PROPERTY CONSULTING

NORTH EVELEIGH ECONOMIC IMPACT ASSESSMENT

Prepared for

Redfern - Waterloo Authority

MARCH 2008

SYDNEY MELBOURNE CANBERRA

independent property consulting Hill PDA

QUALITY ASSURANCE

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

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1. EXECUTIVE SUMMARY

1.1 Study Brief

Hill PDA has been commissioned by the Redfern-Waterloo Authority (RWA) to undertake an Economic Impact Assessment of the proposed Concept Plan for the redevelopment of the former North Eveleigh Railway Workshop lands (hereafter referred to as the Subject Site).

The Subject Site is located within the City of Sydney. It is one of eight State significant sites[1] identified within the RWA's defined 'Operational Area'.

The RWA has prepared a Concept Plan for the Subject Site's redevelopment to provide a mix of commercial, residential, community and retail uses. The Concept Plan is consistent with the RWA's Built Environment Plan (Stage One) and seeks to support local communities and to strengthen the environmental and social character of the Subject Site with positive flow on effects to the wider locality and Global Sydney.

The North Eveleigh Concept Plan aims to integrate development on the Subject Site with major surrounding land uses such as the Australian Technology Park, Sydney University, Redfern Town Centre and established residential communities to ensure their economic sustainability and growth. In doing this the Concept Plan seeks to preserve important heritage features of the site.

The RWA is submitting the proposed Concept Plan to the Director-General of the Department of Planning for public exhibition and approval. This Economic Impact Assessment is provided to satisfy the Director-General's Requirements provided in accordance with Section 75F of the *Environmental Planning and Assessment Act 1979.* Particularly it addresses the economic impact of the proposal and includes an investigation into the impact upon the retail, commercial and residential industry within the locality and has regard to the hierarchy of centres in the relevant regional and sub-regional strategy.

1.2 Site Location and Description

The 10.7ha Subject Site (Part Lot 4 and Part Lot 5 in DP 862514) is located to the immediate north of the rail line that links Redfern and Macdonaldtown Stations. The same rail line extends east to Sydney's Central Station (approximately 1km from the Subject Site) and Sydney CBD (3kms). Redfern Town Centre is located to the south of the Subject Site however existing connectivity is poor as the railway line creates a boundary.

The Subject Site is bounded by Wilson Street to the north that comprises two to three storey residence. Ivery's lane is located to the west of the site and Little Eveleigh Street to the east. Vehicle access is presently gained from the north western end of the Subject Site in Wilson Street.

[1] Schedule 3, Part 5 of State Environmental Planning Policy (Major Projects) 2005

The Subject Site is surrounded by a number of suburbs including Darlington, Macdonaldtown, Redfern, Newtown and Chippendale. It is also located in close proximity to the University of Sydney and the University of Technology.

1.3 Proposed North Eveleigh Concept Plan

The North Eveleigh Concept Plan for the Subject Site includes:

1. the refurbishment and adaptive re-use of all buildings identified as Heritage Significant by the Major Projects State Environmental Planning Policy (SEPP);
2. demolition of other buildings on site;
3. construction of new high quality buildings for a range of uses;
4. the development of a higher rise 'landmark' building at the eastern end of the site;
5. enhanced landscaping and open private and public spaces;
6. improved public and private access and egress points to the site and its associated uses;
7. enhanced connectivity between the site and surrounding uses including Redfern Town Centre; and
8. improved parking provision.

The North Eveleigh Concept Plan will provide 180,007sqm of floorspace including approximately 61,072sqm of office space, 4,000sqm of retail space, 22,796sqm of cultural floorspace and 92,139sqm of residential floorspace.

1.4 Key Study Findings

Hill PDA's analysis of the proposed North Eveleigh Concept Plan (Concept Plan) has identified a number of direct and indirect economic implications that are likely to result from the Subject Site's redevelopment. Outlined below is a summary of the potential impacts and Hill PDA's key finings.

Employment and Economy

1. The Subject Site is strategically located within Sydney's *'Global Arc'* and within the *'Sydney CBD to Sydney Airport Economic Corridor'*. The provision of high quality, flexible commercial floorspace as part of the Subject Site's redevelopment will support the Government's objectives to enhance Sydney's role as a Global City and to build the number of jobs provided within this corridor.

2. The North Eveleigh Concept Plan proposes the efficient re-use of a redundant brownfield site located in close proximity to magnet infrastructure such as transport and premier educational institutions.

3. The provision of 61,072sqm of commercial floorspace, within close proximity to major transport infrastructure (Eveleigh and Macdonaldtown Rail Stations, bus networks, Parramatta Road, Sydney Airport) and business services (Redfern Town Centre, Sydney CBD) will attract desirable business investment and its associated employment opportunities.

4. The proposed commercial floorspace will provide opportunities for businesses seeking to cluster with existing research, innovation and media industries in the locality and thereby support the Government's vision for a research and innovation zone on the western edge of Sydney CBD.

5. The proposed provision of 87,868sqm of employment generating floorspace on the site will provide a range of skilled, semiskilled and unskilled employment opportunities for local residents experiencing high levels of social and economic disadvantage.

6. Employment opportunities for local residents will be provided during all phases of development. Consequently jobs will not only be provided during the construction phase and through building apprenticeships but also through permanent and part time operational jobs associated with the future business tenants. The success of the latter will be supported by vocational education and training programs provided in conjunction with surrounding educational institutions such as the University of Sydney.

7. The proposed Concept Plan will generate an estimated net gain of 3,270 – 3,300 full and / or part time operational jobs on the site. These jobs will be suitable for a range of age groups and skills in accordance with the objectives of the RWA Employment and Enterprise Plan.

8. The Concept Plan has an estimated construction value of $550million. This will directly generate approximately 3,328 construction jobs.

9. Through construction multipliers the proposed Concept Plan will indirectly generate in the order of 13,679 jobs in the construction industry or 1,368 jobs per year for 10 years.

10. Through the multiplier effect, the proposed Concept Plan will generate a further $497million activity in production induced effects and $529million in consumption induced effects. Total economic activity generated by the construction of the proposed development will therefore be approximately $1026 million.

11. The proposed mix of employment, retail and residential uses will create an environmentally sustainable environment for living and working.

Other Economic Considerations

1. The incidence of housing stress is particularly pronounced in inner city areas where housing prices have risen steeply as a result of the growing attraction of inner city living and gentrification. To exemplify the significance of this change in the City of Sydney median dwelling prices increased by a significant 62% between 1998 and 2008.

2. The RWA's Operational Area has been traditionally characterised by lower income households. This is in part a result of the area's industrial heritage and the high proportion of public housing. These communities experience high levels of social and economic disadvantage that is exacerbated by the significant gap between their median household incomes and property prices.

3. Housing affordability is also an issue for lower income city workers i.e. workers within the hospitality and service industries. These workers are critical to the efficient operation of Global Sydney and play an important role in its economy. They are however becoming increasingly priced out of living in inner city area's (in favour of more affordable locations in Western Sydney) or having a greater dependence on commuting. The latter trend placing particular strain on city shift workers.

4. The RWA's provision of a component of affordable housing on the Subject Site will not only seek to address issues of social equity but also the economy. This is because the provision of affordable homes within the inner city will enable the retention of a diverse workforce in close proximity to Global Sydney. This will support the function of businesses within Global Sydney and their economic success.

5. Maintaining diversity in the Global Sydney labour force will also minimise the potential for labour shortages. Should labour shortages occur for a range of lower income jobs, businesses would need to attract staff through higher salaries and other incentives. These additional costs would inturn need to be passed onto the consumer through the costs of services and goods.

6. The provision of affordable housing on the Subject Site will also enhance the economic wealth of disadvantaged families through a number of measures. Firstly more affordable housing options allows for a greater proportion of a households income to be directed to quality food, health services and care. Improved health and access to employment opportunities increases the ability for these households to break the cycle of disadvantage.

7. The potential for some (or all) commercial space on the site to be occupied by one of the neighbouring universities will enhance opportunities for local residents, Sydney's youth and mature persons seeking ongoing education. Enhanced education and learning has a positive influence on an individual's ability to earn and to find suitable employment. Higher employment rates and incomes in turn have positive spin off benefits to the local and wider economy through improved spending power, service demand and economic sustainability.

8. There is a clear positive correlation between improved education, learning and the economy. It has been estimated by the Organisation for Economic Cooperation and Development (OECD) that just one additional year of education for a population increases economic output by between 3% and 6%. Improved education achieves these benefits by raising productivity, innovation, competitiveness, technological progress and by enhancing industries ability to forecast change.

9. The proposed Concept Plan seeks to enhance connections between the Subject Site, neighbourhood shops and local centres such as Redfern to support the growth and viability of local businesses by increasing expenditure and demand for services. It is estimated that the proposed

mix of uses on the site will generate an additional $24.5 million to $26.5million in local retail expenditure.

10. The North Eveleigh Retail Study[2] found that the proposed 4,000sqm of retail floorspace would help to meet the existing undersupply of supermarket floorspace in the defined trade area; help to meet the demands generated by new residents and workers and provide convenient retail facilities for local residents and workers without the need to drive. The retail component of the Concept Plan would serve a different trade area to the proposed retail facilities within the Waterloo / Green Square area.

11. The significant visual and environmental improvements proposed for the Subject Site and associated public realm, in addition to the proposed mix of uses, will enhance the image of the RWA Operational Area. This will have positive flow on effects to additional investment and development interest in the local area. This will benefit the locality's vitality, viability and economic sustainability.

1.5 Conclusion

Given that the proposed North Eveleigh Concept Plan will:

- support Government objectives to enhance business and employment opportunities in Global Sydney;
- make efficient use of a redundant brownfield employment site within close proximity to transport and other magnet infrastructure;
- generate new employment opportunities suited to a range of ages and skills;
- support local businesses and the local economy;
- provide education, training and employment opportunities for local residents to the benefit of their social and economic well being;
- provide affordable housing options to create a socially equitable and inclusive community and a diverse local labour force;
- have positive economic flow on effects to the wider economy; and
- improve the vitality and character of the Subject Site to the benefit of the surrounding area;

the proposed North Eveleigh Concept Plan is supported and considered in accordance with the objectives of the RWA's Built Environment Plan (Stage One) and the Metropolitan Strategy. Therefore the North Eveleigh Concept Plan is strongly supported on economic grounds.

[2] North Eveleigh Workshops, Sydney Assessment of Potential for Retail Facilities As Amended October 2007

2. INTRODUCTION

2.1 Study Brief

Hill PDA has been commissioned by the Redfern-Waterloo Authority (RWA) to undertake an Economic Impact Assessment of the proposed Concept Plan for the redevelopment of the former North Eveleigh Railway Workshop lands (hereafter referred to as the Subject Site).

The Subject Site is located within the City of Sydney Local Government Area (LGA). It is one of eight State significant sites[3] identified within the RWA's defined 'Operational Area'.

The RWA has prepared a Concept Plan for the Subject Site's redevelopment to provide a mix of commercial, residential, community and retail uses. The Concept Plan is consistent with the RWA's Built Environment Plan (Stage One) and seeks to support local communities to strengthen the environmental and social character of the Subject Site with positive flow on effects to the wider locality and Global Sydney.

The North Eveleigh Concept Plan aims to integrate development on the site with major surrounding land uses such as the Australian Technology Park, Sydney University, Redfern Town Centre and established residential communities to ensure their economic sustainability and growth. In doing this the Concept Plan seeks to preserve important heritage features of the site.

The RWA will be submitting the proposed Concept Plan to the Director-General of the Department of Planning for public exhibition and approval. This Economic Impact Assessment forms part of the suite of documents to be submitted with the Concept Plan and its accompanying Environmental Assessment. It gives particular consideration to the economic effects of the proposed development on both a macro and a local scale.

2.2 Site and Locality Description

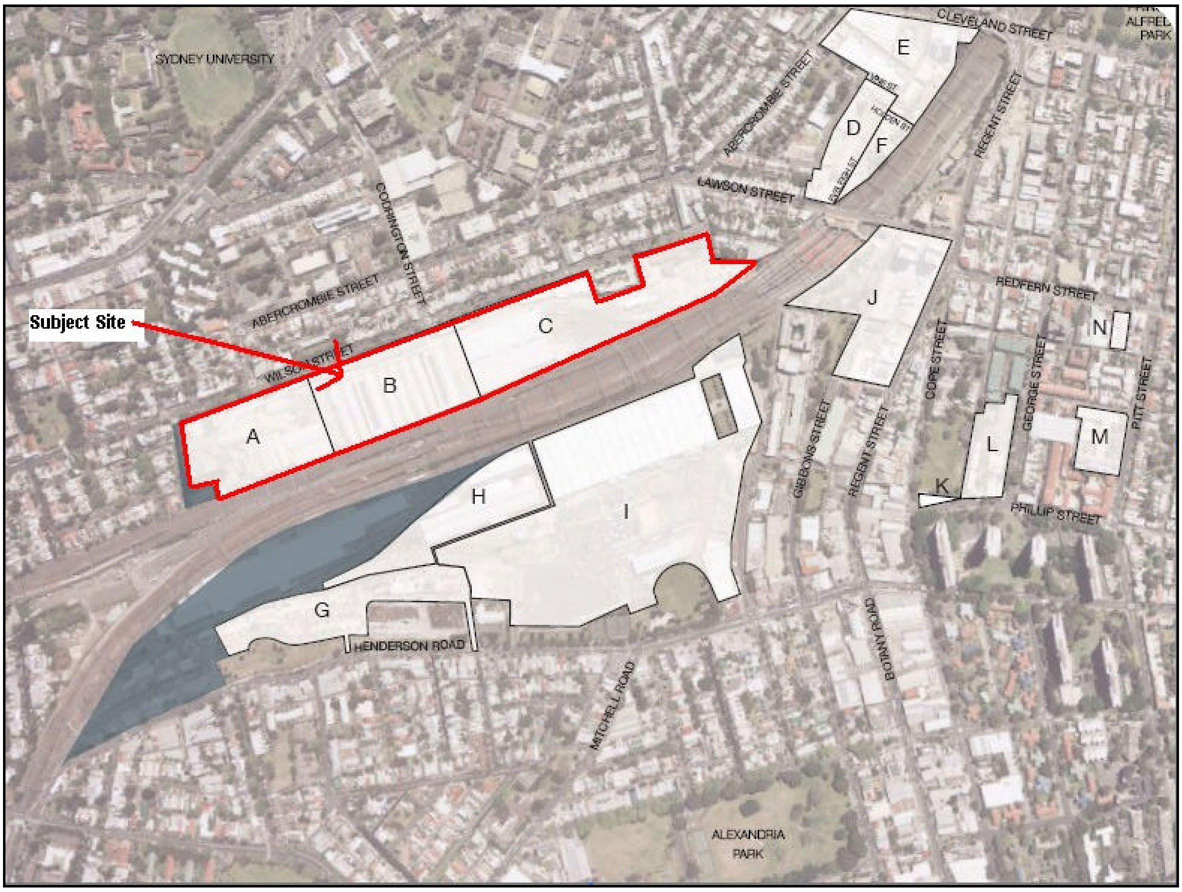
The 10.7ha Subject Site (Part Lot 4 and Part Lot 5 in DP 862514) is located to the immediate north of the rail line that links Redfern and Macdonaldtown Stations within the Suburb of Redfern. The same rail line extends east into Sydney's Central Station (approximately 1km from the Subject Site) and Sydney CBD (3kms). Redfern Town Centre is located to the south of the site however existing connectivity is poor owing to the railway line forming a boundary.

The Subject Site is bounded by Wilson Street to the north that comprises two to three storey residence. Ivery's lane is located to the west of the site and Little Eveleigh Street to the east. Vehicle access is presently gained from the north western end of the site in Wilson Street.

[3] Schedule 3, Part 5 of State Environmental Planning Policy (Major Projects) 2005

The Subject Site is surrounded by a number of suburbs including Darlington, Macdonaldtown, Redfern, Newtown and Chippendale. It is also located in close proximity to the University of Sydney and the University of Technology.

Figure 1 - Plan Showing Subject Site in Red



Source: RWA

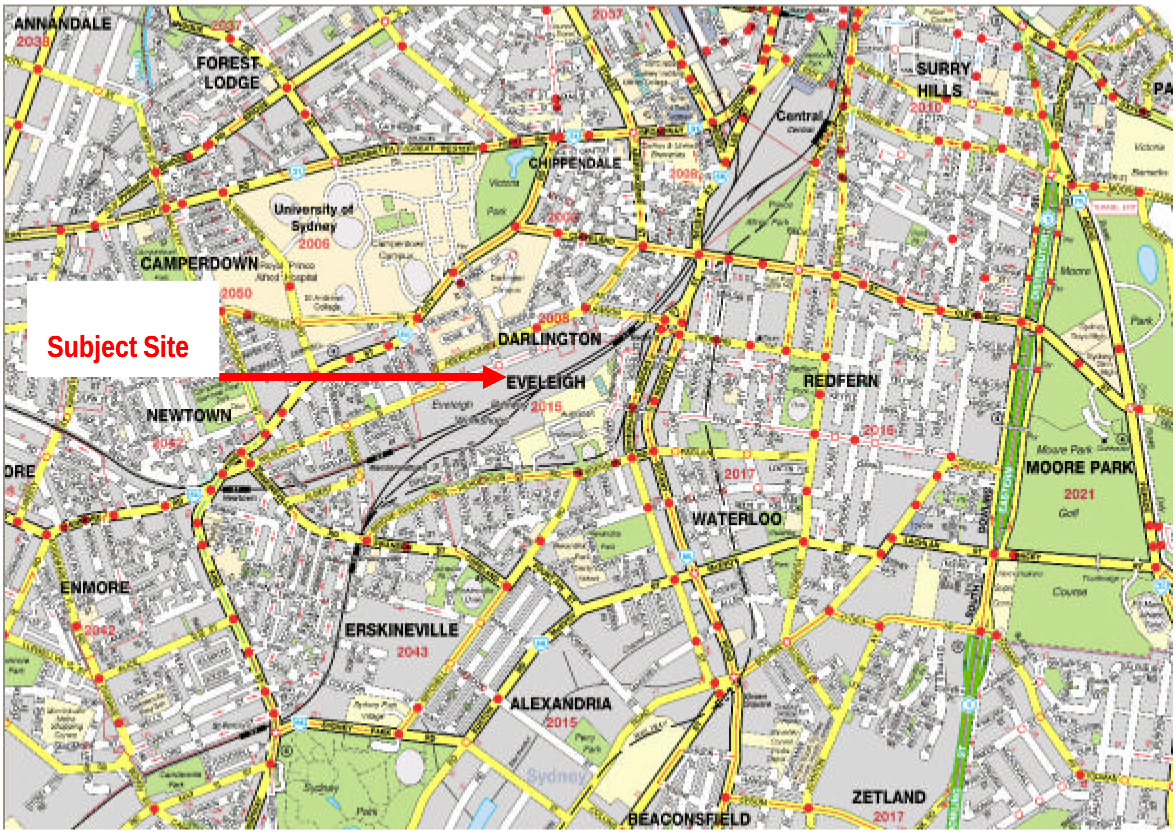
The site presently comprises a mix of buildings including buildings of heritage significance and some that are considered by many to be intrusive or adversely affecting the built and landscape character of the site.

These buildings include:

- the recently redeveloped CarriageWorks Performance Art Centre;
- the former Blacksmith's Shop;
- Traversers No.1 and No.2 adjoining the CarriageWorks building to the east and west;
- The RWA Training Centre in the former Carpenters, Plumbers and Food Distribution building;
- The General Store/ Clothing Store;
- The Chief Mechanical Engineer's Office Building;
- The Paint Shop; and
- A number of rail tracks.

At present the Subject Site is not accessible to the public (with the exception of the CarriageWorks Performance Centre). The Subject Site is also presently physically and visually separated from the surrounding land uses owing to its blank façade to Wilson Street and the 3 - 5m change in levels from Wilson Street down to the rail line where the predominant portion of the Subject Site is located.

Figure 2 - Location Plan of Site in Wider Geographic Context



Source: UBD

2.3 Study Background

The RWA was established in January 2005 as a regenerative authority responsible for urban renewal, urban revitalisation, job creation, environmental and social enhancements. The RWA has prepared (and works to) a series of plans to achieve this remit including the Redfern – Waterloo Built Environment Plan (Stage One), a draft Human Services Plan and an Employment and Enterprise Plan.

The RWA pertains to a defined area known as the 'RWA Operational Area' as shown in the figure below. The RWA Operational Area includes the suburbs of Darlington, Eveleigh, Waterloo and Redfern.

Figure 3 - RWA Operational Area and State Significant Sites

Source: RWA

The North Eveleigh Railway Yards (the Subject Site) is located within the RWA's Operational Area. The Subject Site was traditionally owned by the Gadigal People of the Eora Nation. Redfern is still today an area of major significance to Aboriginal people and is a base for many cultural activities.

The Eveleigh Railway Workshops were built during the 1870's and operated on the site up until the 1980's. For over 100 years the workshops provided jobs and support for the economy of the local area and wider Sydney. Much of the terrace housing in the vicinity of the Subject Site was developed in response to the need to house workers associated with the workshops. The Eveleigh Railway Workshops therefore have heritage significance and are listed on the State Heritage Register.

In 1989 railway operations ceased on the site and it was subsequently used for storage relating to the operation of the railway. Railcorp are the present owners of the site and have identified that it is surplus to their needs.

The Subject Site's potential to support the urban regeneration and revitalisation objectives of the RWA have been identified. In order to achieve the RWA's objectives, a Concept Plan has been prepared for the Subject Site. Details of the proposed Concept Plan are outlined below.

2.4 Proposed North Eveleigh Concept Plan

The North Eveleigh Concept Plan for the Subject Site includes:

1. the refurbishment and adaptive re-use of all buildings identified as Heritage Significant by the Major Projects State Environmental Planning Policy (SEPP);
2. demolition of other buildings on site;
3. construction of new high quality buildings for a range of uses;
4. the development of a higher rise 'landmark' building at the eastern end of the site;
5. enhanced landscaping and open private and public spaces;
6. improved public and private access and egress points to the site and its associated uses;
7. enhanced connectivity between the site and surrounding uses including Redfern Town Centre; and
8. improved parking provision.

The proposed North Eveleigh Concept Plan (the Concept Plan) will provide 180,007sqm of floorspace including approximately 61,072sqm of office space, 4,000sqm of retail space, 22,796sqm of cultural floorspace and 92,139sqm of residential floorspace.

3. POLICY CONTEXT

The proposed Concept Plan has been prepared in accordance with the various State, Regional and Local Planning Policies relevant to the RWA Operational Area and development of the Subject Site. The following section of this report identifies the key policies and strategies that relate to the proposed redevelopment of the Subject Site from an economic point of view.

NSW State Plan 2006

The NSW State Plan identifies challenges and opportunities facing NSW whilst recognising the need for Government to *'reconcile competing demands in an environment of constant social and economic change'.* The plan sets out the following key goals and priorities relevant to the proposed development of the subject site.

- NSW Open for Businesses:
  - increase business investment;
  - maintain and invest in infrastructure;
  - cutting red tape; and
  - facilitate more people participating in education and training throughout their life.
- Build Harmonious Communities
- Build a High Quality Public Transport System: increase the share of peak hour journeys on safe and reliable public transport
- Strengthen Aboriginal Communities
- Build Customer Friendly Services: increase customer satisfaction with Government services
- Improve Urban Environments through:
  - jobs closer to home;
  - housing affordability; and
  - improve the efficiency of the road network.

Of particular relevance to the proposed North Eveleigh Concept Plan is the NSW State Governments commitment to the upgrade of Redfern Station by 2011.

Metropolitan Strategy

The NSW Department of Planning prepared and released the Metropolitan Strategy City of Cities: A Plan for Sydney's Future in 2005. With respect to employment, the Strategy plans for 500,000 new jobs within Sydney by 2031. This would bring the total number of jobs in Sydney to 2.5 million.

The Strategy identifies key economic and employment corridors within the Sydney Metropolitan Region. The subject site is located within the Sydney CBD to Sydney Airport Corridor and forms part of the wider

Global Sydney Corridor that links the Airport to North Sydney and Macquarie Park. Within these corridors it is anticipated that 30% of the anticipated 500,000 additional jobs forecasted to grow in Sydney will be focused. To meet this growth, an additional 6.8million square metres of commercial and 17.4million square metres of retail floorspace will be required across Sydney by 2031.

Relevant to this study the Strategy emphasises the importance of:

- enhancing employment lands and job provision within Global Sydney and its economic corridors;
- the reuse of old industrial lands for employment purposes where practical;
- concentrating employment sites to ensure the sustainable use of infrastructure and transport;
- boosting innovative industries and technology development at key locations to increase global competitiveness;
- strengthening industry clusters;
- improving access to jobs for disadvantaged communities; and
- increasing the integration of employment and housing markets across Sydney to ensure diversity in the supply of local labour.

Local Policies, Plans and Strategies

RWA Built Environment Plan (Stage One) – this plan was prepared by the RWA in 2006 in order to outline its strategy for urban renewal. It forms part of a ten year strategy that builds upon established strategies and works with the community to define new ones. The plan seeks to *"provide a holistic response to redevelopment opportunities, deliver sustainable outcomes and support a State Environmental Planning Policy that will provide a consolidated and consistent approach to the area which meets the objectives of the Redfern – Waterloo Act".*

Fundamentally the Plan focuses around the heart of the RWA's operational area – Redfern Railway Station and aims to use this infrastructure to integrate business hubs in the Australian Technology Park, North Eveleigh, Redfern and Regents Streets. The plan is anticipated to generate:

- in the order of 18,000 jobs;
- 2,000 new dwellings with a range of affordability;
- an enhanced public domain, station and civic precinct and improved sense of safety and security;
- a range of cultural and community facilities;
- improved opportunities for Aboriginal enterprises and cultural facilities; and
- a high quality built environment.

Redfern – Waterloo Employment and Enterprise Plan – this strategy seeks to enhance the provision of jobs, education and skills in order to tackle the existing social and economic disadvantage experienced by residents of the Redfern – Waterloo area. The provision of a range of education and employment opportunities is critical to the success of the plan in addition to support for local businesses and employers.

City of Sydney Inner South Area Action Plan – this plan was prepared by the City of Sydney LGA and relates specifically to the suburbs of Redfern and Waterloo. It seeks to identify key projects and strategies to meet the needs of the community and to revitalise the area. Strategies include improved streetscapes, open spaces, the provision of community meeting precincts, outdoor cafes, restored heritage buildings, traffic improvements and street cleaning.

The economic objectives of the policies, plans and strategies outlined above have been considered in the preparation of this report.

4. DEMOGRAPHICS

4.1 Introduction

The Redfern - Waterloo area is characterised by a broad mix of uses including residential, retail, commercial, industrial and educational. Equally diverse is the range of residents and workers in the area with respect to ethnicity, skills, socioeconomic status and age. This diversity is likely to increase with the ongoing revitalisation and growth of the area and its community.

In order to better understand the potential affect the proposed development may have to the existing and future community (in the vicinity of the Subject Area) a demographic analysis was undertaken based on ABS 2001 and 2006 Census Data. The analysis relates to three locations including:

- the RWA's defined 'Operational Area'[4]
- the suburb of Darlington[5] within which the Subject Site is located; and
- the City of Sydney Local Government Area (LGA).

Where applicable comparisons have also been made to the Sydney Statistical Division (SD).

4.2 General Characteristics

As shown in the series of tables below and complimented by additional ABS Census data:

- The RWA Operational Area and Sydney LGA experienced significant population growth (+22% and +35% respectively) between the 2001 and 2006 census periods. This growth is a likely reflection of the growth in the number of medium and high density residential developments within inner city areas developed during this period.

- The RWA Operational Area and Darlington are characterised by strong cultural and ethnic diversity created by a mix of residents including Russian, Chinese, Arabic, Greek, Vietnamese and other non English speaking backgrounds.
- The RWA Operational Area, Sydney LGA and Darlington (the three locations) all have low proportions of their populations within younger age brackets i.e. less than 15 years compared to the Sydney SD. This population characteristic may be expected within an inner city area as families tend to predominate in more suburban locations. Notwithstanding this point, the RWA Operational Area showed a slightly greater number of children in this bracket compared to the Sydney LGA.

[4] Based on data ABS Data 2006 Census commissioned by the RWA
[5] Based on data ABS Data 2006 Census commissioned by the RWA

- Conversely the three locations show significantly greater proportions of the population within the over 55 year's category indicating a more established community. The RWA Operational Area showed a significantly greater proportion in the over 65 year bracket (13.6%) compared to the Sydney SD of 0.9%.
- As a percentage of the population, each of the three locations had significantly greater proportions of Indigenous persons in their populations (28%, 10% and 12%) compared to the Sydney SD (1.1%). This highlights the value of the three locations as a place of residence and cultural significance for the Indigenous community.
- The vast majority of residential dwellings (70% and 71% respectively) occupied in the RWA Operational Area and the City of Sydney are units or flats. The majority within Darlington (75%) are however semi detached or terrace houses. Conversely 57% of residents in the Sydney SD resided in separate houses. This noticeable difference in housing type relates to the inner city character and higher development densities characteristic of the Subject Area.
- Following on from the above point, the majority of homes within the three locations are occupied by between one and two persons. In fact close to 44% of homes in the RWA Operational Area and over 41% in the Sydney LGA are occupied by one person only compared to the Sydney SD whereby only 23% of households have one occupant. The high rate of single occupancy in the study area may be reflective of the higher proportion of residents in older age brackets and the growing number of professionals without children living in inner city areas.

Table 1 - Population Characteristics

Year	Operational Area	Darlington	Sydney LGA
2001	18,635	2,233	116,067
2006	22,796	2,185	156,572
2001-2006 Percentage Change	22%	-2%	35%

Source: ABS 2006 Census Data, RWA

Table 2 - Age Profile

Age	Operational Area		Darlington		Sydney LGA	
	No.	%	No.	%	No.	%
0-4	790	3.5%	85	3.9%	5,193	3.3%
5-14	945	4.1%	77	3.5%	6,085	3.9%
15-24	3,744	16.4%	616	28.2%	27,842	17.8%
25-54	12,058	52.9%	1,131	51.8%	91,962	58.7%
55-64	2,152	9.4%	148	6.8%	12,671	8.1%
65+	3,107	13.6%	128	5.9%	12,819	8.2%
Total	**22,796**	**100%**	**2,185**	**100%**	**156,572**	**100%**

Source: ABS 2006 Census Data, RWA

Table 3 - Indigenous Persons by Age

Age	Operational Area		Darlington		Sydney LGA	
	No.	% of all persons in age range	No.	% of all persons in age range	No.	% of all persons in age range
0-4	55	7.0%	4	4.7%	156	3.0%
5-14	111	11.7%	0	0.0%	316	5.2%
15-24	119	3.2%	15	2.4%	367	1.3%
25-54	304	2.5%	12	1.1%	920	1.0%
55-64	57	2.6%	3	2.0%	140	1.1%
65+	37	1.2%	0	0.0%	82	0.6%
Total	**683**	**28.2%**	**34**	**10.2%**	**1,981**	**12.3%**

Source: ABS 2006 Census Data, RWA

Table 4 - Dwelling Structure (Occupied Dwellings)

Dwelling Type	Operational Area		Darlington		Sydney LGA	
	No.	%	No.	%	No.	%
Separate house	258	2.7%	5	0.7%	3,162	5.3%
Semi detached/ row/ terrace	2531	26.1%	517	75.3%	13,371	22.4%
Flat/ unit	6788	70.1%	165	24.0%	42,381	71.0%
Other dwelling structure	96	1.6%	0	0.0%	756	1.3%
Not stated	14	0.1%				
Total dwellings	**9687**	**100.0%**	**687**	**100.0%**	**59,670**	**100.0%**

Source: ABS 2006Census Data, RWA

Table 5 - Household Composition by No. of Persons Usually Resident

Household Size	Operational Area		Darlington		Sydney LGA	
	No.	%	No.	%	No.	%
1	4234	43.7%	201	29.4%	24,571	41.2%
2	3494	36.1%	252	36.8%	23,035	38.6%
3	1127	11.6%	119	17.5%	6,713	11.3%
4	560	5.8%	76	11.1%	3,769	6.3%
5	185	1.9%	29	4.2%	1,111	1.9%
6+	87	0.9%	7	1.0%	473	0.8%
Total households	**9687**	**100%**	**684**	**100%**	**59,673**	**100%**

Source: ABS 2006 Census Data, RWA

4.3 Unemployment and Social Disadvantage

The employment status, income range, level of education/ training of an area's population are all good indicators of the socioeconomic status of its community. The following series of tables explores these points by utilising the information commissioned by the RWA for the Operational Area and supplementing it with additional ABS Census and Journey to Work data.

The tables below and additional Census data analysis shows that:

- The RWA Operational Area experiences high levels of economic and social disadvantage as a result of a combination of factors including lower incomes, education, home ownership, labour force participation rates and higher levels of unemployment.

- Within the Indigenous community the level of social and economic disadvantage is likely to be greater with lower levels of health and a lower life expectancy.

- The RWA Operational Area provides approximately 12,500 jobs[6]. The number of jobs exceeds the number of residents within the workforce. Despite this, as of 2006, both the RWA Operational Area and Darlington had higher unemployment rates (7.2% and 7.9% respectively) than Sydney LGA (5.1%) and Sydney SD (5.3%). This is a likely result of the mismatch between job provision and the skills, qualifications and vocational training of the local labour force.

- The three loc ations all had a lower proportion of their resident population within the labour force (RWA Operational Area 52%, Darlington 59% and City of Sydney 56%) than the Sydney SD (61%) which may be indicative of the areas older age group or moore deep rooted social issues such as a mismatch between resident skills and jobs.

- Unemployment levels increase for members of the Aboriginal community to 31% of the labour force and as of 2006 only 38% of the RWA Operational Area's local Indigenous residents were in the labour force[7].

- A substantially greater proportion of residents in the three locations (RWA Operational Area 19%; Darlington 20% and City of Sydney 25%) did not provide their labour force status compared to 8% of the Sydney SD.

- Notwithstanding the above characteristics the three locations still had a high proportion of their residents employed within Managerial or Professional jobs (Darlington 53%, City of Sydney 57% compared to the Sydney SD 37%). This is a likely result of the areas close proximity to Sydney CBD.

- The three locations all had significantly lower proportions of households that are fully owned (between 10% and 17%) compared to the Sydney SD of 30%. There is also a noticeable difference between the three locations with respect to the number of households being purchased (19% to 22%) compared to the Sydney SD of 31%. It therefore follows that there was also a significant difference in the number of dwellings being rented (57% in the RWA Operational Area, 39% Darlington and 50% in the LGA of Sydney) compared to 30% across the Sydney SD. These findings reflect the large proportion of public housing in the locality surrounding the Subject Site, the gap between the cost of housing and average salaries in the locality in addition to the transient nature of many inner city residents who therefore choose to rent.

- Table 8 below supports the conclusions drawn above in relation to housing characteristics across the three locations by profiling median individual incomes and household incomes in comparison to monthly home loan repayments. Comparing these figures to the Sydney SD it can be seen that the RWA Operational Area and Darlington both have lower median individual incomes, the RWA Operational Area has a lower household income yet all three locations have significantly higher median monthly housing loan repayments. The RWA Operational Area's median weekly rent

[6] RWA Employment and Enterprise Plan 2006

[7] RWA Employment and Enterprise Plan 2006

($250/ week) is the same as the Sydney SD median, however the median for Darlington and Sydney LGA both noticeably exceed this figure.

- Lastly, the three locations have a lower average dwelling occupancy (1.9 persons for both the RWA Operational Area and the Sydney LGA, 2.3 persons for Darlington) compared to 2.7 persons for the Sydney SD reaffirming the inner city nature of dwellings in the locality and their predominant unit / flat characteristic.

Table 6 - Labour Force

Labour Status	Operational Area		Darlington		Sydney LGA	
	No.	%	No.	%	No.	%
Employed (full/part time work or on leave)	10,210	48.5%	1,098	54.3%	76,112	69.1%
Unemployed (seeking full/part time work)	744	3.5%	88	4.4%	4,311	3.9%
Not in labour force	6,116	29.0%	436	21.6%	28,379	25.8%
Labour force status not stated	3,993	19.0%	399	19.7%	1,351	1.2%
Total	**21,063**	**100.0%**	**2,021**	**100.0%**	**110,153**	**100.0%**

Source: ABS 2006 Census Data, RWA

Table 7 - Tenure Type and Landlord

Tenure Type	Operational Area		Darlington		Sydney LGA	
	No.	%	No.	%	No.	%
Fully owned	888	9.9%	114	16.6%	8,262	13.8%
Being purchased	1821	18.8%	154	22.4%	12,804	21.5%
Rented						
Real estate agent	2642	27.3%	234	34.2%	23,321	39.1%
State/territory housing authority	2893	29.9%	34	4.9%	6,290	10.5%
Other landlord type/ not stated	897	9.3%	126	18.3%	6,631	11.1%
Other tenure type/ not stated	546	5.6%	24	3.5%	2,362	4.0%
Total	**9687**	**100%**	**686**	**100%**	**59,670**	**100%**

Source: ABS 2006 Census Data, RWA

Table 8 - Household Profile[1]

	Operational Area	Darlington	Sydney LGA
Total private dwellings	10,050	687	59,670
Total number of persons living in private dwellings	18,047	1,536	114,599
Average household size	1.9	2.3	1.9
Average persons/ bedroom	1.2	1.1	1.2
Median age of person	35	29	32
Median individual income (weekly)	$509	$506	$717
Median household income (weekly)	$909	$1,230	$1,204
Median family income (weekly)	$1,363	$1,850	$1,819
Median housing loan repayment (monthly)	$2167	$2000	$2150
Median rent (weekly)	$250	$340	$330

Source: ABS 2006 Census Data, RWA

[1] Excludes 'Visitors only' and 'Other not classifiable' households

4.4 Summary

As outlined above, the RWA Operational Area represents a mixed community with respect to not only ethnic and cultural diversity but also socioeconomic. The historical legacy of large components of public housing development in the area has left large pockets of socially disadvantaged households that fall within very low to low income brackets, low levels of literacy, home ownership and employment. This has contributed to complex social issues and the area's poor perception.

With the growth of residential development in inner city areas (particularly high quality apartments) and the growing attraction for young professionals to live within inner city areas, the demographic mix of the area is changing with a growing affluence, level of home ownership and regeneration. In addition, the demographic characteristics of the area are also complemented by a younger student population associated with the educational institutions located in close proximity to the RWA Operational Area.

Owing to the broad range of local residents and their diverse socioeconomic, cultural and ethnic characteristics, there are significant challenges that need to be addressed to ensure social cohesion and equity. The following sections of this report address how the proposed uses, that form the North Eveleigh Concept Plan, may help to address some of these challenges through the creation of local employment opportunities, the provision of local services and affordable homes.

5. ECONOMY AND EMPLOYMENT GENERATION

The Subject Site is strategically located within Sydney's inner city area, approximately 3km from the operations of Global Sydney (Sydney CBD and North Sydney). The Subject Site also falls within the Sydney CBD to Sydney Airport economic corridor as defined by the Metropolitan Strategy and the Global Arc that extends from Macquarie Park to Sydney CBD to Sydney Airport. These corridors play an important economic role in Sydney as one of the key drivers of Sydney's wealth and employment generation, providing over 32% of Sydney's jobs[8].

A number of important interrelated economic trends are affecting demand for employment floorspace (particularly commercial) within the economic corridors referred to above including:

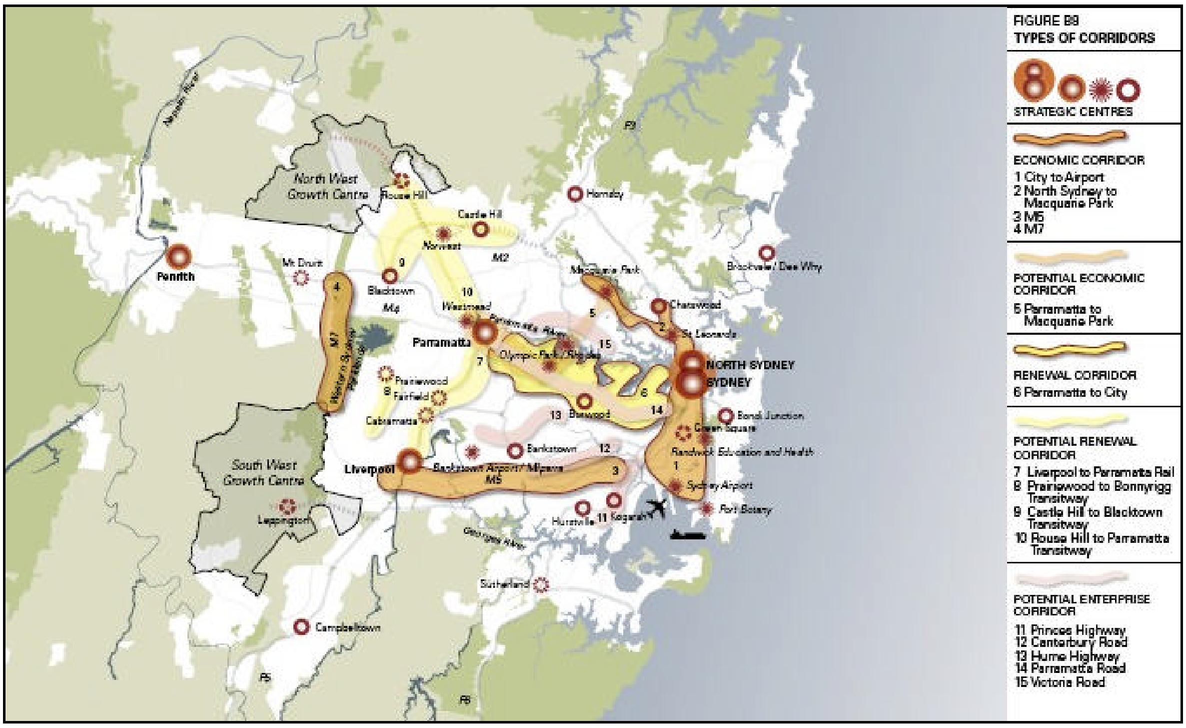
1. The growth of Sydney as a Global City;
2. The emergence of the Aerotropolis; and
3. The growth of Sydney's commercial market.

The following section discusses these trends and their influence to Sydney's business, property and labour markets. It then relates these trends to the North Eveleigh Concept Plan and the proposed provision of over 87,868sqm of employment generating floorspace including 61,072sqm of commercial space, 4,000sqm of retail space and 22,796sqm of cultural floorspace.

In light of the above mentioned factors, this section of the report also investigates the potential economic impact of the proposed North Eveleigh Concept Plan to the commercial industry and employment generation in accordance with the Director-General's Requirements provided in accordance with Section 75F of the *Environmental Planning and Assessment Act 1979.*

[8] Metropolitan Strategy – Centres and Corridors

Figure 4 - Sydney's Global Arc and the Sydney CBD to Sydney Airport Economic Corridor



Source: Metropolitan Strategy – NSW Department of Planning

5.2 Growth of the Global Economy

It can be seen that the economic strength of cities has historically coincided with their ability to capitalise on the dominant transportation network of that particular period. First it was the seaports. After these, it was rivers and canals, followed by the development of the railways, and then the highways. Today the catalyst for growth is widely seen to be airports, highways and high quality infrastructure.

Thus, cities favoured by the dominant transportation infrastructure and established trade routes became important focuses for immigration and market places for the exchange of goods and information. They evolved into 'Gateway Cities' and in some cases 'Global Cities'.

A Global City may be defined as a city that has an effect on global affairs. Some of the key considerations in defining a Global City are whether it has:

- international familiarity;
- an active influence and participation in international events;
- a large and diverse population;
- a major international airport; and
- the presence of international institutions.

In Australia, it is Sydney that has emerged as Australia's international gateway and *"pre-eminent international business city"*[9]. It is *"Australia's only sub-global city, the major gateway and interface between the Asia-Pacific region and the Australian economy"*.[10]

The Sydney Metropolitan Strategy recognises Sydney's role as a Global City and that 50% of Australia's top 500 companies are located within Sydney and 65% of the regional headquarters for multinational corporations are located within NSW. Sydney is considered a *"primary link between the Global and Australian economies"* and *"'the nation's main international air and communication gateway".*[11]' These attributes are clearly owing to, and enhanced by, the strong geographic connection between Sydney International Airport, Port Botany and Sydney CBD through the Sydney CBD to Airport Economic Corridor.

5.3 The Aerotropolis

An 'aerotropolis' is an airport city or economic hub that extends out from a large airport. This concept has arisen largely from the transformation of business from ground transport to air transport. What is more, airports are becoming a central ingredient in economies that are increasingly based on speed, agility and long term distance connectivity. Airports have become 'vital centres of growth and development' and as such they have become 'as important to a region as a city's central business district.'

Through the advent of affordable air travel, high value to weight products and the need for time based competition the dependence on air travel and freight is steadily increasing. Accordingly the Sydney Airport Corporation Ltd estimates that Sydney Airport will continue to grow so that it has over 68.3million passengers and 412,000 aircraft movements by 2023/24.

Economists and planners identify that *'Airports will shape business location and urban development in this century as much as highways did in the 20th, railroads in the 19th and seaports did in the 18th centuries.'*[12] What is more *'Airports are becoming like downtowns, and terminal concourses their main streets where people shop, eat and work. They are influencing society and culture in the same way that cities have. Airports are temporary homes and offices for thousands of travellers everyday and permanent workplaces for countless others. '*[13]

The 'aerotropolis' concept is not limited to terminal buildings or airline services. It extends to any number of uses that may be related in some way to the airline industry, air freight, the need for travel or people who work in and/or use airports. The range of industries potentially located on airport lands or extending from airports is therefore extensive and may include:

[9] SGS Economics and Planning, 2003

[10] ALGA/National Economics, 2001

[11] Metropolitan Strategy

[12] USA Today – Haya El Nasser

[13] USA Today – Haya El Nasser

- business parks or aeroparks – for companies that make intensive use of airports such as information and communications technology and distribution or financial and consulting companies that support the function of airport related uses and businesses;
- hotels and conference facilities;
- industrial uses - for corporations that rely on time sensitive manufacturing;
- transport industries i.e. bus, train, car rental, freight;
- retail and entertainment – including shopping, dining, cultural attractions i.e. museums, art galleries; and increasingly
- leisure and fitness.

5.4 Commercial Office Trends

Sydney's role as a Global City influences the type of employment generating uses that locate within the city and their spatial distribution. By way of example, Global Cities have a high concentration of multinational companies and therefore demand for associated commercial office space. Much of this floorspace tends to focus around traditionally prestigious locations such as Central Business Districts (CBD's).

In Sydney's case, more than half (56%) of the total existing stock of office floorspace in the metropolitan area is located in the CBD (4.2 million square metres). A further 1.1 million square metres are located within Sydney CBD's fringe in Pyrmont, Ultimo and South Sydney.

Hill PDA's commercial market research has found that owing to Sydney's Global role and:

- a strong Australian economy;
- a 32 year low in unemployment rates;
- low rates of recent office completions within Global Sydney (Sydney CBD and North Sydney); and
- a growth in demand for premium office space;

the commercial office market in Sydney CBD and North Sydney is experiencing significant growth. In fact Global Sydney is experiencing some of the most significant increases in demand and pre-let values for the past 30 years.

The strength of the Sydney CBD and North Sydney commercial markets, coupled with an increasingly affluent society and the growth in demand for floorspace relating to the services economy has seen a flow on effect to commercial markets on the City fringe. This effect is likely to continue to flow through Sydney's Global Economic Corridor and into more city fringe locations as smaller, more price sensitive businesses seek affordable yet suitable floorspace.

5.5 Implications for North Eveleigh

The North Eveleigh Railway Yards have traditionally played an important local role in providing a range of employment opportunities. The various industries on the Subject Site have also had flow on effects to business and employment opportunities in wider Sydney. Since 1989 the employment function of the Subject Site has been drastically reduced and accordingly the merits of the site to employment and business generation diminished. The proposed North Eveleigh Concept Plan seeks to reinstate the important economic role of the Subject Site and its contribution to employment within the local area and Global Sydney.

Support for Global Sydney, the Global Arc and trends such as the emerging Sydney Aerotropolis will be achieved through the proposed provision of 87,868sqm of employment generating floor space on the Subject Site. This will be a valuable contribution to the Department of Planning's target of an additional 6.8 million square metres of commercial floorspace in Sydney and 500,000 additional jobs by 2031.

Whilst the exact nature of the future occupiers of the Subject Site's floorspace has not yet been determined, it is apparent that the provision of high quality employment generating floorspace on the site will be of particular merit to Sydney and support the objectives of the Metropolitan Strategy – *Economy and Employment* in light of the following factors:

- The geographic proximity of the proposed employment generating floorspace to Global Sydney enhanced by sustainable and efficient forms of transport such as rail. Redfern Rail Station is located within the heart of the RWA's Operational Area and its services can link prospective employees and/or clients associated with tenants of the Subject Site to Sydney CBD at travel times between 5 and 7 minutes. The State Plan has also confirmed upgrades to Redfern Station by 2011 ;
- The concentration of employment generating uses around existing infrastructure (rail, bus, town centre services) to maximise its efficient use;
- The Concept Plan's ability to make efficient use of redundant brownfield employment lands for higher yield employment purposes;
- The Concept Plan's vision to create an attractive, high quality and desirable working environment;
- The Concept Plan's intention to integrate employment generating uses with Redfern Town Centre and to reinforce the Centre's economic function;
- The potential for the prospective business tenants to provide a range of skilled, semi skilled and unskilled jobs that can provide local employment opportunities and improve access to jobs for disadvantaged communities;
- The potential for the prospective business tenants, together with major local educational institutions, to achieve the RWA's Employment and Enterprise Plan's objectives to improve education and employment opportunities for local residents;

- The proposed employment generating uses potential to contribute to the Government's vision to create a research and innovation zone on the western edge of the Sydney CBD;
- The proposed employment generating uses opportunity to build on existing industry clusters such as technology and innovation associated with the Australian Technology Park and media associated with the Channel 7 studios; and
- The proposed employment generating uses potential to provide a range of employment opportunities (i.e. construction, office, administrative, retail and sales) suitable for a range of local residents.

5.6 Employment Generation - Operations

The North Eveleigh Concept Plan proposes a range of uses that will generate ongoing job opportunities through their occupation and operation on the site. Based on the development schedule proposed by the North Eveleigh Concept Plan the following section estimates the actual quantum of ongoing employment that could be directly generated on the site.

Commercial

The Concept Plan proposes approximately 61,072sqm of commercial floorspace. Based on industry standard employment yields for high quality office space within close proximity of Sydney CBD, it is estimated that this floorspace will provide scope for approximately 3,053[14] jobs.

Another important consideration is the diversity of jobs that will be generated as a result of this floorspace. It is anticipated that this floorspace will generate a range of job opportunities from highly skilled managers and professionals to office administrators, receptionists and service industry jobs such as cleaners, caterers and tradespersons. This will provide a range of job opportunities that will be able to meet the range of skills and jobs sought by the residents of the surrounding community.

Retail

The Concept Plan proposes 4,000sqm of retail floorspace. This includes 2000sqm of supermarket floorspace, 1700sqm of specialty retail space and 300sqm of non retail space. It is estimated that this will generate in the order of 133 – 160[15] full and/or part time jobs. Retail jobs are an important form of employment as they provide local job opportunities suitable to both males and females, across a range of age groups and qualifications. They are also more likely to be taken by persons who live locally.

Cultural

The Concept Plan proposes 22,796sqm of cultural floorspace of which 19,468sqm relates to the existing CarriageWorks. An additional 2,120sqm is proposed as part of the Blacksmith's Shop refurbishment,

[14] Based on an employment yield of 1 job per 20sqm

[15] Based on an employment yield of 1 job per 25 – 30sqm

872sqm relating to the Scientific Services building and 336sqm relating to the Telecommunications Centre building.

It is estimated that the additional cultural floorspace (not including the CarriageWorks) will generate in the order of 83[16] full and / or part time jobs. These jobs add to the mix of employment opportunities in the area and support the significant number of artists and students residing within the local community. Cultural land uses are also likely to have significant economic flow on benefits to associated industries and thereby employment such as costume and set designers, caterers, writers and performers to name a few.

5.7 Employment Generation - Construction

In addition to operational employment, the proposed Concept Plan will generate employment in two further ways – through construction and through construction multipliers.

It is estimated that one full time construction position for 12 months is created for every $165,247[17] of construction work undertaken. The proposed mixed use development and the refurbishment of the existing heritage buildings has been estimated by consultants on behalf of the RWA to have a construction value in the order of $550m.

Based on this estimated construction cost, approximately 3,328 jobs will be directly generated by the development of the proposed Concept Plan in the construction industry.

5.8 Construction Multiplier Effects

The construction industry is a significant component of the economy accounting for 5.3% of GDP as at December 2005. The industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of construction. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

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

[16] Based on an employment yield of 1 job per 40sqm

[17] Australian National Accounts: Input-Output Tables 1996-97 (5209.0), Price Index of the Output of the Building Industry - Producer Price Indexes (6427.0), CPI All Groups - RBA Bulletin (Table G2)

The source of the multipliers adopted in this report is ABS and Australian National Accounts: Input-Output Tables 1996-97 (ABS Catalogue 5209.0). These tables identify first round effects, industrial support effects and consumption induced multiplier effects at rates of $0.466, $0.438 and $0.962 respectively to every dollar of construction.

Therefore as shown in the table below, the estimated $550m construction cost translates into a further $497m activity in production induced effects and $529m in consumption induced effects. Total economic activity generated by the construction of the proposed development will therefore be approximately $1026m.

Table 9 - Construction Costs Multipliers

CONSTRUCTION MULTIPLIER EFFECT	Initial Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.466	0.438	0.962	2.866
Output ($million)	550	$256	$241	$529	$1,026

Data Sources: Australian National Accounts: Input-Output Tables 1996-97 (5209.0), Price Index of the Output of the Building Industry - Producer Price Indexes (6427.0), CPI All Groups - RBA Bulletin (Table G2)

The 1996-97 ANA Input-Output Tables identified employment multipliers for first round, industrial support and consumption induced effects of 0.33, 0.45 and 2.33 respectively for every job year in direct construction. We adjusted these multipliers to March 2003 using the building price index. The adjusted multipliers are provided in the following table.

Table 10 - Construction Employment Multipliers

CONSTRUCTION MULTIPLIER EFFECT	Initial Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Employment No. per $million adjusted to Sept 06 dollars	6.05	2.00	2.72	14.10	24.87
Total employee years created	3,328	1,100	1,496	7,755	13,679
Project timeframe	10	10	10	10	10
Jobs per annum	333	110	150	776	1,368

Data Sources: Australian National Accounts: Input-Output Tables 1996-97 (5209.0), Price Index of the Output of the Building Industry - Producer Price Indexes (6427.0), CPI All Groups - RBA Bulletin (Table G2)

As shown above, for every $1 million in construction cost, a total of 24.9 job years could be generated in the economy. Based on these calculations, the proposed Concept Plan as a whole will indirectly generate in the order of 13,679 jobs in the construction industry.

Note that the multiplier effects are national, and not necessarily local. The ABS notes that *"Care is needed in interpreting multiplier effects; their theoretical basis produces estimates which somewhat overstate the actual impacts in terms of output and employment. Nevertheless, the estimates illustrate the high flow-on effects of construction activity to the rest of the economy. Clearly, through its multipliers, construction activity has a high impact on the economy."*

6. OTHER ECONOMIC CONSIDERATIONS

6.1 Affordable Housing

The Affordable Housing Scenario

It is widely acknowledged that NSW is facing serious problems in relation to the affordability of housing. In fact over 265,000[18] households in the State are estimated to be experiencing housing stress (generally defined as households that spend over 30% of their gross income on housing related costs and thereby have to sacrifice their ability to meet other necessities). The following section of the report investigates the potential economic impact of the proposed North Eveleigh Concept Plan to the residential industry and local residents in accordance with the Director-General's Requirements provided in accordance with Section 75F of the *Environmental Planning and Assessment Act 1979.*

Housing stress in Australia has grown as a result of the quadrupling of housing prices over the past 20 years without the commensurate growth in incomes. Within Sydney this issue has become particularly pronounced. In Sydney it was found that the median housing price of $520,000 would need to drop to $180,000[19] in order for the average household to avoid housing crisis.

One parliamentary report found that the median house price ($560,000) of a dwelling within Sydney' inner ring would require an annual mortgage repayment over a 25 year period of $47,500 (or $913 a week).[20]

> *"Housing is affordable when households that are renting or purchasing are able to pay their housing costs and still have sufficient income to meet other basic needs such as food, clothing, transport, medical care and education.*
>
> NSW DoH - Centre for Affordable Housing

The mismatch between housing costs and household incomes has resulted in a significant decline in the proportion of persons buying first homes and greater pressures on the rental housing market.

The RWA Operational Area has historically been associated with low to moderate income housing, reflecting its location on the CBD fringe in close proximity to industrial areas. As a result it has been generally regarded as an affordable location for a mix of lower income city and CBD fringe workers, students and families. As a result of increasing gentrification and the growing popularity of living in inner city areas by professionals with higher incomes, this perception has begun to change.

The changing demographic characteristics and resurgence in housing demand in CBD fringe areas has affected the value of dwellings significantly over the past 10 years alone. Based on the Department of Housings Rent and Sales Reports the median dwelling price in the City of Sydney LGA (inclusive of the

[18] NSW Housing Fact Sheet – Shelter NSW

[19] The Dimensions of Australia's Affordable Housing Problem - URBISJHD

[20] John Collett, "Home Savings" – SMH Nov 2005

former South Sydney LGA) increased from $298,000 in September 1998 to $483,000 in January 2008 or by +62%. The growth in values is in part a result of the gentrification the area experienced over the period, housing shortages and changes in planning policies permitting a greater component of residential dwellings within the city.

Much of the supply of new dwellings within city areas has been however at the higher end of the market reflecting a trend for the development of high value private rental dwellings. This trend was so pronounced across Australia between 1996 and 2001 that despite the 7.6% growth in the number of private rental units achieved, there was a net loss of rental units in the bottom four rent quintiles[21].

Relating the trends discussed above to the Subject Area, it was found that between 2001 and 2006[22]:

- no dwellings for sale were of a value that could be purchased (without other assistance) by households within the very low income band (annual combined income of approximately $29,900[23]). Over the same period the proportion of affordable rental dwellings fell from 6.7% to 1.7% for this group;
- the proportion that could be purchased by low income households (annual combined income of approximately $47,840[24]) fell from 0.8% in 2001 to zero in 2006. Over the same period the proportion of affordable rental dwellings fell from 14.1% to 9.2% for this group; and
- the proportion that could be purchased by moderate income households (annual combined income of approximately $71,760[25]) fell from 7.8% in 1996 to 7.3% in 2006. In 2006 this group could afford to rent 59% of stock however it is reasoned that there are still significant pressures for this group as they compete with higher income households for the same stock.

The table below compares these figures to the proportion (and actual numbers) of residents with the suburbs of Darlington, Redfern, Waterloo / Zetland and the City of Sydney LGA that were in the very low to moderate income bands as of the 2006 Census. It shows that in the order of 14,000 households in the immediate vicinity of the site are within these bands and competing for the limited affordable housing stock outlined above.

Table 11 - Proportion of Households by Suburb by Income Band

Suburb	Population	Very Low Band	Low band	Moderate band	Total Households
Darlington	2,183	43%	8%	15%	66% (1,441)
Redfern	11,344	31%	4%	16%	51% (5,785)
Waterloo/ Zetland	11,251	41%	4%	14%	59% (6,638)
City of Sydney	156,573	25%	5%	18%	48% (75,155)

Source: ABS 2006, Hill PDA

[21] The Dimensions of Australia's Affordable Housing Problem - URBISJHD

[22] NSW Department of Housing, Housing Analysis and Research, based on land sales contracts notified to Land and Property Information and rents for new bonds lodged with Renting Services Branch, Office of Fair Trading, Department of Commerce

[23] NSW Department of Housing 2007

[24] NSW Department of Housing 2007

[25] Department of Housing 2007

The figures above are a combination of public and private households. They show that within each suburb the greatest proportion of household incomes fall within the very low to moderate bands and that between 31% and 43% of all households fall within the very low income band.

By focusing on public housing tenants, the average household income in the Redfern – Waterloo Area (2,696 dwellings) was $337 per week or $17,500 per year[26].

The analysis provided above highlights the existing gap between housing costs and incomes in the area immediately surrounding the site. This mismatch is forecasted to grow with the attractions of inner city living and the associated gentrification of inner city and city fringe areas.

The Economic Implications of Low Housing Affordability

The merits of providing affordable housing are often associated with the issue of social equity. Affordable housing is however more than a social equity issue and in fact an economic one. The economic implications of housing affordability are becoming increasingly recognised. This is because a range of household types and their respective incomes has a direct relationship with labour type. The Australian Housing and Research Institute (AHURI) in fact identify that:

"This link between the supply of affordable housing and labour market shortages is one of the ways in which the chronic instability of housing markets can impact upon the efficiency of the economy[27]".

Whilst a significant proportion of jobs within Global Sydney (Sydney CBD and North Sydney) relate to professional and managerial occupations associated with the Global companies and institutions based in these locations, there is still a need (and will continue to be a need) for services that support the operation of these businesses. The workers employed in service industries (such as sales assistants, cleaners, administrators) can not command the salary expectations of other inner city professions however they are equally required to access jobs and housing within the city.

This is an issue however when housing prices in inner city areas significantly exceed the affordability of low to moderate income households as discussed above. This issue has been identified by the Government with particular respect to Action A3.2 of the Metropolitan Strategy – Economy and Employment which seeks to:

"*increase the integration of employment and housing markets' in order to ensure a range of labour is available for the spectrum of jobs required to support Sydney's economic function."*

A study by AHURI into the connection between housing affordability and labour shortages across Australia found that the incidence of housing affordability problems amongst working households was highest for those working in Sydney and particularly inner Sydney. Prior to 2001, the AHURI study found that the mismatch between housing costs and staff wages in inner city areas of Sydney was addressed through a range of methods including:

[26] Based on information Provided By Housing NSW – compiled by G.Turnbull www.redwatch.org.au
[27] Are Housing Problems Creating Labour Shortages? – AHURI 2006

1. commuting to Global Sydney from more affordable areas (this was the case for the majority of workers); and

2. reliance on a higher income partner to afford to live in inner/ central Sydney; and

3. the relocation of lower income households to more affordable areas and new employment markets in Sydney's outer suburbs.

The same study highlighted that the post 2001 housing boom would have created greater strain on these methods as a result of the growth in property values. This factor together with the predominance of new luxury apartments in inner city areas has further outpriced lower income workers. This is particularly a concern for industries that depend on shift workers who need to locate in close proximity to their work as they can not rely on public transport because it does not correlate with the hours of their work.

One example of such an industry is the hospitality industry. A key industry in Global Sydney, the AHURI study found that 34% of all workers in the industry lived in inner city areas (compared to 21% of all occupations). This high rate, despite the mismatch between income and housing costs, indicates the dependence of workers in this industry on locating in close proximity to their jobs.

Whilst the AHURI study found that the greatest pressures were being experienced by industries such as hospitality, cleaning and health care, the Department of Housing's centre for affordable housing also identifies that the issue is prominent amongst key workers, stating that:

"Individuals working in key services on low-to-moderate incomes such as those working in childcare and aged care, police, ambulance personnel, nurses, community development workers and transport workers, are finding it increasingly difficult to find affordable housing close to their work places.

Over time, we risk these individuals choosing not to work in high cost areas that are too far from their accommodation".

In any case it is apparent that the pressures on low to moderate income households will exacerbate if current property trends continue. This will force more low income households to relocate from inner city areas to more affordable housing markets. As a result more employees will be required to commute daily to employment in Global Sydney and pay the associated transport costs as a trade off for housing costs. This will also exacerbate traffic congestion and transport issues to and from the city and the environmental implications all of which are contrary to the objectives of the NSW State Plan.

An alternative scenario is that a greater proportion of lower income households that relocate to more affordable locations choose to work in close proximity to their home. Whilst this would create a more environmentally sustainable scenario it would also be likely to result in labour shortages for businesses within inner city areas dependant on key services.

Should labour shortages in lower income industries occur in Global Sydney, many businesses would be required to attract staff through financial incentives and pass these costs onto the client. This would have a knock on impact to the cost of goods and services within Global Sydney and potentially have an affect on the attractiveness of businesses moving to or staying within the city.

The prospect of growing service costs and labour shortages would not be considered favourably for Sydney's economy and its role as a Global City. The economic implications of this would be difficult to quantify however there is no doubt that they would be far reaching.

At the household level, a range of housing affordability within inner city areas also has economic implications. This is a result of the employment opportunities access to Global Sydney may provide to individuals through training, experience with prestigious firms and higher salaries.

Providing opportunities for wealth creation is a key element of the RWA's Employment and Enterprise Plan. It states that:

"Empowering people to create their own wealth (through meaningful employment or starting their own enterprise) is one aspect of addressing the root causes of social disadvantage experienced in sectors of the community."

By restricting access to these networks there is reduced opportunity for all socioeconomic groups to benefit from Sydney's economic growth. This will further exacerbate the divide between Sydney's community.

Affordable Housing as Part of the North Eveleigh Concept Plan

The RWA's Affordable Housing Contributions Plan establishes clear objectives to ensure that a socially diverse residential population is created and maintained within the RWA's Operational Area. Furthermore the plan seeks to ensure that:

"people of all social and economic groups have access to a range of opportunities provided in the area."

A range of housing choice is a major mechanism to achieve the RWAs objectives. Accordingly the RWA's Affordable Housing Contributions Plan seeks to secure a contribution equivalent to the estimated cost of 1.25% of the total gross area of development in the RWA's Operational Area.

The proposed Concept Plan supports this position by providing in the order of 92,000sqm of residential floorspace. It is estimated that this would translate into between 1200 and 1300 dwellings. 1.25% of the gross floor area of these units will be secured as affordable housing in perpetuity.

"By increasing access to affordable housing, we work towards integrated and sustainable communities that function in a way that benefits the whole community."

NSW DoH - Centre for Affordable Housing

In light of the discussion provided above, the provision of such a significant component of affordable housing by the proposed Concept Plan is considered valuable in not only social terms but important with respect to the efficiency and strength of Sydney's economy.

6.2 Education

The Subject Site's Potential Relationship with Universities

As shown in Figures 2 and 3, the Subject Site is located in close proximity to the University of Sydney's Darlington Campus. Sydney University is a premier tertiary education in not only NSW but globally ranking in the top 50[28] universities in the world. The University presently has over 45,000 students and 3,000 academic staff. In addition the Subject Site is also located in close proximity to the University of Technology's (UTS) city campus in Broadway. UTS has over 32,000 enrolled students and 2,000 staff.

The number of people enrolling in university courses and thereby staff is likely to grow in light of Australian trends showing that over 45% of people now complete a first university degree. This proportion is not dissimilar to other countries that that form part of the Organisation for Economic Cooperation and Development (OECD) where on average half of all young adults enter universities or similar institutions at some point in their lives. Furthermore between 1995 and 2002 in Australia the number of students enrolling in tertiary and high level education increased by over 20%[29]. In fact between 2005 and 2007 alone UTS experienced a 2% increase in admissions.

The University of Sydney and UTS may therefore be considered major education and business interests in the close vicinity of the site with significant potential and demand for expansion. This point is particularly relevant to the Concept Plan's proposed commercial space and the possibility of the Universities use of this space to support their various teaching, research and support functions.

The Universities represent more than prospective tenants for the Subject Site however, as the expansion of the Universities onto the Subject Site may support their ability to accommodate additional students and a broader range of courses. Furthermore new high quality buildings facilitate a more attractive environment that will help to attract desirable academic staff and create a space that is more conducive to learning.

Each of the elements outlined above further support the growth and promotion of continuing education in Sydney. This is considered beneficial in economic and social terms on a macro and micro scale for a variety of reasons. These reasons are discussed in greater detail below.

Economic Merits of Education

On an individual level the growth in popularity of higher education is partially reflective of the benefits it can have to an individual's potential future earnings and ability to find employment. Studies in the United States have found that people with tertiary qualifications earn as much as 86% more in salary than people with only secondary qualifications. Furthermore it was found that on average in OECD countries, men with a tertiary qualification are 5% more likely to find employment and women 15% more likely.

At a local level UTS found that of the students that were available for full time work, 87% were in full time employment three months after completion of their studies. The average starting salaries ranged from

[28] Newsweek Global 100

[29] www.oecd.org

$42,014 for first degree Nursing graduates to $92,553 for postgraduates in Design, Architecture and Building.[30]

On a macro economic level however there are significant benefits that stem from tertiary education. It is widely recognised that the world is globalising and placing greater demand on skills, knowledge and innovation. Improvements in education and knowledge are considered critical to enabling nations to *"extract more returns from inputs of labour and capital"*[31]. Improved education is fundamental to creating a *"competitive, innovative, knowledge based economy better able to compete in world markets"*[32]. As stated by one New Zealand Parliamentary Minister in respect to this point *"it's not entirely coincidental that I'm both the Minister of Finance and the Minister for Tertiary Education"*[33].

The OECD recognises that *"Improved education contributes to a Country's overall prosperity, helping to raise labour productivity and technological progress thereby boosting economic growth"*[34]. In fact the OECD estimates that the impact of just one additional year of a populations education increases economic output by between 3% and 6%.

The link between education and economic prosperity has also been recognised by the Australian Labour Party who has identified that *"education is the economic platform on which our future economic prosperity will rest"*. Despite this Australia is the only OECD nation to have reduced public investment in tertiary education in the past 10 years. Prime Minister Kevin Rudd therefore considers that:

"Australia needs nothing less than a revolution in education – a substantial and sustained increase in the quantity of our investment, and the quality of our education… this is required at every level of education from early childhood to mature age".[35]

The potential occupation of the Subject Site's commercial floorspace by two premier Universities will support strategies to address the issues raised above. Furthermore it may lead to improved learning opportunities and raise the level of knowledge and skill within a Global City such as Sydney. This will have positive flow on benefits for individuals within the locality of the site, Sydney and across Australia in addition to benefits to the wider Australian economy.

Social Merits of Education

As discussed in Section 4, enhanced education can have a significant positive impact to an individual's wealth and a local, regional and national economy. Education does however also have significant social benefits. A study undertaken by the OECD[36] identified that there were in fact two main social benefits of improved education being:

1. Health; and

[30] www.uts.edu.au/about/facts/index.html

[31] Hon. Dr Michael Cullen 16/3/2007 - Massey University Speech

[32] The Australian Economy Needs an Education Revolution, Australian Labour Party

[33] Hon. Dr Michael Cullen 16/3/2007 - Massey University Speech

[34] www.oecd.org

[35] Kevin Rudd, Australian Labour Party as quoted in The Australian January 23, 2007

[36] Understanding the Social Outcomes of Learning, OECD 2007

2. Civic and Social Engagement.

These benefits are explained in greater detail below.

With respect to health, the OECD identifies that *"the health benefits of learning are potentially extremely large[37]".* There are three types of effect created as a result of improved learning as outlined below.

- *indirect effects on health i.e. via income;*
- *direct effects such as changes in individual competencies and abilities and changes in attitudes to risk and changes in self efficacy and self esteem;*
- *intergenerational effects of educated parents on the health of their children[38].*

It was found that additional years of schooling substantially increased health, well being and health behaviours. These factors lead to an improvement in the quality of a person's life as well as preventing illness and enabling more efficient treatment. Each of these benefits has significant health related cost savings for Governments.

Education also has social benefits by improving civic and social engagement (CSE) and interaction. As identified by the OECD study, this can manifest in a number of ways including:

- *by shaping what people know – the content of education provides knowledge and experience that facilitates CSE;*
- *by developing competencies that help people apply, contribute and develop their knowledge in CSE;*
- *by cultivating values, attitudes, beliefs and motivations that encourage CSE;*
- *by increasing social status – this applies to forms of CSE that are driven by the relative position of individuals in a social hierarchy[39].*

The OECD study also identified other potential positive impacts as a result of education including reduced levels of crime, anti social behaviour and poverty within communities.

On an individual basis, education also enhances a person's ability to make choices and follow through on them. Education can also positively influence the 'context' in which people choose to live in and their opportunities to make choices within these contexts.

Whilst the social benefits of education are often visibility apparent, they are difficult to quantify particularly in economic terms. A Dutch study[40] has attempted to do this by assessing the impact of education to an individual's quality of life. The study results suggested that for every additional year of education the health state of men improved by 0.6% and of women by 0.3%.

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[37] Understanding the Social Outcomes of Learning, OECD 2007

[38] Understanding the Social Outcomes of Learning, OECD 2007

[39] Understanding the Social Outcomes of Learning, OECD 2007

[40] Understanding the Social Outcomes of Learning, OECD 2007

A UK study[41] found that for adult women, the improvement resulting from a rise in education from no qualifications to a basic qualification, reduced the risk of depression at age 42 from 26% to 22%, saving an estimated £200m annually.

In light of the studies and discussion above, it is evident that further education can not only have a positive impact on an individuals income potential and the wider economy but can also enhance ones ability to make choices, maintain their health and the health of their children. The multipliers of these benefits are vast and it would be difficult to quantify in economic terms. Despite this however it is reasonable to assert that enhanced University related facilities will provide greater opportunities for many to build on their education and gain the economic and social benefits of further education.

6.3 Expenditure

The generation of approximately 3,328 constructions jobs, 3,300 full or part time operational jobs and the occupation of approximately 1,200 – 1,300 residential dwellings on the Subject Site will generate significant additional retail and service related expenditure. This expenditure will be generated for a wide variety of retail commercial services including food and grocerys, business and entertainment, personal services and leisure.

Whilst an *'Assessment of Potential Retail facilities'*[42] has been undertaken for the proposed North Eveleigh Concept Plan (hereafter referred to as the North Eveleigh Retail Study), in order to address the Director-General's Requirements[43], the following section identifies the relationship of the proposed retail component to the existing centre hierarchy. It also identifies the benefits of the proposed development to local businesses through increased demand for services and in turn a growth in trade.

By way of example the local food and service industry (such as cafes, convenience stores and supermarkets) in addition to personal services (such as hairdressers, travel agents and supplies i.e. stationary, print shops etc) are anticipated to benefit from the additional activity generated by the uses on the site. The cultural space presently operating at the CarriageWorks and the additional cultural space proposed for the site will also generate demand for local entertainment, restaurants, night time activity and support the local artistic community.

In order to quantify the additional retail floorspace demand and expenditure generated by the various uses proposed as part of the North Eveleigh Concept Plan, Hill PDA has applied its industry knowledge and industry benchmarks.

For example, experience shows that the average person in Sydney generates demand for 2.2sqm of retail floorspace. As a result of developing between 1,200 and 1,300 new dwellings on the Subject Site (taking an average occupancy of 1.9 persons per dwelling) this translates into demand for approximately 5,000sqm to 5,400sqm of additional retail space alone with approximately half of this demand to be provided locally.

[41] Understanding the Social Outcomes of Learning, OECD 2007

[42] North Eveleigh Workshops, Sydney Assessment of Potential for Retail Facilities As Amended October 2007

[43] Section 75F of the *Environmental Planning and Assessment Act 1979*

The North Eveleigh Retail Study calculated the demand generated by prospective residential occupiers of the development; future on site employees and local trade (i.e. students and existing residents) with the existing undersupply of retail in the Subject Site's trade area. It found that upon occupation, the development could support 4,000sqm of retail floorspace. This could include a 2,000sqm supermarket; 1,700sqm of specialty retail and 300sqm of non-retail specialty floorspace.

Taking an alternative approach, an average household will generate between $28,000 and $35,000 in retail expenditure per annum. By conservatively multiplying the lower end of this range by the number of potential dwellings to be developed on the site results in an additional $34 - $36 million expenditure generated in the area.

It is important to note that not all of this expenditure will be spent in the local area. At least half of this expenditure is likely to be directed to major regional centres (i.e. Broadway) and bulky goods retailers. The vast majority of the remaining proportion ($17 - $18 million) however will be directed towards local businesses including those in Abercrombie Street, Redfern Town Centre and Newtown.

Expenditure will also be generated by persons employed by businesses tenanting the Subject Site. As outlined in Section 5 of this report, it is estimated that over 3,200 full or part time jobs will be generated on the Subject Site. In keeping with the estimated retail spend of existing employees in the vicinity of the site [44] the additional workers will create between $7.5 million and $8.5 million in local expenditure.

Combined the proposed Concept Plan is forecasted to generate between $24.5 million and $26.5 million per annum in expenditure in the local area as a result of the additional resident and working population.

The North Eveleigh Retail Study found that the proposed 4,000sqm of retail floorspace would help to meet the existing undersupply of retail floorspace in the defined trade area and provide convenient retail facilities for local residents and workers without the need to drive. It would also serve a different trade area to the proposed retail facilities within the Waterloo / Green Square area.

6.4 Investment Stimulus

The Redfern - Waterloo Built Environment Plan 2006 identifies in the order of $286 million of investment in the RWA Operational Area over the next ten years by a range of government and private agencies. This investment relates to wide variety of uses including art and media centres, performing arts centres, a national Indigenous development centre, affordable housing, community health facilities and infrastructure.

This investment will not only transform the physical environment of the Redfern – Waterloo area but also its perception by both local and non local communities. Investment of this scale and type raises awareness of the Redfern – Waterloo area and significantly enhances its perception as a place to locate business or to live. The perception of the RWA Operational Area is a particularly pertinent point as owing to its poor image, the area has lagged behind the economic growth of other inner city area such as Glebe and Newtown.

[44] Based on 15% of estimated retail spend of existing workers in the area, Dimassi - Assessment of Potential for Retail 2007

Investment and development of the scale and nature proposed by the RWA and more specifically the North Eveleigh Concept Plan (that has an estimated capital investment value of $550 million) is likely to create a significant stimulus for additional investment in the locality.

This stimulus is likely to flow onto additional development interest in a range of uses including complimentary high technology businesses, commercial uses, retail, entertainment, leisure, housing and personal services. This will support the local economy and create additional positive economic multiplier effects.

It is important to note however that given the longer term time scales associated with this likely spin off investment and possible blurred links between the various stages of development occurring in the RWA operational area, the exact economic merits of the proposed North Eveleigh Concept Plan to wider investment stimulus will be difficult to clearly quantify.

7. CONCLUSION

Given that the proposed North Eveleigh Concept Plan will:

- support Government objectives to enhance business and employment opportunities in Global Sydney;
- make efficient use of a redundant brownfield employment site within close proximity to transport and other magnet infrastructure;
- generate new employment opportunities suited to a range of ages and skills;
- support local businesses and the local economy;
- provide education, training and employment opportunities for local residents to the benefit of their social and economic well being;
- provide affordable housing options to create a socially equitable and inclusive community and a diverse local labour force;
- have positive economic flow on effects to the wider economy; and
- improve the vitality and character of the Subject Site to the benefit of the surrounding area;

the proposed Eveleigh Concept Plan is supported and considered in accordance with the objectives of the RWA's Built Environment Plan (Stage One) and the Metropolitan Strategy. Therefore the North Eveleigh Concept Plan is supported on economic grounds.

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This report and its attached appendices are based on estimates, assumptions and information sourced and referenced by Hill PDA and its sub consultants. We present these estimates and assumptions as a basis for the reader's interpretation and analysis. With respect to forecasts we do not present them as results that will actually be achieved. We rely upon the interpretation of the reader to judge for themselves the likelihood of whether these projections can be achieved or not.

As is customary, in a report of this nature, while all possible care has been taken by the authors to prepare the attached financial models from the best information available at the time of writing, no responsibility can be undertaken for errors or inaccuracies that may have occurred both with the programming or the financial projections and their assumptions.

This report does not constitute a valuation of any property or interest in property. In preparing this report we have relied upon information concerning the subject property and/or proposed development provided by the client and we have not independently verified this information excepted where noted in this report.