

3 IMPLICATIONS OF GROWTH PATHS

Amongst the dynamics observed in the strategic centres of Willoughby has been intensifying pressure for residential development, including conversion of employment only zoned sites (B3 or Commercial Core). In employment land areas there has been pressure for conversion of industrial zones for retail development. The specifics of these pressures are discussed in more detail in relation to the specific strategic centres and employment lands in later chapters. Arguments for or against rezoning in these locations have tended to rely on case by case planning arguments. However, the cumulative effects of change and the wider implications are typically not considered, or at least not able to be considered effectively in the absence of better information.

To 'set the scene' for the analysis of employment precincts (centres and employment lands) that follows this section provides a high level evaluation of the possible wider impacts of different employment growth paths on the community as a whole, with a focus on travel costs and benefits. While by no means definitive, given the focus on differences in travel costs only, the intention is to establish a framework by which changes to zones and planning settings that have an impact on the distribution of employment might be considered. A net community benefit test framework is utilised and this takes into account the differences in (travel) externalities of alternative employment scenarios against the baseline projections.

3.1 Net community benefit test

The net community benefit test (NCBT) has been recommended by the draft Centres Policy as one of the means to assess a planning proposal, although the level of detail in such analysis is subject to the size and likely impact of the rezoning.

The guidance note on conducting the NCBT states that:

The assessment should only include costs and benefits that have a net impact on community welfare (i.e. welfare effects). Impacts that simply transfer benefits and costs between individual and businesses in the community (i.e. transfer effects) should not be included, since they result in no net change in community benefits.

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The assessment should evaluate the proposal against a base case.

The above principles have been applied in this evaluation framework in assessing the net benefits and costs associated with each alternative employment scenario.

However, due to the strategic nature of this assessment, the NCBT has primarily focused on the travel costs and related environmental costs associated with the journey to work patterns of each employment scenario.

3.2 Employment scenarios

The alternative employment scenarios are relatively simple and principally focus on possible different employment outcomes in Chatswood, St Leonards and East Chatswood where the greatest pressure for conversions to other uses have been observed. No change between scenarios is assumed for Artarmon employment lands. This is a strongly performing employment lands area and while it too faces pressure for conversion to non-business and industrial uses, it is assumed that the merits of a no change approach are more widely accepted. Nevertheless similar scenario testing could be undertaken for Artarmon. The base case projections of the Bureau of Transport Statistics are detailed in Table 12.

TABLE 12. BASE EMPLOYMENT PROJECTION 2011 TO 2041

	2011	2041
Artarmon Industrial	8,824	11,297
Chatswood	20,000	26,553
East Chatswood	3,253	3,859
Lane Cove Industrial	5,834	7,137
Macquarie Park	53,777	76,004
North Sydney	51,616	64,980
Northern Beaches	16,150	20,748
St Leonards/Crows Nest	31,629	42,556
Western Sydney	9,721	25,872
Total	230,944	319,868

Source: SGS Economics and Planning, 2015

The alternative scenarios are:

Scenario 1

Lower office growth in Chatswood: assumes recent decline in the centre (336 office jobs between 2006 and 2011) persists till 2031 and then stabilises. The 'lost' office jobs from Chatswood are captured by Macquarie Park.

Scenario 2

Higher office growth in Chatswood and higher employment in East Chatswood: assumes Sydney Metro NW shuttle encourages office development in Chatswood - 20 percent higher in office than baseline forecast at 2041, meaning lower growth in North Sydney (down by two thirds of the Chatswood increase) and St Leonards (down by one third of the Chatswood increase).

Scenario 3

Lower light industry employment in East Chatswood: employment and light industry departs East Chatswood at an accelerated rate - jobs at 2041 is 50 percent lower than the base case. The displaced jobs move to Lane Cove, Northern Beaches and Western Sydney (a third each).

The following table shows the redistribution of employment growth under each alternative scenario described above.

TABLE 13. SCENARIOS EMPLOYMENT CHANGE 2011 TO 2041

Centre/region	Jobs in 2011	Jobs in 2041	2011-41	Employment change over base at 2041		
		Base	Base	Scenario 1	Scenario 2	Scenario 3
Artarmon Industrial	8,824	11,297	2,473	0	0	0
Chatswood	20,000	26,553	6,553	-2,849	1,629	0
East Chatswood	3,253	3,859	606	0	769	-229
Lane Cove Industrial	5,834	7,137	1,303	0	0	76
Macquarie Park	53,777	76,004	22,228	2,849	0	0
North Sydney	16,150	20,748	4,597	0	-1,086	0
Northern Beaches	51,616	64,980	13,363	0	-769	76
St Leonards/Crows Nest	31,629	42,556	10,927	0	-543	0
Western Sydney	9,721	25,872	16,151	0	0	76
Total	200,804	279,005	78,201	0	0	0

Source: SGS Economics and Planning, 2015

3.3 Travel related costs

The travel costs associated with each employment scenario is a function of the journey to work patterns for the workers of each impacted centre. Costs are calculated for each worker based on; the time taken and distance travelled to a centre by mode of transport (public transport or private vehicle). The cost of these components was then summed to identify an individual trip cost. All trip costs were aggregated to identify a total cost for each centre and then doubled to determine a daily cost per centre. Finally this total daily cost by centre was multiplied by the number of annual work days (250 days) to identify the annual travel costs for each centre.

The inputs and method used in the travel cost calculation are detailed in Appendix 7. Table 14 summarises the outputs of the travel costing model.

TABLE 14. TRAVEL COSTS

Centre	Total Cost	Total workers	Ave. \$ / worker	Predom inant mode	CMS - PT	CMS – PV	Avg. Dist. Per trip PT	Avg. Dist. Per trip PV
	Single trip	Single trip	Single trip				km	km
Artarmon Industrial	\$321,208	8,824	\$36	PV	21%	79%	16.7	26.3
Chatswood	\$465,335	20,000	\$23	PV	48%	52%	13.1	20.3
East Chatswood	\$106,971	3,253	\$33	PV	16%	84%	14.8	22.3
Lane Cove Industrial	\$225,006	5,834	\$39	PV	12%	88%	16.1	25.4
Macquarie Park	\$1,712,784	53,777	\$32	PV	24%	76%	14.8	22.9
North Sydney	\$1,244,402	51,616	\$24	PT	66%	34%	15.0	27.4
Northern Beaches	\$291,016	16,150	\$18	PV	24%	76%	7.1	14.9
St Leonards/Crows Nest	\$816,307	31,629	\$26	PV	44%	56%	12.7	22.1
Western Sydney	\$410,162	9,721	\$42	PV	8%	92%	11.6	35.1
Total	\$5,593,192	200,804						

Source: SGS Economics and Planning, 2014

The total costs and average cost per worker (Ave. \$ / worker) columns show values for a single trip only (for example 'to work' trips). The average cost per worker (Ave. \$ / worker) column was calculated as total cost divided by the centre's workforce.

It shows on average that it costs \$23 per trip to work at Chatswood, compared to the \$32 per trip to work at Macquarie Park. The higher cost of commuting to Macquarie Park is reflective of the car-predominated journey to work pattern.

It is also worth noting that the cost (\$24) for workers to commute to North Sydney is slightly higher than the \$23 per trip to Chatswood. The costs of commuting to industrial areas in Willoughby are much higher, due to the predominant share of private vehicle trips. Western Sydney observes the highest average cost per trip whereas Northern Beaches has the lowest.

The last two columns in the table further explain this (Average Distance per trip Public Transport and Average Distance per trip Private Vehicle) and describe the average catchment by mode of transport for each centre. These values are a function of the catchment size, relative ease and mode split for a centre's workforce. For example, although the Northern Beaches has a high proportion of private vehicles trips (which cost more per kilometre travelled than public transport) the shorter commute (7.1 kilometres) and uncongested road network allows for a lower overall cost per trip. Most of the more urban centres have similar average trip patterns, although the associated average costs vary due to the differences in mode split.

3.4 NCBT results and implications

The primary focus of the NCBT was to measure the differences in travel costs associated with different employment forecast scenarios. These scenarios used the same base case employment total, but costs associated with an altered distribution of employment are tested.

Two methodological assumptions underpinning the results from the NCBT include:

- changes in employment were assumed to manifest as an even change across the existing workforce. For example an increase of 10 percent of jobs for a particular centre would result in the employment numbers of all origin points increasing by 10 percent each. This also assumes that there is no change to the mode split across the scenarios.
- the mode of transport, and route taken 'to work' is the same as the trip 'from work' at the end of the day.

The marginal changes in travel costs when moving from the base case to the alternative employment scenarios are shown in the table below. It shows that scenario 1 (i.e. jobs departing from Chatswood to Macquarie Park) would result in a net community cost of \$6.1 million per annum compared to the base case. In other words, retaining those jobs in Chatswood will yield a net community benefit of \$6.1 million to the NSW community every year using a transport measure.

Similarly, scenario 2 would result in a net community cost of \$2.3 million per annum, while scenario 3 has a relatively marginal impact on travel costs.

TABLE 15. MARGINAL CHANGES IN TRAVEL COSTS

Centre	Employment change over base at 2041			Change over base Total annual cost (millions)		
	S1	S2	S3	Scenario 1	Scenario 2	Scenario 3
Artarmon Industrial	0	0	0	\$-	\$-	\$-
Chatswood	-2,849	1,629	0	-\$16.6	\$9.5	\$-
East Chatswood	0	769	-229	\$-	\$6.3	-\$1.9
Lane Cove Industrial	0	0	76	\$-	\$-	\$0.7
Macquarie Park	2,849	0	0	\$22.7	\$-	\$-
North Sydney	0	-1,086	0	\$-	-\$6.5	\$-
Northern Beaches	0	-769	76	\$-	-\$3.5	\$0.3
St Leonards/Crows Nest	0	-543	0	\$-	-\$3.5	\$-
Western Sydney	0	0	76	\$-	\$-	\$0.8
Total	0	0	0	\$6.1	\$2.3	\$0.003

Source: SGS Economics and Planning, 2014

These results suggest that, based on the assumptions and variables utilised, where Chatswood strategic centre loses employment to its principal competitors (particularly Macquarie Park) compared to the base case there is a net community 'cost'. On the other hand if it gains employment at the expense of its competitors compared to the base case there is a net community 'benefit'. Where East Chatswood loses industrial employment compared to the base case (western Sydney, Northern Beaches and Lane Cove industrial) there is a minor though negligible community 'cost'.

4 STRATEGIC CENTRES

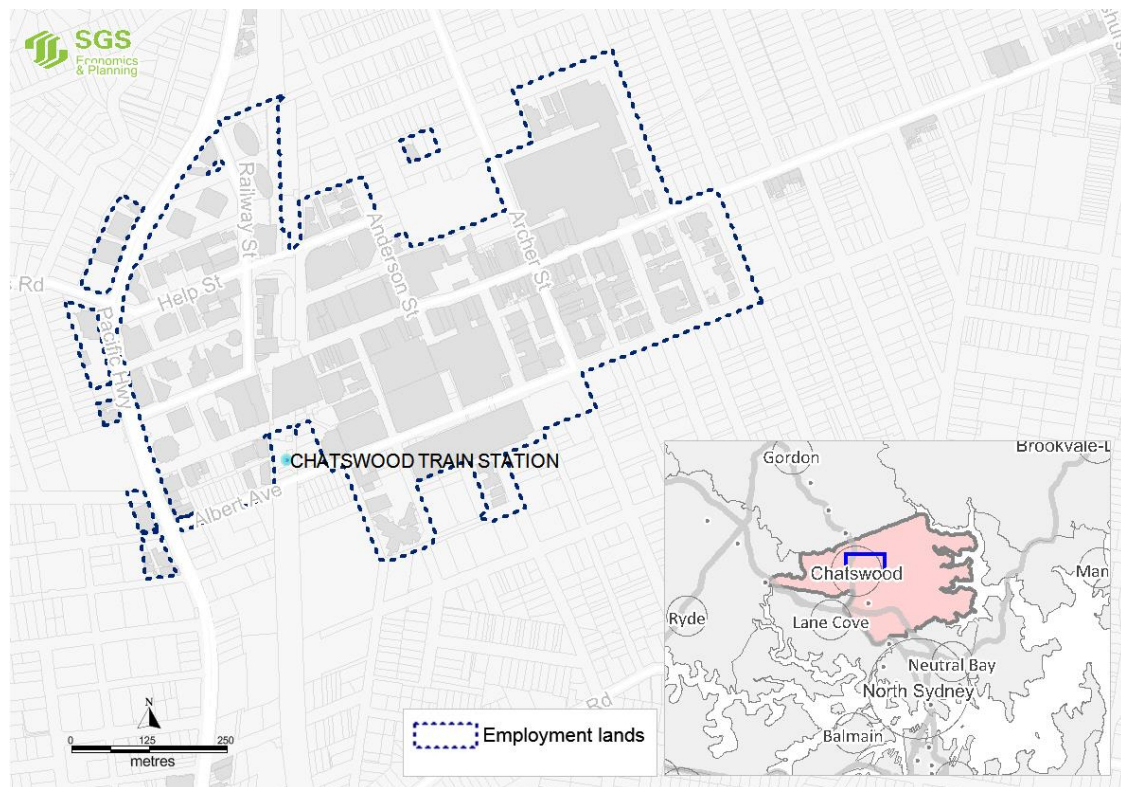
This section assesses the two major strategic centres in Willoughby LGA in terms of strategic nature, employment profile, current market and floorspace profile and employment and floorspace projections and capacity to accommodate these.

4.1 Chatswood (strategic centre)

Location and zoning

Chatswood is located in the north of Willoughby LGA (refer to Figure 20), and is situated along the north shore railway line, surrounding Chatswood railway station.

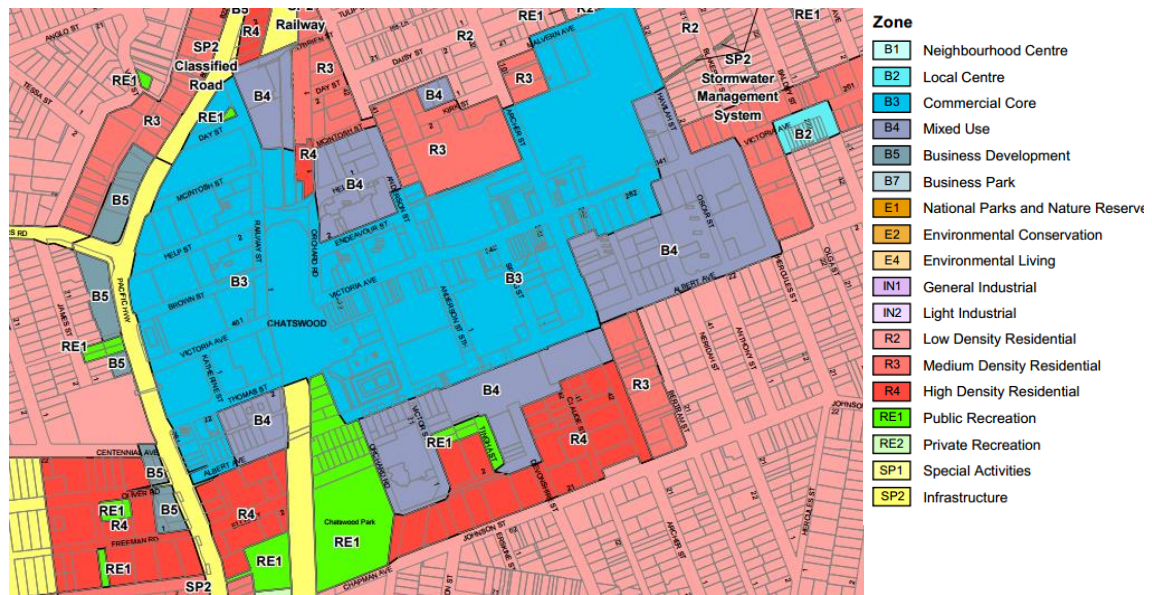
FIGURE 20. LOCATION OF CHATSWOOD



Source: SGS Economics and Planning, 2015

Chatswood contains a commercial core zoning which is surrounded by mixed use and residential zones (refer to Figure 21). The zoning provides for a wide range of retail, business, office, entertainment, community and other suitable land uses which serve the needs of the local and wider community. The zoning has been applied to Chatswood to strengthen its role as a major centre within the subregion and improve its public domain and pedestrian links.

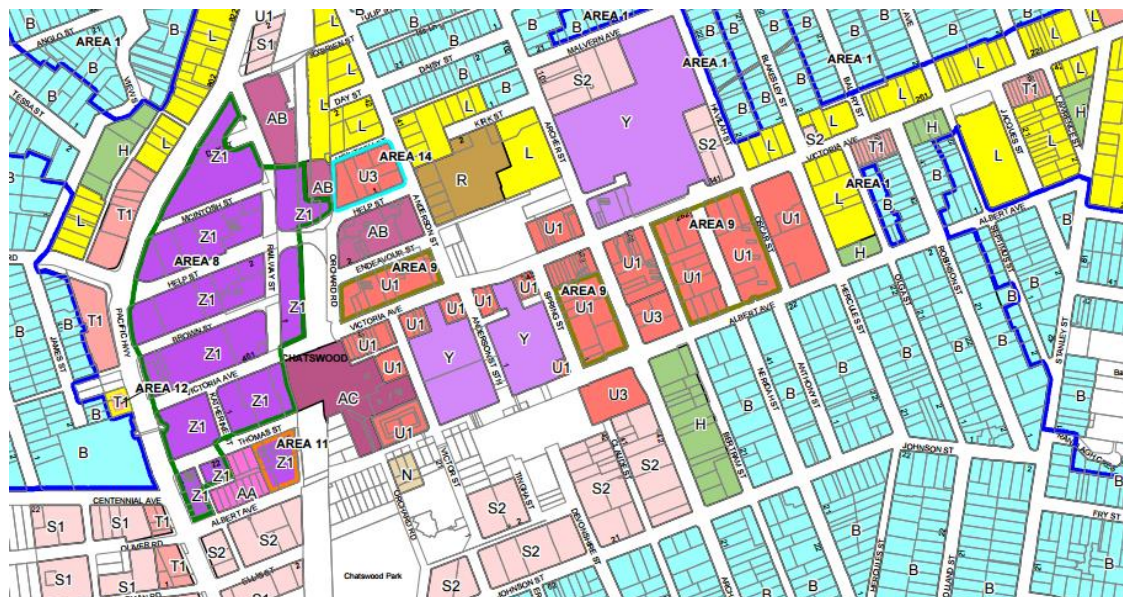
FIGURE 21. CHATSWOOD ZONING MAP



Source: Willoughby City Council, 2012

The commercial core to the west of the railway station has an FSR of 5:1 (refer to Figure 22). The FSRs for sites to the east of the railway station within the commercial core range from 1.4:1 to 4.5:1.

FIGURE 22. CHATSWOOD FSR CONTROL MAP



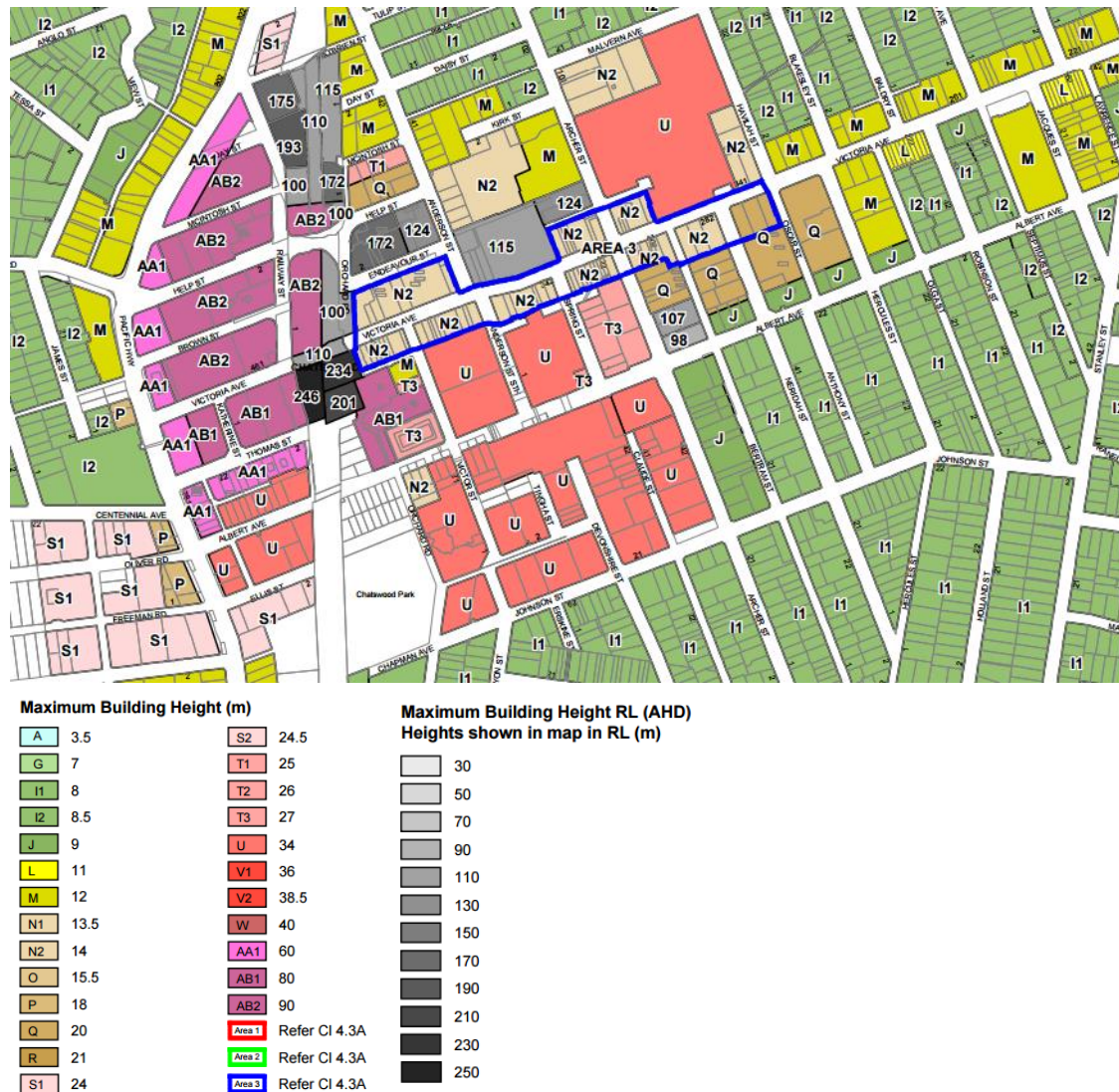
Maximum Floor Space Ratio (n:1)

A 0.25	R 1.4	Y 4.5	Area 1 Refer CI 4.4A	Area 8 Refer CI 4.4A
B 0.4	S1 1.5	Z1 5	Area 2 Refer CI 4.4A	Area 9 Refer CI 4.4A
C 0.45	S2 1.7	Z2 5.5	Area 3 Refer CI 4.4A	Area 10 Refer CI 4.4A
D 0.5	T1 2	AA 6	Area 4 Refer CI 4.4A	Area 11 Refer CI 4.4A
F 0.6	T2 2.2	AB 7	Area 5 Refer CI 4.4A	Area 12 Refer CI 4.4A
G 0.65	U1 2.5	AC 8	Area 6 Refer CI 4.4A	Area 13 Refer CI 4.4A
H 0.7	U2 2.6		Area 7 Refer CI 4.4A	Area 14 Refer CI 4.4A
L 0.9	U3 2.7			
N 1	V1 3			
O 1.1	V2 3.3			
Q 1.3				

Source: Willoughby City Council, 2012

There is a range of building height controls within Chatswood (strategic centre). The building height controls for sites to the west of the station range from 60 to 90 metres (refer to Figure 23). Sites to the east of the station range from 12 to 42 metres. Sites above the railway station range from 100 to 246 metres.

FIGURE 23. CHATSWOOD HEIGHT OF BUILDING CONTROL MAP



Source: Willoughby City Council, 2012

Strategic context

Chatswood is identified as a strategic centre under A Plan for Growing Sydney.

Chatswood is a strategic centre which contains significant commercial and retail uses. Under the metropolitan strategy, a single objective is identified by the DP&E for Chatswood: 'Work with council to provide capacity for additional mixed-use development in Chatswood including offices, retail, services and housing'. Notably, there is no objective to protect the commercial core in Chatswood.

Under the, now superseded, *draft Metropolitan Strategy for Sydney to 2031*, Chatswood had an employment target of 30,000 jobs by 2031.

In 2010, the outlook for the Chatswood office precinct was not promising, particularly due to the economic climate at the time.

The *Chatswood Office Precinct Economic Analysis* report by Hill PDA (2010) highlighted that the short-term outlook for Chatswood did not appear promising, particularly due to the GFC with vacancies predicted to rise and yields to soften. Surplus in other north shore markets had been creating competition for Chatswood. Macquarie Park had emerged in recent years as a strong competitor to Chatswood, providing more competitive rates in newer and more efficiently designed buildings with larger floorplates (Hill PDA 2010).

Hill PDA's recommendations to encourage growth in employment included:

- The proposed controls for the B3 Commercial Core zone west of the railway line (the office core) should proceed in the draft LEP with an FSR for commercial office development of 10.5:1 and height limit of 90 metres, subject to a minimum lot size of 2500sqm and no residential.
- The exceptions are appropriate peripheral sites of the office precinct where a component of (no greater than 50 percent of the floor area) residential might be allowed subject to no net loss of existing jobs and open book financial appraisal justifying that the residential component is necessary to render viable the office component.
- On the east side of the railway (Zones B4 Mixed Use and B3 Commercial Core), minimum car parking requirements could be removed for retail and commercial elements for developments on sites over 1,000sqm, subject to an active ground floor use with offices at the upper levels.
- Existing policy be retained for Zone B5 Business Development, west of Pacific Highway, as this area performs an important transition between the employment and residential areas beyond.
- Coordinated promotion and marketing of the CBD should also be pursued in addition to high quality and sustainable buildings.

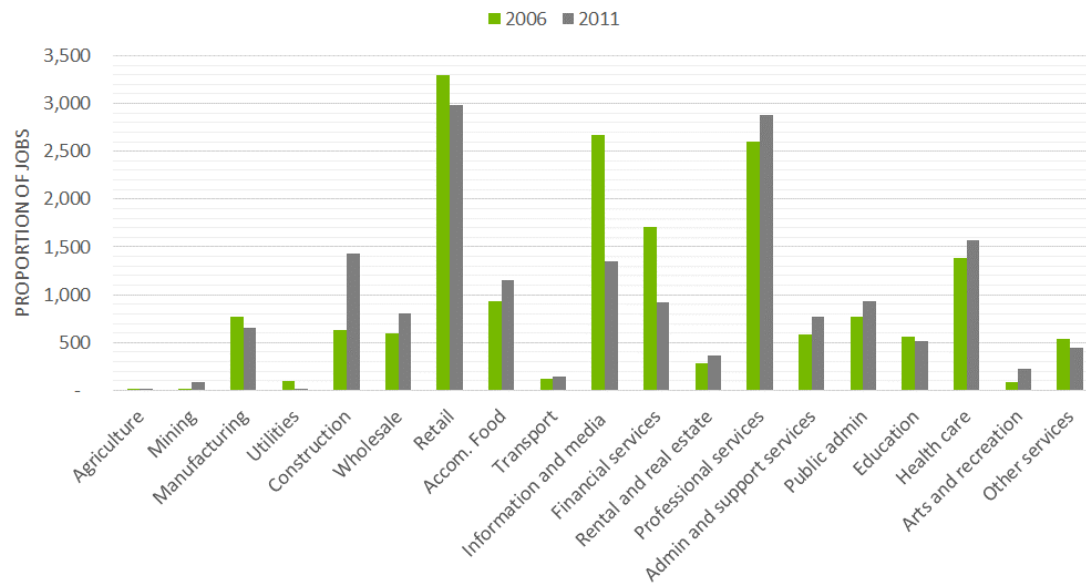
The recommendations in relation to the B3 Commercial Core zone have been incorporated into the Willoughby LEP 2012.

Employment profile

Retail and professional services are the two major industries of employment in Chatswood

In 2011, Chatswood CBD contained 17,700 jobs, down from 17,900 in 2006. In terms of industry composition, retail and professional services comprise the majority of employment within Chatswood (17 percent and 16 percent respectively). In 2006 information media was the second major industry of employment in Chatswood CBD however this industry experienced strong declines between 2006 and 2011. Financial services also experienced strong declines over this period. A small amount of growth in jobs was experienced in a number of industries including professional services, health care and wholesale.

FIGURE 24. CHATSWOOD INDUSTRY OF EMPLOYMENT, 2006-2011



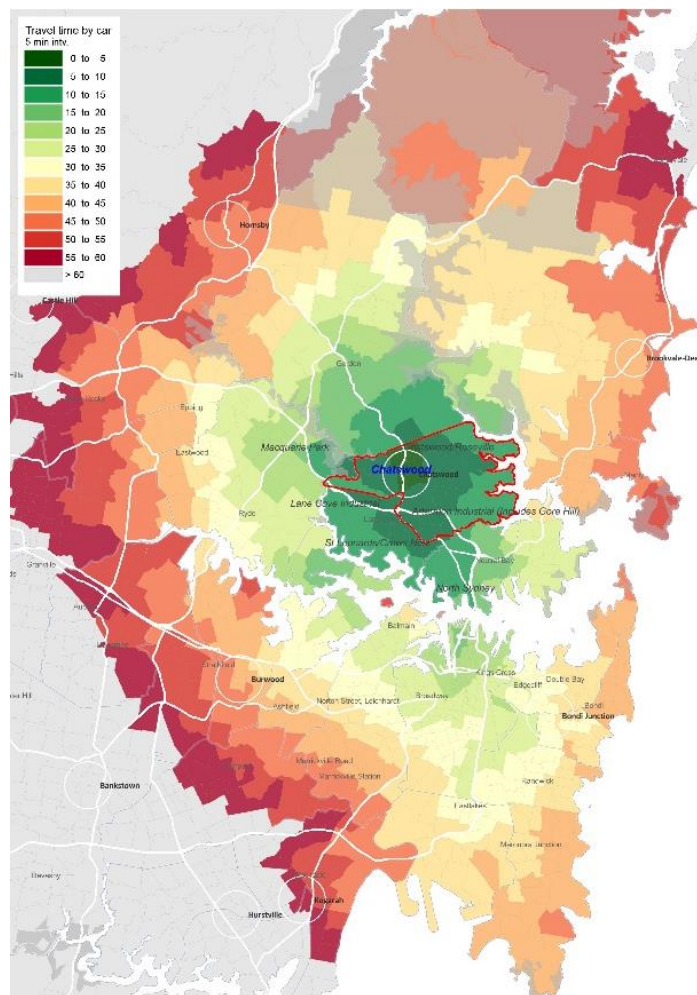
Source: raw data source from Bureau of Transport Statistics (2006 and 2011) Journey to Work data

Travel time

Chatswood is accessible to residents along the north shore, particularly along the railway corridor

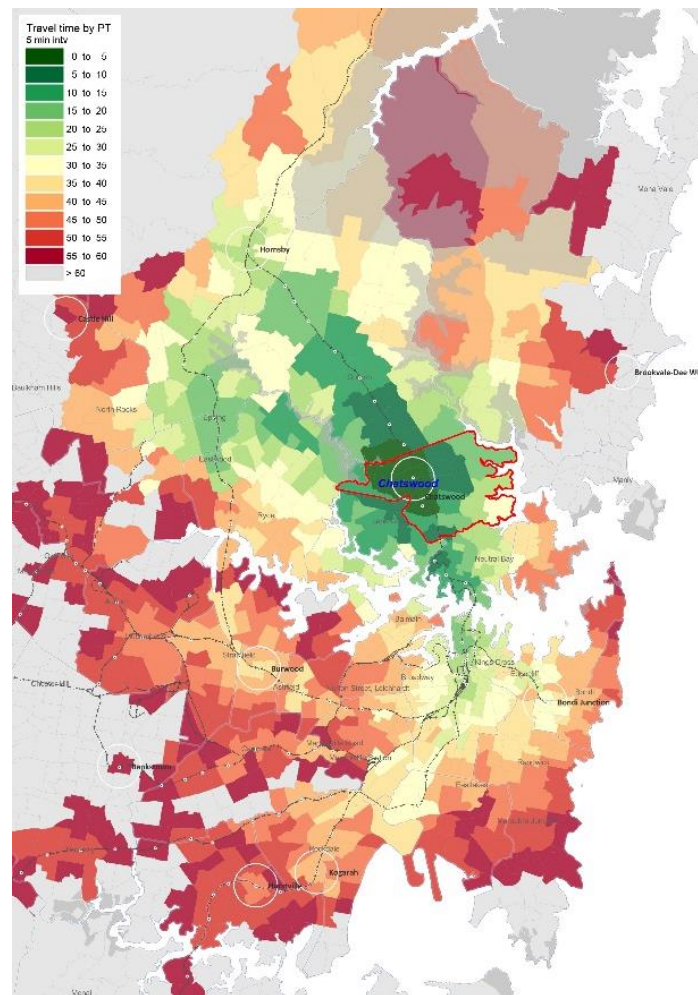
Chatswood is relatively accessible by car to residents living along the north shore, lower north shore and Sydney CBD (refer to Figure 25). In terms of public transport, the centre is particularly accessible from locations along the north shore rail line and Epping to Chatswood rail line (refer to Figure 26).

FIGURE 25. TRAVEL TIME FROM CHATSWOOD CBD BY CAR



Source: SGS Economics and Planning, 2014

FIGURE 26. TRAVEL TIME FROM CHATSWOOD CBD BY PT

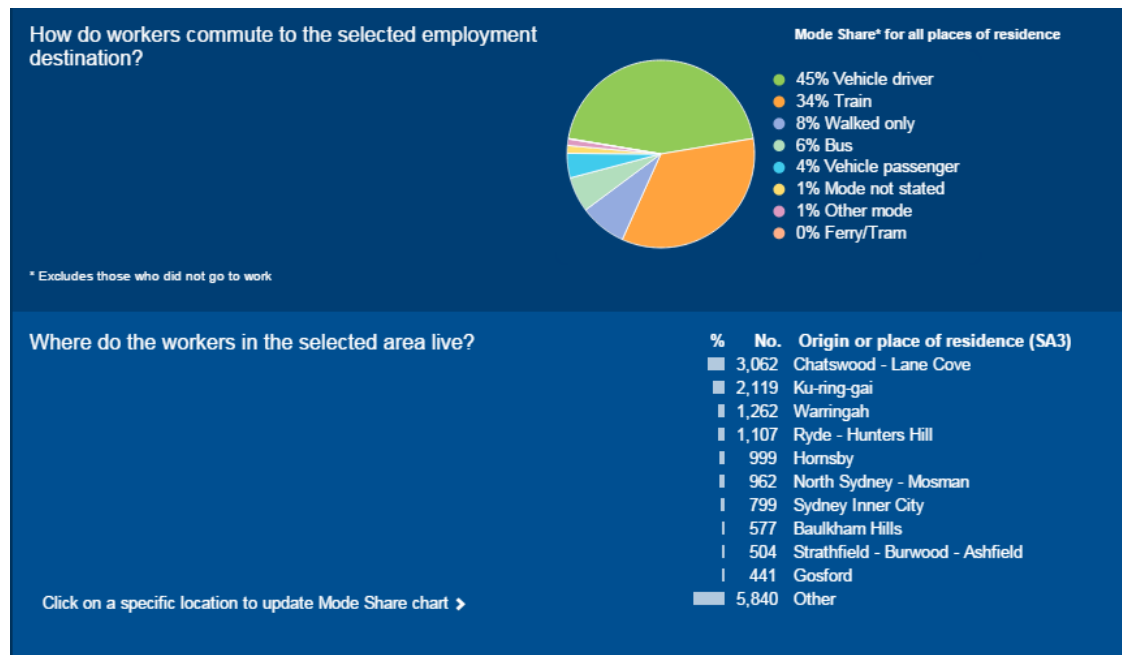


Source: SGS Economics and Planning, 2014

This is reflected in journey to work patterns with a significant proportion of workers residing in the local area.

Figure 27 details the mode share for journey to work trips to Chatswood CBD, highlighting that public transport is a significant mode of transport with 34 percent of commuters travelling by train and 6 percent by bus. Also, 8 percent of the workers commute to Chatswood via walking trips only. However, the car remains the dominant mode with 45 percent driving and 4 percent as a passenger. The majority of workers travel from other suburbs along the north shore and northern beaches.

FIGURE 27. JOURNEY TO WORK - CHATSWOOD



Source: Bureau of Transport Statistics, 2015 (journey to work visualisation tool)

Market assessment

A comparative advantage for Chatswood as a commercial centre is its competitive rental prices when compared to North Sydney and the Sydney CBD.

As of 2014, commercial rents in Chatswood were around \$455 per sqm per annum (p.a.) which compares to \$625 per sqm p.a. for North Sydney (refer to Figure 28), and \$730 per sqm p.a. for commercial floorspace within the Sydney CBD.

However commercial rents are significantly higher in Chatswood compared to other metropolitan office markets in Sydney such as Macquarie Park.

A strong competitor for Chatswood is Macquarie Park (North Ryde) which has significantly lower rents compared to Chatswood and Parramatta (refer to Figure 28). St Leonards also provides strong competition for Chatswood with equivalent net commercial rents.

FIGURE 28. COMMERCIAL MARKET INDICATORS

SYDNEY METROPOLITAN A GRADE OFFICE MARKET						
MARKET	AVERAGE NET FACE RENTS (\$/m ² pa)		AVERAGE INCENTIVES		AVERAGE MARKET YIELD	
	H1 2014	H2 2014	H1 2014	H2 2014	H1 2014	H2 2014
North Sydney	\$625	↔	25%	↔	7.4%	↔/↓
St Leonards	\$455	↔	28%	↔	8.38%	↔
Chatswood	\$455	↔/↑	26%	↔	8.5%	↔
North Ryde	\$323	↔/↑	29%	↔	7.6%	↓
Parramatta	\$405	↑	19%	↔/↓	7.6%	↔
SOP	\$373	↔	18%	↔	8.4%	↔
Rhodes	\$380	↔	28%	↔	7.75%	↔
Norwest	\$330	↔	24%	↔	9.0%	↔
Sydney Fringe	\$515	↔	27%	↔/↓	7.5%	↔/↓
South Sydney	\$395	↔	28%	↔	8.0%	↔/↓

Source: Colliers International, 2014

Agents have advised that B grade commercial net rents for Chatswood range from \$260 to \$350 per sqm which is still significantly higher than North Ryde.

Real estate agents advised that tenants have been leaving Chatswood for a number of reasons. Whilst there has been little movement over the past five years, between 2000 and 2008 there was considerably large scale movement, particularly to Macquarie Park with companies such as Optus, Nortel and CSR leaving Chatswood and relocating to Macquarie Park.

Tenants are primarily looking for large floorplates of at least 1000 sqm which are located within walking distance of Chatswood railway station.

Corporate clients tend to be looking for new or renovated A Grade office space with four or five star energy ratings. Several large organisations have moved to Chatswood to expand or consolidate their operations. These include Lend Lease, Real Insurance, Coffey and Lenovo.

Lend Lease moved a division to Chatswood as part of an expansion of their business and chose Chatswood because of the price and quality of the building. They occupy 6000 sqm. Real Insurance moved from Norwest to a 5000 sqm office in Chatswood to improve accessibility to staff living along the north shore. Price and quality of the building were also driving factors. Coffey consolidated their offices which were formerly at Lane Cove, Rhodes and CBD, into a 3000 sqm site in Chatswood. Lenovo has also taken up 4000 sqm in Chatswood as well.

Chatswood would require new stock every three to five years to continue meeting the needs of these larger corporate tenants, However Leighton Holdings will be moving into a new building in North Sydney in 2016 in order to consolidate their operations and will vacate 17,000 sqm of commercial floorspace in Chatswood.

Transport accessibility and general amenity is a strong attractor for the Chatswood commercial market.

The railway station has always been a strong attractor for Chatswood, and this pull should increase with the continued activation of the train station interchange precinct and development of the Sydney Metro North West (NW). The Epping to Chatswood Rail Link and Sydney Metro NW provide a strong connection with the professional workforce residing in the northern and north-western suburbs of Sydney.

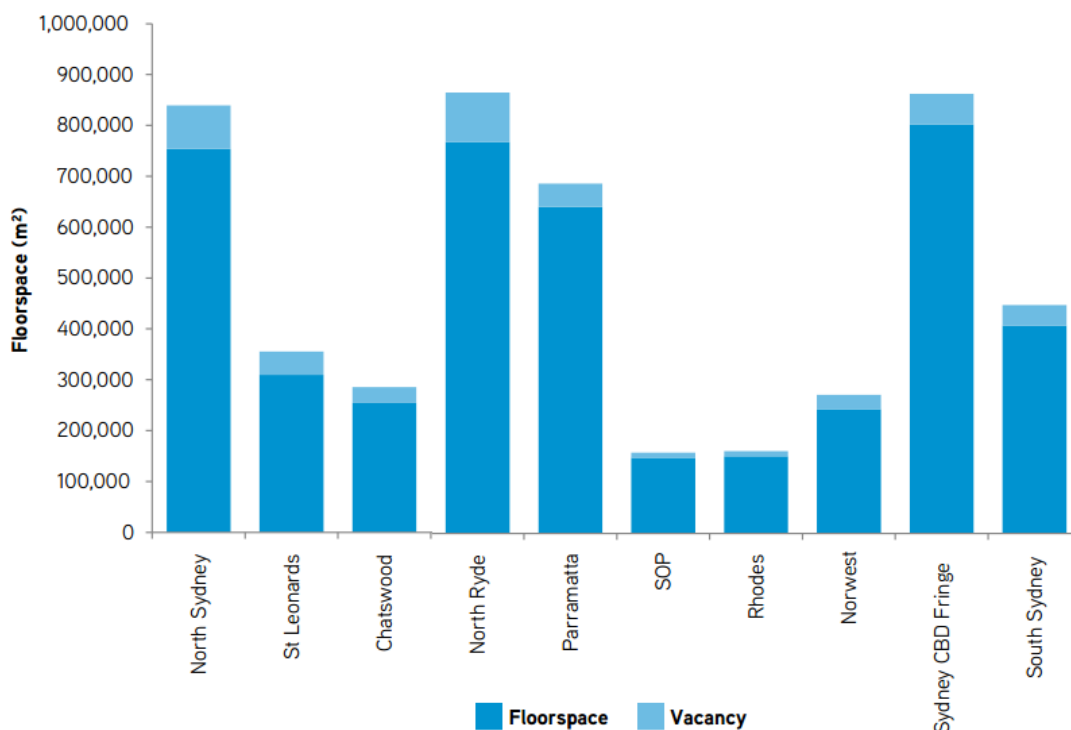
Retail development also provides amenity for workers and supports the function of the centre during the day and also at night. The density of the centre facilitates this as well.

Rents are likely to rise particularly due to low vacancy rates and a constrained supply of commercial floorspace

Figure 29 highlights that the absolute amount of vacant commercial floorspace in Chatswood is relatively low compared to the nearby markets of North Sydney and North Ryde/Macquarie Park. However, Chatswood has a vacancy rate of around 11 percent which is generally consistent with the other markets along the north shore (though this may increase with the departure of Leighton Holdings mentioned above).

The vacancy rates vary between A grade and B grade commercial floorspace markets. There is generally more B grade office space lying vacant because it is ageing and generally in smaller tenancies of around 700 sqm, which do not meet the needs of tenants who are looking for large new or refurbished commercial floorspace. According to Willoughby City Council owners of B Grade office space are not upgrading as they want to convert to residential.

FIGURE 29. FLOORSPACE AND VACANCY IN SYDNEY METRO MARKETS



Source: Colliers International, 2014
Note: SOP is Sydney Olympic Park

In terms of total commercial floorspace, Chatswood is relatively small when compared to North Sydney and the growing markets of North Ryde/Macquarie Park and Parramatta (refer to Figure 29). Supply is relatively constrained due to the lack of new development and reduction of commercial core sites due to their conversion to mixed use in Chatswood.

There is general consensus among real estate agents that the commercial core should be retained.

Some agents have advised that the encroachment of residential and mixed use in the recent past has compromised the commercial character of the Chatswood CBD and it is now seen as more of a retail centre rather than commercial centre. From this perspective, conversions need to be restricted and the commercial core better protected, because there is otherwise a negative impact on the commercial address of Chatswood (poor outlook and amenity).

North Sydney Council has adopted a blanket approach to prohibiting residential uses in the commercial core area and this has been suggested by agents to be a successful approach (though it should be noted there are critics of this approach who suggest that North Sydney is not sufficiently activated outside of weekday work hours because of the employment only focus of the zoning).

St Leonards has been suffering from a “lost identity” with residential development encroaching on the commercial core and agents have advised that large companies do not want to locate in St Leonards due to a lack of amenity and identity.

New supply of commercial development along the north shore is concentrated in North Sydney and North Ryde and these centres remain strong competitors for Chatswood.

As highlighted in Figure 30, new commercial development is occurring in a number of centres along the north shore, except for Chatswood. Mirvac Group’s ERA development at 7 Railway Street, Chatswood has now reached completion but only includes 4400 square metres of office space. According to agents, this space is predominantly small commercial strata suites and has about 50% commitment, mainly from owner occupiers.

FIGURE 30. CURRENT DEVELOPMENT ACTIVITY, NORTH SHORE

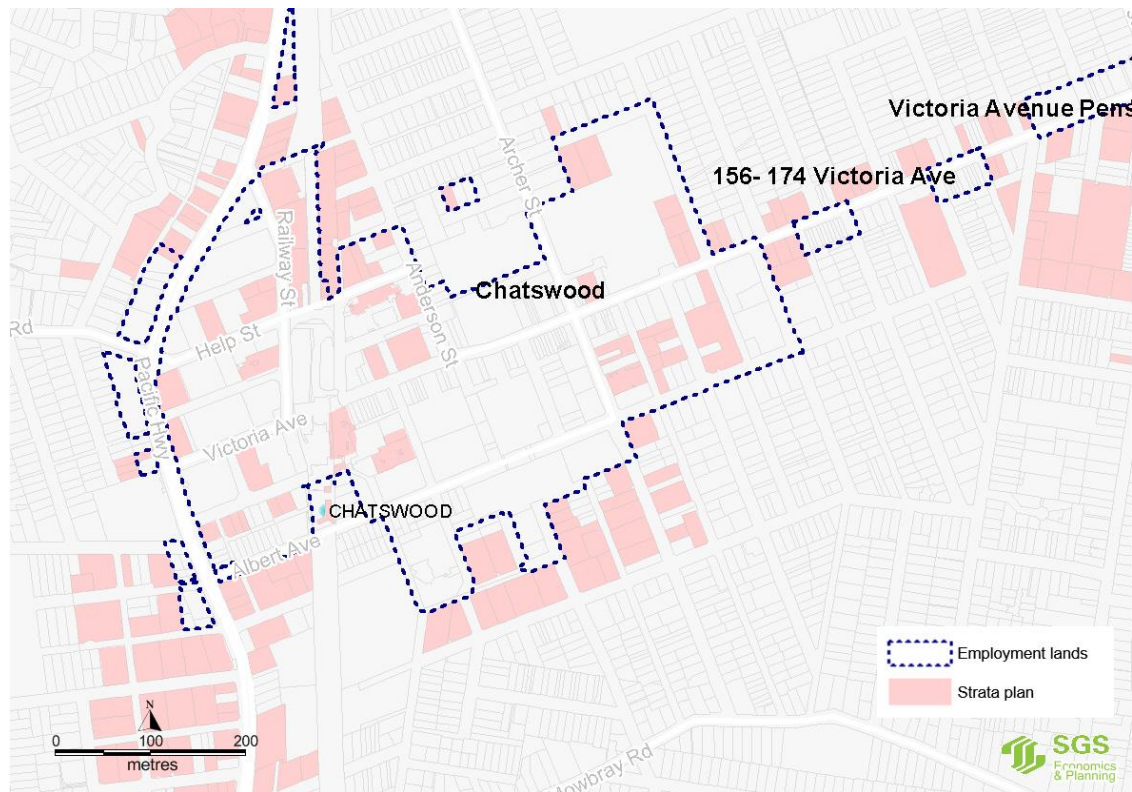
Property	Precinct	NLA (sq m)	Type	Status	Completion	Major Tenant(s)
177-199 Pacific Hwy	North Sydney	39,249	New	Site Works	2016	Leighton Holdings
100 Mount St	North Sydney	40,100	New	DA Approved	2016+	
1 Thomas Holt Dr	North Ryde	11,500	New	Site Works	2016+	
52-54 Waterloo Rd	North Ryde	10,000	New	Site Works	2016+	
1 Denison	North Sydney	46,500	New	DA Approved	2017	
63-71 Waterloo Rd	North Ryde	40,030	New	DA Approved	Mooted	
Lot 8 & 9 Julius Ave	North Ryde	34,194	New	DA Approved	Mooted	
88 Christie St	Crows Nest/St Leonards	26,500	New	DA Approved	Mooted	
Bldg D1, 219-247 Pacific Hwy	Crows Nest/St Leonards	16,000	New	DA Approved	Mooted	
Bldg D2, 219-247 Pacific Hwy	Crows Nest/St Leonards	15,000	New	DA Approved	Mooted	
Bldg D3, 219-247 Pacific Hwy	Crows Nest/St Leonards	15,000	New	DA Approved	Mooted	
31-35 Epping Rd	North Ryde	14,477	New	DA Applied	Mooted	
1 Rivett Rd (Stage 2)	North Ryde	11,380	New	DA Approved	Mooted	

Source: Savills Research, 2014

Pre-commitments for office development are rare and this limits office development prospects in Chatswood

Figure 31 shows the location of strata titled sites around Chatswood. These are also in evidence in the commercial or office precinct west of the rail line. Office redevelopment prospects in Chatswood are constrained, because of the presence of these strata titled sites but also because the feasibility of redeveloping existing office buildings is difficult to achieve. Developing at higher density on any particular site will typically require a significant pre-commitment by a tenant. This might require a company of perhaps a 1000 employees or more to commit to Chatswood. In the absence of this occurring developers are unlikely to redevelop existing sites; in this case a ‘stalemate’ results.

FIGURE 31. STRATA MAP - CHATSWOOD



Source: Willoughby City Council, 2014

Chatswood is considered to be a major retail centre servicing the growing population within the Willoughby LGA as well as the north shore of Sydney

The presence of two shopping centres and a vibrant retail strip along Victoria Avenue has helped to build Chatswood as a major retail centre. Increasing residential population has also assisted in supporting the retail market along with:

- the enhancement of the Concourse and public domain improvement
- an increasing night time economy, boosted by later opening hours for Coles, Myer, Woolworths and David Jones, as well as many new restaurants open for dinner
- the compact and walkable CBD.

Demand is strong for retail space (particularly for restaurants and other food services) along Victoria Avenue...

Consultation with real estate agents highlighted that there are strong levels of inquiries for restaurants and other food providers in Chatswood. Retail space with an existing fit out for food retailing is therefore in demand. This area of Chatswood experiences high foot traffic during the day and at night due to its location in between the two large shopping centres (Westfield and Chatswood Chase).

whilst retail outside of this area struggles to compete with the mainstreet.

Businesses located beyond the high traffic zone of Victoria Avenue, and the two centres of Chatswood Chatswood Chase and Westfield, have been struggling to compete due to a lack of exposure and foot traffic beyond this zone.

Congestion, temporary retail and slow DA processing have been identified as challenges for the retail market.

Consultation with real estate agents suggests that despite the presence of a railway station, most people travel to Chatswood via car, for shopping purposes. There is often gridlock on weekends, but the issue seems to be congestion within the centre, rather than a lack of parking.

“Pop up stores” and markets are criticised by some as impacting on the viability of “bricks and mortar” businesses in Chatswood, and drawing clientele away, especially during lunchtimes. However these uses arguably contribute to centre activation and a positive sense of place, and thereby provide amenity benefits and ultimately draw more customers to the centre.

Slow development assessment times have been identified by agents as a barrier for retail development particularly for simple change of use applications (especially from non-food to food retailing). Slow DA processing can deter retailers from locating in the area.

Chatswood is a focus for a significant share of Willoughby LGA’s residential development

As mentioned above, the Chatswood centre is accommodating significant new residential development, some of which is ‘squeezing’ out opportunities for office or other employment activities. Between 2006 and 2011 Chatswood (suburb) accommodated 46 percent of all new dwellings in the Willoughby LGA (all of which were apartments). Going forward approximate 40 percent of the residential construction pipeline is in the centre. The NSW Government’s household projections suggest the centre is due to accommodate 40 percent of the LGA’s dwellings in the 2011 to 2031 period.

Current floorspace profile

Chatswood continues to retain its dual role as a commercial and retail centre with a significant amount of office and retail floorspace. Low vacancy rates and a difficult context for redevelopment mean that there could be significant supply constraints to accommodate future growth.

An assessment of the current floorspace profile of Chatswood was conducted through a land audit. Details on the land audit methodology are contained in Appendix 1. This also includes an explanation of Broad Land Use Categories (BLCs).

Chatswood contains 33.6 hectares of land and over 1 million sqm of floorspace (refer to Table 16). The current FSR has been identified based on the land audit and reflects the current density of development. The control FSR represents the average control across the centre. For Chatswood, the FSR controls vary by site, therefore 4:1 represents an average for the centre.

TABLE 16. OVERVIEW OF CHATSWOOD

Total land	33.6 ha
Current floorspace	1,041,135 sqm
Current FSR	3:1
Max floorspace ¹⁰	1,216,283 sqm
Vacant floorspace	41,039 sqm
Floorspace capacity ¹¹	280,287 sqm
Control FSR	1.4:1 - 5:1

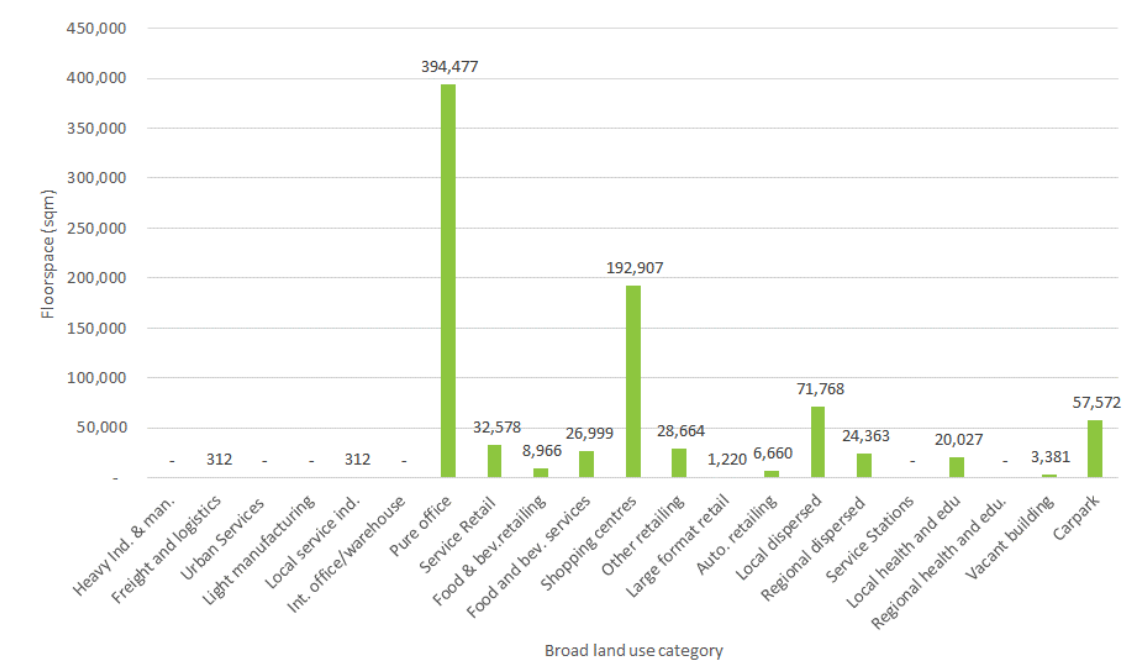
Source: SGS Economics and Planning, 2015

¹⁰ Maximum floorspace shows the theoretical maximum development potential under the current planning control.

¹¹ The calculation of the floorspace capacity figure for each centre is detailed in Appendix 4. Different to the maximum floorspace, this provides a more realistic measure for the **additional** capacity to accommodate growth. It also excludes capacity on residential lots and infrastructure lots.

The majority of floorspace within Chatswood is pure office, with almost 400,000 sqm, followed by shopping centres with 190,000 sqm (refer to Figure 32). This highlights the dual role of Chatswood as a commercial and retail centre. Limited vacant floorspace was identified through the land audit.

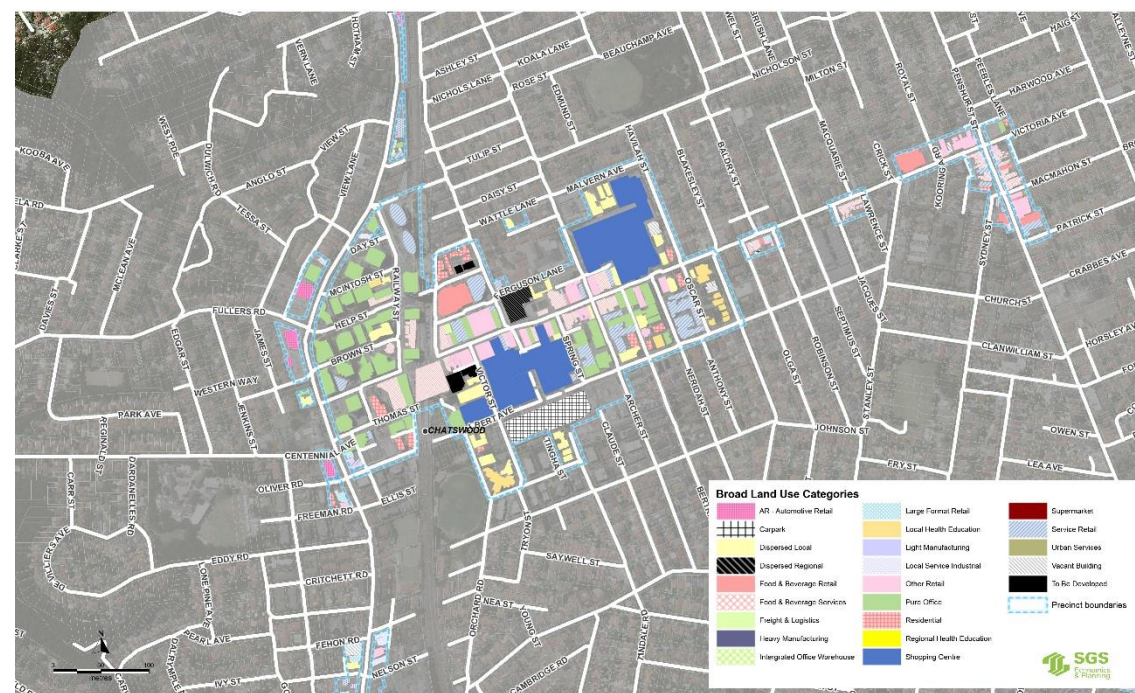
FIGURE 32. CHATSWOOD CURRENT FLOORSPACE BY BLC



Source: SGS Economics and Planning, 2015

As per the zoning and structure of Chatswood, the office uses are primarily concentrated on the western side of the railway line in the Chatswood CBD with retail and shopping centre uses clustering on the eastern side of the railway line with some office uses (refer to Figure 33).

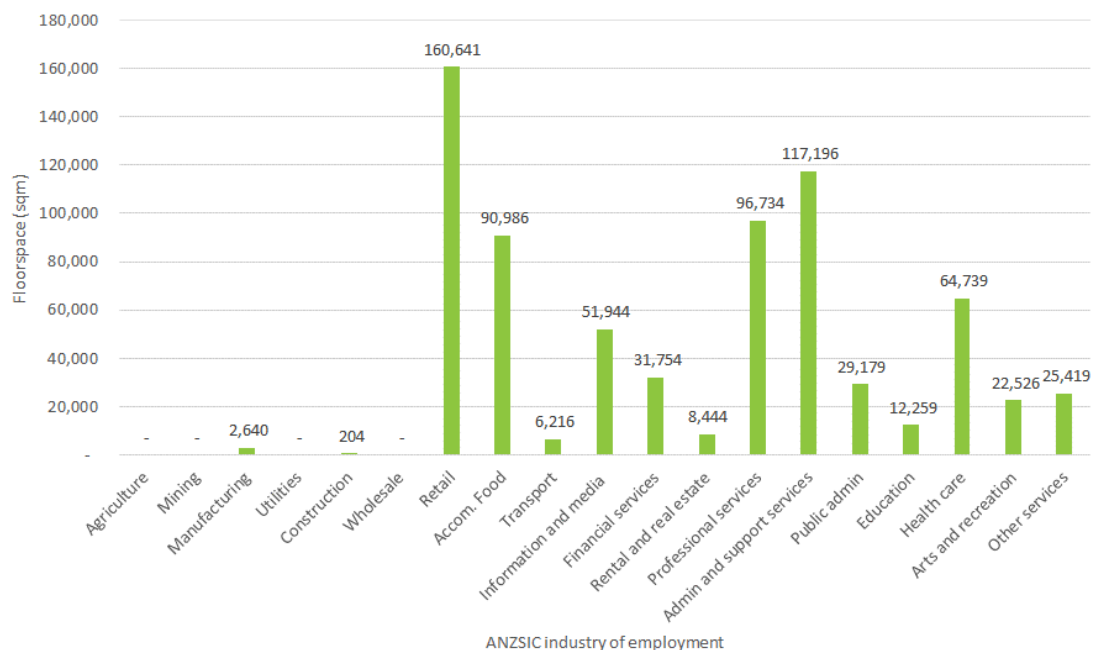
FIGURE 33. CHATSWOOD LAND AUDIT MAP



Source: SGS Economics and Planning, 2015

The floorspace within Chatswood has also been categorised by ANZSIC industry of employment (refer to Figure 34). The majority of floorspace contains retail, administrative and support services, professional services and accommodation and food services.

FIGURE 34. CHATSWOOD CURRENT FLOORSPACE BY ANZSIC INDUSTRY OF EMPLOYMENT



Source: SGS Economics and Planning, 2015

Employment and floorspace projections

There is forecast to be demand for an additional 191,000 sqm of floorspace within Chatswood by 2041. Whilst Chatswood is estimated to have capacity based on existing vacancies and under current controls to meet this demand, if employment were to grow beyond this forecast, additional capacity will be required to accommodate the additional growth.

Chatswood is forecast to grow to 27,000 jobs by 2041¹² (refer to Table 17). This is an additional 7,000 jobs over 30 years between 2011 and 2041. The growth in employment in Chatswood translates to demand for an additional 191,000 sqm of floorspace (refer to Table 17).

With existing additional floorspace capacity (retail and office) estimated at around 280,287 sqm, Chatswood is considered able to accommodate this identified future demand.

The floorspace capacity is estimated by assuming that only the lots with less than 60 percent of the maximum capacity implied by the FSR control in the LEP would be able to realise the additional capacity in the controls. This is to reflect the likely yield uplift required to incentivise the redevelopment of existing stock. Also, the lots that are currently under public ownership or contain residential floorspace have been excluded from the capacity calculation. The current vacancy is added to the additional capacity defined by the above approach to derive the floorspace capacity in Chatswood.

¹² The floorspace demand for each centre and employment area in Willoughby LGA was projected out to 2041, as the demand projection uses the BTS employment forecasts to 2041. The long projection period is also chosen to ensure that the floorspace capacity under Council's planning controls can cater for the demand over a longer period of time.

Retail demand modelling was also conducted as part of this study to forecast the required retail floorspace to accommodate expenditure growth in the catchment area of each centre in Willoughby LGA. Detail on the modelling is provided in Appendix 2. The retail modelling has identified demand for an additional 92,000 sqm of retail floorspace within Chatswood to 2031. However, it was found that around 50 percent of this demand would be generated by the residents outside the immediate Chatswood centre catchment (i.e. greater than 10 min drive), but within the Willoughby LGA, which could be satisfied by new retail floorspace in other centres.

As discussed in Section 3, employment scenario modelling was also conducted to understand how deviations from the employment forecasts may impact on some centres, including Chatswood. Appendix 4 contains more information on the scenario modelling and scenarios. Chatswood is impacted by scenario 1 and scenario 2 (which is detailed below).

Under scenario 1, Chatswood reaches 23,704 jobs in 2041. This is 2,849 fewer jobs in 2041 than under the baseline estimate. Under this scenario, Macquarie Park accommodates 2,849 additional jobs which would have gone to Chatswood under the base case. Under this scenario, additional floorspace demand is forecast to be 56,000 sqm which remains much lower than the existing capacity available within Chatswood based on current vacant floorspace and development capacity existing controls.

Under scenario 2, Chatswood reaches 28,182 jobs in 2041 which is an increase of 1,629 above the baseline estimate. These jobs are drawn from North Sydney (1,086 fewer jobs) and St Leonards (543 fewer jobs). Under this scenario, additional floorspace demand is estimated to be around 260,000 sqm which is more than the existing additional capacity within Chatswood based on current vacant floorspace and development capacity in existing controls. If this scenario were to occur, Chatswood would only have an additional 20,000 sqm of floorspace capacity to accommodate demand beyond 2041. This assumes that the current commercial and retail floorspace profile will remain largely unchanged into the future (i.e. approximately 60% for commercial and 40% for retail).

TABLE 17. EMPLOYMENT AND FLOORSPACE PROJECTIONS FOR CHATSWOOD

	Current	Baseline 2041	Scenario 1	Scenario 2	Scenario 3
Employment	20,000	26,553	23,704	28,182	26,553
Change in employment relative to baseline		0	-2,849	1,629	0
Existing floorspace capacity	280,287				
Additional floorspace demand		191,444	55,729	260,001	191,444
Gap		88,843	224,558	20,286	88,843

Source: SGS Economics and Planning, 2015

Traffic issues

Chatswood CBD sits to the east of the Pacific Highway and is centred on Chatswood Railway Station. The rail line provides a barrier with limited road underpasses to allow traffic access to the retail core from the Pacific Highway. The existing traffic conditions are poor during peak periods:

- Weekend congestion due to shopping
- Weekday am and pm peak traffic delays, mainly due to the heavy traffic volumes on the Pacific Highway
- Victoria Ave congestion as the key east west route which terminates at Anderson Street

The conventional, historic approach to respond to increased demand for vehicular travel is to provide additional road capacity. While this approach may provide a short term benefit, it typically releases capacity from adjacent road corridors to generate greater levels of traffic than before the road was upgraded. Additional road capacity also encourages a modal split away from public transport, walking and cycling.

“Widening roads to ease congestion is like trying to cure obesity by loosening your belt”

Roy Kienitz, executive director of the Surface Transportation Policy Project

Building newer, wider roads is not considered a viable long term option to support the future growth of the Chatswood precinct. It is therefore recommended to maintain (but not increase) the existing capacity on roads. Instead, travel demand must be managed through a suite of measures – including land use planning, parking management policies and maintaining road capacity.

Council undertook a Chatswood CBD Traffic Study in 2012 which recommends a series of localised road capacity improvements as well as a CBD wide parking guidance system and a Pedestrian Access and Mobility Plan. The parking guidance system has the potential to reduce traffic congestion by providing clear direction to motorists where parking is available thereby reducing circulating traffic. The Pedestrian Access and Mobility Plan supports active transport for shoppers and workers accessing the centre which further reduces the reliance on private vehicle use.

Chatswood is already serviced by a good train service and the interchange provides the terminus point for a wide range of bus services. The Sydney Metro will further enhance the public transport accessibility of the centre. Bus services will be restructured to suit the high capacity and frequent service offered by the metro by increasing feeder services. Upgrades to the bus interchange will be required over time to accommodate increased bus activity.

With increased public transport access and a greater use of active transport modes, parking provision should be reduced over time to relieve traffic congestion in the peak periods.

Innovative parking management

Implementation of effective parking management policies provides one of the greatest opportunities to reduce private vehicle dependency. Promotion of innovative parking policies which support reduced car ownership rates will be an important tool for Council in minimising traffic impacts associated with new developments. Some of these policies are outlined below.

Shared parking

Within Chatswood, the combination of land uses may lend itself well to shared parking principles. As parking for certain land uses increases or decreases, there can be a sharing of parking space that will increase efficiency of any parking provided. Spaces are not necessarily allocated for a specific use, instead serving a number of different users.

Parking as an option to rent

This approach can lead to more affordable housing where the developer retains ownership of the parking and can offer an option to purchase a property without a parking space but with an option within the deeds to rent a parking space at any time. This approach removes the capital cost of the parking space from the property price. This option would also be available for any future sale within the deeds of the property. This can be particularly effective in locations where more affordable housing is preferable and where public transport is available as a viable alternative to owning a private car. Planning aspirations to encourage less car ownership and greater use of public transport are obviously encouraged without disadvantaging home buyers or developers. There is actually an economic incentive to change travel behaviour to public transport use.

Unbundle parking

Unbundling parking involves separating the cost of parking from other land uses. A criticism of providing residential and commercial space 'with parking' is that the cost of parking is disguised in the cost of the overall building asset and users have a perception that parking is 'free'. By unbundling parking from other land uses or building space, users are more likely to undertake a review of the actual cost and benefit of owning a parking space, of driving and of car ownership. Once parking is available separately to the other land use, a market based approach to parking provision and use emerges that can increase the use of alternative modes of transport.

Unbundling can be in the form of a one off payment for a parking space in a dedicated parking area (which then creates a secondary market for parking spaces in the area) or a monthly charge for access to parking owned and developed separately to residential or commercial spaces (which creates the need for a management system). Once parking spaces are sold, the market dictates the value and use of these as an asset. For the rental option, the manager can use price mechanisms to manage the use of parking through time. Using price mechanisms can affect the overall demand for parking, as parking is seen to be a price elastic commodity. This price elasticity is a key tool in using market based solutions to parking provision.

Underground multi-block parking

Efficiencies can be made within the design of underground parking that could be achieved through the construction of multi-block underground parking structures for shared use rather than allowing single building underground parking to be developed. This allows the floorplate of the parking area to be larger, particularly where parking is under street level or footways and hence efficiencies are to be gained through the parking layout and a reduced number of access/egress locations and circulating space. In addition, fewer access locations at street level reduces congestion on street and improves road safety.

Design flexibility

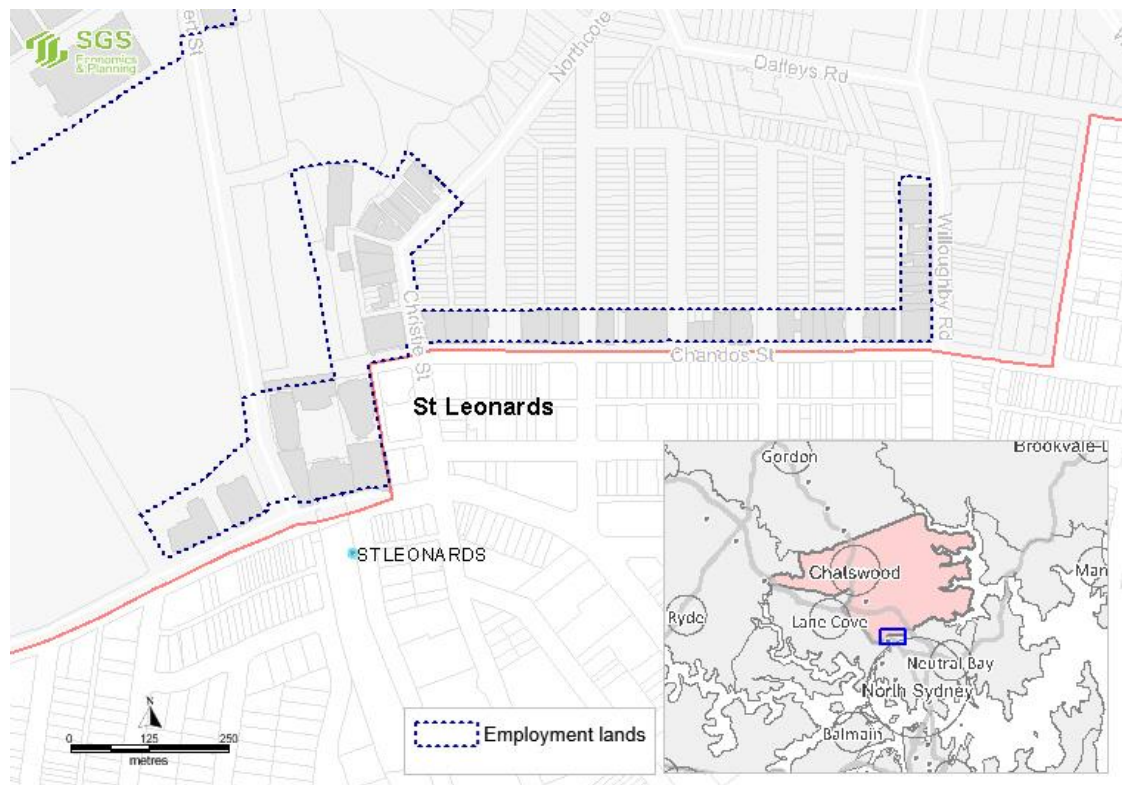
Off street parking areas should be designed in a flexible way so that they may be converted to other uses should they no longer be needed for parking cars. These uses may include storage, bicycle parking or living/design space. Where surplus parking has been provided, opportunities should be explored to convert these areas to functional, public spaces.

4.2 St Leonards

Location and zoning

St Leonards is located at the south of Willoughby LGA, on the border of North Sydney and Lane Cove LGAs, surrounding St Leonards railway station (refer to Figure 35). From this perspective, St Leonards is well located for residents and employees to take advantage of public transport. The Sydney Metro will add an additional station (at Crows Nest) with a high frequency train service and associated bus feeder services. This will further enhance public transport accessibility thereby reducing the reliance on private vehicle.

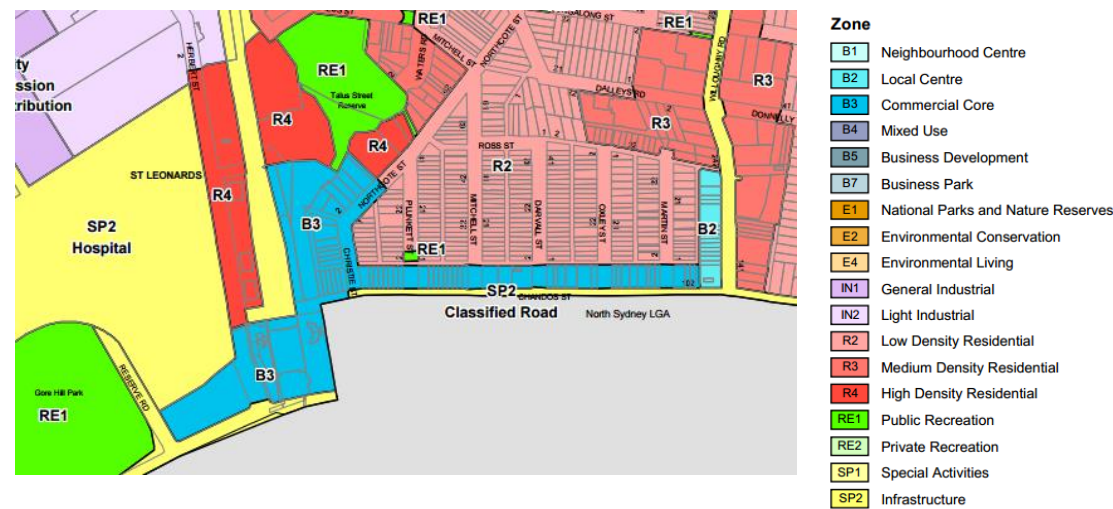
FIGURE 35. LOCATION OF ST LEONARDS



Source: SGS Economics and Planning, 2015

The Willoughby section of St Leonards (strategic centre) contains a commercial core zoning which is surrounded by mixed use and residential zones to the west and south and Special Activities-Hospital zone to the west (refer to Figure 36). The commercial core zoning provides for a wide range of retail, business, office, entertainment, community and other suitable land uses which serve the needs of the local and wider community. The zoning has been applied to St Leonards to support its role as a strategic centre providing health, research and education facilities.

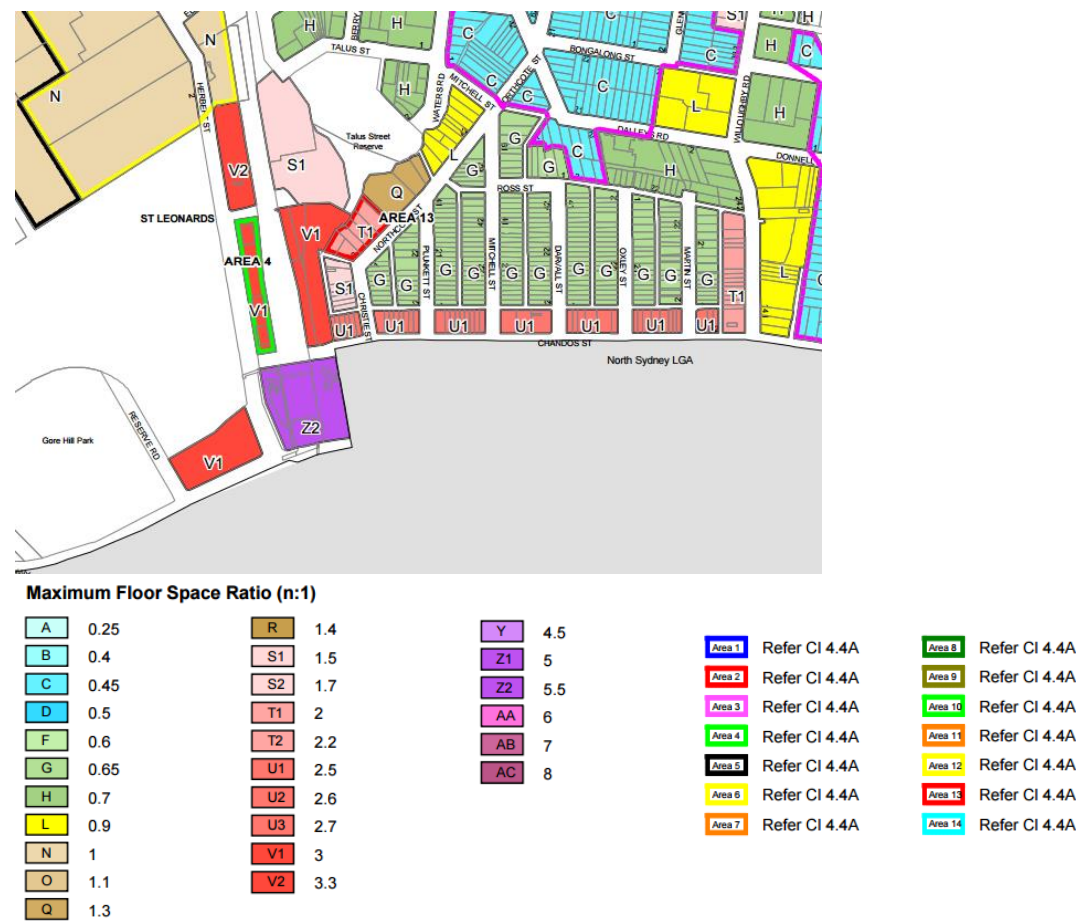
FIGURE 36. ST LEONARDS ZONING MAP



Source: Willoughby City Council, 2012

The floorspace ratios for sites within the commercial core in St Leonards (strategic centre) vary with a consistent control of 2.5:1 for sites to the north of Chandos Street. Sites above and surrounding the railway station vary from 1.5:1 to 5.5:1 for the Forum above St Leonards station (refer to Figure 37).

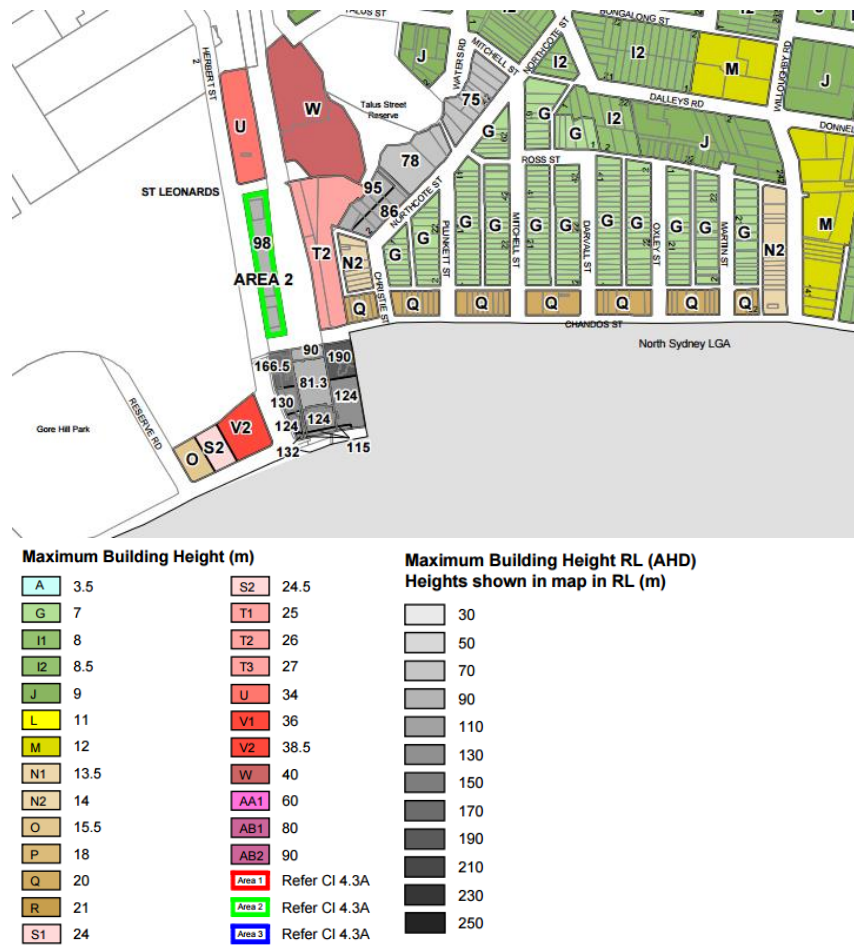
FIGURE 37. ST LEONARDS FSR CONTROL MAP



Source: Willoughby City Council, 2012

The height controls for St Leonards (strategic centre) are illustrated in Figure 38. These controls generally reflect the FSR controls ranging from 20 metres to RL 190 metres.

FIGURE 38. ST LEONARDS HEIGHT OF BUILDING CONTROL MAP



Source: Willoughby City Council, 2012

Strategic context

St Leonards is a strategic centre which contains both commercial uses and a significant health and education precinct.

St Leonards is a strategic centre which contains commercial uses as well as health and education facilities. The priorities identified for DP&E under the strategy for St Leonards include:

- work with council to retain a commercial core in St Leonards for long-term employment growth.
- work with council to provide capacity for additional mixed-use development in St Leonards including offices, health, retail, services and housing.
- support health-related land uses and infrastructure around Royal North Shore Hospital.
- work with council to investigate potential future employment and housing opportunities associated with a Sydney Rapid Transit train station at St Leonards/Crows Nest.

Under the draft Metro Strategy, St Leonards had an employment target of 45,000 jobs by 2031. In 2011, the centre contained 37,000 jobs.

However, the commercial market in St Leonards is suffering and being outperformed by nearby commercial centres such as North Sydney, Macquarie Park and Chatswood.

A recent study by SGS (2014), commissioned by North Sydney Council, highlighted that the current market dynamics of St Leonards/Crows Nest suggest new commercial development would be unviable in the short term. The office market in the area is facing strong competition from surrounding office centres at North Sydney and Macquarie Park. According to consultation, St Leonards currently attracts small businesses looking for cheaper, short-term lease office space, while larger and higher profile businesses tend to look for higher grade office space in Macquarie Park or North Sydney. Completion of commercial developments in North Sydney in the short term may result in relocations out of St Leonards/Crows Nest and into North Sydney as greater prime office space opportunities emerge.

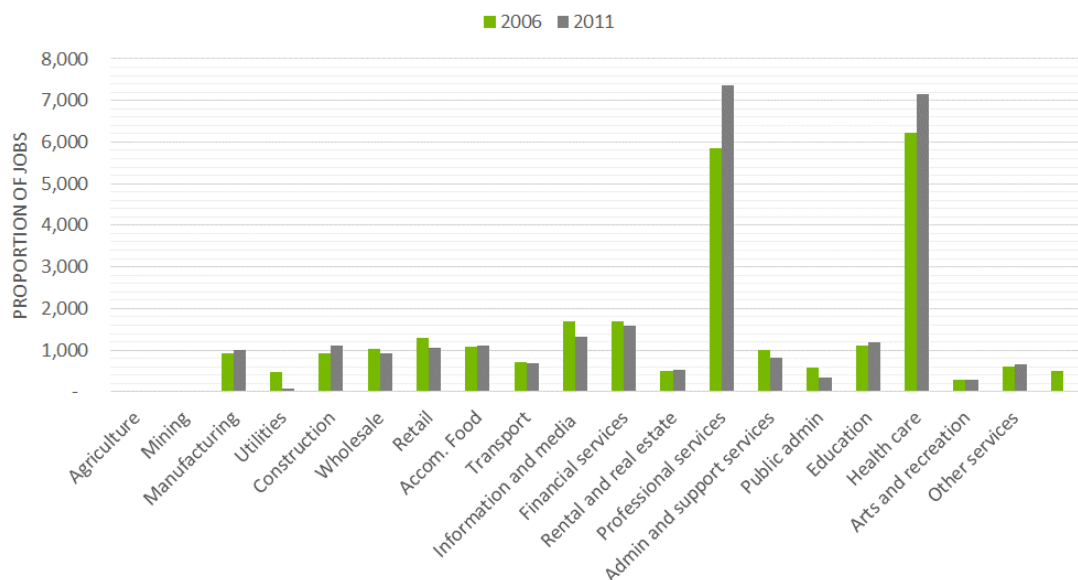
The retention of a commercial core for long term employment growth at St Leonards is a priority within the metropolitan strategy. To achieve this objective mechanisms to retain and attract new commercial development in St Leonards therefore need to be developed.

Employment profile

The two major industries of employment in St Leonards are health and professional services.

In 2011, St Leonards/Crows Nest contained almost 32,000 jobs, an increase of around 5% from 2006. The primary industries of employment within St Leonards are health care (mainly associated with the Royal North Shore Hospital) and professional services (refer to Figure 39). This specialised employment role was reflected in St Leonards classification as a specialised precinct under the previous metropolitan plans and strategies for Sydney.

FIGURE 39. ST LEONARDS INDUSTRY OF EMPLOYMENT, 2006-2011

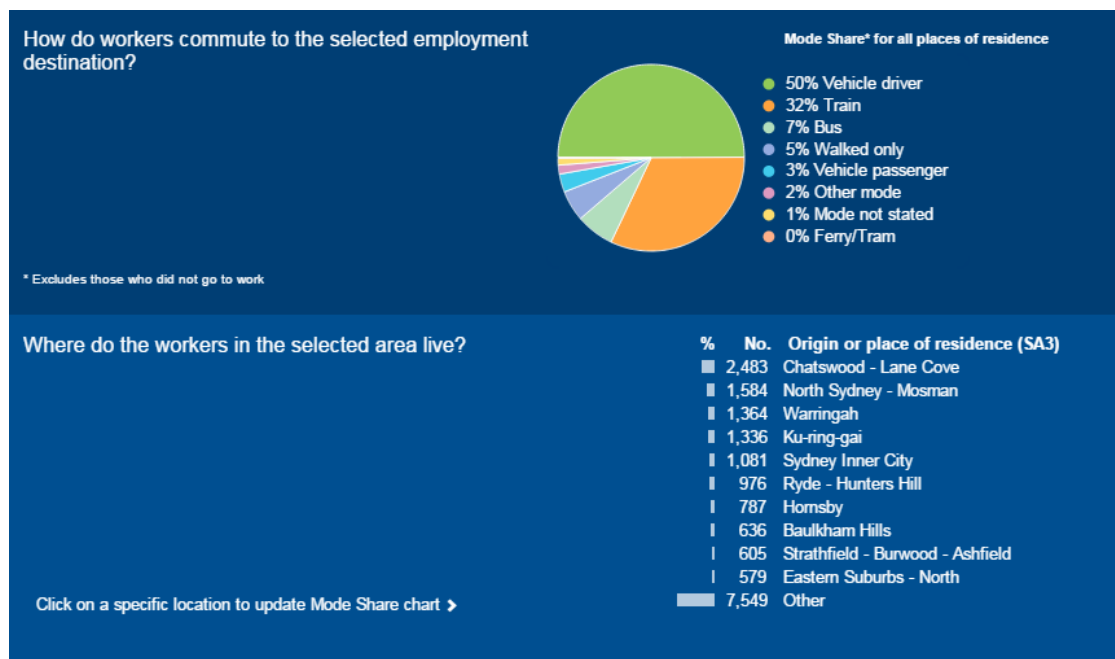


Source: raw data source from Bureau of Transport Statistics (2006 and 2011) Journey to Work data

Workers based in St Leonards generally reside in the local area or surrounding LGAs and half of the workers travel to work via car.

As highlighted in Figure 40, 50% of workers drive to work, with 32% travelling by train and 7% by bus. Workers are generally commuting from the surrounding suburbs where there is likely to be public transport access.

FIGURE 40. JOURNEY TO WORK – ST LEONARDS



Source: Bureau of Transport Statistics, 2015 (journey to work visualisation tool)

Market assessment

The St Leonards office market is declining with strong competition from surrounding commercial markets such as North Sydney and Macquarie Park.

Consultation found that St Leonards currently attracts small businesses looking for cheaper, short-term lease office space, while larger and higher profile businesses tend to look for higher grade office space in Macquarie Park or North Sydney. As of 2014, vacancy rates were around 14% for total office space in St Leonards (Knight Frank 2014)

The centre's appeal as a residential location, with excellent accessibility to North Sydney and Sydney CBD jobs and amenities, is increasing and this is 'threatening' future office employment prospects.

Current floorspace profile

The portion of St Leonards located in Willoughby LGA contains primarily pure office floorspace which accommodates professional services and other service based sectors. This is reflective of its commercial core zoning.

Only land which sits within Willoughby LGA was audited as part of the land audit, however the health precinct was not audited. Therefore the discussion below only provides a snapshot of part of the St Leonards centre.

The proportion of St Leonards which is located in Willoughby LGA contains 5.1 hectares of land and over 200,000 square metres of floorspace (refer to Table 18).

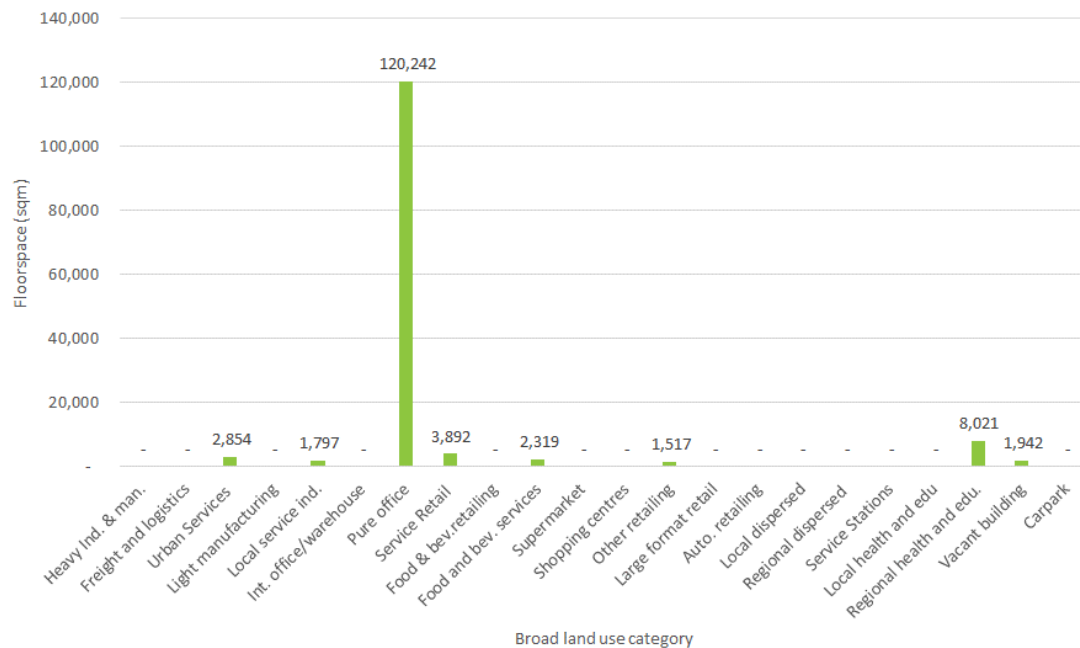
TABLE 18. OVERVIEW OF ST LEONARDS

Total land	5.1 ha
Current floorspace	219,693 sqm
Current FSR	4:1
Max floorspace	165,351 sqm
Vacant floorspace	8,835sqm
Floorspace capacity	15,455 sqm
Control FSR	1.5:1 - 5.5:1

Source: SGS Economics and Planning, 2015

The majority of floorspace within the Willoughby LGA part of the St Leonards centre is pure office, with a small amount of supporting retail (Figure 41).

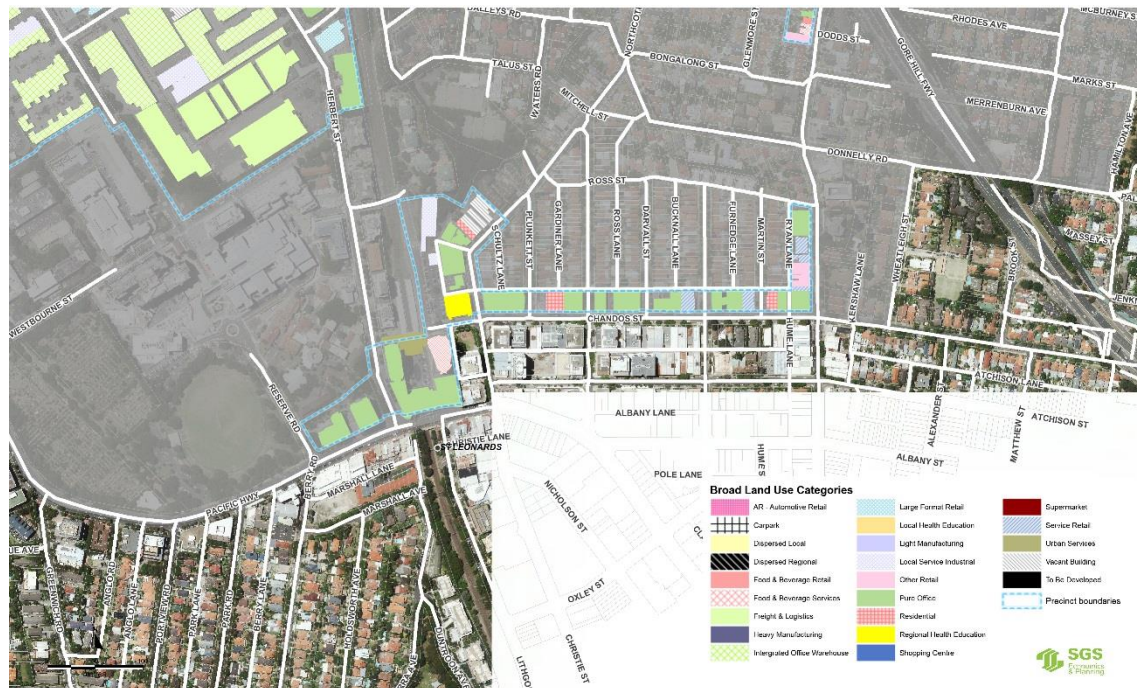
FIGURE 41. ST LEONARDS CURRENT FLOORSPACE BY BLC



Source: SGS Economics and Planning, 2015

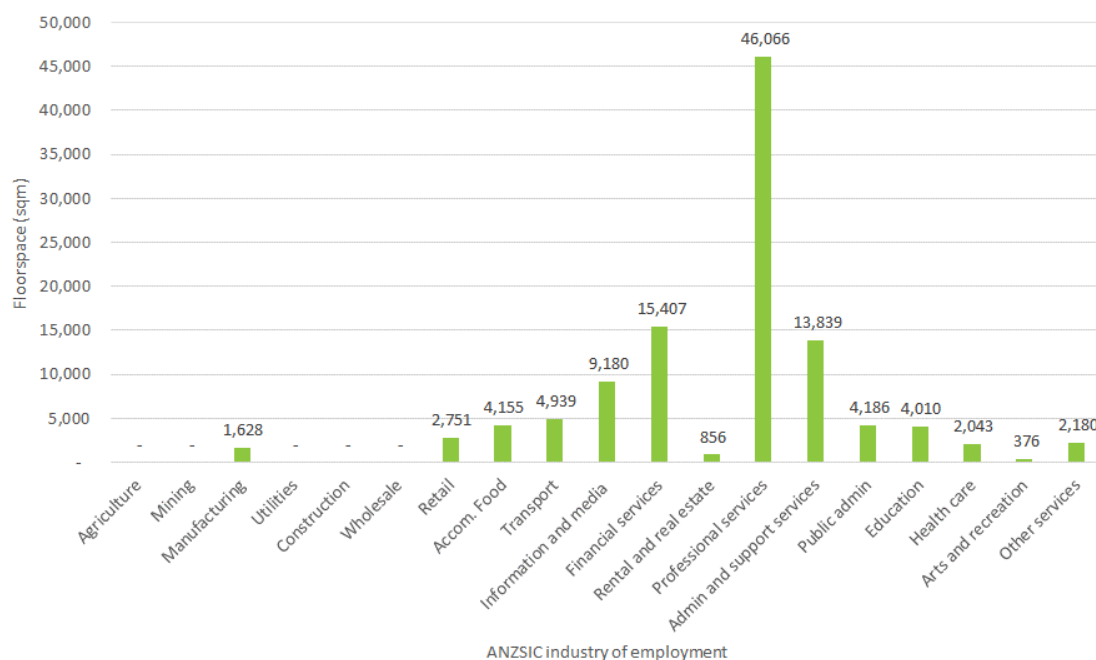
The non-office land uses identified above are generally scattered throughout the office uses in St Leonards (refer to Figure 42).

FIGURE 42. ST LEONARDS (WILLOUGHBY LGA) LAND AUDIT MAP



The breakdown of floorspace by employment generally reflects the office focus of the centre with majority of floorspace accommodating professional services employment, administrative and support services and financial services (refer to Figure 43).

FIGURE 43. ST LEONARDS (WILLOUGHBY LGA) CURRENT FLOORSPACE BY ANZSIC INDUSTRY OF EMPLOYMENT



Source: SGS Economics and Planning, 2015

Employment and floorspace projections

There is projected to be demand for an additional 24,000 sqm of employment floorspace within St Leonards (Willoughby LGA only). With limited capacity available, there is a need to consider the overall floorspace demand and capacity across the entire centre to better understand constraints and opportunities for growth.

The entire St Leonards/Crows Nest is forecast to reach 42,600 jobs by 2041 (refer to Table 19). This is an additional 11,000 jobs over 30 years between 2011 and 2041. The percentage growth in employment across the entire centre was applied to current floorspace by industry within the Willoughby part of the St Leonards to derive the additional floorspace demand, which was estimated to be around 24,000 sqm (refer to Table 19)

With an existing floorspace capacity estimated to be around 15,000 sqm, St Leonards (Willoughby LGA only) requires an additional 9,000 sqm of floorspace to meet demand. As for Chatswood, this additional capacity is estimated by assuming that only the lots with less than 60 percent of the maximum capacity implied by the FSR control in the LEP would be able to realise the maximum capacity in the controls.

Considering St Leonards spreads across three LGAs, the additional demand should be considered within the broader context of the centre and capacity across the entire centre.

TABLE 19. EMPLOYMENT AND FLOORSPACE PROJECTIONS FOR ST LEONARDS

	Current	Baseline 2041	Scenario 1	Scenario 2	Scenario 3
Employment*	31,629	42,556	42,556	42,013	42,556
Change in employment relative to baseline*		0	0	-543	0
Existing floorspace capacity**	15,455				
Additional floorspace demand**		23,906	23,906	19,720	23,906
Gap**		-8,451	-8,451	-4,265	-8,451

Source: SGS Economics and Planning, 2015

* St Leonards/Crows Nest

** St Leonards – Willoughby LGA only

Retail demand modelling was also conducted as part of this study to forecast the required retail floorspace to accommodate expenditure growth in the catchment area of each centre in Willoughby LGA. Detail on the modelling is provided in Appendix 2. The retail modelling has identified demand for an additional 670 sqm of retail floorspace within St Leonards (Willoughby LGA) to 2031. Note the small increase in retail demand is only for the Willoughby part of the St Leonards, which contains a small amount of retail floorspace currently.

The employment scenario modelling, mentioned earlier, was conducted to understand how deviations from the employment forecasts may impact on some centres, including St Leonards. Appendix 4 contains more information on the scenario modelling and scenarios. St Leonards is impacted by scenario 2.

Under scenario 2, the entire St Leonards/Crows Nest reaches 42,556 jobs in 2041 which is 543 fewer jobs than for the baseline forecast for 2041 (refer to Table 19). These jobs have been allocated to Chatswood. Under this scenario, additional floorspace demand for the Willoughby part of the St Leonards is estimated to be around 20,000 sqm, which remains greater than the existing capacity based on current vacant floorspace and development capacity existing controls.

4.3 Other strategic centres

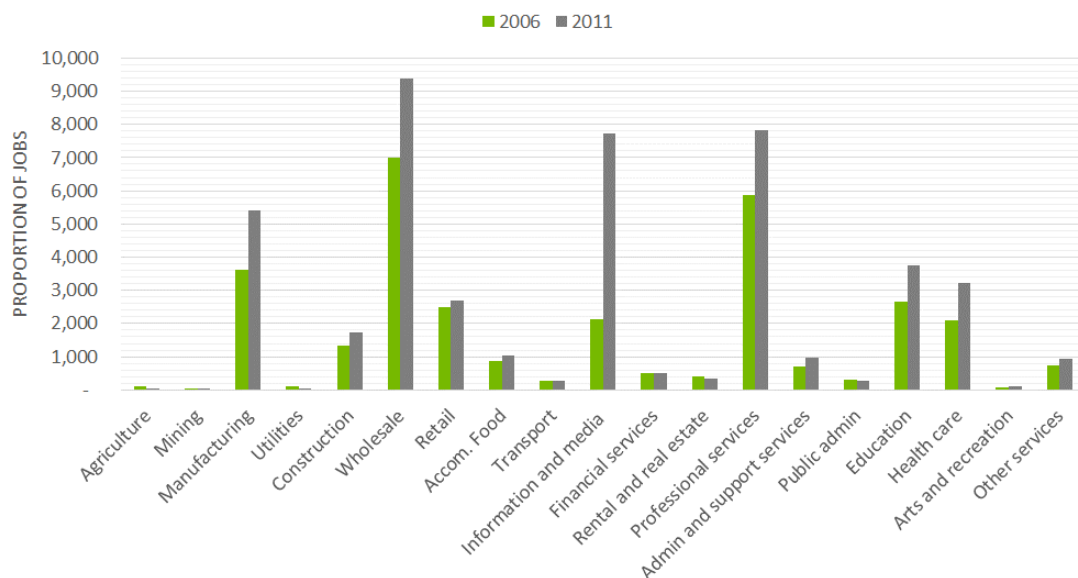
Macquarie Park and North Sydney are considered to be major competitors to Chatswood and St Leonards, as highlighted through the market assessment conducted above. Therefore, it is important to understand the industry concentrations within and current market position of these centres.

Macquarie Park

Macquarie Park is a strategic centre which contains a range of industries of employment including commercial and industrial, as well as health and education.

Macquarie Park is a strategic centre located in Ryde LGA. As of 2011, Macquarie Park contains around 47,500 jobs, up from 32,000 jobs in 2006. The centre comprises a range of industries of employment including wholesale, information and media, professional services and manufacturing (Figure 44). There is also significant employment in health care and education which reflects the presence of Macquarie University and associated hospital facilities.

FIGURE 44. INDUSTRY OF EMPLOYMENT, 2006-2011

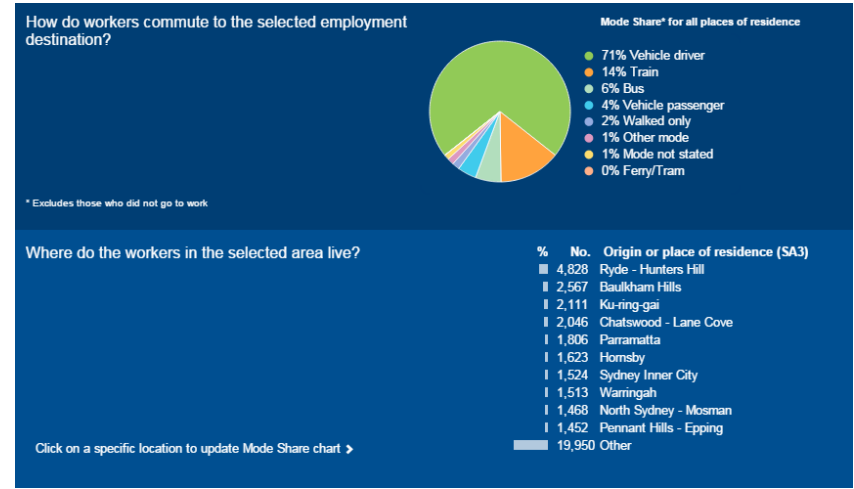


Source: raw data source from Bureau of Transport Statistics (2006 and 2011) Journey to Work data

Macquarie Park remains a car dominated centre, with 71 percent of journeys to work via car.

Figure 45 highlights that car remains the dominant mode of transport to work for workers based in Macquarie Park, despite containing three railway stations. Only 20 percent of journeys are by public transport. Workers generally reside in the surrounding suburbs where there are no railway stations such as Ryde and Baulkham Hills and this may be impacting on public transport ridership.

FIGURE 45. JOURNEY TO WORK – MACQUARIE PARK

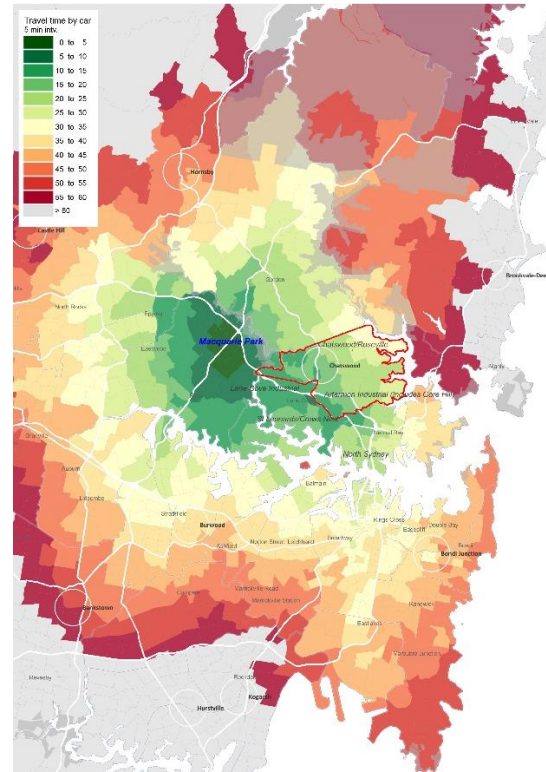


Source: Bureau of Transport Statistics, 2015 (journey to work visualisation tool)

Macquarie Park is accessible to residents in the north suburbs and north shore, particularly locations along the railway line.

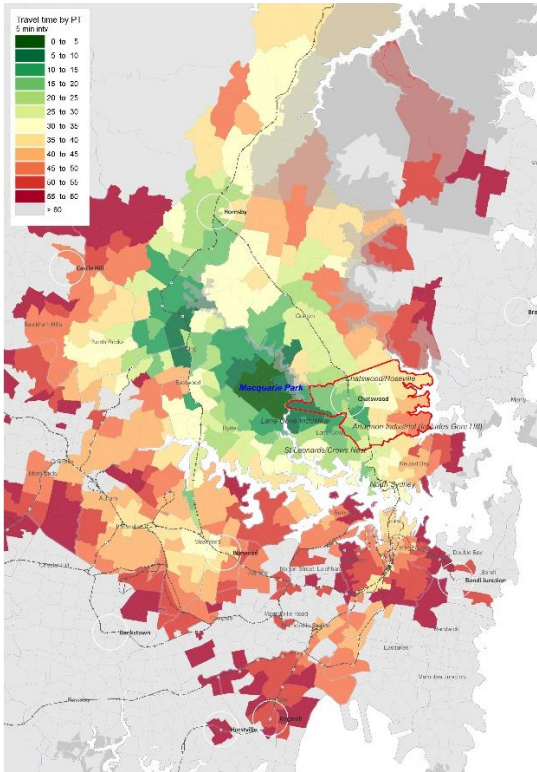
Macquarie Park is particularly accessible by car for residents in Eastwood to the west and Chatswood to the east (refer to Figure 46). The centre is accessible from the north and north shore rail lines which connect to Macquarie Park via Epping and Chatswood, respectively (refer to Figure 47).

FIGURE 46. TRAVEL TIME FROM MACQUARIE PARK BY CAR



Source: SGS Economics and Planning, 2014

FIGURE 47. TRAVEL TIME FROM MACQUARIE PARK BY PT



Source: SGS Economics and Planning, 2014

Macquarie Park is a significant competitor for Chatswood as a commercial centre, and St Leonards, and has been performing strongly.

Macquarie Park is a significant business growth centre in Sydney, with a high concentration of research firms specialising in communications, medical research, pharmaceuticals and ICT sectors. Macquarie Park is part of the Global Economic Corridor, with capacity for over 2 million sqm of commercial floor space. Apart from the commercial offices, Macquarie University, Macquarie Hospital and Macquarie Shopping Centre are also major assets in the area.

A Grade office rents are 10-15 percent cheaper in Macquarie Park compared to Chatswood. Since the opening of the Epping-Chatswood Rail Link in 2009, the accessibility of the precinct has been improved by the addition of new train stations.

The types of industries located in Macquarie Park differ to Chatswood and therefore the markets often attract different types of firms. As mentioned previously, several large companies have relocated from Chatswood to Macquarie Park such as Fujitsu.

However, the area suffers from issues with a lack of pedestrian amenity and low walkability.

The low density environment means that the centre is primarily car-based, however Ryde has plans for significant commercial and residential development which may improve the amenity of the centre.

Macquarie Centre at Macquarie Park is also a strong retail competitor for Chatswood.

The location and availability of shops within Macquarie Centre means that it is a strong competitor for Chatswood. Macquarie Centre has been recently redeveloped and attracted a number of international brands. However, the lack of amenity and night life is major detractors for Macquarie Centre.

There is potential for Macquarie Park to draw employment away from Chatswood, particularly if rents continue to remain cheaper and amenity improves within Macquarie Park.

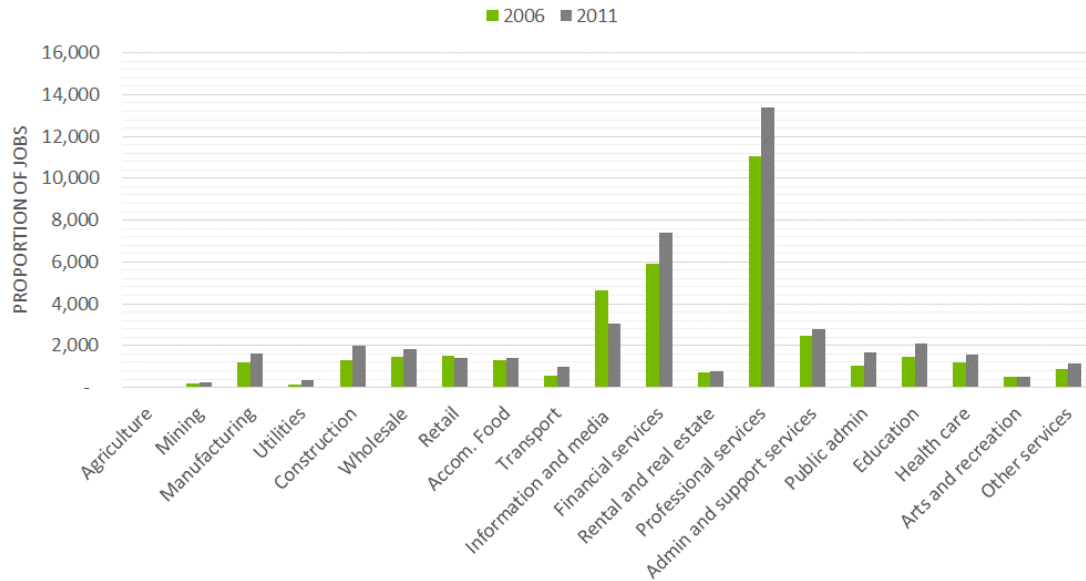
North Sydney

North Sydney is considered to be part of Global Sydney and contains significant employment in professional services.

North Sydney is part of Global Sydney¹³ and is located in North Sydney LGA. In 2011, North Sydney contained 46,000 jobs, up from 38,500 jobs in 2006. The primary industry of employment in North Sydney is professional services with significant employment in financial services as well (refer to Figure 48).

¹³ Global Sydney includes Sydney CBD, North Sydney CBD, Barangaroo, Darling Harbour, the Bays Precinct, Pyrmont-Ultimo, Broadway and Camperdown Education and Health Precinct, Central to Eveleigh, Surry Hills and City East.

FIGURE 48. INDUSTRY OF EMPLOYMENT, 2006-2011

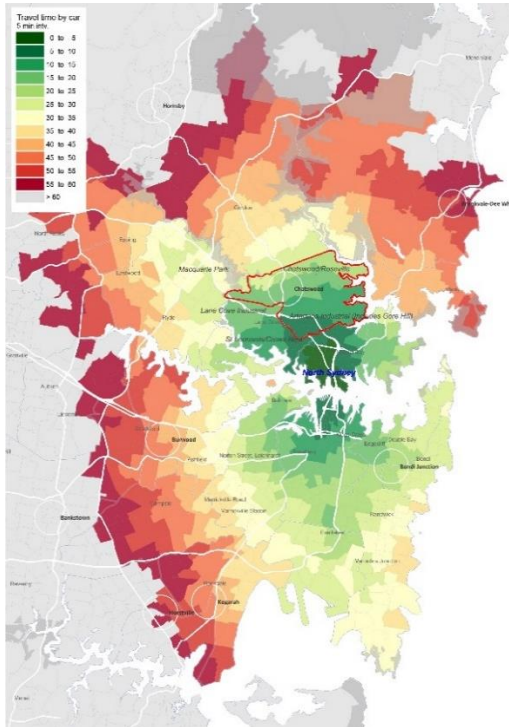


Source: raw data source from Bureau of Transport Statistics (2006 and 2011) Journey to Work data

North Sydney is a very accessible centre in Sydney, particularly via public transport.

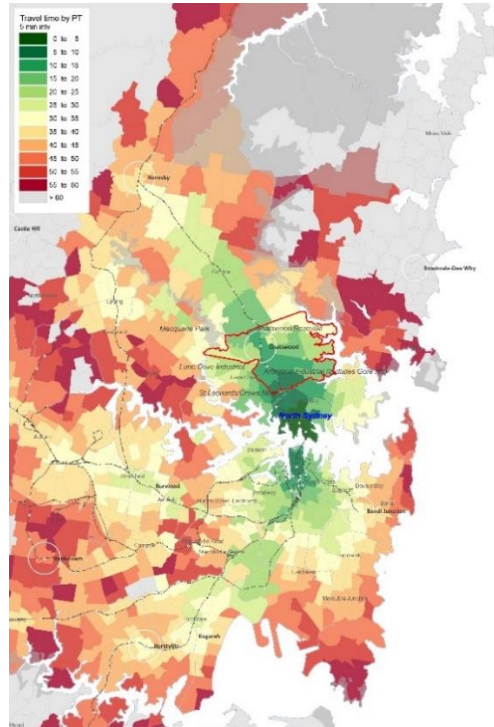
North Sydney is particularly accessible by car from the lower north shore and Sydney CBD (refer to Figure 49) and via public transport from the Sydney CBD and north shore along the rail line (refer to Figure 50).

FIGURE 49. TRAVEL TIME FROM NORTH SYDNEY BY CAR



Source: SGS Economics and Planning, 2014

FIGURE 50. TRAVEL TIME FROM NORTH SYDNEY BY PT

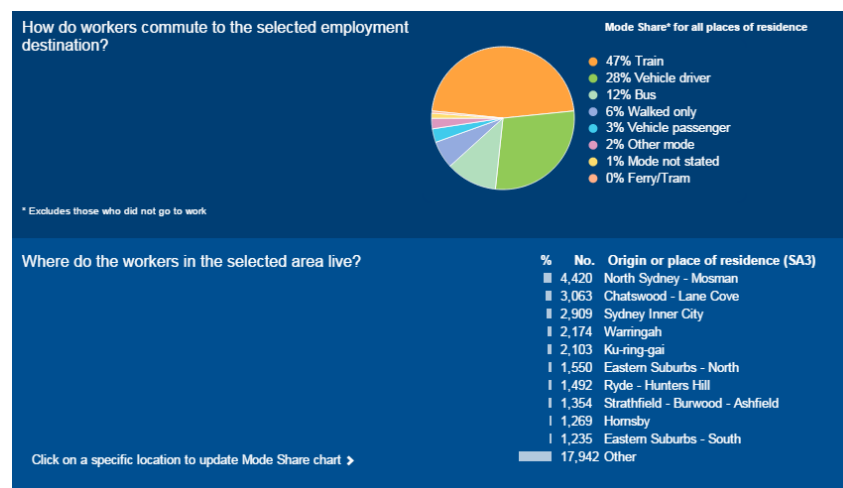


Source: SGS Economics and Planning, 2014

This accessibility is reflected in journey to work patterns with the majority of workers travelling via public transport.

In 2011, 47 percent of workers travel by train to North Sydney and 12 percent by bus (refer to Figure 51). Only 28 percent drive to work, which is significantly lower than the other centres along the north shore. Workers generally reside in surrounding suburbs and the inner city of Sydney, which are all locations accessible by train.

FIGURE 51. JOURNEY TO WORK – NORTH SYDNEY



Source: Bureau of Transport Statistics, 2015 (journey to work visualisation tool)

The accessibility of North Sydney and its proximity to the city are key advantages for the centre which might draw employment away from Chatswood, however rents are likely to remain higher in North Sydney compared to Chatswood and this remains an advantage for Chatswood.

4.4 Summary of key findings

Chatswood

Though Chatswood is identified as a strategic centre in *A Plan for Growing Sydney* the centre's potential for office growth is at least constrained, if not being gradually eroded, by residential and mixed use development encroaching into the area that was zoned commercial core (which allows employment uses only).

The centre is a suitable location for commercial uses, being highly accessible to professionals and 'executive labour' on the north shore, particularly via rail. A significant proportion of workers reside in the local area. Furthermore, in the metropolitan office market context it has competitive rental prices when compared to North Sydney and the Sydney CBD, though it is generally more expensive than Macquarie Park which is the centre's main competitor. Tenants are primarily looking for large floorplates of at least 1000 sqm which are located within walking distance of Chatswood railway station, and rents are under pressure due to low vacancy rates and supply constraints.

Prospects for new supply are constrained by the scarcity of pre-commitments, and also by current value differentials which favour mixed use and residential development.

In addition to professional services, retail is the other major employer in Chatswood, which reflects the centre's role as a major retail centre servicing the population of Willoughby LGA as well as the north shore of Sydney. The centre is anchored by two major enclosed centres (Westfield and Chatswood Chase) but also has a lively strip focussed on Victoria Avenue where demand for restaurants and other

food services is particularly strong. Other shopfront retail is less successful. Congestion and access to the centre are sometimes identified as challenges for the retail market. Chatswood is also a focus for a significant share of Willoughby LGA's residential development and some sites in the commercial core area west of Westfield in particular are under pressure for residential conversion.

These multiple roles, as a commercial, retail and residential centre, naturally lead to competition between uses for sites and congestion.

There is forecast to be demand for an additional 191,000 sqm of employment related floorspace within Chatswood by 2041. Whilst Chatswood is estimated to have capacity based on existing vacancies and under current controls to meet this demand, if employment were to grow beyond this forecast – or additional sites are converted for residential uses - additional capacity will be required to accommodate growth.

As outlined in the previous section employment related activity which is 'displaced' from Chatswood and is otherwise accommodated at Macquarie Park may give rise to additional community travel 'costs'. This is because the current workforce is generally closer to Chatswood and is more likely to be public transport oriented, than workers at Macquarie Park. This suggests that protecting sites for future commercial or employment uses, rather than allowing their conversion to residential uses, may be warranted.

St Leonards

St Leonards is a strategic centre which contains both commercial uses and a significant health and education precinct. The centre is 'split' between the LGAs of Willoughby, Lane Cove and North Sydney, which creates a challenge for integrated planning. The portion of St Leonards located in Willoughby LGA contains primarily pure office floorspace which accommodates professional services and other service based industries of employment. This is reflective of its commercial core zoning.

There is projected to be demand for an additional 24,000 sqm of employment floorspace within St Leonards (Willoughby LGA only). With limited capacity available, there is a need to consider the overall floorspace demand and capacity across the entire centre to better understand constraints and opportunities for growth.

A recent study by SGS (2014) highlighted that the current market dynamics of St Leonards/Crows Nest suggest new commercial development would be unviable in the short term. The office market in the area is suffering, with competition from surrounding office centres at North Sydney and Macquarie Park. According to consultation, St Leonards currently attracts small businesses looking for cheaper, short-term lease office space, while larger and higher profile businesses tend to look for higher grade office space in Macquarie Park or North Sydney. Completion of commercial developments in North Sydney in the short term may result in relocations out of St Leonards/Crows Nest and into North Sydney as greater prime office space opportunities emerge.

North Sydney Council has released a draft St Leonards/Crows Nest Planning Study for consultation which adopts the SGS recommendation to identify mechanisms to retain and even attract new commercial development in St Leonards, if the objective is to retain its employment role for the medium term future. The draft Study proposes to remove maximum non-residential FSR controls for mixed use land and implement minimum-non-residential FSR controls.

The DP&E's position on St Leonards is somewhat established through the metropolitan strategy which identifies an objective for the centre to "work with council to retain a commercial core in St Leonards for long-term employment growth". It is assumed that DP&E will work with all three councils through the subregional planning process, however Lane Cove Council has identified opportunities for mixed use development within the commercial core zone in St Leonards south. This highlights issues around consistency the potential impact of rezonings on the capacity and role of St Leonards.