

9 September 2015

## Study focus: Economics

### Study authors

Jeremy Gill, MComm, BLArch (First Class Honours), SGS  
Economics and Planning

Pat Fensham, MSc (Urban Planning Studies), BTRP (First  
Class Honours, MPIA, SGS Economics and Planning

### What is the purpose of the study?

The purpose of the economic analysis prepared by SGS Economics and Planning is to provide UrbanGrowth NSW with an industry profile of the area and suggestions for how to further support future economic development.

#### Key elements of the study include:

- An assessment of the commercial characteristics of Sydney's major employment centres seeking to attract business investment including rents, floor space, transport accessibility, access to public domain and the type of industries
- A review of the current economic trends and drivers of growth across Central Sydney and the Central to Eveleigh study area including proximity to CBD, southward migration of creative industries, strong university links, new transport infrastructure
- A profile of the economic assets of the area, including ATP, universities, retail clusters, and heritage and cultural assets
- A profile of the opportunities and challenges in four precincts of the Study Area: Ultimo-Central, Chippendale-Surry Hills, Redfern-Darlington and Waterloo
- A specific focus on technological innovation industries and creative industries
- Identification of three possible development horizons: 1/ to consolidate (current trends to gradually upgrade amenity); 2/ to enhance (promote competitive advantage through

targeted programs and activities), and; 3/ to transform (would follow major investment in infrastructure)

- Development horizons have been applied to each precinct. They identify opportunities for potential commercial expansion, for local business and skills development, and potential for development over the railyards. They also align with the possible future renewal of the Waterloo public housing estate through public transport infrastructure.
- Consider commercial floorspace and employment and the relative economic benefits of businesses being located, or clustered, near each other (known as agglomeration)

### **How has the study been prepared?**

- Analysis and mapping of employment trends in five industry sectors: professional services, creative industries, health, education and manufacturing; using data from the City of Sydney floorspace audit, Australian Bureau of Statistics and NSW Bureau of Transport Statistics
- Analysis of macroeconomic trends influencing major relevant industries in Central Sydney as well as an assessment of commercial floorspace trends in the City of Sydney
- Consultation with UrbanGrowth NSW and City of Sydney
- Testing of multiple development scenarios to assess degrees of potential commercial development within four identified precincts as well as the overall study area
- Determination of benefits generated from businesses clustering using Effective Job Density (EJD) to measure the impact and labour productivity by industry

### **What are the key findings?**

- The study area, and particularly the Redfern-Darlington Precinct, is a point of convergence for a number of economic uses.
- The Central to Eveleigh study area is more than simply an extension of the CBD. Future capacity in the CBD, a number of established commercial centres close to the CBD and a trend toward less floorspace per worker means that future premium floorspace can

be accommodated in the CBD and other centres. The railyards south of Central Station also form a significant developmental barrier between the CBD and the Redfern Station area.

- Central to Eveleigh has a number of different commercial and institutional functions that fringe the area, good public transport connectivity and unique urban identity. These create a unique set of characteristics that have the potential to attract a mix of commercial uses.
- Traditional manufacturing uses are moving to larger sites in other inner city industrial precincts or to larger sites in Western Sydney. These are being replaced by high-value smaller manufacturing uses and other creative industries that look to locate near their client base in major employment centres. Central to Eveleigh has the ability to accommodate these uses and leverage the excellent public transport links to the CBD.
- Innovation and knowledge sectors are growing in and around the study area, alongside creative industries which are spreading out from Surry Hills and Chippendale.
- Although Australian Technology Park (ATP) is one of the few sites able to provide large floorplate office buildings, it has not reached its full potential and currently has limited integration with Redfern and Botany Road.
- The scale of commercial development should be varied and offer a diversity of commercial floorspace. High rise office blocks may be suitable to the north around Central Station while a mix of 'campus' style developments, small-scale infill commercial space and residential conversions will attract a diversity of businesses, both in terms of industry and size.
- The report accounts for the complexity of the study area's economy and potential. It considers a mix of potential infrastructure outcomes alongside policy and programs.
- SGS suggests a potential range of between 192,000 and 589,000m<sup>2</sup> of commercial floorspace under three scenarios to serve a range of industries, and a range of between 21,400 and 40,200 jobs under three scenarios. This model includes the impact of trends (lower floor space per worker) on existing commercial space across both

government and private land in the study area as well as the possibility of some residential being converted into commercial space.

- This compares to UrbanGrowth NSW's low to high development scenarios of 14,000 to 25,000 new jobs for government owned land in the study area, developed for the purpose of investigating the necessary infrastructure required to service additional populations. This was recently revised upward from 8,000 to 14,000 jobs to take into account the recent reductions in floorspace per person achieved in the latest commercial developments.
- This SGS modelling is based on the potential development of both government owned and privately owned land in the study area and looks to identify the maximum economic development outcome achievable.

### **What does this mean for Central to Eveleigh?**

- Central to Eveleigh should support a diversity of commercial uses, with a focus on creative and emerging innovation industries, to leverage its location, context and surrounding economic and institutional uses.
- Redfern Station is a catalyst for future opportunities and will help to attract future commercial development. It will enable this part of the Corridor to provide larger floorplate buildings in the area, attracting bigger tenants and more employment opportunities.
- The character of the study area is a major drawcard for creative and innovative sectors particularly in the Chippendale, Surry Hills and Redfern areas. Future development should build on these strengths and complement the study area's identity.
- Development in the study area cannot happen all at once. It is important that the area's emerging commercial characteristics are consolidated to strengthen its identity as a creative and innovation precinct. In turn, this will attract larger complementary industries to develop in the rail corridor and study area.

