



Clarendon Business Park

Demand Assessment

October 2012

URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director	Clinton Ostwald
Associate Director	Brendan Woolley
Senior Consultant	David Wilcox
Consultant	Nisha Rawal, Ryan Mackenzie
Job Code	SPE0352
Report Number	Final REV A

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TABLE OF CONTENTS

Introduction.....	1
1 Demographic Overview.....	3
1.1 Age Characteristics.....	3
1.2 Home Ownership.....	4
1.3 Employment profile.....	4
1.4 Household Income.....	5
1.5 Journey to Work.....	6
1.6 Method of Travel.....	10
1.7 Population Projections and Target	11
1.8 Summary	12
2 Hawkesbury Business Park Assessment	14
2.1 Site Overview.....	14
3 Key Drivers of Business Park Development.....	16
3.1 Macro Demand Drivers.....	16
3.1.1 Labour Force	16
3.1.2 Micro Demand drivers.....	17
4 Business Park Market Overview	18
4.1 Hawkesbury LGA Summary	19
4.1.1 Metropolitan Plan 2036 – Business Park Criteria.....	19
5 Business Park Case Study Analysis	24
5.1.1 Other Locations	30
6 North Western Sydney Business Park/Industrial Market Overview	31
6.1 Existing Precinct Overview	31
6.1.1 Eastern Creek.....	31
6.1.2 Huntingwood Estate.....	31
6.1.3 Greystanes Precinct	31
6.1.4 Erskine park Release Area.....	31
6.2 Proposed Oncoming Supply	31
6.2.1 Box Hill.....	32
6.2.2 Riverstone West	32
6.2.3 Sydney Business Park, Marsden park.....	32
6.2.4 Rouse Hill	33
6.2.5 Norwest.....	33
6.2.6 Summary	33
7 Hawkesbury LGA Market Overview	34
7.1 Hawkesbury Lga Commercial/Industrial Precincts	34
7.2 Hawkesbury Sales and Leasing Market	37
8 Hawkesbury LGA Business Park Demand Assessment	40
8.1 Overview.....	40
8.1.1 Employment Forecast.....	40
8.1.2 FloorSpace Demand.....	41
9 Key Findings	43

FIGURES:

Figure 1 – Study Area	2
Figure 2 – Age Distribution	3
Figure 3 – Household Income Comparison	6
Figure 4 – Journey To Work Data – Hawkesbury LGA Workers Place Of Residence –	8
Figure 5 – Journey to Work Data – Hawkesbury LGA Residents Place of Employment	9
Figure 6 – Location map	15
Figure 7 – Map of North Western Sydney Business Parks	24
Figure 8 – Harrock Business Centre	39

PICTURES:

Picture 1 – Frontage to Bells Line Of Road	39
Picture 2 – Structure	39

TABLES:

Table 1 – Age Profile	3
Table 2 – Home Ownership	4
Table 3 – Resident Occupation Profile	4
Table 4 – Resident Employment Profile	5
Table 5 – Household Income	6
Table 6 – Hawkesbury LGA Workers and Residents	7
Table 7 – LGA Residents, Occupation	10
Table 8 – Hawkesbury LGA Workers	10
Table 9 – Hawkesbury LGA Population and Age Forecasts	12
Table 10 –Employment Capacity, North West Strategic Centres, Metropolitan Plan 2036	18
Table 11 – Employment Sectors	21
Table 12 – Current Listings For Lease – Hawkesbury LGA	37
Table 13 – Current Sales Listings – Hawkesbury LGA	38
Table 14 – Employment Forecast By Land Use	41
Table 15 – FloorSpace Demand by Land Use	42

Introduction

We have been instructed by Hydrox Nominees as part of the Economic Impact Assessment for Clarendon Masters and Bulky Goods Retail, to provide a preliminary market demand assessment for the proposed Business Park to be located at 120-188 Hawkesbury Valley Way, Clarendon.

The purpose of this assessment is to establish whether there is support for the rezoning to allow for the mixed use development which includes a Business Park over the subject property fronting Richmond Road, Clarendon. The subject property comprises 53 hectares of land zoned 7(a) Rural Living and is located opposite the Richmond RAAF Base.

For the purpose of this assessment we have undertaken analysis of core business park accommodation in addition to light industrial accommodation.

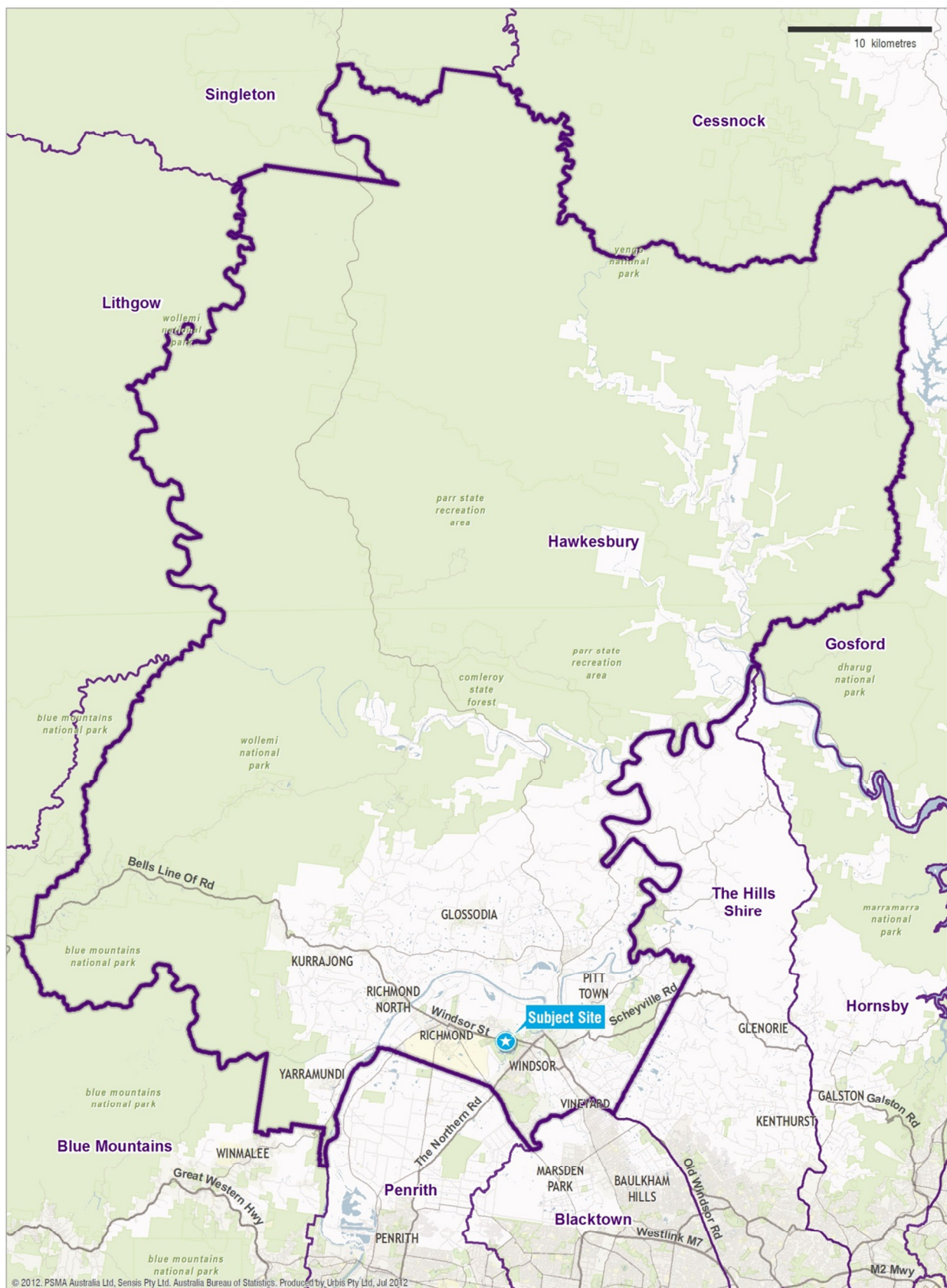
The land study assessment includes the following analysis:

- Assessing the sites attributes/characteristics and suitability for business park use;
- Determine the key macro and micro drivers for business park/light industrial land;
- An overview of the Sydney and Western Sydney business park market;
- An overview of the existing commercial/business park and light industrial precincts within the Hawkesbury LGA;
- An assessment of the current demand and supply levels of commercial/business park and light industrial land within the municipality.

Based on the above analysis, we will provide comment regarding the future potential for business park development within the medium to long term over the subject site.

The following map highlights the subject site in relation to the study area being the Hawkesbury LGA.

FIGURE 1 – STUDY AREA



1 Demographic Overview

In this section, the demographics of the Hawkesbury LGA residents are compared to the Greater Sydney Region. This includes an analysis of socio-economic data for the area, journey to work data and the employment profile. With the exception of journey to work and employment, data has been sourced from the 2011 census. We note that employment based data from the 2011 Census will not be released until the end of October 2012.

1.1 AGE CHARACTERISTICS

Relative to Sydney, the Hawkesbury LGA has a lower proportion of residents in the 60+ age group (17.4%) in comparison with Sydney at 18%. The LGA also has a higher proportion of residents aged 0-13 (19.8%) and 14-24 (16.3%) in comparison with Sydney (18% and 14.5%). This combined with a higher proportion of 40-59 years olds (28%) would indicate a high proportion of families live in the Hawkesbury LGA when compared to the Greater Sydney area.

TABLE 1 – AGE PROFILE

Age Profile

HAWKESBURY LGA AND GREATER SYDNEY

	Hawkesbury LGA	Sydney
Estimated Resident Population	62,523	4,390,956
Aged 0-13	19.8%	18.0%
Aged 14-24	16.3%	14.5%
Aged 25-39	18.5%	23.0%
Aged 40-59	28.0%	26.5%
Aged 60+	17.4%	18.0%
Average Age	36.1	37.1

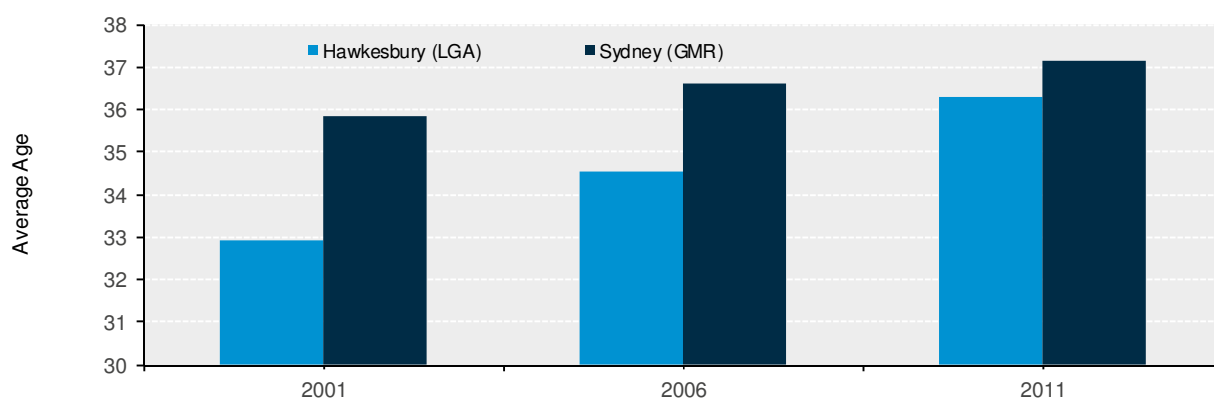
Source : ABS Census 2011

As a result of the higher proportion of younger residents, the Hawkesbury LGA has lower average age than Sydney, at 36.3 years and 37.1 years respectively. However as indicated in Figure 2 the Hawkesbury LGA is ageing at a faster pace than Sydney, with the average age increasing by 3.4 years between 2001 and 2011 compared to the Greater Sydney area which increased by 1.3 years during this same period.

FIGURE 2 – AGE DISTRIBUTION

Age Distribution

HAWKESBURY LGA AND GREATER SYDNEY, 2001-2011



Source : Urbis; ABS Census 2001, 2006 and 2011

1.2 HOME OWNERSHIP

The Hawkesbury LGA has a slightly lower proportion of households that own their own house outright (30.6%) compared to Sydney (31.1%). Consistent with the higher proportion of younger households is the significantly higher proportion of households currently paying off a mortgage in the Hawkesbury LGA (43.2%), compared to Sydney (35.7%). There are also significantly fewer households renting, indicating the higher level of household affordability within the LGA compared to that of the greater Sydney area.

TABLE 2 – HOME OWNERSHIP

Home Ownership

HAWKESBURY LGA AND SYDNEY SD, 2006

	Hawkebury LGA	Sydney
Owner	30.6%	31.1%
Mortgage Holder	43.2%	35.7%
Renter	25.4%	32.4%
Public Renter	4.2%	5.4%
Private Renter	21.2%	27.0%

Source : ABS Census 2006

1.3 EMPLOYMENT PROFILE

The employment profile of the Hawkesbury LGA varies from the occupation profile of Sydney, with a higher proportion of blue collar workers (37.7%) than Sydney (27.2%). In particular the catchment has a higher proportion of residents in Technician and Trades Employment (19.1%) than Sydney (12.9%).

The labour force participation rate is reflective of the younger profile of Hawkesbury LGA (70.7%) and is higher than Sydney (65.6%). Despite a higher labour force participation rate, Hawkesbury has a lower unemployment rate of 4.2%, compared to Sydney at 5.3%.

TABLE 3 – RESIDENT OCCUPATION PROFILE

Resident Occupation Profile

HAWKESBURY LGA AND SYDNEY SD 2006

	Hawkebury LGA	Sydney
% Unemployed	4.2%	5.3%
Labour Force Participation	70.7%	65.6%
Occupation (%)		
Managers	13.4%	13.5%
Professionals	15.4%	24.3%
Technicians & trades workers	19.1%	12.9%
Community & Personal Service Workers	9.0%	8.2%
Clerical & Administrative Workers	15.7%	17.1%
Sales Workers	8.7%	9.7%
Machinery operators & Drivers	8.3%	6.1%
Labourers	10.3%	8.2%
White Collar (%)	62.3%	72.8%
Blue Collar (%)	37.7%	27.2%

Source : ABS Census 2006

Subsequently the proportion of Hawkesbury residents working in primary and blue collar industries is greater than the Sydney SD as shown in Table 4 below:

TABLE 4 – RESIDENT EMPLOYMENT PROFILE

Resident Employment Profile

HAWKESBURY LGA AND SYDNEY SD, 2006

	Hawkebury LGA		Sydney	
Agriculture, forestry & fishing	939	3.2%	8,518	0.4%
Mining	66	0.2%	3,169	0.2%
Manufacturing	3,351	11.3%	184,976	9.7%
Electricity, gas, water & waste services	308	1.0%	15,933	0.8%
Construction	3,441	11.6%	134,626	7.1%
Wholesale trade	1,481	5.0%	105,852	5.6%
Retail trade	3,108	10.4%	200,281	10.5%
Accommodation & food services	1,553	5.2%	115,023	6.0%
Transport, postal & warehousing	1,518	5.1%	102,530	5.4%
Information media & telecommunications	540	1.8%	56,851	3.0%
Financial & insurance services	725	2.4%	122,180	6.4%
Rental, hiring & real estate services	475	1.6%	35,125	1.8%
Professional, scientific & technical services	1,402	4.7%	169,355	8.9%
Administrative & support services	742	2.5%	64,904	3.4%
Public administration & safety	2,617	8.8%	105,690	5.6%
Education & training	2,300	7.7%	136,633	7.2%
Health care & social assistance	2,583	8.7%	189,219	9.9%
Arts & recreation services	421	1.4%	27,694	1.5%
Other services	1,381	4.6%	71,312	3.7%
Inadequately described/Not stated	818	2.7%	53,655	2.8%
Total	29,769		1,903,526	

Source : ABS Census 2006

The top industries by share of total employment are Construction (11.6%), Manufacturing (11.3%) and Retail trade (10.4%). The proportion of residents working in Construction and Manufacturing exceeds what is found in the wider Sydney SD, while Retail Trade approximately aligns with the Sydney SD.

The higher proportion of residents working in Agriculture, Forestry and Fishing (3.2%) reflects the semi-rural nature of the Hawkesbury LGA, compared to the remainder of the Sydney SD (0.4%).

1.4 HOUSEHOLD INCOME

In comparison with Sydney, the Hawkesbury LGA has a lower average household income, with 20% of households within the Hawkesbury LGA earning over \$130,000 per year compared to 26.4% of Sydney residents.

TABLE 5 – HOUSEHOLD INCOME

Household Income

HAWKESBURY LGA AND GREATER SYDNEY

	Hawkebury LGA	Sydney
\$Neg/Nil	1.3%	1.7%
\$1-\$10,400	1.5%	1.7%
\$10,400-\$15,600	2.4%	2.8%
\$15,600-\$20,800	5.6%	5.7%
\$20,800-\$31,200	8.5%	8.5%
\$31,200-\$41,600	8.2%	8.0%
\$41,600-\$52,000	8.3%	7.6%
\$52,000-\$65,000	9.1%	8.1%
\$65,000-\$78,000	8.9%	7.6%
\$78,000-\$104,000	14.7%	12.6%
\$104,000-\$130,000	11.5%	9.4%
\$130,000-\$156,000	8.6%	10.6%
\$156,000-\$182,000	5.3%	6.4%
\$182,000-\$208,000	2.5%	3.3%
\$208,000 plus	3.6%	6.1%
Average Household Income	\$86,659	\$94,428

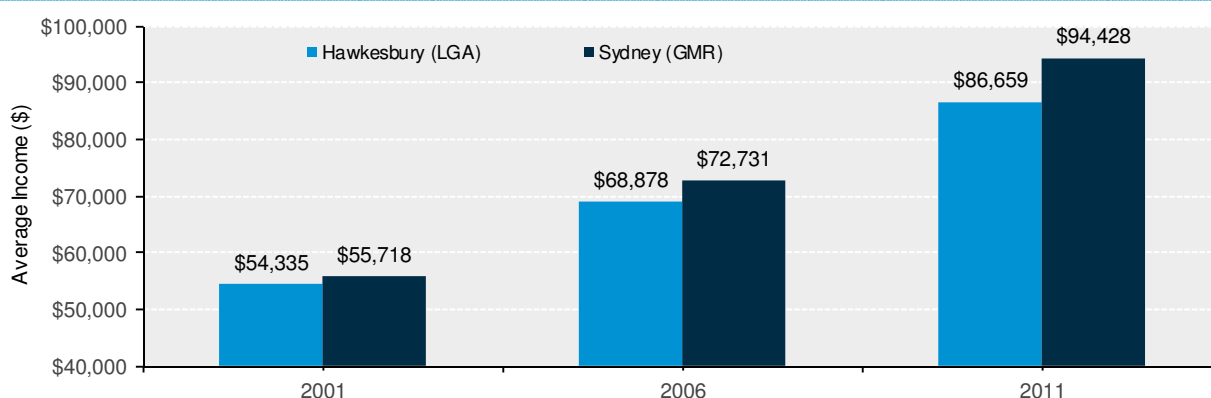
Source : ABS Census 2011

Mean income in the Hawkesbury LGA has increased at a rate of 4.8% per annum between 2001 and 2011, this has been lower than that experienced across the wider Sydney region which has grown by 5.4% per annum.

FIGURE 3 – HOUSEHOLD INCOME COMPARISON

Household Income Comparison

HAWKESBURY LGA AND SYDNEY GMR, 2001-2011



Source : Urbis; ABS Census 2011

1.5 JOURNEY TO WORK

The primary place of employment for Hawkesbury LGA residents is within the LGA, accounting for 65.4% of residents. Conversely, some 46.6% of all people employed in the Hawkesbury LGA reside in the LGA, with other primary source locations being the neighbouring regions of Blacktown (10.7%) and Penrith (7.5%).

This indicates that the labour market is somewhat self-contained, with local industry sourcing their workforce locally. It also indicates that residents in Hawkesbury have a higher propensity to reside close to their workplace.

TABLE 6 – HAWKESBURY LGA WORKERS AND RESIDENTS

Hawkesbury LGA Workers

HAWKESBURY LGA 2006

Hawkesbury LGA Resident

HAWKESBURY LGA 2006

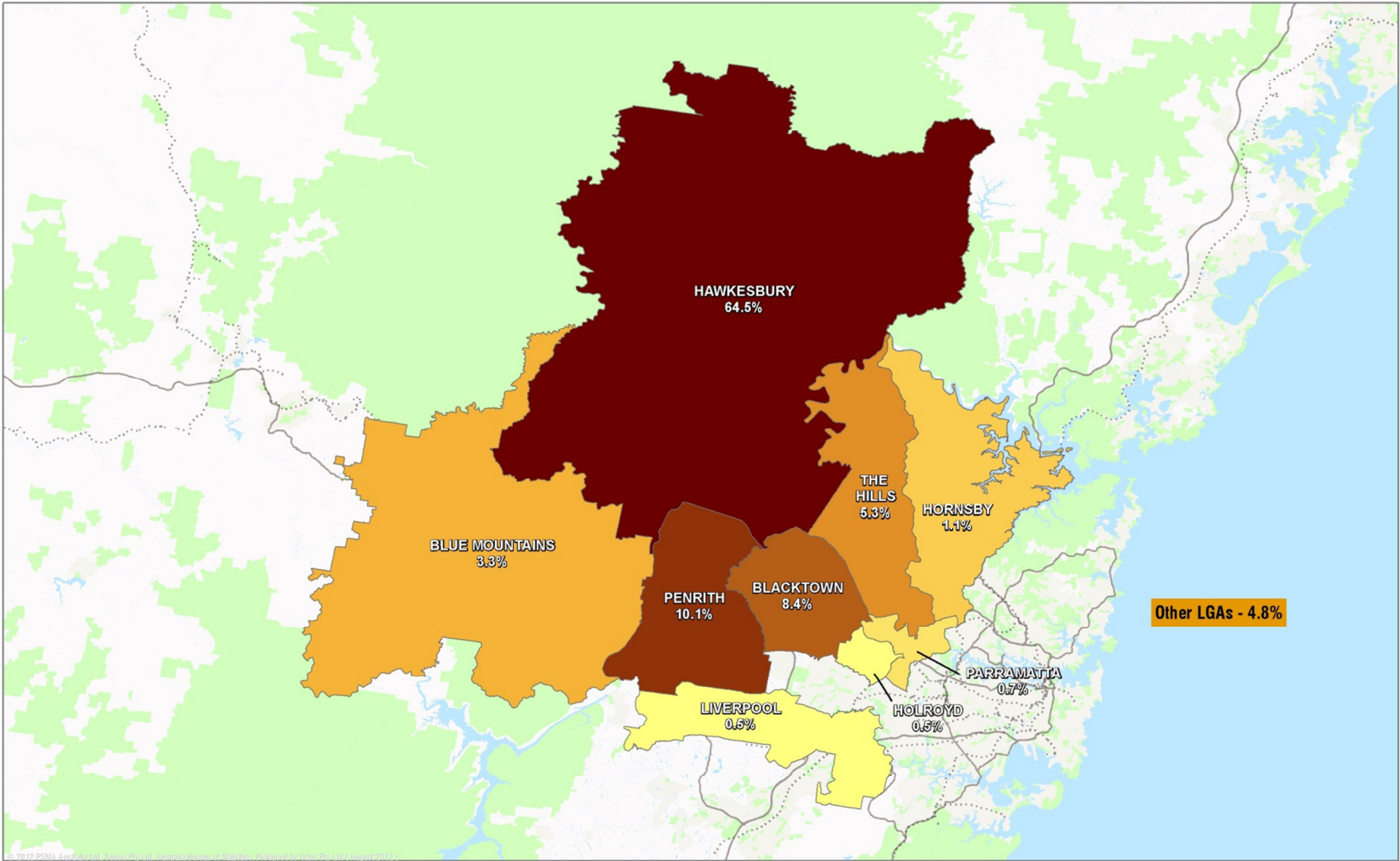
Place of Usual Residence	Number	Proportion	Workplace LGA	Number	Proportion
Hawkesbury	13,728	65.4%	Hawkesbury	13,728	46.6%
Penrith	2,111	10.1%	Blacktown	3,168	10.7%
Blacktown	1,764	8.4%	Penrith	2,212	7.5%
Baulkham Hills	1,105	5.3%	Outside GMA	1,766	6.0%
Blue Mountains	699	3.3%	Baulkham Hills	1,648	5.6%
Hornsby	222	1.1%	Unknown	1,569	5.3%
Parramatta	154	0.7%	Parramatta	1,170	4.0%
Holroyd	105	0.5%	Sydney City	793	2.7%
Liverpool	96	0.5%	Holroyd	380	1.3%
Balance	999	4.8%	Balance	3,042	10%
Total	20,983			29,476	

Source : Urbis; ABS Census 2006

Relevant to considering the location of employment lands, occupations typically associated with business park type development is the profile of the resident workforce in the Hawkesbury that are more likely to commute out of the LGA for work (i.e. office based workers). The type of employment contained within the Hawkesbury LGA is outlined in Table 7 following.

The source locations of Hawkesbury LGA workers and place of employment of Hawkesbury LGA residents are illustrated in Figures 4 and 5.

FIGURE 4 – JOURNEY TO WORK DATA – HAWKESBURY LGA WORKERS PLACE OF RESIDENCE –



Journey to Work
WORKERS - PLACE OF USUAL RESIDENCE

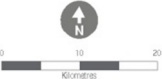
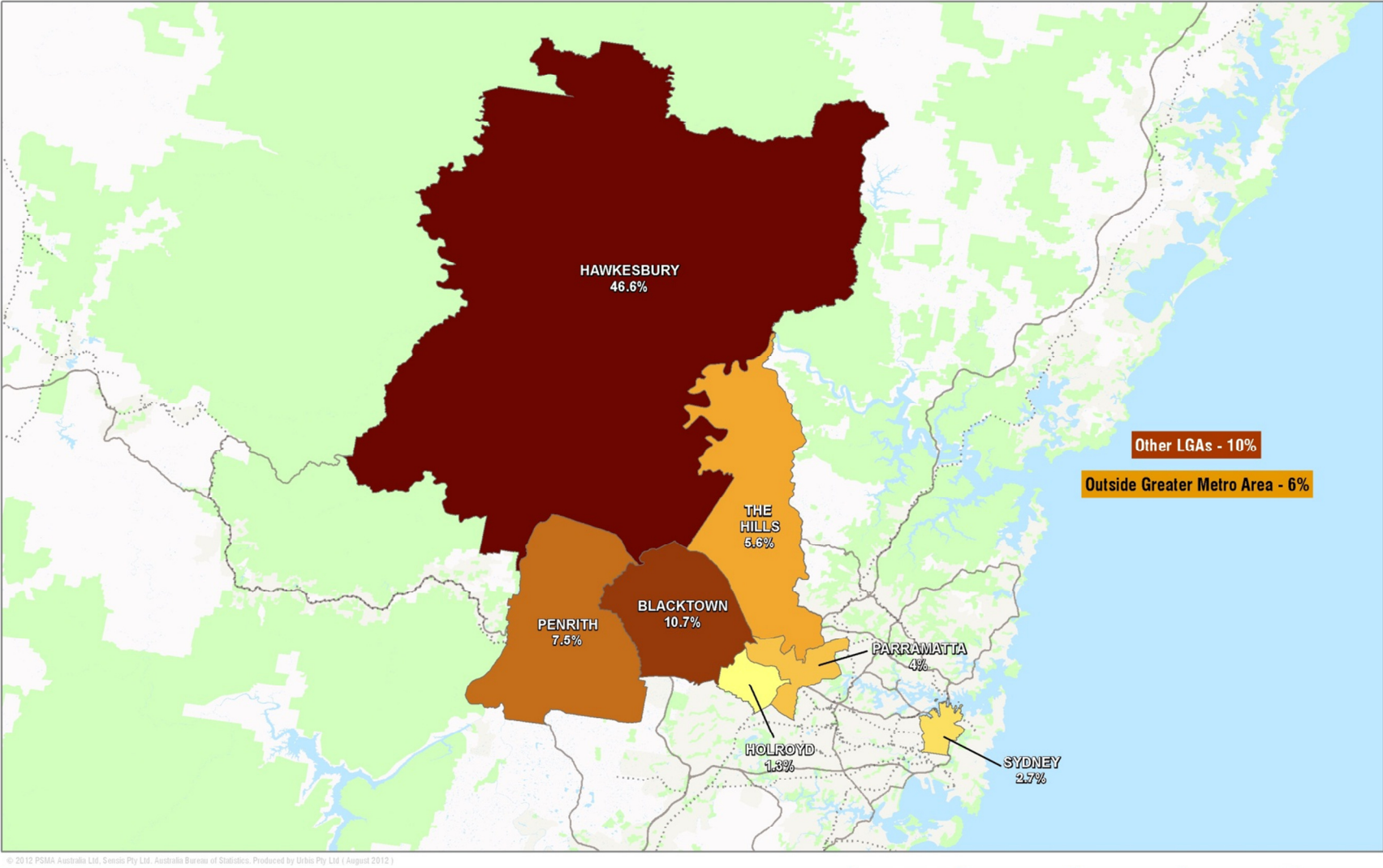


FIGURE 5 – JOURNEY TO WORK DATA – HAWKESBURY LGA RESIDENTS PLACE OF EMPLOYMENT



Journey to Work
RESIDENTS - PLACE OF EMPLOYMENT



TABLE 7 – LGA RESIDENTS, OCCUPATION

Hawkesbury LGA Residents, Occupation

HAWKESBURY LGA 2006, BY OCCUPATION

	LGA Residents	Containment (% that work within the LGA)	Leakage (% that work outside the LGA)
Professionals	4,226	46.1%	53.9%
Managers	3,624	50.2%	49.8%
Technicians and Trades Workers	4,406	54.7%	45.3%
Community and Personal Service Workers	2,382	57.1%	42.9%
Clerical and Administrative Workers	4,452	48.5%	51.5%
Sales Workers	2,371	60.6%	39.4%
Machinery Operators And Drivers	2,009	44.3%	55.7%
Labourers	2,444	65.7%	34.3%
Inadequately described	220	49.1%	50.9%
Not stated	30	70.0%	30.0%
White Collar	17,055	33.3%	31.8%
Blue Collar	9,109	66.7%	68.2%
Total	26,164	52.6%	47.4%

Source: Urbis; ABS Census 2006

The above table indicates the total number of Hawkesbury LGA residents employed within specific occupations. From this, the proportions of resident workers contained within the LGA are compared against those resident workers employed outside of the LGA. The occupations with higher containment within the LGA include Technicians and Trades Workers (54.7%) and Sales Workers (60.6%).

Overall, resident workers within the LGA have a lower containment rate for white collar employment at 33.3% based on total workers, compared to blue collar employment at 66.7%..

1.6 METHOD OF TRAVEL

Overall, fewer Hawkesbury LGA workers travel by train or bus services to work, instead utilising a car (as the driver). All non-auto modes of travel have a lower usage by Hawkesbury LGA workers, when compared to the Sydney area, indicating journey to work within the LGA is less connected by public transport when compared to the wider Sydney area.

TABLE 8 – HAWKESBURY LGA WORKERS

Hawkesbury LGA Workers

HAWKESBURY LGA 2006

	Hawkesbury		Sydney	
Train	614	2.1%	152,726	8.0%
Bus	78	0.3%	92,357	4.9%
Car, as driver	19,003	63.8%	1,019,117	53.5%
Car, as passenger	1,566	5.3%	100,190	5.3%
Train, bus	89	0.3%	34,380	1.8%
Train, car as driver	327	1.1%	23,658	1.2%
Walked only	938	3.2%	79,570	4.2%
Worked at home	1,639	5.5%	74,361	3.9%
Did not go to work	3,053	10.3%	184,919	9.7%
Not stated	565	1.9%	35,564	1.9%
Other	1,895	6.4%	106,685	5.6%

Source : Urbis; ABS Census 2006

1.7 POPULATION PROJECTIONS AND TARGET

Assessment of future population growth within the Hawkesbury LGA provides an indication of the size and age profile of the future residential population. Accordingly, this has implications for the future available workforce and the market available to businesses servicing the local population. As detailed in the following table, the population in the Hawkesbury LGA as at 2011 was forecast as 64,650 residents in 2011 (2011 census figures indicate that the actual population was 64,312) and is expected to reach 86,080 by 2031. This equates to an additional 1,000 additional residents per annum between 2011-2031.

Based on these forecast we note as follows:

- Population growth is expected to ramp-up in each five year interval to 2031.
- Growth is expected to be particularly strong in the 65+ age cohort ranging between 3.61% and 4.31% per five year interval from 2011 to 2031.
- Natural increase (the difference between births and deaths) is expected to be the main source of population growth between 2011 and 2031, with net migration negative from 2011 to 2016.
- From 2016 onwards this is expected to change significantly, with net migration projected to represent a significant source of new residents and is projected to represent 46.3% of the LGA's population growth between 2016 and 2036.

In addition, household size is also expected to change over this period, and is projected to fall from 2.82 people per dwelling in 2011 to 2.67 people per dwelling in 2036. This indicates that the dwelling structure in the Hawkesbury LGA will likely preference smaller dwellings, with fewer bedrooms and likely at a lower price point.

TABLE 9 – HAWKESBURY LGA POPULATION AND AGE FORECASTS

Hawkesbury LGA Population and Age Forecasts

HAWKESBURY LGA 2011-2036

	2011	2016	2021	2026	2031
Aged 0-14	13,890	13,970	14,900	15,990	17,450
Aged 15-24	9,890	9,890	9,830	10,360	11,410
Aged 25-39	12,970	13,570	14,840	15,900	17,010
Aged 40-49	9,420	9,220	9,240	9,930	11,230
Aged 50-64	11,330	11,750	12,380	12,900	13,670
Aged 65+	7,150	8,830	10,620	12,820	15,310
Total	64,650	67,230	71,810	77,900	86,080

Annual Growth (no.)

	2011-2016	2016-2021	2021-2026	2026-2031
Aged 0-14	16	186	218	292
Aged 15-24	0	-12	106	210
Aged 25-39	120	254	212	222
Aged 40-49	-40	4	138	260
Aged 50-64	84	126	104	154
Aged 65+	336	358	440	498
Total	516	916	1,218	1,636

Annual Growth (%)

	2011-2016	2016-2021	2021-2026	2026-2031
Aged 0-14	0.11%	1.30%	1.42%	1.76%
Aged 15-24	0.00%	-0.12%	1.06%	1.95%
Aged 25-39	0.91%	1.81%	1.39%	1.36%
Aged 40-49	-0.43%	0.04%	1.45%	2.49%
Aged 50-64	0.73%	1.05%	0.83%	1.17%
Aged 65+	4.31%	3.76%	3.84%	3.61%
Total (%)	0.79%	1.33%	1.64%	2.02%

Source : Urbis; Department of Planning and Infrastructure

1.8 SUMMARY

The demographic profile of the Hawkesbury LGA provides an indication of the number of characteristics of the LGAs current and future workforce. It shows that the LGA is dominated by younger residents represented by a lower average age (36.1 years old) compared to the wider Sydney Metro region (37.1). This coincides with a lower average income (\$86,659) compared to Sydney Metro (\$94,428) and a greater proportion of households with a mortgage (43.2%) compared to the Sydney Metro (35.7%).

This indicates that the resident profile is typically aspirational home owners, paying off a mortgage, but with a lower income profile than the wider Sydney metro area. This indicates a higher requirement for employment by the LGA residents, which also helps to explain the relatively high workforce participation rates.

The occupation profile shows a higher concentration of blue collar workers (37.7%) than Sydney (27.2%), and reflects the manufacturing (11.3%) and construction (11.6%) industry employment base.

In addition to these sectors, employment is driven by the semi-rural nature of the LGA and the presence of employment enabling infrastructure and industries. Furthermore, the Agriculture, Forestry and Fisheries sector represents 3.4% of jobs in Hawkesbury compared to 0.4% employed in the wider Sydney

metro area. While the presence of the University of Western Sydney Richmond Campus, Hawkesbury District Health Services and the RAAF Base provide strong employment base in public administration (8.8%) and education sectors (7.7%).

This drives both the employment capacity and containment of the LGA with 52.6% of Hawkesbury resident workers employed within the Hawkesbury LGA.

The construction sector also represents a significant proportion employing 11.6% of local workers, likely driven by the significant development activity occurring around the North West Growth Centre, while the manufacturing sector also plays a significant role, employing 11.3% of workers within the LGA.

Between 2011 and 2031 a significant feature of the LGA's forecast population growth is the large proportion of residents over the age of 65 years old. The 65+ age group's annual growth rate outstrips all the other age groups between 2011 and 2036. This will likely support an expansion in local health services, while not significantly impacting the labour force size of the area given the solid population growth rate in the 25-64 age groups.

2 Hawkesbury Business Park Assessment

2.1 SITE OVERVIEW

The subject property is located on Richmond Road, Clarendon approximately 60km north west of the Sydney CBD and 15km north west of Rouse Hill. Richmond Road is a major arterial road which merges with Windsor Road to provide connection north west to Richmond and south east to Windsor, Rouse Hill and Bella Vista. The Westlink M7 located approximately 20km to the south provides access into the Sydney CBD. In terms of public transport provisions, the Richmond railway line runs through the site with the Clarendon train station (western line) situated approximately 100 metres to the north west.

The subject property is irregular in shape and is currently zoned 7(a) Rural Living with a large presence of non-rural uses surrounding including the Richmond RAAF Base which is located directly opposite the subject site. In addition, other surrounding development comprises the Hawkesbury Showground and Racecourse, local businesses, the Windsor Country Golf Course to the east and the University of Western Sydney to the south west.

The main town centres and residential precincts within proximity to the site are located 2km east in Windsor and over 3km west at Richmond.

The primary employment zones within the Hawkesbury LGA are located at North Richmond, Mulgrave, Richmond, South Windsor and Wilberforce. The closest to the subject site is the South Windsor precinct which is located approximately 2km south east of the subject property. The South Windsor industrial precinct is the largest within the Hawkesbury LGA comprising 97 hectares of industrial zoned land.

The Hawkesbury LGA also adjoins the north west release area as identified as part of the Sydney Metropolitan Strategy. Proposed within the north west sector is the provision of over 70,000 dwellings in the next 30 years. As a result, future employment opportunities will likely be required to cater for the projected increase in population.

The proposed land earmarked has been identified on the aerial map over page. Land to the south of the railway line is proposed to be developed as a Business Park

FIGURE 6 – LOCATION MAP



3 Key Drivers of Business Park Development

To provide an overview of the drivers of demand and therefore success of business park developments we have outlined within this section the macro and micro demand drivers within the Sydney Metropolitan Area.

3.1 MACRO DEMAND DRIVERS

We have undertaken an overview at the macro level of the key drivers for employment/industrial uses which include:

- **Labour Force** - Access to a qualified and suitable workforce is a large influence on the chosen location of many organisations. Typically, the retention rate of employees tends to be greater when the workforce is within close proximity to their place of employment.
- **Population Growth** - In terms of population growth, the Western Sydney region is recognised as a key growth area with a number of major release areas set to accommodate future population growth. The Northwest sector is destined to be a major growth area with an estimated 70,000 new dwellings within the Hills Shire, Blacktown City Council and Hawkesbury City Council.
- **Connectivity** - Access and proximity to major transport networks including road and rail, suppliers and the general market has considerable influence on the location decisions of organisations.
- **Decentralisation** – With rising land costs within the inner and middle rings of Sydney and the improvement in infrastructure, companies have recognised the opportunity costs of relocating to the outer suburbs.

3.1.1 LABOUR FORCE

Accordingly to the 2006 Census, the Hawkesbury LGA had 29,769 workers. The majority of the workforce was employed within the Construction (11.6%), Manufacturing (11.3%) and Retail Trade (10.4%) sectors. These employment sectors have remained the main employers over the past five years in the Hawkesbury LGA, however have fallen slightly from 2001 levels, of which during this period Manufacturing and Retail Trade fell by 1.81% and 3.27% respectively. Construction on the other hand during this period, grew from 11.4% to 12% for the Hawkesbury LGA.

Key sectors that have represented the highest increase in share of employment in Hawkesbury LGA between 2001 and 2006 include Public Administration and Safety (increasing from 6.3% to 8.8%), Transport and Storage (increasing from 4% to 5.1%) and Accommodation, Cafes and Restaurants (increasing from 4.0% to 5.2%).

The employment industry profile provides an indication of the type of industry located within Hawkesbury and other places of work for Hawkesbury residents such as Penrith and Blacktown LGAs.

3.1.1.1 POPULATION GROWTH

As mentioned previously in section 1.10 of this report, population growth in the Hawkesbury LGA is expected to grow from 64,600 people in 2011 to 86,100 people by 2036. This equates to an additional 21,500 residents over a 25 year period, or an increase of 811 residents per annum, showing an annual growth rate of 1.3%pa.

While the LGA is expected to lose 500 people to net migration between 2011 and 2016, from 2016 onwards this is projected to reverse, with 46.3% of the LGAs population growth coming from net migration until 2036 as shown previously in Table 9.

To the south-east of Hawkesbury is the North West Growth Centre, which is expected to drive strong net migration into the adjacent LGAs of Blacktown and Baulkham Hills. This is projected to represent 69% of growth in the Blacktown – North Statistical Local Area (SLA) and 59% of growth in the Baulkham Hills LGA between 2011 and 2026. This increase of new residents moving into the area will increase the size of the available workforce, and accordingly the demand for employment opportunities.

3.1.1.2 CONNECTIVITY

In relation to the success of business parks, it is important that the location has key connectivity drivers prevalent in order to draw potential businesses away from the CBD. This includes:

- Good local and regional road accessibility.
- Close proximity and access to the surrounding population base, which in turn becomes a potential workforce.
- Within proximity to the Richmond and Windsor town centres.

The Hawkesbury LGA and primarily the subject property have access to major arterial roads and railway services. In regards to rail services, the Hawkesbury LGA, located on the western line, is serviced by stations at Vineyard, Mulgrave, Windsor, Clarendon, East Richmond and Richmond.

With regards to road infrastructure the main arterials providing access throughout the Hawkesbury LGA include Windsor Road which connects with the Westlink M2 at Baulkham Hills and towards Parramatta and the Sydney LGA to the south east. Furthermore Richmond Road provides a north south link into Windsor.

The subject property is situated in the suburb of Clarendon and is surrounded primarily by non-residential development such as the Richmond RAAF Base (opposite), Hawkesbury Racecourse, Hawkesbury Showground and other local businesses. The existing site currently has a zoning of 7(a) Rural Living Zone as per the Hawkesbury Local Environmental Plan 1989.

The site has significant frontage to Richmond Road and merges with Hawkesbury Valley Highway and onto Windsor Road, which is the main arterial road linking through to the eastern region of Sydney. The site is located opposite the RAAF base with the railway line running along the rear boundary with Clarendon Railway Station approximately 100m west of the subject site.

Access to public transport services and suitable infrastructure road links, is a key component for the success of any employment land and is a major consideration for any business looking to re-locate to an outer metro location such as this.

3.1.1.3 DECENTRALISATION

With the rising cost of land, construction and subsequently rentals, not only within the inner rings of Sydney but also the Western Sydney Region, small to medium organisations have become sensitive to rising land values. Hence are seeking low cost locations particularly in the outer regions.

Historical trends have shown companies have recognised the opportunity costs of relocating to the outer regions of Sydney. The proposed rezoning would offer users a competitive development in terms of land and operation costs.

3.1.2 MICRO DEMAND DRIVERS

Similar to macro demand drivers, micro demand drivers influence industrial employment and have contributed to generating activity within the Sydney Metropolitan Region. An overview of these drivers are provided as follows:

- Rental and Capital Costs: Rental and capital values are important to businesses in terms of operating costs.
- Proximity to labour force: Access to a suitably skilled workforce is always desirable for many businesses in terms of employee satisfaction and labour costs.
- Transport network: Ease of access to and from the site for both employees and movement of goods and services is vital for the success of an industrial development.
- Suitable facilities and expansion potential: Changes in the economy and business needs may result in changes in the demand for accommodation. Recent transactions within the Western Sydney region have included the option for future expansion.

4 Business Park Market Overview

According to the Metropolitan Plan 2036 Sydney will require 760,000 extra jobs of which 50% is expected to be located in Western Sydney. According to the Department of Planning this may result in additional floor space and zoned land in Sydney to the following amount of:

- 10,000,000sq.m additional commercial floor space;
- 5,000,000sq.m additional retail floor space; and
- 8,500 ha of employment lands.

These figures are indicative only, however, provide a benchmark of the scale expected by the Department of Planning in relation to future employment lands floor space. The overarching principles guiding the Metropolitan Plan include:

- To provide jobs closer to home, by providing subregional employment capacity targets; and
- Ensuring employment lands meet Sydney's freight and industry needs.

Existing centres are the focus of employment growth, with the aim to increase the Sydney Metro's share of employment in existing centres from 39% in 2006 to 49% by 2036. According to the Metropolitan Plan 2036, *"concentrating a wide range of activities, including employment in centres plays a critical role in the functioning of a city"*.

Employment capacity has been developed to guide the development of strategic centres within metropolitan Sydney and is outlined in Table 10 below.

TABLE 10 –EMPLOYMENT CAPACITY, NORTH WEST STRATEGIC CENTRES, METROPOLITAN PLAN 2036

CENTRE	CENTRE TYPE	EMPLOYMENT 2006	CHANGE IN EMPLOYMENT 2006 – 2036	EMPLOYMENT 2036
Penrith	Regional Centre	20,000	+11,000	31,000
Blacktown	Major Centre	11,000	+5,000	16,000
Castle Hill	Major Centre	8,000	+5,000	13,000
Rouse Hill	Major Centre	-	+12,000	12,000
Norwest	Specialised Centre	13,000	+17,000	30,000
Total - Centre		52,000	50,000	102,000
Share - Centre		20%	35%	25%
Total - North West Subregion		266,000	+145,000	411,000

These centres are expected to comprise a mix of retail, office, health, education, leisure, entertainment, office and cultural facilities.

Ensuring adequate high grade office space in strategic centres is another priority of the Metropolitan Plan 2036. Between 2006 and 2016 the Metropolitan Plan estimates that an additional 2.5 million square metres of office space will be required and 10 million square metres of commercial floor space by 2036.

Office and commercial employment capacity is expected to be monitored by the *Employment Land Development Program (ELDP)* and will inform long-term strategic planning around office and commercial floor space. Specifically looking at:

- *Review of each the Strategic Centres capacity to accommodate future office and retail versus residential floor space needs;*
- *Include a detailed supply and demand analysis of the office sector to determine future floor space needs and potential number and scale of business parks; and*
- *Review trends and factors influencing take-up rates.*

While the EDLP does not currently provide this information, the NSW Governments policy regarding the establishment of new business parks indicates that *business park jobs will be accommodated in either metropolitan or subregional scale parks*, with the location of this in existing strategic centres being a key element of achieving capacity targets.

4.1 HAWKESBURY LGA SUMMARY

The Draft North West Subregional strategy (precursor to the 2036 Metropolitan Plan) includes employment targets for the Hawkesbury LGA. It is expected to grow to 27,000 by 2031 from 20,983 workers observed in the 2006 ABS Census. These are modest targets in the context of the North West Subregion, which is expected to grow by 145,000 jobs over this period.

In addition to this, as outlined previously in Table 10 there are no strategic centres located within the Hawkesbury LGA.

4.1.1 METROPOLITAN PLAN 2036 – BUSINESS PARK CRITERIA

In the absence of an existing strategic centre or business park, the Metropolitan Plan 2036 has identified specific criteria for the establishment of new business parks. As illustrated previously in Table 10, the Hawkesbury LGA does not currently contain a Strategic Centre or an established business park. Nevertheless, the proposed development of a new Business Park therefore represents an opportunity to establish a new market opportunity within the LGA. As such the establishment of the proposed business park and subsequent rezoning would require an assessment against the following criteria outlined in the Metropolitan Plan 2036:

- Access to public transport corridors;
- Links to freight corridors and major transport nodes;
- Land area (50-180 hectares) to allow expansion to accommodate 8,000 – 40,000 employees;
- Proximity to workforce (within 30 minute commute);
- Business parks should have relationships with adjoining economic infrastructure e.g. hospitals, universities, educational facilities, research institutes or clusters of knowledge-based activity.

In addition to this, the clustering of businesses from the same industry is a sought after policy outcome. Sydney's five key sectors around which it is expected that clusters will form include:

- Finance and insurance services;
- Professional, scientific and technical services;
- Health Care and Social Assistance; and
- Manufacturing.

It is expected that Health care, education and social assistance will be the key driver centres in Western Sydney. This alongside the promotion of *development of education, research and development (R&D) clusters around TAFE, universities and health infrastructure in accessible centres to promote skills development, capacity for innovation and lifelong community learning* indicates that existing infrastructure and institutions will influence the creation of new business parks from a policy perspective.

4.1.1.1 PROXIMITY TO WORKFORCE

Self-containment and access to a local workforce is the key principle relevant to evaluating a potential business park in Clarendon, and can be assessed by analysing journey to work for Hawkesbury resident workers. It is both a desirable characteristic from a commercial perspective, providing business park tenants with access to relevant skills locally and from a policy perspective reducing the length of commuting for the resident workforce.

As of 2006, 13,757 Hawkesbury LGA residents worked in the Hawkesbury LGA, which represents 52.6% of Hawkesbury's working residents.

LGAs further from major centres typically have more localised workforce compared to LGAs with larger employment centres which are able to attract workers from other LGAs.

The occupations that are typically located in the Hawkesbury LGA service the local population, with Sales Workers likely working in retail, while Labourers focused in local construction sector projects. White collar jobs occupations tend more often to be located outside the LGA, including Professionals, Managers and Clerical/Administrative Workers. Table 11 overleaf shows the sectors that employ Hawkesbury residents, and whether they are located within or outside the LGA.

Retail Trade, Public administration, education, accommodation services and agricultural, forestry and fisheries also have a larger proportion of employment sectors located within the Hawkesbury LGA. This is likely driven by the semi-rural nature of the LGA, the presence of the RAAF base and UWS Hawkesbury Campus driving employment within these sectors.

TABLE 11 – EMPLOYMENT SECTORS

Hawkesbury LGA Workers, Employment Sectors

HAWKESBURY LGA 2006, BY INDUSTRY

	Total Residents Employed		Work in Hawkesbury LGA		Work outside Hawkesbury LGA	
	No.	%	No.	%	No.	%
Manufacturing	3,158	12.1%	1,483	47.0%	1,675	53.0%
Retail Trade	2,952	11.3%	1,723	58.4%	1,229	41.6%
Health Care and Social Assistance	2,408	9.2%	1,207	50.1%	1,201	49.9%
Construction	2,231	8.5%	1,131	50.7%	1,100	49.3%
Public Administration and Safety	2,411	9.2%	1,343	55.7%	1,068	44.3%
Education and Training	2,194	8.4%	1,173	53.5%	1,021	46.5%
Wholesale Trade	1,407	5.4%	466	33.1%	941	66.9%
Transport, Postal and Warehousing	1,302	5.0%	523	40.2%	779	59.8%
Professional, Scientific and Technical Services	1,296	5.0%	669	51.6%	627	48.4%
Other Services	1,256	4.8%	693	55.2%	563	44.8%
Financial and Insurance Services	708	2.7%	192	27.1%	516	72.9%
Accommodation and Food Services	1,466	5.6%	1,086	74.1%	380	25.9%
Administrative and Support Services	575	2.2%	286	49.7%	289	50.3%
Information Media and Telecommunications	485	1.9%	272	56.1%	213	43.9%
Electricity, Gas, Water and Waste Services	276	1.1%	70	25.4%	206	74.6%
Rental, Hiring and Real Estate Services	448	1.7%	272	60.7%	176	39.3%
Inadequately described	282	1.1%	143	50.7%	139	49.3%
Arts and Recreation Services	381	1.5%	251	65.9%	130	34.1%
Agriculture, Forestry and Fishing	843	3.2%	732	86.8%	111	13.2%
Mining	47	0.2%	14	29.8%	33	70.2%
Not stated	38	0.1%	28	73.7%	10	26.3%
Total	26,164		13,757		12,407	

Source: Urbis; ABS Census 2006

4.1.1.2 OTHER DRIVERS

LINKS TO FREIGHT CORRIDORS AND MAJOR TRANSPORT NODES

No freight corridors or major nodes are located in the Hawkesbury LGA. However the site is well serviced by both the Clarendon and Windsor stations, enabling workers to commute from other LGAs. The subject site provides for direct ingress and egress with Richmond Road, connecting it with Rouse Hill and the North West Growth Centre. The site also offers potential synergies with any longer term commercialisation with the RAAF Richmond base.

LAND AREA

The Metropolitan Plan 2036 stipulates that land area of 50 to 180ha can accommodate between 8,000 to 40,000 employees. On this basis and having regard to the subject site being 53 hectares in size, this therefore meets the requirements as set out in the Metropolitan Plan.

RELATIONSHIP WITH ADJOINING INFRASTRUCTURE

The subject property has a number of key enabling infrastructure facilities at present and could potentially drive employment within the Hawkesbury LGA. The facilities of significance within the LGA have been detailed below.

UNIVERSITY OF WESTER SYDNEY (UWS) - RICHMOND CAMPUS

- The Richmond Campus focuses on a mixture of health, agriculture and environmental science courses. This reflects the semi-rural nature of the LGA, and the presence of Hawkesbury District Health Services. The campus specifically offers Bachelor Degrees in nursing, medical science, science, natural science, environmental science and zoology.
- Research facilities consist of the Hawkesbury Institute of Environment, which focuses on researching the impact of climate change on Australia's natural resources.

RICHMOND TAFE

- Similar to the UWS Richmond campus, the TAFE focuses health, agriculture and natural sciences. Courses consist of Information Technology, Business and Administration Services, General Education, Animal Care, Equine Studies, Sustainable Agriculture, Aquaculture, Floristry, Horticultural and Environmental Studies.
- The TAFE includes the Eco skills centre made up of a number of components including a green house, a wind turbine, solar panels and gates that also feature a vertical garden.

HAWKESBURY DISTRICT HEALTH SERVICES

Hawkesbury District Health Service (HDHS) is a 127-bed private hospital that provides public health services with the Sydney West Area Health Service. HDHS offers Medical services, Surgical services, Four operating theatres, 24-hour emergency services, Maternity and neonatal services, Children's ward, Palliative care services, Intensive care and coronary care, Diagnostic services, including on-site pathology testing, ultrasound, CT scanning, mammography and general X-ray.

RAAF BASE RICHMOND

Economic benefit from the presence of military bases comes in the form of both *direct* and *indirect* impact.

Direct impacts consist of value add and industry turnover as a result of the Defence bases operations. This includes staff working at the base and contractors. This can come in the form of salaries paid to employees and subsequent increase in expenditure within the LGA.

Indirect impacts are the result of increase consumer spending and additional spending by upstream business that supply goods and services to the facility.

Evident from a number of different studies into the economic impact of defence bases in Australia (*Economic Contribution of Naval Bases* and *Economic Impact of Defence Facilities in Darwin*) that direct employment benefits are the principal impact on the local community in which bases are situated. This supports consumer spending, driven via defence employees and contractors.

Looking specifically at other defence bases as examples of how local industry can benefit from collocation, the Williamstown base in Newcastle shows examples of both direct and indirect economic benefit to the community. There are a significant number of defence related businesses already in Newcastle. The Williamstown Aerospace Centre estimates that over 4,000 defence and contractor personnel are employed in the region injecting more than \$200 million into the local economy with an overall economic benefit of approximately \$1 billion annually.

Further to this, the presence of the base supports the development of the Williamstown Aerospace Centre, a specialised commercial and industrial precinct. With development set to begin in 2012 it is located adjacent to the RAAF Base in Williamstown and consists of 3 hectares of land. At this point, this is expected to consist of:

- A hotel and conference centre;
- Commercial; and
- Industrial floor space.

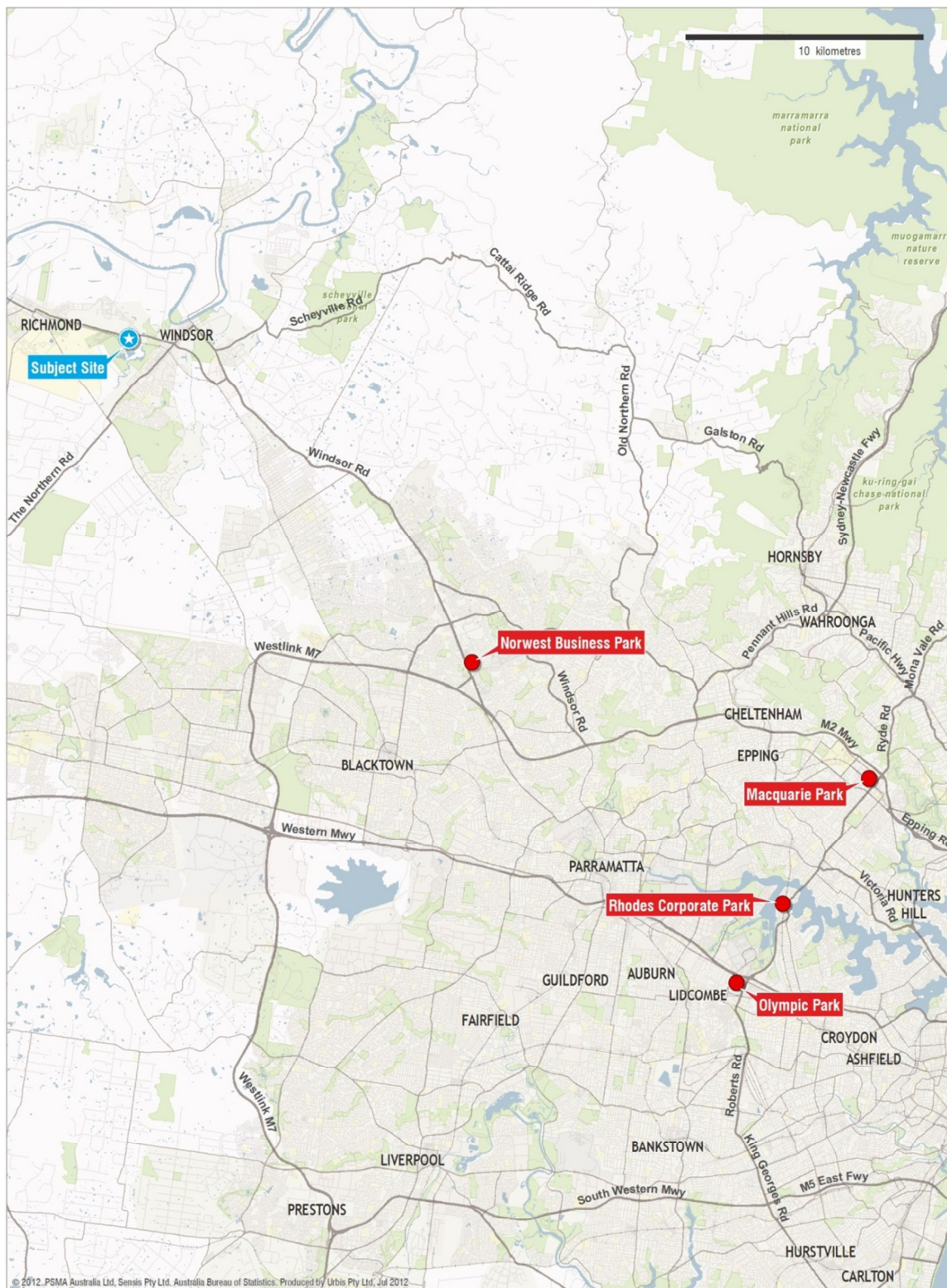
In addition, from a physical infrastructure perspective, we understand that the possibility of providing home improvement and / or bulky goods retailing on the front portion of the site in an initial development stage, has the potential to generate investment in the site such that a future road crossing over the railway line could be provided. This would be a critical piece of infrastructure and would open up access to the site, which would significantly increase its development potential and market interest.

5 Business Park Case Study Analysis

The following section provides an overview of the existing business parks of significance which are located within the north/north western Sydney Region. Specifically, these include Rhodes, Olympic Park/Homebush Bay and Macquarie Park.

A map of these four locations in relation to the subject site has been included over page with details of each of these precincts following.

FIGURE 7 – MAP OF NORTH WESTERN SYDNEY BUSINESS PARKS



RHODES



Location: 17.5km north west of the Sydney CBD.

Total Floorspace: 143,927sq.m (PCA Jan 2012)

Details:

- Rhodes offers modern A Grade office accommodation with large floor plates and features easy access to the adjoining shopping centre, Rhodes railway station and an extensive content of modern high rise residential development.
- Major tenants in Rhodes include Australand, Unisys, Nestle and NAB Customer Contact Centre.

Market:

- Vacancy rates in Rhodes remains comparatively low at 5.2% reflecting ongoing strong demand for the quality stock on offer and no new completions. Vacancy rates are anticipated to remain low in the longer term as the area is well located and almost fully developed.
- At present there is only a single project proposed in Rhodes which will provide an additional 17,773sq.m when complete in late 2012, the vacancy is still anticipated to remain at the current level.
- Incentives are comparatively lower than other business parks and are currently estimated to be within the range of 10% to 15%.
- Office accommodation within Rhodes Corporate Park is currently achieving rentals within the range of \$340/sq.m to \$385/sq.m net face.
- Outgoings currently estimated within the region to equate to \$70/sq.m to \$85/sq.m.

SYDNEY OLYMPIC PARK/HOMEBUSH BAY	
Location:	16km west of the Sydney CBD.
Total Floorspace:	123,475sq.m (PCA Jan 2012)
Size:	640 hectares
Details:	▪ The office market comprises predominantly modern A Grade stock with a modest component of B Grade space located throughout business park/light industrial developments. Current major tenants in the area include Commonwealth Bank, Fujitsu, Samsung, National Foods and Westpac. ▪ Olympic Park is well serviced by arterial roads and public transport in the form of trains, buses and ferries (via Parramatta River). ▪ Most of the commercial accommodation has been developed subsequent to the Sydney 2000 Olympics and features large floor plates and building heights up to 8 levels.
Market:	▪ Vacancy rates have continued to decline and are currently at 0.5% (Q1 2012) which reflects less than 700sq.m of floor space. This is the lowest vacancy rate for commercial office when compared to all other Sydney office precincts. ▪ The low vacancy is being fed by ongoing strong demand and is anticipated to remain low. The recent completion of 5 Murray Street comprising 12,306sq.m of office NLA has been 100% leased to the Lion Group for a 12 year term. ▪ The completion of 7 Murray Rose Avenue which comprises 6,000sq.m of A Grade office space is due for completion in Q4 2012. This may result in a slight increase in the vacancy rate however due to the strong tenant demand inherent within the market this additional stock is not anticipated to impact the current vacancy rate dramatically. ▪ Based on current dealings, these are generally indicating a rental range of \$340/sq.m to \$375/sq.m gross for office accommodation.

NORWEST



Location:	36km north west of the Sydney CBD.
Total Floorspace:	270,034sq .m (PCA Jan 2012)
Size:	377 hectares
Details:	- Norwest Business Park provided suburban A-Grade office space ranging from compact strata title office suites to larger scale Torrens Title buildings. - The office park extends over 377 hectares and at present accommodates approximately 270,000sq.m (Q1 2012) of space for over 300 companies including industries, corporate businesses (such as Woolworths), established retailers and an executive residential estate. - Many businesses have relocated to take advantage of occupancy cost savings. Whilst rents are typically in line with other suburban locations car parking in most instances is included within office rents and outgoings are the lowest of all office and business park precincts. - Improved infrastructure links such as the Westlink M7, significant localised population growth and relocation of companies such as Woolworths and Resmed have enhanced marketability of the area. However, it is noted that tenant demand remains superior in more centralised locations such as Rhodes, Olympic Park and Macquarie Park compared to that of Norwest.
Market:	- Inferior demand for Norwest coupled with the completion of a number of new developments has inflated the vacancy rate to approximately 15.9% (Q1 2012) an increase of 0.6% from Q3 2011. - Most commercial development has been constructed over the past 10 year period with building heights ranging from 4 to 9 levels plus basement parking with floor plates ranging between 1,000sq.m to 2,200sq.m in size. Furthermore there is also additional commercial stock proposed for Norwest which will likely result in a further increase in

	this vacancy rate. ▪ Accordingly, based on this level of vacancy there are a number of properties currently listed for sale and lease, a number of which have been on the market for an extended period of time. ▪ At present A Grade office accommodation within Norwest Business Park generally ranges from approximately \$330/sq.m to \$340/sq.m net face which includes car spaces. Rentals vary based on the offer of the building, location and size. ▪ Outgoings within the precinct typically range from \$65/sq.m to \$75/sq.m based on the level and type of outgoings expenses directly recoverable by the tenant from the landlord. ▪ Due to the level of vacancy within Norwest Business Park, incentives are considerably prevalent and reflecting 25% to 30%. The investment market within Norwest
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MACQUARIE PARK	
Location:	18km north west of the Sydney CBD.
Total Floorspace:	807,527sq .m (PCA Jan 2012)
Size:	177 hectares
Details:	▪ The Macquarie Park Corridor is a 340 hectare employment lands area which incorporates the business park precincts of Macquarie Park and North Ryde. ▪ The corridor has been bolstered in recent years by the completion of three railway stations significantly improving public transport accessibility. ▪ The area is a major employment centre approximately 18km north west of the Sydney CBD, and contains a range of key research, business and employment generating

	assets including Macquarie Shopping Centre, Macquarie University, University Hospital and CSIRO facilities. ▪ The area is currently home to a broad mix of tenants including BOC Gases, Oracle, Honeywell, Telstra, Optus, Komatsu, Dexion, Sony, Toshiba, Ericsson, Hyundai, Orix, Dupont, Canon, Hitachi, Brother and Datacom. ▪ A large proportion of development has been completed in the last 10 years. The scale, configuration, age and grade of office stock varies but is broadly between 6 and 12 levels in height providing A and B Grade accommodation representative of a suburban standard.
Market:	▪ As at Q1 2012, total vacancy in the Macquarie Park corridor was 8.2% reflecting 66,217sq.m, 1.6% below the July 2011 of 9.8%. Over the past 5 years vacancy rates have varied from a low of 6.1% in January 2008 to a high of 12.3% at the peak of the global financial crisis in July 2009. ▪ The low vacancy rate is largely attributed to by the take up of A Grade office accommodation with net absorption over the 6 months to January 2012 of 16,662sq.m of office space. Conversely B Grade office accommodation has seen a negative net absorption of -4,662sq.m. ▪ There are 10 new projects with a combined NLA of over 230,000sq.m mooted for construction in coming years. ▪ Increasing demand and take up within this precinct has seen incentives slightly decline which in effect has seen net face rents slightly increase. Currently net face rents are estimated to range between \$305/sq.m to \$330/sq.m for A Grade office space.

5.1.1 OTHER LOCATIONS

PARRAMATTA CBD	
Location:	24km west of the Sydney CBD.
Total Floorspace:	684,689sq.m (PCA Jan 2012)
Details:	▪ Parramatta is home to a considerable number of law firms and financiers including AGC, Suncorp, Colonial First State, ANZ, HSBC, Westpac and Commonwealth Bank. In addition, a number of government departments and agencies such as the Attorney General's Department, Roads & Traffic Authority, Department of Fair Trading NSW, Office of State Revenue, Police Department, Sydney Water and the Department of Defence are located in Parramatta. ▪ Parramatta is considered the geographical centre of the Sydney metropolitan area and services the broader Western Sydney region. The larger firms are attracted to Parramatta given its centralised location, more affordable price points than the Sydney CBD and access to not only public transport and major roadways but a localised workforce. ▪ Over the past few years the CBD has seen older stock upgraded or developed with generally positive absorption rates since 2007. However, more recently, resistance by owners to upgrade lower grade stock has resulted in increased incentives being offered and lower vacancies in premium grade stock.
Market:	▪ As at January 2012, total vacancy was 9.1% which in real terms reflects 62,584 sq.m. Higher vacancy levels were most prevalent in C and D Grade space with vacancy levels of 2.1% and 4.5% respectively for A and B Grade space. ▪ The PCA reports there are 6 new projects with a combined NLA in excess of 110,000sq.m mooted for construction over the next few years. Eclipse Tower is the next building due for completion in the 3rd quarter of 2012.

6 North Western Sydney Business Park/Industrial Market Overview

6.1 EXISTING PRECINCT OVERVIEW

The State Government has created the Western Sydney Employment Hub which comprises 2,450 hectares incorporating Eastern Creek, Huntingwood, Greystanes, Erskine Park and Ropes Creek, a majority of which is zoned under SEPP 59. An overview of each of these areas is provided within this section.

6.1.1 EASTERN CREEK

The Eastern Creek precinct is strategically located within proximity to the M7 interchange with direct access to the M4 motorway and comprises 644 hectares of land. Details of key land holdings include:

- Interchange Park (former Wonderland site) - ING Industrial and Paclib were part of a joint venture purchasing the former Australia's Wonderland Theme Park (59.4 hectares). The site has been rezoned under SEPP 59.
- Eastern Creek Business Park - The Stage 3 Precinct Plan covers 500 hectares adjoining the M4 Motorway, the former Wonderland Sydney Theme Park, Wallgrove Road, the Westlink M7, the Sydney Water Pipeline Corridor and the Ropes Creek Corridor. A release within the precinct included the M7Hub Estate by Macquarie Goodman in a joint venture with Brickworks. The estate offered a mix of warehouse and distribution facilities.

6.1.2 HUNTINGWOOD ESTATE

The NSW Government released 61 hectares at Huntingwood West, which adjoins the existing Huntingwood estate. The land release is bounded by the Great Western Highway to the north, the M4 Western Motorway to the south, Brabham Drive to the east and the M7 Westlink to the west. In July 2007 the Goodman Group purchased 56 hectares of this land release.

6.1.3 GREYSTANES PRECINCT

The Greystanes precinct is the former Boral site which offers 30.8 hectares of land to be developed for residential and employment uses. The estate is suitable for a variety of light industrial uses including warehouses, distribution facilities and offices. The major institutions present in the area are Macquarie Goodman, Deutsche, Australand, Stockland and Dexu.

Dexu previously acquired 22 hectares and received Part 3A Ministerial Approval for subdivision for the purposes of an industrial development.

6.1.4 ERSKINE PARK RELEASE AREA

The Erskine Park Employment Area (EPEA) is located within the Penrith LGA and encompasses 500 hectares of developable land. The EPEA adjoins Eastern Creek and has attracted major institutions such as Macquarie Goodman (21.6 ha), Valad (23.7 ha) and ING Industrial (58 ha). Existing land holders include CSR (73.6 ha), Australand (over 117.39 ha) and Fitzpatrick (78.7 ha).

6.2 PROPOSED ONCOMING SUPPLY

The Metropolitan Strategy sets out to strategically locate employment, ensure good management of land resources, and ensure the sufficient supply of suitable commercial sites and employment land noting that a dispersed city with low concentration of jobs would result in high economic, social and environmental costs.

As stated earlier, according to the Metropolitan Plan 2036 Sydney will require 760,000 extra jobs of which an estimated 50% is expected to be located within Western Sydney. Based on this the Department of Planning has estimated that an additional provision of floor space and zoned land may be required as follows:

- 10,000,000sq.m additional commercial floor space;
- 5,000,000sq.m additional retail floor space; and
- 8,500 ha of employment lands.

The main precincts earmarked as part of this strategy include Box Hill, Marsden Park and Riverstone. Further to this additional supply is also proposed within the developed Norwest and Rouse Hill precincts.

6.2.1 BOX HILL

Box Hill is located within the North West Growth Centre approximately 10km south east of the subject site. The site is currently seeking rezoning approval for the development of the Box Hill Industrial Estate which will comprise 128ha of industrial land.

Further to this, the precinct is also proposing to develop:

- 9,700 dwellings to accommodate approximately 25,000 residents;
- Mixed use town centre with 6,000sq.m of retail space, 3 villages with 2 neighbourhood centres;
- Construction of 3-4 primary schools;
- Associated parks and open space.

Overall, the Box Hill area is relatively unconstrained, particularly in comparison to the other investigation areas in the North West Growth Centre. Although currently still at an early planning stage, this is anticipated to enter the market by 2018.

6.2.2 RIVERSTONE WEST

Land identified within Riverstone West was rezoned in 2009, having been part of the Government's Precinct Planning Process and which marked the first employment precinct within the NWGC to be planned, publicly exhibited and rezoned through this process.

Riverstone West precinct provides for the potential for over 12,000 new jobs through the development of 285ha of land located to the west of the Richmond Rail Line between Riverstone and Vineyard Stations.

The Riverstone local area has an existing industrial precinct located to the north of the existing Riverstone Town Centre. Future industrial precincts have been located further north within the Riverstone sewerage treatment plant and north of Vineyard.

6.2.3 SYDNEY BUSINESS PARK, MARSDEN PARK

The Marsden Park industrial precinct lies within the North West Growth Centre and comprises a total of 550ha of land which has recently obtained rezoning approval for a large masterplan development to comprise residential, industrial, commercial and bulky goods type uses in addition to a town centre. Marsden Park is located approximately 40km north west of the Sydney CBD and approximately 12km west of Rouse Hill. This industrial land at Marsden Park has been rezoned to incorporate a mix of uses including:

- 1,200 homes;
- 70ha of commercial land;
- 40ha of bulky goods retailing land;
- 206ha of industrial land;
- 63ha of open space land.

With the land obtaining rezoning approval there have been some significant land purchases within Stage One of the development. This includes Ikea which have purchased approximately 73,550sq.m of land which is proposed to be developed with a 36,000sq.m Ikea. Further to this, Bunnings are also looking to acquire a 34,000sq.m within stage one for a large Bunnings Warehouse outlet.

The largest landowner, Marsden Park Developments, is proposing a development to be known as Sydney Business Park spanning over 265 hectares of land which will provide a significant employment precinct comprising industrial, office, bulky goods and residential development. As part of gaining rezoning approval through the New South Wales Governments Precinct Acceleration Protocol, Marsden Park Developments is required to undertake all associated infrastructure works at their cost.

6.2.4 ROUSE HILL

In addition to the existing 3,500sq.m of office space now established at Rouse Hill Town Centre, an additional 40,000sq.m of office accommodation is earmarked for the northern precinct. It is noted however that this additional floorspace provision is dependent on the north west rail link alignment is approved and accordingly will likely not enter the market until 2016 at earliest.

The Rouse Hill Town Centre is well placed to provide a northern anchor to compliment the southern location of Norwest Business Park in the context of the broader region and the central location of the Rouse Hill Town Centre. Rouse Hill Town Centre is also likely to be generating development in the business park sector during the final stages of Norwest Business Park and will be well placed to cater to the market at this time, particularly given the connections proposed between Norwest Business Park and Rouse Hill Town Centre due to the proposed North West Rail Link and exposure to Windsor Road.

6.2.5 NORWEST

Norwest Business Park is located within The Hills Shire, approximately 7 km south east of the subject site. It covers about 377 hectares of land and is generally bounded by Windsor Road to the east and Old Windsor Road to the west. The majority of Norwest Business Park is zoned Employment Area 10(a) (Business Park) under The Hills Shire Local Environmental Plan 2005.

To date, approximately 400 companies are located within the Park catering to about 25,000 workers. Approximately 11.2 hectares of land is currently on the market. This is the final stage of Norwest Business Park that has been developed since the mid 1990's. We understand that Norwest Business Park has capacity to accommodate a further 115,000 sq.m of office accommodation in the next five to ten years, at which time available land at Norwest Business Park will have been fully developed.

Additional potential may also exist beyond this point however this total additional development potential will largely rely on the redevelopment of existing industrial sites that have not been developed to capacity, which may not become economic for some time. Broad estimates by Norwest Land has placed this additional capacity at close to 180,000 sq.m, however this is a gross estimate and does not make the appropriate deductions for the loss of industrial accommodation. The realisation of the additional potential will take some time, which is evidenced by areas such as Macquarie Park that are seeing original industrial development begin to be redeveloped once it is approximately 20 to 30 years old. We also note that Norwest Business Park has a broad employment catchment, being located close to the southern end of The Hills Shire will close proximity to the M7 and other arterial road networks.

6.2.6 SUMMARY

The above overview of proposed developments provides a snapshot of the level of oncoming supply of office and industrial accommodation. There is approximately over 500ha of land that has been rezoned or is earmarked for development such as Marsden Park where land is being marketed at present for a 2014 release date. The level of proposed supply in addition to the accompanying uses proposed such as residential accommodation will assist in creating a critical mass within these precincts which will support the development. Furthermore the considerable locational attributes such as public transport links, access to major arterial roads, increased amenity and the provision of town centres will further create a draw to these precincts. Of note, is the larger proportion of industrial accommodation proposed compared to that of core office accommodation. This is considered to be a reflection of the type of sectors prevalent within these regions and furthermore the type of businesses/operators typically looking to locate in these areas.

7 Hawkesbury LGA Market Overview

7.1 HAWKESBURY LGA COMMERCIAL/INDUSTRIAL PRECINCTS

The Hawkesbury LGA property market can be divided into five distinct precincts. These precincts are dispersed throughout the municipality and are contained within the suburbs of Mulgrave/Vineyard, North Richmond, Richmond, Windsor/South Windsor and Wilberforce (Woodlands Estate). The largest of these precincts is located at Windsor/South Windsor which comprises 97 hectares of general and light industrial zoned land.

The commercial/industrial precincts are well established and many are somewhat inhibited by flood liability and limited capacity for expansion. Remaining vacant land is typically dispersed throughout each of the precincts with the only exception being South Windsor where a number of vacant industrial parcels align the eastern side of Fairey Road. This land is currently held in a non-urban format and is located amongst rural parcels.

A summary is provided within the Draft North West Subregional Strategy (DNWSS) for each of these five precincts which have been reproduced below.

Hawkesbury LGA Industrial Precincts

INDUSTRIAL ZONED LAND

Precinct	Total Hectares
Mulgrave/Vineyard	80.0
North Richmond	13.8
Richmond	8.9
Windsor/South Windsor	97.0
Wilberforce	11.5
Total	211

Source : Metropolitan Strategy, Draft North West Sub Regional Strategy; Urbis

The DNWSS indicates that over the past 20 years stock changes have resulted in a net addition of only 36 hectares in total. This comprises total additions of 39.8 hectares and deletions of 3.9 hectares. The strategy does not identify any future employment lands within the Hawkesbury LGA with the Blacktown LGA to provide an additional 973.5 hectares and Baulkham Hills 147 hectares of additional employment land.

Provided below is an overview of each of the five key precincts within the Hawkesbury LGA. Also covered in this section is a review of existing accommodation currently available for sale/lease and asking rental ranges.

It is noted that the majority of development supports industrial type uses which is reflective of the higher proportion of blue collar workers within the LGA compared to the Sydney Average. Further evident within the LGA is the resident employment profile which establishes Manufacturing and Construction as the two most significant industries at 11.3% and 11.6% of the total resident population.

PRECINCT NAME	DETAIL
Mulgrave (McGraths Hill)	Also known as 'McGrath Hill', Mulgrave/Vineyard is an established industrial area comprising 80 hectares with a mix of industrial uses such as manufacturing, automotive servicing and automotive sales as well as bulky goods retailing. The industrial precinct is generally bounded by Railway Road North, Windsor Road, Park Road and Groves Avenue.

	- Development within the precinct includes a mix of established small to medium size offices/factories/warehouses/bulky goods premises and modern industrial two level strata units which can be utilised as office accommodation, showroom or light industrial uses. - The 'Home Centre' Bulky Goods retailing facility is located along the eastern side of the industrial area and comprises approximately 13,000sq.m of retail floor space. The facility is located on a 3.8 hectare parcel and contains 10 tenancies including Bunnings Warehouse, Harvey Norman, BCF and Repco. Other bulky goods tenants are located throughout the precinct. - Also along the eastern side within the industrial area is land zoned 3(b) Special Business which is occupied by a range of fast food restaurants (The Black Stump restaurant, McDonalds, Hungry Jacks) and an automotive sales business. - The industrial area has good access to Windsor Road and is adjacent to Mulgrave Station on the Richmond service of the Western Rail Line. It is also located within close proximity to the North West Growth Centre. The adjoining areas are predominantly rural and are unlikely to be developed within the medium to long term due to flooding and flood evacuation constraints.
North Richmond	- North Richmond industrial area is 13.8 hectares in size and is made up of a number of fragmented industrial pockets to the north and east of the North Richmond centre. Industrial uses in the area include light industry and modest size strata units supporting local service providers. There is also one large paper/packaging manufacturer 'Hannapak'. The precinct is well established and improved with primarily dated warehouse/industrial facilities. - Sites surrounding the industrial precinct are subject to severe flooding to the east and a creek line to the west. The land to the west of the precinct is undulating rural land. - It is noted that there have been some small scale office/light industrial accommodation developed recently within this area which remains vacant. Inquiry with the agent marketing this property revealed that this has been on the market for over 6 months with a relatively low level of inquiry and interest prevalent at the current time.
Richmond	- Of the five industrial precincts within Hawkesbury LGA, Richmond is the smallest. Richmond industrial area is 8.9 hectares in size and falls within two precincts, the largest of which is located at the eastern edge of the Richmond Town Centre approximately 300 m from the East Richmond Station on the Richmond service of the Western Line. - To the east of this area is the Richmond RAAF Base with Richmond Golf Course to the south. Residential development is located to the west and north. The area is contained within Pitt Street to the west and north, Hobart Street to the east and Windsor Street to the south. - A smaller precinct is located to the south of Richmond Station in Richmond town

	centre. Both areas have good access to Windsor Road. ▪ The area is primarily utilised for light industry and small scale strata units supporting local service providers, predominantly car related. The area also accommodates some bulky goods retailing, warehousing and the Richmond Indoor Cricket Centre.
Windsor/South Windsor	▪ Primarily contained within South Windsor, this is the largest industrial precinct within the Hawkesbury LGA comprising 97 hectares of zoned land. The industrial area is generally contained within Mileham Street to the west, the junction of Mileham Street and Brickfield Road to the north, Fairey Road to the east and Ham Street to the south. ▪ Residential land adjoins to the north, west and south, with McGrath Hill waste water treatment plant and rural land to the east. Windsor town centre is 1.5 kilometres to the north which services the local community. ▪ The precinct supports a broad mix of primarily industrial uses including metal fabrication, carpentry, warehousing/distribution and automotive servicing and sales. Development is typically of a small to medium scale including industrial strata units, low clearance mechanical workshops, medium clearance factories and high clearance warehousing facilities. Improvements range in age from 40 year old factories to modern strata units. ▪ The area has localised access to Macquarie Street and Windsor Road and the recently completed Windsor Flood Evacuation Route passes through this industrial area. Whilst the evacuation route has compromised access to a small number of sites, overall it has been considered beneficial diverting traffic generated by the industrial area away from the commercial and residential areas of Windsor. ▪ It is noted that there have been some small scale recent development within the existing industrial precinct surrounding Argyle Street, which has seen the construction of strata titled office/light industrial type accommodation. The construction works are still underway at present however it is understood that this development has seen a moderate level of inquiry. ▪ The remaining vacant land is spread across the established industrial section to the west of Fairey Road.
Wilberforce	▪ Wilberforce industrial area is located around 1.5 km north east of Wilberforce centre and approximately 8 km north east of Windsor. The industrial component is 11.5 hectares in size with main access via Sackville Road. The area adjoins rural lands and open space to the south and is not serviced by reticulated sewer. The area is well established and supports manufacturing industries such as plastics and prefabricated steel. There are also a number of local service providers within the area. ▪ Any future development of the remaining vacant land would most likely be of a modest scale and in keeping with surrounding development.

7.2 HAWKESBURY SALES AND LEASING MARKET

Research has been undertaken into current listings of properties within the above five precincts to ascertain the current level of interest, rental levels and type of product currently available for sale.

Based on this high level overview of the market, it is evident that a number of properties being marketed for sale are also for lease and therefore are being sold as vacant premises. It is considered this is indicative of the low level of investment activity within the market in addition to the large amount of competing industrial precincts which are arising within areas that are more highly developed, well located and provide a higher level of amenity.

We provide following a summary of properties currently for lease within the above precincts:

TABLE 12 – CURRENT LISTINGS FOR LEASE – HAWKESBURY LGA

Hawkesbury LGA Commercial/Industrial Accommodation

LEASING INFORMATION

Precinct	Rental Range	Average Floorspace Available	Approx. No of Properties for Lease	Market Comment
Mulgrave/Vineyard				
Office	\$100/sq.m - \$200/sq.m	120sq.m - 190sq.m	3	Typically smaller office accommodation in single or two storey buildings.
Industrial	\$80/sq.m - \$160/sq.m	250sq.m - 750sq.m	25	Modern and semi modern industrial accommodation.
North Richmond				
Office/Light Industry	\$80/sq.m - \$120/sq.m	300sq. - 570sq.m	7	All 7 properties listed for lease are located within the recently developed Harrock Business Centre located on Bells Line of Road. The development provisions strata titled accommodation with two storey office/showroom in addition to a small warehouse component.
Richmond				
Office	\$200/sq.m - \$300/sq.m	50sq.m - 100sq.m	9	A large amount of the office space currently for lease is small (below 100sq.m) with some listings located within arcades within the town centre. These listings also quote weekly or monthly rentals. The rates quoted are typically for smaller spaces.
Industrial	\$80/sq.m - \$135/sq.m	100sq.m - 440sq.m	4	Modern and semi modern industrial accommodation.
Windsor/South Windsor				
Office	\$110/sq.m - \$190/sq.m	150sq.m - 190sq.m	2	The accommodation listed is located within the town centre.
Industrial	\$80/sq.m - \$100/sq.m	200sq.m - 800sq.m	2	Primarily light industrial accommodation.
Wilberforce				
Office				There are currently no listings for office space within this precinct.
Industrial				There are currently no listings for industrial accommodation within this precinct.

Source: various agents, realcommercial.com.au; Urbis

Evident from the current listings are some smaller single level office space located outside of the main precincts and in some instances within the town centres which due to the size and general requirements for local service operators, the accommodation is quoted on a weekly rental basis compared to a per annum basis as is generally the case. This would suggest that the type of commercial tenants prevalent within the market are unable to commit to longer term lease agreements and hence only occupy space on a month to month or in some cases weekly basis.

As can also be seen from above, is the limited amount of pure office space currently for lease within the market. This is considered to be to a certain extent the result of a lack of accommodation of this type and also a reflection of the employment profile of the region which is largely geared towards industrial/manufacturing type occupations.

We have also undertaken a search of properties currently listed for sale as detailed in the following table.

TABLE 13 – CURRENT SALES LISTINGS – HAWKESBURY LGA
Hawkesbury LGA Commercial/Industrial Accommodation

SALES INFORMATION

SALES INFORMATION						
Precinct	Value Range (\$/sq.m)		Average Floorspace Available		Approx. No of Properties for Sale	Market Comment
Mulgrave/Vineyard						
Office	\$1,550/sq.m	- \$1,850/sq.m	201sq.m	- 296sq.m	4	Currently four strata offices forming part of a single development are listed for sale.
Industrial	\$1,100/sq.m	- \$2,500/sq.m	300sq.m	- 3,500sq.m	25	Typically modern facilities with large span warehouse accommodation and supporting office accommodation.
North Richmond						
Office/Light Industry	\$1,500/sq.m	- \$1,750/sq.m	300sq.	- 570sq.m	7	All 7 properties listed for sale are located within the recently developed Harrock Business Centre located on Bells Line of Road. The development provisions strata titled accommodation with two storey office/showroom in addition to a small warehouse component.
Richmond						
Office / Industriail	n/a	n/a	n/a	n/a	n/a	No office or industrial properties of significance are understood to be listed within this precinct at present.
Windsor/South Windsor						
Office/Light Industry	\$1,000/sq.m	- \$1,600/sq.m	160sq.m	- 490sq.m	3	There does not appear to be an core commercial accommodation listed for sale, with that listed comprising office and warehouse space.
Wilberforce						
Office						There are currently no listings for office space within this precinct.
Industrial						There are currently no listings for industrial accommodation within this precinct.

Source: various agents, realcommercial.com.au; Urbis

Based on this information sourced it is evident that there is currently limited stock available for sale at this time. Further of note, the largest proportion of space available is within Mulgrave/Vineyard which primarily comprises industrial accommodation. Straight office accommodation within the market is limited and as stated earlier is considered partly a reflection of the resident employment profile and location.

The Harrock Business Centre located within North Richmond has been recently completed and comprises 7 strata titled commercial/industrial units which provide 2 level office space with warehouse accommodation. It is envisaged that this space would be utilised for light industrial type uses.

This development has been constructed on a speculative basis and with construction now complete is being marketed by at least 3 different agencies. It is understood that these have been listed for sale and lease for an extended period with the level of interest in this development fairly subdued. The units offered within this business centre range in size from 300sq.m to 570sq.m with prices ranging from \$499,000 to \$899,000. This space is also being marketed at rentals ranging from \$120/sq.m to \$140/sq.m.

FIGURE 8 – HARROCK BUSINESS CENTRE



PICTURE 1 – FRONTAGE TO BELLS LINE OF ROAD



PICTURE 2 – STRUCTURE

Further to this there are also some development sites currently listed for sale which range from \$250/sq.m to \$350/sq.m, with sites with DA approval achieving up to \$550/sq.m. Sites currently being marketed generally range in size from 2,000sq.m up to 17ha, with the majority being below 3ha in size. A number of these sites are located within or on the edge of the major commercial/industrial precincts located within the LGA.

8 Hawkesbury LGA Business Park Demand Assessment

8.1 OVERVIEW

When assessing demand generators for a proposal when there is a lack of supporting market data, it is necessary to review the inherent features of a proposal and broad economic indicators. Such features include:

- The physical characteristics of the proposed site;
- Location – including demographic features of the region and access to transport linkages;
- Existing supplies of industrial and commercial land;
- Strength of the office market, having regard to the employment profile, worker profile and the supportability of office space; and
- Macro/micro economic performance indicators.

Typically businesses will only relocate to an outer metropolitan area if the type of business does not have a direct requirement for proximity to the CBD in order to conduct business. Additionally, being located within a cluster of other similar office uses and adequate access to public transport and major arterial roads is of key importance. In outer metropolitan areas such as Richmond, the majority of office accommodation catering for local services is generally provided within the town centre. This is evident by the small suites, arcades and office space located within both the Richmond and Windsor Town Centres. This type of space supports local businesses such as accountants and solicitors.

Drivers of development and therefore demand for suitable office accommodation are also linked to affordable land, access to a strong and growing labour force (with a considerable proportion of white collar workers) and good amenity and arterial road links. This translates to a lower rental level which is often more affordable to small office businesses and or light industrial operators.

8.1.1 EMPLOYMENT FORECAST

As outlined within the Hawkesbury Employment Lands Strategy, there is a drive to provide an opportunity to promote higher order office functions around the rail line. Having regard to this comment within the strategy, we have undertaken an assessment of the estimated worker population growth forecasts to determine if the LGA can support further office and or light industrial accommodation within the medium to long term.

For the purpose of this assessment, we have identified 'office' and 'light industrial' accommodation based on the definition from the Standard Instrument Dictionary, with the two uses being the categories of importance. These two groups have been classified as follows:

- **Light industry** means a building or place used to carry out an industrial activity that does not interfere with the amenity of the neighbourhood by reason of noise, vibration, smell, fumes, smoke, vapour, steam, soot, ash, dust, waste water, waste products, grit or oil, or otherwise.
- **Office premises** means a building or place used for the purpose of administrative, clerical, technical, professional or similar activities that do not include dealing with members of the public at the building or place on a direct and regular basis, except where such dealing is a minor activity (by appointment) that is ancillary to the main purpose for which the building or place is used.

Based on the above classification, we provide following, the forecast of employment growth within these two categories over the 25 year period from 2011 to 2036. This shows that there is very limited growth in Light Industrial employment over this period, while Office employment grows a more consistent rate.

TABLE 14 – EMPLOYMENT FORECAST BY LAND USE

Land Use Employment Forecast

HAWKESBURY LGA 2011 TO 2036

Estimated Worker Population	2011	2016	2021	2026	2031	2036
Light Industrial	1,382	1,338	1,295	1,340	1,379	1,403
Office	6,586	7,264	7,665	8,032	8,356	8,676
Average Annual Change (no)		2011-16	2016-21	2021-26	2026-31	2031-36
Light Industrial		-8.7	-8.7	9.0	7.8	4.8
Office		135.7	80.1	73.4	64.8	64.1
Average Annual Change (%)		2011-16	2016-21	2021-26	2026-31	2031-36
Light Industrial		-0.1%	-0.1%	0.1%	0.1%	0.1%
Office		0.4%	0.2%	0.2%	0.2%	0.2%
Total Increase from 2011-2036						
Light Industrial						21
Office						2,090

Source : BTS; Urbis

The above table highlights the average annual growth rates over the period from 2011 – 2036. Based on the above, over the total 25 year period this shows a total forecast employment growth of a just 21 workers within the light industrial sector but 2,090 workers in the office sector. This shows that office workers will outpace that of industrial workers at annual rate of 0.4% between 2011 and 2016 and then at 0.2% from 2016 onwards.

The employment use forecasts are derived from Bureau of Transport Statistics Forecasts which use official population projections, and historic journey to work data and employment trends including any known major planned employment projects.

In addition, we note that should the proposed Business Park development proceed it could act as a significant catalyst in stimulating further business growth within Hawkesbury LGA by filling a role in the market which currently does not exist. This would have the potential to significantly increase labour retention within the LGA above and beyond the numbers shown in Table 14, as the official BTS figures do not include provision for business space development on the subject site.

8.1.2 FLOORSPACE DEMAND

To determine an indicative floor space requirement for the LGA, we have assessed the employment densities (i.e. floor space requirement) based on the employment forecasts for the LGA as above. We note that different land uses operate with varying employment density with industrial land uses typically requiring fewer employees per sq.m to operate compared to non-industrial uses. For the purposes of this study the following employment densities have been adopted:

- Office - 25 sq.m per job; and
- Light industrial – 132 sq.m per job.

While requiring less floor space per employee it is expected that the demand for new office floor space will outpace demand for light industrial floor space. The rate of growth however is considered to be relatively low.

It is considered that demand for office floor space may be driven by the education, training, health care and social assistance sectors. While only part of their operations require office floor space, with the remainder in health and education specific facilities, the commercial office components of these industries have the potential to generate increasing demand for office floor space in the Hawkesbury LGA.

The forecast decline in industries is primarily in wholesale retailing and lighter manufacturing industries such as beverage and tobacco and clothing and footwear manufacturing.

TABLE 15 – FLOORSPACE DEMAND BY LAND USE

Floor Space Demand

HAWKESBURY LGA 2011 TO 2036

Estimated Floorspace Growth	2011	2016	2021	2026	2031	2036
Light Industrial	181,925	176,212	170,488	176,385	181,510	184,675
Office	164,654	181,611	191,621	200,795	208,896	216,907
Light Industrial		-1,143	-1,145	1,179	1,025	633
Office		3,391	2,002	1,835	1,620	1,602
Total Increase from 2011-2036						
Light Industrial						2,749
Office						52,253

Source : BTS ,Urbis

Based on this forecast floor space growth estimate, over the 25 year period this equates to a requirement based on the employment forecast of approximately 2,749sq.m of light industrial accommodation and approximately 52,253 sq.m of office space.

This assessment indicates that demand for office floorspace is forecast to growth substantially within Hawkesbury over the long term. Whilst we recognise that some of this demand may be met by some of the existing competing employment centres beyond the LGA, the growth in demand for office floorspace nevertheless represents a significant opportunity over the longer term. At present there is a limited amount of available office space within the LGA and therefore no opportunity for the developer market to position towards meeting this longer term demand within the LGA.

Importantly, the Clarendon Business Park site could act as a significant catalyst in stimulating business growth within Hawkesbury LGA by filling a role in the market which currently does not exist and addressing this long term demand for office space within the LGA.

In addition to meeting forecast demand, development of the Clarendon site has the potential further stimulate demand by creating a critical mass of activity, thereby making the site an attractive development proposition as a Business Park. This in turn could increase labour market retention within the LGA beyond current forecast levels.

9 Key Findings

Based on our review of the Hawkesbury LGA, it is considered that the development of a business park could potentially be a longer term option. The basis for this has been derived from the following key findings:

- Based on the large amount of supply proposed through the existing precincts such as Norwest and the large industrial land precincts recently rezoned or in the process of being rezoned, these produce a considerable amount of proposed supply. Further to this, these large precincts are proposing mixed uses including residential and retail which will support the commercial and industrial uses proposed.
- Specifically, Norwest is an example of a business park which has been partly developed over 377ha. The business park currently comprises 270,000sq.m of office space, with a considerable amount remaining vacant at present. The current vacancy rate for the precinct is estimated at 15% with rental levels competitive and incentives levels high (approx. 25% - 30%). Further to this, Norwest has additional office space earmarked for the precinct which based on current vacancy levels is considered to be some time away. Norwest is well located, provides direct access to major arterials and linking roads and has seen some major companies relocate to the precinct. In the long term it will also benefit from the North West Rail Link.
- Macquarie Park which is located at North Ryde and has been developed out of an industrial precinct and Technology Park linked to Macquarie University provides another case study. This area has evolved over time to become a major office destination, with some links back to the University. Development in this precinct has also occurred around the CSIRO facilities located to the east, which now includes technology and business uses in the Riverside Corporate Park.
- The majority of business park development in Sydney has been concentrated to the north, north west and inner west of the region. This may explain why there is a significant outflow of Hawkesbury Residents to other LGA's for work. It appears that local employment opportunities that align with the skill base have not been provided to a sufficient degree to retain employment.
- The proposed precincts of significance such as Riverstone, Sydney Business Park (Marsden Park) and Box Hill are proposing mixed uses as part of the overall masterplan. Unlike Richmond, these regions have considerable residential uses proposed and it is anticipated that the resident population will contribute to the level of workers within the area that is in turn estimated to support the commercial and industrial uses.
- The majority of development within the LGA comprises primarily industrial uses, with office accommodation considered to be secondary. This is considered primarily due to the northern location, the number of residents within the LGA (64,628, comprising a total of 26,164 employed persons, of which 13,757 are currently employed within the LGA). To this end, there is not considered to be a large enough resident population within the LGA and or a relevant draw to this region from other LGA's to support a business park at present.
- Typically businesses when looking at outer metropolitan office locations, are driven by affordability, access to public transport and major arterial roads and linkages and preferably choose to operate from an area whereby there is a cluster of businesses. Although the subject site is serviced by a rail line, other public transport is limited and the site is somewhat isolated from major arterials. This in addition to the low density of residential development within the region does not promote this area as having considerable demand drivers for new office tenants.
- Given the lower proportion of white collar workers (33%) within the Hawkesbury LGA and the higher proportion of blue collar workers (66%) compared to that of the Sydney Averages, this is considered a reflection not only of the type of product generally being offered within the LGA however this shows the type of sectors which are generally dominant within the LGA.
- Based on the location and surrounding uses, particularly the RAAF Base, alternative uses for this land are considered to be somewhat limited. Limitations such as noise restrictions from the Base may be of primary concern to any future alternative development opportunities.

Overall in the short to medium term there is a significant amount of supply proposed within neighbouring LGA's and precincts including (but not limited to) Norwest, Sydney Business Park, Riverstone West and Box Hill. Accordingly, it is considered that these precincts will draw a large number of commercial tenants based on being well located and furthermore being supported by other uses such as residential and retail as part of the master plan. Looking beyond this point and into the longer term it is important to ensure the market efficiently plans employment demand. The absence of which can lead to an inefficient market whereby there is a supply lag which forces potential occupiers to locate to an alternative location.

That said, the latest Bureau of Transport Statistics suggest that employment growth within the Hawkesbury LGA may generate demand for around and approximately 52,000 sq.m of office space by 2036, based on standard commercial floorspace employment densities.

Whilst we recognise that some of this demand may be met by some of the existing competing employment centres beyond the LGA, the growth in demand for office floorspace nevertheless represents a significant opportunity over the longer term. At present there is a limited amount of available office space within the LGA and therefore no opportunity for the developer market to position towards meeting this longer term demand within the LGA.

Importantly, the Clarendon Business Park site could act as a significant catalyst in stimulating business growth within Hawkesbury LGA by filling a role in the market which currently does not exist and addressing this long term demand for office space within the LGA.

In addition to meeting forecast demand, development of the Clarendon site has the potential to further stimulate demand by creating a critical mass of activity, thereby making the site an attractive development proposition as a Business Park. This in turn could increase labour market retention within the LGA beyond current forecast levels.

Additional demand for business park space has the potential to be stimulated as a result of other supporting development within the LGA such as growth within the further education and health sectors and / or commercialisation of activities around RAAF Richmond. Should the site be rezoned to permit the development, then the combination of the permissibility of the use, and the potential to construct a new road connection over the railway line both have the potential to significantly enhance the attractiveness of the site from a commercial investment perspective.

On balance, any development on the site related to business park uses is likely to be a longer term prospect, with the specific level being difficult to quantify based on the timeframe involved. On this basis and having regard to the demographics and proposed floorspace supply for the region, it is considered that a business park use on the site could be supported in the longer term, subject to securing interest from emerging businesses.

Addendum

The above Clarendon Business Park Demand assessment undertaken by Urbis in October 2012, makes comment on the resident population growth for the Hawkesbury LGA based on the Department of Planning forecasts, released in 2010.

Urbis have been requested to provide this addendum to the previously issued report, specifically detailing the population forecast for the LGA from 2006-2036 based on Hawkesbury Council projections.

The key areas to note in this forecast include:

- Additional 7,200 dwellings over the thirty year period (2006-2036)
- An average annual population increase of 0.78% over the thirty year period
- Forecasts assume an occupancy rate per new dwelling of 2.26, which is below the Department of Planning estimate of 2.76 persons per household
- Forecast population in 2036 of 78,377
- The population forecasts detailed in the table below indicate a considerable variance from the Department of Planning (DoP) forecasts, particularly from 2021-2036.

Population Forecast 2006 - 2036

HAWKESBURY COUNCIL FORECAST

	2006	2011	2016	2021	2026	2031	2036	Average Per Annum Increase (2006-2036)
Population Forecast	62,105	64,234	66,634	69,634	72,634	75,634	78,377	0.78%
Forecast Population Increase		2,129	2,400	3,000	3,000	3,000	2,743	16,272
Average Population Increase		2,712	2,712	2,712	2,712	2,712	2,712	16,272
Difference		-583	-312	288	288	288	31	0
Department of Planning	60,561	64,650	67,230	71,810	77,900	86,080	90,070	1.33%
Variation from Department of Planning	-1,544	416	596	2,176	5,266	10,446	11,693	

Source: Hawkesbury Council; Department of Planning

In our assessment of demand for office floorspace within the LGA, the employment forecasts were derived from the Bureau of Transport Statistics (BTS) and therefore are not based on DoP forecasts. The BTS forecasts official population projections, historic journey to work data and employment trends including any known major planned employment projects.

For the purposes of this study the following employment densities were adopted:

- Office - 25 sq.m per job; and
- Light industrial – 132 sq.m per job.

BTS forecast an estimated worker population within the Hawkesbury LGA of approximately 1,400 light industrial and 8,600 office workers by 2036. Based on this forecast and having regard to the employment densities, over the 25 year period (2011-2036) this equates to a requirement of approximately 2,749sq.m of light industrial and 52,253 sq.m of office floorspace in the LGA.

As this report has assessed the demand for office/light industrial floorspace based on the BTS employment forecasts, the revised Council population forecast does not impact the floorspace demand produced within this document.

Sydney

Level 21, 321 Kent Street
Sydney, NSW 2000
t +02 8233 9900
f +02 8233 9966

Melbourne

Level 12, 120 Collins Street
Melbourne, VIC 3000
t +03 8663 4888
f +03 8663 4999

Brisbane

Level 7, 123 Albert Street
Brisbane, QLD 4000
t +07 3007 3800
f +07 3007 3811

Perth

Level 1, 55 St Georges Terrace
Perth, WA 6000
t +08 9346 0500
f +08 9221 1779

Australia • Asia • Middle East
w urbis.com.au **e** info@urbis.com.au