Attachment A10

Economic and Social Impact Assessment

169-173 VICTORIA STREET & 92-98 BROUGHAM STREET, POTTS POINT

Economic & Social Impact Assessment

Prepared for Oakstand Property Group
May 2020

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INTRODUCTION

This report presents an independent assessment of the need and demand for a proposed accommodation, food and beverage facilities at Potts Point in Sydney. The report also considers the likely economic and social impacts that would result from the proposed development.

This report is structure and presented in **six (6)** sections as follows:

- **Section 1** details the location and context of the subject site. The proposed development scheme is also reviewed.
- **Section 2** details the Study Area likely to be served by the subject development, including current and projected population and retail spending levels over the period to 2036. A review of the socio-economic profile of the Study Area population is also provided.
- **Section 3** highlights other key customer segments that would be served by the proposed development, including tourists and workers.
- **Section 4** summarises the current and future competitive environment within which the development would operate, including retail (and specifically food and beverage), hotels and accommodation, as well as the local residential property market.
- **Section 5** outlines an assessment of the economic potential for the proposed development and provides an assessment of the range of economic impacts, both positive and negative that may result from development at the subject site.
- **Section 6** provides a social impact assessment for the proposed development, highlighting key positive and negative externalities that arise as a result of the subject development.

EXECUTIVE SUMMARY

Key Points to note regarding this independent economic and social impact assessment for the proposed development site, include:

i. The subject site comprises three dilapidated parcels of land in Potts Point that have been progressively acquired by the Harrphil Trust over several years, including:

- **Piccadilly Hotel (171 – 173 Victoria Street):** the hotel was constructed in 1939, with upper levels comprising accommodation for six rooms. The site is now vacant, having closed in 2015.
- **Golden Apple Brothel (169 Victoria Street):** 169 Victoria Street comprises a 4 storey Victorian terrace dwelling, the internal composition of which has been modified for use as a brothel, which is also now vacant.
- **92 – 98 Brougham Street:** a group of three Victorian terraces and unit complex, comprising a combined six dwellings.

ii. The subject site is now proposed to be revitalised and repurposed as a single-use, high-quality boutique hotel with ancillary ground floor food and beverage uses. Each of these components is anticipated to trade strongly, based on significant demand and relevant benchmarks.

iii. The subject site is likely to serve a range of customer segments, including residents, workers, tourists, visitors and students.

iv. The proposed boutique hotel at the subject site will comprise a total of 43 rooms and represent an increase of around 2.1% of the total available hotel rooms in the Study Area. In terms of the total combined accommodation market in the Study Area (3,800 rooms including Airbnb), the subject offer would represent an increase of just 1.1%. At full occupancy (100%), the 43 rooms at the subject site would be estimated to accommodate some 20,000 visitors per year (average of 1.3 visitors per room per night). This would represent just 20% of the average annual increase in overnight visitors (100,000 per annum) recorded over the 2016 – 2018 period to the Kings Cross tourism sub-region – or fewer than three months in overnight visitor growth.

v. Projected sales for the food and beverage component of the development are up to $10.7 million. This level of sales represents around 5.1% of the total available spend market afforded to food and beverage facilities in the Study Area, including from residents, tourists and workers. In this sense, impacts on other food and beverage outlets throughout the area would be well within the normal competitive range of less than 10%, while impacts on the broader total retail market would be lower again. Given the proliferation of food and beverage (as well as other retail facilities) in the area, trading impacts would be spread far and wide.

vi. It is important to note that social impacts are subjective and will be experienced differently by various parts of the community, including local residents and workers/visitors within the broader Study Area. Sections 1 – 4 of this report established the social baseline for the Study Area, highlighting the pre-existing socio-demographic, competitive (retail and accommodation), infrastructure and community conditions or trends.

vii. Based on the social impact assessment in this report, it is concluded that the development will deliver long term positive social and economic impacts for the Study Area, Potts Point, and the Kings Cross precinct, with key considerations summarised as follows:

- **Employment, Income & Economic Activity:** the local community will experience direct impacts and benefits originating from construction and operation of the proposed development, including the creation of some 697 jobs, ongoing wages of some $2.5 million and an additional $15 million in economic activity (revenue).

- **Population & Housing Availability:** the potential loss of six residential dwellings would represent a small proportion of the housing stock throughout the Study Area and these residents would also have the opportunity to re-purchase or find rental properties in the area. A limited range of housing supply would be required to sustain projected population growth throughout the Study Area, with average population growth projected at some 100 persons (63 new dwellings) per annum.

- **Amenity & Services:** the proposed development would provide improved customer amenity, design and aesthetic for the local residents by way of a new and modern development. The revitalisation of vacant and dilapidated site also improves enjoyment of private or public areas.

- **Anchor:** the development would also serve as a key anchor tenant for the precinct that would benefit most shopfronts in the immediate area by increasing destinational appeal, visitation and range of services, while not impacting the future viability of other operators.

- **Safety:** the development is anticipated to provide increased public safety and reduce opportunities for crime, by way of re-activating the largely disused site (perceived or actual). In seeking a liquor licence, the venue will be required to prepare management plan to identify mitigation and management measures that would reduce crime and antisocial behaviour.

- **Third Place:** the development would provide the local community with additional facilities that would serve as a 'third place', or informal settings where people can meet or be comfortably alone while still engaging socially with the community. This provides additional opportunity for social integration and increases prospects of more seamless interactions between the community, which is important for health and wellbeing.

- **Community Aspirations:** the development also aligns with broader community aspirations. The subject development already responds to core community issues and reflects the new positive vision/narrative for the precinct in several ways; bringing new visitation to the area by way of a boutique hotel; giving dilapidated former red-light uses/nightclub (which are characteristic of the old Kings Cross/Potts Point) a new life and identity which better-reflects the evolution of the precinct; enhancing the night-time precinct for business; and, providing the capacity for economic and tourist sector growth and job creation.

1 LOCATION AND COMPOSITION

This section of the report reviews the regional and local context of subject development at Potts Point and provides a summary of the proposed development scheme.

1.1. Regional and Local Context

i. Potts Point is one of Sydney's oldest neighbourhoods, located in the inner-suburbs, approximately 2 km east of the Sydney Central Business District (CBD) (refer to Map 1.1). Potts Point forms part of the City of Sydney Local Government Area (LGA).

ii. The City of Sydney is one the largest and fastest growing local government areas in Australia. The resident population of approximately 246,000, represents 4.6% of Greater Sydney's total population.

iii. The City of Sydney is also a key destination for tourists and visitors both domestically and internationally, with an estimated 625,000 day visitors per day. Due to the large number of visitors who frequent the city, it is home to a large number of hotels and short term accommodation including 60% of Sydney's hotel rooms. Over the past decade the number of visitors staying in city hotels has increased by 1 million arrivals per year, or more than 30%.

iv. Map 1.2 illustrates the local context of the former Piccadilly Hotel (subject site), with key points to note including:

- The former Piccadilly Hotel is located approximately 300 metres north of Kings Cross road.
- Finger Wharf is provided 850 metres north-west of the site, encompassing a hotel, residential apartments, and restaurants.
- Opposite the Eastern Distributor is The Art Gallery@ of NSW, some 1.1.km to the north-west of the site.
- Sydney Hospital is provided adjacent to Martin Place Station, some 2.5 km north-west of the site by road.
- West of the site is St Mary's Cathedral College and Sydney Grammar School, each along College Street and comprising 755 and 1,154 students, respectively.

- Hyde Park is located 1.2 km west of the site.

v. The subject development will be located in a prime and easily accessible location for residents and guests to experience, forming part of the Kings Cross precinct. Access to Potts Point is provided via a range of transportation methods, described as follows:

- Vehicle access is simple, with the subject site situated along Victoria Street and Brougham Street, each accessed from William Street (via Darlinghurst Road).
- The nearest bus stops are provided along Darlinghurst Road, William Street and Macleay Street.
- The nearest train station is Kings Cross Station located a 120-metre walk from the site.
- Taxi/ride share pick up/set down locations are provided at Kings Cross Station (Victoria Street Entrance), as well as along Darlinghurst Road.

vi. Lockout laws were introduced in 2014, which required 1.30am lockouts and 3am last drinks at bars, pubs and clubs in the Sydney CBD entertainment precincts, including Kings Cross. In January 2020, the lockout laws were relaxed across the Sydney CBD, although, these currently remain in place in Kings Cross.

vii. Kings Cross has undergone civic and safety improvements in recent years to ensure Kings Cross remained a regularly-frequented precinct. Some of the key improvements that were made include:

- New CCTV Cameras to ensure people felt safe.
- Better lighting along Bayswater Road and additional signage to improve way-finding and public transport accessibility within the region.
- Improved facilities at Kings Cross Station such as replaced tiles and updated paint work.

viii. The City of Sydney has recently endorsed the Committee for Sydney to examine the ways in which Kings Cross could be reinvented as a night-time precinct, particularly in light of the Covid-19 pandemic:

> *"Kings Cross is one of the most prominent and internationally renowned precincts in Sydney. However, in recent years it has struggled to define the nature its area"*

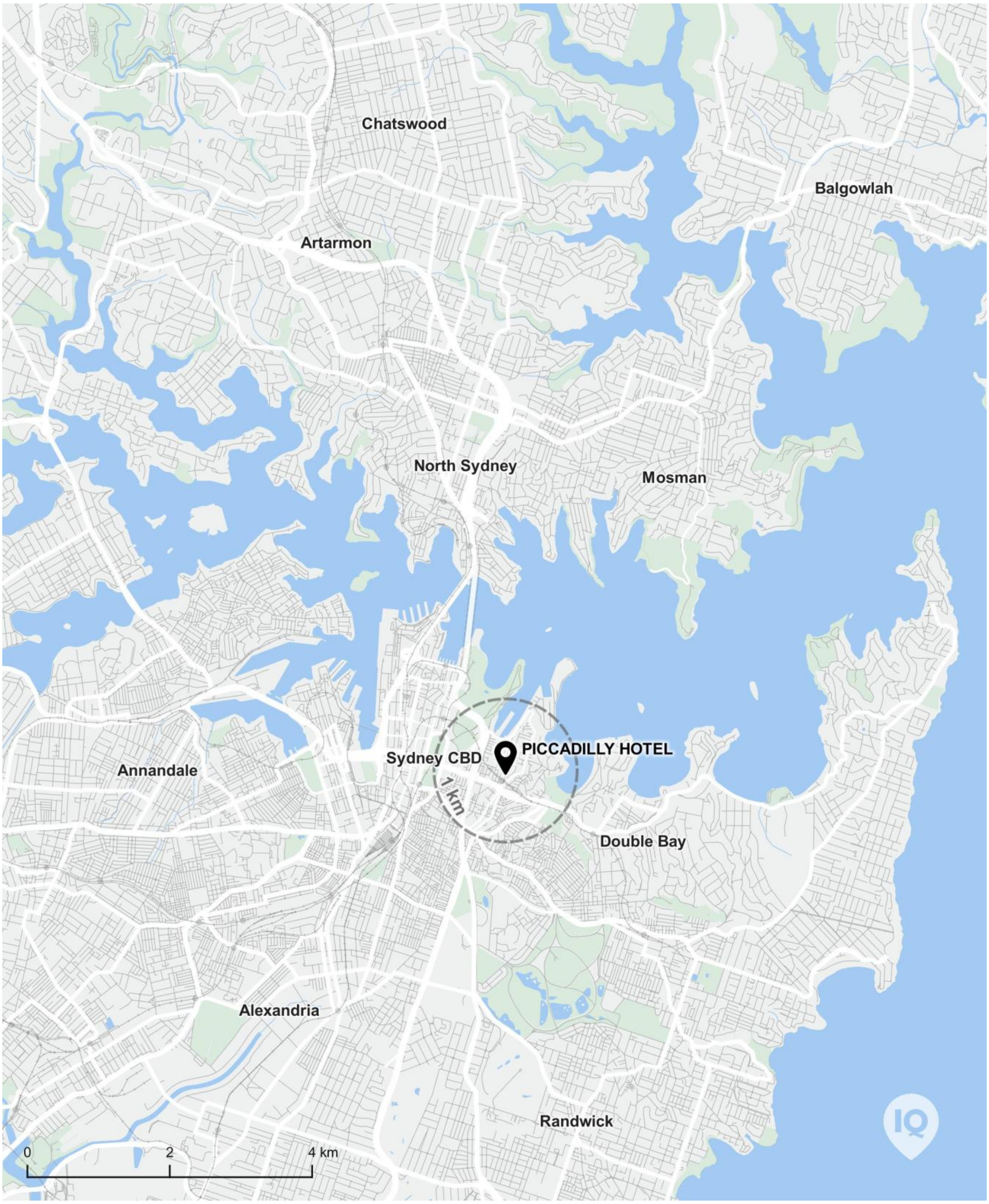
ix. The Committee proposal summarises that the precinct lacked an overall narrative and needed to learn how to balance 'naughty and nice'. Four key areas will be examined in relation to a Night-Time precinct vision for Kings Cross:

- a new positive vision and narrative for the precinct's future;

- a broad and overarching night-time precinct plan for business in the area;
- capacity for business and cultural sector growth and job creation in the precinct; and;
- a road map for advocating on key reforms for the area, in particular the removal of the lockout laws.

x. A report will be produced outlining a precinct vision, recommendations that reflect the community's aspiration for the precinct and a governance framework that enables local leadership to coordinate development of the area. The final night-time precinct vision and strategy is proposed to be launched at the end of the 2020/21 financial year by the Committee for Sydney.

MAP 1.1. REGIONAL CONTEXT



MAP 1.2. LOCAL CONTEXT

- Site
- Shopping Centre
- Retail
- Health
- Education
- Community
- Accommodation
- Transport
- Commercial

PhotoMap by nearmap.com

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1.2. Proposed Development

i. The subject site comprises three dilapidated parcels of land that have been progressively acquired by the Harrphil Trust over several years, including:

- **Piccadilly Hotel (171 – 173 Victoria Street):** the hotel was constructed in 1939, with upper levels comprising accommodation for six rooms. The site is now vacant, having closed in 2015.
- **Golden Apple Brothel (169 Victoria Street):** 169 Victoria Street comprises a 4 storey Victorian terrace dwelling, the internal composition of which has been modified for use as a brothel, which is also now vacant.
- **92 – 98 Brougham Street:** a group of three Victorian terraces and unit complex, comprising a combined six dwellings.

ii. The subject site is now proposed to be revitalised and repurposed as a single-use, high-quality boutique hotel with ancillary ground floor food and beverage uses, including the following key components:

- **Boutique Hotel:** a total of 43 boutique hotel rooms across four levels
- **Food & Beverage:** a total of 1,006 sq.m of food and beverage floorspace across two levels
- **Back of House & Storage:** some 467 sq.m in total

iii. The planning proposal seeks the inclusion of 'Tourist and Visitor Accommodation/Hotel' as an additional permitted use on the site.

TABLE 1.1. PROPOSED DEVELOPMENT COMPOSITION

Development Component	Hotel Accomodation		Food & Beverage	B.O.H / Storage	Total
Level	GFA (sq.m)	Rooms	GFA (sq.m)	GFA (sq.m)	GFA (sq.m)
Lower Ground (Brougham St)	120	4	533	400	1,053
Ground Level (Victoria St)	167	6	473	35	675
Level One	440	19	0	16	456
Level Two	289	14	0	16	305
Total	**1,016**	**43**	**1,006**	**467**	**2,489**

Source: Oakstand

2 RESIDENT STUDY AREA ANALYSIS

This section of the report outlines the Study Area likely to be served by the proposed development, including current and projected population and retail spending levels. The socio-economic profile of the Study Area population is also reviewed.

2.1. Resident Study Area Definition

i. The Study Area for the proposed development supermarket has been defined considering the following.

- The scale and composition of the development
- The provision of existing and proposed retail facilities throughout the region
- Regional and local accessibility
- The pattern of urban development
- Significant physical barriers such as rivers and major roads

ii. Map 2.1 illustrates the defined Study Area for the subject development, which aligns with the Potts Point - Woolloomooloo Statistical Area 2 (SA2) boundary. The Study Area includes the suburbs of Elizabeth Bay, Potts Point, Rushcutters Bay and Woolloomooloo and is bounded by Kings Cross Road to the south, Rushcutters Creek to the west, the Eastern distributor to the east and Sydney Harbour to the north.

2.2. Study Area Population

iii. Tables 2.1 and 2.2 detail the Study Area current and projected population by sector. This information is sourced from the following:

- The 2011 and 2016 Census of Population and Housing undertaken by the ABS.
- New dwelling approval data sourced from the ABS over the period from 2011/12 – 2018/19 (refer Chart 2.1). A total of 310 new dwellings were approved within the main Study Area over this period.

- Population projections prepared at a small area level by forecast.id. These projections are also adopted by the City of Sydney.

- Investigations by this office into new residential developments in the region.

iv. Based on the latest available data from the ABS (Category 3218.0), the Study Area population increased from 24,223 in 2018, to 24,441 persons currently (2019) – or an increase of 218 people. Since 2011, the Study Area population has grown by some 4,761 persons, reflecting significant regeneration.

v. The study area population is projected to increase to 26,141 by 2036, representing an average annual growth rate of around 0.4%, or 100 persons. This aligns with official population projections by forecast.id for the Macleay Street – Woolloomooloo area, which are adopted by the City of Sydney.

vi. The City of Sydney currently comprises some 231,220 residents and is projected to grow to 281,600 by 2036 (based on official State government projections). This represents an average annual growth rate of 2,960 persons, or 1.2% and illustrates the substantial growth occurring throughout the Sydney CBD and surrounds.

vii. Future residential developments over the short to medium term generally consist of modest subdivisions and projects, as illustrated in Map 2.1, including:

- A nearby development at 156 - 158 Victoria Street Development in Potts Point is planned to include Five additional dwellings, with assumed completion by 2021.

- A Billyard Avenue Subdivision will consist of two additional dwellings located in Elizabeth Bay - which is assumed to reach completion by 2021

- A development application has been submitted for 16 units along Orwell Street and is assumed be completed by 2023.

- A new development application is currently submitted and awaiting council decision for 11-13 Greenknowe Avenue. The plan includes some 30 dwellings at Elizabeth Bay and is assumed to be completed by 2023

viii. Previously stronger population growth rates (i.e. 2016 – 2019) reflect the addition of more than 350 dwellings over the period. Omnia is the largest of these developments (comprising 132 dwellings), with several apartments still available for sale.

MAP 2.1. STUDY AREA & RESIDENTIAL DEVELOPMENT

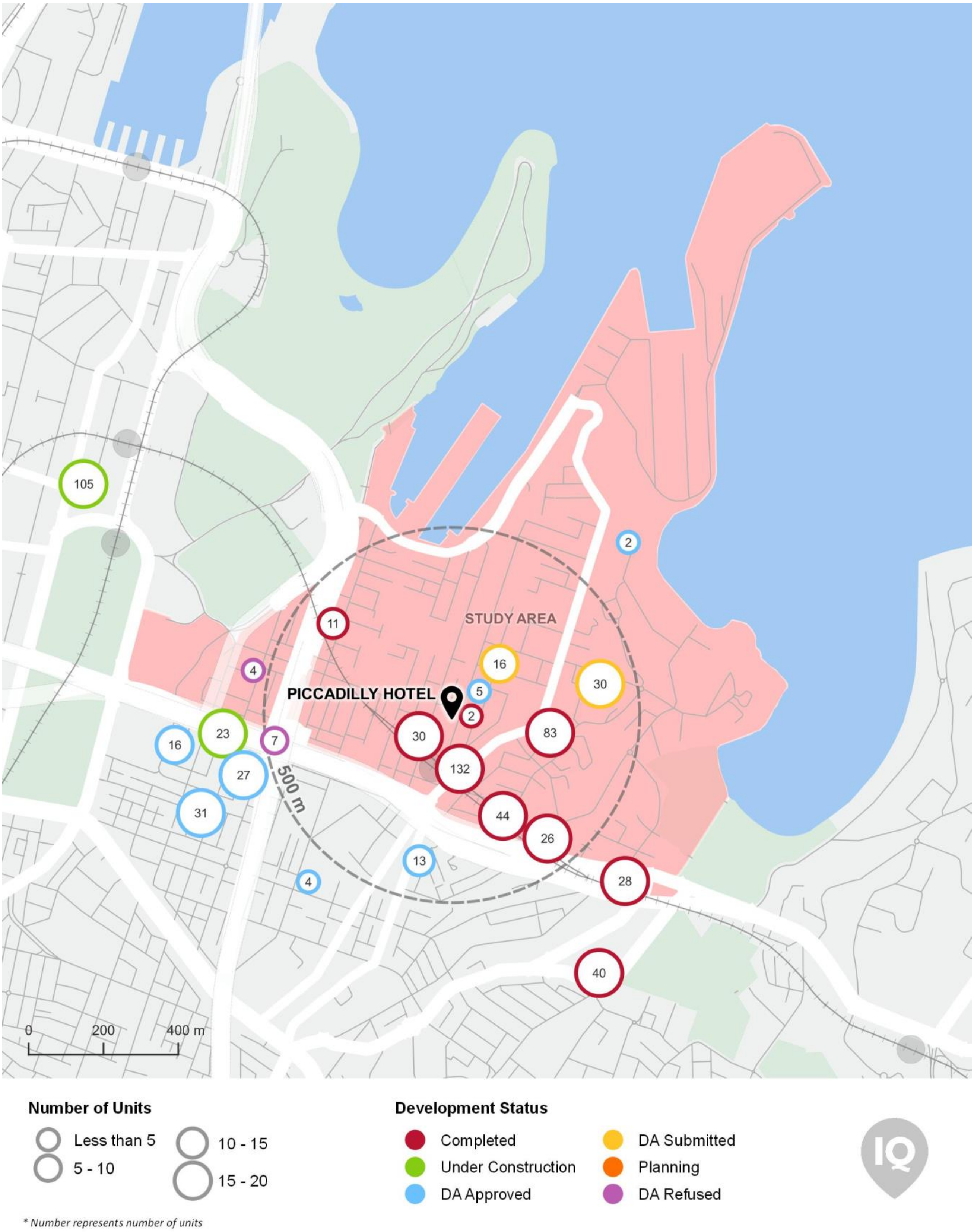
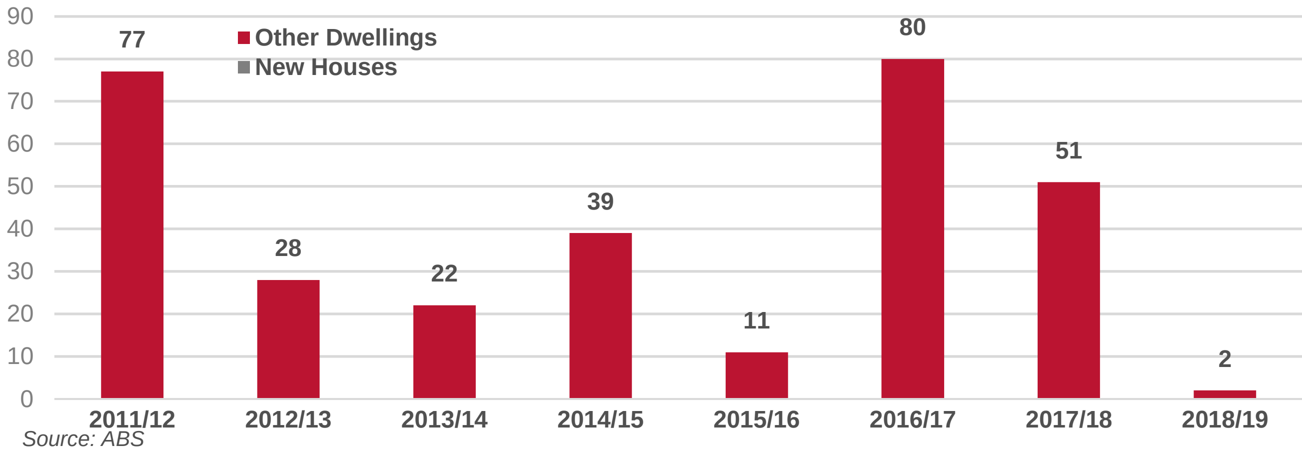


TABLE 2.1. PICCADILLY HOTEL DEVELOPMENT STUDY AREA POPULATION

Population	Actual 2011	2016	2019	2021	Forecast 2026	2031	2036
Study Area	19,680	23,130	24,441	24,641	25,141	25,641	26,141
Average Annual Change (No.)		**Actual 2011-16**	**2016-19**	**2019-21**	**Forecast 2021-26**	**2026-31**	**2031-36**
Study Area		690	437	100	100	100	100
Average Annual Change (%)		**Actual 2011-16**	**2016-19**	**2019-21**	**Forecast 2021-26**	**2026-31**	**2031-36**
Study Area		3.3%	1.9%	0.4%	0.4%	0.4%	0.4%
Syd Metro		*1.9%*	*1.5%*	*1.5%*	*1.3%*	*1.2%*	*1.0%*
Australian Average		*1.7%*	*1.4%*	*1.4%*	*1.4%*	*1.3%*	*1.2%*

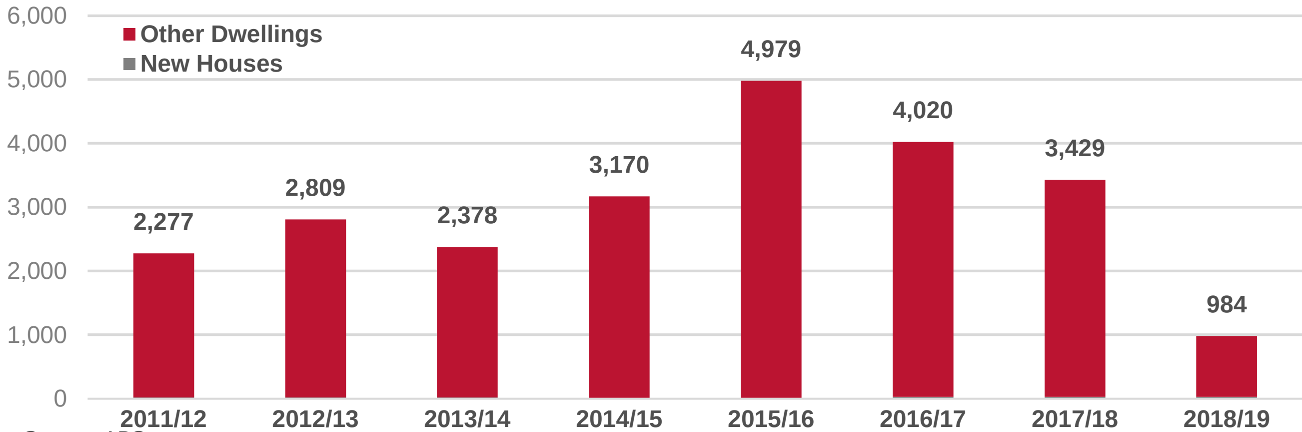
All figures as at June and based on 2016 SA1 boundary definition. *Sources : ABS; SAFi by .id*

CHART 2.1. STUDY AREA NEW DWELLING APPROVALS, 2011/12 – 2018/19



Source: ABS

CHART 2.2. CITY OF SYDNEY NEW DWELLING APPROVALS, 2011/12 – 2018/19



Source: ABS

2.3. Socio-economic Profile

ix. Table 2.3 summarises the socio-economic profile of the Study Area population compared with the Sydney metropolitan and Australian benchmarks. This information is based on the 2016 Census of Population and Housing, with key points to note including:

- Average per capita and household incomes levels are significantly higher than both the Sydney metropolitan and Australian Benchmarks.
- The average household size of 1.6 persons across the Study Area is significantly smaller than the Sydney average of 2.7 persons per household.
- The Study Area consists of a larger proportion of persons aged between 20 and 39 with less than 5% of the population under 20 years of age compared with the Sydney benchmark of closer of 25%.
- Home ownership levels are low, with 67.1% of households renting.
- The area is ethnically diverse, with 42.8% born overseas, including a large European-born population.
- Reflecting the working population, the Study Area contains a high proportion of couples without children and lone persons.

x. In general, the Study Area contains a high proportion of affluent professional couples and singles , reflecting the close proximity of the Sydney CBD, as well as being a culturally diverse area.

xi. Table 2.2 details key socio-economic metrics for the suburb of Potts Point across the 2006, 2011 and 2016 inter-Census periods. As shown, income levels generally increased faster than Sydney benchmark, along with the proportion of households renting. The median aged declined against the broader Sydney trend, while growth in the proportion of overseas born residents also outstripped the benchmark changes.

xii. SEIFA is a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage, based on Census 2016. Chart 2.3 details key socio-economic indexes (SEIFA) for the Study Area suburbs, as well as the Sydney LGA and New South Wales median.

xiii. As shown, the Study Area indexes significantly higher than the median (959) for socio-economic advantage and disadvantage. Generally, residents of the Study Area could be described as highly advantaged as compared with the average New South Wales resident, which reflects the affluent socio-economic profile of local residents and Sydney's inner and eastern suburbs as a whole.

xiv. Overall, the suburb of Potts Point can be described as a predominantly younger, culturally diverse, professional population. Based on recent trends, the socio-economic profile of Potts Point and broader Study Area is likely to become increasingly characterised by younger, affluent professionals, reflecting the popularity of multi-unit residential dwellings and proximity to major employment areas such as the Sydney CBD. This is typical of inner-city locations, with the trend likely to continue over the long term as commercial, industrial, or under-utilised lands surrounding the site continue to be redeveloped for medium – high density living.

xv. This generally represents the social baseline for the Study Area, highlighting the pre-existing socio-demographic environment, conditions and trends. This provides a benchmark against which impacts can be assessed, including demographics, social and cultural well-being indicators and conditions.

TABLE 2.2. MAIN STUDY AREA SOCIO-ECONOMIC PROFILE, 2016 CENSUS

Characteristics	Study Area	Syd Metro Average	Aust Average
Income Levels			
Average Per Capita Income	$80,740	$42,036	$38,500
Per Capita Income Variation	92.1%	n.a.	n.a.
Average Household Income	$127,299	$115,062	$98,486
Household Income Variation	10.6%	n.a.	n.a.
Average Household Size	1.6	2.7	2.6
Age Distribution (% of Pop'n)			
Aged 0-14	3.3%	18.6%	18.5%
Aged 15-19	2.0%	6.0%	6.1%
Aged 20-29	26.3%	15.0%	13.9%
Aged 30-39	26.3%	15.6%	14.0%
Aged 40-49	14.4%	13.8%	13.6%
Aged 50-59	11.2%	12.2%	12.8%
Aged 60+	16.6%	18.9%	21.2%
Average Age	40.4	37.6	38.6
Housing Status (% of H'holds)			
Owner/Purchaser	32.9%	64.7%	67.9%
Renter	67.1%	35.3%	32.1%
Birthplace (% of Pop'n)			
Australian Born	57.2%	61.9%	72.9%
Overseas Born	42.8%	38.1%	27.1%
• Asia	9.3%	18.6%	10.7%
• Europe	15.5%	7.7%	8.0%
• Other	18.0%	11.8%	8.4%
Family Type (% of Pop'n)			
Couple with dep't children	10.7%	48.8%	45.2%
Couple with non-dep't child.	1.4%	9.2%	7.8%
Couple without children	40.3%	20.2%	23.0%
Single with dep't child.	3.6%	8.0%	8.9%
Single with non-dep't child.	2.2%	4.1%	3.7%
Other family	1.2%	1.2%	1.1%
Lone person	40.5%	8.5%	10.2%

Sources: ABS Census of Population and Housing 2016

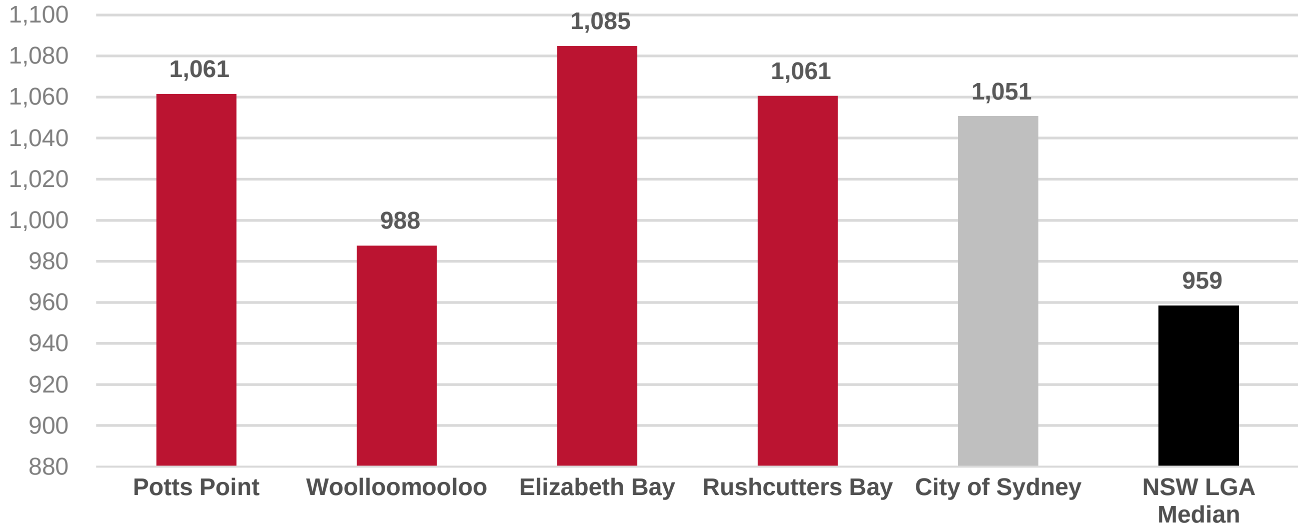
TABLE 2.3. POTTS POINT SOCIO-ECONOMIC CHANGES, 2006 - 2016 CENSUS

Characteristics	Piccadilly Hotel Study Area 2006	2011	2016	Sydney Metro 2006	2011	2016
Median Weekly Income						
Personal	$921	$1,103	$1,330	$518	$619	$719
Household	$1,133	$1,506	$1,842	$1,154	$1,683	$1,750
Age						
Median Age	35	35	32	35	36	36
Birthplace (% of Pop'n)						
Australian Born	42.7%	48.9%	38.2%	60.4%	59.9%	57.1%
Overseas Born	57.3%	51.1%	61.8%	39.6%	40.1%	42.9%
Household Size & Structure						
Average Household Size	1.5	1.5	1.5	2.7	2.7	2.8
Couple with children	10.3%	12.2%	10.3%	49.3%	48.9%	49.5%
Housing Status (% of H'holds)						
Renter	44.2%	63.2%	65.9%	29.7%	31.6%	34.1%

Sources: ABS Census of Population and Housing 2001 - 2016

denotes increasing

CHART 2.3. SEIFA – SOCIO-ECONOMIC ADVANTAGE & DISADVANTAGE



Source: ABS Cat 2033.0.55.001

2.4. Main Study Area Retail Expenditure Capacity

i. The estimated retail expenditure capacity of the Study Area population is based on information sourced from MDS Market Data Systems. MDS utilises a detailed micro-simulation model of household expenditure behaviour for all residents of Australia.

ii. The MDS model takes into account information from a wide variety of sources, including the regular ABS Household Expenditure Survey, National Accounts Data, Census Data and other information. MarketInfo estimates used in this analysis are based on the 2016 release, benchmarked against the latest National Accounts Data, released by the ABS. All figures presented in this report are in constant 2019 dollars and include GST.

iii. Chart 2.4 illustrates the retail expenditure levels per person across the Study Area, as compared with the Sydney Metropolitan average. As shown, total retail expenditure per capita for Study Area residents is significantly higher than the Sydney Metropolitan benchmark across all categories.

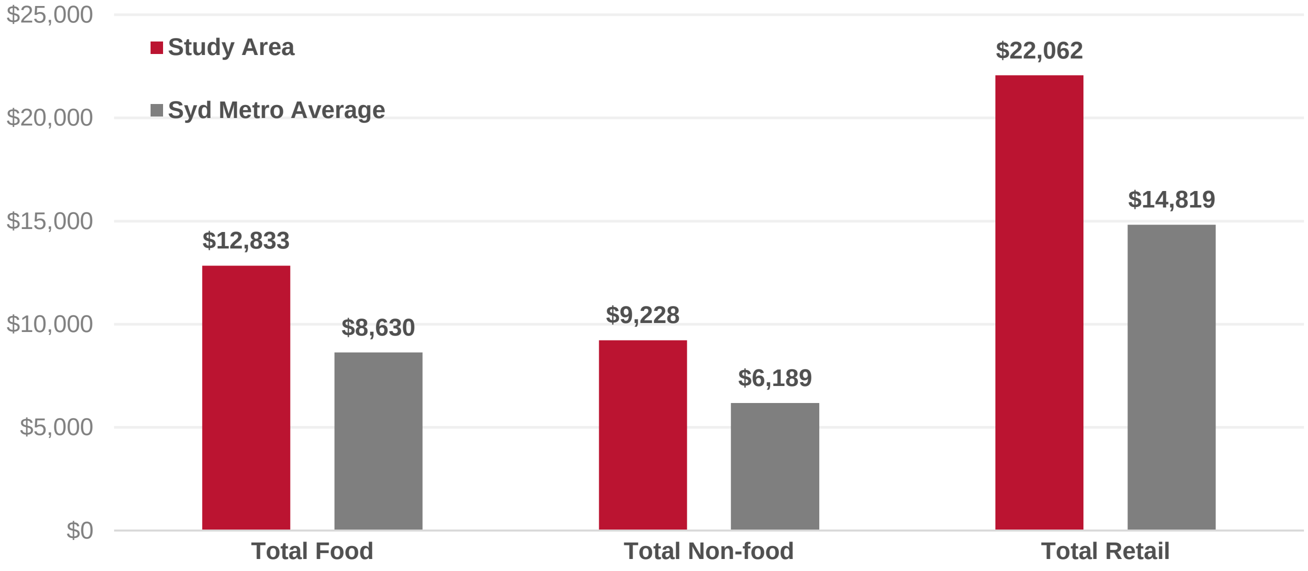
iv. Study Area retail expenditure is currently estimated at $534.3 million and is projected to increase to $661.3 million by 2036, representing an average annual growth rate of 1.3% (refer Table 2.3). All figures presented in this report are in constant 2019 dollars and include GST.

v. The average annual retail spending growth rate of 1.3% reflects the following:

- Real growth in retail spending per capita of 0.5% annually for food retail and 1.0% for non-food retail over the period to 2035/36 This is in-line with the national averages. Real growth in retail spending refers to the increase in retail sales consumption of a household adjusted for changes in prices.
- Study Area population growth of around 0.4% per annum.

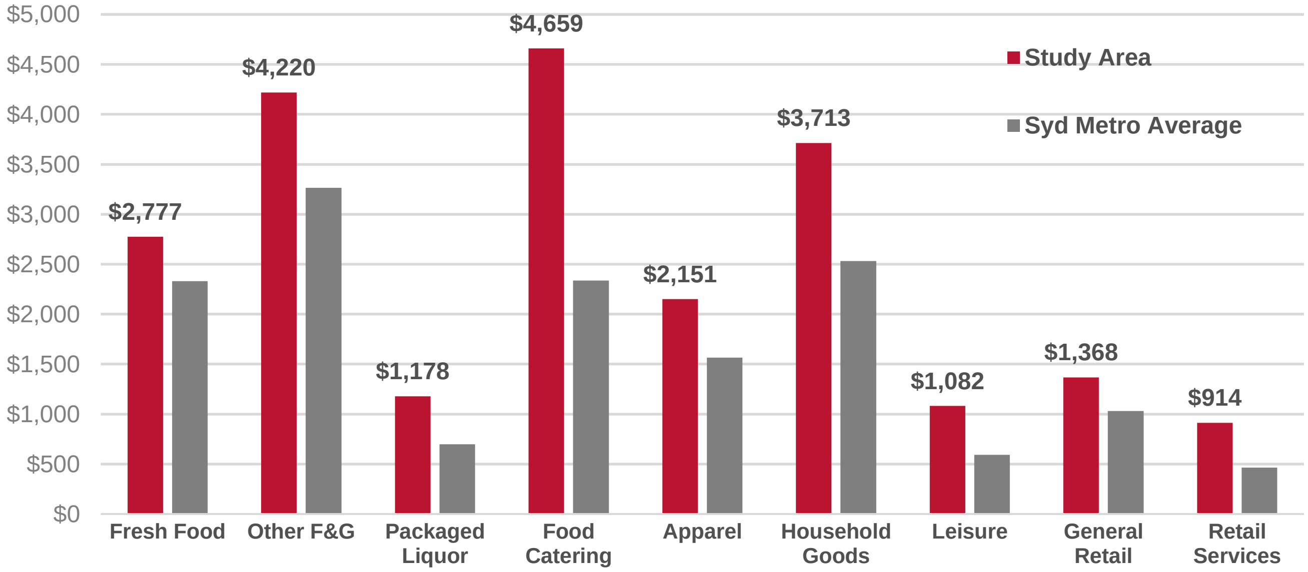
vi. Table 2.4 presents a breakdown of retail spending by key commodity group, indicating the largest spending market is food and liquor at $198.0 million, representing 37.1% of the total retail spending market.

CHART 2.4. AVERAGE PER CAPITA RETAIL SPENDING, 2018/19



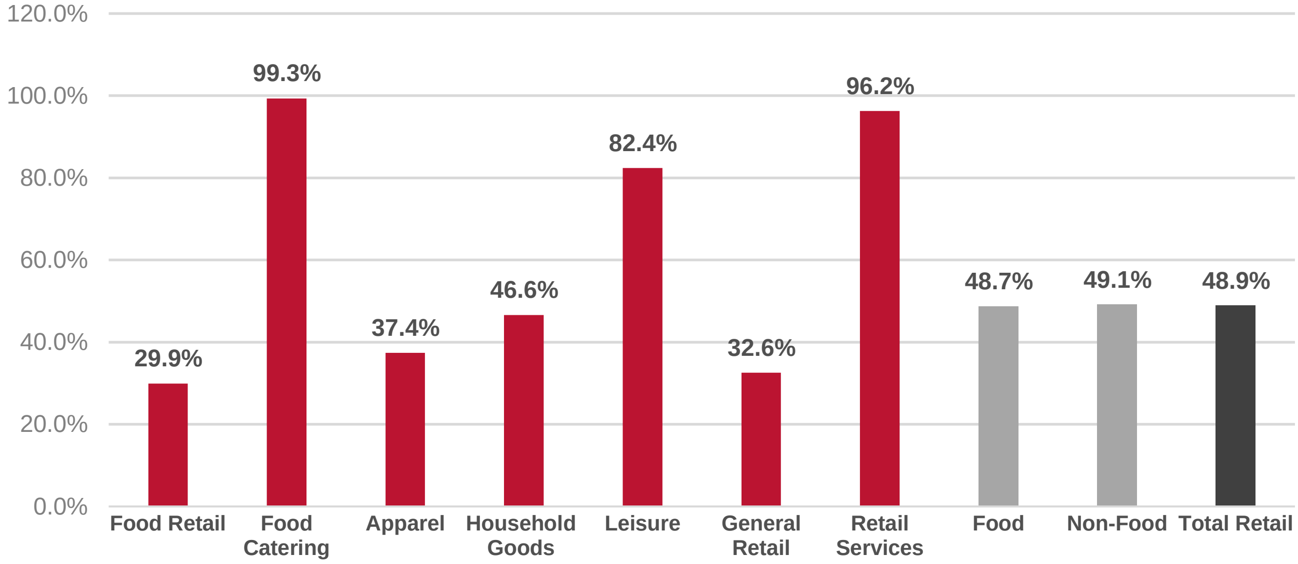
Source: Marketinfo

CHART 2.5. AVERAGE PER CAPITA RETAIL SPENDING, 2018/19



Source: Marketinfo

CHART 2.6. AVERAGE PER CAPITA RETAIL SPENDING, VARIATION FROM THE SYDNEY METRO BENCHMARK 2018/19



Source: Marketinfo

TABLE 2.4. MAIN STUDY AREA RETAIL EXPENDITURE BY KEY COMMODITY GROUP, 2019 – 2036

Y/E June	Food & Liquor	Food Catering	Apparel	H'hold Goods	Leisure	General Retail	Retail Services	Total Retail
2019	198.0	112.8	52.1	89.9	26.2	33.1	22.1	534.3
2020	201.2	115.2	53.2	91.8	26.8	33.8	22.6	544.7
2021	203.0	116.9	54.0	93.1	27.1	34.3	22.9	551.4
2022	204.9	118.5	54.7	94.4	27.5	34.8	23.3	558.2
2023	206.7	120.2	55.5	95.8	27.9	35.3	23.6	565.0
2024	208.6	121.9	56.3	97.1	28.3	35.8	23.9	571.9
2025	210.5	123.6	57.1	98.5	28.7	36.3	24.2	578.9
2026	212.4	125.3	57.9	99.9	29.1	36.8	24.6	586.0
2027	214.3	127.1	58.7	101.3	29.5	37.3	24.9	593.1
2028	216.2	128.9	59.5	102.7	29.9	37.8	25.3	600.3
2029	218.2	130.7	60.3	104.1	30.4	38.4	25.6	607.6
2030	220.1	132.5	61.2	105.6	30.8	38.9	26.0	615.1
2031	222.1	134.3	62.0	107.1	31.2	39.4	26.4	622.5
2032	224.1	136.2	62.9	108.6	31.6	40.0	26.7	630.1
2033	226.1	138.1	63.8	110.1	32.1	40.6	27.1	637.8
2034	228.1	140.0	64.7	111.6	32.5	41.1	27.5	645.5
2035	230.1	142.0	65.6	113.1	33.0	41.7	27.9	653.3
2036	232.1	144.0	66.5	114.7	33.4	42.3	28.2	661.3
Expenditure Growth								
2019-2021	5.1	4.0	1.9	3.2	0.9	1.2	0.8	17.1
2021-2026	9.4	8.5	3.9	6.7	2.0	2.5	1.7	34.6
2026-2031	9.7	9.0	4.2	7.2	2.1	2.6	1.8	36.6
2031-2036	10.1	9.6	4.4	7.7	2.2	2.8	1.9	38.7
2019-2036	34.2	31.1	14.4	24.8	7.2	9.1	6.1	127.0
Average Annual Growth Rate								
2019-2021	1.3%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.6%
2021-2026	0.9%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.2%
2026-2031	0.9%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.2%
2031-2036	0.9%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.2%
2019-2036	0.9%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.3%

**Constant 2018/19 dollars & Including GST*
Source : Marketinfo, Location IQ

3 TOURISTS & OTHER CUSTOMER SEGMENTS

This section of the report provides a review of the key tourism market along with a brief overview of workers within the defined Study Area.

3.1. Tourists

i. The subject development would be likely to serve tourists and visitors to Kings Cross, as well as Sydney, by way of its convenient location and proximity to each hub.

3.1.1. Visitors to Sydney

i. Popular precincts throughout Inner Sydney tend to attract customers from the entire metropolitan area, as well as domestic and international visitors to Sydney.

ii. Table 3.1 details the number of visitors to Sydney for the year ending September 2019. This information is sourced from Destination NSW. In total, some 42.6 million international, domestic and day trippers have visited the Sydney area, including 26.1 million domestic day trippers (61%), 12.3 million domestic overnight visitors (29%) and 4.1 million international visitors (10%).

iii. In the year to September 2019, all visitor segments grew. Overall visitor growth was recorded at 14.3%, which was primarily driven by day trippers and domestic overnight visitors. These visitors were estimated to spend a total of $22.6 billion within the Sydney economy. Tourists typically spend on a range of items including food catering, giftware and souvenirs and apparel.

iv. Combining the domestic overnight visitor nights (33.5 million) with the international visitor nights (83.0 million), tourists stayed a total of some 116.6 million visitor nights in the Sydney area for the year ending September 2019. Dividing 116.6 million by the number of days in the year (365) means that domestic overnight and international visitors are the equivalent of an additional 319,500 permanent residents for retail facilities provided around the Sydney area. This equates to more than 6% of the Sydney metropolitan resident population.

TABLE 3.1. SYDNEY TOURISM DATA, YEAR ENDING SEPTEMBER 2019

Category	Domestic Day Trippers	Domestic Overnight	International	Total Visitors
Visitors ('000)	26,097	12,348	4,110	**42,555**
Annual change	16.7%	14.3%	1.3%	**14.3%**
Visitor Nights ('000)	n.a.	33,572	83,061	**116,633**
Expenditure ($M)	$2,944	$9,273	$10,397	**$22,614**
Average length of stay (nights)	n.a.	2.7	20.2	**n.a.**
Average expenditure per visitor ($)	n.a.	$751	$2,530	**$1,374**
Average expenditure per night ($)	n.a.	276	125	**194**

Source: Destination NSW, September 2019

3.1.2. Visitors to Kings Cross

i. Specific data for popular precincts in Sydney is also produced by Destination NSW (refer Chart 3.1), including Kings Cross. It is important to note that this data excludes the contribution of day trippers. Given that day trippers accounted for some 61% of total Sydney visitors, the 1.3 million visitor figure reported by Destination NSW is likely to be (in reality) significantly higher.

ii. Chart 3.2 details the number of visitors to Kings Cross over the seven year period to 2018. In total, some 1.3 million international and domestic tourists visited the Kings Cross area in 2018, including 679,600 international visitors (53.8%) and 584,200 domestic overnight visitors (46.2%). Again, this data excludes the contribution of day trippers.

iii. Key details to note regarding international and domestic overnight visitors to Kings Cross includes:

- The majority of international visitors to Kings Cross came for the purpose of Holiday (72%), followed by Visiting Friends and Relatives (22%), Education (7%), Business (6%) and Employment (3%).
- The top international markets who visited Kings Cross were UK (12%), USA (11%), China (9%), Germany (6%) and New Zealand (5%). Visitors from Singapore and Switzerland recorded the strongest growth rates over the previous year, up 50% and 26% respectively.
- The most popular activities for international visitors to Australia who visited Kings Cross were eating out at restaurants and cafes (95%), sightseeing (88%), going to the beach (84%), shopping (84%), visiting national parks / state parks (68%) and botanical and other gardens (61%).

- Over half (56%) of international visitors who visited Kings Cross were unaccompanied travellers (48% in their 20s), 20% travelled as an adult couple (43% aged 55 and over), 12% with their friends and relatives, and 10% travelled with their family.
- The youth market (15-29 years) accounted for 44% of the total international visitors to Kings Cross. The second largest age group was 30 to 39 year olds (18%), followed by the 60 and over (13%).
- Majority (57%) of all international visitors to Kings Cross were first time visitors to Australia and 96% were fully independent travellers (i.e. did not join a group tour).

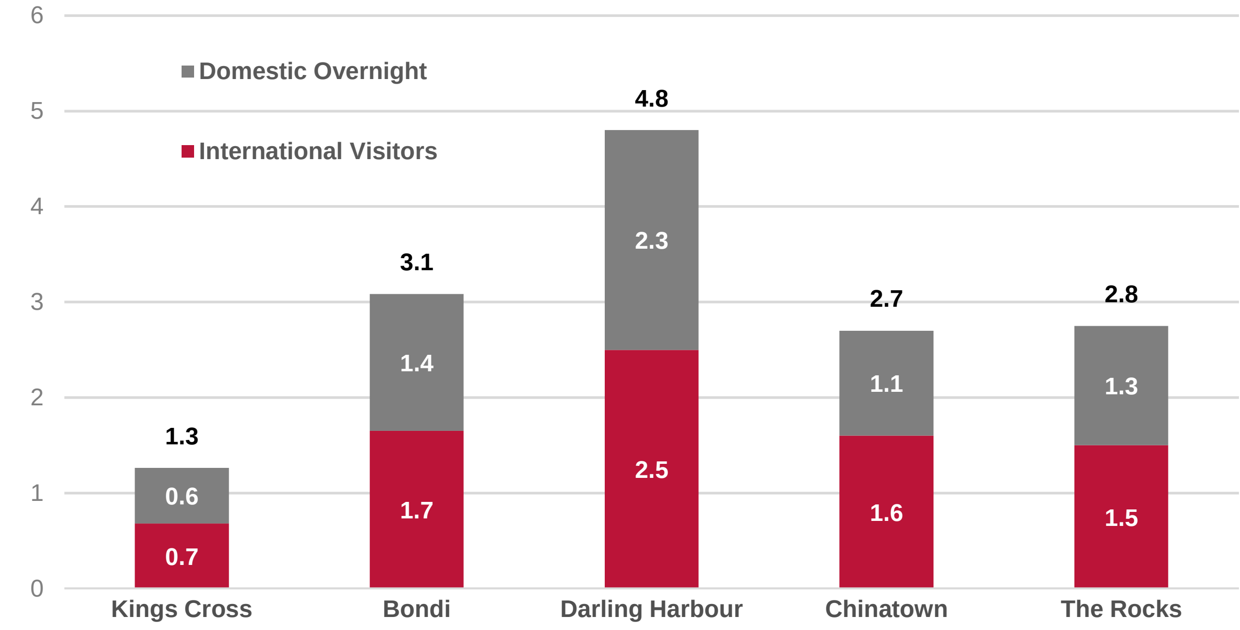
iv. Combining the domestic overnight visitor nights (584,200) with the international visitor nights (679,600 million), tourists stayed a total of some 1.3 million visitor nights in the Kings Cross area in 2018. Dividing 1.3 million by the number of days in the year (365) means that domestic overnight and international visitors are the equivalent of an additional 3,462 permanent residents for retail facilities provided around the precinct. This equates to 14.2% of the Study Area population.

v. As outlined above, it is difficult to accurately determine the level of day trip visitors to Kings Cross given the lack of publicly available data. It is most likely that the level of day tripper visitation would follow a similar trend to that of domestic overnight visitors, and as a result, visitors likely make up an even greater proportion of the daily population in the Study Area.

vi. The Sydney lockout laws had a significant impact on visitors to Kings Cross, after their introduction in 2014. However, importantly (as shown in Chart 3.2), the overall level of visitors to Kings Cross has recently reached levels which were experienced prior to the introduction of the lockout laws in 2014.

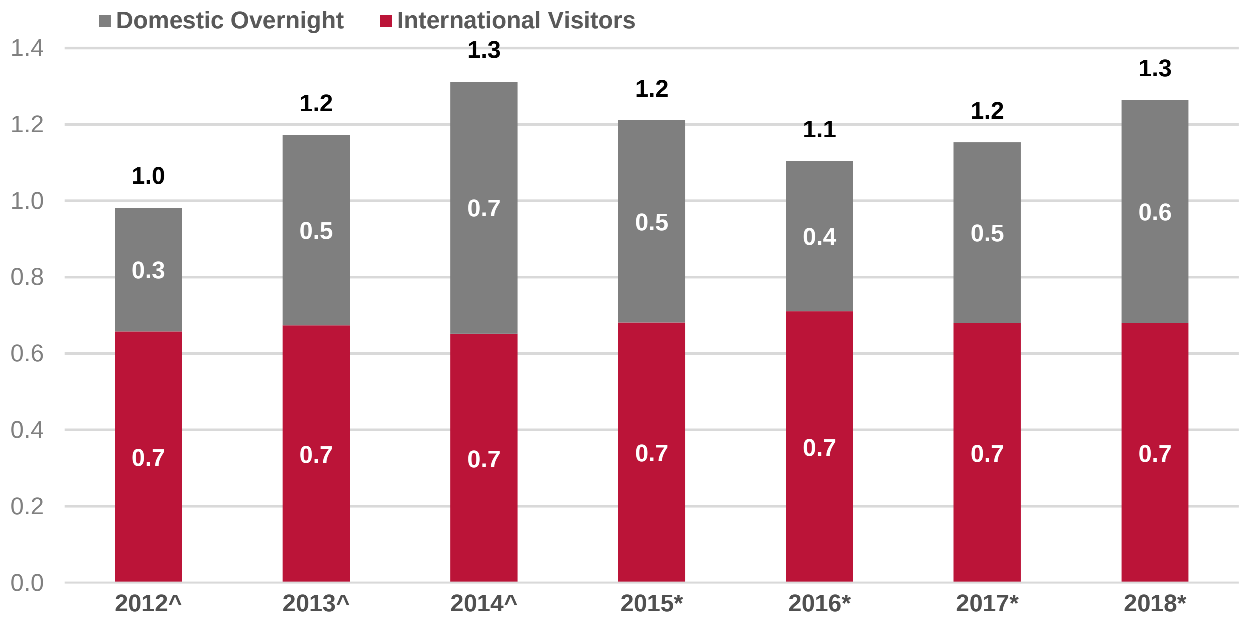
vii. This trend aligns with the visitor survey which indicated that the most popular activity for international visitors to Australia who visited Kings Cross was eating out at restaurants and cafes (95%) – indicating a possible shift away from being a nightlife destination (clubs etc) and toward being an around-the-clock dining precinct.

CHART 3.1. MAJOR SYDNEY PRECINCT VISITORS (MILLION)



Source: Destination NSW. Latest available data for each precinct.

CHART 3.2. KINGS CROSS VISITORS, 2012 - 2018



*Source: Destination NSW. ^ denotes data YE Sept. * denotes data YE Dec.*

3.1.3. Visitor Expenditure

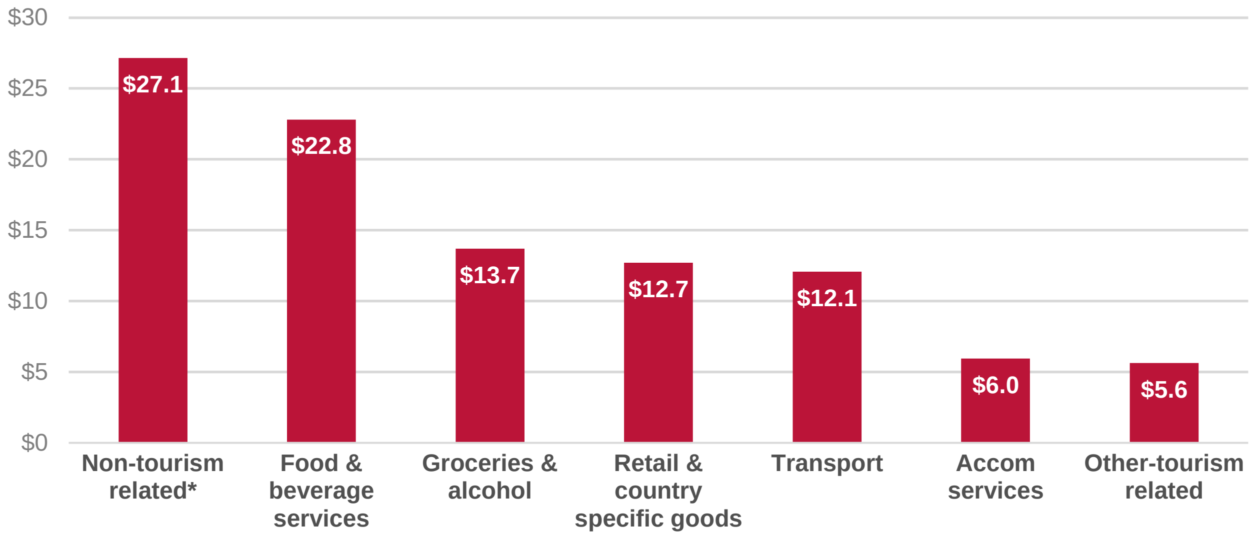
i. As detailed above, visitors to Sydney were estimated to spend a total of $22.6 billion across the Sydney economy for the year ending September 2019. A partnership between Destination NSW and Westpac has recently published expenditure at category level for visitors who reside more than 50 km from Sydney.

ii. The data is presented at an average level and on a per $100 basis. Chart 3.3 details the category expenditure for visitors to Sydney in January 2020. The information presented in Chart 3.3 is interpreted as a breakdown of total expenditure for ever $100. It is important to note that this data presents retail expenditure only and as such, accommodation costs are excluded from the analysis.

iii. The largest single expenditure category is food and beverage services at $22.81 for every $100. It is important to note that specific expenditure data is not available for the Study Area itself. Despite this, it would be expected that food and beverage expenditure would be higher in the Study Area given the significant number of traders in this category, the overall attraction of Kings Cross as a dining and entertainment precinct, as well as visitor survey results.

iv. Shopping centres within the Sydney CBD can achieve around 25% - 30% (and higher) of total sales from beyond the respective trade areas, reflecting this large tourist market. For Kings Cross, given the precinct's arterial location and attraction, expenditure from beyond the main trade area (visitors and tourists) would also be estimated at a higher level, in the order of 40%-50%.

CHART 3.3. SYDNEY VISITOR RETAIL EXPENDITURE PER $100 SPENT, JANUARY 2020



Source: Destination NSW and Westpac.
** includes goods and services provided from a variety of industries (e.g. building and construction, healthcare, banking etc.).*

3.2. Workers

i. Information in this sub-section is based on Journey to Work data released by the ABS, which presents a profile of the workforce within the defined region. This information is based on the 2016 Census of Population and Housing and is a combination of destination travel zones.

ii. Table 3.2 provides an outline of the Study Area worker characteristics indicating that the number of was recorded at 14,950 as at 2016. Since the previous Census (2011), the number of workers has increased from 10,950 which represents an average annual increase of 6.4%.

iii. This substantial growth has been experienced despite the introduction of lockout laws in Kings Cross during this period. As at 2016, the average age of workers in the Study Area was lower than the Sydney benchmark while average incomes were higher.

iv. Map 3.1 illustrates the level of workers across each Journey to Work boundary within and immediately surrounding the Study Area. As shown, the greatest concentration of workers is located within Kings Cross. This reflects a greater propensity to live/work in the same suburb/location.

v. Workers primarily spend on food catering, giftware, leisure and apparel items during their lunch break. Typically, it is estimated that 15% - 20% of workers expenditure will be directed to retail facilities near their place of work.

vi. In order to identify the spending patterns of the worker population, resident spending patterns within a 10 km radius of the site have been used as a proxy. It is assumed that the workers within the locality generally live within 10 km of their place of work.

vii. Table 3.2 outlines the retail expenditure levels generated by the worker trade area population. The total retail expenditure level of the worker trade area population (2016 base) is currently estimated at around $261.4 million. All figures presented in this report are in inflated dollars and include GST.

viii. It is important to note that a proportion of this market is likely to be a sub-set of the residential spending market, as some workers would live within the resident trade area. However, residents who both live and work within the Study Area would have the opportunity to use the retail facilities at the site more regularly than if they worked elsewhere.

ix. Workers primarily spend on food catering, giftware, leisure and apparel items during their lunch break. Typically, it is estimated that 15% - 20% of workers expenditure will be directed to retail facilities near their place of work. Relevantly, food catering spending including at bars and restaurants at night time forms an important component of spending directed to retail facilities near a worker's place of employment.

x. In this instance, the amount of retail expenditure directed to retail facilities within and immediately beyond the Study Area is estimated to be in the order of $39 million - $52 million.

TABLE 3.2. WORKER SNAPSHOT & EXPENDITURE ESTIMATES

Characteristics	Study Area	Sydney Metro Average
Socio-economic Profile		
Population (2016)	14,950	2,209,136
Average Age	38.8	40.4
Average Income	$1,444	$1,290
Industry Split		
White Collar Workers (%)	54.4%	56.0%
Blue Collar Workers (%)	43.5%	42.1%
Other (%)	2.0%	1.9%
Retail Expenditure (2019)**		
Est Retail Expenditure Per Capita ($)	$17,483	n.a.
Total Worker Retail Expenditure	$261.4M	n.a.
Retail Expenditure Near Place of Work (15%-20%)	$39.2M - $52.3M	n.a.

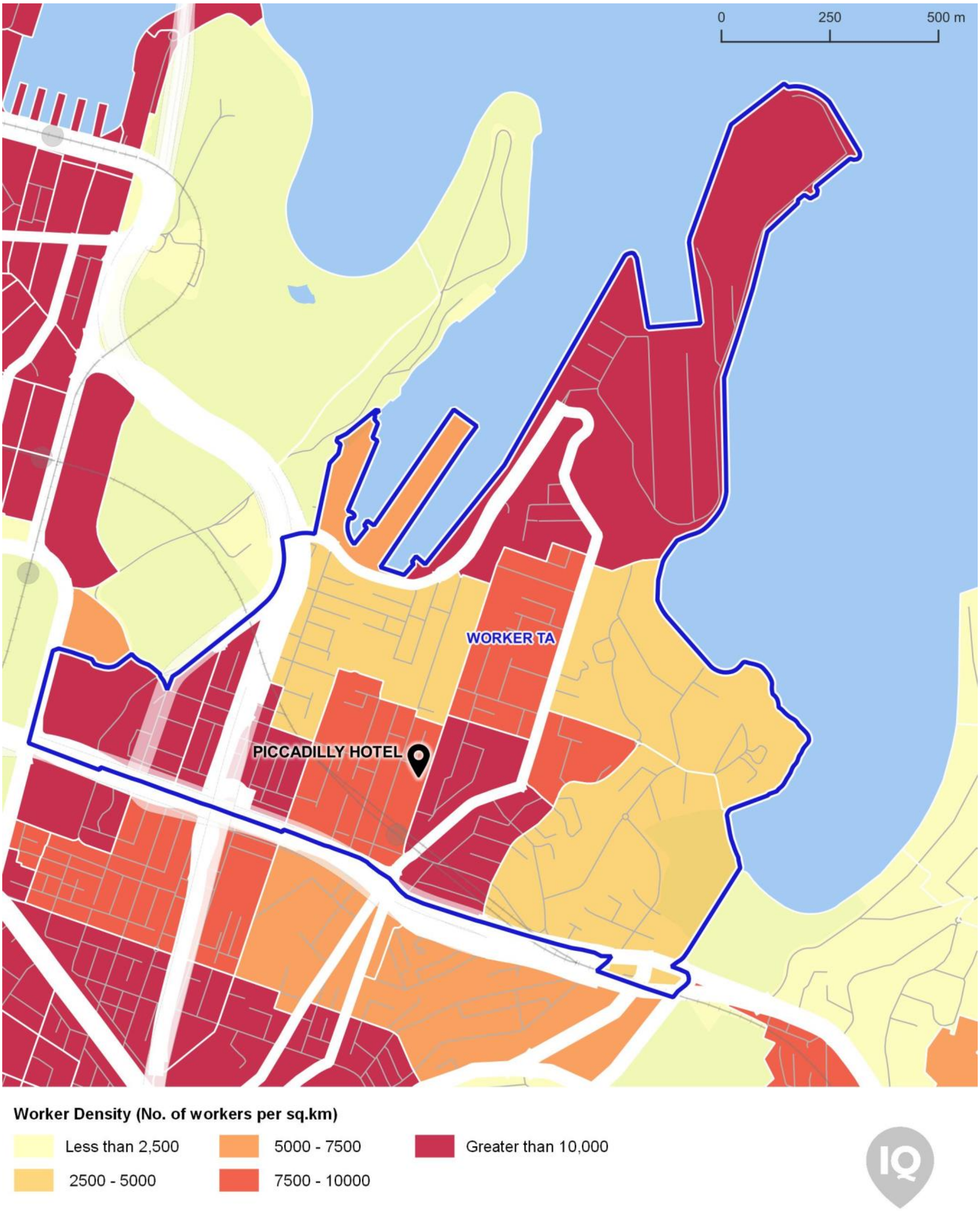
**Based on 2016 Census*
***Based on 10km resident spend market as a proxy*

3.3. Summary

i. The subject site is likely to serve a range of customer segments, including residents, workers, tourists, visitors and students.

ii. As a destinational precinct that will continue to evolve over time, it is important for the area to provide a diverse range of retail and complementary non-retail facilities that have broad appeal to all markets. This will ensure the area can remain popular, but also be revitalised/renewed in order to attract additional spending and visitation.

MAP 3.1. WORKER TRADE AREA



4 COMPETITIVE ENVIRONMENT

This section of the report reviews the surrounding competitive environment of greatest relevance to the subject site, namely retail (including food and beverage), accommodation and residential.

4.1. Retail Supply

4.1.1. Convenience Retail

i. The major retail precincts in the immediate area surrounding the site are detailed in Table 4.1 and include:

- The largest shopping centre within the Study Area is Kings Cross Centre which is anchored by Coles supermarket of 2,500 sq.m. The neighbourhood shopping centre includes some 24 specialty shops with a focus on food catering tenants, across some 4,600 sq.m total GLA.
- Omnia Centre is a relatively new mixed-use development in close proximity to Kings Cross Station. The centre includes a Woolworths Metro of 900 sq.m on level one with a limited number of specialty shops on the ground level.
- The Village Centre on Springfield is also located within Potts Point. The centre is anchored by a Harris Farm Markets on the lower ground level. A number of restaurants and cafes are also located in the surrounding area.
- A number of convenience focused, free standing supermarkets are also provided in the Study Area. This includes two Woolworths Metro stores provided at Potts Point and Wooloomooloo respectively.

ii. It is important to note that the majority of retail facilities in the Study Area operate as free standing tenants or as part of a strip-based precinct. The strongest strip in the Study Area is along Darlinghurst Road (Kings Cross). Other strips provide more dispersed retail facilities such as along MacLeary Street and Victoria Street, which includes the subject site.

TABLE 4.1. CONVENIENCE RETAIL WITHIN STUDY AREA

Convenience Retail Within Study Area	Shopfront GLA (sq.m)	Anchor Tenants	Dist. From Site (km)
Omnia Centre	1,200	Woolworths Metro (900)	0.1
Kings Cross Centre	4,600	Coles (2,500)	0.3
The Village Centre on Springfield	2,000	Harris Farm (700)	0.3
Woolworths Metro - Potts Point	1,900		0.6
Friendly Grocer - Wooloomooloo	200		0.7
Woolworths Metro - Woolloomooloo	1,000		0.9

Source: Location IQ

4.1.2. Major Retail Facilities

i. The nearest concentration of major retail facilities to the subject site is the Sydney CBD. The majority of retail floorspace is located within this core area is focused around the extensive George Street and Pitt Street retail strips.

ii. The Pitt Street pedestrian mall is bounded by King Street to the north and Market Street to the south. Westfield Sydney is the largest component of Pitt Street Mall. The centre is provided across seven levels and is anchored by Myer and David Jones department stores as well as a number of high profile mini-major tenants including JB Hi-Fi, Country Road, Mimco and Zara.

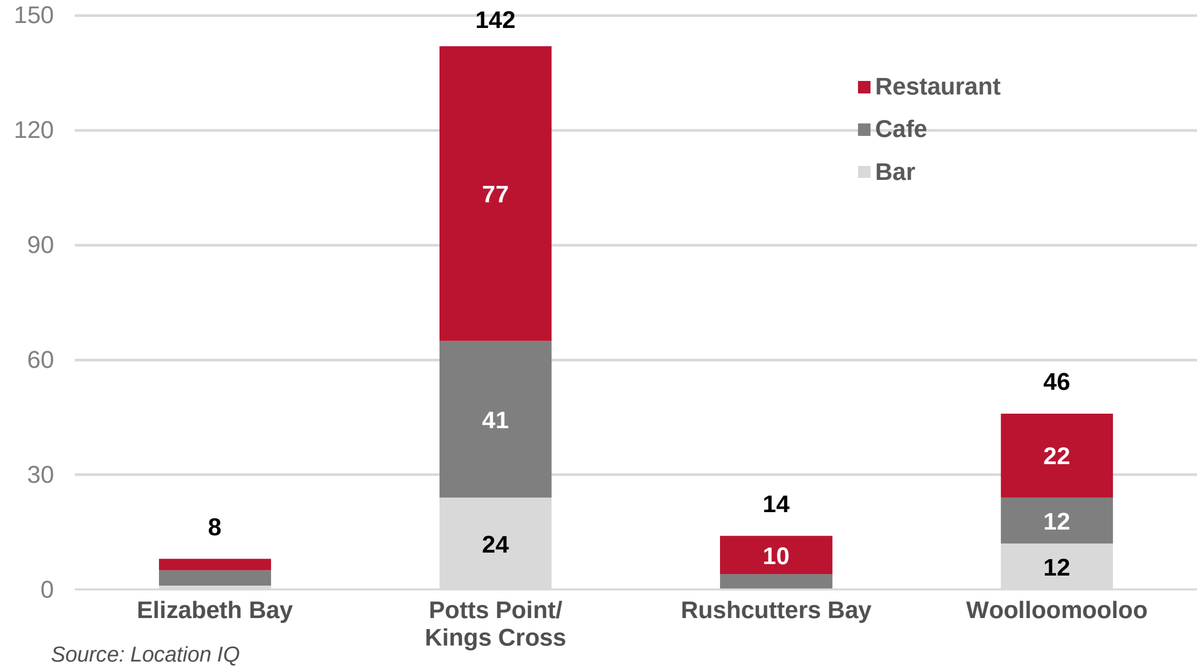
4.1.3. Food & Beverage

i. Chart 4.1 details the number of bars, restaurants and cafes within the Study Area (categorised by suburb) based on an assessment of the primary focus for each operator. Some 112 restaurants are estimated to make up the Study Area, along with some 61 cafes and 31 bars.

ii. As shown, the primary focus of these facilities is within the suburb of Potts Point (which includes the Kings Cross precinct). Of the 142 facilities identified in Potts Point, the majority of offers are restaurants, with the remaining balance made up of cafes and bars.

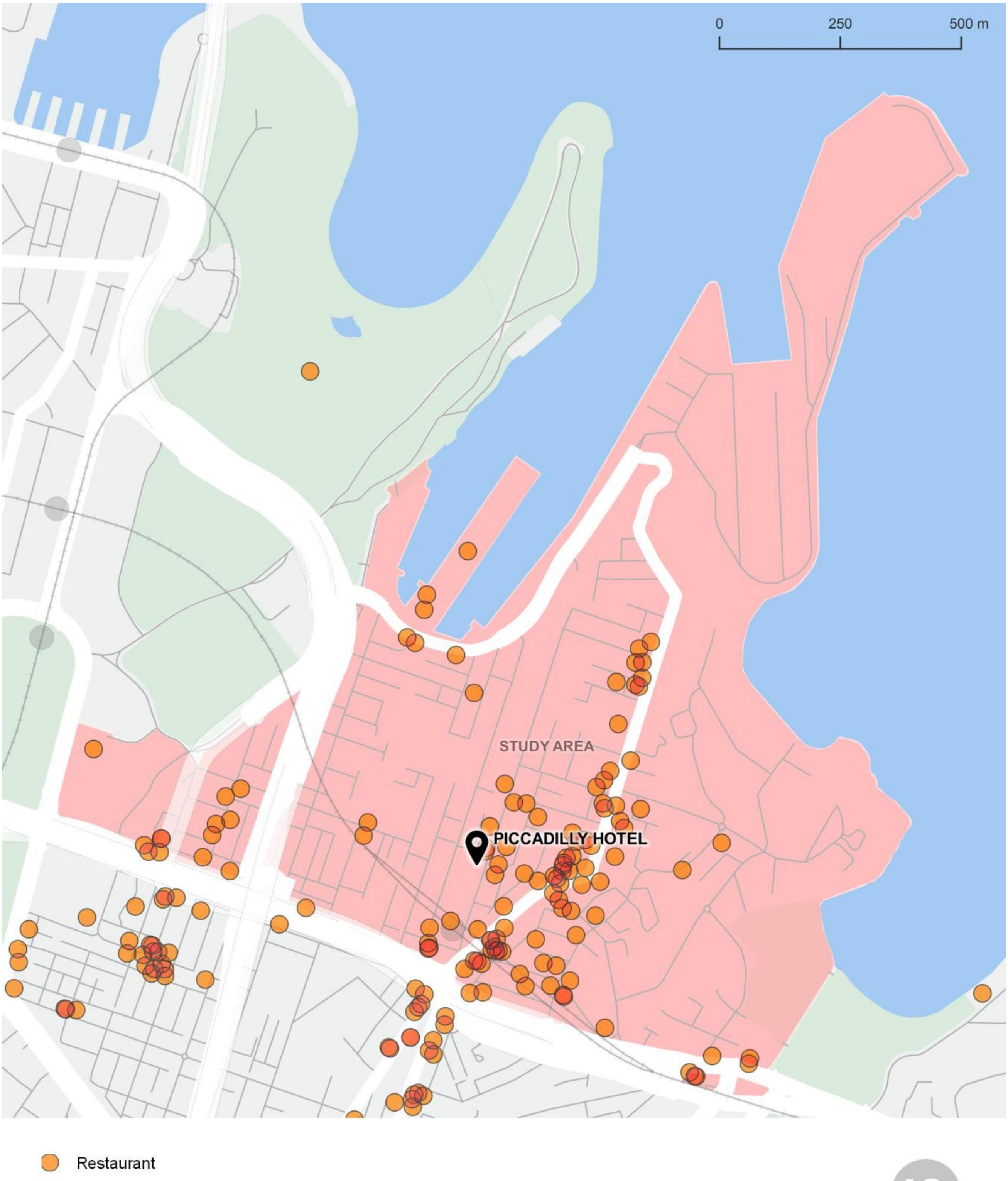
iii. Maps 4.1 – 4.3 illustrate the location of these restaurants, cafes and bars within the Study Area, highlighting significant concentrations of each along Darlinghurst Road and Victoria Street.

CHART 4.1. FOOD AND BEVERADGE TRADERS BY STUDY AREA SUBURB

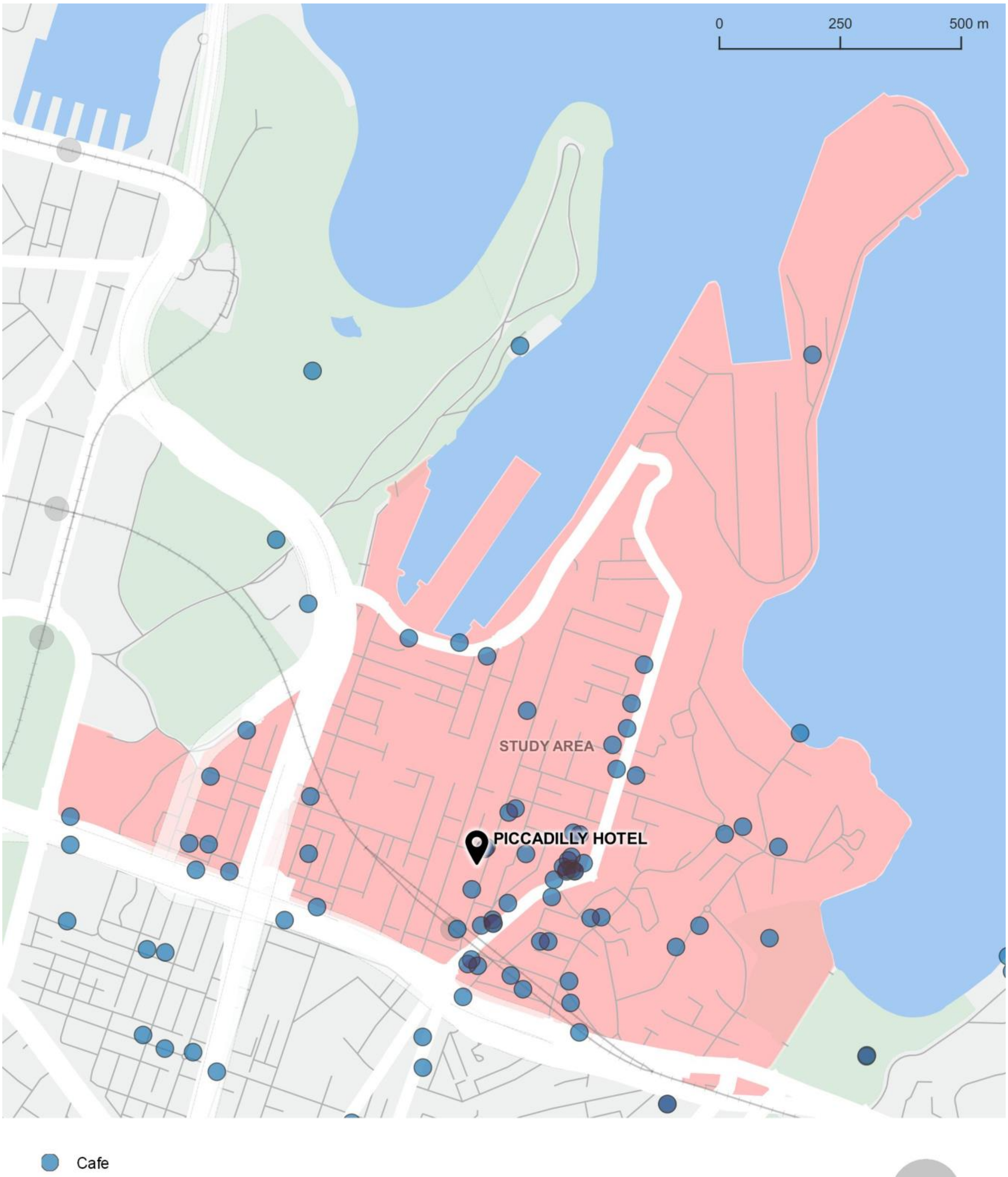


Source: Location IQ

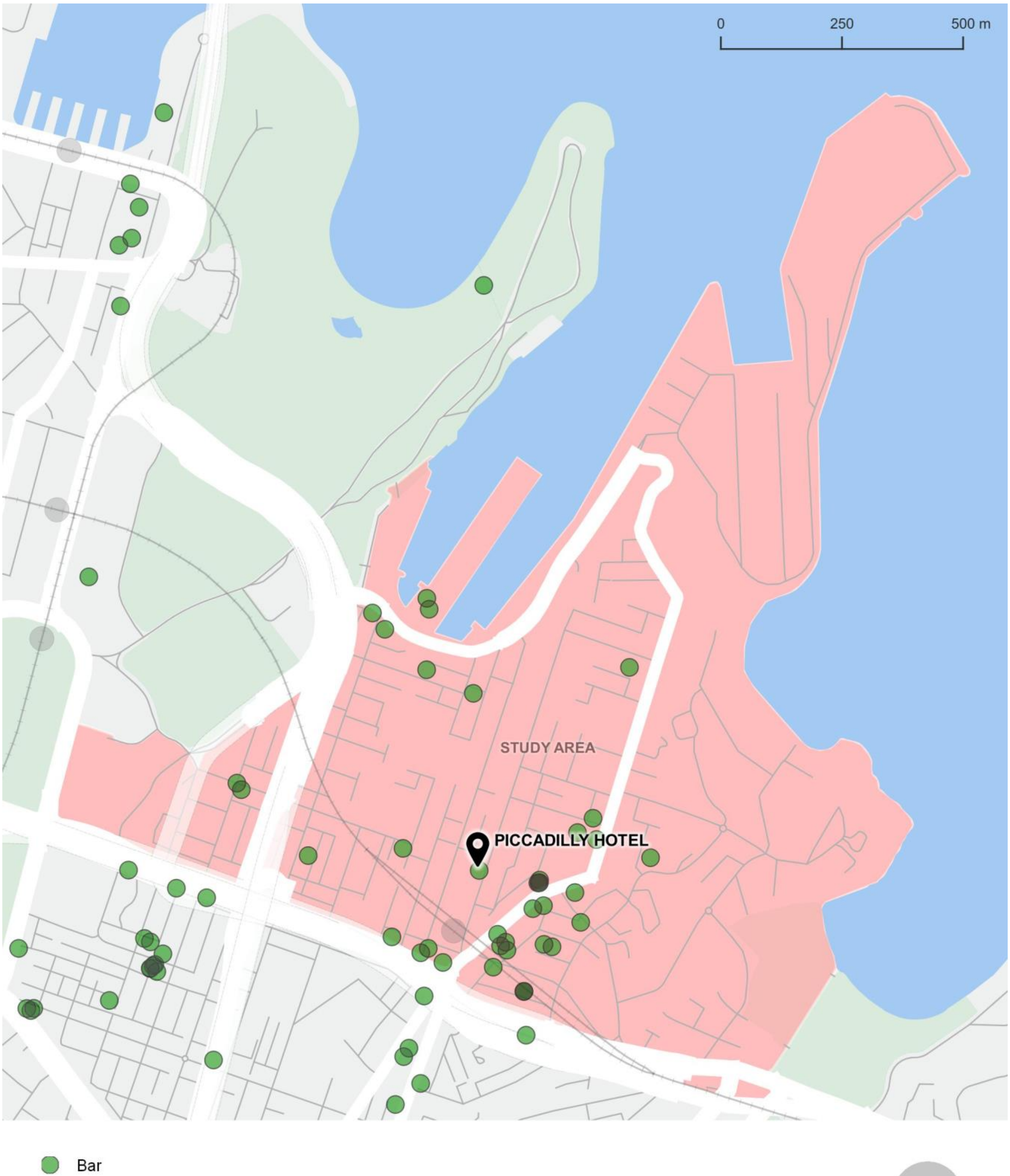
MAP 4.1. STUDY AREA RESTAURANTS



MAP 4.2. STUDY AREA CAFES



MAP 4.3. STUDY AREA BARS



4.2. Accommodation Supply

4.2.1. Hotels and Serviced Apartments

i. Short stay accommodation establishments (hotels, motels and serviced apartments) with 15 or more rooms have previously been recorded by the ABS under a survey of tourist accommodation establishments. This information is provided at a Statistical Area 2 level (SA2). For the Study Area, 15 establishments provided a total of 1,487 rooms in 2016 (when the data was last produced).

ii. Chart 4.2 details the number of rooms over the 2013 – 2016 period, indicating surveyed occupancy has historically been between 79% - 90%. As illustrated in Chart 4.3, quarterly occupancy rates have historically been higher than the State and National averages. The national average occupancy was around 71.5% as at December 2019. The high level of occupancy across a sustained time period would typically indicate that there would be insufficient supply or rooms during peak periods.

iii. Table 4.1 details hotels and serviced apartments currently located in the Study Area, while Map 4.4 illustrates the location, star rating and size (number of rooms) of existing hotel and serviced apartment facilities within the broader inner-city area. The number of rooms as at the ABS June 2016 count is lower than indications of current motel/hotel rooms, which may indicate a range of newer developments since that time.

iv. Key point to not regarding hotel facilities within the Study Area include:

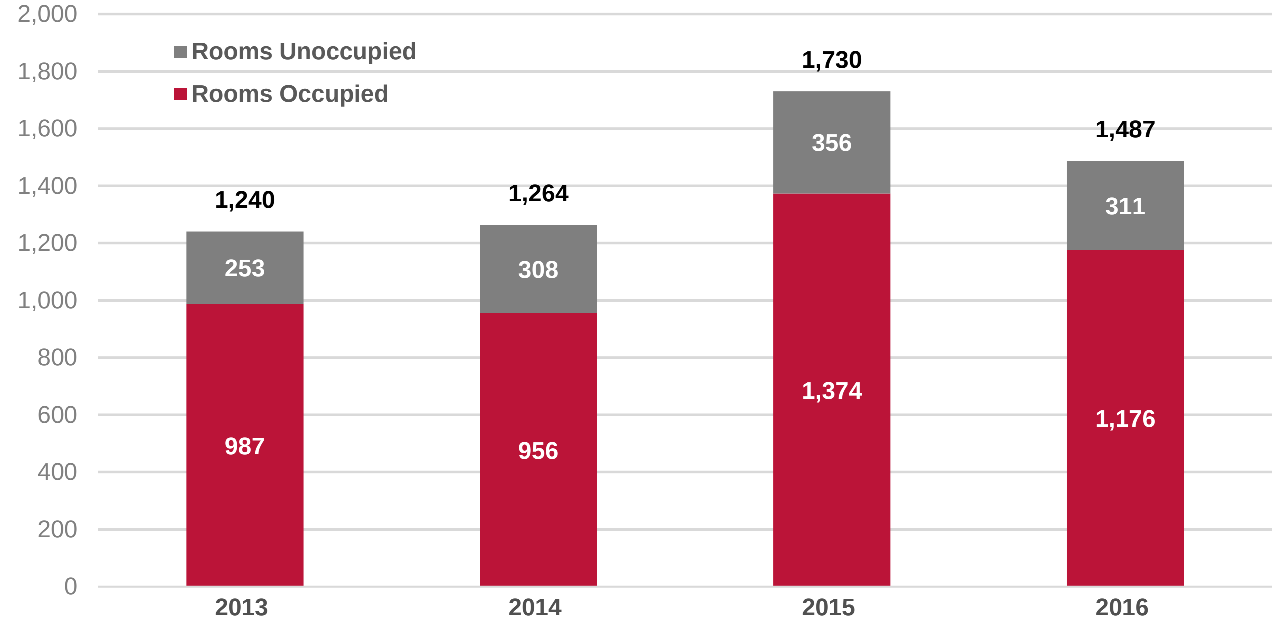
- The 28 facilities currently support a combined 2,002 rooms, or an average of 72 rooms per facility
- Only one hotel has a five star rating (Ovolo Woolloomooloo with 100 rooms). The majority of facilities have a four star rating (refer Chart 4.4)
- The largest hotel is the Holiday Inn Potts Point Sydney (288 rooms), followed by The Sydney Boulevard Hotel (271 rooms) and Vibe Hotel Rushcutters Bay (245 rooms)

v. With regards to future hotel developments in the Study Area, key proposals of note include:

- Development approval has been granted to add some 15 rooms on the upper level of the existing Holiday Lodge facility - which currently includes 10 rooms.
- Development approval has also been granted to convert an existing student accommodation facility (Jack's Place) into 34 hotel rooms (currently 40 student rooms).
- A development application has been refused for an 8 storey hotel (39 rooms) at 129-131 Bayswater Road in Rushcutters Bay.

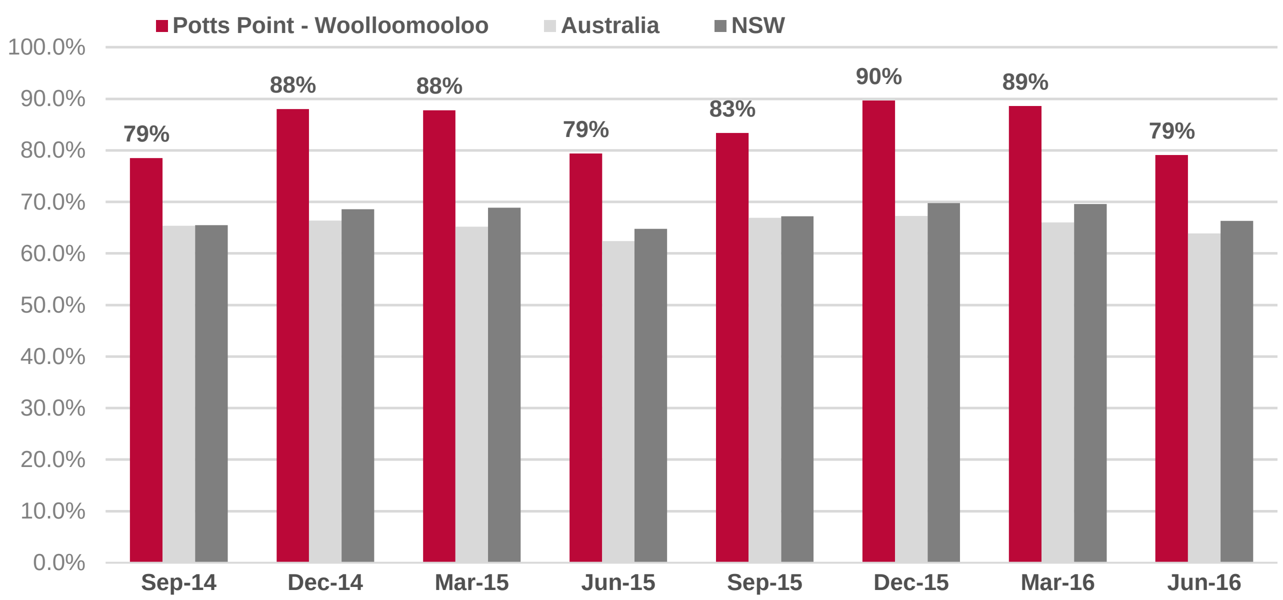
vi. Throughout Sydney, the average daily accommodation rate was around $250 per room night as at December 2019. Since that time, the Covid-19 pandemic and associated travel restrictions have seen prices and occupancy rates fall industry-wide, which is assumed to be a short term impact.

CHART 4.2. ACCOMODATION SUPPLY AND OCCUPANCY RATES, 2013 – 2016



Source: ABS, Establishments with 15 or more rooms. Data for June Quarter.

CHART 4.3. QUARTERLY ACCOMODATION OCCUPANCY RATES, 2014 – 2016



Source: ABS 8635.0

TABLE 4.2. STUDY AREA HOTELS

Name	Address	Suburb	Star Rating	Rooms
Holiday Inn Potts Point Sydney	203 Victoria St	Potts Point	4.0	288
The Sydney Boulevard Hotel	90 William St	Sydney	4.0	271
Vibe Hotel Rushcutters Bay	100 Bayswater Rd	Rushcutters Bay	4.0	245
Devere Hotel	44-46 MacLeay St	Potts Point	3.0	117
Larmont Sydney By Lancemore	2-14 Kings Cross Rd	Potts Point	4.0	103
Ovolo Woolloomooloo	6 Cowper Wharf Roadway	Woolloomooloo	5.0	100
Macleay Hotel	28 MacLeay St	Elizabeth Bay	4.0	90
Quest Potts Point	15 Springfield Ave	Potts Point	4.0	70
Springfield Lodge	9 Springfield Ave	Potts Point	3.0	65
Hotel Challis	21-23 Challis Ave	Potts Point	4.0	55
Astoria Space Pop Up	9 Darlinghurst Rd	Potts Point	3.0	51
The Bayswater Sydney	17 Bayswater Rd	Potts Point	4.0	51
Elephant Backpacker	50 Sir John Young Cres	Woolloomooloo	2.0	48
Jolly Swagman Backpackers	27 Orwell St	Potts Point	4.0	46
Funk House Backpackers	23 Darlinghurst Rd	Potts Point	2.0	45
Mariner's Court Hotel	44-50 McElhone St	Woolloomooloo	3.5	41
Ady's Place Backpackers	103-105 Palmer St	Woolloomooloo	1.0	40
Nesuto Woolloomooloo Apartment Hotel	88 Dowling St	Woolloomooloo	3.0	40
UNO Hotel Sydney	2 Roslyn St	Potts Point	3.0	36
The Jensen Potts Point	71 MacLeay St	Potts Point	2.0	27
Jackaroo Hostel Sydney	107-109 Darlinghurst Rd	Sydney	3.0	27
Regents Court Apartment Hotel	18 Springfield Ave	Potts Point	4.0	26
Great Aussie Backpackers	172-174 Victoria St	Potts Point	2.0	24
The Maisonette	31 Challis Ave	Potts Point	3.0	22
Annam Serviced Apartments	21 Ward Ave	Potts Point	4.0	20
Spicers Potts Point	120-124 Victoria Street	Potts Point	4.5	20
Hump Backpackers	40 Darlinghurst Rd	Potts Point	2.0	19
Annam Serviced Apartments	21 Ward Ave	Potts Point	4.0	15
Total				**2,002**

Facilities with 15 or more rooms. Source: hotels.com.au, Location IQ database.

MAP 4.4. HOTEL AND SERVICED APARTMENTS

540

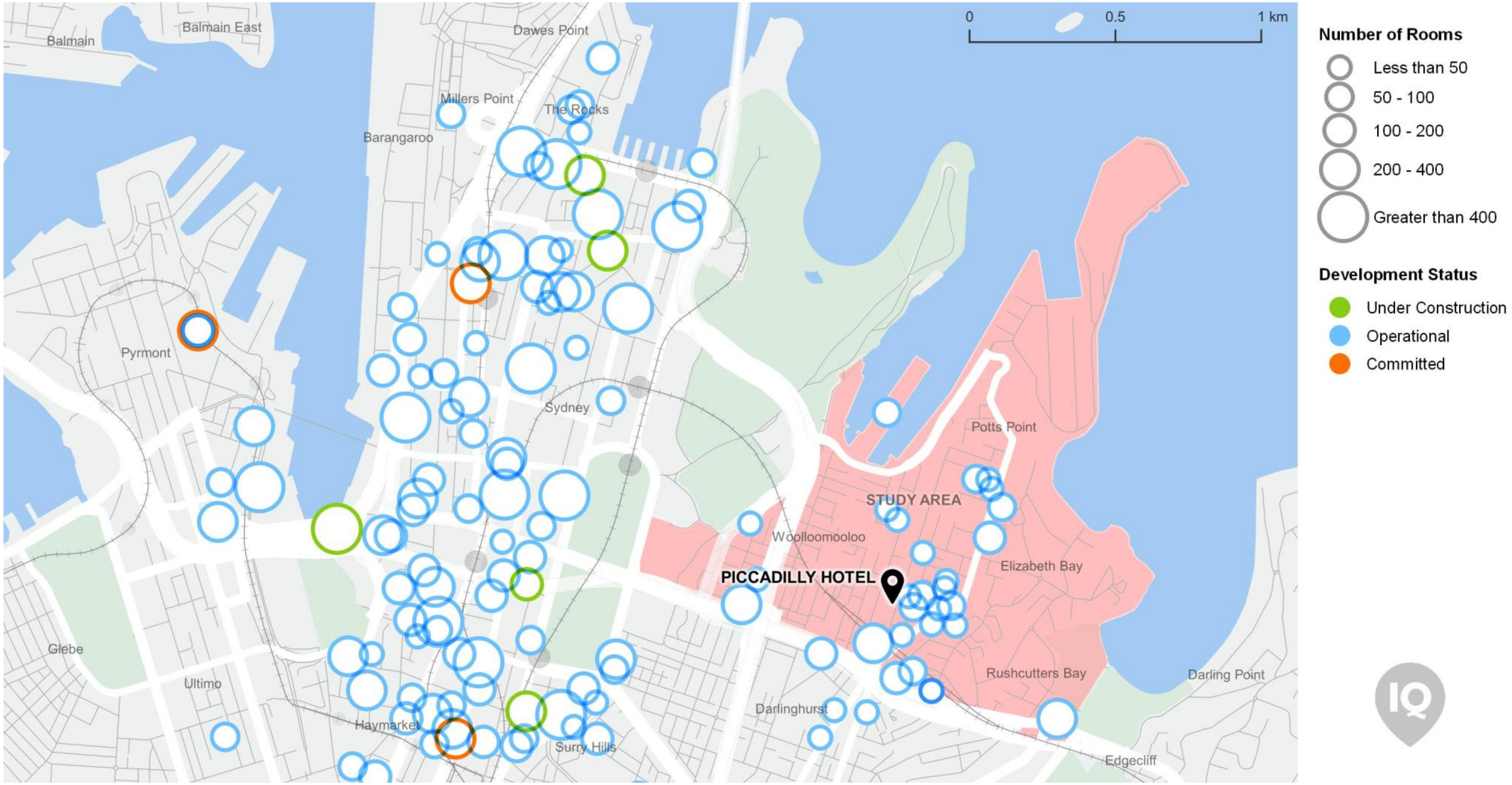
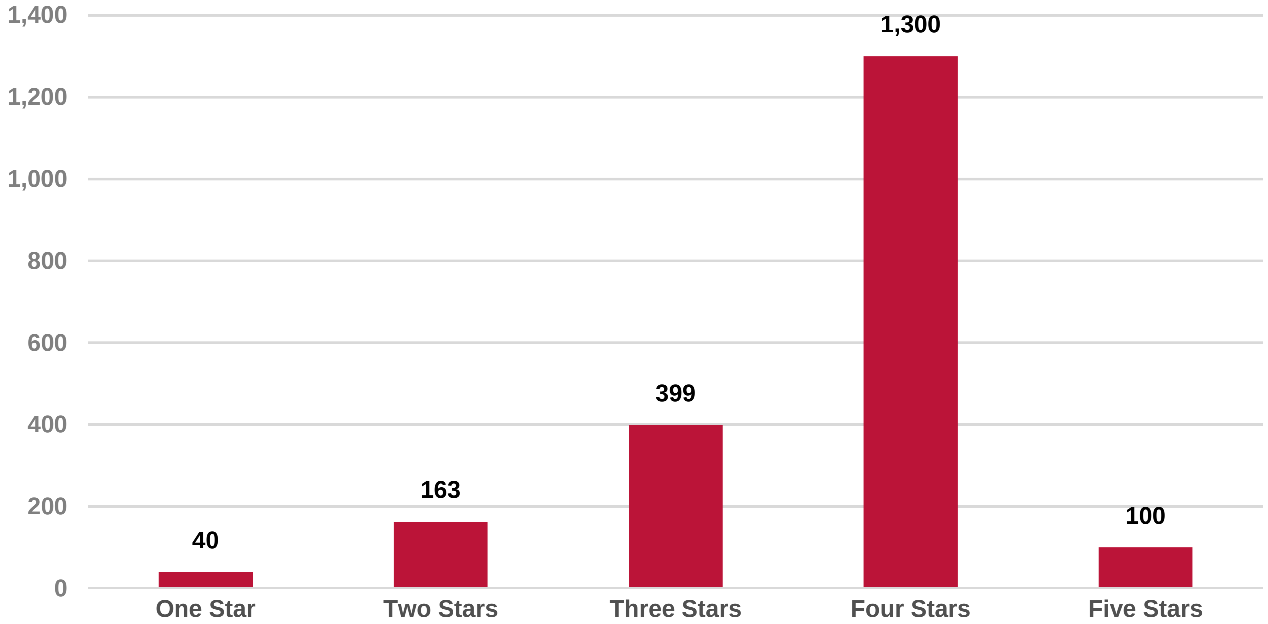


CHART 4.4. STUDY AREA HOTEL ROOMS BY STARS



Facilities with 15 or more rooms. Source: hotels.com.au, Location IQ database.

4.2.2. Airbnb

i. Private rental accommodation such as Airbnb has gained significant popularity over the last decade. Across the Study Area, there were 1,374 Airbnb accommodation listings offering a total of 1,798 rooms as at March 2020.

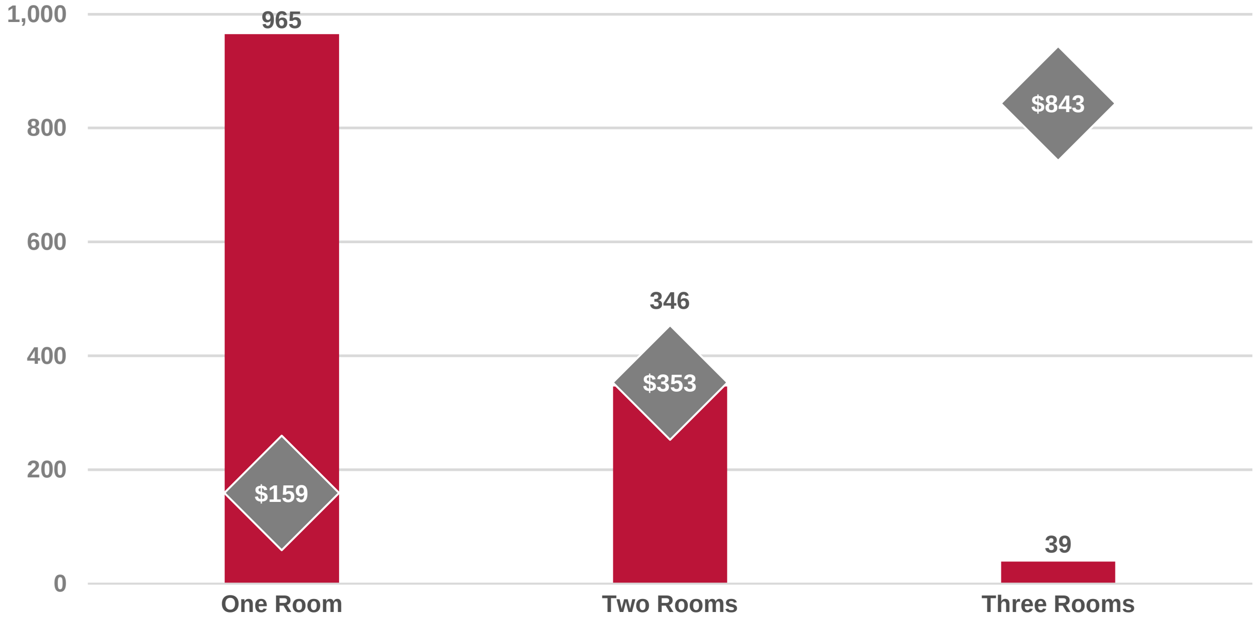
ii. Chart 4.5 details the number of accommodation listings by room number. As shown, the average price (per night) is inversely related to the number of rooms. This indicates that the supply of larger facilities is limited and more costly for consumers, indicative of the short-term nature of shared accommodation in the area – which would compete with the local hotel market for a share of visitor nights.

iii. Map 4.5 illustrates the provision of Airbnb listings as at March 2020. The number of rooms listed on Airbnb is almost half of the total combined accommodation market in the Study Area (2,002 hotel rooms / 1,798 Airbnb rooms), indicating that Airbnb is a significant competitor for existing and prospective hotels.

iv. It is unsurprising that listing a room on Airbnb has significantly less barriers as compared with the development of a hotel. It is, however, important to note that Airbnb listings having a larger dwelling base to support rooms, while hotel sites are difficult to accommodate given the lack of developable land in the Study Area.

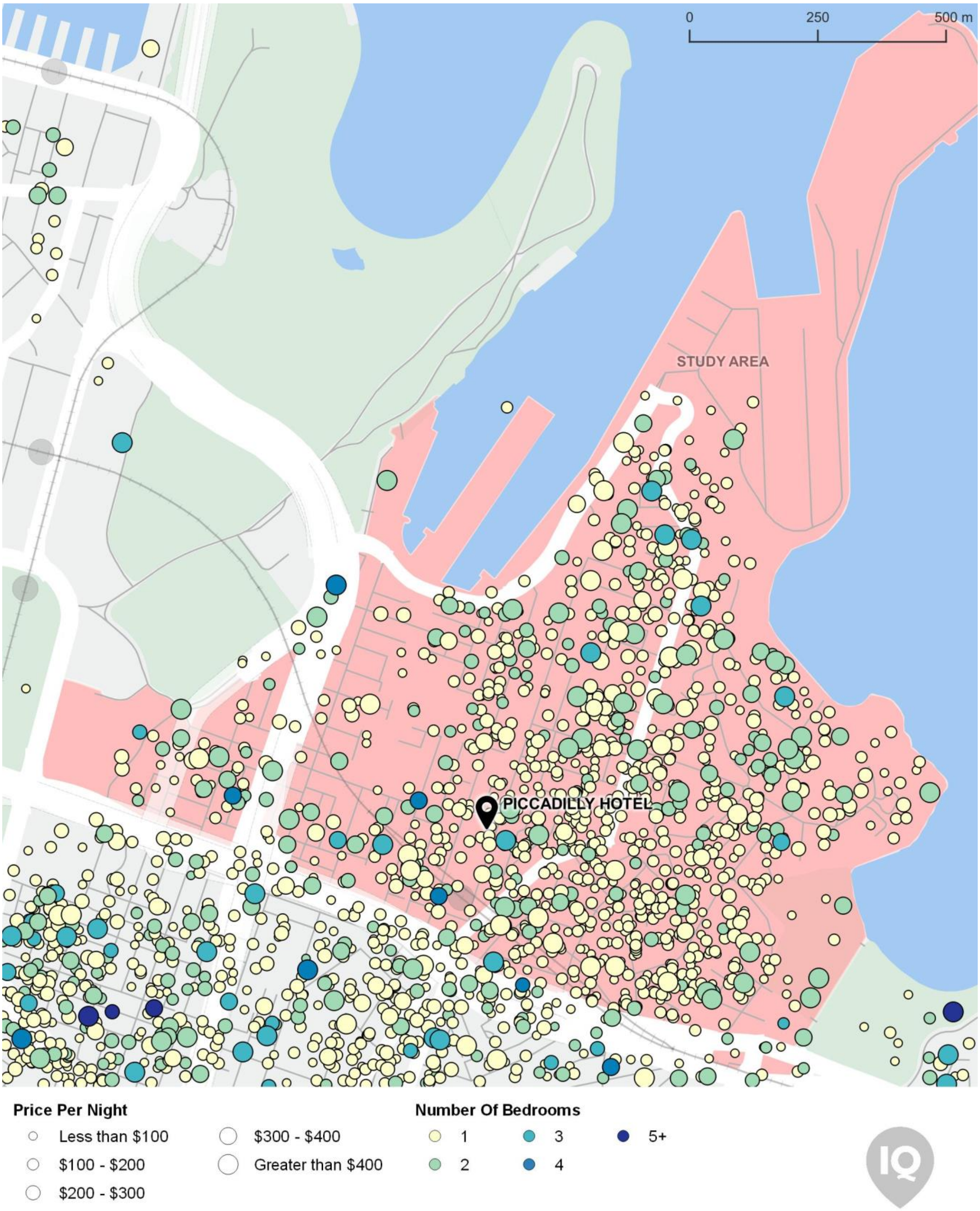
v. It is expected that the Study Area will continue to experience an increase in Airbnb listings in order to meet visitor demand. If no new hotels (or similar) are provided, Airbnb facilities would be expected to continue gaining market share. A key consideration for Airbnb, however, will be the potential loss of listings post-Covid as financial constraints may force property owners into owner-occupier roles, or to pursue traditional residential leases.

CHART 4.5. STUDY AREA AIRBNB LISTINGS BY ROOM NUMBER



Dollar value denotes average price (per night). Source: Airbnb

MAP 4.5. AIRBNB LISTINGS



4.3. Residential Supply & Availability

i. As outlined previously in Chart 2.1, new dwelling approvals sourced from the ABS over the period from 2011/12 to 2018/19 show that some 310 new dwellings have been approved across the Study Area over this period, each of which have been ‘other dwellings’ - which includes apartments, units and similar. The previous Map 2.3 illustrated the locations of approved and proposed residential developments within the region, based on information sourced from the Cordell Connect database.

ii. Chart 4.6 illustrates median house prices and sales volumes across the suburb of Potts Point. As shown, median house prices have generally increased in recent years, however, has been volatile due to low sales volumes. The median house price across the suburb is currently $5.5 million, which is some six times higher than the Sydney metropolitan median of $910,000.

iii. Chart 4.7 illustrates median unit prices and sales volumes across the same locality. As shown, median unit prices have been less volatile (based on higher volumes) but has also generally risen in recent years. The median unit price across Potts Point is currently $801,000, which is some 13% higher than the Sydney metropolitan median of $710,000

iv. A review of houses and units for purchase on Realestate.com.au (as at May 2020) shows that there were 46 dwellings available in Potts Point (the subject suburb), with few listing asking prices.

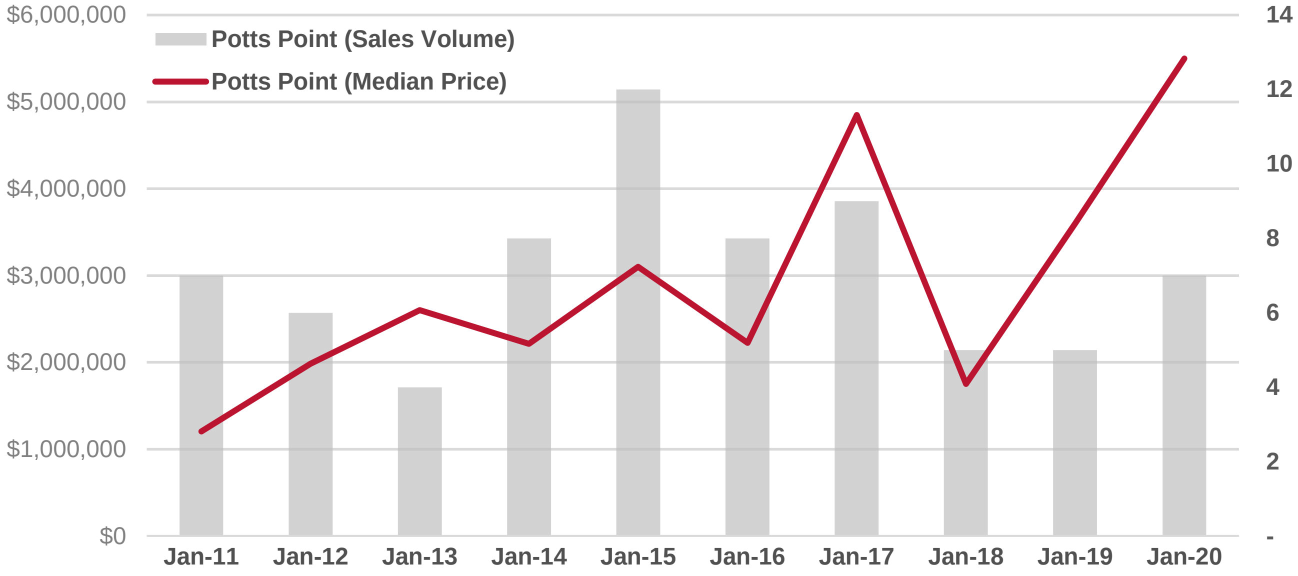
v. Rental housing data from realestate.com.au (as at May 2020) indicates rental prices as follows:

- **Houses**: $900 per week
- **Units**: 1 Bedroom $543 per week | 2 Bedroom $825 per week | 3 Bedroom $1,395 per week

vi. Rental vacancy rates were at 7.21% (realsetateinvestar.com.au), which is slightly higher than the Sydney benchmark (6.15%). A review of houses and units for rent on Realestate.com.au (as at May 2020) shows that there were 281 dwellings available in Potts Point (the subject suburb).

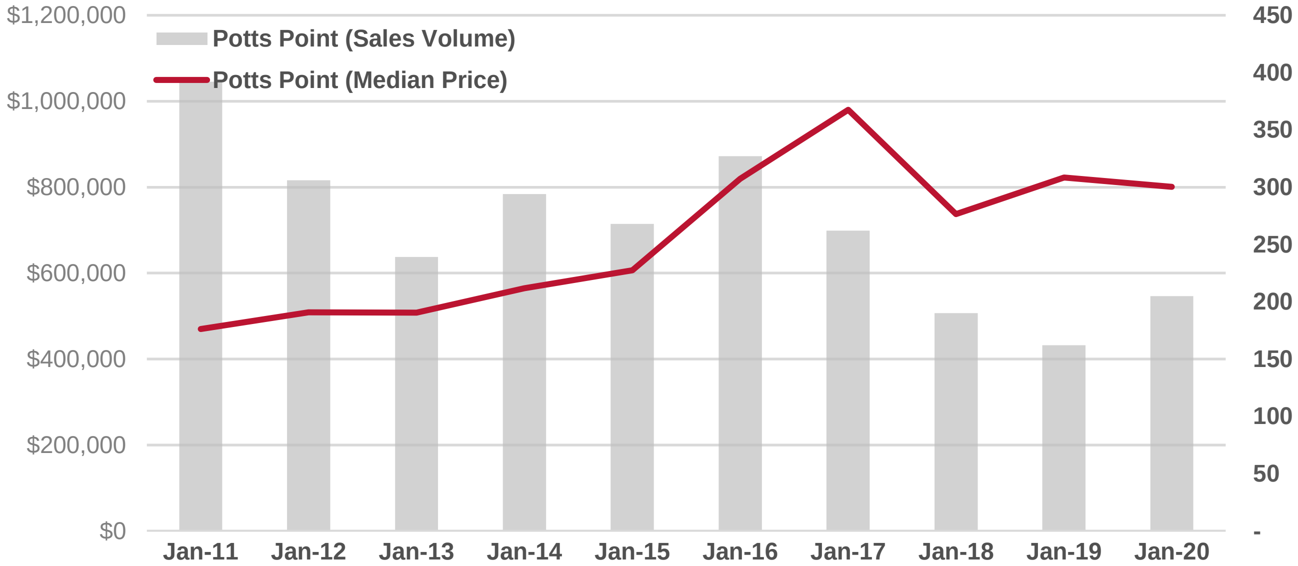
vii. Overall, Potts Point is considered a highly-desirable residential location, particularly for investment, given the high supportable rental levels and high proportion of renters (two thirds of residents).

CHART 4.6. POTTS POINT MEDIAN HOUSE PRICE & SALES VOLUME



Source: ABS

CHART 4.7. POTTS POINT MEDIAN UNIT PRICE & SALES VOLUME



Source: ABS

5 ECONOMIC IMPACT ASSESSMENT

This section of the report considers the sales or trading potential for the proposed development, as well as the likely trading impacts that can be anticipated following construction.

5.1. Hotel Potential and Trading Impacts

i. To assess the potential economic benefits and impacts that may arise from the boutique hotel component of the proposed development, the indicative potential for the facility is outlined.

ii. The sales performance of any accommodation facility is difficult to determine, reliant on a combination of key internal, external drivers and competitive factors:

- Tourist nights (domestic, international and business)
- Discretionary income levels and consumer sentiment
- Composition and quality, as well as layout, configuration, accessibility, and overall feel
- Hotel management, including staff, seasonal demand, and optimising capacity
- Market proposition (e.g. boutique, high-end offer)
- The size of the available catchment which the facility serves
- The location of the site, including proximity to key attractors
- Comparative strength of competitive facilities

iii. Based on these factors, the proposed 43-room boutique hotel at the subject site is anticipated to trade strongly, including:

- A significant and strong local and broader regional tourist and visitor market
- Local income and spending levels that are significantly higher than benchmark levels
- A high-level of quality and design
- A unique market proposition in terms of uniqueness and modernity
- An arterial location nearby to key visitor attractions

iv. For the purposes of this assessment, the proposed boutique hotel is assumed to perform strongly with 100% occupancy. In this sense, prospective impacts would represent a 'worst-case' scenario. In reality, the subject development would be anticipated to trade at some level between Study Area averages (79% - 90%) and full-occupancy.

v. As outlined previously in Section 4.2, the average room rate throughout Sydney was approximately $250 per night as at December 2019 (pre Covid-19). Assuming a slightly higher rate of $300 per night (based on premium, boutique offer), and 100% occupancy, the subject hotel development would generate revenue in the order of some $4.7 million each year.

vi. Modern boutique hotels aim to provide a guest experience that exceeds that of conventional accommodation providers, by way of a unique and tailored experience. These offers often also differentiate themselves based on style and design and targeting more specific demographics. Boutique hotels must provide high levels of service to guests to ensure seamless and pleasant stays.

vii. The proposed boutique hotel at the subject site will comprise a total of 43 rooms. As outlined previously, across the Study Area a total of 2,002 rooms are provided. Consequently, the total planned number of rooms at the subject site would represent an increase of around 2.1% of the total available hotel rooms in the Study Area.

viii. In terms of the total combined accommodation market in the Study Area (3,800 rooms including Airbnb), the subject offer would represent an increase of just 1.1%.

ix. These calculations show that the additional rooms made available to the market would be minimal in percentage terms, well within the competitive range of 10% or less. The net additional proportion of rooms represents the estimated average impact across competitive facilities within each market.

x. Some facilities are likely to be impacted more than others based on the offer and competitive situation relative to the subject development. The uniqueness of the subject hotel, however, would also mean that these impacts would be spread further abroad.

xi. It is important to note that the impacts from the proposed development are only likely to be experienced by competitive stores in the short-term and competing facilities will benefit from the strong growth in the tourism and accommodation market once these impacts have been absorbed. These impacts are indicative, as it is difficult to precisely project the impact from the opening of a new hotel (or expansion of an incumbent offer) on existing facilities.

xii. Offsetting any potential competitive impacts on other facilities, the proposed development will benefit the consumer through a range of other impacts (as outlined subsequently), including, choice, convenience, price competition, amenity and more - that are likely to result from the development.

xiii. At full occupancy (100%), the 43 rooms at the subject site would be estimated to accommodate some 20,000 visitors per year (average of 1.3 visitors per room per night). This would represent just 20% of the average annual increase in overnight visitors (100,000 per annum) recorded over the 2016 – 2018 period to the Kings Cross tourism sub-region – or fewer than three months in overnight visitor growth.

xiv. Further, the uniqueness of the offer is likely to attract a greater number of visitors to the area, mitigating many potential impacts and providing indirect stimulus to the local area by way of increased visitation.

xv. Overall, impacts on other accommodation facilities throughout the area would be well within the normal competitive range of less than 10%.

5.2. Food & Beverage Potential and Trading Impacts

i. To assess the potential economic benefits and impacts that may arise from the development of the proposed food and beverage component of the development, the indicative sales range which the development is projected to achieve is outlined.

ii. The sales performance of any retail facility, be it an individual store or a collection of stores provided in a shopping centre or precinct, is determined by a combination of the following critical factors:

- The composition and quality of the facility, as well as layout, configuration, ease of accessibility and the overall feel.
- The size of the available catchment which the facility serves.
- The location and strength of competitive facilities.

iii. The sales potential for the proposed food and beverage offer at the subject site is now considered taking into account these factors. The proposed food and beverage component of the hotel development is planned to total 1,006 sq.m across two levels.

iv. Food and beverage facilities generate sales primarily from the food catering and non-retail liquor (i.e not takeaway) market, as touched on in in Section 2 of this report.

v. As a guide, total food catering expenditure by main trade area residents is estimated at some $112.8 million in 2019, with non-retail liquor expenditure estimated at $21.4 million. Consequently, the total available food and beverage expenditure market for facilities in and around the Study Area is estimated at $209 million as follows:

- **Resident Study Area:** $134.2 million.
- **Tourists & Visitors:** $52 million (25% of total available expenditure market)

- **Workers:** $23 million (50% of estimated worker spend directed near place of work (15 – 25%))

vi. Based on the *Urbis Shopping Centre Averages 2018/19*, average sales within Australian CBD Centres for cafés/restaurants (>400 sq.m) were $8.8 million from an average GLA of 828 sq.m ($10,596 per sq.m). Assuming this benchmark productivity level across the proposed GLA of 1,006 sq.m yields indicative sales of $10.7 million.

vii. It is important to note that this figure represents a 'worst-case' or maximum sales scenario insofar as potential sales, given the subject site would be substantially larger than the benchmark level (+178 sq.m) and be unlikely to trade a similar productivity level – due to diminishing marginal productivity.

viii. This level of sales represents around 5.1% of the total available spend market afforded to food and beverage facilities in the Study Area, including from residents, tourists and workers.

ix. These calculations show that the reduction in the available food catering and non-retail liquor market for other facilities would be in the order of 5.1%. This represents the 'worst-case' estimated average impact across competitive facilities both within and beyond the defined Study Area. Some stores are likely to be impacted more than others based on the offer and competitive situation relative to the subject development.

x. It is important to note that the impacts from the proposed development are only likely to be experienced by competitive stores in the short-term and these stores will benefit from the strong growth in the food and beverage market once these impacts have been absorbed. In addition, the development itself is likely to attract additional expenditure to the area, offsetting this impact.

xi. Assuming the average annual (resident) retail expenditure increase of around 1.4%, projected food and beverage expenditure of $209 million (all customer segments) would be anticipated to increase by around $3 million per year (in constant dollars).

xii. It is important to note that impacts outlined in this report are indicative as it is difficult to precisely project the sales impact from the opening of a new store or expansion of an incumbent offer on existing retail facilities. A number of factors can influence the impact on individual centres/retailers, including but not limited to:

- Refurbishment/improvements to existing centres.
- Expansions to existing centres.
- Loyalty programs of existing retailers.
- The existing centre mix and how it competes with the proposed development.

xiii. Offsetting any potential competitive sales impact on other facilities, the proposed development will benefit the consumer through a range of other impacts (as outlined subsequently), including choice, convenience, price competition, amenity and more - that are likely to result from the development.

xiv. Overall, impacts on other food and beverage outlets throughout the area would be well within the normal competitive range of less than 10%, while impacts on the broader total retail market would be lower again. Given the proliferation of food and beverage (as well as other retail facilities) in the area (as outlined in Section 4.1), impacts would be spread far and wide.

5.3. Employment & Wage Impacts

i. The proposed development would result in a range of important economic benefits which will be of direct benefit to the local community. On top of the economic stimulus generated from trading (as outlined previously), key positive employment impacts would also include:

Ongoing Employment Generation

- Table 5.1 summarises the projected level of ongoing employment likely to be generated by the development. The employment benchmarks (jobs per 1,000 sq.m) used to calculate the indicative total jobs generated is based on typical floorspace and employment yields, as follows:
  - Food & Beverage: 50 employees per 1,000 sq.m (in-line with industry benchmarks)
  - Boutique Hotel: 1 employee per room (in-line with industry benchmarks)
- The development is projected to employ around 93 persons in total on an ongoing basis. Taking a conservative view and allowing for an estimated 10% of the total increase to be because of reduced employment at existing facilities, net additional jobs are estimated at 84.
- Based on Average Weekly Earnings data released by the ABS in November 2019 (Cat. 6302.0) for accommodation and food services workers, the additional permanent employees would earn combined total salary/wages of some $2.5 million ($29,874 per worker per year) at the site, reflecting additional salary/wages for the local economy, as a direct result of the development.

Construction

- Construction of the expanded component is estimated to incur total capital costs of some $50 million, generating significant employment within the construction and associated industries during the development of the project.
- By using the appropriate ABS Input/Output Multipliers that were last produced in 1996/97 and a deflated estimated total capital cost of construction of $29.3 million (i.e. in 1996/97 dollars), it

is estimated that the construction period of the proposed development would directly create some 205 full-time, part time and temporary jobs over the development timeline (refer Table 5.2).

Multiplier Effect

- Overall, the subject development is estimated to directly generate 289 jobs, including (refer Table 5.3):
  - Ongoing Employment from Operation: 84 jobs
  - Construction Phase: 205 jobs
- In addition to this direct employment, multiplier effects will flow through the local economy and indirectly generate additional employment opportunities through ancillary businesses/suppliers that support the development and services, as well as additional consumption expenditure by workers employed within the precinct (spending wages).
- Again, by using the appropriate ABS Input/Output Multipliers that were last produced in 1996/97 and adjusting for inflationary and other changes to present, it is estimated that an additional 408 jobs will be created indirectly.

ii. Overall, some 697 jobs are likely to be created both directly and indirectly as a result of the subject development.

TABLE 5.1. ONGOING EMPLOYMENT GENERATING FLOORSPACE

Component	Total Floorspace (sq.m)	Employment Potential		
		Employm. per 1,000 sq.m	Indic. Total Jobs	Net Increase[1]
Retail				
Food & Beverage	1,006	50.0	50	45
Other				
Hotels (inc. B.O.H)	1,016	42.3	43	39
Total	**2,022**		**93**	**84**

1. Indicates the estimated number of net additional ongoing jobs as a result of the proposed development
Source : Australian National Accounts: Input-Output Tables 1996-97

TABLE 5.2. CONSTRUCTION GENERATED EMPLOYMENT

Metric	Total Development
Estimated Capital Costs of Construction	
Estimated Capital Costs 2018/19 ($M)*	$50.0
Estimated Capital Costs 1996/97 ($M)	$29.3
Direct Employment Generation	
Construction Jobs per $1 million (2018/19)	4.10
Total Construction Jobs[1]	**205**

Source : Australian National Accounts: Input-Output Tables 1996-97
Employment totals include both full-time and part-time work. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects, for the equivalent of one year

TABLE 5.3. ESTIMATED TOTAL EMPLOYMENT GENERATED

Metric / Category	Est. Net Employment Increase[1]	Employment Multiplier Effects	Total Employment
Ongoing Employment from Planned Floorspace			
Food & Beverage	45	43	88
Hotels (inc. B.O.H)	39	37	75
Total	**84**	**80**	**164**
Construction Phase			
Direct Employment Generation	205	328	533
Net Additional Employment		**408**	**697**

Source: Frasers Property Australia
1. Net increase includes an allowance for reduced employment levels at impacted centres estimated at 10% of the total increase

6 SOCIAL IMPACT ASSESSMENT

Under Section 4.15 of the Environmental and Planning Assessment Act 1979 (EP&A Act), the likely impacts of a development, including the social impacts in the locality are required to be considered and addressed as part of the planning process.

Social Impact Assessment (SIA) are intended to analyse the intended and unintended social consequences, both positive and negative, of planned projects and any social change processes affected.

This section of the report assesses the relevant social considerations pertaining to the proposed development both during construction and throughout ongoing operation.

It is important to note that social impacts are subjective and will be experienced differently by various parts of the community, including local residents and those within the broader Study Area.

6.1. Background

i. The NSW Department of Planning & Environment's *'Social Impact Assessment Guidelines'* provide direction on assessing potential social impacts in the context of the environmental impact assessments (EIA) for State significant mining, petroleum production, and extractive industry development. However, many key considerations outlined are relevant to the subject proposal.

ii. In the context of the guidelines, a social impact is a consequence experienced by people due to changes to:

- **way of life**, including how people live, work, play or interact
- **community**, including its composition, cohesion, character, how it functions and sense of place
- **access to and use of infrastructure, services and facilities**
- **culture**, including shared beliefs, customs, values and stories, and connections to land/places
- **health and wellbeing**, including physical and mental health
- **surroundings**, including access to and use of ecosystem services, public safety and security, access to and use of the natural and built environment, and its aesthetic value and/or amenity

- **personal and property rights**, including whether economic livelihoods are affected, and whether they experience personal disadvantage or have their civil liberties affected

- **decision-making systems**, particularly the extent to which they can have a say in decisions that affect their lives, and have access to complaint, remedy and grievance mechanisms

- **fears and aspirations** related to one or a combination of the above, or about the future of their community.

iii. Sections 1 – 4 of this report established the social baseline for the Study Area, highlighting the pre-existing socio-demographic, competitive (retail and accommodation), infrastructure and community conditions or trends. This provides a benchmark against which social impacts can be assessed.

iv. Social impacts vary in their nature but are considered for the purposes of this assessment as direct and indirect.

6.2. Direct Impacts

i. Direct impacts are typically caused by the project and result in changes within the existing community that are more measurable or quantifiable. The local community (resident Study Area and workers) are more likely to experience direct impacts and benefits originating from construction and operation of the proposed development.

ii. Given two of the composite subject sites are vacant and disused, the baseline for direct impacts is low from an economic perspective - given no activity is currently being generated. As a result, the subject development is likely to have a large net positive economic impact for the area by way of employment and economic activity.

iii. The third site (92 – 98 Brougham Street) comprises six dwellings (which would be removed during redevelopment) and represents the relevant baseline for population and housing availability considerations.

6.2.1. Employment, Income & Economic Activity

- As outlined previously, the subject development is estimated to directly generate 289 jobs, including ongoing employment of 84 jobs and 205 jobs during the construction phase.

- In addition to this direct employment, multiplier effects will flow through the local economy and indirectly generate additional employment opportunities through ancillary businesses/suppliers that support the development and services, as well as additional consumption expenditure by workers employed within the precinct (spending wages).

- Overall, some 697 jobs are likely to be created both directly and indirectly as a result of the subject development.

- The additional permanent employees would earn combined total salary/wages of some $2.5 million ($29,874 per worker per year) at the site, reflecting additional salary/wages for the local economy, as a direct result of the development. This includes a number of youth employment opportunities with accommodation and food services operators generally employing a large number of younger staff. A key further consideration would for a local employment strategy to support the local workers and economy.

- Additional economic activity within the Study Area includes indicative revenues in the order of $4.7 million for the hotel and some $10.2 million for the food and beverage facilities.

- This activity would also generate flow-on positive economic benefits to surrounding businesses by way of increased visitation and customer flows.

- The subject development would result in the retention of spending currently being directed to alternate accommodation, food and beverage facilities situated beyond the Study Area (such as competing precincts), thereby reducing the need for local residents to travel further afield, or for prospective visitors to stay/visit elsewhere.

6.2.2. Population & Housing Availability

- As at the 2016 Census, there were some 11,421 dwellings across the defined Study Area.

- A review of houses and units for rent on Realestate.com.au (as at May 2020) shows that there were some 560 dwellings available for rent across the Study Area suburbs, as follows:

  – Potts Point: 281 dwellings

  – Woolloomooloo: 102 dwellings

  – Elizabeth Bay: 102 dwellings

  – Rushcutters Bay: 75 dwellings

- This represents approximately 4.9% of total dwellings (as at the 2016 Census). The rental vacancy rate across Potts Point specifically were at 7.21% (realsetateinvestar.com.au), which is slightly higher than the Sydney benchmark (6.15%).

- The key implication of this is that the potential loss of six residential dwellings (92 – 98 Brougham Street) would represent a small proportion of the housing stock throughout the Study Area, at 0.05% of total dwellings and 1.1% of existing, advertised rental properties. These residents would also have the opportunity to re-purchase or find rental properties in the area with ease, given the substantial advertised stock on the market currently.

- Further, a limited range of housing choice and supply would be required to sustain projected population growth and official targets throughout the Study Area, with average population growth projected at some 100 persons per annum. In order to sustain this level of population growth, the average household size (1.6 persons) would indicate a requirement of around 63 new dwellings per annum. This dwelling approval rate has been occurring in recent years.

- Further, in purely economic terms, a residential development at the subject site would not represent the highest and best use of the high-profile site within the retail and economic core of Potts Point. Opportunities for small to medium scale infill residential development are likely to continue to arise throughout the Study Area, in less commercially-prominent (and more appropriate) residential sites.

6.3. Indirect Impacts

i. Indirect impacts are caused by a change that is instigated by the project and are typically more qualitative or intangible – generally relating values, sense of community and the like.

ii. The relevant baseline to consider from a site or change of use perspective, would be:

- **Current** uses at the site, including two vacant buildings and six dwellings.
- **Previous** uses at the site, including a nightclub, adjacent brothel and six dwellings.

iii. In terms of a social or community baseline, Sections 1 – 4 of this report highlight the pre-existing socio-demographic, competitive (retail and accommodation), infrastructure and community conditions or trends for the Study Area. This provides a benchmark against which indirect social impacts can be assessed. For the purposes of this assessment, indirect impacts are considered in relation to the three key categories as follows.

6.3.1. Amenity & Services

- The subject development would improve amenity within the area, as well as enhancing the range and access to retail and services in close proximity to residents' homes and workplaces. It is also important to note that the Study Area is already a significant mixed-use precinct, with tourists, visitors and related uses/services forming a natural (and expected) component of the local community.

- Retail facilities in Australia play fundamental roles in the economies of Australia's metropolitan areas, having developed around the need to meet consumer demand. The nature of consumer demand continues to develop and evolve, reflecting social changes within society, such as:

- Population and income growth.
- The evolution of new retail formats, traders and precincts.
- Increasing time pressures on working families.
- Competitive retail developments and precincts.

- The demands of retailers, as well as consumers, combine to add pressure for new or evolved retail and complementary non-retail floorspace within existing precincts.
- The proposed development would provide improved customer amenity, design and aesthetic for the local residents by way of a new and modern development. The revitalisation of vacant and dilapidated site also improves enjoyment of private or public areas.
- The development would also serve as a key anchor tenant for the precinct that would benefit most shopfronts in the immediate area by increasing destinational appeal, visitation and range of services, while not impacting the future viability of other operators.
- The proposed development would improve choice of location and range/diversity for local residents and allow for price competition for both food catering, as well as accommodation services. Increased competition between food and beverage as well as accommodation operators is beneficial to consumers, while operators themselves are likely to benefit from the creation of a greater critical mass of similar tenants – which is a fundamental characteristic of successful food and beverage precincts.
- The proposed development would enjoy a high-profile location along Victoria Street and Brougham Street, with convenient public, private and pedestrian access for the local population, visitors and passing traffic. This would not impede or impact access to essential services or other community facilities.

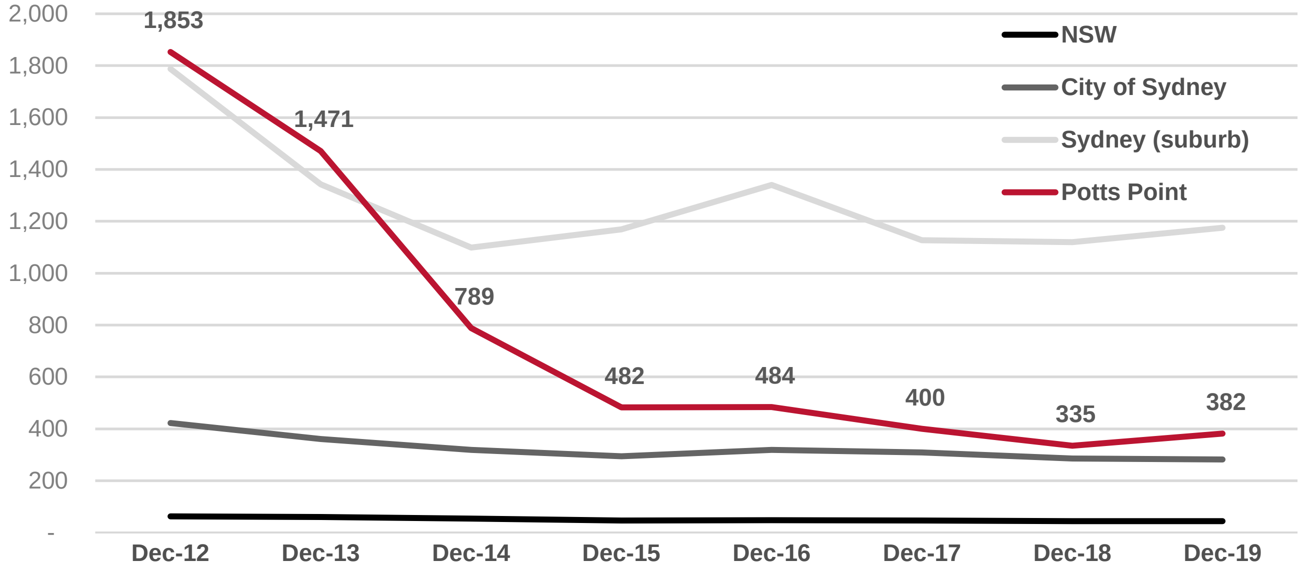
6.3.2. Crime & Safety

- The development is anticipated to provide increased public safety and reduce opportunities for crime, by way of re-activating the largely disused site (perceived or actual).
- The New South Wales Government Bureau of Crime Statistics and Research (BOCSAR) provides data on alcohol related assaults and liquor offences across suburbs, local government areas and the State. This information is summarised in Charts 6.1 – 6.4, with key points to note including:

- The rate of alcohol related assaults on licensed premises in Potts Point is slightly higher than the City of Sydney LGA average and lower than that of Sydney (on a rate per 100,000 basis), having fallen by some 80% since 2012.
- The rate of liquor offences in Potts Point is higher than the City of Sydney LGA average and lower than that of Sydney (on a rate per 100,000 basis), having halved since 2012.

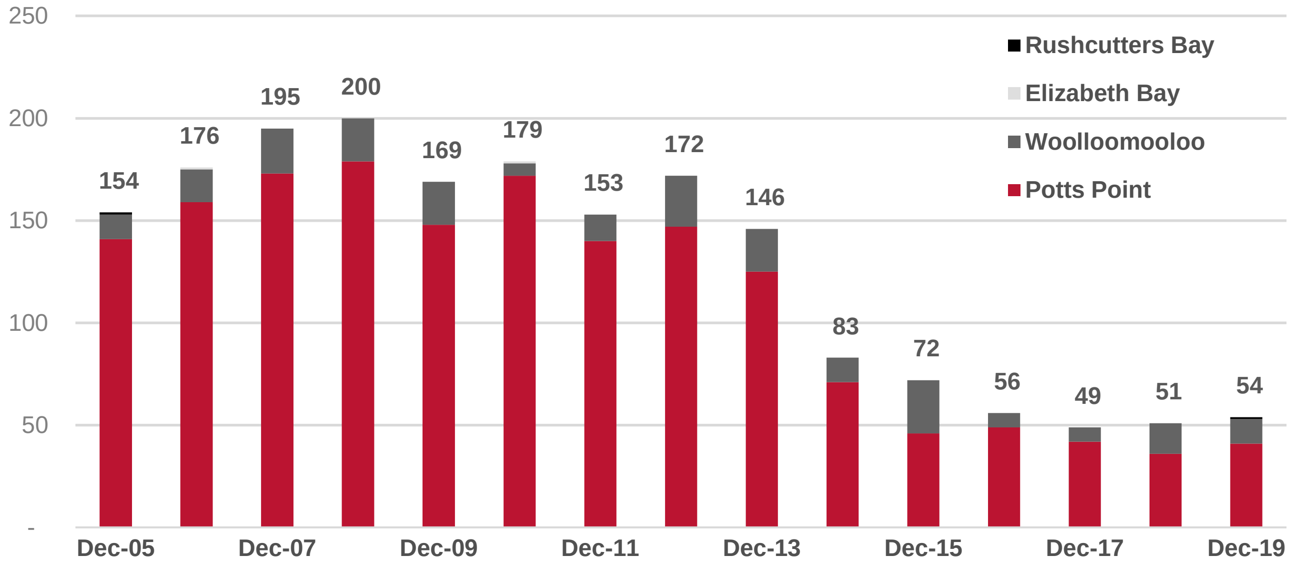
- The key findings from this data indicated that while Potts Point generally incurs rates of alcohol related assault or liquor offences that are higher than state benchmark levels, this is typical of an inner-city area, with a night-time economy.
- Further, rates of such offences have fallen drastically (more than halved) since the implementation of lockout laws in Kings Cross from 2014, which are expected to remain in place.
- The proposed hotel at the subject site would not be anticipated to contribute (to any significant degree) to alcohol related assault or liquor offences, with the licenced premises being associated with a hotel and/or dining offer, as opposed to a standalone venue.
- Food and beverage facilities (bar and restaurant) would likely serve alcohol on-premises, but (subjectively) would not be as conducive to assaults or violence as previous uses at the site, such as the former nightclub and/or adjacent brothel.
- In seeking a liquor licence, the venue will be required to prepare management plan to identify mitigation and management measures that would reduce crime and antisocial behaviour. With such measures in place, as well as the re-positioning of the site, a family-friendly environment, the responsible service of alcohol and management of patrons leaving the venue, the development would not be anticipated to have anything more than a neutral impact on safety in the area.
- An additional benefit (in terms of crime and safety) which may arise as a result of the development would be the re-activation of the sites that (for the most part) currently sit vacant. A more active, well-lit, populated site would have the effect of discouraging unwanted loitering and possibly other crime. Additional surveillance would also be provided at the site.
- The improvements to the subject site would enhance the sense of place (discussed subsequently), which can also result in reduced crime or antisocial behaviour. With mitigation measures in place, the proposal can have a neutral impact on alcohol related health and safety.

TABLE 6.1. INCIDENTS OF ALCOHOL RELATED ASSAULT ON LICENSED PREMISES (RATE PER 100,000)



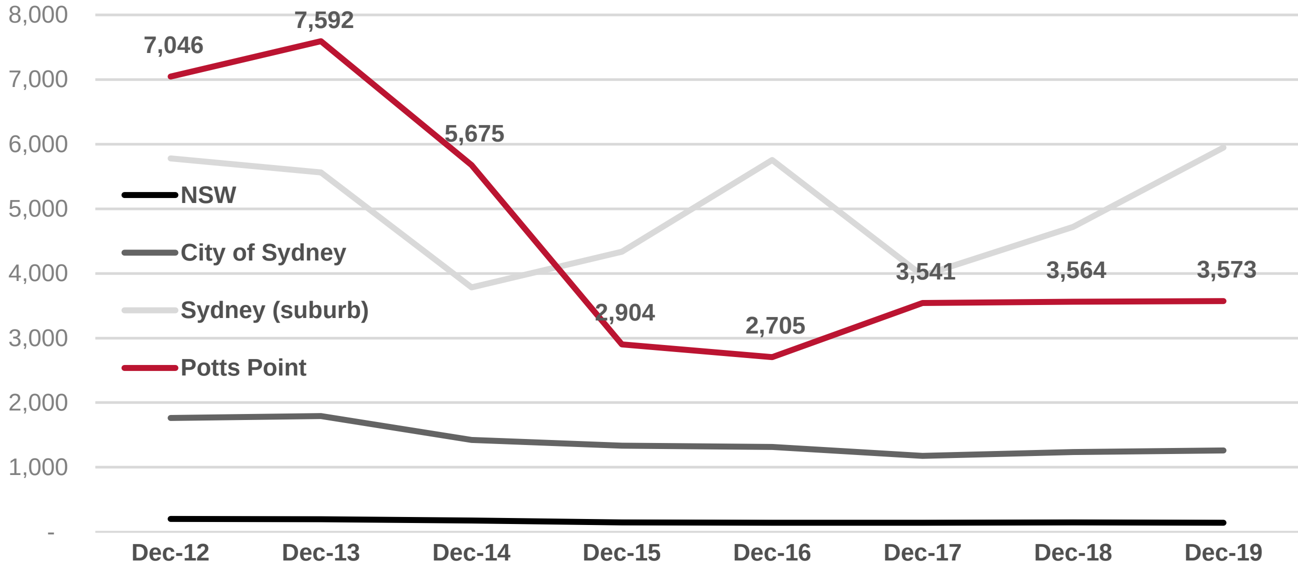
Source: BOCSAR

TABLE 6.2. INCIDENTS OF ALCOHOL RELATED ASSAULT ON LICENSED PREMISES (COUNT)



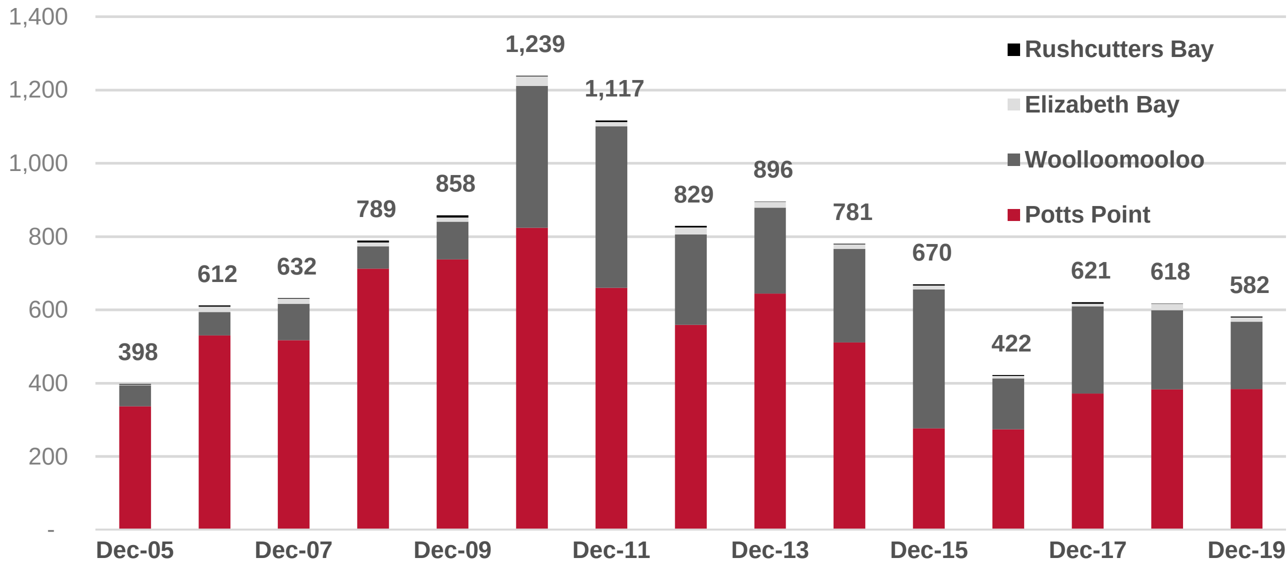
Source: BOCSAR

TABLE 6.3. INCIDENTS OF LIQUOR OFFENCES (RATE PER 100,000)



Source: BOCSAR

TABLE 6.4. INCIDENTS OF LIQUOR OFFENCES (COUNT)



Source: BOCSAR

6.3.3. Community, Liveability & Wellbeing

- The key question for community impacts is whether the development would strengthen or threaten opportunities for social cohesion and connectedness.

- As outlined previously, the proposed development would not result in a significant reduction in available housing (6 dwellings) or population, and as such, would not impact the overall socio-demographic profile or characteristics of the Study Area. This would also mean that there would be no discernible change to cultural traditions, shared beliefs, and customs in the area.

- The repurposing of vacant sites for food and beverage facilities and a boutique hotel would provide the local community with additional facilities that would serve as a 'third place'. The concept of a 'third place' refers to destinations such as cafes, bars and restaurants where customer spend time between home (first place) and work (second place). The boutique accommodation facility would also provide additional choice for visitors and tourists.

- Third places provide the community and visitors with a variety of informal settings, where the people can meet or be comfortably alone while still engaging socially with the community. This provides additional opportunity for social integration, post the short-term disruption caused during the construction period.

- Social integration and the prospects of more seamless interactions between the community are important for the health and wellbeing of local residents. Creating and/or enhancing places for community members to meet and interact is an important precinct planning consideration, with local social networks and casual social interaction being of critical importance for reducing social isolation and supporting the development of cohesive communities.

- These factors, as well as those outlined previously throughout this report, combine to enhance the liveability and attractiveness of the area. Community consultation with the surrounding residential area and local businesses would also help to gain an understanding of other potential concerns.

- The development is expected to comply with relevant noise emission criteria and would likely generate substantially less noise than the previous night club venue at the site.

- Beyond amenity, improvements to the streetscape also have the potential to enhance mobility and activation, thereby also facilitating health and wellbeing pursuits such as walkability.

- The aesthetic appearance and form can also have impacts on the way people perceive their community of local environment. Ageing, vacant, and decrepit buildings can reduce pride in an area and therefore sense of belonging. The proposal will improve a significant dilapidated and portion of the area through contemporary architecture that respects the heritage nature of Potts Point.

- The development also aligns with broader community aspirations. A City of Sydney report produced for its *Corporate, Finances, Properties and Tenders Committee* noted that Sydney's one-time red-light district had lost its identity, and the area's remaining businesses were struggling to attract new visitors in the wake of lockout restrictions, then compounded by the COVID-19 crisis.

> *"There's a real need to put some really solid thinking into how we do this ... without doing a kind-of patch-up job," - Helen Crossing (Convener of 2011 Residents' Association)*

- Kings Cross has undergone improvements in past years to ensure it remained a regularly-frequented precinct. As outlined previously, the City of Sydney has recently endorsed the Committee for Sydney to examine the ways in which Kings Cross could be reinvented as a nigh-time precinct, particularly in light of the Covid-19 pandemic. The Committee proposal summarises that the precinct lacked an overall narrative and needed to learn how to balance 'naughty and nice'.

- A report will be produced outlining a precinct vision, recommendations that reflect the community's aspiration for the precinct and a governance framework that enables local leadership to coordinate development of the area. The final night-time precinct vision and strategy is proposed to be launched at the end of the 2020/21 financial year by the Committee for Sydney.

- The subject development already responds to these core community issues and reflects the new positive vision/narrative for the precinct in several ways; bringing new visitation to the area by way of a boutique hotel; giving dilapidated former red-light uses/nightclub (which are characteristic of the old Kings Cross/Potts Point) a new life and identity which better-reflects the evolution of the precinct; enhancing the night-time precinct for business; and, providing the capacity for economic and tourist sector growth and job creation.

6.4. Summary

i. It is important to note that social impacts are subjective and will be experienced differently by various parts of the community, including local residents and workers/visitors within the broader Study Area.

ii. Sections 1 – 4 of this report established the social baseline for the Study Area, highlighting the pre-existing socio-demographic, competitive (retail and accommodation), infrastructure and community conditions or trends.

iii. Based on the social impact assessment in this report, it is concluded that the development will deliver long term positive social and economic impacts for the Study Area, Potts Point, and the Kings Cross precinct, with key considerations summarised as follows:

- **Employment, Income & Economic Activity:** the local community will experience direct impacts and benefits originating from construction and operation of the proposed development, including the creation of some 697 jobs, ongoing wages of some $2.5 million and an additional $15 million in economic activity (revenue).

- **Population & Housing Availability:** the potential loss of six residential dwellings would represent a small proportion of the housing stock throughout the Study Area and these residents would also have the opportunity to re-purchase or find rental properties in the area. A limited range of housing supply would be required to sustain projected population growth throughout the Study Area, with average population growth projected at some 100 persons (63 new dwellings) per annum.

- **Amenity & Services:** the proposed development would provide improved customer amenity, design and aesthetic for the local residents by way of a new and modern development. The revitalisation of vacant and dilapidated site also improves enjoyment of private or public areas.

- **Anchor:** the development would also serve as a key anchor tenant for the precinct that would benefit most shopfronts in the immediate area by increasing destinational appeal, visitation and range of services, while not impacting the future viability of other operators.

- **Safety:** the development is anticipated to provide increased public safety and reduce opportunities for crime, by way of re-activating the largely disused site (perceived or actual). In seeking a liquor licence, the venue will be required to prepare management plan to identify mitigation and management measures that would reduce crime and antisocial behaviour.

- **Third Place:** the development would provide the local community with additional facilities that would serve as a ‘third place’, or informal settings where people can meet or be comfortably alone while still engaging socially with the community. This provides additional opportunity for social integration and increases prospects of more seamless interactions between the community, which is important for health and wellbeing.

- **Community Aspirations:** the development also aligns with broader community aspirations. The subject development already responds to core community issues and reflects the new positive vision/narrative for the precinct in several ways; bringing new visitation to the area by way of a boutique hotel; giving dilapidated former red-light uses/nightclub (which are characteristic of the old Kings Cross/Potts Point) a new life and identity which better-reflects the evolution of the precinct; enhancing the night-time precinct for business; and, providing the capacity for economic and tourist sector growth and job creation.