# Westmead South Precinct

## Economic Feasibility Study

Cumberland Council

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# Document Control

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# Executive Summary

## BACKGROUND

The Westmead Place Strategy (**the Place Strategy**) outlines the vision, structure plan and principles to guide detailed land use planning. The Place Strategy was finalised in August 2022 and is supported by a s9.1 Ministerial Direction. Following preparation of the Place Strategy, Cumberland Council (Council) commenced strategic planning for Westmead South.

Atlas is engaged by Cumberland City Council (**Council**) to support development of a Masterplan for Westmead South (**the Precinct**) which will implement the Place Strategy. Atlas worked iteratively with Council and the project team, providing land use and feasibility advice over the course of masterplan development.

The Economic Feasibility Study (**the Study**) summarises the research and input provided to assist development and refinement of masterplan options. The Study additionally reviews and comments on the preferred Masterplan option.

### Strategic Context

The Precinct is positioned immediately adjacent Australia's largest health precinct and proximate Sydney's second CBD. It has strong public transport accessibility, which will be further enhanced with the completion of the Parramatta Light Rail in 2024, and Sydney Metro West metro line in ~2030.

Accommodating a young, highly educated and ethnically diverse resident base, the Precinct already comprises a broad mix of housing typologies and has been a focal point for high-density development in recent years.

Despite its strengths, the Precinct does face challenges to its future renewal. Existing high-density residential uses south-east of the Westmead Train Station limit the potential for future redevelopment. Parts of the Precinct are characterised by small residential lots, which present challenges for development feasibility due to the cost of site consolidation.

The Study's baseline research demonstrates the opportunities for revitalisation though the Study acknowledges the need to be cognisant of the characteristics of the Precinct (e.g. fragmented land ownership, fine grain lot patterns) which could make site consolidation difficult. Appropriate planning controls would assist in mitigating the risk of these challenges.

## GROWTH AND LAND USE EXPECTATIONS

### Retail and Commercial Land Uses

The Precinct does not currently comprise a large retail centre, with residents travelling to other centres for most shopping needs. The principal retail centre is the Parramatta CBD which is a Metropolitan Centre and accordingly plays a significant regional role. The Local Centres of Wentworthville and Merrylands are also major retail hubs proximate Westmead South.

Based on the land use mix proposed in the Westmead Concept Plan, the Study Area could potentially accommodate a total resident population of over 27,500 residents upon build out. With a local resident population of this size, the Study Area would likely require retail uses reflective of a Local Centre.

To estimate the likely *quantum* of retail floorspace that could be needed in the Study Area upon build-out, high-level retail benchmarking has been carried out. Based on these estimates, the Study Area could require some ~10,100sqm of retail floorspace upon buildout, in addition to ~2,500sqm of non-retail floorspace (e.g. service commercial uses).

The Precinct is not anticipated to play a major commercial office role. Notwithstanding, there will be a need to provide space for local commercial services. This includes uses such as banks, post office, small legal and financial services, gyms and recreational services and a mix of medical services.

### Residential Land Uses

The Precinct is already an established high-density housing market, as evidenced by strong take-up of new apartment development. There is an opportunity to deliver new housing within the Precinct in the context of its location, proximity to existing and future public transport nodes and nearby employment precincts.

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**Schedules**

# 1. Introduction

## 1.1 Background

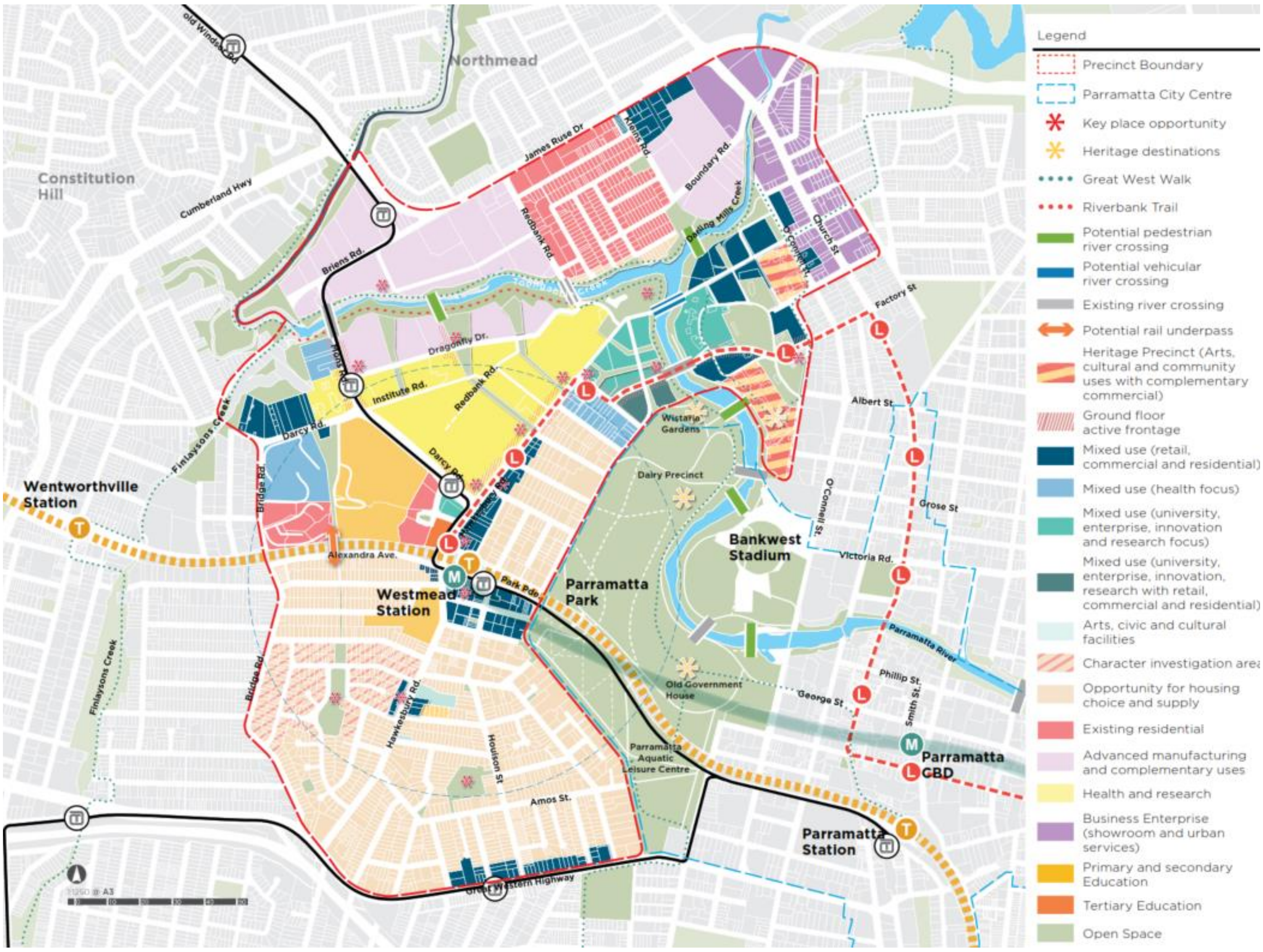
Westmead is the beneficiary of new infrastructure investment of the Parramatta Light Rail (Stage 1) and Sydney Metro West. Completion of the light rail is due in 2024 and would facilitate better connectivity with the Parramatta CBD and parts of Greater Parramatta. Completion of the metro station would enable broader regional connections within Greater Sydney.

Westmead has Australia's largest concentration of hospital and health services. The NSW Government has identified a vision for Westmead to be Australia's premier health and innovation distribution - given its potential for economic growth and job creation focused on health care, medical research and commercialisation, education and training.

### Westmead Place Strategy

The Westmead Place Strategy (the Place Strategy) outlines the vision, structure plan and principles to guide detailed land use planning. The Place Strategy was finalised in August 2022 and is supported by a s9.1 Ministerial Direction. Future rezonings will be initiated by councils, landowners or agencies and will require preparation of requisite technical studies.

**Figure 1.1: Westmead Precinct**

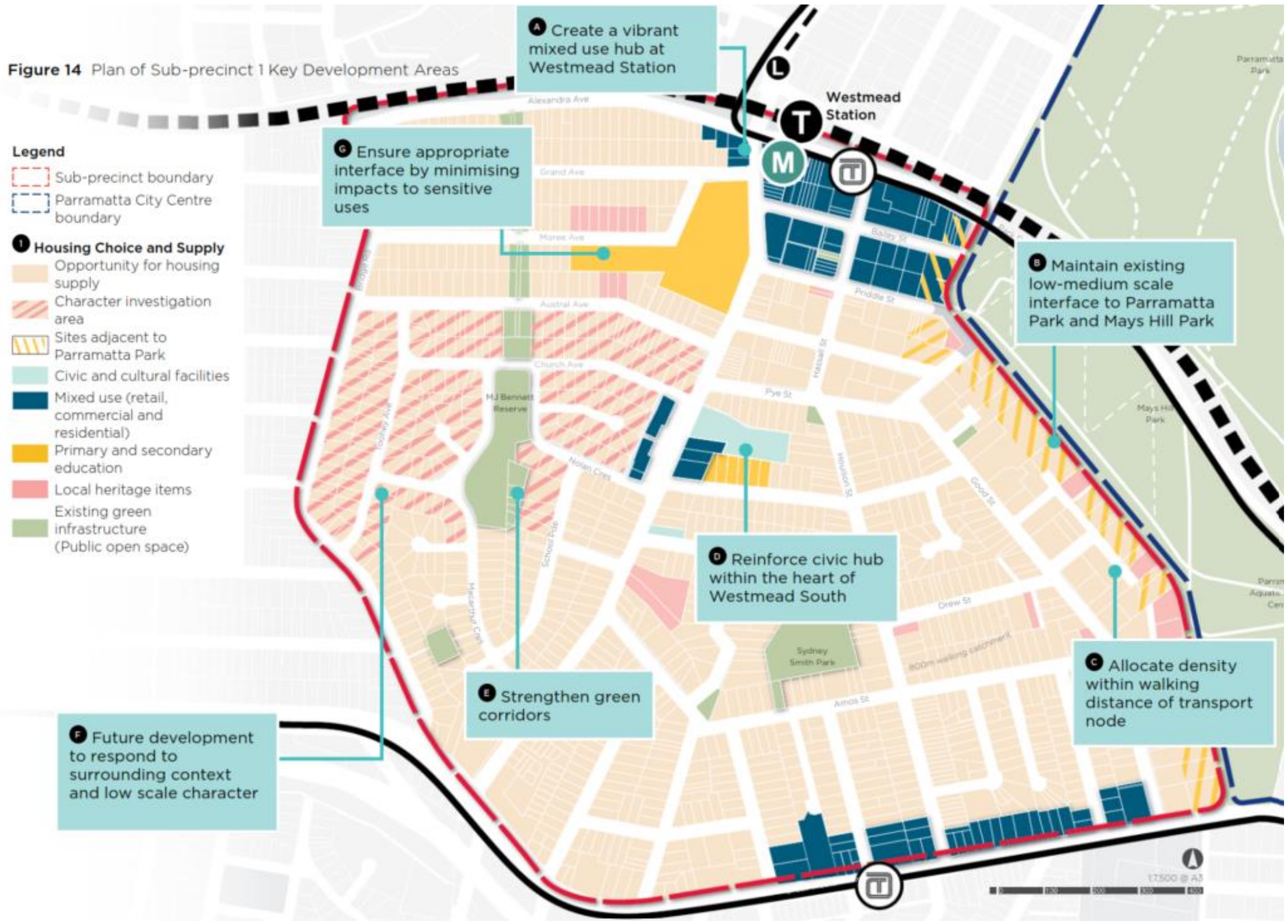



Source: DPE (2022)

The Place Strategy identifies seven neighbourhoods across the Westmead Precinct including Westmead South. The Westmead South sub-precinct is just south of the Westmead train station bounded by the Great Western Highway to the south. The sub-precinct is residential in character and will be transformed by the Metro station and Parramatta Light Rail.

**Figure 1.2** illustrates key development areas and respective land use and built form principles expressed for the Westmead South sub-precinct.

**Figure 1.2: Westmead South Sub-precinct Key Development Areas, Land Use and Built Form Principles**




Source: DPE (2022)

The Place Strategy identifies the opportunity for Westmead South to enable housing choice and supply. In particular, it identifies the need to increase residential density and choice within a 10-minute walk to Westmead station, concentrating density adjacent to the rail corridor and station as well as investigating opportunities for small scale intensification through consolidation and medium density development.

The Place Strategy envisages key place outcomes in the Westmead South sub-precinct, described in **Table 1-1**.

**Table 1-1: Westmead South Sub-precinct Key Place Outcomes**

| Place Outcome | Description |
|---|---|
| Activity spine and nodes | • Reinforce Hawkesbury Road as the main pedestrian activity and movement spine.<br>• Create vibrant activity nodes with active ground floor uses at the Metro station, while reinforcing the exiting retail area between Nolan Crescent and Church Street.<br>• Concentrate density in proximity to the metro station and amenity, and improve quality of built form of future development in Westmead South.<br>• Provide variation in building heights along Hawkesbury Road with an emphasis on tall, slender building envelopes rather than short squat massing. |
| Amenity-led development | • Improve the quality of existing open spaces through upgrades to their functionality, connectivity and landscape character.<br>• Provide amenity-led development that maximises access to existing open spaces. For Sydney Smith Park, explore embellishment and improvement opportunities through site amalgamation to improve its address and usability.<br>• Explore opportunities for potential green infrastructure open space and social infrastructure subject to further analysis of projected population growth and funding. |

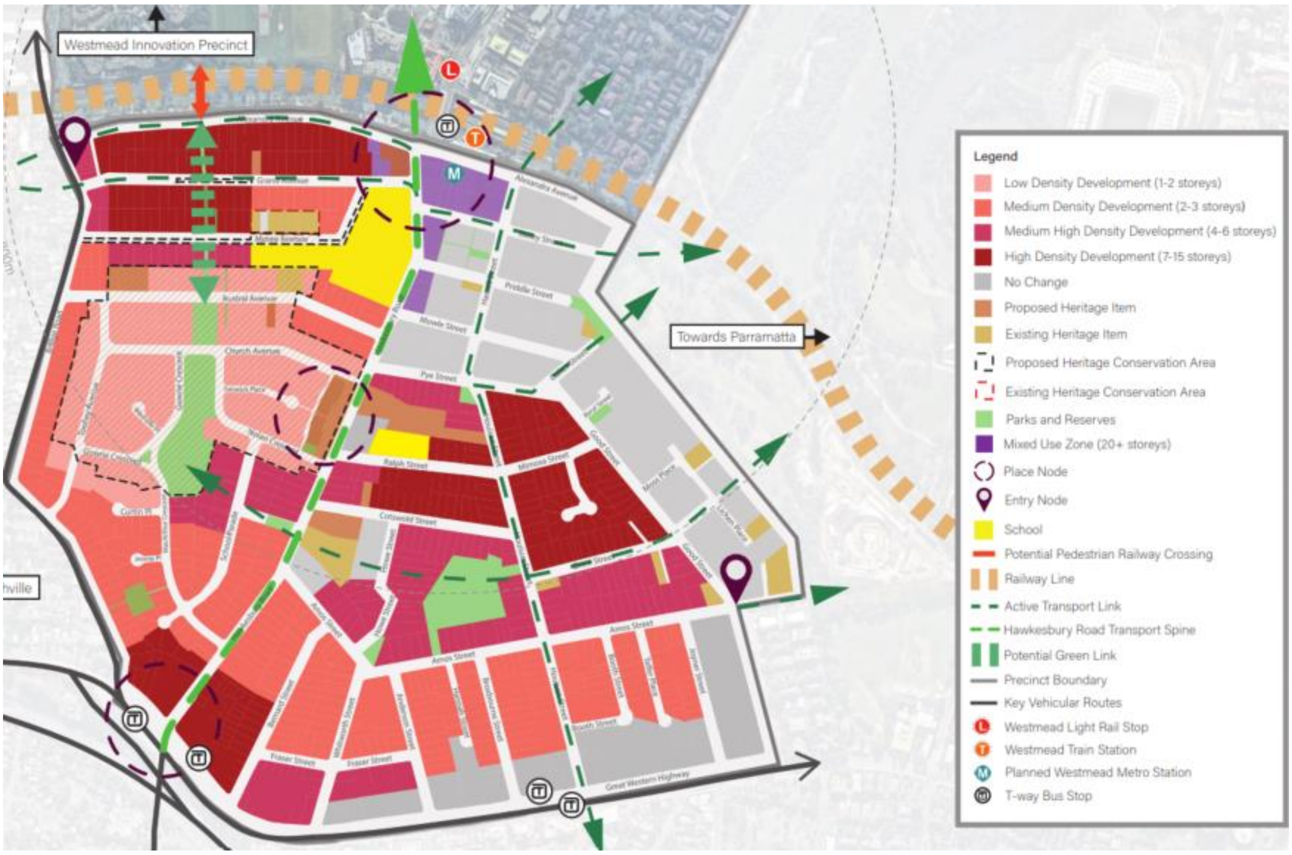
| Place Outcome | Description |
|---|---|
| Green grid connections | • Connect the green grid and improve walkability through existing and new green streets that improve access to pocket parks scattered within Westmead South, Parramatta Park, Mays Hill, Sydney Smith Park, MJ Bennett Reserve, the new Metro station, and other key destinations. |
| North-South connections | • Investigate opportunity for improved connections between North and South Westmead through a new pedestrian underpass at Alexandra Avenue and a Green Link that connects Austral Avenue Reserve to Alexandra Avenue.<br>• Future widening of existing road over rail bridge at Bridge Road to accommodate future vehicle capacity, bus services and opportunities to enhance pedestrian amenity. |
| Wayfinding and placemaking | • Protect sightlines along Hawkesbury Road as well as view corridors to heritage sites in Parramatta Park.<br>• Investigate opportunities to introduce pedestrian cross block links to improve permeability of the precinct by foot.<br>• Improve the pedestrian experience through new place-making interventions such as public art, signage, seating, or new public spaces for gathering. |

Source: DPE (2022)

<u>Westmead South Concept Land Use Plan</u>

Following preparation of the Place Strategy, Cumberland Council (Council) commenced strategic planning for Westmead South. A Concept Land Use Plan indicates at the location and distribution of different built form typologies.

**Figure 1.3: Westmead South Concept Land Use Plan**




Source: Cumberland Council (2022)

Council invited local community members to provide feedback in a Community Voice Panel, the last of three sessions concluding in September 2023. Council has commenced a range of technical investigations to inform a draft Masterplan.

Atlas Economics (**Atlas**) is engaged by Cumberland Council (**Council**)) to carry out an Economic Feasibility Study to support development of the Westmead South Masterplan and rezoning package.

## 1.2 Scope and Approach

Atlas is engaged by Cumberland City Council (Council) to support development of a Masterplan for Westmead South (**the Precinct or Study Area**, which are used interchangeably) which will implement the Place Strategy. Atlas worked iteratively with Council and the project team, providing land use and feasibility advice over the course of masterplan development.

This advice provided guidance on the following masterplan issues:

- Demand for various land uses (residential, retail and commercial).
- Westmead South's competitive context, its challenges and opportunities for development.
- The feasibility of various development/ built form typologies.
- The viable spatial distribution of land uses and development density.
- The opportunity for:
  - Delivery of public domain and infrastructure requirements.
  - Contributions to Affordable Housing by development in the Precinct.
- The likely pace and take-up of development in the Precinct.

Atlas attended various workshops and provided advice over a number of months. The Economic Feasibility Study (**the Study**, this report) summarises the research and input provided to assist development and refinement of masterplan options. The Study additionally reviews and comments on the preferred Masterplan option.

The Study undertakes baseline research of the Precinct and:

- Analyses the composition of the local resident and worker population.
- Investigates its market context and considers its competitiveness from a development investment perspective.
- Analyses growth expectations and considers the role the Precinct could play in accommodating residential, retail and commercial floorspace.

## 1.3 Assumptions and Limitations

Atlas acknowledges a number of limitations associated with the Study.

- The long-term economic implications of the COVID-19 pandemic, particularly the shift in migration patterns to the regions, are not fully understood.
- Desktop market research has been undertaken without physical site surveys and inspections.

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

# 2. Baseline Research

## 2.1 Precinct Profile

### 2.1.1 Land Use Characteristics

The Study Area is largely characterised by residential land uses, with the R2 Low Density Residential zone applying across most of the precinct in addition to smaller clusters of R3 Medium Density Residential and R4 High Density Residential on the eastern side of Hawkesbury Road.

The mix of housing typologies is accordingly diverse and aligns with historical zoning patterns:

- **Western side of Hawkesbury Road**: predominantly Post-War brick veneer detached housing interspersed with more recently constructed detached housing and duplexes. There is a large cluster of social housing located throughout this part of the Study Area, with Land and Housing Corporation (LAHC) being a major landowner.
- **Eastern side of Hawkesbury Road**: mix of detached housing and older, low-rise 'walk up' unit blocks.

More recently, new mixed use buildings and residential flat buildings have been developed within the E3 Productivity Support zone along the Great Western Highway and R4 High Density Residential zone (e.g. Good Street). These newer developments have generally ranged from 6 to 7 storeys and have primarily delivered smaller dwellings (i.e. 2-bedrooms).

**Figure 2.1: Common Housing Typologies, Study Area**


Source: Realestate.com.au

The Study Area is not a major retail or commercial centre. There is a small cluster of E1 Neighbourhood Centre land along Hawkesbury Road comprising some 0.6ha, occupied a small strip of neighbourhood shops known as 'The Oakes Centre'.

There is a larger (3ha) strip of E3 Productivity Support located along the Great Western Highway, though non-residential uses are limited to ground level retail suites at the base of recently developed mixed use buildings.

In addition to these non-residential uses, several detached houses in the R2 Low Density Residential zone have been converted into business premises. The majority of these are used for medical and health (e.g. medical centres, specialist clinics), childcare centres and education (i.e. home tutoring) uses.

Westmead Public School is a major K-6 primary school within the Study Area, accommodating over 1,600 students.

### 2.1.2 Resident Profile

The basis of demographic analysis is the Australian Bureau of Statistics (ABS) Census. The ABS define a series of geographies known as Statistical Areas (SA) which vary in size and range from SA4s (large regions) to SA1s (often smaller than a suburb). Census data can be extracted based on these statistical areas to understand local resident profiles.

A Resident Catchment Area which broadly aligns with the Study Area has been selected for the purposes of analysis and is illustrated in SCHEDULE 1.

Understanding the current and historical socio-demographic profile of residents in the Study Area is critical to planning for Westmead South. A review of the socio-economic profile of the Study Area using 2021 Census data shows:

- A **large and dense existing population**, with around 8,200 residents reflecting a population density of ~60.7 persons/ha. This makes it one of the most densely populated areas in the Cumberland LGA.
- It is **quickly growing**, with an additional 1,150 residents recorded over 2016-2021 (reflecting average annual growth of 3.1%). This was faster than the rate of population growth recorded in the Cumberland LGA (1.0% per annum).
- **A large proportion of young adults and middle-aged residents**, with a median age of just under 36 years.
- **An ethnically diverse community**, with over 67% of residents born overseas (particularly from India and Sri Lanka). This is markedly higher than both Cumberland LGA (53%) and Greater Sydney (39%).
- **A highly qualified resident pool**, with 50% of residents holding a university qualification.
- **A large family household cohort,** with almost half of all households being couples with children. Lone persons are also a major household cohort at 20% of all households.
- **Smaller average household sizes** at 2.9 persons per household, compared to 3.0 in the Cumberland LGA.
- A **diverse mix of housing typologies**, with 30% separate houses, 23% medium-density dwellings and 47% apartments.

**Figure 2.2** illustrates some of the key socio-demographic characteristics of the Study Area as at the 2021 Census.

**Figure 2.2:Common Socio-Demographic Characteristics, Westmead South**


Source: ABS (2022)/Atlas Economics

### 2.1.3 Employment Profile

The smallest ABS geographies which can be used to source detailed employment data are known as Destination Zones (DZs). An Employment Catchment Area which broadly aligns with the Study Area has been selected for the purposes of analysis and is illustrated in SCHEDULE 1.

This section analyses the employment profile of local workers within the Study Area (as opposed to the profile of residents).

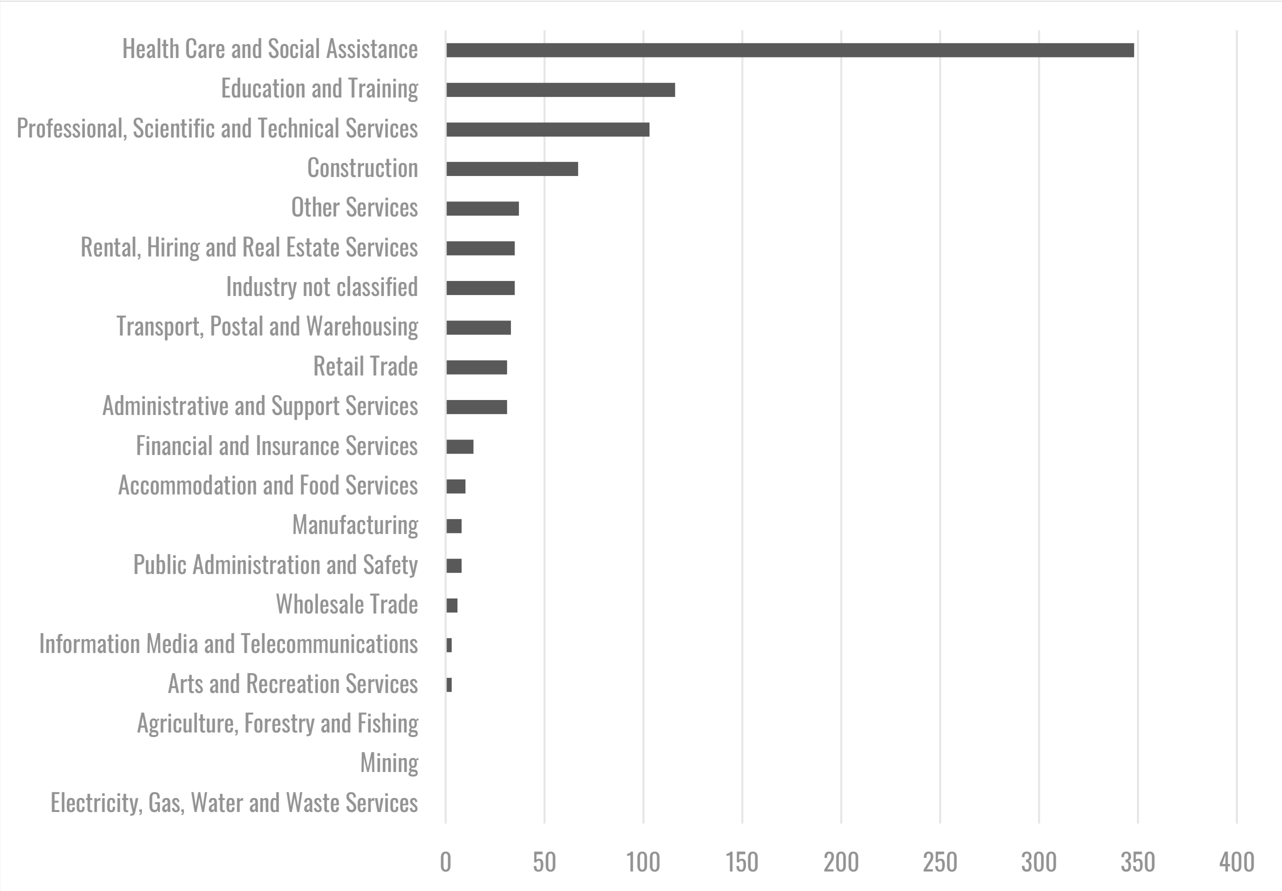
As at 2021, approximately 890 jobs were recorded in the Study Area. The largest industry sectors included:

- Health care and social assistance at 39% of total jobs.
- Education and training at 13% of total jobs
- Professional, scientific and technical services at 11% of total jobs.
- Construction at 7% of total jobs.

Despite being a small local centre, the Study Area does not have a large population-serving sector (which includes industries such as retail trade and food services and accommodation), accounting for just 17% of total employment. This limited offering of population serving sectors suggests local residents would need to travel elsewhere for retail and services, such as Wentworthville and/or Parramatta.

**Figure 2.3** illustrates the industry composition of the Study Areas as at the 2021 Census.

**Figure 2.3: Employment by Industry (2021), Study Area**




Source: NIEIR (2022)

## 2.2 Market Activity

This section provides a brief overview of recent market and development activity across the Study Area,

### Residential Land Uses

There has been a steady level of market activity within Westmead's housing market over the past 12-18 months. Aligning with the broader Greater Sydney market, house prices declined marginally over the 12-months to June 2023. Landowners have accordingly opted to delay planned sales, with sale volumes down by some -15% (CoreLogic, 2023).

Despite this dip in activity, Westmead's median house price of $1.61 million remains almost 35% higher than that recorded 3-years earlier and is over 24% higher than the Greater Sydney median of $1.3 million (CoreLogic, 2023).

A review of sales activity within the Study Area shows a broad range of prices paid for detached housing – prices ranging from $1.0 million to $2.3 million and dependent upon, *inter alia*, land and building size, age of existing improvements and proximity to Westmead train station. On a dollar per square metre of site area basis, these sale prices equate to values ranging from $1,800/sqm to $3,000/sqm of improved site area.

A similar dip in prices and sale volumes in Westmead's unit market has been observed over the past 12-months. The median unit price of $550,000 has fallen by around 3% in the year to June 2023, and represents a discount of some 27% compared to the Greater Sydney median of $755,000.

Older style apartments in the Study Area have been attracting sale prices ranging from $480,000 to $550,000 (for two bedroom apartments). More recently developed apartments along Great Western Highway have been achieving slight premiums compared to older stock, with two bedroom apartments attracting prices from $550,000 to $600,000.

Immediately north of the Study Area, the new 'Highline' development opposite the Westmead Innovation Quarter has set new apartment pricing benchmarks for Westmead and attracted strong interest from a mix of young families, couples and investors. Remaining Stage 1 apartments ranging from $750,000 to $850,000 for two bedroom units, whilst three bedroom units range from $900,000 to $1.15 million.

**Figure 2.4: 'Highline' (Stage 1), Hawkesbury Road (North of Study Area)**

Source: Deicorp

### Retail and Commercial Land Uses

There has been limited recent retail or commercial market activity across the Study Area over the past 12-months. Retail suites at the 'Oakes Centre' are tightly held, with few sales observed.

There are currently no commercial or retail vacancies observed across the Study Area, reflective of a dearth of new supply and the number of long-term operators in the Study Area.

### Development Activity

Residential and mixed use development activity in the Study Area over the past 5-7 years has primarily been focused in the R4 High Density Residential and E3 Productivity Support zones along and around the Great Western Highway.

Developers have been acquiring and consolidating multiple detached houses in these areas to progress high-density development of circa 6-7 storeys. Smaller scale, incremental forms of development (e.g. duplexes, secondary dwellings) have also been observed throughout other parts of the Study Area.

A review of the development pipeline indicates that there are currently 9 projects within the Study Area at various stages of planning, approval and delivery.

Almost all projects in the pipeline are apartment projects (mix of shop top housing and residential flat buildings), with the exception of a boarding house and group home development. No retail or commercial development is currently proposed within the Study Area.

As shown in **Table 2-1**, these development pipeline have the potential to deliver ~180 dwellings.

**Table 2-1: Development Pipeline (April 2023), Study Area**

| Project | Typology | Status | Dwellings |
|---|---|---|---|
| 102-108 Great Western Hwy | Shop top housing | Construction | 50 |
| 11-17 Joyner St | Residential flat | Construction | 46 |
| 8-12 Good St | Shop top housing | Development application | 31 |
| LAHC Seniors Housing | Residential flat | Construction | 18 |
| Priddle St | Residential flat | Early planning | 12 |
| 47 Houison St | Boarding house | Development approved | 12 |
| 49 Alexandra Ave | Group home | Development application | 7 |
| 24 Priddle St | Residential flat | Construction | 5 |
| 160 Bridge Rd | Mixed Use | Construction | 1 |
| **Total** | | | **182** |

Source: BCI

A review of development site sale activity in the Study Area and comparable areas (e.g. Wentworthville) demonstrates that developers have been paying between $1,200/sqm to $1,800/sqm of gross floor area (GFA) potential for high-density and mixed use development sites.

The most recent development site sale in the Study Area was 8-12 Good Street which sold for $6 million in March 2021. Based on a recent DA lodged for the site which proposes an 8-storey residential flat building including 31 units, this sale analyses to a rate of $2,300/sqm of proposed GFA.

Smaller scale development is also being observed within the Study Area. For instance, 24 Priddle Street is a small scale (4-storey) residential flat building comprising 5 apartments which was delivered on a single site.

## 2.3 Competitive Context

All property markets operate in a competitive environment and are influenced by the principle of substitutability. If accommodation (e.g. housing, retail or commercial space, etc.) cannot be secured in one particular market, the market will seek out space in the most comparable substitute market.

In the context of the Study Area, the most comparable markets from both a housing and commercial/ retail perspective are other key sub-precincts within the Westmead Precinct, namely the Health and Innovation Precinct and Westmead East. The growing suburb of Wentworthville will also be a key competitor precinct moving forward.

Health and Innovation and Westmead East Sub-Precincts

Located immediately north of the Study Area on the northern side of the T1 Western Line, the Westmead East and Health and Innovation sub-precincts as defined in the Westmead Place Strategy will be the key competitors from an investment and development perspective to Westmead South.

Both precincts benefit from closer proximity to the health and education facilities (centred around Westmead Hospital), retail amenity and the future Parramatta Light Rail.

Development activity is already being observed and proposed in both sub-precincts, with two key projects underway:

- **Westmead Innovation Quarter**

  Located in the Health and Innovation sub-precinct, the Westmead Innovation Quarter is a new mixed use precinct being jointly delivered by the Western Sydney University (WSU) and Charter Hall. The development is set to comprise a new WSU campus, 39,000sqm of office floorspace, 4,000sqm of retail floorspace and some 400 apartments.

  Stage 1 (university building, retail) was completed in Q4 2022, with the remaining stages to be completed by Q4 2025.

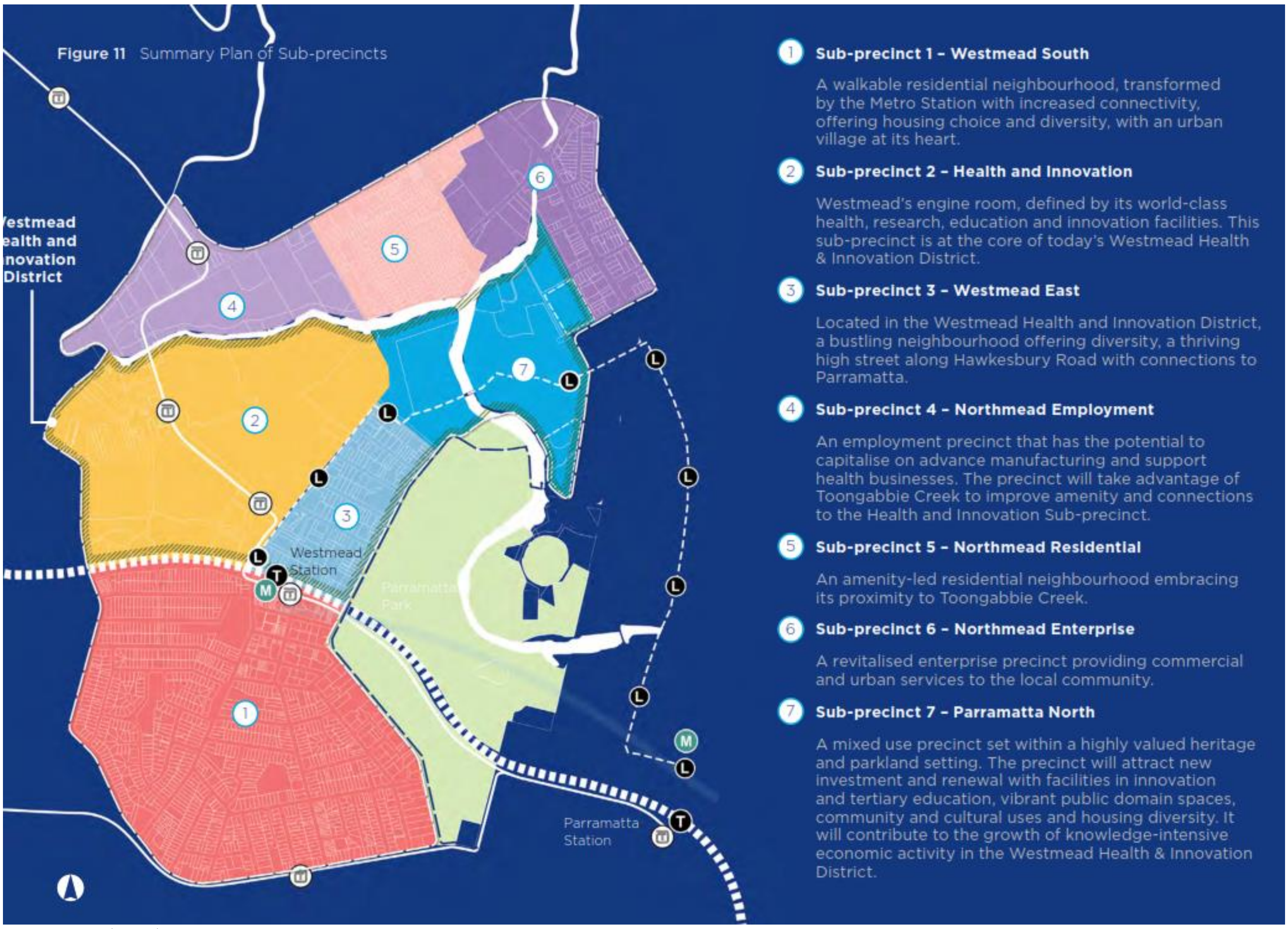
- **West Grove**

  Located in the Westmead East sub-precinct, 'West Grove' is the planned redevelopment of the existing Westmead Shopping Village opposite Westmead train station. The project would comprise a 100-room hotel, 2,300sqm of retail floorspace (including a metro-style supermarket) and other specialty uses. Informal discussions with the developer indicate the project has been deferred due to inflationary conditions in the construction sector.

Both projects alone are expected to deliver some 6,300sqm of new retail floorspace.

Overall, the Westmead Precinct's northern sub-precincts are expected to drive significant growth over the coming decades, with a target of 50,000 jobs and 10,000 university students over the coming decades (Westmead Alliance, 2020).

**Figure 2.5: Westmead Precinct, Sub-Precincts**




Source: DPE (2022)

## Wentworthville

Wentworthville is located immediately west of the Study Area and is another key competitor from a housing, retail and commercial perspective.

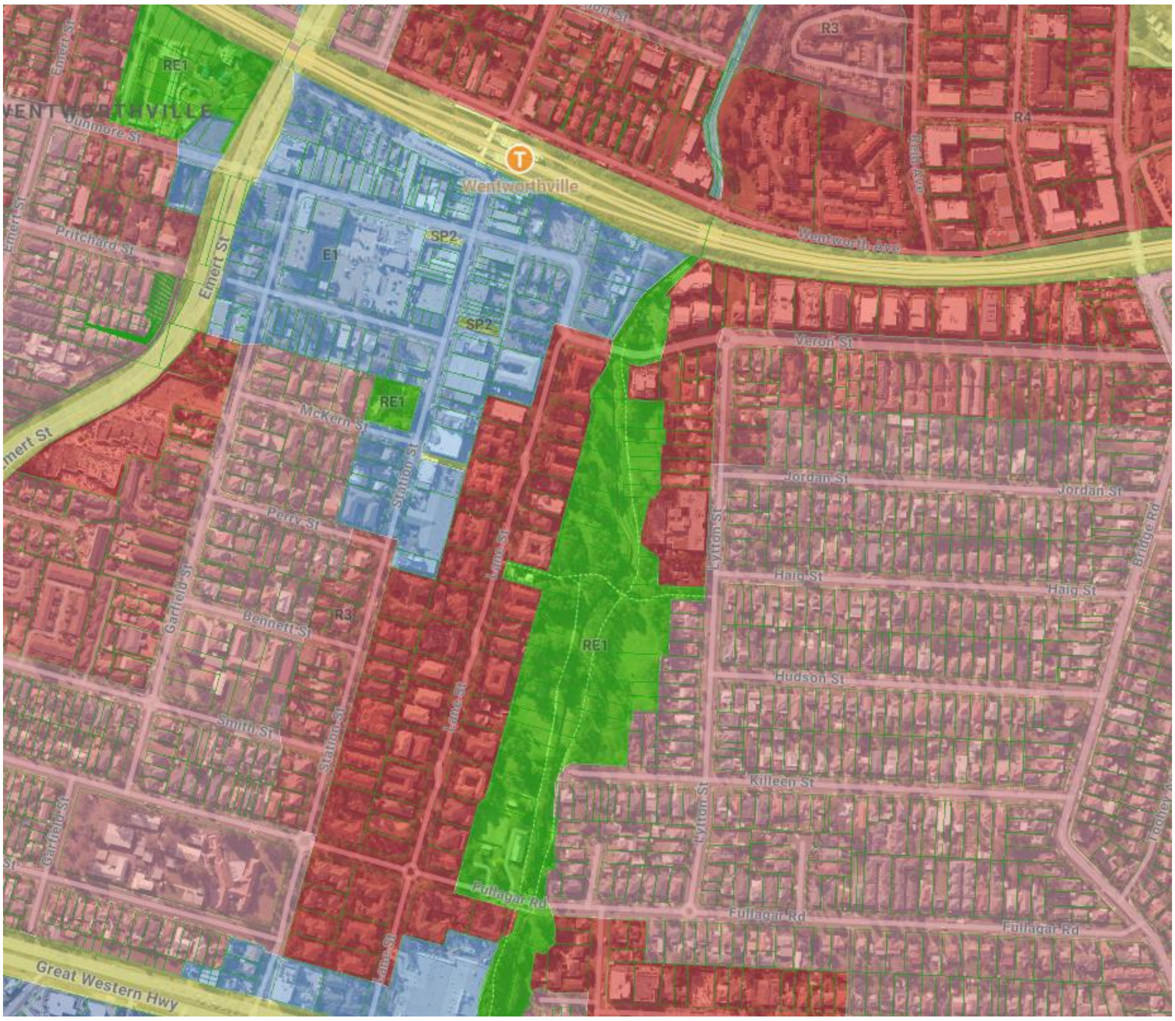
Like Westmead, Wentworthville has historically played an 'overflow' role from Parramatta. Limited supply of new apartment development in Westmead has meant that the two precincts have not historically been major competitors from a residential perspective. Wentworthville Town Centre does however have a significantly larger cluster of retail and commercial services compared to Westmead and is the primary centre for many of Westmead's residents.

In 2020, the Wentworthville Town Centre Planning Proposal was finalised by Council. The Planning Proposal unlocks capacity for an additional 1,800 new dwellings, retail facilities and public domain improvements throughout the town centre. The Planning Proposal includes an incentive mechanism to encourage provision of commercial floorspace (FSR 0.5:1).

A review of the development pipeline indicates there is a large amount of housing supply in the pipeline, many projects which have been 'unlocked' by the Planning Proposal.

Following the completion of masterplanning in the Study Area (which will unlock greater development opportunities), Wentworthville will more directly compete with Westmead from a housing and investment lens.

**Figure 2.6: Wentworthville Town Centre and Surrounds**




Source: Mecone Mosaic



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## 2.4 Implications for Masterplan

SWOT Analysis

The Study Area is positioned immediately adjacent Australia's largest health precinct and proximate Sydney's second CBD. It has strong public transport accessibility, which will be further enhanced with the completion of the Parramatta Light Rail in 2024, and Sydney Metro West metro line in ~2030.

Accommodating a young, highly educated and ethnically diverse resident base, the Study Area already comprises a broad mix of housing typologies and has been a focal point for high-density development in recent years.

Despite its many strengths, the Study Area does face several challenges to its future renewal. Existing high-density residential uses south-east of the Westmead Train Station limit the potential for future redevelopment. Pockets of the Study Area are also characterised by small residential lots, which present challenges for development feasibility due to the cost of site consolidation.

Neighbouring precincts, particularly those immediately north of the Study Area, will also compete from an investment and market perspective.

**Table 2-2** includes a SWOT analysis for the Study Area in the context of its future development prospects.

**Table 2-2: SWOT Analysis, Westmead South**

| | | |
|---|---|---|
| INTERNAL ORIGIN | **STRENGTHS**<br>• Strong existing public transport accessibility<br>• Proximity to major employment hubs<br>• Highly educated and diverse resident base<br>• Established high-density apartment market<br>• Proximity to regional public open space | **WEAKNESSES**<br>• Existing high-density residential uses (particularly around train station) and heritage conservation areas which limit potential for redevelopment<br>• Fine grain lot and ownership patterns throughout much of the Study Area<br>• Lack of retail amenity with no major retail anchor<br>• Poor connectivity between public open space |
| EXTERNAL ORIGIN | **OPPORTUNITIES**<br>• Sydney Metro West station located in Study Area<br>• Improved public transport accessibility via the Parramatta Light Rail<br>• Much of Study Area zoned R2 Low Density Residential – presents good opportunity for value uplift<br>• Existing investor and developer interest<br>• Leverage future growth of the Westmead Innovation Precinct<br>• Increased population density would further increase demand for retail and services | **THREATS**<br>• Ongoing development on the northern side of the T1 Western Line shifts the focal point of activity away from Study Area<br>• Competition from neighbouring precincts (e.g. Westmead, Wentworthville) 'crowding out' investor and developer interest<br>• Increase in density controls results in a loss of character |

Source: Atlas Economics

Implications for Precinct Planning

Much of the baseline research demonstrates that the Study Area's strengths and opportunities largely outweigh the potential challenges to its revitalisation as envisaged in the Westmead Place Strategy.

Masterplanning will however need to be cognisant of the characteristics of the Study Area (e.g. fragmented land ownership, fine grain lot patterns) which could make site consolidation difficult. Appropriate planning controls could assist in mitigating the risk of these challenges.

There is also a potential need for masterplanning to accommodate additional retail uses given the lack of existing retail and services observed in the Study Area. This is explored in further detail in the next Chapter.

# 3. Growth Expectations and Land Use Implications

## 3.1 Growth Projections

Population and employment projections are carried out by Transport for NSW's Transport, Performance and Analytics (TPA) division. The NSW TZP 2022 (TZP2022) projections are a long-term view of the future patterns of population, dwellings, workforce and employment across NSW.

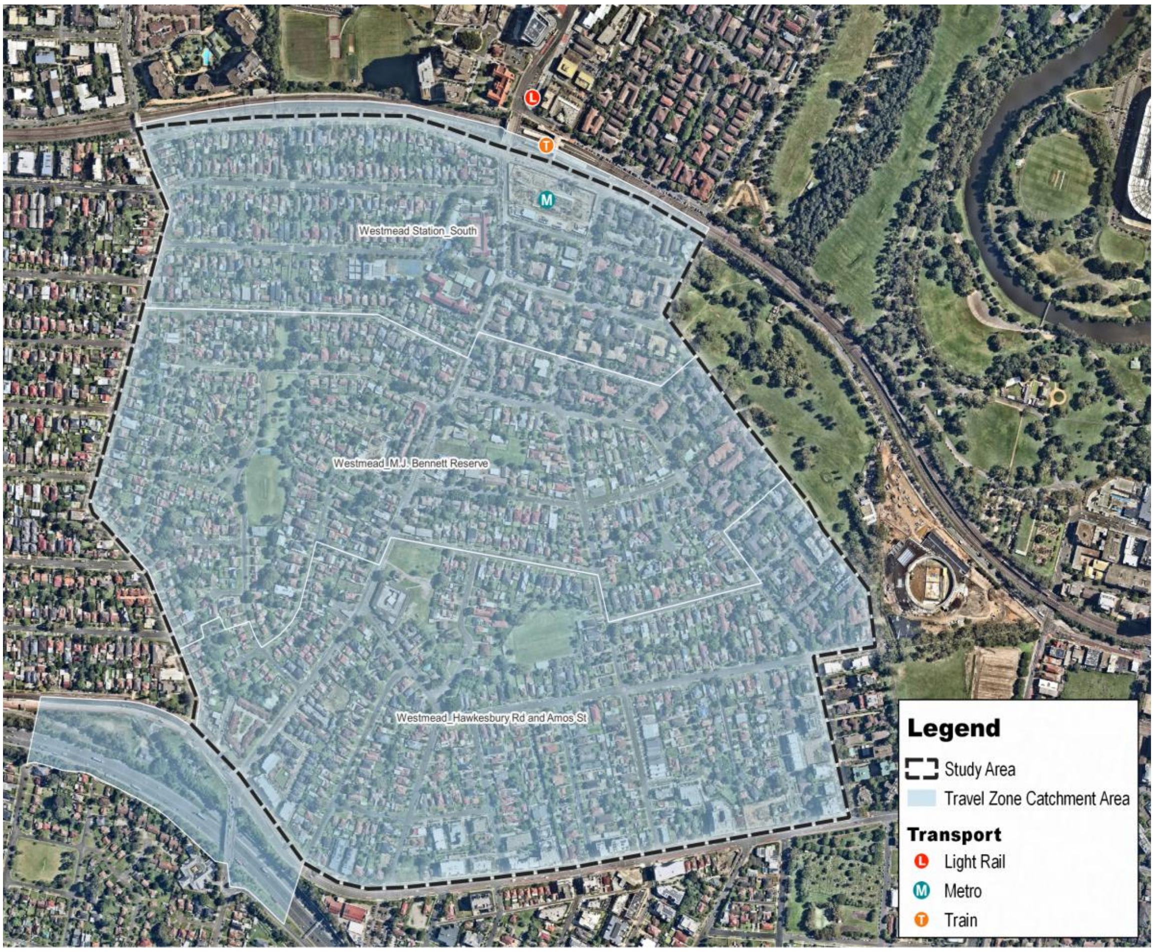
These projections are carried out at a large, regional level and disaggregated into small geographies known as Travel Zones (TZs). TZP022 are an important input into the NSW Governments Common Planning Assumptions and consider a series of major infrastructure, housing and employment projects. Major projects included in TZP22 relevant to the Study Area are:

- Sydney Metro West;
- Parramatta Light Rail;
- The expansion of Westmead Hospital;
- The future University of Sydney Westmead Campus .

Growth in the Study Area as envisaged in the Westmead Place Strategy ***was not*** considered in TZP2022.

To understand the 'baseline' growth expected in the Study Area, three TZs have been selected which broadly align with the Study Area. These are illustrated in **Figure 3.1**.

**Figure 3.1: TZ Catchment Area**




Source: Atlas Economics/TPA (2022)

### 3.1.1 Population Growth

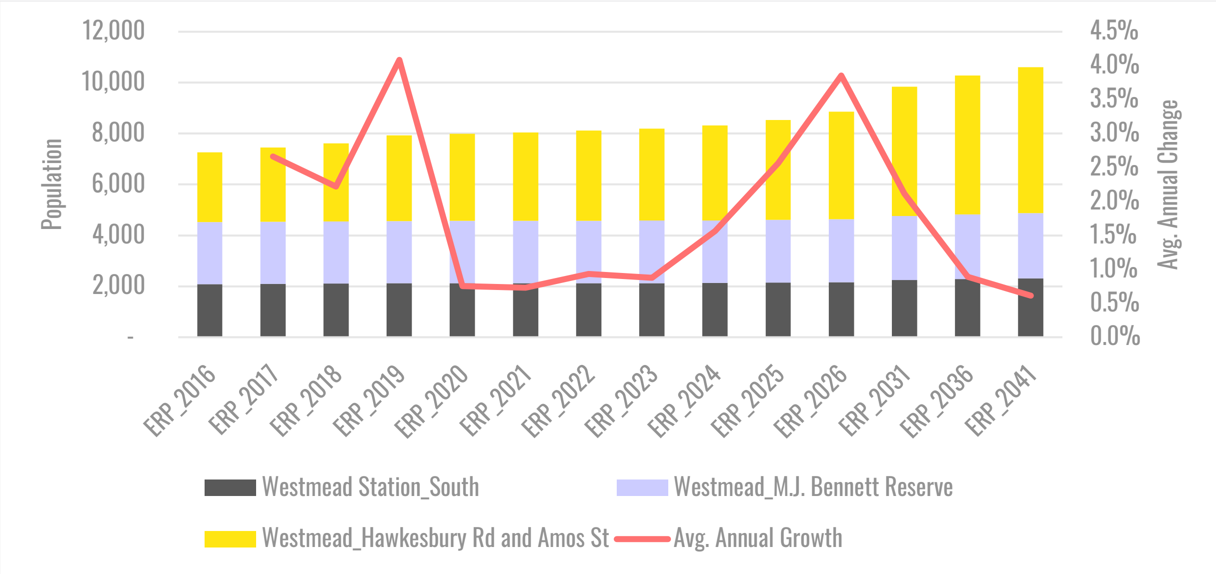
Under TZP22, the Study Area was not anticipated to record a significant level of population growth over the coming decades. By 2041, the local resident base was expected to reach a total of just over 10,000 residents. This is reflective of growth of around 2,500 residents over the 2022-2041 period.

The majority of population growth was anticipated to occur in the southern section of the Study Area (i.e. along Great Western Highway) as development opportunities in the R4 and E3 zones were 'taken up'. Very little growth was anticipated in the northern part of the Study Area (around the train station). This shows that precinct planning for Westmead South ***was not*** considered in TZP2022.

Aligning with NSW-wide trends, TZP22 anticipated the Study Area's resident base to progressively age over the years to 2041. The proportion of residents aged 50 years and over was expected to grow by 23% in 2022 to almost 30% in 2041.

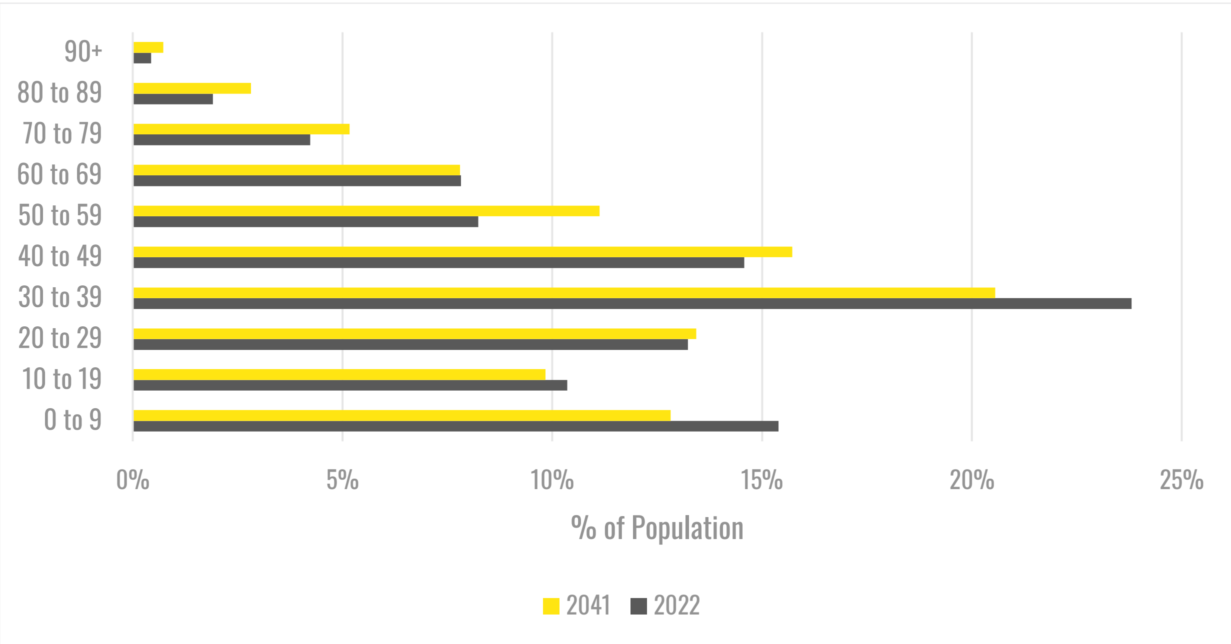
**Figure 3.2** illustrates projected population growth in the TZ Catchment Area over 2016-2041, with **Figure 3.3** depicting the expected change in age profile in 2041 compared to 2022.

**Figure 3.2: Population Projections (2016-2041), TZ Catchment Area**




Source: TPA (2022)

**Figure 3.3: Age Projections (2016-2041), TZ Catchment Area**




Source: TPA (2022)

### 3.1.2 Employment Growth

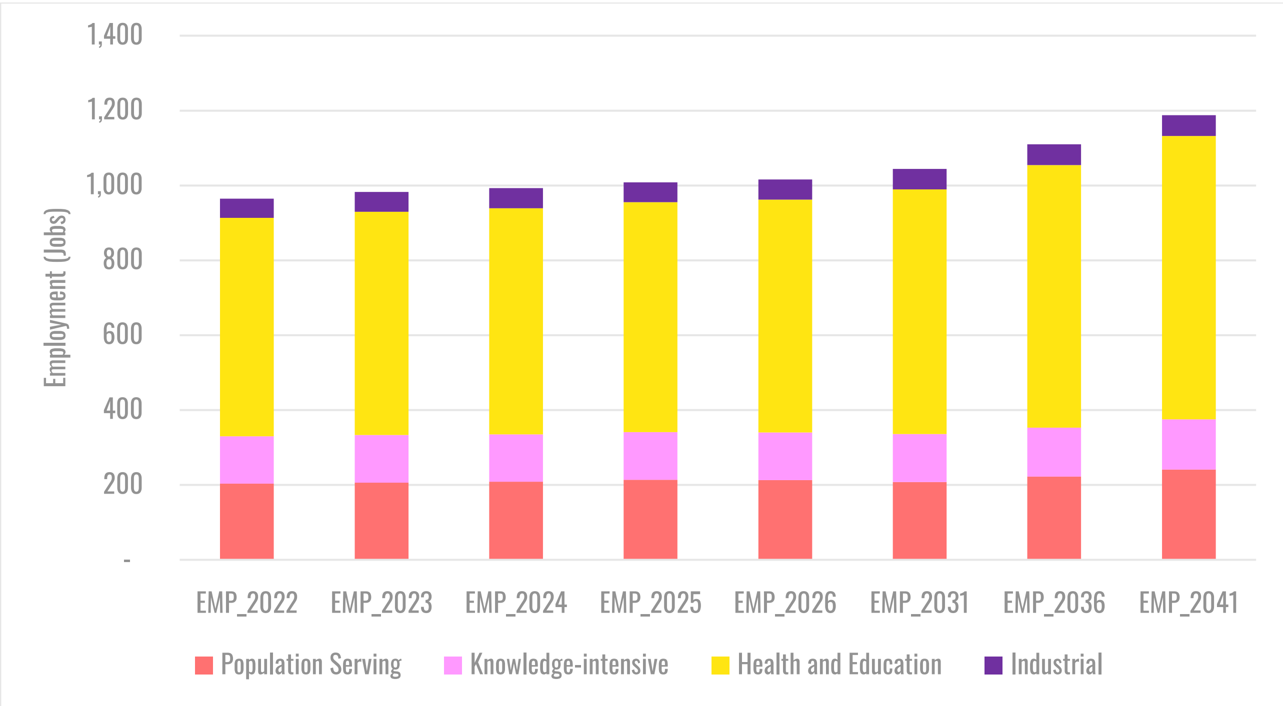
Aligning with moderate population growth, TZP22 anticipated limited employment growth in the Study Area over the 2022-2041 period. An additional ~220 jobs were expected over the period, reaching a total jobs base of ~1,200 jobs.

The health and education sectors were expected to remain the key employing industries within the Study Area, accounting for 65% of jobs in 2041. These sectors were also expected to be the key drivers of employment growth, accounting for almost 80% of jobs growth.

Notably, TZP22 did not anticipate much growth in population-serving employment (which includes industries such as retail trade, accommodation and food services, etc.). This would mean residents in the Study Area would need to continue travelling outside the Study Area for retail services.

**Figure 3.4** illustrates projected population growth in the TZ Catchment Area over 2016-2041.

**Figure 3.4: Employment Projections (2016-2041), TZ Catchment Area**




Source: TPA (2022)

### 3.1.3 Competing Precincts

To understand the baseline level of growth expected in the areas immediately surrounding the Study Area, population growth in the competing precincts of Westmead (north of rail line) and Wentworthville has also been considered. A series of TZs which represent both these precincts have been selected and are depicted in SCHEDULE 1.

In Westmead (north of rail line), TZP22 anticipates a higher level of population growth in the years to 2041. The resident population is expected to reach circa 13,700 residents following growth of ~3,500 residents over 2022-2041. Much of this growth is expected in the Health and Innovation sub-precinct.

In neighbouring Wentworthville precinct, an even strong level of population growth is anticipated. Over 2022-2041, an additional ~4,700 residents are expected with the local resident base reaching ~11,600 residents. This is largely expected in the Wentworthville Town Centre.

Overall, TZP22 projects growth of ~8,200 additional residents in the areas immediately north and west of the Study Area.

## 3.2 Role for Retail and Commercial Uses

### 3.2.1 Retail Land Uses

This section considers the potential role for retail land uses in the Study Area based on demand and supply-side factors.

Australian Retail Provision

Historically, there has been around 2.2sqm of retail floorspace provided for every resident across Australia. This is a widely accepted ratio used throughout the Australian retail industry, based on the last ABS Retail Census undertaken in 1991/92. Retail demand has progressively risen over the past 20-30 years, aligning with real income growth and retail spending.

More recently, a 2015 retail survey concluded Greater Sydney provided an average of 2.4sqm of retail floorspace per person (Deep End Services, 2016). These rates cover all types of retail, including shopping centres, large format and strip shops.

Retail benchmarks will expectedly vary across metropolitan areas. For instance, retail benchmarks in inner suburban locations are typically around 1sqm per person, where larger format retailers are less commonly located.

Trends and Influences on Retail Demand

The retail sector has been at the forefront of structural change over the past 24-36 months following the outbreak of COVID-19 in March 2020. There is general expectation that retail demand has been re-set downward, following the rapid uptake of online retail during and after the COVID-19 pandemic.

Strategic planning for new precincts such as the Study Area should have regard to these trends as they will influence the type and quantum of retail floorspace needed over the coming decades. Some of the more obvious longer-term impacts more likely to persist include:

- **Higher retail penetration rates**, providing greater competition for some physical retailers.
- **Changing shopping habits**, with a growing desire for experience-based shopping.
- **Changing customer location**, with working from home practices driving higher levels of demand at suburban centres.

Key Requirements of Retail Uses

The viability of retail land uses is intrinsically linked to the size and characteristics of their surrounding resident, worker and visitor populations. From a development perspective, retail uses are considered '**followers**' – they will only be viable after a local resident or worker population catchment has been established.

Different types of retailers have different trade catchment area requirements, which also influence where they can viably locate. Some retailers depend on exposure to pedestrian or vehicular traffic to operate viably. Locating in areas with strong exposure to these movements is critical for such businesses. For instance, many fast food restaurants typically look for sites along arterial roads subject to average annual daily traffic (AADT) volumes upwards of 40,000 vehicles.

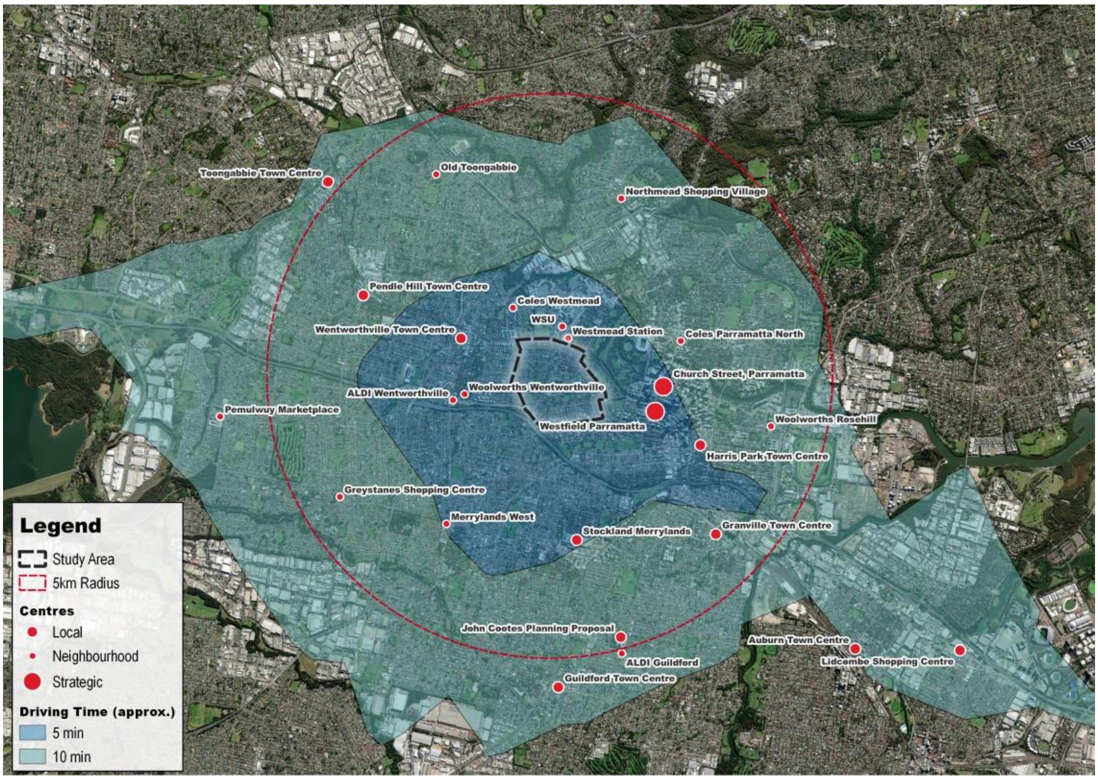
Existing Retail Hierarchy

Notwithstanding the population size of the immediate trade catchment area, the designated role of a centre within a broader hierarchy is also a key determinant of retail floorspace provision. Metropolitan Centres and Strategic Centres play a much greater role in servicing the retail needs of the broader region, thus encompassing significant trade catchment areas. Local and neighbourhood centres play a more localised role servicing the day to day needs of their surrounding catchments.

The Study Area is located within 2km of the Parramatta CBD – a major Metropolitan Centre as defined in the Greater Sydney Region Plan (GCC, 2018). The Parramatta CBD is a major shopping destination, anchored by multiple shopping centres, national retailers and large dining and entertainment precinct.

The Study Area is also surrounded by a large network of Local and Neighbourhood Centres, including Westmead (north of rail line), Wentworthville, Parramatta North and Merrylands. Market investigations suggest that existing residents typically travel to Wentworthville or Parramatta CBD for their 'weekly shop', with Parramatta CBD the primary option for discretionary shopping. **Figure 3.5** illustrates the network of centres surrounding the Study Area and compares their accessibility to the residents in the Study Area based on an estimate of drive time.

**Figure 3.5: Retail Centre Hierarchy by Drive Time from Study Area**




Source: Atlas Economics/OSM/Nearmap

## Role of the Study Area

Based on the land use mix proposed in the Westmead Concept Plan, the Study Area could potentially accommodate a total resident population of over 27,500 residents upon build out. With a local resident population of this size, the Study Area would likely require retail uses reflective of a Local Centre.

To estimate the likely *quantum* of retail floorspace that could be needed in the Study Area upon build-out, high-level retail benchmarking has been carried out. Based on these estimates, the Study Area could require some ~10,100sqm of retail floorspace upon buildout, in addition to ~2,500sqm of non-retail floorspace (e.g. service commercial uses).

**Table 3-1: High-level Retail Demand Estimates (Build Out), Study Area**

| Item | No. |
|---|---|
| **Residents** | |
| Study Area | 27,560 |
| Neighbouring Catchments | 25,316 |
| Total | 52,876 |
| **Workers** | |
| Study Area | 1,187 |
| Neighbouring Catchments | 28,753 |
| Total | 29,940 |
| **Retail Floorspace Needed** | |
| Supermarket | ~3,700sqm |
| Non-Supermarket | ~6,400sqm |
| **Total Retail** | **~10,100sqm** |
| **Non-Retail** | **~2,500sqm** |

Source: Atlas Economics

### 3.2.2 Commercial Land Uses

This section considers the potential role for commercial land uses based on demand and supply-side factors.

Sydney's Commercial Office Markets

There are a variety of commercial markets located across Greater Sydney. These can be distinguished by their size, role, function and occupier profile and can be categorised as CBD, Major and Suburban. These are summarised in **Table 3-2**.

**Table 3-2: Types of Office Markets, Greater Sydney**

| Precinct Type | Examples | Size (sqm NLA) |
|---|---|---|
| CBD Market | Sydney | >5,000,000 |
| Major | North Sydney, Macquarie Park, Parramatta, Sydney CBD Fringe, North Shore | 500,000-1,200,000 |
| Suburban | Norwest, South Sydney, Sydney Olympic Park, Rhodes, Bankstown, Liverpool, Penrith | 70,000-300,000 |

Source: Atlas Economics

There are also numerous minor commercial office markets interspersed throughout Greater Sydney within local centres, typically comprising less than 50,000sqm of commercial office floorspace (e.g. Campbelltown, St Marys, Neutral Bay).

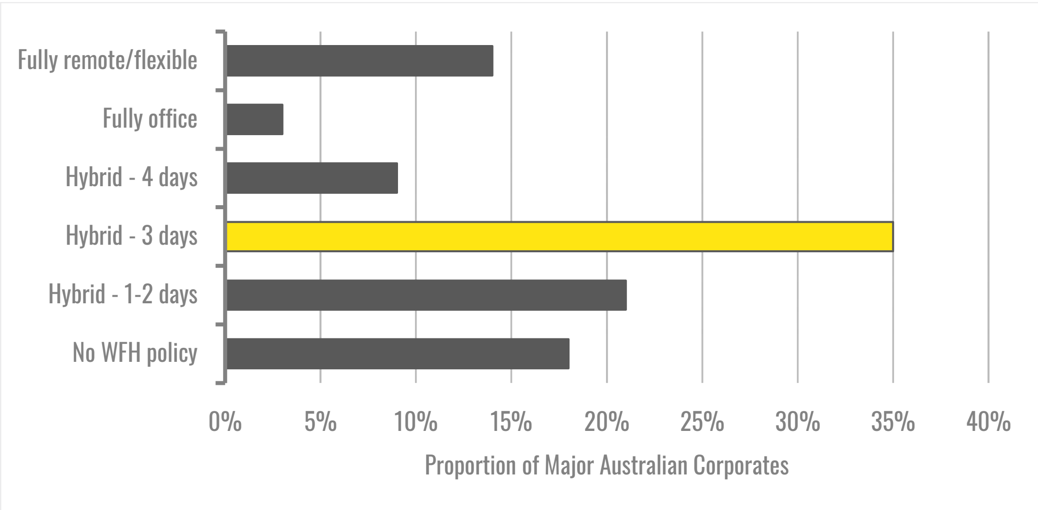
The CBD and Major markets are distinct given the scale of commercial development, typically comprising standalone office buildings in excess of 10 storeys. This intensity of development is illustrative of local market dynamics; tall buildings occurring where commercial rents are sufficient to offset the cost of constructing taller office buildings.

The Study Area is located within 2km of the Parramatta CBD – one of Greater Sydney's largest Major office markets.

Structural Shift in Demand

In the wake of the COVID-19 pandemic, there has been a structural shift in office demand across Greater Sydney's office markets. Hybrid working is now the default position for Australian corporates with office-based workers. Two-thirds of corporate occupiers have a hybrid working policy and 14% are fully remote. Just 3% are in the office 5 days a week. As a result, the average Australian worker now spends over a quarter of their working week (27%) at home or in a third space[1].

**Figure 3.6: Australian Corporate Working-from-home (WFH) Policies Breakdown**




Source: The Aussie Corporate, March 2023

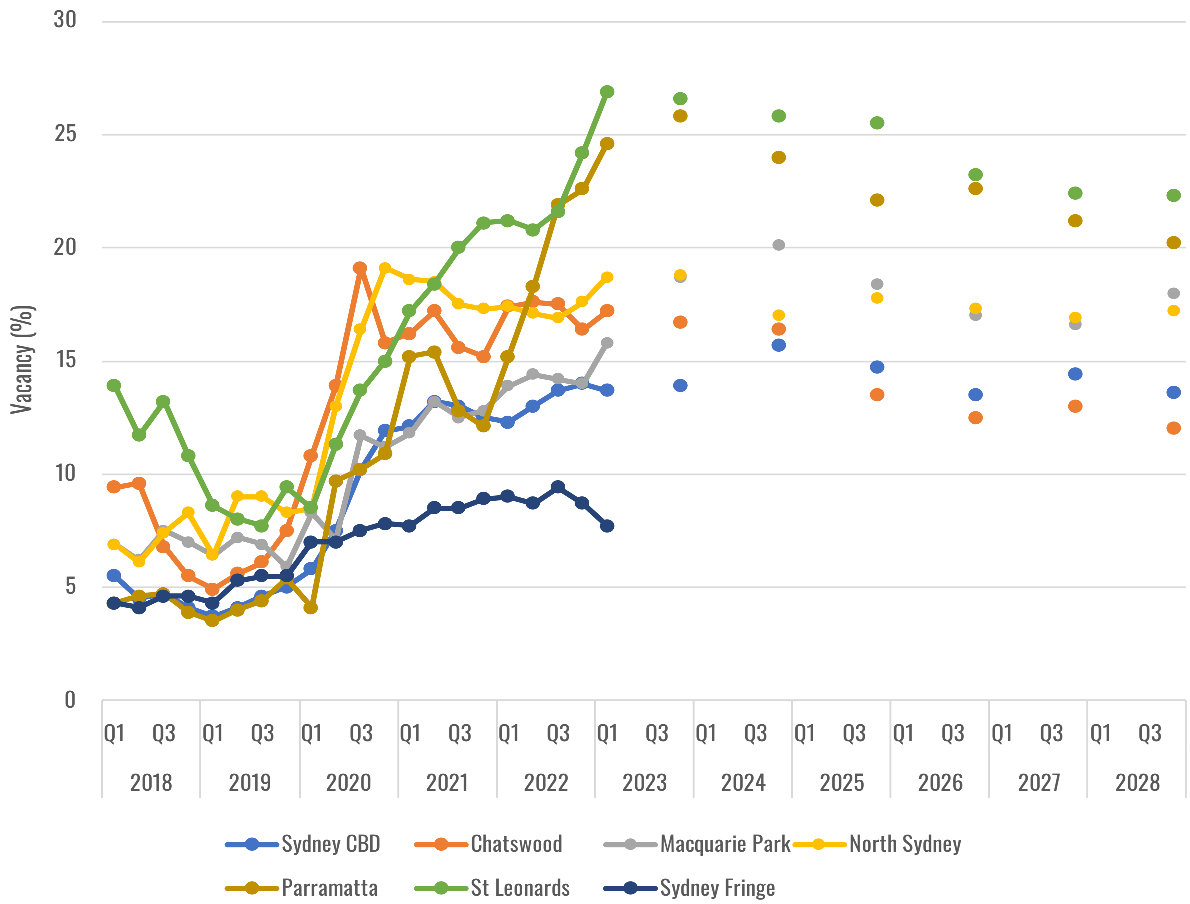
Today, office employment activity is more dispersed, taking place between the office, the home and a third place (which could be a co-working space, library or other place). The dispersed nature of office employment activity has meant lower occupancy rates in the office, and consequently less aggregate demand for purpose-built office space. This has conversely meant more demand for locally-based services in residential areas.

[1] Transport Opinion Survey, March 2023, The University of Sydney Institute of Transport and Logistics Studies

These structural changes are resulting in high levels of sustained office vacancy across Sydney. As shown in **Figure 3.7**, the Parramatta CBD in particular is suffering with historically high vacancy levels of ~25% which are anticipated to remain above 20% for next 5-years.

In particular, secondary grade space is under significant stress with occupiers opting for prime office space to attract and retain skilled labour.

**Figure 3.7: Current and Projected Office Vacancy, Sydney's Key Office Markets**




Source: PCA (2023), JLL

These structural trends and ongoing market conditions in the major office markets have implications for new planned precincts such as Westmead South. The market will be 'cycling' through existing vacant office floorspace for some time, whilst demand for office space (on a per worker basis) is expected to be lower.

<u>Role of the Study Area</u>

The Study Area is not anticipated to play a major commercial office role moving forward. This is due to several factors:

- The structural shift in demand for commercial floorspace.
- The Study Area's proximity to the Parramatta CBD.
- The future commercial role of Westmead's Health and Innovation sub-precinct which is expected to accommodate a significant amount of commercial floorspace.

That said, there will be a need to provide for commercial floorspace that can accommodate 'non-retail' uses typically observed in Local Centres (e.g. banks, post office, medical, childcare, etc).

As shown in **Table 3-1**, there could be potential for ~2,500sqm of this commercial-type floorspace in the Study Area (upon build out). This would ideally be co-located with future retail uses to avoid dispersion of activity and ground plane activation.

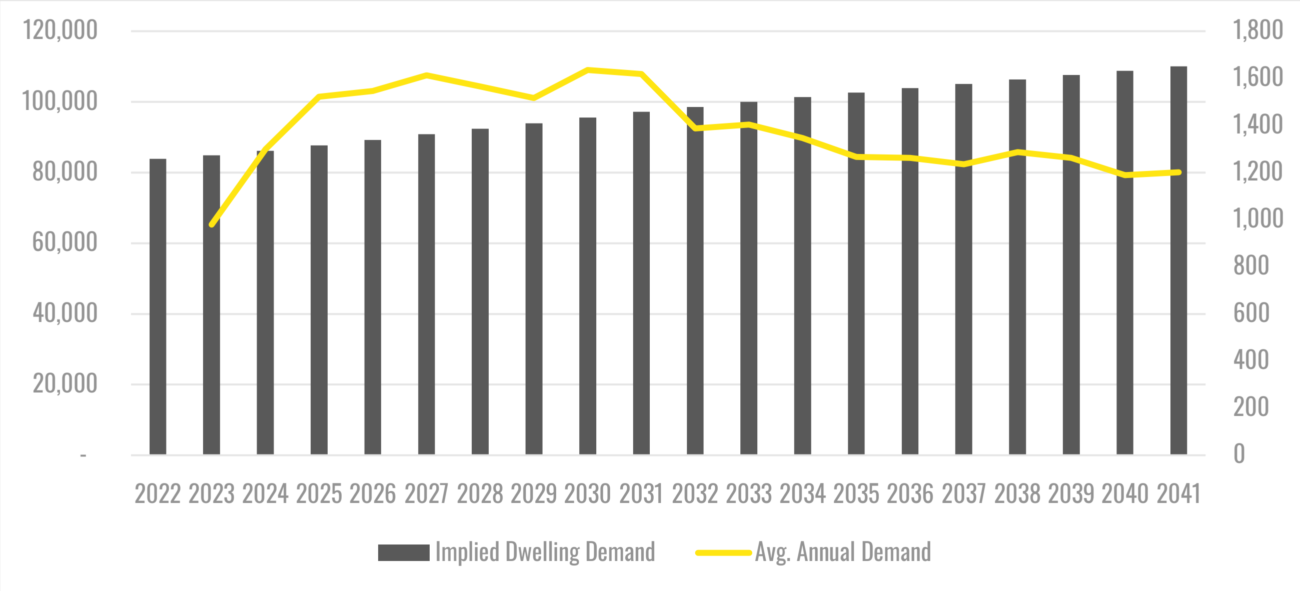
## 3.3 Role for Residential Uses

### 3.3.1 Demand for Housing

Looking forward, the Cumberland LGA is anticipated to require an additional ~26,000 dwellings over the coming years to 2041 to support population growth. This is equivalent to an additional ~1,370 dwellings per annum.

Based on the most recent Sydney Housing Supply forecast (DPE, 2023), the Cumberland LGA is estimated to deliver around 1,320 dwellings over the next 5-years. This shortfall will place additional pressure on development post 2027 to deliver the quantum of housing needed to support population growth.

**Figure 3.8: Implied Dwelling Demand (2022-2041), Cumberland LGA**




Source: DPE (2022)

Accordingly, the Study Area could play a significant role in meeting the housing needs of the Cumberland LGA in the coming years to 2041.

### 3.3.2 Shifting Demand for Higher Density Housing

Over the last decade, there has been a surge in demand for medium and high-density housing formats. This demand has spread from the Eastern Harbour City with apartment typologies now viable in the Central River City and parts of the Western Parkland City. This is directly observed in the Cumberland LGA, notably in Westmead.

Numerous factors have contributed to this increasing demand for medium and high-density housing options across Greater Sydney. Some of these factors include:

- **Persistent Housing Affordability Pressure**

  The cost of standalone homes in many parts of Greater Sydney has risen to the point where they are no longer affordable for a large number of households.

- **Shifting Lifestyle Preferences**

  Many households now prefer smaller housing formats due to changes in their life stages (like downsizing) or a desire for residences with lower maintenance requirements. These households often prioritise living in high-amenity areas, such as the inner city and its fringes, even if it means sacrificing dwelling size.

- **Migration Patterns**

  A significant portion of new migrants come from countries where living in medium and high-density housing is more common and accepted, thus influencing their preferences in the Australian market.

The Study Area's proximity to public transport and job opportunities makes it an ideal location for higher density living.

## 3.4 Implications for Masterplan

Retail Land Uses

The Study Area does not currently comprise a large retail centre, with existing residents travelling to neighbouring centres for most shopping needs. Looking forward, the Westmead South Concept Plan envisages a significant amount of residential development and could accommodate a resident population of over 27,500 residents upon build out.

The following recommendations would assist in guiding the provision of retail uses throughout the Study Area.

- **Role of Westmead South in Existing Centre Hierarchy**

  The principal retail centre proximate the Study Area is the Parramatta CBD, which is designated as Metropolitan Centre and accordingly plays a significant regional role. The neighbouring Local Centres of Wentworthville and Merrylands are also major retail hubs proximate Westmead South.

  Notwithstanding these key centres nearby, the significant population growth that will be facilitated in Westmead South necessitates a Local Centre. This larger centre would play a localised role in servicing the needs of the Study Area's resident population, with higher order shopping still directed to Parramatta.

- **Quantum of Retail Floorspace**

  Applying retail benchmarks to the future resident population of the Study Area enables a high-level estimate of the amount of retail floorspace that could be needed upon 'build-out'.

  Given higher order shopping needs will likely be serviced in the larger centres of Parramatta, there will expectedly be some 'leakage' of resident retail demand to these centres.

  As shown in **Table 3-1**, it is estimated that the Study Area could require ~10,100sqm of retail floorspace upon buildout, in addition to ~2,500sqm of non-retail floorspace (e.g. service commercial uses).

- **Distribution of Retail Floorspace**

  New retail floorspace will be best focused proximate the future Westmead Metro Station to maximise the potential for commuter trading, whilst establishing a critical mass of retail uses given the location of existing retailers on the northern side of the Westmead train station.

  Over the longer term, population growth in the Study Area will generate demand for a large supermarket operator. A large site within the northern end of the Study Area will need to be identified for this use.

- **Timing and Staging**

  Retail uses are 'followers' – they will only be viable after a local resident or worker population catchment has been established. In the short term, the viability of a large quantum of retail floorspace will be limited. Accordingly, it will be important that residential uses are supported in the short term to enable the establishment of a larger resident base.

Commercial Land Uses

The Study Area is not anticipated to play a major commercial office role moving forward. Whilst the Study Area is unlikely to play a major office role, there will be a need to provide commercial space for a mix of 'non-retail' uses which provide commercial services to local residents. These include uses such as banks, post office, small legal and financial services, gyms and recreational services and a mix of medical services.

Residential Land Uses

Greater Sydney is experiencing significant demand for new housing. The Study Area is already an established high-density housing market, as evidenced by strong take-up of new apartment development.

It is recommended that masterplanning maximises the opportunity to deliver new housing within the Study Area in the context of its location, proximity to existing and future public transport nodes and nearby employment precincts.

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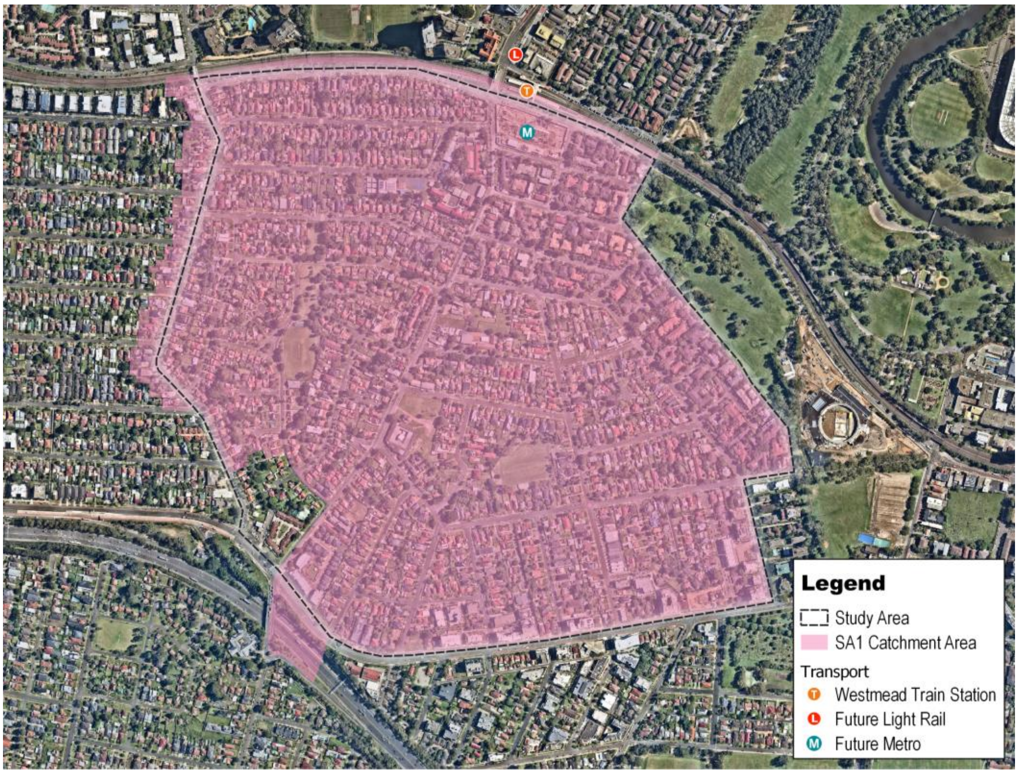
# Schedules

SCHEDULE 1

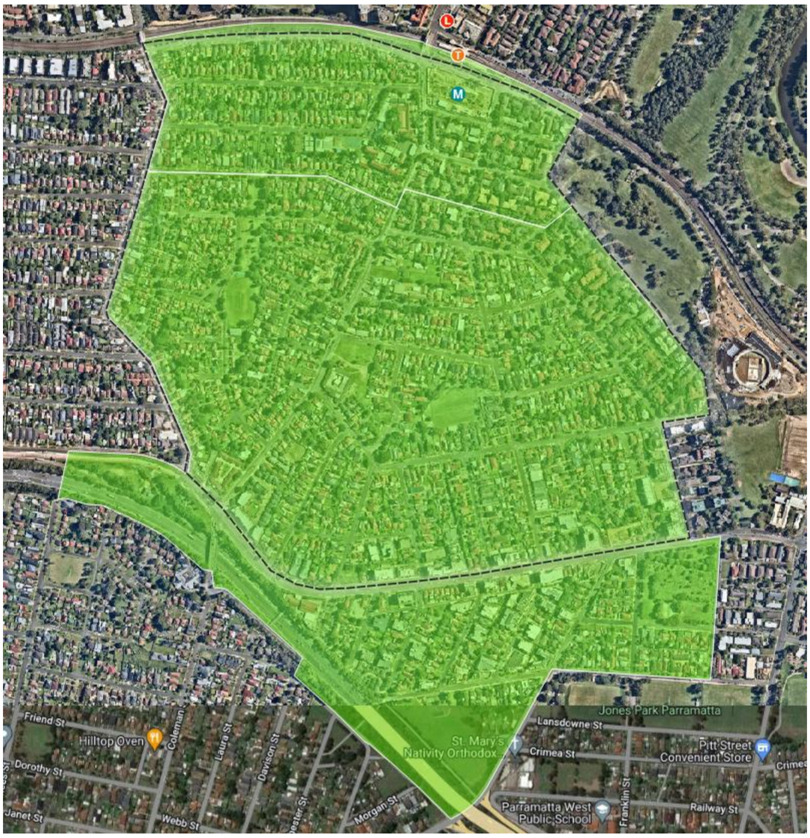
# Catchment Area Definitions

**Figure S1-1:Resident Catchment Area, SA1 Geographies**



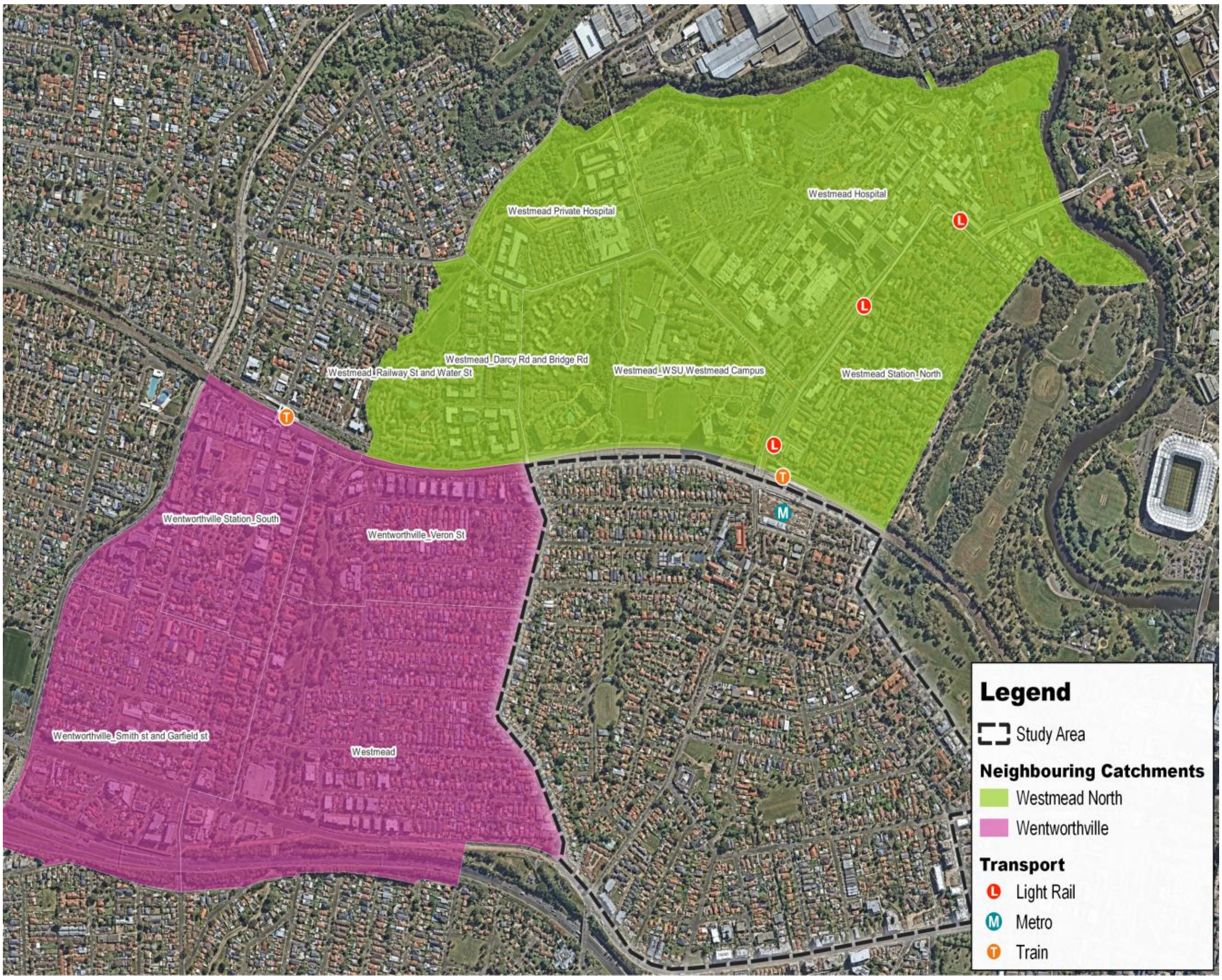

Source: ABS/Atlas Economics/Nearmap

**Figure S1-2: Employment Catchment Area, DZ Geographies**




Source: ABS/Atlas Economics/Nearmap

**Figure S1-3: Competing Precincts, TZ Geographies**




Source: Atlas Economics/Nearmap/TPA (2022)

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