

Economic Impact Assessment

St Leonards Telstra Exchange



Ethos Urban acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and culture.

We acknowledge the Gadigal people, of the Eora Nation, the Traditional Custodians of the land where this document was prepared, and all peoples and nations from lands affected.

We pay our respects to their Elders past, present and emerging.

'Gura Bulga'

Liz Belanjee Cameron

'Gura Bulga' – translates to Warm Green Country. Representing New South Wales.

By using the green and blue colours to represent NSW, this painting unites the contrasting landscapes. The use of green symbolises tranquillity and health. The colour cyan, a greenish-blue, sparks feelings of calmness and reminds us of the importance of nature, while various shades of blue hues denote emotions of new beginnings and growth. The use of emerald green in this image speaks of place as a fluid moving topography of rhythmic connection, echoed by densely layered patterning and symbolic shapes which project the hypnotic vibrations of the earth, waterways and skies.

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Contents

1.0	Introduction.....	7
1.1	Relevant SEARS and Study Requirements	7
1.2	Methodology.....	8
1.3	Sources and assumptions.....	8
2.0	Site Context.....	9
2.1	Site location and context.....	9
2.2	Existing development.....	9
3.0	Proposed development	11
4.0	Strategic Policy Context	12
4.1	Key themes and drivers	12
4.2	Suitability of the development.....	13
5.0	Local Economic Context.....	14
5.1	Study Area definition.....	14
5.2	Socio-economic profile	15
5.3	Forecast resident and workers levels to 2036	17
5.4	Employment Trends	17
6.0	Competitive Context	21
6.1	Evolution of St Leonards and Crows Nest.....	21
6.2	Existing competitive context	21
6.3	Development investment activity	22
6.4	Competitive major projects	23
7.0	Market Assessment.....	27
7.1	Residential Assessment.....	27
7.2	Short term accommodation assessment	35
7.3	Retail assessment	37
7.4	Implications for the proposed development.....	38
8.0	Economic Impact Assessment	39
8.1	Introduction.....	39
8.2	Economic impacts	39
8.3	Economic benefits	40

Table of Figures

Figure 1	Site Context	9
Figure 2	Site location within St Leonards and Crows Nest 2036 Plan.....	13
Figure 3	Study Area – St Leonards and Crows Nest Precinct.....	14

Figure 4	Development Investment Activity (\$m)	23
Figure 5	Proposed developments (\$10 million and over) – St Leonards and Crows Nest Precinct	25
Figure 6	New residential dwelling approvals.....	27
Figure 7	Median Unit Sale Price (\$).....	28
Figure 8	Median weekly rent (\$) - Q2 2023	29
Figure 9	Median weekly rent – Units – Q2 2023.....	29
Figure 10	Indicative location of Building Approvals, Annual Average, 2017 to 2021	30
Figure 11	Total visitor nights – St Leonards-Naremburn and Crows Nest-Waverton SA2.....	35
Figure 12	Domestic visitor nights for medical reasons - St Leonards-Naremburn and Crows Nest-Waverton SA2.....	36

Table of Tables

Table 1	Secretary's Environmental Assessment Requirements	7
Table 2	Community Profile Summary.....	16
Table 3	Resident and worker forecasts (2022-2036).....	17
Table 4	Employment estimates (2016-2036).....	19
Table 5	Forecast employment floorspace requirements (2016-2036).....	20
Table 6	Key land uses – St Leonards and Crows Nest.....	21
Table 7	Proposed Developments – St Leonards and Crows Nest Precinct (includes projects with a minimum investment value of \$50 million)	26
Table 8	Success factors for residential (BTR)	32
Table 9	Construction phase economic benefits (\$2020/21).....	42
Table 10	Estimated ongoing employment.....	42
Table 11	Estimated resident retail expenditure at full occupancy	43

Executive Summary

Purpose and Background

The purpose of this report is to assess the economic impact and need for the proposed mixed use development at 524-542 Pacific Highway, St Leonards.

An Economic Impact Assessment (EIA) is required as part of the project documentation necessary for the State Led Rezoning and State Significant Development Application (SDDA), which are being submitted concurrently. This report has been prepared with consideration to the Secretary's Environmental Assessment Requirements (SEARS) and Study Requirements issued by the NSW Department of Planning and Environment (DPE). The objectives of this EIA are to respond to the SEARS and Study Requirements through the following:

- Demonstrate the economic impacts (including benefits) of the project to the local area, regional area, and State throughout both the construction and operational phases of the project;
- Provide an estimate of jobs to be created during the construction and operational phase of the proposed development;
- Demonstrate future growth drivers and forecast scenarios demonstrating employment demand and infrastructure needs; and
- Determine the alignment of the project with job forecasts and the minimum non-residential floor space ratio as outlined in the 2036 and the North District Plan.

The EIA will assess a range of economic impacts and benefits associated with the project, including short term construction impacts, as well as longer term benefits. In particular, strategic alignment of the project to both State and Local Government objectives for the local area and site are included, with specific reference to the St Leonards and Crows Nest 2036 Plan.

Local and Strategic Context

- St Leonards is currently undergoing a period of urban transformation and gentrification, driven by changing patterns of living and working, improved accessibility, shifts in modern tenant requirements, and state and local government strategies highlighting the need to support the St Leonards market as a health and education precinct as well as a knowledge intensive employment hub. This also includes an increased focus on the delivery of higher density mixed use spaces with an emphasis on residential accommodation. This is evident from the approximately \$3.1 billion of development activity in the immediate pipeline, noting approximately \$2.2 billion of this investment is focused on mixed use or residential projects.
- The subject site at 524-542 Pacific Highway is located centrally within St Leonards, within easy walking distance to St Leonards Station, bus services and the future Crows Nest Metro Station, making the site highly connected to major centres such as the Sydney CBD, North Sydney and Macquarie Park. The subject site is also well serviced by a range of additional amenities and facilities, including retail at St Leonards Station and the recently completed 88 by JQZ retail precinct. Gore Hill Oval and the Royal North Shore Hospital (RNSH) precinct are also located within proximity to the subject site, providing essential open space and access to best in class medical facilities.
- A review of strategic policies relevant to the local area and the subject site, emphasise the importance of St Leonards as a mixed use precinct, and a strategic area for growth and development. Specifically, the St Leonards and Crows Nest 2036 Plan emphasises the need for more variety of mixed use sites, including diverse housing choices such as Built to Rent (BTR). Under the Plan, the subject site is located within an area identified for higher density development, and directly responds to the objectives of the Plan by delivering a mix of uses, including a balance of housing (BTR) and employment generating uses, which complement the overall strategic objective for the St Leonards and Crows Nest Precinct.

Local Economic Context

- A review of the ABS Census of Population and Housing 2021 shows that St Leonards and Crows Nest is characterised by an age diverse population, which is slightly younger, more affluent and characterised by skilled white-collar professionals. Residents typically live in high density dwellings with a dominant tenure type of rental properties over home ownership. Households are typically characterised by couples without children, and lone persons. In view of these socio-economic factors, residents are likely to associate strongly with the proposed development, which will deliver new and alternate housing options (both BTR and key working housing), as well as short term accommodation and ancillary retail uses which would support an integrated live, work and play community in a high amenity precinct.

- Resident and worker projections for the St Leonards and Crows Nest Precinct show an estimated increase of +14,470 residents and +12,080 workers between 2023 and 2036. The proposed development will respond to market demand by providing a mix of uses that caters to an identified need for additional housing and population serving floorspace within the precinct, supporting continued growth of St Leonards and Crows Nest.

Market Assessment

- The 282 dwellings proposed in the form of BTR and key worker apartments will support additional housing diversity and contribute to residential growth targets within St Leonards, and align with the St Leonards and Crows Nest 2036 plan to deliver more alternative and affordable housing options. Residential uses in the medium term will activate the site and surrounding areas for extended hours during the day, evenings and weekends, whilst supporting the delivery of an active and walkable neighbourhood centred in the heart of St Leonards.
- The delivery of BTR accommodation is well suited to the subject site due to its strong locational attributes including being a high amenity area that is supported by transport. Importantly, BTR accommodation will be able to respond to community needs for more affordable accommodation in the local area, particularly in supporting greater housing diversity and choice that will appeal to young working professionals, downsizers, and key workers.
- Specifically, the provision of 10 dedicated key worker housing units as part of the proposal will support continued demand for affordable housing close to a major health precinct, benefitting the large workforce of key workers in St Leonards and Crows Nest.
- The provision of 3,681m² of short stay accommodation is an appropriate use at the subject site that can respond to the increasing market demand for short stay accommodation services adjacent to a major health precinct. Short stay accommodation is an important ancillary use to major health services, providing accommodation for patients, as well as visiting medical professionals, locums and other key workers, who may be required to work within a specific facility on a short term or temporary basis. Accordingly, the continued operation of Royal North Shore Hospital, and the upward trend in visitor nights in the St Leonards and Crows Nest precinct will support the provision of the planned 84 rooms at the site.

Economic Impacts and Benefits

- Reflecting the strategic nature of the site and the level of growth projected to occur within St Leonards and Crows Nest, the proposed development will be of an appropriate size and composition that will help support the continued growth and evolution of St Leonards, including residents and workers. The proposed development will not be of a size or scale that will impact on the viability or continued operation of existing or proposed facilities within the region.
- Overall, the project will result in a range of economic benefits including direct investment of around \$191 million into the local economy during the construction phase of the project, supporting some 250 Full Time Equivalent (FTE) construction jobs years (direct). Furthermore, once complete and fully operational, the proposed facility will support some 40 FTE direct ongoing jobs, contributing an estimated \$5.5 million in value added to the local and regional economy annually. When considering the multiplier effect, the project has the potential to support total operational employment of 70 FTE jobs, generating \$9.7 million in value added annually.
- A portion of the above ongoing employment will be supported by the BTR component of the development. This is a notable benefit whereby BTR uses support additional levels of employment compared to Build to Sell (BTS), and therefore will contribute to employment growth targets and mixed use vision outlined in the St Leonards and Crows Nest 2036 Plan.
- Based on the provision of residential uses (BTR and key worker housing) within the proposed development, an estimated 564 additional residents may be accommodated at the site once complete and fully occupied. These additional residents will support local businesses through additional activity and visitation. The additional 564 residents have the potential to generate around \$12.5 million per year in retail expenditure, a significant proportion of which will be directed to local businesses and operators.
- The proposed concept would ultimately result in a net community benefit, and support the continued investment in St Leonards. The proposed mix of uses will enhance the amenity of St Leonards, including activating a highly centralised and strategic site, with the ability to deliver a true live/work/play community that will support residents and attract workers and visitors to St Leonards in the long term.

1.0 Introduction

This Economic Impact Assessment is submitted to the Department of Planning and Environment (DPE) in support of a concurrent State Led Rezoning and State Significant Development Application (SSDA) for a new mixed-use development, comprising build-to-rent housing, short term accommodation and retail land uses at the Telstra Exchange Site at 524-542 Pacific Highway, St Leonards (the site).

The proposed development will specifically comprise the following:

- Site preparation and excavation.
- Retention and integration of the existing Telstra Exchange Building.
- Construction of a new 42-storey mixed-use development, comprising:
 - 21,472m² of build-to-rent housing across 31 storeys, including 272 dwellings.
 - 3,840m² of non-residential space within an 8-storey podium including ground level retail and short stay accommodation.
 - 721 m² of Key Worker Housing across 1 level, within the podium, delivering a total 10 dwellings to be managed as part of the build to rent development.
 - 2,014m² of community amenity facilities throughout the building.
- Residential lobby accessed via Christie Street and separate short term accommodation lobby accessed via Pacific Highway.
- Podium car parking and loading area with vehicular access via Christie Street, comprising a 48-space car stacker;
- Associated landscaping and public domain works; and
- Augmentation of, and connection to, existing utilities services as required.

It is noted that to facilitate the abovementioned development, amendments to the Lane Cove Local Environmental Plan 2013 are proposed via a concurrent State Led Rezoning to rezone the site from E2 Commercial Centre to MU1 Mixed Use and to increase the maximum building height of 72m to 155m. The maximum FSR of the site will remain as per existing at 17.1:1.

This Economic Impact Assessment responds to the Secretary's Environmental Assessment Requirements and Study Requirements for the site, as prescribed below and sets out the following information:

- Introduction
- Site Context
- Proposed Development
- Strategic Context
- Local Economic Context
- Competitive Context
- Market Assessment
- Economic Impact Assessment

1.1 Relevant SEARS and Study Requirements

This Economic Impact Assessment addresses the following relevant Secretary's Environmental Assessment Requirements (SEARs) set out in the **Table 1** below.

Table 1 Secretary's Environmental Assessment Requirements

Issue and Assessment Requirement	Where address in this report
2. Capital Investment Value and Employment	Section 8.3
<i>Provide an estimate of the retained and new jobs that would be created during the construction and operational phases of the development, including details of the methodology to determine the figures provided.</i>	

In addition to the SEAR's, this Economic Impact Assessment has also been prepared in accordance with the Study Requirements (IRF22/649) issued in March 2022 by the DPE in collaboration with other government agencies.

1.2 Methodology

In the absence of formal guidelines for economic impact assessments, the methodology for this economic assessment has been developed with consideration of socio-economic assessment practices.

Key steps in undertaking the economic assessment have included: analysis of the existing locality and the community, including its economic profile; identification and assessment of potential impacts (both direct and indirect) as a result of the proposed development.

The baseline profile for current residents and the economy within the defined study area was developed using published data sources, including the Australian Bureau of Statistics (ABS), with this data supplemented by additional information where available, including local and state strategic planning policies such as the St Leonards and Crows Nest 2036 Plan.

Economic impacts were then evaluated in terms of direct impacts and indirect impacts. In the case of both direct and indirect effects, the key metric for the analysis is an estimate of jobs and economic output.

1.3 Sources and assumptions

The following sources have been referenced in this document:

- ABS Census of Population and Housing, 2021
- ABS Census of Population and Housing, 2016
- ABS Population Estimates, 2022
- ABS Building Approvals, 2023
- City of Sydney Floor Space and Employment Survey, 2017
- NSW Government, Communities and Justice – Housing rent and sales 2022
- Greater Sydney Region Plan (Greater Sydney Commission, 2018)
- North District Plan 2036;
- St Leonards and Crows Nest 2036 Plan
- St Leonards and Crows Nest Station Precinct – Social Infrastructure and Open Space Study (2018)
- Lane Cove Local Strategic Planning Statement
- Lane Cove Council Local Housing Strategy
- Tourism Research Australia
- STR Data
- Pricerfinder
- Cordell Connect
- Property Council of Australia Office Market Report – July 2023
- Marketinfo

2.0 Site Context

2.1 Site location and context

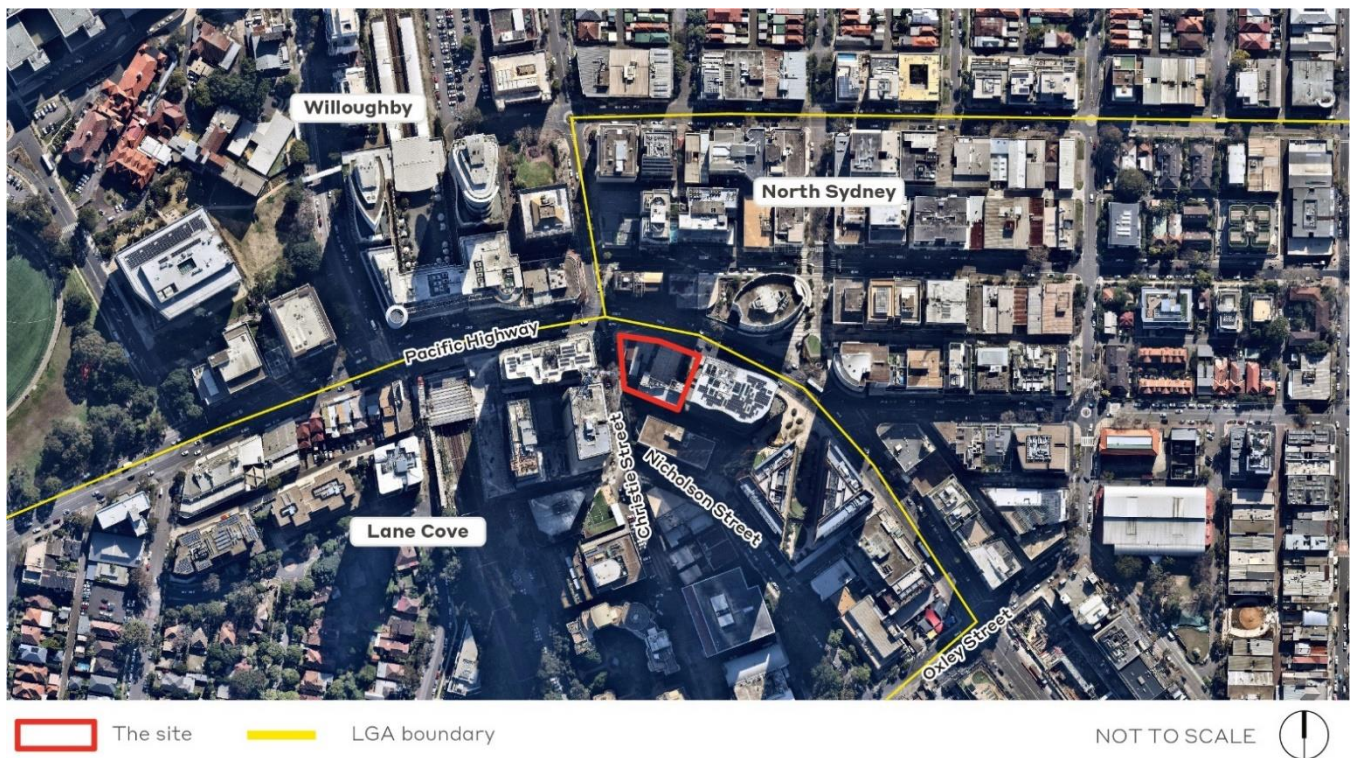
The subject site is located at 524-542 Pacific Highway, St Leonards, within the Lane Cove Local Government Area (LGA). The subject site is located on the southern side of the Pacific Highway on the corner of Christie Street with frontages along the Pacific Highway. Immediately surrounding the subject site are predominately high density residential and commercial buildings. The subject site is also located within close proximity to the Royal North Shore Hospital (RNSH) precinct, and Gore Hill Oval.

St Leonards is an evolving mixed-use precinct and commercial fringe market on the Lower North Shore of Sydney, located approximately 1.5km north west of North Sydney CBD, and 4km north of the Sydney CBD. Importantly, the subject site is located around 200m from the existing St Leonards Station, and around 280m from the future Crows Nest Metro Station, which forms part of the Sydney Metro City and Southwest project and is due to commence operation in 2024.

The subject site currently supports a Telstra Exchange building, and four (4) retail tenancies fronting the Pacific Highway. Just one retail tenancy is currently operative, with the remaining shopfronts vacant. As such, this is a highly underutilised site within a prime and central location that presents as a significant opportunity for redevelopment.

An aerial view of the site is shown in **Figure 1**.

Figure 1 Site Context



Source: Nearmap, Ethos Urban

2.2 Existing development

The subject site is situated within an evolving mixed-use precinct that includes a strong residential and employment focus. St Leonards and Crows Nest is currently experiencing ongoing gentrification and redevelopment associated with this transition, and is in part driven by the significant public investment in transport infrastructure to the region. The Crows Nest Metro Station, planned to open in 2024, will make the precinct highly accessible for residents, workers and visitors to the area.

The ongoing development in the immediate area has resulted in several major high-rise developments, including many adjacent to the site such as 88 by JQZ immediately west of the subject site, and The Landmark to the east. Demand for residential development in the area has been strong, and recent development in the immediate surrounding area includes a mix of both high density residential apartments and mixed use towers offering commercial and retail floorspace.

St Leonards is a competitive fringe office market in the context of Greater Sydney. However, many of the existing commercial office premises within St Leonards are dated assets providing secondary, lower quality office stock. Increasingly, this secondary grade product is becoming obsolete given modern commercial office tenant requirements. As a result, there are a significant number of vacancies within these existing assets which has prompted the need for re-investment in the area to ensure St Leonards and Crows Nest remains a key employment precinct in the future which is able to compete with modern suburb fringe office markets across Sydney.

St Leonards and Crows Nest is also a major health and education precinct, mostly in part due to the RNSH Campus and associated medical and education facilities within the area. As a result strong demand exists for a range of facilities and services which support residents, and workers in both commercial and population serving activities, as well as key health and education workers and visitors to the local area.

3.0 Proposed development

The project involves the redevelopment of the Telstra Exchange site and includes a concurrent State Led Rezoning and State Significant Development Application submitted to the Department of Planning and Environment (DPE) under Method 3 of the Priority Assessment Program (PAP).

Specifically, the proposed development comprises the following works:

- Site preparation and excavation.
- Retention and upgrade of the existing Telstra Exchange building.
- Construction of a new 42 storey mixed-use development, comprising:
 - 21,472m² of build to rent housing across 31 storeys, including 272 dwellings.
 - 3,840m² of non-residential space within an 8-storey podium including ground level retail and short stay accommodation.
 - 721m² of key worker housing across 1 level, within the podium, delivering a total of 10 dwellings to be managed as part of the build to rent development.
 - 2,041m² of community amenity facilities throughout the building.
- Residential lobby access via Christie Street, and separate short term accommodation lobby access via Pacific Highway.
- Podium car parking and loading area with vehicular access via Christie Street, comprising a 48 care space stacker.
- Associated landscaping and public domain works; and
- Augmentation of, and connection to, existing utilities services as required.

It is noted that to facilitate the abovementioned development, amendments to the Lane Cove Local Environmental Plan 2013 are proposed via a concurrent State Led Rezoning to rezone the site from E2 Commercial Centre to MU1 Mixed Use and to increase the maximum building height of 72m to 155m. The maximum FSR of the site will remain as per existing at 17.1:1.

4.0 Strategic Policy Context

4.1 Key themes and drivers

Detailed commentary on Government policies of relevance to the proposed development and the St Leonards and Crows Nest Precinct are provided within the broader Planning Statement; however, at a high level there are a number of policies that support the redevelopment of the 524-542 Pacific Highway site.

Local and State Government policies of most relevance to the site and proposed development are discussed below.

- **Greater Sydney Region Plan** – supporting the 30-minute city aspiration. The proposed development will support a mix of uses within a highly central and strategic location that can deliver on the vision for a 30-minute city by providing housing and jobs close to transport and services.
- **North District Plan** – The North District Plan identifies St Leonards as a strategic centre as part of the ‘eastern economic corridor’, and highlights that there is a strategic need to support growing investment, business opportunities and jobs within these strategic centres (including St Leonards). The Plan also recognises the role of St Leonards as a key employment hub, being a major health and education precinct, and identifies St Leonards as the sixth largest office market in Greater Sydney, emphasising the role of St Leonards as a highly strategic and mixed use centre that supports a range of employment opportunities. Notably, the North District Plan notes that there is an opportunity in St Leonards to grow jobs in complementary health services, and that the delivery of the Crows Nest Metro Station presents a significant opportunity for renewal and activation of the overall precinct.
- **St Leonards and Crows Nest 2036 Plan:** The St Leonards and Crows Nest 2036 Plan facilitates the urban renewal of St Leonards and Crows Nest for an expanding employment centre and growing residential community. The subject site is centrally located within this precinct and is identified as being within a strategic corridor for higher density development between the existing rail station and future Crows Nest Metro Station. The Plan emphasises the need to plan for more variety of mixed-use sites, including more diverse housing choices such as built to rent, particularly in promoting an increase in health workers in the precinct. The Plan also identified a need to deliver a balance of commercial and residential uses within St Leonards core. This includes capacity for up to 6,683 new homes in the precinct by 2036, as well as 119,979m² of employment floorspace.

The location of the site within the context of the St Leonards and Crows Nest Precinct is shown in **Figure 2** below.

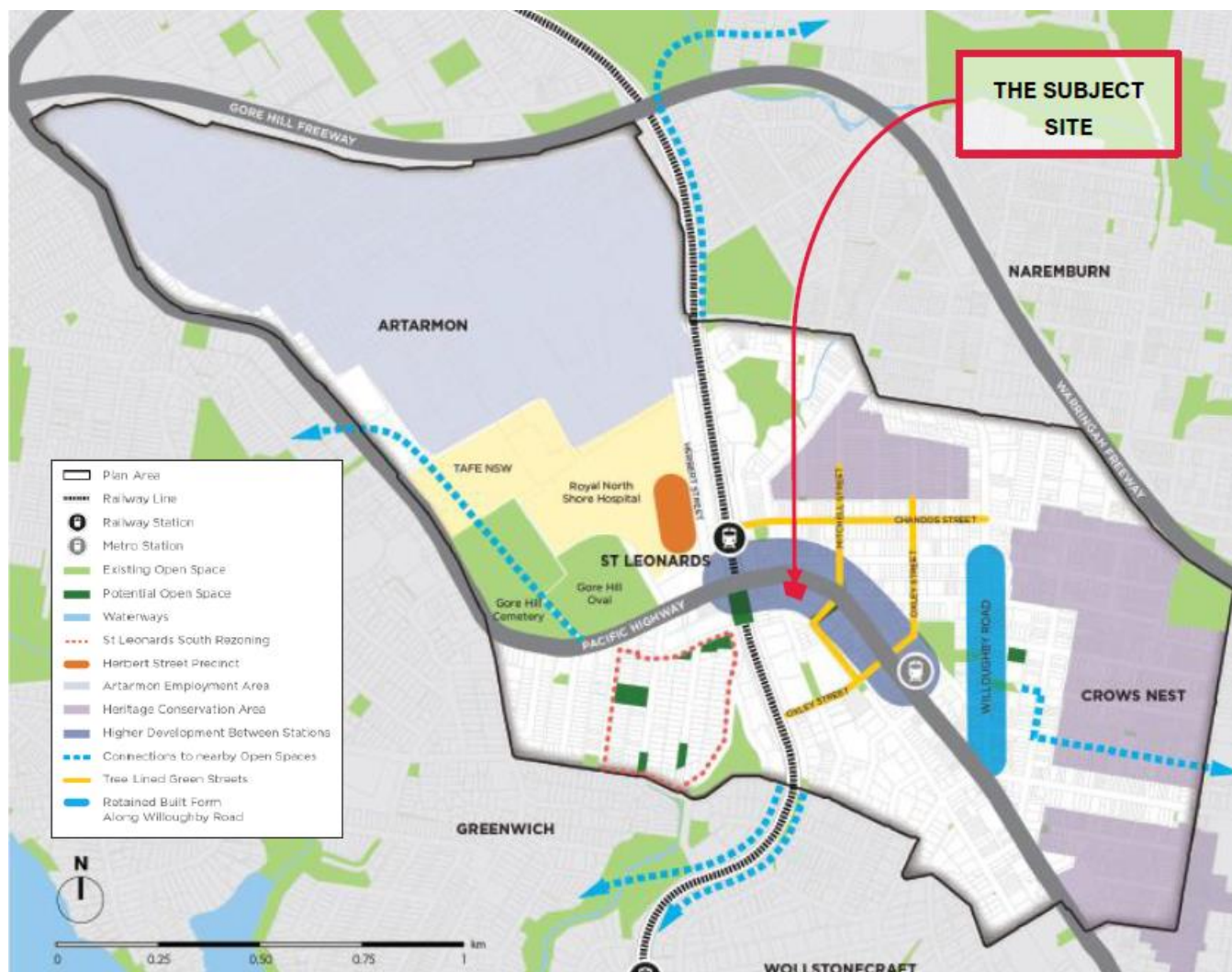
- **Lane Cove Local Strategic Planning Statement (LSPS):** The Lane Cove LSPS sets out the 20 year vision and priorities for planning and development within Lane Cove LGA. Of relevance to the subject site and proposed development, the LSPS outlines the following objectives:
 - *Plan for the growth of housing that creates a diverse range of housing types and encourages housing that is sustainable, liveable, accessible and affordable.*
 - *Create and renewal public spaces and facilities to improve our communities quality of life.*
 - *Facilitate the delivery of a diverse range of retail, commercial and industrial businesses in Lane Cove.*

As part of delivering on housing diversity, the LSPS sets out an action to advocate to the State Government on solutions in relation to delivering affordable and key working housing that incorporates flexibility for innovative purchase and rental models.

- **Lane Cove Local Housing Strategy (LHS):** The Lane Cove LHS outlines the following strategic directions for the delivering of housing within the LGA between 2016 and 2036:
 - *Prioritise new housing in centres that are easily accessible and served by public transport, jobs and services.*
 - *Delivery truly diverse housing in new medium and high density development that recognises and responds to need related to affordability, different household types and the variety of need of residents.*
 - *Provide housing supply choice and affordability, with access to jobs, services and public transport.*

Further to the above, the LHS also outlines a strategic target to deliver between 5,400 to 6,400 additional dwellings between 2016 and 2036, in order to meet market and community needs for housing.

Figure 2 Site location within St Leonards and Crows Nest 2036 Plan



Source: St Leonards and Crows Nest 2036 Plan

4.2 Suitability of the development

The proposed development will appropriately respond to the strategic directions for the local area through the provision of a mixed-use development that is close to major transport nodes. The proposal will provide a mix of uses that will enable the growth of both residents and workers in a strategic area, reinforcing the role of St Leonards and Crows Nest as a mixed use precinct. Importantly, the vision proposed for 524-542 Pacific Highway supports the strategic directions for the area, including delivering diverse housing on a site that is highly accessible to jobs, services and public transport. The proposal will renew a dated site within a highly accessible location that will better respond to community needs for different housing types and models. Importantly, the proposal is consistent with the St Leonards and Crows Nest 2036 Plan by delivering an appropriate mix of uses within an area targeted for high density development.

5.0 Local Economic Context

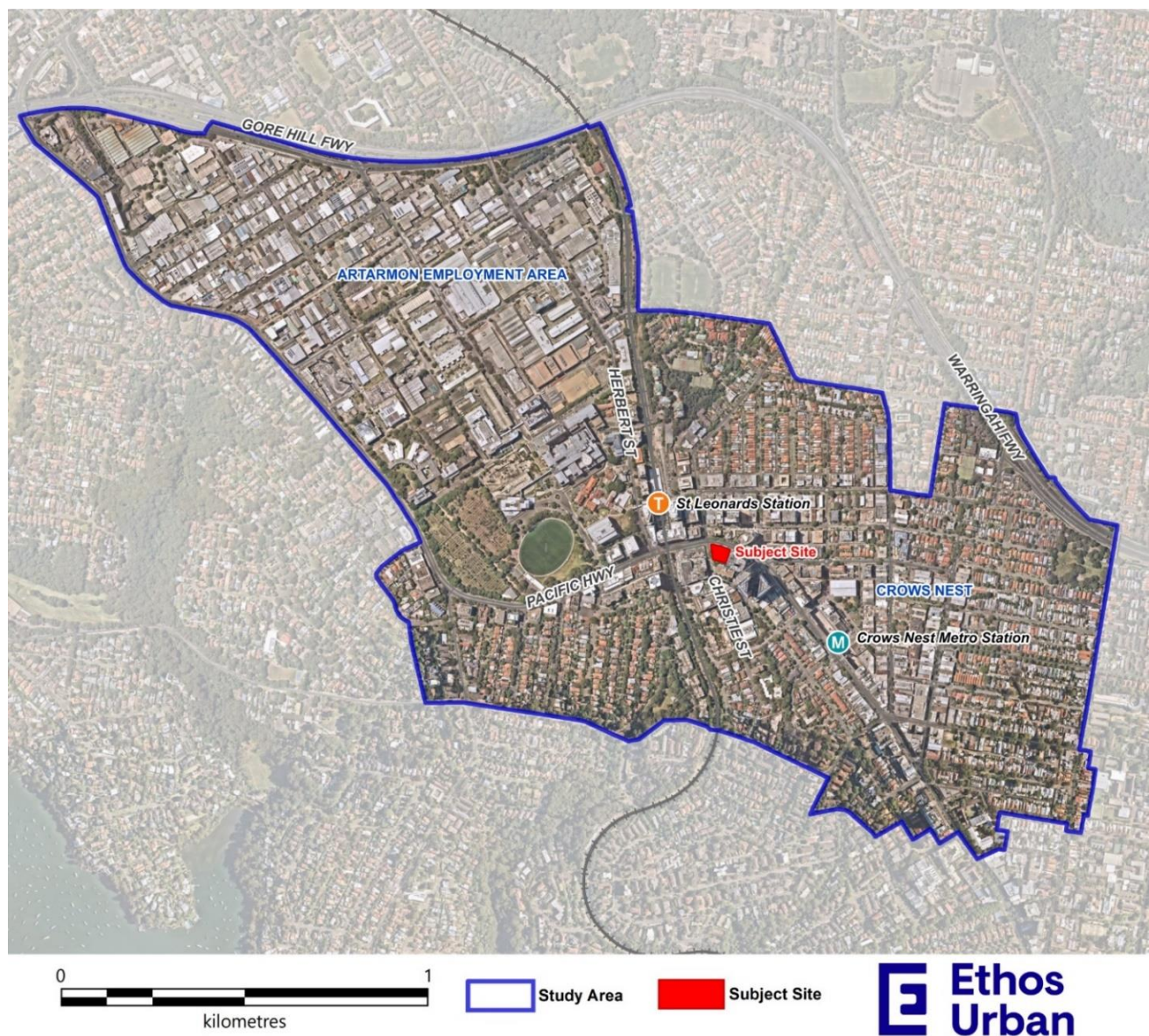
The following chapter analyses the local social and economic context of the proposed development, including defining a Study Area and assessing the existing demographic characteristics, and forecasting future resident and worker levels in the Study Area.

5.1 Study Area definition

This section provides an overview of key demographic characteristics of the local community. For the purposes of this assessment, a Study Area has been defined as the St Leonards and Crows Nest Precinct, which corresponds with the area outlined in the St Leonards and Crows Nest 2036 Plan prepared by the NSW DPE. This area is considered of most relevance in assessing the local population and worker profile as it includes the local St Leonards commercial core, St Leonards Station and RNSH Campus, Artarmon employment area, and Crows Nest Town Centre and future metro station.

The Study Area is shown in **Figure 3**, and has been defined using ABS Statistical Area One (SA1) boundaries with a best match applied to represent the St Leonards and Crows Nest Precinct

Figure 3 Study Area – St Leonards and Crows Nest Precinct



Source: Ethos Urban using Mapinfo

5.2 Socio-economic profile

Based on the ABS Census of Population and Housing 2021, the key demographic characteristics of the population in the Study Area are outlined in **Table 3** and are summarised below:

- **Age Structure:** The Study Area is age diverse, with a median age of 35.9, slightly below the Greater Sydney median of 37.3. Of significance, the Study Area has a high share of residents aged 25-34 years (28.6%), when compared to Greater Sydney for the same age group (15.6%). The largest age group within the Study Area includes residents aged 35-49 years (29.3%).
- **Income:** Study Area residents earn a median annual household income of \$135,550, some 24.6% higher than the Greater Sydney median of \$108,750.
- **Household Composition:** The Study Area has a diversity of household types. Family households account for 56.2% of occupied dwellings, which is significantly lower than Greater Sydney at 72.6%. Of these family households, only a small share (18.8%) are couple families with children. Most notably, some 37.8% of dwellings are occupied by lone persons, which is significantly higher than the Greater Sydney average at 23.3%.
- **Tenure Type:** Some 39.3% of Study Area dwellings are owned either outright or on a mortgage, by comparison to 62.3% in Greater Sydney. Notably, a high share of dwellings within the Study Area are rented (59.8%) by comparison to Greater Sydney (36.1%).
- **Dwelling Structure:** Flats, units and apartments are the predominate dwelling type within the Study Area, accounting for 78.8% of dwellings. This compares to the Greater Sydney benchmark at 30.7% and is reflective of the high density built environment within St Leonards and Crow Nest.
- **Educational attainment:** A lower share of residents within the Study Area are attending education (19.5%), compared to Greater Sydney at 25.8%. Of those attending education in the Study Area, almost a third are attending university or other tertiary institution.
- **Occupation:** Study Area residents typically work in white collar professions, including the 47.8% of residents that work in professional occupations, and the 22.4% that are managers. By comparison, 29.9% of Greater Sydney residents work as professionals, while 15.5% are managers.

A review of key changes in the Study Area demographic profile can be undertaken by investigating trends which have occurred between the 2016 and 2021 Census. Key findings include:

- **Household incomes have continued to increase** by +12.4%; however, this is at a slower rate than Greater Sydney's income growth over the period (+18.0%).
- **The age profile has become slightly older**, with the median age increasing from 33.8 years in 2016, to 35.9 years in 2021. This is in line with Greater Sydney where the median age increased from 36.4 years to 37.3 years over the period.
- **Higher share of rented dwellings**, increasing from 56.4% to 59.8%. By comparison, the share of rented dwellings in Greater Sydney increased by just +1.0% over the period.
- **Increased monthly mortgage repayments**, increasing on average by +12.0%. This is in line with the percentage increase across Greater Sydney of +12.1%.
- **Higher percentage of the population attend formal education**, increasing from 17.9% in 2016 to 19.5% in 2021. This is higher than the change for Greater Sydney, which recorded an increase of just +0.6% over the period for this indicator.
- **A greater share of dwellings are occupied by lone persons**, with the overall share increasing by +4.9%. By comparison, the share of lone person households in Greater Sydney increased by just +1.6%.

In summary, the Study Area is characterised by an age diverse population, that are slightly younger, more affluent and with higher levels working in skilled white-collar professions compared to Greater Sydney averages Residents typically live in high density dwellings and there is a dominant tenure type of rental properties over home ownership. Households are typically characterised by couples without children, and lone persons.

Table 2 Community Profile Summary

Category	Study Area	Greater Sydney
Income		
Median individual income (annual)	\$84,400	\$45,930
<i>Variation from Greater Sydney median</i>	83.8%	n.a.
Median household income (annual)	\$135,550	\$108,750
<i>Variation from Greater Sydney median</i>	24.6%	n.a.
Age Structure		
0-4 years	5.8%	6.0%
5-19 years	8.9%	18.1%
20-34 years	33.2%	22.1%
35-64 years	42.6%	38.7%
65-84 years	9.0%	13.2%
85 years and over	0.6%	2.0%
Median Age (years)	35.9	37.3
Country of Birth		
Australia	51.7%	61.1%
Other Major English Speaking Countries	12.8%	7.1%
Other Overseas Born	35.5%	31.8%
<i>% speak English only at home</i>	62.8%	61.0%
Household Composition		
<i>Couple family with no children</i>	31.2%	24.5%
<i>Couple family with children</i>	18.8%	36.1%
Couple family - Total	50.0%	60.5%
One parent family	5.3%	11.0%
Other families	1.0%	1.1%
Family households - Total	56.2%	72.6%
Lone person household	37.8%	23.3%
Group household	6.0%	4.1%
Dwelling Structure (Occupied Private Dwellings)		
Separate house	9.8%	56.1%
Semi-detached, row or terrace house, townhouse etc.	10.9%	12.8%
Flat, unit or apartment	78.8%	30.7%
Other dwelling	0.5%	0.4%
Total dwellings	7,190	1,819,150
<i>Occupancy rate</i>	88.9%	91.8%
Average household size	2.0	2.7
Tenure Type (Occupied Private Dwellings)		
Owned outright	18.1%	28.3%
Owned with a mortgage	21.1%	34.0%
Rented	59.8%	36.1%
Other tenure type	0.9%	1.6%
Housing Costs		
Median monthly mortgage repayment	\$3,069	\$2,510
<i>Variation from Greater Sydney median</i>	22.3%	0.0%
Median mortgage as a share of median household income	27.2%	27.7%
Median weekly rents	\$596	\$480
<i>Variation from Greater Sydney median</i>	24.2%	0.0%
Median rent as a share of median household income	22.9%	23.0%
Car Ownership per Dwelling		
None	25.1%	11.2%
One	57.9%	40.1%
Two	14.8%	32.8%
Three or more	2.1%	15.9%
Attending Education (% of those attending)		
Pre-school	10.6%	8.0%
Infants/Primary	24.7%	31.4%
Secondary	14.6%	24.9%
Technical or Further Educational Institution	11.7%	10.2%
University or other Tertiary Institution	32.0%	21.4%
Other type of educational institution	6.4%	4.2%
<i>% of total population attending education</i>	19.5%	25.8%

Source: ABS Census of Population and Housing 2021

Note: interpretation of small area data from the 2021 ABS Census should consider potential outcomes from the COVID-19 pandemic.

5.3 Forecast resident and workers levels to 2036

St Leonards is a key destination on the Lower North Shore of Sydney for a range of uses and services. As such, the region accommodates both local residents and local workers as key customer segments on a daily basis.

In total some 63,250 persons are likely to be present within the Study Area on an average weekday in 2023, including 15,720 residents and 47,530 workers. This weekday population is projected to increase substantially over the next 13 years, including the number of residents increasing to approximately 30,200 and an uplift of workers to approximately 60,000 workers. By 2036; therefore, approximately 90,000 persons will be present on a weekday in St Leonards (approximately +26,550 persons compared with 2023). Population projections have been estimated with reference to the latest ABS 2022 Estimate Resident Population (ERP) figures, and the DPE projections for the St Leonards and Crows Nest Precinct as outlined within the Social Infrastructure and Open Space Study for the Precinct. For the purposes of this assessment, the mid-range projections have been considered as most appropriate, taking into consideration planned development activity in the area.

Considering proposed developments which are already known in the area, the worker forecasts outlined in this assessment adopt the upper range of the State Government projections as included in the St Leonards and Crows Nest 2036 Plan for the region.

Reflecting the mixed use nature of the St Leonards and Crows Nest region, as well as the range of other service and amenities including serviced apartments, educational facilities and hospitals, the precinct would also serve a range of other customer segments to some degree including visitors and students to the area. However, residents and workers will account for the majority of activity on a typical weekday.

A breakdown of resident and workers forecast within the Study Area (St Leonards and Crows Nest Precinct) are shown in **Table 4** below.

Table 3 Resident and worker forecasts (2022-2036)

Study Area	2016	2023	2030	2036	Change (2022-2036)
Residents	14,010	15,720	24,190	30,190	+14,470
Workers	44,880	47,530	54,620	59,610	+12,080
Total	58,890	63,250	78,810	89,800	+26,550

Source: NSW DPE, ABS 2022, St Leonards and Crows Nest 2036 Plan

5.4 Employment Trends

5.4.1 Broad industry classifications

The ABS groups employment into industries using the Australian and New Zealand Standards Industrial Classification (ANZSIC) framework. This framework classifies industries according to their productive activities.

For the purposes of estimating employment projections, these ANZSIC industries are grouped into Broad Industry Categories, as these Broad Industry Categories have similar economic drivers (see **Table 5** for classification). For instance, many industries provide population serving needs, such as household services, and construction services. As population growth increases, so too does the demand for employment within these industries – all else being equal.

For other industry groupings, such as, 'industrial', technological trends are changing the way these businesses operate by utilising more equipment and machinery and less manual labour, these businesses are reducing their overall demand for manual labour as a proportion of output, and as such, jobs growth is expected to be proportionately lower to population growth going forward.

Key drivers and an overview of each category is defined below:

- **Population serving:** Industries within this category tend to provide services to households and individuals. As population grows, so does employment to respond to increased demand for population services.

- **Knowledge workers:** For industries within this category a key factor is the ability to attract and retain high skilled workers. As such, locational and regional factors play a key role as well as the areas access to a highly skilled labour market. This industry location tends to be driven by availability of commercial space and demand from both residents and local businesses.
- **Industrial:** Broad industrial trends, such as economic growth, technology, automation and land use capacity are the main economic drivers for this category.
- **Health, Education, and Other:** Often reliant on population growth to drive demand; however, employment in these industries can also be 'lumpy' and is influenced by major projects and large scale investment in infrastructure (e.g. universities and hospitals). For the purposes of this analysis, the growth outlook is tied to population growth.

A summary of the current employment breakdown by broad industry category is shown in **Table 5**.

5.4.2 Employment estimates by industry

Note: It should be recognised there appear to be inconsistencies between employment projections and industry breakdown represented within the St Leonards and Crows Nest 2036 Plan. For the purposes of this assessment, we adopt the high growth 2036 forecast headline employment target, and apply the share of industry breakdown as outlined on page 52 of the plan.

The St Leonards and Crows Nest 2036 Plan outlines employment estimates across broad industry groups. The headline projections for the Study Area are presented in **Section 5.3**. These projections estimate an increase of +14,750 workers in the Study Area between 2016 and 2036, which equates to an additional + 12,080 workers in the Study Area in 2036 compared to 2023.

Key findings of these results include:

- In 2016, knowledge intensive workers accounted for the largest share of employment at 41.2% of total workers. The share of knowledge workers is forecast to decline in share by 2036 to 39.4% of total workers however, the total number of knowledge workers will increase by +4,960 workers over the period.
- There is forecast to be a significant increase in health and education workers from 10,560 workers in 2016 to 15,550 workers in 2036. The share of health and education workers is forecast to increase from 23.5% in 2016, to 26.1% in 2036.

The above data shows that St Leonards will continue to play a major role as an employment centre in the period to 2036. This will be in part driven by a significantly increased role St Leonards plays as a recognised health and education precinct. The growth in knowledge workers will in part support this, with many of these workers being ancillary to the health and education sector, such as medical researchers and administrative workers.

Table 4 Employment estimates (2016-2036)

ANZSIC Industry	Broad Industry Category	St Leonards and Crows Nest Precinct				Change
		2016		2036		
<ul style="list-style-type: none"> Information Media and Telecommunications Financial and Insurance Services Professional, Scientific and Technical Services Rental, Hiring and Real Estate Services Administrative and Support Services Public Administration and Safety 	Knowledge intensive	18,500	41.2%	23,460	39.4%	+4,960
<ul style="list-style-type: none"> Construction Retail Trade Accommodation and Food Services Arts and Recreation Services Other Services 		6,180	13.8%	9,310	15.6%	
<ul style="list-style-type: none"> Agriculture, Forestry and Fishing Mining Manufacturing Electricity, Gas, Water and Waste Services Wholesale Trade Transport, Postal and Warehousing 	Industrial	9,630	21.5%	11,300	19.0%	+1,670
<ul style="list-style-type: none"> Education and Training Health Care and Social Assistance 	Health and education	10,560	23.5%	15,550	26.1%	+4,990
Total		44,880	100.0%	59,610	100.0%	+14,750

Source: St Leonards and Crows Nest 2036 Plan, Ethos Urban

Note: Figures Rounded

5.4.3 Worker floorspace demand

It is estimated that employment within the Study Area will increase by +14,750 jobs between 2016 and 2036. To translate forecast employment into floorspace requirements, workspace ratios from the City of Sydney's Floor Space and Employment Survey 2017 have been adopted.

The findings and floorspace requirements for the Study Area, based on employment forecasts and workspace ratios are highlighted below in **Table 6**. The workspace demand findings indicate:

- Approximately 549,000m² of non-residential floorspace will be required in the Study Area by 2036. This includes a high demand requirement for health and education floorspace at an estimated +217,560m².
- Based on an increase of +4,960 knowledge workers, there is an implied demand for an estimated +80,000m² of commercial office floorspace.
- These workspace ratios are based on current employment and do not take into account potential future structural employment shifts in the area.

Table 5 Forecast employment floorspace requirements (2016-2036)

Industry Group	Share of employment growth (at +14,750 jobs)	Workspace ratio	Floorspace requirement (m ²)
Knowledge intensive	+4,960	16.2	+80,000
Population serving	+3,130	30.2	+94,530
Industrial	+1,670	94.1	+157,150
Health and education	+4,990	43.6	+217,560
Total	+14,750	37.2	+549,240

Source: NSW DPE, City of Sydney Floor Space and Employment Survey, 2017

Note: Figures Rounded

6.0 Competitive Context

6.1 Evolution of St Leonards and Crows Nest

St Leonards is currently undergoing a period of urban transformation and gentrification, driven by changing patterns of living and working, improved accessibility, shifts in modern tenant requirements, and state and local government strategies highlighting the need to support the St Leonards market as a health and education precinct as well as a knowledge intensive employment hub.

This change and transformation is evident through the number of developments occurring in the precinct, with many in the planning stages or under construction. A number of these developments are replacing existing dated commercial buildings in order to provide for higher density mixed-use spaces with a large focus on residential accommodation.

6.2 Existing competitive context

St Leonards and Crows Nest is a true mixed use precinct, supporting a range of uses including residential housing, commercial offices, retail facilities, education and training and other community uses. Artarmon, which forms part of the Study Area also supports a significant industrial precinct. A summary of the key land uses within St Leonards and Crows Nest is provided in **Table 7** below.

Table 6 Key land uses – St Leonards and Crows Nest

Sector	St Leonards and Crows Nest Precinct
Residential	<p>Residential development in St Leonards and Crows Nest is diverse, including a mix of housing types. High density housing development is typically concentrated around St Leonards Station and along the frontages of the Pacific Highway. In some areas high density housing is set back from the Pacific Highway, particularly along Christie and to Chandos Street. Crows Nest typically supports low to medium density housing of up to 3-4 storeys, with a more limited provision of high density stock.</p> <p>Lower density housing is typically located within areas such as Crows Nest, Naremburn, and to the south of the Pacific Highway in St Leonards.</p> <p>There are currently no known completed BTR apartments or key worker accommodation providers in the area.</p>
Visitor Accommodation	<p>There overall is a more limited range and provision of visitor accommodation services in St Leonards and Crows Nest.</p> <p>In total, there are 337 rooms within the St Leonards and Crows Nest Precinct, across 7 providers (based on a review of STR Data). The only national provider is Quest, providing 80 serviced apartments within close proximity to St Leonards Station.</p> <p>In total, hotel room account for 63.2% of total supply, while serviced apartments support 36.8%.</p> <p>The remaining providers are smaller operators that are located along the southern and western side of the Pacific Highway.</p>
Retail	<p>The recent opening of Mall 88 (located within 88 by JQZ) located along the Pacific Highway and opposite St Leonards Train station is now the largest destination for retail in St Leonards. Mall 88 is an 8,000m² neighbourhood centre anchored by a full line Coles, Vintage Cellars, Medical Centre and Asian Supermarket. There are a further 30 retails stores that provide a mix of speciality retail, as well as food, dining and services.</p>

	<p>Other retail stores and services within St Leonards are primarily concentrated around St Leonards Station, and typically offer convenience based retail and take-away food operators, and includes an IGA supermarket.</p> <p>St Leonards Square to the subject sites east supports a high amenity retail area and QE Foodstore as part of the recently completed development by Mirvac.</p> <p>Beyond St Leonards, Crows Nest incorporates an estimated 35,260m² of retail floorspace, and 22,780m² of floorspace relating to the accommodation and food services industry. This centre has a strong focus on population serving and hospitality industries.</p> <p>In total, St Leonards and Crows Nest supports around 110,000m² of retail floorspace.</p>
Commercial	<p>St Leonards is a fringe commercial office market within Greater Sydney, supporting around 340,886m² of commercial stock as of July 2023 (PCA Office market report). Many of existing commercial office buildings are located along the Pacific Highway and around St Leonards Station, and are often complementary to the health precinct at RNSH. As such, many existing commercial buildings are occupied by a mix of tenants, including private and public health related agencies.</p> <p>As previously noted, St Leonards is undergoing a structural shift driven by significant public investment in infrastructure. Much of the existing office stock within St Leonards is dated secondary grade stock, and in need of significant renewal.</p>
Health and Education	<p>St Leonards and Crows Nest is identified as a major health and education precinct. This is largely in part due to the RNSH campus and associated health and medical facilities and services within the region. RNSH is located approximately 350m north of the site.</p>
Other	<p>Other uses within St Leonards and Crows Nest include the Artarmon Employment area, supporting some 1,648 jobs (<i>Willoughby Industrial Lands Strategy</i>) and around 578,000m² of floorspace predominantly relating to industrial, and bulky goods facilities.</p>

Source: Ethos Urban

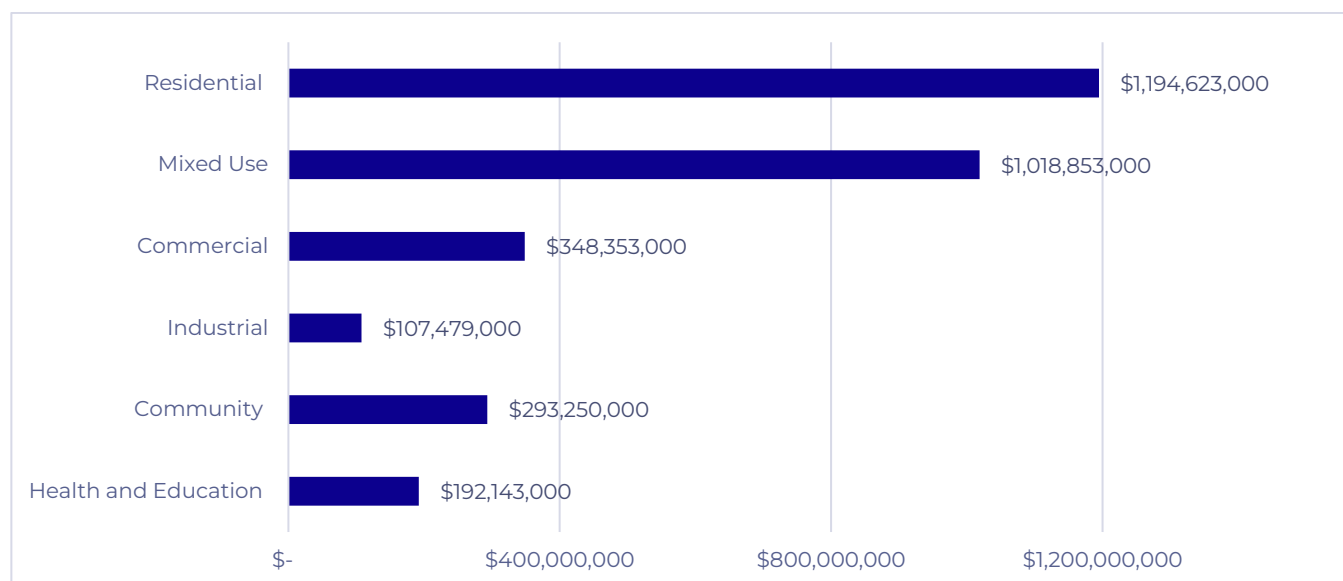
6.3 Development investment activity

There is a significant pipeline of development activity in the St Leonards and Crows Nest Precinct. The extent of this is shown below in **Figure 4**, which highlights that there is currently approximately \$3.1 billion in major development investment activity, excluding transport projects such as Sydney Metro. It should be noted that when calculating investment activity, proposed developments were classified based on primary land uses, and this summary only includes projects with an investment value of \$10 million or more to capture major projects (sourced from Cordell Connect) and excludes projects where a capital investment value is not yet disclosed (i.e. Herbert Street Precinct). Many of the residential and mixed use development proposals include a small component of commercial or retail space, and as such figures presented by category should be treated as estimates only.

The data presented in **Figure 4** shows that there is a significant amount of proposed or approved residential floorspace within St Leonards, with around \$1.2 billion in investment activity occurring within this sector, equating to approximately 38% of total activity for major projects. Similarly, there is also a significant amount of mixed use projects proposed or approved, representing approximately \$1 billion in investment activity. As noted, many of these mixed use projects also include small components of retail and commercial floorspace, and in some instances community based uses and serviced apartments.

While St Leonards is identified as a major health and education precinct, investment activity is low at just \$60 million. This is largely in part due to the recent completions of major health and education projects including the North Shore Health Hub, and RNSH health services administration building. Other major health and education related projects including Herbert Street Precinct, which proposes a vertical school, have not been captured in this analysis as an investment value for the project has not been disclosed.

Figure 4 Development Investment Activity (\$m)



Source: Cordell Connect

Note: Does not include investment activity at the site or projects with a value of less than \$10 million

6.4 Competitive major projects

The following developments represent some of the most significant projects within St Leonards and Crows Nest and have an important role in establishing St Leonards as a true mixed use precinct and destination for living and working. As previously noted, St Leonards and Crows Nest is experiencing significant investment activity across a range of sectors. A summary of major development projects in St Leonards and Crows Nest Precinct, with a project value of \$50 million or more, is provided in **Table 8**, while all development proposals with a project value of \$10 million or more is illustrated in **Figure 5**. Key projects of significance that are either being planned or under construction within the precinct include:

- **Herbert Street Precinct** is a 13 ha site along Reserve Road that is currently occupied by RNSH. The NSW State Government are proposing to redevelop and transform this area (Herbert Street Precinct) to create a world class health, education and wellness precinct. Currently, the proposal includes a mix of uses across 75,000m² including health related commercial uses, key worker housing and build to rent apartments (up to 500 dwellings), short stay accommodation or medi-hotel, primary school, retail services and open space. The proposal is still in the early stages of planning, and is located approximately 250m north of the subject site and adjacent to RNSH and St Leonards Station.
- **Crow's Nest Over Station Development** is a proposed mixed use project above the new Crows Nest Metro Station. The concept proposal includes four (4) building envelopes and an indicative GFA of 56,400m², including 13,000m² of residential, and 43,400m² of commercial floorspace. The project is located around 280m south east of the subject site and is due for completion in 2025.
- **Nicholson Place**, located at 46 Nicholson Street is a planned 29 storey building with an overall GFA of 34,000m². The project will incorporate a mix of build to rent housing, commercial office, and retail uses. A concept SSDA is currently being prepared for the site, and its works are estimated for completion in 2027.
- **The Collective**, is a proposed residential and commercial precinct incorporating 300 apartments and ancillary commercial floorspace. The project is located at 50-60 Atchison Street, and completion of the project is estimated for 2030.
- **29-57 Christie Street** is a significant commercial development approved to the sites south that plans to include 57,276m² of commercial office floorspace with an integrated retail, childcare and fitness centre. The project is valued at \$173 million, and construction is planned to commence in 2024.

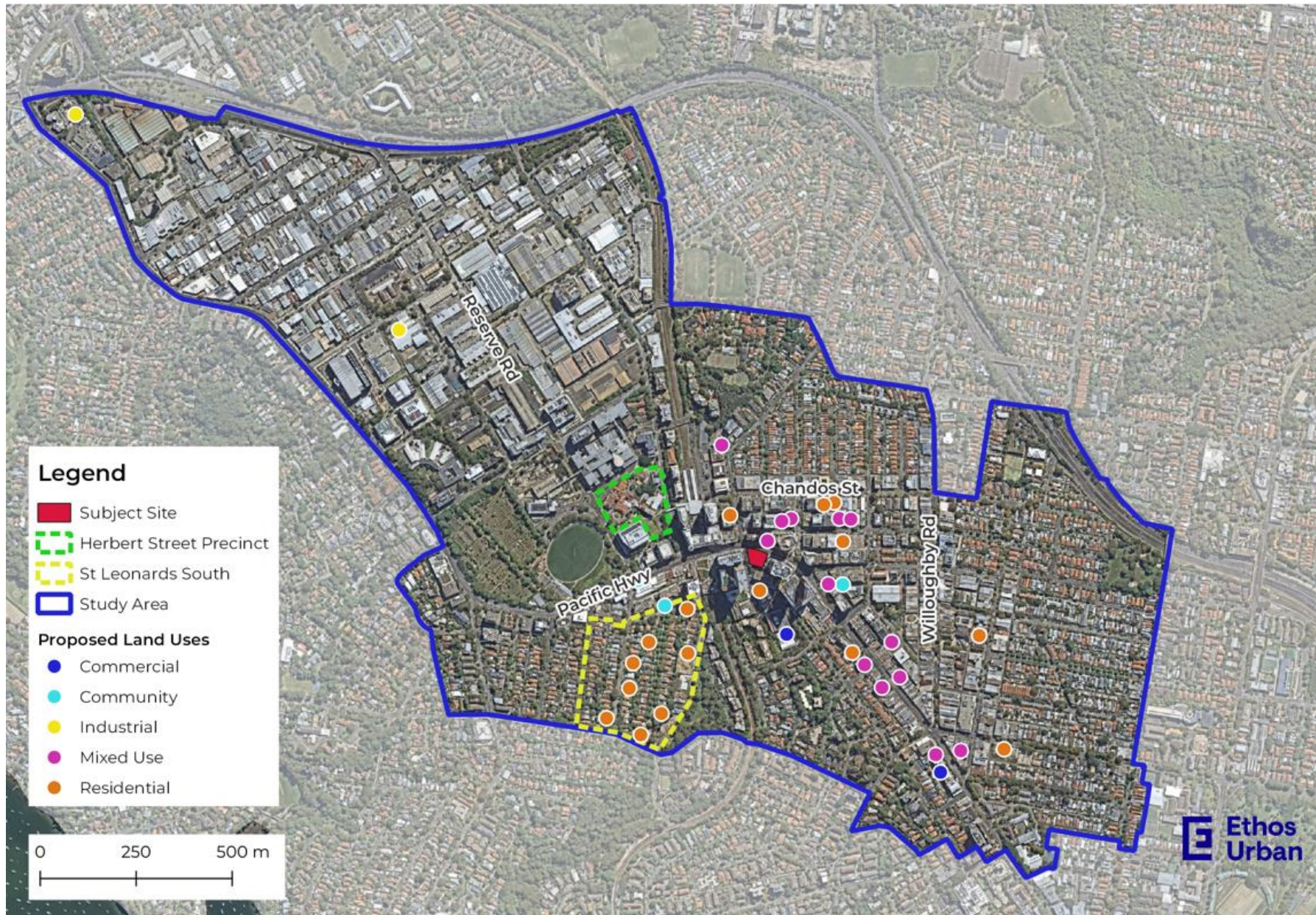
6.4.1 St Leonards South

St Leonards South is a significant residential precinct projected to accommodate some 2,000 new dwellings. The land currently supports low density residential housing, and was recently rezoned to R4 High Density Residential, with approval to accommodate building heights of up to 65 metres (equivalent of 19 storeys), as well as new public open space areas.

As well as providing for up to 2,000 new dwellings, the St Leonards South Precinct will provide for new community facilities and childcare centres, approximately 11,300m² of new open space, new and improved cycle links, 43 new affordable housing units and a range of dwelling sizes. St Leonards South showcases the ongoing residential development in St Leonards. St Leonards South Precinct is located on the southern side of the Pacific Highway (see **Figure 6**) and major planned developments within the precinct with a total investment value of over \$50 million include:

- **The Newlands** – Located along Canberra Avenue, the project proposes 330 apartments and has an investment value of \$161 million. The project is estimated to be completed in 2026.
- **2-8 Holdsworth Avenue** – A total investment value of around \$150 million and includes some 232 apartments. The project is due for completion in 2029.
- **21-46 Holdsworth Avenue** – Proposed residential development incorporating some 245 apartments across a total GFA of 22,700m². The project is estimated to be completed in 2029, and has a total investment value of around \$138 million.

Figure 5 Proposed developments (\$10 million and over) – St Leonards and Crows Nest Precinct



Source: Ethos Urban using QGIS and Nearmap

Table 7 Proposed Developments – St Leonards and Crows Nest Precinct (includes projects with a minimum investment value of \$50 million)

Project	Type	Other Uses	Status	Estimated Project Value (\$m)	Estimated total GFA (m ²)	Number of Dwellings	Estimated Completion (year)
Herbert Street Precinct	Mixed Use	Residential, commercial, retail, education, accommodation	Planning	N/A	75,000	500	2025
The Collective – 50-60 Atchison Street	Mixed Use	Residential, Commercial	Early Planning	\$400,000,000	N/A	300	2030
Next DC Data Centre	Industrial	Data Centre	Construction in progress	\$238,293,000	30703	N/A	2022
Crow's Nest OSD	Mixed Use	Commercial, Residential	Planning	\$177,000,000	56,400	13,000	2025
29-57 Christie Street	Commercial	Commercial	Development approval	\$173,020,000	57,267	N/A	2028
The Newlands	Residential	Residential	Development approval	\$161,000,000	N/A	330	2024
46 Nicholson Street	Commercial	Retail	Development Approval	\$150,000,000	34,503	n/a	2023
2-8 Holdsworth Avenue	Residential	Residential	Development application submitted	\$149,557,000	24,703	232	2029
21-46 Holdsworth Avenue	Residential	Residential	Development application submitted	\$138,060,000	22,770	245	2029
Five Ways Triangle	Mixed Use	Residential, commercial, retail, community	Planning Proposal	\$100,000,000	37,000	310	2025
Chandos Street Mixed Use	Mixed Use	Residential, commercial, retail	Planning Proposal	\$60,000,000	18,514	154	2026
St Leonards Education Precinct	Health and Education	Education	Site selection	\$60,000,000	N/A	N/A	2026
286-294 Pacific Highway	Mixed Use	Residential, commercial, retail	Development application submitted	\$55,033,000	11,822	61	2026
23-35 Atchison Street	Mixed Use	Residential, commercial, retail	Development approval	\$54,002,000	13,295	100	2026
617-621 Pacific Highway	Residential	Residential, Retail, community	Planning Proposal	\$50,000,000	n/a	195	2026

Source: Cordell Connect

7.0 Market Assessment

This chapter provides an assessment of the types of uses included in the proposed development: residential (built to rent and key worker housing), short term accommodation, and retail. This chapter considers the demand and supply of these uses and the implications of the proposed development and the subject site.

7.1 Residential Assessment

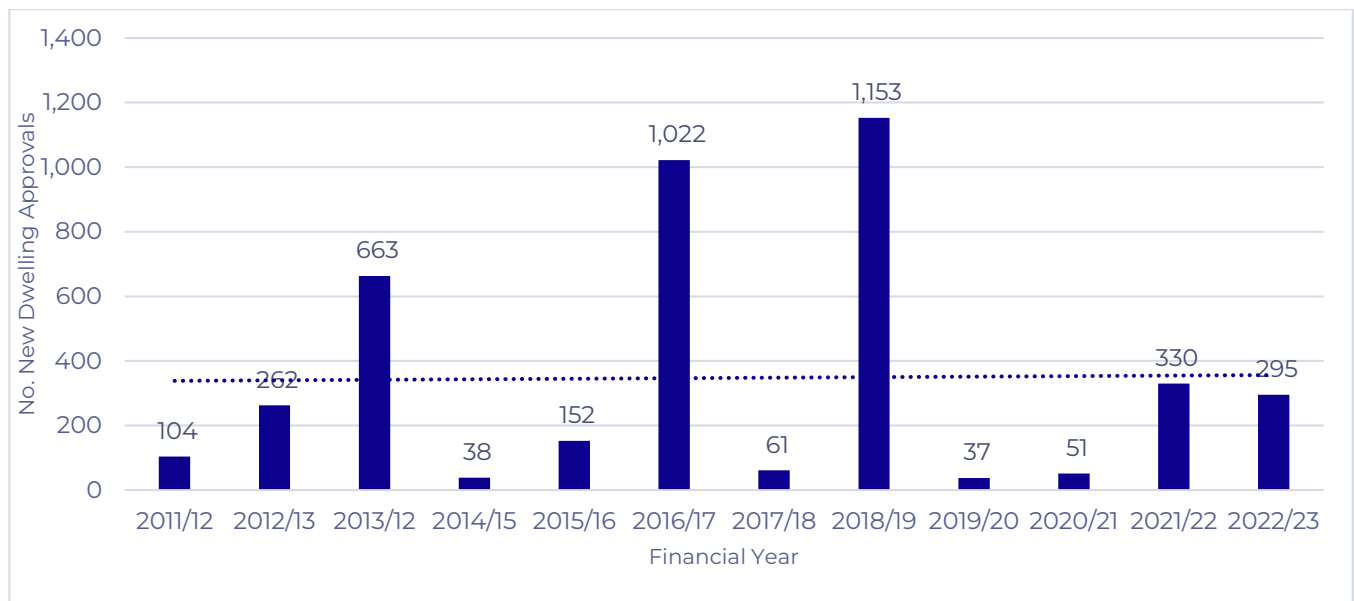
The proposed development at 524-542 Pacific Highway primarily incorporates residential uses in the form of Build to Rent (BTR) and a smaller provision of key worker housing. Specifically, the proposed development includes 272 BTR and 10 key worker apartments.

7.1.1 New residential dwelling approvals

The delivery of new housing in St Leonards has increased over recent years, driven by planning proposals and the realisation of St Leonards and Crows Nest as suitable and desirable locations for urban intensification and uplift. The number of new residential dwelling approvals in St Leonards and Crows Nest since 2011-12 has been varied. Notably, there were some 104 approvals in 2011-12, increasing to as high as 1,153 in 2018-19. The data presented in **Figure 6** shows that there has been an increase in approvals in recent years, with 330 approvals in 2021/22, and 296 in 2022/23.

On average, there were 347 dwelling approvals in the Study Area between 2011 and 2023, with peak years including 2016-17 and 2018-19 at over 1,000 dwelling approvals.

Figure 6 New residential dwelling approvals



Source: ABS 2023, Ethos Urban

7.1.2 Sales Prices – Units

Units within the St Leonards and Crow’s Nest catchment have performed above the Greater Sydney average in terms of sales prices; noting units represent the primary dwelling type in the St Leonards area. The area has seen an average 10-year sales volume of 463 units per year. The sales performance of the market is steady, supported by the growing demand for supply in the area.

Historically within the St Leonards and Crows Nest precinct, unit prices have generally moved in line with changes in the Greater Sydney median. However, from 2016, St Leonards and Crows Nest has experienced some greater

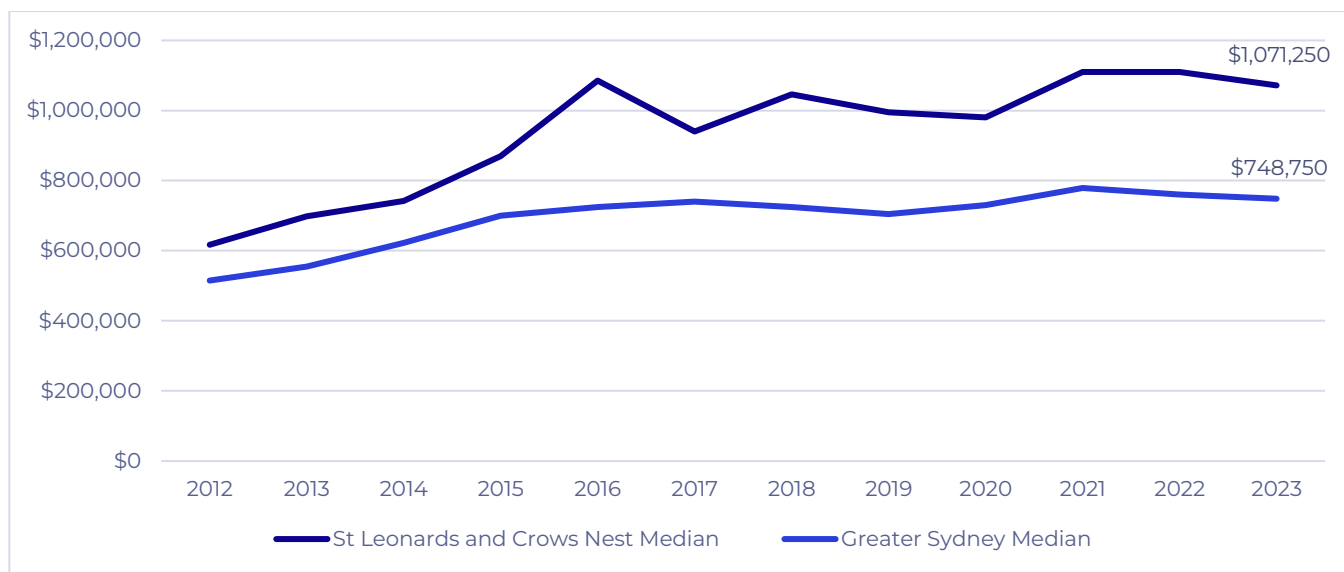
fluctuations in the median unit sale price, peaking in 2016 at over \$1,000,000, however falling slightly between 2017 and 2020.

As of 2022, the median sale price of units in the St Leonards and Crows Nest precinct reached a historic high of \$1,110,000, some +46.1% higher than the Greater Sydney median unit sale price of \$760,000 for the same year.

This gap in the median sales price of a unit in St Leonards and Crows Nest when compared to Greater Sydney (refer to **Figure 7**) reflects the high unit prices and affordability constraints in the area. This is particularly true when considering the local demographic profile of the area, including the approximately 60% of dwellings that are rented by predominately young couples or singles, and a significant workforce characterised by key workers.

It is noted that to date in 2023, there have been 216 apartment sales; therefore, the median presented at \$1,071,250 does not reflect a full year of sales and should be treated conservatively.

Figure 7 Median Unit Sale Price (\$)



Source: Pricerfinder

7.1.3 Rental Prices

The St Leonards and Crows Nest Precinct is dominated by demand for units, with data from the latest ABS Census results showing around 60% of total private occupied dwellings in the precinct are rented. As a result, there is a competitive rental market for properties in the area, underpinned by the regions proximity to amenities, transport and major activity centres including the Sydney CBD and North Sydney CBD.

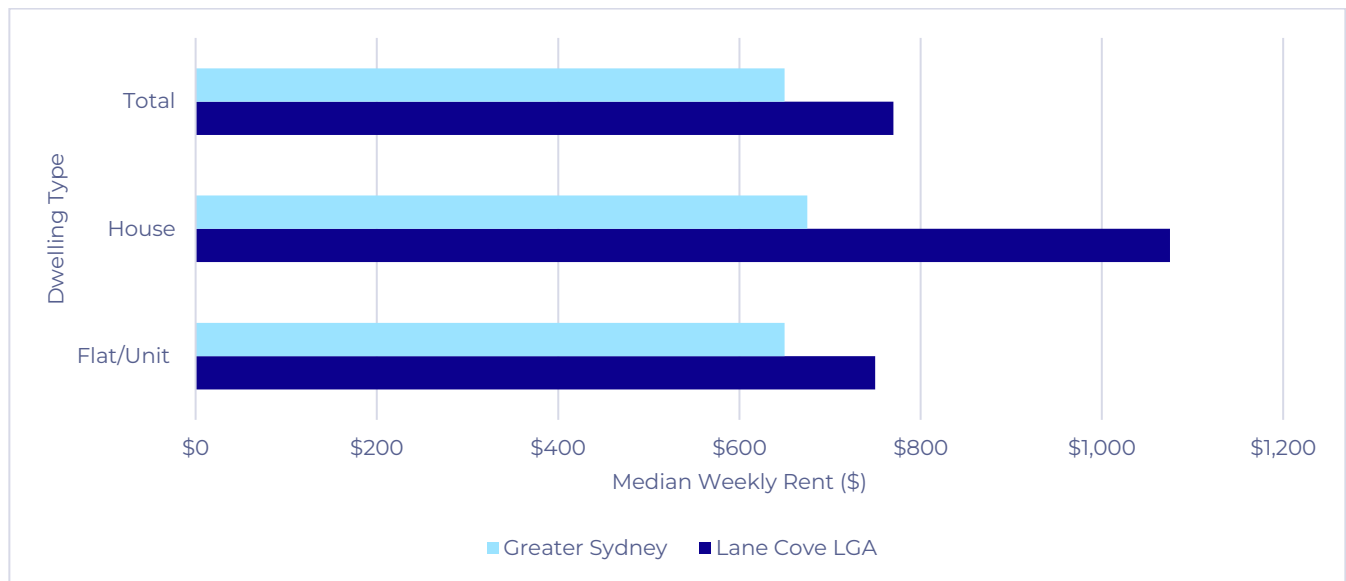
Rental data sourced from the Department of Communities and Justice for Lane Cove LGA (in which the site is located) shows that the median weekly rent in Lane Cove LGA for all households for quarter two (Q2) of 2023 was \$770 per week, slightly higher than the Greater Sydney median of \$650 per week for the same period. In particular, the median rental cost per week for a house was \$1,075, some 59.3% higher than Greater Sydney at \$675 per week.

The median weekly rent for a unit however in Lane Cove was \$750 per week for the same time period. This compares to Greater Sydney at \$650 per week, with all unit sizes in Greater Sydney having slightly lower weekly rental costs per week than Lane Cove LGA (refer to **Figure 9**).

New housing supply at 524-542 Pacific Highway will support the high share of renters in St Leonards and Crows Nest and help alleviate future rental price rises by adding new supply on the market, particularly given the focus of the project on delivering BTR accommodation.

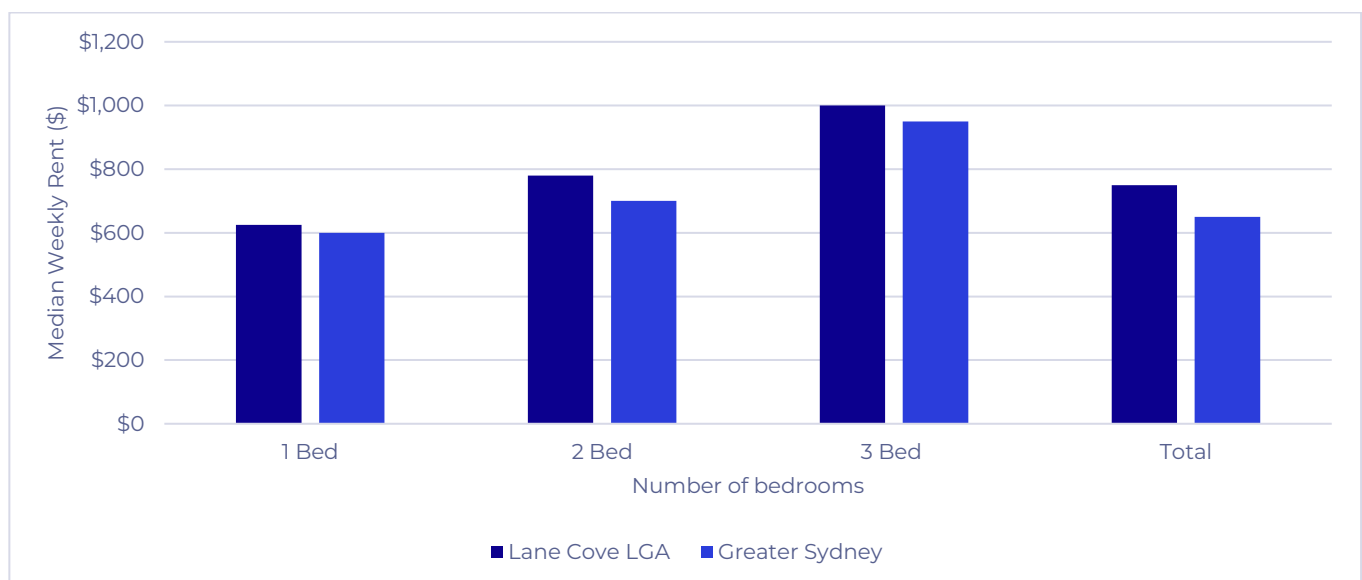
The median weekly rents for dwellings in Lane Cove LGA are shown in **Figure 8**, while a breakdown of rental costs by unit size is shown in **Figure 9**.

Figure 8 Median weekly rent (\$) - Q2 2023



Source: NSW government – Department of Communities and Justice

Figure 9 Median weekly rent – Units – Q2 2023



Source: NSW government – Department of Communities and Justice

7.1.4 Transit oriented development and higher density residential living

Greater Sydney is currently experiencing a rail infrastructure ‘boom’ with significant investment activity in new metro lines and light rail services. Of relevance to this proposal, this includes the development of the Sydney Metro City and South lines from Chatswood to Bankstown, which includes a stop some 280m south east of the site at Crows Nest. Significant transport investment can support a shift towards high density residential living in close proximity to these major transport nodes, with this encouraged as an appropriate way to support residential growth by leveraging public transportation services.

Delivery of high density developments has mostly taken the form of transit oriented developments (TOD) which seek to provide residential and other supporting uses in proximity to existing transport nodes or stations. This form of high density development is a strategic way to deliver housing within highly accessible locations that are walkable, supported by amenities and well connected to services and jobs.

The shift towards TOD and higher density living is evident in Greater Sydney with reference to recent building approvals data. Over the last decade, medium and high density building approvals have been concentrated in urban renewal and

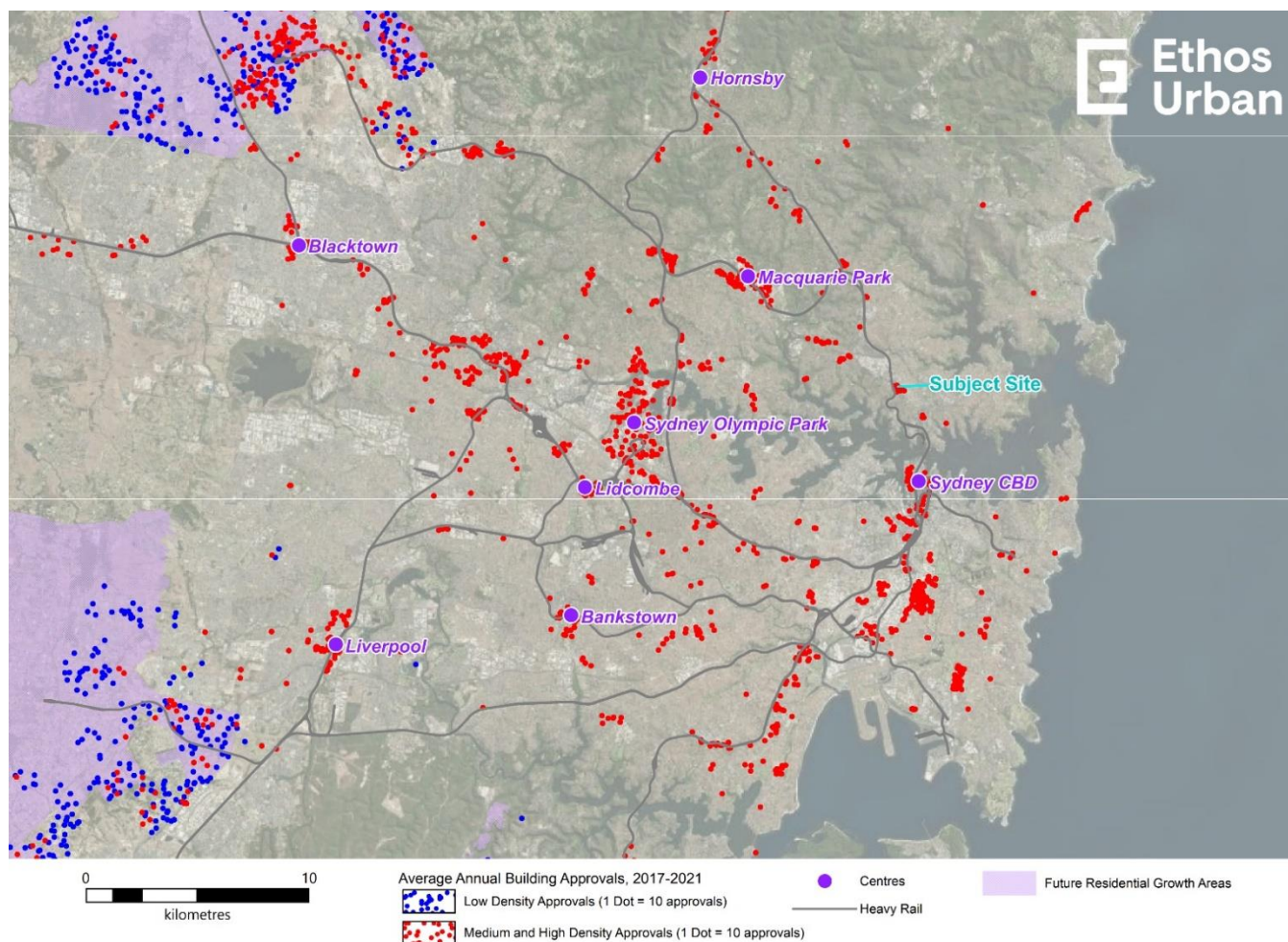
established areas of the city that have good access to public infrastructure, employment nodes, retail facilities and other services – examples being in key station precincts such as Macquarie Park, Sydney Olympic Park, Liverpool, and Sydney CBD. This also includes St Leonards, where new high density residential dwellings are being planned or constructed around St Leonards Station and the future Crows Nest Metro Station. By contrast, low density approvals are overwhelmingly concentrated in future growth areas (such as the North West and South West Growth Areas) and on the urban fringe of Sydney (See **Figure 10**).

The Committee for Sydney estimates that TOD projects could have the capacity to deliver up to 45% of total projected dwellings required in Sydney over the next two decades (Committee for Sydney, 2022, Rethinking Station Precincts). Key benefits of TOD include:

- Enhancing access to community and retail amenities, with train stations functioning as focal points for the community;
- More efficiently moving a large number of people around the city, with rail infrastructure more effectively able to move larger numbers of residents than other modes of travel such as buses and private vehicles;
- Reducing reliance on private vehicles and incentivising active and public transport modes of travel. In turn this will reduce the impact on traffic of additional residents in Greater Sydney.
- Better integrating train stations within the broader precinct; and
- Improving liveability by creating vibrant places that create a cluster of diverse uses supported by residential activity.

Taking into consideration all of the above, the subject site represents a logical location for high density residential development, being located within a high amenity area close to transport, jobs, and key services.

Figure 10 Indicative location of Building Approvals, Annual Average, 2017 to 2021



Source: Ethos Urban using Mapinfo, Bingmaps and ABS, Building Approvals data
 Note: Dots represent indicative location only. Data is based on SAI Geography

7.1.5 Built to Rent

The BTR model focuses on providing dedicated rental housing that is held in a single ownership structure and professionally managed and operated to serve long term renters, with a direct benefit of security of tenure. While a relatively new concept to the Australian market, the BTR concept (or multi-family) is increasingly popular in international markets including the US and UK, accounting for a significant proportion of overall residential apartments.

The BTR model differs to key worker accommodation, in that it offers premium rental accommodation rather than affordable rental housing. BTR is a highly beneficial housing model for a younger demographic that prefer to rent rather than own a property, or for simply those who cannot yet afford to own a home but desire long term housing rental security and higher quality amenity. Other key benefits of the BTR model at St Leonards include:

- **Meeting demand in high rental areas:** Based on information from the ABS, 2021 Census, 36.1% of all dwellings in Greater Sydney area rented, rather than owned. This figure is as high as 59.8% in the Study Area, highlighting the proportion of dwellings rented in the local area.
- **Increasing housing supply and diversity in an attractive, centrally located area, such as St Leonards:** The BTR model provides a new asset class and investment opportunity for a wider range of private and institutional investors to facilitate the delivery of private dwellings. This additional supply allows for new rental stock that can appeal to a more diverse population. This is particularly important for a young population, downsizers, key workers or lower income households that would otherwise have to either pay more to live in a high amenity location (such as St Leonards), or move to a location further away with a greater supply of (and more affordable) rental properties. This model is well suited to the demographic profile of the Study Area, including a young working population that are likely to live in rental accommodation as a result of housing affordability constraints. In the context of St Leonards, such occupiers might include key workers, young couples and singles, and downsizers.
- **The BTR model supports additional levels of employment** compared to a BTS model. This is attributed to the focus on long term rental units and additional facilities and operation management that supports a larger ongoing employment base compared to a BTS property.
- **Provision of facilities and amenities that are typically of a higher quality** than comparable Build to Sell (BTS) products. The BTR model typically operates with on-site management that ensures a quality physical environment that adds to the appeal of the local community. A single owner also means it is easier to carry out maintenance workers and upgrades than under a BTS strata owned residential model.
- **Increased security of tenure and peace of mind** through longer lease agreements and single ownership (both for renters and the owner of the property) – supporting additional and continued capital investment - supporting the local economy as well as adding to longer term cultural and social ties across the local community. This is particularly important in St Leonards, where there is a vibrant, active and engaged community.
- **Incentivises investment in initiatives with longer term benefits** such as environmental, community and sustainability initiatives. A BTR model with a single, longer term owner encourages investment in areas that will attract tenants for the longer term and also enables a long-term view of asset performance, cashflow and costings.
- **Product is aligned to the local community requirements:** BTR projects typically accommodate additional shared and communal facilities, this not only facilitates additional community interaction and a sense of belonging for residents, but the larger communal and shared spaces also enables the ability to provide smaller private areas. As a result, BTR developments can provide more efficient use of space, accommodating greater number of smaller private dwellings by taking advantage of shared spaces that include the delivery of facilities such as gym, co-working spaces, lounge facilities etc. In the context of the proposed development, this includes facilities such as a wellness centre (including pool), pet spa, lounge and dining areas, co-working facilities and outdoor sun deck. This type of product and lifestyle would associate strongly with the St Leonards population.
- **Suitability located within a high amenity area:** A BTR product at this site would be situated within an evolving mixed used precinct, and on a site with strong locational attributes including close proximity to other major centres, public transport networks (bus, rail, and metro), employment, and key infrastructure such as health and education facilities. Importantly, a BTR product at this site would suit to the workforce in the local area such as key workers, being strategically located within an active employment centre and health and education precinct.

A BTR product at the site is an attractive housing option for local residents and workers, including young professionals and key workers that may wish to be located close to their place of work or require short term rental options prior to purchasing a property, or are seeking a secure tenure through a long-term leasing option. BTR housing at the site would complement the young working resident population and key workers in St Leonards and support a range of housing options that caters for a diversity of population profiles and incomes.

Success factors for Build to Rent

There are a range of attributes that act as key success factors for residential development. Overall, the subject site presents an ideal location for residential (BTR) floorspace, and will support the growth and evolution of St Leonards as a key mixed used precinct for live/work/play, and will align with a range of key success factors for residential uses as outlined in **Table 9**.

Table 8 Success factors for residential (BTR)

Key Success Factors (Proximity to...)	Site Attributes
Access to amenities including retail	<p>The subject site is centrally located within St Leonards, close to retail amenities and services including Mall 88 and St Leonards Station . This subject site is also within proximity to Crows Nest, which provides high levels of retail amenities including food and dining.</p> <p>Other uses surrounding the subject site including Gore Hill Oval and RNSH would provide residents at the site with direct access to open space and best in class medical facilities.</p>
Access to transport and infrastructure	<p>The subject site is well positioned close to a range of transport options, including St Leonards Station and frequent bus services along the Pacific Highway. Importantly, the future Metro Station at Crows Nest will further enhance the sites accessibility to public transport, enabling fast and frequent access to major centres including Sydney CBD and North Sydney.</p>
Demographic profile and population growth	<p>The St Leonards and Crows Nest Precinct resident profile is characterised by a slightly younger population that are typically working couples or singles in white collar industries. Importantly, residents typically live in high density dwellings that are rented. This demographic profile would strongly align with a BTR project at the site.</p> <p>Additionally, the resident population of the St Leonards and Crows Nest Precinct is forecast to increase by +14,470 residents by 2036, representing almost a doubling of the local resident population. A BTR development at the site will respond appropriately to demand for additional housing by 2036 to support future growth.</p>
Proximity to employment	<p>St Leonards is a significant employment centre, and is well connected to other major activity centres including Macquarie Park, North Sydney and Sydney CBD. This is an important consideration for potential occupiers at the subject site, with residents typically wanting to live within close proximity to their place of work.</p>

Source: Ethos Urban

7.1.6 Key Worker Accommodation

Key workers are essential to the productivity and effective functioning of cities. Key workers are typically concentrated in industries including health care, childcare, education, emergency services, supply chains and logistics, aged care and some food operations. Many of these industries are prevalent in St Leonards and Crows Nest, and as such key workers form an integral component of the worker profile in the area. Characteristics of key workers and housing affordability in St Leonards/Crows Nest include:

- There is evidence to show that there is a 'growing spatial mismatch between where key workers live and work. 'Although key worker jobs are situated throughout the metropolitan region, and particularly in inner Sydney, the majority of the metropolitan region's key workers reside in outer ring suburbs' (Gurran et al (2018)). This statement is particularly true for the St Leonards and Crows Nest workforce, where data sourced from the ABS (2021) shows that an estimated 70% of workers travel more than 10km between their place of residence and work, and some 21.7% travel more than 30km.
- Based on the above, a large share of workers are travelling beyond 30 minutes to reach their place of work, which is inconsistent with the objectives of the Greater Sydney Commission to achieve a 30-minute city. The proposed key worker accommodation will support this objective by providing up to 10 dwellings within walking distance to residents' place of work.

- This growing spatial displacement is largely a result of housing affordability constraints throughout Sydney, locking out key workers in inner city areas. This is also evident in St Leonards/Crows Nest, where the average median sale price for a unit is 46.1% above the Greater Sydney median. Similarly, rental prices in Lane Cove LGA are also high, with the average median weekly rent for a unit being 18.5% higher than the Greater Sydney median. (Refer to **Section 7.1.2 and 7.1.3**)
- Based on ABS 2021 employment estimates, there were 14,362 key health and education workers employed in St Leonards and Crows Nest, which is largely attributed to the Royal North Shore Hospital, North Shore Private Hospital, and associated medical facilities. The actual number of key workers located in the area is higher when other key worker industry groups are considered.
- Continued development and expansion of services at the adjacent Royal North Shore Hospital will result in an increased number of key workers in the St Leonards and Crows Nest Precinct in the future. These workers will require affordable housing close to their place of work, and the proposed 10 key worker dwellings at the site could support this.

While it is noted that not all key workers require affordable rental housing, there is unmet demand for key worker accommodation in St Leonards and Crows Nest, which is particularly due to the evident spatial displacement of workers and the high median sales and rental prices for dwellings in the area. The delivery of key worker accommodation at the site is supportable given the strong demand from key workers and other young professionals and would be well suited at the site due to the locational attributes including proximity to the RNSH and associated medical and educational facilities.

St Leonards is also a targeted key health and education precinct, with circa +5,000 health and education workers forecasts within the St Leonards and Crows Nest Precinct by 2036 (see **Section 5.4**). Accordingly, the number of key workers in the precinct will continue to increase over the coming years, driving additional demand for affordable housing in the local area.

7.1.7 Implications of Residential Uses

The resident population of St Leonards and Crows Nest is forecast to increase significantly by 2036, with the overall population increasing by +14,470 persons, reflecting a total increase in the population by +92% over the period. This represents a significant increase in the resident population, and will ultimately result in a need for additional housing to support this growth in the local area.

Assuming an average household size of 2.0 (ABS 2021), this growth in residents implies demand for an estimated +7,235 dwellings by 2036. Despite this, the St Leonards and Crows Nest 2036 Plan makes an allowance for additional +6,683 dwellings across the precinct only by 2036.

A review of proposed developments in the local area shows that there are currently some +3,838 dwellings within the immediate pipeline to 2030, including almost 1,000 dwellings proposed in St Leonards South. In total, St Leonards south is forecast to support a total of 2,000 dwellings, meaning that around a further 1,000 dwellings will be supported in this precinct by 2036.

Accordingly, when considering proposed developments and the future completion of St Leonards South, there is a future supply gap of between approximately 2,800 and 3,400 new dwellings to support the forecast resident population. The low range scenario considers the capacity requirements under the St Leonards and Crows Nest 2036 Plan at 6,683 dwellings, while the high range assumes the implied demand rate at +7,235 dwellings. In this context, the additional +282 units proposed at the site will support a small proportion of this required future growth.

Importantly, the proposed development will provide an alternative housing model (BTR) to the local area that will align with the St Leonards and Crows Nest 2036 Plan, which aims to deliver *more diverse housing choices including build to rent* in order to support the growth in key workers associated with health sector. A review of data sourced from the ABS (2021) shows that an estimated 70% of workers in St Leonards and Crows Nest travel more than 10km from their place of residence to work. This generally correlates with a travel time of over 30 minutes each way. Accordingly, a large share of workers (including key workers) are travelling beyond 30 minutes reach their place of work. As such, the proposed development provides an opportunity to enhance the vision for a 30-minute city by providing an alternative housing model within a major employment centre.

Much of the above spatial displacement is due to high housing costs in St Leonards and Crows Nest, and is a consistent trend across many inner city areas in Sydney. For the case of St Leonards and Crows Nest, the 2021 median unit price is some 46.1% higher than the Greater Sydney median. As such, the proposed development will provide an alternative and

more affordable housing option that includes ancillary resident facilities such as a wellness centre, outdoor sun deck, co-working spaces, lounge and dining and pet spa. Together, these facilities will provide a point of difference to surrounding BTS projects and would appeal to a range of occupiers in the area, including young professionals, key workers, as well as downsizers.

When considering the strategic location of St Leonards, the subject site represents an ideal location to support high density BTR residential development and ancillary key worker housing due to the following factors:

- Dwelling sale prices for all housing types in St Leonards and Crows Nest have significantly increased over the past decade and the area has continued to maintain higher sales differentials compared to the Greater Sydney median over this period;
- There is a rental premium for all housing types in Lane Cove LGA, by comparison to Greater Sydney median prices;
- Based on the ABS 2021 Census results, almost 60% of dwellings in St Leonards and Crows Nest are rented, and units are the primary housing type;
- The subject site has strong access to public transport (bus, train and metro);
- The subject site is positioned within walking distance to existing and future retail facilities, as well as open space and sport and best in class health facilities;
- There is a significant workforce surrounding the subject site, including key workers;
- The proposed development will be located in proximity to major centres such as North Sydney and Sydney CBD;
- Development of the subject site for BTR accommodation aligns to existing high density residential development already completed and planned in the surrounding area; and
- The proposed development has strong policy support, being located within an area designated under the St Leonards and Crows Nest 2036 Plan for higher density development.

The delivery of BTR accommodation is well suited to the subject site due to its strong locational attributes including being a high amenity area that is supported by transport. Importantly, the proposed development will be able to respond to community needs for more affordable accommodation, deliver greater housing diversity and choice that will appeal to key workers, young working professionals, and downsizers. BTR developments also support additional levels of employment compared to BTS, and therefore will contribute to strategic employment growth under the St Leonards and Crows Nest 2036 Plan.

Moreover, the provision of residential development within St Leonards balanced with non-residential uses, will ensure a vibrant and active precinct at all hours and on weekends.

7.2 Short term accommodation assessment

The proposed development includes an allocation of 3,681m² for short term accommodation use. This provision of floorspace will support 84 rooms.

7.2.1 Tourism and accommodation trends

A review of visitor nights within St Leonards – Naremburn and Crows Nest – Waverton SA2s as a proxy for the St Leonards and Crows Nest Precinct is provided in this sub section. Data sourced from Tourism Research Australia (TRA) shows that number of visitor nights within the local area have been trending upwards since 2009 (see **Figure 11**). It is important to note that due to COVID-19 impacts on the tourism sector and limited availability of data since 2021, trends in visitor nights presented in this analysis are only shown to 2019. Key highlights include the following.

- The number of visitor nights in the local area increased significantly from 387,750 in 2009 to 831,170 in 2019, increasing by 114% in total over the 10 year period.
- In 2019, international overnight visitation accounted for 68% of visitor nights. Around 28% of international visits were for holiday, and 20% for business purposes.
- Domestic visitor nights increased steadily between 2015 and 2019, to a total of 265,580 visits in 2019. Notably, around 44% of these domestic visitor nights in 2019 were for medical reasons.
- A trend analysis of the number of domestic visitor nights for medical reasons is shown in **Figure 12**, and highlights the upward trend in the number of visitor nights in the local area for medical purposes. This would largely be attributed to the ongoing role of RNSH as a major regional destination for healthcare, and accordingly there will be ongoing demand for short term accommodation close to this key health facility in the future.

In summary, visitor nights in the local area increased significantly over the 10 year period to 2019. International tourism continues to be a strong source of visitor nights, however domestic visitor nights have steadily increased between 2015 and 2019.

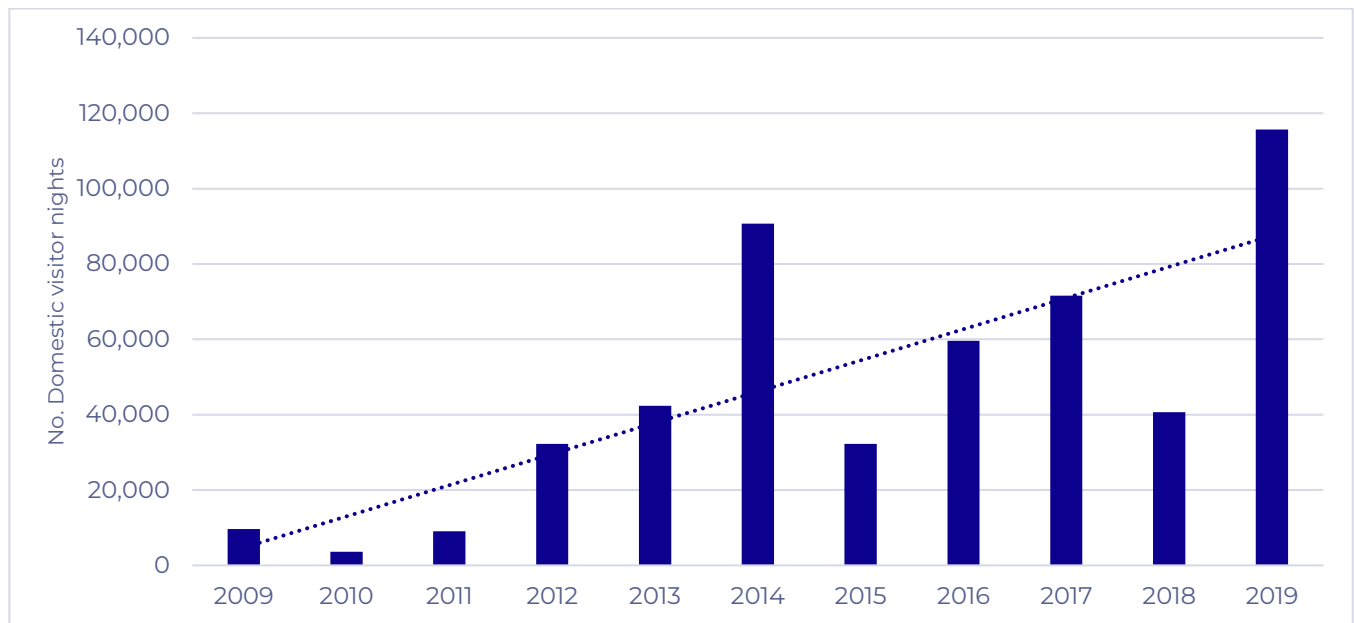
Importantly, the future role of the St Leonards and Crows Nest Precinct as a strategic health and education precinct will result in a need for short term accommodation facilities, which are important ancillary services to any successful major health precinct. The demand for short term accommodation is reflected by the increasing number of visitor nights in St Leonards and Crows Nest for medical reasons.

Figure 11 Total visitor nights – St Leonards-Naremburn and Crows Nest-Waverton SA2



Source: Tourism Research Australia

Figure 12 Domestic visitor nights for medical reasons - St Leonards-Naremburn and Crows Nest-Waverton SA2



Source: Tourism Research Australia

7.2.2 Implications of short-term accommodation

The proposed development seeks to incorporate 3,681m² of short term accommodation, supporting 84 rooms.

A review of existing visitor accommodation supply highlighted in **Section 6.2** shows that there is currently 7 hotel and serviced apartment providers within the St Leonards and Crows Nest Precinct, accommodating a total of 337 rooms. These accommodation facilities are largely operated by independent operators, and typically offer low-mid scale visitor accommodation facilities and services.

The exception is the exception of Quest Services Apartments (with 80 rooms), and Hotel Urban St Leonards (with 100 rooms), each offering higher order short term accommodation facilities. A review of the Cordell data base shows that there are limited proposed short term visitor accommodation facilities (just 24 serviced apartments) in the St Leonards and Crows Nest Precinct currently.

The remaining accommodation facilities are mostly small accommodation providers primarily located along the Pacific Highway. These facilities are typically dated, do not offer high levels of amenity for visitors wanting to stay for more than one or two nights, or for people needing to stay in St Leonards for medical purposes.

The subject site represents a logical location for a mid-range hotel or serviced apartment provider, with tourism data presented in **Section 7.2.3** showing that visitor nights have increased significantly pre-COVID between 2009 and 2019. Importantly, the continued operation of RNSH will result in a need for more purpose built short term accommodation an ancillary use to St Leonards as a key health and education precinct.

Visitor accommodation is an important ancillary service within a health precinct, and can provide patients and medical professionals with access to short term accommodation. Visitor accommodation services are particularly important in supporting access to healthcare including higher order medical services, such as specialists, for patients who do not live nearby.

A review of visitor data sourced from TRA shows that visitor nights to St Leonards and Crows Nest for medical purposes have increased in the past 10 years. This increase is reflective of the role of RNSH has a major destination for medical services, and that short term accommodation close to the precinct (such as at the 524-542 Pacific Highway site) would be supported now and in the future.

In addition to supporting patient recovery, short stay accommodation can also cater to visiting medical professionals, locums and other key workers who may be required to work within a specific medical facility on a short term or temporary basis.

Overall, the increasing number of visitor nights, future role of St Leonard and Crows Nest as a key health and education precinct, and provision of limited bed numbers and low-quality supply highlights a significant opportunity for visitor accommodation uses in the local area.

7.3 Retail assessment

This sub-section provides an overview of the potential for retail uses as outlined in the proposed development for the subject site. The proposed development plans for 159m² of retail space (NLA) across the ground level and level one within the proposed development. As a minor component of the proposed development, the provision of retail floorspace will be largely ancillary in nature and support the activation of the site, enhancing amenity and vibrancy for the overall community.

7.3.1 Retail trends

The context and drivers for retail development of all kinds has changed significantly over the past decade. The suburban indoor shopping centres that have proliferated since the 1950s – characterised by enclosed, climate controlled designs, large amounts of carparking and chain stores – are increasingly in competition with new forms of retail development that respond to fast-changing customer preferences and new technologies.

The rise of online shopping has led to shop vacancies on high streets and declining department store sales, while retailers and shopping centres are now placing increasing emphasis on the shopper experience, including improved food and beverage offerings, entertainment and services (such as health and education).

Society's fast paced lifestyle and flexible work and life arrangements means that modern consumers have more diverse preferences when it comes to retail experiences and shopping requirements. Consumers increasingly prefer a retail offer that enables or promotes:

- **24/7 shopping** - Consumers want the ability to be able to shop at times that are suitable and convenient for them. Working conditions and lifestyles have changed - consumers want to be able to shop early morning, during the day and late at night.
- **Walkability and accessibility** - Consumers, particularly those living in urban environments, prefer to shop locally at facilities that are easily accessible by walking or by private car or public transport.
- **Range of products** - Consumers seek a broad range of products, at various levels of price and quality from a range of sources that can cater to a variety of tastes, cultural and ethnic preferences.
- **Shopping as an experience** - Retailers are increasingly responding to consumer demand for a great retail experience through an increased range of products, quality and integration with technology and services. Retailers are also looking to differentiate themselves by providing better experiences and offers that can attract consumers in highly competitive retail markets.
- **Shopping online** - Consumers have continued to embrace online shopping for retail goods, and its importance has been emphasised during the COVID-19 pandemic. Now, more than ever, a holistic retail network relies on an online presence and offer even for experienced based retail uses such as food, dining, entertainment and services.

7.3.2 Capacity for additional retail uses

As St Leonards continues to grow, so will demand for additional retail floorspace. Retail uses are critical in serving the needs of local residents, workers, and visitors to St Leonards. A successful retail offer helps support the activation and amenity required to establish a vibrant and attractive destination.

A review of the level of retail expenditure likely to be generated by the local resident and worker population within St Leonards and Crows Nest suggests the following:

- An addition +14,470-resident projected within the study area by 2036 would generate over \$321 million in retail expenditure each year (based on \$22,195 in retail expenditure per capita per annum – Marketinfo).
- An additional +12,080 workers are projected within the St Leonards and Crows Nest precinct by 2036. Assuming workers will spend on average \$15 per workday, this would generate retail expenditure of around \$43.4 million each year by 2036.

While it is likely that a proportion of workers will also live in St Leonards, it is clear that a substantial provision of retail be generated based on future growth alone. Visitors to St Leonards including commuters as well as visitors to RNSH will further add demand.

Each of these customer segments would require access to a wide range of retail facilities including food (take-away and dining options), non-food (apparel, giftware, leisure, general retail stores) and services (hairdresser, dry cleaning, post-office etc). While higher order retail requirements such as apparel needs are typically directed to major centres, there will likely be substantial demand for food, services and convenience based retail throughout St Leonards. This includes at the subject site, which is strategically positioned between major residential developments and close to St Leonards Station and the future Crows Nest Metro.

7.3.3 Implications of retail

The proposed development seeks to provide 159m² of retail floorspace (NLA). Whilst it is not yet understood what the retail components will include, they are expected to be largely convenience based including food and beverage facilities or speciality shops. This type of retail offer at the subject site would serve a mix of customer segments, including residents and workers at the site and in the local area, as well as visitors and commuters through St Leonards.

The proposed development will enhance the existing provision of retail services in St Leonards and fill the 'missing link' between St Leonards Square and Mall 88, by enhancing activity along the ground plane with convenience retail facilities that will support walkability and accessibility. As such, the provision of ground floor retail development at the subject site will act as a natural extension between these precincts, increasing activity and walkability along the Pacific Highway. This retail offer may also assist in increasing activity beyond traditional business hours.

7.4 Implications for the proposed development

The subject site is well positioned on a high profile and easily accessible location, within a strategic area planned for substantial growth, including an intensification of housing and employment. This anticipated growth would support demand for a wide range of uses proposed at the subject site, including a significant residential (BTR) component, short stay accommodation and retail uses.

The subject site and proposed concept plan represents a unique opportunity to leverage off the significant infrastructure investment in the area, such as Crows Nest Metro Station, to provide alternative and high quality housing and short stay accommodation use. As such, the subject site has the ability to support and respond to the evolving nature of the St Leonards as a key mixed use community destination.

8.0 Economic Impact Assessment

8.1 Introduction

This section provides an assessment of the economic impacts (including benefits) likely to occur as a result of the project. Impacts are considered with regard to the local and regional area and through the construction and operational phases of the project. An estimate of the jobs likely to be created during the construction and operation phase of the proposed development are provided.

8.1.1 Methodology

In order to address the potential economic impacts likely to result from the project, this economic impact assessment (including benefits) considers:

- Overall impact of the project
- Construction and ongoing employment generation (direct and multiplier);
- Increased Value-Added Output;
- Additional expenditure generated by the project; and
- Improved benefits to the surrounding community.

8.2 Economic impacts

8.2.1 Residential

A provision of 22,193m² of residential GFA is planned for the proposed development. Based on current plans, this includes some 272 BTR apartments and 10 key worker apartments across the site. By adopting the average household size for the St Leonards and Crows Nest Precinct of 2.0 persons per household (ABS 2021), the subject site could accommodate approximately 564 residents at full occupancy.

This assessment outlines that within the St Leonards and Crows Nest Precinct, there are forecast to be an additional +14,470 residents by 2036. By accommodating 564 residents at the subject site, this level of additional resident population would account for 3.9% of total projected residential growth in the Precinct over the period to 2036. In addition to this, the 282 dwellings represents 4.2% of future housing targets of 6,683 dwellings under the St Leonards and Crows Nest 2036 Plan. As such, the provision of the proposed residential floorspace would represent only a small proportion of future residential requirements; therefore, the project would not impact on the ongoing viability or continued operation of any residential facility.

Importantly, the proposed residential component would help provide much needed housing diversity and supply in an evolving and growing location that is close to a large and diverse workforce. The provision of some 272 BTR units and 10 key worker apartments would ensure that alternative accommodation models are available across a range of price points within St Leonards, supporting a range of occupiers. In particular, the project will benefit key workers in the local area by providing dedicated key worker housing which will support the overall health and education function in the area.

In addition to the above, project will support a range of facilities available for on-site residents, including, but not limited to a wellness centre (and pool), children's play area, gaming rooms, cinema, co-working spaces, pet spa and lounge and dining areas. These additional amenities will provide a point of difference to existing and proposed residential projects in the area, and will facilitate a true live/work/play environment in a highly accessible location that can cater to a range of age groups and occupiers including young professionals, young families, downsizers, and key workers.

8.2.2 Short term accommodation

The proposed development seeks to provide short term accommodation of 84 rooms across 3,681m² of GFA.

Visitor accommodation is critical in growing a strategic centre and supporting a successful health and education precinct in this part of Sydney. The availability of modern short term accommodation space is a key consideration for many customer segments, including businesses and visitors in the future. Furthermore, short stay accommodation is

an important ancillary use in supporting successful health precincts, including the adjacent RNSH by providing patients and visiting medical professionals who do not live nearby with high quality short stay accommodation close to key health services.

As identified in **Section 7.2**, much of the existing visitor accommodation stock is dated, and there is a market opportunity for better quality accommodation facilities in the local area that can support visitors staying multiple nights, and those visiting for medical reasons.

Furthermore, there remain a range of operators not currently represented in the region who may consider locating at the site. Ensuring consumers and visitors are provided with a range of choice, quality and price points is an important consideration in the provision of a competitive market. The proposed short stay accommodation facility at the site will assist in ensuring this is the case.

The proposed development is not expected to impact on the ongoing viability or continued operation of any existing or proposed visitor accommodation use. Rather, the proposed development would provide a new offer in the local area, improving customer choice, while supporting the planned growth of St Leonards as a key health and education precinct and active mixed use community in the future.

8.2.3 Retail

Plans for the project indicate that some 159m² of retail NLA is proposed on the lower ground level and level one. At 159m², the proposed retail floorspace represents a very minor component of the overall project (just 0.7% of total NLA) and is highly complementary in nature to the proposed uses.

While the operators are not yet known, this amount of retail floorspace would only accommodate small operators that are likely to provide retail uses such as food and beverage facilities, or other convenience based retail offers. This type of retail offer would complement and serve local residents, workers and visitor on-site and within the surrounding local area.

As the proposed retail uses represent a very small proportion of total GFA, any impact of these facilities on surrounding businesses or developments would be minimal, and will not impact on the ongoing operation or viability of any existing or proposed retail facility.

The provision of retail services at the subject site will enhance amenity in St Leonards and activate the street level frontages along the Pacific Highway. This will increase the availability of public space and facilities at a highly central and accessible location, and further enhance connectivity between St Leonards Square and Mall 88, complementing the overall civic domain and walkability of St Leonards.

8.3 Economic benefits

8.3.1 Employment and economic activity

Input-output modelling

Economic impacts associated with the proposed development have been prepared with input-output modelling undertaken with reference and compliance to best-practice guidelines.

Input-output tables are a 'map' of the economy that track the flow of products, services, and payments through the many industries, households, government organisations and foreign transactions that make up the Australian economy.

Every industry requires inputs from many other industries, plus the inputs of workers and machinery and equipment to produce output. Input-output modelling uses averages derived from the ABS Input Output Tables to estimate the impact on all industries when one industry expands its production. The modelling used in this report is based on the 2018/19 ABS National Accounts release.

As with all economic models, input-output models include a number of limitations which include the following inherent assumptions: unlimited supplies of all resources including labour and capital, prices remaining constant, technology is fixed in all industries, and import shares are fixed.

Having regard for these limitations, the modelling used for the purposes of this assessment applies the **Simple Multiplier effect measure**. The Simple Multiplier effects measure estimates the expansion of other industries required to support the initial (direct) increase in the original industry; and does not include the additional impacts of extra wages and employment income being spent across the economy (spill-over effects).

Use of the **Simple Multiplier effect measure** is in-line with best practice industry standards and reflects a conservative position. Results from the modelling should be interpreted as indicative of the potential impact the project will have on the Australian economy.

The modelling provides estimates of the following economic benefits as a result of the project:

- **Construction Employment** - direct construction job-years supported by construction of the development and indirect job-years supported across all other industries over the construction period.

'Job-years' is defined as the number of full-time equivalent (FTE) jobs supported over the construction period. i.e. if construction is over 10 years, 100 job-years is equivalent to 10 FTE jobs per year. Only applies to construction employment.

- **Ongoing Employment** - direct and indirect FTE jobs supported by the ongoing operation of the project annually.
- **Value Added** - direct and indirect value added generated during the construction and operational phase of the project.

Value Added is defined as the wages, salaries and supplements plus gross operating surplus (income earned by businesses) required in producing the extra output (construction investment and operating output/turnover). This represents the standard measure of economic contribution, that is, the increase in economic activity as measured by gross domestic product (GDP).

Estimates of the economic benefits of the proposed development will be realised across the national economy, given the scale and diversity of the New South Wales economy, a large proportion of these benefits will be realised in the local and regional area. The benefits have been prepared for:

- **Construction Phase:** Economic activity during the construction phase of the project which will be spread across the construction program.
- **Operational Phase:** Ongoing economic activity once the project is completed.

Construction phase

It is estimated the direct capital investment required to realise the proposed development will be in the order of \$191 million. This estimate is based on the preliminary cost report prepared by Altus Group, and relates to direct construction costs only and excludes consultant fees, preliminaries and margins.

Based on a construction cost of \$191 million, the construction phase is expected to directly support employment of 250 job-years and deliver a direct value-add to the economy of \$41.3 million.

When the multipliers are taken into account, total state-wide economy effects over the construction program are forecast to be: employment of 1,090 job-years and a total direct value-add to the economy of \$157.2 million.

Table 9 Construction phase economic benefits (\$2020/21)

Construction Phase (spread over construction period)			
	Direct	Indirect	Total
Output (\$M)	\$191.0	\$280.5	\$471.5
Employment (job-years) FTE	250	840	1,090
Value Added (\$M)	\$41.3	\$115.9	\$157.2

Source: Ethos Urban analysis utilising data from ABS, National Accounts 2020/21; ABS, Consumer Price Index

*Job-years: Number of FTE jobs supported over the construction period. i.e. if construction is over 10 years, 100 job-years is equivalent to 10 FTE jobs per year.

Note: Figures rounded

Operational phase

Economic impacts associated with the operation of the site once complete and fully occupied, have been based on supportable employment estimates for the various uses incorporated within the proposed scheme. These estimates have been prepared with reference to relevant industry benchmarks including the City of Sydney Floor Space and Employment Survey 2017, NSW Common Planning Assumptions, and Ethos Urban research, and include the following:

- Build to rent: 1 worker for every 50 dwellings;
- Short term accommodation: 1 worker for every 100m² of short stay accommodation floorspace; and
- Retail: 1 worker for every 30.2m² of retail floorspace.

Based on the above, the operational phase is expected to deliver the following (direct) benefits: FTE employment of ongoing 40 jobs and direct value-add to the economy of \$5.5 million per annum.

When the multipliers are taken into account, total ongoing economy-wide effects are estimated at: FTE employment of 70 jobs supported and a total direct value-add to the economy of \$9.7 million per annum.

Of the 40 direct FTE jobs, this includes a total of six (6) direct ongoing jobs within the BTR component of the development. These employment benefits are greater than what could be delivered through a traditional BTS residential offer.

It is important to note that these projections reflect the total economic benefit, rather than the net gain as a result of the project compared to the employment provision at the existing building. The existing site currently supports a single operative retail tenancy and as such existing employment at the site is limited.

Table 10 Estimated ongoing employment

Operational Phase (annual)			
	Direct	Indirect	Total
Output (\$M)	\$10.6	\$8.8	\$19.4
Employment (FTE)	40	30	70
Value Added (\$M)	\$5.5	\$4.2	\$9.7

Source: Ethos Urban analysis utilising data from ABS, National Accounts 2020/21; ABS, Consumer Price Index

Note: Figures rounded

With consideration to the estimated ongoing jobs and provision of non-residential floorspace, the proposed development aligns with the objectives of the St Leonards and Crows Nest 2036 Plan, and North District Plan which aim to establish St Leonards and Crows Nest as a strategic mixed-use precinct, including an additional +14,750 jobs between 2016 and 2036. Specifically, the proposed development is aligned to these strategies and objectives through the following:

- Supporting a net gain in employment at the site, estimated at 40 population serving jobs which would contribute to the target of +3,130 population serving jobs by 2036.
- The provision of 3,840m² of non-residential floorspace aligns with the objective to deliver employment generating floorspace through short term accommodation and retail uses.

- The proposed mix of uses aligns with the St Leonards and Crows Nest Precinct 2036 Plan which targets additional mixed-use development. As outlined in **Section 6.0**, there is currently very limited proposed short term accommodation within St Leonards and Crows Nest (including within mixed use projects), and as such the proposal will improve the diversity of non-residential uses and employment opportunities in the local area.
- The proposed uses at the site will complement and support the objectives of a growing strategic health and education precinct. This will be achieved through the delivery of uses that can attract, retain and accommodate residents, key workers and visitors which is important to the long term success of any major health and education precinct.

8.3.2 Increased expenditure generated by project

Once complete and fully occupied, the development will accommodate additional residential population on site. This resident population would support an increase in retail expenditure that will be directed to local businesses.

Based on the proposed plan, the development will support 282 dwellings. Adopting the average household size of 2.0 persons per dwelling in the St Leonards and Crows Nest Precinct, the proposed development could support an estimated 564 residents at full occupancy.

A review of retail expenditure per capita by residents within the St Leonards and Crows Nest Precinct is in the order of \$22,195 each year on average (2021 dollars). Accordingly, with 564 new residents at the site, a total of \$12.5 million in additional retail expenditure could be generated each year (see **Table 12**). This would include spending on food, liquor and groceries, food catering, non-food items and services. This additional retail expenditure will support existing and proposed retail facilities both at the site, and within the overall St Leonards and Crows Nest Precinct.

Table 11 Estimated resident retail expenditure at full occupancy

Measure	Value
Estimated number of new residents	564
Per capita retail expenditure on local retail per annum (\$)	\$22,195
Increase in expenditure on local retail per annum (\$)	\$12,520,000

Source: Marketinfo, Ethos Urban
Note: Figures Rounded

8.3.3 Other economic benefits

The proposed development will deliver an array of economic benefits to the local community which are outlined below. In particular, the proposal will deliver a high amenity mixed use building that responds to the evolving needs of both residents and workers in St Leonards and the surrounding area. A summary of the benefits of the proposed development include:

- The proposed mix of uses will continue to support the evolution of St Leonards as a mixed-use precinct by providing a variety of uses within a central and strategic location to support residents and workers.
- Support existing and future infrastructure investment in the area, including leveraging the delivery of the Sydney Metro City and Southwest station at Crows Nest to support contemporary mixed-use development that will serve the needs of a broad range of occupiers.
- The proposed BTR component of the project will support the need for more affordable and diverse housing options within St Leonards. Residential accommodation at this site will support the concept of transit oriented development, by enabling residents to live within a high amenity precinct that is well connected to transport, and enables residents to live and work flexibly.
- Provide short term accommodation for a growing health and education precinct, that is already experiencing increasing visitation numbers and undersupplied currently.
- Provide additional public space and activation on the ground floor, and provide improved walkability along the Pacific Highway.
- Residential activity at the subject site will support increased activation during work hours, but also after hours and on weekends. The additional activity generated by the proposed development would benefit the night-time economy, and support people movements with flow on benefits to local businesses.

- Support the aspiration for 30-minute cities by providing employment and residential uses alongside public transport and complementary retail facilities, all within a strategic and easily accessible location.
- Support the objectives of the State Government which seek to provide for the following within the St Leonards and Crows Nest Draft 2036 Plan and North District Plan:
 - Improve opportunities through amendments to planning controls to encourage a range of dwelling typologies that cater for the diverse community in St Leonards and Crows Nest;
 - Explore build to rent opportunities within the precinct;
 - Locate high density development within close proximity to St Leonards Station;
 - Leverage the new Sydney Metro Station at Crows Nest to deliver additional employment activity;
 - Plan for more variety of mixed-use sites in St Leonards;
 - Enhance the street level activation and amenity of the immediate area; and
 - Facilitate a mixed-use precinct within St Leonards that appeals to pedestrians moving through the precinct.

Taking the above into account, any impacts likely to result from the proposed development will be limited and will be far outweighed by the benefits anticipated to be generated as a result of the proposal. As such, the proposed development at 524-542 Pacific Highway, St Leonards is likely to result in an overall net gain to the community.