

SOCIAL AND ECONOMIC IMPACT ASSESSMENT REPORT

APPENDIX V



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RE CROWS NEST OSD SSD APPLICATION - REVISED SOCIAL AND ECONOMIC IMPACTS

Macroplan have been instructed by Sydney Metro to undertake a review of Appendix M - Social and Economic Impact Assessment report (prepared by macroplan) as exhibited with the Crows Nest SSD Application. Following exhibition, Sydney Metro are proposing an amended scheme to address issues raised during exhibition.

Macroplan has reviewed the changes made to the OSD plans released for public exhibition in November 2018. The table below details key revisions.

Table 1. Crows Nest OSD Revised Floorspace Allocations

Site	Uses	Original Allocation (m ²)	Revised Allocation (m ²)
A	Residential	37,500	-
	Commercial	-	38,607
	Retail	-	1,600
B Option 1	Residential	-	12,579
	Commercial	15,200	-
	Retail	-	267
B Option2	Residential	-	12,579
	Hotel	15,200	-
	Retail	-	267
C	Commercial	2,700	3,031

Based on revised plans the key social and economic impacts will surround total job generation, the development's industry value add, local expenditure and social infrastructure requirements. Macroplan has updated its 2018 social and economic modelling to reflect current market conditions and applied that to revised plans. In addition to its 2018 updates, macroplan has assessed the economic impact of the proposed retail uses.

1.0 OSD Economic Impacts

1.1 Wider Economic Benefits

- Based upon revised plans macroplan expects the total construction costs to total approximately \$330 million. Over a 3-year construction timeframe this would generate 265 full-time equivalent jobs per annum

directly in the construction industry and a further 419 full-time equivalent jobs per annum indirectly. The revisions have resulted in 15 less construction jobs per annum and 26 less indirect jobs per annum.

- The revised plans have significantly increased total commercial floorspace as well as providing additional retail floorspace. Based on these revisions, macroplan expect when the site is fully operational, it will directly employ 2,225 people and create an additional 1,355 indirect jobs. This compares to the initial development in which Option 1 (hotel, commercial and small retail offering) directly employed 550 people whilst Option 2 (commercial and small retail offering) directly employed 930 people.
- Macroplan updated its 2018 Industry Value Add Model (IVA) to reflect the latest ABS estimates available. To ensure consistency, macroplan calculated the IVA of Option 1 and Option 2 using its 2019 model. This ensures the difference in values between the current plans for the OSD and previous options are presented in real terms. The 2019 model also presents values in 2018 dollars compared to the previous model which presents values in 2017 dollars. Like for like, the different industry specific value add estimates have marginally reduced the value add of the hotel in the previous Option 1 (before allowing for the higher base year) while increasing the value add of commercial office space. Note that caution is advised using value add as a measure of the relative merits of different uses for space.
- The increased job generation as a result of the revised plans has increased the OSD's IVA. Direct employment under the new revised plans is expected to generate an IVA of \$284 million compared to initial plans where Option 1 had an IVA of \$65 million and Option 2, an IVA of \$85 million.

1.2 Expenditure

- Total local household expenditure by residents of the OSD has been impacted by a number of factors namely the decrease in the number of dwellings and the impact of increased retail within the development itself.
- Macroplan has applied the same Crows Nest Proxy area as 2018 but has increased the amount of spending made locally on the assumption that the convenience of the onsite retail/services offering will increase local expenditure.
- Based on the revised plans and assumptions, macroplan expects total household expenditure at local retail and service providers to total \$2.4 million, a fall from the \$5.7 million projected in 2018.
- Macroplan updated its 2018 worker expenditure model to reflect new consumer patterns. The projections made in 2018 have been adjusted using macroplan's new model so that changes are reflected in real terms. Using these revisions, construction employees are expected to spend \$0.65 million per annum in the local area, \$0.04 million less than 2018. When the OSD is operational, total employee expenditure per annum is expected to reach \$5.4 million, a significant increase from the \$1.5 million to \$2.3 million projected in 2018.

1.3 Time Saving

- Due to a decrease in workers living at the OSD (due to decreased dwellings) the value of the net time saving of OSD residents from using Crows Nest Station has fallen to \$1.5 million per annum, down from \$3.7 million in 2018.

1.4 Cost of Congestion¹

- The modal shift of residents from car usage to train usage would see 84 fewer vehicles on the road. This would generate a saving on congestion costs of \$0.87 million per annum. Allowing for some leakage, for example, from weekend car travel and the likelihood that some OSD residents were already commuting by rail, the likely reduction in traffic volume is expected to be more like, 37 vehicles, generating congestion savings of \$0.39 - \$0.58 million per annum. This compares to 2018 when the building had more residents with congestion savings total congestion saves of \$0.9 - \$1.4 million.

2.0 Social Impacts

- The social impact assessment considers the needs of the broader catchment to enable the identification of new community infrastructure that is required to address the specific needs of the project.
- The modest increase in population generated by the OSD will increase demand for a range of community facilities and services, but not to a substantial degree.
- In the majority of cases, for most service categories, the existing facilities in proximity to the OSD site have sufficient capacity to absorb the impacts of the project without additional services being required.
- The OSD location is, however, is well suited to the provision of a new child care centre which could be incorporated within the proposal, together with multi-purpose community uses.

3.0 Economic Impacts of Additional Retail Floorspace

3.1 Proposed Retail Development

Retail developments at train stations in the Sydney metro area are increasingly popular with shrinking levels of car ownership and increased public transport patronage resulting in more convenience offerings in densely populated locations, typically with a high level of food uses.

3.2 Retail Landscape in Crows Nest and St Leonards

Crows Nest has a strong reputation as an established retail pitch, particularly on Willoughby Rd, which is dominated by food and beverage outlets, particularly restaurants and cafes. In a joint venture with Willoughby Council, Woolworths redeveloped its site in 2016 with a 3,800m² format supermarket plus six specialties. There was an obvious undersupply in supermarket floorspace in the catchment leading to their now strongly trading store.

Coles only entered the market recently with their new full line (3,615m²) store at 'The Albany' residential development (also known as Crows Nest Plaza) on the corner of Albany St and Willoughby Rd. There are 60 residential apartments above, all sold.

Flannery's Organic and Wholefood Market trades in approximately 1,000m² at the southern end of Willoughby Rd and anecdotal evidence suggests it trades well.

¹ This refers to the mode of transport the workers would be using if they were not living at the OSD.

The Forum at the nearby St Leonards station offers an 810m² IGA plus 34 specialties, principally QSR (Quick Service Restaurants), casual dining and services. St Leonards is a major transit node with the station ranking 14th on opal card usage on the Sydney metro rankings. The IGA would benefit considerably from:

- significant residential above (782 apartments)
- the dense surrounding commercial office population
- transit location
- lack of supermarket competition

3.3 Trade area for proposed retail uses

Macroplan defined a trade area for retail at the subject site and determined an estimated 13,000 people in the catchment (Appendix A). The residents of the primary trade area, the part of the catchment closest to the station, are predicted to spend \$52.9 million on food, liquor and groceries (FLG) in 2024 and further \$30.9 million on food catering. The residents of the secondary trade areas, which account for approximately 20% of the forecast spend at the subject site, are estimated to spend a predicted \$63.8 million on FLG and a further \$37.5 million on food catering.

3.4 Case for retail at the subject site

In our view, there are compelling reasons why retail, particularly convenience retail and food catering, as well as potentially non-retail uses (e.g. a small gym) will be supportable at the site, namely;

- The large amount of expected patronage (10,250 per hour at the 2036 AM 1 hour peak demand, and 9,330 per hour in the PM 1 hour peak demand).
- Evidence and industry benchmarking strongly suggest that convenience retail in similar locations on transit nodes in metropolitan Sydney trade well, despite some being located near larger format offers with car parking.
- The mixed-use nature of the subject development offering residential and office will provide food catering and convenience retailers with both resident weekday and weekend customers.
- With 2,225 people expected to work at the OSD, food catering retailers are positioned favourably.
- The capture of significant parts of St Leonard's CBD in the worker catchment (Appendix B), drawing on a large worker population estimated to be 18,500, including workers in the commercial floorspace above.
- The development of Crows Nest Station and commercial floorspace at the OSD is expected to support the increased development of commercial floorspace in Crows Nest. In time, this will see Crows Nest develop as a CBD, increasing the local worker population.
- The site already enjoys high surrounding density, therefore, retail sales will not rely on the development occupation alone.
- Convenience retail at the site would serve workers and residents in the immediate catchment and will be well placed to serve the food needs of these customer segments.

3.5 Impacts on existing retail in the trade area

Macroplan has undertaken a high-level sensitivity on the potential impacts on surrounding retail outlets from the planned retail uses at the subject site. Due to the high population density in the area, the future planned population

growth and the existing provision of retail uses in the area, the level of planned retail uses will only have a very minor impact on existing uses, and would not in any way threaten any existing retail use in the area.

3.6 Summary and net community benefit

A retail development at the new Crows Nest OSD will be positioned to trade well given its excellent location at a busy transit hub and with dense, mixed use on site. In our view, there is a very sound case for the delivery of convenience retail, food catering and potentially non-retail uses, being established in the proposed development, providing amenity and employment benefits for the local population. The additional retail uses are likely to provide;

- a wider range of shopping choices for surrounding residents
- additional employment opportunities
- increased convenience and modern amenity, particularly for the occupiers and users of the development itself.

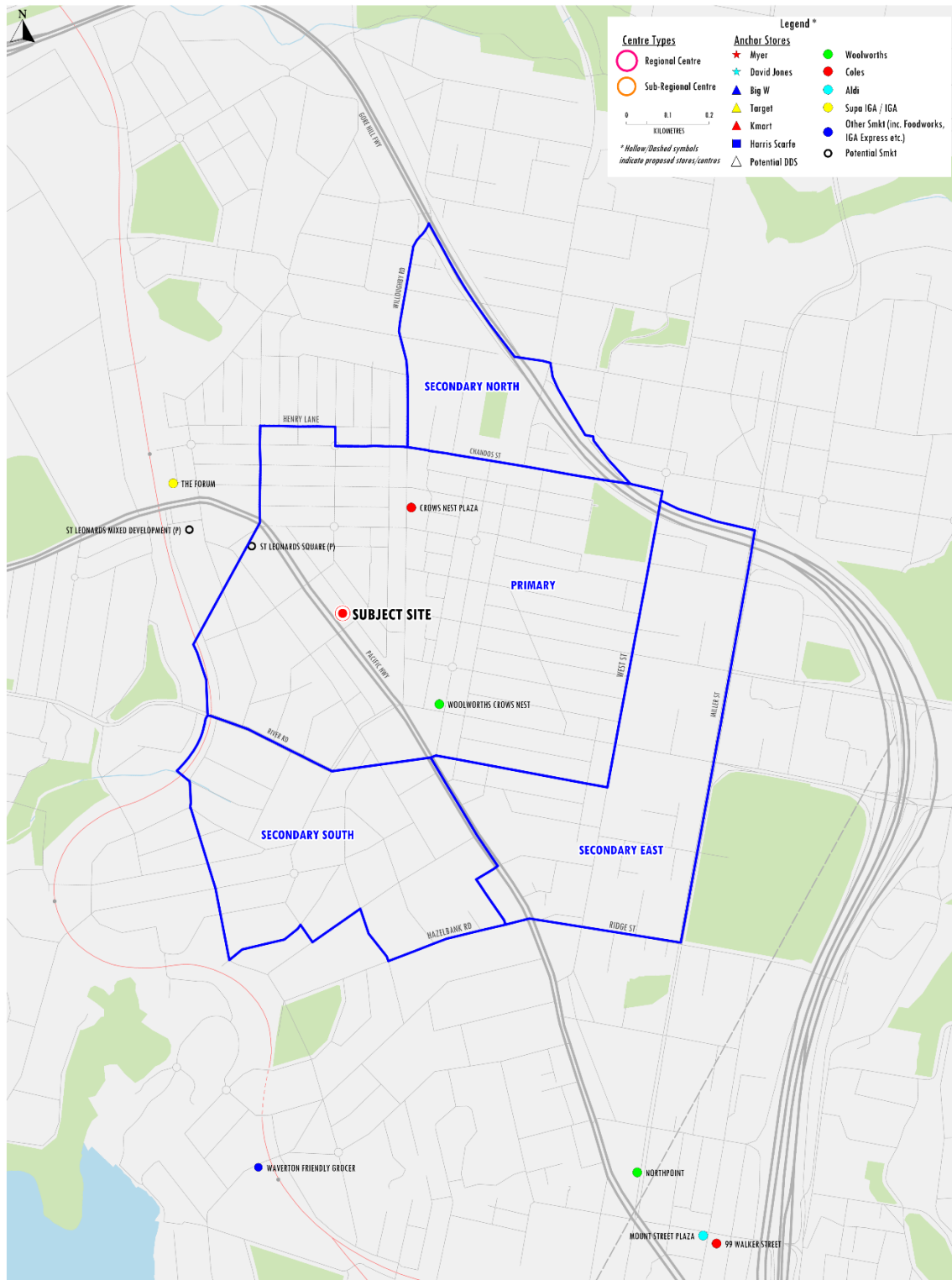
Very minor, or even negligible, impacts are expected on the surrounding retail stores and, therefore, it can be concluded that a net community benefit is expected to arise from the proposed development and macroplan endorses the inclusion of retail space in the proposed development.

Yours sincerely,



Michael Tilt
CEO

Appendix A: Resident's Catchment



Appendix B: Worker's Catchment

