

West Culburra Beach

Economic Impact Assessment

Allen Price and Scarratts

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Executive Summary

BACKGROUND

Sealark Pty Ltd, a private company administered by The Halloran Trust, has been planning for the urban development of the West Culburra Beach Expansion Area (the Site) for well over a decade, culminating in the preparation of the proposed Concept Plan (Drawing No. 25405-210, Revision 8).

The Site is located west of the existing Culburra Beach township and ~15kms east of the Nowra City Centre.

Figure ES.1 depicts the proposed boundaries of the West Culburra Beach Expansion Area.

Figure ES.1: West Culburra Beach Expansion Area



Source: Atlas/Nearmap

Following numerous rounds of consultation and public exhibition, a State Significant Development (SSD) for the Concept Plan was refused by the NSW Independent Planning Commission (IPC) in late-2018. An appeal was subsequently lodged in the Land and Environment Court (LEC).

A series of Contentions to the Concept Plan and SSD have been raised by the IPC. Specifically, Contention 15 states:

“the Applicant has provided insufficient empirical evidence to support its asserted benefits, and mitigation of economic detriments, of the Proposal”.

To address these various issues, Atlas Urban Economics (Atlas) have been engaged by Sealark Pty Ltd to carry out an Economic Impact Assessment (EIA) to examine the economic and market impacts of the Concept Plan.

STRATEGIC CONTEXT

The Concept Plan is considered to exhibit strategic merit given:

- The location of the Site directly opposite the Culburra Beach township is well-suited for further urban development.
- Culburra Beach is characterised by a small, ageing population with a high proportion of non-working residents (retirees) and low household income levels. This is creating issues for the viability of retailers and business in the Town Centre.
- NSW Government expects the Shoalhaven LGA to grow by 24,736 residents by 2041 – requiring 14,600 new dwellings.

The Proposal will stimulate the local economy through attracting new local residents to patronise the existing town centre, creating new employment and contributing to the 14,600 dwellings required across the Shoalhaven LGA by 2041.

RESIDENTIAL USES

House prices across the South Coast have been rising significantly over the past 5 years, particularly the Shoalhaven LGA which saw values rise by ~40%. This is creating significant affordability issues for local residents looking to enter the market.

These trends have manifested directly at Culburra Beach – house prices have risen by some 43% over 2014-2019 with an increasing number of Sydney-based investors and sea changers entering the marketing and ‘crowding out’ local buyers.

A lack of stock is a fundamental factor driving this rise in prices. Culburra Beach is a tightly held market with limited housing options for older residents looking to remain in the area in smaller housing formats. Despite having a population with 55% of the local population aged 50 years and over, only 5% of local housing is medium-density typologies.

Looking forward, there are some 12,700 lots being planned across Shoalhaven – the overwhelming majority of these in the Nowra-Bomaderry area. Even if assuming *all* these planned lots were delivered by 2041, 1,900 dwellings would still be needed to meet projected population growth.

A review of the development pipeline shows there are some 1,500 medium and high-density dwellings currently being proposed and/or delivered across the LGA. Again, even if assuming all these dwellings were delivered, a residual dwelling need of some 400 dwellings would persist. Based on these key observations, the following conclusions are drawn:

- The Proposal represents an opportunity to meet the implied dwelling requirements for the Shoalhaven LGA.
- The Proposal will positively impact upon the Shoalhaven housing market, providing greater housing choice.
- The Proposal will increase housing supply in a popular residential area with historically low levels of stock.
- The Proposal will facilitate an increased diversity of housing stock in Culburra Beach and meet a severely unmet need for smaller housing formats.

RETAIL/BUSINESS USES

Culburra Beach-Orient Point comprised a resident population of 3,600 residents in 2019. Based on standard retail floorspace benchmarks, this would suggest the Culburra Beach Catchment Area could demand around 4,000sqm of retail floorspace.

An estimate of retail floorspace in the Culburra Beach Town Centre identified some **7,100sqm of retail floorspace**, suggesting the area is already oversupplied by some 3,000sqm of retail floorspace. It is therefore unsurprising that the Culburra Beach Town Centre has faced historically high levels of vacancy.

The Proposal is expected to accommodate some 385 dwellings upon buildout which could theoretically accommodate some 847 new residents. These new residents could demand an additional 930sqm of retail floorspace. This suggests that the existing Town Centre would be well-placed to accommodate new demand arising from the Proposal.

It is recommended that no more than **2,500sqm of centre floorspace** would be warranted which could accommodate a tavern and other hospitality/ lifestyle uses – uses currently not offered in the Town Centre. If a leisure/ lifestyle hub could be curated that could become a destination, increased visitation to Culburra would help invigorate the Town Centre. Importantly, future retail/business floorspace should be complimentary to the existing Town Centre and not further dilute its trading capability.

INDUSTRIAL USES

The Shoalhaven industrial market has performed strongly over the past 12-24 months, driven by a range of structural and market factors. New industrial estates released by Shoalhaven City Council in Nowra have been well met by the market with significant price growth observed over the course of 2016-2020.

The Concept Scheme envisages the creation of 13 new industrial lots ranging from 1,900sqm to 5,800sqm in site areas and overall totalling to some 3.29ha. This would represent an increase of 0.6% of Shoalhaven’s existing industrial land.

Overall, the creation of additional industrial land as envisaged in the Proposal is expected to be met well by the market and not result any adverse economic impacts on Shoalhaven’s existing industrial market.

ASSESSMENT OF ECONOMIC IMPACTS

The economic activity and impacts that could be facilitated through progression of the Proposal during construction and upon completion have been examined. This assessment has been based on the revised Concept Plan, namely the development of:

- 301 residential lots facilitating some 384 new dwellings, including:
 - 244 low density residential lots
 - 45 integrated housing lots
 - 12 medium-density lots (facilitating approximately 95 dwellings)
- 13 industrial lots facilitating some 11,837sqm of industrial floor area
- Three mixed-use lots facilitating construction of 2,458sqm of floorspace including a tavern and other leisure uses

The assessment distinguishes the economic impacts during construction and those that are more permanent.

Construction Phase

During construction, the Proposal is estimated to result in:

- **\$159.8 million in output** (including \$98.3 million in direct activity).
- **\$52.6 million contribution to GRP** (including \$23.2 million in direct activity).
- **\$31.6 million in incomes and salaries** paid to households (including \$16.5 million in direct income).
- **402 FTE jobs** (including 202 FTE directly employed in construction activity).

Operational Phase

The Proposal is expected to impact ongoing economic operational activity through a combination of direct business operations activity, new residents working from home (i.e. dispersed jobs) and additional household expenditure.

The assessment finds that the Proposal will result in the following annual economic activity through direct and indirect (flow-on) impacts:

- **\$147.9 million in output** (including \$86.7 million in direct activity).
- **\$68.8 million contribution to GRP** (including \$38.0 million in direct activity).
- **\$34.3 million in incomes and salaries** paid to households (including \$19.5 million in direct income).
- **501 FTE jobs** (including 208 directly related to activity on the Site).

CONCLUSION

Economic modelling indicates the Proposal will make a significant contribution to the local Shoalhaven economy. The development of 384 new dwellings alone is expected to generate an additional \$31.9 million in household expenditure – much of which will be directed to the Culburra Beach township, supporting local business and improving its vitality.

Furthermore, the Proposal will facilitate broader business growth in Culburra Beach through the provision of additional industrial land in a period of significant demand. Over time, the Proposal will facilitate a small expansion of the Culburra Beach Town Centre with uses that are complimentary to the existing township.

In summary, the Proposal is concluded to exhibit economic merit and has the ability to immediately contribute to the local Shoalhaven economy and improve the vitality of the Culburra Beach Town Centre.

It is impossible to tell how long or severe the COVID-19 pandemic or the resultant recession will be, as the outcomes will depend on the ability to contain the spread of the outbreak, timeframes for developing and distributing a successful vaccine, and the effectiveness of government stimulus and support measures in Australia and globally. However, bringing forward shovel-ready investment is a low risk and easily implementable measure by which to support jobs and incomes in local communities. If approved, the Proposal could be an important catalyst for employment in the Shoalhaven LGA whilst meeting the needs of the local Culburra Beach community.

Table of Contents

Document Control	i
Executive Summary	i
Table of Contents	iv
1. Introduction	1
1.1 Background	1
1.2 The Site and Proposal.....	2
1.3 Purpose and Scope.....	3
1.4 Assumptions and Limitations	4
2. Strategic Context	5
2.1 Location.....	5
2.2 Socio-Economic Profile	6
2.3 Population Projections and Forecasts.....	11
2.4 Shoalhaven Local Strategic Planning Statement (2020).....	13
2.5 Implications for the Proposal.....	14
3. Residential Land Uses	15
3.1 General Market Conditions	15
3.2 New Housing.....	16
3.3 Future Supply	17
3.4 Implications for the Proposal.....	19
4. Retail/Business Land Uses.....	20
4.1 General Market Conditions	20
4.2 Retail Benchmarks	20
4.3 Culburra Beach Town Centre.....	21
4.4 Competitive Context.....	22
4.5 Implications for the Proposal.....	22
5. Industrial Land Uses	24
5.1 General Market Conditions	24
5.2 Illawarra- South Coast Industrial Market.....	24
5.3 Shoalhaven Industrial Market.....	25
5.4 Implications for the Proposal.....	25
6. Economic Impact Assessment.....	26
6.1 Overview and Approach	26
6.2 Economic Activity and Impacts.....	27
6.3 Summary of Findings.....	29

References 30

Schedule

1 Economic Impact Modelling Assumptions 32

2 Employment by ANZSIC and BIC, Shoalhaven LGA 36

3 Employment by ANZSIC and BIC, Catchment Area 37

1. Introduction

1.1 Background

Sealark Pty Ltd, a private company administered by the not-for-profit Halloran Trust, controls a number of significant landholdings adjoining the Crookhaven River to the west of the existing Culburra Beach township. Known as the West Culburra Beach Expansion Area (the Expansion Area), planning for the urban development of these lands has been underway for well over a decade, culminating in the West Culburra Beach Expansion Area Concept Plan (the Concept Plan).

Following numerous rounds of consultation and public exhibition, a State Significant Development (SSD) for the West Culburra Beach Expansion Area Concept Plan was refused by the NSW Independent Planning Commission (IPC) in late-2018. An appeal of the decision was lodged by Sealark Pty Ltd in the Land and Environment Court in early 2019.

A summary of the project timeline, including approval and urban design decisions, is provided in **Table 1.1**.

Table 1.1: Project Timeline, West Culburra Beach Expansion Area

Date	Key Planning/Design Changes
1970s	Shoalhaven City Council pursued the rezoning of a large expanse of Halloran owned land surrounding Culburra Beach from rural to urban.
August 1992	SLEP 1985 Amendment No. 41 was gazetted and allowed for a major expansion of the Culburra Beach-Orient Point area. The Site was rezoned to allow development consistent with the Application.
April 2010	Application submitted under Part 3A of the EP&A Act 1979 which was subsequently transferred to Division 4.7 (SSD).
May 2010	DGRs issued.
June 2013	Public exhibition of Concept Plan and Environmental Assessment.
October 2013	Changes to the Concept Plan after public exhibition / agency feedback were: <ul style="list-style-type: none">• Water quality elements have been relocated outside the 7(a) zone, together with the recreational elements such as children's play areas.• Area available for residential development has been marginally reduced necessitating some changes to the subdivision layout.
2015	The Proposal is deemed to be SSD after it was transitioned from Part 3A to Part 4 Division 4.7 of the EP&A Act in 2015.
July 2017	Changes to the Concept Plan after further public exhibition/agency feedback were: <ul style="list-style-type: none">• Concept subdivision layout was removed from which included all the local roads and indicative lot subdivision.• The area of the industrial zone was reduced by half with the deleted area being retained as woodland.• All the wetlands outside the 7(a) zone deleted as they are no longer required for the amended water cycle treatment train with the wetland area now being retained woodland.• The size of the pondage on the east side of the proposed oval being increased to 3,200sqm to satisfy the amended Water Cycle Management requirements.• Medium density site and 4 storey buildings were removed.• Most viewing platforms and vistas in mangroves removed.• Suggested future uses of land zoned 3(f) removed.
June 2018	Department of Planning & Environment on 16 June 2018 recommended refusal of the SSD Application to the NSW Independent Planning Commission.
October 2018	NSW Independent Planning Commission refused the Application.
March 2019	Applicant lodged an appeal of the Application refusal with the LEC.
April 2020	DPIE provided with the revised Proposal and accompanying updated expert reports.
June 2020	Application formally amended to seek approval for the revised Concept Plan which reduces the area of development, removes all development from the Lake Wollumboola catchment except for road access changes and provides additional design and assessment of proposed stormwater drainage infrastructure.

Source: Allen Price & Scarratts Pty Ltd (2020)

In contention is the degree of empirical economic evidence provided to support the SSD. Relevantly, Contention 15 states:

“the Applicant has provided insufficient empirical evidence to support its asserted benefits, and mitigation of economic detriments, of the Proposal”.

Additional issues raised by the Independent Planning Commission (IPC) in their refusal of the Concept Plan in 2018 included:

1. The economic impact of any new neighbourhood centre or development on the existing Culburra Beach area.
2. Whether there was demonstrated need for the residential uses proposed and how housing affordability would be facilitated by the Proposal. The IPC noted an analysis of demand and supply of housing was not carried out.

Atlas Urban Economics (Atlas) have been engaged by Sealark Pty Ltd to carry out an Economic Impact Assessment (EIA) to examine the economic impacts of the Concept Plan and assess the need for the land uses proposed from a market perspective.

1.2 The Site and Proposal

The West Culburra Beach Expansion Area (interchangeably referred to as ‘the Expansion Area’ and ‘the Site’) comprises three parcels of mostly undeveloped native bushland located along Culburra Road. The Site forms part of the Crookhaven River and Curleys Bay catchment area with the foreshore area characterised by dense vegetation. The Site bears a developable area of 46.86ha with a 1km and 1.2km frontage to Culburra Road and the Crookhaven River respectively.

Figure 1.1 depicts the proposed boundaries of the West Culburra Beach Expansion Area.

Figure 1.1: West Culburra Beach Expansion Area (The Site)



Source: Atlas/Nearmap

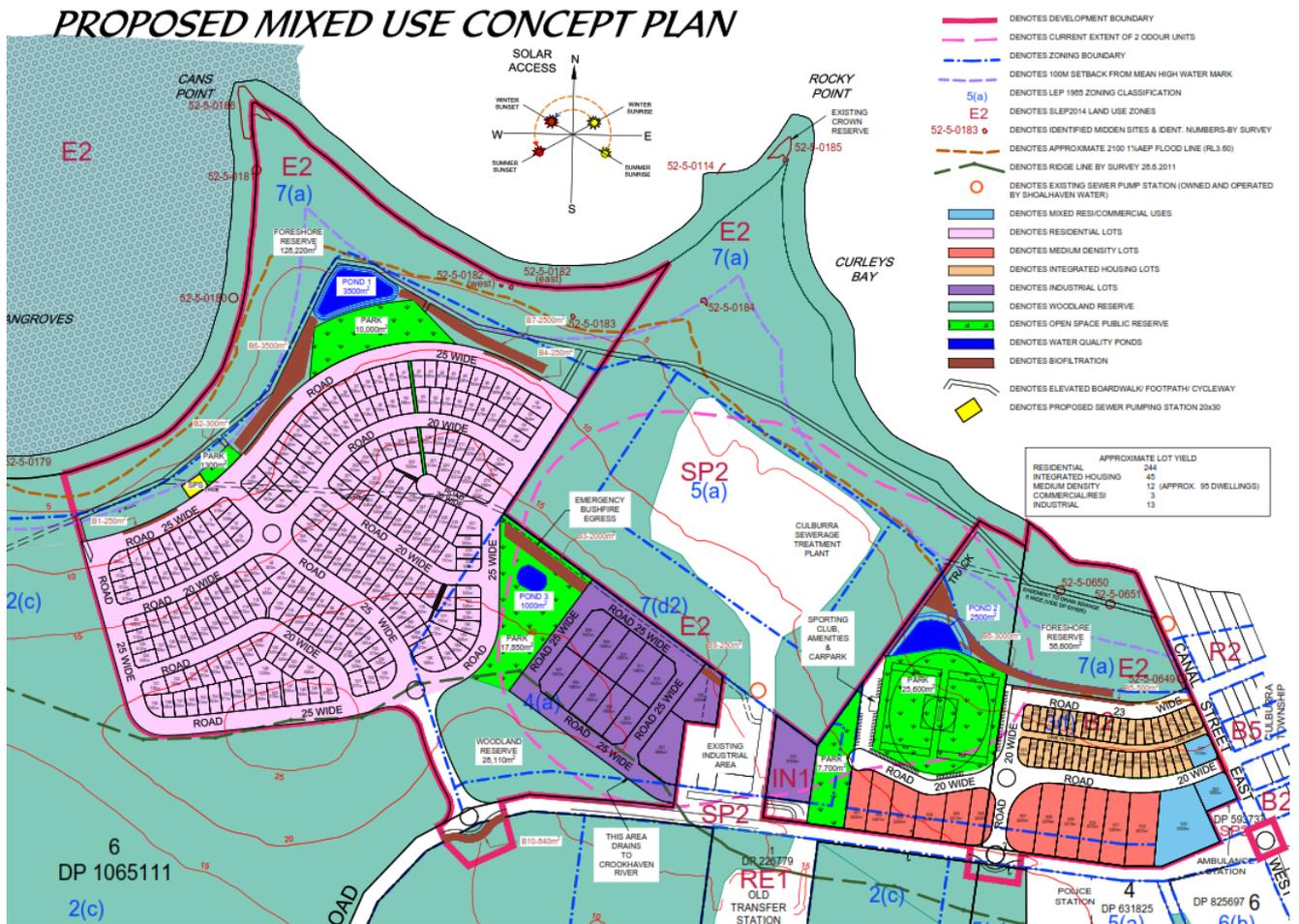
An SSD and Concept Plan (the Proposal) prepared for the Site envisaged its staged redevelopment for a mix of land uses. The core objective of the Concept Plan is the linear expansion of the existing Culburra Beach township westwards whilst balancing the importance of protecting and enhancing the surrounding coastal environment.

The Proposal envisages three core land use precincts dispersed across the Site: the Town Centre Expansion Precinct (13.58ha), the Industrial Centre Expansion Precinct (5.12ha) and the New Residential Area Precinct (22.97ha).

The proposed subdivision layout includes 3 mixed-use lots, 45 integrated housing lots, 12 medium-density residential lots, 13 industrial lots and 244 residential lots. Overall, the Proposal anticipates accommodating 384 new dwellings upon buildout.

Figure 1.2 illustrates the Concept Plan (Drawing No. 25405-210, Revision 8) for the West Culburra Beach Expansion Area.

Figure 1.2: Concept Plan for the West Culburra Beach Expansion Area (Drawing No. 25405-210, Revision 8)



Source: Allen Price & Scarratts Pty Ltd

1.3 Purpose and Scope

The objective of this EIA is to assist Sealark Pty Ltd in further considering Contention 15. To do this, three core issues need to be addressed:

1. The need for the various land uses being proposed (including residential, industrial and business/retail) within Culburra Beach and the surrounding Nowra Region in the context of future supply.
2. The impact of the Concept Plan on the existing Culburra Beach township.
3. The economic impacts of the Proposal.

To meet the requirements of the brief, the following tasks are undertaken:

- **Land Use Assessment**
 - Extract and analyse ABS demographic and employment data to profile the local resident catchment and economy to understand how they have changed over time.
 - Review the draft Shoalhaven Local Strategic Planning Statement (2020) to understand the strategic context of Culburra Beach and its envisaged role in accommodating future growth.
 - Review population and household projections for the Shoalhaven LGA to gauge the need for future housing and services.
- **Impact on existing Culburra Beach Township**
 - Review patterns of supply and demand for business/ commercial and industrial uses in Culburra Beach to assess whether there is need for the proposed Town Centre Expansion in the Proposal.

- Make recommendations for the land use and development yields in the Concept Plan.
- Identify if and how residential uses in the Proposal could meet a market opportunity and the potential impacts on existing housing supply and market dynamics.
- Identify economic impacts on the existing town centre should the Proposal proceed and recommendations to ameliorate/ mitigate adverse economic impacts.
- Identify a likely staging/ release of development considering the demand and supply dynamics found.
- **Economic Impact Assessment**
 - Forecast demand for various land uses and likely take-up of floorspace.
 - Assess overall economic impacts (direct and indirect/flow-on) that could result from the Proposal during construction and post-construction in the operational phase.

Structure of the Study

This EIA appraises the economic impact of the proposed development using the following approach:

- Chapter 1 provides an overview of the project background and Site characteristics, scope and approach and assumptions and limitations.
- Chapter 2 considers the locational context of the Site, including an analysis of population and employment growth within Culburra Beach and the broader Shoalhaven LGA, growth forecasts and projections for the Shoalhaven LGA and role of Culburra Beach as outlined in the Shoalhaven Local Strategic Planning Statement.
- Chapters 3 to 5 investigates the economic and market trends which influence demand and supply of residential, business/retail and industrial land uses respectively. General market conditions, market indicators and development activity are examined. The likely need for these land uses in Culburra Beach is considered.
- Chapter 6 undertakes an economic impact assessment to ascertaining the economic impacts of the proposed development against a no development scenario to conclude whether the Proposal would deliver a net positive economic impact.

1.4 Assumptions and Limitations

Atlas acknowledges a number of limitations associated with the Study.

- At the time of writing the COVID-19 induced recession has had significant economic ramifications for the local Shoalhaven and Australian economy. The true economic ramifications of the recession are yet to fully play out and are intrinsically linked to the capacity of the health network to contain the spread of the virus.
- Data from third party sources is assumed to be correct and is not verified.
- Desktop market research has been undertaken without physical site surveys and inspections.
- Specific assumptions related to economic impact modelling are detailed in Chapter 6 and Schedule 1.

Notwithstanding the above, all due care, skill and diligence has been applied to this Study as is reasonably expected.

2. Strategic Context

2.1 Location

The Site is located in NSW's South Coast region and is located immediately adjacent the western edge of the Culburra Beach township. The Site is situated on the northern side of Culburra Road, immediately west of the township and approximately 15km south-east of Nowra.

The Site has significant frontage to both Culburra Road and Canal Street East. Culburra Road is the only road to service the Culburra Beach township and the nearby areas of Orient Point and Crookhaven Heads and directly links with the Princes Highway via Greenwell Point Road. The only industrial zoned land in this area is also serviced by Culburra Road which the Site surrounds on two sides.

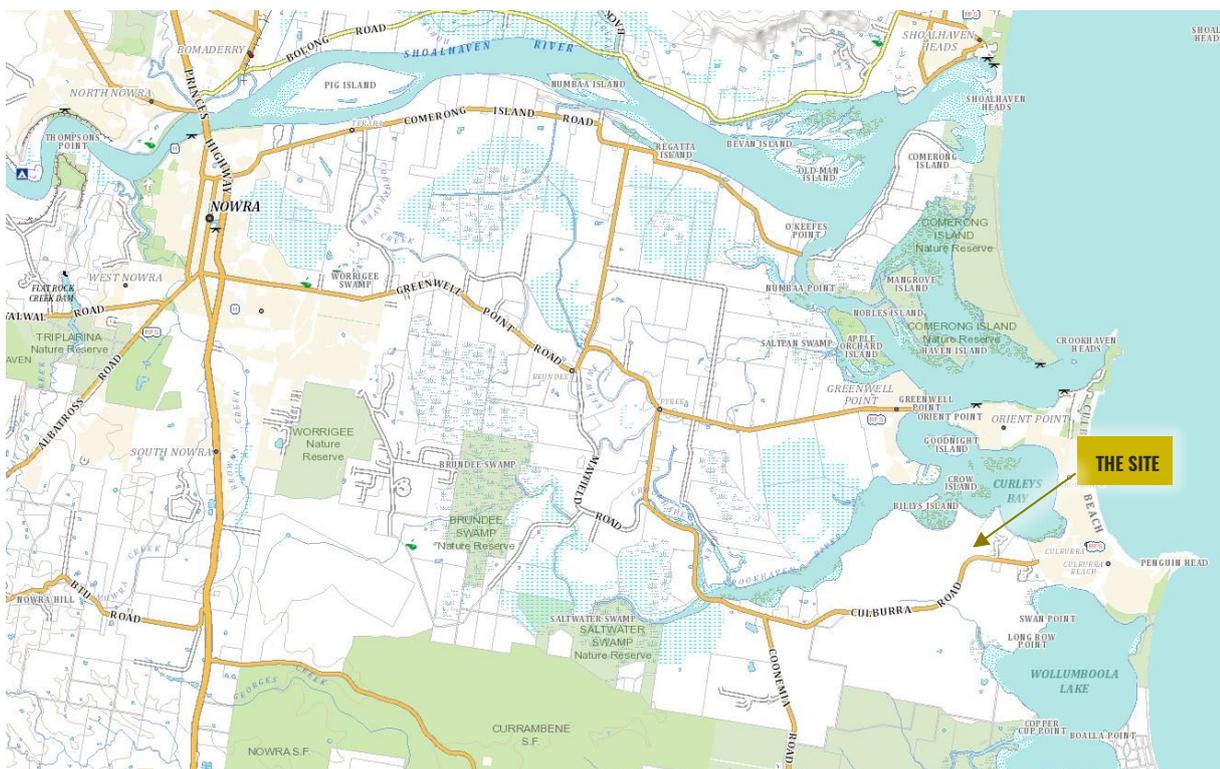
The closest public bus stop proximate to the Site is located within the Culburra Beach township which ranges in distance to Site from circa 200m at the closest point to 1.9km at the westernmost end of the new residential area. The Bomaderry train station some 16km north-west is the southernmost terminus of the South Coast Rail Line, providing rail access to Greater Sydney via Wollongong.

Immediately east of the Site along Prince Edward Avenue, the Culburra Beach town centre is a small, service-orientated local centre anchored by a small format Woolworths supermarket with some 20 specialty retailers and restaurants. The Culburra Medical Centre and Culburra Bowling Club are the other key anchors in the town centre. The Culburra Police Station, Community Centre and IRT Culburra Beach retirement village are located just west of the town centre, immediately south of the Site.

Located some 15km to the west, Nowra is the main administrative, commercial and retail hub for the NSW South Coast south of Kiama. Nowra benefits from a diverse local economy with key sectors including health care, education and training, civic administrative and defence, hospitality and retail trade. The centre benefits from a mix of key economic anchors and occupiers, including the Shoalhaven District Memorial Hospital, University of Wollongong, TAFE Nowra, Shoalhaven Council, various NSW Government agencies, the HMAS Albatross military base and Stockland Nowra Shopping Centre.

Figure 2.1 depicts the locational context of the Site in the broader Nowra Region.

Figure 2.1: Location Map



Source: Six Maps

2.2 Socio-Economic Profile

Understanding the resident and economic profile of the Culburra Beach township (the Town Centre) is an important consideration when assessing the economic merit and impacts of the Proposal. The relationship between the Town Centre and the broader Shoalhaven LGA is equally important.

To examine the socio-economic profile of the Town Centre, Australian Bureau of Statistics (ABS) Census data has used. Analysis is based on Statistical Area 1 (SA1) and Destination Zone (DZ) geographies as defined by the ABS, being the smallest geographical areas available for such analysis. The SA1s and DZ geographies selected for this analysis are shown in **Table 2.1**.

Table 2.1: ABS Geographies Selected

Statistical Area 1	Destination Zone
• 11401127401	• 112747825
• 11401127402	
• 11401127403	
• 11401127404	
• 11401127405	
• 11401127406	
• 11401127407	
• 11401127408	
• 11401127413	
• 11401127415	
• 11401127416	

Source: ABS

Whilst these geographies are slightly larger than the Culburra Beach township and incorporate the neighbouring area of Orient Point, they are considered to be appropriate for the purposes of this analysis as they represent the smallest geographical areas at which historic employment data can be analysed over a time series. These geographies are henceforth referred to as the 'Catchment Area' and are illustrated in **Figure 2.2**.

Figure 2.2: Socio-Economic Catchment Area



Source: ABS/Nearmap

For comparative purposes, resident and employment data is analysed against the broader Shoalhaven LGA to distinguish between Culburra-specific and Shoalhaven-wide trends.

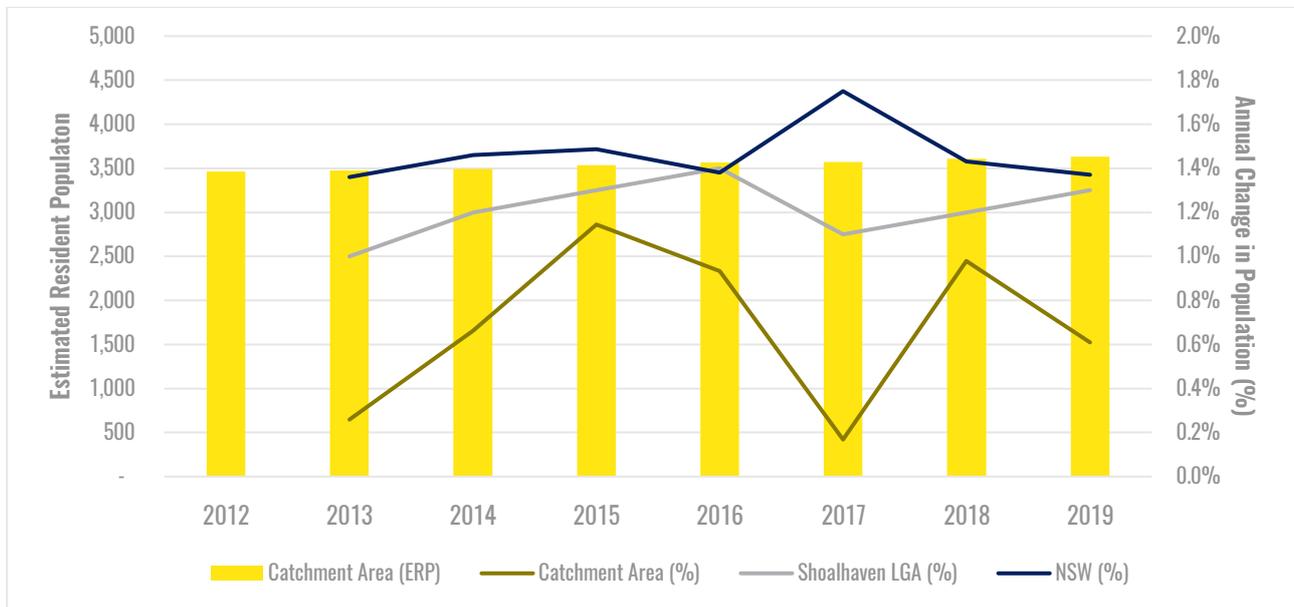
2.2.1 Resident Profile

Historic Population Growth

The Catchment Area recorded a population of some 3,600 residents in 2019, accounting for around 3% of the total resident population in the broader Shoalhaven LGA. The Catchment Area has recorded modest growth over the 2012-2019 period – the local population increasing by some 168 residents at an average annual growth rate of 0.7% (or 24 residents per annum). This rate of growth is slower than the broader Shoalhaven LGA which recorded average annual growth of 1.2%.

Figure 2.3 depicts resident population growth recorded in the Catchment Area and broader Shoalhaven LGA over 2012-19.

Figure 2.3: Estimated Resident Population (2012-2019), Catchment Area



Source: ABS (2020), compiled by .id

Age Profile

The most recent age profile data recorded by the ABS is from the 2016 Census. In 2016, the Catchment Area was identified as being dominated by older residents with some 55% of the local population aged 50 years and over. Seniors (residents aged between 70 and 84 years old) are the largest service age group in the Catchment Area, accounting for over 18% of residents. Younger residents (i.e. those aged 24 years and younger) are a relatively small component of the local population, accounting for just over 22% of residents.

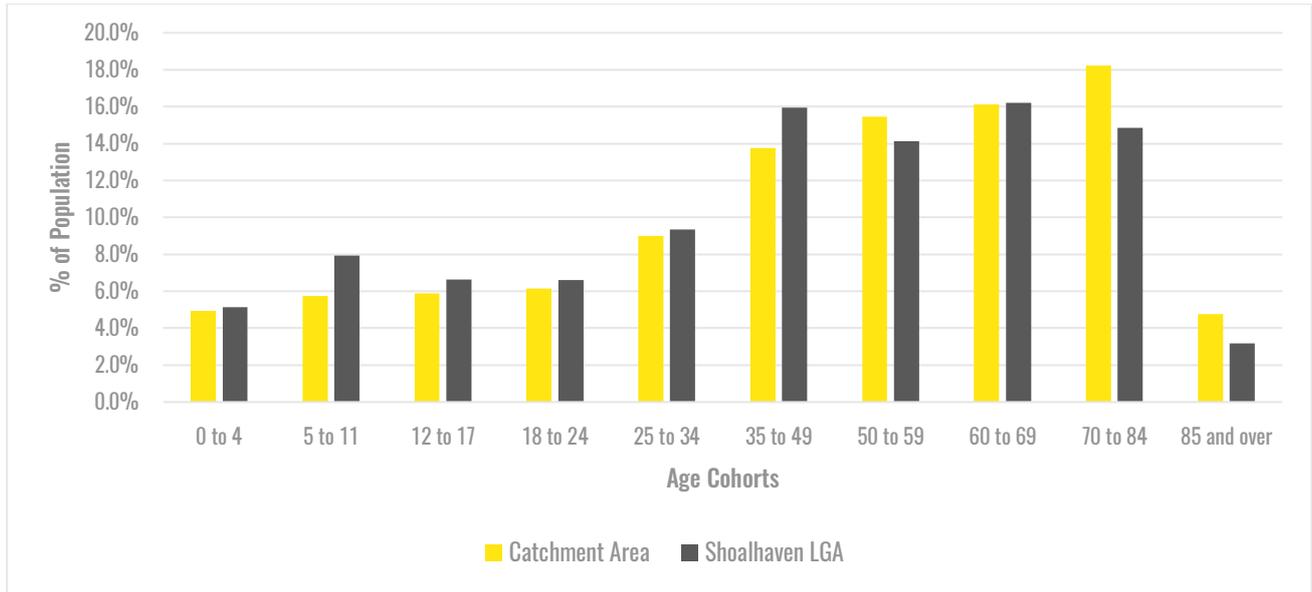
Compared to 2011, the age demographic of the Catchment Area has continued to progress to that of an older population as the proportion of residents aged 50 years and older increasing from 51% to 54% of the total population.

When compared against the broader Shoalhaven LGA, several observations can be drawn:

- The Catchment Area has a larger proportion of senior residents (70 to 84 years old) at 18.2% compared to the Shoalhaven LGA at 14.9%.
- The Catchment Area has a larger proportion of elderly residents (≥85 years old) at 4.8% compared to the Shoalhaven LGA at 3.2%.
- The proportion of residents in their primary school years (5 to 11 years old) in the Catchment Area is 5.7% compared to Shoalhaven LGA is 7.9%.
- A smaller proportion of middle-aged residents (35 to 49 years old) are observed in the Catchment Area at 13.7% compared to the Shoalhaven LGA at 15.9%.

Figure 2.4 illustrates the age profile of the Catchment Area and Shoalhaven LGA as at the 2016 Census.

Figure 2.4: Age Profile (2016), Catchment Area and Shoalhaven LGA



Source: ABS (2017), compiled by .id

Household Composition

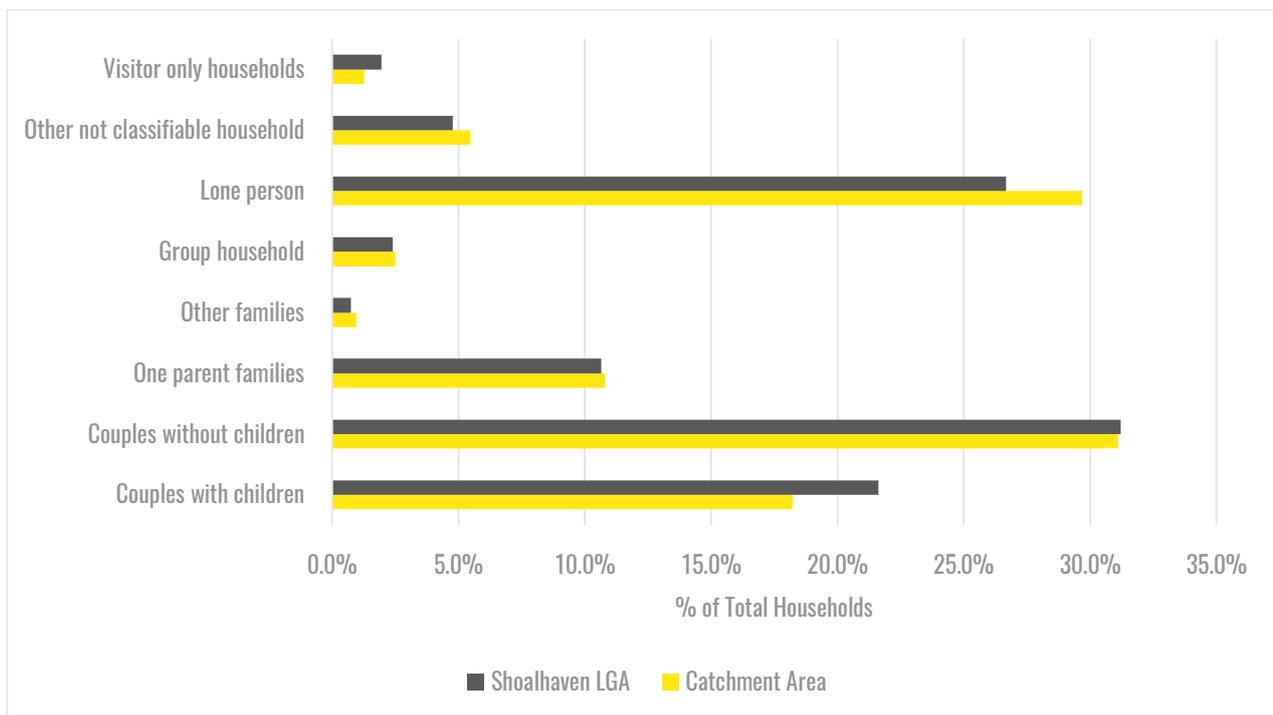
Similar to age profile data, the most recent household composition data available is that sourced from the 2016 Census. As at 2016, couples without children and lone person households were the largest household types in the Catchment Area and accounted for some 61% of all households. This composition had remained essentially unchanged compared to 2011.

A series of key differences can be drawn from a comparison with the broader Shoalhaven LGA:

- A higher proportion of lone person households at 30% compared to 27%.
- A lower proportion of couple families with children at 18% compared to 22%.
- A slightly lower proportion of visitor only households (i.e. holiday homes) at 1% compared to 2%.

Figure 2.5 illustrates the household composition of the Catchment Area and Shoalhaven LGA as at the 2016 Census.

Figure 2.5: Household Composition (2016), Catchment Area and Shoalhaven LGA



Source: Source: ABS (2017), compiled by .id

SEIFA Index

Socio-Economic Indexes for Areas (SEIFA) is a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage. There are four SEIFA measurement indexes which are based on information from the five-yearly Census.

The Index of Relative Socio-economic Advantage and Disadvantage (IRSAD) is one of these indexes and summarises information about the economic and social conditions of people and households within an area, including both relative advantage and disadvantage measures. A range of variables analysed are considered in this index, including, *inter alia*, household incomes, occupation type, unemployment, education level and dwelling values. A higher score on the IRSAD SEIFA index reflects a higher level of advantage.

The Catchment Area recorded a SEIFA IRSAD Index score of 930.7. This score is well *below* that recorded for both NSW and Australia (1011.0 and 1003.1 respectively) and also falls below that recorded for Regional NSW and the Shoalhaven LGA. When considered on a percentile basis, this score falls within the bottom 20% percentile nationally. This suggests the Catchment Area is amongst the most disadvantaged areas across Australia. This is largely attributed to the Catchment Areas:

- High number of non-working residents;
- Low household income levels;
- Low median dwelling values;
- Low level of tertiary and/or vocational education qualifications; and
- High number of residents needing assistance due to a disability.

Table 2.2 shows the Catchment Areas SEIFA IRSAD Index score in the Australian and local context.

Table 2.2: SEIFA IRSAD Index (2016), Catchment Area

Area	IRSAD Index	Percentile
New South Wales	1011.0	62
Australia	1003.1	57
Regional NSW	959.0	32
Shoalhaven City	944.0	25
Catchment Area	930.7	20

Source: ABS (2017), compiled by .id

2.2.2 Employment Profile

The ABS categorise employment activity into 19 industry sectors referred to as ANZSICs (Australian New Zealand Standard Industry Classification). These are the most commonly utilised categorises used when analysing an areas employment profile.

That said, it is often more useful to consider employment composition in broader industry terms. Broad industry classifications (BICs) group the 19 ANZSIC sectors into four main industry categories - population-serving, knowledge-intensive, health and education and industrial.

These BIC groupings and their corresponding ANZSICs are shown in Table 2.3.

Table 2.3: Broad Industry Classifications (BICs) by 19-Digit ANZSICs

Population Serving	Knowledge-Intensive	Health and Education	Industrial
<ul style="list-style-type: none"> • Construction • Retail Trade • Accommodation & Food Services • Arts & Recreation Services • Other Services 	<ul style="list-style-type: none"> • Information, Media & Telecommunications • Financial & Insurance Services • Rental, Hiring & Real Estate Services • Professional, Scientific & Technical Services • Administrative & Support Services • Public Administration & Safety 	<ul style="list-style-type: none"> • Education & Training • Health Care & Social Assistance 	<ul style="list-style-type: none"> • Mining • Manufacturing • Electricity, Gas, Water & Waste Services • Wholesale Trade • Transport, Postal & Warehousing

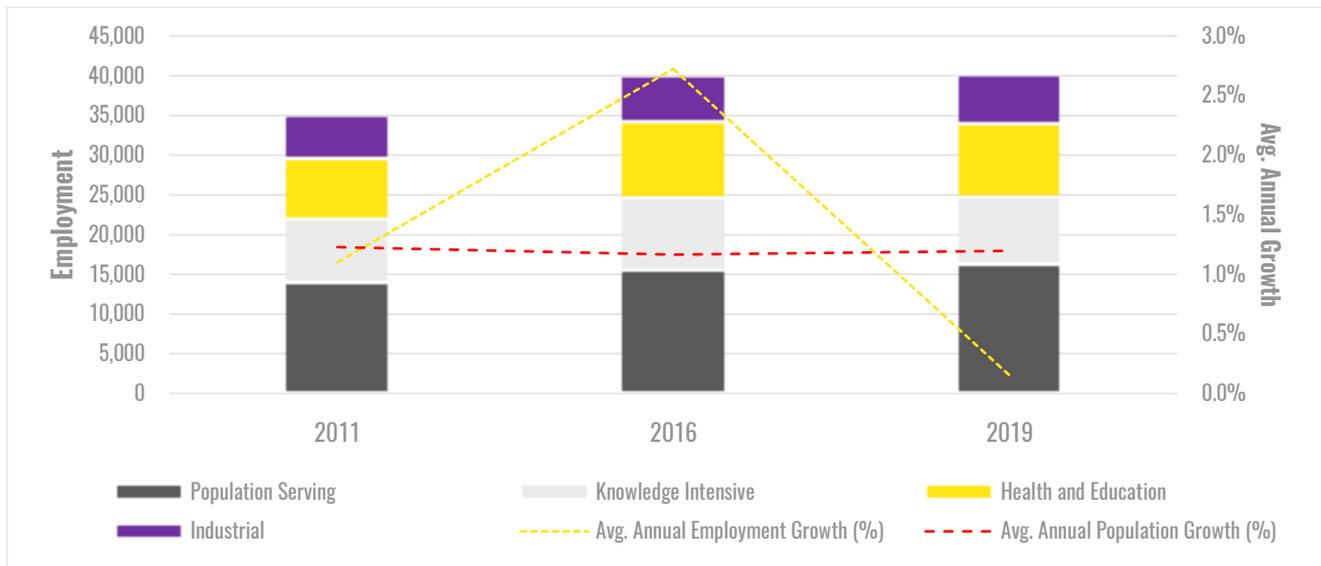
Source: ABS/Atlas

Shoalhaven LGA

The Shoalhaven LGA has faced a period of soft employment growth in recent years. The LGA recorded almost 41,200 workers in 2019, following growth of some 185 workers over the 2016-2019 period. This is equivalent to average annual growth of some 0.2% per annum – well below the average annual rate of population growth of 1.2% of the same period. This recent period of soft growth stands in contrast to strong period of employment growth observed over 2011-2016 where employment outpaced population growth and rose by 5,000 workers at an average annual rate of 2.7%.

Figure 2.6 illustrates both the composition of employment growth in the Shoalhaven LGA over 2011-2019 period and the overall rate of employment growth compared to population growth.

Figure 2.6: Employment Growth (2011-2019), Shoalhaven LGA



Source: ABS (2020)/NIEIR (2020)

As demonstrated from **Figure 2.6**, recent employment growth (2016-2019) has been driven by population serving and industrial sectors whereas marked declines have been observed in health and education and knowledge intensive industries. A further breakdown into the specific industries which are driving these trends over the 2016-2019 period shows the construction (population-serving) and manufacturing (industrial) sectors recorded the highest levels of employment growth, increasing by some 930 and 670 workers respectively. Conversely, administrative and support services (knowledge intensive) and health care and social assistance (health and education) fell markedly by some 460 and 650 workers.

A detailed breakdown of employment growth (by ANZSIC and BIC) over 2011-2019 is provided in Schedule 2.

Catchment Area

The most recent employment data available at the small geography (DZ) level is sourced from the 2016 Census. As at 2016, the Catchment Area recorded a total of just over 500 workers. Unsurprisingly, the employment profile of the Catchment Area is heavily skewed towards population serving sectors, accounting for some 50% of the workforce. The largest employing industries in the Catchment Area include health care and social assistance (19%), construction (18%), retail trade (16%) and accommodation and food services (9%). This aligns with the existing character and role of the Town Centre which primarily functions as a service-orientated centre catering to the small township and intermittent tourist population.

The Catchment Area recorded nominal employment growth over the 2011-2016 period with circa 80 additional jobs recorded. Growth was mostly recorded in population-serving and health and education sectors, particularly construction and health care and social assistance.

Whilst reflective of its historic role, the low level of employment diversification in the Catchment Area poses significant risks for the local economy as shocks to one or two main industries could severely impact upon local employment. This is being directly observed following in the wake of the COVID-19 induced recession, where heavy restrictions in the tourism industry are having major implications for local retailers and accommodation providers. Schedule 3 includes a more detailed summary of employment growth (by ANZSIC and BIC) over 2011-2019 in the Catchment Area.

2.3 Population Projections and Forecasts

Population growth is a key determinant in the demand for different land uses. Housing, retail and urban services are all contingent and the size and growth profile of their surrounding catchments. Population projections and forecasts are therefore of key importance when considering the merits of the Proposal.

It is important at this stage to recognise the difference between *projections* and *forecasts*.

A **projection** simply indicates a future value for the population (or employment) if the set of underlying assumptions occur. Projections indicate what future values for the population would be if the assumed patterns of change were to occur. They are not a prediction that the population will change in this manner.

In a **forecast**, the assumptions represent expectations of actual future events. Forecasts speculate future values for the population (and employment) with a certain level of confidence, based on current and past values as an expectation (prediction) of what will happen.

An understanding of both population projections and forecasts for the Catchment Area and broader Shoalhaven LGA is of critical importance to considering the merits of the Proposal.

2.3.1 Population, Household and Implied Dwelling Projections

Official population projections in NSW are carried out by the NSW Department of Planning, Infrastructure and Environment.

DPIE's Demography and Research Unit project population growth on a variety of demographic assumptions, including birth and fertility rates, mortality rates, migration levels and household formation patterns. These projections of population growth are divided by projected household occupancy rates to arrive at the number of dwellings impliedly required to accommodate the projected population.

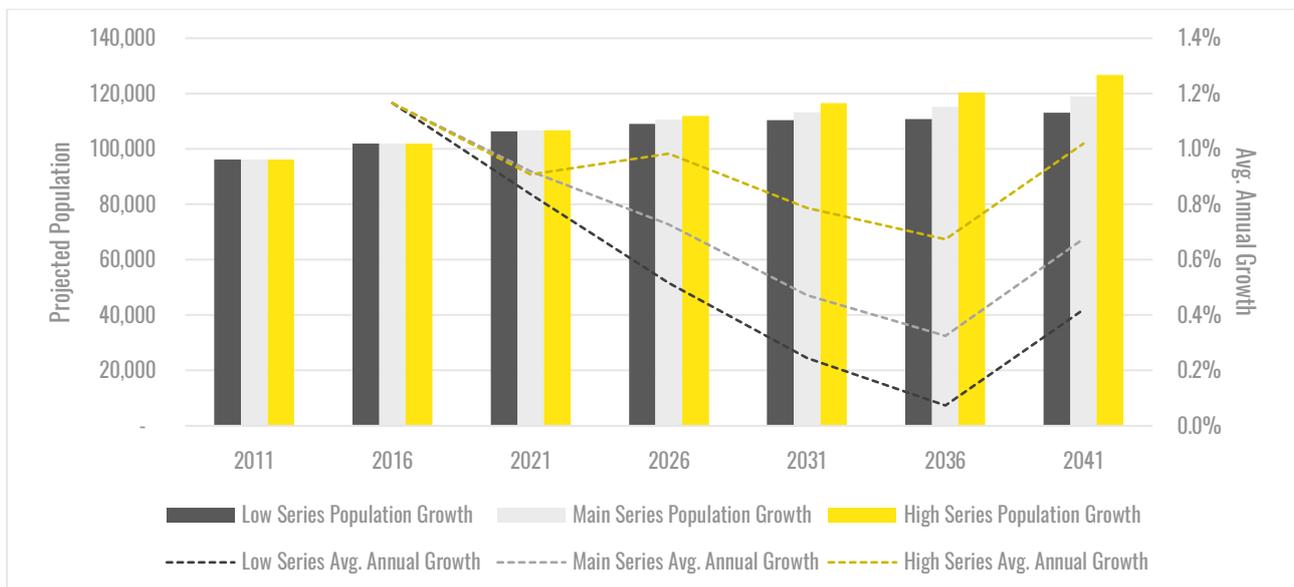
To reflect a range of potential growth scenarios, DPIE have carried out three projection series – the main (baseline) series, low series and high series. The smallest geography at which DPIE's population projections are carried out is at the LGA level. Accordingly, population, household and implied dwelling projections for the Shoalhaven LGA are examined.

Population

Under the baseline growth scenario, the Shoalhaven LGA is expected to grow by some 17,000 residents over the 2016-2041 period to reach a total population of just over 119,000. Under the high growth series, the Shoalhaven LGA could grow by almost 25,000 residents and reach a population of almost 128,000.

Figure 2.7 illustrates the low, main and high series population projections for the Shoalhaven LGA.

Figure 2.7: Low, Main and High Series Population Projections (2011-2041), Shoalhaven LGA



Source: DPIE (2019)

Household and Family Composition

Under the baseline scenario, the number of households in the Shoalhaven LGA is expected to increase by almost 11,000 over the coming decades to 2041, rising to just over 53,700 households.

Lone person households are expected to eclipse couples with no children as the largest household type by 2041. Only a modest increase in the number of couple families with children is expected over this period.

Aligning with this increase in the number of lone person households and couples with no children, the average household size across the LGA is expected to decline from 2.32 persons to 2.13 persons.

Table 2.4 shows the projected change in household composition and household size across the Shoalhaven over 2016-2041.

Table 2.4: Household Projections, Main Series (2016-2041), Shoalhaven LGA

Household Type	2016	2021	2026	2031	2036	2041	Change (2016-41)
Couple only	13,324	14,687	15,745	16,485	17,017	17,827	4,503
Couple with children	9,252	9,427	9,493	9,472	9,436	9,595	342
Single parent	5,103	5,250	5,367	5,491	5,595	5,764	661
Other family	1,275	1,335	1,383	1,418	1,441	1,488	213
Total Family Households	28,955	30,700	31,987	32,866	33,490	34,674	5,719
Lone person	12,785	14,030	15,157	16,151	16,990	17,952	5,167
Group	1,059	1,084	1,090	1,092	1,097	1,127	68
Total Non-Family Households	13,844	15,114	16,248	17,243	18,086	19,079	5,235
Total Households	42,798	45,814	48,235	50,109	51,576	53,752	10,954
Avg. Household Size (Persons)	2.32	2.27	2.23	2.19	2.16	2.13	0.19

Source: DPIE (2019)

Implied Dwelling Requirement

Based on projected population growth and average household sizes, DPIE projections derive the implied number of dwellings required to meet expected growth.

Under the baseline scenario, the Shoalhaven LGA is expected to require just over 14,500 additional dwellings over the coming decades to 2041. This averages at around 580 new dwellings per annum.

Table 2.5: Implied Dwelling Requirements, Main Series (2016-2041), Shoalhaven LGA

	2016	2021	2026	2031	2036	2041	Change (2016-41)
Implied Dwelling Requirement	56,864	60,871	64,086	66,577	68,526	71,418	
Change (No.)		4,007	3,215	2,491	1,949	2,892	14,554
Avg. Annual Growth (%)		1.4%	1.0%	0.8%	0.6%	0.8%	0.9%

Source: DPIE (2019)

As the 2016 implied dwelling number is a *theoretical* number (i.e. does not reflect the actual number of existing dwellings 'on the ground'), comparison against the 2016 private dwelling count recorded at Census is considered a more appropriate method to understand the additional dwelling needs of the LGA.

As at the 2016 Census some 54,651 private dwellings were recorded. This indicates there was already a shortfall of some 2,200 dwellings as at 2016.

If using the 2016 Census dwelling count as a starting point, an additional ~17,000 dwellings would be required over the coming decades to 2041 – averaging at some 680 dwellings per annum.

2.3.2 Population, Household and Dwelling Forecasts

In consultation with the City of Shoalhaven, population forecasts for the Shoalhaven LGA have been prepared by the demography consultancy, .ID. Unlike DPIE population projection, these forecasts consider the *capacity* of the LGA to accommodate expected growth based on the land use capacity of the area (i.e. zoning, environmental constraints, etc).

A review of the population, household and dwelling forecasts for the Shoalhaven LGA suggest the forecasted population growth is more or less in line with that identified in DPIE's high series projections – an additional 24,700 residents are expected over the coming decades to 2041.

The total number of new dwellings expected by 2041 is lower than that identified in DPIE's main series at circa 69,000 dwellings (compared to 71,400). That said, the number of new dwellings expected to be delivered by 2041 broadly aligns with that expected in DPIE's main series projections – an additional 14,600 dwellings over the 2016-2041 period at an average annual rate of some 580 dwellings.

A summary of the population, household and dwelling forecasts for the Shoalhaven LGA is provided in **Table 2.6**.

Table 2.6: Population, Household and Dwelling Forecasts (2016-2041), Shoalhaven LGA

Summary	2016	2021	2026	2031	2036	2041	Change (2016-41)
Population	101,777	105,338	109,242	114,533	120,420	126,513	
Change		3,561	3,903	5,291	5,888	6,093	24,736
Avg. Annual Growth (%)		0.7%	0.7%	1.0%	1.0%	1.0%	0.9%
Households	42,743	45,310	47,696	50,286	52,848	55,416	
Average household size	2.32	2.26	2.23	2.22	2.22	2.23	
Dwellings	54,651	57,562	60,408	63,414	66,340	69,255	
Change		2,911	2,846	3,006	2,926	2,915	14,604
Avg. Annual Growth (%)		1.0%	1.0%	1.0%	0.9%	0.9%	1.0%

Source: .id (2018) in consultation with Shoalhaven City Council

2.4 Shoalhaven Local Strategic Planning Statement (2020)

The draft Shoalhaven Local Strategic Planning Statement (LSPS) outlines the 20-year vision for the Shoalhaven LGA, detailed with a set of planning priorities and actions. Accommodating population growth is a core objective of the LSPS.

Several Planning Priorities under the draft Shoalhaven LSPS are of direct relevance to the Proposal.

- **Planning Priority 1 (PP1)** addresses the spatial distribution of new housing supply across Shoalhaven. The implementation of existing structure plans and housing strategies is noted as the primary strategy in delivering new housing supply to meet forecasted population growth, particularly in the planned urban release areas in Nowra-Bomaderry. These various structure plans/strategies are noted as having the capacity of facilitating some 12,700 dwellings – some 87% of the 14,600 additional dwellings required by 2046. That said, PP1 notes that work on 'planned urban release areas such as Culburra' are expected to form part of the overall housing strategy for the LGA.

The preparation of a Local Housing Strategy to update and consolidate existing strategies and structure plans and identify future dwelling supply, strategic locations for new homes, and required housing diversity is the central action under PP1. It is highlighted that the Shoalhaven Local Housing Strategy is yet to be released.

- **Planning Priority 6 (PP6)** highlights the objective of providing employment opportunities proximate to housing, suggesting some 7,400 jobs will need to be created by 2036 to accommodate population growth. New urban land releases are noted as playing an important role in this regard.
- **Planning Priority 7 (PP7)** focuses on strengthening the LGAs existing commercial centres. The importance of retail in servicing the growing population and visitor economy is noted, though PP7 also comments on the need for diversification of employment in the LGA's various villages (such as Culburra).

A key action of PP7 is the preparation of a retail study to identify the role of each of the LGAs centres and quantify the amount and type of retail floorspace needed in each.

- **Planning Priority 10 (PP10)** addresses the importance of industrial sectors to the Shoalhaven economy, including the importance of urban services in response to population growth. PP10 proposed a 'retain and manage' approach to industrial land across the LGA and recommends the preparation of an employment lands study to quantify the required supply of industrial land to meet the needs of the local economy over the coming decades.

The LSPS does not specifically address the role of the Culburra Beach township moving forward. This is likely to be addressed in the various housing, retail and employment strategies to be carried out in the coming years.

2.5 Implications for the Proposal

A series of implications for the Proposal can be drawn from the review of the Site's strategic context, considering the locational qualities of the Site, the demographic profile of the local Culburra Beach area, the evolution of local employment activity and future growth expectations.

Location

- The Site is located adjacent the existing Culburra Beach township and benefits from significant exposure given its position and frontage along Culburra Road.
- Culburra Road is the only service road to the townships of Culburra Beach, Orient Point and Crookhaven Heads.
- The Site is located just 15km east of the Nowra City Centre – the major centre of NSW's South Coast.

Demographic Profile

- The Culburra Catchment Area recorded 3,600 residents in 2019, accounting for around 3% of the Shoalhaven LGA.
- The Catchment Area is characterised by an older population with 55% of the local population aged 50 years and over. Seniors (residents aged between 70 and 84 years old) are the largest service age group at over 18% of residents.
- Households in the Catchment Area are *smaller* than those in the broader Shoalhaven region with couples without children and lone person households accounting for almost two thirds of all households.
- The Catchment Area is amongst the most disadvantaged communities in Australia with its SEIFA IRSAD Index score placing in the bottom 20% percentile of disadvantaged areas across the country.

Employment Profile

- The Shoalhaven LGA has experienced soft employment growth recently with growth of just 0.5% over 2016-2019. This is expected to be compounded in the short-term as the economy stalls further as a result of the COVID-19 recession.
- The Catchment Area is a small, service-orientated economy with just over 500 workers in 2016.
- The largest employing industries in the Catchment Area include health care and social assistance (19%), construction (18%), retail trade (16%) and accommodation and food services (9%). This low level of employment diversification in the Catchment Area poses significant risks for the local economy.

Growth Expectations

- The Shoalhaven LGA is expected to grow by some 24,736 residents over the coming years to 2041 – requiring an additional 14,600 dwellings.
- The City of Shoalhaven expects that there will be a need for some 7,400 more jobs by 2036 to accommodate this growth.

Overall, the locational qualities of the Site support the expansion of the Culburra Beach township. Culburra Beach is identified as one of the most disadvantaged areas in Australia with a local economy struggling to diversify and grow at the same rate as the broader Shoalhaven LGA. The Proposal has the potential to stimulate the local economy through attracting new local residents and creating new employment opportunities. This is subject to the impact of the Proposal on the local residential, commercial and industrial markets. These are examined in detail over the coming chapters.

3. Residential Land Uses

3.1 General Market Conditions

The NSW property market has faced a turbulent period over the course of 2020 following the outbreak of COVID-19 in early 2020. The initial phase of the outbreak resulted in an immediate impact on the residential sector as listings and sales declined markedly followed by a gradual decline in median property values over the Q2 2020.

A clear divergence in market activity has begun to emerge over the past three months between Greater Sydney and Regional NSW. Over the three months to September 2020, dwelling values across Greater Sydney have declined by some 2.1% whereas Regional NSW dwelling values has risen by 1.2% (CoreLogic, 2020a). This divergence is being driven by:

- The pause in overseas migration which is usually a key driver of housing demand in Greater Sydney;
- Growing issue of housing affordability driving purchasers to search for affordable alternative markets such as Regional NSW, particularly in the current economic climate;
- The normalisation of working from home practices making proximity to Sydney less of a factor in purchasing decisions.

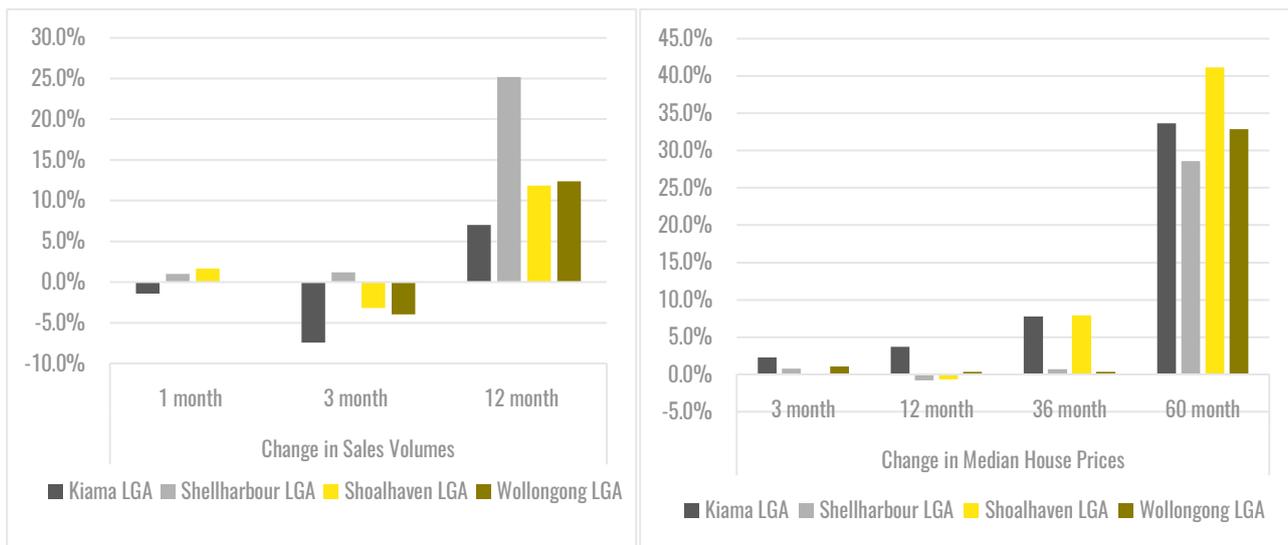
3.1.1 South Coast Market

The South Coast market has recorded significant price growth over the five years to September 2020 – particularly the Shoalhaven LGA which has seen median house values rise by over 40%. Price growth over the past 12 months has been more tempered given the onset of COVID-19 though this has more recently begun to reverse with the market showing signs of growth once more in the three months to September 2020.

Informal discussions with local agents note that enquiry levels from ‘out of area’ prospective purchasers, particularly those from Greater Sydney, has risen dramatically in the past two quarters of 2020. Coinciding with this uptick in demand has been a marked decline in stock levels – both existing product and new subdivisions.

Figure 3.1 depicts the change in sales volumes and median house prices across the NSW South Coast.

Figure 3.1: Change in Sales Volumes and Median House Prices, NSW South Coast



Source: CoreLogic (2020b)

3.1.2 Culburra Beach Market

Historically a local orientated and holiday home market, Culburra Beach is emerging as a highly desirable beachside market in the South Coast region – attracting both locals and ‘sea changers’ from Greater Sydney. With existing stock of some 2,000 houses and just over 100 villas, Culburra Beach represents some 4% of Shoalhaven’s overall housing market.

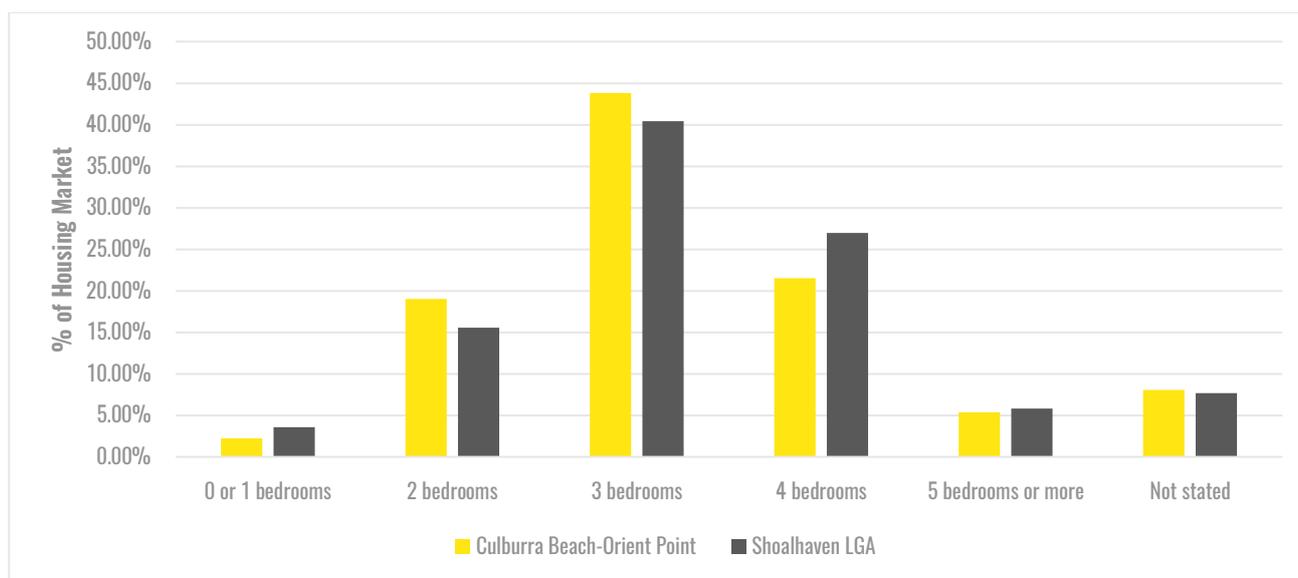
The median house price in Culburra Beach as at September 2020 was recorded at \$550,000 following growth of 43% in the preceding five year period (CoreLogic, 2020b). Proximity to the coastline is a key price determinant with prices from \$800,000 to \$2,000,000 observed for more modern homes with beach frontages.

Local agents note the Culburra Beach market is tightly held with many existing home owners being retirees with no relocations plans. This is coinciding with a period of strong demand from younger local couples and families (many being First Home Buyers) in addition to older couples and families relocating from Greater Sydney. This supply and demand dynamic is resulting in properties being swiftly secured upon being brought to market with pressure on prices becoming apparent.

Existing housing stock is generally aged and typical of other coastal villages along the South Coast with a mix of small weatherboard clad cottages and single storey brick veneered housing. Accounting for only around 5% of total stock, villas are highly desirable for both older retirees and holiday home investors. Similar to detached housing, proximity to the coastline is the primary factor influencing villa prices with a range of \$400,000 to \$900,000 observed.

Aligning with the concentration of detached housing, dwelling sizes (i.e. number of bedrooms) are predominantly three bedrooms and larger with only around 20% of the market being two bedrooms or smaller. This is despite the high number of couple only and lone person households in the area and significant growth expected from these cohorts in the coming decades.

Figure 3.2: Housing Market by No. of Bedrooms (2016), Culburra-Orient Point



Source: ABS (2017), compiled by .id

Culburra Beach has observed no new housing stock being brought to market in recent years. A review of new housing estates in the broader Shoalhaven LGA is carried out to understand the levels of demand being observed for new stock.

3.2 New Housing

Historically, the primary forms of new housing across the Shoalhaven LGA is residential subdivisions in the LGAs various urban release areas. Of the circa 5,900 new dwellings delivered over the decade to 2016 across Shoalhaven, around two thirds of these were low density detached housing typologies.

Numerous residential subdivisions have been actively marketing across the Shoalhaven LGA over the past 12-24 months. The majority of these estates have been located in the South Nowra release area, such as Green Orchid Estate, Twin Waters, Carrington Heights and Endeavour Estate. Other key examples include Huntingdale Park in Berry and Bayswood in Vincentia.

Market activity at some of the more proximate subdivisions to the Site is examined below.

- **Green Orchid Estate, South Nowra**

Located ~12km west of the Site, the Green Orchid Estate in South Nowra has been one of the largest new residential subdivisions marketing in the Nowra region over the past several years. Comprising approximately 260 lots, the estate commenced marketing in 2017 and is over 90% sold – reflective of a take up rate of around 30 sales per annum.

Circa 80% of buyers observed to date have been locals from the Shoalhaven LGA with around 20% relocating from Greater Sydney, though this shifted significantly over the course of 2020 with a greater number of Sydney-based buyers. Land prices have increased considerably over the course of marketing – lots were initially released at price points from \$160,000 and have almost doubled to approximately \$300,000.

- **Huntingdale Park, Berry**

Approximately 18km north of the Site, the 234-lot Huntingdale Park estate also commenced marketing in 2017. The estate has proved as arguably the most popular residential estate in the Shoalhaven LGA – there are just 3-4 blocks remaining for sale with around 55 sales recorded per annum.

Compared to other residential subdivisions in Nowra and surrounds, Huntingdale Park has proven much more popular with residents from Greater Sydney and Wollongong. Buyers have predominantly been established families and couples as opposed to first home buyers and/or investors. Similar to the Green Orchid Estate, prices have doubled since the commencement of marketing in 2017.

- **Carrington Heights, South Nowra**

Some 12km west of the Site, the Carrington Heights estate comprises 140-lots and commenced marketing in 2015. The estate is 95% sold, equating to around 25-30 sales per annum.

Carrington Heights is understood to have attracted a similar purchaser profile to that observed at Green Orchid Estate with a large cohort of local first home buyers and established families with only a small component of 'out of area' buyers.

Overall, market investigations suggest new supply is being met well by the market though local agents note that lack of diversity in choice given the vast majority of new stock is being delivered on the outskirts of Nowra and Bomaderry. There are only a small number of coastal estates currently being brought to market with these located in areas such as Vincentia and Sussex Inlet further south in the LGA.

Medium and High-Density Typologies

Despite the growing demand for smaller housing formats from an ageing population, a dearth of medium and high-density housing projects has been observed to be actively marketing across Shoalhaven in recent years.

Medium-density housing is becoming increasingly popular as affordability issues are seeing price conscious buyers compromise in order to secure well-located, modern accommodation. A recent example is that of 'Woodland', 171 Old Southern Road in South Nowra. The development comprises 15 two storey townhouses and has been met well by the market, particularly local first home buyers.

Higher-density formats remain challenging across Shoalhaven given demand remains limited to older purchasers and/or out of area buyers seeking a high amenity, coastal location. One of the few recent projects recently marketed has been 'Central Park Apartments' at 65-69 Graham Street in the Nowra City Centre. The 4-storey, 32-unit apartment building opposite a popular local park and lake has proven popular since marketing commenced in 2019 with the average purchaser age being 65 years old. Local agents note the unique locational characteristics of this site would make it challenging to replicate elsewhere in the Nowra City Centre.

3.3 Future Supply

There is a significant amount of planned housing supply across the Shoalhaven LGA. There are almost 12,700 lots identified for residential development across the LGA with over three quarters of these planned in the Nowra Bomaderry Structure Plan Area (DPIE, 2018). Five precincts within the Nowra Bomaderry Structure Plan Area account for around 9,400 of these planned lots and include:

- Bamarang Investigation Area: 2,450 lots
- Merroo Meadow: 2,400 lots
- Cambewarra (Moss Vale Road North and South): 2,400 lots
- Cabbage Tree Lane: 1,650 lots
- Mundamia: 500 lots

The Bamarang, Merroo Meadow and Cabbage Tree Lane precincts are yet to be released and will require significant trunk and lead-in infrastructure before being released to market. This is not expected in the coming decade.

The Moss Vale Road South precinct (Cambewarra) was rezoned and released in mid-2018 whilst precinct planning to enable the rezoning and release of the Moss Vale Road North precinct is currently underway. Mundamia has been rezoned and released with development activity underway. Beyond the Nowra Bomaderry Structure Plan Area, significant release areas in Sussex Inlet and Manyana have been released and rezoned. Most other major greenfield areas are observed in the southernmost end of the Shoalhaven LGA.

At some 12,700 lots, the quantum of greenfield housing being proposed across Shoalhaven accounts for around 87% of the projected implied dwelling requirement (14,600 dwellings) for the LGA by 2041.

Table 3.1 identifies the planned greenfield housing supply across the Shoalhaven LGA.

Table 3.1: Planned Greenfield Housing Supply

Area	Planned Supply
Nowra Bomaderry Structure Plan Area	9,711
Sussex Inlet	730
Callala Bay	400
Manyana	480
Berry	234
Mollymook	201
Ulladulla	198
Dolphin Point	192
Narrawallee	176
Vincentia	150
Milton	73
Total	12,445

Source: Atlas/Cordell Connect/DPIE (2018)

Despite the significant amount of housing being *planned* across the Shoalhaven LGA, a review of the existing development pipeline (including all existing developments under assessment, with DA approval or under construction) indicates there is just under 4,700 dwellings in the pipeline. Of these, 2,700 have some form of development approval and/or are currently under construction.

Table 3.2 summarises the current development pipeline across the Shoalhaven LGA as at September 2020.

Table 3.2: Development Pipeline (September 2020), Shoalhaven LGA

	Under Assessment	DA Approved	Under Construction	Total
Residential Subdivision	1,373	1,566	227	3,166
Medium-Density (Townhouses, Villas)	61	366	175	602
High-Density (Apartments, Shop top)	517	334	52	903
Total	1,951	2,266	454	4,671

Source: Atlas/Cordell Connect

As shown from **Table 3.2**, the overwhelming majority of new housing being proposed and delivered across Shoalhaven is low density housing formats, accounting for almost 70% of the development pipeline. These are subdivisions which form part of the planned supply outlined earlier in **Table 3.1**.

Even if assuming that the entirety of the planned greenfield housing supply was delivered over the coming decades to 2041, a remaining sum of 1,900 dwellings will be required across the Shoalhaven LGA to meet projected housing demand.

If including the 1,500 medium-density and high-density housing currently being proposed across the Shoalhaven LGA (as outlined in Table 3.2), a remaining dwelling requirement of circa 400 dwellings would persist.

3.4 Implications for the Proposal

A review of residential market and development activity has allowed for several key observations to be drawn. These include:

- The South Coast housing market is experiencing a major uptick in demand following the outbreak of COVID-19 in early 2020 with significant interest coming from Greater Sydney. This is being driven by the normalisation of working from home practices making proximity to Sydney less of a factor in purchasing decisions.
- House prices across the South Coast have been rising significantly over the past 5 years, particularly the Shoalhaven LGA which has seen median house values rise by over 40% (CoreLogic, 2020b). This is creating significant affordability issues for local residents looking to enter the market, particularly First Home Buyers.
- These trends have manifested directly at Culburra Beach – house prices have risen by some 43% over 2014-2019 with a growing number of Sydney-based investors and sea changers entering the marketing and ‘crowding out’ local buyers.
- Despite having a population with some 55% of the local population aged 50 years and over, only 5% of local housing stock is medium-density typologies (villas, townhouses). This is limiting the choice available for older residents looking to continue to reside locally in housing better suited to their life cycle and lifestyle requirements.
- There are some 12,700 lots being planned across Shoalhaven – the overwhelming majority of these in the Nowra-Bomaderry Structure Plan Area.
- Even if assuming *all* of these planned lots were delivered by 2041, a remaining dwelling requirement of some 1,900 dwellings would be needed to meet projected population growth.
- If further assuming that all medium and high-density housing currently identified in the development pipeline was delivered, a residual dwelling need of some 400 dwellings would be required.

Based on these key observations, the following comments are made.

- The Proposal represents an opportunity to meet the implied dwelling requirements for the Shoalhaven LGA.
- The Proposal will positively impact upon the Shoalhaven housing market, providing a greater range of housing choices beyond that Nowra-Bomaderry.
- The Proposal will increase housing supply in a highly popular residential area with historically low levels of stock.
- The Proposal will facilitate an increased diversity of housing stock in Culburra Beach and meet an unmet need for smaller housing formats.

The next chapter considers the economic and market need for additional retail/business uses as envisaged in the Proposal.

4. Retail/Business Land Uses

4.1 General Market Conditions

Australia's traditional 'bricks and mortar' retail sector has been facing headwinds for the greater part of the past decade as weak wage growth and growing housing costs have placed pressure on consumer spending patterns. The continued growth of online retailing has also placed significant pressure on bricks and mortar retail, with many local retailers failing to compete. Non-discretionary retailers have been less impacted by these trends, with the major supermarkets recording strong growth over the past 3-4 years.

Regional NSW's retail sector has been at the forefront of several structural and cyclical headwinds facing local retail sectors. Soft population growth and low discretionary spending (a factor of soft wage growth) has resulted in deteriorating trading conditions with many anchor retailers (particularly department stores) withdrawing from regional locations, leaving significant vacancies and threatening the vitality of local centres. The 2019/20 summer bushfires and more recently the outbreak of COVID-19 have produced some of the toughest trading conditions observed across Regional NSW in decades.

COVID-19 has the potential to dramatically change the future trajectory of demand for retail floorspace in Australia. Increased penetration rates of online retail during recent forced lockdowns has accelerated the take-up of e-commerce in Australia which lagged other developed economies pre-COVID-19.

4.2 Retail Benchmarks

Australia provides, on average, 2.2sqm of retail floorspace per person. These per person rates encompass all types of retail - large purpose-built shopping centres, bulky goods facilities, and strip shops. Around half of this demand is expected to be retained by local centres in regional areas. This equates to 1.1sqm of local centre demand per person. Remaining demand is directed towards higher order, larger centres and bulky goods precincts.

The now discontinued ABS Retail Census indicates the average provision of retail floorspace per person has risen by approximately 1.1% per annum since 1991/2. This increase reflects structural change in the retail sector with new types of floorspace emerging, such as homemaker centres and larger purpose-built shopping centres, as well as new retail entrants and greater competition.

Over the coming years the increase in retail floorspace demanded per person is expected to be more subdued compared to the period since 1991/2. This is because online retail penetration rates are increasing and, in so doing, moderating demand for physical store floorspace.

Supermarket Demand

Full-line supermarkets in modern local centres usually occupy 3,000sqm to 3,500sqm of retail floorspace. Full-line supermarkets in urban areas typically serve a catchment of 8,000 to 10,000 persons, equivalent to demand of up to 0.35sqm of supermarket floorspace demand per person. In areas where households have below average levels of affluence, demand for all types of retail floorspace including supermarket floorspace is often below average. This is reflective of limited disposable income.

Non-Supermarket Demand

It is estimated that 1.1sqm of demand per person is generated for local centres in NSW in 2017. Assuming that 0.35sqm of this captured by supermarkets there is 0.75sqm of non-supermarket demand per person for retail floorspace in local centres.

Demand for non-supermarket retail floorspace will be met by both mini-majors and specialty retailers. Mini-majors are non-major retail tenancies of greater than 400sqm, encompassing uses such as pharmacies, newsagencies, greengrocers, liquor stores and apparel retailers. Anything less than 400sqm is considered a specialty retailer.

4.3 Culburra Beach Town Centre

The closest retail centre proximate the Site is the Culburra Beach Town Centre (the Town Centre). It is a small local centre heavily catering to the influx of visitors observed over the busy summer holiday periods, the Town Centre is anchored by a small format supermarket and some 20 additional retailers and business service providers in separate buildings.

The Town Centre is characterised by a mix of older style single storey commercial buildings, generally in poor to moderate condition. Little to no new development has occurred over the past decade – the only new commercial development being the construction of the Woolworths supermarket and a single storey commercial office building in early 2011.

Using geospatial software, it is estimated the town centre comprises some **7,100sqm of retail and business floorspace**. The largest occupier is the small format Woolworths supermarket - estimated to comprise 1,500sqm of retail floorspace. Older style commercial buildings (mix of attached and detached buildings) are observed along Prince Edward Avenue and accommodate a mix of speciality retailers and business services (real estate agencies, pharmacy, takeaway food, etc). A large, two level commercial building fronting Fairlands Street (formerly occupied by timber and hardware retailer) is vacant.

The Town Centre has faced a long period of deteriorating trading conditions. Several buildings have been vacant for several years with the current vacancy rate circa 20% based on informal discussions with local leasing agents. A series of factors have contributed to this gradual decline, including:

- Small resident trading catchment with limited population growth;
- Aged population with limited discretionary spending capacity;
- Inadequate business reinvestment in both real estate and trading operations;
- Competition from neighbouring centres, principally the Nowra City Centre where a full spectrum of retail and services is provided.

Figure 4.1 illustrates the boundaries of the Culburra Beach Town Centre.

Figure 4.1: Culburra Beach Town Centre



Source: Atlas/Nearmap

4.4 Competitive Context

The primary retail centre within proximity of the Site is the Nowra City Centre – the principal retail, commercial and civic centre for the broader South Coast region. The Nowra City Centre is located approximately 15km west of the Site with a travel time of just over 20 minutes by car or 40 minutes by public bus.

Comprising an estimated 48,000sqm of retail floorspace (Urbacity, 2017), the **Nowra City Centre** is the premier retail destination for the South Coast with a trade catchment expanding from Berry in the north to Sussex Inlet in the south. The centre is anchored by multiple full-line supermarkets (Woolworths, Coles, ALDI) and discount department stores (Kmart, Country Target) along with a strong cluster of personal services and fashion retailers. Retailers are dispersed across single storey strip buildings and older style arcades with the Stockland Nowra Shopping Centre (comprising some 16,000sqm of retail floorspace) the major enclosed shopping mall within the centre.

A Retail and Centres Planning Assessment (Urbacity, 2017) concluded the Nowra City Centre is playing a critical role to its local trade catchment with minimal escape expenditure.

Similar to many other regional centres across NSW, the Nowra City Centre has been facing an extended period of softening trading conditions which predated the 2019 bushfires and outbreak of COVID-19. Informal discussions with local leasing agents note vacancy levels are high at circa 15%-20%. Several key retailers have recently announced their withdrawal from the City Centre, including Harris Scarfe in January 2020 and Country Target in May 2020.

Beyond the Nowra City Centre there are numerous other retail precincts and smaller centres, including several planned centres envisaged to service future residential growth resulting from the Nowra Bomaderry Structure Plan. These include:

- **South Nowra Bulky Goods Retail Precinct:** centred along the Princes Highway, the South Nowra Bulky Goods Retail Precinct comprises a mix of car dealerships, furniture and homeware retailers, hardware retailers and other white goods retailers across a variety of modern showrooms.
- **Woolworths Bomaderry:** recently completed Woolworths supermarket located on the corner of Princes Highway and Cambewarra Road. Comprises a full-line Woolworths supermarket (3,850sqm), BWS liquor store and 440sqm of specialty retail floorspace.
- **Bomaderry Town Centre:** small local centre opposite the Berry train station comprising some 2,000sqm of retail floorspace and anchored by a small format IGA supermarket.
- **North Nowra:** small, older-style arcade shopping centre located on the intersection of Illaroo Road and McMahons Road comprising some 1,000sqm of retail floorspace.
- **Callala Bay:** small, older-style arcade shopping centre located in Callala Bay along Emmett Street anchored by a larger format IGA.

In summary, the number and breadth of retail services proximate the Site is significant.

4.5 Implications for the Proposal

A review of local retail conditions and market activity suggests the following:

- The Culburra Beach Town Centre comprises a significant amount of retail/business floorspace (some 7,100sqm).
- The Town Centre has faced a prolonged period of softening trading conditions with high vacancy levels. This has been exacerbated by the 2019 bushfires and outbreak of COVID-19 which have effectively severely impacted holiday trade.
- The Nowra City Centre (some 15km west of the Site) is the South Coast's primary retail and services centre, accommodating an estimated 48,000sqm of retail floorspace. A Retail and Centres Planning Assessment (Urbacity, 2017) concluded the Nowra City Centre is meeting resident demand with minimal escape expenditure.
- Similar to many regional centres, the Nowra City Centre has faced several years of challenging trading conditions. This has culminated in high vacancy rates of circa 15%-20% with key retailers such as Harris Scarfe and Country Target announcing their closure in early 2020.

Based on these findings, the following recommendations on retail uses are made for the Site.

Retail Floorspace Benchmarking

There is on average 2.2sqm of retail floorspace per person across Australia. In regional areas such as Culburra Beach, it can be assumed that only around half of this demand would be retained by smaller local centres. This equates to 1.1sqm of local centre demand per person. Remaining demand is directed towards higher order, larger centres and bulky goods precincts. In the case of Culburra Beach, this would be Nowra City Centre and the South Nowra Bulky Goods Retail Precinct.

At an existing population of around 3,600 residents, this would suggest the Culburra Beach Catchment Area could demand around 4,000sqm of retail floorspace.

An estimate of retail floorspace in the Culburra Beach Town Centre identified some **7,100sqm of retail floorspace**, suggesting the Catchment Area is already oversupplied by some 3,000sqm of retail floorspace. It is therefore unsurprising that the Town Centre has faced historically high levels of vacancy given the limited resident population.

Future Need

The Proposal is expected to accommodate some 384 dwellings upon buildout. Assuming the average household size for Culburra Beach at 2016 of 2.2 persons per dwelling, the Proposal could theoretically accommodate some 845 new residents.

Based on a retail demand ratio of 1.1sqm per person, new residents accommodated through the Proposal could demand an additional 930sqm of retail floorspace.

Given the Catchment Area is already oversupplied by some 3,000sqm of retail/business floorspace, it is anticipated that this demand could principally be accommodated through the existing Town Centre.

Recommendations for the Proposal

Whilst it will be important for future retail/commercial capacity to be 'built in' to the concept plan as the existing town centre becomes fully occupied, any future retail provision would need to be delivered at the final stage of the Proposal.

No more than **2,500sqm of centre floorspace** would be warranted which could accommodate a tavern and other hospitality/lifestyle uses. If a leisure/ lifestyle hub could be curated that could become a destination, increased visitation to Culburra would help invigorate the existing Town Centre. These uses will be complimentary and not compete with the Town Centre. Timing for delivery of this floorspace can be appropriately considered and planned for in a staging plan.

5. Industrial Land Uses

5.1 General Market Conditions

The NSW South Coast's industrial market has performed well over the past 24 months, buoyed by growth in the logistics and e-commerce sectors, population growth demanding urban services, a 'shift south' as Sydney-based businesses relocate to the Illawarra and South Coast and localised employment growth in traditional industrial sectors.

Whilst the economic repercussions of COVID-19 and resultant recession being felt across Australia make the outlook for many property sectors uncertain, market conditions in the South Coast's industrial sector are expected to remain strong as:

- Further uptake in the use of e-commerce platforms by consumers and businesses, driving demand for freight and logistics. This trend is expected to be exacerbated in a post-COVID economy.
- Further growth in throughput at Port Kembla for both containerised goods and bulk goods;
- Increasing shift of occupiers from Greater Sydney to the Illawarra and South Coast given the rising cost of land;
- Large scale transport infrastructure projects underway and in the pipeline stimulating industrial activity.
- Strong projected population growth driving demand for urban services (e.g. waste recycling, automotive services, utilities, small scale manufacturing).

These strong tailwinds have resulted in significant investment interest into industrial assets in the industrial markets of the Wollongong and Shellharbour LGA, resulting in significant price growth in these markets. This has in turn begun flowing down into Shoalhaven's various industrial precincts with a growing number of Illawarra-based businesses relocating to Shoalhaven given the high land costs further north. This investment focus is expected to continue and strengthen over the short-term.

It is important to note the factors influencing location decisions of large-scale industrial users differ markedly compared to those of smaller scale, service-focused industrial and urban service users. Proximity to the orbital and arterial road network and access to Trade Gateways are typically key factors for larger industrial occupiers, whereas proximity to local residential catchments and co-location with similar services are the key location determinants for urban services.

The Culburra Beach industrial precinct is primarily an urban services-focused precinct – proximity to the surrounding resident population and affordability being the primary driver for occupiers as opposed to proximity to Princes Highway.

5.2 Illawarra- South Coast Industrial Market

The Illawarra-South Coast industrial market comprises all industrial precincts which fall within the Wollongong, Shellharbour, Kiama and Shoalhaven LGAs. The Wollongong LGA accounts for most of the market – accounting for 70% of all developed industrial land as at Q1 2019. Wollongong also comprises the largest amount of *undeveloped* industrial land at some 282ha.

The Shoalhaven LGA is the second largest market with some 581ha of developed industrial land – 23% of the total Illawarra-South Coast market. Along with Wollongong, Shoalhaven also has the largest supply of undeveloped industrial land with almost 227ha recorded in Q1 20019.

Table 5.1 shows the existing supply of developed and undeveloped industrial land for the Illawarra-South Coast at Q1 2019.

Table 5.1: Existing Supply, Illawarra-South Coast Industrial Market

LGA	Industrial Land (ha)		Key Precincts
	Developed	Undeveloped	
Wollongong	1,733.5	282.0	Port Kembla, Kembla Grange, Unanderra, Yallah
Shellharbour	221.7	5.9	Albion Park Rail, Oak Flats,
Kiama	16.8	1.1	Kiama
Shoalhaven	581.0	226.9	South Nowra, Bomaderry, Ulladulla, Huskisson
Total	2,553.0	515.9	

Source: DPIE (2019b)

5.3 Shoalhaven Industrial Market

Comprising some 581ha of developed industrial land, the Shoalhaven LGA is a major industrial market. South Nowra is the largest industrial precinct within Shoalhaven, with other key precincts including Bomaderry, Ulladulla and Huskisson.

At some 2.3ha, the Culburra Beach industrial precinct is a minor component of the broader Shoalhaven industrial market. The precinct comprises some two large freestanding warehouse/factory buildings and two strata-titled industrial complexes comprising six individual industrial suites.

Market Activity

The vast majority of market activity in recent times has been observed in South Nowra. Market investigations indicate that this precinct has experienced significant levels of demand over the past 12-24 months with interest being driven by the transport and logistics sector. South Nowra is understood to be emerging as a 'freight and logistics hub' given its ideal location along the Princes Highway, proximity to both Wollongong and Canberra and affordability of land compared to markets further north in the Wollongong LGA.

Recent sales activity at the industrial subdivision 'Flinders Industrial Estate' in South Nowra is reflective of these strong market conditions. Released to the market in early 2016, vacant industrial sites ranging from 3,000sqm to 6,000sqm of site area were achieving sale prices analysing to \$75/sqm to \$100/sqm of site area over the course of 2016-2018. Sales recorded over 2019-2020 analysed to rates from \$100/sqm to \$120/sqm of site area – indicative of strong price growth.

A review of market activity indicates there has been a dearth of sales in the Culburra Beach industrial precinct in recent years – the most recent sale being a small industrial suite at 1 Strathstone Street in 2018 for \$200,000.

Development Activity

The supply of industrial land across the Shoalhaven LGA is influenced by the City of Shoalhaven Council who are the key industrial landowners and developers in the local market. The most recently progressed subdivisions developed by Council included the Flinders Industrial Estate at South Nowra, Woollamia Industrial Estate at Huskisson and the Albatross Aviation Technology Park in Yerriyong.

Looking forward, Council are progressing a new 13-lot subdivision in South Nowra with lots ranging from 2,600sqm to 8,500sqm in site area. Construction works are anticipated at commencing in late 2020 with marketing to commence in early 2021. Based on current market dynamics, local industrial agents note this new supply will likely be well-met by the market – particularly given the rising cost of industrial land in Wollongong is not expected to subside in the short-term.

5.4 Implications for the Proposal

The Shoalhaven industrial market has performed strongly over the past 12-24 months, driven by a range of structural and market factors. New industrial estates released by Shoalhaven City Council in Nowra have been well met by the market with significant price growth observed over the course of 2016-2020.

The Culburra Beach industrial market is a minor industrial precinct – measuring some 2.3ha and accounting for less than 1% of the broader Shoalhaven LGA industrial market. Very little market activity has been observed in recent years with the precinct understood to be fully occupied.

Based on these findings, the following observations for the Proposal can be made.

- The Concept Scheme envisages the creation of 13 new industrial lots ranging from 1,900sqm to 5,800sqm in site areas and overall totalling to some 3.29ha. This would represent an increase of 0.6% of Shoalhaven's existing industrial land.
- The Proposal represents a logical extension of the Culburra industrial precinct along Culburra Road.
- The location of the Site will likely attract service industrial and service commercial businesses who are more reliant on proximity to population catchments as opposed to arterial motorways. This is in contrast to South Nowra which typically attracts transit-orientated occupiers by virtue of its location adjacent the Princes Highway.

Overall, the creation of additional industrial land as envisaged in the Proposal are expected to be met well by the market and not result in any adverse economic impacts on Shoalhaven's existing industrial market.

6. Economic Impact Assessment

6.1 Overview and Approach

This chapter examines the economic activity and impacts that could be facilitated through progression of the Proposal during construction and upon completion.

Approach

This section estimates the economic activity supported in the following scenarios:

- **Proposal Case:** The Proposal Case assumes the development of the Site as envisaged in the Concept Plan, specifically:
 - 301 residential lots facilitating some 379 new dwellings, including:
 - 244 low density residential lots
 - 45 integrated housing lots
 - 12 medium-density lots (facilitating approximately 90 dwellings)
 - 13 industrial lots facilitating some 11,837sqm of industrial floor area
 - Three mixed-use lots facilitating construction of 2,458sqm of floorspace including a tavern and other leisure uses
- **Base Case:** The Base Case assumes the retention of the Site in its existing use, i.e. vacant bushland. Accordingly, this scenario has not been modelled.

The economic impacts are assessed at the Shoalhaven LGA level. An Input-Output (including the development of specific regional Input-Output transaction tables) was developed to reflect the economic structure of the Shoalhaven LGA.

Input-Output modelling describes economic activity through examining four types of impacts as defined in **Table 6.1**.

Table 6.1: Economic Indicators

Indicator	Description
Output	The gross value of goods and services transacted, including the cost of goods and services used in the development and provision of the final product. Care should be taken when using output as an indicator of economic activity as it counts all goods and services used in one stage of production as an input to later stages of production, thus overstating economic activity.
Gross Product	The value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g. Gross Regional Product (GRP)) defines a net contribution to economic activity.
Incomes	The wages and salaries paid to employees as a result of the Project either directly or indirectly.
Employment	Employment positions generated by the Project (either full time or part time, directly or indirectly). Employment is reported in terms of Full-Time Equivalent (FTE) positions or person-years.

Source: Atlas

Input-Output modelling estimates show the impacts of direct spending in a particular industry as well as from Production-induced impacts (Type I) or Consumption-induced impacts (Type II):

- **Production-induced impacts (Type I)** estimate the effects of industrial support effects of additional activities undertaken by supply chain industries increasing their production in response to direct spending.
- **Consumption-induced impacts (Type II)** estimate the re-circulation of labour income earned as a result of the initial spending through other industry impacts (or impacts from increased household consumption).

The reported estimates consider both production and consumption-induced flow-on impacts. Type II impacts are commonly considered to overstate economic activity and therefore the types of flow-on impacts are reported separately.

Drivers of Economic Activity

To understand the economic impacts likely to result from the Proposal, it is necessary to distinguish economic impacts during construction and those economic impacts that will be more permanent following operations commencement and stabilisation.

- **Construction Phase**
Construction activity will draw resources from and thereby generate economic activity in the Shoalhaven LGA as well as from outside the LGA. Assumptions are made on the proportion sourced from within and from outside the LGA.
- **Operational Phase**
The Proposal is expected to impact ongoing economic operational activity through the following:
 - Direct turnover generated by the industrial operational activities on-site.
 - Direct turnover generated by the tavern/leisure operational activities on-site.
 - Economic activity as a result of employment activity from 'dispersed jobs', i.e. residents who work from home.
 - Economic activity as a result of direct expenditure of new households, i.e. additional households in new dwellings.

Refer to Schedule 1 for a description of the drivers and assumptions that underpin the assessed economic impacts.

6.2 Economic Activity and Impacts

6.2.1 Construction Phase

Construction impacts are expected to be short-term in nature and will conclude when development activity is completed. Net additional economic activity generated by construction under the Proposal Case is estimated at:

- \$159.8 million in output (including \$98.3 million in direct activity).
- \$52.6 million contribution to GRP (including \$23.2 million in direct activity).
- \$31.6 million in incomes and salaries paid to households (including \$16.5 million in direct income).
- 402 FTE jobs (including 202 FTE directly employed in construction activity).

Economic impacts during construction are summarised in **Table 6.2**.

Table 6.2: Construction Impacts in Shoalhaven LGA, Proposal Case

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
Direct	\$98.3	\$23.2	\$16.5	202
Flow-on Type I (Production-induced)	\$39.7	\$16.6	\$9.6	118
Flow-on Type II (Consumption-induced)	\$21.8	\$12.7	\$5.5	82
Total	\$159.8	\$52.6	\$31.6	402

Source: Atlas

6.2.2 Operational Phase

Following construction completion, a range of business activity can be accommodated in the Proposal Case. This business activity is generally categorised into the following activity types:

- **Business Operations Activity**
The economic activity that results from the businesses who occupy the completed business and industrial floorspace.
- **Dispersed Jobs**
The economic activity that results from the proportion of new residents who will work from home.
- **Additional Household Expenditure**
The impact of increased household expenditure resulting from the additional residents in the Proposal Case.

Each of these ongoing impacts associated with the Proposal Case are summarised in **Table 6.3**.

Table 6.3: Operational Impacts in Shoalhaven LGA, Proposal Case

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
Town Centre/Industrial Activity				
Direct	\$52.5	\$19.8	\$9.0	160
Flow-on Type I (Production-induced)	\$23.6	\$9.8	\$5.5	68
Flow-on Type II (Consumption-induced)	\$13.4	\$7.8	\$3.4	50
Total	\$89.5	\$37.5	\$17.9	279
Dispersed Jobs				
Direct	\$15.5	\$7.4	\$4.6	48
Flow-on Type I (Production-induced)	\$5.2	\$2.3	\$1.2	15
Flow-on Type II (Consumption-induced)	\$5.4	\$3.2	\$1.4	20
Total	\$26.1	\$12.9	\$7.2	83
Household Expenditure				
Direct	\$18.7	\$10.8	\$5.9	101
Flow-on Type I (Production-induced)	\$6.0	\$3.1	\$1.6	16
Flow-on Type II (Consumption-induced)	\$7.6	\$4.5	\$1.7	22
Total	\$32.3	\$18.4	\$9.2	139
Total Operational Impacts				
Direct	\$86.7	\$38.0	\$19.5	309
Flow-on Type I (Production-induced)	\$34.8	\$15.2	\$8.3	99
Flow-on Type II (Consumption-induced)	\$26.4	\$15.5	\$6.5	92
Total	\$147.9	\$68.8	\$34.3	501

Source: Atlas

As shown in **Table 6.3**, the Proposal is estimated to support the following annual economic activity through direct and indirect (flow-on) impacts:

- \$147.9 million in output (including \$86.7 million in direct activity).
- \$68.8 million contribution to GRP (including \$38.0 million in direct activity).
- \$34.3 million in incomes and salaries paid to households (including \$19.5 million in direct income).
- 501 FTE jobs (including 208 directly related to activity on the Site).

It is important to note that the annual economic activity shown in **Table 6.3** is based on the total economic activity which could result from the Site at build-out.

It is recognised that delivery of the Proposal will be staged however, with delivery of the expanded town centre (i.e. tavern, leisure uses) to occur once the residential component of the development has been largely delivered and established.

Care should be taken when considering total operational impacts, as not all household expenditure and employment generated by the Proposal will be 'net new' to the Shoalhaven LGA and potential exists for double counting between (direct and flow on) business operations and expenditure by resident households.

6.3 Summary of Findings

The economic impacts of the Proposal are found to be significant. The development of 379 new dwellings is expected to generate an additional \$31.9 million in household expenditure – much of which will be directed to the existing Culburra Beach township, supporting local businesses and overall is expected to improve the vitality of the Town Centre.

During construction, the Proposal is estimated to result in:

- \$159.8 million in output (including \$98.3 million in direct activity).
- \$52.6 million contribution to GRP (including \$23.2 million in direct activity).
- \$31.6 million in incomes and salaries paid to households (including \$16.5 million in direct income).
- 402 FTE jobs (including 202 FTE directly employed in construction activity).

When operational, the Proposal is estimated to support the following net annual economic activity through direct and flow-on impacts:

- \$147.9 million in output (including \$86.7 million in direct activity).
- \$68.8 million contribution to GRP (including \$38.0 million in direct activity).
- \$34.3 million in incomes and salaries paid to households (including \$19.5 million in direct income).
- 501 FTE jobs (including 208 directly related to activity on the Site).

The Proposal will facilitate broader business growth in Culburra Beach through the provision of additional industrial land in a period of significant demand. Over time, the Proposal will facilitate the expansion of the Culburra Beach Town Centre with uses that are complimentary to the existing township.

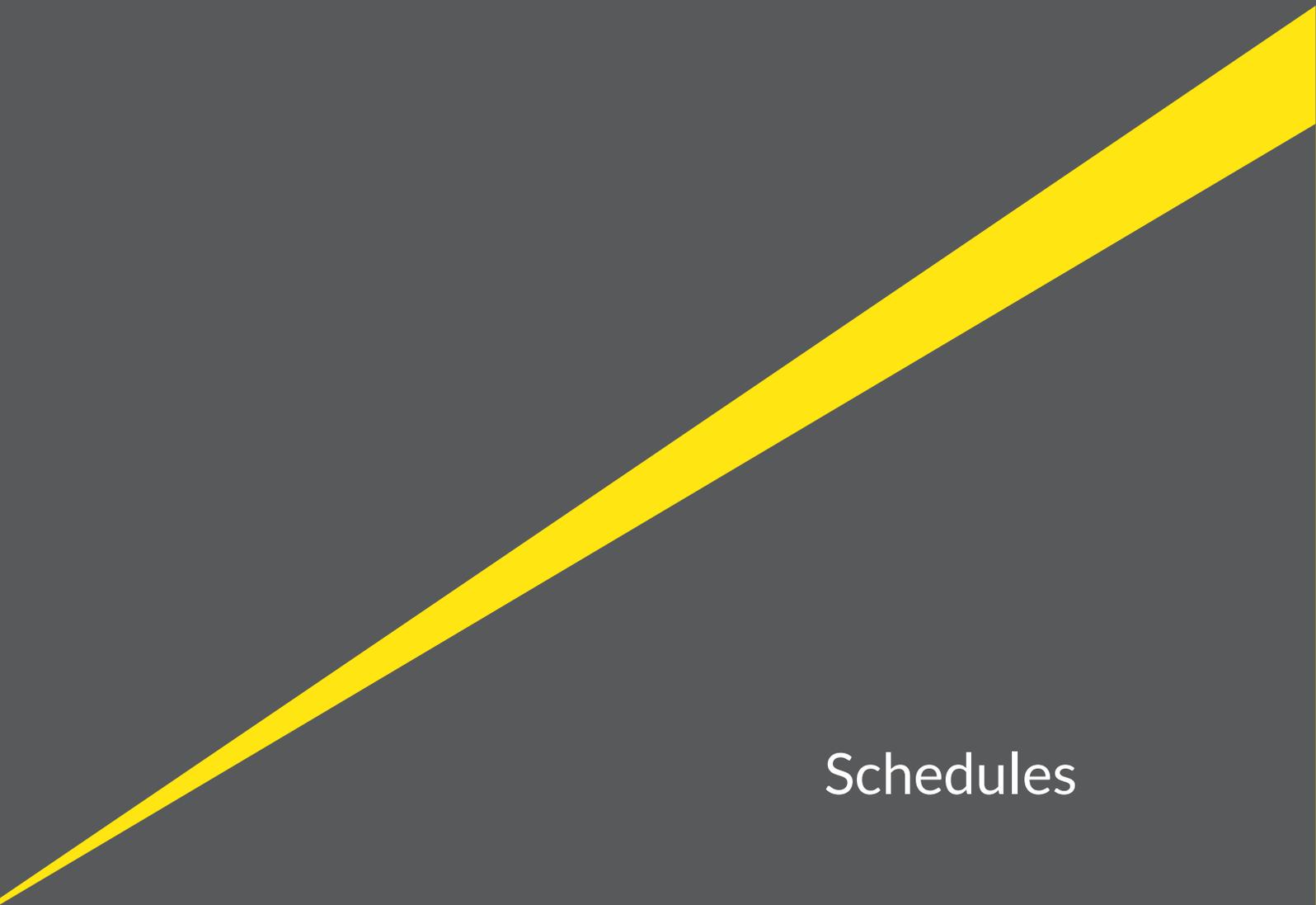
The economic impacts estimated in this chapter demonstrate the Proposal has economic merit, having the ability to contribute immediately to the Shoalhaven local economy and improve the vitality of the Culburra Beach Town Centre.

It is impossible to tell how long or severe the COVID-19 pandemic or the resultant recession will be, as the outcomes will depend on the ability to contain the spread of the outbreak, timeframes for developing and distributing a successful vaccine, and the effectiveness of government stimulus and support measures in Australia and globally.

However, bringing forward shovel-ready investment is a low risk and easily implementable measure by which to support jobs and incomes in local communities. If approved, the Proposal could be an important catalyst for employment in the Shoalhaven LGA whilst meeting the needs of the local Culburra Beach community.

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Schedules

Economic Impact Modelling Assumptions

Input-Output models are a method to describe and analyse forward and backward economic linkages between industries based on a matrix of monetary transactions. The model estimates how products sold (outputs) from one industry are purchased (inputs) in the production process by other industries.

The analysis of these industry linkages enables estimation of the overall economic impact within a catchment area due to a change in demand levels within a specific sector or sectors.

Impacts are traced through the economy via:

- Direct impacts, which are the first round of effects from direct operational expenditure on goods and services.
- Flow-on impacts, which comprise the second and subsequent round effects of increased purchases by suppliers in response to increased sales. Flow-on impacts can be disaggregated to:
 - Industry Support Effects (Type I) derived from open Input-Output models. Type I impacts represent the production induced support activity as a result of additional expenditure by the industry experiencing the stimulus on goods and services, and subsequent round effects of increased purchases by suppliers in response to increased sales.
 - Household Consumption Effects (Type II) derived from closed Input-Output Models. Type II impacts represent the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the catchment economy.

Economic analysis considers the following four types of impacts.

Table S1.1: Economic Activity Indicators

Indicator	Description
Output	The gross value of goods and services transacted, including the cost of goods and services used in the development and provision of the final product. Care should be taken when using output as an indicator of economic activity as it counts all goods and services used in one stage of production as an input to later stages of production, thus overstating economic activity.
Gross Product	The value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g. Gross Regional Product, GRP) defines a net contribution to economic activity.
Incomes	The wages and salaries paid to employees as a result of the Project either directly or indirectly.
Employment	Employment positions generated by the Project (either full time or part time, directly or indirectly). Employment is reported in terms of Full-Time Equivalent (FTE) positions or person-years.

Source: Atlas

REGIONAL MODEL DEVELOPMENT

Multipliers used in this assessment have been created using a regionalised Input-Output model derived from the 2017-18 Australian transaction table (ABS, 2020).

Estimates of gross industry production in the catchment area (i.e. Shoalhaven LGA) were developed based on the share of employment (by place of work) within the Australian economy (ABS, 2017) using the Flegg Location Quotient and Cross Hauling Adjusted Regionalisation Method (CHARM). See Norbert (2015) and Kronenberg (2009) for further details.

MODELLING LIMITATIONS AND ASSUMPTIONS

Input-Output modelling is subject to a number of key assumptions and limitations (ABS, 2020):

- **Lack of supply-side constraints:** The most significant limitation of economic impact analysis using multipliers is the implicit assumption that the economy has no supply-side constraints. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.
- **Fixed prices:** Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. Prices are assumed to be unaffected by policy and any crowding out effects are not captured.
- **Fixed ratios for intermediate inputs and production:** Economic impact analysis using multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. As such, impact analysis using multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount;
- **No allowance for purchasers' marginal responses to change:** Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.
- **Absence of budget constraints:** Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.

Despite these notable limitations, Input-Output techniques provide a solid approach for assessing the direct and flow on economic impacts of a project or policy that does not result in a significant change in the overall economic structure.

DRIVERS OF ECONOMIC IMPACT

In order to understand the economic impacts likely to result from the Proposal Case, it is necessary to distinguish economic impacts during the construction phase and those economic impacts that will be more permanent in nature following construction completion and operations commencement.

- **Construction Phase**
Construction activity will draw resources from and thereby generate economic activity in the Shoalhaven LGA as well as from outside the LGA. Assumptions are made on the proportion sourced from within and from outside the LGA.
- **Operational Phase**

In the Proposal Case, the Proposal would impact ongoing economic operational activity through:

- Direct turnover generated by the industrial operational activities on-site.
- Direct turnover generated by the tavern/leisure operational activities on-site.
- Economic activity as a result of employment activity from 'dispersed jobs', i.e. residents who work from home.
- Economic activity as a result of direct expenditure of new households, i.e. additional households who live in the new dwellings.

Construction Phase

For modelling purposes, construction costs (including contingency) for the Proposal Case were broken down into their respective Australia and New Zealand Standard Industrial Classification (ANZSIC) industries. This breakdown was developed based on the following assumptions by Atlas regarding the most appropriate ANZSIC industries for each activity.

Table S1.2: Construction Cost Allocation, Proposal Case (Incl. Contingency)

Work Type	Proposal Case (\$M)	ANZSIC
Site Works	\$2.4	Heavy and Civil Engineering, Construction Services
Residential Construction	\$102.8	Residential Building Construction, Construction Services
Non- Residential Construction	\$17.9	Non-Residential Building Construction, Construction Services
Professional Fees	\$11.7	Professional, Scientific and Technical Services
Total	\$134.9	

Source: Atlas

Of the above capital outlay, not all activity will be undertaken within the Shoalhaven LGA economy. For the purposes of this assessment it was assumed:

- Approximately 75% of the direct expenditure on construction-related activity would be sourced from local businesses and labour (with the exception of professional fees which was assumed at 50%). Of this:
 - Approximately 25% of purchases on goods and services (supply chain related activity) made by construction-related businesses sourced from outside the Shoalhaven LGA would be spent within the local economy (i.e., 25% of the Type I flow on activity associated with non-local construction companies is assumed to represent additional local activity in Shoalhaven LGA).
 - Approximately 5% of wages and salaries paid to construction-related workers sourced from outside the region would be spent on local goods and services, such as food and beverages (i.e., 5% of the Type II).

Only flow-on activity of locally sourced professional, scientific and technical services activity (50%) is included, as it is not anticipated professional, scientific and technical services businesses located outside of Shoalhaven LGA would purchase goods/ services locally.

Operational Phase

In order to model the economic impacts, operational employment levels for the economic activity occurring in Proposal were categorised into the ANZSIC industries which Atlas considered most appropriate.

Employment by industry estimates were converted to a direct output value using a multiplier based on the national transaction table (ABS, 2020). The resultant estimates of output were modelled as the direct activity associated with the Proposal Case.

Dispersed jobs (i.e. number of residents working from home) were based on the historic number of residents in the Shoalhaven LGA who work from home (5.7% as at the 2016) Census. These estimated jobs were then split based on the historic employment profile of Shoalhaven LGA residents.

Table S1.3: Operational FTE Allocation of Floorspace

Work Type	GFA (sqm)	GFA/ FTE	Estimated Jobs (FTE)	ANZSIC
Town Centre	2,458	50	49	Food and Beverage Services (50%)/Retail Trade (50%)
Small Industrial	7,868	100	79	Automotive repair and maintenance (25%)/ Construction services (25%)/ Residential construction (50%)
Large Industrial	3,969	125	32	Transport, postal and warehousing (100%)
Residential		-	48	Split to align with PoUR Employment by Industry for Shoalhaven LGA
Total	14,296		208	

Source: Atlas

Household Expenditure Supported

The ABS Household Expenditure Survey (ABS, 2017) was used to identify the proportion of weekly household incomes that is spent across expenditure items in the Shoalhaven LGA. The lowest quintile of NSW residents was used to best represent the expenditure patterns of residents in the Shoalhaven LGA.

The household survey only contains household expenditure data, and individual residents must be converted to an equivalent number of households. This was achieved by applying the estimated number of net new dwellings (384), a vacancy rate of 2% resulting in 376 equivalent households residing within the development under the proposal case.

This data was converted to 2020 values, annualised and allocated into their respective ANZSIC industries. The breakdown to ANZSIC industries was developed based on assumptions by Atlas regarding the most appropriate ANZSIC industries for each activity.

Table S1.4 shows the household expenditure estimates for the Shoalhaven LGA should the Site be redeveloped to accommodate 376 households.

Table S1.4: Estimated Household Expenditure Supported, Proposal Case

ANZSIC	Total Annual Spend (\$M)	% Spent in Shoalhaven LGA	Local Spend (\$M)
Ownership of Dwellings	\$6.0	50%	\$3.0
Retail Trade	\$5.6	75%	\$4.2
Food and Beverage Services	\$3.0	75%	\$2.2
Personal Services	\$1.6	75%	\$1.2
Other Services	\$1.6	75%	\$1.2
Telecommunication Services	\$1.0	25%	\$0.3
Road Transport	\$2.1	50%	\$1.0
Rail Transport	\$1.3	50%	\$0.6
Air and Space Transport	\$0.8	0%	\$0.0
Sports and Recreation	\$2.6	75%	\$2.0
Primary and Secondary Education Services	\$0.4	75%	\$0.3
Technical, Vocational and Tertiary Education Services	\$0.3	60%	\$0.2
Arts, Sports, Adult and Other Education Services	\$0.1	60%	\$0.0
Health Care Services	\$1.8	75%	\$1.4
Heritage Creative and Performing Arts	\$1.1	75%	\$0.8
Electricity Transmission, Distribution, On Selling and Electricity Market Operation	\$0.4	25%	\$0.1
Total	\$29.9	62%	\$18.7

Note: Totals may not sum due to rounding.

Source: ABS (2017b), Atlas

Employment by ANZSIC and BIC, Shoalhaven LGA

Table S2.1: Employment by ANZSIC and BIC (2011-2019), Shoalhaven LGA

Industry	2011		2016		2019		2011-2019	
	No.	%	No.	%	No.	%	No.	%
Australian and New Zealand Standard Industrial Classification (ANZSIC)								
Agriculture, Forestry and Fishing	233	0.7%	908	2.3%	810	2.0%	577	247.6%
Mining	60	0.2%	102	0.3%	139	0.3%	79	131.7%
Manufacturing	2,795	8.0%	2,303	5.8%	2,972	7.4%	177	6.3%
Electricity, Gas, Water and Waste Services	446	1.3%	497	1.2%	507	1.3%	61	13.7%
Construction	3,488	10.0%	4,734	11.8%	5,670	14.1%	2,182	62.6%
Wholesale Trade	652	1.9%	533	1.3%	606	1.5%	-46	-7.1%
Retail Trade	4,849	13.9%	4,835	12.1%	4,663	11.6%	-186	-3.8%
Accommodation and Food Services	3,522	10.1%	3,858	9.6%	3,963	9.9%	441	12.5%
Transport, Postal and Warehousing	1,189	3.4%	1,398	3.5%	1,201	3.0%	12	1.0%
Information Media and Telecommunications	357	1.0%	406	1.0%	288	0.7%	-69	-19.3%
Financial and Insurance Services	556	1.6%	481	1.2%	461	1.1%	-95	-17.1%
Rental, Hiring and Real Estate Services	650	1.9%	683	1.7%	673	1.7%	23	3.5%
Professional, Scientific and Technical Services	1,391	4.0%	1,759	4.4%	1,596	4.0%	205	14.7%
Administrative and Support Services	590	1.7%	1,819	4.5%	1,357	3.4%	767	130.0%
Public Administration and Safety	4,377	12.5%	3,933	9.8%	4,123	10.3%	-254	-5.8%
Education and Training	2,791	8.0%	3,286	8.2%	3,452	8.6%	661	23.7%
Health Care and Social Assistance	4,915	14.1%	6,373	15.9%	5,720	14.2%	805	16.4%
Arts and Recreation Services	724	2.1%	599	1.5%	548	1.4%	-176	-24.3%
Other Services	1,375	3.9%	1,482	3.7%	1,425	3.5%	50	3.6%
Total	34,960	100.0%	39,987	100.0%	40,172	100.0%	5,212	14.9%
Broad Industry Classification (BIC)								
Population Serving	13,958	39.9%	15,508	38.8%	16,269	40.5%	2,310	16.6%
Knowledge Intensive	7,921	22.7%	9,081	22.7%	8,498	21.2%	577	7.3%
Health and Education	7,706	22.0%	9,659	24.2%	9,172	22.8%	1,465	19.0%
Industrial	5,375	15.4%	5,741	14.4%	6,235	15.5%	860	16.0%
Total	34,960	100.0%	39,989	100.0%	40,174	100.0%	5,212	14.9%

Source: NIEIR (2020)

Employment by ANZSIC and BIC, Catchment Area

Table S3.1: Employment by ANZSIC and BIC (2011-2016), Catchment Area

Industry	2011		2016		Change (2011-16)	
	No.	%	No.	%	No.	%
Australian and New Zealand Standard Industrial Classification (ANZSIC)						
Agriculture, Forestry and Fishing	3	0.7%	5	1.0%	2	66.7%
Mining	0	0.0%	4	0.8%	4	400.0%
Manufacturing	16	3.7%	13	2.5%	-3	-18.8%
Electricity, Gas, Water and Waste Services	4	0.9%	0	0.0%	-4	-100.0%
Construction	55	12.8%	90	17.6%	35	63.6%
Wholesale Trade	0	0.0%	0	0.0%	0	-
Retail Trade	97	22.5%	80	15.6%	-17	-17.5%
Accommodation and Food Services	37	8.6%	44	8.6%	7	18.9%
Transport, Postal and Warehousing	3	0.7%	12	2.3%	9	300.0%
Information Media and Telecommunications	0	0.0%	3	0.6%	3	300.0%
Financial and Insurance Services	3	0.7%	5	1.0%	2	66.7%
Rental, Hiring and Real Estate Services	15	3.5%	13	2.5%	-2	-13.3%
Professional, Scientific and Technical Services	26	6.0%	15	2.9%	-11	-42.3%
Administrative and Support Services	15	3.5%	16	3.1%	1	6.7%
Public Administration and Safety	6	1.4%	6	1.2%	0	-
Education and Training	36	8.4%	40	7.8%	4	11.1%
Health Care and Social Assistance	86	20.0%	98	19.1%	12	14.0%
Arts and Recreation Services	14	3.2%	13	2.5%	-1	-7.1%
Other Services	13	3.0%	22	4.3%	9	69.2%
Inadequately Described/Not Stated	-	-	27	5.3%	N/A	N/A
Total	431	100.0%	512	100.0%	81	18.8%
Broad Industry Classification (BIC)						
Population Serving	216	50.3%	249	49.2%	33	15.3%
Knowledge Intensive	65	15.2%	58	11.5%	-7	-10.8%
Health and Education	122	28.4%	138	27.3%	16	13.1%
Industrial	26	6.1%	34	6.7%	8	30.8%
Inadequately Described/Not Stated	0	-	27	5.3%	-	-
Total	431	100.0%	512	100.0%	81	18.8%

Source: ABS (2017)

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