

---

# MERRYLANDS DEVELOPMENT PROPOSAL

## ECONOMIC IMPACT ASSESSMENT

CORONATION PROPERTY PTY LTD  
MARCH 2020

---

[aecgroup ltd.com](http://aecgroup ltd.com)



## DOCUMENT CONTROL

---

Job ID: J001737  
 Job Name: Merrylands Development Proposal - Economic Impact Assessment  
 Client: Coronation Property Pty Ltd  
 Client Contacts: Chris Gordon  
 Dominic Vertoudakis  
 Project Manager: Bass Salah  
 Email: [bass.salah@aecgrouppltd.com](mailto:bass.salah@aecgrouppltd.com)  
 Telephone: 02 9283 8400  
 Document Name: Merrylands Development Proposal - Economic Impact Assessment draft  
 Last Saved: 20/3/2020 3:16 PM

Version	Date	Reviewed	Approved
Draft	19/3/20	JP	BS
Final	20/3/20	JP	BS

*Liability limited by a scheme approved under the Professional Standards Legislation*

Disclaimer:

Whilst all care and diligence have been exercised in the preparation of this report, AEC Group Pty Ltd does not warrant the accuracy of the information contained within and accepts no liability for any loss or damage that may be suffered as a result of reliance on this information, whether or not there has been any error, omission or negligence on the part of AEC Group Pty Ltd or their employees. Any forecasts or projections used in the analysis can be affected by a number of unforeseen variables, and as such no warranty is given that a particular set of results will in fact be achieved.

# EXECUTIVE SUMMARY

## BACKGROUND AND OVERVIEW

Coronation Property Pty Ltd (Merrylands Investment Co Pty Ltd) intend to redevelop a site situated at 233 and 249-259 Merrylands Road and 52-54 McFarlane Street, Merrylands (hereafter referred to as 'The Site'). Extending to approximately 12,418 sqm in total site area, The Site is currently improved with a mix of low-density retail/commercial buildings (most of which are vacant and require capital expenditure) occupied by a range of tenants. The Site is currently zoned B4 - Mixed Use and part SP2 – Infrastructure as administered under the Holroyd Local Environmental Plan 2013 (as amended).

Coronation Property Pty Ltd currently own The Site and are seeking to progress a planning proposal (the Proposal) for its redevelopment into a new mixed-use precinct comprising residential, commercial and retail uses. AEC Group (AEC) has been engaged by Coronation Property Pty Ltd to prepare an Economic Impact Assessment to analyse the economic impacts likely to result from implementation of the Proposal.

## LOCATION

Merrylands is a suburb situated in Greater Western Sydney and is located approximately 25 kilometres west of the Sydney Central Business District and approximately 3.7 kilometres south of Parramatta Central Business District. It is administered under the Local Government Area of Cumberland Council. Amenities within the region include Central Gardens, Ted Burge Reserve, Merrylands Park, Merrylands Swimming Centre and Granville Park.

The Site is situated at the junction of Merrylands Road, Treves Street and McFarlane Street directly opposite Stockland Merrylands Shopping Centre. The precinct in which The Site is located, is primarily characterised by strip retail (along Pitt Street, Merrylands Road, Treves Street and McFarlane Street). Additional surrounding development further comprises a range of near new to current mixed-use high-density residential developments coupled with older style (circa 1970s to 1990s), three level walk-up apartment complexes.

Merrylands is well supported by transportation services and infrastructure. Merrylands Train Station is situated approximately 350 metres east of The Site whilst public bus services are available along both Merrylands Road and McFarlane Street. Major arterial roads servicing the region include Woodville Road, M4 Motorway and the Cumberland Highway.



Source: Coronation Property Pty Ltd

## THE PROPOSAL

Coronation Property Pty Ltd has prepared a concept plan for The Site which envisages a mixed-use development comprising retail and commercial uses, a new childcare centre and a total of approximately 790 residential units. The concept plan proposes an apartment composition consisting of 129 x studios (16%), 264 x 1-bedroom units (33%), 379 x 2-bedroom units (48%) and 18 x 3-bedroom (2%) units.

Cumberland Council have raised concern about the suitability of the proposed apartment composition, in particular, the comparatively high allocation towards studio and 1-bedroom units (equating to approximately 50%) planned for the subject site.

## STRATEGIC PLANNING CONTEXT

The Greater Sydney Region Plan (the Region Plan) sets the strategic framework to guide the growth and development of Greater Sydney over the coming decades to 2036. The key principle of the Region Plan is to accommodate this growth across the Metropolis of Three Cities which comprises:

- Western Parkland City (based around the Western Sydney Badgerys Creek Aerotropolis);
- Central River City (Parramatta CBD); and
- Eastern Harbour City (Sydney CBD).

Coinciding with the Region Plan, the Central City District Plan is a 20-year plan dictating the planning priorities and intended actions of the Central City District to escalate the quality of life for occupants as Greater Sydney expands in the future.

Building upon the principles of the Region Plan and District Plan, The Cumberland 2030: Our Local Strategic Planning Statement (the LSPS) provides the local strategic planning framework to guide the economic, social and environmental planning across the Cumberland LGA over the decade to 2030.

## ECONOMIC IMPACTS

To estimate the economic impacts arising from the Proposal, a Base Case and Proposal Case are defined:

- **Base Case:** The Base Case assumes a 'Do-Nothing' scenario; i.e. existing uses remain in place (retail and commercial) comprising approximately 6,292.30m<sup>2</sup> of GLA (across 13 suites/shops). We have been advised by Coronation, approximately 71.6% of GLA is currently vacant and requires significant capital expenditure. The Base Case assumes that, without the Project, capital expenditure will occur to reinvigorate the existing vacant tenancies in order to attract new tenants.
- **Proposal Case:** The Proposal Case assumes the demolition of the existing improvements to facilitate a mixed-use development comprising 3,735m<sup>2</sup> of GFA of commercial floorspace, 4,659m<sup>2</sup> of GFA of retail floorspace and 790 apartments (61,218m<sup>2</sup> of GFA).

The assessment of economic impacts is carried out at the Cumberland LGA level and distinguishes between the operational and construction phases of the Proposal.

### Construction Phase

#### **Base Case**

Under the Base Case, construction is required to reinvigorate the existing vacant tenancies to attract new tenants. This construction will generate economic activity in the order of:

- \$2.2 million in output (including \$0.9 million in direct activity).
- \$1.0 million contribution to GRP (including \$0.4 million in direct activity).
- \$0.5 million in incomes and salaries paid to households (including \$0.2 million in direct activity).
- 9 FTE jobs (including 5 directly employed in construction activity).

### Proposal Case

During construction, the Proposal is estimated to result in a net increase in economic activity in the order of:

- \$340.3 million in output (including \$141.9 million in direct activity).
- \$161.6 million contribution to GRP (including \$54.3 million in direct activity).
- \$84.6 million in incomes and salaries paid to households (including \$28.0 million in direct activity).
- 1,111 FTE jobs (including 495 directly employed in construction activity).

### Operational Phase

Economic activity in the Base Case assumes the Site remains 'As Is' (subject to the required capital expenditure). During the operational phase of the Proposal, the Site is expected to accommodate ongoing economic/operational activity through:

- **Business operations:** Direct turnover generated by the retail/commercial operational activities on-site.
- **Dispersed Jobs:** Economic activity that would not otherwise occur in the Cumberland LGA as a result of employment activity from 'dispersed jobs', i.e. residents who work from home.
- **Household impacts:** Economic activity that would not otherwise occur in the Cumberland LGA as a result of direct expenditure of new households, i.e. households who live in the new dwellings (only in the Proposal Case). It must be noted that household expenditure activity supported should not be combined with the operational impacts as some of these impacts are likely to have already been captured in the assessment (e.g. some expenditure on retail and food and beverage by households is likely to be spent at the retail and food/beverage outlets locating to the Site).

Compared to the Base Case, the Proposal Case is expected to result in a **net increase** in annual economic activity through the direct and flow-on impacts (per annum) generated by additional business operations and dispersed jobs:

- **\$204.6 million additional** in output (including \$95.7 million in direct activity).
- **\$116.5 million additional** in contribution to GRP (including \$54.5 million in direct activity).
- **\$56.8 million additional** in incomes and salaries paid to households (including \$28.3 million directly).
- **646 additional** FTE jobs (including 294 additional jobs directly related to activity and dispersed jobs on the Site).

Household expenditure associated the new dwellings is estimated to support the economic activity through initial household spending and flow-on impacts via a lift in supply chain activity and household consumption (per annum):

- \$47.0 million in output (including \$23.2 million in direct activity).
- \$27.4 million in contribution to GRP (including \$14.1 million in direct activity).
- \$13.0 million in incomes and salaries paid to households (including \$7.1 million in direct activity).
- 197 FTE jobs (including 122 additional jobs directly related to household expenditure activity).

The economic impacts estimated demonstrate the Proposal has economic merit, having the ability to contribute to the Cumberland local economy, as well as supporting growth in the local centre of Merrylands.

Impacts on the Greater Sydney and NSW economies are beyond the scope of this EIA. When included, the Proposal will undoubtedly demonstrate an even more compelling proposition for consideration.

## CONCLUSION

The Proposal responds to the Greater Sydney Region Plan, The Central City District Plan and Cumberland 2030: Our Local Strategic Planning Statement in a number of key areas:

- **Renewal of Local Centres**

Merrylands is identified as a 'local centre'. 18% of Greater Sydney's jobs are provided within these local centres. The development proposal includes provision for approximately 9,153m<sup>2</sup> of GFA across retail, commercial and childcare floorspace which could deliver numerous jobs and economic benefit to the region.

- **Greater Housing Supply**

According to The Greater Sydney Region Plan NSW Government has identified that an additional 725,000 homes will be needed by 2036 to meet demand (based on current population projections). The report also notes that between 2000 and 2010 there was a substantial decline in dwelling completions which combined with a strong population growth preceded one of the strongest property cycles to date suggesting an imbalance of supply and demand fundamentals.

Other elements of importance covered within the report include housing affordability, urban renewal and local infill development. The subject site represents a significant underdevelopment/underutilisation and would be a prime beneficiary of a redevelopment proposal. Given the subject sites proximity to rail, bus, shopping centre, Westmead education/health precinct and The Central River City, it would appear well positioned to support the proposed development particularly when noting Merrylands more competitive price point as compared with surrounding regions.

- **More Diverse Housing and Affordability**

Outside of social and affordable housing, in order to assist many potential first home buyers into the market, affordability needs to be addressed. The report further identifies that smaller dwellings could be a potential avenue to address affordability. Merrylands has a comparatively high proportion of renters (45%) which could be reduced should more affordable options be presented. The subject development proposal partly addresses the affordability gap with the inclusion of a higher proportion of studio and 1-bedroom apartments.

- **Investment and Business Activity in Centres**

Merrylands is identified as a strategic centre of the Granville Ward and is also the largest centre within the Cumberland LGA. The report goes on to note Merrylands has been, and will continue to be, the focus of planning for growth and development. The centre plays a key supporting role for surrounding areas and this will grow in importance with the continued growth and investment in Greater Parramatta. Council believes that Merrylands has the potential to be defined as a strategic centre in the District hierarchy, based on the range of services and potential to expand to provide additional housing.

New residents on the Site are estimated to support economic activity (not just on-site but in the Merrylands local centre and in the Cumberland LGA), indicated by additional output generation and contribution to GRP, additional incomes and salaries to households and total employment supported. The Proposal facilitates new residential, retail and commercial development revitalizing the precinct and improves connectivity to the Merrylands town centre and train station through provision of a new public spaces and improved pedestrian links.

The economic impacts estimated in this study demonstrate the Proposal has economic merit, having the ability to contribute significantly to the Cumberland local economy by adding \$204.6 million in output, \$116.5 million in contribution to GRP, \$56.8 million in incomes and 646 FTE jobs. Given the subject sites proximity to rail, bus, shopping centre, Westmead education/health precinct and The Central River City, it would appear well positioned to support the proposed development particularly when noting Merrylands more competitive price point as compared with surrounding regions.

# TABLE OF CONTENTS

<b>DOCUMENT CONTROL</b> .....	<b>I</b>
<b>EXECUTIVE SUMMARY</b> .....	<b>II</b>
<b>TABLE OF CONTENTS</b> .....	<b>VI</b>
<b>1. INTRODUCTION</b> .....	<b>1</b>
1.1 BACKGROUND .....	1
1.2 THE PROPOSAL .....	1
1.3 SCOPE AND PURPOSE .....	2
1.4 STRUCTURE OF STUDY .....	2
1.5 ASSUMPTIONS AND LIMITATIONS .....	3
<b>2. LOCATION AND PLANNING CONTEXT</b> .....	<b>4</b>
2.1 LOCATION CONTEXT .....	4
2.2 PLANNING CONTEXT .....	6
2.3 IMPLICATIONS FOR THE SITE .....	10
<b>3. SOCIO-ECONOMIC PROFILE</b> .....	<b>11</b>
3.1 SOCIO-DEMOGRAPHIC PROFILE .....	11
3.2 EMPLOYMENT PROFILE .....	19
3.3 FUTURE EXPECTATIONS .....	22
3.4 SUMMARY OF FINDINGS AND IMPLICATIONS .....	24
<b>4. PROPERTY MARKET APPRAISAL</b> .....	<b>25</b>
4.1 KEY ECONOMIC INDICATORS .....	25
4.2 RESIDENTIAL LAND USES .....	26
4.3 COMMERCIAL LAND USES.....	28
4.4 RETAIL LAND USES.....	29
<b>5. ECONOMIC IMPACT ASSESSMENT</b> .....	<b>30</b>
5.1 INTRODUCTION .....	30
5.2 DRIVERS OF ECONOMIC IMPACT .....	30
5.3 ECONOMIC ACTIVITY AND IMPACTS .....	31
5.4 HOUSING IMPACTS.....	34
<b>6. POLICY ASSESSMENT</b> .....	<b>36</b>
6.1 ECONOMIC AND HOUSING IMPACTS .....	36
6.2 ZONING OBJECTIVES.....	37
6.3 CONCLUSION .....	37
<b>REFERENCES</b> .....	<b>39</b>
<b>APPENDIX A: INPUT-OUTPUT METHODOLOGY</b> .....	<b>41</b>

# 1. INTRODUCTION

## 1.1 BACKGROUND

Coronation Property Pty Ltd (Merrylands Investment Co Pty Ltd) intend to redevelop a site situated at 233 and 249-259 Merrylands Road and 52-54 McFarlane Street, Merrylands (hereafter referred to as 'The Site'). Extending to approximately 12,418 sqm in total site area, The Site is currently improved with a mix of low-density retail/commercial buildings (which are predominantly vacant and require capital expenditure to make lettable) occupied by a range of tenants. The Site is currently zoned B4 - Mixed Use and part SP2 – Infrastructure as administered under the Holroyd Local Environmental Plan 2013 (as amended).

Coronation Property Pty Ltd currently own the site and are seeking to progress a planning proposal (the Proposal) for its redevelopment into a new mixed-use precinct comprising residential, commercial and retail uses. AEC Group (AEC) has been engaged by Coronation Property Pty Ltd to prepare an Economic Impact Assessment to analyse the economic impacts likely to result from implementation of the Proposal.

## 1.2 THE PROPOSAL

Coronation Property Pty Ltd has prepared a concept plan for The Site which envisages a mixed-use development comprising retail and commercial uses, a new childcare centre and a total of approximately 790 residential units. The concept plan proposes an apartment composition consisting of 129 x studios (16%), 264 x 1-bedroom units (33%), 379 x 2-bedroom units (48%) and 18 x 3-bedroom (2%) units. Cumberland Council have raised concern about the suitability of the proposed apartment composition, in particular, the comparatively high allocation towards studio and 1-bedroom units (equating to approximately 50%) planned for the subject site.

Indicative diagrams of the Proposal are illustrated in Figure 1.1.

**Figure 1.1: Illustrative Diagrams, The Proposal**







Source: Coronation

Permissible uses in the **B4 - Mixed Use** zone include boarding houses, child care centres, commercial premises, community facilities, education establishments, entertainment facilities, function centres, hostels, hotels or motel accommodation, information and education facilities, medical centres, passenger transport facilities, recreation facilities (indoor), registered clubs, respite day care centres, restricted premises, roads, seniors housing, shop top housing or any other development not outlined as being prohibited or permitted without consent.

Under this zoning categorisation, a maximum permissible FSR of 5.5:1 and maximum permissible building height range of between 43-77 metres applies.

### 1.3 SCOPE AND PURPOSE

AEC Group (AEC) is engaged by Coronation Property Pty Ltd to prepare an Economic Impact Assessment (EIA) to analyse the economic impacts likely to result from the proposed development. A Base Case and Proposal Case have been developed to consider the cumulative impacts of the Proposal.

- **Base Case:** The Base Case assumes a 'Do-Nothing' scenario; i.e. existing uses remain in place (retail and commercial) comprising approximately 6,292.30m<sup>2</sup> of GLA (across 13 suites/shops). We have been advised by Coronation approximately 71.6% of GLA is currently vacant and requires significant capital expenditure. The Base Case assumes that, without the Project, capital expenditure will occur to reinvigorate the existing vacant tenancies in order to attract new tenants.
- **Proposal Case:** The Proposal Case assumes the demolition of the existing improvements to facilitate a mixed-use development comprising 3,735m<sup>2</sup> of GFA of commercial floorspace, 4,659m<sup>2</sup> of GFA of retail floorspace and 790 apartments (61,218m<sup>2</sup> of GFA).

The purpose of the EIA is two-fold:

- 1 To consider the merits of the Proposal from a strategic planning and market perspective, specifically the role of the site to provide for housing opportunities, employment and local services. The appropriateness of the Proposal in assisting to support and strengthen the role of Merrylands as a local centre proximate existing transport infrastructure, existing shopping centre, Parramatta CBD and Westmead Health and Education precinct are also important for consideration.
- 2 To carry out economic modelling to assess the economic impacts of the Proposal and to understand the opportunity cost of the Base Case.

### 1.4 STRUCTURE OF STUDY

The Economic Impact Assessment is structured in the following manner:

- **Chapter 1: Introduction**  
This chapter provides an overview of the site, including its location, surrounding uses, strategic planning context and the proposed amendments to planning controls.
- **Chapter 2: Location and Planning Context**  
This chapter provides an overview of the site including its location and strategic planning context.

- **Chapter 3: Socio-Economic Profile**

This chapter examines the socio-demographic profile and employment profile of Merrylands, noting historical trends, the nature and characteristics of residents and business activity and potential for future growth as espoused in key strategic planning objectives. The socio-demographic analysis provides insight into the profile of current residential demand, growth prospects and respective implications for the Site.
- **Chapter 4: Property Market Appraisal**

This chapter briefly investigates demand and supply of residential, retail and commercial property uses in Merrylands and other surrounding centres.
- **Chapter 5: Economic Impact Assessment**

This chapter assesses the economic impacts of future development on the Site by investigating two scenarios:

  - Base Case: the economic impacts should the site remain 'As Is' (subject to required capital expenditure).
  - Proposal Case: the economic impacts following implementation of the proposed redevelopment concept.
- **Chapter 6: Policy Assessment**

This chapter reviews and translates the key findings from Chapters 2 to 5 and applies them in the assessment of the Proposal against policy considerations.

## 1.5 ASSUMPTIONS AND LIMITATIONS

Input-Output modelling has been used in assessing the economic impacts of The Proposal, and this methodology is subject to a range of assumptions and limitations. An overview of the broad assumptions and limitations of Input-Output modelling is presented in Appendix A.

In addition to the general assumptions and limitations inherent in Input-Output modelling, assumptions have been made regarding where goods and services are likely to be sourced during construction of The Proposal. The accuracy of the estimated economic impacts is limited by the accuracy of the assumptions used for construction and ongoing enabled activity.

This Study does not review potential retail impacts of the Proposal which could be investigated if required.

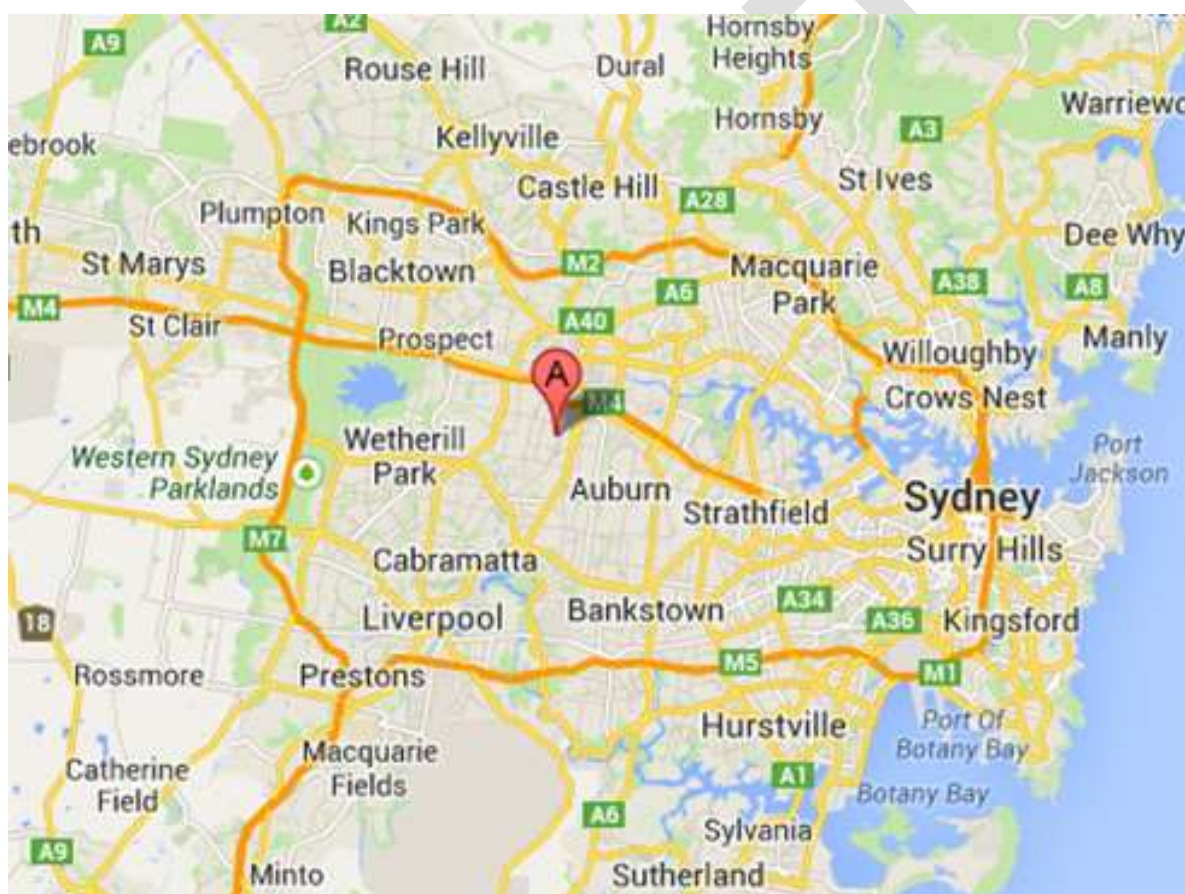
## 2. LOCATION AND PLANNING CONTEXT

### 2.1 LOCATION CONTEXT

Merrylands is a suburb situated in Greater Western Sydney and is located approximately 25 kilometres west of the Sydney Central Business District and approximately 3.7 kilometres south of Parramatta Central Business District. It is administered under the Local Government Area of Cumberland Council. Amenities within the region include Central Gardens, Ted Burge Reserve, Merrylands Park, Merrylands Swimming Centre and Granville Park.

Merrylands is well supported by transportation services and infrastructure. Merrylands Train Station is situated approximately 350 metres east of The Site whilst public bus services are available along both Merrylands Road and McFarlane Street. Major arterial roads servicing the region include Woodville Road, M4 Motorway and the Cumberland Highway.

Figure 2.1: Location Map



Source: Coronation

The Site is situated at the junction of Merrylands Road, Treves Street and McFarlane Street directly opposite Stockland Merrylands Shopping Centre. The precinct in which The Site is located, is primarily characterised by strip retail along Pitt Street, Merrylands Road, Treves Street and McFarlane Street. Additional surrounding development further comprises a range of near new to current mixed-use high-density residential developments coupled with older style (circa 1970s to 1990s), three level walk-up apartment complexes.

**Figure 2.2: Site Map**



Source: Coronation

**Stockland Merrylands Shopping Centre**

The subject site is situated directly opposite Stockland Merrylands Shopping Centre which extends to a GLA of 59,499m<sup>2</sup>. The centre includes six major retailers including ALDI, Coles, Woolworths, Big W, Kmart and Target. There are also five mini-majors and over 200 specialty stores including a childcare centre.

**Figure 2.3: Stockland Merrylands Shopping Centre**



Source: Stockland

## 2.2 PLANNING CONTEXT

Planning frameworks act as Legislation and/or guides issued by Government to create a broad strategy. They generally state the future vision of the area over a certain time and provide structure as the vision progresses. Strategic plans like The Greater Sydney Region Plan, The Central City District Plan and Cumberland 2030 model the future of Sydney and the Central District and Cumberland. Local planning instruments such as Local Environmental Plans (LEPs) and Development Control Plans allow Councils to regulate the use of land. We note that LEP's are legally binding policies, whilst the others acting merely as guidelines only (i.e. DCPs).

### 2.2.1 The Greater Sydney Region Plan – A Metropolis of Three Cities

The Greater Sydney Region Plan (the Region Plan) sets the strategic framework to guide the growth and development of Greater Sydney over the coming decades to 2036. The population of Greater Sydney is estimated to increase by an additional 1.7 million people by 2036, with much of this growth expected in Western Sydney. To meet this surge in population growth, an additional 725,000 dwellings have been forecast to be required by 2036. The key principle of the Region Plan is to accommodate this growth across the Metropolis of Three Cities which comprises:

- Western Parkland City (based around the Western Sydney Badgerys Creek Aerotropolis);
- Central River City (Parramatta CBD); and
- Eastern Harbour City (Sydney CBD).

The Region Plan envisages a '30-minute city' where residents can live within 30 minutes of a range of employment opportunities, education facilities, health care and other services as well as retail amenity. The Region Plan was developed in conjunction with the *Future Transport Strategy 2056* to assimilate land use, transport and infrastructure needed to support future growth. The Region Plan also focuses on encouraging housing diversity and promoting housing affordability, acknowledging the role different housing typologies have in accommodating a range of households, life stages and price points.

#### **Objective 10: Greater Housing Supply**

Of particular relevance to this study is Objective 10: *Greater Housing Supply*. According to The Greater Sydney Region Plan NSW Government has identified that an additional 725,000 homes will be needed by 2036 to meet demand (based on current population projections). The report also notes that between 2000 and 2010 there was a substantial decline in dwelling completions which combined with a strong population growth preceded one of the strongest property cycles to date suggesting an imbalance of supply and demand fundamentals. Other elements of importance covered within the report include housing affordability, urban renewal and local infill development. The subject site represents a significant underdevelopment/underutilisation and would be a prime beneficiary of a redevelopment proposal.

Given the subject sites proximity to rail, bus, shopping centre, Westmead education/health precinct and The Central River City, it would appear well positioned to support the proposed development particularly when noting Merrylands more competitive price point as compared with surrounding regions (such as Parramatta).

#### **Objective 11: Housing is More Diverse and Affordable**

This section of the report highlights the growing need to address housing affordability. Outside of social and affordable housing, in order to assist many potential first home buyers into the market, affordability needs to be addressed. The report further identifies that smaller dwellings could be a potential alternative to assist with more affordable housing. Merrylands has a comparatively high proportion of renters (45%) which could be reduced should more affordable options be presented.

The subject development proposal partly addresses the affordability gap with the inclusion of a higher proportion of studio and 1-bedroom apartments (take-up of which would primarily be driven by first home buyers, young professionals key workers).

## 2.2.2 The Central City District Plan

Coinciding with the Region Plan, the Central City District Plan is a 20-year plan dictating the planning priorities and intended actions of the Central City District to escalate the quality of life for occupants as Greater Sydney expands in the future. Informing the local strategic planning statements of the LGA within its boundary, it seeks to bridge the gap between levels of Government to ensure that future aims and objectives outlined within these reports are able to come to fruition.

The Central City District Plan boosts the Parramatta CBD and its emergence as one of the three metropolises along with additional surrounding projects such as the Westmead and Blacktown health and education precincts, the increasing education facilities provided by the Western Sydney University and the Greater Parramatta and Olympic Peninsula (GPOP). In specific reference to this Market Assessment, the Central City District Plan identifies key areas in the Cumberland LGA such as Merrylands and Merrylands West as key local centres benefitting from the Central River City and acting as 400 metre and 800 metre walking catchments. With these local centres comes a plethora of additional intrinsic benefits to Merrylands, including increased transport and infrastructure options and projections acting as bus and railway interchanges for future links to surrounding strategic centres, employment bases, services and population.

Furthermore, outlined within this plan is the projection that the number of single person households is expected to increase by 81% within 20 years to 2036. This is also correlates with the number of single-parent and couple-only households which are also predicted to increase, highlighting the need for councils and developers to work together in meeting future demand for housing whilst noting housings ever increasingly changing tenure and composition. The plan also sets dwelling and employment targets for the district including the Cumberland LGA. The Central City District will need is forecast to deliver 53,500 new dwellings between 2016-2021 with 9,350 of those allocated to the Cumberland LGA. In addition, surrounding strategic centres such as Blacktown and Sydney Olympic Park are in close proximity to Merrylands, and are expected to create a baseline target of 17,000 and 45,000 new jobs by 2036.

### **Planning Priority C5**

This section of the report highlights the growing need to provide housing supply, choice and affordability with access to jobs, services and public transport. Further, the report notes that approximately 207,500 homes will be needed in the Central City District between 2016 and 2036 and that *new housing must be in the right places to meet demand for different housing types, tenure and price points.*

The development proposal addresses the aforementioned key requirements in accordance with Planning Priority C5 of The Central City District Plan when taking into consideration proximity to services, transport, employment and education options as well as providing an affordable price point.

### **Planning Priority C6**

This section of the report highlights the importance of creating and renewing local centres. Merrylands is identified as a local centre within this report, and it is further noted 18% of Greater Sydney's jobs are provided within these local centres.

The development proposal includes provision for approximately 9,153m<sup>2</sup> of GFA across retail, commercial and childcare floorspace which could deliver numerous jobs and economic benefit to the region.

### **Planning Priority C7**

This section of the report highlights the importance of Parramatta CBD, noting it is the fifth largest office market in Greater Sydney providing more than 700,000m<sup>2</sup> of commercial floorspace. According to the report, City of Parramatta forecasts a near doubling in economic growth in Parramatta CBD in coming years. In addition, the Westmead Health and Education Precinct is noted as an integral contributor for the region (being the largest integrated health, research, education and training precinct in Australia).

The development proposal could potentially deliver a meaningful supply of housing typology to cater to the growth not only of the Westmead and Parramatta precincts but also within Merrylands itself.

### 2.2.3 Cumberland 2030: Our Local Strategic Planning Statement

Building upon the principles of the Region Plan and District Plan, the *Cumberland 2030: Our Local Strategic Planning Statement* (the LSPS) provides the local strategic planning framework to guide the economic, social and environmental planning across the Cumberland LGA over the decade to 2030.

Working in correlation with wider strategic planning strategies, four categories are outlined within this plan seeking to address:

- Getting around – access and movement;
- Place and spaces for everyone – housing and community;
- Local jobs and businesses – economy, employment and centres; and
- The great outdoors – environment and open space.

These categories are complimented with planning priorities to facilitate their creation and implementation within the Cumberland LGA, whilst also adhering to the wider scope aims and objectives of the Central City District Plans and The Greater Sydney Region Plan.

#### **Strategic Land Use Framework (Section 4)**

The report highlights that Merrylands is the strategic centre of the Granville Ward and is also the largest centre within the Cumberland LGA. The report goes on to note Merrylands *has been, and will continue to be, the focus of planning for growth and development. The centre plays a key supporting role for surrounding areas and this will grow in importance with the continued growth and investment in Greater Parramatta. Council believes that Merrylands has the potential to be defined as a strategic centre in the District hierarchy, based on the range of services and potential to expand to provide additional housing.* It is considered the Proposal is supportive of this strategy.

#### **Local Planning Priority 6**

The report highlights the need to providing affordable housing and the importance of housing affordability. Cumberland LGA is targeting 15% affordable housing within the region however this only addresses the issue by providing rental accommodation to very low to moderate income households. This only solves part of the problem, a greater resolve could be to potentially transition a larger proportion of the renter market into owner occupiers which can potentially assist them with achieving financial security by way of providing housing at a more affordable price point.

The proposed development is considered relevant to both Section 4 and Priority 6 of Cumberland 2030: Our Local Strategic Planning Statement noting its prime location within a strategic centre as well as its comparatively high allocation of studio and 1-bedroom apartments which offer a more affordable price point within the market.

### 2.2.4 Holroyd Local Environmental Plan 2013 (as amended)

The Holroyd Local Environmental Plan 2013 (Holroyd LEP) as amended, together with the Auburn Local Environmental Plan 2010 and the Parramatta Local Environmental Plan 2011 are the principle Legislative framework governing land use and development in the Cumberland LGA. The Site is administered under the provisions of the Holroyd LEP.

The Site is currently zoned B4 - Mixed Use (predominantly) and SP2 - Infrastructure. The objectives of these zones follows:

- **B4 - Mixed Use**
  - Provide a mixture of compatible land uses;
  - Integrate suitable business, office, residential, retail and other development in accessible locations as to maximise public transport patronage and encourage walking and cycling;
  - Facilitate a vibrant, mixed use centre with active retail, commercial and other non-residential uses at street level; and

- o Encourage the development and expansion of business activities that will strengthen the economic and employment role of the Merrylands town centre.

Permissible uses in the B4 - Mixed Use zone include boarding houses, child care centres, commercial premises, community facilities, education establishments, entertainment facilities, function centres, hostels, hotels or motel accommodation, information and education facilities, medical centres, passenger transport facilities, recreation facilities (indoor), registered clubs, respite day care centres, restricted premises, roads, seniors housing, shop top housing or any other development not outlined as being prohibited or permitted without consent.

Under this zoning categorisation, a maximum permissible FSR of 5.5:1 and maximum permissible building height range of between 43-77 metres applies.

### 2.2.5 Holroyd Development Control Plan 2013

The Holroyd Development Control Plan 2013 (the Holroyd DCP) is a non-statutory framework which provides a detailed set of controls and standards for different development typologies, including residential development. Specific standards and controls relating to residential development include building design, setbacks, solar access, privacy, waste management, private open space and car parking and vehicular access.

Notably, the Holroyd DCP outlines a preferred apartment mix for mixed-use developments based on several core objectives:

- Ensure the design of apartments meet the broadest range of occupants needs possible;
- Promote buildings that can accommodate whole or partial changes of use;
- Provide diversity of apartment types, which cater for different household requirements now and in the future; and
- Maintain equitable access to new housing by cultural and socio-economic groups.

The prescribed apartment mix for development in mixed-use zones per the Holroyd DCP is outlined in **Table 2.1**.

**Table 2.1: Prescribed Apartment Mix in Mixed-Use Zones, Holroyd DCP**

Type	Prescribed Composition (Holroyd DCP)
Studio	Maximum 20%
1 bedroom	
2 bedroom	Minimum 10%
3 bedroom	Minimum 10%

Source: Holroyd Council (2013)

The proposed apartment mix for The Site comprises an approximate 50% mix of studio and one-bedroom apartments which does not conform with the current DCP. The following Chapters assess the appropriateness of the proposed apartment composition in contrast with the Holroyd DCP.



## 2.3 IMPLICATIONS FOR THE SITE

From a locational and strategic planning perspective, the Site is well-positioned to assist in delivering additional housing and employment opportunities in the Cumberland LGA. Key points of note include:

- The Site is located approximately 350m west of the Merrylands train station and circa 3.7km south of Parramatta CBD.
- Large land holding extending to approximately 12,418m<sup>2</sup> within a strategic centre of Western Sydney.
- The Site forms part of the broader Merrylands local centre which is identified as a Local Centre in Greater Sydney Region Plan and South District Plan. The Proposal responds to several objectives of the District Plan:
  - Contribution to short and medium-term dwelling targets for the LGA;
  - Improving accessibility to public transport and creation of new public realms;
  - Provision of additional retail and commercial floorspace to facilitate a broader range of employment.
- Shopping-centre based local centres such as Merrylands are identified in the Strategic and District Plans as candidates for additional housing and employment.
- The Merrylands local centre is identified in Cumberland 2030: Our Local Strategic Planning Statement as the largest centre in the LGA with additional housing and employment to be encouraged.

The next chapter examines the socio-demographic profile of Merrylands and the employment profile of the Merrylands local centre.

### 3. SOCIO-ECONOMIC PROFILE

#### 3.1 SOCIO-DEMOGRAPHIC PROFILE

The basis of socio-economic analysis is the Australian Bureau of Statistics (ABS) Census. Census data can be extracted based on a range of statistical geographies (Statistical Areas, suburbs, local government areas) to understand the socio-demographic profile of different areas at various scales.

In order to understand the historical and future growth dynamics of an area, it is useful to consider both the current and historical socio-economic profile of residents. This is important as it provides insight into the current profile of residents and facilitates an understanding of how that profile has evolved over time.

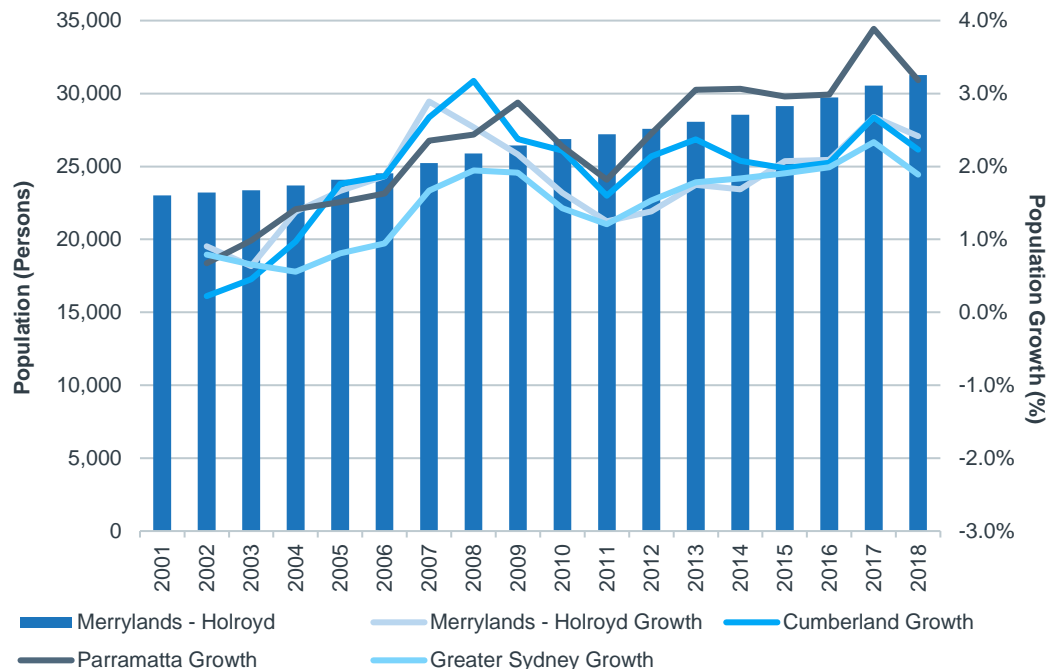
Socio-demographic analysis is undertaken using the formal suburb boundaries of Merrylands-Holroyd (Statistical Area Level 2 – SA2). For comparative purposes, the analysis is benchmarked against Cumberland and Parramatta LGAs.

##### 3.1.1 Historic and Forecasted Population

Merrylands-Holroyd witnessed a steady increase in population growth between 2001-2018 with the population increasing by approximately 8,262 residents to reach a population of 31,273 (ABS) reflecting an average annual growth rate of 1.82% which exceeded annual growth for Greater Sydney at 1.48% over the same period. The rate of population growth during this period was strongest in Parramatta LGA averaging 2.32% per annum off the back of significant capital expenditure and development (particularly within and on the periphery of Parramatta CBD).

Further, Cumberland LGA recorded slightly higher growth during this period of 1.93% per annum (whilst noting this was primarily concentrated along the larger centres within LGA consisting of Granville, Auburn and Lidcombe).

Figure 3.1: Historic Population Growth (2001-2018), Merrylands and Other Regions



Source: ABS (2019c)

Population forecasts carried out by ABS and TPA in consultation with Cumberland Council, estimate that Merrylands will accommodate an additional 8,291 residents over the coming years to 2036 (from 2018), equivalent to an average annual rate of growth of 1.32% as compared with Parramatta LGA at 2.72% per annum. This variance in projected population growth is largely due to Parramatta being subject to ongoing substantial capital investment and development with substantial capital expenditure on infrastructure (light rail extension and Sydney West Metro) proposed for the region.

In comparison with Cumberland LGA (average annual growth of 1.23% to 2036), Merrylands is anticipated to have slightly stronger population growth, most of which will be centred around Stockland Merrylands Shopping Centre and train station (town centre precinct) and primarily residing in high density dwellings.

**Figure 3.4: Population Projections, 2018 to 2046**

Region	2018	2021	2026	2031	2036	2041	2046
<b>Merrylands - Holroyd</b>	<b>31,273</b>	<b>32,563</b>	<b>34,545</b>	<b>36,998</b>	<b>39,564</b>	<b>43,346</b>	<b>47,155</b>
Change (5-yr)	-	1,290	1,981	2,453	2,566	3,782	3,809
Avg. Annual Growth	-	1.36%	1.19%	1.38%	1.35%	1.84%	1.70%
<b>Cumberland LGA</b>	<b>236,893</b>	<b>247,416</b>	<b>262,046</b>	<b>278,209</b>	<b>295,457</b>	<b>314,718</b>	<b>336,109</b>
Change (5-yr)	-	10,523	14,630	16,163	17,248	19,261	21,391
Avg. Annual Growth	-	1.46%	1.16%	1.20%	1.21%	1.27%	1.32%
<b>Parramatta LGA</b>	<b>251,311</b>	<b>280,773</b>	<b>323,914</b>	<b>365,958</b>	<b>407,414</b>	<b>439,392</b>	<b>469,037</b>
Change (5-yr)	-	29,462	43,141	42,043	41,456	31,978	29,645
Avg. Annual Growth	-	3.76%	2.90%	2.47%	2.17%	1.52%	1.31%
<b>Greater Sydney</b>	<b>4,888,230</b>	<b>5,109,746</b>	<b>5,540,543</b>	<b>5,963,525</b>	<b>6,421,844</b>	<b>6,878,538</b>	<b>7,335,893</b>
Change (5-yr)	-	221,516	430,797	422,982	458,319	456,694	457,355
Avg. Annual Growth	-	1.49%	1.63%	1.48%	1.49%	1.38%	1.30%

Source: ABS (2019c). Regional Population Growth, Australia, 2018. Cat no. 3218.0. Australian Bureau of Statistics, Canberra

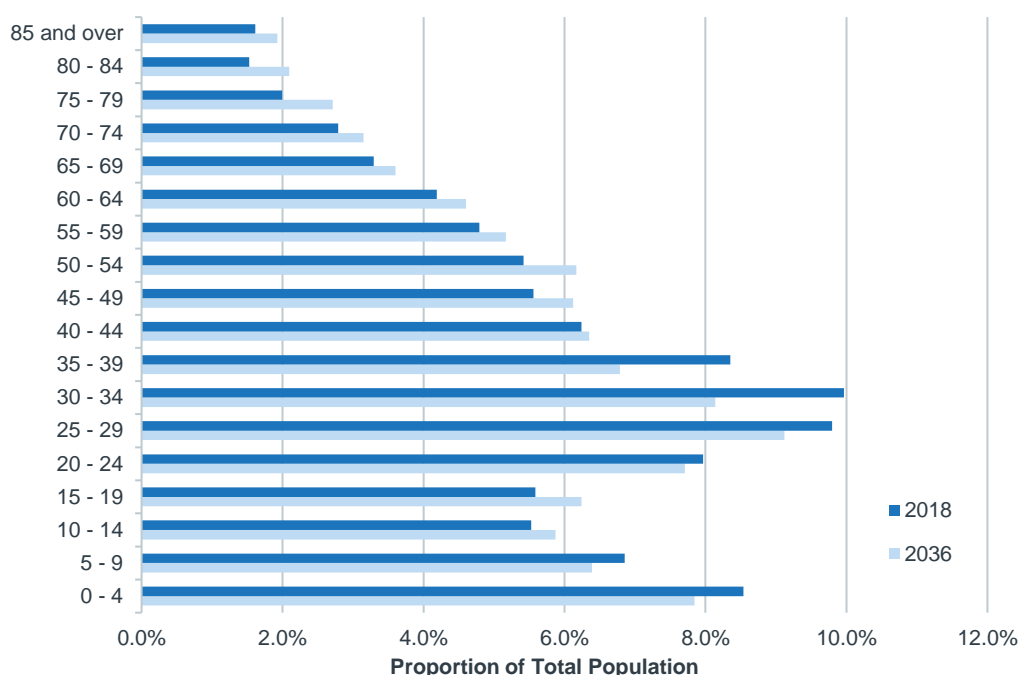
Source: TPA (2019). Population (ERP POPD PNPD OPD) by Travel Zone 2016-2056. Transport Performance and Analytics, Sydney

Source: TPA (2019). Population (POPD) by age-sex and travel zone 2016-2056. Transport Performance and Analytics, Sydney

Based upon the population projections as highlighted in the above table, Merrylands-Holroyd reflects a total projected growth rate between 2018-2046 of 1.48% as compared with Cumberland LGA at 1.26%, Parramatta LGA at 2.25% and the Greater Sydney region at 1.46%.

### 3.1.2 Historic and Forecasted Age Structure

As at the date of the 2016 Census, the median age of residents in Merrylands was 32 years of age, aligning with the broader Cumberland LGA. Both Merrylands and Cumberland LGA have a younger median age than Greater Sydney (36 years of age) and New South Wales (38 years of age). Historically, the age structure of Merrylands has closely aligned with the Cumberland LGA, with a large proportion of the population aged between 0 years and 39 years (representing approximately 62.5% of the population as at 2018).

**Figure 3.4: Merrylands-Holroyd Age Proportion of Total, 2018 and 2036**


Source: ABS (2019c) and TPA (2019)

Population forecasts suggest residents (between the ages of 20-29) will still remain one of the dominant age cohorts in Merrylands (representing some 17.8% as at 2018) over the coming decades to 2036. Whilst we note population forecasts are expected to decrease for this age cohort (projected at 17.5% in 2036), the increasing disposition of residents delaying having children or deciding altogether to not have children may also impact the next largest cohort (residents aged between 30-39) in terms of dwelling requirement (potentially leading to a preference for smaller more practical and affordable studio and 1 bedroom apartments for example).

Further, anecdotal evidence suggests the primary buyer category for studio and 1-bedroom apartments is typically younger/first home buyers between the ages of 20-29.

This would indicate the likely increasing demand for smaller, more affordable dwellings including studio/1-bedroom housing particularly within close proximity to amenities and transportation links.

The emergence of the Parramatta CBD and Westmead Health Precinct as major health and education hubs has implications for the future age profile of satellite suburbs such as Merrylands. Whilst many students and key workers will choose to reside in accommodation immediately proximate these centres, neighbouring suburbs can play an important role in accommodating any overflow demand or providing suitable accommodation, particularly if it can be provided at a more affordable price point.

### 3.1.3 Household Composition

According to the ABS (Census of Population and Housing 2016), Merrylands comprised some 9,975 households in 2016 (13.8%) of the 72,157 households recorded in the Cumberland LGA. Family households represent the largest proportion in Merrylands at 71.8%, comparatively similar as compared with Cumberland LGA at 73.3% and Parramatta LGA at 71.2%.

However, lone person households in Merrylands represent the second largest proportion of the population at 19.2%, which we note is higher than both Cumberland and Parramatta LGAs (albeit not by a significant margin).

Of further note there has been a substantial increase in high density residential dwellings constructed within Merrylands over the last 4-year period (since the prior Census data was compiled), it is entirely likely the lone person household structure within Merrylands may have increased commensurably, however this remains speculative until updated Census data has been compiled.

**Figure 3.5: Household Composition, 2016**

Household Type	Merrylands - Holroyd	Cumberland	Parramatta
Family household	71.8%	73.3%	71.2%
Lone person household	19.2%	17.1%	19.0%
Group household	4.4%	4.7%	4.4%
Visitors only	0.6%	0.5%	0.8%
Other households	4.0%	4.4%	4.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: ABS (2017)

### Education Levels

Merrylands and wider Cumberland LGA still reflect a higher proportion of people with no qualification (58.4% and 58.2% respectively) as compared with Parramatta LGA at 44.5%. Between 2011-2016, people holding a Bachelor Degree has only marginally increased in Merrylands from 12.9% to 13.8% whilst people possessing a Postgraduate Degree has increased from 3.0% to 4.9% across the same period.

Across the three precincts, residents possessing an Advanced Diploma or above has shown increases each Census date whilst those with no education is declining. Overall, the data shows us that the level of education is increasing gradually over time.

**Table 3.1: Education Levels (2011-2016), Merrylands-Holroyd and Surrounds**

Indicator	Merrylands-Holroyd	Cumberland	Parramatta
<b>2006</b>			
Postgraduate Degree	-	4.0%	5.3%
Graduate Diploma and Graduate Certificate	-	0.9%	1.4%
Bachelor Degree	-	13.8%	16.5%
Advanced Diploma and Diploma	-	7.9%	8.8%
Certificate Level	-	14.8%	14.6%
No Qualification	-	58.6%	53.5%
<b>Total</b>	<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>2011</b>			
Postgraduate Degree	3.0%	5.9%	7.3%
Graduate Diploma and Graduate Certificate	0.8%	1.1%	1.5%
Bachelor Degree	12.9%	15.5%	18.1%
Advanced Diploma and Diploma	8.8%	8.7%	9.2%
Certificate Level	15.2%	13.1%	12.9%
No Qualification	59.3%	55.8%	50.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>2016</b>			
Postgraduate Degree	4.9%	5.8%	11.2%
Graduate Diploma and Graduate Certificate	0.9%	1.0%	1.9%
Bachelor Degree	13.8%	15.0%	22.8%
Advanced Diploma and Diploma	8.7%	8.2%	8.8%
Certificate Level	13.3%	11.8%	10.7%
No Qualification	58.4%	58.2%	44.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: ABS (2007), ABS (2012), ABS (2017).

### Method of Travel to Work

The majority of residents in Merrylands travel to work via car with 57% of residents using this form of travel (in accordance with the 2016 Census). This is marginally higher than that observed in the broader Cumberland LGA, where 54% of working residents use a car as the primary method of travel to work. 19% of residents in Merrylands use the train to travel to work, which is also lower than the broader LGA (23.3%).

Active forms of travel (e.g. walking, bicycle) are not commonly used, with 2.4% of working residents using these forms of travel. Even lower rates of active travel are observed in the broader LGA (2.2%).

**Table 3.2: Method of Travel to Work (2011-2016), Merrylands (Residents)**

Travel Method	Merrylands		Cumberland LGA	
	2011	2016	2011	2016
Train	18.7%	19%	21.9%	23.3%
Bus	3.4%	4.0%	1.9%	2.3%
Taxi	0.2%	0.2%	0.3%	0.3%
Car	55.5%	57.0%	54.0%	54.0%
Car (as passenger)	6.8%	5.6%	5.9%	5.1%
Truck	1.5%	0.9%	1.5%	1.0%
Motorbike	0.1%	0.1%	0.2%	0.3%
Bicycle	0.2%	0.0%	0.2%	0.2%
Walked only	2.5%	2.4%	2.3%	2.0%
Other	0.5%	1.2%	0.7%	1.1%
Worked at home	1.2%	2.3%	1.7%	2.6%
Did not go to work	7.1%	6.1%	7.0%	6.3%
Not stated	2.2%	1.2%	2.6%	1.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: .ID (2019)

### 3.1.4 Household Ownership

Compared to other areas across Greater Sydney, household ownership patterns across Merrylands and Parramatta are much more evenly split amongst owner occupiers and renters. Owner occupiers (including outright ownership, mortgaged and shared equity scheme), account for circa 53.5% of households in Merrylands. Households which are renting (both privately and in social housing) account for just under 45.0%. This high proportion of renters is greater than that observed in both the Cumberland and Parramatta LGAs.

**Table 3.6: Household Ownership (2016), Merrylands-Holroyd and Surrounds**

Tenure Type	Merrylands - Holroyd	Cumberland	Parramatta
Owned outright	25.4%	26.6%	25.2%
Owned with a mortgage	28.0%	30.9%	31.2%
Being purchased under a shared equity scheme	0.1%	0.2%	0.1%
Rented	45.0%	40.8%	41.7%
Being occupied rent-free	0.9%	0.9%	0.8%
Being occupied under a life tenure scheme	0.1%	0.3%	0.7%
Other tenure type	0.4%	0.4%	0.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: ABS (2017)

Rental rates in Parramatta have increased significantly in recent years as compared with Merrylands. Anecdotal evidence from local agents suggests the popularity of Merrylands as an alternative market has risen significantly in recent times, particularly to younger more price conscious households who still require proximity to the amenities and services offered by Parramatta CBD. When also taking into consideration key workers, we note that Parramatta has seen a decline of approximately 21.5% for this category between 2006 and 2016.

Ultimately, the long term objective for most residents would be to transition away from renting and into home ownership (with the creation of equity and wealth creation).

By providing the market with a more affordable product (albeit smaller/lower bedroom count), it would appear that this would serve the community in terms of price point and make obtainable, for a larger cross section of the community, the prospect to their own home.

### 3.1.5 Gross Household Incomes and Housing Costs

Our analysis reveals the median proportion of Merrylands residents earn \$1,267 per week which is lower than the broader Cumberland LGA (\$1,379 p/w) and Parramatta LGA (\$1,759 p/w) based on 2016 Census data. Further, the average monthly mortgage payment for Merrylands is \$2,000 whilst the monthly repayments for Cumberland LGA and Parramatta LGA are \$2,000 and \$2,167 respectively. Interestingly, what this data demonstrates, is that the weekly income of Merrylands is 38.83% lower than that of Parramatta LGA whilst the average mortgage payment is only 8.35% higher in Parramatta. This highlights the need for more affordable housing options in Merrylands which can be provided by way of smaller dwellings such as those within the proposed development by Coronation Property Pty Ltd.

With rental costs circa 30.8% of gross income, it is relatively cheaper and more affordable for the residents to lease than own (reflecting a differential of 5.6%). This provides explanation for the strong renter base that is established within Merrylands. However, in order to make home ownership more accessible to a larger proportion of the community, more affordable options need to be considered. This is where justification for the proposed development appears to be warranted.

**Table 3.7: Household Gross Income and Housing Costs**

Income Ranges	Merrylands -							
	Holroyd	Aggregate	Cumberland	Aggregate	Parramatta	Aggregate	Greater Sydney	Aggregate
Negative income	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%
Nil income	2.2%	2.6%	2.1%	2.5%	1.9%	2.2%	1.9%	2.2%
\$1-\$149 (\$1-\$7,799)	1.0%	3.6%	0.9%	3.5%	0.8%	3.0%	0.8%	3.0%
\$150-\$299 (\$7,800-\$15,599)	2.6%	6.2%	2.8%	6.2%	1.9%	5.0%	2.0%	4.9%
\$300-\$399 (\$15,600-\$20,799)	3.2%	9.4%	3.4%	9.6%	2.4%	7.4%	2.6%	7.5%
\$400-\$499 (\$20,800-\$25,999)	6.8%	16.2%	6.7%	16.4%	4.7%	12.1%	5.2%	12.7%
\$500-\$649 (\$26,000-\$33,799)	5.1%	21.3%	4.7%	21.0%	3.5%	15.7%	3.7%	16.4%
\$650-\$799 (\$33,800-\$41,599)	8.4%	29.7%	7.7%	28.7%	5.5%	21.2%	5.8%	22.1%
\$800-\$999 (\$41,600-\$51,999)	7.7%	37.4%	7.7%	36.4%	5.8%	27.0%	5.8%	28.0%
\$1,000-\$1,249 (\$52,000-\$64,999)	9.9%	47.4%	9.3%	45.7%	7.9%	34.9%	7.6%	35.5%
\$1,250-\$1,499 (\$65,000-\$77,999)	8.7%	56.1%	8.4%	54.1%	7.8%	42.7%	7.1%	42.6%
\$1,500-\$1,749 (\$78,000-\$90,999)	7.1%	63.2%	7.1%	61.2%	7.1%	49.8%	6.3%	48.9%
\$1,750-\$1,999 (\$91,000-\$103,999)	6.4%	69.6%	6.3%	67.5%	6.9%	56.7%	6.1%	55.0%
\$2,000-\$2,499 (\$104,000-\$129,999)	11.3%	80.8%	11.8%	79.3%	13.9%	70.7%	12.4%	67.5%
\$2,500-\$2,999 (\$130,000-\$155,999)	6.4%	87.2%	7.2%	86.5%	8.7%	79.4%	8.0%	75.5%
\$3,000-\$3,499 (\$156,000-\$181,999)	4.5%	91.8%	4.6%	91.2%	6.0%	85.4%	5.8%	81.3%
\$3,500-\$3,999 (\$182,000-\$207,999)	2.8%	94.6%	3.3%	94.5%	5.3%	90.7%	6.1%	87.3%
\$4,000-\$4,499 (\$208,000-\$233,999)	1.6%	96.2%	1.8%	96.3%	2.6%	93.3%	3.1%	90.4%
\$4,500-\$4,999 (\$234,000-\$259,999)	1.2%	97.5%	1.4%	97.7%	2.4%	95.8%	3.1%	93.5%
\$5,000-\$5,999 (\$260,000-\$311,999)	1.5%	98.9%	1.3%	99.0%	2.3%	98.0%	3.2%	96.6%
\$6,000-\$7,999 (\$312,000-\$415,999)	0.8%	99.7%	0.8%	99.8%	1.7%	99.7%	3.0%	99.6%
\$8,000 or more (\$416,000 or more)	0.3%	100.0%	0.2%	100.0%	0.3%	100.0%	0.4%	100.0%
<b>Total</b>	<b>100.0%</b>		<b>100.0%</b>		<b>100.0%</b>		<b>100.0%</b>	
<b>Average Weekly Household Income</b>	<b>\$1,646</b>		<b>\$1,682</b>		<b>\$2,031</b>		<b>\$2,162</b>	

Source: ABS (2017)

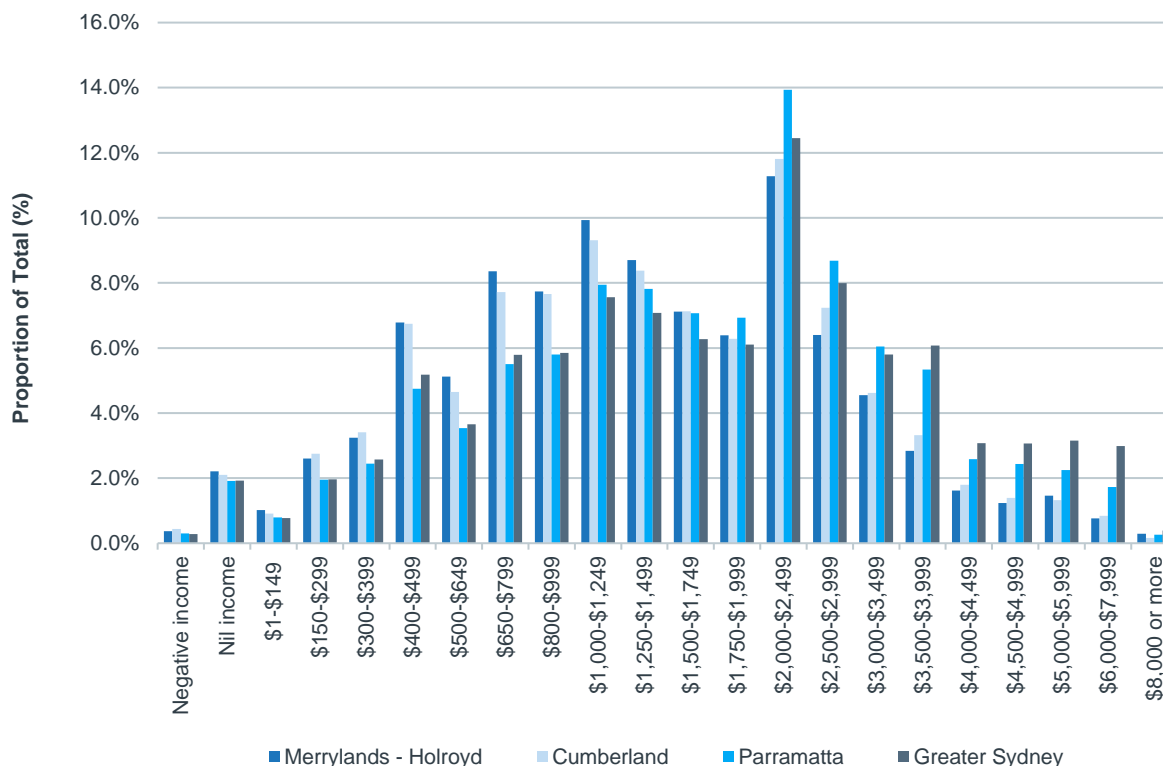
Further review of incomes across Merrylands shows the distribution of income is heavily skewed with 69.6% of households earning less than \$2,000 per week gross (compared to 67.5% in the Cumberland LGA and 56.7% in the Parramatta LGA).

The graph overleaf further demonstrates that the \$2,000 - \$2,499 gross income distribution for Merrylands residents represents the highest percentile band at 11.3% followed by the range between \$1,000 - \$1,249 at 9.9%. Residents earning above \$2,500 per week only equates to approximately 19.2% of the residents.

Whilst the proportion of residents in Merrylands and Cumberland LGA earning over \$2,500 per week are closely aligned, the discrepancy increases substantially when contrasted with Parramatta LGA at 29.3% and Greater Sydney at 32.5%.

This is illustrated in Figure 3.8 (below).

**Figure 3.8: Weekly Household Income (2016), Merrylands Comparison with other Regions**



Source: ABS (2017)

This pattern of income distribution is arguably a driver behind the higher comparative number and proportion of households renting in Merrylands. The proportion of median household income which is paid on rent is marginally lower than that of mortgage repayments, however, should the advent of more affordable housing options be provided, a far greater proportion of the residents could potentially owner occupy.

### 3.1.6 Dwelling Structure

According to the 2016 Census, the Cumberland LGA recorded an estimated 72,157 private dwellings. Separate houses accounted for the majority of these at 55.7%, followed by apartments at 27.4%. Merrylands analysis demonstrates there was some 48.5% of the dwelling structures designated as separate housing whilst apartments accounted for some 30.9%.

Across the regions analysed, only Cumberland LGA demonstrated a minor increase in separate houses between 2011-2016 whilst Merrylands, Parramatta LGA and Greater Sydney all showed a reduction.

A similar set of trends have been observed in Merrylands. Whilst detached housing accounts for the majority of dwellings as at 2016, a marked increase in the number of apartments and units has been observed (746 additional dwellings).

Table 3.9 illustrates the change in dwelling structure observed as at 2016.



**Table 3.9: Dwelling Structure (2016), Merrylands Comparison with other Regions**

Dwelling Structure	Merrylands - Holroyd	Cumberland (A)	Parramatta (C)	Greater Sydney
Separate house	48.5%	55.7%	44.1%	53.4%
Semi-detached dwelling	19.8%	16.2%	15.2%	14.2%
Flat or apartment	30.9%	27.4%	40.4%	31.7%
Other	0.8%	0.7%	0.4%	0.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: ABS (2017)

### 3.1.7 Dwelling Type Occupied by Multi-Persons Households

Our analysis of household bedroom by dwelling structure demonstrates there is an under-representation of 1 bedroom and studio apartments within Merrylands (representing some 5.8% in total under the flat or apartment category). Our findings further demonstrate the primary typology is for two-bedroom apartments at 83.6%.

**Table 3.11: Total Households Bedrooms by Dwelling Structure (Merrylands-Holroyd), 2016**

Total Households	Separate house	Semi-detached dwelling	Flat or apartment	Other	Total
None (includes bedsitters)	0.3%	0.6%	0.3%	0.0%	0.3%
One bedroom	1.1%	6.7%	5.5%	8.4%	3.6%
Two bedrooms	13.3%	25.7%	83.6%	56.0%	37.9%
Three bedrooms	46.3%	46.2%	10.3%	35.6%	35.1%
Four bedrooms	28.3%	18.8%	0.2%	0.0%	17.5%
Five bedrooms	8.8%	2.0%	0.0%	0.0%	4.7%
Six bedrooms or more	1.9%	0.0%	0.1%	0.0%	0.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: ABS (2017)

### 3.1.8 Future Housing Demand

Over the next 15 years (from 2021), the number of households in Merrylands is expected to increase by an average of 301 households each year to 14,492 households by 2036 (representing an increase of some 46.5%). Future, households are likely to be characterised by a declining household size particularly when noting the age structure of Merrylands (as at 2018) reflects 17.8% of the residents are aged between 20-29 and 18.3% are aged between 30-39.

In addition, there is the rising trend of an ageing population, declining family sizes and structure, this movement will likely result in increased demand for smaller, well-located dwellings. Declining average household sizes has implications for the provision of newer housing options as affordability will remain the key factor going forward and will likely see greater acceptance towards apartment and/or smaller apartment living.

**Figure 3.12: Household Size Projections (avg person per household), Merrylands and other Regions (2016-2056)**

Household Size Projections	2016	2021	2026	2031	2036	2041	2046	2051	2056
Merrylands - Holroyd	3.2	3.0	2.9	2.8	2.7	2.7	2.7	2.7	2.7
Cumberland	3.4	3.2	3.1	3.1	3.0	3.0	3.0	2.9	2.9
Parramatta	3.1	2.8	2.8	2.7	2.6	2.6	2.6	2.6	2.6
Greater Sydney	3.0	2.8	2.8	2.7	2.7	2.7	2.6	2.6	2.6

(Source: TPA (2019))

### 3.1.9 Housing Target

In accordance with the draft Cumberland 2030 Local Strategic Planning Statement, Merrylands is noted as the largest centre within the Cumberland LGA and that *Council believes that Merrylands has the potential to be defined as a strategic centre in the District hierarchy, based on the range of services and potential to expand to provide additional housing.*

Analysis of Department of Planning, Industry and Environment (DPIE) household projections and implied dwelling requirements, it can be observed that Lone Person households are projected to show the largest increase at 2.4% from 2011 to 2036. Given the proposal by Coronation to substantially increase the amount of studio and 1 bedroom dwellings per their concept plan, it could be considered the project may be supplying a meaningful amount of stock towards the largest projected growing cohort (based on percentage increase) within the LGA.

**Table 4.4: DPIE Household Projections and Implied Dwelling Requirements by % (Cumberland LGA)**

Household Type	2,011	2,016	2,021	2,026	2,031	2,036	% Change
Couple only	19.4%	19.3%	18.9%	18.8%	19.1%	19.3%	1.9%
Couple with children	42.0%	42.4%	42.8%	42.2%	41.3%	40.4%	1.8%
Single parent	12.7%	12.8%	13.1%	13.3%	13.5%	13.6%	2.2%
Other family households	2.3%	2.1%	2.0%	1.9%	1.9%	1.9%	1.3%
Multiple-family households	2.6%	2.6%	2.5%	2.5%	2.5%	2.5%	1.9%
Lone person	17.6%	17.6%	17.7%	18.2%	18.9%	19.5%	2.4%
Group	3.4%	3.3%	3.0%	2.9%	2.9%	2.9%	1.2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>1.90%</b>

Source: DPIE

We note that given the multiple sources of data (i.e. TPA and DPIE), there are minor variations across household numbers and projections within the above table (as compared with other tables/charts within this report).

### 3.1.10 Dwellings

Recent residential development activity is monitored by DPIE through the Metropolitan Housing Monitor which records dwelling completions and approvals for each LGA from 2016. As at April 2019, 7,117 additional dwellings had been delivered in the Cumberland LGA from 2016. This equates to approximately 65.4% of the implied dwelling requirement needed to meet projected population growth over 2016-2021.

**Table 4.5: Dwelling Approvals Versus Completions (2016-2019), Cumberland LGA**

Type	2016	2017	2018	2019*	Total
Approvals	3,688	2,738	2,546	1,903	10,875
Completions	1,415	1,904	2,236	1,562	7,117
Completions (as %)	38.4%	69.5%	87.8%	82.1%	65.4%

Source: DPIE (2019)

\* We note the completions data is yet to be released for Dec 2019 as at the date of preparing this report

## 3.2 EMPLOYMENT PROFILE

In order to better understand the employment and activity occurring around the Site, Australian Bureau of Statistics data was examined using statistical geographical boundaries of Destination Zones (DZ). These statistical areas are generally smaller than a suburb and are useful in understanding small area employment characteristics.

For the purposes of this report, analysis of employment activity is focused on DZs surrounding the Site and encompassing the broader Merrylands town centre (referred to as the 'Catchment Area'). For comparative purposes, employment activity in the Catchment Area is benchmarked against the Cumberland LGA.

### Broad Industry Classifications

The ABS categorises employment activity into ANZSIC (Australian New Zealand Standard Industry Classification) 19 industry sectors. It is often more useful to consider employment composition in broader industry terms. Broad industry classifications (BICs) group the 19 ANZSIC sectors into four main categories - population-serving, knowledge-intensive, health and education and industrial.

The correspondence between the BIC and ANZSIC classifications is outlined in Table 3.3.

**Table 3.3: Broad Industry Classifications (BICs) by ANZSIC**

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

Source: ABS

### 3.2.1 Employment by Industry

The top five sectors of employment by industry in Merrylands-Holroyd, comprise retail trade (20.2%), health care and social assistance (14.1%), construction (11.8%), public administration and safety (10.5%) and accommodation and food services (10.1%). Given the bulk of retail premises are centred around Merrylands town centre (and train station), it is no surprise retail trade is the larger employment industry, whilst also noting Stockland Merrylands Shopping Centre also falls within this catchment precinct.

The wider Cumberland LGA reflects a substantially higher representation of manufacturing, transport, postal and warehousing industries which is largest commensurate with the concentrations of industrial property within suburbs including Yennora, Guildford West and Smithfield (along the southern peripheries of the LGA).

**Table 3.4: Employment by Industry (2011-2016), Merrylands-Holroyd and Surrounds**

Industry	Merrylands-Holroyd	Cumberland	Parramatta
Retail Trade	20.2%	11.3%	6.8%
Health Care and Social Assistance	14.1%	9.6%	15.5%
Construction	11.8%	11.7%	8.4%
Public Administration and Safety	10.5%	3.8%	12.2%
Accommodation and Food Services	10.1%	5.1%	4.2%
Education and Training	8.9%	7.7%	6.4%
Other Services	5.8%	4.4%	3.5%
Transport, Postal and Warehousing	3.6%	10.4%	3.6%
Administrative and Support Services	3.1%	3.5%	3.7%
Professional, Scientific and Technical Services	3.1%	3.9%	6.8%
Rental, Hiring and Real Estate Services	2.8%	1.4%	1.7%
Financial and Insurance Services	1.7%	2.4%	10.1%
Manufacturing	1.6%	14.5%	8.1%
Wholesale Trade	1.1%	7.1%	4.3%
Information Media and Telecommunications	0.9%	1.0%	1.1%
Arts and Recreation Services	0.4%	1.0%	1.9%
Electricity, Gas, Water and Waste Services	0.2%	0.9%	1.5%
Agriculture, Forestry and Fishing	0.0%	0.3%	0.1%
Mining	0.0%	0.1%	0.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: ABS (2017)

Several observations can be drawn when comparing employment activity in Merrylands-Holroyd against Cumberland and Parramatta LGAs:

- Retail trade represents the largest proportion of employment by industry at 20.2% for Merrylands-Holroyd (as contrasted with Parramatta LGA at 6.8%).
- Parramatta LGA has a substantially higher representation of financial and insurance services at 10.1% as contrasted with Merrylands-Holroyd at 1.7%.
- The wider Cumberland LGA has a substantially higher representation of manufacturing at 14.5% (noting the large industrial precincts situated at the southern periphery of the LGA) as contrasted with Merrylands-Holroyd at 1.6%.

### 3.2.2 Employment by Occupation

Aligning with Merrylands-Holroyd's predominance of retail trade by employment by industry measure, sales workers represents the largest cohort of employment by occupation (2016) at 17.8%. Further aligning with the large concentration of industrial business operators in the southern peripheries of Cumberland LGA, the wider LGA reflects a proportion of machinery operators and drivers at 14.0% as contrasted against Merrylands-Holroyd at 5.0% (2016).

Interestingly, despite the amount of people with an Advanced Diploma or higher in Merrylands-Holroyd showing growth from between 2006-2016, the amount of professionals within the precinct between 2011-2016 declined, whilst noting managers, technicians and community/personal service workers increased. Not surprisingly, Parramatta (comprising the fifth largest CBD in Sydney by floor area) has the highest proportion of professionals at 26.8% (2016).

**Table 3.5: Employment by Occupation (2011-2016), Merrylands-Holroyd and Surrounds**

Occupation	Merrylands-Holroyd	Cumberland	Parramatta
<b>2011</b>			
Managers	9.9%	11.9%	12.6%
Professionals	17.5%	15.5%	26.4%
Technicians & Trades Workers	16.8%	16.4%	10.8%
Community & Personal Service Workers	13.5%	6.7%	8.2%
Clerical & Administrative Workers	13.4%	15.5%	23.0%
Sales Workers	16.4%	9.1%	7.2%
Machinery Operators & Drivers	4.3%	14.6%	5.3%
Labourers	8.2%	10.3%	6.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>2016</b>			
Managers	10.3%	11.7%	12.8%
Professionals	15.7%	15.5%	26.8%
Technicians & Trades Workers	14.3%	15.9%	10.6%
Community & Personal Service Workers	15.7%	8.4%	8.9%
Clerical & Administrative Workers	12.7%	14.2%	21.6%
Sales Workers	17.8%	9.1%	7.1%
Machinery Operators & Drivers	5.0%	14.0%	5.2%
Labourers	8.5%	11.1%	7.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: ABS (2012, 2017)

### 3.3 FUTURE EXPECTATIONS

Future expectations can be expressed as a 'projection' or 'forecast'.

A projection indicates a future value for the population (and dwellings) if a set of underlying assumptions occur. Projections indicate what future values for the population would be if the assumed patterns of change were to occur (e.g. at assumed rates of births, deaths and migration). They are not a prediction that the population will change in this manner.

Similarly, dwelling projections indicate the number of dwellings that would be required to accommodate the projected population assuming certain household sizes (for example an average of 2.3 persons per dwelling).

In a forecast, the assumptions represent expectations of actual future events based on current and past values as an expectation (prediction) of what will happen. For example, if a certain area has been growing at an average annual rate of 200 dwellings per annum and there have been no major changes to planning controls or market conditions, a forecast may expect similar growth of 200 dwellings per annum until dwelling capacity is exhausted.

'Forecasts' are commonly used when referring to future supply expectations, whereas future demand expectations are typically based on a series of underlying assumptions in demand projections.

#### 3.3.1 Population and Dwelling Projections

The NSW Department of Planning, Industry and Environment (DPIE) publishes population projections based on demographic research and incorporates trends projected to drive population change. The drivers of population change include overseas migration, internal migration movements, fertility rates and ageing of the population.

DPIE highlight that future levels of births, deaths and migration are projected based on a best assessment of likely future trends. Projections of population change and growth is the basis from which households, household types, average household sizes and implied dwellings are then projected. The smallest level geographical at which DPIE's projections are made is the LGA.

#### Employment Population Projections

Overall employment population projections for Merrylands-Holroyd is projected to grow from 6,633 to 8,924 from 2016 to 2036 (1.5% p.a. increase) whilst it is expected to grow from 6,633 to 11,145 between 2016 to 2056 (1.4% p.a. increase).

As at 2016, the largest proportion of employment by occupation was retail trade which is projected to continue right through to 2056. The second largest being health care and social assistance, which is also projected to be the second largest as at 2056 (showing the strongest growth of any sector between 2011-2036 at 2.2% annual growth).

Public administration and safety (representing 9.1% as at 2016) is projected to show the largest growth rate between 2011 and 2036 at 2.7% p.a. and 2.0% p.a. between 2016 and 2056.

**Table 3.6: Employment Population Projections (2016-2056)**

Merrylands - Holroyd	2016	2021	2026	2031	2036	2041	2046	2051	2056	20 yr Growth	40 yr Growth
Agriculture, Forestry and Fishing	1	1	1	1	1	1	1	1	1	-0.9%	-0.5%
Mining	0	0	0	0	0	0	0	0	0	-0.8%	-0.6%
Manufacturing	93	98	93	99	101	102	105	110	117	0.4%	0.6%
Electricity, Gas, Water and Waste Services	12	12	12	13	14	15	15	16	17	0.9%	0.9%
Construction	822	837	898	953	1,015	1,081	1,145	1,207	1,261	1.1%	1.1%
Wholesale Trade	58	58	59	59	60	61	62	62	63	0.2%	0.2%
Retail Trade	1,355	1,399	1,488	1,548	1,615	1,686	1,761	1,827	1,898	0.9%	0.8%
Accommodation and Food Services	637	740	839	889	945	1,011	1,079	1,147	1,210	2.0%	1.6%
Transport, Postal and Warehousing	210	206	192	159	163	161	159	154	156	-1.3%	-0.7%
Information Media and Telecommunications	61	64	64	64	63	62	62	62	62	0.1%	0.0%
Financial and Insurance Services	135	155	165	176	187	199	209	218	226	1.6%	1.3%
Rental, Hiring and Real Estate Services	182	187	216	230	248	270	293	315	337	1.6%	1.5%
Professional, Scientific and Technical Services	224	256	286	307	328	351	373	393	413	1.9%	1.5%
Administrative and Support Services	235	193	196	201	206	213	220	225	231	-0.6%	0.0%
Public Administration and Safety	605	778	859	942	1,029	1,115	1,185	1,246	1,317	2.7%	2.0%
Education and Training	566	660	751	816	881	948	1,012	1,074	1,128	2.2%	1.7%
Health Care and Social Assistance	991	1,108	1,272	1,405	1,547	1,696	1,843	1,985	2,124	2.2%	1.9%
Arts and Recreation Services	40	43	47	50	54	58	63	67	70	1.5%	1.4%
Other Services	406	446	450	455	467	481	493	504	514	0.7%	0.6%
<b>Total</b>	<b>6,633</b>	<b>7,241</b>	<b>7,886</b>	<b>8,367</b>	<b>8,924</b>	<b>9,512</b>	<b>10,079</b>	<b>10,612</b>	<b>11,145</b>	<b>1.5%</b>	<b>1.4%</b>

Source: TPA (2019). Population (ERP POPD PNPDP OPD) by Travel Zone 2016-2056. Transport Performance and Analytics, Sydney

### Implied Dwelling Requirement

Based on projected population and household growth, the Cumberland LGA is expected to need an additional 28,288 dwellings over the 2016-2036 period (DPIE, 2019). To meet this implied dwelling requirement, the LGA will require the completion of an annual average of 2,763 dwellings at a rate of 1.72%.

**Table 3.7: Implied Dwelling Projections and Average Household Sizes (2016-2036)**

Indicator	2016	2021	2026	2031	2036	Growth (2016-2036)	
						Change	Avg. Annual
Dwellings	69,782	77,988	83,833	90,583	98,069		
Change in Dwellings		11,750	13,550	14,750	15,200	28,288	1.72%
5-yr Avg. Growth		2.25%	1.46%	1.56%	1.60%		
Avg. Household Size	3.39	3.17	3.13	3.07	3.01		

Source: DPIE (2019)

As observed from Table 3.7, the Cumberland LGA will require an additional 1,414 dwellings over the 2016-2021 period to meet expected population growth.

### 3.3.2 Small Area Forecasts

Small area forecasts (suburb level) are undertaken by .ID on behalf of local councils. These forecasts are based on a number of key assumptions, notably the *capacity of small areas* to accommodate development under existing planning controls, population growth, household formation patterns and net migration. As detailed earlier, forecasts expectedly differ from projections.

Projections express expected future demand, whereas forecasts express the expected growth that may occur based on historical trends and capacity in the planning framework.

### Population and Dwellings

Merrylands is expected to facilitate moderate population growth over the 20 years to 2036; an additional 8,291 residents are forecasted over this period with an average annual growth rate of 1.18%. This rate of population growth is slower than that projected by DPIE for the broader Cumberland LGA.

**Table 3.8: Population and Dwelling Forecasts (2016-2036), Merrylands**

	2016	2021	2026	2031	2036	Total Change	Av. Annual Change (%)
<b>Population</b>							
Population	31,273	32,563	34,545	36,998	39,564		
Change in Population	-	1,290	1,981	2,453	2,566	8,291	1.18%
5-yr Avg. Growth	-	1.36%	1.19%	1.38%	1.35%		
<b>Dwellings</b>							
Dwellings	9,715	10,938	11,941	13,168	14,492		
Change in Dwellings	-	1,223	1,003	1,227	1,325	4,778	2.02%
5-yr Avg. Growth	-	2.40%	1.77%	1.98%	1.94%		

Source: TPA (2019). Population (ERP POPD PNPD OPD) by Travel Zone 2016-2056. Transport Performance and Analytics, Sydney

### 3.4 SUMMARY OF FINDINGS AND IMPLICATIONS

Merrylands is identified as the largest centre within the Cumberland LGA. The suburb experienced good population and employment growth over the five years from 2016, illustrating its importance as a local centre. A number of key observations of relevance to the Proposal can be drawn from the socio-economic analysis:

#### **Residents**

- Population forecasts suggest residents (between the ages of 20-29) will still remain one of the dominant age cohorts in Merrylands (representing some 17.8% as at 2018) over the coming decades to 2036
- However, lone person households in Merrylands represent the second largest proportion of the population at 19.2%, which we note is higher than both Cumberland and Parramatta LGAs (albeit not by a significant margin).
- Across the three precincts, residents possessing an Advanced Diploma or above has shown increases each Census date whilst those with no education is declining. Overall, the data shows us that the level of education is increasing gradually over time.
- Owner occupiers (including outright ownership, mortgaged and shared equity scheme), account for circa 53.5% of households in Merrylands. Households which are renting (both privately and in social housing) account for just under 45.0%.

#### **Workers**

- Our analysis reveals the median proportion of Merrylands residents earn \$1,267 per week which is lower than the broader Cumberland LGA (\$1,379 p/w) and Parramatta LGA (\$1,759 p/w) based on 2016 Census data.
- Further review of incomes across Merrylands shows the distribution of income is heavily skewed with 69.6% of households earning less than \$2,000 per week gross (compared to 67.5% in the Cumberland LGA and 56.7% in the Parramatta LGA).
- Retail trade is the largest sector (20.2%) of employment by industry in Merrylands-Holroyd
- Aligning with Merrylands-Holroyd's predominance of retail trade by employment by industry measure, sales workers represents the largest cohort of employment by occupation (2016) at 17.8%.

#### **Future Expectations**

- Over the next 15 years (from 2021), the number of households in Merrylands is expected to increase by an average of 301 households each year to 14,492 households by 2036 (representing an increase of some 46.5%).

The Proposal has the opportunity to provide additional housing and employment to meet the growing needs of the LGA in a location proximate a transport interchange and local centre.

The next chapter investigates the potential for residential and commercial land uses on the Site.

## 4. PROPERTY MARKET APPRAISAL










### 4.1 KEY ECONOMIC INDICATORS

The performance of property markets is closely correlated to the level of economic activity across Australia. Business expansion drives demand for employment space during times of economic growth, whilst greater employment typically results in more household income and spending. Both in turn drive further development.

Whilst the Australian economy has generally performed particularly well since the Global Financial Crisis in 2007-2009 and has benefitted from a 28-year long period of economic growth, signs of contraction are beginning to appear. On the 3 March, the RBA conducted their monthly meeting and cut interest rates a by 0.25 basis bringing the official cash rate to 0.50%. Per the RBA media release, the cut was considered a necessary stimulatory measure to assist the economy as it responds to the global coronavirus outbreak, further noting that the education and travel sectors were some of the hardest hit.

The latest economic indicators and trends impacting the property markets across Sydney are outlined below.

**Table 4.1: Key Economic Indicators**

	<b>Mar 2020</b> <b>0.50%</b>	In March, the Reserve Bank of Australia (RBA) reduced the <b>cash rate</b> 0.25 basis points to 0.50%. Low interest rates are aimed at supporting employment growth and progressing towards the medium-term inflation target.
	<b>Dec 2019</b> <b>Up 1.8%</b>	National annual <b>inflation</b> increased by 1.8% in the year to December 2019, following a 1.7% rise in the year to September 2019.
	<b>Dec 2019</b> <b>Up 2.2%</b>	The Australian <b>economy</b> expanded by 2.2% in the year to December 2019 and 0.5% in the quarter since September 2019.
	<b>Jan 2019</b> <b>5.2%</b>	The national <b>unemployment</b> rate increased marginally in the year to January 2019, by 0.14 percentage points.
	<b>Jan 2020</b> <b>Up 2.0%</b>	The number of <b>employed</b> persons increased by 2.0% in January 2020 compared to January 2019, however, growth in employment was slower than in the year to December 2019.
	<b>Dec 2019</b> <b>Up 2.6%</b>	Growth in short-term <b>visitor arrivals</b> increased in the year to December 2019 by 2.6% to 797,200 movements.
	<b>Dec 2019</b> <b>Up 5.2%</b>	Short-term <b>visitor departures</b> also increased in the year to December 2019 at a faster pace of 5.2% (at 871,200 movements).
	<b>Jan 2020</b> <b>Down 5pts</b>	The NAB Business Confidence Index indicated that <b>business confidence</b> fell by 5 points in the year to January 2020, to a level of -1. Confidence remains the weakest in wholesale, whilst construction is the most optimistic.
	<b>Mar 2020</b> <b>Down 7.2pts</b>	<b>Consumer confidence</b> fell by 7.2 points in March 2020 from March 2019, to 104.8. Economic (both current and future) conditions declined heavily over the period, weighing down overall sentiment, whilst financial conditions gained.





**Feb 2020**  
**Down 6.6%**

Over the month of February 2020, in comparison to February 2019, the average value of the Australian Dollar (AUD) depreciated against the **US dollar** (down 6.6%), the **British Pound** (down 6.3%), the **Japanese Yen** (down 6.9%) and the **Euro** (down 2.8%).



**Dec 2019**  
**Up 2.8%**

**Retail turnover** increased by 2.8% in December 2019 from December 2018.

Source: AEC, various data sources (see References)

## 4.2 RESIDENTIAL LAND USES

### 4.2.1 General Market Conditions

#### Unit Prices

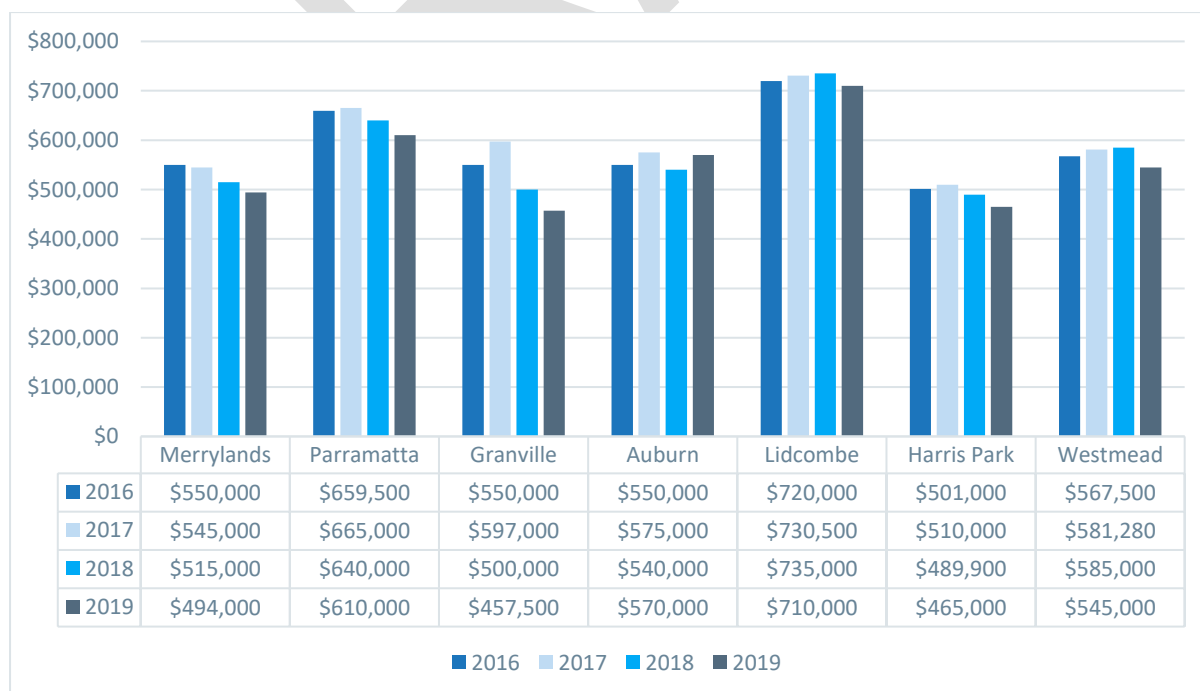
Merrylands has experienced significant growth in median residential property values in recent years in line with Greater Sydney’s housing boom of 2012-2017. Demand for residential property in Merrylands has been driven by a number of key factors in recent years, namely its affordability compared to other neighbouring centres, strong accessibility via the Merrylands train station and proximity to retail amenity and employment areas.

Merrylands recorded a median unit price of \$494,000 in 2019 (placing it fourth highest out of the designated list below). Lidcombe reflected the highest median unit price of \$710,000 in 2019 largely reflective of its inner western Sydney locality and superior train services to/from city and Parramatta. The most affordable suburb was Granville at \$457,500 followed by Harris Park at \$465,000 in 2019 which is largely reflective of the majority of apartment stock within these suburbs being of older style.

A typical trend observed across most of the suburbs reflects a market peak in 2017 and subsequent reduction in prices thereafter, coinciding with general market conditions over the same period. Whilst noting Auburn bucked this trend between 2018-19.

Figure 4.1 illustrates the growth in median house prices across in Merrylands and other neighbouring centres.

**Figure 4.1: Median Unit Prices (2016-2019), Merrylands and Surrounding Suburbs**



Source: Pricfinder

As observed from Figure 4.1, Merrylands has historically been one of the more affordable suburbs compared to other neighbouring centres. Notwithstanding price growth over the course of 2015-2019, this role has remained relatively unchanged with Merrylands amongst the more affordable suburbs in the Cumberland LGA.

### **Residential Rents**

Historically, the Merrylands rental market has comprised primarily of detached single dwellings and older style, walk-up apartment blocks. Median rents for units grew steadily by 19% over the 5 years from 2010 to 2015 increasing from \$360 per week to \$430 per week (Residex, October 2019). This represents an average growth of about 4% annum. This growth has since plateaued with median rentals remaining relatively flat at around \$420 per week since 2016. Softening in the rental market has been observed across much of Western Sydney in recent times, although the rebound in market activity will likely transcend into higher asking (and achieved) rents in the short-term.

Informal discussions with agents suggest there is strong demand for studio and one-bedroom apartment stock. This is largely attributed to their affordability, many being available for rents from \$300 to \$400 per week. Demand is mostly seen from younger couples and singles desiring proximity to the Parramatta CBD and good transportation links. Demand for two-bedroom apartments is primarily driven by couples with a child or those with higher disposable income that place greater emphasis on proximity to amenities. Two and three bedroom units can achieve rents from \$350 to \$550+ per week, depending on their size, age, amenities and distance from transport links.

Whilst conducting our research, approximately 15% of the rentals advertised in Merrylands for lease were studio or one-bedroom apartments. This is indicative of a lack of rental supply and does not appear to match the age profile of the area.

#### **4.2.2 Development Activity**

There are 11 projects currently in various stages of planning across Merrylands at present with the potential to deliver over 1,800 apartments within the next 5 years to 2025. A large volume of supply of this is expected to be delivered between 2021 and 2023. It should be noted that not all of these apartments will be delivered given many projects have not yet been approved.

Table 4.3 depicts the type and mix of new residential units planned in Merrylands.

**Table 4.3: Development Pipeline, Merrylands**

Address	Status	Completion	Units	Apartment Mix			
				Studio	1 Bed	2 Bed	3 Bed
246-264 Woodville Rd	Early	2023	590	Undetermined			
327 Merrylands Rd	Possible	2022	10	0%	30%	70%	0%
293 Merrylands Rd	Firm	2021	10	0%	30%	70%	0%
10-15 Military Rd	Possible	2025	401	3%	64%	25%	8%
2-6 Gladstone St	Possible	2021	147	0%	18%	73%	9%
7-10 Wayman Pl & Memorial Ave	Possible	2021	52	Undetermined			
398-302 Merrylands Rd 2-2A Cambridge St	Possible	2020	40	0%	10%	80%	10%
11-19 Centenary Rd	Firm	2019	78	0%	49%	41%	10%
224-240 Pitt St 4 Terminal Pl	Commenced	2021	354	11%	19%	63%	7%
13-15 Neil St	Firm	2020	101	0%	8%	83%	9%
90-92 Railway Tce	Commenced	2021	33	0%	9%	82%	9%

Source: Cordell Connect

It can be observed from Table 4.3 that new development is heavily weighted towards provision of two-bedroom units with most projects attributing over 70% of the overall composition to two-bedroom apartments. Only two developments have a high proportion of 1-bedroom units (10-15 Military Road and 11-19 Centenary Road), both attributing over 40% of total unit stock to one-bedroom apartments (whilst noting both are still awaiting approval).

## 4.3 COMMERCIAL LAND USES

### 4.3.1 General Market Conditions

Sydney's suburban office markets have performed strongly over the course of 2018-2019 as low vacancy levels in the Sydney and Parramatta CBDs has resulted in tenant overflow into many suburban office markets. Infrastructure investment and the relocation/expansion of several university campuses in large centres is also driving uptake of commercial floorspace (e.g. Liverpool City Centre, Parramatta CBD). In most suburban office markets, this has resulted in tightening vacancy rates and increases in rents.

The Merrylands local centre is not considered a suburban office market; it does not comprise any purpose-built office buildings with commercial users mostly located in the upper levels of aged, two storey mixed-use buildings (the ground floor being occupied for retail uses). There is also an overlap between commercial and retail floorspace as many service businesses (real estate agencies, financial advisors and accountants, legal firms) occupy traditional ground floor retail space.

The primary suburban office market proximate the Site is Parramatta CBD which serves as the principal commercial and civic hub for the broader western Sydney region.

The Proposal does not envisage the provision of traditional commercial office space to that provided in the Parramatta CBD (A, B or C grade, with NABERS or BEEC certification for example). Rather, commercial floorspace on the Site is intended to complement the proposed retail/residential uses and service the surrounding resident population. This 'mixed-use' format of commercial floorspace is discussed in detail next.

### 4.3.2 Commercial Co-Located with Retail/Mixed Uses

There is a range of commercial occupiers who do not require a 'corporate' location or building with a corporate identity (with naming/signage rights for example). Tenants such as child-care centres, small professional practices (accountants, lawyers and financial advisors amongst others) and medical practices typically seek out space that is highly accessible and proximate a large resident population. Co-location of these tenants with an established retail cluster or shopping centre is particularly appealing, enabling customers to 'link trips' and enhances the profile of the local centre.

There are numerous examples of medical-focused mixed-use precincts anchored by retail centres across Greater Sydney (e.g. Blacktown City Centre, Northmead Shopping Centre and Rosehill Woolworths mixed-use site). These precincts offer an array of medical services (GPs, dentistry, allied health services, fertility clinics, general surgery) and benefit from the pedestrian flows generated from their anchor retail centres.

#### **Commercial Land Uses Summary**

Overall, given the subjects non-core commercial office location and prevailing market conditions, we would envisage demand for office accommodation within the proposed development to be relatively subdued. Although the proposed commercial GFA represents approximately 5.3% of total GFA or 0.3:1 of FSR, we consider a suitable range for a proposal such as the subject (within this location) to be in the order of 2-5% of total GFA, the balance of which could be redirected towards additional residential dwellings (where primary demand is considered to lie).

## 4.4 RETAIL LAND USES

### 4.4.1 Existing Context

Merrylands is the largest centre within the Cumberland LGA with the prime retail strip positioned along Merrylands Road and is generally bound by Neil Street (to the north), Pitt Street (to the east), Newman Street (to the south) and Treves Street (to the west). Existing retail premises generally comprise lock-up shop with office or apartment(s) above and vary from modern premises (usually forming part of mixed-use retail/residential complexes) and older style premises.

A broad cross spectrum of retailers is situated within Merrylands from local business operators to large conglomerates (including KFC, Domino's Pizza and Oporto). Key shopping centre facilities located within Merrylands includes:

- **Stockland Merrylands Shopping Centre**  
Stockland Merrylands Shopping Centre which extends to a GLA of 59,499m<sup>2</sup>. The centre includes six major retailers including ALDI, Coles, Woolworths, Big W, Kmart and Target. There are also five mini-majors and over 200 specialty stores including a childcare centre.

#### Development Pipeline

In recent years, there has been significant development activity in Merrylands and a substantial amount either approved or proposed. However, the majority of this development entails mixed-use (shop top housing) and therefore the commercial/retail component generally represents a far smaller proportion (anywhere from 5% to 20% typically).

The majority of the Merrylands town centre precinct is zoned B4 – Mixed Use with varying permissible FSRs generally between 2.5:1 and 5.0:1 with a maximum building height up to 77 metres. Many of the properties situated along Merrylands Road comprise small freehold allotments held by multiple owners. This fragmented ownership structure may make further redevelopment more difficult in coming years without the amalgamation of sites.

#### Comparable Precincts

Similar precincts to the subject include Fairfield (6.3 kilometres to the south-west of Merrylands) and Bankstown (15.6 kilometre to the south-east of Merrylands).

Fairfield is considered similar as it is situated on the same train line (T5 and T2) and comprises a sub-regional shopping centre (Neeta City Shopping Centre) surrounded by lock-up shop retail premises. Fairfield in recent years, similar to Merrylands has seen a significant increase in high-density/mixed-use residential development around the town centre and Fairfield Train Station.

Bankstown by comparison, is considered similar as it too includes a sub-regional shopping centre (Bankstown Central) surrounded with various external retail uses/operators primarily centred around Bankstown Train Station (T3 line). Also similar to Merrylands and Fairfield, Bankstown has seen a substantial increase in high-density/mixed-use residential development in recent years.

#### Retail Land Uses Summary

Overall, given the subject's location directly opposite Stockland Merrylands Shopping Centre our analysis of the surrounding catchment (working off a benchmark of 2.2m<sup>2</sup> per capita of retail floorspace) would indicate a slight oversupply. Whilst noting the proposed retail tenancies would directly benefit from the proposed residential dwellings above and potential overflow synergies from Stockland Merrylands Shopping Centre, we consider vacancy and downtime would be protracted under prevailing market conditions.

The proposed retail GFA represents approximately 6.6% of total GFA or 0.38:1 of FSR, we consider a suitable range for a proposal such as the subject (within this location) to be in the order of 2-5% of total GFA, the balance of which could be redirected towards additional residential dwellings (where primary demand is considered to lie).

## 5. ECONOMIC IMPACT ASSESSMENT

### 5.1 INTRODUCTION

This chapter provides an overview of the economic impacts arising from the Base Case and Proposal Case. The Base Case and Proposal Case are described below:

- **Base Case:** The Base Case assumes a 'Do-Nothing' scenario; i.e. existing uses remain in place (retail and commercial) comprising approximately 6,292.30m<sup>2</sup> of GLA (across 13 suites/shops). We have been advised by Coronation approximately 71.6% of GLA is currently vacant and requires significant capital expenditure. The Base Case assumes that, without the Project, capital expenditure will occur to reinvigorate the existing vacant tenancies in order to attract new tenants.
- **Proposal Case:** The Proposal Case assumes the demolition of the existing improvements to facilitate a mixed-use development comprising 3,735m<sup>2</sup> of GFA of commercial floorspace, 4,659m<sup>2</sup> of GFA of retail floorspace and 790 apartments.

The economic impacts are assessed at the Cumberland LGA level using AEC's proprietary Input-Output (IO) model. Refer to Appendix A for details of the modelling methodology and key modelling assumptions).

### 5.2 DRIVERS OF ECONOMIC IMPACT

The following sections estimate the economic activity supported through the operations of businesses locating to the Site if it was redeveloped under the Proposal Case compared to if it remained in existing use (Base Case).

The economic impacts have been assessed at the Cumberland LGA level. An Input-Output model, including the development of specific regional Input-Output transaction tables, was developed to reflect the economic structure of the Cumberland LGA (refer to Appendix A). Input-Output modelling describes economic activity through the examination of four types of impacts which are defined and described in Table 5.1.

**Table 5.1: Economic Indicators**

Indicator	Description
Output	Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. <b>Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.</b>
Gross Product	Refers to the value of output after deducting the cost of goods and services inputs in the production process. <b>Gross product (e.g., Gross Regional Product) defines a true net economic contribution and is subsequently the preferred measure for assessing economic impacts.</b>
Income	Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the Project.
Employment	Refers to the part-time and full-time employment positions generated by the economic shock, both directly and indirectly through flow on activity, and is expressed in terms of Full-Time Equivalent (FTE) positions. One FTE job is defined as one person working full time for a period of one year.

Source: AEC

Input-Output multipliers can be derived from open (Type I) Input-Output models or closed (Type II) models. Open models show the direct effects of spending in a particular industry as well as the indirect or flow on (industrial support) effects of additional activities undertaken by industries increasing their activity in response to the direct spending. Closed models re-circulate the labour income earned as a result of the initial spending through other industry and commodity groups to estimate consumption induced effects (or impacts from increased household consumption).

The following estimates consider both Type I and Type II flow on impacts though it should be noted that Type II impacts are commonly considered to overstate economic activity.

### Drivers of Economic Activity

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

- **Construction Phase:** Construction activity will draw resources from and thereby generate economic activity in the Cumberland LGA as well as from outside the LGA. Assumptions are made on the proportion sourced from within and from outside the LGA.
- **Operations Phase:** During the operational phase, the Site is expected to generate ongoing economic/operational activity through the following:
  - Direct turnover generated by the retail/commercial operational activities on-site.
  - Economic activity that would not otherwise occur in the Cumberland LGA as a result of employment activity from 'dispersed jobs', i.e. residents who work from home (only in the Proposal Case).
  - Economic activity that would not otherwise occur in the Cumberland LGA as a result of direct expenditure of new households, i.e. households who live in the new dwellings (only in the Proposal Case).

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

## 5.3 ECONOMIC ACTIVITY AND IMPACTS

The economic impacts/contribution can be traced through the economic system via:

- **Direct impacts**, which are first round of effects from direct operational expenditure on goods and services.
- **Indirect Impacts (Flow-on impacts)**, which comprise the second and subsequent round effects of increased purchases by suppliers in response to increased sales. Flow-on impacts can be disaggregated to:
  - **Indirect Impact (Type I)** represents production induced support activity a result of additional expenditure by the industry experiencing the stimulus on goods and services in the intermediate usage quadrant, and subsequent round effects of increased purchases by suppliers in response to increased sales.
  - **Indirect Impact (Type II)** represents the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries paid within the economic system.

The premise behind Type I and Type II indirect impacts applies across both the construction and operations phase, except the impacts on industry will be different. For example, Type I impacts during the construction phase may include professional services (e.g. architects, engineers) and manufacturing (steel, construction materials) while examples of Type I impacts during the operations phase may include manufacturing (food and beverage and related) and administrative and support services (e.g. building cleaning, employment services, etc).

### 5.3.1 Construction Phase

#### Base Case

Economic activity generated by businesses and workers in the Cumberland LGA is expected to be supported direct and flow-on impacts arising during construction:

- \$2.2 million in output (including \$0.9 million in direct activity).
- \$1.0 million contribution to GRP (including \$0.4 million in direct activity).
- \$0.5 million in incomes and salaries paid to households (including \$0.2 million in direct activity).
- 9 FTE jobs (including 5 directly employed in construction activity).

**Table 5.2. Construction Impacts in Cumberland LGA, Base Case**

Impact	Output	GRP	Incomes	Employment (FTEs)
Direct	\$0.9	\$0.4	\$0.2	5
Production Induced	\$0.7	\$0.3	\$0.2	2
Household Consumption	\$0.6	\$0.3	\$0.1	2
<b>Total</b>	<b>\$2.2</b>	<b>\$1.0</b>	<b>\$0.5</b>	<b>9</b>

Source: AEC.

Note: Totals may not sum due to rounding.

Major industry beneficiaries of the construction phase include:

- Construction (direct and flow on GRP of \$0.3 million).
- Manufacturing (direct and flow on GRP of \$0.2 million).
- Ownership of Dwellings (direct and flow on GRP of \$0.1 million).

**Proposal Case**

Economic activity generated by businesses and workers in the Cumberland LGA is expected to be supported direct and flow-on impacts arising during construction:

- \$340.3 million in output (including \$141.9 million in direct activity).
- \$161.6 million contribution to GRP (including \$54.3 million in direct activity).
- \$84.6 million in incomes and salaries paid to households (including \$28.0 million in direct activity).
- 1,111 FTE jobs (including 495 directly employed in construction activity).

**Table 5.3: Construction Impacts in Cumberland LGA, Proposal Case**

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$141.9	\$54.3	\$28.0	495
Production Induced	\$110.9	\$55.9	\$35.4	331
Household Consumption	\$87.5	\$51.4	\$21.2	286
<b>Total</b>	<b>\$340.3</b>	<b>\$161.6</b>	<b>\$84.6</b>	<b>1,111</b>

Source: AEC.

\*Note: Totals may not sum due to rounding.

Major industry beneficiaries of the construction phase include:

- Construction (direct and flow on GRP of \$62.6 million).
- Manufacturing (direct and flow on GRP of \$20.3 million).
- Ownership of Dwellings (direct and flow on GRP of \$14.5 million).

**5.3.2 Operational Phase**

Economic impacts in the Operational Phase are assessed separately for the Base Case and the Proposal Case.

**Base Case**

The Base Case is estimated to support the following annual economic activity through direct and flow-on impacts associated with the existing Site:

- \$60.1 million in output (including \$27.9 million in direct activity).
- \$33.8 million contribution to GRP (including \$16.1 million in direct activity).

- \$18.5 million in incomes and salaries paid to households (including \$10.7 million in direct activity).
- 307 FTE jobs (including 206 directly related to activity on the Site).

**Table 5.4: Operational Impacts, Base Case**

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$27.9	\$16.1	\$10.7	206
Production Induced	\$10.0	\$4.6	\$2.4	29
Household Consumption	\$22.2	\$13.1	\$5.4	73
<b>Total</b>	<b>\$60.1</b>	<b>\$33.8</b>	<b>\$18.5</b>	<b>307</b>

Source: AEC.

\*Note: Totals may not sum due to rounding.

Major industry beneficiaries of the operational phase include:

- Retail trade (direct and flow on GRP of \$13.2 million).
- Accommodation and food services (direct and flow on GRP of \$4.9 million).
- Ownership of Dwellings (direct and flow on GRP of \$3.7 million).

**Proposal Case**

Following completion and operation of the Proposal, the activity associated with new business activity and additional dispersed jobs in new households is estimated to support the following economic impacts through direct and flow-on impacts (per annum):

- \$264.7 million in output (including \$123.6 million in direct activity).
- \$150.2 million contribution to GRP (including \$70.5 million in direct activity).
- \$75.3 million in incomes and salaries paid to households (including \$39.0 million in direct activity).
- 954 FTE jobs (including 500 directly related to activity and dispersed jobs on the Site).

**Table 5.5: Operational Impacts, Proposal Case**

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$123.6	\$70.5	\$39.0	500
Production Induced	\$50.5	\$26.5	\$14.4	158
Household Consumption	\$90.5	\$53.2	\$22.0	296
<b>Total</b>	<b>\$264.7</b>	<b>\$150.2</b>	<b>\$75.3</b>	<b>954</b>

Source: AEC.

\*Note: Totals may not sum due to rounding.

Major industry beneficiaries of the operational phase include:

- Financial and insurance services (direct and flow on GRP of \$30.9 million).
- Professional, scientific and technical services (direct and flow on GRP of \$24.2 million).
- Retail trade (direct and flow on GRP of \$20.1 million).



### 5.3.3 Net Operational Impact on Economic Activity

Compared to the Base Case, the Proposal Case is expected to result in a net increase in annual economic activity through the direct and flow-on impacts (per annum):

- \$204.6 million *additional* in output (including \$95.7 million in direct activity).
- \$116.5 million *additional* in contribution to GRP (including \$54.5 million in direct activity).
- \$56.8 million *additional* in incomes and salaries paid to households (including \$28.3 million directly).
- 646 *additional* FTE jobs (including 294 additional jobs directly related to activity and dispersed jobs on the Site).

**Table 5.6: Estimated Net Operational Impacts in Cumberland LGA**

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$95.7	\$54.5	\$28.3	294
Production Induced	\$40.6	\$21.8	\$11.9	129
Household Consumption	\$68.3	\$40.2	\$16.6	223
<b>Total</b>	<b>\$204.6</b>	<b>\$116.5</b>	<b>\$56.8</b>	<b>646</b>

Source: AEC.

\*Note: Totals may not sum due to rounding.

## 5.4 HOUSING IMPACTS

### 5.4.1 New Household Expenditure Supported

This section outlines the household expenditure that would be associated with 790 new dwellings in the Proposal Case compared to no dwellings in the Base Case, and potential economic activity supported.

The household expenditure activity supported should not be combined with the impacts in section 5.3 as some of these impacts are likely to have already been captured in the assessment (e.g. some expenditure on retail and food and beverage by households is likely to be spent at the retail and food/beverage outlets locating to the Site). This section provides insight into the specific economic activity supported in the Cumberland LGA through household expenditure as its own separate analysis.

Increase to household expenditure levels can be expected due to the provision of new dwellings in the Proposal Case. Increased household expenditure will support additional economic activity, resulting in economic impacts for the Cumberland LGA.

Compared to the Base Case, household expenditure associated with the Proposal's 790 new occupied dwellings is estimated to support the following economic activity through direct and flow-on impacts (per annum):

- \$47.0 million in output (including \$23.2 million in direct activity).
- \$27.4 million in contribution to GRP (including \$14.1 million in direct activity).
- \$13.0 million in incomes and salaries paid to households (including \$7.1 million in direct activity).
- 197 FTE jobs (including 122 additional jobs directly related to household expenditure activity).

**Table 5.7: Household Expenditure Impacts in Cumberland LGA**

Impact	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$23.2	\$14.1	\$7.1	122
Production Induced	\$8.2	\$4.1	\$2.1	24
Household Consumption	\$15.6	\$9.2	\$3.8	51
<b>Total</b>	<b>\$47.0</b>	<b>\$27.4</b>	<b>\$13.0</b>	<b>197</b>

Source: AEC.

\*Note: Totals may not sum due to rounding.

Refer to Appendix A for a detailed description of the assumptions and drivers that underpin the estimates of economic activity supported.

#### 5.4.2 Contribution to Housing

The Proposal envisages in the order of 790 dwellings, compared to zero existing dwellings in the Base Case. The Sydney metropolitan area is experiencing significant housing affordability issues and as a response, State government is focused on ensuring that the planning system facilitates increased opportunities for housing.

The Greater Sydney Region Plan and Central City District Plan emphasise the importance of ensuring housing supply and choice, and housing affordability which is facilitated close to jobs, services and public transport.

According to The Greater Sydney Region Plan NSW Government has identified that an additional 725,000 homes will be needed by 2036 to meet demand (based on current population projections). The report also notes that between 2000 and 2010 there was a substantial decline in dwelling completions which combined with a strong population growth preceded one of the strongest property cycles to date suggesting an imbalance of supply and demand fundamentals.

Other elements of importance covered within the report include housing affordability, urban renewal and local infill development. The subject site represents a significant underdevelopment/underutilisation and would be a prime beneficiary of a redevelopment proposal. Given the subject sites proximity to rail, bus, shopping centre, Westmead education/health precinct and The Central River City, it would appear well positioned to support the proposed development particularly when noting Merrylands more competitive price point as compared with surrounding regions.

#### 5.4.3 Other Impacts

By enabling a more economically efficient use of the Site to be achieved and by delivering much needed residential development in close proximity to important transport nodes, the Proposal would maximise the development potential of this infill site.

The Greater Sydney Region Plan and Central City District Plan identify the need to co-locate housing and employment opportunities, particularly in locations such as Merrylands where this is strong existing transport infrastructure.

The Proposal would assist to achieve planning policy principles by concentrating new development away from locations less suitable for such uses, such as outer suburbs or greenfield sites not well connected to public transport infrastructure, services, jobs and retail amenity. The Proposal would ensure efficient and effective use of land.

The economic impacts estimated in this chapter demonstrate the Proposal has economic merit, having the ability to contribute significantly to the Cumberland LGA local economy.

## 6. POLICY ASSESSMENT

### 6.1 ECONOMIC AND HOUSING IMPACTS

To compare the outcome of the Base Case against the Proposal Case, each of the identified impacts compared to the Base Case are summarised and ranked based on the rating system outlined in Table 6.1.

- Base Case:** The Base Case assumes a 'Do-Nothing' scenario; i.e. existing uses remain in place (retail and commercial) comprising approximately 6,292.30m<sup>2</sup> of GLA (which is predominantly vacant and requires capital expenditure). We have been advised by Coronation approximately 71.6% of GLA is currently vacant and requires significant capital expenditure.
- Proposal Case:** The Proposal Case assumes the demolition of the existing improvements to facilitate a mixed-use development comprising 3,735m<sup>2</sup> of GFA of commercial floorspace, 4,659m<sup>2</sup> of GFA of retail floorspace and 790 apartments.

**Table 6.1: Economic Impact Rating Matrix**

Severity of Impact	Score	Explanation
Strong Positive Impact	+3	The scenario would make a strong positive contribution towards this impact compared to the Base Case
Slight Positive Impact	+1	The scenario would make a slight positive contribution towards this impact compared to the Base Case
Neutral Impact	0	The scenario would make neither positive or a negative contribution towards this impact compared to the Base Case
Slight Negative Impact	-1	The scenario would make a slight negative contribution towards this impact compared to the Base Case
Strong Negative Impact	-3	The scenario would make a strong negative contribution towards this impact compared to the Base Case

Source: AEC

Table 6.2 identifies the economic impacts and derives a total score for Proposal using the Base Case as the starting point of '0'. The higher the positive score the greater the net positive economic impact from a community perspective, the lower the score the greater the adverse economic impact.

**Table 6.2: Economic Impact, Base Case v Proposal Case**

Impact	Base Case	Rating	Proposal Case	Rating
<b>Construction</b>				
Output	\$2,200,000	+1	\$340,300,000	+3
GRP	\$1,000,000	+1	\$161,600,000	+3
Incomes	\$500,000	+1	\$84,600,000	+3
Direct Employment (FTE)	9	+1	1,111	+3
<b>Operational</b>				
Output	\$60,100,000	+1	\$264,700,000	+3
GRP	\$33,800,000	+1	\$150,200,000	+3
Incomes	\$18,500,000	+1	\$75,300,000	+3
Direct Employment (FTE)	307	+1	954	+3
<b>Household Expenditure Impact</b>				
Output (\$M)	N/A	0	\$47,000,000	+3
GRP (\$M)	N/A	0	\$27,400,000	+3
Incomes (\$M)	N/A	0	\$13,000,000	+3
Direct Employment (FTE)	N/A	0	197	+3
<b>Total</b>		<b>+8</b>		<b>36</b>

Source: AEC

In comparison to the Base Case, the Proposal Case clearly exhibits a positive economic impact.

As the Site evolves with economic and demographic trends and needs, the net economic impacts identified in this Assessment would undoubtedly be realised.

## 6.2 ZONING OBJECTIVES

The Section 9.1 direction considered relevant in this Assessment is Section 2.2.4 (B4 – Mixed Use zone). The objectives are identified below together with their consideration in the context of the Proposal.

**Table 6.3: Consistency with B4 – Mixed Use Zoning Objectives**

No.	Objective	Proposal Case
<b>Section 2.2.4 (B4 – Mixed Use)</b>		
1	Provide a mixture of compatible land uses.	The B4 – Mixed Use zoning of the site is considered to be complimentary to Merrylands town centre, surrounding streetscape and character.
2	Integrate suitable business, office, residential, retail and other development in accessible locations as to maximise public transport patronage and encourage walking and cycling.	The Proposal includes 790 apartments, 4,659m <sup>2</sup> of retail floor space, 3,735m <sup>2</sup> of commercial floor space and 759m <sup>2</sup> of child care floor space. Further, the Proposal includes 50 bicycle parking spaces for commercial/retail users and 258 bicycles parking spaces for the residents. The Proposal Case complies with this objective.
3	Facilitate a vibrant, mixed use centre with active retail, commercial and other non-residential uses at street level.	The Proposal would accommodate circa 790 new dwellings. Household expenditure from new households locating to the Site is expected to support not only the Merrylands local centre but strategic centres in the Cumberland LGA. The Proposal complies with this objective.
4	Encourage the development and expansion of business activities that will strengthen the economic and employment role of the Merrylands town centre	Noting Stockland Merrylands Shopping Centre is situated opposite the subject, we consider the proposal may create synergies between the two complexes and aligns with the objective by way of adding to the development of expansion. The Proposal complies with this objective.

Source: AEC

## 6.3 CONCLUSION

The Proposal responds to the Greater Sydney Region Plan, The Central City District Plan and Cumberland 2030: Our Local Strategic Planning Statement in a number of key areas:

- Renewal of Local Centres**  
 Merrylands is identified as a 'local centre'. 18% of Greater Sydney's jobs are provided within these local centres. The development proposal includes provision for approximately 9,153m<sup>2</sup> of GFA across retail, commercial and childcare floorspace which could deliver numerous jobs and economic benefit to the region.
- Greater Housing Supply**  
 According to The Greater Sydney Region Plan NSW Government has identified that an additional 725,000 homes will be needed by 2036 to meet demand (based on current population projections). The report also notes that between 2000 and 2010 there was a substantial decline in dwelling completions which combined with a strong population growth preceded one of the strongest property cycles to date suggesting an imbalance of supply and demand fundamentals.  
  
 Other elements of importance covered within the report include housing affordability, urban renewal and local infill development. The subject site represents a significant underdevelopment/underutilisation and would be a prime beneficiary of a redevelopment proposal. Given the subject sites proximity to rail, bus, shopping centre, Westmead education/health precinct and The Central River City, it would appear well positioned to support the proposed development particularly when noting Merrylands more competitive price point as compared with surrounding regions.
- More Diverse Housing and Affordability**  
 Outside of social and affordable housing, in order to assist many potential first home buyers into the market, affordability needs to be addressed. The report further identifies that smaller dwellings could be a potential avenue. Merrylands has a comparatively high proportion of renters (45%) which could be reduced should more

affordable options be presented. The subject development proposal partly addresses the affordability gap with the inclusion of a higher proportion of studio and 1-bedroom apartments.

- **Investment and Business Activity in Centres**

Merrylands is identified as a strategic centre of the Granville Ward and is also the largest centre within the Cumberland LGA. The report goes on to note Merrylands has been, and will continue to be, the focus of planning for growth and development. The centre plays a key supporting role for surrounding areas and this will grow in importance with the continued growth and investment in Greater Parramatta. Council believes that Merrylands has the potential to be defined as a strategic centre in the District hierarchy, based on the range of services and potential to expand to provide additional housing.

New residents on the Site are estimated to support economic activity (not just on-site but in the Merrylands local centre and in the Cumberland LGA), indicated by additional output generation and contribution to GRP, additional incomes and salaries to households and total employment supported. The Proposal facilitates new residential, retail and commercial development revitalizing the precinct and improves connectivity to the Merrylands town centre and train station through provision of a new public spaces and improved pedestrian links.

The economic impacts estimated in this study demonstrate the Proposal has economic merit, having the ability to contribute significantly to the Cumberland local economy by adding \$204.6 million in output, \$116.5 million in contribution to GRP, \$56.8 million in incomes and 646 FTE jobs. Given the subject sites proximity to rail, bus, shopping centre, Westmead education/health precinct and The Central River City, it would appear well positioned to support the proposed development particularly when noting Merrylands more competitive price point as compared with surrounding regions.

## REFERENCES

---

- ABS (2019a). *Consumer Price Index, Australia*. Cat. No. 6401.0, Australian Bureau of Statistics, Canberra.
- ABS (2019b). *Labour Force, Australia, Detailed, Quarterly*. Cat. No. 6291.0.55.003, Australian Bureau of Statistics, Canberra.
- ABS (2019c). *Regional Population Growth, Australia, 2018*. Cat no. 3218.0. Australian Bureau of Statistics, Canberra
- ABS (2018a). *Wage Price Index, Australia, Jun 2018*. Cat no. 6345.0. Australian Bureau of Statistics, Canberra.
- ABS (2018b). *Regional Population Growth, Australia, 2017*. Cat. No. 3218.0. Australian Bureau of Statistics, Canberra.
- ABS (2018c). *Population by Age and Sex, Regions of Australia, 2017*. Cat no. 3235.0. Australian Bureau of Statistics, Canberra
- ABS (2018d). *Customised Data and Information. Family Composition and Age Groups*. Australian Bureau of Statistics, Canberra
- ABS (2018e). *Australian National Accounts: Input-Output Tables – Electronic Publication, 2016-17 tables*. Cat. No. 5209.0.55.001, Australian Bureau of Statistics, Canberra.
- ABS (2017a). *Census of Population and Housing Time Series Profile, 2016*. Cat. No. 2003.0. ABS, Canberra.
- ABS (2017b). *Census of Population and Housing, 2016*. Cat. No. 2008.0. ABS, Canberra.
- ABS (2017c). *Household Expenditure Survey, Australia: Summary Results, 2015-16*. Cat No. 653.0. Australian Bureau of Statistics, Canberra.
- ABS (2013). *Births, Australia, 2013*. Cat. No. 3301.0. Australian Bureau of Statistics, Canberra.
- ABS (2012a). *Census of Population and Housing, 2011*. Cat no. 2001.0. Australian Bureau of Statistics, Canberra
- ABS (2012b) *Census of Population and Housing, 2011*. Cat. No. 2068.0. ABS, Canberra.
- Bankstown City Council (2013). *North West Local Area Plan*. Bankstown City Council, Bankstown.
- CoreLogic RP Data (2019). *Suburb Reports*. CoreLogic RP Data, Sydney.
- DPIE (2019). *Metropolitan Housing Monitor*. Accessible from: <https://www.planning.nsw.gov.au/Research-and-Demography/Metropolitan-Housing-Monitors>.
- DPIE (2017). *Population and Household Projections by LGA*. Department of Planning, Industry and Environment, Sydney.
- Greater Sydney Commission (2018a). *Greater Sydney Region Plan*. Greater Sydney Commission, Parramatta.
- Greater Sydney Commission (2018b). *South District Plan*. Greater Sydney Commission, Parramatta.
- FACS (2019). *Sales and Rents Reports*. Accessible from: <https://www.facs.nsw.gov.au/resources/statistics/rent-and-sales>.
- Forecast .ID (2019). *City of Cumberland Population Forecasts*. Accessible from: <https://forecast.id.com.au/Cumberland>.
- .ID (2019). *City of Cumberland Community Profile*. Accessible from: <https://profile.id.com.au/Cumberland>.
- Rawlinsons (2018). *Rawlinsons Australian Construction Handbook 2018*. Rawlinsons Publishing
- South Sydney Planning Panel (2017). *Determination and Statement of Reasons*. Accessible from: [https://www.planningpanels.nsw.gov.au/DevelopmentRegister/tabid/62/ctl/view/mid/424/JRPP\\_ID/2760/language/en-AU/Default.aspx](https://www.planningpanels.nsw.gov.au/DevelopmentRegister/tabid/62/ctl/view/mid/424/JRPP_ID/2760/language/en-AU/Default.aspx).

West, G. R. (1993). *User's Guide, Input-Output Analysis for Practitioners An Interactive Input-Output Software Package Version 7.1*. Department of Economics. University of Queensland, 1993.

DRAFT

## APPENDIX A: INPUT-OUTPUT METHODOLOGY

### INPUT-OUTPUT MODEL OVERVIEW

Input-Output analysis demonstrates inter-industry relationships in an economy, depicting how the output of one industry is purchased by other industries, households, the government and external parties (i.e. exports), as well as expenditure on other factors of production such as labour, capital and imports. Input-Output analysis shows the direct and indirect (flow-on) effects of one sector on other sectors and the general economy. As such, Input-Output modelling can be used to demonstrate the economic contribution of a sector on the overall economy and how much the economy relies on this sector or to examine a change in final demand of any one sector and the resultant change in activity of its supporting sectors.

The economic contribution can be traced through the economic system via:

- **Initial stimulus (direct) impacts**, which represent the economic activity of the industry directly experiencing the stimulus.
- **Flow-on impacts**, which are disaggregated to:
  - **Production induced effects (type I flow-on)**, which comprise the effects from:
    - Direct expenditure on goods and services by the industry experiencing the stimulus (direct suppliers to the industry), known as the first round or direct requirements effects.<sup>1</sup>
    - The second and subsequent round effects of increased purchases by suppliers in response to increased sales, known as the industry support effects.
  - **Household consumption effects (type II flow-on)**, which represent the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the economic system.

These effects can be identified through the examination of four types of impacts:

- **Output:** Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
- **Gross product:** Refers to the value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g., Gross Regional Product) defines a true net economic contribution and is subsequently the preferred measure for assessing economic impacts.
- **Income:** Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the project.
- **Employment:** Refers to the part-time and full-time employment positions generated by the economic shock, both directly and indirectly through flow-on activity, and is expressed in terms of full time equivalent (FTE) positions.

Input-Output multipliers can be derived from open (Type I) Input-Output models or closed (Type II) models. Open models show the direct effects of spending in a particular industry as well as the indirect or flow-on (industrial support) effects of additional activities undertaken by industries increasing their activity in response to the direct spending.

Closed models re-circulate the labour income earned as a result of the initial spending through other industry and commodity groups to estimate consumption induced effects (or impacts from increased household consumption).

---

<sup>1</sup> Modelling note: In assessing construction phase impacts, AEC's modelling approach treats subcontractors in the construction services sector engaged through first round effects as part of the initial stimulus impact rather than as part of the production induced impact.



## MODEL DEVELOPMENT

Multipliers used in this assessment are derived from sub-regional transaction tables developed specifically for this project. The process of developing a sub-regional transaction table involves developing regional estimates of gross production and purchasing patterns based on a parent table, in this case, the 2016-17 Australian transaction table (ABS, 2019a).

Estimates of gross production (by industry) in the study areas were developed based on the percent contribution to employment (by place of work) of the study areas to the Australian economy (ABS, 2012; ABS, 2017; ABS, 2019b; DoESSFB, 2019), and applied to Australian gross output identified in the 2016-17 Australian table.

Industry purchasing patterns within the study area were estimated using a process of cross industry location quotients and demand-supply pool production functions as described in West (1993).

Where appropriate, values were rebased from 2016-17 (as used in the Australian national IO transaction tables) to 2018 values using the Consumer Price Index (ABS, 2019c).

## MODELLING ASSUMPTIONS

The key assumptions and limitations of Input-Output analysis include:

- **Lack of supply-side constraints:** The most significant limitation of economic impact analysis using Input-Output multipliers is the implicit assumption that the economy has no supply-side constraints so the supply of each good is perfectly elastic. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.
- **Fixed prices:** Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using Input-Output multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. The system is in equilibrium at given prices, and prices are assumed to be unaffected by policy and any crowding out effects are not captured. This is not the case in an economic system subject to external influences.
- **Fixed ratios for intermediate inputs and production (linear production function):** Economic impact analysis using Input-Output multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. That is, the input function is generally assumed linear and homogenous of degree one (which implies constant returns to scale and no substitution between inputs). As such, impact analysis using Input-Output multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount. Further, it is assumed each commodity (or group of commodities) is supplied by a single industry or sector of production. This implies there is only one method used to produce each commodity and that each sector has only one primary output.
- **No allowance for economies of scope:** The total effect of carrying on several types of production is the sum of the separate effects. This rules out external economies and diseconomies and is known simply as the “additivity assumption”. This generally does not reflect real world operations.
- **No allowance for purchasers’ marginal responses to change:** Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.
- **Absence of budget constraints:** Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.

Despite these limitations, Input-Output techniques provide a solid approach for taking account of the inter-relationships between the various sectors of the economy in the short-term and provide useful insight into the quantum of final demand for goods and services, both directly and indirectly, likely to be generated by a project.

In addition to the general limitations of Input-Output analysis, there are two other factors that need to be considered when assessing the outputs of sub-regional transaction table developed using this approach, namely:

- It is assumed the sub-region has similar technology and demand/ consumption patterns as the parent (Australia) table (e.g. the ratio of employee compensation to employees for each industry is held constant).
- Intra-regional cross-industry purchasing patterns for a given sector vary from the national tables depending on the prominence of the sector in the regional economy compared to its input sectors. Typically, sectors that are more prominent in the region (compared to the national economy) will be assessed as purchasing a higher proportion of imports from input sectors than at the national level, and vice versa.

## DRIVERS OF ECONOMIC IMPACT

The following sections examine the estimated economic activity supported through the operations of businesses locating to the Site if it was redeveloped under proposal compared to if it remained in its existing use.

- **Base Case:** The Base Case assumes a 'Do-Nothing' scenario; i.e. existing uses remain in place (retail and commercial) comprising approximately 6,292.30m<sup>2</sup> of GLA (across 13 tenancies). We have been advised by Coronation approximately 71.6% of GLA is currently vacant and requires significant capital expenditure. The Base Case assumes that, without the Project, capital expenditure will occur to reinvigorate the existing vacant tenancies in order to attract new tenants.
- **Proposal Case:** The Proposal Case assumes the demolition of the existing improvements to facilitate a mixed-use development comprising 3,735m<sup>2</sup> of GFA of commercial floorspace, 4,659m<sup>2</sup> of GFA of retail floorspace and 790 apartments.

The economic impacts have been assessed at the Cumberland LGA level. An Input-Output model, including the development of specific regional Input-Output transaction tables, was developed to reflect the economic structure of the Cumberland LGA (refer to Appendix A). Input-Output modelling describes economic activity through the examination of four types of impacts which are defined and described in Table A.1.

**Table A.1: Economic Indicators**

Indicator	Description
Output	Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. <b>Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.</b>
Gross Product	Refers to the value of output after deducting the cost of goods and services inputs in the production process. <b>Gross product (e.g., Gross Regional Product) defines a true net economic contribution and is subsequently the preferred measure for assessing economic impacts.</b>
Income	Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the Project.
Employment	Refers to the part-time and full-time employment positions generated by the economic shock, both directly and indirectly through flow on activity, and is expressed in terms of Full-Time Equivalent (FTE) positions. One FTE job is defined as one person working full time for a period of one year.

Source: AEC

Input-Output multipliers can be derived from open (Type I) Input-Output models or closed (Type II) models. Open models show the direct effects of spending in a particular industry as well as the indirect or flow on (industrial support) effects of additional activities undertaken by industries increasing their activity in response to the direct spending. Closed models re-circulate the labour income earned as a result of the initial spending through other

industry and commodity groups to estimate consumption induced effects (or impacts from increased household consumption).

The following estimates consider both Type I and Type II flow on impacts though it should be noted that Type II impacts are commonly considered to overstate economic activity.

### **Drivers of Economic Activity**

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

- **Construction Phase:** Construction activity will draw resources from and thereby generate economic activity in the Cumberland LGA as well as from outside the LGA. Assumptions are made on the proportion sourced from within and from outside the LGA.
- **Operational Phase:** Following construction completion, the Site is expected to generate additional ongoing economic/ operational activity through the new employment floorspace as well as from dispersed jobs and increased household expenditure in the Proposal Case:
  - Business operations: Additional economic activity occurring as a result of employment floorspace on the Site.
  - Dispersed jobs: Additional economic activity occurring as a result of employment activity from net new 'dispersed jobs', i.e. residents who work from home.
  - Household impacts: Additional economic activity would occur in the Campbelltown LGA as a result of direct expenditure of net new households, i.e. the households who live in the new dwellings.

### **Base Case Construction Phase**

Whilst the Base Case assumes the existing buildings will be retained, there will be construction activity in renovating areas to attract tenants to the building. The table below highlights the required repair costs for the Site under the Base Case scenario.

**Table A.2: Construction Costs, Base Case**

Trading Name	Condition	Area (m <sup>2</sup> )	Capex Cost (m <sup>2</sup> )	Capex Cost
Vacant	Repairs Required	315.90	\$120	\$37,908
Vacant	Significant Repairs Required	1,214.40	\$150	\$182,160
Vacant	Repairs Required	232.00	\$120	\$27,840
Vacant	Repairs Required	165.80	\$120	\$19,896
Rashay's Pizza Pasta Grill	Reasonable	555.80	-	-
Vacant	Reasonable	50.00	-	-
Vacant	Reasonable	125.90	-	-
Vacant	Repairs Required	161.80	\$120	\$19,416
Vacant	Repairs Required	254.50	\$120	\$30,540
Vacant	Repairs Required	294.20	\$120	\$35,304
Sparkle Carwash	Reasonable	1,232.00	-	-
Vacant	Significant Repairs Required	1,688.00	\$150	\$253,200
RediATM	Reasonable	2.00	-	-
<b>Total</b>		<b>6,292.30</b>		<b>\$606,264</b>

Source: AEC

Note: Totals may not sum due to rounding.

The development of the retail component does not include internal fit-out and finishes. AEC have developed assumptions regarding tenant expenditure for fit-out costs based on Rawlinsons Australia Construction Handbook (2019). The following rates were applied to the sqm area of retail shops:

- Suburban neighbourhood shops (\$320/sqm of GLA).

As a result, in addition to the direct construction costs, it has been assumed that the Proposal Case will induce additional \$1.29 million in construction activity with business fit-outs in the retail component.

The construction costs were allocated to Input-Output industries based on the assumed splits listed in the table below.

**Table A.3: Construction Cost Allocation, Base Case**

IO Industry	\$M
Non-Residential Building Construction <sup>1</sup>	\$0.9
Construction Services	\$0.3
Furniture Manufacturing	\$1.3
Professional, Scientific and Technical Services	\$0.0
<b>Total</b>	<b>\$2.5</b>

Source: AEC

Note: Totals may not sum due to rounding.

Note<sup>1</sup>: An additional \$150/sqm has been allocated as additional capital works costs (Rawlinsons, 2019).

Only the construction activity expected to be undertaken within the Cumberland LGA has been included in the economic impact assessment. For the purposes of this assessment it was assumed:

- 100% of the construction activity related (i.e. residential building construction and construction services) will occur locally, but only 50% of this is assumed to be sourced from local businesses and labour inside the region (i.e. 50% of construction will be imported to the region). For businesses/labour sourced from outside the region:
  - Approximately 25% of purchases on goods and services (supply chain related activity) made by construction-related businesses sourced from outside the Cumberland LGA would be spent within the local economy (i.e., 25% of the Type I flow on activity associated with non-local construction companies is assumed to represent additional local activity in Cumberland LGA).
  - Approximately 5% of wages and salaries paid to construction-related workers sourced from outside the region would be spent on local goods and services, such as food and beverages (i.e., 5% of the Type II flow on activity associated with non-local workers is assumed to represent additional local activity in Cumberland LGA).
- Approximately 25% of the direct expenditure on professional, scientific and technical services activity would be sourced from local businesses and labour.

### Proposal Case Construction Phase

The construction activity in the Proposal Case will deliver 790 new residential dwelling and employment floorspace of approximately 9,150m<sup>2</sup>. This additional employment floorspace is an increase of approximately 2,800m<sup>2</sup> from the Proposal Case.

Construction costs for each item of work are provided in Table A.4 below. For the purposes of this assessment, profit and overhead costs have been redistributed across the other cost components based on the weighted share of the component.

**Table A.4: Construction Costs by item of work**

Item	Basement	Retail	Commercial	Childcare	Residential	Communal/ Gym	Terrace	Plant	Public Domain Works	Main Lane Works	External Works
Substructure	\$11.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Superstructure	\$22.7	\$8.7 <sup>1</sup>	\$5.2	\$1.9	\$75.6	\$0.9	\$5.4	\$0.9	\$0.0	\$0.0	\$0.0
Finishes	\$0.4	\$0.2	\$1.0	\$0.3	\$28.0	\$0.2	\$1.6	\$0.0	\$0.0	\$0.0	\$0.0
Fittings	\$0.5	\$0.0	\$0.1	\$0.2	\$12.4	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0
Services	\$9.3	\$1.1	\$3.6	\$1.2	\$41.0	\$0.5	\$0.9	\$0.0	\$0.0	\$0.0	\$0.0
Preliminaries	\$7.5	\$1.6	\$1.7	\$0.6	\$26.7	\$0.3	\$1.3	\$0.2	\$0.0	\$0.0	\$0.0
Unmeasured Works Allowance	\$0.8	\$0.2	\$0.2	\$0.1	\$2.8	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0
External Works	\$0.0	\$0.2	\$0.7	\$0.0	\$0.2	\$0.0	\$0.0	\$0.0	\$0.5	\$1.0	\$3.3
Profit & Overheads	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional Fees	\$1.6	\$0.3	\$0.4	\$0.1	\$5.8	\$0.1	\$0.3	\$0.0	\$0.0	\$0.0	\$0.1
<b>Total (\$mil)</b>	<b>\$54.3</b>	<b>\$12.2</b>	<b>\$12.8</b>	<b>\$4.6</b>	<b>\$192.5</b>	<b>\$2.0</b>	<b>\$9.7</b>	<b>\$1.2</b>	<b>\$0.5</b>	<b>\$1.0</b>	<b>\$3.4</b>

Source: AEC

Note: Totals may not sum due to rounding.

Note<sup>1</sup>: An additional \$150/sqm has been allocated as additional capital works costs (Rawlinsons, 2019).

The development of the retail component does not include internal fit-out and finishes. AEC have developed assumptions regarding tenant expenditure for fit-out costs based on Rawlinsons Australia Construction Handbook (2010). The following rates were applied to the sqm area of retail shops:

- Suburban neighbourhood shops (\$320/sqm of GLA).

As a result, in addition to the direct construction costs, it has been assumed that the Proposal Case will induce additional \$1.49 million in construction activity with business fit-outs in the retail component.

For modelling purposes, construction costs for the Proposal Case were broken down into their respective Input-Output industries.

Only the construction activity expected to be undertaken within the Cumberland LGA has been included in the economic impact assessment. For the purposes of this assessment it was assumed:

- 100% of the construction activity related (i.e. residential building construction, non-residential building construction, construction services, and heavy and civil engineering construction) will occur locally, but only 50% of this is assumed to be sourced from local businesses and labour inside the region (i.e. 50% of construction will be imported to the region). For businesses/labour sourced from outside the region:
  - Approximately 25% of purchases on goods and services (supply chain related activity) made by construction-related businesses sourced from outside the Cumberland LGA would be spent within the local economy (i.e., 25% of the Type I flow on activity associated with non-local construction companies is assumed to represent additional local activity in Cumberland LGA).
  - Approximately 5% of wages and salaries paid to construction-related workers sourced from outside the region would be spent on local goods and services, such as food and beverages (i.e., 5% of the Type II flow on activity associated with non-local workers is assumed to represent additional local activity in Cumberland LGA).
- Approximately 25% of the direct expenditure on professional, scientific and technical services activity as well as on furniture manufacturing would be sourced from local businesses and labour. It is not anticipated any non-locally sourced businesses and labour will incur any expenditure in Cumberland LGA.

**Table A.5: Construction Cost Allocation, Proposal Case**

Item of Work	IO Industry
Substructure	Non-Residential Building Construction (75%), Construction Services (25%)
Superstructure	Non-Residential Building Construction (100%) for all components except the residential components, which are allocated to Residential Building Construction (100%)
Finishes	Construction Services (100%)
Fittings	Furniture Manufacturing (100%)
Services	Construction Services (100%)
Preliminaries	Non-Residential Building Construction (75%), for all components except the residential components, which are allocated to Residential Building Construction (75%), Construction Services (25%)
Unmeasured Works Allowance	Non-Residential Building Construction (75%), for all components except the residential components, which are allocated to Residential Building Construction (75%), Construction Services (25%)
External Works	Heavy & Civil Engineering (10%), Construction Services (90%)
Profit & Overheads	Redistributed
Professional Fees	Professional, Scientific and Technical Services (100%)

Source: AEC

**Table A.6: Input-Output Industry Allocation and Construction Costs, Proposal Case**

IO Industry	\$M
Non-Residential Building Construction	\$65.2
Construction Services	\$108.5
Residential Building Construction	\$97.7
Heavy & Civil Engineering	\$0.6
Furniture Manufacturing	\$14.8
Professional, Scientific and Technical Services	\$8.9
<b>Total</b>	<b>\$295.6</b>

Source: AEC

Note: Totals may not sum due to rounding.

### Base Case Operational Phase

The Base Case is assumed to generate economic activity from the existing jobs sustained by the current businesses on the Site, whilst the Proposal Case is assumed to generate economic activity from the new employment space, household expenditure from residential dwellings and dispersed jobs on the Site i.e. people working from home.

In order to model the economic impacts, operational employment levels for the economic activity occurring in the Base Case scenario were categorised into the Input-Output industries. Employment by industry estimates were converted to an output value using a multiplier based on the national transaction table (ABS, 2019a).

The operational output estimates for the Base Case scenario are outlined in Table A.7.

**Table A.7: Operational Output Drivers, Base Case**

IO Industry	\$M
Retail Trade	\$19.1
Food and Beverage Services	\$8.5
Automotive Repair and Maintenance	\$0.3
<b>Total</b>	<b>\$27.9</b>

Source: AEC

Note: Totals may not sum due to rounding.

### Proposal Case Operational Phase

The mix land uses as envisaged under the Proposal Case would generate economic activity consisting of the various aspects which make up the operational activity associated with the proposed construction:

- **Operational Activity:** Additional economic activity occurring as a result of employment floorspace on the Site.
- **Dispersed jobs:** Additional economic activity occurring as a result of employment activity from net new 'dispersed jobs', i.e. residents who work from home.
- **Household impacts:** Additional economic activity would occur in the Cumberland LGA as a result of direct expenditure of net new households, i.e. the households who live in the new dwellings.

### Operational Activity

Output estimates for the operational employment of the Site were developed by allocating the proposed employment uses into relevant Input-Output industries and converting the employment by industry estimates to an output value.

**Table A.6: Operational FTE Allocation, Proposal Case**

Activity	IO Industry	GFA (sqm)	Estimated FTE
Ground floor retail shops (ranging in size from 31-754sqm)	Retail Trade (65%), Food and Beverage Services (30%), Personal Services (5%)	3,155	210
Suitable for IGA or Asian supermarket	Retail Trade	1,504	27
Office suites varying in size from 60-300sqm	Professional, Scientific and Technical Services (60%), Employment, Travel Agency and Other Administrative Services (10%), Non-Residential Property Operators and Real Estate Services (10%), Finance (10%) Health Care Services (5%), Insurance (5%)	3,735	208
Standard centre	Residential Care and Social Assistance Services	759	10
<b>Total</b>		<b>9,153</b>	<b>455</b>

Source: AEC

Note: Totals may not sum due to rounding.

**Table A.7: Operational Output Based on FTE Allocation, Proposal Case**

IO Industry	FTE	\$M
Retail Trade	164	\$22.9
Food and Beverage Services	63	\$8.0
Employment, Travel Agency and Other Administrative Services	21	\$7.8
Health Care Services	10	\$1.6
Professional, Scientific and Technical Services	125	\$29.7
Non-Residential Property Operators and Real Estate Services	21	\$10.7
Personal Services	11	\$1.2
Finance	21	\$17.3
Insurance and Superannuation Funds	10	\$9.0
Residential Care and Social Assistance Services	10	\$1.4
<b>Total</b>	<b>455</b>	<b>\$109.5</b>

Source: AEC

Note: Totals may not sum due to rounding.

**Dispersed Jobs**

The residential uses as envisaged under the Proposal Case would generate a larger quantum of economic activity from dispersed jobs, i.e. people working from home.

The new dwellings are anticipated to accommodate more people that choose to work from home (and thereby increase total jobs in the LGA). The development indicates that the Proposal Case could accommodate approximately 790 new dwellings. Based on the average number of people usually residents and number of bedrooms in Cumberland LGA dwellings, it is assumed that there are 2,172 new residents. It is assumed that 2.1% of these new residents, or 45 people, will work from home (based on Greater Sydney's average of proportion of people working from home). This is derived from a count of employed persons who worked from in the Cumberland LGA in 2016.

These 45 dispersed jobs are allocated into the Input-Output industries proportions in the Cumberland LGA to calculate estimated output drivers and are outlined in Table A.8 below.



**Table A.8: Dispersed Jobs, Proposal Case**

Input-Output Sector	Output (\$M) Dispersed Jobs
Agriculture, Forestry and Fishing	\$0.3
Mining	\$0.1
Manufacturing	\$0.6
Electricity, Gas, Water and Waste services	\$0.1
Construction	\$1.6
Wholesale Trade	\$0.6
Retail Trade	\$0.3
Accommodation and Food Services	\$0.1
Transport, Postal and Warehousing	\$0.4
Information Media and Telecommunications	\$1.0
Financial and Insurance Services	\$2.5
Rental, Hiring and Real Estate Services	\$0.8
Ownership of Dwellings	\$0.0
Professional, Scientific and Technical Services	\$3.2
Administrative and Support Services	\$0.8
Public Administration and Safety	\$0.1
Education and Training	\$0.4
Health Care and Social Assistance	\$0.6
Arts and Recreation Services	\$0.3
Other Services	\$0.3
<b>Total</b>	<b>\$14.1</b>

Source: AEC

Note: Totals may not sum due to rounding.

## HOUSEHOLD EXPENDITURE SUPPORTED

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

The household expenditure activity supported should not be combined with the impacts of the Proposal Case in the section above, as some of these impacts are likely to have already been captured in the assessment (e.g. some household expenditure is expected to be spent on the dispersed jobs locating on-site in the Proposal Case).

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

### Household Expenditure

The ABS Household Expenditure Survey (ASB, 2017c) was used to identify the proportion of weekly household incomes that is spent across expenditure items. The breakdown to Input-Output industries was developed based on assumptions by AEC regarding the most appropriate Input-Output industries for each activity, based on the expenditure items outlined in the Household Expenditure Survey.

Table A.9 shows the additional household expenditure estimated to be generated in the Cumberland LGA as a result of the new household in the Proposal Case.

**Table A.9: Additional Household Expenditure by Industry, Proposal Case**

Industry	Expenditure Estimates	Proportion Spent in the Cumberland LGA	Cumberland LGA Estimate
Retail trade	\$15.18	75%	\$11.39
Ownership of Dwellings	\$3.83	100%	\$3.83
Food and Beverage Services	\$3.42	50%	\$1.71
Finance	\$3.36	25%	\$0.84
Primary and Secondary Education Services (incl Pre-Schools and Special Schools)	\$1.67	50%	\$0.83
Construction Services	\$1.36	50%	\$0.68
Public Administration and Regulatory Services	\$2.57	25%	\$0.64
Insurance and Superannuation Funds	\$0.98	50%	\$0.49
Health Care Services	\$0.56	75%	\$0.42
Personal Services	\$0.51	80%	\$0.41
Rental and Hiring Services (except Real Estate)	\$0.45	75%	\$0.34
Residential Care and Social Assistance Services	\$0.58	50%	\$0.29
Automotive Repair and Maintenance	\$0.41	50%	\$0.21
Sports and Recreation	\$0.40	50%	\$0.20
Road Transport	\$0.25	75%	\$0.19
Non-residential Property Operators and Real Estate Services	\$0.32	50%	\$0.16
Technical, Vocational and Tertiary Education Services (incl undergraduate and postgraduate)	\$0.18	50%	\$0.09
Heritage, Creative and Performing Arts	\$0.14	50%	\$0.07
Building Cleaning, Pest Control and Other Support Services	\$0.14	50%	\$0.07
Gambling	\$0.22	25%	\$0.05
Professional, Scientific and Technical Services	\$0.09	50%	\$0.05
Other Services	\$0.06	75%	\$0.05
Motion Picture and Sound Recording	\$0.23	20%	\$0.05
Other Repair and Maintenance	\$0.07	50%	\$0.03
Arts, Sports, Adult and Other Education Services (incl community education)	\$0.11	25%	\$0.03
Rail Transport	\$0.04	50%	\$0.02
Postal and Courier Pick-up and Delivery Service	\$0.02	50%	\$0.01
Auxiliary Finance and Insurance Services	\$0.02	25%	\$0.00
Accommodation	\$0.01	10%	\$0.00
Electricity Transmission, Distribution, On Selling and Electricity Market Operation	\$1.03	0%	\$0.00
Gas Supply	\$0.3	0%	\$0.0
Water Supply, Sewerage and Drainage Services	\$0.0	0%	\$0.0
Telecommunication Services	\$1.1	0%	\$0.0
Internet Service Providers, Internet Publishing and Broadcasting, Websearch Portals and Data Processing	\$0.2	0%	\$0.0
Broadcasting (except Internet)	\$0.1	0%	\$0.0
Water, Pipeline and Other Transport	\$0.0	0%	\$0.0
Air and Space Transport	\$0.2	0%	\$0.0
<b>Total</b>	<b>\$40.23</b>		<b>\$23.16</b>

Source: ABS (2017c), AEC.

Note: Totals may not sum due to rounding.

THIS PAGE INTENTIONALLY LEFT BLANK

**BRISBANE**

Level 5, 131 Leichhardt Street  
Spring Hill QLD 4000  
Australia  
T: +61 (0)7 3831 0577

**DARWIN**

Level 1, 48-50 Smith Street  
Darwin NT 0800  
Australia  
T: 1300 799 343

**MELBOURNE**

Level 13, 200 Queen Street  
Melbourne VIC 3000  
Australia  
T: +61 (0)3 8648 6586

**PERTH**

Level 2, 580 Hay Street  
Perth WA 6000  
Australia  
T: +61 (0) 8 6555 4940

**SYDNEY**

Level 14, 25 Bligh Street,  
Sydney NSW 2000  
Australia  
T: +61 (0) 2 9283 8400

**TOWNSVILLE**

233 Flinders Street East  
Townsville QLD 4810  
Australia  
T: +61 (0)7 4771 5550

**BANGKOK**

2024/129-130 Sukhumvit 50  
Prakanong Klongtoey,  
Bangkok, Thailand 10260  
T: +66 2 107 0189

**SHANGHAI**

46F Hongkong New World Tower  
300 Huahai Road Central  
200021 China  
T: +8621 6135 2310

[aecgrouppltd.com](http://aecgrouppltd.com)

OUTCOME DRIVEN



OUTCOME DRIVEN