STIRLING ALLIANCE

STIRLING CITY CENTRE ECONOMIC DEVELOPMENT STRATEGY

SCOPING PAPER

APRIL 2010

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1.0

1 INTRODUCTION

The purpose of this report is to detail the required scope for an economic development strategy for the Stirling City Centre. In doing so, the paper will devise an economic positioning for the Stirling City Centre consistent with its status in the Department of Planning's Activity Centres Hierarchy and based on its comparative advantages within the metropolitan network of Activity Centres.

This is not an economic development strategy. Instead, it identifies key considerations required to build an economic development strategy for the Stirling City Centre.

2.0

2 BACKGROUND

2.1 METROPOLITAN CONTEXT

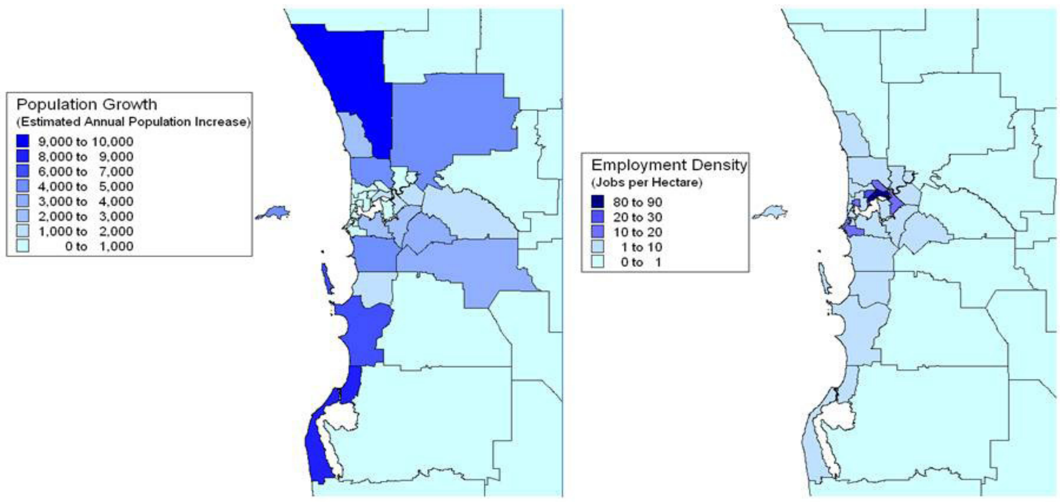
Despite 'sustainability' rhetoric from governments, planners, and the commercial sector, our cities are still sprawling. Residential development is growing rapidly in the coastal suburbs of the North-West and South-West sub-regions due to lack of affordable inner sector housing, high levels of natural amenity associated with beachside living with relative housing affordability, and the reinforcement of north-south oriented major transport infrastructure including the Mitchell and Kwinana Freeways and the passenger rail system.

In contrast to this sprawling population growth, industry development and business growth has occurred within centrally concentrated business districts to maximise agglomeration benefits, including the sharing of knowledge and infrastructure and proximity to supply chains and knowledge networks. Commercial floorspace within the Perth CBD is in high demand, and a lack of office supply has seen businesses spill out into the surrounding inner suburbs which, while close to the CBD, are often more difficult to access by public transport. Figure 1 illustrates the geographic disparity between population growth and employment density.

A consequence of this imbalance is that working residents of the outer sub-regions are forced to commute in to the Central sub-region in order to access higher skilled and higher productivity jobs. This leads to peak hour congestion on the road system and associated negative externalities such as pollution, lost labour productivity, stress and increasing travel costs for the commuting worker.

One of the primary objectives of Directions 2031: The Draft Spatial Framework for Perth and Peel is to achieve a more balanced distribution of population, dwellings and employment across the metropolitan area. This involves:

Figure 1. Perth Metropolitan Population Growth and Employment



Source: Pracsys Modelling (2009), ABS Census (2006), DPI Draft Directions 2031 Spatial Framework (2009)

- Improving the employment self sufficiency of the outer sub-regions
- Increasing distribution of new residents and dwellings to the central sub-region

While planning policy aims at a more balanced distribution of employment across the metropolitan area, consolidation of population growth into the central sub-region means the trend of centralised employment is likely to continue. The population of the central sub-region is forecast to increase by 29 per cent to 2031. To achieve the target ESS of 121 per cent, 153,297 new jobs will need to be generated within the central sub-region by 2031. Of these new jobs, approximately 31,602 will need to be knowledge intensive export oriented (KEIO) in nature.

Figure 2: Population and Employment Characteristics of the Central sub-region

Characteristic	2006	2031	Difference
Residents	669,571	910,000	240,429
% Working Age	84%	84%	
Working Age Population	560,510	761,777	201,267
Participation Rate	61%	62%	
Labour Force	342,140	469,000	126,860
Total Jobs	417,095	570,000	152,905
Population-Driven Jobs	337,814	459,117	121,303
Strategic Jobs	79,281	110,883	31,602
ESS%	122%	121%	
PD jobs per resident	0.50	0.50	
Job Gap	-74,955	-101,000	-26,045

Source: ABS Census of Population and Housing, Direction 2031 Spatial Framework for Perth and Peel and Pracsys modelling 2009.

2.2 ACTIVITY CENTRES HIERARCHY

Directions 2031 outlines the new hierarchy of Activity Centres in the Perth and Peel area. This hierarchy nominates the role each centre should play within the network and identifies which centres should assume a strategic role, and which should perform a purely population-driven function. The hierarchy nominates a limited number of Strategic City Centres, based around infrastructure, and large enough to produce productivity increases from agglomeration. The role of these centres is not only to provide a full range of population driven amenity but also to play a greater role in the provision of high-order Knowledge Intensive Export Oriented (KEIO) jobs, services and facilities to the sub-region to reduce the growing pressure and congestion in the Perth Central area. These centres should provide an alternative strategic employment location to the CBD, maximise leverage from transport infrastructure and begin to address the economic, social and environmental costs associated with extensive commuting. Modelling conducted by Pracsys suggests that overall, Strategic City Centres within the Central Sub-Region should provide approximately 12% of the overall employment within the Sub-Region (increasing from a current provision of 7%). The result of this is a need to create an additional 34,037 jobs within these Centres (Figure 3).

Figure 3. Employment Distribution Amongst Central Sub-Region Activity Centres

Central sub-region	Centre Count	Current Jobs		Future Jobs		Gap
Perth Central Area	4	104,490	34%	146,762	31%	42,272
Strategic Specialised Centre	4	28,572	9%	56,811	12%	28,239
Strategic Industrial Centre	1	24,767	8%	37,874	8%	13,107
Strategic City Centre	4	22,774	7%	56,811	12%	34,037
Regional Town Centre	10	37,349	12%	56,811	12%	19,462
Regional Industrial Centre	4	43,394	14%	61,545	13%	18,151
Regional Specialised Centre	1	3,823	1%	4,734	1%	911
District Town Centre	30	40,263	13%	52,077	11%	11,814
Total		305,432	100%	473,425	100%	167,993

Source: Pracsys Modelling (2010)

Modelling also assumes an increase in the significance of Stirling City Centre as a major employment node compared to other Strategic City Centres within the Central Sub-Region. This is due to its proximity to the CBD, the impact of public and private sector investment, accessibility of the centre by public transport and the maturation of current industry agglomerations. The distribution of new employment required to support the employment self sufficiency goals of Directions 2031 from the realistic development of Strategic City Centres within the Central Sub-Region is shown in Figure 4.

Figure 4. Distribution of Required Employment Amongst Central Sub-Region Strategic City Centres

Centre	Current	Weighting	Rank	Jobs	Gap
Stirling	5,199	33%	1	18,748	13,549
Fremantle	7,727	27%	2	15,339	7,612
Canning	4,834	23%	3	13,067	8,233
Bayswater	5,014	17%	4	9,658	4,644
All	22,774	100%		56,811	34,037

Source: Pracsys Modelling (2010)

2.3 STIRLING CONTEXT

The greater Stirling City Centre was originally developed as a general retail and light industrial area. Over time, the centre has emerged as a major convenience and comparison retail centre with bulky goods and specialised retail (construction and home making) in adjacent Osborne Park having a metropolitan wide catchment. More recently the areas within the Centre's areas of influence have begun to develop a significant commercial office function (in particular Herdsman Business Park). Rather than cannibalising activity in the Perth Central Area, Stirling City Centre has developed a complementary function by catering for larger format commercial office buildings that play a vital metropolitan role but, for a number of reasons such as cost and lack of available space, would not locate in the CBD.

The designation of the Stirling City Centre as a Strategic City Centre in Directions 2031 creates an imperative for the Centre to mature into a major employment centre for the Central sub-region. Directions 2031 anticipates a substantial increase in the population of the Stirling LGA to 2031 (62,000 new residents). This equates to a need for a significant increase in the provision of goods, services and population driven amenities to be supplied locally. Furthermore, with a growing emphasis in State Planning Policy on the development of residential dwellings in and around activity centres, it is likely that a significant proportion of the new residential population will be accommodated within the Stirling City Centre. Based on the Stirling City Centre Staging Plan, Figure 5 illustrates the indicative timing of residential development within the Stirling City Centre Structure Plan Area.

Figure 5. Indicative timing of residential development within the Stirling City Centre

	2011-2015	2016-2020	2021-2025	2026-2030	Beyond 2031
Residential Dwellings	700	3,735	6,435	11,540	15,205

Source: DoP Stirling City Centre Staging Plan - New Development 2010

The 11,540 dwellings to be developed in the Stirling City Centre by 2031 represents 9.5 percent of the new dwellings required in the Central Sub-Region. Assuming this level of residential development can be replicated in the other three Strategic City Centres and that double this level can be developed in the Perth Central Area, approximately 69,240 (57 per cent) of the new dwellings required in the central sub-region could be accommodated in the five major centres. The balance would need to be accommodated within lower order centres and greenfield developments.

In addition to providing a greater level of population driven employment, the area will need to generate high order Knowledge Intensive Consumer Services (KICS) and KIEO employment. Employment within these categories is important, as jobs are often higher in productivity, resulting in greater economic benefits to firms (profits) and individuals (wages). Figure 6 provides an indicative distribution of employment by quality within Stirling City Centre in 5-year increments to 2031. A key outcome of this table is the estimate of strategic KIEO jobs required within Stirling (4,124 jobs in 2031 from 475 jobs in 2006). The additional 3,649 jobs will be the result of economic development not linked to population-growth, and therefore likely to require significant strategic planning and interventions.

Figure 6. Stirling City Centre Employment Composition

	2006		2011		2016		2021		2026		2031	
Employment Types	Jobs	%	Jobs	%	Jobs	%	Jobs	%	Jobs	%	Jobs	%
Export	147	3%	283	4%	465	4%	691	5%	960	6%	1,273	7%
Consumer Services	2,519	48%	3,639	46%	4,633	44%	5,506	41%	6,263	39%	6,910	37%
Producer Services	1,568	30%	2,338	30%	3,061	29%	3,743	28%	4,383	27%	4,982	27%
KICS	637	12%	1,014	13%	1,417	13%	1,840	14%	2,280	14%	2,732	15%
KIPS	328	6%	634	8%	1,043	10%	1,548	12%	2,151	13%	2,852	15%
Total	5,199	100%	7,909	100%	10,618	100%	13,328	100%	16,038	100%	18,748	100%
Population driven	4,724	91%	6,991	88%	9,111	86%	11,089	83%	12,927	81%	14,623	78%
Strategic	475	9%	917	12%	1,508	14%	2,239	17%	3,111	19%	4,124	22%

Source: ABS Census of Population and Housing, Direction 2031 Spatial Framework for Perth and Peel and Pracsys modelling 2009.

2.3.1 Economic Challenges

An emerging economic challenge as the information age progresses is that more people are moving into knowledge-intensive occupations that are less transactional in nature. The Stirling City Centre needs to diversify its economic base in order to reach its full potential as a multi-user Activity Centre, simultaneously accommodating the needs of a large residential population, a day-time workforce and an expanding metropolitan visitor population.

Stirling is constrained economically by its spatial organisation. Both inter and intra centre accessibility is poor and this limits the centre's ability to provide the high level of amenity required to attract a wide user mix. The spatial organisation of the centre also impairs its ability to achieve intense agglomerations of activity. Successful places performing a strategic function benefit from intense, well-connected concentrations, rather than dispersed activity.

Principle 1. Maximise the population-driven employment generated within Stirling City Centre in the context of the Draft Activity Centres Policy hierarchy

3.0

3 ECONOMIC DEVELOPMENT PLATFORM

3.1 ECONOMIC DEVELOPMENT PRINCIPLES

To meet sub-regional employment goals identified in Directions 2031, the Strategic City Centres in the central sub-region need to develop a significant presence of knowledge intensive/export oriented activity. Employment targets, initiatives and statements for the Stirling City Centre need to be cognisant of the defined role of the development (and Activity Centre) within statutory planning frameworks as well as the role of other centres within the sub-region. Based upon this understanding, a number of principles have been developed, which consider the activation of population-driven employment and generation of knowledge intensive/export oriented (strategic) employment in the Stirling City Centre. These are:

Principle 1. Maximise the population-driven employment generated within Stirling City Centre in the context of the Draft Activity Centres Policy hierarchy

Principle 2. Identify comparative advantages and existing agglomerations around which strategic employment may be based

Principle 3. Identify ongoing national and international needs that this activity could meet

Principle 4. Facilitate the creation of 'sticky' jobs by this activity

Principle 5. Access funding streams that are available to the centre in the short term, whilst ensuring the centre is able to sustain itself in the medium to long term

Principle 6. Ensure that comparative advantage of this activity will not cannibalise existing and future agglomeration economies in the Central sub-region

Principle 7. Ensure that Activity will link to and support the agglomeration economies in the Central sub-region

Principle 8. Ensure that economic development is based upon a rigorously developed business case

Refer to Appendix 1 for more details on how these principles apply to the Stirling City Centre.

Based on these principles, the economic development of the Stirling City Centre will follow two trajectories:

i) retail and consumer services distribution employment as determined by the growth in the Stirling City Centre catchment; and

ii) strategic employment as determined by the sustainable comparative advantages of existing and future industry agglomerations.

The following graphic outlines the basis for a strategic economic development platform for Stirling City Centre. This platform needs to be augmented with an economic development strategy.

Industry	ECF
570 Internet Publishing and Broadcasting	12.67
541 Newspaper, Periodical, Book and Directory Publishing	8.95
551 Motion Picture and Video Activities	1.87
591 Internet Service Providers and Web Search Portals	0.89
601 Libraries and Archives	0.52
580 Telecommunications Services	0.47
592 Data Processing, Web Hosting and Electronic Information Storage Services	0.39
540 Publishing (except Internet and Music Publishing), nfd	-
542 Software Publishing	-
550 Motion Picture and Sound Recording Activities, nfd	-
552 Sound Recording and Music Publishing	-
560 Broadcasting (except Internet), nfd	-
561 Radio Broadcasting	-
562 Television Broadcasting	-
590 Internet Service Providers, Web Search Portals and Data Processing Services, nfd	-
600 Library and Other Information Services, nfd	-
602 Other Information Services	-
J00 Information Media and Telecommunications, nfd	-

Panel B

Detail industry concentrations - Media & Telecommunications

ANZSIC	ECF
Information media & telecommunications	**3.02**
Wholesale trade	1.85
Construction	**1.58**
Manufacturing	1.56
Arts & recreation services	1.38
Retail trade	1.32
Other services	1.24
Administrative & support services	1.11
Agriculture, forestry & fishing	0.89
Financial & insurance services	0.81
Health care & social assistance	0.79
Public administration & safety	0.75
Professional, scientific & technical services	0.65
Accommodation & food services	0.59
Rental, hiring & real estate services	0.58
Transport, postal & warehousing	0.50
Mining	0.28
Electricity, gas, water & waste services	0.22
Education & training	0.18

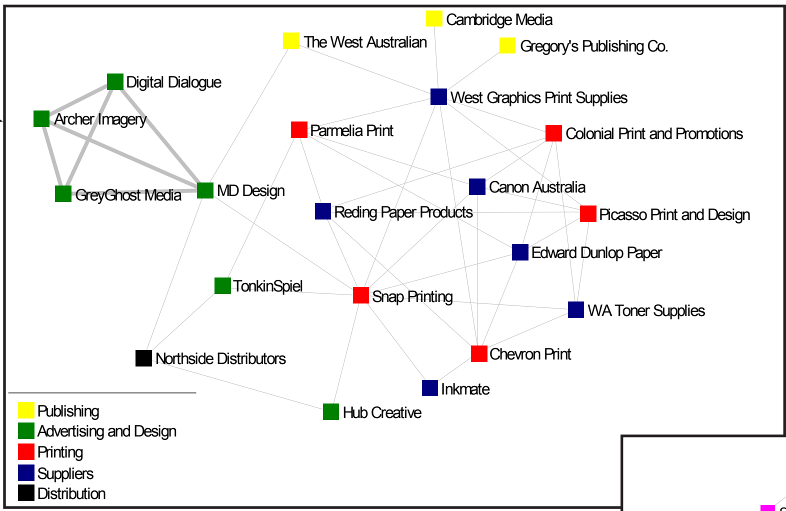
Panel A

High level industry concentrations

Industry	ECF
301 Residential Building Construction	3.42
323 Building Installation Services	1.91
300 Building Construction, nfd	1.30
324 Building Completion Services	1.19
302 Non-Residential Building Construction	1.05
329 Other Construction Services	0.94
321 Land Development and Site Preparation Services	0.50
322 Building Structure Services	0.39
310 Heavy and Civil Engineering Construction	0.31
320 Construction Services, nfd	0.23

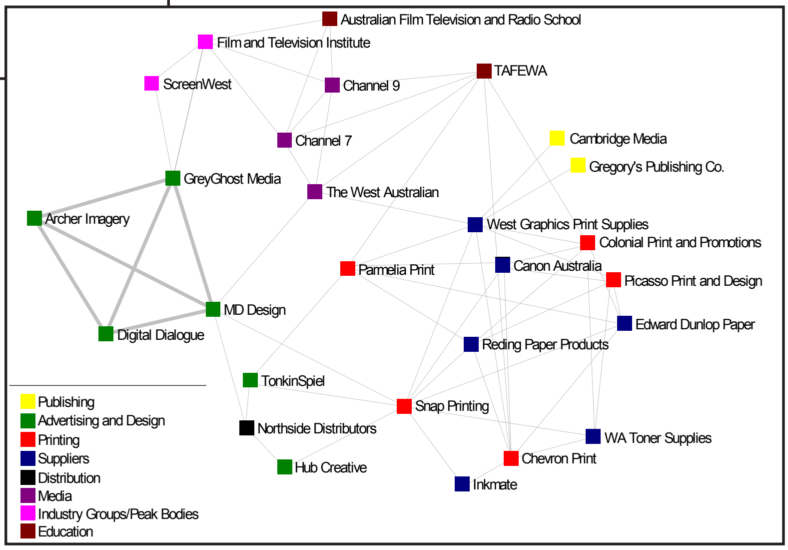
Panel C

Detail industry concentrations - Construction



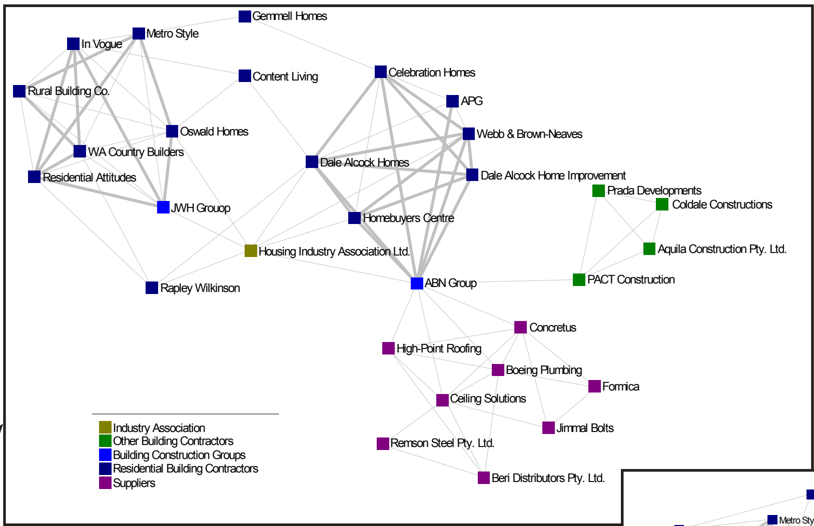
Panel D

Stirling Multimedia and Communications Industry Map (Indicative)



Panel E

Future Stirling Multimedia and Communications Industry Network (Indicative)

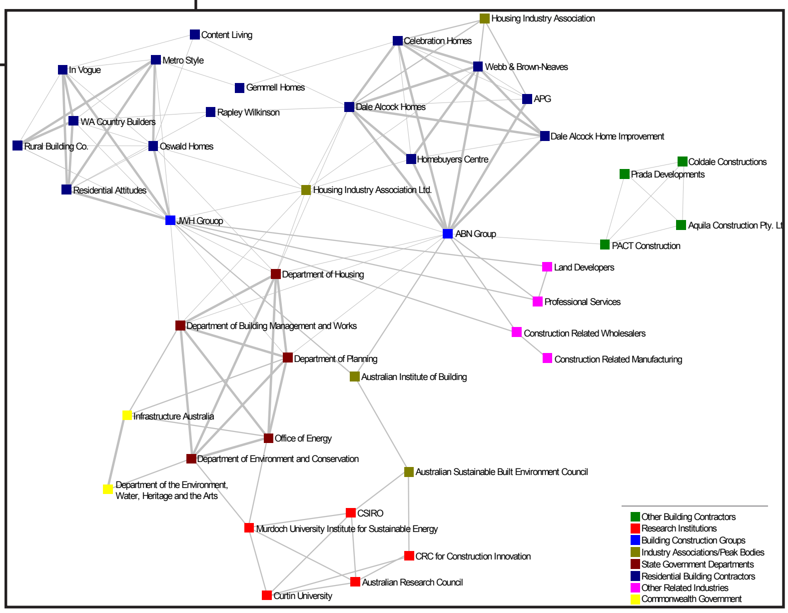


Panel F

Stirling Construction and Housing Industry Map (Indicative)

Panel G

Stirling Sustainable Built Environment Network (Indicative)



3.2 PANEL A - HIGH LEVEL INDUSTRY CONCENTRATIONS

By calculating the employment concentration factor of industries in Stirling, it is possible to identify existing agglomerations of knowledge intensive/export oriented employment. Employment Concentration Factors are determined by calculating employment in an ANZSIC industry within a specified area as a percentage of total employment. This ratio is then compared to the percentage of total metropolitan area employment in that same industry divided by total metropolitan area employment. If an industry's ECF is greater than 1.0, the metropolitan average, it can be assumed that some portion of its production is exported out of the area. For example, an ECF of 3.0 would mean that employment in this particular industry is three times more concentrated in the region than for the metropolitan area as a whole.

Panel A shows the employment concentration factors of industries at the 1-digit (general) ANZSIC level within the Stirling City Centre's area of influence. The employment concentration factors indicate that there are a number of economic themes emerging within the commercial office focus, including information, media and telecommunications and construction.

3.3 PANEL B, D & E - DETAILED INDUSTRY CONCENTRATIONS - MEDIA AND TELECOMMUNICATIONS

Further examination of the Information, media & telecommunications Industry at the 3-digit ANZSIC level reveals significant agglomerations in Internet Publishing and Broadcasting and Newspaper, Periodical, Book and Directory Publishing.

Panel D provides an indicative network map of the Multimedia and Communications industry within Stirling. There are three major cliques, publishing which is largely dominated by the West Australian also containing smaller companies including Cambridge Media and Gregory's Publishing, Advertising clique incorporating a range of communication disciplines including film, photography and graphic design and a print clique. The commonalities between the cliques are the suppliers but also the type of labour is similar.

Panel E provides a indication of how the multimedia network may evolve in the future. It is anticipated that there will be a strengthening of the existing network and the attraction of new agencies and partners including education institution, professional industry groups and other key private sector stakeholders.

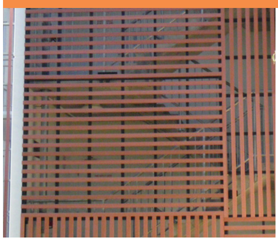
Principle 2. Identify comparative advantages and existing agglomerations around which strategic employment may be based

3.4 PANEL C, F & G - DETAILED INDUSTRY CONCENTRATIONS - CONSTRUCTION

Further examination of the construction industry at the 3-digit ANZSIC level reveals significant agglomerations in residential building construction and building installation services.

Panel F provides an indicative network map of the Construction industry within Stirling. THe three major cliques are residential construction clique anchored by major building groups, ABN and JWH group, other building contractors including Pact Construction and Prada Developments and finally there are construction suppliers.

Principle 6. Ensure that comparative advantage of this activity will not cannibalise existing and future agglomeration economies in the Central sub-region



Panel G provides and indication of how the construction network may evolve in the future. It is anticipated that there will be a strengthening of the existing network and the attraction of key research institution and government departments to form a sustainable built environment network.

3.5 EMPLOYMENT GOALS

Based upon the above situation analysis and set of principles (to be reflected in the sub-regional structure plan), a series of employment goals for Stirling need to be developed. These goals will be set for the duration of the development (to 2031), however some will be achieved far earlier. Feedback mechanisms interpreting new data sets as they become available will provide regular updates as to progress towards each goal.

Three goals that reflect analysis conducted to date, and industry development to be discussed in subsequent sections are:

- Achievement of 18,748 jobs within Stirling City Centre by 2031
- Strengthening of distinct Knowledge Intensive Export Oriented (KIEO) agglomeration economies reflected through two industries types (defined by 3-digit ANZIC code) with an ECF above 4.0
- Development of 4,124 strategic jobs within the Stirling City Centre by 2031

3.6 ECONOMIC POSITIONING

Based on the principles and goals outlined above, the following economic positioning statement for the Stirling City Centre has been developed.

"Stirling will be a high amenity, diverse, intense and highly accessible population-driven centre with a strong presence of high order employment concentrated around the extension of the already established Construction, and Multimedia/ Communications networks."

This positioning will need to be supported by a well considered economic development strategy that focuses upon on-the-ground implementation of initiatives that deliver tangible results. The strategy can be considered in three streams:

- maximising the intensity and diversity of population-driven retail and consumer services amenity;

- developing a multimedia communications network (including recruitment of both private and government sector industry members to locate in the SCC); and
- developing a sustainable environment network (including recruitment of both private and government sector industry members to locate in the SCC).

3.6.1 Multimedia/Communications Network (Panel E)

The Stirling City Centre also has the potential to leverage the existing multi-media/ communications industry agglomeration, through the development of a distinct location, with a compelling value proposition for this industry. Currently, the strength of relationship between industry players is low, with co-location mostly being a coincidence rather than intention (mostly due to comparative low cost factors of production in close proximity to the CBD). This creative industry type requires a skilled workforce and constant interaction and inspiration to be successful. This is the basis for a compelling value proposition for the Stirling City Centre, through development of distinct industry-specific soft infrastructure networks, and the inclusion of complementary supporting infrastructure including education facilities for workforce skills development and 21st century telecommunications technologies. In addition, a 'creative class' such as that which works within this field requires diverse, vibrant, and intense activity centres, that facilitate constant interaction between colleagues and competitors. The redevelopment of SCC provides an opportunity to deliver this outcome as the centre matures. Attraction of agencies and partners that may strengthen this industry agglomeration should focus upon education institutions and professional industry groups that provide skills and support to the industry. There is also outside potential for attraction of television networks currently located at Tuart Hill to the SCC as infrastructure requirements change, and their location decision-factor become more flexible. Panel E outlines potential actors within a mature Multimedia and Communications agglomeration economy centred around the SCC.

3.6.2 Sustainable Built Environment Network (Panel G)

Within Stirling City Centre, an opportunity exists to build upon the established construction industry players located within the greater Stirling/Osborne Park/Herdsman Business Park area for the development of a Sustainable Built Environment Network (SBEN). This strategic employment network would leverage the comparative advantages and existing agglomerations in the Stirling City Centre to generate significant knowledge intensive/export oriented activity that has the potential to provide quality employment to the central sub-region in the medium to long term. The SBEN will developed around a mission of:

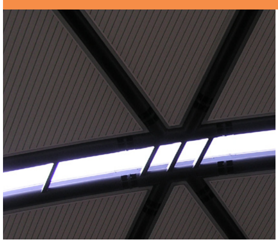
"Becoming a defined location, facilitating the interaction between actors within the sustainable built environment sector and supporting industries

Providing a base for the creation and sharing of knowledge pertaining to sustainable built environments aimed at solving the problems facing the industry

Providing a "one-stop-shop" for the comparison of new building and construction technologies"

Key to the development of the SBEN is linkages between industry, public sector agencies, and research and development agencies. Panel G shows the centrality of major state government departments within such a network, and suggests significant value to the SBEN would occur with the co-location of relevant arms of these agencies to industry partners within the greater Stirling precinct. The Network map also considers the relationship between research agencies including the CSIRO, Murdoch University, and a potential Cooperative Research Centre for Construction Innovation that would need to play a part in the development of this Network. Again co-location of relevant stakeholders in close proximity to the existing agglomeration would potentially strengthen the network and yield soft-infrastructure benefits. Attraction of such agencies may require the development of research infrastructure and testing facilities that provide a compelling value proposition to innovation-driven groups and individuals.

Principle 8. Ensure that economic development is based upon a rigorously developed business case



4.0

4 AGED AND STUDENT HOUSING

In order to investigate the potential opportunity to establish aged housing and/or student housing in the Stirling City Centre Precinct, we held discussions with:

- Darren Lynch, Asset Manager, Macquarie Private Equity Group;
- Jeff Greenwood, General Manager Projects, St Ives Group;
- Angus Kukura, General Manager, Marketing & Development, St Ives Group
- Mick Lilley, Division Director, Head of Government Business Aust, Macquarie Capital Advisers

4.1 AGED HOUSING

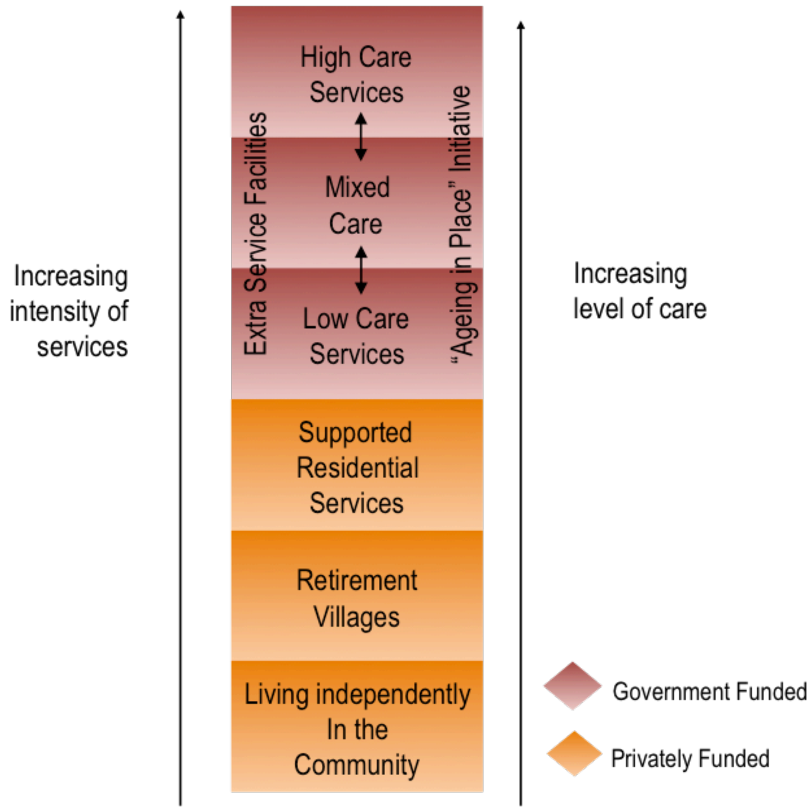
Aged housing in Australia is categorised by the level of dependency and care required:

Within this spectrum the two major categories of Aged Housing to be discussed are:

1. Aged Care/Extra Service Facilities; and
2. Retirement Villages.

Aged Care is driven by the needs of clients. It is Commonwealth-funded, regulated and demand is subject to independent assessment. Aged care accommodation is structured as "apartment style" units, with physical asset enhancements to support the needs of the tenant. The aged care profit model revolves almost entirely around the capital asset transaction (accommodation bonds), with the operating business (daily charges + levy) usually representing a break-even profit equation.

Retirement villages are established in response to market needs, whereby seniors have made a lifestyle decision to move from a stand-alone accommodation arrangement to one where like-situated seniors are accommodated. A retirement unit is more akin to a real estate investment, structured as a life lease, a license or a special tenancy. Owners of retirement units have the ability to participate in the capital growth of their property. Often, because of the tenancy arrangement, legal ownership will not pass to beneficiaries of an estate but an entitlement to capital growth will be determined and pass to beneficiaries.



The number of accommodation bonds marketed by an aged care operator is determined by the number of commonwealth-controlled licenses granted. These licenses are region-based, and subject to an application by the operator. This application would be prepared along business-case lines, whereby the operator would undertake comprehensive market analysis to determine the potential demand. Usually demand for aged care is more immediate and less discretionary than demand for retirement village accommodation. In many cases, the enquiry for aged care accommodation is undertaken by the client's children or carers in response to a life-changing event. Accordingly, the catchment area for aged care demand is usually much wider than that for retirement villages, where seniors will usually wish to stay in close proximity to their loved ones and familiar surroundings.

Favourable characteristics of an area that may support aged housing would include:

- Proximity to hospitals and medical facilities;
- Access to urban "village" facilities, e.g. cafes, parks, cinemas, etc – this is less important for aged care tenants who are in many cases unable to move freely outside their accommodation;
- Proximity to activity and "noise" – it was noted that seniors enjoy the variety associated with "unplanned external activity" e.g. "Did you see those couple of louts outside – what are they up to?"
- Proximity to public transport – bus or train; and
- Things they know and trust, e.g. a Police Station or a Church may be useful.

The retirement lifestyle industry in Australia has evolved into a multi-billion dollar industry. Major participants include listed developers and operators, through to charitable organisations.

Australia's population is ageing and demand for retirement village living is expected to grow strongly over the next two decades. Between 2011 and 2039, more than 2,000 Australians will turn 65 every week. These people will all require a level of care, in the range shown above.

Currently about 3.5% of people aged over 65 live in retirement villages. That figure could rise to more than 10% over the next 30 years.

A typical and successful location for aged housing would include Subi Centro, with its vicinity to urban lifestyle, transport convenience, and medical facilities, and Murdoch.

A good location for aged housing would be in the northern sector of the Stirling City Centre, with its vicinity to transport, the CBD village and, most importantly, Osborne Park Hospital.

Alternatively, the Innaloo Cinema site/old Innaloo Drive-In would also be a desirable location.

Collocation of the Retirement Village and Aged Care facilities would allow a seamless continuum of increased level of care, whilst also allowing many potential aged care occupants to remain in their village units, amongst their friends, while taking advantage of "Ageing in Place" higher care.

4.2 STUDENT HOUSING

Student housing, not surprisingly, is residential accommodation specifically targeted at post-secondary students. In most cases throughout Australia, these are University students. In virtually all cases where a student housing complex is established it is either located on-campus or very close to campus. The standard of accommodation is pitched at the lower level of amenity, although the facilities are expected to be quite new, reasonably modern and hygienic. The standard accords with that allocated to affordable housing.

Price is the main demand driver. Student housing is therefore configured and located to achieve a cost-effective solution.

Location, however, is critical. Whilst operators would be willing to consider a transport-oriented solution, i.e. one where a transport link is used to provide easy access to the campus, this would not be a favourable situation.

Given that, however, access to public transport is a critical locational driver. This, however, is more important to allow resident students to access additional facilities, ancillary to the main educational facility.

The best location for a student housing project is actually on-campus. The next best is near campus.

The critical decision driver for establishment of a new student housing facility is therefore location (on or near campus). The next most important driver is price of land, since price of land and the cost of development are critical to achieving a cost-effective outcome.

In considering the desirability of locations within the Stirling City Centre as a student housing area, it was noted that the area is not within close proximity to a University or TAFE College. This is a major drawback. Accordingly, the price of land would need to be significantly cheaper than other alternatives for a developer to seriously consider Stirling as an option.

In addition, it was noted that Edith Cowan University at Joondalup (at the end of the Joondalup rail line and therefore a potential demand source) was just about to add a further 500 student housing units, currently under construction.

Accordingly, the developer interviewed showed little interest in Stirling as a location for student housing.

APPENDIX 1:

SCOPE REQUIRED FOR STIRLING CITY CENTRE TO CONTRIBUTE TO THE PERTH METROPOLITAN EMPLOYMENT CHALLENGE

PRINCIPLE 1

Maximise the population-driven employment generated within Stirling City Centre in the context of the Metropolitan Centres Policy hierarchy

Economic growth within the Central sub-region can be maximised through the activation of activity centres. Such activation requires the provision of diverse activities throughout intense spaces that are highly connected to local and sub-regional catchments. This activity needs to be of an appropriate scale to perform the designated population-driven functions defined within the Draft Activity Centres Policy hierarchy. In the case of Stirling City Centre this means providing a scale of activity commensurate with a Strategic City Centre.

PRINCIPLE 2

Identify comparative advantages and existing agglomerations around which strategic employment may be based

Essential to the development of an industry attraction strategy is an understanding of the economic factors that affect business expansion and relocation decisions. The factors affecting the location choice of firms have been studied extensively since the early 1900's. Early studies have focused of the effect of factor costs (such as transportation) of the location decisions of manufacturing firms. However, recent trends such as globalisation and the movement toward a knowledge based economy have prompted economists to explore the impact of a range of other factors such as agglomeration economies on the location decisions of firms.

Agglomeration economies are powerful forces that help explain the positive externalities that are generated from the "clustering" of economic activity. Agglomeration economies can cause a location with some small comparative advantage to become a place with a large concentration of diverse activity. While some small comparative advantage (such as population-driven amenity, availability of land or proximity to value chains) initially attracts businesses and households to the location, this original group then becomes the factor that attracts other businesses and households to that location. There are three main reasons why firms would choose to locate in close proximity to other firms in the same industry:

1) Forward and backward linkages - geographic proximity of customers (backward linkages) and of suppliers (forward linkages)
2) Knowledge spillover – geographic proximity facilitates the transfer of knowledge
3) Labour market pooling - concentration of related firms generates a pool of specialised labour

The generation of strategic activity within the Stirling City Centre will need to consider both the comparative advantages that the centre has and the presence of existing industry agglomerations.

Comparative Advantages

Comparative advantage refers to the ability of a location to enable firms to engage in production at a lower opportunity cost relative to firms in other location. Factors affecting the dynamics of comparative advantage include:

- Availability of skilled labour force
- Research and development capability
- Proximity to existing value chains
- Proximity to essential infrastructure
- Connectivity to other activity centres
- Cost to business in locating there

PRINCIPLE 3

Identify ongoing national and international needs that this activity will meet

Strategic economic activity is differentiated from population-driven activity by the generation of net new income for an economy through the creation of knowledge, goods and services that are of perceived value to markets outside of sub-regional and regional catchments. Such activity is crucial to the economic prosperity of an area as this new income is a driver of increased productivity and wealth.

A basis for the development of strategic economic activity within a sub-region is a clear understanding of the needs of external markets, and the role that the particular sub-region may play in solving these problems in the context of their potential comparative advantages.

Three broad challenges are pertinent to national and international markets in the context of Stirling's points of differentiation. These are:

- Demand for more sustainable build environments
- Demand for greater housing affordability
- Need to reduce our environmental footprint

Demand for more Sustainable Built Environments

Currently the construction industry faces unprecedented consumer demand for more sustainable built form. This demand is driven by growing consumer awareness of global environmental challenges.

Housing Affordability

Concern regarding housing affordability is not a new phenomenon, however Perth is beginning to feel the symptoms of true housing affordability being more than just rent and mortgage prices. At a time when Australians are facing the serious issues of climate change and peak oil prices, consideration of housing affordability must include transport and energy costs.

Reduction in our environmental footprint

It is widely accepted that there is a global need to reduce our impact on the environment. The construction industry is a major consumer of natural resources. Research suggests that the construction industry is responsible for 50% of all carbon dioxide emissions. As such the industry is highly exposed to the effect of carbon emissions and carbon trading legislation and is under increasing pressure to improve the efficiency of resource use to reduce the environmental impact of both its operations and the product it produces.

PRINCIPLE 4

Facilitate the creation of 'sticky' jobs by this activity

Any assessment of the employment creation of a development should look well beyond short-term footloose opportunities to longer term 'sticky' opportunities that are likely to last through the maturity of the development, and fluctuations in the broader economy. This is particularly true in the case of the production of knowledge-based strategic employment. Such employment can be attracted to a region in the short term through seed funding and targeted infrastructure investment, however often the employment moves on once initial funds run out or an alternative sites offers more attractive infrastructure.

The creation of sticky jobs requires investment in 'soft' knowledge infrastructure. Such infrastructure creates interactions between parties with complementary interests, provides access to services perceived as desirable to key decision makers, and seeks to retain key actors around which industry is based. In the case of Stirling, integration of initiatives with high amenity offerings within the City Centre with structures that attract talent and facilitate interaction between talent, will be essential.

PRINCIPLE 5

Access funding streams are available to the centre in the short term, whilst ensuring the centre is able to sustain itself in the medium to long term

Any activity focusing on strategic employment within Stirling needs to be sustainable in the long term through the careful development of a business case with input from a variety of stakeholders. Such a case should include a cross-tier governance model that is focussed on the long-term aspirations of the Stirling City Centre with a clear understanding of the day-to-day requirements to make it happen.

A key role of the governance structure will be to define funding streams available at different stages of the strategic employment node's maturity. The focus needs to be on building a resilient node through access to a diverse range of income from internally and externally generated sources.

PRINCIPLE 6

Ensure that the comparative advantage of this activity will not cannibalise existing and future agglomeration economies in the Central sub-region

Perth's employment challenges will only be solved through the development of large 'agglomeration economies' around which support infrastructure can be invested and supply chains developed. These economies will provide higher order population-driven services to meet the sub-region's needs, as well as being the base for knowledge intensive export oriented activity that exports knowledge, goods and services outside of the subregion. The proposed metropolitan centres hierarchy within Directions 2031 defines the Perth Central Area as the highest order centre for agglomerated economic activity within the Central sub-region.

Within the hierarchy, Stirling City Centre is identified as a Strategic City Centre. This designation sets out the role of the activity centre as providing a high level of population-driven amenity (through intense and diverse provision of goods and services) to an extended catchment. Stirling will not support the development of agglomeration economies within the sub-region if it seeks to expand its function by dispersing activity that should be integrated into the CBD or other Strategic City Centres such as Fremantle, Cannington or Morley. As such the development of a strategic employment network should only occur if the comparative advantage, and agglomeration economies around which the employment is based, is unique to the centre. The Stirling City Centre should not seek to attract businesses/ industries, which would operate more productively in the Perth Central Area or other Strategic City Centres.

PRINCIPLE 7

Ensure that activity will support the agglomeration economies in the Central sub-region

Not only should strategic employment in the Stirling City Centre ensure that it does not cannibalise agglomeration economies at Perth Central Area, it also should seek to support the development of such economies through the introduction of alternative supply chains to the sub-region and integrations of these centres into supply chains. This integration may range from the establishment of targeted complementary services right through to linking more general professional services. Linkages can be formalised through alliances and partnerships or informally promoted through networking opportunities.

PRINCIPLE 8

Ensure that economic development is based upon a rigorously developed business case

For economic development strategies to move from a series of metric and motherhood statements to productive documents that drive results, a rigorous business case needs to be developed to support the goals identified within the strategy. This business case should include:

- Projected revenue sources for different periods of maturity over the strategy's lifetime
- Governance model that supports regional, sub-regional economic development targets. This model should also appropriately reflect the maturity of initiatives over the strategy's lifetime
- Metrics and measures around which to develop and assess key performance indicators
- Appropriate reporting mechanisms to ensure that stakeholders remain engaged, and that the strategy is accountable to the goals set
- While employment concentration factors are a useful tool for the initial identification of emerging clusters; local industry knowledge, data, research and dialogue with representatives from the private sector serve as important supplementary tools.