney Metro City & Southwest - Chatswood to Sydenham project as a critical State significant infrastructure (CSSI) project (reference SSI 7400) (CSSI approval). The terms of the CSSI approval includes all works required to construct the Sydney Metro Waterloo Station. The CSSI approval also includes the construction of below and above ground works within the metro station structure for appropriate integration with the OSD.

With regards to CSSI related works, any changes to the ‘metro station box’ envelope and public domain will be pursued in satisfaction of the CSSI conditions of approval and do not form part of the scope of the concept SSD DA or detailed SSD DA for the OSD. Except to the extent described in the EIS or Preferred Infrastructure Report (PIR) submitted with the CSSI application, any OSD buildings and uses do not form part of the CSSI approval and will be subject to the relevant assessment pathway prescribed by the EP&A Act.

The delineation between the approved Sydney metro works, generally described as within the two ‘metro station boxes’ and surrounding public domain works, and the OSD elements are illustrated in Figure 2.

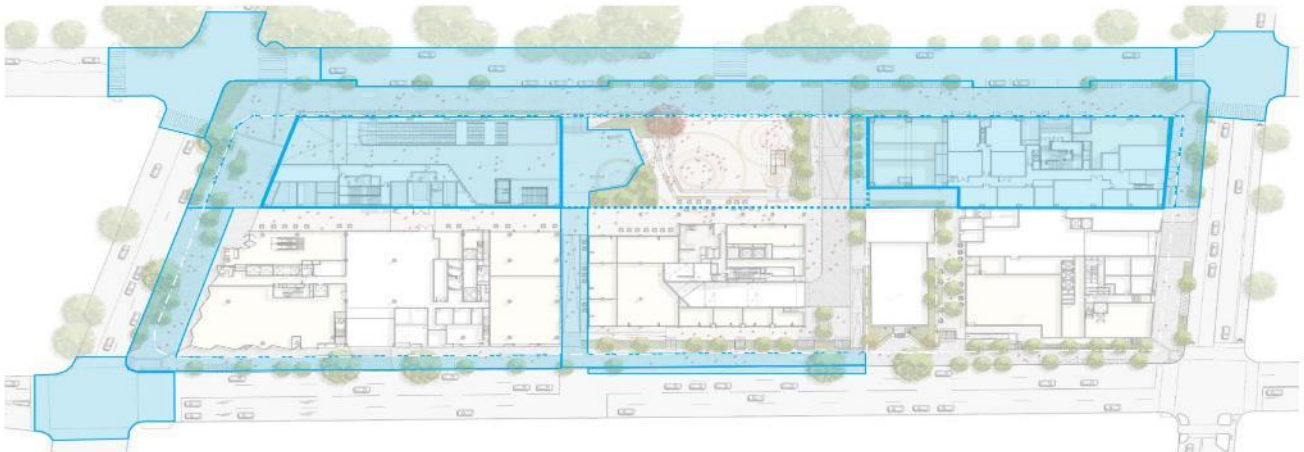


Figure 2 - CSSI Approval scope of works
Source: WL Developer Pty Ltd

3.3 Concept Approval (SSD 9393)

As per the requirements of clause 7.20 of the *Sydney Local Environmental Plan 2012 (SLEP)*, as the OSD exceeds a height of 25 metres above ground level (among other triggers), development consent is first required to be issued in a concept DA (formerly known as Stage 1 DA).

Development consent was granted on 10 December 2019 for the concept SSD DA (SSD 9393) for the Waterloo Metro Quarter OSD including:

- a maximum building envelope for podium, mid-rise and tower buildings
- a maximum gross floor area of 68,750sqm, excluding station floor space
- conceptual land use for non-residential and residential floor space
- minimum 12,000sqm of non-residential gross floor area including a minimum of 2,000sqm of community facilities
- minimum 5% residential gross floor area as affordable housing dwellings
- 70 social housing dwellings
- basement car parking, motorcycle parking, bicycle parking, and service vehicle spaces.

This concept DA has been prepared and submitted to the DPIE and proposes to make modifications to the approved building envelopes at the northern precinct and central building. This amending concept SSD DA does not impact the proposed development within the southern precinct.

A concurrent detailed SSD DA will seek development consent for the OSD located within the southern precinct of the site, consistent with the parameters of the original concept approval. Separate SSD DAs have been prepared and will be submitted for the northern precinct, central building, and basement proposed across the Waterloo Metro Quarter site consistent with the amending concept DA.

3.4 Proposed development

The proposed development comprises three main precincts comprising:

- Northern: Primarily comprises a commercial office tower
- Central: Primarily comprises a residential apartment building
- Southern: Primarily comprises a student accommodation and social housing building.

An Amending DA has been prepared in accordance with Section 4.22 of the *Environmental Planning and Assessment Act 1979 (EP&A Act)* and has been lodged concurrently with the detailed DAs for the precincts across the Site. The Amending DA seeks approval to amend the building envelope and description of development for the Northern, Central and Southern precincts and the detailed SSDAs for these precincts are consistent with the Concept DA as proposed to be modified.

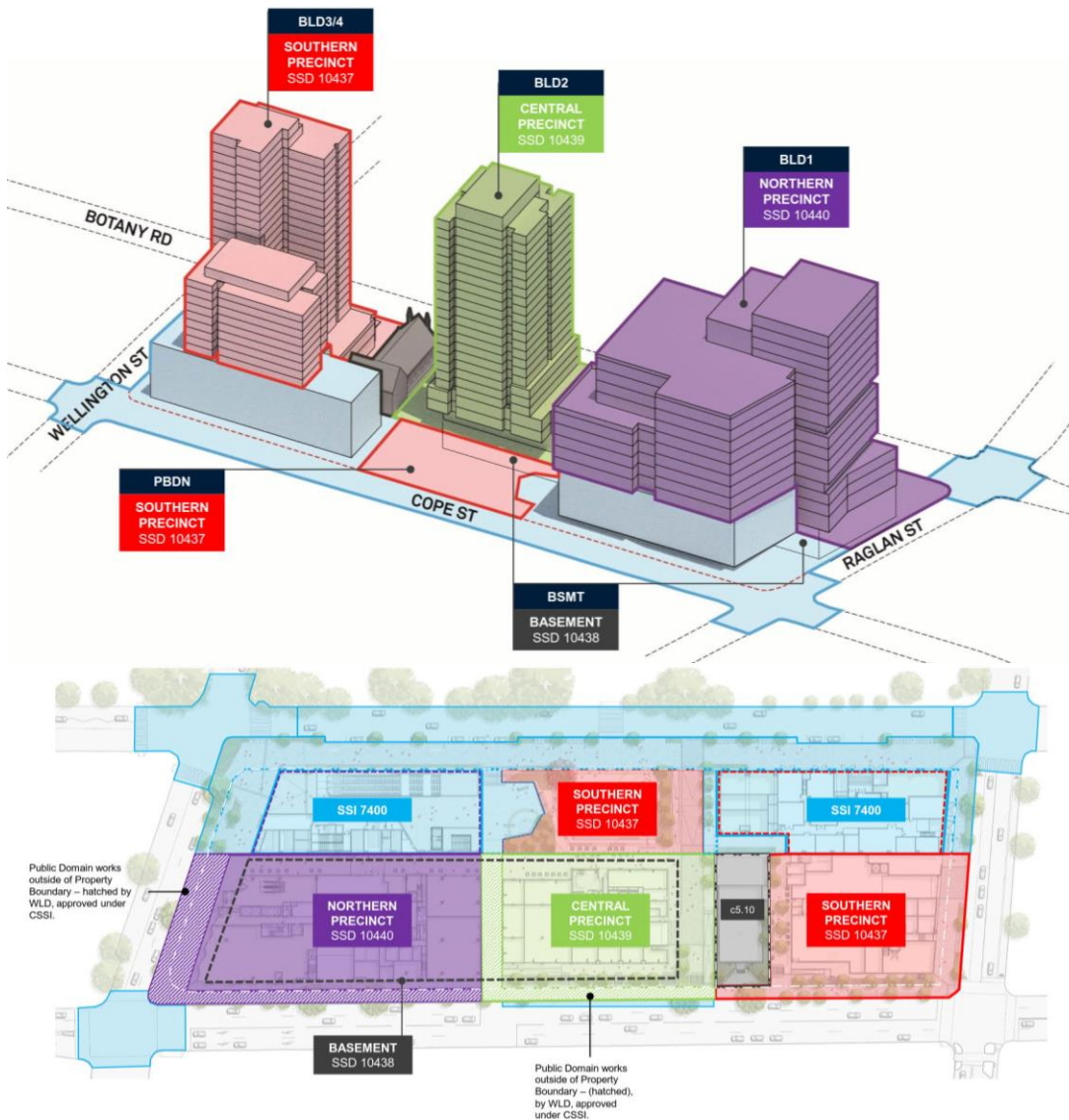


Figure 3 - Proposed Development
Source: Hassell

Overall, the proposal includes the following floor space (GFA):

- 33,842.5 sq.m commercial office space
- 29,596.9 sq.m of residential space (including market, affordable, social and student accommodation housing)
- 2,203.4 sq.m childcare facility
- 2,152.6 sq.m retail space including:
 - 412 sq.m convenience grocer
 - 270 sq.m health and medical centre
 - 300sq.m community space / maker space
 - 60sq.m Social Enterprise Café
 - Multiple food & beverage and convenience tenancies
- 973 sq.m gym
- 2,200 sq.m of open space including Cope Street Plaza and Raglan Street Plaza.

3.5 Methodology and Scope

While the SEARs do not provide a detailed list of issues do be addressed in the social and economic assessment, the project team have identified the following issues that should be a focus for the assessment:

- The adequacy of social infrastructure and open space to support the future population and future social infrastructure requirements based on anticipated community needs.
- The economic benefits/impacts associated with providing 31,000sq.m GLA commercial office floor space (previously the envelope allowed up to approx. 20,000sq.m office floor space) and thereby reducing the amount of residential development on the site compared to the original Concept SSD DA
- The economic benefits/impacts of providing a student accommodation building (up to 500 students) in lieu of some of the private residential on the site. What does this do to the social mix/user profile of the site and any flow on benefits/impacts to surrounding businesses
- Demand for all the ground floor retail across the whole site, and generally the demand and user profile for the childcare centre and gym tenancy
- Impact of providing social housing and affordable housing on the site.

Our methodology outlined below includes assessments of:

- social infrastructure
- residential needs (including student accommodation, social, affordable and market housing)
- retail and associated non-retail needs assessment (including childcare and gymnasium)
- office assessment
- calculation of overall economic benefit from construction and operational phases of the development.

4. Social Needs Assessment

This Social Needs Assessment has been prepared in response to the SEARs requirements issued for the detailed SSD DA, specifically relating to the:

- Adequacy of social infrastructure and open space to support the future population and future social infrastructure requirements based on anticipated community needs
- Demand and user profile for the childcare centre.

4.1 Document Review

There has been significant research and analysis already undertaken to inform the planning for the Waterloo Precinct. The following section provides a summary of state and local government policies, plans and strategies to understand the strategic context for the site and identify existing needs for social infrastructure and services in the study area.

4.1.1 NSW State Government Strategic Direction

Greater Sydney Commission - Eastern City District Plan (2018)

The Eastern City District Plan (2018) is a 20-year plan to manage growth in the context of economic, social and environmental matters to achieve the 40-year vision for Greater Sydney. The District Plan is guided by four key themes that represent the planning priorities for each district, with ten directions to guide delivery.

The priorities relevant to the proposal include:

- E1: Planning for a city supported by infrastructure
- E3: Providing services and social infrastructure to meet people's changing needs
- E4: Fostering healthy, creative, culturally rich and socially connected communities
- E18: Delivering high quality open space.

Draft Open Space for Recreation Guide, NSW Government Architect (2020)

The Draft Open Space for Recreation Guide provides a consistent approach and framework to encourage innovation in public open space planning and to promote higher community use of, and satisfaction with, public open space. The Guide aims to outline the delivery of better quality, easily accessible and more functional open space for recreation which keeps paces with the expected population growth and increased density in urban areas. The Guide addresses the provision of public open space that supports outdoor recreation, sport and exercise. Key directions from the Guide include:

- A suggested desirable minimum size of 3,000sqm for local parks. In high-density areas, the Guide suggests that parks may be as small as 1,500sqm where more efficient provision does not exist or opportunities for re-use of small spaces arise.
- The quantity of open space should be considered in terms of the number of opportunities available for active and passive recreation, with a variety of spaces that cater to different demands and age groups.
- For a high-density neighbourhood, residents should be within a:
 - Two to three minute walk, equivalent to a 200m walking distance, of open space.

- 10 minute walk, or 800m walking distance, of linear open space. In high density areas, there is a preference for linear open space to be within a 400m walking distance.
- 20 minute walk, equivalent to a 2km walking distance, of district level organised sport and recreation spaces such as sports fields, outdoor courts, indoor courts and aquatic spaces
- Maximum 25 minute walk, equivalent to a 2km walking distance, of district level open space. This space should be at least 2ha in size and enable a range of activities.
- Maximum of 30 minutes travel time on public transport or by vehicle to regional open space of at least 5ha in size.

4.1.2 City of Sydney Strategic Direction

City of Sydney - Sustainable Sydney 2030 (Community Strategic Plan) (2017)

City of Sydney's Sustainable Sydney 2030 identifies the community's main priorities and aspirations for the future and to identify how to achieve these goals. Strategic directions which are of relevance to the proposal include:

- A city for walking and cycling
- A lively and engaging city centre
- Resilient and inclusive local communities (including equitable access to community facilities and places, parks and recreational facilities to support wellbeing in daily life)
- A cultural and creative city
- Sustainable development, renewal and design

Sustainable Sydney 2030 also contains targets for the provision of social and affordable housing. It seeks for 7.5 per cent of all housing in the City to be social housing, and 7.5 per cent to be affordable housing. This social and affordable housing is expected to be delivered by not-for-profit or other providers.

City of Sydney - City Plan 2036 (LSPS) (2020)

The LSPS provides a 20 year vision for land use planning in the City of Sydney, building on the themes of green, global and connect.

- Planning priorities relevant to this proposal include:
- Movement for walkable neighbourhoods and a connected city
- Supporting community wellbeing with social infrastructure
- A creative and socially connected city
- Creating great places.

The LSPS retains Sustainable Sydney 2030's targets for 7.5 per cent of all housing in the City to be social housing, and 7.5 per cent to be affordable housing.

City of Sydney – Social Sustainability Policy and Action Plan (2018)

The Social Sustainability Policy and Action Plan sets out a vision and agenda for action to sustain a socially just and resilient Sydney over the next decade. The Plan identifies

the vision for Sydney as a “socially just and reliant city where people from all walks of life can live, work, learn, play and grow. It is an inclusive and equitable city that offers all people opportunities to release their full potential and enjoy a great quality of life”.

The following actions are of relevance to the proposal and are designed to assist with achieving the strategic directions outlined above.

- Supportive social networks and trust
- Sense of belonging and connection to place
- Harmony and social cohesion
- Vibrant creative life
- Accessible places and spaces.

City of Sydney – Open Space, Sports and Recreation Needs Study (2016)

The Open Space, Sports and Recreation Needs Study provides a series of directions and recommendations for the future planning, provision, development and management of public open space and recreation facilities in the LGA. The study identifies a number of challenges facing the LGA regarding open space and recreation provision, including:

- Population growth increasing pressure on existing open space resources and facilities to meet demand
- Increased housing density and associated loss of private outdoor space means there will be greater need for public open space and recreation facilities to provide spaces for people to recreate and socialise
- 72% of the City’s parks are less than 3,000sqm in area which limits the range and diversity of facilities able to be accommodated. Undersupply of larger open space has resulted in heavy use pressures on existing fields and parks to cater for active recreation and sport.
- The City has prioritised acquiring new areas of open space, with a particular focus on spaces large enough to accommodate field sports and identifying capacity improvements to existing open spaces.

City of Sydney – Housing for All: Local Housing Strategy (2020)

The Local Housing Strategy is the City’s plan for housing over the next 20 years. The Strategy identifies that by 2036 it is expected 80 per cent of the City’s population will be living in an apartment and that high quality public domain, parks and open space, libraries, community centres and the other shared public facilities will be vital to supporting people living in high density accommodation. The Strategy also highlights the need to support Aboriginal and Torres Strait Islander people maintain ties to the local community. This includes ensuring suitable social and affordable housing managed by Aboriginal community housing providers and led by Aboriginal people and organisations as a continued expression of self-determination.

The Strategy notes that when the Redfern-Waterloo development area was established in 2004, one of the objects of the legislation was to promote, support and respect the Aboriginal community in Redfern–Waterloo, having regard to the importance of the area to the Aboriginal people.

City of Sydney – Creative City: Cultural Policy and Action Plan 2014-2024 (2014)

The Plan outlines actions to support artists and cultural workers to live and work in Sydney and to build the city’s cultural capability.

The strategic priorities and goals identified in the Plan which are of relevance to the proposal include:

- Meet latent community demand for consistent, affordable, high-quality skill development and creative participation programs, especially visual arts and craft-based practice
- Deliver an increased number of affordable, accessible, creative workspaces throughout the city for temporary and long-term use, customised for a diversity of art-form disciplines, including relevant tools, equipment and facilities to promote a diversity of creative practice.

City of Sydney – Making Space for Culture in Sydney: Cultural Infrastructure Study (2020)

The City’s Cultural Infrastructure Study identifies cultural infrastructure as spaces for active participation and professional creative practice, creative enterprises requiring commercial or office spaces, venues for audiences and spectators, and public domain activities.

The Study makes the argument for delivering more space to support a variety of creative practice, pointing to a decrease in available and affordable spaces for rehearsal, studio work, meetings and exhibitions in the last decade or so in the inner city. Many of these spaces that had previously provided low-cost access to active creative production were in former industrial buildings in areas like Chippendale, Waterloo and Green Square. As these areas have been converted into residential apartments, the supply of local cultural infrastructure has been reduced.

The Study also references research outlined in the NSW Government’s Cultural Infrastructure Plan in which 86% of survey respondents listed space to rehearse or develop an artistic practice as important and 86% listed community or artist-run galleries as important.

The City’s Study recommends creative workspaces and locally specific cultural infrastructure be prioritised to help support the City’s creative industry. It identifies actions including:

- Forming relationships between government and private partners to purchase, lease or develop suitable space
- Identifying pilot projects that can bring together State Government and inner Sydney local governments to work together on new mechanisms and models.

4.1.3 Detailed Planning Relevant to the Waterloo Precinct

GHD - Waterloo Social Baseline Report (2018)

The Waterloo Social Baseline Report was prepared to inform the Waterloo State Significant Precinct Masterplan. The purpose of the report was to understand the social

context, including the communities and social infrastructure in and around the Waterloo Precinct.

The report recommended the early delivery of community and indoor recreation facilities of no less than 2,000sqm within the Metro Quarter. This was intended to enable early opportunities for community participation to support tenants and new residents throughout the renewal of the Waterloo precinct. Provision of community and indoor recreation space within Metro Quarter was also intended to provide facilities in an accessible location and opportunities for people from diverse backgrounds to interact socially.

The report also made the following recommendations for the master planning of the Waterloo precinct:

- Maintaining local culture and identity in the design of various elements and features should be a key focus. There were seen to be opportunities to involve community members and stakeholders in design and planning so that local character and identity is reflected and interpreted. This was seen to be particularly important for the local Aboriginal community to maintain cultural and community connections.
- Planning for new and upgraded social infrastructure to consider the diverse needs of existing communities, and the changing characteristics of the community over time as the renewal progresses. It was recommended that facilities be flexible and planned in partnership with local service providers who understand the needs of the local communities. This includes considering the locations of facilities, ensuring they are well-located near public transport and co-located with other facilities.
- Ongoing consultation with service providers is required to confirm the capacity of existing services and facilities to meet the needs of existing and future residents, including private, affordable and social housing residents. It was recommended that consultation also confirm the status of planned facilities and provide information that was not available from a desktop study.

The Waterloo Social Baseline Report includes a Social Infrastructure Needs Assessment for the Waterloo State Significant Precinct as Appendix H. This appendix identified the likely social infrastructure needed for the entire Waterloo Precinct, including:

- Two to three childcare centres (with a total of 298 childcare places)
- One new multipurpose community centre of 2,000-2,500sqm, potentially including 550sqm of library floor space, activity rooms (60-100sqm) and floor space for health services and lifelong learning
- 11 primary school classrooms and nine high school classrooms, with the Alexandria Park School expected to accommodate this need
- A creative/cultural hub of around 1,000sqm and creative work spaces for individual artists of 5-10sqm depending on the artform
- 119 aged care places provided in one aged care facility
- Multipurpose community rooms throughout precinct which can provide for a range of uses, including community health
- One multipurpose court of around 782sqm and two tennis courts totalling 721sqm, or alternatively one indoor court facility.

UrbanGrowth NSW – Waterloo Metro Quarter State Significant Precinct Study (2018)

The Waterloo Metro Quarter State Significant Precinct Study promotes an integrated design outcome across the Waterloo Estate and Metro Quarter and provides urban design objectives and principles to guide the urban renewal of the entire study area. The objectives include:

- Housing: A fully, integrated urban village of social, private and affordable housing
- Culture and Design: A safe and welcoming place to live and visit - a place where there is activity day and night, where people feel safe, at ease and part of a cohesive and proud community
- Open Space and Environment: High quality public spaces and a sustainable urban environment
- Transport and connectivity: A well connected inner city location
- Services and Amenities: New and improved services, facilities and amenities to support a diverse community.

The Study identifies the Metro Quarter as ‘a place for the local community to congregate, interact, and access the services they require’, with ‘public spaces and community facilities that serve as a place for the community to connect, interact and engage with their surroundings to nurture an inclusive social network’. It states the Metro Quarter provides ‘an opportunity to address gaps in the cultural and community fabric of Waterloo, and to provide opportunities for cultural and artistic expression, community gathering, entertainment that is accessible to residents of the Waterloo Estate, Metro Quarter and surrounding areas’.

The Study notes that one of the key findings of the social infrastructure needs assessment for the Waterloo State Significant Precinct was that there is a need to provide for one new multi-purpose community facility of approximately 2000 –2,500sqm to cater for the need of the broader Waterloo Precinct.

Recognising its role as a local centre and movement hub for the Waterloo Precinct, the Study noted the Metro Quarter would include at least 2,000sqm of floor space for community facilities. This space was required to accommodate one or more of the following uses:

- Library/community hub
- Multi-purpose community centre
- Health services facilities
- Education facilities
- Emergency services facilities
- Centre based child care facilities
- Creative arts space.

Department of Planning, Industry and Environment - The Waterloo Metro Quarter Finalisation Report (2019)

The Waterloo Metro Quarter Finalisation Report responds to the issues raised in submissions on the State Significant Precinct (SSP) Study including open space and

upgrades to community facilities. In response to submissions, the following relevant key amendments were proposed to the existing planning controls:

- Introduction of a clause which requires that a minimum of 12,000sqm of gross floor area is used for non-residential land uses including 2,000sqm of floor space for community facilities. These uses would include:
 - Commercial premises
 - Centre-based childcare facilities
 - Community facilities
 - Early education and care facilities
 - Educational establishments
 - Entertainment facilities
 - Function centres
 - Health services facilities
 - Recreation facility (indoor).
- Introduction of a clause in SLEP 2012 requiring that a minimum of 2,200sqm publicly accessible open space be delivered on the Waterloo Metro Quarter site and design guidelines for the SSSDA will require that a total area of publicly accessible open space provided on site collectively receives a minimum of three hours solar access to 50% of its areas on June 21, between 9am and 3pm.
- The development will be subject to monetary contributions. Some of these funds could be used towards embellishment of local passive and active recreation facilities to assist catering for increased demand as a result of the development. These embellishments could improve the capacity of these parks to cater for increased usage, and potentially deliver a wider range of recreational facilities and activities to meet the needs of the local community. Contributions may also fund the provision of embellishments or connections to regional open space.

Families at Work – City of Sydney Childcare Needs Analysis (2019)

The Childcare Needs Analysis provided a picture of the supply and demand for early childhood education and outside school hours care in the City of Sydney. The work was underpinned by population projections undertaken by .id, which suggested the population of this area would increase by 17,177 between 2018 and 2036. It is not known what assumptions were made about growth in the Waterloo State Significant Precinct in developing these projections.

The report divided the LGA into village areas, with the proposed development sitting within the Redfern Street Village. The report identified 11 early childhood education and care services within this village supplying a total of 976 places, as follows:

- 566 long day care places
- 60 preschool places
- 190 out of school hours care places.

The report also identified that, as of 2019, there were an additional 420 long day care places in the planning pipeline within the Redfern Street Village. This included developments that were lodged but not approved, approved and under construction.

The average cost of services in the Redfern Street Village ranged from \$118.88 a day for children aged up to two years to \$106.75 for children aged three to five years. Fees were the lowest of any village in the City and were significantly lower than the average

across the LGA, which was \$143.33 for children aged up to two years to \$131.04 for children aged three to five years.

Survey findings outlined in the report showed that service quality, proximity to home and cost of care were the key influencers for parents in choosing a childcare provider.

The report found 'Very few long day care services were operating at full capacity, with vacancies across most days and age groups' (2019: 125). However, it found that long day care places across the City just meets demand, with a small undersupply of 153 places. By 2036 the under supply was projected to increase to 1,492. This assumed that all facilities subject to a development application were built and operating by that time. The supply of out of school hours places across the City was calculated as exceeding demand, and was projected to be able to meet demand in 2036.

The study also suggested that 'A degree of oversupply is important in the child care system as it allows parents and carers the option of a choice of provider and means services can accommodate short-term changes to employment patterns and child care needs' (2019: 127).

When looking in detail at the Redfern Street Village, the report found that the area would need 469 and 327 long day care places to cater to demand from residents and workers respectively. This totals 796 places to meet resident and worker demand to 2036, compared with the 986 places which currently exist or are within the planning pipeline.

There is therefore a misalignment between the demand projected in the Social Infrastructure Assessment for the Waterloo State Significant Precinct and in the Childcare Needs Analysis.

4.1.4 Summary

The document review has identified key guiding principles and existing strategic directions for the provision of social infrastructure in the Metro Quarter. Specific directions relevant to this study include:

- The Waterloo Social Baseline Report (2018) recommended the early delivery of community and indoor recreation facilities of no less than 2,000sqm within the Metro Quarter, to enable early opportunities for community participation to support tenants and new residents throughout the renewal of the Waterloo precinct. The report recommended that facilities be flexible and planned in partnership with local service providers who understand the needs of the local communities.
- The Social Infrastructure Needs Assessment included in the Waterloo Social Baseline Report identified the likely social infrastructure needed for the entire precinct. This included two to three childcare centres, with a total of 298 places.
- The Waterloo Metro Quarter State Significant Precinct Study identifies a vision for the Metro Quarter as a place for the local community to congregate, interact, and access the services they require, with public spaces and community facilities that serve as a place for the community to connect and engage with their surroundings to nurture an inclusive social network. It states that the Metro Quarter provides an opportunity to address gaps in the cultural and community fabric of Waterloo, and to provide opportunities for cultural and artistic expression, community gathering, entertainment that is accessible to residents of the Estate, Metro Quarter and surrounding areas. The Study recognised that one of the key findings of the social infrastructure needs

assessment was a need to provide for one new multi-purpose community facility of approximately 2000 –2,500sqm to cater for the need of the broader Waterloo Precinct. Recognising its role as a local centre and movement hub for the Waterloo Precinct, the Study noted the Metro Quarter would include at least 2,000sqm of floor space for community facilities.

- In response to submissions, the Waterloo Metro Quarter Finalisation Report (2019) proposed amendments to the existing planning controls including introduction of a clause which requires that a minimum of 12,000sqm of gross floor area is used for non-residential land uses including 2,000sqm of floor space for community facilities. These uses would include commercial premises, centre-based childcare facilities, community facilities, early education and care facilities, educational establishments, entertainment facilities, function centres, health services facilities and recreation facility (indoor).
- The City of Sydney's Childcare Needs Analysis shows that overall, the supply of childcare is meeting the demand, with only minor shortfalls predicted to 2036. The report divided the LGA into village areas, with the proposed development sitting within the Redfern Street Village. The report identified a supply of 566 long day care places within this area, with a further 420 places in the planning pipeline. In terms of demand, the report found that the area would need 469 and 327 long day care places to cater to demand from residents and workers respectively. This totals 796 places to meet resident and worker demand to 2036, compared with the 986 places which currently exist or are within the planning pipeline.
- There is therefore a misalignment between the demand projected in the Social Infrastructure Assessment for the Waterloo State Significant Precinct and in the Childcare Needs Analysis.
- The City of Sydney's Cultural Infrastructure Study identifies a need for more space to support a variety of creative practice, pointing to a decrease in available and affordable spaces for rehearsal, studio work, meetings and exhibitions in the last decade or so in the inner city (particularly in areas like Chippendale, Waterloo and Green Square). The Study also references research outlined in the NSW Government's Cultural Infrastructure Plan in which 86% of survey respondents listed space to rehearse or develop an artistic practice as important and 86% listed community or artist-run galleries as important.
- The City of Sydney's Open Space, Sports and Recreation Needs Study (2016) acknowledges population growth is placing increasing pressure on existing open space resources and facilities to meet demand. The City has prioritised acquiring new areas of open space, with a particular focus on spaces large enough to accommodate field sports and identifying capacity improvements to existing open spaces. The Waterloo Metro Quarter Finalisation Report (2019) notes that monetary contributions from this development could be used towards embellishment of local passive and active recreation facilities to assist catering for increased demand as a result of the development.

4.2 Existing and Future Population

Australian Bureau of Statistics (ABS) census data from 2016 was analysed to identify the demographic characteristics of the existing Waterloo suburb. The demographic characteristics of City of Sydney LGA and Greater Sydney have been used for comparison purposes. The complete demographic table is contained in Appendix 1.

- **High proportion of young adults** – Almost half of people living in Waterloo (44.9%) and City of Sydney LGA (46.7%) are aged 20 – 34 years, which is significantly higher than Greater Sydney (23.1%).
- **Higher proportions of Aboriginal and Torres Strait Islander people** – There is a higher proportion of Aboriginal and Torres Strait Islander people living in Waterloo (3.0%) than in City of Sydney LGA (1.2%) and Greater Sydney (1.5%).
- **Culturally and linguistically diverse** – Just over a third of people living in Waterloo (35.3%) and City of Sydney (39.4%) were born in Australia, when compared to Greater Sydney (57.1%) this is significantly lower.
- **Couple families without children** – Over half the population in Waterloo (61.8%) and City of Sydney LGA (63.1%) consist of couple families without children, compared to Greater Sydney (33.4%). There are significantly less family households in Waterloo (45.9%) and City of Sydney LGA (47.2%) than in Greater Sydney (73.6%).
- **High proportion of flats or apartments** – There is a significantly greater proportion of flats or apartments in Waterloo (89.7%) and City of Sydney LGA (77.1%) than in Greater Sydney (56.9%).
- **Social housing** – As of 2016, there were approximately 3,585 residents living at Waterloo Estate. It is a culturally diverse community, with around 10% of people identifying as Indigenous and almost half of residents (48%) born in non-English speaking countries (Source: Waterloo Social Baseline Report 2018)
- **Renters** – Majority of people in Waterloo (70.8%) and City of Sydney LGA (34.1%) rent compared to 34.1% in Greater Sydney. The median weekly rent for Waterloo is \$520 which is lower than City of Sydney LGA (\$565), however is higher than Greater Sydney (\$440).
- **Low proportion of people owning homes** – Fewer than a quarter of people in Waterloo (18.4%) and the City of Sydney (19.9%) own their home with a mortgage. When compared to Greater Sydney, a third of the population (33.2%) own their home with a mortgage.
- **High unemployment rate** – Waterloo has an unemployment rate of 8.0% which is higher when compared to City of Sydney LGA and Greater Sydney. Both areas have an unemployment rate of 6.0%.
- **Reliance on public transport** – Travelling to work by public transport is dominant in Waterloo (41.1%) and City of Sydney (35.6%), which could be a result of a high proportion of people not owning a car. In Waterloo, 38.0% of people did not own a car, which is similar to City of Sydney LGA (39.0%). In Greater Sydney, only 22.8% of people travelled to work by public transport and 11.1% did not own a car.

4.2.1 Likely Future Population Characteristics

To help understand the needs of the new population, it is important to consider the types of people who may be living there in the future. Following the 2016 Census, the ABS prepared a broad overview of the characteristics of people living in apartments in Australia as part of the Reflecting Australia - Stories from the Census series. Below is a summary outlining the characteristics of people living in apartments in Australia based on the 2016 ABS Census data.

- The majority of people living in apartments were aged between 25-34. 21% of all people aged 25-34 years were apartment residents. The median age of people living in apartments was 33 which was much lower than the Australian median age of 38.

- Children were also quite prevalent with 9% of all children aged 0-4 years living in an apartment. However, only around 4% of children aged 5-14 years lived in an apartment.
- While most family households living in apartments were couple families without children, close to half of all family households (44%) living in apartments were families with children (either one or two parents).
- There were high proportions of residents born overseas living in apartments, with a particularly high proportion born in North – East Asia (including China and Hong Kong) and Southern and Central Asia (including India). 17% of all the overseas born population live in an apartment compared to 6.7% of Australian born people.
- The majority of people living in apartments were renters (59%), with 13% owned outright and 15% owned with a mortgage. In contrast, 34% of separate houses were owned outright, 38% owned with a mortgage, and 21% rented.
- 21% of Australia's apartment households reported having no motor vehicle compared to less than 5% of those who lived in separate houses, which may reflect the inner city location of some apartments and their close proximity to work, public transport and amenities.

This suggests that the likely future community of this development will include high proportions of young people aged 25-34 (particularly given the inclusion of 435 student accommodation units), high proportions of people renting and higher proportions of people born overseas.

4.2.2 Likely Future Population

To assess community needs, it is important to understand the number of people the proposal will introduce into an area and the likely age profile of the incoming population.

This study has adopted an average occupancy rate of 2.2 persons per dwelling. This is based on the average occupancy rates of 2.2 people per dwelling in Ultimo and Zetland, according to Census data from 2016. Ultimo and Zetland were selected as appropriate comparisons as they have a high concentration of relatively new, high density housing stock and are also in close proximity to the site.

The proposal includes provision of 220 apartments including:

- 70 social housing apartments
- 24 affordable housing apartments
- 126 market housing apartments.

The proposal also includes 435 student units, providing 474 student beds.

Applying the average household size of 2.2 people per household to a dwelling yield of 220, the proposal is likely to generate a residential population of approximately **484 people** plus a student population of 474 people. This would provide **a total of around 958 people**.

As discussed in Chapter 5, there is also likely to be a worker population of around 3,500 people.

A likely age profile has also been developed for the total incoming residential population (484 residents, excluding the student units) using the average age brackets from 2016 ABS Census data for Ultimo and Zetland suburbs.

Age Bracket	Ultimo suburb	Zetland suburb	Indicative %	Indicative no.
0-4	2%	5%	4%	19
5-11	1%	3%	2%	10
12-17	1%	1%	1%	5
18-24	38%	27%	33%	160
25-34	32%	37%	35%	169
35-49	14%	17%	16%	77
50-59	4%	5%	7%	34
60-69	3%	3%	3%	15
70 +	3%	1%	2%	10

Table 3 - Indicative age profile

4.2.3 Summary

- The existing Waterloo community includes high proportions of young adults, couple families without children and people renting. There are also higher proportions of Aboriginal and Torres Strait Islander people, and higher proportions of people born overseas. There is a high unemployment rate compared to Greater Sydney and the City of Sydney and most people rely on public transport to get around.
- Applying the average household size of 2.2 people per household to a dwelling yield of 220, the proposal is likely to generate a residential population of approximately 484 people plus a student population of 474 people. This would provide a total of around 958 people. There is also likely to be a worker population of around 3,500 people.
- It is likely the future community will include high proportions of young people aged 25-34 (particularly given the inclusion of 435 student accommodation units), couple families without children and some young families with children aged 0-4 years, people born overseas and people renting. Given the demographics of the existing community and the inclusion of social housing, it is expected the incoming population will also have higher proportions of people experiencing socio-economic disadvantage.

4.3 Existing Social Infrastructure

This section considers the existing provision of list social infrastructure around the site.

4.3.1 Community and Cultural Facilities

The site is within walking distance to three community and cultural facilities and within 1km of 16 others. Community facilities located within walking distance include Alexandria Town Hall, Salvation Army Streetlevel and Counterpoints Factory Community Centre.

Alexandria Town Hall is a community venue suitable for functions, community meetings and conferences, with two halls available to hire. The Salvation Army Streetlevel and Counterpoints Factory Community Centre are operated by not for profit organisations, providing a variety of support programs and services to local community groups and culturally specific groups.

Of the 19 facilities located within 1km of the site, five are cultural facilities. One of which is Carriageworks which is a large multi-arts centre that hosts a wide range of events and functions including the weekly Farmers Market. The Aboriginal Dance Theatre Redfern is also located within 1km and provides a performing arts centre offering accredited courses in Aboriginal dance and theatre. It also serves as an outreach centre for children and youth around the country.

The Green Square Community and Cultural Precinct includes Joynton Avenue Creative Centre, Banga Community Shed and Performing Arts Hub. This precinct has been designed to provide a place for the local community and visitors to explore their creative side and meet their neighbours. The full list of community and cultural facilities can be found in the maps in Figure 5.

There are two libraries located within 1km of the site, these include Waterloo Library and Green Square Library. The Green Square Library was completed in September 2018 and offers a range of programs, services and spaces. The Waterloo Library is a smaller scale library, located in Waterloo Town Hall.

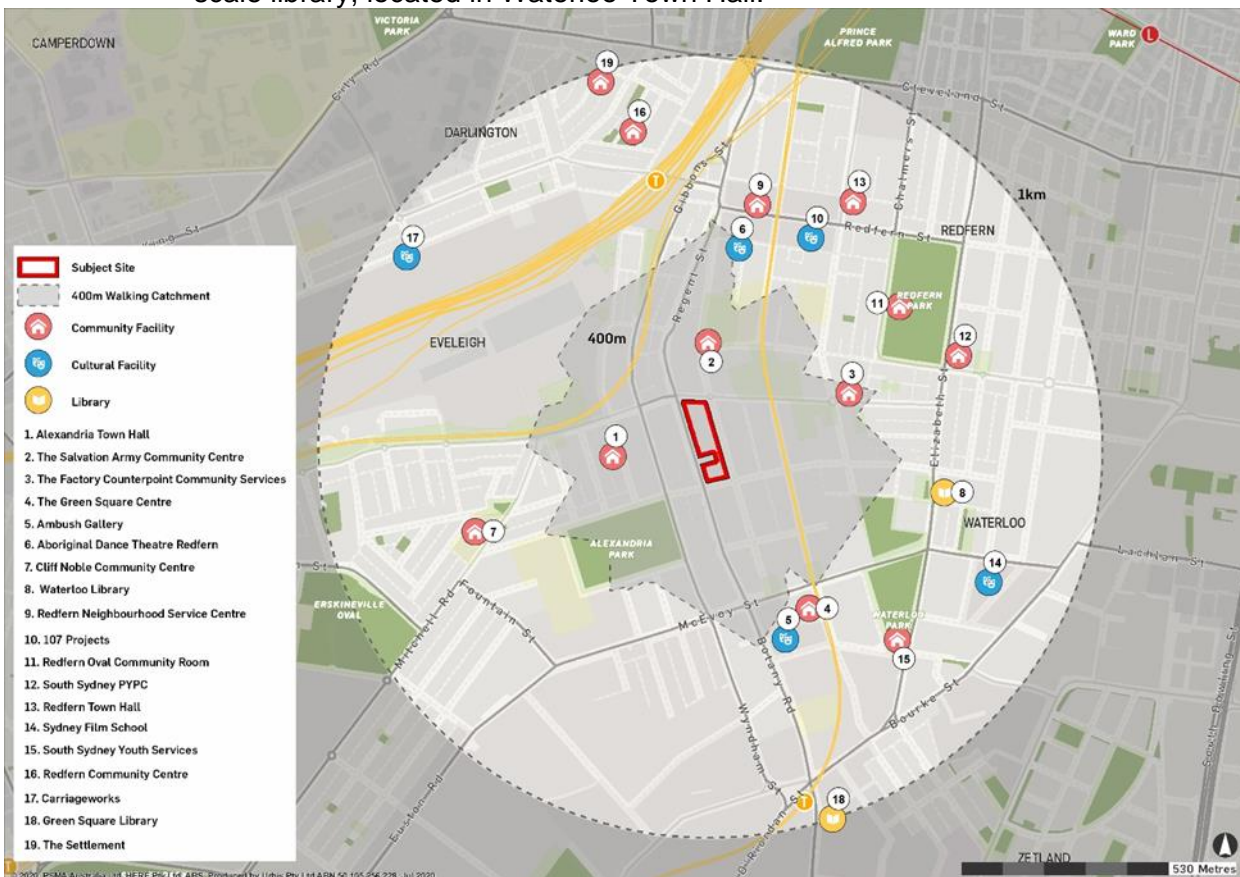


Figure 4 - Community and cultural facilities

4.3.2 Open Space and Recreational Facilities

The site has around 5.3ha of open space within 400m walking distance and around 19.1ha of open space within 1km. This includes Waterloo Park, Redfern Park, Erskineville Oval and Alexandria Park.

There are two recreational facilities located in walking distance, being the Vice Chancellors Oval and the National Centre of Indigenous Excellence. Vice Chancellors Oval (also referred to as Eveleigh Green), is an active recreational space which provides lawn areas, playground equipment and space for sports and events including three courts for basketball, futsal and tennis. The National Centre of Indigenous Excellence features indoor basketball courts, pool, gym, outdoor courts, fitness area and sporting field.

Three community gardens are also located within walking distance of the site, being the Marton Community Garden, Solander Community Garden and Waterloo Estate Community Garden.

There are a range of recreational facilities provided at Alexandria Park, Redfern Oval, Waterloo Oval and Erskineville Oval. Redfern Oval, Waterloo Oval and Erskineville Oval provide sports fields and courts for a range of sports including cricket, football and basketball. The City has been working to improve the capacity of these sports fields through facility upgrades, drainage, irrigation and lighting improvements. Alexandria Park also features a multi-purpose sporting field, tennis court and basketball court.

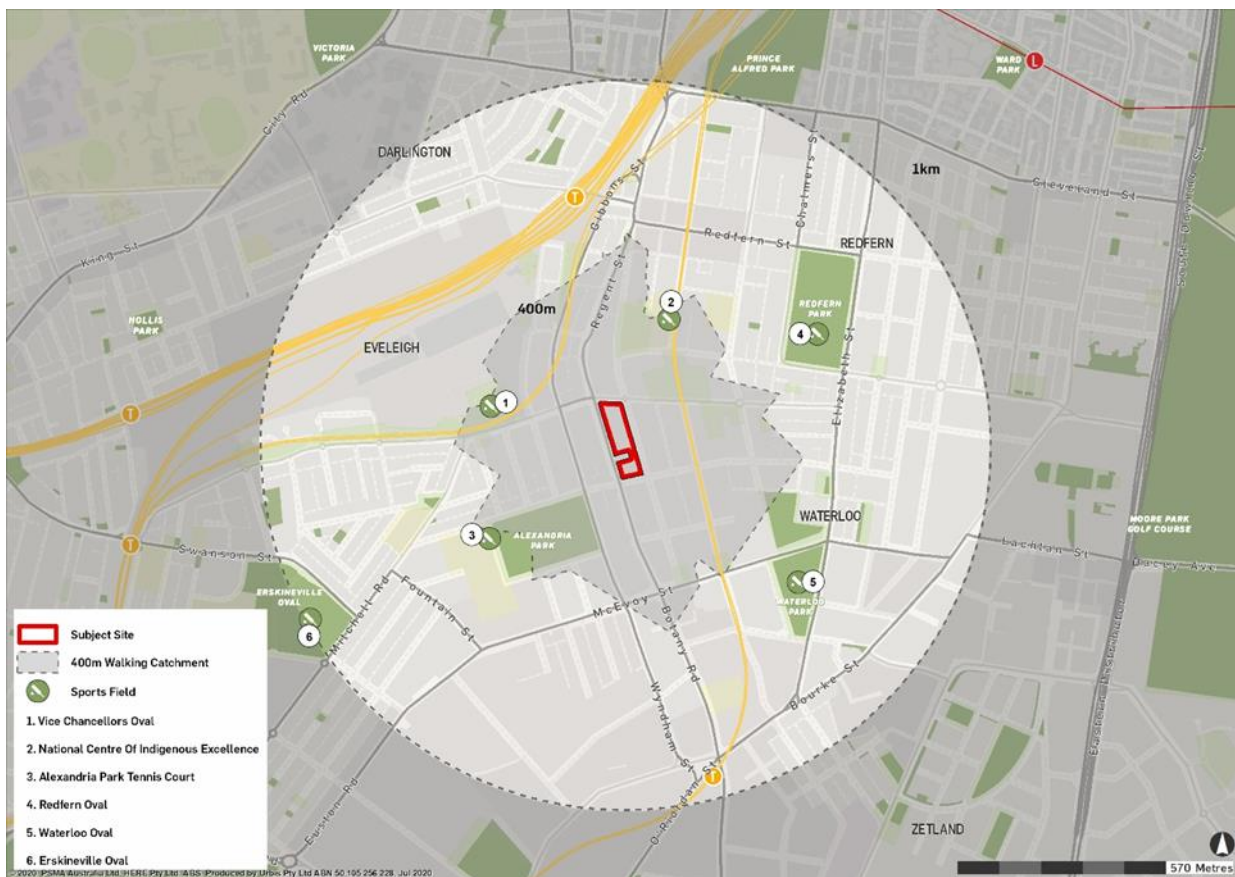


Figure 5 - Open space recreational facilities

4.3.3 Childcare Facilities

There are 13 childcare facilities located within 1km of the site, one of which is within walking distance. The closest facility is DN Lois Barker Childcare Centre which is a long day care facility that provides 45 places.

There are 767 approved long day care, preschool and occasional care places within 1km of the site. Of these, 573 are long day care places. As at July 2020, these facilities were all advertising at least three days of vacancies per week (see Appendix 2).

There are two childcare facilities operated by the City of Sydney, being the Alexandria Childcare Centre and Redfern Occasional Day Care. Both facilities offer care for children from six weeks to six years. Poets Corner Preschool is a community based preschool located on the ground floor of a social housing block. It provides 20 places for children aged three to five years old and is licensed by the Department of Community Services.

There are currently six proposed childcare centre developments within 1.5km of the site (see Table 16 in Chapter 7). These proposed centres are expected to provide at least an additional 417 long day places.

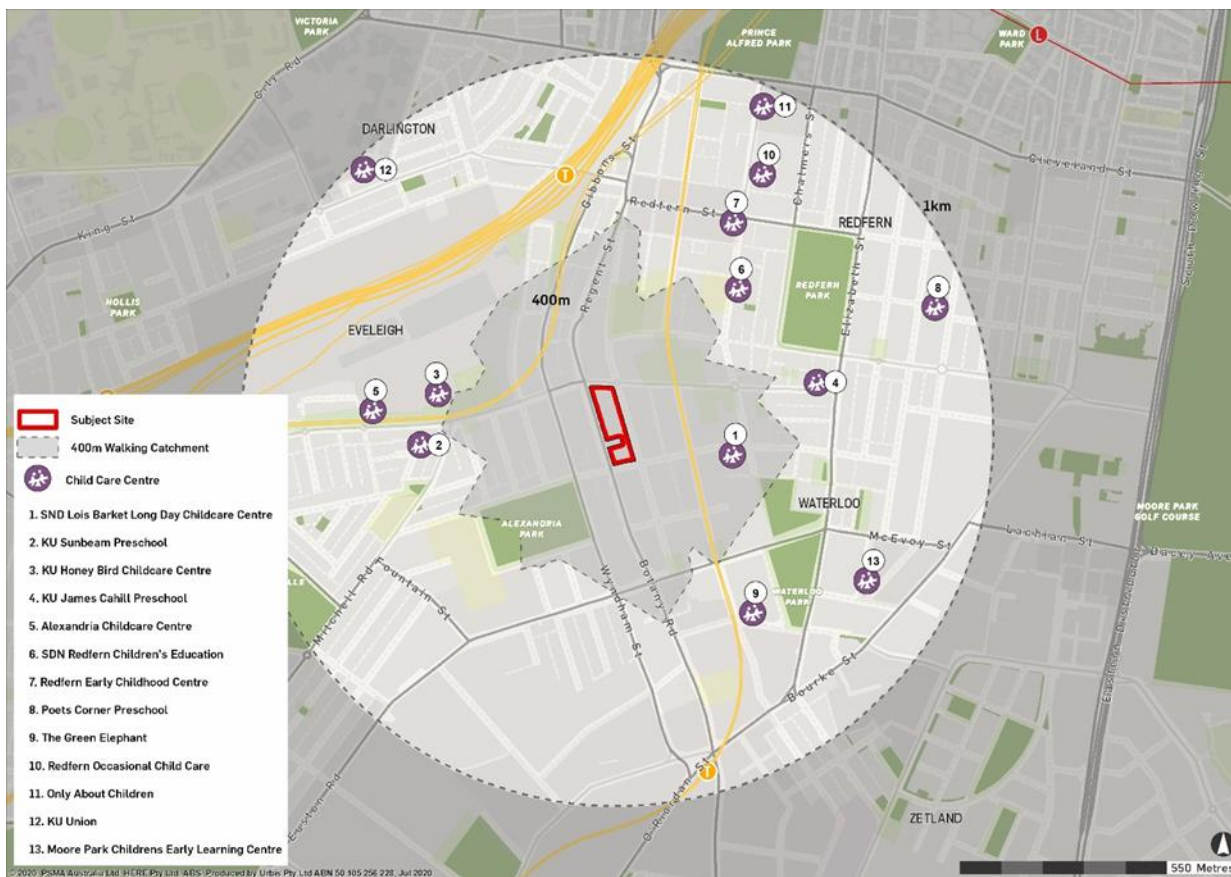


Figure 6 - Childcare facilities

4.3.4 Education Facilities

SEDA College NSW Redfern is the only educational facility within walking distance of the site. There are two primary schools, four high schools and two combined primary and high schools within 1km of the site.

The primary schools within 1km include Our Lady of Mount Carmel and Redfern Jarjum College. Redfern Jarjum College provides schooling to Aboriginal and Torres Strait Islander Children who are not participating or coping in mainstream primary schools as a result of their domestic circumstances.

Taylors College, Central Sydney Intensive English School and Key College are high schools located within 1km of the site. Taylors College provides high school education to international students and the Central Sydney Intensive English School offers intensive English language tuition to high school students. Key College is operated by Youth of the Streets and is an independent high school for young people who are experiencing homelessness or who do not have stable accommodation.

Alexandria Park Community School is a combined primary and high school which is currently being redeveloped to cater for 1,000 primary students and up to 1,200 secondary students. The redevelopment will consist of new learning spaces, a hall and library, gymnasium, multiple sports courts and outdoor play spaces. Yudi Gunyi School is also a combined school located within 1km of the site.

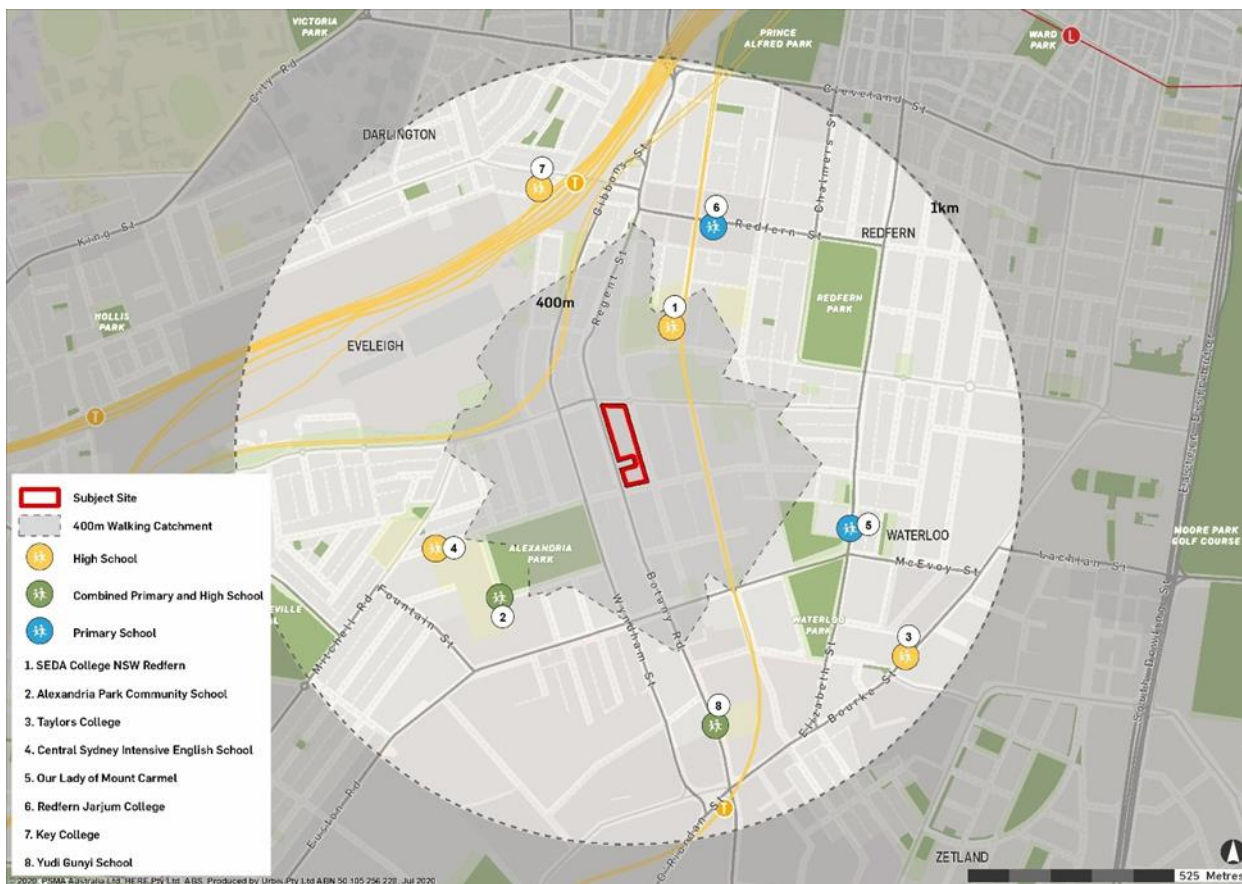


Figure 7 - Educational facilities

4.3.5 Health Facilities

There are two health facilities located within walking distance of the site: Waterloo Medical Centre and Healthcare Family Medical Centre. There are also eight health facilities located within 1km of the site.

The site is located in the Sydney Local Health District which operates the Redfern Community Health Centre and the Aboriginal Medical Service. The Redfern Community Health Centre provides a wide range of community based health services which is accessible to the local community. Located next door is the Aboriginal Medical Service which is a multidisciplinary health care facility that provides acute and primary health to the local Indigenous communities.

The closest hospitals to the site accessible to the general public are St Vincent’s Hospital (3.4km from site) and Royal Prince Alfred Hospital (2.6km).

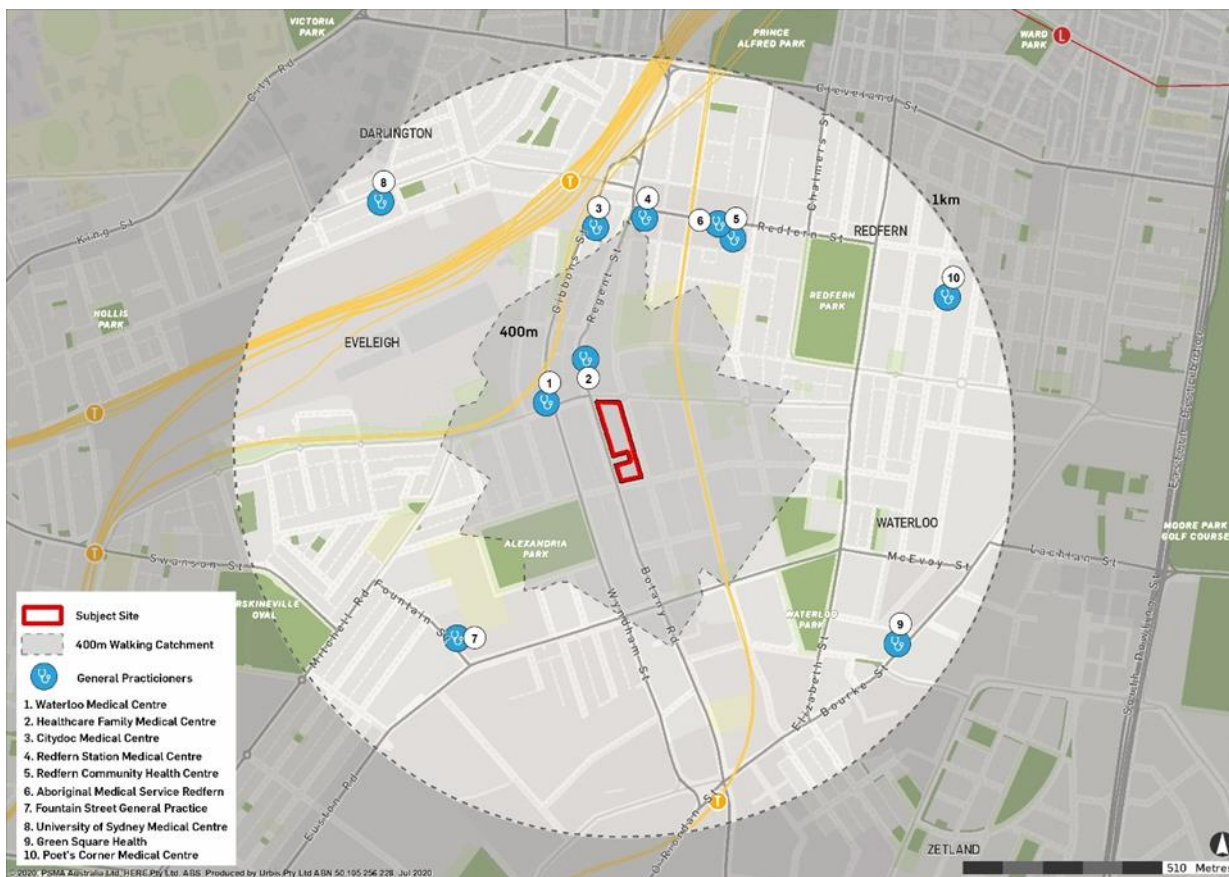


Figure 8 - Health facilities

4.3.6 Summary

- Community facilities located within walking distance include Alexandria Town Hall, Salvation Army Streetlevel and Counterpoints Factory Community Centre. Carriageworks, The Aboriginal Dance Theatre Redfern and the Green Square Community and Cultural Precinct including Joynton Avenue Creative Centre, Banga Community Shed and Performing Arts Hub are all within 1km.
- The site has around 5.3 ha of open space within walking distance (RE1 and RE2 zoned areas within 400m) and around 19.1 ha of open space within 1km (including Waterloo Park, Redfern Park, Erskineville Oval and Alexandria Park).
- There are 13 childcare facilities located within 1km of the site with a total of 767 approved childcare places. Childcare vacancies are relatively high within 1km of the site with all centres advertising vacancies.
- There are two primary schools, four high schools and two combined primary and high schools within 1km of the site. This includes the Alexandria Park Community School, a combined primary and high school, which is currently being redeveloped to cater for 1,000 primary students and up to 1,200 secondary students.
- There are two health facilities located within walking distance to the site: Waterloo Medical Centre and Healthcare Family Medical Centre. There are also eight health facilities located within 1km of the site including the Redfern Community Health Centre and the Aboriginal Medical Service.

4.4 Social Needs Assessment

The following sections assess the proposal against identified community needs as outlined in the document review, leading practice research and approaches and benchmarks based on population projections. The sections focus on the social infrastructure types discussed in Sections 2.2 and 2.3 of this report.

The assessment of need for diverse housing is beyond the scope of this report. However, it is important to note that the most prominent social infrastructure type proposed as part of the Concept DA is social and affordable housing. Research undertaken by the City Futures Research Centre at UNSW shows there is current unmet need for 136,100 units of social and affordable housing in Greater Sydney. There is also projected need for an additional 80,900 units of social and affordable housing to 2016, resulting in a total unmet need of 217,000 units of social and affordable housing across Greater Sydney to 2036.

The proposal includes 70 units of social housing (32% of all proposed apartments) and 24 units of affordable housing (11% of all proposed apartments). This contribution is well above the targets set in Sustainable Sydney 2030 and the LSPS for 7.5% of all housing in the City to be social housing, and 7.5% to be affordable housing. It also contributes to the gap in the provision of social and affordable housing identified in the LSPS.

4.4.1 Community and Cultural Facilities

The Waterloo State Significant Precinct Study states that the Metro Quarter will provide ‘opportunities for cultural and artistic expression, community gathering, entertainment that is accessible to residents of the Estate, Metro Quarter and surrounding areas’.

The Social Baseline for the Waterloo State Significant Precinct included a Social Infrastructure Needs Assessment, which identified the likely community facilities needed for the Waterloo precinct. This included a new multipurpose community centre of 2,000-2,500sqm, potentially including library floor space, activity rooms and floor space for health services and lifelong learning. It also included a creative/cultural hub of around 1,000sqm and creative workspaces.

Waterloo State Significant Precinct Study noted the Metro Quarter would include at least 2,000sqm of floor space for community facilities. This space was required to accommodate one or more of the following uses:

- Library/community hub
- Multi-purpose community centre
- Health services facilities
- Education facilities
- Emergency services facilities
- Centre based child care facilities
- Creative arts space.

In response to community and stakeholder submissions, the planning controls were amended to require the provision of 2,000sqm of community facility space.

The Concept DA for Metro Quarter includes a total of 2,809sqm of facilities with a community purpose, consisting of 2,179sqm of childcare, 270sqm for health services,

300sqm of community space and 60sqm for a social enterprise café. This is 809sqm more than is required in the planning controls. With the exception of the social enterprise café, the uses included in this development also align with the uses which were outlined in the Waterloo State Significant Precinct Study (as noted above).

Consultation with the City of Sydney in June 2020 highlighted the need for co-working spaces and cultural space with capacity for small public assembly and light industrial 'maker space' provisions (recommending a minimum size of around 900sqm). Consultation with TAFE and service providers in 2018 also confirmed a need for a creative centre and exhibition space.

The Concept DA includes 300sqm of creative maker space. This space could provide opportunities for the future population to gather and interact as a community (which also supports social cohesion which is critical in diverse communities), as well as affordable spaces for entertainment and creative expression.

There are a number of not for profit organisations that are available to operate and manage the facility including Brand X and 107 Projects (both of these organisations currently operate artist spaces in partnership with the City of Sydney). It is recommended that consultation with potential operators, users and the City of Sydney be conducted to identify a sustainable operational model for this facility.

The Concept DA also includes communal facilities on every level of the student housing building (approximately 50sqm) and an outdoor terrace on level 2 to support the student population. Additionally, there is 290sqm of outdoor communal open space for use by social housing residents located on the rooftop of Building 4 which comprises a communal terrace with landscaping, shade structures and a community garden. There is also a 27sqm community room/music room which opens onto the roof terrace.

4.4.2 Open Space and Recreation Facilities

Access to open space for active and passive leisure and recreation pursuits is critical to physical and mental wellbeing and is a key component of a healthy and sustainable community. Residents of Metro Quarter will be living in apartments and student accommodation, with limited private open space. There will therefore be a need for the incoming population to have easy access to high quality parks for passive recreation, physical activity, play, social get-togethers and private celebrations.

There is approximately 5.3ha of open space within walking distance of the site and 19.1ha within 1km. Ensuring good connections to these existing open spaces will be critical to ensuring good health outcomes for the future community.

While there is no agreed approach to determining the amount of open space required in new developments, leading practice now favours a principles-based approach using on performance outcomes. Spatial standards such as the 2.83ha per 1,000 people provision rate are no longer considered an effective approach and often do not provide feasible recommendations in high density settings. Application of a standard like this to a high density development may also not provide good community outcomes. A balanced approach is required as too much open space could have negative impacts, including the need for taller buildings or higher housing costs to achieve viability.

The NSW Government Architect's (GANSW) draft Open Space for Recreation Guide describes the performance criteria used to assess the open space network and emphasises consideration of design elements such as accessibility, the provision of a network of interconnected spaces and the provision of high quality open spaces that accommodate a diverse range of uses.

Key directions from the draft Guide are outlined in the document review. Directions for high density areas include:

- The desirable minimum size of a local parks is 1,500sqm
- Residents should be within:
 - 200m walking distance of open space
 - 2km walking distance of district level open space and district level organised sport and recreation spaces such as sports fields, outdoor courts, indoor courts and aquatic spaces
 - 30 minutes travel on public transport or by vehicle to regional open space of at least 5ha in size
- Open space should include diverse opportunities for active and passive recreation, with spaces catering to different demands and age groups.

The Concept DA for Metro Quarter includes 2,200sqm open space made up of Cope Street Plaza (1,517sqm) and Raglan Street Plaza (688sqm).

The Cope Street Plaza exceeds the 1,500sqm minimum size for a local park identified as desirable in the draft Open Space for Recreation Guide and the two open spaces provide residents with access to open space within 200m. The site is also within 1km of major district level open space and recreational facilities including Waterloo Park, Redfern Park, Erskineville Oval and Alexandria Park.

The Concept DA also includes a 973sqm privately operated gym. Given the high proportion of student accommodation and social housing, it is recommended that this space consider including affordable options for recreation to help meet the need of these residents.

4.4.3 Early Childhood Education and Care

International and Australian research over many years has demonstrated the positive social and economic impacts of early education and care. The Australian Institute of Health and Welfare has prepared a Literature review of the impact of early childhood education and care on learning and development (2017). Key findings of the wide range of research reviewed are:

- Children from disadvantaged backgrounds show the greatest gains from attending high-quality child care
- The number of months of attendance at preschool is related to better intellectual development and improved independence, concentration and sociability
- Longitudinal studies have demonstrated the effectiveness of high-quality, focused preschool programs in reducing the effects of social disadvantage, developing children's social competency and emotional health, and preparing children for a successful transition to school

- Benefits were optimised when children from different social backgrounds attended the same preschool program.

The Social Infrastructure Needs Assessment for the Waterloo State Significant Precinct (2018) recommended that two to three childcare centres be provided across the Precinct, catering for 298 places. On this basis, the Project Delivery Agreement between WL Developer and Sydney Metro included a requirement for a 2,200sqm childcare facility to cater for approximately 146 children.

WL Developer are in discussions with an established non-profit childcare operator with multiple existing facilities in Sydney. The operator has expressed a need for a 150 place facility to make the project viable. The operator is proposing to offer affordable childcare places which they believe will be attractive in the market with demand also supported by the strategic location above the new station.

The Social Infrastructure Assessment for the Waterloo State Significant Precinct, undertaken in 2018, identified the likely social infrastructure needed for the Waterloo Precinct. This included two to three childcare centres, with a total of 298 childcare places.

The City of Sydney Childcare Needs Analysis, undertaken in 2019, looked in detail at supply and demand for the Redfern Street Village, which includes the site of the proposal. The work was underpinned by population projections undertaken by .id, which suggested the population of this area would increase by 17,177 between 2018 and 2036. It is not known what assumptions were made about growth in the Waterloo State Significant Precinct in developing these projections.

The Childcare Needs Analysis found that the area had 976 long day care places available, assuming all places in the planning pipeline in 2019 were approved and constructed. It also calculated the area needed a total of 796 places to meet resident and worker demand to 2036.

There is therefore a misalignment between the demand projected in the Social Infrastructure Assessment for the Waterloo State Significant Precinct and in the Childcare Needs Analysis.

There are currently 13 childcare facilities within 1km of the Metro Quarter site, with a total of 767 approved childcare places. As at July 2020, these facilities were all advertising at least three days of vacancies (see Appendix 2). There are also six proposed childcare centre developments within 1.5km of the site, which are expected to provide at least an additional 417 long day places (see Chapter 7).

The City of Sydney has two benchmarks for childcare:

- one childcare place for every two resident children aged under five years
- one childcare place for every 75 workers.

As discussed in Section 7.4.1, Urbis has adopted a lower benchmark of one childcare place for every 120 workers which results in a demand number that aligns with the demand currently being experienced in the market.

Using these benchmarks and the population and age profile developed in Section 4.2.2, it is likely the incoming population will generate demand for around 10 places for children

living in Metro Quarter and 30 places for children of incoming workers. This gives a total additional demand of around 40 places.

Current supply and demand analysis indicates that, from a social perspective, the provision of long day care is unlikely to be the highest priority in meeting the needs of the local community.

Nonetheless, high quality early childhood education and care plays an important role in the development of children. Being located above the metro station means the facility will offer good accessibility for families from a wider catchment and demand is likely to be boosted by the affordable nature of the proposed childcare facility.

If long term demand for the childcare facility is not adequate to support ongoing operation of the centre, it is recommended a targeted study be undertaken to understand the best use for the space to meet the needs of the community at that time. It is understood that the podium where childcare is proposed has been designed so that if demand for childcare is not sufficient to make this facility viable in the future, it could accommodate another use.

4.4.4 Education Facilities

This study identifies that there is likely to be around 10 primary school aged children and five high school aged children living in the new Metro Quarter development.

The Alexandria Park School, which is being expanded and upgraded, is expected to accommodate this small additional demand.

4.4.5 Health Facilities

Consultation with NSW Health in 2018 as part of the Social Infrastructure Needs Assessment for the Waterloo State Significant Precinct (2018) advised that an integrated primary care facility would be needed in the Waterloo Precinct. It was recommended that this space should be co-located with a multipurpose community facility that supports education, lifelong learning, GPs and NGOs. It is expected that this facility will be provided as part of the redevelopment of the Waterloo Estate.

The Social Infrastructure Needs Assessment suggested the health facility could be supported by a satellite facility, which could include two clinic rooms, a group room, two toilets, 15sqm office space and an outdoor space, supporting health and community uses.

The City of Sydney's views aligned with this direction. Consultation with the City as part of the 2018 Social Infrastructure Needs Assessment for the Waterloo State Significant Precinct recommended that health facilities provided in the Metro Quarter and Waterloo Estate should work together, support one another and be affordable and accessible to everyone.

Based on a national benchmark of one general practitioner per 1,000 people, the incoming population would create demand for around one additional general practitioner. However, consultation with NSW Health in 2018 noted a shortage of GPs in the Waterloo Estate.

The Concept DA includes 270sqm of designated health space. This is sometimes described as potentially including pharmacy space. To be included in the definition of community facilities, rather than commercial space, the health space should have a community health focus and be separate to any proposed pharmacy space.

This space could operate as the satellite facility proposed in the Social Infrastructure Needs Assessment. It should be designed in consultation with NSW Health and the Local Health District and support community health uses. It should also include Commonwealth-funded general practitioners, to help address existing demand and demand generated by the incoming population. This is particularly important given the higher proportions of vulnerable people living in the precinct including, people with complex needs.

4.4.6 Summary

- The Concept DA for Metro Quarter includes a total of 2,809sqm of facilities with a community purpose, consisting of 2,179sqm of childcare, 270sqm for health services, 300sqm of community space and 60sqm for a social enterprise café. This is 809sqm more than is required in the planning controls. With the exception of the social enterprise café, the uses included in this development also align with the uses which were outlined in the Waterloo State Significant Precinct Study. Consultation with the City of Sydney in June 2020 highlighted the need for co-working spaces and cultural space with capacity for small public assembly and light industrial ‘maker space’ provisions (recommending a minimum size of around 900sqm). Consultation with TAFE and service providers in 2018 also confirmed a need for a creative centre and exhibition space. The Concept DA includes 300sqm of creative maker space. This space could provide opportunities for the future population to gather and interact as a community (which also supports social cohesion which is critical in diverse communities), as well as affordable spaces for entertainment and creative expression.
- The Concept DA for Metro Quarter includes 2,200sqm open space made up of Cope Street Plaza (1,517sqm) and Raglan Street Plaza (688sqm). The Cope Street Plaza exceeds the 1,500sqm minimum size for a local park identified as desirable in the draft Open Space for Recreation Guide and the two open spaces provide residents with access to open space within 200m. The site is also within 1km of major district level open space and recreational facilities including Waterloo Park, Redfern Park, Erskineville Oval and Alexandria Park. The Concept DA also includes a 973sqm privately operated gym. Given the high proportion of student accommodation and social housing, it is recommended that this space consider including affordable options for recreation to help meet the need of these residents.
- Current supply and demand analysis indicates that, from a social perspective, the provision of long day care is unlikely to be the highest priority in meeting the needs of the local community. Nonetheless, high quality early childhood education and care plays an important role in the development of children. Being located above the metro station means the facility will offer good accessibility for families from a wider catchment and demand is likely to be boosted by the affordable nature of the proposed childcare facility.

If long term demand for the childcare facility is not adequate to support ongoing operation of the centre, it is recommended a targeted study be undertaken to understand the best use for the space to meet the needs of the community at that time. It is understood that the podium where childcare is proposed has been designed so

that if demand for childcare is not sufficient to make this facility viable in the future, it could accommodate another use.

- This study identifies additional demand for school places (around 10 primary school aged children and around five high school aged children) will be able to be absorbed through existing educational facilities.
- The Concept DA includes 270sqm of designated health space. This space could operate as the satellite facility proposed in the Social Infrastructure Needs Assessment. It should be designed in consultation with NSW Health and the Local Health District and support community health uses. It should also include Commonwealth-funded general practitioners, to help address existing demand and demand generated by the incoming population. This is particularly important given the higher proportions of vulnerable people living in the precinct including, people with complex needs.

5. Commercial Office Assessment

5.1 Proposed Development

The proposed development comprises an office tower in the northern precinct of the site at the corner of Botany Road and Raglan Street. The proposed development comprises 33,842.5 sq.m GFA of commercial office space across 14 office levels.



Figure 9 - Artists Impression - North West Corner
Source: Woods Bagot

The commercial tower is designed with large scale interconnected floor plates, that can be tailored to various tenancy scenarios. The typical floorplate is just over 3000 sq.m and can be sub-divided in many different ways.

The large floor plates of the building are enhanced by the inclusion of two generous voids extending through the building from top to bottom, bringing natural light to the centre of plates and creating visual connections between the different commercial floors. The implementation of

significant greenery to the building is a key design objective aimed at improving tenant amenity and contribute to the environmental targets set for the building.

The commercial tower enjoys unobstructed views around the site to the west, north and east overlooking Cope Street Plaza, surrounding neighbourhoods and parks. This includes views of the Sydney CBD.

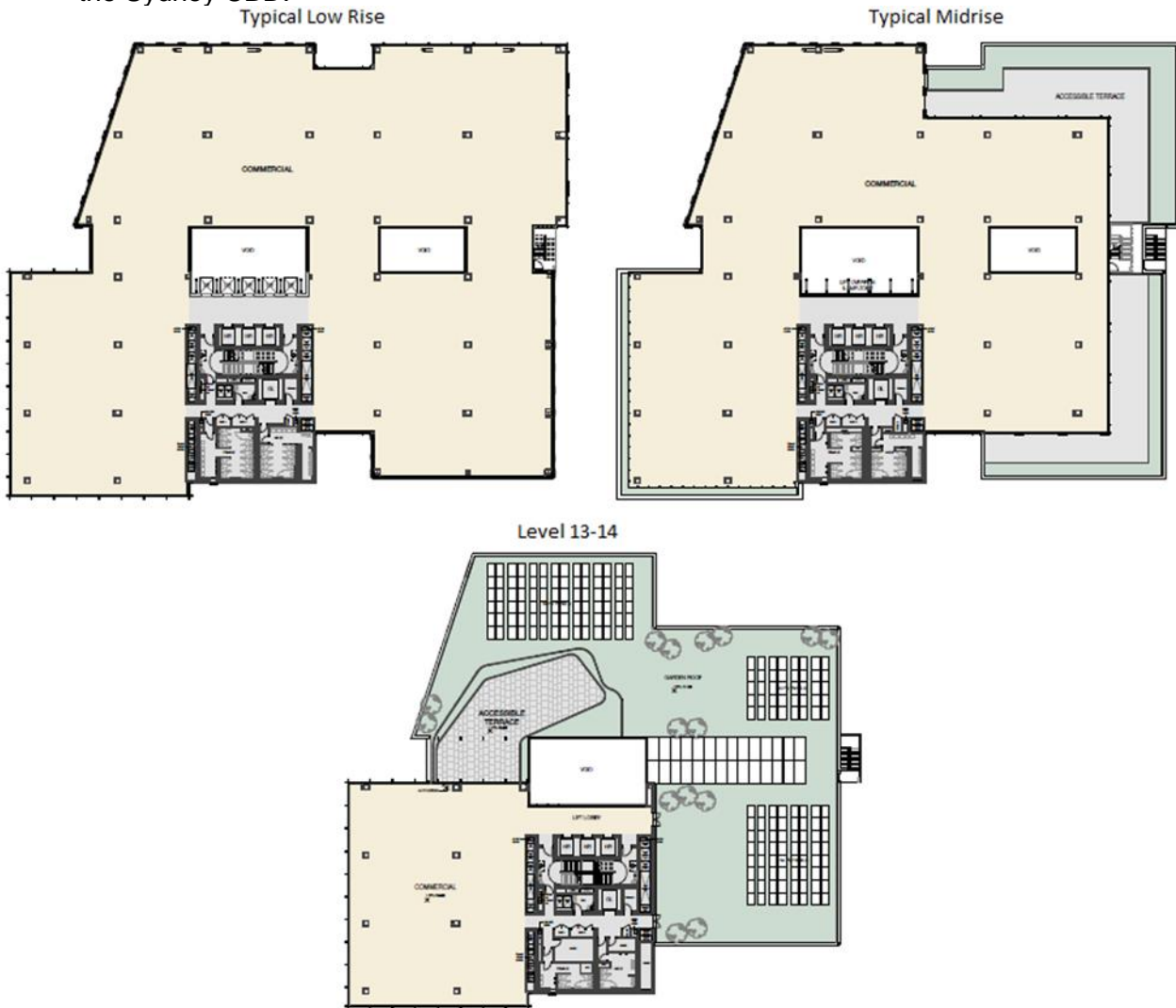


Figure 10 - Proposed Office Floorplans
 Source: Woods Bagot

5.2 Study Area

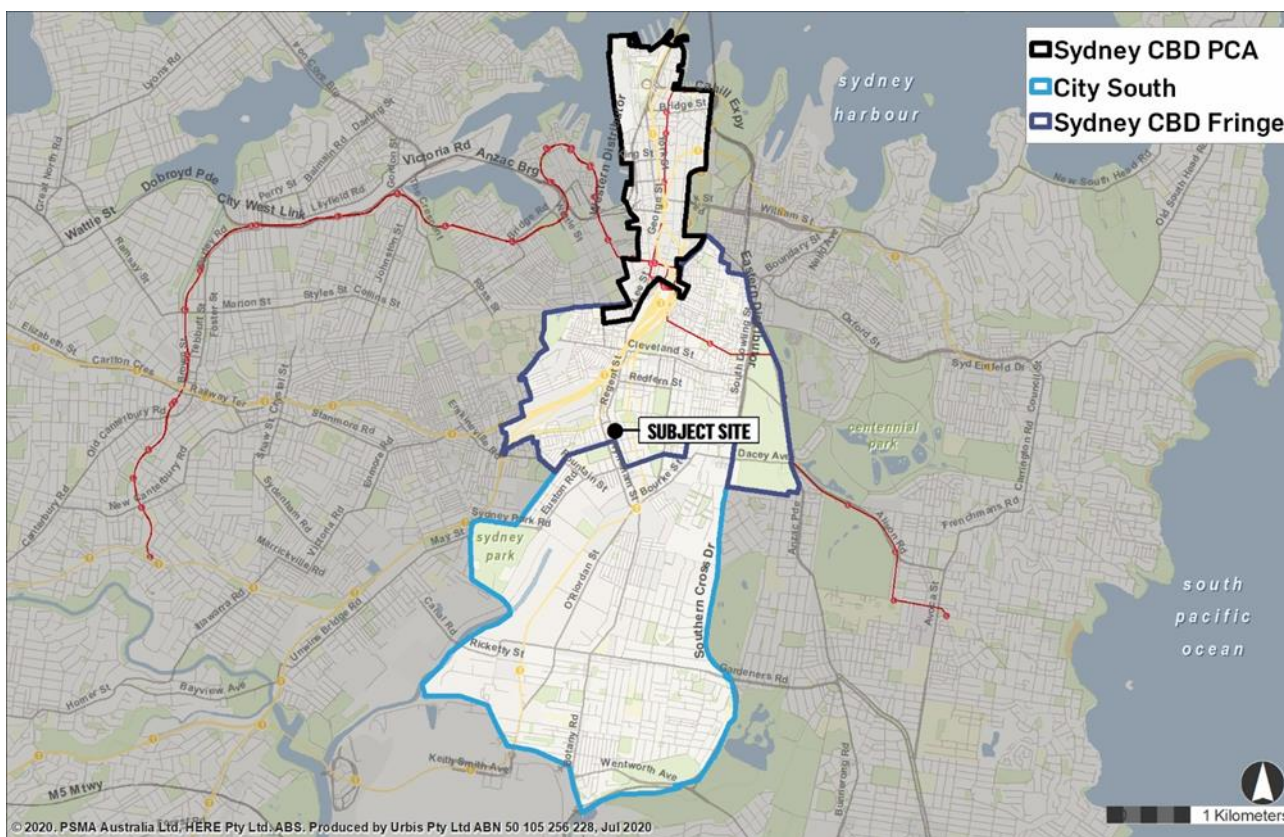
The Waterloo OSD site is located on the fringe of the Sydney CBD on the border with the suburban South Sydney Market. The office market in Inner Sydney can be broken down in the following major precincts:

- Sydney CBD: The largest commercial centre in Australia that is home to major Australian and multinational businesses. The CBD extends from Central station in the south to Circular Quay in the north.
- City Fringe: The fringe market is largely attractive to more creative office-based businesses that do not want to be in the heart of the commercial district. Comprises

suburbs directly adjacent to the Sydney CBD including Pyrmont in the west, Redfern, Eveleigh and Surry Hills in the south and Darlinghurst in the east.

- South Sydney Suburban: Includes lower rise office buildings and businesses that do not want to be located in high rise office buildings in the CBD due to cost or the need for larger floor plate buildings. The south Sydney market extends from Alexandria and Rosebery in the north to Botany and Mascot in the south.

The development of the Sydney Metro is going to significantly improve the connectivity of the Waterloo area, which will likely result in it becoming part of the fringe CBD market. As such, the demand and need for the proposed office development will be influenced in activity in the CBD, CBD Fringe and South Sydney market. To reflect these influences, the adopted study area extends across the three major precincts (see Map 2).



Map 2 - Office Study Area

5.3 Supply

5.3.1 Existing

Table 4 outlines the estimated office space in the Study Area broken down by precincts. Urbis has estimated the total supply across the Study Area based on consolidating a range of sources and undertaking research on recently completed projects. In January 2020 there was estimated to be around 6.9 million sq.m of office space in the Study Area. The majority of space is located in the Sydney CBD comprising almost 5 million sq.m.

There is around 1.45 million sq.m of space in the fringe suburbs around Ultimo, Surry Hills, Chippendale and Eveleigh. In late 2016 Mirvac was given approval to develop the

South Eveleigh precinct, formerly known as Australian Technology Park. The Commonwealth Bank of Australia’s (CBA) development, which includes three buildings is anchoring the precinct. The completion of the first three buildings have taken the CBA office footprint at South Eveleigh to over 90,000 sq.m.

There is around 480,000 sq.m of office space in the suburban South Sydney market. The majority of space is lower density campus style accommodation. Qantas is a major tenant accounting for around 50,000 sq.m of space in Mascot.

Precinct	Office Supply
Sydney CBD	4,952,281
CBD Fringe	1,453,332
South Sydney	482,666
Total Study Area	6,888,279

*Table 4 - January 2020**

Source: City of Sydney, Property Council of Australia, Knight Frank, Urbis

Note: * Total Study Area vacancy rate is estimated as different sources (with different timings) have been used

Office space in the Sydney CBD has increased by circa 740,000 sq.m over the last 20 years with key changes including:

Premium/A-Grade: The growth in supply has come from new higher quality product, with stock increasing by 1.38 million sq.m over the last 20 years.

B-D Grade: The lower quality stock has declined by around 640,000 sq.m over the last 20 years as older buildings have been redeveloped to higher quality office space or converted to other uses.

There has been some volatility in supply with stock withdrawn for refurbishment and then added back into the market the following year. Withdrawals increased in 2017 as several office buildings were demolished for the Sydney Metro station developments and residential conversions. There has also been limited supply of new buildings in the CBD in recent years.

The net result has been a reduction in the Sydney CBD office market of 126,000 sq.m (or 2.5%) since January 2017. With net absorption of circa 10,000 sq.m over the same time period this reduction in market size has been the largest contributing factor to the decreasing vacancy in the Sydney CBD.

CBD Office Supply Growth

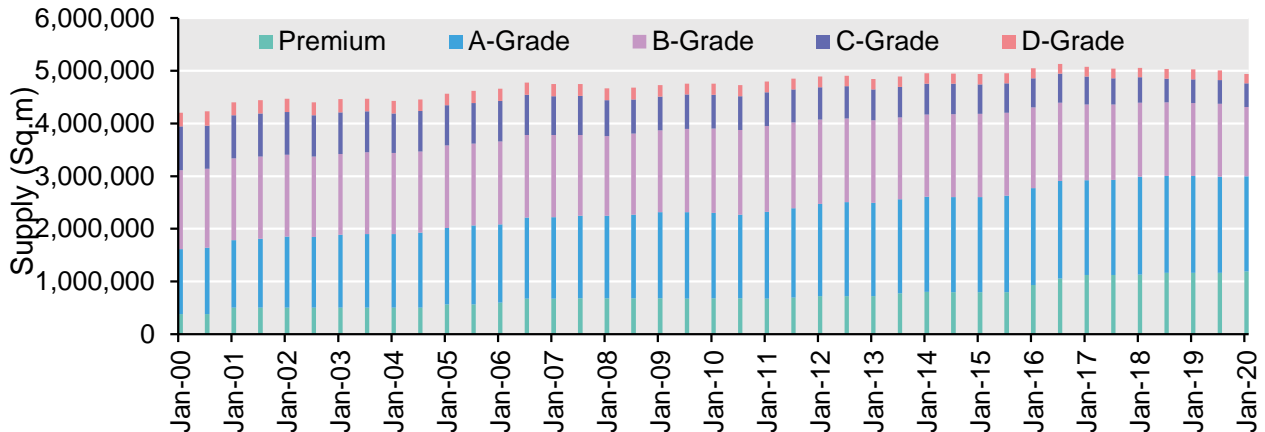


Chart 1 - CBD Office Supply Growth, 2000-2020
 Source: Property Council of Australia

Net office absorption in the Sydney CBD has averaged around 45,000 sq.m over the last 20 years. Absorption has slowed slightly over the last decade to around 42,000 sq.m per year, reflecting some efficiency gains in office space and some Government agencies relocating out of the CBD to Parramatta. Negative office absorption has occurred in the Sydney CBD market in:

- 2001-2003: With vacancy rates increasing in this period associated economic slowdown with the tech driven market correction, post Sydney Olympics and 9/11 attacks in 2001.
- 2008-2009: increased vacancies due to negative economic impacts of the Global Financial Crisis.
- 2019: Office space withdrawn for the market for refurbishment (anticipated to largely return in 2020)

Notably, despite strong market conditions from 2016-2019 the net absorption for the Sydney CBD totalled only 11,400 sq.m.

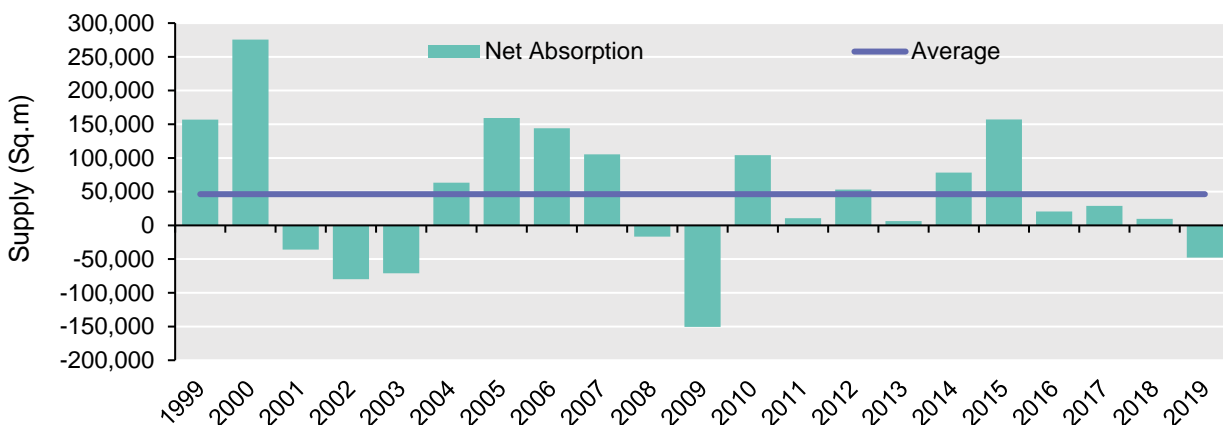


Chart 2 - CBD Office Absorption, 2000-2020
 Source: Property Council of Australia

5.3.2 Proposed

Table 5 outlines the proposed office space in the Study Area as at July 2020. According to the PCA Office Market Report and Urbis research, there is circa 710,000 sq.m of office in the Sydney CBD supply pipeline. This includes 154,400 sq.m entering the market in 2020, almost all being refurbished stock. There is 385,000 sq.m under construction in the CBD with major projects comprising:

- 275 George Street (7,300 sq.m)
- Wynyard Place (67,800 sq.m)
- 210 George Street (16,500 sq.m)
- Quay Quarter/AMP Precinct (88,300 sq.m)
- 180 George Street / CQT (55,200 sq.m).

Other committed projects include over station developments at Martin Place and Pitt Street totalling around 157,000 sq.m that are due to open in 2024.

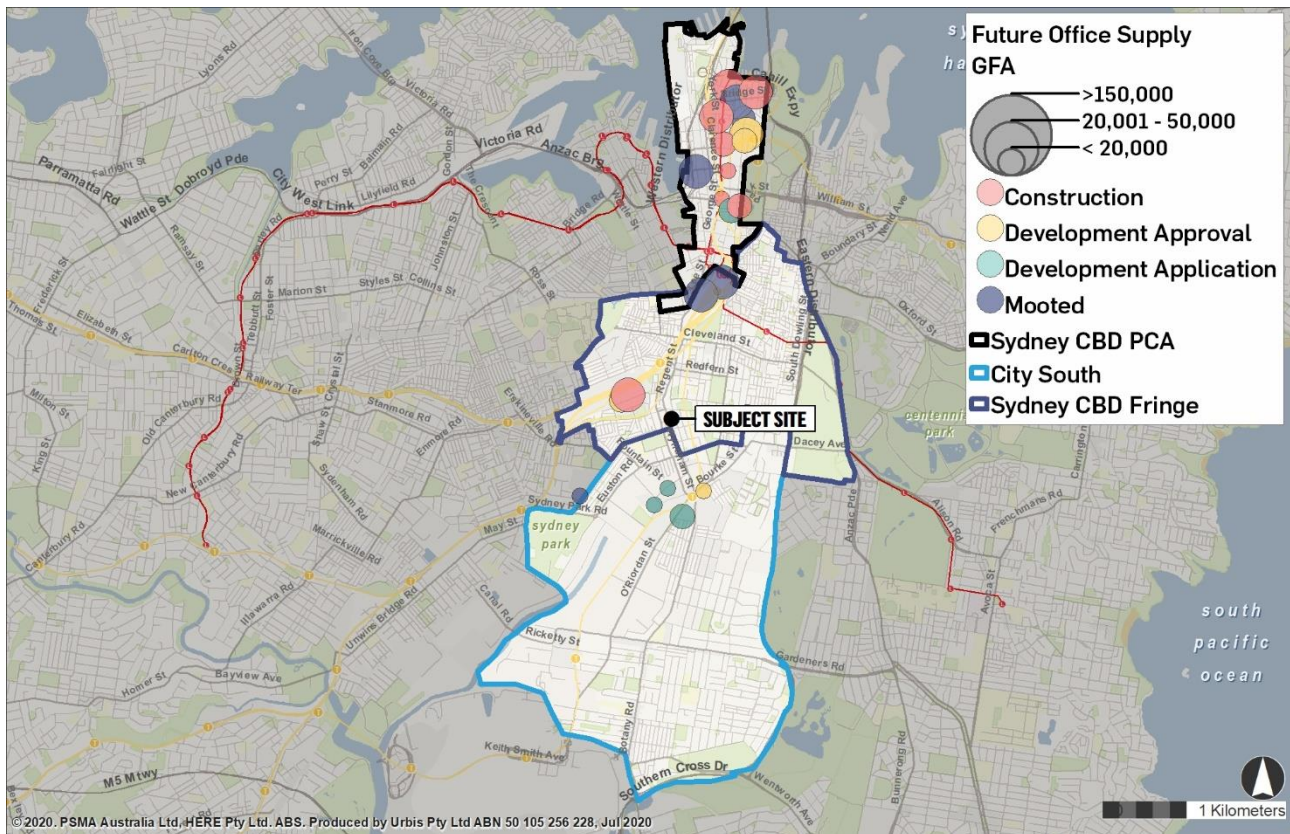
The committed new development and refurbishment projects will add 543,000 sq.m to the market, equating to an 11% increase in the CBD market size. There is an identified potential for the overall stock to increase by around 710,000 sq.m if all mooted stock (comprising projects in the earlier stages of planning) is developed, equating to a 14% total increase in market size. There is likelihood that some of these mooted projects will be deferred due to the significant number of firm projects due to be developed. There is potential for other buildings to be withdrawn from the market during this period as well as smaller projects to be developed.

There is an additional 505,000 sq.m of office space in the City Fringe and South Sydney precincts with the majority proposed to occur from 2024 onwards. The majority of space is proposed to occur in the longer term as part of the new Sydney Innovation and Technology Precinct located from Central to Eveleigh. In February 2019, Tech giant, Atlassian, signed an agreement with the State Government to anchor the new precinct. The 15-year plan to develop the precinct has an initial commitment of 250,000 sq.m of floorspace for technology companies, including 50,000 sq.m for start-ups. Atlassian has outlined the design for its new headquarters, a 40-storey office tower that is proposed to open in 2025. The proposed office building would have an estimated 60,000 sq.m of office space with most floors taken up by Atlassian staff, but with about six floors occupied by other tenants.

The majority of proposed office developments in the South Sydney precinct are smaller projects of under 15,000 sq.m.

Area	2020	2021	2022	2023	2024	Mooted	Total
Sydney CBD	154,424	96,548	143,481	0	157,000	159,080	710,533
City Fringe and South Sydney	60,698	48,902	20,880	20,455	122,005	232,601	505,540
Total	215,122	145,450	164,361	20,455	279,005	391,681	1,216,073
Cumulative	215,122	360,572	524,933	545,388	824,392	1,216,073	

Table 5 - Study Area Office Pipeline, as at July 2020
 Source: Property Council of Australia, Cordell Connect, Urbis



Map 3 - Study Area Office Supply

5.4 Demand Assessment

5.4.1 Demand

Market Performance

The following table highlights the office vacancy rate within the Study Area based on different data sets from Knight Frank and the Property Council of Australia. As a rule of thumb, an office vacancy rate in Australian markets of 8-10% is considered to be in equilibrium where there is sufficient space to allow businesses to find the type of premises that they require while keeping vacancy rates at a manageable level. A vacancy rate of under 8% is considered to indicate an undersupply as businesses often cannot find the premises they require and rents increase significantly. A vacancy rate of over 10% is indicative of a market in oversupply which can result in businesses having significant choice of office space and being in a position to negotiate lease incentives.

Prior to the onset of COVID-19, the office market throughout the Study Area was very tight with a vacancy rate estimated at under 4%. Urbis has estimated the vacancy rate

across the Study Area based on consolidating a range of sources (noting that the timing of vacancy rates differed slightly between sources). The low vacancy rate highlighted the undersupply of office space in the market and was reflected in strong competition for space and rising rents

Precinct	Timing	Vacancy
Sydney CBD	January 2020	3.9%
CBD Fringe	Q1 2019	2.8%
South Sydney	Q4 2019	4.8%
Total Study Area		~3.8%

Table 6 - Office Vacancy Rate, 2019
Source: Property Council of Australia, Knight Frank, Urbis

Alexandria is adjacent to Waterloo with prime gross face rents having increased by 9.2% per annum from \$403/sq.m/p.a. in April 2015 to \$625/sq.m/p.a. in April 2020. The significant rental growth highlights the attractiveness of the area as well as the tight rental market across the wider Inner Sydney market.

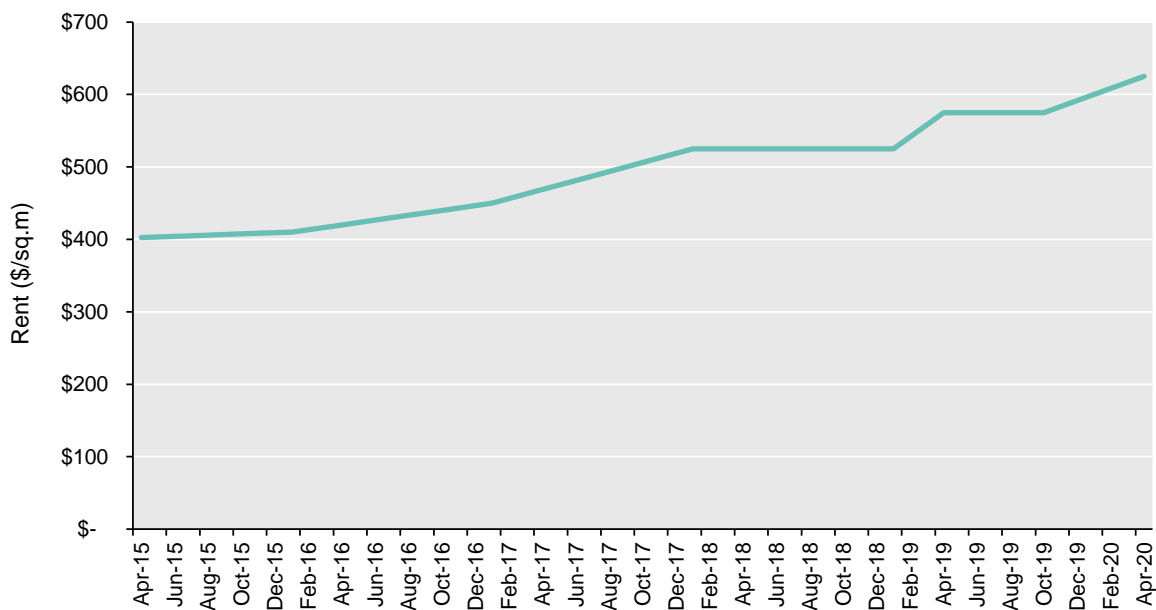


Chart 3 - Prime Gross Face Rents, Alexandria
Source: Knight Frank

The Sydney Fringe and South Sydney markets have attracted new tenants and interest with major tenant activity including:

- Atlassian: The major tenant for a 60,000 sq.m office tower at Central Station.
- CBA: Have taken around 90,000 sq.m of space at South Eveleigh approximately 400 metres west of the subject site.
- Caltex: Pre-commitment for around 9,500 sq.m of space in a new office building in Alexandria from 2022.

Overall, recent lease agreements in the South Sydney precinct have been largely smaller tenancies of under 2,500 sq.m.

Job Targets

Job targets, have been projected for the Harbour CBD in the Eastern City District Plan. These targets seek to inform planning authorities and infrastructure agencies of anticipated growth. The lower end of the range of these job targets reflects the baseline of projected job growth that is anticipated in the centre, while the upper end is an aspirational higher growth scenario to reflect outcomes in the case of future investment and land use planning. Overall, the Greater Sydney Commission is targeting an additional 165,100 – 235,100 jobs from 2016 to 2036.

Employment Projections

Transport for NSW forecasts total employment within the Study Area to increase by around 82,000 from 2016 to 2026. However, these forecasts do not include potential short- and long-term impacts of COVID-19.

In particular, growth in the Professional, Scientific and Technical Services industry is expected to be strong, averaging a forecast 2.4% per annum from 2016 to 2026 and accounting for 39% of all jobs growth in the Study Area. The Financial and Insurance Services sector accounts for a further 23% of growth. These two sectors also accounted for 45% of the Study Area workforces in 2016. The impact of COVID-19 on these sectors will have a large influence on the demand for offices in the Study Area.

Other sectors with strong growth forecasts include Public Administration and Safety, Education and Training and Accommodation and Food Services, although none of these represent more than 7% of the Study Area workforce.

There are significant risks to employment (especially in the short-medium term) in response to COVID-19 with risks differing by industry.

- High Risk: Industries relying heavily on physical visitation such as retail, accommodation, arts and recreation
- Medium Risk: Industries that are less reliant on physical visitation though will be impacted by a downturn in the economy
- Low Risk: Essential services that will continue despite the pandemic.

The majority of office-based industries in the Study Area are in the medium risk category indicating that current loss of employment has been low, although a prolonged economic downturn will have an increased impact on these sectors.

Industry Sector	COVID Risk	Historic 2016		Forecast 2026		2016-2026	
		No.	%	No.	%	Total Change	Annual Growth (%)
Professional, Scientific and Technical Services	Medium	115,480	25%	147,055	27%	31,575	2.4%
Financial and Insurance Services	Medium	92,603	20%	111,579	21%	18,976	1.9%
Public Administration and Safety	Low	30,631	7%	36,955	7%	6,324	1.9%
Accommodation and Food Services	High	28,134	6%	33,763	6%	5,629	1.8%
Education and Training	High	13,349	3%	17,793	3%	4,444	2.9%
Retail Trade	High	27,907	6%	30,216	6%	2,309	0.8%
Other Services	High	10,619	2%	12,903	2%	2,284	2.0%
Health Care and Social Assistance	Low	14,719	3%	16,585	3%	1,866	1.2%
Arts and Recreation Services	High	6,623	1%	8,457	2%	1,834	2.5%
Information Media and Telecommunications	Medium	21,985	5%	23,486	4%	1,501	0.7%
Rental, Hiring and Real Estate Services	Medium	12,761	3%	14,147	3%	1,386	1.0%
Wholesale Trade	Medium	8,949	2%	10,318	2%	1,369	1.4%
Transport, Postal and Warehousing	Medium	15,071	3%	16,384	3%	1,313	0.8%
Manufacturing		8,019	2%	9,237	2%	1,218	1.4%
Electricity, Gas, Water and Waste Services	Low	3,521	1%	3,964	1%	443	1.2%
Mining	Low	1,292	0%	1,636	0%	344	2.4%
Agriculture, Forestry and Fishing	Low	363	0%	278	0%	-85	-2.6%
Construction	Medium	18,329	4%	18,350	3%	21	0.0%
Administrative and Support Services	Medium	25,930	6%	25,133	5%	-797	-0.3%
Total Employment		456,284	100%	538,240	100%	81,956	1.7%
White Collar Employment		344,700	76%	414,093	77%	69,394	1.9%
Office Based White Collar Employment		299,390	66%	358,356	67%	58,966	1.8%

Table 7 - Study Area Forecast Workforce by Industry (Pre COVID-19), 2016-2026

Source: Transport for NSW

Note: Forecasts prepared in November 2016

Future employment growth is projected to slow in the short-medium term as a result of COVID-19 negatively impacting the economy and population growth slowing as a result of lower international migration. As a result, Urbis has assumed that employment growth slows significantly in 2020-22 as a result of population growth constraining the total labour force and a projected increase in unemployment.

Floorspace Demand

Based on an estimated occupied office supply in the Study Area of 6.6 million sq.m in January 2020 and office employment of around 318,000, the office space efficiency in the Study Area was around 20.8 sq.m of office space per employee. Assuming the efficiency of existing office space increases over time to 18 sq.m per employee and new office buildings have an average efficiency of 13 sq.m per employee, it is projected that the overall efficiency in the Study Area could increase to around 17 sq.m per employee by 2036. There is potential for this increase to be higher as a result of COVID-19 if more workers split time in the office with working from home and businesses require less office space.

Based on increased office space use efficiency from 20.8 sq.m per employee reducing over to an assumed 17 sq.m/employee by 2036, the forecast employment growth is projected to generate an additional 110,000 sq.m of office space demand in the Study Area from 2016 to 2036. This equates to absorption of around 11,000 sq.m per year, which is well below the historical net absorption of 42,000 sq.m per annum over the last decade in the Sydney CBD alone.

	2019	2021	2023	2025	2027	2029
Office Based Employment	318,319	308,647	318,377	328,415	338,401	348,311
Office Space per Employee	20.8	20.3	19.8	19.3	18.8	18.3
Forecast office Space Demand (Sq.m)	6,616,264	6,333,151	6,626,018	6,666,186	6,699,313	6,725,294

Table 8 - Sydney CBD Office Floorspace Demand Projections (Pre COVID-19), 2019-2029
Source: Transport for NSW, Urbis

5.4.2 Gap Analysis

The proceeding supply and demand study has provided some strong insights into the outlook for the Study Area office market. Since 2014 employment growth in the CBD has resulted in the net absorption of around 170,000 sq.m of office space. As a result of no net change in total stock, vacancy rates decreased over the period from 7.5% down to 3.9%. The loss of office stock has likely resulted in net absorption being constrained.

Urbis has compared the required office floorspace demand with projected increase in office supply to estimate vacancy rates across the Study Area office market. Given the current economic uncertainty, we have assumed that employment will slow significantly in the short to medium term.

Vacancy rates are forecast to increase to around 14% in 2024 as a result of the significant office development that is under construction and committed in the market (including the subject site and other over station developments in the CBD). If additional projects (including some of the current mooted projects) are completed beyond 2025, vacancy rates are projected to remain around 14% to 2029. If mooted supply is not developed beyond 2024, the vacancy rate could start to reduce in the longer term especially if older stock is redeveloped for other uses. With market equilibrium vacancy rates considered to be around 8-10%, the modelling indicates that the significant proposed supply and impacts of COVID-19 are likely to result in the office market moving to oversupply. While the projected vacancies are above historical levels over the last 20 years, they are not as high as peaks during the early 1990s recession.

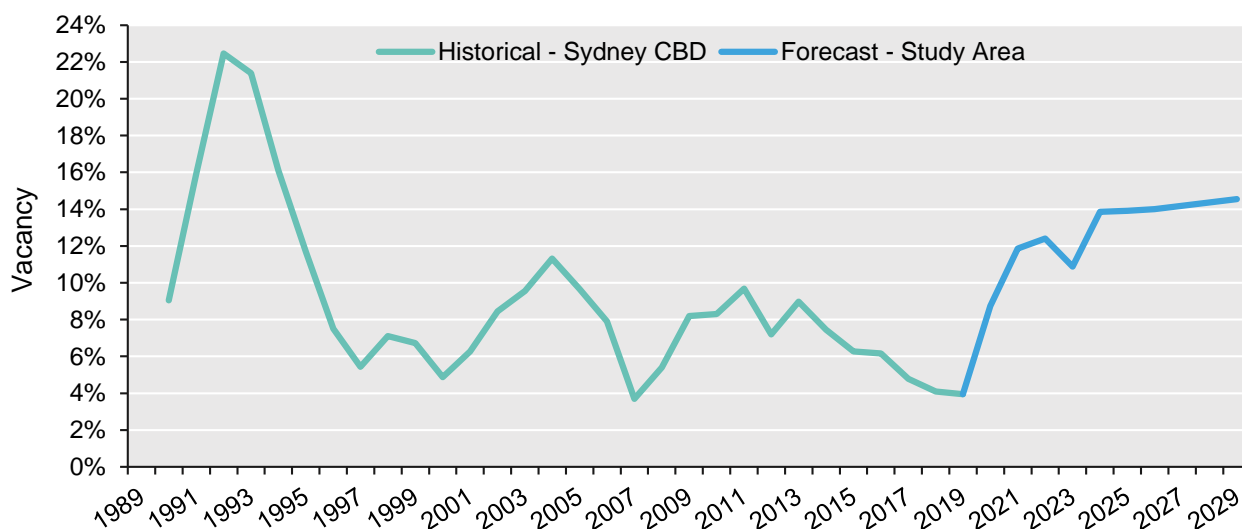


Table 9 - Projects Office Vacancy Rate, 2019-2029
Source: Property Council of NSW, Transport for NSW, Urbis

5.5 Key Implications

The Inner Sydney office market has recorded a recent trend towards some large businesses looking at opportunities for office space on the fringe of the CBD such as the CBA relocating operations to South Eveleigh and Atlassian proposing to move into a new office building near Central station. These businesses are looking to be located in precincts that are well connected by public transport, offer large floorplates, offer affordable space, good amenity and are close to the Sydney CBD (without being right in the middle of the commercial core of the CBD). The proposed development rates strongly against these key demand drivers indicating that demand for the building should be attractive to tenants.

The supply and demand analysis indicates that there is likely to be an oversupply emerge in the Study Area office market over the next five years. This is being impacted by COVID-19, that is anticipated to impact the economy in the short term before recovering, as well as the significant supply of new office space that is under construction and proposed in Inner Sydney.

The proposed office tower on the subject site of around 34,000 sq.m GFA is relatively small compared to larger towers being proposed in the Sydney CBD and Central to Eveleigh corridor. With over 1 million sq.m of office space proposed in the Study Area, the subject site will account for less than 3% of proposed supply. As such, the proposed office development is unlikely to have a material impact on the overall office market.

There is also potential for the increased vacancies to attract demand from other users that have not traditionally been major drivers of office space. This could include universities looking to establish a campus presence in Inner Sydney (which has been a trend observed in other capital cities in Australia). These opportunities have the potential to drive additional economic growth in the Inner Sydney area in the longer term.

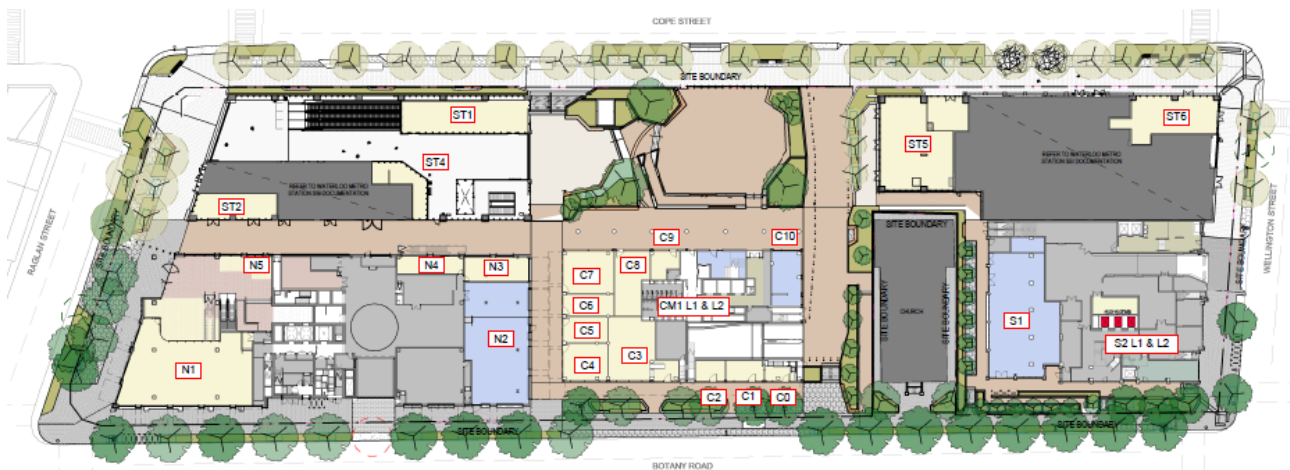
6. Retail Assessment

6.1 Proposed Development

The proposed development comprises retail tenancies throughout the precinct primarily located on the ground floor of the station, commercial building and apartment building. There is approximately 2,000 sq.m of retail floorspace with additional floorspace proposed for a childcare centre, community space, gym, makerspace and social enterprise space. The preliminary tenancies are outlined in the Map 4 and Table 10. The retail is convenience based and includes a small convenience grocer and a large number of food and beverage tenants to service local residents and workers.

Building	Tenancy No.	Target Retailers	GFA
1	N1	Grocer	412.2
1	N2	Pharmacy Usage/medical	270.0
1	N3	F&B - Café (Breakfast/ Lunch)	57.9
1	N4	F&B - Café (Breakfast/ Lunch)	43.7
1	N5	Lobby Café	44.2
2	C0	Health Bar	18.0
2	C1	Newsagency	28.0
2	C2	Travel	21.0
2	C3	Bank/ Service NSW	123.0
2	C4	Florist	60.0
2	C5	F&B - Juice Bar / Asian Tea	42.0
2	C6	F&B - Salads/ Poke Bowl	40.0
2	C7	Park Side F&B Café/ Restaurants	77.0
2	C8	Park Side F&B Café/ Restaurants	71.0
2	C9	Park Side F&B Café/ Restaurants	25.0
2	C10	Social Enterprise	60.0
2	CM1	Child Care/ Community	2,171.9
3	S1	Makerspace	300.0
3	S2	Gym/ Health and Wellness	973.0
Station	ST1	F&B convenience	163.0
Station	ST2	F&B	79.0
Station	ST4	F&B	53.0
Station	ST5	F&B	122.0
Station	ST5A	F&B	122.0
Station	ST6	Art Studio and Supplies/Students Gallery	147.0
Total Retail			2,019.0
Total - Other Space			3,504.9
Total			5,523.9

*Table 10 - Proposed Tenancies, Waterloo Station and Over Station Development
Source: Mirvac*



Map 4 - Proposed Development - Ground Floor
 Source: Mirvac

6.2 Trade Area

This section discusses the trade area likely to be served by the retail component of the proposed development, including population trends and forecasts, socio-economic characteristics, as well as the future retail spending levels of trade area residents.

6.2.1 Trade Area Definition

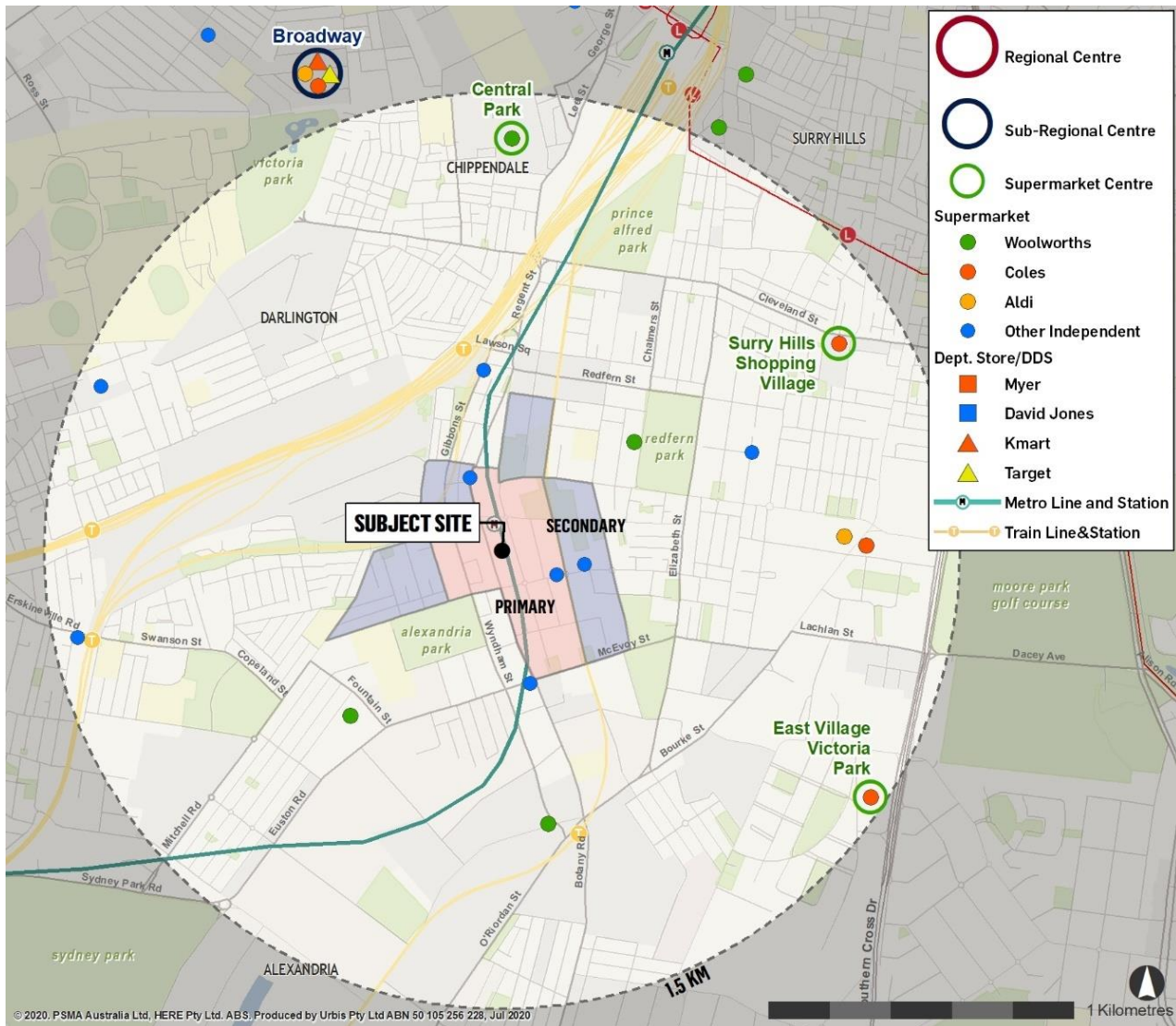
The definition of the trade area for any retail development is determined by several factors including:

- The appeal and attractiveness of the centre in question determined by success factors such as composition, layout, car parking and the presence of other local complementary uses.
- The proximity, composition, quality, size and diversity of retail, business services and community facilities in competing retail centres.
- The accessibility of the subject centre in terms of road and public transport networks.
- Topography and other physical barriers such as rivers, railways and freeways.
- Proximity and accessibility to potential shoppers.

The adopted trade area has been based on ABS statistical areas (SA1s) surrounding the subject site. SA1s are the smallest area that a trade area can be based on due to data not being available at a smaller level. As such, the ability to define a trade area is constrained by the size and shape of the SA1s. On this basis, we have defined the trade area as follows:

- **Subject Site:** Residents that will be living and working within the Waterloo OSD
- **Primary Trade Area** – comprises the area directly surrounding the subject site and captures residents that are likely to walk to the Waterloo Metro Station. The area extends north to Phillip/Boundary Street, east to Garden Street, south to McEvoy Street, and west to George Street.
- **Secondary Trade Area** – extends further to the north, west and east to reflect residents that are also likely to make use of the new metro train station though are located closer to large retail precincts.

Due to the convenience-based nature of the proposed retail and lack of retail car parking, we do not expect the trade area would extend further from the centre. Map 5 shows the defined trade area for the proposed retail development.



Map 5 - Trade Area

6.2.2 Population

In preparing population projections for the trade area, we have had regard to the following sources:

- Historical population and dwelling approval data provided by the ABS
- The 2019 estimate of resident population (ERP) published annually by the ABS
- SA2-level population projections published by Transport for NSW in June 2019
- Cordell Connect Construction Data for all development proposals
- The subject site accommodating 220 apartments and student accommodation as part of the proposed development.

Using the 2019 ERP as a base, population growth within the trade area has been forecast by adopting the five-yearly average annual population growth rates projected at an SA2-level by Transport for NSW. The resulting population forecasts for the trade area are shown in Table 11 overleaf.

The population projections demonstrate steady growth which will sustain demand for additional retail provision. In particular:

- The subject site is projected to accommodate approximately 960 residents in the residential apartments and student accommodation
- Overall, the trade area resident population is expected to grow from 6,230 persons in 2020 to 10,070 persons by 2030. This equates to an additional 3,840 trade area residents by 2030, or growth of 4.9% per annum. This strong level of growth reflects a number of apartment developments proposed within the trade area

	Population (no.) ¹				Annual Population Growth (%)		
	2015	2020	2025	2030	15-20	20-25	25-30
Primary:							
Primary	2,140	2,460	3,020	3,930	2.8%	4.2%	5.4%
On Site Residents	0	0	958	958	0.0%	N/a	0.0%
Total Primary	2,140	2,460	3,900	4,810	2.8%	9.7%	4.3%
Secondary:							
Secondary:	3,270	3,770	4,340	5,250	2.9%	2.9%	3.9%
Total Secondary	3,270	3,770	4,340	5,250	2.9%	2.9%	3.9%
Main Trade Area	5,400	6,230	8,240	10,070	2.9%	5.8%	4.1%

1. As at June

Source: ABS; Urbis

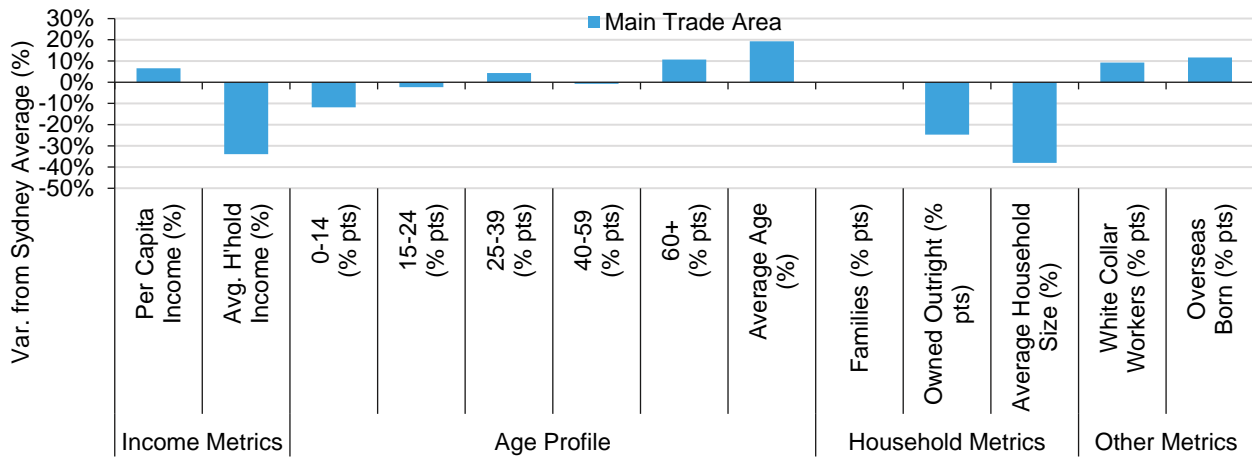
Table 11 - Historical and Forecast Population, Trade Area, 2015-2030

6.2.3 Demographic Characteristics

Chart 4 summarises the key socio-economic characteristics of the retail trade area based on the ABS 2016 Census. The key characteristics of the trade area resident population compared to the New South Wales average are as follows:

- Per capita income across the trade area is 7% above the Sydney average
- Average household size across the trade area (1.7 persons) is below the Sydney average of 2.5 persons, reflecting the prevalence of lone person households
- Average household income across the trade area is 34% lower than the NSW average, reflecting the smaller average household size and higher proportion of lone person households
- The trade area population age distribution reflects a 11% higher proportion of persons aged 60+ and 2% lower proportion of persons aged 15-24 years than the Sydney average
- The proportion of households owning their home in the trade area is 25% points below the Sydney average
- The trade area has a significantly higher proportion of overseas-born residents (12% points) than the Sydney average.

The socio-economic profile suggests that a modern, accessible and affordable retail mix that provides convenience and good quality casual dining options should match the aspirations of residents, workers and visitors to the area.



Source: ABS Census (2016); Urbis

Chart 4 - Key Demographic Characteristics, Trade Area variation from Total NSW, 2016
 Source: ABS Census (2016), Urbis

6.2.4 Retail Spending

Retail spending estimates are derived using MarketInfo, a micro-simulation model developed by Market Data Systems Limited (MDS). This model, which is based on information from the national ABS Household Expenditure Survey (HES) and the Census of Population and Housing, uses micro-simulation techniques to combine a household's propensity to spend on particular commodities with the socio-economic characteristics of individuals to derive spending per capita estimates on a small area basis.

Steady forecast population growth and retail spending per capita growth are expected to drive substantial growth in the trade area retail spending market over the next ten years. The current and future size of the resident retail spending market available to the subject site is shown in Table 12.

Trade area retail spending is forecast to increase from \$97 million in 2020 to \$170 million in 2030 (all in constant \$2020 dollars). This is an additional \$73 million of retail expenditure available within the trade area between 2020 and 2030.

The table also shows that retail spending within the primary trade area is forecast to increase from \$37 million in 2020 to \$78 million in 2036. This is an additional \$41 million of available retail expenditure within the primary trade area between 2020 and 2030, more than doubling spending by residents.

	Food Retail	Food Catering	Apparel	H'wares	Bulky Goods	Leisure/General	Retail Services	Total Retail	Annual Growth	=	Pop Growth	+	Spend Per Capita Growth
Total Primary:													
2020	17	6	3	3	2	4	1	37					
2025	28	11	5	5	4	6	2	61	10.5%		9.6%		0.8%
2030	35	13	7	7	5	8	3	78	5.2%		4.3%		0.8%
Total Secondary:													
2020	26	12	5	5	5	6	2	60					
2025	30	14	7	6	6	7	3	72	3.7%		2.9%		0.8%
2030	37	17	9	8	8	9	4	91	4.8%		3.9%		0.9%
Main Trade Area:													
2020	43	18	9	8	7	10	4	97					
2025	58	24	12	11	10	13	5	133	6.5%		5.8%		0.7%
2030	72	31	16	15	13	17	7	170	5.0%		4.1%		0.8%

1. Spending figures are inclusive of GST and exclusive of inflation.

Source : ABS; MarketInfo; Urbis

Table 12 - Total Retail Spending by Category, Millions, Tables Area, 2020-30 (\$2020, incl. GST)

In addition to the sizeable trade area resident spending market, the trade area also attracts significant spending from workers who do not reside in the trade area. This is driven by commercial office space within the proposed development with around 3,500 workers proposed to be working on the site once complete.

6.3 Supply

6.3.1 Existing

East Village Shopping Centre

The East Village Shopping Centre has approximately 11,400 sq.m of retail floorspace, in addition to an Audi Vehicle Service Centre and Virgin Active gym. The retail uses are anchored by a Coles supermarket with 46 specialty stores primarily across food retail and food & beverage. Trade Area residents are likely to visit East Village primarily for supermarket shopping and dining options.

Local Centres

Redfern is a local village centre located directly north of the subject site. The centre comprises approximately 26,600 sq.m of retail floorspace and is anchored by a Woolworths supermarket towards the east, a SPAR supermarket to the west and an IGA supermarket to the south. The centre also includes a large number of cafes, restaurants and takeaway venues as well as local services centred along Redfern Street and Regent Street.

Dank Street is a local centre with new retail primarily developed as part of mixed use residential developments. The centre comprises approximately 5,670 sq.m of retail floorspace and is anchored by a Coles and Aldi supermarket.

Alexandria is a strip retail centre along McEvoy Street and Fountain Street with an estimated 9,900 sq.m. It is anchored by a Woolworths supermarket and Dan Murphy's bottle shop towards the west end of the centre. There is several factory outlet stores and several takeaway food and beverage outlets along McEvoy Street. In addition to this space there is also significant bulky goods retail in Alexandria.

Green Square Town Centre sits at the heart of the Green Square Precinct. It is bordered by Botany Road, Bourke Street, Portman Lane, Joynton Avenue and Tosh Lane, and is co-located with Green Square train station. The 14-hectare Town Centre is envisaged to be a hive of activity offering an innovative library and public plaza, residential apartments, and vibrant retail uses, including artisan-style retailers, alfresco dining and diverse shopping experiences. The Town Centre is anchored by a 2,000 sq.m Woolworths supermarket which is supported by a 200 sq.m Asian supermarket, and 2,320 sq.m of assorted retail specialty tenants including 1,600 sq.m of bulky goods retail.

Proposed

There is currently one proposed development with major retail components in the trade area – Locomotive Workshop at South Eveleigh. South Eveleigh (approximately 400 metres west of the subject site) has been redeveloped by Mirvac with CBA taking over 90,000sq.m of office space. The Locomotive Workshop is the redevelopment of a mixed use building that will comprise around 7,400 sq.m of retail space when completed including a supermarket, F&B and other specialty space. Given its proximity to the subject site, this development is likely to cater to a similar resident trade area.

6.4 Demand Assessment

This section of the report analyses the level of demand for retail floorspace, as generated by the trade area residents and workers. Analysing demand helps to give an indication of the likely turnover for a new retail development and helps to determine whether a proposed development can be supported.

6.4.1 Demand and Need

The following table outlines the total retail expenditure in 2024 of residents and workers on the subject site and in the trade area. The expenditure by workers only includes estimated expenditure made around their place of work. Overall, the trade area is anticipated to generate \$149.7 million in retail turnover in 2024. When considerable supportable turnover per sq.m of floorspace, the trade area expenditure would support around 16,800sq.m of retail floorspace.

Onsite workers and residents (not including the catchment population) are estimated to generate 2,232 sq.m of convenience retail space (comprising food retail, food catering, leisure/general and retail services). This compares to 1,875 of retail floorspace proposed in the development across these sectors. This indicates that the onsite workers and residents by themselves can more than support the proposed floorspace. While some of their expenditure will go to other centres, this will be offset by the centre receiving expenditure from within the catchment and beyond. Overall, this indicates that the proposed retail floorspace is supported by market demand.

	Food Retail	Food Catering	Apparel	Homewares	Bulky Goods	Leisure/General	Retail Services	Convenience Total	Total
Total Expenditure (\$M)									
Onsite Residents	\$6.2	\$2.4	\$1.2	\$1.1	\$0.8	\$1.4	\$0.5	\$10.5	\$13.6
Onsite Workers*	2.9	3.2	2.3	1.8	0.1	1.6	2.1	\$9.9	\$14.2
<i>Onsite Total</i>	<i>\$9.1</i>	<i>\$5.6</i>	<i>\$3.5</i>	<i>\$2.9</i>	<i>\$0.9</i>	<i>\$3.0</i>	<i>\$2.6</i>	\$20.4	\$27.8
Primary - Residents	\$19.8	\$7.3	\$3.7	\$3.3	\$2.6	\$4.3	\$1.5	\$33.0	\$42.6
Secondary - Residents	\$28.4	\$12.8	\$6.0	\$5.5	\$5.8	\$6.5	\$2.5	\$50.3	\$67.5
Catchment Workers*	\$2.7	\$3.0	\$2.1	\$1.7	\$0.1	\$1.5	\$2.0	\$9.1	\$13.1
Total Trade Area	\$60.0	\$28.7	\$15.3	\$13.4	\$9.5	\$15.4	\$8.6	\$112.7	\$150.9
Supportable Turnover per Floorspace (sq.m)									
Catchment	12,500	7,500	7,500	7,500	7,500	7,500	7,500		
Total Floorspace Demand (sq.m)									
Onsite Residents	499	316	161	143	109	185	69	1,069	1,483
Onsite Workers	230	430	308	246	17	219	284	1,163	1,734
<i>Onsite Total</i>	<i>729</i>	<i>746</i>	<i>469</i>	<i>389</i>	<i>126</i>	<i>404</i>	<i>353</i>	2,232	3,217
Primary - Residents	1,586	979	491	439	351	577	198	3,339	4,620
Secondary - Residents	2,275	1,704	799	733	769	871	335	5,186	7,487
Catchment Workers	212	397	284	227	15	202	262	1,073	1,599
Total Trade Area	4,802	3,826	2,043	1,789	1,261	2,055	1,148	11,830	16,923
Supportable Resident Floorspace Demand (sq.m)									
Onsite Demand	729	746	469	389	126	404	353	2,232	3,217
Proposed Supply	412	958	0	0	0	505	0	1,875	1,875
Surplus (-)/ Deficit (-)	-317	212	-469	-389	-126	101	-353	-357	-1,342

Note: * Worker expenditure includes expenditure that is undertaken near place of work

Source: Urbis

Table 13 - Retail Floorspace Demand, Millions, 2024 (\$2020, incl. GST)

6.4.2 Impact Analysis

Description of Economic Impacts

- For the purposes of this report “economic impact” on specific retail centres is defined to mean the probable change in retail turnover at various shopping centres resulting from the introduction of new competition in the form of a new or expanded/refurbished shopping centre.
- The reduction in turnover usually relates to a reduced turnover volume from that applicable if the status quo had been maintained (i.e. if the centre’s competitive circumstances remained unchanged).

As discussed in this section, in our view it is appropriate to express the impact on particular shopping centres or activity centres as a percentage of their potential turnover in the opening year of the proposed centre, as well as comparing impacts with the estimated trading situation at each centre prior to the development occurring.

This latter measure is important because it shows the extent to which conditions prior to development will be sustained even after the impact of competitive developments, recognising that growth in the market, from population growth or real spending growth per capita, can offset in whole or part the effects of new competition.

Therefore, the relevant measures are two-fold:

- Turnover impact representing the reduction in turnover as a result of new competition, compared with turnover which would otherwise have been achieved by a particular centre
- Turnover change represents the anticipated overall increase or decrease in turnover for a centre in the forecast year (2024 in this report) compared with the situation before development. This measure reflects the combination of the impact of new competitive developments, counteracted by any underlying growth in turnover which would be achieved by the centre anyway.

The effects of new competition on individual businesses are not a relevant planning consideration. The relevant consideration in planning terms relates to the ongoing ability of centres to continue to provide for the needs of the community which they serve, and to ensure that new development does not fundamentally undermine the viability and role of existing and planned centres.

Impacts

Table 14 details the quantum of expenditure the proposed development is estimated to capture from competing centres and from other centres. Urbis continually monitors the performance of retail properties and is adept at identifying the strengths and weaknesses of particular centres using a range of performance indicators. Our expertise is demonstrated in the trust the industry places in us to create the annual Urbis Shopping Centre Benchmarks, the industry benchmark standard for comparing the turnover and rental performance of a range of shopping centres, based on analysis of over 330 shopping centres annually.

Turnover estimates for competing centres are derived from a number of sources including the Urbis Shopping Centre Benchmarks and the Shopping Centre Council Directory.

Turnover growth for competing centres has been assessed having regard to:

- Market growth across the broader South Sydney area, based on population and per capita spending growth projections
- Potential for market share erosion for each centre due to broader competition from new development surrounding the subject site as well as online trading effects
- The impact of the proposed retail developments within the subject site on existing centres
- The overall competitive positioning of each centre
- Long term growth trends for shopping centres.

	GLA (sq.m)	Retail Turnover (\$2019M)			Change	Impact	
		Current (2020)	'Before Impact' (2024)	'Post Impact' (2024)	Current to 'Post Impact' (%)	(\$M)	(%)
Existing Centres:							
Redfern	26,574	213.0	220.5	215.3	+1.1%	-5.2	-2.3%
Waterloo (Dank Street)	5,668	57.0	57.9	56.6	-0.7%	-1.2	-2.1%
East Village	11,391	151.0	153.9	150.5	-0.4%	-3.5	-2.3%
Alexandria	9,916	89.0	91.5	89.9	+1.0%	-1.6	-1.7%
Green Square	4,520	42.0	43.0	42.3	+0.7%	-0.7	-1.7%
Proposed Centres:							
ATP	7,400		67.3	64.5		-2.8	-4.2%
Other Centres						+0.1	
Total Impact						+14.9	

Table 14 - Distribution of Potential Impacts of Key Centres, 2024 (\$2019, incl. GST)
Source: Urbis

Table 14 demonstrates that:

- In 2024, the trading performance of all existing centres will be +1% higher than 2020 levels, even accounting for the proposed development, and the impacts of the opening of other competing retail developments. Current conditions will be enhanced even after the impact of competitive developments, recognising that growth in the market can more than offset the effects of new competition
- In its first full year of trading (2024), the proposed development is forecast to draw \$12.2 million from key existing centres, and \$0.1 million from other centres. The important factor to note however, is that despite this, the subject development is still unlikely to undermine the commercial viability of any of the centres listed. Due to growth in population and spending, as well as the modest scale of the subject site development, no retail centre is forecast to experience an impact greater than -3% (from their 2024 trading level) which is considered to be a manageable level of impact.
- The proposed development will compete most directly with centres / precincts that include one or more supermarkets and provide a significant food and beverage offer in the immediate vicinity (i.e. Redfern, East Village and South Eveleigh). Generally, these centres are performing well and should be able to absorb the impacts, benefiting from annual spending growth beyond 2019.
- The analysis confirms that there is sufficient growth within the market to accommodate the proposed development without adversely impacting the viability of existing and expanded retail centres.

6.5 Key Implications

The proposed development will generate retail demand from resident and workers within the development as well as local residents and workers that will use the new Metro Station. The retail proposed for the development is relatively small and aims to meet the convenience needs of residents and workers with the majority of floorspace comprising food retail and food catering. Due to the relatively small nature of the development and growth in retail expenditure generated by onsite workers and residents, there is sufficient growth within the market to accommodate



the proposed development without adversely impacting the viability of existing and expanded retail centres

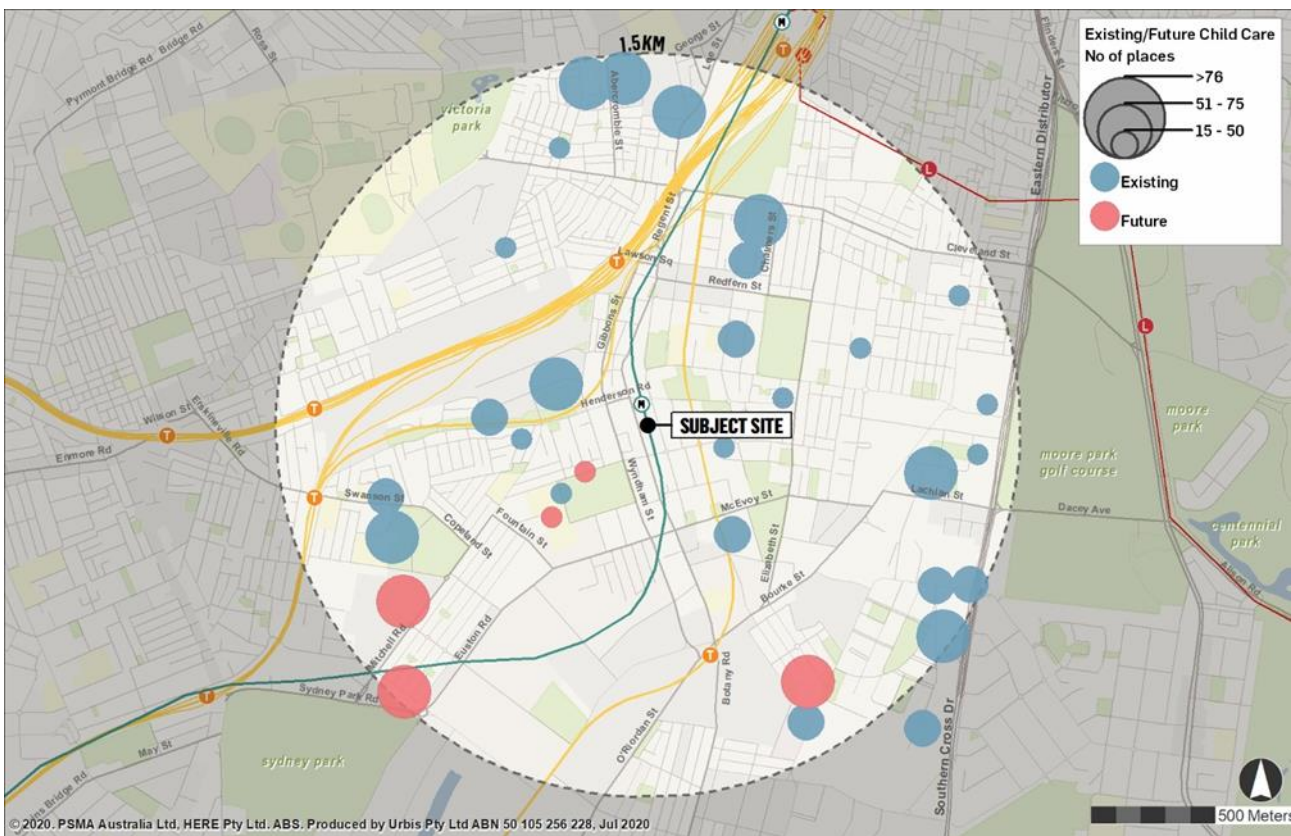
7. Early Childhood Learning and Care Assessment

7.1 Proposed Development

The current proposal for the central precinct includes a childcare centre catering to 0-5 year olds located within the podium level with indoor and outdoor play spaces. The childcare also extends to level two above, providing continuous covered weather protection. Overall, the centre will comprise 2,179 sq.m of floorspace (1,313 sq.m on level 1 and 866 sq.m on level 2), have capacity for 146 children, employ 30 staff and is proposed to be operated by a non-profit community organisation to service the incoming residents and workers with affordable child care.

7.2 Study Area

For the purpose of analysing the local supply and demand for childcare, Urbis has adopted a catchment consisting of a 1.5km radius from the subject site. The relatively small catchment reflects the likelihood that demand for childcare will come from residents and workers within walking distance of the subject site and metro station. This likelihood is heightened by the limited parking which reduces the feasibility of residents and workers beyond the catchment from accessing the site for childcare. Furthermore, parents of young children generally only use childcare centres that are situated within close proximity to their home and place and work.



Map 6 - Study Area and Supply

7.3 Supply

7.3.1 Existing

As shown in the following Table 15, there are currently 28 long day childcare centres operating in the catchment, providing a total of 1,700 long day care places. The majority of centres cater to children aged 0-6 years and are open between 7:30am and 6pm. Around half of the places are contained in not-for-profit operations.

Childcare centres in the catchment range in size from as small as 20 places at Forever Green Montessori, up to 98 places at Gowrie NSW Erskineville Early Education and Care Centre. The average number of places per centre is approximately 64 places.

Of the 28 centres currently operating in the catchment, five centres currently have no vacancies, four centres have limited vacancies (vacancies on 1 or 2 days per week) and eight have moderate vacancies (3 days a week). The remaining 11 centres currently have vacancies on each day. Based on the centres that have vacancies on certain days, Urbis has estimated current vacancies of around 18% across the catchment area. This vacancy rate is likely to be higher than what is was at the start of 2020 due to the impacts from COVID-19 regarding higher unemployment, reduced working hours, more people working from home and general uncertainty.

Childcare Name	Distance from Subject Site (m)	Places	Vacancies	Target Age	Opening Times
SDN Lois Barker Children's Education And Care Centre	300	45	Moderate Vacancy	6 weeks - 5 years	7:30 AM - 6:00 PM
Honey Bird Child Care Centre - Employees Only	400	90	No	6 weeks - 5 years	7:30 AM - 6:00 PM
SDN Redfern Children's Education And Care Centre	450	64	Moderate Vacancy	6 weeks - 5 years	7:30 AM - 6:00 PM
Ku Sunbeam Preschool	500	37	Moderate Vacancy	2 - 5 years	8:00 AM - 4:30 PM
Ku James Cahill Preschool	550	48	Moderate Vacancy	2 - 5 years	8:00 AM - 5:00 PM
The Green Elephant Early Learning Centre - Waterloo	550	60	Limited Vacancies	6 weeks - 5 years	7:00 AM - 6:00 PM
Alexandria Child Care Centre	650	66	Limited Vacancies	6 weeks - 6 years	7:30 AM - 5:30 PM
Redfern Occasional Child Care	750	64	Yes	6 weeks - 6 years	9:00 AM - 4:00 PM
KU Union Children's Centre	900	50	Yes	6 weeks - 5 years	8:00 AM - 6:00 PM
Only About Children Redfern	900	90	Yes	3 - 5 years	7:00 AM - 7:00 PM
Poet'S Corner Kindergarten	900	29	Moderate Vacancy	3 - 5 years	7:00 AM - 7:00 PM
Gowrie NSW Erskineville Early Education And Care	1,100	98	No	6 weeks - 5 years	7:30 AM - 6:00 PM
SDN Erskineville Childrens Education And Care Centre	1,100	70	Yes	6 weeks - 6 years	7:30 AM - 6:00 PM
Moore Park Children's Early Learning Centre 1 & 2	1,150	77	Moderate Vacancy	0 - 5 years	7:30 AM - 6:00 PM
SDN Chippendale Children's Education And Care Centre	1,150	36	Limited Vacancies	6 weeks - 5 years	8:00 AM - 6:00 PM
Greenwood Central Park Wonderland	1,200	90	Yes	0 - 6 years	7:00 AM - 6:00 PM
Active Kids Moore Park	1,300	62	Limited Vacancies	0 - 5 years	7:00 AM - 6:00 PM
Little Lion Early Learning Waterloo	1,300	39	Yes	0 - 5 years	7:00 AM - 6:30 PM
Forever Green Montessori	1,350	20	Yes	6 weeks - 6 years	8:00 AM - 5:30 PM
Moore Park Gardens Preschool & Long Day Care Centre	1,350	39	Moderate Vacancy	6 weeks - 6 years	7:30 AM - 6:00 PM
Blackfriars Children'S Centre	1,400	84	No	0 - 5 years	8:00 AM - 6:00 PM
Goodstart Waranara Early Education Centre	1,400	74	Yes	0 - 5 years	7:00 AM - 6:30 PM
Greenwood Central Park Duo	1,400	90	No	0 - 5 years	7:00 AM - 6:00 PM
Waranara Early Education Centre	1,400	74	No	0 - 6 years	7:00 AM - 6:30 PM
Greenwood Waterloo	1,450	60	Yes	0 - 5 years	7:00 AM - 6:00 PM
Victoria Park Montessori Academy - Zetland	1,450	83	Moderate Vacancy	0 - 5 years	7:30 AM - 6:00 PM
Zetland Children's Early Learning Centre	1,700	61	Yes	0 - 5 years	7:30 AM - 6:00 PM
Total		1,700			

Source: ACECQA; childcarefinder.gov.au; Urbis

Note: Vacancies as at 22 July 2020; Distance is as the crow flies; childcare centres >1500m from subject site may be included due to nonexact SA1 geography

Table 15 - Existing Supply, July 2020

7.3.2 Proposed

The following Table 16 shows that there are currently six proposed childcare centre developments in the future supply pipeline. These proposed centres are expected to provide at least an additional 417 long day places within the catchment. The existing and proposed childcare centres are shown on Map 6. It is noted that all facilities are located to the south-west of the subject site with none within the Waterloo State Significant Precinct where there is proposed to be significant residential development.

Childcare Name	Distance from Subject Site (m)	Places	Estimated Completion	Project Stage
Alexandria Park Community School	450	40	2020	Construction
Park Sydney Blocks B & C Stage 1	1,250	90	2021	Construction
Huntley Street Child Care Centre	1,500	107	2021	Development Approval
The Green Elephant - 4 Little Flamingos	1,200	15	2021	Development Approval
Elizabeth Street Child Care Centre	1,250	75	2021	Development Approval
Elizabeth Street Mixed Use Development *	1,250	90	2024	Construction
Total		417		

Source: Cordell; City of Sydney; Urbis

Note: Vacancies as at 22 July 2020; Distance is as the crow flies

* Number of places is an estimated based on NSW average

Table 16 - Proposed Future Supply, July 2020

7.4 Demand Assessment

7.4.1 Demand

Positioning

The proposed development will be a major mixed-use development incorporating a broad range of uses including residential, office and retail. Given its location above the future Waterloo Metro Station, it is anticipated to be a focal point of activity used by a mix of local residents and workers. As such it is ideally located to accommodate childcare uses.

Resident Demand

The Social Infrastructure Needs Assessment for the Waterloo State Significant Precinct found that there was a need for 298 childcare places in the precinct across 2-3 centres. The report highlights that the demand will be required within the precinct and will align with population growth.

Resident Demand

Table 17, overleaf, provides an assessment of the forecast level of long day care demand within the catchment between 2016 and 2023. This assessment has combined forecast population growth with propensity benchmarks to estimate demand for childcare in the catchment from onsite and catchment residents and workers.

To forecast catchment resident population, Urbis has adopted the 2019 Estimated Resident Population (ERP) numbers from ABS and applied growth rates from Transport for NSW's population forecasts. As these growth rates do not account for the impact of

COVID-19 on population growth, Urbis has calculated the growth attributable to net internal migration, net overseas migration, and natural growth based on ABS data from 2017 and 2019. Each segment's contribution to overall growth was then adjusted based on the likely impact of COVID-19. For example, in 2019 it is estimated that 24% of population growth was attributable to natural increase (e.g. births), 77% was attributable to net overseas migration, and -1% was attributable to net internal migration. COVID-19 is anticipated to have a major impact on international migration due to borders being closed and less impact on natural increases and internal migration.

The proportion of growth attributable to each growth segment and the adjustments to these growth rates were then applied to Transport for NSW population forecasts. For example, net overseas migration normally accounts for 24% of growth, but going forward this growth is expected to drop by 30% in 2020 and 85% in 2021.

Following these adjustments, Urbis forecasts the population to grow from 84,293 persons in 2020 to 96,490 by 2030. This represents an increase of approximately 12,200 persons, or an average annual growth rate of 1.4% per annum. According to the Transport for NSW forecast data which is based on ABS Census data, 5.2% of catchment residents (or 4,359 residents) in 2020 are aged 0-4, and 3.7% (or 3,103 residents) are aged 5-11. These proportions are expected to grow over the next 10 years, and combined with population growth, will see the number of 0-4 year olds increase from 4,359 to 5,220 and the number of 5-11 year olds to increase from 3,103 to 4,224.

In addition, Urbis has estimated the number of on-site residents (excluding students) to be approximately 484. Applying the same age break down yields 23 x 0-4 year olds and 17 x 5-11 year olds living onsite.

A study conducted by the City of Sydney in 2019 noted that "43 per cent of all children aged from birth to four years and 17 per cent of all children aged from five to 11 years use some type of formal childcare". This was based on ABS data from the Childhood Education and Care, Australia June 2017 dataset. Based on these propensities, it is estimated that the number of children requiring formal care is 13 for onsite residents and 2,402 for catchment residents.

The City also noted that the same data shows that 85 per cent of children aged from birth to four years using formal care are using long day care, and 7 per cent of children aged from five to 11 years using formal care are using long day care. Using these propensities, it is estimated that demand for formal long day care will be 8 for onsite residents (in 2024) and 1,630 from catchment residents (2020).

As part of their 2019 study, the City of Sydney conducted a survey which asked parents to indicate how many days per week their child attended different types of care. The results show that the ratio of children to long day care place is 1.53. Applying this propensity to the on-site and catchment residents yields the following demand: 7 places for onsite residents, and 1,065 places for catchment residents.

Worker Demand

Transport for NSW employment forecasts estimates that the number of employed persons in the catchment will grow from 52,884 in 2020 to 68,043 in 2030. This represents a growth of 15,159 employees over the next 10 years, or 2.6% growth per

annum. Urbis estimates the number of on-site workers to be 3,591 in 2024 when the development is completed.

The City of Sydney benchmark for childcare demand was one childcare place for every 75 workers. Urbis has adopted a lower benchmark of one childcare place for every 120 workers which results in a demand number that aligns with the demand currently being experienced in the market. Based on one childcare place for every 120 workers, demand for childcare is estimated to be 30 places from onsite workers (2024). Demand from catchment workers is estimated to grow from 441 (persons) in 2020 to 567 in 2030.

Total

In total, there is estimated demand for 1,506 childcare places in 2020 in the catchment, growing to 1,724 in 2024, and 1,875 in 2030.

On Site Resident Demand for Child Care		Unit	2020	2022	2024	2026	2028	2030
On Site Resident Population	persons		0	0	484	484	484	484
	%		5.2%	5.5%	5.6%	5.6%	5.5%	5.4%
Population Aged 0-4	persons		0	0	27	27	27	26
	%		43%	43%	43%	43%	43%	43%
Population Aged 0-4 requiring formal child care	persons		0	0	12	12	11	11
	%		85%	85%	85%	85%	85%	85%
Of which use long day care	persons		0	0	10	10	10	10
	%		3.7%	4.0%	4.1%	4.2%	4.2%	4.3%
Population Aged 5-11	persons		0	0	20	20	21	21
	%		17%	17%	17%	17%	17%	17%
Population Aged 5-11 requiring formal child care	persons		0	0	3	3	3	4
	%		7%	7%	7%	7%	7%	7%
Of which use long day care	persons		0	0	0	0	0	0
Total On Site Resident Demand for Child Care	persons		0	0	10	10	10	10
Children per long Day Care Place	persons		1.53	1.53	1.53	1.53	1.53	1.53
Total Demand for Child Care Places	places		0	0	7	7	7	6
On Site Worker Demand for Child Care			2020	2022	2024	2026	2028	2030
Number of on site workers	persons		0	0	3,591	3,591	3,591	3,591
Of which require child care close to work	%		0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
On Site Worker Demand for Child Care	places		0	0	30	30	30	30
Catchment Resident Demand for Child Care			2020	2022	2024	2026	2028	2030
Total Population	persons		84,293	85,650	87,691	90,221	93,171	96,490
	%		5.2%	5.5%	5.6%	5.6%	5.5%	5.4%
Population Aged 0-4	persons		4,359	4,714	4,877	5,071	5,123	5,187
	%		43%	43%	43%	43%	43%	43%
Population Aged 0-4 requiring formal child care	persons		1,874	2,027	2,097	2,181	2,203	2,230
	%		85%	85%	85%	85%	85%	85%
Of which use long day care	persons		1,593	1,723	1,783	1,853	1,872	1,896
	%		3.7%	4.0%	4.1%	4.2%	4.2%	4.3%
Population Aged 5-11	persons		3,103	3,399	3,580	3,786	3,948	4,129
	%		17%	17%	17%	17%	17%	17%
Population Aged 5-11 requiring formal child care	persons		528	578	609	644	671	702
	%		7%	7%	7%	7%	7%	7%
Of which use long day care	persons		37	40	43	45	47	49
Total Catchment Resident Demand	persons		1,630	1,763	1,825	1,899	1,919	1,945
Children per long Day Care Place	persons		1.53	1.53	1.53	1.53	1.53	1.53
Total Demand for Child Care Places	places		1,065	1,152	1,193	1,241	1,254	1,271
Catchment Worker Demand for Child Care			2020	2022	2024	2026	2028	2030
Number of catchment workers	persons		52,884	56,417	59,368	62,319	65,181	68,043
Of which require child care close to work	%		0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Worker Demand for Child Care	places		441	470	495	519	543	567
Demand for Child Care Places			2020	2022	2024	2026	2028	2030
On Site Resident Demand for Child Care	places		0	0	7	7	7	6
On Site Worker Demand for Child Care	places		0	0	30	30	30	30
Catchment Resident Demand for Child Care	places		1,065	1,152	1,193	1,241	1,254	1,271
Catchment Worker Demand for Child Care	places		441	470	495	519	543	567
Total Demand for Child Care Places	places		1,506	1,623	1,724	1,797	1,834	1,875

Table 17 - Projected Future Demand, 2020-2030
Source: Urbis, City of Sydney

7.4.2 Gap Analysis

Urbis has compared the demand forecast above and compared it to the current and future supply addressed in section 7.3. Urbis estimates that the catchment currently has capacity, with a vacancy rate of around 17% in July 2020. In 2020, it is estimated that the catchment is oversupplied by 60 places, growing to 312 by 2024 with the completion of 563 places over that time period (including the subject site). The gap is expected to fall to 162 places by 2030, which highlights the continued growth in demand in the longer term as the Waterloo Estate is redeveloped. This highlights that there is likely to be a need for a 146 place facility on the site in the longer term.

		2020	2022	2024	2026	2028	2030
Total Demand for Child Care Places	<i>places</i>	1,506	1,623	1,724	1,797	1,834	1,875
Current Supply of Child Care Places	<i>places</i>	1700	2027	2027	2263	2263	2263
Future Supply - Proposed Additional	<i>places</i>	40	0	90	0	0	0
Subject Site Places	<i>places</i>			146			
Total Places (2)	<i>places</i>	1,740	2,027	2,263	2,263	2,263	2,263
Equilibrium Occupancy Rate	%	90%	90%	90%	90%	90%	90%
Supportable Places	<i>places</i>	1,566	1,824	2,037	2,037	2,037	2,037
Gap: Surplus (+) / Deficit (-) [(2) - (1)]	<i>places</i>	+60	+202	+312	+240	+203	+162

Source: Urbis; City of Sydney

Table 18 - Projected Gap Assessment, 2020-2030

7.4.3 Operator Interest

The WL Developer has advised that they are in discussions with an established childcare operator with multiple existing facilities in Sydney. The operator has expressed a need for a 150 place facility to make the project viable. The operator is proposing to offer affordable childcare places which they believe will be attractive in the market with demand also supported by the strategic and accessible location above the new station.

7.5 Key Implications

The provision of childcare is an important driver of productivity in the economy as it helps facilitate participation in the workforce. As such, businesses desire to have childcare facilities close to their offices to assist their staff. This helps in retaining staff which is a major benefit to businesses as the cost of staff turnover can be significant.

However, the demand from onsite workers and residents (37 places) is unlikely to drive sufficient demand to justify the size of the proposed childcare component. As such, the facility will need to attract demand from residents and workers in the surrounding area. The subject site, which is above the metro station, is well placed to improve accessibility and choice to families and is likely to be an attractive option to families. Demand will likely be boosted by the affordable nature of the proposed childcare facility, which is reflected by an established operator expressing interest in operating a 150-place centre on the site. This highlights there is a market appetite for the proposed development.

The vacancies in the surrounding childcare centres indicate the market will need to grow to support additional centres. The development of the wider Waterloo precinct over the next 15-20 years will generate additional demand in the longer term. This highlights the supportability of additional childcare places in Waterloo to meet the need of the growing population.

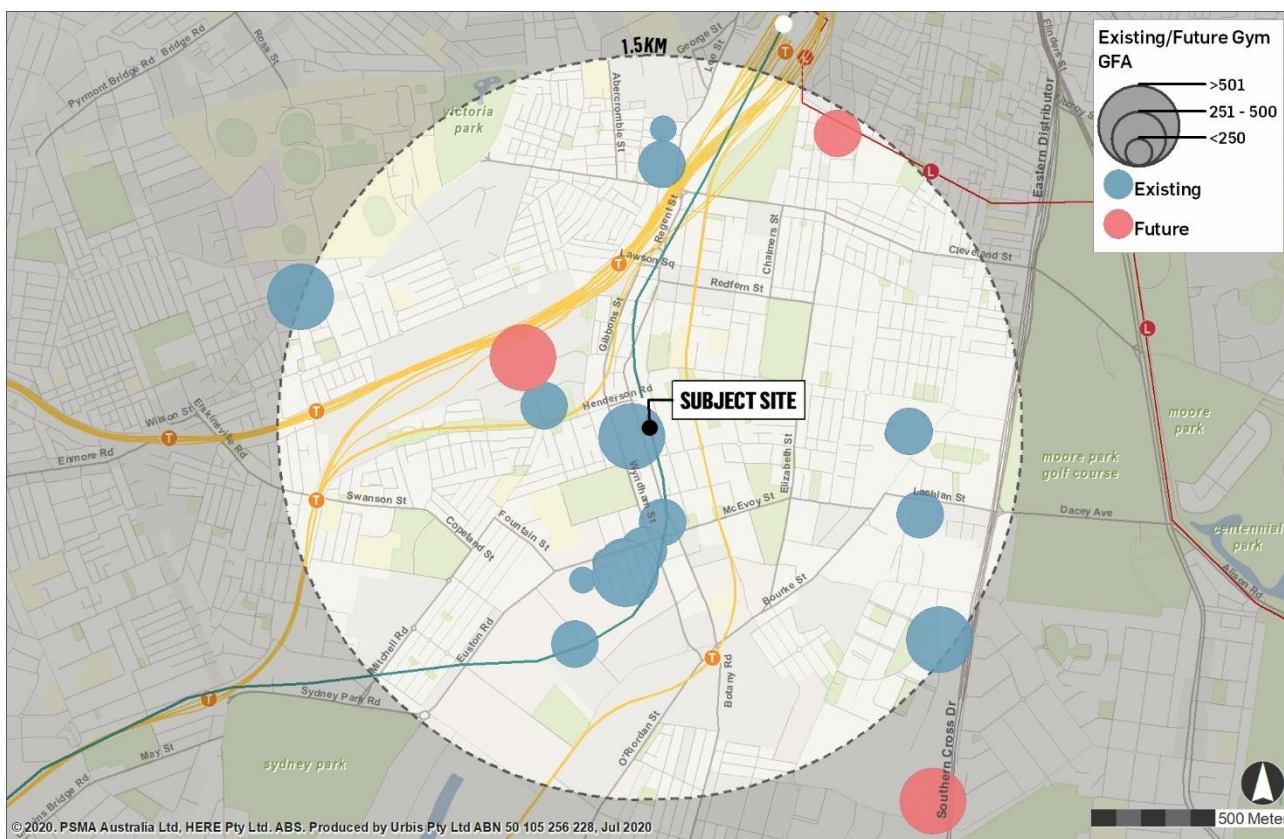
8. Gym Assessment

8.1 Proposed Development

The Southern Precinct is proposed to comprise a gym spanning across levels 1 and 2, totalling 973 sq.m in floorspace.

8.2 Study Area

For the purpose of analysing the local supply and demand for childcare, Urbis has adopted a catchment consisting of around a 1.5km radius from the subject site. The relatively small catchment reflects the size of the proposed gym – as it will unlikely be a large operator (e.g. Fitness First, Virgin Active) and not have the scale or network effects to draw from a larger catchment. As a result, it is likely that demand will come from residents and workers within walking distance of the subject site and metro station. This likelihood is supported by the limited onsite parking which reduces the feasibility of residents and workers coming from further away, as well as the tendency for people to use gyms close to where they live or work.



Map 7 - Study Area and Supply

8.3 Supply

8.3.1 Existing

There are 17 gyms currently operating in the catchment area as outlined below in Table 19 and shown on Map 7. Most gyms cater to niche markets and are relatively small, averaging 360 sq.m, and are therefore unlikely to directly compete with the larger subject site gym. Anytime Fitness Alexandria will likely provide the most direct competition given

its network effects, moderate size and proximity. Virgin Active at East Village is the largest gym comprising over 4,000 sq.m.

Gym Name	Address	Distance from Subject Site (m)	24/7	Operator	Approximate GFA (sqm)
Steed Fitness	36-42 Chippen St, Chippendale	100	No	Independent Operator	282
No Quarter Boxing And Martial Arts	100 Botany Rd, Alexandria	150	No	No Quarter	650
12RND Fitness Alexandria	204-218 Botany Rd, Alexandria	350	No	12RND Fitness	327
Bodyfit Redfern (South Eveleigh)	2 Davy Rd, Eveleigh	500	No	Bodyfit Fitness Centre	340
Anytime Fitness Alexandria	74 McEvoy St, Alexandria	500	Yes	Anytime Fitness	500
CrossFit Sydney	32 McCauley St, Alexandria	550	No	CrossFit Sydney	450
Strength and Movement Lab Alexandria	92 McEvoy St, Alexandria	600	No	Strength and Movement La	250
BeFit Training Alexandria	40-42 McCauley St, Alexandria	600	No	Befit	272
The Body Barn - Fitness for Women	110 McEvoy St, Alexandria	700	No	Independent Operator	135
Body by Brando	198-222 Young Street, Waterloo	800	No	Body by Brando	411
Trination Fitness Waterloo	9 Danks St, Waterloo	900	Yes	Trination Fitness	136
Orangetheory Fitness	17 Danks St, Waterloo	950	No	Orange Theory	400
Chalk Up: CrossFit Alexandria Sydney	17-21 Bowden St, Alexandria	950	No	Chalk Up	366
Plus Fitness 24/7 Waterloo	11A Lachlan St, Waterloo	1000	Yes	Plus Fitness 24/7	400
Vault Boxing and Fitness	26 Queen St, Chippendale	1200	No	Independent Operator	240
Virgin Active	Level 4, Shop 2A East Village Sh	1450	No	Virgin Active	4,170
Anytime Fitness Newtown	93-99 King St, Newtown	1600	Yes	Anytime Fitness	650
Total					9,979

Source: *realcommercial.com.au*; City of Sydney; Urbis

Note: Distance is as the crow flies

Table 19 - Existing Gyms, Catchment Area

8.3.2 Proposal

Although the number of developments in the pipeline is relatively small (3), they are larger in size and are therefore more likely to compete with the subject site with respect to the market they serve. The competition from the proposed gyms in Surry Hills and Zetland will be reduced as they are located over 1km away. The future supply is outlined below.

Gym Name	Address	Distance from Subject Site (m)	Expected GFA	Expected Completion	Project Stage
Bodyfit Locomotive	2 Locomotive St, Eveleigh	600	600	2020	Development Approval
Be Fit Training Surry Hills	432-444 Elizabeth St, Surry Hills	1400	1,400	2021	Development Approval
World Gym Zetland	1-5 Link Rd, Zetland	1900	1,900	2021	Development Application
Total			3,900		

Source: *Cordell*; City of Sydney; Urbis

Note: Distance is as the crow flies

Table 20 - Proposed Future Supply, July 2020

8.4 Demand Assessment

8.4.1 Demand

Table 21 overleaf outlines our demand assessment of gym floorspace and membership for onsite and catchment residents and workers. Urbis has estimated the number of onsite resident to be approximately 958 when the development is completed (as outlined in section 4.2.2) and the number of onsite workers to be 3,591 (as outlined in section 11.3.1).

The catchment population is projected to grow from 84,293 in 2020 to 96,490 in 2030, reflecting overall growth of 12,197 residents or 1.4% growth per annum (for forecasting methodology see section 7.4.1). Of that 84,293 residents, approximately 57% are aged

between 15-39 years. This age group is a key market segment for gym and fitness facilities and is projected to grow from 48,143 in 2020 to 49,420 in 2030, reflecting an increase of 1,277 residents or 0.3% growth per annum.

The catchment worker population was forecast using Transport for NSW's employment forecasts. The number of workers is expected to grow from 52,884 in 2020 to 68,043 in 2030, representing overall growth of 15,159 workers or 2.6% growth per annum.

To estimate the demand for gym membership and floorspace for onsite residents, Urbis has applied a NSW Benchmark of 1,268 residents aged 15-39 per gym. This benchmark is based on the 2019 NSW Estimated Resident Population aged 15-39 (source: ABS), divided by the number of Gyms in NSW in 2019 (source: IBISWorld). Applying this benchmark, we estimate that on site residents will demand 0.4 gyms in 2024. Gym floorspace demand was then estimated by applying the Urbis benchmark of 500sq.m per gym, yielding demand for 203 sq.m of floorspace for on-site residents. Adopting the Urbis benchmark of 1 sq.m per member yields 203 gym memberships demanded from onsite residents.

Demand from catchment residents was estimated using the same methodology, however it is estimated that 58% of residents use the gym close to home (while 42% use the gym close to work). This benchmark is based on the Urbis CBD Office Worker Survey in 2013. As a result, it is estimated current catchment residents demand 11,008 sq.m of floorspace, 11,008 memberships, and approximately 22 gyms in 2020. This is forecast to grow to 11,300 sq.m of floorspace (and memberships) and approximately 23 gyms in 2030.

Demand for onsite and catchment workers was calculated using benchmarks generated from the Urbis CBD Office Worker Survey in 2013. The survey yielded the following: 43% of CBD workers regularly use a gym, and of that 43%, 42% use a gym close to work. Overall, 18% of workers use a gym close to work. Applying this benchmark to the onsite and catchment worker populations, yields demand for 649 sq.m of floorspace (and 649 memberships) from onsite workers in 2024, and 9,551 sq.m (and 9,551 memberships) from catchment members in 2020, growing to 12,289 sq.m of floorspace (and memberships) by 2030.

Overall, onsite residents and workers are projected to demand 203 and 649 sq.m of gym floorspace respectively, totalling 853 sq.m. Urbis estimates catchment residents and workers currently demand 11,008 and 9,551 sq.m respectively, growing to 11,300 and 12,289 sq.m by 2030. Total floorspace demand is estimated at 20,558 sq.m in 2020, growing to 24,430 sq.m by 2030.

On Site Residents	Unit	2020	2022	2024	2026	2028	2030
Subject Site Resident Population	persons	0	0	958	958	958	958
	%	57%	55%	54%	53%	52%	51%
Residents Aged 15-39 Years	persons	0	0	515	503	497	491
NSW Benchmark - residents 15-39 per gym/fitness centre	persons	1,268	1,268	1,268	1,268	1,268	1,268
Demand for gyms in catchment by on site residents	gyms	0.0	0.0	0.4	0.4	0.4	0.4
Average size of gym based on Urbis benchmarks (2)	sq.m	500	500	500	500	500	500
Gym floorspace demand	sq.m	0	0	203	198	196	193
Gym space per member based on Urbis benchmarks (3)	sq.m/member	1	1	1	1	1	1
Membership from subject site residents [(1)x(2)/(3)]	members	0	0	203	198	196	193
On Site Workers	Unit	2020	2022	2024	2026	2028	2030
Subject Site Worker Population (4)	persons	0	0	3,591	3,591	3,591	3,591
CBD workers regularly using a gym (1)	%	43%	43%	43%	43%	43%	43%
of which percentage using a gym close to work (2)	%	42%	42%	42%	42%	42%	42%
Workers using gym close to work [(1)x(2)=(3)]	%	18%	18%	18%	18%	18%	18%
Membership from on site workers [(3)x(4)]	members	0	0	649	649	649	649
Gym space per member based on Urbis benchmarks (3)	sq.m/member	1	1	1	1	1	1
Gym floorspace demand		0	0	649	649	649	649
Catchment Residents	Unit	2020	2022	2024	2026	2028	2030
Catchment Resident Population (excl. Subject Site)	persons	84,293	85,650	87,691	90,221	93,171	96,490
	%	57%	55%	54%	53%	52%	51%
Residents Aged 15-39 Years	persons	48,143	47,154	47,160	47,371	48,320	49,420
NSW Benchmark - residents 15-39 per gym/fitness centre	persons	1,268	1,268	1,268	1,268	1,268	1,268
Catchment residents demand for gym	gyms	38.0	37.2	37.2	37.3	38.1	39.0
Residents that use the gym close to home	%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%
Number of gyms demanded in the catchment by residents	gyms	22.0	21.6	21.6	21.7	22.1	22.6
Average size of gym based on Urbis benchmarks (7)	sq.m	500	500	500	500	500	500
Gym floorspace demand	sq.m	11,008	10,781	10,783	10,831	11,048	11,300
Gym space per member based on Urbis benchmarks (3)	sq.m/member	1.0	1.0	1.0	1.0	1.0	1.0
Membership from subject site residents [(1)x(2)/(3)]	members	11,008	10,781	10,783	10,831	11,048	11,300
Catchment Workers	Unit	2020	2022	2024	2026	2028	2030
Catchment Worker Population (4)	persons	52,884	56,417	59,368	62,319	65,181	68,043
CBD workers regularly using a gym (1)	%	43%	43%	43%	43%	43%	43%
of which percentage using a gym close to work (2)	%	42%	42%	42%	42%	42%	42%
Workers using gym close to work [(1)x(2)=(3)]	%	18%	18%	18%	18%	18%	18%
Membership from on catchment workers [(3)x(4)]	members	9,551	10,189	10,722	11,255	11,772	12,289
Gym space per member based on Urbis benchmarks (3)	sq.m/member	1	1	1	1	1	1
Gym floorspace demand		9,551	10,189	10,722	11,255	11,772	12,289
Total Floorspace Demand	Unit	2020	2022	2024	2026	2028	2030
On Site Residents	sq.m	0	0	203	198	196	193
On Site Workers	sq.m	0	0	649	649	649	649
Catchment Residents	sq.m	11,008	10,781	10,783	10,831	11,048	11,300
Catchment Workers	sq.m	9,551	10,189	10,722	11,255	11,772	12,289
Total	sq.m	20,558	20,970	22,356	22,933	23,664	24,430

Table 21 - Proposed Future Development, July 2020
Source: ABS, IBIS World, Urbis

8.4.2 Gap Analysis

By comparing the current and future supply and demand, Urbis has estimated the supply-demand gap over the next 10 years. Although the current demand for gym floorspace in the catchment is estimated to be 20,558 sq.m, there are a number of gyms just outside of the catchment that are likely going to draw demand from the catchment given their

size and network effects. These gyms include Fitness First Newtown, Anytime Fitness Newtown, The Bunker, and a number of gyms in Broadway/Haymarket. As such, we estimate that the catchment will retain 70% of gym demand. Applying this to the total demand calculated earlier yields catchment demand totalling 14,391 sq.m in 2020, growing to 17,101 by 2030.

Comparing this demand against the current and future supply outlined in section 6.3, Urbis estimates that the catchment is currently undersupplied by 4,412 sq.m. This gap is expected to decline to 2,221 sq.m by 2022 with the completion of Bodyfit Locomotive, Be Fit Training Surry Hills, and World Gym Zetland, before widening again to 3,191 sq.m in 2024 and 3,670 sq.m by 2030.

Catchment Gym Membership Demand Supply Gap		2020	2022	2024	2026	2028	2030
Total Floorspace Demand	sq.m	20,558	20,970	22,356	22,933	23,664	24,430
Retention Rate	%	70%	70%	70%	70%	70%	70%
Catchment Demand	sq.m	14,391	14,679	15,649	16,053	16,565	17,101
Current Floorspace Supply	sq.m	9,979	12,458	12,458	13,431	13,431	13,431
Future Floorspace Supply	sq.m	917					
Subject Site Supply	sq.m			973			
Total Floorspace Supply	sq.m	10,896	12,458	13,431	13,431	13,431	13,431
Excess (+) / Deficit (-) of gym floorspace (sq.m)	sq.m	-4,412	-2,221	-3,191	-2,622	-3,134	-3,670

Table 22 - Projected Gap Assessment, 2020-2030

8.5 Key Implications

Workers want to work in locations that provide access to amenity such as shopping, hospitality and recreation. As such, businesses desire to have gym facilities close to their offices to benefit their staff. This helps in retaining staff which is a major benefit to businesses. Access to a gym also provides health benefits for residents and workers and can often provide a community for those who use it.

The undersupply of gyms in the catchment, particularly larger ones that cater to broad rather than niche markets, highlights the need for more fitness space. This is especially true for the immediate surrounding area whereby only niche gyms occupy the market. Furthermore, floorspace demand from onsite workers and residents alone (852 sq.m in 2024) is enough to support over 80% of the proposed floorspace (973 sq.m). As such, there is projected to be sufficient demand to support the proposed development without impacting the viability of existing or proposed operators.

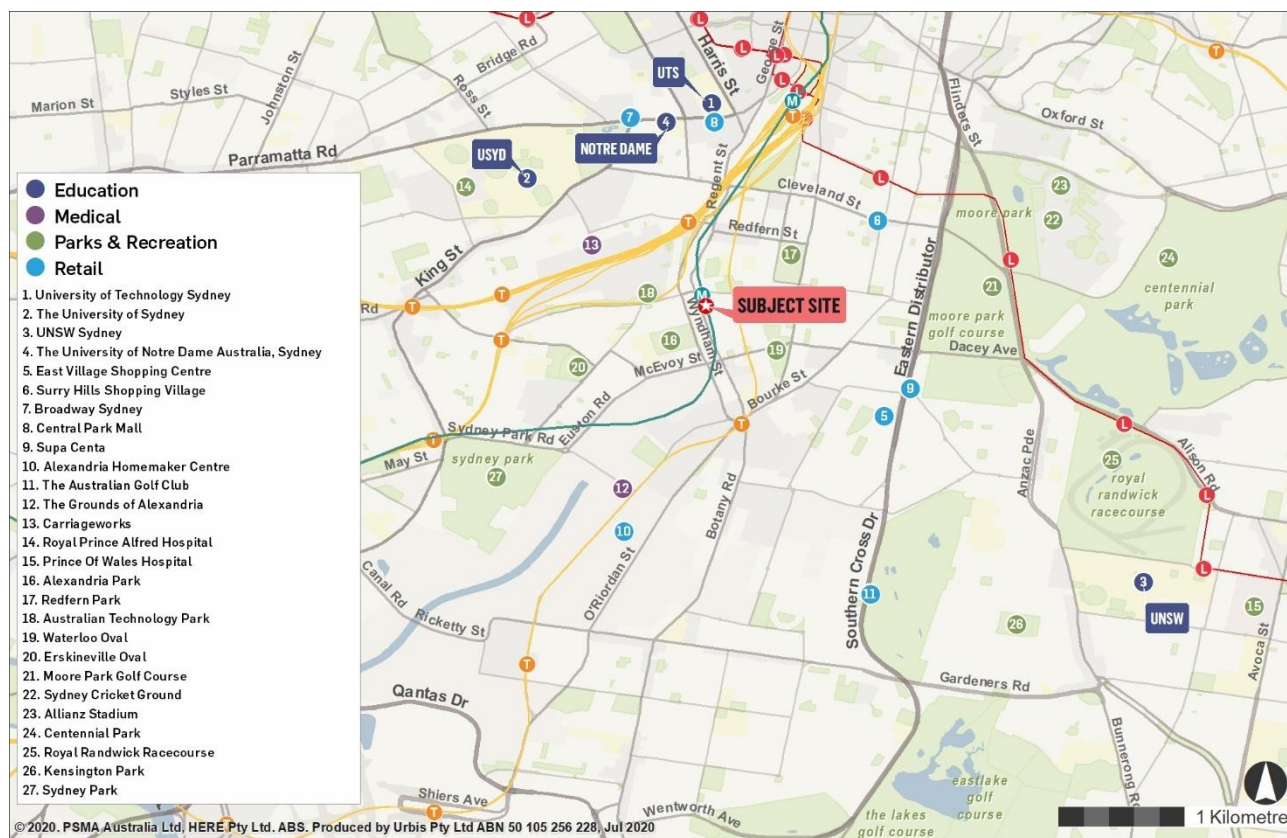
9. Student Accommodation Assessment

9.1 Proposed Development

The proposed development incorporates 12,129 sq.m of student accommodation GFA in the Southern Precinct, with frontage to Botany Road. The proposed unit mix comprises 396 studios (including three accessible studios) and 39 twin rooms, totalling 435 units (474 beds).

9.2 Study Area

This section provides an overview of the universities included in the Study Area which include University of New South Wales (UNSW), University of Sydney (USyd), University of Technology Sydney (UTS) and the University of Notre Dame (Notre Dame). This study area was adopted as residents of the subject site would have reasonably easy access to each of the universities within this catchment by either walking, train or bus commutes.



Map 8 - Study Area Context, Study Area Location and Amenity

The site is bounded by Botany, Wellington, Cope and Raglan Streets and forms the area within the rail corridor that is above and adjacent to the approved Waterloo metro station. The surrounding context features a network of parks within 800m of the site, such as Redfern Park and Alexandria Park, that enrich the precinct's liveability.

Key amenities surrounding the site that would be attractive to students include:

- Onsite amenity such as retail, medical and a gym
- Royal Prince Alfred hospital (2.1 km): a major public teaching hospital with 911 beds, featuring emergency rooms.

- East Village Shopping Centre (1.2 km): a mixed-use centre anchored by Coles, Audi Vehicle Service Centre and Virgin Active Health Club and features over 50 specialty stores.
- The Grounds of Alexandria (1.6 km): features a café, restaurant & bar, garden, bakery & patisserie, coffee roastery, animal farm, florist and markets built into a heritage-listed industrial warehouse and courtyard.
- Sooth Eveleigh (400 m): a unique cultural and innovation hub that features commercial office spaces, health and fitness amenities, art galleries, markets and event spaces.
- Surry Hills Dining Precinct (1.6 km): Surry Hills' Crown and Albion Streets offer an eclectic mix of upscale and casual dining options of wide-ranging cuisines.

There are several accommodation options available to students seeking to live close to university campuses. The options fall under two categories – purpose built student accommodation (PBSA) and private rental housing.

PBSA includes:

- **University-owned residence halls and colleges:** typically includes catering, academic support, which are attractive to parents of younger students. Halls and colleges are generally on or near campus and accommodate up to several hundred students in a single or twin format with shared facilities such as bathrooms and laundry.
- **Independent style PBSA studios and apartments:** options include studio apartments with ensuite bathrooms or larger apartments with shared bathroom and kitchen facilities. They are usually located on or near campus and include basic furnishings.

The private rental market includes:

- **Homestays:** students living with a local family while studying. Rental terms and catering arrangements can vary but students are typically charged a fixed rent with utility costs included.
- **Private shared housing:** leasing an unfurnished house or unit through the general rental market, which typically requires a minimum 12-month lease contract and students are responsible for utility costs. Students can often reduce their rental costs by sharing a large house with other students.

PBSA rooms are furnished and smaller than in the private rental market and therefore can provide an economical option to students.

9.3 Supply

9.3.1 Existing

The following tables shows student accommodation facilities by university affiliation and by suburbs in the Study Area as of Semester One, 2020. The key findings from the tables are summarised below:

- As of Semester One 2020, there are a total of 54 facilities with 15,862 beds within the Study Area's university student accommodation market. The total excludes Miguel Cordero as it is affiliated with Australian Capital University.
- Of these facilities, 37 are university-affiliated, totalling 9,963 beds, while the remaining 17 facilities are privately run, totalling 5,899 beds. Of the university-affiliated facilities, 15 are associated with USyd (although several residential halls including St. John's

College and St. Andrew's College will also consider applications from Notre Dame students), 18 are UNSW-affiliated and four are UTS-affiliated.

- The largest concentration of existing facilities is in Kensington, which currently accounts for 4,247 beds in 15 facilities, representing 27% of total supply within the catchment. Fourteen of these facilities are UNSW-affiliated, while the remaining four UNSW-affiliated facilities are located in Kingsford and Randwick, reflecting the large number of UNSW students who prefer to live close to campus.
- Urbis understands that there are also a significant number of UNSW students living in facilities close to Central Station, which reflects students choosing to live in the CBD and the apparent undersupply around UNSW campus that has resulted in students having to live further away.
- There are 17 private PBSA facilities in the Study Area with a total of 5,899 beds. The largest private operator is Urbanest (now owned by Scape) with 3,349 beds across Glebe, Haymarket, Sydney, Redfern and Ultimo. This is followed by Iglu with 1,509 beds across Chippendale and Redfern.

University Affiliated / Private	No. of Facilities	No. of Beds
USyd	15	4,482
UNSW	18	4,328
UTS	4	1,153
Private	18	5,899
Total	55	15,862

Table 23 - Student Accommodation Facilities by Affiliation , Study Area, Semester One 2020
Source: Facility websites, Urbis

University Affiliated / Private	No. of Facilities	No. of Beds
Broadway	1	720
Camperdown	5	2,047
Chippendale	3	1,139
Darlington	8	1,548
Glebe	1	185
Haymarket	2	938
Kensington	15	4,247
Kingsford	2	73
Newtown	5	1,354

Randwick	2	48
Redfern	2	803
Sydney	2	868
Sydney	1	100
Ultimo	5	1,792
Total	55	15,862

Table 24 - Student Accommodation Facilities by Suburb Study Area, Semester One 2020
Source: Facility websites, Urbis

9.3.2 Student Accommodation Beds Benchmark Provision

The following table benchmarks the provision of student accommodation to full-time students studying on campus (on-campus students) for the Eastern Seaboard of Australia. The benchmark compares total beds in Semester One of 2020 with full-time student enrolments in 2018 (the most recent comprehensive data based on the Commonwealth Department of Education, Skills and Employment (DESE) data to allow for comparisons between universities).

As of 2020, Inner Sydney has a benchmark supply of around 9.5 full-time on-campus students per student accommodation bed. This level of supply is below the Inner Melbourne and Inner Brisbane benchmark at 7.1 and 6.6 students per bed respectively. We note that the high level of supply in both inner and suburban Brisbane has led to an oversupply of accommodation in that market.

This benchmark approach provides a broad indication of potential unmet demand however does not take into account the specific mix of students in the market that is addressed in our full propensity model.

Full Time Students per Bed (On-Campus Students)

Region	On-Campus	Off-Campus	Total	FT On-Campus Enrolments*
Inner Sydney	17.1	21.5	9.5	151,031
Suburban Sydney	24.0	134.5	20.4	71,216
Regional Cities	10.2	132.7	9.5	43,115
Regional Towns	3.2	83.1	3.1	20,439
New South Wales	12.8	35.2	9.4	285,801
Inner Melbourne	30.0	9.2	7.1	132,878
Suburban Melbourne	17.5	39.8	12.1	115,556
Regional Cities	8.2	160.8	7.8	10,127
Regional Towns	7.7	167.3	7.4	19,412
Victoria	18.8	15.9	8.6	277,974
Inner Brisbane	30.6	8.4	6.6	85,495
Suburban Brisbane	20.5	9.7	6.6	19,370
Regional Cities	17.6	32.0	11.3	42,593
Regional Towns	13.7	96.0	12.0	21,603
Queensland	21.9	12.3	7.9	169,061
Inner Adelaide	57.0	7.3	6.5	39,304
Suburban Adelaide	35.0	-	35.0	19,619
Regional Towns	8.8	11.1	4.9	776
South Australia	44.6	10.9	8.8	59,699
Inner Perth	12.8	38.1	9.6	49,367
Suburban Perth	25.3	-	25.3	27,535
Regional Towns	15.4	7.9	5.2	1,806
Western Australia	15.6	51.6	12.0	78,708
Hobart	17.5	11.1	6.8	10,056
Regional	4.7	125.2	4.6	5,006
Tasmania	9.2	15.9	5.8	15,062
Australian Capital Territory	4.1	39.2	3.7	34,167
Northern Territory	8.1	12.6	4.9	3,822
Australia	15.0	19.1	8.4	924,294

Note: (-) No student accommodation beds

Note: * 2018 enrolments. Onshore international students + full-time on-campus domestic students

Source: Various universities, Department of Education and Training, Urbis.

Table 25 - Student Accommodation Supply Benchmark, Semester One, 2020 Beds / 2018 FT Enrolments

The following table outlines the benchmark supply for public universities across Australia. The lower the supply ratio, the higher the relative supply. Generally, universities with higher proportions of mobile (non-local) students can justify more supply. The table highlights the following:

- USyd recorded a ratio of 6.6 full time students per PBSA bed, a higher level of provision than the Inner Sydney average of 9.5 students per bed, UNSW was in line with this provision.
- The majority of PBSA beds servicing UNSW are located on campus, however there is potential for some mooted projects to commence which will add additional off campus supply.

- UTS recorded a lower provision than Inner Sydney at 11.4 full time students per PBSA bed.
- Notre Dame does not provide on-campus accommodation in their Sydney campus.

**Full Time Students per Bed
(On-Campus Students)**

University	On-Campus Beds	Off-Campus Beds	All Beds
University of New England, NSW [R]	1.8	-	1.8
The Australian National University, ACT	3.6	28.5	3.2
University of Canberra, ACT	4.3	130.5	4.2
Charles Sturt University, NSW [R]	4.8	67.6	4.5
Charles Darwin University, NT	8.1	12.6	4.9
The University of Adelaide, SA	32.2	7.3	5.9
Bond University, QLD	9.2	16.7	6.0
The University of Melbourne, VIC	13.6	7.4	4.8
The University of Queensland, QLD	14.1	9.4	5.7
The University of Sydney, NSW	14.2	12.3	6.6
University of Tasmania, TAS	9.2	15.9	5.8
Queensland University of Technology, QLD	-	6.7	6.7
James Cook University, QLD [R]	7.7	55.0	6.7
The University of Western Australia, WA	8.3	35.0	6.7
La Trobe University, VIC	11.7	43.0	9.2
Griffith University, QLD	21.9	14.4	8.7
RMIT University, VIC	77.2	6.6	6.1
University of Wollongong, NSW [R]	9.1	101.1	8.3
The University of New South Wales, NSW	10.7	85.5	9.5
Deakin University, VIC [R]	12.0	30.4	8.6
Federation University Australia, VIC [R]	14.7	-	14.7
University of Technology Sydney, NSW	30.9	18.1	11.4
The University of Newcastle, NSW [R]	13.3	226.4	12.6
University of South Australia, SA	242.2	8.8	8.5
Swinburne University of Technology, VIC	28.3	22.3	12.5
Monash University, VIC	19.8	49.7	14.2
University of Southern Queensland, QLD [R]	17.7	-	17.7
Macquarie University, NSW	19.3	72.4	15.3
Southern Cross University, NSW [R]	18.3	-	18.3
Murdoch University, WA	13.9	-	13.9
Edith Cowan University, WA	21.2	46.4	14.6
Western Sydney University, NSW	21.9	1,977.4	21.7
University of the Sunshine Coast, QLD [R]	-	24.1	24.1
Curtin University, WA	22.4	42.7	14.7
CQ University, QLD [R]	33.4	-	33.4
Flinders University, SA	28.9	-	28.9
Victoria University, VIC	30.5	197.8	26.4
Australian Catholic University	-	66.5	66.5
The University of Notre Dame Australia	201.0	-	201.0

Note: (R) Regional university, (-) No student accommodation beds, On-Campus - University and College operated student accommodation, Off-Campus - Non-university aligned private student accommodation

Source: Various universities, Department of Education and Training, Urbis.

Table 26 - Student Accommodation Supply Benchmarks, Semester One, 2020 Beds / 2018 FT Enrolments

9.3.3 Proposed Supply

Urbis has conducted an audit of future student accommodation within the Study Area. Key changes to supply include:

- There are five private facilities currently under construction and due for completion by 2022, which will add an additional 1,242 beds to the overall supply.
- There are currently 26 proposed student accommodation projects in the early planning to development application phase which, could add at least 4,978 beds to the pipeline by 2027. Seven of these projects are in the early planning phase and the number of beds proposed for these facilities remains uncertain.
- Eight proposed projects are affiliated with a university, with a total of 1,712 beds. The remaining 3,751 beds within proposed projects are located within privately run facilities.
- The largest proportion of proposed student accommodation beds are concentrated within Redfern, at 30.5% of beds, followed by Kensington (17.7%) and Camperdown (15.7%).
- It should be noted that there is a lot of uncertainty whether a large number of these projects will progress, particularly those that are not under construction and are without development approval, due to banks avoiding student accommodation development due to COVID-19 impacts.

Name	Suburb	Status	University Affiliated/Private	Anticipated Opening	Proposed No. of Beds
437-443 Wattle Street	Ultimo	Construction	Private	2021	90
Hudson Street Accommodation	Redfern	Construction	Private	2021	54
Iglu Regent Street	Redfern	Construction	Private	2021	265
Scape Living Carriageworks	Darlington	Construction	Private	2021	201
Pemulwuy Project	Redfern	Construction	Private	2022	596
Britely Kingsford	Kingsford	Development Application	Private	2022	143
University of NSW - Cliffbrook Campus	Coogee	Development Application	UNSW	2022	52
University of Sydney - Darlington Terraces	Darlington	Development Application	USYD	2022	306
Wee Hur - Gibbons	Redfern	Development Application	Private	2022	515
Botany Road Student Accom	Botany	Development Approval	Private	2022	48
Cleveland Street Student Accommodation	Redfern	Development Approval	Private	2022	47
Anzac Pde Student Accommodation	Kensington	Development Approval	Private	2022	47
Middle Street Boarding House	Kingsford	Development Approval	Private	2022	19
Parker Street Student Accommodation	Haymarket	Development Approval	Private	2022	153
Sparkes St Student Accommodation	Camperdown	Development Approval	Private	2022	16
St Johns College	Camperdown	Development Approval	USYD	2022	183
Wilson Lane Student Accommodation	Darlington	Development Approval	Private	2022	231
Gardeners Road Boarding House	Kingsford	Development Application	Private	2023	87
Mulwarree Apartments Student Housing	Randwick	Development Application	UNSW	2023	152
Wee Hur - Regent	Redfern	Development Application	Private	2023	407
Atira Doncaster	Kensington	Development Approval	Private	2023	276
Broadway Mixed Development Site	Chippendale	Early Planning	Private	2023	-
Hannahs Pie Ultimo Site	Ultimo	Early Planning	Private	2023	-
University of NSW	Kensington	Early Planning	UNSW	2023	-
UTS Indigenous Residential College	Ultimo	Early Planning	UTS	2023	250
Iglu Mascot	Mascot	Development Application	Private	2025	435
Sussex Street Mixed Development	Sydney	Development Approval	Private	2025	107
St Andrews College	Camperdown	Development Approval	USYD	2026	327
Scape - 190 Anzac Parade	Kensington	Early Planning	Private	2026	525
St Pauls College	Camperdown	Early Planning	USYD	2027	442
Scape - 180 Anzac Parade	Kensington	Early Planning	Private	2023	210
Total					6,184

Table 27 - Future Supply, Study Area Accommodation
Source: Cordell's Connect, Urbis

9.4 Demand Assessment

9.4.1 Approach

The assessment quantifies the current and future demand for student accommodation within the Study Area and compares demand to student accommodation supply to determine if there are any gaps in the sector. Enrolment numbers were obtained from publicly available data including websites and historical data published by the DESE.

Our methodology for student accommodation demand looks at two different approaches including:

- **Propensity Approach** – Forecasting student enrolments by a range of cohorts, recognising that different student groups will have different propensities to seek purpose built student accommodation (e.g. a first-year international undergraduate student will generally have a higher preference for on campus accommodation compared to a local domestic postgraduate student). Propensity is simply defined as the proportion of students within a given cohort that live in student accommodation. Propensities can be adjusted to account for changing variables under different scenarios. These forecasts are based on the assumption of student accommodation rents relative to private rents remaining unchanged over time. We note however if travel restrictions on international students remain in place beyond 2021, there will be a risk attached to these growth assumptions being achieved.
- **Benchmark Assessment** – Comparison of the current provision of purpose built student accommodation beds in the Study Area against other universities and applying student accommodation supply benchmarks to forecast enrolment growth to get an indication of potential supply that can be supported in the market.

9.4.2 Student Enrolment Forecasts

As shown in Table 28, Urbis has estimated full-time on-campus enrolments at the Inner Sydney Universities based on DESE data, historical growth rates, government population projections by age cohort and Department of Home Affairs projections on inbound foreign student arrivals. The forecasts take into consideration the impacts of COVID-19 on travel restrictions for international and interstate students, as well as universities allowing students to complete their enrolled courses online. This is reflected in the significant drop in projected enrolments for 2021 and steadily increasing to pre-COVID-19 levels by 2025. Student enrolments are projected to grow at a rate of 1.4% between 2019 and 2029, noting there are reduced growth rates between 2020 and 2022. This equates to an average increase of 2,080 students per annum over the 10-year period.

International students are forecast to grow at an average rate of 1.5% and domestic student enrolments at 1.2% annually. This projected growth in international enrolments is below historical growth rates over the last four years, which reflects the potential that over the next five years, the universities may reach a ceiling in the proportion of international students they can sustainably service as the level of support they require is generally higher than domestic students. This can restrict sustainable international growth unless domestic enrolments also increase.

Cohort	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Change (2019-2029)
Commencing												
<u>Local Domestic</u>												
Undergraduate	20,002	20,142	20,283	20,648	21,019	21,398	21,783	22,175	22,596	23,025	23,463	3,461
Postgraduate	3,839	3,847	3,854	3,877	3,901	3,924	3,948	3,971	4,035	4,099	4,165	326
<u>Domestic - Interstate/Regional</u>												
Undergraduate	3,743	3,770	3,506	3,681	3,828	3,905	3,956	4,007	4,071	4,136	4,203	459
Postgraduate	1,128	1,136	1,056	1,109	1,154	1,177	1,192	1,207	1,227	1,246	1,266	138
<u>International</u>												
Undergraduate	9,619	9,811	3,924	5,887	8,535	9,389	10,328	10,431	10,536	10,641	10,747	1,129
Postgraduate	16,379	16,707	6,683	10,024	14,535	15,988	17,587	17,763	17,941	18,120	18,301	1,922
Other	2,239	2,283	913	1,370	1,986	2,185	2,403	2,427	2,452	2,476	2,501	262
Continuing												
<u>Local Domestic</u>												
Undergraduate	38,423	38,319	38,587	38,857	39,344	40,052	40,773	41,507	42,254	43,036	43,853	5,431
Postgraduate	6,240	6,055	6,067	6,079	6,104	6,140	6,177	6,214	6,251	6,320	6,421	181
<u>Domestic - Interstate/Regional</u>												
Undergraduate	6,561	6,557	6,603	6,394	6,316	6,599	6,796	6,908	6,998	7,099	7,213	651
Postgraduate	1,539	1,505	1,516	1,468	1,450	1,515	1,560	1,586	1,606	1,630	1,656	117
<u>International</u>												
Undergraduate	16,346	17,255	17,994	12,720	9,086	13,356	16,600	18,260	19,225	19,417	19,611	3,265
Postgraduate	16,448	17,470	18,219	12,879	9,200	13,523	16,808	18,488	19,466	19,660	19,857	3,409
Other	164	168	175	124	88	130	162	178	187	189	191	27
Grand Total	142,669	145,022	129,379	125,117	126,545	139,281	150,071	155,122	158,844	161,096	163,448	20,779

Table 28 - Projected Inner Sydney University Enrolments, Full-time campus students, 2019-2029
Source: DESE, Urbis

9.4.3 Prosperity Approach

The propensity approach looks at the different propensity for students in different cohorts to seek accommodation within dedicated student accommodation facilities. We note therefore that the propensity model considers demand in the context of relatively unconstrained supply at any point in time. The following chart outlines the different demand levels associated with each key student cohort, based on a review of actual performance at over 40 universities in Australia and New Zealand over the past 10 years.

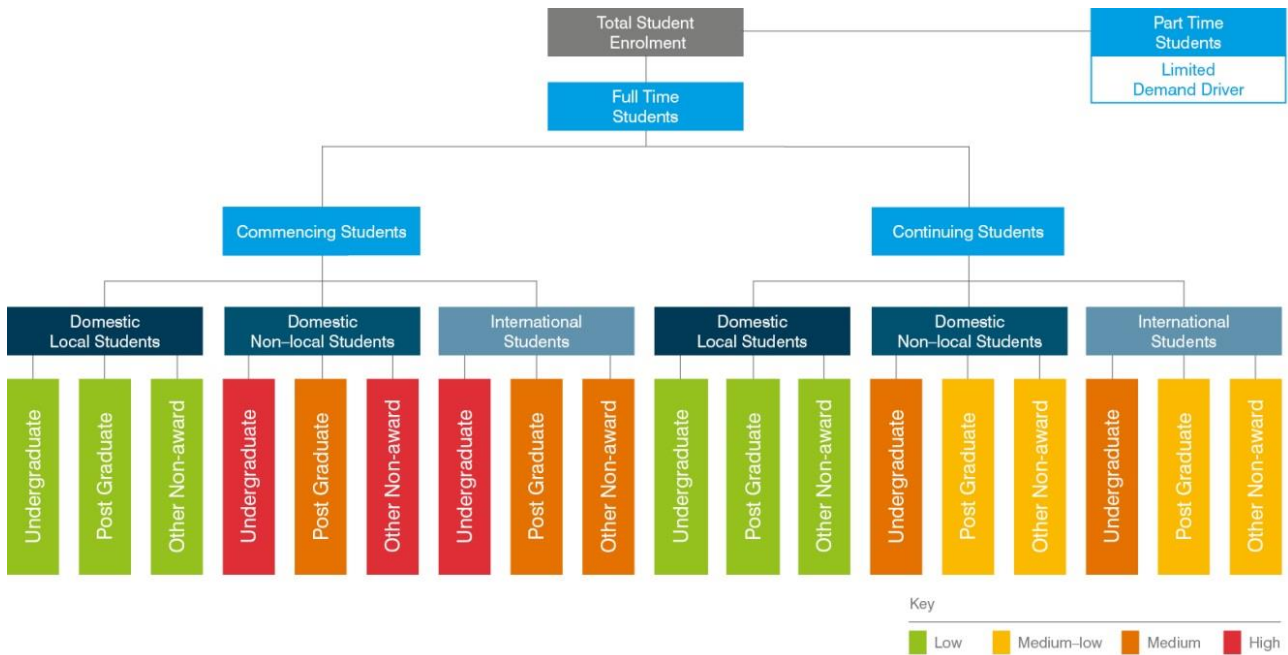


Chart 5 - Propensity Approach, Relative Demand by Student Cohort

Our propensity approach for student accommodation demand, forecasts student enrolments by a range of cohorts, recognising that different student groups will have different propensities to seek purpose built student accommodation (e.g. a first year international undergraduate student will generally have a higher preference for on campus accommodation compared to a local domestic postgraduate student).

Propensities adopted within this assessment have been estimated based on work undertaken for Group of Eight (Go8) universities as comparable institutions. The Go8 comprises Australia’s leading research-intensive universities, of which both UNSW and USyd are members. As such, Urbis has adopted propensities for USyd and UNSW generally in line with the Go8 benchmark averages (higher in some cases as the Sydney residential market has generally been tighter than other capital cities). Propensities for UTS and Notre Dame have been discounted, as their student population is typically less affluent and therefore more students are likely to choose lower cost share house accommodation. Propensities can be adjusted to account for changing variables under different scenarios.

The propensities adopted for this assessment consider that the residential market in Inner Sydney is generally tighter over the long term than most other capital cities in Australia which makes it challenging for students to compete with professionals for rental accommodation, albeit with an increasing supply at present. The current impacts of

COVID-19 have also been considered and are reflected in the reduction of propensities for domestic, regional, interstate and international students between 2020 and 2022. This is due to the significant rental price decreases which are being experienced across Inner Sydney. It is expected the rental market will have mostly recovered post-2022.

The below table demonstrates demand for differing student cohorts. Student accommodation demand is calculated by applying adopted propensities to Urbis forecast enrolments for USyd, UNSW, UTS and Notre Dame. The projections consider the impacts of COVID-19 on travel restrictions and universities transitioning to online learning, which may restrict or deter students from enrolment into the foreseeable future. Student accommodation demand within the catchment is estimated to be 21,872 beds in 2019 and projected to decrease to 14,324 by 2022, before increasing to 24,961 by 2029. This equates to an annual increase in bed demand of 309 beds, at a growth rate of 1.3% per annum over the 10-year period.

Cohort	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Change (2019-2029)
Commencing												
<u>Local Domestic</u>												
Undergraduate	494	398	401	408	519	529	538	548	558	569	580	86
Postgraduate	63	50	50	51	64	64	64	65	66	67	68	5
<u>Domestic - Interstate/Regional</u>												
Undergraduate	2,143	1,727	1,606	1,686	2,192	2,236	2,265	2,294	2,331	2,368	2,406	263
Postgraduate	297	239	222	234	304	310	314	318	323	328	333	36
<u>International</u>												
Undergraduate	5,258	4,827	1,931	2,896	4,666	5,133	5,646	5,702	5,759	5,817	5,875	617
Postgraduate	3,607	3,311	1,324	1,987	3,201	3,521	3,873	3,911	3,951	3,990	4,030	423
Other	1,189	1,091	436	655	1,055	1,160	1,276	1,289	1,302	1,315	1,328	139
Continuing												
<u>Local Domestic</u>												
Undergraduate	575	455	458	461	584	594	605	616	627	639	651	76
Postgraduate	55	43	43	43	54	54	55	55	55	56	57	2
<u>Domestic - Interstate/Regional</u>												
Undergraduate	1,833	1,461	1,472	1,425	1,760	1,839	1,893	1,925	1,950	1,978	2,010	177
Postgraduate	211	165	167	161	199	208	214	218	221	224	227	16
<u>International</u>												
Undergraduate	4,301	4,088	2,984	3,014	2,392	3,516	4,370	4,807	5,061	5,112	5,163	862
Postgraduate	1,828	1,751	1,279	1,291	1,025	1,506	1,872	2,060	2,168	2,190	2,212	384
Other	18	17	13	13	10	15	19	20	22	22	22	4
Total	21,872	19,624	12,386	14,324	18,023	20,684	23,004	23,828	24,393	24,674	24,961	3,089

Table 29 - Projected Student Accommodation Propensity Demand, Study Area, 2019-2029
Source: Urbis Student Accommodation Demand Model

9.4.4 Benchmark Approach

The below table outlines the projected future student accommodation demand derived from the benchmark approach from 2019 to 2029. Based on a baseline supply rate of 8.9 full-time on-campus students for every bed, demand would increase by 2,310 beds over the next decade. When a higher benchmark of 7 full-time on-campus students per bed is assumed, there is estimated to be demand for around 20,381 beds in 2019, increasing by 2,968 to reach a demand for 23,350 beds in 2029.

It should be noted that Inner Sydney has a benchmark supply of around 9.5 full-time on-campus students per student accommodation bed, which is below the Inner Melbourne and Inner Brisbane benchmark at 7.1 and 6.6 students per bed respectively.

The following was also taken into consideration:

- USyd recorded a ratio of 6.6 full time students per PBSA bed
- UNSW recorded a ratio of 9.5 full time students per PBSA bed
- UTS recorded a provision of 11.4 full time students per PBSA bed
- Notre Dame does not provide on-campus accommodation therefore has recorded a provision of 201 full time students per PBSA bed.

It is noted that the propensity approach is the preferred method for forecasting future student accommodation demand.

Benchmark - Full Time Students per Bed	2019	2020	2022	2024	2026	2028	2029	Change (2019-2029)
7 - Potential	20,381	20,717	17,874	19,897	22,160	23,014	23,350	2,968
8.9 - Baseline	15,862	16,124	13,911	15,485	17,247	17,911	18,172	2,310

Source: Urbis

Table 30 - Benchmark Demand, Study Area, 2019-2029

9.4.5 Gap Assessment

The following table compares the projected supply gap in student accommodation derived under the benchmark and propensity approaches. When assessing PBSA demand within a study area Urbis looks at two scenarios. The first is if all “firm supply” comes to market and the other is if all “potential supply” comes to market. Firm supply is considered to be all projects that are already under construction or committed while potential supply includes all projects including those under construction or in the development approval, development application or early planning stage.

Student accommodation supply within the Study Area is estimated to be 15,862 beds in 2019 and projected to increase to 17,068 beds based on firm supply and 20,210 beds based on potential supply by 2024. Firm supply is then projected to remain the same at 17,068 beds to 2029 based on firm supply and increase to 22,046 beds based on potential supply in 2029.

Using the Propensity Approach, student accommodation demand within the Study Area is estimated to be 20,872 beds in 2019 and projected to decrease to 20,684 beds by 2024 and increase to 24,961 beds by 2029. This equates to an annual increase in bed demand of 309 beds at a growth rate of 1.3% per annum.

Applying the Propensity Approach, the supply gap in 2024 is projected to decrease to 3,616 beds based on firm supply and 474 based on all supply coming forward. By 2029, the supply gap is projected to increase to 7,893 beds based on firm supply and 2,915 based on all potential supply.

Using the Benchmark Approach, student accommodation demand within the Study Area is estimated to be 20,381 beds in 2019 and projected to decrease to 19,897 beds by 2024 and increase to 23,350 beds by 2029. This equates to an annual increase in bed demand of 297 beds at a growth rate of 1.4% per annum.

Applying the Benchmark Approach, the supply gap in 2024 is projected to decrease to 2,829 beds based on firm supply and there will be an oversupply of 313 beds based on all supply coming forward. By 2029, the supply gap is projected to increase to 6,282 beds based on firm supply and 1,304 based on all potential supply.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Change (2019-2029)
Benchmark Approach												
7 Students per Bed												
Demand	20,381	20,717	18,483	17,874	18,078	19,897	21,439	22,160	22,692	23,014	23,350	2,968
Supply (Firm)	15,862	15,862	16,472	17,068	17,068	17,068	17,068	17,068	17,068	17,068	17,068	1,206
Supply (Potential)	15,862	15,862	16,472	18,828	20,210	20,210	20,752	21,604	22,046	22,046	22,046	6,184
Gap (Firm)	4,519	4,855	2,011	806	1,010	2,829	4,371	5,092	5,624	5,946	6,282	
Gap (Potential)	4,519	4,855	2,011	-954	-2,132	-313	687	556	646	968	1,304	
Propensity Approach												
Propensity Approach												
Demand	21,872	19,624	12,386	14,324	18,023	20,684	23,004	23,828	24,393	24,674	24,961	3,089
Supply (Firm)	15,862	15,862	16,472	17,068	17,068	17,068	17,068	17,068	17,068	17,068	17,068	1,206
Supply (Potential)	15,862	15,862	16,472	18,828	20,210	20,210	20,752	21,604	22,046	22,046	22,046	6,184
Gap (Firm)	6,010	3,762	-4,086	-2,744	955	3,616	5,936	6,760	7,325	7,606	7,893	
Gap (Potential)	6,010	3,762	-4,086	-4,504	-2,187	474	2,252	2,224	2,347	2,628	2,915	

Table 31 - Student Accommodation Supply Gap, Study Area, 2019-2029
Source: Urbis

9.5 Key Implications

While COVID-19 and the restrictions on international migration is projected to have an impact on demand for student accommodation, it is anticipated that the impacts will be largely alleviated by 2024, with significant demand for student accommodation returning by 2025.

Student accommodation at the subject site will leverage off its positioning between four major university campuses and strong public transport connectivity, which will allow it to attract a diverse range of students. In addition, the market is projected to be undersupplied in the longer term unless new accommodation is developed. It is with this in mind that we have determined an additional 474 student accommodation beds are supportable within the market.

The development of student accommodation within Waterloo will also have the benefit of offering some housing diversity as the majority of current dwellings are apartments. Furthermore, once occupied, the addition of 474 student residents on the site will help activate the precinct outside core business hours and benefit the night-time economy.

10. Residential Assessment

10.1 Proposed Development

The proposed development incorporates a total of 17,467.9 sq.m of residential floorspace within the Central Precinct (with frontage to Botany Road) and the Southern Precinct (with frontage to Wellington Street). The Central Precinct includes 12,030.9 sq.m of residential GFA, comprising of around 126 market apartments and 24 affordable apartments. The Southern Precinct includes 5,437 sq.m of residential GFA, comprising of 70 social housing units.

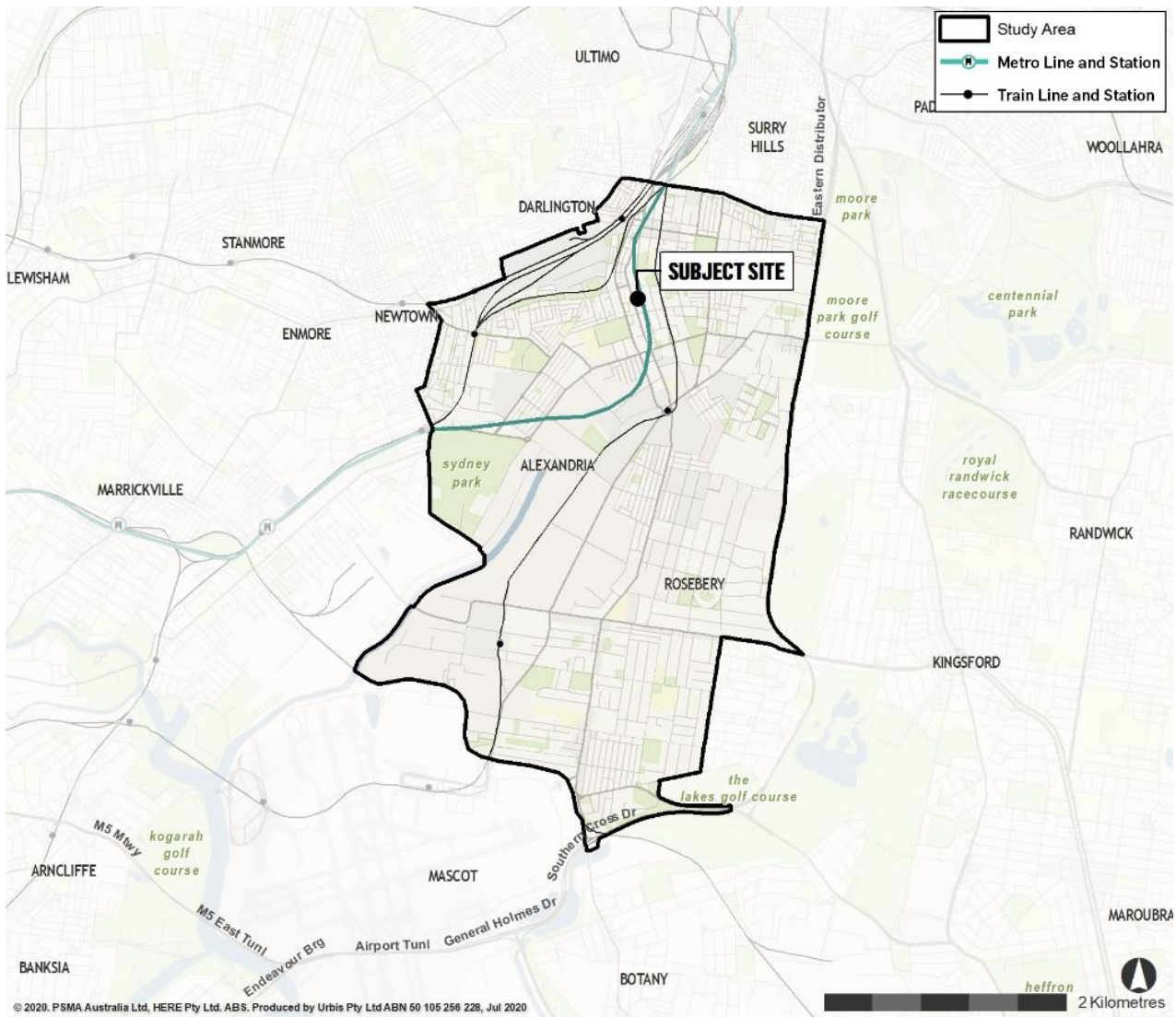
10.2 Study Area

The following map outlines the Study Area that has been adopted for the assessment of the residential market demand. The Study Area is generally bounded by:

- Redfern to the north
- Erskineville to the west
- Rosebery to the east
- Mascot to the south.

The Study Area indicates that Waterloo is part of a South Sydney residential market. The Study Area reflects the significant urban redevelopment in the area and the proximity to the CBD. After reviewing migration patterns of new residents to the Waterloo-Beaconsfield Statistical Area 2 (SA2), which comprises the suburbs of Waterloo, Zetland, Rosebery and Beaconsfield it revealed:

- There were 19,143 (70% of total) residents in the Waterloo-Beaconsfield SA2 in 2016 that had moved address from 2011, highlighting a highly transient population
- Almost half of new residents (8,447 or 44.1%) were from overseas at the 2016 Census which reflects new apartment developments in the area being attractive to new migrants looking to be close to employment hubs
- The majority of new residents from within Sydney moved from within a radius of around 6km of Waterloo.



Map 9 - Study Area Definition

10.3 Supply

10.3.1 Existing Supply

The below chart outlines the historical dwelling mix in the Study Area and Greater Sydney between 2011 and 2016. Flat, unit or apartment dwellings account for the majority of dwelling supply in the Study Area.

The share of apartments increased by 8 percentage points in the Study Area and 2 percentage points in Metropolitan Sydney from 2011 to 2016. The significant increase in the Study Area exceeded the Sydney average and is in line with the growing high density development within the Study Area.

Given the number of proposed future apartment developments in the pipeline it is likely that the proportion of apartments in the future is expected to increase further.

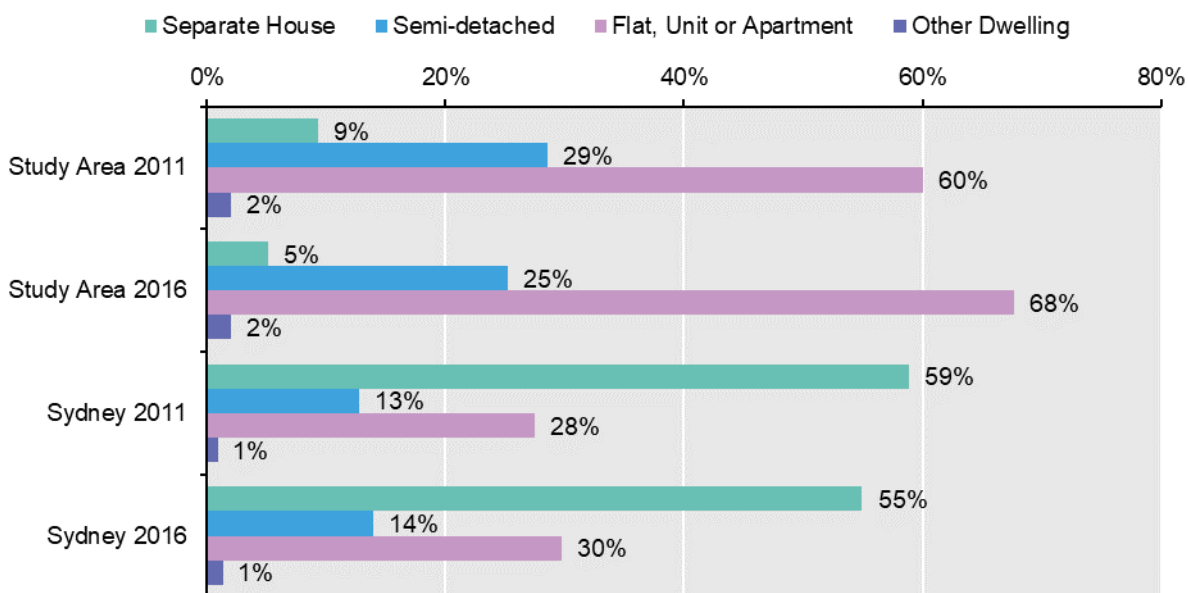


Chart 6 - Dwelling Type, 2011 - 2016, Study Area and Greater Sydney
 Source: ABS 2016 Census, Urbis

Dwelling Approvals

The following chart outlines the breakdown of new dwelling approvals in the Study Area over the last 10 years ending in 2019. During this period, 2009 recorded the lowest number of new apartment dwelling approvals, at 643 which is likely attributed to the decline in development during the Global Financial Crisis (GFC). Overall apartments have fluctuated between 87% and 98% of approved dwellings over the past 10 years, which highlights that apartments are the preferred product type in the Study Area.

After 2009, apartment dwelling approvals have fluctuated between 1,000 to 4,000 per year, whilst other dwelling forms have remained constant with an average of 40 houses and 50 townhouses per year across the Study Area. Apartment approvals peaked in 2016 with 3,997 new apartment dwelling approvals. The residential market has softened in Sydney over the last three years with approvals falling to around 1,000 in 2019. This highlights the slowdown in new commencements and highlights that future supply could fall in the Study Area.

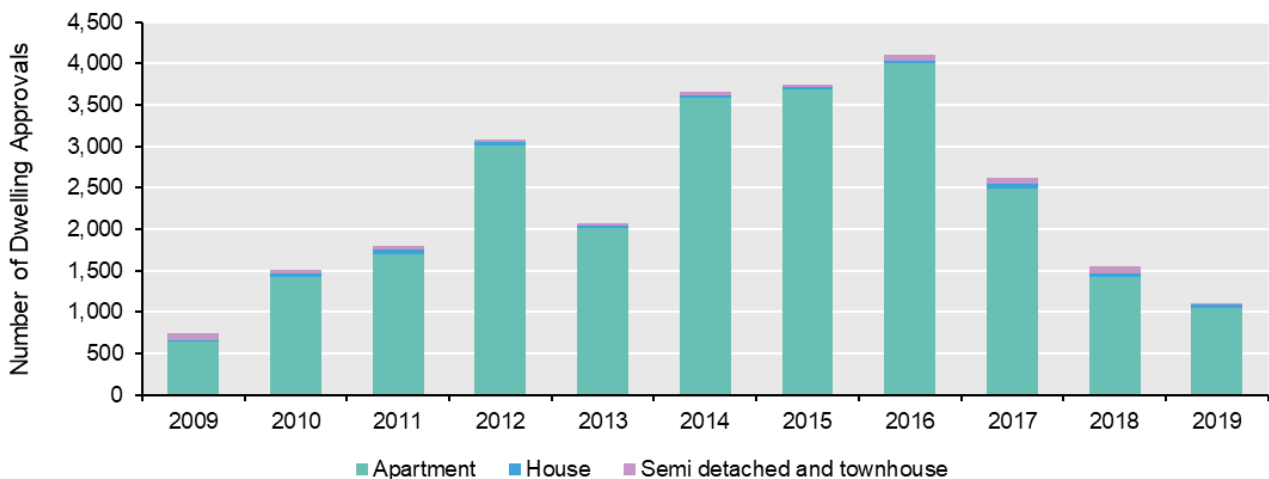


Chart 7 - Dwelling Approvals, Study Area (SA2)*, 2009 - 2019

Source: ABS, Urbis

Note *: Data is retrieved at an SA2 level and differs slightly from the Study Area. The suburbs of Chippendale and Eastlakes have been included

10.3.2 Future Supply

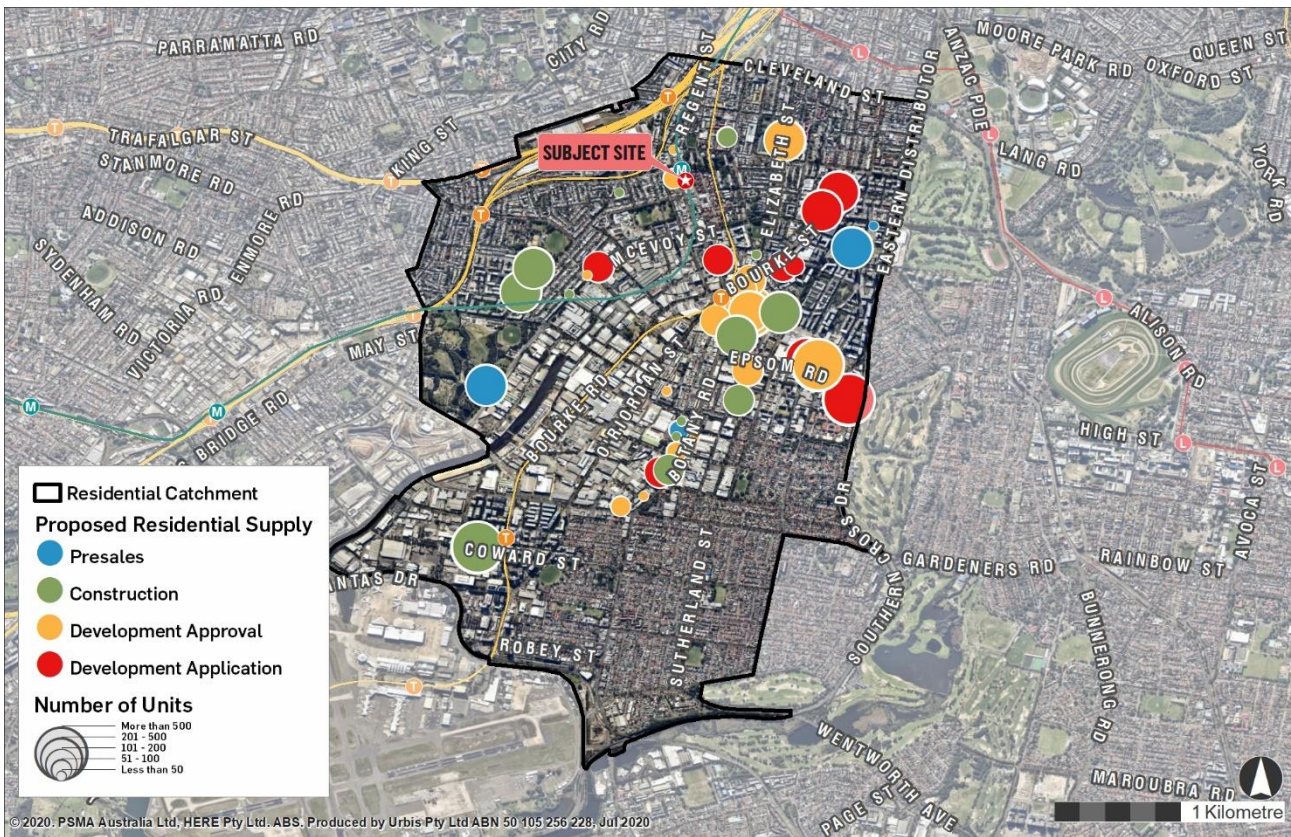
According to Sydney apartment Essentials and Cordell Connect research there are approximately 46 residential apartment projects with over 25 dwellings proposed within the Study Area with a total of 9,728 units to be completed by 2030. These projects range from being in development application to being under construction. A complete list of projects with over 25 dwellings is included in Appendix 3.

The below table shows a breakdown of all projected completions in the Study Area by year and status. There is moderate firm supply in the short term with 1,513 apartments projected to be completed over 2020 and 2021. Of total proposed supply, 3,216 (36%) are considered to be firm (either under construction or currently selling). The majority of supply is mooted ranging from development application to development approval, with considerable uncertainty in the current market relating to if and when it will be developed. As such, it is important that there is sufficient supply in the pipeline to allow for developments that do not proceed.

Status	Stage	2020	2021	2022	2023	2024	2025+	Total
Firm	Construction	711	802	542	250	0	0	2,305
	Presales	0	0	61	430	420	0	911
Mooted	Development Approval	0	0	993	1,051	593	563	3,200
	Development Application	0	0	0	450	257	1,931	2,638
Total		711	802	1,596	2,181	1,270	2,494	9,054

Table 32 - Apartment Pipeline by Status and Stage, 2020 to 2025+

Source: Cordell Connect, Urbis



Map 10 - Proposed Residential Supply by Construction Stage, Proposed Future Supply - 2020 to 2025+

10.4 Demand Assessment

10.4.1 Social Housing Waiting Lists

Low income, rising unemployment and an unaffordable private rental market has been driving the demand for social housing across New South Wales. Those who have managed to obtain social housing are now staying longer with the average length of a social housing lease increasing and more than 50% of people in social housing holding a lease for 10 years or more.

This has resulted in reduced vacancies and increased wait times for social housing with the waitlist rising to 51,014 households needed across New South Wales as at 30 June 2019. This is in addition to the 151,898 social housing dwellings that were already occupied. With COVID-19 expected to impact unemployment rates it is almost certain that demand for affordable and social housing will increase over the coming years.

Within the Inner City as at 30 June 2019, there was 1,113 households on the waitlist for social housing. The table below lists the estimated waiting periods for social housing dwelling by dwelling type indicating the significant need for additional social housing within the Inner Sydney area.

Dwelling Type	Expected Wait Time
Studio/1 Bedroom	5 to 10 years
2 Bedroom	10+ years
3 Bedroom	10+ years
4+ Bedrooms	5 to 10 years

Table 33 - Inner City – Sydney
Source: NSW Communities and Justice

10.4.2 Housing Targets

All: City of Sydney’s Local Housing Strategy establishes the City’s priorities, objectives and actions for future housing delivery. It also provides targets for private housing, non-private housing, social housing, and affordable rental housing targets out to 2036, as shown in the table below. Between 2022 and 2026, the City aims to deliver 2,160 private market dwellings per year, 540 affordable dwellings per year, 100 social dwellings per year, and 610 non-private dwellings per year.

Housing	Total 2016	2016-2021 (0-5 year) target	2022-2026 (6-10 year) target	2027-2036 (11-20 year) contribution	Total 2036
Total private dwellings	105,860	18,300	14,000	17,700	155,860
Private market	95,309	15,092	10,792	11,285	132,480
Affordable	835	2,714	2,714	5,428	11,690
Social	9,716	494	494	987	11,690
Non-private dwellings	11,569	2,575	3,033	392	17,569
Total dwellings	117,429	20,875	17,033	18,092	173,429

Table 34 - Sydney LGA Dwelling Targets, 2016-2036
Source: City of Sydney

10.4.3 Housing Affordability

The following two pages contain a matrix which demonstrates housing affordability across the Study Area. The first matrix shows the existing capacity of households to pay their rent based on their household income. The red line indicates the 30% income threshold, above which housing is considered unaffordable (rental stress). The heatmap shows the way in which weekly household incomes and weekly household rents intersect, with darker green cells representing a larger proportion of households.

For the Study Area the median weekly household income is **\$2,150** and the median weekly rent is **\$538** (as indicated in **purple** in the matrix below).

The matrix shows that a large portion of households that are renting in the Study Area are paying more than 30% of their income towards weekly rent – as indicated by the darker green cells above the red line. The matrix identifies that of the 4,799 people receiving financial assistance within the Study Area, **rent is unaffordable for 3,866 (81%)** of them. Of the 2,350 renting households in the low income bracket (50%-80% of median income), around **1,135 households (48%) do not have access to affordable rental housing**.

The second matrix adopts the same methodology as the household income by rent matrix, however it shows existing capacity for households to pay their monthly mortgage repayments based on their annual salary. Similarly, the red line indicates the 30% threshold and households that fall above the line are paying more than 30% of their income on monthly mortgage repayments. The Study Area median household income is \$111,800 and the median monthly mortgage is \$2,622 (as indicated in purple in the matrix).

Of all households in the Study Area a large proportion are paying more than 30% of their income on monthly mortgage repayments. The matrix shows that for most individuals on income support, the monthly mortgage repayments are more than 30% of their income, with only 28 households paying less than 30%. Of the key worker household salary ranges (\$78,000 - \$129,000) a very large proportion are paying more than 30% in monthly mortgage repayments – shown by the darker green cells above the red line.

Of the 576 households with a mortgage in the very low income bracket (<50% of median income), 498 households (86%) are paying unaffordable mortgage repayments. Of the 812 households with a mortgage in the low income bracket (50%-80% of median income), around 623 households (77%) are paying unaffordable mortgage repayments.

Overall, this analysis identifies there is a significant proportion of the Study Area that are paying unaffordable rent and mortgage repayments (more than 30% of their income), which indicates the strong need for more affordable housing within the area.

	Weekly Rent Paid										Total
	< \$300	\$300-\$349	\$350-\$399	\$400-\$449	\$450-\$549	\$550-\$649	\$650-\$749	\$750-\$849	\$850-\$949	> \$950	
\$1-\$149 (\$1-\$7,799)	102	0	3	8	12	22	24	28	9	11	219
\$150-\$299 (\$7,800-\$15,599)	565	9	7	18	19	36	36	19	10	15	734
\$300-\$399 (\$15,600-\$20,799)	821	16	13	16	35	29	19	3	6	4	962
\$400-\$499 (\$20,800-\$25,999)	884	23	17	54	52	35	27	20	0	17	1,129
\$500-\$649 (\$26,000-\$33,799)	239	33	30	46	70	61	43	15	4	14	555
\$650-\$799 (\$33,800-\$41,599)	376	53	38	70	84	80	69	16	6	10	802
\$800-\$999 (\$41,600-\$51,999)	250	49	46	84	149	112	119	35	20	16	880
\$1,000-\$1,249 (\$52,000-\$64,999)	125	72	99	114	229	191	168	55	13	21	1,087
\$1,250-\$1,499 (\$65,000-\$77,999)	68	51	69	114	258	250	193	59	16	33	1,111
\$1,500-\$1,749 (\$78,000-\$90,999)	48	34	53	91	296	263	212	65	23	36	1,121
\$1,750-\$1,999 (\$91,000-\$103,999)	32	14	41	84	263	291	202	61	20	27	1,035
\$2,000-\$2,499 (\$104,000-\$129,999)	58	37	29	117	621	734	510	188	67	76	2,437
\$2,500-\$2,999 (\$130,000-\$155,999)	35	21	19	56	302	499	457	163	48	68	1,668
\$3,000-\$3,499 (\$156,000-\$181,999)	0	10	17	26	159	336	424	176	67	57	1,272
\$3,500-\$3,999 (\$182,000-\$207,999)	27	8	5	13	176	328	397	196	90	73	1,313
\$4,000-\$4,499 (\$208,000-\$233,999)	0	0	0	0	32	92	153	84	42	53	456
\$4,500-\$4,999 (\$234,000-\$259,999)	0	0	4	6	40	115	177	87	43	61	533
\$5,000-\$5,999 (\$260,000-\$311,999)	3	3	0	4	37	71	136	91	49	83	477
\$6,000-\$7,999 (\$312,000-\$415,999)	0	0	4	0	14	41	118	63	39	81	360
\$8,000 or more (\$416,000 or more)	0	0	0	0	0	0	0	4	4	28	36
Total	3,633	433	494	921	2,848	3,586	3,484	1,428	576	784	18,187

Table 35 - Distribution of Household Income of Renter Households to Weekly Rent Paid, Study Area
Source: ABS, Urbis

	Monthly Mortgage Paid															Total
	<\$450	\$600-\$799	\$800-\$999	\$1,000-\$1,199	\$1,200-\$1,399	\$1,400-\$1,599	\$1,600-\$1,799	\$1,800-\$1,999	\$2,000-\$2,199	\$2,200-\$2,399	\$2,400-\$2,599	\$2,600-\$2,999	\$3,000-\$3,999	\$4,000-\$4,999	>\$5,000	
\$1-\$7,799	9	0	0	0	0	0	3	7	4	0	4	0	10	0	0	37
\$7,800-\$15,599	15	0	5	3	8	0	4	0	11	3	6	0	4	0	0	59
\$15,600-\$20,799	0	0	0	5	0	4	4	0	3	0	0	0	6	0	0	22
\$20,800-\$25,999	13	0	5	8	0	7	13	7	8	0	3	0	8	0	0	72
\$26,000-\$33,799	13	4	13	13	6	0	10	10	18	5	4	6	15	4	3	124
\$33,800-\$41,599	22	0	15	9	17	21	15	0	15	7	3	16	13	3	5	161
\$41,600-\$51,999	13	3	15	22	15	18	24	10	25	14	7	16	27	11	4	224
\$52,000-\$64,999	26	3	21	16	34	32	31	28	32	22	16	32	50	18	11	372
\$65,000-\$77,999	11	9	21	13	45	34	34	41	53	24	31	47	70	13	5	451
\$78,000-\$90,999	41	4	27	24	31	28	40	32	74	23	35	46	51	24	4	484
\$91,000-\$103,999	23	0	16	28	27	39	33	34	74	26	39	60	81	21	12	513
\$104,000-\$129,999	80	21	26	39	53	64	87	71	194	103	87	160	235	64	31	1,315
\$130,000-\$155,999	23	8	11	15	28	22	38	42	109	45	48	97	161	65	38	750
\$156,000-\$181,999	32	4	10	18	25	30	35	28	83	29	51	84	190	65	38	722
\$182,000-\$207,999	47	3	9	32	23	29	36	40	74	48	75	102	284	103	76	981
\$208,000-\$233,999	13	0	0	7	17	4	9	3	28	12	25	39	113	52	37	359
\$234,000-\$259,999	8	7	4	4	11	15	20	14	41	22	25	43	121	78	53	466
\$260,000-\$311,999	6	0	3	7	12	11	7	16	39	27	25	41	128	70	68	460
\$312,000-\$415,999	18	4	3	12	8	3	4	3	30	10	20	30	94	81	104	424
\$416,000-\$519,999	0	0	0	0	0	0	0	0	0	0	0	0	4	11	8	23
Total	413	70	204	275	360	361	447	386	915	420	504	819	1,665	683	497	8,019

Table 36 - Distribution of Annual Household Income for Purchaser Households to Monthly Mortgage Repayment, Study Area
 Source: ABS, Urbis

10.4.4 Dwelling Demand

The NSW Department of Planning, Industry and Environment (DPIE) projects Metropolitan Sydney's population growth to be 1.7% per annum over the next decade, equating to demand for around 33,000 additional dwellings per year. Around 53% of new dwelling approvals across Sydney over the past three years were apartments. As new greenfield land gets developed, we estimate that the proportion of apartments will increase over the next decade to around 65% in 2030. This equates to demand for approximately 20,200 additional apartments per year over the next decade.

This growth will be driven by higher density development around new metro train stations, light rail stations and urban renewal precincts. It is important to note that future dwelling demand will be driven by both population growth (i.e. new residents in the catchment) as well as household formation.

A dwelling demand and gap analysis has been undertaken, based on an assessment of the forecast population growth of new residents in the catchment (which considers the impacts of COVID-19 on population growth), household formation and future apartment supply. Key findings are:

- We forecast that the catchment has the potential to achieve a share of around 4% of population growth-driven future apartment demand in Metropolitan Sydney in 2020, which will increase to 5% by 2024 onwards as a result of the opening of the Metro rail.
- This share reflects the average historical share of Sydney apartment approvals that have occurred in the catchment area and the significant competition from other areas throughout Sydney for future apartment demand.
- The above demand factors equate to an average of around 1,000 apartments between 2020 and 2030, noting there is reduced demand in 2020 and 2021 due to COVID-19 impacts. This will result in an estimated cumulative demand of 11,000 dwellings.
- It has been assumed that some of the mooted supply will be deferred in the short to medium term as a result of the impact of COVID-19 on the residential market.

10.4.5 Gap Assessment

Although demand is expected to be reduced due to COVID-19, it is still projected there will be a supply gap of 586 apartments by 2024. This is based on the above demand forecasts in addition to historic and project future supply pipeline for apartments within the Study Area. By 2030 there is anticipated to be a supply gap of 1,942 apartments within the Study Area.

The 220 apartments at the subject site represents a total of 38% of unmet apartment demand in 2024 and only 11% of total unmet demand in the Study Area by 2030. This size residential development is supportable based on the significant demand for apartment dwellings within the Study Area in addition to the subject site's strong competitive position, due to its prime location with convenient access to Waterloo metro station, presenting an attractive option for people seeking a CBD fringe location with easy access to the CBD itself.

10.5 Key Implications

Based on the above residential market demand assessment it is clear there is ongoing demand for residential apartments within the Waterloo Catchment. This is attributed to the close proximity to the Sydney CBD and other employment hubs, as well as positioning close to education, retail and transports hubs.

The supply and demand analysis demonstrated there is likely to be an undersupply of approximately 1,942 apartment dwellings within the Study Area by 2031. The proposed development is made up of 126 market apartments which will easily be absorbed within the market given the high demand for residential accommodation. Furthermore, given that there are more than 51,014 households currently on the waitlist for affordable and social housing in NSW and 1,113 households within the inner city, it is evident that the 70 social housing units will be easily absorbed by the market. Additionally, given the large proportion of residents within the Study Area that are paying unaffordable mortgages and rents (more than 30% of their income), the addition of 24 affordable apartments within the Study Area will be highly beneficial.

It is noted that of the total 220 dwellings proposed, 42% are in the social/affordable category, which will have positive social benefits and support take-up.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Projected Cumulative Supply	711	1,513	2,311	3,402	4,037	4,873	5,709	6,545	7,381	8,217	9,054
Projected Cumulative Demand	803	1,619	2,604	3,605	4,623	5,690	6,775	7,876	8,995	9,977	10,995
Projected Cumulative Gap (- Deficit/+ Surplus)	-92	-106	-293	-203	-586	-818	-1,066	-1,332	-1,615	-1,760	-1,942

Table 37 - Projected Apartment Demand and Gap, Study Area, 2020-2031
Source: Urbis, City of Sydney

11. Economic Benefit Assessment

This section details the direct and indirect economic benefits likely to flow from the proposed development at the subject site, including employment generation, economic growth, additional retail spending, and improved housing choice and affordability.

11.1 Direct and Indirect Economic Benefits

Property development projects, such as the proposed development at the subject site, provide economic benefits to a local economy and wider region during both the development phase and during the ongoing operation or working life of the project. Direct economic benefits during the development phase are identified in the form of expenditure, economic growth and employment benefits. These direct benefits in turn generate flow on (multiplier or indirect) benefits which also benefit the regional and state economies.

The Economic Benefit Assessment (EBA) uses REMPLAN to model the potential economic benefits associated with the proposed development. REMPLAN is an Input Output model that captures inter-industry relationships within an economy. It can assess the area specific direct and flow on implications across industry sectors in terms of employment, wages and salaries, output and value added (Gross State Product).

The potential economic benefits of the proposed development have been quantified in terms of value add expenditure generation and employment generation:

- Expenditure Generation – Estimation of the direct and indirect expenditure impacts resulting from the proposed development. This estimates value added expenditure impacts to the regional and state economies during both the development and operating phases
- Employment Creation – Estimation of the direct and indirect employment impacts resulting from the proposed developments. This estimates employment impacts using standard industry jobs per sq.m benchmarks and regional employment multipliers for New South Wales.

Key points regarding the workings and terminology of the model are as follows:

- REMPLAN uses either the value of investment or employment generation as the primary input. For this analysis, the value of total upfront investment has been used as the key input to assess the benefits of the construction phase, whereas future employment at the development is the input to assessing the on-going economic benefits of the operational phase
- Outputs from the model include direct and indirect employment and value added (i.e. economic growth) generated through the project
- Employment generated includes all full-time and part-time jobs created over the life of the construction phase; or in terms of the on-going operations, total on-going jobs generated
- Both the direct and indirect benefits are modelled for employment and value added
- Direct refers to the effect felt within the industry where the investment is being made. For example, during the construction phase, new direct jobs are created within the construction industry.

Indirect effects are:

- Those felt within businesses that supply goods to the industries directly affected (industry effects)

- Those felt by businesses that benefit from the wages that are earned and spent by those employed within the industries directly affected (consumption-induced effects).

For the purposes of this analysis, consumption-induced effects have been excluded. Consumption-induced effects are prone to overstate the benefits of a particular investment as they overestimate the impact of wage and salary increases in the local economy. This is an accepted conservative industry practice.

11.2 Development Phase

Direct economic benefits during the development phase are identified in the form of employment and value add benefits. These direct benefits, in turn, generate flow on (multiplier or indirect) benefits which also benefit the regional and state economies.

11.2.1 Project Expenditure

Total expenditure estimates for the proposed over station development have been provided by Mirvac. The proposed development at the subject site is estimated to generate approximately \$405 million of direct expenditure (Economic Output) to the local region and Greater Sydney over an assumed 4.5-year planning and development period.

11.2.2 Employment Benefits

New jobs will be supported during the two-year development phase by the direct expenditure on the proposed development. The direct and indirect employment benefits are shown below:

- Direct Jobs = 196 on average over an assumed 4.5-year planning and development period
- Indirect Jobs = 270 on average over an assumed 4.5-year planning and development period
- Total Jobs = 466 over an assumed 4.5-year development period.

11.2.3 Value Added Benefits

Value added benefits (Gross State Product) will be generated from the direct expenditure incurred on the proposed development. Value added essentially represents economic growth for the region and Greater Sydney (i.e. Net Economic Output: this is total economic output minus output which is an input for other sectors). The direct and indirect value added benefits are shown below:

- Direct Value Added = \$108.9 million
- Indirect Value Added = \$152.3 million
- Total Value Added = \$261.3 million.

	Direct	Indirect	Total
Project Expenditure (\$M)	\$405.0	-	\$405.0
Employment (Jobs)	196 jobs over 4.5 years	270 jobs over 4.5 years	466 jobs over 4.5 years
Value Added (\$M, NPV)	\$108.9	\$152.3	\$261.3

Note: NPV calculated using a 7% discount rate
Source: REMPLAN Economy; Urbis

Table 38 - Economic Benefits – Development Phase, Proposed Development (\$2020)

11.3 Operational Phase

In addition to economic benefits that are generated during the development phase of the project, there will be ongoing economic benefits created through the operation of the new facilities on the site. These benefits include growth in employment and value added (Gross State Product).

11.3.1 Employment Benefits

The proposed development includes several employment generating uses such as office, retail, gym, childcare and student accommodation. Based on industry benchmarks, it is estimated that the development would support 3,591 jobs once fully operational. There may also be a few jobs created as a result of the residential component though these have been excluded due to the small number.

Land Use	Proposed GFA (Sq.m)	GFA/Job	Jobs
Commercial	33,843	10	3,384
Child Care	2,203	71	31
Retail	2,185	16	137
Gym	973	65	15
Student Accommodation	12,129	500	24
Total	51,333		3,591

Table 39 - Operational Phase Employment, Proposed Development

The ongoing operation of the proposed facilities will also indirectly support new jobs in the local region and state. The net increase in direct and indirect employment likely to result from the proposed development are shown below:

- Direct Jobs = 3,591
- Indirect Jobs = 1,256
- Total Jobs = 5,996.

11.3.2 Value Added Benefits

Once complete, the proposed facilities will generate additional ongoing value added via annual contributions to Gross State Product (GSP). This represents economic activity which would otherwise not have occurred and averages the following impact over the next 20 years:

- Direct Value-Added = \$374.0 million per year
- Indirect Value-Added = \$197.3 million per year
- Total Value-Added = \$571.3 million per year.

	Direct	Indirect	Total
Employment (Jobs)	3,591	2,405	5,996
Value Added (\$M, NPV)	\$7,480.6	\$3,945.6	\$11,426.2
Avg Value Added Per Annum (\$M, NPV)	\$374.0	\$197.3	\$571.3

Note: NPV calculated using a 7% discount rate over a 20-year operational period (from completion of the overall development)
Source: REMPLAN Economy; Urbis

Table 40 - Economic Benefits – Operational Phase, Proposed Development

11.4 Other Benefits

In addition to supporting additional employment and economic growth, the proposed development will provide a range of other benefits for existing and future Waterloo workers, residents, visitors and businesses as well as the wider Inner Sydney region.

11.4.1 Mixed-Use Precinct

The proposed over station development is anticipated to be a vibrant precinct with a significant on-site resident and employee population. The service based components of the development such as retail, childcare and gym will support the onsite residents and workers as well as residents/workers in the local area. The Waterloo Metro Station will be a major hub for local residents and workers and will benefit from the range of support services and community spaces.

11.4.2 Achieving Job Targets

Job targets, have been projected for the Harbour CBD in the Eastern City District Plan. These targets seek to inform planning authorities and infrastructure agencies of anticipated growth. The lower end of the range of these job targets reflects the baseline of projected job growth that is anticipated in the centre, while the upper end is an aspirational higher growth scenario to reflect outcomes in the case of future investment and land use planning. Overall, the Greater Sydney Commission is targeting an additional 165,100 – 235,100 jobs from 2016 to 2036.

The proposed over station development is project to generate around 3,500 jobs, which will help achieve the significant growth targets.

	Jobs	Growth
2016 Estimate	496,900	
2036 Baseline Target	662,000	165,100
2036 Higher Target	732,000	235,100

Table 41 - Job Targets, Sydney Harbour CBD
Source: Eastern City District Plan

11.4.3 Job Containment

The Sydney LGA has historically enjoyed a relatively high employment self-containment rate. This is a reflection of the large number of residents who both live and work within the LGA. As shown in Chart 9, the proportion of employed Sydney LGA residents who were employed within the Sydney LGA was 64% in 2016. The proposed development includes significant employment uses ranging from retail/service based jobs to office based professional jobs. This diverse range of uses has the potential to further increase employment self-containment within the LGA.

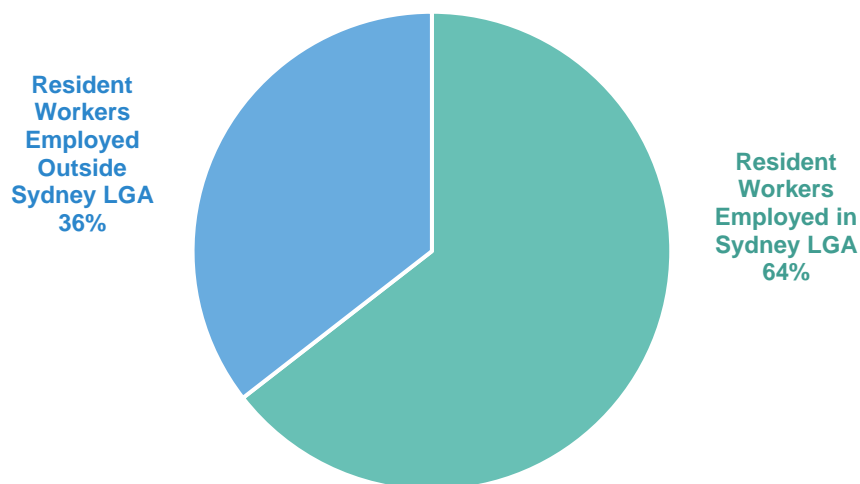


Chart 8 - Employment Self-Containment, Sydney LGA, 2011-16
 Source: ABS

11.4.4 Jobs Close to Work

The NSW Government has a vision for Greater Sydney to become a ‘30 minute city’ where people across the city can access their nearest city centre in 30 minutes by public transport. The opening of the Sydney Metro Rail Line will improve transport connectivity within Sydney with local residents (within the over station development and in the surrounding area) being able to reach more centres by public transport including from Bankstown in the south-west to Macquarie Park in the north. Conversely, people living in these areas will also be able to reach Waterloo within 30 minutes by public transport to work in the onsite businesses.

12. Appendices

12.1 Appendix 1 – Demographic Profile

Data Item	Waterloo	City of Sydney LGA	Greater Sydney (GCCSA)
Population	14,616	208,374	4,823,991
Median age	32	32	36
Average people per household	2	2	2.8
Age Distribution			
Aged 0-4	3.7%	3.3%	6.4%
Aged 5-9	1.8%	1.9%	6.4%
Aged 10-14	1.3%	1.5%	5.8%
Aged 15-19	5.1%	4.0%	6.0%
Aged 20-24	12.1%	13.7%	7.1%
Aged 25-29	17.7%	17.9%	7.9%
Aged 30-34	15.1%	15.1%	8.1%
Aged 35-39	9.2%	9.6%	7.4%
Aged 40-44	5.7%	6.7%	7.1%
Aged 45-49	4.7%	5.5%	6.7%
Aged 50-54	4.1%	4.8%	6.3%
Aged 55-59	4.3%	4.2%	5.8%
Aged 60-64	3.6%	3.5%	5.0%
Aged 65-69	3.8%	3.0%	4.4%
Aged 70-74	2.8%	2.0%	3.3%
Aged 75-79	2.2%	1.4%	2.4%
Aged 80-84	1.7%	0.9%	1.8%
Aged 85+	1.0%	0.9%	2.0%
Country of birth and Indigenous identification (%)			

Australia	35.3%	39.4%	57.1%
Born overseas country #1	China: 13.7%	China: 9.7%	China: 4.7%
Born overseas country #2	England: 4.2%	England: 4.5%	England: 3.1%
Born overseas country #3	New Zealand: 2.6%	Thailand: 3.3%	India: 2.7%
Aboriginal or Torres Strait Islander	3.0%	1.2%	1.5%
Language spoken at home (%)			
English only	47.5%	51.5%	58.4%
Language other than English #1	Mandarin: 12.7%	Mandarin: 9.9%	Mandarin: 4.7%
Language other than English #2	Russian: 3.3%	Thai: 3.2%	Arabic: 4.0%
Language other than English #3	Cantonese: 3.2%	Cantonese: 2.9%	Cantonese: 2.9%
Family composition (%)			
Couple family without children	61.8%	63.1%	33.4%
Couple family with children	18.7%	22.9%	49.5%
One parent family	15.0%	10.0%	15.2%
Other family	4.5%	4.1%	1.8%
Household composition (%)			
Family households	45.9%	47.2%	73.6%
Lone person households	38.0%	37.3%	21.6%
Group households	16.2%	15.5%	4.7%
Dwelling structure (%)			
Separate house	0.3%	2.0%	56.9%
Semi-detached	9.6%	19.7%	14.0%

Flat or apartment	89.7%	77.1%	28.1%
Other dwelling	0.1%	0.5%	0.6%
Tenure (%)			
Owned outright	6.0%	14.0%	29.1%
Owned with mortgage	18.4%	19.9%	33.2%
Rented	70.8%	62.2%	34.1%
Other tenure type	0.9%	0.7%	0.9%
Rent weekly payments (%)			
Median rent	\$520	\$565	\$440
Households where rent payments are less than 30% of household income	94.4%	72.5%	85.8%
Households where rent payments are greater than or equal to 30% of household income	5.6%	27.5%	14.2%
Mortgage monthly repayments (%)			
Median mortgage repayments	\$2,400	\$2,499	\$2,167
Households where mortgage repayments are less than 30% of household income	94.4%	94.9%	91.6%
Households with mortgage repayments greater than or equal to 30% of household income	5.6%	5.1%	8.4%
Employment (%)			
Unemployed	8.2%	6.0%	6.0%
Occupation (%)			

Professionals	36.8%	37.7%	26.3%
Technicians and Trades Workers	8.0%	7.9%	11.7%
Clerical and Administrative Workers	11.5%	11.1%	14.6%
Managers	17.3%	17.0%	13.7%
Sales Workers	8.4%	7.6%	9.0%
Labourers	4.7%	5.1%	7.5%
Community and Personal Service Workers	9.2%	10.2%	9.6%
Machinery Operators and Drivers	2.2%	1.5%	5.6%
Income (\$)			
Median personal weekly income	\$786	\$953	\$719
Median family weekly income	\$2,217	\$2,524	\$1,988
Median household weekly income	\$1,503	\$1,926	\$1,750
Level of highest educational attainment (%)			
Year 9 or below	4.1%	2.4%	7.1%
Year 10	4.2%	2.9%	9.4%
Year 11	2.1%	1.5%	3.1%
Year 12	19.4%	17.9%	17.3%
Certificate level I-IV	7.1%	5.6%	12.2%
Advanced Diploma and Diploma level	7.9%	8.4%	9.3%
Bachelor Degree level and above	37.1%	44.0%	28.3%
Motor vehicles (%)			

None	38.0%	39.0%	11.1%
1 motor vehicle	43.5%	43.2%	37.1%
2 motor vehicle	10.8%	11.5%	32.8%
3 or more vehicles	1.8%	2.0%	15.7%
Method of travel to work (%)			
People who travel to work by public transport	41.1%	35.6%	22.8%
People who travel to work by car as driver or passenger	29.6%	23.2%	59.8%

Source: Urbis, City of Sydney

12.2 Appendix 2 – Childcare

Childcare Facilities	Approved places	Days with vacancies	Ages	Type
1. DN Lois Barker Children's Care Centre	45	Monday to Friday	6 weeks - 5 years	Long day care
3. KU Sunbeam Preschool	37	Monday to Friday	2 - 5 years	Long day care
4. KU Honey Bird Child Care Centre	90	Monday to Friday	6 weeks - 6 years	
5. KU James Cahill Preschool	48	Monday, Wednesday, Thursday, Friday	2 - 5 years	Preschool
6. Alexandria Childcare Centre	66	N/A	6 weeks - 6 years	Long day care
7. SDN Redfern Children's Education	64	Monday to Friday	6 weeks - 5 years	Long day care
8. Redfern Early Childhood Centre	90	N/A	0 - 6 years	Preschool
9. Poets Corner Preschool	20	Monday, Tuesday, Thursday, Friday	3 - 5 years	Preschool
10. The Green Elephant	60	Monday, Wednesday, Thursday, Friday	6 weeks - 5 years	Long day care
11. Redfern Occasional Child Care	36	N/A	6 weeks - 6 years	Occasional care
12. Only About Children	84	Monday - Thursday	3 - 5 years	Long day care, pre-school, occasional
13. KU Union	50	Monday to Friday	6 weeks - 5 years	Long day care
14. Moore Park Children's Early Learning Centre	77	Monday to Friday	6 weeks - 6 years	Long day care, pre-school

12.3 Appendix 3 – Residential Future Supply

Project Name	Suburb	Stage	Expected Completion Year	Total Yield
The Bowery	Alexandria	Construction	2020	25
Ralph	Alexandria	Construction	2020	29
Teracota	Alexandria	Construction	2020	29
Green Square Town Centre Sites 11a, 11b & 11c	Zetland	Construction	2020	308
Park Sydney	Erskineville	Construction	2020	320
Derive On Euston	Alexandria	Construction	2021	35
North Apartments	Waterloo	Construction	2021	35
Former Rachel Forster Hospital Site	Redfern	Construction	2021	92
Maison Rosebery	Rosebery	Construction	2021	124
Park Sydney - Blocks B & C	Erskineville	Construction	2021	325
Amara	Alexandria	Construction	2021	191
658-660 Botany Road Mixed Use Development	Alexandria	Development Approval	2021	30
Euston Road Mixed Development	Alexandria	Development Approval	2021	33
10-18 William Street	Beaconsfield	Development Approval	2021	41
East Square Mascot	Mascot	Construction	2022	542
761-765 Botany Road Mixed Development	Rosebery	Development Approval	2022	39
444 Gardeners Road	Alexandria	Development Approval	2022	90
Green Square Town Centre Site 18	Zetland	Development Approval	2022	103
Dunning & Mentmore Avenues Apartments	Rosebery	Development Approval	2022	143
Green Square Town Centre - Sites 8C, 8D, 19A	Zetland	Development Approval	2022	514
Teneo - Alexandria	Alexandria	Presales	2022	61
Eminence	Zetland	Construction	2023	250
Central Workshops	Waterloo	Development Application	2023	450
Botany Rd & Cope St Mixed Development	Waterloo	Development Approval	2023	48
338 Botany Road Mixed Use Development	Alexandria	Development Approval	2023	132
Green Square Town Center - Site 15	Zetland	Development Approval	2023	316
Epsom Rd Mixed Development	Zetland	Development Approval	2023	555
Alula	Waterloo	Presales	2023	42
Mastery by Crown	Waterloo	Presales	2023	388
Ralph Street & Botany Road Shop Top Housing	Alexandria	Development Application	2024	115
Botany Rd Mixed Development Site	Waterloo	Development Application	2024	142
Botany Rd Mixed Development	Alexandria	Development Approval	2024	97
Green Square Town Centre Sites 10a, 10b & 11c	Zetland	Development Approval	2024	123
57 Ashmore Street Building A	Erskineville	Development Approval	2024	178
Green Square Town Centre Sites 7 & 17	Zetland	Development Approval	2024	195
One Sydney Park	Alexandria	Presales	2024	420
Bourke Street Mixed Use Development	Zetland	Development Application	2025	92
Bourke St Mixed Use Development	Zetland	Development Application	2025	145
McEvoy Street Mixed Development	Alexandria	Development Application	2026	164
Epsom Road Mixed Use Development	Rosebery	Development Application	2026	798
Redfern Communities Plus BTR	Redfern	Development Approval	2026	500
Epsom Road Depot Site	Zetland	Development Application	2027	263
Botany Road Mixed Development	Alexandria	Development Approval	2027	63
881-893 Bourke Street	Waterloo	Development Application	2030	469
Total				9,054

Source: Cordell Connect