

175-177 Cleveland St, 1-5 & 6-8  
Woodburn St, Redfern  
Economic Impact Assessment

EG Funds Management

October 2022



# Document Control

---

Project Manager: Esther Cheong  
Email: esther.cheong@atlasurbaneconomics.com  
Telephone: 1300 149 151

Job ID: J168  
Job Name: 6-8 Woodburn St, Redfern  
EIA

Client: EG Funds Management  
Client Contact: David Workman

Document Name: Cleveland St and Woodburn St, Redfern  
Economic Impact Assessment final

Last Saved: 19/10/2022 5:36 PM

Version	Date	Prepared by	Reviewed by
Draft	18 October 2022	Esther Cheong, Lauren Graham	Esther Cheong
Revised draft	19 October 2022	Esther Cheong, Lauren Graham	Esther Cheong
Final	19 October 2022	Esther Cheong, Lauren Graham	Esther Cheong

Liability limited by a scheme approved under Professional Standards Legislation

All care and diligence has been exercised in the preparation of this report. Forecasts or projections developed as part of the analysis are based on adopted assumptions and can be affected by unforeseen variables. Consequently, Atlas Urban Economics Pty Ltd does not warrant that a particular outcome will result and accepts no responsibility for any loss or damage that may be suffered as a result of reliance on this information

# Executive Summary

---

## BACKGROUND

EG Funds Management Pty Ltd (the Proponent) are progressing a state significant development (SSD) application on 175-177 Cleveland Street and 1-5 & 6-8 Woodburn Street, Redfern (the Site). By virtue of the Eastern Harbour City SEPP and the State Environmental Planning Policy (Planning Systems) 2021, the Site is located within the Redfern-Waterloo Authority Sites.

The SSD application seeks a variation to the following planning controls in the Eastern Harbour City SEPP:

- Total maximum FSR - from FSR 3.3:1 to 3.47:1.
- Maximum residential accommodation FSR - from FSR 1.3:1 to 3.01:1.
- Height of buildings development standards - from 5 storeys to 7 storeys.

The proposed variation would enable a mix of land uses as follows:

- Mixed use co-living housing development (5-7 storeys) accommodating 6,079sqm residential GFA and 928sqm retail/commercial GFA.
- Ground and first floor commercial/ retail uses (including co-working space).
- 216 co-living rooms (67 single and 149 double rooms) for lodgers and a building manager.
- Community living areas and open space areas.

Atlas Economics (Atlas) are engaged by the Proponent to prepare an (EIA, the Study) to examine the economic impacts likely to result from the proposed variation to the Eastern Harbour City SEPP and subsequent redevelopment of the Site.

Atlas Economics (Atlas) are engaged to prepare an Economic Impact Assessment (EIA) to accompany the SSDA and address the Secretary's Environmental Assessment Requirements (SEARs). Key issues raised in the SEARs include:

- Potential economic impacts of the proposal in the context of the site's commercial mixed-use zoning and any potential loss of commercial floorspace from the site.
- Estimate of the retained and new jobs that would be created during the construction and operational phases of the development, including details of the methodology to determine the figures provided.

The EIA identifies the economic impacts resulting from the Proposal, particularly consider the Site's permissibility for commercial mixed use and its existing commercial floorspace.

## STRATEGIC CONTEXT

### Redfern-Waterloo Area

The Redfern-Waterloo Built Environment Plan (Stage 1) (Stage 1 Plan) is a strategic plan to guide the revitalisation of the Redfern-Waterloo Area through a change to planning controls across eight strategic sites. The Stage 1 Plan finalised and implemented in 2006. Since then, renewal has occurred to varying degrees and is at various stages of progress. As rezonings are implemented and planning progresses, the large strategic sites at North Eveleigh and South Eveleigh will add to the pipeline of development activity and contribute to the strategic objectives of the Stage 1 Plan.

The Catchment Area (which is within the Redfern-Waterloo Area) accommodated 18,500 jobs in 2011, growing to 24,500 jobs in 2016 and more modestly to 25,500 jobs in 2021. The rate of growth prior to COVID-19 (2011-2016) was robust and higher than that in the broader Sydney LGA. Relevantly, as documented in the City's Floorspace and Employment Survey, business and employment activity are observed to have intensified over the 2007-2017 period, where space is used more intensely through tighter workspace ratios.

Development of new non-private dwellings has been notable, from 227 dwellings (2007) to 974 dwellings (2012) and 3,240 dwellings (2017). This is not surprising as the market responded to the housing needs of the community, largely comprised of students and local workers.

### Central to Eveleigh and Camperdown-Ultimo

Since the Stage 1 Plan's finalisation and implementation in 2006, various strategies have been undertaken to position the area and respond to land use opportunities. The Central to Eveleigh Corridor Urban Transformation Strategy, an ambitious plan to transform land in and around the rail corridor is starting to take shape with Central Precinct in the delivery phase.

The Camperdown-Ultimo Place Strategy identifies that broader than direct employment opportunities, there is a lack of affordable housing for the community, students, key and creative workers. The Place Strategy additionally identifies a lack of affordable spaces for research, creative industries and collaborative projects.

### Role for the Site

The Site is strategically positioned equidistant to the University of Sydney/ Royal Prince Alfred Hospital cluster to the west and the education cluster in Pyrmont/ Ultimo and Haymarket. Its proximity to Redfern train station additionally makes it accessible to and from the broader metropolitan area.

Within the Stage 1 Plan Area, the Site is within the Eveleigh Street site in an area in transition, bordering the significant health and education cluster of Camperdown-Ultimo.

The Site has an opportunity to address land use objectives broader than those in the Stage 1 Plan. Its siting and location within a 'corner' of Cleveland Street and Woodburn Street and along the rail corridor make it challenging for the type of land uses that would be viable within a development. Nevertheless, it has the potential to respond to the Place Strategy - to accommodate the need for diverse and affordable housing as well as respond to demand for fine-grain, smaller commercial floorspace formats.

The Mixed Use zone (equivalent to a B4 zone) permits a wide range of uses. The issue for a viable development of the Site is therefore - to accommodate an appropriate mix/ combination of uses that meets market demand but that also facilitates a commercial outcome.

## **ECONOMIC IMPACTS ON COMMERCIAL SUPPLY**

### Viability of Commercial Uses

As a City fringe market, Redfern is well located and well placed to accommodate a mix of business/ enterprise activity as well as commercial office floorspace, subject to location, access and amenity. Office markets in the City fringe (i.e. Surry Hills, Pyrmont, Camperdown) have experienced strong market conditions in recent years. That said, commercial office floorspace relies on a critical mass of occupiers which is necessary to support a diverse retail and urban amenity offer.

While the centrality of a Redfern location in and of itself is advantageous, secondary locations (like the Site) that are 'tucked away' or lacking visibility/ exposure are not viable as commercial development sites. The viability of a commercial development depends on attractiveness of the location and surrounding land uses to attract workers and customers. Businesses generally gravitate to areas of high activity and amenity, accessible to their customers and suppliers.

The location and amenity context of the Site does not lend itself to high order commercial uses. This has corresponding implications for the depth of market demand for commercial uses and constrains the prices and rents achievable for employment floorspace. The analysis shows that development under current planning controls is not viable.

### Balancing Economic Need and Site Characteristics

Despite their business zoning, it is a commercial reality that some locations do not lend themselves to achieving the economic rents and prices needed for a viable commercial development. In these instances accommodating land uses that are productive (i.e. generate economic activity) but that do not necessarily accommodate a large number of direct jobs (i.e. jobs on-site) would achieve a better economic outcome than retaining a scarce, inner city site underutilised in its economic potential.

The redevelopment of the Site will result in the loss of the existing employment floorspace. As a commercial-only development is not viable, the alternative to avoiding the loss of the floorspace would be to retain the existing employment floorspace (i.e. without a redevelopment). The development potential of the Site would therefore be unrealised. The Proposal provides for fine-grain commercial space that is co-located with residential living.

Boarding houses (and co-living), hotels and short-term accommodation are examples of land uses that do not necessarily accommodate a large quantum of employment directly (on-site) but these land uses accommodate resident cohorts (students, tourists and visitors) that themselves are generators of economic activity.

The Proposal responds to the site's context as well as the broader economic/ market context. While the location does not meet the amenity expectations of the commercial office sector, the Proposal astutely co-locates smaller scale commercial spaces within the development to play a local service role.

The economic impact assessment demonstrates the Proposal facilitates a net positive economic impact.

## **JOBS DURING CONSTRUCTION AND OPERATION**

The economic impacts of the Proposal have been estimated using an Input-Output model and assessed at the Sydney LGA. Economic modelling estimates the 'net' impacts between two scenarios:

- **Base Case:** The Site and existing buildings remain 'as is', in their existing use. This is a Do-Nothing scenario. The existing buildings are estimated to have the potential to accommodate 33 direct jobs (on-site) and 27 indirect jobs.
- **Proposal Case:** The Site is rezoned and redeveloped into a mixed use development, including ground and first floor retail/ commercial uses (927sqm GFA) and 216 boarding house rooms for use as student accommodation. The Proposal is estimated to have the potential to accommodate 45 direct jobs (on-site) and 47 indirect jobs.

The assessment estimates the number of jobs (direct and indirect) that could result from the Proposal during the construction and operational phase. The impact to employment is only one indicator of economic activity. The assessment also considers economic activity through examining impacts to other indicators - output, gross product and incomes. The 'net' economic impacts are outlined below.

### Construction Phase

During construction the Proposal Case is projected to generate significant economic impacts for Sydney LGA, including:

- 110 FTE jobs (including 56 FTE directly employed in construction activity).
- \$48.3 million in output (including \$28.2 million in direct activity).
- \$18.1 million contribution to GRP (including \$7.3 million in direct activity).
- \$10.1 million in incomes and salaries paid to households (including \$4.7 million in direct income).

### Operational Phase

Compared with the Base Case, the Proposal is estimated to result in a **net increase in economic activity**, including:

- 32 additional FTE jobs (including 12 additional jobs directly related to activity).
- \$18.2 million additional in output (including \$10 million in direct activity).
- \$10 million additional in contribution to GRP (including \$5.3 million in direct activity).
- \$4.7 million additional in incomes and salaries paid to households (including \$2.5 million directly).

In the Proposal Case, there are a greater number of households and residents to support additional household expenditure and consequent additional economic activity and impact for the Sydney LGA.

Net household expenditure associated with the Proposal residents could support the following **additional** economic impacts:

- 24 FTE jobs (including 15 additional FTE jobs directly).
- \$7 million in output (including \$3.7 million in direct activity).
- \$4 million in contribution to GRP (including \$2.2 million in direct activity).

- \$2 million in incomes and salaries paid to households (including \$1.1 million in direct activity).

We caution that household expenditure activity that is supported by the Proposal should not be summed with the other impacts of the operational phase to avoid double-counting. The estimate of economic activity supported by household expenditure should therefore be viewed as its own separate analysis.

# Table of Contents

---

Document Control .....	i
Executive Summary .....	i
Table of Contents.....	1
1. Introduction.....	2
1.1 Background .....	2
1.2 Scope and Purpose .....	3
1.3 Structure of the Study .....	3
1.4 Assumptions and Limitations.....	3
2. Strategic and Baseline Context .....	4
2.1 Site Context .....	4
2.2 Planning Context.....	5
2.3 Employment Profile.....	9
2.4 Land Use and Development Activity .....	11
2.5 Implications for the Proposal.....	12
3. Demand for Land Uses .....	13
3.1 Business and Commercial Uses.....	13
3.2 Residential Uses .....	17
3.3 Viability of Development as Permitted .....	20
3.4 Need for the Proposal.....	20
4. Economic Impact Assessment .....	22
4.1 Overview .....	22
4.2 Drivers of Economic Activity.....	22
4.3 Economic Activity and Impacts.....	23
4.4 Additional Household Spend.....	25
4.5 Summary of Findings.....	26
References.....	27
<b>Schedules</b>	
1 Input-Output Methodology .....	29

# 1. Introduction

## 1.1 Background

EG Funds Management Pty Ltd (the Proponent) are progressing a state significant development (SSD) application on 175-177 Cleveland Street and 1-5 & 6-8 Woodburn Street, Redfern (the Site). The Site is subject to planning controls in the State Environmental Planning Policy (Precincts - Eastern Harbour City) 2021 (the Eastern Harbour City SEPP).

The SSDA seeks a variation to the following planning controls in the Eastern Harbour City SEPP:

- Total maximum FSR - from FSR 3.3:1 to 3.47:1.
- Maximum residential accommodation FSR - from FSR 1.3:1 to 3.01:1.
- Height of buildings development standards - from 5 storeys to 7 storeys.

The proposed variation would enable a mix of land uses as follows:

- Mixed use co-living housing development (5-7 storeys) accommodating 6,079sqm residential GFA and 928sqm retail/ commercial GFA.
- Ground and first floor commercial/ retail uses (including co-working space).
- 216 co-living rooms (67 single and 149 double rooms) for lodgers and a building manager.
- Community living areas and open space areas.

The Site has been the subject of multiple development applications and consents from 2015 onwards with approvals for a mix of student accommodation, hotel and residential developments, none of which have proceeded past approval stage. A summary of the Site's development history is provided in **Table 1-1**.

**Table 1-1: Development History, the Site**

DA Reference	Year	Status	Description
SSD 6371	2015	Approved	A five storey student accommodation (40 rooms) and residential flat building (13 apartments) over a single level of basement car parking.
SSD 7064	2018	Approved	A part five/ part six storey mixed use development containing a hotel (45 rooms), residential flat building (20 apartments) and ground floor retail over 2 levels of basement car parking.
SSD 7064 Mod 1	2018	Approved	A modification of the approved hotel/ residential flat building with an internal courtyard addition, internal layout changes to the retail/ commercial tenancies, provision of hotel reception area and additional residential communal open space.
SSD 10720865	2021	Lodged	Construction of a six storey mixed use development comprising 120 boarding house rooms (52 single and 68 double) and communal facilities including a rooftop terrace, outdoor cinema, common study area, courtyard and multi-media room and single ground floor retail tenancy.

Source: DPE, Mecone

By virtue of the Eastern Harbour City SEPP and the State Environmental Planning Policy (Planning Systems) 2021, the Site is located within the Redfern-Waterloo Authority Sites. Having a capital investment value of more than \$10 million, the proposed development is identified as an SSD.

Atlas Economics (Atlas) are engaged by the Proponent to prepare an Economic Impact Assessment (EIA, the Study) to examine the economic impacts likely to result from the proposed variation to the Eastern Harbour City SEPP and subsequent redevelopment of the Site.



## 1.2 Scope and Purpose

Atlas Economics (Atlas) are engaged to prepare an EIA to accompany the SSDA and address the Secretary's Environmental Assessment Requirements (SEARs) which were issued in December 2021. Key issues that require address include:

- Potential economic impacts of the proposal in the context of the site's commercial mixed-use zoning and any potential loss of commercial floorspace from the site.
- Estimate of the retained and new jobs that would be created during the construction and operational phases of the development, including details of the methodology to determine the figures provided.

To fulfil the requirements of the brief, the Study carries out the following:

- Reviews the Redfern Waterloo Built Environment Plan (Stage 1) 2006 (the Plan) which underpinned the height and FSR development standards that apply to the Redfern-Waterloo Authority Sites in the Eastern Harbour City SEPP.
- Considers the demand for and viability of commercial land uses at the Site.
- Considers demand for residential uses, including mixed use boarding house (co-living) accommodation at the Site.
- Observes if there is need for the Proposal and how development on the Site responds to market and economic drivers.
- Defines a Base Case against which to compare estimates of the economic impacts resulting from the Proposal during the construction and operational phases.

The EIA identifies the economic impacts resulting from the Proposal, particularly consider the Site's permissibility for commercial mixed use and its existing commercial floorspace.

## 1.3 Structure of the Study

The EIA is structured as follows:

- Chapter 1 provides an overview and background to the Study, outlines the scope and overall structure of the analysis.
- Chapter 2 reviews the Site and its location, employment composition of the immediate locality and its planning context.
- Chapter 3 investigates the patterns of demand and supply for commercial and residential land uses in the locality. The chapter considers if there is a need for the Proposal, and if so, the role the Site could play in meeting the demand identified.
- Chapter 4 estimates the economic impacts of the Proposal should the Site be developed as envisaged. Economic impacts are estimated during the construction phase and on completion when operations have stabilised.

## 1.4 Assumptions and Limitations

Atlas acknowledges a number of limitations associated with the Study.

- The long-term economic implications of the COVID-19 pandemic, particularly the shift in migration patterns to the regions, is yet to be fully understood.
- Data from third party sources is assumed to be correct and is not verified.
- Desktop market research has been undertaken without physical site surveys and inspections.
- Specific assumptions related to economic impact modelling are detailed in Chapter 0.

Some economic impacts are not typically modelled within an Input-Output modelling framework, with alternative economic measures better placed to assess their impacts (e.g. Cost Benefit Analysis, Computable General Equilibrium).

## 2. Strategic and Baseline Context

### 2.1 Site Context

The Site is located in the inner city suburb of Redfern within the Sydney LGA. Its location on the City fringe and juxtaposed between the Sydney CBD and various educational and health anchors places it in an important locality. The immediate surrounding locality can be characterised as an area in transition with a mix of warehouse adaptive reuse conversions and residential flat buildings together with low rise industrial and commercial buildings.

The Site is accessible by road and public transport with Redfern train station and Central train station located approximately 400m north and 800m south respectively. Bus services run along Cleveland Street. Local services are provided in the Redfern centre are concentrated around the Redfern train station providing convenience retail and entertainment amenity.

**Figure 2-1: Site Context**



Source: Mecone

The Site measures approx. 2,016sqm and is proximate to major economic assets including the University of Sydney and University of Technology Sydney (1km northwest/ north), Royal Prince Alfred Hospital (2.5km northwest), Sydney CBD (4km north) and Sydney Airport (8.5km south). There are no fewer than 12 institutions of higher learning within 5km of the Site.

At present the Site is improved with various buildings which are aged and accommodate a range of residential, commercial and retail uses. The existing floorspace is approx. 1,400sqm and there are 25 one-bedroom residential units.

- 175 Cleveland Street - part 1, part 2 storey retail/ commercial building.
- 177 Cleveland Street - at-grade car park
- 1-5 Woodburn Street - 2 storey commercial building
- 6-8 Woodburn Street - 4 storey residential building

Access is via Cleveland Street to the at-grade car park with access also available from Eveleigh Street.

## 2.2 Planning Context

### 2.2.1 Strategic Planning

#### Redfern-Waterloo Built Environment Plan (Stage 1) 2006

The Redfern-Waterloo Built Environment Plan (Stage 1) (Stage 1 Plan) is a strategic plan to facilitate the revitalisation of the Redfern-Waterloo Area through a change to the planning controls across eight strategic sites.

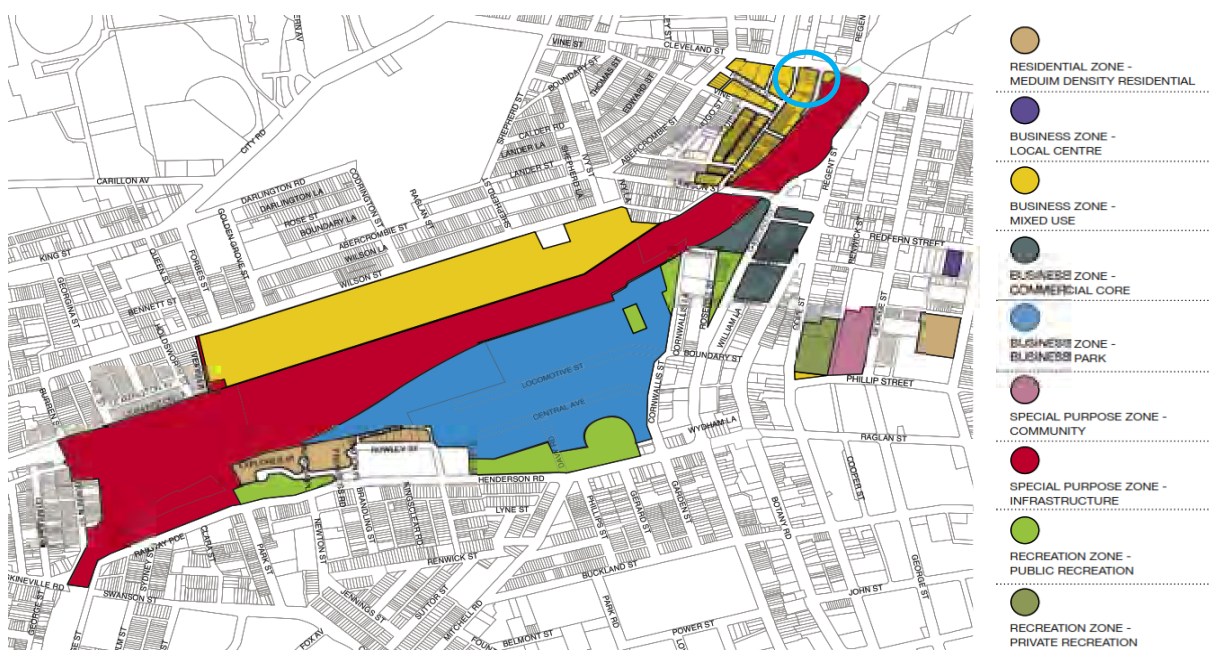
The Stage 1 Plan was part of the Redfern-Waterloo Plan, implemented as part of the Government's 10 year strategy. The Stage 1 Plan was consistent with the objectives of the then Metropolitan Strategy for Sydney which advocated the concentration of jobs and activity. The provision of sufficiently zoned land for businesses in centres such as Redfern, within the Sydney CBD to Airport corridor and in locations with high quality transport was a key priority.

A land use strategy was incorporated in the Stage 1 Plan and aimed to generate development potential for around 440,000sqm non-residential floorspace to accommodate 18,000 jobs in Redfern-Waterloo. The strategy was predicated on harnessing the potential for job growth and activity around the Redfern train station, within Australian Technology Park, on disused railway land at North and South Eveleigh and the Eveleigh Street sites (of which the Site is a part).

The land use strategy recognised the need to establish a threshold density necessary to establish employment clusters, economic viability and vitality. The Eveleigh Street site is identified as traditionally a mixed use area with both housing and employment activity. The land use strategy identified opportunity to increase employment generating uses, including the potential for Aboriginal enterprises.

Figure 2-2 outlines the zoning plan of the Redfern-Waterloo Area and Table 2-1 the maximum height and density controls.

Figure 2-2: Stage 1 Zoning Plan



Source:

Redfern-Waterloo Authority (2006)

Table 2-1: Maximum Height and Densities

Zone	Building Height	Residential FSR	Non-Residential FSR
Business (Commercial Core)	3 to 18 storeys	Prohibited	7:1
Business (Business Park)	4 to 12 storeys	Prohibited	2:1
<b>Business (Mixed Use)</b>	<b>3 to 10 storeys</b>	<b>1:1</b>	<b>2:1</b>
Business (Local Centre)	6 storeys	Subject to design guidelines	1.3:1
Residential (Medium Density)	6 storeys	2:1	n/a

Source: Redfern-Waterloo Authority (2006)

The Stage 1 Plan was aimed at facilitating:

- Provision of around 18,000 jobs.
- Construction of around 2,000 new dwellings to provide greater housing choice, demographic and socio-economic mix that is supported by an affordable housing program.
- An upgraded Redfern railway station, civic square and public domain improvements promoting better amenity, safety and surveillance.
- Establishment of cultural and community facilities.
- Improved opportunities for establishment of Aboriginal enterprises and cultural facilities.
- High quality urban design and architecture.

The Stage 1 Plan was finalised in 2006 and implemented in the State Environmental Planning Policy (Major Projects) 2005.

Over the past decade, the objectives of the Stage 1 Plan have been progressively implemented with the renewal of various strategic sites in the Redfern-Waterloo Area. **Table 2-2** outlines development activity underway, approved or under assessment on the strategic sites.

**Table 2-2: Development Activity on Redfern-Waterloo Strategic Sites**

Site/ Precinct Name	Description	Status
Australian Technology Park (now South Eveleigh)	13.2ha to be progressively redeveloped into commercial and retail uses. (Mirvac).	<ul style="list-style-type: none"> <li>• Buildings 1 to 3 (CBA) completed circa 2020</li> <li>• Locomotive Workshop completed circa 2021</li> </ul>
North Eveleigh	10ha former railyards to be progressively redeveloped into innovation, commercial, creative uses.	<ul style="list-style-type: none"> <li>• Rezoning Proposal exhibited August 2022</li> <li>• Finalisation in 2023</li> </ul>
Eveleigh Street	<ul style="list-style-type: none"> <li>• 77-123 Eveleigh St (Pemulwuy Project) to comprise 3 Precincts: <ul style="list-style-type: none"> <li>◦ Precinct 1: Affordable housing for Aboriginal and Torres Strait Islanders</li> <li>◦ Precinct 2: childcare, retail and commercial floorspace</li> <li>◦ Precinct 3: student accommodation</li> </ul> </li> <li>• 157-163 Cleveland St - mixed use development comprising student accommodation</li> </ul>	<ul style="list-style-type: none"> <li>• Concept and Project Approval</li> </ul>
Redfern Railway Station, Gibbons & Regent St	<ul style="list-style-type: none"> <li>• Major upgrades to Redfern railway station</li> <li>• Various SSD applications for purpose-built student accommodation: <ul style="list-style-type: none"> <li>◦ 104-116 Regent St</li> <li>◦ 90-102 Regent St</li> <li>◦ 13-23 Gibbons St</li> <li>◦ 80-88 Regent St</li> <li>◦ 60-78 Regent St</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Approved, in progress</li> <li>• SSDs approved or under assessment</li> </ul>
former Rachel Forster Hospital (134-150 Pitt St)	<ul style="list-style-type: none"> <li>• 134-150 Pitt St - adaptive reuse into residential flat buildings.</li> </ul>	<ul style="list-style-type: none"> <li>• Anticipated Completion (2022)</li> </ul>
former Local Court House & Redfern Police Station (103-105 Redfern St)	<ul style="list-style-type: none"> <li>• 103-105 Redfern St - adaptive reuse into a community health centre</li> </ul>	<ul style="list-style-type: none"> <li>• Completed</li> </ul>

Source: Various

After finalisation and implementation of the Stage 1 Plan, the vision for renewal of the corridor between Central to Eveleigh was conceived.



### Central to Eveleigh Urban Transformation Strategy

The Central to Eveleigh Corridor Urban Transformation Strategy was released by NSW Government in November 2016 to facilitate renewal of 50 hectares of government owned land in and around the rail corridor from Central to Erskineville train station. The boundaries of the corridor and the five key precincts are illustrated in **Figure 2-3**.

**Figure 2-3: Central to Eveleigh Urban Transformation Strategy**



Source: UrbanGrowth NSW (2016)

The transformation strategy is underpinned by 10 key moves to create jobs and dwellings across five precincts delivered by partnerships between UrbanGrowth NSW, Transport for NSW and Department of Family and Community Services.

Part of the precinct was already underway at ATP where a Mirvac-led consortium had planned a redevelopment of the Locomotive Workshops into 38,000sqm A-grade office space, specifically targeted at small businesses and start-ups.

The Central State Significant Precinct (Central) has since been planned to deliver Sydney's Tech Central. When fully developed, Tech Central is expected to accommodate 25,000 jobs over 24ha.

### Camperdown-Ultimo Collaboration Area

The Camperdown-Ultimo Collaboration Area is one of the largest and most comprehensive health and education precincts in Greater Sydney. It incorporates economic anchors of Royal Prince Alfred Hospital, TAFE NSW, University of Notre Dame, University of Sydney, University of Technology Sydney and various medical and research institutions.

**Figure 2-4: Camperdown-Ultimo Innovation Corridor**



Source: Greater Sydney Commission (2019)

The importance of the area was recognised and reinforced through the preparation of the Camperdown-Ultimo Place Strategy (the Place Strategy). The Place Strategy was completed in 2018 to prioritise the cultivation of an internationally competitive innovation precinct covering parts of Darlington, Eveleigh, Glebe, Forest Lodge, Newtown, Redfern, Surry Hills and most of Haymarket, Camperdown and Ultimo (referred to as the Camperdown Precinct).

The Place Strategy identified a series of complex issues, including *inter alia*:

- Conversion of industrial and commercial buildings to residential or mixed-use developments, limiting availability of employment land and affordable spaces for innovation, research, creative industries and artists, and collaborative projects.
- Lack of affordable housing for the community, students, key and creative workers, and limited short-medium term accommodation for academic and health visitors.

The Camperdown-Ultimo Place Strategy proposed a series of actions to address the complex issues that challenge the vision and objectives of the Camperdown Precinct.

#### The City Plan 2036 Local Strategic Planning Statement

The City Plan 2036 Local Strategic Planning Statement (LSPS) establishes a 20-year land use vision that links Government led strategic policies and local strategies with Council's planning controls. The nominated actions aim to densify and target job growth in Central Sydney (or Sydney CBD).

Redfern lies outside of the boundaries of Central Sydney within the City Fringe. The City Fringe is identified as suitable for supporting residential accommodation provided it does not compromise the growth of diverse business clusters in the area and the ability to meet the target of 53,800 jobs by 2036.

#### 2.2.2 Statutory Planning

The Site falls within the D Business Zone – Mixed Use under the State Environmental Planning Policy (Precincts - Eastern Harbour City) 2021 (Eastern Harbour City SEPP). Additional floorspace is available for the Site in accordance with Part 3 Clause of the State Environmental Planning Policy (Housing) 2021 (Housing SEPP).

**Table 2-3** summarises the maximum height and density controls applicable to the Site under the Eastern Harbour City Sepp and Housing SEPP.

**Table 2-3: Height and Density Controls, the Site**

Control	Maximum Permissible
HOB	<ul style="list-style-type: none"> <li>• 5 storeys</li> </ul>
FSR	<ul style="list-style-type: none"> <li>• Base: 3.3:1 (1.3 residential)</li> <li>• Bonus: 10%</li> <li>• <b>Total: 3.63:1</b></li> </ul>

Source: Eastern Harbour City SEPP and Housing SEPP

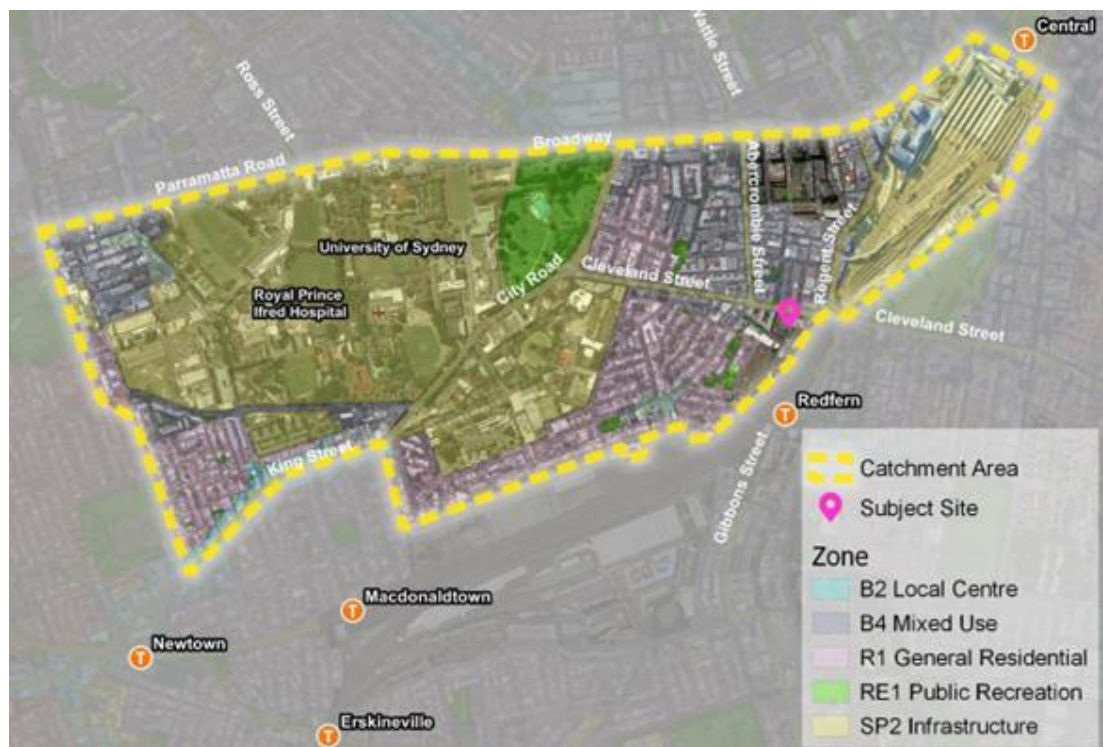
The total base FSR control includes a non-residential component of 2:1.

## 2.3 Employment Profile

To understand the historical employment context of the Site and its surrounds, data from the Australian Bureau of Statistics (ABS) based on Destination Zone (DZ) geographies is examined. DZs are generally smaller than a suburb and are useful in understanding small area employment characteristics, however they do not always align with areas under investigation.

Figure 2-5 illustrates the geography of the Catchment Area and the relative location of the Site.

Figure 2-5: Catchment Area



Source: Atlas

### Broad Industry Classifications

The ABS categorises employment activity into 19 industry sectors referred to as ANZSICs (Australian New Zealand Standard Industry Classification). It is however useful to consider employment composition in broader industry terms.

Broad industry classifications (BICs) group the 19 ANZSIC industry sectors into four main categories - Population-serving, Knowledge-intensive, Health & Education and Industrial. The grouping of industry sectors is outlined in **Table 2-4**.

Table 2-4: Broad Industry Classification (BIC) by 19-digit ANZSIC

Population Serving	Knowledge-Intensive	Health & Education	Industrial
<ul style="list-style-type: none"> <li>Construction</li> <li>Retail Trade</li> <li>Accommodation &amp; Food Services</li> <li>Arts &amp; Recreation Services</li> <li>Other Services</li> </ul>	<ul style="list-style-type: none"> <li>Information, Media &amp; Telecommunications</li> <li>Financial &amp; Insurance Services</li> <li>Rental, Hiring &amp; Real Estate Services</li> <li>Professional, Scientific &amp; Technical Services</li> <li>Administrative &amp; Support Services</li> <li>Public Administration &amp; Safety</li> </ul>	<ul style="list-style-type: none"> <li>Education &amp; Training</li> <li>Health Care &amp; Social Assistance</li> </ul>	<ul style="list-style-type: none"> <li>Agriculture, Forestry &amp; Fishing</li> <li>Mining</li> <li>Manufacturing</li> <li>Electricity, Gas, Water &amp; Waste Services</li> <li>Wholesale Trade</li> <li>Transport, Postal &amp; Warehousing</li> </ul>

Source: ABS/Atlas



## Employment Composition

Table 2-5 summarises employment by industry and broad industry classification in the Catchment Area over 2011-2021.

**Table 2-5: Employment by Industry, Catchment Area and Sydney LGA**

Industry	Catchment Area					Sydney LGA				
	2011	2016	2021	Avg. Ann. % (2011-16)	Avg. Ann. (2016-21)	2011	2016	2021	Avg. Ann. % (2011-16)	Avg. Ann. (2016-21)
<b>Australia New Zealand Standard Industry Classification (ANZSIC)</b>										
Agriculture, Forestry & Fishing	-	-	-	-	-	182	436	426	19.1%	-0.5%
Mining	6	0	5	-100%	-	1,007	1,040	983	0.6%	-1.1%
Manufacturing	199	211	89	1.2%	-15.9%	9,791	7,466	7,410	-5.3%	-0.2%
Electricity, Gas, Water & Waste Services	6	9	15	8.4%	10.8%	3,008	2,898	3,549	-0.7%	4.1%
Construction	268	429	392	9.9%	-1.8%	9,875	17,410	18,511	12.0%	1.2%
Wholesale Trade	164	86	44	-12.1%	-12.5%	11,013	8,791	8,501	-4.4%	-0.7%
Retail Trade	324	593	369	12.9%	-9.1%	20,948	27,692	26,863	5.7%	-0.6%
Accommodation & Food Services	853	1,536	1,120	12.5%	-6.1%	25,291	35,511	24,613	7.0%	-7.1%
Transport, Postal & Warehousing	1,863	1,305	1,586	-6.9%	4.0%	13,625	12,923	12,994	-1.1%	0.1%
Information, Media & Telecommunications	321	475	284	8.2%	-9.8%	26,096	27,750	23,100	1.2%	-3.6%
Financial & Insurance Services	31	502	93	74.5%	-28.6%	77,946	88,451	114,445	2.6%	5.3%
Rental, Hiring & Real Estate Services	104	136	131	5.5%	-0.7%	8,141	12,354	13,358	8.7%	1.6%
Professional, Scientific & Technical Services	1,209	1,463	1,667	3.9%	2.6%	73,556	96,935	123,011	5.7%	4.9%
Administrative & Support Services	231	428	388	13.1%	-1.9%	17,288	21,109	19,974	4.1%	-1.1%
Public Administration & Safety	1,948	2,822	1,950	7.7%	-7.1%	30,991	36,930	36,013	3.6%	-0.5%
Education & Training	5,648	6,943	7,825	4.2%	2.4%	21,425	29,414	29,408	6.5%	0.0%
Health Care & Social Assistance	4,795	6,089	7,592	4.9%	4.5%	21,336	27,089	31,782	4.9%	3.2%
Arts & Recreation Services	182	253	183	6.8%	-6.3%	9,856	12,571	12,563	5.0%	0.0%
Other Services	304	412	869	.6.3%	16.1%	10,104	11,447	10,902	2.5%	-1.0%
<b>Total</b>	<b>18,456</b>	<b>24,400</b>	<b>25,304</b>	<b>5.6%</b>	<b>0.7%</b>	<b>395,339</b>	<b>498,422</b>	<b>540,626</b>	<b>4.7%</b>	<b>1.6%</b>
<b>Broad Industry Categories (BIC)</b>										
Industrial	2,238	1,611	1,695	-6.4%	1.0%	38,626	33,554	25,362	-2.8%	-5.4%
Knowledge Intensive	3,844	5,826	4,513	8.7%	-5.0%	234,018	283,529	329,901	3.9%	3.1%
Health and Education	10,443	13,032	15,417	4.5%	3.4%	42,761	56,503	61,190	5.7%	1.6%
Population Serving	1,931	3,223	2,172	10.8%	-7.6%	76,074	104,631	93,452	6.6%	-2.2%
<b>Total</b>	<b>18,456</b>	<b>24,400</b>	<b>25,304</b>	<b>5.6%</b>	<b>0.7%</b>	<b>395,339</b>	<b>498,422</b>	<b>540,626</b>	<b>4.7%</b>	<b>1.6%</b>

Source: ABS (2017)

In 2021, there were just over 25,300 jobs in the Catchment Area. There was strong growth in employment over the 2011-2016 period - averaging 5.6% per annum. Jobs growth between 2016 and 2021 was modest at 0.7% per annum (average).

The Catchment Area was notably vulnerable to job losses over the 2016-2021. Key observations include:

- Knowledge intensive jobs averaged 8.7% growth over 2011-2016 however on average declined 5% over 2016-21.
- Population serving jobs averaged 10.8% over 2011-16 and on average declined by almost 7.6% over 2016-21.
- Industrial job activity continued to decline reflective of broader city-wide trends.

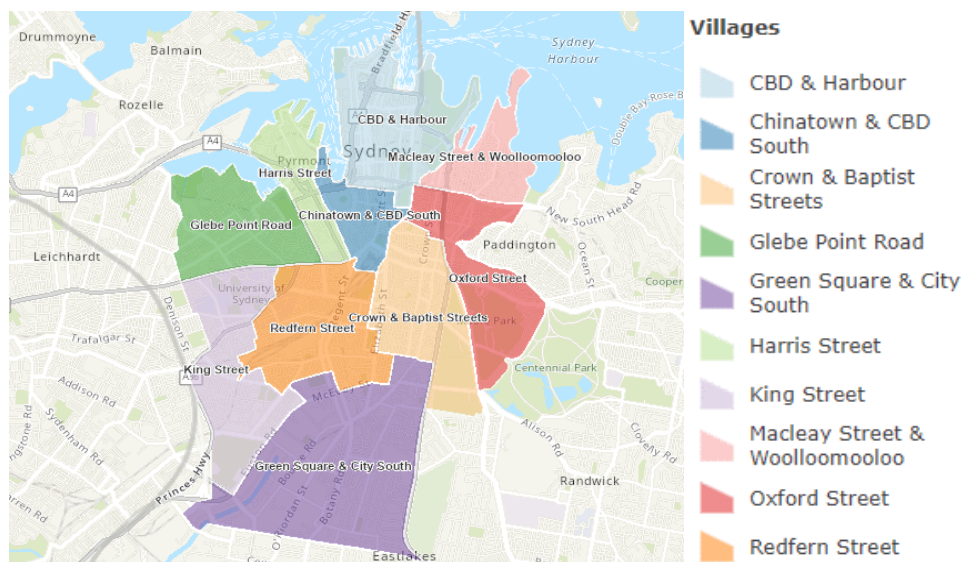
Notwithstanding employment contraction in many industries,, Health & Education and Professional, Scientific & Technical Services have displayed some resilience to the COVID-19 pandemic.



## 2.4 Land Use and Development Activity

Analysis of historical growth in land use and development activity is based on the City of Sydney Council's (the City) Floorspace and Employment Survey (FES) undertaken every five years from 2007 to 2017 to track trends in businesses, floorspace and uses for every building or property within the City's ten Villages. **Figure 2-6** illustrates the Redfern Street village in the context of the City's ten villages.

**Figure 2-6: City of Sydney, Villages**



Source: City of Sydney (2017)

The Site is within the Redfern Street Village covering Chippendale, Darlington and Eveleigh and parts of Redfern west of Chalmers Street. **Table 2-6** provides a summary of land use, business and employment activity over the 2007-2017 period.

**Table 2-6: Summary of Land Use and Development Activity, Redfern Street Village**

Type	2007	2012	2017	Change (2007-17)	Avg. Annual Change (2007-17)
<b>Dwellings</b>					
Private Dwellings	10,982	10,950	13,209	2,227	1.9%
Non-Private Dwellings	227	974	3,240	3,013	30.5%
<b>Total Dwellings</b>	<b>11,209</b>	<b>11,924</b>	<b>16,449</b>	<b>5,240</b>	<b>3.9%</b>
<b>Business and Employment</b>					
Total Floor Area (sqm)	776,523	865,971	868,129	91,606	1.1%
Full Time Jobs	9,426	12,684	14,948	5,522	4.7%
Part Time Jobs	3,269	3,899	4,454	1,185	3.1%
<b>Total Jobs</b>	<b>12,695</b>	<b>16,583</b>	<b>19,402</b>	<b>6,707</b>	<b>4.3%</b>
Workspace Ratio (per job)	61sqm	52sqm	45sqm	-16sqm	-26.8%

Source: City of Sydney (2017)

Over the five years to 2017, total dwellings in the Redfern Village grew by an average of almost 4% per annum, with the majority of the growth comprised of non-private dwellings<sup>1</sup>. This is largely associated with development of boarding houses around Central Park near UTS (Broadway). Development of private dwellings over this period was modest.

Employment floorspace and the number of jobs grew commensurate with a growing creative industry and student population. A simple analysis of total business floor area by the number of workers indicates employment intensification occurred over the 2007-2017 period, with each worker occupying less space over time. Workspace ratios have steadily been on the decline, from an average of 61sqm per worker (2007) to 45sqm per worker (2017).

<sup>1</sup> Non-private dwellings provide a communal or transitory type of accommodation (e.g. hotels, nursing homes, corrective institutions, boarding schools, staff quarters, hospitals)

## 2.5 Implications for the Proposal

### Redfern-Waterloo Area

The Stage 1 Plan was developed to guide urban renewal of strategic sites in the Redfern-Waterloo area. Since then, renewal has occurred to varying degrees and is at various stages of progress. As rezonings are implemented and planning progresses, the large strategic sites at North Eveleigh and South Eveleigh will add to the pipeline of development activity and contribute to the strategic objectives of the Stage 1 Plan.

The Catchment Area accommodated 18,500 jobs in 2011, growing to 24,500 jobs in 2016 and more modestly to 25,300 jobs in 2021. The rate of growth prior to COVID-19 (over the 2011-2016 period) was robust and greater than that in the broader Sydney LGA. Relevantly, business and employment activity are observed to have intensified over the 2007-2017 period, where space is used more intensely through tighter workspace ratios.

Development of new non-private dwellings has been notable, from 227 (2007) to 974 (2012) and 3,240 (2017). This is not surprising as the market responded to the housing needs of the community, largely comprised of students and local workers.

### Central to Eveleigh and Camperdown-Ultimo

Since the Stage 1 Plan's finalisation and implementation in 2006, various strategies have been undertaken to position the area and respond to land use opportunities. The Central to Eveleigh Corridor Urban Transformation Strategy, an ambitious plan to transform land in and around the rail corridor is starting to take shape with Central Precinct in the delivery phase.

Broader than direct employment opportunities, the Camperdown-Ultimo Place Strategy identifies a lack of affordable spaces for research, creative industries and collaborative projects as well as a lack of affordable housing for the community, students, key and creative workers.

A tension between land uses invariably arises - where the market seeks to respond to the need for employment floorspace and the need for residential living, utilising sites with existing buildings which may be functional and valuable in their own right. Unless economic rents permit, large scale commercial-office buildings are unlikely, except within large precincts where there is critical mass and an amenity offer.

### Role for the Site

The Site is strategically positioned equidistant to the University of Sydney/ Royal Prince Alfred Hospital cluster to the west and the education cluster in Pyrmont/ Ultimo and Haymarket. Its proximity to Redfern train station additionally makes it accessible to and from the broader metropolitan area.

Within the Stage 1 Plan Area, the Site is within the Eveleigh Street site in an area in transition bordering the significant health and education cluster of Camperdown-Ultimo.

The Site has an opportunity to address land use objectives broader than those in the Stage 1 Plan. It has the potential to accommodate the need for diverse and affordable housing as well as respond to demand for fine-grain, smaller commercial floorspace formats. Though its siting and location within a 'corner' of Cleveland Street, Woodburn Street and the rail corridor make it challenging for the type of land uses that would be viable within a development.

The existing business - mixed use zone permits a wide range of business and residential uses including retail/ commercial and boarding house rooms. Residential GFA is restricted to a maximum FSR of 1:1 and a total FSR of 3:1 is permitted. Whether the current planning controls facilitate viable development will be examined in the next chapter.

## 3. Demand for Land Uses

---

### 3.1 Business and Commercial Uses

It is important to distinguish between the types of commercial land uses to enable an understanding of demand. Commercial land uses can broadly be categorised as commercial office, retail, education and service commercial.

Greater Sydney's commercial office market performed strongly over the course of 2015-2019. Historically low vacancy rates, rising rents and limited new net supply in some CBDs led some businesses to consider alternative locations in Sydney's fringe and suburban markets. Furthermore, significant infrastructure and business investment in Western Sydney continued to draw more occupiers to suburban markets such as Parramatta, Liverpool and Bankstown.

Commercial office market trends have experienced rapid evolution over the last decade, driven by a series of structural changes. These structural change drivers range from broad, global influences (e.g. growth and adoption of technology) and have affected the way businesses demand and use office space.

Workspace ratios have been in decline (generally) over the last decade as work practices and floorspace requirements evolved. Indeed, workspace ratios in the immediate locality of the Site declined from an average of 61sqm per worker (in 2007) to 45sqm per worker (in 2017).

#### Amenity Expectations

The importance of precinct and building amenity is becoming increasingly important in a post COVID-19 world, with office floorspace having to work harder to:

- Give employees a reason to return to the office; and
- Convince employers of its productivity returns.

Even before the COVID-19 pandemic and forced shutdowns, the expectations of tenants and workers were changing. Services or amenity that were once 'nice-to-haves', have over time become 'standard', thereby shifting worker expectations to require even greater levels of quality and amenity from their workspace. Building amenity such as end-of-trip facilities are now expected; many older buildings needing to retrofit such facilities or risk being uncompetitive.

#### 3.1.1 Competitive Context and Requirements

The Site and its locality accommodate different business activities and accordingly different commercial floorspace typologies. This section examines key commercial typologies and their respective competitive contexts.

The location and site selection factors for commercial floorspace varies by industry and sector. Knowledge-intensive industries who rely upon employee talent and expertise gravitate to locations and buildings of high-amenity to attract and retain staff. In an environment where there is fierce competition for talent, many employers use their real estate decisions as a recruitment tool. Tenant amenity is a critical ingredient for space competitiveness.

#### Commercial Office

The Sydney CBD is a commercial office precinct, as are the City fringe markets of Pyrmont, parts of Surry Hills and Camperdown. The built form in these precincts is characterised by purpose-built office buildings and towers.

Historically, sub-precincts in the northern portion of the Sydney CBD (north of Bathurst Street) have dominated development and tenant activity. The emerging Central precinct (Tech Central) will result in a broadening of development and tenant activity and provide accommodation for innovation and research purposes, among the uses identified as deficiently accommodated in the Camperdown-Ultimo Place Strategy.

From a land use and economic viability perspective, some of the key criteria for a successful office precinct include:

- **Critical Mass**  
A critical mass of commercial occupiers is essential for successful commercial precincts as businesses gravitate to areas of high activity, providing opportunities to locate proximate customers, suppliers and retail amenity.

- **Retail and Urban Amenity**

Retail and hospitality uses play a significant role in catering for needs of workers. Commercial occupiers in particular will favour precincts with a significant retail offer. It is a commercial reality however that retail uses are followers - they will only be viable after a local resident or worker population catchment has been established.

- **Public Transport**

Public transport is a critical requirement for commercial uses and high-density residential uses. Public transport options provide businesses access to the labour pool throughout Greater Sydney, in particular to skilled talent. Businesses also recognise the importance of public transport to office workers who view locations with a range of public transport options as a key requirement.

In a post-COVID-19 environment, commercial office markets in particular are required to 'work harder' to be competitive. This includes the provision of higher quality workspaces, a greater amenity offering (e.g. break out spaces, communal areas, gyms) and unique retail offerings in order to draw employers and employees back to the office.

Successful commercial office additionally requires adequate separation from uses (e.g. residential) that may conflict with corporate profile and prestige.

Development of office towers in the broader Sydney CBD and fringe markets will add to new office supply over the coming decade. These include the major precincts of Pyrmont Peninsula, Blackwattle Bay and Bays West.

**Table 3-1: Planned Supply in Urban Renewal Precincts**

Precinct	Proposed GFA (sqm)	Proposed Land Uses	Status	Anticipated Completion
Tech Central	250,000	• Office	Under construction	2026
Pyrmont Peninsula	945,000	• Office • Retail	Early planning. Masterplans finalised November 2021.	Not specified
Blackwattle Bay	138,000	• Office • Retail • Community	Early planning. Masterplan exhibited in June 2021	Not specified
Bays West	78,700	• Office • Retail • Community	Early planning.	No specified
<b>Total</b>	<b>1,411,700</b>			

Source: Atlas

The precincts combined are to deliver just over 1.4 million of non-residential floorspace over the coming decade.

#### Hybrid Business/ Enterprise/ Light Industrial

Many inner-city areas accommodate a mix of business and light industrial zones that accommodate business and light industrial activity that is interspersed with residential uses. Surry Hills, Camperdown, Sydenham and Eveleigh are examples.

Floorspace in these areas comprise ground floor retail showrooms and workshops, ancillary offices with residential uses either integrated vertically or adjacent horizontally.

Viable business/ mixed enterprise generally requires adequate vehicular access and parking. Locations off arterial roads that enable ease of access by suppliers and customers is critical. These businesses also require being able to operate free of land use conflict from sensitive uses, including residential.

#### Service and Local Commercial

Service commercial uses gravitate to high density population centres and are driven by resident and worker population growth. They can comfortably co-locate with residential uses and do not typically generate a land use conflict.

Service and local commercial uses require visibility and exposure to be viable. Locations that is accessible by car and on foot that enable ease of access by the local resident and worker population is critical.

### 3.1.2 Market Viability of Commercial Floorspace

There are a variety of commercial markets located across Greater Sydney which are distinguished by their size, role, function and occupier profile. They can be categorised as CBD, Major and Suburban.

**Table 3-2: Commercial Market Types, Greater Sydney**

Precinct Type	Location(s)	Size Range (Floorspace)
CBD Market	Sydney CBD	>5,000,000sqm
Major	Sydney CBD Fringe, North Sydney, Macquarie Park, North Shore, Parramatta	500,000sqm to 900,000sqm
Suburban Markets	Norwest/ Bella Vista, Green Square/ Mascot, Burwood, Sydney Olympic Park, Rhodes, Bankstown, Liverpool, Blacktown, Penrith, Pymble/Gordon	70,000sqm to 300,000sqm

Source: Atlas

Redfern forms part of the City fringe office markets. Office market conditions in the City fringe areas have been strong over recent years owing to growing demand for creative and non-traditional office space.

There are different commercial typologies present in the City fringe markets - not all typologies are viable in all locations.

- Commercial office
- Hybrid business/ mixed enterprise
- Service and local commercial

As discussed in section 3.1.1 commercial office floorspace in the City fringe markets - whether at Surry Hills or at South Eveleigh relies on a critical mass of occupiers, which is necessary to underpin a diverse retail and urban amenity offer.

Secondary locations within neighbourhood retail strips or around train stations are suited to mixed business activity - small scale commercial spaces that are accessible (by vehicle and public transport) and offer an acceptable standard of amenity.

Market research shows that the market 'grades' commercial floorspace through the rents and prices it is willing to pay for different floorspace types. This has direct implications for whether a commercial typology is viable for development.

**Table 3-3** outlines the rents and prices of commercial space observed in City fringe markets.

**Table 3-3: Commercial Rents and Pricing, City Fringe Markets**

Asset Type	Net Rent (\$/sqm) pa	Capital Value (\$/sqm lettable area)
A Grade commercial	\$550 to \$750	\$12,000 to \$15,000
B Grade commercial	\$450 to \$600	\$8,000 to \$14,000
Ground floor commercial	\$400 to \$600	\$10,000 to \$12,000
Upper floor commercial	\$300 to \$500	\$6,000 to \$9,000

Source: Atlas

The Site's location at the corner of Cleveland Street and Woodburn Street close to the rail corridor affords it a secondary location. It does not benefit from visibility or exposure being 'tucked away' in a corner of Cleveland and Woodburn Streets.

The existing buildings on the Site receive average net commercial rents of \$300/sqm to \$350/sqm lettable area, on par with light industrial rents. This indicates poor market demand not just for the buildings that are at the end of their economic useful life but the inferior location. The commercial rents that could be achieved in this location are not sufficient to incentivise development of a predominantly commercial building.

### 3.1.3 Development Supply and Pipeline

#### Southern Villages

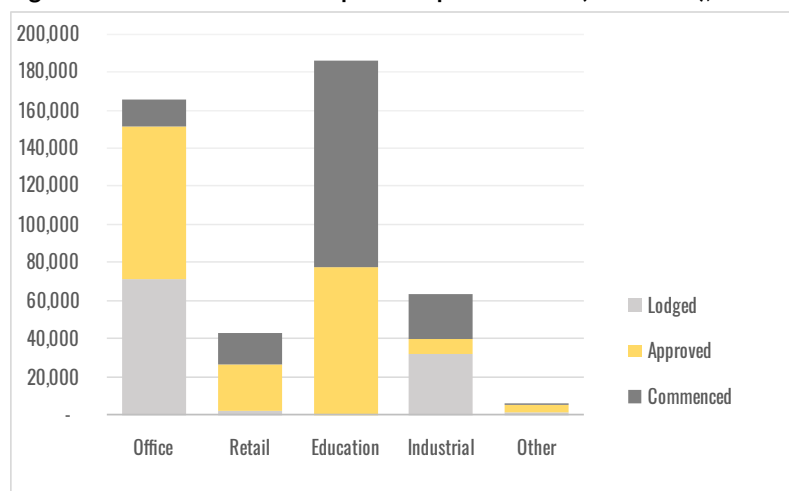
A high level review of commercial floorspace supply is undertaken to understand the quantum of floorspace that is in the development pipeline in the Redfern Street, King Street and Green Square & City South Villages (collectively referred to as the Southern Villages).

The Southern Villages experienced strong development activity between 2016 and 2021 with approx. 380,000sqm of commercial floorspace completed, driven in part by completion of the South Eveleigh (Australian Technology Park) precinct and the rapidly growing South Sydney office market. A breakdown of the commercial floorspace completions indicates office floorspace accounted for almost 60% while supply and education at almost 20% of total commercial supply.

As at June 2021, the City's Commercial Development Monitor reports 460,000sqm of commercial floorspace in the pipeline across the Southern Villages with approximately 50% planned for the Green Square & City South village and 35% within the Redfern Street village. The pipeline is at various planning stages from lodged to approved to commenced construction.

**Figure 3-1** graphs the commercial development pipeline as at June 2021 for the Southern Villages by floorspace type and planning status.

**Figure 3-1: Commercial Development Pipeline Status (June 2021), Southern Villages**



Source: City of Sydney (2021a)

Observations on the pipeline status as at June 2021 are as follows:

- Just over 40% of commercial floorspace is approved and not commenced and 35% has commenced construction.
- Office and education floorspace remain the dominant types with approximately 165,800sqm of office floorspace and 185,700sqm of education floorspace (roughly 40% each of total supply) at various planning stages.
- Approx. half the office supply is approved and not yet commenced and 40% of total office supply is lodged for approval.
- Approx. 60% of education floorspace has commenced construction. There are no current applications lodged for approval.
- Retail and industrial floorspace supply is comparatively modest accounting for 9% and 13% of the pipeline respectively.

### Redfern Street Village

The Redfern Street village, driven by the South Eveleigh strategic site has been a key contributor to the supply of commercial floorspace over the past decade. The South Eveleigh precinct is an emerging office precinct anchored by Commonwealth Bank of Australia. The precinct attracts interest from a broad range of occupiers attracted to the high level of retail amenity, contemporary office accommodation and connectivity.

Over the 2016-2021 period the City's Commercial Monitor shows approx. 191,000sqm commercial floorspace was completed. Over the next 3-4 years to 2026, a further 160,000sqm of commercial floorspace is planned for delivery. In comparison, there was more modest growth in floorspace over 2007-2017 with 91,600sqm completed (as shown in **Table 2-6**).

## 3.2 Residential Uses

### 3.2.1 Higher Education Sector

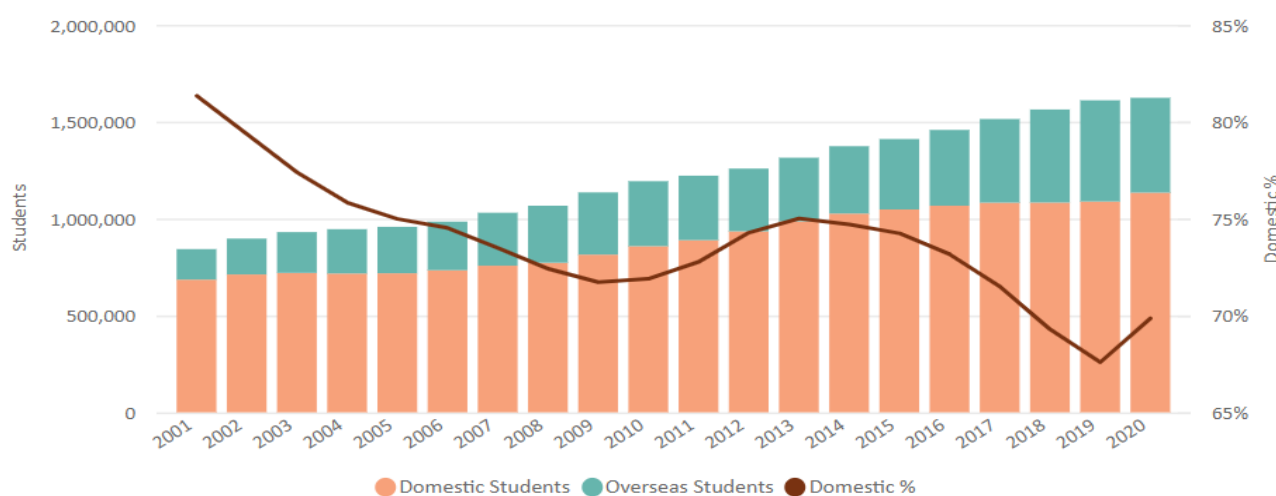
Australia provides 13 of the top universities in the Global Top 200 competing with the larger countries of Germany, United States of America and the United Kingdom. Seven of Australia's universities are in the top 100. (Savills, 2021).

The Australian government recognises the economic significance of Australia's largest service export sector to the national economy. Initiatives over a number of decades to increase the number of university enrolments have resulted in a significant overseas student population in Australia, in the main concentrated in capital cities.

In the years leading up to 2020, changes to student visa requirements and a weak Australian dollar significantly boosted international enrolments. The onset of the COVID-19 pandemic in 2020 and resultant closed international borders caused severe uncertainty for sector's profitability however has seemingly not dampened enrolment from overseas students.

**Figure 3-2** demonstrates the growth of overseas student enrolments compared to domestic student enrolments since 2001.

**Figure 3-2: Overseas and Domestic University Enrolment Trends**



Source: Department of Education (2020a)

In July 2022, the Department of Education reported almost 530,000 overseas students enrolled in Australian higher education institutions. While marginally lower than enrolments reported in January to January 2021 (509,000), Australia continues to attract overseas students with a reported 150,000 overseas students with visas waiting to return to Australia following international border re-openings (Savills, 2021).

Sydney is home to some of Australia's largest universities and private and non-university higher education institutions. The Site is located proximate to several tertiary institutions located in Camperdown, Chippendale, Ultimo and Sydney CBD. Redfern is a preferred location for students owing to its transport connections and proximity to universities.

**Table 3-4** lists enrolment numbers for 13 higher education institutions located within 5km of the Site.

**Table 3-4: Enrolment Numbers in Higher Education Institutions (2020)**

Institution	Total Students	Overseas Students	% Overseas
University of Sydney	54,065	23,842	21%
University of Technology Sydney	35,715	10,302	9%
Private Universities and Non-University Higher Education			0%
Academy of Information Technology	806	288	0%
Australian College of Applied Psychology	2,791	424	0%
Kaplan Business School	3,540	3,484	3%
Kent Institute Australia	1,311	1,311	1%
Kings Own Institute	2,296	2,294	2%



Institution	Total Students	Overseas Students	% Overseas
SAE Creative Media Institute	3,345	611	1%
TAFE NSW	1,857	1,096	1%
Top Education Institute	1024	987	1%
UTS: Insearch	2,619	1,911	2%
Universal Business School Sydney	1,416	1,413	1%
Wentworth Institute	549	535	0%
<b>Total Students Enrolled (within 5km)</b>	<b>111,334</b>	<b>48,498</b>	<b>44%</b>

Source: Department of Education, Skills and Employment (2020c), Australian Education Network (2021)

The data shows in 2020 there were 48,500 overseas students in higher education institutions within 5km of the Site.

### 3.2.2 Current Provision of Student Accommodation

The viability and success of the higher education sector is dependent not only on the quality of course, programming and teaching; the ability of students to find living accommodation in close proximity or within commutable distance is equally important. Indeed, in its International Education Services Research Paper in 2015, the Productivity Commission identified that while course programming is an important influencing factor for growth, the availability of student accommodation is a key factor in maintaining sustainable growth in international student numbers.

The availability of suitable accommodation for international (and domestic) students is a key factor for success of the higher education sector. Sufficiency of housing choice and the affordability of accommodation options is critical.

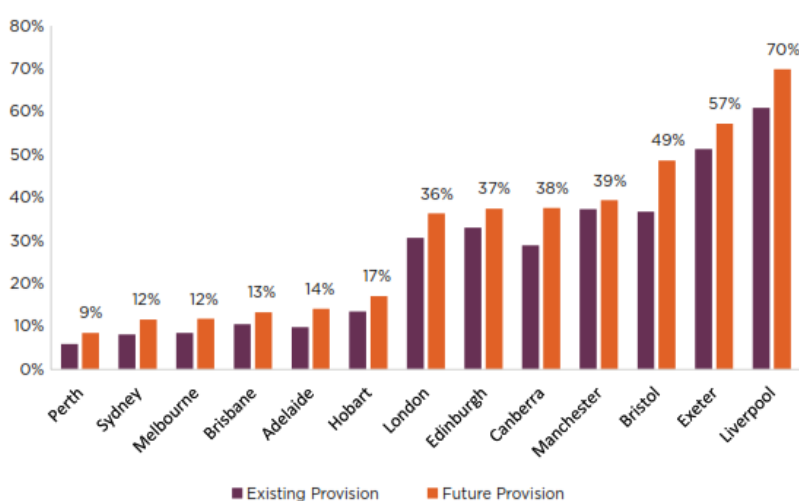
Research indicates the provision of student accommodation beds per enrolled student in Australian capital cities is substantially lower than global benchmark cities. As an example, 36% of full-time students in London have access to a student accommodation bed, while in Sydney only 12% of full-time enrolled students have (Savills, 2020).

When comparing the Australian and UK markets, it is important to distinguish the propensity of domestic students in the UK to move away from home for higher education - and therefore demanding accommodation. In Australia 120,000 domestic students lived away from home during term time (in 2020), up 23,000 since 2012.

Figure 3-3 shows the student accommodation provision rate for comparison cities including Sydney (8% current, 12% potential future including pipeline supply).

Figure 3-3: Select Global Cities, Ratio of Student Accommodation Beds to Full-time Students

#### Student Accommodation Provision Rate



Source: Savills, Department of Education, Skills and Employment, HESA  
The chart above provides a summary of the existing supply of PBSA (navy bars) and the proposed development pipeline (sky blue bars) against full-time student numbers, with student numbers remaining static, the cities are sorted by the total provision of accommodation including pipeline

Source: Savills (2020)



**Table 3-5** summarises the population of full-time students (2019) in main capital cities against the number of student beds.

**Table 3-5: Australian Greater Capital Cities, Provision of Student Accommodation Beds (2019)**

Greater Capital City	Full-time Students	University Accommodation	Commercial Accommodation	Students Renting Privately or Living at Home
Sydney	250,314	3.8%	4.4%	91.8%
Melbourne	335,504	3.1%	5.4%	91.5%
Brisbane	155,448	2.4%	8.2%	89.4%
Perth	104,738	3.0%	2.9%	94.1%
Adelaide	79,104	3.0%	6.8%	90.2%
Canberra	33,186	14.2%	14.7%	71.1%
Hobart	12,990	12.2%	1.0%	86.8%
Darwin	6,224	7.9%	4.9%	87.2%

Source: Savills (2020)

In Sydney, the provision of university accommodation and commercial accommodation is relatively low (combined 8.2%), thereby with almost 92% of students either renting in the private rental market or living at home.

Demand for student accommodation is in large part driven by the number of international students. While the international student cohort is a key driver of demand, as preferences and lifestyle choices evolve, the number of domestic students living away from home is likely to increase - adding to the demand for student accommodation. Students could reside in purpose-built student accommodation (PBSA) or other accommodation such as private rental housing and co-living.

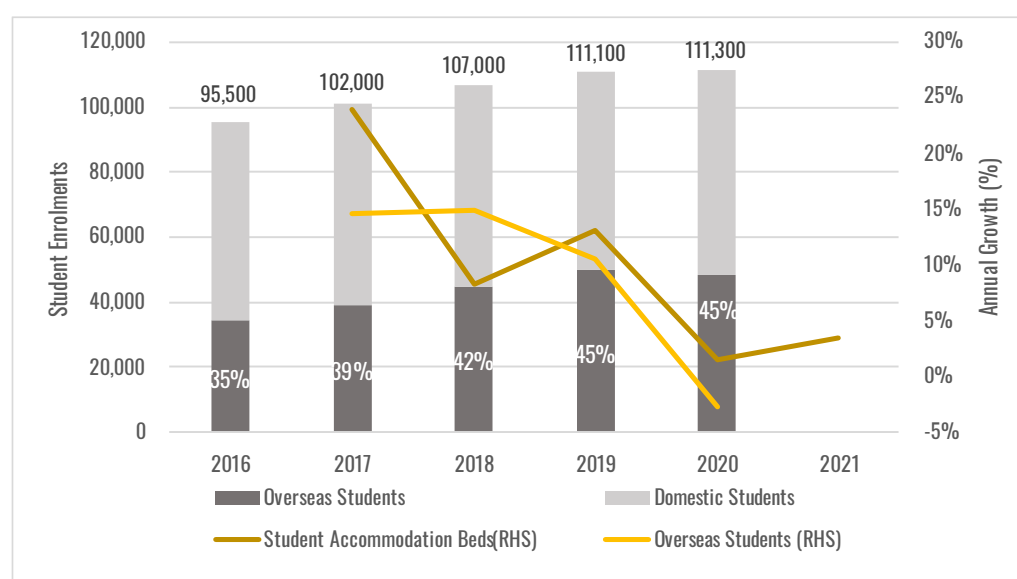
### 3.2.3 Supply of Accommodation Options

Residential living has evolved over the past few decades - the beneficiary of innovative design and improved service levels. Greater levels of amenity and services are incorporated within residential accommodation design to enhance the resident's living experience. This has led to delivery of residential products including build-to-rent and co-living.

The City's Housing Audit (June 2021) reports over 15,000 non-private dwellings in the LGA - boarding house rooms, student accommodation beds and residential care services. Of the 15,000 non-private dwellings, there were approx. 11,000 student accommodation beds and 3,500 boarding house rooms. Just over 50% of non-private dwellings are in the Redfern Street and King Street Villages.

**Figure 3-4** shows supply of student accommodation beds in the Redfern Street and King Street villages against overseas enrolment numbers at higher education institutions within a 5km radius of the Site (refer to **Table 3-4**).

**Figure 3-4: Student Accommodation Bed Supply and Overseas Student Enrolments (within 5km of the Site)**



Source: Department of Education (2016-2020), City of Sydney (2015-2020)

Over the 2016-2017 period, the supply of student accommodation beds was robust. Supply has subsequently declined despite rising enrolment numbers for both domestic and international students.

Supply of student accommodation beds in the Redfern Street and King Street villages increased by 3% or 196 beds over 2020-21 bringing the cumulative total beds to approximately 5,800. This is equivalent to a student accommodation provision rate of 5% within a 5km distance of the Site, even lower than the Greater Sydney average provision of student accommodation recorded at 12% in 2020 (refer to **Figure 3-3**).

### 3.3 Viability of Development as Permitted

The Site's existing buildings comprise approx. 1,400sqm commercial GFA and 25 one-bedroom residential units. At a capital value of \$10,000/sqm and \$750,000 per unit, the commercial buildings and residential units could have a value of \$11.2 million and 18.75 million respectively. This adds to a total value of \$32.75 million.

The Site currently has a development permissibility of FSR 3:1, with a maximum of FSR 1:1 residential. Development sites for commercial floorspace are less valuable than residential floorspace in this location. At a site value of \$2,000/sqm commercial GFA and \$5,500/sqm residential GFA, at the permitted densities, a site value of \$19.2 million results.

High-level site value (under current planning controls) calculations are shown in **Table 3-6**.

**Table 3-6: Viability Calculations, Current Planning Controls**

Land Use	FSR	GFA (sqm)	Site Value/sqm GFA	
Commercial	2:1	2,016	\$2,000	\$8,064,000
Residential	1:1	4,032	\$5,500	\$11,088,000
<b>Total</b>				<b>\$19,152,000</b>

Source: Atlas

Development to current planning controls is not feasible - the Site has a value of \$19.2 million if developed under current planning controls. This is well below the value of the Site in its existing use of \$32.75 million. There would therefore be no incentive to displace the existing uses and redevelop to FSR 3:1 as permitted. The existing buildings would remain 'as is'.

For development to be feasible under the current planning controls, a commercial site value greater than \$5,000/sqm GFA would be required for the total site value to approach \$32.75 million. Commercial site values >\$5,000/sqm are generally found in the Sydney CBD.

### 3.4 Need for the Proposal

#### Viability of Commercial Uses

As a City fringe market, Redfern is well located and well placed to accommodate a mix of business/ enterprise activity as well as commercial office floorspace, subject to location, access and amenity. Office markets in the City fringe (i.e. Surry Hills, Pyrmont, Camperdown) have experienced strong market conditions in recent years. That said, commercial office floorspace relies on a critical mass of occupiers which is necessary to support a diverse retail and urban amenity offer.

While the centrality of a Redfern location in and of itself is advantageous, secondary locations (like the Site) that are 'tucked away' or lacking visibility/ exposure are not viable as commercial development sites. The viability of a commercial development depends on attractiveness of the location and surrounding land uses to attract workers and customers. Businesses gravitate to areas of high activity and amenity, accessible to their customers and suppliers.

The location and amenity context of the Site does not particularly lend itself to high order commercial uses. This has corresponding implications for the depth of market demand for commercial uses and constrains the prices and rents achievable for employment floorspace. This means that a commercial-only development does not achieve the economic prices required for viable redevelopment. Development under current planning controls is shown to be not viable.

The Mixed Use zone (equivalent to a B4 zone) permits a wide range of uses. The issue for a viable development of the Site is therefore - to accommodate an appropriate mix/ combination of uses that meets market demand but that also facilitates a commercial outcome.

## Residential Uses

The Proposal's 216 rooms respond to a clear need/ gap for residential living for students or local workers. The value of the education sector to the Australian economy needs no speaking to.

A review of existing supply alone indicates that there is a significant undersupply of student accommodation beds in Sydney and more so in the inner suburbs where higher education institutions are located. Those students unable to secure living accommodation are likely to look to neighbouring private rental markets, or in the worst case not consider studying in inner Sydney.

In 2020, there were nearly 48,500 overseas students enrolled in institutions of higher education within 5km from the Site. At the same time, only 5,800 student accommodation beds were delivered available in the Redfern Street and King Street village areas. This is only about 40% of international students, not counting interstate or regional students requiring accommodation on or around campus and rising enrolment numbers for domestic and overseas students needing affordable and accessible accommodation.

Since the international borders opened in December 2021, students have returned in the thousands. With the student accommodation provision rate in Sydney well below other global cities, the Proposal is responding to a clear market need.

Prevailing private rental market conditions would further challenge incoming overseas students looking at Sydney's higher education options with rapidly rising rents and limited supply creating an affordability crisis for all tenants.

The next chapter estimates the economic impacts that could result from the Proposal.

## 4. Economic Impact Assessment

### 4.1 Overview

This chapter examines the economic activity and impacts that could result from the Proposal during construction and upon completion (operational). The analysis estimates the economic activity supported in the following scenarios:

- **Base Case:** The Site and existing buildings remain 'as is', in their existing use. This is a Do-Nothing scenario.  
The Site is improved with several buildings (approx. 1,400sqm commercial floorspace and 25 one-bedroom residential units). Analysis in section 3.3 shows that development under current planning controls is not viable and unlikely to occur. Therefore, the EIA considers the Site's existing operations to be a more realistic representation of the base case.
- **Proposal Case:** The Site is rezoned and redeveloped into a mixed use development comprising:
  - Ground and first floor retail/ commercial uses (927sqm GFA).
  - 216 boarding house rooms for use as student accommodation.

The economic impacts are assessed at the Sydney LGA level. An Input-Output model (including the development of specific regional Input-Output transaction tables) was developed to reflect the economic structure of the Sydney LGA.

Input-Output modelling considers economic activity through examining four types of impacts as described in **Table 4-1**.

**Table 4-1: Economic Indicators**

Indicator	Description
Output	The gross value of goods and services transacted, including the cost of goods and services used in the development and provision of the final product. Care should be taken when using output as an indicator of economic activity as it counts all goods and services used in one stage of production as an input to later stages of production, thus overstating economic activity.
Gross Product	The value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g., Gross Regional Product (GRP)) defines a net contribution to economic activity.
Incomes	The wages and salaries paid to employees as a result of the Project either directly or indirectly.
Employment	Employment positions generated by the Project (either full time or part time, directly or indirectly). Employment is reported in terms of Full-Time Equivalent (FTE) positions (i.e., Full Time Person-Years).

Source: Atlas

Input-Output modelling estimates show the impacts of direct spending in a particular industry as well as from production-induced impacts (Type I) or consumption-induced impacts (Type II).

- **Production-induced impacts (Type I)** show the effects of industrial support effects of additional activities undertaken by supply chain industries increasing their production in response to direct spending.
- **Consumption-induced impacts (Type II)** estimate the re-circulation of labour income earned as a result of the initial spending, through other industry impacts, or impacts from increased household consumption.

The estimates of economic impacts consider production and consumption-induced flow-on impacts. Type II impacts are commonly considered to overstate economic activity and therefore the types of flow-on impacts are reported separately.

### 4.2 Drivers of Economic Activity

To understand the economic impacts likely to result from the Base Case and Proposal Case, it is necessary to distinguish economic impacts during the construction phase and those economic impacts that will be more permanent in nature upon completion and operation of the Site.

- **Construction Phase:** Construction activity in the Proposal Case will draw resources from and thereby generate economic activity in the Sydney LGA as well as from outside the LGA. Assumptions are made on the proportion sourced from within and from outside the LGA. The construction phase is assessed for the Proposal Case only.

- **Operational Phase:** Operational impacts are assessed for business operations on the Site and the completed product under the Proposal Case. Additionally, the Site is expected to generate ongoing economic/ operational activity through the expenditure of existing and future permanent households locating to the Site.

Refer to Schedule 1 for a description of the drivers and assumptions that underpin the assessed economic impacts.

### 4.3 Economic Activity and Impacts

Economic activity will occur on the Site under the Base Case and Proposal Case. The continued use of the Site will generate economic activity and impacts (Operational Phase). If the existing buildings were demolished and redeveloped, the Site will generate economic activity from construction activities (Construction Phase) and operations of the completed product (Operational Phase).

Additionally, economic impacts will arise from the retail spend of residents living on the Site under the Base Case and Proposal Case. Economic impacts for the Base Case and Proposal Case are assessed separately.

#### 4.3.1 Construction Phase

Economic impacts during the Construction phase are assessed for the Proposal Case only. Construction impacts are assessed separately as they are expected to be short-term in nature, concluding when development activity is completed.

During construction, the Site could support the following economic activity in Sydney LGA.

- \$48.3 million in output (including \$28.2 million in direct activity).
- \$18.1 million contribution to GRP (including \$7.3 million in direct activity).
- \$10.1 million in incomes and salaries paid to households (including \$4.7 million in direct income).
- 110 FTE jobs (including 56 FTE directly employed in construction activity).

**Table 4-2** summarises the estimated economic impacts during the Operational Phase in the Proposal Case.

**Table 4-2: Construction Impacts (Proposal Case)**

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
Direct	\$28.2	\$7.3	\$4.7	56
Flow-on Type I (Production-induced)	\$10.7	\$5.3	\$3.1	28
Flow-on Type II (Consumption-induced)	\$9.4	\$5.5	\$2.3	25
<b>Total</b>	<b>\$48.3</b>	<b>\$18.1</b>	<b>\$10.1</b>	<b>110</b>

Note: Totals may not sum due to rounding.

Source: Atlas

Albeit short term, redeveloping the existing buildings generates additional economic activity over a 'Do-Nothing' scenario.

#### 4.3.2 Operational Phase

##### Base Case

The Site currently accommodates existing businesses including an art gallery, bathroom showroom and wholesale distributor of bath-ware. The existing businesses are estimated to support the following annual economic activity through direct and indirect (flow-on) impacts associated with the existing business activity:

- \$19.3 million in output (\$9.4 million directly).
- \$10.4 million contribution to GRP (\$4.9 million direct contribution).
- \$5.6 million in wages and salaries paid to local workers (\$3 million directly).
- 60 FTE jobs (33 direct FTE).

**Table 4-3** summarises the estimated economic impacts during the Operational phase in the Proposal Case.

**Table 4-3: Operational Impacts (Base Case), Sydney LGA**

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
Direct	\$9.4	\$4.9	\$3.0	33
Flow-on Type I (Production-induced)	\$4.3	\$2.2	\$1.2	11
Flow-on Type II (Consumption-induced)	\$5.6	\$3.3	\$1.4	15
<b>Total</b>	<b>\$19.3</b>	<b>\$10.4</b>	<b>\$5.6</b>	<b>60</b>

Note: Totals may not sum due to rounding.

Source: Atlas

### Proposal Case

Following the completion of construction, the Site is estimated to support the following annual economic activity through direct and indirect (flow-on) impacts associated with household expenditure generated through the Site:

- \$37.5 million in output (including \$19.4 million in direct activity).
- \$20.4 million contribution to GRP (including \$10.2 million in direct activity).
- \$10.3 million in incomes and salaries paid to households (including \$5.5 million in direct income).
- 92 FTE jobs (including 45 FTE directly related to activity on the Site).

**Table 4-4** summarises the estimated economic impacts during the Operational phase in the Proposal Case.

**Table 4-4: Operational Impacts in Sydney LGA, Proposal Case**

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
Direct	\$19.4	\$10.2	\$5.5	45
Flow-on Type I (Production-induced)	\$7.7	\$4.1	\$2.3	19
Flow-on Type II (Consumption-induced)	\$10.4	\$6.1	\$2.6	28
<b>Total</b>	<b>\$37.5</b>	<b>\$20.4</b>	<b>\$10.3</b>	<b>92</b>

Note: Totals may not sum due to rounding.

Source: Atlas

### **4.3.3 Net Economic Impacts**

Notwithstanding the reduction in retail/ commercial floorspace in the Proposal Case, the Proposal facilitates intensified use of the Site owing to more contemporary and efficient floorspace that could accommodate a broader range of employment activity resulting in greater levels of output and contribution to the Sydney local economy.

Compared with the Base Case, the Proposal is estimated to result in a **net increase in economic activity** through direct and indirect (flow-on) annually at:

- \$18.2 million additional in output (including \$10 million in direct activity).
- \$10 million additional in contribution to GRP (including \$5.3 million in direct activity).
- \$4.7 million additional in incomes and salaries paid to households (including \$2.5 million directly).
- 32 additional FTE jobs (including 12 additional jobs directly related to activity).

## 4.4 Additional Household Spend

Additional economic activity could be supported from household expenditure from residents living on the Site in the Base Case and Proposal Case.

There are currently 25 apartments (or households) on the Site. The Proposal Case envisages 216 boarding rooms configured as 62 single rooms and 149 double rooms. For analysis purposes, we assume the Sydney LGA average dwelling occupancy rate of 1.89 persons per household. Total residents and households are therefore:

- Base Case: 25 households with 47 residents (1 household per apartment).
- Proposal Case: 184 households with 349 residents (1 household per 2 single rooms, 1 household per double room). Expenditure levels per household have been reduced to reflect student expenditure.

In the Proposal Case, there are a greater number of households and residents to support additional household expenditure and consequent additional economic activity and impact for the Sydney LGA. Net household expenditure associated with the Proposal Case residents could support the following **additional** economic impacts:

- \$7 million in output (including \$3.7 million in direct activity).
- \$4 million in contribution to GRP (including \$2.2 million in direct activity).
- \$2 million in incomes and salaries paid to households (including \$1.1 million in direct activity).
- 24 FTE jobs (including 15 additional FTE jobs directly).

**Table 4-5** summarises the economic impacts associated with household expenditure in the Base Case and Proposal Case.

**Table 4-5: Household Expenditure in Sydney LGA, Base Case and Proposal Case**

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
<b>Proposal Case</b>				
Direct	\$5.3	\$3.1	\$1.6	22
Flow-on Type I (Production-induced)	\$2.0	\$1.0	\$0.5	5
Flow-on Type II (Consumption-induced)	\$2.9	\$1.7	\$0.7	8
<b>Total</b>	<b>\$10.1</b>	<b>\$5.8</b>	<b>\$2.9</b>	<b>35</b>
<b>Base Case</b>				
Direct	\$1.6	\$0.9	\$0.5	7
Flow-on Type I (Production-induced)	\$0.6	\$0.3	\$0.2	2
Flow-on Type II (Consumption-induced)	\$0.9	\$0.5	\$0.2	2
<b>Total</b>	<b>\$3.1</b>	<b>\$1.8</b>	<b>\$0.9</b>	<b>11</b>
<b>Net Household Expenditure</b>				
Direct	\$3.70	\$2.20	\$1.10	15
Flow-on Type I (Production-induced)	\$1.40	\$0.70	\$0.30	3
Flow-on Type II (Consumption-induced)	\$2.00	\$1.20	\$0.50	6
<b>Total</b>	<b>\$7.00</b>	<b>\$4.00</b>	<b>\$2.00</b>	<b>24</b>

Note: Totals may not sum due to rounding.  
Source: Atlas

New household expenditure is expected to be directed to local businesses in the Redfern local centre and elsewhere in the LGA. Beneficiaries of this retail spend could conceivably include service retail and commercial businesses along Cleveland Street and surrounding the train station together with retail and hospitality establishments in Newtown, Camperdown and Ultimo. This will contribute to the vitality and viability of the Sydney LGA's local centres.

We caution that household expenditure activity that is supported by the development should not be summed with the impacts estimated in section 4.3.3 as some household expenditure activity would have already been captured in the assessment of economic impacts in section 4.3.3. It is therefore important not to sum the impacts in this section with those in section 4.3.3 to avoid double-counting. The estimate of economic activity supported by household expenditure should therefore be viewed as its own separate analysis.

## 4.5 Summary of Findings

The development of the Site as proposed is shown to deliver positive economic impacts to the Sydney economy.

Compared with the Base Case, it is estimated to result in a **net increase in economic activity** during the construction phase through a mix of direct and indirect (flow-on) activity, including:

- \$48.3 million in output (including \$28.2 million in direct activity).
- \$18.1 million contribution to GRP (including \$7.3 million in direct activity).
- \$10.1 million in incomes and salaries paid to households (including \$4.7 million in direct income).
- 110 FTE jobs (including 56 FTE directly employed in construction activity).

When operational, the Proposal is estimated to result in an annual **net increase in economic activity** with:

- \$18.2 million additional in output (including \$10 million in direct activity).
- \$10 million additional in contribution to GRP (including \$5.3 million in direct activity).
- \$4.7 million additional in incomes and salaries paid to households (including \$2.5 million directly).
- 32 additional FTE jobs (including 12 additional jobs directly related to activity).

The economic impacts estimated in this chapter demonstrate the Proposal has economic merit, having the ability to contribute positively to the Sydney economy.

### Balancing Economic Need and Site Characteristics

The redevelopment of the Site will invariably result in the loss of the existing employment floorspace. As a commercial-only development is not viable, the alternative to avoiding the loss of the floorspace would be to retain the existing employment floorspace (i.e. without a redevelopment). The development potential of the Site would therefore be unrealised.

Despite their business zoning, it is a commercial reality that some locations do not lend themselves to achieving the economic rents and prices needed for a viable commercial development. In these instances accommodating land uses that are productive (i.e. generate economic activity) but that do not necessarily accommodate direct jobs (i.e. jobs on-site) would achieve a better economic outcome than retaining a scarce, inner city site underutilised in its economic potential.

The Proposal responds to the site's context as well as the broader economic/ market context. While the location does not meet the amenity expectations of the commercial office sector, the Proposal astutely co-locates smaller scale commercial spaces within the development to play a local service role.

Boarding houses (and co-living), hotels and short-term accommodation are examples of land uses that do not necessarily accommodate a large quantum of employment directly (on-site) but these land uses accommodate resident cohorts (students, tourists and visitors) that themselves are generators of economic activity. These resident cohorts and their activities support a range of sectors - education, tourism, hospitality and leisure, etc.

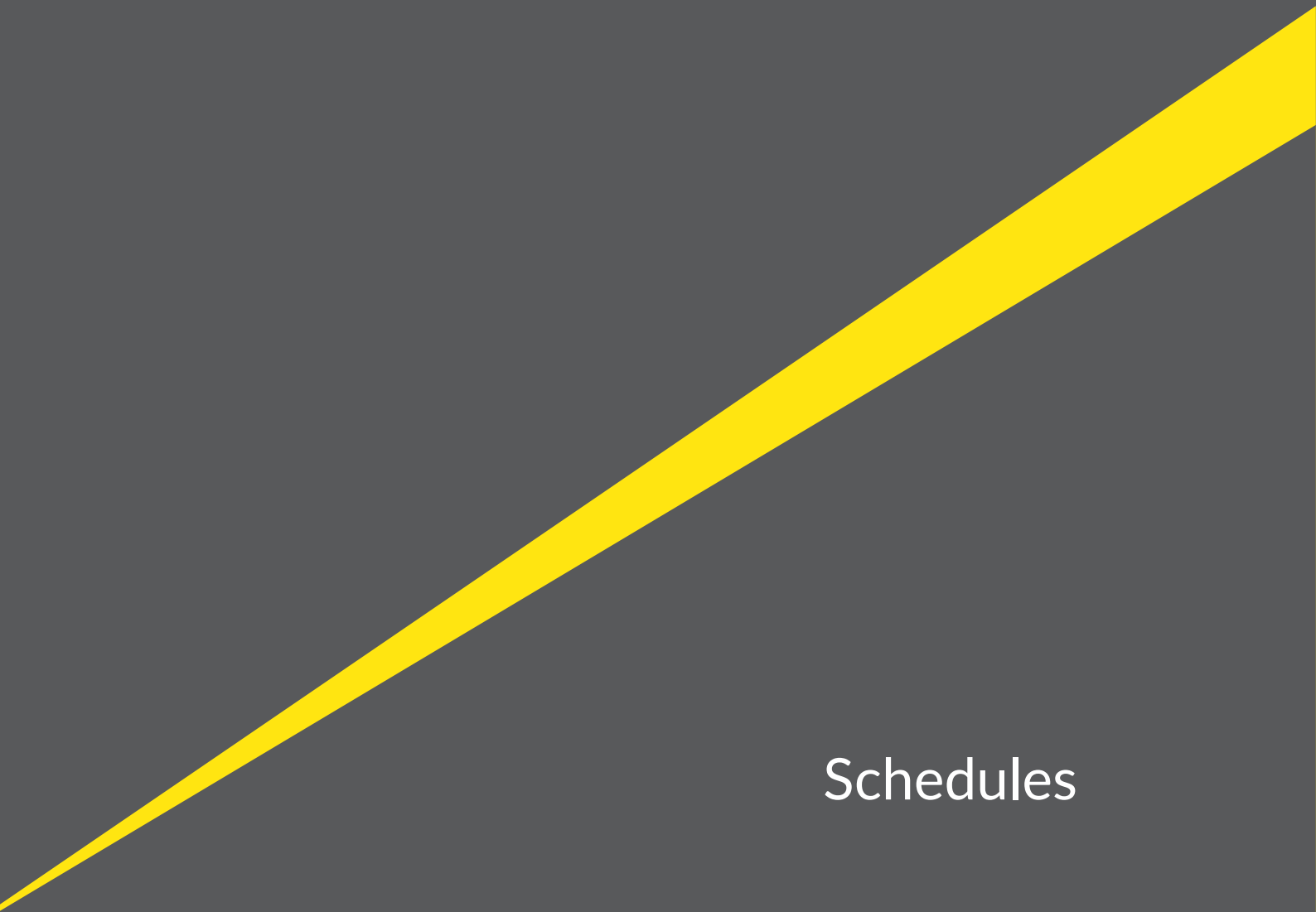
The accommodation that is required for these resident cohorts is an equally important type of floorspace that should be planned for development.



# References

---

- Australian Education Network (2021). *University Rankings*. Available at: <https://www.universityrankings.com.au/international-student-numbers/>
- City of Sydney (2021a). *Commercial Development Monitor*. Available at: <https://www.cityofsydney.nsw.gov.au/surveys-case-studies-reports/city-monitor-reports>
- City of Sydney (2021b). *Housing Audit*. Available at: <https://www.cityofsydney.nsw.gov.au/surveys-case-studies-reports/city-monitor-reports>
- City of Sydney (2017). *Employment and Floorspace Survey*. Available at: <https://www.cityofsydney.nsw.gov.au/surveys-case-studies-reports/floor-space-employment-survey-2017>
- Department of Education (2020a). *Higher Education Trends*. Available at: <https://www.education.gov.au/higher-education-statistics/student-data/selected-higher-education-statistics-2020-student-data-0>
- GSC (2019). *Camperdown-Ultimo Place Strategy*. Available at: <https://gsc-public-1.s3.amazonaws.com/s3fs-public/gsc-collaboration-area-ca2018-camperdown-ultimo-place-strategy-2802.pdf>
- Productivity Commission (2015). *International Education Services Research Paper*. April 2015. Accessible here: <https://www.pc.gov.au/research/completed/international-education/international-education.pdf>
- Savills (2021). *Student Accommodation Research Report December 2021*. Available at: [https://www.savills.com.au/research\\_articles/167771/204714-0](https://www.savills.com.au/research_articles/167771/204714-0)
- UrbanGrowth NSW (2016). *Central to Eveleigh Transformation Strategy*. Available at: <https://centraltoeveleigh.nsw.gov.au/uts/uts/>



Schedules

# Input-Output Methodology

Input-Output models are a method to describe and analyse forward and backward economic linkages between industries based on a matrix of monetary transactions. The model estimates how products sold (outputs) from one industry are purchased (inputs) in the production process by other industries.

The analysis of these industry linkages enables estimation of the overall economic impact within a catchment area due to a change in demand levels within a specific sector or sectors.

Impacts are traced through the economy via:

- **Direct impacts**, which are the first round of effects from direct operational expenditure on goods and services.
- **Flow-on impacts**, which comprise the second and subsequent round effects of increased purchases by suppliers in response to increased sales. Flow-on impacts can be disaggregated to:
  - **Industry Support Effects** (Type I) derived from open Input-Output models. Type I impacts represent the production induced support activity as a result of additional expenditure by the industry experiencing the stimulus on goods and services, and subsequent round effects of increased purchases by suppliers in response to increased sales.
  - **Household Consumption Effects** (Type II) derived from closed Input-Output Models. Type II impacts represent the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the catchment economy.

Economic analysis considers the following four types of impacts, summarised in Table S1-1.

Table S1. 1:Economic Activity Indicators

Indicator	Description
Output	The gross value of goods and services transacted, including the cost of goods and services used in the development and provision of the final product. Care should be taken when using output as an indicator of economic activity as it counts all goods and services used in one stage of production as an input to later stages of production, thus overstating economic activity.
Gross Product	The value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g. Gross Regional Product, GRP defines a net contribution to economic activity.
Incomes	The wages and salaries paid to employees as a result of the Project either directly or indirectly.
Employment	Employment positions generated by the Project (either full time or part time, directly or indirectly). Employment is reported in terms of Full-Time Equivalent (FTE) positions (i.e., Full Time Person-Years).

Source: Atlas

## REGIONAL MODEL DEVELOPMENT

Multipliers used in this assessment have been created using a regionalised Input-Output model derived from the 2019-2017 Australian transaction table (ABS, 2022).

Estimates of gross industry production in the catchment area were developed based on the share of employment (by place of work) of the Catchment Area within the Australian economy (ABS, 2017) using the Flegg Location Quotient and Cross Hauling Adjusted Regionalisation Method (CHARM). See Norbert (2015) and Kronenberg (2009) for further details.

## MODELLING LIMITATIONS AND ASSUMPTIONS

Input-Output modelling is subject to a number of key assumptions and limitations (ABS, 2019):

- **Lack of supply-side constraints:** The most significant limitation of economic impact analysis using multipliers is the implicit assumption that the economy has no supply-side constraints. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.
- **Fixed prices:** Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. Prices are assumed to be unaffected by policy and any crowding out effects are not captured.
- **Fixed ratios for intermediate inputs and production:** Economic impact analysis using multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. As such, impact analysis using multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount.
- **No allowance for purchasers' marginal responses to change:** Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.
- **Absence of budget constraints:** Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.

Despite these notable limitations, Input-Output techniques provide a solid approach for assessing the direct and flow on economic impacts of a project or policy that does not result in a significant change in the overall economic structure.

## DRIVERS OF ECONOMIC IMPACT

In order to understand the economic impacts likely to result from the Proposal, it is necessary to distinguish economic impacts during the construction phase and those economic impacts that will be more permanent in nature following construction completion and operations commencement.

- **Construction Phase:** The construction phase is assessed for the Proposal Case only. Construction activity in the Proposal Case will draw resources from and thereby generate economic activity in the Sydney LGA as well as from outside the LGA. Assumptions are made on the proportion sourced from within and from outside the LGA.
- **Operational Phase:** Operational impacts are assessed for the existing business operations on the Site and for the completed product under the Proposal Case.
- **Household Expenditure:** Additionally, the Site is expected to generate ongoing economic/ operational activity through the expenditure of existing households living on the Site and future permanent households locating to the Site.

### Construction Phase

For modelling purposes, construction costs (including contingency) for the Proposal Case were broken down into their respective Australia and New Zealand Standard Industrial Classification (ANZSIC) industries.

Drivers of the Construction phase were examined for both the Proposal Case and Base Case. This breakdown was developed based on the following assumptions by Atlas regarding the most appropriate ANZSIC industries for each activity.

**Table S1. 2** summarises the Constructions Cost Allocations for the Proposal Case.

**Table S1. 2: Construction Cost Allocation, Proposal Case (including Contingency)**

Work Type	(\$M)	ANZSIC
Demolition	\$0.04	Construction Services
Site Preparation, Basement and External Works	\$1.49	Heavy and Civil Engineering Construction
Non-Residential component	\$3.67	Non-Residential Building Construction
Residential component	\$28.23	Residential Building Construction
Professional Fees	\$3.43	Professional, Scientific and Technical Services
<b>Total</b>	<b>\$36.87</b>	

Source: Atlas

Of the above capital outlay, not all activity will be undertaken within the Sydney LGA economy. For the purposes of this assessment it was assumed:

- Approximately 75% of the direct expenditure on construction-related (i.e. Residential Building Construction, Non-Residential Building Construction and Construction Services) activity would be sourced from local businesses and labour. Of this:
  - Approximately 25% of purchases on goods and services (supply chain related activity) made by construction-related businesses sourced from outside the Sydney LGA would be spent within the local economy (i.e., 25% of the Type I flow on activity associated with non-local construction companies is assumed to represent additional local activity in the Inner West LGA).
  - Approximately 5% of wages and salaries paid to construction-related workers sourced from outside the region would be spent on local goods and services, such as food and beverages (i.e., 5% of the Type II).

Only flow-on activity of locally sourced professional, scientific and technical services activity (75%) is included, as it is not anticipated professional, scientific and technical services businesses located outside of the Sydney LGA would purchase goods/ services locally.

### Operational Phase

In order to model the economic impacts, operational employment levels for the economic activity occurring in the two scenarios were categorised into the ANZSIC industries which Atlas considered most appropriate.

Employment by industry estimates were converted to a direct output value using a multiplier based on the national transaction table (ABS, 2022). The resultant estimates of output were modelled as the direct activity associated with the Proposal Case and Base Case.

### Household Expenditure Supported

This section outlines the household expenditure that would be associated with existing and future residents and potential economic activity supported.

The ABS Household Expenditure Survey (ABS, 2017) was used to identify the proportion of weekly household incomes that is spent across expenditure items in Sydney LGA.

In the Base Case, the fourth quintile of NSW residents was used to best represent the expenditure patterns of residents currently living on the Site. In the Proposal Case, expenditure was reduced to the lowest quartile to reflect student residents.

This data was converted to 2022 values (ABS, 2022), annualised and allocated into their respective ANZSIC industries. The breakdown to ANZSIC industries was developed based on assumptions by Atlas regarding the most appropriate ANZSIC industries for each activity.

The table below shows the household expenditure estimates for the Sydney LGA under the Base Case (25 households) and Proposal Case (184 households). We have allowed for a 2% vacancy under both scenarios.

**Table S1. 3: Estimated Household Expenditure Supported, Base Case and Proposal Case**

ANZSIC	Total Spend (\$M)	% Local	Local Spend (\$M)
<b>Base Case (25 households)</b>			
Ownership of Dwellings	\$0.5	50%	\$0.25
Retail Trade	\$0.5	75%	\$0.38
Food and Beverage Services	\$0.3	75%	\$0.19
Personal Services	\$0.1	75%	\$0.10
Other Services	\$0.2	75%	\$0.14
Telecommunication Services	\$0.1	25%	\$0.02
Transport	\$0.2	50%	\$0.09
Sports and Recreation	\$0.1	50%	\$0.06
Primary and Secondary Education Services	\$0.1	0%	\$0.00
Technical, Vocational and Tertiary Education Services	\$0.2	75%	\$0.16
Arts, Sports, Adult and Other Education Services	\$0.0	0%	\$0.00
Health Care Services	\$0.0	60%	\$0.01
Heritage Creative and Performing Arts	\$0.0	60%	\$0.00
Electricity Transmission, Distribution, On Selling and Electricity Market Operation	\$0.1	75%	\$0.10
<b>Total</b>	<b>\$0.1</b>	<b>75%</b>	<b>\$0.07</b>
<b>Proposal Case (184 households)</b>			
Ownership of Dwellings	\$2.1	50%	\$1.03
Retail Trade	\$1.7	75%	\$1.30
Food and Beverage Services	\$0.9	75%	\$0.65
Personal Services	\$0.4	75%	\$0.33
Other Services	\$0.5	75%	\$0.38
Telecommunication Services	\$0.3	25%	\$0.08
Transport	\$0.5	50%	\$0.27
Sports and Recreation	\$0.3	50%	\$0.16
Primary and Secondary Education Services	\$0.2	0%	\$0.00
Technical, Vocational and Tertiary Education Services	\$0.5	75%	\$0.41
Arts, Sports, Adult and Other Education Services	\$0.1	0%	\$0.00
Health Care Services	\$0.1	60%	\$0.04
Heritage Creative and Performing Arts	\$0.0	60%	\$0.01
Electricity Transmission, Distribution, On Selling and Electricity Market Operation	\$0.5	75%	\$0.37
<b>Total</b>	<b>\$0.2</b>	<b>75%</b>	<b>\$0.17</b>

Note: Totals may not sum due to rounding.  
Source: ABS (2017b), Atlas Economics

## **SYDNEY**

Level 12, 179 Elizabeth St  
Sydney NSW 2000

## **MELBOURNE**

Level 7, 333 Collins St  
Melbourne VIC 3000

T: 1300 149 151

E: [info@atlasurbaneconomics.com](mailto:info@atlasurbaneconomics.com)

