SHOROC Employment Lands Study Addendum

Prepared for

Pittwater Council

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1. INTRODUCTION

The following document has been prepared as an Addendum to the SHOROC Employment Lands Study prepared by Hill PDA in 2008.

The purpose of the Addendum is to provide an update to the analysis undertaken in 2008 taking into account newly available information and population forecasts. In particular this addendum incorporates:

1. Revisions to the forecast rate of population growth for Pittwater LGA as derived from the *'New South Wales Statistical Local Area Population Projections, 2006-2036'* (April 2010) and published by the DoP;
2. The latest data on retail spend per capita from MarketInfo 2009 data; and
3. Revised employment forecasts for the Pittwater LGA as released by the Transport Data Centre (TDC).

Using the above information the Addendum provides updated estimates for floorspace relating to retail, commercial, industrial and special uses. It also extends the forecasts to 2036 to align with the timescales of the Metropolitan Plan 2010.

In the interests of consistency we have applied the same methodology as the SHOROC Study to assess demand for floorspace in addition to employment yields and density ratios.

2. POPULATION PROJECTIONS

The SHOROC Study indicated that over the 2006 to 2031 period the population of the SHOROC Region would increase by 33,368 persons, from 264,413 to 297,781. This was based on bespoke population estimates from the TDC. Specific to Pittwater LGA, the TDC estimated a population increase of 24,871 or 1.4% per annum.

Table 1 below compares the population forecasts for Pittwater LGA used by the SHOROC Study compared to revised forecasts released by the DoP in 2010 and subsequently used to inform this Addendum.

Table 1 - Comparison of Population Growth Rate Forecasts Pittwater LGA 2006 - 2036

Forecast	2006	2011	2016	2021	2026	2031	2036
TDC Pop Forecasts 2007	57,835	60,430	63,435	70,031	76,514	82,076	N/A
DoP Pop Forecasts 2010	56,600	60,000	62,000	63,800	65,100	66,600	68,400
Difference 2007-2010	**-1,235**	**-430**	**-1,435**	**-6,231**	**-11,414**	**-15,476**	N/A

Source: TDC 2007; NSW Department of Planning Local Area Projections (April 2010);

Whilst population growth for the SHOROC Region is forecast to be greater than earlier estimates, the comparison above shows that the forecasts specific to Pittwater LGA have been revised down significantly since the 2007 release to an annual rate of 0.6%.

3. EMPLOYMENT PROJECTIONS

The projected number of jobs generated across the SHOROC Region and within Pittwater LGA has also altered since the preparation of the 2008 Study. Overall the revised forecasts estimate an additional 5,019 jobs by 2031 will be generated in the LGA as opposed to the prior estimate of 5,052 by 2031. By 2036 it is forecast that Pittwater

LGA will generate in the order of 5,910 jobs with the greatest actual share of jobs being generated in the Retail Trade industry and the greatest actual increase occurring in the Accommodation and Food Service Industry.

Table 2 - Estimated Employment Growth by Category 2006 to 2031 – SHOROC Study 2008

Category	2006	2016	2031	Net Change 2006-2031
Accommodation, Cafes and Restaurants	1294	1500	1667	373
Agriculture, Forestry and Fishing	215	231	259	44
Communication Services	143	142	145	2
Construction	2188	2499	2751	563
Cultural and Recreational Services	662	665	666	4
Education	987	1000	992	5
Electricity, Gas and Water Supply	56	52	41	-15
Finance and Insurance	508	431	357	-151
Government Administration and Defence	333	364	386	53
Health and Community Services	2029	2160	2279	250
Manufacturing	2056	2186	2266	210
Mining	0	0	0	0
Non Classifiable Economic Units	0	0	0	0
Not stated / Unclassified	509	421	379	-130
Personal and Other Services	864	907	928	64
Property & Business Services	2772	3675	4599	1827
Retail Trade	3635	3962	4492	857
Transport and Storage	551	643	776	225
Wholesale Trade	1378	1941	2249	871
Total	**20180**	**22779**	**25232**	**5052**

Source: TDC 2007

Table 3 - Estimated Employment Growth by Category 2006 to 2036 – TDC Oct 2009

Category	2006	2016	2031	2036	Net Change 2006 - 2031	Net Change 2006 - 2036
Agriculture, forestry and fishing	66	88	93	94	26	28
Mining	11	14	17	17	5	6
Manufacturing	1,812	1,845	1,932	1,966	120	154
Electricity, gas, water and waste services	77	70	59	56	-18	-21
Construction	2,209	2,094	2,241	2,287	31	78
Wholesale Trade	1,213	1,260	1,267	1,234	54	21
Retail Trade	2,714	3,064	3,412	3,482	698	769
Accommodation and food services	1,681	2,117	2,778	3,010	1,096	1,329
Transport, postal and warehousing	342	376	373	379	31	37
Information media and telecommunications	336	345	292	267	-44	-69
Finance and insurance services	560	589	626	643	66	83
Rental hiring and real estate services	543	635	788	837	244	293
Professional, scientific and technical services	1,767	2,192	2,300	2,340	533	573
Administrative and support services	536	459	409	402	-128	-134
Public administration and safety	613	812	1,113	1,220	500	607
Education and training	1,281	1,325	1,593	1,679	312	399
Health care and social assistance	2,304	2,648	3,273	3,455	969	1,151
Arts and recreation services	393	407	400	403	7	10
Other services	1,032	1,053	1,207	1,244	176	212
Unclassified	788	926	1,127	1,175	339	387
Total	**20,278**	**22,318**	**25,298**	**26,189**	5,019	**5,910**

Source: TDC October 2009

4. IMPLICATIONS OF CHANGES – INDUSTRIAL

Using the updated TDC employment forecasts and cross tabulating them with the same employment yields used by industry for the 2008 Study it is possible to identify how the revised employment forecasts translate into demand for floorspace.

As shown below, for employment category's relating to industrial lands, the estimated number of jobs as of 2006 have been lowered since earlier estimates translating into demand for 46,269sqm less floorspace.

Table 4 - Comparison of Forecasts – Industrial Floorspace 2006

Year 2006	2008 Forecasts		Revised Forecasts		Difference 2008 & Revised
Category	**Jobs**	**Floorspace**	**Jobs**	**Floorspace**	**Floorspace**
Agriculture, Forestry and Fishing	215	15,050	66	4,635	-10,415
Construction	2,188	153,160	2,209	154,644	1,484
Electricity, Gas and Water Supply	56	3,920	77	5,376	1,456
Manufacturing	2,056	102,800	1,812	90,600	-12,201
Mining	-	-	11	898	898
Transport and Storage	551	55,100	342	34,207	-20,893
Wholesale Trade	1,378	55,120	1,213	48,521	-6,599
Total	**6,444**	**385,150**	**5,731**	**338,882**	**-46,269**

Source: TDC 2007; Oct 2009 Release

By 2016 it is now estimated that there will be 5,747 industry related jobs in the LGA as opposed the former higher estimate of 7,552 (1,805 less). As a consequence forecast demand for floorspace would be significantly less at 339,000sqm compared to the prior forecast of 445,980sqm (a difference of 106,968sqm).

Table 5 - Comparison of Forecasts – Industrial Floorspace 2016

Year 2016	2008 Forecasts		Revised Forecasts		Difference 2008 & Revised
Category	**Jobs**	**Floorspace**	**Jobs**	**Floorspace**	**Difference**
Agriculture, Forestry and Fishing	231	16,170	88	6,182	-9,988
Construction	2,499	174,930	2,094	146,567	-28,363
Electricity, Gas and Water Supply	52	3,640	70	4,882	1,242
Manufacturing	2,186	109,300	1,845	92,256	-17,044
Mining	-	-	14	1,142	1,142
Transport and Storage	643	64,300	376	37,580	-26,720
Wholesale Trade	1,941	77,640	1,260	50,403	-27,237
Total	**7,552**	**445,980**	**5,747**	**339,013**	**- 106,968**
Change from 2006	*1,108*	*60,830*	*17*	*131*	

Source: TDC 2007; Oct 2009 Release

In keeping with the revised 2006 - 2016 forecasts, the scale of industry related employment growth is now forecast to be lower than prior estimates at 5,981 jobs compared to 8,342 (2,361 less). As a result by 2031 demand for industrial floorspace in the LGA will be significantly (-141,071sqm) less than estimated by the SHOROC Employment Lands Study in 2008. The revised figures are a likely reflection of a broader trend occurring across Sydney relating to the rationalisation of industrial lands, growth of the knowledge economy (and thereby commercial office jobs) and the movement of industrial lands to highly accessible locations on highways in Western / Outer Sydney areas or offshore.

Table 6 - Comparison of Forecasts – Industrial Floorspace 2031

Year 2031	2008 Forecasts		Revised Forecasts		Difference 2008 & Revised
Category	**Jobs**	**Floorspace**	**Jobs**	**Floorspace**	**Difference**
Agriculture, Forestry and Fishing	259	18,130	93	6,485	-11,645
Construction	2,751	192,570	2,241	156,843	-35,727
Electricity, Gas and Water Supply	41	2,870	59	4,101	1,231
Manufacturing	2,266	113,300	1,932	96,576	-16,724
Mining	-	-	17	1,330	1,330
Transport and Storage	776	77,600	373	37,328	-40,272
Wholesale Trade	2,249	89,960	1,267	50,696	-39,264
Total	**8,342**	**494,430**	**5,981**	**353,360**	**-141,071**
Change from 2006	*1,898*	*109,280*	*250*	*14,478*	

Source: TDC 2007; Oct 2009 Release

By 2036 it is forecast that there will be demand for approximately 357,491sqm of industry related floorspace in Pittwater LGA. Whilst the figure is higher than the 2031 estimate, it remains significantly below the 2008 Study forecast.

Table 7 - Comparison of Forecasts – Industrial Floorspace 2036

2036	2008 Forecasts		Revised Forecasts		Difference 2008 & Revised
Category	**Jobs**	**Floorspace**	**Jobs**	**Floorspace**	**Difference**
Agriculture, Forestry and Fishing	N/A	N/A	94	6,567	N/A
Construction	N/A	N/A	2,287	160,082	N/A
Electricity, Gas and Water Supply	N/A	N/A	56	3,927	N/A
Manufacturing	N/A	N/A	1,966	98,309	N/A
Mining	N/A	N/A	17	1,380	N/A
Transport and Storage	N/A	N/A	379	37,878	N/A
Wholesale Trade	N/A	N/A	1,234	49,348	N/A
Total	**N/A**	**N/A**	**6,033**	**357,491**	**N/A**

Source: TDC 2007; Oct 2009 Release

5. Implications of Changes – Commercial

Between the release of data in 2007 and 2009, the TDC altered the categories by which it coded commercial office jobs. As a result it is not possible to directly compare the most recent forecasts and those provided in the 2008 Study. It is possible however to compare overall outcomes as shown in the last two rows of the table below.

The table shows that whilst the number of industry related jobs in Pittwater LGA is now forecast to be less, the number of commercial and office related jobs by 2031 will be greater (5,527 vs. 5,487). Whilst there will be a greater number of commercial jobs by 2031, the revised estimates have a higher starting point and accordingly the actual net growth in jobs is now forecast to be less i.e. a net change of 1,171 by 2031 as opposed to 1,736. Accordingly by 2031 there is forecast demand for an additional 21,237sqm as opposed to 34,720sqm as formerly anticipated.

The revised estimates show that by 2036, there will be demand for close to 127,500sqm of commercial floorspace representing a net increase of 23,583sqm since the 2006 base year.

Table 8 - Commercial Jobs and Floorspace Forecasts 2006-2036

	Jobs 2006	Floorspace	Jobs 2016	Floorspace	Jobs 2031	Floorspace	Jobs 2036	Floorspace	Net Change 2006 - 2031	Net Change 2006 – 2036
Information media and telecommunications	336	23,519	345	24,122	292	20,439	267	18,671	-3,080	-4,848
Finance and insurance services	560	11,198	589	11,775	626	12,527	643	12,854	1,328	1,655
Public administration and safety	613	12,259	812	16,236	1,113	22,262	1,220	24,393	10,002	12,134
Rental hiring and real estate services	543	10,869	635	12,697	788	15,754	837	16,732	4,885	5,863
Professional, scientific and technical services	1,767	35,340	2,192	43,836	2,300	45,992	2,340	46,801	10,652	11,461
Administrative and support services	536	10,726	459	9,179	409	8,176	402	8,044	-2,550	-2,682
Total Revised	**4,356**	**103,912**	**5,031**	**117,845**	**5,527**	**125,149**	**5,708**	**127,495**	**21,237**	**23,583**
Total 2008 Study	**3,756**	**82,270**	**4,612**	**99,340**	**5,487**	**116,990**	**N/A**	**N/A**	**34,720**	**N/A**

Source: TDC 2007; Oct 2009 Release

6. IMPLICATIONS OF CHANGES - SPECIAL USES

With respect to Special Uses, the revised estimates show that as of 2006 there was close to 4,000 jobs and demand for just over 187,000sqm.

Table 9 - Comparison of Forecasts – Special Use Jobs and Floorspace 2006

	2008 Forecasts		Revised Forecasts		Difference 2008 & Revised
Category	**Jobs**	**Floorspace**	**Jobs**	**Floorspace**	**Floorspace**
Cultural and Recreational Services	662	26,480	393	15,719.20	-10,760.80
Education	987	78,960	1,281	102,457.60	23,497.60
Health and Community Services	2,029	60,870	2,304	69,111	8,241.00
Total	**3,678**	**166,310**	**3,977**	**187,288**	**20,978**

Source: TDC 2007; Oct 2009 Release

By 2016 it is now estimated that there will be over 4,000 jobs generated in the LGA in special use categories generating demand for approximately 201,700sqm of related floorspace (30,302 more than previously predicted).

Table 10 - Comparison of Forecasts – Special Use Jobs and Floorspace 2016

	2008 Forecasts		Revised Forecasts		Difference 2008 & Revised
Category	**Jobs**	**Floorspace**	**Jobs**	**Floorspace**	**Floorspace**
Cultural and Recreational Services	665	26,600	407	16,266.40	-10,333.60
Education	1,000	80,000	1,325	106,007.20	26,007.20
Health and Community Services	2,160	64,800	2,648	79,428	14,628.00
Total	**3,825**	**171,400**	**4,379**	**201,702**	**30,302**
Difference from 2006	***147***	***5,090***	***402***	***14,414***	

Source: TDC 2007; Oct 2009 Release

Demand for floorspace related to special uses will continue to increase by 2031 to 241,636sqm with the greatest growth occurring in Education.

Table 11 - Comparison of Forecasts – Special Use Jobs and Floorspace 2031

	2008 Forecasts		Revised Forecasts		Difference 2008 & Revised
Category	**Jobs**	**Floorspace**	**Jobs**	**Floorspace**	**Floorspace**
Cultural and Recreational Services	666	26,640	400	15,998.40	-10,641.60
Education	992	79,360	1,593	127,456.00	48,096.00
Health and Community Services	2,279	68,370	3,273	98,181	29,811.30
Total	**3,937**	**174,370**	**5,266**	**241,636**	**67,266**
Difference from 2006	***259***	***8,060***	***1,288***	***54,348***	

By 2036, it is forecast that there will be demand for over 250,000sqm of floorspace related to special uses.

Table 12 - Comparison of Forecasts – Special Use Jobs and Floorspace 2036

2036	2008 Forecasts		Revised Forecasts		Difference 2008 & Revised
Category	**Jobs**	**Floorspace**	**Jobs**	**Floorspace**	**Difference**
Cultural and Recreational Services	N/A	N/A	403	16,104.80	N/A
Education	N/A	N/A	1,679	134,339.20	N/A
Health and Community Services	N/A	N/A	3,455	103,640	N/A
Total	**N/A**	**N/A**	**5,537**	**254,084**	**-**
Difference from 2006	*N/A*	*N/A*	*1,559*	*66,796*	

Source: TDC 2007; Oct 2009 Release

7. IMPLICATIONS OF CHANGES – RETAIL

In accordance with the methods employed by the SHOROC Study 2008, we have estimated the growth in demand for retail floorspace across the LGA using an alternative method to TDC jobs forecasts. Rather we have used Hill PDA's retail expenditure model and base data including the DoP population forecasts and Marketinfo 2009 expenditure data as explained above.

The results of the modelling are shown below. It is important to note that these results relate to expenditure generated by households within Pittwater LGA alone and do not account for trade that is drawn in or out of the LGA. For example it does not account for additional trade generated by tourism or workers in the LGA or trade lost as a result of residents travelling outside of Pittwater for work or leisure. In this regard it is important to note that at present there is a significant quantum of expenditure escaping from the LGA to higher order centres such as Warringah Mall.

In any case the expenditure modelling found that by 2031 there would be sufficient household expenditure generated within the LGA to substantiate over 252,600sqm of retail floorspace. This represents a modest increase of 1,548sqm from prior estimates which are largely attributed to the increasing affluence of the resident population and growth in real retail expenditure as opposed to population growth.

As a result compared to household demand, by 2031 there will be a significant growth in demand for retail floorspace from 2011 (+77,595sqm) and by 2036 (+101,196). It is important to reiterate that not all of this demand will, or should be supplied in the LGA as residents will continue to travel outside of Pittwater to shop.

Table 13 - Gross Demand for Retail Floorspace Based on Household Expenditure 2011-2036

Year	2011	2016	2031	2036	Net Change 11-31	Net Change 11-36
Supermarkets & Grocery Stores	25,880	28,587	37,394	40,896	11,514	15,016
Specialty Food Stores	11,858	13,099	17,134	18,738	5,276	6,880
Fast-Food Stores	9,439	10,426	13,638	14,915	4,199	5,476
Restaurants, Hotels and Clubs	19,784	21,852	28,584	31,261	8,800	11,477
Department Stores	22,444	24,791	32,428	35,465	9,984	13,021
Clothing Stores	10,056	11,108	14,530	15,891	4,474	5,835
Bulky Goods Stores	36,160	39,942	52,247	57,140	16,087	20,980
Other Personal & Household Goods Retailing	29,154	32,203	42,124	46,068	12,970	16,914
Selected Personal Services	9,648	10,656	13,939	15,245	4,291	5,597
Total Retailing	**174,423**	**192,663**	**252,018**	**275,619**	**77,595**	**101,196**

Source: Hill PDA Estimate based on ABS Household Expenditure Survey 2003-04, Marketinfo 2009, ABS Census 2006

7.2 Conclusion

In conclusion, since the preparation of the SHOROC Employment Lands Study in 2008, the revised employment and population forecasts that have been released by the NSW Government have resulted in changes to the quantum of floorspace that may now need to be accommodated in Pittwater LGA. In summary:

- In relation to industrial uses, it is anticipated that the growth in demand for industrial floorspace will be significantly less. By 2031 it is now estimated that there will be demand for approximately 353,360sqm representing 141,071sqm less than earlier forecasts. By 2036 it is estimated that there will be demand for approximately 357,491sqm of industry related floorspace;
- With respect to commercial uses, whilst it is anticipated that there will be more commercial jobs generated within the LGA by 2031, the base level of commercial jobs is now forecast to be greater. In any case by 2031 it is anticipated that there will be demand for an additional 21,237sqm of commercial floorspace as opposed to 34,720sqm as formerly anticipated. The revised estimates show that by 2036, there will be demand for close to 127,500sqm representing a net increase of 23,583sqm since the 2006 base year;
- In keeping with broader trends in Sydney, there will be an increasing number of jobs, and therefore demand for floorspace relating to Special Uses. Specific reference is given to floorspace relating to education and training as well as health and community floorspace. By 2031 it is estimated that there will be demand for over 250,000sqm of floorspace related to Special Uses, some 67,266sqm more than prior estimates for the same year; and
- Our retail expenditure modelling found that by 2031 there would be sufficient household expenditure generated within the LGA to substantiate over 252,600sqm of retail floorspace assuming no expenditure escapes or is gained by the LGA. This represents a modest increase of 1,548sqm from prior forecasts.

Table 14 below provides a summary of the revised analysis in comparison to the SHOROC Employment Lands Study by Land Use Category for the year 2031.

Table 14 - Net Change in Floorspace (sqm) – Comparison of Estimates 2006 - 2031

Land Use Category	SHOROC Report	Revised Figures	Difference
Industrial	109,280	14,478	-94,802
Commercial	34,720	21,237	-13,483
Retail	105,160	106,708	**1,548**
Special Uses	8,060	54,348	**46,288**

Source: TDC 2007, 2009; Hill PDA Estimate based on ABS Household Expenditure Survey 2003-04, Marketinfo 2009, ABS Census 2006

It is important to note that the above referenced forecasts and estimates will remain fluid as they respond to changes in the economic climate, property market, industry trends and other factors of influence. Furthermore, when forecasting over extended periods of time (say 25 year horizons) it is inevitable that there will be high degree of variation and change. At this point in time however the forecasts we have provided in this Addendum are based on the most up to date forecasts released by the NSW State Government.

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As is customary, in a report of this nature, while all possible care has been taken by the authors to prepare the attached financial models from the best information available at the time of writing, no responsibility can be undertaken for errors or inaccuracies that may have occurred both with the programming or the financial projections and their assumptions.

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