

Ellen Robertshaw

From: Esther Cheong <esther.cheong@aecgrouppltd.com>
Sent: Thursday, 21 September 2017 7:26 PM
To: Gavin Carrier
Cc: Kevin Nassif; Ellen Robertshaw
Subject: RE: COMMERCIAL-IN-CONFIDENCE - High Level economic advice - 197 Church Street Parramatta

Dear Gavin

As requested, we provide some points of note in respect of the socio-economic impact relating to the proposed scheme for 197 Church Street, Parramatta (as per the winning entry from International Design Competition) and proposed deletion of 45-minute rule.

We note that the yield for the proposed scheme is as follows

USE	GFA (SQM)
RETAIL	3,627
COMMERCIAL OFFICES	10,374
RESIDENTIAL	60,300 (Approx 644 apartments)
TOTAL	74,300

High-level Socio-economic impacts of Proposal

Once completed and fully operational, the annual recurrent direct and indirect impacts of the commercial and retail floorspace is estimated to contribute to the Parramatta local economy as follows:

Annual Impact*	Output (\$M)	Gross Regional Product (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$168.9	\$99.8	\$61.6	664
Type I Flow-On	\$70.4	\$38.4	\$20.9	211
Type II Flow-On	\$148.3	\$86.9	\$35.3	471
Total	\$387.6	\$225.2	\$117.8	1,346

*assumes commercial space will accommodate in equal portion the industries of: professional, scientific & technical services, health care & social assistance, education & training, financial & insurance services; retail space will accommodate in equal portion the industries of: retail trade, accommodation & food services.

Definitions of Indicators:

Output refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.

Gross Product refers to the value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g. Gross Regional Product) defines a true net economic contribution and is subsequently the preferred measure for assessing economic impacts.

Income measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the Project.

Employment refers to the part time and full time employment positions generated by the economic shock, both directly and indirectly through flow-on activity, and is expressed in terms of Full Time Equivalent (FTE) positions. One FTE job is defined as one person working full time for a period of one year.

Population growth in Parramatta has been strong and sustained, with annual growth 3% and 3.1% in 2013-2015. The average annual rate of population growth over the 2006-2016 period was 2.6%. See table below.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Parramatta	180,919	185,175	189,684	195,136	199,575	203,205	208,363	214,818	221,568	228,248	234,118
Growth Rate		2.4%	2.4%	2.9%	2.3%	1.8%	2.5%	3.1%	3.1%	3.0%	2.6%

Source: ABS (2017). Regional Population Growth, Australia, 2016. Cat. No. 3218.0. ABS, Canberra.

In contrast, average annual dwelling growth over the 2006-2016 period has only been 2.2%.

	2006	2011	2016	
Total Dwellings	64,243	70,407	80,162	2.2%
Dwelling Growth (Avg. Annual)		1.8%	2.6%	

Source: ABS (2017). Census of Population and Housing, 2016. Cat. No. 2008.0. ABS, Canberra

Concurrently, the average number of persons per household has increased from 2.7 persons to 2.8 persons (2011-2016).

Price and rental growth in Parramatta (consistent with rest of Sydney) has been notably strong, unsurprising given that across metropolitan Sydney population growth has outstripped dwellings growth.

Household income growth (average annual growth of 4.5%) has been comparatively modest compared to rental growth (average annual growth of 5.7%) over the 2006-2016 period, exacerbating the already delicate capacity of households to pay for housing.

Rent Profile	2006	2011	2016	
Average weekly household income	\$1,140	\$1,422	\$1,765	4.5%
Average weekly rent payment	\$249	\$352	\$434	5.7%
Rent payment rate	21.9%	24.8%	24.6%	

Source: ABS (2017). Census of Population and Housing, 2016. Cat. No. 2008.0. ABS, Canberra

The Proposal's 644 residential units will contribute to alleviating the supply shortage and exert downward pressure on price growth.

The new residents (around 1,800) will additionally contribute to retail spend in the Parramatta CBD, thereby strengthening its vitality and viability as Sydney's Central City.

High-level economic impacts of Foregone Floorspace Potential

The removal of the 45-minute rule could result in the lost opportunity for the City to accommodate future growth. It is understood that removal of the 45-minute rule could remove circa 350,000sqm GFA of theoretical development capacity available under the current controls. Assuming half of the 350,000sqm was for commercial uses, 175,000sqm could potentially accommodate 8,750 jobs. Those 8,750 direct jobs could result in multiplier activity for another 10,000 jobs. Accordingly total number of potential new jobs which may not be realised is in the order of 18,750.

If completed and operational, the 175,000sqm of potential commercial floorspace is estimated to contribute annually to the Parramatta local economy as follows:

Annual Impact	Output (\$M)	Gross Regional Product (\$M)	Incomes (\$M)	Employment (FTEs)
Direct	\$2,538.6	\$1,511.2	\$925.5	8,750

Type I Flow-On	\$1,030.1	\$575.9	\$313.8	3,123
Type II Flow-On	\$2,228.1	\$1,306.5	\$530.4	7,074
Total	\$5,796.7	\$3,393.6	\$1,769.7	18,947

The other 175,000sqm GFA if assumed purposed as residential, would be equivalent to around 2,000 residential units that could accommodate at least 5,000 residents.

We emphasise that the above comprises a high level estimate however it does provide an indication of the broad order of magnitude impacts.

Feel free to call if you need to discuss or if you need anything further.

Regards

Esther



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