

5 SKYLINE PLACE – STAGE 2

Economic Impact Assessment



Prepared for Platino Properties

Contents

| | |
|--|-----------|
| Executive summary | 5 |
| 1.0 Introduction | 8 |
| 1.1 Study background and the Proposal | 8 |
| 1.2 Purpose and study structure | 8 |
| 2.0 Site context & Frenches Forest Business Park | 9 |
| 2.1 Subject site local context | 9 |
| 2.2 Frenches Forest Business Park | 10 |
| 2.3 Northern Beaches Employment Study – Background Report | 13 |
| 2.4 Sydney business park benchmarking | 13 |
| 2.5 The rise and fall of traditional business parks | 14 |
| 2.6 The impact of COVID-19 on commercial office space demand | 15 |
| 3.0 Employment profile analysis | 16 |
| 3.1 Northern Beaches employment growth | 16 |
| 3.2 Northern Beaches resident employment profile | 17 |
| 3.3 Employment forecasts – Northern Beaches 2020-36 | 18 |
| 4.0 Business Park floorspace requirement and capacity | 19 |
| 4.1 Frenches Forest Business Park employment targets | 19 |
| 4.2 Additional floorspace requirements | 19 |
| 4.3 Frenches Forest Business Park development capacity | 20 |
| 4.4 Development capacity 60% redevelopment scenario | 20 |
| 5.0 Potential employment uplift & impact | 22 |
| 5.1 Proposal’s employment potential | 22 |
| 5.2 Potential uplift in employment | 22 |
| 6.0 Economic impact assessment | 23 |
| 6.1 Current or “base case” economic multipliers | 23 |
| 6.2 Development Application economic multipliers | 23 |

| | |
|------------------------------------|----|
| 6.3 Construction multipliers | 24 |
| 6.4 Summary and implication | 26 |

| | |
|--|-----------|
| 7.0 Orderly and efficient use of land | 27 |
|--|-----------|

Figures

| | |
|---|----|
| Figure 1: Subject site local context | 9 |
| Figure 2: Occupied and vacant floorspace by type and vacancy rate (2020) | 11 |
| Figure 3: French Forest Business Park aerial image 2010 (top) and 2020 (bottom) | 12 |
| Figure 4: Frenches Forest Strategic Centre | 12 |
| Figure 5: Hospital Precinct Structure Plan (HPSP) | 13 |
| Figure 6: Potential employment uplift, current uses versus the Proposal | 22 |

Tables

| | |
|---|----|
| Table 1: Frenches Forest Business Park employment (2016) | 10 |
| Table 2: Frenches Forest Business Park education and health employment (2016) | 10 |
| Table 3: Frenches Forest Strategic Centre additional employment targets | 13 |
| Table 4: Sydney business park benchmarking | 14 |
| Table 5: Northern Beaches employment 2006-16 | 16 |
| Table 6: Northern Beaches resident employment profile 2006-16 | 17 |
| Table 7: Northern Beaches employment projections - 2020-36 | 18 |
| Table 8: Additional floorspace requirements | 20 |
| Table 9: Business Park theoretical max development capacity (GFA sqm) | 20 |
| Table 10: Business Park supply & demand capacity assessment (GFA sqm) | 21 |
| Table 11: Proposal employment generation | 22 |
| Table 12: Potential employment generation | 23 |

| | |
|--|----|
| Table 13: Potential salaries | 23 |
| Table 14: Gross Value Added | 24 |
| Table 15: Construction output impact..... | 25 |
| Table 16: Construction Gross Value Added impact..... | 25 |
| Table 17: Construction employment impact | 25 |
| Table 18: Construction income impact..... | 26 |
| Table 19: Economic Impact of the Proposal | 26 |

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Executive summary

HillPDA was commissioned by Platino Properties to undertake an economic impact assessment (the study) of a development application (hence referred to as the Proposal) for land located at 5 Skyline Place, Frenches Forest within the Northern Beaches Local Government Area (LGA).

The Proposal encompasses 7,800sqm within the property boundary of 5 Skyline Place within Frenches Forest Business Park. Development of the Proposal would provide:

- 111 seniors' units
- 22 affordable / disability housing
- around 1,000sqm of commercial space, with an inductive composition of 15% retail, 50% allied health and 35% office space
- a 6/12 storey building(s). Different buildings to have different heights to sensitively provide 'good design' throughout the site.

Currently, an existing two-storey commercial building is located on the site which provides around 3,955sqm of employment space. This is split between 1,385sqm of office and 2,570sqm of industrial space. Four tenants are in the building generating 44 jobs.

Frenches Forest Business Parks capacity assessment

The ability of Frenches Forest Business Park to attain the projected 2036 employment targets was assessed. The key findings of the capacity assessment are as follows:

- French Forest Business Park encompasses 56.5 hectares with the **site occupying 1.2% of this total area.**
- The Business Parks component of the wider Strategic Centre's employment targets by 2036, is estimated at a base of 900 jobs and a high of 1,900 jobs.
- The average employment density in the Business Park is currently 58sqm per worker which is less than half the average density of 23sqm per worker across four comparable business parks within Greater Sydney. This highlights the existing underutilisation of space and potential for increased employment in the Business Park.
- It is assumed that the Business Park would transition into a more efficient and higher order health and education precinct with a focus on supporting higher commercial

office uses. This is in accordance with the Northern Beaches Employment Study – Background Report.

- Sydney Olympic Park is forecast to have an employment density rate of 31sqm per worker, as identified in its master plan 2030. This employment density is likely more indicative of a health and education precinct and, as such, has been applied to assess the capacity of Frenches Forest Business Park to meet its targets.
- The Business Park contained 6,825 jobs in 2016. With the inclusion of the targets, this is forecast to increase to between 7,725 to 8,725 jobs by 2036. Assuming an average worker density of 31sqm per worker and a 5% vacancy rate, these jobs would require around 252,080sqm to 284,710sqm of space.
- The existing buildings provide around 415,000sqm of employment space. This is sufficient to accommodate the Business Parks employment targets to 2036, with enough space for an additional 5,895 jobs. **Hence the Business Park could accommodate 3-7 times the base and high strategic employment targets and, as such, the Proposal would have no effect on the employment objectives of the zone**
- It is unlikely that all the sites within Frenches Forest Business Park would be redeveloped by 2036. To account for this, we have assumed that only 60% of the Business Parks theoretical maximum development capacity is realised. Under this scenario, the Business Park's development potential is between 339,000sqm to 508,500sqm. With only 252,080sqm to 284,710sqm being required, there is an excess in capacity under the base target of between 86,921sqm to 256,421sqm and between 54,289sqm to 223,789sqm under the high target. This excess space is enough to accommodate an additional 2,664 to 7,858 jobs above the base target (900) and 1,664 to 6,858 jobs above the high target (1,900).
- Consequently, the use of the subject site for a seniors development with associated employment in accordance with the Housing for Seniors or People with a Disability SEPP would likely have no effect on the employment objectives of the Business Park.
- Regardless, the Proposal increases the employment on-site from 44 to 79 jobs, an addition of 35 jobs or 80%.

Economic benefits of the Proposal

The proposed development of the Proposal would have economic benefits during and post-construction. The following provides an estimate of these.

During construction

During the construction phase the economic benefits are estimated to be:

- **252 direct and indirect jobs years created with around 183 of these jobs going to residents in the Northern Beaches LGA**
- \$110 million in total economic output directly and indirectly created
- \$21 million directly contributed to the Northern Beaches economy (gross value added or GVA) and a total of \$40 million directly and indirectly contributed
- Around \$15 million in workers' wages directly and indirectly of which around \$11 million would go to residents of the Northern Beaches.

Post-construction

Upon completion the economic benefits resulting from development of the the Proposal are estimated to be:

- **A total of 79 jobs, 35 more jobs over that already provided**
- \$5.4 million in wage generation per annum, a \$2.1 million increase over
- \$6.5 million in GVA per annum to the local economy, an increase of \$1.6 million over the current uses on-site
- Local retailers would directly capture around \$1.6 million per annum from residents on-site. This would directly support the development, viability, and vibrancy of the nearby town centre. it would also directly support five local jobs
- **The Proposal would increase employment density on the land, supporting strong forecast growth in health sector jobs, and enhancing employment retention in the LGA**
- Constituting a more orderly and efficient use of the land which is more aligned with State planning objectives in a location which would be benefit from the development of the nearby Hospital. Also, development would not affect the capacity of the

Business Park to meet either its employment targets or planning objectives as an employment location.

INTRODUCTION

1.0 INTRODUCTION

HillPDA was commissioned by Platino Properties to undertake an economic impact assessment (the study) of a Development Application (hence referred to as the Proposal) for land located at 5 Skyline Place, Frenches Forest within the Northern Beaches Local Government Area (LGA).

In total, the site comprises 12,600sqm of land. The site has been divided into two “sub-lots” with development occurring separately over two lots. The subject of this study is a Development Application for Lot 1, referred to hence as the subject site.

1.1 Study background and the Proposal

As stated above, the development of the subject site is proposed to occur over two stages, each with a separate development application. Lot 1 and its subsequent development application is the subject of this study. A description of each stage and proposed development is as follows:

Lot 1 - relates to 7,800sqm of land at 5 Skyline Place (the subject site). The Proposal for Lot 1 would result in the development of:

- 111 seniors’ units
- 22 affordable / disability housing
- around 1,000sqm of commercial space, with an inductaive composition of 15% retail, 50% allied health and 35% office space
- a 6/12 storey building(s). Different buildings to have different heights to sensitively provide ‘good design’ throughout the site.

Lot 2 - relates to 4,800sqm of land at 5 Skyline Place and has received development approval for:

- 55 seniors’ units
- around 1,750sqm of commercial space
- a 5/6 storey building – Approx. 19 metres in height above existing ground levels.

The market launch for Stage 1 received an excellent response form the market especially local Frenchs Forest residents passing on feedback for the need for such facilities in the area.

1.2 Purpose and study structure

The purpose of this study is to assess and quantify, where possible, the economic impact that would eventuate from development under the Proposal. This is achieved through assessing and comparing the economic contribution of the subject site from its current built form and land uses to that which would eventuate from its redevelopment as proposed under the Proposal.

Although the study assesses State and local planning documents/strategies it does not include any specific planning or policy recommendations which would require consideration of a range of other factors which will be explored in other specialist studies being undertaken in the preparation of the Proposal.

To meet the requirements of the brief, the study is set out in the following manner:

- **Chapter 2** | undertakes a review of the local context of the subject site and current market analysis within the Frenches Forest Busines Park
- **Chapter 3** | undertakes a review of historic and forecast employment within the Northern Beaches LGA
- **Chapter 4** | projects the additional amount of floorspace required to support its employment projections
- **Chapter 5** | estimates the potential uplift in employment as proposed under the Proposal compared to that already on the site. It then assesses the net employment impact of the proposed development as well as the contribution that it could make to employment targets
- **Chapter 6** | Examines the economic implication that development under the Proposal would have during the construction phase and post-construction. The economic implications are compared to the base case (that currently already generated on-site)
- **Chapter 7** | assess how the Proposal is a more orderly and efficient use of the site.

2.0 SITE CONTEXT & FRENCHES FOREST BUSINESS PARK

The following Chapter undertakes a review of the local context of the subject site and current market analysis within the Frenches Forest Business Park.

2.1 Subject site's local context

The subject site is comprised of 7,800sqm of land located at 5 Skyline Place (Figure 1), just on the southern side of Frenches Forest Road East. The subject site is zoned as B7 – Business Park within the Frenches Forest Business Park.

A two-storey commercial building is currently located on the site which provides around 3,955sqm of employment space, which is split between 1,385sqm of office space and 2,570sqm of warehousing space. Four tenants are currently in the building generating 44 jobs. These tenants include:

- Fighting Chance Australia
- Jindex
- Sapro Australia
- Intermed Medical.

The site is located close to the Northern Beaches Hospital which provides an opportunity to provide ancillary commercial and health uses to support the hospital and the development of a health precinct, a key initiative of the NSW Government. As such, the Proposal would allow for the transition of land close to the hospital to transition into higher amenity and vibrant place while maintaining the wider business parks main role as an employment precinct.

The North District Plan further states that Councils' retail and employment strategies should provide guidance on the transition of business parks into mixed employment precincts including, where appropriate, ancillary residential developments to support the business park. It also states that the hospital should be leveraged of to provide a vibrant and well-connected strategic centre.

Development of seniors' units, affordable/disability dwellings on the site is in accordance with State planning objectives and would contribute to the diversity, vibrancy and

development of a wider health precinct. This would be achieved without comprising the planning objectives of the business park zoning, which is primarily to encourage employment growth.

Figure 1: Subject site's local context



Source: HillPDA

2.2 Frenches Forest Business Park

The Frenches Forest Business Park is comprised of 56.5 hectares of land, with 1.2 hectares being undeveloped and 55.3 hectares or 98% being developed.

2.2.1 Employment generation

According to ABS journey to work data, the Business Park generated 5,800 jobs with all industry types being present in 2016.

Table 1: Frenches Forest Business Park employment (2016)

| Industry | Number | % |
|---|--------------|--------------|
| Agriculture, Forestry and Fishing | 12 | 0.2 |
| Mining | 9 | 0.2 |
| Manufacturing | 486 | 8.4 |
| Electricity, Gas, Water and Waste Services | 8 | 0.1 |
| Construction | 172 | 3.0 |
| Wholesale Trade | 1,011 | 17.4 |
| Retail Trade | 754 | 13.0 |
| Accommodation and Food Services | 336 | 5.8 |
| Transport, Postal and Warehousing | 310 | 5.3 |
| Information Media and Telecommunications | 356 | 6.1 |
| Financial and Insurance Services | 55 | 0.9 |
| Rental, Hiring and Real Estate Services | 16 | 0.3 |
| Professional, Scientific and Technical Services | 582 | 10.0 |
| Administrative and Support Services | 148 | 2.6 |
| Public Administration and Safety | 66 | 1.1 |
| Education and Training | 121 | 2.1 |
| Health Care and Social Assistance | 550 | 9.5 |
| Arts and Recreation Services | 131 | 2.3 |
| Other Services | 271 | 4.7 |
| Industry not classified | 414 | 7.1 |
| Total industries | 5,801 | 100.0 |

Source: ABS 2016

As seen, the Business Park is currently a diverse employment area with all industries being present. Of note, was the high number of health care and social assistance jobs already present, comprising almost 10% of employment. A closer analysis of this industry at the

sub-industry level revealed that many of the types of employment that would eventuate from development of the Proposal were already present in the Business Park (Table 2) including medical, allied health, residential care services and aged care services.

Therefore, the Proposal is simply a response to the present evolution of the Business Park into a health and precinct especially in a location which capitalises and leverages off its proximity to the Northern Beaches Hospital, increasing the viability and synergies between the two sites in health-related services.

Table 2: Frenches Forest Business Park education and health employment (2016)

| INDP - 4 Digit Level | Number | % |
|---|------------|--------------|
| Health Care and Social Assistance, nfd | 18 | 3.3 |
| Hospitals, nfd | 0 | 0.0 |
| Hospitals (except Psychiatric Hospitals) | 19 | 3.5 |
| Psychiatric Hospitals | 0 | 0.0 |
| Medical and Other Health Care Services, nfd | 10 | 1.8 |
| Medical Services, nfd | 8 | 1.5 |
| General Practice Medical Services | 27 | 4.9 |
| Specialist Medical Services | 54 | 9.8 |
| Pathology and Diagnostic Imaging Services | 18 | 3.3 |
| Allied Health Services, nfd | 0 | 0.0 |
| Dental Services | 0 | 0.0 |
| Optometry and Optical Dispensing | 3 | 0.5 |
| Physiotherapy Services | 5 | 0.9 |
| Chiropractic and Osteopathic Services | 0 | 0.0 |
| Other Allied Health Services | 11 | 2.0 |
| Other Health Care Services, nfd | 0 | 0.0 |
| Ambulance Services | 0 | 0.0 |
| Other Health Care Services nec | 7 | 1.3 |
| Residential Care Services, nfd | 3 | 0.5 |
| Aged Care Residential Services | 13 | 2.4 |
| Other Residential Care Services | 6 | 1.1 |
| Social Assistance Services, nfd | 4 | 0.7 |
| Child Care Services | 107 | 19.5 |
| Other Social Assistance Services | 237 | 43.1 |
| Total | 550 | 100.0 |

Source: ABS 2016

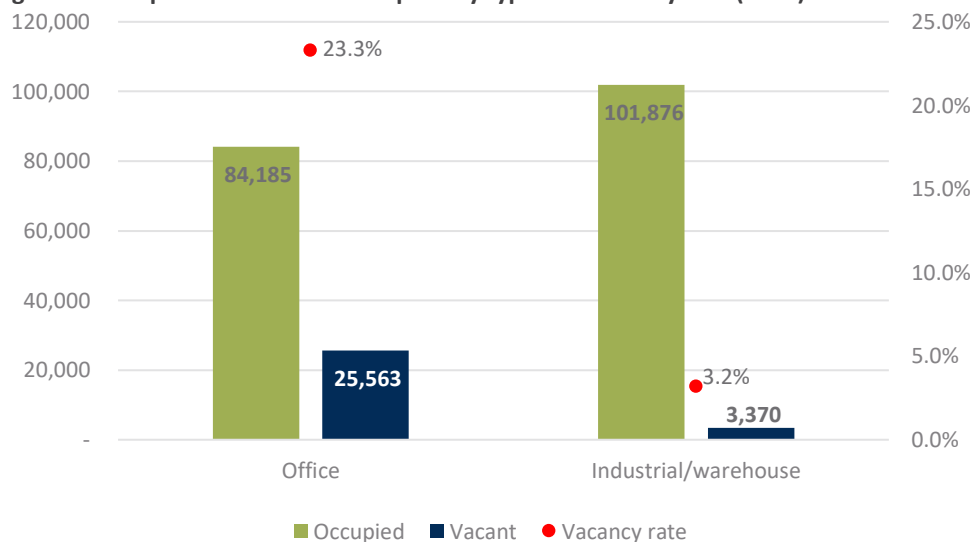
2.2.2 Floorspace and vacancy rate

A HillPDA land use audit undertaken in 2013 found that the total precinct contained just over 322,206sqm of floorspace, of which 44,155sqm or 14% was vacant. With 5,583 jobs in the Business Park in 2011, this results in an employment density of 1 job per 58sqm. Of the total floorspace in 2013, around 80,000sqm was commercial office space with 20,740 or 26% being vacant.

CBRE undertook an audit of office and warehouse land uses in the Park in October of 2020. It found that the land uses provided just under 215,000sqm of employment floorspace. Of this 109,450sqm or 51% was office space with the remaining 105,245sqm or 49% being warehouse space. The audit found that of the office floorspace 25,565sqm or 23.3% was vacant while only 3,370sqm or 3.3% of the warehouse space was vacant.

This analysis highlights the high vacancy rate for commercial office space within the Business Park. This may indicate that there is low demand for such space within this location with higher demand likely being for other uses which would benefit from the proximity and synergies with the nearby hospital.

Figure 2: Occupied and vacant floorspace by type and vacancy rate (2020)



Source: CBRE, HillPDA

2.2.3 Development history and pipeline

As seen in the below, the low demand within the Business Park is evident with limited major re/developments occurring over the last decade (2010-20).

A review of CordellsConnect reveals:

- Only two new developments these being a Dan Murphy's of 1,410sqm and a 1,700sqm warehousing shed
- two conversions of space these being a conversion to storage units and a KFC headquarters conversion
- A refurbishment of an existing hotel/tavern
- Two commercial/industrial development applications one for a 12,200sqm Bunnings located at 357-373 Warringah Rd due for completion in 2024. The other being 5 Stage 1 Skyline Place.

The lack of interest from commercial office and industrial developers implies low demand for additional floorspace within the Business Park. For the Business Park to reach its employment targets greater flexibility and diversity in land uses may be required, especially those which enhance its transition to a health and education precinct.

Figure 3: French Forest Business Park aerial image 2010 (top) and 2020 (bottom)



Source: nearmap

2.2.4 Employment targets and strategic direction

French Forest Business Park is identified in the **North District Plan** as being part of a larger strategic employment precinct referred to as French Forest Strategic Centre. The Strategic Centre is proposed to evolve into a health and education precinct, leveraging from its proximity and investment of the Northern Beaches Hospital. Employment targets for the Strategic Centre are for an additional 2,700 to 3,700 jobs by 2036.

With 1,342 jobs being provided in the hospital, this leaves a **residual employment target of between 1,358 and 2,358 jobs to be provided across the strategic centre by 2036.**

Figure 4: French Forest Strategic Centre - health and education precinct



Source: North District Plan

The Plan provides several actions that aim at encouraging the continued evolution and economic growth/viability of the Strategic Centre. **The Proposal is in accordance with the following actions:**

- leverage the investment in the Northern Beaches Hospital to provide a vibrant and well-connected strategic centre
- provide new housing, including affordable housing
- encourage walkability and cycling within the precinct
- enhance the natural setting of the area by embellishing existing open space
- attract new, innovative health and medical related commercial premises to support the hospital
- reinforce the centre as an employment hub for the Northern Beaches, building on the existing business park east of the Wakehurst Parkway.

2.3 Northern Beaches Employment Study – Background Report

The Northern Beaches Council is currently preparing an Employment Lands Report for the LGA. In August of 2019, the background report (the Report) to this document was released. Although the Report does not provide any supply and demand analysis, it does identify an additional 2,700 to 3,700 jobs for the Strategic Centre by 2036.

The Report notes that the Hospital Precinct Structure Plan (HPSP) was adopted in 2017 and provides a 20-year vision for the development of Frenchs Forest as a Strategic Centre, with the development of a town centre and approximately 5,360 residential dwellings across three phases. The centrally located town centre, connected to the Northern Beaches Hospital, will be zoned B4 Mixed Use. There will potentially be 2,300 jobs.

As seen in the figure below, the HPSP proposes the development of a town centre including commercial, retail and residential uses adjoining the hospital. A report undertaken by LocationIQ in 2017 recommended that this area could not support two shopping centres within such close proximity. As such, it is implied that the HPSP proposes the existing Forestway Shopping Centre is replaced and/or relocated to the town centre.

In 2016, there were around 500 workers in the Forestway Shopping Centre. Assuming these are replaced in the new town centre, combined with the 1,342 staff in the hospital, an additional 458 jobs would be required to reach the 2,300 jobs target in the HPSP. Accordingly, in order for the Strategic Centre to reach its employment target as identified in the North District Plan, the remaining part of the Frenches Forest Strategic Centre (i.e the Frenches Forest Business Park) would need to accommodate an additional 900 to 1,900 jobs.

Table 3: Frenchs Forest Strategic Centre additional employment targets

| | Base | High |
|---|-------|-------|
| Additional employment targets FF SC (a) | 2,700 | 3,700 |
| Hospital – existing (b) | 1,342 | 1,342 |
| Hospital and town centre employment target (2,300) | 500 | 500 |
| Forestway SC – existing (c)* | 500 | 500 |
| Required jobs (d=e-(b+c)) | 458 | 458 |
| Sub-total (e) | 2,300 | 2,300 |
| Remaining employment required to reach FF SC targets (f= a-b-d) | 900 | 1,900 |

Source: HillPDA, * TPA employment projections V1.51 for TZ 2138 – excludes the industries of construction, wholesale trade, health and social assistance and education and training.

Figure 5: Hospital Precinct Structure Plan (HPSP)



Source: Northern Beaches Employment Study – Background Report 2019

The Report also noted the following point which is relevant to this study:

- Improving connectivity in Frenchs Forest to ensure retail, health and education components function together and valuing the presence of the **Frenchs Forest business park and supporting a higher commercial (office) function**. There is also opportunity develop the place branding of **Frenchs Forest to help attract a highly skilled workforce**.
- The 60-hectare Frenchs Forest Business Park performs a local employment role. **Findings suggest that the Business Park is currently underutilised, therefore the development of the hospital will help to stimulate growth in this underused area.**

2.4 Sydney business park benchmarking

The Northern Beaches Employment Study – Background Report notes that the Frenchs Forest Business Park is currently underutilised. To explore this, we have benchmarked employment densities and the amount of commercial space present across five business parks in the Sydney Region. The amount of space present in each business park has been sourced from various consultant and industry market reports.

Floorspace and employment provision has been provided, where possible, as close to 2016 to provide a better comparison. The exception to this is Sydney Olympic Park which is sourced from its master plan 2030. Please note, vacancy rates were difficult to ascertain from historical and current sources. Most of the space was stated in the source reports as occupied, with vacant space not provided. However, where possible vacant space was removed from the employment density calculations.

In a 2016 report entitled Ingleside - Employment and Retail Assessment, undertaken by SGS for the DPIE, it was estimated that the Frenchs Forest Business Park provided around 414,785sqm of floorspace, of which 22,218sqm (14%) was vacant. With an estimated 6,825 jobs in the Business Park at the time¹, there was an average employment density of 58sqm per worker.

As seen in the table below, in 2016 employment densities across four of Sydney’s business parks ranged from 1 worker per 19sqm to 24sqm – with an average of averaged at around 23sqm per worker.

However, the average employment density in Frenchs Forest Business Park, at 1 job per 58sqm was significantly lower than what was present in the comparable business parks, highlighting the underutilisation of space within the Business Park.

In fact, had the Frenches Forest Business Park achieved this average employment density across its 392,567sqm of occupied floorspace, it would have accommodated 17,068 jobs – 10,243 jobs or 150% above actual jobs (6,825) recorded in 2016.

Sydney Olympic Park is forecast to have an average employment density rate of 31sqm per worker of employment space by 2030. Please note, some space would be vacant so the actual amount of space per job would likely be slightly lower or more efficient. However, this could be considered a reasonable benchmark for a successful and efficient business park and a more reasonable target employment density for Frenchs Forest to attain its 2036 employment targets.

Regarding the amount of commercial space, the CBRE audit found 109,450sqm of commercial space across the Business Park. Given the lack of development since 2016 it is

¹ Please note although ABS JTW data estimates around 5,800 jobs in the Business Park as of 2016 the census is considered an undercount. The Transport, Performance and Analytics (TPA) employment projections take this into account. As such, we have used the TPA 2016 estimate to be conservative.

assumed this amount of commercial space has remained stable. As such, of the 414,785sqm of the estimated space around 26% was commercial office space.

Analysis of Sydney Olympic Park, Norwest and Macquarie Park reveals that these successful business parks had or have an aspirational commercial component of between 40-83% pf total employment space, with an average rate of 61%. This further highlights the underutilisation of Frenchs Forest Business Park as and the capacity for the business park and the ability to increase its employment generation capacity through attracting a highly skilled workforce - a key conclusion noted in the Northern Beaches Employment Study – Background Report.

Table 4: Sydney business park benchmarking

| Business Park | Total employment floorspace (sqm) | Commercial office (sqm) | Total employment* | Employment density |
|----------------------------|-----------------------------------|-------------------------|-------------------|--------------------|
| Macquarie Park | 1,025,101 | 854,251 | 44,929 | 23*** |
| Norwest | 500,000 | 300,000 | 25,783 | 19 |
| Riverside Corporate Park | 300,000 | | 10,914 | 27 |
| Australian Technology Park | 100,000 | | 4,123 | 24 |
| Comparable average | | | | 23 |
| Sydney Olympic Park - 2030 | 1,054,000** | 412,000 | 34,000 | 31 |
| Frenchs Forest | 414,785 | | 6,825 | 58 |

Source: various consultant reports including: 12 Fredrick Street, St Leonards EIA - MacroPlan 2018, Manchester Road, Auburn EIA - URBIS 2016, Ingleside - Employment and Retail Assessment SGS 2016, Sydney Office Market Research Report - Colliers 2014, Macquarie Centre Redevelopment Stage 1 Concept DA EIA - MacroPlan Dimasi 2015, Economic and Planning report, Sydney Science Park - APP and HillPDA 2015, Sydney Olympic Park Office Market, Knight Frank 2017, * TPA projections 2019 V1.51 – Sydney Olympic Park sourced from 2018 Masterplan review ** Sydney Olympic Park Finalisation Report – NSW DPIE 2017 space excludes residential and transport infrastructure space ***excludes 57,766sqm of vacant commercial floorspace.

2.5 The rise and fall of traditional business parks

The concept of business parks was developed in America during the post-war surge in residential development. During this time, the corporate move to the suburbs was a

necessary response to the residential movement, following the workforce into the suburbs and decreasing the commute between the white-collar worker and the office.

Australia followed America's lead with business parks being developed in the 1970-80s. Currently, there are 16 business parks across Greater Sydney over 1,048 hectares of land. Of this, around 608 hectares or 58% was developed and 440 hectares or 42% was undeveloped in 2019 (ELDM 2019).

One of Australia's best examples of a successful business park concept is the Norwest Business Park, built in 1983. Norwest sits on 172 hectares and houses over 400 companies employing more than 25,000 people. The location has good connectivity and exposure being located near major arterial roads and having two North West Rail Link stations. Norwest also contains a shopping centre, open space, recreation facilities and other amenities which increases its attractiveness to employees and tenants.

Despite this, business parks have been on the decline over the last decade as employees demand high quality spaces that allow for the sharing of ideas, numerous eateries and bars and where social interaction can occur and other high amenities such as interaction with the arts and recreation facilities. There has also been a shift in an emphasis on providing a diversity of housing options, ranging from apartments to larger dwellings within or in proximity to the park. This provides employees with dwellings that suit all price points. Another key component of successful business parks is the need for multiple forms of public transport like that present in Norwest but lacking in Frenches Forest. These factors create more innovative ecosystems that are founded on local strengths, tenant mix, transport and data infrastructure, collaborative networks, housing and culture.

Business Parks which are unable to provide several forms of public transport, diversity of land uses including night-time economy activities and eateries, open space/spaces, cultural experiences and diversity of housing have fallen out of favour and are experiencing low demand and high vacancies.

This evolution of Business Parks can also be seen in Macquarie Park which has for many years been cited as being unattractive from an employee's perspective given the lack of night-time activity and amenities. Recent public transport investment, retail investment, the allowance of mixed use-developments and the development of a night-time economy have all increased and strengthened Macquarie's attraction to developers, occupants and employees.

For Frenches Forest Business Park to compete with surrounding employment locations and business parks and become a successful health and education precinct, it will need a more flexible planning framework to allow the development of a range of land uses and activities which are sought after by both employees and tenants and which increasing collaboration, innovation, and synergies with the hospital.

This need for high amenity, flexible planning framework and diversification of uses is even more important in a post COVID-19 environment which has decentralised the office market and increased working from home rates.

2.6 The impact of COVID-19 on commercial office space demand

The lockdown measures imposed to control the spread and of COVID-19 saw a mass exodus of workers from traditional commercial office markets and a readjustment to and increased rates of working from home. Although this revitalised local centres its impact on central business districts has been significant.

For example, over the 12 months to January 2021 Sydney CBD's vacancy rate rose from 3.9% to 8.9% a seven-year high. While over the last six months, North Sydney's vacancy rate doubled to 19.5%, Chatswood, Crows Nest and St Lennoards was around 13% and Macquarie Parks increased from 6.8% to 9.6%.

Additionally, over the last six months 110,000sqm of new supply was added to Sydney CBD while a negative absorption of 55,000sqm was recorded. While over the next two years 280,000sqm is due to enter the market and 187,665sqm has been mooted.

So, what does this mean for Frenches Forest Business Park? The vision for the Business Park in the Northern Beaches Employment Study – Background Report is for a **higher commercial (office) function and attract a highly skilled workforce**. COVID-19 has changed our working habits and driven some demand for satellite office spaces within the suburbs and increased the vacancy rates in Sydney's established commercial markets. This combined with a significant amount of new high grade office space under construction will result in falling market rents and increasing incentives. These centres have some competitive advantages over the Frenches Forest Business Park – particularly in relation to amenity, services and public transport infrastructure. Frenches Forest Business Park is underutilised and is comprised of older style buildings with connectivity issues and a much lower level of public transport services.

3.0 EMPLOYMENT PROFILE ANALYSIS

The following Chapter undertakes a review of historic and forecast employment within the Northern Beaches. This is to highlight the changing employment preferences of the community and workforce and how the Proposal supports this change.

3.1 Northern Beaches employment growth

Table 5 provides a summary of employment generated across the Northern Beach LGA between 2006-16. It has been sourced from the ABS place of work data. The employment profile for the LGA presents the following key characteristics:

- There was an overall increase of 15,245 jobs over the period, which represented a proportional growth of 21%
- Of this growth 5,713 jobs or 37% was attributed to the industries of education and training; and health care and social assistance
- The top three industries which had the highest growth in employment over the period were:
 - Health Care and Social Assistance - 3,462 additional jobs
 - Education and Training - 2,251 additional jobs
 - Accommodation and Food Services - 2,060 additional jobs.
- Three industries recorded negative growth, these were:
 - Wholesale Trade -1,587 fewer jobs
 - Manufacturing - 1,889 fewer jobs
 - Financial and Insurance Services - 195 fewer jobs.
- The health care and social assistance industry generated the largest number of jobs the LGA as of 2016 (13% of all employment). This was followed by retail (12.6%) and professional, scientific and technical services with 9.6% of employment in 2016
- **The Proposal would provide types of employment that has become more prevalent within the LGA over the ten years to 2016.** Development of the Northern Beach Hospital would have further increased the demand for allied health services and hence the demand for such employment.

Table 5: Northern Beaches employment 2006-16

| Industry | 2006 | 2016 | Change # | % change | % of net growth |
|---|---------------|---------------|---------------|------------|-----------------|
| Agriculture, Forestry and Fishing | 211 | 388 | 177 | 84% | 1% |
| Mining | 38 | 81 | 43 | 113% | 0% |
| Manufacturing | 6,792 | 5,205 | -1,587 | -23% | -10% |
| Electricity, Gas, Water and Waste Services | 477 | 468 | -9 | -2% | 0% |
| Construction | 5,574 | 7,684 | 2,110 | 38% | 14% |
| Wholesale Trade | 6,378 | 4,489 | -1,889 | -30% | -12% |
| Retail Trade | 10,642 | 11,140 | 498 | 5% | 3% |
| Accommodation and Food Services | 5,457 | 7,517 | 2,060 | 38% | 13% |
| Transport, Postal and Warehousing | 1,452 | 1,949 | 497 | 34% | 3% |
| Information Media and Telecommunications | 1,485 | 1,654 | 169 | 11% | 1% |
| Financial and Insurance Services | 2,063 | 1,868 | -195 | -9% | -1% |
| Rental, Hiring and Real Estate Services | 1,808 | 1,899 | 91 | 5% | 1% |
| Professional, Scientific and Technical Services | 6,598 | 8,466 | 1,868 | 28% | 12% |
| Administrative and Support Services | 1,951 | 2,753 | 802 | 41% | 5% |
| Public Administration and Safety | 2,428 | 2,768 | 340 | 14% | 2% |
| Education and Training | 5,692 | 7,943 | 2,251 | 40% | 15% |
| Health Care and Social Assistance | 7,996 | 11,458 | 3,462 | 43% | 22% |
| Arts and Recreation Services | 1,110 | 1,695 | 585 | 53% | 4% |
| Other Services | 3,545 | 3,979 | 434 | 12% | 3% |
| Industry not classified | 1,103 | 4,830 | 3,727 | | |
| Total | 72,800 | 88,234 | 15,434 | 21% | 100% |

Source: ABS Census POW

3.2 Northern Beaches resident employment profile

Table 6 provides a summary of the industries which residents were employed within across the Northern Beach LGA between 2006-16. This provides insight in the changing preference of employment for residents and which industries have a greater requirement for residents to travel outside the LGA for employment. The resident employment profile for the LGA presents the following key characteristics:

- In 2016, there were 0.68 jobs provided in the LGA for every employed resident. This implies that a significant number of residents travelled outside of the LGA to find employment. Providing employment, especially, those which have higher containment rates, would reduce the need for residents to travel outside the LGA while also having other economic and environmental benefits to the LGA
- In 2016, knowledge intensive jobs had a containment rate of 36% that is 36% of residents employed within knowledge intensive industries worked in the LGA. This is compared to a containment rate of 62% for health care and social assistance. This implies that increased health care and social assistance jobs, like that proposed on the subject site, would have higher economic benefits to the LGA
- Over the period employed residents increased by 14,730, representing a proportional growth of 13%
- Of the growth in employed residents, almost 40% was within the industries of education and training; and health care and social assistance
- The top three industries which had the highest growth in employment over the period were:
 - Professional, Scientific and Technical Services - 3,301 additional employed residents
 - Health Care and Social Assistance - 3,024 additional employed residents
 - Education and Training - 2,746 additional employed residents.
- Two industries recorded negative employment growth, these were:
 - Manufacturing - 2,738 fewer employed residents
 - Wholesale Trade - 2,220 fewer employed residents.
- As with the employment profile, there has been a growing preference for residents to be employed within health and education related employment and a reduction in

more traditional industrial employment such as manufacturing and wholesale. The type of employment proposed on the site is responding to this changing nature of work.

Table 6: Northern Beaches resident employment profile 2006-16

| Industry | 2006 | 2016 | Change # | % change | % of net growth |
|---|----------------|----------------|---------------|------------|-----------------|
| Agriculture, Forestry and Fishing | 342 | 430 | 88 | 26% | 1% |
| Mining | 144 | 234 | 90 | 63% | 1% |
| Manufacturing | 8,431 | 5,693 | -2,738 | -32% | -19% |
| Electricity, Gas, Water and Waste Services | 784 | 755 | -29 | -4% | 0% |
| Construction | 9,471 | 11,586 | 2,115 | 22% | 14% |
| Wholesale Trade | 7,497 | 5,277 | -2,220 | -30% | -15% |
| Retail Trade | 12,166 | 11,820 | -346 | -3% | -2% |
| Accommodation and Food Services | 6,410 | 7,763 | 1,353 | 21% | 9% |
| Transport, Postal and Warehousing | 3,672 | 3,610 | -62 | -2% | 0% |
| Information Media and Telecommunications | 4,265 | 4,657 | 392 | 9% | 3% |
| Financial and Insurance Services | 7,759 | 8,739 | 980 | 13% | 7% |
| Rental, Hiring and Real Estate Services | 2,751 | 3,116 | 365 | 13% | 2% |
| Professional, Scientific and Technical Services | 13,813 | 17,114 | 3,301 | 24% | 22% |
| Administrative and Support Services | 4,326 | 4,903 | 577 | 13% | 4% |
| Public Administration and Safety | 4,867 | 5,410 | 543 | 11% | 4% |
| Education and Training | 8,294 | 11,040 | 2,746 | 33% | 19% |
| Health Care and Social Assistance | 10,898 | 13,922 | 3,024 | 28% | 21% |
| Arts and Recreation Services | 1,800 | 2,589 | 789 | 44% | 5% |
| Other Services | 4,267 | 4,811 | 544 | 13% | 4% |
| Industry not classified | 3,003 | 6,222 | 3,219 | 107% | 22% |
| Total | 114,961 | 129,691 | 14,730 | 13% | 100% |

Source: ABS Census

3.3 Employment forecasts – Northern Beaches 2020-36

Table 5 provides a forecast of employment within the Northern Beaches LGA for each industry between 2020-36. It has been sourced from the Transport, Performance and Analytics (TPA) 2019 employment forecast version 1.51. From these predictions the following observations can be made:

- Employment is forecast to increase by 17,596 jobs or 16% over the 16-year period
- Of the net increase in employment 3,833 or 22% is forecast within the industry of health care and social assistance
- The top three industries forecast to have the most growth in employment are:
 - Professional, Scientific and Technical Services – 4,739 additional jobs
 - Health Care and Social Assistance - 3,833 additional jobs
 - Education and Training - 2,777 additional jobs.
- Applying the 2016 containment rate to the forecast net increase in health care and social assistance jobs indicates that 2,376 could be occupied by local residents
- Traditional industrial employment is forecast to continue to decrease evident in the net reduction of employment within the following industries:
 - Manufacturing - 1,429 fewer jobs
 - Transport, postal and warehousing - 453 fewer jobs
 - Wholesale Trade - 198 fewer jobs.
- **The Proposal would be providing a type of employment that is forecast to have significant growth and demand.** Providing this in a location close to the hospital would add additional economic and amalgamation positive flow-on effects while also contributing to the development of a diverse health and education precinct.

Table 7: Northern Beaches employment projections - 2020-36

| Industry | 2020 | 2036 | Change # | % change | % of net growth |
|---|----------------|----------------|---------------|------------|-----------------|
| Agriculture, Forestry and Fishing | 399 | 372 | -27 | -7% | 0% |
| Mining | 59 | 62 | 2 | 4% | 0% |
| Manufacturing | 6,899 | 5,470 | -1,429 | -21% | -8% |
| Electricity, Gas, Water and Waste Services | 721 | 885 | 164 | 23% | 1% |
| Construction | 10,839 | 12,140 | 1,301 | 12% | 7% |
| Wholesale Trade | 6,116 | 5,918 | -198 | -3% | -1% |
| Retail Trade | 13,688 | 14,968 | 1,279 | 9% | 7% |
| Accommodation and Food Services | 9,005 | 10,639 | 1,634 | 18% | 9% |
| Transport, Postal and Warehousing | 2,489 | 2,036 | -453 | -18% | -3% |
| Information Media and Telecommunications | 1,888 | 1,897 | 9 | 0% | 0% |
| Financial and Insurance Services | 2,406 | 2,972 | 566 | 24% | 3% |
| Rental, Hiring and Real Estate Services | 2,404 | 2,805 | 401 | 17% | 2% |
| Professional, Scientific and Technical Services | 13,504 | 18,243 | 4,739 | 35% | 27% |
| Administrative and Support Services | 3,621 | 3,896 | 275 | 8% | 2% |
| Public Administration and Safety | 3,335 | 4,234 | 899 | 27% | 5% |
| Education and Training | 9,899 | 12,676 | 2,777 | 28% | 16% |
| Health Care and Social Assistance | 14,087 | 17,919 | 3,833 | 27% | 22% |
| Arts and Recreation Services | 2,610 | 3,412 | 801 | 31% | 5% |
| Other Services | 5,588 | 6,611 | 1,023 | 18% | 6% |
| Total | 109,559 | 127,155 | 17,596 | 16% | 100% |

Source: TPA employment projections 2019 V1.51

4.0 BUSINESS PARK FLOORSPACE REQUIREMENT AND CAPACITY

The following Chapter estimates the amount of floorspace required for the Frenches Forest Business Park, to accommodate its employment targets. The Chapter also estimates the overall development capacity of the Business Park and whether it is enough to meet its employment targets and the impact that the withdrawal of the subject site might have upon its capacity.

4.1 Frenches Forest Business Park employment targets

North District Plan identifies Frenches Forest as a Strategic Centre. Within its boundary is the Frenches Forest Business Park. Employment targets for the Strategic Centre are for between an additional 2,700 to 3,700 jobs by 2036. As detailed in Section 2.3, it is estimated that of these targets 900 to 1,900 jobs would be accommodated in the Business Park. In 2016, there was an estimated 6,825 jobs in the Business Park, with the addition of the employment targets this is forecast to increase to 7,725 to 8,725 jobs by 2036.

4.2 Additional floorspace requirements

This section assumes that the French Forest Business Park over the next 16 years transitions into a more efficient and higher order health and education precinct with a focus on supporting a higher commercial office function within the business park component. This is consistent with the direction outlined in the Northern Beaches Employment Study – Background Report which states the need to:

Improving connectivity in Frenches Forest to ensure retail, health and education components function together and valuing the presence of the Frenches Forest Business Park and supporting a higher commercial (office) function. There is also opportunity develop the place branding of Frenches Forest to help attract a highly skilled workforce.

Frenches Forest Business Parks employment targets are converted to floorspace requirements by applying average employment densities. Employment density refers to the number of jobs per sqm of floor space usually measured reciprocally as square metres per worker.

As detailed in Section 2.4 analysis of other business parks in across Sydney revealed an average employment density of 23sqm per worker in 2016, while Sydney Olympic Park is forecast to have 31sqm per worker by 2030. To ensure there is enough capacity we have applied a more conservative rate like Sydney Olympic Park.

This is likely a result of the higher amount of accommodation, community, education, and entertainment space in the master plan. This is more likely to be indicative of an average employment density across health and education precinct with a commercial office focus.

Interestingly, if we assume around 60% of space within the business park is commercial space (in with other business parks) with the remaining 40% being other less efficient uses with an average employment density of 20sqm for commercial and 80sqm for other uses – the average employment density across the precinct would be 1 job per 29sqm. As such, the 31sqm per worker is considered reasonable for a business park transitioning into a more efficient and highly skilled commercial precinct.

If all employment space across the Business Park were to become more efficient and accommodate a more highly skilled labour force, at the 31sqm per worker rate, a total of 252,080sqm to 284,710sqm would be required (which also allows for a 5% vacancy factor). With around 415,000sqm of existing floorspace present in the Business Park, there is sufficient space to meet the strategic employment targets.

In fact, with a refit and configuration of space to benchmark business park standards it would be possible to accommodate 12,720 jobs. Deducting the current employment of 6,825, results in a potential to accommodate an additional 5,895 jobs. This is approximately three to seven and half times the strategic employment targets for the Business Park.

Table 8: Additional floorspace requirements

| | Low estimate | High estimate |
|---|----------------|----------------|
| Existing employment (2016) | 6,825 | 6,825 |
| Business Park employment target | 900 | 1,900 |
| Total employment - 2036 | 7,725 | 9,625 |
| Employment density | 31sqm per job | 31sqm per job |
| Total floorspace requirements (GFA sqm)* | 252,079 | 284,711 |
| Existing floorspace | 414,786 | 414,786 |

Source: HillPDA - * includes an allowance for a 5% vacancy rate

4.3 Frenches Forest Business Park development capacity

The theoretical maximum development capacity of Frenches Forest Business Park is estimated by applying average Floor Space Ratios (FSRs) to land areas. As stated, it is estimated that the Business Park currently provides around 415,000sqm of floorspace over 55 hectares of developed land. This results in a current built FSR of 0.75:1.

This is a relatively low resulting FSR when compared to other business parks and is more comparable to a less efficient precinct. For example, Macquarie Park FSRs range from 1:1 to 4.5:1 over a range of commercial zonings, Riverside Corporate Park range from 1:1 to 3.5:1 over a range of commercial zonings and Sydney Olympic Park range from 2:1 to 12:1 over a B4 - mixed-use zone.

As such, if the Business Park is to develop into a high-quality commercial office, as detailed in the Northern Beaches Employment Study – Background Report, there is opportunity to increase its capacity through redevelopment of existing low grade building stocks.

We have assessed the capacity of the Business Park at more conservative FSRs that are more reflective of its uniform B7 – Business Park zoning. The FSRs tested range from 1:1 to 1.5:1 and result in a total theoretical maximum development capacity of between 565,000sqm to 847,500sqm.

At an average employment density of 1 job per 31sqm, this theoretical maximum development capacity could support 17,315 to 25,972 jobs. Deducting current employment (6,825 jobs), results in a potential to accommodate between 10,490 to 19,147 additional jobs. This is approximately 12 to 21 times higher than the base strategic employment target and six to 10 times higher than the high target.

Table 9: Business Park theoretical max development capacity (GFA sqm)

| | Total area (ha) | Development capacity (GFA sqm) | | |
|--|-----------------|--------------------------------|---------------|---------------|
| | | FSR @ 1:1 | FSR @ 1.25:1 | FSR @ 1.5:1 |
| Business Park | 56.5 | 565,000 | 706,250 | 847,500 |
| Potential jobs at 1/31sqm* | | 17,315 | 21,643 | 25,972 |
| Net increase over 2016 employment | | 10,490 | 14,818 | 19,147 |
| Fold-increase over base job target | | 12 | 16 | 21 |
| Fold-increase over high job target | | 6 | 8 | 10 |

Source: HillPDA, ELDM *includes an allowance for 5% of space being vacant

4.4 Development capacity 60% redevelopment scenario

It is unlikely that all the sites within Frenches Forest Business Park are redeveloped over the next 16 years. To account for this, we have assumed that only 60% of the Business Parks theoretical maximum development capacity is reached over this time.

Table 10 provides a summary of the demand and capacity assessment if the Business Park were to transition into a higher order commercial precinct with only 60% of its redevelopment potential being reached.

Under this scenario, the Business Parks theoretical maximum development potential is between 339,000sqm to 508,500sqm. With only 252,080sqm to 384,710sqm being required to accommodate total employment in 2036, there is an excess in capacity under the base target of between 86,921sqm to 256,421sqm and an excess under the high target of between 54,289sqm to 223,789sqm.

This excess in space is enough to accommodate an additional 2,664 to 7,858 jobs under the base target and 1,664 to 6,858 jobs under the high target. As such, any impact upon the Business Park reaching its targets resulting from some sites not being redeveloped would be mooted and not impact its ability to attain its employment targets or intended role.

Please note that this scenario is considered conservative, as it assumes that only 60% of sites would potentially be available or feasible for redevelopment to 2036. Additionally, in most cases, the sites that are not redeveloped already contain floorspace and employment, further increasing the Parks floorspace and employment provision.

Table 10: Business Park supply & demand capacity assessment (GFA sqm)

| | | Development capacity | | |
|---|-------------|----------------------|--------------|-------------|
| | | FSR @ 1:1 | FSR @ 1.25:1 | FSR @ 1.5:1 |
| Development capacity @ 60% | | 339,000 | 423,750 | 508,500 |
| Total employment target 2036 | Base target | 7,725 | 7,725 | 7,725 |
| | High target | 9,625 | 9,625 | 9,625 |
| Floorspace demand | Base target | 252,079 | 252,079 | 252,079 |
| | High target | 284,711 | 284,711 | 284,711 |
| Excess (+) / Deficit (-) in floorspace | Base target | +86,921 | +171,671 | +256,421 |
| | High target | +54,289 | +139,039 | +223,789 |
| Net employment potential over strategic target* | Base target | 2,664 | 5,261 | 7,858 |
| | High target | 1,664 | 4,261 | 6,858 |

Source: HillPDA, *includes an allowance for 5% of space being vacant

5.0 POTENTIAL EMPLOYMENT UPLIFT & IMPACT

The following Chapter assesses the potential uplift of employment generated under the Proposal compared to that already provided on-site.

5.1 Proposal’s employment potential

The Proposal would provide 120 seniors units and 1,000sqm of employment space with an indicative composition of this space this being retail (15%), allied health (50%) and commercial office (35%).

Table 11 provides a breakdown of the proposed employment generating land uses, with an estimate of their employment generating potential. In total, it is estimated that the Proposal could accommodate 79= jobs upon completion and occupation.

Table 11: Proposal employment generation

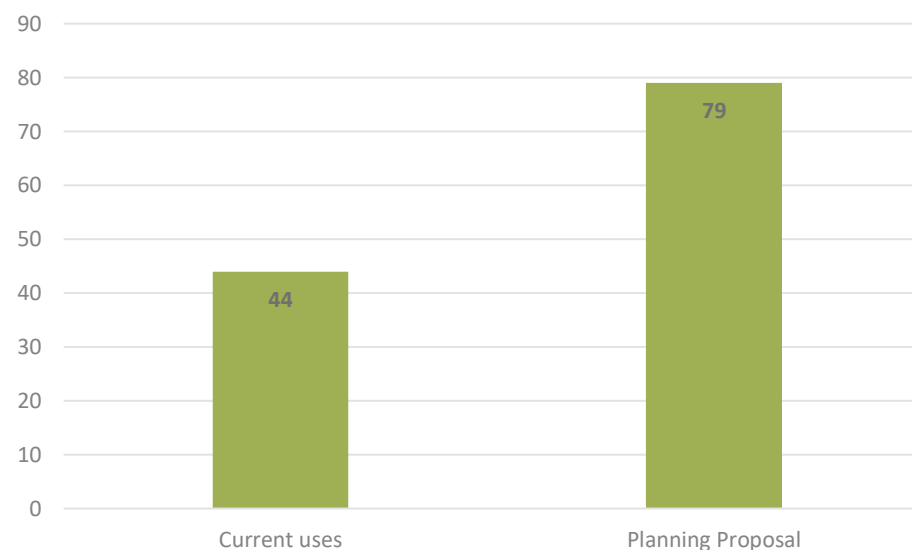
| Land use | Floorspace (GFA) | Sqm/Employee | No. of Workers |
|-------------------------|------------------|--------------|----------------|
| Seniors' units | 120 | 2.5* | 46 |
| Allied health | 500 | 45 | 11 |
| Commercial office | 350 | 20 | 18 |
| Retail | 150 | 35 | 4 |
| Total Employment | 1,120 | | 79 |

Source: HillPDA, Floorspace Survey 2017 and *City of Sydney Developer Contribution Plan 2015 please note a rate 1/5th has been applied to the affordable/disability units

5.2 Potential uplift in employment

The subject site currently generates 44 jobs across four companies, based on the analysis provided by Platino Properties. In comparison, the Proposal would accommodate 79 jobs. This implies the Proposal would increase the amount of employment on-site by 35 jobs.

Figure 6: Potential employment uplift, current uses versus the Proposal



6.0 ECONOMIC IMPACT ASSESSMENT

The following Chapter assesses and where possible quantifies the potential economic impacts of the Proposal measured against the “do nothing” or “retain current zoning” option.

6.1 Current or “base case” economic multipliers

For the purpose of the assessment, we have defined the base case as the ‘do nothing’ option. This scenario assesses the economic multipliers of the current uses on-site in terms of employment, wage and contribution to the local economy or Gross Value Added (GVA).

Platino Properties have provided a tenancy list for the existing building on-site with an accompanying employment schedule detailing 44 jobs across the four tenancies. Of these workers 15 work in commercial services, 14 in manufacturing and the remaining 15 work in the wholesale industry.

It is estimated that these jobs would generate an estimated \$3.3 million in salaries and contribute \$5 million in GVA per annum.

6.2 Proposal’s economic multipliers

The following estimates the likely economic implications resulting from fruition of the Proposal. Economic metrics estimates include employment, wages, GVA, tourism and construction multipliers.

6.2.1 Employment

The Proposal would support permanent employment post-construction in two ways. Firstly, the provision of 1,000sqm of employment space would jobs in allied health, commercial office and retail/personal services. Secondly, there would be employment associated with the 111 seniors’ and 22 affordable/disability dwellings provided on-site.

The table below provides an estimate of the number of jobs that would be supported on the subject site in accordance with the Proposal.

Table 12: Potential employment generation

| Land use | Floorspace (GFA) | Employment density* | No. of workers |
|---------------------------------------|------------------|---------------------|----------------|
| Seniors' /affordable/disability units | 120 units | 2.5 per unit* | 46 |
| Allied health | 500sqm | 45/sqm | 11 |
| Commercial office | 350sqm | 20/sqm | 18 |
| Retail | 150sqm | 35/sqm | 4 |
| Total Employment | | | 79 |

* Various HillPDA, Floorspace Survey 2017 and *City of Sydney Developer Contribution Plan 2015 - please note a rate 1/5th has been applied to the affordable/disability units

Based on the table above, the Proposal is forecast to provide 81 jobs on the subject site after full development. These are jobs in full and part-time positions. This provides 35 more jobs than the base case, representing an 80% increase.

6.2.2 Worker estimated salaries

The total remuneration of workers on-site would amount to approximately \$5.4 million as shown in the table below. This is \$2.1 million more in salaries than the base case.

Table 13: Potential salaries

| Land use | No. of workers | Average wage | Total wage generation (\$m) |
|---------------------------------------|----------------|--------------|-----------------------------|
| Seniors' /affordable/disability units | 46 | \$62,906 | \$2.9 |
| Allied health | 11 | \$86,590 | \$1.0 |
| Commercial office | 18 | \$78,534 | \$1.4 |
| Retail | 4 | \$34,108 | \$0.1 |
| Total | 79 | | \$5.4 |

Source: IBIS World Industry Reports

6.2.3 Gross Value Added

Gross value added of an industry refers to the value of outputs less the costs of inputs. It also measures the contribution that the industry makes to the wealth of the country, state or region – its contribution to gross regional product (GRP).

We estimate the gross value added from the Proposal to be in the order of \$6.5 million every year as shown in the table immediately below. This is \$1.6 million more than the base case.

Table 14: Gross Value Added

| Land use | No. of workers | GVA/worker | Total GVA (\$m) |
|---------------------------------------|----------------|------------|-----------------|
| Seniors' /affordable/disability units | 46 | \$69,670 | \$3.2 |
| Allied health | 11 | \$106,486 | \$1.2 |
| Commercial office | 18 | \$109,125 | \$2.0 |
| Retail | 4 | \$50,427 | \$0.2 |
| Total | 79 | | \$6.5 |

Source: IBIS World Industry Reports and HillPDA Estimate.

6.2.4 Resident population retail and employment generation

The seniors' units and affordable/disability units proposed to be provided on-site would generate retail expenditure. This would add additional economic benefits to the LGA such as supporting the viability and vibrancy of local retail shops especially those proposed in the nearby town centre and secondary though generating employment.

Assuming a 5% vacancy rate and average persons per dwelling of 1.5, it is estimated that a population of 200 could be supported on-site. Assuming an average retail expenditure of \$8,000 per capital, which is around just under half of the per capital spend for residents across the Northern Beaches in 2023 (assumed impact year), it is estimated that total annual household expenditure would be \$1.6 million, with around \$1.0 million or 60% being spent in the proposed local town centre itself.

Accounting for the multiplier effects of this expenditure, it is estimated that a total of around 5 jobs would be directly supported in the local centre. Of these, just over three and a half would be local residents in the LGA.

6.3 Construction multipliers

This section assesses the potential economic benefits during construction. The economic impacts of the construction stage are based on the estimated total construction costs of \$70 million. This estimate has been provided by Platino Properties.

The construction industry is a significant component of the economy, accounting for 5.96% of Gross Domestic Product (GDP) and employing just over one million workers across Australia². The industry has strong linkages with other sectors, so the impacts on the economy go further than the direct contribution of construction. This is known as the multiplier effect. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of effects captured by multipliers:

Production Induced Effects: which is made up of:

- *Direct effects:* which constitutes all outputs and employment required to produce the inputs for construction, and
- *Indirect effects:* which is the induced extra output and employment from all industries to support the increased production of the construction sector.

Consumption Induced Effects: which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

The modelling for this report is based on the Australian National Accounts and has adjusted these effects for industry size relative to the Northern Beaches LGA and calculated the direct, indirect, and induced effects of construction expenditure as well as industry output and employment job creation.

² Source: IBIS World Construction Industry Report 2018

6.3.1 Construction – output impact

The increase demand in the construction industry stemming from the Proposal will have a direct impact on the output on the construction industry in the Northern Beaches LGA along with indirectly affected industries which assist direct production or cater to increased consumption.

The table below details the output multipliers and shows the impact of the change in demand generated by the development and the impact on the Northern Beaches production and consumption in the first year of operation. These multipliers reflect the size of local industries based on 2016 Census data. The forecast increase in total output in the Northern Beaches is approximately \$110 million, as shown in the table below.

Table 15: Construction output impact

| | Direct effects | Production induced effect | Consumption induced effect | Total |
|--------------------|----------------|---------------------------|----------------------------|---------|
| Output multipliers | 1 | 0.25 | 0.32 | 1.57 |
| Output (\$million) | \$70.0 | \$17.5 | \$22.6 | \$110.1 |

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0), ABS Census 2016 Data

6.3.2 Construction – Gross Value Added (GVA) impact

The Gross Value Added (GVA) of an industry refers to the value of outputs less the costs of inputs. It also measures the contribution that the industry makes to the regions' wealth or GRP.

The proposed construction would directly contribute around \$21 million to the Northern Beaches GRP. Including the multiplier impacts, a total of \$40 million would be contributed to the Northern Beaches region's GRP (measured in 2019 dollars) based on the Northern Beaches LGA multipliers in the table below.

Table 16: Construction Gross Value Added impact

| | Direct effects | Production induced effect | Consumption induced effect | Total |
|-----------------|----------------|---------------------------|----------------------------|--------|
| GVA multipliers | 0.3 | 0.1 | 0.2 | 0.6 |
| GVA (\$million) | \$21.0 | \$6.7 | \$12.5 | \$40.3 |

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0), ABS Census 2016 Data

6.3.3 Construction – job creation

Every million dollars of construction work undertaken generates 2.3 job years directly in construction³. Based on the estimated construction cost, 163 on-site job years⁴ would be directly generated by the proposed development as shown in the table below. Of this number, it is estimated that 116 on-site job years will be generated for residents (given local job catchment rates in the construction industry).

The Australian National Accounts, readjusted with local Census data, identified the Northern Beaches employment multipliers for first round, industrial support and consumption induced effects of 0.5 and 0.7 respectively for every job year in direct construction. Including the multiplier impacts, the proposed development is forecast to generate a total of 252 job years directly and indirectly in construction. Of these jobs, which span across multiple industries, it is estimated that 183 would be taken up by residents. The table below shows the expected job generation from the Proposal's development.

Table 17: Construction employment impact

| | Direct effects | Production induced effect | Consumption induced effect | Total |
|-----------------------------|----------------|---------------------------|----------------------------|-------|
| Employment multipliers | 2.3 | 0.5 | 0.7 | 3.6 |
| Job creation (total) | 162.6 | 38.5 | 51.0 | 252.1 |
| Job creation (NB residents) | 116.4 | 27.9 | 38.7 | 183.0 |

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0), ABS Census 2016 Data

³ Source: ABS Australian National Accounts: Input – Output Tables 2015-16 (ABS Pub: 5209.0) adjusted to 2019 dollars

⁴ Note: One job year equals one full-time job for one year

6.3.4 Construction – wage revenue generated

The national income multipliers have been adjusted in the below table to reflect the Northern Beaches median wages across relevant industries. Given the median wage in the construction industry in the Northern Beaches, on-site remuneration is expected to be approximately \$10 million. It is estimated that \$7 million of this total remuneration will be paid to Northern Beaches residents. Along with the direct on-site impact, the additional wage revenue created in the region through assisting industries and those catering to increased demand is estimated at approximately \$15 million. Northern Beaches residents would receive \$11 million of that total as shown in the table below.

Table 18: Construction income impact

| | Direct effects | Production induced effects | Consumption induced effects | Total |
|--|----------------|----------------------------|-----------------------------|-------|
| Income multipliers | 0.14 | 0.03 | 0.04 | 0.21 |
| Income (\$million) (Total) | 9.8 | 2.3 | 2.6 | 14.7 |
| Income (\$) (Northern Beaches residents) | 7.0 | 1.7 | 1.9 | 10.6 |

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0), ABS Census 2016 Data

6.3.5 Other construction impacts

The construction process may lead to short-term negative impacts in the locality, such as increased traffic, noise, dust and so on. We have assumed that the development would take the necessary steps to mitigate the extent of these impacts.

6.4 Summary and implication

The below table summarises the economic benefits of retaining the subject sites' current uses in comparison to the development of the subject site in accordance with the Proposal.

Table 19: Economic Impact of the Proposal

| | Proposal | Net Increase |
|---|----------|--------------|
| Total jobs created on-site | 79 | 35 |
| Total staff remuneration (\$m/annum) | \$5.4m | \$2.1m |
| Gross Value Added (\$m/annum) | \$6.5m | \$1.6m |
| Design and construction costs | \$70m | |
| Total economic activity generated by construction | \$110m | |
| Job years generated from construction | 252 | |

The Proposal provides economic benefits over the base case as it would provide \$5.4 million in salaries for the 79 workers on the subject site and contribute \$6.5 million in GVA every year. Moreover, design and construction would generate additional economic activity in the local economy (+\$110 million) and jobs (+252 job years directly and indirectly of which 183 are in the Northern Beaches LGA).

It is further estimated that retail expenditure from future residents on-site could directly support around five jobs within the local area and/or the proposed town centre. This would contribute to both the development, viability and vibrancy of this town centre while also meeting the employment targets identified for the wider Frenchs Forest Strategic Centre.

7.0 ORDERLY AND EFFICIENT USE OF LAND

Development of the Proposal reflects the orderly and efficient use of land within the Frenchs Forest Business Park and Northern Beaches LGA as it:

- Provides the type of land uses which would facilitate the transition of the Frenches Forest Strategic Centre into a health and education precinct, capitalising of the investment, proximity, and development of the Northern Beaches Hospital. This is a key objective of State planning policies
- The Proposal will support the continuing evolution of the B7 zone near the hospital into a higher amenity, mixed employment precinct with seniors housing and aged care services.
- Provided land uses that would increase employment generated on-site and economic output of the Business Park/Strategic Centre
- Supports an on-site resident population that can sustain and retain retail expenditure within the local area, increasing the viability of developing the identified nearby town centre. This expenditure would increase the attractiveness, vibrancy, and viability of uses in this town centres. It would also generate an estimated 5 retail jobs, further contributing to the wider Strategic Centre attaining its employment targets
- Provides employment in the type of industries which have grown and are forecast to grow at a faster rate over the coming years. These types of industries have also increasingly become more prevalent for residents to be employed within, increasing retention rates in the LGA
- The types of employment proposed are already present in the Business Park with their fruition directly supporting the nearby Northern Beaches Hospital and transition into a health and education precinct. For these reasons, the provision of employment uses would not directly affect the vision or intent of the Business Park
- The development capacity of the Business Park implies it can exceed its employment targets even at 60% of its maximum development potential
- The Proposal would contribute to the Frenches Forest Strategic Centre’s employment targets in a location which has revised subdued interest from developers and commercial tenants over the las decade
- Development of the proposal would increase the attractiveness and stimulus for further development within the Business Park.

- In contrast to the base case, the Proposal would increase employment onsite by 35 jobs, \$2.1 million in per annum in wages and \$1.6 million per annum in GVA.

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