URBIS

Waterloo OSD

ECONOMIC IMPACT ASSESSMENT

Appendix A

September 2025
For WL Developer Pty Ltd

SUMMARY

Urbis have assessed the needs for non-residential and residential land uses within the Waterloo Over Station Development (OSD). This was to assist in determining the suitable volume of non-residential floor space and the increased provision of residential land uses within the site, with consideration of economic market factors and surrounding context. The Economics Needs assessment also support the clause 4.6 variation to justify the shortfall of non-residential floor space within the site.

The following is an outline of what is currently proposed at the Subject Site.
• Northern Precinct Proposed Land Uses 32,484 sq.m
• Central Precinct Proposed Land Uses 17,444 sq.m

For the Needs analysis, we have assessed the uses based on the following proposed non-residential and residential land uses:

- 275 Residential build-to-sell, proposed in the Northern precinct SSDA
- 39 Affordable dwellings proposed in the Northern precinct SSDA
- 2,254 sq.m of childcare space (131 places) proposed in the Central precinct SSDA
- 2,705 sq.m of retail and community space Total across the three precincts
- 4,931 sq.m of office space proposed in the Northern precinct SSDA.

We have estimated that the land uses listed above are supportable to the levels listed over the next decade.

The economic needs assessment results indicate that more non-residential floorspace is unlikely to be viable in terms of the market need for this space over at least the next decade and is likely to result in vacant space. Further residential floorspace is, however, supportable.

This appendix examines supportability of uses for the non-residential and residential components of the Northern and Central precincts of the development.

APPENDIX A1 ECONOMIC IMPACT ASSESSMENT

Areas Assessed:

Northern Precinct Proposed Land Uses 32,484 sq.m

Central Precinct Proposed Land Uses 17,444 sq.m

Residential

Co-living

Non-Residential (Commercial)

Office

Retail and Community Space

Childcare

Major Future Capital Investment#

$327.1M

Total Construction Costs (Incl. GST)

2.4 Years

Q1 2027 – Q3 2029 Expected Construction Timeframe

Significant Economic Benefits

579

Total Annual Peak FTE* Jobs During Construction

516

Total Annual Ongoing Peak FTE Jobs

$418.6M

Total Annual Average Construction GVA* to NSW Economy

$105.2M

Total Annual Ongoing GVA to NSW Economy

- *FTE = Full-Time Equivalent, GVA = Gross Value Added, Indirect benefits refer to Supply Chain effects but not Consumption Effects.*
- *# As the Southern Precinct is finalising construction the cost of this precinct is not included in the Construction Costs.*
- *Refer to the methodology and definitions pages for more information*

Source: John Holland; REMPLAN; Urbis

CONSTRUCTION PHASE IMPACTS

Impact Modelling Methodology

This study undertook an assessment of the potential economic activity supported by the construction of this project. The following impacts of the project were measured.

- ***Direct impacts*** are the initial round of impacts including economic output, employment and household income.
- ***Indirect impacts*** are the sum of production-induced (i.e. supply chain) effects and consumption-induced effects. Production-induced effects (Type I) are additional output, employment and household income resulting from re-spending by firms that receive payments from the sale of services to the firms undertaking the project.

The modelling assessed:

- ***Economic activity*** – the total dollar amount impact (or contribution to gross domestic product);
- ***Employment*** – the full-time equivalent per annum employment generated by the project;
- ***Value added*** – the value added to materials and labour expended on the project; and
- ***Supply chain impacts*** – the value of further spending in the supply chain.

Construction Phase Impact Modelling Steps

Task	Description
Estimate Direct Impacts	Line-item costs were allocated to relevant industry classifications based on project experience and information supplied by the Waterloo Land Developer
Calculate Consumption and Supply Chain (Indirect) Impacts	This study used an Economic Impact Assessment (EIA) approach to estimate the impact of the project. At the core of EIAs are Input–Output (IO) tables. IO tables are part of the national accounts by the ABS and provide detailed information about the supply and use of products in the Australian economy, and the structure of and inter–relationships between Australian industries. IO tables are converted, through statistical analysis, into a series of economic multipliers. These multipliers represent the relationship between the direct expenditure associated with a project and economic changes. The EIA assessed the additional effects from further rounds of spending in the supply chain but has not included a consumption effect (Type II), which may result from consumer spending generated in the region.

Source: Urbis

PROJECT TIMINGS AND COST

The Waterloo Land Developer has provided estimates for the construction of the Waterloo OSD. The redevelopment of the Subject Site is estimated to have a total development cost of $327.1 million (including GST).

These cost estimates cover the construction phase of the project. Costs include site preparation and building construction costs.

Construction is expected to begin in March 2027 and complete in August 2029. This equates to a 29-month construction period.

The analysis looks at the economic impacts on a local – City of Sydney and a State (NSW) basis.

Estimated Project Cost and Timing

Description	Proposed Development	Timing
Proposed Development	$327.1 million (Incl. GST)	2.4 years (2029 completion)

Source: John Holland, Urbis
Construction timing and cost is subject to change.

CONSTRUCTION PHASE IMPACTS

The economic impact assessment has examined the impacts of the proposed development in terms of value added to the economy and employment creation. We have assessed the respective benefits to two different geographies being the City of Sydney and NSW.

The proposed development is estimated to have a total development cost of $327.1 million (including GST).

Local Economic Impact – City of Sydney

- At its peak, 334 FTE direct and indirect jobs are likely to be supported during the construction of the project.
- Total direct and indirect Value Added to the economy is estimated at $267.9 million over the construction period of the development (2.4 years).

State Economic Impact – New South Wales

- At its peak, 579 FTE direct and indirect jobs are likely to be supported during the construction of the project.
- Total direct and indirect Value Added to the economy is estimated at $418.6 million over the construction period of the development (2.4 years).

Annual Construction Phase Impact Findings – City of Sydney

Category	Direct Effect	Supply-Chain Effect	Total Effect
Project Expenditure ($M)	$327.1	-	**$327.1**
Employment (FTE job years)	189 jobs	145 jobs	**334 jobs**
Value Added ($M)	$158.5	$109.5	**$267.9**

Annual Construction Phase Impact Findings – New South Wales

Category	Direct Effect	Supply-Chain Effect	Total Effect
Project Expenditure ($M)	$327.1	-	**$327.1**
Employment (FTE job years)	235 jobs	344 jobs	**579 jobs**
Value Added ($M)	$175.4	$243.1	**$418.6**

Source: Urbis, REMPLAN
Note: Numbers rounded

OPERATIONAL PHASE IMPACTS

Impact Modelling Methodology

Operational impacts have been assessed based on the benefits and costs attributable to operational costs and employment generation.

- ***Direct impacts*** are the initial round of economic output, employment and household income generated by an economic activity.
- ***Indirect impacts*** are the sum of production-induced (i.e. supply chain) effects and consumption-induced effects. Production-induced effects (Type I) are additional output, employment and household income resulting from re-spending by firms that receive payments from the sale of services to firms undertaking production.

The modelling assessed:

- ***Economic activity*** – the total dollar amount impact (or contribution to gross domestic product);
- ***Employment*** – the full time equivalent per annum employment generated by the project (referenced as FTE job years);
- ***Value added*** – the value added to materials and labour expended on the project; and
- ***Supply chain impacts*** – the value of further spending in the supply chain.

Operational Phase Impact Modelling Steps

Task	Description
Estimate Direct Impacts	Ongoing jobs have been estimated based on information provided by Mirvac, John Holland and using industry benchmarks. The areas included are for the Northern and Southern precincts only
Calculate Consumption and Supply Chain (Indirect) Impacts	This study used an Economic Impact Assessment (EIA) approach to estimate the impact of the operational phase of the project. At the core of EIAs are Input–Output (IO) tables. IO tables are part of the national accounts by the ABS and provide detailed information about the supply and use of products in the Australian economy, and the structure of and inter–relationships between Australian industries. IO tables are converted, through statistical analysis, into a series of economic multipliers. These multipliers represent the relationship between the direct expenditure associated with a project. The EIA assessed the additional effects from further rounds of spending in the supply chain but has not included a consumption effect (Type II), which may result from consumer spending generated in the region.

Employment Calculations

Land Use Groups	Proposed GFA (sq.m)	Workspace Ratio	Jobs
Retail and other non-Residential	1,491	34.8	43
Commercial	4,931	18*	273
Childcare	2,254	N/A#	28
Residential (BTS, affordable)	26,788	18,872.8~	1
Residential (co-living)	14,480	3,635.1+	4
Total	**49,928**		**349**

*Source: City of Sydney Floor Space and Employment Survey 2022 and Urbis Benchmarks *Based on a blend of likely industries expected in the building. More conservative than wider CBD workspace ratio of 15 sq.m per person. #Employee to child ratio 1:4 for 0-2 years, 1:5 for 3 years, 1:10 for 4-5 years. Equal portions assumed per age. ^Other residential NEC ~ Residential Multiple dwellings, + Housing units grouped.*

OPERATIONAL PHASE IMPACTS

This component of the study has assessed the impacts for the operational (or ongoing) phase of the project.

Local Economic Impact – City of Sydney

- On average, 470 FTE direct and indirect jobs are likely to be supported during the operational phase.
- Annual direct and indirect Value Added to the economy is estimated at $98.9 million over each year of the operational life of the development.

State Economic Impact – New South Wales

- On average 516 FTE direct and indirect jobs will likely be supported during the operational phase.
- Annual direct and indirect Value Added to the economy is estimated at $105.2 million each year over the operational life of the development from completion of the entire project.

Annual Operational Phase Impact Findings - Local

Category	Direct Effect	Supply-Chain Effect	Total Effect
Employment (FTE Job Years)	349	121	**470**
Value Added ($M)	$71.5	$27.4	**$98.9**

Annual Operational Phase Impact Findings - New South Wales

Category	Direct Effect	Supply-Chain Effect	Total Effect
Employment (FTE Job Years)	349	167	**516**
Value Added ($M)	$70.3	$34.8	**$105.2**

Source: Urbis, REMPLAN
Note: Numbers rounded Calculated upon completion of the overall development (i.e. all stages)

METHODOLOGY & DEFINITIONS

The REMPLAN methodology

Analysis presented here uses REMPLAN economic modelling to assess current and potential economic impacts. REMPLAN is an Input-Output model that captures inter-industry relationships within an economy. It can assess the area-specific direct and flow-on implications across industry sectors in terms of employment, wages and salaries, output and value-added, allowing for analysis of impacts at the New South Wales state level.

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

- REMPLAN uses either the value of investment or employment generation as the primary input. For this analysis, the value of total upfront investment has been used as the key input to assess the benefits of the construction phase.
- Outputs from the model include employment generated through the project and economic Gross Value Added (GVA) at the State level.
- Employment generated is calculated on a full-time equivalent (FTE) basis over the life of the construction phase; or in terms of the on-going operations, total on-going jobs generated.
- Gross Value Added or GVA is a measure of the value of goods and services produced in an area, industry or sector of an economy during a certain period of time. In this case, GVA represents the total economic contribution of the project.
- Both the direct and indirect benefits are modelled for employment and value added:
  - *Direct* refers to the effect felt within the industry because of the investment. For example, the construction phase will directly result in the creation of construction jobs.
  - *Indirect* effects are those felt within industries that supply goods to the industries directly affected.
- Economic benefits are modelled for the construction and the on-going operation phases. For both phases, the employment and value-added figures are presented on an annualised basis. Construction phase benefits accrue each year the project is under construction. On-going benefits accrue each year of operation. For projects with a development period of less than 12 months, benefits generated during that period are reported based on the original value of investment rather than on an annualised basis.
- It should be noted that the results presented in this report are estimates only based on the existing state of economic activity in the area. Due to the static nature of input-output modelling, they have the potential to overstate the actual effects. Nonetheless, the analysis still reflects the fact that employment growth will be positive for the State and the local area.
- Urbis consider that in the absence of the investment package it is unlikely that similar projects would be undertaken within the same period, and therefore the investments can be considered *additional*.

Definitions

Construction Cost is the estimated investment value for the development over the anticipated delivery period, measured in constant 2025 dollars (i.e. excluding inflation) including GST.

Gross Value Added or **GVA** is a measure of the value of goods and services produced in an area, industry or sector of an economy during a certain period of time. In this case, GVA represents the total economic contribution of the investment. GVA is measured in constant 2025 dollars (i.e. excluding inflation) including GST.

OTHER BENEFITS

Other key benefits of the development are examined below.

Alignment with Government Vision (Transport Oriented Development, Jobs and Housing growth)

Offering a mixed-use precinct within the Waterloo OSD is in alignment with a range of government strategies and plans that want to see jobs and housing growth for the population of Sydney. Waterloo being proximate to the Sydney CBD is a location that supports housing of CBD workers. Particularly given the Metro station has resulted in a travel time of just 2-8 minutes to various City Stations (from Central to Barangaroo), Waterloo is an ideal location for City workers to live. This not only allows workers to live closer to their jobs, but also increases work-life balances and productivity, while reducing pollution and congestion. Housing in this precinct also assists in meeting State Government housing supply targets which are currently unlikely to be met based on expected supply (estimated using Cordell).

The Need for Mixed-Use Serving the Population in the City Fringe

There is a growing demand for mixed-use development in city fringe areas to better serve the needs of a diverse and evolving population. These locations are increasingly home to a mix of long-term residents, young professionals, students, and downsizers, all seeking convenient access to housing, employment, services, and amenities within walkable neighbourhoods. Mixed-use developments that integrate residential, commercial, community, and recreational spaces create vibrant, self-sustaining precincts that reduce the need for car travel and support local economies. As population density rises in inner-urban areas, delivering a balanced mix of uses is essential for livability, affordability, and resilience.

High-Quality Mixed-Use Community Hub

Integration of residential apartments, student accommodation, co-living social and affordable housing, retail, community facilities, and vibrant public spaces, creates a live-learn-work hub in one precinct. (Note: Some of these uses are included in stage 1).

Sustainability and Design Excellence

The project is committed to high environmental standards, including 6-Star NABERs ratings, One Planet Living, and sustainable infrastructure like bike parking, landscaped areas, and community amenities.

Housing Affordability and Tenant Support

The wider precinct includes social and affordable housing apartments. Existing tenants are offered relocation support and the right to return, preserving community connections and wellbeing.

APPENDIX A2 RESIDENTIAL NEEDS ASSESSMENTS

Urbis completed a residential needs assessment to estimate the expected need for various land uses within the Sydney LGA. This included residential space.

The population dynamics across the Sydney Local Government Area (Study Area) are shaping a complex housing landscape, marked by modest growth, shrinking household sizes, and declining construction activity.

After a subdued period of growth pre-COVID-19, and a notable population dip during the pandemic due to reduced overseas migration, the area is now projected to gradually rebound, from 237,278 residents in FY24 to 270,740 by FY36. Despite this recovery, the annual growth rate of 1.1% remains slightly behind the Greater Sydney average. A factor in this is expected to be supply of dwellings and affordability.

A key driver behind the demand is the shrinking average household size, from 2.01 persons in FY16 to a projected 1.91 by FY36, mirroring demographic shifts, such as ageing populations and the rise of single-occupant and couple-only households. This means more dwellings are needed to house the same number of people, intensifying pressure on housing supply even with only moderate population increases.

However, new housing supply has not kept pace. Dwelling completions have fallen sharply—92% below FY19 levels as of FY24—due to pandemic-related disruptions, market softening and construction cost pressures. Approvals have also declined by 40% in recent years.

While the future pipeline includes over 22,000 potential new dwellings across 119 projects, only a fraction are under construction or have secured approval, and most are concentrated in apartment developments in high-density renewal areas so take time to get underway. Based on firm supply estimates, forecasts suggest a shortfall of residential units in the City of Sydney and this is clearly demonstrated by the LGA expected supply, compared to the State Government Targets, which indicate a shortfall of almost 4,900 units by FY2029 —highlighting an urgent need for policy and market responses to address both structural and emerging housing constraints.

POPULATION AND HOUSEHOLD PROJECTIONS

Population growth is a key driver of housing demand across the Study Area. Chart 1 presents population forecasts, combining historical Estimated Resident Population (ERP) data from the ABS (through to FY24) and growth rates from the DPHI (FY25 onwards).

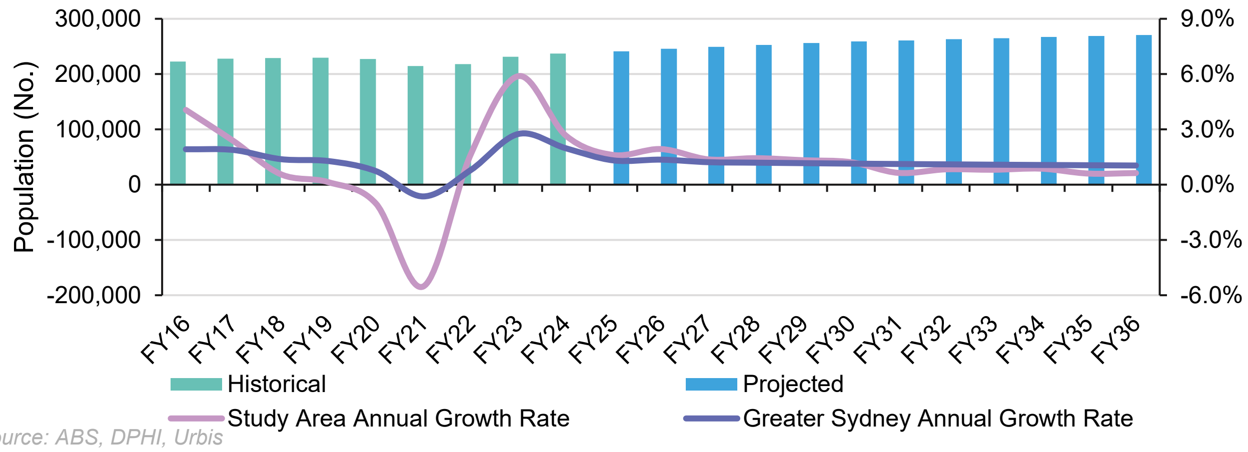
Population growth in the Study Area between FY16 and FY19 was subdued, averaging 1.0% p.a., compared to 1.5% across Greater Sydney. During the COVID-19 period (FY19–FY22), the population declined by 1.7% p.a., largely due to reduced overseas migration. For comparison, marginal growth of 0.3% p.a. was experienced in Greater Sydney over the same period.

Approximately 237,278 residents called the Study Area home as of FY24, with the population forecast to grow to 270,740 by FY36. This equates to an average annual growth rate of 1.1%, marginally below the Greater Sydney benchmark of 1.2%.

Population growth in the Study Area is expected to be accommodated in primarily high to medium density apartment developments in key renewal areas such as Green Square, Waterloo, and Central Eveleigh. This will be enabled by strategic rezoning and government-led urban renewal initiates.

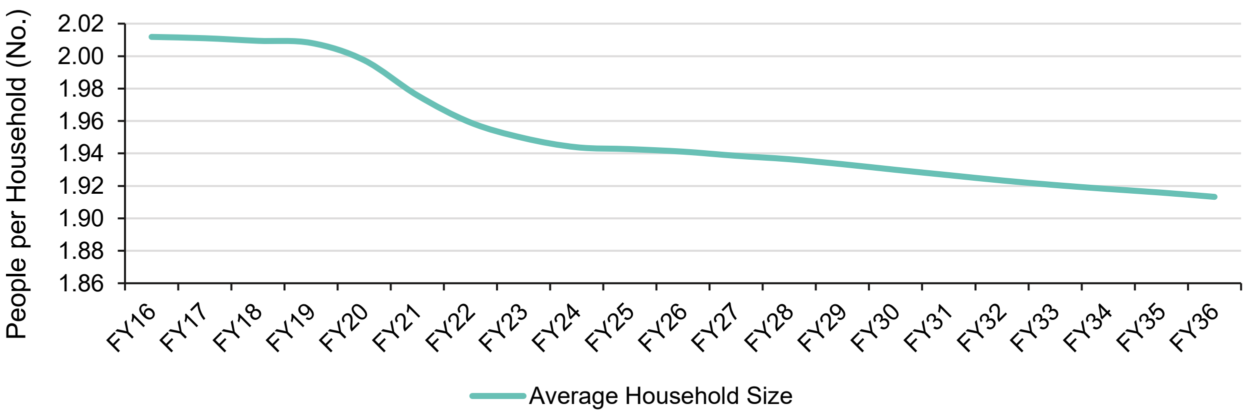
Also impacting on demand are changes to household sizes and composition. Chart 2 presents a declining trend in average household size across the Study Area, falling from 2.01 in FY16 to 1.91 in FY36, reflecting broader demographic trends of ageing populations and increasing single and couple households. As household sizes continue to fall, more dwellings are required to house the same number of people, in turn adding pressure on housing supply despite relatively modest population growth.

Chart 1 - Residential Study Area Population Projections, FY16 – FY36



Source: ABS, DPHI, Urbis

Chart 2 - Residential Study Area Household Size, FY16 – FY36



Source: ABS, DPHI, Urbis

APARTMENT SUPPLY

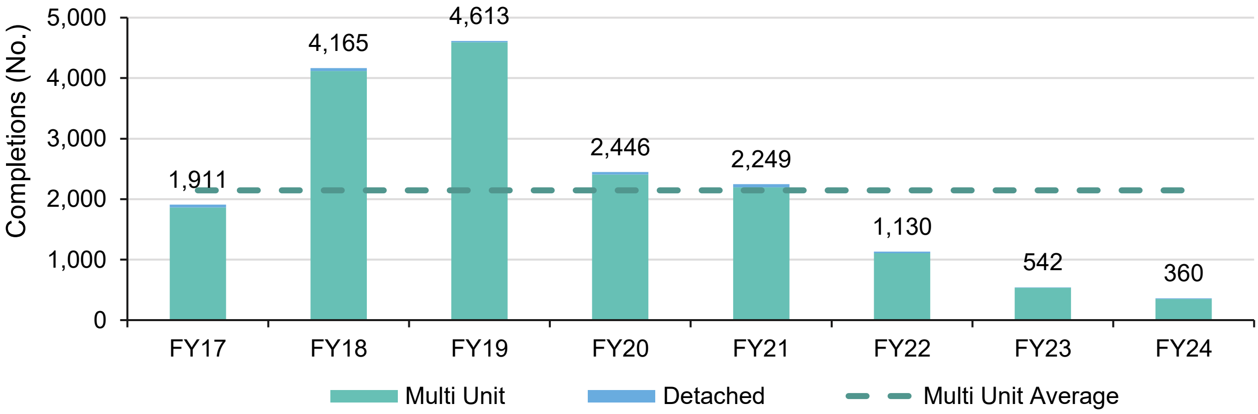
This section assesses the existing and proposed supply of residential dwellings in the Study Area, drawing on the most recently available data.

Chart 3 shows that the completion of new residential dwellings in the Study Area have been trending downward since FY19, with FY24 completions (360 dwellings) 92% below FY19 levels. An average of 2,177 new dwellings per year have been completed in the Study Area, with completions dominated by multi-unit developments. With softening market conditions, pandemic disruptions and escalating construction costs, completions declined significantly from FY20.

An average of 1,762 dwellings were approved per annum between FY17 and FY24, with activity peaking in FY17 (4,913 approvals) before falling in subsequent years, as shown in Chart 4. Total new approvals have remained below average since FY22, reaching 690 dwellings in FY24, an average 40% decline from the previous two years.

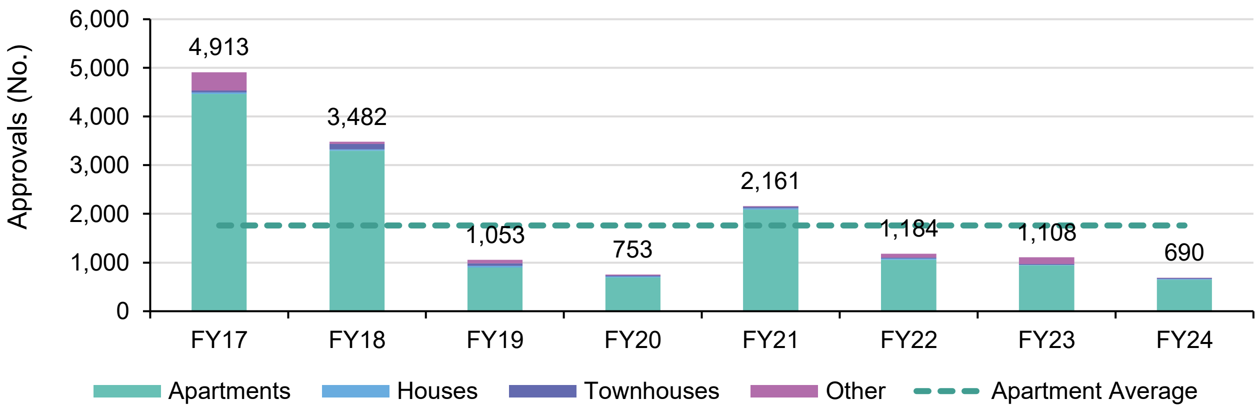
The overwhelming majority of dwelling approvals and completions in the area are accounted for by apartment developments, reflecting the area's high-density zoning and scarcity of undeveloped land. This pattern is expected to continue, with most future housing delivered through infill and vertical redevelopment, particularly around key transport-accessible locations such as Green Square, Waterloo, and Central Eveleigh, supporting intensified residential growth near public transport infrastructure.

Chart 3 - Residential Study Area Dwelling Completions



Source: DPHI, ABS

Chart 4 - Residential Study Area New Building Approvals



Note: Other includes alterations, additions and conversions. Source: DPHI, ABS

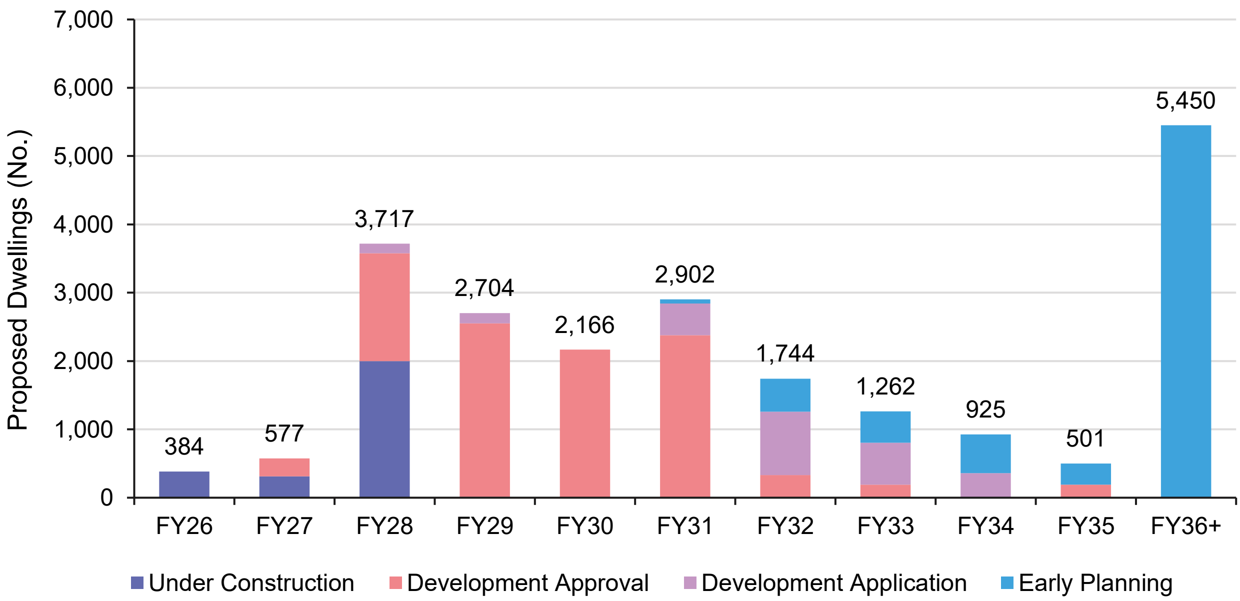
FUTURE RESIDENTIAL SUPPLY

As of August 2025, 119 dwelling projects are proposed within the Study Area, comprising a total of 22,331 dwellings. The project stages for these proposed developments range from ‘early planning’ to ‘under construction’.

Development applications have been lodged for 2,652 dwellings (12% of total) whilst 9,643 dwellings (43% of total) have been granted development approval. There are also 2,710 apartments under construction, all expected to be completed by FY28. This works out to be 900 per year under construction. Another 11 projects are in the ‘early planning’ stage, contributing up to another 7,326 units; these projects are less certain of going ahead and their timing is also less certain. Around 95% of the supply is made up of apartments, with the remaining 5% consisting of attached or detached dwellings.

Chart 5 shows the proposed delivery dates of new residential dwellings in the Study Area, as well as the current stage of development.

Chart 5- Residential Study Area Total Proposed Dwellings by Status and Year



Note: Data sourced in August 2025. Excludes completed apartments
Source: Cordell Connect; Urbis Apartment Essentials

DWELLING NEED – RESIDENTIAL STUDY AREA

Market Unlikely to meet Dwelling Targets

Sydney LGA is facing a major shortfall in new housing delivery compared to the NSW Government's target of 18,900 additional dwellings by FY29. According to Cordell forecasts, the number of new dwellings will fall far short of target in the next few years, with only 2,407 dwellings by FY27 and 14,040 by FY29. This will create a cumulative shortfall of around 9,000 dwellings by FY27 and about 4,900 by FY29. Much of the future supply is concentrated in large apartment developments in areas like Green Square, Waterloo, Pyrmont, and the Bays Precinct. However, these projects are back-loaded, meaning they won't be completed until later in the decade. As a result, housing delivery is expected to ramp up from FY28. While this late surge will narrow the overall gap, the short-term undersupply is likely to drive further increases in rents and property prices, highlighting the urgent need to fast-track shovel-ready projects and ensure a more balanced delivery timeline.

The proposed 275 Build-to-sell, 39 Affordable apartments and delivered 70 Social apartments on the site across the entire development are supported due to the market being undersupplied in study area. The table below shows the need for more supply to meet supply targets set by the State Government.

Supply Target Gap (Cordell Residential Supply Compared to State Government Targets in the Sydney LGA

	FY25	FY26	FY27	FY28	FY29
Annual LGA Target Supply	3,780	3,780	3,780	3,780	3,780
Cumulative LGA Target Supply	3,780	7,560	11,340	15,120	18,900
Annual Housing Total Supply Forecast (Cordell)	1,062	384	961	4,540	7,093
Cumulative Housing Total Supply Forecast (Cordell)	1,062	1,446	2,407	6,947	14,040
Annual Supply Gap (+oversupply/-undersupply)	**-2,718**	**-3,396**	**-2,819**	**760**	**3,313**
Cumulative Supply Gap (+oversupply/-undersupply)	**-2,718**	**-6,114**	**-8,933**	**-8,174**	**-4,861**

Source: NSW Government, Cordell, ABS, DPHI, Urbis.
Note: Cumulative supply includes FY2025 to match the cumulative housing target

APPENDIX A3 OFFICE NEEDS ASSESSMENTS

Urbis completed a needs assessment to estimate the expected need for various land uses within the Sydney LGA. This included Commercial Office space.

Summary

Waterloo is considered to be more of a population-driven market with the Sydney CBD and Pyrmont/Ultimo being the key markets for larger office space takers driven more by agglomeration economies and the connection with other firms in the Sydney LGA.

To estimate the potential for office in the proposed development we have looked at an employment-based approach. In 2025, the Sydney LGA is expected to have 557,600 jobs, increasing to 595,000 by 2035 – an additional 39,000 jobs. To estimate future demand for office space, we have applied the share of office-based occupations within each industry from the 2021 ABS Census. Based on this approach, Sydney LGA is expected to increase from 376,700 office jobs in 2025 to 402,000 by 2035, representing nearly 70% of total job growth.

However, not all these jobs will go to the subject site, as there are many locations better suited due to agglomeration economies available in larger office markets.

The Subject Site could capture 2% of the future sustainable office demand from FY29 in the LGA if it was to achieve equal market share with all new available space that is built or is/becomes vacant. This would equate to an average annual take-up of around 700 sq.m over the next decade accumulating to a total of 4,940 sq.m by FY35.

Key Findings

The previously approved ~34,000 sq.m office space is unlikely to be viable due to the changes in the office market that have occurred since the original approval in 2021 without some form of government pre-commitment, such as anchor tenant commitments or strategic precinct integration. However, government pre-commitments are unlikely to occur as this is not a location government would choose as it does not align with major objectives, such as reducing commute times (due to its proximity to the CBD).

Therefore, it is recommended for the commercial development on the subject site to be delivered at a smaller scale. For a more population driven office market, a two-storey office market is likely to have the greatest success. There is potential demand for up to 4,940 sq.m of floorspace according to the growth in office-based employment by 2035, which could translate to a two- to three-storey podium with a floorplate of around 2,000 sq.m. While this aligns closely with the proposed 4,931 sq.m, the timing of completion is likely to be earlier leading to the space pushing up the vacancy above equilibrium. Any additional space would result in a further extension of office vacancy in the Sydney LGA at above 10%.

CURRENT EMPLOYMENT PROFILE

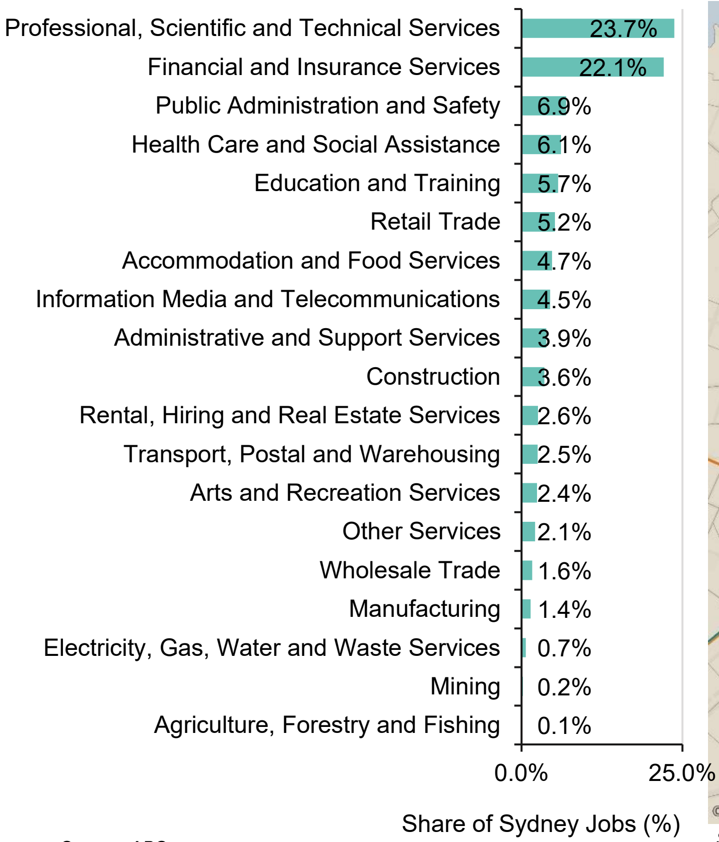
According to the ABS Census, there were a total of 27,300 jobs in the Sydney LGA in 2021. Nearly half were concentrated in the Professional, Scientific and Technical Services and Financial and Insurance Services industries, which are primary drivers for commercial office space. Other industries with significant office-based employment include Information Media and Telecommunications and Rental, Hiring and Real Estate Services, accounting for approximately 7% of total jobs.

The map below illustrates the spatial distribution of jobs in these industries. This provides a high-level indication of where office jobs are concentrated across the LGA. The current employment profile suggests that most office-based roles are clustered in the northern part of the LGA, with the highest concentration in the Sydney CBD, where most major commercial office buildings are located.

In contrast, the southern part of the LGA has limited office employment. The only notable concentration is in South Eveleigh, where the Commonwealth Bank occupied the Axle and Foundry buildings in late 2020. Outside this hub, office-based employment in the south is sparse, indicating that the area is not currently a strong location for additional office space development.

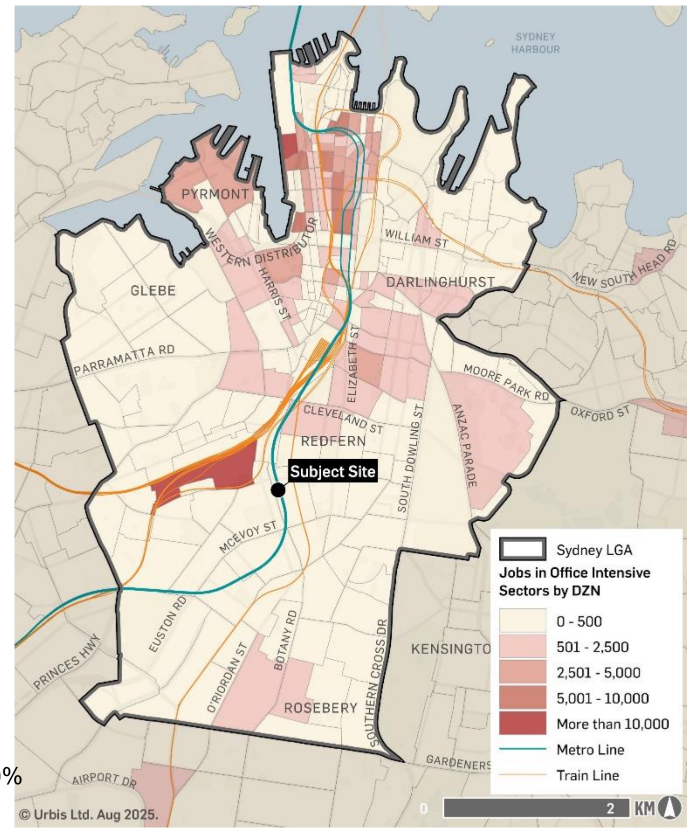
It is important to note that the 2021 data does not reflect the impact of the Sydney Metro City & Southwest line, which opened in 2024. The introduction of the metro line is expected to drive growth around Waterloo with increased connectivity with Sydney CBD and the northern suburbs and extend this connection to the south-west suburbs to Bankstown.

Distribution of Sydney LGA Jobs by Industry (2021)



Source: ABS

Jobs in Office Intensive Sectors (2021)



Source: ABS

Note: Office Intensive Industry include Professional, Scientific and Technical Services, Financial and Insurance Services, Information Media and Telecommunications and Rental, Hiring and Real Estate Services

FUTURE EMPLOYMENT PROFILE

The projected growth in employment across key office-based sectors is expected to be a significant driver of future demand for office space in the Sydney LGA. Employment forecasts are based on Transport for NSW's projections, rebased to align with the 2021 ABS Place of Work data. Sector-specific job numbers have been redistributed to better reflect anticipated trends.

In 2025, the Sydney LGA is expected to have 557,600 jobs, increasing to 595,000 by 2035—an additional 39,000 jobs. As noted earlier, Sydney LGA's employment profile is dominated by office-intensive industries, with around 47% of all jobs in Professional, Scientific and Technical Services, and Financial and Insurance Services. These two sectors are projected to account for a large share of future growth, adding 11,100 and 6,800 jobs respectively.

To estimate future demand for office space, we have applied the share of office-based occupations within each industry from the 2021 ABS Census. Based on this approach, Sydney LGA is expected to increase from 376,700 office jobs in 2025 to 402,000 by 2035, representing nearly 70% of total job growth. This strong projected growth in office-intensive industries points to a corresponding rise in demand for office space across the Sydney LGA, particularly in areas already established as employment hubs.

Sydney LGA Employment Growth Forecasts, FY25 – FY35

	FY25		FY35		FY25-35	
	No.	%	No.	%	Total Change (No.)	Annual Growth (%)
Professional, Scientific and Technical Services	145,607	26.1%	156,689	26.4%	+11,082	+0.7%
Financial and Insurance Services	115,074	20.6%	121,874	20.5%	+6,800	+0.6%
Public Administration and Safety	39,975	7.2%	41,004	6.9%	+1,029	+0.3%
Health Care and Social Assistance	34,376	6.2%	39,436	6.6%	+5,061	+1.4%
Accommodation and Food Services	31,310	5.6%	34,003	5.7%	+2,693	+0.8%
Education and Training	30,303	5.4%	33,096	5.6%	+2,793	+0.9%
Retail Trade	29,630	5.3%	29,619	5.0%	-11	-0.0%
Information Media and Telecommunications	19,498	3.5%	21,361	3.6%	+1,862	+0.9%
Construction	19,758	3.5%	21,355	3.6%	+1,597	+0.8%
Administrative and Support Services	18,083	3.2%	18,591	3.1%	+508	+0.3%
Arts and Recreation Services	14,011	2.5%	14,901	2.5%	+891	+0.6%
Transport, Postal and Warehousing	14,397	2.6%	14,900	2.5%	+503	+0.3%
Rental, Hiring and Real Estate Services	12,377	2.2%	13,542	2.3%	+1,165	+0.9%
Other Services	11,536	2.1%	12,106	2.0%	+570	+0.5%
Manufacturing	8,793	1.6%	9,102	1.5%	+308	+0.3%
Wholesale Trade	7,897	1.4%	8,075	1.4%	+178	+0.2%
Electricity, Gas, Water and Waste Services	3,371	0.6%	3,442	0.6%	+71	+0.2%
Mining	1,344	0.2%	1,125	0.2%	-219	-1.8%
Agriculture, Forestry and Fishing	240	0.0%	249	0.0%	+9	+0.4%
Total	**557,580**	**100.0%**	**594,470**	**100.0%**	**+36,890**	**+0.6%**
Total Office Jobs	**376,700**	**67.6%**	**401,770**	**67.6%**	**+25,070**	**+0.6%**

Source: TfNSW; ABS

CURRENT OFFICE STOCK

To understand how well existing office supply aligns with current and future demand, it is important to analyse the distribution of floorspace across the Sydney LGA's key office markets: Sydney CBD and Sydney Fringe.

Sydney CBD is the largest and most established office market in New South Wales. According to the latest Property Council Australia (PCA) office report, the CBD contains 5.4 million sq.m of commercial office space in 2025. Within the CBD, the City Core accounts for the majority (41%) of the office provision, followed by Midtown and the Western CBD, each comprising 23% of the total. The CBD is dominated by prime office stock, primarily concentrated in the City Core, which reflects its role as the location of major corporate headquarters, financial institutions and professional services tenants.

In contrast, the Sydney Fringe caters to a more diverse tenant mix, including creative industries, technology firms, and education providers. A 2024 report released by Knight Frank suggests that the Sydney Fringe has a total office supply of 1.3 million sq.m, roughly a quarter of the CBD's supply. Prime-grade office space comprises less than 40% of the Fringe's stock, a share largely driven by the Commonwealth Bank and Transport NSW offices in Eveleigh. Unlike the CBD's concentration of financial institutions and professional services tenants, the Fringe market is home to technology industries that benefit from proximity to the health and education precinct adjacent to the University of Sydney.

Sydney LGA Office Market

	July 2023	July 2024	July 2025
City Core	2,120,226	2,093,589	2,210,185
Midtown	1,194,776	1,155,776	1,223,642
Southern	357,711	350,824	350,047
The Rocks	36,004	36,004	36,004
Walsh Bay	335,011	335,011	335,011
Western	1,206,233	1,206,233	1,212,625
Sydney CBD	**5,249,961**	**5,177,437**	**5,367,514**
Surry Hills	474,957	472,419	-
Pyrmont	304,345	304,345	-
Eveleigh	195,118	203,118	-
Ultimo	130,716	126,527	-
Redfern	111,474	111,474	-
Darlinghurst	60,772	62,328	-
Chippendale	51,423	51,423	-
Sydney Fringe	**1,328,805**	**1,331,634**	**-**

Source: PCA; KnightFrank

FUTURE OFFICE PIPELINE

There is a significant volume of new commercial development proposed across the Sydney LGA which will increase competition for office tenants over the coming decade. There are currently more than 30 proposed commercial projects, representing a total of approximately 938,500 sq.m of additional office space. Those above 5,000 sq.m in NLA are listed below. Of this total, around 601,000 sq.m have known completion timeframe to be delivered between 2026 and 2033. A further 337,500 sq.m has been announced but has not secured construction completion dates. However, much of this space is likely to be delivered within the next 10 years, given they are located in emerging Tech Central precinct.

The majority of this new office space is concentrated in the Sydney CBD, particularly in areas with convenient transport access like Central Station and Hunter Street Metro. On the other hand, the Sydney Fringe market only accounts for about 8% of the proposed new supply.

The distribution of new supply weighted towards the central location is likely to maintain the competitive advantage of the Sydney CBD in attracting office tenants. Most tenant office pre-commitments are for space in the CBD, rather than for suburban or fringe developments. As a result, fringe markets are expected to have a comparatively limited pipeline of new office supply.

Sydney LGA Commercial Office Pipeline (5,000+ sq.m)

Project Name	Suburb	Development Stage	NLA(sqm)
37-55 Pitt Street	Sydney	Construction	63,000
Chifley South	Sydney	Construction	50,000
270 Pitt Street	Sydney	Construction	23,000
Canva Surry Hills Mixed Use Development	Surry Hills	Construction	9,571
Atlassian Central	Haymarket	Construction	58,000
Central Place - South Tower	Haymarket	Development Approval	71,000
Darling Park Tower 4	Sydney	Development Approval	65,000
Central Place - North Tower	Haymarket	Development Approval	62,000
O'Riordan Street Commercial Building	Alexandria	Development Approval	21,167
Mandible Street Commercial Building	Alexandria	Development Approval	11,667
Central Place - The Connector	Haymarket	Development Approval	6,500
6 York Street	Sydney	Development Approval	6,000
Hunter Street Metro 2	Sydney	Development Application	100,000
Hunter Street Metro 1	Sydney	Development Application	60,000
TOGA Central	Haymarket	Development Application	26,000
187 Thomas Street	Haymarket	Development Application	12,000
56-60 Pitt Street & 3 Spring Street	Sydney	Early Planning	90,000
383-395A Kent Street	Sydney	Early Planning	73,000
33 Bligh Street	Sydney	Early Planning	40,000
Reserve Bank Building	Sydney	Early Planning	33,000
275 Kent Street	Sydney	Early Planning	16,000
232-236A Elizabeth Street Offices	Surry Hills	Early Planning	6,339
Total Floorspace for Projects (5,000+ sq.m)			**903,244**

Source: PCA, Cordell Connect, Urbis

SUBJECT SITE COMPETITIVE POSITIONING

While the Subject Site benefits from being located adjacent to the Waterloo Metro station, this is unlikely to create the market depth needed to sustain a large CBD-style office tower. The Subject Site sits outside the established South Eveleigh employment precinct and is physically separated from the precinct by residential blocks. This limits the potential for Waterloo to share in the precinct's tenant networks and the "critical mass" effect that would drive successful commercial hubs.

The Subject Site would also have to directly compete with the Sydney CBD and South Eveleigh to attract the type of tenants that anchor large-scale office buildings. The Sydney CBD, with its pre-existing cluster of financial and professional services, makes it the natural choice for organisations seeking quality floorplates and immediate proximity to peer firms.

In addition, the ongoing development of the Tech Central precinct, particularly the large-scale projects around Central Station (like Atlassian Central, TOGA Central (Post House) and Central Place) will offer modern, innovation-focused office stock in highly connected location. These new developments are likely to absorb much of the demand from technology, start-up, and creative sectors that would be the key targets for fringe locations like Waterloo, weakening the site's competitive position.

OFFICE PROJECTED NEED

To determine the future demand for office space in the Sydney LGA over the next decade, the following approach has been taken:

- Estimate the growth in office jobs
- Apply an adopted office job density to estimate required floorspace
- Assme an equilibrium vacancy rate to determine a sustainable floorspace.

As previously mentioned, office jobs in the Sydney LGA are estimated to increase by 25,000 jobs between FY25 and FY35. We have adopted an office job density of 15 sq.m per job, which is in line with the findings from the 2022 Sydney Floorspace and Employment Survey and the NSW DPE CPA workspace ratio released in 2023. Based on a 15 sq.m per job density, Sydney LGA is projected to need about 37,600 sq.m of office space per annum on average to support the growth in office jobs.

To estimate the sustainable floorspace, we have applied an equilibrium vacancy rate to account for vacancies formed during tenant movements, additions and withdrawals in the market. The equilibrium vacancy rate is based on the historical trend in Sydney CBD. According to the PCA, as of July 2025, Sydney CBD recorded a vacancy rate of 13.7%, the highest in the last 20 years. While supply additions may drive the vacancy rate, increased work-from-home flexibility has also affected the need for office space. Prior to the pandemic, vacancy rates averaged around 6.5% but since mid-2022, they have remained above 10%. To reflect this trend, we have adopted an equilibrium vacancy rate of 10%.

The required sustainable office floorspace is forecast to average approximately 41,800 sq.m per annum over the next decade. This translates to a cumulative additional demand of 417,800 sq.m by FY35. Given that the current vacancy rate is higher than the equilibrium vacancy rate, there is currently an estimated oversupply of approximately 200,000 sq.m of office space beyond sustainable demand that needs to be absorbed in Sydney CBD. In addition to the current oversupply, there is ~938,500 sq.m projected office floorspace in the pipeline across Sydney LGA. Part of this supply is expected to be offset by withdrawals as they replace existing office stock with newer modern supply. The overall supply pipeline highlights a strong volume of office space set to meet the majority of the market needs.

Sydney LGA Office Floorspace Need Assessment (FY25-35)

	FY25	FY27	FY29	FY31	FY33	FY35
Sydney LGA Estimated Office Jobs	376,700	383,350	389,710	393,290	397,510	401,770
Sydney LGA Additional Office Jobs (Annual)	-	3,750	2,760	1,690	2,120	2,130
Adopted Office Job Density	-	15	15	15	15	15
Required Additional Office Floorspace (Annual)	-	56,250	41,400	25,350	31,800	31,950
Equilibrium Vacancy Rate	-	10%	10%	10%	10%	10%
Sustainable Additional Office Floorspace (Annual)	-	62,500	46,000	28,167	35,333	35,500
Sustainable Additional Office Floorspace (Cumulative from 2025)	-	**110,833**	**216,833**	**276,500**	**346,833**	**417,833**

Source: ABS, TfNSW, PCA, Urbis

SUBJECT SITE SUPPORTABLE DEMAND

Despite the Subject Site's weaker competitive positioning against both the existing and proposed commercial office developments, we model a scenario in which the Subject Site captures an equal share of future office demand relative to all proposed developments and the current vacant supply across the Sydney LGA. Under this scenario, we also assume that the Subject Site begins capturing demand in FY29.

Based on the above assumptions, the Subject Site is expected to capture 2% of the future sustainable office demand from FY29. This would equate to an average annual take-up of around 700 sq.m between FY29 and FY35. This would accumulate to a total of 4,940 sq.m by FY35. This shows that the currently approved 34,765 sq.m of commercial provision at the Subject Site significantly exceeds the scale supported by the projected market absorption for the Site and is anticipated to not be viable in the projected market. Given the optimistic assumptions (equal market share) adopted for the 2% market share, 4,940 sq.m of office floorspace would be considered as the maximum to be viably developed at an equilibrium 10% vacancy rate.

Thus, it is recommended for the commercial development on the Subject Site be delivered at a smaller scale. A maximum of 4,940 sq.m of floorspace could be achievable at the Subject Site by 2035 and translate to about a two to three-storey podium with a floorplate of 2,000 sq.m. Alternatively, the originally proposed ~34,800 sq.m office space would struggle to achieve full take-up without some form of government pre-commitment, such as anchor tenant commitments or strategic precinct integration. If the development completes earlier than FY35, which is expected, the space in this building will be competing with other space on the market and will likely raise the market vacancy above equilibrium. This can not be sustained by the market for an extended amount of time.

Subject Site Supportable Office Floorspace Assessment (FY27-35)

	FY27	FY29	FY31	FY33	FY35
Sustainable Additional Office Floorspace (Annual)	62,500	46,000	28,167	35,333	35,500
Sustainable Additional Office Floorspace (Cumulative from 2025)	**110,833**	**216,833**	**276,500**	**346,833**	**417,833**
Subject Site Market Share (Equal Share with Supply)	-	2%	2%	2%	2%
Subject Site Supportable Floorspace (Annual)	-	920	563	707	710
Subject Site Supportable Floorspace (Cumulative from 2029)	**-**	**920**	**2,113**	**3,520**	**4,940**

Source: ABS, TfNSW, PCA, Urbis

APPENDIX A4 NON-RESIDENTIAL USES SUPPLY ANALYSIS

Urbis completed a high-level needs assessment to estimate the expected need for various land uses within the Sydney LGA. This included alternative non-residential space, such as retail, gym, wellness space and medical space and childcare.

Summary

Waterloo is surrounded by a significant provision of non-residential uses, including food and beverage outlets, boutique apparel, speciality retailers, medical centres, allied health services, gym, wellness centres, niche fitness studios, childcare centres, and self-storage facilities. These non-residential uses serve the local community, providing accessible and convenient services.

Key Findings

There are five established retail precincts and over 360 standalone non-residential facilities within a 1km radius catchment from the Subject Site. The non-residential landscape is expected to continue changing with 13 proposed supply projects, many of which will replace existing space. The Redfern North Eveleigh Paint Shop Sub-Precinct renewal and Waterloo Estate (South), mixed-use precincts, are projected to add to the non-residential supply.

The proposed non-residential provision is expected to primarily support the on-site population, including residents, students, and workers, while also benefiting from the foot traffic generated by commuters travelling through Waterloo Metro Station.

The mix of retail and these tenancies at the Subject Site is expected to support the growing needs for amenities from the on-site population and it could also complement existing provision and reinforce the role of Waterloo and its surrounds as an emerging retail and services hub.

LOCAL RETAIL SUPPLY

This section provides a high-level understanding of the non-residential provision around the Subject Site. For the analysis, we have adopted a 1km radius catchment from the Subject Site and the non-residential is defined as uses like retail, medical, childcare, self-storage and fitness (gym and wellness centre).

The 1km radius catchment from the Subject has a mix of retail precincts and standalone stores. The retail precincts located within the 1km radius catchment include Carriageworks, South Eveleigh, Redfern Street, Waterloo Retail Precinct, and Green Square. The type of retail offerings observed in these retail precincts are outlined in the table below. Beyond these precincts, the Sydney LGA has strong retail provision in both the CBD (e.g. Circular Quay, Barangaroo and Haymarket) and in the south (e.g. The Grounds of Alexandria, The Cannery and Engine Yard).

In addition to the retail offerings concentrated within the main precincts, there are approximately 280 standalone retail stores spread across the catchment. These stores are predominantly food and beverage outlets, including cafes and casual dining options, with a mix of boutique apparel and speciality retailers. Many of these retail establishments are located along Botany Road, McEvoy Street and Bourke Street.

Beyond retail, the 1km catchment also supports 27 medical centres and allied health services, 31 fitness centres including gyms, wellness centres, and smaller niche studios for yoga and pilates, 15 childcare centres, and three self-storage facilities. They are scattered along surrounding streets, providing convenient services for the local community.

This spread of non-residential supply highlights the area’s role as a retail and services hub. It is supported by the substantial population of residents living in high-density developments as well as workers in surrounding employment hubs such as South Eveleigh, Green Square, Alexandria and Redfern.

Retail Precincts in 1km Radius Catchment

Precinct	Distance to Subject Site (km)	Description
South Eveleigh	0.3 km	A mixed-use precinct incorporating refurbished heritage buildings and new commercial spaces. Retail is primarily food and beverage, with cafés, casual dining, and specialty outlets serving office workers, nearby residents, and visitors. Additional services include boutique fitness, small convenience operators, and event-related pop-ups.
Redfern Street	0.5 km	A traditional high street with a variety of small-format retail. Uses include cafés, restaurants, takeaway food, independent grocers, and personal services. There is a notable concentration of multicultural dining and specialty food operators alongside day-to-day service providers.
Carriageworks	0.7 km	A cultural facility with intermittent retail activity linked to events. The weekly farmers’ market is the primary retail component, offering fresh produce, artisanal food, and specialty goods. Other retail is occasional and event-specific, often aligned with arts programming.
Waterloo Retail Precinct	0.8 km	A local retail cluster focused on convenience and daily needs. Key tenants include supermarkets, casual dining, takeaway food, personal services, and a small selection of specialty shops. Retail is primarily targeted to the surrounding residential catchment.
Green Square	0.9 km	A growing retail centre integrated with new residential and commercial developments. Anchored by supermarkets and national chains, it also includes cafés, casual restaurants, and specialty stores. Retail serves a mix of local residents and users of Green Square Station.

Source: City of Sydney; Google

Existing Non-Residential Supply in the 1km Radius Catchment

	Retail (outside retail precincts)	Medical	Fitness	Childcare	Self-Storage
Existing Supply	280	37	31	15	3

Source: City of Sydney; Google; Urbis

PROPOSED PIPELINE

There are also numerous retail, gyms/health and wellness centres, medical and self storage facilities being developed in the Study Area. A list of the future space is included in the table below. The majority of the proposed supply is due to complete in 2026 with two retail, a fitness centre and a self-storage.

In Waterloo itself there are expected to be two completed projects, which are both due in 2026.

- 191-195 Botany Road – The existing building is proposed to be altered to a 795 sq.m gymnasium and wellness centre.
- 1029 Bourke Street – An existing warehouse with approximately 1,000 sq.m of floorspace is proposed to be converted into two licensed restaurants, which are expected to support 392 patrons.

There are not a lot of new spaces being created in the area with only six out of the 13 future projects being new builds. A number of the alterations or renovations may replace existing non-residential supply. Redfern North Eveleigh Paint Shop Sub-Precinct Renewal is the only major proposed development in the pipeline. The renewal is proposed to transform the former railway industrial site into a new mixed-use precinct, creating a technology and innovation hub, along with new residential, retail and public green spaces.

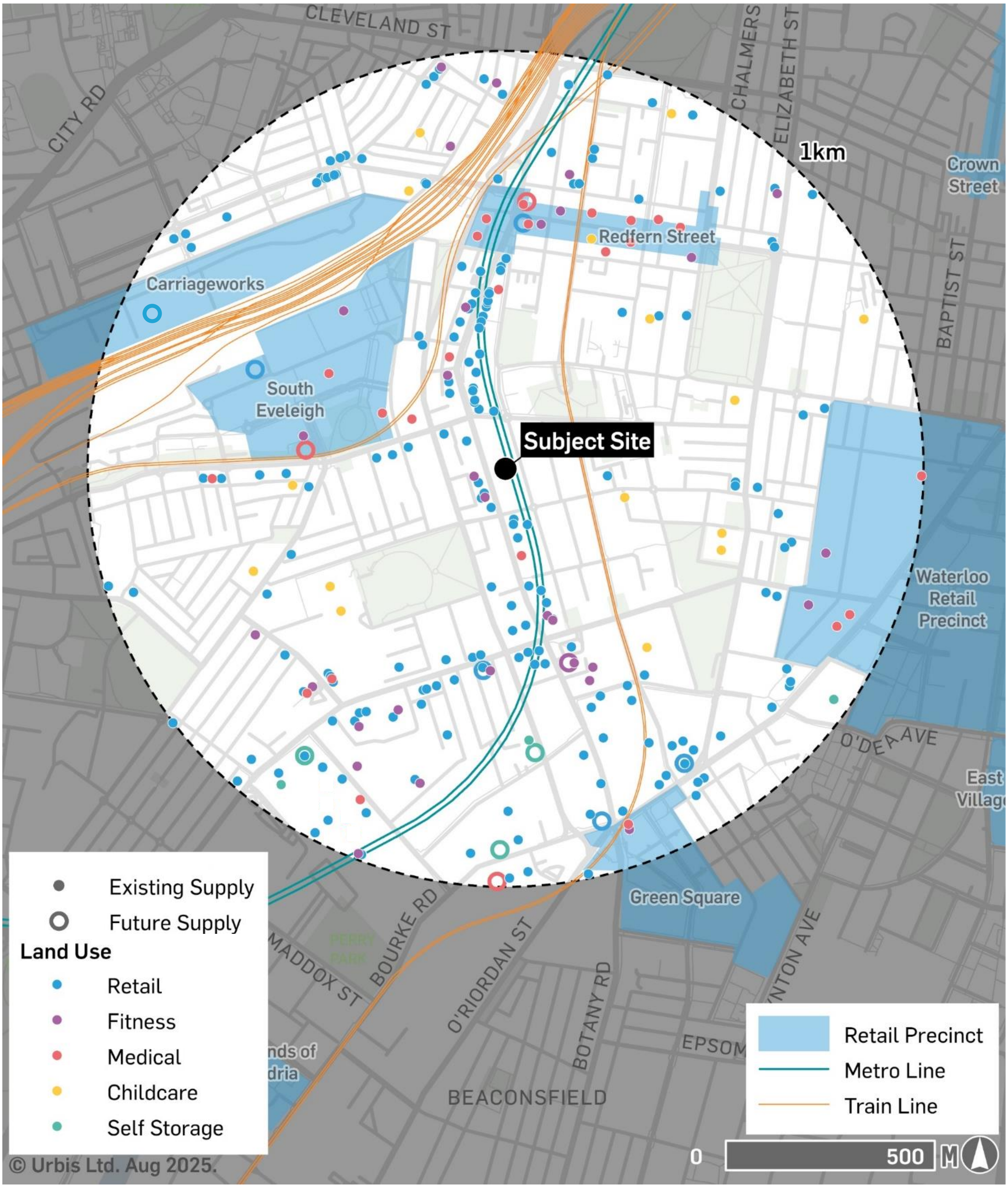
Beyond the listed proposed supply, many of the mixed-use residential and commercial developments are expected to be accompanied by a level of ground-floor retail provision or gymnasium to support the proposed developments' respective population. Waterloo South precinct, located adjacent to the Subject Site, is also projected to comprise approximately 17,000 sq.m of indicative non-residential uses for the precinct, which may include retail, community, cultural, commercial and light industrial uses.

Proposed Non-Residential Supply

Project Name	Suburb	Development Type	Completion Year	Land Use Type
1-3 Mandible Street Self Storage Facility Alterations & Additions	Alexandria	Alterations/ Additions	2026	Self Storage
76 Mcevoy Street Pub & Brewery Conversion	Alexandria	Renovations/ Refurbishment	2026	Retail
191-195 Botany Road Gymnasium & Wellness Centre Alterations	Waterloo	Alterations/ Additions	2026	Fitness
1029 Bourke Street Restaurants Conversion	Waterloo	Alterations/ Additions	2026	Retail
107-109 Regent Street Medical Centre	Redfern	New	2027	Medical
Kaleido Health Centre Eveleigh Alterations	Eveleigh	Alterations/ Additions	2027	Medical
South Eveleigh Large Erecting Shop	Eveleigh	New	2028	Retail
Green Square Tavern Alterations & Additions	Alexandria	Alterations/ Additions	2029	Retail
Mcdonalds Redfern Food & Drink Premises Alterations & Additions	Redfern	Alterations/ Additions	2029	Retail
132-138 Mcevoy Street Mixed Use Development - Rent A Space Storage	Alexandria	New	2029	Self Storage
9-13 Bourke Road Mixed Use Development - Storhub Alexandria	Alexandria	New	2030	Self Storage
Alexandria Health Centre	Alexandria	New	2030	Medical
Redfern North Eveleigh Paint Shop Sub-Precinct Renewal	Eveleigh	New	2035	Retail

Source: Cordell Connect

NON-RESIDENTIAL SUPPLY MAP



Source: City of Sydney, Google, Cordell Connect, Urbis

IMPLICATION FOR THE SUBJECT SITE

The Subject Site is surrounded by established retail precincts and significant standalone non-residential supply, catering to the existing resident and worker population. Given the clustering of retail provision and proximity to established retail precincts, the Subject Site has the potential to integrate the proposed retail space with this critical mass, supported by strong connectivity between the metro station, surrounding residential developments and nearby employment hubs.

However, the proposed non-residential provision is expected to primarily support the on-site population, including residents, students, and workers, while also benefiting from the foot traffic generated by commuters travelling through Waterloo Metro Station. To support the needs of the on-site population and the metro station users, it is more feasible to have a mix of retail and other uses for non-residential supply at the Subject Site.

Other non-residential uses that could be supportable at the Subject Site and will meet the needs of the growing population include fitness, medical and childcare. This assumes that a gym is not included in the Student accommodation or co-living spaces. The mix of retail and these tenancies could complement existing provision and reinforce the role of Waterloo and its surrounds as an emerging retail and services hub.

The current proposed non-residential provision is sufficient to meet the needs of on-site and local residents. Given the competitive landscape, additional space is not considered to be viable.

4,959 sq.m

Subject Site's Needed Non-Residential Floorspace

Land Use	Proposed	Opportunity for More Floorspace	Summary
Retail	2,705 sq.m	Low	Retail will primarily service local residents and some commuters. With a lot of nearby retail/dining precincts to choose from, including potential retail at the new Waterloo South precinct, the proposed supply is more than sufficient to meet needs.
Medical	-	Low	There is no medical centre proposed on-site. However, there are two proposed medical centre in the pipeline within the 1km radius. Thus, there may be limited opportunity for a medical centre with medical space also having the potential to be captured in the office floorspace.
Fitness	1 gym	Low	There is currently a gym under construction in the Southern Precinct of the Subject Site. There would, therefore, be no further potential for another fitness facility to support the on-site residents who will primarily be students and young professionals with high provision of student accommodation and co-living space.
Childcare	2,254 sq.m	Low	Low opportunity for more floorspace since the proposed childcare on the site is already large offering 131 places, with limited potential to increase in size and remain a viable proposition for an operator.
Total	**4,959**		

Note: Retail includes community space and is subject to change.