Economic Impact Assessment

33 – 37 Herbert Street, St Leonards

Submitted to NSW Department of Planning, Housing and Infrastructure
on behalf of Aqualand St Leonard Development Pty Ltd

Prepared by Colliers Urban Planning

14 April 2026 | 2250517

'Gura Bulga'

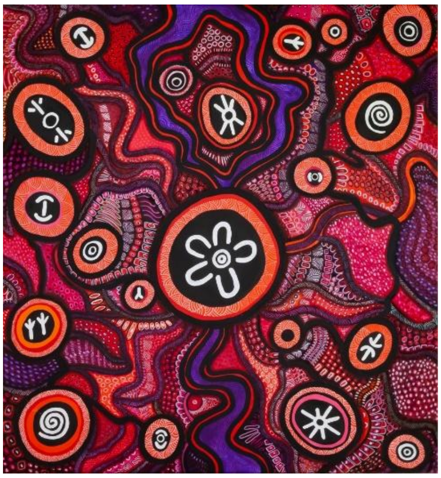
Liz Belanjee Cameron

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

'Dagura Buumarri'

Liz Belanjee Cameron

'Dagura Buumarri' – translates to Cold Brown Country. Representing Victoria.



'Gadalung Djarri'

Liz Belanjee Cameron

'Gadalung Djarri' – translates to Hot Red Country. Representing Queensland.

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

We pay our respects to their Elders past and present.

In supporting the Uluru Statement from the Heart, we walk with Aboriginal and Torres Strait Islander people in a movement of the Australian people for a better future.

Contact	Sean Stephens Director Economics	Sean.Stephens@colliers.com	
This document has been prepared by		**This document has been reviewed by**	
Hamish Watkins, Bernice Menezes, Mark McManus	14 April 2026	Lee Cikuts, Sean Stephens	14 April 2026

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Report Background

This Economic Impact Assessment has been prepared by Colliers on behalf of Aqualand (Proponent) and has been prepared to support a State Significant Development Application (SSDA) SSD- 88511459 for the site at 33 – 37 Herbert Street, St Leonards.

The proposed development at 33-37 Herbert Street, St Leonards (Subject Site) is located within the Willoughby Local Government Area (LGA) and is planned to comprise residential uses with non-residential uses provided on the ground and podium level.

The purpose of this report is to consider the economic context for the proposal and reviews the relative market drivers and likely economic impacts of the proposed development at the Subject Site.

Proposed Development Suitability

A review of the Subject Site and its surrounding context demonstrates that the proposed uses are highly appropriate with regard to the existing and future context of St Leonards and the broader St Leonards and Crows Nest precinct. The proposal also aligns with strategic government objectives to accommodate an increase in diversified housing supply and employment uses in suitable locations. The size of the Subject Site and its location represents a unique opportunity to achieve a number of strategic objectives whilst delivering a range of benefits to the local community within this part of Sydney.

The proposed development seeks to deliver a new mixed used development which integrates residential uses with retail and commercial uses on the ground and lower podium levels of the project, supporting an active ground floor plane. The proposed development comprises 413 dwellings (including affordable housing), with non-residential floorspace of 5,919m^2 planned to support retail and/or commercial uses on the Ground Floor and Level 1.

The proposed development would activate a well-located site that is positioned close to transport, jobs and services. The proposed development will replace two existing underutilised buildings at the Subject Site, both of which are predominantly vacant. Support for the proposed would ensure delivery of much needed housing supply to the market at a time where addressing the housing affordability crisis through additional dwelling supply is a key objective across all levels of government, including across the Willoughby LGA.

A provision of shopfront and commercial office floorspace is also planned at the Subject Site. This would be ancillary to the residential uses, activate the ground floor plane and podium level, and support the overall vibrancy and amenity of Herbert Street, St Leonards and the Subject Site. The Subject Site is well placed to attract occupiers aligned to the health and education sector and would benefit from the proximity to major facilities such as the Royal North Shore Hospital.

The proposed development represents a significant opportunity to deliver a vibrant, connected and design-led development that will support diversified housing opportunities as well as non-residential uses aligned to the objectives for St Leonards as a key health and education precinct. The proposed development will leverage the high-amenity precinct, including access to employment centres, education, health, retail and community services in the vicinity as well as excellent transport connections through existing rail and Metro services.

The proposed development would effectively replace existing underutilised employment floorspace on the Subject Site with an improved, contemporary offer, that is of greater appeal to future occupiers. This provision of modern non-residential floorspace would support ongoing growth and success for the overall precinct and align to government objectives for St Leonards and Crows Nest.

Ultimately, large, underutilised sites in strategic areas (such as the Subject Site), are increasingly limited. These sites should be prioritised to deliver much needed housing supply through delivering high density mixed-use residential developments.

The delivery of 413 dwellings will help to satisfy 4.0% of the required remaining future dwelling growth (within the Regional Study Area) and contribute to much needed housing supply within one of Sydney's most central and accessible locations, close to transport, employment centres and that provides high levels of amenity.

Furthermore, the provision of affordable housing will also ensure that accommodation is available across a range of price points within Willoughby LGA more broadly, supporting a range of occupiers including key workers.

Economic Impact Assessment Key Findings

This report considers the market need for the proposed development, reviewing the opportunity and suitability of the uses proposed.

Residential

A review of the market potential for residential uses at the Subject Site outlines a substantial market need, highlighted through the following:

- Undersupply of housing is increasing the cost of living for households and forcing some households to either downsize or locate further away from key centres in more affordable locations, with impacts on access to their place of work, retail, community, social facilities and transport infrastructure.
- The delivery of new housing supply is recognised as an important objective in addressing the housing crisis at all levels of government. The proposed development presents a significant opportunity to deliver new housing supply in a well-located precinct within a timely manner. Importantly, the project has the potential to contribute to the 5-year housing target in Willoughby LGA of +3,400 new completed dwellings by 2029, in-line with the timeframe outlined by the Federal Government National Housing Accord.
- A review of the resident demographic profile for the area indicates a community who would align strongly with the planned residential component as part of the proposed development, including access to well-located apartments in vibrant precincts.

A review of residential demand and supply conditions shows a strong market need for additional housing within the Regional Study Area, with the known pipeline of residential developments only able to satisfy just over half (59.0%) of implied dwelling demand required over the period to 2041. This is the equivalent to the future supply pipeline only satisfying up to 9 years of implied dwelling demand. As such the need exists to identify and secure additional residential development opportunities in order to support existing and future residents. The proposed development will align with the need for additional residential dwellings in a well-located and high amenity locations, which will support housing supply and population growth in the area over the long term.

Commercial Office

A review of the market potential for commercial uses at the Subject Site outlines a limited market need, highlighted through the following:

- The proposed development plans to deliver a provision of commercial office floorspace (subject to operator interest) across one or two levels of the future development.
- A provision of commercial office floorspace of this scale is appropriate reflecting the location of the Subject Site which is outside of the primary commercial office centres of Sydney. Accordingly, any commercial office use at the Subject Site will be considered a non-core commercial office location compared to other key sites within larger established commercial office centres across Sydney. A review of implied demand and known supply in the broader market suggests a significant oversupply across the region to 2041. This is within the context of the Greater Sydney commercial office market that is currently extremely competitive with high vacancy rates across key commercial office markets such as Sydney CBD.
- With regard to the above, a significant provision of new commercial office floorspace at the Subject Site will be at a competitive disadvantage. That is reflected in the non-core commercial location and subdued market conditions across Sydney with modest levels of demand, high vacancy rates and a large committed pipeline of commercial office supply.

In an environment where the commercial office market is highly challenged, and where existing and future commercial office space is already identified in more suitable locations, the proposal represents a logical mix of uses that will better align with market need. That is, the proposal has a mix of uses which can deliver an improved economic and community outcome for the area.

Retail Uses

A review of the market potential for retail uses at the Subject Site outlines the following:

- Retail floorspace in St Leonards is generally focused around the Pacific Highway and includes strip retail facilities as well as specialised retail precincts. A significant retail offer is also provided at Crows Nest immediately east and south of St Leonards. The combined St Leonards and Crows Nest precinct supports an estimated 80,000m^2 of retail and non-retail shopfronts.
- A review of retail floorspace demand overall indicates the need for around 8,200m^2 of additional retail floorspace to serve the retail needs of the local area over the period to 2041. A review of known future supply indicates that around 11,840m^2 in the development pipeline, suggesting an oversupply of 3,640m^2 by 2041. This includes new projects providing ground floor retail uses.
- Despite the limited market demand, the proposed development seeks to provide a provision of shopfront floorspace to ensure an active and vibrant ground floor plane. This provision will align with objectives for the precinct to serve the needs of the community as well deliver an active destination at what is a strategic centre in this part of Sydney.

The provision of floorspace planned as part of the proposed development is appropriate to activate the ground floor plane. Likely uses are some limited retail and population serving facilities that will add to amenity and activation of the Subject Site and Herbert Street.

Economic Impacts and Benefits

A review of the likely economic impacts associated with the proposed development indicate that the proposal will not impact on the viability or ongoing operation of any existing or planned centre or project in the market. Rather, the proposed development will result in a substantial net economic and community benefit as summarised:

- **Generate significant economic activity during the construction phase**. Based on the construction costs of around $271.2 million, the construction phase is expected to support total employment of up to 360 direct job-years, and a direct value add to the economy of $60.0 million.
- **Support additional resident and worker population**. The provision of 413 dwellings could support approximately 760 residents upon completion.
- **Increase retail expenditure in the local area**. Assuming 760 residents are supported at the Subject Site, and annual per capital retail expenditure of $19,680 in the Local Study Area, once complete and fully occupied, the new resident population could generate retail expenditure of $14.9 million per annum.
- **Support an increase in ongoing operational jobs at the Subject Site**, estimated at 280 direct FTE ongoing jobs across the proposed retail and commercial floorspace provision (assuming 1,000m^2 retail and 4,919m^2 of commercial office/medical suites). These jobs will support an estimated $40.0 million in direct value added to the economy each year. When multipliers are considered, the proposed development will support total ongoing employment of 480 FTE jobs (direct and indirect), and a total value added to the economy of $70.0 million per annum.
- **Contribute to the increased vibrancy and activation** within Herbert Street and St Leonards, both during the day and night, as well as on weekends through the resident and worker population present and active at the Subject Site.
- **Increase the supply of housing in the local area**, by providing improved housing choice and diversity in the community and supporting improved housing affordability overall through increased supply. The 413 dwellings will support around 12.1% of Willoughby LGA's 2029 Housing Target set under the National Housing Accord.
- **Catalyst for additional investment** within St Leonards and the local area through the continued revitalisation and development of the precinct.
- **Improve housing affordability by increasing the availability of supply in the local market**, and will support a high share of households in rental and mortgage stress, particularly low and moderate income households and key workers through the provision of affordable housing dwellings as part of the proposed development.

1.0 Introduction

This Economic Impact Assessment (Report) has been prepared by Colliers prepared to support a State Significant Development Application (SSDA) SSD- 88511459 for the site at 33 – 37 Herbert Street, St Leonards. on behalf of the Proponent Aqualand St Leonards Development Pty Ltd (Aqualand) and is submitted to the Department of Planning, Housing and Infrastructure (DPHI)

This section of the report provides information on the purpose of the report, structure, methodology, data sources and assumptions used in the report. The report adopts industry best practice including review of official and industry data sources as required.

1.1 Purpose of Report

This report has been prepared to support a State Significant Development Application (SSDA) SSD- 88511459 for the site at 33 – 37 Herbert Street, St Leonards. comprising residential accommodation and non-residential uses at 33-37 Herbert Street, St Leonards (the Subject Site).

The Minister for Planning, or delegate, is the consent authority for the SSDA and this application is lodged with the NSW Department of Planning, Housing and Infrastructure (**DPHI**) for assessment.

The purpose of this report is to review the relative market drivers and likely economic impacts of the proposed development at the Subject Site. This includes consideration for residential and non-residential uses and has regard to the Planning Secretary's Environmental Assessment Requirements.

1.2 Report Structure

This report contains the following sections:

- **Section 1** – Introduction
- **Section 2** – Subject Site Context and Proposed Development
- **Section 3** – Strategic Policy Context
- **Section 4** – Economic Context
- **Section 5** – Competitive Context
- **Section 6** – Market Assessment
- **Section 7** – Economic Impact Assessment

1.3 Methodology

In the absence of formal guidelines for economic impact assessments, the methodology for this economic assessment has been developed with consideration to socio-economic assessment practices.

Key steps in undertaking the economic assessment have included: analysis of strategic and Subject Site-specific merit, the existing locality and the community, including its economic profile; analysis of the local housing market and housing affordability in the local area; employment and non-residential floor space market need; and the identification and assessment of other potential impacts (both direct and indirect) as a result of the proposed development.

The baseline profile for current residents and the economic context within the defined study areas was developed using published data sources, including the Australian Bureau of Statistics (ABS) and New South Wales Government with this data supplemented by additional information where available.

Economic impacts were evaluated in terms of direct impacts and indirect impacts. In the case of both direct and indirect effects, the key metric for the analysis is an estimate of jobs and economic output.

1.4 Sources and Assumptions

The following sources have been referenced in this document:

- ABS Census of Population and Housing 2021
- ABS Census of Population and Housing 2016
- ABS, ERP 2024
- Forecast.id
- Transport for NSW Travel Zone Projections 2024
- Property Council of Australia Office Market Report – January 2026
- Cordell Connect
- Pricefinder
- Department of Planning, Housing and Infrastructure Population Projections 2022
- Department of Planning, Housing and Infrastructure Population Projections 2024
- Commbank IQ via Gapmaps
- NSW Communities and Justice Housing Cost and Affordability Census
- FACS Rental Data June 2025 (DCJ Statistics)

The following assumptions have been used in this document

- The key findings of the background studies and technical reports are accurate.
- Socio-economic data for each study area accurately reflects the community demographic profile.
- ABS estimated resident population figures provides an accurate estimate of historic population.
- NSW Department of Planning, Housing and Infrastructure and Forecast.id population projections data provide an accurate outlook for future population growth for each of the study areas.
- Transport for NSW employment projections data provide an accurate outlook for future employment growth for each of the study areas.
- Cordell Connect provides an accurate representation of the development pipeline.

2.0 Subject Site Context and Proposed Development

This section provides a review of the Subject Site, the regional and local context as well as key attributes of the site as they relate to the proposed development.

2.1 Subject Site

The Subject Site is located at 33 - 37 Herbert Street, St Leonards on Cammeraygal Country and is legally described as Lot 1 & 2 in DP 744175, Lot 3 in DP 772072, and Lot 1 in DP 115615. The Subject Site has an irregular shape with a total area of approximately 5,919m^2, comprising two street frontages: a primary western frontage to Herbert Street of approximately 135m and a secondary northern frontage to Ella Street of approximately 65m.

Located in the Willoughby Local Government Area (LGA), the Subject Site is positioned 4.5km north of the Sydney CBD and 3km from the North Sydney CBD, with proximity to the centres of St Leonards and Chatswood. The property at No. 33 Herbert Street is currently occupied by a three storey commercial building comprising retail and commercial office tenancies with basement parking, while No. 37 Herbert Street contains a single level retail showroom/warehouse building.

The Subject Site is in a highly accessible area, located approximately 400m walking distance from St Leonards train station and approximately 1km walking distance from the Crows Nest Metro station. This location benefits from proximity to established commercial centres and excellent public transport connections, open space and critical health infrastructure.

The location of the Subject Site is illustrated in **Figure 1** and **Figure 2**.

Figure 1 Subject Site

Source: Urbis

Figure 2 Surrounding Context

Source: Nearmap

2.2 Surrounding Context

The Subject Site is 4.5km north of the Sydney CBD and 3km from the North Sydney CBD. The Subject Site is located 400m (walking distance) from St Leonards train station and approximately 1km (walking distance) from the Crows Nest Metro station.

Surrounding the Subject Site are employment areas to the north and west (forming part of the defined Artarmon Employment Area), an extensive medical and healthcare offer to the south-west, anchored by Royal North Shore Hospital and North Shore Private Hospital (part of the St Leonards Health and Education precinct). To the immediate south of the Subject Site is high-density residential housing with medium to high density dwellings broadly surrounding the eastern side of the Subject Site and along the Pacific Highway.

In recent years, the Lower North Shore of Sydney (particularly St Leonards and Crows Nest) has undergone significant renewal. This includes development and planning as part of the priority Transit Orientated Development (TOD) precinct of Crows Nest and the St Leonards South precincts and state-led rezonings. The area is transitioning to a vibrant mixed-use precinct supported by an increase in residential dwellings alongside employment uses and community services.

The Subject Site represents one of the few remaining underdeveloped sites in the locality in close proximity to key transport nodes and supporting amenities. This demonstrates the strategic significance of the Subject Site and proposed development.

2.3 Proposed Development

The SSDA seeks development consent for the following:

- Demolition of the existing buildings on site apart from the two-level, basement structure which is to be retained, adapted and reused for car parking;
- Site excavation, and other preparatory site works;
- Construction and operation of a part 13 storey and part 39 storey mixed use development comprising:
  - Approximately 413 dwellings including 46 affordable housing dwellings located on Levels 2 to 37 (excluding Level 4);
  - Shared amenities and landscaped communal open space on Level 4;
  - Approximately 5,918m^2 of non-residential (commercial/ retail) GFA located on Ground and Level 1;
  - Car parking spaces within the basement and podium; and
  - Ground floor loading and servicing;
- Associated landscaping works; and
- Augmentation of utilities and infrastructure.

Amend the Willoughby Local Environmental Plan (WLEP 2012) as follows:

- Rezone the subject site from E4 General Industrial to MU1 Mixed Use;
- Establish maximum height of RL 209.3m AHD;
- Amend maximum FSR from 1:1 to 7.15:1; and
- Establish non-residential FSR of 1:1.

3.0 Strategic Policy Context

This section provides an overview of the strategic planning policies of relevance to the Subject Site and the proposed development. A summary of the most relevant strategies indicate a clear focus on supporting additional housing supply (including affordable housing) in well-located areas. As such, the Subject Site and the proposed development is well supported by current and draft strategic planning policy at all levels of government.

Greater Sydney Region Plan supporting the 30 minute city aspiration and enhancing Greater Sydney's liveability, productivity and sustainability. The Greater Sydney Commission aspires for a '30 minute city', where each Sydney resident is able to access employment, open space and essential services within 30 minutes of their home.

The North District Plan: The North District Plan sets a 20-year framework for managing growth across northern Sydney, including Willoughby, with a focus on improving liveability, productivity and sustainability. It anticipates strong population growth of about 196,350 people between 2016 and 2036, driving demand for 92,000 new homes and a greater need for diverse, affordable and age-appropriate housing. The Plan emphasises urban renewal, infill development and multi-unit housing to support changing household types, including more seniors and lone-person households. Within this context, St Leonards is identified as a key Health and Education Precinct where coordinated government action and new transport investment create opportunities for renewal, jobs and additional housing.

State Land Use Plan

- In late 2025 the NSW Department of Planning, Housing and Infrastructure proposed a new strategic planning framework to support growth across the state in the coming years. A discussion paper called 'A New Approach to Strategic Planning' is on public exhibition and seeks to present a "*clearer, more coordinated approach to land use planning that delivers homes in the right locations, creates more jobs, invests in infrastructure and protects our environment".*
- A summary of the proposed priorities relevant to the Subject Site are listed below:

1. ***Housed**: Delivering affordable, diverse housing in accessible locations. Success means more homes are built faster, close to jobs and transport.*
2. ***Connected**: Linking communities with efficient transport systems. Success means homes, jobs, and services are easier to reach and more accessible.*
3. ***Liveable**: Building vibrant places that support quality of life. Success means more public spaces, better urban design, and stronger social cohesion.*

- NSW South Greater Sydney Region Plan – A Metropolis of Three Cities outlines strategies and actions to rebalance opportunities for all residents to have greater access to jobs, shops and services.

Sydney Plan

- The Sydney Plan seeks to outline how NSW manages growth in the Sydney region over the next 20 years as the region is projected to grow from 5.3 million people in 2025 to 6.5 million by 2045.
- The aim of the Plan is making Sydney a great place to live, work, and enjoy now and into the future.
- As outlined by NSW Government, *the Plan aims to rebalance growth in locations with high accessibility to jobs, services, and areas with high amenity. Highlights include:*

– *Supporting our growing and changing population by rebalancing **housing growth** and delivering accessibility to a choice of housing, jobs and services throughout the Sydney region*
– ***Jobs** guidance to support economic and population growth, supported by a strong, connected network of jobs **centres***
– *A more **liveable** and **vibrant** Sydney to enhance quality of life, creating places where people genuinely want to live*
– *Promoting **resilient and sustainable** land-use planning and urban design principles – to enhance environmental outcomes and help to manage natural hazard risk to communities.*

- *The Sydney Plan shapes a more equitable, liveable and economically strong Sydney both now and for future generations.*

St Leonards and Crows Nest Plan 2036

- The St Leonards and Crows Nest 2036 Plan seek to support the urban renewal of St Leonards and Crows Nest as an expanding employment centre and growing residential community in the suburbs of St Leonards, Greenwich, Naremburn, Wollstonecraft, Crows Nest, and Artarmon.
- The Plan identifies St Leonards and Crows Nest as major centres for workers, residents, students and visitors.
- The Plan expects that the region will support up to 6,683 new dwellings in the area and *"will deliver around 16,500 new jobs across existing, emerging and evolving industries over the next 20 years".*
- The Plan states a vision that includes:
  - *Mixing commercial and residential, the centre will offer workers, residents, students and visitors a variety of homes, jobs and activities with increased accessibility with a new world class metro service.*
  - *St Leonards core will be revitalised through a balance of commercial and residential development, providing lively and active streets, safe and interesting laneways for people and sunny tree-lined public spaces.*
- Actions related to land uses highlighted within the Plan of relevance to the proposed development include:

- *Include opportunities through amendments to planning controls to encourage a range of dwelling typologies to cater for the diverse community in St Leonards and Crows Nest.*
- *Encourage a balance of commercial and residential uses within the St Leonards Core ...*
- *Support investigations into the Herbert Street Precinct to provide new health services, affordable and key worker housing and additional education facilities.*

Willoughby City Local Strategic Planning Statement

The Willoughby LSPS sets a 20-year vision for a liveable, productive and sustainable city, aligning local planning with broader state and regional priorities. It anticipates population growth from 78,000 in 2016 to about 92,000 in 2036, alongside a significant rise in older residents, driving demand for more than 6,700 additional dwellings and a greater diversity of housing types. The strategy emphasises the need for housing suited to families, lone-person households, downsizers and key workers, with a strong focus on expanding affordable housing near services and frequent transport. Chatswood and St Leonards are identified as major strategic centres where high-density living, strong employment activity and excellent transport connections make them priority locations for future housing and precinct growth.

As a result, the proposed development will align with current and draft strategic planning policies. The proposed development is positioned in a well-located site, close to transport, adjacent to existing high density residential uses and is planned to deliver residential uses (including affordable housing) that will form a natural extension of existing uses and deliver much needed housing supply.

As a health and education precinct, the development of the Subject Site will also provide St Leonards with additional choice and modern non-residential facilities that will appeal to a broad range of occupiers including those in the health and education sectors, as well as housing that will help to support a range of residents including key workers.

4.0 Economic Context

The following section analyses the local economic context of the proposed development, including defining a study area, assessing the existing demographic characteristics and forecasting future resident and worker populations.

4.1 Study Area Definition

For the purposes of this analysis two study areas have been defined to analyse both the immediate surrounds of the Subject Site, as well as the broader region and how the proposed development responds to the needs of these areas. The defined study areas capture the population most likely to associate with the uses proposed at the Subject Site.

The adopted study areas and the definitions are summarised below and illustrated in **Figure 3**.

Local Study Area	**The suburbs of St Leonards, Naremburn and southern parts of Artarmon**. The area has been used to reflect the local area surrounding the Subject Site and includes the Statistical Area 2 (SA2) of St Leonards – Naremburn. The area generally extends north to the Gore Hill Freeway, east to Flat Rock Creek, south to Oxley Street and west to the Pacific Highway.
Regional Study Area	**The Willoughby, North Sydney and Lane Cove Local Government Areas (LGAs)**. The area has been used to reflect the broader region, extending north to the suburbs of Chatswood and south of Roseville, east to the suburb of Cremorne, south to Sydney Harbour and west to the Lane Cove River.
Benchmark	**Greater Sydney.** Defined using the 2021 Greater Capital City Statistical Area (GCCSA) boundary for Greater Sydney.

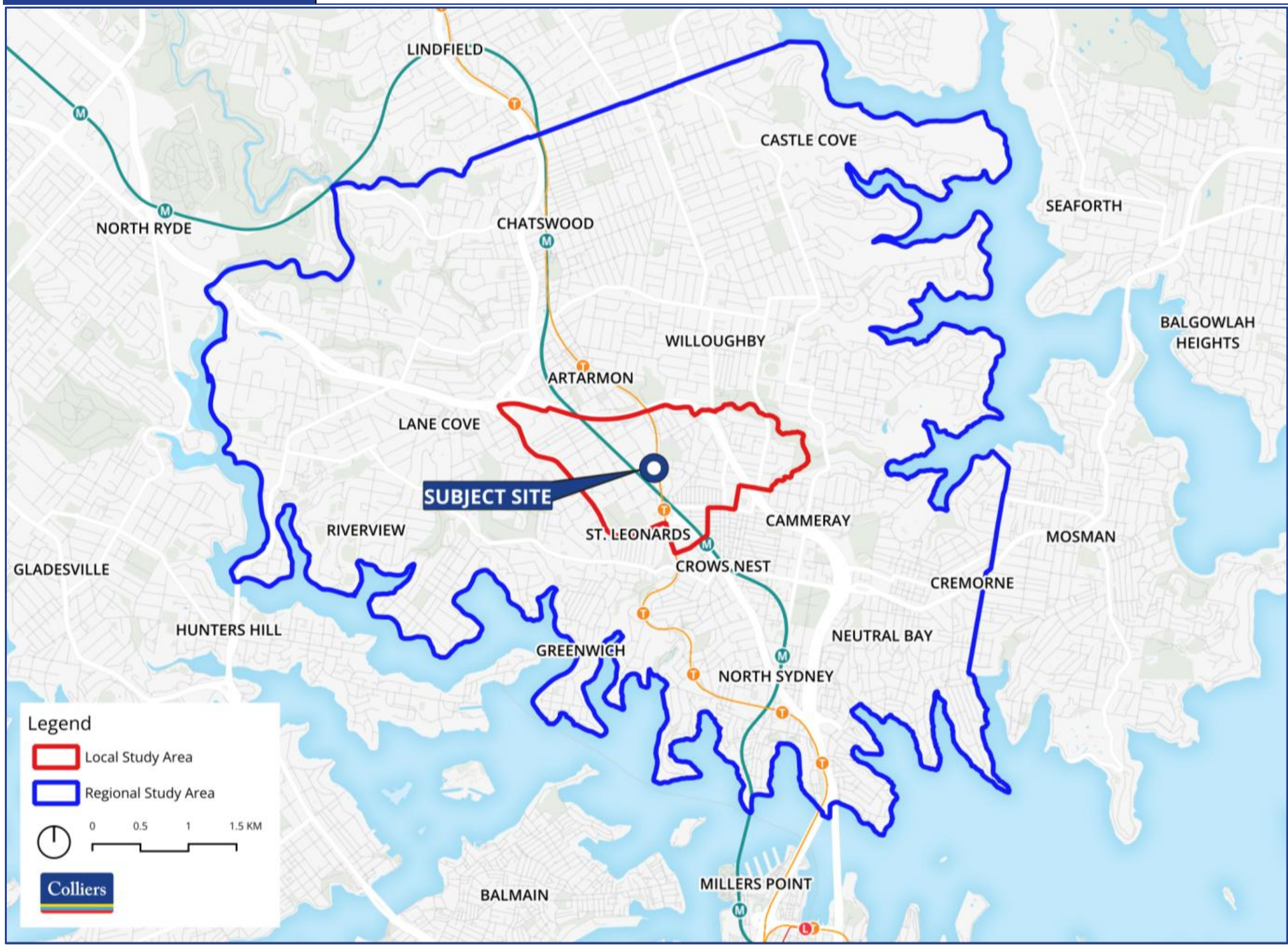

Figure 3 Study Area

Source: QGIS; Colliers Urban Planning

4.2 Resident Profile

A summary of the socio-economic characteristics of the identified study areas is presented in **Table 1**. Demographic data has been drawn from the ABS Census of Population and Housing 2021. The data analysis provides a general overview of the demographic characteristics of residents within the study areas and is compared to the Greater Sydney benchmark.

Key characteristics are summarised as follows:

- **A high median household income** in the Local Study Area of $145,220, compared to the Regional Study Area ($135,400) and Greater Sydney ($108,750).
- **A younger median age** of 36.5 years, younger than both the Regional Study Area (38.9 years) and Greater Sydney (37.3 years) median.
- **A higher share of dwellings are rented** in the Local Study Area, at 54.8% and is well above the averages for the Regional Study Area (44.2%) and Greater Sydney (36.1%).
- **A higher proportion of smaller households** is evident in the Local Study Area, where couple-only families account for 29.7% of households and lone-person households for 34.6%. These shares exceed those in the Regional Study Area, at 27.6% and 30.5% respectively, and are well above the Greater Sydney averages of 24.5% and 23.3%
- **A culturally diverse community**, noting the 46.0% of Local Study Area residents are born overseas, compared to 38.9% of residents in Greater Sydney.
- **A high proportion of flats, units and apartments in the Local Study Area**, accounting for 74.6% of occupied dwelling stock, compared to 61.5% in the Regional Study Area and 30.7% across Greater Sydney.
- **A higher share of workers in the Local Study Area are employed in commercial office sectors**, with 22.4% working in Professional, Scientific and Technical Services and 14.5% in Financial and Insurance Services. These proportions closely mirror the Regional Study Area, where 20.7% and 13.3% of employed residents work in the same industries. White collar workers make up 92.0% of the Local Study Area workforce similar to the Regional Study Area (90.6%) but higher than Greater Sydney (76.8%).

A review of key changes in the study area demographic profile can be undertaken by investigating trends which have occurred between the 2016 and 2021 Census. Key findings across the Local Study Area include:

- **High Income Growth**, with the median annual household income increasing by +$22,320, compared to just +$16,550 for Greater Sydney over the Census period.
- **An Ageing Population**, with the share of 35-64-year-olds and 64-84-year-olds growing by +1.8pp and +1.2pp, respectively. The increase in the median age of Local Study Area residents outpaced the Greater Sydney benchmark, increasing by +1.5 years.
- **Reduced Average Household Size**, with the average household size decreasing from 2.2 persons to 2.1 persons. The proportion of lone person households increase by +5.1pp as a share of total households.
- **Additional Dwelling Density,** with the share of flats, units and apartments increasing by +4.6pp, and the share of separate houses declining by -3.0pp.
- **More dwellings are rented**, with the share of rented dwellings increasing by +3.1pp, and a reduced share of dwellings owned with a mortgage (-2.6pp).

The resident profile of the Local Study Area reflects a younger, culturally diverse and affluent community, with many residents living in rented apartments. Households are more commonly made up of young couple-only families and single-person households, reinforcing the area's appeal to younger, urban professionals. In this context, the local population is likely to align well with the proposed mix of high-density residential and non-residential uses, given their younger, diverse and apartment-oriented profile. The demographic characteristics point to strong demand for dwellings that suit a range of occupants, including young couple-only and single-person households, as well as downsizers, smaller families and key workers.

Table 1 Resident Demographic Profile, 2021

Category	Local Study Area	Regional Study Area	*Greater Sydney*
Income			
Median individual income (annual)	$83,950	$72,540	*$45,930*
Variation from Greater Sydney median	*+82.8%*	*+57.9%*	*n.a.*
Median household income (annual)	$145,220	$135,400	*$108,750*
Variation from Greater Sydney median	*+33.5%*	*+24.5%*	*n.a.*
Age Structure			
0-4 years	6.5%	5.3%	*6.0%*
5-19 years	11.7%	15.6%	*18.1%*
20-34 years	28.2%	21.6%	*22.1%*
35-64 years	43.2%	41.6%	*38.7%*
65-84 years	9.6%	13.8%	*13.2%*
85 years and over	0.8%	2.1%	*2.0%*
Median Age (years)	36.5	38.9	*37.3*
Country of Birth			
Australia	54.0%	57.6%	*61.1%*
Other Major English Speaking Countries	12.5%	11.6%	*7.1%*
Other Overseas Born	33.5%	30.8%	*31.8%*
% speak English only at home	*63.4%*	*66.8%*	*61.0%*
Household Composition			
Couple family with no children	29.7%	27.6%	*24.5%*
Couple family with children	<u>23.9%</u>	<u>28.8%</u>	*<u>36.1%</u>*
Couple family - Total	53.5%	56.4%	*60.5%*
One parent family	5.9%	7.7%	*11.0%*
Other families	0.8%	1.1%	*1.1%*
Family households - Total	60.2%	65.2%	*72.6%*
Lone person household	34.6%	30.5%	*23.3%*
Group household	5.2%	4.3%	*4.1%*
Dwelling Structure (Occupied Private Dwellings)			
Separate house	16.6%	28.9%	*56.1%*
Semi-detached, row or terrace house, townhouse etc.	8.8%	9.4%	*12.8%*
Flat, unit or apartment	74.6%	61.5%	*30.7%*
Other dwelling	0.1%	0.2%	*0.4%*
Occupancy rate	*90.6%*	*89.1%*	*91.8%*
Average household size	2.1	2.3	*2.7*
Tenure Type (Occupied Private Dwellings)			
Owned outright	19.9%	28.5%	*28.3%*
Owned with a mortgage	24.4%	25.5%	*34.0%*
Rented	54.8%	44.2%	*36.1%*
Other tenure type	0.9%	1.8%	*1.6%*
Housing Costs			
Median monthly mortgage repayment	$3,252	$3,190	*$2,510*
Variation from Greater Sydney median	*+29.6%*	*+27.1%*	*n.a.*
Median mortgage as a share of median household income	26.9%	28.3%	*27.7%*
Median weekly rents	$606	$582	*$480*
Variation from Greater Sydney median	*+26.1%*	*+21.2%*	*n.a.*
Median rent as a share of median household income	21.7%	22.3%	*23.0%*

Source: Australian Bureau of Statistics (ABS) 2021 Census of Population and Housing
Note: interpretation of small area data from the 2021 ABS Census should consider potential outcomes from the COVID-19 pandemic.

4.3 Resident Trends and Projections

Population projections have been prepared using latest official projections from Department of Planning, Housing and Infrastructure, current population projections outlined by forecast.id in 2025 and the historic population estimated from the ABS Estimated Residential Population series. A detailed summary of the residential population projections is presented in **Table 2**, with key findings including:

- In 2025, 13,820 residents were estimated to be living in the Local Study Area (LSA). Between 2016 to 2025, the resident population increased by +2,690 residents.
- By 2041, the LSA population is projected to increase by +7,120 residents to reach a total population of 20,940 residents. This represents an average annual growth rate of +2.6%, (or+450residents) over the period to 2041.
- By comparison, the RSA is expected to increase by +26,030 residents to 2041, which implies +1,630 additional residents on average each year. This represents an average annual growth rate of +0.8%.
- As outlined, the LSA is projected to grow at a rate that is more than triple the RSA, and at a rate well above the Greater Sydney average over the period to 2041.

Table 2 Population Trends and Projections – Study Areas, 2016-2041

Population (no.)	2016	2021	2025	2031	2036	2041	2016 - 2025	2025 - 2041
Local Study Area	11,130	11,990	13,820	17,850	20,260	20,940	+2,690	+7,120
Regional Study Area	187,390	185,120	197,190	209,840	217,470	223,220	+9,800	+26,030
Greater Sydney	5,024,920	5,261,800	5,630,470	6,048,260	6,378,850	6,703,400	+605,550	+1,072,930
Average Annual Growth (no.)								
Local Study Area		+170	+460	+670	+480	+140	+300	+450
Regional Study Area		-450	+3,020	+2,110	+1,530	+1,150	+1,090	+1,630
Greater Sydney		+47,376	+92,168	+69,632	+66,118	+64,910	+67,280	+67,060
Average Annual Growth Rate (%)								
Local Study Area		1.5%	3.6%	4.4%	2.6%	0.7%	2.4%	2.6%
Regional Study Area		-0.2%	1.6%	1.0%	0.7%	0.5%	0.6%	0.8%
Greater Sydney		0.9%	1.7%	1.2%	1.1%	1.0%	1.3%	1.1%

Source: ABS ERP (2024), Department of Planning, Housing and Infrastructure (DPHI) 2024 NSW Population Projections, Forecast.id. Colliers Urban Planning
Note: Figures rounded

4.4 Worker Trends and Projections

4.4.1 Broad Industry Classifications

The ABS groups employment into industries using the Australian and New Zealand Standards Industrial Classification (ANZSIC) framework. This framework classifies industries according to their productive activities.

For the purposes of estimating employment projections, these ANZSIC industries are grouped into Broad Industry Categories, as these Broad Industry Categories have similar economic drivers (see **Table 3** for classification). For instance, many industries provide population serving needs, such as household services, and construction services. As population growth increases, so too does the demand for employment within these industries – all else being equal.

For other industry groupings, such as, 'industrial', technological trends are changing the way these businesses operate by utilising more equipment and machinery and less manual labour, these businesses are reducing their overall demand for manual labour as a proportion of output, and as such, jobs growth is expected to be proportionately lower to population growth going forward.

Key drivers and an overview of each category is defined below:

- **Population Serving**: Industries within this category tend to provide services to households and individuals. As population grows, so does employment to respond to increased demand for population services.
- **Knowledge Workers**: For industries within this category a key factor is the ability to attract and retain high skilled workers. As such, locational and regional factors play a key role as well as the areas access to a highly skilled labour market. This industry location tends to be driven by availability of commercial space and demand from both residents and local businesses.

- **Industrial**: Broad industrial trends, such as economic growth, technology, automation and land use capacity are the main economic drivers for this category.
- **Traditional Office**: Industries within this location tend to be driven by availability of commercial space and demand from both residents and local businesses
- **Health, Education, and Other**: Often reliant on population growth to drive demand; however, employment in these industries can also be 'lumpy' and is influenced by major projects and large-scale investment in infrastructure (e.g. universities and hospitals). For the purposes of this analysis, the growth outlook is tied to population growth.

Table 3 Broad Industry Classifications

Broad Industry Category	Industry of Employment
Industrial	Agriculture, Forestry and Fishing Mining Manufacturing Electricity, Gas, Water and Waste Services Wholesale Trade Transport, Postal and Warehousing
Population Serving	Construction Retail Trade Accommodation and Food Services Arts and Recreation Services Other Services
Knowledge workers	Information Media and Telecommunications Financial and Insurance Services Professional, Scientific and Technical Services
Traditional Office	Rental, Hiring and Real Estate Services Administrative and Support Services Public Administration and Safety
Education	Education and Training
Health	Health Care and Social Assistance

Source: TfNSW

4.4.2 Employment Estimates by Industry

Employment projections have been adopted with consideration to official projections prepared by Transport for NSW, with projections for the study areas presented in **Table 4** and includes the following findings:

- Within the LSA, employment growth was estimated at +3,390 workers between 2021 and 2025. Most of this employment growth has been in health and education industries (+1,730 workers), followed by knowledge industries (+970 workers) and population serving roles (+430 workers).
- Employment within the RSA has also been growing with an additional +15,870 workers between 2021 and 2025, representing an average annual growth rate of 2.1%. Of employment growth in the RSA, knowledge industries recorded the highest growth in employment (+1,800 workers).
- Strong employment growth in the LSA is anticipated to be maintained, with an estimated +7,760 additional workers between 2025 and 2041, representing around +490 workers per annum. Most of this growth is expected to occur in the health and education, alongside knowledge-based industries.
- Future employment growth in the RSA is expected to add +18,690 workers by 2041. Most of the employment growth is anticipated to occur in knowledge-based industries (+7,870 workers), followed by health and education (+5,620 workers) and population-serving roles (+2,610 workers).

The projections reinforce St Leonards and the broader Local Study Area as an active mixed-use centre and a strategic health and education precinct, with strong growth expected across key employment sectors. Located adjacent to the hospital precinct, the proposed development could provide a location for key workers of the precinct to reside as well as other key growth industries such as Knowledge Worker and Population Serving industries.

Table 4 Employment Projections by Industry, 2021-2046

Employment (no.)	2021	2025	2031	2036	2041	2021 - 2025	2025 - 2041
Local Study Area							
Industrial	4,400	4,560	4,820	5,140	5,460	+160	+900
Population Serving	6,400	6,830	7,300	7,510	7,840	+430	+1,010
Knowledge Workers	11,180	12,150	13,420	14,160	14,810	+970	+2,660
Traditional Office	3,650	3,740	3,850	3,960	4,070	+90	+330
Health and Education	12,940	14,670	16,040	16,850	17,530	+1,730	+2,860
Total	**38,560**	**41,950**	**45,440**	**47,610**	**49,710**	**+3,390**	**+7,760**
Regional Study Area							
Industrial	18,710	19,050	19,260	19,900	20,560	+340	+1,510
Population Serving	41,890	44,550	45,860	46,410	47,160	+2,660	+2,610
Knowledge Workers	71,840	79,040	82,990	85,150	86,910	+7,200	+7,870
Traditional Office	16,400	17,320	17,810	18,090	18,390	+920	+1,070
Health and Education	35,390	40,260	43,290	44,750	45,880	+4,870	+5,620
Total	**184,240**	**200,220**	**209,220**	**214,310**	**218,910**	**+15,980**	**+18,690**

Source: TfNSW 2022, Colliers Urban Planning
Note: Figures rounded

5.0 Competitive Context

This section provides an overview of the competitive context for the proposed development. It includes a review of the existing provision of facilities within the area and of uses most relevant to the proposal. An analysis of the future competitive context is also provided.

5.1 Existing Competitive Context

St Leonards and Crows Nest is a strategic centre and designated Health and Education Precinct, with its role and function to provide a wide range of services and facilities that serve a broad population.

A summary of the competitive context for the Subject Site is provided in **Table 5**.

Table 5 Study Area Competitive Context

Sector	LSA
Residential	St Leonards is a mixed-use strategic centre which provides a variety of dwelling typologies. An estimated 6,152 private dwellings were recorded in the suburb as at the 2021 Census. Residential development in St Leonards comprises a larger share of flats, units and apartments constituting three-quarters of all dwellings (around 75%), followed by separate houses (16.6%) and medium density dwellings (8.8%) (ABS 2021).
Retail	Retail floorspace in St Leonards is generally focused around the Pacific Highway and includes strip retail facilities as well as specialised retail precincts. Predominant occupiers includes showrooms, food and dining tenants and centres forming part of mixed use and high density residential developments including The Forum, Mall 88 and St Leonards Square. An estimated 80,000m^2 of retail and shopfront floorspace is provided within the immediate precinct of St Leonards and Crows Nest, with a focus on convenience based retail uses, food and dining as well as several showroom and household goods providers. Retail and services focus on serving a range of customer segments including local residents, workers and students. Large format retail uses are also provided within the Artarmon employment area, including a freestanding Bunnings and a range of retailers at Home HQ.
Commercial	Commercial office uses are predominately located around the Pacific Highway and in proximity to St Leonards train station. The Property Council of Australia Office Market Report (January 2026) estimates some 354,800m^2 of commercial office floorspace in the combined St Leonards/Crows Nest market.
Other	Industrial uses are located to the north within the Artarmon employment precinct. A wide range of urban services are provided within this precinct, serving the Lower North Shore of Sydney. Key health and medical facilities are provided as part of the integrated North Shore Health precinct, including Royal North Shore Hospital, North Shore Private Hospital and the North Shore Health Hub. Associated medical imaging, diagnostics, clinicians and medical health institutes and research centres are also located in St Leonards and the immediate area. These facilities also serve the regional population. The local area enjoys high levels of amenity with access to open space and recreational facilities. Key open space and green areas are located to the west of the Subject Site, including Gore Hill Oval and Park as well as Naremburn Park. A number of educational facilities are in the area including TAFE NSW and Bradfield Senior College as well as a number of childcare and early learning centres.

Source: Colliers Urban Planning

Several major centres are provided within the broader region, with key precincts of most relevance to the Subject Site and proposed development including:

- **Chatswood**: Located 3km to the north, forms a designated strategic centre and provides a vibrant mixed use CBD accommodating residents, workers and students. Chatswood is a regional destination for the surrounding population supported by a strong retail provision focused around Victoria Avenue and anchored by two large regional shopping centres of Westfield Chatswood and Chatswood Chase.

- **North Sydney**: Located 3km to the south, North Sydney accommodates an established (and growing) commercial office market and CBD, accommodating some of Australia's leading multinational companies as well as a strong representation of secondary schools and tertiary education facilities. North Sydney benefits from strong access and connectivity to the Sydney CBD and beyond, yet offers more affordable commercial office uses compared to the Sydney CBD whilst still benefitting from a professional service base, transport connectivity, high levels of amenity and access to skilled labour.
- **Sydney CBD**: Located some 4.5km south of the Subject Site, forms the metropolitan centre of Sydney and the major commercial destination within New South Wales, providing over 5 million square metres of commercial office floorspace and serving a critical role in Australia's national economy. Sydney CBD supports thousands of retail businesses and jobs across an estimated 550,000m^2 of retail floorspace. Sydney CBD also supports a residential population and is a key destination for tourism, culture and entertainment facilities and institutions.

  The recent completion of Sydney's M1 Metro line extension has meant that residents within both the defined LSA and RSA have been able to move faster with more frequent access to Sydney CBD, North Sydney and Chatswood from the Crows Nest Metro Station.

5.2 Future Competitive Context

A review of the future development pipeline within the LSA and RSA indicates significant development activity planned and underway in the area. A breakdown of development activity by primary use is illustrated in **Figure 4**, highlighting approximately $11.1 billion in major development investment activity across the Regional Study Area.

Many of the larger projects are focused around major transport nodes, with a strong representation of projects in Crows Nest and North Sydney CBD. Taken together, the top five projects alone account for around $2.4 billion of development investment activity and includes a data centre, commercial office and mixed use development, and two mixed use projects with a residential focus. A summary of major projects is provided in **Table 6**.

It should be noted that when calculating investment activity, proposed developments have been classified based on primary land use, with this summary only including projects with an investment value of $5 million or more in order to capture major projects only (data is sourced from Cordell Connect). Projects that have been classified as 'refused' or 'abandoned' have been removed.

Key findings include:

- Projects defined as mixed use (two or more primary land uses) account for 35.5% of total development investment value in the RSA and residential projects make up 32.0% of the total development pipeline (by value).
- Within the LSA, residential projects make up 39.0% (or $0.96 billion in project value) of development activity is attributed to residential and 17.4% (or 0.43 billion in value) for mixed use developments.
- Proposed commercial and retail projects are more limited compared to mixed use and residential use projects, reflecting the evolving nature of the region and the complementary nature of commercial and retail uses. Many of the mixed use projects include a large component of residential dwellings, with retail or employment uses on the ground floor – particularly those in high-profile, high-exposure areas.
- Across the region, a large proportion of proposed development activity is concentrated around the Pacific Highway and the transport nodes. This aligns with government strategies to support growth in and around St Leonards station and Crows Nest Metro station as well as centres and precincts with high levels of amenity and good transport connectivity.
- The LSA attributes for 22.4% of total development activity within the overall region (RSA). It is supported by an opportunity to redevelop underutilised sites in a well located strategic centre with high levels of amenity.
- Total development investment values within both the LSA and RSA are skewed by the Data Centre at 2 Lanceley Place, Artarmon. The project accounts for roughly a third of all development investment within the LSA and 8% of investment in the RSA.

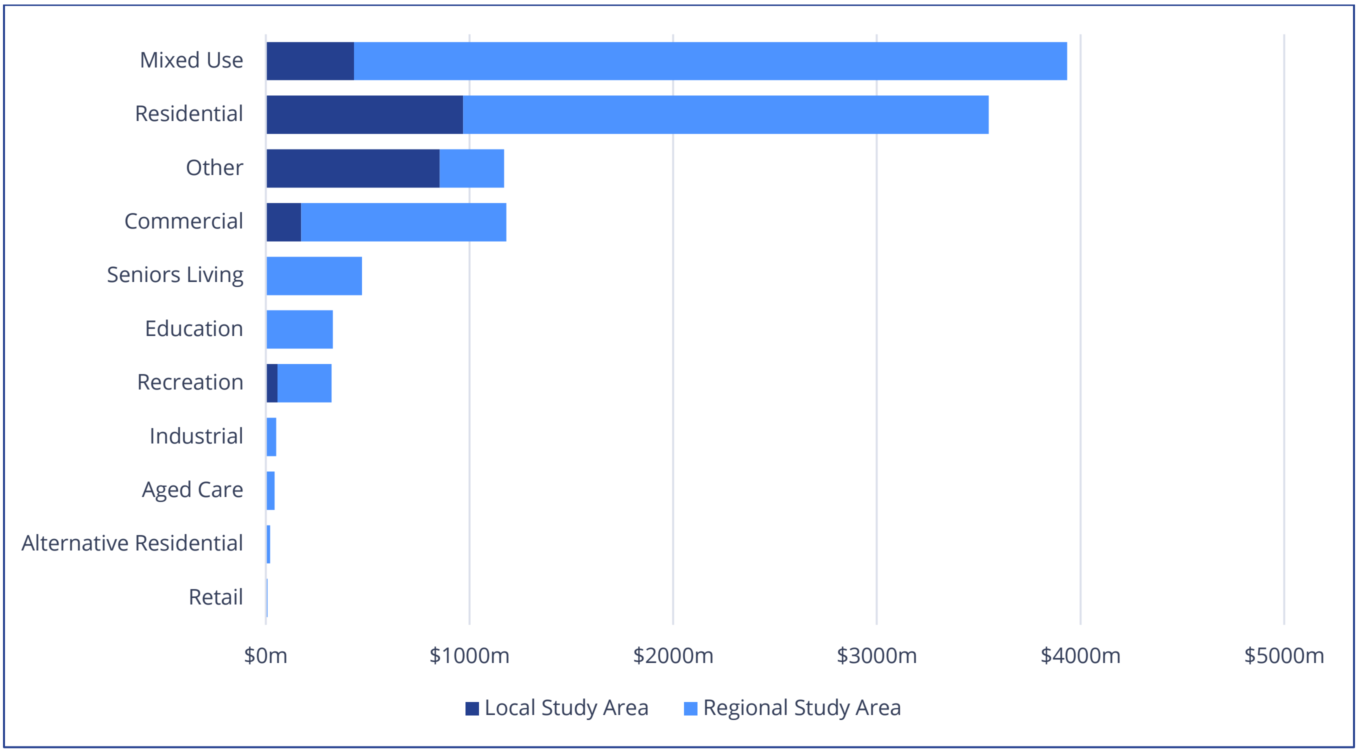

Figure 4 Development Investment Activity ($m)

Source: Cordell Connect, Colliers Urban Planning

Note: Does not include investment activity at the Subject Site or projects with a value of less than $5 million. 'Other' includes data centres, self-storage, hotels as well as medical and health-related uses.

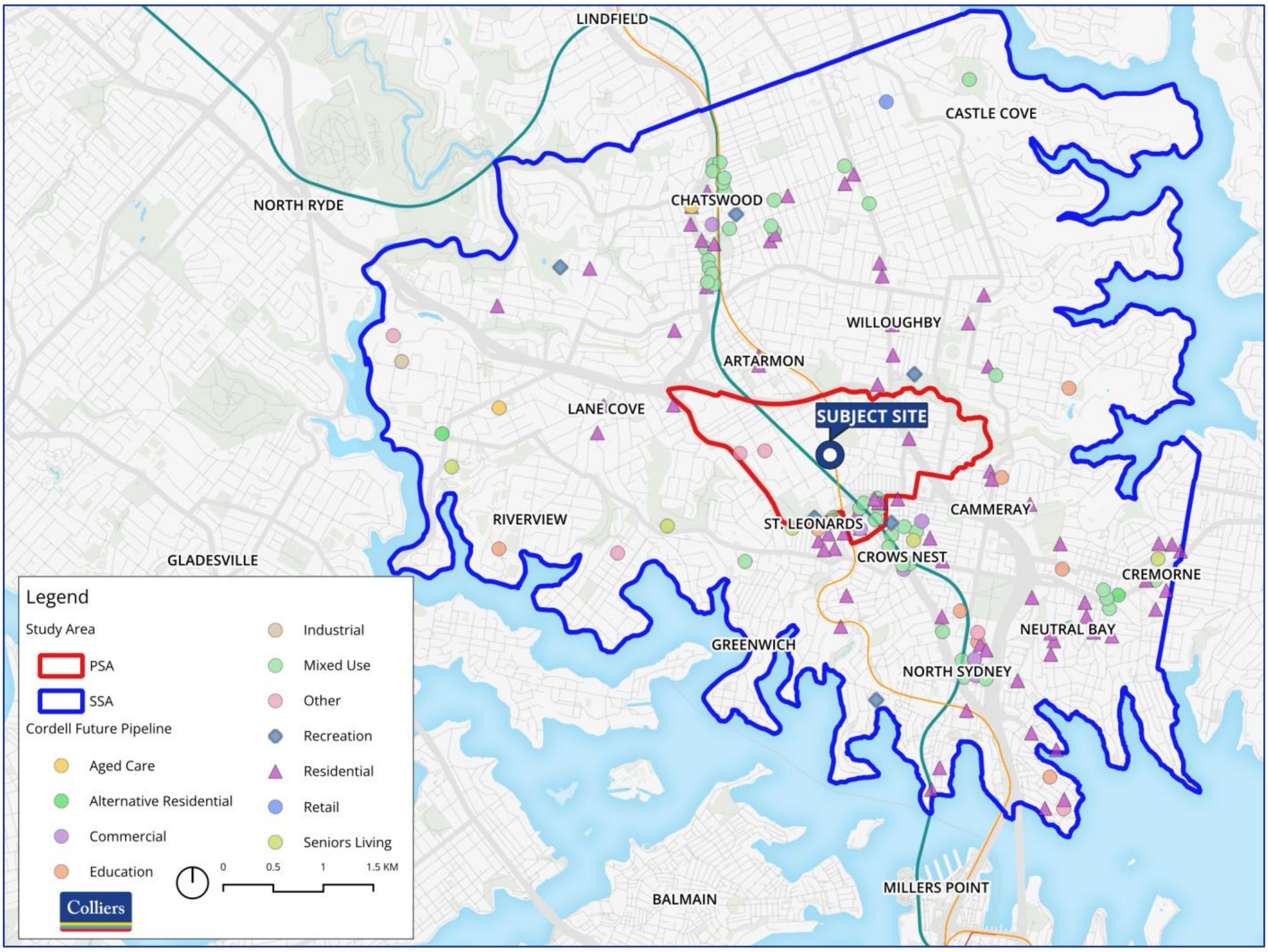

Figure 5 Competitive Projects

Source: Cordell Connect, Colliers

Table 6 Study Area – Major Competitive Projects within the Local Study Area ($100million and over)

Project	Type	Other Uses	Status	Estimated Project Value ($m)	Estimated Total GFA (m^2)	Number of Dwellings	Estimated Completion
2-8 Lanceley Place, Artarmon	Other (Data Centre)	-	Early Works	$845m	26,769	-	2027
The Collective	Residential	-	Masterplan in progress	$400m	9,500	300	2031
Nicholson Place (BTR)	Residential	Retail	Concept Approval	$209m	34,500	541	2029
617 - 621 Pacific Highway	Mixed Use	Residential	Development Approval	$209m	26,962	190	2029
29-57 Christie Street	Commercial	Retail	Project on Hold	$173m	57,267	-	2031
Telestra Exchange Built to Rent	Residential	Retail	Development Approval	$150m	28,047	282	2029
Christie Street Mixed use	Residential	Retail	Early Planning	$112m	56,870	507	2030
Pacific Highway mixed use	Residential	Commercial & Retail	Rezoning Application	$100m	18,514	154	2028

Source: Cordell Connect, Colliers Urban Planning

6.0 Market Assessment

This section provides an assessment of the types of uses outlined in the proposal and of relevance to the location. It considers the demand and supply for these uses, the potential for these uses, the current market situation and the implications for the proposed development, to assist with evaluating any potential impacts.

6.1 Residential Assessment

This sub-section provides an overview of the residential market and potential for residential uses at the Subject Site.

6.1.1 Residential Market Commentary

New Dwelling Approvals

New South Wales has experienced consistent, ongoing undersupply of new dwellings, emphasising that the delivery of housing has been unable to keep up with demand. The Productivity Commission anticipate that this undersupply will increase to *100,000* dwellings by 2038.

Undersupply of housing is increasing the cost of living for households and forcing some households to either downsize or locate further away from key centres in more affordable locations, with impacts on access to their place of work, retail, community, social facilities and transport infrastructure.

The delivery of new housing in the RSA has averaged 893 new dwelling approvals since financial year 2016-17 whereas the LSA has an average of 176 new dwellings, affected by a high number in 2019 and fewer dwellings approved in recent years.

Both the RSA and LSA have seen a decline in the number of new dwelling approvals in the last two years and likely attributed to declining economic conditions for development including rising construction costs and interest rates. Financial year 2023-24 saw a spike in new dwellings approved in both Study Areas, likely a result of backlog approvals due to COVID-19. The RSA includes Willoughby, North Sydney and Lane Cove LGAs that have new dwellings targets of 3,400, 5,900 and 3,400 (12,700 new dwellings across the RSA) to be achieved in the next 5 years under the National Housing Accord.

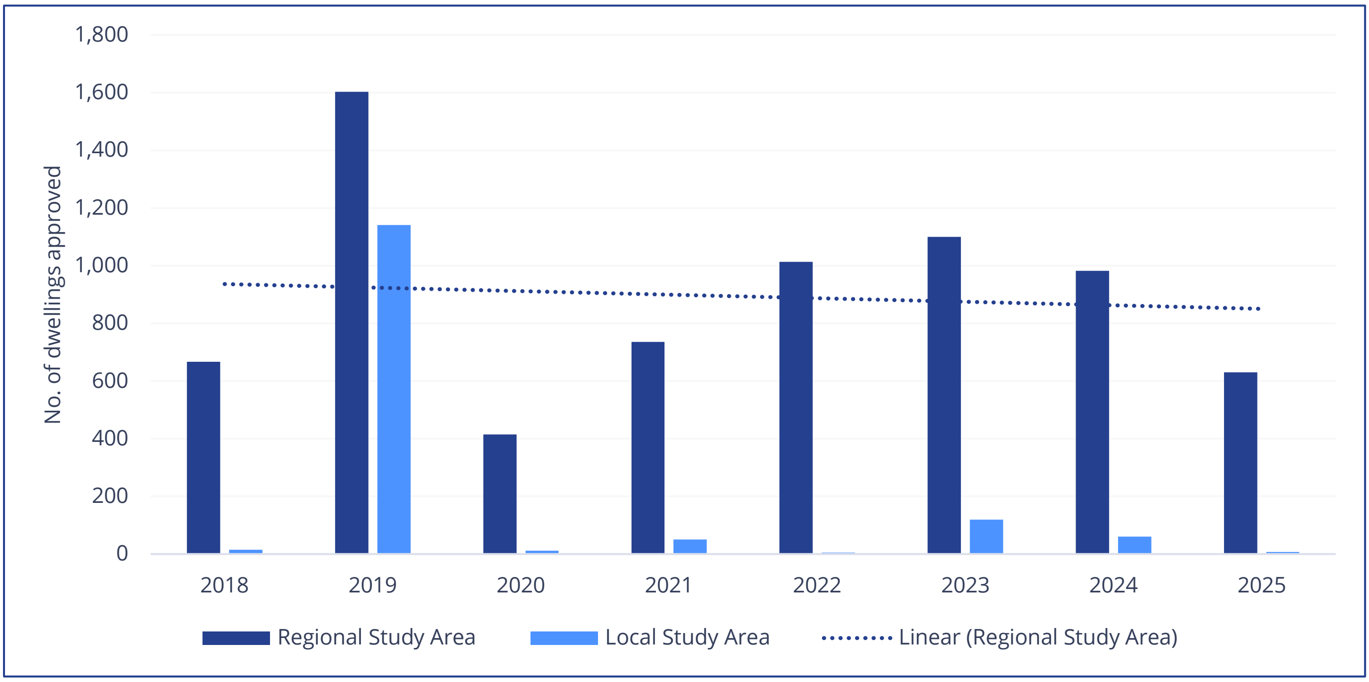

Figure 6 Dwelling Approvals for Local and Regional Study Areas, 2018 to 2025

Source: ABS Dwellings Approvals June 2025, Colliers

Rental Market Trends

Across Greater Sydney, housing affordability and the delivery of housing supply remains a significant social, economic and political challenge. These housing market challenges are evident within Willoughby LGA as well in the suburb of St Leonards and surrounds where these suburbs are experiencing house price growth, low vacancy, and decreasing affordability.

Key findings include:

- Low residential vacancy rate of around 1.2% across the Lower North Shore region for all dwellings (see **Table 7**).
- Rental costs have increased substantially in recent years, with the median weekly rent for units increasing from $523 to $775, with weekly rent for houses increasing from $951 to $1,306 across the Willoughby LGA. This highlights the growing rental market in this area, with this growth having largely occurred in recent years, as shown in **Figure 7**.

A review of residential market trends highlights the critical need for additional housing supply to address constrained residential market conditions and housing affordability challenges.

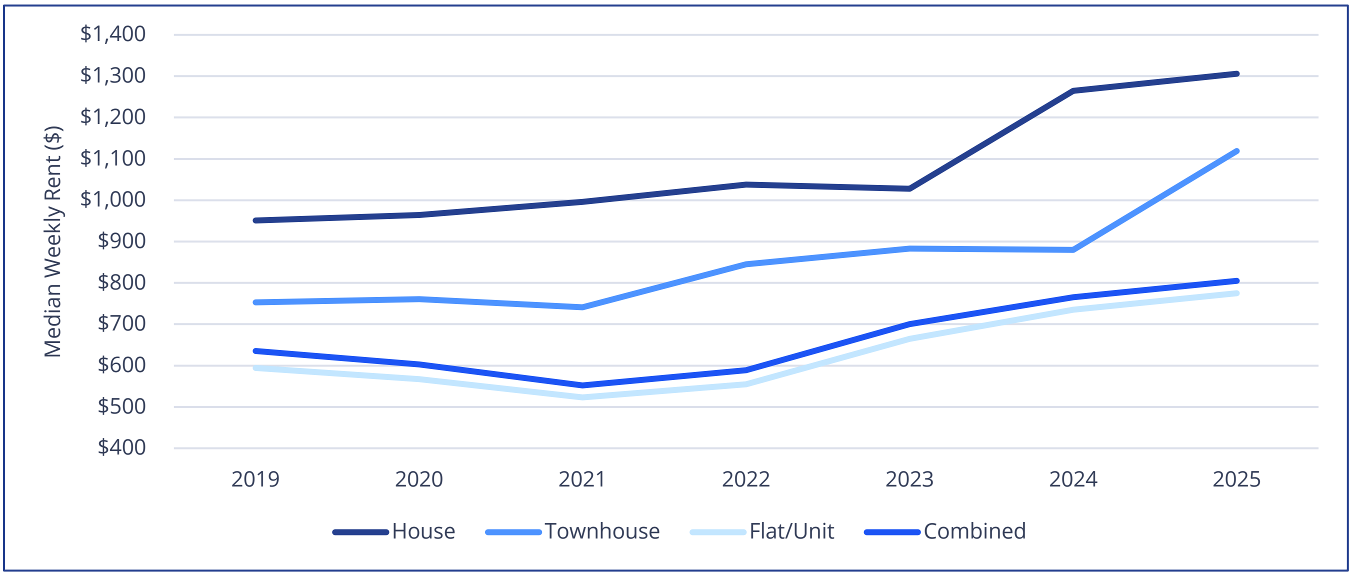

Figure 7 Median Rental Price Growth – Willoughby LGA, 2019 to 2025, September Quarter

Source: FACS, Colliers Urban Planning

Table 7 Rental Data, 2026

Region	Current Vacancy Rate	Vacancies	Weekly House Rent	Weekly Unit Rent	Weekly Combined Rent
Inner West	1.6%	1,555	$1,082	$753	$852
Sydney CBD	5.0%	571	$1,545	$1,198	$1,208
Upper North Shore	1.3%	1,025	$1,354	$818	$987
Lower North Shore	1.2%	174	$2,462	$1,098	$1,443

Source: SQM Research January 2026, Colliers Urban Planning

Housing Market Trends

- Dwelling prices have increased by over +59.5% for houses and +10.5% for units in the past 10 years in the RSA. As of 2025, the average price for houses are $3.69 million in the RSA. Unit prices have shown volatility in some areas, with the median unit price at $1.12 million as of 2025. Refer **Figure 8** and **Figure 9**.
- Units and apartments in the Regional Study Area present a significantly more affordable option than houses, making them particularly suitable for families, downsizers, key workers and students.

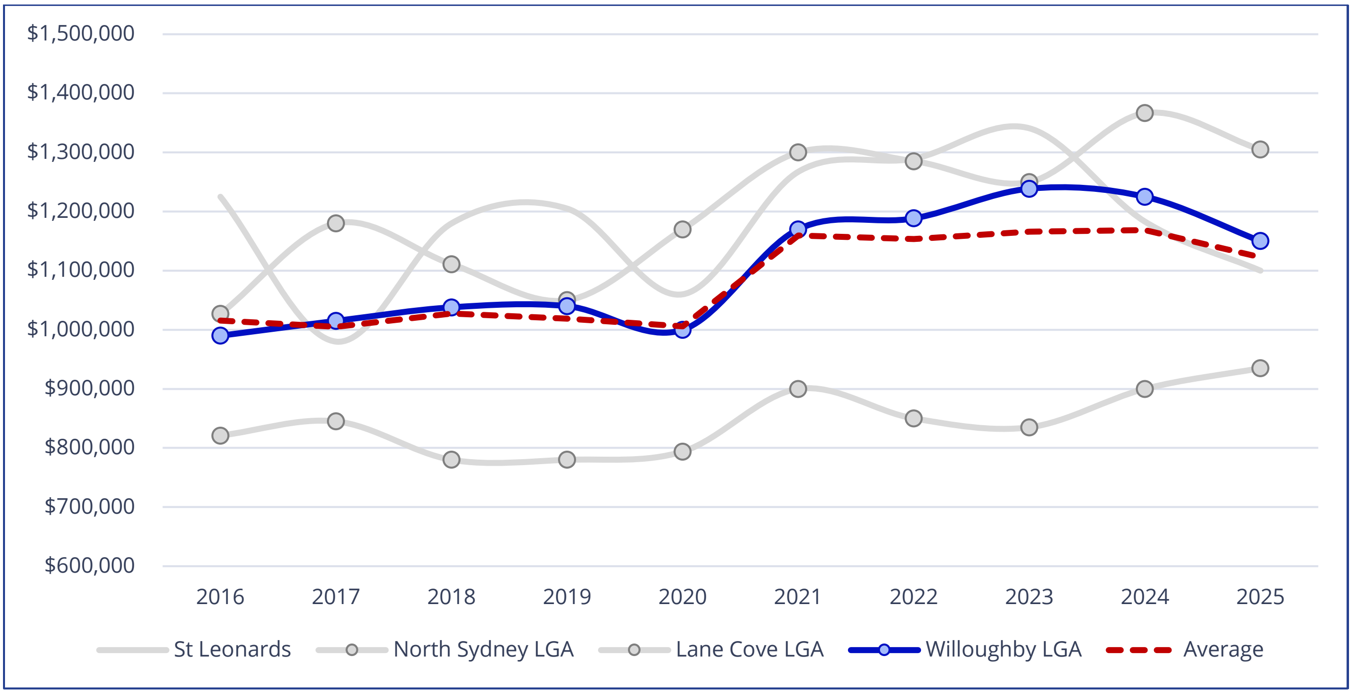

Figure 8 Median Sale Price for Units, 2016 to 2025

Source: Pricefinder, Colliers Urban Planning

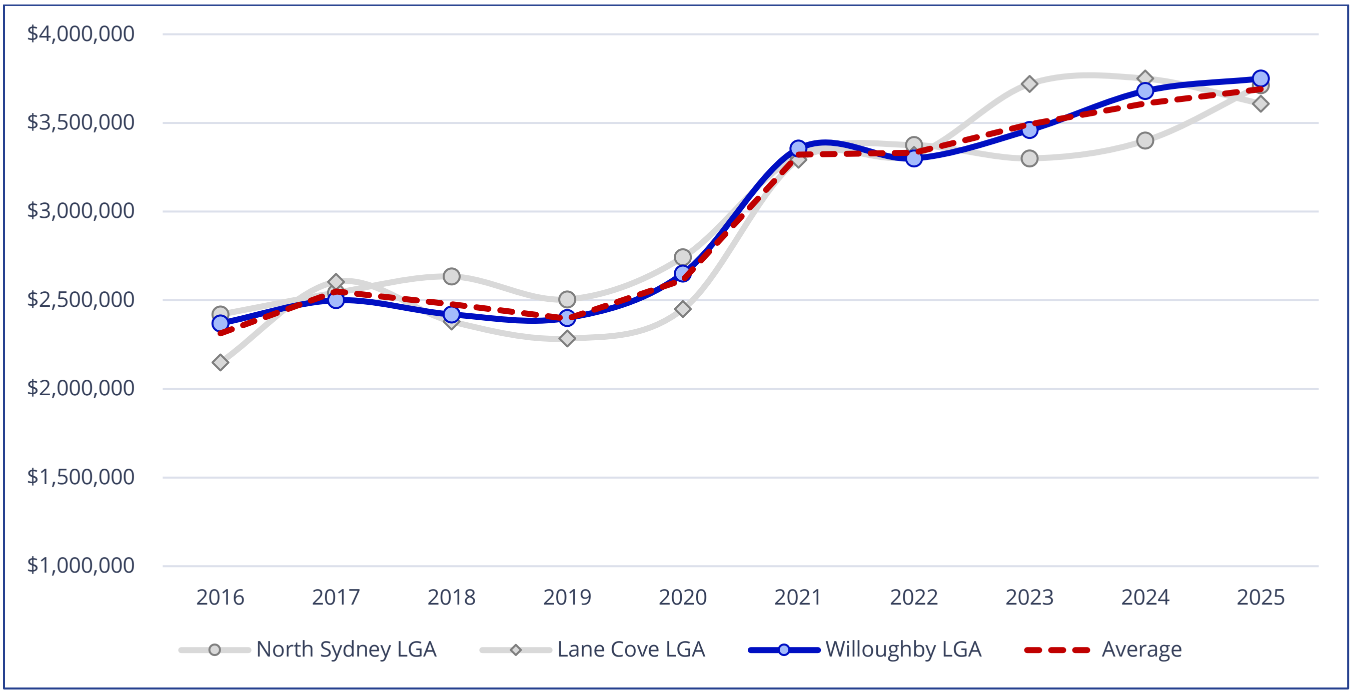

Figure 9 Median Sale Price for Houses, 2016 to 2025

Source: Pricefinder, Colliers Urban Planning
Note: St. Leonards suburb removed due to small sample size

Housing and Rental Affordability

Housing affordability is a significant challenge within the LSA having higher rates of households in mortgage stress at 19.0% in the 2021 Census, compared to 5.9% at the 2016 Census. Similarly rental stress in the LSA has also increased from 15.2% in 2016 to 26.1% as at the 2021 Census. A similar trend is observed across the RSA over this period.

Declining housing affordability is also evident across the surrounding suburbs when examining changes between the 2016 and 2021 Census results as shown below in **Table 8**. Notably, housing and rental stress have increased between the 2016 and 2021 period, particularly in the Willoughby LGA, Lane Cove LGA and the RSA where housing stress more than tripled during the time period in some areas.

- *Housing stress is defined as more than 30% of household income spent on mortgage repayments or rental payments.*

- In the current economic climate, rising inflation and interest rates have added further pressure on household finances. Reflecting the decline in economic conditions in the past 2-3 years, it is likely that the figures summarised from the 2021 Census considerably understate the housing affordability challenge for households in the LSA and RSA.

The ability to provide increased housing supply and additional dwellings, including affordable housing in proximity to amenities and transport, will help to provide more desirable and diverse housing options for the local community.

Table 8 Rental and Mortgage Stress, 2016 and 2021

Suburb/Region	2016 Rental stress	2021 Rental Stress	2016 Housing stress	2021 Housing Stress
St. Leonards	19.4%	25.5%	5.4%	24.0%
Naremburn	9.6%	25.9%	6.3%	15.8%
Artarmon	16.3%	29.9%	5.3%	17.8%
Local Study Area	**15.2%**	**26.1%**	**5.9%**	**19.0%**
North Sydney LGA	15.3%	27.3%	4.5%	17.7%
Lane Cove LGA	11.3%	27.1%	6.8%	17.3%
Willoughby LGA	15.0%	34.1%	6.7%	21.3%
Regional Study Area	**13.9%**	**29.5%**	**6.0%**	**18.8%**

Source: ABS Census

6.1.2 Residential Dwelling Need

A review of population projections prepared by the NSW Government show that the RSA's population is forecast to increase by +26,030 residents over the period to 2041. This reflects a 2025 population estimate of 197,190, and total population of 223,220 residents by 2041.

Applying the average household size to the projected population as presented in **Table 9**, the result is an implied need for an additional +21,700 dwellings between 2025 and 2041 across the RSA.

A review of proposed developments in the RSA show around 11,310 dwellings are planned, approved or under construction. This includes across major projects such Sites A and B of the Crows Nest OSD (approx. 600 dwellings) and Nicholson Place BTR (541 dwellings).

With consideration to the above, future residential development in the RSA is only likely to satisfy around 52.1% of implied dwelling demand required over the period to 2041 (assuming all planned projects proceed). The result is an undersupply of approximately 10,390 dwellings remaining to be delivered by 2041 in order to meet planned future growth.

As such the need to identify and secure additional residential development opportunities to support existing and future residents is evident.

In this context, the proposed development would help satisfy 4.0% of the required remaining future dwelling growth and contribute to much needed housing supply within one of Sydney's most central and accessible locations, close to transport, employment centres and that provides high levels of amenity.

The below is an illustrative example taking into account implied dwelling demand and residential projects currently within the development pipeline which have estimated yields. Projects in early stages without detailed yields, schemes or completion dates have been excluded.

Table 9 Implied Demand for Housing (RSA), 2025 to 2041

Implied Dwelling Requirements	2025	2041	Change (2025-2041)
Population	197,190	223,220	+26,030
Average Household Size	1.93	1.84	-0.09
Occupancy Rate	89.1%	88.9%	-0.2%
Implied Dwelling Demand	**114,870**	**136,560**	**+21,700**
Known Supply (Dwellings)	-	-	+11,310 ***52.1% of implied demand satisfied or 8.3 years of demand***
Market Gap for Dwellings	**-**	**-**	**-10,390 (undersupply)**

Source: NSW CPA 2024 and 2022 Projections, ABS ERP 2024, TfNSW 2024, Forecast.id, Cordell Connect, Colliers Urban Planning
Note: Includes projects planned, approved or under construction. Official projections have been rebased to the latest ABS Estimated Resident Population (ERP) for 2024. Figures have been rounded. Average household size assumptions have been based on the NSW CPA 2022 Projections (noting the latest 2024 projections do not include average household size forecasts)

6.1.3 Opportunity for Affordable Housing

It is understood that the Subject Site will include a provision of affordable housing. Housing affordability is a major socio-economic issue across Greater Sydney, including within the Willoughby LGA. The delivery of additional purpose-built affordable housing that can accommodate lower income segments of the market is important in addressing this issue.

The Willoughby LGA is generally considered to be unaffordable for very low, low and moderate-income segments of the community, noting the following;

- A high proportion of these households are experiencing rental and purchase stress, where more than 30% of their income is required to service their housing costs (mortgage or rent).
- Housing affordability is typically worse for the moderate income segments of the community as compared to Greater Sydney overall.
- A significantly lower share of affordable rental stock in the RSA compared to Greater Sydney.
- The need for affordable housing stock is justified by the extremely limited provision of dwelling stock at lower price points across the LGA that may be suitable for lower income segments of the community.

With regard to the above, a demonstrated need for additional affordable housing options is present in the Willoughby LGA and surrounding region to cater to lower income and disadvantaged segments of the community. Importantly, the Subject Site has the ability to provide affordable housing in a highly accessible location that is close to employment and transport in a well-connected part of Sydney.

Table 10 Affordable Costs and Affordability – RSA (April 2025 Release)

Affordable Housing Indicator	Willoughby LGA	North Sydney LGA	Lane Cove LGA	Greater Sydney
Total Number of Affordable Dwellings	**71**	**96**	**31**	**17,568**
Affordable rental stock (2024)	% affordable dwelling available for rent			
Low income	9.0%	8.0%	7.0%	20.0%
Moderate income	54.0%	56.0%	50.0%	66.0%
Rental Stress (2021)	% in rental stress			
Low income	89.9%	93.4%	86.0%	77.9%
Moderate income	44.9%	55.2%	42.0%	29.1%
Affordable purchase stock (2024)	% of affordable dwellings available for purchase			
Low income	1%	1%	4%	3%
Moderate income	2%	2%	5%	7%
Home Purchase Stress (2021)	*% live in purchase stress*			
Low income	65.0%	66.6%	60.6%	54.5%
Moderate income	42.2%	41.7%	39.7%	23.7%

Source: Local Government Housing Kit 2025, NSW Department of Communities and Justice (updated April 2025)
*'Low income' category includes those classified within both the low and very low-income categories

6.1.4 Residential Market Opportunity

The proposed development aligns with the need to provide additional residential dwellings in high amenity, central and accessible locations proximate to a range of services and jobs. The Subject Site has the ability to provide increased housing supply and dwelling diversity in an appropriate location which will support housing supply and population growth in the Willoughby LGA over the long term.

A demonstrated market need exists for additional housing to be delivered within this part of Sydney, with the pipeline of known residential developments only satisfying a portion (52.1%) of implied dwelling demand likely to be required over the period to 2041. The proposed development aligns with the need to provide additional residential dwellings in high amenity, central and accessible locations proximate to a range of services and jobs.

Importantly, the Subject Site and proposed development aligns with key success factors observed for a residential development through the following:

- Alignment with strategic policy drivers to increase housing supply in suitable, well-connected locations.
- Delivering housing close to public transport and infrastructure, including key rail, metro and bus services.
- Proximity to retail and services.
- Proximity to community infrastructure and amenities throughout the St Leonards and Crows Nest precinct including major health and education facilities.
- Residential vacancy is low, and housing and rental costs are escalating.
- Support for housing choice and supply available to key workers.
- Demographic alignment for an alternative housing typologies, including a population comprising a high proportion of couples without children, lone person and group households.
- A need for more affordable housing options for low and moderate income households.

6.2 Non-Residential Assessment

This sub-section provides a review of the market context for commercial office and retail uses which are relevant to the proposed development given some existing strategic planning outcomes request non-residential and employment uses in St. Leonards / Crows Nest.

6.2.1 Commercial Office Market

A high-level review of the broader Sydney commercial office market is presented to assess the overall competitive context for commercial office uses at the Subject Site. This will assist in understanding the relative impact of the project in accommodating residential uses.

The Sydney CBD forms the major commercial office destination in the metropolitan area, providing around 5.4 million square metres of commercial office floorspace and serves a critical role in Australia's national economy. The role of the metropolitan office markets across Greater Sydney also serves an important local and regional function that complement the higher-order role of the Sydney CBD.

The provision of commercial office floorspace across major markets can be seen in **Figure 10** and includes:

- Sydney CBD – 5,385,115m^2
- Macquarie Park – 956,618m^2
- Parramatta – 974,405m^2
- North Sydney – 967,642m^2
- Crows Nest/St Leonards – 354,804m^2
- Chatswood – 267,004m^2

(Sourced from the PCA Office Market Report, January 2026)

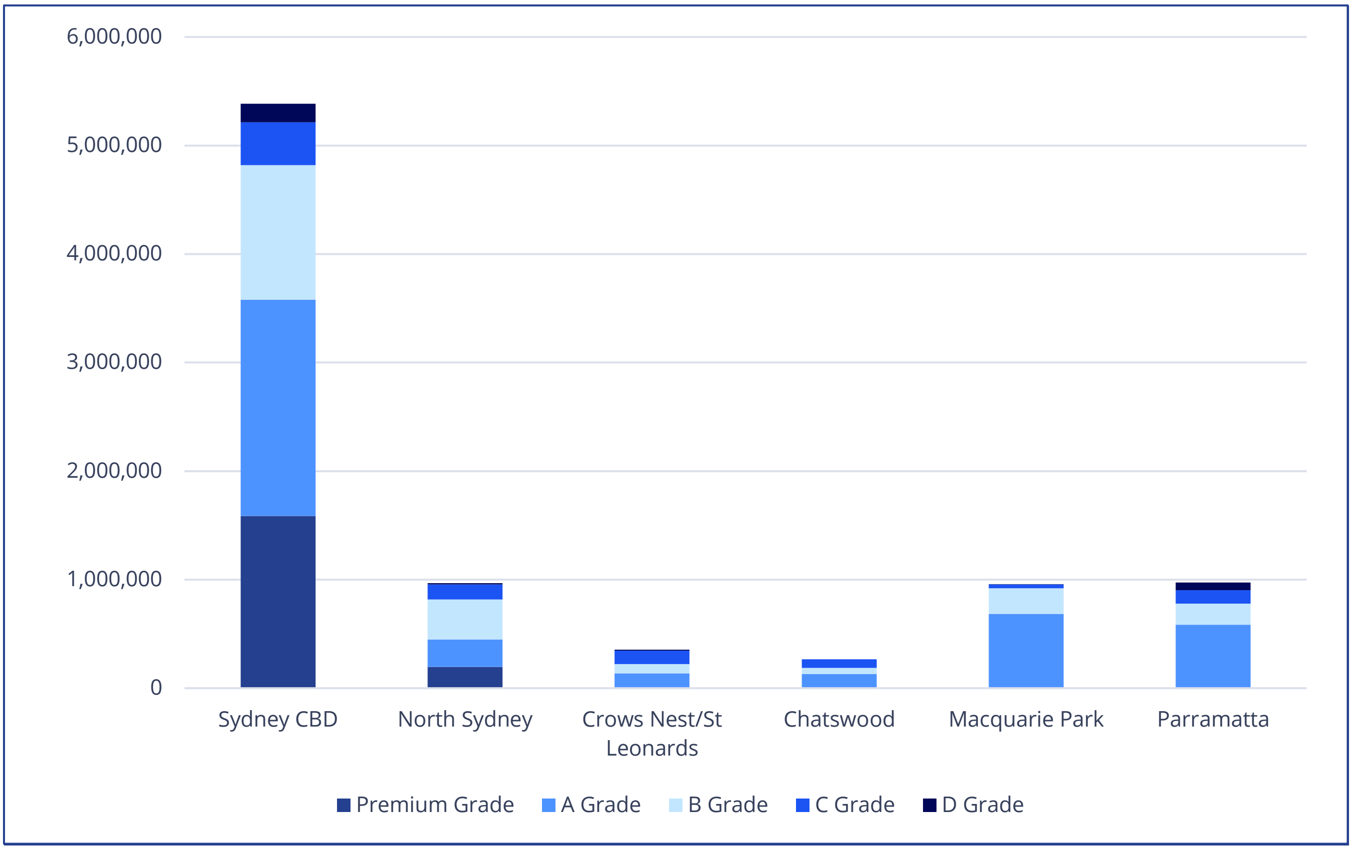

Figure 10 Commercial Office Floor Space – Sydney Markets, January 2026

Source: PCA Office Market Report, January 2026

The floorspace data above shows that Sydney CBD is the largest commercial office market, supporting around 5.4 million square metres of commercial office stock as of January 2026 (PCA). At this size, Sydney CBD is a significant anchor for office floorspace and a cluster of activity much greater than that of other metropolitan markets.

Of significance, outer commercial office markets show high rates of existing vacancy, often attributed to having to compete to attract tenants who may choose to locate in more desirable locations with improved access and able to attract a greater pool of talent such as the Sydney CBD or North Sydney.

Across metropolitan markets in Greater Sydney, around 1.59 million square metres of vacant commercial office floorspace is present, with all major office markets experiencing vacancy rates exceeding 18%, with the exception of Sydney CBD which has a vacancy rate of 13.8% (see **Figure 11**).

Vacancy rates are well above the historic levels for major markets across Greater Sydney, which is typically closer to 6-7% on average over the 20 years to January 2020. The vacancy data demonstrates that the commercial office market in Greater Sydney overall is currently underperforming, particularly within other metropolitan centre markets. The performance compared to pre-COVID levels is also outlined to highlight the decline in commercial office conditions in recent years.

St Leonards / Crows Nest has seen an increase in vacancy from 6.9% to 29.1%, equating to 103,371m^2 of vacant floorspace. Notably, around 31.0% of vacant floorspace is within prime grade stock, which recorded vacancy of 23.4% in January 2026 (PCA OMR). This highlights that within St Leonards / Crows Nest specifically, diminishing demand is not only driven by constrained quality stock but also through tenants exiting the market. Since 2020 St Leonards / Crows Nest has experienced negative net absorption of -5,880m^2 as more tenants have exited the market than entered.

This is a common occurrence in a suburban metropolitan office market in Sydney where major occupiers favour the larger CBDs of the Sydney and North Sydney, which all benefit from improved access to a broad labour market, high levels of amenity and co-location benefits with established and growing institutions and businesses.

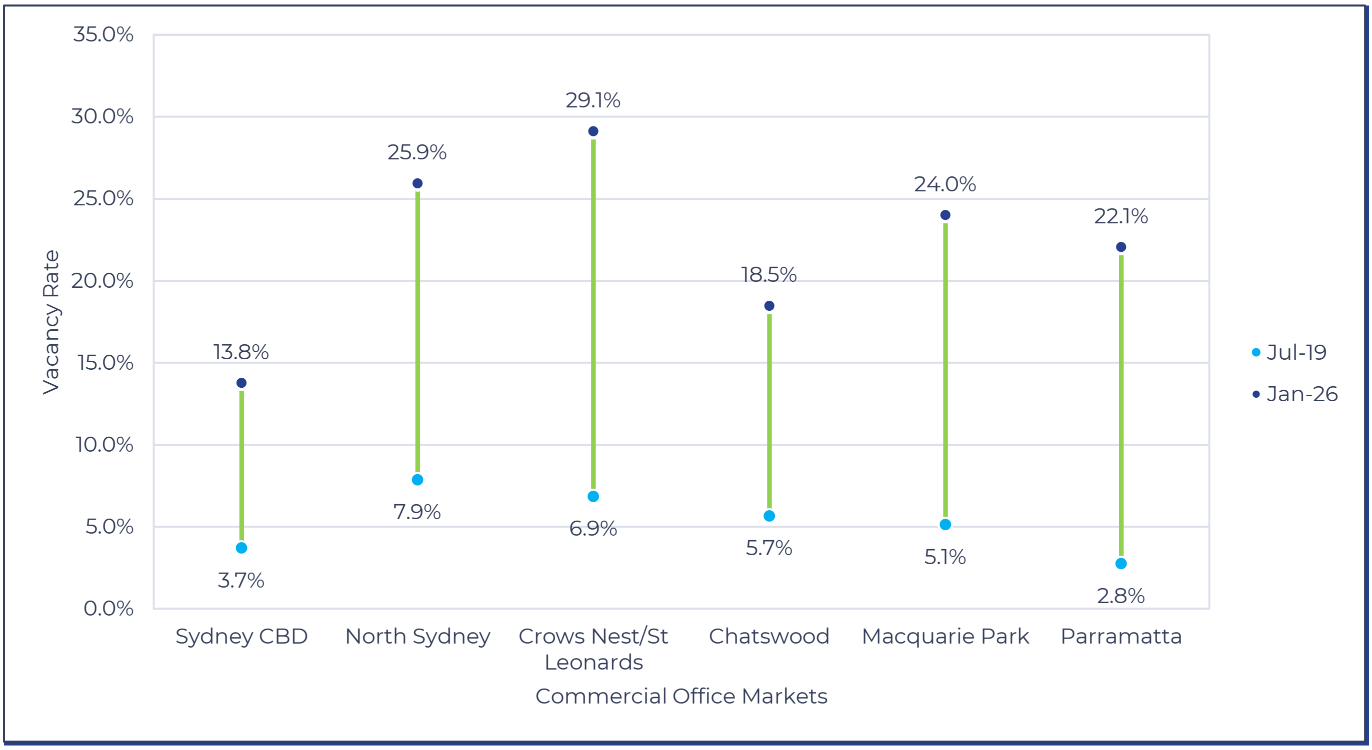

Figure 11 Office Vacancy (total vacancy %) – Major Sydney Markets

Source: PCA Office Market Report, January 2026

The amount of new supply planned in the metropolitan office markets has also been steadily increasing further, adding to high vacancy rates across the market. Currently, a significant amount of development activity is underway or planned in markets such as the Sydney CBD (469,119m^2), Parramatta (112,003m^2) and North Sydney (around 71,445m^2). *This information is based on the January 2026 PCA Office Market Report and publicly available information.*

As a result, over 8.9 million square metres of commercial office floorspace can be provided at key metropolitan centres throughout Sydney, including over **1.59 million square metres of vacant floorspace, and a further 723,826 square metres of additional future supply** that has also been identified (PCA January 2026). In each instance, these markets will remain more centrally located, in established and high amenity precincts, as compared to St Leonards.

As such, the commercial office market overall is considered highly competitive for new developments, with challenging conditions likely to remain as a result of subdued market demand and the level of new development activity that will continue to occur in the metropolitan and city fringe markets.

The location of St Leonards means that the outlook for commercial office uses is adversely impacted by the 'gravity' of surrounding larger, more accessible centres. In this context, the outlook for commercial office development within St Leonards remains highly competitive, with this unlikely to change in the foreseeable future given market dynamics, existing vacancy and planned supply at established centres.

6.2.2 Commercial Office Floorspace Need

A review of the level of projected growth of workers likely to be accommodated in commercial offices within the region (RSA) indicates that between 2025 and 2041 commercial office workers are expected to increase by +8,940 workers.

Assuming an average of 15m^2 of commercial floorspace per capita (NSW Common Planning Assumptions), an implied floorspace demand for some 134,100m^2 of commercial office floorspace is within the RSA by 2041 (see **Table 11**). Based on a review of the Cordell Connect database a number of commercial office developments are planned within the RSA, with an estimated 428,710m^2 of new commercial office space identified. Taking the above estimated supply and implied demand figures into account, an oversupply of commercial office floorspace in the order of +294,610m^2 is implied.

This analysis provides an illustrative example of likely market outlook for commercial office development within the RSA applying industry assumptions and estimated floorspace for known commercial office developments. This example highlights that without securing prospective commercial office tenants pre-development, any provision of commercial office floorspace will likely be underutilised with high levels of vacancy. Commercial office operators will need to actively incentivise prospective tenants and commercial office workers to ensure viable levels of commercial office activity.

Overall, a limited need is apparent for commercial office development within St Leonards. High existing vacancy rates and subdued market conditions within the commercial office market overall are likely to continue to remain. These factors, combined with an extensive potential future supply pipeline (within the surrounding region and more broadly in key commercial office markets) and the non-core commercial office location of the Subject Site all emphasise the competitive market context for commercial office uses at the Subject Site.

Table 11 Supportable Commercial Office Floorspace by 2041, Regional Study Area

Implied Commercial Office Requirements	Regional Study Area (2025 – 2041)
Commercial Office Workers	+8,940
Workspace Ratio	15m^2 per commercial office worker
Implied Floorspace Demand	**134,100m^2**
Known Supply (floorspace)	428,700m^2
Market Gap for Commercial Office Floorspace	**+294,600m^2 (Oversupply)**

Source: Industry benchmarks and averages; NSW CPA 2024, Cordell Connect, Colliers
Notes: Figures rounded. Future supply for Regional Study Area from Cordell as at February 2026. Workspace ratio based on NSW CPA. Includes projects planned, approved or under construction.

6.2.3 Commercial Office Market Opportunity

The commercial office market overall is highly competitive for new developments, with challenging market conditions likely to remain as a result of subdued demand and the high level of new development activity that is already planned or underway across major metropolitan and city fringe markets.

As such, a large provision of new commercial office floorspace at the Subject Site will be at a competitive disadvantage, attributed to the non-core commercial location and subdued market conditions across Sydney, demonstrated through low levels of demand (net absorption), high vacancy rates and a large pipeline of commercial office supply throughout the city.

However, the Subject Site is well placed to attract health and medical occupiers who may seek to locate adjacent to the Royal North Shore Hospital and within the overall Health and Education Precinct. As such, the provision of commercial office floorspace designated as part of the proposed development is considered appropriate subject to occupier interest.

6.2.4 Retail Market – St Leonards and Crows Nest

Retail floorspace in St Leonards is generally focused around the Pacific Highway and includes strip retail facilities as well as specialised retail precincts. Predominant occupiers includes showrooms, food and dining tenants and centres forming part of mixed use and high-density residential developments including The Forum, Mall 88 and St Leonards Square.

A significant retail offer is also provided at Crows Nest immediately east and south of St Leonards. The retail offer forms a natural extension from St Leonards facilities including a focus along the Pacific Highway along with a substantial retail strip focused around Willoughby Road and surrounding streets.

The combined St Leonards and Crows Nest precinct supports an estimated 80,000m^2 of retail and non-retail shopfronts. Anchor tenants in the precinct have a strong food, grocery and convenience focus and include two full-line Coles supermarkets, a full-line Woolworths supermarket and a series of smaller supermarkets and foodstores including IGA and QE Foodstore.

Overall, the retail offer is focused on serving the day to day and convenience based retail needs of the local community through an extensive provision of food catering, retail services and non-retail facilities (including health, medical and local offices). Several furniture and household goods retailers operate stores and showrooms (often along the Pacific Highway) which serve a larger catchment area.

A review of shopfronts in St Leonards and Crows Nest indicates several existing vacancies throughout the core retail precincts, and highlight the challenging market for many existing retail facilities.

6.2.5 Retail Floorspace Need

As the number of residents continues to increase, so too will the need for additional retail uses to serve the growing population. A review of population growth across the LSA suggests that over the period to 2041 the number of residents will increase by +7,120 persons.

Assuming the industry average of 2.3m^2 of retail floorspace per capita, and a likely market share of retail demand to facilities within the St Leonards LSA of around 50% of all resident retail expenditure (equivalent to around 1.15m^2 per person), an implied need for an additional +8,200m^2 of retail floorspace in the LSA over the period to 2041.

It should be noted that a market share of around 50% of all retail expenditure (or around 1.15m^2 per capita) has been assumed to represent a holistic provision of convenience based and day-to-day population serving needs being provided in the local area as well as some large format retail need. This aligns with objectives for St Leonards and Crows Nest as a designated strategic centre.

Retail floorspace demand is typically allocated across a broad retail hierarchy, often including:

- *Capital City Centre / CBD – accounting for 5% – 10% of retail demand.*
- *Regional Centres – often regional or large sub-regional centres and accounting for 20% – 25% of retail demand.*
- *District Activity Centres – typically sub-regional centres and accounting for 15% – 20% of retail demand.*
- *Local and Neighbourhood centres - generally accounting for around 20% – 25% of retail demand.*
- *Large format retail (bulky goods centres) - typically accounting for around 25% – 30% of the total retail demand.*

As a result, an assumption of 50% is considered appropriate to reflect the designation of St Leonards in the retail hierarchy and the provision of convenience based centres and large format retail offer across the LSA. This also acknowledges the proximity of a range of larger retail centres in the broader region beyond the defined trade area, such as those to the north at Chatswood and within the Sydney CBD, as well as additional requirements including other non-food and large format retail needs not being serviced within the LSA currently.

A review of known future supply indicates that around 11,840m^2 of retail floorspace planned or underway in the LSA, this includes a range of mixed use projects which are planned to deliver ground and podium level shopfront uses.

As a result of the above, based on a review of market supply and demand, a limited need exists for any additional retail or shopfront floorspace in the LSA over the period to 2041, with implied oversupply estimated at around 3,650m^2 (see **Table 12**).

Table 12 Implied Demand for Retail Floorspace, 2025 to 2041

Implied Floorspace Requirement	LSA (2025 to 2041)
Population Growth 2025-2041 (resident population)	7,120
Retail Provision (m^2 per person)	1.15
Implied Floorspace Demand (m^2)	**8,200**
Known Future Supply (m^2)	11,840
Market Gap for Retail Floorspace (m^2)	**+3,650 (Oversupply)**

Source: Cordell Connect, Colliers Urban Planning
Note: Figures Rounded

6.2.6 Non-Retail Floorspace

In addition to retail facilities, an estimate of non-retail floorspace can also be considered based on population growth and employment projections.

Typically, in retail centres, the provision of non-retail shopfronts or services would equate to a provision that is around 10%-20% of total retail floorspace.

The required demand for non-retail floorspace at the Subject Site is likely to be limited reflecting the availability of existing space in the surrounding precinct currently, along with estimated levels of oversupply across commercial office and retail uses. This would suggest ample opportunities for non-retail operators to locate in either existing or future underutilised commercial office or shopfront floorspace across the precinct.

6.2.7 Retail Market Opportunity

When allowing for known future supply, it is clear that a limited market need for additional retail uses exists in the LSA, with an oversupply of retail floorspace projected over the period to 2041.

Existing vacancies, combined with future significant projects, plus an additional provision of shopfront floorspace within the proposed development, will all be able to absorb any existing or future demand in the area. In this context a limited need exists for any further retail floorspace within the proposed development.

Facilities located across the region more broadly will serve different catchment areas, and as such, it is more difficult to quantify the over/under supply in the coming years. However, known supply is expected to meet implied demand requirements across the immediate precinct.

The provision of floorspace planned as part of the proposed development reflects the potential for an active ground floor plane focused on retail and population serving facilities that will add to amenity and activation of Herbert Street and the Subject Site.

7.0 Economic Impacts

This section provides an assessment of the economic impacts (including benefits) likely to occur as a result of the proposed development at 33-37 Herbert Street, St Leonards.

Impacts are considered with regard to the local and regional area and through the construction and operational phases of the project. An estimate of the jobs likely to be created during the construction phase of the proposed development is provided.

7.1 Methodology

In order to address the potential economic impacts likely to result from the project, this economic impact assessment (including benefits) considers:

- Overall economic impacts of the project
- Construction and ongoing employment generation (direct and multiplier);
- Increased Value-Added Output;
- Additional retail expenditure generated by the project; and
- Improved benefits to the surrounding community.

7.2 Economic Impacts from Proposed Uses

This sub-section examines the potential economic impacts associated with the proposed development at the Subject Site which is planned to include residential and non-residential uses.

For the purposes of this assessment, and based on information provided to this office by Aqualand, the indicative breakdown of the 5,919m^2 of non-residential floorspace planned to be provided at the proposed development is assumed to include:

- Retail – 1,000m2
- Commercial office / medical suites – 4,919m2

(The above breakdown of non-residential floorspace is indicative only for the purposes of this assessment and is based on information provided by Aqualand)

Further, it is understood that the existing two assets on the Subject Site total around 7,723m^2 of lettable area across a mix of uses including warehousing/office and office and retail floorspace. Both assets are current vacant, with the exception on a small café of 25m^2 forming the only occupied tenancy.

7.2.1 Residential

Based on the proposed development, 413 residential dwellings are planned to be delivered across a range of 1 to 3-bedroom apartments. The proposed development could therefore accommodate a net increase of approximately +760 residents on completion and full occupancy.

This report outlines that within the RSA an additional +26,030 residents by 2041 is forecast. By accommodating a net increase of +760 residents at the Subject Site, this level of additional resident population would account for 2.9% of total projected residential growth in the RSA over the period to 2041 at a suitable and well-located site.

As outlined in **Section 6.1.2**, an estimated market gap of -10,390 dwellings is forecast by 2041, taking into account projected supply of 11,310 dwellings and implied demand of +21,700 dwellings based on population growth. As a result, an estimated 52.1% of implied dwelling demand is likely to be satisfied by known supply. This highlights the requirement for additional housing within the RSA. Considering significant levels of housing undersupply across Greater Sydney, this estimated gap is likely conservative.

The development of 413 dwellings as part of the proposed development would equate to satisfying 4.0% of the estimated market gap by 2041, providing a material increase in housing supply while also allowing for the continuation of other known and future developments. It is also important to note that the proposed development will help provide much needed housing diversity, including affordable housing, reinforcing the complementary, rather than competitive nature of the proposed development. Accordingly, the proposed 413 dwellings will not impact on the ongoing viability or continued operation of any residential use.

Importantly, the proposed 413 residential dwellings will help provide much needed housing supply. The provision of affordable housing will also ensure that accommodation is available across a range of price points within Willoughby LGA more broadly, supporting a range of occupiers including key workers.

7.2.2 Non-residential Uses

The proposed development is planned to include a provision of some 5,919m^2 of non-residential floorspace on the ground and podium level of the development.

These uses are designed to activate the lower levels of the development and provide employment opportunities. While the exact mix is yet to be determine and will be subject to market demand, it is expected that around 1,000m^2 will be allocated to retail and shopfront floorspace on the ground floor. The remaining 4,919m^2 may be allocated to commercial office and/or medical suites on the ground floor and podium level.

Retail and Shopfront

The retail and shopfront floorspace across the ground floor is designed to serve future on-site and local residents, workers and visitors, enhancing overall levels of activity and amenity at the Subject Site, along Herbert Street and within the surrounding area.

The proposed retail floorspace of approximately 1,000m^2 is intended as a small-scale ancillary component of the overall development. The provision of floorspace planned as part of the proposed development is appropriate to activate the ground floor plane. Likely uses are some limited retail and population serving facilities that will add to amenity and activation of the Subject Site and Herbert Street. The proposed retail floorspace is of a scale that will be complementary in nature rather than compete with existing and future retail facilities in the local area.

Commercial Office

The proposed commercial office floorspace provision is planned to align to objectives for the St Leonards Health and Education precinct, including providing contemporary commercial floorspace that would support health and education occupiers in this centrally located precinct. Such uses would complement existing institutions and facilities through providing opportunities for complementary occupiers in the health and education sector to locate next to these major institutions. For example, the Subject Site may benefit from the proximity to the Royal North Shore Hospital and attract health or medical occupiers or tenants seeking to benefit from the location adjacent to the hospital.

Summary

Based on the indicative breakdown of 1,000m^2 for retail floorspace and 4,919m^2 of commercial office floorspace, this provision would represent only around 1.3% of total retail and shopfront floorspace and around 1.4% of commercial office floorspace within the St Leonards and Crows Nest precinct.

As each non-residential use will account for a small proportion of overall existing floorspace, any impact from these uses on surrounding businesses or future developments will be minimal and within the normal bounds of a competitive market. The level of impact is unlikely to impact the ongoing operation or viability of any existing or proposed facility.

It is important to note that the planned provision of non-residential floorspace at the proposed development would result in a replacement of the existing underutilised provision of non-residential floorspace at the Subject Site currently. The existing 7,723m^2 of space is currently vacant, with the exception of a 20m^2 café, and as such the proposed development would effectively replace existing underutilised employment floorspace on the Subject Site with an improved, contemporary offer that would better appeal to future occupiers.

Through the proposed development the provision of modern non-residential floorspace would support ongoing growth and success for the overall precinct and align to government objectives for St Leonards and Crows Nest.

7.3 Economic Benefits

This sub-section highlights the economic benefits of the proposed development at the Subject Site.

7.3.1 Employment and Economic Activity

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

Input-Output modelling

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

Every industry requires inputs from many other industries, plus the inputs of workers and machinery and equipment to produce output. Input-output modelling uses averages derived from the ABS Input Output Tables to estimate the impact on all industries when one industry expands its production. The modelling used in this report is based on the 2020/21 ABS National Accounts release.

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

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

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

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

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

  'Job-years' is defined as the number of full-time equivalent (FTE) jobs supported over the construction period. i.e. if construction is over 10 years, 100 job-years is equivalent to 10 FTE jobs per year. Only applies to construction employment.
- Ongoing Employment - direct and indirect FTE jobs supported by the ongoing operation of the project annually.
- Value Added - direct and indirect value added generated during the construction and operational phase of the project.

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

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

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

Construction Phase

It is estimated the direct capital investment required to realise the proposed development will be in the order of $271.2m. This estimate is based on the preliminary cost report prepared by Aqualand, and relates to direct construction costs only and excludes consultant fees, preliminaries and margins.

Based on a construction cost of $271.2m, the construction phase is expected to directly support employment of 360 job-years and deliver a direct value-add to the economy of $60m.

When the multipliers are taken into account, total state-wide economy effects over the construction program are forecast to be:

- employment of 1,550 job-years and
- a total value-add to the economy of $220m.

Table 13 Construction phase economic benefits ($2023/24)

	Construction Phase (spread over construction period)		
	Direct	Indirect	Total
Employment (job-years)	360	1,190	1,550
Value Added ($M)	$60	$160	$220

Source: Colliers Urban Planning analysis utilising data from ABS, National Accounts 2020/21; ABS, Consumer Price Index
*Job-years: Number of FTE jobs supported over the construction period. i.e. if construction is over 10 years, 100 job-years is equivalent to 10 FTE jobs per year.
Note: Figures rounded

Operation Phase

Economic impacts associated with the operation of the proposed development once complete and fully occupied, have been based on supportable employment estimates for the various uses incorporated within the proposed scheme. These estimates have been prepared with reference to relevant industry benchmarks including NSW Common Planning Assumptions 2023, and Colliers Urban Planning research, and include the following:

- Retail – 1 FTE job per 35m2 of floorspace.
- Commercial office – 1 FTE per 15m2 of floorspace.

The following assumptions regarding GFA to GLA figures have been made:

- Across the retail and commercial areas, this assessment assumes a GFA to GLA efficiency ratio of 80%, consistent with typical industry averages.

Based on the above, the operational phase is expected to deliver the following (direct) benefits: FTE employment of 280 direct ongoing jobs, and a direct value-add to the economy of $40 million per annum.

When the multipliers are taken into account, total ongoing economy-wide effects are estimated at: FTE employment of 480 jobs supported and a total value-add to the economy of $70 million per annum.

Table 14 Estimated Ongoing Employment

	Operational Phase (annual)		
	Direct	Indirect	Total
Employment (FTE)	280	200	480
Value Added ($M)	$40	$30	$70

Source: Colliers Urban Planning analysis utilising data from ABS, National Accounts 2020/21; ABS, Consumer Price Index
Note: Figures rounded

7.3.2 Expenditure Activity

Once complete and fully occupied, the development will accommodate additional residential population on site. This resident population would support an increase in retail expenditure that will be directed to local businesses.

Based on the proposed development, the proposed 413 dwellings could support around 760 residents on completion and full-occupancy.

A review of retail expenditure per capita by residents within the LSA is in the order of $19,680 each year on average. Accordingly, with 760 residents at the Subject Site, a total of $14.9 million in additional retail expenditure could be generated each year (see **Table 12**). This would include spending on food, liquor and groceries, food catering, non-food items and services. This additional retail expenditure will support existing and proposed retail facilities both at the Subject Site and within the surrounding area.

Table 15 Estimated Resident Retail Expenditure at Full Occupancy

Measure	Value
Estimated number of new residents	760
Per capita retail expenditure on local retail per annum ($)	$19,680
Increase in expenditure on local retail per annum ($)	**$14.9 million**

Source: Commbank iQ, Colliers Urban Planning
Note: Figures rounded

7.3.3 Other benefits

The proposed development at the Subject Site will deliver a range of economic benefits to the local community and region overall. In particular, the proposal will deliver residential and non-residential uses that will support the continued growth and evolution of St Leonards and respond to the ongoing needs of the community and future population. A summary of further benefits associated with the project include:

- The proposed mix of uses will continue to support the evolution of St Leonards as a strategic centre with a range of mix of uses that can cater to a range of customer segments including residents, workers and visitors.
- Providing increased employment opportunities and flow-on economic activity both during construction and on an ongoing basis once operational.
- Delivering a contemporary mixed-use development that will transform one of the few remaining underutilised sites within the St Leonards station precinct into a high quality project that is well suited to modern resident requirements and support a live, work and play environment.
- The proposed 413 residential dwellings will respond to the need for more affordable and diverse housing options within St Leonards and the region more broadly. Residential accommodation at the Subject Site will enable residents to live within a high amenity precinct that is well connected to transport with easy access to many of Sydney's major economic and employment centres and precincts including being within a major health and education precinct and close to centres such as North Sydney and the Sydney CBD.
- Support the National Housing Accord targets by contributing dwellings that equate to 12.1% of Willoughby's housing target of +3,400 additional dwellings by 2029.
- Supporting local business opportunities through increased activity associated with increased visitation from additional future residents at the Subject Site. These customers will support additional activity and retail expenditure throughout the local area, enhancing local employment and business opportunities during weekdays and after-hours and on weekends.
- Contribute to the increased and continued activation of St Leonards both during the day and night, as well as on weekends through the 760 residents who will be present and active at the Subject Site.
- Support the aspiration for 30-minute communities by providing residential uses alongside public transport and complementary population serving uses and employment opportunities within a strategic and easily accessible location.
- Support housing affordability by increasing the availability of supply in the local market, and by providing affordable dwellings able to serve key workers and benefitting the share of households in rental and mortgage stress, particularly for low and moderate income households.
- Support the objectives of State and Local Government which seek to provide the following:
  - Reinforce St Leonards and Crows Nest as a strategic centre that is diverse, vibrant, active and accessible place, with attractive places for residents, workers and visitors to enjoy.
  - Support growth in a designated health and education precinct through the delivery of complementary uses including residential and non-residential uses.

- Support residential growth in a suitable location, adjoining existing high density residential uses and at the periphery of established employment areas.
- Deliver additional dwellings in well-located areas close to transport and infrastructure.
- Support people living close to jobs, services and amenities.
- Increase the provision of housing able to cater to young persons, families and the aging population through diverse household types and including supporting homes for key workers.
- Increase the supply of affordable housing.
- Provide for a diversity of housing types and sizes to meet community needs into the future and support greater housing choice.

7.4 Summary of Impacts and Mitigation Measures

The proposed development will generate a number of economic benefits that will support and enhance the local St Leonards economy.

During the construction phase of the proposed development there may be temporary disruption to local businesses. Local businesses may be impacted during the construction stage as a result of negative impacts associated with noise, access and overall amenity.

However, despite the temporary impacts during the construction stage, these businesses stand to benefit over the medium to long term once the project is complete; as visitation, activation and expenditure will all increase as a result of the project. As a result, mitigation measures from an economic perspective are likely to be required in the short term only, and relate to ensuring minimal disruption to access and typical business operation during the construction stage of the project.

Overall, the proposed development will support continued growth of St Leonards through the delivery of a mixed use and residential project that will serve the needs of existing and future residents and businesses, while aligning with the objectives for the St Leonards and Crows Nest precinct. The proposed development will result in a net gain for the local and regional community through the redevelopment of existing underutilised assets and the realisation of a range of economic and community benefits.

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