



# Melrose Park South Economic Impact Assessment

Prepared for  
Holdmark Pty Ltd

April 2020

**HiIPDA**  
CONSULTING

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# EXECUTIVE SUMMARY

HillPDA was commissioned by Holdmark Pty Ltd to undertake an economic impact assessment in support of a planning proposal for the Holdmark sites in the Melrose Park Southern Precinct.

The Plan seeks to rezone the land from IN1 General Industrial to R4 High Density Residential and RE1 Recreation.

A structure plan has been adopted for the Northern Precinct proposing a high density development comprising retail, commercial, residential and community uses. Council has adopted a draft structure plan for the Southern precinct and the planning proposal is in accord with that structure plan.

## Background

The Parramatta Employment Lands Strategy 2016 cited the uncertainty surrounding the pharmaceutical industry's prospects and the size and significance of the Melrose Park precinct as justification for the preparation of a Structure Plan for the overall precinct. The precinct has two parts:

- The Payce Consolidated holdings in the Northern Precinct include sites formerly owned by Pfizer Australia and Reckitt Benckiser. The manufacturing operations at both sites have closed in the past five years
- Within the Southern Precinct there are two pharmaceutical companies — Eli Lilly Australia on the Holdmark east site and GlaxoSmithKline Australia on the Holdmark West site. The addresses are 112 Wharf Road and 82 Hughes Avenue respectively. Manufacturing operations are continuing to scale down with GlaxoSmithKline Australia being the only pharmaceutical company still manufacturing in the overall precinct.

The Parramatta Employment Lands Strategy estimated that there was a total of 2,546 employees in the Melrose Park Industrial Precinct based on 2011 Journey to Work data – equivalent to an employment density of 49 persons per hectare. However, in the intervening period since 2011 the pharmaceutical industry has been through a major restructuring phase which has resulted in significant job losses in the precinct. Around 450 jobs were lost from 2011 to 2016 and job numbers are continuing to decline.

The Parramatta Employment Lands Study 2013 found that strong demand for housing, a decline in traditional manufacturing and the poor location of some employment lands presented an opportunity to rezone some land for residential or mixed uses.

The Southern Precinct fits these criteria:

- It is in high demand for residential uses because of its waterfront position and proximity to major employment centres and amenities. The precinct looks across the Parramatta River to Wentworth Point and Rhodes, two examples of the strong preference currently being displayed for medium to high rise waterfront residential developments
- It is, or was, an industrial precinct dominated by pharmaceutical companies. The precinct's pharmaceutical cluster is currently undergoing a major restructuring which has seen manufacturing components increasingly moving offshore, leaving only the commercial aspects of the business which do not require industrial size floorplates
- The precinct is 1km from a major arterial road and is accessed via a residential area and school zone.
- The precinct is on the route of the Parramatta Light Rail which will link up to Parramatta and Sydney Olympic Park Metro Station

Holdmark Pty Ltd and Goodman Pty Ltd are the two major landowners in the Southern Precinct (the area south of Hope Street). In 2017 they jointly prepared a draft Structure Plan for the Southern Precinct. The Plan sought to vary the zoning and development controls to allow for medium to high density development with a base FSR of 2:1 and maximum building height of 18 storeys.

Following a public exhibition period the Melrose Park South Structure Plan was adopted by Council which now allows Holdmark to lodge a Planning Proposal for their lands. Council made changes to the earlier structure plan after consideration of all the submissions following the exhibition period.

As the pharmaceutical industries relocate there's a high probability that the Holdmark sites will remain vacant for some time, both because the residual buildings are specialised to pharmaceutical manufacturing rather than to another industrial use and also because the location of the sites, at the bottom of a peninsula and surrounded by residential uses, limits the types of manufacturing activities that can be undertaken.

It's unlikely that these large sites will be absorbed by warehousing, transport, distribution and logistics businesses, which have increasingly shifted their preferred locations from the inner city to the Outer-West and South-West of Greater Sydney to take advantage of improvements to the outer orbital ring roads and motorways (M5 and M7) and the proposed development of intermodal facilities such as the Moorebank Intermodal.

## Summary of Economic Benefits

Based on the floor areas endorsed by Council, development of the Holdmark sites would have the following economic impacts:

- A net increase of approximately 1,925 residential apartments accommodating an additional population of 4,400, equivalent to 3.2% of the projected growth in the Parramatta LGA population from 2021 to 2041
- These residents will spend around \$64m a year on retail goods and services which will support jobs in both the Northern Precinct and Southern Precinct local centres, as well as other surrounding centres
- The proposal will include new affordable housing in close proximity to employment, transport and amenities
- The proposal will provide 1,000sqm of employment uses – 600sqm for food and other local retail and commercial services and 400sqm for a child care centre
- The proposal will provide 160 new jobs on site.
- Construction will provide 1,841 direct job years directly in construction on site and a further 5,552 job years through multiplier impacts

There will be net loss of jobs on the Holdmark sites but this needs to be considered against the whole of Northern and Southern Structure Plans. The bulk of employment uses is being planned for on the Hope Street site and on the Payce site to the North of Hope Street. The redevelopment of the entire Melrose Park Precinct would accommodate a population of around 22,000 persons (5.8% of the additional projected population for the Parramatta LGA between 2021 and 2041). In addition, the proposed employment uses across the precincts have the potential to create up to 1,320 jobs in industries which are projected to experience strong growth.

The Sydney Region Plan and the Central City District Plan give impetus to the need to create housing and employment opportunities in proximity to transport and amenities. The Structure Plan and the planning proposal accords with these strategies.

# 1.0 INTRODUCTION AND BACKGROUND

HillPDA was commissioned by Holdmark Pty Ltd to undertake an economic impact assessment of a planning proposal of the Holdmark sites in the Southern Precinct of Melrose Park (see Figure 1) which they intend to lodge with City of Parramatta Council. The planning proposal accords with the structure plan for the Southern Precinct adopted by Council.

## 1.1 Context of structure plans

The Draft Parramatta Employment Lands Strategy was released by Parramatta City Council in December 2015. The Strategy recommended that a Structure Plan be prepared for the Melrose Park Precinct that considers future uses in the precinct and opportunities for urban renewal.

Over 90% of the precinct bounded by Victoria Road and Hope Street is in the ownership of Payce Consolidated Ltd (Payce). Payce lodged a Structure Plan and Planning Proposal for the Northern Precinct in February 2016 which has since received Gateway approval.

**Figure 1: Melrose park precinct**



Source: Six Maps, City of Parramatta Council

Payce proposed to City of Parramatta Council that rather than a single Structure Plan for the entire precinct separate Structure Plans should be prepared for the Northern and Southern Precincts. Council supported the application. The Northern Structure Plan was placed on public exhibition in September 2016 and adopted in December 2016.

### 1.1.1 Northern structure plan

The Structure Plan for the Northern Precinct attained amendments within the controls including heights of up to 18 storeys and a gross FSR of between 1.85 and 1.6:1.

The land subject to the Northern Structure Plan currently contains the following land uses under Parramatta LEP 2011 (PLEP 2011):

- IN1 General Industrial
- B4 Mixed Use
- SP1 Special Activities (Places of Public Worship)
- R2 Low Density Residential.

The Structure Plan seeks to rezone the land for the following uses:

- B2 Local Centre
- B4 Mixed Use
- R4 High Density Residential
- RE1 Public Recreation.

Payce's holdings include 657-661 Victoria Road and 4-6 Wharf Road, an area of 4.5ha fronting Victoria Road. Although part of the Northern Precinct Structure Plan this land is already zoned B4 with a maximum FSR of 2:1 and maximum height of 28m. It is understood that concept approval has been given for 1,072 apartments and 696sqm of commercial floorspace. Stages 1 and 2 has commenced and Stage 3 has been approved. Stage 4 is going through redesign.

Payce lodged a Planning Proposal, alongside the Northern Structure Plan, covering the remainder of its holdings at 38-42, 44 and 44A Wharf Road (an area of 32ha) seeking the following yields:

- Around 5,050 dwellings, including a number of affordable housing apartments
- Commercial uses – minimum of 15,000sqm GFA
- Retail uses – 10,500sqm GFA
- Community uses – 3,000sqm GFA
- Childcare – 1,500sqm GFA.

The planning proposal seeks to vary height controls to a new maximum 65 metres (equivalent to 18 storeys), with an overall floorspace ratio of 1.95:1. The yields will be reduced to fit within an overall FSR of 1.6:1.

### 1.1.2 Southern structure plan

Holdmark Pty Ltd and Goodman Pty Ltd are both landowners within the Southern Precinct. In 2017 they jointly prepared a draft Structure Plan for the Southern Precinct on behalf of all landowners.

The Structure Plan prepared for the Southern Precinct was fully integrated with the Northern Precinct. The Plan sought to rezone the land from IN1 General Industrial to B4 Mixed Use, R4 High Density Residential, SP2 Educational Establishment and RE1 Public Recreation. It sought to vary development controls to allow for medium to high density development with a base FSR of 2:1 and maximum building height of 18 storeys.



## 1.2 Revised Southern structure plan

The Melrose Park South Structure Plan has finally been adopted by Council which allows Holdmark to lodge a Planning Proposal for their lands. Council made changes to the earlier PP after consideration of all the submissions following the exhibition period. The Revised Structure Plan is shown in Figure immediately below

**Figure 2: Council's adopted structure plan for the Southern precinct**



Source: Council Planning Report, December 2019

Council's revised height and FSR controls are as follows:

Figure 3: Development Yield under Council's adopted structure plan

	Site Area	GFA	FSR	Max Height (m)
LOT S1 (TBC)	12608	12608	1.0	12
LOT S2	4178	11643	2.8	20
LOT S4	4186	8812	2.1	20
LOT S3	8074	18533	2.3	20
LOT S5	7948	30465	3.8	58
LOT S16	11093	43355	3.9	58
LOT S6	5128	14991	2.9	26
LOT S8	10458	26515	2.5	26
LOT S7	4754	15600	3.3	58
LOT S9	6380	16656	2.6	58
LOT S10	9539	45436	4.8	63
LOT S12	9508	32241	3.4	64
LOT S13	7328	16429	2.2	26
LOT S14	6217	22135	3.6	26
LOT S15	6763	12230	1.8	26
Overall Net FSR	114160	327649	2.9 :1	
Mixed Precinct	24390	33064	1.36 :1	
Site Area (Holdmark West)	51607	92353	1.79 :1	
Site Area (George Weston)	22823	41506	1.82 :1	
Site Area (Powerlines)	16472	32256	1.96 :1	
Site Area (Goodman)	25593	45436	1.78 :1	
Site Area (Holdmark East)	42694	70805	1.66 :1	
Site Area (Hope St sites)	6740	12230	1.81 :1	
Total	190319	327649	1.72 :1	

Source: Council Planning Report, December 2019

### 1.3 Proposed employment uses

The earlier Southern Structure Plan included 1,700sqm GFA of community uses and 7,500sqm GFA of non-residential floorspace. The new structure plan includes 3,000sqm of non-residential uses. The majority of this space (around 2,000sqm) will be in a neighbourhood centre on Hope Street adjacent to Melrose Park Public School to the north of the Holdmark East site.

The Holdmark sites would accommodate the remaining 1,000sqm of non-residential uses. 600sqm of this space will largely be in the form of convenience retailing and food services for Wharf Street and the bottom of Atkins Road which would support the redevelopment George Kendall Riverside Park. The remaining 400sqm will be a child care centre.

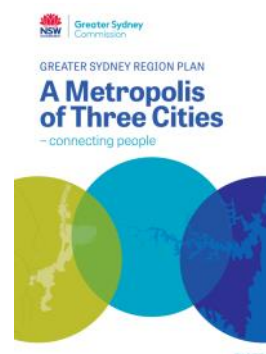
## 2.0 PLANNING CONTEXT

This Chapter undertakes an appraisal of the planning and legislative context for the proposed rezoning based on State, Subregional and local planning guidelines. It considers matters relating to the planning proposal and development from an economic impact perspective only.

### 2.1 Greater Sydney Region Plan

The *Greater Sydney Region Plan* (the Plan) was prepared by the Greater Sydney Commission (GSC) and released in March of 2018. The Plan sets out a vision, objectives, strategies and actions for a metropolis of three cities across Greater Sydney over the next 40 years. These three cities are referred to as the Eastern Harbour City, Central River City and Western Parkland City.

The subject site is located in the Central River City. This region is identified for considerable investment in infrastructure, with the key catalysts being the focus on growing Parramatta as a city.



**Table 1: Greater Sydney Region Plan – relevant directions and objectives**

Relevant directions	Relevant objectives
<b>A city supported by infrastructure</b>	<ul style="list-style-type: none"> <li>Infrastructure supports the three cities</li> <li>Infrastructure aligns with forecast growth – growth infrastructure compact</li> <li>Infrastructure adapts to meet future needs</li> <li>Infrastructure use is optimised</li> </ul>
<b>A city for people</b>	<ul style="list-style-type: none"> <li>Services and infrastructure meet communities' changing needs</li> <li>Communities are healthy, resilient and socially connected</li> <li>Greater Sydney's communities are culturally rich with diverse neighbourhoods</li> <li>Greater Sydney celebrates the arts and supports creative industries and innovation</li> </ul>
<b>Housing the city</b>	<ul style="list-style-type: none"> <li>Greater housing supply</li> <li>Housing is more diverse and affordable</li> </ul>
<b>A city of great places</b>	<ul style="list-style-type: none"> <li>Great places that bring people together</li> <li>Environmental heritage is identified, conserved and enhanced</li> </ul>
<b>A well-connected city</b>	<ul style="list-style-type: none"> <li>A Metropolis of Three Cities – integrated land use and transport creates walkable and 30-minute cities</li> <li>Western Economic Corridors are better connected and more competitive</li> </ul>

Source: Greater Sydney Regional Plan, Greater Sydney Commission, 2018

Delivery of these directions and objectives will mean that homes in Western Sydney will become increasingly connected to jobs and essential services. These jobs and essential services will be concentrated within the centre hierarchy identified in the Region Plan.

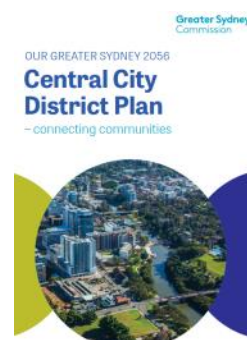
## 2.2 Central District Plan

The Greater Sydney Commission released the Central City District Plan in March 2018. The Plan supports the actions and outcomes of the Greater Sydney Region Plan with additional 'Planning Priorities' that are focussed on the Central City District. These two plans are coordinated and integrated, particularly in relation to key objectives, strategies and priorities.

The subject site is part of the Central City District and is identified as being at the core of the Greater Parramatta Metropolitan Centre.

In relation to the Central City District, the District Plan states that it *"will grow substantially, capitalising on its location close to the geographic centre of Greater Sydney. Unprecedented public and private investment is contributing to new transport and other infrastructure leading to major transformation."*

Through its objectives, strategies and corresponding analysis, the Greater Sydney Commission, promotes a range of considerations that are particularly important to consider in the context of this analysis.



**Table 2: Central City District Plan – relevant matters**

Theme	Reference	Summary
Delivering integrated land use and transport planning and a 30-minute city	Planning Priority C9	Mixed use and transit orientated development is the co-location of residential, commercial and recreational spaces adjacent to a major transport node, coupled with open and accessible design principles effectively support the creation of a 30 minute city.
Establishing a target for housing provision in the right locations	Planning Priority C5	The District Plan identifies a "priority in providing housing supply, choice and affordability, with access to jobs, services and public transport". New housing must be in the right places to meet demand for different housing types, tenure, price points, preferred locations and design. Housing supply must be coordinated with local infrastructure to create liveable, walkable and cycle-friendly neighbourhoods with direct, safe and universally designed pedestrian and cycling connections to shops, services and public transport.
Providing housing supply, choice and affordability, with access to jobs, services and public transport	Planning Priority C5	The District Plan stresses that, <i>"Planning for housing needs to consider the type of dwellings required to respond to expected changes in household and age structures. The number of single person households is expected to increase by 81 per cent over the 20 years to 2036."</i>
Industrial and urban services land is planned, reviewed or retained and managed.	Planning Priority C11	Undertaking a review of all industrial lands to confirm their retention or transition to higher order uses (such as business parks) and prepare appropriate controls to maximise business and employment outcomes, considering the changing nature of industries in the area (Action 49)

The proposed development is consistent with the policy directions of the Central City District Plan in terms of contributing to mixed use development, transit orientated development and increased housing supply. While it is consistent with Priority C11 in terms of reviewing the industrial lands the intention of Action 49 is to review industrial zoned lands to accommodate new industries and employment uses – not residential only development. Nevertheless the earlier gateway approval means that this area was recognised for future housing prior to the making of the district plan and therefore would enjoy transitional rights.



## 2.3 Parramatta Employment Lands Strategy 2016

The Parramatta Employment Lands Strategy was adopted by Parramatta City Council in 2016. The Strategy recommended that a Structure Plan be prepared for the Melrose Park precinct which considers future uses in the precinct and opportunities for urban renewal.

The following actions apply to the precinct:

- A3 – Rezoning to zones that facilitate higher employment densities
- A6 – Prepare Structure Plans for Key Employment Precincts which are undergoing economic change
- A8 – Structure Plan precincts will not result in a decrease to employment density
- A11 – Proposed rezoning must be supported by an Economic Impact Study.

The majority of the Holdmark sites will be developed largely for housing (with the exception of 1,000sqm of employment floor space) which is not consistent with the Action 3 and Action 8 above. However the planning proposal does accord with Action 6 in that it accords with Council's adopted structure plan for the Melrose Park precinct. The planning proposal needs to be considered as part of the wider precinct and the higher density employment areas are destined on sites other than the Holdmark sites.

The main supporting document that provided the base to the strategy was the *Parramatta Employment Lands Study 2013* prepared for Council by Cox Richardson Architects & Planners, Jones Lang LaSalle and Strategic Economics. The study found that if existing lands are well utilised and aligned with demand Parramatta's employment precincts could manage a net reduction of 10-15% of existing zoned employment lands over the long term.

The following justifications were provided for the reduction:

- Parramatta has strong drivers for growth around the Parramatta CBD, the adjacent Rydalmere campus of University of Western Sydney and the Westmead Health Precinct. The dynamics of economic growth, combined with the relative accessibility to Sydney's major employment and cultural destinations, is spurring faster than expected population growth. This is increasing demand for housing and better utilisation of existing land resources
- Employment projections indicate that employment will continue to decline in some traditional manufacturing industries resulting in some surplus lands
- Some existing employment lands are poorly located, surrounded by residential activities and not located on arterial roads

The Draft Parramatta Employment Lands Strategy (2015) stipulates that any proposed rezoning of industrial land must be supported by an Economic Impact Study that addresses the Industrial Lands Strategic Assessment Checklist. This is provided in the table immediately below.

**Table 3: Industrial Lands Strategic Assessment Checklist**

Checklist Item	Assessment
Is the proposed rezoning consistent with State and/or Council strategies on the future role of industrial lands?	<p>The proposed development is consistent with the policy directions of the Central City District Plan in terms of contributing to mixed use development, transit orientated development and increased housing supply. While it is consistent with Priority C11 in terms of reviewing the industrial lands the intention of Action 49 is to review industrial zoned lands to accommodate new industries and employment uses – not residential only development. Nevertheless the earlier gateway approval means that this area was recognised for future housing prior to the making of the district plan and therefore would enjoy transitional rights.</p> <p>The 2013 Parramatta Employment Lands Study however identified the potential for a 10-15% net reduction in employment land over the long term and the strategic significance of the precinct is now less clear given the decline in pharmaceutical manufacturing and associated employment within the precinct.</p>
Is the site: a) Near or within direct access to key economic infrastructure? b) Contributing to a significant industry cluster?	<p>The site is 1km from an arterial road and is accessed via a residential area and school zone. After development of the Northern Precinct the subject site will eventually be surrounded by residential uses.</p> <p>The Southern Precinct is part of the Melrose Park IN1 General Industrial Precinct, which is dominated by the pharmaceutical industry. However, the pharmaceutical industry is currently undergoing a major restructuring phase which has progressively seen manufacturing operations move offshore. Pfizer and Reckitt Benckiser have both ceased manufacturing operations in the precinct in the last five years, while Eli Lilly, one of the current tenants in the Southern Precinct, ceased manufacturing operations in 2008.</p>
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?	<p>The planning proposal covers an area of approximately 9.4ha, equivalent to 1.5% of the 665.23ha of industrial land in the Parramatta LGA<sup>1</sup> and 0.20% of industrial land (developed and undeveloped) in the central west subregion<sup>2</sup></p> <p>The Parramatta Employment Lands Study 2013, commissioned by Parramatta City Council, found that if existing lands are well utilised and aligned with demand Parramatta's employment precincts could manage a net reduction of 10-15% of existing zoned employment lands over the long term.</p>
How would the proposed rezoning impact on the achievement of the subregion/region and LGA employment capacity targets and employment objectives?	<p>The district plan aims to accommodate 55,000 more jobs in Parramatta LGA between 2016 and 2036. Based on Bureau of Transport Statistics employment projections (see Table 2), only 6.9% of the growth in employment between 2016 and 2036 is anticipated to be in industrial land based sectors (manufacturing, wholesaling, construction, transport and warehousing).</p> <p>While the planning proposal will result in a net decrease in employment, the increase in the residential population will not only help meet the Strategy's housing targets, but provide a substantial workforce in close proximity to existing and future employment centres including Parramatta, Rydalmere, Camellia, Sydney Olympic Park, Macquarie Park and Westmead.</p> <p>It is estimated that the planning proposal will provide 160 jobs, including residents working from home and the resident population of 4,400 will support the retail facilities in the Northern Precinct and surrounding centres.</p>

<sup>1</sup> Parramatta City Council: Draft Parramatta Employment Lands Strategy 2015

<sup>2</sup> NSW Department of Planning and Environment: Employment Lands Development Program 2018

Checklist Item	Assessment
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, econ-industrial or biomedical industries?	<p>The planning proposal is consistent with the adopted Northern and Southern Structure Plans. If the Holdmark sites remained zoned industrial then the following arguments relate to its suitability:</p> <ul style="list-style-type: none"> <li>■ The precinct will be surrounded predominantly by residential uses</li> <li>■ The precinct will be isolated from other industrial uses</li> <li>■ Land use conflicts with neighboring residential uses would preclude econ-industrial uses</li> <li>■ The precinct is unlikely to have mass appeal to high-tech industries given that these industries are increasingly looking to locate in areas with higher amenity and business agglomeration</li> <li>■ There are stronger agglomeration opportunities for biomedical industries at the Westmead Health Precinct.</li> </ul>
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 subject site has not been identified for an alternative purpose in NSW Government or endorsed council planning strategies. The Northern Precinct has had Gateway approval and the Structure Plan for the Southern Precinct has been adopted by Council.

## 2.4 Section 9.1 Direction 1.1

The section below addresses the five key requirements of Direction 9.1 in relation to Business and Industrial zoned lands:

### 2.4.1 Encourage employment growth in suitable locations:

The Parramatta Employment Lands Strategy identifies the decline of the pharmaceutical industry in Melrose Park as a justification for recommending the preparation of a Structure Plan for the overall precinct:

- The Payce Consolidated holdings in the Northern Precinct include sites formerly owned by Pfizer Australia and Reckitt Benckiser. The manufacturing operations at both sites closed more than five years ago.
- Within the Southern Precinct there are two pharmaceutical companies —Eli Lilly Australia and GlaxoSmithKline Australia at 112 Wharf Road and 82 Hughes Avenue respectively. GlaxoSmithKline Australia is the only pharmaceutical company still manufacturing in the overall precinct but its operations are ceasing.

The Parramatta Employment Lands Strategy estimated that there was a total of 2,546 employees in the Melrose Park industrial precinct based on Census 2011 data – equivalent to an employment density of 49 persons per hectare. However, in the intervening period since 2011 the pharmaceutical industry has been through a major restructuring phase which has resulted in significant job losses in the precinct. Analysis undertaken by AEC Group<sup>3</sup> estimates that employment levels in 2016 in the Melrose Park IN1 precinct were over 50% lower than those recorded in 2011.

Given the progressive withdrawal of pharmaceutical manufacturing operations from the Melrose Park precinct it is important to consider what other potential industrial uses could be attracted to the Southern Precinct. Aside

<sup>3</sup> AEC Group: Melrose Park Economic Impact Assessment (prepared on behalf of Payce)

from the pharmaceutical industry, current uses comprise food manufacturing and distribution and a disparate group of wholesaling, logistics and manufacturing operations.

If GlaxoSmithKline and Eli Lilly move offsite there's a high probability that their sites will remain vacant, both because the residual buildings are likely to be specialised to pharmaceutical manufacturing and also because the location of the sites at the bottom of a peninsula and surrounded by residential uses limits the types of manufacturing activities that can be undertaken.

It's unlikely that these large sites will be absorbed by warehousing, transport, distribution and logistics businesses, which have increasingly shifted their preferred locations from the inner city to the Outer-West and South-West of Greater Sydney. These locational decisions have been supported by improvements to the outer orbital ring roads and motorways (M5 and M7) and the proposed development of intermodal facilities such as the Moorebank Intermodal.

Rezoning the precinct as a business zone is also unlikely to attract higher density employment uses because it is removed from a main road. B6 Enterprise Corridor zones are usually located along arterial roads. The precinct would also struggle to compete with well-located land on the outskirts of Parramatta.

#### **2.4.2 Retention of existing business and industrial zones:**

The Parramatta Employment Lands Study 2013 found that strong demand for housing, a decline in traditional manufacturing and the poor location of some employment lands presented an opportunity to rezone some land for residential or mixed uses. The Southern Precinct fits these criteria:

- It is in high demand for residential uses because of its waterfront position and proximity to major employment centres and amenities. The precinct looks across the Parramatta River to Wentworth Point and Rhodes, two examples of the strong preference currently being displayed for medium to high rise waterfront residential developments in the wider locality.
- It is in an industrial precinct dominated by pharmaceutical companies. The precinct's pharmaceutical cluster is currently undergoing a major restructuring which has seen manufacturing components increasingly move offshore, leaving only the commercial aspects of the business which do not require industrial floorspace.
- The precinct is 1km from a major arterial road and is accessed via a residential area and school zone. If the Northern Structure Plan proceeds the Southern Precinct will eventually be surrounded by residential uses.

#### **2.4.3 No net loss of potential floor space for employment uses and related public services in business zones:**

The proposed rezoning is not within a business zone.

#### **2.4.4 Not reduce the potential floor space area for industrial uses in industrial zones:**

The proposed rezoning would result in a loss of floorspace that could be utilised for industrial uses. However, low employment generating industrial uses are increasingly unnecessary in close proximity to major centres as a result of a long term structural shift in economic activity; whereas, the development of a mixed use development would create additional demand for local urban service trades and industries.



#### **2.4.5 Be in accordance with a strategy approved by the Director General of DP&E:**

The planning proposal responds to and accords with the indicative targets for population, housing and employment growth set out in the draft West Central District Plan, while also being consistent with the adopted structure plan for the Northern and Southern Precincts.

#### **2.4.6 The Cost of Not Rezoning**

The planning proposal is consistent with the adopted Northern and Southern Structure Plans. It would be difficult to justify rezoning the Northern Precinct for residential and commercial uses while the subject sites remained unchanged, given that this would mean these sites would be effectively isolated from other industrial and business areas and surrounded by residential uses.

## 3.0 IMPACTS FROM CONSTRUCTION

The following assesses the economic impacts from construction of the proposal on the Holdmark sites in accordance with Council's adopted structure plan. The total cost of construction is estimated to be around \$737 million (in 2020 dollars).

**Table 4: Breakdown of estimated construction cost**

Work Type	No.	units	\$ rate	\$m
Demolition and Clearing	40,000	sqm	150	\$ 6m
Gross Floor Area	163,158	sqm	3,500	\$ 571m
Car Parking	2,480	spaces	60,000	\$ 149m
Site costs, services, etc	189,700	sqm	120	\$ 11m
<b>Total</b>				<b>\$737m</b>

Source: Rawlinson's Construction Handbook 2020, RLB Digest 2020 and HillPDA

### 3.1 Construction Output Multipliers

The construction industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of construction. Economic multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

- **Production induced**, which is made up of:
  - first round effects — outputs and employment required to produce the inputs for construction
  - Industrial support effects — the induced extra output and employment from all industries to support the production of the first round effect
- **Consumption induced**, which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

The estimated value of these construction multipliers are provided in the table immediately below.

**Table 5: Estimated economic multipliers**

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.620	0.661	0.905	3.186
<b>Output (\$million)</b>	<b>\$737</b>	<b>\$457</b>	<b>\$487</b>	<b>\$667</b>	<b>\$2,349</b>

Source: ABS Australian National Accounts: Input-Output Tables 2016-17 (ABS Pub: 5209.0).

\$737m construction value would generate a further \$457m of activity in first round effects and \$487m in industrial support effects. Total direct and indirect investment value would equate to 2.35 billion dollars.

## 3.2 Construction employment

HillPDA calculates that every million dollars of construction generates 2.5 full time positions over 12 months directly in construction on site. Based on the estimated construction cost of \$737m, approximately 1,841 job years<sup>4</sup> would be directly generated.

**Table 6: Estimated job multipliers**

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	0.731	0.851	1.434	4.016
Employment No. per \$million	2.497	1.826	2.125	3.581	10.029
<b>Total job years created</b>	<b>1,841</b>	<b>1,346</b>	<b>1,566</b>	<b>2,640</b>	<b>7,393</b>

ABS Australian National Accounts: Input-Output Tables 2016-17 (ABS Pub: 5209.0) and HillPDA

From the National Input-Output tables, HillPDA has calculated the multipliers for first round, industrial support and consumption induced effects to be 0.73, 0.85 and 1.43 respectively for every job year in direct construction. Including the multiplier impacts the proposed development would have the potential to generate almost 7,400 job years during the period of construction.

Note that the multiplier effects are national, and not necessarily local. The ABS notes that “Care is needed in interpreting multiplier effects; their theoretical basis produces estimates which somewhat overstate the actual impacts in terms of output and employment. Nevertheless, the estimates illustrate the high flow-on effects of construction activity to the rest of the economy. Clearly, through its multipliers, construction activity has a high impact on the economy.”

The next chapter considers the economic impact following construction (full development).

<sup>4</sup> A job year is one full time job over one year

## 4.0 ECONOMIC IMPACTS

The following Chapter assesses and where possible quantifies the potential economic impacts of the planning proposal measured against the base case (do nothing option).

### 4.1 The base case (current land uses)

The Holdmark sites have a total land area of 9.43 hectares. The main businesses on site are Eli Lilly Australia which manufactures pharmaceuticals, GlaxoSmithKline Australia which also manufactures pharmaceuticals and medical / health care products and Powerflo Solutions which manufactures engineered control valves, safety devices and instrumentation serving industries in which liquids or gases are controlled or measured.

An employment density of 49/ha has been assumed for the Southern Precinct, which translates into a current workforce of 462. This is the density level adopted in the Draft Employment Lands Strategy and is based on 2011 Journey to Work data.

Average remuneration in the industries of medical and surgical equipment, measurement and safety equipment and pharmaceuticals manufacturing is \$95,440. Hence total remuneration of workers is estimated at \$44.1m per annum.

Gross value added (GVA) is the market value of goods and services produced by the industry minus the cost of goods and services used in production. GVA is also described as the industry's contribution to gross regional product (GRP) and comprises company profits, wages, taxes and depreciation.

Average GVA per worker is \$186,000 per annum. Hence total GVA from existing industries on the subject site is estimated at \$86m per annum.

It should be noted that the above performance indicators are based on the employment on the site in 2011. There has been contraction since 2011 as the scale of manufacturing has been decreasing due to relocation. Nevertheless for the purpose of the assessment we have assumed full occupation of the existing buildings.

### 4.2 Employment

The planning proposal would support permanent employment post-construction on the Holdmark sites with the provision of 1,000sqm of commercial floorspace and in opportunities for stay at home workers.

The table immediately below provides an estimate of the number of jobs that would be supported on the Holdmark sites in accordance with the Structure Plan.

**Table 7: Planning proposal employment generation**

Land Use	Employment Density	No.	Units	Jobs
General retail/commercial	1 / 25 sqm	600	sqm	24
Child care centre*	1 / 20 sqm	400	sqm	20
Work at Home**	1 / 16 units	1,848	units	116
<b>Total</b>				<b>160</b>

\* Assumes 3.5 to 4.0sqm per child and one staff per 5 children

\*\* 7.6% of workers undertake majority of work at home (ABS Locations of Work 2008 Cat 6275.0) although in Parramatta and Ryde LGAs Census 2016 shows the percentage is closer to 4.5%. There are 1.4 working residents per household in Parramatta and Ryde LGAs (Census 2016) which suggests that around one in 16 occupied dwellings would accommodate a resident working from home. 4% vacancy assumed.



In accordance with the structure plan the subject planning proposal would support 158 jobs on the Holdmark sites on full development. These would be jobs in full, part-time and casual positions.

This equates to 1,010 fewer jobs than under the base case. It's imperative to recognise however that the majority of employment in the southern precinct will be allocated to the neighbourhood centre on Hope Street next to Melrose Park Public School. The Southern precinct is likely to accommodate around 380 jobs following full development.

### 4.3 Workers remuneration

Total remuneration of workers on the subject site under the planning proposal would be around \$9.7m measured in 2020 dollars. This is shown in the table immediately below.

**Table 8: Potential remuneration of workers under the planning proposal (\$2020)**

Land Use	Jobs	Avg Annual Wage	Total (\$m)
General retail/commercial*	24	\$32,400	\$0.8
Child care centre	20	\$53,600	\$1.1
Work at Home**	116	\$68,000	\$7.9
<b>Total</b>	<b>160</b>	<b>\$60,838</b>	<b>\$9.7</b>

\* Includes small format grocery stores, specialty food and some non-food retailing generally found in local or neighbourhood centres as well as some selected personal services such as hair and beauty

\*\* Assume 80% of average full time wages (slightly higher than median wage)

Sources: IBISWorld Industry Reports and HillPDA.

Total remuneration is \$35m lower than the base case (current uses on the site). Again this is due to the fact that the majority of employment uses in the Southern Precinct are not on the Holdmark sites. Total remuneration of workers in the Southern Precinct is expected to be around \$23m.

### 4.4 Gross value added

The GVA generated from the Holdmark sites under the Structure Plan would be in the order of \$12.7m every year as shown in the table immediately below.

**Table 9: Gross value added from the proposed land uses on site (\$2020)**

Land Use	Jobs	GVA / Worker	Gross Value Added (\$m)
General retail/commercial	24	\$48,600	\$1.2
Child care centre	20	\$64,700	\$1.3
Work at Home	116	\$88,400	\$10.2
<b>Total</b>	<b>160</b>	<b>\$79,439</b>	<b>\$12.7</b>

Source: IBISWorld Industry Reports and HillPDA estimate.

GVA would be \$73m per annum lower than the base case. Again this is because the vast majority of employment uses are not proposed on the Holdmark sites. Total GVA for the Southern Precinct when fully developed is likely to be around \$30m (2020 dollars).

## 4.5 Whole of precinct outcomes

Separate structure plans have been prepared for the northern and southern precincts. Both structure plans propose mixed uses, with a local centre as the focal point for employment and resident amenities.

The table below illustrates the combined estimates of direct employment, incomes and gross value added for the northern and southern precincts under their existing uses and under the proposed structure plans.

**Table 10: Employment uses for combined structure plans**

		Employment	Incomes (\$M)	GVA (\$M)
Existing Uses (2011)	Northern Precinct	974	\$77	\$154
	Southern Precinct	930	\$62	\$109
Structure Plan	Northern Precinct	1,031	\$67	\$92
	Southern Precinct	130	\$6	\$8

Source: AEC Group – Melrose Park Economic Impact Assessment prepared for Payce, HillPDA, excludes residents working from home

Neither the Northern Precinct nor the Southern Precinct is projected to maintain an employment density of 49 persons per hectare under their respective structure plans. The Northern Precinct employment density has already fallen substantially below this level as a result of downsizing by Pfizer and Reckitt Benckiser and the collapse of Big Sister Foods.

The pharmaceutical industries in the Southern Precinct are also scaling down operations and relocating. It's likely that these buildings will remain vacant in the long term due to the specialised nature of the residual buildings and, more generally, the weak demand for large industrial sites that are isolated from key transport routes and have land use conflicts.

## 4.6 Other economic impacts

### 4.6.1 Expenditure from residents

The planning proposal would accommodate around 1,925 new residential dwellings on the subject sites. Assuming 96% of the apartments are occupied and an average occupancy rate of 2.4 persons per apartment<sup>5</sup> we estimate around 4,400 permanent residents on the subject sites.

These residents would generate demand for local retail and commercial goods and services. With an assumed average retail spend of \$14,500 per capita<sup>6</sup> the residents would spend around \$64m every year on retail goods and services.

The Southern Precinct's retail offering will attract some of the convenience shopping demand previously captured by neighbouring centres for residents within a walking catchment. The majority of the residents spend will be captured either by the Northern Precinct Local Centre or at existing centres such as West Ryde, Meadowbank, Ryde City and Parramatta.

<sup>5</sup> Average household size in occupied apartments in Parramatta LGA 2016 (ABS Census)

<sup>6</sup> MDS Marketinfo 2017 adjusted to 2020 dollars

#### **4.6.2 Affordable housing**

The Structure Plan would include a provision for affordable housing, which is to be determined in conjunction with City of Parramatta Council.

#### **4.6.3 Transit orientated development**

The Stage 2 Light Rail service will provide a highly visible and frequent public transport service for Melrose Park linking to Parramatta and Sydney Olympic Park and possibly Rhodes Railway Station. Longer term a Metro from Sydney Olympic Park to the Sydney will ensure that Melrose Park will be within the 30 minute commute time from the Sydney CBD as well as from Parramatta.

High-density mixed-use development close to major transport nodes meets urban consolidation objectives. It results in improved efficiencies, reduces dependency on private motor vehicle usage and encourages the use of public transport.

#### **4.6.4 Summary of economic benefits**

In summary, the planning proposal for the Holdmark sites in the Southern Precinct under Council's endorsed Structure Plan would have the following impacts:

- A net increase of 1,925 residential apartments accommodating an additional population of 4,400, equivalent to 3.2% of the projected growth in the Parramatta LGA population from 2021 to 2041
- An additional \$64m a year on retail expenditure by residents which will support jobs in both the Northern Precinct and Southern Precinct local centres, as well as surrounding centres
- New affordable housing in close proximity to employment, transport and amenities
- Provision of 160 new jobs.

While there is a loss of jobs under the planning proposal on the Holdmark sites it is important to recognise that the Holdmark sites is only part of a wider structure plan for the whole of the former Melrose Park industrial area that will ultimately house 22,000 residents and include employment land uses for 1,160 jobs. The larger Northern Precinct, which fronts Victoria Road, will accommodate the bulk of the employment uses. The Southern Precinct will provide convenience retailing and services but mostly along Hope Street which is not on the Holdmark sites. The Southern Precinct population of almost 8,800 will help support the viability of the facilities in the Northern Precinct.

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