

224-240 PITT ST MERRYLANDS

Economic Impact Assessment



Prepared for SF Commercial Pty Limited

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EXECUTIVE SUMMARY

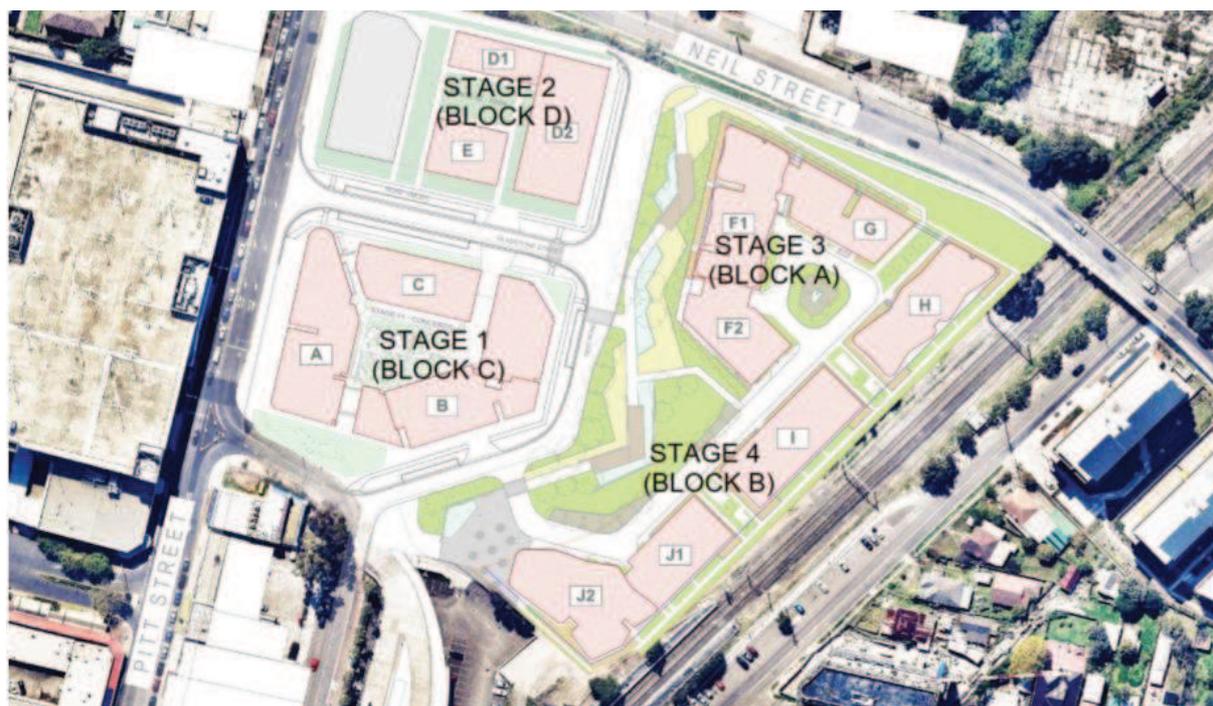
HillPDA was commissioned by SF Commercial Holding Pty Limited to undertake an Economic Impact Assessment (hereafter referred to as ‘the Report’) for the Planning Proposal seeking to amend the planning controls under the current Holroyd Local Environmental Plan 2013 (HLEP 2013) relating to land at 224-240 Pitt Street, Merrylands (Subject Site).

The Subject Site is subject to a number of approved developments at various stages described as follows:

- Stage 1 (Block C) – 358 units and 2,300sqm of retail/commercial – Under Construction
- Stage 2 (Block D) – 147 units and 130sqm of retail – DA Assessment
- Stages 3 and 4 (Block A&B) – 647 units, 530sqm of retail and 5,000sqm public park – DA Lodgement

The Planning Proposal which is the subject of this Report relates to Stages 3 and 4 and is shown in the figure below.

Figure 1 - Aerial View of Subject Site



Source: Planning Ingenuity Pty Ltd

Planning Proposal

The intended outcome of this Planning Proposal is to amend the HLEP 2013 as follows:

- Rezone the B6 Business Enterprise zone to R4 High Density Residential and relocate the B6 zone to the southern area of the site;
- Amend the maximum floor space ratio (FSR) to 5.96:1; and
- Amend the maximum height of buildings in part to 82m.

The Planning Proposal will provide an indicative yield of 758 apartments as well as 3,093sqm Gross Floor Area (GFA) of commercial floorspace.

Planning Considerations

The Regional and District Plans give impetus to the need to create housing and employment opportunities. The Plans also emphasise the need to increase the productivity of Central City through growth and investment support. Meeting this need requires increased housing in centres, close to centres and close to public transport. Evidently the Planning Proposal will contribute to providing additional housing stock in close proximity to the train station.

The Planning Proposal is consistent with relevant strategic and statutory planning controls and will facilitate the development of additional commercial floorspace on the Subject Site. The Planning Proposal is a transit-oriented development contributing to a more vibrant and diversified centre with higher employment densities. It will also benefit the Merrylands Town Centre with increased expenditure from residents and workers on retail goods and services, and increased employment and economic activity both during construction and post construction.

Economic Impacts

The below table summarises the economic benefits of redeveloping the Subject Site under the Planning Proposal measured against the current Neil St Precinct controls (base case scenario).

Economic Impact of Planning Proposal

	Neil St Precinct Controls	Planning Proposal
Total Jobs Generated	70	165
Total Salaries (\$m) Generated	\$4.8	\$13.0
Industry Value Added to GDP (\$m)	\$6.0	\$16.8
Construction Costs (\$m)	\$224	\$272
Total Economic Activity from Construction (\$m)	\$718	\$873
Job Years in Construction*	1,926	2,340

The Planning Proposal would provide a higher employment outcome and a higher contribution in terms of value added on site compared to both the current uses and the base case.

The Planning Proposal will provide around 760 new residential apartments, just over 100 more apartments than under the base case. This will house 250 more residents than the base case.

Other Benefits

- Additional residents and workers would generate increased expenditure on local retail goods and commercial services which will benefit existing businesses in the town centre.
- 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 to the immediate area.

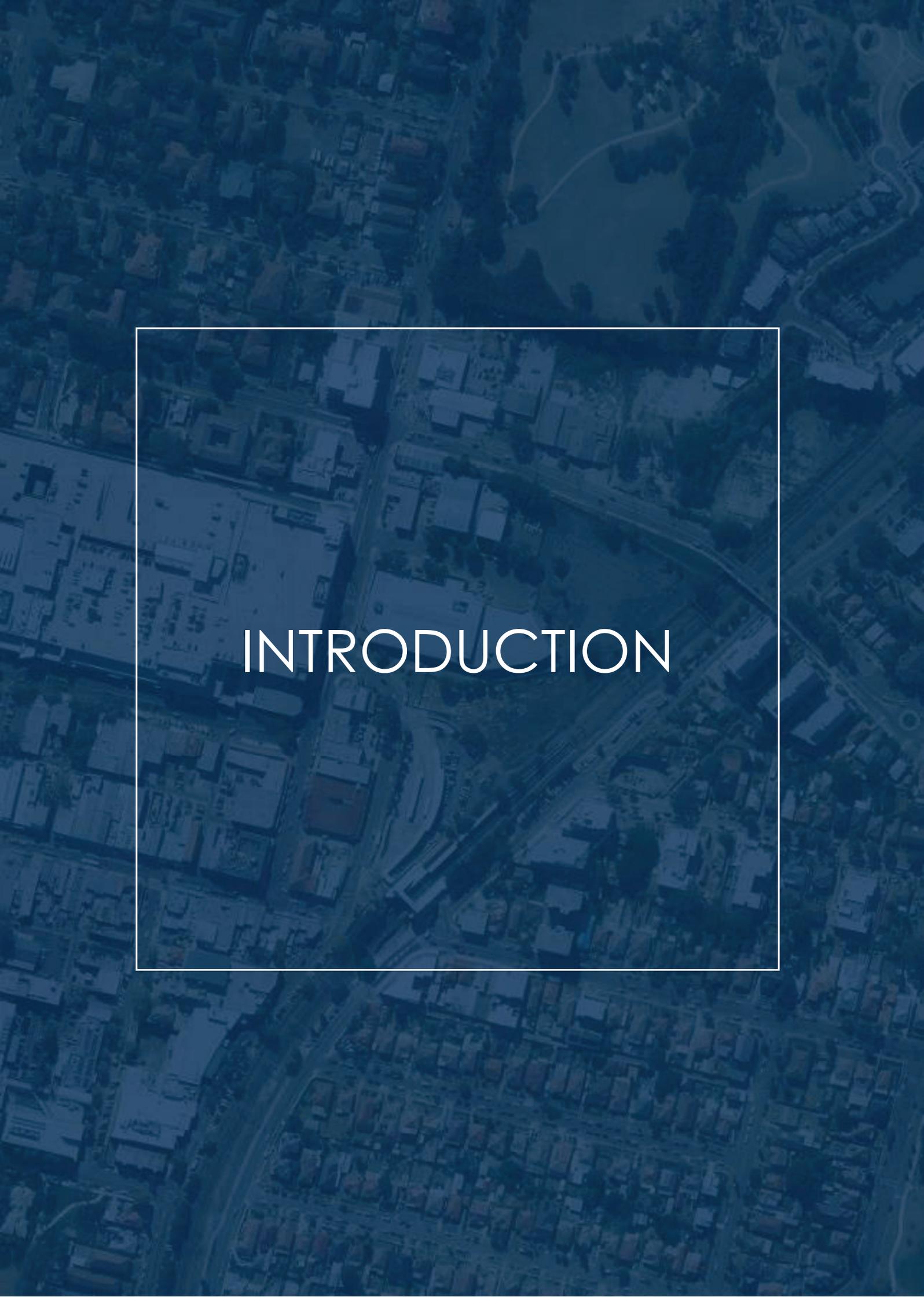
- The proposal will provide a diverse range of housing options suiting a wide variety of household types.
- Apartments also offer a more affordable housing alternative than detached dwellings contributing to housing affordability.
- The presence of the train station at Merrylands, together with bus services, provide genuine alternatives to the private car for local residents and workers to access jobs, shops and services on the site - thereby improving transport safety and reducing private motor vehicle dependency.
- The Planning Proposal will result in a net increase in commercial floorspace with the potential to provide more local jobs for residents. Additional commercial floorspace proposed as part of the Planning Proposal is facilitated by the corresponding net increase of residential floorspace.

Relocating the B6 Zone

The Planning Proposal seeks to rezone the current B6 Business Enterprise zone to R4 High Density Residential and relocate the B6 zone to the southern area of the site in order to provide additional commercial floor space in a more appropriate location adjoining Merrylands Train Station and the future civic plaza.

The proposed location for B6 land is a far superior location for various reasons, outlined below:

- The proposed location optimises exposure to public areas and will facilitate activating public open space in close proximity to the railway station. The concept plans prepared by Plus Architects indicates the proposed B6 zone will be surrounded by new public roads and pedestrian and cyclist pathways as well as public open space with the capacity for high intensity use adjacent to the railway station - thereby meeting the objectives of the zone.
- The current controls locate the commercial space away from the train station and physically separated from the nearby roads which would effectively compromise the ability to meet the zone objectives of the 'enterprise corridor'.
- The proposed location for the B6 will facilitate creating a 'destination precinct' at the train station by creating new connections and improving existing connections to the train station;
- The proposed location for the B6 will maximise opportunities for land use and transport integration a State Government led initiative - through creating higher densities and employment opportunities around transport hubs. The proposed B6 land adjacent to the Station will add to the vibrancy of the Station and new civic plaza and invite greater visitation in the area, job opportunities as well as attracting greater investment. Moreover, the proximity to the Station is likely to improve the viability of above ground floor commercial floorspace. The current location of the B6 zone has greater risk of vacancies due to its fringe location.

An aerial photograph of a city, likely Los Angeles, showing a dense urban grid with buildings, streets, and green spaces. The image is overlaid with a semi-transparent blue filter. A white rectangular frame is centered on the image, containing the word "INTRODUCTION" in white, uppercase, sans-serif font.

INTRODUCTION

1.0 INTRODUCTION

HillPDA was commissioned by SF Commercial Holding Pty Limited to undertake this Economic Impact Assessment (hereafter referred to as ‘the Report’) for the Planning Proposal seeking to amend the planning controls under the current Holroyd Local Environmental Plan 2013 (HLEP 2013) for land located at 224-240 Pitt Street, Merrylands (Subject Site).

The objectives of this report are to provide an outline of the economic impacts of development of the Subject Site, including employment generation in construction and operations and contribution to gross regional product and address Council’s concerns relating to the relocation of the B6 zone. This assessment is one report to the planning proposal.

1.1 Subject Site

The Subject Site is located approximately 26 kilometres west of the Sydney CBD and less than 3 kilometres south of Parramatta in the Cumberland LGA. The site fronts both Pitt and Neil Streets and benefits from exposure to passing vehicular and pedestrian traffic. The Subject Site comprises a total area of approximately 2.3 hectares under a single ownership and is currently vacant.

The Subject Site is strategically positioned with high connectivity to surrounding commercial, leisure and retail precincts such as Parramatta and Sydney CBD. The high connectivity of the Subject Site to these surrounding employment and lifestyle precincts is facilitated by its proximity to Merrylands Train Station and Bus Interchange (located adjacent to the site). It is served by Sydney Trains T2 Inner West & Leppington and T5 Cumberland line services. The Sydney CBD is accessible in half an hour via train services along Cumberland T2 and T1 lines, whilst direct train service are provided to Parramatta via the T5 Line (4 minute train journey). The Subject Site also benefits from easy access to the M4 Western Motorway providing excellent regional accessibility.

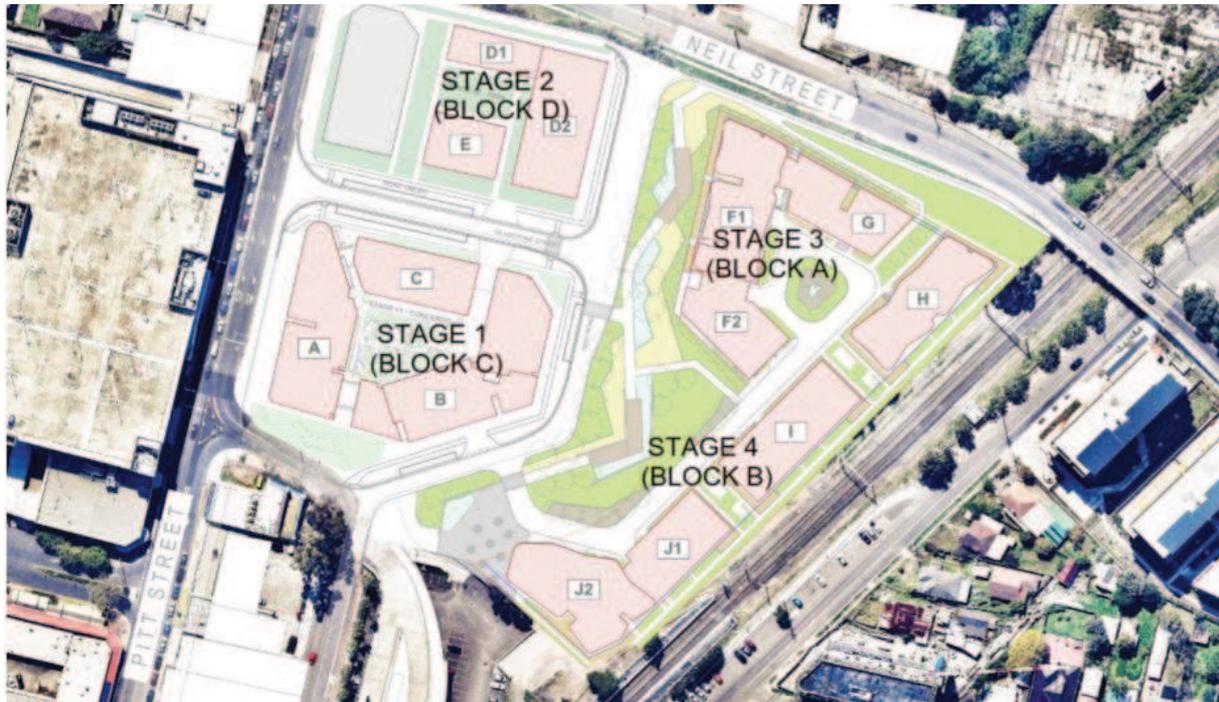
The Subject Site is located opposite Stockland Merrylands Shopping Centre which provides a high retail offer and amenities. Merrylands Train Station is immediately to the south of the site, with significant re-development planned for Station. Multi-storey residential developments are provided to the east at the Railway Terrace and Neil/Mombri Streets intersection and to the north along Brickwork Drive. Low to medium density residential (i.e. 2-4 storey residential buildings) surrounds the site to the north of the site along Railway Terrace, transitioning to predominately detached single storey dwellings to the north. Further south of the Subject Site and Merrylands Train Station, commercial uses are located on the west side of Railway Terrace, with predominately low density housing to the east.

The Site is subject to a number of approved developments at various stages described as follows:

- Stage 1 (Block C) – 358 units and 2,300sqm of retail/commercial – Under Construction
- Stage 2 (Block D) – 147 units and 130sqm of retail – DA Assessment
- Stages 3 and 4 (Block A&B) – 647 units, 530sqm of retail and 5,000sqm public park – DA Lodgement

The Planning Proposal which is focus of this Report relates to Stages 3 and 4 and is shown in the figure below.

Figure 2 - Aerial View of Subject Site



Source: Planning Ingenuity Pty Ltd

1.2 Planning Proposal

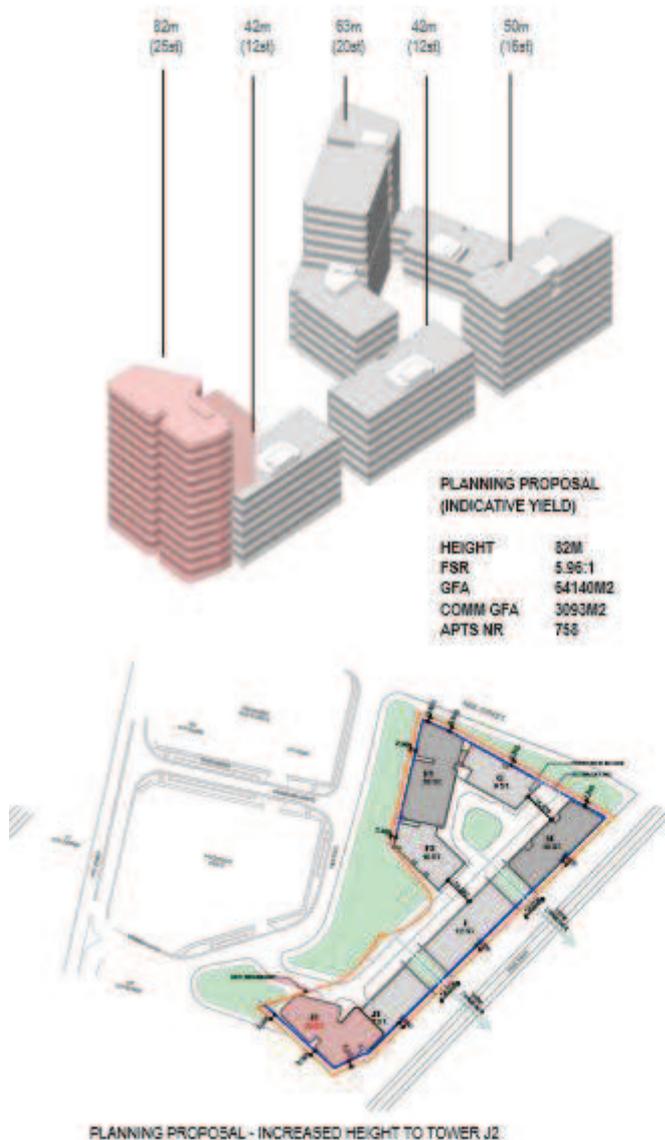
The intended outcome of this Planning Proposal is to amend the HLEP 2013 as follows:

- Rezone the B6 Business Enterprise zone to R4 High Density Residential and relocate the B6 zone to the southern area of the site;
- Amend the maximum FSR development standard to 6:1; and
- Amend the maximum height of buildings development standard in part to 82m.

The above amendments facilitate the development of a 25 storey tower immediately adjacent to the Merrylands Train Station and Bus Interchange and relocate the B6 zone to a more appropriate location adjoining the station and a new civic plaza.

The Planning Proposal will provide an indicative yield of 758 apartments as well as 3,093sqm Gross Floor Area (GFA) of commercial floorspace with concept plans shown in the figure below.

Figure 3 - Proposed Site Plan of Subject Site



NEIL STREET HEIGHT ENVELOPE AND FSR

HEIGHT COMPARISON

The potential development under the Neil Street Precinct height and FSR controls is shown on the left. It is proposed to increase the building height of Tower J2 from 12 to 25 storeys. The proposed tower form will play a key role in creating recognition to the station from within the urban fabric as well as strengthen the composition of built form along the rail corridor, and sense of arrival to Merrylands.

The increase of FSR from 4.99 to 5.96 results from the additional height and space generated in block J2 of the development. The additional height and 111 units generated are in close proximity to the train station and transport is in line with the Council and State Government initiatives to increase building heights around key transport hubs.



COMPLIANT NEIL ST ENVELOPE



PROPOSED NEIL ST PRECINCT ENVELOPE

Source: The Opera Merrylands Planning Proposal, Plus Architects, 2017

Overall, the levels of employment currently generated on the Subject Site and under current controls represent a relatively low-intensity development and under-utilisation of the site. In contrast, higher-order retail and community uses, as proposed, have the potential to generate an increase in the employment intensity of development on the Subject Site.

Furthermore, higher density residential and mixed use development close to major public transport nodes – particularly rail stations – meets urban consolidation objectives. Transit Oriented Development (TOD) promotes the creation of a network of well-designed, human-scale urban communities focused around transit stations providing improved efficiencies, reduced dependency on private motor vehicle usage and encouragement in the use of public transport.

1.3 Structure of the Report

To meet the requirements of the project brief and fully consider the economic impact associated with the Planning Proposal, the Assessment is set out in the following manner:

- Chapter 2 undertakes an appraisal of the planning and legislative context for the proposed rezoning based on State, Subregional and local planning guidelines.
- Chapter 3 assesses, and where possible quantifies, the potential economic benefits of developing the Subject Site in accordance with the Planning Proposal against the base case (development in accordance with the Neil Street Precinct Controls). This Chapter also considers the most appropriate location for employment uses on the Subject Site.



PLANNING POLICY REVIEW

2.0 PLANNING POLICY REVIEW

2.1 State Planning Policies

2.1.1 Draft Greater Sydney Region Plan 2017

The draft Greater Sydney Region Plan 2017, once finalised will replace ‘A Plan for Growing Sydney.’ This draft Plan is built on a vision where the people of Greater Sydney live within 30 minutes of their jobs, education and health facilities, services and great places.

The vision seeks to meet the needs of a growing and changing population by transforming Greater Sydney into a metropolis of three cities - the Western Parkland City, the **Central River City** and the Eastern Harbour City, with Parklea falling within the Central River City.

The **Central River City** will capitalise on its location in the centre of Greater Sydney and with enhanced radial transport links will continue developing its world-class health, education and research institutions as well as its finance, business services and administration sectors to drive the economy. High quality urban renewal and new neighbourhoods will be matched with quality public places, green spaces and infrastructure to attract skilled workers and top 100 businesses.

Of relevance to this Report, the Plan encourages increasing the percentage of dwellings within 30 minutes by public transport of a Strategic Centre (Objective 14). On this basis the Planning Proposal is aligned with the Objective 14 of the Plan, through providing additional housing supply within 15 minutes of the Strategic Centre, Parramatta. The Plan also acknowledges the importance of creating capacity for more housing in the right locations, whilst supporting the role of the existing centres. Thus there is an opportunity for the Planning Proposal to contribute to increasing housing capacity and supporting the economic prosperity of Merrylands and Greater Parramatta. The provision of additional housing as well as more employment generating uses on the Subject Site will also facilitate providing more jobs closer to home – meeting a key objective of the Plan.

2.1.2 A Plan for Growing Sydney 2014

The Department of Planning and Environment (DP&E) published ‘A Plan for Growing Sydney’ in December 2014. The plan seeks to achieve the following overarching outcomes for Metropolitan Sydney:

- A competitive economy with world-class services and transport;
- A city of housing choice, with homes that meet our needs and lifestyles;
- A great place to live with communities that are strong, healthy and well connected; and
- A sustainable and resilient city that protects the natural environment and has a balanced approach to the use of land and resources.

By 2031, Sydney’s economic output is forecast to almost double to \$565 billion a year, with this economic growth being fuelled in part by an additional 689,000 new jobs over this period. Sydney is also forecast to experience a population growth of about 1.6 million persons, with 900,000 of this population growth occurring in Western Sydney. To meet this population growth, an additional 664,000 new dwellings will need to be constructed.

To address the projected economic, employment and population growth that Sydney will experience, the Plan seeks to promote and facilitate growth which acknowledges market considerations and integrates transport, infrastructure and a variety of land uses.

The below describes those directions of the Plan that are of relevance to this Study.

- Direction 1.4 seeks to increase the productivity of Western Sydney through growth and investment. To meet this need, Western Sydney will require new jobs close to centres and transport, with improved access to knowledge jobs. The direction also highlights the need to improve the scale and mixture of job opportunities as this will help more people work closer to home.
- Direction 2.1 seeks to accelerate housing supply across Sydney. Through providing more housing and different dwelling types, this direction aims to reduce pressure on rising housing prices. The target of this direction is the delivery of 664,000 new dwellings by 2031.
- Direction 2.2 seeks to accelerate urban renewal across Sydney by providing homes closer to jobs. The direction highlights the importance of urban renewal in helping to provide housing within Sydney and meeting the dwelling target. The Plan identifies the need to identify urban renewal precincts that are in, or near, centres with good connectivity to economic and social facilities.
- Direction 2.3 aims to improve housing choice to suit the different needs and lifestyles of Sydney's population. The direction requires local housing strategies to plan for a range of housing types.
- More specifically the Plan defines the West Central Subregion as comprising the LGAs of Auburn, Bankstown, Blacktown, Holroyd, Parramatta and The Hills. Having specific regard to the Subregion, the Plan recommends that the DP&E in conjunction with councils within the Subregion should:
 - Leverage investment and economic development opportunities for the whole Subregion that may be generated by the growth of the Greater Parramatta area and the extension of the Global Economic Corridor;
 - Identify suitable locations for housing and employment growth; and
 - Provide additional mixed-use development including offices, retail, services and housing to meet the needs of the Subregion's growing population.

2.1.3 Revised draft Central City District Plan

The revised draft Central City District Plan provides a 20-year plan to manage growth and achieve the 40-year vision, while enhancing Greater Sydney's liveability, productivity and sustainability into the future. It is a guide for implementing the Draft Greater Sydney Region Plan at a district level and is a bridge between regional and local planning.

The Central City District covers the Blacktown, **Cumberland**, Parramatta and The Hills LGAs, with Merrylands falling within the Cumberland LGA. By 2036 it is projected that the District will have a population of 1.5million, representing an increase of over 550,500 persons over the 20 year period from 2016.

To house this growth an additional 207,500 dwellings are required representing an average annual target of 10,375 dwellings. Over the past decade the District has had an average dwelling completions rate of 5,560. Forecast supply of housing growth in the Central City District has identified the potential for dwelling completions above this annual average in the next five years. As a result the District Plan targets an additional 53,500 dwellings to be provided within the District over the next five years. Cumberland LGAs target over this period is 9,350 dwellings or 1,870 per annum. The Plan also stipulates the importance of diversifying the housing stock to include more apartments to reflect changing housing preferences and improve housing affordability.

Merrylands has been identified a local centre, with the Plan encouraging the growth of local centres to help reduce the need for people to travel long distances to access jobs and local services. Thus increasing the provision of residential and commercial floorspace as proposed in the Planning Proposal is aligned with objectives of this Plan.

2.1.4 NSW Draft Centres Policy (2009)

The NSW Department of Planning and Infrastructure (now named the Department of Planning and Environment) released the Draft Centres Policy in April 2009.

The Draft Centres Policy focuses around six key principles. The principles relate to:

- The need to reinforce the importance of centres and clustering business activities;
- The need to ensure the planning system is flexible, allows centres to grow and new centres to form;
- The market is best placed to determine need. The planning system should accommodate this need whilst regulating its location and scale;
- Councils should zone sufficient land to accommodate demand including larger retail formats;
- Centres should have a mix of retail types that encourage competition; and
- Centres should be well designed to encourage people to visit and stay longer.

The Draft Centres Policy indicates that the preferred location for new retail and commercial development is in centres, it recognises that there may be exceptions to this approach.

2.2 Local Planning Policies

2.2.1 Local Government - Holroyd City EDS 2014

Holroyd City Economic Development Strategy 2014 (EDS) was adopted by Council in September 2014.

The EDS identifies five stages to facilitate and promote economic development within Holroyd which are as follows:

- Attracting new business investors;
- Quality infrastructure that meets the needs of the local community, businesses and visitors;
- Competitive businesses and opportunities to network;
- Industrial operations and innovation; and
- Partnerships that provide support for businesses to develop and grow.

The EDS provides a vision of Holroyd as “The Enterprise City”. Council aims to achieve this vision by focusing on advanced or niche manufacturing and businesses with initiative and resourcefulness.

2.2.2 Merrylands City Centre Revitalisation Project

Holroyd City Council has committed to redeveloping Merrylands City Centre. This includes construction of a new City Square; a new public car park between Memorial Avenue and Addlestone Road; widening and extending Main Lane, located between Merrylands Road and McFarlane Street; revitalising the City public domain; and improving the stormwater infrastructure.

The Holroyd Section 94 Development Contributions Plan 2013 makes provision to provide these works. The Plan is intended to fund over \$302 million of infrastructure works over a 20 year period.

The Merrylands City Centre Revitalisation Project also envisages the redevelopment of a Council owned site at 28-36 McFarlane Street into a mixed use development, comprising a high rise mixed use development incorporating retail / commercial space and residential apartment living.

2.2.3 Holroyd Section 94 Development Contributions Plan 2013

The Section 94 Development Contributions Plan provides for local infrastructure to meet the needs of the growing population and includes \$302 million of infrastructure works to be delivered over 20 years. Works

include new open space, traffic and transport works, new community facilities, and public domain works, including \$16 million of new drainage works in the Merrylands CBD.

2.2.4 Holroyd LEP 2013

The Site is largely designated within the R4 Mixed Use Development pursuant to Holroyd LEP 2013.

The objectives of the R4 zoning are to provide:

- To provide for the housing needs of the community within a high density residential environment.
- To provide a variety of housing types within a high density residential environment.
- To enable other land uses that provide facilities or services to meet the day to day needs of residents.

As discussed the B6 zone is located to the west of the site towards Gladstone and Neil Streets.

The objectives of the B6 zoning are to provide:

- To promote businesses along main roads and to encourage a mix of compatible uses.
- To provide a range of employment uses (including business, office, retail and light industrial uses).
- To maintain the economic strength of centres by limiting retailing activity.
- To provide for residential uses, but only as part of a mixed use development.

Figure 4 - Land Zoning Map



Source: Holroyd LEP 2013

In addition to the above, developmental controls specify a maximum FSR of 5:1 and maximum height of buildings of 39/54m controls apply for the Subject Site.

2.3 Summary

The above strategies and policies give impetus to the need to create housing and employment opportunities. This is evident in the 'Plan to Grow Sydney' which emphasises the need to increase the productivity of Western Sydney through growth and investment. To meet this need will require new jobs and housing close to centres and transport.

The advancement of a mixed use development located on the Subject Site is in accordance with this strategy; it would contribute to the provision of commercial floorspace within Merrylands, supporting local employment; and it would also provide a substantial number of additional dwellings within close proximity to the train station.



ECONOMIC IMPACT ASSESSMENT

3.0 ECONOMIC IMPACT ASSESSMENT

The indicative development scenario of a mixed use precinct of almost 760 residential dwellings and around 3,100sqm of retail and commercial space can be expected to generate a number of economic benefits for the locality and for the County of Cumberland as a whole, as described in this Chapter.

These benefits are likely to be in the form of the creation of new employment opportunities, introducing new opportunities for residential and commercial development, and expanded levels of household expenditure on a wide range of retail and other services.

3.1 Economic Impacts from Construction

The proposed development would generate employment and economic activity during construction period. Construction cost is estimated at \$272m. The estimate was made based on the following¹:

- Residential at \$3,000/sqm for a total GFA of 61,047sqm;
- Commercial at \$2,600/sqm for total GFA of 3,093sqm;
- Commercial Fitout at \$600/sqm for a total GFA of 2,629sqm;
- Car parking at \$50,000/space for total of 1,086 spaces;
- A further 10% for contingency, site costs, external works and other miscellaneous items.

3.1.1 Construction Multiplier Effects

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 Australia. The industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of constructed buildings. “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;
 - 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.

The source of the multipliers adopted in this report is ABS Australian National Accounts: Input-Output Tables 2014-15 (ABS Pub: 5209.0). From these tables HillPDA has calculated the first round effects, industrial support effects and consumption induced multiplier effects at rates of \$0.615, \$0.647 and \$0.927 respectively to every dollar of construction.

The table below quantifies the economic multipliers resulting from the construction process.

¹ Source: Rawlinsons 2017

Table 1 - Construction Multipliers (\$m)

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.615	0.647	0.927	3.212
Output (\$million)	272	167	176	252	873

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2014-15 (ABS Pub: 5209.0)

From the table \$272m will generate further economic activity described as:

- First round effects of \$167m;
- Industrial Supported Effects of \$176m; and
- Consumption Induced Effects of \$252m.

Total economic activity generated by construction is therefore estimated at almost \$873m.

Note that the multiplier effects will occur over a national reach and are not necessarily local. The ABS states 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. 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.”

In particular the multiplier impacts can leave the impression that resources would not have been used elsewhere in the economy had the development not proceeded. In reality many of these resources would have been employed elsewhere. It should also be noted, as stated in the NSW Treasury guidelines, that: *“Direct or flow on jobs will not necessarily occur in the immediate vicinity of the project – they may be located in head office of the supplier or in a factory in another region or State that supplies the project”*². Nevertheless, economic multiplier impacts represent considerable added value to the local and broader Australian economy.

3.1.2 Construction Related Employment

It is estimated that the equivalent of 2.16 construction positions over 12 months are created for every one million dollars of construction work undertaken³. Based on \$272m of construction cost, 588 job years⁴ would be directly generated by the development.

² Source: Office of Financial Management Policy & Guidelines Paper: Policy & Guidelines: Guidelines for estimating employment supported by the actions, programs and policies of the NSW Government (TPP 09-7) NSW Treasury

³ Source: ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0)

⁴ Note: One job year equals one full-time job for one full year

Table 2 - Construction Employment

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	0.737	0.818	1.422	3.978
Employment No. per \$million	2.165	1.596	1.772	3.079	8.612
Total job years created	588	434	482	837	2,340

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2014-15 (ABS Pub: 5209.0) adjusted by CPI to 2016

The ABS Australian National Accounts: Input-Output Tables 2014-15 identified employment multipliers for first round, industrial support and consumption induced effects of 0.74, 0.82 and 1.42 respectively for every job year in direct construction. Including the multiplier impacts, the development is estimated to generate almost 2,340 job years directly and indirectly.

3.2 Economic Contribution

The below analysis compares the economic contribution of the Subject Site assuming it is redeveloped under the current Neil St Precinct controls (base case scenario) versus being redeveloped in accordance with the Planning Proposal.

3.2.1 Employment On-site

The proposed development would support permanent employment opportunities post construction. The below table provides an estimate of the jobs that would be supported on the Subject Site under the base case scenario and in accordance with the Planning Proposal.

Table 3 - Operations Generated Employment Post-Development

Land Use	Employment Density*	Neil St Precinct Controls		Planning Proposal	
		Indicative Yields	Total Jobs	Indicative Yields	Total Jobs
Commercial	1 / 25 sqm	479 sqm	19	2,629 sqm	105
Work from Home**	1 / 12 units	615 units	51	720 units	60
Total			70		165

* Source: ABS Retail Survey 1998-99, IBIS World reports and Hill PDA Research;

** 7.6% of workers undertake majority of their work at home (ABS Locations of Work 2008 Cat 6275.0) and based on 1.3 working residents per household and 2.4 occupancy rate for apartments (Cumberland LGA Community Profile, ABS Census 2016) this calculates to 1 job per 12 occupied apartments. We have assumed 95% of apartments would be occupied under both scenarios.

The uses proposed on the Subject Site could support approximately 70 jobs following full development under base case scenario and 165 jobs under the Planning Proposal scenario. Accordingly, the Planning Proposal will provide 95 more jobs than the base case.

3.2.2 Salary Generation

The combined total of workers' remunerations is estimated at approximately \$5m under the base case. The Planning Proposal would increase the combined total of workers' remunerations on site to approximately \$13m as shown in the table below, which equates to net increase of \$8m over the base scenario.

Table 4 - Estimated Salary Generation Post-Development

Land Use	Avg Annual Wage	Neil St Precinct Controls		Planning Proposal	
		Jobs	Total (\$m)	Jobs	Total (\$m)
Commercial	\$88,508	19	\$1.7	105	\$9.3
Work at Home**	\$61,600	51	\$3.1	60	\$3.7
Total		70	\$4.8	165	\$13.0

Source: IBISWorld Industry Reports, ABS and HillPDA Estimate.

3.2.3 Industry Value Added (IVA)

Value added of an industry refers to the value of outputs less the costs of inputs. Its main components include workers remunerations, company profits and taxes. It's also a measure of the contribution that the industry makes to the country's economy or gross domestic product (GDP).

We estimate the IVA under the base case scenario to be \$6m every year. This would increase to \$17m under the Planning Proposal as shown in the table below.

Table 5 - Estimated Industry Value Added Post-Development

Land Use	IVA / Worker	Neil St Precinct Controls		Planning Proposal	
		Jobs	Industry Value Added (\$m)	Jobs	Industry Value Added (\$m)
Commercial	\$117,103	19	\$2.2	105	\$12.3
Work at Home**	\$74,400	51	\$3.8	60	\$4.5
Total		70	\$6.0	165	\$16.8

Source: IBISWorld Industry Reports, ABS and HillPDA Estimate.

Therefore the Planning Proposal would provide a further \$11m every year in added value or contribution to the regional economy.

3.3 Other Economic Benefits

3.3.1 Expenditure from Workers

A recent survey conducted by URBIS found that CBD workers in Australia spend an average of \$230 a week or \$11,000 per annum on retail goods and services in the CBD. However the CBD has a far stronger and more diverse retail offer than Merrylands and so for the purpose of this assessment HillPDA has assumed a more conservative weekly expenditure of \$75 / employee /week⁵ from workers on site in Merrylands (annual spend of \$3,450). With 86 more non-residential workers compared to the base case scenario⁶ this amounts to a further \$0.3m per annum of expenditure captured by Merryland's retailers.

⁵ Assumed 46 working weeks

⁶ Retail Expenditure generated by residents is calculated in the retail demand section

3.3.2 Additional Expenditure in Merrylands

The Planning Proposal will provide around 760 new residential apartments on site, over 100 more apartments than the base case. Assuming 95% of the apartments are occupied and an average occupancy rate of 2.4 persons per apartment⁷ we estimate approximately 250 more residents living on the Subject Site post development compared to the base case.

These additional residents would generate more demand for local retail and commercial goods and services. With an assumed average retail spend of \$13,100 per capita⁸ the residents would spend around \$22.7m every year on retail goods and services. This is \$3.3m more than the base case. Given the retail offer in Merrylands we would expect the majority of that additional spend (say 60% or \$2m) to be captured by existing retailers in Merrylands.

3.3.3 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 to the immediate area.

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

3.3.4 Jobs Closer to Home

There are many benefits associated with providing more jobs closer to home most notably a reduced need to travel by private motor vehicle and reduced pressure on infrastructure. A reduction in the number and length of journeys made, in particular those made in private vehicles, has environmental benefits. There are also lifestyle benefits related to increased free time, reduced travel related stress and reduced road accidents and vehicle emissions. The Planning Proposal will facilitate providing more jobs closer to home through the provision of more apartments and employment generating uses on site.

3.3.5 Housing Supply

The District Plans seeks to “make a wider variety of housing available to suit the changing make-up of the population”⁹ and to “accelerate housing supply”. With a rapidly growing residential population, the supply of housing (and particularly of low cost housing) is under pressure. The impact of Sydney’s well documented low housing supply and high market demand has been to drive the cost of housing upwards. The proposed development would deliver almost 760 new residential apartments in the locality – over 100 more apartments than the current Precinct controls allow – providing additional housing in a highly sought after location.

3.3.6 A Mix of Housing Options

Providing a diverse range of housing options suiting a wide variety of household types, including apartment living will also promote a more diverse community which is arguably more sustainable in the long term, as they are able to patronise a wider range of services and facilities for all age groups.

Apartments also offer a more affordable housing alternative than detached houses and will therefore contribute to housing affordability.

⁷ Based on the Cumberland Community Profile Census 2016

⁸ This is equivalent to the Primary Trade Area average based on Anysite 2017 data.

⁹ Department of Planning and Environment, A Plan for Growing Sydney, page 4 (2014)

High density residential housing in and adjacent to the Town Centre generates activity after work hours and on weekends. This activity improves passive surveillance increasing the sense of security and also encourages local businesses to extend trading hours to capture the additional expenditure generated in the locality.

3.4 Relocating the B6 Zone

The Planning Proposal seeks to rezone the current B6 Business Enterprise zone to R4 High Density Residential and relocate the B6 zone to the southern area of the site in order to provide additional commercial floor space in a more appropriate location adjoining Merrylands Train Station and the future civic plaza.

The proposed location for B6 land is a far superior location for various reasons, outlined below:

- The proposed location optimises exposure to public areas and will facilitate activating public open space in close proximity to the railway station. The concept plans prepared by Plus Architects indicates the proposed B6 zone will be surrounded by new public roads and pedestrian and cyclist pathways as well as public open space with the capacity for high intensity use adjacent to the railway station - thereby meeting the objectives of the zone.
- The current controls locate the commercial space away from the train station and physically separated from the nearby roads which would effectively compromise the ability to meet the zone objectives of the 'enterprise corridor'.
- The proposed location for the B6 will facilitate creating a 'destination precinct' at the train station by creating new connections and improving existing connections to the train station;
- The proposed location for the B6 will maximise opportunities for land use and transport integration a State Government led initiative - through creating higher densities and employment opportunities around transport hubs. The proposed B6 land adjacent to the Station will add to the vibrancy of the Station and new civic plaza and invite greater visitation in the area, job opportunities as well as attracting greater investment. Moreover, the proximity to the Station is likely to improve the viability of above ground floor commercial floorspace. The current location of the B6 zone has greater risk of vacancies due to its fringe location.

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