

ECONOMIC IMPACT ASSESSMENT

**128 & 130-150
BUNNERONG ROAD,
PAGEWOOD**

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EXECUTIVE SUMMARY

This report has been prepared on behalf of Meriton in support of a Planning Proposal request to rezone the land at 128 and 130-150 Bunnerong Road, Pagewood (the subject site).

Our analysis indicates that the subject site does not have the attributes of other stronger industrial precincts located within the Bayside Council. Within the Bayside Council, precincts such as Banksmeadow and Port Botany achieved higher ratings providing users with:

- Fewer land use conflicts than smaller isolated precincts
- Large contiguous industrial / business zoned precincts
- Direct access to major roads and highways.

The subject site does not have the visibility to support industrial users that appeal to a local customer base, or the transport accessibility to appeal to growing industrial sectors such as freight and logistics.

In addition, the Stage 1 Masterplan Consent for Lot 2 will deliver 2,200 apartments to the south of the subject site and create a land use conflict with the subject site's existing industrial use. The existing approvals also restrict apartments to limit the impact on existing residential uses on the opposite side of Bunnerong and Heffron Roads.

According to Meriton the existing freight and warehousing tenants at the subject site currently employ only 15 workers, substantially lower than the estimated 107 direct ongoing jobs in childcare, retail and community that can be generated by the proposed development. This excludes ongoing jobs for the management and maintenance of the proposed 2,068 units.

In addition, the subject site attributes are well aligned and well suited to residential as the site has strong access to amenities and employment precincts such as Port Botany. The limited land available for residential development in a housing market with high underlying demand has resulted in a housing shortage and an affordability constraint within the Bayside Council area. New residential supply that will be delivered on the subject site will meet this demand that will improve affordability outcomes for the Bayside Council area and also deliver dwellings close to employment centres that have further capacity to grow such as the Sydney Port and East Gardens Shopping Centre.

In terms of demand for industrial land there are a number of economic changes within the NSW economy that impact land-use relevant to the subject site's change in zone. For instance, in 1996 the economy relied heavily on the manufacturing sector which comprised 13.5% of GSP. By 2015 however this had contracted to 7.4% of GSP.

This change reflects structural shifts in the NSW economy, specifically:

- A contraction in trade exposed sectors, driven by an increasing Australian dollar over this period
- Increasing imports and consumption is driving demand for freight and logistics services
- Growth in 'knowledge based' sectors such as financial and professional services
- Growth in health care services, driven by an ageing population requiring health and aged care services.

The resident employment trends over 2006 to 2011 for the Bayside Council reflect similar trends to NSW, with growing employment in the service sectors and declining employment in the manufacturing sector.

- In 2011 there were a surplus of jobs compared to resident workers within the transport, postal and warehousing and manufacturing industries. This reflects the concentration of industrial land uses within the Bayside Council, in particular the role of Port Botany in providing port related services to the NSW economy. Additional housing should be delivered with accessibility to these jobs to support the workers employed within Port Botany.
- In terms of future employment growth there is an estimated additional 1,268 industrial based jobs in the Bayside Council by 2031 requiring an estimated additional 12.7 hectares of industrial land, which can adequately be met by the LGAs 18 hectares of undeveloped land.

- Further to this, there are better located industrial precincts outside the LGA with significant capacity to accommodate additional industrial jobs growth:
 - Eastern Creek (562 hectares)
 - Moorebank (336 hectares)
 - Marsden Park (238 hectares)
 - WSEA (10,000 hectares).

These precincts contain a large component of undeveloped land, and have a number of significant competitive advantages over the subject site.

Further to this, there are a number of economic benefits associated with developing the subject site:

- The proposed development on the subject site is estimated to result in an increase in direct and indirect employment and economic activity (Gross Value Added – GVA).
 - 176 direct and 487 indirect annual equivalent jobs from the construction of the proposed development concept resulting in gross value add of \$98.5 million.
 - 107 direct and 87 indirect jobs from the operation of the childcare and community facilities resulting in gross value add of \$26.1 million.
- It is worth noting that there will be peaks and troughs of actual jobs during construction. For instance, we understand from Meriton that there are approximately 500 construction workers on the subject site as of February 2017 expected to peak at 2,000 workers in mid-2017.
- In addition, the subject site's redevelopment will accommodate an additional 3,309 local residents.
 - Based on the current spending profile of residents within the Bayside Council, an average spend per capita of \$13,075 in \$2016 is calculated
 - Therefore, additional population could generate \$43.3 million in retail expenditure (in \$2016)
 - Increasing the local resident population will activate the area, providing passive security for the residents, workers and visitors of the site.

'A Plan for Growing Sydney' identifies priorities for each District across Sydney, with the subject site being located in the Central District. According to 'A Plan for Growing Sydney', the Central District will be a significant focus for investment and intensive growth over the next 20 years including:

- Increased access to work for residents through improved transport infrastructure networks
- The development of the subject site will house workers close to Port Botany
- Development of the subject site will improve housing affordability by adding supply to the local housing market.

INTRODUCTION

Urbis has been appointed by Meriton Group to undertake an Economic Impact Assessment of the proposed rezoning of the former British American Tobacco site (128 Bunnerong Road, Pagewood). The intended outcome of the Planning Proposal is to amend the *Botany Bay Local Environmental Plan 2013* (BBLEP 2013) as follows:

- Rezone the subject site from part IN1 General Industrial and part R3 Medium Density Residential to R4 High Density Residential.
- Increase the maximum floor space ratio (FSR) development standard from 1:1 to 2.35:1.
- Increase the maximum height of buildings development standard to part 28m and part 65m.

A concept plan illustrating the type of development facilitated by the Planning Proposal has been prepared by Hassell. The concept plan contemplates a high-density residential development with buildings of 8-20 storeys oriented around a network of internal roads and public open space. The plan also provides for the non-listed heritage buildings in the north-east of the site to be retained and dedicated to Council in recognition of their significant social and cultural heritage value. The development will accommodate approximately 2,068 dwellings and allowance has been made for 1,000sqm retail floor space, 100-place childcare centre and potential for 2,000sqm of community uses within the retained historic buildings.

The rezoning of the subject site to R4 High Density Residential is intended to facilitate the redevelopment of the entire area, which could potentially involve additional apartments, community spaces and childcare.

The purpose of this report is to:

- Explore industry and employment trends at the state and LGA level, and their land use implications for the subject site.
- Assess the competitive positioning of the subject site relative to other industrial precincts, within the new Bayside Council.
- Evaluate the suitability of the subject site for industrial, mixed use and residential uses.
- Consider whether the rezoning of the Precinct is consistent with the NSW Department of Planning A Plan For Growing Sydney (2016) and other relevant government documents.
- Identify broader economic benefits associated with the proposed rezoning.

The report is structured as follows:

- **Section one** provides an overview of the subject site, its regional and locational context, and considers the alignment of the proposal rezoning with relevant government policy documents.
- **Section two** identifies the key competitive industrial precincts and supply within the new Bayside Council. This section provides a description of each precinct and rating based on location, scale and access, and determines the overall surplus / deficit of employment land moving forward.
- **Section three** sets out an overview of the new Bayside Council employment profile, having regard to historic, current and projected labour market segmentation. This includes analysis of the resident workforce and job base. The demand for industrial land is then quantified for the new Bayside Council.
- **Section four** identifies the economic benefits associated with the construction and ongoing operations of the redeveloped precinct.

1. STUDY BACKGROUND

This Chapter provides an overview of the subject site. Relevant government growth strategies and policies are analysed in the context of the proposed development concept for the subject site.

1.1. SUBJECT SITE

The subject site is located within a broader site known as 128 and 130-150 Bunnerong Road, Eastgardens. The site is within the Bayside Local Government Area (LGA) and is legally described as Lots 1 and 2 in DP 1187426.

The Planning Proposal request relates to the whole of Lot 1 in DP1187426 (Lot 1) and the northern portion of Lot 2 in DP118746 (Lot 2) and covers an area of approximately 8.95ha. The site has frontages to an internal road (Meriton Boulevard) to the south, Bunnerong Road to the east, Banks Avenue to the west and Heffron Road to the north.

A concept plan illustrating the type of development facilitated by the Planning Proposal has been prepared by Hassell. The concept plan contemplates a high-density residential development with buildings of 8-20 storeys oriented around a network of internal roads and public open space. The plan also provides for the non-listed heritage buildings in the north-east of the site to be retained and dedicated to Council in recognition of their significant social and cultural heritage value. The development will accommodate approximately 2,068 dwellings and allowance has been made for 1,000sqm retail floor space, 100-place childcare centre and potential for 2,000sqm of community uses within the retained historic buildings.

The subject site was previously occupied by industrial uses associated with the manufacturing operations of British American Tobacco Australasia (BATA).

A map of the subject site and surrounding areas is provided in Map 1.1 overleaf. The subject site is part of a second stage of a broader development that will deliver over 3,700 dwelling. The proposed rezoning of the subject site will facilitate the delivery of 2,068 new apartments.

The site is currently used for industrial warehouse by a WSI Logistics who provide freight forwarding services.

As shown in Map 1.2, the subject site is in close proximity to the following key locations:

- Westfield Eastgardens Shopping Centre
- Substantial provision of open space including Mutch Park, Jellicoe Park, Nagle Park and Heffron Park
- South Sydney High School, Maroubra Junction Public School, St Aidan's Primary School and Matraville Public School.



The site is surrounded to the north and east by detached residential, to the west by the Bonnie Doon Golf Course and the south by redevelopment in accordance with the Stage 1 masterplan. Westfield Eastgardens is located to the south of the site, providing extensive grocery and discretionary retail offer to surrounding residents.

The following images provide a snap shot of the subject site collected through a physical inspection of the site.

Figure 1 – Subject site and surrounds



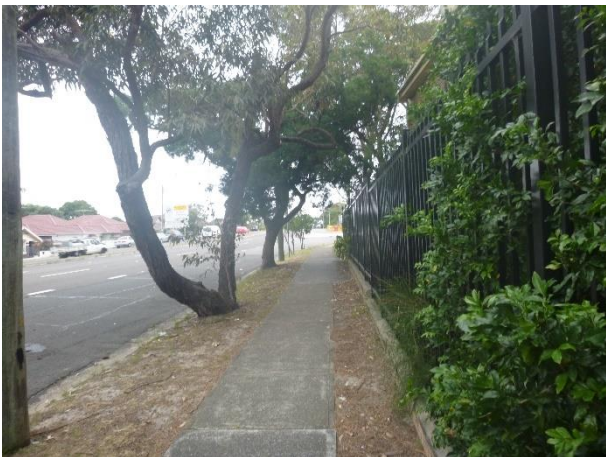
Picture 1 – Southern-boundary of subject site

Source: Urbis



Picture 2 – Existing heritage buildings to be retained

Source: Urbis



Picture 3 – Bunnerong Road, south facing

Source: Urbis



Picture 4 – Boundary between Stage 1 and Westfield East Gardens

Source: Urbis

1.2. PROPOSED CONCEPT

Meriton is seeking to rezone the subject site from part IN1 General Industrial and part R3 Medium Density Residential to R4 High Density Residential to allow for the development of 2,068 apartments.

In addition to this, allowance has been made for ancillary non-residential uses identified for the site, specifically:

- 100-place childcare centre totalling 1,200 sq.m.
- 1000s.qm retail floor space.
- Community uses totalling 2,000 sq.m

Table 1 below outlines the scale of the proposed development.

Table 1 – Proposed Development Concept

Land use	Floor area	Dwelling yield	FSR	Height
Residential Apartments	210,837 sq.m	2,068 units	2.35:1	8 – 20 levels

Source: Urbis

Map 1.2 overleaf provides an outline of the distribution and scale of the proposed development across the subject site.

It illustrates that the built form will be high density residential buildings ranging between 8 and 20 levels in height.

Along the site's northern Heffron Road frontage is an area designated Northern Parkland, which provides a buffer between the residential development and Heffron Road, and contributes to the site's 2.45 hectares of open space. Further to this, there are a number of existing buildings to the site's north east that will be retained and dedicated to Council for community uses.



1.3. RELEVANT GOVERNMENT DOCUMENTS

There are broader regional government frameworks that are relevant to the subject site. These identify key priorities and objectives for Sydney and the Bayside Council. These include:

- A Plan for Growing Sydney (2016)
- The Broader Western Sydney Employment Area Draft Structure Plan (2013)
- Local employment strategies such as:
 - Botany Bay Planning Strategy 2031 (2009)
 - Rockdale City Council Employment Lands Strategy (2007).

1.3.1. A Plan for Growing Sydney

A Plan (The Plan) for Growing Sydney is the NSW Government's Sydney Metropolitan Strategy that provides a framework for land use over the next 20 years and puts forward a strategy for accommodating Sydney's growth. The Plan presents an avenue for the delivery of **housing** (where people want to live) and **employment** (that is easily accessible), and sets out to locate higher density housing options where there is increased infrastructure investment and services, culture and the arts, and open space and renewed bushland. The Plan is supported by the NSW Long Term Transport Master Plan and a set of District Plans.

The following policy goals can be achieved by coordinating land use and infrastructure planning:

- A competitive economy
- A city of housing choice
- A great place to live with well-connected communities
- A sustainable city that protects the natural environment, balancing the use of land and resources.

The Plan sets out directions and actions through a key set of "*principles*" guiding how Sydney will grow:

"Principle 1: Increasing Housing Choice around all centres through urban renewal in established areas

Principle 2: Stronger economic development in strategic centres and transport gateways

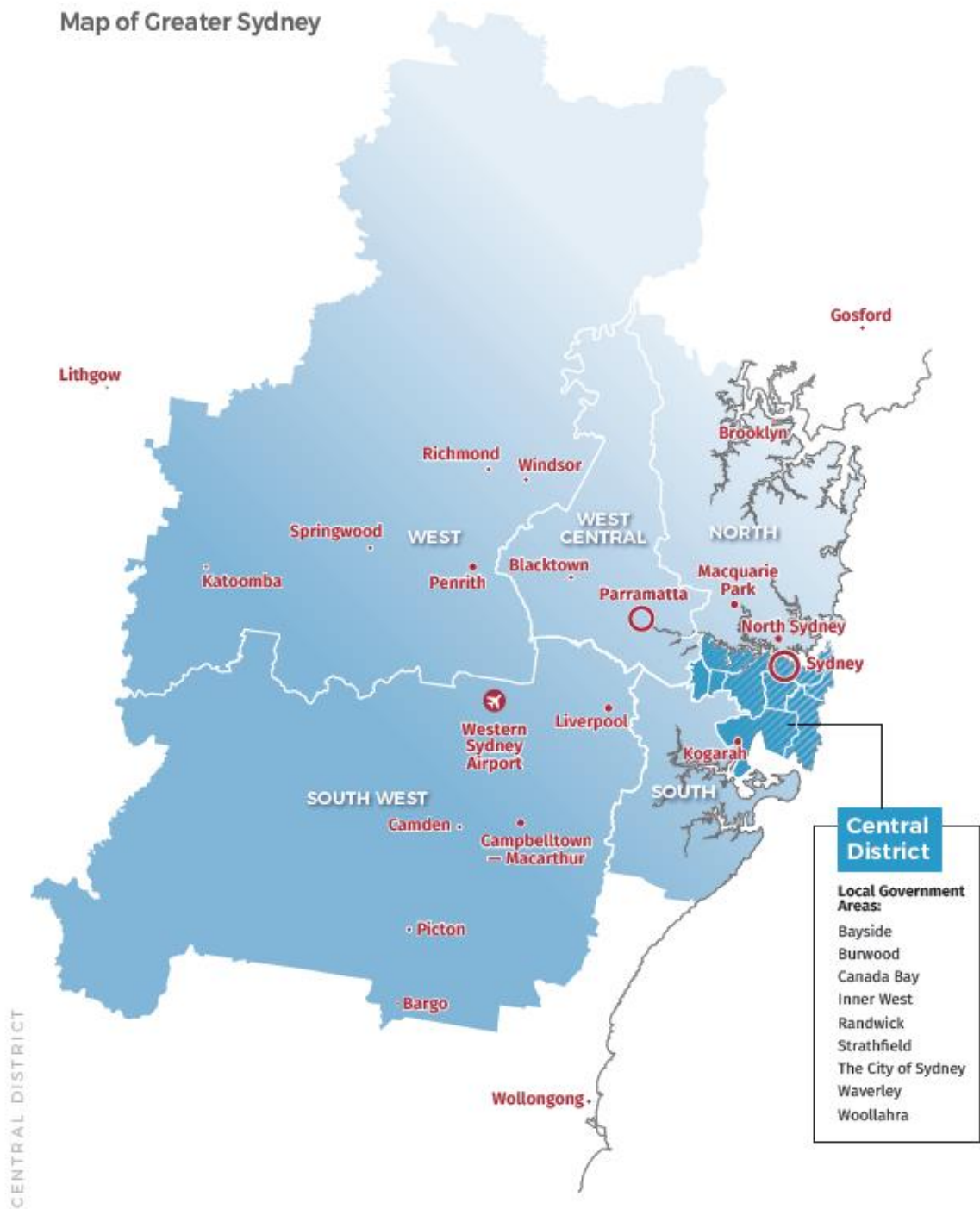
Principle 3: Connecting centres with a networked transport system."

Identified in the Plan are priorities for each District, including key regional and strategic centres that are recognised for their renewal opportunities around existing/proposed infrastructure and which therefore offer opportunities for increased residential density close to jobs.

The Plan states that the Central subregion will be a significant focus for investment and intensive growth over the next 20 years including:

- Increased access for residents through improvements in major transport links including Sydney Metro Northwest and Sydney Metro City, Sydney Metro West and Southwest, CBD and South East Rail and WestConnex
- Investment in upcoming education and innovation precincts, including the innovation corridor from White Bay to Australian Technology Park
- Improve freight, logistics and urban services between the two key international transport gateways in Sydney Airport and Port Botany.

In the context of the objectives for Sydney, the subject site offers significant opportunity for housing growth coordinated with existing infrastructure by providing housing near established employment, services and educational facilities.



1.3.2. The Broader Western Sydney Employment Area Draft Structure Plan

The completion of the Sydney motorway network, in particular the M4 / M7 interchange, combined with the availability of large low-cost parcels of land, has seen Western Sydney emerge as a dominant location for 'traditional' manufacturing, warehouse and logistics uses. The Western Sydney Employment Area (WSEA) is a major contributor to the supply of industrial land, together with a number of precincts along the M4 and M5 motorways including Moorebank, Ingleburn and Campbelltown.

In June 2013, the draft WSEA Structure Plan was released and it proposed to expand the WSEA from its current location at the intersection of the M4 and M7 down to and incorporating part of the South West Growth Centre and to take in the lands around Badgerys Creek identified for a second Sydney airport.

The proposed extension of the existing WSEA boundary will include an additional 4,537 hectares of new industrial lands to include Badgerys Creek, therefore equating to almost 10,000 hectares of industrial land.

Moving forward, WSEA in particular has competitive advantages for manufacturing operations in terms of access to workforce, available land area, and separation from sensitive land uses such as residential. It is well placed to accommodate 'upsizers' with reasonable supply of large sites which are limited elsewhere in the Sydney region; with these groups diversifying from local manufacturing into import and distribution models requiring additional floorspace.

There are also opportunities to build on the region's strength in manufacturing to position the Broader WSEA to become Sydney's advanced manufacturing hub. The potential catalytic effect of the Second Sydney Airport is also likely to enhance the competitive advantage of WSEA.

The NSW Department of Planning has identified key push and pull factors that will affect the take up and viability of land within the broader WSEA. These push and pull factors are considered in Table 2.1, together with the long term effect that this may have on smaller industrial precincts, such as the subject site.

1.3.3. Local Employment Strategy

In May 2016, NSW Premier Mike Baird and the Minister for Local Government Paul Toole announced the formation of 19 new councils in NSW as part of the NSW Stronger Councils initiative. This is expected to deliver better services and infrastructure such as roads, parks, playgrounds and sporting facilities.

New councils will receive a wide range of benefits including up to:

- \$15 million to invest in community projects like junior sporting facilities, playgrounds and library or pool upgrades
- \$10 million to streamline administrative operations, with the option of redirecting unspent funds into community projects.

The subject site now sits within the Bayside Council, which is the amalgamation of Botany Bay Council and Rockdale Council. This would require an assessment of existing planning strategies under the previous councils.

Botany Bay Planning Strategy 2031 (2009)

Botany Bay City Council undertook a planning strategy to provide the framework for growth for the next 25 years to guide the preparation of the Botany Bay LGA Local Environmental Plan (2013).

The key strategy directions identified within the document are listed below:

- Enhancing housing choice and liveability
- Revitalising Botany Road and traditional centres
- Managing growth in the Eastern centres
- Maintaining Sydney Airport as a global gateway
- Maintaining Port Botany as a global gateway
- Protecting the natural environment.

The strategy document also addresses key employment and dwelling targets identified within the NSW Metropolitan Strategy (2005) and the East Subregional Strategy (2007). There is targeted to be 6,500

additional dwellings and 11,700 additional jobs within Botany Bay LGA by 2031. However, housing capacity analysis within the document identifies:

“Only around 108 hectares of the LGA is unconstrained land... a notional capacity of around 3,000 additional dwellings is identified. This falls well short of the target of 6,500. After excluding constrained land, the settings under the existing development controls do not provide sufficient capacity to meet the target.”

This suggests that residential intensification within the LGA is required to meet this dwelling target.

The document also outlines future directions regarding the long term potential for the subject site to become a mixed use precinct.

Rockdale City Council Employment Lands Strategy (2007)

Rockdale City Council produced the Employment Lands Strategy (2007) to inform the Rockdale Local Environmental Plan (2011). The document is meant to guide a broader number of important qualitative outcomes that will make the City of Rockdale a more attractive place to live and visit.

The document also identifies, employment targets set out by the NSW Draft Subregional Strategy for the South Sydney region, which projects an additional 13,000 jobs in the Rockdale LGA by 2031.

The document outlines precinct specific strategies for the Council's employment lands, with the aim to protect the viability of industrial uses and provide greater employment opportunities on these precincts. Generally, these include:

- Protect existing employment sites that are suited to continued industrial use
- Retain existing industrial uses while facilitating greater employment generation through increased FSRs
- Rezone fragmented portions of industrial land to B4 mixed use given their compatibility to surrounding residential density as well as promoting greater job diversity in the region.

The document also outlines the economic significance of Sydney Airport to Rockdale's local economy, with significant growth in both employment and investment in activities closely associated with logistics and transport. However, more traditional forms of industrial activity such as manufacturing and warehousing have relocated outside of Rockdale Council to locations with lower rents and less expensive land costs.

The spatial redistribution of the manufacturing/warehousing industry in Sydney also has implications on the subject site and competing industrial precincts in the newly formed Bayside Council, with tracts of industrial land in the Western Sydney Orbital becoming attractive alternatives to traditional industrial areas for transport and logistics related activity.

2. COMPETITIVE POSITIONING

Section 2 will identify the industrial precincts within the Bayside Council, and their competitive positioning relative to the key attributes required by industrial tenants.

This section also consider other key regional industrial precincts that have significant undeveloped supply of industrial lands that can accommodate future demand for industrial lands.

2.1. COMPETING INDUSTRIAL PRECINCTS

Around 520 hectares within Bayside Council are identified as industrial land in the NSW Department of Planning and Environment's Employment Lands Development Program (ELDP). These industrial lands are illustrated in Map 2.1 (2 pages overleaf).

The 2015 ELDP Update Report notes that Bayside Council has around 24.2 hectares of undeveloped industrial lands, of which around 21.4 hectares is located in the Banksmeadow precinct.

Across the Sydney Metropolitan Region, Bayside Council contributes 3.8% of total employment lands, 4.7% of total developed and 0.8% of total undeveloped land (Source: NSW DPE ELDP 2015 Update Report).

In addition to industrial lands within the Bayside Council boundaries, there are substantial tracts of industrial lands abutting the Bayside Council boundary. These include:

- Additional Port Botany Lands around Yarra Bay (within the Randwick LGA)
- Industrial lands in Marrickville and Sydenham
- Land in South Sydney around the Alexandra Canal.

South Sydney includes the suburbs of Alexandria, Zetland and Beaconsfield which collectively comprise of the City of Sydney's "Southern Employment Lands". City of Sydney is proposing amendments to its LEP to broaden the mix of permissible uses in the South Sydney Area Employment Lands.

City of Sydney Council estimates that new zonings will allow a wider variety of businesses and organisations to locate in the area with up to 9,000 more expected over the next 15 years in jobs created in new forms of industrial activity, creative industries, retail and knowledge-based companies.

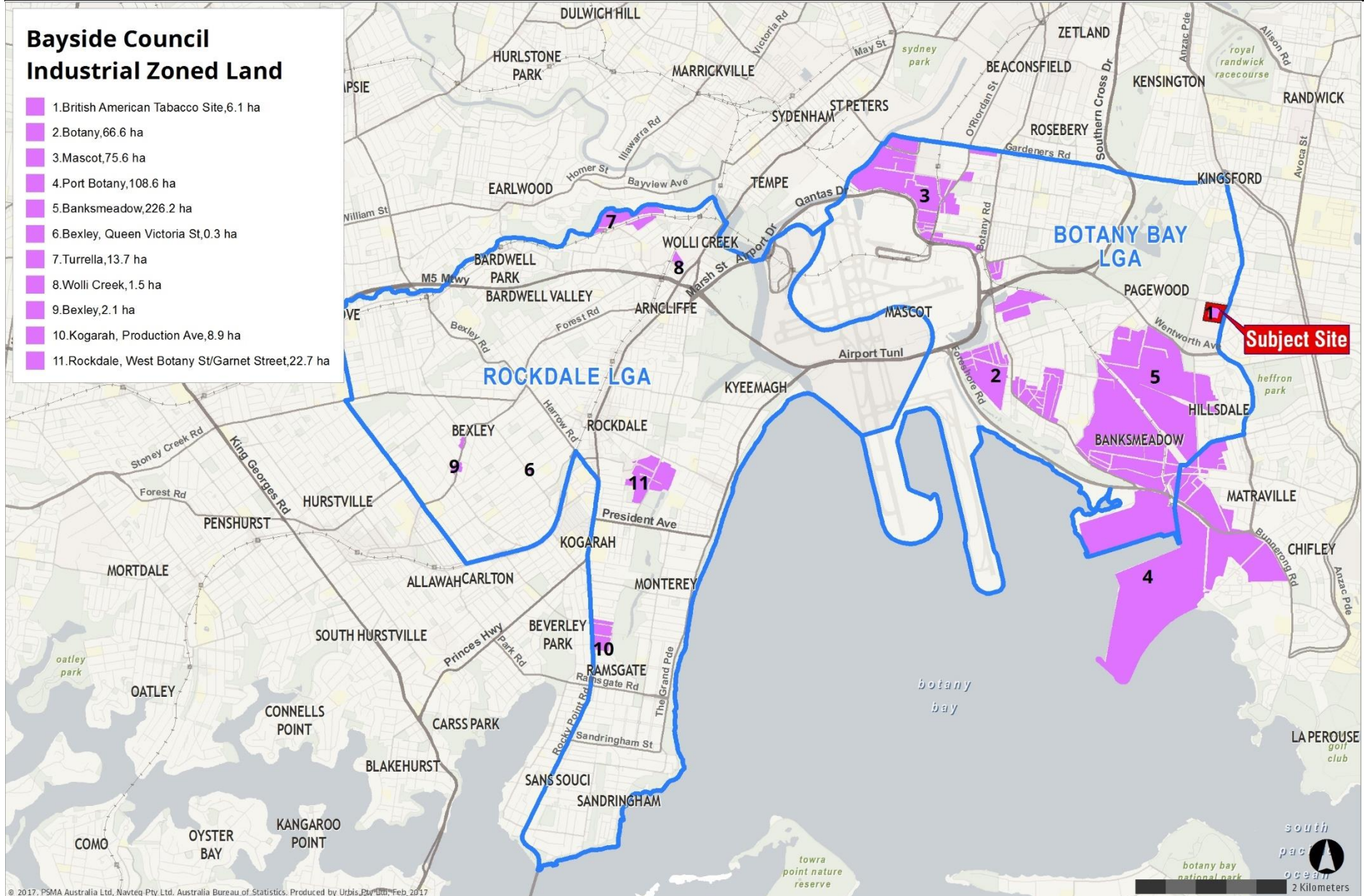
Industrial Lands

Bayside Council

Table 2.1

Precinct Number	Precinct Name	Current Employment Zones	Hectares
1	British American Tobacco Site (Subject Site)	IN1 General Industrial	6.1
2	Botany	SEPP (Port Botany)	66.6
3	Mascot	IN2 Light Industrial	75.6
4	Port Botany	IN2 Light Industrial	108.6
5	Banksmeadow	IN2 Light Industrial	226.2
6	Bexley, Queen Victoria Street	IN2 Light Industrial	0.3
7	Turrella	IN2 Light Industrial, SP2 Infrastructure	1.3
8	Wolli Creek	IN2 Light Industrial	1.5
9	Bexley	IN2 Light Industrial	2.1
10	Kogarah, Production Ave	IN2 Light Industrial	8.9
11	Rockdale, West Botany Street / Garnet Street	IN2 Light Industrial	22.7
Total Industrial Lands – Bayside Council			519.9

Source: *Employment Lands Development Program 2015, Urbis*



2.2. INDUSTRIAL LAND ASSESSMENT

Industrial Demand Drivers – Bayside Council

Urbis have undertaken a high level review of the industrial precincts within the new Bayside Council area. There are currently around 520 hectares of industrial zoned land within the Bayside Council.

The precincts have varying characteristics that would appeal to tenants and investors. Urbis has identified key factors that drive tenant interest and underpin the functioning of industrial precincts:

- **Access** to motorway networks, B-Double routes and / or multi modal facilities.
- **Scale** of the precinct, with larger precincts offering opportunities for expansion, intensification of activity and clustering of similar industries and supply chain synergies. For the purposes of this assessment we have identified precincts with <10 hectares as small scale, 10-30 hectares as medium scale and >30 hectares as large scale.
- **Land use compatibility** with surrounding uses, and whether sensitive noise receptors (e.g. residential areas where impacts on neighbourhood amenity can lead to land use conflict) have the potential to conflict with freight vehicles/traffic.

Table 2.2 presents an evaluation of each precinct with a 'high', 'medium' or 'low' rating (high being positive and low being negative). These ratings are based on key success factors described above. Table 2.3 provides a detailed audit of each industrial precinct within the Bayside Council.

Industrial Viability

Competing Industrial Precincts, Bayside Council

Table 2.2

Precinct		Access	Scale	Land use compatibility	Overall Viability Ranking
1	British American Tobacco Site (Subject Site)	Medium	Low	Low	Low
2	Botany	High	Medium	Medium	Medium
3	Mascot	Medium	High	Medium	Medium
4	Port Botany	High	High	Low	High
5	Banksmeadow	Medium	High	Medium	Medium
6	Bexley, Queen Victoria Street	Low	Low	Medium	Low
7	Turrella	Low	Medium	Low	Low
8	Wolli Creek	Medium	Medium	Low	Medium
9	Bexley	Medium	Low	Medium	Medium
10	Kogarah, Production Ave	Medium	Low	Medium	Medium
11	Rockdale, West Botany Street / Garnet Street	Medium	High	Medium	Medium

Source: Urbis

Bayside Council Industrial Areas

Summary

Table 2.3

Precinct Number	Precinct and Zoning	Access	Scale	Land use compatibility	Future Viability	Recommendations
1	British American Tobacco Site (Subject Site)	Vehicular access via Bunnerong Road and Heffron Road, however no direct access to a major arterial road or motorway. Bus routes also provided on Bunnerong Road and Heffron Road.	6.1 hectares Formerly the BATA site, the precinct served as the distribution and warehousing arm for BATA's Australasia's business operations, however is small scale relative to larger competing industrial precincts.	Residential uses to the immediate north and east. However, vacant industrial zoned land to the south currently provides buffering to Westfield Eastgardens to the south.	Limited ability to support further industrial related employment. Limited road connection for heavy vehicles limits transport accessibility to subject site.	Planning proposal for potential upzoning of subject site to R4 High Density Residential.
2	Botany	Strong access to Airport and Western Sydney through M1 Motorway and Foreshore Road, Botany Road.	66.6 hectares Serves a range of engineering services, warehousing and manufacturing uses.	Residential uses scattered across the precinct, with retail uses located along Botany Road.	Strong viability given the continued role of precinct to provide urban support services to local residents. Limited scope for additional employment beyond current construction activity.	Retain as industrial zoned land to protect general industrial uses to continue supporting the local economy.
3	Mascot	High accessibility to Airport and Sydney CBD by Mascot train	75.6 hectares Clustering uses include logistics, manufacturing, and	The precinct is well separated from surrounding residential uses, with South Sydney Employment	Strong viability to increase support for airport freight and logistics industry related uses. Limited	Retain and increase IN1 zoning to facilitate intensified clustering of airport related freight and logistics, given its

Precinct Number	Precinct and Zoning	Access	Scale	Land use compatibility	Future Viability	Recommendations
		station. However, access to Port Botany is constrained by traffic congestion along General Holmes Drive.	airport related activity.	Lands located to the north and west of the precinct. Residential uses are located to the east of O’Riordan Street.	potential to expand current IN1 zoning.	important role in a growing Sydney Airport.
4	Port Botany	Access to Airport and Sydney CBD subject to congestion along Foreshore Road/Botany Road and General Holmes Drive.	108.6 Hectares Serves primarily heavy industrial and oil/gas clustering uses.	No immediate residential uses surrounding the precinct, with low density housing located further out to the north in the suburb of Matraville.	Strong viability to support future port related activity and export related industries, and maintain role as state significant infrastructure serving the NSW economy.	Retain SEPP zoning to protect state significant infrastructure which will continue to support provide port related services for the NSW trade economy.
5	Banksmeadow	Access to Airport and Sydney CBD subject to congestion along Foreshore Road/Botany Road and General Holmes Drive.	226.2 Hectares Serves heavy industrial uses, including oil terminals, the Sydenham-Botany Goods Railway and the Orica Chemical Factory.	Immediate surrounding uses include light industrial and business to the north, and residential uses immediately surrounding the east and west of the precinct.	Strong viability to retain land as a future precinct for port and manufacturing uses.	Retain as IN3 Heavy Industrial to continue supporting port and manufacturing related uses. Potential to relocate heavy industry on undeveloped land and intensify current uses.

Precinct Number	Precinct and Zoning	Access	Scale	Land use compatibility	Future Viability	Recommendations
6	Bexley, Queen Victoria Street	Access through Queen Victoria Street, though however precinct is separated from major roads or motorways.	0.3 Hectares Consists of dated warehousing and storage facility, and a mechanical smash repair service.	The precinct is surrounded by immediate low density residential uses, and there is no buffering to protect from industrial noise.	Low long term viability given its small scale of uses and dated condition of buildings, separated from main industrial precincts within the region.	Limited opportunity to expand current IN1 zoning due to immediate surrounding residential areas. Potential to rezone to residential zoning given its compatibility with existing residential neighbourhood.
7	Turrella	No direct access to a major road or motorway impedes access to the precinct. Railway line separates the precinct, therefore access between the two industrial areas is via Reede Street.	13.7 Hectares The precinct contains a mix of warehousing, manufacturing and automotive services, with the majority of buildings incorporating offices.	Residential properties abutting Reede, Turrella and Loftus Streets, which represent the precinct's only points of entry/exit. This causes heavy vehicles movements along residential areas and schools.	Low long term viability given no known synergies with other established precincts in the Council, limited road access and parking, and land use conflicts with abutting residential properties.	Proposed rezoning of the precinct to B4 Mixed Use, B2 Local Centre, and R4 High Density Residential should proceed given its compatibility with existing residential neighbourhood adjacent to the precinct and increased residential density around stations.
8	Wolli Creek	Main road access through Princes Highway. Arncliffe train station is located 400 metres from the precinct.	1.5 Hectares Contains a mix of automotive uses, including service centres for Mazda, Kia and Ford.	The precinct is surrounded by high density residential uses to the west and south; however the nature of uses on the precinct does not	Strong long term viability to maintain automotive uses, and will continue to support existing adjacent car dealership businesses.	Retain industrial zoning to continue providing urban services to local residents.

Precinct Number	Precinct and Zoning	Access	Scale	Land use compatibility	Future Viability	Recommendations
				cause any significant noise to residents.		
9	Bexley	No direct access to arterial road or motorway, with main linkages provided through Forest Road.	2.1 Hectares The precinct is separated into two smaller clusters along Forest Road. Contains a mix of local businesses within the storage and automotive repairs, as well as low grade ancillary office facilities.	The precinct is surrounded by immediate low and medium density residential housing; however noise reception is likely to be subdued from passing traffic on Forest Road.	Medium long term viability given existing business continued role as urban support for local residents. However, there is potential to relocate to larger scale precincts in the region in pursuit of clustering and synergies.	Retain existing industrial zoning, although opportunities to relocate to larger precincts within the Council and create synergies with like uses.
10	Kogarah, Production Avenue	Direct connection provided through Rocky Point Road, affording good access for local residents.	8.9 Hectares A clustering of automotive smash repairs, electrical and warehousing.	The precinct is buffered from residential uses by recreational zoned land to the east, but is surrounded by low density housing to the north, south and west. This could potentially cause land use conflict if noise is not adequately contained.	Strong long term viability, clustering/agglomeration of automotive and warehousing will continue to support local businesses within the region.	Retain as IN2 Light Industrial to continue to provide urban support for local residents.

Precinct Number	Precinct and Zoning	Access	Scale	Land use compatibility	Future Viability	Recommendations
11	Rockdale, West Botany Street / Garnet Street	Precinct is split by West Botany Street, which connects to Bay Street and Princes Highway. Rockdale train station is located 1.1km to the west.	22.7 Hectares Precinct contains a mix of automotive, hardware and bulky goods uses. Potential to increase FSRs to increase employment yield in precinct.	The precinct is well buffered by recreational land to the east, but abutting residential properties to the north of precinct may cause some land conflict issues.	Strong long-term viability as precinct will continue to service of the the needs local and regional population. Potential to rezone Garnet Street portion of industrial land to mixed use, in accordance with the Rockdale City Council Employment Lands Strategy (2007).	Retain as IN2 Light Industrial to provide bulky goods retail retail and urban support services for local and regional residents.

Major Western Sydney Industrial Precincts

In addition to assessing Bayside Council industrial precincts, it is important to assess the competitive positioning of the subject site against major industrial precincts elsewhere in Sydney that have the capacity to accommodate additional growth, and have strong locational characteristics to attract tenants.

Urbis have identified a number of major industrial precincts with these characteristics:

- Eastern Creek (562 hectares)
- Moorebank (336 hectares)
- Marsden Park (238 hectares)
- WSEA (10,000 hectares).

These precincts contain a large component of undeveloped industrial land, which is able to absorb demand from new business creation and industrial users that require larger premises to operate.

There are a number of significant competitive advantages that these precincts have over the subject site:

- B-double truck access
- Significant amounts of undeveloped land
- Direct access to major roads and intermodal terminals (IMTs)
- Larger lot sizes
- Minimal land use conflicts with non-industrial land uses.

Competitive Positioning

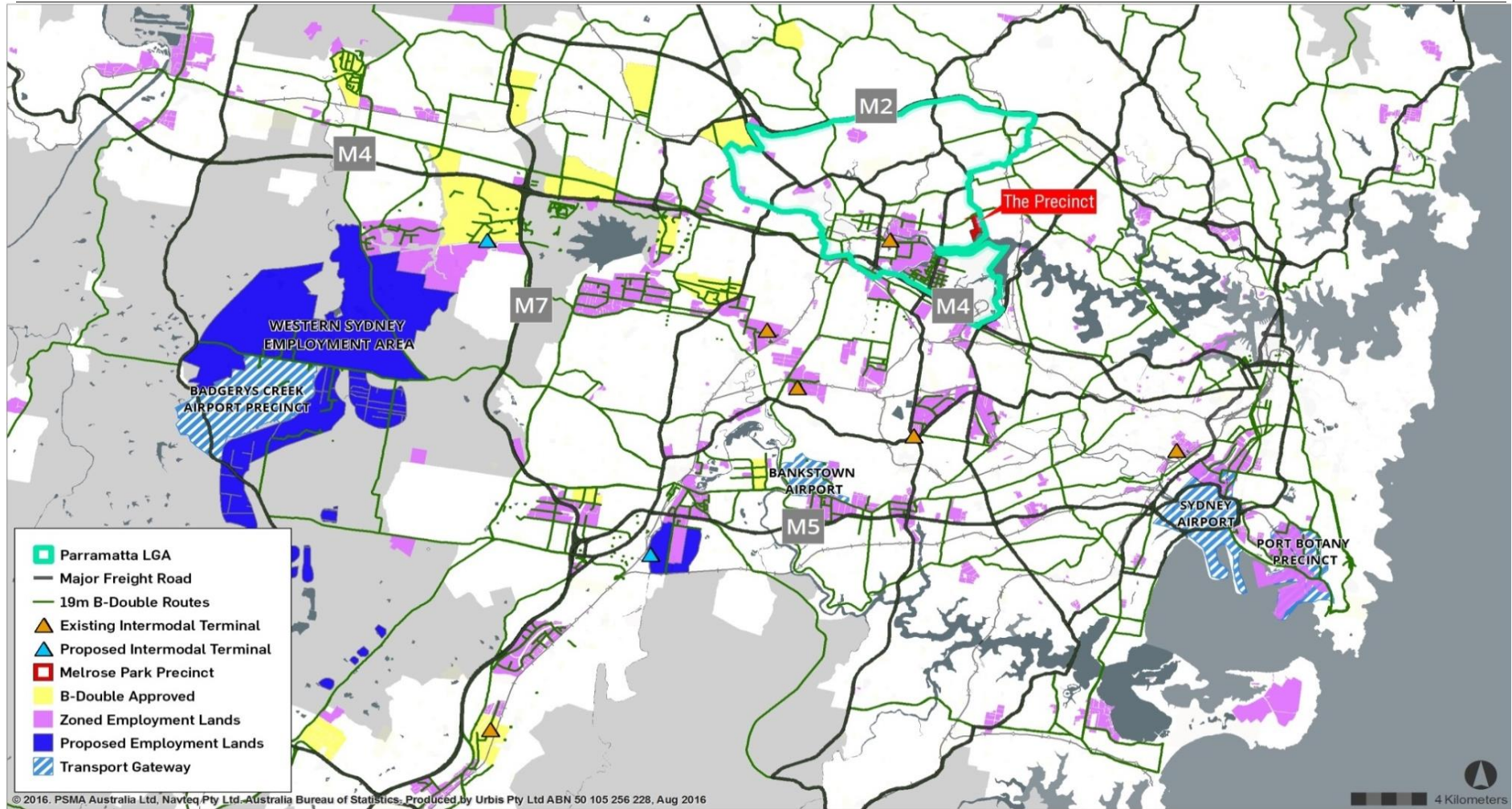
Major Central West Industrial Precincts

Table 2.4

PRECINCT	SIZE	ENABLERS OF GROWTH
Eastern Creek	<p>Area: 562 hectares</p> <p>The largest industrial precinct within the Blacktown LGA)</p>	<ul style="list-style-type: none"> • Large amount of undeveloped industrial land (as at 2015, there was 14 hectares of undeveloped industrial land) • B-double trailers permitted in this area (Map 2.2) • Close proximity to the proposed Western Sydney Intermodal Terminal at Eastern Creek (within approximately 4km) • The take-up of 23 hectares of land in this precinct was equivalent to 12% of the total for the Sydney Metropolitan Region. Demand for residual land parcels is therefore expected to be strong, reflecting the positive attributes of the Eastern Creek Precinct.
Moorebank	<p>Area: 336 hectares</p> <p>The second largest industrial precinct within the Liverpool LGA.</p>	<ul style="list-style-type: none"> • Large amount of undeveloped industrial land (as at 2015, there was 11.7 hectares of undeveloped industrial land) • Proposed Moorebank Intermodal Terminal project (currently under construction), with an estimated value of \$570 million, involves the development of freight terminal facilities linked to Port Botany and the interstate freight rail network by rail on defence land. The addition of the Moorebank Intermodal Terminal is expected to have a capacity for up to 1.1 million containers per year by 2030 for import-export freight, and up to 500,000 containers a year for interstate freight. The import-export terminal (stage 1) is expected to commence operations in late 2017 and interstate terminal in 2019, with expected economic benefits of around \$120 million a year for the economy of Southwestern Sydney.

PRECINCT	SIZE	ENABLERS OF GROWTH
Marsden Park	Area: 238 hectares (123 hectares of business park land)	<ul style="list-style-type: none"> The industrial precinct rezoning has been fast tracked under the Government's Precinct Acceleration Protocol Key infrastructure in this area is access to the M7 Motorway (via Richmond Road) Significant expenditure in new infrastructure (\$56 million upgrade of Richmond Road) Alignment of land use, transitioning from the Local Centre (B2) located on Richmond Road and South Street, to Business Park (B7) land use, and then to Industrial land use (IN1/IN2) facilitating a range of complementary uses Ability to leverage the strength of an established business park location Significant population growth associated with the North West Growth Centre A planned Marsden Park town centre Take up of business park land was around 4 hectares in 2014 – largest take-up of business park land within Metropolitan Sydney, followed closely by Norwest at around 3 hectares. Marsden Park has the largest stock of undeveloped business park land, currently at around 94 hectares (as at January 2015) Land supply / capacity for future development.

PRECINCT	SIZE	ENABLERS OF GROWTH
WSEA	Area: Around 10,000 hectares	<ul style="list-style-type: none"> • Close proximity to key regional infrastructure corridors including the M4 and M7 Motorways which, supports access to distribution networks and nodes, such as the Port and Airport • B-double trailers permitted in some areas (Map 2.2) • Proximity to planned infrastructure such as intermodal terminals (Moorebank and Eastern Creek) • Connections to the proposed Moorebank Intermodal Terminal would potentially drive some demand from the south of the WSEA • Proposed intermodal and freight line located within the WSEA in the Eastern Creek precinct that may assist in driving co-location of business park users with the freight based operations • Take-up activity was concentrated in the precincts of Eastern Creek, Smeaton Grange, Erskine Park, Glendenning, Campbelltown Blaxland Road and Huntingwood West. Collectively take-up in these precincts totalled 96 hectares (in 2014), demonstrating that development is largely focused within WSEA where undeveloped and services land is available.



2.3. SUMMARY AND IMPLICATIONS

Our analysis indicates that the subject site does not have the attributes of other stronger industrial precincts located within the Bayside Council. This is due to larger regional precincts (such as Banksmeadow and Port Botany) or small industrial precincts that play a more specialised role.

Within the Bayside Council, precincts such as Banksmeadow and Port Botany achieved higher ratings providing users with:

- Access to a diversity of lot sizes that support a larger range of uses
- Fewer land use conflicts than smaller isolated precincts
- Large contiguous industrial / business zoned precincts
- Direct access to major roads and highways.

In addition, there are a number of smaller precincts that are well located and play a more specialised role that include a mix of business zoned land that provide services to a local community (e.g. Kogarah, Rockdale – West Botany Street) or enterprise corridors along major roads (e.g. Wolli Creek) that rely on passing traffic. These uses do not involve large scale warehousing and distribution and are therefore less reliant on fast access to the motorway network. Typically, these local services require exposure from passing traffic and therefore are ideally situated along a major road, which are therefore unlikely to be supported on the subject site.

The subject site does not have the visibility to support industrial users that appeal to a local customer base, or the transport accessibility to appeal to growing industrial sectors such as freight and logistics. In addition, the Stage 1 Masterplan Consent for Lot 2 will deliver 2,223 apartments to the south of the subject site and create a land use conflict with the subject site's existing industrial use.

A common factor amongst all the highly ranked Bayside Council precincts and the regional precincts is a lack of land use conflict. Land use conflicts are an issue in that they co-locate sensitive noise receptors with industrial uses that generate noise not only during the day, but at times after hours. Co-locating these uses can result in pressure from the community to constrain industrial operations, impacting their viability.

3. EMPLOYMENT ANALYSIS

Section 3 will identify economic trends that impact industrial land use and whether there is sufficient undeveloped industrial land to accommodate forecast employment growth.

Western Sydney industrial lands are subject to structural economic change. The broader economic trends within Metropolitan Sydney being witnessed is the gradual relocation of large industrial users to Western Sydney and the urban renewal of vacant industrial sites in inner and middle ring suburbs.

Growing industrial sectors such as transport, freight and logistics are seeking properties that provide strong transport links that reduce the time taken to transport freight between distribution centres and end users. Traditional trade exposed industrial users on the hand, such as manufacturing have experienced consistent contraction in size since the early 1990s.

These trends indicate that market demand will be focused on industrial land towards large lots in Western Sydney, directly adjacent transport infrastructure and away from conflicting land use.

3.1. ECONOMIC STRUCTURAL CHANGE

Chart 3.2 shows NSW GSP growth between 1995 and 2015 by industry sector. Over this period the structure of the NSW economy changed significantly. In 1996 the economy relied heavily on the manufacturing sector which comprised 13.5% of GSP. Since 1990, the following industries have increased their share of the NSW GSP:

- The financial services and construction sectors have increased their share from 9.1% in 1990 to 15% in 2015
- Professional, scientific and technical services increased from 7% to 8.3% in 2015
- The health care and social assistance sector grew slightly from 5.6% in 1993 to 7.8% in 2015
- Transport, Postal and warehousing which are key users of industrial land have expanded from 4.5% to 5.1% in 2015.

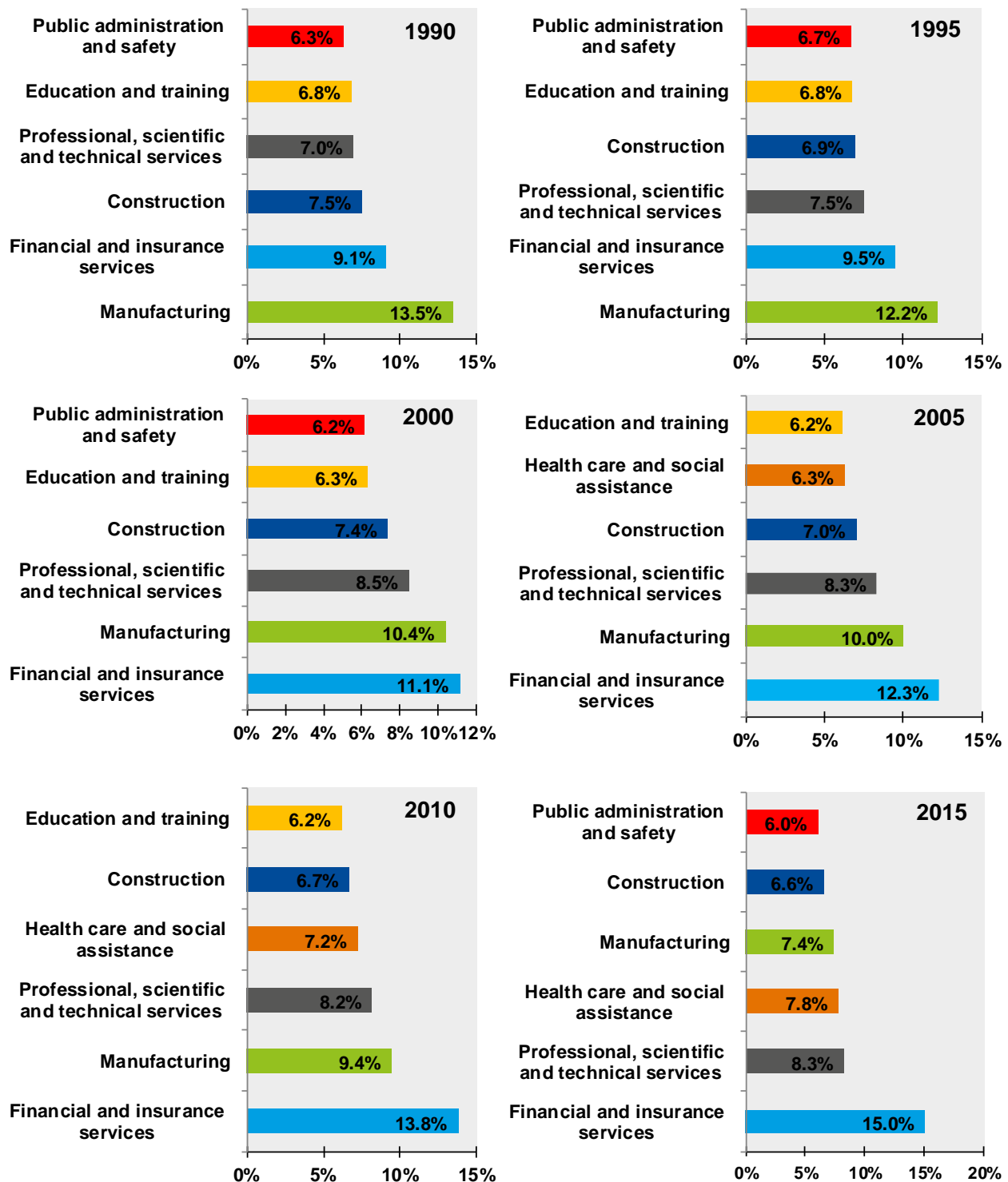
The growth rates reflect structural shifts in the NSW economy. Namely:

- A contraction in trade exposed sectors, driven by an increasing Australian dollar over this period
- Increasing imports and consumption is driving demand for freight and logistics services
- Growth in 'knowledge based' sectors such as financial and professional services
- Growth in health care services, driven by an ageing population requiring health and aged care services.

Gross State Product, Industry Sector

NSW

Chart 3.1



Source: ABS Australian National Accounts: State Accounts June 2015; Urbis

3.2 EMPLOYMENT ANALYSIS

A review of resident employment trends by industry in Bayside Council between 2006 and 2011 (as shown in Chart 3.3) confirms that:

- The largest resident employment growth sectors were in hospitals and health facilities, offices, schools and town centres. From a land use perspective, the increased employment growth in these sectors does not create any additional demand for industrial zoned land
- Employment has been affected by the same structural shifts affecting the broader NSW economy, with strong growth amongst service sectors and falling employment in the manufacturing sector
- While resident employment grew by 1.9% from 2006 to 2011, manufacturing jobs declined by 12% over this period.

The majority of the Bayside Council resident workforce growth was in non-industrial sectors including the following:

- Health Care and Social Assistance (+1,510 jobs)
- Professional, Scientific and Technical Services (+1,075 jobs)
- Education and Training (+819 jobs).

There was employment contraction experienced by Bayside Council residents in the following sectors:

- Manufacturing (-603 jobs)
- Retail Trade (-110 jobs)
- Wholesale Trade (-47 jobs).

Resident Workers Growth

Bayside Council 2006 and 2011

Chart 3.2

Industry Sector	Bayside Council		
	2006	2011	2006-11 Total Change
Health Care and Social Assistance	5,540	7,050	1,510
Professional, Scientific and Technical Services	3,866	4,941	1,075
Education and Training	3,210	4,029	819
Accommodation and Food Services	4,701	5,360	659
Administrative and Support Services	2,283	2,817	534
Financial and Insurance Services	3,569	3,956	387
Transport, Postal and Warehousing	5,879	6,189	310
Rental, Hiring and Real Estate Services	1,032	1,304	273
Public Administration and Safety	3,460	3,733	272
Construction	3,647	3,904	258
Other Services	2,370	2,538	168
Arts and Recreation Services	901	1,032	131
Information Media and Telecommunications	1,555	1,629	74
Mining	49	72	24
Electricity, Gas, Water and Waste Services	430	445	15
Agriculture, Forestry and Fishing	82	35	-47
Wholesale Trade	3,333	3,235	-98
Retail Trade	6,605	6,494	-110
Manufacturing	5,229	4,626	-603
Total	57,739	63,389	5,650

Source: ABS Census 2006 and 2011; Urbis

Chart 3.4 compares the number of jobs provided within Bayside Council with the number of Bayside Council resident workers in 2011. As at 2011, the number of Bayside Council resident workers (57,200) exceeded the number of local jobs (55,926) by 1,274. The data shows that there are a number of imbalances between the skills of residents and available jobs within the LGA in a number of categories.

In the following categories, there is a mismatch between the number of jobs provided within the LGA and the skills of local residents, therefore labour must be imported for the following sectors:

- Transport, Postal and Warehousing (+19,733 jobs)
- Manufacturing (+3,182 jobs)
- Wholesale Trade (+1,932 jobs)
- Retail Trade (+1,003 jobs).

There are fewer jobs provided in the Council than there are resident workers, in the following sectors meaning that these workers need to travel beyond the Council to work (exported labour):

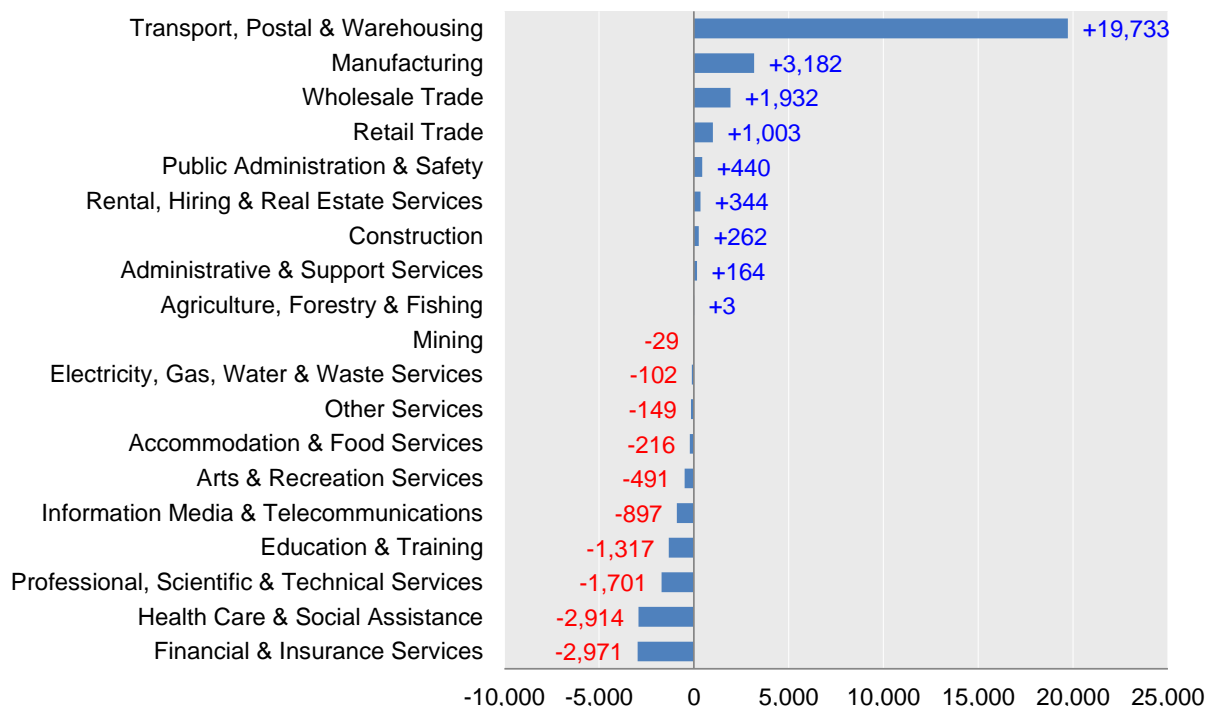
- Finance and Insurance Services (-2,971 jobs)
- Health Care and Social Assistance (-2,914 jobs)
- Professional, Scientific and Technical Services (-1,701 jobs)
- Education and Training (-1,317 jobs).

The particular shortage in jobs within these 'white collar' and service industry sectors highlights a broader need for the Council to increase its business zoning capacity.

Jobs Gap Analysis (+ Surplus / -Deficit)

Bayside Council, 2011

Chart 3.3



Source: BTS 2011 Journey to Work; Urbis

Table 3.1 illustrates the projected employment for Bayside Council between 2016 and 2031 and its distribution across different industry sectors using BTS data. The table shows that employment within the Council is projected to increase by around 17,300 jobs between 2016 and 2031 (around 1,200 jobs per annum).

The following industries are expected to experience large employment growth, and are consistent with the Council's historic trends:

- Retail Trade (+2,625 jobs)
- Health Care and Social Assistance (+2,133 jobs)
- Transport, Postal and Warehousing (+1,968 jobs)
- Public Administration and Safety (1,799 jobs).

The industry sectors listed above have implication for future land use, particularly for non-industrial land uses. With the exception of transport, postal and warehousing, these sectors are typically not accommodated in industrial sites; rather these jobs occur in local/business/commercial centres or adjacent to residential areas.

Table 3.2 examines how the projected employment growth for Bayside Council is likely to be split by property type and is illustrated in Chart 3.5. The analysis is based on Urbis derived benchmarks looking at land use proportions by different categories of employment. The table indicates that the employment split by sector is likely to be as follows:

- **Office sector:** to account for around 41% of employment growth, equal to around 7,000 additional jobs between 2016 and 2031. Includes office components of sectors where majority of employment is accommodated in 'non-office' floorspace, for example education and training, health, arts and recreational services, and industrial sectors such as construction and urban services.
- **Retail sector:** to account for around 15% of employment growth, equating to around 2,800 jobs between 2016 and 2031. This includes retail components of accommodation, food services and wholesale trade.
- **Health sector:** to account for around 11% of employment growth, equating to around 1,900 jobs between 2016 and 2031.
- **Off-site employment** (employment that is not property based e.g. drivers of commercial vehicles, construction site workers): to account for 9% of employment growth, equating to around 1,600 jobs between 2016 to 2031.
- **Industrial sector:** to account for around 7% of employment growth, equating to around 1,300 jobs between 2016 to 2031. The vast majority of this growth would be driven by the transport, postal and warehousing sector. Components of 'non-industrial' sectors such as retail, wholesale trade and information technology are also included.
- **Education sector:** to account for around 4% of employment growth, equating to around 700 jobs between 2016 and 2031.
- **Home based employment:** to account for around 1% of employment growth, equating to around 200 jobs between 2016 and 2031.

Table 3.2 and Chart 3.5 demonstrate that around 68% of all employment growth is projected to be in the office, health and retail properties, as opposed to 7% projected in industrial zoned lands. This analysis suggests that moving forward, existing non-industrial employment precincts and centres will deliver the majority of future employment growth.

Employment Forecast

Bayside Council, 2016 to 2031

Table 3.1

Industry Sector	Forecast								2016-31	
	2016		2021		2026		2031			
	No.	%	No.	%	No.	%	No.	%	Total Change	Annual Growth %
Retail Trade	8,044	9%	9,132	10%	9,824	10%	10,669	10%	2,625	1.9%
Health Care and Social Assistance	4,925	6%	5,712	6%	6,416	6%	7,058	7%	2,133	2.4%
Transport, Postal and Warehousing	28,074	32%	28,324	30%	29,252	29%	30,042	28%	1,968	0.5%
Public Administration and Safety	4,866	5%	5,473	6%	6,067	6%	6,665	6%	1,799	2.1%
Professional, Scientific and Technical Services	3,681	4%	4,205	4%	4,732	5%	5,432	5%	1,751	2.6%
Accommodation and Food Services	5,656	6%	6,246	7%	6,696	7%	7,200	7%	1,544	1.6%
Administrative and Support Services	3,193	4%	3,501	4%	3,779	4%	4,136	4%	943	1.7%
Information Media and Telecommunications	902	1%	1,183	1%	1,441	1%	1,824	2%	922	4.8%
Construction	4,453	5%	4,701	5%	4,974	5%	5,263	5%	810	1.1%
Education and Training	3,077	3%	3,316	4%	3,572	4%	3,831	4%	754	1.5%
Rental, Hiring and Real Estate Services	1,948	2%	2,183	2%	2,404	2%	2,651	3%	703	2.1%
Arts and Recreation Services	662	1%	832	1%	968	1%	1,234	1%	572	0.0%
Other Services	2,674	3%	2,819	3%	2,968	3%	3,125	3%	451	1.0%
Wholesale Trade	5,357	6%	5,359	6%	5,574	6%	5,796	5%	439	0.5%
Financial and Insurance Services	1,239	1%	1,359	1%	1,487	1%	1,639	2%	400	1.9%
Unclassified	2,071	2%	2,113	2%	2,159	2%	2,193	2%	122	0.4%
Electricity, Gas, Water and Waste Services	329	0%	358	0%	392	0%	423	0%	94	1.7%
Mining	35	0%	40	0%	44	0%	47	0%	12	0.0%
Agriculture, Forestry and Fishing	44	0%	42	0%	41	0%	39	0%	-5	0.0%
Manufacturing	7,274	8%	6,803	7%	6,671	7%	6,582	6%	-692	-0.7%
Total Employment	88,504	100%	93,701	100%	99,461	100%	105,849	100%	17,345	1.2%

Source: BTS ; Urbis

Employment Split by Property Type

Bayside Council, 2016 to 2031

Table 3.2

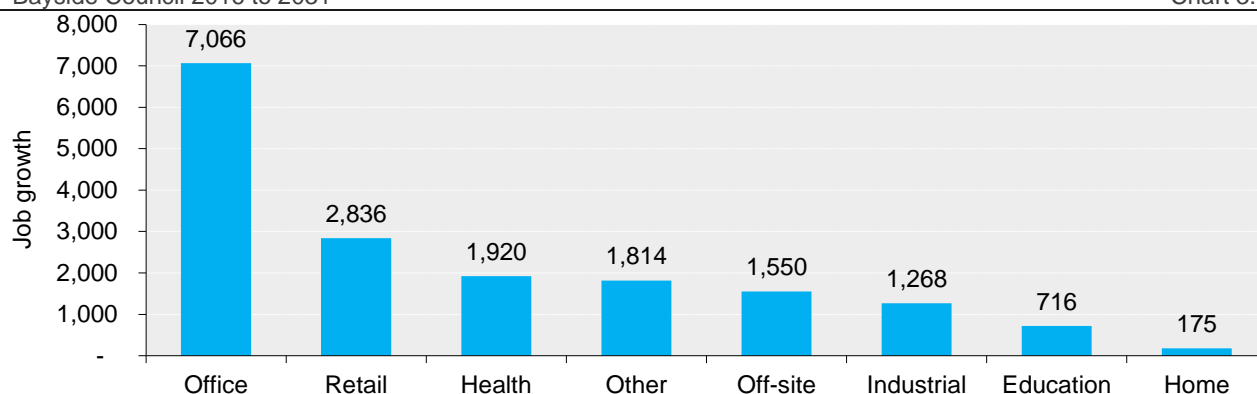
Industry Sector	Job Split by Property Type																		
	Job Change 2016-31	Industrial		Office		Retail		Education		Health		Other		Off-site		Home		Total	
Health Care & Social Assistance	2,133			10%	213					90%	1,920							100%	2,133
Retail Trade	2,625	10%	263			90%	2,363											100%	2,625
Education & Training	754			5%	38			95%	716									100%	754
Accommodation & Food Services	1,544					25%	386					75%	1,158					100%	1,544
Wholesale Trade	439	80%	351			20%	88											100%	439
Professional, Scientific & Technical Services	1,751			98%	1,716											2%	35	100%	1,751
Construction	810	10%	81	5%	41								70%	567	15%	122		100%	810
Other Services	451			95%	428							5%	23					100%	451
Public Administration & Safety	1,799			90%	1,619							10%	180					100%	1,799
Manufacturing	-692	100%	-692															100%	-692
Financial & Insurance Services	400			98%	392											2%	8	100%	400
Rental, Hiring & Real Estate Services	703			98%	689											2%	14	100%	703
Administrative & Support Services	943			95%	896							5%	47					100%	943
Transport, Postal & Warehousing	1,968	50%	984											50%	984			100%	1,968
Information Media & Telecommunications	922	20%	184	80%	738													100%	922
Arts & Recreation Services	572			30%	172							70%	400					100%	572
Electricity, Gas, Water & Waste Services	94	90%	85	10%	9													100%	94
Unclassified	122			95%	116							5%	6					100%	122
Mining	12	100%	12															100%	12
Agriculture, Forestry & Fishing	-5													30%	-2	70%	-4	100%	-5
Total Employment	17,345	7%	1,268	41%	7,066	16%	2,836	4%	716	11%	1,920	10%	1,814	9%	1,550	1%	175	100%	17,345

Source: BTS ; Urbis

Jobs by Land Use

Bayside Council 2016 to 2031

Chart 3.4



Source: BTS 2011 Journey To Work; Urbis

3.3. INDUSTRIAL DEMAND FORECAST AND GAP ANALYSIS

Table 3.1 presents the calculations for deducing the projected industrial land capacity in Bayside Council by 2031.

There is currently 24.2 hectares of undeveloped industrial employment lands according to NSW Employment Land Development Program (ELDP) 2015 within the Bayside Council, comprising of the Botany Bay and Rockdale LGAs. Taking into account the potential withdrawal of the subject site from industrial land supply (row C), combined with the total demand for industrial floorspace based on 100 jobs per sq.m (row E), results in a surplus of industrial land of around +54,000 sq.m in Bayside Council. This suggests that there is more than enough capacity to support industrial employment growth within Bayside Council over the next 15 years.

Table 3.1 – Industrial Land Gap Analysis, 2031

	Bayside Council	2016-31
A	Undeveloped Industrial Land (as per ELDP 2015) (sq.m)	+242,000
B	Rezoning of Subject Site	-61,000
C	<i>Total Potential Supply (A-B)</i>	<i>181,000</i>
D	Industrial Jobs Growth (2016-31)	1,268
E	Land Area (sq.m) per Job	100
F	<i>Total Industrial Land Demand (sq.m) (D x E)</i>	<i>126,770</i>
G	+Surplus / -Deficit Industrial Land Capacity (C-F) (sq.m)	+54,230

Source: Employment Land Development Program 2015; Urbis

3.4. SUMMARY AND IMPLICATIONS

This section covered off a number of the key economic trends impacting employment land demand, specifically:

- In 1996 the economy relied heavily on the manufacturing sector which comprised 13.5% of GSP. By 2015 however this had contracted to 7.4% of GSP, reflecting structural shifts in the NSW economy:
 - A contraction in trade exposed sectors, driven by an increasing Australian dollar over this period
 - Increasing imports and consumption is driving demand for freight and logistics services
 - Growth in 'knowledge based' sectors such as financial and professional services
 - Growth in health care services, driven by an ageing population requiring health and aged care services.
- The resident employment trends over 2006 to 2011 for the Bayside Council reflect similar trends to the NSW GSP, with growing employment in the service sectors and declining employment in the manufacturing sector.
- Bayside Council has more local workers located within its boundary than local jobs. The exceptions to this are jobs within the transport, postal and warehousing and manufacturing, which currently have a surplus in jobs compared to resident workers. This reflects the concentration of industrial land uses within the Bayside Council, in particular the role of Port Botany in providing port related services for the NSW economy.
- In terms of future employment growth there is an estimated additional 1,268 industrial based jobs in the Bayside Council by 2031 requiring an estimated additional 12.7 hectares of industrial land, which is adequately met by the LGAs 18 hectares of undeveloped land.
- Further to this, there are better located industrial precincts identified in Section 2.2 providing significant capacity to accommodate additional industrial jobs growth:
 - Eastern Creek (562 hectares)
 - Moorebank (336 hectares)
 - Marsden Park (238 hectares)
 - WSEA (10,000 hectares).

These precincts contain a large component of undeveloped industrial land, and have a number of significant competitive advantages over the subject site.

4. ECONOMIC BENEFITS

This section identifies the potential employment and economic generation potential associated with the proposed development on the subject site. Specifically, this section addresses the following points:

- Potential employment and economic benefits generated during the construction of the proposed development
- Potential employment and economic benefits generated in the ongoing operation of the proposed development
- Qualitative assessment of additional economic benefits.

Modelling included in this report uses REMPLAN to assess current and potential economic impacts. REMPLAN is an Input-Output model that captures inter-industry relationships within an economy. It can assess the area-specific direct and flow-on implications across industry sectors in terms of employment, wages and salaries, output and value-added (Gross Regional Product). A region can be defined at a national, state or Local Government Area level.

REMPAN base data is drawn from the Australian Bureau of Statistics and other government agencies. It provides highly reliable, up-to-date, and defensible economic modelling across any state or region in Australia.

Previous modelling of economic impacts has used ABS Input-Output tables from 1996-97. The multipliers are close to 20 years old and are less accurate in estimating impacts on the economy, particularly due to:

- Productivity changes throughout the economy over the past 20 years
- The changing industry make-up of the Australian economy since 1997 – for example the decline in manufacturing and the rise in financial services.

4.1. CONSTRUCTION

As an indicative estimate for modelling purposes, construction costs associated with the proposed development could be in the order of \$893.7 million over the 10-year construction period. After allowing for potential contingencies during the construction process, construction costs would equate to around \$983.1 million. A summary of the construction cost assumptions is included in the following table.

Residential construction costs were provided by Meriton and are estimated to be \$400,000 per apartment, while the construction costs of the remaining non-residential land uses are estimated using Rawlinsons Australian Construction Handbook (2016).

Estimated Construction Costs for Proposed Development

Subject Site			Table 4.1
Land Use	GFA (sq.m)	Construction Cost (\$/sq.m)	Total Cost (\$M)
Residential	210,800	\$3,924	\$827.2
Parking	34,400	\$1,710	\$58.8
Open Space	22,300	\$47	\$1.0
Community	2,000	\$1,928	\$3.9
Childcare	1,200	\$1,725	\$2.1
Retail	1,000	\$715	\$0.7
Total			\$893.7
Contingency allowance			10%
Total (incl. contingency allowance)			\$983.1

Source: Rawlinsons Australian Construction Handbook (2016); Urbis

The construction of the development at the subject site is estimated to have the potential to generate \$19.6 million in direct Gross Value Added (GVA) per annum and \$79.0 million in indirect GVA per annum. Employment represents total numbers of employees without any conversions to full-time equivalence.

Further to the additional direct employment that can be generated from the ongoing operation of the new development and during construction, there are multiplier effects throughout the local, state and national economies. These multiplier effects will be a result of increased demand for materials, services and products from a whole range of suppliers and increased consumption that will be generated by the wages of new employees. In economic terms, it represents the absorption of excess supply in other parts of the economy driven by an increase in aggregate demand.

The construction period is estimated to generate an average 176 direct jobs and 487 indirect jobs per annum over the life of the project. Meriton have advised there will be peaks and troughs of actual jobs on the subject site, with approximately 500 construction workers on the subject site as of February 2017 peaking at 2,000 workers in mid-2017.

Indirect employment impacts are measured using an Input-Output model called REMPLAN Economy, which captures inter-industry relationships within an economy. It can assess the area-specific direct and flow-on implications across industry sectors in terms of employment, wages and salaries, output and value-added (Gross Regional Product). A region can be defined at a national, state or Local Government Area level. REMPLAN base data is drawn from the Australian Bureau of Statistics and other government agencies. It provides highly reliable, up-to-date, and defensible economic modelling across any state or region in Australia.

Urbis notes that there are other industry bodies that attempt to estimate employment that can be generated by investment. For instance, the Urban Development Institute of Australia (UDIA) in a submission to the National Commission of Audit identified a total employment (direct and indirect) impact of 11.8 full-time equivalent jobs for every \$1 million investment.

Annual Economic Activity – Construction

Subject Site

Table 4.2

Proposed Development GFA	sq.m	271,700
Construction Cost ¹	(\$M)	98.4
Employment		
Direct Jobs	(no.)	176
Indirect Jobs	(no.)	487
Total Jobs	(no.)	663
Economic generation GVA		
Direct GVA	(\$M)	19.6
Indirect GVA	(\$M)	79.0
Total GVA	(\$M)	98.5

1. 10% contingency allowance included

1. 10% contingency allowance included

Source: Rawlinsons Construction Handbook (2016), REMPLAN, Urbis

4.2. ONGOING OPERATIONS

In addition to the construction phase of the proposed development, the ongoing operations of the non-residential components of the development will also create jobs and generate economic activity (in GVA).

The number of direct jobs for the proposed development was estimated using industry benchmarks on jobs per net lettable area. Direct jobs are entered into REMPLAN to produce an estimate of indirect jobs, and direct and indirect GVA.

The proposed development on the subject site will include space for community, childcare and retail, which is estimated to generate some 107 total jobs from ongoing operations as shown in Table 4.3.

Proposed Non-Residential Gross Floor Area and Employment

Subject Site

Table 4.3

Non-Residential	GFA (sq.m)	GFA (sq.m) per job	Ongoing Jobs
Community	2,000	71	28
Childcare	1,200	71	17
Retail	1,000	16	63
Total Non-Residential	4,200		107

Source: REMPLAN, Urbis

The direct and indirect impacts from economic activity forecast to occur from the proposed development are detailed in Table 4.4.

Once fully developed, it is anticipated that the proposed development on the subject site will result in 107 direct and 87 indirect ongoing jobs.

The ongoing operations of the community and childcare components of the development are estimated to have the potential to generate \$10.9 million in direct Gross Value Added (GVA) per year, and \$15.2 million in indirect GVA. GVA figures have been estimated using economic employment multipliers most relevant to the operation of childcare centres and potential community uses (e.g. public administration).

Annual Economic Activity – Ongoing Operations

Subject Site

Table 4.4

	Direct effect	Indirect effect	Total
Jobs	107	87	194
Economic generation GVA p.a. (\$M)	10.9	15.2	26.1

Source: REMPLAN, Urbis

4.3. RETAIL SPEND

Based on the concept plan provided, the indicative number of residents to be accommodated across the subject site is 3,309 people.

Based on the current spending profile of residents within the Bayside Council, an average spend per capita of \$13,075 in \$2016 is calculated. Therefore, additional population could generate \$43.3 million in retail expenditure (in \$2016) per annum, as illustrated in Table 5.5. These values do not account for future retail price inflation.

Concept Plan Resident Spending by Product Category per Annum

Based on 3,181 Additional Residents (\$Million \$2016)

Table 4.5

Number of Residents	Year	Food Retail	Food Catering	Apparel	Home-ware	Bulky Goods	Leisure/General	Retail Services	Total Retail ¹
3,309 Residents	2016	17.6	7.3	4.5	3.4	4.2	4.7	1.6	43.3

1. Spend per annum

Source: ABS MarketInfo 2012; Urbis

The economic benefits associated with this additional spending growth is that it has the potential to improve turnover performance of existing retail precincts in the vicinity of the subject site, and in turn generate additional employment within these precincts.

4.4. AFFORDABILITY AND HOUSING TARGETS

The proposed development can contribute to improving housing affordability and the delivery of housing targets set within NSW's Central District Plan (2016).

Table 4.6 outlines the additional dwelling targets set for the Central District by 2021. A target of delivering 10,150 additional dwellings has been set for the Bayside Council by 2021, equivalent to 22% of the total additional new dwellings set for the Central District.

The proposed development on the subject site will make a significant contribution in achieving this target by providing up to 2,068 new residential apartments to the local region, equivalent to delivering almost a fifth of the additional dwelling targets set for the LGA.

Housing Targets

Central District

Table 4.6

Region	% of Central District Total	Additional Dwellings by 2021
Bayside Council	22%	+10,150
Central District Total	100%	+46,550

Source: A Plan for Growing Sydney (2016), Urbis

The limited land available for residential development in a housing market with high underlying demand has resulted in a housing shortage and an affordability constraint within the Bayside Council area. New supply that will be delivered on the subject site will meet this demand, improving affordability outcomes for the Bayside Council area.

Table 4.7 outlines the key drivers of residential housing demand relevant to the subject site. The table shows that the subject site attributes are well aligned and well suited to residential as the site has strong access to amenities, employment options and future public transport infrastructure.

Residential Demand Drivers

Subject Site

Table 4.7

Factors	Comments	Implications for the Subject Site
1. Access to amenities	<ul style="list-style-type: none"> Westfield Eastgardens Shopping Centre is located approximately 500 metres to the south of the subject site, a shopping centre which provides discretionary retail for local and regional residents. There are a number of schools located close to the subject site including South Sydney High School, Pagewood Public School and Maroubra Junction Public School. There are a number of recreational parks located close to the subject site, including Mutch Park, Jellicoe Park and Heffron Park. Prince of Wales Private Hospital is located 3.4km north of the subject site, with City East Specialist Day Hospital (1.8km) and Maroubra Medical Centre (1.8km) also located in proximity to the subject site. 	<ul style="list-style-type: none"> The subject site's close proximity to Westfield Gardens makes it a desirable location for housing, noting strong residential access to high quality retail amenity and services. Good access to schooling and recreation will attract residential demand from couple families with children.
2. Access to employment	<ul style="list-style-type: none"> The subject site has good access to major commercial employment nodes due to its proximity to the M1 Motorway entry access point. The subject site is located near the Anzac Parade Corridor, which provides linkages to major employment precincts including: <ul style="list-style-type: none"> Randwick Health and Education Precinct (3.5km, 9 minute drive) Port Botany Industrial Area (6.5km, 12-minute drive) Sydney CBD (10.7km, 28 minute drive). 	<ul style="list-style-type: none"> Residents often prefer to live close to work, enabling them to minimise travel times and improve work life balance. The subject site's close proximity to the emerging Randwick Health and Education Precinct is expected to drive future residential apartment demand on the subject site.

Factors	Comments	Implications for the Subject Site
3. Transport and infrastructure	<ul style="list-style-type: none"> The proposed CBD and South East Light Rail will connect the Sydney CBD to the south eastern suburbs of Randwick and Kingsford, with a potential extension along the Anzac Parade Corridor. Three potential extensions to Maroubra Junction, Malabar and La Perouse will improve the subject site's connectivity to other areas of Sydney. The subject site is located adjacent to a bus station on Bunnerong Road, which provides connection to Little Bay and the Sydney CBD 	<ul style="list-style-type: none"> Access to good public transport and road infrastructure are important to potential purchasers and renters. Particularly, linkages to the CBD, airport and major employment centres. The proposed CBD and South East Light Rail is expected to revitalise Sydney's south eastern suburbs, as improved connectivity and linkages will create new jobs and reshape the existing community. In turn, these benefits are set to be realised by future residential development on the subject site.

4.5. SUMMARY AND IMPLICATIONS

The proposed development on the subject site is estimated to result in an increase in direct and indirect employment and economic activity (Gross Value Added – GVA). This will occur in the construction phase of the proposed development and also through the ongoing operations of the non-residential land uses. The results of the economic benefits analysis are summarised in the following table:

Annual Economic Activity			
Subtitle Here			Table 4.8
Construction Phase	Direct effect	Indirect effect	Total
Jobs	168	468	636
Economic generation GVA p.a. (\$M)	18.8	75.7	94.5
Ongoing Operations			
Jobs	107	87	194
Economic generation GVA p.a. (\$M)	10.9	15.2	26.1

Source: REMPLAN; Urbis

The proposed development is also expected to deliver an increase in housing by renewing an existing urban area, improving housing affordability by delivering increased housing supply with strong access to employment, amenity and transport infrastructure.

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