

# 53-61 Rawson St, Epping

## Economic Impact Assessment

Canjs Pty Limited

April 2024



# Document Control

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Project Director : Jacob Vince  
Email: jacob.vince@atlaseconomics.com.au  
Telephone: +61 1300 149 151

Job ID: J312  
Job Name: Oakstand Epping Town  
Centre EIA

Client: Canjs Pty Limited  
Client Contact: Justin Micallef

Document Name: Rawson St Epping EIA draft

Last Saved: 29/04/2024 10:02 AM

Version	Date	Prepared by	Reviewed by
Draft	26 June 2023	Connor Merigan, Lynelle Chua	Esther Cheong
Final v1.0	21 July 2023	Jacob Vince	Esther Cheong
Final v1.1	25 August 2023	Jacob Vince, Connor Merigan	Esther Cheong
Final v1.2	26 April 2024	Jacob Vince	Esther Cheong
Final v1.3	29 April 2024	Jacob Vince	Esther Cheong

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# Executive Summary

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## BACKGROUND

53-61 Rawson Street, Epping (the Site) is located in the Epping Town Centre and falls within the City of Parramatta local government area (LGA). The Site is currently zoned E1 Local Centre and subject to a Floor Space Ratio (FSR) of 4.5:1.

Located approximately 200m west of Epping Station (providing both heavy rail and Metro services), the Site is improved with two low rise commercial buildings; a single level supermarket (accommodating a full-line Coles supermarket and various retail tenancies) and low-rise office building (accommodating a mix of commercial, medical and education operators).

The Epping Town Centre (the Town Centre) was rezoned in 2014 by the NSW Department of Planning and Environment. In 2016, the area formerly within the Hornsby Council area was included within City of Parramatta Council (Council) area.

Over the course of 2017-2021, Council commenced a series of technical studies to review the Town Centre, particularly the impact of a decline in commercial floorspace across the centre. This culminated in a planning proposal to facilitate an increase commercial floorspace in the Town Centre. The planning proposal proposed to mandate a minimum floor space ratio (FSR) of 1:1 of non-residential uses on the ground, first and second floors for key sites across the Town Centre. It proposed to increase the maximum FSR by the 1:1 non-residential requirement.

Council's planning proposal did not secure support from the Department of Planning and Environment and did not proceed.

Canjs Pty Limited (Canjs) are progressing a planning proposal to redevelop the Site. Canjs lodged a Planning Proposal to enable the mixed use development of the Site in September 2023, which included a non-residential component of FSR 1:1.

This planning proposal has since been revised to include FSR 1.5:1 of non-residential uses to increase employment opportunities in the Epping Town Centre and to better align with the future role of Epping as identified in the draft Parramatta Economic Development Strategy. The current proposal (referred to as 'the Proposal'), envisages:

- 7,430sqm commercial floorspace.
- 6,247sqm retail floorspace (3,100sqm supermarket, 3,147sqm retail specialties).
- Up to 420 apartments;

Overall, the Proposal is equivalent to an FSR 6.0:1, exceeding the FSR 4.5:1 under the Parramatta Local Environmental Plan.

Atlas Economics (Atlas) have been engaged to carry out an Economic Impact Assessment (EIA) to assess the need for the land uses proposed and examine the economic impacts of the Proposal.

## SOCIO-ECONOMIC PROFILE

For the purposes of socio-economic analysis using Australian Bureau of Statistics (ABS) data, the Epping Town Centre has been defined based on a selection of ABS geographies. The area defined for analysis broadly aligns with the Town Centre's E1 Local Centre land use zones and surrounding R4 High Density Residential zones.

A series of observations of relevance to the Proposal can be drawn from the review of the demographic and employment profile of the Town Centre and how this profile is anticipated to evolve over the coming decades.

### Residents and Households

- The Town Centre's resident population has grown significantly over the last decade, growing at an average rate of 9% per annum. This reflects the level of high-density residential development which has occurred over this period.
- As at 2021, the Town Centre accommodated a high proportion of young professionals and smaller households (couple-only and lone person) and a lower proportion of couples with children compared to the broader locality of Epping.
- A large proportion of residents in the Town Centre travelled to the Sydney CBD or Macquarie Park/Marsfield for work.

## Employment Profile

- Employment in the Town Centre has progressively declined in the last decade. In 2011, it accommodated some 3,000 workers and 1,000 workers in 2021. This fall in local employment is attributed to development activity within the Town Centre; with many former commercial office buildings being redeveloped for high-density residential uses.
- Business and employment activity in the education and training sectors is observed to have increased over 2011-2021.
- The occupational skill levels in the Town Centre are generally high (50% having a tertiary qualification or equivalent).

The socio-demographic and employment analysis shows the transition of the Town Centre can be summarised as two-fold:

- Establishment of a young, well-educated and skilled resident community, many being employed in the Sydney CBD, Macquarie Park and other centres. These residents are conceivably attracted to the accessibility of the Town Centre.
- Transition of the Town Centre from a traditional corporate, office-based centre to a centre for local business services. This has direct implications for the type of commercial floorspace required.

## **NEED FOR RETAIL AND COMMERCIAL FLOORSPACE**

The Town Centre has undergone transformational growth over the last decade. Its resident base has grown from 3,700 residents in 2011 to almost 9,000 residents in 2021, averaging 9% growth per annum. This marked level of rate has been met with a corresponding decline in local workers, which is commensurate with the displacement of commercial floorspace by new development. In 2021, there were ~1,100 local workers compared to 3,000 workers in 2011.

It is evident that whilst the role of the Epping Town Centre has changed, there is a clear need for retail and commercial uses.

### Structural Shift in Demand for Commercial and Retail Uses

The COVID-19 pandemic has resulted in a structural shift in demand for some land uses at the macro level.

- Reduction in aggregate demand for retail and commercial office floorspace.
- Increase aggregate demand for industrial floorspace.

As flexible working arrangements have become more engrained, aggregate demand for office space has reduced overall and office floorspace must now provide a 'better offer' to meet market expectations and earn worker commutes.

This has resulted in a preference for high-quality office space and has rationalised demand to contemporary office buildings in high amenity locations. It has also increased the threshold for the viability of commercial development, making it even more challenging for standalone commercial development in minor centres such as the Epping Town Centre. Older office buildings face challenges in meeting the heightened expectations of modern tenants.

From a retail perspective, the trend of 'hyper localism' has been at play even before the COVID-19 pandemic. This refers to the aspirational lifestyle of living, working and playing in close proximity, supporting demand for localised retail facilities which do not require shoppers to travel long distances.

### Retail Floorspace in Epping Town Centre

The Site is currently the primary retail anchor for the Town Centre, accommodating a full-line Coles supermarket and some minor specialty shops. The Town Centre lacks a broad retail offering with many existing retailers in older style accommodation. Residents within Epping generally travel to Macquarie Park, Carlingford, Eastwood or Beecroft to have their convenience retail needs met.

A retail demand assessment (Location IQ, 2022) found that the amount of supermarket floorspace provided in the area surrounding the Site (i.e., its Main Trade Area) was less than *half* the Sydney benchmark (99sqm compared to 266sqm per 1,000 persons). This clearly indicated an undersupply of retail floorspace within the Main Trade Area.

The assessment identified demand for up to ~9,000sqm of retail floorspace, which could include a mix of supermarkets, mini-major retailers, retail specialties and non-retail uses. The proposed development (including ~6,500sqm of retail and commercial floorspace) would only *partially* address projected demand for retail floorspace within Epping. Accordingly, the Proposal would not absorb all future demand, with additional development still needed moving forward.

### Commercial Floorspace in Epping Town Centre

The Epping Town Centre was historically a medium-sized suburban commercial office market.. It comprised ~55,000sqm of office floorspace (SGS, 2017) across multiple standalone medium-rise office buildings and two business parks - Epping Business Park and Cambridge Office Park. Multiple corporate occupiers were accommodated in these premises, including Unilever, Westpac, NEC Australia and Craig and Rhodes Surveyors, amongst a mix of small and medium sized enterprises.

From as early as 2012/13, many of Epping's largest commercial occupiers began relocating to surrounding office markets such as Macquarie Park and Parramatta. Following the Town Centre's rezoning in 2014, many commercial sites were acquired for high-density development, including the Epping Business Park and Cambridge Office Park.

As more corporate occupiers relocated away from Epping and as the local resident population has grown, the Town Centre's commercial role has evolved. Today, the Town Centre's commercial role is primarily based on provision of local services (particularly around health and education). This is evident from the change in employment profile observed over 2011-2021.

The tenancy profile of businesses currently accommodated on the Site (e.g. education and tutoring centres, medical practices, local real estate agencies) is indicative of the type of demand for commercial floorspace in the Town Centre.

### Future Employment Growth

Looking forward, population projections prepared by the NSW Department of Planning and Environment (DPE, 2022) suggest that the Town Centre's resident population is expected to grow significantly in the immediate term to 2026. This has obvious implications for retail and local business services.

Official employment projections used in strategic land use and transport planning across NSW are prepared by Transport for NSW and are commonly referred to as 'Travel Zone' projections.

Based on these projections, the Town Centre is poised to record moderate employment growth over the coming decades - an additional **150 jobs** in the coming decade to 2031, and a further **190 jobs** over 2031-2041. The expectations of employment growth are relatively modest and likely reflective of expectations that the Town Centre is transitioning from historically a minor office market to a commercial services centre focused on the new resident community.

That said, when accounting for the additional floorspace these future jobs could require, ~**13,260sqm** of additional floorspace may be needed over 2021-2041. The Proposal could assist in accommodating some of this floorspace.

## **ROLE FOR THE SITE**

The COVID-19 pandemic has resulted in a structural shift to the demand for commercial office floorspace. Aggregate demand for office space has reduced overall and offices must now provide a better offer to meet market expectations. This has resulted in a preference for quality space and has rationalised demand to offices in high amenity locations. The structural change to working arrangements has further reinforced the rise in hyper localism and demand for localised retail facilities.

The Town Centre is a centre in transition. The Study shows that large scale development activity has resulted in:

- A much larger resident population, many of whom are well educated and who reside in younger households.
- A fall in employment as numerous former commercial buildings have been redeveloped over the past decade.
- Growth in the local education and training industries.

A retail demand assessment (Location IQ, 2022) has identified a need for 9,000sqm of retail and non-retail space in the Town Centre. Delivery of retail facilities of this scale requires co-location for those retail uses to be viable. For example, a supermarket would require the ability to cluster with various retail specialities to be viable.

Development across the Town Centre to date has not generated a significant amount of new commercial or retail floorspace. Many developments currently being progressed are on small sites, with limited capacity for large scale provision of retail/ commercial floorspace as identified in the retail demand assessment.

The Site therefore has an important role to play in meeting some of the projected demand for retail and commercial uses in the Town Centre. A contemporary retail and commercial offering as envisaged in the Proposal will significantly improve the retail amenity of the Town Centre, resulting in less 'escaped expenditure' (i.e. the proportion of retail expenditure being captured within the Town Centre).

## ASSESSMENT OF ECONOMIC IMPACTS

To estimate the economic impacts that could result from the Proposal, a Proposal Case and Base Case are defined:

- **Base Case**

The Site continues to operate as a shopping centre with a full-line Coles supermarket (3,300sqm of retail floorspace) and commercial building (4,756sqm of commercial floorspace).

- **Proposal Case**

The Site is developed as per the Proposal, comprising a mix of land uses across two 33 and 36 storey towers including:

- 7,430sqm commercial floorspace.
- 6,247sqm retail floorspace (3,100sqm supermarket, 3,147sqm retail specialties).

The assessment distinguishes the economic impacts during construction and those that are more permanent.

### Construction Phase

During construction the Proposal is projected to generate significant economic impacts for the City of Parramatta, including:

- **\$407.1 million** in output (including \$237.8 million in direct activity).
- **\$147.4 million** contribution to GRP (including \$60.6 million in direct activity).
- **\$83.0 million** in incomes and salaries paid to households (including \$40.3 million in direct income).
- **855 FTE jobs** (including 449 FTE directly employed in construction activity).

### Operational Phase

In the Base Case, the Site is expected to impact ongoing economic operational activity through direct turnover generated by the retail and commercial activities on-site.

In the Proposal Case, the Proposal would create additional ongoing economic operational activity through direct and indirect (flow-on) impacts associated with operations (and dispersed employment) on the Site.

Compared with the Base Case, the Proposal Case facilitates a notably intensified use of the Site, accommodating more businesses and employment activity, resulting in greater levels of output and contribution to the local economy.

The Proposal is estimated to result in a **net increase in economic activity** through direct and indirect (flow-on) annually at:

- **\$164.2 million** additional in output (including \$88.5 million in direct activity).
- **\$88.6 million** additional in contribution to GRP (including \$46.8 million in direct activity).
- **\$51.1 million** additional incomes and salaries paid to households (including \$31.7 million directly).
- **493 additional FTE jobs** (including 311 additional FTE jobs directly related to activity on the Site).

The Proposal is also expected to generate additional household expenditure supported through new dwellings within the Parramatta LGA. This activity is estimated to support on an ongoing annual basis (once fully developed and occupied):

- **\$59.7 million** in total output (\$35.2 million directly).
- **\$34.7 million** contribution to GRP (\$21.2 million directly).
- **\$14.6 million** in wages and salaries to local workers (\$8.4 million directly).
- **187 FTE jobs** (128 direct FTE).

Compared to the Base Case, the Proposal Case facilitates more local businesses and employment activity, resulting in greater levels of economic contribution and employment opportunities for the Parramatta LGA economy.

## CONCLUSION

Economic impact modelling demonstrates the Proposal will deliver significant positive economic benefits, having the ability to contribute significantly to the Parramatta economy over the long-term.

Economic modelling indicates the Proposal will make a significant contribution to the Parramatta economy. The Proposal is expected to generate an annual GRP of \$148.4 million to the local economy and support 485 FTE jobs on-site.

The Proposal will contribute to meeting demand for retail and local commercial services including the growing health and education-related sectors seeking to meet the growing needs of the local population. The Proposal will facilitate reduced 'escaped expenditure' and travel to other centres.

Importantly, the Proposal will contribute to a much-needed increase in contemporary commercial floorspace within the Epping Town Centre. As such, it aligns with the expected role of Epping as a major employment and business hub that capitalises on improved transport links as identified in the *Draft Parramatta Economic Development Strategy* (City of Parramatta, 2023).

Overall, the Proposal is considered to have clear economic and market merit and will assist the Epping Town Centre continue in its transition to a service-based centre. It is recommended that the City of Parramatta support the Proposal, subject to other technical findings.

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# 1. Introduction

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## 1.1 Background

Epping was identified as a Priority Precinct in 2012 by the NSW Department of Planning and Environment (DPE). This led to the rezoning of the Epping Town Centre (the Town Centre) in 2014 to facilitate new high-density housing.

Multiple existing commercial buildings were redeveloped for high-density residential development over several years, displacing existing commercial occupiers and resulting in a loss of commercial floorspace across the Town Centre.

Following the realigning of the Hornsby and Parramatta local government areas (LGAs) in 2016, Epping became part of the Parramatta LGA. Over the course of 2017-2021, Council commenced a series of technical studies to review the Town Centre, particularly the impact of a decline in commercial floorspace across the centre.

### Epping Town Centre Commercial Floorspace Planning Proposal

In 2017, SGS was engaged by Council to prepare a Commercial Floorspace Study (the SGS Study) for the Town Centre. The SGS Study sought to examine the quantum of commercial (retail, office and business) floorspace required in Epping to meet existing and future demand.

The SGS Study noted that Epping was identified as a Priority Precinct in 2012 and subsequently in 2016 as a local centre under the draft Central West District Plan. Priority Precinct planning envisioned a compact high density town core centre and prioritised dwelling growth. This led to large scale displacement of commercial floorspace in favour of residential uses.

The SGS Study found that growth in retail/commercial floorspace in Epping was limited to ground floor uses within new mixed-use developments. This meant there was latent capacity for retail/commercial floorspace that was not being realised, given planning controls permitted non-residential uses within 2-3 levels of new mixed-use developments.

The SGS Study observed that demand for retail and commercial floorspace in Epping remained strong. Many businesses were unable to secure appropriate premises (at suitable lease terms without demolition clauses) as landowners managed the tension between the retention of existing uses and the potential for high-density redevelopment. Additionally, existing commercial floorplates were small and no longer met the needs of larger businesses. Consequently, larger tenants relocated to neighbouring commercial office precincts such as Macquarie Park.

Given Epping's proximity to other strategic centres, access to public transport infrastructure and projected population growth, the SGS Study identified a potential role for Epping as a sub-district centre.

It envisioned Epping as playing a role to meet the needs of a growing resident population (providing for local employment opportunities) and providing higher-order services and commercial space for diverse business sizes. The SGS Study recommended a minimum non-residential FSR be applied to new mixed-use developments in Epping.

In response to the findings of the SGS Study and a series of technical studies, Council lodged a planning proposal in 2021 to facilitate an increase in commercial floorspace across the Town Centre. The planning proposal proposed to mandate a minimum floor space ratio (FSR) of 1:1 of non-residential uses on the ground, first and second floors for key sites across the Town Centre. It proposed to increase the maximum FSR by the 1:1 non-residential requirement.

Ultimately Council's planning proposal did not secure support from DPE and did not proceed.

Since that time, the City of Parramatta (2023) have released a draft Economic Development Strategy which identifies Epping's role moving forward as "a major employment and business hub, it will capitalise on improved transport links to Parramatta CBD, and proximity to the Macquarie Park Innovation District".

### The Proposal

Canjs Pty Limited (Canjs) are progressing a planning proposal to redevelop 53-61 Rawson Street, Epping (the Site). Canjs lodged a Planning Proposal to enable the mixed use development of the Site in September 2023, which included a non-residential component of FSR 1:1.

This planning proposal has since been revised to include FSR 1.5:1 of non-residential uses to increase employment opportunities in the Epping Town Centre and to better align with the future role of Epping as identified in the draft

Parramatta Economic Development Strategy. The current proposal (referred to as 'the Proposal'), envisages a mix of land uses across two 33 and 36 storey towers including:

- 7,430sqm commercial floorspace.
- 6,247sqm retail floorspace (3,100sqm supermarket, 3,147sqm retail specialties).
- Up to 420 apartments;

Overall, the Proposal envisages some 54,500sqm of floorspace. This is equivalent to an FSR 6.0:1, exceeding the FSR of 4.5:1 under the Parramatta Local Environmental Plan.

## 1.2 The Site

The Site is located at 53-61 Rawson Street with dual frontage to Carlingford Road and Rawson Street within the Epping Town Centre. Spanning a total of 9,089sqm in site area, the Site is improved with two low rise commercial buildings; a single level supermarket (accommodating a full-line Coles supermarket and various retail tenancies) and low-rise office building (accommodating a mix of commercial, medical and education operators).

The Site is zoned E1 Local Centre under the Parramatta Local Environmental Plan (PLEP 2023) with a permitted floor space ratio (FSR) of 4.5:1 and maximum building height of 48m.

The Site is positioned some 200m west of the Epping Train Station, providing access to both the T9 Northern line and Metro Northwest services. Several bus routes also run through the Town Centre. These public transport services connect the Town Centre to several other centres across Greater Sydney including Parramatta, Macquarie Park, Chatswood, Hornsby, North Sydney and the Sydney CBD.

Surrounding land uses include a mix of retail and commercial services, mostly clustered along Beecroft Road, Oxford Street and Rawson Street. This includes a mix of fine grain commercial buildings and standalone commercial buildings, accommodating a mix of local businesses including restaurants, tutoring centres and medical practices. Modern, high density apartment buildings are also observed throughout the Town Centre, notably along Carlingford Road and Cambridge Street.

Figure 1.1 illustrates the locational context of the Site.

Figure 1.1: The Site



Source: Atlas

### 1.3 Scope and Approach

Atlas Economics (Atlas) is engaged by Canjs to undertake an Economic Impact Assessment (EIA) to assess the need for the Proposal and examine the economic impacts should the Proposal be delivered.

To fulfill the requirements of the brief, the Study examines:

- Historical population and employment growth in the Town Centre and broader Catchment Area.
- The socio-demographic and employment profile of the Town Centre and broader Catchment Area.
- The structural trends that influence demand for retail and commercial floorspace.
- Demand for retail and commercial uses in the Town Centre and the role the Site could play in meeting that demand.
- The economic impact of the Proposal compared to a base case without the Proposal.

### 1.4 Assumptions and Limitations

Atlas acknowledges several assumptions and limitations associated with this Study.

- At the time of writing, the fallout from the COVID-19 pandemic across the NSW economy is still playing out. The medium to long-term implications for population and employment growth are yet to be fully understood.
- The macro-economic outlook is currently subject to significant uncertainty, with COVID-19, labour shortages, inflation, and multiple global conflicts.
- The 2021 Census was administered during the COVID-19 pandemic and at a time of widespread lockdowns across Australia's east coast. Activity recorded at this time may not be accurately representative of employment levels.
- Growth projections relied upon do not necessarily reflect contemporary trends.
  - Population and dwelling projections (by DPE) were released in early 2022 (post-COVID-19) but prior to release of Census 2021 data.
  - Employment projections by Transport for NSW's Transport, Planning and Analytics (TPA) division were released in 2019, prior to COVID-19 and before the Census 2021.
- Market research is carried out on a 'desktop' basis without the benefit of site surveys and internal inspections.
- Floorspace supply data is sourced from various third-party databases and subscriptions and is not validated.

Notwithstanding the above, all due care, skill and diligence has been applied to this Study as is reasonably expected.

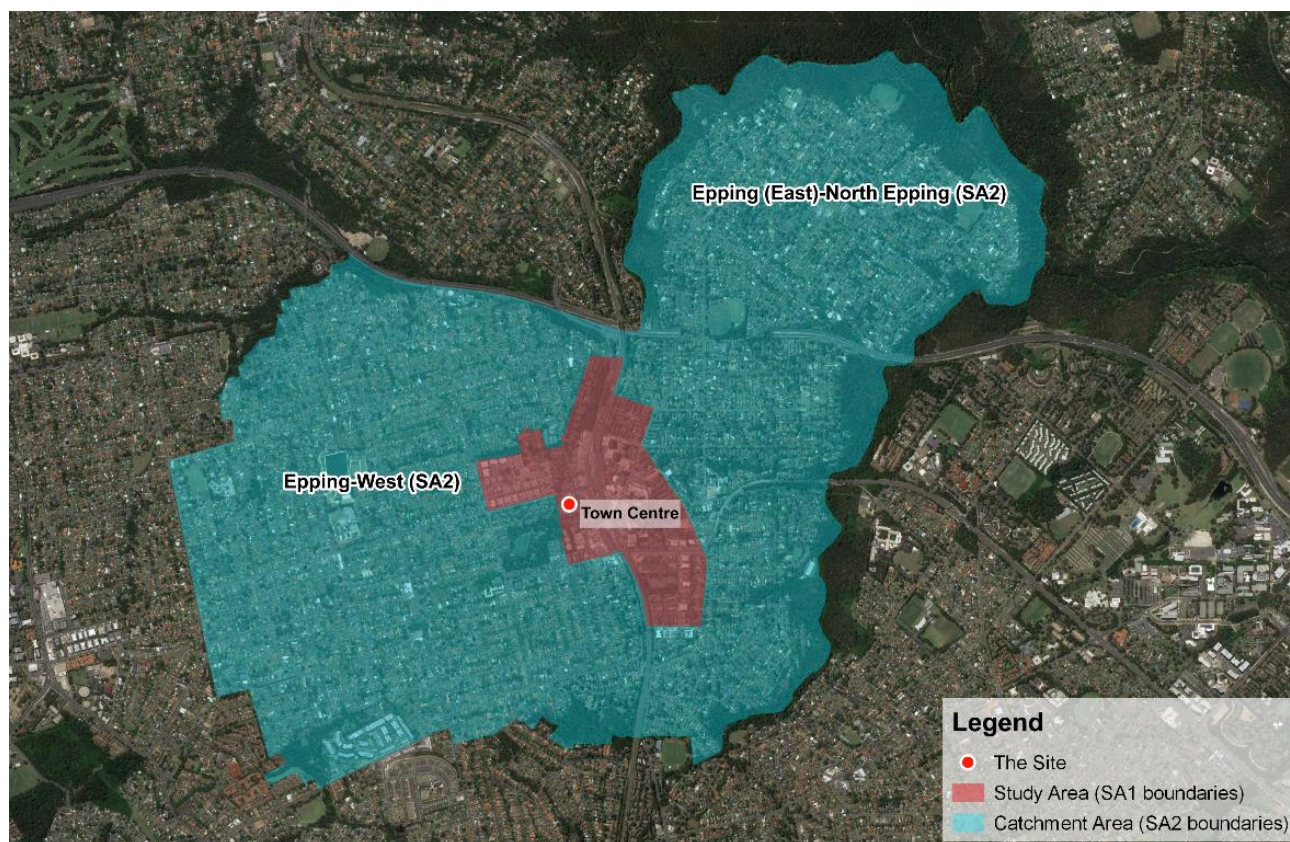
## 2. Socio-Economic Context

The basis of demographic analysis is the Australian Bureau of Statistics (ABS) Census. The ABS defines a series of geographies known as Statistical Areas (SA) which vary in size and range from SA4s (large regions comprising multiple local government areas) to SA1s (often smaller than a suburb). Census data can be extracted based on these statistical areas to understand the socio-demographic profile of different areas at various geographies.

For the purpose of analysing the socio-demographic profile of the Epping Town Centre, a number of SA1 geographies have been selected and are referred to as the 'Study Area'. A series of SA2 geographies has also been selected to analyse the socio-demographic characteristics of the broader locality. These SA2 geographies, namely 'Epping (East)-North Epping' and 'Epping-West' are collectively referred to as the 'Catchment Area'.

Figure 2.1 defines the boundaries of the Study Area and Catchment Area.

Figure 2.1: Epping Town Centre, Study Area and Catchment Area Boundaries



Source: Atlas Economics

### 2.1 Socio-demographic Profile

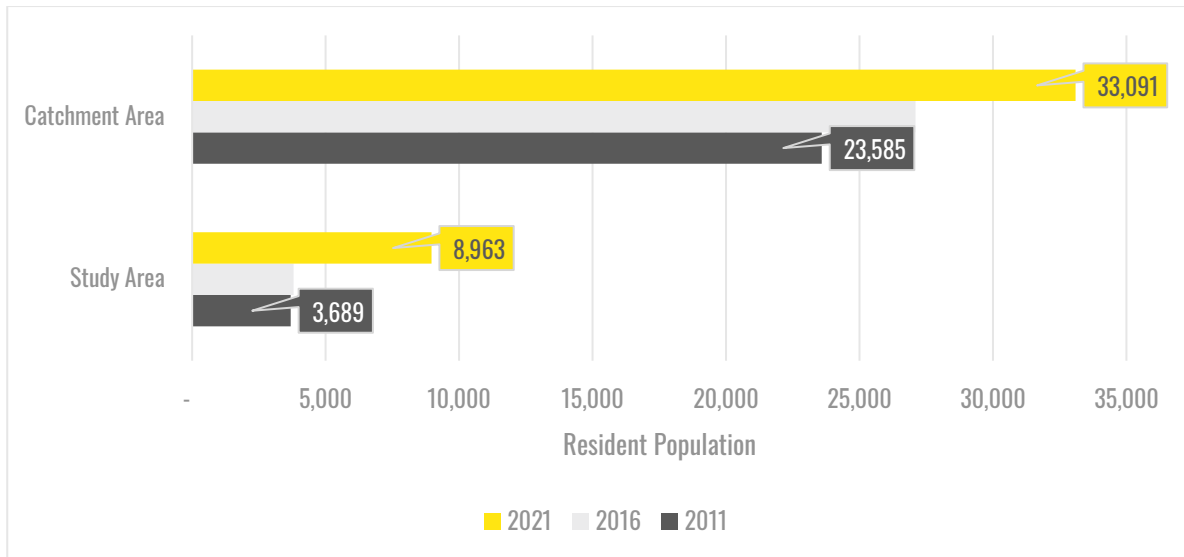
#### 2.1.1 Historical Population Growth

In 2011, the Study Area recorded a population of some 3,690 residents. By 2021, this grew to some 8,960 residents, reflecting an average annual growth rate of 9% over the 2011-2021 period. This annual rate of population growth was notably higher than the 3% annual growth observed in the broader Catchment Area over the same period.

Of the 5,270 additional residents recorded in the Study Area over 2011-2021, 98% (5,160 residents) were recorded over 2016-2021. This aligns with the completion of several residential developments in the Town Centre over that period.

Figure 2.2 illustrates the change in population in both the Study Area and Catchment Area over the 2011-2021 period.

**Figure 2.2: Population Growth (2011-2021), Study Area and Catchment Area**

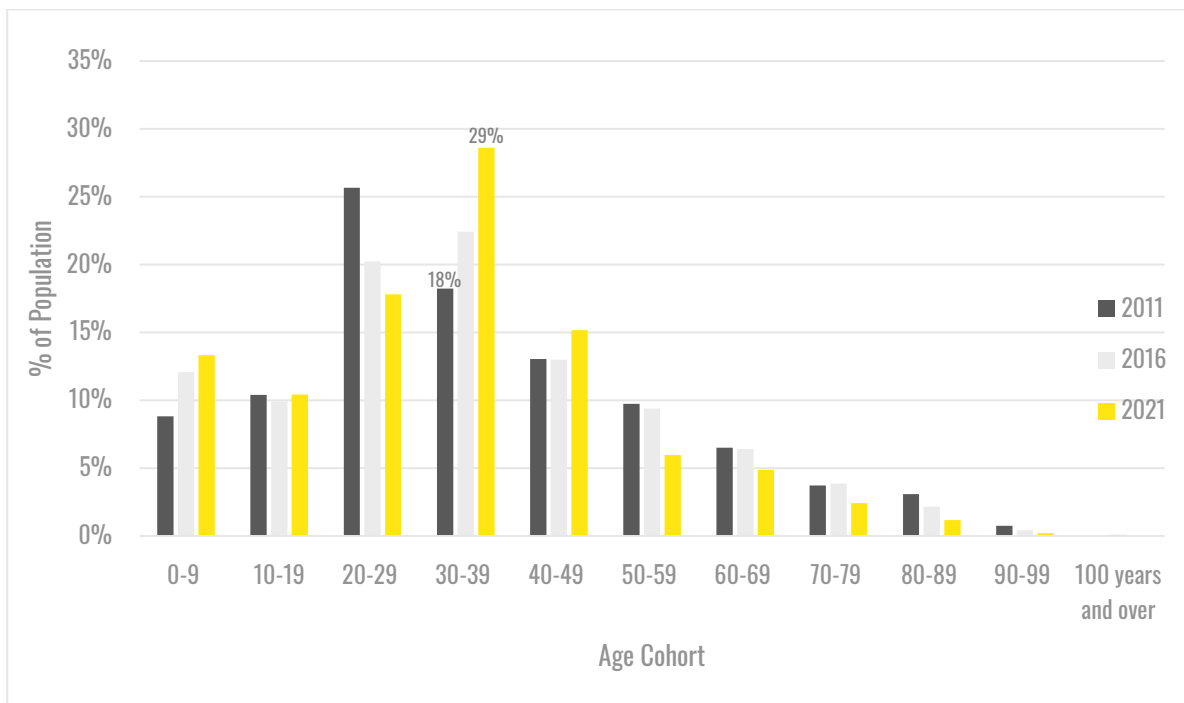


**2.1.2 Age Profile**

The age profile of the Study Area is indicative of a relatively young population - 29% of residents are aged between 30-39 years as at 2021. This contrasts with the broader Catchment Area, where 30-39-year-old residents accounted for a lower proportion of 17% of the population. Collectively, 68% of Study Area residents were of working age - aged 20-59 years in 2021 (~6,050 residents). Working age residents were also well represented in the Catchment Area at 56%.

Over the 2011-2021 period, the Study Area recorded a strong growth in residents aged 30-39 years, reflecting the large cohort of new residents who were accommodated in newly completed apartments across the Town Centre.

**Figure 2.3: Age Profile (2011-2021), Study Area**



Source: ABS (2021)

The Study Area is evidently home to a large and growing population of working age, with need for commensurate community infrastructure, retail and business services.

### 2.1.3 Household Composition

In 2011, there were ~1,470 households residing within in the Study Area, with lone person households accounting for the majority (30%) of these households. Other major household types included couple families with children (27%) and couple-only households (23%).

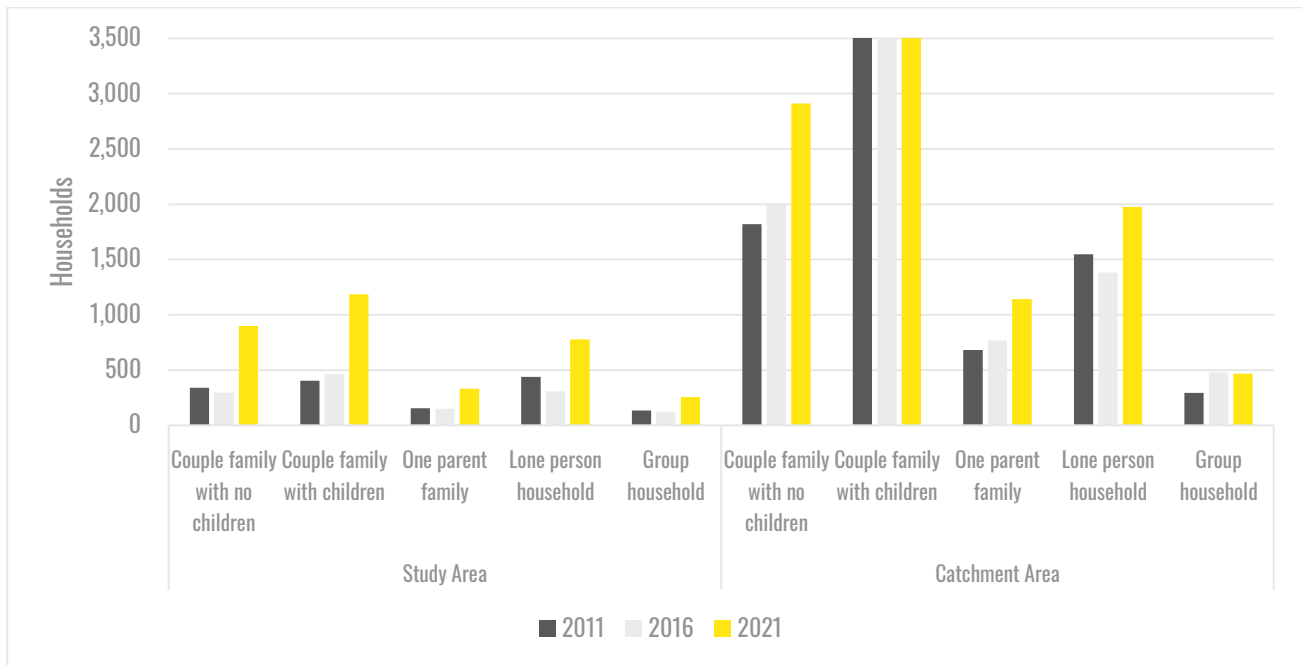
Over the 2011-2021 period, the Study Area recorded strong growth in the number and proportion of couples without children and couple families with children. In 2021, 34% of households were couple families with children, followed by 26% and 23% of couple-only and lone person households respectively.

Whilst the household composition in the Study Area is broadly aligned with the Catchment Area, the Catchment Area accommodates a higher proportion of couple families with children (44%) and lower proportion of couple-only (25%) and lone person households (17%).

This suggests the Study Area is attractive to younger and smaller household types (couple-only and lone person) and is likely attributed to the Town Centre’s strong apartment offering in an accessible location close to various employment centres.

Figure 2.4 illustrates the mix of household types in the Study Area over 2011-2021.

Figure 2.4: Household Types (2011-2021), Study Area



Source: ABS (2021)

### 2.1.4 Occupation Profile

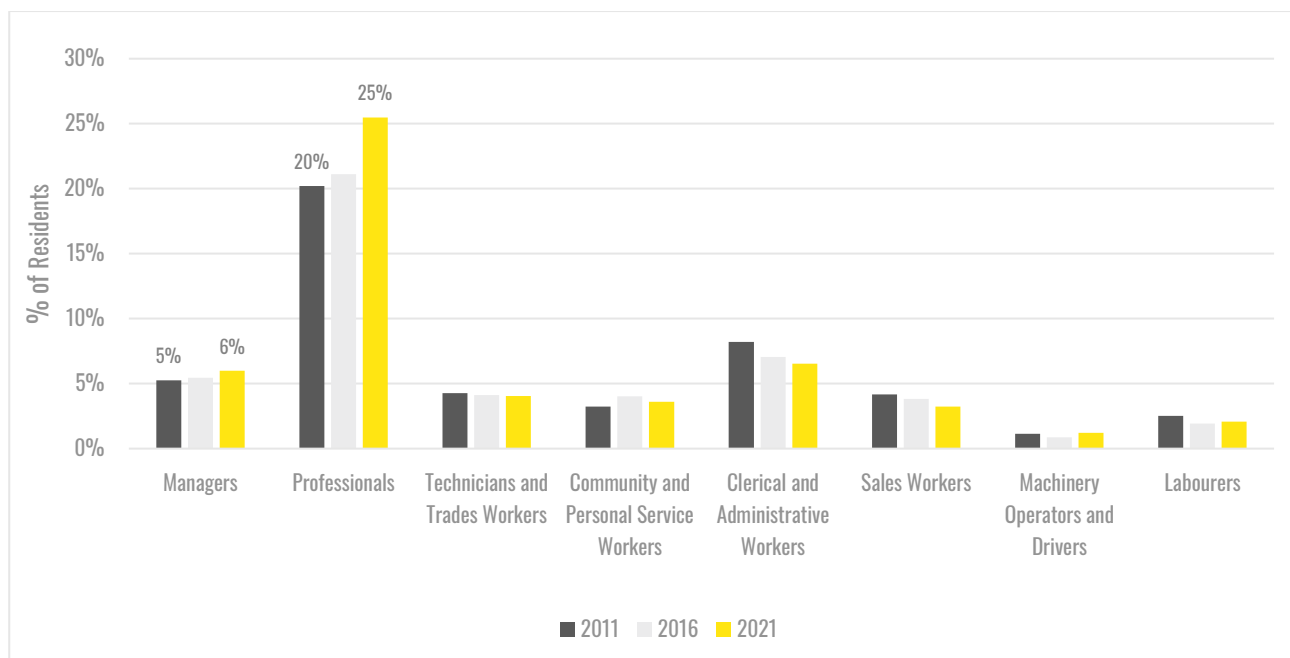
In 2021, 25% of working residents within the Study Area were employed as professionals (2,280 residents), followed by 7% and 6% of clerical and administrative workers (585 residents) and managers (540 residents) respectively.

These occupation types reflect traditional ‘white-collar jobs’, and collectively represent 38% of the Study Area’s resident workforce (3,400 residents). Similarly, the occupation profile of the Catchment Area reflects a large majority of white-collar workers. Compared to the Study Area, however, it recorded a lower proportion of professionals at 22% in 2021.

Over the 2011-2021 period, the Study Area recorded a growing number of professionals (+5%) and managers (+1%), reflective of the new residents the Town Centre attracted over this period.

Figure 2.5 depicts the occupation profile of Study Area residents over the 2011-2021 period.

**Figure 2.5: Occupation Profile (2011-2021), Study Area**



Source: ABS (2021)

### 2.1.5 Journey to Work

In 2021, some 9% of Study Area residents were employed within the Catchment Area. A large proportion of Study Area residents travelled to the Sydney CBD and surrounds (18%) as well as Macquarie Park/Marsfield (10%) for work.

In the last decade, the proportion of Study Area residents who worked locally fell nominally from 10% in 2011 to 9% in 2021. Dominant places of employment remained largely unchanged, namely the Sydney CBD and Macquarie Park/Marsfield.

Table 2.1 depicts the dominant places of work where Study Area residents were employed over the 2011-2021 period.

**Table 2.1: Top 4 Places of Employment (2021), Study Area (Residents)**

Place of Work (SA2)	2011	2016	2021	Change (2011-21)
Catchment Area	10%	9%	9%	-1%
Sydney (North) - Millers Point	15%	18%	18%	+3%
Macquarie Park - Marsfield	11%	13%	10%	-1%
North Sydney - Lavender Bay	4%	5%	6%	+2%
Chatswood (East) - Artarmon	3%	4%	4%	+1%

Source: ABS (2021)

Whilst the proportion of residents in the Study Area travelling for work remained largely unchanged in the decade, more residents (in numbers terms) are travelling outside the locality for employment.

The journey-to-work patterns of Study Area residents are representative of the appeal of the Town Centre and its accessibility by public transport to white collar professionals employed in other employment centres.

## 2.2 Employment Profile

In order to analyse the Town Centre's employment profile, a series of ABS geographies known as Destination Zone (DZ) were selected as the basis of analysis. DZ geographies are the smallest geography at which historical employment Census data is available. These DZ geographies selected for analysis are referred to as the 'Town Centre Area'.

Figure 2.6 illustrates the geographical boundaries of the Town Centre Area and its locational context.

Figure 2.6: Town Centre Area



Source: Atlas Economics

### Industry Classifications

The ABS categorises employment activity into 19 industry sectors referred to as ANZSICs (Australian New Zealand Standard Industry Classification). These are the most commonly utilised categorises used when analysing an areas employment profile.

It is also useful to consider employment composition in broader industry terms. Broad industry classifications (BIC) group the 19 ANZSIC sectors into four main industry categories - population-serving, knowledge-intensive, health and education and industrial. These BIC groupings and their corresponding ANZSIC are shown in Table 2.2.

Table 2.2: Broad Industry Classifications by 19-Digit ANZSIC

Population Serving	Knowledge-Intensive	Health and Education	Industrial
<ul style="list-style-type: none"> <li>Construction</li> <li>Retail Trade</li> <li>Accommodation &amp; Food Services</li> <li>Arts &amp; Recreation Services</li> <li>Other Services</li> </ul>	<ul style="list-style-type: none"> <li>Information, Media &amp; Telecommunications</li> <li>Financial &amp; Insurance Services</li> <li>Rental, Hiring &amp; Real Estate Services</li> <li>Professional, Scientific &amp; Technical Services</li> <li>Administrative &amp; Support Services</li> <li>Public Administration &amp; Safety</li> </ul>	<ul style="list-style-type: none"> <li>Education &amp; Training</li> <li>Health Care &amp; Social Assistance</li> </ul>	<ul style="list-style-type: none"> <li>Agriculture, Forestry &amp; Fishing</li> <li>Mining</li> <li>Manufacturing</li> <li>Electricity, Gas, Water &amp; Waste Services</li> <li>Wholesale Trade</li> <li>Transport, Postal &amp; Warehousing</li> </ul>

Source: ABS/Atlas Economics



## 2.2.1 Employment by Industry

In 2011, the Town Centre Area accommodated some ~3,000 workers. Over the 2011-2021 period, employment fell to approximately 2,580 workers in 2016 and 1,110 workers in 2021. This indicates a decline of ~1,900 jobs, or an average 10% decline per annum in the last decade. **Table 2.3** provides a breakdown of employment activity over 2011-2021.

**Table 2.3: Employment by Industry, Town Centre Area (2011-2021)**

Industry (ANZSIC)	2011		2016		2021		Change (2011-21)	
	No.	%	No.	%	No.	%	No.	%
Agriculture, Forestry and Fishing	3	0%	-	0%	-	0%	-3	0%
Mining	-	0%	-	0%	-	0%	0	0%
Manufacturing	507	17%	39	2%	13	1%	-494	-16%
Electricity, Gas, Water and Waste Services	-	0%	5	0%	-	0%	0	0%
Construction	50	2%	76	3%	75	7%	25	5%
Wholesale Trade	99	3%	40	2%	9	1%	-90	-2%
Retail Trade	192	6%	209	8%	52	5%	-140	-2%
Accommodation and Food Services	231	8%	275	11%	79	7%	-152	0%
Transport, Postal and Warehousing	45	1%	30	1%	45	4%	0	3%
Information Media and Telecommunications	38	1%	26	1%	21	2%	-17	1%
Financial and Insurance Services	455	15%	543	21%	55	5%	-400	-10%
Rental, Hiring and Real Estate Services	127	4%	171	7%	56	5%	-71	1%
Professional, Scientific and Technical Services	267	9%	285	11%	184	17%	-83	8%
Administrative and Support Services	48	2%	37	1%	29	3%	-19	1%
Public Administration and Safety	55	2%	37	1%	8	1%	-47	-1%
Education and Training	194	6%	280	11%	244	22%	50	16%
Health Care and Social Assistance	511	17%	269	10%	117	11%	-394	-6%
Arts and Recreation Services	19	1%	6	0%	8	1%	-11	0%
Other Services	147	5%	153	6%	65	6%	-82	1%
Inadequately Described / Not Stated	21	1%	96	4%	38	3%	17	3%
<b>Total</b>	<b>3,009</b>	<b>100%</b>	<b>2,577</b>	<b>100%</b>	<b>1,098</b>	<b>100%</b>	<b>1,911</b>	
<b>Broad Industry Classification (BIC)</b>								
Population-Serving	639	21%	719	28%	279	25%	-360	4%
Knowledge-Intensive	990	33%	1,099	43%	353	32%	-637	-1%
Health and Education	705	23%	549	21%	361	33%	-344	9%
Industrial	651	22%	114	4%	67	6%	-584	-16%
<b>Total</b>	<b>3,009</b>	<b>100%</b>	<b>2,577</b>	<b>100%</b>	<b>1,098</b>	<b>100%</b>	<b>1,911</b>	

Source: ABS (2021)

As shown from **Table 2.3**, the industry profile of the Town Centre Area has evolved.

- In 2011, knowledge-intensive and population serving industries were key employers (34% and 29% respectively).
- Over 2011-2021, health and education employment grew significantly from 23% in 2011 to 33% in 2021, overtaking knowledge-intensive industries at 32% as the largest employing sectors.

The shift in employment industry composition in the Town Centre Area denotes a centre in transition. Business and employment activity is observed to be responding to the outcomes of large-scale development activity:

- Displacement of financial and insurance services employment as commercial buildings are redeveloped.
- Decline in retail trade and accommodation and food services (notwithstanding the impact of COVID-19 lockdowns).
- Growing proportion of education and training employment corresponding to a growing resident community.

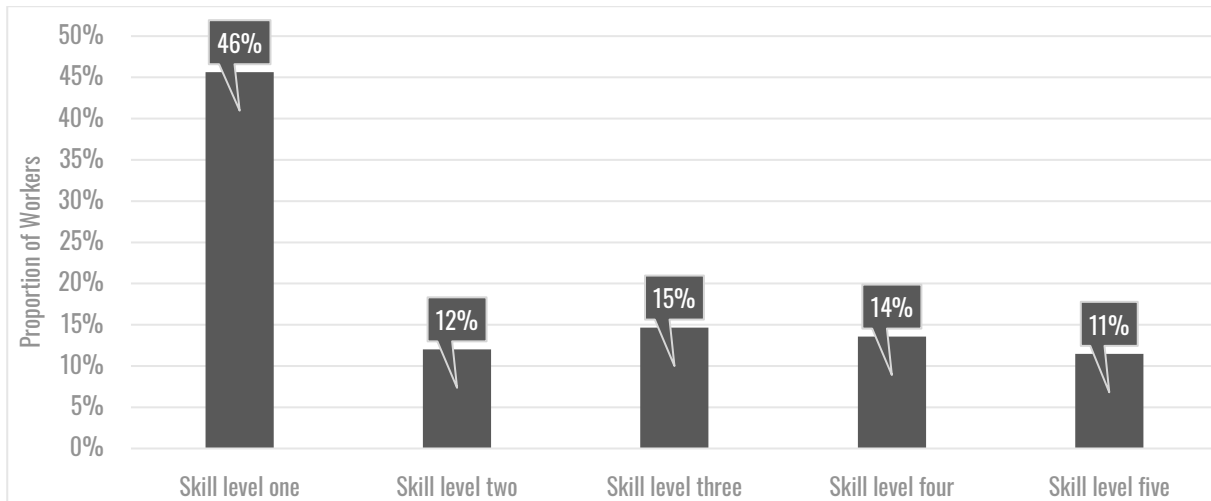
## 2.2.2 Skill Level

The 2021 Census categorises occupation types by skill levels, ranked in order of decreasing requirements from 1 to 5. That is, occupations requiring the highest skillset are ranked Level 1 and the lowest skills at Level 5.

In 2021, a 46% majority of workers in the Town Centre Area occupied Level 1 jobs. This represents occupations requiring a Bachelor's degree or higher qualification, or at least 5 years of experience in a relevant industry. This proportion is broadly aligned with that of the Catchment Area (47%) and significantly higher than the 19% in Greater Sydney, demonstrating that the Town Centre accommodates a large number of highly skilled workers.

Figure 2.7 provides a breakdown of occupation by skill level in the Town Centre Area in 2021.

Figure 2.7: Employment by Skill Level, Town Centre Area (2021)



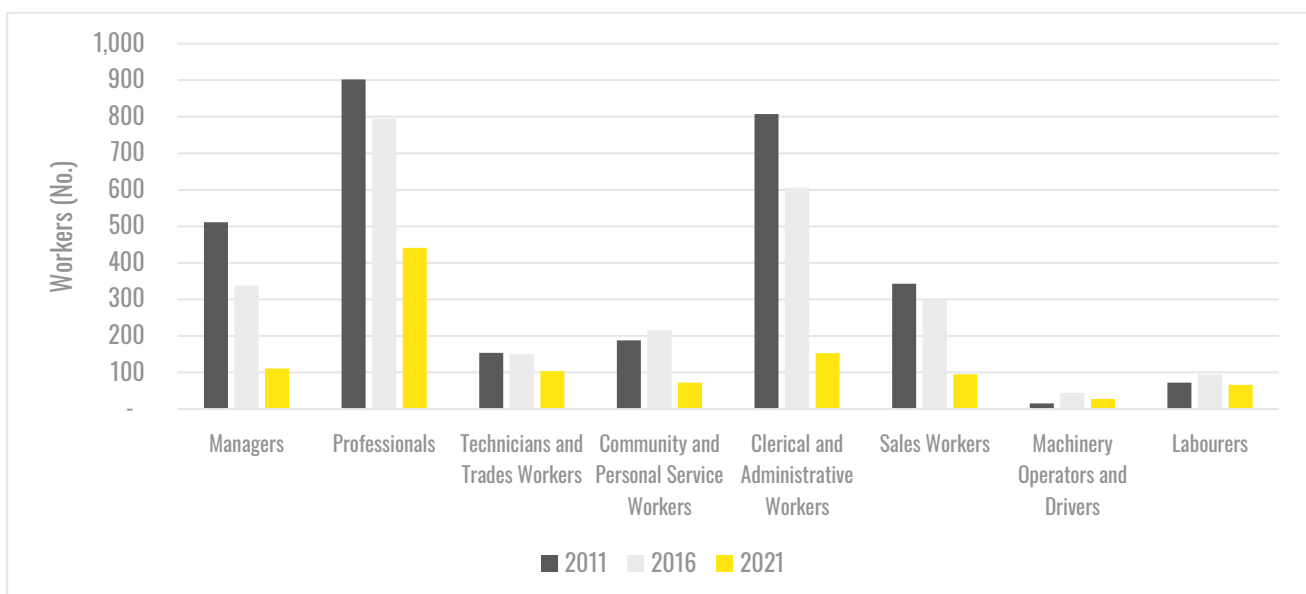
Source: ABS (2021)

## 2.2.3 Employment by Occupation

In 2021, a 41% majority of workers in the Town Centre Area were professionals. Whilst the occupation profile of the Town Centre Area has remained relatively consistent over the 2011-2021 period, there has been sharp declines in the number of professionals and clerical and administrative workers over this period. This is reflective of the types of occupiers who have relocated from the Study Area during this time.

Figure 2.8 illustrates the occupation profile in the Town Centre Employment over 2011-2021.

Figure 2.8: Occupation Profile, Town Centre Employment (2011-2021)



Source: ABS (2021)

## 2.3 Key Findings

Based on the socio-demographic analysis of the Study Area and employment profiling of the Town Centre Area, key observations drawn from this Chapter include:

- The Study Area's population has grown by some ~5,200 residents over the past decade at an average rate of 9% per annum. This is notably higher than the 3% average annual growth rate recorded in Catchment Area.
- In 2021, the Study Area accommodated a high proportion of young professionals and smaller households (couple-only and lone person) and a lower proportion of couples with children compared to the broader Catchment Area.
  - 29% of residents were aged 30-39 years with 56% of working age (aged 20-59 years).
  - 34% of households are couple families with children, 26% couple-only and 23% lone person households.
- Most residents are employed in 'white collar' occupations, with 25% of working residents being professionals with 13% being managers and clerical and administrative workers collectively.
- A large proportion of working residents travel to the Sydney CBD or Macquarie Park/Marsfield for work.
- Employment in the Town Centre Area has progressively declined over the past decade. In 2011, the Town Centre Area accommodated some 3,000 workers. By 2021, this has fallen ~1,000 workers, representing a decline of ~1,900 jobs (or a 64% decline). This was primarily a function of several large commercial sites within the Town Centre being redeveloped for residential uses in response to Epping Town Centre's rezoning in 2014, resulting in several major occupiers relocating to other centres.
- Despite the displacement of employment in some industries to other centres, the analysis of employment composition provides important insight into the Town Centre's transition. Business activity (particularly in education and training) is observed to have responded to the growth of the local resident population. This can be directly observable on the Site, with several current tenants being health and education operators.
- The occupational skill levels observed in the Town Centre Area are generally high (almost 50% having Skill Level 1)

The socio-economic analysis clearly shows the transition of the Town Centre and can be summarised as two-fold:

- Establishment of a young, well-educated and skilled resident community, many being employed in the Sydney CBD, Macquarie Park and other centres. These residents are conceivably attracted to the accessibility of the Town Centre.
- Transition of the Town Centre from a traditional corporate, office-based centre to a centre for local business services. This has direct implications for the type of commercial floorspace required.

The next chapter considers the economic and market trends which influence the need for, and nature of commercial floorspace in the Town Centre.

# 3. Market Appraisal

## 3.1 Structural Trends and Drivers

Demand for commercial floorspace is driven by structural trends at the macro level by how businesses use and require space. At the micro level, the characteristics of floorspace demand drive demand for space in centres and individual sites.

### Hybrid (Flexible) Working

Hybrid working refers to a working arrangement in which office-based workers split their working week between the office, their home and in some cases a third space such as a co-working facility, library or local coffee shop.

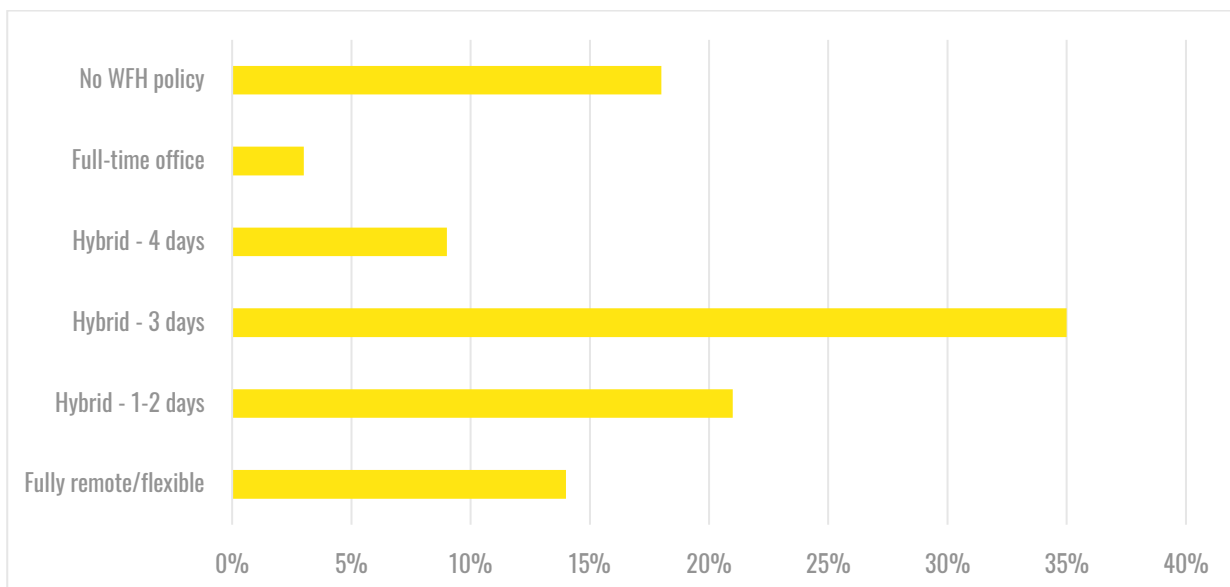
Government mandates during the COVID-19 pandemic (the pandemic) to contain the spread of the virus obligated all workers who could work from home (WFH) to do so. Millions of formerly office-based employees instantly gave up their daily commutes and workplaces. Hybrid working was a trend already underway prior to the pandemic, however the pandemic accelerated the realisation of this structural change from perhaps 5-10 years to 12-24 months.

Rather than leading to a collapse in output which had been feared, WFH led to the following outcomes:

- Organisations realised how some tasks could be performed at home with either neutral or positive productivity impacts.
- Employees valued the travel time and cost savings that WFH provided and its greater flexibility.
- Employers accepted the employee engagement benefits of hybrid working arrangements and the financial benefits achievable through reducing or consolidating their physical office footprint.

Hybrid working is now the default position for Australian corporates with office-based workers (Figure 3.1). Two-thirds of corporate occupiers have a hybrid working policy and 14% are fully remote. Only 3% of office workers are in the office 5 days a week. The average Australian worker now spends over a quarter of their working week (27%) outside the office.

Figure 3.1: Australian Corporate Working-from-home (WFH) Policies Breakdown



Source: The Aussie Corporate, March 2023

The entrenchment of hybrid working within office-based businesses has had major ramifications for aggregate demand in the commercial office sector. Overall, hybrid working has a negative impact on per person office demand as occupiers do not need to provide space for all full-time employees to have a permanent desk.

### Shift in Market Expectations

In a post-COVID-19 market, occupier demand is focusing on a specific type of office space which provides:

- Flexible spaces that can be adapted to accommodate a wide variety of activities.
- High-quality sustainability credentials.
- Quiet spaces for phone calls or working.
- An abundance of meeting spaces and places for collaboration.
- Good access to public transportation.
- Food and beverage amenities such as an on-site café, health and wellness facilities.

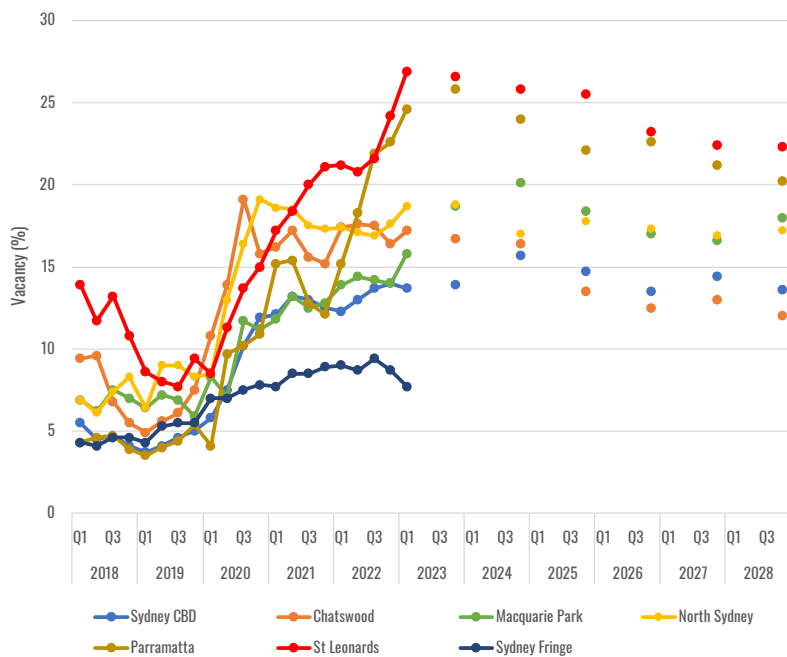
To meet these requirements, demand is focusing on the best quality contemporary space at the expense of older-style buildings (secondary grade stock).

The shift in market expectations towards quality space with high amenity is directly observable in rent and vacancy data. Vacancy rates in all office markets have remained elevated since 2020. All office markets are ‘working through’ the floorspace that is currently vacant. Landlords are offering generous incentives and tenants have the ability to ‘pick and choose’ office premises that suit their requirements.

Existing office buildings and office developments that are under construction are in competition to capture investment from a smaller pool of tenants. Secondary rents in particular are under significant pressure amid a flight to quality.

Figure 3.2 shows historical vacancy rates in Sydney’s metropolitan office markets to Q1 2023. These vacancy rates are forecast towards the end of the decade in 2028 (allowing for new completions and commitments over that period).

**Figure 3.2: Vacancy Rates (Historical and Forecast), Sydney Metropolitan Office Markets**



Source: JLL, Q2 2023

The reduction in aggregate demand for commercial office floorspace and the shift in market expectations for the quality of office floorspace is relevant for minor commercial centres like the Epping Town Centre. It is conceivable that had the large scale redevelopment of commercial buildings in the Town Centre not occurred, these buildings would now be under significant pressure from rising vacancy and falling effective rents.

Until vacancy rates return to ‘normal’ levels (5%-10%), effective rents will remain depressed which negatively impacts on development feasibility and the viability of new office development in all markets. These further challenge the viability of development of standalone or large scale office development in the Town Centre.

### Hyper Localism

Worker preferences which have moved away from commuting large distances to work have been mirrored in consumer spending patterns. The aspirational lifestyle of living, working and playing in close proximity supports demand for localised retail facilities which do not require shoppers to travel large distances. The trend of hyper localism has been at play even before the COVID-19 pandemic.

Given that the average Australian office worker now spends 27% of their time working outside of the office, there is now a reinforced demand for retail and commercial services at the local level close to where people live.

Further, given the clear environmental benefits of more localised consumer habits, this aligns with the growing wellness and sustainability agenda. Hyper local shopping patterns expect and support a localised network of retail centres of all sizes.

Hyper local consumer spending patterns create strong demand for a greater range of retail and leisure goods to be provided close to where people live and work. Retail floorspace will be a critical component of creating a viable, healthy Town Centre which meets the needs of residents and workers and supports planning policy objectives.

## 3.2 Epping Town Centre

### Office Land Uses

The Epping Town Centre was historically a medium-sized suburban commercial office market. It comprised ~55,000sqm of office floorspace (SGS, 2017) across multiple standalone medium-rise office buildings and two business parks - Epping Business Park and Cambridge Office Park. Multiple corporate occupiers were accommodated in these premises, including Unilever, Westpac, NEC Australia and Craig and Rhodes Surveyors, amongst a mix of small and medium sized enterprises.

From as early as 2012/13, many of Epping's largest commercial occupiers began relocating to surrounding office markets such as Macquarie Park and Parramatta. Following the Town Centre's rezoning in 2014, many commercial sites were acquired for high-density development, including the Epping Business Park and Cambridge Office Park.

Today, Epping's office market comprises some 40,000sqm of office floorspace across some 30 buildings (Arealytics, 2023). Office stock is generally characterised by low rise commercial buildings (1-3 storeys), with higher density developments (4-7 storeys) predominantly located in the Town Centre. These are mainly situated along Bridge Street, Rawson Street, Oxford Street and Cambridge Street. Existing buildings are dated and mostly comprise secondary grade stock.

Contemporary commercial space is limited, though examples include 16-18 Bridge Street, 51 Rawson Street (part of the Site) and 3 Carlingford. These buildings accommodate a mix of educational operators, specialist health services and local business services (e.g., real estate agencies).

Office buildings and commercial suites within the Town Centre range from 130sqm to 6,700sqm of internal area (mostly sub-500sqm). Occupiers include a range of business and service providers. Amongst the diverse commercial profile, dominant occupiers include accounting/bookkeeping, educational and medical services. Many of these service-oriented occupiers have grown organically commensurate with rapid population growth across Epping.

Whilst the redevelopment of office buildings in the Town Centre have enabled residential growth, it has also displaced a significant number of commercial occupiers. It is understood that new tenants are offered restrictive lease terms - shorter terms often with demolition clauses. Larger businesses have relocated to centres such as Macquarie Park where they have obtained secure lease terms as well as better quality accommodation and building amenity.

Based on available leasing data, gross face rents for contemporary office space are in the order of \$400/sqm to \$500/sqm of internal area. Based on business occupier profile and activity, demand for commercial space is broader than just demand for office floorspace. The tenancy profile of businesses currently accommodated on the Site (various education and tutoring centres, specialist medical practices) is indicative of the spread of demand for commercial floorspace in the Town Centre.

### Retail Land Uses

Retail activity in Epping is concentrated along its main thoroughfares of Beecroft Road, Oxford Street and Rawson Street. The retail market predominantly comprises restaurants and several independent grocers, many of which are Asian-oriented. Non-food retailers are limited and include several small-scale clothing stores.

Anchor occupiers include the Coles supermarket (located on the Site) and two Chemist Warehouse stores. Recently, new developments have also delivered modern, ground-floor retail floorspace within mixed use projects. Overall, the retail market in Epping comprises approximately 30,000sqm of floorspace (Arealytics, 2023) with a vacancy rate of less than 1%, indicating an undersupplied market.

Residents generally travel to Macquarie Park, Carlingford, Eastwood or Beecroft to have their convenience as well as higher order retail needs met.

A retail demand assessment (Location IQ, 2022) found that the amount of supermarket floorspace provided in the area surrounding the Site (i.e., its Main Trade Area) was less than *half* the Sydney benchmark (99sqm compared to 266sqm per 1,000 persons). This clearly indicated an undersupply of retail floorspace within the Main Trade Area.

The assessment identified demand for up to ~9,000sqm of retail floorspace across the Town Centre, inclusive of supermarkets, mini-major, retail specialties and non-retail uses (e.g. gym, childcare facilities, medical centre, tavern, etc.). As such, the proposed development for ~6,500sqm of retail and commercial floorspace would only *partially* address projected demand for retail floorspace within Epping.

Accordingly, the Proposal would not absorb all future demand, with additional development still needed moving forward.

### 3.3 Development Activity

A review of the development pipeline in Epping reveals that there are no notable commercial projects proposed in the locality. Proposed developments in Epping will predominantly deliver high density residential apartments, with a small quantum of retail and commercial floorspace within the developments.

Collectively, these developments could potentially deliver up to 6,440sqm of commercial floorspace and 1,970sqm of retail floorspace across seven projects in the Town Centre if delivered as proposed. Larger projects include:

- **2-4 Cambridge Street ('Epica Epping')**: 24-level mixed use development set to deliver some 1,170sqm of office space and 170sqm of retail space. Construction is expected to commence shortly with estimated completion late 2024.
- **52-54 Rawson Street and 48-54 Beecroft Road ('Epping Tower')**: 21-storey development delivering 123 residential units and 5 retail shops totalling 880sqm. Construction has yet to commence.
- **246-250 Beecroft Rd**: 15-storey mixed use development seeking to deliver 103 residential units, a 3,060sqm medical centre and 490sqm of retail floorspace. The proposal is in its early planning stages.
- **242-244 Beecroft Road**: three residential flat buildings (15-storeys each) set to comprise some 373 apartments and 905sqm of non-residential floorspace.

The newly completed mixed-use development at **12-22 Langston Place, Epping** has delivered some 2,000sqm of retail space in the Town Centre. Market investigations suggest that take-up has been positive, with no vacancies being advertised.

Overall, there are limited commercial and retail developments being progressed. New retail and commercial floorspace being delivered is generally 'tokenistic' and provided on the ground floor of predominantly residential developments.

Furthermore, several existing commercial buildings have been approved for demolition to accommodate residential development. This indicates that the market for commercial/retail land uses in Epping is likely to remain tight, with supply constrained in the short-medium term in the face of strong demand.

### 3.4 General Market Conditions

The Australian economy has been facing a heightened level of uncertainty over the past 12-24-months. Global upstream cost pressures resulting from the war in the Ukraine, pent-up COVID-related domestic demand and a resurgence in migration-driven population growth have resulted in a significant uptick in broad based inflation across the domestic economy. The labour market is tight and has contributed to wages growth amidst this inflationary backdrop.

In response, the Reserve Bank of Australia (RBA) has been tightening monetary policy with successive cash rate increases from 0.1% in April 2022 to 4.1% in June 2023. More rate rises are expected in the short-term as the RBA seeks to return inflation (pegged at 5.6% in May 2023) to its target range of 2%-3%. Rapid increases to interest rates have begun to affect many parts of the economy - notable declines in investment activity, household consumption and residential property values.

Against this backdrop, the property and development sector has been impacted to varying degrees over the past few years:

- Substantial rises in building costs over 2021-2022, resulting in an increase in **development delays and deferrals**.
- New **unit approvals have been declining since Q1 2021** and are now approaching levels observed in March 2012.
- Despite a softening in pricing, **demand for housing** remains strong given an uptick in population growth. This is most evident in the rental market, with a **chronic undersupply of rental properties** driving historically low vacancy rates.
- Structural change in working arrangements have driven a **sustained level of commercial office vacancy** across Greater Sydney with many commercial developers stalling or repositioning new office developments.
- Fewer office workers in the office during the week has resulted in **reduced demand for retail services in CBD office markets**, leading to increased vacancy of shopfront spaces in many office markets.
- **Structural change in shopping patterns** and the **accelerated take-up of online retail** has resulted in lower demand for shopfront retail space in some sectors. Increased vacancy rates are observed across Greater Sydney.
- **Demand for industrial land is at historic highs** - increased demand for urban logistics space from higher online retail penetration and a chronic shortage of industrial land resulting in rising rents and almost zero vacancy in Sydney.

The influence of economic conditions on property markets is nuanced. Trends resulting from the COVID-19 pandemic have 're-set' structural demand for some sectors. This has included:

- Reduction in demand for retail and commercial office floorspace.
- Increase in demand for industrial floorspace.

The re-setting of structural demand for space has direct implications for how sites are planned for future development.

### 3.5 Implications for the Town Centre

The COVID-19 pandemic has resulted in a structural shift to the demand for commercial office floorspace. Aggregate demand for office space has reduced overall and offices must now provide a better offer to meet market expectations. This has resulted in a preference for quality space and has rationalised demand to offices in high amenity locations. The structural change to working arrangements has further reinforced the rise in hyper localism and demand for localised retail facilities.

The Epping Town Centre is a centre in transition. The analysis in Chapter 2 shows that large scale development activity has resulted in:

- A much larger resident population, many of whom are well educated and who reside in younger households.
- A fall in employment as numerous former commercial buildings have been redeveloped over the past decade.
- Growth in the local education and training industries.

There is demand for a range of commercial floorspace in the Town Centre (broader than commercial office). This includes the need for retail space and commercial space for medical/ specialist practices, private colleges and tutoring centres.



### Role for the Site

The retail demand assessment (Location IQ, 2022) identifies need for 9,000sqm of retail and non-retail space throughout the Town Centre. Delivery of retail facilities of this scale requires the co-location and clustering of retail uses to be viable.

Development across the Town Centre to date has not generated a significant amount of new commercial or retail floorspace. Many developments currently being progressed are on small sites, with limited capacity for large scale provision of retail/commercial floorspace as identified in the retail demand assessment.

The Site therefore has an important role to play in meeting some of the projected demand for retail and commercial uses in the Town Centre. A contemporary retail and commercial offering as envisaged in the Proposal will significantly improve the retail amenity of the Town Centre, resulting in reduced 'escaped expenditure' (i.e. the proportion of retail expenditure being captured within the Town Centre).

## 4. Demand Assessment

### 4.1 Population Projections

Official population and demographic projections in NSW are carried out by the NSW Department of Planning and Environment (DPE). DPE's Demography and Research Unit project population growth on a variety of demographic assumptions, including birth and fertility rates, mortality rates, migration levels and household formation patterns. These projections of population growth are divided by projected household occupancy rates to arrive at the number of dwellings impliedly required to accommodate the projected population.

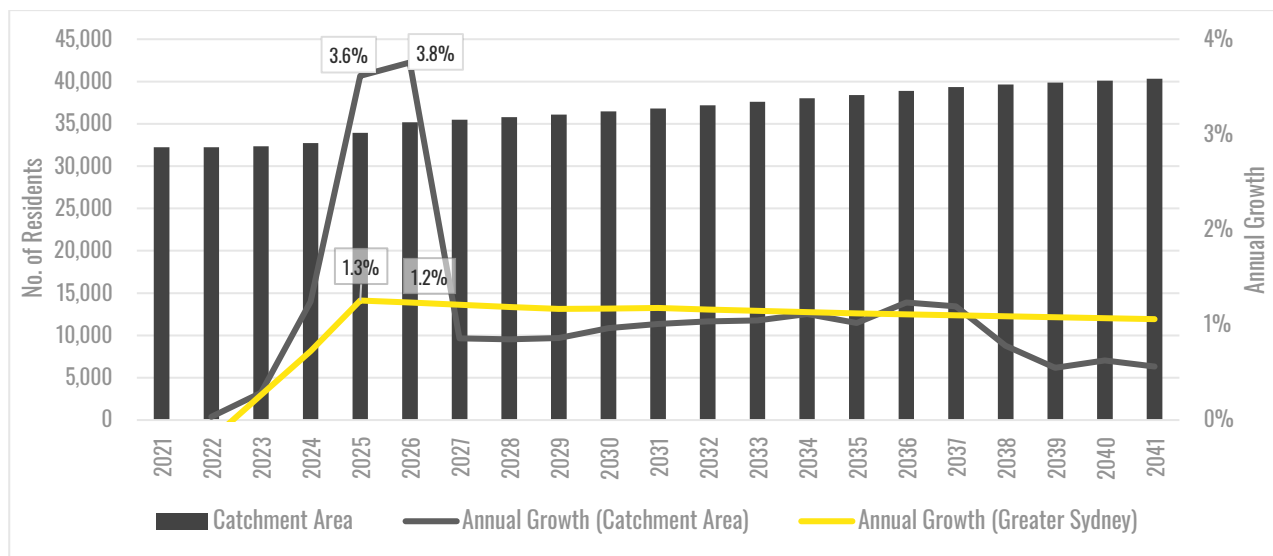
The most recent population projections prepared by DPE were released in 2022. These projections were prepared prior to the release of the 2021 Census and are based upon the ABS 2020 Estimated Resident Population (ERP) as a 'base' starting point. Projections were examined at the SA2 level which align with the boundaries of the Catchment Area.

Based on DPE population projections, the Catchment Area population is likely to grow by a notable ~4,600 residents in the coming decade to 2031. This is attributed to a period of marked growth expected to occur over 2024-2026, projected at an average annual rate of 3.7%. This is significantly higher than the 1.2% in Greater Sydney.

In the longer term to 2041, population growth in the Catchment Area is expected to grow steadily at an average annual rate of 1%, broadly aligned with that of Greater Sydney. Much of the projected growth is expected to occur in the Town Centre, with the rest of the Catchment Area comprised of lower density areas.

Figure 4.1 illustrates the projected population of the Catchment Area over the coming two decades.

Figure 4.1: Population Projections (2021-2041), Catchment Area



Source: DPE (2022)

### 4.2 Employment Projections

Employment projections relied upon in this Study are prepared by Transport for NSW's Transport, Performance and Analytics (TPA) Division. These projections are carried out at a small area level in geographies known as Travel Zones (TZs). A series of TZs which broadly align with the Town Centre Area have been selected to be the focus of analysis.

Based on the employment projections, the Town Centre could expect an additional **150 workers** in the coming decade to 2031, and a further **190 workers** over 2031-2041. Employment projections to 2031 include:

- +58 workers in health and education industries (38% of additional jobs).
- No change in industrial sectors.
- +103 workers in knowledge-intensive industries (67% of additional jobs).
- -7 workers in population serving industries (-5% of additional jobs).

Table 4.1 provides a detailed breakdown of employment projections by BIC in the Town Centre over 2021-2041.

**Table 4.1: Employment Projections, Town Centre Employment (2021-2041)**

Broad Industry Classification (BIC)	2021		2031		2041		Change (No.)	
	No.	%	No.	%	No.	%	2021-31	2031-41
Health and Education	723	22%	781	23%	819	23%	58	38
Industrial	106	3%	106	3%	114	3%	0	8
Knowledge Intensive	1,490	46%	1,593	47%	1,686	47%	103	93
Population Serving	914	28%	907	27%	960	27%	-7	53
<b>Total</b>	<b>3,233</b>	<b>100%</b>	<b>3,386</b>	<b>100%</b>	<b>3,579</b>	<b>100%</b>	<b>153</b>	<b>193</b>

Source: TPA (2019)

In the coming decades, employment in the Town Centre is expected to be driven by growth in health and education and knowledge-intensive industries. By 2031, these industries could account for 70% of jobs in the Town Centre (~2,370 jobs).

### Demand for Employment Floorspace

The floorspace required to accommodate projected employment growth in the Town Centre Employment can be estimated through converting employment (jobs) into floorspace using workspace ratios (i.e. the amount of floorspace occupied per worker). The NSW Government provides a set of benchmark workspace ratios which can be used across Greater Sydney (Landcom, 2018). Atlas has refined this set based on past experience and industry knowledge.

The conversion of employment projections into floorspace suggests the Town Centre could require an additional ~5,040sqm over the coming decade. By 2031, total demand for floorspace could reach ~140,200sqm and comprised of:

- 31,200sqm (22%) for health and education.
- 15,800sqm (11%) for industrial.
- 47,800sqm (34%) for knowledge-intensive industries.
- 45,300sqm (32%) for population serving industries.

Table 4.2 summarises the employment floorspace projections for the Town Centre Catchment over 2021-2041.

**Table 4.2: Potential Floorspace Demand (2021-2041), Town Centre Catchment**

Broad Industry Classification (BIC)	2021	2026	2031	2036	2041	Change (No.)	
						2021-31	2031-41
Health and Education	28,912	30,791	31,235	31,716	32,761	2,323	1,526
Industrial	15,839	15,107	15,830	16,514	17,066	-9	1,236
Knowledge Intensive	44,706	47,962	47,795	49,191	50,572	3,089	2,777
Population Serving	45,706	45,433	45,345	46,729	48,022	-361	2,677
<b>Total</b>	<b>135,163</b>	<b>139,294</b>	<b>140,204</b>	<b>144,151</b>	<b>148,421</b>	<b>5,042</b>	<b>8,217</b>

Source: Atlas Economics/TPA (2019)

In the coming decade to 2031, the employment projections suggest that demand for floorspace is likely to be driven by knowledge-intensive (+3,089sqm) and health and education industries (+2,323sqm).

### Implications for the Town Centre

The population projections suggest that the Catchment Area resident population is expected to grow significantly in the immediate term to 2026. This implies that demand for retail and local business services will grow commensurately.

Employment in the Catchment Area is expected to grow modestly at 150 jobs to 2031, with an additional 5,040sqm of floorspace potentially required. Over the longer term between 2031 and 2041, a further 8,220sqm could be required.

The expectations of employment growth are relatively modest and likely reflective of expectations that the Town Centre is transitioning from historically a minor office market to a commercial services centre focused on a new resident community.

# 5. Economic Impact Assessment

## 5.1 Overview and Approach

This chapter examines the economic activity and impacts that could be facilitated through progression of the Proposal during construction and upon completion. The analysis estimates the economic activity supported in the following scenarios:

- **Base Case**

The Site continues to operate as a shopping centre with a full-line Coles supermarket (3,300sqm of retail floorspace) and commercial building (4,756sqm of commercial floorspace).

- **Proposal Case**

The Site is developed as per the Proposal, comprising a mix of land uses across two 33 and 36 storey towers including:

- 7,430sqm commercial floorspace.
- 6,247sqm retail floorspace (3,100sqm supermarket, 3,147sqm retail specialties).
- Up to 420 apartments;

The economic impacts are assessed at the Parramatta LGA level. An Input-Output model (including the development of specific regional Input-Output transaction tables) was developed to reflect the economic structure of the Parramatta LGA (see Schedule 1 for further detail).

Input-Output modelling considers economic activity through examining four types of impacts as described in **Table 5.1**.

**Table 5.1: Economic Indicators**

Indicator	Description
Output	The gross value of goods and services transacted, including the cost of goods and services used in the development and provision of the final product. Care should be taken when using output as an indicator of economic activity as it counts all goods and services used in one stage of production as an input to later stages of production, thus overstating economic activity.
Gross Product	The value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g. Gross Regional Product (GRP)) defines a net contribution to economic activity.
Incomes	The wages and salaries paid to employees as a result of the Project either directly or indirectly.
Employment	Employment positions generated by the Project (either full time or part time, directly or indirectly). Employment is reported in terms of Full-time Equivalent (FTE) positions or person-years.

Source: Atlas

Input-Output modelling estimates show the impacts of direct spending in a particular industry as well as from Production-induced impacts (Type I) or Consumption-induced impacts (Type II).

- **Production-induced impacts (Type I)** show the effects of industrial support effects of additional activities undertaken by supply chain industries increasing their production in response to direct spending.
- **Consumption-induced impacts (Type II)** estimate the re-circulation of labour income earned as a result of the initial spending through other industry impacts (or impacts from increased household consumption).

The estimates of economic impacts consider production and consumption-induced flow-on impacts. Type II impacts are commonly considered to overstate economic activity and therefore the types of flow-on impacts are reported separately.

## 5.2 Drivers of Economic Activity

To understand the economic impacts likely to result from the Proposal compared to the Base Case, it is necessary to distinguish economic impacts during the construction phase and those economic impacts that will be more permanent in nature following construction completion and operations commencement and stabilisation to long run averages.

- **Construction Phase:** Construction activity will draw resources from and thereby generate economic activity in the Parramatta economy as well as from outside Parramatta LGA.

Assumptions are made on the proportion sourced from within and from outside Parramatta. The construction phase is assessed for the Proposal Case only.

- **Operational Phase:**
  - **Base Case:** The Site will continue to accommodate a supermarket and office building and generate direct employment within these facilities.
  - **Proposal Case:**
    - The Site will generate additional ongoing employment activity and dispersed employment through persons working from home in the new residential dwellings.
    - The Site will facilitate additional household expenditure through the 420 new dwellings.

Refer to Schedule 1 for a description of the drivers and assumptions that underpin the assessed economic impacts.

## 5.3 Economic Activity and Impacts

### Construction Phase

During construction the Proposal Case is projected to generate significant economic impacts for Parramatta, including:

- **\$407.1 million** in output (including \$237.8 million in direct activity).
- **\$147.4 million** contribution to GRP (including \$60.6 million in direct activity).
- **\$83.0 million** in incomes and salaries paid to households (including \$40.3 million in direct income).
- **855 FTE jobs** (including 449 FTE directly employed in construction activity).

Economic impacts during construction are summarised in **Table 5.2**. It should be noted that construction impacts are reported in total for the construction phase, and do not represent an average annual estimate.

**Table 5.2: Construction Impacts in Parramatta LGA, Proposal Case**

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
Direct	\$237.8	\$60.6	\$40.3	449
Flow-on Type I (Production-induced)	\$102.4	\$47.0	\$27.0	243
Flow-on Type II (Consumption-induced)	\$67.0	\$39.8	\$15.8	163
<b>Total</b>	<b>\$407.1</b>	<b>\$147.4</b>	<b>\$83.0</b>	<b>855</b>

Note: Totals may not sum due to rounding.

Source: Atlas

### Operational Phase

Following the completion of construction, the Proposal Case is estimated to support the following annual economic activity through direct and indirect (flow-on) impacts associated with operations (and dispersed employment) on the Site:

- **\$272.1 million** in output (including \$159.2 million in direct activity).
- **\$148.4 million** contribution to GRP (including \$86.0 million in direct activity).
- **\$76.2 million** in incomes and salaries paid to households (including \$47.4 million in direct income).
- **756 ongoing FTE jobs** (including 485 FTE directly related to activity on the Site).

Table 5.3 summarises the estimated economic impacts during the operational phase in both the Base and Proposal Case.

Table 5.3: Operational Impacts in Parramatta LGA, Base Case and Proposal Case

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
<b>Base Case</b>				
Direct	\$70.7	\$39.2	\$15.7	174
Flow-on Type I (Production-induced)	\$15.9	\$7.9	\$4.4	38
Flow-on Type II (Consumption-induced)	\$21.3	\$12.7	\$5.0	52
<b>Total</b>	<b>\$107.9</b>	<b>\$59.8</b>	<b>\$25.1</b>	<b>264</b>
<b>Proposal Case</b>				
Direct	\$159.2	\$86.0	\$47.4	485
Flow-on Type I (Production-induced)	\$48.2	\$24.1	\$13.6	114
Flow-on Type II (Consumption-induced)	\$64.7	\$38.4	\$15.2	157
<b>Total</b>	<b>\$272.1</b>	<b>\$148.4</b>	<b>\$76.2</b>	<b>756</b>
<b>Net Operational Impacts</b>				
Direct	\$88.5	\$46.8	\$31.7	311
Flow-on Type I (Production-induced)	\$32.3	\$16.1	\$9.2	76
Flow-on Type II (Consumption-induced)	\$43.4	\$25.7	\$10.2	105
<b>Total</b>	<b>\$164.2</b>	<b>\$88.6</b>	<b>\$51.1</b>	<b>493</b>

Note: Totals may not sum due to rounding.

Source: Atlas

Compared with the Base Case, the Proposal Case facilitates a notably intensified use of the Site, accommodating more businesses and employment activity, resulting in greater levels of output and contribution to the local economy.

The Proposal is estimated to result in a **net increase in economic activity** through direct and indirect (flow-on) annually at:

- **\$164.2 million** additional in output (including \$88.5 million in direct activity).
- **\$88.6 million** additional in contribution to GRP (including \$46.8 million in direct activity).
- **\$51.1 million** additional incomes and salaries paid to households (including \$31.7 million directly).
- **493 additional FTE jobs** (including 311 additional FTE jobs directly related to activity on the Site).

The economic impacts estimated in this section demonstrates the Proposal has economic merit, having the ability to contribute significantly to the local economy.

#### Household Expenditure Impacts

In addition to the commercial activity estimated above, the Proposal Case is projected to generate additional household expenditure supported through new dwellings within the Parramatta LGA. This activity is estimated to support on an ongoing annual basis (once fully developed and occupied):

- **\$59.7 million** in total output (\$35.2 million directly).
- **\$34.7 million** contribution to GRP (\$21.2 million directly).
- **\$14.6 million** in wages and salaries to local workers (\$8.4 million directly).
- **187 FTE jobs** (128 direct FTE).

Table 5.4 shows the estimates of economic activity associated with household expenditure. It should be noted that operational and household impacts are not additive, due to potential for double counting of economic impacts (for example, household spending will result in direct and flow-on activity for businesses that are operating within the Site).

**Table 5.4: Household Expenditure Impacts in Parramatta LGA, Proposal Case**

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
Direct	\$35.2	\$21.2	\$8.4	128
Flow-on Type I (Production-induced)	\$10.8	\$5.4	\$2.9	26
Flow-on Type II (Consumption-induced)	\$13.6	\$8.1	\$3.2	33
<b>Total</b>	<b>\$59.7</b>	<b>\$34.7</b>	<b>\$14.6</b>	<b>187</b>

Note: Totals may not sum due to rounding.

Source: Atlas

## 5.4 Summary of Economic Findings

The development of the Proposal is shown to deliver significant and positive economic impacts to the Greater Sydney economy. Compared with the Base Case, it is estimated to result in a **net increase in economic activity** during the construction phase through a mix of direct and indirect (flow-on) activity, including:

- **\$407.1 million** in output (including \$237.8 million in direct activity).
- **\$147.4 million** contribution to GRP (including \$60.6 million in direct activity).
- **\$83.0 million** in incomes and salaries paid to households (including \$40.3 million in direct income).
- **855 FTE jobs** (including 449 FTE directly employed in construction activity).

When operational, the Proposal is estimated to result in an annual **net increase in economic activity** with:

- **\$164.2 million** additional in output (including \$88.5 million in direct activity).
- **\$88.6 million** additional in contribution to GRP (including \$46.8 million in direct activity).
- **\$51.1 million** additional incomes and salaries paid to households (including \$31.7 million directly).
- **493 additional FTE jobs** (including 311 additional FTE jobs directly related to activity on the Site).

The Proposal will also facilitate notable household expenditure impacts through providing new housing stock:

- **\$59.7 million** in total output (\$35.2 million directly).
- **\$34.7 million** contribution to GRP (\$21.2 million directly).
- **\$14.6 million** in wages and salaries to local workers (\$8.4 million directly).
- **187 FTE jobs** (128 direct FTE).

The economic impacts estimated in this Chapter demonstrates the Proposal will deliver significant positive economic benefits, having the ability to contribute significantly to the Parramatta economy over the long-term.

Economic modelling indicates the Proposal will make a significant contribution to the Parramatta economy. The Proposal is expected to generate an annual GRP of \$148.4 million to the local economy and support almost 485 FTE jobs on-site.

The Proposal will contribute to meeting demand for retail and local commercial services including the growing health and education-related sectors seeking to meet the growing needs of the local population. The Proposal will facilitate reduced 'escaped expenditure' and travel to other centres.

Importantly, the Proposal will contribute to a much-needed increase in contemporary commercial floorspace within the Epping Town Centre. As such, it aligns with the expected role of Epping as a major employment and business hub that capitalises on improved transport links as identified in the *Draft Parramatta Economic Development Strategy* (City of Parramatta, 2023).

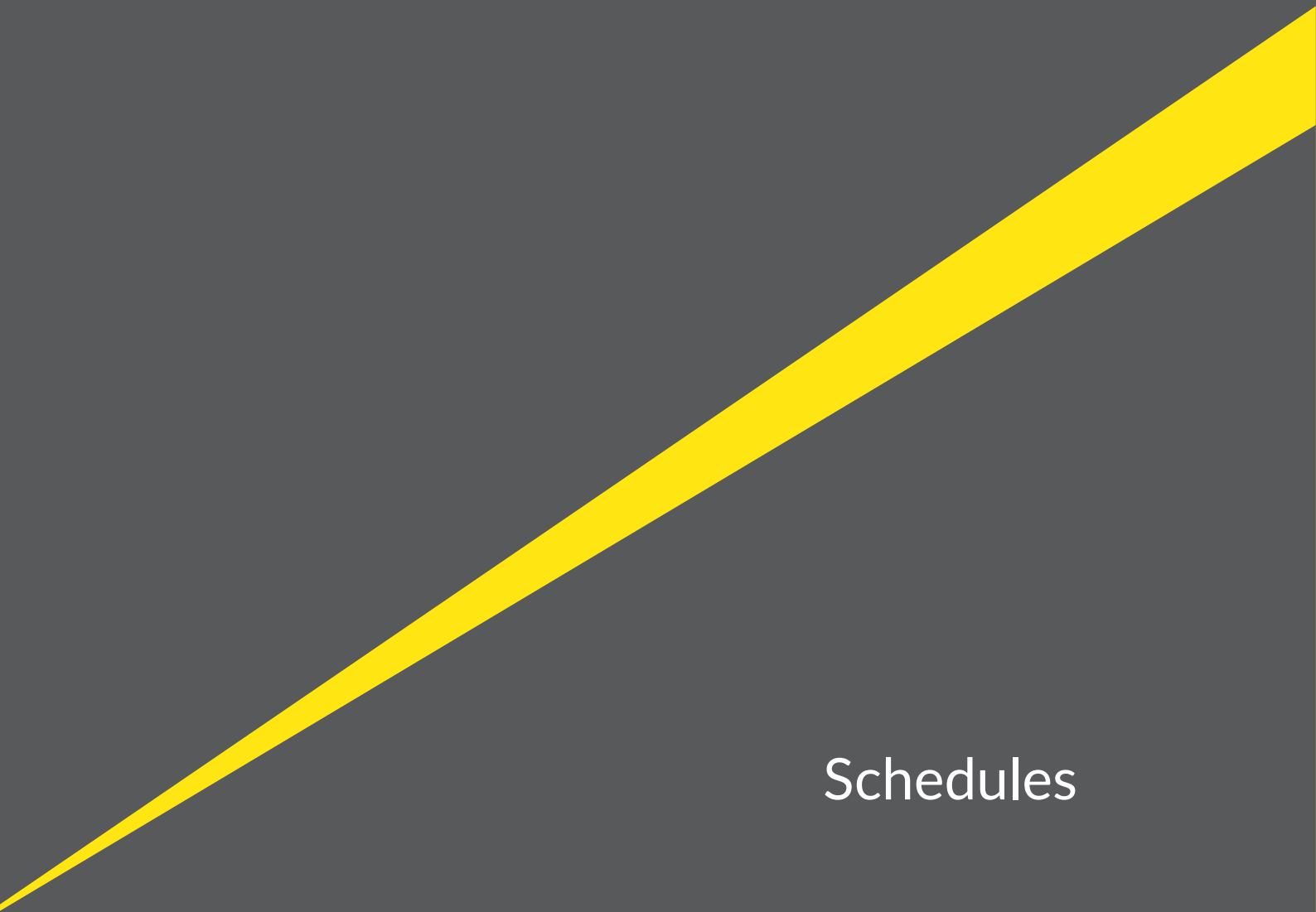
Overall, the Proposal is considered to have clear economic and market merit and will assist the Epping Town Centre continue in its transition to a service-based centre. It is recommended that the City of Parramatta support the Proposal, subject to other technical findings.

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Schedules

# Input-Output Modelling Methodology

Input-Output models are a method to describe and analyse forward and backward economic linkages between industries based on a matrix of monetary transactions. The model estimates how products sold (outputs) from one industry are purchased (inputs) in the production process by other industries.

The analysis of these industry linkages enables estimation of the overall economic impact within a catchment area due to a change in demand levels within a specific sector or sectors.

Impacts are traced through the economy via:

- Direct impacts, which are the first round of effects from direct operational expenditure on goods and services.
- Flow-on impacts, which comprise the second and subsequent round effects of increased purchases by suppliers in response to increased sales. Flow-on impacts can be disaggregated to:
  - Industry Support Effects (Type I) derived from open Input-Output models. Type I impacts represent the production induced support activity as a result of additional expenditure by the industry experiencing the stimulus on goods and services, and subsequent round effects of increased purchases by suppliers in response to increased sales.
  - Household Consumption Effects (Type II) derived from closed Input-Output Models. Type II impacts represent the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the catchment economy.

Economic analysis considers the following four types of impacts.

**Table S1-1: Economic Activity Indicators**

Indicator	Description
Output	The gross value of goods and services transacted, including the cost of goods and services used in the development and provision of the final product. Care should be taken when using output as an indicator of economic activity as it counts all goods and services used in one stage of production as an input to later stages of production, thus overstating economic activity.
Gross Product	The value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g. Gross Regional Product (GRP)) defines a net contribution to economic activity.
Incomes	The wages and salaries paid to employees as a result of the Project or Proposal either directly or indirectly.
Employment	Employment positions generated by the Project or Proposal (either full time or part time, directly or indirectly). Employment is reported in terms of Full-time Equivalent (FTE) positions or person-years.

Source: Atlas

## Regional Model Development

Multipliers used in this assessment have been created using a regionalised Input-Output model derived from the 2020-2021 Australian transaction table (ABS, 2023a).

Estimates of gross industry production in the catchment area were developed based on the share of employment (by place of work) of the catchment area within the Australian economy (ABS, 2022) using the Flegg Location Quotient and Cross Hauling Adjusted Regionalisation Method (CHARM). See Norbert (2015) and Kronenberg (2009) for further details. Where required, values were indexed to current dollar values using CPI (ABS, 2023b).

## Modelling Limitations and Assumptions

Input-Output modelling is subject to a number of key assumptions and limitations (ABS, 2023a):

- **Lack of supply-side constraints:** The most significant limitation of economic impact analysis using multipliers is the implicit assumption that the economy has no supply-side constraints. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.
- **Fixed prices:** Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. Prices are assumed to be unaffected by policy and any crowding out effects are not captured.
- **Fixed ratios for intermediate inputs and production:** Economic impact analysis using multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. As such, impact analysis using multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount.
- **No allowance for purchasers' marginal responses to change:** Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.
- **Absence of budget constraints:** Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.

Despite these notable limitations, Input-Output techniques provide a solid approach for assessing the direct and flow on economic impacts of a project or policy that does not result in a significant change in the overall economic structure.

## Drivers of Economic Impact

In order to understand the economic impacts likely to result from the Proposal, it is necessary to distinguish economic impacts during the construction phase and those economic impacts that will be more permanent following construction completion.

- **Construction Phase:** Construction activity will draw resources from and thereby generate economic activity in the Parramatta economy as well as from outside Parramatta LGA.

Assumptions are made on the proportion sourced from within and from outside Parramatta. The construction phase is assessed for the Proposal Case only.

- **Operational Phase:**
  - **Base Case:** The Site will continue to accommodate a supermarket and office building and generate direct employment within these facilities.
  - **Proposal Case:**
    - In addition to employment generated from the new retail and commercial office floorspace, the Site will generate additional ongoing employment activity and dispersed employment through persons working from home in the 420 dwellings.
    - The Site will facilitate additional household expenditure through the 420 new residential dwelling units.

## Construction Phase

For modelling purposes, construction costs (including contingency) for the Proposal Case were broken down into their respective Australian and New Zealand Standard Industrial Classification (ANZSIC) industries.

The breakdowns were developed based on the following assumptions by Atlas regarding the most appropriate ANZSIC industries for each activity.

**Table S1-2: Construction Cost Allocation (including Contingency)**

Item	Cost (\$M)	ANZSIC
Demolition	\$0.9	Construction Services
Residential Units	\$191.0	Residential Building Construction
Retail	\$9.9	Non-Residential Building Construction
Commercial	\$23.0	Non-Residential Building Construction
Mall	\$0.0	Non-Residential Building Construction
Supermarket	\$9.8	Non-Residential Building Construction
Amenities	\$0.0	Non-Residential Building Construction
Basement Spaces	\$47.9	Non-Residential Building Construction
Site Costs	\$5.7	Heavy and Civil Engineering Construction
Professional Fees	\$28.8	Professional, Scientific and Technical Services
<b>Total</b>	<b>\$317.0</b>	-

Note: numbers may not sum due to rounding  
Source: Atlas

Of the above capital outlay, not all activity will be undertaken within the Parramatta LGA economy. It was assumed:

- Approximately 75% of the direct expenditure on construction-related activity would be sourced from local businesses and labour. Of this:
  - Approximately 25% of purchases on goods and services (supply chain related activity) made by construction-related businesses sourced from outside Parramatta would be spent within the local economy (i.e., 25% of the Type I flow on activity associated with non-local construction companies is assumed to represent additional local activity in Parramatta).
  - Approximately 5% of wages and salaries paid to construction-related workers sourced from outside the region would be spent on local goods and services, such as food and beverages (i.e. 5% of the Type II).

Only flow-on activity of locally sourced professional, scientific and technical services activity (75%) is included, as it is not anticipated professional, scientific and technical services businesses located outside of Parramatta would purchase goods/services locally.

## Operational Phase

In order to model the economic impacts, operational employment levels for the economic activity occurring in Base and Proposal Case were categorised into the ANZSIC industries.

In the Base Case, employment was estimated based on current uses within the Site (i.e. existing supermarket, specialty retail and various commercial office uses).

In the Proposal Case, employment was estimated through converting the floorspace envisaged in the Proposal with industry standard workspace ratios (Landcom, 2019, Atlas estimates). Estimates were also generated for potential dispersed employment (i.e. residents working from home) within the Proposal Case.

Employment by industry estimates were converted to a direct output value using a multiplier based on the transaction tables developed for this assessment (ABS, 2023a). The resultant estimates of output were modelled as the direct activity associated with the Base Case and Proposal Cases.

**Table S1-3: Operational FTE Allocation of Floorspace**

Use/ANZSIC	GFA (sqm)	Floorspace (sqm/FTE)	Employment (FTE)	Output (\$M)
<b>Base Case</b>				
Education and Training	4,014	80	50	\$9.0
Rental, Hiring and Real Estate Services	235	20	12	\$9.1
Construction	211	20	11	\$6.5
Health Care and Social Assistance	563	80	7	\$1.3
Professional, Scientific and Technical Services	208	20	10	\$3.0
Retail Trade	4,180	50	84	\$41.8 <sup>1</sup>
<b>Total</b>	<b>9,412</b>	<b>54</b>	<b>174</b>	<b>\$70.7</b>
<b>Proposal Case</b>				
Retail Trade (supermarket)	3,100	50	62	\$39.6 <sup>1</sup>
Retail Trade (specialty retail)	1,574	30	52	
Food and Beverage Services (specialty retail)	1,574	30	52	\$5.2
Commercial Space (ANZSIC split as per SA2 Catchment Area Place of Work Employment)	7,301	25	292	\$95.5
Dispersed Employment (ANZSIC split as per SA2 Catchment Area Place of Usual Residence Employment)	535 workers <sup>2</sup>	5% work from home <sup>3</sup>	27	\$10.6
<b>Total</b>	<b>13,549</b>		<b>485</b>	<b>\$150.9</b>

Notes: Totals may not sum due to rounding. <sup>1</sup> Turnover adjusted for supermarket space productivity of \$10,000/sqm. <sup>2</sup> Calculated assuming an average 2% vacancy, 1.3 FTE workers per household. <sup>3</sup> A conservative estimate considering post-COVID trends. .  
Source: Atlas

### Household Expenditure

This section outlines the household expenditure that would be associated with the new dwellings proposed as part of the Proposal Case, and potential economic activity supported.

The household expenditure activity supported should not be combined with the impacts in the section above, as some of these impacts are likely to have already been captured in the assessment (e.g. some expenditure on retail and food and beverages by households is likely to be spent at the outlets locating on the Site).

This section is to understand specific economic activity supported in Parramatta LGA through household expenditure as its own separate analysis.

The ABS Household Expenditure Survey (ABS, 2017) was used to identify the proportion of weekly household incomes that are spent across expenditure items in the Parramatta LGA. The fourth quintile of NSW residents was used to best represent the expenditure patterns of residents in the surrounding catchment area.

The household survey only contains household expenditure data, and individual residents must be converted to an equivalent number of households. This was achieved by applying the estimated number of dwellings (420) and a vacancy rate of 2% (representative of the current rental market).

This data was converted to 2023 values (ABS, 2023b), annualised and allocated into their respective ANZSIC industries. The breakdown to ANZSIC industries was developed based on assumptions by Atlas regarding the most appropriate ANZSIC industries for each activity.

**Table S1-4** shows the household expenditure estimates for the Parramatta LGA under the Proposal Case.

**Table S1-4: Household Expenditure Estimates (Proposal Case)**

ANZSIC	Total Spend (\$M)	% Spent in Parramatta LGA	Local Spend (\$M)
Ownership of Dwellings	\$9.0	100%	\$9.0
Retail Trade	\$8.5	80%	\$6.8
Food and Beverage Services	\$4.5	80%	\$3.6
Personal Services	\$2.5	75%	\$1.8
Other Services	\$2.7	70%	\$1.9
Telecommunication Services	\$1.5	60%	\$0.9
Road Transport	\$4.1	80%	\$3.3
Rail Transport	\$2.1	50%	\$1.0
Air and Space Transport	\$0.7	20%	\$0.1
Sports and Recreation	\$3.5	75%	\$2.6
Primary and Secondary Education Services (incl Pre-Schools and Special Schools)	\$0.5	75%	\$0.4
Technical, Vocational and Tertiary Education Services (including Undergraduate and Postgraduate)	\$0.4	75%	\$0.3
Arts, Sports, Adult and Other Education Services (including Community Education)	\$0.1	75%	\$0.1
Health Care Services	\$2.3	80%	\$1.8
Heritage, Creative and Performing Arts	\$1.5	80%	\$1.2
Electricity Transmission, Distribution, On Selling and Electricity Market Operation	\$0.5	60%	\$0.3
<b>Total</b>	<b>\$44.3</b>	<b>79%</b>	<b>\$35.2</b>

Notes: Totals may not sum due to rounding.

Source: ABS (2017), Atlas

## **SYDNEY**

Level 12, 179 Elizabeth Street  
Sydney NSW 2000

## **MELBOURNE**

Level 7, 333 Collins Street  
Melbourne VIC 3000

T: 1300 149 151

E: [info@atlaseconomics.com.au](mailto:info@atlaseconomics.com.au)

W: [www.atlaseconomics.com.au](http://www.atlaseconomics.com.au)

