An Economic Evaluation of the Renew Newcastle Project
Final report prepared for Renew Newcastle Limited

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Executive Summary

Renew Newcastle in the revitalisation of Newcastle

Renew Newcastle was established in 2008 in response to the deterioration and decline of the area in Newcastle’s CBD in and around Hunter and King Streets. The second half of the twentieth century saw many changes to Newcastle, among them the decline of the CBD as a retail centre of choice for people from Newcastle and the wider Hunter Valley. As society evolved, cars became more common use and large shopping centres started appearing in Newcastle’s suburbs, resulting in fewer people visiting the CBD for their shopping.

The city also went through a period of deindustrialisation through the latter part of the century, which culminated in BHP, a major employer of Newcastle workers since opening in 1915, to finally cease operations in the city. Despite the growth of the mining industry in the surrounding areas and Newcastle becoming one of the largest working ports in Australia, the city, and in particular the CBD, struggled to keep pace with the national boom which occurred in the early 2000s.

The CBD itself had seen a long decline in occupancy of buildings along its main stretch of commercial premises in Hunter St. At various times over the first decade of the new millennium it was estimated that between 23 and 35 per cent of shops, restaurants and offices were vacant or disused. The lack of appeal to people to venture into the CBD saw many buildings left neglected and become derelict as a result. The poor amenity of the area and associated lack of vibrancy resulted in much vandalism, street crime and violence. This all combined to erode the value of the buildings to the point where they had fallen below the cost to their owners and were worth more as losses and deductions than as going concerns.

Renew Newcastle was the idea of Marcus Westbury, a former Newcastle resident who returned in early 2008 to witness the state of the CBD firsthand. Inspired by ideas he had seen and heard of from other places around the world, he proposed opening the vacant spaces in the CBD to local creative and cultural projects at little or no cost. His idea was to create the incentive for people to once again come into the CBD by making use of the empty buildings, creating vibrancy in the CBD and at the same time cleaning up the buildings and streets to make them appealing for people and businesses.

The Renew project enables a process that brokers access to the vacant spaces at heavily reduced rates in a temporary and ongoing capacity. Artists and creative enterprises use and maintain the buildings until they become commercially viable or are redeveloped. There are hence benefits to the owners and tenants as well as the wider community. Once started, Renew was able to quickly match up tenants with vacant spaces, with 40 creative enterprises and projects having been initiated by the end of its first year and, by the end of 2009, 25 formerly empty spaces were being utilised.

The increase in occupancy of buildings in the Newcastle city centre was soon accompanied by an increase in visitors to the CBD, particularly the Hunter St mall where the first projects were targeted. New commercial tenants were soon opening and while some were short-lived, overall the occupancy rates of spaces in the CBD have risen enormously since that point.

The Renew project was soon seen as a vital step in the Newcastle revitalisation with the Newcastle Council and NSW State Government recognising its role in their official frameworks for urban renewal. These plans include reshaping Hunter St as the main street within the city, revitalising the mall, diversification of the economy and encouraging a variety of retail trade including boutique and specialty stores; all of which are advanced by the Renew project.
The important role of the creative and cultural industries in the revitalisation of a city is increasingly recognised as a possible catalyst for urban renewal and diversification of industry. These industries can generally be developed without investment in large-scale infrastructure programs that are necessary for other redevelopment models. While Westbury denies trying to rebrand Newcastle as a creative city, it has indeed attracted creative people to the point it now has more artists per capita than any other city in Australia.

People working in creative fields exploded in the first part of the new millennium. Between 2001 and 2007 people working in design grew by 31 per cent, in crafts by 163 per cent, drawing 348 per cent and jewellery 672 per cent. This growth was in the rise of creative practice, where big retail was falling and being replaced somewhat by a new boutique economy. The creative industries contribute approximately $90 billion to the Australian economy and involve 5.3 per cent of the national workforce.

There is a growing literature, particularly in the planning and architectural fields, on the theme of the temporary uses of empty spaces, in which Renew is often cited. There is acknowledgement most temporary space programs, both informal and formal, are an innovation that is borne out of some crisis occurring in the city, such as deindustrialisation, low growth or shrinkage. This is indeed the case in Newcastle where the Renew project was devised out of necessity in direct response to the twin issues of the decline of occupancy of commercial spaces in the Newcastle CBD and the difficulty artists and creative entrepreneurs were faced with when trying to rent these vacant spaces.

**Renew Newcastle in action**

*Renew Newcastle* brings life, culture and economic activity back to the Newcastle CBD, by activating empty spaces with creative projects and initiatives. In doing so, it aims to make Newcastle a diverse, vibrant and engaging community that supports local creativity.

*Renew Newcastle* has the following four core organisational objectives that inform its activities and work to achieve their vision:

- To continue to activate properties as part of the Renew Newcastle initiative;
- To provide opportunities for cultural and creative projects to flourish;
- To engage the community with the Renew Newcastle efforts to revitalise the city of Newcastle; and
- To ensure the viability and ongoing sustainability of the organisation.

Once a property owner agrees to partner with Renew and allow their property to be used in the project, Renew seeks out appropriate projects for the space. Renew encourages creative and cultural start-up businesses and not-for-profit ventures to take up the spaces. It is hoped that new enterprises will be able to make a going business of their project and become viable tenants that pay market rents and bring life back into the city.

To the end of October 2016 Renew Newcastle had placed 236 projects into previously empty properties in Newcastle. To the end of October 2016, Renew had activated 80 properties since its inception. Of the 93 projects active at some stage in 2015, 162 creative professionals were involved with them. In 2015 eight properties previously used by Renew were leased by commercial enterprises.

Renew defines a graduate project as one that enters into a commercial lease with their creative enterprise either in the space they inhabited as a project participant, or elsewhere in Newcastle. To the end of October 2016, 35 projects had made the step to commercial leases, representing 15 per cent of total projects supported by Renew since its inception. The benefits from the program of an enterprise taking up a commercial lease include the ability of the
enterprise to occupy its space long term and the resultant increased activity in the immediate vicinity, the improved maintenance of the building by having a long term leaseholder and the value to society of a business becoming viable, able to pay tenancy rents and, in many cases, provide wages and pay taxes. Renew recognises the importance of supporting projects to the point of self-sufficiency, whether or not they eventually move to a commercial lease, and has structured their organisation to include a Project Advocacy role to liaise with projects at all stages to enhance development of the enterprises.

Renew has reached a vast audience across the world through it being recognised as a successful model of urban renewal, with Newcastle gaining promotion and recognition through this process. In the first place, Newcastle is promoted through its urban renewal, the successful path Renew Newcastle has trod and the desire for other places to replicate this. Secondly, Newcastle is promoted as a revitalised city, through what Renew brings to Newcastle and the changes Newcastle has seen due to Renew.

Requests of assistance to Renew Newcastle to share the insights of their successful model have come from around the world. Locally, this spawned the organisation Renew Australia, which was set up to provide guidance to cities around Australia on how to set up similar urban renewal programs. This, along with partnerships with organisations such as Arts NSW, has seen over thirty cities in Australia become involved in the Renew idea. Internationally, almost as many cities again have requested assistance from the Newcastle model. As a result of the interest in the success of Renew, Renew and the city of Newcastle have featured in major media outlets all around Australia and in many parts of the world. It has also featured in many local media forums and special interest media.

Separate to the reach of Renew as an urban renewal model, Renew has enhanced the reputation of Newcastle as a travel destination. In only its second year in existence Newcastle received a place in Lonely Planet’s Best in Travel 2011, where it cited Renew Newcastle as moving Newcastle from a ‘steel city’ to a creative hub. Numerous stories followed in media around the country and internationally.

**Graduate and business owner interviews**

Interviews were conducted with nine Renew graduates in the second half of 2016 to gather their opinions on a variety of aspects of Renew. The survey participants had begun their involvement with Renew at different stages of the past eight years and had also graduated at different stages. Further, they had varying expertise and skills and had been part of the Renew program at assorted stages in their professional careers. The interviews covered topics such as their personal experience as creative professionals, the role of Renew and their experience with Renew, being a creative professional in Newcastle, the revitalisation of the Newcastle CBD and the overall impact and future of the Renew project.

Respondents were unanimous in their appreciation of the impact Renew Newcastle has had on the foot traffic in the mall and the CBD area, and the increased vibrancy as a result of this. As well as the increased vibrancy brought about by the increase in foot traffic is the increased safety, even outside business hours. Recognition was also made by the graduates on the economic impact on the mall and in particular on their own enterprises.

All the graduates spoke of how the Renew project allowed creative people the opportunity to come into Newcastle and be connected with other creative people trying to get their projects going and at the same time make a contribution to the city. This was also beneficial in raising the profile of people working in creative industries, where the public have a greater knowledge of what creatives do and what they can add to a community.
Without exception the graduates appreciated the role Renew Newcastle had played in supporting their own enterprises. For some this meant being backed with only a very rough idea that was still evolving, while for others it meant being supported to develop their side projects into a more substantial business. A recurring theme for the interviewees was that Renew offered them a place to practice their artistic endeavours, as well as a collaborative and supportive organisation and community to allow them to take their practice to the next level. The graduates also recognised how being part of Renew Newcastle had helped them progress to the next step, of moving out of the Renew program and getting their own commercial lease. Graduates feel an ongoing connection to and support from Renew and the community of fellow creatives, even now they have moved on from being directly involved in the initiative.

The graduates recognised the advocacy role that Renew played, both on a personal level with their individual enterprises, through the Project Advocacy role, but also for the wider community of creative professionals.

Renew graduates have a feel for the reach of Renew, through their interactions with people who come from afar to see what is happening in the mall in general and in Renew spaces. Many had experienced encounters with people who had heard of or read about Renew and came to Newcastle to see it for themselves. The interviewees identified this as a positive in attracting tourists, but also in attracting creative professionals who recognise Newcastle as a vibrant place to conduct their business.

Despite the graduates no longer being directly involved with Renew Newcastle, they were certainly convinced there was a need for Renew to continue into the future in Newcastle. Their reasons included the important function Renew plays as the organisation that connects creative people together; their role in encouraging and providing the means for people to give their artistic practice a chance at moving to a more professional level; the increased diversity in the mall and city due to Renew; its success in reducing the vacancies in the CBD and the possibility to expand further afield; and its place in the Newcastle story.

Interviews were also conducted with four mall-based business owners, to get their impression on the Renew Newcastle program and the effect it has had on the mall and their own businesses. All four had noticed an increase in the foot traffic in the mall in more recent years. One linked this to a reduction in crime in the area. One of the interviewees said the increased occupancy had made it hard for them to find an appropriate space for their business.

As well as the increased foot traffic in the mall, the interviewees identified the diversity of people as a positive for the city. Most of the interviewees were supportive of the idea of Renew and what it had brought to the mall as well as what it had done for the wider Newcastle community. However, one questioned the program’s fairness to other businesses that have to pay high rents and rates.

Cost benefit analysis outline

Identified benefits from evaluative research carried out on the temporary use of empty spaces include:

- economic benefits to the landlords, users and the wider urban context;
- social and economic flow-on benefits to the local community;
- increased democratic participation in urban development;
- adding adaptability and experimentation to the process of urban change; and
- very low costs of implementation.
The Cost Benefit Analysis to follow is based on a framework designed in Renew’s third year in existence. The economic benefits are those captured by the first two points above and can be divided into direct use benefits and indirect use benefits.

The first direct use benefit identified is the jobs that are created through a project’s involvement in Renew. This can be a sole trader, who is able to develop their creative practice to one that earns income; a project that moves a person from part-time or underemployment to be fully employed; or a project which grows to the point of creating jobs and being able to employ others. Second, involvement in Renew can lead to skill development. This can be through collaboration with and support from others involved in the initiative, to formal attendance at training courses to further one’s creative or business skills. Conversion from involvement in the Renew initiative to taking up a commercial lease also represents a direct use benefit. Like income generated from the creation of new jobs, this represents a flow of funds to property owners that have come about because of the project’s involvement in the Renew initiative. Another direct use benefit is the additional volunteer engagement that is utilised by programs such as Renew and their projects. The Renew initiative itself procures the skills of people for a wide variety of purposes, often at low or no cost; further, the project participants often enlist assistance from friends and family to repair and restore their spaces and also in the running of their enterprises. Finally, the creative projects involved with the Renew initiative often rely on the innovation of those involved, their intellectual capital. This in turn increases the range of artistic and cultural products and exhibitions that are available in the local area.

Indirect use benefits are the flow-on effects to society from the activities of the Renew project. Reduction of crime can occur through increased vibrancy and the associated increase in passive surveillance, where people naturally observe the public realm around them, acting as a deterrent to criminal activity. Further, the improved state of buildings and amenity of the area reduces the incidence of criminal and anti-social behaviour. A vibrant, low-crime, attractive city also improves business and community confidence, through people and businesses wanting move to the area and conduct commerce. The Renew project has been successful in promoting Newcastle as both a city of vibrant, creative artists, as well as a desirable tourist destination. These twin outcomes improve Newcastle’s regional brand value. Finally, the repair and occupancy of formerly vacant spaces reduces insurance costs that are higher for empty buildings.

The annual costs of the Renew Newcastle project have increased slightly over the life of the project. However, the nature of the ongoing costs have remained the same. These include: staff salaries; contractor expenses; insurance expenses; repairs and maintenance expenses; and administration expenses, including advertising, marketing, printing, postage, travel and other miscellaneous expenses.

**Economic evaluation**

The economic evaluation that follows produces an economic estimate for the direct and indirect benefits identified above for the 2015-16 financial year.

**Creation of jobs and skills development**

It is estimated 29.6 full-time equivalent (FTE) jobs have been generated from projects that have been a part of Renew Newcastle and are still in existence. While some of these jobs have been generated since projects have left the initiative, it is argued a job created at any stage along the evolution of a business that has a flow of income in the current year is a
benefit generated from that business getting its opportunity with Renew. The estimated total income from jobs in 2015-16 is $1.992 million.

Over and above this, it is estimated 46 enterprises that were Renew projects in 2015-16 received an uplift in their income, with the average uplift per enterprise estimated to be $7,966. This gives a total estimated uplift in income for 2015-16 of $366,436.

**Conversion to commercial leases**

It is estimated 17 projects previously associated with Renew were paying commercial leases in 2015-16, with the average lease being $217 per week. Hence, the economic benefit from projects moving from their temporary space with Renew to a commercial lease was $191,828 in 2015-16.

**Additional volunteer engagement**

Volunteers offer their services free of charge, generating benefits to themselves through increasing their own connection to the workforce through skill development and network expansion, as well as to society through the overall increase in productivity. It is estimated in 2015-16 that 4,044 volunteer hours were dedicated to the Renew initiative and its projects. The opportunity cost of a volunteer’s time is approximated as the value of leisure. The total economic benefit of volunteer engagement in the Renew initiative for 2015-16 is $62,763.

**Mitigation of blight**

Four categories of crime in inner city Newcastle were assessed to evaluate the economic benefit generated from the reduction of crime due to the Renew project: criminal damage, break and enter into non-dwellings, robbery and assault. The data was further filtered to include only incidents that occurred during the day, to pick up the effect of the increased passive surveillance and to exclude the effects of the lockout laws that were introduced in Newcastle around the same time. All four incidents had decreased markedly since the inception of Renew in 2008. As the prevalence of these crime events had also decreased throughout the state during this time, the impact of Renew was assumed to be a proportion of the reduction in incidents in Newcastle compared to what would have been expected given the state-wide trend during this time.

Criminal damage incidents had fallen by 11.2 per cent per year on average in Newcastle, compared to 5.8 per cent per year across the state. The average yearly decrease in break and enter events was over 13 per cent, while the state-wide yearly decrease was 8.3 per cent. The proportional reduction in robberies and assaults in Newcastle had on average remained close to the average rate of decline across the state. The reduction in each of the incidents was then multiplied by the average cost of each incident as estimated by external established research.

The reduction in criminal damage incidents resulted in a saving of $66,990, while the reduction in break and enter events resulted in a saving of $33,708. There was no net saving from reduced robbery or assault incidents. Hence, the estimated total saving generated from the mitigation of blight due to the Renew project in 2015-16 was $100,698.

**Improved business and community confidence**

We measure the improvement in business and community confidence by attributing a proportion of the increase in median property values to the effect Renew Newcastle has had on the city. Median prices for houses and units were used for three suburbs surrounding the CBD: Newcastle East, Newcastle West and The Hill. A proportion of properties in these suburbs are thought to benefit from the urban renewal of the city and a proportion of that was
attributed to Renew. The estimated total increase in property values due to Renew Newcastle in 2015 was $55,183.

**Improved regional brand value**

Improved regional brand value is best estimated by the increased visitors that are attracted to Newcastle due to the establishment of the Renew Newcastle initiative. The long-term trend is generally for travellers to increase over time, hence, as in the analysis of the effect of Renew on the mitigation of blight, we will consider new travellers to Newcastle to be those that come over and above what would be expected given the state-wide trend. Further, only a proportion of these are attributable to Renew.

Over the life of Renew, international visitor numbers to Newcastle have risen by an average of 3.5 per cent per year, while international visitors to NSW grew by 3.2 per cent per year. Domestic overnight travellers to Newcastle have risen at an average of 2.6 per cent per year over this period, compared to the state-wide trend of 2.4 per cent per year. Domestic daytrips into Newcastle have not increased above the state trend for the period since the introduction of Renew.

The increase in international visitors to Newcastle due to Renew is estimated to have generated $9,453 in expenditure for 2015-16, while the increase in domestic overnight visitors is estimated to have generated $442,680. With the proportion of value-added by tourism industries to the Newcastle economy estimated to be 0.5177, the total benefit to the economy of the improved brand value due to the Renew project in 2015-16 was $234,069.

**Results of the Cost Benefit Analysis**

The table below presents the final estimated costs and benefits of the Renew Newcastle project. The costs of the project for 2015-16 are estimated to be $208,000, with the total benefits of the project totalling just over $3 million. This gives a Benefit Cost Ratio of 14.4.

<table>
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<th>Estimate</th>
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<tr>
<td><strong>Total Costs</strong></td>
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<td><strong>Benefits</strong></td>
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<td>Improved regional brand value</td>
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<td><strong>Total Benefits</strong></td>
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1 Introduction

1.1 Purpose of the report

The Centre of Full Employment and Equity (CofFEE) was commissioned by Renew Newcastle Limited to research the impact the Renew Newcastle initiative has had on the city of Newcastle. The report:

- Reviews the context in which Renew Newcastle was initiated;
- Provides a brief literature review into the use of temporary spaces for creative and cultural projects;
- Assesses the achievements of Renew Newcastle across the eight years it has been in operation;
- Reviews the national and international reach of Renew Newcastle;
- Reports on a series of interviews with Renew Newcastle graduates and other mall-based business owners; and
- Provides an economic evaluation of the impact of Renew Newcastle using a cost benefit analysis.

1.2 Background

Renew Newcastle was established in 2008 in response to the deterioration and decline of the area in Newcastle’s CBD in and around Hunter and King Streets. The second half of the twentieth century saw many changes to Newcastle, among them the decline of the CBD as a retail centre of choice for people from Newcastle and the wider Hunter Valley. As society evolved, cars became more common use and large shopping centres started appearing in Newcastle’s suburbs, resulting in less and less people visiting the CBD for their shopping.

The city also went through a period of deindustrialisation through the latter part of the century, which culminated in BHP, a major employer of Newcastle workers since opening in 1915, to finally cease operations in the city. Despite the growth of the mining industry in the surrounding areas and Newcastle becoming one of the largest working ports in Australia, the city, and in particular the CBD, struggled to keep pace with the national boom which occurred in the early 2000s.

The CBD itself had seen a long decline in occupancy of buildings along its main stretch of commercial premises in Hunter St. At various times over the first decade of the new millennium it was estimated that between 23 and 35 per cent of shops, restaurants and offices were vacant or disused. The lack of appeal to people to venture into the CBD saw many buildings left neglected and become derelict as a result. The poor amenity of the area and associated lack of vibrancy resulted in much vandalism, street crime and violence.

Renew Newcastle was the idea of Marcus Westbury, a former Newcastle resident who returned in early 2008 to witness the state of the CBD firsthand. Inspired by ideas he had seen and heard of from other places around the world, he proposed opening the vacant spaces in the CBD to local creative and cultural projects at little or no cost. His idea was to create the incentive for people to once again come into the CBD by making use of the empty buildings, creating vibrancy in the CBD and at the same time cleaning up the buildings and streets to make them appealing for people and businesses.

Since the inception of Renew Newcastle, the occupancy rate of the CBD has increased enormously, the crime rate has halved for some incidents, tourist numbers to Newcastle have increased and there is greater business and community confidence. At the same time, the creative and arts scene in Newcastle has thrived, and many of the creative and cultural
projects that have been supported by Renew Newcastle have gone on to pay commercial leases themselves and create employment opportunities in Newcastle and elsewhere.

1.3 Economic evaluation

Part of the purpose and one of the outcomes of the report is to provide an economic evaluation of Renew Newcastle. A framework for such an evaluation was established in Renew Newcastle’s third year in operation by consulting firm SGS Economics and Planning (SGS, 2011). As part of the model they outlined, they also provided an evaluation of Renew Newcastle. The economic evaluation provided here uses the same framework as in that report and in many ways follows on from that evaluation. There are slight differences in methodology, which will be declared where appropriate.

As SGS explain, there are two common interpretations of an economic evaluation in public policy. The first attempts to estimate the direct and indirect employment and income effects following some stimulatory initiative (often on the part of government). It requires use of an input-output model. The second is a social cost benefit analysis, which is deemed more appropriate for this type of project as it seeks to measure the net gain to society from a particular program or initiative.

Renew Newcastle receives very little public funding, so the stimulatory nature of the program is somewhat muted, though by no means non-existent. However, when multipliers are used to assess the stimulatory nature of programs, they do not necessarily account for economic activity that may be displaced by the injection of funds. In the case of Renew Newcastle the real benefits of the program are the improvements it provides to community well-being as a whole. Indeed, the cost benefit analysis attempts to measure these while taking into account possible side effects that merely shift economic activity from one location to another.

1.4 Structure of the report

This study is structured in the following way. The next section outlines the evolution of the Newcastle inner city that led to the need for an urban renewal project, such as Renew Newcastle, and its subsequent role in the official and unofficial revitalisation of Newcastle. The following section reports on the history of the Renew Newcastle program and its reach into other cities in Australia and around the world. Section 4 reports on interviews conducted with Renew Newcastle graduates and other mall-based business owners regarding the influence of the Renew initiative. Section 5 considers the benefits of the Renew initiative and describes the valuation techniques to monetise appropriate benefits. Section 6 presents the economic evaluation of the Renew Newcastle project. Concluding remarks follow.
2 Renew Newcastle in the revitalisation of Newcastle

2.1 The decline of the Newcastle CBD

Renew Newcastle (hereafter Renew) was set up in 2008 to utilise the vacant, disused and derelict shops, offices and buildings that had become prevalent in the Newcastle CBD. The CBD had developed for most of the 20th century into a commercial precinct, where businesses set up and flourished and residents of the city would regularly venture to conduct their retail shopping. A series of events and circumstances saw the CBD lose its appeal to both businesses and shoppers and begin a decline where many buildings became vacant and crime and anti-social behaviour was widespread.

Newcastle has historically been a heavy industry town. Its abundance of coal and harbour location has seen it be an exporter of coal since the early 1800s. Coal mining expanded into Newcastle’s surrounding areas throughout the 19th century, firstly around Lake Macquarie and then into the Hunter Valley. Copper joined coal in being mined in the second half of the 19th century, while steel was a major industry player from the early 1900s when BHP established steelworks in the city and the industry became a major employer in the region for the best part of the 20th century.

Despite the coal industry in the Hunter expanding and the port of Newcastle becoming one of the largest coal exporters in the world, the Newcastle CBD struggled to keep up with the changes of the time. In the latter part of the 20th century new large retail centres were constructed in the suburbs, taking away the retail appeal of the CBD and reducing foot traffic. The Honeysuckle area was established in 1992 as a new residential and commercial hub. Located on the harbour just to the north and west of the CBD, on what was formerly industrial land, companies and developers saw this as the future of Newcastle and the little development that occurred in the decade and a half to follow occurred on the harbour site. At the same time Newcastle was experiencing economic difficulty due in large part to the wind down and eventual closure of BHP in 1999. This took place in an economy already struggling in the wake of the 1991 recession which saw average annual unemployment rates in the Newcastle region hovering about four percentage points above the national average (ABS, 2007).

The closure of BHP was offset somewhat by expansion in the national economy and in particular a commodities boom. The region’s position as a major coal producer coupled with the established working harbour allowed the region to take advantage of this boom, primarily in the production and export of coal. Following the closure of BHP, Newcastle’s yearly steel tonnage exports fell by over 85 per cent, but coal exports rose on average over 6 per cent a year between 1998 and 2014 to see Newcastle become the largest coal exporting port in the world (Ports Australia, 2014). This, along with a greater diversification of industry in Newcastle itself, saw the region’s economy improve, to the point where its unemployment rate fell below the national average and it was able to withstand the worst of the Global Financial Crisis that hit Australia in late 2008.

Much of this upswing in the regional economy in the first decade of the 21st century however, was happening outside the Newcastle city centre. New developments were rare in the CBD, while others stalled in the wake of the national economic slowdown, with any most developments in the city area still focussed on the Honeysuckle precinct. At the same time, expansions and improvements to retail centres in the suburbs ensured the city’s appeal as a retail centre was not returning. This became more and more evident in the Newcastle city centre as vacant shops, office spaces and buildings became increasingly prevalent.
A Newcastle Herald investigation in 2009 found that of the 349 shops, restaurants and offices on Hunter St between Tudor St and Pacific St, 121 were vacant or disused. This number had increased 50 per cent from 2002 when there were 80 unleased spaces (Page, 2009). The state of disrepair of buildings in the street increased over this period, with many buildings left completely untouched for years, becoming unkempt and derelict. Vandalism, street crime and violence surged as the empty buildings became self-perpetuating and a magnet for anti-social behaviour. This also had the impact of dissuading any new potential businesses from taking the already high risk of opening in areas of decline. The effect of this was to erode the value of the buildings to the point where they had fallen below the cost to their owners and were worth more as losses and deductions than as going concerns.

Transport into the CBD was also a constant topic of debate, hinging on two issues. The first was the fact the CBD had grown in a time when trains and trams were the main forms of transportation into the city. With the growing use of private cars people became less inclined to use public transport options and the long sprawling nature of the CBD along Hunter St and the need to pay for parking, were at odds with what people were experiencing at suburban retail centres.

The second contentious issue was the use of the rail corridor. With trams having long been removed, a heavy rail line existed all the way into the CBD, constructed in the 1850s, above ground, which created a rail corridor spanned by pedestrian bridges and with many road level crossings. Many thought this corridor divided the city from the harbour, while others pointed to its use as potential prime development land. With Newcastle having been heavily mined in its earliest days of white settlement and much of the city built on top of these relatively shallow mines, height restrictions apply on much of the CBD’s development. It was thought (and later confirmed, Kirkwood, 2010) that the rail corridor may not have been subject to mining and hence may allow for higher restrictions.

The growing concern in the community of the decline of the CBD, and in particular Hunter St, was reflected in its regularity as an agenda item at council meetings. It is estimated that between 2003 and 2010 “at least 43 studies and reports on how to improve the inner-city and transport options” were authored by various consultancies (Page, 2013). Few formal decisions were made and less were put into action.

2.2 The beginnings of Renew Newcastle

In early 2008 Marcus Westbury, later to become the founder of Renew Newcastle, returned to his hometown of Newcastle to explore the option of setting up a small business in the Newcastle CBD (Westbury, 2015). He was confronted by the aforementioned dilapidated and derelict buildings in the city, in Hunter and King Streets, and the smaller streets that ran between them. In particular, he noted the mall, a 300m stretch of Hunter St that had been a pedestrian walkway since the 1970s, was over half-empty. Over two days he walked the streets and counted 130 buildings that were empty, mostly shops, but also offices and other commercial buildings. He later reflected that he missed many of them.

Though he was shocked at the scale of the decline, Westbury was unperturbed in his ambition to open a small business on the strip. With “For Lease” signs up and down the street he assumed he would have no problem finding suitable premises at a good price. Upon making contact with real estate agents though, he found that interest in renting out premises to a new business was almost non-existent. Aside from the challenge of finding the current property managers, he found that many properties were not really on the market to be leased in any real sense. While some were expecting unrealistic rents, others had lost any hope in finding suitable lessees and found it easier to write off the losses of the buildings. He also found
agents assumed new businesses would not work in the area and advised him not to bother. When Westbury recounted his story he found others who had a similar experience.

Westbury had previously begun the This Is Not Art (TINA) festival in Newcastle in 1998, which morphed into an ABC television special Not Quite Art, which screened in 2007-08 over two three-part series. He had a long association with the arts scene in Newcastle and through his conversations and networks he discovered the people being shut out of the city were people with ideas but little access to capital or professional expertise. He argues the city was in desperate need of imagination and effort but made it almost impossible for those with the energy and ideas to start something new to get a foot in the door.

Inspired by what he had seen and heard about in other countries, Westbury founded Renew Newcastle, a model where artists and community organisations utilise unused and vacant spaces (Westbury, 2010). He argues there is a long tradition of artists using vacant spaces in cities around the world, both legal and illegal, citing Berlin and Amsterdam as major examples. He says in Berlin artists and creative enterprises played a large role in revitalising the city following the fall of the Berlin wall. Similarly, he cites industrial cities in northern England and Scotland as having been transformed by both informal and formal low budget schemes for artists.

Westbury points out the Renew model is slightly different to those international examples. Renew Newcastle is in fact a not for profit company that was founded to make use of the empty shops and businesses in the Newcastle CBD, by making them available on an interim basis to artists, creative enterprises and community groups. It was devised in direct response to the twin issues identified above, the decline of occupancy of commercial spaces in the Newcastle CBD and the difficulty artists and creative entrepreneurs were faced with when trying to rent these vacant spaces.

The Renew project enabled a process that brokered access to the vacant spaces at heavily reduced rates in a temporary and ongoing capacity. Artists and creative enterprises use and maintain the buildings until they become commercially viable or are redeveloped. There are hence benefits to the owners and tenants as well as the wider community (as discussed in section 5). Once started, Renew was able to quickly match up tenants with vacant spaces, with 40 creative enterprises and projects having been initiated by the end of its first year and, by the end of 2009, 25 formerly empty spaces were being utilised.

2.3 Renew Newcastle’s role in the revitalisation of the city

The increase in occupancy of buildings in the Newcastle city centre was soon accompanied by an increase in visitors to the CBD, particularly the Hunter St mall where the first projects were targeted. New commercial tenants were soon opening and while some were short-lived, overall the occupancy rates of spaces in the CBD have risen enormously since that point.

It wasn’t long before the Renew project was receiving plaudits and credit for playing its part in the revitalisation of the Newcastle CBD. There was major acknowledgement of the impact of Renew in the Newcastle City Council’s Hunter Street Revitalisation Masterplan Strategic Framework (SCAPE, 2010). This framework was designed following major community consultation, including surveys of pedestrians and business owners, surveys through Newcastle Voice, workshops with key stakeholder business and property groups and a community open invitation workshop. The first of four identified themes for revitalising Hunter St was Enterprise, with the first priority of the masterplan to “support and expand Renew Newcastle style initiatives to encourage start-up businesses along Hunter St” (SCAPE, 2010: 29). Further, responses to survey questions indicated that over 91 per cent of
respondents agreed with the aim to “fill more empty shopfronts with start-up businesses” (SCAPE, 2010: 28). Renew also received recognition from the business community for its “contribution toward the improvement of industry, culture, education, sport or the overall well-being of the citizens of Newcastle”, winning the Best Organisation at the 2010 Newcastle Business Club awards (Newcastle Business Club).

The NSW Government prepared the Newcastle Urban Renewal Strategy for the Newcastle city centre in 2012 which built largely on the Newcastle City Council’s Hunter Street Revitalisation Masterplan (Department of Planning and Infrastructure, 2012). Among the key initiatives outlined in the strategy were the aim to reshape Hunter St as the main street within the city, to revitalise the Hunter St mall, diversification of the economy and encouraging a variety of retail trade in the city centre including boutique and specialty stores in the east end; all of which are advanced by the Renew project. In particular reference to diversification of the economy, the strategy confirms “growth in the cultural industries can further promote the city centre as a unique regional city … (which) has been recognised through recent local initiatives to foster and cultivate cultural industries, such as the Renew Newcastle initiative” (Department of Planning and Infrastructure, 2012: 113).

Of surprise to many was Newcastle’s place on the list of Lonely Planet’s (2010) top ten cities for 2011, the first Australian city to make the list. Renew’s role in regenerating the inner-city through the artist-run spaces in the disused city-centre buildings was identified as one of the main appeals of Newcastle. This recognition led to much free advertising for the city, through follow-up articles in major publications (for example Dagwell, 2010; Teoh, 2011; Rhodes, 2011) and the chatter buzz associated with such a promotion. Renew had already garnered much media interest, both locally and further afield, even before the Lonely Planet promotion (for example Scully, 2009; Grennan, 2009). Indeed, the number of visitors to the Newcastle LGA rose in the years since. More recent articles on the appeal of Newcastle are still enthusiastic about the impact the Renew project is having on the town, both in a reinvigoration sense, but also in a cultural sense (Rickard, 2015; Mannheim, 2016).

The important role of the creative and cultural industries in the revitalisation of a city is increasingly recognised as a possible catalyst for urban renewal and diversification of industry. These industries can generally be developed without investment in large-scale infrastructure programs that are necessary for other redevelopment models (see section 2.4). Melbourne Docklands, for example, attempted a capital-intensive investment strategy with long term planning, which has not been successful in increasing vibrancy or street level activity, and subsequently, high rates of vacancy in the new residential blocks continue (Dow, 2014). Further, the creative industries are increasingly seen as having a positive impact on tourism (Richards, 2011).

The importance of the place of culture in Newcastle was exemplified by the council’s four-year cultural strategy outlining their priorities in investment for arts and culture (Newcastle Council, 2015). Alvarez (2010) links the revitalisation of former industrialised cities via creative industries as part of the rebranding process. Indeed, as Mannheim’s (2016) article attests to, even now some people still see Newcastle as the industrial city with plenty of violence and no soul. Crommelin (2013: 2) points out that industrial cities undergoing a transition, such as Newcastle, rely on rebranding to “shed an association with crisis and decline by highlighting new development, industry and cultural attractions.”

The rebranding campaign of Newcastle, known as Brand Newcastle, officially began in 2011, but Crommelin (2013) argues just as important to the city’s revitalisation has been the informal rebranding that has been happening through independent image-makers, such as the Renew Newcastle project. Crommelin draws distinction between the two in the way they
‘sell’ Newcastle to the world and to Newcastle itself. While Brand Newcastle was intended to assist with attracting the ‘4 Ts’ (tourism, trade, talent and treasury), an external advertising campaign was not an implicit part of the launch. Travel journalists were invited to the city and many positive articles followed (for example Milne, 2012), many of which identified Renew as one of the agents of change in the city. Further, Renew has featured regularly in other external press profiles (for example Barrett, 2012; Lindsay, 2015), as well as more recently featuring in major airline in-flight magazines (Eichblatt, 2014; Brook, 2015; Trigg, 2016). Internally, Brand Newcastle has a very top-down approach where it sees itself as the conductor of a choir consisting of the various local organisations and stakeholders, and implores those organisations to sing in tune. Renew Newcastle however, as one of the choir members, informally promotes a vision of unplanned, bottom-up change to Newcastle. Westbury (2015: 152) insists Renew is not aimed at creating a certain brand for the city, saying “it is not a marketing exercise to rebrand Newcastle as a ‘creative city’.” Indeed, there is hope the two approaches may be able to work together where “Renew’s external success may actually help shape the conditions for large-scale commercial redevelopment of the CBD” (Crommelin, 2014: 9).

As recently as late November 2016, a large parcel of land in the mall had been bought by Sydney-based developer Iris Capital (McGowan, 2016). The sale will see the mall provide an additional 500 residential apartments and 7600 square metres of boutique retail and commercial space. While the sale price is undisclosed, the report estimates a price of $40 million, a significant improvement on the price paid by Landcom (Urbangrowth) in 2012 when they purchased two-thirds of the land for $20 million.

2.4 Creative industries as a driver of economic growth

Despite Westbury’s assertion Renew is not trying to rebrand Newcastle as a ‘creative city’, there is a growing literature on the contribution creative industries can have to economic growth, both in major cities, but also in regional centres. Flew and Cunningham (2010: 1) argue the origins of the concept of creative industries was in the late 1990s with the British Labour Government’s decision to establish a Creative Industries Task Force (CITF) as a central part of its new Department of Culture, Media and Sport. By doing this it placed greater emphasis on creative industries in the UK’s post-industrial economy in a way that it hadn’t before, as a contributor to wealth creation, rather than a “claimant on public revenues on the basis of nonmarket or intrinsic values.”

Worldwide, the creative economy has become a concept meant to identify sectors of the macroeconomy that produce creative goods or services. The definition of creative industries is a subject of much conjecture. Most accept Throsby’s concentric circles model which asserts that cultural (or creative) goods and services “give rise to two distinguishable types of value: economic and cultural” (Throsby, 2008: 148). The cultural value or content of the goods and services produced gives the cultural industries their distinguishing characteristic. The model itself consists of four concentric circles. The inner most circle is the Core Creative Arts comprising literature, music, performing and visual arts. The first surrounding circle is classified as Other Core Creative Industries embracing film, museums, galleries and photography. Wider Cultural Industries are next which include heritage services, publishing and print media, television and radio, sound recording and video and computer games. Related Industries makes up the outer most circle, which consists of advertising, architecture, design and fashion. Renew Newcastle admits it takes a fairly liberal view of what classifies as a creative or cultural project in terms of what projects they consider appropriate for their program.
Florida (2002) wrote about the rise of the creative class and their potential to be instrumental in generating economic growth. He says a cohort of workers who fit into a creative definition will attract business, usually in high-tech industries, to a city to use the creative labour that is there. He explains the way to attract the creative class to a city is for the city to demonstrate the ‘3 T’s’: technology, talent and tolerance. He focusses on the city being the place that attracts creative people and in turn they provide the creative output. Many cities have indeed attempted a top-down approach, injecting art projects and infrastructure into declining areas in the hope of attracting ‘the creative class’. The results of these have been mixed, with many resulting in cities with exorbitant bills and little to show for it (see for example Porter and Shaw, 2009).

The creative class that Florida identifies, he divides into two broad groups. The first is the super-creative core whose members fully engage in the creative process, being both creative and innovative. The second are creative professionals, who work in related sectors of the economy and use higher degrees of education to solve their specific problems. In 2002 he estimated that 38 million Americans, or 30 per cent of all employed people belong to the creative class. In the updated version of his book published ten years later (Florida, 2012), he estimated the number to be 40 million. In the interim he says were seismic events that shocked and changed the world, yet the trend has continued to the point that the creative class has become truly global, numbering between one-third to nearly one-half of the workforce in the advanced nations of North America, Europe, Asia and around the world. Importantly he says when US unemployment rates hit 10 per cent, the rate of unemployment for the creative class remained below 5 per cent.

While this creative class Florida talks about is a lot larger than most people would recognise, there has certainly been an increase in people identifying as being creative. Florida cites the social media site LinkedIn as reporting the word most used by its members to describe themselves in late 2011 was ‘creative’. Westbury (2015) notes he was encouraged by the explosion of Australians working full-time or part-time in creative fields in Australia in the first part of the new millennium. He says that between 2001 and 2007 people working in design grew by 31 per cent, in crafts by 163 per cent, drawing 348 per cent and jewellery 672 per cent. He says this growth captured more of the rise of creative practice, where big retail was falling and being replaced somewhat by a new boutique economy. Daniel, et al. (2015) say the creative industries contribute approximately $90 billion to the Australian economy and involve 5.3 per cent of the national workforce.

Hence, despite the debate over definitions, it has been widely accepted the growth of people working in creative industries has growth enormously in the past two decades. The definition issue however pervades into an issue of the nature of creativity and whether it lies in the neo-liberal capitalist framework. Some, for example Miller (2009), question whether there is such a concept as the creative industries separate to cultural industries and goes on to accuse those who promote the idea of creative industries of propaganda in search of power. Hesmondhalgh (2008) questioned the link between creativity and intellectual property. He saw that this led to the subordinating of culture to the market and that this shift appears to approve and further a neo-liberal agenda, and the associated inequality and exploitation. Others also saw that the creative industries concept gave affirmation to the activities of global media corporations and ignored the lack of job security of those in the industry (Pratt, 2008; Peck, 2005). In contrast, Flew and Cunningham (2010) see that the small-to-medium sized enterprises and independent artists are a good thing as they are the core source of innovation in the arts, media and culture.
Westbury (2015: 126) says the idea of Renew:

…wasn’t to turn the city over to the so-called ‘creative class’ or to attract star artists, cool brands or designers. It was to ensure that lots of people in the Newcastle community could see themselves, their talents, their ideas and aspirations reflected in the city once more.

He also says that Renew Newcastle was largely based on giving people an opportunity. “For most of the artists and makers I know it’s not about the money. It’s not about certainty. It’s about an opportunity for experimentation.”

Critics of the neo-liberal aspect of the creative industries cite the top-down approach to revitalisation via creative industries. Iveson (2009) writes in response to the Global Financial Crisis, saying the GFC provides the impetus for us to free ourselves of the influence of neo-liberal ideologies and technologies of urban governance in Australian cities. He advocates for a cooperative urbanism to rail against the dominance of inter-urban competition and urban entrepreneurialism, citing Brand Sydney as an example. He then goes on to identify Renew Newcastle as an example of progressive entrepreneurialism. While in one sense it perfectly fits the idea of urban entrepreneurialism, whereby the city will derive economic benefits from filling the empty spaces in the city; on the other hand, it is a challenge to the normalisation of private property rights and a politicisation of the questions of culture, affordability and community. While in no way addressing the arguments on neo-liberalism, Westbury (2015: 141) himself argues that as the GFC hit Australia and “financial capital dried up, Newcastle had … a system to martial human capital that no other city had.”

Perkovic (2013) also sees the Renew project as a resistance to neo-liberalism. She says that in the late 1990s while some cities were intent on the top-down approach to attracting the creative class, a renaissance occurred in cities across the world where informal and temporary use of empty spaces was being utilised in what she describes as the ‘user-led city’. Perkovic’s thesis is part of the growing literature, particularly in the planning and architectural fields, on the theme of the temporary uses of empty spaces. This practice of using empty spaces for temporary purposes is variously referred to as meanwhile use, tactical urbanism, guerrilla urbanism, DIY urbanism, emergent urbanism, bottom-up urbanism and pop-up projects. The growing literature identifies successful implementation of temporary uses from around the world. The Meanwhile Project in the UK, for example, was aimed at revitalising post-industrial cities in the north of England, which had early government involvement, but replicated the types of bottom-up approaches that had been tried elsewhere. Gap Filler was set up in Christchurch to utilise the buildings that were left empty after the earthquakes of 2010 and 2011 (Newman-Storen and Reynolds, 2013). Similarly, the pop-up Granby Park in Dublin was developed by a creative collective after the crisis and collapse of the property market (Moore-Cherry, 2016). Other examples include Edmonton, Canada and Portland, USA (Graham, 2012).

Colomb (2012) discusses the growing users of temporary spaces in post-wall Berlin through the 1990s, known as the ‘urban pioneers’, tracing the evolution of Berlin’s policymakers to the marketing and promoting of Berlin as a ‘creative city’. She identifies the role the initial temporary users had in shaping the city post-wall, which was then embraced by policymakers in an attempt to realign Berlin as a ‘creative city’. This followed attempts to revitalise the city by large development projects that remained empty for many years, and were accompanied by wastelands that filled the city landscape. Colomb argues that the informal image-making of the independent users has consequently been their undoing, as the success of the creative city has seen the temporary users increasingly under pressure of displacement from real estate and policymaker urban development.
The low cost of implementation of temporary uses and the potential returns from little investment in the creative class has seen them be embraced by local authorities the world over. In some cases this has been informal support, such as with Renew, or more formal marketing and promotion, as seen in Berlin. A big advantage of creative industries is that they can be developed without investment in major infrastructure projects that some other industries may require.

Colomb (2012) also distinguishes the temporary use phenomenon with the creative city discourse of Florida (2002). She says that most temporary space programs, both informal and formal, are an innovation that is borne out of some crisis occurring in the city, such as deindustrialisation, low growth or shrinkage, a point overlooked by Florida in his theses. Florida (2002) does however recognise the importance of place, usually cities, in how people congregate. He says, despite the advent of the internet and modern telecommunications and transportation systems, people remain highly concentrated and the economy continues to concentrate in specific places. He also reaffirms the popular view that firms cluster in agglomerations.

Westbury (2015) says Newcastle has always been a do-it-yourself town in terms of the creative arts, but believes this was largely by necessity. But no doubt creativity begets creativity as the agglomeration of artists in Newcastle mirrors the cluster theory of firms. Newcastle now has the most artists per capita of any town in Australia.

The Renew Newcastle experiment, as explained by Iveson (2009), Perkovic (2013) and Crommelin (2013) are in stark contrast to the story of Wollongong, a city often compared to Newcastle for its proximity to Sydney and large steel-making industry, as described by Waitt and Gibson (2009). They say that even before the ‘Richard Florida phenomenon’ Wollongong attempted to position itself as a city that embraces culture, by establishing a creative cities agenda and aspiring to become the City of Innovation. This top-down approach has at best seen mixed success, despite Wollongong having a strong grassroots arts movement. Waitt and Gibson argue the proximity to Sydney and inherited class legacies, characterised by the persistence of blue-collar inner suburbs, have prevented the creative regeneration foreseen by official planning schemes. They also say that where it did occur, creative regeneration developed organically in creative hamlets in beachside villages.

Creative industries have 21st Century opportunities that have been provided by the internet. Not only have people been exposed to different art forms, they now have access to a global market. What previously were tiny isolated forms of creativity were transformed by global economies of scale. Westbury (2015: 65) also believes there are now advantages to being in regional Australia, as in the global marketplace “regional variation and local identity are all part of the story. Being from somewhere can become a powerful resource.”
3 Renew Newcastle in action

3.1 What Renew Newcastle does

Renew Newcastle was founded in 2008 to help solve the problem of the decline of the Newcastle CBD. Over a period of almost 30 years the CBD’s buildings had become increasingly vacant and disused due to a range of economic and social factors that combined to cause the commercial tenants of the CBD to become unprofitable and eventually leave the area. This culminated in over a third of the properties to become unoccupied, some for many years, leading to dilapidation and dereliction of the shops, offices and buildings. Despite the high rate of vacancy in the CBD, there was an inability by potential parties to rent these rundown spaces due to lack of interest on the part of the owners or property managers, as well as an incongruence in the spaces and the way potential suitors wanted to use them.

Renew Newcastle was set up in response to these problems. The stated objectives of Renew Newcastle are as follows (Renew Newcastle, 2016):

- **Renew Newcastle** brings life, culture and economic activity back to the Newcastle CBD, by activating empty spaces with creative projects and initiatives. In doing so, it aims to make Newcastle a diverse, vibrant and engaging community that supports local creativity.

- **Renew Newcastle** was established in 2008 to find short and medium term uses for buildings in Newcastle’s CBD that are currently vacant, disused, or awaiting redevelopment, to bring activity and life to the city.

- **Renew Newcastle** seeks opportunities for creative people to innovate, test, develop and transform their enterprises and to activate and maintain these buildings until they become commercially viable or are redeveloped.

- **Renew Newcastle** has the following four core organisational objectives that inform our activities and work to achieve our vision:
  - To continue to activate properties as part of the Renew Newcastle initiative;
  - To provide opportunities for cultural and creative projects to flourish;
  - To engage the community with the Renew Newcastle efforts to revitalise the city of Newcastle; and
  - To ensure the viability and ongoing sustainability of the organisation.

The following is taken from the Renew Newcastle website:

- **Renew Newcastle** is a not for profit company limited by guarantee. The organisation has been established to find short and medium term uses for buildings in Newcastle’s CBD that are currently vacant, disused, or awaiting redevelopment.

- **Renew Newcastle** aims to find artists, cultural projects and community groups to use and maintain these buildings until they become commercially viable or are redeveloped.

The organisation was founded to help solve the problem of Newcastle’s empty CBD.

- **Renew Newcastle** brings transitional buildings in Newcastle to life again. Property owners license (for a nominal sum) their buildings to Renew Newcastle while they have no tenants or are awaiting development.
*Renew Newcastle* manages the short term use of the buildings. *(Renew Newcastle)* pay Public Liability and other necessary insurances, take over basic maintenance (a fresh coat of paint, a clean, and fixing up the broken windows) and cover basic insurances while the buildings are in *Renew Newcastle*’s care.

*Renew Newcastle* supports the property owner to the maximum extent possible to ensure that their involvement is tax effective and their contribution is seen (as) a positive contribution to the community. *Renew Newcastle* then finds “custodians” who use the buildings for cultural, creative and community purposes until the owner finds a permanent tenant or a redevelopment is ready to proceed.

Renew Newcastle has brokered partnerships with a number of property owners that use Renew Newcastle to seek out local artists, cultural projects and community groups to use the spaces available, while they wait to become commercially leased or redeveloped. All leases brokered by Renew are temporary, with the default license agreement based on accessing the property on a rolling 30-day basis. This enables a property owner to lease out the space with the knowledge they are not sacrificing potential commercial returns. The use of the building is at a heavily reduced price for the lessee, with most projects paying just $25 a week participation fee.

Once a property owner agrees to partner with Renew and allow their property to be used in the project, Renew will seek out appropriate projects for the space. Renew carries out an initial assessment and then provides a list a suitable projects to the property owner who makes a final decision on what they are willing to make their properties available for. Renew encourages start-up businesses and not-for-profit ventures to take up the spaces. It is hoped that new enterprises will be able to make a going business of their project and become viable tenants that pay market rents and bring life back into the city. The only requirement is that the enterprise be of a creative or cultural nature and it doesn’t directly compete with existing businesses in the CBD.

To the end of October 2016 Renew Newcastle had placed 236 projects into previously empty properties in Newcastle (Figure 1).

**Figure 1 Projects supported by Renew Newcastle**

![Graph showing the number of projects supported by Renew Newcastle from 2008 to 2016.](source.png)

Source: Renew Newcastle  
*Projects to October 2016*
The projects supported by Renew Newcastle are many and varied. All the projects are of a creative or cultural nature, but as their website states they take a pretty open view of what that means. They prioritise new projects and initiatives that do not directly compete with the existing business that are in the Newcastle CBD. Of the 93 projects active at some stage in 2015, 162 creative professionals were involved with them. The list of skills of the participants are as varied as the projects themselves; architects; designers; illustrators; photographers; filmmakers and editors; animators; painters; sculptors; print makers; screen printers; jewellery makers; furniture makers; fashion designers; ceramicists; milliners; gallery curators; bookbinders; textile artists; perfume makers; leather workers; writers; journalists; publishers; copy writers; art therapists; IT specialists; web designers and programmers; musicians and composers. The variety of skills of the participants leads to a greater assortment of projects and essentially greater diversification of the economy, a key aim of the Newcastle revitalisation plan of the NSW Government.

Projects are categorised into 5 types, with some projects overlapping into more than one category:

- Office-based creative projects
- Artist studios
- Special event projects
- Artist-run galleries
- Artisan retail initiatives

The approximate breakdown of projects (up to the end of 2014) can be seen in Figure 2.

**Figure 2 Types of projects supported by Renew Newcastle**

![Diagram showing breakdown of projects](image)

Source: Renew Newcastle

While the creative projects themselves are one of the Renew objectives, it must be remembered the project started primarily to address the decline in the occupation of properties in the Newcastle CBD. Indeed, the opportunity to use the properties at low cost was borne from the fact they were unused and there was little chance of them being taken up for commercial lease. Hence, the increased occupancy of properties in the CBD has been paramount in creating an urban environment people will visit and the vibrancy that comes with that. Figure 3 shows the occupancy of properties by Renew projects since the project’s inception.
Renew Newcastle indicate the lack of new properties activated in 2015 and 2016 is not for lack of projects. Through 2015 Renew received 80 project applications, but at year’s end still had 41 eligible applications waiting for suitable space to become available. While this may be disappointing for those wanting to start projects with Renew, the lack of suitable space is in some respects a consequence of the success of Renew, as the overall occupancy of the CBD has increased, including many previously used by Renew. In 2015 eight properties previously used by Renew were leased by commercial enterprises. The presence of projects supported by Renew in spaces that would otherwise remain empty allows potential lessees the chance to see the spaces being used and provides a clear incentive to them to consider leasing the space.

The lack of new property owners willing and/or able to enter into arrangements with Renew has created an opportunity for Renew further afield. They have been approached to temporarily use a building in Hamilton, until the longer term plans of the property owner become reality. Further, Renew are also keen to utilise buildings in other areas of Newcastle beyond the CBD.

### 3.2 Renew Newcastle graduates

Of great interest are the projects that have graduated from the Renew Newcastle initiative, in most cases taking up their own commercial lease. Renew defines a graduate project as one that enters into a commercial lease with their creative enterprise either in the space they inhabited as a project participant, or elsewhere in Newcastle. To October 2016, 35 projects had made the step to commercial leases (see Figure 4), representing 15 per cent of total projects supported by Renew since its inception. The benefits from the program of an enterprise taking up a commercial lease include the ability of the enterprise to occupy its space long term and the resultant increased activity in the immediate vicinity, the improved maintenance of the building by having a long term leaseholder and the value to society of a business becoming viable, able to pay tenancy rents and, in many cases, provide wages and pay taxes.
When Renew participants become involved in the initiative, their enterprises are at varying stages of development. Renew generally preferences giving spaces to genuine start-ups, where the project is at the embryonic stage; in some cases though, the projects are quite developed. However, none of the participants have current leases, they are given the opportunity to temporarily use a space and go from there. For some that will mean experimenting with an idea from the ground up, while for others it means refining a practice they have begun and perhaps taking it to the next level, where it becomes a viable business, fully supporting itself.

Renew graduates have received much publicity in the local media throughout the life of Renew (for example Goffett, 2010; Green, 2012). More recently, Renew received recognition in the media following the sale of one of its graduates, Conversant Media, which was one of the original Renew projects placed into a building in Hunter St in 2009 (Green, 2016). The report outlines how the business has grown to be sold for $11.6 million, with the owner “keen to give credit to the early support of Renew Newcastle.” Indeed, invariably the graduates recognise the assistance provided to them by the Renew initiative, as evidenced by interview replies discussed in section 4.

Recognising the importance of supporting projects to the point of self-sufficiency, whether or not they eventually move to a commercial lease, Renew has structured their organisation to include a specific role to help facilitate this. The Project Advocacy role is set up to liaise with Renew participants at all stages of their involvement about their project’s progression and aspirations. This includes seeking out and recommending appropriate education and/or courses for participants. A key function of the Project Advocacy is to financially support participants to undertake appropriate study to assist their business development. This assistance has allowed some participants to develop their business skills or their creative skills, as we will see also in section 4. In addition, the Project Advocacy role acts as a focal point for networking between participants, where collaborations and partnerships are formed. This is particularly useful for participants in their early stages of involvement.

In addition to the success of the graduates, many Renew projects cease their association with Renew for one reason or another, yet remain viable enterprises. In many cases, their
temporary space has been required by the property owner, either for redevelopment or because a suitable commercial lessee has been found, and so they have had to vacate their premises. When this happens, due to the demand for Renew projects, often there is not another space to move into. Nonetheless, one out of three participants continues to operate their project as commercial enterprises, in one form or another, after leaving the Renew initiative.

3.3 The national and international reach of Renew Newcastle

The idea of the temporary use of space for creative uses is by no means a new idea, as evidenced by the many examples from all around the world. Westbury (2010) says he was initially inspired by models he had seen or knew of in other countries that encouraged artists and community organisations to utilise unused and vacant spaces. He cites Berlin and Amsterdam as well as the United Kingdom. He says the UK situation more directly parallels the Australian experience, specifically former industrial cities in the north of England and Scotland that have been transformed from manufacturing centres to places of cultural activity.

Renew Newcastle is now one of the projects cited internationally when urban renewal is up for discussion. When Westbury (2015: 96) was forming the ideas for Renew and trying to gather support, he admits he was “still making it up.” He identified the need and had a solution which wasn’t fully formed at the time. The flexibility that he embraced in getting Renew Newcastle off the ground has since been utilised in numerous projects around Australia and in advice provided around the world.

In many ways the Renew Newcastle initiative has become an international project, which has become known in many parts of the world. It has done this through two separate yet complimentary means, both of which promote the city of Newcastle. The first is through the idea of urban renewal and the successful path Renew Newcastle has trod and the desire for other places to replicate this. The second is through the promotion of Newcastle as a place, what Renew brings to Newcastle and the changes Newcastle has seen due to Renew.

Renew has reached a vast audience across the world through it being placed as a model of urban renewal. While some of the examples Westbury mentions had been around long before Renew, it was a fairly new idea in Australia, with some parts of Melbourne being the main local example he drew from. Before long though, the success of Renew was being mentioned in local, national and international print, radio and television media.

This led inevitably to requests to share the wisdom of Renew and implement the same type of projects in other places around Australia. Soon, similar projects based on the Renew model were operating in towns across Australia such as Adelaide, Townsville, Geelong and Lismore. What began as an informal favour for a few people, eventually spawned Renew Australia, which officially launched in October 2011. Renew Australia is aimed at assisting other cities in Australia get the initiative started.

Around the same time, the focus of Renew on placing creative and cultural projects into their spaces led to partnership with Arts NSW in association with the Arts Law Centre of Australia. A suite of information sheets was published to assist councils, communities and local businesses to transform empty spaces into arts precincts, known as Creative Enterprise Hubs. This also led to the Empty Spaces project at the University of Technology, Sydney.

Through the combined efforts of Renew Newcastle, Renew Australia and Empty Projects, over 30 cities in Australia have been listed as part of the Empty Spaces project. While some projects have been temporary and/or of a small scale and others have been larger and more
sustained, they have all benefitted from the experience of Renew Newcastle and have promoted Newcastle as a by-product of their own project. There is also evidence of Renew Newcastle advising projects internationally, for example Meanwhile Space in the UK and Gap-Filler in New Zealand. Westbury has also lent support to projects in the USA, Canada, Denmark, Thailand and Chile to name but a few. Further, many people involved in the running of these projects have visited Newcastle to see firsthand the success of Renew.

No doubt Westbury’s national profile as an artist, festival director, media operator and now urbanist, along with his willingness to tell the story of Renew and assist others wanting to do something similar, have all enabled the reach that Renew has nationally and internationally. He writes regularly in The Age newspaper in Melbourne. He has produced and hosted national television specials, one of which, a three-part special called Bespoke which aired in September 2015, prominently featured Renew and some of its projects. He has also been the creator and coordinator of festivals around Australia for 20 years.

In interviews to be discussed in section 4, a Renew graduate describes his pride in the reach the Renew initiative has had and the fact Renew is a Newcastle idea:

I feel quite proud that Newcastle has come up with this and that I’m involved in it. The way Marcus has gone around and so many people are interested in it; it’s really good to be somewhere that was the birth of that. I think it’s also about Newcastle. [7]

Likewise, the Renew idea gains recognition for its national and international reach on the official Newcastle brand website, being listed as a world-class story:

Renew Newcastle is, first and foremost, a Newcastle solution to a Newcastle problem. … The ideas, the implementation and the projects that make up Renew Newcastle all come from people with a strong connection to Newcastle. … As many cities around the world are similarly affected by a changing financial climate and shifts in industry, invitations to speak about the project have been requested from cities including Christchurch, New York, Toronto, Rotterdam, Copenhagen, Denver, San Francisco, London and many more. It has inspired similar initiatives in places across Australia and around the world.

There is a certain amount of publicity associated with any of these types of projects. Local media in particular are very interested in following these stories and invariably, when the origins of the project are discussed, Renew and the revitalisation of Newcastle in general is mentioned. The Newcastle media has followed the Renew story closely since its inception with hundreds of pieces over the years. Similarly, major mainstream media outlets, like the Sydney Morning Herald (for example Creagh, 2008), The Canberra Times (Tickle, 2014) and the Adelaide Advertiser (Evans, 2016) have all run stories featuring their own city’s attempts to replicate the Renew Newcastle model. News publications in smaller towns all over Australia have also run many stories about their efforts to renew their cities and towns modelled on Renew’s temporary uses of vacant spaces. Renew has also featured in most of Australia’s other biggest selling electronic and print press including Melbourne’s The Age, the West Australian, the Financial Review and the national daily broadsheet The Australian (Westwood, 2015). Internationally, Renew Newcastle has featured in Canada’s widest circulating newspaper, the Toronto Star (Porter, 2012) and in the Fairfax press in New Zealand through their online site stuff.co.nz (Westbury, 2011).

Aside from its mainstream, popular media coverage, Renew has also featured in a range of special interest media. This has included publications that focus on creative and cultural industries, music, the arts, emerging technologies, architecture, social enterprise and urban renewal. The list of publications includes US-based Wired (Sterling, 2009), New Republic
(Lindsay, 2015), the Seattle Globalist (Barrett, 2012), and Australian sites Broadsheet (Stern, 2015), Cyclic Defrost (Savvides, 2009) and Architecture Australia (Finney, 2012). In 2015 alone Renew received more than 1000 media mentions in online, radio and print media (Renew Newcastle, 2016).

Separate to the reach of Renew as an urban renewal model, Renew has enhanced the reputation of Newcastle as a travel destination. This has occurred not only in the sense of it improving the vibrancy and amenity of the inner city, but also as a feature or ‘must-see’ activity in Newcastle in promotional material. In only its second year in existence it received a place in Lonely Planet’s Best in Travel 2011 (Lonely Planet, 2010) as number nine of the top 10 cities. Calling it Australia’s most underrated city, it cited Renew Newcastle as moving Newcastle from a ‘steel city’ to a creative hub:

Newcastle now has the most artists per capita nationwide, and the most galleries – from acclaimed regional centres to independent, artist-run spaces and dozens of disused city-centre buildings occupied by photographers, fashion designers, digital artists and more as part of the inner-city regeneration scheme, Renew Newcastle (Lonely Planet, 2010: 127).

Westbury (2015: 141) says the response to this publicity was enormous: “Over the coming months my Google Alert for ‘Renew Newcastle’ was suddenly tracking mentions from more than a dozen countries. I was answering constant questions from international travel writers.” And indeed, numerous stories followed in media around the country, many as an item in the news sections, as the idea that Newcastle was the first Australian city to make the list of top cities to visit was somewhat controversial and a news item in itself. Other publications included it in their travel sections. The idea of Newcastle being recommended by Lonely Planet as one of the top ten cities to visit in the world was also of interest internationally, including in England’s Daily Telegraph (Caplan, 2011) and the US-based CNN (Ward, 2011).

The launch of Brand Newcastle followed in 2011, and was also followed by a raft of articles in publications around the county. Most of these mentioned the Lonely Planet recognition and also featured Renew Newcastle prominently (for example, Rhodes, 2011; Milne, 2012). The Renew project soon became a regular in ‘things to do’ in Newcastle, and remains so in travel pieces today (Rickard, 2015; Mannheim, 2016; Delaney, 2016). It also remains on Lonely Planet’s list of things to do with 48 hours in Newcastle. Renew Newcastle has also been highlighted prominently in various Newcastle features in in-flight magazines. This includes Australia and New Zealand’s major airlines Virgin (Rhodes, 2013), Jetstar (Brook, 2015) and Air New Zealand (Eichblatt, 2014).

Crommelin (2013) argues the use of social media technologies can help small-scale organisations present their vision of the city and its culture to the world. Importantly, Renew has embraced the social media scene and as recently as 2015 is still growing its website visitation, Facebook page likes and email list subscribers. Westbury is also prolific on Facebook and Twitter, often promoting Renew Newcastle or subsequent projects.
4 Graduate and business owner interviews

4.1 Interviews with Renew Newcastle graduates

Many of the Renew Newcastle graduates have been long term tenants of the mall and Newcastle CBD, first as participants of Renew and then as commercial lease holders. Many have seen the transformation of the CBD firsthand and have also been beneficiaries of the Renew project. The following considers interviews that were conducted with nine Renew graduates through August to October 2016 (Innes, 2016).

The survey participants had begun their involvement with Renew at different stages of the past eight years and had also graduated at different stages. Further, they had varying expertise and skills and had been part of the Renew program at assorted stages in their professional careers. While some were already quite experienced in their crafts, others were just starting out. The interviews covered topics such as their personal experience as creative professionals, the role of Renew in their development and their experience with Renew, being a creative professional in Newcastle, the revitalisation of the Newcastle CBD and the overall impact and future of the Renew project.

Respondents were unanimous in their appreciation of the impact Renew Newcastle has had on the foot traffic in the mall and the CBD area, and the increased vibrancy as a result of this. Indicative comments to this end included:

If you were able to somehow go back in time and see a flyover of what the mall was like with all the empty shops and no people and to show it now where all the shops are full, it’s so vibrant, people are happy … [4]

When Renew Newcastle came about, (the mall) just picked up dramatically. When One Penny Black opened down this end and David Jones was shut, it felt like no one was at this end, it felt like this end was dead, but now it’s spread all the way along so the whole length of the street is just so much more lively. [7]

I think it’s so beneficial to the city and without it, it wouldn’t be as vibrant. There are direct benefits to me and there are indirect benefits to how it affects the community at large. I’m very mindful of what it’s done for the city because I’ve lived here since 2001 – it’s a very different city to what it was before. [5]

As well as the increased vibrancy brought about by the increase in foot traffic is the increased safety, even outside business hours, as one interviewee noted:

It also feels really safe. I sometimes stay here till late and walk home at one in the morning and it doesn’t in any way feel like a threatening environment to walk through. Because there are people out, just normal people out and about so it’s safe. [8]

Recognition was also made by the graduates on the economic impact on the mall and in particular on their own enterprises. All the graduates spoke of how the Renew project allowed creative people the opportunity to come into Newcastle and be connected with other creative people trying to get their projects going and at the same time make a contribution to the city. This was beneficial in raising the profile of people working in creative industries. As one interviewee put it:

Newcastle has always had a really active arts community and I think it brought that active arts community into the public sphere a little more. And I think it also connected those artists to one another. [1]
This has led to education of the public about what creatives do and what they can add to a community. In the former respect an interviewee noted:

I think as a creative I’m constantly educating my audience. … ‘This is what I do for you but it’s going to come out that large for you.’ [6]

With respect to the latter point interviewees pointed out the contribution of people working in creative industries and the ability of creative industries to work within the parameters of what is there and renewing an urban environment in that way, much like a lot of research has found (see for example Daniel, 2014). Two very salient points were made:

The community at large should understand more of the importance of the creative group and the benefits of that to not only the community but to the economics of Newcastle. It’s of real value. … So people understand that it’s real and not some pie in the sky idea that you bring in creative people and then there’s money somehow comes out of that, people can’t really see it. [4]

In Australia they kind of think ‘let’s knock it down and build a new one,’ whereas here it’s much more organic and it’s growing … someone hasn’t just come in and done it. [7]

One interviewee stressed this was something that required further work:

(We need to be) working together to change mindsets of the general public and to increase the value and importance of the creative industries. Our very presence is the kind of thing that gives the area its uniqueness and its culture and its personality. [2]

Without exception the graduates appreciated the role Renew Newcastle had played in supporting their own enterprises. For some this meant backing a rough idea that was still evolving, while for others it meant being supported to develop their side projects into a more substantial business. A recurring theme for the interviewees was that Renew offered them a place to practice their artistic endeavours as well as a collaborative and supportive organisation and community to allow them to take their practice to the next level:

(Renew) offers artists a community to be a part of and an opportunity to work collaboratively, to work in a shared environment outside of the home and take their artistic practice to a more professional level. [1]

It’s definitely been an amazing opportunity to meet other creative people but also other creative people in a business sort of sense. … To meet other like-minded people who are actually working towards creating a business and supporting themselves, and putting their ideas out there into the community and the world. [3]

Another focussed on Renew Newcastle being a kind of hub for creatives:

I think Renew Newcastle has been instrumental in establishing that (community) kind of mindset, and bringing these kinds of people together as well, connecting different people with different ideas that are complementary. [2]

While some acknowledged that had it not been for Renew they probably would not have been confident enough to move their artistic practice into an enterprise-like business, others who were already well on their way to establishing their business appreciated the assistance they had received from the program:

I definitely wouldn’t have (pursued getting my own space for my project if not given the opportunities being part of Renew). I was just about to call it quits. So the step of
getting a shopfront and starting up the business seemed too much of a step. It really gave me a foot in the door. [4]

I had a huge body of work after I graduated (from university) and I was starting to get interest in my work. I didn’t want it to be the end of my art making and I wanted to make something of it … it really just pushed me to taking up the opportunity with Renew Newcastle and growing the business from there and finding out where I wanted to go with it through that Renew Newcastle process. [3]

I think (my business) would have worked with or without Renew but – and I have to say a big but – without it, it’s hard to work in a vacuum, in your own space day in day out and I wouldn’t have people working for me. It’s nice to be part of a community that’s doing similar but different things and are all working towards similar type goals and I think on similar wavelengths as well. [5]

The graduates also recognised how being part of Renew Newcastle had helped them progress to the next step, of moving out of the Renew program and transitioning to their own commercial lease. Interestingly, in some cases the move to a commercial lease either coincided with or was prompted by the artist being required to move out of their Renew space.

I had a testing ground with the space I had with Renew and it just made me realise it was possible. It took a few years to be able to get comfortable, but it’s worked. [6]

Someone wanted our space. So that’s when we thought: another group is going to use this space in not as good a way as we can use this space and if they’re going to have a crack for it, we’re going to have a crack for it as well because we’re a better fit for the space and we contribute more to the building and to the wider community. [2]

When I lost my Renew space it was a horrible feeling but I was full of confidence and I had this willingness to take a risk which I didn’t have before I got involved with Renew Newcastle. It was a risk to take on this lease, but it was a calculated risk. [4]

Further, one interviewee recognised the relationship they had formed with the property owner as being important:

… there were no spaces available with Renew so then I contacted [property owner] … and they were really good, they showed me around personally. [4]

There was also recognition that Renew is only meant as a temporary thing for artists and that they should be looking to move on:

I’ve always felt that if you’re in Renew you’re in there for a reason, not just to dabble, you’re in there to work your butt off and get out of Renew. … That’s in a positive light because I guess that’s their ultimate goal as well. [6]

Further to this is the ongoing support the graduates feel from Renew and the community of creatives, even now they have moved on from being directly involved in the initiative. One spoke of working with Renew to use a space for an event in return for cheap tickets, others mentioned the many collaborations they have going with other creatives they met through Renew, while others mentioned the advantage of having Renew publicise their events which gives them great exposure. An illustrative comment was:

I’m still reaping the benefits of having that supportive community when I was there. I’m still working in some of the collaborations I made when I was with them, I’m still stocking some of the shops that I met when I was working in the Emporium. [9]
The support from Renew also extends to advocacy, as one interviewee put it:

The really great thing about Renew is that they’re an impartial, objective advocate for us (and the wider community of creatives) which will have the industry’s best interests and Newcastle’s best interests at heart. [2]

The role Renew played enabling these small creative enterprises to become viable businesses in most cases extended beyond the provision of a space and connection to a community. As part of the Project Advocacy role, Renew assists participants to take their enterprise to the next step by guiding them towards appropriate training courses and supporting the participants, in some cases financially, through that. As one graduate said:

Renew got a grant to send people off to get an education to do with their field, so I took them up on that and went down to Melbourne for the Annual Lace Makers General Meeting. It was the coolest thing ever. I used their grant and learnt how to make lace and that led to what I’m focussing on now, making lace. [9]

Being on the ground the graduates could, both previously when they were part of Renew, and now as most are still in the area, get a feel for the reach of Renew and how it brings people to Newcastle. Renew Newcastle has had an abundance of positive publicity since its inception, on a local level, nationally and internationally (see section 3). The word has spread about Renew and the people on the ground have the best feel for where people have come from to see their craft. The interviewees identified this as a positive both in a tourist sense but also in a sense of other creatives recognising Newcastle as a vibrant place to conduct their business. On the former point indicative comments were:

I get people driving through calling to say ‘where’s your shop?’ We were on Bespoke, a documentary, and I had people literally asking ‘where’s your studio, I want to see what you do.’ [5]

Often the people who are most interested in Renew are people from somewhere else; people who have seen them on TV or read about them and so they’ll make a particular effort to come to Newcastle to see that … we would have people coming from everywhere. [9]

I was constantly bumping into people who had just come into town to see what was happening with Renew space and within the Renew network. I’ve met young people in their 20s who have made the trip to Newcastle just to come to the mall. [3]

On the latter point one participant commented about people wanting to be involved in their enterprise:

Presence on a national also global scale has put Newcastle on the map. …We do have a lot of people that come from Sydney that want a space and happen to find us which is always really good. [2]

Despite the graduates no longer being directly involved with Renew Newcastle, they were certainly convinced there was a need for Renew to continue into the future in Newcastle. This was the overriding sentiment despite the increased occupancy of properties in the CBD. Their reasons for identifying a need for Renew in 2016 and beyond were varied. Some pointed to its continued role as the organisation that connects creative people together. Another stressed the important role of Renew in encouraging and providing the means for people to give their artistic practice a chance at moving to a more professional level. Another pointed to its advocacy role for the community. A couple of people identified the diversity that exists in the mall and CBD as a result of Renew and how that is a good thing for the area, coupled with the fact that the increased occupancy of the properties means that people associated with
Renew are no longer the only people around as they were at the start of the project. One person talked about the opportunities that Renew provides to people, particularly to create a business and employment. One interviewee recognised its place in the Newcastle story and how it is such a proud thing to have started in Newcastle and gone on to so many other places around Australia and the world. Lastly, expansion was seen by one as the future of Renew, the potential to take the Renew initiative to other parts of Newcastle. Selective comments were as follows:

(Renew’s role is in) being the core, being the parent and the sort of hub of creatives in the area. [8]

It’s easy in the art world to work if you’re already established but what Renew is amazing at is helping the new people. [9]

A customer pointed out to me just passing by that the difference for them is the amount of creative people you see around in the middle of the day. It feels more creative, so you’re likely to be creative. [4]

One thing I think is different, but a good thing, is that (Renew projects) were much more noticeable at the start, but because all of the other shops have been filled, the same amount of spaces are there but they’re surrounded by other shops. That’s a pretty positive thing. [6]

I feel quite proud that Newcastle has come up with this and that I’m involved in it. The way Marcus has gone around and so many people are interested in it; it’s really good to be somewhere that was the birth of that. I think it’s also about Newcastle. [7]

I definitely think there’s still potential for Renew to keep growing and continuing because Newcastle is a big place. There’s still so many areas that can use a bit of rejuvenation and a bit of creativity and looking for that point of difference that Renew offers. [3]

4.2 Interviews with mall-based business owners

Interviews were also conducted with four mall-based business owners, to get their impression on the Renew Newcastle program and the effect it has had on the mall and their own businesses. Two of the businesses had been in operation in the mall prior to the Renew program beginning, while the other two had started during the life of Renew. Interviewees were asked about the changes in the mall in their time there, their own business and how they have adapted over time, the effect of the Renew program on the mall and the role of Renew in the community.

The two longer-term businesses both said they had definitely noticed an increase in the foot traffic in the mall in more recent years. This, despite it not returning to the days of long ago when there were much larger businesses with many employees in the mall and surrounds:

When GPT started buying out all the buildings … that meant the existing businesses that were really successful – that were our customers and brought people to the area – suddenly were gone. … It’s just been great to have not only increased traffic in the mall and those shop owners becoming our customers, but (also) creating good morale if nothing else. [1]

It’s probably been a bit of a roller-coaster. There’s been some forward changes where there feels like there’s been growth and then slumps. … There was definitely a time when there were a lot of empty shops, so there definitely feels like there’s a fuller
tenancy. It’s better than having them empty, but per building and the amount of people working here is still a tenth of what it used to be. [3]

One interviewee also mentioned the reduction in crime in the area:

It can only be a good thing that all of the local area is full and busy and offering more to our customers and it just looks so much nicer. There used to be a lot of vandalism and that’s definitely decreased as well. [1]

The two more recent tenants of the mall had also noticed an increase during their time, with one indicating that the increased occupancy has made it hard for them to find a more suitable space. An indicative comment from one was:

We (have) witnessed it become hugely more busy and successful as a place for business to be able to run their shops and have success from it. [4]

In regards to the impact of the Renew Newcastle program on the mall specifically, the interviewees identified the diversity of people. As one interviewee put it:

There’s the regular customer base, but you still meet a bunch of new people. Mostly I like the group of people working here, they’re all really like-minded, they have their own little quirks – it’s just a really nice place for us to work together. I’ve seen it grow and become a nicer place to be. [2]

In regards to the role of Renew Newcastle in the community, most were supportive of the idea of Renew and what it had brought to the mall as well as what it had done for the wider Newcastle community. Two indicative comments were:

I’ve recommended a lot of people to go through Renew Newcastle because I really believe in what they’re doing and I just think it’s such an awesome way to get started. As an artist it can be very expensive to go and set up … it means you can’t get that step ahead. That’s what Renew does, it gives them that step up and also connects them with a whole group of like-minded people. [4]

To have that kind of creative space that is affordable, to pursue their passion I think is a really super great thing that Newcastle and Renew Newcastle has done, supporting that underflow of creativity. [2]

One interviewee however, questioned the Renew Newcastle program’s fairness to other businesses:

I suppose for us it’s a double edged sword where there’s no doubt it’s been good to have all those sites filled because they were empty and that is disastrous, but for a business owner who pays massive rents and rates and everything, it’s an unfair playing field. [3]

All four of the business owners agreed Renew Newcastle should have a role into the future in the mall. One business owner said Renew’s value is in educating the community, while another pointed to the impact Renew has had on the mall. A couple of interviewees highlighted its importance to the community of Newcastle and that it has spread to other places, while a couple recognised the opportunity Renew Newcastle provides to creatives to give their artistic practice a chance to move it beyond a hobby. Selective comments were as follows:

It gives a wonderful sense of place and community to Newcastle because it started here and I know it’s rolled out nationwide in South Australia and Melbourne and all
around. I think there’s a real sense of pride about it coming from here and originating from here. … I just hope it’s able to keep going. [1]

Reaching out and having more to do with education around small business and really bringing a stepping stone for people. … Having a part that is mostly educational about how to run a business, that would be very helpful for people. [4]
5  Cost benefit analysis outline

5.1  Benefits of temporary use projects

In this section we set out the cost benefit analysis of the Renew Newcastle project. To do this we draw heavily on an economic evaluation carried out by SGS Economics and Planning in 2011 (SGS, 2011). In that report SGS discuss the various costs and benefits associated with projects that make temporary use of vacant spaces in cities. They then describe a valuation technique by which they monetise the identified costs and benefits of such projects. Finally, they carry out a cost benefit analysis, using their valuation techniques for the Renew Newcastle project. The Renew Newcastle project was quite new at the time, with the report delivered at the end of its third year.

Perkovic (2013) attempts to summarise the benefits from temporary use of empty spaces that she identified from the evaluative research that has been carried out. These are as follows:

- economic benefits to the landlords, users and the wider urban context;
- social and economic flow-on benefits to the local community;
- increased democratic participation in urban development;
- adding adaptability and experimentation to the process of urban change; and
- very low costs of implementation.

**Economic benefits**

The economic benefit to landlords is the increase in value of their properties. In most cases, empty, decaying properties that sit dormant in cities where there are many other empty, decaying properties hold very little market value. Landlords struggle to find appropriate rent for the spaces and would struggle to get a price they would deem worthy if they were able to sell them at all. Properties that are occupied and no longer sit empty rise in value as they are put to use, in an immediate sense as the space is rejuvenated and used. Despite not charging market rents or perhaps any rent at all, landlords save money on security, insurance, rates and utilities bills which are generally covered by the temporary user, while longer term a premises’ potential is realised by prospective leaseholders. For users, their economic benefits come in the form of the minimal rent they pay. In most cases temporary users may pay little or no rent, hence they are able to experiment in their space without the sizeable investment of market rent and in some cases move their activities from informal to professional where they pay market rents and create employment. These economic benefits form part of the economic evaluation to follow.

**Flow-on benefits**

The flow-on benefits to a community and a city are both economic and social in nature. The economic flow-on benefits will also form part of the economic evaluation to follow and will be discussed in full. They include the mitigation of blight, improved business and community confidence, improved regional brand value and greater volunteer engagement. Perkovic (2013) also identifies as a non-economic flow-on benefit the potential for temporary use start-up businesses to graduate to greater permanency and contribute to the long-term development of an area. She also identifies the sense of place and community pride that comes from a vibrant, more attractive streetscape. Further, she identifies that temporary use can lead to the provision of non-commercial public space and non-commercial activities, greater involvement in local-political processes, and encouraging participatory city-building.
Increased democratic participation

The latter of the flow-on benefits mentioned above can also result from the flow-on effects of overall greater democratic participation. Temporary use is strongly place-based, while at the same time has strong elements of grassroots involvement. Hence, as temporary uses for spaces are open and inviting to potential participants, it builds trust among the community, encouraging people to become more involved in their local community.

Facilitating urban change

Where cities find themselves in a state of decline and dilapidation, the most common solutions, certainly in the developed world, revolve around large scale development projects. The funds required for these and their implementation are often years behind the problems emerging. Temporary use of empty space can not only provide the short-term solution to the decline of the city, but can also point to the appropriate long-term solution. Temporary use allows for great flexibility within a business, but also within a city.

Low cost

Unlike large development projects, temporary use of empty spaces is very low cost. The economic benefits to landlords outweigh the costs almost immediately. The costs borne by the temporary users, be they the utilities or maintenance costs, are low by definition, otherwise they would not seek to fill the space. The main costs are in actually brokering the use of the temporary spaces at a more formal level, be that through the local council or some other independent organisation and the subsequent legal costs.

5.2 Economic evaluation costs

The costs borne by the project are the recurrent operating costs of the Renew Newcastle Limited not for profit company. In the time since the previous report, the company has remained fairly stable in terms of what it attempts to achieve, with some minor changes around what it prioritises and what it devotes part of its budget to. Since the previous report the actual total costs have almost doubled, but the nature of the ongoing costs have remained the same. These include the following:

- staff salaries;
- contractor expenses;
- insurance expenses;
- repairs and maintenance expenses;
- administration expenses, including advertising and marketing, printing, postage, travel and other miscellaneous expenses; and
- any other costs.

5.3 Economic evaluation benefits

SGS Economics looked solely at the economic benefits in order to carry out an economic evaluation of the Renew Newcastle project. They separate the benefits into direct and indirect use benefits.

Direct use benefits

When considering the economic benefits of the Renew Newcastle project, it is important to consider only benefits that would not be there if Renew Newcastle was not in place.
Creation of new jobs

As pointed out by the Renew Newcastle graduates in the interviews referred to in section 4 their involvement in the Renew project has allowed many of them to take their artistic practice to a more professional level. In some cases this has meant starting a project and it developing into a business, which supports them in a financial sense and is able to pay commercial leases. In an economic sense the Renew Newcastle project acts as the catalyst for independent economic activity by supporting their participants to undertake greater commercial economic activity which they might not otherwise be able to do.

A few situations where new jobs are created commonly exist in the Renew program. The first is where someone has employment in a job not related to their artistic practice, which they do as a hobby, or alternatively their primary activity may be as a student. Given the opportunity to develop their practice into an enterprise they may get to the point where they are able to focus solely on their creative project as their primary source of income. In the second situation a person may initially be able to be supported enough that their creative enterprise is their primary source of income, but this would be equivalent to a part-time income and in actual fact they would be considered underemployed – regardless of the actual hours they spend on their project. By taking the opportunity to take their enterprise to a more professional level they may experience an uplift in their income – and effectively move from underemployed to fully employed. A third, unrelated scenario is where, through involvement with Renew, an enterprise is able to grow to the point of creating employment beyond the initial people involved in the project. In this case the project becomes an employer of others, passing onto society the related benefits of job-creation.

Skills development

Just as the nominal cost of rent was an important impetus for Renew participants to be involved in the program, many interviewees also identified the community of creative people involved in the program as being just as important to their capacity to further their artistic practice into something more professional. The camaraderie and support received from other participants served as comfort and motivation for some, as did the collaborations they were able to form. All this informally adds to the skills development of the participants.

In some cases Renew Newcastle has been able to play a direct role in developing skills of their participants, including supporting them to attend specific courses related to their skills or to fill a knowledge gap. This is formalised in the Renew organisation structure as part of the Project Advocacy role. The participants also credit Renew with encouraging them to further their enterprise both creatively and commercially by recommending and supporting them to attend courses, so they have the skills to develop their enterprise into a viable business.

Conversion to commercial leases

While not a stated objective of Renew, a by-product of the use of temporary spaces is the likelihood that some tenants will actually take up a commercial lease in their or another space in the city. Like income generated from the creation of new jobs, this represents a flow of funds to property owners that have come about because of the project’s involvement in the Renew initiative.

Responses garnered from survey and interview responses show Renew graduates have a variety of reasons for taking on a commercial lease, with their involvement in Renew being paramount to their success thereafter. In most cases participants have used their time in a Renew space to try their business idea and to gain valuable knowledge and experience, eventually reaching the point where they are able to financially support a commercial lease.
The temporary leasing of spaces by Renew also plays a pivotal role in participants moving to a commercial lease. In some cases, graduates cite the prospect of losing their space as the impetus to take up a lease. They find that having had the experience of using a temporary commercial space they cannot do without it, either as a work environment or due to the growth of their business during that time. Others cite the relationship they build with their property owner while with Renew as important in being able to negotiate a commercial lease at rates they find affordable. While still others form collaborations with other Renew participants and then jointly share a commercial lease.

**Additional volunteer engagement**

There are many benefits generated to the individual and society from people engaging in volunteer work. On a personal level volunteering allows people to gain new skills and knowledge and hence boost their own job and career prospects. Volunteers experience greater self-esteem and enjoy a sense of achievement and fulfilment, as well as better physical and mental health. Volunteering allows people opportunities to enhance their social networks, to meet new people and to better understand and be involved in their local community. On a community level volunteering is a form of civic participation and helps to create greater social cohesion and community resilience. Further, volunteering helps strengthen communities by fostering positive social norms and spreading information and innovation. In the not-for-profit sector, where Renew Newcastle lies, volunteers in general assist in providing socially beneficial services that would be prohibitive in cost otherwise, generating resource savings for projects and society.

Much of the work involved with Renew Newcastle is done on a volunteer basis. At an organisational level, Renew offers people the opportunity to volunteer with the initiative itself, utilising the existing skills of volunteers, as well as fostering new skills. Further, a proportion of the hours the participants put into their projects can in many cases be considered volunteering, as they are not fully financially remunerated. Participants also regularly ask for assistance from friends and family members on a pro bono basis. The repair and improvement to spaces when a project first takes up residence often takes place with the help of many volunteers.

**Creation of intellectual capital**

The creative and cultural industries have been utilised by many local authorities and policymakers to rebrand an area. The innovation involved with these industries plays a big part in their attraction. Indeed, the creative projects involved with the Renew initiative increases the range of artistic and cultural products and exhibitions that are available in the local area. For some of these, the value of the intellectual capital would be represented in their commercial value, what consumers are willing to pay for the goods or to attend the exhibition.

In addition, the greater choice and quality of artistic and cultural products and exhibitions available to the public is another way intellectual capital is created from the projects.

**Indirect use benefits**

As with direct benefits it is important to consider only indirect benefits that would not exist if Renew Newcastle was not in place. This is somewhat more subjective for indirect benefits and indeed a level of judgement has been used to determine appropriate benefits. Further, as one of the stated objectives of Renew is to revitalise the city of Newcastle, they are very aware of not causing problems by their use of the vacant spaces. To this end they will not support projects that compete with successful businesses already in the mall. In line with this
it is also important to identify indirect benefits that have not caused losses elsewhere in the city. This is explained where appropriate below.

**Mitigation of blight**

The primary reason the Renew Newcastle project was initiated was to make use of the empty buildings in the Newcastle CBD. As the occupants had vacated the city’s shops and offices, the CBD had become less and less attractive to shoppers and people had less reason to visit the city. Incidences of vandalism, criminal damage and other forms of anti-social behaviour and crime are more prevalent in areas with limited street activity.

Passive surveillance is where people naturally observe the public realm in which they are as they go about their everyday activities. It increases opportunities for criminal activity to be observed and therefore reported. However, more importantly, it acts as a deterrent to criminal activity. Increased patronage of buildings and the resulting greater foot traffic in the surrounding area results in more people around, increasing the passive surveillance of the area.

As well as the increased incidence of anti-social and criminal behaviour in empty streets, the run-down appearance of buildings and shops also has an effect on the prevalence of this type of behaviour. Specifically, buildings that have repeated occurrences of vandalism or criminal damage become targets for more and greater vandalism and criminal damage. Hence, the refurbishment and improvement made to buildings that are in various states of disrepair serve to act as a deterrent to further criminal activity. Further, people with a vested interest in an area will be more likely to make efforts to keep the area clean and appealing to visitors. In addition, the overall enhancement of an area’s physical appearance sends a message to people that not only is it safe to come to, anti-social and criminal activity is not acceptable.

Participants in the Renew project have repaired and upgraded many of the buildings throughout the CBD prior to them moving in to use the spaces. Many of these were dilapidated after years of neglect and vandalism. The greater occupancy of buildings in the street since the Renew project started has also acted as a catalyst for increased numbers of people visiting the Hunter Street area and CBD as a whole.

It is important, when valuing the decrease in criminal activity that has come about since the inception of the Renew Newcastle project, that this criminal activity has not been transferred to other parts of the city. If this has happened then the overall improvement in the city is negligible and has not resulted in a benefit to the city as a whole, but only to that area where the Renew project has been active. We will see in the next section that indeed there has been a city-wide improvement in this regard.

**Improved business and community confidence**

Just as a decline in an area begets further decline, an upswing in fortunes for an area will most likely perpetuate other positive changes for the area. Increased occupancy of buildings that were previously vacant, brings a surge in activity that triggers renewed interest in an area. This may spark a broader increase in business confidence, which may see further new occupants entering the location. The greater business confidence will itself spur social and economic vitality.

In addition, as activity increases and business confidence grows, so too will community confidence in an area. This will manifest in people’s desire to live nearby. This may be for employment, to take part in the increased commercial opportunities in the area, or simply to be proximate to be able to visit the place conveniently. People also choose to live in the area or nearby for a myriad of reasons, for example, safety, characterised by little crime; vibrancy,
characterised by busy streets lined with viable businesses; or a combination of those or many other reasons.

The success of the Renew project will no doubt have had an effect on the growth in population and employment in the Newcastle CBD and surrounding precincts. The uplift in residential value in these areas has been a reflection of the greater business and community confidence that has come about as a result of the improvement to the area, which Renew Newcastle has played a part in delivering.

**Improved regional brand value**

As we saw earlier, Crommelin (2013) says the informal rebranding of Newcastle through Renew Newcastle has been arguably more successful than the official rebranding campaign Brand Newcastle. Indeed, the Renew project has been very successful in promoting the creative and cultural projects of their participants as well as the city as a whole. It could be argued Renew has been instrumental in attracting tourism as well as investment, certainly in the CBD.

Since its beginnings, Renew has gained much exposure in local, national and international media. The placing of Newcastle in Lonely Planet’s top 10 cities to visit in 2011 was an enormous fillip for the city as a tourist destination, with Renew Newcastle being cited as a major attraction of Newcastle. Many positive articles of Newcastle in mainstream media followed giving the city further recognition, with tourism numbers rising appreciably in the immediate aftermath, continuing to today. This exposure acts as resource savings the city would spend in its absence on branding and marketing campaigns through the media.

Separately, Newcastle has gained a national and international reputation as a city of vibrant, creative artists. The ability to cite the oft-quoted statistic that Newcastle has the most artists per capita of any city in Australia has ensured its reputation as a city of creativity.

Improved regional brand value can best be measured by the increase in gross regional product generated in a city, through the higher number of visitors to the city that come as a result of the Renew project and the subsequent money they spend while there. Again, it would be necessary to ensure the increase in visitors to Newcastle is not at the expense of visitors to the wider Hunter region.

**Avoided maintenance and insurance costs**

All buildings have maintenance costs that ensure the building remains in good condition. When a building remains vacant for a long period and where any hope of occupancy by a lessee diminishes, often these costs are largely ignored by the property owner and the building falls into a state of disrepair. If a temporary user, such as a Renew participant, takes up occupancy of the place, often they will arrange for the space to be returned to a serviceable state. However, the property owner will then need to cover maintenance costs again – over the long-term – for a building in use.

Perhaps somewhat instructive though, given our previous discussion, is the fact that insurance costs are generally higher for vacant buildings than for those in use. Hence, the need for property owners to cover maintenance costs for a building in use by temporary users is assumed to be offset by the savings from avoiding higher insurance costs because the building has tenants.
6 Economic evaluation

The economic evaluation that follows produces an economic estimate for the direct and indirect benefits identified in section 5. All monetary values are presented in 2016 dollars for the 2015-16 financial year. Data sources were available for most categories for the 2015-16 financial year, although some data were disseminated for the calendar year. Further, some of the data from Renew Newcastle covered just the first half of 2016.

As with the SGS report, we will not provide monetised values for the creation of intellectual capital or the avoidance of insurance costs. As intimated previously, the creation of intellectual capital is extremely difficult to estimate in a monetary sense. There is no direct method of measuring the benefit to society of greater choice and quality of artistic and cultural products, other than the price consumers are willing to pay for products, which are included elsewhere in the valuation. Further, it would be too difficult to establish the value of the intellectual capital of ideas associated with projects. Regarding the avoidance of insurance costs that would result from the occupation of a building, it is assumed these costs would be largely offset by the higher maintenance costs associated with keeping a building in a serviceable state over time.

6.1 Creation of jobs and skills development

The creation of jobs from Renew projects indicates a market for the project’s goods or services and subsequent growth of demand such that more people become involved in the project. Some Renew projects remain a sole trader, some projects grow slowly over time, while a few grow enormously in the years after leaving Renew. It is argued a job created at any stage along the evolution of a business that has a flow of income in the current year is a benefit generated from that business getting its opportunity with Renew.

Surveys were sent to graduates to ascertain the number of jobs created from their businesses, with 12 of 27 replying. The number of full-time equivalent (FTE) jobs and the average income deduced from the twelve replies are presented in Table 1.

| Table 1 Estimated creation of jobs and incomes from graduate survey respondents |
|----------------------------------------|--------|
| Estimate                               |        |
| Net FTE jobs created still operating in 2015-16 | 21.1   |
| Average annual income of FTE jobs created | $82,322|
| Total income from jobs in 2015-16        | $1,737,000|

Source: Renew Newcastle

One Renew graduate business provides a large proportion of the jobs and income generated from Renew. Based on the survey replies, an educated estimation was made of the remainder of the businesses, with the outlier removed from the estimation process. These results are presented in Table 2.

| Table 2 Estimated creation of jobs and incomes for all graduates |
|----------------------------------------|--------|
| Estimate                               |        |
| Net FTE jobs created still operating in 2015-16 | 29.6   |
| Average annual income of FTE jobs created | $67,297|
| Total income from jobs in 2015-16        | $1,992,000|

Source: Renew Newcastle
Over and above this, it is estimated 46 enterprises that were Renew projects in 2015-16 received an uplift in their income, with the average uplift per enterprise estimated to be $7,966. This gives a total estimated uplift in income for 2015-16 of $366,436, as shown in Table 3.

Table 3 Estimated uplift in income for existing workers

<table>
<thead>
<tr>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprises to receive an uplift in income in 2015-16</td>
</tr>
<tr>
<td>Average increase in income</td>
</tr>
<tr>
<td>Total increase in income in 2015-16</td>
</tr>
</tbody>
</table>

Source: Renew Newcastle

Total benefit from the creation of jobs and skills development = $2,358,436.

6.2 Conversion to commercial leases

All projects that have exited from the Renew initiative and graduated to paying a commercial lease have benefitted from their involvement in Renew. In the short term, they have been able to move from an informal temporary use to a more permanent rent-paying agreement with property owners. In the long term this may allow for greater growth in the business. The rent paid to commercial leases, like income generated from projects, is an ongoing flow of funds generated after the project’s involvement in Renew.

Table 4 shows the collation of survey responses received from Renew graduates regarding their lease payments and the estimated total payments made by all Renew graduates.

Table 4 Estimated lease payments made by Renew graduates

<table>
<thead>
<tr>
<th>Estimate from survey responses</th>
<th>Estimate for all graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renew graduates paying a commercial lease in 2015-16</td>
<td>9</td>
</tr>
<tr>
<td>Average lease ($/week)</td>
<td>$361</td>
</tr>
<tr>
<td>Total lease payments made in 2015-16</td>
<td>$168,948</td>
</tr>
</tbody>
</table>

Source: Renew Newcastle

6.3 Additional volunteer engagement

Volunteers are involved in the Renew Newcastle initiative by assisting the individual projects at their various stages, as well as assisting the running of the Renew initiative. Volunteers contribute significantly to the local community through building resilient communities and social capital. Volunteers increase their own connection to the workforce through skill development and the opportunity to expand their social networks. In addition, there is an overall increase in productivity due to the participation of volunteers.

SGS (2011) argue there are two economic benefits that can be attributed to volunteers that are able to be monetised. The value to volunteers themselves from participating in such activities can be measured by applying the opportunity cost of their time. The opportunity cost of their time can either reflect foregone earnings or forgone leisure. If it could be reasonably assumed volunteers would otherwise be involved in paid employment, the opportunity would be valued at the appropriate earnings rate. An indicative figure for this for would be $35.40 per hour (from the most recent issue of ABS Catalogue 6306.0 Employee Earnings and Hours),
reflecting the average hourly earnings rate for persons working in creative and performing arts activities in 2014. However, anecdotal evidence would suggest volunteers are more likely to forgo leisure time and as such the opportunity cost of volunteers could be approximated using the value of leisure which, through established research, has been set at $15.52 per hour in 2016 dollars (Hensher and Wang, 2016). Total volunteer hours for 2015-16 were 4,044 as shown in Table 5.

The second monetisation of volunteer contribution comes from the resource savings to society that results from volunteers giving their time and skills without any financial outgoing on the part of the project. Were the volunteers not able to give their time, for the same output the project would be required to hire someone at an appropriate wage rate. It is assumed therefore that the resource savings to society for each volunteer hour would be equal to the hourly rate of foregone earnings, being the average hourly earnings rate for persons working in creative and performing arts activities. As with the SGS report, we will not include this second value for the sake of conservatism.

### Table 5 Estimated economic contribution of volunteer hours

<table>
<thead>
<tr>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volunteer hours contributed to Renew Newcastle in 2015-16</td>
</tr>
<tr>
<td>Opportunity cost to volunteers</td>
</tr>
<tr>
<td>Total economic contribution of volunteers in 2015-16</td>
</tr>
</tbody>
</table>

Source: Renew Newcastle, Hensher and Wang (2016)

### 6.4 Mitigation of blight

It is well established that increased activity and foot traffic in an area can have a large impact on reducing the incidence of crime and anti-social behaviour. This comes through the greater passive surveillance that occurs and its role in reducing the opportunity for such acts. Further, the re-occupation of buildings previously in a state of disrepair improves the aesthetics of an area and the propensity for acts of vandalism or criminal damage on such buildings reduces. This also has an effect on buildings in the surrounding area.

Major crime categories that are reduced through passive surveillance include criminal damage, break and enter offences, robbery and assault. Data was sought for incident numbers for each of these categories and are presented in Figures 5 to 8 below. Each graph shows the number of incidents per 100,000 population, for the 2300 postcode, the Newcastle Local Government Area (LGA) and for the state of New South Wales. The data has been smoothed by using three year moving averages. The base populations are also averaged over the same three year periods. The 2300 postcode is used to ensure the occurrence of incidents weren’t decreased in the heart of the CBD (approximately the Newcastle suburb) but simply displaced to other areas of the inner city. The Newcastle LGA is included for the same reason.

The data has been filtered to only include incidents that occurred during the day. This is partly due to the fact most of the spaces utilised by Renew Newcastle are attended by the participants during the day. It may be true that improved aesthetics and an increase in activity in an area during daytime also increases night activity and passive surveillance as people feel safer at all hours of the day. However, more pertinently, daytime figures are taken so as to separate them from the effect of the lockout laws introduced into Newcastle in 2008. There has been much publicity surrounding the reduction in crime since the lockout laws, where patrons are refused entry into bars after 1:30am and last drinks are at 3am, came into effect...
(Harris, 2016; Stephens, 2016). Hence we will focus the improvements from Renew Newcastle on daytime incidents.

Figure 5 presents the number of criminal damage incidents per 100,000 for the 2300 postcode area, the Newcastle LGA and NSW. As can be seen there is a distinct downward trend for all three areas. Since the middle of 2008 all three areas have seen a decrease in incidents per population, with the Newcastle inner city seeing incidents per 100,000 population reduce by 11.2 per cent per year on average. There is no evidence the reduction of criminal damage in the inner city has simply pushed these types of incidents further afield, with the Newcastle LGA reducing by 7.0 per cent per year, which, like the inner city is a larger drop than the state trend (5.8 per cent reduction per year) during this period.

**Figure 5 Criminal damage incidents**

Source: Bureau of Crime Statistics and Research

It is a similar story for break and enter events, with both the Newcastle inner city and the wider Newcastle LGA showing greater yearly proportional falls than the state average for the

**Figure 6 Break and enter incidents**

Source: Bureau of Crime Statistics and Research
period since 2007-08 (shown in Figure 6). For these incidents we have filtered the results to just include break and enters into non-dwellings. The average yearly decrease in break and enter incidents since 2007-08 was over 13 per cent for both the inner city and the Newcastle LGA, while the state-wide decrease was 8.3 per cent.

The rate of decline in robberies per 100,000 population has been slightly proportionally slower in the Newcastle inner city than it has been at the state-wide level for the period since 2007-08 (Figure 7), with both falling slightly more than the Newcastle LGA. This is despite some recent years experiencing small increases in robberies in the Newcastle inner city. Data on assaults were filtered to only include non-domestic assaults that occurred during the day in public places. These assault incidents have proportionally reduced in the Newcastle inner city at a slightly faster rate than the state-wide trend (Figure 8).

**Figure 7 Robbery incidents**

![Figure 7 Robbery incidents](image)

Source: Bureau of Crime Statistics and Research

**Figure 8 Assault incidents**

![Figure 8 Assault incidents](image)

Source: Bureau of Crime Statistics and Research
The previous report by SGS conservatively estimated that 20 per cent of the reductions in crime from one year to the next was attributed to the projects affiliated with Renew Newcastle. They included a much larger ‘local area’ than the 2300 postcode area and made no mention of filtering out certain factors that Renew projects would have no bearing on. In contrast, presently we have attempted to focus on incidents that Renew projects and their participants would have an impact on, through their influence on increased foot traffic and amenity of the area. Further, we have only included daytime incidents so as to filter out reduction of incidents due to the lockout laws.

Somewhat interestingly though is the decreasing trend worldwide of these types of offences (Clancey and Lulham, 2014). Indeed, since 2008 all four incidents we have looked at had consistent yearly declines at the state level. At a more disaggregated scale the Newcastle LGA also showed a consistent trend of falling incident rates. Hence, to measure the impact the Renew Newcastle project has had on the falling crime rates in the Newcastle inner city, we compare the falling rates in the inner city to the state-wide trends since 2008. Further, we make the assumption that half of the additional decreases that have occurred above the decreases that would have occurred had the inner city followed the state-wide trend, is due to the Renew Newcastle project. As with the previous report, these assumptions are ultimately judgement based, but we consider them quite conservative. Indeed, it is possible that had the Renew Newcastle project not begun in 2008 and the inner city continued with its decline, the rate of crime may not have reduced at the state-wide level and may have even increased. We feel though that this is the best benchmark comparison we can use.

The comparison between actual incidents and the incidents that would have occurred based on the state-wide trend since 2007-08 is shown in Table 6. The second column from the right of Table 6 shows the default values relating to the average cost in Australia for each type of offence reported. These costs are the result of established research by the Australian Institute of Criminology (Smith et al., 2014). Hence, the final column shows the total saving from the reduction in each of these criminal incidents due to the impact of Renew.

**Table 6 Change in crime incidents 2007-08 to 2015-16**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Criminal damage</td>
<td>106</td>
<td>171</td>
<td>-65</td>
<td>-33</td>
<td>$2,030</td>
<td>$66,990</td>
</tr>
<tr>
<td>Break and enter</td>
<td>23</td>
<td>35</td>
<td>-12</td>
<td>-6</td>
<td>$5,618</td>
<td>$33,708</td>
</tr>
<tr>
<td>Robbery</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>$5,606</td>
<td>$0</td>
</tr>
<tr>
<td>Assault</td>
<td>28</td>
<td>28</td>
<td>0</td>
<td>0</td>
<td>$2,868</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>162</strong></td>
<td><strong>239</strong></td>
<td><strong>-77</strong></td>
<td><strong>-39</strong></td>
<td></td>
<td><strong>$100,698</strong></td>
</tr>
</tbody>
</table>

Source: Bureau of Crime Statistics and Research, Smith et al. (2014), authors’ calculations
6.5 Improved business and community confidence

We measure the improvement in business and community confidence by attributing a proportion of the increase in median property values to the effect Renew Newcastle has had on the city. Since the Renew project began there has been a significant increase in businesses occupying the buildings in the inner city area. Further, there has been increased activity and foot traffic due to the variety of factors discussed throughout this report. The greater confidence felt by businesses and the community is reflected in the desire of people to live near to the city for commercial or leisure reasons.

SGS (2011) recommend excluding the immediate vicinity of where projects are located when evaluating the increased business and community confidence to avoid the possibility of double counting resulting from the increase in property prices being influenced by the mitigation of blight. To this end we will use property prices in three of the surrounding suburbs as indicative of the wider sentiment of improved business and community confidence, Newcastle East, Newcastle West and The Hill. Data was only available for calendar years and hence we take the difference between the 2014 and 2015 calendar years. There was no available data for median house values in Newcastle West. (It is noted that in the SGS report the large house value increase in Newcastle West had a heavy influence on the overall annual increase, which is much higher than we get here).

Table 7 presents the data for the median property prices in the three suburbs surrounding the Newcastle CBD for houses and units. The property prices were converted to three year moving averages for less yearly fluctuation. Over the two suburbs where houses were sold, there was an average increase in price of 9.7 per cent, while the three suburbs produced an average increase in unit prices of just over 4 per cent. Overall the weighted average increase in property prices across the three suburbs was just over $60,000.

We followed the SGS report and made the assumption that 5 per cent of the uplift in property prices from 2014 to 2015 was attributable to the Renew project. Further, we assume that the uplift in value is applicable to one per cent of the 1837 dwellings enumerated in the 2011 Census. It is acknowledged these assumptions are judgement based, but again we consider them to be quite conservative, coupled with the fact we are not including in the analysis the actual suburb where the majority of Renew Newcastle supported projects are located.

Table 7 Estimated median property values in Newcastle inner-city suburbs

<table>
<thead>
<tr>
<th>Suburb</th>
<th>Houses 2014</th>
<th>2015</th>
<th>No.(^a)</th>
<th>Units 2014</th>
<th>2015</th>
<th>No.(^a)</th>
<th>Weighted Average Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newcastle East</td>
<td>$790,000</td>
<td>$840,000</td>
<td>159</td>
<td>$853,083</td>
<td>$917,167</td>
<td>298</td>
<td>$59,183</td>
</tr>
<tr>
<td>Newcastle West</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$419,167</td>
<td>$479,167</td>
<td>241</td>
<td>$60,000</td>
</tr>
<tr>
<td>The Hill</td>
<td>$1,026,667</td>
<td>$1,146,667</td>
<td>336</td>
<td>$402,833</td>
<td>$419,500</td>
<td>454</td>
<td>$60,616</td>
</tr>
</tbody>
</table>

Weighted Average Annual Increase: $60,076

Annual Increase Due to Renew Newcastle (5%): $3,004

Source: CoreLogic, ABS Census 2011, authors’ calculations
Notes: a Number of dwellings from 2011 Census. Used to weight the growth in property prices between units and houses

Total increase in property values due to Renew Newcastle: $55,183.
6.6 Improved regional brand value

Regional brand value is best estimated by the increased visitors that are attracted to Newcastle due to the establishment of the Renew Newcastle initiative. SGS (2011) suggested this could be determined by calculating the increase in visitors from one year to the next. As with all estimations of people in small areas, these estimates can vary greatly from one year to the next. In the case of travel there are also many outside factors that contribute to people travelling, not the least of which is the national economy which has seen many people experience hard times at different stages of the aftermath of the GFC. For example, on a state-wide basis, international visitors to NSW fell from 2007-08 to 2008-09 as the effects of the GFC were felt first overseas, but rose thereafter. However, domestic travellers in NSW also fell from 2007-08 but fell again from 2008-09 to 2009-10.

The long-term trend is generally for travellers to increase over time. This has certainly been the case over the life of the Renew project, despite falls in the number of visitors in some years. Hence, as in the analysis of the effect of Renew on the mitigation of blight, we will consider new travellers to Newcastle to be those that come over and above what would be expected given the state-wide trend. Our figures take a three year moving average.

Figure 9 shows the international visitor numbers to Newcastle and NSW for the period of Renew Newcastle. As can be seen, international visitors to NSW have been steadily growing since 2010-11, at a greater rate in more recent years. However, the rise in international visitors to Newcastle has been less consistent, with falls from the previous year in 2011-12 and 2012-13. (Raw single year numbers show a large fall in 2011-12 with a very small rise in 2012-13). Over the eight years, international visitors to Newcastle grew by 3.5 per cent per year, while international visitors to NSW grew by 3.2 per cent per year. Hence, there has been a significant gain of international visitors to Newcastle in the years since Renew began, over and above what would have been expected had Newcastle followed the state-wide trend.

**Figure 9 International visitor numbers**

Source: Destination NSW, ‘Tourism Research Australia, authors’ calculations.

The state-wide trend for domestic overnight trips started the period with two years of declining visitors, but after that follows a similar trajectory to international visitors, however annual growth has been slower, averaging 2.4 per cent per year. Over the same period, domestic overnight visitors to Newcastle have risen by a greater average yearly proportion, at
2.6 per cent per year. Hence, the annual growth in domestic visitors to Newcastle has outpaced the state-wide growth, signifying the appeal of Newcastle as a tourist destination for domestic travellers (Figure 10). These results concur with the anecdotal evidence of Renew participants who mention frequently being visited by people from outside Newcastle.

**Figure 10 Domestic visitor numbers**

![Figure 10 Domestic visitor numbers](image)

Source: Destination NSW, Tourism Research Australia, authors’ calculations.

Domestic daytrips into Newcastle have not increased above the state trend for the period since the introduction of Renew. Newcastle saw large increases in daytrip visitors from 2007-08 to 2009-11, then it stayed fairly constant for two years before falling significantly in 2012-13 and remaining at that lower level for two years before another significant rise in the last financial year. Over this time Sydney has experienced over 3 per cent annual growth of daytrip visitors while the rest of NSW has seen average annual growth of less than 1.5 per cent.

Trends of all visitors to the Hunter region largely mirror the Newcastle trend (not shown in the figures for presentation reasons), with the yearly changes being less pronounced for the Hunter region. We conclude the increase in visitors to Newcastle is not at the expense of visitors to the wider Hunter region.

As with the other indirect benefits, we make assumptions of how much influence the Renew project has had on visitor numbers to Newcastle and these are very much judgement based. It is undeniable that Renew Newcastle has had a positive effect on the appeal of Newcastle as a tourist destination. Aside from the part it has played in reducing crime and increasing the amenity of the CBD for visitors, it has also gained Newcastle a reputation as a vibrant arts community. Further, the exposure of the Renew project provides resource savings to the city in lieu of major advertising and marketing campaigns. Cromellin (2013) confirms there was no formal external advertising campaign following the launch of the official rebranding of Newcastle in 2011, aside from inviting journalists on expenses-paid city tours. And certainly, while many journalists followed their visit with positive articles about Newcastle (many of which mention Renew as a must-do for visitors), the separate exposure gained for the city by Renew has assisted with promotion of the city through this time.

While not by any means all-encompassing, insights can be drawn from a visitor profile that was published following a survey on visitors to Newcastle in early 2013 (TRA, 2013). Respondents for the survey were gathered from various locations over Newcastle.
Unfortunately, over a quarter of respondents were day cruise visitors. Nonetheless, important observations from the profile include:

- 41 per cent of respondents expected to experience arts or culture and over half said their expectations were exceeded, higher than benchmark attributes;
- 33 per cent of respondents visited the Hunter Street Mall, the second highest attraction after Nobbys Beach;
- 30 per cent of respondents cited as a reason for visiting Newcastle to attend a specific event, exhibition or attraction; and
- 30 per cent and 26 per cent visited museums/art galleries and markets respectively.

As with the SGS report, we are comfortable to place the proportion of extra visitors to Newcastle that are attributable to Renew at 5 per cent. Again we consider this conservative given we are only considering extra visitors as those that come above those that would have come if Newcastle followed the state-wide trend. The increase in visitation is then multiplied by the estimated average visitor spend in the local economy. These figures are presented in Table 8.

As our aim is to see the benefit this has to the gross regional product, we then multiply this by the proportion of value-added by tourism industries in the region to estimate to total annual benefit. Value-added is the most appropriate measure of an industry’s economic contribution to gross regional product. Generally, it is the part of output that goes to labour and capital and excludes the value of intermediate inputs flowing from other industries. The tourism industry is an amalgam of activities across various industry sectors such as retail, accommodation, cafes and restaurants, cultural and recreational services. The value added for tourism for Newcastle is estimated at 0.5177 (Newcastle Council, 2014).

Table 8 Change in visitor numbers to Newcastle LGA, 2007-08 to 2015-16

<table>
<thead>
<tr>
<th>Type of visitor</th>
<th>2015-16 actual visitors</th>
<th>2015-16 visitors based on state trend</th>
<th>Difference</th>
<th>Increase in visitors attributable to Renew Newcastle</th>
<th>Average daily spend per visitor (2016 $)</th>
<th>Total expenditure (2016 $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>International</td>
<td>88,593</td>
<td>85,858</td>
<td>2,735</td>
<td>137</td>
<td>$69</td>
<td>$9,453</td>
</tr>
<tr>
<td>Domestic overnight</td>
<td>1,101,551</td>
<td>1,048,861</td>
<td>52,690</td>
<td>2,635</td>
<td>$168</td>
<td>$442,680</td>
</tr>
<tr>
<td>Total</td>
<td>1,190,244</td>
<td>1,134,719</td>
<td>55,425</td>
<td>2,772</td>
<td>–</td>
<td>$452,133</td>
</tr>
</tbody>
</table>

Source: Destination NSW, Tourism Research Australia, authors’ calculations

Total benefit to economy from increased visitors: $234,069.
6.7 Estimated results of the cost benefit analysis

Table 9 indicates the final estimated costs and benefits of the Renew Newcastle project as presented in the preceding sections. The costs of the project for 2015-16 are estimated to be $208,000, with the total benefits of the project totalling just over $3 million. This gives a Benefit Cost Ratio (BCR) of 14.4.

Table 9 Total estimated costs and benefits of the Renew Newcastle project

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Costs</td>
<td>$208,000</td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
</tr>
<tr>
<td>Creation of jobs and skills development</td>
<td>$2,358,436</td>
</tr>
<tr>
<td>Conversion to commercial lease</td>
<td>$191,828</td>
</tr>
<tr>
<td>Volunteer engagement</td>
<td>$62,763</td>
</tr>
<tr>
<td>Mitigation of blight</td>
<td>$100,698</td>
</tr>
<tr>
<td>Improved business and community confidence</td>
<td>$55,183</td>
</tr>
<tr>
<td>Improved regional brand value</td>
<td>$234,069</td>
</tr>
<tr>
<td>Total Benefits</td>
<td>$3,002,977</td>
</tr>
</tbody>
</table>

PERFORMANCE MEASURES

| Net Benefit                                                            | $2,794,977   |
| Benefit Cost Ratio                                                    | 14.4         |

As mentioned in section 6.1, a significant proportion of the benefits of the project are derived from one Renew graduate business which has been very successful in generating employment. However, even without that contribution, the project still contributes over $1.4 million in benefits, with a BCR of almost 7. Hence, while we accept the large influence of this business, even without that outlier, the Renew Newcastle project proves to be highly beneficial.
7 Conclusion

The Renew Newcastle project has provided an invaluable contribution to the people and city of Newcastle over its life. This report has sought to provide a context for and an evaluation of the Renew Newcastle project. The Renew Newcastle project began in late 2008 in an attempt to address the decline of the Newcastle inner city that had prevailed through an increase in vacancy and dilapidation of many buildings in the CBD. Through a variety of social and economic factors, the inner city had lost its appeal as a retail centre and missed out on vital development opportunities both sides of the turn of the century. Renew was initiated with the dual function of using the temporary spaces and generating vibrancy in the inner city, and fostering a community where creative and cultural projects could flourish in low-cost informal commercial spaces.

Like many other cities previously and since, Renew quickly became a successful urban renewal strategy within Newcastle and subsequently played an important role in the official and unofficial revitalisation plans for Newcastle. Despite much debate surrounding the promotion of the creative industries, it is clear they have played a significant part in the revitalisation of many cities, as much for their innovation as the fact they require little in the way of major infrastructure projects to generate economic growth. In the case of Newcastle, this has been informally from the bottom-up, supported by local authorities, unlike many places where top-down rebranding originated by authorities has been attempted with mixed success.

Renew has achieved much over the life of the project. In a numerical sense it has placed over 230 projects into spaces, activated some 80 previously unused properties and seen 35 of its projects move from Renew spaces into their own commercially leased spaces. While its own numbers stop there, Renew has been instrumental in the establishment of similar initiatives in cities around Australia and around the world. Indeed, Renew’s national and international reach has promoted Newcastle as not only a model of revitalisation, but as a place of creativity and a popular tourist destination.

There are many benefits provided by projects that make temporary use of vacant spaces. The economic evaluation outlined in the report attempts to monetise benefits and compare them to the costs of the project. Non-monetary benefits include the increased diversification of the economy, the increased community involvement that community projects encourage and the subsequent sense of community pride in the improvements of the city. Further, Renew has been credited with fostering a community and being a meeting point for creative people, some of whom come to Newcastle because of this appeal. Finally, informal uses of temporary spaces in cities that were in decline can have a positive effect on the direction of the revitalisation and any subsequent development projects.

The economic evaluation has attempted to elicit all the costs and benefits of the Renew project in a monetary sense for the 2015-16 financial year. The monetary benefits attributable to the Renew project include both direct use and indirect use benefits. The direct use benefits able to be monetised include the creation of new jobs and skills, the conversion of projects to commercial leases and additional volunteer engagement. The first two of these in particular reflect the value in the opportunity provided to start-up or small businesses, in being able to temporarily use a commercial space at very low cost and the possible growth that may occur from that. This growth has been evident in most of the graduate projects.

The indirect use benefits include the mitigation of blight, the increased business and community confidence and the improved regional brand value. These reflect the monetised benefits to the wider community of Renew’s activities. There has been a marked decline in
rates of criminal incidents of criminal damage, break and enter, robbery and assault, and in the former two cases, well above the state-wide trend. These incidents are reduced through the increased use and passive surveillance of buildings and streets due to the surge in activity. Similarly, Newcastle has seen increased business and community confidence, indicated somewhat by the increased population living and businesses operating in and around the inner city. Finally, Newcastle has been a proportionally more popular tourist attraction than the rest of the state on a yearly average basis since the start of Renew. No doubt the exposure and coverage Renew has received has driven a portion of that.

The formal cost-benefit analysis found Renew Newcastle to provide a benefit of just over $3 million in 2015-16, in return for its slightly more than $200,000 in costs. This represents a Benefit Cost Ratio of 14.4, meaning every dollar spent by Renew Newcastle provides $14.40 in benefits. Renew is indeed a highly beneficial project.
References


Delaney, B. (2016) ‘48 hours in Newcastle: buzzy by night, active by day and a great short break’, The Guardian, April 23, retrieved from


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