

LEICHHARDT 245 MARION STREET

Economic Impact Assessment



Prepared for Francesco Morsello

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Quality Assurance

Report Contacts

Adrian Hack

Principal, Urban and Retail Economics


M. Land Econ. B.Town Planning (Hons). MPIA

Adrian.Hack@hillpda.com

Quality Control

This document is for discussion purposes only unless signed and dated by a Principal of HillPDA.

Reviewer

Signature		Dated	27/02/19
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EXECUTIVE SUMMARY

HillPDA was commissioned by Francesco Morsello to undertake this Economic Assessment (hereafter referred to as 'the Study') of a Planning Proposal to add residential accommodation as a permissible use on land at 245 Marion Street Leichhardt (hence referred to as the subject site).

The site

The site is strategically located right next to the light rail station on the Inner West line providing a great opportunity for transit orientated development (TOD). On the other side is an aged care building known as "Uniting The Marion". Marketplace Leichhardt is only 300m to the east.

The Planning Proposal

The Planning Proposal seeks to introduce site-specific planning controls to facilitate the redevelopment of the site for a mix of uses, including the reinstatement of the automotive service centre, commercial and retail uses and residential apartments up to eight storeys above natural ground level.

Planning Review

The aims of the Greater Sydney Region Plan include a 30 minute commute time for residents of Sydney, more diverse and affordable housing and the planning of great walkable places for people to live, work and play.

The aims of the Eastern District Plan include nurturing quality lifestyles through well-designed housing in neighbourhoods close to transport and aligning growth with infrastructure, including transport, social and green infrastructure, and delivering sustainable, smart and adaptable solutions.

The site is zoned IN2 Light Industrial which prohibits residential use. The existing building on the subject site constrains the potential for intensification of use. It is unlikely that there would be a commercially viable option to redevelop the site for employment uses under the current zone given the constraints around accessibility, parking and the need to appropriately buffer it from surrounding residential uses. It is therefore likely that the site would not be redeveloped under its current zone.

The Planning Proposal would result in a more intensive use of space and an increase in employment uses as well as housing immediately adjacent to the Inner West Light Rail station. It would provide flexible light industrial and office floorspace as well as residential apartments that will better reflect the requirements of the new live/work economy.

Economic Impacts

The below table summarises the quantified economic benefits of the Planning Proposal compared to the base case (do nothing) option.

Economic Performance Indicator	Current Uses	Planning Proposal
Total Jobs on site	13	132
Total Workers Remuneration (\$m/ann)	\$0.5	\$9.1
Gross Value Added (\$m/ann)	\$0.8	\$12.4
Construction Costs (\$m)	-	\$67
Value of total Economic Activity from construction (\$m)	-	\$216
Jobs Years directly in construction	-	144
Total direct and indirect Job Years in construction	-	570

The Planning Proposal would lead to a net increase in jobs of +119, workers remuneration of +\$8.6m and gross value added (contribution to the local economy) of +\$11.5m every year. Construction would generate 144 job years directly in construction and a further 570 job years through production and consumption induced multiplier impacts.

There are considerable economic benefits of the Planning Proposal including the following:

- It will make some contribution towards meeting strong demand for, by increasing the supply of, housing in the local area;
- It will increase the supply of smaller apartments in a predominantly low density area;
- Accordingly it will assist in providing more affordable housing options for local residents;
- It will provide additional employment generating uses and more jobs on site in a wider range of industry types;
- It will add a further 244 residents in the locality;
- These residents and workers will generate an extra \$4.5m expenditure on retail goods and services that would support existing businesses in the locality;
- It is consistent with transit orientated development principles;
- These principles include the densification of housing and employment uses near major public transport nodes to support the viability of the public transport system;
- This would improve transport sustainability by reducing the need for private motor vehicle travel
- The proposal is consistent with the aims of relevant planning strategies including the Greater Sydney Region Plan and the Eastern District Plan.

INTRODUCTION

1.0 INTRODUCTION

HillPDA was commissioned by Francesco Morsello under supervision of P&C Consulting to undertake an economic impact assessment ('the study') of the proposed development at 245 Marion Street Leichhardt (the 'Subject Site').

1.1 The subject site

The subject site is located on the western edge of the suburb of Leichhardt adjacent to the Inner West light rail station. The site has a 40m frontage to Marion Street on its southern boundary and a 35m frontage on its northern boundary to Walter Street. Site area is 5,165sqm.

Figure 1: Aerial Image of the Subject Site



Source: www.mecone.com.au/mosaic/

The site is bounded by Marion Street to the south, the Inner West light rail line to the west, low density residential to the north and an aged care service “Uniting The Marion” to the east. Across Marion Street is a football field. Leichhardt Marketplace is 350m to the east. Most of the surrounding development is low to medium density housing with a small number of industrial pockets.

The site is zoned IN2 Light Industrial and is currently being used for the servicing of motor vehicles.

1.2 The Proposed Development

The Planning Proposal seeks to introduce site-specific planning controls to facilitate the redevelopment of the site for a mix of uses, including the reinstatement of the automotive service centre, commercial and retail uses and residential apartments up to eight storeys above natural ground level.

The current design shows two buildings 8 storeys above natural ground level. The basement includes a two level automotive repair business on the southern (Marion Street) end with a floor area of 3,000sqm. This replaces the existing auto servicing centre on the site. The northern end is a three level basement car park providing parking for residents and workers on the site.

The ground floor provides 1,810sqm of commercial (office) space and two small retail premises fronting Marion Street. At this stage these spaces are largely speculative. The retail space is likely to accommodate local services such as a convenience store, restaurant/café, hairdresser and/or the like. The commercial space could be medical services, professional suites or similar.

Above the ground floor are seven levels of residential apartments totalling 138 apartments. Bedroom mix is 34 by 1-bed (25%), 86 by 2-bed (62%) and 18 by 3-bed (13%).

PLANNING REVIEW

2.0 PLANNING REVIEW

This section undertakes an appraisal of the planning and statutory context relevant to considering issues of economic impact associated with the proposed development. Note that it considers matters relating to the proposed development from an economic perspective only.

2.1 State Planning Policies and Strategies

2.1.1 Greater Sydney Region Plan

The Greater Sydney Region Plan – A Metropolis of Three Cities (Region Plan) was finalised in March 2018 by the Greater Sydney Commission. The vision of the Region Plan is to create a metropolis of three cities, known as the Western Parkland City, Central River City and the Eastern Harbour City.

The Plan states that the Eastern Harbour City will focus on innovation and global competitiveness to underpin its continued growth. The Eastern Harbour City has Australia’s global gateway and financial capital, the Harbour CBD, as its metropolitan centre. Well-established, well-serviced and highly accessible by its radial rail network, it has half a million jobs and the largest office market in the region.

The Greater Sydney Region Plan is built on a vision of people of Greater Sydney living within 30 minutes of their jobs, education and health facilities, services and great places.

Through its objectives, strategies and corresponding analysis, the Region Plan discusses a range of considerations that are particularly important to consider in an economic impact assessment.

Table 1: Greater Sydney Region Plan

Objective/ Strategy	Extracts from the Plan
Objective 6 - Services and infrastructure meet communities’ changing needs	Optimise the use of available public land for social infrastructure.
Objective 10 - Greater housing supply	<p>The NSW Government has identified that 725,000 new homes will be needed to meet demand based on current population projections to 2036. 157,500 new homes will be required in the Eastern City District which includes Inner West LGA.</p> <p>Social infrastructure and opportunity – great places are inclusive of people of all ages and abilities, with a range of authentic local experiences and opportunities for social interaction and connection</p> <p>A range of housing types provides for the needs of the community at different stages of life and caters for diverse household types. It means that as people age they can move into smaller homes and age in their own neighbourhoods, while young adults leaving home can stay close to their families and communities.</p>

Objective/ Strategy	Extracts from the Plan
<p>Objective 11 – Housing is more diverse and affordable</p>	<p>There is a strong need for a more diverse housing supply in Greater Sydney</p> <p>Housing choices, including affordable rental housing reduces the need for people to go into social housing and also supports a pathway for people to move out of social housing</p> <p>A diversity of housing types, sizes and price points can help to improve affordability</p> <p>Increasing the supply of housing that is of universal design and adaptable to people’s changing needs as they age is also increasingly important across Greater Sydney</p> <p>Foreshadows potential future innovative models to achieve more affordable homes through having smaller homes, shared facilities and having apartments and car spaces sold separately.</p>
<p>Objective 12: Great places that bring people together</p>	<p>Well-designed built environment: great places are enjoyable and attractive, they are safe, clean and flexible with a mix of sizes and functions.</p> <p>Social infrastructure and opportunity: great places are inclusive of people of all ages and abilities, with a range of authentic local experiences and opportunities for social interaction and connections.</p> <p>Fine grain urban form: great places are walkable of human scale, with a mix of land uses including social infrastructure and local services at the heart of communities.</p>

2.1.2 Eastern City District Plan 2018

In March 2017, the Greater Sydney Commission (GSC) finalised its District Plans for Sydney. The District Plans support the actions and outcomes of the Greater Sydney Region Plan with additional ‘Planning Priorities’ that are focussed on each district. Leichhardt is located within the Eastern City District, which covers the Bayside, Burwood, City of Canada Bay, City of Sydney, Inner West, Randwick, Strathfield, Waverley and Woollahra local government areas. The Eastern City District Plan is to have the district become more innovative and globally competitive, carving out a greater portion of knowledge intensive jobs from the Asia Pacific Region. The vision is to improve the District’s lifestyle and environmental assets by:

- Strengthening the international competitiveness of the Harbour CBD, supported by the Innovation Corridor, health and education precincts and the District’s strategic centres
- Boosting innovation and creative industries alongside knowledge-intensive jobs growth
- Nurturing quality lifestyles through well-designed housing in neighbourhoods close to transport and other infrastructure
- Sustaining communities through vibrant public places, walking and cycling, and cultural, artistic and tourism assets
- Aligning growth with infrastructure, including transport, social and green infrastructure, and delivering sustainable, smart and adaptable solutions.

The District Plan includes 22 Planning Priorities of which the principal ones relevant to this study include:

- E5: Providing housing supply, choice and affordability with access to jobs, services and public transport
- E10: Delivering integrated land use and transport planning and a 30 minute city
- E12: Retaining and managing industrial and urban services land

2.2 Industrial Lands Strategic Assessment Checklist

This action requires the completion of an Industrial Lands Strategic Assessment Checklist to guide the assessment of proposed rezonings of industrial lands. The Checklist allows for evidence-based decisions and aims to prevent encroachment on important industrial sites.

Table 2: Industrial Lands Strategic Assessment

Strategic Assessment Checklist	Response
<p>Is the proposed rezoning consistent with State and/or council strategies on the future role of industrial lands?</p>	<p>Yes. It is consistent with Council’s endorsement of the Leichhardt Industrial Lands Study (2015) which recommends the retention of industrial lands to meet the demand from future population and employment growth. The zoning of the Subject Site will remain IN2 Light Industrial but residential accommodation will be added as a permissible use. The level of floorspace and potential employment under IN2 uses will increase under the Planning Proposal compared to existing uses.</p> <p>Yes. Action 1.9.2 of A Plan for Growing Sydney states that Government should “identify where improved and innovative planning controls will allow for the ongoing evolution of industrial activities to more intensive commercial activities”. It is unlikely that a commercially viable redevelopment for currently permissible IN2 uses could be found and therefore the site would remain underutilised for IN2 uses without the rezoning to allow residential accommodation as an additional permissible use.</p>
<p>Is the site: Near or within direct access to key economic infrastructure? Contributing to a significant industry cluster</p>	<p>The Subject Site is not contributing to any significant industry cluster. It is an isolated site away from any industrial cluster</p> <p>The Subject Site is adjacent to the Light Rail Station.</p> <p>The site is surrounded mostly by residential and is 300m from Leichhardt Marketplace.</p>
<p>How would the proposed rezoning impact the industrial land stocks in the subregion or region and the ability to meet future demand for industrial land activity?</p>	<p>The Subject Site would retain its IN2 zoning but residential accommodation would be added as a permissible use. Therefore there will be no impact on industrial lands stock as a result of the rezoning.</p>
<p>How would the proposed rezoning impact on the achievement of the subregion/region and LGA employment capacity targets and employment objectives?</p>	<p>The Planning Proposal will increase the level of employment on the Subject Site in IN2 permissible uses and will contribute to employment objectives with respect to both automotive services and commercial (office) activities through the provision of modern flexible floorspace in an attractive location with good transport connections to the city.</p>
<p>Is there a compelling argument that the industrial land cannot be used for an industrial purpose now or in the foreseeable future and what opportunities may exist to redevelop the land to support new forms of industrial land uses such as high-tech or creative industries?</p>	<p>The Planning Proposal is consistent with this criterion.</p> <p>The existing building limits potential uses and intensification opportunities. It is unlikely that a commercially viable redevelopment for currently permissible IN2 uses could be found and therefore the site would remain underutilised for IN2 uses without the rezoning to allow residential accommodation as an additional permissible use.</p> <p>The Planning Proposal will increase the floorspace available for employment uses and will replace the existing older style industrial building with flexible spaces suitable for high-tech and creative industries.</p>
<p>Is the site critical to meeting the need for land for an alternative purpose identified in other NSW Government or endorsed council planning strategies?</p>	<p>The subject precinct has not been identified for an alternative purpose in NSW Government or endorsed council planning strategies.</p>

2.3 Local Policies and Guidance

On 12 May 2016 the Leichhardt LGA was merged with the Marrickville and Ashfield LGAs to form a single Inner West Council. The DCPs and LEPs of the former LGAs currently remain in place. However, the basis of future planning will reflect the requirements of the new LGA.

2.3.1 Leichhardt Local Environmental Plan (LEP) 2013

As stated previously the subject site is currently zoned IN2 Light Industrial. The objectives of the IN2 zone are described below.

- To provide a wide range of light industrial, warehouse and related land uses
- To encourage employment opportunities and to support the viability of centres
- To minimise any adverse effect of industry on other land uses
- To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area
- To support and protect industrial land for industrial uses
- To retain existing employment uses and foster a range of new industrial uses to meet the needs of the community
- To ensure the provision of appropriate infrastructure that supports Leichhardt's employment opportunities
- To retain and encourage waterfront industrial and maritime activities
- To provide for certain business and office premises and light industries in the arts, technology, production and design sectors.

Residential development is prohibited within an IN2 zone, as are home businesses, child care facilities, registered clubs, restaurants and cafes and shops. Neighbourhood shops however are permitted with consent.

2.3.2 Leichhardt Industrial Lands Study (2015)

The Leichhardt Industrial Lands Study was endorsed by Council in 2015. The SGS Economics and Planning (SGS) study recommends that all existing industrial lands are retained within the LGA to meet the demand from future population and employment growth.

This analysis suggested that Leichhardt LGA would have an overall shortage of IN2 zoned land under the medium supply scenario by 2036.

The Planning Proposal would increase the floorspace available for IN2 permissible uses on the Subject Site and would be retained as an IN2 zoning. It is therefore consistent with Council's strategy.

2.4 Greater Sydney Commission Information Note on Industrial land

The GSC published an information note 2018-1 titled "Industrial and urban services land (retain and manage) – transitional arrangements" which states that:

"If a planning proposal involving change of use of industrial or urban services land to residential, retail or mixed uses in the areas covered by the Retain and manage approach is lodged after the adoption of the District Plans being March 2018 then it is to be considered on its strategic and site merits and the policy to Retain and manage industrial and urban services land set out in the relevant District Plan is to be applied. The Retain and Manage approach prevails over other District Plan objectives relating to delivery of housing or retail floor area."

The planning proposal is considered to be consistent with the information note. Whilst additional land uses, including residential, is proposed on the site there would be an overall increase in floor space available for light industrial or other permissible uses in the IN2 zone.

2.5 Summary

The existing building on the subject site constrains the potential for intensification of use. It is unlikely that there would be a commercially viable option to redevelop the site for employment uses under the current controls given the constraints around accessibility, parking and the need to appropriately buffer it from surrounding residential uses. It is therefore likely that the site would not be redeveloped.

The Planning Proposal would result in a more intensive use of space and an increase in employment uses as well as housing immediately adjacent to the Inner West Light Rail station. It would provide flexible light industrial and office floorspace as well as residential apartments that will better reflect the requirements of the new live/work economy.

ECONOMIC IMPACTS

3.0 ECONOMIC IMPACTS

The following chapter undertakes an assessment of the economic implications of proposed mixed use development measured against the base case (do nothing) option. Performance indicators include jobs, salaries and gross value added (contribution towards economic produce or gross domestic product).

3.1 The Base Case

The base case refers to the “do nothing” option – that is no changes to the planning controls. Whilst redevelopment to an alternative or similar complying land use is permissible it is highly unlikely to happen at anytime in the foreseeable future. The reason is that current use of the site (auto service centre) is the highest and best use. The current FSR is around 0.65:1 and it is simply not financially viable to demolish the existing building and redevelop the site for a similar or other complying use to a FSR of only 1:1. For this reason we consider the base case to be the current “as is” use of the site.

The Subject Site is currently occupied by a Mazda service centre. We have been advised that there are currently 13 workers on site.

Gross revenue from the business on site is estimated at \$3.0m per annum based on a rate of \$223,000 per worker¹. Average worker remuneration in auto servicing is \$39,700/annum². Total remuneration is estimated at \$0.5m per annum.

Gross value added (GVA) of an industry refers to the value of outputs less the costs of inputs. It also measures the contribution that the industry makes to the country’s wealth or gross domestic product (GDP). The main components that make up GVA include remunerations, company profits and taxes. GVA is 28.5% of gross revenue which equates to \$0.8m each year.

3.2 Employment under the Planning Proposal

The Planning Proposal would support permanent employment post-construction through the operation of retail and commercial uses as well as auto servicing and repairs on the site. The table below provides an estimate of the number of jobs on site based on the proposed floor areas.

Table 3: Employment Generation from Planning Proposal

Land Use	Employment Density*	GLA	Units	Jobs
Automotive servicing	1 / 150 sqm	3,000	sqm	20
Urban Services	1 / 75 sqm	150	sqm	2
Commercial	1 / 20 sqm	1,810	sqm	91
Retail	1 / 25 sqm	250	sqm	10
Work at Home**	1 / 14 units	132	units	9
Total				132

* Various sources including ABS Retail Surveys 1991 and 1999

** Home Based Businesses: 7.6% of workers undertake majority of work at home (ABS Locations of Work 2008 Cat 6275.0)

¹ Ibid

² IBIS World Industry reports for automotive repairs, maintenance and electrical services, 2018

The proposed development is likely to provide a total of 132 jobs on site when the building becomes fully occupied. This is an increase of 119 jobs from the base case. The increase has resulted from replacing the existing single level building with an FSR of less than 0.65:1 with more intense employment uses at an increased FSR of 1:1 – around 1,800 more square metres. Furthermore, the proposal will introduce some new employment uses – retail and commercial services that are likely to have four or more times the job density (jobs/sqm of GFA) than auto-servicing and repair services.

We also expect a small number of residents to undertake the majority of their work. According to the ABS 7.6% of workers undertake the majority of their paid work at home. Assuming one working resident per dwelling this would mean a further 9 jobs on site.

3.3 Staff Remuneration

The combined total of workers’ remunerations currently is approximately \$0.5 million.

The Planning Proposal would increase the combined total of workers’ salaries on site to approximately \$9.1 million as shown in the table below.

Table 4: Estimated remuneration of workers on site

Land Use	Jobs	Avg Annual Wage	Total (\$m)
Automotive servicing	20	\$39,700	\$0.8
Urban Services	2	\$39,700	\$0.1
Commercial	91	\$81,500	\$7.4
Retail	10	\$23,600	\$0.2
Work at Home	9	\$65,750	\$0.6
Total	132	\$69,014	\$9.1

Source: IBIS World Industry Reports, 2018.

On this basis, the Planning Proposal would increase total salaries by around \$8.6m every year.

3.4 Gross Value Added

The GVA generated from the existing business is \$0.8m every year. Under the planning proposal gross value added would be considerably higher as shown in the table below.

Table 5: Gross value added from the proposed development

Land Use	Jobs	GVA / Worker	Gross Value Added (\$m)
Automotive servicing	20	\$63,500	\$1.3
Urban Services	2	\$63,500	\$0.1
Commercial	91	\$108,400	\$9.8
Retail	10	\$33,600	\$0.3
Work at Home**	9	\$85,500	\$0.8
Total	132	\$93,604	\$12.4

Source: IBIS World Industry Reports and HillPDA Estimate.

Therefore the uses on site under the proposed development would contribute \$12.4m to gross regional product every year. This is an increase of \$11.5m every year over the base case (measured in current 2018 dollars).

3.5 Construction Impacts

The construction industry is a significant component of the economy accounting for 7.3% of Gross Domestic Product (GDP) and employing almost one million workers across Australia³. The industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of construction. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

- Production induced: which is made up of:
 - first round effect: which is all outputs and employment required to produce the inputs for construction; and
 - an industrial support effect: which is the induced extra output and employment from all industries to support the production of the first round effect; and
- Consumption induced: which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

We estimate that the total construction cost is expected to be around \$67m (in current 2018 dollars) based on the following construction rates.

Table 6: Estimated Construction Costs

	GFA (sqm)	\$/sqm	\$m
Residential	10,330	3,600	37.2
Automotive & urban services*	3,150	2,800	8.8
Commercial	1,810	2,200	4.0
Retail	250	2,200	0.6
Fitout	2,060	1,000	2.1
Car Parking (spaces)*	188	65,000	12.2
Site costs and external works (say 3%)			1.9
TOTAL (sqm)	17,600		66.8

* Includes the cost of excavation

Source: HillPDA estimate from various sources including Rawlinsons Construction Handbook, RLB Digest and various cost estimates from quantity surveyors on similar projects.

Multiplier impacts from construction are shown in the table immediately below.

³ IBIS World Construction Industry Report 2018

Table 7: Estimated Economic Multipliers

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.626	0.679	0.934	3.239
Output (\$million)	67	42	45	62	216

Source: ABS Australian National Accounts: Input-Output Tables 2015-16 (ABS Pub: 5209.0).

Construction to the cost of \$67m would generate a further \$87m of activity in production induced effects and \$62m in consumption induced effects. Total economic activity generated by the construction of the proposed development would be \$216m.

3.5.1 Construction Employment

HillPDA calculates that every one million dollars of construction generates 2.15 full time positions over 12 months directly in construction on site⁴. Based on the estimated cost of \$67m, approximately 144 job years⁵ would be directly generated.

Table 8: Estimated Jobs in Construction

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	0.741	0.839	1.384	3.965
Employment No. per \$million	2.154	1.597	1.808	2.981	8.540
Total Job Years Generated	144	107	121	199	570

Source: HillPDA estimate from ABS Australian National Accounts: Input-Output Tables 2015-2016 (ABS Pub: 5209.0).

From the ABS 2015-16 ANA Input-Output tables Hill PDA has calculated the multipliers for first round, industrial support and consumption induced effects of 0.74, 0.84 and 1.39 respectively for every job year in direct construction. Including the multiplier impacts the proposed development would therefore have potential to generate 570 job years during the period of construction.

Note that the multiplier effects are national, and not necessarily local. The ABS notes that “care is needed in interpreting multiplier effects; their theoretical basis produces estimates which somewhat overstate the actual impacts in terms of output and employment.” In particular they can leave the impression of additional economic activity when in reality the resources used in production including labour could have be put to an alternative use if the project did not proceed. Nevertheless, the estimates illustrate the high flow-on effects of construction activity to the rest of the economy. Clearly, through its multipliers, construction activity has a high impact on the economy.

3.6 Other Economic Benefits from the Planning Proposal

The development of a mixed use development containing residential, auto-servicing, commercial and retail uses would have the following economic benefits.

⁴ Source: Hill PDA and ABS Australian National Accounts: Input-Output Tables 2015-16 (ABS Pub: 5209.0)

⁵ Note: One job year equals one full-time job over one full year

3.6.1 Expenditure from Residents

The Planning Proposal would provide 138 new residential apartments on site. Assuming 96% of the apartments are occupied and an average occupancy rate of 1.84 persons per apartment we estimate 244 permanent residents on the subject site.

With income levels above NSW average these residents also have above average levels of expenditure – around \$16,900 per person per annum – some 21% higher than NSW average. Total expenditure on retail goods and services generated by residents on site would amount to \$4.1m every year. We would expect at least half of this expenditure would be captured by retailers in the general locality – particularly in food, food services and grocery expenditure which comprises 53% of total expenditure. Discretionary expenditure would likely be captured in the larger centres such as Broadway.

3.6.2 Expenditure from Workers

A recent survey⁶ found that Sydney CBD workers spend an average of \$230 a week or \$11,000 per annum on retail goods and services in the CBD localities. In smaller centres average spend is considerably lower due to the smaller size of retail offer. For the purpose of the assessment HillPDA has applied a more conservative weekly expenditure of \$65 per employee for the workers on the subject site which equates to an annual spend of \$3,000. With 123 non-resident workers on the Subject Site this amounts to \$0.37m per annum. This is expenditure that would be captured by retailers in the Leichhardt suburb.

3.6.3 Investment Stimulus

Where a significant property investment decision has been made it is generally viewed as a strong positive commitment for the local area. Such an investment can in turn stimulate and attract further investment. The direct investment in the Subject Site would support a wide range of economic multipliers as outlined above which would in turn support investment in associated industries. It would also raise the profile of the local area.

The provision of high density residential development on the subject site would increase the economic benefits of the scheme to surrounding businesses, services and the financial feasibility of public transport. The benefits of residential uses are recognised in planning policy. Residents would also create further demand for retail, commercial and transport services increasing the viability of these services.

The proposed development would create additional business opportunities in this locality associated with future residents and the commercial and retail uses on site. It would increase the profile of this area and in so doing increase the financial feasibility of mixed use development, potentially acting as a catalyst on surrounding sites.

3.6.4 Additional Dwelling Mix

The development would create additional dwellings and dwelling types in the suburb. The addition of dwelling stock and dwelling mix would improve dwelling affordability within the area. This additional dwelling generation and the subsequent improved affordability would be consistent with the policies and strategies reviewed in Chapter 2.

3.6.5 Transit Orientated Development

Any growth creates challenges and demand for additional and new social infrastructure and open space to accommodate the needs of the existing and future population. Transport orientated development (TOD)

⁶ 2013 National Office Workers Survey, Urbis (2013)

provides an opportunity to meet this demand through a network of well-designed, highly accessible, medium to high density urban developments within a short walking distance of transit stations.

Creating developments over or next to transit hubs provides numerous direct and indirect socio-economic benefits such as improved environmental sustainability through reduced energy and water conservation and decreasing car dependency therefore reducing greenhouse emissions.

Done well, TODs create people focused neighbourhoods which in turn increase pedestrianisation uptake (walking and cycling) whilst improving health and opportunities for improved social mix and interaction, quality of life and lifestyle for communities who live within them.

From a socio-economic perspective it makes sense to increase housing supply and jobs near transport hubs as this contains urban sprawl, which reduces costs to Government and the private sector in providing infrastructure to meet future growth.

The Planning Proposal will serve the objectives of the Greater Sydney Region Plan, Eastern City District Plan and YOUR future 2030 by facilitating an improved urban design outcome with substantial residential density close to public transport options. This will promote the use of public transport and reduce reliance on private motor vehicles.

3.6.6 Summary and Implications

The below table summarises the economic benefits of retaining the Subject Sites' current uses in comparison to the development of the Subject Site in accordance with the Planning Proposal.

Table 9: Economic Impact of Planning Proposal against the Base Case

Economic Performance Indicator	Current Uses	Planning Proposal
Total Jobs on site	13	132
Total Workers Remuneration (\$m/ann)	\$0.5	\$9.1
Gross Value Added (\$m/ann)	\$0.8	\$12.4
Construction Costs (\$m)	-	\$67
Value of total Economic Activity from construction (\$m)	-	\$216
Jobs Years directly in construction	-	144
Total direct and indirect Job Years in construction	-	570

Evidently the Planning Proposal is preferred over the 'do nothing' scenario as it would lead to a net increase in jobs (+107 jobs), salaries generated (+\$8m) and gross value added (contribution to GDP) (+\$11m). Construction would generate + 570 job years directly and indirectly during the period of construction.

List of abbreviations

ABS	Australian Bureau of Statistics
BTS	Bureau of Transport Statistics
DP&E	NSW Department of Planning and Environment
EIA	Economic Impact Assessment
FSR	Floor Space Ratio
GFA	Gross Floor Area
GLA	Gross Lettable Area
Ha	Hectares
LEP	Local Environmental Plan
LGA	Local Government Area
NLA	Net Lettable Area
PTA	Primary Trade Area
sqm	Square metres
STA	Secondary Trade Area
TTA	Tertiary Trade Area

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SYDNEY

Level 3, 234 George Street
Sydney NSW 2000
GPO Box 2748 Sydney NSW 2001
t: +61 2 9252 8777
f: +61 2 9252 6077
e: sydney@hillpda.com

MELBOURNE

Suite 114, 838 Collins Street
Docklands VIC 3008
t: +61 3 9629 1842
f: +61 3 9629 6315
e: melbourne@hillpda.com

WWW.HILLPDA.COM