Attachment A2

Economic Assessment

ETHOS URBAN

Economic Assessment

Green Square Town Centre
Commercial Sites 8A and 8B

Submitted to City of Sydney Council
On behalf of Mirvac Projects Pty Ltd

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Contents

Figures

Contents

Tables

Executive Summary

Ethos Urban has been engaged by Mirvac Projects Pty Ltd to undertake an Economic Assessment in relation to the development of site 8A and 8B within the Green Square Town Centre (GSTC). The key objectives of this assessment are to confirm the demand requirements for commercial and other supporting lands uses at the site, in GSTC and more broadly in South Sydney, as well as identify the economic benefits of the current proposal.

A summary of the findings outlined in this assessment are now highlighted.

Site and Strategic Context

This assessment finds that site 8A and 8B is extremely well positioned in a high profile and easily accessible location that would be ideal for commercial office and other complementary uses. These uses would benefit from easy access to existing public transport links and the proximity to other employment centres and key infrastructure such as the Sydney CBD, South Eveleigh and Sydney Airport. Importantly, the site is positioned within Green Square Town Centre; one of countries largest urban renewal projects.

GSTC is projected to accommodate up to 6,800 new residents and 6,000 new jobs upon completion. Site 8A and 8B is strategically positioned within the context of the overall precinct and has been identified to accommodate a significant share of employment.

The proposal for the site would align with a range of government strategies, while also enhancing employment opportunities within GSTC and South Sydney. The development will increase the number of job opportunities within GSTC and deliver on the vision of GSTC as a mixed use community precinct for the growing population in the area. The development will support the vision for ‘30-minute cities’, by providing jobs and critical social infrastructure within proximity to thousands of homes.

The site position, close to the Southern Employment Lands Area and Botany Road Corridor, mean that it can form a natural extension of these employment and mixed use precincts in the longer term.

Economic Context

A study area has been defined for the purposes of this assessment to include the City of Sydney Green Square and City South Village. This area has evolved rapidly in previous years and is projected to continue to accommodate a large proportion of population growth in the City of Sydney in the coming years. The 2021 estimated residential population (ERP) for the study area is estimated at 41,690, having increased 27.6% since 2016. Population forecasts estimate that the study area population will increase further by +32,000 residents between 2021 and 2036. This level of population growth will support demand for new employment opportunities, as well as social infrastructure requirements including health and education facilities.

Currently, residents within the study area are typically younger, more affluent and employed in high skilled industries as compared to the Greater Sydney average. Over a quarter of the population is also attending formal education, with a large share studying at a university or other tertiary facility. These highly skilled residents and students would benefit from further employment opportunities and learning spaces planned as part of the proposal.

Employment estimates within the study area indicate that key sectors including knowledge workers and population serving activities as well as health and education will account for additional employment. The proposed development will provide contemporary commercial office and community spaces that will support the growth in the worker population, within a high profile, easily accessible location.

Development Context

Currently, there is approximately $2.4 billion in total development activity within the local area, of which around $1.3 billion is residential investment, representing around 54.2% of total investment activity in the area. A review of developments currently planned or underway indicate that while several major mixed use projects are proposed, there are very few developments focused on health and educational facilities. The City of Sydney Local Strategic Planning Statement highlights that the area faces a challenge to deliver non-residential uses (including social infrastructure) that align with the level of residential development and population growth occurring in the area.

The proposal would provide contemporary commercial office floorspace, along with complementary uses such as health and education facilities, that would align strongly with the needs of the growing population and result in a strong mixed use destination in the GSTC.

Need for the Development

The site is strategically positioned, being centrally located within the Green Square Town Centre and placed to benefit from the adjacent railway station as well as continued investment in this strategic centre. As such, the site represents a unique opportunity to leverage off infrastructure and investment activity, provide a provision of quality commercial office space (among other uses) that will appeal to modern tenant requirements and respond to the evolving role of the Green Square Town Centre within this part of Sydney. However, conditions in the office market overall remain uncertain. The implications for the commercial office market remain unclear as the impact of COVID-19 and the changing nature of work on tenant demand and requirements are yet to be fully understood.

The strong population growth and strategic objectives for GSTC and South Sydney in the future suggest that the opportunity for commercial office uses and other supporting facilities is strong, particularly in the longer term.

The recommended proposal for the site represents a visionary development that will embody a contemporary non-CBD project, delivering not only commercial office floorspace but also supporting uses that will create an active, vibrant destination for a range of occupiers. In this way, the project will be able to better attract and retain, both commercial office users and complementary uses, while enabling the site to adapt and respond to changes in the market (and occupier needs) over time.

The introduction of the additional, complementary uses to the commercial office component at the building will ultimately result in a large provision of office floorspace being more attractive and saleable to potential occupiers. By providing a large, flexible built form with varied and potentially interconnected complementary uses, these attributes have the potential to act as key drivers for new office occupiers and set the benchmark for development in the post-COVID world. There is a clear and emerging need to enable large, flexible, and adaptable development that includes a focus on wellness and sustainability. Introducing complementary uses such as health and education, within the project, will only serve to enhance the offering of a large commercial office project within the emerging precinct.

The development of sites 8A and 8B will deliver around 45,000m^2 of modern, prime grade floorspace within GSTC that will appeal to a range of occupiers, from traditional office occupiers, through to education and medical tenants as well as complementary industries and activities. The delivery of projects such as that proposed at site 8A and 8B will help to support the growth and evolution of GSTC. The ability to provide large floorplates across the site, combined with the flexibility to accommodate uses that complement the commercial office component will ensure that the site remains a vibrant, active destination for the community well into the future.

Economic Benefits

The proposal will deliver an array of economic benefits to the local and regional community. Specifically, while planning is still underway, the proposal has the potential to generate up to 1,020 construction jobs (direct and indirect FTE) during the construction phase of the development. Ongoing jobs are estimated at up to 1,380 workers once the site is complete. These ongoing jobs are estimated to contribute up to $150.9 million per year in value added activity, highlighting the significant economic contribution of the project.

The additional workers and students supported at the site will also generate significant retail expenditure within the local area. This includes up to $4.5 million per year in retail expenditure as a result of the project.

By providing a mix of office workers, students, health and education workers at the site as proposed, the types of retail goods and services demanded will be more diverse, benefiting the range of tenants at GSTC including supermarkets, restaurants, takeaway food operators and cafes. For office workers, expenditure will generally be limited to convenience retail as well as food and beverage services before and after work as well as during lunchtimes. Students or shift workers on the other hand, will access these facilities during these times but also for extended hours, including more regularly late at nights and on weekends. The inclusion of students and shift workers may have the potential to contribute positively to the night time economy in the South Sydney area.

In addition to the above, the project will deliver a range of other economic and community benefits including increased activation, vibrancy and amenity to the local area as a result of increased uses and visitation to the site, including after hours and on weekends. Importantly, the proposed development has the potential to form a key site within the GSTC and South Sydney overall, by providing a contemporary commercial development that will attract high value businesses to this part of Sydney but also facilitate increased levels of activity, collaboration and knowledge sharing through the provision of complementary uses to commercial office, such as health and education facilities. The proposal will align strongly with government objectives and the vision for GSTC and South Sydney by delivering a development that will form a natural extension of the Botany Road Corridor and, by enabling flexibility at the site, position this emerging precinct for long term growth.

1.0 Introduction

This assessment has been prepared for Mirvac Projects Pty Ltd, in support of the Planning Proposal for sites 8A and 8B of Green Square Town Centre, at 377-495 Botany Road, Zetland (the Site). This assessment has been prepared with consideration to the design reference scheme for the development prepared by Architectus. Specifically, the concept design includes a primarily commercial office building with other complementary uses, including potential education and health services, that will support the evolving role of Green Square Town Centre as a new community in South Sydney.

Green Square Town Centre has experienced ongoing renewal and development in recent years, transitioning into an established mixed -use community comprising high density residential, retail, commercial and open space throughout. The purpose of the development of sites 8A and 8B is to provide uplift and employment generating uses that will complement the residential population and role of Green Square Town Centre as a mixed use precinct.

As part of the Planning Proposal for the development, an Economic Assessment is required to outline the likely supportable uses and economic implications of the proposed development in the context of Green Square and South Sydney. This report assesses the economic need for a range of uses at the site, and the economic benefits that these uses are likely to have on the surrounding community.

This report contains the following chapters:

1 Site and Locational Context
2 Local Economic Context
3 Development Context
4 Commercial Office Assessment
5 Supporting Uses Assessment
6 Economic Benefits

2.0 Site and locational context

This chapter provides an overview of Green Square Town Centre as well as locational context for the proposed development at site 8A and 8B.

2.1 Site context

The site for the purposes of this assessment is located at 377-495 Botany Road, Zetland, within the strategically planned Green Square Town Centre (GSTC) and broader City of Sydney Local Government Area (LGA).

Specifically, the site is GSTC commercial sites 8A and 8B (the Site), which have extensive frontages along Botany Road. The Site is situated close to Green Square Station, and immediately adjacent to the Green Square Plaza and library. The Site forms part of the broader GSTC development, which is currently undergoing a period of extensive urban intensification and renewal, including residential development. The Site positioning within the context of GSTC is shown below in **Figure 1.**

Figure 1 Green Square Town Centre and Subject Site

Source: MapInfo, Nearmap

2.2 Surrounding development context

The Site is strategically positioned along a major arterial road corridor, approximately 5km south of Sydney CBD, and 5km north of Sydney Kingsford Smith Airport. Surrounding the Site are a range of uses, including extensive employment uses within the Southern Employments Lands Area, as well as high density residential housing.

In recent years, South Sydney (including Green Square) has undergone significant uplift and renewal and is in fact, the largest renewal project in Australia, encompassing the areas of Green Square, Zetland, Alexandria, Rosebery, and Waterloo. The area has transitioned from being a largely light industrial employment activity area to a precinct with some of the highest residential dwelling density in Sydney. The result of this has been a shift in the types of businesses and land uses in the area, particularly a greater amount of population serving businesses such as retailers, food outlets, supermarkets and restaurants. As such, there is a significant amount of ongoing development within proximity to the Site, which is further discussed in **Section 4.2** of this report.

The area to the south of the Site is largely characterised by employment uses, heavily driven by the area's proximity to Port Botany, and Sydney Airport. This area forms much of the Southern Employment Lands Area, and is understood to contain around 18,745 jobs, equating to approximately 3.7% of jobs in the City of Sydney LGA.

2.3 Strategic policy context

Detailed commentary on Government policies of relevance to the Site and the proposed development is provided in the broader planning statement; however, at a high level there are a number of policies adopted and proposed that would support the development at the Site. These include:

- **Greater Sydney Commission – Metropolis of Three Cities**: Supporting the 30-minute city aspiration. It is a priority of the Greater Sydney Commission to co-locate jobs with housing and active transport links in order to ensure equitable access and facilitate a 30-minute city. The proposed development will deliver on this vision by providing non-residential uses and social infrastructure within close proximity to thousands of homes.
- **Greater Sydney Region Plan and Eastern City District Plan**: The District Plan contains the planning priorities and actions for implementing the Greater Sydney Regional Plan at a district level. The purpose of the District Plan is to support councils in planning for growth and to align the Local Strategic Planning Statements (LSPS) with place-based outcomes.

  A key message of the District Plan is to provide for services, shops, cultural infrastructure, education and transport within walking distance to residents. The proposed development is considering a range of population serving uses at the Site that will provide critical social infrastructure within an area of significant population growth.
- **Sustainable Sydney 2030:** Sustainable Sydney 2030 outlines the environmental, economic, social and cultural goals for the City of Sydney. The key themes of the plan are to facilitate a green, global and connected city, including a focus on economic orientation. Specifically, one of the key targets of the plan is that *'every resident will be within reasonable walking distance to most local services, including fresh food, childcare, health services and leisure, social, learning and cultural infrastructure'.* The Plan also reiterates the role of Green Square as a new community that will support around 61,000 residents by 2031. The Plan highlights a greater need for public transport, health and emergency services investment in the area to support the rapid population growth that has, and is forecast, to occur.
- **City of Sydney Local Strategic Planning Statement**: The City of Sydney LSPS sets out a 20-year vision for the City of Sydney LGA that intends to manage future land uses across the area and implement the community's visions and values. The LSPS recognises that the City of Sydney is challenged by growth in services and infrastructure in alignment with population growth. Notably, the LSPS outlines that the City of Sydney is forecast to reach a resident population of over 350,000 by 2036, supported by around 56,000 new dwellings over this period, with more than one third of these new dwellings projected to occur in the Green Square and City South Village. The LSPS also outlines that the Green Square and City South Village will support around +17,200 new jobs by 2036, highlighting the mixed used nature of the precinct in accommodating both population and jobs growth.
- **City of Sydney Capacity Study:** The Capacity Study prepared in 2019 identifies the individual capacity of the City of Sydney Village precincts for residential and non-residential land uses. The study finds that the Green Square and City South Village has a 'high amount of development capacity', with capacity of up to 794,991m^2 of

non-residential floorspace to 2036 and +17,233 new jobs. The amount of non-residential floorspace capacity demonstrates that the Green Square Renewal Area is intended as a strategic centre with a significant economic role in accommodating jobs and a range of industries that support population growth in the area.

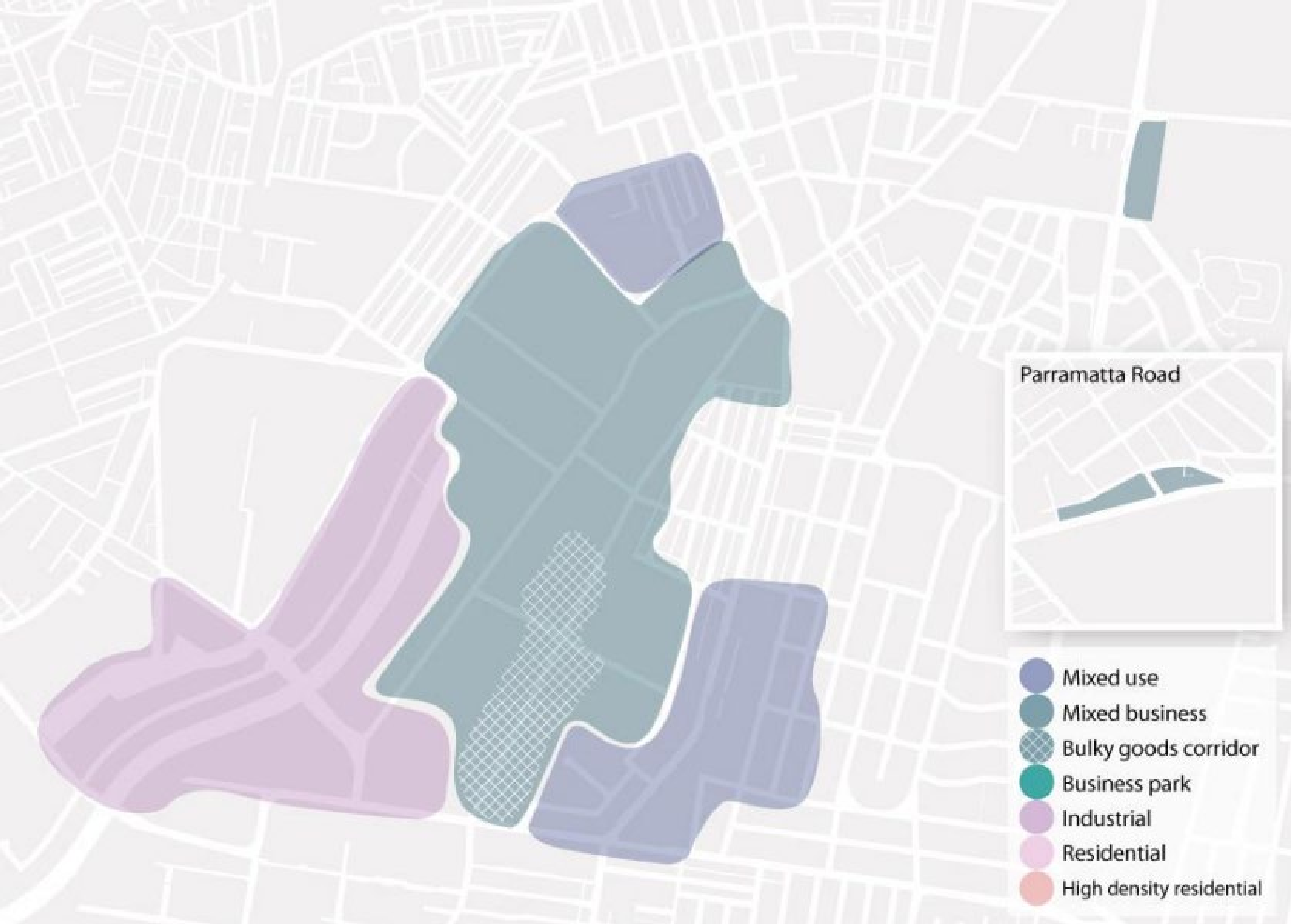
The proposed development would deliver 45,697m^2 in GFA of non-residential space, equivalent to around 6.0% of total non-residential floorspace capacity.

- **City of Sydney Economic Development Strategy**: City of Sydney's Economic Development Strategy is a 10 year plan to guide the vision of an even more dynamic, sustainable and liveability city. The Strategy identifies Green Square as one of three major village projects with the Green Square Town Centre at its heart, with a new retail, commercial and cultural hub for the area focused around Green Square Station.
- **City of Sydney Employment Lands Strategy:** The City of Sydney identifies that the Southern Employment Lands are some of the most strategically important employment lands in Greater Sydney. The plan prepared by SGS Planning and Economics recommends a mixed use economy approach to the future planning of the Southern Employment Lands, and highlights the importance of flexible uses to attract employment and add to diversity, such as sport and recreational facilities, cafés, and accessibility to the Green Square Town Centre and retail precincts. The mixed use zone outlined within the plan adjoins the GSTC and the Site (refer to **Figure 2**).

  More specifically to GSTC, the plan reiterates the need to *'recognise the major centre role of Green Square Town Centre in providing services, office uses and employment, and protect strategic industrial, commercial and mixed use areas by concentrating anchor retailers (such as supermarkets) in nominated centres'.* The proposed development at the Site will support commercial office uses and higher order employment adjacent to a strategically planned mixed use precinct, enabling GSTC to be competitive within the context of the Southern Employment Lands and creating a natural extension of employment facilities from the Southern Employment Lands into GSTC. The extent of the Southern Employment Lands and mixed use zones is shown in **Figure 2** below and demonstrates the proximity of the area to GSTC.

In addition to the above, other strategic policies including the Botany Road Corridor are relevant to areas located in proximity to the subject Site and will have a material impact on the future role of GSTC and surrounding developments along Botany Road. The Botany Road Corridor strategic area is a planned technology and innovation precinct, extending from South Eveleigh and into the South Sydney area. The Site, as part this proposal, is positioned to act as an extension to the planned Botany Road Corridor, and will create a link between the area and Sydney Airport, by establishing higher order, mixed uses in GSTC.

Figure 2 Southern Employment Lands Area – Mixed Business Zone Map



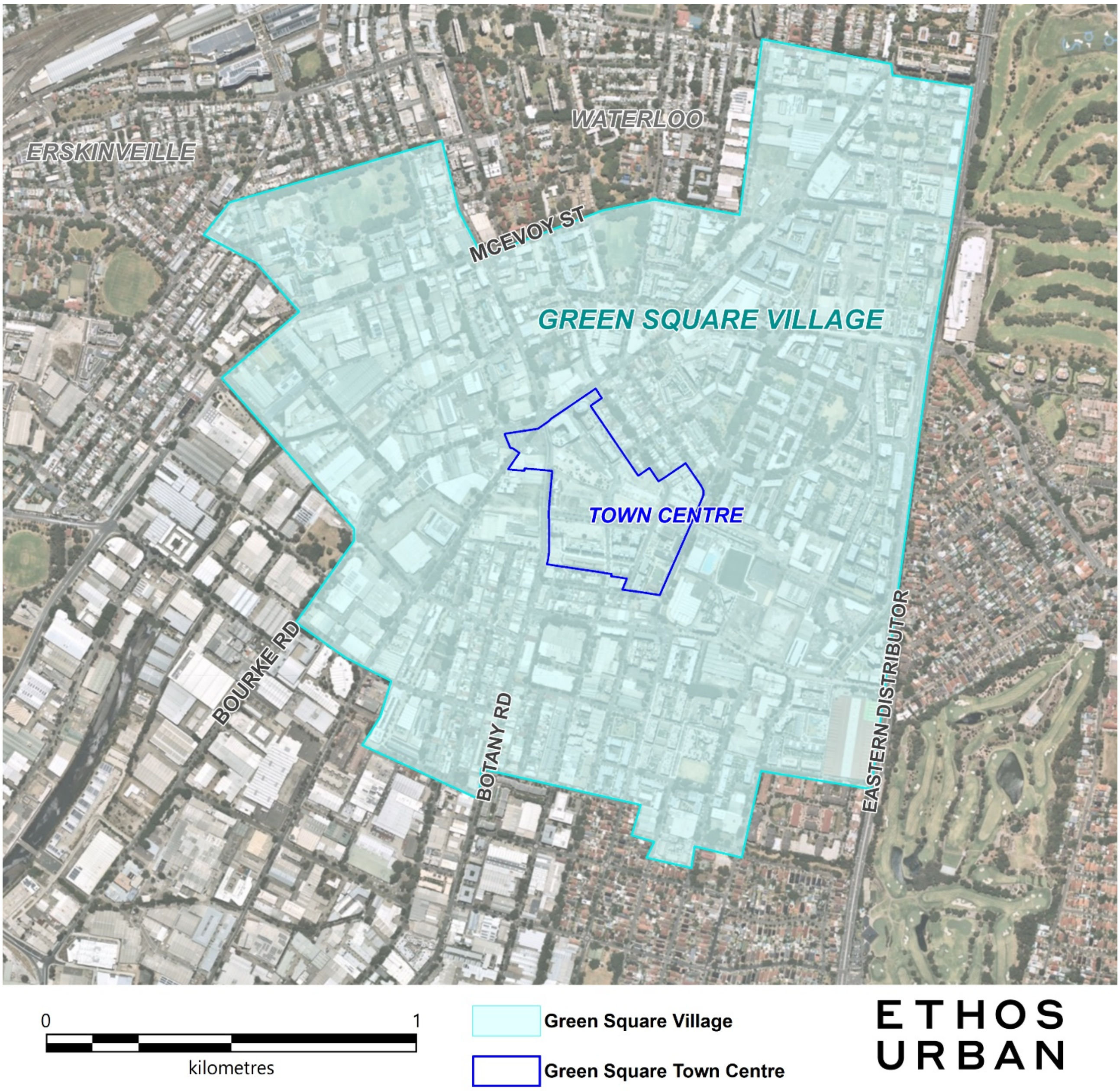
Source: City of Sydney Employment Lands Strategy

2.4 Green Square Town Centre and Proposed Development of Sites 8A and 8B

Green Square Town Centre

The GSTC is a planned strategic centre located within the south eastern extent of the City of Sydney LGA and directly adjacent to Green Square Railway Station. GSTC forms part of Green Square Village (as defined by the City of Sydney) and is shown below in **Figure 3.**

Figure 3 Green Square Village and Town Centre



Source: MapInfo, Nearmap

As one of the most significant urban renewal projects in the country, GSTC was initially jointly planned by Landcom and the City of Sydney, until the recent full acquisition by Mirvac in 2020. Upon completion, GSTC is estimated to support the following:

- 4,000 residential dwellings within the town centre;

- 44,000m^2 of commercial office space;
- 14,000m^2 of retail floor space including a supermarket and speciality shops;
- Up to 6,800 new residents; and
- Up to 6,000 new jobs.

Reflecting the central location in Green Square Village, the GSTC will form the primary destination for retail facilities within this part of Sydney.

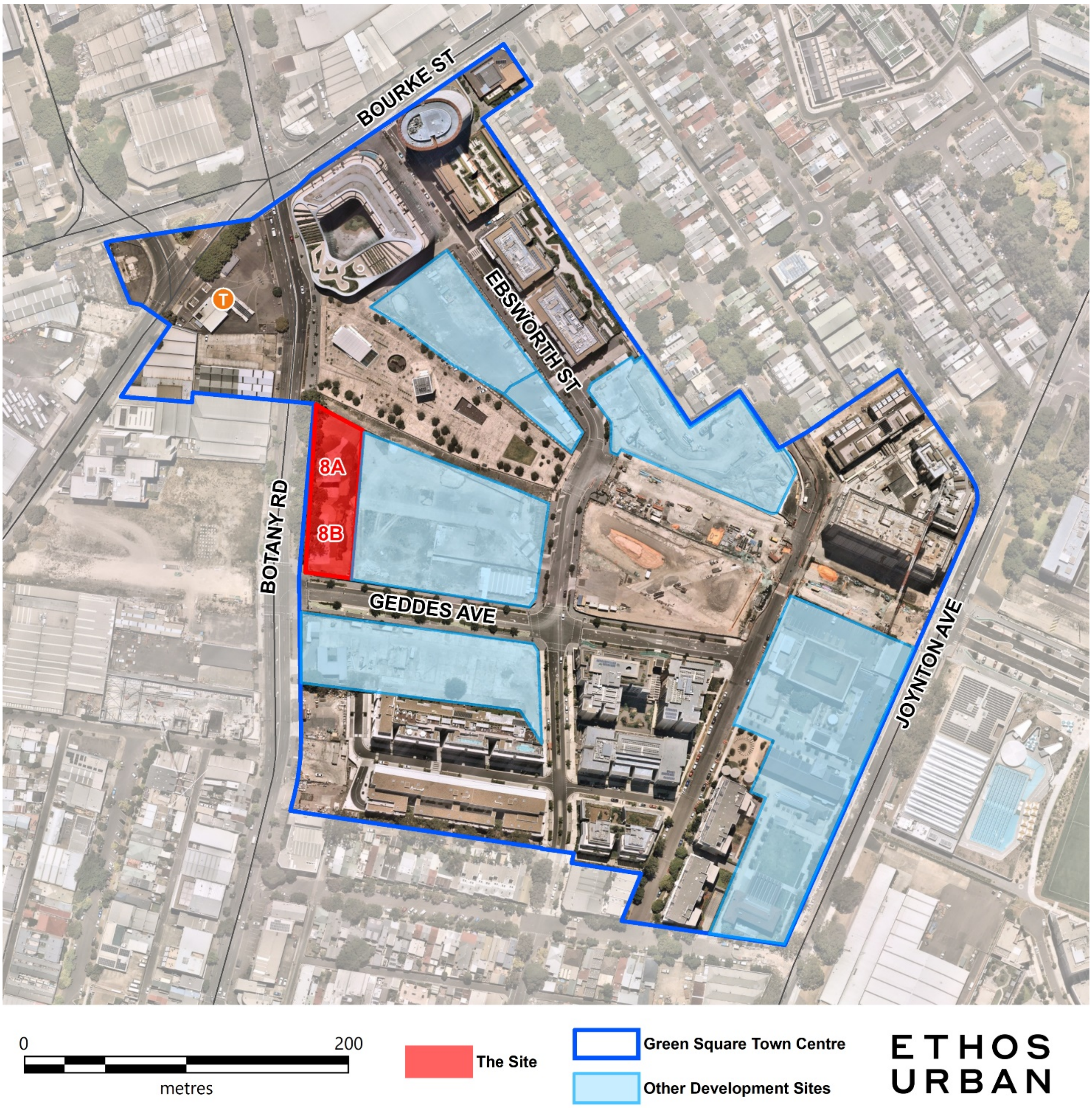
Construction of the GSTC commenced in 2014, and development is planned to occur in stages over the next 10-15 years, although several stages have already been completed. This includes residential development to the north and south of the Town Centre, as well as community facilities and a Woolworths Metro supermarket.

Reflecting the staged nature of the development, large tracts of the Town Centre are yet to be developed. From information provided by Mirvac, it is understood that the following is yet to be developed:

- 1,640 residential dwellings across 16 individual buildings
- 40,000-45,000m^2 of commercial floorspace, which primarily relates to the Site.
- 12,000-14,000m^2 of retail floorspace over 52 tenancies

The remaining developable areas within the Town Centre are shown below in **Figure 4**.

Figure 4 Green Square Town Centre – Development Context



Source: MapInfo, Nearmap, Ethos Urban

Proposed intended development of Sites 8A and 8B

An indicative design concept has been prepared to demonstrate that the proposed envelope can deliver a feasible commercial office and mixed use tower as proposed. The design would be further refined as the project progresses through the planning process.

The amendments to planning controls proposed in the Planning Proposal will support (indicatively):

A 23-storey tower comprising:

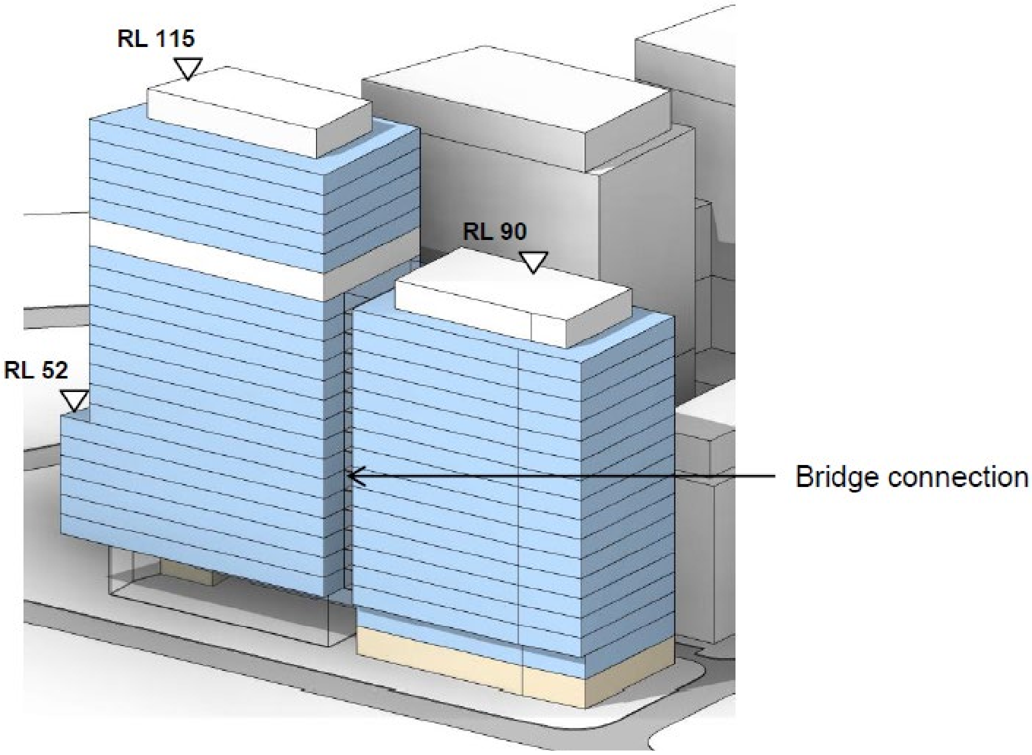
- 3 basement levels, with 211 car parking spaces;
- Approximately 45,697m^2 of floorspace, with a mix of commercial office, retail, education and complementary uses;

- Active uses at ground level including retail; and
- Public domain improvements, including a high degree of activation and pedestrian links through both the retail provision and generous lobby and podium levels.

It should be noted that the scheme is indicative only and has been prepared for the purpose of demonstrating that the proposed building envelope can deliver a viable scheme which complies with the proposed planning controls. In undertaking future analysis as the project progresses, changes to the indicative scheme may occur.

The current design reference scheme is presented in **Figure 5**.

Figure 5 Latest Design Reference Scheme - Massing



Source: Architectus

3.0 Local Economic Context

This chapter provides an overview of the local economic context of the Site and surrounding area, including projections for future population and employment.

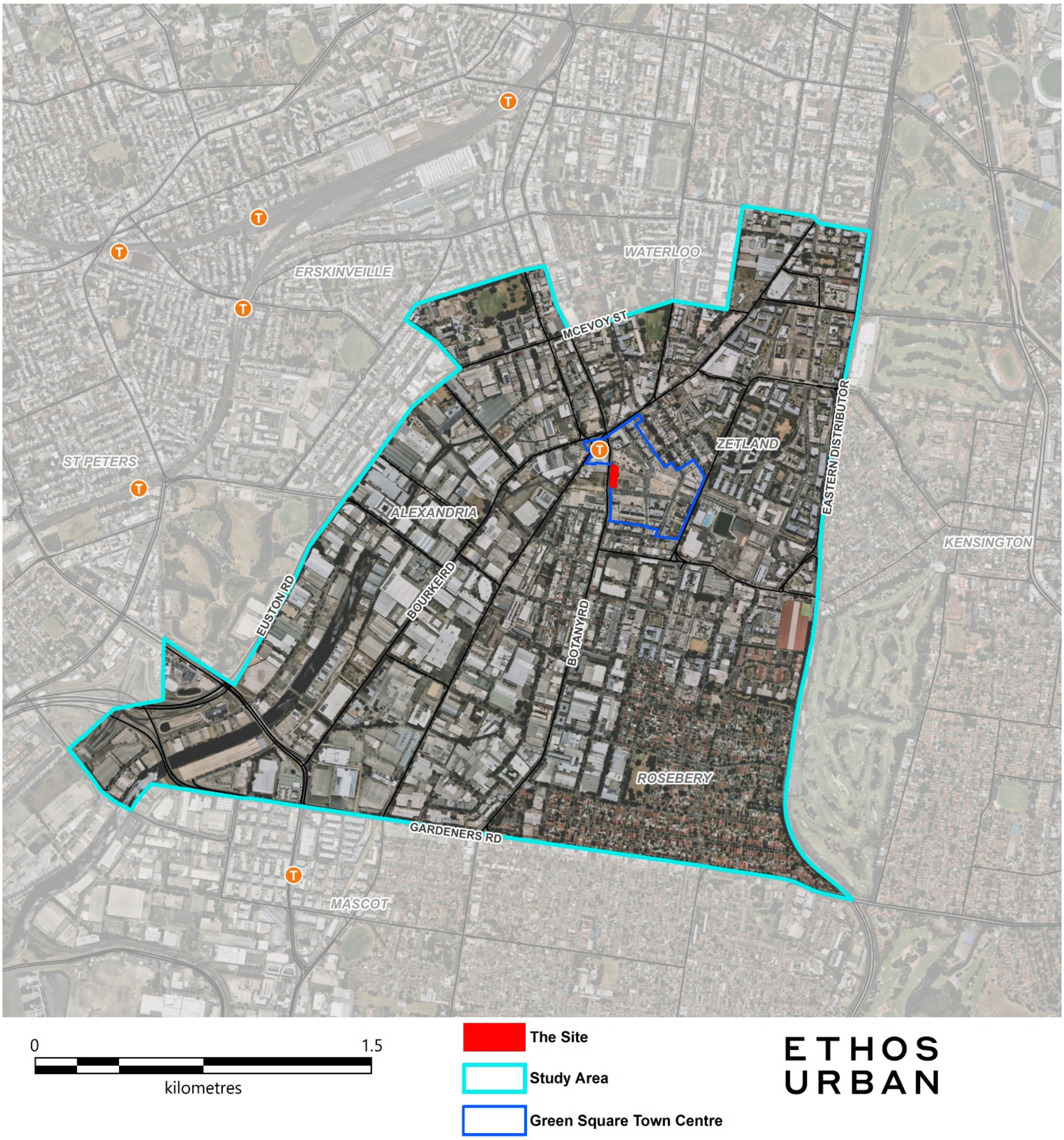
3.1 Study Area Definition

This section provides an overview of the key demographic characteristics of the local community. The City of Sydney has defined 10 different 'villages' that combine to form the Local Government Area (LGA). The Site is located within the defined 'Green Square and City South' Village.

For the purposes of this assessment, a Study Area has been defined as the City of Sydney Green Square and City South Village precinct. This area is considered of most relevance in assessing the local population and worker profile and includes the Green Square Town Centre, and Southern Employment Lands Area.

The Study Area is shown in **Figure 6.** The Study Area has been defined using Statistical Area 1 (SA1) boundaries as defined by the Australian Bureau of Statistics (ABS), with a best match applied to represent the Green Square and City South Village precinct.

Figure 6 Study Area



Source: MapInfo, Nearmap, Ethos Urban

3.2 Resident Population

3.2.1 Population Projections

Population forecasts have been prepared based on the estimated resident population (ERP), with population projections taking into account information from Forecast.id, Transport for NSW and new dwelling approvals data, with projections adjusted as appropriate.

A summary of the existing and projected population within the Study Area is provided in **Table 1** below.

- The 2021 ERP for the Study Area is estimated at 41,690, an increase of + 9,020 residents since 2016 (27.6% increase).
- Between 2011 and 2016, the Study Area population increased significantly, from 20,090 residents in 2011, to 32,670 residents in 2016. This level of growth reflects an average annual growth rate of 10.2%, which compares to Greater Sydney at 1.7% per annum over the same period.
- Population projections show that the Study Area is forecast to increase by an estimated +32,000 residents between 2021 and 2036, at an average annual growth rate of +3.9%. This equates to a total ERP of 73,690 by 2036. By comparison to the Study Area, the Greater Sydney population is projected to increase by just +1.6% per annum over the same period.
- A significant share of population growth is projected to occur between the 2026-31 period, at an average annual of 4.5%, representing some +2,500 residents each year. Higher growth during this period is projected due to slower population growth over the 2021-26 period, as a result of COVID-19 impacts on migration and reduced residential construction activity. As such, it is assumed that much of this growth will occur in the medium term over the 2026-31 period in normalised conditions.

Table 1 Study Area - population estimates

	2011	2016	2021	2026	2031	2036	Change 2021-36
Study Area	20,090	32,670	41,690	51,190	63,690	73,690	+32,000
Greater Sydney	*4,608,950*	*5,024,920*	*5,486,870*	*5,992,660*	*6,463,600*	*6,923,120*	*+1,436,250*
		2011-16	**2016-21**	**2021-26**	**2026-31**	**2031-36**	**Change 2021-36**
Study Area		2,520	1,800	1,900	2,500	2,000	+2,100
Greater Sydney		*83,190*	*92,390*	*101,160*	*94,190*	*91,900*	*+95,750*
		2011-16	**2016-21**	**2021-26**	**2026-31**	**2031-36**	**Change 2021-36**
Study Area		10.2%	5.0%	4.2%	4.5%	3.0%	+3.9%
Greater Sydney		*1.7%*	*1.8%*	*1.8%*	*1.5%*	*1.4%*	*+1.6%*

Source: ABS, Transport for NSW, Forecast Id.

3.2.2 Socio-economic profile

The demographic data has been drawn from the Australian Bureau of Statistics (ABS) 2016 Census of Population and Housing and is highlighted in **Table 2**. The data analysis provides a general overview of the demographic characteristics of residents within the Study Area. Key characteristics of the Study Area population include:

- **High median household income of $108,510**, some 17.7% higher than the Greater Sydney median of $92,200.
- **Lower median age profile of 30.0** as compared to the Greater Sydney average at 36.0 years. This lower median age is attributed to a high share of persons aged 20-34 residing within the Study Area, accounting for

52.0% of residents. Persons under 19 years represent 14.3% of the resident population, while 4.4% of the population is persons aged 65 years and over.

- **High share of overseas born residents,** where some 59.8% of Study Area residents were born in overseas countries. Just under 50% of the resident population speak English at home.
- **Family households are the primary household type in the Study Area** at 56.2%. This compares to Greater Sydney at 73.7%. This lower share as compared to Greater Sydney is driven by the high share of group and lone persons households in the Study Area, which represent 18.5% and 25.3% of dwellings. Group households and lone person dwellings represent 4.6% and 21.7% of households in Greater Sydney, respectively.
- **Flats, units and apartments are the predominate dwelling structure** in the Study Area, accounting for 87.5% of total occupied private dwellings. This is reflective of the ongoing urban intensification and residential development occurring within the Study Area in recent years. The average household size is 2.2, which is lower when compared to the Greater Sydney average of 2.8.
- **Over a quarter of the population (27.1%) are attending education.** Of those attending education, 62.1% are studying at a university or other tertiary facility, while 8.9% are attending primary school, and 7.3% attend secondary school.
- **Residents are highly skilled and mostly working in white collar professions.** Of employed residents, 74.7% work in white collar occupations where 35.3% are professionals, 18.0% are managers, and 12.9% are clerical and administrative workers.

Table 2 Socio-Economic Profile

Category	Study Area	Greater Sydney
Income		
Median individual income (annual)	$52,940	$37,460
Variation from Greater Sydney median	41.3%	na
% of persons (15 years or older) earning $1,000pw or more	50.6%	37.3%
Median household income (annual)	$108,510	$92,200
Variation from Greater Sydney median	17.7%	na
% of Households earning $2,500pw or more	37.7%	31.8%
Age Structure		
0-4 years	4.8%	6.4%
5-19 years	9.6%	18.2%
20-34 years	52.0%	23.1%
35-64 years	29.3%	38.3%
65-84 years	4.1%	12.0%
85 years and over	0.3%	2.0%
Median Age (years)	30.0	36.4
Country of Birth		
Australia	40.2%	61.9%
Other Major English Speaking Countries	12.2%	7.6%
Other Overseas Born	47.6%	30.5%
% speak English only at home	*49.7%*	*62.0%*
Household Composition		
Couple family with no children	33.9%	23.8%
Couple family with children	15.2%	37.5%
Couple family - Total	49.2%	61.3%
One parent family	4.8%	11.1%
Other families	2.2%	1.3%
Family Households - Total	56.2%	73.7%
Lone person household	25.3%	21.7%
Group Household	18.5%	4.6%
Dwelling Structure (Occupied Private Dwellings)		
Separate house	5.7%	57.2%
Semi-detached, row or terrace house, townhouse etc.	6.6%	14.0%
Flat, unit or apartment	87.6%	28.2%
Other dwelling	0.1%	0.5%
Occupancy rate	*90.3%*	*92.3%*
Average household size	2.2	2.8
Tenure Type (Occupied Private Dwellings)		
Owned outright	11.9%	30.0%
Owned with a mortgage	28.3%	34.2%
Rented	59.3%	35.1%
Other tenure type	0.4%	0.7%
Housing Costs		
Median monthly mortgage repayment	$2,350	$2,240
Variation from Greater Sydney median	4.9%	0.0%
Median mortgage as a share of median household income	26.0%	29.2%
Median weekly rents	$640	$450
Variation from Greater Sydney median	42.2%	0.0%
Attending Education (% of those attending)		
Pre-school	2.8%	6.9%
Infants/Primary	8.9%	32.2%
Secondary	7.3%	25.0%
Technical or Further Educational Institution	9.9%	7.6%
University or other Tertiary Institution	62.1%	24.2%
Other type of educational institution	9.0%	4.0%
% of total population attending education	*27.1%*	*25.2%*
Occupation		
Managers	18.0%	13.7%
Professionals	35.3%	26.3%
Technicians and trades workers	8.7%	11.7%
Community and personal service workers	8.5%	9.6%
Clerical and administrative workers	12.9%	14.6%
Sales workers	8.7%	9.0%
Machinery operators and drivers	2.2%	5.6%
Labourers	3.7%	7.6%
Inadequately described or not stated	1.9%	1.9%

Source: ABS Census of Population and Housing 2016, Ethos Urban

3.3 Worker Population

3.3.1 Employment Projections

Employment estimates have been adopted through an iterative approach that has considered official employment projections from Transport for NSW, as well as the viability of future commercial, health and education, and retail development. The historic and future trends that are influencing jobs growth in Australia and in the Study Area have also been considered.

The headline employment projections for the Study Area is presented in **Table 3**. In the Study Area, employment is projected to increase from 46,480 in 2021 to 61,140 by 2036, an increase of +15,200 jobs.

The City of Sydney Capacity Study outlines that between 2019 and 2036, the Green Square and City South Village has capacity for up to +17,233 jobs by 2036. Employment estimates show that the current (2021) number of workers in the Study Area is estimated at 46,480. By rebasing the Capacity Study forecast to the 2021 employment estimate, the current capacity is estimated at around +15,200 jobs over the forecast period. Most of this employment growth is estimated to occur in population serving and knowledge workers.

The number of office-based workers (including knowledge workers and traditional office workers) is forecast to increase by +2,950 by 2036.

While a proportion of local residents are also likely to work in the region, the above highlights the continued focus on employment growth and development within the City of Sydney. The Green Square and City South Village will play an important role in accommodating future growth.

Table 3 Employment estimates (2021-2036)

ANZSIC industry	Broad Industry Categories	2021		2036		Change (2021-2036)
• Agriculture, Forestry and Fishing • Mining • Manufacturing • Electricity, Gas, Water and Waste Services • Wholesale Trade • Transport, Postal and Warehousing	**Industrial**	16,070	34.6%	21,512	35.8%	**+5,440**
• Construction • Retail Trade • Accommodation and Food Services • Arts and Recreation Services • Other Services	**Population serving**	17,390	37.4%	22,827	35.8%	**+5,440**
• Information Media and Telecommunications • Financial and Insurance Services • Professional, Scientific and Technical Services	**Knowledge workers**	5,740	12.3%	7,491	11.5%	**+1,750**
• Rental, Hiring and Real Estate Services • Administrative and Support Services • Public Administration and Safety	**Traditional office workers**	3,730	8.0%	4,932	7.9%	**+1,200**
• Education and Training • Health Care and Social Assistance	**Health and education**	3,540	7.6%	4,911	9.0%	**+1,370**
Total		***46,480***	***100%***	***61,140***	***100%***	***+15,200***

Source: Transport for NSW, City of Sydney Capacity Study 2019

Results from the City of Sydney Floor Space and Employment Survey 2017 also provide detail on workers and industries of employment within the Green Square and City South Village including:

- There were 2,326 businesses in the Green Square and City South Village.
- The top employment industries (by number of businesses) were Retail and Personal Services (18.7%), Food and Drink (12.6%), Transport and Logistics (12.4%), and Professional and Business Services (10.1%).
- The largest industries by workforce were Transport and Logistics (15.7%), Retail and Personal Services (14.1%), Professional and Business Services (10.1%).

3.4 Worker Floorspace Demand

It is estimated that employment within the Study Area will increase by +15,200 jobs between 2021 and 2036. Using the current (2021) and projected (2036) shares of employment within the Study Area by broad industry category provided by Transport for NSW, and realigning these shares to the City of Sydney's official estimates for employment within the Study Area, the actual employment forecasts by broad industry can be estimated. These findings are shown in **Table 4** below. At a high level, the estimates outline that population serving and industrial related industries will account for the largest shares of employment growth.

To translate forecast employment into floorspace requirements, workspace ratios from the City of Sydney's Floor Space and Employment Survey 2017 have been adopted. In assessing the workspace requirements for the Study Area, ratios have been adopted for both the Green Square and City South Village and City of Sydney LGA in order to understand the current workspace density in the Study Area, and the likely future requirements that may occur as the area shifts from a light industrial based region to accommodating a broader range of higher order uses, including population serving activities and office-based jobs. The findings and floorspace requirements for the Study Area, based on employment forecasts and workspace ratios from the City of Sydney, are highlighted below in **Table 4**.

The workspace demand findings indicate:

- Over 1 million square metres of non-residential floorspace will be required in the Study Area by 2036, when adopting the Green Square and City South workspace ratios. Notably, this includes a high demand requirement for industrial floorspace.
- When adopting the City of Sydney LGA average workspace ratios, a lower requirement of 783,900m^2 of non-residential floorspace is estimated.
- These workspace ratios are based on current employment and do not take into account future structural employment shifts in the area including a transition from traditional industrial based activities to more knowledge intensive activities that may be accommodated in the area.
- As such, in assessing the actual estimated non-residential floorspace requirement, the Green Square ratio has been adopted for all industries excluding industrial, which is considered to require a lower workspace ratio that can be taken from the City of Sydney LGA average. This aligns with the structural shifts in employment that are anticipated to occur within the area (such as increasing automation in the industrial sector).
- On this basis, it is estimated that a total of 916,620m^2 of employment floorspace will be required by 2036, which is relatively consistent with the City of Sydney's Capacity Study for the Green Square and City South Village; which outlines a total capacity by of +794,991m^2 of non-residential floorspace between 2019 and 2036.

Table 4 Forecast employment floorspace requirements (2021- 2036)

Industry Group	Share of employment growth (at +15,200 jobs)	Green Square and City South		City Sydney LGA		Estimated Requirement
		WSR	*Floorspace Requirement (m^2)*	*WSR*	*Floorspace Requirement (m^2)*	*Floorspace (m^2)*
Industrial	+5,442	127.5	+693,910	94.1	+512,130	**+512,130**
Population Serving	+5,437	45.5	+247,370	30.2	+164,190	**+247,370**
Knowledge workers	+1,751	34.5	+60,420	16.2	+28,370	**+60,420**
Traditional Office	+1,202	34.5	+41,460	16.2	+19,470	**+41,460**
Health and Education	+1,371	40.3	+55,240	43.6	+59,760	**+55,240**
Total	**+15,206**	**-**	**+1,098,390**	**-**	**+783,920**	**+916,620**

Source: Transport for NSW, City of Sydney Capacity Study 2019, City of Sydney Floor Space and Employment Survey 2017

4.0 Development Context

This chapter provides an overview of the surrounding built form and development activity currently under construction or proposed within the GSTC and surrounding precinct.

4.1 Existing Development Context

4.1.1 Floorspace Provision by Use Type

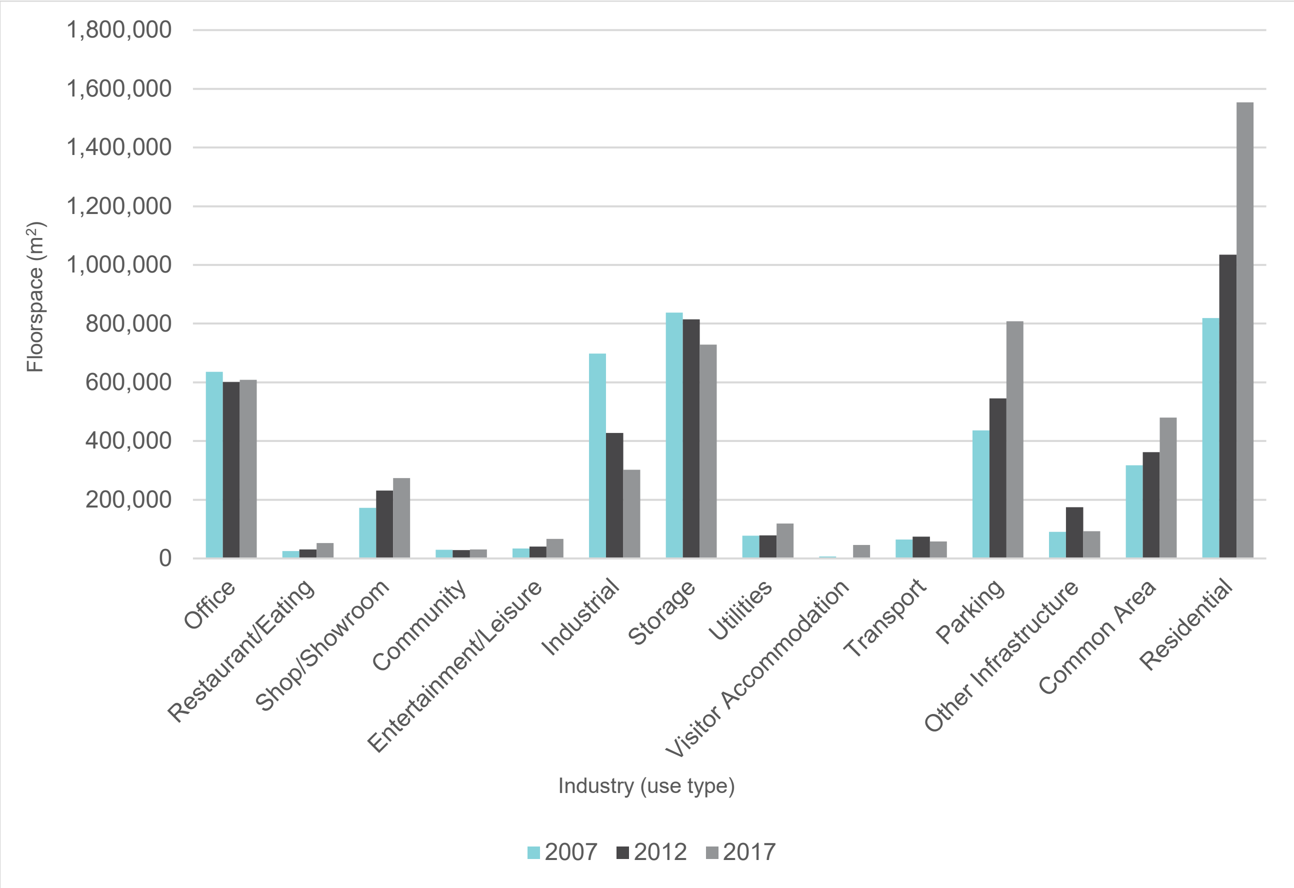
The City of Sydney undertakes a floorspace and employment survey every five years, with the latest results from the 2017 survey released in early 2019. This survey collects data from businesses on employment numbers and floorspace use across the City of Sydney Local Government Area (LGA). Specifically, the data collected shows the total floorspace estimates by industry groups across each village sector and produces a workspace ratio that represents the average provision of floorspace provided for each worker on a per square metre basis across each property sector.

Historical trends of total floorspace by industry that are provided within the survey are outlined in this section. This includes a breakdown of the total land use type for the past three survey results. Changes in the data show a significant increase in residential floorspace across the Study Area, as well ancillary residential uses such as common areas, car parking, and utilities. However, these uses do not generate high levels of employment. Employing industries such as office have remained relatively stable over the 10 year period, while other sectors such as industrial and storage have declined. This is consistent with the structural change in the Study Area in recent years, where residential development has replaced many of the traditional employment generating industries that have become redundant or relocated to other major industrial centres such as southern and western Sydney.

Notably, the data shows that high employment generating land uses such as office, retail and community uses have not significantly increased over recent years, highlighting limited growth in employment and business opportunities for new residents living within the thousands of homes completed in the Study Area over the past decade. This represents a supply gap in developing non-residential uses that may provide business opportunities, jobs, and critical community infrastructure such as schools and health services to the growing population. This is also highlighted in the City of Sydney LSPS, which recognises that the LGA is challenged by accommodating services and infrastructure to better serve the growing population.

A breakdown of the floorspace uses within the Green Square and City South Village (the Study Area) is shown in **Figure 7.**

Figure 7 Floorspace by industry (use type) – Study Area

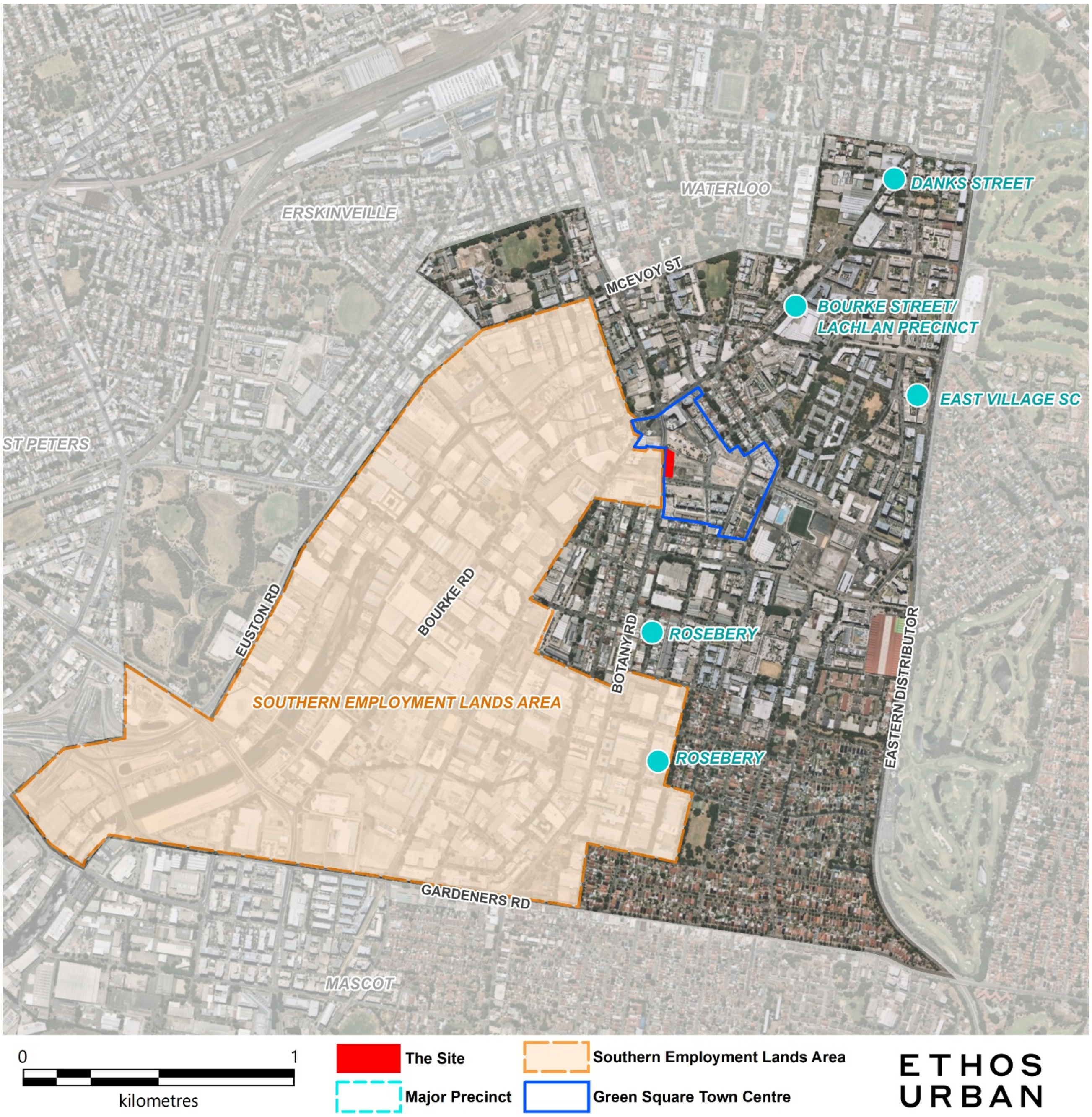


Source: City of Sydney Floor Space and Employment Survey 2017

4.1.2 Major Precincts

There are a number of major precincts within the Study Area that provide employment based activities and population serving roles for the community. Each precinct is unique in terms of land uses and purpose. The precincts of most relevance to the proposed development of sites 8A and 8B is shown in **Figure 8** and detailed in **Table 5**.

Figure 8 Major Employment Precincts



Source: MapInfo, Nearmap

Table 5 Existing development – Major Employment Precincts

	Commercial	Industrial	Retail	Health and Education	Other
Green Square Town Centre	The City of Sydney outlines that GSTC is planned to accommodate +44,000m^2 of commercial floorspace. Currently, there are no commercial developments planned or completed within the Town Centre, with the exception of the Site.	There is no industrial floorspace planned within the GSTC.	The GSTC is planned to accommodate +14,000m^2 of retail floorspace. Currently, retail facilities within the Town Centre include a Woolworths Metro Store at 2,000m^2, and a number of food and convenience operators.	There is currently a limited provision of health and education facilities within GSTC, however it is recognised that these services will be increasingly in demand as the population of the area continues to grow. In response to this, there is currently a 600 place primary school proposed within the Town Centre and a health centre along Bourke Street. Both developments are due for completion in 2023.	GSTC has an increasingly established public domain associated with the Town Plaza and Library that is located adjacent to the Site.
Southern Employment Lands Precinct	Higher order commercial uses within the Precinct are typically limited, while traditional offices are more common and ancillary to industrial warehouses or bulky goods sites.	The Southern Employment Lands is a significant industrial precinct within the City of Sydney, benefiting from proximity to two major trade gateways, being Sydney Airport and Port Botany. In total, industrial land within the precinct equates to around 663,000m^2.	The precinct contains a significant amount of bulky goods retail across an area of 332,540m^2. There is a prominent retail precinct along Botany Rd in Beaconsfield, as well as a concentration of speciality stores (including supermarket) in Rosebery close to new residential development.	The Southern Employment Lands Precinct generally offers a limited provision of health and education facilities. Currently, there is one day surgery hospital located along Bowden Road, providing a range of speciality consultations and procedures.	The Southern Employment Lands Precinct covers around 2.7miillion square metres of employment land. Of this around 1.8 million square metres is dedicated to mixed use/business zoned land.
East Village Shopping Centre	The centre does not offer traditional office based facilities given its role as a retail destination.	The centre does not offer industrial based facilities, however, does include the Audi dealership and service centre.	Coles East Village is 4,020m^2 and the most dominant supermarket destination for residents within the Study Area. The store is understood to trade strongly. Other retail stores are also within the centre, including food operators and a range of apparel stores and convenience based retail stores.	The centre has a range of medical based services including a GP clinic, and ancillary health services including optometry and dentistry.	The centre offers a range of other services including gyms, an Audi Centre, and a Montessori child care facility.

	Commercial	Industrial	Retail	Health and Education	Other
Bourke Street and Lachlan Precinct	There is a small provision of commercial office based businesses around Bourke St, which are typically limited to services such as accountancy and real estate.	Bourke Street accommodates a number of light industrial activities and showrooms such as car dealerships.	More recently, higher order employment uses including speciality retailers and food operators have opened within the area. These are largely associated with mixed use residential development sites at Lachlan Precinct. This provision will increase with the completion of the Danks Street South Precinct development.	There is a limited provision of health and education facilities in the precinct, with health services and pathology clinic along Bourke Street. There is also an acting and film school located along Young Street.	n/a
Danks Street – Retail	Limited provision of commercial office facilities. Some upper level commercial floorspace provided.	There are no identified industrial lands within the Danks Street Precinct area. Despite this, there are a number of warehouse style businesses along Danks Street including supply stores, and bulky goods stores.	Retail trading is a prominent land use type within Danks Street Precinct. This includes a full line Coles Supermarket at 2,600m^2, and ALDI store at 1,475m^2. There is also several other speciality retail stores and food operators in the precinct.	n/a	n/a
Rosebery – Retail	n/a	Industrial land uses within Rosebery typically include showrooms, warehouse and bulky goods centres which are focused along Botany Road.	Retail includes the provision of a Woolworths Metro supermarket at 950m^2 and IGA at 800m^2. Situated along Mentmore Avenue is the Cannery; a boutique shopping and experiential destination. Located within a re-purposed warehouse, the centre includes a range of food operators, personal services, cooking schools, distilleries, fitness facilities and other non-retail services	Health services in Rosebery are mostly limited to health clinics offering GP services.	n/a

Source: Ethos Urban, City of Sydney Employment Lands Strategy

Key points for each precinct include:

- **Southern Employment Lands Precinct:**

  At a high level, the Southern Employment Lands Precinct remains the employment activity precinct in the Study Area, and more broadly within the City of Sydney. The precinct has a significant role in providing a mix of higher order and traditional employment uses including commercial offices, large format retailing, and industrial activities. Industries within the precinct benefit from the proximity to Sydney Airport, and Port Botany, and include a higher proportion of transport, postal and warehousing, and manufacturing-based jobs.

  Ongoing population growth in the surrounding area has, however, resulted in a need to diversify employment in the Southern Employment Lands, including a greater focus on providing more population serving employment activities and other uses. These include higher order jobs in commercial office spaces, anchor retailers, and recreational/community facilities.

- **East Village Shopping Centre**

  East Village is a mixed use centre that opened in 2014 in Zetland. The centre provides around 32,881m^2 in GLA, and is anchored by a full line Coles of 4,020m^2, a Virgin Active Health Club, and an Audi Service Centre. These anchor tenants draw a diverse and large customer profile to the centre, particularly given the proximity to Zetland and other fast growing suburbs such as Waterloo, Green Square and Rosebery.

- **Local Centre Precincts**

  Several precincts serve a local function in the area, providing a range of mixed use services targeted at the immediate local population. These include Dank Street, Bourke Street – Lachlan Precinct, and Rosebery. Together these precincts offer a range of retails goods and services, as well as personal and other non-retail services. This includes the provision of supermarkets, food and beverage operators, apparel, bulky goods retailing, and other personal services.

  GSTC is the designated Strategic Centre for the region and is developing over time. The centre will accommodate a broad range of industry uses including commercial, retail, education, health and other community-based uses to serve the growing population of the area. Details on the broader development of GSTC development is discussed in **Section 4.2.2.**

4.2 Development Activity

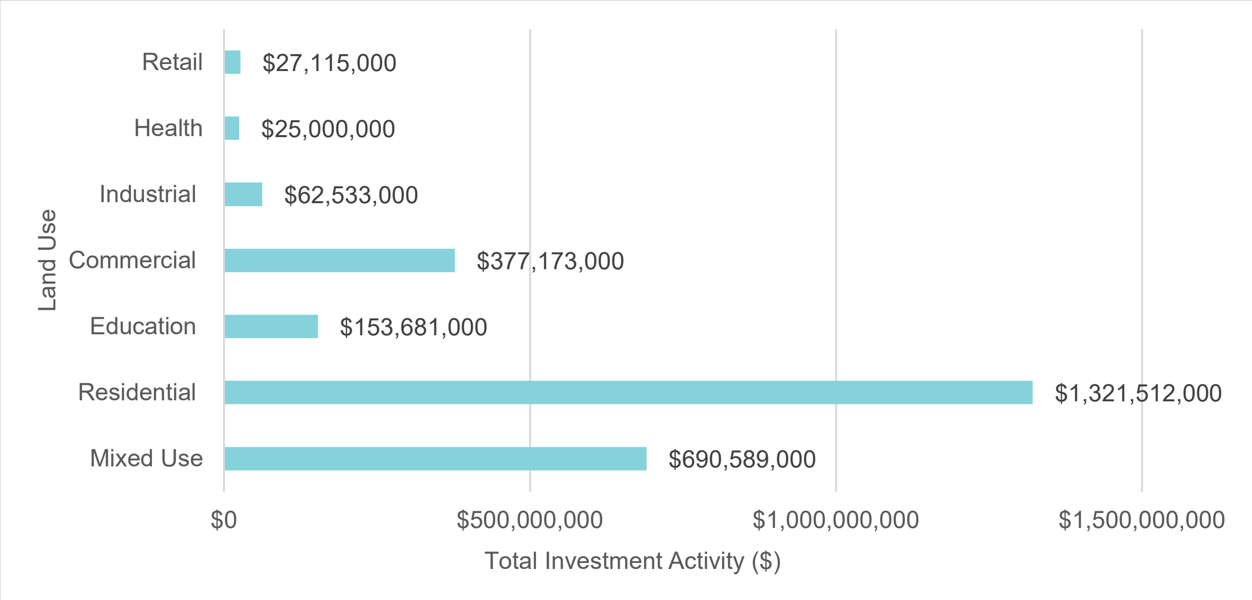
4.2.1 Level of Investment by Use Type

There is a significant pipeline of development activity within the total Study Area. The extent of this pipeline is shown below in **Figure 9**, which highlights that there is currently around $2.4 billion in total development investment activity within the Study Area. It is important to note that when calculating investment activity, proposed developments were classified based on primary land use, and only developments with a total investment value of $20 million or over were included. For example, many of the residential and mixed use developments proposed include a small share of commercial or retail spaces. As such, this should be used as a guide only.

Notably, there is a significant amount of proposed or approved residential developments within the Study Area, with over $1.3 billion in investment in the immediate pipeline. Similarly, there is also a significant amount of mixed use projects proposed or approved, representing around $690.5 million in investment activity. Mixed use projects primarily include sites at Green Square Town Centre and Emerald City.

Developments that are classified as primarily commercial, industrial, or health and education only represent a small share of development within the Study Area. Specifically, there is only an estimated $177 million currently invested in commercial developments (excluding the Site), $25 million in health, and $153 million in education. These developments provide important employment generating job opportunities and are required in providing critical social infrastructure and employment for local residents and workers. The total investment figures in commercial, health and education developments represent a future supply imbalance as compared to total residential development occurring in the area.

Figure 9 Development Investment Activity – Study Area



Source: Cordell Connect

4.2.2 Proposed Developments

In recent years, the Study Area has undergone a period of significant development activity and uplift, mostly associated with the development of GSTC, and other major residential precincts in Zetland, Rosebery and Waterloo. This development trend is projected to continue, with a number of major development projects currently planned or under construction in the Study Area. Notably a large share of these are located within 1km of the Site, demonstrating that the Site is located within an area planned for urban intensification, and is important in providing a high quality development that is aligned with the vision for the area. GSTC will form a major precinct and destination within the surrounding South Sydney community.

Major proposals within proximity to the Site are shown in **Figure 10**, and a high-level description is provided in **Table 6**. These developments displayed are considered of most relevance to the Site due to the location and include only developments within the Study Area, where the total investment value is over $20 million. The criteria has been adopted to capture major developments only, and those likely to influence the competitive environment for the Site. Note that the developments shown in this analysis do not represent total development investment in the Study Area (as outlined in the previous section of this report).

Major developments of most relevance and within proximity to the Site include:

- **Green Square Town Centre (all sites):** Control of GSTC has recently transferred to Mirvac, and as such, established plans and uses for other sites within the Town Centre have not yet been fully established. However, it is understood that the Town Centre will accommodate significant residential components, as well as retail and commercial developments, including +44,000m^2 of commercial space and +14,000m^2 of retail. There is already established plans for open space at the 'Drying Green', and an integrated community facility and primary school, which is being jointly planned by the Department of Education and City of Sydney.
- **Waterloo Business Centre mixed use development**: The site at 44-48 O'Dea Avenue forms part of the broader Lachlan Precinct, which is already well established with earlier stages of the development completed and occupied. The Business Centre development is under construction and planned to accommodate 388 dwellings, as well as retail and commercial tenancies within an integrated mixed use precinct.
- **Emerald City:** Proposed mixed use development to incorporate 258 dwellings (including 34 Build to Rent units), a full line supermarket, and commercial spaces. The development is located opposite the GSTC, and is forecast to be completed by 2028.
- **RPA HealthOne East**: Located immediately outside of the GSTC. RPA HealthOne East is currently under construction and at completion will include an integrated health services facility with allied health services,

community nurses, paediatric services and other government and non-government agencies. The approved site is under construction at 944 Bourke Street.

- **Botany Road mixed use development (330-338 Botany Road**): The proposed site is situated directly opposite the 8A and 8B site within GSTC and proposes to include a primarily residential development and ground floor commercial premises.
- **GSTC community facility and school:** Proposed development of an integrated community facility, including a 600-place primary school, community hall, and multi purposes spaces for youth groups and other activities. This site and development is owned and managed by the City of Sydney.

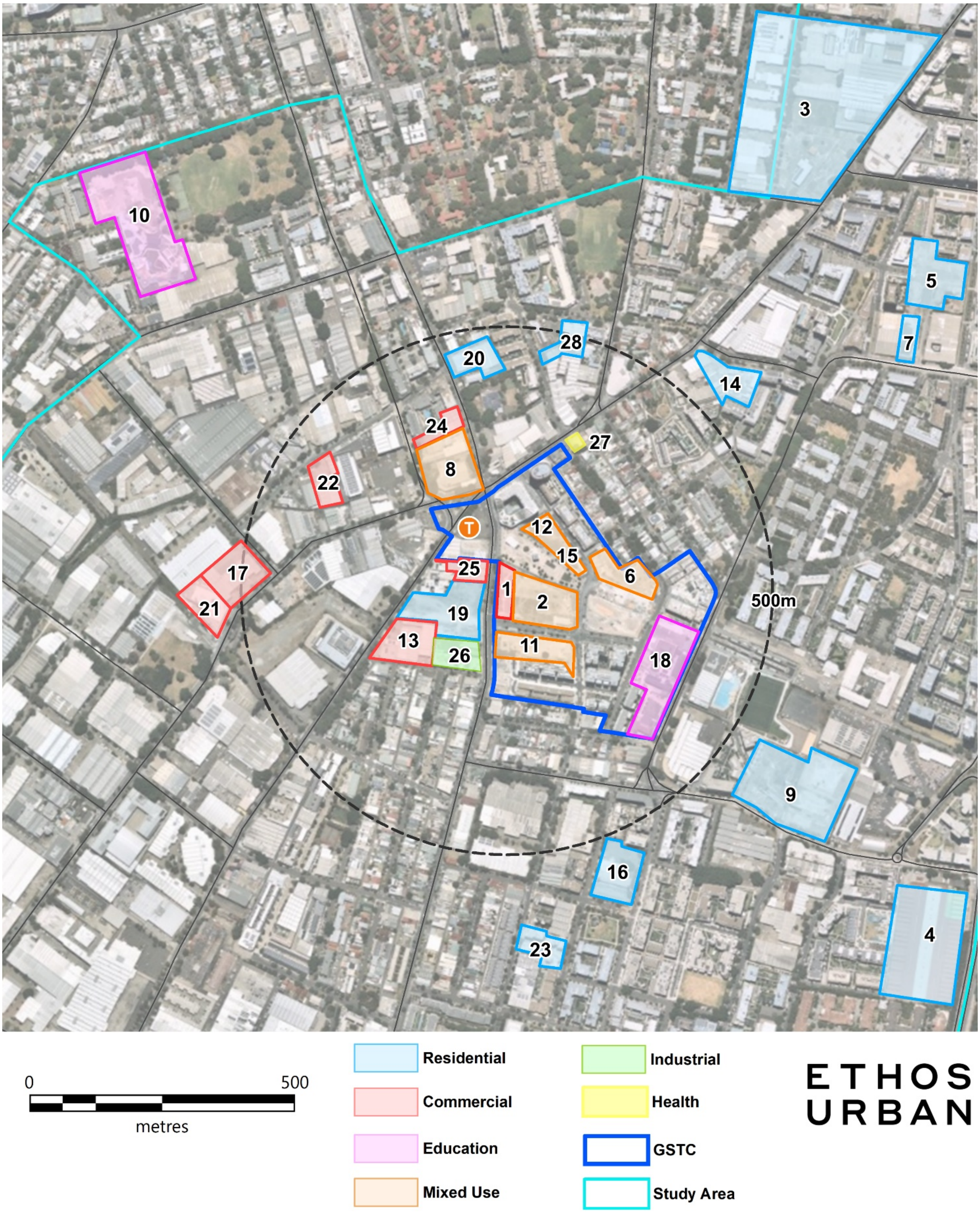
Table 6 Proposed Developments – Study Area

Map ID	Address	Primary Use Type	Other Uses	Developer	Status	Estimated Project Value	Number of Dwellings	Completion
1	GSTC – site 8A and 8B	Commercial	Education, Health	Mirvac Projects Pty Ltd	Possible	$200,000,000	N/A	TBC
2	GSTC- site 8C, 8D, 19A and 19B	Mixed Use	TBC	Mirvac Projects Pty Ltd	Possible	$298,064,000	514	2023
3	Danks Street Precinct South - 903-921 Bourke Street, Waterloo	Residential	Retail	City West Housing, Dahua Group, Strata Industrial	Possible	TBC	993	2028
4	87-103 Epsom Rd	Residential	Retail	The Warehouse Pty Ltd	Commenced	$263,968,000	798	2026
5	Waterloo Business Centre -44-48 O'Dea Ave *	Residential	Retail, commercial	Crown International Holdings Pty Ltd	Possible	$225,178,000	388	2022
6	GSTC Site 15- 77-93 Portman Street	Residential	Retail	Mirvac Projects Pty Ltd	Commenced	$240,058,000	323	2023
7	18-20 O'Dea Av	Residential	Retail, commercial	Crown International Holdings Pty Ltd	Possible	$135,520,000	331	2020
8	Emerald City -296-298 Botany Road & 284 Wyndham Street	Mixed Use	Residential, retail (supermarket), commercial	Gazcorp	Possible	$132,916,000	258	2028
9	94-104 Epsom Road	Residential	Residential, retail, commercial	Meriton Group Pty Ltd	Firm	$108,279,000	514	2023
10	Alexandria Park Community School	Education	Expansion of existing school	NSW Department of Education	Commenced	$103,681,000	n/a	2021
11	GSTC Site 9B – 499 Botany Road	Residential	Retail	Mirvac Projects Pty Ltd	Commenced	$101,500,000	256	2023
12	GTSC Site 17 - 960A Bourke St	Residential	TBC	Mirvac Projects Pty Ltd	Possible	$98,514,000	195	2024
13	22 O'Riordan St	Commercial	Retail, markets	Markham Corporation Pty Ltd	Possible	$76,095,000	N/A	2024
14	888 Bourke Street	Residential	Retail	Toplace Pty Ltd	Possible	$60,649,000	92	2026
15	GSTC Site 18- 960A Bourke St	Mixed Use	Retail	Mirvac Projects Pty Ltd	Possible	$60,000,000	104	2024

Map ID	Address	Primary Use Type	Other Uses	Developer	Status	Estimated Project Value	Number of Dwellings	Completion
16	12-24 Rothschild Avenue	Residential	Retail	Deicorp Pty Ltd	Possible	$59,714,000	176	2024
17	23-27 Bourke Road & 41-43 Bowden Street	Commercial	Retail	Podia Pty Ltd	Possible	$57,633,000	N/A	2024
18	GSTC Community Facility and School - 3a Joynton Avenue	Education	Primary School (600 placements), community hall, open space, and multi-purpose facilities	NSW Department of Education/City of Sydney	Early	$50,000,000	N/A	2023
19	330-338 Botany Rd	Residential	N/A	St George community Housing	Possible	$50,000,000	132	2023
20	219-231 Botany Rd	Residential	Commercial	Vantager Group	Possible	$48,419,000	131	2025
21	29-33 Bourke Road	Commercial	Retail	Tipalea Partners	Possible	$44,130,404	N/A	2022
22	22-28 Mandible Street	Commercial	N/A	Clipper International Corp	Possible	$43,445,000	N/A	2025
23	33-37 Mentmore Avenue	Residential	N/A	Dyldam Developments Pty Ltd	Commenced	$35,475,000	118	2021
24	290-294 Botany Road	Commercial	Retail	N/A	Possible	$32,717,000	N/A	2024
25	326-328 Botany Road	Commercial	Retail	N/A	Possible	$28,726,000	N/A	2024
26	Mercedes Benz Workshop, 340A Botany Rd	Industrial	Commercial	City Capital Holdings Pty Ltd	Commenced	$25,000,000	N/A	2022
27	RPA HealthONE East -944 Bourke Street	Health	Commercial	NSW Health Infrastructure	Possible	$25,000,000	N/A	2023
28	20-26 Allen Street	Residential	N/A	Park Street Development C/- Project Tourism International	Possible	$22,939,000	61	2025

Source: Cordell Connect, Ethos Urban
**Buildings A, B, C, D and E combined*

Figure 10 Proposed Developments



Source: Cordell Connect, Nearmap, MapInfo, Ethos Urban

5.0 Commercial Office Assessment

This chapter provides an overview of the surrounding Sydney suburban office markets as well as an assessment of the market potential for commercial office uses at the Site.

5.1 Sydney Metropolitan Office Markets

The Sydney CBD forms the major commercial office destination, providing over 5 million square metres of commercial office floorspace and serves a critical role in Australia's national economy. However, the role of the metropolitan office markets across Greater Sydney also serve an important local and regional function that complement the higher-order role of the Sydney CBD.

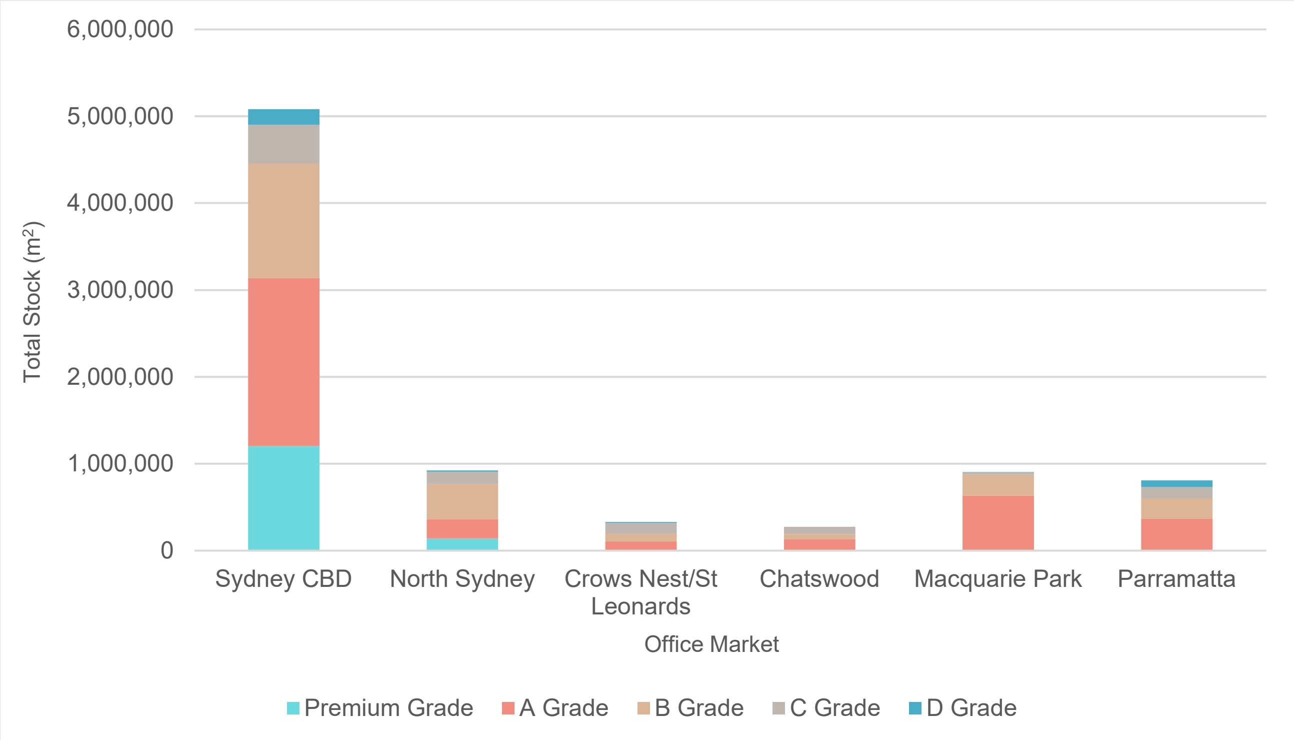
A breakdown of the provision of commercial office floorspace across the Sydney CBD and major Sydney metropolitan office markets is outlined in **Figure 11.**

As shown, the next largest markets after the Sydney CBD include:

- North Sydney – 922,793m^2
- Macquarie Park – 904,710 m^2
- Parramatta – 809,526 m^2
- Crows Nest/St Leonards – 331,047m^2
- Chatswood – 273,454 m^2

(Source: PCA – OMR January 2021)

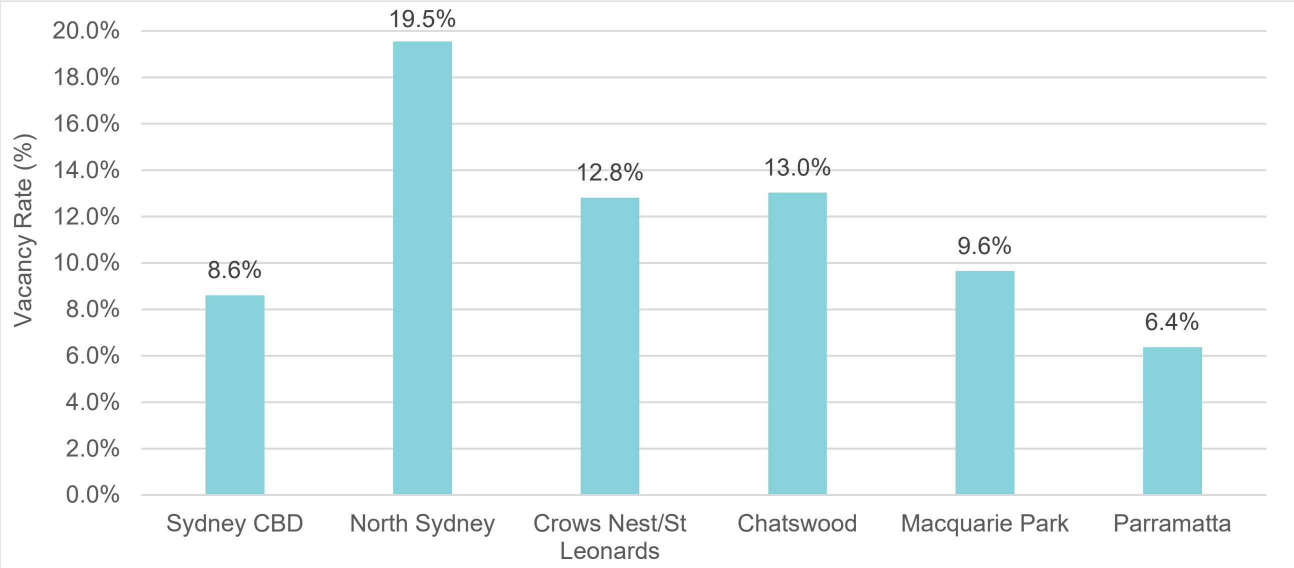
Figure 11 Total office stock by grade – Sydney CBD and metropolitan markets



Source: PCA Office Market Report, January 2021

As shown in **Figure 12**, the level of vacancy across each commercial market varies quite substantially, with Parramatta the best performing market (with a 6.4% vacancy rate), followed by the Sydney CBD (8.6% vacancy).

Figure 12 Total office vacancy – Sydney CBD and metropolitan markets

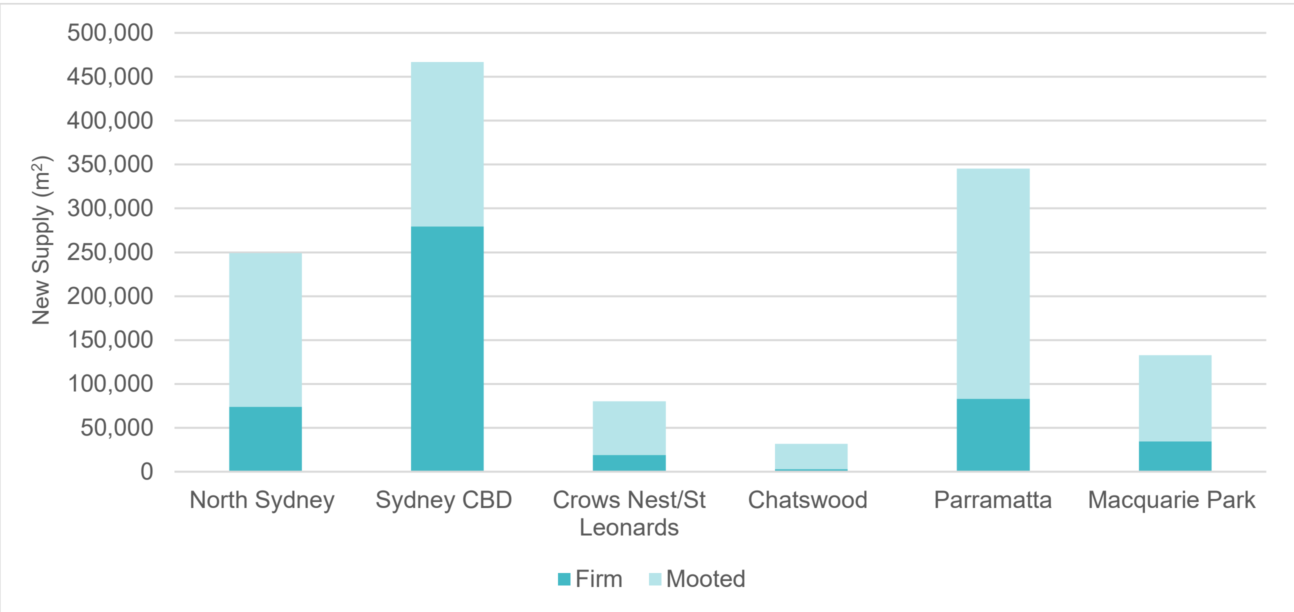


Source: PCA Office Market Report, January 2021

As the core commercial office destination, the Sydney CBD benefits from a larger provision of higher quality commercial office stock, with 23.7% of stock classified as Premium Grade, and 38.1% as A Grade quality. The only other market with Premium Grade floorspace is North Sydney. Remaining metropolitan office markets typically incorporate a higher proportion of secondary grade stock (classified as B, C or D Grade floorspace). The exception is Macquarie Park, which includes some 69.8% of floorspace that is classified as A Grade. As a result, Macquarie Park has established itself a key destination for modern tenants seeking larger, 'campus' style facilities outside of the CBD.

The amount of new supply planned in the metropolitan office markets has also been steadily increasing. Currently there is significant amount of development activity underway or planned in growing markets such as North Sydney and Parramatta, with 249,000m^2 and 345,500m^2 of additional floorspace planned, respectively. The amount of new supply across each market is outlined in **Figure 13**.

Figure 13 Future office supply – Sydney CBD and metropolitan markets



Source: PCA Office Market Report, January 2021, Cordell Connect

In addition to these metropolitan markets, a range of office tenants also seek out spaces in city fringe locations such as Redfern, Pyrmont and Surry Hills. More recently, major development and investment in key areas such as South Eveleigh have emphasised the appeal of these types of locations, particularly with companies focused around technology, innovation and creative industries.

As a result, the market for commercial office floorspace in South Sydney is competitive, with challenging conditions likely to remain as a result of subdued market demand and the level of new development activity that will continue to occur in the metropolitan and city fringe markets. Key precincts of most directly competitive relevance to South Sydney would include the city fringe market (Pyrmont, Redfern, Surry Hills, South Eveleigh) as well as Macquarie Park. These markets share several similar characteristics to likely commercial floorspace in South Sydney including proximity to the CBD, access to public transport, as well as the ability to provide modern floorspace across larger floorplates than is typically achievable in larger core commercial office markets.

5.2 South Sydney Office Market

The South Sydney office market represents a smaller metropolitan office market with an estimated 260,000m^2 of commercial office stock currently provided. The provision of commercial office stock represents a mix of facilities, from low to medium density designated office buildings, through to office components that form part of mixed use developments and business parks, or those that are ancillary to industrial/warehouse facilities. At 260,000m^2 of commercial office floorspace, the South Sydney office market is comparable in size to Chatswood, however, is smaller than competing metropolitan markets such as St Leonards/Crows Nest (331,047m^2) and substantially smaller than Macquarie Park (904,710m^2).

Major occupiers that typically locate at South Sydney often select the location due to its proximity to the CBD, Port and Airport, as well as the ability to secure sizeable floorplates at an affordable rate. Some existing occupiers include Qantas, Westinghouse, KONE and DHL. Currently rents in the South Sydney commercial office market are understood to be in the order of $400-$450 per m^2, which is less than half the rent being achieved in the Sydney CBD which is generally over $1,000 per m^2. Comparable rents at competing metropolitan office markets typically range from $385-$565 per m^2 (Savills, Q1 2021). As a result of demand impacts associated within COVID-19, the rental differential between core markets such as the Sydney CBD and metropolitan fringe markets has narrowed, as rents in the core CBD markets have seen a larger impact on rents relatively to the metropolitan fringe office markets.

Market demand in South Sydney is likely to remain subdued in the short to medium term, while tenant activity remains limited. Reflecting the higher levels of vacancy across core markets such as the Sydney CBD and North Sydney, as well as higher availability of stock at competitive markets such as Macquarie Park, the outlook for commercial office uses in South Sydney is likely to remain challenged.

In the longer term, however, there is an opportunity for commercial office stock in South Sydney to evolve alongside the projected growth and investment in infrastructure and mixed use projects, including Green Square Town Centre. Other major projects underway or planned that will likely benefit South Sydney and GSTC in the longer term include Sydney Metro, and renewal initiatives such as along the Botany Road Corridor. The South Sydney office market is well placed to form a natural extension of key precincts such as the Botany Road Corridor and the emerging Technology and Innovation precinct within central Sydney.

Overall plans for GSTC have identified that 45,697m^2 could be provided in the future, with the majority planned at the Site. The outlook for the South Sydney office market is aligned to the vision for the overall precinct, where commercial office stock will not be the primary use, but rather will be one of a range of complementary uses that form this vibrant mixed use destination. This is considered appropriate in order to best position this strategic site to appeal to a broad range of occupiers in the future, which is all the more important in the post COVID-19 environment where flexibility will be a primary driver of success.

5.3 Competitive context

Throughout the Study Area, there has been limited development of new commercial office spaces in recent years, with existing office spaces often complementary to industrial and warehousing facilities. Despite this, there has been demand for office space in the Study Area, as traditional warehousing and industrial services in the area shift towards more skilled and higher order employment activities. This is demonstrated by new developments proposed in the area including:

- **22 O'Riordan Street**: Proposal for a 20,000m^2 campus style office premises across 3-5 storeys, offering large floorplates. The proposal also includes shops and a food and drink premises, and markets. This project is due for completion in 2024.
- **23-27 Bourke Road**: Proposed construction of a 4 storey building with 13,883m^2 of commercial office space, and 1,285m^2 of ground floor food and drink operators. Completion is estimated for 2024.
- **29-33 Bourke Road**: Proposed construction of a 4 storey comprising office premises, shops and food and drink premises with basement level car park. Up to 9,364m^2 of commercial space is proposed with generous floorplates of up to around 1,500m^2.
- **22-28 Mandible Street:** Construction of a 9 storey commercial building to include 11,667m^2 of office space, and 645m^2 of ground floor retail. Floorplates range between 1,200m^2 to 1,700m^2 in GFA across the building. Completion of the project is estimated for 2025.
- **290-294 Botany Road:** Proposed commercial premises with up to 8,456m^2 of office GFA across six levels, as well as four retail premises across 1,400m^2 on the ground floor.
- **326-328 Botany Road**: Concept approval for a 10 storey commercial building with 9,069m^2 of GFA, primarily to be used for 'office premises'. The commercial building option proposes floorplates of 1,160m^2.

Immediately beyond the Study Area to the north is South Eveleigh (formerly ATP) and the Botany Road Corridor, which are two planned technology and innovation precincts that will support skilled employment activities and new office space in the coming years. High order tenants including the Commonwealth Bank, Quantium and Seven West have already established in South Eveleigh, demonstrating the strengthening appeal of these locations.

5.4 Modern tenant requirements

South Sydney and GSTC continues to evolve as a strategic centre. Changing patterns of work, improved accessibility and infrastructure, and shifts in modern tenant requirements are supporting this change.

In order to ensure that the South Sydney office market becomes a viable commercial office destination in the future, it is vital that quality commercial office developments are delivered to enable the precinct to compete with other commercial office destinations across Greater Sydney.

Tenant demands and requirements within the commercial office market are continually evolving. In recent times, there has been a move towards more open plan, flexible spaces that provide collaborative workspaces, seamless integration with technology and incorporate sustainable initiatives.

There has been a heightened focus on employee and tenant wellness, and the impact that buildings can have on overall human health. This has emerged through initiatives such as the WELL Building Standard (WELL), described as a "performance-based system for measuring, certifying, and monitoring features of the built environment that impact human health and wellbeing, through air, water, nourishment, light, fitness, comfort, and mind' (Well Building Institute).

The attributes of a 'WELL' certified building are important aspects that a new building can offer in a post COVID environment, particularly in capturing and maximising the relationship between people's health and the built environment.

It should be noted that tenant requirements in the post-COVID-19 environment remain uncertain. However, several trends are unlikely to change including the importance of technology enabled workspaces and the ability to provide a safe and healthy work environment, which remain more important than ever in the post-COVID world.

The current global pandemic has had a significant impact and transformation on commercial office working environments. COVID-19 has resulted in the requirement to work from home for many industries, particularly during the height of the pandemic, with impacts to commercial office market demand.

The result of COVID-19 will mean that the way businesses and office tenants use their space will continue to evolve. In response to the pandemic, commercial office buildings will play a central role in the recovery and enhance opportunities to improve the way we work in a safe environment.

Market sounding and research undertaken by this office across Sydney metropolitan office markets relating to tenant and occupier requirements indicate the following:

- Occupiers have a preference for prime quality buildings with available space that provides large contiguous floorplates with efficient building layouts and high quality design.
- Preferred floorplates for major occupiers are whole floors with large floorplates of at least 1,500m^2 or larger.
- Occupiers want high quality spaces that typically achieve sustainable and wellness outcomes including NABERS, Green Star and WELL ratings.
- Tenants want flexible spaces that allow for up and down scaling, active working spaces that enable collaboration internally and externally, and 24 hour access.
- Clustering benefits including being within activated spaces that offer retail amenities, outdoor open space, and accessibility to public transport.
- Need for flexibility:
  - Floorplates that are efficient and flexible – enabling more collaborative spaces
  - Adjustable spaces based on changing requirements
  - Best in class technology to support a mobile workforce
- Need for sustainability and wellness initiatives.

A key demand driver in metropolitan office markets is the provision of prime office stock across large contiguous floorplates. This is due to requirements of modern occupiers and businesses that typically prefer large contiguous spaces, allowing a company to locate on one, or more interconnected floors rather than across multiple levels. This is beneficial for corporate headquarters and major occupiers who seek to establish a head office and seek improved connectivity, collaboration as well as workplace flexibility that appeals to their broad workforce.

In metropolitan office markets the benefits offered to tenants include large floorplates to enable 'campus style' corporate facilities, including customised fit-outs and experiences that align with the desired corporate culture and vision, all for a more affordable price point. In the Sydney CBD and North Sydney, typical floorplates for modern developments are in the order of 1,300-1,500m^2. For the South Sydney office market, this will mean providing facilities that can compete with other metropolitan office markets such as Macquarie Park and South Eveleigh, where larger floorplates are provided. In the case of Macquarie Park, floorplates can be in excess of 3,000m^2 and are aimed to attract large businesses seeking 'campus' style facilities in a suburban market.

Information provided by Mirvac indicate that current levels of enquiry in Green Square to date has been for larger users looking for campus sized floorplates of 2,000m^2 or larger. Tenant interest has range from occupiers from the finance sector, education (universities), large corporates for 'back of house' operations as well as Government departments. Key requirements by these tenants reinforce the messages outlined above including the need for the following attributes:

- Large efficient floorplates of 2,000m^2 or larger
- Great natural light
- Close proximity to transport
- Vibrant amenity (both surrounding and within the building)
- Provision and access to parking; and
- Prominent signage.

5.5 Summary of potential for commercial office uses

A review of the potential for commercial office floorspace indicates that while there is likely to be a solid opportunity for commercial office floorspace in the longer term, in the short to medium term opportunities remain limited due to subdued market activity, strong competitive context and ongoing economic uncertainty associated with COVID-19.

Estimates of the level of projected commercial office floorspace within the Study Area suggest that around 100,000m^2 of commercial office floorspace would be required over the period to 2036 (based on requirements across the knowledge worker and traditional office categories). Currently, around 50,000m^2 has been identified, with a further 30,000m^2 planned or underway.

In the longer term, the Green Square Town Centre is projected to accommodate some 6,000 workers, with current estimates indicating that around 1,000 workers are currently provided. Based on the mixed use nature of the precinct, it is likely that workers in the Town Centre will be provided across a range of facilities and services including retail, health, education and community facilities. Each of these uses will contribute positively to the ultimate employment provision on completion (as discussed in **Section 7.0**). It is likely that a mix of uses, including a provision of commercial office floorspace, would be more suitable at the Site to better align with market demand and the vision for the overall precinct.

The Site is strategically positioned, being centrally located within the Green Square Town Centre and placed to benefit from the adjacent railway station as well as continued investment in this strategic centre. As such, the Site represents a unique opportunity to leverage off infrastructure and investment activity, provide a provision of quality commercial office space (among other uses) that will appeal to modern tenant requirements and respond to the evolving role of the Green Square Town Centre within this part of Sydney. However, there is limited need to deliver a pure commercial office project. If a pure commercial office project was required at the Site, there is a very real risk that the project will remain delayed or undeveloped for an extended period of time as conditions in the commercial office market will need to improve and existing vacant space at competing locations absorbed.

The development of site 8A and 8B represents a key opportunity to deliver additional commercial office floorspace in this strategic centre, however, conditions in the office market overall remain uncertain. The implications for the commercial office market remain unclear as the impact of COVID-19 and the changing nature of work on tenant demand and requirements are yet to be fully understood.

The proposal recommended at the Site represents a visionary project that will embody a contemporary non-CBD development, delivering not only commercial office floorspace but also supporting uses that will create an active, vibrant destination for a range of occupiers. In this way, the project will be able to better attract and retain, both commercial office users and complementary uses, while enabling the Site to adapt and respond to changes in the market (and occupier needs) over time.

Reflecting the uncertainty in the commercial office market, and the location of the Site in a non-CBD centre, adding flexibility in terms of floorplates and uses will ensure the development has a greater chance of being delivered sooner, and remaining viable over the longer term, for the benefit of strengthening the role of this strategic centre. By providing greater flexibility of uses at the Site, the development will have the ability to provide commercial office floorspace that is aligned to the South Sydney market demand and tenant needs at any given time, while also enabling the delivery of other uses that align with commercial office floorspace. This may include social and community infrastructure that responds to the needs of a fast growing residential population.

6.0 Supporting Use Assessment

This chapter provides an overview of other uses that could be supported at the Site, taking into consideration the surrounding development context and resident and worker requirements in the local area.

6.1 Complementary uses to commercial office

The Site benefits from a high-profile and easily accessible location in the heart of the Green Square Town Centre. As a key mixed use precinct, and as the designated strategic centre in this part of Sydney, there is a strong opportunity to cater for a range of uses at site 8A and 8B that will complement any commercial office component. Allowing flexibility of uses will enable the Site to adapt to growth and the evolving needs of local residents as well as to changes in market conditions over the long term.

There are several uses that complement commercial office facilities, many of which have well established synergies, while others are emerging in contemporary mixed use commercial office development. Some of the uses that could be considered at the Site include (but are not limited to):

- Education facilities
- Health services and facilities
- Childcare
- Community services
- Research and technical centres
- Retail facilities

6.2 Market Potential

There is strong potential for other non-commercial uses at the Site, reflecting the success factors of the location that align with a range of uses including:

- High-profile and easily accessible site in the heart of the Green Square Town Centre
- Large, prominent site with main road exposure
- Excellent public transport access
- Established mix of uses including community facilities, residential and retail uses
- High quality environment and amenities
- Continued levels of investment activity
- Strong growth profile, reflecting the established and increasing resident and employment profile

While a range of uses are likely to be supportable due to the attributes of the Site, key components of most relevance are likely to include uses such as educational providers and/or health facilities. These uses are explored in more detail reflecting the fact that demand for these uses will increase substantially due to growth in the Green Square Town Centre but also due to the fact that these uses often account for significant components of contemporary mixed use and office developments in comparable locations. A high-level review of each use is now outlined.

Education Uses

- Reflecting the under provision of existing educational facilities within the local area, combined with the strong growth that is projected to occur, the potential for the Site to accommodate educational facilities would be high from a market point of view. The attributes and built form of the Site, which will likely include commercial office floorspace are better aligned to accommodating a vertical school, or higher density tertiary education occupier at the Site. The alignment of this use is reinforced by information provided by Mirvac that indicates interest in the site from university occupiers.

- An assessment of tertiary facilities shows that there are no university or other tertiary facilities within the Study Area, with the exception of more specialised education such as acting and film school. This is despite the fact that 16.8% of the resident population in 2016 were studying at university or another tertiary facility.
- The ability to provide tertiary educational facilities such as university on the Site is considered high, reflecting the locational drivers but also potential clustering and knowledge sharing benefits on offer. Existing universities are located in close proximity to the Site including Sydney University (2.8km), UTS (2.8km) and UNSW (4.0km). In addition, partnerships between universities and industry is increasing over time across Australia; investing in innovation and entrepreneurship to ensure that students are equipped with the skills they will need to succeed in the growing knowledge economy.
- Further, in contrast with traditional “sandstone” universities, isolated from the surrounding urban environment, contemporary universities are increasingly seeking to integrate with the social and built fabric surrounding their campuses. Campus design is increasingly oriented to encourage the local community to connect with the university by inviting them into a space that could otherwise feel intimidating. This increased approach to “vertical campuses” reflects this trend in campus design and has been planned to encourage connections with the broader community.
- The location of the Site, within a planned mixed use and high-density area, would provide an ideal location for a vertical school and would be fitting given the context of the surrounding built form of the GSTC.
- Beyond tertiary education facilities, there is likely to be strong potential for other education facilities at the Site. This reflects the substantial population growth that is projected to occur, including growth in age groups often associated with students.
- Based on the current estimated resident population of 41,690, and the 2016 ABS Census age proportions for the study area, it is estimated that there is currently around 3,984 persons aged between 5-19 years living within the Study Area that are typically considered of school age.
- Applying a similar assumption for persons aged 20-24 years, there is approximately up to 6,389 persons within the Study Area that could be attending tertiary education within this age group.
- Together, the 3,984 children aged 5-19 years and young adults at 20-24 years account for 27% of the resident population who may be attending education or studying at the time of the 2016 Census.
- Currently, there is a limited provision of schools in the Study Area, which include:
  - Alexandria Park Community School: A kindergarten to Year 12 school with a recorded 911 students in 2020. The school is currently undergoing significant expansion and redevelopment works to increase the capacity of the school to 1,000 primary and 1,200 secondary students, equating to 2,200 placements in total.
  - Gardeners Road Public School: Located in the south of the Study Area, the school offers K-6 learning and had a total of 163 enrolments in 2017.
  - Yudi Gunyi School: A special education school with a total enrolment of 26 students in 2020.
  - In total, there is currently 1,100 places across the three existing schools in the Study Area, which represents an undersupply based on the estimated 3,984 persons aged 5-19 years, of which a large majority are likely to be enrolled in school and would seek locations close to their homes.
- In addition to the Alexandria Park Community School redevelopment, there is joint plans between the Department of Education and City of Sydney for a new 600 place primary School within the Green Square Town Centre.
- When considering proposals, there is forecast to be up to 2,826 school placements. While this does narrow the gap between supply and demand for the school aged population and the total number of school placements, this considers the existing population only. Additional population growth will add materially to the number of students living in the area and demand for educational facilities of all types.
- There is an estimated 1,981 children aged between 0-4 years within the Study Area, equating to 4.8% of the resident population, and consistent with the results of the 2016 Census. It is likely that many of these children would require part of full time child care, creating demand for childcare centres and early learning facilities throughout the Study Area.

Health Uses

- Similarly to educational uses, there is likely to be potential for health facilities at the Site reflecting the level of population growth that is projected to occur. Health services will be required by all age groups; however usage tends to be higher for the population that is either older (over 65+ years) or for younger children.
- An assessment of health facilities within the Study Area indicates a limited supply of health and ancillary services. The existing provision of health services is largely limited to medical centres with general practitioners. There is also a range of other limited health services including physiotherapists and dentists.
- The nearest medical centre to the Site is located within the Infinity building to the north of the Site.
- The Alexandria Specialists Day Hospital is the only hospital facility within the Study Area at present.
- RPA HealthONE East is a recently approved development adjacent to GSTC along Bourke Street. The approved health facility will provide an integrated public and private health care centre close to homes, including a multidisciplinary care team.
- Despite the above proposal, there remains a limited amount of health services throughout the Green Square and South Sydney region, particularly when considering the high volumes of population growth that has occurred and is projected to continue in the future. The Study Area population is forecast to increase by +32,000 residents by 2036.
- Access to critical health infrastructure is imperative in establishing a high amenity place for residents to live and work, and is an important element in achieving the aspiration for '30-minute cities' within Greater Sydney.
- The attributes and built form of the Site, which will likely include commercial office floorspace, suggest that while demand will be strong and the Site would be well suited to some health occupiers, not all health services or providers are likely to find the location and development suitable. This is particularly the case for health services that may require specialised equipment and therefore, unique built form requirements that do not align with commercial offices. It is likely that the project would be better aligned to health services focused around consultation, research and low impact medical laboratories and centres.
- The Site represents a very strong opportunity to deliver reimagined health and education facilities in a post COVID-19 environment (i.e. more virtual and technology enables access), that complement commercial office uses and align with contemporary development in inner city locations. The integration of these uses with commercial office uses will help to establish a critical mass of facilities and will deliver a key destination for the local community.

6.3 Modern Occupier Requirements and Case Studies

Health and education occupiers are becoming increasingly sophisticated in response to changing student and patient requirements and changing technologies. Modern health and education precincts value attributes that align with office occupiers including:

- High quality buildings with available space that provide large contiguous floorplates with efficient building layouts and high quality design.
- Access to large floorplates and whole floor access.
- High quality spaces that achieve sustainable and wellness outcomes including NABERS, Green Star and WELL ratings.
- Flexible spaces that allow for up and down scaling, active working spaces that enable collaboration internally and externally, and 24 hour access.
- Clustering benefits, including being within activated spaces that offer retail amenities, outdoor open space, and accessibility to public transport.
- Best in class technology and services.
- Need for sustainability and wellness initiatives.

There are numerous developments that embody the mix of uses that have been outlined above including providing contemporary commercial office floorspace along with education, health and other uses. Some current examples are described.

1 – 6 Hassall Street, Parramatta

The Hassall Street project provides an integrated innovation hub in Parramatta that blends commercial office spaces with a university campus, namely Western Sydney University. A key feature of the Hassall Street site is its flexible working spaces that enable a range of activities within the building, with key design features including large contiguous floorplates typically between 1,500-1,900m^2, as well as state of the art technology and innovation implemented throughout. The site has end of trip facilities, retail amenity, outdoor plaza and terrace, and an amphitheatre, which are attractive features for modern occupiers. The co-location of the university campus and commercial offices creates net benefits overall, including knowledge sharing, collaboration, and integration across all the occupiers of the facility.

Source: Charter Hall

Victoria University Precinct, Melbourne

The project, currently under construction, is a 32 storey vertical campus in Melbourne's commercial and legal district, with plans to provide 24,000m^2 of learning space. The vertical campus will include a library, student services centre, social hub, retail and dining, as well as extensive learning spaces. In particular, the campus will have a focus on osteopath and dermal therapy and will host students from external colleges. The campus is due to open in 2022.

Source: Victoria University

6.4 Summary of potential for supporting uses

A review of the potential for supporting uses at the Site suggest that there is strong market demand for uses that will complement commercial office floorspace. The high levels of population growth that is anticipated within the region will act as a key driver of demand for uses and occupiers in the health and education sector. The relatively limited provision of existing and planned health and education facilities, combined with the locational attributes of the Site, suggest that site 8A and 8B would be an ideal location to provide these types of supporting uses.

Health and education uses represent some of the complementary uses that are likely to be supportable at the Site, with a range of other uses likely to be supportable that will leverage off the profile of the Site as well as the population and employment growth that is planned to occur – some of these additional uses include childcare and retail facilities.

As outlined, the potential for a development providing around 45,000m^2 of purely commercial office floorspace is limited and a mix of uses would result in a range of benefits including:

- Better alignment with the vision for GSTC as a major mixed use destination and a key strategic centre in this part of Sydney.
- Provide for increased activation, vibrancy and amenities to cater for the local population, including the ability for the Site to be more active after hours and on weekends.
- Provide additional uses that are currently underserviced or underprovided within the area currently.
- Deliver uses that will be complementary to the commercial office component, helping to create a destination and precinct that will, in-turn add to the activity and appeal of the Site for a range of occupiers in the future.
- Better leverage investment activity and growth strategies in the area including alignment and extension of the future Botany Road Corridor.
- Support the aspirations for a true live/work/play neighbourhood and GSC objectives for 30-minute cities.
- Enable flexibility to adapt to changes in market conditions and occupier requirements now and in the longer term.
- Aligned to contemporary tenant expectations and modern mixed use developments that are occurring in high-profile locations across Australia.

The introduction of the additional, complementary uses to the building will ultimately make a large floorspace office provision more attractive and saleable to potential occupiers. By providing a large, flexible built form with varied and potentially interconnected complementary uses, these attributes have the potential to act as key drivers for new office occupiers and set the benchmark for development in the post-COVID world. There is a clear and emerging need to enable large, flexible, and adaptable development that includes a focus on wellness and sustainability. Introducing complementary uses such as health and education within the development will only serve to enhance the offering of a large commercial office project within an emerging precinct.

The development of sites 8A and 8B will deliver around 45,000m^2 of modern, prime grade floorspace within GSTC, that will appeal to a range of occupiers from traditional office occupiers, through to education and health occupiers as well as complementary industries and activities. The delivery of projects such as that proposed at site 8A and 8B will help to support the growth and evolution of GSTC. **The ability to provide large floorplates across the Site, combined with the flexibility to accommodate uses that complement the commercial office component will ensure that the Site remains a vibrant, active destination for the community well into the future**.

7.0 Economic Benefits

This chapter provides a review of the economic benefits likely to result from the proposed development, incorporating both commercial office as well as alternative uses such as health and education. The project is likely to result in additional benefits to the local and regional economy through employment generation, retail expenditure and community benefits. Jobs supported by the development will accrue through direct and indirect employment, generated during both the construction phase, and ongoing employment as part of the operational phase. These benefits are now discussed.

7.1 Key findings and recommendations

As outlined below, there are no significant or detrimental economic impacts likely to result from commercial, or other uses such as health, retail or educational facilities at the Site. Rather these additional uses will result in significant positive economy benefits, including the provision of more diverse and additional employment opportunities within GSTC, whilst complementing the role of the Town Centre as mixed use community and responding to the need for social infrastructure that aligns with, and supports, ongoing population growth within the precinct.

7.2 Demand for the development

7.2.1 Site suitability

The continued population growth within the Study Area, and more specifically within GSTC, will drive strong market demand for a range of facilities and amenities, including retail shops, modern office space, educational facilities and health related services.

GSTC is one of the largest and most important urban renewal projects in the country and has an important role to play in providing a high amenity community destination within the City of Sydney, with the potential to accommodate up to 6,800 new residents and 6,000 workers upon completion. As such, once complete GSTC will be a truly mixed use community hub, offering a range of employment opportunities and high amenity living.

Green Square Town Centre benefits from a prime position within the context of Greater Sydney, being an inner city metropolitan suburb, positioned between major employment and infrastructure precincts including the Sydney CBD, Sydney Airport and Port Botany. The area is highly accessible via bus routes, as well as easy accessibility to Green Square Station and the future Waterloo Metro Station to the north, which is estimated to be completed in 2024. The strong accessibility to public transport makes the area highly desirable, with easy and fast access to the Sydney CBD and across Greater Sydney.

Importantly, GSTC, and more broadly South Sydney is undergoing urban renewal and change, with significant residential uplift, and a structural shift in employment uses, transitioning from light industrial and warehousing activities to higher order employment. This is particularly evident through the establishment of South Eveleigh and the Botany Road Corridor as technology and innovation precincts, and the recommendation for the Southern Employment Lands Area to transition to a mixed use business precinct over time. Furthermore, there is an opportunity for GSTC to leverage off the proximity to major transport and trade infrastructure such as the Port and Airport.

Importantly, there are a number of new development and infrastructure projects that are planned or currently under construction in the Study Area. These projects will further support growth and investment in South Sydney, and the proposal at the Site will further enhance this trend.

The GSTC sites 8A and 8B are well positioned within a major renewal area, near key employment hubs, efficient public transport and along a major arterial road with extensive road frontage. The Site has the potential to form an integral part of shaping GSTC, particularly in relation to providing a range of employment opportunities that benefit the growing number of local workers and residents. In particular, the proximity of the Site to the adjacent Southern Employment Lands Area, and Botany Road Corridor means that uses at the Site will form a natural extension of these two precincts, with the potential to seamlessly integrate with the GSTC, providing additional connectivity and linkages between businesses throughout South Sydney and the Sydney CBD. Additional uses at the site will respond to the need for a greater provision of critical community facilities and services including health and education, in response to high population and worker growth within the local area.

7.2.2 Need for the development

The need for the development has been highlighted throughout **Sections 5.0-6.0**. Overall, this analysis finds that while there is a need and target commercial office occupiers with large floorplates, there is also strong demand for other supporting uses at the site including health and education related services. The key points and findings driving need for these uses include:

- Strong residential population growth, forecast to increase from 41,690 to 73,690 by 2036.
- A high household income profile as compared to Greater Sydney.
- A predominately white-collar workforce of some 42,740 workers, which is forecast to increase over time. In addition, the 3,540 current health and education workers is forecast to increase to 4,911 workers by 2036.
- A floorspace demand requirement of around 100,000m^2 for commercial office space by 2036. While some facilities are already planned and underway, site 8A and 8B represents an ideal location for commercial office space among other uses.
- A floorspace demand requirement of an estimated 55,240m^2 for health and education facilities, with a limited provision currently planned or underway.
- Significant floorspace demand requirement of an estimated 247,000m^2 for population serving activities such as retail stores, supermarkets and food and beverage operators.
- A need for large campus style floorplates that will appeal to modern office occupiers, offering flexibility of uses at the site that can enable the Site to respond to changes in market demand as GSTC continues to evolve and establish itself as a prominent community destination in South Sydney.
- Opportunity to form a natural extension of mixed use and employment facilities within the Southern Employment Lands Area and the future Botany Road Corridor.
- There is a need and opportunity for South Sydney to compete more effectively with other fringe commercial office markets across Greater Sydney and provide a point of difference that take advantage of the locational attributes.
- Need for a greater provision of critical social infrastructure and services that aligns with the growing population within the Study Area.
- There is an opportunity for the Site to respond to the ongoing development and investment underway and proposed in the surrounding area, with the potential to contribute to the ongoing renewal of the precinct and provide and integral component of the future Town Centre.

7.3 Employment generation

7.3.1 Construction jobs

Direct employment in the *construction industry* is expressed as FTE job years. A 'job year' is a full-time job for one year.

Indirect or flow on employment will also be supported in other industries, for example, suppliers of materials and financial and legal services. Employment estimates in the wider economy are derived from ABS national account input-output analysis, specifically, employment multipliers.

Direct employment in the construction industry depends on the nature of the building, in particular the capital intensity of the project. It is estimated 1.96 FTE direct construction industry job years per $1 million of expenditure (or 1.0 FTE job year per $510,000) will be generated by the construction activity, based on research and the type of work expected to be undertaken in the construction phase of the site.

In addition, these direct construction industry jobs lead to demand for employment in supplier industries in the wider economy. The ABS construction multiplier is 2.6 - that is, for every single FTE job in the construction industry a further 1.6 FTE jobs are supported elsewhere in the economy.

Total construction costs for the development of sites 8A and 8B at GSTC is understood to be in order of $200 million. At this level, the construction stage of the project would support 390 jobs *in the construction industry* and support a further 630 jobs *in related (supplier) industries* over the development period which is estimated to occur over 1-2 years. A breakdown of construction jobs is shown in **Table 7.**

Local businesses, workers and jobseekers are likely to benefit from increased employment and contracts afforded by the construction phase of the project. Persons who are employed in construction related industries in the Study Area are therefore well positioned to benefit from the development.

Table 7 Estimated employment during construction stage

Metric	Value
Direct Jobs	
Construction cost estimate	$200 million
Estimated direct jobs	390 FTE Jobs
Indirect Jobs	
Indirect jobs per construction job	Approximately 1.6
Estimated indirect jobs	630 FTE jobs
Total FTE Construction Jobs	**1,020 FTE jobs**

Source: ABS 2016, Ethos Urban

7.3.2 Ongoing employment opportunities

As plans for the proposed development at the Site are still to be finalised, additional ongoing employment at the Site has been estimated using an assumption of 10,000m^2 per use, with reference to the City of Sydney Floor Space and Employment Survey 2017 and other industry benchmarks. A summary of these findings is shown in **Table 8**. These findings suggest the following:

- For every 10,000m^2 of commercial office space, up to an estimated 620 jobs can be generated based on 16.2m^2 of commercial office floorspace per worker, or 290 jobs assuming 34.5m^2 per worker.
- For every 10,000m^2 of retail floorspace, up to an estimated 330 jobs can be generated based on 30.2m^2 of retail floorspace per worker, or 290 jobs assuming 45.0m^2 per worker.
- For every 10,000m^2 of health related floorspace, up to an estimated 230 jobs can be generated based on 43.6m^2 of health floorspace per worker, or 250 jobs assuming 40.3m^2 per worker.
- For every 10,000m^2 of education related floorspace, up to an estimated 200 jobs can be generated based on 50.0m^2 of education space per worker, or 170 jobs assuming 57.2m^2 per worker.

A total of 1,380 jobs would be generated with a combined floorspace of 40,000m^2 when adopting the City of Sydney LGA workspace ratios, or 930 jobs when using the workspace ratios for the Green Square and City South Village.

This highlights the potential level of employment that may be supportable at the Site in the future. While commercial office uses can generate a higher number of workers; other uses also contribute positively to employment generation. The provision of a range of uses at the Site, allows for maximum flexibility of the development, and will result in overall improvement in the level of activation and appeal to a broad range of occupiers (including commercial uses) that may not otherwise be attracted to the Site as a pure commercial development. This would result in a project that could be occupied sooner and result in an overall net gain to employment generation.

Table 8 Ongoing employment estimates

		City of Sydney LGA workspace ratios		Green Square and City South workspace ratios	
	Floorspace (m^2)	**Floorspace ratio**	**Estimated workers**	**Floorspace ratio**	**Estimated workers**
Commercial	10,000m^2	16.2m^2 per worker	620	34.5m^2 per worker	290
Retail	10,000m^2	30.2m^2 per worker	330	45.0m^2 per worker	220
Health	10,000m^2	43.6m^2 per worker	230	40.3m^2 per worker	250
Education	10,000m^2	50.0m^2 per worker	200	57.2m^2 per worker	170
Total	**40,000m^2**	-	**1,380**	**-**	**930**

Source: City of Sydney Floor Space and Employment Survey 2017, Ethos Urban

7.4 Economic Output

In addition to employment benefits, the ongoing workforce at the Site will also generate additional economic activity on an ongoing basis, that will further support the local and regional economy.

Value added has been estimated using the employment figures for each industry group based on the analysis presented in the previous sub-section. In this instance adopting the ongoing employment estimates from the City of Sydney LGA workspace ratios highlighted in **Table 8**.

Value added by industry is an indicator of business productivity. It shows the net economic uplift by excluding the value of production inputs. Value added likely to be generated based on the estimated 1,380 FTE workers is estimated at around **$150.8 million pa** (2019 dollars) at completion (refer to **Table 9**).

The analysis has been derived using data from economy.id (based on modelling by the National Institute of Economic and Industry Research) for the City of Sydney LGA, with 'best fit' industry sectors applied to likely economic activities at the new development. The results of the analysis assume no substitution effects from outside the regional economy, rather, the activities undertaken at the new asset represent increased net demand associated with population, labour force and industry growth.

Table 9 Sites 8A and 8B – Estimated Economic Output at Completion

Activity	**Commercial Office**	**Retail**	**Education**	**Health**	**Total**
Economy.id Category	*Professional, scientific and technical services*	*Food retailing*	*Education and Training*	*Medical and other health care services*	
Employment (jobs)*	620	330	230	200	**1,380**
Value added per job	$144,622	$64,770	$114,533	$67,573	-
Value added total	**$89,665,640**	**$21,374,100**	**$26,342,590**	**$13,514,600**	**$150,896,930**

Source: Economy.id, Ethos Urban
**Note: Based on employment using the City of Sydney LGA ratios*

7.5 Additional expenditure generated by the project

An increase in the population at the Site through additional workers and potential students will result in increased retail expenditure available in the local area. This local retail expenditure is expected to be directed toward food-related purchases such as take-away, cafés, restaurant dining and take-home groceries.

Assuming that the estimated 930-1,380 workers spend an average of $10 per working day on local food and beverages near their place of work *(Urbis Office Survey 2013)*, this would result in an increase in annual spending to local businesses between $2.2 – $3.3 million per annum.

In addition, education facilities at the site will also accommodate a number of students at any given time. Based on spending information sourced from the University of Sydney and University of Melbourne, it is estimated students spend on average $200 a week on food and entertainment. Assuming a third of this expenditure occurs near their place of study, this would represent around $10 per day. Assuming that there is a total of 500 students on the site at full capacity, this equates to total student retail spending of $1.2 million per year.

Considering a total student population of 500, and worker population of 1,380 on the site at full occupancy, total retail expenditure is estimated at up to $4.5 million per year.

A breakdown of estimated retail expenditure is shown in **Table 10** below.

Table 10 Estimated additional retail expenditure

	Total Estimated Employment	Expenditure per day ($)	Total expenditure per day ($)	Total expenditure per year ($)
Employment - lower range*	930	$10	$9,300	**$2,232,000**
Employment – upper range**	1,380	$10	$13,800	**$3,312,000**
Students	500	$10	$3,500	**$1,222,500**

Source: City of Sydney Floor Space and Employment Survey 2017, Ethos Urban
** total employment estimated using the Green Square and City South workspace ratios*
***total employment estimated using the City of Sydney LGA workspace ratios*

By providing a mix of office workers, students, health and education workers at the site, the types of retail goods and services required in the area will be more diverse, benefiting the range of tenants at GSTC including supermarkets, restaurants, takeaway food operators and cafes. In particular, while office workers will likely have a higher spending capacity overall, the likely expenditure capacity each day is anticipated to remain the same as the student population (at $10 per day). This is due to the fact that facilities at Green Square Town Centre and in the immediate precinct will be focused on food and dining services that will be available to all customer segments. The proposed retail provision will not be targeted towards a specific market or price point, such as luxury retail shops or restaurants (that may associate more strongly with office workers), and as such, all existing and future operators will continue to benefit equally from increased expenditure from either students or office workers, despite any difference in discretionary expenditure overall.

For office workers, expenditure will generally be limited to convenience retail and food and beverage services before and after work as well as during lunchtimes. Students or shift workers on the other hand, will access these facilities during these times but also for extended hours, including more regularly late at nights and on weekends. The inclusion of students and shift workers may have the potential to contribute positively to increased levels of activity in the area, and support the night time economy in the South Sydney area.

7.6 Other economic benefits

The proposed development of the site 8A and 8B will deliver an array of economic benefits to the local community and the region, which are outlined below. In particular, the proposal will deliver a modern and high amenity mixed use precinct that responds to the needs of both residents, workers, and students within the local area, and surrounding localities. Other benefits associated with the proposed development are now highlighted.

- The proposed large contiguous floorplates will allow for increased flexibility and support a range of uses, enabling the Site to adapt and change over time in response to market requirements as it continues to evolve and establish as community and mixed use precinct.

- By enabling other complementary uses at the Site including health and education facilities, the Site will better respond to the demands of the growing population and community in the area, by providing critical social infrastructure that is close to homes and employment.
- The proposed development will offer high quality commercial office space and complementary facilities that will align with modern tenant requirements and help attract high value businesses and occupiers to South Sydney.
- Commercial office uses, and supporting complementary facilities, at the Site have the potential to create a natural extension to commercial precincts in the broader area including the Botany Road Corridor and the Technology and Innovation Corridor. The Site has the potential to complete the 'missing middle' between Sydney Airport, South Eveleigh and the Sydney CBD by providing quality mixed use and commercial office space within GSTC.
- Additional uses at the site will enable increased activation, vibrancy and levels of amenity at the Site that can cater to the local population, including the ability for the Site to be more active after hours and on weekends.
- Educational facilities at the Site will better align services to the 27.1% of the Study Area population that are currently attending education.
- The proposal will benefit local retailers and services through generating additional retail expenditure within the local area, leading to increased businesses growth opportunities and investment.
- Support the provision of a range of employment opportunities within a diverse range of industry sectors.
- Provide educational facilities within one of the fastest growing regions in the country, supporting the growth in local resident population and driving innovation and learning in this part of Sydney.
- Provide important health facilities that will support the growing resident population in the area, improving residential amenity and supporting a location that is highly desirable for existing and future residents.
- Support ongoing investment and renewal in the GSTC, as a key mixed use precinct in South Sydney, enabling continued growth and development over time.
- Support state and local Government strategic policies and vision including:
  - Supporting the 30-minute city aspiration by enhancing the availability of jobs, and key social infrastructure close to homes.
  - Providing critical social infrastructure within an area of high population growth, a key challenge identified within the City of Sydney LSPS.
  - Alignment with the Southern Employment Lands and Botany Road Corridor objectives by providing a mixed use and innovative development in South Sydney.
  - Supporting the strategic objective of the City of Sydney Capacity Study to deliver up to +17,200 new jobs by 2036 in the Green Square and City South Village. The Site could support around 8.0% of this employment target.

The project will generate significant economic benefits for GSTC and South Sydney, including the provision of a visionary, campus style commercial office building with large efficient floorplates that will appeal to a broad range of occupiers. Other uses at the site including health and education will completement the growing residential population in the area and provide critical social infrastructure in this part of Sydney. Importantly, these uses will generate high amounts of additional employment and business opportunities in the local area, and contribute to significant economic activity each year. These additional workers or students on the site will generate additional retail expenditure, both during the day and after hours, enhancing local business opportunities and the night time economy in GSTC.

The project will deliver a range of other economic and community benefits including increased activation, vibrancy and amenity to the local area as a result of increased uses and visitation to the site, including after hours and on weekends. Importantly, the proposed development has the potential to form a key site within the GSTC and South Sydney overall, by providing a contemporary commercial development that will attract high value businesses but also facilitate increased levels of activity, collaboration and knowledge sharing through the provision of complementary uses to commercial office, such as health and education facilities. The proposal will align strongly with government objectives and the vision for GSTC and South Sydney by delivering a development that will form a natural extension of the Botany Road Corridor and, by enabling flexibility at the site, position this emerging precinct for long term growth.