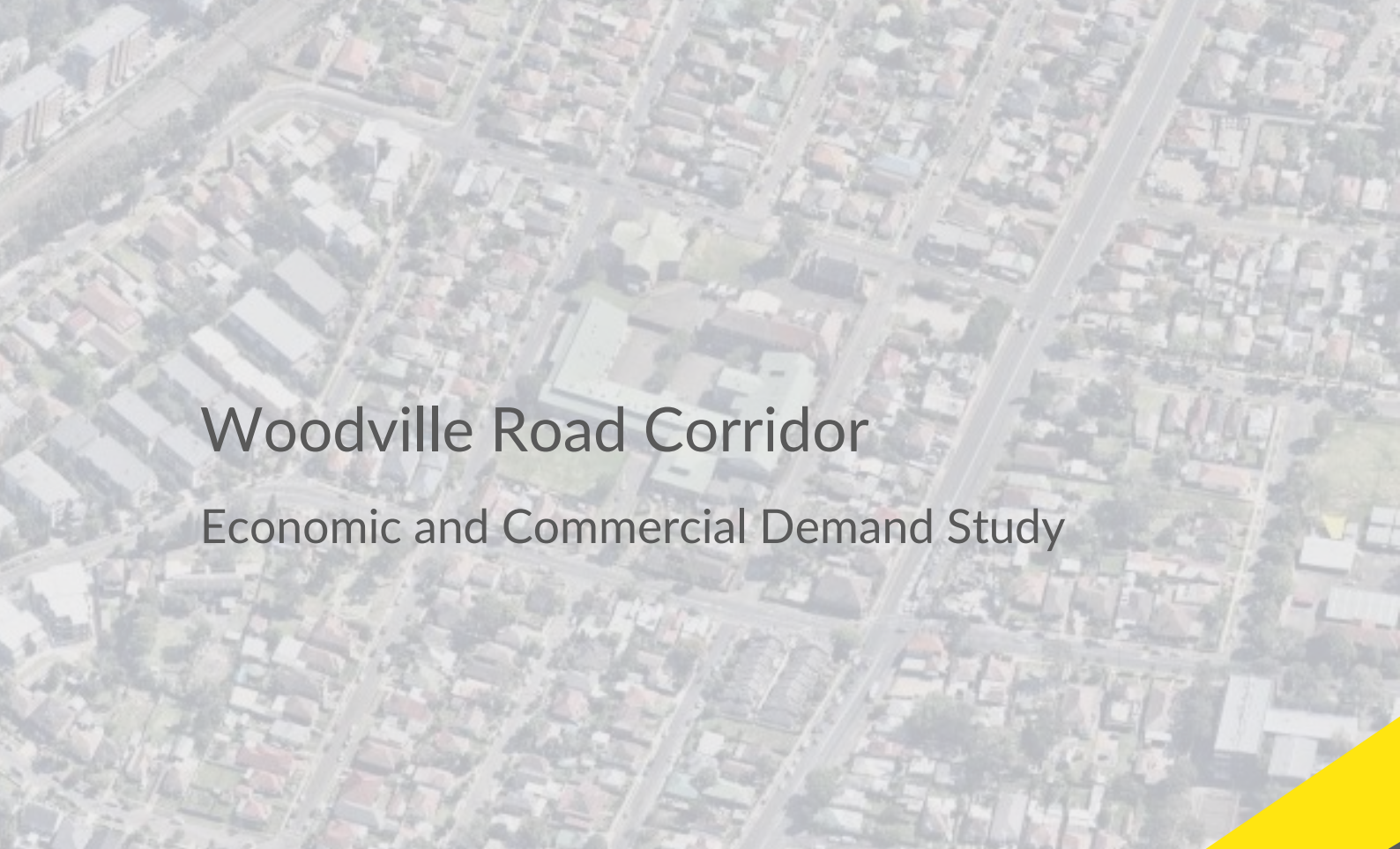

Woodville Road Corridor

Economic and Commercial Demand Study

Cumberland City Council

January 2025

Atlas ECONOMICS
ANALYSIS. INSIGHTS. OUTCOMES.

Document Control

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Executive Summary

Background

The Woodville Road Corridor (referred to as 'WRC' and 'the Corridor' interchangeably) falls within the boundaries of the Cumberland local government area (LGA) and extends 4km from Parramatta Road in the north to the water supply pipeline at Guildford in the south. Woodville Road is a major arterial road serving over 40,000 vehicles per day.

In 2020, Cumberland City Council (Council) undertook an early consultation on land use planning along the WRC to inform the preparation of a new planning framework and detailed planning controls for the Corridor. In 2021, the Draft WRC Planning Proposal (WRC Planning Proposal 2021), Draft WRC Development Planning Control Plan (DCP) and Draft WRC Public Domain Plan were considered by the Cumberland Local Planning Panel (CLPP).

Subsequently, the revised Draft Planning Proposal was endorsed by Council and submitted to the Department of Planning, Housing and Infrastructure (DPHI) for Gateway Determination. In 2022, DPHI requested further technical studies to support the Planning Proposal, including an urban design analysis and economic feasibility and commercial demand study.

The WRC Planning Proposal received Gateway Determination approval by DPHI. This report has been updated to address the conditions of the Gateway Determination approval.

Atlas Economics (**Atlas**) and Ethos Urban (**Ethos**) have been engaged by Council to carry out the Economic Feasibility and Commercial Demand Study (the Study) to inform the preparation of the Woodville Road Corridor Planning Framework.

Socio-Economic Context

Current State of Play

The Woodville Road Corridor (WRC) sits within one of the Cumberland LGA's fastest growing catchments (the Catchment Area). The Catchment Area reached a population of almost 50,000 residents in 2021 and comprises a highly ethnically diverse, young demographic characterised by family households. Income levels in the Catchment Area are markedly lower than that of the Cumberland LGA, with housing costs rapidly outpacing income levels over 2016-2021.

In 2021, the Catchment Area recorded ~ 2,900 jobs, represented approximately 3% of the Cumberland LGA. Key industries in the Catchment Area include education and training, health care and social assistance (14%), construction (12%), accommodation and food services (7%). Education is a clear anchor industry and is reflective of several large primary and secondary schools and the TAFE Granville campus which fall within the Catchment Area. Whilst the overall industry composition of the Catchment Area remained unchanged over 2016-2021, overall employment declined by 5%.

Future Growth

NSW DPHI population projections suggest that the Catchment Area may grow by almost ~3,000 residents in the coming decade, and a further ~3,000 residents over 2031-2041. This equates to an average annual growth rate of approximately 1.8% over the 2021-2041 period, significantly faster than the 1.1% projected population growth in the Cumberland LGA. To meet this level of growth, the Catchment Area is expected to require about 5,900 additional dwellings by 2041.

With a theoretical capacity of over 3,600 dwellings, the WRC responds to the level of population growth expected in the Cumberland LGA and will assist in meeting some of the housing demand anticipated over the coming decades.

Demand for New Housing

The Greater Sydney residential market experienced one of its strongest bull runs over the 2020-2021 period. Following successive increases to the cash rate since April 2022, the housing market has now entered a downturn. In the year to September 2022, Greater Sydney median dwelling prices declined by 10% - the sharpest decline of any capital city.

Coinciding with declining residential values, a significant uptick in building and construction costs has occurred over the past 12-18 months. Construction costs reached 20-year highs in October 2022, rising by 10.3% in the year to Q3 2022 across NSW (CoreLogic, 2022b). This combination of declining property values and escalating construction costs has placed significant pressure on many developments across Greater Sydney, particularly within the apartment market.

Demand for Higher Density Housing

Market investigations suggest that the key demand for higher density housing formats in the WRC is affordability. At prices starting from $400,000, two-bedroom apartments represent a discount of over 40% compared detached houses and are amongst some of the lowest within the Central City.

In the neighbouring Merrylands and Granville Town Centres, much stronger demand and pricing is observed. These higher price points are not just reflective of the premium afforded to newer product but reflect the higher level of amenity and public transport accessibility available in these centres. It will be critical that future development within the WRC facilitates greater levels of public amenity, as this is needed to support delivery of improved amenity objectives and Council revenues needed for viable development. This will in turn support the revenue levels needed for viable development within the WRC.

Demand for New Retail Floorspace

A detailed retail demand assessment for the WRC has been carried out by Ethos Urban. The findings of the demand assessment suggest that there is a significant amount of escape spending across the Corridor's defined Main Trade Area (MTA) - there is escape spending by MTA residents equivalent to $495.1 million.

In other words, $495.1 million of retail expenditure generated by residents in the MTA is being directed to retail facilities located outside of the WRC. This represents ~87% of total available retail spending of local residents in the MTA.

Based on the projected population growth in the Corridor's MTA, future demand for retail floorspace has been projected. These demand projections account for existing supply of retail floorspace within the Corridor.

Retail demand projections (summarised in **Table ES.1**) shows that:

- In 2022 an additional **12,120sqm of retail floorspace** could be supported in the Corridor.
- By 2036, a total of **17,410sqm of additional retail floorspace** could be supported.

It is noted that a significant amount of new retail floorspace is being proposed at the John Cootes site (~11,610sqm of retail floorspace). Even after accounting for this development, there is still a need for some 5,800sqm of retail floorspace to 2036.

Table ES.1: Retail Demand Projections (2022-2036), Woodville Road Corridor

	FLG	Food Catering	Non-Food	Services	Total Retail
Corridor Floorspace Demand					
2022	11,740sqm	4,320 sqm	5,970 sqm	2,100 sqm	24,130 sqm
2026	12,090 sqm	4,440sqm	6,350sqm	2,200sqm	25,080sqm
2031	13,170sqm	4,830sqm	7,200sqm	2,450sqm	27,650sqm
2036	13,850sqm	5,060sqm	7,880sqm	2,630sqm	29,420sqm
Existing Retail Floorspace					
Corridor	4,480sqm	2,810sqm	3,090sqm	1,630sqm	12,010sqm
Undersupply (-) /Oversupply (+)					
2022	-7,260sqm	-1,510sqm	-2,880sqm	-470sqm	-12,120sqm
2026	-7,610sqm	-1,630sqm	-3,260sqm	-570sqm	-13,070sqm
2031	-8,690sqm	-2,020sqm	-4,110sqm	-820sqm	-15,640sqm
2036	-9,370sqm	-2,250sqm	-4,790sqm	-1,000sqm	-17,410sqm
John Cootes Proposal					
Proposed Floorspace					11,610sqm
Undersupply (-) /Oversupply (+) with John Cootes Proposal					
2026					-1,460sqm
2031					-4,030sqm
2036					-5,800sqm

Source: Ethos Urban

Opportunity for Affordable Housing

Existing Policy Position

Council has a well-established policy position on the delivery of affordable housing across the Cumberland LGA

- Cumberland Affordable Housing Strategy
- Cumberland Planning Agreements Policy and Guidelines
- Cumberland Affordable Housing Policy (the AH Policy)

The AH Policy adopts two key affordable housing 'targets':

- 5% to 10% of additional residential floorspace to be dedicated to very low income and low-income households. This target is to be applied to planning proposals, subject to development viability.
- 15% of additional residential floorspace to be dedicated to very low income, low-income and moderate-income households. This target is to be applied to strategic urban renewal locations, subject to development viability.

The AH Policy notes affordable housing contributions should be provided as in-kind dwellings, dedicated to Council, and managed by local CHPs. Monetary contributions will be accepted to make up the remainder of the target floorspace area.

Capacity to Contribute

To inform the development of the Preferred Urban Design Framework, development feasibility testing has been carried out.

This testing also considered the capacity for future development in the WRC to contribute to Affordable Housing, and the maximum affordable housing contribution (%) which would be broadly tolerated.

Overall, development feasibility in the Corridor is found to be largely underpinned by whether a site can be economically consolidated. Established ownership patterns which can be fine grained in nature, and the presence of valuable existing buildings, make it challenging for a development site to be economically secured.

Coupled with the relatively immature levels of demand for high-density housing within the WRC, reflected in soft pricing, makes high-density development along the Corridor challenging.

Notwithstanding these feasibility challenges, feasibility testing found that **affordable housing contributions of up to 1% are tolerable** at densities of FSR 1.8:1 to FSR 2.0:1.

Preferred Urban Design Framework

Over the course of the Study, a range of different Urban Design Frameworks were developed by Conybeare Morrison (CM+). These included various growth scenarios, which were taken into consideration and analysed by the broader consultant and stakeholder team for assessment. Ultimately, a Preferred Urban Design Framework (UDF) was selected.

The Preferred UDF Scenario envisaged a mix of new medium and high-density housing along the Corridor, with new mixed-use precincts within each of the Corridor's three sub-precincts. The largest of these precincts is proposed in the Merrylands East sub-precinct, focused around the John Cootes site.

The Preferred UDF Scenario also envisaged the delivery of new public open space and improved public domain through targeted road closures, whilst also delivering a new 'green corridor' along Woodville Road. Overall, the Preferred UDF facilitated approximately 3,696 medium and high-density dwellings across the Corridor, in addition to 20,788sqm of non-residential floorspace. Based on an average household size of 2.8 persons per dwelling, the Preferred UDF would have capacity to accommodate an additional 10,349 residents.

The Preferred UDF has been updated to respond to the Gateway Determination approval conditions and this has resulted in the proposed number of dwellings being 3,617 with capacity to accommodate 10,187 residents.

Proposed floorspace densities ranged from FSR 2:1 to FSR 2.5:1 in the mixed use precincts, FSR 0.8.0:1 to FSR 1.8:1 in the high-density residential zones and FSR 0.75:1 in the medium density residential zones.

Economic and Retail Impacts

Development facilitated through the Preferred UDF could deliver a variety of significant and positive economic impacts in the local Cumberland LGA. Over the course of construction, delivery of the Preferred UDF would generate a significant amount of local economic activity, **supporting $818.2 million in local GRP and 4,991 FTE jobs.**

Upon buildout, new employment floorspace and housing is estimated to result in a significant amount of annual economic activity for the local Cumberland economy, including:

- **$825.7 million** additional in output (including $494.9 million in direct activity).
- **$391.8 million** additional in contribution to GRP (including $235.5 million in direct activity).
- **$232.9 million** additional incomes and salaries paid to households (including $145.5 million directly).
- **2,708 additional FTE jobs** (including 1,644 additional FTE jobs directly related to activity in the WRC).

An assessment of the Preferred UDF concludes that the additional retail floorspace envisaged would not negatively impact surrounding centres or retail precincts, with the significant population growth facilitated under the Preferred UDF driving an overall increase in expenditure in the higher order centres surrounding the Corridor. Importantly, new retail floorspace delivered through the Preferred UDF will provide greater convenience for existing and future residents.

Overall, the Preferred UDF is considered to demonstrate economic merit, having the ability to contribute significantly to the local Cumberland economy. This is subject to the delivery of infrastructure needed to support the growth envisaged.

Important Matters for Consideration

This Study has comprehensively explored the socio-demographic, economic and feasibility drivers set to influence development activity across the Corridor. The following matters are considered important to consider during the implementation of a planning framework for the WRC:

- **Demand for Higher Density Housing Still Maturing**

  The Corridor is not an established high-density residential market. Price points for existing medium-density housing effectively act as a 'ceiling' for the price of apartment typologies, making new apartment development challenging.

- **Local Infrastructure Improvements Needed to Support High-Density Living**

  The viability of high-density residential development in the Corridor will be challenging without significant improvements to local amenity, particularly public open space. Ensuring new development contributes to the delivery of new public domain infrastructure and open space will accordingly be critical.

- **Site Consolidation Challenges Need to Be Mitigated**

  The Corridor is characterised by highly fragmented ownership patterns. This level of fragmentation presents risks to likelihood of development and the delivery of public infrastructure and public open space.

  As much as possible, these challenges need to be mitigated through the planning framework. Planning and design controls should encourage site consolidation and be flexible given the commercial realities of site consolidation.

- **Limited Capacity for Affordable Housing Contributions**

  Development feasibility analysis has identified that there is limited capacity for development to contribute to affordable housing across the Corridor. A 1% affordable housing contribution was identified to be tolerable at the densities proposed in the Preferred UDF.

- **Retail Floorspace Needed to Address Existing Undersupply**

  A retail demand assessment carried out by Ethos Urban identified that the Corridor has an existing undersupply of retail floorspace, resulting in most residents travelling outside the Corridor for basic retail services. The additional retail floorspace envisaged in the Preferred UDF would address this existing shortfall and would not negatively impact on the existing centre hierarchy.

Study Recommendations

The Study makes the following recommendations for Council to consider in implementing the Preferred UDF:

- **Adopt the UDF Density Controls**

  The density (FSR) controls proposed in the Preferred UDF are generally the minimum densities needed to facilitate development within the Corridor. These densities should be adopted to ensure the viability of the Preferred UDF.

- **Prepare Base and Incentive Floorspace Controls**

  To incentivise site amalgamations and the delivery of new public open space, planning mechanisms such as a 'base and bonus' floorspace scheme and floorspace transfer mechanism should be investigated.

  Sites would only be able to access the bonus or 'incentive' density controls if they meet a minimum site area threshold and/or deliver identified items of public infrastructure. This will mitigate the risk of development occurring without the provision of adequate public infrastructure and open space.

  Examples of such mechanisms include Green Square (City of Sydney) and St Leonards South (Lane Cove Council).

- **Implement a 1% Affordable Housing Contribution**

  A 1% Affordable Housing Contribution (levied on additional residential floorspace) should be implemented across the Corridor in unison with new planning controls proposed in the Preferred UDF. The equivalent monetary contribution should be based on the methodology described in this Study.

- **Consider Receiving Monetary Contributions**

  Despite Council's adopted policy position on a preference to receive in-kind Affordable Housing contributions (i.e. completed dwellings), the Study recommends Council consider receiving monetary contributions in the first instance.

  The proposed 1% affordable housing contribution is likely to only deliver a nominal number of affordable housing dwellings on each site (1-2 dwellings). Many sites will not meet the threshold for delivering a 'whole' dwelling and will only be required to deliver monetary contributions.

  Feedback from the CHP sector suggests a preference for receiving monetary contributions as opposed to completed dwellings. 'Thinly' dispersed contributions across multiple private developments are not operationally efficient.

- **Phase-in Affordable Housing Contributions**

  Clear notice to the market Council's intention to require affordable housing contributions is essential. Notwithstanding this clear notice, Council could consider a staged implementation of the contribution rate in the following manner:

  - First 12 months: no increase.
  - Month 13 onwards: 1% contribution rate.

  The first 12 months would allow for developments in the pipeline to be delivered and enable to Woodville Road Preferred Design Framework to be formally adopted into new planning controls.

- **Ensure Active Retail Frontages and Risks of Dilution**

  Careful consideration to the spatial distribution of retail land uses within the Corridor's three centres will be critical. Successful centres ensure retail activity is 'tight' and not diluted across a large area. An active frontages approach which designates the key areas in each centre which retail should be focused would reduce the risk of retail dilution.

- **Consider a Staged Rezoning Approach**

  The staging of rezonings in the Corridor could firstly focus on the Merrylands East Precinct where development activity and planning is well-advanced (i.e. the John Cootes site). A logical second stage of rezoning would be the Woodville Road North precinct which benefits from proximity to the Parramatta CBD, Merrylands and Granville, and the TAFE Granville campus. The Woodville Road South precinct could be the final staged release area.

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Schedules

1. Introduction

1.1 Background

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Subsequently, the revised Draft Planning Proposal was endorsed by Council and submitted to the Department of Planning and Environment, Housing and Infrastructure (DPHI) for Gateway Determination. In 2022, DPHI requested further technical studies to support the Planning Proposal, including an urban design analysis and economic feasibility and commercial demand study. The WRC Planning Proposal received Gateway Determination by DPHI. This report has been updated to address the conditions of the Gateway Determination approval.

Atlas Economics (**Atlas**) and Ethos Urban (**Ethos**) have been engaged by Council to carry out the Economic Feasibility and Commercial Demand Study (**the Study**) to inform the preparation of the Woodville Road Corridor Planning Framework.

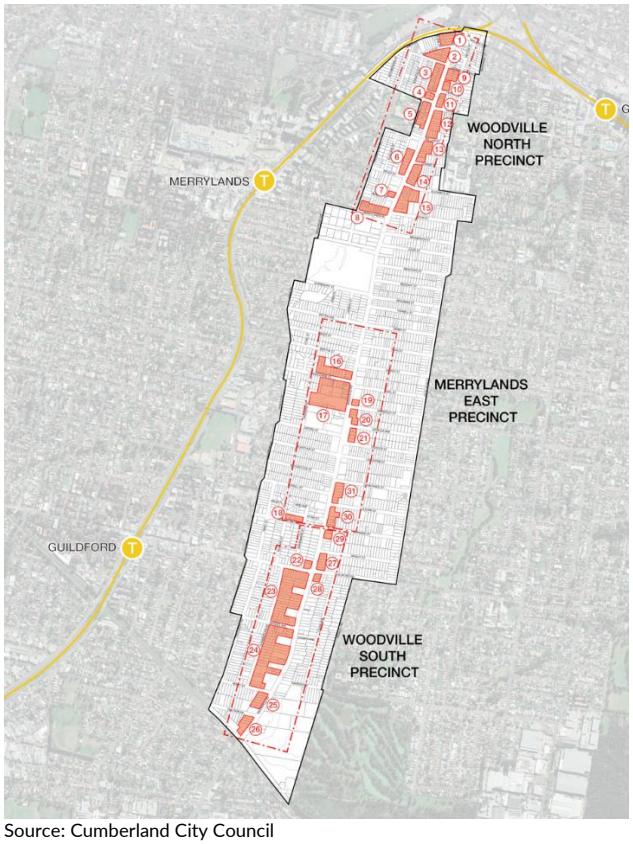
1.2 The Study Area

The Study Area (shown in **Figure 1.1**) is defined in the Draft WRC Planning Proposal and covers an area of ~250ha.

Three targeted precincts have been identified by Council to provide urban renewal opportunities of the WRC (doted red rectangles shown in **Figure 1.1**), including Woodville North, Merrylands East and Woodville South.

Within these three targeted precincts, 31 individual Planning Proposal sites (including additional sites identified post- early consultation) have been identified by Council for further investigation.

Figure 1.1: Woodville Road Corridor (The Study Area)



Source: Cumberland City Council

1.3 Scope and Approach

There are four core objectives of the Study to support the development of the WRC Planning Framework:

1. Assess demand for different land uses within the Corridor, including the quantum of supportable retail floorspace.
2. Identify the financial viability of development within the Corridor; and
3. Conclude the potential retail and economic impacts of the WRC Planning Framework and separate John Cootes Planning Proposal.
4. Respond to and address the the Gateway Determination approval conditions.

To fulfil the requirements of the brief, the Study carried out the following:

- Reviewed the Study Area's locational characteristics, including land uses, ownership patterns and economic activity.
- Analysed socio-demographic data to understand the demographic drivers of different land uses in the Corridor.
- Reviewed of previous studies, government policies, strategies and plans applicable to the Study Area.
- Carried out a market appraisal to understand the nature of existing land uses, patterns of supply and demand for different employment uses and the baseline market context of the Study Area.
- Prepared a SWOT analysis to understand competitive standing in the context of competitor markets/centres.
- Worked with Council's masterplanning team to carry out iterative development feasibility modelling to test the range of density controls required for feasible development.
- Examined the cumulative impact of contributions and development requirements proposed to apply in the Study Area (including affordable housing and public open space).
- Considered the factors influencing development feasibility in the Study Area and likelihood of development activity.
- Carried out a retail demand assessment to identify the quantum of retail floorspace supportable in the Corridor and likely impact of future retail uses on surrounding centres.
- Carried out an economic impact assessment to quantify the economic impacts of the proposed WRC Planning Framework.

The Study highlights that the feasibility analysis is based on current observations of the economic context. The feasibility of development is influenced by market cycles as well as market response to infrastructure investment. Whilst feasibility is an important consideration in the masterplanning process, it is not the only factor. Precinct planning balances feasibility considerations against design and environmental considerations, amenity standards and delivery of infrastructure.

1.4 Assumptions and Limitations

Atlas acknowledges a number of limitations associated with the Study.

- At the time of writing, the fallout from the COVID-19 pandemic across the NSW economy is still playing out. The medium to long-term implications for population and employment growth are yet to be fully understood.
- The macro-economic outlook is currently subject to significant uncertainty, with COVID-19, labour shortages, inflation, and war in the Ukraine. Employment projections relied upon were developed by the NSW Government prior to outbreak of COVID-19 and are not reflective of the current economic environment.
- Employment data used in this report is based on the 2021 Census. The 2021 Census was administered during the COVID-19 pandemic and at a time of widespread lockdowns across Australia's east coast. Activity recorded at this time may not be accurately representative of employment levels.
- Data from third party sources is assumed to be correct and is not verified.
- Growth projections relied upon do not necessarily reflect contemporary trends. Population and dwelling projections (by DPHI) were released in early 2022 (post-COVID-19) but prior to release of census 2021 data.
- Market research is carried out on a 'desktop' basis without the benefit of site surveys and internal inspections.

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

PART A: STRATEGIC CONTEXT

2. Strategic Context

Research and analysis included Part A of this Study was carried out between Q4 2022 and Q1 2023.

2.1 Strategic Planning

2.1.1 State Planning Policy

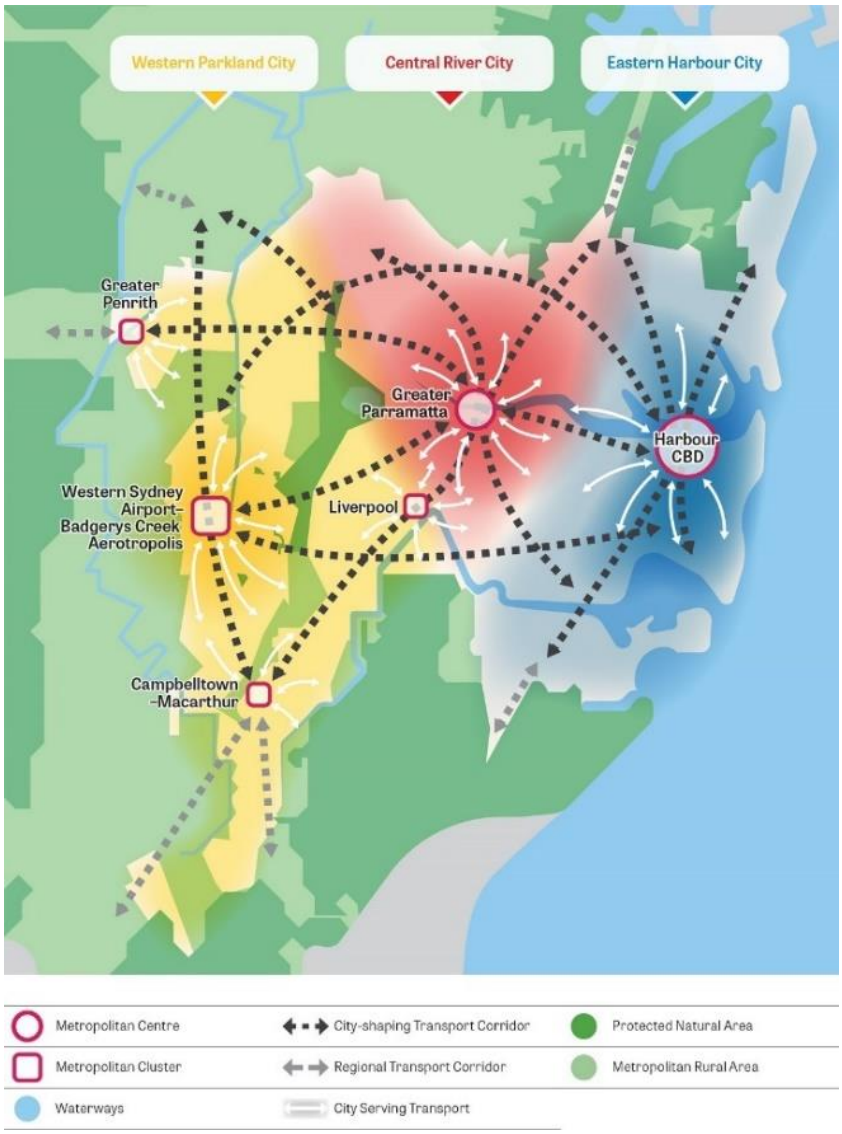
Greater Sydney Region Plan – A Metropolis of Three Cities

The Greater Sydney Region Plan (the Region Plan) is the principal strategic planning framework for the Greater Sydney region. The Region Plan seeks to accommodate the needs of Sydney's growing population into a metropolis of three cities: Western Parkland City, Central River City and Eastern Harbour City, building on a vision where most residents live within 30 minutes of their jobs, education and health facilities.

The Region Plan delineates Greater Sydney into three districts: the Western Parklands City, the Central River City and the Eastern Harbour City. The WRC falls within the boundaries of the Central River City.

Figure 2.1 provides an illustration of the Three Cities as defined in the Greater Sydney Region Plan.

Figure 2.1: Greater Sydney Region Plan



Source: GCC (2018a)

Central City District Plan

The Central City District Plan (the District Plan) outlines the 20-year vision for growth and development in the Central City District. The Central City District is defined as comprising four LGAs including The Hills, Blacktown, Parramatta and Cumberland.

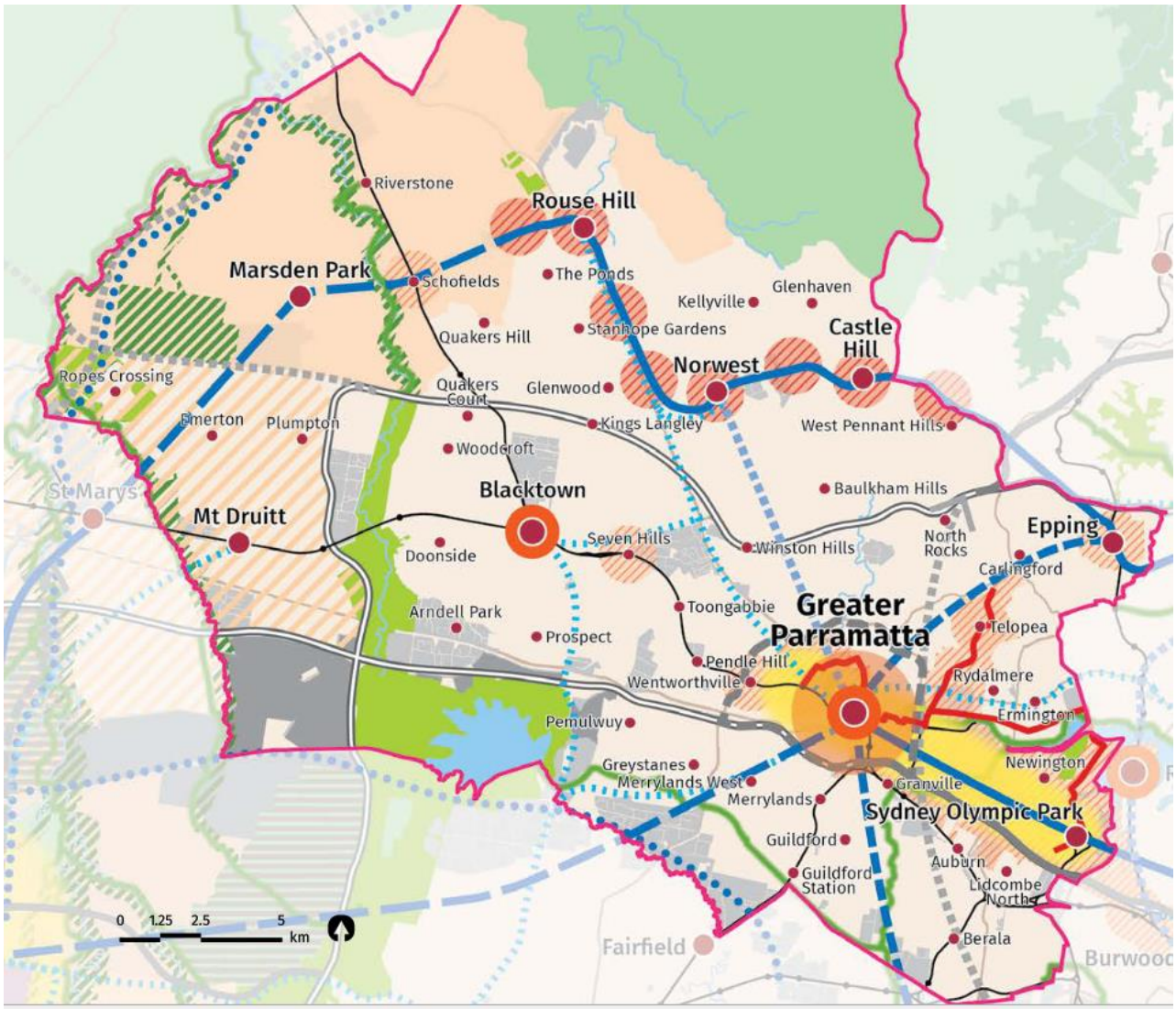
The District Plan outlines short and long-term housing targets for the Central City District in order to meet projected population growth. These include:

- Short-term target (2016-2021): 53,500 additional dwellings (average of 10,700 dwellings per annum).
- Long-term target (2016-2036): 207,500 additional dwellings (average of 10,375 dwellings per annum).

Surrounding local centres in proximity to the WRC include the Merrylands and Guildford centres, which are planned focal points of neighbourhoods, transport interchanges, and local employment.

Figure 2.2 illustrates the key centres in the District Plan.

Figure 2.2: Central City, Central City District Plan



Source: GCC (2018b)

2.1.2 Local Planning Policy

Cumberland 2030: Our Local Strategic Planning Statement

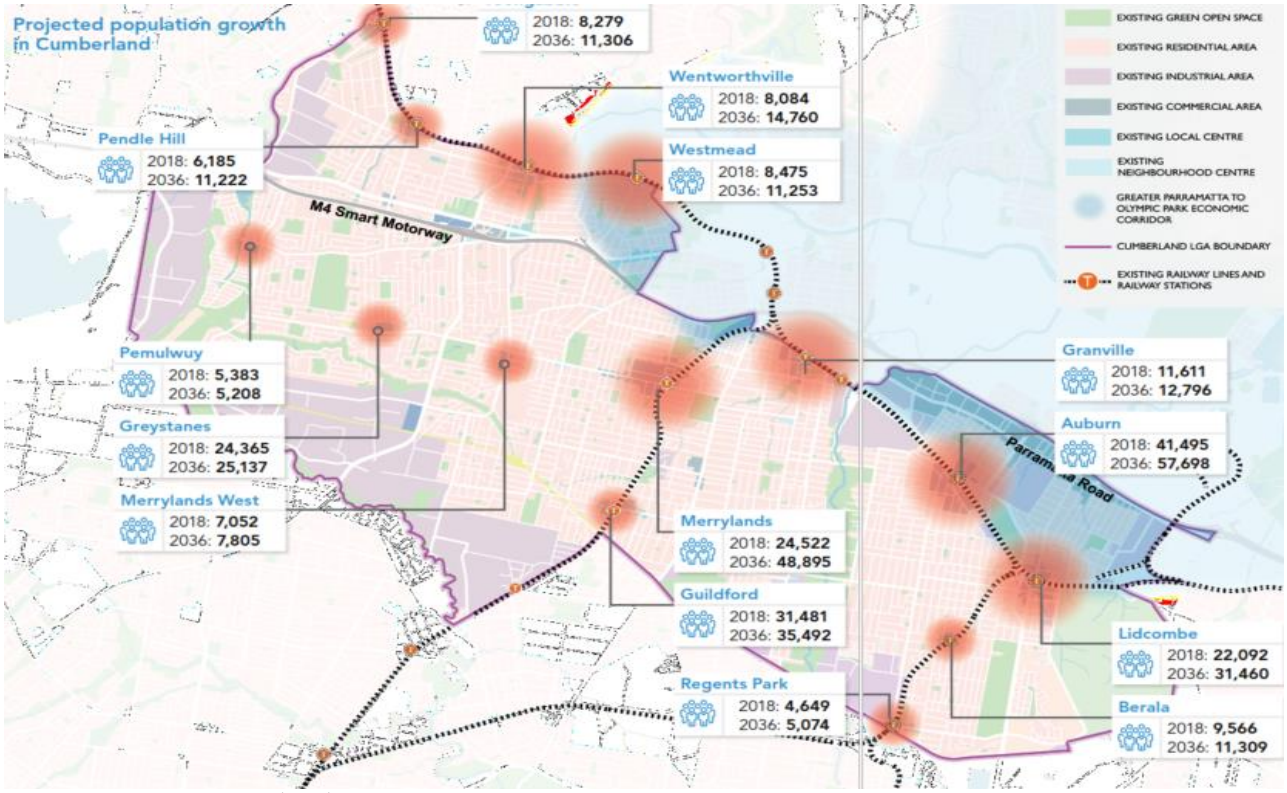
Cumberland 2030: Our Local Strategic Planning Statement (LSPS) details a 20-year land use, economic, transport and infrastructure vision for the Cumberland LGA. It is underpinned by themes in line with the Region and District Plans, each with their own individual sets of planning priorities and actions.

The key considerations outlined in the LSPS include:

- Development and Infrastructure: Liveability, housing and community.
- Jobs and Investment: Cumberland's local economy, employment and centres.
- Environment and Open Spaces: Cumberland's natural environment and recreation areas.
- Traffic and Transport: Transport infrastructure and traffic and parking.

Figure 2.3 outlines key suburbs and population growth as identified in LSPS.

Figure 2.3: Projected Population Growth in the Cumberland LGA



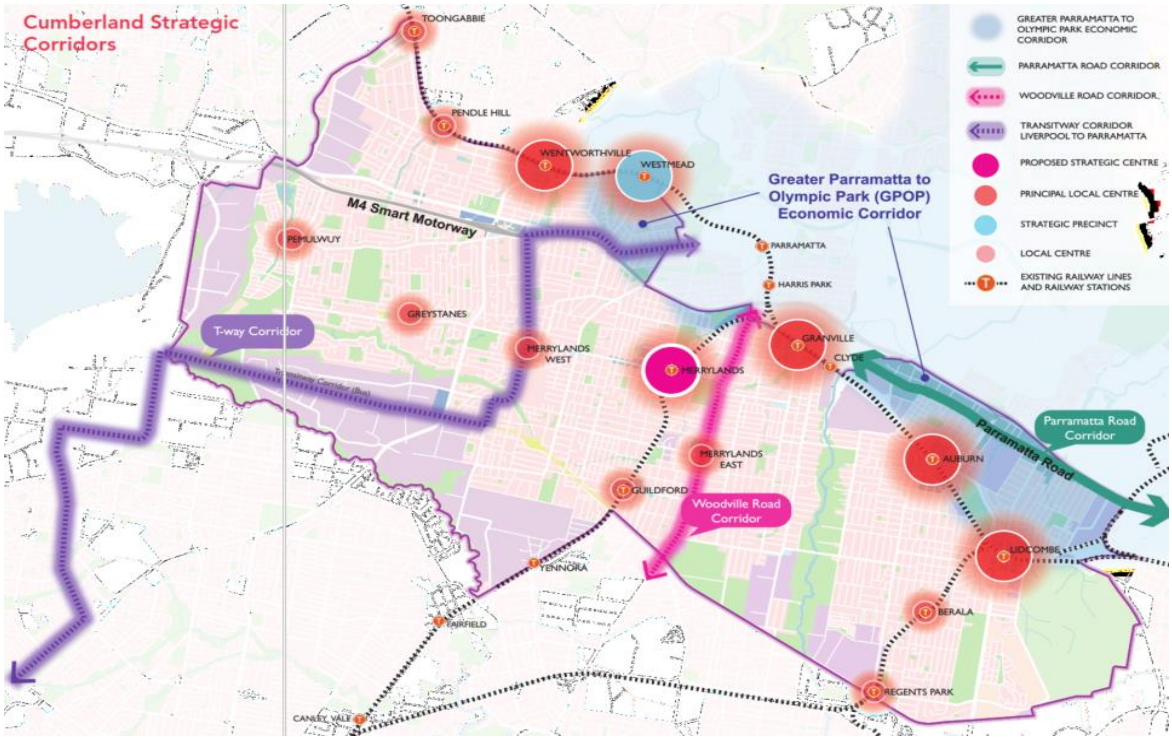
Source: Cumberland City Council (2020)

Cumberland Local Housing Strategy

The Cumberland Local Housing Strategy (2020) (the Housing Strategy) responds to the Central City District Plan and is a key input to the Cumberland LSPS. Under the Housing Strategy, some 28,000-28,500 additional dwellings are to be required across the Cumberland LGA over the next two decades. Whilst increasing overall supply is critical, the Housing Strategy includes several other objectives, including increasing housing diversity, encouraging transit-oriented housing options, protecting housing of heritage and cultural value, and facilitating housing that respects local character.

WRC has been identified as a strategic corridor that can capitalise on its existing train and extensive road network to cater to projected demand for housing in the Cumberland locality.

Figure 2.4: Strategic Housing Corridors in the Cumberland LGA



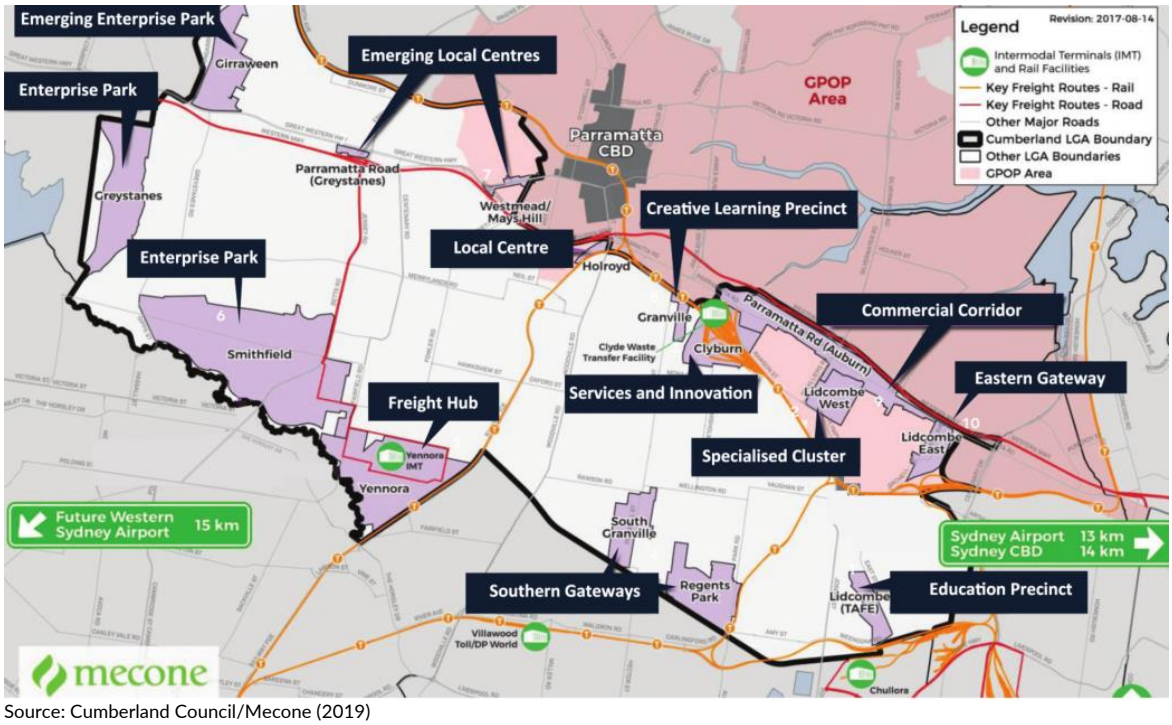
Source: Cumberland City Council (2020)

Cumberland Employment and Innovation Lands Strategy

To safeguard economic opportunities across the LGA, the Cumberland Employment and Innovation Lands Strategy (EILS) was developed by Council in conjunction with the community and industry in 2019. The EILS discusses land use approaches for the Cumberland LGA to attract residents, workers and visitors. Specifically, 10 precincts have been identified as key areas to support employment and innovation.

As illustrated in **Figure 2.5**, strategic precincts surrounding Woodville Road includes the establishment of a 'creative learning precinct' to its east in Granville, which focuses on educational facilities that assist local residents with developing new skills and encouraging innovation.

Figure 2.5: Precincts with Strategic Focus



Source: Cumberland Council/Mecone (2019)

2.1.3 Draft Woodville Road Corridor Planning Framework

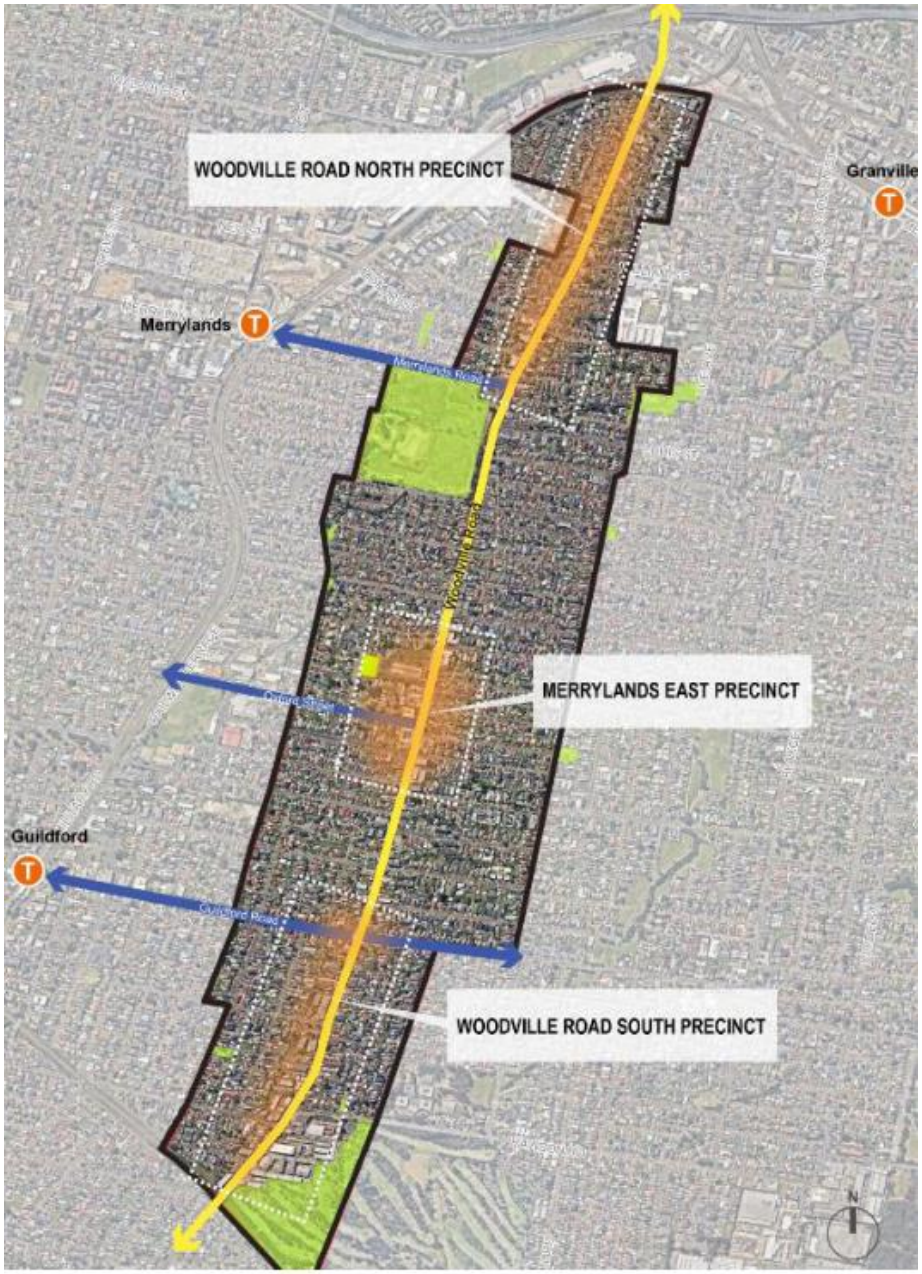
A previous study for the WRC was completed in 2014 by the City of Parramatta (prior to WRC becoming part of the Cumberland LGA). This Study aimed to review and prepare new planning controls in the area. Analysis of land use patterns and built forms revealed significant opportunities for urban renewal along Woodville Road. This was focused on improving streetscapes, public domain and accelerating redevelopment.

A draft planning proposal for the Woodville Road Corridor was prepared by the Cumberland City Council in 2021. The planning proposal sought to implement targeted changes to planning controls along the WRC guided by local planning policies. By doing so, the new planning framework would support development that encourage housing diversity and employment growth. Under this framework, an estimated 2,160 additional dwellings were proposed.

Three key precincts were identified as focal areas for urban renewal, namely Woodville Road North Precinct, Merrylands East Precinct and Woodville Road South Precinct.

Figure 2.6 illustrates the three targeted precincts along the Woodville Road Corridor where changes to planning controls are to be focused.

Figure 2.6: Three Key Precincts (Cumberland City Council), WRC



Source: Cumberland City Council (2022)

Proposed Planning Controls

The draft planning proposal envisaged rezoning a series of R2 Low Density Residential sites within the key precincts to a mix of R3 Medium Density Residential, R4 High Density Residential and B1 Neighbourhood Centre. Proposed density controls vary by precinct:

- **Woodville Road North Precinct**
    - Proposed R3 Medium Density Residential zone: FSR 0.6:1 and maximum building heights of 12m.
    - Proposed R4 High Density Residential zone: FSR 1.8:1 to FSR 2.0:1 and maximum building heights of 18m to 20m.
- **Merrylands East Precinct**
    - Proposed R3 Medium Density Residential zone: FSR 0.6:1 and maximum building heights of 11m.
    - Proposed R4 High Density Residential zone: FSR 1.5:1 and maximum building heights of 18m.

    No further changes in densities are envisaged on the John Cootes site (currently subject to FSR 2.2:1).
- **Woodville Road North Precinct**
    - Proposed R3 Medium Density Residential zone: FSR 0.6:1 and maximum building heights of 9m.
    - Proposed R4 High Density Residential zone: FSR 1.8:1 to FSR 2.0:1 and maximum building heights of 18m.
    - Proposed B1 Neighbourhood Centre zone: FSR 1.8:1 to FSR 2.8:1 and maximum building heights of 18m to 20m.

2.1.4 John Cootes Planning Proposal

A planning proposal to facilitate the redevelopment of the former John Cootes showroom site and adjoining detached dwellings on the corner of Woodville Road, Lansdowne Street and Highland Street was approved in early 2020. This resulted in the site being rezoned from R2 Low Density Residential and B6 Enterprise Corridor to B2 Local Centre subject to density controls of FSR 2.2:1 and a maximum building height of 31m.

A development application (DA) for the Site was subsequently approved in April 2021. The DA comprised a total 55,226sqm of gross floor area across five buildings (equivalent to an FSR 2.2:1). Key features of the approved development include:

- 10,055sqm of retail and commercial floorspace;
- 38,347sqm of residential floorspace comprising 425 apartments (including 8 affordable rental dwellings);
- 5,784sqm of hotel/serviced apartment floorspace comprising 95 rooms (keys);
- An 815sqm childcare centre with capacity for 100 children.
- Two levels of basement carparking a 925 car spaces
- A 2,000sqm public park

In April 2022, a planning proposal for the John Cootes site (the John Cootes proposal) was lodged to amend the approved development scheme. Key features of the proposal include:

- An additional 1-2 storeys from 5-9 storeys to 7-10 storeys;
- An additional 60 dwellings (425 apartments to 485 apartments) including a greater provision of 3-bedroom apartments;
- An additional 1,555sqm of retail floorspace (10,055sqm to 11,610sqm);
- Additional items of public benefit, including an additional 500sqm of public open space and an additional 7 affordable rental dwellings.

The John Cootes proposal is being considered as part of the broader WRC urban design and planning study.

2.2 Socio-Economic Profile

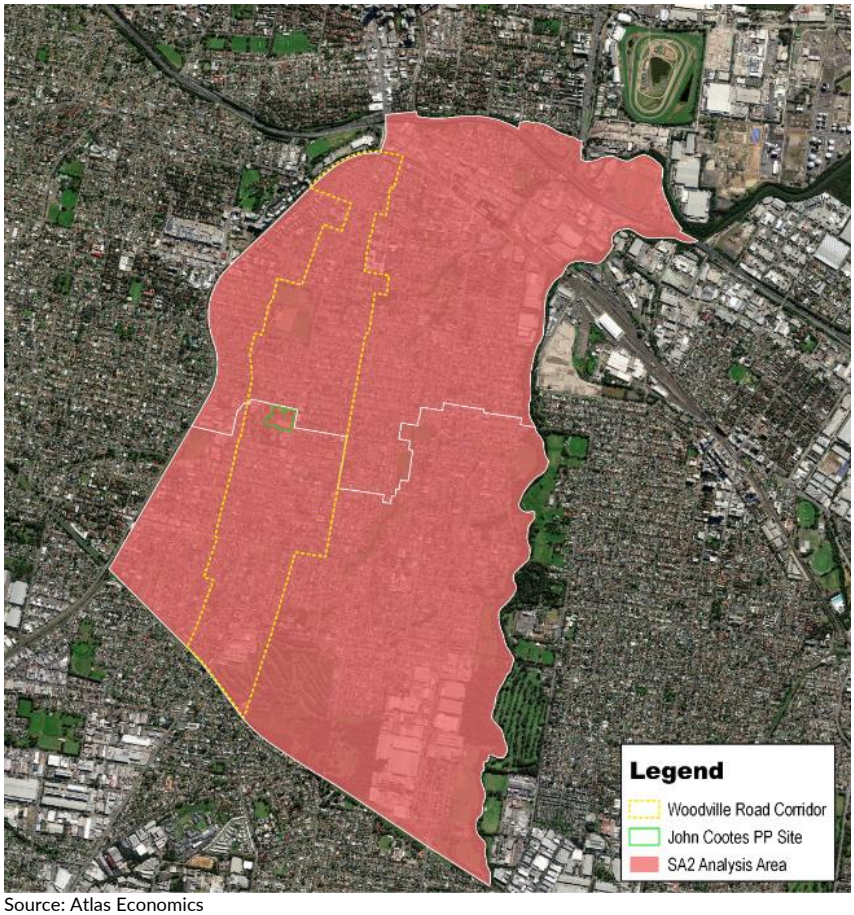
The basis of demographic analysis is the Australian Bureau of Statistics (ABS) Census. The ABS define a series of geographies known as Statistical Areas (SA) which vary in size and range from SA4s (large regions comprising multiple local government areas) to SA1s (often smaller than a suburb). Census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

For the purpose of analysing the socio-demographic profile of the Woodville Road Corridor, a number of SA2 geographies have been identified over the 2011-2021 period. These SA2 geographies are identified as the 'Catchment Area' and include Granville and Clyde to its northern boundary, Guildford and South Granville to its south, and Merrylands to the west.

The WRC includes the John Cootes Site, where major renewal is expected to have significant implications for the Corridor.

Figure 2.7 defines the boundaries of the Catchment Area, Woodville Road Corridor and the John Cootes Site.

Figure 2.7: Woodville Road Corridor and Broader Catchment Area



Source: Atlas Economics

2.2.1 Historical Population Growth

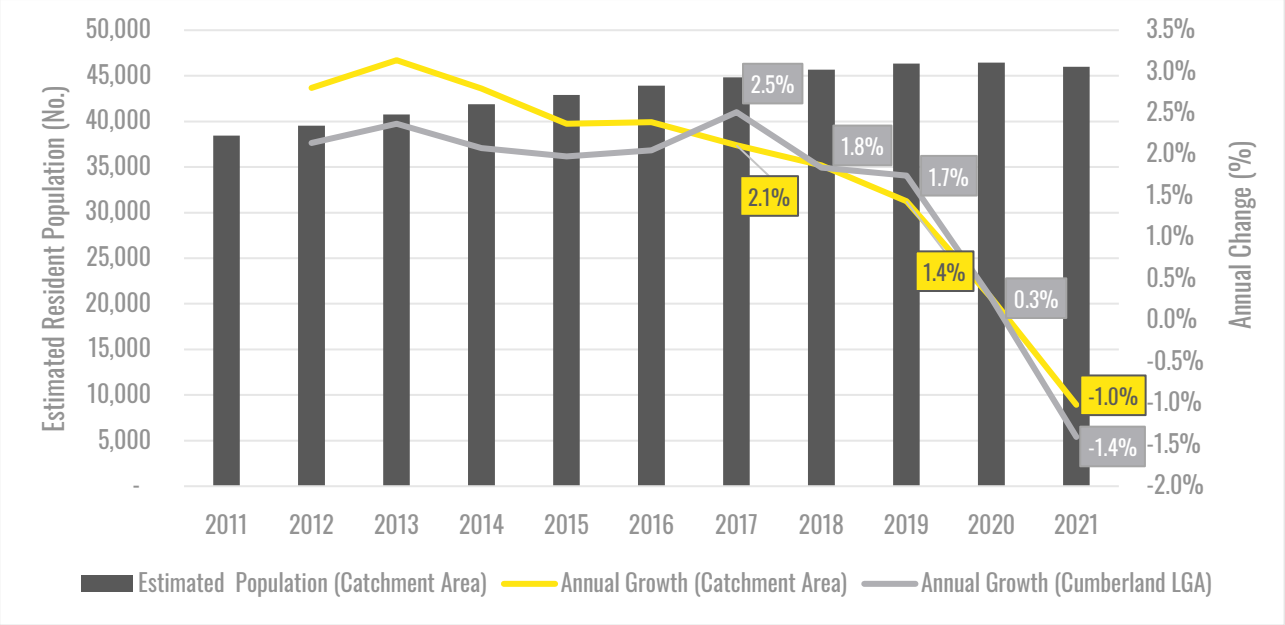
The Catchment Area recorded an estimated population of some 38,400 residents in 2011. By 2021, almost 46,000 residents were recorded, accounting for approximately 18% of Cumberland's total population and equivalent to an average annual growth rate of some 1.8% over the 2011-2021 period.

Overall, the resident population in the Catchment Area grew by nearly 20% in the last decade, outpacing that of the broader Cumberland LGA, which recorded some 17% of total population growth over the same period.

Despite overall population growth recorded in the Catchment Area, this rate of growth slowed notably over the 2017-2020 period - from the 2.1% annual growth in 2017 to the 0.3% in 2020. This was followed by a period of decline, with the population falling by 1% over 2020-2021. Similar trends were observed in the Cumberland LGA over the same period, with population growth progressively slowing from 2017.

Figure 2.8 illustrates historical population growth in the Catchment Area over the 2011-2021 period.

Figure 2.8: Population Growth (2011-2021), Catchment Area



Source: ABS (2021)

The moderation in population growth over 2016-2019 is reflective of a slowdown in residential development activity across the WRC during this period. The larger falls observed in both the WRC and broader Cumberland LGA are directly related to the COVID-19 pandemic.

2.2.2 Age Profile

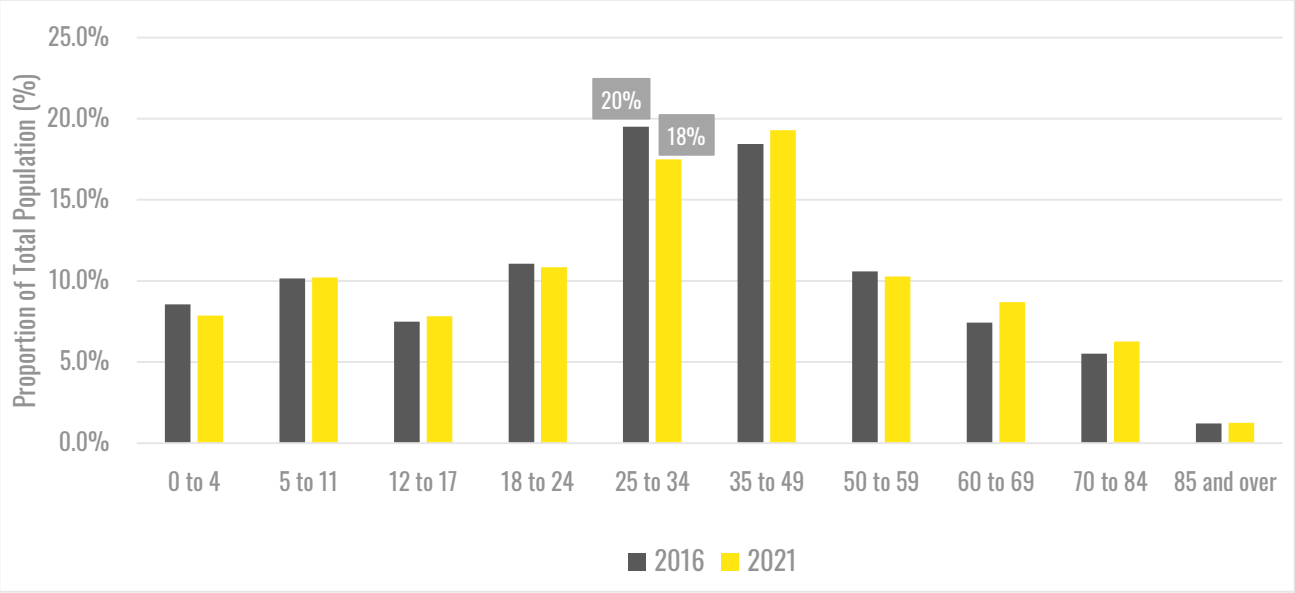
In 2021, most residents in the Catchment Area were young, with a median age of 30 years recorded. This is younger than the median age of the broader Cumberland LGA at 34 years. Children accounted for almost a third of the population (26%), slightly above that of the Cumberland LGA at 23%.

Young and middle-aged residents (25-49 years old) were the primary age cohorts observed, with older residents (70 years and older) forming less than 10% of total resident population – aligning with the broader Cumberland LGA.

Over the 2016-2021 period, the Catchment Area's age profile remained largely unchanged, despite a nominal decrease in residents aged 25-34, typically characterised by the young workforce population.

Figure 2.9 illustrates the age profile of the Catchment Area over the 2016-2021 period.

Figure 2.9: Age Composition (2016-2021), Catchment Area



Source: ABS (2021)

2.2.3 Country of Birth

In 2021, approximately 20,000 residents in the Catchment Area were born overseas, accounting for some 48% of the total population. This is lower than the proportion of overseas-born residents recorded in the broader Cumberland LGA at 53%. Of these overseas-born residents, common countries of birth observed in the Catchment Area and broader LGA included China, Lebanon, Nepal, Pakistan and Afghanistan.

Over the 2016-2021 period, the proportion of overseas-born residents in the Catchment Area remained largely unchanged.

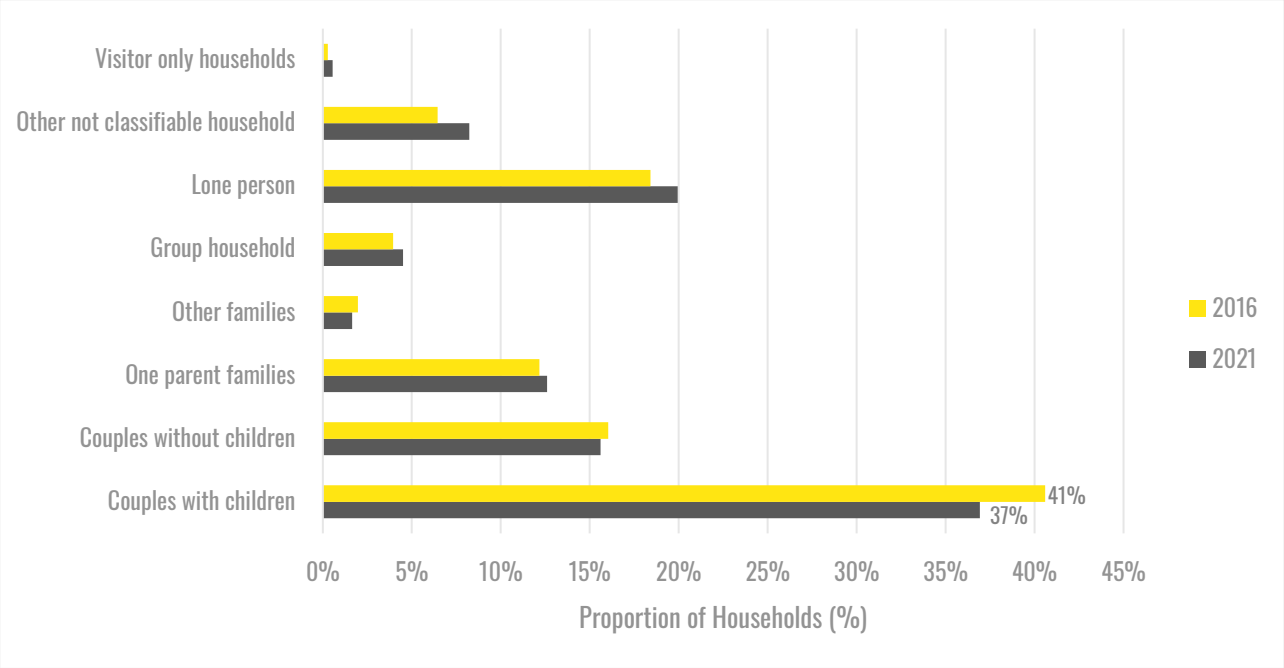
In comparison, overseas-born residents accounted for just 39% of the total population in Greater Sydney – a significantly lower proportion than that of the Catchment Area.

2.2.4 Household and Family Composition

In 2021, couples with children accounted for the largest proportion of household types in the Catchment Area with ~4,840 households (37% of total households). This was followed by lone person households, which accounted for 20% of total households. The mix of household compositions remained largely unchanged over the 2016-2021 period.

A detailed breakdown of each household type is provided in **Figure 2.10**.

Figure 2.10: Household Composition, Catchment Area (2016-2021)



Source: ABS (2021)

Over the 2016-2021 period, there was a decline in households with children (-4%) and more smaller household types (lone person and couples without children). The most notable change over the period was the 2% increase in lone person households (+360 households). In 2021, smaller household types collectively accounted for 36% of total households in the Catchment Area – nearly comparable to the proportion of couples with children (37%).

2.2.5 Median Household Income

As at 2021, the average median weekly income across the Catchment Area was $1,404. This is some 18% higher compared to 2016. Compared to the broader Cumberland LGA, households in the Catchment Area earned approximately 16% and 20% less in 2016 and 2021 respectively, reflecting a growing level of income disparity.

There was also an apparent income disparity within the Catchment Area. Households in the Granville-Clyde SA2 area (northern end) earned 22% more than that of the Guildford-South Granville SA2 area (southern end) in 2016, with the income gap increasing to 30% in 2021. Whist the median income in the southern Catchment Area increased over the 2016-2021 period, this growth was modest (14%) compared to that of the northern region (21%) and the Cumberland LGA (22%).

Median income levels in the Granville-Clyde SA2 area appear to be generally aligned with the broader Cumberland LGA, although still nominally lower.

Table 2.1 summarises the median weekly household income observed in the Catchment Area.

Table 2.1: Median Weekly Household Income (2016-2021), Catchment Area

Location	2016	2021	Change (2016-2021)
Granville-Clyde	$1,305	$1,585	+21%
Guildford-South Granville	$1,072	$1,223	+14%
Catchment Area (Average)	$1,189	$1,404	+18%
Cumberland LGA	$1,379	$1,678	+22%

Source: ABS (2021)

2.2.6 Housing Costs

Over the 2016-2021 period, there were significantly more households spending at least 30% of income on rental and mortgage payments in the Catchment Area and the broader Cumberland LGA.

- In 2016, some 11% of households in the Catchment Area were spending at least 30% of income on mortgage payments. By 2021, this proportion of households increased to 29% - more than the 25% of households recorded in the broader Cumberland LGA.
- There were also more households spending at least 30% of their income on rental payments in the Catchment Area compared to the broader Cumberland LGA. In 2016, this represented 29% of households in the Catchment Area. By 2021, this increased to 40% of all households. In comparison, 19% of households in the Cumberland LGA spent more than 30% of income on rent in 2016 – which similarly grew to 36% in 2021.
- Similar to the income disparity observed across the SA2 areas, more households in the Guildford-South Granville SA2 area spent more than 30% of their income on mortgage and rental payments compared to the Granville-Clyde SA2 area. This housing cost disparity increased markedly over the 2016-2021 period.

Table 2.2 summarises the proportion of households in the Catchment Area spending more than 30% of income on housing (either mortgage repayments or rental payments) over the 2016-2021 period.

Table 2.2: Proportion of Income Spent on Housing (2016-2021), Catchment Area

SA2/LGA	Residents Paying >30% of Household Income on Mortgage Repayments		Residents Paying >30% of Household Income on Rental Payments	
	2016	2021	2016	2021
Granville-Clyde	10%	25%	20%	35%
Guildford-South Granville	11%	33%	23%	45%
Catchment Area (Average)	11%	29%	29%	40%
Cumberland LGA	10%	25%	19%	36%

Source: ABS (2021)

Overall, housing costs have obvious and significant implications on residents in the Catchment Area and Cumberland LGA.

2.3 Employment Profile

The Australian Bureau of Statistics categorise employment activity into 19 industry sectors referred to as ANZSICs (Australian New Zealand Standard Industry Classification). These are the most commonly utilised categories used when analysing the employment profile of a local economy.

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 industry categories - population-serving, knowledge-intensive, health and education and industrial. These BIC groupings and their corresponding ANZSICs are shown in **Table 2.3**.

Table 2.3: Broad Industry Classifications (BICs) by 19-Digit ANZSICs

Population Serving	Knowledge-Intensive	Health and Education	Industrial
• Construction • Retail Trade • Accommodation & Food Services • Arts & Recreation Services • Other Services	• Information, Media & Telecommunications • Financial & Insurance Services • Rental, Hiring & Real Estate Services • Professional, Scientific & Technical Services • Administrative & Support Services • Public Administration & Safety	• Education & Training • Health Care & Social Assistance	• Mining • Manufacturing • Electricity, Gas, Water & Waste Services • Wholesale Trade • Transport, Postal & Warehousing

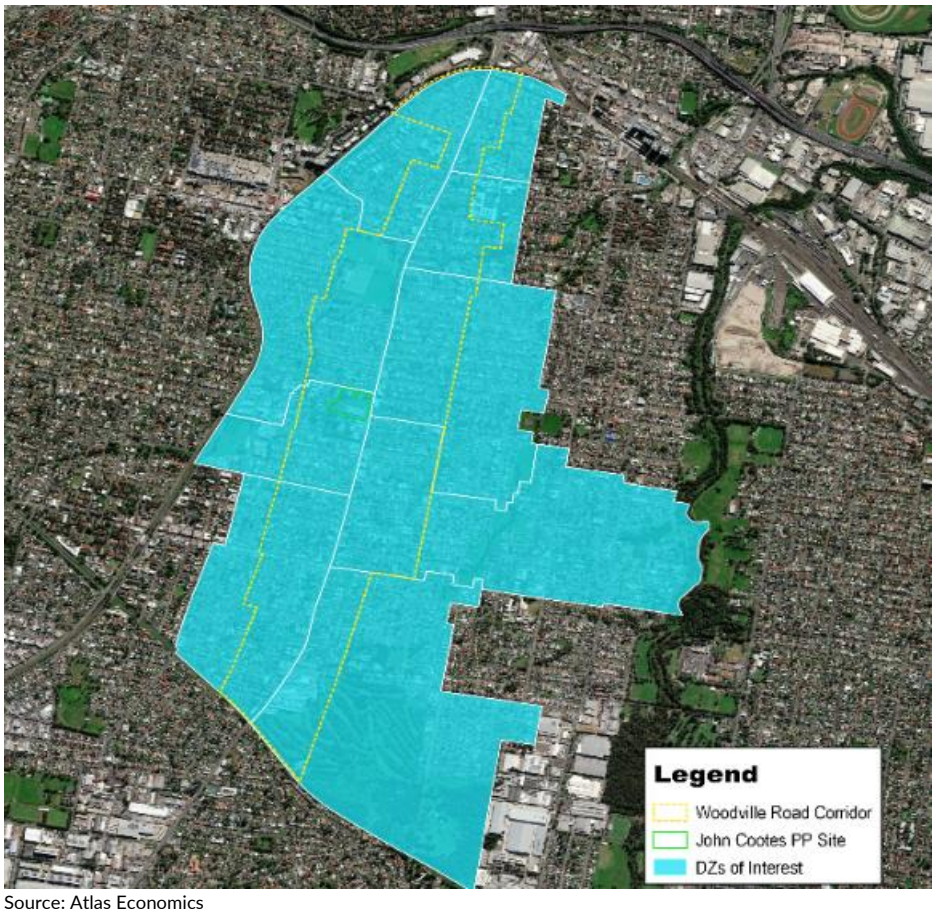
Source: ABS/Atlas

2.3.1 Employment Catchment Area

In order to analyse employment along the WRC, a series of Destination Zone (DZ) geographies within the Cumberland LGA were selected. These DZ geographies (the Employment Catchment) include a mix of areas within the Granville, Merrylands, Guildford and South Granville suburbs.

Figure 2.11 illustrates the Employment Catchment Area.

Figure 2.11: Employment Catchment Area, Woodville Road Corridor



Source: Atlas Economics

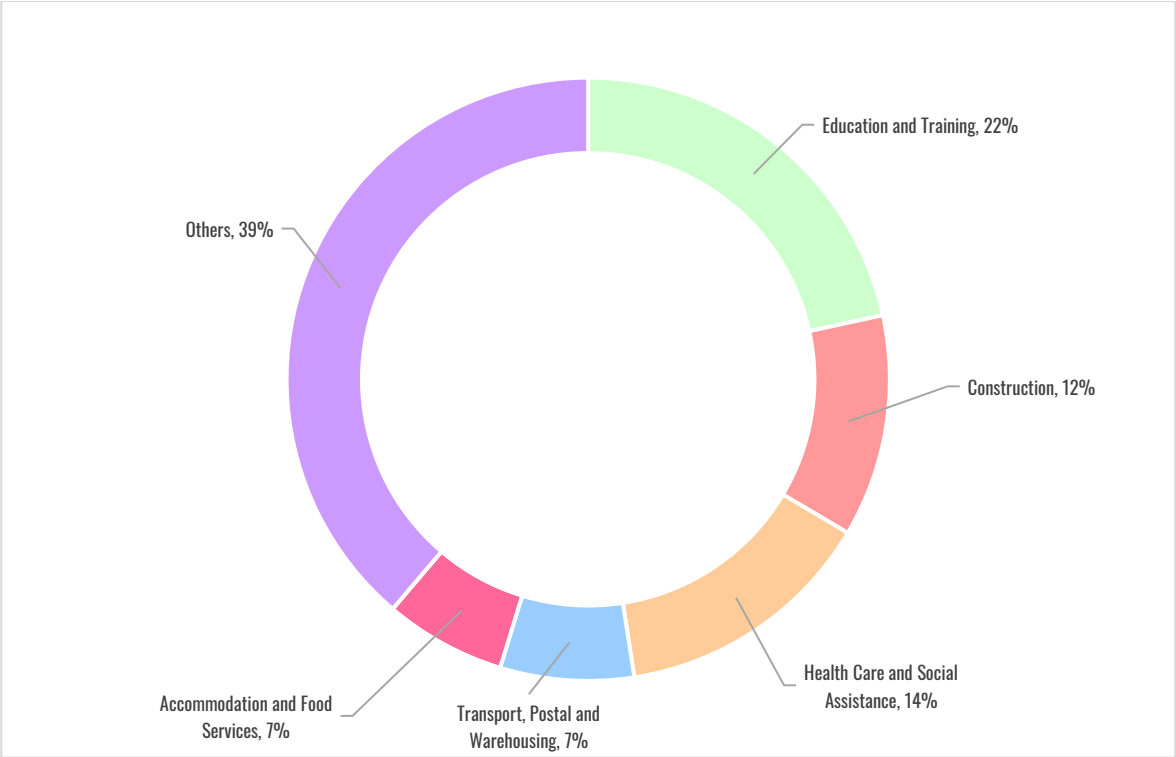
2.3.2 Employment by Industry

In 2021, there were a total of 2,904 jobs in the Employment Catchment, which represented approximately 3% of total employment in the Cumberland LGA.

In 2021, education and training was the largest industry in the Employment Catchment, accounting for some 22% of total employment. Other primary industries included healthcare and social assistance (14%), construction (12%), accommodation and food services (7%) and transport, postal and warehousing (7%). Collectively, the health and education industries accounted for some 36% of total employment in 2021. This employment mix remained largely unchanged from 2016.

Figure 2.12 illustrates industry compositions within the Employment Catchment.

Figure 2.12: Industry Compositions, Employment Catchment (2021)



Source: Atlas Economics

In 2016, 3,057 jobs were recorded in the Employment Catchment Area, indicating a 5% decline in total employment over the 2016-2021 period. Population-serving industries recorded a marked decline of 6% over the 2016-2021 period, resulting in a loss of ~215 jobs. This follows a period of strong employment growth over the 2011-2016 period, where the total number of jobs increased from 2,408 to 3,057, reflecting some 27% growth in total employment.

The main industry changes observed over the 2016-2021 period include:

- Administrative and support services: +61 jobs
- Transport, postal and warehousing: -101 jobs
- Construction: -133 jobs
- Healthcare and social assistance: +38 jobs

Table 2.4 provides a detail breakdown of employment by industry in the Employment Catchment over 2011-2021.

Table 2.4: Employment by Industry (2011-2021), Employment Catchment

Industry	2011		2016		2021		Change		
	No.	%	No.	%	No.	%	2011-2016	2016-2021	2011-2021
ANZSIC									
Agriculture, Forestry and Fishing	0	0%	0	0%	0	0%	0	0	0
Mining	0	0%	0	0%	0	0%	0	0	0
Manufacturing	130	5%	103	3%	111	4%	-27	8	-19
Electricity, Gas, Water & Waste Services	0	0%	11	0%	15	1%	11	4	15
Construction	257	11%	479	16%	346	12%	222	-133	89
Wholesale Trade	112	5%	59	2%	39	1%	-53	-20	-73
Retail Trade	205	9%	184	6%	161	6%	-21	-23	-44
Accommodation & Food Services	134	6%	230	8%	189	7%	96	-41	55
Transport, Postal & Warehousing	320	13%	309	10%	208	7%	-11	-101	-112
Information Media & Telecommunications	13	1%	29	1%	33	1%	16	4	20
Financial & Insurance Services	24	1%	67	2%	63	2%	43	-4	39
Rental, Hiring & Real Estate Services	28	1%	35	1%	23	1%	7	-12	-5
Professional, Scientific & Technical Services	80	3%	116	4%	143	5%	36	27	63
Administrative & Support Services	64	3%	101	3%	162	6%	37	61	98
Public Administration and Safety	55	2%	64	2%	47	2%	9	-17	-8
Education & Training	676	28%	615	20%	627	22%	-61	12	-49
Health Care & Social Assistance	168	7%	370	12%	408	14%	202	38	240
Arts & Recreation Services	22	1%	15	0%	15	1%	-7	0	-7
Other Services	80	3%	111	4%	93	3%	31	-18	13
Industry not classified	40	2%	188	6%	207	7%	148	19	167
Total	**2,408**	**100%**	**3,057**	**100%**	**2,904**	**100%**	**649**	**-153**	**496**
BIC									
Population Serving	698	29%	1,019	33%	804	28%	321	-215	106
Knowledge Intensive	264	11%	412	13%	471	16%	148	59	207
Health and Education	844	35%	985	32%	1,035	36%	141	50	191
Industrial	562	23%	482	16%	373	13%	-80	-109	-189
Industry not classified	40	2%	188	6%	207	7%	148	19	167
Total	**2,408**	**100%**	**3,057**	**100%**	**2,904**	**100%**	**649**	**-153**	**496**

Source: ABS (2021)

2.3.3 Employment by Occupation

In 2021, there were some 750 workers employed as professionals in the Employment Catchment, accounting for the predominant occupation held by 26% of all local workers. Other primary occupations included community and personal service workers (13%) and technicians and trades workers (12%).

In 2021, approximately 48% of workers in the Employment Catchment held 'white collar' occupations (managers, professionals and clerical and administrative workers). Conversely, only 29% of local workers occupied traditional 'blue collar' jobs (technicians and trades workers, machine operators and drivers and labourers).

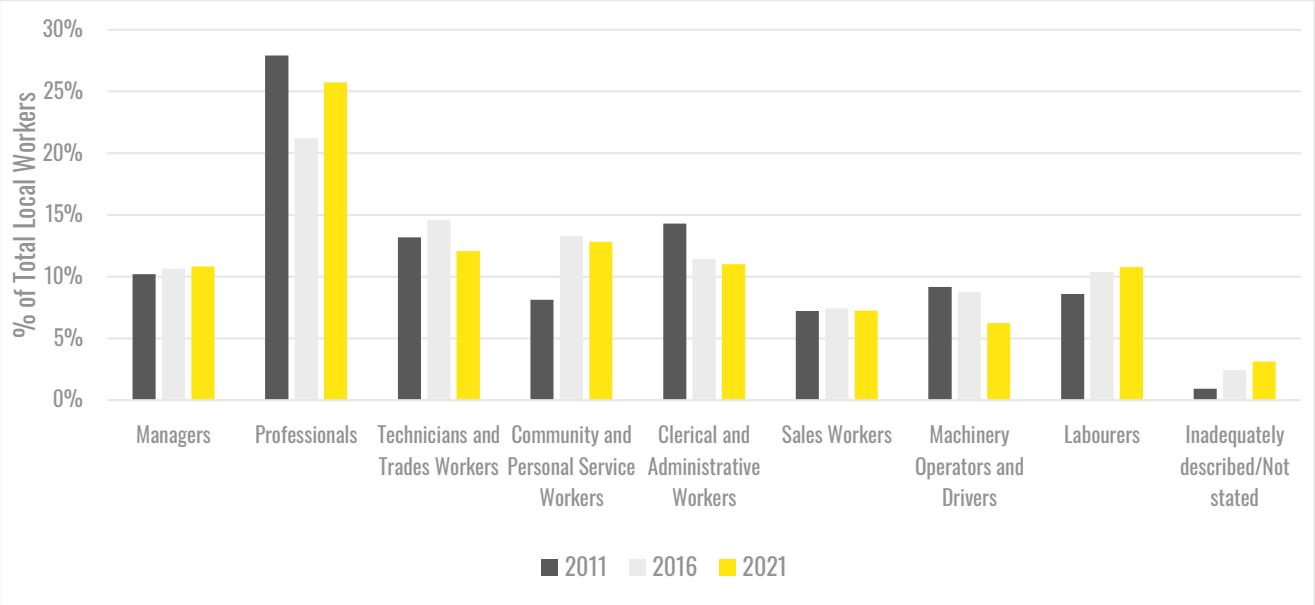
The number of working professionals in the Employment Catchment decreased over the 2011-2016 period, before rising again in the subsequent years to 2021. A similar trend was observed in the number of managers over the same period.

Overall, there were shifts in occupations held by local workers that reflect the changing industry trends in the Employment Catchment in the last decade. The fall in the number of machinery operators and drivers (-40 workers) in the Employment

Catchment reflect the declining industrial sectors; whilst the growing number of community and personal service workers (+177 workers) reflect the growing health and education industries.

Figure 2.13 displays the changing occupation trends in the Employment Catchment over the 2011-2021 period.

Figure 2.13: Employment by Occupation (2011-2021), Employment Catchment



Source: ABS (2021)

2.4 Existing Land Uses

A land use audit was undertaken to understand land use trends and identify opportunities in the Corridor. This included the analysis of existing land use zones, building typologies, floorspace mix and lot patterns within the Corridor.

2.4.1 Existing Land Use Zones

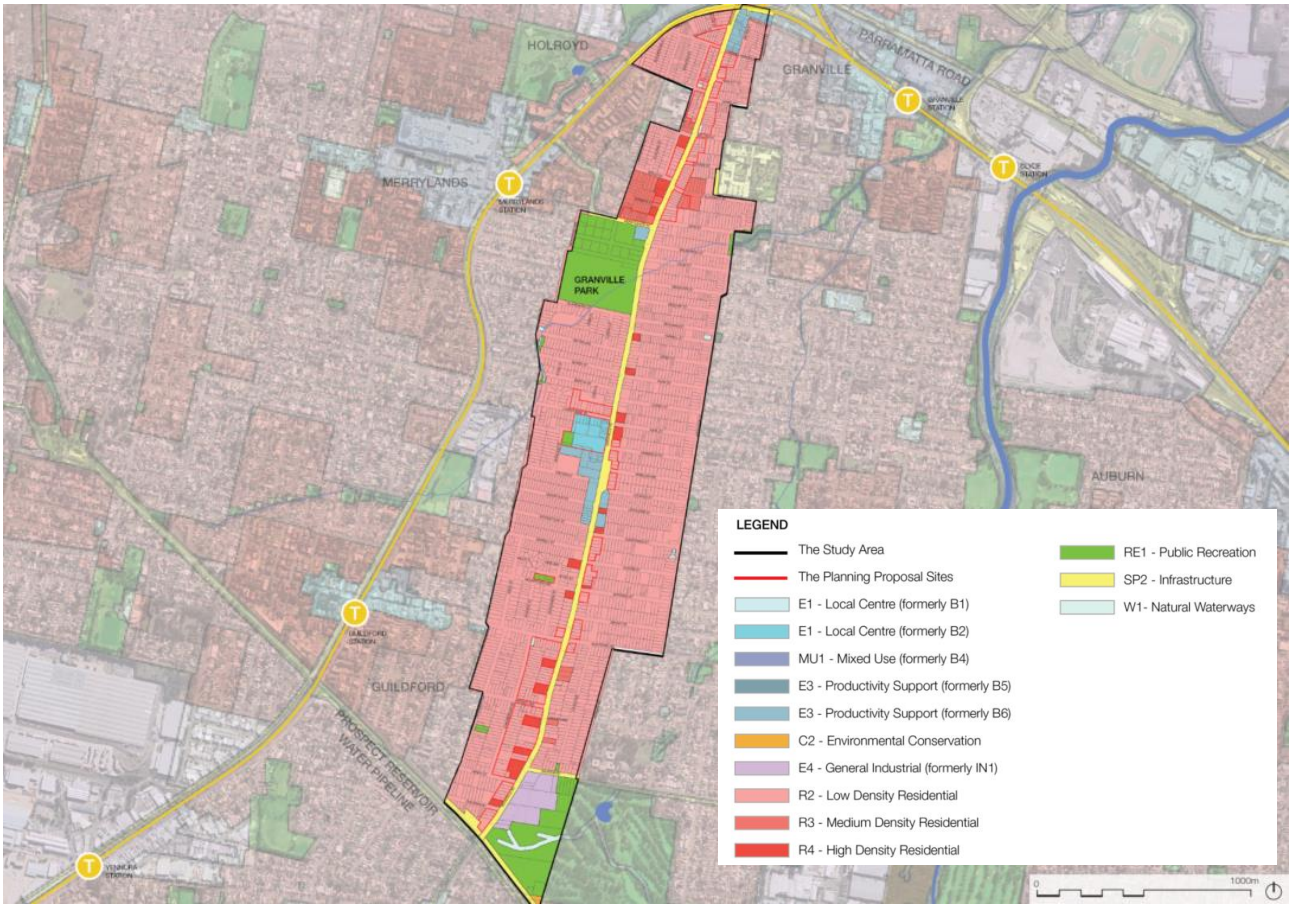
The Woodville Road Corridor encompasses a mix of residential and commercial zones. These include:

- **R2 Low Density Residential** applies to most of the Corridor, especially the areas beyond Woodville Road. Higher intensity residential typologies (e.g. townhouses, apartments) are not permitted.
- **R3 Medium Density Residential** is mainly limited to the northern end of Woodville Road, supporting the higher-density zones surrounding the Merrylands train station. Smaller R3 zoned areas are situated on the southern end of Woodville Road, across from the pockets of R4 zoned land.
- **R4 Higher Density Residential** applies to small pockets along the southern end of Woodville Road, and around the Merrylands train station in the North Precinct of the broader Catchment Area. Most residential uses are permitted in the R4 zone, including residential flat buildings and shop top housing.
- The majority of **E1 Local Centre** land sits in the middle of the Corridor, where the John Cootes Site is located. Key permitted uses include commercial premises, short-term accommodation and shop top housing.
- **E3 Productivity Support** abuts the John Cootes Site to its south, with small pockets of E3 located along Woodville Road further north. A broad range of commercial uses are permitted in the E3 zone.
- **E4 General Industrial** is situated on the soutern end of Woodville Road. Industrial and warehouse land uses are permitted.

The existing residential land use zones within the Corridor mostly accommodate low density housing. Areas zoned for higher density uses are clustered around the North precinct, where key services and transport infrastructure are located.

Figure 2.14 depicts land use zones which apply to the Woodville Road Corridor under the Cumberland LEP.

Figure 2.14 Land Use Zones (Cumberland LEP), Catchment Area



Source: Atlas Economics

2.4.2 Existing Building Typologies

The Corridor predominantly comprises older style, single-storey residential dwellings situated on larger allotments. These are interspersed with several apartment developments along Woodville Road, as observed in the southern end of the Corridor.

The local centre in the Corridor primarily consists of anchor store, Aldi supermarket, fast food restaurants, as well as few local restaurants and services. Whilst the Aldi supermarket is situated upon a large corner site, most businesses within the Corridor occupy older-style, smaller retail stores.

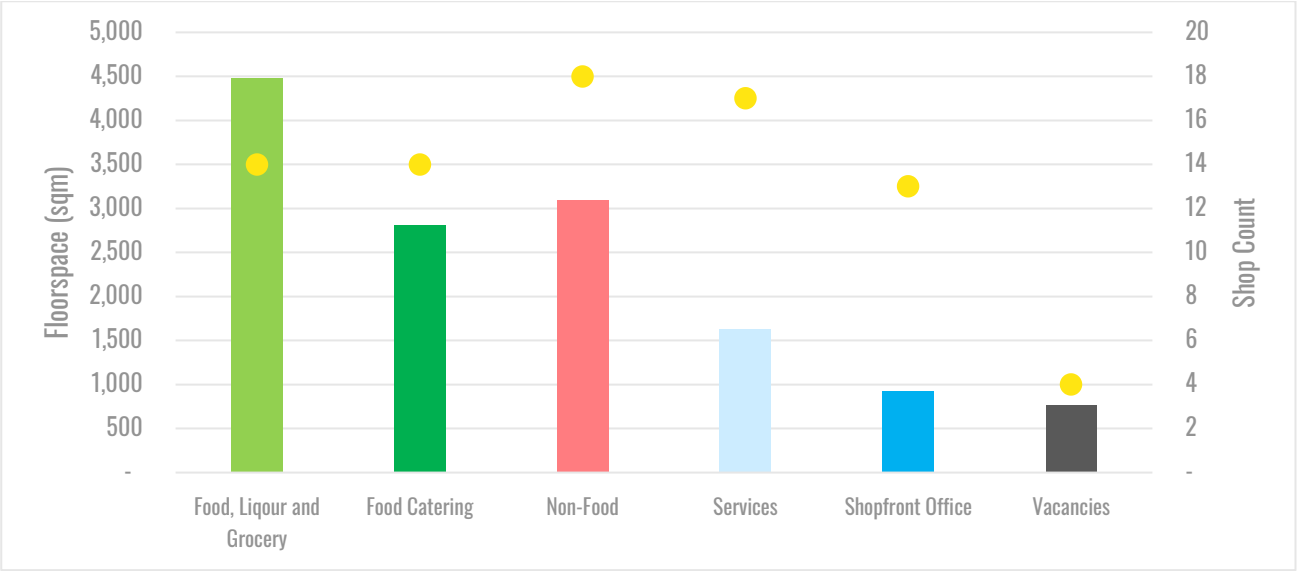
Generally, retail buildings within the Corridor appear slightly dated and are fine-grain in nature. Most local businesses are small 'takeaway' eateries occupying compact stores. The main occupiers in the Corridor being fast food restaurants and 'drive-throughs', as well as petrol stations represent the few large format buildings within the Corridor.

2.4.3 Floorspace Mix

Based on its existing land uses, the Corridor is considered a secondary retail location attracting lower order operators. There are limited anchor stores along the Corridor, except for ALDI supermarket. It comprises several fast food restaurants and petrol stations, mainly servicing the volume of passing traffic rather than the surrounding residential population. Based on the floorspace audit, the Corridor consists of over 80 individual shopfronts with an estimated 12,010sqm of total floorspace.

Figure 2.15 summarises the floorspace mix by retail categories observed within the Corridor, with the yellow dots illustrating the number of individual shops within each retail category.

Figure 2.15: Floorspace Mix, Woodville Road Corridor (2022)



Source: Ethos Urban/Atlas Economics

As illustrated in **Figure 2.15**, Food, Liquor and Grocery (fresh food, groceries and take-home liquor) as well as Food Catering (cafes, restaurants and takeaway food) account for over 50% of all floorspace along the Corridor. Non-food retailers and services account for significantly less floorspace of just over 20% and 10% of total floorspace respectively. Commercial occupiers are also limited to price-conscious businesses.

Vacancy levels along the Corridor are relatively low and estimated at 5.6%, reflecting the tightly held nature of retail and commercial markets.

Overall, the floorspace audit illustrates that the Corridor plays a limited role in serving the surrounding resident population and has limited existing capacity to meet the convenience needs of the catchment.

3. Demand Projections

This Chapter will examine population and employment projections to understand potential demand for housing and employment floorspace. This will inform the need for various land uses in the Corridor.

3.1 Population Projections

Official population and demographic projections in NSW are carried out by the NSW Department of Planning and Environment (DPE). DPE's Demography and Research Unit project population growth on a variety of demographic assumptions, including birth and fertility rates, mortality rates, migration levels and household formation patterns.

The population projections in this section were analysed at a SA2 level, namely the Granville-Clyde and Guildford-South SA2 areas (which collectively form the Catchment Area) and compared against the broader Cumberland LGA.

The most recent set of population projections prepared by NSW DPE were released in Q1 2022, notably prior to the release of the recent 2021 Census data.

3.1.1 Population Growth

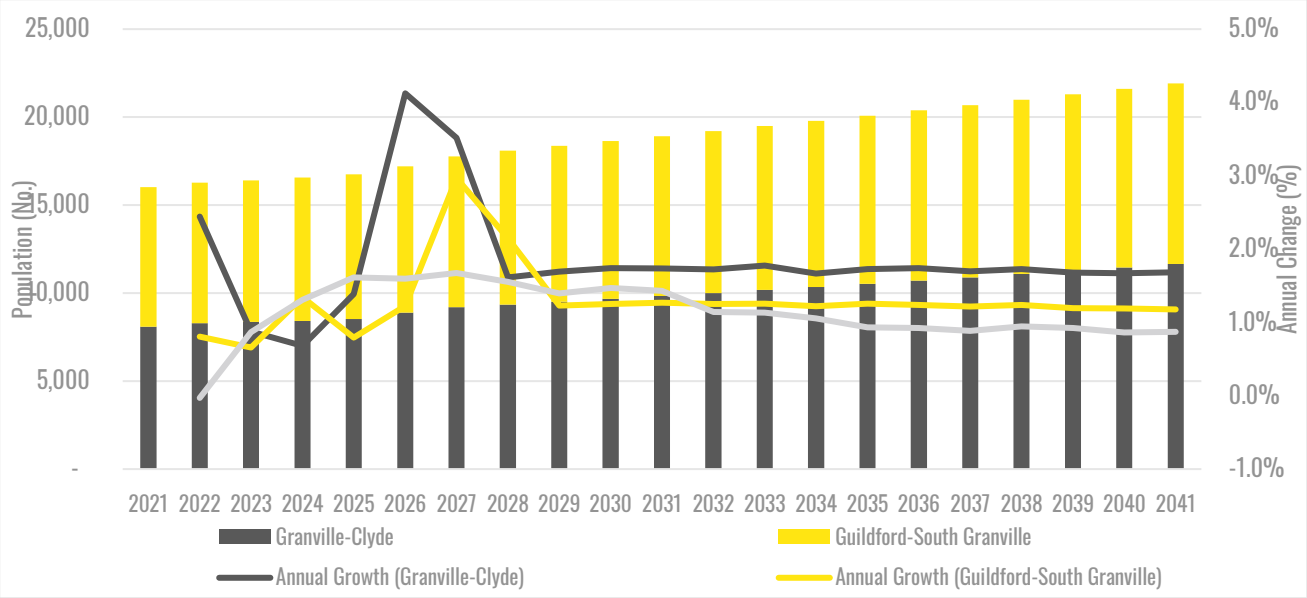
The NSW DPE population projections suggest that the Catchment Area may grow by some 2,900 residents in the coming decade to 2031, with a further ~2,990 residents over 2031-2041. Most of this growth is expected to occur in the northern end of the Catchment Area as defined as the Granville-Clyde SA2 area, where an additional ~1,750 residents are expected by 2031 and further ~1,820 residents by 2041. This equates to an average annual growth rate of approximately 1.8% over the 2021-2041 period, significantly faster than the 1.1% projected population growth in the broader Cumberland LGA.

The southern end of the Corridor (Guildford-South Granville SA2 area) is expected to experience more modest population growth in the coming decades, with an additional ~1,150 residents by 2031 and further ~1,180 residents by 2041. This indicates an average annual growth rate of 1.3% over the 2021-2041 period, slightly faster than that of the broader Cumberland LGA.

A period of marked population growth is expected to occur across the Catchment Area over the 2025-2027 period, characterised by an average annual growth rate of 8% in the Granville-Clyde SA2 area and the 4% in the Guildford-South Granville SA2 area – both of which faster than the 3% projected for the broader Cumberland LGA over the same period.

Figure 3.1 illustrates the projected population of the Catchment area over the coming two decades.

Figure 3.1: Population Projections (2021-2041), Catchment Area



Source: DPE (2022)

3.1.2 Age Profile

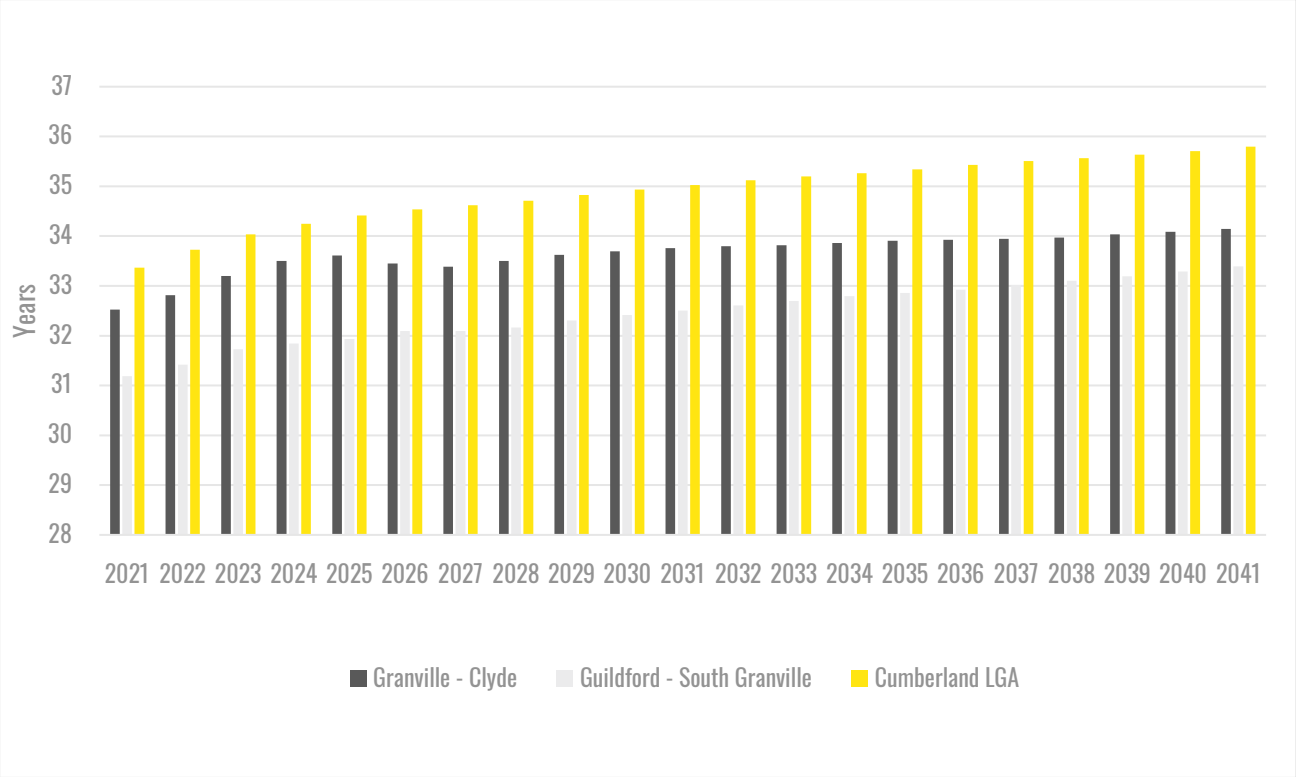
The age profile of the Catchment Area is expected to increase nominally over the 2021-2041 period. In 2021, the median age profile in the Granville-Clyde and Guildford-South Granville SA2 areas were 33 and 31 years respectively. By 2041, this is projected to increase to 34 and 33 years respectively.

Similarly, the age profile of the broader Cumberland LGA is expected to increase gradually over the decades, with the median age of 33 years in 2021 rising to 36 years in 2041.

Overall, the age profile of the Catchment Area is expected to remain largely unchanged over the 2021-2041 period and younger than that of the broader Cumberland LGA.

Figure 3.2 illustrates the age profile projections of the Catchment Area over 2021-2041.

Figure 3.2: Age Profile Projections (2021-2041), Catchment Area



Source: DPE (2022)

3.1.3 Household and Family Composition

The number of households in the Catchment Area is expected to grow by almost 5,500 households in the coming decades to 2041. Couples with children are expected to remain as the dominant household type, estimated at some 35% and 37% of total households in the Granville-Clyde and Guildford-South SA2 areas by 2041 respectively.

By 2041, lone person households are to account for the second-largest household type in the Catchment Area (consistent with that of 2021) estimated at 21% and 24% of all households in the Granville-Clyde and Guildford-South SA2 areas.

Overall, while the household composition mix in the Catchment Area is expected to remain largely unchanged over the 2021-2041 period, there is an expected increase in the number of smaller households (couple-only and lone person households). Conversely, the proportion of couples with children are expected to decline nominally. These observations are consistent across the Catchment Area and the broader Cumberland LGA.

Table 3.1 summarises the projected household compositions in the Catchment Area over the 2021-2041 period.

Table 3.1: Household Composition Projections (2021-2041), Catchment Area

	2021		2026		2031		2036		2041		2021-2041	
Household Type	**SA2(1)**	**SA2(2)**	**SA2(1)**	**SA2(2)**	**SA2(1)**	**SA2(2)**	**SA2(1)**	**SA2(2)**	**SA2(1)**	**SA2(2)**	**SA2(1)**	**SA2(2)**
Couple only	1,415	1,133	1,599	1,231	1,781	1,388	1,943	1,503	2,114	1,603	699	470
Couple with children	2,803	3,009	3,021	3,058	3,304	3,246	3,557	3,368	3,847	3,519	1,045	511
Single parent	875	962	950	1,002	1,061	1,090	1,170	1,163	1,282	1,241	407	278
Other family	544	491	595	508	654	547	706	574	761	601	216	110
Lone person	1,476	1,578	1,647	1,731	1,852	1,951	2,050	2,137	2,253	2,321	777	743
Group	449	220	492	225	540	243	583	255	624	267	175	47
Total Households	**7,562**	**7,393**	**8,305**	**7,756**	**9,192**	**8,464**	**10,010**	**9,001**	**10,881**	**9,552**	**3,318**	**2,159**

Source: DPE (2022)
*Granville-Clyde and Guildford-South Granville SA2 areas have been referenced as SA2(1) and SA2(2) respectively.

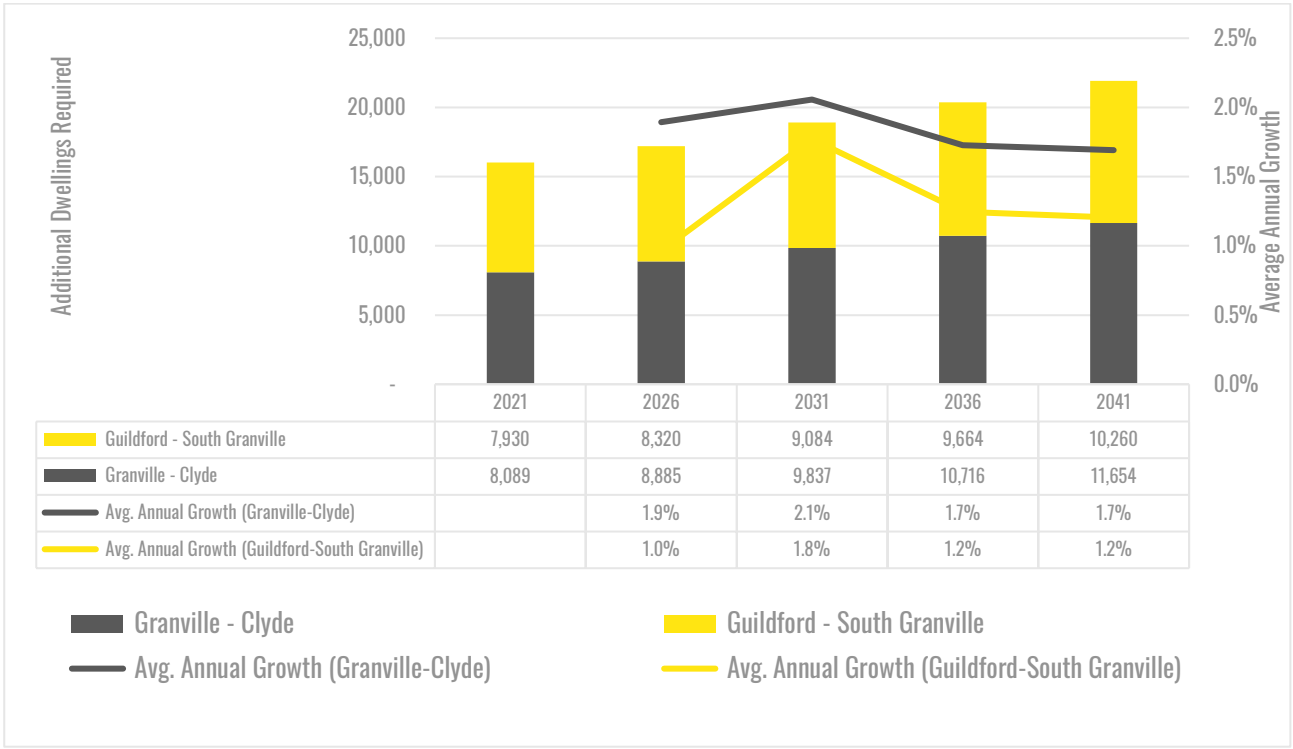
3.1.4 Implied Dwelling Requirements

Based on projected population growth and household compositions, DPE projections infer the number of dwellings required to meet expected growth. The Catchment Area is expected to require about 5,900 additional dwellings from 2021 to 2041, implying an average need for some 295 new dwellings per annum. The Granville-Clyde SA2 area accounts for 60% of these additional dwellings required by 2041 – in alignment with the rapid population growth anticipated to occur.

As at the 2021 Census, 14,346 private dwellings were recorded in the Catchment Area. In comparison, DPE projections recorded a dwelling requirement of 16,020, indicating a shortfall of 1,674 dwellings as at 2021. Using this a starting point, an additional ~7,600 dwellings would be required over the coming decades to 2041 to meet forecast population growth – averaging at average of some 380 dwellings per annum.

Figure 3.3 illustrates the dwelling supply required to support projected population in the Catchment Area over 2021-2041.

Figure 3.3: Implied Dwelling Requirements (2021-2041), Catchment Area



Source: DPE (2022)

3.2 Employment Projections

Employment projections relied upon in this Study are prepared by Transport for NSW's Transport, Performance and Analytics (TPA) Division. These projections are carried out at a small area level in geographies known as Travel Zones (TZs).

A series of TZs which broadly align with the boundaries of the Woodville Road Corridor have been selected to comprise a 'Employment Catchment' which will be the focus of the analysis. These TZs align with the Employment Catchment analysed previously in section 2.3.

Projected Employment Profile

The Woodville Road Corridor is expected to experience steady employment growth in the years to 2041. Some 900 additional workers are anticipated over the 2021-2041 period, including:

- 265 workers in population-serving industries (e.g. retail, construction, accommodation and food services, etc)
- 4 workers in knowledge intensive industries (e.g. office-based industries)
- 520 workers in the health and education industries.
- 60 workers in traditional industrial sectors (e.g. transport and logistics, manufacturing, etc)

Most employment growth is expected to be driven by the health and education industries. By 2041, these industries are anticipated to account for the majority of employment within the Corridor at 39%, compared to the 34% in 2021. Population-serving industries are also expected to record strong growth, with employment levels forecasted to increase by 21% over the 2021-2041 period.

Collectively, the population-serving and health and education industries are anticipated to account for 75% of total employment within the Corridor in 2041.

Overall, the Corridor is expected to record an average annual employment growth of 1.0% in the coming decade to 2031. This is higher than the 0.8% projected average annual growth in the Cumberland LGA. Looking ahead, employment in the Corridor and Cumberland LGA is projected to grow at the same annual average rate of 1.0%, over the 2031-2041 period.

Table 3.2 provides a detailed breakdown of employment projections by BIC across the Employment Catchment over the coming decades to 2041.

Table 3.2: Employment Projections (2021-2031), Woodville Road Corridor

Broad Industry Category	Employment					Change (2021-2031)		Change (2021-2041)	
	2021	2036	2031	2036	2041	No.	%	No.	%
Population-Serving	1,266	1,366	1,393	1,463	1,531	127	10%	265	21%
Knowledge Intensive	441	414	419	432	444	-21	-5%	4	1%
Health and Education	1,177	1,341	1,418	1,533	1,697	241	20%	519	44%
Industrial	581	550	581	614	645	0	0%	64	11%
Total	**3,465**	**3,670**	**3,812**	**4,042**	**4,317**	**347**	**10%**	**852**	**25%**

Source: TPA (2019)

3.3 Future Demand for Employment Floorspace

The floorspace required to accommodate projected employment growth in the Employment Catchment can be estimated through converting employment (jobs) into floorspace using workspace ratios (i.e. the amount of floorspace occupied per worker). The NSW Government provides a set of benchmark workspace ratios which can be used across Greater Sydney (Landcom, 2018). Atlas has refined this set based on past experience and industry knowledge.

The conversion of employment projections into floorspace suggests the Catchment Area could require an additional ~31,000sqm of employment floorspace over the coming two decades to 2041.

This could include an additional:

- ~10,600sqm for population-serving industries;
- ~70sqm for knowledge-intensive industries;
- ~10,400sqm for the health and education industries;
- ~9,600sqm for industrial sectors.

Table 3.3 summaries the projected employment growth and associated floorspace demand over the 2021-2041 period.

Table 3.3: Projected Employment Floorspace Required (2021-2041), Employment Catchment

BIC	Employment					WSR (sqm/job)*	Potential Floorspace Demand (sqm)						
	2021	2026	2031	2036	2041		2021	2026	2031	2036	2041	2021-31	2021-41
Population-Serving	1,266	1,366	1,393	1,463	1,531	35-100	50,640	54,626	55,713	58,535	61,245	5,073	10,605
Knowledge Intensive	441	414	419	432	444	20	8,815	8,277	8,386	8,630	8,885	-428	70
Health and Education	1,177	1,341	1,418	1,533	1,697	50-100	23,546	26,814	28,362	30,662	33,935	4,816	10,388
Industrial	581	550	581	614	645	65-150	87,168	82,510	87,220	92,100	96,764	52	9,596
Total	**3,465**	**3,670**	**3,812**	**4,042**	**4,317**		**170,169**	**172,227**	**179,682**	**189,928**	**200,829**	**9,513**	**30,659**

*Workspace ratio varies by individual industry
Source: Atlas Economics/TPA (2022)

Of the ~31,000sqm of additional floorspace potentially required in the Catchment Area over the 2021-2041 period to support projected employment growth, approximately ~10,600sqm would be required to meet the needs of population serving industries (e.g. retail trade, food services and accommodation, etc).

Very little employment growth is anticipated from knowledge-intensive industries which is unsurprising given the location of the Corridor.

Strong growth is anticipated from the health and education sectors, which could present demand for additional health facilities (e.g. medical centres, specialist facilities) and education establishments (e.g. schools, private tutoring facilities, etc).

These findings provide insight into the future demand profile for different land uses within the Corridor. A more detailed assessment on the future demand for *retail* floorspace (a component of population-serving employment) will be carried out as part of this Study.

4. Market Appraisal

This section carries out a brief summary of prevailing economic and land use trends which could influence the demand and supply of land uses in the WRC, in particular trends influencing the residential and retail sectors.

4.1 Trends and Influencing Factors

4.1.1 Residential Land Uses

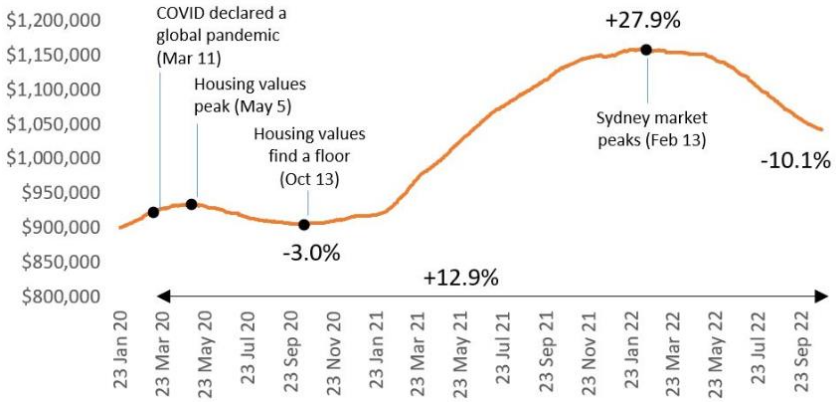
Macroeconomic Drivers

The COVID-19-induced lockdowns over the course of 2020-2021 had significant impact on Australia's housing sector. The easing of interest rates to record lows, coupled with a significant uptick in household savings rates, facilitated a significant uptick in housing demand and price growth. Fiscal stimulus packages, such as Homebuilder and stamp duty concessions, further amplified this demand, particularly for greenfield housing.

Following on from this period of significant and sustained growth, Greater Sydney's residential market has entered a downturn. Successive increases to the cash rate, rising from 0.1% in April 2022 to 2.85% in November 2022, coupled with growing inflationary pressures and softening market sentiment are collectively driving a weakening in market demand.

In the year to September 2022, median dwelling prices have declined by some 10% - the sharpest decline observed across Australia's capital cities. Despite this sharp decline, median dwelling prices remain elevated by some 11% from January 2020, illustrative of the significant growth in dwelling values observed during the COVID-19 period.

Figure 4.1: Dwelling Values (January 2020-September 2022), Greater Sydney



Source: CoreLogic (2022a)

Coinciding with declining residential values, a significant uptick in building and construction costs has occurred over the past 12-18 months, driven by 'hangover' supply chain constraints in the wake of the COVID-19 pandemic and the war in Ukraine. Construction costs reached 20-year highs in October 2022, with construction costs in NSW rising by 10.3% in the year to Q3 2022 (CoreLogic, 2022b).

This combination of declining property values and escalating construction costs has placed significant pressure on many developments across Greater Sydney, particularly within the apartment market.

Local Demand Drivers

At the local level, the WRC's attractiveness as a residential market is primarily underpinned by its:

- Affordability, representing one of the most affordable areas within the Parramatta housing market.
- Proximity to the Parramatta CBD, other local centres such as Merrylands and Granville and major employment areas.
- Proximity to several local primary and secondary schools and tertiary and vocational education facilities.

The WRC has not historically been a high-density residential market, with few new apartment developments.

Looking forward, demand for higher density housing formats within the Parramatta housing market is expected to grow and largely underpinned by affordability constraints. Owing to the location and nature of the WRC, the viability of new apartment development will depend on provision of public open space and good linkages to public transport.

4.1.2 Retail Land Uses

The retail sector has been at the forefront of structural change over the past 24-months following the outbreak of COVID-19 in March 2020. Whilst the longer-term impacts of the COVID-19 pandemic on spending habits and trends are yet to fully materialise and remain difficult to quantify, strategic planning for corridors such as the WRC should be cognisant of these potential 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**
  Whilst falling from its peak in mid-2021 during the height of COVID-19 lockdowns, online retail penetration rates across Australia have settled at higher levels than pre-pandemic (10.6% in September 2022, ABS). Looking forward, retail penetration levels are expected to grow further. CBRE, for example, project that total online spending will account for 24% of all Australian retail spending by 2030 (CBRE, 2020). Overall, this will provide greater competition for physical retailers, erode some demand for physical floorspace and change the format of that which does remain.

- **Changing Shopping Habits**
  The pandemic has emphasised the importance of localised shopping facilities and the value of local stores. It has demonstrated the capability of physical retail to provide functions which online retail cannot – the ability to touch, feel and inspect product; the ability to connect with friends, clients and colleagues in person; instant product fulfilment and return; the experience of being in an active and engaging physical space. Thus, consumers may come to value local, unique and independent retailers more and direct a greater proportion of spending towards such physical retail.

  Physical retailers who provide convenience or experience, are also likely to be more resilient in physical demand. Those without these characteristics are likely to see reductions in demand. The pandemic has also shown the vulnerabilities of discount non-food retailers, which often cannot be outcompeted on price online.

- **Changing customer location**
  The pandemic has the potential to spatially alter where consumers live and work. This, in turn, would impact on the quantity, type and location of retail floorspace needed at the local level. It is likely that more “office-based” workers will work from home more often, lowering aggregate demand for physical space near office locations. More informal work attire may reduce demand for some types of apparel like suits and workwear.

  More households may value the lifestyle choice offered by non-metropolitan locations if they have lesser need to be in the office, leading more city to regional migration. This would lower city-based retail demand but raise suburban/ regional retail demand and lead to more distributed demand.

The implications of the above will be to reduce retail floorspace demand for some retail store types and alter the format, location, role and size of other types of retail floorspace, which may or may not reduce demand. These changes include:

1. **More smaller stores**
   Average retail store sizes are likely to fall. This reflects a strong retail focus on rental costs as online competition erodes margins and creates alternative, cheaper options for meeting consumer demand. It also reflects the more distributed model of households in the future which will support heightened, localised retail demand.

2. **Greater physical space for online orders**
   Larger quantum of shop floorspace is likely to be needed for online fulfilment, returns and click and collect which will offset some loss of physical demand from higher online expenditure.

   For example, restaurants may expand kitchen areas to fulfil more home-delivery orders and supermarkets may create larger back-of-house areas to service home delivery/ click and collect orders. This trend is evident in other western economies with much greater online penetration rates such as the UK.

3. **Lower retail turnover densities**
   More purchases may be made online, but the physical store will still be required to facilitate that purchase. Physical stores allow consumers to touch, feel and try the product before ordering online or to physically collect it after ordering. Thus, online retail growth does not necessarily come at the expense of physical store demand.

These changes will impact different types of retailers in different ways. The degree of impact will depend upon the propensity of consumers to shop online for that product category and the ability of physical stores to draw consumers regardless. The potential impacts on different types of retailers are summarised in **Table 4.1**.

Table 4.1: Expected Impact of COVID-19 on Select Retail Types

Type	Consumer Demand	Online Impact	Floorspace Impact	Rationale
Food/grocery	⇑	High	Low	• Higher demand from changing shopping habits / population growth; • Strong online competition but sales commonly directed to existing retailers and fulfilled by existing stores; • Physical stores are well place to embrace click & collect / in store experiences and capitalise on online sales growth.
Pharmacy	⇑	Medium	Low	• Growing online competition due to price transparency /convenience; • Consumer need for instant fulfilment and add-on in-store services like pharmacist and optometry will support physical store demand.
Discount	⇑	Low	Low	• Value retailers have traded strongly during the pandemic and long-term consumer trends are graviating towards value spending; • Difficult to outcompete on price online.
Apparel	⇓	High	High	• A consumer trend away from spending money on apparel pre-dates the pandemic but has been accelerated by it; • Online offers large choice, price comparison, rapid fulfilment and bespoke tailoring provided an compelling alterantive to physicla stores.
Department stores	⇓	High	High	• Department stores are under pressure from changing consumer preferences and increased retailer specialisation. Likely to be heavily impacted by online spaces growth leading to falling floorspace sizes.
DIY / garden	⇑	Medium	Medium	• Rising consumer demand and ease of substitution online creates competition; • Bulky items and consumer desire to touch and feel product before sale should support physical stores; • Trend towards smaller stores in/ close to CBDs/ shopping centres is likely.
Furniture / electrical	⇔	Medium	Medium	• Rising consumer demand and ease of substitution online creates competition; • Consumer desire to touch and feel product should support physical stores; • Trend towards smaller stores in/ close to CBDs/ shopping centres is likely.
Cafes / restaurants	⇑	Low	Low	• Impacted by the inability to open during the pandemic but many have developed their take-out offer to diversify income streams, aiding long-term viability; • Demand likely to strengthen post-pandemic due to the social/ experiential benefits of eating out which has been emphasised by mobility restrictions.

Source: Atlas/KPMG (2020)

Owing to the WRC current occupier profile which is heavily based on grocery, food and liquor retailing, business services (e.g. real estate agencies) and automotive services, the WRC is well buffered from many of the negative impacts outlined in **Table 4.1**. Future retail floorspace across the Corridor will unlikely be significantly impacted by these trends.

4.1.3 Commercial Land Uses

Commercial office market trends have experienced rapid evolution over the last decade, driven by a series of structural changes. Some of these key changes include:

- Gradual **decline in work space ratios** as companies sought to reduce accommodation costs.
- **Increasing tenant expectations** on building quality and amenity resulting in more discerning and selective behaviour.
- A **shift in the type of activities undertaken in the office** (e.g. more collaboration spaces, recreation spaces, etc).
- Rise of **flexible working**, with co-working operators expanding considerably in the lead up to 2020.

Whilst already occurring prior to COVID-19, the **working from home** trend has been turbo-charged over the past 12-18 months as entrenched working from home habits and technology has proved working in an office is a choice.

In order to attract workers back to the office and to convince occupiers of their productivity benefits, all office grades need to 'work harder'. Secondary grade buildings unable to meet tenant expectations will inevitably be at risk of economic obsolescence, leading to redevelopment or re-purpose. This is being directly observed in several Western Sydney office markets (e.g. Norwest), where secondary grade buildings are subject to high vacancy levels.

WRC is not an established commercial market and is unlikely to attract demand from commercial occupiers given its lack of proximity to public transport. Demand for commercial floorspace is more likely to be directed to neighbouring centres such as Merrylands and Granville and, primarily, the Parramatta CBD.

4.2 Market Activity

4.2.1 Occupier and Landowner Profile

The Corridor comprises a relatively fragmented occupier and landowner profile. The Corridor comprises a limited number of major anchors which are dispersed within the Corridor's three sub-precincts:

- **Woodville Road North Precinct**
  Very few major business anchors are located within the North Precinct, with instead a cluster of small automotive services and car sales yards and fast-food restaurants. Whilst lacking a major business anchor, the North Precinct does benefit from several educational anchors, including the Holy Trinity Primary School and Delaney College with the TAFE Granville campus located immediately to the east of the North Precinct.

  Ownership patterns are largely fragmented, with the exception of a handful of consolidated sites (e.g. 51-53 Woodville Road; 105-111 Elizabeth Street; 80-86 Grimwood Road; 11-15 Wallace Street) observed in the existing R2 Low Density Residential and R3 Medium Density Residential zones.

- **Merrylands East Precinct**
  The largest existing occupier within the Merrylands East Precinct is the John Cootes Furniture Depot at 256 Woodville Road, along with an ALDI supermarket and several fast-food restaurants located immediately south of the John Cootes site. Should the John Cootes Planning Proposal proceed, the Merrylands East Precinct is earmarked to accommodate some 11,600sqm of retail floorspace, including a full-line supermarket.

  Beyond the John Cootes site, landownership patterns throughout the remainder of the Merrylands East Precinct is highly fragmented, particularly along Woodville Road.

- **Woodville Road South Precinct**
  The largest occupiers within the Woodville Road South Precinct are clustered within the IN1 General Industrial zone, and including a Dan Murphy's liquor store, licensed hotel and self-storage facility.

  The Woodville Road South Precinct has arguably the largest level of land ownership fragmentation of the WRC's three sub-precincts, both within the IN1 General Industrial and R2 Low Density Residential zones.

4.2.2 Market Activity

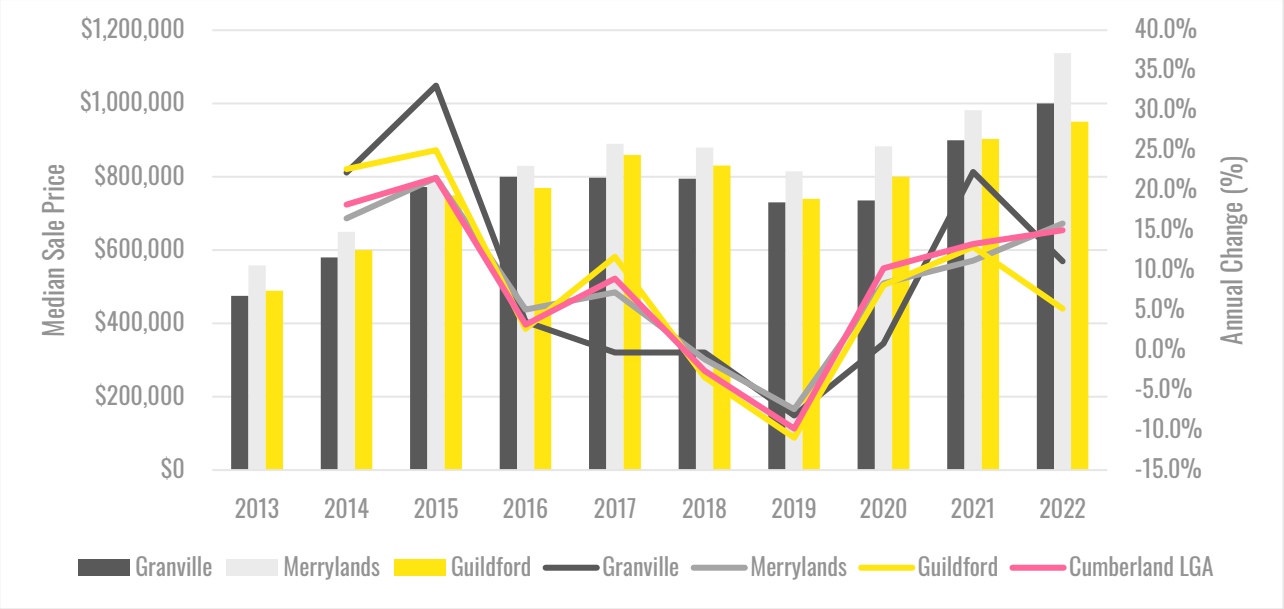
Residential Sales Activity

The WRC falls within the suburb boundaries of Granville, Merrylands and Guildford. A review of changes in median house and apartment prices in these suburbs provides a useful gauge of demand for housing within the Corridor.

Figure 4.2 and **Figure 4.3** illustrate the change in median house and apartment prices in these suburbs respectively. Key observations from this analysis include:

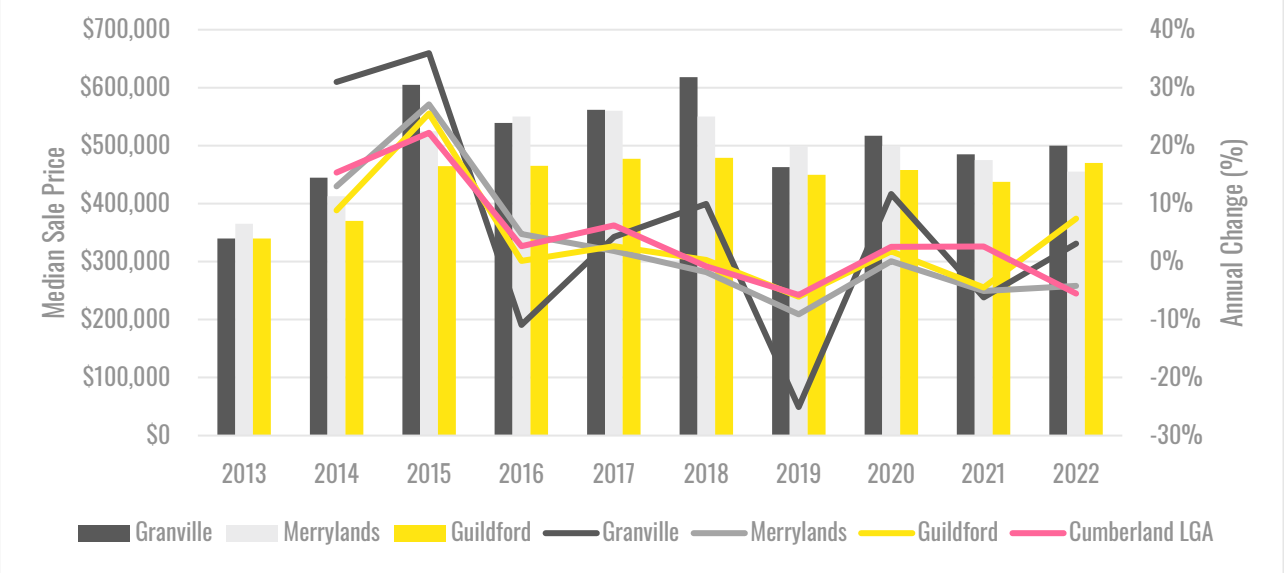
- A clear divergence in house values is observed across the suburbs within the Corridor, with Merrylands commanding the highest median house prices ($1.13m) with the lowest house prices observed in Guildford ($950,000).
- A tighter range of apartment prices is observed across the suburbs within the Corridor, with median apartment prices ranging from $455,000 (Merrylands) to $500,000 (Granville).
- With the exception of house prices in Merrylands, dwellings prices (both houses and apartments) in the Corridor are typically *lower* than that recorded for the broader Cumberland LGA.
- Across all three suburbs within the Corridor, house prices have reached historically high levels in 2022 whereas apartment prices peaked in 2018 and have progressively declined since.

Figure 4.2: Median House Prices (2013-2022), Suburbs within Woodville Road Corridor



Source: PriceFinder (2022)

Figure 4.3: Median Apartment Prices (2013-2022), Suburbs within Woodville Road Corridor



Source: PriceFinder (2022)

Sales and Rental Activity within the Corridor

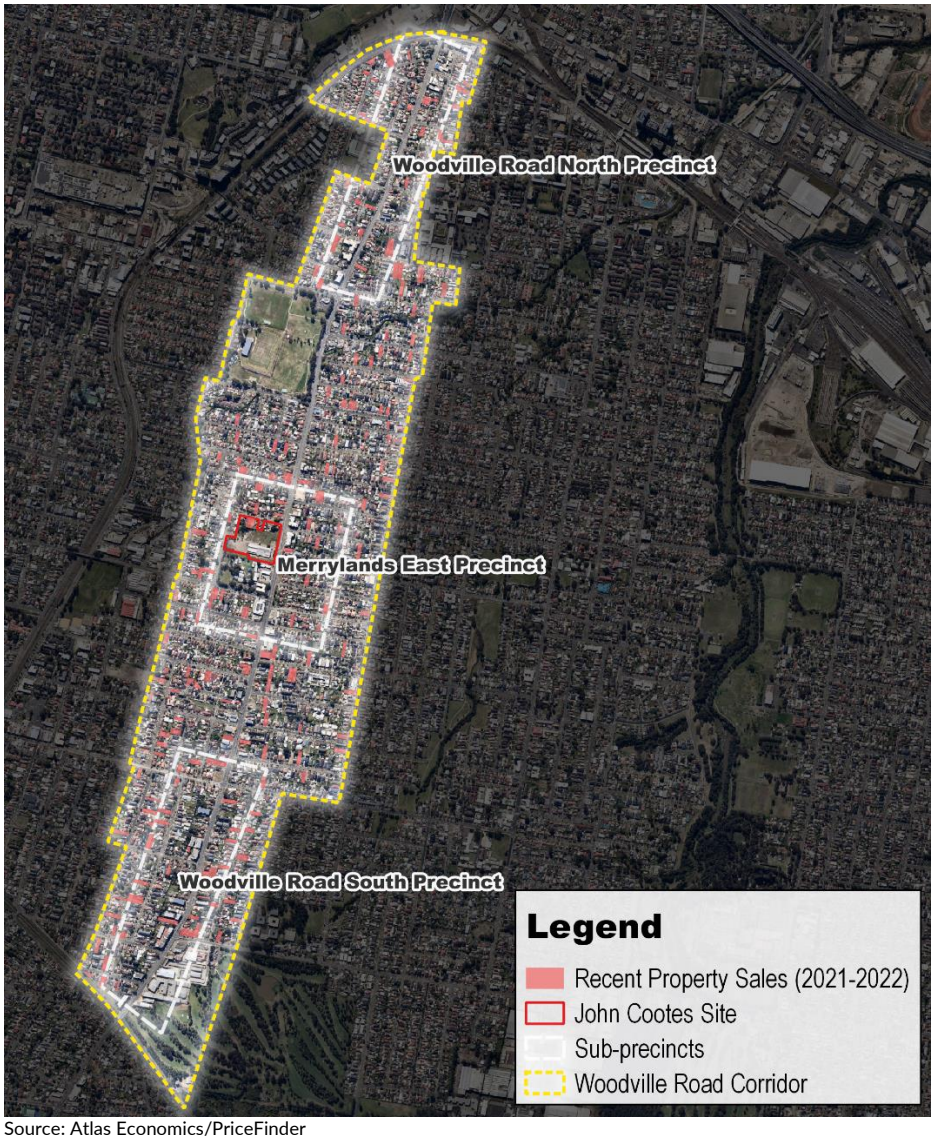
A review of recent market activity within the Corridor reflects a dearth of recent sales within the B2 Local Centre, B6 Enterprise Corridor and IN1 General Industrial zones. A flurry of residential sales has been observed within the R2 Low Density Residential and R3 Medium Density Residential zones, particularly in the northern section of the Corridor.

Detached houses throughout the Corridor are observed to typically transact for prices ranging from $760,000 to $1,200,000, dependant on, *inter alia*, site area, number of bedrooms, age and quality of existing property and location. On a dollar per square metre of site area basis (a common consideration for developers when assessing development opportunities), sites within the R2 Low Density Residential and R3 Medium Density Residential typically transact for prices analysing between $1,200/sqm of site area to $2,200/sqm of site area.

Very little commercial sales evidence has been observed across the Corridor in recent years. The largest commercial contemporary sale has been the John Cootes site (zoned B2 Local Centre) which sold for $36 million in 2018 (equivalent to just under $1,400/sqm of site area).

Figure 4.4 illustrates the location of recent sales activity (2021-2022) throughout the Woodville Road Corridor.

Figure 4.4: Sales Activity (2021-2022), Woodville Road Corridor



Source: Atlas Economics/PriceFinder

A review of recent commercial and retail leasing activity has similarly showed a dearth of activity in most parts of the Corridor. The prominent exception to this has been pre-leasing activity for the future shopping centre at the John Cootes site. Informal discussions with the marketing agent suggest that following the commencement of marketing in 2019/20, approximately 60% the ~11,600sqm of retail floorspace has been secured (including a full-line Woolworths supermarket and BWS liquor store).

4.2.3 Demand for Higher Density Housing

There are several low and medium-rise apartment buildings located throughout the Woodville Road Corridor (solely located along Woodville Road). These apartment buildings are between 10-15 years old, with none recently developed (i.e. within the past five years) apartment buildings within the Corridor.

A review of recent resales within these Woodville Road-fronting apartment blocks is indicative of relatively soft pricing. Two-bedroom apartments are achieving sale prices from $400,000 to $500,000, equivalent to sale rates of $4,000/sqm to $5,000/sqm of internal net saleable area (NSA). Three-bedroom apartments have achieved prices in the order of $600,000 to $685,000, with prices analysing to rates of $4,000/sqm to $4,500/sqm of internal NSA.

By contrast, a greater level of new townhouse development has been observed in parts of the Corridor (or areas just outside the Corridor boundary). New three-bedroom townhouses for instance have been achieving sale prices ranging from $730,000 to $810,000, with properties in the northern section of the Corridor typically achieving higher pricing.

Market investigations suggest that the key demand for higher density housing formats in the Corridor is affordability. At prices starting from $400,000, two-bedroom apartments represent a discount of over 40% compared to the lowest median house prices within the Corridor. Investor interest at these low-price points is also steady, though demand from this cohort has waned over the past 12-months.

In the neighbouring Merrylands and Granville Town Centres, much stronger demand and pricing is observed for new apartment product being marketed off-the-plan. For instance, the 'Maison and Main' development (249-259 Merrylands Road) within centre of the Merrylands Town Centre is attracting prices analysing to $7,700/sqm to $9,800/sqm of internal NSA. At the 'East and Cowper' development (33 Cowper Street) in Granville, slightly higher sale rates of $8,600/sqm to $10,000/sqm of internal NSA are observed. These higher price points compared to those observed to established apartments within the Corridor are not just reflective of the premium afforded to new builds but reflect the higher level of amenity and public transport accessibility available in these centres.

Figure 4.5: Locations of Existing Apartment Buildings, Woodville Road Corridor

Source: Atlas Economics/Nearmap

4.3 Development Activity

A review of development activity within the Corridor and surrounds (i.e. within a 2km buffer of the WRC) shows a relatively strong level of high-density residential and mixed use development activity over the past 5-years. Key findings from this analysis of development activity include:

- Almost 60 projects with capacity for ~1,700 net new dwellings have been approved in the Corridor and surrounds.
- Approximately 60% of the total housing pipeline is proposed within Merrylands.
- The largest approved development to date has been the John Cootes Site which has existing approval for 413 apartments (though is currently progressing a new planning proposal).
- Unsurprisingly, no development activity has been observed along Woodville Road in recent years with remaining development opportunities in the R4 High Density Residential zone already built out.
- Local developers are predominantly focusing on two-bedroom apartments within their overall unit mix, with most projects providing between 65% and 75% of total stock as two-bedroom units.
- Three-bedroom units account for a relatively small component of overall unit mixes in proposed developments, typically accounting for no more than 10% of total stock. This is unsurprising given three-bedroom apartments in the local market would primarily compete with three- and four-bedroom townhouse product on a price point basis.

Development Site Sales

The only major development site sale within the Corridor in recent years has been that of the John Cootes site. Comprising 11 individual properties and spanning some 2.6ha, the majority of the John Cootes site sold in July 2018 for $36m. At the time of sale, the site was zoned a mix of B6 Enterprise Corridor and R2 Low Density Residential and the time, however a Gateway Determination to rezone the Site to B4 Mixed Use was under consideration at the time of sale.

An original plan for the John Cootes site included approximately 511 units, 7,750sqm of retail/commercial space and 650sqm of community space. Based on this proposed yield, the sale would have analysed to approximately $690/sqm of potential GFA. By converting the 7,750sqm of retail/commercial floorspace as potential residential floorspace (equivalent to an additional 66 units), the sale would have analysed to ~$62,400 per unit equivalent/site.

More recently, the owner of the John Cootes site has been progressively acquiring properties adjoining the site to consolidate into a single amalgamated block. This has included:

- 6 Lansdowne Street (767sqm in site area) which sold for $2.3m in July 2021 following an Expression of Interest campaign. Based on the existing FSR 2.2:1, this sale equates to approximately $1,360/sqm of GFA potential.
- 10 and 12 Lansdowne Street (collectively comprising a site area of 1,163sqm) sold for $3.2m in May 2021. Based on the existing FSR 2.2:1, this sale equates to approximately $1,250/sqm of GFA potential.

A review of more recent development site sale activity in surrounding areas provides further context on likely development site sale values within the Corridor. These include:

- **53-57 Railway Street, Granville**
  A DA approved residential development site (21 apartments) zoned R4 High Density sold for ~$3.2m in June 2022, equating to $152,000 per unit/site. Informal discussions with the marking agent note the buyer paid a marked premium compared to other prospective purchasers, with other offers around $110,000 to $120,000 per unit/site.
- **4 Terminal Place & 224-240 Pitt Street, Merrylands**
  Large 2.1ha vacant site zoned a mix of B4 Mixed Use, B6 Enterprise Corridor and R4 High Density Residential with a masterplan (unapproved) for 712 units. Sold in November 2021 for $75m, equating to ~$105,000 per unit/site.
- **6-10 Harrow Road, Auburn**
  A large 3,900sqm site zoned B4 Mixed Use with a density control of FSR 5:1 which sold for $22.6m, equating to $1,160/sqm of GFA potential.
- **21 Neil Street, Merrylands**
  A small 696sqm site zoned R4 High Density Residential located north of the Stockland Merrylands shopping centre sold for $1.4m in June 2019. Subject to a density control of FSR 1.5:1, the sale price equates to $1,340/sqm of GFA.

4.4 SWOT Analysis

The Corridor is a prominent thoroughfare within the Cumberland LGA which has historically played a convenience based role to its surrounding resident population of ~46,000 residents. Owing to the high level of daily vehicle movements along the Corridor and nature of existing zoning controls, the Corridor has historically attracted users with high exposure requirements (e.g. fast food retailers, service stations, auto services, etc) who benefit from passer-by trade. The economic viability of additional retail and business services in the Corridor over the coming decades is strong, attributed to strong projected population growth.

Owing to historical zoning patterns, the Corridor is not an established apartment market and is instead characterised by low-density housing. The only major development proposal to date has been that of the John Cootes site, which proposes to co-locate high-density housing with a significant quantum of new retail and businesses uses and amenity (e.g. 2,000sqm of public open space). A much greater level of development interest is observed in the neighbouring centres of Merrylands and Granville where public transport and retail amenity is comparatively stronger.

Looking forward, there are several challenges for new development in the Corridor as envisaged in the draft Woodville Road Corridor Planning Framework. In 'harsh' urban environments such as Woodville Road, the viability of high-density housing will be intrinsically linked to the provision of quality public open space and amenity. The provision of new public open space will be challenging from a site consolidation and delivery perspective.

Furthermore, as a relatively immature high-density housing market, the pricing achievable for new apartment product in the Corridor could present challenges for development feasibility. A shift in market attitudes would likely be required to incentivise development activity. This could be catalysed through a major project such as the John Cootes redevelopment.

Table 4.2 includes a SWOT analysis for the Woodville Road Corridor in the context of its future development prospects.

Table 4.2: SWOT Analysis, Woodville Road Corridor

Strengths	Weaknesses
• Proximate several major centres (e.g. Parramatta, Merrylands, Granville) • Large existing population catchment • Key vehicular thoroughfare with connections to Parramatta Road • Strong projected population growth	• Limited retail and green amenity • Closest train stations beyond walking distance for much of the Corridor • Lack of frequent bus services • Immature high-density housing market • Fine grain lot and ownership patterns in parts of the Corridor
Opportunities	**Threats**
• John Cootes site has catalytic potential through provision of retail amenity and provide market signal for other development • Several larger sites held in single ownership • Existing investor and developer interest • Areas of change are most conducive for redevelopment (e.g. existing R2 Low Density Residential zones)	• Immature apartment market and low revenue potential presents risk for development viability • Capacity of developers to acquire and consolidate sites whilst also delivering public open space and other forms of public benefit (e.g. affordable housing) • Lack of development activity does not deliver public domain improvements or public benefit items

Source: Atlas Economics

PART B: RETAIL ASSESSMENT AND AFFORDABLE HOUSING

5. Retail Demand Assessment

Research and analysis included Part B of this Study was carried out in Q2 2023.

5.1 Trade Area Analysis

5.1.1 Trade Area Definition

A trade area describes the geographic area from which a centre will draw consistent and significant levels of patronage and sales. In addition, the trade area reflects the overall size of the market that is to be served, except for passing trade and other sales generated by non-trade area residents.

Several factors that typically influence the likely trading extent of any retail centre include the following:

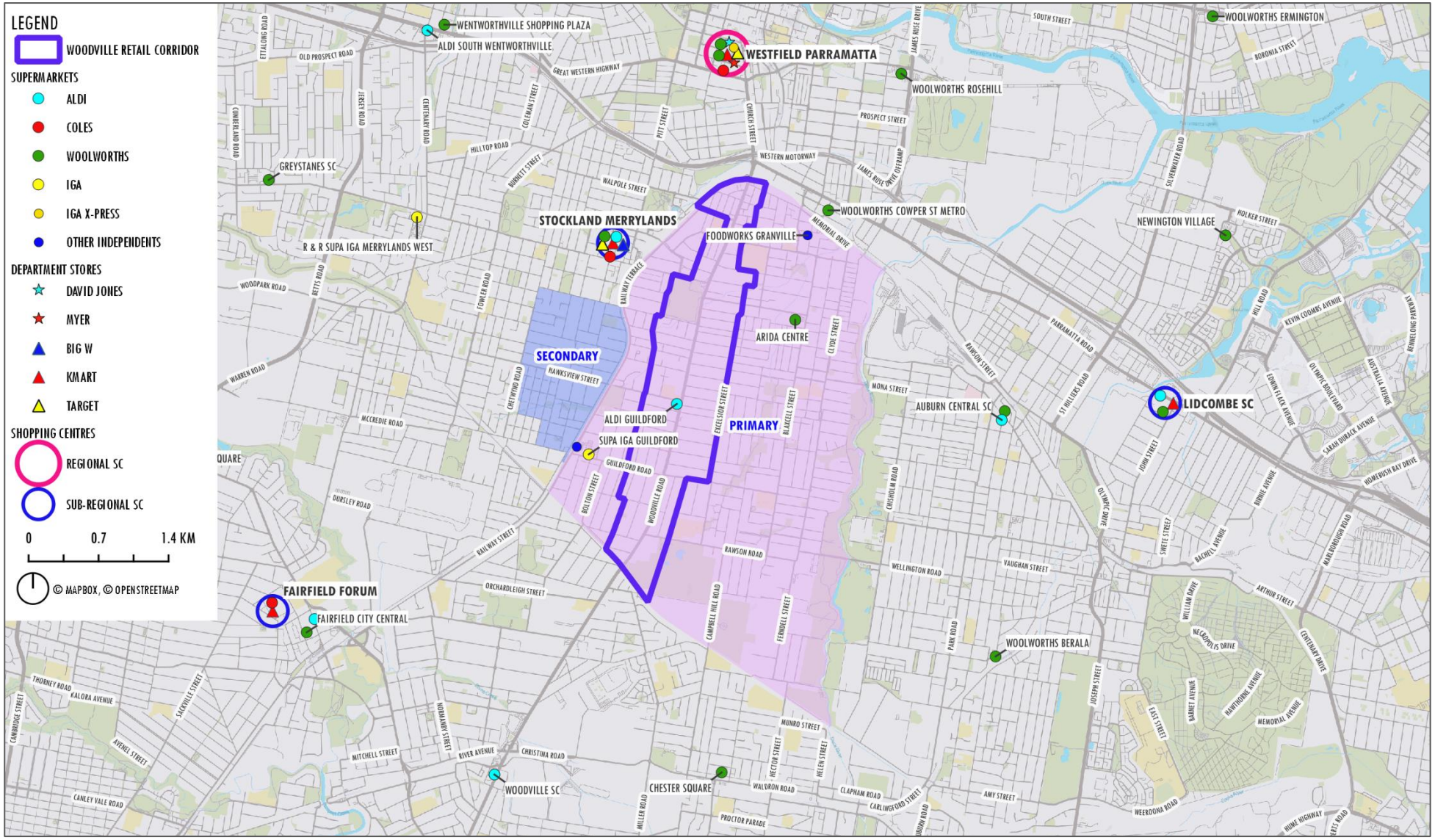
- The relative attraction of the facility in question as compared with alternative facilities, including its scale and composition, as well as ease of access.
- The surrounding competitive context, particularly the location, scale and quality of competing facilities.
- The available road network and public transport service, and how they operate to effect ease of use and access to the centre in question.
- Significant physical barriers which are difficult to cross, which can act to delineate the boundaries of a trade area.

A trade area for retail in the Woodville Road Corridor has been defined, with this comprising the following:

- A **Primary Trade Area (PTA)** covering the extent of the Woodville Road Corridor and bounded by the railway line to the north and west, Duck River to the east, and the lowered pipeline and easement to the south.
- A **Secondary Trade Area (STA)** bounded by St Ann Street to the north, the railway line to the east, Guildford Road and Beaufort Street to the south, and Chetwynd Road to the west.

Combined, the PTA and STA are referred to as the Main Trade Area (MTA), as shown in **Figure 5.1**.

Figure 5.1: Defined Main Trade Area



Source: Ethos Urban

5.1.2 Population Growth in MTA

Population projections for the MTA have been prepared using the latest official projections from Transport for New South Wales (TfNSW) rebased to account for the latest ABS population estimates. An examination of historic trends, recent building approvals data and future developments have also been considered. These projections also factor in the likely impact on population growth over the short term as a result of the COVID-19 pandemic and border closures in recent years.

Population projections have also considered the additional dwellings supported under the **Preferred Urban Design Framework**. It is estimated that approximately 3,696 additional dwellings could be supported in the Corridor at capacity.

It should be noted that the dwelling projections identified under the Planning Framework scenario reflects the potential supply in the Corridor at capacity. Given fragmented land ownership patterns and the lumpy nature of development activity, not all of this dwelling supply will be completed over the forecast period (i.e. by 2036). For the purposes of this assessment, it is assumed that the majority of population growth does occur over the forecast period, in order to estimate the level of retail demand.

In 2022, the MTA had an estimated resident population of 48,940 persons, an increase of 940 residents since 2016, at an average annual growth rate of 0.3% per year. The MTA is forecast to increase to 59,850 residents by 2036, reflecting an additional 10,910 residents on 2022 levels. This equates to an average annual growth rate of 1.4% per annum, with this higher growth reflecting residential development in the WRC as well as growth in the surrounding region.

Current population and future population projections for the MTA are shown in **Table 5.1**.

Table 5.1: Existing and Forecast Population (2016-2036), Main Trade Area

	2016	2022	2026	2031	2036	Change (2022-2036)
Population						
PTA	42,290	42,800	44,400	49,050	52,300	9,500
STA	5,710	6,140	6,550	7,150	7,550	1,410
MTA	48,000	48,940	50,950	56,200	59,850	10,910
Average Annual Growth (no.)						
PTA		90	400	930	650	680
STA		70	100	120	80	100
MTA		160	500	1,050	730	780
Average Annual Change (%)						
PTA		0.2%	0.9%	2.0%	1.3%	1.4%
STA		1.2%	1.6%	1.8%	1.1%	1.5%
MTA		0.3%	1.0%	2.0%	1.3%	1.4%

Source: Ethos Urban; ABS, Estimated Resident Population; TfNSW

5.1.3 MTA Resident Profile

The socio-economic features of the MTA broadly align with the characteristics of the WRC as described in Chapter 2. Key observations from the analysis of the MTA resident profile include:

- **Younger age profile:** The MTA has a median resident age of 32.0, which is younger than the Greater Sydney average of 37.3. The largest age group in the MTA is the 35-64 age group, which comprises around a third of all residents.
- **Below average incomes**: The median annual household income within the MTA is $71,390, which is -34.4% below the Greater Sydney median of $108,750.
- **Diverse population**: Over half (50.6%) of the population in the MTA was born overseas. Comparatively, 31.8% of the Greater Sydney population was born overseas. Within the MTA, only 26.4% of households speak only English at home, unlike Greater Sydney where 61.0% of the population speak only English at home.
- **Family oriented household composition**: the MTA is primarily comprised of couple families with children, being 40.7% of households, compared to 36.1% of households in Greater Sydney. Lone person households account for 21.7% of total MTA households, generally in line with 23.3% of households in Greater Sydney.
- **High levels of rented dwellings**: the majority of dwellings in the MTA are rented, comprising 46.0% of occupied dwellings compared to 36.1% of dwellings in Greater Sydney.
- **Larger household sizes**: the MTA has a high average household size of 3.2 persons per household, compared to an average of 2.7 persons per household in Greater Sydney

These characteristics have direct implications on spending patterns across the MTA and subsequent demand for retail uses.

5.2 Retail Spending

Estimates of retail spending have been prepared with reference to the MarketInfo retail spending model. MarketInfo is a micro-simulation model which uses data from the ABS Household Expenditure Survey (HES), the ABS 2016 Census of Population and Housing, ABS Australian National Accounts, and other relevant sources.

Estimates of average per capita retail spending for residents within the PTA, STA and MTA, compared with the Greater Sydney average, are shown in **Table 5.2** . The retail spending data is presented across four major spending categories:

- **Food, Liquor and Groceries (FLG),** which includes fresh food, groceries and take-home liquor, including supermarkets.
- **Food Catering**, which includes cafes, restaurants and takeaway food.
- **Non-Food**, which includes apparel, homewares, bulky merchandise and general merchandise.
- **Retail Services**, including hairdressers, beauty salons and similar services.

Overall, average per capita retail spending within the MTA is estimated at $11,560 per annum. This is -26.8% below the average per capita spending for Greater Sydney, and reflects the lower average incomes earned by households in the MTA.

Table 5.2: Average Per Capita Retail Spending in 2022 ($2021/22), Main Trade Area

Trade Area	FLG	Food Catering	Non-Food	Services	Total Retail
Per Capita Spending ($2021/22)					
Primary Trade Area	$5,270	$1,580	$4,370	$300	$11,510
Secondary Trade Area	$5,350	$1,670	$4,570	$350	$11,940
Main Trade Area	***$5,280***	***$1,590***	***$4,390***	***$310***	***$11,560***
Greater Sydney	$6,260	$2,390	$6,570	$580	$15,800
Variation from Greater Sydney					
Primary Trade Area	-15.8%	-33.9%	-33.5%	-48.3%	-27.2%
Secondary Trade Area	-14.5%	-30.1%	-30.4%	-39.7%	-24.4%
Main Trade Area	-15.7%	-33.5%	-33.2%	-46.6%	-26.8%

Source: Ethos Urban; MarketInfo

Estimates of total retail expenditure by MTA residents are detailed in **Table 5.3** and have been calculated by applying average per capita spending levels from **Table 5.2** to the population projections outlined in **Table 5.1**.

In 2022, total retail expenditure for the MTA is estimated at $565.9 million. Total retail spending in the MTA is projected to increase to $609.9 million by 2026 and $781.8 million by 2036. The majority of retail spending is generated by PTA residents, with the PTA generating $680.0 million in total retail spending by 2036.

Table 5.3: Total Retail Expenditure from 2022 to 2036 ($2021/22), Main Trade Area

	2022	2026	2031	2036
Primary Trade Area				
FLG	$225.4m	$238.9m	$271.2m	$297.2m
Food Catering	$67.4m	$71.4m	$80.8m	$88.4m
Non-Food	$186.8m	$204.6m	$242.0m	$276.2m
Services	$12.9m	$14.0m	$16.2m	$18.2m
Total Retail	**$492.6m**	**$528.9m**	**$610.3m**	**$680.0m**
Secondary Trade Area				
FLG	$32.8m	$35.8m	$40.2m	$43.6m
Food Catering	$10.2m	$11.2m	$12.5m	$13.5m
Non-Food	$28.0m	$31.6m	$36.9m	$41.7m
Services	$2.1m	$2.4m	$2.7m	$3.0m
Total Retail	**$73.3m**	**$81.0m**	**$92.3m**	**$101.8m**
Main Trade Area				
FLG	$258.2m	$274.8m	$311.4m	$340.8m
Food Catering	$77.7m	$82.5m	$93.3m	$101.9m
Non-Food	$214.9m	$236.2m	$278.9m	$317.9m
Services	$15.1m	$16.4m	$19.0m	$21.2m
Total Retail	**$565.9m**	**$609.9m**	**$702.6m**	**$781.8m**

Note: retail spending figures are expressed in constant 2021/22 dollars i.e. excluding the effects of price inflation, though they do include an allowance for real growth in per capita spending, assumed to average around 0.9% per annum.
Source: Ethos Urban; MarketInfo

5.3 Competitive Context

An existing framework of centres operates in the region surrounding the Woodville Road Corridor. This includes a limited number of centres within the MTA, as well as centres located beyond the MTA boundary, as shown in **Figure 5.1**.

A description of key centres, sorted by distance from the Woodville Road Corridor, is outlined in **Table 5.4**.

Table 5.4: Existing Centres, Competitive Context

Centre	Description
Guildford Road	Located in the PTA approximately 1.1km south-west of the centre of the Woodville Road Corridor, Guildford Road is a high street retail strip surrounding the Guildford train station. This retail strip primarily serves passengers accessing the train station, as well as the surrounding residential population. The centre currently includes a FoodWorks grocery store, with a SUPA IGA having recently closed. A range of retail and associated uses are included in the centre, including bakeries, butchers, takeaway food, ethnic supermarkets, pharmacies, post office, banks, and a range of other businesses. Guildford Road serves a catchment which includes parts of the PTA and STA, however serves a much more localised retail mission shop, with limited through traffic trade, unlike the larger Woodville Road Corridor.
Arida Centre	The Arida Centre is located approximately 1.4km north-east of the centre of the Woodville Road Corridor, within the PTA. Anchored by a full-line Woolworths supermarket, the centre supports approximately 4,400sqm of retail floorspace in a traditional neighbourhood centre format. The centre serves the day-to-day needs of the surrounding residential area, including the north of the PTA. Residents of the surrounding region wishing to access a full range of grocery items, such as that provided at a full-line store, are likely to visit the centre regularly, compared to the more limited convenience offer of the Woodville Road Corridor.
Granville Station	A large range of retail uses surround Granville Station, located approximately 2.3km north-east of the centre of the Woodville Road Corridor. These retail uses are located to both the north and south of the train line and station, with the south supporting the larger share of retail uses through a retail high street running along South Street. The north contains a lower share of retail amongst larger, light industrial forms. The northern retail area of Granville Station includes a Woolworths Metro supermarket while there are no major retail anchors to the south. Even so, the high street south of the station is a popular and bustling street providing a range of food catering and convenience-based retail uses, supporting the surrounding residential population.
Stockland Merrylands	Stockland Merrylands is a sub-regional shopping centre, located approximately 1.7km north-west of the centre of the Woodville Road Corridor, outside of the trade area. The centre contains approximately 58,900sqm of retail floorspace, with additional retail located outside of the centre along Merrylands Road and around Merrylands train station. The centre contains a range of national brand retailers and is anchored by Kmart, Target and Big W discount department stores, and Coles, Woolworths and ALDI supermarkets. As the largest centre to the west of the Corridor, Stockland Merrylands has one of the biggest impacts on the trade area for retail in the Corridor. Residents both within and beyond the MTA are likely to visit the centre regularly to undertake their higher order retail journeys, as well as to meet their day-to-day grocery needs.
Auburn Central	Auburn Central is located outside of the MTA, approximately 3.2km east of the centre of the Woodville Road Corridor. Located adjacent the Auburn train station, Auburn Central is a supermarket-based shopping centre, with a number of additional retail uses located outside of the centre. The Auburn Central centre itself supports approximately 14,500sqm of retail floorspace, with a full-line Woolworths supermarket and an ALDI discount supermarket anchoring the centre. The centre also includes a range of specialties, including fresh food, takeaway, pharmacy, medical centre, and newsagency. As the largest centre located to the east of the MTA, Auburn Central impacts the extent to which the Woodville Road Corridor trades. However, the natural barrier of Duck River acts as a boundary to the trade areas of both the Corridor and Auburn Central, resulting in limited crossover between these catchments.
Parramatta	Parramatta is considered the major centre in central and western Sydney, providing a second CBD for the city. As such, Parramatta contains a large range of retail uses estimated at around 300,000sqm which support this role, with the majority of these located in the Westfield Parramatta regional shopping centre. Located approximately 3.7km north of the centre of the Woodville Road Corridor, Westfield Parramatta contains over 119,000sqm of retail floorspace across six levels. Major retail anchors in the centre include Myer and David Jones department stores, Kmart and Target discount department stores, and Woolworths, Coles and ALDI supermarkets. A range of retail and supporting uses are also located around the centre, including Woolworths Metro and IGA X-Press supermarkets located adjacent the Parramatta train station to serve the transient population. As a major CBD for Sydney and providing a regional shopping centre, Parramatta serves a significant trade area. This includes the MTA population who are likely to travel to the centre to undertake shopping for higher-order retail needs.

Centre	Description
Chester Square Shopping Centre	Chester Square is a neighbourhood shopping centre located approximately 3.7km south of the centre of the Woodville Road Corridor. The shopping centre contains approximately 8,300sqm of retail floorspace anchored by a full-line Woolworths supermarket. The centre is located behind a retail strip which runs along Waldron Road, adjacent the Chester Hill train station. The retail strip supports a range of retailers, including liquor stores, takeaway, pharmacies, post office, and other convenience-based retailers. Anchored by a neighbourhood centre, this retail area serves a local catchment, meeting their day-to-day and convenience needs. This catchment is unlikely to significantly overlap with the MTA of the Woodville Road Corridor, however does have some impact on how far south the Corridor serves.
Woodville Road, Villawood	Approximately 3.8km south-west of the centre of the Woodville Road Corridor is a small retail precinct centred around Woodville Road in the suburb of Villawood. The precinct is located adjacent the Villawood train station. The limited retail offer includes an ALDI supermarket and a Bunnings hardware store, with uses surrounding the area dominated by industrial operators. The Villawood portion of Woodville Road provides convenience retail to a constrained local catchment to the west, with limited overlap with the defined Corridor MTA.
Lidcombe Shopping Centre	Lidcombe is located approximately 4.8km east of the centre of the Woodville Road Corridor and supports a range of retail uses. Retail in Lidcombe includes the Lidcombe Shopping Centre, as well as additional retailers located along the Great Western Highway. Lidcombe Shopping Centre contains approximately 33,300sqm of retail floorspace and is anchored by a Kmart discount department store and Woolworths and ALDI supermarkets. Opposite the centre is a Costco warehouse store of approximately 13,500sqm. The distance of Lidcombe to the Woodville Road Corridor limits the impact the centre has on the Corridor. However, due to the presence of major retailers such as Costco, Lidcombe is likely to serve a wide catchment which includes the MTA.

Source: Ethos Urban

John Cootes Proposal

The John Cootes site is located on the western edge of the Woodville Road and Kimberley Street intersection, within the WRC and PTA. The site is proposed to deliver a mixed-use development, including a neighbourhood centre at ground level and residential and serviced apartments above.

The ground floor retail centre is planned to support approximately 11,610sqm of retail floorspace, including a full-line major brand supermarket, as well as a mix of commercial, community and recreational uses. For the purposes of this analysis, the development and retail centre is assumed to be trading at this site by 2026.

5.4 Demand Assessment

5.4.1 Escape Spending

Escape spending refers to the extent to which retail spending by residents in a particular region is directed to retail facilities located outside the region. A high level of escape spending typically indicates a relative lack of retail facilities in the area and may indicate latent demand for additional retail floorspace. It may also suggest that the range and type of retail facilities in a region are not meeting the needs of local residents, and that residents are therefore shopping outside the catchment to meet their needs.

In general terms, reducing escape spending (thereby increasing local retail sales activity) can result in the creation of local jobs, particularly for young people who make up the majority of retail staff. This leads to increased wages and salaries, and a stimulus to the local economy. Therefore, lowering the level of escape spending in an area can benefit the local economy.

A broad analysis of escape spending in the MTA is shown in **Table 5.5**. This analysis is based on available MTA spending (as per **Table 5.3**) and estimates of existing sales in the Corridor (as per **Table 5.2**) that are attributable to MTA residents.

The escape spending analysis indicates that as at 2022 there is escape spending by MTA residents equivalent to $495.1 million. In other words, $495.1 million of retail expenditure generated by residents in the MTA is being directed to retail facilities located outside of the WRC. This represents ~87% of total available retail spending of local residents in the MTA.

As the analysis demonstrates, a significant level of MTA spending is currently escaping the WRC rather than being retained. This escape spending is expected to an extent, as the Corridor is not expected to retain *all* of the trade area spending, particularly given the presence of higher order retail centres in the surrounding region. However, it is considered that the Corridor could retain a higher share of MTA spending than it currently does.

Table 5.5: Escape Spending from Corridor in 2022 ($2021/22)

Factor	FLG	Food Catering	Non-Food	Services	Total
Total Corridor Sales ($m)	$47.7	$24.5	$12.8	$6.5	$91.6
Trade Area Spending to Corridor ($m)	$38.2	$17.2	$10.2	$5.2	$70.8
2022 Available Spending by Residents ($m)	$258.2	$77.7	$214.9	$15.1	$565.9
2022 Escape Spending from Corridor ($m)	$220.0	$60.5	$204.6	$9.9	$495.1
Escape Spending as % of Total Spending	85%	78%	95%	65%	87%

Source: Ethos Urban

5.4.2 Demand For Retail Floorspace

An analysis to determine the demand for retail floorspace in the Woodville Road Corridor in the future has been undertaken, with the results of this analysis shown in **Table 5.6**. This analysis is based on the Preferred Urban Design Framework, which would result in an additional 3,696 dwellings.

To undertake this analysis, an aspirational target of the proportion of MTA spending to be retained in the Corridor has been applied across each spending category, resulting in 28% of total MTA retail spending to be retained by future retailers in the Corridor (an increase of 15%). This target would allow the Corridor to meet the convenience needs of the MTA, while still recognising the higher order retail role of other competing retail locations, including Stockland Merrylands.

Retail spending from beyond the MTA has also been accounted for, with 22% of total retail sales in the Corridor forecast to come from beyond the MTA. This percentage of 'beyond trade' reflects the role of the Corridors as a major thoroughfare.

Supportable average sales per square metre of retail floorspace have then been applied to the total retail spending to be captured by the Corridor, with this supportable average sales level estimated at $6,600/sqm in 2022. By applying this figure, the total demand for retail floorspace in the Corridor can be determined.

After accounting for existing supply of retail floorspace within the Corridor, the current and future undersupply or oversupply of retail floorspace can be determined.

Assuming the factors highlighted above, including the aspirational proportion of MTA spending to be retained by the Corridor, the analysis shows that:

- In 2022 an additional **12,120sqm of retail floorspace** could be supported in the Corridor. This includes 7,260sqm of FLG floorspace.
- By 2036, assuming no change in the current floorspace in the Corridor, a total of **17,410sqm of additional retail floorspace** could be supported.

It is noted that the John Cootes site is likely to see the construction of a mixed-use development, including a significant retail component anchored by a full-line supermarket. Total retail floorspace for the John Cootes proposal is likely to be in the order of 11,610sqm.

When including this 11,610sqm development in the demand forecasts results in an additional 1,460sqm of supportable retail floorspace in the Corridor in 2026 and an additional 5,800sqm of supportable retail floorspace by 2036.

Table 5.6: Forecast Retail Floorspace Demand

	FLG	Food Catering	Non-Food	Services	Total Retail
Corridor Floorspace Demand					
2022	11,740sqm	4,320 sqm	5,970 sqm	2,100 sqm	24,130 sqm
2026	12,090 sqm	4,440sqm	6,350sqm	2,200sqm	25,080sqm
2031	13,170sqm	4,830sqm	7,200sqm	2,450sqm	27,650sqm
2036	13,850sqm	5,060sqm	7,880sqm	2,630sqm	29,420sqm
Existing Retail Floorspace					
Corridor	4,480sqm	2,810sqm	3,090sqm	1,630sqm	12,010sqm
Undersupply (-) /Oversupply (+)					
2022	-7,260sqm	-1,510sqm	-2,880sqm	-470sqm	-12,120sqm
2026	-7,610sqm	-1,630sqm	-3,260sqm	-570sqm	-13,070sqm
2031	-8,690sqm	-2,020sqm	-4,110sqm	-820sqm	-15,640sqm
2036	-9,370sqm	-2,250sqm	-4,790sqm	-1,000sqm	-17,410sqm
John Cootes Proposal					
Proposed Floorspace					11,610sqm
Undersupply (-) /Oversupply (+) with John Cootes Proposal					
2026					-1,460sqm
2031					-4,030sqm
2036					-5,800sqm

Source: Ethos Urban

6. Affordable Housing Contributions

This Chapter explores the premise and opportunity for affordable housing contributions within the WRC.

6.1 Premise of Affordable Housing Contributions

Affordable housing schemes (contributions) may be applied in NSW under Division 7.2 of the *Environmental Planning and Assessment Act 1979* (the EP&A Act). The Act permits consent authorities (e.g. local Councils) to impose mandatory affordable housing contributions under *State Environmental Planning Policy (Housing) 2021* (Housing SEPP).

Affordable housing contributions are a form of development contributions. Typically, development contributions secured through the planning framework are derived from:

- **Inclusionary Zoning**

  Inclusionary zoning refers to contribution mechanisms that are mandatory or 'included' irrespective of changes to planning controls. Affordable housing contributions secured through this mechanism are typically applied on the *total* floorspace of a development and are 'cost-based' (i.e. the cost to procure affordable housing).

  The City of Sydney's various affordable housing schemes (City West Affordable Housing Program, Green Square Affordable Housing Program, Employment Lands Employment Affordable Housing Program) are examples of such mechanisms.

- **Incentive Zoning**

  Incentive zoning mechanisms apply where a change to planning controls is sought or achieved. A portion of the 'Value Uplift' (assuming Value Uplift has occurred) resulting from a rezoning or upzoning is contributed to items of public benefit (such as affordable housing). Accordingly, these forms of contribution are considered 'revenue-based' (i.e. the capacity of additional revenue resulting from change to planning controls to contribute).

The monetary amount of affordable housing contributions is typically based on the cost of procuring an affordable housing dwelling in the private market, with the proportion (%) of affordable housing contributions sought be planning authorities often determined by the capacity of development contribute.

6.2 Monetising Affordable Housing

6.2.1 Baseline Cost of Affordable Housing

A base cost for delivering Affordable Housing can be inferred from the market value of a completed strata dwelling in any given particular area. This base cost effectively represents the cost which would be incurred by Council to purchase a strata-titled dwelling in the private market for the purposes of use as Affordable Housing.

The median sale price for strata dwellings in Cumberland LGA is a useful proxy for this base cost. In March 2022 (during preparation of the Urban Design Framework), the median strata dwelling price in the Cumberland LGA was $553,000 (as per the NSW Department of Communities and Justice *Sales and Rents Report*).

For the purposes of this Study, an average unit size of 90sqm is assumed and a generic cost of procuring an Affordable Housing dwelling (strata) is calculated as follows:

= Median Strata Price ÷ Average Strata Dwelling Size (GFA)

= $553,000 ÷ 90sqm GFA

= $6,144/sqm of GFA

A 90sqm average unit size has been adopted to reflect that the median strata price identified in the NSW Department of Communities and Justice *Sales and Rents Report* includes all forms of strata-titled housing (i.e. townhouses, units, etc).

Based on the above steps the cost of Affordable Housing in the Cumberland LGA is calculated as $6,144/sqm GFA.

6.2.2 Converting Baseline Cost into Contribution Rates

Once a generic cost of Affordable Housing (on a $/sqm GFA basis) is established, the percentage cost of Affordable Housing contributions can be calculated. This is done by applying percentage rates to the generic cost, as shown in **Table 6.1**.

Table 6.1: Hypothetical Monetary Affordable Housing Contribution Rates

Contribution Rate Methodology		
Median Strata Dwelling Price	(a)	$553,000
Assumed Strata Dwelling Size	(b)	90sqm GFA
$/sqm GFA @ 90sqm GFA	(c) = (a ÷ b)	$6,144
Contribution Rates	(d) = (c x % rates)	
0.25%		$15.4
0.5%		$30.7
1%		$61.4

Source: Atlas/FACS (2022)

Several Councils across Greater Sydney with existing or draft Affordable Housing Contribution Schemes utilise the median strata sale price from DCJ's Rent and Sales Report as a proxy for the base cost of affordable housing.

The key benefit of utilising this method is it provides simplicity in administration and indexation, enabling the application of a uniform rate across an entire municipality.

A disadvantage of this methodology is that it utilises the median value of existing strata dwellings across an LGA - it does not represent the value of *new* dwellings in a particular area, which could be substantially higher or lower than that captured in a median LGA value rate for strata dwellings. It also does not differentiate by dwelling type (e.g. townhouse, villa, apartment, etc) or sub-market, which could also represent different values compared to a generic median value rate.

On balance however, adopting a median strata price to calculate a baseline cost for affordable housing contributions is a good practice approach given its simplicity, uniformity and ability to be broadly indexed.

6.2.3 Indexation of Contribution Rates

Affordable housing contribution rates are commonly indexed annually. The City of Sydney updates their affordable housing contribution rates within one week of the first of July, with new rates published on their website.

Rates are adjusted according to movement in the median price of dwellings within a local government area. Movements in median prices can be observed quarterly in the NSW Department of Communities and Justice *Sales and Rents Report*.

Calculating an updated contribution rate is relatively straightforward and shown below:

Calculation:

Updated Contribution Rate ($/sqm) = Initial Contribution Rate x (Updated Median Price/Former Median Price)

6.3 Contribution Mechanisms

Following the monetising of the 'base' affordable housing dollar contribution, affordable housing contributions may be made through several methods.

Affordable housing contributions are typically provided in three forms - monetary contributions, in-kind dedication of completed dwellings and/or land dedication for the purposes of affordable housing development.

All three contribution formats require the monetisation of affordable housing contributions (as outlined in section 6.2).

There are several advantages and disadvantages associated with each form of contribution method. The most appropriate form will be dependent on several factors, including, *inter alia*, location (i.e. infill or greenfield), nature of development activity within the local area, Council's strategic policy position and the preference of local CHPs.

Table 6.2 outlines the three affordable housing contribution methods and their individual advantages/disadvantages.

Table 6.2: Affordable Housing Contribution Methods

Method	Description	Advantages	Disadvantages
Monetary Contributions	Cash contributions are provided by developers at the development assessment stage (along with other development contributions). Cash contributions are generally pooled by local Councils or a nominated CHP until enough funds have been collected to enable the purchase of affordable housing dwellings or land for affordable housing development.	• Easy and simple to administer. • Indexed over time to reflect market cycles. • Unused contributions generate interest which can be invested into affordable housing. • Enables CHPs to progress their own affordable housing developments and: ◦ Design 'fit for purpose' stock. ◦ Leverage their tax status and access to low-cost debt.	• No certainty of delivery. • Time required to collect a sufficient level of contributions can be lengthy. • Dependant on market activity. • Management and distribution of pooled funds requires ongoing management and governance. • Requires CHPs to compete with private developers for land.
In-kind Dedication	In-kind dedications (i.e. completed dwellings) are constructed by a developer within a new development. Ownership of the dwellings is generally transferred to either Council or a nominated CHP for ongoing provision as affordable housing.	• Provides certainty of delivery. • Facilitates a diversity of tenure within new developments. • Can be vested to either Council or a local CHP, strengthening their balance sheet which in turn increases their borrowing capacity.	• Designed and constructed as 'market housing', not as purpose-built rental accommodation. • Subject to strata levies which can erode rental income. • Operationally inefficient when a small number of units delivered.
Land Dedications	For sites of sufficient size, a land dedication can be provided by the developer to either Council or a nominated CHP for the purposes of affordable housing development. Land transfer requires subdivision to enable divestment. Ownership of the land is transferred from the developer to either Council or a nominated CHP.	• Provides land for affordable housing in an otherwise competitive market. • Avoids strata titling, removing the need for strata levies and providing greater flexibility. • Enables CHPs to progress their own affordable housing developments and: ◦ Design 'fit for purpose' stock. ◦ Leverage their tax status and access to low-cost debt. ◦ Strengthen their balance sheet which in turn increases their borrowing capacity.	• Very few sites have the capacity to dedicate land as a form of contribution. • Not all local CHPs have the capacity or expertise to carry out development.

Source: Atlas Economics

6.4 Existing Policy Position

The draft Greater Sydney Region Plan and District Plans (early 2017) signalled the requirement for 5% to 10% of additional residential floorspace resulting from a change to planning controls to be delivered as affordable housing. This was premised on the concept of value uplift resulting from changes in planning controls on land values. The Region and District Plans were finalised in March 2018 and retained the requirement for affordable housing, subject to viability testing.

Recognising the universal need for affordable rental housing across NSW, the former State Environmental Planning Policy No. 70 – Affordable Housing (Revised Schemes) (SEPP 70) – now the Housing SEPP 2021 -was extended to *all* Councils across NSW in February 2019. Local Councils are permitted to seek affordable housing contributions on an inclusionary basis, subject to the preparation of an affordable housing contribution scheme.

The Region and District plans are currently under review by the Greater Cities Commission (GCC). In the 6 Cities Discussion Paper, GCC points to a 10% affordable housing target in areas where there is residential uplift.

Council has a well-established policy position on the delivery of affordable housing across the Cumberland LGA.

- **Cumberland Affordable Housing Strategy**

  Finalised in 2020, the Cumberland Affordable Housing Strategy outlines a series of priority areas for Council to facilitate an increase of affordable housing supply across the LGA, including:

- As part of a broader strategic review of planning controls across the LGA, identify planning controls that contribute to affordable housing feasibility and delivery;
- Implement policy initiatives that support the delivery of affordable housing;
- Collaborate with key stakeholders (e.g. community housing providers) to maximise delivery of affordable housing;
- Continue to advocate with all levels of government and the community to facilitate greater affordable housing.

- **Cumberland Planning Agreements Policy and Guidelines**

  The Cumberland Planning Agreements Policy and Guidelines was adopted by Council in December 2020 and outlines Council's position on receiving affordable housing contributions, amongst other items of public benefit, resulting from planning agreements.

  The Guidelines note where the planning proposal includes a residential component, a minimum of 5% of the additional residential floor space is to be dedicated to Council as affordable housing for low and very-low-income households.

  Affordable housing contributions are to be dedicated in-kind, with monetary contributions accepted where there is residual floorspace that cannot be provided as a single dwelling.

- **Cumberland Affordable Housing Policy**

  Adopted in July 2021, the Cumberland Affordable Housing Policy (AH Policy) outlines Council's formal policy position on the delivery of affordable housing within the Cumberland LGA (building upon the position adopted in the Planning Agreements Policy and Guidelines). The AH Policy adopts two key affordable housing 'targets':

  - 5% to 10% of additional residential floorspace to be dedicated to very low income and low-income households. This target is to be applied to planning proposals, subject to development viability.
  - 15% of additional residential floorspace to be dedicated to very low income, low-income and moderate-income households. This target is to be applied to strategic urban renewal locations, subject to development viability.

  The AH Policy notes affordable housing contributions should be provided as in-kind dwellings, dedicated to Council, and managed by local CHPs. Monetary contributions will be accepted to make up the remainder of the target floorspace area.

CHP Feedback

Informal discussions with various CHPs across Greater Sydney have been carried out over the course of the Study.

A common theme raised in discussions was that the CHP sector currently lacks the scale to deliver meaningful levels of new supply as most providers do not have the borrowing capacity to solely progress large scale projects. This also limits CHPs' ability to partner with large developers and investors in private sector. Building the balance sheet of CHPs and, in turn, increasing their borrowing capacity to deliver large scale affordable housing developments was consistently raised.

Feedback on the method of receiving affordable housing contributions suggests that most CHPs would seek to receive contributions in the form of land dedication as a first preference, followed by cash contributions. This allows CHPs to design and deliver their own stock and effectively grow their balance sheet.

In-kind contributions are less attractive to many CHPs, particularly if 'thinly' dispersed across multiple private developments as it can become less efficient from a management and maintenance perspective.,

6.5 Opportunity for Affordable Housing in WRC

To inform the development of the Preferred Urban Design Framework, development feasibility testing has been carried out.

This testing also considered the capacity for future development in the WRC to contribute to Affordable Housing, and the maximum affordable housing contribution (%) which would be broadly tolerated.

Overall, development feasibility in the Corridor is found to be largely underpinned by whether a site can be economically consolidated. Established ownership patterns which can be fine grained in nature, and the presence of valuable existing buildings, make it challenging for a development site to be economically secured.

Coupled with the relatively immature levels of demand for high-density housing within the WRC, reflected in soft pricing, makes high-density development along the Corridor challenging.

Notwithstanding these feasibility challenges, development is found to be feasible where:

- Existing buildings are approaching the end of their economic useful life.
- Existing buildings represent a significant under-utilisation of the site.

Where existing buildings are functional and valuable, their value may be too high to be economically feasible for development. Sites not feasible to develop in the first instance will have no capacity to contribute to Affordable Housing.

Overall, the key observations from the feasibility analysis include:

- Densities of FSR 1.8:1 to FSR 2.0:1 are generally needed to facilitate high-density development across the Corridor.
- Sites which are improved with more recently developed/renovated detached housing, or sites comprising fine lot patterns, will be more difficult and expensive to consolidate for development. These sites would require higher densities if required to be developed.
- The proposed densities at the John Cootes site (as per the current Planning Proposal) are considered viable for development. Enabling the development of this site will be critical for the broader Corridor to increase its amenity offering and raise market profile.

Feasibility testing found that **affordable housing contributions of up to 1% are tolerable** at densities of FSR 1.8:1 to FSR 2.0:1. Contribution rates beyond 1% would necessitate higher densities to be commercially feasible.

The findings of the development feasibility analysis are provided in more detailed in Schedule 1.

An alternative approach to adopting the Cumberland median strata price as the baseline cost for affordable housing contributions would be to utilise suburb median strata prices which more closely align with the boundaries of the WRC. For instance, the Granville (2142 postcode) could be adopted for this purpose.

As at June 2024, the median strata price in Granville was recorded as $530,000 (Department of Communities and Justice, 2024). By adopting the same methodology applied in **Table 6.1,** a 1% affordable housing contribution based on this baseline cost would be $58.9/sqm of GFA (compared to $61.4/sqm as identified in **Table 6.1**).

It is understood the draft *Woodville Road Corridor Affordable Housing Contribution Scheme* intends on adopting the Granville (2142 postcode) strata median sale price as the baseline cost from which affordable housing contributions are to be calculated.

PART C: ECONOMIC IMPACTS AND RECOMMENDATIONS

7. Economic and Retail Impacts

Research and modelling carried out in Part C of this Study was carried out in Q4 2024.

This Chapter analyses the potential retail and economic impacts if the preferred urban design option was implemented.

7.1 Preferred Urban Design Framework

Over the course of the Study, three different Urban Design Frameworks were developed by Conybeare Morrison (CM+). These included a Medium Growth Scenario, Low Growth Scenario and High Growth Scenario. These scenarios were analysed and assessed by the broader consultant and stakeholder team, with the 'Median Growth Scenario' selected as the Preferred Urban Design Framework (the Preferred UDF). The Preferred UDF has been further refined to address the Gateway Determination conditions of approval.

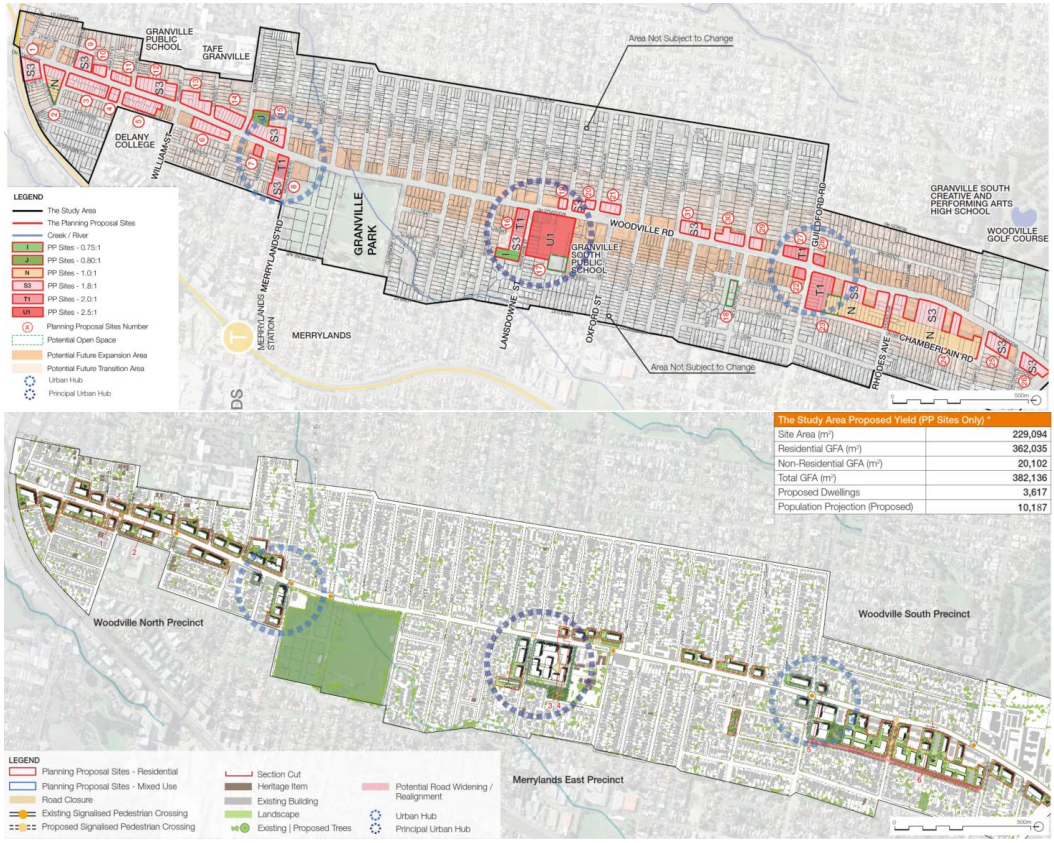
The Preferred UDF Scenario envisaged a mix of new medium and high-density housing along the Corridor, with new mixed-use precincts within each of the Corridor's three sub-precincts. The largest of these precincts is proposed in the Merrylands East sub-precinct, focused around the John Cootes site.

The Preferred UDF Scenario also envisaged the delivery of new public open space and improved public domain through targeted road closures, whilst also delivering a new 'green corridor' along Woodville Road.

Overall, the Preferred UDF facilitated approximately 3,617 medium and high-density dwellings across the Corridor, in addition to 20,102sqm of non-residential floorspace. The Preferred UDF would have capacity to accommodate an additional 10,187 residents – equivalent to an average of 2.8 residents per dwelling.

Proposed floorspace densities range from FSR 2:0 to FSR 2.5:1 in the mixed-use precincts, FSR 0.8:1 to FSR 1.8:1 in the high-density residential zones and FSR 0.75:1 in the medium density residential zones.

Figure 7.1: Proposed Land Use Zones and Floor Space Ratios, Preferred Urban Design Framework



Source: CM+

7.2 Economic Impacts

This section examines the economic activity and impacts that could be facilitated by development across the WRC as envisaged in the Preferred UDF during construction and upon build-out.

The analysis estimates the economic activity supported by the additional land uses proposed in the Preferred UDF, namely:

- 362,035sqm of residential GFA (equivalent to 3,617 new dwellings).
- 20,102sqm of non-residential GFA (including a mix of retail and commercial floorspace).
- An additional resident population of 10,187 residents.

7.2.1 Overview and Approach

Economic impacts are assessed at the Cumberland LGA level. An Input-Output model (including the development of specific regional Input-Output transaction tables) has been developed to reflect the economic structure of the Cumberland LGA.

Input-Output modelling considers economic activity through examining four types of impacts as described in **Table 7.1**.

Table 7.1: Economic Indicators

Indicator	Description
Output	The gross value of goods and services transacted, including the cost of goods and services used in the development and provision of the final product. Care should be taken when using output as an indicator of economic activity as it counts all goods and services used in one stage of production as an input to later stages of production, thus overstating economic activity.
Gross Product	The value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g., Gross Regional Product (GRP)) defines a net contribution to economic activity.
Incomes	The wages and salaries paid to employees as a result of the Project either directly or indirectly.
Employment	Employment positions generated by the Project (either full time or part time, directly or indirectly). Employment is reported in terms of Full-time Equivalent (FTE) positions or person-years.

Source: Atlas

Input-Output modelling estimates show the impacts of direct spending in a particular industry as well as from Production-induced impacts (Type I) or Consumption-induced impacts (Type II).

- **Production-induced impacts (Type I)** show the effects of industrial support effects of additional activities undertaken by supply chain industries increasing their production in response to direct spending.
- **Consumption-induced impacts (Type II)** estimate the re-circulation of labour income earned as a result of the initial spending through other industry impacts (or impacts from increased household consumption).

The estimates of economic impacts consider production and consumption-induced flow-on impacts. Type II impacts are commonly considered to overstate economic activity and therefore the types of flow-on impacts are reported separately.

7.2.2 Drivers of Economic Activity

To understand the economic impacts that are likely to occur from the Preferred UDF, it is necessary to distinguish economic impacts during the construction phase and economic impacts that will have a longer lasting nature following build-out.

- **Construction Phase**: Construction activity will draw resources from and thereby generate economic activity in the Cumberland LGA. Assumptions are made on the proportion sourced from within and from outside the LGA.
- **Operational Phase**:
    - Development across the WRC will generate additional ongoing employment activity and dispersed employment through persons working from home in new residential dwellings.
    - The WRC will also facilitate additional household expenditure given the additional population of 10,187 residents.

Refer to Schedule 4 for a description of the drivers and assumptions that underpin the assessed economic impacts.

7.2.3 Economic Activity and Impacts

Construction Phase

Across the total construction phase, the Preferred UDF is projected to generate the following economic impacts for the Cumberland LGA:

- **$2.3 billion** in output (including $1.39 billion in direct activity).
- **$818.2 million** in contribution to GRP (including $397 million in direct activity).
- **$512.9 million** in incomes and salaries paid to households (including $274.5 million in direct income).
- **4,991 FTE jobs** (including 2,340 FTE directly employed in construction activity).

Economic impacts during the construction phase are summarised in **Table 7.2**. It should be noted that construction impacts are reported in total for the construction phase, and do not represent an average annual estimate.

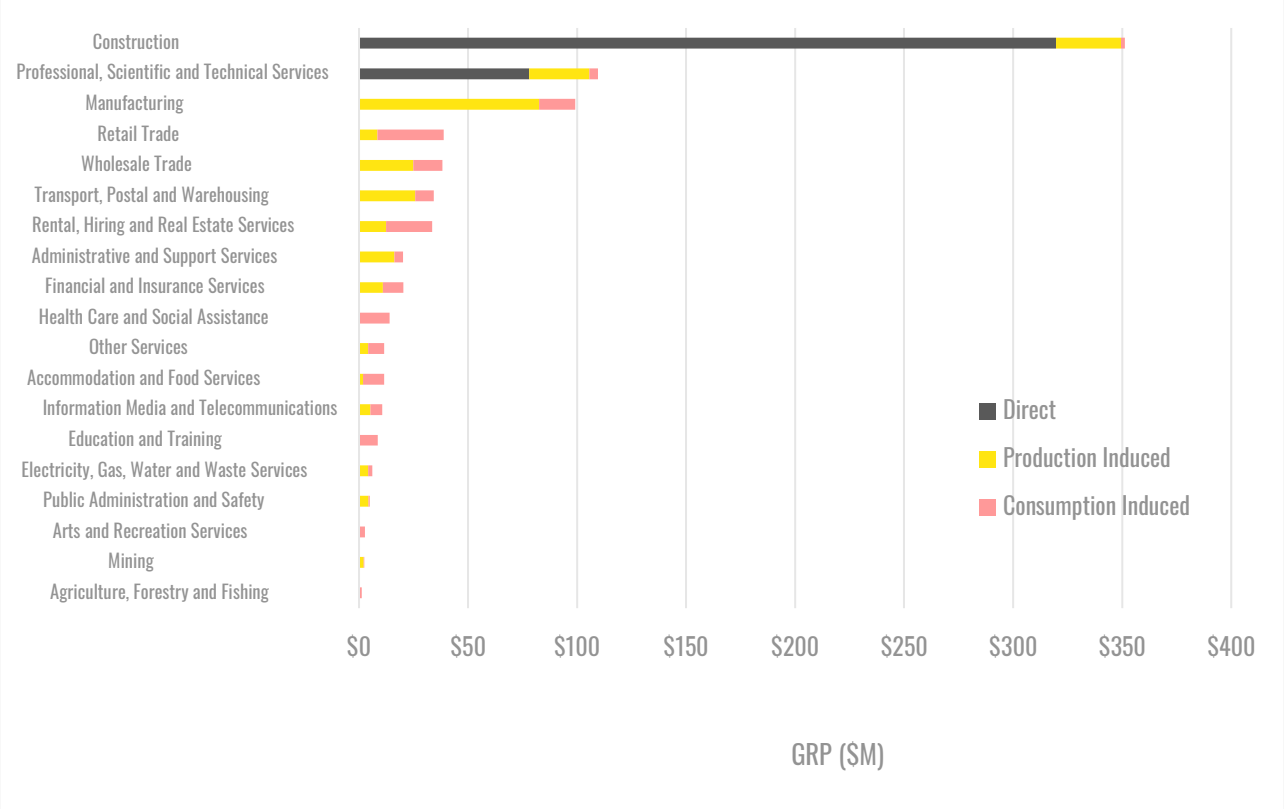
Table 7.2: Total Construction Impacts in Cumberland LGA, Preferred UDF

Impact	Output ($M)	GRP ($M)	Incomes ($M)	Employment (FTE)
Direct	$1,386.2	$397.0	$274.5	2,340
Flow-on Type I (Production Induced)	$636.0	$261.4	$150.4	1,493
Flow-on Type II (Consumption Induced)	$307.9	$159.8	$88.0	1,157
Total Impacts	**$2,330.1**	**$818.2**	**$512.9**	**4,991**

Note: Totals may not sum due to rounding.
Source: Atlas Economics

Figure 7.2 illustrates the employment generated during the total construction phase of the Preferred UDF, broken down into different industry categories.

Figure 7.2: Employment (FTE) Induced by During Construction, Preferred UDF



Source: Atlas Economics

Operational Phase

Following build out of the Preferred UDF, the following annual economic activity is anticipated through both direct and indirect (flow-on) impacts associated with new floorspace and dispersed employment (i.e. people working from home).

- **$825.7 million** additional in output (including $494.9 million in direct activity).
- **$391.8 million** additional in contribution to GRP (including $235.5 million in direct activity).
- **$232.9 million** additional incomes and salaries paid to households (including $145.5 million directly).
- **2,708 additional FTE jobs** (including 1,644 additional FTE jobs directly related to activity in the WRC).

The estimated economic impacts of the development of the WRC are summarised in **Table 7.3**.

Table 7.3: Operational Impacts in Cumberland LGA, Preferred UDF

Impact	Output ($M)	GRP ($M)	Incomes ($M)	Employment (FTE)
Direct	$494.9	$235.5	$145.4	1,644
Flow-on Type I (Production Induced)	$182.1	$79.1	$44.9	470
Flow-on Type II (Consumption Induced)	$148.8	$77.2	$42.5	594
Total Impacts	**$825.7**	**$391.8**	**$232.9**	**2,708**

Note: Totals may not sum due to rounding.
Source: Atlas Economics

Household Expenditure Impacts

In additional to the commercial activity above, development of the WRC as envisaged in the Preferred UDF is projected to generate significant additional household expenditure resulting from the residential population growth 'unlocked' by the UDF. This activity is estimated to support on an ongoing annual basis (once fully developed and occupied):

- **$383.5 million** in total output ($251.7 million directly).
- **$216.4 million** contribution to GRP ($152.5 million directly).
- **$104.6 million** in wages and salaries to local workers ($69 million directly).
- **1,603 additional FTE jobs** (1,158 direct FTE).

Table 7.4 shows the estimates of economic activity associated with household expenditure. It should be noted that operational and household impacts are not additive, due to potential for double counting of economic impacts (for example, household spending will result in direct and flow-on activity for businesses that are operating within the WRC).

Table 7.4: Housheold Expenditure Impacts in Cumberland LGA, Preferred UDF

Impact	Output ($M)	GRP ($M)	Incomes ($M)	Employment (FTE)
Direct	$251.7	$152.5	$69.0	1,158
Flow-on Type I (Production Induced)	$65.0	$29.2	$16.5	178
Flow-on Type II (Consumption Induced)	$66.8	$34.7	$19.1	267
Total Impacts	**$383.5**	**$216.4**	**$104.6**	**1,603**

Note: Totals may not sum due to rounding.
Source: Atlas

7.3 Retail Impacts

In broad terms, competitive trading impacts arising from retail floorspace developments will be due to the potential for the retail spending of consumers to be diverted from alternative shopping destinations. This spending includes the current high levels of escape spending from the MTA.

A retail impact assessment examines the potential competitive impact of the development of retail floorspace, although it is important to appreciate that actual impacts will depend to a large degree on the circumstances of individual businesses and their response to the introduction of competition.

For example, in the retail industry a common response of competing retailers to new competition includes:

- Refurbishment and other improvements to facilities and presentation.
- Re-investment and expansion of centres and stores.
- Re-positioning a centre through changes in tenant mix and type (e.g. focussing on a key target market).
- Marketing and promotions activity, including enhanced price competition and use of customer loyalty programs.

A broad examination of the potential impact from the development of the additional retail floorspace demand under the Preferred UDF is presented in **Table 7.5**. This analysis shows how the provision of additional retail floorspace in the Preferred UDF could change the distribution of spending by local residents in the MTA.

The potential impact is based on assumed future sales generated by the Corridor. These assumed future sales result in a high-level assessment of the impacts likely to result from the additional retail floorspace proposed.

Table 7.5 summarises the high-level retail impacts resulting from the Preferred UDF.

Table 7.5: High-Level Impacts from Development of Future Retail Floorspace Demand

	2022	2026	2031	2036
Corridor Turnover from Main Trade Area ($m)	$71 m	$171 m	$195 m	$214 m
Main Trade Area Retail Spending ($m)	$566 m	$610 m	$703 m	$782 m
Main Trade Area T/O to Other Centres ($m)	$495 m	$439 m	$508 m	$567 m
Change in Turnover to Other Centres Relative to 2022 ($m)		**-$55.8m**	**+$12.9 m**	**+$72.4 m**

Source: Ethos Urban

In 2022, MTA residents generate approximately $566 million of retail spending, of which $495 million is currently directed to other centres and retailers once the sales within the Corridor are considered.

Assuming all forecast retail floorspace demand is developed, in 2026 an estimated $171 million of MTA retail spending out of $610 million in available spending is estimated to be directed to the Corridor. The balance of MTA spending ($439 million) will be directed to other centres and retail precincts. Whilst this level of spending directed to centres outside the MTA will be some $55.8 million lower than current levels, this impact is considered to be temporary, with spending available to other centres increasing to +$12.9 million by 2031, and +$72.4 million by 2036.

Overall, new retail floorspace delivered as part of the Preferred UDF will result in short-term impacts only, with no long-term impact to the level of MTA retail spending available to other centres and retailers.

As such, it is considered that any impacts will be offset by the additional amenity provided to existing and future residents within the WRC, including a substantial improvement in the local convenience-based retail. It is expected that residents in the Corridor would continue to shop at the higher order retail centres in the region on a regular basis. New retail development facilitated under the Preferred UDF would therefore not impact on the ongoing operation or continued viability of any existing retail centre in the broader retail hierarchy.

The Preferred UDF is accordingly considered the preferred scenario for the Corridor from a retail perspective, enabling the development of additional retail floorspace without significantly impacting the longer-term operation of other centres.

In cases where the total retail floorspace demand is not developed in the Corridor, impacts will be below those identified in **Table 7.5** due to a larger share of spending remaining at surrounding centres, such as Stockland Merrylands.

Sensitivity Testing

Retail impacts resulting under the 'Low Growth Scenario' and 'High Growth Scenario' were also modelled.

Under the Low Growth Scenario, the level of retail impacts on surrounding centres is more limited compared to the Preferred UDF as the quantum of additional retail floorspace proposed is smaller. This would result in the level of escaped expenditure across the Corridor remaining elevated, as residents do not have a sufficient level of retail services.

Under the Growth High Scenario, retail impacts would be larger and longer lasting. A negative change in turnover to other centres would result until 2031 before returning to positive in 2036.

As such, the Preferred UDF allows for a balance between additional retail floorspace and impacts to surrounding centres.

7.4 Other Socio-Economic Impacts

The future socio-demographic profile of the WRC (examined in Chapter 3) is expected to be characterised by young families with two working parents and young children.

These households are expected to be heavily reliant on public transport and private vehicle to commute to work. In 2021, only around 24% of residents in the Cumberland LGA also worked in the Cumberland area (ABS, 2022).

Young and middle-aged families are increasingly struggling to manage family and work responsibilities. This has significant implications for the psychological wellbeing of growing families. Time management has been identified as a key driver of psychological distress in Western Sydney families (Taylor, Stevens, Agho and Raphael, 2017).

Additional retail services proposed across the WRC are intended to be 'convenience based' and will primarily cater to younger residents and growing families. This convenience offer is further complemented by other proposed population-serving uses which will be utilised by the immediate population catchment. Provision of these services close to future housing will assist in time management for 'time poor' families.

7.5 Summary of Economic and Retail Impacts

Development facilitated through the Preferred UDF could deliver a variety of significant and positive economic impacts in the local Cumberland LGA. Over the course of construction, delivery of the Preferred UDF would generate a significant amount of local economic activity, **supporting $818.2 million in local GRP and 4,991 FTE jobs.**

Upon buildout, new employment floorspace and housing is estimated to result in a significant amount of annual economic activity for the local Cumberland economy, including:

- **$825.7 million** additional in output (including $494.9 million in direct activity).
- **$391.8 million** additional in contribution to GRP (including $235.5 million in direct activity).
- **$232.9 million** additional incomes and salaries paid to households (including $145.5 million directly).
- **2,708 additional FTE jobs** (including 1,644 additional FTE jobs directly related to activity in the WRC).

An assessment of the Preferred UDF concludes that the additional retail floorspace envisaged would not negatively impact surrounding centres or retail precincts, with the significant population growth facilitated under the Preferred UDF driving an overall increase in expenditure in the higher order centres surrounding the Corridor. Importantly, new retail floorspace delivered through the Preferred UDF will provide greater convenience for existing and future residents.

Overall, the economic impacts estimated in this chapter demonstrates the Preferred UDF has economic merit, having the ability to contribute significantly to the local Cumberland economy. This is subject to the delivery of infrastructure needed to support the growth envisaged.

8. Recommendations and Conclusion

This Chapter distils the key findings from the Study and provides a series of recommendations for consideration in the implementation of the Preferred UDF.

8.1 Matters for Consideration

The WRC is a critical urban corridor within the Cumberland LGA and is surrounded by a quickly growing, diverse and young resident catchment. A relatively 'harsh' urban environment with a lack of retail amenity and public open space, it is strategically positioned proximate a network of larger centres and key public transport nodes.

The Preferred Urban Design Framework represents a major 'step change' to the current status quo in the Corridor. The Preferred UDF would not only unlock significant housing opportunities, improved retail amenity and an increase in local economic activity and employment, it could also facilitate new public domain infrastructure and public open space.

However, the take-up of development opportunities is not a given and is subject to a myriad of influences. There are a series of challenges facing development across the Corridor. Understanding these challenges and tailoring the planning framework to address them will be critical to the successful delivery of the Preferred UDF.

This Study has comprehensively explored the socio-demographic, economic and feasibility drivers set to influence development activity across the Corridor. The following matters are considered important to consider during the implementation of a planning framework for the WRC:

- **Demand for Higher Density Housing Still Maturing**

  The Corridor is not an established high-density residential market. Price points for existing medium-density housing effectively act as a 'ceiling' for the price of apartment typologies, making apartment development feasibility challenging.

- **Local Infrastructure Improvements Needed to Support High-Density Living**

  The viability of high-density residential development in the Corridor will be challenging without significant improvements to local amenity, particularly public open space. Ensuring new development contributes to the delivery of new public domain infrastructure and open space will accordingly be critical.

  It is likely that a major development will be needed to 'catalyse' activity throughout the broader Corridor and drive a shift in market attitude towards high-density living in the Corridor. The proposed development of the John Cootes site (located in the Merrylands East sub-precinct) could present an opportunity to leverage existing developer interest for broader catalytic benefits across the Corridor.

- **Site Consolidation Challenges Need to Be Mitigated**

  The Corridor is characterised by highly fragmented ownership patterns. This level of fragmentation presents risks to likelihood of development and the delivery of public infrastructure and public open space.

  As much as possible, these challenges need to be mitigated through the planning framework. Planning and design controls should encourage site consolidation and be flexible given the commercial realities of site consolidation.

- **Limited Capacity for Affordable Housing Contributions**

  Development feasibility analysis has identified that there is limited capacity for development to contribute to affordable housing across the Corridor.

  A 1% affordable housing contribution was identified to be tolerable at the densities proposed in the Preferred UDF.

- **Retail Floorspace Needed to Address Existing Undersupply**

  A retail demand assessment carried out by Ethos Urban identified that the Corridor has an existing undersupply of retail floorspace, resulting in most residents travelling outside the Corridor for basic retail services. The additional retail floorspace envisaged in the Preferred UDF would address this existing shortfall and would not negatively impact on the existing centre hierarchy.

8.2 Recommendations

In the context of the key findings outlined in section 8.1, the Study makes the following recommendations for Council to consider when implementing the Preferred UDF into the planning framework:

- **Adopt the UDF Density Controls**

  The density (FSR) controls proposed in the Preferred UDF are generally the minimum densities needed to facilitate development within the Corridor. These densities should be adopted to ensure the viability of the Preferred UDF.

- **Prepare Base and Incentive Floorspace Controls**

  To incentivise site amalgamations and the delivery of new public open space, planning mechanisms such as a 'base and bonus' floorspace scheme and floorspace transfer mechanism should be investigated.

  Sites would only be able to access the bonus or 'incentive' density controls if they meet a minimum site area threshold and/or deliver identified items of public infrastructure. This will mitigate the risk of development occurring without the provision of adequate public infrastructure and open space.

  Examples of such mechanisms include Green Square (City of Sydney) and St Leonards South (Lane Cove Council).

- **Implement a 1% Affordable Housing Contribution**

  A 1% Affordable Housing Contribution (levied on additional residential floorspace) should be implemented across the Corridor in unison with new planning controls proposed in the Preferred UDF. The equivalent monetary contribution should be based on the methodology outlined in Chapter 6.

- **Consider Receiving Monetary Contributions**

  Despite Council's adopted policy position on a preference to receive in-kind Affordable Housing contributions (i.e. completed dwellings), the Study recommends Council consider receiving monetary contributions in the first instance.

  The proposed 1% affordable housing contribution is likely to only deliver a nominal number of affordable housing dwellings on each site (1-2 dwellings). Many sites will not meet the threshold for delivering a 'whole' dwelling, and will only be required to deliver monetary contributions.

  Feedback from the CHP sector suggests a preference for receiving monetary contributions as opposed to completed dwellings. 'Thinly' dispersed contributions across multiple private developments are not operationally efficient.

- **Phase-in Affordable Housing Contributions**

  Clear notice to the market Council's intention to require affordable housing contributions is essential. Notwithstanding this clear notice, Council could consider a staged implementation of the contribution rate in the following manner:

  - First 12 months: no increase.
  - Month 13 onwards: 1% contribution rate.

  The first 12 months would allow for developments in the pipeline to be delivered and enable to Woodville Road Preferred Design Framework to be formally adopted into new planning controls.

- **Ensure Active Retail Frontages and Risks of Dilution**

  Careful consideration to the spatial distribution of retail land uses within the Corridor's three centres will be critical. Successful centres ensure retail activity is 'tight' and not diluted across a large area. An active frontages approach which designates the key areas in each centre which retail should be focused would reduce the risk of retail dilution.

- **Consider a Staged Rezoning Approach**

  The staging of rezonings in the Corridor could firstly focus on the Merrylands East Precinct where development activity and planning is well-advanced (i.e. the John Cootes site). A logical second stage of rezoning would be the Woodville Road North precinct which benefits from proximity to both Merrylands and Granville, along with the TAFE Granville campus. The Woodville Road South precinct could be the final staged release area.

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Schedules

SCHEDULE 1

Feasibility Analysis

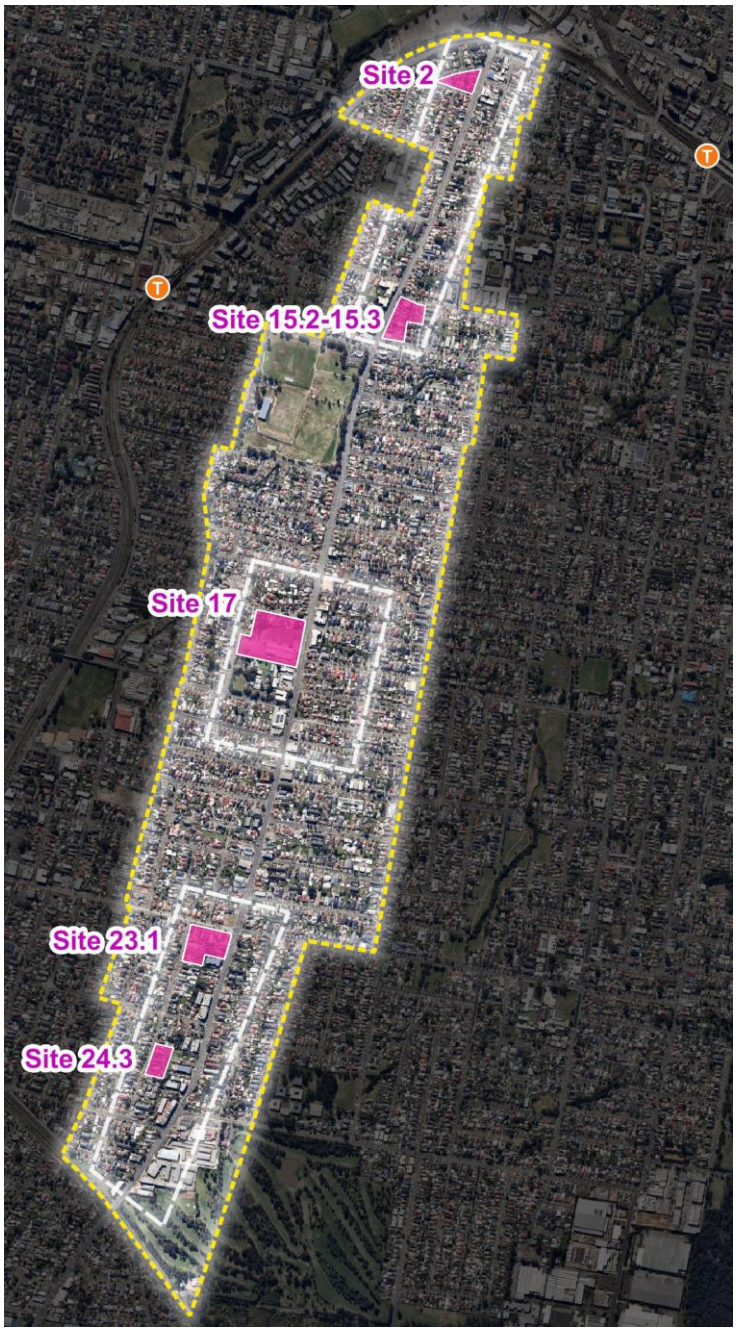
This Schedule carries out development feasibility analysis to assess the commercial viability of density controls being proposed across the WRC. The feasibility analysis was carried out in November 2022 and is reflective of revenue and cost assumptions from that date.

Approach and Purpose of Feasibility Modelling

Development feasibility analysis to inform the masterplanning process. A sample of five sites across the WRC area (the Sample Sites) were analysed based on high-level concept schemes prepared by CM+. The high-level concept schemes prepared for the Sample Sites included a mix of densities with a mix of residential and mixed-use typologies.

Figure S1.1 illustrates the location of the Sample Sites across the WRC area.

Figure S1.1: Sample Sites for Generic Feasibility Testing



Source: Atlas Economics

The purpose of the feasibility analysis was three-fold:

- To test the viability of the high-level concept schemes prepared for each Sample Site;
- To test the tolerance of development to:
    - Various affordable housing contribution rates, including 0%, 0.25%, 0.5% and 1%.
    - Provision of public open space.
- To identify the minimum density (i.e. tipping point) required on each Sample Site to facilitate feasible development.

The results of the feasibility modelling are considered representative of feasibility across the broader WRC, whilst noting the limitations of using site-specific feasibility results to infer precinct-wide implications.

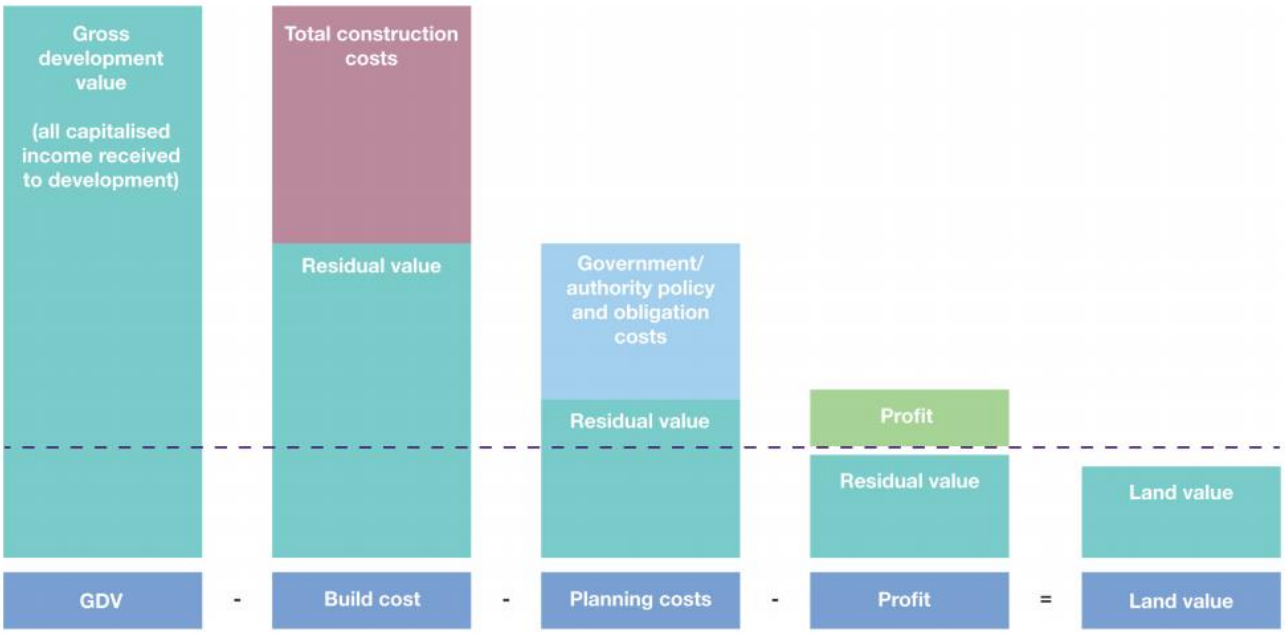
Methodology

The financial feasibility analysis relies on two methods – the Residual Land Value (RLV) method and Direct Comparison Method (DCM). The RLV method is the primary method relied upon in this assessment, with testing carried out using development feasibility software (Argus Estate Master). The DCM used as a secondary check if modelled results align with recent market evidence.

The RLV approach involves assessing the value of hypothetical development, considering total potential revenue and development costs, and making a further deduction for the profit and risk a developer would require in delivering the project. The RLV can be defined as the maximum price a developer would be prepared to pay for a site in exchange for the opportunity to develop a particular development scheme whilst achieving target hurdle rates for profit and project return.

Figure S1.2 illustrates the concept of the Residual Land Value (Hypothetical Development) approach.

Figure S1.2: The Residual Land Value Method



Source: RICS (2019)

For there to be an incentive to develop, the RLV must exceed the value of a site in its existing use as to 'displace' that use. Accordingly, the value of existing uses and any premium that a developer may need to be pay in order to consolidate a development site, are fundamental to the viability of new development.

Steps in Feasibility Testing

There are three key steps in the generic feasibility analysis:

- **Step 1:** Assess the value of each key site under the current planning framework (i.e. existing use value) including a premium allowance a developer would need to pay in addition to secure the site. This represents the assumed opportunity cost for each Site.
- **Step 2:** Carry out iterative development feasibility testing to identify the minimum floorspace required to facilitate viable development (inclusive of s7.11 rates).
- **Step 3:** Carry out additional feasibility testing when considering various additional cost items (e.g. affordable housing contributions, public benefit items) in isolation and cumulatively.

Factors Influencing Development Feasibility

There are various factors affecting the feasibility of individual sites for development and rarely is a single factor the only cause of poor development feasibility. Urban land is subject to market factors which directly affect their land values and the feasibility of their development.

The following are a selection of factors that affect the feasibility of development in the WRC.

- **Land Values and Site Consolidation**

  To economically acquire and develop land, the value of a site as a development prospect must exceed its existing use. Development will only occur if the proposed use is valuable enough to displace existing uses. For instance, while many existing buildings may be aged, they may still be providing a good level of functional utility and be relatively valuable. This is evident across much of the WRC, with older style detached housing still attracting prices in excess of $1m.

  Consequently, the acquisition of land for development can be a high-risk and high-resource activity, as developers face substantial acquisition costs (particularly where numerous sites have to be amalgamated prior to development). Where multiple properties are required, the payment of incentives over and above market value is often required to incentivise landowners to divest their properties.

  The WRC is characterised by fine grain lot patterns and a highly fragmentated land ownership patterns. These factors will be ***key*** influences on the development prospects in the WRC.

- **Residential v Non-Residential Uses**

  The type of land use proposed on a site underpins the value of that site as a development opportunity. In effectively all markets (with the exception of some areas in large CBDs), residential is the dominant use and outprices all other uses (on a rate per square metre). Consequently, in land use zones where a diverse range of uses is permissible (e.g. B2 Local Centre), residential uses represent the most financially attractive use. This results in developers often favouring maximising the delivery of residential floorspace as compared to non-residential floorspace, particularly in instances where high site acquisition costs have been paid.

- **Cost of Construction**

  The cost of construction increases significantly as buildings become taller due to additional engineering and building compliance requirements (e.g. service shafts, fire escapes, etc). The cost to construct residential buildings up to 3-storeys, 9 storeys, 10-20 storeys and 20-40 storeys is incrementally different for these reasons. In deciding the amount of capital to apply to a site, i.e. how intensely (how many storeys) a site should be developed, developer and investor capital will be applied to the point where incremental revenue equals incremental cost.

  Lower rise buildings (e.g. 4-7storeys) have historically been delivered in the WRC. Whilst these buildings are not as costly to build as buildings above 8-storeys (as mandatory fire sprinkler requirements are required for buildings over 25m), lower rise buildings are still subject to many of the base costs of higher rise buildings (e.g. lift shafts, excavation and retention works, basement carparking, etc). A key benefit of taller buildings is the ability of spread these costs over a greater amount of floorspace and/or dwellings.

- **Effective Demand for Higher Density Housing Typologies**

  Population and employment growth and demographic factors are key drivers of underlying demand for housing. Whether underlying demand corresponds to actual or effective demand (i.e. take-up) is subject to market dynamics.

  Households must be able and willing to pay for certain housing typologies, which in turn underpins the type of development the market can respond with.

  This principle of effective demand is useful in understand the viability of medium and higher density housing. Market acceptance for higher density housing product is well established within many parts of Sydney, particularly the Eastern City. In these areas, end sale prices of completed product justify higher construction costs.

  While market attitudes in some parts of Sydney are shifting amidst deteriorating housing affordability and smaller residential product is enjoying growing market acceptance, prices achieved apartments are often limited by the prices paid for medium-density housing. For example, if a 3-bedroom townhouse is available for say $750,000, it is unlikely a 3-bedroom unit will be able to achieve to same level of pricing.

  In the WRC, effective demand for higher density typologies (e.g. apartments) is to a large degree limited by the prices achievable for medium-density housing product.

- **Statutory Controls**

  Whilst is it well understood that planning and development controls can affect feasibility through changes in land use zoning and densities, design requirements also directly contribute to development costs.

  Codes for parking, open space, sustainability and development contributions can collectively influence the cost of development. For instance, an increase in density will increase cost of construction.

  Certain sites within the WRC are expected to contribute to items of public benefit (e.g. land dedication, laneways, etc). If the development potential is unable to 'transferred' to remaining portion of these sites, viability could be impacted.

In established urban areas like the WRC, the cost of site amalgamation is considered the greatest challenge for development and renewal. In the WRC, small lots and fragmented ownership patterns make site consolidation costly and present challenges for urban renewal.

Tipping Point Analysis

Existing Site Values

This section considers the opportunity cost of land of the sites selected. This is relevant is it represents the price a developer would be required to pay to consolidate a development site. The 'opportunity cost' of a site refers to the value of a foregone option. In the Structure Plan area, site values are primarily derived from their existing buildings and uses.

Analysis of sales activity shows a varying range of prices paid for sites in the Structure Plan area, reflective of, inter alia, site area, site coverage (building area), land use zone and age and quality of existing improvements.

Several of the Sample Sites comprise multiple individual properties to be consolidated for the purpose of development.

It is a market reality that developers/investors typically need to pay a premium (over and above market value) to landowners when seeking to consolidate multiple sites for redevelopment. A premium of 0%-50% has been adopted for the purposes of defining the opportunity cost of land for each Sample Site.

Table S1.1 summarises the assumed opportunity cost for each Sample Site. Adopted opportunity costs are based on desktop analysis without the benefit of internal or site inspections.

Table S1.1: Opportunity Cost of Sample Sites

Site	Site Area (sqm)	Zone (FSR)	Commentary	Opportunity Cost
2	6,301	R2 (-)	15 detached houses held by individual landowners. Lot sizes range from 300sqm to 590sqm. Assumed premium to consolidate estimated at 50%.	$18.3m
15.2 15.3	8,069	R2-R3 (-to 0.6:1)	11 detached houses held by individual landowners. Lot sizes range from 550sqm to 1,100sqm. Assumed premium to consolidate estimated at 50%.	$15.4m
17	7,949	B2 (2.2:1)	Large retail showroom and warehouse and 13 detached houses zoned B2 Local Centre. Held in single ownership. No premium adopted.	$42.3m
23.1	13,922	R2 (-)	17 detached houses, small neighbourhood grocer and childcare centre. All properties held by individual landowners. Premium to consolidate estimated at 50%.	$27.4m
24.3	6,754	R2 (-)	6 detached houses held by individual landowners. Lot sizes range from 930sqm to 1,350sqm. Assumed premium to consolidate estimated at 30%.	$8.6m

Source: Atlas Economics

Financial Feasibility Findings

Development feasibility analysis has been carried out on each Sample Site based on high-level concept plans. Development was carried out on an iterative basis to inform the masterplanning process.

Concept planning identified some sites to provide for public open space as critical in supporting the growth of the Corridor. These included Sample Sites 2, 17 and 23.1. For these Sample Sites, the provision of land for open space was assumed as a land transfer only – no provision for embellishment costs has been included. The floorspace associated with the portion of these sites dedicated for public open space was capable of being 'transferred' to the remaining portions of each site, resulting in no net loss of development potential.

Feasibility analysis considered the commercial viability of the densities and land use mix proposed in each concept plan. Where development was found to be unviable, the quantum of floorspace required to facilitate viable development was examined (i.e. the tipping point) inclusive of affordable housing contribution rates ranging from 0% to 1%.

Table S1.2 summarises the feasibility and tipping point findings for each of the five Sample Sites.

Table S1.2: Financial Feasibility Results and Tipping Points, Sample Sites

Site	Tested Yield			Feasible	Tipping Point (x:1)				Other Public Benefit Items
	FSR	GFA	Storeys	Yield		0% AH	0.25% AH	0.5% AH	1% AH	
2	1.8	11,342	7-9	113	No	2.60	2.62	2.65	2.70	3,097sqm open space
15.2-15.3	1.8	14,524	9	145	Yes	1.80	1.83	1.85	1.90	-
17	2.3	18,283	9-12	528	Yes	2.15	2.18	2.20	2.30	2,933sqm open space
23.1	2.0	27,844	10	254	Yes	1.90	1.93	1.95	2.00	3,432sqm open space
24.3	1.8	12,157	4-9	122	No	1.90	1.96	2.10	2.20	-

Source: Atlas Economics

The feasibility analysis assessed the financial viability of development with and without the provision of affordable housing contributions. Naturally, the findings demonstrate higher FSRs are required where affordable contributions are required.

Several general observations can also be drawn from the feasibility modelling:

- Feasibility analysis demonstrates that most sites generally require minimum densities in the order of FSR 1.8:1 to FSR 1.9:1 to be economically viable.

- Some sites require higher densities given they comprise more valuable existing improvements and/or are held my multiple landowners (necessitating high site consolidation costs).
- The inclusion of affordable housing contributions results in more density being needed to offset the additional cost. Additional densities of between FSR 0.1:1 and FSR 0.3:1 is needed when a 1% affordable housing contribution ($61/sqm of total residential GFA) is included.
- There is an inverse relationship between the quantum of non-residential floorspace provided and development feasibility. This reflects the higher revenue potential of residential uses in the WRC compared to non-residential uses.

In addition to these general observations, **Table S1.3** provides specific observations on each of the Sample Sites.

Table S1.3: Site Specific Feasibility Findings

Site	Min FSR		Key Findings
	No AH	1% AH	
2	2.60	2.70	• Large block comprising 15 individual detached houses on lots ranging from 300sqm to 590sqm in site area. • Existing houses range from moderate to good condition. • The good quality of existing housing, fine grain lot patterns and number of individual landowners will make site consolidation difficult and a high-cost exercise. • Tested FSR 1.8:1 found to be unviable – minimum FSR 2.6:1 likely to be needed to mitigate the cost of site consolidation. • When including a 1% affordable housing contribution, a minimum FSR 2.7:1 is needed. • Floorspace potential 'lost' due to public benefit item (public open space) has been transferred to remaining portion of site.
15.2-15.3	1.80	1.90	• Large block fronting Woodville Road comprising 11 individual detached houses on lots ranging from 550sqm to 1,100sqm in site area. • Existing houses range from poor to moderate condition. • Ownership fragmentation will make site consolidation difficult and a high-cost exercise. • Tested FSR 1.8:1 found to be viable when including slightly smaller average unit sizes. • When including a 1% affordable housing contribution, a minimum FSR 1.9:1 is needed.
17	2.15	2.30	• Large site held in majority ownership and comprising a large former retail showroom building, vacant land and multiple detached houses. • Proponent-led development planning has been underway for several years, with the majority of the site acquired in one-line for $36m in July 2018. • Tested development yield of FSR 2.3:1 (including non-residential FSR 0.4:1) is found to be commercially viable with a 1% affordable housing contribution. • Development of this site will be critical for the broader WRC – will deliver significant amount of new retail and services amenity and raise the market profile of the area. • Floorspace potential 'lost' due to public benefit item (public open space) has been transferred to remaining portion of site.
23.1	1.90	2.00	• Significant site comprising 17 individual landholdings including 15 detached houses, small neighbourhood grocer and childcare centre. • Existing houses range from moderate to good condition. • The good quality of existing housing, fine grain lot patterns and number of individual landowners will make site consolidation difficult and a high-cost exercise. • Tested FSR 1.8:1 found to be unviable – minimum FSR 1.9:1 likely to be needed to mitigate the cost of site consolidation. • When including a 1% affordable housing contribution, a minimum FSR 2.0:1 is needed. • Floorspace potential 'lost' due to public benefit item (public open space) has been transferred to remaining portion of site.
24.3	1.90	2.20	• Block comprising six individual detached houses with large frontage to Woodville Road. • Existing houses range from poor to moderate condition with lot sizes ranging from 930sqm to 1,350sqm. • Fewer number of landowners and large lot sizes makes prospects for site consolidation stronger than some other Sample Sites. • Tested FSR 1.8:1 found to be unviable – minimum FSR 1.9:1 likely to be needed to mitigate the cost of site consolidation. • When including a 1% affordable housing contribution, a minimum FSR 2.2:1 is needed.

Source: Atlas Economics

Overall, the findings of the feasibility analysis suggest that for most sites, development is viable where densities of FSR 1.8:1 to FSR 2.0:1 can be achieved. Sites which are improved with more recently developed/renovated detached housing, or sites comprising multiple fine grain landholdings, will be more difficult and expensive to consolidate for development. These sites will naturally require higher densities in order to 'turn over' prior to the end of their economic useful life.

A key challenge for redevelopment in the WRC will be the ability to consolidate development blocks held by multiple landowners. A base and bonus floorspace incentive scheme could be adopted to incentivise the amalgamation of key sites.

Financial feasibility testing in this section adopted the median strata price of the Cumberland LGA (as at March 2022) as the baseline cost of affordable housing contributions (as per **Table 6.1**).

An alternative approach to adopting the Cumberland median strata price as the baseline cost for affordable housing contributions would be to utilise suburb median strata prices which more closely align with the boundaries of the WRC. For instance, the Granville (2142 postcode) could be adopted for this purpose.

As at June 2024, the median strata price in Granville was recorded as $530,000 (Department of Communities and Justice, 2024). By adopting the same methodology applied in **Table 6.1**, a 1% affordable housing contribution based on this baseline cost would be $58.9/sqm of GFA.

The difference between both baseline costs results in a nominal difference in contribution rates ($58.9/sqm of GFA vs $61.4/sqm of GFA). This difference would not materially change the findings of the financial feasibility testing carried out in this section.

Implications for the Woodville Road Corridor

Development feasibility in the Corridor is underpinned by whether a site can be economically consolidated. Established ownership patterns which can be fine grained in nature, and the presence of valuable existing buildings make it challenging for a development site to be economically secured.

Notwithstanding these feasibility challenges, development is found to viable where:

- Existing buildings are approaching the end of their economic useful life.
- Existing buildings represent a significant under-utilisation of the site.

Where existing buildings are functional and valuable, their value may be too high to be economically feasible for development. Sites not feasible to develop in the first instance will have no capacity to contribute to Affordable Housing.

Overall, the key recommendations derived from the feasibility and affordable housing analysis include:

- Densities of FSR 1.8:1 to FSR 2.0:1 are generally needed to facilitate high-density development across the Corridor.
- Sites which are improved with more recently developed/renovated detached housing, or sites comprising multiple fine grain landholdings, will be more difficult and expensive to consolidate for development. These sites would require higher densities if required to be developed.
- The proposed densities at the John Cootes site are considered viable for development. Enabling the development of this site will be critical for the broader Corridor in order to increase its amenity offering and raise market profile.
- Affordable housing contributions of up to 1% are tolerable at densities of FSR 1.8:1 to FSR 2.0:1.
- A base and bonus floorspace incentive scheme should be adopted to incentivise the amalgamation of development sites and delivery of public open space across the Corridor. This mechanism was discussed in detail in Chapter 7 of the Study.

SCHEDULE 2

Retail Demand Modelling

The results of the retail demand modelling are shown in **Table S2.1**. This analysis is based on the Preferred Urban Design Framework, which would result in an additional 3,617 dwellings.

To undertake this analysis, an aspirational target of the proportion of MTA spending to be retained in the Corridor has been applied across each spending category, resulting in 28% of total MTA retail spending to be retained by future retailers in the Corridor (an increase of 15%). This target would allow the Corridor to meet the convenience needs of the MTA, while still recognising the higher order retail role of other competing retail locations, including Stockland Merrylands.

Retail spending from beyond the MTA has also been accounted for, with 22% of total retail sales in the Corridor forecast to come from beyond the MTA. This percentage of 'beyond trade' reflects the role of the Corridors as a major thoroughfare.

Supportable average sales per square metre of retail floorspace have then been applied to the total retail spending to be captured by the Corridor, with this supportable average sales level estimated at $6,600/sqm in 2022. By applying this figure, the total demand for retail floorspace in the Corridor can be determined.

After accounting for existing supply of retail floorspace within the Corridor, the current and future undersupply or oversupply of retail floorspace can be determined.

Assuming the factors highlighted above, including the aspirational proportion of MTA spending to be retained by the Corridor, the analysis shows that:

- In 2022 an additional **12,120sqm of retail floorspace** could be supported in the Corridor. This includes 7,260sqm of FLG floorspace.
- By 2036, assuming no change in the current floorspace in the Corridor, a total of **17,410sqm of additional retail floorspace** could be supported.

It is noted that the John Cootes site is likely to see the construction of a mixed-use development, including a significant retail component anchored by a full-line supermarket. Total retail floorspace for the John Cootes proposal is likely to be in the order of 11,610sqm.

When including this 11,610sqm development in the demand forecasts results in an additional 1,460sqm of supportable retail floorspace in the Corridor in 2026 and an additional 5,800sqm of supportable retail floorspace by 2036.

Table S2.1: Forecast Retail Floorspace Demand

	FLG	Food Catering	Non-Food	Services	Total Retail
Corridor Floorspace Demand					
2022	11,740sqm	4,320 sqm	5,970 sqm	2,100 sqm	24,130 sqm
2026	12,090 sqm	4,440sqm	6,350sqm	2,200sqm	25,080sqm
2031	13,170sqm	4,830sqm	7,200sqm	2,450sqm	27,650sqm
2036	13,850sqm	5,060sqm	7,880sqm	2,630sqm	29,420sqm
Existing Retail Floorspace					
Corridor	4,480sqm	2,810sqm	3,090sqm	1,630sqm	12,010sqm
Undersupply (-) /Oversupply (+)					
2022	-7,260sqm	-1,510sqm	-2,880sqm	-470sqm	-12,120sqm
2026	-7,610sqm	-1,630sqm	-3,260sqm	-570sqm	-13,070sqm
2031	-8,690sqm	-2,020sqm	-4,110sqm	-820sqm	-15,640sqm
2036	-9,370sqm	-2,250sqm	-4,790sqm	-1,000sqm	-17,410sqm
John Cootes Proposal					
Proposed Floorspace					11,610sqm
Undersupply (-) /Oversupply (+) with John Cootes Proposal					
2026					-1,460sqm
2031					-4,030sqm
2036					-5,800sqm

Source: Ethos Urban

- Under the **Low Scenario** for the Woodville Road Corridor Planning Framework, an additional 3,289 dwellings are forecast to be developed in the corridor, being 407 dwellings less than the Medium Scenario. In this case, total retail demand in 2036 would be approximately 26,200sqm, resulting in an undersupply of -2,580sqm of retail floorspace in 2036 after the development of the John Cootes proposal.
- Under the **High Scenario** for the Woodville Road Corridor Planning Framework, an additional 4,051 dwellings are forecast to be developed in the Corridor, being 355 dwellings more than the Medium Scenario. Under this scenario, total retail demand in 2036 would be approximately 32,200sqm, resulting in an undersupply of -8,580sqm of retail floorspace in 2036 after the development of the John Cootes proposal.

In both the Low and High scenarios, change in total demand is likely to be spread proportionally across the retail categories.

SCHEDULE 3

Generic Feasibility Testing Assumptions

Generic feasibility assumptions adopted in this Study were developed in November 2022, reflective market conditions and contributions policy at that time.

Generic feasibility testing adopts the Residual Land Value approach. This involves assessing the value of the end product of a hypothetical development, then deducting all of the development costs (including site acquisition costs, site demolition, construction costs, consultant fees, statutory fees) and making a further deduction for the profit and risk that a developer would require to take on the project.

The land value is the 'residual that remains, i.e. the amount a developer could afford to pay in exchange for the opportunity to develop the site.

Project Timing

The tested sites are assumed to be appropriate zoned and progressed immediately upon settlement and span 6 months. Thereafter a development application is assumed to occur with pre-sales occurring shortly thereafter.

Demolition and construction are assumed from Month 12-18 spanning 12-18 months depending on scale of the development. Development is assumed to be completed in 2-3 years depending on scale after a 12-18 month lead-in period.

Sample Sites

A sample of five sites across the WRC area (the Sample Sites) were analysed based on high-level concept schemes prepared by CM+. The high-level concept schemes prepared for the Sample Sites included a mix of densities with a mix of residential and mixed-use typologies.

Table S2.2: Sample Sites and Development Scenarios

Site	Site Area (sqm)	Zone (FSR)	Existing Improvements	Tested Yield			
				FSR	GFA	Storeys	Yield
2	6,301	R2 (-)	15 detached houses held by individual landowners. Lot sizes range from 300sqm to 590sqm.	1.8	11,342	7-9	113
15.2 15.3	8,069	R2-R3 (-to 0.6:1)	11 detached houses held by individual landowners. Lot sizes range from 550sqm to 1,100sqm.	1.8	14,524	9	145
17	7,949	B2 (2.2:1)	Large retail showroom and warehouse and 13 detached houses zoned B2 Local Centre. Held in single ownership.	2.3	18,283	9-12	528
23.1	13,922	R2 (-)	17 detached houses, small neighbourhood grocer and childcare centre. All properties held by individual landowners.	2.0	27,844	10	254
24.3	6,754	R2 (-)	6 detached houses held by individual landowners. Lot sizes range from 930sqm to 1,350sqm.	1.8	12,157	4-9	122

Source: Atlas Economics

Revenue Assumptions

Average end sale values are adopted based on market research and analysis. Residential revenue assumptions are based on NSA (net saleable area/ lettable area):

- 1 bedroom apartments: $9,250/sqm NSA
- 2 bedroom apartments: $8,000/sqm NSA
- 3-bedroom apartments: $8,000/sqm NSA
- Retail floorspace at $7,000/sqm of gross lettable area retail (GLAR).

It is assumed that 50% of the apartments would be pre-sold prior to completion of construction and the balance would be sold post completion at an average rate of 4-8 units per month.

Other revenue assumptions:

- GST is excluding on non-residential sales and included on the residential sales.
- Sales commission at 2.5% (residential) and 1.5% (non-residential) gross sales.
- Marketing costs of 1.0% on gross sales.
- Legal cost on sales included at $1,500 per unit.

Cost Assumptions

- Assumed cost of land based on applicable planning controls, informed by desktop research.
- Legal costs, valuation and due diligence assumed at 0.5% of land price and stamp duty at NSW statutory rates.
- Construction costs are estimated with reference to past experience and cost publications:
    - Retail (cold shell) assumed at $2,000/sqm of building area
    - Residential construction assumed at $2,300/sqm of building area, balconies at $1,000/sqm.
    - Basement car parking at $55,000 per car space.
- Provisional allowance for lead-in and services infrastructure at 2% of construction costs.
- Professional fees at 10% of construction costs expensed 5.5% (pre-construction) and 4.5% (during construction).
- Development management fee of 2%.
- Construction contingency at 5%.
- Statutory fees:
    - DA fees of 1% and CC fees of 0.5% of construction costs.
    - Long service levy of 0.35% of construction costs.
- Finance costs:
    - Land value assumed as equity contribution with balance funded at interested capitalised monthly at 6% per annum.
    - Establishment fee at 0.35% of peak debt.
- Affordable housing contributions based of base cost of $6,144/sqm of GFA:
    - 0.25% contribution: $15.4/sqm of total residential floorspace.
    - 0.5% contribution: $30.7/sqm of total residential floorspace.
    - 0.75% contribution: $46.1/sqm of total residential floorspace.
    - 1% contribution: $61.4/sqm of total residential floorspace.

Hurdle Rates and Performance Indicators

Target hurdle rates are subject to perceived risk of a project (planning, market, financial and construction risk). The higher the project risk, the higher the hurdle rate. The following performance indicators are relied upon:

- Development Margin profit divided by total development costs (including selling costs).
- Discount rate refers to the project internal rate of return (IRR) where net present values of an investment is zero.
- Residual Land Value is arrived at by assessing the maximum land value a developer is willing to pay based on both hurdles of development margin and discount rate being met.

The following benchmark hurdle rates are assumed.

Table S2.3: Performance Indicators and Target Hurdle Rates

Performance Indicator	Feasible	Marginal	Not Feasible
Development Margin	>20%	18%-20%	<18%
Project IRR	>18%	17%-18%	<17%

Source: Atlas

SCHEDULE 4

Input-Output Modelling Methodology

Input-Output models are a method to describe and analyse forward and backward economic linkages between industries based on a matrix of monetary transactions. The model estimates how products sold (outputs) from one industry are purchased (inputs) in the production process by other industries.

The analysis of these industry linkages enables estimation of the overall economic impact within a catchment area due to a change in demand levels within a specific sector or sectors.

Impacts are traced through the economy via:

- Direct impacts, which are the first round of effects from direct operational expenditure on goods and services.
- 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:
    - Industry Support Effects (Type I) derived from open Input-Output models. Type I impacts represent the production induced support activity as a result of additional expenditure by the industry experiencing the stimulus on goods and services, and subsequent round effects of increased purchases by suppliers in response to increased sales.
    - Household Consumption Effects (Type II) derived from closed Input-Output Models. Type II impacts represent the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the catchment economy.

Economic analysis considers the following four types of impacts.

Table S3.1: Economic Activity Indicators

Indicator	Description
Output	The gross value of goods and services transacted, including the cost of goods and services used in the development and provision of the final product. Care should be taken when using output as an indicator of economic activity as it counts all goods and services used in one stage of production as an input to later stages of production, thus overstating economic activity.
Gross Product	The value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g. Gross Regional Product (GRP)) defines a net contribution to economic activity.
Incomes	The wages and salaries paid to employees as a result of the Project or Proposal either directly or indirectly.
Employment	Employment positions generated by the Project or Proposal (either full time or part time, directly or indirectly). Employment is reported in terms of Full-time Equivalent (FTE) positions or person-years.

Source: Atlas

REGIONAL MODEL DEVELOPMENT

Multipliers used in this assessment have been created using a regionalised Input-Output model derived from the 2019-2020 Australian transaction table (ABS, 2022a).

Estimates of gross industry production in the catchment area were developed based on the share of employment (by place of work) of the catchment area within the Australian economy (ABS, 2017) using the Flegg Location Quotient and Cross Hauling Adjusted Regionalisation Method (CHARM). See Norbert (2015) and Kronenberg (2009) for further details. Where required, values were indexed to current dollar values using CPI (ABS, 2022b).

MODELLING LIMITATIONS AND ASSUMPTIONS

Input-Output modelling is subject to a number of key assumptions and limitations (ABS, 2022a):

- **Lack of supply–side constraints:** The most significant limitation of economic impact analysis using multipliers is the implicit assumption that the economy has no supply–side constraints. 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 multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. Prices are assumed to be unaffected by policy and any crowding out effects are not captured.
- **Fixed ratios for intermediate inputs and production:** Economic impact analysis using multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. As such, impact analysis using 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.
- **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 notable limitations, Input-Output techniques provide a solid approach for assessing the direct and flow on economic impacts of a project or policy that does not result in a significant change in the overall economic structure.

DRIVERS OF ECONOMIC IMPACT

To understand the economic impacts that are likely to occur from the Preferred UDF, it is necessary to distinguish economic impacts during the construction phase and economic impacts that will have a longer lasting nature following build-out.

- **Construction Phase**:
    - Construction activity will draw resources from and thereby generate economic activity in the Cumberland LGA. Assumptions are made on the proportion sourced from within and from outside the LGA.
- **Operational Phase**:
    - Development across the WRC will generate additional ongoing employment activity and dispersed employment through persons working from home in new residential dwellings.
    - The WRC will also facilitate additional household expenditure given the additional population of 10,187 residents.

Construction Phase

For modelling purposes, construction costs (including contingency) for the Proposal Case were broken down into their respective Australia and New Zealand Standard Industrial Classification (ANZSIC) industries.

The breakdowns were developed based on the following assumptions by Atlas regarding the most appropriate ANZSIC industries for each activity.

Table S1-2: Proposal Case Construction Cost Allocation (including Contingency)

Input	$M	ANZSIC
Site Preparation	$6.0	Construction Services
Residential Construction	$1,139.4	Residential Building Construction
Non-food retail	$14.5	Non-Residential Building Construction
Services	$4.0	Non-Residential Building Construction
Food, Liquor & Groceries	$22.4	Non-Residential Building Construction
Food & Beverage Catering	$6.6	Non-Residential Building Construction
Health & Education	$5.3	Non-Residential Building Construction
Parking	$373.5	Heavy and Civil Engineering Construction
Site Costs	$78.6	Heavy and Civil Engineering Construction
Professional Fees	$198.0	Professional, Scientific and Technical Services
Total	**$1,848.2**	

Source: Atlas

Of the above capital outlay, not all activity will be undertaken within the Cumberland LGA economy. It was assumed:

- Approximately 75% of the direct expenditure on construction-related (i.e. Non-Residential Building Construction and Construction Services) activity would be sourced from local businesses and labour. Of this:
    - 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).

Only flow-on activity of locally sourced professional, scientific and technical services activity (75%) is included, as it is not anticipated professional, scientific and technical services businesses located outside of Cumberland LGA would purchase goods/ services locally.

Operational Phase

In order to model the economic impacts, operational employment levels for the economic activity occurring in the Proposal Case were categorised into the ANZSIC industries based on the area's existing employment profile (ABS 2017a).

Employment by industry estimates were converted to a direct output value using a multiplier based on the national transaction table (ABS, 2021). The resultant estimates of output were modelled as the direct activity associated with the Preferred UDF.

Table S1-3: Operational FTE Allocation of Floorspace (Proposal Case)

Work Type	GFA (sqm)	GFA (sqm) / FTE	Estimated Jobs (FTE)	Direct Output ($M)	ANZSIC
Retail Uses	5,528	50	110.6	$41.2	Retail Trade
Services	1,508	42.5	35.5	$9.4	Professional, Scientific and Technical Services (50%) / Personal Services (50%)
Food & Beverage	2,513	35	71.8	$11.9	Accommodation and Food Services
Health & Education	2,010	35	57.4	$7.9	Health Care and Social Assistance
Total	**11,559**	**163**	**275**	**$70.3**	

Notes: Totals may not sum due to rounding. 1 Calculated assuming an average 2% vacancy, 1.5 FTE workers per household. 2 A conservative estimate considering post-COVID trends.
Source: Atlas

Household Expenditure Supported

This section outlines the household expenditure that would be associated with residential dwellings as part of the Proposal Case, and potential economic activity supported.

The ABS Household Expenditure Survey (ABS, 2017b) was used to identify the proportion of weekly household incomes that is spent across expenditure items in the Cumberland LGA. The third quintile of NSW residents was used to best represent the expenditure patterns of residents in the Cumberland LGA.

This data was converted to 2021 values (ABS, 2021), annualised and allocated into their respective ANZSIC industries. The breakdown to ANZSIC industries was developed based on assumptions by Atlas regarding the most appropriate ANZSIC industries for each activity. The table below shows the household expenditure estimates for the Cumberland LGA.

Table S1-4: Estimated Household Expenditure Supported, Proposal Case

ANZSIC	Total Spend ($M)	% Local Spend	Local Spend ($M)	
Ownership of Dwellings	$64.5	100%	$64.5	20.4%
Retail Trade	$59.9	80%	$47.9	19.0%
Food and Beverage Services	$30.1	80%	$24.1	9.5%
Personal Services	$14.8	75%	$11.1	4.7%
Other Services	$17.4	70%	$12.2	5.5%
Telecommunication Services	$10.5	60%	$6.3	3.3%
Road Transport	$26.7	80%	$21.4	8.5%
Rail Transport	$13.4	50%	$6.7	4.2%
Air and Space Transport	$4.5	20%	$0.9	1.4%
Sports and Recreation	$26.9	75%	$20.2	8.5%
Primary and Secondary Education Services	$4.1	75%	$3.1	1.3%
Technical, Vocational and Tertiary Education Services	$3.3	75%	$2.5	1.0%
Arts, Sports, Adult and Other Education Services	$0.8	75%	$0.6	0.3%
Health Care Services	$22.9	80%	$18.4	7.3%
Heritage Creative and Performing Arts	$11.5	80%	$9.2	3.7%
Electricity Transmission, Distribution, On Selling and Electricity Market Operation	$4.6	60%	$2.8	1.5%
Total	**$315.9**	**80%**	**$251.7**	**100%**

Note: Totals may not sum due to rounding.
Source: ABS (2017b), Atlas Economics

SCHEDULE 5

Hypothetical Worked Examples of Affordable Housing Contributions

Cumberland Council's various affordable housing policies are clear on the preferred form of contribution mechanisms, i.e. in-kind dwellings are to be the primary form of contribution, with monetary contributions acceptable where there is residual floorspace that cannot be provided as a single dwelling.

Council's policies however do not specify a monetary contribution rate from which affordable housing contributions can be monetised and/or calculated.

A Worked Example

To illustrate how affordable housing contributions would be calculated in the WRC, two hypothetical examples have been developed. These examples show the contribution calculation in instances where:

- Development is for a 100% residential development.
- Development is for a mixed-use development.

Both examples are premised on the monetised cost of a 1% affordable housing contribution as calculated in section 6.2, and assume there will be a need for a mix of both in-kind and monetary contributions. Affordable housing contributions are assumed to only be levied on residential floorspace.

Table 8.1: Hypothetical Worked Examples, Affordable Housing Contributions

Hypothetical Example	Contribution Calculation
Example 1: 100% Residential Development	An existing site zoned R2 Low Density Residential with a site area of 3,500sqm and base FSR of 0.5:1. New density controls would permit 100% residential development at FSR 3.5:1. Base GFA permitted: 1,750sqm New GFA permitted: 12,250sqm Assuming a 1% affordable housing contribution rate applied, the following contributions would apply: Affordable Housing Contribution (%): 1% Equivalent Monetary Contribution: $6,144/sqm GFA Affordable Housing Required (GFA) 1% x 12,250sqm = 122.5sqm Avg. Unit Size: 90sqm In-kind Contribution (dwellings) 122.5sqm ÷ 90sqm = 1.36 Residual GFA: 122.5sqm – 90sqm = 32.5sqm Residual Monetary Contribution $6,114 x 32.5sqm = $199,680 **Total Contribution Payable:** In-kind (Completed Dwelling): 1 Affordable Housing unit Residual Monetary Contribution: $199,680
Example 2: Mixed Use Development	An existing site zoned R2 Low Density Residential with a site area of 4,000sqm and base FSR of 0.5:1. New density controls would permit a mixed use development at FSR 4.5:1, with 4,500sqm of non-residential GFA and 13,500sqm of residential GFA. Base GFA permitted: 2,000sqm New GFA permitted: 12,250sqm *Non-residential* *4,500sqm* *Residential* *13,500sqm* Assuming a 1% affordable housing contribution rate applied, the following contributions would apply:

Hypothetical Example	Contribution Calculation	
	Affordable Housing Contribution (%):	1%
	Equivalent Monetary Contribution:	$6,144/sqm GFA
	Affordable Housing Required (GFA)	1% x 13,500sqm = 135sqm
	Avg. Unit Size:	90sqm
	In-kind Contribution (dwellings)	135sqm ÷ 90sqm = 1.50
	Residual GFA:	135sqm – 90sqm = 45sqm
	Residual Monetary Contribution	$6,144 x 45sqm = $276,300
	Total Contribution Payable:	
	In-kind (Completed Dwelling):	1 Affordable Housing unit
	Residual Monetary Contribution:	$276,480

Source: Atlas Economics

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