DISCOVERY POINT PROPOSED CONCEPT PLAN

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ECONOMIC and SOCIAL ASSESSMENT

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EXECUTIVE SUMMARY

Introduction Section 1

This Report has been prepared by Leyshon Consulting Pty Ltd for Australand/Landcom who are co-venture partners in a development known as Discovery Point. Discovery Point is a mixed-use development located at Wolli Creek at the northern end of Rockdale Local Government Area (LGA).

Australand/Landcom intend to make application under Part 3A of the Environmental Planning and Assessment Act 1979 (the Act) for approval of a Concept Plan for the Discovery Point site. The intention of the Concept Plan is to replace the existing Master Plan for the Discovery Point site in relation to those parts of the site which are currently undeveloped and the existing park.

The components which form the Indicative Design Scheme incorporate the following floorspace areas:

residential ... 122,313 sq.m.
 commercial ... 5,576 sq.m.
 retail ... 4,385 sq.m.

The existing Master Plan for Discovery Point provided for some 54,337 sq.m. of non-residential gross floorspace so-called 'Rockdale Gross Floor Area' (RGFA). Up to 14,000 sq.m. (RGFA) of this was to be devoted to retail activities and 40,337 sq.m. (RGFA) to commercial uses.

This Report examines the economic and social implications of the proposed change.

Market Conditions Section 2

A range of factors has prompted the proposed change in the allocation of floorspace on the Discovery Point site. These include changed market conditions and development feasibility which have emerged since the original Master Plan was developed in 2000.

The Master Plan was based on an assessment of market conditions as they existed in Sydney in the late 1990s generally and in the Wolli Creek region in particular. Since then, some profound changes have occurred in market conditions necessitating a re-evaluation of the Master Plan's provisions. These changes include:

the so-called "tech wreck" of 2001-02; this sharply reduced the demand for office space in many Sydney centres

- the privatisation of Sydney Airport in 2002 and the subsequent increase in commercial activity associated with the Airport
- the proposed development at nearby Cooks Cove in 2004 which involves substantial commercial floorspace
- increased competition for suburban office space development from low cost locations such as Mascot/Green Square, Macquarie Park, Rhodes, Homebush and the like
- the threat of major retail competition within Wolli Creek itself and within the surrounding region which became evident in 2009
- changes in metropolitan planning policy for Sydney; today increased residential development in locations such as Discovery Point/Wolli Creek is encouraged; and
- the Global Financial Crisis which has affected demand for office space.

A number of practical development/commercial considerations also have emerged which, in and of themselves, give rise to a need to alter the existing Master Plan.

Office Development

The existing Master Plan earmarks a large site (known as Site 8) directly adjacent to, and above the Wolli Creek railway station, to accommodate a major commercial building (41,700 sq.m.). A feasibility analysis undertaken by Australand has found there are a number of practical problems with developing the site for commercial purposes. These include:

- a limited opportunity to create a stratum which would need to penetrate the existing rail station footprint and require an expensive cantilever structure above the station
- the existence of a rail electricity substation and high voltage cables adjacent to the site
- the difficulty of designing a building with usable floor areas and layouts from a commercial perspective; and
- high construction costs which would make achieving an acceptable return on investment impossible.

Research undertaken among potential users also has revealed market resistence to the concept of a major commercial building within what is perceived to be primarily a residential precinct.

Market conditions which applied to Discovery Point in 2000 have substantially changed. A downturn in demand for floorspace, combined with the emergence of low-cost office locations in the Sydney Region such as Macquarie Park, Rhodes, Norwest, and Homebush have significantly altered the dynamics of the suburban office market in Sydney.

Centres which offer abundant car parking and can provide large floorplates have undermined the competitive advantages of office space in subregional Sydney centres such as Chatswood, Hurstville, Bondi Junction, Ashfield, St Leonards as well as certain "emerging" centres such as Wolli Creek.

In summary, a proposal to reduce the component of office space on the Discovery Point site is an appropriate response to current market realities

Retail Development

The proposed incorporation of up to 14,000 sq.m. of retail floorspace including a full-line supermarket at Discovery Point needs to be revised following submission of a Concept Plan and Project Application by NAHAS Constructions (NAHAS) for retail development on an adjacent site at Wolli Creek.

The NAHAS proposal involves a mixed use development of approximately 25,000 sq.m. of retailing and 45,000 sq.m. of residential and serviced apartments. In essence, NAHAS are proposing a sub-regional shopping centre on a directly adjacent site.

A development of this scale makes significant retail development on the Discovery Point site unworkable. Simply put, the NAHAS site is far superior in terms of its accessibility and visibility compared with retail development embedded within the Discovery Point site. For this reason Australand is seeking to reduce the proposed amount of retail floorspace at Discovery Point.

A major expansion of Marrickville Metro immediately to the north of Discovery Point also has been proposed. An expanded Marrickville Metro would be more attractive to residents of the Wolli Creek/Arncliffe area. This will impact further on the feasibility of retail floorspace at Discovery Point. Retail demand will also be affected by the recent approval of an ALDI supermarket on the adjacent Multiplex "Proximity" site.

Strategic Planning Context Section 3

Discovery Point forms part of the broader Wolli Creek locality. Wolli Creek is not identified as a major economic node within the Sydney Region but lies close to the so-called "Global Economic Corridor" (GEC). This corridor stretches from Macquarie Park in the north to Sydney Airport and Port Botany in the south. The GEC is considered to be of major strategic and employment importance within the Sydney Region.

Metropolitan Planning

The nearest "major strategic centres" to Wolli Creek are Hurstville and Kogarah. Two important "specialised centres" nearby are Port Botany and Sydney Airport.

Four major "economic corridors" have been identified in Sydney namely:

- City to the Airport
- North Sydney to Macquarie Park
- ► M5 Corridor
- M7 Corridor.

The only corridor of relevance to Wolli Creek referred to in the Metropolitan Strategy was the Princes Highway extending from Hurstville to Wolli Creek. This is identified as a potential "enterprise corridor".

The recent Metropolitan Strategy Review has provided updated information on job changes in strategic centres in Sydney.

Between 2001-06 major centres in the region surrounding Wolli Creek overall experienced job growth albeit with jobs declining in Hurstville viz:

► Sydney Airport ... +2,200 jobs
 ► Port Botany ... +1,500 jobs
 ► Kogarah ... +200 jobs
 ► Hurstville ... -500 jobs
 ► Total ... +3,400 jobs.

Subregional Strategy

The Draft South Subregional Strategy forecasts jobs within the subregion will grow from 185,500 in 2001 to 214,500 in 2031–an increase of +29,000 jobs.

Hurstville major centre ... 4,000 jobs
 Cooks Cove (Rockdale LGA) ... 7,000 jobs
 Kogarah major centre ... 2,500 jobs
 Sydney Airport and Environs (Rockdale LGA) ... 4,000 jobs.

The target for jobs growth in Rockdale LGA is +13,000 jobs.

The Subregional Strategy does not identify a particular planning target for employment growth in Wolli Creek per se. It is reasonable to assume any employment target for Wolli Creek forms part of the wider target for Rockdale LGA.

The target of 13,000 additional jobs in Rockdale LGA could be met by the Cooks Cove site (7,000 jobs) and Sydney Airport (4,000 jobs); that is, these two could account for 11,000 of the 13,000 additional jobs forecast in the Subregional Strategy.

It is reasonable to assume jobs growth in Wolli Creek would form part of the additional 2,000 jobs which should be generated by other centres, such as the Rockdale Town Centre, and job locations elsewhere in Rockdale LGA apart from Sydney Airport and Cooks Cove.

Local Planning Strategies

Planning instruments and other documents implicitly encourage the development of Wolli Creek in general and Discovery Point in particular as a mixed use area incorporating retail, residential and commercial uses with an objective of creating up to 7,000 jobs in the Wolli Creek area.

Discussions with officers of Rockdale City Council indicate this target is based on an assumption of dense commercial-type development on the "deferred area" of Wolli Creek. That is, the achievement of a local employment target of 7,000 jobs in the Wolli Creek area is dependent totally on relatively extensive commercial/retail development throughout the area surrounding Discovery Point.

In essence, target of 7,000 jobs in the Wolli Creek area is not critical to achieving subregional employment targets as Wolli Creek, as other areas in Rockdale LGA only have to generate some 2,000 jobs to meet draft South Subregional Strategy targets.

Impact on Economic Strategies Section 4

Employment Change

Commercial space developed in buildings at Discovery Point to date should provide 73 jobs. Total job creation on the Discovery Point site is estimated at 532 jobs under the Concept Plan. This is 2,176 fewer jobs than envisaged under the original Master Plan.

Regional and Local Implications

The lower level of employment on the site will not have any appreciable implications for meeting regional employment targets.

Projects including commercial development at Sydney Airport, Cooks Cove, the NAHAS centre, approved office space on the Multiplex site at Wolli Creek, and that now proposed at Discovery Point are projected to yield some 13,051 jobs at full development. This compares to the subregional target of 13,000 jobs for Rockdale LGA by 2031.

Residential Development Section 5

The Concept Plan proposes additional residential development at Discovery Point in the order of 123,000 sq.m. GFA. This is consistent with the overall GFA approved for the site and is in lieu of the reduction in non-residential floorspace. The number of residential dwellings now proposed will be between 1,200-1,500 (depending on detailed design and final mix).

Under the Concept Plan it is proposed to provide a broad mix of dwellings viz:

studio/one-bedroom
two-bedroom
3+ bedroom
maximum 50%
minimum 40%
minimum 10%

To date, residential construction within the Wolli Creek Redevelopment Area (WCRA) has tended to focus on the provision of two bedroom units–1,125 or 64.2% of total production to date.

By increasing the number one bedroom/studio apartments, the dwelling mix proposed in the Concept Plan will diversify the supply of residential dwellings away from the current preponderance of two-bedroom units.

Demographic and Market Trends

Significant growth in lone person and couple only households evident in recent years is underwriting a growing demand for apartments in general and smaller apartments in particular. Numerous demographic research studies have found apartment demand generally is driven by smaller households particularly those comprising one or two people. Housing trends in Rockdale LGA are similar to those evident in Sydney in general albeit not as pronounced.

Wolli Creek is broadly a "price sensitive" market and one predominantly appealing to younger buyers. For many such buyers, Wolli Creek represents an "entry point" into the Sydney residential market.

An increase in the number of dwelling proposed on the Discovery Point site of between 311 and 611 (compared with original Master Plan) will not distort the local housing market by leading to an oversupply of units. Hence the provision of additional dwellings is an appropriate response to both demographic trends and local market conditions.

Impact on Services Section 6

The proposed Concept Plan could increase Discovery Point's resident population by between 656 and 1,289 people. The total resident population on the site could be between 3,188 and 3,821 people at full development.

Section 94 Plan

The 2010 population of the WCRA is estimated to be only slightly above that forecast for 2004 in the current Section 94 Plan. Given the slow rate of development to date it is highly unlikely the resident population will reach 6,566 persons by 2014 as forecast in the Section 94 Plan.

The proposed Concept Plan–if it gives rise to an increased population residing at Discovery Point of 656 to 1,289 persons–would imply a +8.6% to +16.9%% increase in the population assumed for Wolli Creek under the current Section 94 Plan.

This additional population is most unlikely to have any adverse impact on the operation of the proposed multi-purpose community centre at Discovery Point. Nor would the additional population place any adverse strain on the proposed physical works related to roads, pedestrian and cyclists facilities in the Wolli Creek area.

Social Impact Section 7

The potential increase in population projected under the Concept Plan of up to 1,289 persons is unlikely to give rise to adverse social impacts. Rather, the increase in population proposed will underwrite the provision of retail, commercial, entertainment and leisure facilities in the area.

Development at Wolli Creek to date has attracted a residential population which is generally:

- youthful
- well-resourced
- educated
- well-connected to national and global information sources.

Such residents are unlikely to make substantial claims on community support services at least in the foreseeable future. Accordingly, the projected population for Discovery Point is highly unlikely to be disadvantaged by virtue of their socio economic characteristics.

An additional population of 1,289 persons will not place any strain on the proposed provision of a multi-purpose facility, the proposed open space facilities, roads and pedestrian and cyclist facilities in the Wolli Creek area.

Conclusion Section 8

The proposed changes embodied in the Concept Plan to the mix of retail, commercial and residential floorspace at Discovery Point are an appropriate response to changed market conditions and demographic trends since formulation of the original Master Plan.

The commercial and retail landscape in particular has changed significantly since 2000. The distribution of space between residential and non-residential activities now proposed will better reflect contemporary market realities.

The changes proposed in the Concept Plan will not have significant adverse economic effects. The reduction in non-residential floorspace should not impede achievement of a subregional employment target of 13,000 additional jobs in Rockdale LGA by 2031.

An additional 1,289 residents at Discovery Point will not be significant in terms of the existing Section 94 Plan. It is clear both workforce and residential targets set out in that Plan will not be achieved by 2014. These additional residents will not place adverse strains on the provision of local infrastructure or give rise to adverse social implications.

There are a number of benefits associated with achieving a critical mass of residents at Discovery Point in terms of the provision of a full range of retail, commercial, leisure and community facilities.





INTRODUCTION

1.1 Background

This Report has been prepared by Leyshon Consulting Pty Ltd for Australand/Landcom who are co-venture partners in a development known as Discovery Point. Discovery Point is a mixed-use development located at Wolli Creek at the northern end of Rockdale Local Government Area (LGA).

The Discovery Point site was rezoned in 2000. A Master Plan consent was subsequently issued for development of the site in 2001.

Construction of the first building at Discovery Point commenced in 2004. To date two multi-use buildings have been constructed on the site, the heritage buildings Tempe House and St Magdalen's Chapel have been restored and an area of open space for residents known as Mount Olympus has been landscaped and part of the Discovery Point Park has been completed. At present another residential building envisaged under the original Master Plan for the site is under construction.

The Discovery Point site is integrated with the Wolli Creek rail station which provides a link between the Illawarra Line and the new East Hills Line extension which services Sydney Airport, Alexandria and Green Square with a link to the CBD.

We understand that Australand/Landcom intend to make an application under Part 3A of the Environmental Planning and Assessment Act 1979 (the Act) for approval of a Concept Plan. The intention of the Concept Plan is to replace the existing Master Plan for the Discovery Point site

with respect to those parts of the site which are currently undeveloped and the existing park. Sites 1 and 2 which have been developed under the existing Master Plan for the multi-use buildings and the existing Site 4 where there is a building under construction are excluded from the Concept Plan application.

The proposed Concept Plan seeks approval for a total gross floorspace of 132,000 sq.m. (excluding car parking). Of this, a maximum 123,000 sq.m. is to be residential and a minimum of 9,000 sq.m. is to non-residential floorspace. To help inform the Concept Plan, the application is accompanied by an Indicative Design Scheme prepared by Bates Smart Architects which illustrates a potential design outcome for the site, consistent with the Concept Plan envelopes.

It should be noted that Standard Instrument Gross Floor Area (SIGFA) has been used in the Part 3A Concept Plan application, whereas the existing Master Plan uses Rockdale LEP Gross Floor Area (RGFA).

The proposed floorspace components of the Indicative Design Scheme incorporate the following floorspace areas:

- residential ... 122,313 sq.m.
- ► commercial ... 5,576 sq.m.
- retail ... 4,385 sq.m..

The existing approved Master Plan for the site provided for some 54,337 sq.m. (RGFA) of non-residential gross floorspace which is generally equivalent to 50,000 sq.m. (SIGFA). The indicative distribution of this space was to be:

- retail (maximum) ... 14,000 sq.m. (RGFA)
- commercial/offices/serviced apartments ... 40,337 sq.m. (RGFA).

To date, 1,906 sq.m. of this space has been developed. Thus the revised Part 3A Concept Plan proposes a reduction in total non-residential floorspace of some 40,039 sq.m. (SIGFA).

We also understand the Concept Plan proposes an alteration to the amount of residential floorspace on the Discovery Point site from that proposed in the existing Plan. This will result in a corresponding increase in the number of dwellings to be developed on the site. More detail on this changed land use mix is provided in Section 6 of this Report.

Leyshon Consulting has been appointed to examine the economic and social implications of the proposed change particularly as it affects the non-residential component of the development on the site as well as the implications of an increased number of residents/dwellings on the site.

In preparing this advice we have been guided by the provisions contained in the New South Wales Planning Department's Director General's Environmental Assessment Requirements (DGRs) issued under Section 75F(3) of the Act. The contents of the DGRs as they relate to economic and social issues are outlined below.

1.2 Director General's Requirements

The Director General's Environmental Assessment Requirements issued on 23rd March, 2010 contain a requirement that an economic impact assessment (EIA) be prepared which provides the following information:

"The EA shall address the economic impact of the proposal (including the reduction to the gross floor areas of the non-residential component of the proposal when compared to existing Master Plan on the site) and include an investigation into the proposal's impact on the retail, commercial and residential industry within the locality.

The EA shall address how the proposal would support the objectives/aims of relevant State and Regional strategies for the locality."

1.3 Documents Reviewed

In preparing this Report we have had regard to the contents of the following documents:

- New South Wales State Plan
- Metropolitan Strategy for Sydney to 2031 –
 City of Cities: A Plan for Sydney's Future, December 2005
- Draft South Subregional Strategy, December 2007
- Rockdale Local Environmental Plan 2000
- Sydney Metropolitan Strategy Review (Sydney Towards 2036
 Discussion Paper)
- Rockdale Development Control Plan 62–Wolli Creek

- Rockdale Development Control Plan 45–Railway Precinct (Discovery Point)
- Rockdale City Plan 2009
- ▶ Destinations Rockdale 2005+20.



MARKET CONDITIONS

2.1 Introduction

The purpose of this section of the Report is to outline the reasons for the proposed change to the allocation of both non-residential and residential floorspace on the Discovery Point site.

By way of context, it is important to recognise that the current Master Plan is based on an assessment of market conditions as they existed in Sydney in the late 1990s generally and in the Wolli Creek region in particular. Since that time, however, there have been some profound changes in market conditions which have necessitated a re-evaluation of the current Master Plan provisions.

These changes include:

- the so-called "tech wreck" in 2001-02 which sharply reduced the demand for office space in Sydney centres
- the privatisation of Sydney Airport in 2002 and the subsequent increase in commercial activity associated with the Airport
- the Cooks Cove project in 2004 which proposed substantial commercial floorspace
- an increase in competition for suburban office space development from low cost locations such as Mascot, Macquarie
 Park, Homebush and the like

- the threat of major retail competition (on an adjacent site) within Wolli Creek itself and in the surrounding region which became evident in 2009
- changes in metropolitan planning policy for Sydney which now encourage increased residential development in locations such as Discovery Point/Wolli Creek; and
- the Global Financial Crisis which has significantly affected the office space market in the Sydney Region.

In addition there are a number of practical development/commercial considerations impacting on the feasibilty of retail and commercial development which, in and of themselves, give rise to a need to alter the existing Master Plan. These considerations and the changes in the commercial landscape as it relates to Discovery Point are discussed below.

2.2 Commercial Feasibility

The existing Master Plan earmarks a large site (known as Site 8) directly adjacent to, and above the Wolli Creek railway station to accommodate a major commercial building of approximately 41,700 sq.m. (RGFA). A detailed feasibility analysis undertaken by Australand has indicated there are a number of practical problems with developing the site for commercial purposes. These include the following:

 a limited opportunity to create a stratum which would need to penetrate the existing rail station footprint and thus would require an expensive cantilever structure above the station the existence of a rail electricity substation adjacent to the site

the existence of rail electricity high voltage cables adjacent to the

site

the difficulty of designing a building that would have usable floor

areas and layouts from a commercial perspective

the impossibility of providing parking directly underneath the

proposed building which in turn affects its commercial viability

the cost of upgrading any impacts on the station arising from the

proposed office building.

In terms of commercial construction costs, initial estimates available to

Australand indicate that an office building in this location would cost

between \$1,300 and \$1,500 per sq.m. net leasable area to construct. At

present, and for the foreseeable future, such construction would not be

economically feasible given that existing market rates for large commercial

floorspace in the Wolli Creek area are in the range of \$250 to \$300 per

sq.m. net. Even allowing for an assumption that rents increase at around

8% per annum (extremely optimistic), such a development would remain

uneconomic.

In late 2007 Australand through its marketing agent CB Richard Ellis

undertook a sales and marketing programme in relation to the proposed

office space at Wolli Creek. Despite contact with a wide range of

organisations this did not yield any positive leads in terms of organisations

who may have an interest in locating at Wolli Creek.

Our discussions with CB Richard Ellis and the Stonebridge Property

Group, both of whom have extensive experience in the Discovery Point

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project, indicate there are a number of practical marketing constraints which apply to Wolli Creek. These include:

- competition from other locations in the Sydney Region which offer similar or lower rents-for example Green Square, Mascot, Sydney Technology Park, Hurstville CBD, and further afield Homebush and Macquarie Park; and
- the fact that Discovery Point is perceived by many commercial organisations to be a residential precinct rather than a suitable business location for a major corporation.

In relation to the latter point above, there are no examples in the Sydney Region of a single major office building located in an otherwise residential precinct. In comparable areas such as Rhodes, for instance, there is a clearly demarcated office precinct and a separate residential/retail precinct.

2.3 Retail Feasibility

In relation to the retail component of the project, the need for a revision of the proposed incorporation of up to 14,000 sq.m. (RGFA) of retail floorspace including a full-line supermarket has been brought into question by a Concept Plan and Project Application by a development company NAHAS Constructions (NAHAS) for retail development on an adjacent site at Wolli Creek. NAHAS has lodged a Part 3A application under the Act for retail development on properties known as 78-96 Arncliffe Street and 31-45 Princes Highway, Wolli Creek.

We understand that in October, 2008 an application was made by NAHAS which sought the Minister's opinion and authorisation for the submission of a Concept Plan under Part 3A of the Act. This application was for a mixed use development comprising approximately 25,000 sq.m. of retail floorspace and 45,000 sq.m. of space for residential and serviced apartments . A Retail Sustainability Study prepared by consultants MacroPlan Australia in October, 2007 accompanied the application. The study analysed the need for, and impact of, a retail development of 21,456 sq.m. on the site referred to above. This development was to include the following elements:

a discount department store (DDS) ... 6,033 sq.m.
a full-line supermarket ... 3,558 sq.m.
specialty retail ... 8,966 sq.m.
mini-major floorspace ... 1,649 sq.m.
fresh food market ... 1,250 sq.m.

In June, 2009 application was again made to the Department of Planning (DOP) under Part 3A of the Act to authorise the preparation of a Project Application for the development of what is described as a "temporary supermarket and associated shops" on the NAHAS site. The application to the DOP said the development of "Stage 1" would allow the economic use of existing buildings and the land until the subregional centre, as described above, is delivered.

Reference was made in the June 2009 application to the "current difficult economic climate" and Stage 1 was seen as a temporary use of building which would generate revenue from the site until economic conditions improved. The application referred to a period of 15 years as constituting a "temporary period".

The Stage 1 project application involved approximately 5,000 sq.m. of commercial/retail floorspace including the aforementioned temporary supermarket of 3,500 sq.m..

Suffice it to say proposed development of this scale on an adjacent site has made significant retail development on the Discovery Point site unworkable. Simply put, the NAHAS site is far superior in terms of its accessibility and visibility compared to retail development embedded within the Discovery Point site. For this reason Australand/Landcom is seeking to reduce the proposed amount of retail floorspace at Discovery Point.

In relation to this issue, we have been advised that Australand/Landcom pursued negotiations with both supermarket chains (Woolworths and Coles). Neither was willing to commit to Discovery Point given the proposed NAHAS development.

2.4 Commercial Market Conditions

As noted in Section 2.2 of this Report, the proposal to develop a major office building within the Discovery Point site to accommodate some 40,000 sq.m. of office space is not now feasible for a range of reasons.

Locations such as Wolli Creek in general and developments such as Discovery Point in particular are facing an increasing challenge as far as attracting office-based employment. This is particularly so given a generally "subdued" market for office space and competition from other low or similar cost alternative centres in the Sydney Region which also offer generous car parking provisions.

As previously noted, the development concept for Discovery Point was prepared in the context of the Sydney office market of the late 1990s. While it is acknowledged that every property market is cyclical in nature, the Sydney office market between 1998 and 2000 was one experiencing boom conditions. In particular, the market was recovering from the

so-called "Asian financial crisis" of the late-1990s and a reduction in the stock of office space which had been "overbuilt" in most markets in the late 1980s.

The vacancy rate in the Sydney CBD and the cost of floorspace have a substantial influence on the demand for Sydney suburban office space. By 2000, for example, the vacancy rate in the Sydney CBD had fallen below 5% and real rents were rising quite rapidly.

This upturn in the market was brought to a halt between 2001-03 by the so-called "tech wreck". During this period there was a very sharp downturn in the prospects for technology companies worldwide. This led to a reduction in demand for floorspace in many centres in Sydney and a substantial increase in vacancy rates. By 2004, the vacancy rate in the Sydney CBD had risen to slightly above 11% while rates in centres such as North Sydney and St Leonards exceeded 15%.

While a recovery in market conditions occurred between 2005-07, the Global Financial Crisis has again adversely affected office demand within the Sydney Region. This downturn in demand combined with the emergence of low-cost office locations in the Sydney Region such as Macquarie Park, Rhodes, Norwest, and Homebush significantly affected the dynamics of Sydney's suburban office market. In summary, those centres which offer abundant car parking and the ability to provide large floorplates have undermined substantially the competitive advantages of office space in traditional subregional centres in Sydney such as Chatswood, Hurstville, Bondi Junction, Ashfield and St Leonards as well as "emerging centres" such as Wolli Creek.

One of the major characteristics of the Sydney office market over the past five years, and one we consider is set to continue, is the growth in demand for office space in what are essentially decentralised "office park-like" localities such as:

- Macquarie Park
- Rhodes
- Homebush
- Norwest
- Mascot/Green Square.

By contrast, traditional established major centres within the Sydney Region are finding increasing difficulty in attracting and maintaining existing office employment levels.

For example, in a recent review of the Sydney Metropolitan office market (Marketview Sydney Metropolitan Office – First Quarter 2010), property agents CB Richard Ellis (CBRE) estimated that in the year to March 2010 the Sydney Region experienced negative absorption of office space of -41,575 sq.m.. The absorption data by region or major market found by CBRE was as follows:

- ► Sydney CBD ... -148,498 sq.m.
- ► North Shore ... -39,819 sq.m.
- ▶ suburban markets ... +75,589 sq.m..

In relation to suburban markets, major net take-up in office space occurred as follows:

- ► City fringe ... 47,317 sq.m.
- ► Macquarie Park ... 43,116 sq.m.
- ► Parramatta ... 22,037 sq.m.
- West (includes Norwest) ... 19,803 sq.m..

According the CBRE's research, the Sydney South region—which includes Wolli Creek, Mascot, Hurstville and Kogarah—experienced a net

absorption of 7,855 sq.m.. In relation to this market the take up of space in areas such as Mascot was offset by increased vacancies in the Hurstville

Centre.

In the year to March 2010, CBRE found that there was a -7.8% decline in

face rents in the Sydney South region, largely due to a decline in rents in

Hurstville as increasing vacancies in that centre prompted landlords to

increase the level of incentives they offered to tenants to take up space.

Perhaps the strongest competitor to Wolli Creek in general and Discovery

Point in particular is the office market which is emerging in Mascot. Like

Wolli Creek, Mascot also has a new railway station developed on the

same line as Wolli Creek near the intersection of Gardeners Road and

O'Riordan Street.

A report on Sydney Business Parks published in 2008 by agents Knight

Frank (Sydney Business Parks Office Market Overview March 2008) noted

that in the year to March 2008 average rents in the Mascot area increased

by +1.9% to an average prime gross face rent of \$360 per sq.m.. Taking

into account incentives, the most expensive floorspace in the Mascot area

is effectively priced at around \$306 per sq.m... This is substantially less

than that which applies in major established business centres such as

Hurstville.

In the future it is likely that the development of Cooks Cove in close

proximity to Discovery Point will further add to the challenging feasibility

of providing office space at Wolli Creek in general and on the Discovery

Point site in particular.

In summary, the office market conditions which applied when the

Discovery Point project was conceived in 2000 have substantially

changed. Given the significant cost penalties which apply to developing

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a large component of commercial office space on the Discovery Point site, and given the competition from other nearby localities within Sydney's Global Arc, we consider that a proposal to reduce the component of office space on the Discovery Point site is an appropriate response to current market realities and the challenges posed to produce such space in an economically feasible manner.

2.5 Retail Market Conditions

2.5.1 Retail Existing Facilities

The revised Concept Plan proposes a reduction in the retail components of development on the Discovery Point site from a maximum of 14,000 sq.m. (RGFA) or 11,200 sq.m. (SIGFA) equivalent permitted under the current Master Plan to approximately 4,000 sq.m. (SIGFA) as shown in the Indicative Design Scheme prepared by Bates Smart Architects.

Under the current Master Plan the retail provision of 14,000 sq.m. (RGFA), which would have included a supermarket, was seen as meeting the convenience retail needs of future residents of Wolli Creek and those of residents of the northern parts of Arncliffe.

The current retail development concept for the site was predicated on an assessment of regional competitive retail facilities as they existed in 2003. In particular, regard was had to the location, nature and scale of Marrickville Metro to the north and Rockdale CBD and Rockdale Plaza to the south. The scale of retail development ultimately recommended in the Master Plan was also seen as consistent with the provisions of DCP 45 as discussed above. Namely the encouragement of retail development intended primarily to meet the needs of the population forecast to reside in the Wolli Creek area.

To recap, Marrickville Metro is located 8km to the north of Discovery Point and currently contains 20,057 sq.m. of gross leasable area (GLA). The centre is anchored by a Kmart discount department store (DDS) and Woolworths and ALDI supermarkets supported by some 88 specialty shops. Shopper surveys undertaken at Marrickville Metro in the past have found the centre derives most of its trade from residents of Marrickville LGA and that the Cooks River generally defines the southern boundary of its trade area.

Rockdale Plaza lies to the south of Wolli Creek and is a subregional centre with some 21,130 sq.m. GLA and anchored by a Big W DDS, Woolworths and Franklins supermarkets with some 55 specialty shops.

Also to the south of Wolli Creek is the Rockdale Town Centre which has diminished in importance over the past two decades as a retail destination. Although the Town Centre contains a small Target DDS it lacks a major supermarket. Overall, the Town Centre is "tired" and requires regeneration. Although residential development has been occurring in the Town Centre there is yet to be any substantial reinvestment in the centre's retail floorspace stock.

In the context of the competitive framework described above, 14,000 sq.m. of retail floorspace (including a supermarket) as originally envisaged appeared to be economically sustainable at the time the Master Plan was prepared in 2000. It was a reasonable level of provision in terms of the anticipated future population of the Wolli Creek area. This was particularly so in the absence of any major supermarkets within the suburbs surrounding the site or any proposals to develop or expand subregional centres in the region.

Notwithstanding the above, proposed new retail development in the region surrounding Wolli Creek since the Master Plan was prepared has forced Australand/Landcom to reconsider its options.

2.5.2 Proposed Retail Facilities

Since the Master Plan for Discovery Point was approved, a full-line supermarket and supporting specialty shops proposed for the Bexley North Local Centre have been approved by the Land and Environment Court. This change in and of itself, however, is probably insufficient to trigger a re-evaluation of the amount of retail floorspace that can be supported on the Discovery Point site.

As previously noted above, of more direct relevance are two major proposed retail developments involving the so-called NAHAS site at Wolli Creek and the redevelopment of Marrickville Metro.

2.5.3 NAHAS Site

In October, 2008 the DOP declared a mixed use retail residential development on the NAHAS site (directly adjacent to Discovery Point) to be a major project under Part 3A of the Environmental Planning and Assessment Act 1979.

The Concept Plan for the site proposes the construction of 45,000 sq.m. of residential/serviced apartments and 25,000 sq.m. of retail floorspace. The application was accompanied by a report prepared by consultants MacroPlan Australia (*Wolli Creek Retail Sustainability Assessment*) and dated October 2007.

The MacroPlan report examined the need for a retail centre of 21,456 sq.m. GLA anchored by a DDS (6,033 sq.m.) and a full-line supermarket of 3,558 sq.m. together with some 8,500 sq.m. of specialty

retail floorspace.

The MacroPlan report argued that the proposed centre would have an

extensive trade area extending north of the Cooks River to incorporate

the suburbs of Tempe, Earlwood in the north-west, and Bexley, Bardwell

Park and Clemton Park in the west/south-west. To the south the trade

area included the majority of the suburb of Banksia.

MacroPlan estimated some 69,841 persons resided in this trade area in

2007 and that the population would grow to 79,641 persons by 2021.

MacroPlan further estimated that the trade area generated available retail

spending of some \$741. 1 million per annum in 2007 (\$2007) and that

the population and available spending was sufficient to support the

development of a sub-regional scale shopping centre on the Wolli Creek

site.

We broadly agree with this assessment although we note there is nothing

in the current planning documents which support (or encourage) a

sub-regional centre of this size at Wolli Creek. Specifically we note that

the Draft South Subregional Strategy classifies Wolli Creek as a "Village

Centre".

Subsequent to this, an additional application was made in June 2009 to

permit the development of a "temporary supermarket" and associated

specialty shops as the first stage of the Part 3A application referred to

above. The first stage would comprise approximately 5,000 sq.m. of

commercial and retail floorspace anchored by a "temporary supermarket"

of 3,500 sq.m..

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We understand that the Department of Planning is currently assessing this Project Application.

2.5.4 Marrickville Metro

An application was made in October 2009 under Part 3A of the Act for a very substantial expansion of Marrickville Metro. Again, the DOP has declared the project to be a major project under Part 3A. We understand it is planned to expand Marrickville Metro from 28,260 sq.m. GFA at present to 60,765 sq.m.—an increase of +32,505 sq.m..

In relation to the retail component of the Marrickville Metro development we understand the proposal involves the following:

additional DDS ... 7,000 sq.m.

► additional supermarket ... 3,200 sq.m.

additional mini-majors ... 4,840 sq.m.

additional specialties ... 7,600 sq.m..

As previously noted, the existing Marrickville Metro centre does not draw substantial trade from that part of Rockdale LGA to the south of the Cooks River. A substantially expanded Marrickville Metro is likely, however, to be more attractive to residents of the Wolli Creek/Arncliffe area than is currently the case. This will further impact on the feasibility of developing retail floorspace on the Discovery Point site.

If the expansion of Marrickville Metro is approved it will certainly impact on the northern part of the catchment identified by MacroPlan for the proposed development on the NAHAS site.

2.5.5 ALDI Approval

It is understood Rockdale Council has approved the development of an ALDI supermarket on the adjacent Multiplex "Proximity" site. The supermarket will be located in Stage 2 of the Multiplex site and further reduces the demand for retail floorspace in Discovery Point.

2.5.6 Summary

If both of the above major projects are approved the market would have no remaining capacity to sustain an additional 14,000 sq.m. of retail floorspace on the Discovery Point site. In our opinion, however, it is the proposed NAHAS development that has the critical influence on the feasibility of substantial retailing on the Discovery Point site. The proposed expansion of Marrickville Metro could best be described as "the nail in the coffin" as far as development of significant retail floorspace on the Discovery Point site is concerned.

In our opinion, the retail offer on the Discovery Point site must be scaled down such that it provides for the convenience needs of residents of Discovery Point and commuters using the Wolli Creek Railway Station. There may be some capacity to incorporate a small-to-medium-scale supermarket on the site assuming only one supermarket is developed as part of the NAHAS project.

We estimate that the current residential population in the Wolli Creek area is probably in the order of 2,373 persons at most. Even at full development, as anticipated under the DCPs which apply to Wolli Creek, only about 6,500 people are likely to reside in the area.

Unlike the NAHAS site, Discovery Point does not have the capacity to capture trade from a sub-regional market. A combination of a lack of

frontage to the Princes Highway, the restrictions posed by the internal road structure on the site and the limitation of total retail floorspace on the site to 14,000 sq.m makes this a practical impossibility.

Even a local resident population of 6,500 persons is marginal in terms of supporting a full-line supermarket. This would be even more so in the context of competition from a full-line supermarket on the immediately adjacent NAHAS site. Consequently, it is our opinion that only a considerably smaller amount of retail floorspace will be viable on the Discovery Point site. Hence we are supportive of the proposal to now develop only around 4,000 sq.m. of retailing.

Even if the NAHAS project were not to proceed, we still consider that the extent of retail floorspace identified in the current Master Plan needs to be reviewed having regard to the constraints which apply to the Discovery Point site from a retailing perspective as outlined earlier in this Report.

3

STRATEGIC PLANNING CONTEXT

3.1 Introduction

Discovery Point forms part of the broader Wolli Creek locality. While Wolli Creek is not identified as a major economic node within the Sydney Region per se, it is located in very close proximity to what is described in metropolitan planning documents as the "Global Economic Corridor" (GEC). This corridor stretches from Macquarie Park in the north to Sydney Airport and Port Botany in the south and is regarded as being of major strategic and employment importance to the Sydney metropolitan area.

As discussed later in this Report, it is clear that Rockdale City Council (Council) view Wolli Creek in particular, and Rockdale in general, as being closely associated with the GEC. Indeed Council's Strategic Plan 2009-18 describes the City of Rockdale as the "Gateway to a Global City".

The objective of this section of the Report is to place Wolli Creek into context in terms of metropolitan, subregional and local economic planning.

3.2 Metropolitan Planning

The Sydney Metropolitan Strategy (*City of Cities – A Plan for Sydney's Future*) released by the DOP in 2005 established a broad planning and economic framework for the extended Sydney Metropolitan Area. In terms of economic nodes, the Metropolitan Strategy identifies both

strategic centres and important corridors. The latter are broken up into three types of corridors namely:

- economic
- renewal
- enterprise.

In relation to Wolli Creek, the nearest **major strategic centres** identified in the Metropolitan Strategy are Hurstville (which contained 12,983 jobs in 2001 according to the 2005 Strategy) and Kogarah (which contained some 9,475 jobs in 2001).

In addition, two very important **specialised centres** were identified–namely Port Botany, which employed some 11,264 persons in 2001, and Sydney Airport which employed slightly over 36,000 persons in 2001.

The Metropolitan Strategy identified four **economic corridors** in Sydney namely:

- City to the Airport
- North Sydney to Macquarie Park
- ► M5
- ► M7.

The only corridor of relevance to Wolli Creek referred to in the Metropolitan Strategy was the Princes Highway extending from Hurstville to Wolli Creek which is identified as a potential **enterprise corridor**.

The Metropolitan Strategy stressed that any renewal process in these enterprise corridors be oriented toward preserving "local employment opportunities".

The DOP has recently released a *Metropolitan Strategy Review – Sydney Towards 2036 – Discussion Paper*. The Discussion Paper notes that Sydney in general must now cater for a much higher population than that forecast at the time of the 2005 Metropolitan Strategy. For instance, the Metropolitan Strategy forecast a population of 5.3 million by 2031. The Discussion Paper now envisages the population will be approximately 5.7 million in 2031 and foreshadows the population will reach some six million by 2036.

In relation to strategic centres and economic corridors, the Metropolitan Strategy Review does not substantially alter the position with respect to the centres and corridors nominated in the 2005 document.

The Review does, however, present updated information on the process of job change in major strategic centres between 2001-06. This change is summarised in TABLE 3.1.

TABLE 3.1

PROJECTED JOB GROWTH in SYDNEY METROPOLITAN REGION — STRATEGIC CENTRES, 2001-06, (No. Jobs)

Centres	2001¹	2006	Change 2001-06	
Global Sydney				
Central Sydney	333,600	358,300	24,700	
North Sydney	47,400	47,200	(200)	
Regional Cities				
Parramatta	40,800	43,200	2,400	
Penrith	19,100	20,000	900	
Liverpool	15,300	15,800	500	
Gosford	13,200	12,900	(300)	
Specialised Centres				
Macquarie Park	31,000	39,000	8,000	
St Leonards	33,400	33,600	200	
Olympic Park—Rhodes	10,400	16,800	6,400	
Port Botany and Environs	10,300	11,500	1,200	

TABLE 3.1 PROJECTED JOB GROWTH in SYDNEY METROPOLITAN REGION -STRATEGIC CENTRES, 2001-06, (No. Jobs)

Centres	2001¹	2006	Change 2001-06
Sydney Airport and Environs	32,300	34,500	2,200
Randwick Education and Health	9,600	11,700	2,100
Westmead	13,500	13,900	400
Bankstown Airport-Milperra	16,300	16,100	(200)
Norwest	4,600	12,600	8,000
Major Centres			
Bankstown	10,100	9,600	(500)
Blacktown	9,600	11,400	1,800
Bondi Junction	10,100	11,500	1,400
Burwood	9,500	9,200	(300)
Campbelltown—Macarthur	10,300	14,000	3,700
Castle Hill	8,100	8,300	200
Chatswood	21,700	21,600	(100)
Brookvale—Dee Why	10,300	12,000	1,700
Hornsby	8,900	7,400	(1,500)
Hurstville	10,700	10,200	(500)
Kogarah	9,500	9,700	200
Tuggerah—Wyong	7,500	10,400	2,900
Sub-Total	126,300	135,300	9,000
Strategic Centres Total	757,100	825,100	65,300

Figures are calculated using new Travel Zones and vary from previously

published data. Some of the differences can also be the result of improved

data collection and processing.

Source: Journey to Work, Transport Data Centre and NSW Regional

Labour Force Profiles DSRD and ABS Data 2006.

As can be noted from TABLE 3.1 there has been a mixed performance among Sydney Region centres with respect to job growth during the inter-censal period 2001-06. Very strong job growth was evident in some business park-type locations such as Macquarie Park (+8,000 jobs) and Norwest (+8,000 jobs). Certain more traditional strategic centres meanwhile experienced a decline in employment levels namely:

Hornsby ... -1,500 jobs
 Bankstown ... -500 jobs
 Burwood ... -300 jobs
 Chatswood ... -100 jobs
 Hurstville ... -500 jobs.

During the period 2001-06 the major centres in the region surrounding Wolli Creek in net terms experienced job growth albeit with jobs declining in Hurstville during this period. The major change in job numbers during this period in major centres around Wolli Creek were as follows:

► Sydney Airport ... +2,200 jobs
 ► Port Botany ... +1,500 jobs
 ► Kogarah ... +200 jobs
 ► Hurstville ... -500 jobs
 ► Total ... +3,400 jobs.

It is clear from the Metropolitan Strategy Review that the Sydney Region will need to accommodate a much higher population than previously forecast. As a consequence, the Strategy Review continues to place an emphasis on the development of new housing particularly in locations where it is well serviced by public transport. Wolli Creek is just such a location.

3.3 Subregional Strategy

A Draft South Subregional Strategy was also released by the DOP in 2009. The Strategy relates to the following LGAs:

- Canterbury
- Hurstville

- Kogarah
- Marrickville
- Rockdale
- Sutherland.

The Draft Subregional Strategy forecasts jobs within this subregion will grow from 185,500 in 2001 to 214,500 in 2031—an increase of \pm 29,000 jobs. As indicated in TABLE 3.2, the target in terms of job growth during this period for Rockdale LGA is \pm 13,000 jobs.

TABLE 3.2
SUBREGIONAL EMPLOYMENT GROWTH and EMPLOYMENT
CAPACITY TARGETS for the SOUTH SUBREGION to 2031 by LGA
(No. Jobs)

			Employment Capacity Targets
LGA	2001	2031	to 2031
Canterbury	30,500	31,000	500
Hurstville	23,000	26,000	3,000
Kogarah	18,000	22,000	4,000
Marrickville	28,000	28,500	500
Rockdale	23,500	36,500	13,000
Sutherland	62,500	70,500	8,000
Total	185,500	214,500	1 29,000

Note1: This is an increase from the Metropolitan Strategy target of 21,000 due to an adjusted time frame from 2001-2031 instead of 2004-2031.

Source: Department of Planning South Subregional Strategy 2009.

In terms of centres and corridors, the Draft South Subregional Strategy only identifies that a new "village" is to be developed at Wolli Creek.

In relation to the proposed target of an additional 29,000 jobs in the South Subregion between 2006-31, the Subregional Strategy identifies major growth in jobs at the following locations:

► Hurstville major centre ... 4,000 jobs

► Cooks Cove (Rockdale LGA) ... 7,000 jobs

► Kogarah major centre ... 2,500 jobs

Sydney Airport and Environs

(Rockdale LGA) ... 4,000 jobs.

The Subregional Strategy does not identify a particular planning target for employment growth in Wolli Creek per se. It is, therefore, reasonable to assume that any employment target for Wolli Creek forms part of the wider target for Rockdale LGA.

While not clearly articulated in the Draft South Subregional Strategy, a nevertheless logical deduction is that the target of 13,000 additional jobs in Rockdale LGA would be achieved by the development on the Cooks Cove site (7,000 jobs) and at Sydney Airport (the part in Rockdale LGA [4,000 jobs]) accounting for 11,000 of the 13,000 additional jobs forecast in the Subregional Strategy.

It is, therefore, reasonable to assume in broad planning terms that job growth in Wolli Creek would form part of the additional 2,000 jobs which should be generated by other centres, such as the Rockdale Town Centre, and job locations in Rockdale LGA other than Sydney Airport and Cooks Cove.

While employment growth at Sydney Airport can be reasonably well identified from the Sydney Airport Master Plan 2009, the nature of development and employment generated by development at Cooks Cove is less certain.

In the Sydney Airport Master Plan 2009 (Section 11.2 refers), the International precinct—which is located in Rockdale LGA—is identified as being capable of accommodating a total of 120,000 sq.m. of floorspace excluding the International Terminal itself. The Master Plan envisages that

approximately 10,000 sq.m. of this additional floorspace could be

allocated to general retail purposes and the balance to commercial uses.

Proposed development at Cooks Cove originally was subject to a Sydney

Regional Environment Plan (SREP) No. 33-Cooks Cove. As Regional

Environmental Plans are no longer part of the suite of plans in New South

Wales, SREP 33 is now 'deemed' to be a State Environmental Planning

Policy.

That Policy provides for up to 270,000 sq.m. of floorspace on the Cooks

Cove site with specific provision within that amount for 5,000 sq.m. of

commercial support, shops and restaurants, 15,000 sq.m. for hotels and

serviced apartments, and 5,000 sq.m. for serviced offices. The overall

strategy for Cooks Cove is that of a Trade and Technology Park servicing

what is termed as "Global Reach Businesses".

Unfortunately the development vehicle for Cooks Cove has gone into

voluntary administration although we understand, however, that other

parties are currently examining options so as to initiate development on

the site. As noted in the Draft South Subregional Strategy, however, a job

target of 7,000 jobs for the Cooks Cove site appears to be a conservative

planning assumption as it implies a job ratio of only one to every 38.6

sq.m. in terms of the maximum development capacity of Cooks Cove

(270,000 sq.m.).

The Draft South Subregional Strategy also identifies the potential for a

new Enterprise Corridor along the Princes Highway as mooted in the

Metropolitan Strategy. The Subregional Strategy encourages local councils

involved in the corridor-namely Hurstville, Kogarah and Rockdale-to

undertake planning to facilitate development renewal and job growth in

this area.

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3.4 Local Strategies

On its website Rockdale City Council identifies Wolli Creek as a major Council project. In relation to Wolli Creek, Council states:

"Rockdale City Council's urban regeneration project at Wolli Creek is designed to transform a predominantly industrial precinct into a high quality, high density urban environment for living, working and recreation. When complete, the Wolli Creek redevelopment area will be a vital community of some 6,500 residents and 7,000 workers."

Rockdale Local Environmental Plan 2000 (LEP 2000) has zoned the majority of the Wolli Creek area as either:

- ► 10(a1) Mixed Use (Railway Precinct) Zone
- ► 10(a) Mixed Use Zone or 2(d) High Density Residential Zone.

The Wolli Creek area also contains a significant area that has a "Deferred" zoning status. This area is discussed in more detail below.

In relation to the 10(a1) Mixed Use zone (which covers Discovery Point) the relevant objectives for the zone include:

"(a) to encourage a mixture of land uses (such as office, commercial, retail, residential, tourists and transport), to create a sustainable, vibrant and high quality precinct that responds to the land's proximity to major transport infrastructure and the Sydney CBD, and

Leyshon Consulting

(b) to maximise the amount of permanent employment on

the land and the use of public transport by requiring a

provision of a minimum component of non residential

floorspace on the land, and

(f) to provide for a place to accommodate the day to day

shopping and service needs of the local communities, but

not in the form of a regional shopping centre or bulky

goods facility,".

In relation to the 10(a) Mixed Use zone, two of its relevant objectives are

as follows:

"(b) to maximise the amount of permanent employment

within the zone, and

(c) to permit development for the purposes of bulky goods

showrooms on the Princes Highway, but otherwise allow

retail development only if it is intended to serve the Wolli

Creek area,".

It is clear from LEP 2000 that the Discovery Point site was, and is still,

seen as providing the main retail facilities for residents of Wolli Creek.

To the south of the 10(a) zone is a large area marked on the LEP map as

a "deferred matter". As previously noted development of this area was

deferred at the direction of the DOP but was intended to incorporate

high density commercial development.

To the west of the railway line in the vicinity of the intersection of Bonar

and Lusty Streets, an area zoned 2(d) Residential has been substantially

developed for medium to high rise residential purposes.

Discovery Point Proposed Concept Plan ~ Economic and Social Assessment June 2010 In addition to the LEP Council has prepared two Development Control Plans (DCPs) relating to the Wolli Creek area-namely DCP No. 45 -

Railway Precinct (Discovery Point), April 2005 and DCP No. 62 – Wolli

Creek, August 2006.

DCP45, outlines the planning and economic objectives for the Discovery

Point site in particular. All other land in Wolli Creek is subject to DCP 62.

In relation to Discovery Point, DCP45 makes specific reference to the role

of the precinct in providing for a range of residential and other mixed use

needs. It also states that the precinct should also function as a business

incubator hub for "start-up businesses" through the provision of flexible

space for joint residential/commercial occupation.

Among the aims and objectives of the master plan for the Railway

Precinct (Discovery Point), DCP45 also identifies the need for any

development to optimise the social and economic benefits that potentially

could flow from the proximity of the precinct to the Wolli Creek Station,

the M5 Freeway, and the expansion of Sydney Airport.

Again, in relation to retail activity, DCP45 clearly identifies the role of the

precinct as providing for the "day-to-day shopping and service needs of

the local community within the precinct but not in the form of a regional

shopping centre, major supermarket or bulky goods facility".

The DCP goes on to identify elements of the master plan including the

provision of 54,000 sq.m. (RGFA) of commercial and retail floorspace.

In summary the implicit local economic strategy as embodied in planning

instruments and other documents clearly encourages the development of

Wolli Creek in general and Discovery Point in particular as a mixed use

area incorporating both retail, residential and commercial development

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with an objective of ultimately creating up to 7,000 jobs in the Wolli Creek area.

Discussions with officers of Rockdale City Council indicate that this target of 7,000 jobs, however, is based on an assumption of dense commercial-type development on the "deferred area" of Wolli Creek referred to above. That is, the achievement of a local employment target of 7,000 jobs in the Wolli Creek area is totally dependent on relatively extensive commercial/retail development throughout the area surrounding Discovery Point.

In any event it is important to note that a target of 7,000 jobs in the Wolli Creek area is not critical to achieving subregional employment targets. As previously noted, Wolli Creek, and other areas in Rockdale LGA, only have to generate some 2,000 jobs to ensure that the targets set out in the Draft South Subregional Strategy will be met.

4

IMPACT on ECONOMIC STRATEGIES

4.1 Employment Change

As previously discussed, the existing Master Plan for the Wolli Creek site provides for 54,337 sq.m. (RGFA) of non-residential development. We understand that to date 1,763 sq.m. (RGFA) of this space has been developed primarily in the form of shop-fronts to the existing residential buildings on the site. At present, many of these premises remain vacant reflecting the lack of a critical mass of population on the site and an anchor retail tenant.

As indicated in TABLE 4.1, under the existing Master Plan the Discovery Point project could have created some 2,708 jobs as follows:

- retail ... 467 jobs
- ► commercial ... 2,241 jobs.

TABLE 4.1

PROJECTED EMPLOYMENT — DISCOVERY POINT EXISTING MASTERPLAN and PROPOSED CONCEPT PLAN

Factor	Existing Master Plan (Sq.M. GFA)	Indicative Employment ^{1 & 2} (No. Jobs)	Concept Plan Indicative Design Scheme (Sq.M. GFA)	Indicative Employment (No. Jobs)	
Retail	14,000	(467)	4,347	145	
Commercial	40,337	(2,241)	5,650	314	
Total	54,337	(2,708)	9,997	459	
Existing ³	1,763	(73)			
Notes: 1. 2. 3. Sources:	Based on 30 sq.m. per employee. Based on 18 sq.m. per employee. Assumed 50% commercial, 50% retail. Bates Smart and Leyshon Consulting Estimates, 2010.				

Under the proposed Concept Plan (which excludes existing buildings) as indicated in TABLE 4.1 projected employment is in the order of 459 jobs constituted as follows:

retail ... 145 jobs
 commercial ... 314 jobs.

The existing developed commercial space in buildings on the site would add a further 73 jobs. Hence, total estimated job creation on the Discovery Point site would be in the order of 532 jobs on approval of the Concept Plan. This would result in some -2,176 fewer jobs compared with that previously envisaged.

4.2 Regional Implications

This lower level of potential employment, while significant at a local (that is, Wolli Creek) level, would not have any appreciable implications in terms of meeting regional employment targets. As indicated in TABLE 4.2, the employment target for Rockdale LGA of 13,000 jobs set out in the Draft South Subregional Strategy will still be achieved based on existing approved and proposed developments. These developments include:

Sydney Airport (Rockdale LGA part) ... 4,000 jobs
 Cooks Cove (approved commercial) ... 7,000
 Discovery Point (existing and Concept Plan) ... 532
 NAHAS – 21,456 sq.m. retail centre ... 739
 Multiplex – approved commercial 14,000 sq.m. ... 780.

TABLE 4.2
PROSPECTIVE EMPLOYMENT in MAJOR PROJECTS
- ROCKDALE LGA

Area/Project	Forecast Jobs (No.)	Area (Sq.M. GFA)
Sydney Airport	4,000	n.a.
Cooks Cove	7,000	123,000
Discovery Point	532	11,760
NAHAS	739	21,456
Multiplex	780	14,000
Total	13,051	n.a.

Sources: Sydney Airport Masterplan 2009; and

Sydney Region Environmental Plan No. 33 Cooks Cove and Leyshon Consulting

Estimates, 2010.

These projects, based on agreed floorspace densities or employment projections set out in existing master plans and development proposals, are projected to yield some 13,051 jobs at full development. This compares to the subregional target of 13,000 jobs for Rockdale LGA by 2031.

The above analysis **excludes employment growth in other localities** in Rockdale LGA. These include development in other parts of Wolli Creek which might yield significant employment (such as the deferred area referred to previously in this Report), and commercial centres within Rockdale LGA including Rockdale, Rockdale Plaza, Brighton, Bexley and the like.

It is worth noting that Rockdale LGA has demonstrated commendable employment growth during the most recent inter-censal period even without the major projects noted above. For instance, as indicated in TABLE 4.3, between 2001-06 the labour force in Rockdale grew by +2,678 workers. During the same period the number of jobs in Rockdale SLA increased by +3,705.

TABLE 4.3 CHANGE in LABOUR FORCE and JOBS — ROCKDALE SLA 2001-06 (No.)

			Change
Factor	2001	2006	2001-06
Labour Force	40,872	43,570	+2,678
Jobs in SLA	20,130	23,835	+3,705

Source: ABS Census 2001 & 2006; and NSW Transport Data Centre, 2009.

Analysis undertaken by Leyshon Consulting of data from the 2001 and 2006 Censuses as far as Rockdale SLA is concerned indicates that although manufacturing jobs continued to decline (by -380 jobs) between 2001-06, strong growth occurred in other sectors such as accommodation, cafés and restaurants (+528 jobs) and transport and storage (+879 jobs). Employment gains—albeit of a lesser scale—were also seen in traditional white-collar sectors such as finance and insurance, education, health and community services.

Although changes made by the ABS in certain industry classifications between the 2001 and 2006 Censuses do not permit direct comparisons to be made, we consider it likely that the property and business services sector in Rockdale SLA also experienced job growth between 2001-06.

In summary, even without the major employment generating projects discussed above, employment is growing at a rate which, if sustained over the period 2006-31, alone would meet the employment targets for Rockdale LGA set out in the Draft South Subregional Strategy.

4.3 Local Employment

As previously indicated, Council has established a target of 7,000 jobs being created in the Wolli Creek area. According to the New South Wales Transport Data Centre (TDC), travel zones 571 and 570–which essentially incorporate the Wolli Creek Redevelopment Area (WCRA)–contained approximately 935 jobs in 2006. By 2021 the TDC forecasts that jobs in these two travel zones will increase to 3,544 before reaching 5,072 jobs in 2036.

These forecasts fall short of the projected 7,000 jobs sought by Council for the area. That said, as we understand it while the projections include the jobs likely to be generated by the existing Master Plan for Discovery Point they do not assume any significant redevelopment of the deferred area at Wolli Creek. In addition, they do not include the employment potential arising from proposed projects such as the NAHAS retail centre adjacent to Discovery Point. As a consequence, the TDC forecasts of job growth in Wolli Creek to 2036 are likely to be conservative.



RESIDENTIAL DEVELOPMENT

5.1 Introduction

As previously indicated, the Concept Plan proposes additional residential development on the Discovery Point site—in the order of 123,000 sq.m. (SIGFA). This is generally consistent with the overall gross floor area approved on the site and is in lieu of the reduction in non-residential floorspace. We understand that based on the Indicative Design Scheme Plan prepared by Bates Smart, it is anticipated the number of residential dwellings proposed to be developed on the site is between 1,200 and 1,500 units (depending on detailed design and final mix).

The percentages proposed for additional residential development are broadly as follows:

studio – one bedroom ... maximum 50%

▶ two bedroom ... minimum 40%

► three+ bedroom ... minimum 10%.

We understand the mix of dwelling outlined above is similar to that delivered in other urban "brown fields" areas such as Green Square and Rhodes.

We understand that Council is proposing to introduce a new DCP relating to residential development within Rockdale LGA in general including Wolli Creek. It is expected the new draft DCP will be exhibited at the same time as Council exhibits its draft standard instrument LEP. Council officers have advised the current drafting of the

new DCP proposes that new residential developments within the LGA should have the following mix of units:

▶ one bedroom ... 10-30%
 ▶ two bedroom ... 50-70%
 ▶ three+ bedroom ... 10-20%.

5.2 Development to Date

Discovery Point has developed 311 units (including Site 4) to date with the following mix applying:

▶ one bedroom ... 174 (55.9%)
 ▶ two bedroom ... 115 (36.9%)
 ▶ three bedroom ... 22 (7.2%).

Based on data provided by Council, as at April 2009 a total of 2,010 dwellings had been approved in the WCRA with the mix being as follows:

•	Total	 2.010	
•	three bedroom	 185	(9%)
•	two bedroom	 1,030	(51%)
•	one bedroom	 795	(40%)

In terms of the units that have been constructed to date (1,125) within the WCRA, the pattern of residential development has been as follows:

•	Total	 1.125	(100.0%).
•	three bedroom	 125	(11.1%)
•	two bedroom	 722	(64.2%)
•	one bedroom	 278	(24.7%)

The high proportion of two bedroom units constructed to date can be traced to two developments—namely that undertaken by Meriton in Bonar Street which had 382 two bedroom units developed (out of a total of 549 units) and Multiplex's Proximity building (close to Discovery Point) which contained 213 two bedroom units (out of a total of 292 units).

By increasing the availability of one bedroom/studio apartments, the proposed dwelling mix in the Discovery Point Concept Plan will have the effect of diversifying the supply of residential dwellings in the Wolli Creek area away from the current preponderance of two-bedroom units.

5.3 Demographic Trends

Census data indicate that demographic trends in the Sydney Region in general and within Rockdale LGA in particular are favouring demand for smaller multi-unit residential dwellings. As indicated in TABLE 5.1, between 2001-06 the most significant growth in household types by number in the Sydney Statistical Division (SSD) was as follows:

- ▶ lone person ... +22,843 households
- couple family without children ... +18,041
- ► one parent families ... +11,346.

Between 2001-06 the total number of households in the SSD increased by +4.2%. The respective relative growth in household types noted above between 2001-06 were:

- ► lone person ... + 7.5%
- ► couple family without children ... + 5.7%
- one parent families $\dots +7.6\%$.

By contrast, between 2001-06 comparatively little growth occurred in traditional couple families with children (+5,183 households; +1.0%).

TABLE 5.1
CHANGE in HOUSEHOLD TYPE — SYDNEY STATISTICAL DIVISION, 2001-06

	2001	2006	— Change 200	1-06 —
Household Type	(No.)	(No.)	(No.)	(%)
Couple with Children	513,414	518,597	+5,183	+1.0
Couple Only	317,459	335,500	+18041	+5.7
Single Parent	149,309	160,655	+11,346	+7.6
Other Family	21,257	20,654	-603	-2.8
Lone Person	305,672	328,515	+22,843	+7.5
Group	59,243	59,615	+372	+0.6
Total	1,366,354	1,423,536	+57,182	+4.2
Sources: ABS Census	, 2001 and 200	6.		

Numerous demographic research studies have found that the demand for apartments generally is driven by smaller households particularly those which comprise one or two people. Hence, the significant growth in lone person and couple only households evident in recent years is, in our opinion, underwriting a growing demand for apartments in general and smaller apartments in particular.

This observation is also borne out by an analysis of the change in the size of households occupying flats, units and apartments in the SSD between 2001-06 (TABLE 5.2 refers).

In summary, the number of flats, units and apartments increased in the SSD by +31,391 between 2001-06. The number of such dwellings occupied by two persons increased by +13,078 during this period and those occupied by one person by +10,588. Overall in 2006, 77.5% of

all flats, units and apartments in the Sydney Region were occupied by one or two persons.

TABLE 5.2
CHANGE in OCCUPANCY PER DWELLING FLAT/UNIT/APARTMENT — SYDNEY STATISTICAL DIVISION, 2001-06

Persons	— 20	D01 —	— 20)06 —	— Change 2	2001-06 —
Resident	(No.)	(%)	(No.)	(%)	(No.)	(%)
One	130,602	42.3	141,190	41.5	10,588	8.1
Two	109,409	35.5	122,487	36.0	13,078	12.0
Three	39,918	12.9	44,162	13.0	4,244	10.6
Four	20,532	6.6	23,270	6.8	2,738	13.3
Five	5,749	1.9	6,345	1.9	596	10.4
Six+	2,182	0.8	2,329	0.8	147	6.7
Total	308,392	100.0	339,783	100.0	31,391	10.2
Sources:	ABS Census,	2001 and 20	06.			

5.4 Trends in Rockdale LGA

Rockdale LGA is experiencing similar demographic trends to those being seen in the SSD albeit not as pronounced. The increasing incidence of families with an Arabic or Asian ethnic origin in Rockdale is resulting in somewhat larger households than those found in the Sydney Region in general. The reason being that households with such ethnic backgrounds tend, on average, to be somewhat larger than typical Caucasian households within the Sydney Region.

Despite this, Rockdale is also experiencing generally strong growth in one and two person households. For example, between 2001-06 the number of occupied private dwellings in Rockdale SLA increased by +1,572 dwellings. In terms of the number of people usually resident in each dwelling the major increases were as follows:

•	Total	•••	+1,572.	
•	six or more persons		+58	
•	five persons		+28	
•	four persons		+65	
•	three persons		+235	
•	one person	•••	+435	
•	two persons		+751 dw	elling

In summary, Rockdale experienced a more significant increase in two person households between 2001-06 than did the Sydney Region as a whole. Overall, the increase in the number of dwellings occupied by two persons accounted for 48% of the total increase in dwellings during this period. The increase in dwellings occupied by one person constituted a further 28% of the total increase in dwellings in Rockdale between 2001-06.

Between 2001-06 the number of occupied flats, units or apartments in Rockdale increased by +1,602 dwellings. In terms of the number of persons usually resident in each dwelling the major increases in flats, units or apartments occupied were as follows:

•	Total	•••	+1,602.	
•	six or more persons		+21	
•	five persons		+49	
•	four persons		+75	
•	three persons		+309	
•	one person		+455	
•	two persons		+693 dwelling	S

Between 2001-06 flats/units/apartments occupied by two persons accounted for 43.2% of the overall increase in these types of dwellings

in Rockdale while flats/units/apartments occupied by only one person accounted for 28.4% of the total increase in such dwellings.

In Rockdale LGA two bedroom apartments historically have dominated the provision of flats, units and apartments throughout the LGA. For example, at the 2006 Census the stock of flats, units and apartments (based on occupied private dwellings) was as follows:

studio/one bedroom ... 15.0%
 two bedroom ... 75.0%
 three bedroom ... 10.0%.

It should be noted that while two bedroom apartments comprised 75.0% of stock in 2006, this pattern of development reflects the historic nature of unit development in Rockdale LGA. In particular it reflects the preponderance of older three storey walk-up development around Rockdale itself and in areas around Brighton and Bexley which historically largely consisted of relatively small two bedroom dwellings.

5.5 Market Trends

In addition to the demographic trends discussed above, regard needs to be had to issues associated with marketing. It is our understanding that Wolli Creek is, in broad terms, a "price sensitive" market which predominantly appeals to younger buyers. For many such buyers Wolli Creek represents an "entry point" into the Sydney housing market.

At present new units constructed in the Wolli Creek area are selling within the following prices ranges:

one bedroom ... \$395,000 to \$480,000
 two bedroom ... \$479,000 to \$575,000
 three bedroom ... \$570,000 to \$650,000.

Agents active in the area report that the majority of demand is for one and two bedroom apartments predominantly from buyers aged less

than 40 years.

As discussed earlier in this Report, under the existing Master Plan some

1,200 units were forecast for development at Discovery Point. Under

the proposed Concept Plan between 1,200 to 1,500 units are now

anticipated. To date, some 311 units have been constructed (or are

under construction) on the site. If approved, the Concept Plan

ultimately could result in between 1,511 and 1,811 units at Discovery

Point.

In our opinion, it is highly unlikely that such an increase will lead to

adverse effects on the local housing market. Such effects could be

manifested in an over-supply of dwellings for instance or the

introduction of much higher priced residential stock which makes

housing in the area less affordable. There are a number of reasons we

consider these types of outcomes to be unlikely.

Firstly, Wolli Creek has established itself guite rapidly as a new and

vibrant housing location in the Sydney market. As services available to

residents are improved, the capacity of the area to absorb additional

housing will also increase.

Secondly, the actual increase in units proposed under the Concept Plan

(311 to 611) is not of a sufficient scale to lead to an over-supply given

that they will be delivered over a relatively extended time-frame.

Thirdly, it is more likely that such an increase will improve the range,

quality and choice of residential apartments available to potential

purchasers. This should allow more people to take advantage of the

favourable attributes of the area such as its location on the Cooks River,

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the substantial open space and other facilities proposed at Discovery Point.

Fourthly, while Discovery Point units tend to achieve higher prices than surrounding dwelling stock (due to better design and location), the 'price sensitive' nature of the Wolli Creek market can be expected to limit the potential for price inflation.

Given this, we consider that the proposed mix of units contained in the Concept Plan that is the subject of this application is appropriate having regard to both demographic trends and the realities of the housing market which applies in Wolli Creek in particular and Rockdale in general.



IMPACT on SERVICES

6.1 Introduction

The changes to residential and non-residential floorspace contained in the Concept Plan will have an impact on the provision of services in the Wolli Creek area. A preliminary assessment can be made of the potential impact of these changes by examining the changed resident and working population on the Discovery Point site.

As previously indicated in Section 5 of this Report, it is likely that the working population on the Discovery Point site will be some -2,176 less than that which potentially would have eventuated under the existing Master Plan.

The existing Master Plan forecast the development of some 1,200 units across the overall site. We note that the Rockdale Section 94 Contributions Plan 2004 (Section 6.2.3) indicates in relation to Discovery Point it is assumed a maximum of 1,054 dwellings will be constructed on the site yielding a maximum residential population of 2,138 persons. According to this projection, the average occupancy rate of units would be 2.03 persons per dwelling.

This assumption of average dwelling occupancy contained in the Section 94 Plan is slightly below that found in Rockdale SLA at the 2006 Census. At the 2006 Census the average occupancy rate for flats/units and apartments in Rockdale SLA as a whole was 2.11 persons per dwelling.

As indicated in TABLE 6.1, to date some 311 units have been constructed (or are under construction) at Discovery Point. This would

yield a theoretical current population of 471 persons based on the 2006 Census dwelling occupancy rate.

TABLE 6.1
EXISTING NUMBER of UNITS, DISCOVERY POINT (No.)

Factors Dwellings	Studio/ One Bedroom	Two Bedroom	Three Bedroom	Total Dwellings	Potential Population
Existing/Under Construction	174	115	22	311	656
Source: Austra	aland, 2010.				

A further 1,200-1,500 units are proposed under the Concept Plan which would yield an additional population of 2,532 to 3,165 persons, giving a total potential population on the site of 3,188 to 3,821 persons. This analysis assumes that the units being constructed at Wolli Creek have in general the same average dwelling occupancies to those in Rockdale LGA at the 2006 Census (2.11 persons per dwelling).

Based on the analysis set out above, and adopting Australand's advice that some 1,200 units could be constructed under the current approved Master Plan, the potential ultimate residential population on the site compared with the current approved Master Plan and the proposed Concept Plan are as follows:

- current Master Plan ... 2,532 persons
- proposed Concept Plan (plus existing) ... 3,188-3,821 persons
- increase ... +656-1,289 persons.

6.2 Section 94 Plan Provisions

The Rockdale Section 94 Contributions Plan 2004 contains a number of assumptions about development in the WCRA to 2014. These assumptions are divided into the following categories:

- short term ... next three to five years
- medium term ... four to 10 years
- ▶ long term ... 10 years+ (beyond the life of the Plan).

The Plan also contains a number of assumptions which were utilised by Council to arrive at population projections for Wolli Creek (and on which the assessment of demand for services was based) namely:

- development of the area will be carried out in accordance with the zoning and other planning controls identified in the LEP
- development initially will be concentrated in the Railway Precinct (Discovery Point) and Precinct 1 under master plans previously approved by Council
- the area will not be fully developed during the life of the Section 94 Plan (10 years) but will require a longer time period (15 to 25 years)
- only 70% of the area's minimum commercial and retail floorspace requirements under the Plan ultimately will be developed, apart from 100% of the proposed commercial/retail space at Discovery Point and 35 Arncliffe Street

 the take-up rate for residential development is likely to be close to 100% of the maximum residential floorspace permissible under the current planning controls

a residential take-up rate of between 200 to 275 dwellings per year in the short term reducing to 160 to 220 per year in the medium to long term; and

estimated average annual increases in commercial and retail floorspace of about 7,500 sq.m. for the whole of the Rockdale City area throughout the life of the Section 94 Plan with a total increase to 2014 of 75,000 sq.m., the bulk of which would be located at Wolli Creek.

Additional relevant assumptions were made in the Plan with respect to average commercial occupancy rates and the mix of non-residential development. We note, in particular, that an average gross floorspace of 110 sq.m. per dwelling was assumed for Wolli Creek. This is considerably higher than that proposed in the Concept Plan.

In the Bates Smart Discovery Point Concept Plan which accompanies this application, the Plan GFA for residential is some 123,000 sq.m. (SIGFA) and the number of units yielded from this space is 1,200-1,500 units. Under this Plan the size of units would range from a minimum of 40 to 50 sq.m. for studio and one-bedroom units, a minimum 70 sq.m. for two-bedroom units to a minimum of 100 sq.m. for three-bedroom units.

In summary, it is likely that the Section 94 Plan has under-estimated the likely number of residential units to be developed at Wolli Creek in general and Discovery Point particular. Accordingly, the future

population resident in the WCRA following the development of such units will likely be higher than previously forecast.

In Table 6.1 of the Section 94 Plan (reproduced as TABLE 6.2 below), population projections for the WCRA are summarised. As indicated in TABLE 6.2, the estimated number of residents are as follows:

before 2004 ... 2,206 persons
 2004 to 2014 ... 4,458 persons
 after 2014 ... 950 persons
 ultimate development ... 7,600 persons.

TABLE 6.2 POPULATION PROJECTIONS for WOLLI CREEK REDEVELOPMENT AREA (No.)

Development Period	Dwellings	Residents	Workers	Total Persons
Development before 2004 (under previous contributions plans)	1,118	2,206	92	2,298
Development 2004 to 2014 (under this plan)	2,124	4,445	2,121	6,566
Development after 2014 (under future contributions plans)	450	950	5,000	5,950
Ultimate development	3,700	7,600	7,200	14,800
Source: Rockdale City Counci	l, 2004.			

What is immediately evident from the Plan is that it was based on the majority of the residential population having settled in the area by 2014 but the majority of the anticipated employment being generated after 2014.

It is very difficult to match the WCRA to the Census boundaries contained in the 2006 Census. The reason being that the

redevelopment area encompasses three Census Collector Districts (CCDs) in whole or in part namely:

- ► CCD1362611 (whole)
- CCD1362601 (includes parts of Arncliffe)
- CCD1362501 (includes parts of Turrella).

The estimated resident populations of these areas at the 2006 Census were:

► CCD1362611 ... 175 persons

► CCD1362601 ... 763 persons

• CCD1362501 ... 968 persons.

Assuming that all of CCD1362611 is within the redevelopment area and 75% of the other two CCDs are also within the area, the population of the WCRA in 2006 is likely to have been in the order of 1,473 persons. This is generally consistent with data provided by Council which indicate that by April, 2009 some 1,125 units had been constructed in the Wolli Creek area with the majority of these having been constructed between 2006-09.

Assuming an average occupancy of 2.11 persons per dwelling this would yield a population in 2009 of around 2,373 persons assuming 100% occupancy. There is, of course, a number of vacant units in this area, as in every development, hence the population may have been somewhat below 2,373 persons in 2009.

In summary, therefore, the population residing in the WCRA at present (2010) may be only slightly above that forecast to be in place before 2004. Given the rate of development to date it is extremely difficult to envisage that the resident population will reach 6,566 persons by 2014—an increase of +4,278 persons in a four year period.

Reaching such a population would require construction of some 2,027 units over the next four years or the completion of around 507 dwellings annually. Such a rate of development appears to be highly unlikely. Consequently it is improbable that the assumed population for the WCRA will be achieved by the time the Plan reaches its end, namely 2014.

In theory, the proposed Concept Plan–if it gives rise to an increased population residing at Discovery Point of +656 to +1,289 persons–would imply an +8.6% to +16.9% increase in the assumed population of the current Section 94 Plan.

Nevertheless, it is unlikely that even if the proposed Concept Plan is approved the assumed population will be reached by the end of the life of the Plan. Hence, the additional population envisaged under the Concept Plan would not have adverse implications for the provision of facilities for the resident population foreseen in the Section 94 Plan to 2014.

The current Section 94 Plan identifies a range of works to be undertaken in the Wolli Creek area and the provision of facilities to meet the needs of the future population. In relation to the latter, a multi-purpose community facility is the most important and would provide a range of services in one facility including:

- child-care
- community services management
- community meeting spaces information culture of educational and entertainment services

The current Section 94 Plan envisages that this facility will be provided within the life of the current plan even though it is intended to meet the

needs of the population which will not be fully established in the area until well after the life of the current plan.

The Section 94 plan also proposes a range of works associated with improving access and conditions for pedestrians and cyclists and other general local road improvements.

It is highly unlikely that the increase in population forecast for Discovery Point, particularly over the short term, will have any adverse effect on the operation of the proposed multi-purpose community centre. The proposed population in the Wolli Creek area will be substantially less than that forecast under the current Section 94 Plan and hence will not place any adverse strain on the proposed facility. A similar comment applies to the proposed physical works related to roads, pedestrian and cyclists facilities for the Wolli Creek area.

Given that residential development in the Wolli Creek area is likely to produce more units in Wolli Creek than currently envisaged in the Section 94 Plan, at an appropriate time Council will need to revise this Plan so as to "reset" the design population for Wolli Creek and potentially the level of contributions and the facilities to be provided for the future population in the area.



SOCIAL IMPACT

The increase in population projected for the Discovery Point site arising from the Concept Plan (of up to 1,289 persons) is unlikely to give rise to adverse social impacts. In a broad sense, additional population on the site in close proximity to public transport will provide an opportunity for a greater number of people to live in a transport-oriented residential environment in close proximity to major work centres including the Airport, Mascot, Port Botany, the Sydney CBD and Hurstville.

The additional population on the site arising from the Concept Plan will also assist in underwriting the provision of services—both retail and non-retail—to existing and future residents and assist in providing a greater critical mass of population which will underwrite the provision of entertainment and leisure-oriented facilities including restaurants, cafés and the like. These latter types of uses are those specifically proposed in the first stages of the Concept Plan.

Although the population of the Wolli Creek area at the 2006 Census was still small, Census data does suggest that new residents being attracted to the area are as a group atypical compared with the Sydney Region as a whole. For instance, the population residing in CCD 1362611 (Discovery Point and adjacent areas) in 2006 had a very youthful profile. Overall 36.7% of the population was aged between 20-29 years with a further 32.9% aged between 30-40 years. There were very few residents under 10 years of age (7.5%) and no residents over the age of 54 years.

At the 2006 Census, almost two thirds (61%) of households were traditional family households (that is, couples with dependent children)

while 39.0% were non-family households (that is, mostly lone persons or groups). Of the family households the majority (61%) were couples without children with the majority of these being couples aged between

25-34 years.

Up until mid-2006 at least, the Wolli Creek area was attracting residents

who are somewhat ethnically diverse. For instance, in 2006 41.0% of

residents spoke English only at home, while the next most prominent

language group spoken at home were Chinese languages (17.0%). This

emphasises that community facilities which are to be provided in Wolli

Creek in the future need to be sensitive to the predominant ethnic

subgroups which may establish in the area over time.

Residents of Wolli Creek had a high level of workforce participation and

thus a below average level of unemployment in 2006. In total 31.0% of

those in the workforce were employed in professional occupations, a

further 10.0% in managerial positions and 20.0% in clerical or

administrative positions.

Family incomes in Wolli Creek in 2006 were relatively high. Overall,

27.0% had household incomes in excess of \$104,000 per annum

(\$2006). This compares to an average household income in the SSD in

2006 of \$73,724 per household per annum.

An obvious reflection of the demography the area-namely youthful,

relatively well-educated with high levels of employment and income -

is that fully 81.5% of dwellings at Wolli Creek had internet connections

in 2006. This compares to 66.0% in Sydney as a whole in 2006.

It is likely that the singular demography of the area evident at the 2006

Census will be reinforced as additional residential development is

undertaken in the area. Similar demographic trends are evident in those

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residential markets with a greater history of residential development than Wolli Creek, namely Zetland, Alexandria, St Leonards, Rhodes et cetera.

In summary to date it appears that Wolli Creek has attracted a population which can be described in terms of the following markers:

- young
- well resourced
- educated
- well connected to national and global information sources.

Such residents are unlikely to make substantial claims on community support services at least in the foreseeable future. Accordingly an increase in population on the site is unlikely to introduce a population who may be disadvantaged or by virtue of their socio economic characteristics make a substantial claim on community support services.

In any event, in relation to the proposed community facilities to be provided in Wolli Creek, as noted in Section 6 of this Report, it is unlikely that the additional population of up to 1,289 persons on the Discovery Point site will place any strain on the development of the proposed multi-purpose community facility, the existing and proposed open space facilities and the works related to roads, pedestrian and cyclist facilities.



CONCLUSION

The proposed changes to the mix of retail, commercial and residential floorspace at Wolli Creek are, in our opinion, an appropriate response to changing market conditions and demographic trends.

The commercial and retail landscape has altered significantly since development plans for Discovery Point were first formulated. Increased retail competition on adjacent sites at Wolli Creek and at Marrickville is almost certain to render existing plans for up to 14,000 sq.m. (RGFA) of retail floorspace unviable. Accordingly, a lesser provision of around 4,000 sq.m. (SIGFA) is appropriate.

In relation to commercial office space proposed for this site, it is clear that existing plans for major office development adjacent to the Station are not feasible in technical or market terms. In addition, competition from other nearby localities including Hurstville (which is discounting rents) and emerging suburban office markets such as Macquarie Park, Rhodes, Homebush and Mascot which have similar or better locational attributes places office-based development at Wolli Creek at a substantial disadvantage. Furthermore, future development at Sydney Airport and Cooks Cove will also erode any commercial advantages that Wolli Creek may have had.

In relation to residential development, demographic trends are resulting in an increased demand for one and two bedroom multi unit dwellings and a revised mix of dwellings on the Discovery Point site is an appropriate response to this. The proposal to increase the component of residential floorspace on the site is an appropriate response to the diminished feasibility of retail and commercial development as outlined in this Report.

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Given the proposed number of dwellings under the Concept Plan is not

substantially higher than that under the approved Master Plan, the

proposal to provide additional residential floorspace will not distort the

local residential market.

Importantly the proposed changes do not have significant adverse

economic effects. The reduction in non residential floorspace implied

by the Concept Plan (compared to the existing master plan) does not

mean that a subregional employment target of 13,000 additional jobs

in Rockdale will not be able to be achieved.

Achieving Council's local objective of 7,000 jobs in Wolli Creek over

the longer term may be more difficult and will be relied upon intense

office based development occurring in the area to the south of

Discovery Point which is currently deferred from the current LEP.

The addition of up to 1,289 residents on the Discovery Point site is not

significant in terms of the existing Section 94 Plan which runs to 2014.

It is clear that both workforce and residential targets set out in that Plan

will not be achieved by 2014. As a consequence additional residential

development at Discovery Point in this time frame will not place

adverse strains on the provision of local infrastructure.

In addition there are no obvious adverse social implications from an

expansion of the resident population at Discovery Point but a number

of benefits. It is clear that Wolli Creek is attracting a young educated

and well resourced population who are unlikely to make any significant

demands on local support services in the foreseeable future.

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