

PLANNING
PROPOSAL
ADDENDUM

ADDENDUM TO PLANNING PROPOSAL

25 GEORGE STREET, NORTH STRATHFIELD
FEBRUARY 2017

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Introduction

The Planning Proposal seeks to rezone the subject site from IN1 General Industrial to R3 Medium Density Residential, increase the maximum building height from 12m to 16m fronting George Street and 22m fronting the railway corridor, and increase the floor space ratio from 1:1 to 1.6:1. The Planning Proposal is intended to facilitate redevelopment of the subject site through the demolition of existing industrial buildings, and the construction of residential flat buildings. The Planning Proposal and intended development outcome is in accordance with the draft Concord West Precinct Master Plan and Parramatta Road Urban Transformation Strategy.

On 6 September 2016 Council resolved to defer the Planning Proposal for 225 George Street, North Strathfield, pending the progression of the Council Resolution of 19 April 2016, with respect to Improvements to intersection of George Street, Beronga Street and Pomeroy Street, North Strathfield to the City of Canada Bay's (i.e. the elected body) satisfaction.

Subsequently the Applicant made a request for a Rezoning Review, held on Thursday 24 November 2016 with the Sydney Central Planning Panel. The Panel determined that the proposed instrument should be submitted for a Gateway determination because the proposal has submitted strategic and site specific merit.

On the 12 December 2016, Council accepted the appointment as the Relevant Planning Authority (RPA).

Following the Panel Determination and subsequent consultation with the applicant, the City of Canada Bay Council at its meeting of 7 February 2017, considered the Planning Proposal for 25 George Street, North Strathfield and resolved that the Planning Proposal be submitted for Gateway Determination.

At the meeting of the 6 September 2016, it was also resolved that when the Planning Proposal is submitted to the Department of Planning & Environment for Gateway Determination, that it include an addendum including a preliminary site investigation, copy of the Concord West Socio-Economic Study, copy of the draft Concord West Precinct Master Plan, copy of the draft Concord West Precinct Flood Study, draft LEP flood planning controls, a draft flood planning area map, information on proposed community consultation and a project timeline. Thus, an addendum is attached.

This document constitutes the above mentioned addendum to the Planning Proposal.

Concord West Socio-Economic Study

Hill PDA consultants were appointed by Council to prepare a socio-economic study for the Concord West Precinct, including the subject site.

The Socio-Economic Study relates to three clusters of employment land located within the Concord West Precinct. The Study gathered an evidence base and investigated appropriate land uses for the Precinct and their possible social and economic implications.

The Study provides recommendations to Council as to how employment lands within the Precinct could be efficiently and effectively used in the future. It tests a number of scenarios in order to ascertain the implications and ramifications of altering the IN1 General Industrial zone which currently applies to the employment sites. The overall outcome of the Study is a socio-economic impact assessment which recommends the future land use mix and economic feasibility of development options for the Precinct.

The Socio-Economic Study is provided as Attachment A.

Draft Concord West Precinct Master Plan

Following the Socio-Economic Study, JBA consultants were appointed by Council to prepare a draft Master Plan for the Concord West Precinct, including the subject site.

The draft Master Plan is focused on land currently zoned IN1, General Industrial, which has been identified for redevelopment to residential uses by Council. The draft Master Plan investigates the subject sites and considers these in the context of the broader Concord West Precinct.

The aim of the study is to recommend new planning controls to guide the future development of sites zoned for industrial use within the study area. The objectives of the study are to:

- Deliver high quality urban design and appropriate built form controls that are considerate of surrounding built form.
- Mitigate impacts in relation to the use of private motor vehicles and promote the use of public transport, walking and cycling.
- Identify opportunities for public domain improvements and connections.
- Balance city-wide and regional goals with the existing community and its context.
- Provide a coordinated planning approach to the redevelopment of the area.
- Provide a sound methodology and a thorough, evidence based justification for planning, urban design and traffic recommendations provided.
- Undertake the study with Council, community and stakeholder engagement.

The draft Master Plan was prepared through an extensive community consultation process, as indicated in the following extract from the Plan:

'Work to reach out to the community started in November 2013 and continued until April 2014 as the plan developed.

Messaging to spark and then continue conversations over the six month period included the following activities: f

- *Post card delivery to 1600 homes in the study area. f*
- *Post card sharing with 400 passengers at Concord West railway station. f*
- *Social media notices across Council's Facebook, Twitter and e-news channels. f*
- *Two stakeholder workshops with landowners to gather feedback for the master plan. f*
- *Two initial community workshops to gather feedback in three topic areas: built form, open space, traffic and transport. f Follow up community workshop to present the final draft master plan for further feedback. f*
- *Develop a microsite with information on the study area, team contact details, relevant web links, video of a community workshop and an online discussion space. The site received over 3500 views between Nov 2013 and April 2014. f Articles within the Inner West Courier Mayoral column in Nov 2013, Jan 2014 and March 2014.'*

The draft Master Plan is provided as Attachment B.

Draft Concord West Precinct Flood Study

Jacobs consultants were appointed by Council to prepare a draft Flood Study for the Concord West Precinct, including the subject site:

Key objectives of the draft Flood Study are:

- To define existing mainstream and overland flood levels along the eastern bank of Powells Creek and the local catchments to the east of the creek, as well as under the proposed redevelopment conditions. The draft Flood Study will also need to consider the impact of upgrades and drainage modifications associated with the nearby North Strathfield Railway Underpass project to the south of the Precinct, which is currently under construction.
- To consider the potential impact of climate change on flooding for the Precinct, to assist Council with future planning decisions.
- To consider the flood impact of the draft Master Plan on the existing conditions and determine whether development proposed is acceptable.
- To identify options for mitigating flood impacts and prepare concept designs and cost estimates for the preferred options.

The draft Flood Study is on public exhibition from 2 September 2015 to 14 October 2015, and is provided as Attachment C.

Draft Flood Planning Area Map

Based on the findings of the draft Concord West Precinct Flood Study, the proposed site is identified to be outside the area affected by the 0.3m Freeboard and 0.5m Freeboard and is not identified on the Flood Planning Area Map in the Canada Bay LEP 2013. In this regard, no changes are proposed to the Flood Planning Area Map in the Canada Bay LEP 2013.

Preliminary Site Investigation

In accordance with the requirements of State Environmental Planning Policy No. 55 – Remediation of Land, the applicant has prepared a preliminary investigation of the land, carried out in accordance with the contaminated land planning guidelines.

The Phase 1 Preliminary Site Investigation is included within the supporting documentation for the Planning Proposal.

Community Consultation

Section 55 of the Environmental Planning and Assessment Act (1979) requires the provision of details of proposed community consultation. Consultation on the Planning Proposal will take place in accordance with the Gateway Determination made by the Minister for Planning in accordance with Sections 56 and 57 of the Act.

It is proposed to exhibit the Planning Proposal for a period of 14 days:

- a. On the City of Canada Bay website;
- b. In newspapers that circulate in the City of Canada Bay local government area; and
- c. In writing to the landowners and surrounding landowners.

Project Timeline

The following project timeline is proposed:

Milestone	Timeframe and/or date
Anticipated commencement date (date of Gateway determination)	Gateway determination not yet made.
Completion of required technical information	Not Applicable. Technical information has already been completed to support the Planning Proposal.
Timeframe for government agency consultation (pre and post exhibition as required by Gateway determination)	To be specified in Gateway determination. Anticipated timeframe is 14 days and to run concurrently with public exhibition period.
Commencement and completion dates for public exhibition period	Pending Gateway determination.
Dates for public hearing (if required)	Unlikely to be applicable.
Timeframe for consideration of submissions	Four weeks following completion of public exhibition, including two-to-three weeks to further consult with Government and servicing authorities.
Timeframe for consideration of a proposal post exhibition	Eight weeks.
Date of submission to the Department to finalise the LEP	To be determined.
Anticipated date the Council will make the plan (if delegated)	To be determined.
Anticipated date Council will forward to the department for notification	To be determined.

Attachment A

Concord West Socio-economic Study

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June 2013



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LIST OF ABBREVIATIONS

Australian Bureau of Statistics	ABS
Bureau of Transport Statistics	BTS
Census Collection District	CCD
Development Control Plan	DCP
NSW Department of Planning and Infrastructure	DP&I
Employment Lands Demand Model	ELDM
Floor Space Ratio	FSR
Gross Floor Area	GFA
Gross Lettable Area	GLA
Hectares	Ha
Household Expenditure Survey (ABS)	HES
Journey to Work	JTW
Local Environmental Plan	LEP
Local Government Area	LGA
Primary Trade Area	PTA
State Environmental Planning Policy	SEPP
Square metre	sqm
Secondary Trade Area	STA
Transport Data Centre	TDC
Travel Zone	TZ

DEFINITION OF TERMS

Affordable Housing – A term for housing for very low income households, low income households or moderate income households. This covers households earning up to 120% of the median income for the area where they live and the household pays more than 30% of that gross income in rent.

B6 Enterprise Corridor – Land use zoning which permits with consent: Business premises; Car parks; Commercial premises; Community facilities; Emergency services facilities; Garden centres; Hardware and building supplies; Hotel or motel accommodation; Information and education facilities; Landscaping material supplies; Light industries; Medical centres; Passenger transport facilities; Places of public worship; Plant nurseries; Residential flat buildings; Roads; Schools; Seniors housing; Service stations; Serviced apartments; Shop top housing; Signage; Storage premises; Vehicle repair stations; Veterinary hospitals; Warehouse or distribution centres; Water recycling facilities; Wholesale supplies (source: Canada By Local Environmental Plan 2008).

Business Park – A large distinct employment space independent of a mixed use centre, which is generally master planned or under a single management regime.

Census Collection District (CCD) – the smallest geographic area defined in the Australian Standard Geographical Classification (ASGC). It can be defined as an area which one census collector can cover delivering and collecting census forms in a specified period. On average there are about 150 - 250 dwellings per CCD.

Discounted Cash flow Analysis – A method of analysing investment opportunities in which the annual cash flows are discounted to arrive at their Net Present Value (NPV) or Internal Rate of Return(IRR).

Employment Lands – Land that is predominantly used for commercial or industrial activities resulting in employment.

Gross Floor Area – Gross Floor Area (GFA) is Gross Lettable Area plus common mall spaces (including amenities), centre management area and plant rooms. In a typical indoor centre with at least one department store and supermarket the GLA makes up around 72% to 75% of the GFA.

Gross Lettable Area – Gross Lettable Area (GLA) is the common measure used for lease and for other descriptive purposes in retail centres and shops. It is usually defined as the total area of the lease and includes back of house, storage, offices and mezzanine levels but usually excludes loading docks and common mall spaces. GLA is more commonly used in the industry because it defines the area of the lease. Shopping centre owners report rents and turnover figures on the leased area and benchmarking is usually made on the GLA. For the purpose of Hill PDA's demand modelling all floor areas expressed are in GLA.

Household – One or more persons that usually reside in the same private dwelling.

IN1 General Industrial – Land use zoning which permits with consent: Animal boarding or training establishments; Biosolids treatment facilities; Car parks; Community facilities; Depots; Emergency services facilities; Freight transport facilities; Garden centres; General industries; Hardware and building supplies; Horticulture; Industrial retail outlets; Industrial training facilities; Landscaping material supplies; Light industries; Liquid fuel depots; Medical centres; Mortuaries; Neighbourhood shops; Passenger transport facilities; Plant nurseries; Recreation areas; Recreational facilities (indoor); Recreational facilities (outdoor); Roads; Service stations; Signage; Storage premises; Timber yards; Transport depots; Truck depots; Vehicle body repair workshops; Vehicle repair stations; Veterinary hospitals; Warehouse or distribution centres; Waste or resource management facilities; Water recycling facilities; Water treatment facilities; Wholesale supplies (source: Canada By Local Environmental Plan 2008).

Infill Development – New development that occurs within established urban areas where the site or area is either vacant, or has previously been used for another urban purpose.

Internal Rate of Return – The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate of a project with the present value of capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on the invested capital and the return on the original investment, which are basic considerations of potential investors.

Journey to Work data – Comprises datasets which analyse employment distribution and trends, including commute patterns.

Local Centres – These are centres of a small scale. They consist of Town Centres, Villages and Neighbourhood Centres.

Net Lettable Area– Used to calculator tenancy areas for office tenants.

Project Internal Rate of Return (IRR) – the discount rate where the Net Present Value (NPV) equals zero.

Primary Trade Area – The area from within which a centre or retail facility will draw the majority of its trade.

Residual Land Value (RLV) – the purchase price for the land to achieve a zero Net Present Value (NPV)

Secondary Trade Area – The area from within which a centre or retail facility will draw some trade, but a significantly lesser proportion than in the Primary Trade Area.

Statistical Division – A Statistical Division (SD) is an Australian Standard Geographical Classification (ASGC) defined area which represents a large, general purpose, regional type geographic area. SDs represent relatively homogeneous regions characterised by identifiable social and economic links between the inhabitants and between the economic units within the region, under the unifying influence of one or more major towns or cities. They consist of one or more Statistical Subdivisions (SSDs) and cover, in aggregate, the whole of Australia without gaps or overlaps. They do not cross State or Territory boundaries and are the largest statistical building blocks of States and Territories.

Statistical Local Area – The Statistical Local Area (SLA) is an Australian Standard Geographical Classification (ASGC) defined area. SLAs are Local Government Areas (LGAs), or parts thereof. Where there is no incorporated body of local government, SLAs are defined to cover the unincorporated areas. SLAs cover, in aggregate, the whole of Australia without gaps or overlaps.

Tertiary Trade Area – The area from within which the centre or retail facility will draw a small proportion of trade from residents who visit it on an infrequent basis.

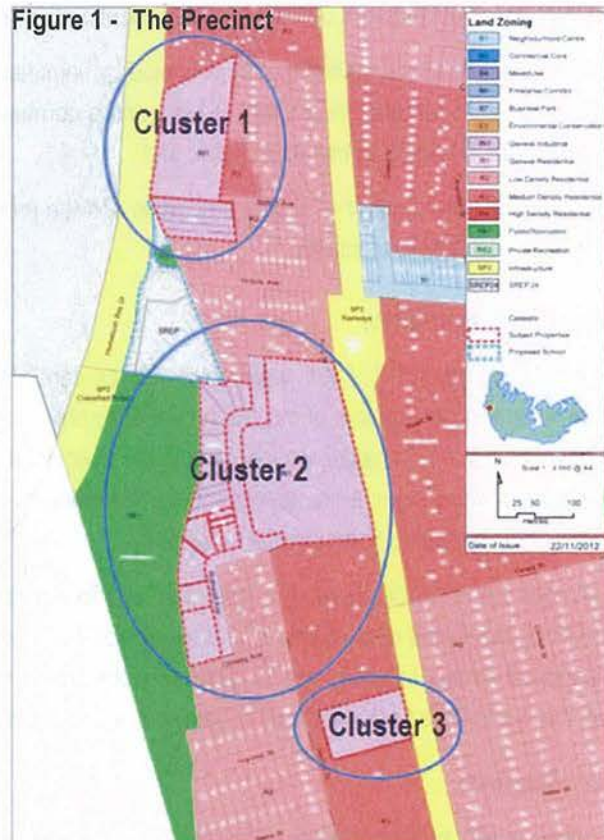
Travel Zone – A small geographic area used as the basis for Bureau of Transport Statistics (formerly Transport Data Centre) modelling and data analysis. Travel Zones provide a level of analysis between Census Collection District (CD) and Statistical Local Areas (SLA) as defined by the Australian Bureau of Statistics.

EXECUTIVE SUMMARY

Historically the Concord West 'peninsula' was an area of predominantly general industrial uses located within Sydney's Inner West. Over the past few decades as Sydney has expanded, industry has changed and Sydney's inner city suburbs have regenerated and rejuvenated with their growing diversity of uses placing increasing pressure on employment lands to adapt and become more effective generators of jobs or to relocate to alternative locations.

These pressures have been compounded in locations such as Concord West where the characteristics of the area are well suited to residential uses. As a case in point Concord West benefits from strong public transport (Concord West Station), direct access to regionally significant open space (Bicentennial Park), schools, retail and employment centres (Rhodes and Sydney Olympic Park). In response the suburb and broader area has been changing in recent decades with the steady growth of medium density housing and a mix of business, recreation and community services.

The Concord West employment Precinct represents three clusters of industrial land (7.6ha combined) located at the northern end of the Concord West peninsula. The Precinct is bound by the Liberty Grove residential development to the north, Homebush Bay Drive to the west, the Northern Rail Line to the east and residential dwellings and apartments to the south. It represents the last components of IN1 General Industrial land in the suburb.



Source: Concord West Industrial Land Brief – Socio-Economic Impact Study amended by Hill PDA

The Canada Bay Local Planning Strategy 2010-2031 recognised that the Precinct was not a major employment generating area however it recommended its retention for General Industrial uses for the medium term. It also recommended a review and potential rezoning within 5 years of the Strategy's adoption (as of 2010). In anticipation of this review, and in light of the changing character of the locality, this Study has been commissioned by the City of Canada Bay (Council). The Study aims to determine the most appropriate zoning and land use controls to apply to the Precinct as part of a coordinated approach for the area's redevelopment.

These local intentions form part of a bigger picture planning strategy for Sydney. In accordance with Sydney's Metropolitan Objectives, there is an ongoing need to "Provide a well located supply of industrial lands" (Objective 13) to support the function of local areas as well as the economic competitiveness of Sydney and NSW. The same Strategy also seeks to "Deliver a mix of well-designed housing that meets the needs of Sydney's population" (Objective 6) whilst recognising balanced growth requires good transport connections (Objective 3).

HOW THE PRECINCT IS CHANGING

In order to inform the Study, an Audit of the Precinct and its land uses was undertaken with the results compared to an Audit undertaken by Council in 2006. It was found that:

- Since 2006 two major printing businesses, employing an estimated 350 persons had relocated from the Precinct. As a consequence there is no industry cluster or predominant theme to the industrial Precinct;
- Since 2006 Westpac has leased the largest single site in the Precinct (41% of land area). The data centre employs an estimated 1,000 persons representing 89% of all jobs generated in the Precinct as of 2013;
- The Precinct is now predominantly occupied by commercial uses (46%) with a notable increase in residential and recreational uses since 2006 (+13%) and a corresponding decline in uses that are typically permissible within the IN1 General Industrial Zone; and
- Since 2006 the number of vacant properties and the proportion of vacant land has increased from 2 to 4 and from 4% to 13% respectively.

Stakeholder Consultation

The results of the 2013 Audit were reviewed by landowners and business representatives (Stakeholders) interviewed during the course of the Study. Landowners generally recognised the changing character of the area to residential with some having bought land in the Precinct from which to operate their businesses in the short to medium term with longer term aspirations to redevelop to residential. Others had bought their sites with the intention of redeveloping to residential imminently.

Stakeholders identified the challenges associated with finding industrial tenants largely relate to ageing building stock in the Precinct; the limited road access in and out of the Precinct and the need for trucks and servicing vehicles to travel via residential streets into the area. Another concern related to the proximity of residential uses and the perceived impact this would have to the likelihood of gaining planning approval and in turn operating industrial businesses.

Market Research

The issues raised by Stakeholders during the consultation workshops were reinforced by our market research that identified Concord West as a secondary industrial location. It was also found that interest in industrial properties in the Precinct is poor, with smaller properties taking 3-6 months to lease and larger sites at least 6-12 months. Tenant enquiries have been limited to local interest with poor access to major freeways and truck access seeming to be the dominant reasons for poor demand from a broader market.

Furthermore there was a strong perception that the industrial properties were old and had very little to offer in the way of rental growth for an investor. This perception was reinforced by local agents who indicated that current industrial rents in the Precinct were as low as the rents achieved ten years ago with broader trends such as the GFC having a compounding effect on the Sydney industrial property market. As a result our research found that Concord West has achieved limited sale transactions over the last ten years.

The effects of the surrounding areas being successfully rezoned over the past two decades and hence a prospective rezoning for land within the Precinct should also be acknowledged. Interviews with Stakeholders shows that there is market expectation that the Precinct may eventually be permitted for mixed use development (residential and local commercial), translating into a cycle of a 'wait-and-see' attitude by owners not committing capital expenditure to upgrade or refurbish the existing stock which is tired and ageing and in turn causing poor demand and returns for existing space, the latter also arguably the cause of the former.

Employment Forecasts

Despite the challenges of finding tenants in the Precinct, the Bureau of Transport Statistics forecasts a notable increase in jobs over the Study period. On closer investigation, the vast majority of forecast job growth relates to the printing industry (which has subsequently entirely relocated from the Precinct) and jobs in the finance and insurance sector (which are not permissible within the IN1 General industrial Zone).

Adjusting for these two industries, the Precinct would experience a notable decline in industrial jobs and thereby demand for employment lands. The Study therefore modelled a third scenario whereby commercial uses were permitted within the Precinct as a result of its rezoning. On this basis it was found that whilst demand for floorspace would increase, demand for land would still decline owing to the higher building and employment density of these uses.

Feasibility Analysis

Another piece of the jigsaw puzzle was investigated through the assessment of the financial viability of redeveloping a 'typical site' within the Precinct for industrial, commercial and residential uses. In essence it was found that in the current market, rents and capital values are generally below that of replacement cost and therefore there is no financial incentive to refurbish or redevelop for general industrial purposes. Explaining this point further:

- As there is limited demand for industrial space (unless heavily discounted or incentivised) in the Precinct;
- There is minimal financial incentive to buy and redevelop land within the Precinct for industrial uses.

Our modelling also showed that should the same 'typical' site be rezoned to permit medium density residential, its redevelopment would be marginal with the existing parking controls being a defining factor. In this regard, once the parking controls were reduced by 0.5 spaces per unit, the development becomes a far more attractive option from a financial point of view¹. Therefore if given the choice, is it likely a developer would opt for Option 3 – redevelopment to residential with less car parking as summarised in the Table below.

Table 1 - Feasibility Modelling Results Options 1-3

Site/Option Specifics	Option 1: Industrial FSR 1:1	Option 2: Residential FSR 1.3:1 Code Parking	Option 3: Residential FSR 1.3:1 Reduced Parking
Site Area	7,866sqm	7,866sqm	7,866sqm
Developable Area ¹	6292.8sqm	10,225sqm	10,225sqm
Development Yield		102 units	102 units
Performance Indicators:			
Land Purchase Price	4,700,000	\$9,650,000	\$9,650,000
Residual Land Value (RLV)	\$3,026,114	\$8,280,413	\$10,391,059
RLV (\$/sqm of site area)	\$385	\$1,052	\$1,321
Project IRR	(3.16%)	14.83%	19.75%
Development Margin	(7.5%)	12.42%	18.71%
Feasibility	Not feasible	Not feasible	Feasible

Overall our feasibility modelling found that for sites that Council considers appropriate for re-development for residential purposes, or seeks to attract significant development to, an FSR of at least 1.3:1 (and likely higher)

¹ It should be noted that although the density option at FSR 1.3:1 with a reduction of car parking to 1.5 per dwelling returns a favourable feasibility outcome, this option has not been subject to urban design testing or other environmental considerations that would be required to assess the suitability of a development of a given scale on a site.

would be required. More specifically our modelling found that an FSR over 1.3:1 would be required if the full extent of Council's existing car parking rate was to be secured or if development sites required remediation (a likelihood) or other environmental improvements (i.e. traffic improvement measures etc.). Whilst it is not the role of this Study to make a definitive recommendation regarding FSR for the Precinct, we would recommend an FSR in excess of 1.3:1 for the residential option.

SOCIO-ECONOMIC ASSESSMENT OF PLANNING SCENARIOS

In light of the research, modelling, testing and consultation results discussed above, three planning Scenarios were identified for further assessment as follows:

Scenario 1: The No Change or Base Case Scenario - this Scenario does not alter the Precinct's existing General Industrial land use zone;

Scenario 2: The B7 Business Park Scenario - this Scenario seeks to intensify employment generating uses within the Precinct by allowing for higher yield commercial and light industrial uses; and

Scenario 3: Mixed Use Scenario - this Scenario allows for the rezoning of parts of the Precinct for residential uses (Cluster 1 and part of Cluster 2 excluding 1 King Street), parts for commercial (1 King Street in Cluster 2) and the retention of some industrial lands for general industrial uses (Cluster 3 – 25 George Street).

In order to test the social and economic impacts of each Scenario, five key local and state government planning policies were identified. The implications of each Scenario and their contributions to each of the five key policy areas were subsequently ranked against each criterion in a simple matrix as shown below.

Ranking	
Negative Impact	Red
Neutral – Modest Impact	Yellow
Positive Impact	Green

Table 2 - Ranking of Likely Outcomes of Scenarios 1-3 against Policy Criteria

Hill PDA	Scenario 1 No Change	Scenario 2 Business Park Zone	Scenario 3 Mixed Employment with Residential	Comment
Policy Assessment Criteria				
1. Retain strategically important employment lands				Scenario 1 would safeguard all of the existing employment lands, Scenario 2 would retain the option for light industrial uses but no general industrial whilst Scenario 3 protects 10% for general industrial and 40% for commercial / light industrial.
2. Support for job growth, investment and economic prosperity				Scenario 1 would not encourage investment or growth. Scenario 2 has potential although achieving success would be challenging. Scenario 3 is the most likely to incentivise growth and change
3. Support for additional housing and housing choice				Scenario 3 would be the only one that included housing and thereby addressed this criterion.
4. Support for connectivity and accessibility				Scenario 1 would not lead to an intensification of uses and would have neutral benefit to this policy. Scenarios 2 and 3 would enhance the number of jobs and houses respectively in close proximity to Concord West Station as well as an array of local and regional services and facilities.
5. Enhance the visual and environmental amenity of the Precinct				Scenario 1 would lead to the stagnation of the environment and character of the area. Scenario 2 could lead to notable improvements yet with an FSR of 2:1 could be greater in density across the precinct than Scenario 3.

Having applied the five policy criteria to each of the three planning Scenarios, it is apparent that Scenario 3 - *Mixed Employment with Residential* addresses the majority of the criteria positively. Scenario 3 also ranks more positively when compared to the same assessments for Scenarios 1 – *No Change* and 2 – *Business Park Zone*. For these reasons Scenario 3 has been identified as the Preferred Scenario.

Scenario 3 protects some existing employment lands, recognising and protecting the major employment generator in the Precinct (Westpac) with a zone that better reflects the nature of its existing use. Scenario 3 also protects existing land that provides urban support services and land for local businesses whilst providing a range of local employment and service options. In addition, Scenario 3 maximises opportunities for additional investment and housing provision making best use of scarce resources in Canada Bay LGA whilst leveraging off the Precinct's infrastructure strengths including Concord West Station, Bicentennial Park, Powells Reserve, existing school and the proposed new primary school.

Whilst Scenario 2 – *Business Park* has some positive benefits, it ranks less strongly than Scenario 3 as it would require a higher density of development (that could have a greater amenity impact to the area) and would not retain IN1 General Industrial land or provide additional housing outcomes. It would also require a co-ordinated and capital intensive programme to upgrade the Precinct so that it could compete against major business parks that

are already operating within the locality. This would require landowner buy in to the vision which is considered unlikely based on workshop discussions.

CONSISTENCY WITH S117 DIRECTION

Section 117 Direction 1.1 relates to Business and Industrial zones. The following table assesses the consistency of Scenario 3, as the preferred Scenario, against the five key requirements of the Direction for strategies concerning employment lands.

Table 3 - Consistency of Scenario 3 with Ministerial Direction 1.1 Business & Industrial Zones

Relevant Matters	Comment and Consistency
Objectives of the Direction	Scenario 3 would protect the parts of the Precinct that are viable for employment growth and the continued operation of industry. It would rezone parts of the Precinct that are stagnating and have little opportunity for employment growth or intensification to permit residential uses. These uses would generate additional demand for retail and business services which would help to support the viability of identified strategic centres (consistent with objective 1.C).
Retain existing business and industrial zones	Scenario 3 would retain 10% of the Precinct as IN1 General Industrial and 41% as B7 Business Park which provides opportunities for higher intensity uses whilst retaining opportunities for light industrial. The remaining 49% is recommended to be rezoned to non-business / industrial uses.
No net loss of potential floorspace for employment uses and related public services in business zones	Scenario 3 would result in the loss of 3.7ha of employment land yet retains land that generates 93% of jobs in the Precinct. In pure numerical terms it would also not result in the net loss of potential employment generating floorspace (i.e. commercial or industrial) subject to an increase in permissible FSR (i.e. for commercial uses) at 1 King Street.
Not reduce the potential floorspace area for industrial uses in industrial zones	Scenario 3 would result in the 49% reduction in the potential for industrial uses and floorspace in the Precinct. Notwithstanding this, in practice if retained, the Study has found that this land would not be likely to attract or encourage new industrial floorspace or uses. Consequently whilst land would be retained it would not be effective in generating jobs or supporting businesses.
In accordance with a Strategy approved by the Direction General of DP&I	Scenario 3 responds and accords with Objectives 3, 5, 6, 10, 14 and 24 of the draft Metropolitan Plan as well as actions A1.1.2, A1.2.3, A1.3, A1.9.1, A1.9.2, B4, C1 and C2 of the Draft Inner West Subregional Strategy.

In summary, whilst Scenario 3 does not directly support all of the objectives of the Section 117 Direction or draft Metropolitan Strategy Checklist, it does best enable the growth and efficient use of an accessible location in Sydney's Inner West Subregion. The rezoning is also considered appropriate to facilitating the renewal of a declining employment area and making efficient use of a location that benefits from good infrastructure (i.e. close access to rail, regionally open space and schools).

As a result Scenario 3 would balance the demands for growth and housing whilst protecting genuine employment generating uses and urban support services in the Precinct.

IMPLICATIONS OF SCENARIO 3 TO EXISTING EMPLOYMENT LANDS

As outlined above, Scenario 3 would result in the rezoning of 3.7ha of IN1 General Industrial land to residential representing an 11.5% loss of existing employment lands in the LGA and 1.1% in the Subregion². Looking at the effective use of this land, only 1.4ha of the 3.7ha recommended for rezoning is presently occupied by genuine

² Based on ELDP Report 4 – Inner West Subregion 2010

industrial uses. The remaining 2.3ha are presently occupied by largely commercial, recreational and residential uses or are vacant. As a consequence the potential loss of land effectively used for industrial uses would represent 4% of the LGA's³ employment lands and 0.4% of the Subregions.

Consequently should the area be rezoned and these businesses required to relocate they would need to find approximately 1.3ha of employment lands elsewhere in the Subregion. Owing to the nature of three of the four sites affected⁴ (which support warehouse and distribution uses as opposed to local urban support services) there is limited reliance on staying in close proximity to the suburb of Concord West. Rather they are more reliant on sites that are of a suitable scale with good road connectivity to their markets as confirmed through discussions with these Stakeholders.

Interviews with the Stakeholders affected by the recommendation have found their support in principle for the permission of residential in time. For the broader public benefit however it is recommended that options for their businesses to relocate within the locality are identified and discussed further during any subsequent rezoning processes. This would allow for the retention of jobs generated by these businesses in the LGA where possible.

One such option relates to a former study undertaken by Hill PDA that recommended the retention of the Five Dock, Parramatta Road employment lands precinct for industrial, warehouse and business enterprise uses. These lands were found to be well located within the LGA, with good road access and a number of existing industry clusters. This location could provide an alternative opportunity for existing businesses. Alternative options for relocation could also be provided by the 34ha of undeveloped employment land located the Subregion (as calculated by the ELDP in 2010) in locations such as South Strathfield, Enfield or Silverwater.

RECOMMENDATIONS

In light of the assessment and discussion provided in the preceding Sections and Chapters, this Study finds that Scenario 3 – *Mixed Employment with Residential* would have the best overall economic and social outcomes for the City of Canada Bay as well as the Inner West Subregion.

In summary Scenario 3 was found to best:

1. Recognise and retain the major job generating businesses in the Precinct;
2. Protect land that genuinely provides urban support services for the locality (i.e. 25 George Street); and
3. Make efficient use of land in highly accessible and suitable locations for new housing.

This Scenario would facilitate a land use that is in notable undersupply in Sydney within a location already providing an excellent level of amenity and social infrastructure. The challenge for this Study has not therefore been whether a residential rezoning for the Precinct could be accommodated in amenity terms or whether there was sufficient demand for housing, but rather whether there was good cause to retain the existing industrial zone. Despite best intentions to protect the prospect for general industrial uses within the Precinct for the benefit of employment lands in the Inner West Subregion, our economic analysis has identified that from the ground up, the

³ Based on 34.9ha as per the draft Inner West Subregion Strategy

⁴ Three of the four sites accommodate 1.32ha of the 1.4ha of land effectively used by industrial businesses

retention of the IN1 General Industrial Zone across the Precinct would result in limited employment growth and redevelopment over the study period. In turn this would lead to the ongoing stagnation of the Precinct and a missed opportunity for additional housing which is a much-needed use in Sydney.

In light of the above matters, on balance we recommend:

1. The rezoning of General Industrial land within Cluster 1 of the Precinct to R3 Medium Density Residential;
2. The rezoning of land at 1 King Street in Cluster 2 to B7 Business Park Zone to reflect existing uses;
3. The rezoning of all other General Industrial land within Cluster 2 to R3 Medium Density Residential;
4. The retention of land within Cluster 3 (25 George Street) as General Industrial land to provide urban support services.

The Study cautions that land use and building densities are but two ingredients in a successful urban environment. Our research of successful mixed use areas points to the importance of good and functional design as well as adequate access for servicing vehicles, provision of retail and business amenities and good quality urban landscapes. Accordingly as next steps, we support the commissioning of complementary urban design and traffic and transport studies in order to test the implications of this Study's recommendations, and where possible maximise positive outcomes. As part of this process we also recommend the preparation of an overarching masterplan for the Precinct and broader locality that considers as a minimum:

- Pedestrian and road connectivity matters;
- Suitable design and building densities;
- The appropriate scale of car parking rates given the proximity of the rail station and the adverse impact the current rates are having to development viability;
- Appropriate measures to protect the successful operation of land for urban support services;
- The preferred location for convenience retail; and
- Longer term changes of use in the Precinct (i.e. possible changes at 1 King Street).

As part of this process we also recommend the active involvement of Council's economic development officer to work with any existing businesses that may choose to relocate from the Precinct. We suggest active engagement to make businesses aware of alternative locations within the LGA such as the Five Dock, Parramatta Road Industrial Area that may be better suited to their business requirements.

Subject to support for the Masterplan, we recommend that Council submit a comprehensive planning proposal to the Department of Planning and Infrastructure for the proposed changes to the Precinct. At this time the Department of Planning and Infrastructure have indicated that they would welcome more detailed discussions with Council regarding the suitability of proposed zones, planning controls and other relevant matters⁵.

⁵ Letter from NSW Department of Planning and Infrastructure dated 1st July 2013

1. INTRODUCTION

1.1 STUDY PURPOSE

The following Socio Economic Impact Study (hereafter referred to as 'the Study') relates to three clusters of employment land located within Concord West known as the *Concord West Industrial Precinct* (hereafter referred to as 'the Precinct'). The Study has been commissioned by the City of Canada Bay ('Council') to gather an evidence base and thereby investigate appropriate land uses for the Precinct and their possible social and economic implications.

The employment land contained within the Precinct is some of the last remaining industrially zoned land on the far western side of the Canada Bay Local Government Area (LGA). Council requested that the Study be undertaken following the rezoning of a number of previously industrial zoned sites to a mix of commercial and residential within the same locality.

The Study examines land use change within the Precinct, the existing role and functions of the Precinct, as well as ways in which it could evolve in the future. It has been informed by a site visit, public consultation workshops, discussions with the Department of Planning and Infrastructure, trend analysis, market assessments and employment land modelling in addition to feasibility testing.

The Study provides recommendations to Council as to how employment lands within the Precinct could be efficiently and effectively used in the future. It tests a number of scenarios in order to ascertain the implications and ramifications of altering the IN1 General Industrial zone which currently applies to the Precinct. The overall outcome of the Study is a Socio Economic Impact Assessment which determines the future land use mix and economic feasibility of development options for the Precinct.

1.2 STUDY AIMS AND OBJECTIVES

The purpose of the Study in relation to land use is to:

- Undertake research and market analysis to identify opportunities for future land uses within the Precinct having regard to amenity and traffic constraints as well as the locational aspects of the broader locality whilst recognising the existing employment uses;
- Undertake demand modelling to identify employment floorspace needs in the locality having regard to broader economic trends; and
- Undertake feasibility modelling and stakeholder consultation to better understand how the existing planning controls could change and how any change would influence development outcomes.

The Study has a 20 year timeline (e.g. to 2031) to align with the timescales of the draft Metropolitan Strategy for Sydney (2013).

1.3 WHAT IS AN ECONOMIC OR SOCIAL IMPACT?

For the purposes of this Study, an economic or social 'impact' is defined as the level of economic or social activity generated in a given area either positively or negatively. The assessment of likely impacts resulting from a particular planning scenario allows for the identification, prediction and where possible quantification, of impacts as either likely benefits or negative impacts.

Economic impacts may directly affect the economic well-being of an area's residents, the viability of businesses, workforce availability or trade by changing factors that influence opportunities for employment or business growth, the ease of doing business and the environment in which business is conducted. Economic impacts may also alter the scope of demand for services and the level of accessibility to those services.

Social impacts may directly affect the social well-being of an area's residents, visitors and employees by changing the social amenity and character of an area, the degree of social interaction, the availability of employment, social perceptions and opportunities. Social impacts may also alter the level of demand for services and accessibility to those services.

1.4 STUDY STRUCTURE

For clarity and ease of reading, the Strategy is divided in three parts as follows.

Part A – The Precinct Today: this part of the Study explores the existing mix of uses within the Precinct and the manner in which it operates today. In addition, it investigates land use change in the Precinct since 2006 and emerging property markets. It also provides a synopsis of the consultation workshops which were undertaken with local landowners and businesses to inform the Study. Part A provides the context for the subsequent Parts B and C of the Study.

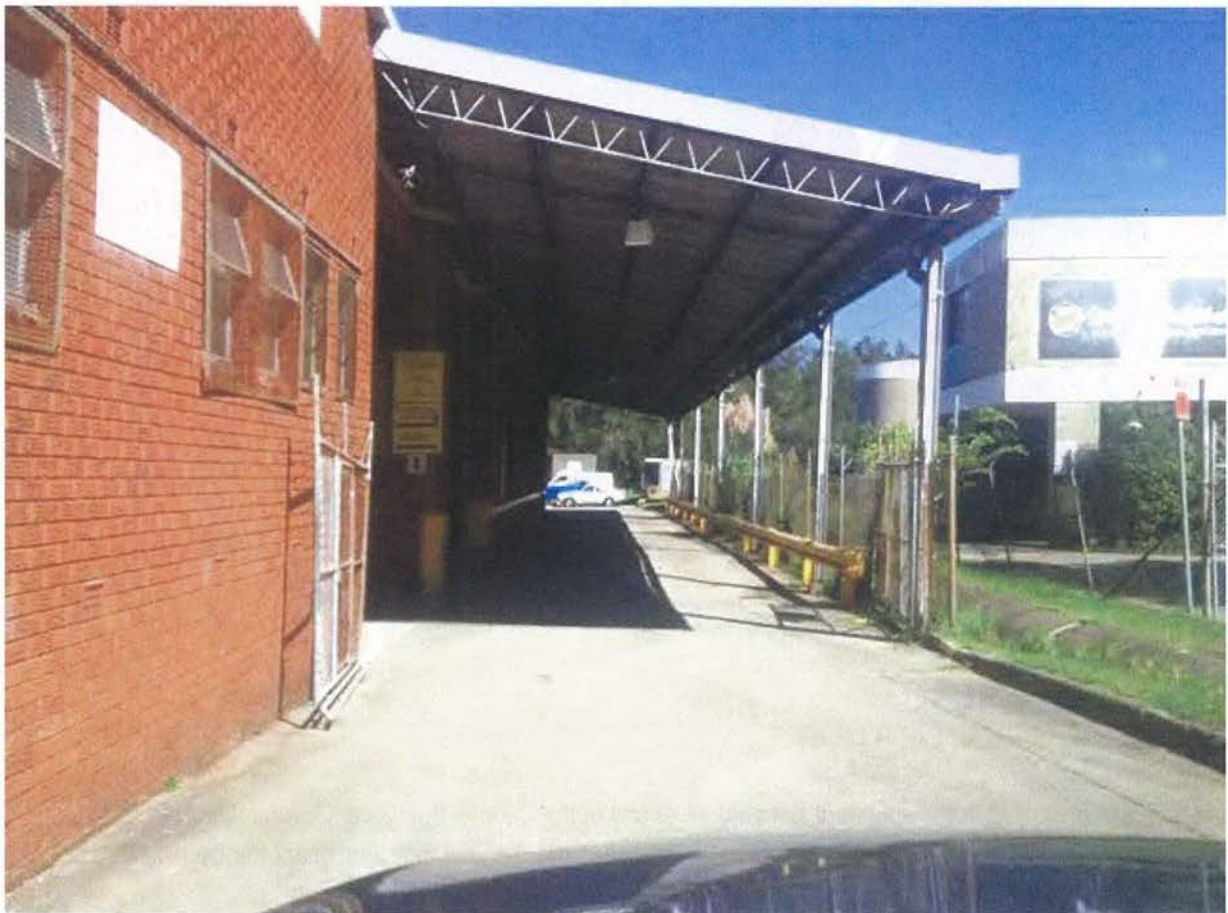
Part B – The Precinct in the Future: this part of the Study examines the future competing demands for land uses within the Precinct based on forecast trends, demand modeling and market requirements relating to employment uses. It presents the findings of market research and feasibility testing of different development options for the Precinct.

Part C – Socio Economic Policy Considerations: Part C seeks to determine the implications of various different zoning scenarios to the Precinct. This last part of the Study translates the key findings of Parts A and B into recommendations for the Precinct. Part C investigates the social and economic implications of each potential planning scenario and then provides recommendations. It also provides advice as to what land use zoning Hill PDA considers being the most appropriate within the context of the research and analysis undertaken in the proceeding parts of the Study.

PART A-THE PRECINCT TODAY



This part of the Study explores the existing mix of uses within the Precinct and the manner in which it operates today. In addition, it investigates land use change in the Precinct since 2006 and emerging property markets. It also provides a synopsis of the consultation workshops which were undertaken with local landowners and businesses to inform the Study. Part A provides the context for the subsequent Parts B and C of the Study.

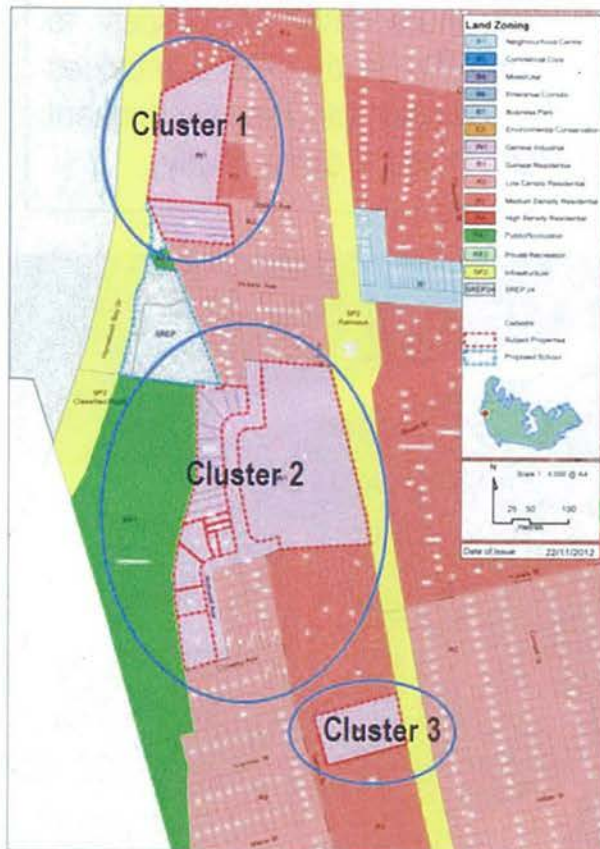


2. THE PRECINCT

This Chapter explores how the Precinct has evolved, how it operates today and identifies its existing strengths and weaknesses. It considers the findings which emerged as a result of the Precinct Land Use Audit undertaken by Hill PDA in 2013 and compares the findings to the Audit undertaken by Council in 2006. Overall, Chapter 2 establishes the changes which have occurred in Precinct since 2006 and its current function.

The Precinct is defined as land zoned industrial within the *Concord West Industrial Precinct*. The three sections of employment land that combine together to form the Precinct represents some of the last remaining industrially zoned land on the far western side of the Canada Bay Local Government Area (LGA). Over time, portions of land on the western side of the LGA have been rezoned from industrial to residential and commercial uses. As the amount of industrial land has decreased, it has left the Precinct with three remaining industrial clusters. These clusters are located in the north, centre and south of the Precinct as identified in Figure 2.

Figure 2 - Zoning Plan of the Precinct



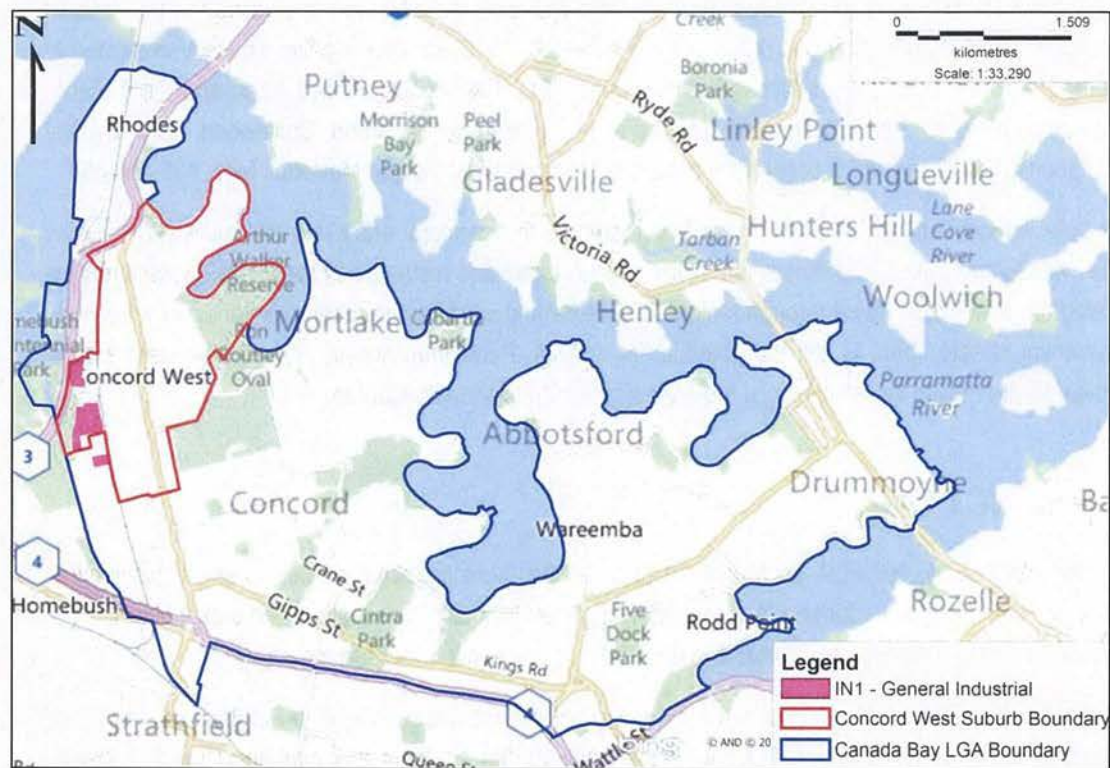
Source: Concord West Industrial Land Brief – Socio-Economic Impact Study amended by Hill PDA

2.1 PRECINCT LOCATION

The Precinct is located in the suburb of Concord West and in the Canada Bay Local Government Area (LGA) as shown in Figure 2. The sites within the Precinct are all zoned IN1 General Industrial under the Canada Bay LEP

2008 (refer to Figure 2). The Precinct contains 76,216sqm⁶ of industrial zoned land. The draft Canada Bay Local Environmental Plan 2012 proposes to retain the Precinct's IN1 General Industrial zone.

Figure 3 - Location of the Precinct in the Broader Context of the Canada Bay LGA



Source: Source: Hill PDA (2012), MapInfo

2.2 PRECINCT CHARACTERISTICS

The Precinct is bounded by the Liberty Grove Estate to the north; the Northern Rail Line and Concord West Station to the east; residential dwellings and apartments to the south and Powells Creek Reserve to the west. Overall, the area is characterised by a mix of dwelling houses, town houses/apartment buildings, industrial land uses, commercial and retail land uses as well as local and regional recreational open land and parks.

The community titled estate, Liberty Grove is located to the north of the Precinct. The Liberty Grove site was a large industrial site that was rezoned for medium density residential development. Concord West Station is located to the east of the Precinct as well as a Glass and Aluminium business. There is also a small pocket of retail and commercial development on the eastern side of Concord West Station known as the Concord Neighbourhood Centre.

Houses and apartment buildings characterise the southern end of the Precinct. The area to the west includes Powells Creek Reserve, Homebush Bay Drive and Bicentennial Park. A large undeveloped site is located to the immediate west of the Precinct at 64 & 66 Victoria Avenue. This land is currently the subject of a Planning Proposal submitted by the

⁶ Canada Bay Council, 2013, Concord West Socio-Economic Impact Study Brief

NSW Department of Education for a new primary school. Consultation with Council suggests that the Planning Proposal has been lodged with Council to rezone and reclassify the land; however, it is yet to be determined. Furthermore, a development application has been lodged co-currently with the Planning Proposal.

The Precinct is accessible by road, rail and bus. The M4 Western Motorway is located to the south of the Precinct which allows access to Sydney's inner and outer western suburbs. The Great Western highway is also located to the south of the Precinct providing road access to the Sydney CBD. The Precinct is located adjacent to Concord West Station which serves the northern line and provides access to Epping, Eastwood, Chatswood, North Sydney and Central Stations. The buses which service the suburb of Concord West include Metrobus M41, 439 and 458.

Of particular note vehicle access within the Precinct is restricted to one major entry and exit route via Pomeroy Street. Access via George Street onto Parramatta Road is also limited and restricted by traffic. Both routes require those accessing the Precinct to travel through residential streets and whilst some roads are generally wider than standard residential streets, there is still the potential for conflict. Pedestrian access from the western side of Concord to the east is enabled via an unofficial foot tunnel or via the station concourse.

2.3 PRECINCT LAND USE AUDIT

In order to inform the Study, Hill PDA undertook an audit of the three industrial clusters and the businesses contained in each. The audit was informed by aerial analysis, site visits and consultation with stakeholders⁷. The key findings from the audit are detailed in Table 4 (please refer to Appendix 1 for further details).

The northern portion of the Precinct comprises two sites. One of these comprises Spitfire Paintball as well as an importer / exporter of building materials. The site immediately to the south of this contains Civardi Furniture resulting in Cluster 1 of the Precinct being characterised by a mix of industrial, commercial and recreation uses.

In the centre of the Precinct (Cluster 2), is the Precinct's largest consolidated site being the Westpac Concord Campus (Westpac's processing and call centre services). The facility provides child care facilities, a café, a gymnasium and car parking facilities. In addition, this cluster within the Precinct contains Cawsey Menck (kitchenware wholesalers and manufacturers), CTI Consultants (an air conditioning business) and Chiswick Plumbing. At the time of the Audit there was two residential properties and three vacant properties within this cluster. Overall, this section of the Precinct contains a mix of industrial, commercial and residential uses.

The southern section of the Precinct contains one strata development of 10 units, the businesses that occupy these units include: Machimport CNC, ABC Automotive Services, Ammon Leather Pty Ltd, Agar Cleaning Systems Pty Ltd, Australian Therapeutic Supplies Pty Ltd, Building Services SLR, M.C. Yee Noodles, Eurella Parking and Assembly and Ultimate Furniture Pty Ltd. There is one vacant unit. This cluster is thereby characterised by small industrial uses and urban support services.

The findings from the 2013 Precinct Land Use Audit are detailed in Table 4. The table corresponds with the map in Figure 1.

⁷ Please note that for access reasons the audit was limited to an external review of the sites from the public domain

Table 4 - Precinct Land Use Audit

Address	Business Name	Vacant	Land Area ⁸ and Estimated Floorspace ⁹	Number of Employees ¹⁰
1 7 Concord Avenue	Spitfire Paintball/Importer Exporter	No	Land Area: 14,971sqm Estimated Floorspace: 11,122sqm	2
2 202 George Street	Civardi Furniture	No	Land Area: 5,306sqm Estimated Floorspace: 5,660sqm	23
3 1 King Street	Westpac Concord Campus.	No	Land Area: 31,433sqm Estimated Floorspace: 16,310sqm	1000
4 176-184 George Street	Vacant	Yes	Land Area: 7,804sqm Estimated Floorspace: 5,085sqm	0
5 172 George Street	Residential	No	Land Area: 321sqm Estimated Floorspace: 116sqm	0
6 174 George Street	Residential	No	Land Area: 361sqm Estimated Floorspace: 116sqm	0
7 2 Rothwell Avenue	Cawsey Menck Pty Ltd	No	Land Area: 2,995sqm Estimated Floorspace: 3,274sqm	20
8 2A Rothwell Avenue	Vacant	Yes	Land Area: 1,872sqm Estimated Floorspace: 929sqm	0
9 4 Rothwell Avenue	CTI Consultants	No	Land Area: 1,696sqm Estimated Floorspace: 2,202sqm	4
10 6 Rothwell Avenue	Air Conditioning	No	Land Area: 1,579sqm Estimated Floorspace: 798sqm	27
11 8 Rothwell Avenue	Vacant	Yes	Land Area: 392sqm Estimated Floorspace: 296sqm	0
12 10 Rothwell Avenue	Chiswick Plumbing	No	Land Area: 735sqm Estimated Floorspace: 876sqm	8
13 25 George Street, North Strathfield	10 Units: Machimport CNC, ABC Automotive Services, Ammon Leather Pty Ltd, Agar Cleaning Systems Pty Ltd, Australian, Therapeutic Supplies Pty Ltd, Building Services SLR/ERP Con, M.C Yee Noodles, Eurella Packing and Assembly, Vacant Ultimate Furniture Pty Ltd	1 Vacant Unit	Land Area: 7,401sqm Estimated Floorspace: 3,882sqm (approx. 369ha each unit)	45
			Total Land Area: 76,216sqm ¹¹ Total Estimated Floorspace: 50,666sqm	Total Employees: 1,131

Figure 4 - Map of the Precinct



⁸ Canada Bay Council, 2012, Concord West Socio-Economic Impact Study Brief.

⁹ Floor Area is an estimate. It has been measured via desktop. It was not carried out through an internal inspection.

¹⁰ Number of employees based on stakeholder consultation with businesses.

¹¹ Canada Bay Council, 2012, Concord West Socio-Economic Impact Study Brief.

2.4 LAND USE CHANGE IN THE PRECINCT 2006-2013

Historically the area on the western peninsula of the LGA was zoned industrial and contained industrial uses. Furthermore, the section of land located to the west of the north rail line, north of Parramatta Road and south of the present day Liberty Grove Development was once entirely occupied by industrial uses. Over time the predominant land use character of this area has evolved into a mix of industrial, commercial, residential and recreational uses. The Precinct that is the subject of this Study is defined as the three remaining clusters of land zoned industrial in the area.

Regrettably we do not have the benefit of a long-term audit of uses in this location to compare the current uses to. However, it is possible to gain a better understanding of how uses in Precinct have changed over time by comparing the findings from the Precinct Land Use Audit 2013 (identified in Table 4) with the findings of an earlier *Industrial Land Use and Employment Audit* carried out by Canada Bay Council in 2006.

A comparison of the two demonstrates that there has been an net increase in the number of employees (+486) in the Precinct since 2006. It must be noted, however that the Westpac Concord Campus (data processing centre) accounts for a large portion of this increase and persons currently employed in the Precinct. The building at 1 King Street was purpose built for Westpac in 1997¹³ and the number of people employed on this site alone has grown by 800 since Council's audit was undertaken in 2006. As a consequence the vast majority of jobs generated in the Precinct (89%) are generated on this one site alone rather than evenly spread across the Precinct.

Most significantly in 2006 there were two printing companies within the Precinct that employed an estimated 350 people. These printing companies are no longer in operation. The Chippendale Printing Company entered voluntary administration in 2010¹⁴ and Fred Hosking Pty Ltd (printing company) has since closed. The notable decline of this industry in the Precinct between 2006 and 2013 could be attributed to broader changing consumer preferences and

Table 5 - Land Use Audit Comparison 2006-2013

	Precinct Land Use Audit 2006	Precinct Land Use Audit 2013
SITES	13	13
STRATA TITLED SITES	1	1
VACANT SITES (No. of Units)	2* (15%)	4* (36%)
EMPLOYMENT GENERATING SITES	13	11
TOTAL EMPLOYEES	645	1,131
	Precinct Land Use Audit 2006	Precinct Land Use Audit 2013
LAND AREA	76,216sqm	76,216sqm
VACANT LAND AREA	2,904sqm (4%)	11,929sqm (13%)
OCCUPIED INDUSTRIAL LAND AREA	40,183sqm (53%)	21,644sqm (28%)
OCCUPIED COMMERCIAL LAND AREA	33,129 (43%)	34,708sqm (46%)
OCCUPIED RESIDENTIAL LAND AREA	0	682sqm (1%)
OCCUPIED RECREATIONAL LAND	0	8,923sqm (12%) ¹²

¹² This has been calculated on the basis that 7 Concord Avenue is taken up with Spitfire Paintball (60%) and the importer/exporter (40%). Spitfire Paintball has been classified as recreation and the importer/exporter has been defined as industrial.

¹³ Australian Financial Review, 2012, APGF close to Concord campus deal.

¹⁴ <http://www.proprint.com.au/News/172610,chippendale-printing-goes-into-administration.aspx>

the growing success of information mediums such as the internet leading to a decline in the preference for printed materials.¹⁵ The site of the Chippendale Printing Company is currently vacant however; the Fred Hosking site is partially occupied by Spitfire Paintball (a recreational facility) and a building materials importer and exporter. This demonstrates that the printing industry cluster in the Precinct has diminished since 2006. Also of note, 6 Rothwell Avenue was vacant when Council undertook their 2006 audit and is now occupied by a commercial premise.

The above mentioned findings have contributed to a change in the occupied industrial, commercial and residential mix of land uses in the Precinct (refer to Table 5). In 2006, 53% of the land area was occupied by industrial uses, by 2013 this has diminished to 28%. Consequently, since 2006 there has been an evident increase in the predominance of commercial, residential and recreational uses in the Precinct.

In relation to vacant land, there has been a 9% increase in vacant land between 2006 and 2013. Of particular relevance, 2A Rothwell Avenue was vacant when the 2006 audit was conducted and continued to be vacant when the Hill PDA audit was undertaken in 2013.

2.5 CURRENT FUNCTION OF THE PRECINCT

Based on the analysis provided above, it is apparent that there has been a notable decrease in land utilised for industrial uses in the Precinct. As such, there has been an increase in land used for commercial, residential and recreational purposes. For example, 6 Rothwell Avenue was vacant when Council's 2006 land use audit was undertaken and it is now occupied by a commercial premise. In addition the Precinct now contains recreational facilities such as Spitfire Paintball. This demonstrates that there has been a shift away from traditional industrial land uses to more diverse employment generating opportunities and a growing level of vacancies.

There has been a small increase in the number of vacant premises since 2006 (a 9% increase in vacancies based on land area between 2006-2013). Of particular relevance, 2A Rothwell Avenue was vacant when the 2006 audit was conducted and it is currently vacant.

It must be noted however that the cluster of businesses located at 25 George Street, North Strathfield in the southern portion of the Precinct is an exception to these changes and appears to be performing well. This cluster contains a range of urban support and small industrial uses. The building is relatively new in comparison to other sites in Precinct and has a greater density of employment activity. In contrast many other sites in the Precinct have significantly older stock that is approaching the end of its economic life.

As such the land uses within the Precinct are not entirely representative of those typically permissible within the IN1 General Industrial Zone (e.g. freight transport facilities, vehicle repair stations, warehouse or distribution centres and hardware and building supplies). Therefore, despite being zoned for general industrial uses, the Precinct has changed over the past decades and largely in the past 7 years. In addition, the NSW Department of Education proposes to construct a new primary school at 64 & 66 Victoria Avenue, Concord West¹⁶ which would also contribute to changing the character of the area subject to approval.

¹⁵ IBISWorld, December 2012, Printing in Australia: Market Research Report.

*Based on number of industrial units.

¹⁶ Canada Bay Council, 2012, Concord West Socio-Economic Impact Study Brief.

3. STAKEHOLDER CONSULTATION

To help inform the Study all landowners and businesses were invited to attend two workshops organised by Council and chaired by Hill PDA. The intention of the workshops was to better understand the nature of existing uses within each cluster of the Precinct, to discuss key issues affecting its operation and objectives of landowners and tenants with respect to their businesses and sites. The following Chapter summarises the key findings of the workshops and translates the findings into a summary of the Precincts perceived weaknesses and strengths. The full minutes of the workshops are provided in Appendix 2.

The final section of the Chapter summarises the key sections of the two planning proposals submitted for land within the Precinct.

3.1 STAKEHOLDER CONSULTATION WORKSHOPS

The main findings and matters discussed in the workshops were:

- Some landowners had bought sites and relocated their businesses to the Precinct owing to its close proximity to their place of residence;
- Some landowners had bought on the expectation that they would operate their businesses for the next few years prior to retirement or relocation and in turn redevelop the sites to residential uses in keeping with the broader area;
- The proposed school adjacent to the Precinct is an indicator of its changing character and suitability for residential uses;
- The area requires a co-ordinated approach with respect to land use planning, design and traffic management. This should be addressed through a suitable masterplan;
- The area surrounding the Precinct has steadily changed from industrial uses to residential over the past few decades. This change was in part exacerbated by the former Concord Council's lack of strategic vision for the area to become residential; and
- Redevelopment of the Precinct to residential in time was generally accepted as an 'inevitable' and best outcome by landowners consulted; and
- If the area was to be rezoned and businesses were to relocate to alternative sites, it would not be likely that they would stay within the LGA as there were limited options for sites.

3.2 STRENGTHS

The existing strengths of the Precinct were identified through Hill PDA's sites visits and the consultation workshops. These include:

- Local Features: the Precinct has a range of geographic merits including close proximity to a passenger rail station, Bicentennial Park, Powells Creek Reserve and the proposed new school.

- Broader Access to Services: the Precinct is well located with respect to larger employment and retail precincts (i.e. Rhodes, Sydney Olympic Park);
- Land Ownership: There are a number of large lots in the Precinct which are in single ownership;
- Landowners: As evidenced by attendance at our workshops landowners are willing to engage with Council regarding the future of the area and keen to progress some redevelopment opportunities; and
- Servicing and Car Parking: a number of the larger sites have good off street loading docks and car parking.

3.3 WEAKNESSES

Existing weaknesses of the Precinct include:

- Economic Life: many of the existing buildings in the Precinct are at the end, or nearing the end of their economic life. As a consequence there are notable financial costs to refurbish or redevelop them before they can be tenanted;
- Access: vehicle access is restricted to one major entry and exit route via Pomeroy Street. Access via George Street onto Parramatta Road is also limited and restricted by traffic. Both routes require travel through residential streets and whilst some roads are generally wider than standard residential streets, there is still the potential for conflict. Pedestrian access is focused via an unofficial foot tunnel or via the station concourse.
- Geographic Constraints: owing to the limited road access to the north, east or west of the Precinct, opportunities for the Precinct with respect to retail uses (i.e. a supermarket or new centre) are limited;
- Cluster: the Precinct lacks a distinct industrial theme or cluster to which associated industries and business could be attracted;
- Contamination: owing to the nature of past industrial uses, it is anticipated that the Precinct will have some level of contamination and would thereby be likely to require remediation for any change of use / redevelopment;
- Safety and Security: the growing level of building vacancy is having an effect on perceptions of safety and security in the area. Potential conflicts between the operation of businesses and access by vehicles could also have safety implications for children attending the proposed school;
- Growing Conflict of Uses: there are concerns that prospective industrial tenants in the Precinct required to submit a development application would encounter objections from local residents with respect to potential noise generation and other disturbances thereby hindering future employment opportunities. There is also concern that there will be a greater potential for conflict between operating general industrial uses and the users of the proposed primary school;
- Speculation: the changing nature of the area has led to speculation that the Precinct will also be rezoned to residential at some point in time. Consequently some landowners have bought (and paid site values)

with the intent of developing for residential uses. This has undermined the viability of redeveloping or tenanting some of the sites for industrial uses; and

- Competition. Competition for tenants with industrial and employment locations elsewhere in the Sydney Metropolitan Area was seen to be increasing. Employment lands such as those at Silverwater and Eastern Creek were seen to offer better accessibility to the road network via the M7 motorway and with larger lots better suited to the needs of storage and warehouse industries.

3.4 STAKEHOLDER SUBMISSIONS

A number of submissions have been made by landowners to Council in relation to the potential rezoning or development opportunities for sites within the Precinct.

176-184 George Street Concord – submission by Macroplan on behalf of the site owners. Key issues relate to:

- Requested rezoning of site to residential or mixed use. This change was argued to support employment through *'the viability of less expensive housing and provision of additional commercial space'*;
- Rezoning from industrial would be appropriate as according to the ABS the number of industrial businesses in the LGA have declined since 2008 whilst the number of health and education related businesses have increased;
- There is sufficient industrial space provided in Auburn to meet the needs of Canada Bay; and
- Site has fragmented lots that are located a distance away from the M7 than other industrial areas such as Greystanes and Silverwater which detracts from their capacity to deliver road transport-orientated services.

7 Concord Avenue, Concord West – submission by Elton Consulting on behalf of the site owners. The key issues raised in the submission relate to:

- Requested rezoning of the site to residential. It was argued that the residential redevelopment of the Subject Site will facilitate investment in the area and encourage future rejuvenation of broader Concord West Area;¹⁷
- It was stated that retention of an industrial zoning at the site will not provide an appropriate outcome for employment generation in the Precinct. It was put forward that the site is becoming increasingly redundant and sterilised as an industrial zoning and it is difficult to attract genuine industrial land uses;
- Planning controls that provide incentives to redevelop the sites that are line with market demand; and
- The site's long term vacancy and failure to attract genuine industrial land uses suggests that continued protection of the industrial zone will further exacerbate the underutilisation of the site.

Additional information was submitted by Elton Consulting in May 2013 to explain that 7 Concord Avenue had taken 12 -18 months to find a tenant and 6-8 months to secure planning consent for a tenant (partially as a result of objections from neighbours regarding traffic and amenity issues). The current tenant pays \$60/sqm rent and benefitted from rent free incentives. The first floor office remains vacant and difficult to rent.

¹⁷ Elton Consulting, 2012, Submission on Draft Canada Bay LEP 2011

4. EXISTING POLICY CONTEXT

The following Chapter provides a summary of the key government strategies, plans and policies that may influence the Precinct's growth and operation in the future.

4.1 NSW 2021 (2011)

The NSW 2021 Plan aims to rebuild the NSW economy, provide quality services, renovate infrastructure, restore government accountability and strengthen NSW's local environment and communities.

The Plan comprises five sub-strategies. The main sub-strategy that is of relevance to this Study is *Rebuild the Economy*. The following goals are of particular importance to the Study:

- **Goal 1 Improve the Performance of the NSW Economy** - states that a strong economy generates opportunities for fulfilling jobs, choices and financial security. The target of the Plan is to grow employment by an average of 1.25% per year to 2020; and
- **Goal 4 Increase the Competitiveness of Doing Business in NSW** – states that there should be an increase in business innovation. Furthermore, it is put forward that high performing businesses should be supported to innovate in order to further enhance productivity through Industry Action Plans. The plans will identify innovation drivers and barriers within key sectors (professional services, manufacturing, digital economy, tourism and events, and education and research).

4.2 DRAFT METROPOLITAN STRATEGY FOR SYDNEY (2013)

The draft Strategy sets the framework for Sydney's growth to 2031. The overarching vision of the draft Strategy is that *"Sydney in 2031 will be one of the world's most dynamic and successful cities. Its strong economy and healthy environment will make it one of the most desirable places to live in the world"*. The Strategy supports the key goals, targets and actions contained in NSW 2021 and is based around five key outcomes:

- Balanced Growth;
- A Liveable City;
- Productivity and Prosperity;
- Healthy and Resilient Environment; and
- Accessibility and Connectivity.

A key focus of the Plan is to achieve growth, both in jobs and housing. Objective 2 of the Plan refers to strengthening and growing Sydney's centres, it identifies that business and government investment has helped to create places with housing, public spaces and increased job densities that benefit from access to transport. The Strategy identifies that the growth of strategic centres will be aligned with the *Long Term Transport Master Plan's* initiatives to support land use with transport.

Of relevance to this Study is the key outcome *Productivity and Prosperity*. In particular *Objective 13: Provide a well-located supply of industrial lands* states that industrial lands close to rail, motorways and other major roads have high strategic value. This is relevant to the Precinct as it is located adjacent to Concord West Station.

The Strategy states that existing industrial lands, especially in established areas, are under pressure to be rezoned to other uses, despite the clear need for them in the future.¹⁸ The Strategy provides an Industrial Lands Strategic Assessment Checklist for rezoning of existing industrial land uses. The Criteria is outlined below and discussed further in Section 11.3 of the Study.

Figure 5 - Industrial Lands Strategic Assessment Checklist for Rezoning of Existing Industrial Land

- Is the proposed rezoning consistent with State and/or council strategies on the future role of industrial lands?
- Is the site:
 - near or within direct access to key economic infrastructure?
 - contributing to a significant industry cluster?
- How would the proposed rezoning impact the industrial land stocks in the subregion or region and the ability to meet future demand for industrial land activity?
- How would the proposed rezoning impact on the achievement of the subregion/region and LGA employment capacity targets and employment objectives?
- Is there a compelling argument that the industrial land cannot be used for an industrial purpose now or in the foreseeable future and what opportunities may exist to redevelop the land to support new forms of industrial land uses such as high-tech or creative industries?
- Is the site critical to meeting the need for land for an alternative purpose identified in other NSW Government or endorsed council planning strategies?

The draft Strategy includes priorities for metropolitan subregions. Canada Bay is situated within the Central Subregion. The Strategy states that the Central Subregion currently has a population of 1,144,000 and targets a resident population of 1,385,000 (an increase of 242,000 people) by 2031. In addition, the number of jobs within the Central Subregion was estimated as 998,000 as of 2011 with the target for job growth toward 2031 being +230,000 (1,228,000 jobs in total).

In light of the notable forecast growth in residents in the Central Subregion over the plan's timescales, *Objective 1: Develop a new Land Release Policy and make new areas for housing and jobs* identifies that a "a strong housing market is critical to Sydney's economic success". The Strategy states that a variety of housing choice is required across Sydney so that people can work locally and can easily access shopping, education and services. Furthermore, it is expected that trend for new housing to be located in the Metropolitan Urban Area (including the

¹⁸ NSW Department of Planning & Infrastructure, 2013, Draft Sydney Metropolitan Strategy

Canada Bay LGA) is expected to continue over the next 15 years. This reflects a growing preference for housing and apartment living in existing urban areas in close proximity to services.

In addition, the Rhodes Specialised Precinct which is in close proximity to the Precinct is identified for the following:

- Support cluster of office-based jobs and medical enterprises associated with the Concord Hospital;
- Create a focus for intense commercial and residential activity; and
- Provide capacity for at least 2,000 additional jobs by 2031¹⁹.

4.3 DRAFT INNER WEST SUBREGIONAL STRATEGY (2007)

The draft Inner West Subregional Strategy sets a target of an additional 12,500 jobs within the Subregion by 2031. It applies to the Local Government Areas (LGAs) of Ashfield, Burwood, Canada Bay, Leichhardt and Strathfield (which now differs from the Subregion adopted by the draft Metropolitan Strategy). To achieve this target 6,000 additional jobs are to be generated in the City of Canada Bay accounting for 48% of the total job target for the Inner West Subregion.

The Draft Inner West Subregional Strategy sets a housing target of 30,000 towards 2031 as well as a housing target of 10,000 for the Canada Bay LGA. These targets will be revised in accordance with the new Subregions proposed by the draft Metropolitan Strategy and the revised targets for housing in Sydney.

In relation to employment lands, the draft Strategy identified the Precinct as Category 1 Employment Lands, designating it as land to be retained for industrial purposes.

4.4 DRAFT CANADA BAY FUTURES PLAN20

The Canada Bay Futures Plan20 sets a twenty-year vision for the City of Canada Bay. The aim of the Plan is to ensure that the City of Canada Bay is active and vibrant; has sustainable spaces and places; is innovative and engaged; and is thriving and connected.

The Plan notes that the population in the LGA has increased. It states that the recent growth has been largely due to the redevelopment of previous industrial sites into residential developments as well as the pressure to accommodate the increasing population moving into urban areas.

The Plan contains four themes, they include the following:

- **Theme 1: Active and Vibrant** - *An active and vibrant city is one that captures the energy, diversity, pride and potential of its community;*

¹⁹ NSW Department of Planning & Infrastructure, 2013, Draft Metropolitan Strategy for Sydney to 2031.

- **Theme 2: Sustainable Spaces and Places** - A city of sustainable spaces and places is one whose residents recognise and act on their collective responsibility to protect their environment and to preserve it for future generations;
- **Theme 3: Innovative and Engaged** - An innovative and engaged city is one served by an effective local council that works with its community to balance the needs of its many and diverse stakeholders; and
- **Theme 4: Thriving and Connected** - A thriving and connected city has successful local economic development and is served by well-functioning transport and roads.

4.5 CANADA BAY LOCAL PLANNING STRATEGY

The Canada Bay Local Planning Strategy sets the strategic framework for the City of Canada Bay towards 2031. The outcomes of the Canada Bay FuturesPlan20 are supported by objectives in the Canada Bay Local Planning Strategy.

The overarching vision of the Canada Bay Local Planning Strategy is “*working together, we can create a Canada Bay that is engaged, green, healthy, liveable, moving, prosperous and vibrant*”. The Strategy has seven key areas, these include: housing, employment, transport and access, recreation and open space, natural environment, heritage and special planning areas. Of particular relevance to this Study is the chapter regarding employment.

The Employment Chapter highlights:

- Concerns that there may be a shortage of appropriate light industrial land in the future;
- There is no longer any significant demand for land by heavy industry in the LGA;
- There is significant pressure to rezone existing industrial land to residential or commercial use; and
- *Despite the above referenced points the Objective E5 Retain industrial sites within the LGA of the Strategy states that “Industrial sites at George Street, North Strathfield, Leeds Street Rhodes and the Freshfood Site (Bushells), Concord should be retained. Although the retention of these sites does not translate into significant employment growth for the LGA, these sites are important to support growth in local business activity associated with population growth and have a level of strategic significance at both a local and sub-regional level”. Furthermore it is stated that Council supports the retention of these areas for industrial purposes for the medium term with further investigation to occur within 5 years for industrial sites located at George Street.*

In relation to housing the strategy identifies the following:

- *Action H12 - Increase residential densities in, and in the immediate vicinity of, the existing centres of Drummoyne, Five Dock, Concord, Concord West and North Strathfield - these existing centres all include good services and access to transport access and yet they contain a significant proportion of low density housing. It is recognised that the low density and village feel in Canada Bay is valued by residents and businesses alike, however a balance must be struck between retaining the existing character, and ensuring densities support the public transport patronage. Suitable density increases*

should be determined consistent with village feel and transport accessibility, and desire to promote housing choice and affordability. This will require an adjustment to local zoning controls, shop-top provisions (to encourage residential), parking controls, and pedestrian and cycling facilities. Design guidelines should be prepared to protect amenity. Particular emphasis should be placed on achieving higher densities at close range, such as with 200 metres of existing retail areas and centres serviced by public transport.

4.6 CITY OF CANADA BAY – PLANNING INSTRUMENTS

The Canada Bay Local Environmental Plan 2008

The Canada Bay Local Environmental Plan (LEP 2008) provides zoning provisions that determine land use and building controls within the LGA. The LEP was prepared in accordance with the NSW Government Standard Instrument and consolidates the Concord Planning Scheme Ordinance, 1969 and the Drummoyne Local Environmental Plan.

The Precinct is zoned IN1 General Industrial with an FSR of 1:1 and maximum building height of 12m in the Canada Bay LEP 2008.

The Canada Bay Development Control Plan 2008

The Canada Bay Development Control Plan (DCP) applies to the whole LGA and provides planning controls to ensure a high standard of design.

Draft Canada Bay Local Environmental Plan 2012

The draft Canada Bay Local Environmental Plan 2012 is currently on exhibition. The draft LEP proposes that the Precinct remain zoned IN1 General Industrial with an FSR of 1:1.

4.7 EMPLOYMENT LANDS DEVELOPMENT PROGRAM

Employment Lands Development Program (ELDP) 2011 Update Report

In 2012, the NSW Government released the second of a series of ELDP Reports titled the *ELDP 2011 Update Report*. The report provides data on stocks of employment land for Sydney as at January 2011. According to the ELDP the Sydney Region has 15,583ha of existing Employment Zones. In comparison, the Inner West provides a relatively low proportion of Employment Land, approximately 345.6ha.

Employment Lands Development Program (ELDP) 2010 Report 4 Inner West Subregion

The ELDP Report identified that the Canada Bay LGA has significant Employment Lands, including around 12 hectares located within the Parramatta Road / Queen Street Precinct; 6 hectares at Leeds Street (Rhodes); and

the 4 hectare Bushells site²⁰. However, the ELDP Inner West Subregion Report does not identify the Precinct as significant employment land.

The key findings of the ELDP Report include:

- There is no potential for new Employment Lands within the Subregion. Any future space for Employment Land is anticipated to come from land regeneration;
- The Inner West Employment Lands support 19,300 jobs representing 19% of all jobs in the Subregion;
- Employment Lands supported 13% of all jobs in the City of Canada Bay;
- The Inner West has some 34ha of undeveloped employment lands; and
- The Inner West recorded 1ha of Employment Land take-up in 2009, compared to 3.8 hectares in 2008.

4.8 LOCAL PLANNING DIRECTIONS

Under Section 117(2) of the *Environmental Planning and Assessment Act 1979* the Minister for Planning and Infrastructure provides directions to planning authorities regarding proposals lodged with the Department of Planning and Infrastructure (DP&I).

For proposals in Business and Employment Zones the directions mandate that the LGA must ensure compliance with relevant strategic objectives set by the DP&I²¹ and ensure that the total area and floorspace for potential employment lands is not reduced²². Where proposals are inconsistent with the direction then various requirements must be met including justifying the change by way of a study prepared in support of the planning proposal.

4.9 RELEVANT STUDIES AND RESEARCH

A number of studies have previously been undertaken with respect to the future role of the Precinct. These studies and research are summarised below.

Industrial Land Use and Employment Audit, City of Canada Bay (May 2006)

The Industrial Land Use and Employment Audit divided employment lands in the City of Canada Bay into a number of distinct areas and undertook a survey of existing land uses within each.

Precinct 4 in the Audit correlates with the Concord West Industrial Precinct identified in this Study. The Audit states that the mix of land uses in the precinct includes offices, workshops and warehouses. As of 2006 the Audit found that the range of businesses included: furniture manufacturing, building consultancy, printing, finance and child care. The Audit shows that there were two vacant premises as of 2006 and the Precinct employed an estimated 645 people.

²⁰ Employment Lands Development Program (ELDP) 2010 Report 4 Inner West Subregion

²¹ Direction 1.1 (4)(e)

²² Direction 1.1 (4) (c) and 4(d)

Canada Bay Housing and Employment Study, SGS Economic and Planning (August 2008)

The *Canada Bay Housing and Employment Study* identified three key areas of employment in Canada Bay LGA. Of particular relevance to this Study is the Western Canada Bay Precinct as it includes the Precinct).

Within the *Western Canada Bay Precinct* the Study identified industrial land zoned in *George Street, North Strathfield* (this correlates exactly with the land that is the subject of this Study). The Study states that the industrial zoned land covers an area of 8.7ha representing 23.1% of all industrial land within the LGA. Furthermore, the 2008 Study identified industrial land located along George Street as important to the local economy and subregional economy. It identifies that there are minimal constraints for current uses.

The 2008 Study found that the Precinct had a significant concentration of financial and insurance service jobs in 2006 (1,133 jobs). The Study notes that this was likely to be influenced by the location of Westpac's data processing centre in the area. The Study also estimated that the Precinct generated 669 manufacturing jobs in 2006. The 2008 Study also identified that industrial land located along on George Street, North Strathfield was likely to accommodate the majority of these jobs.

The Study outlined the following considerations of demand in relation industrial zoned land:

- There is concern that there may be a shortage of appropriate light industrial land in the future;
- There is no longer any significant demand for land by heavy industry in the LGA; and
- There is a lot of pressure to rezone existing industrial land, particularly industrial sites, to residential or commercial use.²³

The Study recommends that large industrial sites within the George Street Precinct should be retained as a key service industry location for the LGA.

Concord Residential Strategy, Concord Council (1997)

It must be noted that one of the contributing factors to sections of the Precinct being rezoned to residential is Canada Bay Council *Concord Residential Strategy 1997*. Whilst this Strategy has been superseded by the Canada Bay Local Planning Strategy, it details that in 1997 the former Concord Council promoted the rezoning of industrial land along the northern railway corridor, in particular within a radius around railway stations to residential. As a result, a significant amount of industrial land was rezoned for residential purposes along this corridor.

²³ SGS, 2006, Canada Bay Housing and Employment Study/Working Paper.

PART B: CONCORD WEST IN THE FUTURE



This part of the Study examines the future competing demands for land uses within the Precinct based on forecast trends, demand modelling and market requirements relating to employment uses. It presents the findings of market research and feasibility testing of different development options for the Precinct.



5. TREND ANALYSIS

This Chapter analyses macro and micro trends which have the potential to shape current and future demand for land within the Precinct. In addition to broadly examining international and national economic trends, it focuses on the industry sectors which are particularly relevant to the Precinct: industrial, office/ commercial, residential and retail.

5.1 THE AUSTRALIAN ECONOMY

The Australia's economy continues to perform positively despite economic challenges linked to weaker global economic conditions and a high Australian dollar²⁴. The unresolved European crisis is driving a subdued global outlook, US economic growth has not been sufficient to bring employment back to its pre-crisis level and Chinese economic growth has softened²⁵.

In 2011-2012 Australian national economy was boosted by rapid mining investment and strong household growth consumption. As such Australia's economy has been stronger than other advanced economies. Notwithstanding this due to a high Australian dollar and global competition, industries such as manufacturing, tourism and international education are experiencing significant pressures.

Employment growth reached a low point in 2011-2012 (annual employment growth was close to that recorded during the Global Financial Crisis (GFC) in 2008). However, the latest results saw the unemployment rate decline by 0.1 percentage points from 5.2% in July to 5.1% in August 2012. This saw part-time employment fall by 9,300 people to 3,426,700 while full-time employment increased by 600 people to 8,071,400²⁶.

Over the same period nationally house prices have softened; however, there has been a stricter lending criterion since the GFC. It is suggested that growth is unlikely to return to the highs experienced in the past decade. As a result, household saving has increased, these higher saving rates are likely to be quite persistent and represent a return to more traditional patterns²⁷.

5.2 THE NEW ECONOMY

The New Economy is a term used to describe a knowledge and idea-based economy. In the New Economy the key to higher standards of living and job creation is the incorporation of innovative ideas and technologies in services, products and manufacturing processes. It is characterised by technological innovation, e-commerce, digital transformation, higher education, skills and open trade. It differs from the previous economy where there was less of a reliance on skills and education and the key driver of economic growth was the mechanisation of the production process.

²⁴ Colliers International, 2012, Sydney Research and Forecast Report.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Lowe, P., 2011, Changing Patterns in Household Saving and Spending.

Some of the key characteristics of the 'New Economy' as it emerges include:

- Higher levels of entrepreneurial dynamism and technological innovation due to increased competition. Such innovation is characterised by research and development, and is the key driver of productivity and ultimately wage growth, which benefits both consumers and the wider community;
- An increase in knowledge based employment that stems from technological innovation, highlighting the need for education and training;
- An improvement in the efficiency of the design and production process, resulting in faster times to the marketplace and to the end-user;
- An increase in diversity in the products and services provided to consumers;
- Increased reliance on the internet and other forms of information technology, especially in the service sector. 'Digitisation' (using digital information technologies to produce goods and services) is also a key driver;
- Globalisation of the marketplace;
- The restructuring of the hierarchical organisational structures with the emergence of the need for government to co-invest and collaborate with other organisations, so as to achieve a wide range of public policy goals; and
- An increase in the importance of understanding the changing economy.

The goal for economies that are adjusting to the global decline in traditional industry will be to continue to foster innovation and adaptation, to secure a range of employment options and industry diversity. In many industries, education and training, creativity and adaptation have become the principle sources of competitive advantage. Efforts made by communities to foster the New Economy need to be proactive so as to ensure that the community has access to tertiary education and lifelong learning opportunities.

5.3 INDUSTRIAL TRENDS

The industrial landscape of a country is by definition always changing. In this respect the spatial transformation of industrial land use can be the result of a combination of technological, social, economic, and policy trends. The advance of modern technologies in particular has been changing the methods of manufacturing production and the pattern of world trading. The global economy today consists of more sophisticated linkages between businesses which are designed to enable the efficient sharing of information and the delivery of goods through a global supply chain. Consequently, new linkages between sectors and regions are being created and industrial production and decision-making are increasingly becoming global in scope.

As a result notable job growth is not expected in traditional industrial sectors but rather the highly specialised and technological manufacturing sector (Advanced Manufacturing). Consequently, the demographic of the workforce will shift as an increasingly skilled workforce will be required. Combined with this, NSW planning policy has a strong mandate to retain employment land and generate more jobs to combat population growth. It must be recognised that whilst determining employment and industrial land demand based on a forecast of resident workers and/or jobs is sound, it does not often account for market or supply led demand.

Of particular relevance to the Concord West Industrial Precinct is the decline of Printing Companies. This could be attributed to the fact that consumers are increasingly choosing to receive information via alternative mediums, such as the internet, rather than via printed materials, leading to a decline in the preference for printed materials.

Due to the transformation of the industrial landscape, the State Government addresses the need for greater flexibility in its 2011 *Employment Lands Task Force Report*:

Many contemporary industrial uses, particularly in an Australian context, are now non-polluting and low impact, and often combine office functions with warehousing and distribution. There is also an ever increasing amount of 'clean' high technology industries, including research and development, information and communications and advanced manufacturing. These low-impact industrial uses are compatible with many other employment generating uses, such as large-format retailing and stand-alone offices. Given that the nature of industry has changed significantly in recent times, the concept of a "traditional" industrial zone may need to be reconsidered. For example, increasing the flexibility of industrial zones by increasing the range of mandatory permissible uses, allowing additional local uses in specialised locations, and assessing trends in industrial zones and uses in other cities, both nationally and internationally, will help to ensure Sydney continues to remain competitive as a global city.

In addition to these considerations population growth is leading to an increasing need for residential land in addition to a strong State government directive to provide more housing. It is trying to harmonize the location and type of industrial and residential development with the demands of the market, which raises the level of complexity of the issue.

The Canada Bay LGA is representative of the above mentioned trends. The population is growing, the number of dwellings has increased and there is potential to redevelop some of the older style industrial estates into hi-tech light industrial developments. The Concord West Industrial Precinct located in the Canada Bay LGA is some of the last remaining industrially zoned land on the far west side of the LGA. The Canada Bay Local Planning Strategy identifies that the Precinct should be retained for industrial uses in the medium term. However, it is understood that landowners have registered interest in determining whether alternative zoning (i.e. residential) is appropriate for the Precinct.

5.4 RESIDENTIAL TRENDS

Demand for housing in Sydney remains strong as a result of population growth and high levels of employment. Supply has been restricted as a result of high land prices, lack of suitable development sites and difficulty for many developers securing finance. A combination of strong demand and restricted supply indicates that the outlook for the residential property market remains positive.

The key drivers to Sydney's residential property market are:

- Interest rates underpinning affordability;
- A long term trend towards smaller household sizes;
- High cost of ownership forcing more people to rent maintaining a strong demand for rental properties;

- Downsizing of empty nesters, and home owners under pressure of large mortgage repayments;
- Strong population growth from international migration and natural increase; and
- Government incentives such as the First Home Owner Grant and Stamp Duty Exemption in NSW for purchase of off-the-plan dwellings by first home buyers.

In combination with the above mentioned residential property market trends, the State government has a strong mandate to provide housing. As discussed in Chapter 4 the draft *Metropolitan Strategy for Sydney 2031* states that "a strong housing market is critical to Sydney's economic success"²⁸. Due to the above mentioned residential property trends (such as population growth and smaller household sizes) the Strategy states that a variety of housing choice is required across Sydney so that people can work locally and can easily access shopping, education and services. The Strategy states that the trend for new housing to be located in the Metropolitan Urban Area (including the Canada Bay LGA) is expected to continue over the next 15 years. This reflects a growing preference for housing and apartment living in existing urban areas in close proximity to transport and services.

In relation to the Concord West Industrial Precinct it is understood that historically the section of land located to the west of the north rail line, north of Parramatta Road and south of the present day Liberty Grove Development (residential development) was once entirely occupied by industrial uses. Over time the predominant land use character of this area has evolved into a mix of industrial, commercial, residential and recreational uses.

As discussed in Chapter 4 one of the contributing factors to sections of the Precinct being rezoned to residential is Canada Bay Council Concord Residential Strategy 1997. Whilst this Strategy has been superseded by the Canada Bay Local Planning Strategy, it details that in 1997 the former Concord Council promoted the rezoning of industrial land along the northern railway corridor, in particular within a radius around railway stations to residential. As a result, a significant amount of industrial land has been rezoned for residential purposes along this corridor.

The Sydney Region Metropolitan Development Program monthly monitor identifies that between November 2012 and January 2013 there were 1,235 dwelling approvals in the Inner West Subregion (which Canada Bay is part of) and there were 975 dwelling completions. Most significantly, 1,204 of the development applications and 730 of the dwelling completions occurred in Canada Bay LGA. This demonstrates that there is currently strong demand for residential dwellings in the Canada Bay LGA.

5.5 COMMERCIAL OFFICE TRENDS

The increasing affluence of NSW's population and growth of the New Economy (otherwise referred to as a knowledge and ideas based economy as discussed above) is expected to strengthen demand for commercial floorspace especially in key locations, close to tertiary education and transport links.

The key long term trend in office development has therefore been the growth in the service and knowledge sectors. These sectors relate to civil service and public sector administration; banking, insurance and finance;

²⁸ Draft Metropolitan Strategy For Sydney to 2031, 2013, page 12.

private sector administration (corporate headquarters etc.); business services (law, accountancy and consultancy) and consumer services (health, education, media etc.).

"Service sector organisations, both public and private sector, are the main users of office space."

Barkham (2002)

In the 1970s there were predictions that with technological advances a much larger proportion of people within the service and knowledge sectors would work from home, reducing employers' overheads and demand for office floorspace. This phenomenon has not been realised, with technology increasing the amount of out of hours work taking place at home or on public transport, but more than 80% of the persons employed across Australia still work in business premises.

Rather than a move away from business premises, technological advances have contributed towards a greater choice of locations and higher densities of employment within offices, with wireless networks and the like facilitating initiatives such as "hot-desking".

Other relevant drivers of demand for commercial space are explained below.

Sustainable Communities: With rising fuel prices and the introduction of mandatory energy efficiency disclosure for large commercial buildings (>2,000sqm) by the Federal Government in the second half of 2010, sustainability will become an increasingly important driver of price and demand for office floorspace.

Work Life Balance / Lifestyle Choices: An increase in the number of working hours per household has resulted in time pressures for the workforce. Linked to this is the impact of a greater proportion of dual earning households that means less time for family responsibilities. The employment rate for women in Australia has steadily increased from 29% in 1954 to 47% in 1980 to 61% in 2000 with almost half of these having dependent children. In addition a large number of workers are responsible for caring for an ageing population (population aged 65 years and over projected to rise from 12% in 1999 to 22% in 2030 and 26% in 2050).

As a result work places that enable workers to conveniently combine paid work, leisure and family responsibilities are becoming increasingly attractive. Business parks and large scale CBD / edge of centre developments have generally endeavoured to emulate these features to some degree but often do not provide the diversity and mix of uses to compete with a vibrant CBD/centre location.

It is considered that the need for offices to be conveniently located within a vibrant mix of uses will become increasingly important to office workers and their employers. As such, work places that enable workers to conveniently combine paid work, leisure and family responsibilities are likely to be attractive to employers and workers alike. CBD and centre locations must offer improved access to high quality retail shops and services as an added benefit which is often limited in business park locations. These should include a wide range of health, legal, banking and government related outlets, as well as consumer outlets.

Business Park Trends

With the decline of the office market in Australia in the 1970s and changes in business composition and technology, over the last 15 years there has been a significant shift in the location of office-based activities. This shift has been towards business park developments and industrial zones.

In 2010 Hill PDA undertook research with major industrial developers and investors to inform a study for the NSW Department of Planning & Infrastructure on the nature of modern industrial/business parks. This consultation confirmed the nature of these employment hubs has changed significantly over the past two decades.

Occupiers and investors alike are attracted to large sites in the ownership of a number (yet not extensive number) of major landowners with an interest in developing. In line with the increasingly advanced nature of manufacturing, the buildings within these locations have moved from a split of 50/50 (office/warehousing) towards 80/20. Another contributing factor to this shift has been that office occupiers tend to be more reactive, only being attracted to a new location once it has been established and gained momentum. Ample car parking and good access to major road infrastructure were stated as key requirements.

Business parks are now recognised as highly successful. Consistent across these parks are the following key characteristics:

- They are predominantly office parks with a component of warehousing (closely aligned to the changing nature of industry and manufacturing), and in some cases a component of research and development and high-technology users;
- Apart from providing A-grade commercial space, often with cheaper rent than CBD locations, business parks enable purpose designed buildings and plenty of on-site car parking;
- The provision of on-site amenities that attract large corporations, which follows in the footsteps of business park developments in Britain and the USA;
- They hold a sense of prestige which is a further factor that attracts large corporations. Tenants sign up with a business park for its marketable image. There is a preference for a good clean suburb, which is away from polluting industries. Business parks enable large corporations to custom build their headquarters, providing them with their own standalone identity, which cannot be achieved in a City Centre building of mixed tenants;
- They have flexible floor plates and cheaper ground rent, which allows warehousing and office space to be integrated; and
- Closely linked to these characteristics many business parks develop/cluster adjacent to airports and as such are often referred to as 'Air Parks'.

Of particular relevance to this Study there is a significant amount of commercial office space located in close proximity to the Precinct at Sydney Olympic Park/Homebush Bay (approximately 4km from the Precinct) and Rhodes (approximately 2km from the Precinct). It must be noted that the commercial office space located at Olympic Park/Homebush Bay and the Rhodes Corporate Park takes the form of business parks.

The most recent commercial development at Sydney Olympic Park is located on 7 Murray Rose Avenue, Sydney Olympic Park. It covers a total of 6,000m² of office space and is set over 5 levels along with retail tenancies on the ground floor. The building targets a 5 Green Star rating from the Green Building Council of Australia and a 4.5 Star NABERS Energy and Water rating²⁹.

In addition, Rhodes Corporate Park provides 90,000 m² of campus style office space³⁰. The Corporate Park is comprised of a number of commercial buildings. Building F was completed in December 2012 (and is the last

²⁹ <http://www.7murrayrose.com.au/>

³⁰ <http://www.gjsproperty.com.au/project/details.aspx?ProjectID=12>.

commercial site to be development in Rhodes). It has a 5 Green Star (GBCA – As Built) and 5 NABERS (Energy) ratings. The building contains 17,790sqm PCA A Grade commercial office building with large floor plates ranging from 1,899sqm to 2,777sqm³¹.

Therefore, it is apparent that there is a large amount of new office space surrounding the Precinct. Of particular relevance, the Rhodes Corporate Park is located on the former Tulloch's Phoenix Iron Works which was an Australian engineering and railway rolling stock manufacturer. This represents that the broader trend in the Canada Bay LGA is a change in land use from commercial to industrial.

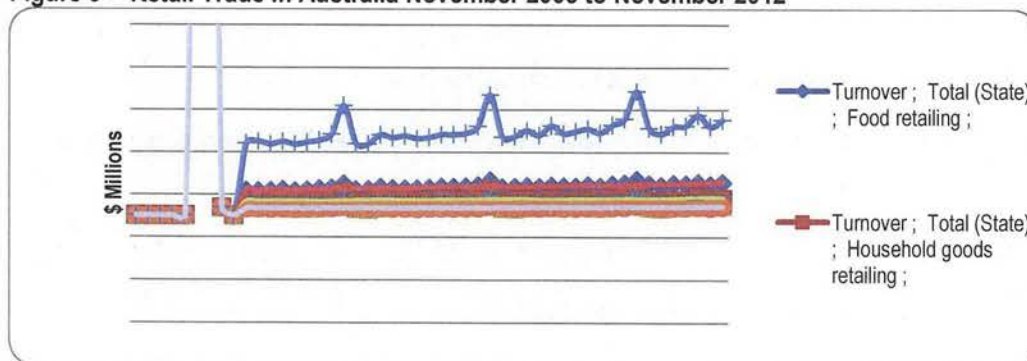
5.6 RETAIL TRENDS

Retail is an important sector of the Australian Economy. In 2009-10 retail contributed 4.3% to the Country's Gross Domestic Product (GDP) and in 2011, 11% of Australian employees worked in the retail industry³². Recent trends suggest that retail sales are increasing after a decline following the GFC. Retail sales recorded growth of 3.0% between November 2011 and November 2012³³. However, the rate of growth has not been even across retail sectors.

Since November 2008 spending has risen on cafes, restaurants and takeaway food services (31%) and retail food/groceries (18%). Spending on 'other retailing' – which is defined by the ABS as newspapers, books, stationary, flowers, recreational goods, pharmaceutical, cosmetic and toiletry goods – also recorded strong growth (18%). In contrast spending was much weaker in department stores (2%), household goods (6%) and clothing, footwear and personal accessory retailing (3%) over the same period (as shown in Figure 5 below).

Retailers in these latter non-food discretionary categories are therefore experiencing challenging times, as consumers have become cautious and increased household savings in response to uncertainty surrounding the national and Global economy. As stated in section 5.1, the Reserve Bank of Australia recorded the savings rate at 10% of disposable income at the start of 2011 which was the highest level in 20 years.

Figure 6 - Retail Trade in Australia November 2008 to November 2012



Source: Source: 8501.0 - Retail Trade, Australia, Nov 2012 – seasonally adjusted

Whilst retailing is not a major factor affecting the Precinct, it is important to note trends affecting retailing.

³¹ Colliers International, 2012, Sydney Metropolitan Office Research and Forecast Report.

³² Source: ABS Census 2011

³³ Source: 8501.0 - Retail Trade, Australia, Nov 2012

5.7 CITY OF CANADA BAY'S DEMOGRAPHIC TRENDS AND DRIVERS

In terms of **population** the 2006 and 2011 ABS Census data demonstrates that:

- The population of the City of Canada Bay has grown by 15.2% between 2006 and 2011 compared to 6.6% growth in Greater Sydney (GCCSA) over the same period;
- Most households in the LGA are couple families with children;
- The median age of residents is lower than the wider Sydney Region;
- The average number of people per household remained at 2.5, this is lower than the average for Greater Sydney (2.7);
- The presence of higher earning households in the LGA is above average when compared to the Sydney SD and has increased since 2006; and
- The LGA has a higher rate of employment in comparison to the Greater Sydney Region.

In terms of **housing** the 2006 and 2011 ABS Census Data demonstrates that:

- The City of Canada Bay contained 28,015 dwellings in 2011 the majority of which (45.5%) were detached;
- The LGA experienced an increase of 3,840 dwellings between 2006 and 2011;
- In the Canada Bay LGA in 2011, 33.3% of residents owned their homes, 33.1% rented their homes and 31% owned their homes (with a mortgage);
- The majority of households were family households (approximately 71.7%); and
- Residents of the City of Canada Bay spent 36% of their income on their mortgage per month and 26% of their income per month on rent.

In terms of **employment** the 2006 and 2011 ABS Census Data demonstrates that:

- There has been strong employment growth in the Canada Bay LGA, with the LGA achieving an increase of 5,447 jobs since 2006; and
- The LGA has a high proportion of professionals (approximately 31.9%).

In terms of **population forecasts** BTS 2012 data demonstrates that:

- The population in the Precinct is expected to increase by 1,144 toward 2046, representing an annual growth rate of 1.18%. When this is compared to the Canada Bay LGA (annual growth rate 0.72%) it is apparent that the Precinct is expected to have a notably higher rate of growth (refer to Table 6).

Table 6 - Canada Bay LGA and Concord West Precinct Population Forecasts

	Canada Bay LGA	Concord West Precinct (TZ 1507)
2011	81,320	2,253
2016	89,895	2,261
2021	92,657	2,264
2026	94,417	2,511
2031	96,510	2,743
2036	98,859	2,954
2041	101,504	3,180
2046	104,473	3,397
Increase 11 - 46	23,153	1,144
Proportion increase 11 - 46	28%	51%
Annual Growth 11-46	0.72%	1.18%

Source: BTS Population Forecasts 2012

5.8 IMPLICATIONS OF TRENDS AND DRIVERS FOR THE PRECINCT

The implications of the trend research undertaken in this Chapter are:

- Historically the section of land located to the west of the north rail line, north of Parramatta Road and south of the present day Liberty Grove Development (residential development) was once entirely occupied by industrial uses. Over time the predominant land use character of this area has evolved into a mix of industrial, commercial, residential and recreational uses.
- In combination with the above referenced trend, employment generation on industrial land is declining as a result of rationalisation with advanced technology allowing the same employment functions to be performed with a reduced number of workers. As a result notable job growth is not expected in traditional industrial sectors but rather the highly specialised and technological manufacturing sector (Advanced Manufacturing). Consequently, the demographic of the workforce will shift as an increasingly skilled workforce will be required;
- This trend is reflected by the closure of the Chippendale Printing Company and Fred Hosking Pty Ltd (printing company) which has resulted in a loss of approximately 350 jobs in the Precinct since 2006.
- In comparison to 2006, the Precinct currently has a greater variety of uses. There has been a decline in industrial land uses and an increase in commercial, residential and recreational uses. This demonstrates a shift away from traditional industrial land uses. In line with this trend is the declining number of industrial and blue collar jobs in favour of retail jobs and jobs in the knowledge sector. This decline in industrial and blue collar jobs can also be attributed to an increasingly affluent and educated resident population along with the growth of the knowledge economy.
- Despite this, the findings from our 2013 audit demonstrate that there has been increase in the number of employees in the Precinct since 2006, however, it must be noted that the Westpac Concord Campus (data processing centre) accounts for a large portion (89%) of those currently employed in the Precinct. Therefore, those employed in the Precinct are not evenly spread across the Precinct rather they are concentrated in one commercial business.

6. MARKET DEMAND IN THE PRECINCT

The following Chapter analyses trends and factors influencing the industrial and residential markets within the suburb of Concord West and its surrounds. It also investigates the sale prices and rental values for industrial and residential uses based on detailed discussions with market and industry experts as well as a review of relevant property databases. These factors in turn inform the feasibility modelling undertaken in Chapter 7.

6.1 INDUSTRIAL MARKET OVERVIEW

As discussed in Chapter 5, the demand for industrial floorspace continues to be influenced by the globalisation of trade and the increasing dominance of information technology by businesses. The global supply chain has evolved into an alignment of firms that design, develop, market and produce goods and services and deliver to the end user as required. The face of traditional manufacturing is therefore changing, becoming more efficient amid the use of new technologies and equipment. These savings in efficiency have resulted in corresponding savings in labour costs and the demand for floorspace.

As a consequence, the rate of development of industrial land and floorspace across the State has generally been outpaced by the rate of employment growth. This trend however varies considerably between types of activity. In manufacturing and wholesale trade, employment growth has either declined or remained stagnant, with a few exceptions. In contrast, the sectors of transport and storage have shown strong growth in employment numbers.

The GFC saw a slowdown in global demand for the manufacturing and industrial sectors which directly impacted the demand for industrial space. In Australia, the impact of the rising Australian dollar compared to the US Dollar and other major currencies further impacted the retail, manufacturing and industrial sector. This has resulted in a fall in demand for pre-commitments and difficult credit conditions causing industrial land values to fall, in some cases by as much as 40%-50% over the post-GFC period. Since the GFC, industrial land values have recovered slightly however the scarcity of debt funding continues to plague this market sector.

6.1.1 CONCORD WEST AND SURROUNDS

The Inner West industrial market generally comprises the suburbs of Homebush, Rydalmere, Silverwater, Granville and Auburn. In this market, land values are generally found to have fallen in tandem with the market for industrial land elsewhere in Sydney to generally between \$300/sqm and \$500/sqm. The following key indicators provide a snapshot of this sub-market of Sydney's broader industrial property market.

Table 7 - Key Indicators of Sydney's Inner West Industrial Market

Grade	Average Net Face Rents (pa)	Incentives	Average Capital Values (/sqm)	Land Values (>2,000sqm)	Average Market Yield
Prime	\$115/sqm - \$140/sqm	8% - 10%	\$1,600 - \$1,850	\$300 - \$500/sqm	7.50% - 8.25%
Secondary	\$95/sqm - \$115/sqm	10% - 12%	\$1,200 - \$1,500	\$300 - \$500/sqm	9.00% - 10.00%

Source: Colliers International, Sydney Industrial Research and Forecast Report, Second half 2012

Concord West comprises a mix of industrial uses, with occupier usage including wholesalers, manufacturers, installation services general storage etc. Most of the current stock is ageing and of secondary, low grade quality.