

Contents

1.	Introducti	ion	6
2.	Study Loc	ation	6
3.	Sydney O	lympic Master Plan 2030 (2018 Review)	7
4.	Proposed	Master Plan 2030 (Interim Metro Review)	8
5.	A breakdo	own of the two Master Plan Land Uses	9
6.	Demand f	or retail space	10
7.	Forecast o	demand for commercial space	10
8.	Financial	Feasibility – High-Level Assessment	11
9.	Conclusio	ns and Insights	13
APPE	NDIX A:	Demand for Retail Space	15
APPE	NDIX B:	Forecast Demand for Office Space	24
APPE	NDIX C :	Market Research	30



Tables

Table 1: The comparison of Gross Floor Areas per Master Pan
Table 2: High-level Assessment – GFA rates
Table 3: Forecast Population by Trade Areas
Table 4: Total Retail Spend by Trade Area Residents (\$ millions)
Table 5: Potential Capture Rates of Household Expenditure
Table 6: Potential Retail Sales from Resident Expenditure 2021-2041 (\$ millions)
Table 7: Total Forecast Potential Retail Sales (\$ millions) 2016-2026
Table 8: Forecast Demand for Retail Floorspace (square metres)
Table 9: Current Local Market Share
igures
Figure 1: Central Precinct Master Plan 2030 (2021 Review)
Figure 2: Central Precinct – Metro Station Site Location
Figure 3: Sydney Olympic Park Master Plan 2030
Figure 4: Central Precinct Development Lots
Figure 5: Proposed Developments Main Trade Area
Figure 6: Catchment Area



Quality Assurance

Report Contacts

Virginia Phillips

Associate and Practice Manager

Adv Dip Val, Masters Property Development (UTS), VAL015544

Virginia.Phillips@hillpda.com

Supervisor

Adrian Hack

Principal, Urban and Retail Economics

M. Land Econ. B. Town Planning (Hons). MPIA

Adrian.Hack@hillpda.com

Quality Control

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

Reviewer

Signature Dated

Report Details

Job Number	V21121
Version	Final
File Name	Central Precinct – Commercial Demand and Feasibility Assessment
Date Printed	June 2021



Key Acronyms and Reference

ABS	Australian Bureau of Statistics
Central Precinct	is defined in section 5.2 of the Master Plan 2030 (2018 Review)
Central Linear Park	linear Park to the south of the Central Precinct parallel with the T7 Train Line
Central Urban Park	Park adjacent to the Metro Station on Herb Elliot Avenue
СоР	City of Parramatta Council
СоСВ	City of Canada Bay
DCP	Development control plan
DM	Development margin (profit divided by total project cost)
DPIE	Department of Planning, Industry and Environment
FEBA	Fully Enclosed Building Area
GFA	Gross floor area
GLAR	Gross leasable (or saleable) area
GMA	Greater Metropolitan Area
GPOP	Greater Parramatta to Olympic Peninsula
GSC	Greater Sydney Commission
IRR	Internal rate of return (per annum return on investment expressed as a percentage)
LGA	Local Government Area
LRV	Light Rail Vehicle
Master Plan 2030 (2018 Review)	Existing Master Plan gazetted in 2018
Master Plan 2030 (Interim Metro Review	Refers to this interim review of the Master Plan 2030 (2018 Review).
Master Plan 2030 (2021 Metro Review)	Refers to the Master Plan 2030 (2021 review)
NPV	Net present value (sum of future cash revenues and costs discounted to a present value)
PCA	Property Council of Australia
Plaza	40m wide new street linking the Metro to Olympic Boulevard, also known as the Throat and the West End during design development
PLR	Parramatta Light Rail
PLR2	Parramatta Light Rail Stage 2
PTA	Primary trade area
SMW	Sydney Metro West
SOP	Sydney Olympic Park
SOPA	Sydney Olympic Park Authority
Station Plaza	area around the two station entrances
STA	Secondary trade area
TfNSW	Transport for New South Wales



1. Introduction

HillPDA was commissioned by Sydney Olympic Park Authority (SOPA) to undertake a commercial demand assessment and Feasibility Study (the Study) relating to the Central Precinct (Study Precinct) Master Plan 2030 – 2021 review.

This commercial demand and feasibility study has:

- outlined the market demand for commercial floor space
- demonstrated how the new planning controls will result in feasible development
- outlined the likely impacts of the proposal including economic benefits and job creation and
- informed and supported the preparation of the proposed planning framework including any recommended planning controls or design guidance.





Source: Cox Architects 2021

2. Study Location

The Study Precinct forms part of the Sydney Olympic Park, located 14km west of the Sydney CBD, and is a pivotal business and entertainment centre within Sydney. The area has experienced a vast transformation since the Sydney 2000 Olympics, transforming from an underutilised industrial wasteland to a mixed-use precinct. Sydney Olympic Park is home to various major sporting, entertainment, and business events, accommodating nearly 14 million visitors each year.¹

For this study, the Central Precinct forms the study precinct. The Central Precinct is bounded by Murray Rose Avenue, Olympic Boulevard, Sarah Durack Avenue, and Australia Avenue.

¹ Knight Frank Sydney Olympic Park Office Market Brief (2017)



The Precinct improvements comprise office buildings with ground-floor retail premises on Dawn Fraser and Herb Elliott Avenues. Other Precinct parts include low rise (single storey), large floorplate commercial and industrial buildings.

Central Preunet Boundary

Committee Area

10
125
250M (1)

Figure 2: Central Precinct - Metro Station Site Location

Source: Sydney Metro 2021

3. Sydney Olympic Master Plan 2030 (2018 Review)

In 2018, the Sydney Olympic Master Plan 2030 was reviewed and updated to meet future demands. The Master Plan is a guide that provides a long-term vision of the development at Sydney Olympic Park. The Master Plan is reviewed every five years and is an example of a successful Olympic legacy project incorporating the needs of future residents, workers, and visitors.

The current Sydney Olympic Park Master Plan (SOPMP) is focused on the concentration of commercial and retail uses close to Sydney Olympic Park Station, the concentration of new residential uses in the Central and Parkview Precinct and the concentration of community uses along Dawn Fraser Avenue. It targets 34,000 workers, 20,000 visitors, 23,500 residents, and 5,000 students to ensure an active precinct 18-24 hours a day, seven days a week. Following the most recent review of the Master Plan in 2018, the baseline gross floor area capacity was increased by 460,000 square metres. The current Master Plan 2030 has a baseline GFA capacity of 1,960,000 square metres of which 627,200 square metres of gross floor area (32%) is completed or committed for development.

The Master Plan envisages achieving several principles, including principles around 'transit orientated development' (TOD) by intensifying the more active land uses close to public transport infrastructure. The purpose is to create a walkable catchment where people can walk between workplaces, shop, learn, play, and meet. Office and retail spaces generate higher numbers of people than residential space measured by square metres per person – particularly during regular working hours. It helps activate the immediate area and provides



more jobs closer to home. Reducing the number and length of journeys made, particularly those made in private vehicles, has environmental benefits. There are also lifestyle benefits related to increased free time, reduced travel-related stress, and a reduced likelihood of road-related accidents. This concept forms the basis of the 30-minute city a clear objective of State planning policies.





4. Proposed Master Plan 2030 (Interim Metro Review)

Since the 2018 review of the Master Plan, Sydney Metro West (SMW) confirmed the new 24km Sydney Metro West stations would be located at Westmead, Parramatta, Sydney Olympic Park, North Strathfield, Burwood North, Five Dock, The Bays, Pyrmont, and Hunter Street in the Sydney CBD. The metro line commenced construction in 2020.

Sydney Metro West will provide a direct connection between the CBDs of Parramatta and Sydney with the capacity to link and unlock urban densification opportunities along its corridor and specifically in the Central Precinct. This has led to a draft Master Plan demonstrating a proposed scheme on the three sites at Site 40, Site 47, and Site 48.

A metro station at Sydney Olympic Park is welcomed and will unlock the potential to substantially increase social, cultural, and economic activity through the Precinct and beyond. It is the game changer to fulfill the Sydney Olympic Park Authority's vision to integrate world-class venues and parklands with a vibrant and activated urban centre that is a valued legacy of the Sydney 2000 Olympic and Paralympic Games.

This significant transport infrastructure investment be a game-changer in the Sydney Olympic Park as it provides a connection from Sydney Olympic Park to the Sydney CBD and Parramatta CBD.

For the above reasons, Sydney Olympic Park Authority (SOPA) and Sydney Metro West (SMW) have had various discussions to collaborate on the best outcome for the community and make sure that there is an appropriate range of land uses for residents, workers, and visitors.



5. A breakdown of the two Master Plan Land Uses

The proposed Master Plan (2021 review) plans to deliver 106,560sqm of residential and 50,909 sqm of non-residential land uses, with the 2018 Master Plan review (2018 review) envisaging 61,000sqm for residential and 102,844 for non-residential uses.

The table immediately below summarises the proposed changes to GFA in the Master Plan for the Central Precinct.

Table 1: The comparison of Gross Floor Areas per Master Pan

	2018 Master Plan 2030									
	Site Area	Commercial	Community	Education Private Tertiary	Retail	Total non-resi	Total Resi	Total GFA		
Site 40 (metro)	9,070	12,000	8,600	1.000	14,317	35,917)	35,917		
Site 47 (metro)	12,897	14,000	0	0	10,072	24,072	27,000	51,072		
Site 48 (metro)	10,749	12,355	0	18,000	12,500	42,855	34,000	76,855		
TOTAL	32,716	38,355	8,600	19,000	36,889	102,844	61,000	163,844		
		2021 Interim Review (Metro)								
	Site Area	Commercial	Community	Education Private Tertiary	Retail	Total non-resi	Total Resi	Total GFA		
Site 40 (metro)	9,070	0	0	0	2,500	2,500	0	2,500		
Site 46 (orphan)	3,771	5,006	0	0	324	5,330	14,023	19,353		
Site 47 (metro)	11,428	28,741	3,500	0	619	32,860	47,336	80,196		
Site 48 (metro)	8,447	7,930	0	0	2,289	10,219	45,201	55,420		
	32,716	41,677				50,909	106,560	157,469		
Difference in GFA						-51,935	45,560	-6,375		

Source: SOPA and Cox 2021

The notable changes included:

- 1. **Community floor space calculation:** The reduction in the amount of Community floor space area relates only to the exclusion of the park area which is not defined as floor space.
- 2. A gain in residential GFA: The increase in residential floor space will improve development feasibility to offset the setback on some metro sites for the 40m wide pedestrian footpath. This will allow the Central Precinct to be activated and provide an easy flow of pedestrian foot traffic to accommodate the high volume of visitors estimated per week.
- 3. **Relocation of Education**: The educational floor space of 19,000sqm was removed from the Central Precinct. The vertical education uses in this location may be limited. This reduction in education floor space does not relate to primary or secondary education uses which are planned to be accommodated in other precincts of Sydney Olympic Park. Also, it is considered that school education sites are best located in precincts that provide sporting facilities that could be shared.
- 4. A loss in commercial space: There is a significant loss in non-residential space (retail and office space). It is suggested to contain this space in the podium levels. Retail exposure is substantial on the ground floor. We note the Metro Master Plan proposes a significant loss of non-residential uses. However, this decrease is required on the Metro Station sites, mainly because the public realm and infrastructure improvements are necessary to accommodate the future needs of the workers and residents.
- 5. **Site realignment**: A few site areas have been reduced, including site 48. This is to accommodate the 40m wide pedestrian boulevard that is the catalyst for this Precinct.

It is important to note that the proposed Metro Master Plan (Interim) delivers the vision to provide social, economic, and environmental benefits for the people of Sydney and NSW by providing a range of mixed land uses. The Master Plan offers the opportunity for design excellence competition in the Precinct that allows a developer to request a 10% additional floor space.



6. Demand for retail space

Demand for retail space in SOP comes from three primary sources: residents who live within the defined trade area, workers in SOP, visitors/day-trippers/event attendees, and overnight tourists staying in the hotels. From all these sources, the latent forecast demand for the SOP is more than 100,000 square metres of retail space by 2031 and around 125,000 square metres by 2041. A small amount of additional shop front space would be required to accommodate other non-retail services, including financial, medical, educational, travel, and real estate services. Total shop front space demand is forecast to reach 110,000 square metres by 2031 and 135,000 square metres by 2041.

Typically, a locality or Centre with this amount of shop front space would also provide a range of other land uses in arts and recreation, health, education, public and community services, and the like. Such uses could include a multi-screen cinema, ten-pin bowling, laser skirmish, wall climbing, gymnasium, children's gymnasium, video games parlour, library, medical centre, neighbourhood centre, and performing arts theatre, sports hall, etc.

A detailed assessment of forecast demand for retail space is provided in Appendix A.

There is a significant loss of retail proposed; however, given there is still almost 50,000sqm of commercial designated for the Central Precinct, it is recommended that SOPA develop a retail strategy to determine appropriate retail uses for the Metro core and reallocate some of the commercial (office) spaces to retail GFA. It also should be noted that "Commercial" land uses in the SOP Master Plan 2030 allow for retail uses, so changes in use between commercial and retail space can be made as the project develops and retail needs are determined along with market trends.

7. Forecast demand for commercial space

Sydney Olympic Park can attract an **additional 130,000 to 150,000 square metres of net office floorspace over the next 15 years.** HillPDA has assessed the long-term net absorption of office floorspace at Sydney Olympic Park to range between 8,000 to 10,000 square metres per annum.

A detailed assessment of forecast demand for office space is provided in Appendix B.

The overall non-residential floor space has decreased by 53,528sqm. Commercial office Commercial (office) floor space has increased by some 3,322sqm in the 2021 Master Plan. The decrease in the non-residential gross floor ensured sufficient residential GFA would be delivered to make development in the Precinct feasible. Without the additional residential floorspace offsetting the public realm and infrastructure works, the Master Plan vision would remain just a plan, and the public domain and infrastructure works would unlikely be delivered until retail and commercial floor space is valued higher than residential floor space.

The loss in total non-residential floor space in the Metro sites could be taken up on other sites within the Central Precinct or other precincts in Sydney Olympic Park to meet forecast market demand. This should be looked at in detail as part of the overall Master Plan 2050 review.



8. Financial Feasibility – High-Level Assessment

As part of the assessment, HillPDA tested various schemes in the SOP - Central Precinct to formulate and determine the viability of the Central Precinct Master Plan 2030 (2018 & 2021 review). The analysis would determine if a value uplift were achieved in the 2021 Master Plan by reducing the non-residential uses by 51,935sqm and increasing the residential GFA by 45,560sqm. For a reference point - Figure 4 outlines the proposed lots in the Central Precinct

Site Criphan

ATA

Site 47

Site 48

Figure 4: Central Precinct Development Lots

Source: SOP Master Plan 2030 (2021 review)

The proposed Master Plan options

To determine if a value uplift has been achieved by changing the 2018 review proposed land uses, HillPDA has tested the two options:

- **1. 2018 Master Plan Option:** This option proposes a mixed-use development comprising a total of 163,844sqm of GFA. The breakdown of land uses are as follows:
 - Commercial 38,355sqm
 - Community 8,600sqm
 - Retail 36,889 sqm
 - Education 19,000sqm
 - Residential -61,000sqm
- **2. 2021 Master Plan Option:** This option proposes a mixed-use development comprising of a total of 157,469sqm of GFA. The breakdown of land uses are as follows:
 - Commercial 41,677sqm
 - Community 3,500sqm
 - Retail 5,732 sqm
 - Residential -106,560sqm

As stated in Section 5 of this report, the primary Master Plan differences are as follows:



- The sites have been adjusted from three sites to four sites
- Little change in the total site area, although Site 48 has reduced in size considerably to allow for the pedestrian boulevard
- There is a significant increase in residential floor space
- An increase in commercial office space
- A significant decrease in retail floor space, although some of the commercial space can be transferred to retail
- Removal of educational space as it is better to locate this elsewhere in SOP
- A slight decrease in community space

Financial Methodology

To compare the uplift from the 2018 to 2021 development options for the Central Precinct, Cox Architects identified the 2021 Master Plan GFA and the resulting FSR. HillPDA has, through market research, been able to estimate both the improved investment market value and the potential land value based on comparable sale evidence of development sites. Note, in some cases, the land value is higher than the investment land value because the improvements are not substantial.

Using hypothetical development feasibility testing, HillPDA identified a residual land value (RLV) that was viable for development. This RLV was expressed as \$/sqm of site area and as \$/sqm of GFA. For development to be viable, the RLV must be higher than the market value "as-is". HillPDA has adjusted the land value rates to reflect a GFA rate per land-use based on as-is value. The adopted GFA rates per land-use adopted in our analysis are as follows:

Table 2: High-level Assessment – GFA rates

Land Use	Adopted GFA Rate
Commercial office, community, and educational uses	\$400/GFA
Retail	\$500/GFA
2018 Master Plan Residential	\$1,800/GFA (this rate takes into consideration the 5% affordable housing contribution and all developer contributions)
2021 Master Plan Residential	\$1,600/GFA (this rate considers the 5% affordable housing contribution and all developer contributions). In addition, the GFA rate allows for the reduction of car parking controls proposed on the site due to the proximity to the Metro. HillPDA has tested an Estate Master feasibility model to verify this GFA rate. The 2018 review does not consider a reduction in car parking as the Central Precinct had not been identified as a metro station.
Car Parking Rates	The 2021 Master Plan feasibility assumes a reduction in the amount of car parking. The car parking assumed is as follows: 1 bedroom – 0.6 car spaces 2-bedroom 0.9 car spaces 3 bedroom – 1.2 per car spaces.
Apartment Sale Values	The end sale values of apartments in the 2021 review have been adjusted to reflect a reduction in car space per apartment. However, the sale price has not decreased significantly based on the Metro Station located in the Precinct. This offers a range of links to Sydney and NSW. Which, over time, will be an asset, not an impact on the values of the apartments.



Financial Modelling Results

Comparing the two Master Plans indicates that the 2021 Master Plan provides a significant uplift in development site value enabling a viable development in the current market conditions. This is almost entirely due to the increase in residential floor space.

9. Conclusions and Insights

The changes in floor space in the existing Master Plan (2018) to the Metro Master Plan (2021) in the Central Precinct and the Metro Station sites were necessary due to the station itself and to ensure development feasibility.

As a result, there has been some loss of GFA floor space in the order of 6,375sqm – particularly in non-residential floor space. Residential floor space has increased to improve development feasibility. However, we note:

- 1. The shift of commercial floor space to residential floor space is demonstrated in the Metro Master Plan review, supported by SOPA for the sites to be developed.
- 2. Retail uses occupy any remaining commercial floor space located on the ground and first floor. It is important to note, however, this shift away from retail can be strengthened by:
 - Investigation of other commercial sites to strengthen commercial delivery e.g., investigate the potential for an increase in commercial floor space site 46 & 41
 - Inclusion of likely GFA of an underground supermarket and retail connections to the Metro station
 - Review floor space splits in the 2050 review commencing later this year
 - Under the MP land use table, the commercial includes retail, and retail has many uses not typically included in retail (e.g., child care centres & professional suites), which could easily be in higher podium levels)

Importantly the podium levels being designated for employment (non-residential) uses through both retail and commercial uses. Given the flexibility between the commercial and retail land uses in the Master Plan land use controls, it is recommended that the current commercial GFA allocation is reviewed, and that retail demand is assessed over time to ensure that the Metro sites deliver enough retail space to meet forecast demand. The residential area will only be provided in the above podium towers. The small loss of retail and other employment spaces can be made upon the balance of sites in the Central Precinct.

HillPDA would like to note that the COVID-19 pandemic is affecting Australia in numerous ways when drafting this report. This advice was provided considering a regular functioning property market. At this early stage, HillPDA is unsure of the full implications that the COVID-19 risk will make on the property market and industry.

APPENDIX A

FORECAST DEMAND FOR RETAIL SPACE



APPENDIX A: Demand for Retail Space

The purpose of this Chapter is to forecast the demand for retail floorspace in Sydney Olympic Park. The sources of expenditure are derived from the following:

- Residents in the immediate and surrounding suburbs
- Workers in Sydney Olympic Park
- Visitors and tourists

Each of these sources is considered immediately below.

9.1 Residents

9.1.1 Trade Area Identification of Residential Market

The residential trade area is determined by a combination of factors, including:

- The centre/facility's strength and attraction are determined by factors such as the composition, layout, ambience/atmosphere, and car parking in the centre/facility.
- Competing retail centres, particularly their proximity to the Centre and respective sizes, retail offer and attraction.
- The retail hierarchy and the size and retail offering of centres surrounding Sydney Olympic Park.
- The location and accessibility of the Centre including the available road and public transport network and travel times.
- The presence or absence of physical barriers, such as rivers, railways, national parks, and freeways.

The Trade Area has been defined to include one Primary Trade Area and three Secondary Trade Areas as follows:

- Primary Trade Area (PTA) encompasses the suburb of Sydney Olympic Park and is bounded to the south by M4 (excluding that part of the suburb at the end of Hill Road being developed by Sekisui House). It also includes the Carter Street redevelopment precinct. A robust retail offer in Sydney Olympic Park would capture most retail expenditure generated from residents in this area.
- Secondary Trade Area East (STA East) includes the Rhodes peninsula, Liberty Grove, North Strathfield, and parts of Concord. The Subject Site will generate a small proportion of business from the Secondary East and a minimal proportion of food and grocery-related expenditure.
- **Secondary Trade Area South** (STA South) extends south of the M4 to Auburn and Lidcombe and incorporates parts of Homebush West. Its boundary is limited further to the south by competing for retail centres in Auburn, Homebush, and Strathfield.
- Secondary Trade Area West (STA West) Includes the suburbs of Silverwater, Newington, and Wentworth Point and the future residential development at the end of Hill Road being developed by Sekisui House.

The extent of the trade area is shown in the figure below.



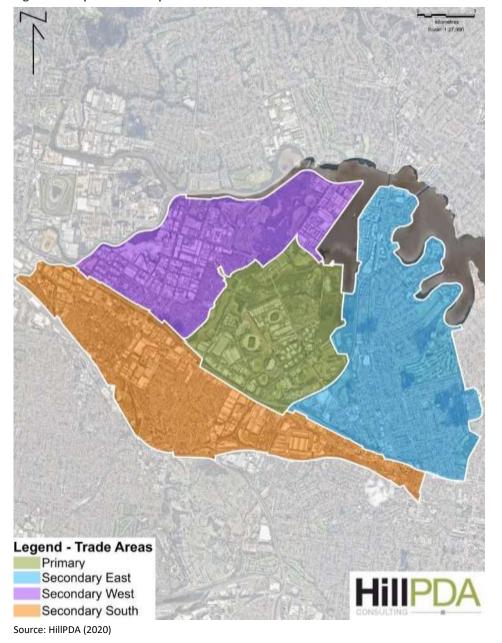


Figure 5: Proposed Developments Main Trade Area

We refer hereafter to the combination of the Primary Trade Area (PTA) and Secondary Trade Areas (STA) as the residential Main Trade Area (MTA) of Sydney Olympic Park.

9.1.2 Residential Population Projections

Population projections for the MTA from 2016 to 2041 were sourced from Forecast.ID except for the STA South, which was sourced from Transport for NSW. From the above sources, the population forecasts for the trade areas were estimated as follows.



Table 3: Forecast Population by Trade Areas

	2016	2021	2026	2031	2036	2041
Primary Trade Area	1,838	4,500	12,651	21,746	26,794	30,722
Secondary Trade Area East	34,067	36,393	40,731	45,081	49,980	51,480
Secondary Trade Area West	13,388	20,127	26,894	29,493	29,247	29,001
Secondary Trade Area South	28,480	36,500	39,500	43,000	47,000	51,000
TOTAL (MTA)	77,773	97,520	119,776	139,320	153,021	162,203

Source: Forecast.ID and Transport for NSW

The population forecasts indicate that the MTA will more than double from around 78,000 in 2016 to more than 160,000 in 2041, increasing more than 84,000 residents.

9.1.3 Forecast Household Expenditure

Household expenditure was sourced from MDS Marketinfo 2017, which provides household expenditure by broad commodity type. Marketinfo data was not available for the PTA at that time due to insufficient numbers in population at the time of the census. Thus, for the purposes of this analysis we have used retail expenditure per capita levels from the STA West as a proxy since the future demographic and expenditure per capita levels are likely to be similar.

Based on the above HillPDA has forecast household retail expenditure in the trade area as provided in the following table. The forecasts assume growth in real retail spend per capita of 1.0% per annum for food and groceries, food and drink services and personal services, 0% for department stores, and 0.5% in other non-food expenditure categories, which is consistent with the long-term trend in historical spend from 1983 to 2019. We have been cautious to include changes in the last 18 months due to the impacts of COVID-19, which has had considerable positive and negative impacts on different retailers. We view these impacts as largely short-term and expect normal spending levels to return in the next year or so.

To allow for the impacts of online shopping, we have deducted a further 0.25% spend per capita per annum across all categories. Weighted average real growth net of online spending is expected to increase at around 0.46% per annum.



Table 4: Total Retail Spend by Trade Area Residents (\$ millions)

Year	2021	2026	2031	2036	2041
Primary Trade Area					
Supermarkets & Grocery Stores	20.7	60.5	107.9	138.0	164.2
Take-away Liquor Stores	2.2	6.1	10.6	13.2	15.2
Specialty Food Stores	2.5	7.4	13.2	16.9	20.1
Fast-Food Stores	4.9	14.3	25.5	32.6	38.9
Restaurants, Hotels and Clubs*	9.1	26.2	46.3	58.6	69.1
Department Stores	4.1	11.4	19.3	23.5	26.6
Apparel Stores	6.5	18.5	32.1	40.1	46.5
Bulky Goods Stores	11.1	31.5	54.9	68.4	79.5
Other Personal & Household Goods	8.4	23.7	41.0	50.9	58.9
Selected Personal Services**	2.6	7.5	13.4	17.1	20.3
TOTAL	72.0	207.1	364.3	459.4	539.4
Secondary Trade Area East					
Supermarkets & Grocery Stores	170.1	197.6	227.1	261.3	279.4
Take-away Liquor Stores	17.4	19.6	21.8	24.4	25.3
Specialty Food Stores	19.0	22.1	25.4	29.2	31.2
Fast-Food Stores	37.8	43.9	50.5	58.1	62.1
Restaurants, Hotels and Clubs*	60.7	69.8	79.4	90.5	95.8
Department Stores	31.6	35.0	38.2	41.8	42.5
Apparel Stores	50.3	57.0	63.9	71.7	74.8
Bulky Goods Stores	83.4	94.5	105.9	118.9	124.0
Other Personal & Household Goods	66.7	75.2	83.9	93.7	97.2
Selected Personal Services**	18.8	21.9	25.1	28.9	30.9
TOTAL	555.8	636.6	721.1	818.5	863.3
Secondary Trade Area West					
Supermarkets & Grocery Stores	92.7	128.5	146.3	150.6	155.0
Take-away Liguor Stores	9.7	13.0	14.4	14.4	14.4
Specialty Food Stores	11.4	15.8	17.9	18.5	19.0
Fast-Food Stores	21.9	30.4	34.6	35.6	36.7
Restaurants, Hotels and Clubs*	40.6	55.7	62.8	64.0	65.2
Department Stores	18.3	24.2	26.2	25.7	25.1
Apparel Stores	29.0	39.2	43.6	43.7	43.9
Bulky Goods Stores	49.5	67.0	74.4	74.7	75.0
Other Personal & Household Goods	37.4	50.4	55.7	55.6	55.6
Selected Personal Services**	11.5	15.9	18.1	18.7	19.2
TOTAL	321.9	440.2	494.0	501.5	509.1
Secondary Trade Area South					
Supermarkets & Grocery Stores	150.1	168.6	190.5	216.1	243.5
Take-away Liquor Stores	14.2	15.5	17.0	18.7	20.4
Specialty Food Stores	16.6	18.7	21.1	24.0	27.0
Fast-Food Stores	38.8	43.6	49.2	55.8	62.9
Restaurants, Hotels and Clubs*	67.2	74.7	83.6	93.9	104.7
Department Stores	27.2	29.1	31.3	33.8	36.2
Apparel Stores	43.4	47.6	52.4	58.0	63.8
Bulky Goods Stores	67.5	73.9	81.5	90.2	99.1
Other Personal & Household Goods	57.4	62.6	68.6	75.6	82.6
Selected Personal Services**	15.1	17.0	19.2	21.8	24.5
Total	497.4	551.2	614.4	687.9	764.7
TOTAL Main Trade Area	1,447.2	1,834.9	2,193.8	2,467.3	2,676.6

^{*}Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming, and gambling).

Source: HillPDA (2020)

^{**}Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos



The MTA will generate almost \$1.5 billion of expenditure in retail goods and services by 2021. By 2041 that is expected to increase to \$2.8 billion. However, of total retail expenditure generated by residents of the trade areas, only a proportion would be captured by retail facilities in Sydney Olympic Park.

The type of retail demand from residents would be for high-value retail facilities with an emphasis on convenience, quality and eating out. They are likely to spend a reasonable proportion on dining out and thus demand a higher-than-average level of cafe and restaurant floorspace. Convenience will be important for households in the PTA that are likely to be quite cash-rich but time-poor.

HillPDA has estimated a range of capture rates for different retail store types, as shown in the following table. It should be noted that we have adopted aspirational target capture rates for Sydney Olympic Park, which reflect the size of the MTA and household expenditure available as well as the competitive landscape.

Table 5: Potential Capture Rates of Household Expenditure

Retail Store Type	Primary	Secondary West	Secondary South	Secondary East
Supermarkets & Grocery Stores	80%	30%	15%	7%
Take-away Liquor Stores	80%	30%	15%	7%
Specialty Food Stores	80%	30%	15%	7%
Fast-Food Stores	80%	30%	15%	7%
Meals and drinks in restaurants, hotels, and clubs	80%	35%	15%	8%
Department Stores	50%	40%	20%	8%
Apparel Stores	50%	40%	20%	8%
Bulky Goods Stores	0%	0%	0%	0%
Other Personal & Household Goods Retailing	60%	35%	20%	7%
Selected Personal Services	80%	30%	15%	7%
Total	64%	29%	15%	7%

Source: HillPDA (2020)

Based on the assumed capture rates and assuming Sydney Olympic Park attracts a further 5% of household expenditure from beyond the MTA, the following table shows that Sydney Olympic Park, with an appropriate retail offer, could capture up to \$258 million of retail expenditure in 2021 from trade area residents, increasing to \$685 million by 2041.



Table 6: Potential Retail Sales from Resident Expenditure 2021-2041 (\$ millions)

Year	2021	2026	2031	2036	2041
Supermarkets & Grocery Stores	85.07	133.57	178.61	211.51	248.36
Take-away Liquor Stores	8.56	13.23	17.31	20.01	22.93
Specialty Food Stores	9.87	15.68	21.06	24.95	29.33
Fast-Food Stores	19.92	30.09	38.95	44.86	51.25
Restaurants, Hotels and Clubs*	39.33	61.01	80.50	94.57	110.30
Department Stores	18.91	27.07	33.52	37.75	42.21
Apparel Stores	29.76	42.57	52.70	59.36	66.36
Bulky Goods Stores	-	-	-	-	-
Other Personal & Household Goods	36.73	53.15	66.67	75.68	85.28
Selected Personal Services**	9.76	15.63	21.06	24.96	29.37
TOTAL	257.9	392.0	510.4	593.7	685.4

Source: HillPDA (2020)

9.2 Worker Expenditure

The Urbis 2013 National Office Worker Survey found that in 2013 workers in the CBDs of Australian capital cities on average spend \$230 per week on retail goods and services in the CBD, which equates to an average spend of \$11,000 annually.² Around one-third of this spend is on food and drink services. Of course, this level is high in CBDs, where the retail offer is very strong and wide. The level of spend will diminish with the size and strength of the retail offer. For this assessment, we have adopted a more conservative rate of \$6,000 on retail goods and services annually and have assumed an increase of 0.75% per annum to reflect real growth in retail spend per capita.

On this basis, we estimated a further \$88 million per annum spend coming from workers in 2021, increasing to \$203 million in 2041.

9.3 Visitor/Tourist Expenditure

Sydney Olympic Park attracts a significant number of visitors to the parklands and from sporting events and ticketed entertainment. On average, the total number of visitors to Sydney Olympic Park in 2014/15 was 10.6 million.³ For the purposes of this analysis, we have taken a conservative approach and assumed visitation numbers remain constant.

In addition to the above visitors, Sydney Olympic Park is attracting additional expenditure from domestic and international overnight tourists occupying rooms at local hotel establishments. The three hotels in the Homebush/Silverwater/ Sydney Olympic Park SA2 accommodated 130,000 visitor nights in 2014-2015.⁴ Now with five hotels, that level has increased to around 225,000 visitor nights. Under the Master Plan, there will be further increases in the number of hotels which, coupled with the increases in amenity and offering, would further increase the number of overnight stays in Sydney Olympic Park. For the purposes of this Study, we have assumed hotels in and around SOPA would generate around 400,000 visitor nights by 2031.

Visitor/Tourist expenditure was sourced from:

^{*}Turnover relating only to the consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming, and gambling).

^{**}Selected Personal Services to include hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing, and hire of videos.

² Urbis 2013 National Office Workers Survey

³ SOPA; Sydney Olympic Park Precinct Activation Research, MacroPlan 2015

⁴ Regional Tourism Profile for Sydney 2021, Destination NSW, and National Visitor Survey



- Sydney Visitor Profile 2021 provides the total visitor spend (including airfares, fuel, and accommodation) for international, domestic overnight, and domestic day-trippers ending in March 2020 (just before COVID-19 impact). 5
- Regional Tourism Profiles 2009/10 for Greater Sydney provides the breakdown of visitor expenditure by category. The proportion of spend on food, drink, and shopping was applied to the total per capita expenditure by visitors reported in the 2020 Regional Tourism Profile for Sydney to derive the average spend on food, drink, and shopping in 2020. 6

HillPDA has made the following assumptions to calculate the total expenditure of visitors/tourists at Sydney Olympic Park:

- Visitors attending parklands, events, and ticketed entertainment spend on average \$60 on food, drinks, and shopping per day.
- Sydney Olympic Park captures 30% of the expenditure generated by day visits.
- 50% of this expenditure will be directed towards pop-up stalls, food trucks, and the like permanent retail stores in SOP will capture the balance.
- Overnight tourists spend on average \$100 on food, drinks, and shopping per day.
- Sydney Olympic Park captures 30% of the food and retail expenditure from overnight tourists.
- Real growth on retail expenditure per annum increases at 0.65% per annum to reflect the historical trend.

On this basis, we estimate the potential for a further \$112 million per annum spend coming from visitors and tourists in 2021, increasing to \$138 million in 2041. Please note that \$112 million retail sales in 2021 from day visitors and tourists is a measure of potential retail sales based on a suitable retail offer. It is not a measure of actual sales being achieved. Given that the current lack of retail offer, we do not expect Sydney Olympic Park to achieve those sales.

9.4 Total Potential Retail Sales

The table below combines retail expenditure generated by residents, workers, and visitors/tourists, who retailers in Sydney Olympic Park could capture.

Table 7: Total Forecast Potential Retail Sales (\$ millions) 2016-2026

Retail Store Type	2021	2026	2031	2036	2041
Supermarkets & Grocery Stores	102.2	155.7	211.0	248.3	281.7
Take-away Liquor Stores	13.3	19.0	24.5	28.1	31.2
Specialty Food Stores	17.5	25.0	32.8	38.4	43.6
Fast-Food Stores	59.7	77.6	96.1	110.3	124.0
Restaurants, Hotels and Clubs*	77.8	105.5	133.1	152.5	170.4
Department Stores	33.6	43.4	52.0	57.5	62.1
Apparel Stores	50.4	66.5	81.4	91.3	100.2
Bulky Goods Stores	0.0	0.0	0.0	0.0	0.0
Other Personal & Household Goods Retailing	70.5	92.0	112.3	126.0	138.2
Selected Personal Services**	26.9	35.5	44.4	50.9	57.0
Total Trade Areas	451.9	620.2	787.8	903.3	1008.4

^{*}Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming, and gambling).

^{**}Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos



9.5 Retail Floorspace Demand Forecast

Demand for retail floorspace is forecast by applying target retail turnover densities (RTDs) (or industry benchmarks) to total potential retail sales. HillPDA's target turnover rates have been sourced from various sources and include growth at 0.3% per annum for non-food stores and 0.5% for food stores and services to allow for real turnover increases in line with the historical trend.^{5 6}

Table 8: Forecast Demand for Retail Floorspace (square metres)

Store Type	Target RTD (\$/sqm)	2021	2026	2031	2036	2041
Supermarkets & Grocery Stores	\$12,500	8,173	12,152	16,056	18,431	20,397
Specialty Food and liquor stores	\$10,500	2,930	4,087	5,198	5,878	6,443
Fast-Food Stores	\$9,000	6,630	8,409	10,160	11,375	12,471
Restaurants, Hotels and Clubs	\$6,500	11,968	15,827	19,484	21,774	23,732
Department Stores	\$4,000	8,401	10,839	13,012	14,363	15,529
Clothing Stores	\$6,500	7,761	10,081	12,156	13,431	14,514
Bulky Goods Stores	\$3,700	0	0	0	0	0
Other Personal & Household Goods Retailing	\$6,000	11,757	15,104	18,171	20,070	21,687
Selected Personal Services	\$5,000	5,385	7,003	8,627	9,736	10,742
Total Retailing	\$7,173	63,004	83,501	102,864	115,059	125,515

^{*} Various sources including ABS Retail Surveys, Shopping Centre News, Urbis Retail Averages, various annual reports, other consultancy reports, and HillPDA. Assume to increase by 0.5% per annum for food retail and services and 0.3% per annum for non-food retailers.

By applying the target RTDs to achievable retail sales, HillPDA has forecast demand more than 100,000 square metres of retail space by 2031 and around 125,000 square metres by 2041.

9.6 Non-Retail Shopfront Floorspace Demand

In addition to retail space there will be demand for other uses to compliment the retail space. In the large indoor regional shopping centres such as Rhodes, Ryde City, Macquarie Centre, Westfield Parramatta, and the like around 5% to 7% of specialty stores are occupied by non-retailers such as banks and other financial services, travel agents, real estate agents, medical services, and other commercial services. The percentage is higher in most strip or main street shopping centres – typically 15% to 30%. Also, a healthy target of vacancies is around 2% to 4% of specialties.

Assuming 7% of specialties are non-retail services plus 3% vacancies then demand for total shop front space in Sydney Olympic Park would be 110,000 square metres by 2031 and 135,000 square metres by 2041.

Typically, a locality or Centre with this amount of shop front space would also provide a range of other land uses in arts and recreation, health, education, public and community services and the like. Such uses could include for example a multi-screen cinema, ten-pin bowling, laser skirmish, wall climbing, gymnasium, children's gymnasium, video games parlour, library, medical Centre, neighbourhood centre, performing arts theatre, sports hall, etc.

⁵Note: Derived from various sources including Urbis Retail Averages, ABS Retail Survey 1998-99 escalated at CPI to \$2020, Shopping Centre News, PCA Shopping Centre Directory, HillPDA and various consultancy studies.

⁶Note: Expenditure per capita has increased at around 0.9% to 1.3% above CPI every year from 1986 to 2019 although HillPDA is currently using an assumption of 1.0% growth per annum for food, groceries, and food services and 0.5% per annum for non-food items. Around half of this increase has translated into an increase in retail floorspace per capita (from 1.8sqm in the 1980s to around 2.2sqm today). The balance of the increase in expenditure has translated into a real slight increase in turnover per square metre rates.

APPENDIX B

FORECAST DEMAND FOR OFFICE SPACE



APPENDIX B: Forecast Demand for Office Space

The fundamental determinants for forecasting commercial office demand are growth in employment demand by industry type and occupation type (white-collar jobs). At a commercial centre level, it is more difficult as you need to consider the availability of supply (zoning and land supply), the desirability of location (prestige, transport, access, and amenity), and cost of delivery (built cost and net rent). The other complicating factor is market speculation which can run well ahead or behind underlying demand. With those reservations made, we have attempted to forecast the underlying demand for office take-up in Sydney Olympic Park based on the following fundamentals:

- Growth in employment in the catchment area
- The percentage share of white-collar employment
- Worker containment within the catchment area
- Average floorspace per worker
- Sydney Olympic Park market share

The catchment area was selected about its competing centres and 30-minute travel time to Sydney Olympic Park. This area includes the following LGAs:

- Parramatta
- Cumberland
- Ryde
- Lane Cove
- Canada Bay
- Strathfield
- Burwood
- Inner West
- Canterbury Bankstown

The figure immediately below shows the catchment area selected for the commercial demand assessment.



Figure 6: Catchment Area



Source: HillPDA (2020)

Three methods were done to forecast future office floor space demand being:

- Transport for NSW TPA job forecasts in the catchment area
- Population, workforce, and job containment forecast in the catchment area
- Review of Knight Frank demand projections

Each of these is described below.

9.7 Method 1: Forecast in the catchment area to 2036

The TPA data predicts that the total number of jobs in the catchment area will increase from 626,000 in 2016 to 856,800 by 2036, increasing 230,800 over the 20 years. Around 45% of these jobs are 'white collar' jobs that are expected to be allocated to office space⁷.

In Sydney Olympic Park, the average floor space per worker for office space ranges between 20 to 25 square metres of gross floor area per worker.⁸ In 2017 employment densities in office space averaged 16sqm in the City of Sydney, and some areas reached 10sqm to 12sqm per worker⁹. COVID-19 has had some impact with increased flexibility in the workplace and demonstrated the ability and even desirability to work from home. While this may suggest some long-term reduction in the demand for office space, this is counter balanced by the need to improve social distancing, including the elimination of 'hot desking.' Accordingly, it will remain necessary to

⁷ To the forecast 'office space' excludes shop front retail space, industrial buildings, and special uses / institutional buildings such as hospitals, schools, and the like.

⁸ SGS St Leonards & Crow's Nest Strategic Employment Review- audit found Metro Fringe office p84 (Parramatta, Chatswood, St Leonards, and North Sydney ranges between 20sqm GFA/ worker to 25sqm GFA/worker.

⁹ City of Sydney Floor Space and Employment Survey 2017



provide office floor space at a rate of around 15sqm per worker (or say 20sqm per 'full-time-equivalent on-site). Based on this assumption, almost 1.9m more square metres of office space will be required from 2016 to 2036 in the catchment.

Within this catchment area, Macquarie Park / North Ryde employment zone has the highest number of office workers, followed closely by Parramatta. The other two major office zones are Rhodes and Sydney Olympic Park. The distribution of office space is shown in the table immediately below.

Table 9: Current Local Market Share

	Floorspace (square metres)	Market Share
Macquarie Park/North Ryde	859,034	44%
Parramatta	768,421	39%
Sydney Olympic Park	200,000	10%
Rhodes	143,927	7%
Total	1,971,282	100%

These four employment zones comprise just over 50% of the catchment area's supply¹⁰. Applying the same ratio suggests that SOP would capture 6% of the total catchment, but 8% is considered a more appropriate target – particularly given the level of public transport infrastructure (both Metro and light rail) that will be delivered to SOP.

Since the release of the projection data in 2016, 4 Murray Rose Avenue (13,885 square metres net), 9 Murray Rose Avenue (5,921 square metres net), and 11 Murray Rose Avenue (4,967 square metres net) have been completed in Sydney Olympic Park. A total of 24,773 square metres net of additional office floorspace.

The demand-supply Forecast is summarised in the following calculations.

The forecast increases in jobs in the catchment area (2016-2036)	230,800
White-Collar jobs in office space (% of total)	45%
Job density (sqm GLA per worker)	17
Total demand in catchment area (sqm GFA) *11	2,006,386
Sydney Olympic Park Capture	8.0%
Total demand for office floor space at SOP (sqm GFA)	160,511
Square metre of office floorspace completed since 2016	24,773
Forecast demand (sqm GFA)	135,738
Forecast demand/per annum	9,049

The above table shows a need for more than 135,000sqm of office space over the next 15 years – an average of 9,000sqm per annum.

9.8 Method 2: Population forecast per capital to 2031

There are two fundamental determinations to forecast commercial office floorspace demand; one is the growth in employment by sector (white-collar vs manufacturing) while the second is the population growth in the study area.

¹⁰ Assuming existing supply is 16sqm to 20sqm per worker

¹¹ Assume GLA = 88% of GFA



The method is first to calculate the number of employed residents in white-collar jobs in office space from the workforce and then apply a job containment ratio to estimate the demand for such jobs in the catchment area. The calculations are summarised as follows

Population forecast 2016 -2036 (Forecast.ID and DPIE)	596,865
% Employed	51%
White collar jobs in office space	45%
Office floor space per worker (sqm GLA)	17
Total demand in the catchment (sqm GFA)	2,646,215
Job containment ratio	75%
Office floorspace demand in catchment area (sqm GFA)	1,984,661
SOP market share	8%
Forecast demand in SOP	158,773
Square metre of office floorspace completed since 2016	24,773
Forecast demand (sqm GFA)	134,000
Forecast demand/per annum	8,933

Based on the two approaches, we can expect Sydney Olympic Park to accommodate around 135,000 square metres of office floorspace over the next 15 years to 2036. We would expect the long-term net absorption of office floorspace at Sydney Olympic Park to be around 9,000 square metres per annum.

9.9 Method 3: Knight Frank Demand Projections

We have included the results of Knight Frank's commercial demand projections undertaken in June 2017 to highlight external research to show another approach. While Knight Frank has used TPA employment growth data to forecast commercial demand, they have only included the expected growth at a Travel Zone (TZ) level. This data does not include outside growth in employment from surrounding TZ's, which fails to consider the potential demand for these workers.

Based on 88% of white-collar workers and 15 square metres per worker Knight Frank estimated office demand in Sydney Olympic Park to total approximately 109,445 square metres over 20 years from 2016 to 2036. An average of 5,473 square metres per year.

Knight Frank made revisions of the results given the demand projections were modelled prior to the planning of Parramatta Light Rail Stage 2. They anticipated a 10-25% increased to the baseline employment numbers could occur. This would potentially increase the expected office demand to 6,800 square metres per year.

The announcement of Sydney Metro West and a station at Sydney Olympic Park would increase these employment projections again in line with our forecast demand above.

9.10 Commercial Floorspace Demand Findings

The updated commercial demand forecasts are in line with the 2015 forecasts (150,000 square metres).

Based on the above long-term fundamentals, we believe Sydney Olympic Park can attract an additional 130,000 to 150,000 square metres of net office floorspace over the next 15 years. We expect the long-term net absorption of office floorspace at Sydney Olympic Park to range between 8,000 to 10,000 square metres per annum.

The forecasts are "probable" take-up rates to 2036 based on our demand analysis. We propose that it is prudent to have capacity over and above these likely take-up rates to make the plan "future proof" with the flexibility to reallocate floorspace demand to alternative locations if development potential is not realised in any one redevelopment site.



Further, encouraging specific businesses to locate in the area is difficult. Businesses will tend to choose their location based on various individual factors such as style, identity, skill base, demographics, accessibility, competition, proximity to other businesses, utilities, rents, infrastructure, and ordinance.

That said we know that it is an important part of a tertiary education provider's strategy to provide a three to four-campus network around Sydney. We know through their strategic documentation that expansion of their existing floorspace within Sydney Olympic Park is a key outcome for their future growth. Discussions with the institution show a potential pre-commitment of up to 25,000 to 55,000 square metres within Sydney Olympic Park.

The pre-commitment is said to involve a 25-year lease with NSWIS, tertiary education providers, and potentially Venues NSW with the potential to share in the value uplift with the SOPA.

While the tertiary education provider outlined their business model would adapt to any design concept, the deal is still depended on NSWIS vacating Building B, 6 Figtree Drive, and Venues NSW vacating their existing premises. HillPDA's understanding of these two tenants was that NSWIS was still hesitant to agree to the new deal given favourable existing lease agreements with owner Figtree Olympus and Venues NSW moved to another building within Sydney Olympic Park.

That said, we know the tertiary education provider's potential commitment of 55,000 square metres and government policy to relocate services such as NSWIS and the planned Sydney Metro West encourages the additional co-location of human capital and agglomeration economies potentially above the demand findings.

APPENDIX C MARKET RESEARCH



APPENDIX C: Market Research

Our research has revealed the following key findings:

Residential apartments

- The sales evidence showed there is substantial 'off the plan' apartments sales evidence in Sydney Olympic Park and the surrounding area of Lidcombe (Carter Street). Due to the proposed subject site's position within the Central Precinct, we consider the upper end of 'The Pavilions', Sydney Olympic Park, and the 'The Retreat,' Lidcombe would be appropriate for the hypothetical end sale revenue for our highest and best use assessment.
- The market research shows a sales range on a dollar per square metre of net saleable area of:

One bedroom: \$10,080-\$12,411/sqm

Two bedrooms: \$10,267-\$12,667/sqm

Three bedrooms: \$10,611-\$14,250/sqm

Based on the above comments and the relevance of the date of the sale, we have adopted the following range within the financial modelling:

One bedroom: \$11,000-\$12,250/sqm

Two bedrooms: \$11,500-\$13,000/sqm

Three bedrooms: \$11,500-\$13,000/sqm

Commercial

- Our market research of commercial properties in Sydney Olympic Park and its surroundings shows a capital value rate of \$2,754 to \$9,885/sqm NSA and an equivalent yield of 5.6% to 7.9%. The higher than the standard yield for 10 Dawn Fraser Avenue reflects CBA exiting the building on lease expiration.
- The most relevant sale transactions comprise 3 & 5 Rider Boulevard and 9-11 Blaxland Road, Rhodes, which shows a sale rate of \$5,634/sqm and \$6,061/sqm of NSA. The sales evidence comprises established stock and is therefore considered to be inferior.
- Our research of relevant leasing transactions in Sydney Olympic Park and the surrounds revealed a net rental range of \$312 to \$655/sqm NLA.
- Discussions with local leasing agents confirmed that A-grade commercial office space would achieve \$400 to \$430/sqm net plus \$120 to \$140/sqm for outgoings.
- We consider that a \$410 to \$430/sqm net rental would be reasonable for brand new stock in the Central Precinct.
- Having regard to the sales evidence, we believe that a 6.00% equivalent yield to be warranted to the Central Precinct due to its proximity to the Sydney Olympic Park railway station, the announcement of the Sydney Metro West, and the possibility that the hypothetical product could yield 1,600 to 2,500 square metre floorplates.
- Based on the above, we consider a face rental of \$420 per sqm of NLA per annum and a capitalisation rate of 6.0% to apply, and this would indicate an end sale value rate of \$7,000 /sqm NSA.

Retail

Existing retail within the Central Precinct is primarily 100-250sqm shops, but a 1,500sqm space within Mirvac's 'Pavilions' will feature a small supermarket.



- Discussions with local leasing agents confirmed that retail space would achieve \$550 to \$750 per square metre net p.a. plus \$120 to \$140 per square metre for outgoings.
- A substantial supply of additional retail proposed has held growth in end sale values in the past few years.
- We consider that a rental of \$550 to \$750 per square metre net p.a. would be reasonable for the Central Precinct given redevelopment.
- Based on the data, we have adopted a \$10,000-\$12,000/sqm of NSA for brand new retail space in our feasibility analysis.

Development sites

- Conversations with selling agents have indicated that there is still demand development sites, although
 not as strong as previous levels. Developers are seeking realistic pricing and favourable settlement
 terms.
- The sales evidence suggests a dollar per sqm of GFA value ranges from \$1,155 to \$2,514/sqm of GFA or \$101,935 to \$255,000/unit. Our market research shows a low level of available development site sale transactions in Sydney Olympic Park over the past three years.
- We would consider a \$1,400 to \$1,800 per sqm of GFA reasonable for the proposed subject sites for this assessment.



Disclaimer

- 1. This report is for the confidential use only of the party to whom it is addressed ("Client") for the specific purposes to which it refers and has been based on, and considers, the Client's specific instructions. It is not intended to be relied on by any third party who, subject to paragraph 3, must make their own enquiries in relation to the issues with which this report deals.
- 1. HillPDA makes no representations as to the appropriateness, accuracy, or completeness of this report for the purpose of any party other than the Client ("Recipient"). HillPDA disclaims all liability to any Recipient for any loss, error or other consequence which may arise because of the Recipient acting, relying upon, or using the whole or part of this report's contents.
- 2. This report must not be disclosed to any Recipient or reproduced in whole or in part, for any purpose not directly connected to the project for which HillPDA was engaged to prepare the report, without the prior written approval of HillPDA. If a Recipient wishes to rely upon this report, the Recipient must inform HillPDA who may, in its sole discretion and on specified terms, provide its consent.
- 3. This report and its attached appendices are based on estimates, assumptions and information provided by the Client or sourced and referenced from external sources by HillPDA. While we endeavour to check these estimates, assumptions and information, no warranty is given in relation to their reliability, feasibility, accuracy, or reasonableness. HillPDA presents these estimates and assumptions as a basis for the Client's interpretation and analysis. With respect to forecasts, HillPDA does not present them as results that will be achieved. HillPDA relies upon the interpretation of the Client to judge for itself the likelihood of whether these projections can be achieved or not.
- 4. Due care has been taken to prepare the attached financial models from available information at the time of writing, however no responsibility can be or is accepted for errors or inaccuracies that may have occurred either with the programming or the resultant financial projections and their assumptions.
- 5. This report does not constitute a valuation of any property or interest in property. In preparing this report HillPDA has relied upon information concerning the subject property and/or proposed development provided by the Client and HillPDA has not independently verified this information except were noted in this report.
- 6. In relation to any valuation which is undertaken for a Managed Investment Scheme (as defined by the Managed Investments Act 1998) or for any lender that is subject to the provisions of the Managed Investments Act, the following clause applies:
 - This valuation is prepared on the assumption that the lender or addressee as referred to in this valuation report (and no other) may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices and has considered all prudent aspects of credit risk for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that the lender is providing mortgage financing at a conservative and prudent loan to value ratio.
- 7. HillPDA makes no representations or warranties of any kind, about the accuracy, reliability, completeness, suitability, or fitness in relation to maps generated by HillPDA or contained within this report.

Liability limited by a scheme approved under the Professional Standards Legislation



SYDNEY

Level 3, 234 George Street Sydney NSW 2000 GPO Box 2748 Sydney NSW 2001

t: +61 2 9252 8777 f: +61 2 9252 6077

e: sydney@hillpda.com

MELBOURNE

Suite 114, 838 Collins Street

Docklands VIC 3008 t: +61 3 9629 1842

f: +61 3 9629 6315

e: melbourne@hillpda.com

WWW.HILLPDA.COM