

# Macquarie Village Economic Impact Assessment

PREPARED FOR

Stamford Property Services Pty  
Limited

Final Report

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## LIST OF ABBREVIATIONS

Australian Bureau of Statistics	ABS
Australian and New Zealand Standard Industrial Classification	ANZSIC
Bureau of Transport Statistics	BTS
Census Collection District	CCD
Development Application	DA
Development Control Plan	DCP
Economic Impact Assessment	EIA
Floor space Ratio	FSR
Greater Metropolitan Area	GMA
Gross Domestic Product	GDP
Gross Floor Area	GFA
Gross Lettable Area	GLA
Local Environmental Plan	LEP
Local Government Area	LGA
Land Quotient	LQ
Moving Area Turnover	MAT
NSW Department of Planning	DoP
Social Impact Assessment	SIA
Statistical District	SD
Statistical Local Area	SLA
Transport Data Centre	TDC

## DEFINITION OF TERMS

**Census Collection District (CCD)** – the smallest geographic area defined in the Australian Standard Geographical Classification (ASGC). It can be defined as an area which one census collector can cover delivering and collecting census forms in a specified period. On average there are about 150 - 250 dwellings per CCD.

**Travel Zone** – a small geographic area used as the basis for Transport Data Centre (TDC) modelling and data analysis. Travel Zones provide a level of analysis between Census Collection District (CD) and Statistical Local Areas (SLA) as defined by the Australian Bureau of Statistics.

# 1. INTRODUCTION

The following Economic Impact Assessment (the Study) has been prepared in relation to Stamford Property Services Pty Limited (Stamford) proposals to redevelop the existing Stamford Grand Hotel at 110-114 Herring Road, North Ryde for Concept Plan and Stage 1 Project Application proposing a residential development with a component of mixed uses.

The Study will consider the issues which arise over the loss of jobs from the existing hotel use of the site, the appropriateness of commercial/retail floorspace in this location and the acceptable quantum of commercial/retail floorspace which could be accommodated.

## 1.1 Proposed Development Description

The Concept Plan and Stage 1 Project Application relates to the redevelopment of the existing hotel. The proposed redevelopment is predominantly residential (approximately 55,870sqm GFA or 625 units) incorporating ancillary commercial/retail space at ground floor level, centred on a plaza with frontage to Herring Road and the proposed road that runs along the northern boundary of the Site.

Figure 1 - Site Location



Source: Alan Jack and Cottier, June 2010

## 1.2 Scope of the Study

This Study will explore the economic implications of the Concept Plan and Stage 1 Project Application and will consider what uses, in addition to residential, may be appropriate in this location. The Study will focus on commercial/retail floorspace over the period to 2016 i.e. the short to medium term. Although longer term trends are considered beyond 2016, the Study focuses on the period to 2016 as any redevelopment should be justifiable in the short to medium term timeframe to ensure robust findings. Looking beyond 2016 reduces the statistical reliability of our recommendations.

The study area which we will use to examine population and employment is based on an 800 metre radius or an approximated 10 minute walk. As any new commercial/retail floorspace provided in this location is intended to serve a local catchment only, given the size of the site and its physical location, this study area is considered a reasonable distance that most people would be prepared to walk to use local facilities.

## 1.3 Structure of the Report

This Study is set out in the following manner:

- Chapter 2 considers the strategic policy background relevant to this proposal and includes an examination of planned developments within the vicinity of the site;
- Chapter 3 analyses the forecast increase in population and employment within the area surrounding the site over the next 25 years;
- Chapter 4 provides a review of market sectors including the existing hotel use and other alternative uses which could be accommodated on the site;
- Chapter 5 comprises a detailed assessment of the quantum and nature of non-residential uses which could be provided on site;
- Chapter 6 considers additional likely economic impacts of the Concept Plan and Stage 1 Project Application;
- Chapter 7 summarises our key findings; and
- Chapter 8 concludes the report.



## 2. STRATEGIC CONTEXT

A full summary of planning policy is contained elsewhere in the documents submitted with this Concept Plan and Stage 1 Project Application. As such, this Chapter considers only those policies and planning objectives which are of direct relevance to this Study and in particular those relating to commercial/retail and employment issues.

### 2.1 Key Planning Policy Objectives

The Metropolitan Strategy was prepared to facilitate the growth and development of Sydney as a Global City over a 25 year period. It forecasts that Sydney's population will grow by 1.1m people from 4.2m to 5.3m by 2031 (from a base year of 2004).

A series of strategies within the Metropolitan Strategy identify actions for implementation. Of particular relevance to this EIA is the following:

- **Centres and Corridors:** The City of Cities strategy advocates development in centres and along corridors. This is to ensure that all types of economic activity and employment can be provided across the Sydney region (Action B1). A key driver behind the principle of encouraging growth in centres and along corridors is the ability to encourage non car borne journeys, by concentrating activities near public transport (Action B4).



In terms of transportation, the increased amount of residents will strengthen the viability of the new Chatswood – Epping rail link and supports the objective of the Metropolitan Strategy to plan for a housing mix near jobs, transport and services and the objectives of the State Plan to provide more jobs closer to home.

Macquarie Park itself is nominated as a Specialised Centre under the Metropolitan Strategy and the northern anchor of the Global Economic Corridor, which stretches from Sydney Airport and Port Botany to Macquarie Park. The Global Economic Corridor accommodated about 700,000 jobs in 2001 and this is expected to grow to 850,000 by 2031.

#### The Metropolitan Plan for Sydney 2036

The recently adopted Metropolitan Plan establishes a number of strategies to enable the Greater Metropolitan Region to respond to new challenges including revised population targets, housing affordability, the Global Financial Crisis and climate change. The targets contained within the Metropolitan Plan and the period it covers have been realigned with those set out in the Metropolitan Transport Plan. Together these two plans will guide the Subregional Strategies which will also be progressively revised, albeit they have not yet been adopted.



The Metropolitan Plan focuses on achieving 760,000 new jobs and 770,000 more homes, together with associated improvements to transport and infrastructure. Importantly both parts of the strategy recognise that development,

or growth, should take place in the right locations and more specifically, within existing urban areas with good access to public transport. In this respect the paper identifies that:

*“Rail and Strategic bus corridors will play a key role unlocking social and economic value of all the local centres (Neighborhoods, Villages and Towns)...”*

The Plan sets out a number of strategic directions, objectives and actions. Of particular relevance are directions to improve the capacity of Sydney to accommodate:

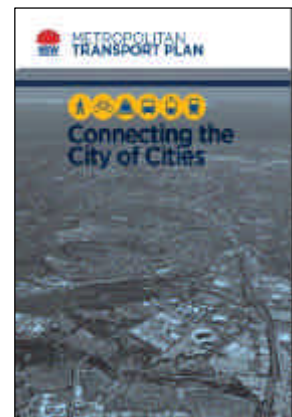
- More jobs, with a focus on locating jobs closer to where people live and housing closer to jobs. Reducing the need to commute will result in *“significant lifestyle benefits”*; and
- Encouraging urban renewal and building communities through redevelopment. The Paper states that urban renewal is about *“transforming under-used or dilapidated areas”*. The review emphasises mixed use development as a key strategy to encourage the vitality of centres, promote social cohesion and develop sustainable living practices. Existing centres are to be the focus for urban renewal.

### **Metropolitan Transport Plan (2010)**

The Metropolitan Transport Plan, Connecting the City of Cities, sets out a 25 year vision for Sydney's transport planning and is supported by a 10 year funded package of transport infrastructure. The Plan is intended to be read in conjunction with the Metropolitan Plan.

Key to this assessment is the vision that,

*“Much of Sydney's growth challenge will be met by making the most of the city's existing urban areas. New housing, workplaces, public spaces and improved transport will be integrated to achieve genuine renewal.”*



Under the Plan, the State Government will set up a Sydney Metropolitan Development Authority to coordinate future transit-oriented development and urban renewal.

The Metropolitan Transport Plan uses the NSW Department of Planning's (DoP) latest employment and dwelling targets for the Sydney Metropolitan Region over the period from 2006-2036. To accommodate the forecast population growth, Sydney is likely to require the development of 699,800 dwellings and generate an additional 713,920 jobs by 2036. It is envisaged that between 2006 and 2036 the Inner North sub region will need to plan for an additional 39,400 dwellings and 51,350 jobs.

**Figure 2 - Revised Dwelling and Employment Projections 2006- 2036**

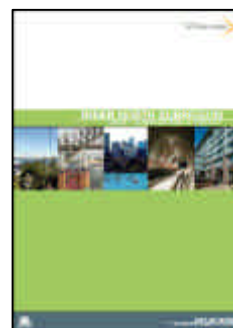
SUBREGION	ADDITIONAL DWELLINGS	ADDITIONAL EMPLOYMENT CAPACITY
East	25,800	31,850
North East	20,400	23,490
<b>Inner North</b>	<b>39,400</b>	<b>51,350</b>
North	26,600	19,540
South	52,900	47,530
South West	179,200	105,150
North West	163,700	166,160
West Central	91,500	113,170
Inner West	37,300	25,100
City of Sydney	63,000	130,580
	<b>699,800</b>	<b>713,920</b>

Source: NSW Department of Planning

**Draft Inner North Sub Regional Strategy**

The Draft Inner North Sub Regional Strategy sets a housing stock target of an additional 30,000 dwellings within the Inner North Subregion by 2031 of which 12,000 dwellings are to be accommodated within the City of Ryde LGA. In terms of employment, the Strategy sets a target of over 22,500 jobs to be created in Macquarie Park by 2031.

In the urban hierarchy within the Inner North Sub Region, Macquarie Park sits below North Sydney (Global City) and Chatswood (Major Centre) and alongside St Leonards as a Specialised Centre. Specialised Centres are expected to perform a vital economic and employment role which will generate metropolitan-wide benefits.



The Concept Plan and Stage 1 Project Application complements the significant amount of commercial development that is planned in the area, by allowing a greater number of residents to live closer to their place of work and by providing locally accessible commercial/retail facilities.

**Ryde LEP (2010)**

In considering the Ryde LEP, we note that they are not applicable, however are required to be considered in accordance with good planning practice, and the DGRs. The Minister for Planning is not bound by the provisions of an environmental planning instrument, other than a State Environmental Planning Policy in determining an application for a major project (section 75R(3)). In the giving of approval for a Concept Plan the Minister may take into account (but is not required to) the provisions of any environmental planning instrument that would apply but for the application of section 75R. Despite this, the DGRs require the proposal to justify any proposed departures from the development standards in Ryde Council policies as they relate to the site.

The site is zoned B4 (Mixed Use) under Ryde LEP 2010. The objectives of this zone are:

- To provide a mixture of compatible land uses
- To integrate suitable business, office, residential, retail and other development in accessible locations so as to maximise public transport patronage and encourage walking and cycling (N.B this does not require a mixture of uses on a site by site basis but rather on a zone-wide basis).
- To create vibrant, active and safe communities and economically sound employment centres.
- To create safe and attractive environments for pedestrians.

- To recognise topography, landscape setting and unique location in design and land-use.

In principle the development of residential with ancillary commercial/retail uses on this site appears acceptable in planning terms given the mixed use zoning which applies, subject to associated issues regarding need, impact and other planning aims being satisfied.

### **Draft City of Ryde Employment Study (May 2010)**

The draft Employment Study will inform planning strategies and controls to support employment including the Local Environmental Plan (LEP).

In relation to Macquarie Park the draft City of Ryde Employment Study notes that through continued intensification and development which will support a vibrant mixed use centre, Macquarie Park is set to

*"become the 4th largest business district in the country, larger than Perth and Adelaide"*

This is based on its capacity to grow to approximately 1,250,000sqm by 2034. The Study acknowledges Macquarie Park as a hub for global companies as well as Small and Medium-sized Enterprises and supports its continued growth. One of the implications of this level of growth is that the future growth in white-collar jobs in Macquarie Park alone is likely to outpace population growth. This trend could have significant impacts on issues such as traffic congestion and the ability of existing companies to attract workers.

Macquarie Park is seen as prominent cluster for pharmaceutical and creative industries. This clustering is helping to reinforce the attractiveness of Macquarie Park by helping enterprises with common business objectives and outcomes to be competitive.

A new trend identified in the Study was the growth of home based (Micro) business estimated as making up about two-thirds of the State's small businesses. This is in part due to increased desire to work from home, to reduce overheads and costs and is more easily facilitated with technological advances such as broadband access. The draft Study specifically identifies small office / home office (SOHO) development as way to capture the economic benefits associated with this growing sector and encourages such uses in and around all commercial centres. Dual key apartments, defined as a self contained unit within an apartment that can be used as office accommodation is one model identified as working well. The Concept Plan and Stage 1 Project Application includes provision for approximately 35 SOHO apartments as part of the redevelopment scheme.

## **2.2 Emerging Developments**

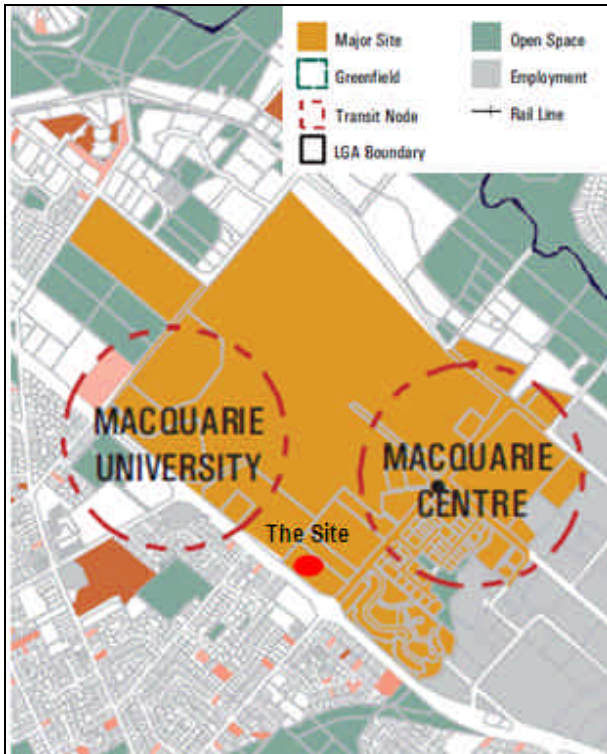
The area within which the site is located is predicted to experience significant growth and investment over the next 30 years with important implications for the site from an economic perspective. The supporting planning framework which relates to the planned growth in the surrounding area is examined below.

### **Inner North Sub Region, Metropolitan Development Program (2007/2008 and 2008/09)**

The Metropolitan Development Program is published by NSW Department of Planning (DoP) and contains up-to-date information on expected population increases within Sydney Statistical District (SD) taking into consideration planned residential development. The latest MDP was published in 2008/2009. Within this document the

Macquarie Park area is identified as a Major Site with two transport nodes defined within it; the Macquarie Centre and Macquarie University. The Site is located within the Major Site in between these two nodes as shown in the MDP extract below.

**Figure 3 - Macquarie Centre, Major Site**



Source: NSW Department of Planning Inner North Sub Region, Metropolitan Development Program, 2008/09

Within this area, the 2008/2009 MDP estimates a cumulative increase of 140 dwellings over the short term (to 2012/2013) and 6,473 dwellings over the medium term (10 years i.e. to 2018/2019). This is based on the following calculations:

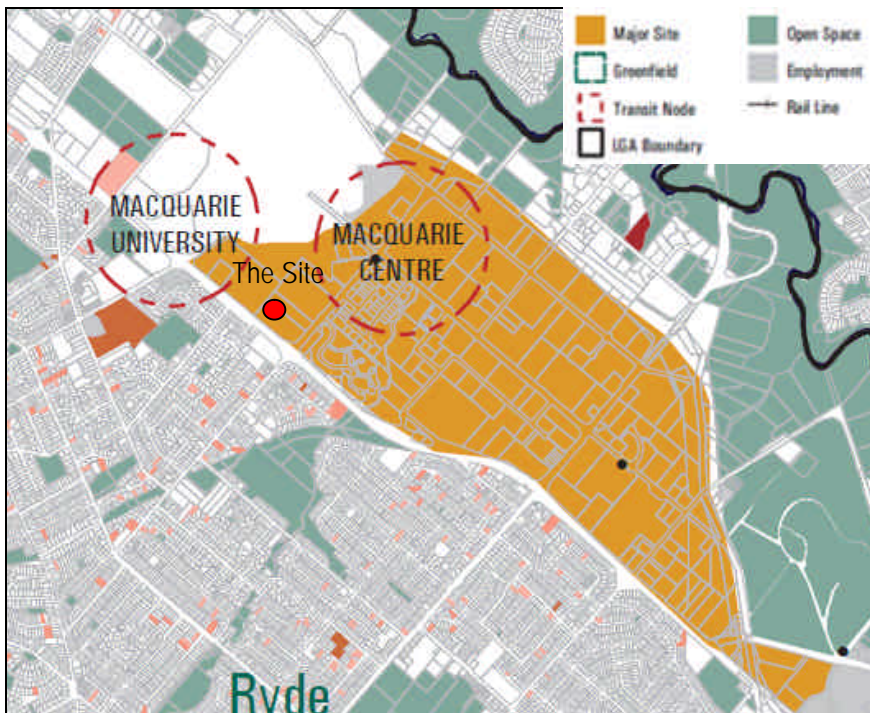
**Table 1 - 2008/09 Estimated dwelling increase in the Macquarie Centre Major Site**

	2012/2013	2018/2019
Macquarie Centre Transport Node	0	1,300
Macquarie University Transport Node	0	900
Macquarie Centre	140	4,133

Source: Metropolitan Development Program, 2008/09

We should note the Bureau of Transport Statistics (BTS) forecasts which inform the population projections within this report are based on the 2007/2008 MDP report. Within this document, the Macquarie Centre is identified as occupying a larger area of land than the "Macquarie Centre" Major Site examined in the 2008/2009 MDP. This larger 'Macquarie Park' Major Site is shown in Figure 4 below.



**Figure 4 - Macquarie Park Corridor, Major Site**

Source: NSW Department of Planning Inner North Sub Region, Metropolitan Development Program, 2007/08

The 2008/2009 forecasts provide for slightly less residential development with approximately 5,000 additional dwellings identified between 2007 and 2017.

It is helpful to benchmark these forecasts with those contained within the City of Ryde Section 94 Development Contributions Plan (2007) which plans for an additional 5,200 dwellings (or 13,280 residents) within the Macquarie Park Corridor over the next ten to fifteen years (as discussed below).

#### **Section 94 Development Contributions Plan (December 2007)**

In addition to the population projections outlined above, the S94 Plan also contains predictions on employment growth within the LGA and the Macquarie Park Corridor, based on predicted employment site development figures. Within the Macquarie Park Corridor the S94 Plan forecasts that employment floorspace will grow from 800,000 sqm in 2004 to 1,250,000 sqm in 2034, an increase of 450,000 sqm (or 56%) over the period.

This equates to an estimated increase in the number of workers in the Macquarie Park Corridor from 40,000 workers in 2004 to 62,500 workers in 2034, an increase of 56%. In particular the Business Park zoning specifically defined by the Macquarie Park Corridor is expected to accommodate the majority of employment floorspace growth in the LGA.

The S94 Plan notes that:

*"This increased worker population will create demand for additional facilities and infrastructure within each centre or employment area and across the LGA. This demand will not necessarily be for the same types of facilities as required for the resident population. For example the worker population will generate demand for some types of community facilities (such as child care) and not others (such as aged care and youth facilities)."*

More detail is provided within Hill PDA's Social Impact Assessment.

### 3. DEMOGRAPHIC PROFILE

To identify likely economic impacts it is essential to understand the characteristics of the local population and workforce. This Chapter provides an overview of the key demographic characteristics.

#### 3.1 Existing Demographics

A comprehensive demographic analysis for current residents of the Ryde LGA, based on the 2006 Census, is undertaken in the Social Impact Assessment which forms part of this DA. In this section of the EIA we will highlight the demographic indicators of direct interest to the economic issues of the Concept Plan and Stage 1 Project Application and the Development Application which will be submitted in Stage 2 in particular those concerning income and employment.

##### Demographic Characteristics

At the 2006 Census, the population of Ryde LGA was 96,948 persons. Over the period 2001 to 2006 the population of in the LGA 2.87%, which is lower than the population growth recorded in both the Sydney SD (4.34%) and NSW (3.77%). The rate of housing growth within Ryde LGA over the same period was 2.99%; less than half that recorded for Sydney SD and NSW.

In 2006 the average household size in Ryde LGA was 2.6 which is broadly similar to the average of 2.7 recorded for both the Sydney SD and NSW areas. The slightly lower figure recorded for the areas of influence is likely to reflect the growing propensity for young professionals choosing to reside in inner city locations as well as the ageing of the resident population. Indicatively, whilst the median age of residents within Ryde LGA (37 years) was consistent with that of the Sydney SD (36 years) and NSW (37 years), the proportion of the resident population under 15 years of age (16.68%) was significantly lower than the Sydney SD (19.54%) and NSW (19.83%). This population characteristic may be expected within an inner urban area as families tend to predominate in more suburban locations, particularly where there is an abundance of more traditional detached dwelling types (refer to Table 2 below).

Ryde LGA accommodates a growing range of cultures with the proportion of residents born in Australia and Oceania in the LGA (57.66%) being considerably less than in the Sydney SD (63.27%) and NSW (71.34%). The area's growing multiculturalism is exemplified by the fact that over the period 2001 to 2006 the proportion of the LGA's resident population born in Australian and Oceania declined from 62% to 58%. This demonstrates the increasing trend for overseas residents locating within Ryde LGA.

**Table 2 - Summary of General Demographics**

	Secondary	Sydney SD	NSW
Population growth 2001-2006	2.87%	4.34%	3.77%
No of Dwellings 2001-2006	2.99%	6.27%	6.11%
Average household size (2006)	2.6	2.7	2.7
Median Age	37	36	37
% of people under 15 years	16.68%	19.54%	19.83%
% of residents born Australia and Oceania	57.66%	63.27%	71.34%

Source: ABS 2001 and 2006 Census Data



## **Employment Profile**

2006 Census data indicates that the labour force in Ryde LGA is characterised as having lower unemployment rates (4.7) compared to Sydney SD (5.3%) and NSW (5.9%) and a stronger representation of Professionals (27.9% compared to 22.5% and 19.9% in Sydney SD/ NSW). The higher proportion of professionals within the LGA reflects the attractiveness of the area to professionals who choose to live in accessible locations (close to M2 and Macquarie University and Macquarie Park train stations) and their employment in locations within an easy commute to employment centres such as Macquarie Park, North Ryde, Chatswood, North Sydney and Sydney CBD.

The proportion of Sales Workers within Ryde LGA is also higher than in Sydney SD and NSW, likely to be influenced by the presence of Macquarie Centre (the Specialised Centre).

**Table 3 - Labour Force Characteristics of Area of Influence Resident Workforce 2006**

Industry	Ryde LGA	Sydney SD	NSW
Managers	13.1%	12.5%	12.8%
Professionals	27.9%	22.5%	19.9%
Community & Personal Services Workers	10.8%	12.0%	12.8%
Clerical and Administrative Workers	6.8%	7.6%	8.1%
Sales Workers	16.8%	15.8%	14.5%
Technicians & Trade Workers	8.6%	9.0%	9.1%
Machinery Operators & Drivers	3.2%	5.7%	6.1%
Labourers & Related Workers	6.3%	7.6%	9.0%
Inadequately described or N.S.	1.7%	2.0%	1.8%
Unemployed	4.7%	5.3%	5.9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: ABS Census 2006

## **Income Profile**

At the 2006 census, the median weekly household income of the Ryde LGA (\$1,158) was slightly higher than those recorded in Sydney SD (\$1,154) but significantly higher than that for NSW (\$1,035). Notwithstanding this, the proportion of households earning \$1,500 dollars or more in the Ryde LGA (24.0%) was lower than in Sydney SD (24.6%) although it was higher than in NSW (20.3%). Nearly three-quarters (72.9%) of households in Ryde LGA earn within the middle and lower income brackets (i.e. less than \$1,500 per week) which is not surprising given the presence of student accommodation and social housing in the LGA.

**Table 4 - Weekly Household Incomes 2006**

Weekly Household Income Bracket	Ryde LGA	Sydney SD	NSW
\$0-\$299	14.0%	12.8%	14.9%
\$300-\$599	17.1%	17.9%	21.2%
\$600-\$999	20.2%	20.8%	21.5%
\$1,000-\$1,499	21.6%	21.2%	19.1%
\$1,500-\$1,999	17.0%	16.0%	12.0%
\$2,000+	8.0%	8.6%	8.3%
Partial income stated	2.1%	2.7%	2.9%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Median</b>	<b>\$1,158</b>	<b>\$1,154</b>	<b>\$1,035</b>

Source: ABS Census Data 2006

## 3.2 Future Demography

The type of residential properties being proposed in this scheme will influence the demographic profile of future residents. The units are predominately one and two bedroom which will appeal to lone persons and families without children. It is likely that these will be occupied by young professional singles or couples in the main, together with a smaller proportion of older citizens with no dependent children living at home. We would expect the majority of professional residents to work either in Sydney CBD and the North Shore, taking advantage of the train links to the city provided at Macquarie Park, or work in commercial buildings within Macquarie Park itself. In order to gain a more accurate insight into the likely future demographic makeup of the future resident population we can examine comparable housing schemes locally.

Over the last ten years there has been significant residential development at Meadowbank in the south of the City of Ryde LGA. Waterpoint is a high rise, high density development of some 800 residential units. It is located 20 minutes from the Sydney CBD by train and 5 minutes from the M2 and M4 motorways. On this basis, in terms of the nature of development and its accessibility it is considered comparable to the proposed scheme at Herring Road and likely to attract a similar demographic. We can therefore examine the 2006 Census to determine what changes are likely to occur in the demographic make-up of the Herring Road local area as a result of the redevelopment of this site.

2006 Census data attained from the collection district which includes the Waterpoint development (CD 1380509) indicates that the median income of households is \$1,704 per week. This compares to an average of \$1,158 in the Ryde LGA and \$1,154 in Sydney SD. The majority of residents (57.3%) are either 'managers' or 'professionals', compared 41% in Ryde LGA and 35.0% in Sydney SD. Within the Waterpoint CD the median age of residents was recorded as being 31, compared to 37 in Ryde LGA. Data relating to the Waterpoint CD also indicates that 11.0% of residents are aged below 15 years, compared to 16.7% in Ryde LGA and 19.5% in Sydney SD.

As a result it can be deduced that future residents of the proposed scheme are likely to be affluent with above average weekly household incomes, be predominately employment within white collar professional sectors and be relatively young. Furthermore, they are less likely to have children than residents in the wider Ryde LGA and Sydney SD areas. We should also note that as the residential units which form the Waterpoint development were released in a number of stages so some units were sold and occupied post 2006. As such the demographic trends

identified above will be even more pronounced today. We can assume therefore that affluent young professionals will dominate the demographic profile of future residents.

### 3.3 Residential Growth

The ABS conservatively forecasts that the Sydney Metropolitan Area will gain an additional 1.5 million residents by 2036 thus raising concerns as to how and where Sydney could grow to accommodate this growth. The higher end of the forecast is 1.9 million additional residents by 2036. The DoP is using the midpoint of these forecasts (1.7m) for the review of the Metropolitan Plan and the subsequent review of the dwelling targets for each of Sydney's Subregions. The target established for the Inner North Sub-region by the Metropolitan Strategy 2005 was 39,400 dwellings by 2036.

Table 5 below demonstrates the forecast growth in population within an 800 metre/ 10 minute walk-time around the Site and compares this to the City of Ryde LGA and Sydney SD projections. For the purposes of the Study an 800 metre catchment can be considered a local catchment area within which people will be prepared to walk to the redeveloped site and therefore for economic purposes it is a suitable area within which to assess future population change.

**Table 5 - Estimated Resident Population Growth**

					Change in Population		Compounded Annual Growth Rate	
	2006	2016	2026	2036	2006-2016	2006-2036	2006-2016	2006-2036
Primary TA*	5,973	7,009	8,182	9,421	1,036	3,448	1.61%	1.53%
Ryde LGA	100,962	111,340	122,416	133,934	10,378	32,972	0.98%	0.95%
Sydney SD	4,281,928	4,822,015	5,394,548	5,982,064	540,087	1,700,136	1.19%	1.12%

\* Population growth has been based on apportioning BTS travel zones to the 800 metre catchment

Source: ABS, NSW Government

Table 5 indicates that the resident population within the immediate 800 metre catchment of the application site could increase by an estimated 1,036 persons over the period 2006 to 2016 and by 3,448 persons over the period 2006-2036, according to data provided by BTS. This equates to a per annum growth rate of 1.61% between 2006 and 2016 and 1.53% between 2006 and 2036. This is a high level of population growth and is significantly above the averages for Ryde LGA and Sydney SD. A high rate of population growth in this location aligns well with the State-wide objectives of integrated transport and land use planning.

It should be noted that the BTS figures are based on the forecast population growth rates derived from the Metropolitan Development Plan for 2007/2008. As discussed previously this document has now been updated and the 2008/2009 MDP and Hill PDA's own desktop research identifies a greater increase in the number of dwellings however, to ensure robust findings Hill PDA's retail analysis is based on the lower level of growth. This forecast level of population increase is important to the local economy in and around the site.

The presence of so many new residents would significantly increase the quantum of expenditure available to support local shopping facilities and other businesses in the area. In addition, it would increase the supply of workers needed for local businesses. On this basis, the increased resident population in the area would support

business growth and development within Macquarie Park and help to manage the number of car borne journeys made by workers.

### 3.4 Employment Growth

As indicated above a significant amount of employment growth is planned for the Macquarie Park Corridor of which the Site forms part. Major employers within the immediate vicinity of the site include Macquarie University, which employed approximately 5,000 teaching and administrative workers at 2008, and Optus which employs circa 6,500 staff. This is in addition to the Macquarie Centre which employs around 1,400 persons in the retail trade sector.

Table 6 below identifies the employment growth forecast by sector within the 800 metre catchment based on data collected by the BTS. This indicates that over the 2006 to 2016 period the number of workers within this area will increase from 20,008 workers in 2006 to 25,770 workers in 2016, an increase of 5,762 workers (or 29%) over the period. An increase in job numbers is forecast for almost all employment sectors, with the greatest increases in terms of job numbers predicted for the Information Media and Telecommunications sector (growth of 2,934 workers or 220%) and Retail Trade (780 workers or 31%).

**Table 6 - Employment Growth in the Trade Area by Industry 2006 - 2016**

Industry	2006	2016	Change	% Change	Annual Growth
Agriculture, Forestry and Fishing	34	31	-3	-9%	-0.31%
Mining	9	5	-3	-37%	-1.53%
Manufacturing	1,358	1,395	37	3%	0.09%
Electricity, Gas, Water and Waste Services	110	139	29	27%	0.79%
Construction	1,250	1,210	-39	-3%	-0.11%
Wholesale Trade	2,822	3,259	436	15%	0.48%
<b>Retail Trade</b>	<b>2,488</b>	<b>3,268</b>	<b>780</b>	<b>31%</b>	<b>0.91%</b>
Accommodation and Food Services	749	966	216	29%	0.85%
Transport, Postal and Warehousing	269	303	34	13%	0.40%
<b>Information Media and Telecommunications</b>	<b>1,332</b>	<b>4,266</b>	<b>2,934</b>	<b>220%</b>	<b>3.96%</b>
Financial and Insurance Services	290	228	-62	-21%	-0.80%
Rental, Hiring and Real Estate Services	106	121	16	15%	0.46%
Professional, Scientific and Technical Services	2,107	2,467	360	17%	0.53%
Administrative and Support Services	193	126	-67	-35%	-1.41%
Public Administration and Safety	116	81	-35	-30%	-1.20%
Education and Training	3,002	3,181	179	6%	0.19%
Health Care and Social Assistance	2,100	2,605	505	24%	0.72%
Arts and Recreation Services	80	127	47	59%	1.56%
Other Services	674	861	187	28%	0.82%
Unclassified	920	1,131	210	23%	0.69%
<b>Total Employment</b>	<b>20,008</b>	<b>25,770</b>	<b>5,762</b>	<b>29%</b>	<b>0.85%</b>

Source: BTS Employment Forecasts October 2009 Release – Highlighted to emphasise key growth sectors

The growth in jobs identified above appears consistent with the identified developments within the catchment area. This includes the Macquarie University which has had recent Concept Plan approval for over \$1billion in development which will lead to a significant growth in employment predominately in the commercial and Research and Development sectors. Several more growth stages of the university are also planned which will include over

600,000sqm of additional floorspace for the accommodation of up to 55,000 Macquarie University staff and students by 2031<sup>1</sup>. In addition the expansion plans for the Macquarie Centre, which will see further 35,000 sqm of retail floorspace provided, will create a significant number of additional jobs in the catchment.

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<sup>1</sup> City of Ryde Employment Study May 2010

## 4. MARKET REVIEW

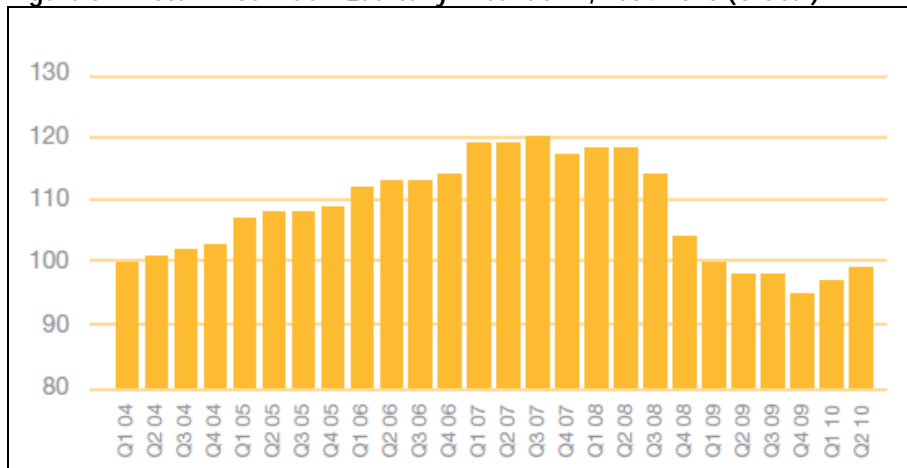
This Chapter provides an overview of the market context for the commercial/retail uses appropriate to this EIA. This is an important element of the Study as to be sustainable there needs to be both the need and market demand for commercial uses.

### 4.1 Hotel Sector

#### Global Trends

The hotel sector globally has suffered as a result of the GFC although some signs suggest that the downward trend in room pricing has stabilised and may be beginning to recover. Figure 5 below provides a quarterly breakdown of the price of hotel rooms globally based on data published in the Hotel Price Index.

**Figure 5 - Hotel Price Index Quarterly Breakdown, 2004-2010 (Global)**

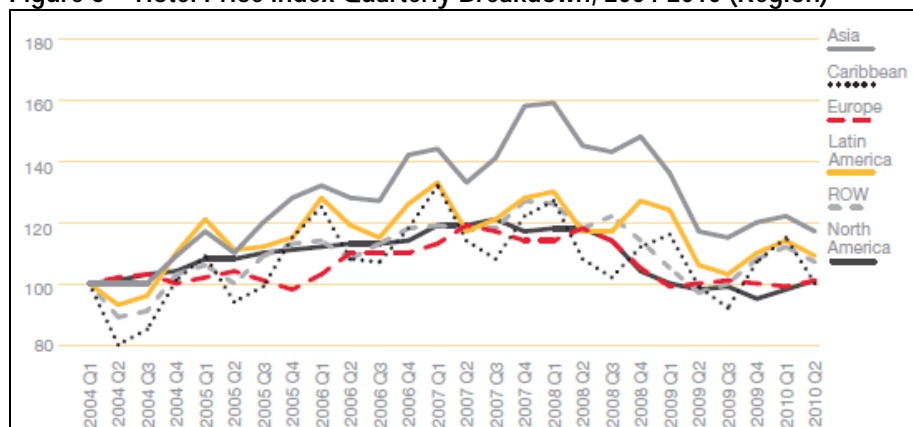


N.B Hotel pricing in Great British Pounds (GBP)

Source: The Hotel Price Index, Review of global hotel prices: Summer 2010

Figure 5 shows there has been a general decline in hotel prices since 2007, which reached a low in Q4 2009. Prices have begun to rise since then and have risen 2% globally but remain well below the highs achieved during 2007 indicating that there is some way to go before room rents return to their previous levels. Business capitals of the world such as New York, London and Singapore are seeing significant price rises again however this is not mirrored in all cities with some continuing to perform poorly and witness declining prices.

Figure 6 demonstrates the change in hotel pricing in different continents around the world, with Asia performing strongest. Hotel prices in all parts of the world have suffered significantly as a result of the GFC, and hotel prices have fluctuated throughout the globe over the 2004 to 2010 period.

**Figure 6 - Hotel Price Index Quarterly Breakdown, 2004-2010 (Region)**

N.B Hotel pricing in Great British Pounds (GBP)

Source: The Hotel Price Index, Review of global hotel prices: Summer 2010

### Sydney Trends

Focusing on Sydney, prices of hotel rooms across the city have risen by 6% between Q2 2009 and Q2 2010 indicating better than average growth. Current occupancy of hotel rooms in the Sydney Metropolitan area is at around 85.8%, suggesting that there is excess capacity in the hotel sector.

Evidence suggests that top end hotels are still suffering as a result of the GFC with 5\* City Centre locations lowering room rates to around \$180-\$200 and capturing increased share of the corporate market from the previously more affordable suburban locations (such as North Ryde) as a result. City centre hotels are well placed to capture the corporate market is the main driver of the current hotel market having good access by train from the airport and to the wider area and allowing easy access to the CBD. As the Australian market improves it is likely that corporate hotel rooms could see some resurgence.

Serviced apartments are increasingly providing attractive and affordable alternative accommodation replacing the traditional hotel rooms so long as such serviced accommodation provides meals, normally through the leasing of a ground-floor restaurant. Quest and Meriton are particularly active in these areas, with locations around the city centre and in the suburbs, including the Quest North Ryde serviced apartments on Delhi Road, and new apartment-hotels continuing to come online. Nightly rents start at \$150 and these types of serviced accommodation are proving increasingly popular with corporate clients.

### The Stamford Grand, North Ryde

Pre-GFC the occupancy rate for the Stamford Grand North Ryde (SGNR) was around 75% with an average room rate of \$210. These rates have continued to decline and the SGNR currently has an average occupancy rate of just 60% which is well below the Sydney wide average for hotels of a similar scale, despite offering lower room rates than the Sydney CBD (the average SGNR room rate is now around \$120 per night). The drop in rates can in part be linked to the age and design of the hotel. Being more than 20 years old the layout is dated and the building is reaching the end of its useful life with the amount of maintenance required increasing with cost and disruption implications.

Historically the SGNR has relied upon corporate clients for the majority of their business however there has been a substantial shift. Hotel management estimates that previously 70% of business came from corporate clients, but

this has declined to around 30% post-GFC. Corporate customers now have the choice of other, more modern and better serviced hotels locally, such as the Quest serviced apartments and the Travel Lodge, and the demands of corporate customers have changed. The resort style accommodation provided by hotels such as the SGNR is no longer sought by corporate clients.

Another factor influencing the declining corporate trade is the lack of demand for the conference and ancillary facilities provided at the SGNR with larger commercial operators within the local area such as Astra Zeneca and Optus using internal conference facilities.

As a result the SGNR is increasingly reliant on the inbound tourist market for trade which now accounts for approximately 70% of total trade. Such tourism customers command a lower room rate of around \$120 compared to around \$180- 185 for corporate customers, and it is the tourist market which is being particularly hard hit by the strength of the Australian dollar, making currency conversions for tourists increasingly expensive.

It is becoming difficult for the SGNR to provide the quality of accommodation associated with the brand and required to compete with the newer hotels and serviced apartments that have come online within the Macquarie Park Corridor. As such their share of the corporate market (and the associated higher room rates) has declined. The opening of the Quest North Ryde and Travel Lodge for example has inevitably led to a direct decline in trade directed towards the Stamford Grand. Prior to other competitor hotels opening within the vicinity of the site the occupancy rate achieved by the hotel was around 90%.

A preliminary assessment of the five closest hotels to Macquarie Park suggests there are around 830 rooms available in close proximity to Macquarie Park, of which the SGNR accounts for 256 rooms. The other four hotels located around the Macquarie Park Corridor comprise:

- Macquarie Graduate School of Management (40 rooms) ;
- Marriot Courtyard North Ryde (188 rooms);
- Travel lodge (120 rooms);
- Quest Hotel (173 apartments); and
- Medina Hotel (57 apartments).

As such, the redevelopment of this site as proposed would result in the loss of approximately 30% of the hotel rooms currently provided in the area. However, as indicated the hotel is not currently attracting the corporate clients required to sustain a viable business and the hotel is achieving only 60% average room occupancy therefore the real loss in rooms would be closer to 18.5%. Furthermore, as previously noted the SGNR currently relies on corporate clients for only 30% of their business. As such, any potential impact of the closure of this hotel facility for corporations located nearby will be even less pronounced (around only 5% of total supply of rooms currently available) and is unlikely to hinder the planned growth of Macquarie Park.

This loss should also be considered in the context of the Sydney Metropolitan Area where we have identified capacity of rooms.

In our view, based on this analysis the proposed redevelopment scheme would not have a significant impact upon the availability of rooms for corporate and tourist visitors to the Macquarie Park area. Even if the hotel market



does improve the SGNR site is not well placed to capture this increase level of demand due to its dated layout and condition, and the increasing preference of corporate clients for serviced apartments and CBD locations.

## 4.2 Offices

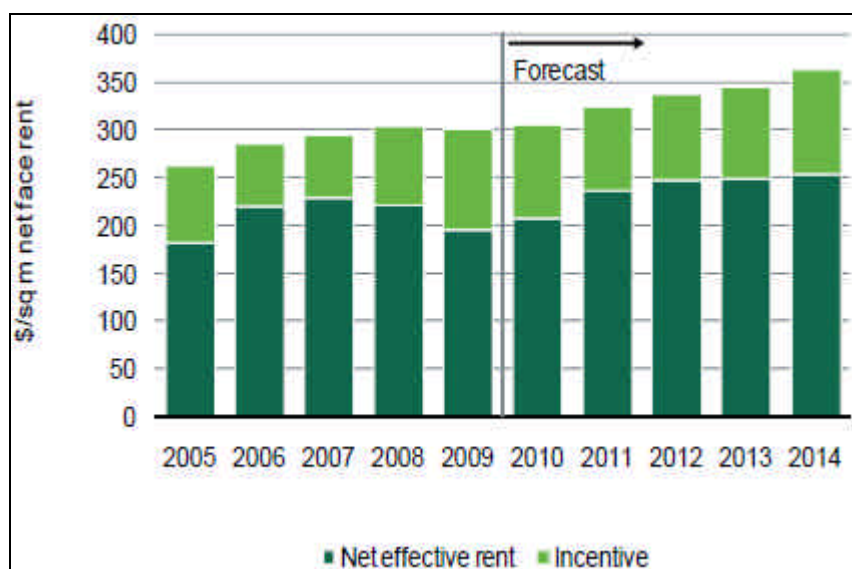
The Macquarie Park Corridor is a suitable location for office space, and as our previous work above highlighted the quantum of commercial floorspace provided in this location is forecast to grow to some 1.25 million sqm by 2034.

The latest CBRE Sydney Metropolitan Office survey for Q3 2010 indicates that the commercial market in Macquarie Park has been performing well. Total stock within Macquarie Park was recorded as being 728,527 sqm with an annual net absorption rate of 27,401 sqm.

Vacancy rates were recorded at 10.1%, which is slightly higher than the Sydney wide average of 9.4% but is the lowest of any Sydney suburban market. It represents a decline from 12.4% in Q3 2009 and this decline is forecast to continue as a result of increasing demand, stabilising at around 8.5% by 2012.

Although net additions to the office market in Macquarie Park have been relatively high over the last few years at around 50,000 sqm per annum, this is expected to decline to around 35,000 sqm per annum over the next four years. Supply of new stock has slowed since its peak in 2008/09 with limited new supply under construction (only one development will be completed in 2010 comprising 25,000sqm for Cochlear) although there is a significant amount of commercial floorspace in the development pipeline. New provision is expected to gain momentum with take up rate broadly matching new supply. CBRE notes that there are numerous development sites within Macquarie Park to accommodate new commercial development although these are not currently being developed as landowners hold onto stock in expectation of stronger rental growth and expansion in the short to medium term with Grade A net effective rents are forecast to grow by 5.4% per annum over the next five years (see figure 7).

**Figure 7 - Macquarie Park net Grade A rents**



Source: CBRE MarketView Sydney Metropolitan Office Q3 2010

The net absorption rate over the next four years is forecast to be around 35,000 sqm per annum, which is lower than that recorded for the last five years of 47,000 sqm per annum largely reflecting the downturn in the construction market and the resultant decline in newer buildings available for rent by new tenants.

On this basis, the data compiled by CBRE indicates that Macquarie Park is an attractive location for commercial office development and despite a recent slowdown in activity is expected to continue to witness expansion in the office market over the next few years. Given the higher than average vacancy rate and the presence of developable plots of land, future supply of suitable commercial sites will not be an issue based on forecast uptake rates.

Notwithstanding the demand for commercial floorspace in Macquarie Park, we do not consider that the Stamford Grand site is suitable for commercial floorspace. One of the main strengths of Macquarie Park as an office location, in addition to transport links, high quality buildings, growing prestige and affordable rents, is the opportunity for office uses to cluster together. Agglomeration or clustering is the phenomenon whereby firms from the same industry gather together in close proximity. Economists explain clustering as a means for small companies to enjoy some of the economies of scale usually reserved for large firms.

By clustering, firms are able to benefit from such things as:

- A pool of expertise and skilled workers;
- Easy access to component suppliers; and
- Information channels both formal (e.g. recognized industry associations) and informal (social networking with colleagues).

The CBRE research has indicated commercial development in the area is not expected to pick up until the latter part of 2011 and there are a number of large development plots available within and close to the existing commercial core available to accommodate future growth. Based on the current absorption rates the forecast growth in commercial floorspace over the next five years can easily be accommodated within the Business Park without the need for redevelopment of peripheral sites such as the the Stamford Grand.

### 4.3 Local Shops and Services

The Site is zoned for mixed use purposes in the Ryde LEP and therefore an element of retail may be appropriate in this location. Given the retail hierarchy in Macquarie Park, which includes the Macquarie Centre as a Specialised Centre of sub regional importance, it would not be suitable to provide a significant quantum of retail floorspace on the site, to undermine the existing retail hierarchy.

A small amount of retail floorspace may be appropriate to meet the needs of local residents and businesses subject to there being sufficient capacity for such facilities and provided that any new floorspace would not adversely impact upon the existing retail hierarchy.

Retail uses are more flexible than commercial uses regarding the size of units which they prefer, and therefore the size and physical nature of the site would not restrict the opportunity to develop retail floorspace on this site.

Additionally, the strategic location of the site at a gateway to the Herring Road and Macquarie Park Corridor areas would lend itself well to retail development benefiting of the prominent location and the level of passing trade.

We explore the quantum of floorspace which may be acceptable for the incoming resident population and appropriate in detail in the next chapter.

## 4.4 Summary

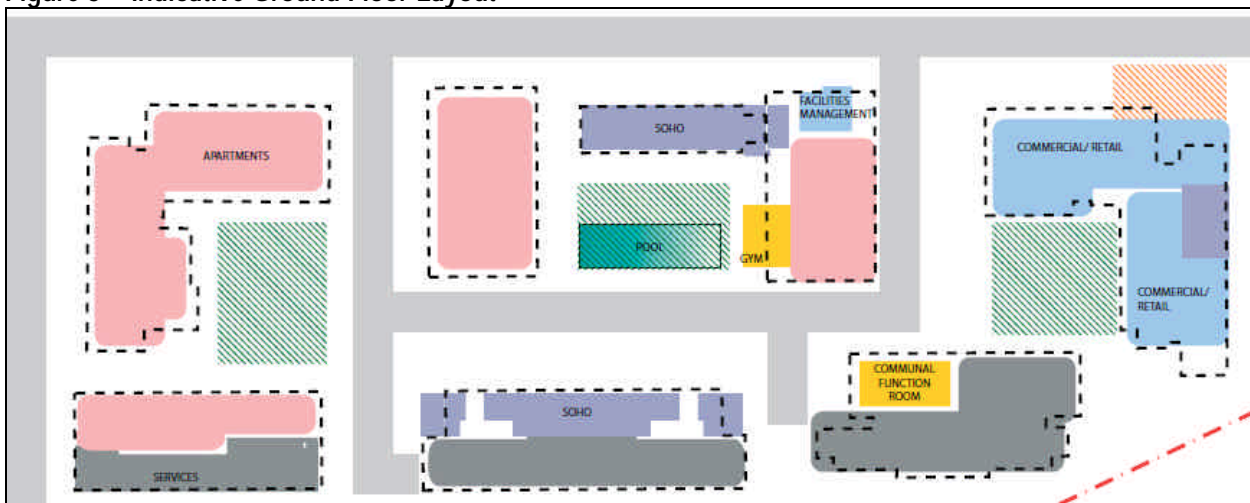
- Even as the tourism market enters the post GFC recovery phase, there is unlikely to be a sufficient level of demand for hotel accommodation in the style provided at the Stamford Grand required to maintain a viable hotel;
- There is an adequate supply of attractive (both in terms quality and price) hotel rooms and serviced apartments elsewhere. Furthermore, if the level of demand for accommodation increases, associated with growth of Macquarie Park, the market will respond to this providing products that better suit modern corporate needs;
- There is plentiful supply of land, better located than the Site, within the commercial core of Macquarie Park to deliver the forecast growth;
- It is more appropriate to locate additional office space within the core, reinforcing the strength of the park as one of the most important commercial centres in Sydney Metro; and
- Some level of local shops and services is likely to be appropriate to support the planning objective to create a vibrant mixed use area and the meet the needs of new and existing residents and workers.

## 5. PROPOSED LAND USE MIX

As identified within the DGR's, this EIA needs to consider *the proposed land uses taking account of the current zoning which aims to create a mixed use area and the nature of the surrounding area and nearby centres.*

Making full use of the Sites frontage to Herring Road Figure 8 below shows the core non-residential floorspace is likely to be concentrated around an urban plaza in the north west corner of the Site. As this area lies within Stage 2 of the development, it is not part of the detailed consent and hence we have made assumptions regarding its potential scale and nature to inform the EIA. Detailed consideration for Stage 2 will occur when a further application is lodged for its detailed design.

**Figure 8 - Indicative Ground Floor Layout**



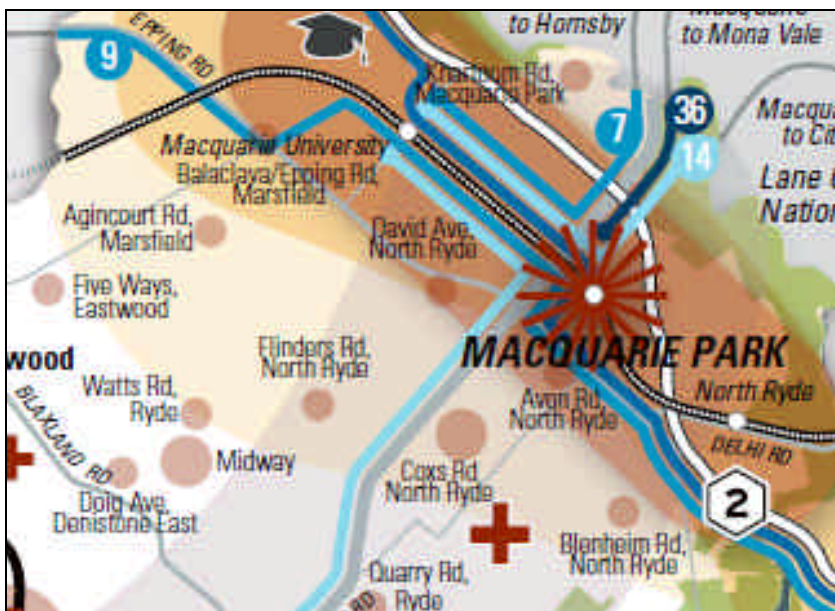
Source: Alan Jack and Cottier, November 2010

### 5.2 Existing Retail Facilities in the Vicinity

The largest retail facility within close proximity to the Site is the Macquarie Park Regional Shopping Centre which is located 700 metres to the north along Herring Road. This provides retail and service facilities for a wide catchment population and contains around 99,000 sqm GLA of retail and entertainment floorspace according to the Shopping Centre News Big Guns 2010 survey. Reflecting its sub regional significance the shopping centre includes such anchor tenants as Myer, Big W, Target, Woolworths and Franklins. It is defined as a Specialised Centre in the draft Inner North Sub Regional Strategy and there are plans to expand the centre to incorporate an additional 35,000 sqm of retail floorspace.

A number of other, smaller retail facilities are located around the application site as shown in the figure below.

Figure 9 - Retail Centres within the Inner North



Source: Draft Inner North Sub Regional Strategy

Figure 9 indicates that the following retail facilities are located close to the application site:

- Balaclava/ Epping Road Neighbourhood Centre, Marsfield. Includes a freestanding Woolworths foodstore and a petrol station.
- Agincourt Road Neighbourhood Centre, Marsfield. This comprises a parade of three shops; a liquor store, a newsagent and a takeaway.

The local centre at David Avenue has been excluded as this appears to be a former block of two or three shops that are currently vacant.

Based on this high-level assessment, the area appears well provided for in terms of major retail facilities but there is little in the form of local convenience shops or services, particularly when considering the impact of Epping Road and the M2 as major barriers to pedestrian movement.

## 5.3 Pipeline Retail Facilities

We have conducted a Cordell Connect database search for the area around the Site and revealed the following developments in the planning pipeline which contain an element of retail floorspace.

- **The Macquarie Centre.** Expansion plans for this site will see an additional 35,000 sqm of retail floorspace developed, including a David Jones store, in addition to new car parking facilities.
- **120-128 Herring Road.** A DA has been submitted seeking an additional 96 sqm of retail as part of mixed residential development on this site incorporating retail uses at ground-floor level.
- **396 Lane Cove Road and 32-46 Waterloo Road.** Approximately 5,500 sqm of retail could be provided by this scheme if the entire ground floor was devoted to retail (unlikely), which is a retail/ commercial mixed use development. An additional 69,500 sqm of commercial office floorspace will be provided. This scheme is at an early stage of planning and no DA has yet been submitted.

In total these developments would cumulatively provide an additional 40,596 sqm of retail floorspace within the vicinity of the site, if and when they are all developed.

The DCP for the Macquarie Park Corridor envisages active frontages at ground floor level. This does not currently include Herring Road but as a high density residential spine, animated ground floor uses could enhance the pedestrian environment. The Site is an important facet in the future development of Herring Road given its position at the southern gateway to Macquarie Park. As such the site could comprise a catalyst for the development of a more active southern corridor and will assist in creating an animated frontage along Herring Road to and from the train station and Macquarie Park.

## 5.4 Level of Future Expenditure

### **Trade Area**

To ascertain whether it is appropriate for additional retail facilities to be included in the any redevelopment of this site, over and above the existing and future retail facilities outlined above, we examine future expenditure within a localised trade area.

Given the presence of the Macquarie Centre a short distance to the north of the Site it is considered appropriate for any new facilities to cater for a local shopping catchment only. For this reason we have based the trade area on an 800 metre boundary around the Site which equates to an approximate 10 minute walk-time. This is a reasonable distance which we can expect people to walk to frequent local shopping facilities and is consistent with the survey work conducted earlier in this Study.

Figure 10 shows the likely trade area from within which any retail facilities provided on site are likely to draw the majority of their trade. The locations of existing retail facilities are also marked.



Figure 10 - Trade Area



Source: Hill PDA/ MapInfo

### Level of Future Expenditure from Residents

The average per capita expenditure on retail goods per annum for the TA is \$12,900 at 2009, based on Marketinfo 2009 data. It is likely that new residents living in the residential units on the Site and in other new residential developments within trade area would have a higher yearly retail spend. This is a result of the new build properties being constructed to a high standard of design and in light of our target demographic profile for future residents as being young professionals. As such, in the Study we assume that (based on the existing and future demographic analysis) new residents would have yearly per capita retail expenditure which is at least 10% higher than the TA average, or around \$14,200. We consider this to be a conservative estimate of the uplift in median annual retail expenditure that is likely to occur based on our previous demographic work in Chapter 4.

The resident population of the trade area was 5,973 persons at 2006 based on BTS data. Given that there has been limited residential development in the TA over the 2006 to 2009 period we will assume that the resident population has remained static to 2009. On this basis, by applying the TA per capita retail expenditure growth of \$12,900 this equates to \$77.05m of available retail expenditure in the TA at 2009. As a result in growth in real retail spend, which is forecast to grow by 1.3% per year based on historic trends since 1986, per capita spend will increase to \$14,100 per capita by 2016 or a total expenditure of \$84.22m. As such there will be an additional

\$7.17m of retail expenditure available in the trade area as a result of the increased spending power of existing residents.

The proposed scheme comprises 625 residential units which could equate to some 1,187 persons according to Hill PDA estimates based on the type of dwellings proposed and the number of bedrooms which will be provided. By applying the estimated higher annual household spend of new residents to the resident population, this indicates a total retail spend of \$16.86m at 2009 as a result of the redevelopment of this site. This will increase to \$18.40m at 2016 as a result of the predicted annual increase in per capita real retail spend (equating to \$15,500 per capita retail expenditure at 2016).

The BTS data examined previously predicted an increase of 1,036 persons in the TA over the 2006 to 2016 period<sup>2</sup>, which is less than the population increase of the proposed scheme. If the Stamford Grand redevelopment were to come forward together with other developments in the locality, in light of the BTS forecasts this could lead to a total of 2,223 new residents in the TA by 2016. Adjusting the yearly spend of new residents to 2016 rates (based on 1.3% per annum increase in real retail spend), if this development scenario materialises it would lead to an increase in the spending potential of the area of \$34.46m at 2016.

As a result of the growth in real retail spend and projected population increases, by 2016 total retail expenditure from residents in the TA will increase to between \$102.62m and \$118.68m. This equates to a marginal increase of between \$25.57m and \$41.63m retail expenditure from 2009 to 2016 measured in 2009 prices.

### **Level of Future Expenditure from Workers**

New retail facilities being provided on this site would also attract expenditure from workers in the trade area. As outlined previously there are an estimated 20,008 workers currently in the trade area at 2006 which will increase to 25,770 workers by 2016 according to BTS data, equating to an increase of 5,762 workers between 2006 and 2016.

For the purposes of this assessment we will assume that each worker spends \$50<sup>3</sup> per week near their place of work. Median per worker spend will vary depending upon the quantum and nature of retail facilities available locally. A worker in a location that has a good quality retailer offer, such as that provided within Sydney CBD, is liable to spend a greater amount per day at local facilities compared to a worker at, for example, an isolated industrial park which has no retail facilities nearby.

At 2009, this equates to \$50.02m of worker expenditure. The \$50 per worker per week spend will increase over the period to 2016 as a result of the increase in real retail expenditure of 1.3% per annum. At 2016 the weekly spend will be around \$55 per worker per week (measured in 2009 prices). Based on current worker numbers, as a result of the increase in real retail spend alone the quantum of available expenditure will increase to \$55.02m at 2016, equating to be an additional \$5.0m of retail expenditure being available in the TA. The forecast growth in workers will lead to an additional \$15.85m being available in the trade area at 2016, translating to a total

<sup>2</sup> It should be noted that these calculations are based on the current BTS population projections. As indicated in Section 4.1 of this Study these are based on the MDP 2007/2008. The MDP 2008/2009 which has subsequently been published increases the population growth forecast for Ryde and the Macquarie Centre Major Site above that which was predicted at the time of the MDP 2007/2008. As such we consider this estimate of potential future expenditure to be conservative.

<sup>3</sup> Based on Hill PDA research



expenditure of \$70.87m from workers in the TA at 2016 or a marginal increase in available expenditure of \$20.85m.

### Translating Expenditure to Retail Floorspace

Based on the above, at 2009 there is \$77.05m of available retail expenditure in the TA from residents and \$50.02m from workers, cumulatively equating to total available retail expenditure of \$127.07m. At 2016, total available retail expenditure from residents and workers combined will grow to between \$173.49m and \$189.55m dependent upon population growth. On this basis, there will be a marginal increase in retail expenditure of between \$46.42m and \$62.48m by 2016. This is shown in Table 7 below.

**Table 7 - Retail Expenditure/ floorspace requirement in the TA (\$2009)**

Expenditure	2009	Estimated Available Retail Expenditure 2016		Growth in Expenditure 2009-2016	
		Lower population growth estimate	Higher population growth Estimate	Lower population growth estimate	Higher population growth Estimate
Retail Expenditure (\$m)					
Residents	77.05	102.62	118.68	25.57	41.63
Workers	50.02	70.87	70.87	20.85	20.85
<b>Total Retail Expenditure</b>	<b>127.07</b>	<b>173.49</b>	<b>189.55</b>	<b>46.42</b>	<b>62.48</b>
Sales Density (\$ per sqm)	-	-	-	5,500	5,500
Quantum of floorspace (sqm)	-	-	-	8,440	11,360

Source: Hill PDA NSW Expenditure Model 2010

If we apply an indicative average sales density of \$5,500 psm to this total quantum of expenditure it indicates that around 8,440 to 11,360 sqm of additional retail floorspace could be supported if the growth in employment and population levels are realised. This indicative floorspace figure relates to floorspace which could be accommodated within the surrounding area as a result of planned population and employment growth, not on the application site itself. Whilst we acknowledge that the 11,360sqm is well below the pipeline retail development of 40,595 sqm which we previously identified in the surrounding area, it is important to recognise that the Macquarie Centre expansion and the development at Lane Cove Road and Waterloo Road will serve a significantly larger catchment than the local 800 metre trade area used to assess retail facilities on the Stamford Grand site. Given the scale and range of retail facilities provided by the Macquarie Centre in particular, it will draw people from across Ryde LGA and beyond for higher order shopping than local shopping facilities will provide.

Given the level of growth in the TA we consider that it is appropriate for an element of the additional need for retail floorspace be provided on the Site, whilst we also acknowledge that it is appropriate to spread the total quantum of floorspace required across the local area and to distribute it in a manner which is consistent with the defined retail hierarchy. The draft Inner North Sub-Regional Strategy defines a 'Neighbourhood Centre' as a group of 1-5 shops which may contain a convenience store, café, newsagent or milk bar serving daily needs with a typical dwelling range of between 150-900 dwellings. Whilst our 800m walktime catchment is larger than the typical 150-200m catchment of local centres contained in the draft Strategy, we consider this to be a realistic typology of the nature of the proposed retail floorspace on this site. In line with this definition, we would recommend that around 1,000 sqm of retail/ commercial floorspace be provided on site (excluding SOHO apartments).

We have arrived at the figure of around 1,000 sqm of retail/ commercial floorspace as we consider that at this scale retail facilities will not compete with other centres, and in particular the Macquarie Centre, but would be

capable of providing a range of shops and services which fit its local shopping role whilst still making a contribution to an increased supply of retail/commercial space required as a result of the increased available expenditure referred to above. In our experience in order to function effectively localised shopping centres need a 'critical mass' of floorspace which would include a mixture of retail and commercial uses in order to ensure that they are viable. Based on our judgement, around 1,000 sqm of retail/ commercial floorspace in this location is appropriate.

The current application proposes around 1,000 sqm of retail/ commercial floorspace on this site (but excluding SOHO apartments). Given that the type of retail floorspace which will be provided is not known at this stage, in order to get an indication of the turnover which floorspace of this level will achieve we can apply the same indicative turnover of \$5,500 psm to the indicative level of 1,000 sqm retail/ commercial floorspace. This produces a turnover of \$5.5m which is not significant when seen within the context of the anticipated growth in retail expenditure. Over the period to 2016, a turnover of \$5.5m equates to just 3% of the total retail expenditure available in the TA at 2016, or between 9% and 12% of the growth in retail expenditure over the 2009 to 2016 period. On this basis, the turnover of the retail floorspace on the site would be sufficient to function as a local centre but would not attract a level of expenditure which would detract from Macquarie Park as a Specialist Centre in the sub-regional retail hierarchy.

As such we consider there will be sufficient expenditure in the wider catchment area to support the Macquarie Centre expansion and the other pipeline developments together with around 1,000 sqm of retail/ commercial floorspace on the Stamford Grand site.

## 5.5 Retail Facilities that May be Appropriate

On examination of the distribution of existing retail facilities within the trade area, we note there is a lack of easily accessible local convenience shopping facilities which could cater for the smaller scale, day to day needs of new and existing residents. Our understanding of the likely demographic of new residents of this scheme is that it will be occupied predominately by young professionals who typically have demanding lifestyles and are likely to be cash rich but time poor, necessitating the availability of easily accessible convenience retail facilities. Whilst it is important that strategic objectives be satisfied, and therefore the status of the Macquarie Park as a Specialised Centre be supported as a priority, it is also important to allow new residents choice and easy access to 'top-up' shopping facilities. As such, retail/ commercial facilities in this location should be appropriately scaled

The quantum of retail and commercial floorspace proposed in this DA is not significant when seen in the context of the level of retail/ commercial floorspace provided in the wider area, particularly at the Macquarie Centre, and when considered against floorspace in the planning pipeline.

We are confident that the level of retail/ commercial floorspace proposed on the Site is appropriate for a local centre and will add to the mixture of uses in the area. It also offers the potential to provide an active, pedestrian focused corridor along Herring Road. The redevelopment of this site would act as a catalyst for the southern end of Herring Road and would be well linked to the future active corridor in this area.

In summary based on the quantitative and qualitative assessment carried out above, we consider that some level of retail/ commercial is appropriate to this site. Any retail facilities which are provided should be of a local nature

predominantly serving residents of the new development and other new developments within the vicinity, and should not be of a size that would adversely impact upon the shopping hierarchy. Examples of retail uses which may be appropriate include a small convenience store, child care, a restaurant/ cafe and a hairdresser.

## 5.6 Small Office/ Home Office (SOHO) Apartments

As discussed previously, the draft City of Ryde Employment Study recognises small office / home office (SOHO) development as a way to capture the economic benefits associated with the growing home based (micro) business sector and the Study encourages such uses in and around all commercial centres. Dual key apartments, defined as a self contained unit within an apartment that can be used as office accommodation, is one model identified as working well.

Approximately 35 SOHO apartment units are proposed in the Concept 1 and Stage 1 Project Application. Each unit will provide around 50sqm of floor space with approximately 20sqm at the ground floor used for office type accommodation.

The provision of SOHO apartments in this location is entirely consistent with policy guidance. It provides jobs close to homes and reduces the need for workers to commute. Additionally it supports the twin aims of residential growth and employment growth. Furthermore it provides flexible space for emerging businesses which would contribute to the role of Macquarie Park. SOHO apartments in this location will also add animation to the area and provide active uses both during the day and at evenings/weekends.

Typically SOHO apartments could equate to 1.5 Full Time Equivalent jobs per unit based on Hill PDA research. On this basis the provision of 35 SOHO apartments in this development could support an additional 53 FTE jobs on the site, in addition to the employment created through the other retail/ commercial uses on the site. This will be explored in greater detail in Chapter 6.

## 5.7 Key Findings

- Available retail expenditure in the TA is \$77.05m at 2009. This will increase to between \$173.49m and \$189.55m by 2016 dependent upon population increases.
- As a result of the increase in additional retail expenditure forecast, there is a justifiable need to provide more retail/ commercial facilities locally in order to capture some of this expenditure even when pipeline retail developments are considered;
- In our view a level of around 1,000sqm retail/ commercial floorspace on the Site is appropriate for the area;
- Commercial/ retail facilities of this scale proposed would perform a localised role and would not detract or divert expenditure from the Macquarie Centre or other existing centres within the local hierarchy;
- If this level of commercial/retail facilities were provided on site there would remain sufficient additional expenditure available as a result of the forecast employment and population growth to support the planned extension at the Macquarie Centre, other retail floorspace in the pipeline and the objectives of the Macquarie Park Corridor DCP;

- We consider the provision of local scale shops and services in this location would fit well into the existing retail hierarchy in this part of Ryde provided that they are of a modest scale, responding to the requirements of local residents without detracting from the retail offer of any existing defined centres;
- The provision of SOHO apartments in this location will support business growth in Macquarie Park, particularly for small emerging business, and supports the twin strategic aims of employment generation and residential growth; and
- The redevelopment of this site would act as a catalyst for the southern end of Herring Road and would be well linked to the future active corridor in this area.

## 6. OTHER LIKELY ECONOMIC IMPACTS

The preceding Chapters have focussed on those economic impacts identified as most critical however there are other economic impacts related to the redevelopment of the hotel that also need to be considered and these are summarised below.

### 6.1 Economic Multiplier Impacts

There are two types of economic multipliers:

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

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

Therefore as shown in the table below, the estimated \$163m cost in construction translates into a further \$147m activity in production induced effects and \$157m in consumption induced effects. Total economic activity generated by the construction of the Concept Plan and Stage 1 Project Application proposed is therefore approximately \$467m.

**Table 8 - Construction Multipliers**

	Initial Effects	Production Induced Effects			Total
		First Round Effects	Industrial Support Effects	Consumption Induced Effects	
Output multipliers	1	0.466	0.438	0.962	2.866
Output (\$million)	\$163	\$76	\$71	\$157	\$467

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

### 6.2 Construction Related Employment

It is estimated that one full time construction position for 12 months is created for every \$178,900 of construction work undertaken. Based on the amount and type of development proposed we estimate a construction cost of around \$163.0m. On this basis redevelopment of this site as sought in the Concept Plan and Stage 1 Project

Application would create approximately **911 job years** (one full time job per year of construction). These are direct jobs and there would also be additional jobs created through the employment multipliers.

The 1996-97 ANA Input-Output Tables identified employment multipliers for first round, industrial support and consumption induced effects of 0.33, 0.45 and 2.33 respectively for every job year in direct construction.

**Table 9 - Construction Employment**

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	0.33	0.45	2.33	4.11
Employment No. per \$million	5.59	1.84	2.52	13.02	22.97
Total job years created	911	301	410	2,123	3,745

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

As shown above, for every \$1 million in construction cost, a total of 22.97 job years could be generated in the economy (jobs directly in construction and in multiplier impacts). The redevelopment as a whole could deliver generate **3,745 job years**.

## 6.3 Post-Construction Employment

We understand that the Stamford Grand Hotel currently provides 89 full and 2 part time jobs in the hotel, or around 90 Full Time Equivalent (FTE) jobs.

Once the Stage 2 of the development is completed, permanent long-term jobs would be created by the new land uses. It is difficult to predict the accurately the number of jobs as it is not clear at this stage what type of commercial/retail floorspace would be provided. The table below shows the average worker per sqm ratio for various different types of retail uses which was calculated from the ABS Retail Industry Survey (1998-99 /Cat. 8622.0).

**Table 10 - Worker Rates/ sqm ratio for different types of retail uses**

Land Use	Worker Rates
Supermarket	1:21.3sqm
Specialty Store	1:30sqm
Mixed Use	1:50sqm
Commercial	1:20sqm
Childcare Centre	1:7 children
Community Health Centre	1:25sqm
SOHO units	1.5 workers per unit
Serviced Apartments	0.44 jobs to 1 room

Sources: ABS (1998-99), Hill PDA Research (2006-10)

As shown in the previous chapter and reiterated above, SOHO units typically employ 1.5 workers per unit. On the basis of 35 SOHO apartments being provided, this would equate to some 53 jobs being provided on site.

In terms of the retail/commercial floorspace (likely to be around 1,000sqm) as the table shows the number of people employed on the site could vary significantly depending upon the nature of floorspace provided, for example a commercial use typically employs workers at a significantly higher rate of 1 per 20 sqm compared to a speciality store which typically employs 1 worker per 30 sqm. Assuming that approximately 1,000sqm commercial/retail floorspace was made up of small speciality stores at a ratio of 1 worker per 30 sqm, ensuring robustness by using the higher worker rates, this would equate to a total of 33 FTE jobs being accommodated on the site.

In total, the SOHO apartment units and additional retail/ commercial floorspace could create an estimated 86 FTE on site. This is marginally lower than the 90 full FTE jobs currently provided on site and therefore on this basis there would be an extremely modest loss of 4 FTE jobs on the site.

It is important to highlight earlier comments that the long-term use of the site as a hotel has declined over the years and is continuing to do so. As such, the current level of jobs provided on the site is likely to continue to decline overtime until closure even if the Concept Plan and Stage 1 Project Application was not implemented. Importantly, once the hotel closes, surrounding hotels are likely to capture the existing trade from the Stamford Grand and increase employment within these establishments to cater for the increased level of demand.

The change in jobs should also be viewed in the wider context; as the retail analysis work indicated this scheme would result in a considerable input of retail expenditure into the local economy which would support the provision of additional retail jobs off-site, such as at the Macquarie Centre. This is in addition to the jobs created during the construction phase of the development and the addition of new residents into the area which will support businesses in Macquarie Park.

Furthermore, as discussed in earlier Chapters, an increase in job numbers is forecast for almost all employment sectors within the trade area. This is supported by our research into the development pipeline which has found plans to expand operations at the University, the Macquarie Centre and Macquarie Park.

On balance we consider the impact of the minor job loss will be mitigated through alternative employment opportunities already available and planned for within the area.

## 6.4 Investment Stimulus

Where a major property investment decision has been made it is generally viewed as a strong positive commitment for the local area. Such a major investment will in turn stimulate and attract further investment to the immediate area.

The Stages 1 and 2 of this project would result in the renewal of a dated site which is not currently used to its full potential. The location of the site at an important gateway to Macquarie Park and at the intersection of two busy roads means that this site is highly visible. A landmark development of the nature proposed would raise perceptions of Macquarie Park by enhancing the visual and amenity appeal of the area and act as a catalyst promoting further urban renewal within the vicinity.

Investment in the area would also be encouraged through the construction phase with the influx of workers employed on the scheme. Once the scheme is developed the additional spending power of around 1,187 residents will support local business growth and development in Macquarie Park and provide other spin-off

benefits such as greater pedestrian footfall. The commercial/retail facilities proposed as part of this scheme would provide employment in the area and will improve the range and accessibility of shops and services.



## 7. KEY FINDINGS AND CONCLUSION

### 7.1 Key Findings

The EIA has addressed those issues raised by the NSW Department of Planning and officers at the City of Ryde namely the appropriateness of:

- the range of land uses provided;
- the quantum of non residential floorspace; and
- The intent of the urban Plaza.

In addition we have identified a number of significant economic benefits that would arise from the Concept Plan and Stage 1 Project Application being implemented and demonstrate its appropriateness. In summary the EIA has found:

- Increasing the density of development and providing homes in an accessible location, close to the jobs provided within the Business Park, Specialised Centre and University is entirely in line with the theme underpinning state and local planning policies;
- Incorporating an element of commercial/retail space and SOHO apartments further helps the City of Ryde meet employment growth targets and capture the economic benefits associated with the increasingly important home based business sector;
- The local trade area (800m radius from the Site) is expected to experience a significant level of population and worker growth over the period to 2016 generating additional demand and need for local services;
- The hotel sector has suffered in the wake of the GFC and although entering a recovery stage, hotels such as the Stamford Grand providing inadequate or dated accommodation are struggling to capture a sufficient level of market share, particularly the more lucrative corporate market, to remain viable. This is a real issue for the Stamford Grand which is losing trade to 5\* hotels within Sydney CBD and more modern accommodation provided in the local area;
- The redevelopment of the Stamford Grand hotel is unlikely to hinder the continued growth of the Macquarie Park due to a lack of accommodation available for visitors to the corporations based within the Park as in real terms the impact will be a loss of only 5% of the existing rooms available;
- The Site is not appropriate for a major office development as it is segregated from the core Business Park, where such uses should continue to locate on the land that is available, reinforcing the park as a preeminent business location;
- An element of retail/commercial space supports the objectives of the mixed use zoning to create a vibrant and sustainable precinct meeting the needs of new and existing residents and workers, particularly as whilst the area is well provided for in terms of major shopping facilities there appears to be a real shortage of quality local scale retail facilities in the area. Other than the expansion of Macquarie Centre there is little retail planned for the area;

- With up to \$62.48m of additional retail expenditure (\$41.63m from new residents and \$21.85m from new workers) within the local trade area alone by 2016, provision of around 1,000sqm of retail/ commercial floorspace is unlikely to disrupt the local centre hierarchy or impact the viability of proposals to expand the Macquarie Centre as this would equate to only 9% of the growth in expenditure predicted within the local trade area and an insignificant proportion of the much larger catchment for the Macquarie Centre;
- Furthermore the increased expenditure roughly equates to 11,000sqm of new retail floorspace that could support the objectives of the DCP to provide active frontages throughout the Macquarie Park Corridor;
- The private investment of around \$163m in to the redevelopment of the Site should inject almost \$467m in total in to the economy (albeit not all local) as a result of economic multipliers;
- Almost 911 construction job years will be created on the Site through construction and a further 2,834 jobs will be supported as a result of employment multipliers; and
- The net loss of 4 FTE on site post-construction is considered acceptable given the likelihood that other hotels in the area would increase resources to cater for demand as a result of the closure of the Stamford Grand there are plentiful and a wide range of alternative and more stable employment opportunities within the area.

## 7.2 Conclusion

Overall this EIA has demonstrated the Concept Plan and Stage 1 Project Application, if implemented, would deliver a number of positive wider economic benefits.

The mix of uses provided is deemed to be an appropriate scale to help create vibrant mixed use precinct and meet the local needs of existing and future residents without harming the existing centre hierarchy.

The minor net loss of jobs on the Site is a negative impact but when considered in the context of those benefits outlined above and within the Social Impact Assessment we believe the impact can be justified.

In summary, the implementation of the Concept Plan and Stage 1 Project Application would positively support many of the economic objectives of Sydney and Ryde LGA.

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

This report does not constitute a valuation of any property or interest in property. In preparing this report we have relied upon information concerning the subject property and/or Concept Plan and Stage 1 Project Application provided by the client and we have not independently verified this information excepted where noted in this report.