

# REDFERN NORTH EVELEIGH

## Economic productivity and job creation



Prepared for Transport for NSW

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# Quality Assurance

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## Quality control

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This document is for discussion purposes only unless signed and dated by a Principal of HillPDA.

## Reviewer

Signature



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## Report details

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## Definitions and acronyms

Unless the context otherwise provides, words, phrases and abbreviations used in this study have the meaning given to them as set out in Table 1 below.

**Table 1: Definitions**

Term	Description
ABS	Australian Bureau of Statistics
Carriageworks sub-precinct	Refer to Section 1.2
Clothing Store sub-precinct	Refer to Section 1.2
CoS	City of Sydney
DPE	Department of Planning and Environment
DZ	Destination Zone (ABS employment data small area geography)
GFA	Gross Floor Area
GSC	Greater Sydney Commission
LGA	Local Government Area
LSPS	Local Strategic Planning Statement
NLA	Net Leasable Area
Paint Shop sub- precinct	Refer to Section 1.2
Panel Report	Sydney Innovation and Technology Precinct Panel Report 2018
FES	Floor Space Employment Survey
Greater Sydney	Greater Capital City Statistical Area as classified by the ABS
RNE	Redfern North Eveleigh Precinct Renewal Program
RNE Precinct	The area of the Redfern-Waterloo State Significant Precinct applicable to this scope of works shown in Section 2.1.
RPA	Royal Prince Alfred Hospital
SEPP	State Environmental Planning Policy
Site	The Paint Shop sub-precinct which is the area applicable to this SSP Study.
SA1	Statistical Area Level 1 (ABS dwelling and population small area geography)
SSP	State Significant Precinct
Sub-precincts	Refers to the individual component sub-precincts labelled in Section 1.2 as: <ul style="list-style-type: none"> <li>the Clothing Store</li> <li>Carriageworks</li> <li>the Paint Shop</li> </ul> that the RNE Precinct is comprised of.
The Precinct	RNE Precinct
Transport	Transport for NSW
TPA	Transport Performance and Analytics
TZ	Travel Zone



# EXECUTIVE SUMMARY

## Background

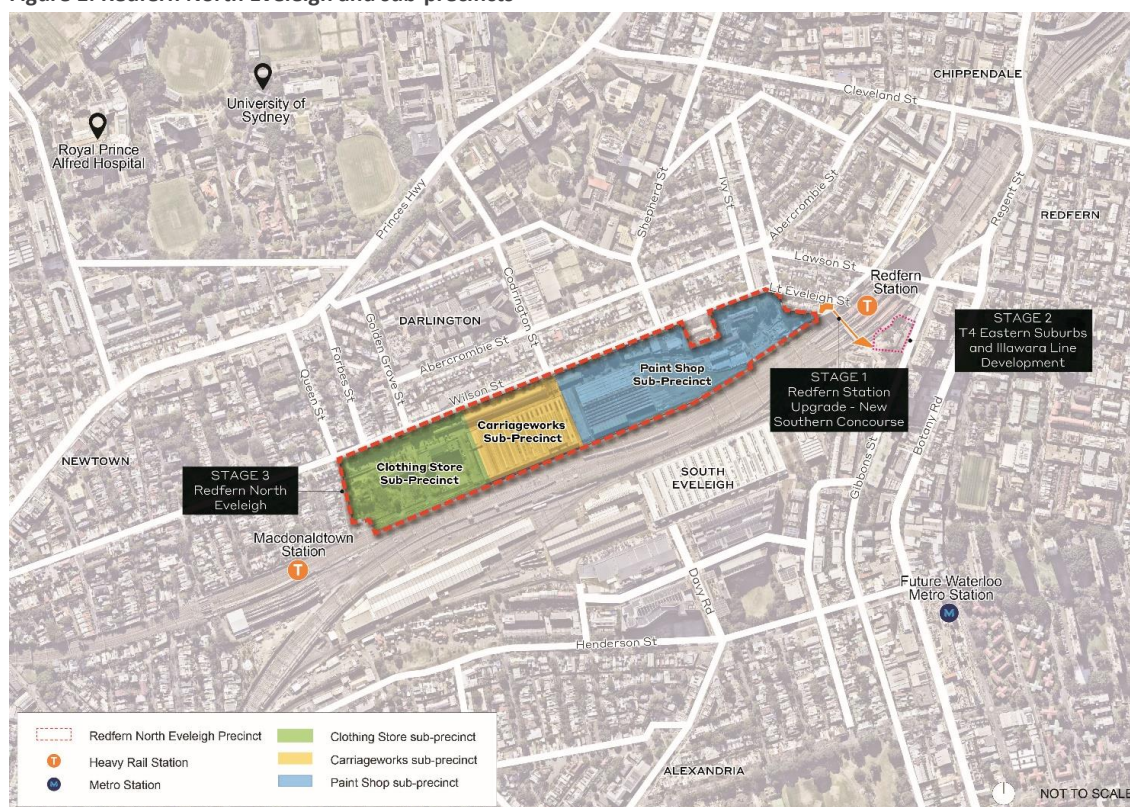
The NSW Government is investing in the renewal of the Redfern North Eveleigh Precinct to create a unique mixed-use development, located within the important heritage fabric of North Eveleigh. The strategic underpinning of this proposal arises from the Greater Sydney Region Plan and District Plan. These plans focus on the integration of transport and land use planning, supporting the creation of jobs, housing, and services to grow a strong and competitive Sydney.

The Redfern North Eveleigh Precinct is one of the most connected areas in Sydney, and will be a key location for Tech Central, planned to be Australia's biggest technology and innovation hub. Following the upgrading of Redfern station currently underway, the precinct's renewal is aimed at creating a connected destination for living and working and an inclusive, active and sustainable place around the clock.

The Precinct comprises three sub-precincts, each with its own distinct character:

- The Paint Shop sub-precinct
- The Carriageworks sub-precinct
- The Clothing store sub-precinct.

**Figure 1: Redfern North Eveleigh and sub-precincts**



Source: Ethos Urban

## Purpose of this report

HillPDA was commissioned to provide an economic productivity and job creation assessment of the proposed changes and consider any potential impacts that may result within, and surrounding, the Paint Shop sub-precinct (hence referred to as the Site).

This report addresses study requirement 12. *Economic productivity and job creation* as detailed in the Redfern North Eveleigh Precinct State Significant Precinct study requirements provided by the NSW Department of Planning, Industry and Environment in December 2020.

The core study requirements identified for the economic productivity and job creation report are as follows:

- Identifies the existing situation, including constraints, opportunities and key issues
- Outlines the likely impacts of the proposal including economic benefits and job creation (particularly in relation to Tech Central)
- Informs and supports the preparation of the proposed planning framework, including any recommended planning controls or DCP/Design Guideline provisions.

## Existing situation, opportunities, and key issues

Based on a review of the strategic context review of the Site (Chapter 2), stakeholder consultation (Chapter 3) and technology and innovation needs (Chapter 4), the following constraints, issues, trends and opportunities for the Site have been identified.

**Table 2: Existing situation, opportunities, and key issues**

Key trends, issues and/or constraints	Opportunities for the Site
Agglomeration effects	The Site is located near major universities, business hubs, transport nodes and several government-driven innovation and urban renewal projects. The development of the Site would assist to enable Sydney to become Australia's preferred home to technology industries. This would be a significant technology precinct that leverages the existing university ecosystem and other global Australian technology companies. It would also enable future technology and creative growth industries to co-locate. The redevelopment will focus on attracting knowledge-intensive, creative and start-up industries within the 30min city catchment.
Mooted pipeline	Based on the development pipeline, the Site has an opportunity to meet some of the short-term commercial office supply and innovation jobs ahead of other mooted developments, particularly the Over Station Development (OSD) at Central Precinct, which requires detailed infrastructure planning and sequencing. It is worth noting that not all developments proceed for various reasons such as funding, pre-commitment, approvals and partnership arrangements.
Job targets	The City of Sydney's Local Strategic Planning Statement (LSPS) 2020 targets an additional 200,000 jobs to be accommodated in Sydney LGA between 2016-36. The Site would directly support around 6,200 jobs, contributing to the LGA meeting this target.  Furthermore, the Sydney Innovation and Technology Precinct Panel Report 2018 (Panel Report) targets 25,000 more jobs in innovation across the Tech Central Precinct, of which includes the Site. It is estimated that of the 6,200 jobs directly supported on the Site, around 5,880 would be attributed to innovation and other commercial office jobs. As such, the Site would contribute to the LGA and the NSW Government achieving this target.
Demand for Commercial office space	Based on Transport Planning Authority (TPA) forecasts (2019) for 2021 to 2046, employment within the Sydney LGA area was forecast to increase by 193,361 jobs. The increase in jobs for knowledge-intensive office-based industries to 2046 is 117,840 persons, which equates to an estimated floorspace increase of 1,964,000sqm GFA. The Site would provide a maximum of 98,023sqm GFA. The market share of the Site would meet 5% of the forecast office space needs in the Sydney LGA to 2046 which is a reasonable capture of the forecast market.



Key trends, issues and/or constraints	Opportunities for the Site
Demand for retail	<p>The Site would provide a maximum of 9,006sqm GFA of retail space. There is sufficient demand to support 15,000sqm GFA of retail space, although no more than 10,000sqm is likely to be developed given existing constraints. For a centre of this size in this location we suggest the following retail mix for the Site:</p> <ul style="list-style-type: none"> <li>■ Food and groceries of 1,500 to 2,000sqm</li> <li>■ Restaurants and other food services of around 3,000 to 5,000sqm</li> <li>■ Non-food stores and services of around 1,500sqm to 2,500sqm</li> <li>■ Non-retail commercial services of around 500sqm to 1,500sqm.</li> </ul>
Underutilised land	<p>The Site comprises over five hectares of inner-city land. Despite being earmarked by Government for urban renewal for over 3 decades the land is still undeveloped and underutilised. The Site provides an opportunity to deliver city shaping urban renewal with a mix and density of uses including residential dwellings, employment lands, community and social space in proximity to existing transport infrastructure and other renewal precincts.</p> <p>Development of the Site with these types of land uses would contribute to Sydney LGA attaining its population, dwelling and employment targets. It would also contribute to achieving the overall vision for Tech Central, incentivising further development and supporting associated agglomeration benefits. The Site's development capacity suggested by the masterplan is significant enough to develop a standalone innovation precinct that meets all the benchmarks for a successful precinct. Its location juxtaposed to South Eveleigh also enhances its market appeal and ability to leverage off existing start-ups and research units nearby.</p>
Floorplates	<p>The LSPS highlights there is a lack of suitable large employment floorplates in the LGA. This is a result of commercial office conversions and the development of student accommodation. The Site would provide a variety of floorplates suitable for different commercial businesses and scales. There will also be an element of affordable commercial floorspace for innovation and start-up companies which is targeted at 20% of total new stock.</p>
Mix of land uses	<p>The Site would provide an indicative balance mix of 77% commercial/retail and community uses with the balance (23%) as residential use. This balance seeks to provide an active place that seamlessly shifts between the daytime and night-time economy. Case studies such as Darling Square and our market research of innovation precincts identifies the importance of such a mix with vibrant retail, entertainment and cultural activities to attract and retain residents, workers and visitors. It is referred to as enhancing the precinct's stickability – a reason to stay longer.</p>
Night-time economy	<p>The supermarket and food and drink offerings (restaurants and bars) are the most important contributors to a night-time economy. These businesses will typically remain open until late – provided there is potential demand to make it work. Given the range of land uses on and within a short walking distance of the Site, these businesses should be able to remain open until late. The residential apartments and the local students will supplement the night-time activity, providing a source of expenditure to late hours. The night-time economy contributes to the success of the place in terms of vibrancy and culture.</p>
Stakeholder consultation	<p>Stakeholder consultation highlighted the opportunity to provide for and encourage, first nation enterprises and storytelling as part of the cultural fabric and move ahead as an innovation precinct that encourages “start-ups” to relocate and research hubs to grow. There is also the opportunity to provide cultural and creative makers space that add jobs and assist in activating the area.</p> <p>In terms of built form, the consultation found a strong desire for public space that transients between the indoor and outdoor area (dubbed “third space”) and that encourages active retail and other commercial that would assist in ground plane activation. The proposed masterplan design aims to address this opportunity.</p>

Key trends, issues and/or constraints	Opportunities for the Site
Tech Central	<p>The development of the Site would support the activation and connectivity down the transport corridor between Central Station and Eveleigh. As such, the Site and wider RNE Precinct can significantly contribute to the vision of the Tech Central precinct through the development of a vibrant mixed-use precinct in the heart of the Central to Eveleigh innovation and technology precinct.</p> <p>Of the 6,200 jobs directly supported on the Site, it is estimated that around 5,880 would be attributed to innovative and other commercial jobs. There is also potential for affordable floorspace for start-ups, scale-ups, innovation ecosystem partners and other early-stage companies which is targeted at 20%. Although not all 5,880 commercial jobs provided directly on the Site would be innovation and technology jobs, they would contribute to Tech Central attaining its minimal job target of an additional 25,000 innovation and technology jobs. Hence, development of the Site would significantly contribute to the job target and overall vision of Tech Central.</p>

## Threats, constraints, risks and mitigation measures

The following potential constraints, risks and/or threats have been identified in the table immediately below. Beside each potential shortcoming is a clear mitigation measure to manage these potential risks.

**Table 3: Threats, constraints, risks and mitigation measures**

Threat or risk	Assessment and mitigation measure
COVID 19 impacts and short-term oversupply	<p>Following the re-opening of borders and Sydney returns to growth mode there will be demand for employment space in the knowledge intensive and innovation industries notwithstanding the impacts of COVID-19. This has been factored into the demand assessment. The delivery period (planning, design and construction) will take 4-5 years plus and in all likelihood, there will be some growth in demand during this period. In any case the market risk can be managed with a proper marketing strategy to secure pre-commitments prior to construction (see below)</p>
Competition with other tech central sites including Central Station	<p>The Site would not directly threaten the development of the wider Tech Central or its sub-precincts given:</p> <ul style="list-style-type: none"> <li>■ The Site would only partially contribute to the additional 25,000 innovation jobs forecast for Tech Central. The remaining jobs would be taken up in the remaining Tech Central sub-precincts.</li> <li>■ Based on the development pipeline, the Site has an opportunity to meet some of the short-term commercial office supply and innovation jobs ahead of other mooted developments. Many sites, particularly the Over Station Development (OSD) at Central Precinct, which requires detailed infrastructure planning and sequencing and would not be ready or viable to develop in the short to medium term. Not all mooted developments proceed for various reasons. The Site offers a short-term solution to providing space for these job targets.</li> <li>■ The differing sub-precincts within Tech Central would not attract all the same innovation and technology job types. There is therefore an opportunity to create distinct precinct specialisations such as big Tech company precincts versus tech start up or health technology precincts.</li> </ul>

Threat or risk	Assessment and mitigation measure
Market risk with tech industries	The level of market risk is low by comparison to other sites largely because of the Site's position adjacent to South Eveleigh (which is almost fully developed) and Sydney University and largely due to its location near Sydney CBD and short walking distance to Redfern Station and the future Metro.
	The level of market risk with the Site is no greater than other sites in Tech Central. On the contrary the subject site has advantages as mentioned above. The surest mitigation strategy would be to develop and implement a marketing strategy before construction. This would involve attracting an anchor innovation tenant or two (eg Microsoft, CSIRO, Google, Amazon, Uber, WiseTech, etc) and to pre-commit to space. Smaller enterprises and start-ups will be attracted following pre-commitments from the anchor/head tenants.
	Anchor innovation businesses could include Apple, Microsoft, Oracle, CSIRO, Google, Amazon, Uber, WiseTech, Facebook, Dell, Telstra, Optus to name a few. Incentives can be used to attract any one or more of these tenants on the site. Incentives are not just necessarily lease incentives or planning incentives but can also be government and tax incentives given the competition between states and even countries to attract innovation companies.

## Innovation and technology requirements and demand

Based on our assessment of the literature and our professional assessment, we have synthesised these insights into a single framework that could apply to the Site. The following table summarises six fundamental assessment principles used to determine the suitability of an innovation precinct.

**Table 4: Fundamental principles for innovation hubs**

Theme	Fundamental Assessment Principles
Quality of place	<p><b>Quality of transport and connectivity:</b> residents and workers have access to quality transport options and a good walking experience within and between precincts; few barriers inhibit or segregate innovation clusters.</p> <p><b>Quality of amenity:</b> workers and residents have a range of amenities that enhance their lives, work, and play. This includes quality internet access and availability of the latest digital innovations.</p> <p><b>Distinct urban character:</b> A precinct needs a unique history and character. Creative industries and cultural organisations are supported and encouraged; this enhances the liveability and sense of community.</p>
Economic fundamentals	<p><b>Distinct industry/employment clustering:</b> there are distinct clusters of innovation workers – a critical mass; these groups complement one another according to industry and occupation.</p> <p><b>Residential/commercial development potential:</b> there is enough commercial and residential space to accommodate future demand; land zoning is flexible and supports a changing economy.</p>
Governance and support services	<p><b>Anchor institutions or firms:</b> large scale institutions or firms that lead and drive collaboration (i.e., Atlassian) within a precinct; a governance body (bodies) e.g., Barangaroo exists to coordinate and facilitate innovation programs, activities, and services across the precinct. Any governance should also acknowledge the plans for overall governance of Tech Central.</p>

Bates Smart conducted floorplate research using their existing tenants and projects and found there is a need to vary the floor plates based on the user type. A general trend in office design is to design flexible floorspace that can cater for a fluid workforce. Office fit-outs and services need to be well designed to assist in attracting and retaining the workforce particularly in a post COVID-19 pandemic environment. The proposal allows for this flexibility in floorplates and uses (with varying floorplate sizes and fit-out) that provide built environment diversity that should meet the needs of technology companies at various levels of growth.

**Table 5: Innovation and technology requirements and floor space demand**

Type	User	Characteristics / Needs	Floorplates
Mixed-use commercial – Contemporary warehouse	Business(es) or institutions wanting proximity to culture + institutions with a ‘warehouse feel’ but contemporary facilities.	Low-scale building suited to timber construction or flexible warehouse form. Benefitting from a rich mix of retail and associated uses at ground levels	1,000 - 1,300sqm
Innovation warehouse	Start-ups, scale-ups, or single anchor looking for unique space	Heritage fabric, large floorplate, generous volume, natural light, mezzanines.	6,200sqm
Warehouse plus	Integrated development Combining heritage with contemporary workspace.	Flexible open floorplate provides for connectivity, light and corporate impact. Landscaped roof – social space and outdoor work/events	1,800sqm
Innovation anchor premium tower	Established successful companies	Large and flexible tower floorplates (1,500sqm+). Premium address with prominent location and amenity.	1,700 - 2,000sqm
Tech vertical village	Commercial space for mid-sized tech companies to be collocated with some shared amenities	Mid-scale building with 1,000sqm floorplates (nom). Potentially shared facilities in the podium. Mixed-mode environments.	1,200 - 2,300sqm
Boutique and unique commercial	Small scale businesses wanting a heritage workplace	A contemporary adaptation of heritage buildings. Cellular office environments are suited to quieter focussed workplaces.	400 - 650sqm

Source: Bates Smart Urban Design Report 2021

## Specific planning framework recommendations

Development should be open to the public and not insular or inward looking. The open spaces, retail and hospitality services should face outwards. This was the theme for South Eveleigh (former ATP) which has helped to deliver an integrated and successful outcome.

Also, it is important to deliver the retail, hospitality, community and essential commercial services early in development as this improves the amenity and hence marketability of both the commercial and residential spaces.

## The economic impacts of the Site

### During Construction\*

#### Economic activity



\$908.8m construction cost  
\$290m direct contribution to GDP  
\$1.2b direct and indirect contribution to GDP

#### Direct jobs during construction



2,210 job years directly

#### Total direct and indirect jobs



8,305 direct and indirect job years supported

### Post construction

#### Employment floorspace



109,547sqm GFA

#### Jobs



6,200 direct jobs supported on the Site  
16,815 direct and indirect jobs supported

#### Staff remuneration



\$890 million per annum directly  
\$1.9 billion direct and indirectly

#### Gross Value Added to local economy



\$1.5 billion per annum directly  
\$3.9 billion direct and indirectly

\* Based on an estimated construction cost of \$908.8 million (\$2022)

## The case for change

The following identifies the principles of a successful innovation / mixed-use / commercial precinct and demonstrates how the Site is aligned strongly to these main principles as follows:

1. **Highly accessible location:** The Site is in a highly accessible location being within 400m of Redfern Station and within 800m of the future Metro station.
2. **Anchor enterprises and institutions:** The site is adjacent to South Eveleigh which is now home to some major enterprises including the Commonwealth Bank, CSIRO and NSW Education (Technology 4 Learning) - Utilisation & Innovation Headquarters. Also, Sydney University is within 200m immediately to the north.
3. **Critical mass of related enterprises:** Being adjacent to South Eveleigh and close to Sydney University there is a range of existing enterprises in the innovation precinct promoting activity and vibrancy which will assist in creating an amenable environment.
4. **Vibrant, amenable, and walkable physical environment:** The development of the Site and the over-station connection to South Eveleigh will provide that walkable environment with a high level of amenity and connectivity.
5. **Well-connected digital environment:** The location is already well serviced with national broadband as well as Telstra 5G network, so it is already attractive for technology firms that require highly efficient global communications.
6. **Shared or collaborative spaces:** In addition to formal meeting rooms and shared spaces the inclusions/juxtaposition of the heritage buildings provides the perfect opportunity for the incorporation of the central plaza into the design. This will create this third space which transients between the indoor and outdoor area encouraging ground plane activation and providing a meeting place for collaboration.
7. **Flexible (post COVID) design:** The site provides a perfect opportunity to provide post-COVID employment space with flexible floor plates and flexible (hot desk) workspace where firms can evolve and change in scale over time as well as adapt to a more flexible workforce. It can be designed and marketed as purpose built for the new economy.
8. **Governance:** Being in single ownership the Site provides the opportunity for governance that can curate and manage the mix of firms and services. This can be a condition of sale that ensure the tenancy mix maintains its focus on innovation and collaboration for the new economy. This curation role is an ongoing role that continues well past the initial letting and sale of properties and can include public events and cultural activities to activate spaces – particularly in the central plaza.
9. **Residential:** Whilst residential is not an essential component to a successful innovation precinct, proximity to residential and a walkable catchment is. Mixed use development with residential encourages both day and night activation and enables a sustainable live/work/learn and play lifestyle that ensures a vibrancy around the clock.

The overall conclusion is that the Site provides a strong opportunity to meet some of the forecast demand for innovation, technology, health, education and creative industry jobs in Tech Central. In particular, the site is next to South Eveleigh which is almost fully developed and close to Sydney University which are both potential new anchors and attractors for new enterprises and start-ups. The Site provides the perfect opportunity for a successful design of an innovation hub that is identified in the research. Unlike many of the other pipeline sites identified in Tech Central, the Site is ready now and feasible to develop.



# INTRODUCTION

# 1. INTRODUCTION

The NSW Government is investing in the renewal of the Redfern North Eveleigh Precinct (RNE Precinct) to create a unique mixed-use development, located within the important heritage fabric of North Eveleigh. The strategic underpinning of this proposal arises from the Greater Sydney Region Plan and District Plan. These Plans focus on the integration of transport and land use planning, supporting the creation of jobs, housing and services to grow a strong and competitive Sydney.

The RNE Precinct is one of the most connected areas in Sydney, and will be a key location for Tech Central, planned to be Australia's biggest technology and innovation hub. Following the upgrading of Redfern station currently underway, the Precinct's renewal is aimed at creating a connected destination for living and working, and an inclusive, active and sustainable place around the clock.

The RNE Precinct comprises three Sub-Precincts, each with its own distinct character:

- The Paint Shop Sub-Precinct which is the subject of this rezoning proposal
- The Carriageworks Sub-Precinct, reflecting the cultural heart of the Precinct where current uses will be retained
- The Clothing Store Sub-Precinct which is not subject to this rezoning proposal.

This State Significant Precinct (SSP) Study proposes amendments to the planning controls applicable to the Paint Shop Sub-Precinct to reflect changes in the strategic direction for the Sub-Precinct. The amendment is being undertaken as a State-led rezoning process, reflecting its status as part of a State Significant Precinct located within the State Environmental Planning Policy (Precincts - Eastern Harbour City) 2021.

The amended development controls will be located within the City of Sydney Local Environmental Plan. Study Requirements were issued by NSW Department of Planning and Environment (DPE) in December 2020 to guide the investigations to support the proposed new planning controls.

## 1.1 Purpose of this report

The purpose of this report is to provide an economic productivity and job creation assessment of the proposed changes and consider any potential impacts that may result within and surrounding the Paint Shop Sub-precinct (hence referred to as the Site). This report addresses the Minister's Study Requirement 12. *Economic productivity and job creation*. The relevant study requirements, considerations and consultation requirements, and where these have been addressed, is outlined in Table 6 below.

**Table 6: Study requirements, considerations and consultation requirements**

Ref.	Study requirement	Section of this report
<b>Study requirements</b>		
12.1	Identifies the existing situation, including constraints, opportunities and key issues	Section 2: Pages 23-29
12.1	Outlines the likely impacts of the proposal, including economic benefits and job creation (particularly about Tech Central)	Section 7: Pages 67-72
12.1	Informs and supports the preparation of the proposed planning framework, including any recommended planning controls or DCP/Design Guideline provisions	Section 8: Pages 73-74
12.2	Prepare a high-level Development Feasibility Study that outlines the market demand and demonstrates that the new planning controls will result in feasible development	Section 2: Page 29 Section 5: Pages 46-57

Ref.	Study requirement	Section of this report
<b>Considerations</b>		
	<ul style="list-style-type: none"> <li>Likely wider economic benefits of the proposal to employment, commercial, retail impacts</li> </ul>	Section 7: Pages 67-72
	<ul style="list-style-type: none"> <li>The job-creating potential of the proposal and the role of the precinct in delivering the Tech Central; Tech Central's vision and objectives</li> </ul>	Section 7: Pages 67-72
	<ul style="list-style-type: none"> <li>The role of the precinct in supporting the 24-hour economy, including food, beverage, entertainment, retail activation of the precinct; appropriate public space, cultural infrastructure, cultural production and presentation spaces, entertainment, live music venues, creative services and diversity of cultural activation</li> </ul>	Section 6: Pages 58-66
	<ul style="list-style-type: none"> <li>Land uses that allow for appropriate space for business, including mixed-use business models, visitor services and tourism, as well as cultural uses</li> </ul>	Section 4: Pages 33-45
	<ul style="list-style-type: none"> <li>Active frontages at ground level and interchange levels where appropriate</li> </ul>	Sections 4 and 6 Pages 33-45 and 58-66
	<ul style="list-style-type: none"> <li>Measures to achieve diverse, inclusive, creative, socially connected and sustainable precinct</li> </ul>	Sections 4 and 6 Pages 33-45 and 58-66
	<ul style="list-style-type: none"> <li>Demographics of existing and future populations.</li> </ul>	Covered in the Demographics and Population Report as part of response to Study Requirement 4: Population and Demographics
<b>Consultation</b>		
	<p>The Study is to be informed by consultation with:</p> <ul style="list-style-type: none"> <li>DPE's demographics team, the City of Sydney's demographics and the Greater Sydney Commission</li> <li>Create NSW</li> <li>Major public and private cultural infrastructure – Carriage works, Museum of Applied Arts and Sciences, and small to the medium arts sector such as neighbourhood studios, galleries, production and presentation spaces</li> <li>Local Aboriginal organisations and groups</li> <li>Creative arts, music and design schools of Universities and TAFE NSW.</li> </ul>	Section 3: Pages 30-32

## 1.2 Redfern North Eveleigh Precinct

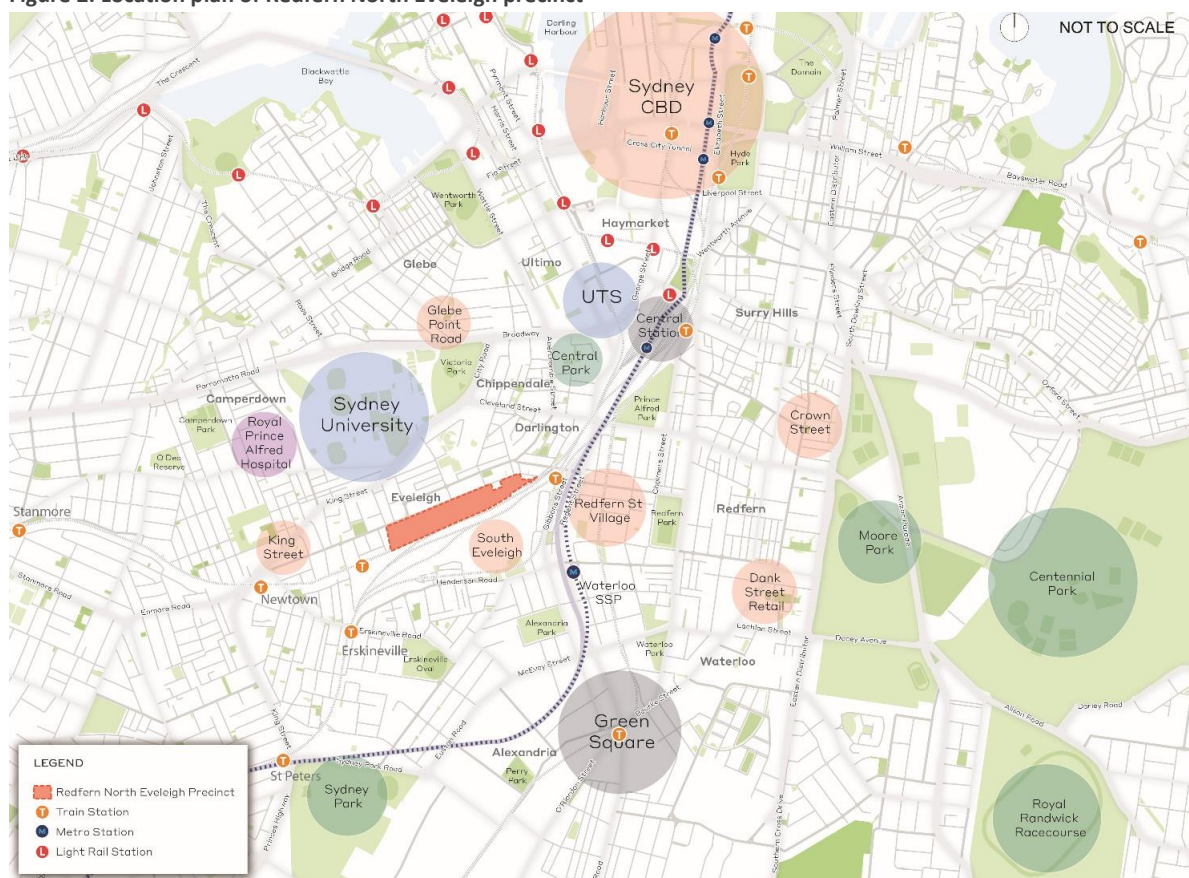
The RNE Precinct is located approximately 3km southwest of the Sydney CBD in the suburb of Eveleigh (refer to Figure 2). It is located entirely within the City of Sydney local government area (LGA) on government-owned land. The Precinct has an approximate gross site area of 10.95 hectares. It comprises land bounded by Wilson Street and residential uses to the north, an active railway corridor to the south, residential uses and Macdonaldtown Station to the west, and Redfern station located immediately to the east of the Precinct. The Precinct is also centrally located close to well-known destinations, including Sydney University, Victoria Park, Royal Prince Alfred Hospital, University of Technology, Sydney, South Eveleigh and part of the broader Tech Central District.

The RNE Precinct is located within the State Heritage-listed area of Eveleigh Railway Workshops. It currently comprises the Platform Apartments with 88 private dwellings, Sydney Trains infrastructure, and key state heritage buildings, including the Paint-shop, Chief Mechanical Engineers Office building, and the revitalised heritage Carriageworks and Blacksmith Shop provide shared community spaces for several events, including the Carriageworks Farmers Markets.

A map of the Precinct and relevant boundaries is illustrated in Figure 2.



**Figure 2: Location plan of Redfern North Eveleigh precinct**



Source: Ethos Urban

**Figure 3: Redfern North Eveleigh and sub-precincts**



Source: Ethos Urban

### 1.3 Redfern North Eveleigh Paint Shop sub-precinct

The Site is approximately 5.15 hectares and is bounded by Wilson Street to the north, residential terraces and Redfern station to the east, the Western Line rail corridor to the south and the Carriageworks sub precinct to the west. The sub-precinct has a significant level change from a Reduced Level (RL) height of RL25 metres to RL29 metres on Wilson Street.

The Site currently hosts several items of heritage significance, including the Paint Shop building, Fan of Tracks, the Scientific Services Building No.1, the Telecommunications Equipment Centre, and the former Chief Mechanical Engineers Office building. The sub-precinct has several disused spaces adjacent to the rail corridor and functioning Sydney Trains infrastructure, offices and train stabling. Vehicle and pedestrian access to this area is used by Sydney Trains. The site has a clear visual relationship to South Eveleigh and the Eveleigh Locomotive Workshops across the active rail corridor.

A map of the Site and relevant boundaries is illustrated in Figure 2.

### 1.4 Renewal vision

The RNE Precinct will be a connected centre for living, creativity and employment opportunities that support future jobs. An inclusive, active and sustainable place for everyone, where communities gather.

Next to one of the busiest train stations in NSW, the Precinct will comprise a dynamic mix of uses, including housing, creative and office spaces, retail, local business, social enterprise and open space. Renewal will draw on the past, adaptively re-using heritage buildings in the Precinct and will acknowledge Redfern's existing character and particular significance to Aboriginal peoples, culture, and communities across Australia. The Precinct will evolve as a local place contributing to a global context.

### 1.5 Project description

An Urban Design and Public Domain Study has been prepared to establish the urban design framework for the Site. The Urban Design and Public Domain Study provides a comprehensive urban design vision and strategy to guide future development of the sub-precinct and has informed the proposed planning framework of the SSP Study.

The urban design framework for the Site comprises:

- Approximately 1.4 hectares of publicly accessible open space, comprising:
  - A public square – a 7,910 square metre public square fronting Wilson Street;
  - An eastern park – a 3,871 square metre park located adjacent to the Chief Mechanical Engineer's Building and the new eastern entry from Platform 1 of the Redfern station; and
  - Traverser No1 - a 2,525 square metre public square edged by Carriageworks and the Paint Shop.
- Retention of over 90% of existing high value trees.
- An overall greening coverage of 40% of the Sub-Precinct.
- A maximum of 142,650 square metre gross floor area (GFA), comprising:
  - between 103,700 - 109,550 square metres of gross floor area (GFA) for employment and community facility floor space (minimum 2,500 square metres). This will support approximately 6,200 direct jobs on the site across numerous industries including the innovation, commercial and creative sectors.
  - between 33,100 - 38,950 square metres of GFA for residential accommodation, providing for between 381 and 449 new homes (including 15% for the purposes of affordable housing).



- New active transport infrastructure and routes to better connect the Paint Shop Sub-Precinct with other parts of Tech Central and the surrounding localities.
- Direct pedestrian connections to the new Southern Concourse at Redfern station.
- Residential parking rates, comprising:
  - Studio at 0.1 per dwelling
  - 1 Bed at 0.3 per dwelling
  - 2 Bed at 0.7 per dwelling
  - 3 Bed at 1.0 per dwelling
- Non-residential car parking spaces (including disabled and car share) are to be provided at a rate of 1 space per 700 square metres of GFA.
- 66 car spaces are designated for Sydney Trains maintenance and operational use.

The key features of the Urban Design Framework, include:

- The creation of a new public square with direct pedestrian access from Wilson Street to provide a new social and urban hub to promote outdoor gatherings that will accommodate break out spaces and a pavilion structure.
- An eastern park with direct access from Redfern station and Little Eveleigh Street, which will provide a high amenity public space with good sunlight access, comfortable wind conditions and community character.
- Upgraded spatial quality of the Traverser No1 yard, retaining the heritage setting, and incorporating complementary uses and good access along Wilson Street to serve as a cultural linkage between Carriageworks and the Paint Shop Building.
- The establishment of an east-west pedestrian thoroughfare with new public domain and pedestrian links.
- A range of Water Sensitive Urban Design (WSUD) features.
- Activated ground level frontages with commercial, retail, food and beverage and community and cultural uses.
- Adaptive reuse of heritage buildings for employment, cultural and community uses.
- New buildings for the Sub-Precinct, including:
  - Commercial buildings along the rail corridor that range between 3 and 26 occupied storeys;
  - Mixed use buildings along the rail corridor, comprising a three-storey non-residential podium with residential towers ranging between 18 to 28 occupied storeys;
  - Mixed use buildings (commercial and residential uses) along Wilson Street with a four-storey street wall fronting Wilson Street and upper levels at a maximum of 9 occupied storeys that are set back from the street wall alignment;
  - A commercial building on the corner of Wilson Street and Traverser No.1 with a four-storey street wall fronting Wilson Street and upper levels at a maximum of 8 occupied storeys that are set back from the street wall alignment. There is flexibility to allow this building to transition to a mixed-use building with active uses at ground level and residential uses above; and
  - Potential options for an addition to the Paint Shop Building comprising of commercial uses. These options (all providing for the same GFA) include:
- A 5-storey commercial addition to the Paint Shop Building with a 3m vertical clearance, with the adjacent development site to the east comprising a standalone 3-storey commercial building (represented in Figure 3);



- A 3-storey commercial addition to the Paint Shop Building with a 3m vertical clearance which extends and connects to the commercial building on the adjacent development site to the east; and
- No addition to the Paint Shop Building, with the adjacent development site to the east comprising a standalone 12-storey commercial building.
- Commitment to a 5 Star Green Star Communities rating, with minimum 5 Star Green Star Buildings rating.

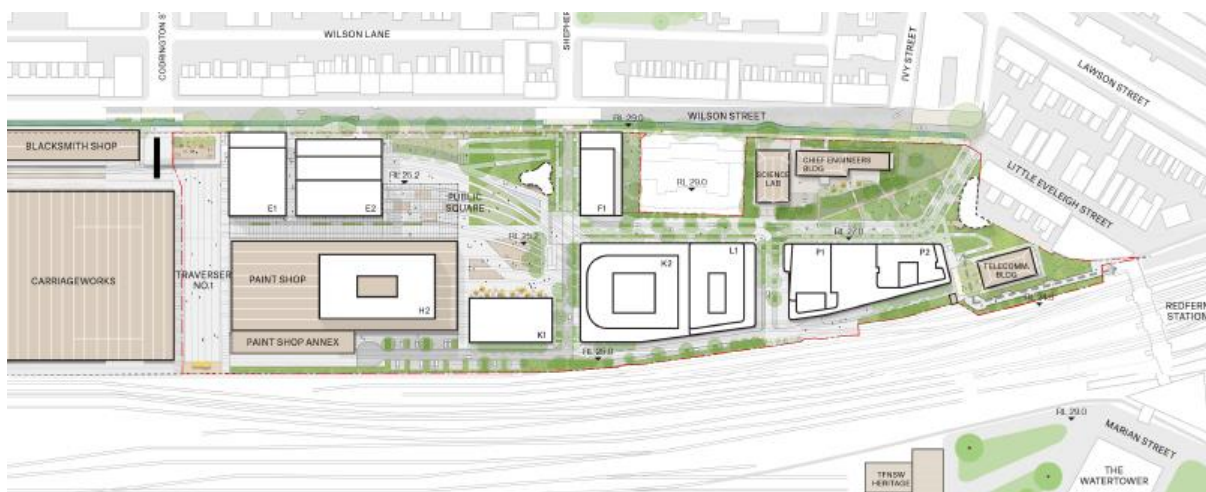
All proposed buildings are below the Procedures for Air Navigation Services – Aircraft Operations (PANS-OPS) to ensure Sydney Airport operations remain unaffected. The proposed land allocation for the Site is described in Table 7 below.

**Table 7: Breakdown of allocation of land within the Site**

Land allocation	Existing	Proposed
Developed area	15,723sqm / 30% of total site area	20,824sqm / 40% of total site area
Public open space (proposed to be dedicated to the City of Sydney)	Area not publicly accessible	14,306sqm / 28% of total site area
Other public domain areas (Including streets, shared zones and pedestrian pathways)	Area not publicly accessible	15,149sqm / 29% of total site area
		(Excludes privately accessible public links and private spaces ~ 3% of total site area)

The Indicative Concept Proposal for the Site is illustrated in Figure 4 below.

**Figure 4: Indicative Concept Proposal**



Source: Bates Smart 2021

## 1.6 Methodology

To fulfil Study Requirement 12, HillPDA consulted with the DPE and CoS Demographic teams to ensure the study requirements are met with a consistent approach with aligned data. Based on this consultation, the following procedure was applied:

- Small area ABS 2016 census data was used to understand the creative and technology worker catchment profile surrounding the Site and wider Precinct
- The City of Sydney's Floor Space Employment Survey (FES) was used to conduct benchmark analysis of other high-density locations in Sydney LGA that could inform and guide profiling the likely future socio-economic outcomes of the Site

- Transport for NSW (Transport) inputs related to employment growth Travel Zone Data 2016, ABS 2016 Census Data was used to forecast employment on the Site and wider Precinct
- Transport inputs relating to building assumptions and land use mix, FES employment ratios, and Transport employment projections were used to forecast future job creation on the Site and wider Precinct.

## 1.7 Technology and innovation definition

To define the technology and creative industry, we have used 4-Digit ANZIC codes to delineate the following creative industries in media, content creation, advertising, design services, publishing and IT industries. This is consistent with DPE, and other strategic documents prepared for the RNE Precinct and Tech Central.

A complete list of relevant ANZIC codes is provided in Appendix A.

## 1.8 Study structure

Our study structure is set out in accordance with the study requirements:

- **Strategic context** | undertakes a review of the existing environment (including physical, policy and socio-economic macro trends) to identify constraints, opportunities and critical issues of the Precinct.
- **Consultation** | summarises consultation undertaken with various government agencies, local Aboriginal organisations, and other creative and cultural industries. This consultation aims to provide insights into needs and requirements and how the site might best accommodate these needs.
- **Technology and innovation needs** | undertakes a review and assessment of Technology and Innovation Industry needs to support their attraction and evolution within the Precinct. Recommendations and steps required to deliver a technology and innovation cluster in the Precinct are also provided.
- **Commercial demand assessment** | forecasts the demand for commercial space within a local catchment around the Precinct and estimates the amount and type provided on the Site.
- **Retail demand assessment** | forecasts the demand for retail floor space within a local catchment around the Precinct and estimates the amount and type provided on the Site.
- **Economic impact assessment** | estimates the potential economic benefits of the proposal during and post-construction.

## 1.9 Reference documents

The following documents were reviewed to guide this study:

- Greater Sydney Region Plan 2018
- Eastern City District Plan 2018
- City of Sydney Local Strategic Planning Statement 2020
- The City's Draft City Strategic Framework 2020
- Camperdown-Ultimo Collaboration Place strategy – GSC 2018
- NSW Economic Blueprint 2020
- Global NSW Strategy 2020
- Tech Central Strategic Framework 2020
- Sydney Innovation and Technology Precinct Panel Report (2018)
- City of Sydney Creative Work Space Study: Preliminary Report (2017)
- Planning Cultural Creation and Production in Sydney (Western Sydney University, 2018)
- Mapping Cultural Venues and Infrastructure in the City of Sydney (Sydney (Western Sydney University, 2016)

- Making Space for Culture – Cultural Infrastructure Study 2020
- Create NSW Cultural Infrastructure Plan 2025+
- The 2017 Floor Space Employment Survey (FES)
- Western Sydney Institute for Culture and Society, Cultural Mapping Report, 2016
- University of Tasmania, Cultural and Economic Impact Studies, 2016
- Sydney Fringe, Festival Findings of the Temporary Theatres Pilot Project Report, 2015
- National Association for the Visual Arts Small to Medium Report, 2016
- Sydney DCP 2012 section 3.15 'Late Night Trading Management.'
- City of Sydney Smart City Strategic Framework
- OPEN Sydney: Future Directions for Sydney at Night: Strategy and Action Plan 2013-2030.

Other sources and references are detailed in the body of this report.

### 1.10 Acknowledgement

This report was prepared with the assistance of the following groups, which includes the groups listed in the study requirements:

- Camperdown Ultimo Collaboration Area Alliance
- Carriageworks
- City of Sydney
- Create NSW
- Department of Planning and Environment (DPE)
- Greater Sydney Commission
- Museum of Applied Arts and Sciences
- Transport for NSW
- University of Sydney
- University Technology Sydney.

HillPDA appreciates and values their inputs and insights in developing this Economic Productivity and Job creation study.

## 2. STRATEGIC CONTEXT

This chapter discusses the strategic context of the Redfern North Eveleigh (RNE) Precinct concerning the existing situation, including constraints, opportunities and key issues for employment, commercial demand for floor space and key drivers for renewal.

### 2.1 Precinct context

The RNE Precinct is located at the southern end of the Eastern Economic Corridor as defined by the Sydney Regional Plan. The role of the Eastern Economic Corridor is to foster innovation and global competitiveness, supported by investments in transport and services, jobs growth and business activity.

The RNE Precinct is also identified as an Innovation Collaboration Area by the Greater Sydney Commission, combining with precincts at Central Station, South Everleigh, Surry Hills Ultimo and Camperdown.

The RNE Precinct is well serviced with transport with Redfern and Macdonaldtown Stations connecting to Central Station – the major intermodal hub in Sydney.

Figure 5: Ultimo Camperdown collaboration area



Source: Transport

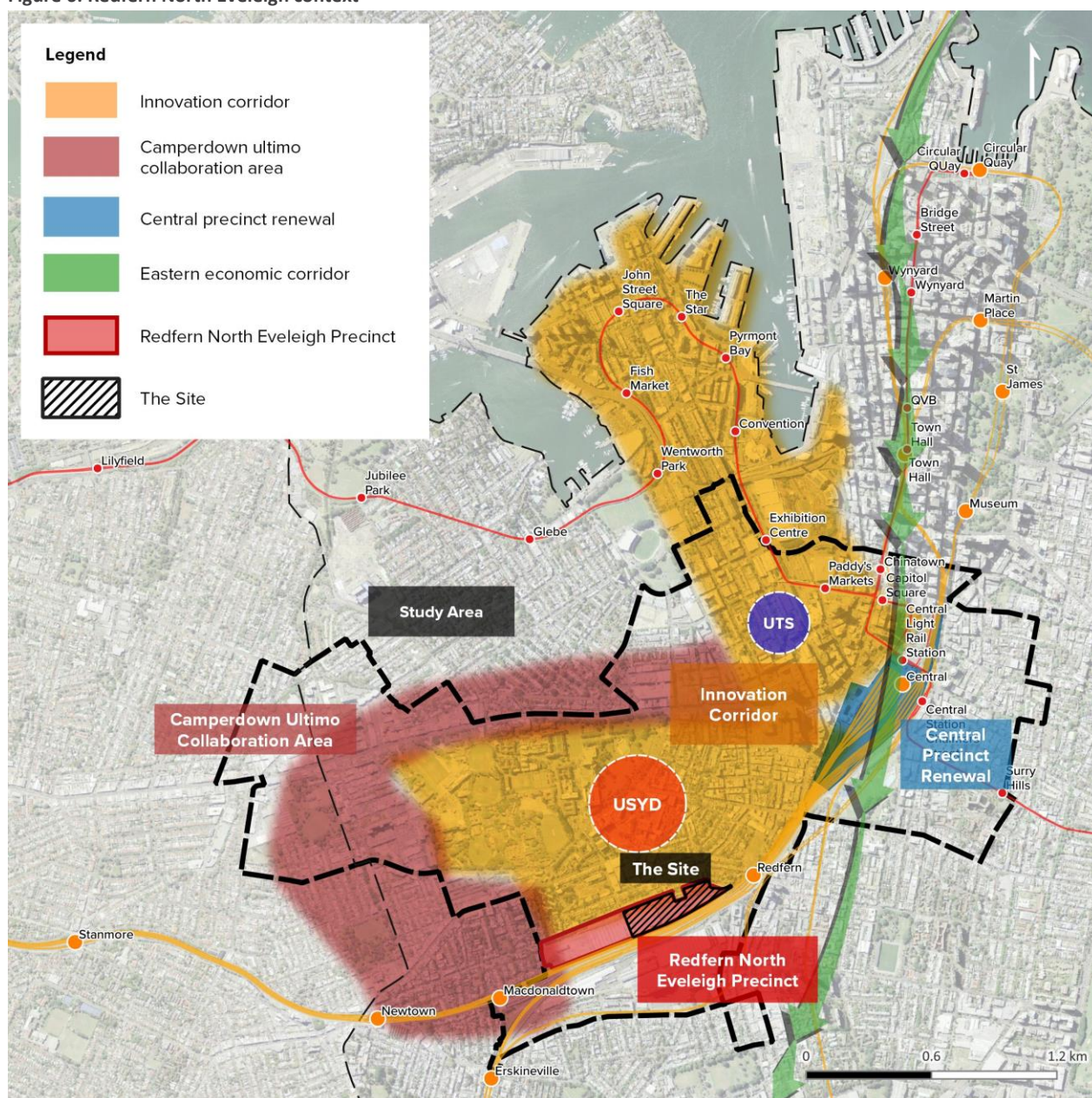
The RNE Precinct is strategically located within the Camperdown Ultimo Collaboration Area (GSC 2020) and is also overlaid by the following business corridors:

- The Innovation Corridor as defined from Pyrmont to South Eveleigh (A Metropolis of Three Cities 2018), and
- Eastern Economic Corridor as designated from North Sydney South to Mascot (Eastern District Plan 2018).

The Site is ideal for urban renewal based on transit-oriented principles (Figure 6 below), fronting the heavy rail station at Redfern and the nearby future metro station at Waterloo. It is also surrounded by economic drivers such as Sydney University Campus, South Eveleigh (former ATP) and Central Precinct Renewal Area.



Figure 6: Redfern North Eveleigh context



Source: HillPDA 2021

## 2.2 Strategic policy drivers for renewal

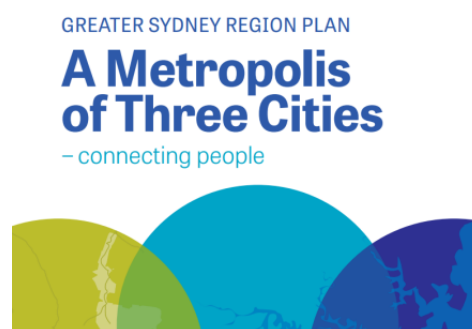
This section provides an overview of the most relevant policy and literature directions that will influence development of the Site and transition of the wider RNE Precinct and.



### 2.2.1 Greater Sydney Regional Plan

The Greater Sydney Region Plan (Region Plan) sets the vision for the metropolis of three cities. The Region Plan identifies Redfern to Eveleigh as a growth area for health, education and innovation.

The Region Plan defines innovation precincts as transit-accessible precincts with an ecosystem that includes health and education assets, surrounded by a network of medical research institutions, a mix of complementary industry tenants, housing, ancillary facilities and services.



### 2.2.2 Global NSW Strategy

The *Global NSW Strategy* connects NSW to the world by growing world-leading industries and creating great places to live, work and study. The strategy aims to be smart, connected and vibrant. Relevant initiatives include:

- Enabling NSW to be Australia's preferred home to technology-enabled industries, including FinTech, MedTech, AgriTech and cybersecurity.
- Activate globally significant precincts in technology, healthcare, food and agribusiness, logistics and advanced manufacturing.
- Leveraging Sydney's universities to catalyse this research and training strength to solidify Sydney's global position



### 2.2.3 NSW economic blueprint

The *NSW Economic Blueprint* set the state's economic direction and aspirations to 2040. The aspirations are to:

- Become the first two trillion dollar economy
- Have a high standard of living of the population
- A diversified economy
- Connected centres
- Productive regions
- Attract and develop innovative businesses, and
- Environmentally conscious with reliable and affordable energy sources.





The Blueprint acknowledges the value add of creative industries coupled with technology and makes several strategic directions to ensure the growth of these sectors. Specifically of relevance to the Site the key recommendations include:

- Support the review of the state's research and development landscape
- Establish an industry task force to promote high-growth future industries
- Commit to long-term funded initiatives to encourage more advanced manufacturing
- Establish research, development and commercialisation facilities in the Innovation Precincts
- Use the Innovation Precincts and industry strategies to concentrate research strengths, drive collaboration between researchers and businesses and speed up innovation
- Support the growth and success of early-stage innovative businesses by developing programs to incentivise businesses to invest, innovate and hire
- Develop a digital emerging technology industry strategy with a focus on artificial intelligence, blockchain and quantum computing
- Resource the implementation of existing defence industry plans
- Establish MedTech commercialisation and accelerator programs.

#### 2.2.4 Eastern City District

The *Eastern City District Plan* (District Plan) establishes a 20-year direction to manage economic, social and environmental matters. It contains the planning priorities and actions to implement the Greater Sydney Region Plan. Camperdown-Ultimo is identified as a health and education collaboration area in the District Plan. The District Plan identifies stakeholders to inform the development of the Place Strategy, including City of Sydney, Inner West Council, Royal Prince Alfred Hospital, University of Sydney, University of Technology Sydney, University of Notre Dame Sydney Campus, TAFE Ultimo and medical research institutions.

Redfern to Eveleigh precinct is part of the Innovation Corridor identified on the western and southern fringes of Harbour City. The area contains knowledge-intensive, creative and start-up industries and health, education and research services that support the global competitiveness of the Harbour CBD.

The priority for the area is to contribute to international competitiveness, support changing technologies, grow knowledge-intensive jobs and help create a 30-minute city.

The District Plan acknowledges that the precinct is rapidly changing and growing due to a multiplier effect on innovation, creative industries and start-ups. Existing impediments of the precinct are seen as lack of affordable space, loss of employment floor space, limited opportunities to create new commercial floor space, a need for suitably zoned employment land, and rising property and accommodation costs for students and key workers.

#### 2.2.5 City of Sydney Local Strategic Planning Statement

The CoS *Local Strategic Planning Statement* (LSPS) is the line of sight between NSW Government strategic plans and local strategic plans.

The LSPS is categorised into five planning priorities:

1. Infrastructure
2. Liveability
3. Productivity
4. Sustainability
5. Governance and implementation.



The LSPS identifies Central Sydney South as having potential to house the +200,000 additional workers to 2036. The LSPS notes the constrained land supply and development capacity of existing lands will struggle to accommodate the growth in workers. The Site offers a solution to accommodating both housing and jobs growth.

The LSPS highlights that there is a lack of suitable large employment floorplates in the LGA. This is a result of commercial office conversions and the development of student accommodation.

The LSPS states that planning controls should deliver built forms that accommodate higher-order employment uses. This includes catering to the needs of both larger tenants in the financial and tech industries and knowledge-intensive small businesses and start-ups.

The Site is well positioned to offer a range of suitable employment uses and capture as share of the forecast workers.

### 2.2.6 The City's Draft City Strategic Framework

CoS Draft *City Strategic Framework* highlights the transformative opportunities of the digital age in improving and enhancing the quality of life and services for the community. The strategy sets out a strategic framework to guide the City's smart transformation. The framework is structured around five "strategic outcomes" outlined below and these are broken down into key priorities:

- A city supporting connected, empowered communities
- A city fuelling global economic competitiveness and attracting and retaining global talent
- A city future-proofing its environment and bolstering resilience
- A city cultivating vibrant, liveable places
- A city providing customer-centric, efficient services.



The strategy details a framework for governance, policy, infrastructure and innovation culture, to establish an environment that enables the sustainable emergence of a smart transformation, recognising the non-static nature of such a transformation. The document is designed to evolve and builds upon existing strategies including the city's digital strategy and tech start-ups action plan.

### 2.2.7 Tech Central Precinct

The Tech Central Precinct (formerly Sydney Innovation and Technology District/Camperdown-Ultimo Collaboration Area) includes six nodes seeking to attract various industry investments. These six nodes include the area around Central Station referred to as the Haymarket node; the Darlington North-Eveleigh node; the South Eveleigh node; the Ultimo node; the Camperdown Health, Education and Research Precinct node; and the Surry Hills node (refer to Figure 5 above).

The Greater Sydney Commission (GSC) is working closely with other NSW Government agencies and stakeholders to implement initiatives to activate the Tech Central Precinct and achieve the job targets in the 2018 Panel Report. These initiatives include creating at least 25,000 additional innovation jobs, attracting at least 25,000 new STEM and life sciences students, facilitating at least 250,000sqm NLA for technology companies and at least 50,000sqm NLA for start-ups, scale-ups, innovation ecosystem partners and other early-stage companies.

The area between Central Station and Everleigh is identified as an ideal location for the development of an Innovation and Technology Precinct. The Sydney Innovation and Technology Precinct Panel Report 2018 states that this location has the:

*opportunity to further grow this unique area into a centre for innovation. It is a long-term, strategic investment that responds to shifts in global economic power and the changing nature of work,*

*including technological breakthroughs, global competition for talent, artificial intelligence (AI) and automation.*

As the future focal point of Sydney's innovation with the technology community, the Central to Eveleigh location would create a vibrant innovation and technology precinct with strong links to international markets, Greater Sydney, and the rest of NSW.

Recently, Atlassian an Australian software company has confirmed itself as an anchor tenant in Central to Eveleigh, bringing over 4,000 employees to the innovation and technology precinct<sup>1</sup>.

The vision of the Tech Central Precinct is to create:

*"a vibrant and exciting place that unites a world-class transport interchange with innovative and diverse businesses and high-quality public spaces. It will embrace design, sustainability and connectivity, celebrate its unique built form and social and cultural heritage and become a centre for the jobs of the future and economic growth."*

Development of the Site would support the activation and connectivity down the transport corridor between Central Station and Eveleigh station. As such, the Site has the potential to significantly contribute to the vision of the Tech Central Precinct through the development of a vibrant mixed-use precinct in the heart of the Central to Eveleigh innovation and technology precinct. Specifically, the development of the Site would contribute to the vision of the Tech Central Precinct through:

- The Site and wider RNE precinct being one of the largest Government controlled land parcels within Tech Central and as such activating it with innovation jobs will have a material impact on Governments ability to deliver on the outcomes of the Sydney Innovation and Technology Precinct 2018 report.
- The provision of commercial, retail and open space areas on the Site has the potential to deliver an important portion of the STIP Report/Governments Tech Central goal of 250,000sqm of Net Leasable Area (NLA) for technology companies through the commercial area uplift proposed in the masterplan.

## 2.2.8 Policy alignment

The following table highlights the proposal to the strategic planning policy /context.

**Table 8 : Summary of strategic policy drivers**

Policy	Strategic alignment
Greater Sydney Regional Plan	The Site will provide innovative employment uses that are transit-accessible and which are surrounded by the existing education and research ecosystem.
Global NSW Strategy	The development of the Site and wider RNE Precinct would enable NSW to become Australia's preferred home to technology industries. This would be a significant technology precinct that leverages the existing university ecosystem and other global Australian technology companies.
NSW Economic Blueprint	The establishment of the Site will enable future technology and creative growth industries to collocate. This is expected to accommodate research, development and commercialisation facilities that would drive collaboration. Part of the Site would also support the growth and success of early-stage innovative businesses by providing appropriate floorspaces and built environments that foster growth.

<sup>1</sup> NSW Government Premier media release 25<sup>th</sup> June 2020, Tech Central to become Australia's Silicon Valley  
<https://www.nsw.gov.au/media-releases/tech-central-to-become-australias-silicon-valley>

Policy	Strategic alignment
Eastern City District Plan	<p>The Site will provide a mixed-use urban renewal development in the Eastern Economic Corridor.</p> <p>The redevelopment will focus on attracting knowledge-intensive, creative and start-up industries with the 30min city catchment.</p> <p>There will also be an element of affordable commercial floorspace for innovation and start-up companies.</p>
City of Sydney LSPS	<p>The Site would provide a total of around 6,200 jobs directly on the Site, contributing to the +200,000 jobs target to 2036. Most of these jobs will be innovation and other commercial (office related) jobs.</p> <p>The LSPS highlights the constrained land supply and development capacity in the CBD. Urban renewal precincts such as RNE Precinct offer the best solution to accommodate housing and jobs growth.</p> <p>The Site will provide a variety of floor plates suitable for different commercial businesses and scales.</p>
The City's Draft City Strategic Framework	<p>The Site will assist in meeting the CoS strategic framework by providing a transformative, vibrant, liveable and workable place that is well connected.</p>

## 2.3 Demand for residential accommodation

The *Population and Demographics Report*, prepared by HillPDA (April 2021) in response to study requirement 4, undertook a review of socio-demographic characteristics for a defined residential catchment around the RNE Precinct. This review found several characteristics and trends which would increase the demand and suitability for increased apartment style dwelling provision on the Site. These were:

- In 2016, the majority of dwelling types (66%) in the Catchment were apartment style dwellings
- In 2016, smaller households (lone person, couples without children and group households) were the dominant household type in the Catchment, comprising 73% of households.
- In 2016, around 50% of the Catchments smaller households lived within apartment building four stories and over.
- Profile .id project that there will be an additional 48,690 households in Sydney LGA by 2036. Of these, the majority are to be lone person household (31%) followed by couples without children (30%). In fact, 80% of the growth in households are to be smaller households.
- The City of Sydney's LSPS sets a target for the LGA will accommodate 50,000 additional dwellings between 2016-36. Of these, around 9,300 are to be provided in the locality which includes the Site.

## 3. CONSULTATION

Stakeholder consultation was undertaken by Transport to gain an understanding of:

- The RNE Precinct's economic constraints, opportunities, and critical issues.
- Built form considerations for RNE Precinct (floorplates, accessibility, parking, building, staging, connectivity).
- Strategies or amenities that RNE Precinct could consider that attract relevant industries, drive growth and create a thriving precinct.

The stakeholder consultation was separated into government, education and Aboriginal groups. Following this consultation on the RNE Precinct key opportunities for the Site are identified.

### 3.1 Government agencies

#### 3.1.1 Greater Sydney Commission

GSC feedback was directly at the built-form changes and justification for building heights uses and mix of uses. GSC supported the activation of the precinct and the opportunity for storytelling. GSC endorsed creating an innovation district and the need to work with the plans and innovation assets.

#### 3.1.2 Create NSW

Create NSW was consulted in October 2021, and the current master plan was presented.

Create NSW is the NSW Government's arts and cultural driver, which brings together arts, screen and culture functions in an integrated entity.

The following opportunities were suggested for the development of the RNE Precinct:

- Leveraging the history and heritage of the site, such as train workshops.
- Opportunity to use local arts organisation to provide the public art (both indigenous and non-indigenous) for the precinct
- Opportunity to provide outdoor events that has natural elements.
- An opportunity to deliver a variation of the New York High Line
- Integrate vertical experiences and gardens, particularly near the Chief Mechanical Engineering Office building

#### 3.1.3 Museum of applied arts and sciences

The Museum of Applied Arts and Sciences (MAAS) was consulted in October 2021.

MASS is progressing with the redevelopment of the Powerhouse Museum at Ultimo. At present its currently starting an architectural competition. The objective of the redevelopment is to expand the exhibition spaces, new theatres, additional artist and creative industry spaces, and provide accommodation for regional kids, where 60 kids can stay and learn under an immersive education program. The Museum element has been confirmed and estimated to be delivered by 2026.

The following opportunities were suggested for the development of the RNE Precinct:

- There is a real opportunity to join the North and South Eveleigh precincts together to enable connectivity between the two precincts.
- Increasing the density is best located near the Redfern train station.
- Carriageworks must continue to hold live music events.

- The RNE Precinct should be developed as ‘one place’ and not divested in stages
- Explore the connectivity between, Powerhouse Museum, Goods Line, Central station and Redfern station
- Retain and promote the arts culture, which will keep the Precinct interesting. This includes considering exploring subsidised housing and workspace for the arts, and the broader definitions about who would qualify for access

### **Attracting the arts**

To create a thriving arts industry at RNE, it’s essential to have one consolidated organisation like Carriageworks lead and curate the arts industry on-site. This governance structure will enable clear communication lines, particularly for tenant coordination and events coordination. This would ensure the best audience experience is delivered to the RNE Precinct.

The consultation highlighted MASS is excited about the vision for the RNE Precinct and that it includes nurturing and fostering the arts industry.

Consultation also noted that the industry expressed a desire for increased provision of outdoor/public space where events could take place over the provision of indoor space. The Site would provide approximately 1.4 hectares of public open space (proposed to be dedicated to the City of Sydney Council), comprising:

- A Public Square - a 7,910 square metre.
- An Eastern Park - a 3,871 square metre park located adjacent to the Chief Mechanical Engineering Office building and the new eastern entry from Platform 1 of the Redfern Station.
- Traverser No1 - a 2,525 square metre public square edged by Carriageworks and the Paint Shop.

These public open spaces would provide the opportunity to support the arts industry.

#### **3.1.4 Carriageworks**

Carriageworks was consulted in October 2021.

The Carriageworks lease expires mid-2022, with a request to extend currently under review. The lease extension would continue to be used to support artists. Carriageworks has also recently engaged a First Nations Art Director and is re-establishing the First Nations Advisory Board.

Carriageworks suggested the following opportunities for the development and activation of the RNE Precinct:

- The development of a mixed-use precinct will bring residents to the area, which will help activation day, night and on weekends. A positive outcome for the South Eveleigh locality
- The RNE project will provide a 3<sup>rd</sup> space (transient space) between the built form and open space. South Eveleigh currently doesn’t offer this built environment. This 3<sup>rd</sup> space could be used for events, performances, and local businesses meetings.
- Food and beverage offerings should consider all the residents and businesses on site, including weekend offerings for residents balanced with the needs of the local businesses
- There is an opportunity to provide a mixture of flexible spaces to support major events at Carriageworks.
- Consideration should be given to the parking and access around the site to ensure it accommodates all user movements.

The consultation highlighted Carriageworks is excited about the future RNE Precinct.



### 3.3 Local Aboriginal organisations and groups

The NSW State Significant Precinct Study Requirements for the Redfern North Eveleigh Renewal Precinct identify it as a place with a “unique combination of cultural, built, and historical factors that distinguish the RNE Precinct from other places and forms the foundation of its identity.”

This unique precinct is located in Gadigal Country on one of the most significant sites of contemporary Aboriginal Australia. Its unique story of Country underpins a powerful narrative of place.

Balarinji has conducted extensive engagement and consultation with local Aboriginal organisations and groups. This engagement highlighted the area in and around the RNE Precinct has always been a place of community, residence and work. There are interwoven stores of family members working on the railways along with the spiritual connection with Country.

As part of the final Connecting with Country Framework the following six themes have been identified for design integration. The themes are:

- Regenerating country
- Replacing landmarks
- A meeting place
- The legacy of Sydney trains
- Iconography of country
- Custodianship.

These key themes have strong links to the preliminary work carried out by both Cox Inall Ridgeway and Artefact. They have been integrated by the Design Team into the various Study Requirements for SSP RNE Masterplan<sup>2</sup>.

### 3.4 Universities and TAFE NSW

Transport is coordinating regular ongoing consultation with local universities and the TAFE in order to progress dialogue around their requirements and continued involvement in the development of the Site

### 3.5 Key economic opportunities for Site

From the consultation above, the following economic opportunities could be incorporated in development of the Site.

**Figure 7: Stakeholder consultation opportunities**

Category	Economic opportunity
Employment	<p>The provision for, and the encouragement of, first nations enterprises and start-ups to relocate to the Site</p> <p>Provision for a cultural and creative maker’s space that can provide job opportunities</p>
Built form	<p>Provision for a ‘3<sup>rd</sup> space’ (the Public Square) that encourages transient uses between retail and commercial office spaces. This would also assist in ground plane activation and informal collaboration.</p>
Innovation Hub – Stickability	<p>To create a thriving innovation hub, you need to foster collaboration within the enterprise and externally with visitors staying longer. This is referred to as a place’s stickability. That is the ability to keep people longer to interact and be stimulated to innovate. An innovation precinct is more than just the bricks and mortar floorspace. It is the vitality of the people that interact in it. The role of public space with its bars, restaurants, public walks, event space and cultural services are all important ingredients to a place’s success.</p>

<sup>2</sup> Refer to Chapter 6 in the Public Domain, Place and Urban Design RNE Masterplan, Study Requirements for SSP RNE Masterplan October, 2021

## 4. TECHNOLOGY AND INNOVATION NEEDS

Below is a summary of literature research by HillPDA regarding fostering collaboration and promoting innovation hubs like proposed for the Site and wider RNE Precinct.

### 4.1 Thought leadership

#### 4.1.1 Sydney innovation and technology precinct panel report (2018)

The Sydney Innovation and Technology panel is a dedicated body to promote and curate the technology industry.

In September 2018, the group conducted an industry survey of 150 high-growth technology companies in Sydney to gauge views on developing an innovation precinct.

Survey results indicated that generally, the industry was optimistic about the concept of a technology precinct. However, they identified four key risks: insufficient diversity, insufficient community engagement/cooperation and poor accessibility.

Several strategies were identified to address these risks, including attracting middle layer companies, unlocking space for smaller companies, improving transport infrastructure, deterring big corporate firms and industry engagement. Key recommendations for the Site include:

1. Making the Site affordable, diverse, and accessible
2. Enable independent management and deep industry engagement
3. Look beyond software – encourage a diverse range of businesses
4. Make it a magnet for global talent and capital by identifying other policy levers.



#### 4.1.2 Planning cultural creation and production in Sydney (Western Sydney University, 2018)

In 2018 Western Sydney University completed a detailed study about the workspaces within which cultural and creative producers conduct their work and their role within wider cultural value chains.

It notes a diminishing number of creative spaces in the Sydney LGA and highlights the need for affordable rents with longer terms suitable to the creative business.

The second key theme is the increasing diversification of the creative sector, which requires collective place keeping approaches to capture various creative space demands and match with suitable collaborative locations.



Planning Cultural Creation and Production in Sydney  
A venue and infrastructure needs analysis

April 2018

Imi Ang, David Rowe, Deborah Strommen, Liam Magee,  
Alexandra Wong, Teresa Swift, Andrea Pollio

WESTERN SYDNEY  
UNIVERSITY  
Institute for Culture  
and Society

The study included some consultation with artists at the Clothing Store and Carriageworks. Key insights include:

- Creative industries usually work to a four-year funding cycle. This accounts for 70% of funds with no guarantee the business would continue at the end of the grant period
- Rent increases aren't factored into grant funding
- Community engagement days can be felt as intrusive to works in progress
- Limitations of locating creative spaces in heritage-listed buildings, which restricts certain uses
- Artists being pushed out of the city due to financial pressures
- Notes that while there are spaces to showcase creative industries, there is limited space to develop creative works
- Lack of availability of local performance and rehearsal spaces for Aboriginal people.

The RNE precinct supports the arts by retaining Carriageworks as the cultural heart of the precinct. Carriageworks includes a variety of spaces used by artists and creative industries at present. The permanence of Carriageworks will enable permanence to the creative industries.

#### 4.1.3 Making Space for culture – cultural infrastructure study

This Making Space for Culture study outlines international efforts to make cultural space in cities comparable to Sydney. It considers potential policy responses, with a particular emphasis on actions for local governments across Greater Sydney. It stresses that Sydney's cultural infrastructure is at a critical point, with ramifications for our social cohesion, identity and economy. This study provides some next steps required for cultural integration.

- Refresh our cultural policy and priorities based on current evidence
- Refresh our cultural policy and priorities based on recent evidence
- Build knowledge and capacity
- Commit to researching and trialling Sydney-specific solutions

Recommendations that the Site could include:

- Prioritising creative workspaces and locally specific cultural infrastructure in parts of our city
- Forming relationships between government and private partners to purchase, lease or develop suitable space
- Better supporting protections and means of preserving existing cultural spaces and their uses, such as 'no net loss' and 'agent of change' policies, and alternative regulatory solutions
- Identifying pilot projects that can bring together State Government and inner Sydney local governments on new mechanisms and models.

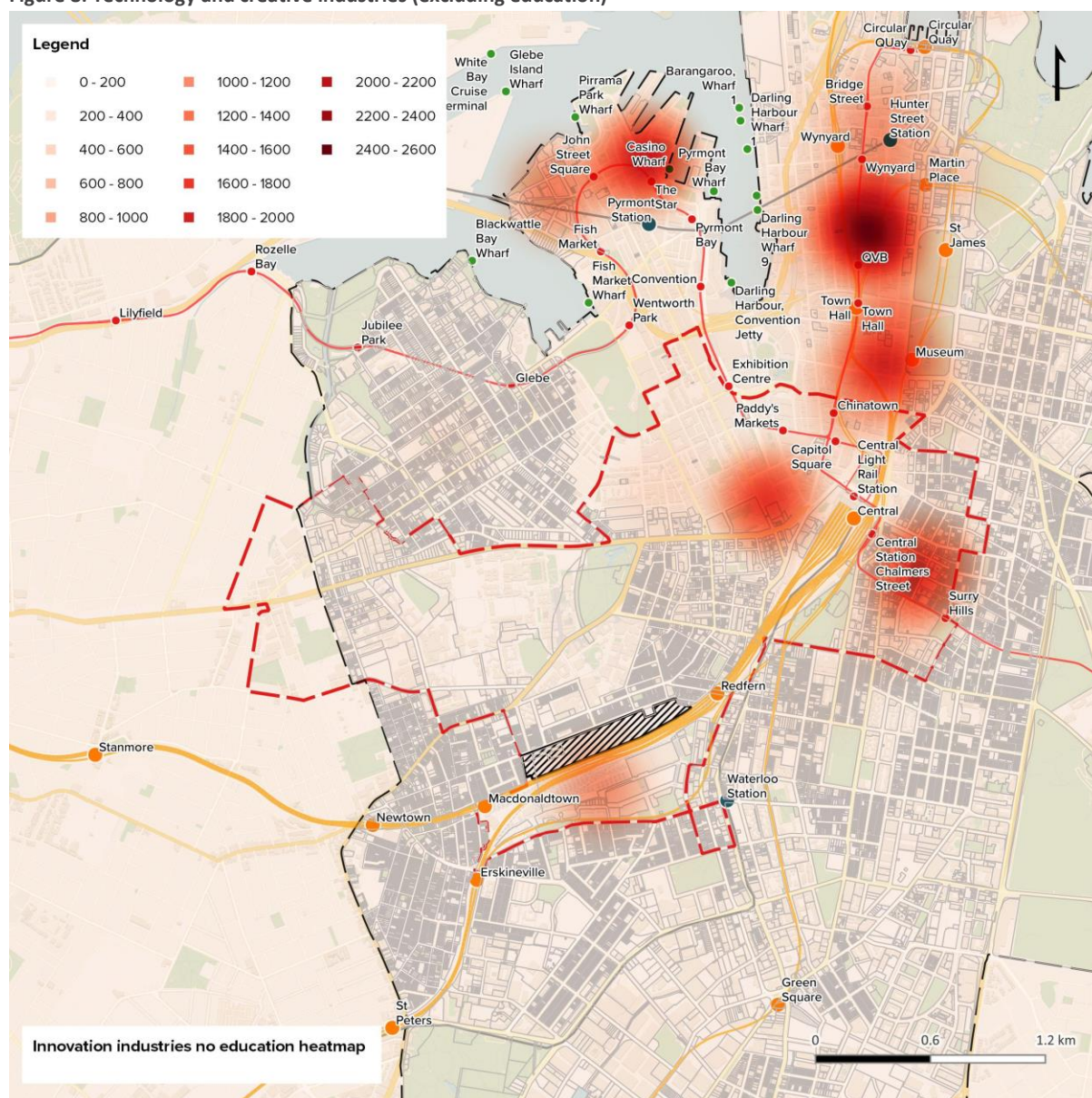


## 4.2 Creative and technology industries

Professional, Scientific and Technical Services and Information, Media and Telecommunication industries are grouped under the term creative and technology industries. The creative and technology industries are expected to grow faster over the coming years in this region.

The 4-digit ANZIC creative industry-related jobs in 2016 show a high cluster of creative and technology industry around Town Hall, Surry Hills, Pyrmont, Ultimo, and South Eveleigh (Figure 8).

**Figure 8: Technology and creative industries (excluding education)**



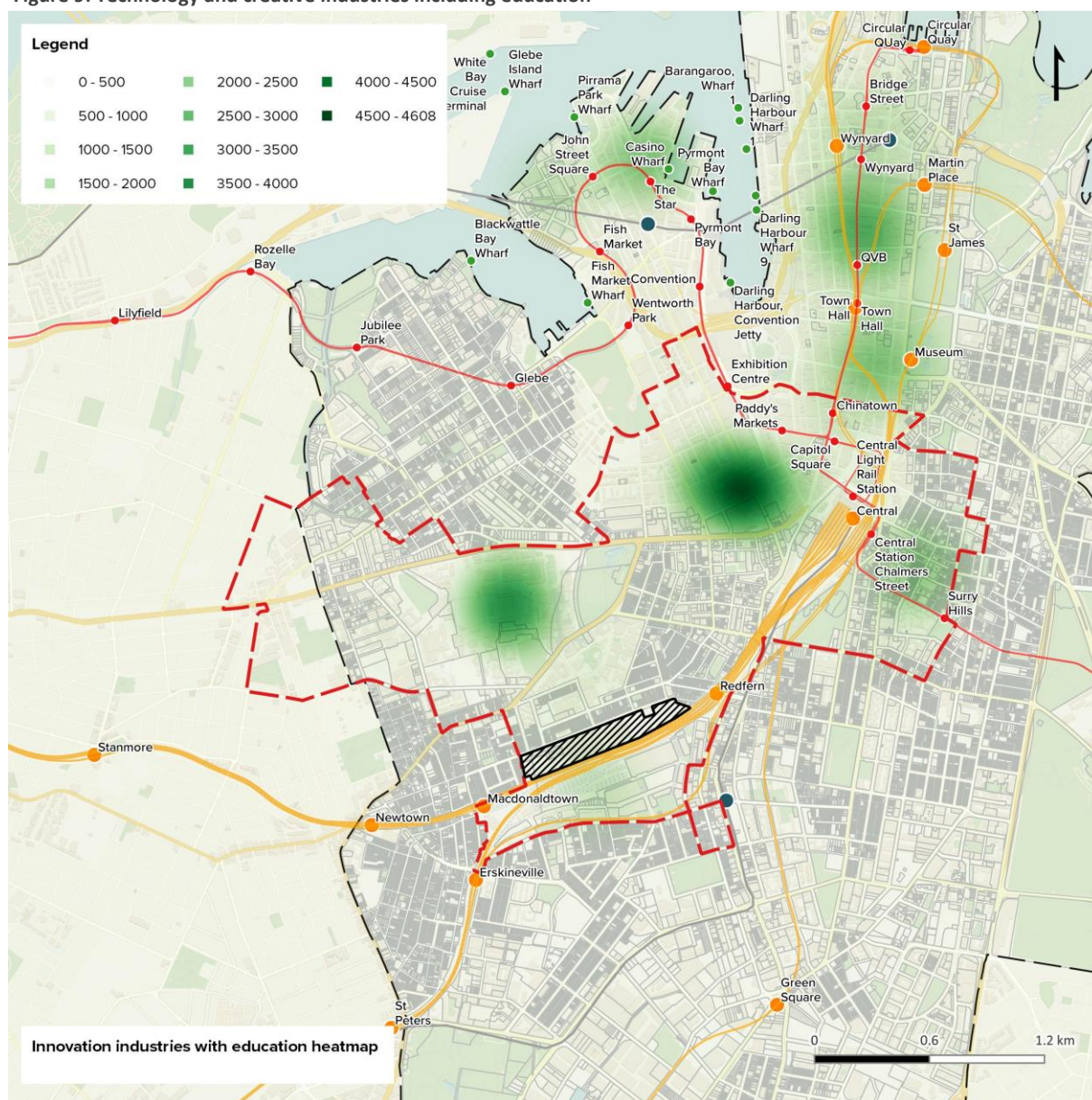
Source: ABS 2016 INPD 4 Digit, HillPDA 2021

Education plays a crucial role in supporting and connecting the innovation corridor. Combining education, creative and technology industries expands the employment cluster from Pyrmont down to the RNE Precinct and beyond to Camperdown (Figure 9).

Development of the Site and wider RNE Precinct is well situated to anchor the southern proportion of the existing innovation corridor.



**Figure 9: Technology and creative industries including education**



Source: ABS 2016 INPD 4 Digit, HillPDA 2021

### 4.3 Innovation centres – mixed-use case study analysis

Planning for a mix of land uses within a walkable grid provides a more sustainable and collaborative community that can achieve the optimum social, economic, and environmental outcomes for improved economic output and social cohesion.

Traditional free-standing business parks appear to be in decline. Many business parks rely on car travel by workers. Traffic congestion and changes in lifestyle preferences contribute to workers seeking workplaces that offer higher levels of amenity and access to services and leisure activities. Mixed-use precincts and town centres are replacing the traditional separation of offices into suburban business parks and CBDs. Our literature research suggests corporations are reporting that it is easier to attract and retain talent in a mixed-use precinct as they sell a lifestyle.

A balanced mix of uses where the split of residential and non-residential uses on the site encourages activation and day and night-time economies. This mixed-use approach has been successfully implemented internationally

and in Australia on sites with good access to transport. Some examples include North Bayshore in Silicon Valley, One North in Singapore, Darling Quarter at Cockle Bay Wharf in Sydney, Barangaroo in Sydney and Kingston Foreshore in Canberra. In each of these precincts, residential and non-residential uses have been delivered to achieve vibrant precincts that offer live-work-play opportunities. These mixed-use precincts achieve superior planning outcomes, especially the transition from day-time economy to night-time economy.

The following case studies of mixed-use precincts incorporating a mix of residential, retail, landscaping, car parking and office uses set in a masterplan community with focus on pedestrian access, services and entertainment. The RNE Precinct will provide a 77% commercial/retail and 23% residential mix, this mix will allow the shift between daytime and night-time economy.

**Table 9: Case studies**

**North Bayshore office park | Silicon Valley California**

A large-scale redevelopment in Mountain View for nearly 7,000 new homes and a dense, urban-like collection of offices and retail space.

Google currently has 600,000sqm office space and will increase the office space to just over 1,000,000sqm of office space.

Google will expand its campus and develop single-family homes, condominiums and apartments to create a significant new mixed-use development in Silicon Valley. Approximately 20% or 1,400 units will be affordable housing. This region is generally void of housing.

The development project includes office buildings, retail shops, entertainment and three new neighbourhoods called Joaquin, Shorebird and Pear. The total retail spaces is 8,800sqm NLA

About 4.6ha or 10% of the site area is dedicated to public open space that will be enhanced with sustainability initiatives.

The proposal will transform the suburban office park into a high-density, urban, mixed-use district.

The project is expected to alleviate traffic with increased transit opportunities and bring more employees closer to their offices.





## One North | Singapore

One-north is a mixed-use precinct on a 200ha site in Queenstown, Singapore.

The business park was developed by JTC Corporation for the research and design and high technology cluster, comprising biomedical sciences, ICT and media industries.

One-north is located near educational and research institutes, including the National University of Singapore, Singapore Institute of Technology (SIT) and the Singapore Science Parks. In 2012, ESSEC Business School also set up its Asian campus in one-north, for a total investment of S\$40 million.

The district has easy access to social and recreational facilities due to the close proximity to Holland Village.

The one-north aim was to create a community where expatriates and locals could gather to live, work and relax together. It comprises

- 46,000 knowledge workers
- 3,900 residents
- \$7billion investment
- 800 innovative start ups
- 400 leading companies
- 6 higher education institutes
- 16 public research institutes
- 190 buildings.



## Barangaroo | Sydney

22ha site on Sydney Harbour

A landmark mixed-use project includes commercial, residential, retail and dining facilities and a new landmark hotel/casino. On completion, the precinct will become home to around 1,800 residents and 23,000 office workers across three major buildings.

Development mix:

- Central Barangaroo – 5.2ha with recreational, residential, retail and commercial
- Barangaroo South – 7.7ha with commercial, residential, hotel and cultural facilities
- Barangaroo Point – restored headland and public park.
- 508,000sqm Commercial Office

Project scheduled for completion in 2024.



### Melbourne Connect | Melbourne

The University of Melbourne led project is a purpose-built innovation precinct in Carlton. The site is next to the University's Parkville campus and Biomedical precinct. The purpose of the development is a mixed-use innovation precinct bringing together collaboration, inspiration and technology.

The development accommodates about 3,000 jobs. Development mix is:

- Melbourne School of Engineering 34,310sqm GFA
- Fabrication Laboratory/ Maker space 1,356sqm GFA
- Science Gallery Melbourne 4,254sqm GFA
- Super floor 4,395sqm GFA
- Retail 756sqm GFA
- Student accommodation 15,357sqm GFA (527 beds)
- Childcare 1,856/ sqm GFA +820sqm external
- Carpark 2,261/sqm GFA
- Plant BOH 9,067/sqm GFA
- Facilities management 383/sqm GFA
- End of trip 1,006sqm GFA



The precinct provides a large floorplate of 3,600sqm which is known as a 'super floor' designed as a space that connects the precinct partners and the innovation ecosystem.

### Darling Quarter | Cockle Bay Wharf

Darling Quarter has been transformed into a vibrant mixed-use precinct with charming cafes and a dynamic public realm. Providing a space to host free events and a communal garden, the area seamlessly fuses public and private spaces.

Development mix is:

- 55,000sqm – Office
- 3,000sqm - Retail
- 9,300sqm – Parking
- 9,700sqm – Landscape



### New Acton | Canberra

Mixed-use precinct incorporating landscaped gardens, art, retail, residential and commercial space close to Lake Burley Griffin. Focus on placemaking. Features energy-efficient Nishi building – home to hotel, commercial space and residential apartments

- 3,200 square metres of commercial space
- 10,683 square metres of residential space comprising 56 townhouses and 12 two-storey, four-bedroom loft-style apartments.



## 4.4 Living lab

The concept of a living lab is a place-based tool where cutting edge ideas, prototypes, proof of concept products can be tested in the community. The Site and wider RNE Precinct, with its mix of knowledge base industries and high-density residencies coexisting in an 18hr/7day week economy, is the ideal platform to curate a living lab.

Living Labs involve the construction of partnerships between a wide range of actors: community, public administration, industry, business/voluntary associations, together with traditional R&D actors (universities, research laboratories). For example, ‘Trentino as a Lab’ (TasLab)—established in 2007 by the Autonomous Province of Trento, Italy—is structured as a ‘Public/Private/People Partnership where public administration plays a driving and framing role, private enterprises and research institutions make experimentation on new services, products and social infrastructures, and community are integrated all along the extended ‘Research – Innovation – Production & Usage’ value chain, according to the principles of user-driven, open innovation’ (ibid, p. 330).

A culture of creativity and experimentation can be nurtured in various ways. A key part of the digital push is to position the immediate community and environment as an open testbed for potential innovations. There is an apparent need for this in a direct sense of the social and business entrepreneurs that constitute the innovation district. But the need to experiment locally goes deeper and can be seen as an important potential for community (stakeholders, participants and residents) engagement in innovation. Most particularly, there is growing interest in how the digital infrastructure that is becoming so integral to human existence plays with and against the physical environment of our urban infrastructure (Hill, 2019).

Creating a living laboratory of digital infrastructure goes hand in hand with urban innovation and will lead to placemaking with a real and important difference. The difference is vital as urban innovation is an inevitable consequence of digital innovation, and the innovation district living laboratory findings will transfer to and influence urban development more widely. To be effective, an urban living laboratory needs to be technologically agnostic, offer an open data portal, and directly support digital experimentation through training and thin-layer bureaucracy. Cumbersome permitting processes can slow or stop the development of a cluster (Baily and Montalbano, 2018).

In Barcelona, living labs are of particular importance as they have been found to inspire companies to test and develop innovative products and services (Probst et al., 2017). However, the emerging challenge for Barcelona is how to migrate a predominantly technocratic approach to data ownership to more of a data commons, grassroots management of data rights (Calzada, 2018).

Establishing the Site to develop as a living lab involves tenant selection and partnerships with organisations and businesses that promote experimentation in the area. This could be as simple as testing a new plant variety to determine if it will thrive in urban environments or from a digital perspective trying new telecommunication technology such as 5G.

The success of creating a ‘living lab’ for the Site required the four key areas:

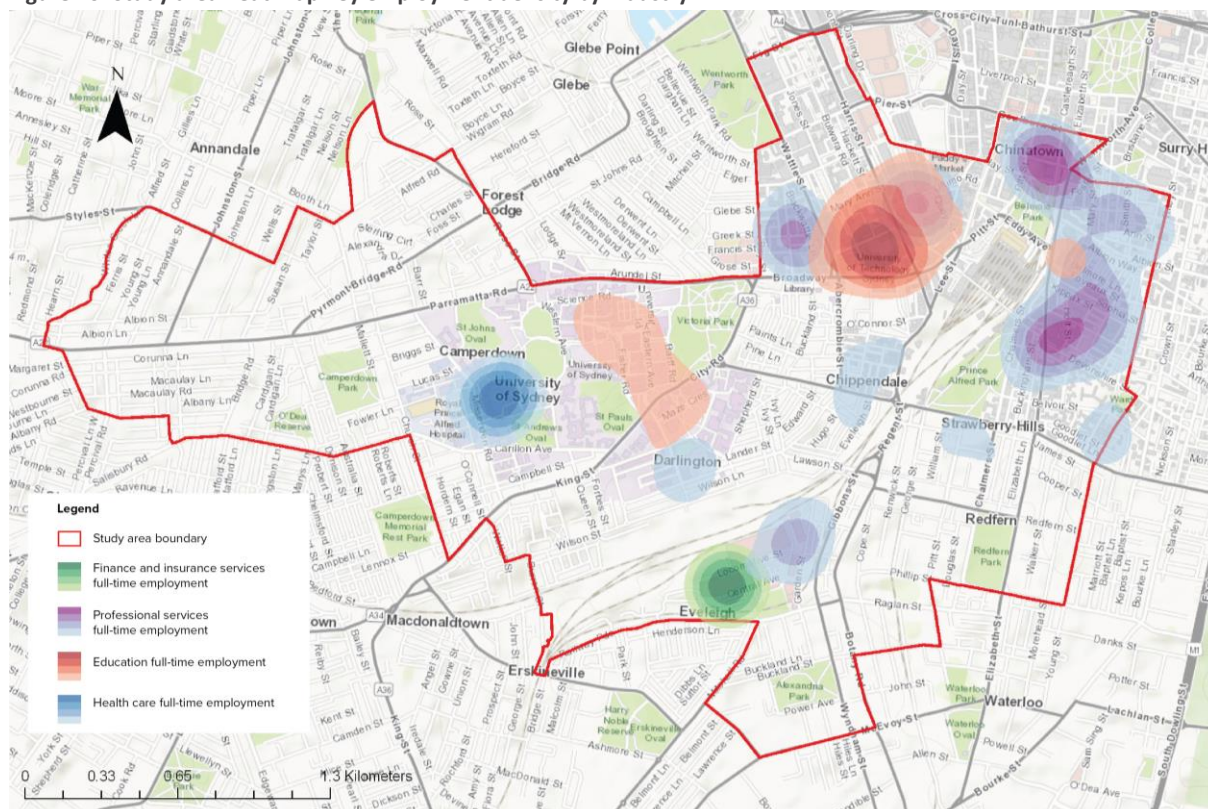
- Marketing the Site as a location to test and explore products
- They are curating a mix of companies to relocate to the Site where they can use the area for testings/trialling of new ideas or products.
- Clear governance around what can and cannot be done on the Site. The idea is not to be heavy-handed in rules, but to be clear around what’s acceptable. It is noted this is likely to follow the governance planned for the wider Tech Central
- Regularly reviewing the living lab experiments and governance arrangements to ensure the living lab continues to occur.

## 4.5 Precinct success factors

### 4.5.1 Demand for floor space is hyperlocal

Innovation districts tend to flourish in clusters of self-contained communities within a 10–15 minutes walking distance radius.

**Figure 10: Study area heat map key employment density by industry**



Source: HillPDA Analysis City of Sydney FES data

The term ‘hyperlocal’ refers to activity within a small community or tightly defined geographical area. The term was initially used in sales and marketing circles to refer to techniques that help drive foot traffic to specific physical locations and capitalise on “near-me” digital interactions. For example, many telecommunications companies often prompt their customers to purchase overseas travel passes for data and voice calls when their mobile GPS shows near an international airport.

Increasingly this term is being used in economic and land use planning circles to describe the mechanisms that drive urban economic growth due to the close presence of physical infrastructure, businesses, services, and amenities that facilitate meeting, interacting, transacting and generating new ideas and economic activity.

For example, Carlino and Hunt (2012) found that research and development labs cluster at a smaller scale, such as distances of about one-quarter of a mile. This means that the clustering effect could quickly dissipate as distance increases. This suggests that knowledge spillovers be a “highly localised” phenomenon. Thus, localised critical mass (e.g., the clustering of enough workers) is essential when planning innovation.

This concept of hyper localism is especially relevant given the current high demand and limited availability of floor space within the Study Area. Without enough floor space, businesses and institutions are forced to move their facilities to satellite locations, which poses considerable challenges for generating the benefits of a denser innovation cluster.



#### 4.5.2 Curate a mix of uses in the cluster to meet needs and add vitality

Innovation districts operate on a 24/7 basis and like all good urban communities, need a range of services, including childcare, gyms, restaurants, bars, short-term accommodation and retail offerings including supermarkets. They also need to provide attractive employment spaces, including access to suitable workspaces, public transport and open space for recreation, relaxation, and reflection.

#### 4.5.3 Curating, attracting, and retaining the best mix of tenants

The benefits of co-location with like-minded organisations and/or industries that drive innovative thinking are broadly recognised. However, the curation of these tenants must be carefully managed to ensure the mix is complementary and diverse to create the right atmosphere for collaboration and innovation to flourish.

Therefore, each node needs to include businesses that support each other (in order to collaborate) and to include a mix of retail, hospitality, and other services that create a place where people want to work and play, to attract tenants. Location is also key, with stakeholders citing the broad connectivity of Central Station to other parts of the CBD and Greater Sydney, as a key drawcard for attracting tenants. Investments in public transport, including new and innovative technology such as driverless vehicles, are possible ways to attract tenants to the Site.

Spaces that provide additional onsite benefits such as training facilities are also highly desirable features to encourage social cohesion and help build a sense of community. For example, start-up co-working space Fishburners, provides access to intellectual property lawyers and training sessions on IP protection to its members as an add-on benefit of its tenancy. This helps them develop the skills required for business success and provides opportunities for networking and collaborating with peers.

#### 4.5.4 Ingredients for place-based innovation

The Brookings Institute has worked to develop simplified tools to identify the strengths and weaknesses of a potential innovation cluster or precinct. In all cases, the intention is to help identify features that are common to all innovation districts. For example, the Brookings Institute innovation district audit guide outlines a five-part framework for assessing an innovation ecosystem. The five parts of their framework are:

1. **Critical mass**
  - a. Where are a region's concentrations of innovation assets?
2. **Innovation capacity**
  - a. What are the distinctive advantages/disadvantages to grow and strengthen innovation capacity?
  - b. Are these being leveraged and maximised?
3. **Diversity and inclusion**
  - a. Does the district have an inclusive, diverse and opportunity-rich environment?
4. **Quality of place**
  - a. Does the district have physical and social assets that attract a diversity of firms and people?
  - b. Are these being leveraged to increase interactions and accelerate innovation outcomes?
5. **Leadership**
  - a. Does the district have the leadership necessary to succeed? (Brookings Institute, 2018)

Similarly, a recent NSW Government study noted that there are seven key factors for a successful innovation precinct:

1. **Market drivers:** macro-economic fundamentals, supportive legal frameworks, strong industry base and access to capital



2. **Competitive advantage:** a clear market advantage, clusters of skills and talent, brand recognition and positioning
3. **Collaboration:** networking, commercial linkages, and partnerships
4. **Infrastructure:** digital supports, transportation infrastructure, flexible facilities i.e. 3<sup>rd</sup> Spaces, and amenities, affordable commercial rents
5. **Amenity:** liveability, social interactions, housing choices, vibrant mix of uses
6. **Enterprise culture:** risk-taking, mentorship, anchor institutions
7. **Leadership:** governance structures, vision, political commitment (NSW Innovation and Productivity Council, 2018).

Lastly, Clark and Moonen (2017) highlight that innovation precincts located near a major transport centre and in proximity to major educational institutes should also consider:

- Zoning guidelines or incentives may be needed to encourage private developers to bring forward flexible innovation-friendly development
- Any underused land and property being used in a non-innovation function (e.g., parking) should be optimised
- Better leverage of university assets – a common criticism of campus-style innovation areas is that there are exclusive districts detached from their surrounding communities
- Innovation campuses rely on transport systems and choices, and a clear transportation plan to highlight opportunities for new entrants
- Developing a “total place” strategy that promotes vibrancy, reduces through traffic, and encourages economic integration
- Include community involvement in the governance of the innovation precinct– for example, community task forces that agree on housing, public spaces, and job opportunities, and establish planning principles that are incorporated into long-term goals
- Innovation campuses need to make it as easy as possible for businesses to relocate and find the space, networking, and services they need (Clark and Moonen, 2017).

## 4.6 Key innovation principles

Key innovation principles that facilitate the growth of the innovation ecosystem.

### 4.6.1 Quality of place

- Innovation ecosystems should have a clear and relevant integrating character
- The innovation ecosystem should have a variety of ways for connecting people within (and around) innovation clusters, including transit, sidewalks, bike paths, roads
- There should be a range of green spaces, recreational options, and health and education services to support active and healthy lifestyles
- There should be high-quality internet access that is available to both workers and residents
- The innovation ecosystem should integrate the broader community of stakeholders, participants, and residents
- The innovation ecosystem encourages creativity and fosters cultural identity
- The innovation ecosystem should provide a range of core services to workers and residents day and night.

#### 4.6.2 Economic fundamentals/ market demand

- The innovation ecosystem should have good access to skilled workers and institutions to develop and commercialise new technologies
- There should be a distinct clustering of businesses and employees
- Market demand for floor space should be seen as holistic between community and lifestyle
- Innovation clusters should integrate with key strategic assets such as universities, hospitals, and large anchor businesses
- Employment floorspace is likely to be cheaper than the CBD so it is less likely to compete the premium rents in the CBD.
- There should be enough commercial and residential space (with competitive rents) to support the innovation ecosystem and attract a range of potential tenants
- The innovation ecosystem should support a mix of uses, including institutional, residential, commercial, collaboration spaces, advanced manufacturing, cultural, retail, dining, etc
- Underutilised sites with heritage buildings could be explored for redevelopment opportunities with potential for cultural reuse

#### 4.6.3 Governance and support services

- Governance structure should be inclusive and representative of the wider community
- The successful delivery of the employment floorspace requires a close alignment of the strategic objectives and interests of all stakeholders
- The Masterplan objectives, along with the stated project objectives, must drive the vision and strategic management of the Site
- Governance for employment floor space needs to be carefully managed to attract, curate, and retain the right tenants. This also includes reviewing tenants' activities to ensure alignment with the masterplan vision of creating a successful technology precinct.
- There should be active collaboration networks the connect people within and between innovation nodes and clusters
- There should be clear branding of the innovation ecosystem and marketing strategy to promote and attract top talent and businesses
- There should be a clear set of values to guide the planning and operation of the ecosystem
- There should be flexible land-use zoning guidelines that can be tailored to encourage development.

### 4.7 Innovation principles

Based on our assessment of the literature and our professional assessment, we have synthesized these insights into a single framework that apply to the Site.

The following table summarises key assessment principles used to determine the suitability of an innovation precinct.

**Table 10: Innovation assessment principles**

Theme	Principles
Quality of place	<p><b>Quality of transport and connectivity:</b> residents, workers and visitors have access to quality transport options and a good walking experience within and between precincts; few barriers inhibit or segregate innovation clusters or social gathering.</p> <p><b>Quality of amenity:</b> workers, visitors and residents have a range of amenities that enhance their lives, and encourages them to stay longer after work or socialise with friends and colleagues boosting both the day and night-time economy.</p> <p><b>Good internet access.</b> Ideally free and fast to ensure efficient communications and work outside the office is not impeded.</p> <p><b>Distinct urban character:</b> a precinct can benefit from a unique history and/or character to market its image as a distinctive and desirable place to visit, live and work. Creative industries and cultural organisations benefit from such opportunities to associate and leverage this image and benefit through association. It both enhances employee attraction and retention.</p> <p><b>Ample public space:</b> the provision of and mixture of public spaces is important for residents, workers, and visitors to identify with quality of the space to meet, greet and to relax to enjoy outdoor events and solitude.</p> <p><b>Diversity of commercial and retail space:</b> a diversity of retail services and commercial spaces including differing sizes and fit outs is important to encourage and provide for a diversity of uses and needs.</p>
Economic fundamentals	<p><b>Distinct industry/employment clustering:</b> there are distinct clustering of innovation workers to provide collaboration to foster innovation; these tend to group according to industry and occupation that complement one another. To initialise this clustering selection of tenancy types may require curating and incentives to establish a critical mass to foster effective collaboration.</p> <p><b>Affordability of space:</b> there will be demand for a range of floorspace sizes and rental rates. In some case below market rates for uses such as start-ups and researchers. How this diversity is established may require government assistance or mandates that specify for head tenancies to include a percentage of subsidised floorspace for innovative and cultural tenancies.</p> <p><b>Residential/commercial development potential:</b> there is enough commercial and residential space to accommodate future demand; land zoning is flexible and supports a changing economy.</p>
Governance and support services	<p><b>Anchor institutions or firms:</b> large scale institutions or firms that lead and drive collaboration (i.e., Atlassian) within a precinct; a governance body (bodies) exists to coordinate and facilitate innovation programs, activities, and services across the precinct.</p>

## 5. COMMERCIAL FLOORSPACE DEMAND

This chapter explores the commercial office market in the locality and forecasts the demand of space for knowledge intensive and innovation industries on the Site. The CoS LGA employment forecast was analysed to understand the jobs growth and the opportunities that the Site could accommodate some of this growth. This chapter excludes the demand for retail space which is covered in the following chapter.

### 5.1 Employment drivers

Based on Transport Performance Analytics (TPA) forecasts (2019), for 2021 to 2046, employment within the CoS LGA is forecast to increase by 193,361 jobs or 30%. Post COVID-19 pandemic, the forecast growth in the first years may be reduced, but the overall change to 2046 is expected to remain.

The top five growth industries are:

1. Professional, Scientific and Technical Services – 42,170 additional jobs +22%
2. Financial and Insurance Services – 42,012 additional jobs +22%.
3. Health Care and Social Assistance – 26,505 additional jobs +14%
4. Information Media and Telecommunication – 12,565 additional jobs +6%
5. Education and Training – 12,355 additional jobs +6%.

**Table 11: Forecast jobs in CoS LGA**

Industry (ANZSIC)	2021	2046	Change 21-46	%
Agriculture, Forestry and Fishing	397	798	400	0%
Mining	1,162	4,491	3,329	2%
Manufacturing	9,992	11,756	1,764	1%
Electricity, Gas, Water and Waste Services	3,611	4,080	469	0%
Construction	28,683	31,411	2,728	1%
Wholesale Trade	11,798	15,225	3,427	2%
Retail Trade	37,022	41,897	4,875	3%
Accommodation and Food Services	45,561	54,234	8,673	4%
Transport, Postal and Warehousing	17,595	19,777	2,182	1%
Information Media and Telecommunications	37,774	50,340	12,565	6%
Financial and Insurance Services	115,069	157,081	42,012	22%
Rental, Hiring and Real Estate Services	16,963	21,782	4,819	2%
Professional, Scientific and Technical Services	145,209	187,379	42,170	22%
Administrative and Support Services	29,018	37,148	8,130	4%
Public Administration and Safety	44,711	52,855	8,144	4%
Education and Training	38,242	50,597	12,355	6%
Health Care and Social Assistance	38,022	64,528	26,505	14%
Arts and Recreation Services	18,828	23,907	5,079	3%
Other Services	14,827	18,560	3,733	2%
<b>Total</b>	<b>654,483</b>	<b>847,844</b>	<b>193,361</b>	<b>100%</b>

Source: Transport 2019

The increase in jobs for innovation and knowledge-intensive industries to 2046 is 117,840. Adopting 15sqm NLA per worker means targeting an additional 1,964,000sqm of employment floor space to meet forecast jobs.

The Site would provide a maximum of 98,023sqm GFA of commercial office space. The market share of the Site would be 5% of the forecast office space in the Sydney LGA which is a minor proportion of total forecast market growth.

**Table 12: Required increase in employment floorspace in CoS LGA**

Industry	21-46 Growth
Information Media and Telecommunications	12,565
Financial and Insurance Services	42,012
Rental, Hiring and Real Estate Services	4,819
Professional, Scientific and Technical Services	42,170
Administrative and Support Services	8,130
Public Administration and Safety	8,144
<b>Total Increase in jobs</b>	<b>117,840</b>
Required Floorspace (NLA) = No. of jobs x 15sqm	1,767,600sqm NLA
<b>Convert to GFA *assume 90% efficiency (NLA / 90%)</b>	<b>1,964,000sqm GFA</b>

Adopting the same 15sqm/NLA worker density it is estimated that the Site would support around 5,880 innovation/knowledge-intensive<sup>3</sup> jobs once fully developed. Please note, this estimate excludes other employment space provided on the Site, hence the actual employment that the Site could support would likely be higher. Please refer to Section 7.3.1 for the estimated total employment supported on the Site.

## 5.2 Local demand for innovation and commercial office space

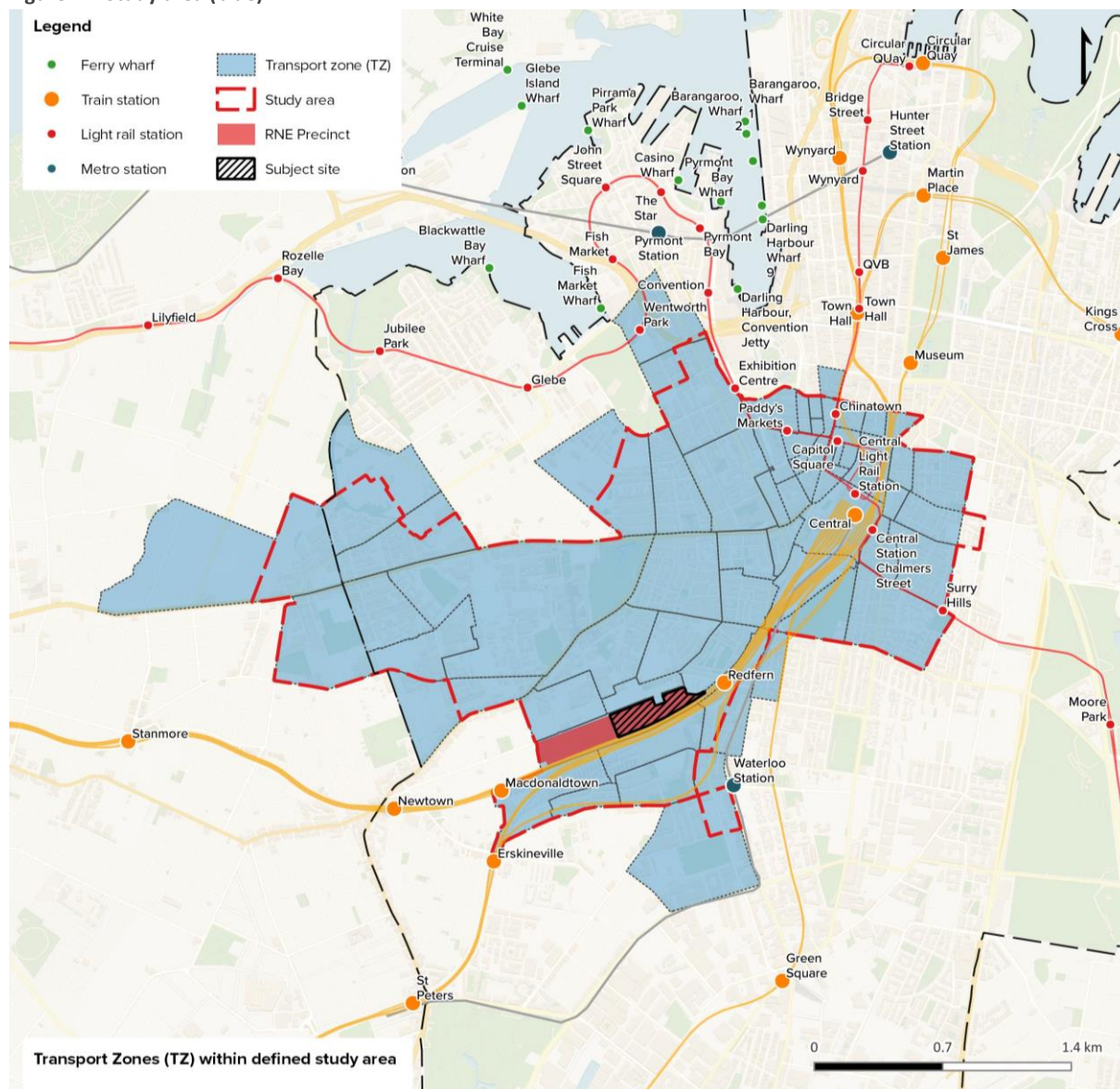
Transport provides employment projections at the industry level. Using these projections, we have calculated the floor space demand for knowledge-intensive jobs between 2021-46 and health and education, separately. This demand is over and above the existing allocated supply.

For this demand assessment, a local innovation and commercial office catchment was derived. This local catchment is referred to as the study area with its extent being seen in Figure 11 below. This study area also aligns with the Camperdown Ultimo Collaboration Precinct identified by the GSC.

<sup>3</sup> For the purpose of the forecast modelling knowledge intensive industries have been defined by the three digit ANZSIC categories of 'Finance', 'Professional, Scientific and Technical Services', 'Computer Systems Design and Related Services' and 'Defence'



**Figure 11: Study area (blue)**



Transport TZ16 Codes: 258, 230, 231, 233, 236, 237, 238, 239, 240, 242, 243, 244, 252, 156, 157, 158, 159, 160, 205, 206, 207, 208, 209, 210, 211, 215, 216, 224, 225, 222, 223, 192, 193, 194, 195, 197, 198, 200, 201, 118, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 820.

Source HillPDA 2021

Transport forecast an increase in innovation and knowledge-intensive jobs in the study area by 36,399 or 1,456 per annum. The estimated increase in jobs in health and education in the study area is 16,513 or 660 per annum.

In Sydney LGA, the average floor space per worker for knowledge-intensive industries is around 17sqm of GFA, while for education and healthcare, floor space per worker is 56sqm of GFA<sup>4</sup>.

Adopting this density rate, the modelling suggests a net absorption of ~24,260sqm GFA per annum is required to meet forecast growth for knowledge-intensive jobs in the study area. The Site would provide a maximum of 98,023sqm GFA of commercial space. This equates to four years supply and 16% of the study area's market share. Note that the likely delivery of the space would be staged over 5 to 7 years in a market that will continue to grow during this period.

<sup>4</sup> Assume GFA = GLA/90%.

Source: CoS 2017 Floor space survey

For health and education, the modelling suggests demand for an increase in floor space by 36,700sqm per annum.

**Table 13: Forecast employment demand**

Forecast employment	Change in employment 2021-46 (1)	Worker density GFA (2)	Floorspace demand (sqm GFA)	Forecast net absorption per annum (sqm GFA)	The Site - Commercial Floorspace (sqm GFA)	Years Supply	Future market Share in study area
Knowledge intensive	36,399	17	606,656	24,266	98,023	4	16%
Health and education	16,513	56	917,367	36,695			
<b>Total</b>	<b>52,912</b>		<b>1,524,024</b>	<b>60,961</b>	<b>98,023</b>		<b>6%</b>

(1) Transport Forecast 2019

(2) CoS 2017 Floorspace Survey. Assumes a NLA:GFA efficiency rate of 90%

As shown in the above table the demand for additional commercial floorspace in the study area to accommodate both innovation and knowledge intensive and health and education jobs to 2046 is more than 1.5m sqm GFA – an average of almost 61,000sqm every year. The Site will deliver a maximum of 98,023sqm which represents only 6.4% of total forecast demand in the study area.

### 5.2.1 COVID-19 impacts

COVID-19 and the associated lockdown measures have impacted many facets of business and home life. The increase in working from home rates is particularly relevant when forecasting commercial floorspace requirements.

During the COVID-19 pandemic across Australia, around 30% of commercial office employees worked from home. This resulted in widespread vacancies in Sydney and Melbourne and the closure of retail and entertainment venues<sup>5</sup>.

A survey undertaken for Infrastructure Australia into COVID-19 impacts found that:

- The proportion of respondents who wish to work from home has grown from 27% before COVID-19 to 42% post-COVID-19
- Around 15% of employees surveyed would like to increase their working hours from home post-COVID-19 compared with pre-COVID-19 levels.

As workplaces become more flexible with more employees working remotely from home, space requirements will likely reduce future floorspace demand. To make it more attractive to go to work, market experts suggest the office place will need to offer increased amenity and services to entice employees back into the office. New formats are also about creating flexible and attractive office spaces that respond to needs of the new working environment.

HillPDA research suggests absorption rates will need to factor a 15% reduction in overall office space and retail space demand to accommodate these employment changes<sup>6</sup>. Making this adjustment, net absorption decreases to ~20,600/sqm GFA per annum for knowledge-intensive jobs and 31,190/sqm GFA per annum for health and education.

Based on this COVID-19 impact, the Site would provide almost 5 years supply (up from 4 years) and the Site's market share of future knowledge intensive jobs to 2046 increases from approximately 16% to 19%. This analysis highlights that the lasting impacts of COVID-19 will not be significant as shown in the table immediately below.

<sup>5</sup> Infrastructure beyond COVID-19, A national study on the impacts of the pandemic on Australia

<sup>6</sup> This is based on literature research including media releases and surveys of business. This includes an allowance for appropriate staff separation other COVID-19 restrictions in the workplace.

**Table 14: Reduced forecast employment demand from COVID-19**

Forecast employment	Change in employment 21-46 (1)	Worker density GFA (2)	Floorspace Demand (sqm GFA)	Covid-19 WFM impacts <15% decrease	Forecast net absorption per annum (sqm GFA)	The Site Commercial Floorspace (sqm GFA)	Years Supply	Future market Share in study area
Knowledge intensive	36,399	17	606,656	515,658	20,626	98,023	4.75	19%
Health and education	16,513	56	917,367	779,762	31,190	-		
<b>Total</b>	<b>52,912</b>		<b>1,524,024</b>	<b>1,295,420</b>	<b>51,817</b>	<b>98,023</b>		<b>7.6%</b>

(1) Transport Forecast 2019

(2) CoS 2017 Floorspace Survey 15sqm NLA. 90% efficiency from GFA to NLA

As shown in the above table the demand for additional commercial floorspace in the study area to accommodate both knowledge intensive and health and education jobs to 2046 is almost 1.3m sqm GFA – an average of almost 52,000sqm every year. The Site will deliver a maximum of 98,023sqm of commercial office space, this represents only 7.6% of total forecast demand in the study area.

## 5.3 Supply of office space

### 5.3.1 Current supply

The Sydney CBD office market is classified into different grades, broadly defined as Prime and Secondary office space. Of these markets, the Prime (Premium and A-Grade) represents 61% of the current stock. The Sydney commercial office market includes six sub-precincts – The Rocks, Walsh Bay, City Core, Western, Midtown and Southern precinct. The Site is located directly to the south of the Southern precinct.

The 2021 PCA Office Market report shows there is currently 5.1 million sqm of commercial office floor space in the CBD. Across the market, at the time of this report, there is approximately 409,000sqm of vacant space.

**Table 15: Supply of office space Sydney CBD**

Type	(sqm NLA)	Share	Direct Vacancy (%)
Premium	1,270,203	25%	4.0
A Grade	1,914,535	37%	10.1
B Grade	1,342,405	26%	8.3
Other	622,405	12%	8.0
<b>Total</b>	<b>5,149,548</b>	<b>100%</b>	

Source: PCA OMR 2021

The Sydney office market is expected to experience a downturn in market demand due to the ongoing COVID-19 intervention policies and changes to the attitudes of employers and employees as to working from home part-time. The immediate impacts are evident in the Sydney CBD office market, where vacancies increased from 5.6% to 9.2% in the last twelve months (PCA OMR 2021). These impacts are likely to be protracted, even when lockdown restrictions are eased, as the recent global pandemic has changed how we use technology for meetings.

The Property Council of Australia (PCA) reported the Sydney CBD office space net absorption, in the twelve months to July 2021, was a negative 24,402/sqm (decline in occupied floorspace). This decline is compared to the office net absorption of + 10,000/sqm pa office in 2019.

This negative net absorption has increased vacant floor space in the CBD, currently estimated at 474,412/sqm. In the Southern district (which includes Tech Central), there is a total vacancy of 35,515/sqm NLA. In context, the

PCA historical audited net absorption over the last ten years for the Sydney Office Market is ~21,000/sqm per annum, and the southern precinct was ~3,000sqm per annum (PCA 2021).

### 5.3.2 Major urban renewal projects

Surrounding the Site, there are several major urban renewal projects in planning or under construction. This development pipeline includes the Central Precinct Renewal, Metro Quarter, Waterloo Estate, University of Technology Ultimo Precinct Plan and the Sydney Camperdown Biotech hub. Together there is around a 1.68 million square meters of floor space being delivered over the longer term.

These projects are described in the table and figure immediately below.

**Table 16: Major projects**

Project Name	Developer / Deliver Partner	Total Floorspace (sqm GFA)*	Delivery Timeframe
Redfern North Eveleigh (RNE) Precinct Paint Shop sub-precinct	Transport for NSW	241,000	2026 – 2036
Western Gateway (Central Station)	Transport, Dexus, Frasers, TOGA	260,000	Atlassian 2025 Dexus / Frasers 2026 Tech Central Balance 2025-2045
Central Station Overstation development	Transport	541,000	To be determined start date post completion of MTMS work
Regent St Siding, Prince Albert Siding and Eastern Gateway	Transport (TAHE)	105,000	Unknown
Metro Quarter (Waterloo)	Mirvac, John Holland, Sydney Metro	54,000	Precinct started in 2015. The commercial building delivery timeframe is unknown
Waterloo Estate South (Waterloo)	Family and Community Services	257,000	2023- 2035
University of Sydney Masterplan (Camperdown)	University of Sydney major projects department	148,000	Unknown
University of Technology Master Plan	UTS Directorate of infrastructure	180,000+	Ongoing (masterplanning)
South Eveleigh (formerly Australian Technology Park)	Mirvac, AMP Capital, Centuria, SunSuper	23,000 (Stage 2 only)	Completed Stage 1 Stage 2 ~2022-3
Parramatta Rd Dive Site	Sydney Metro	70,000	Unknown
<b>Total</b>		<b>1,774,000</b>	

\*numbers are approximates

Source: CoreLogic, HillPDA 2021

The table below highlights the indicative breakup for floorspace. Of the 1.77 million sqm of GFA total floorspace, about 56% (993,000sqm) is office space of which approximately 60,000sqm is being committed by Atlassian. The balance of 930,000sqm is yet to be pre-committed for lease. **This is a significant supply of new floor space, reflecting the importance of this precinct as the new growth corridor for the Sydney CBD.** By way of comparison, Barangaroo has provided 508,000sqm of office floorspace. Notwithstanding the amount of space in the pipeline it represents only 65% of forecast demand. Also research by DPE indicates that a pipeline of three to four times the target space for employment is required because some non-tech sectors will take up some of these spaces and because some projects will be delayed and/or not proceed.<sup>7</sup>

<sup>7</sup> Polis Partners November 2021

The Site will provide specialised office space for technology companies at a density that currently doesn't exist in the Sydney market. It is also worth noting that not all developments proceed for various reasons such as funding, pre-commitment, approvals and partnership arrangements.

Based on the development pipeline, the Site has an opportunity to meet some of the short-term commercial office supply ahead of other mooted developments. Considerable delays are expected with some these other projects – particularly with the Over Station Development (OSD) at Central Station, which is currently almost prohibitively expensive and requires detailed infrastructure planning and sequencing. Likely this development will be more than 20 years in future.

### 5.3.3 City of Sydney floor space

The City of Sydney floor space data (2017) shows that technology/creative industries comprised 7.3% of total employment floor space across the LGA<sup>8</sup>. In the King Street and Redfern Street Precincts (which includes the RNE) that proportion increases to 9.3% of total floor space. A similar pattern also occurs for higher education, research, and health industries. This higher market share for creative industries, education, research, and health demonstrates their preference with the Southern CBD and Redfern precincts. This is likely to increase over the next couple of decades with further urban renewal in the area.

**Table 17: Market share of creative industries**

City-based industry sector	LGA (Sq m NLA)	% of LGA 2017	King Street & Redfern St (1)	% Study area market share of LGA 2017
Creative Industries	1,262,710	7.3%	117,049	9.3%
Finance and Financial Services	1,718,028	10.0%	4,436	0.3%
Government	1,025,804	6.0%	46,888	4.6%
Health	686,286	4.0%	256,063	37.3%
Higher Education and Research	1,435,278	8.3%	568,644	39.6%
ICT	828,053	4.8%	33,267	4.0%
Life Science (Bio-tech)	77,238	0.4%	3,210	4.2%
<b>Total</b>	<b>7,033,397</b>		<b>1,029,559</b>	

(1) King Street and Redfern St Precincts as defined in COS Floor Space Survey 2017.

Source: COS Floor Space Survey 2017

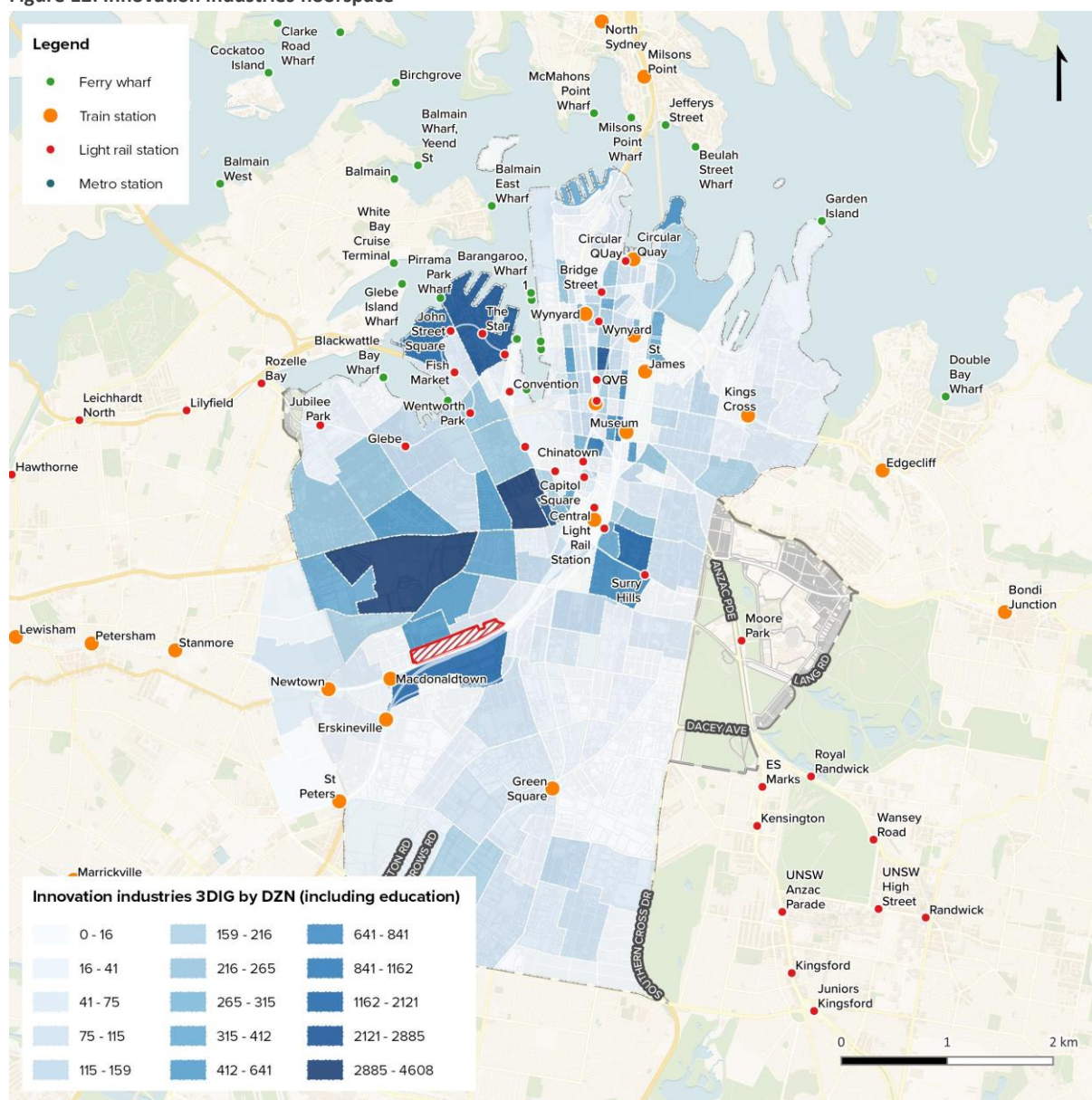
Exploring the location of creative industries shows the creative corridor extends north-south from the CBD and East/West from Surry Hills to Pyrmont. Situated around the Site, there is a clustering of creative and innovative workers. Redeveloping the Site to accommodate technology and creative industries would build upon the agglomeration economies already arising.<sup>9</sup>

<sup>8</sup> Refer to Section 4.2 and Appendix A for a description of "technology/creative industries"

<sup>9</sup> An agglomeration economy is a localised economy in which a large number of companies/industries exist in close proximity to one another and benefit from the cost reductions and gains in efficiency that result from this proximity.



Figure 12: Innovation industries floorspace



Source: City of Sydney Floorspace and Employment Survey 2017, HillPDA 2021

## 5.4 Commercial market

Prime city CBD net face rents are achieving \$921/sqm NLA to \$1,181/sqm NLA, while the secondary stock is reaching \$717/sqm NLA to \$837/sqm NLA.

The Site's local commercial office market achieves lower rents than the CBD, between \$550/sqm NLA (gross) to \$750/sqm NLA (gross) although rents up to \$850/sqm are being achieved in South Eveleigh. Providing more affordable rents than the Sydney CBD will be an attractive factor for new technology start-ups and creative companies, as they can focus on reinvesting rent savings into product development and/or growth.

**Table 18: Commercial market rents**

Market	Average A-Grade Gross Face Rent (\$/sqm/ann)	Average A-Grade Incentive (%)	Average A-Grade Core Market Yield (%)
Redfern/Eveleigh	550-750	8-12	4.50-5.75
South Eveleigh	725-900	15-20	4.50-5.75
Pymont	750-940	15-20	5.00-6.00
Surry Hills	700-940	10-15	4.25-5.50
Ultimo	650-750	12.5-17.5	5.25-6.00
Darlinghurst	600-850	12.5-17.5	4.50-5.75
Haymarket	650-850	12.5-17.5	4.50-5.75
Chippendale	600-750	10-15	4.50-5.75

Source: HillPDA, Knight Frank

Our market intelligence indicates that new office leases must be offered with rental incentives ranging between 30-35% (of asking rent) in 2021, up from 20% in 2019. These higher incentives are due to COVID-19 impacts and companies reviewing their workplace requirements. A more significant percentage of employees elect to work from home as part of more flexible workplace practices.

Due partly to COVID-19 impacts, the lower interest rate environment has also continued to compress office yields for tenanted buildings. Office transaction yields are now sub 5.0%, prime ranges from 4.25% - 4.75% and secondary ranges between 4.75% - 5.25%. This compression of property yields is forecast to continue due to government monetary policy to stimulate the economy with low-interest rates. In some instances, this yield compression has increased asset values; however, with rising vacancies and higher incentives, most asset values have remained unchanged.

The development to the Site would, based on the market rates, provide affordable commercial office space compared to the core Sydney CBD.

## 5.5 Key opportunities for the RNE Precinct

From the review of the background documents, development context, economic data and employment trends, the following key opportunities have been identified for the Site.

**Table 19: Strategic context key considerations and opportunities for the site**

Key trend, issue and or constraint	Description/reasoning	Opportunity for Site
Agglomeration effects	The Site is located near major assets, transport nodes and several government-driven innovations and urban renewal projects.	<p>The development of the Site would enable NSW to become Australia's preferred home to technology industries. This would be a significant technology precinct that leverages the existing university ecosystem and other global Australian technology companies.</p> <p>The establishment of the Site would enable future technology and creative growth industries to collocate.</p> <p>The redevelopment will focus on attracting knowledge-intensive, creative and start-up industries with the 30min city catchment.</p>
Mooted Pipeline	Several major local projects are coming to the market from 2026.	Fast track the delivery of some commercial office space to take advantage of the timing of the mooted supply pipeline.

Key trend, issue and or constraint	Description/reasoning	Opportunity for Site
Sydney LGA Job Targets	The City of Sydney's LSPS 2020 targets an additional 200,000 jobs to be accommodated in Sydney LGA between 2016-36.	The Site would directly provide a total of around 6,200 jobs, contributing to the +200,000 target for new jobs in the LGA (including 25,000 targeted innovation jobs) to 2036
Demand for Commercial office space	The demand for local office space in the study area is 606,000sqm of GFA	The Site will provide a maximum of 98,023sqm GFA of office space for knowledge-intensive uses. This equates to four years supply and 16% of the study area market share.
Staging	Forecast office space net absorption in the Study Area is 25,000sqm per annum	Sub-staging the precinct commensurate with office space demand
Underutilised Land	The LSPS highlights the constrained land supply and development capacity in the CBD.	Urban renewal precincts such as the Site and wider RNE Precinct offer the best solution to accommodate housing and jobs growth.
Floorplates	The LSPS highlights there is a lack of suitable large employment floorplates in the LGA. This is a result of commercial office conversions and the development of student accommodation.	<p>The Site would provide a variety of floor plates suitable for different commercial businesses and scales.</p> <p>There will also be an element of affordable commercial floorspace for innovation and start-up companies.</p>
Timing	Short term need	The site is ready to develop now whereas many of the other sites earmarked in the RNE will experience long delays. Central Overstation site for example is likely to be 20+ years in future.
Position	Synergy with surrounding land uses	The Site is strategically positioned opposite South Eveleigh which is near completion. It is also close to Sydney University.

Source: HillPDA

The following identifies the principles of a successful innovation / mixed-use / commercial precinct. Much of this is covered in Section 4, but in summary the Site is aligned strongly to the main principles as follows:

- 1. Highly accessible location:** The Site is in a highly accessible location being within 400m of Redfern Station and within 800m of the future Metro station.
- 2. Anchor enterprises and institutions:** The Site is adjacent to South Eveleigh which is now home to some major enterprises including the Commonwealth Bank, CSIRO and NSW Education (Technology 4 Learning) - Utilisation & Innovation Headquarters. Also, Sydney University is within 200m immediately to the north.
- 3. Critical mass of related enterprises:** Being adjacent to South Eveleigh and close to Sydney University there is a range of existing enterprises in the innovation precinct promoting activity and vibrancy which will assist in creating an amenable environment.
- 4. Vibrant, amenable and walkable physical environment:** The development of the Site and wider RNE Precinct's the over-station connection to South Eveleigh will provide that walkable environment with a high level of amenity and connectivity.

5. **Well connected digital environment:** The location is already well serviced with national broadband as well as Telstra 5G network so it is already attractive for technology firms that require highly efficient global communications.
6. **Shared or collaborative spaces:** In addition to formal meeting rooms and shared spaces the inclusions/juxtaposition of the heritage buildings provides the perfect opportunity for the incorporation of the Public Square into the design. This will create this third space which transients between the indoor and outdoor area encouraging ground plane activation and providing a meeting place for collaboration.
7. **Flexible (post COVID) design:** The Site provides a perfect opportunity to provide post-COVID employment space with flexible floor plates where firms can evolve and change in scale over time.
8. **Governance:** Being in single ownership the Site provides the opportunity for governance that can curate and manage the mix of firms and services. This curation role is an ongoing role that continues well past the initial letting and sale of properties and can include public events and cultural activities to activate spaces – particularly in the Public Square.
9. **Residential:** Whilst residential is not an essential component to a successful innovation precinct, proximity to residential and a walkable catchment is. Mixed use development with residential encourages both day and night activation and enables a sustainable live/work/learn and play lifestyle.

While the target market is innovation and knowledge intensive industries some of the floor space is likely to be taken up by other industries that would be attracted to the locality. These include businesses that would serve the local population and workforce such as financial and legal services, travel, real estate, administration and support, business, personal, medical and other like services.

The overall conclusion is that the Site provides a strong opportunity to meet some of the forecast demand for innovation, technology, health, education and creative industry jobs in the Study Area. In particular, the site is next to South Eveleigh which is almost fully developed and close to Sydney University which are both potential new anchors and attractors for new enterprises and start-ups. The Site provides the perfect opportunity for a successful design of a new innovation hub. Unlike many of the other pipeline sites identified in Tech Central the Site is ready now and feasible to develop.

## 5.7 Threats, constraints, risks and mitigation measures

The following potential constraints, risks and/or threats have been identified in the table immediately below. Beside each potential shortcoming is a clear mitigation measure to manage these potential risks.

**Table 20: Threats, constraints, risks and mitigation measures**

Threat or risk	Assessment and mitigation measure
COVID 19 impacts and short-term oversupply	<p>Following the re-opening of borders and Sydney returns to growth mode there will be demand for employment space in the knowledge intensive and innovation industries notwithstanding the impacts of COVID-19. This has been factored into the demand assessment. The delivery period (planning, design and construction) will take 4-5 years plus and in all likelihood, there will be some growth in demand during this period. In any case the market risk can be managed with a proper marketing strategy to secure pre-commitments prior to construction (see below).</p>
Competition with other tech central sites including Central Station	<p>The Site would not directly threaten the development of the wider Tech Central or its sub-precincts given:</p> <ul style="list-style-type: none"> <li>■ The Site would only partially contribute to the additional 25,000 innovation jobs forecast for Tech Central. The remaining jobs would be taken up in the remaining Tech Central sub-precincts.</li> <li>■ Based on the development pipeline, the Site has an opportunity to meet some of the short-term commercial office supply and innovation jobs ahead of other mooted developments. Many sites, particularly the Over Station Development (OSD) at Central Precinct, which requires detailed infrastructure planning and sequencing and would not be ready or viable to develop in the short to medium term. Not all mooted developments proceed for various reasons. The Site offers a short-term solution to providing space for these job targets.</li> <li>■ The differing sub-precincts within Tech Central would not attract all of the same innovation and technology jobs. There is opportunity to create distinct precinct specialisations such as big Tech company precincts versus tech start up or health technology precincts.</li> </ul>
Market risk with tech industries	<p>The level of market risk is low by comparison to other sites largely because of the Site's position adjacent to South Eveleigh (which is almost fully developed) and Sydney University and largely due to its location near Sydney CBD and short walking distance to Redfern Station and the future Metro.</p> <p>The level of market risk with the Site is no greater than other sites in Tech Central. On the contrary the subject site has advantages as mentioned above. The surest mitigation strategy would be to develop and implement a marketing strategy before construction. This would involve attracting an anchor innovation tenant or two (eg Microsoft, CSIRO, Google, Amazon, Uber, WiseTech, etc) and to pre-commit to space. Smaller enterprises and start-ups will be attracted following pre-commitments from the anchor/head tenants.</p> <p>Anchor innovation businesses could include Apple, Microsoft, Oracle, CSIRO, Google, Amazon, Uber, WiseTech, Facebook, Dell, Telstra, Optus to name a few. Incentives can be used to attract any one or more of these tenants on the Site. Incentives are not just necessarily lease incentives or planning incentives but can also be government and tax incentives given the competition between states and even countries to attract innovation companies.</p>



## 6. RETAIL DEMAND ASSESSMENT

This chapter explores the retail market, forecasts demand for retail space in the RNE Precinct and assesses the opportunities to deliver such space on the Site.

### 6.1 Local retail centre network

The Sydney CBD comprises 11 major centres with a total of approximately 900,000sqm of retail space.

**Table 21: Retail centres context**

Retail Centre	Distance from RNE Precinct	GLAR (sqm)
South Eveleigh	300m	3,577
Central Park (Broadway)	1km	12,350
Broadway shopping centre	1.1km	52,711
Central Station (Currently)	1.5km	3,315
Market City	1.6km	12,084
Sydney CBD	3.1km	640,000

Source: Various including PCA, Transport, CoS

The closest retail centres to the RNE Precinct are ATP South Eveleigh, Central Park, Broadway shopping centre, and Central Station.

#### South Eveleigh (formerly Australian Technology Park)

The South Eveleigh retail is categorised by complementary retail offerings to the 150,000sqm of office space. Existing tenants within the precinct are 7 West (media), NEP Group (media) AC3 (IT), and the Commonwealth Bank (CBA) and Data 61. The area also has various advertising, galleries and boutique-style office spaces. The precinct includes Romeo's IGA and several cafes and restaurants totalling 3,577sqm.

#### Broadway Shopping Centre

Mirvac's Broadway Shopping Centre is located in the Broadway locality. The centre includes some 52,711sqm of retail floorspace and features Coles, Aldi, Apple, H&M, Target, Hoyts 12 screen cinemas, a 500-seat food court, and over 140 speciality shops. With a turnover of \$11,069/sqm, Broadway Shopping Centre is one of Australia's best-performing centres.

#### Central Park

The 5.8ha mixed-use Central Park development located at 28 Broadway, Chippendale, comprises approximately 2000 apartments, student housing, a hotel and a 70,000sqm commercial office campus. Central Park is also anchored by the 'Central' retail hub. The multi-storey 12,350sqm retail hub is anchored by Woolworths (2,000sqm) as well as 44 speciality stores.

#### Central Station retail

Central Station has a small amount of retail focused on convenience food and beverage retail for commuters and travellers. There are around 25 small tenancies that include two newsagencies, two grocery stores, a fruit shop, various fast food stores, a florist, hairdresser and two travel agents.

## Market City

Market City is on Hay Street in Haymarket (Chinatown) and is a unique shopping centre providing over 12,000sqm of retail floorspace in addition to Paddys Market. The centre is anchored by Thai Kee Supermarket (1,771sqm) and has a number of restaurants, an international food court and brand outlet fashion stores.

## 6.2 Methodology - demand for retail space

Demand for retail space is derived from the following sources

- Residents in the locality
- Workers on site or within a short walking distance
- Other – mainly visitors / tourists and students.

### 6.2.1 Expenditure from residents

The trade area is the geographical area around the site where the majority of potential retail sales is derived from. Given that:

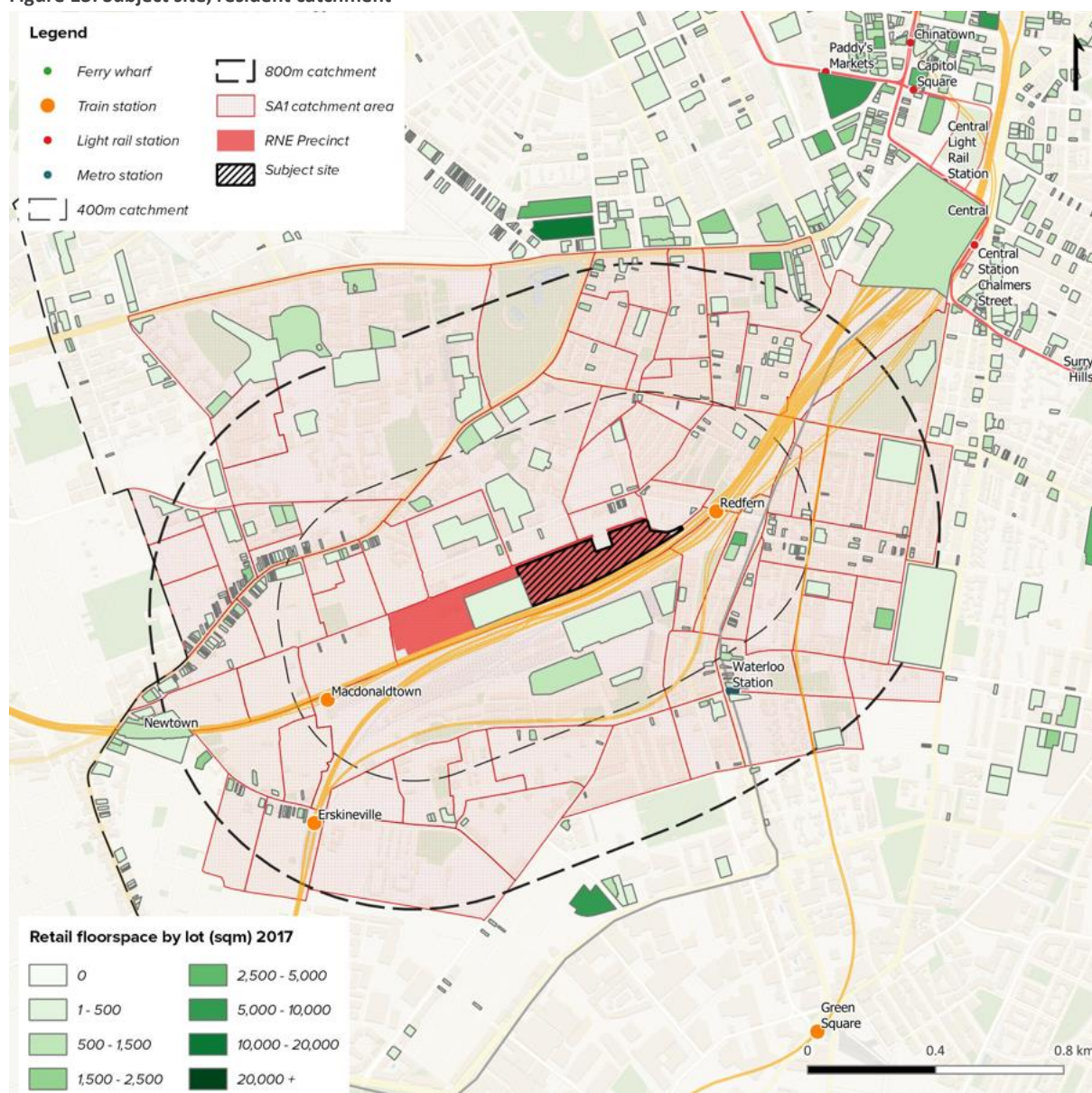
- The site is proximate to Central Station and Sydney CBD.
- The immediate area has very low car ownership rates.<sup>10</sup>
- The number of onsite car parking for shoppers will be minimal.

Any retail provided in the RNE Precinct would largely rely on patrons using ride share, public transport and/or walking to the site. Accordingly, the trade area for the RNE Precinct is defined as the walkable catchments of 400m and 800m around the site (refer to the figure immediately below).

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<sup>10</sup> 37% of households in the Redfern, Chippendale, Camperdown, Newtown, Erskineville, Alexandria SA2s have no car (ABS Census 2016)

**Figure 13: Subject site, resident catchment**



Source: HillPDA

The estimated resident population within the 800m walking catchment of the RNE Precinct was 34,520 in 2021 and this is expected to increase to almost 41,700 by 2036 as shown in the table immediately below.

**Table 22: Total resident population by radii**

Precinct radii	2016	2021	2026	2031	2036	Change*
400m	7,574	8,666	9,753	10,980	11,115	3,541
800m	29,578	34,519	36,489	39,584	41,696	12,118

Notes:

\*includes population from Precinct

Adjusted to include Waterloo and Metro population that falls within 800m of Precinct

Assumptions:

Clothing store population included in 2026 figure

Pint shop population included in 2031 figure

The estimated number of workers within the 800m walking catchment of the RNE Precinct in 2021 was 44,068. This is expected to increase to 65,247 by 2036.

**Table 23: Total employment population by radii**

Precinct radii	2016	2021	2026	2031	2036	Change
400m	11,879	25,943	29,372	37,118	39,104	27,225
800m	27,938	44,068	50,622	61,374	65,247	37,309

Source: TPA forecast projections 2019

The forecast employment for the RNE Precinct is expected to reach around 6,370 workers after development completion.

**Table 24: Total employment at RNE Precinct**

Sub-precinct	GFA	Efficiency	NLA	Sqm/Worker	Workers
Carriageworks	34,588	95%	32,859	193	170*
Paint shop (the Site)	109,547	90%	98,286	16	6,201
<b>Total RNE Precinct</b>	<b>144,135</b>		<b>131,145</b>		<b>6,371</b>

\*Employment provided by Carriageworks

Expenditure from trade area residents was sourced from ABS Retail Sales and ABS Household Expenditure Surveys. Trade area residents are quite affluent by comparison to Greater Sydney and as a result, have higher expenditure levels. In 2019 (the year before COVID-19) each resident, on average, spent almost \$17,800 on retail goods and services compared to \$13,900 in Greater Sydney. Residents in the 800m trade area spent \$557m on retail goods and services in 2019. This is expected to increase to \$726m by 2031 (measured in 2020 dollars) due to population growth and growth in affluence (assuming 0.7% real growth per annum in retail spend per capita in line with historic growth since 1983). The projected average forecast spend per capita by retail store type is shown in the table immediately below.

**Table 25: Average spend per capita by retail store type by year**

Retail store type	2019 (\$)	2026 (\$)	2031 (\$)	2036 (\$)
Supermarkets and grocery stores	5,490	5,886	6,186	6,502
Specialised food stores	1,028	1,064	1,091	1,118
Bulky goods stores	3,011	3,118	3,197	3,277
Department stores	769	743	724	706
Apparel stores	1,551	1,607	1,647	1,689
Other non-food stores	2,364	2,448	2,509	2,573
Restaurants and fast-food services	2,962	3,187	3,358	3,538
Selected personal services	614	636	652	669
<b>TOTAL</b>	<b>17,789</b>	<b>18,688</b>	<b>19,365</b>	<b>20,072</b>

Source: HillPDA utilising data from ABS Retail Sales and ABS Household Expenditure Surveys

## 6.2.2 Expenditure from workers

Estimating expenditure from workers is more vexed, largely due to the lack of empirical data. One of the more reliable sources of data is the recent Urbis survey which found that workers in the CBD of Australian capital cities spend an average of \$11,000 per annum in the CBD<sup>11</sup>. The average spend is \$230 per week in shops (which excludes transport to and from work, commercial services such as medical and other similar non-retail spending). One third of retail spend is on food and beverages. Lunch is the most popular purchase, with 84 per cent of office workers buying lunch during the week. Coffee is a big outlay, with almost three quarters of office workers consuming coffee at a typical rate of 3.5 hits per week. The balance of spend comprises other items particularly apparel.

<sup>11</sup> <https://insideretail.com.au/news/office-workers-big-spenders-201407>  
[https://www.propertycouncil.com.au/Web/Content/News/National/2014/Office\\_workers\\_ensure\\_retail\\_success.aspx](https://www.propertycouncil.com.au/Web/Content/News/National/2014/Office_workers_ensure_retail_success.aspx)

The retail offer is much stronger in the CBD than in other localities and hence the level of capture of expenditure diminishes in the retail hierarchy – particularly in the more discretionary spending areas such as apparel. For this retail assessment, we have assumed that workers on-site would spend \$4,300 per annum on site of which 60% is on food and drink services. For other workers within the 400m radius, we have applied one quarter the amount. These levels are expected to increase in real terms at an average rate of 0.7% per annum.

By 2031 workers on-site plus workers within the 400m walking catchment could generate \$67m of expenditure for retailers in the RNE Precinct.

### 6.2.3 Other sources of expenditure

Other sources of expenditure include students, visitors and tourists. For the retail assessment, we have assumed that 7%<sup>12</sup> of total potential retail sales on-site would be derived from these sources.

## 6.3 Potential retail sales on site

Potential retail sales or potential annual turnover is estimated by applying capture rates to resident expenditure and combining it with the sources of other expenditure. Capture rates diminish with distance (as shoppers prefer to minimise walking distance) and also vary with store type. For the retail assessment we have adopted the following capture rates<sup>13</sup>:

**Table 26: Assumed potential capture of resident expenditure**

Store type	Residents on site	Other residents within 400m	Residents 400m to 800m
Supermarkets	70%	42%	17%
Specialty Food	70%	42%	17%
Food Services	45%	27%	11%
Non-food & personal services	13%	8%	3%
<b>Total</b>	<b>40%</b>	<b>24%</b>	<b>10%</b>

The table shows a high potential capture of food and grocery expenditure. Note however that this refers to potential capture. If the retail offer is weak in any particular retail category (due to store sizes, number of stores or lack of competition, number or product lines, trading hours, etc) then the above capture rates would not be achieved.

Based on the above potential expenditure per person on site in 2031 is forecast as follows:

**Table 27: Potential expenditure on site per person in 2031 (\$2020)**

Store type	Residents on site	Other residents within 400m	Residents 400m to 800m	Workers on site	Other workers within 400m
Supermarkets	4,330	2,598	1,039	507	127
Specialty Food	764	458	183	319	80
Food Services	1,511	907	363	2,834	708
Non-food & personal services	1,108	665	266	1,115	279
<b>Total</b>	<b>7,713</b>	<b>4,628</b>	<b>1,851</b>	<b>4,774</b>	<b>1,194</b>

Source: HillPDA estimate

<sup>12</sup> This is based on value judgement but it is generally recognised that as much as 10% of a centre's trade is derived from visitors outside the defined trade area and this proportion can increase based on a number of attributes (such as convenience, passing trade, etc)

<sup>13</sup> This is based on value judgement but experience shows shoppers prefer to undertake food and grocery shopping closer to where they live, where they work and/or on the way home from work. Most non-food expenditure is captured by the larger centres.



Total potential retail sales in the RNE Precinct are forecast to reach \$179m by 2031. Potential retail sales by the source of expenditure are provided in the table immediately below.

**Table 28: Potential retail sales on site in 2031 by source of expenditure (\$m 2020)**

	Residents on site	Other residents within 400m	Residents 400m to 800m	Workers on site	Other workers within 400m	Other	TOTAL
Supermarkets	6.7	25.1	37.9	3.2	3.9	3.8	80.7
Specialty Food	1.2	4.4	6.7	2.0	2.4	0.8	17.6
Food Services	2.3	8.8	13.2	18.0	21.8	6.4	70.5
Non-food & personal services	1.7	6.4	9.7	7.1	8.6	2.5	36.0
<b>Total</b>	<b>12.0</b>	<b>44.7</b>	<b>67.5</b>	<b>30.3</b>	<b>36.7</b>	<b>13.6</b>	<b>204.8</b>
Source of spend by %	6%	22%	33%	15%	18%	7%	100%
Avg spend per person on site	7,713	4,628	1,851	4,774	1,194		
% Capture of total spend	40%	24%	10%	25%	6%		

## 6.4 Forecast demand for retail space

Demand for retail space is calculated from potential retail sales using target retail turnover density (RTD) rates which are measured in turnover per square metre (\$/sqm) of gross leasable area retail (GLAR). Target RTDs are sourced from a variety of publications and other data including ABS Retail Surveys, Shopping Centre News, Property Council of Australia, annual reports, retail leases, URBIS Retail Averages and consultancy reports. Demand for retail space is shown in the table immediately below. For the purpose of the forecast, we have assumed that target RTDs will increase at 0.7% per annum for food and food services retailing and 0.35% for non-food retailing generally in line with historic trends.

**Table 29: Demand for retail space by 2031**

Store type	Total Potential Sales in 2031	Target RTD (\$/sqm) in 2020	Target RTD (\$/sqm) in 2031	Target GLAR (sqm)
Supermarkets	80.7	13,000	14,037	5,750
Specialty Food	17.6	12,500	13,497	1,304
Food Services	70.5	7,500	8,098	8,706
Non-food & personal services*	36.0	6,500	6,755	5,328
Non-retail services**				2,109
<b>Total</b>	<b>204.8</b>		<b>9,712</b>	<b>23,196</b>

\* Personal services include hair and beauty, clothing alterations, optometry, etc

\*\* Assumes an additional 10% for non-retail services (real estate, financial, travel, medical)

The above numbers allow for a further 10% of shopfront space to be occupied by non-retail services such as real estate, medical, financial, travel, etc. These are non-retail businesses that generally occupy shopfront spaces to increase exposure.

Table 29 above shows that the study area could support more than 23,000sqm. We understand however that there is around 6,000sqm of retail space in the South Eveleigh that was not identified in the Sydney City Floorspace Survey. This would reduce the retail demand in the study area to 17,000sqm.

A high profile pedestrian connection across the railway line would combine the two precincts with considerable overlapping trade areas. The existing retail space at ATP would reduce the need for shopfront space in the RNE Precinct to around 16,000 to 17,000sqm. The Romeo's IGA supermarket, in particular, would absorb some of the demand for supermarket space shown in the above table.

The table shows that a large full-line supermarket is supportable in the RNE Precinct. This is understandable given the resident and worker (FTE) population within 800m of more than 100,000 by 2036. Supportable (or commercially viable) however, doesn't necessarily mean recommendable or achievable. The RNE Precinct may not be suitable for a full-line supermarket due to site constraints, traffic, heritage, design or other reasons. Given the site conditions, existing heritage and parking restrictions we recommend a mid-size metro format supermarket to anchor the centre which – say 1,000sqm. A larger supermarket of say 2,000sqm may be achievable. Woolworths originally proposed a two-level 2,000sqm supermarket on the Newtown site at 23 Erskineville Road with no on-site car parking for customers. The application was refused in the Land and Environment Court and a subsequent single level 1,000sqm Woolworths Metro was developed instead. It demonstrates that in this location a 2,000sqm supermarket is viable and even desirable with or without car spaces for shoppers.

Food services demand in the study area could theoretically accommodate 8,500sqm, which is a lot of food and beverage retail space. A successful eat-in precinct needs only to capture the workers spend and 15% of the residents (within the 800m catchment) spend in the food and drink services category for these businesses to trade sustainably.

## 6.5 Recommended retail mix on the Site

Notwithstanding that up to 17,000sqm GLAR (which equates to around 19,000sqm GFA<sup>14</sup>) of retail space could be supported in the RNE Precinct, it is understood that constraints are likely to limit the amount of retail space on to around 10,000sqm (GFA. This could be supported and provided on the Site (Paint Shop sub-precinct).

The current plan for the Site shows a maximum of 9,006sqm GFA of retail space. This is an appropriate level of retail space which is likely to trade well given the right retail mix and amenity.

For a centre of this size in this location and which appropriately provides for the surrounding resident and worker population, we suggest the following retail mix:

- Food and groceries of 1,500 to 2,000sqm
- Restaurants and other food services of around 3,000 to 5,000sqm
- Non-food stores and services of around 1,500sqm to 2,500sqm
- Non-retail commercial services of around 500sqm to 1,500sqm.

## 6.6 Characteristics of a successful centre

Below is a list of some recent trends in the retail industry that may affect planning for retail space as well as some measures that could be, or should be, incorporated on the subject site to ensure its commercial success.

### 6.6.1 Online retail

More retailers are using online platforms and moving towards the digitalised business model, with COVID accelerating this trend. This trend will likely continue (and evolve) post-COVID as online shopping behaviour and customer expectations have become embedded. This trend could place downwards pressure on the demand and supply of retail floorspace. However, the impacts of this are likely to be less pronounced in RNE as bricks and mortar stores continue to be the preferred form of retailing in relation to food and grocery shopping and food services. Moreover, while online shopping will continue to strengthen, it will not replace traditional brick and mortar retail with a high proportion of online sales occurring through physical stores.

<sup>14</sup> Based on an efficiency ratio of 90% GFA to NLA

With online retailing food, groceries and non-food goods reach the consumer either by home delivery or by click and collect services. These would provide an important addition to the success of the proposed RNE retail centre. A centralised website and collection point should be considered as part of the centre experience.

### 6.6.2 Increase in retail-entertainment and in-store experiences

To compete with the online shopping experience, there has been a shift towards brick-and-mortar stores becoming more experiential with many centres combining leisure, entertainment, and retail. We expect this trend will continue post COVID.

### 6.6.3 Pop-up retail

Pop-up retailing has become increasingly popular in recent years, with this type of retailing now becoming a permanent fixture in Australia's retail landscape. The use of pop-ups has been successful in many cities around the world, with several local councils also embracing the concept to successfully activate and reinvigorate a struggling precinct. Pop-up stores have several benefits being:

- Cost savings as rents are usually lower than the normal rates
- Lower risk - short-term leases make pop-ups more affordable and less risky
- Gives sellers the opportunity to test the product, market, location
- Helps to build brand awareness and move stock and build a customer base
- Creating urgency - customers are often more willing to buy immediately if they feel the shop or the item will only be there for a short period which plays to people's 'fear of missing out'<sup>15</sup>
- Activates and reinvigorates a dormant retail space
- Enhances the customer experience and drives interest in the centre<sup>16</sup>
- Opportunity to incubate new retailers
- Reduces shopper fatigue by creating a new experience for customers.

Although pop-up retailing is often used for activating new precincts as a way cost effectively creating new experiences for residents and workers in the trade area. This could be successfully employed in Site during its growth phase to add to the character and vibrancy of the area.

### 6.6.4 Changing formats of supermarkets

Speciality food stores, as well as take-away foods and restaurants, are changing with new formats are emerging. Supermarkets have also been changing their formats. Certain discount format supermarkets such as BI-LO and Flemings have all disappeared, while Coles, Woolworths and other supermarket operators have introduced more metro style and upmarket formats.

These metro supermarkets are becoming increasingly popular in the inner-city areas largely due to increasing demand from population growth and gentrification and also because of land scarcity and the difficulties of amalgamating sites to accommodate large format supermarkets with ample parking spaces.<sup>17</sup> Examples of metro style supermarkets in Sydney CBD include:

- Woolworths 65 York Street Sydney - 362sqm NLA
- Woolworths 333 George St, Sydney - 700sqm NLA
- IGA MLC Centre 25 Martin Pl, Sydney LGA - 844sqm NLA.

<sup>15</sup> Small Business Development Corporation Benefits of running a pop up

<sup>16</sup> S. Pini. (2021). Pop Up Power. Shopping Centre News.

<sup>17</sup> Loughran, F 2019, 'Prepared food is driving traffic in malls, mixed use and supermarkets', Shopping Centre News, Volume 37, Number 3

These formats look more and more like fresh convenient food halls than traditional supermarkets. More recently the Romeo's IGA supermarket at ATP is a great example of this trend providing a wide range of experiences, gourmet foods, prepared meals, heritage interpretation and even a cheese room.

Given the location of the Site near Redfern Station and the desire to minimise onsite car parking spaces, a Metro-style supermarket makes better sense than a full-line supermarket. This however could be up to 2,000sqm in size.

#### **6.6.5 Better designed eating experiences**

With the rise of the café culture prior to COVID and increased food awareness, the eating experience has become increasingly important. With customers seeking an experience where it is not just about the food but also the environment they eat in, creating the need for designing venues that also enhance and excite a customer's sense of touch, smell, sight and taste. This 'experience' has seen increased demand for comfortable outdoor dining options. Venues are extending trading hours, providing natural themes or taking advantage of existing natural assets or heritage assets (heritage interpretation) to improve amenity and increase the dining experience.

The retail experience could capitalise on the heritage assets on the subject site. Examples of this include the Tramshed in Harold Park and The Grounds in Alexandria.

#### **6.6.6 Longer trading hours**

Over the last three decades, we saw a modernisation of retail trading laws across Australia allowing retailers to trade with extended hours and on weekends. Longer opening hours are necessary for a night-time economy. Trading hours have recently been restricted with COVID-19, however, demand for longer trading hours should return post COVID-19.

#### **6.6.7 Night-time economy**

The supermarket and food and drink offerings are the most important contributors to a night-time economy. These businesses will typically remain open until late – provided there is the potential demand to make it work. Given the range of land uses on-site and within a short walking distance of the Site these businesses should be able to remain open until late. The residential apartments will give the area some night-time activity as well as a pool of University students that provide a source of expenditure to late hours. It's likely that the retail mix would include a supermarket that would remain open until 11 pm or midnight, possibly a bar and restaurants that would also open to 10 pm or later. The location contributes to the night-time economy but the night-time economy also contributes to the success of the place in terms of vibrancy and culture.

## 7. ECONOMIC IMPACT ASSESSMENT

This Chapter assesses and, where possible quantifies the potential economic impacts that would eventuate from the Site's development, that is the Pain Shop sub-precinct. Economic metrics estimates include employment, wages, gross value added (GVA) and construction impacts (direct and indirect economic outputs and employment).

### 7.1 Proposed scheme

This Chapter assesses the preferred development scheme for the Site. The Proposal provides a minimum of 381 residential apartments and a maximum of 109,547sqm GFA of employment space as provided in the following table.

**Table 30: Proposed Site development scheme**

Component	Paint Shop
Residential space (GFA)	33,097
Apartments (#)	381
Non-residential space (GFA)	109,547
<b>Total space (GFA)</b>	<b>142,644</b>
Indicative completion year	2031

Source: Transport for NSW

### 7.2 Economic impacts from design and construction

This section assesses the potential economic benefits from design and construction. The economic impacts of the construction stage are based on the estimated total design and construction cost of around \$908.8 million.

The construction industry is a significant component of the economy, accounting for 5.96% of Gross Domestic Product (GDP) and employing just over one million workers across Australia<sup>18</sup>. The industry has strong linkages with other sectors, so the impacts on the economy go further than the direct contribution of construction. This is known as the multiplier effect. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of effects captured by multipliers:

**Production Induced Effects:** which is made up of:

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

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

The modelling for this report is based on the ABS Input Output tables 2018-19.

#### 7.2.1 Construction – gross output

The Proposal will have a direct impact on construction output as well as indirectly stimulating other industries which assist in production and cater to increased consumption.

<sup>18</sup> Source: IBIS World Construction Industry Report



The table below details the output multipliers and shows the impact of the change in demand generated by the development and the impact on the Australian economy. The forecast increase in total output is approximately \$2.85 billion, as shown in the table below.

**Table 31: Design and construction impact on gross output (\$m)**

	Direct effects	Production induced effects	Consumption induced effects	Total
Output multipliers	1	1.233	0.902	3.135
<b>Output (\$million)</b>	<b>\$908.8</b>	<b>\$1,120</b>	<b>\$820</b>	<b>\$2,849</b>

Source: HillPDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2018-19 (ABS Pub: 5209.0)

### 7.2.2 Construction – job creation

Every million dollars of construction work undertaken generates 2.24 full time job years<sup>19</sup> on site directly in construction<sup>20</sup>. Based on the estimated design and construction cost of \$908.8 million a total of around 2,210 job years would be directly generated by the proposed development as shown in the table below.

**Table 32: Design and construction impact on employment (job years)**

	Direct effects	Production induced effect	Consumption induced effect	Total
Multipliers	1	1.444	1.320	3.764
Employment No. per \$million	2.434	3.497	3.206	9.137
<b>Total Job Years Generated</b>	<b>2,212</b>	<b>3,178</b>	<b>2,914</b>	<b>8,304</b>

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2018-19 (ABS Pub: 5209.0)

Every job year generated directly in construction would support a further 1.4 job years in production induced support (providing the inputs to construction). And for every job year directly in construction a further 1.3 job years is supported in consumption induced impacts (providing the goods and services for the workers directly employed in construction).

A total of 8,305 job years would be directly and indirectly be supported as a result of the development.

### 7.2.3 Construction – workers' remuneration

We estimate remuneration of workers directly in design and construction would be around \$160 million. Total remuneration of workers supported by the development both directly and indirectly would be around \$600 million as shown in the table below.

**Table 33: Design and construction impact on wages (\$m)**

	Direct effects	Production induced effects	Consumption induced effects	Total
Workers remuneration per \$ of gross output	0.175	0.261	0.225	0.661
<b>Workers remuneration (\$m)</b>	<b>\$159</b>	<b>\$237</b>	<b>\$204</b>	<b>\$600</b>

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2018-19 (ABS Pub: 5209.0)

<sup>19</sup> Note: One job year equals one full-time job over one year

<sup>20</sup> Source: ABS Australian National Accounts: Input – Output Tables 2018-19 (ABS Pub: 5209.0)

### 7.2.4 Construction – Gross Value Added (GVA)

The Gross value added (GVA) of an industry refers to the value of outputs less the costs of inputs. It also measures the contribution that the industry makes to gross regional product (GRP). The major components of GVA are workers' remuneration, company profits and government taxes from production.

Design and construction would directly contribute around \$290 million to the national economy or gross domestic product (GDP). Including the multiplier impacts, a total of around \$1.2 billion would be contributed both directly and indirectly to GDP (measured in 2019 dollars) as shown in the table below.

**Table 34: Construction – impact on gross value added (GVA)**

	Direct effects	Production induced effects	Consumption induced effects	Total
GVA (per \$ of gross output)	0.318	0.510	0.480	1.308
<b>GVA (\$million)</b>	<b>289</b>	<b>464</b>	<b>436</b>	<b>1,189</b>

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2018-19 (ABS Pub: 5209.0)

### 7.2.5 Limitations with multipliers

Both the ABS and the NSW Treasury Employment Calculator describe a number of limitations with input-output multipliers, or at least shortcomings with typical interpretations of the multipliers, which generally result in an over-estimation of impacts. The main shortcomings or limitations are as follows:

- Production induced impacts can leave the impression that extra output can be produced without taking resources away from other activities.
- Multipliers assumed fixed input ratios and hence measure impacts based on average effects rather than marginal effects.
- The impacts are nationwide and are not regional or local impacts which would be smaller.

Other limitations are described in both the NSW Treasury Guide and on the ABS website.<sup>21</sup> Notwithstanding these limitations it is generally recognised that the construction industry has strong linkages with other sectors in the economy and that its impacts flow through the economy.

## 7.3 Economic impact - post-construction

### 7.3.1 Direct employment

The estimation of employment on the Site was provided by the RNE Population and Demographics Report. The Report applied average employment densities to the proposed non-residential floorspace mix across the Site to estimate its likely employment potential.

It is estimated that on completion and full occupation, the Site has the potential to accommodate a total of around 6,200 jobs. The breakdown of these jobs is provided in the following table.

<sup>21</sup> <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-input-output-tables/latest-release>  
<https://www.treasury.nsw.gov.au/information-public-entities/nsw-treasury-employment-calculator>

**Table 35: Precinct employment estimate by sub-precinct and land use**

Broad land use	GFA	NLA*	NLA/Worker	No. of Workers
Innovation and commercial office space	98,023	88,221	15	5,881
Community uses	2,518	2,140	50	43
Food retail	6,755	5,944	27	220
General retail/shopfront	2,251	1,981	35	57
<b>Total</b>	<b>109,547</b>	<b>98,286</b>		<b>6,201</b>

\*Assumes 90% efficiency from GFA for innovation and commercial office space, 85% for community, 88% for food and non-food retail and 85% efficiency for the community spaces

### 7.3.2 Indirect employment

The economic benefits of the innovation sector go further than the direct contribution of jobs on site. In the same manner as construction has multiplier impacts on the wider economy so does the innovation sector. Indirect jobs supported by businesses on site is shown in the table immediately below.

**Table 36: Direct and indirect jobs creation**

Land Use	Direct Jobs	Production Induced Jobs	Consumption Induced Jobs	Total
Innovation and commercial office space*	5,881	4,201	6,168	16,251
Community uses	43	9	31	83
Food retail	220	67	92	379
General non-food retail and services	57	15	29	101
<b>Total</b>	<b>6,201</b>	<b>4,293</b>	<b>6,320</b>	<b>16,814</b>

\* Multipliers based on knowledge intensive jobs: Refer to Section 5.1 for list of industries by ANZSIC

Source: ABS Input Output tables 2018-19 and HillPDA

The above table shows that from the 6,200 jobs directly supported on the Site, a further 4,295 jobs would be supported elsewhere in the national economy through production induced impacts. An additional 6,320 jobs would be supported through consumption induced impacts. Total jobs potentially supported both directly and indirectly through development of the Site is estimated at around 16,815.

### 7.3.3 Gross value added

The forecast GVA from employment generating uses on the Site is just over \$1.5 billion directly every year. Taking into account national multipliers total GVA from direct and indirect jobs amounts to around \$3.94 billion, as shown in the table below.

**Table 37: Estimated GVA from businesses on site**

Land use	No. of Workers	GVA/worker	Direct GVA	Production induced jobs	Consumption	Total GVA (direct & indirect)
Commercial office	5,881	\$253,032	\$1,488	\$790	\$1,626	\$3,904
Community uses	43	\$38,130	\$2	\$2	\$2	\$6
Food retail	220	\$59,968	\$13	\$4	\$6	\$23
General retail	57	\$49,564	\$3	\$2	\$3	\$7
<b>Total</b>	<b>6,201</b>	<b>\$400,694</b>	<b>\$1,506</b>	<b>\$798</b>	<b>\$1,636</b>	<b>\$3,940</b>

Source: Economy .id, IBIS World Reports 2020, ABS Input Output tables 2018-19

### 7.3.4 Wages

Based on the broad land uses proposed on the Site, the total remuneration of workers would amount to approximately \$890 million. Taking into account national multipliers, total wages from direct and indirect job amounts to just over \$1.9 billion, as shown in the table below.

**Table 38: Estimated remuneration of workers on site**

Land use	No. of Workers	Avg annual wage	Direct wages	Production Induced Jobs	Consumption	Total wages (direct & indirect)
Commercial office	5,881	\$149,289	\$878	\$383	\$649	\$1,910
Community uses	43	\$22,743	\$1	\$1	\$1	\$3
Food retail	220	\$42,746	\$9	\$3	\$4	\$16
General retail	57	\$34,398	\$2	\$1	\$1	\$4
<b>Total</b>	<b>6,201</b>	<b>\$249,176</b>	<b>\$890</b>	<b>\$388</b>	<b>\$656</b>	<b>\$1,934</b>

Source: Economy .id, IBIS World Reports 2020, ABS Input Output tables 2018-19

### 7.3.5 Whole of Government revenue

Design and construction provide financial benefits to whole of government in the form of GST revenue, stamp duties, payroll tax and developer contributions. This is estimated at around \$117 million as shown in the table immediately below.

**Table 39: Impacts on Whole of Government Revenue (\$m) from construction**

Source of Revenue	Total (\$m)
GST from Residential Apartments *1	41.6
Stamp Duty Revenue *2	19.6
Long service levy	3.2
Developer Contributions *3	36.0
Payroll Tax during Construction *4	16.3
<b>Total</b>	<b>116.7</b>

\*1 Assuming average apartment sale price of 1.2m

\*2 Assuming average apartment sale price of \$1.2m

\*3 Section 7.11 charges and SIC Levy

\*4 Assuming 50% of workers do not attract payroll tax due to varying business sizes

GST on the sale of the commercial spaces is ignored as this would be offset by input credits granted to buyers. There would of course be ongoing GST and other taxation revenues from businesses operating on site post construction.

## 7.4 Other economic benefits

### 7.4.1 Investment stimulus

Where a significant property investment decision has been made, it is generally viewed as a strong positive commitment for the local area. Such an investment can, in turn, stimulate and attract further investment. The Proposal would create additional business opportunities in this locality associated with future residents and employment floorspace on site. It would increase the profile of this area and, in so doing, increase the financial feasibility of mixed-use developments, potentially acting as a catalyst on surrounding sites, including Tech Central.

#### 7.4.2 Jobs closer to home

The Proposal would provide additional employment opportunities for residents living both within the Redfern North Eveleigh locality and the wider Sydney LGA.

There are many benefits associated with providing jobs closer to home, most notably a reduced need to travel and the knock-on benefits associated with this in terms of reduced pressure on infrastructure.

A reduction in the number and length of journeys made (in particular those made in private vehicles) has environmental benefits. There are also lifestyle benefits related to increased free time, reduced travel-related stress and a reduced likelihood of road related accidents.

This concept forms the basis of the 30-minute city, a clear objective of State planning policies. The Proposal would be helping achieve this planning objective.

#### 7.4.3 Contribution towards Tech Central

The vision of the Tech Central Precinct is to create *“a vibrant and exciting place that unites a world-class transport interchange with innovative and diverse businesses and high-quality public spaces. It will embrace design, sustainability and connectivity, celebrate its unique built form and social and cultural heritage and become a centre for the jobs of the future and economic growth”*.

The Site and wider RNE Precinct is located approximately 1.5km to the southwest of the planned Central Precinct, which is a nominated State Significant Precinct. Under the structure plan for the Central Precinct, the Site and wider RNE Precinct fall just outside the bounds of the southern precinct but falls within the Camperdown-Ultimo Collaboration Area. It is strategically located between South Eveleigh and Sydney University close to Redfern Station and the future Metro Station.

The development of a Site will support the activation and connectivity down the transport corridor between Central Station to Redfern. Of the 6,200 direct jobs supported on the Site post-construction, around 5,800 are estimated to be innovation and other commercial jobs. These would contribute to Tech Central meeting its target of at least 25,000 more innovation jobs. We would expect around half of the jobs on the Site to be innovation jobs which would meet around 12% of the target for Tech Central.

The Site has the potential to significantly contribute to the vision of Tech Central through the development of a vibrant mixed-use precinct in the heart of the Tech Central innovation and technology precinct.



## 8. MASTERPLAN RECOMMENDATIONS

### 8.1 Floorplate requirements

Innovation and technology firms having varying demands for floor plate sizes and layouts. Researchers and wet labs tend to be smaller areas for security and safety reasons. Education, conference space and financial support tend to prefer larger floor plates for open plan efficiencies and interaction.

In Sydney, current innovation and technology firm range from 430/sqm floor to 2,500sqm/ floor plates.

**Table 40: Floor plate analysis**

Company	Location	Levels	Floor plates
Salesforce	186-200A George St, Sydney	Unknown	1,200-1,300sqm NLA
Deputy	Level 36, Governor Phillip Tower, 1 Farrer Place, Sydney,	1	1,480/sqm NLA
Site minder	3/30 Windmill St, Millers Point NSW 2000	2	1,843/sqm NLA
Canva	110 Kippax St, Surry Hills NSW 2010	8	560sqm NLA
Atlassian	8-10 Lee St, Haymarket	22	1,170/sqm GFA – 2,500/sqm GFA
Western Gateway Dexis / Frasers	Western Gateway Tech Central		T1 – 1,650-2,105sqm GFA T2 1,351-1,880/sqm GFA
Safety Culture	2 Lacey St, Surry Hills	4	430/sqm NLA
Campaign monitor	201 Elizabeth St, Sydney		1,100sqm NLA

Source: HillPDA 2021

Except for Atlassian and Salesforce, we note the floor plates above are in existing buildings and not purpose-built for innovation businesses.

Bates Smart conducted some floorplate research using their existing tenants and projects found there is a need to vary the floor plates based on the user needs. Market soundings also confirm tenants are seeking flexible floorspace that can cater for a fluid workforce. Spaces also need to be well designed to assist in attracting and retaining the workforce.

The table below shows the type, user, their general requirements, and the proposed floorplates on the Site. Our research and market soundings confirm this is a good mix to meet a range of tenants demands.

**Table 41: Floor plate requirements**

Type	User	Characteristics	Required floorplates
Mixed-use commercial – Contemporary warehouse	Business(es) or institutions wanting proximity to culture and institutions with a 'warehouse feel' but with contemporary facilities.	Low-scale building suited to timber construction or flexible warehouse form. Benefitting from a rich mix of retail and associated uses at ground levels	1,000 - 1,300sqm
Innovation warehouse	Start-ups, scale-ups, or single anchor tenants looking for unique space	Heritage fabric, large floorplate, generous volume, natural light, mezzanines.	6,200sqm
Warehouse plus	Integrated development Combining heritage with contemporary workspace.	Flexible open floorplate. Atria providing connectivity, light, biophilia. Landscaped roof – social space and outdoor work / events.	1,800sqm

Type	User	Characteristics	Required floorplates
Innovation anchor premium tower	Established successful companies	Large and flexible tower floorplates (1,500sqm nom). Premium address with prominent location and amenity.	1,700 - 2,000sqm
Tech vertical village	Commercial space for medium sized tech companies to be collocated with some shared amenities	Mid-scale building with 1,000sqm floorplates (nom). Potential shared facilities in podium. Mixed-mode environments.	1,200 - 2,300sqm
Boutique and unique commercial	Small scale business wanting a heritage workplace	Contemporary adaptation of heritage buildings. Cellular office environments suited to quiet focussed workplace.	400 - 650sqm

Source: Bates Smart Oct 2021

## 8.2 Other recommendations

The Site will be constructed in stages over 5 to 7 years. The public spaces, including the Public Square should be used for cultural, recreational, and retail uses and should be delivered early to enhance the sale of office space and apartments and to establish the identity of the place and its exemplary role in the community. South Eveleigh (former ATP) learned to open its public spaces (park) and retail offering outward facing to the community and improve pedestrian permeability. The ATP previously was designed as a business park with services and open spaces inward facing to the park employees. The modern technology park is a mixed use precinct that knits into its local neighbourhood as an extension of community and culture (albeit a more intensive built form).

Another recommendation is to include a governance framework that can curate the mix of firms and services. Like developing a new major shopping centre, it is important to create an appropriate mix of firms in the right location. This curation role is an ongoing role that continues well past the initial letting and sale of properties. Services also include public events and cultural activities to activate the space. This requires a marketing/events management team. Canary Wharf in London is an example of activate event management.

The Site should include a range of services such as childcare, gyms, restaurants, bars, short-term accommodation and retail offering including a supermarket/fresh food store. It should include communal spaces where people can work, play, relax, socialise and collaborate.

# APPENDIX A : CREATIVE AND TECHNOLOGY DEFINITION

The follow 4 digit code categories were used to define creative and technology industries.

**Table 42: INPD technology and creative industries**

- |  |   |
|--|---|
| - 1612: Printing Support Services  | - 5600: Broadcasting (except Internet), nfd                 |
| - 2591: Jewellery and Silverware Manufacturing                                 | - 5610: Radio Broadcasting                                  |
| - 5400: Publishing (except Internet and Music Publishing), nfd                 | - 5620: Television Broadcasting, nfd                        |
| - 5410: Newspaper, Periodical, Book and Directory Publishing, nfd              | - 5621: Free-to-Air Television Broadcasting                 |
| - 5411: Newspaper Publishing   | - 5622: Cable and Other Subscription Broadcasting           |
| - 5412: Magazine and Other Periodical Publishing                               | - 5700: Internet Publishing and Broadcasting                |
| - 5413: Book Publishing  | - 6921: Architectural Services                              |
| - 5420: Software Publishing  | - 6924: Other Specialised Design Services                   |
| - 5500: Motion Picture and Sound Recording Activities, nfd                     | - 6940: Advertising Services                                |
| - 5510: Motion Picture and Video Activities, nfd                               | - 6991: Professional Photographic Services                  |
| - 5511: Motion Picture and Video Production                                    | - 7000: Computer System Design and Related Services         |
| - 5514: Post-production Services and Other Motion Picture and Video Activities | - 9000: Creative and Performing Arts Activities, nfd        |
| - 5520: Sound Recording and Music Publishing, nfd                              | - 9001: Performing Arts Operation                           |
| - 5521: Music Publishing   | - 9002: Creative Artists, Musicians, Writers and Performers |
| - 5522: Music and Other Sound Recording Activities                             | - J000: Information Media and Telecommunications, nfd       |

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