

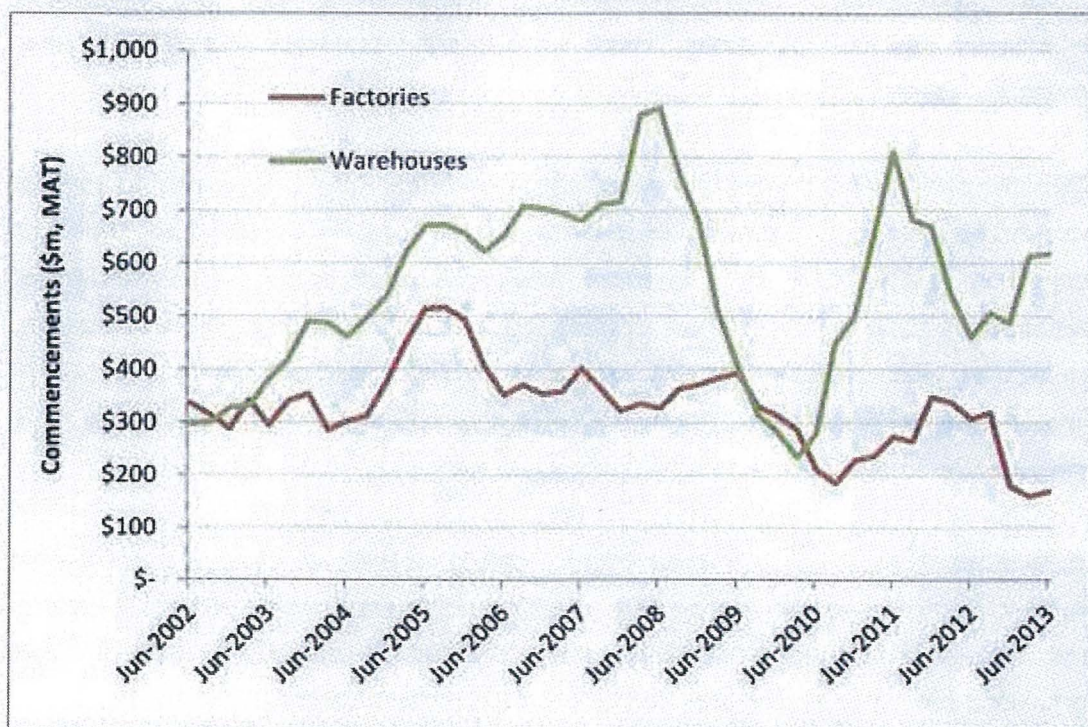
Section 3: Industrial Development Trends & Drivers

This section of the report has regard for Sydney's broader industrial trends and their implications for continued industrial use on fragmented industrial land in inner western Sydney, specifically in relation to the redevelopment potential of Brighton Avenue.

Broad Development Trends

Since the Global Financial Crisis, the pipeline of factory & warehouse building projects has recovered rapidly in New South Wales. In fact, the value of factory & warehouse building commencements in 2010/11 exceeded the value for office buildings.

Figure 5. Warehouse & Factory Commencements (\$, MAT), NSW (2002-2013)



Source: ABS, MacroPlan Dimasi

The reason for the strength in development activity is that the face of warehousing has changed greatly over the past decade. Changes in the management of supply chains and industry consolidation have contributed to demand for new facilities that can deliver greater efficiencies and facilitate the consolidation of business functions (at one location).

The need to have distribution and warehouse nodes throughout Sydney has diminished. Slimmer inventory management practices have weakened demand for industrial space throughout Sydney. Inventory levels have been reduced, as businesses seek to limit space requirements and potential product shrinkage. Also, with the number of lines offered by retailer and businesses generally trending down (gravitation to after-market/generic brands), the space requirement has contracted over time.

Ultimately, the goal is to limit the time that products remain in storage, which reduces costs. Logistics operators aim at constant improvement in warehouse through-put, which requires the latest in terms of storage and movement technology, as well as larger, taller warehouses, cross-docking facilities and improved access.

Consolidation of fragmented premises offers operators the opportunity to extract economies of scale, synergies and general cost savings from operations. Whether extracted in the form of a reduced employee head count (consolidation of overlapping business functions), centralised logistics & infrastructure utilisation, co-location with wholesale trading partners, opportunity to customise premises or simply cheaper rental rates, the overall proposition is always more beneficial for a pre-emptive operator.

In an attempt to adapt to market trends, industrial businesses have relocated to western Sydney over the last decade. Rising rents in established industrial regions and greenfield residential development (and hence population growth) has motivated industrial businesses to move out to western Sydney.

Significant investment in road and freight infrastructure has facilitated this movement. Industrial development has been most pronounced at the intersection

of the M4 and M7. Direct connection to the M4 supports movements of containerised trade. Accordingly, businesses that operate in the logistics, warehouse and distribution industry have relocated to this area. More recently, the industrial development fronts at the M5 and M7 intersection has gathered momentum, where more affordable industrial land is available. This can be evidenced in western Sydney's contribution to total employment in these sectors.

Figure 6. Jobs ('000s) & Composition (%) by Sector, Sydney Statistical Region (2007-2013)

Statistical Region	Jobs ('000s)		Composition	
	2007	2013	2007	2013
Western Sydney	133.7	128.1	34%	36%
St George-Sutherland	51.9	37.2	13%	10%
Canterbury-Bankstown	34.2	30.1	9%	8%
Central Northern Sydney	33.1	28.9	8%	8%
Central Western Sydney	33.6	25.5	8%	7%
Inner Sydney	22.3	21.4	6%	6%
Northern Beaches	19.4	19.6	5%	6%
Gosford-Wyong	19.6	19.1	5%	5%
Inner Western Sydney	15.5	16.7	4%	5%
Lower Northern Sydney	19.4	14.8	5%	4%
Eastern Suburbs	14	13.1	4%	4%
Greater Sydney	396.7	354.5	100%	100%

Source: ABS, MacroPlan Dimasi

A related driver has been the release of new industrial land in proximity to the Westlink M7 motorway. This new land has enabled the shift towards newer industrial building formats. These formats are often customised and tailored according to the individual inventory and logistical needs of each operator. This has been supported by superior employment land take up in Western Sydney¹.

¹ NSW Planning & Infrastructure (2011), Employment Lands Development Program (Update Report)

Figure 7. ELDP Take-up of Employment Lands (January 2008 – January 2011)

Subregion ¹	Land take-up (ha)			Total Annual (ha)
	Jan 08 - Jan-09	Jan 09 - Jan-10	Jan 10 - Jan-11	
East	3.6	11.9	0.3	5.3
North West	115.6	94.7	33.9	81.4
South	9.3	27.5	0.4	12.4
South West	71.2	38.0	61.2	56.8
West Central	45.6	16.8	19.7	27.4
Central Coast	n/a	n/a	34.4	34.4
Sydney Region Total	264.0	205.0	153.0	207.3

Source: NSW Planning & Infrastructure²

Another key factor for businesses opting for a less centralised location is the trade-off between travel time, property values and ultimately rents. Suburbs closer to inner Sydney have significantly higher land values than the Outer West. With rentals being marginally higher, land values are in some cases up to double the value in inner western Sydney. From the table below, it is evident that rents and values in the Outer West are considerably more accommodating than in Inner West – particularly for businesses which require larger floor plates.

Figure 8. Industrial Face Rents and Land Values by Region, 2012

Region	Grade	Avg. Net Face Rents (\$/m ²)		Average Land Value (\$/m ²)	
		Low	High	Low	High
North	Prime	\$165	\$191	\$415	\$930
	Secondary	\$115	\$155		
North West	Prime	\$155	\$120	\$250	\$360
	Secondary	\$95	\$110		
South	Prime	\$135	\$165	\$620	\$1,240
	Secondary	\$105	\$125		
South West	Prime	\$98	\$115	\$160	\$360
	Secondary	\$75	\$85		
Inner West	Prime	\$120	\$140	\$310	\$520
	Secondary	\$98	\$120		
Central West	Prime	\$110	\$120	\$260	\$360
	Secondary	\$90	\$105		
Outer West	Prime	\$105	\$115	\$185	\$260
	Secondary	\$80	\$95		

Source: Colliers International

² East = Port Botany, Alexandria, etc.; North West = Eastern Creek, Annangrove, Erskine Park, Glendenning, etc.; South = Kurnell, etc.; South West = Ingleburn, Smeaton Grange, Hoxton Park, etc.; West Central = Regents Park, Greystanes, Wetherill Park, etc.; Central Coast = Somersby, Wyong.

This market evidence shows why new investment in development is gravitating towards the outer west regions of Eastern Creek and Erskine Park. **The yields on new projects (rentals relative to land cost) are substantially higher in the outer west. In these regions, rents and land values are most supportive of industrial development.**

As such, approximately 711,300m² of new industrial space had been commenced over the four years to 2011/12. Industrial building activity has been most pronounced in Eastern Creek, with approximately 329,000m² of industrial space commenced over the same period. Prestons (117,000m²) and Erskine Park (95,000m²) represent the next most popular destinations.

Figure 9. Industrial Building Commencements (2008/09 - 2011/12 cumulative)*

Suburb	LGA	Net additions (m ²)
Eastern Creek	Blacktown	328,900
Prestons	Liverpool	116,900
Erskine Park	Penrith	92,100
Wetherill Park	Fairfield	36,500
Smithfield	Fairfield	21,900
Greystanes	Holroyd	18,400
Bankstown	Bankstown	17,900
Narellan	Camden	16,900
Castle Hill	The Hills Shire	16,200
Glendenning	Blacktown	12,300
Prospect	Blacktown	8,500
St Marys	Penrith	7,200
Ingleburn	Campbelltown	4,800
Moorebank	Liverpool	4,000
Milperra	Bankstown	2,500
Minto	Campbelltown	2,500
Penrith	Penrith	2,300
Hoxton Park	Liverpool	1,500
Total		711,300

Source: Cordell Connect, ABS custom data, MacroPlan Dimasi

*ABS data discontinued as at June 2011

In contrast to industrial building commencements in outer western Sydney, non-residential development in the Croydon Park-Enfield Statistical Area 2 (SA2) region³ has been minimal since 2009/10. The value of non-residential approvals

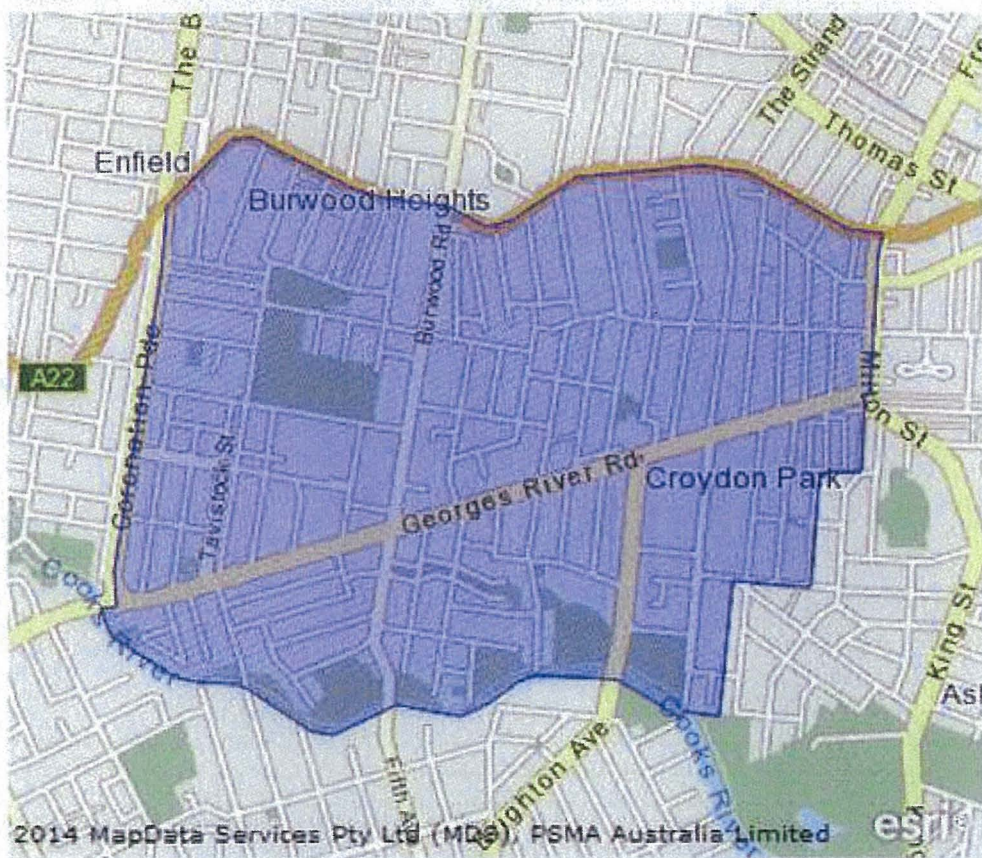
³ Part of the ABS' Australian Statistical Geography Standard (ASGS), a statistical Area Level 2 is a general-purpose medium-sized area built from whole smaller Statistical Area Level 1's (the smallest unit of geography in the ASGS). Its aim is to represent a community that interacts together socially and economically.

has not exceeded \$5m. Over the last three years, non-residential approvals averaged just \$2.4 million in the region.

The main boundaries of the Croydon Park-Enfield SA2 region are:

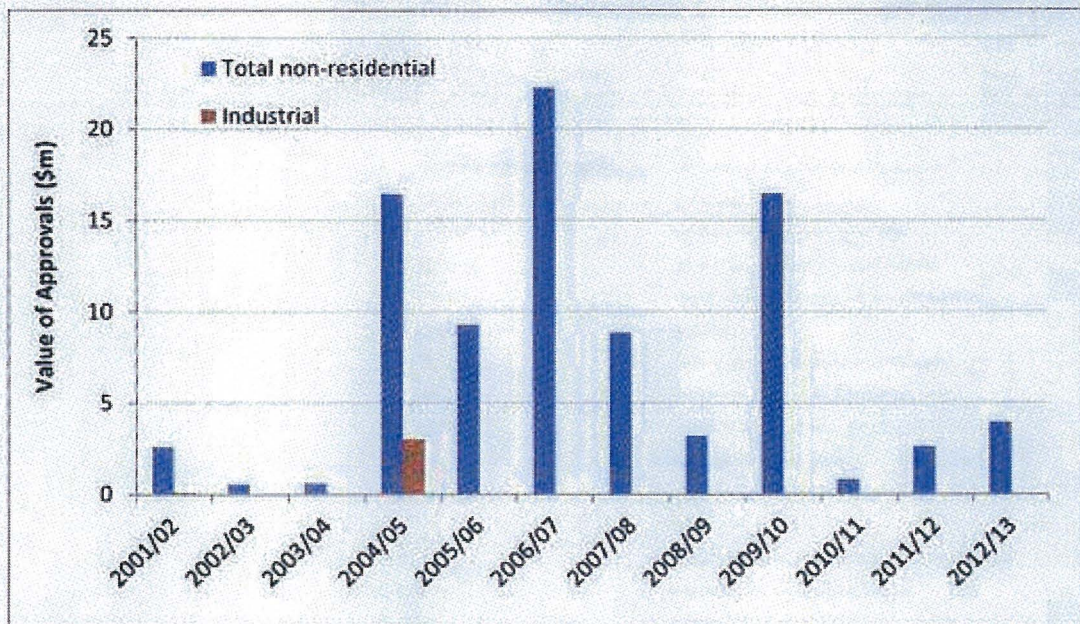
- Liverpool Road (Hume Highway) to the North
- Watson Ave, Leopold St & Hay Street to the east
- Coronation Parade to the West &
- The Cooks River to the South

Figure 10. Statistical Area 2 (SA2) Region Croydon Park - Enfield



Source: ABS

Figure 11. Value of Non-residential Building Approvals (\$m), Croydon Park-Enfield SA2 region



Source: ABS, MacroPlan Dimasi

Moreover, the contribution from the industrial sector has been negligible. With the exception of a \$3 million project in 2004/05, there has been no further investment in industrial building in the region identified. The lack of investment in industrial building confirms the irrelevance of the region for future industrial uses. Overall, the scale of new development across western Sydney has been huge by comparison with the redevelopment potential of the subject site. **This comparison underlines the miniscule impact of the subject site on the supply of industrial space, relative to the recent trends in demand.**

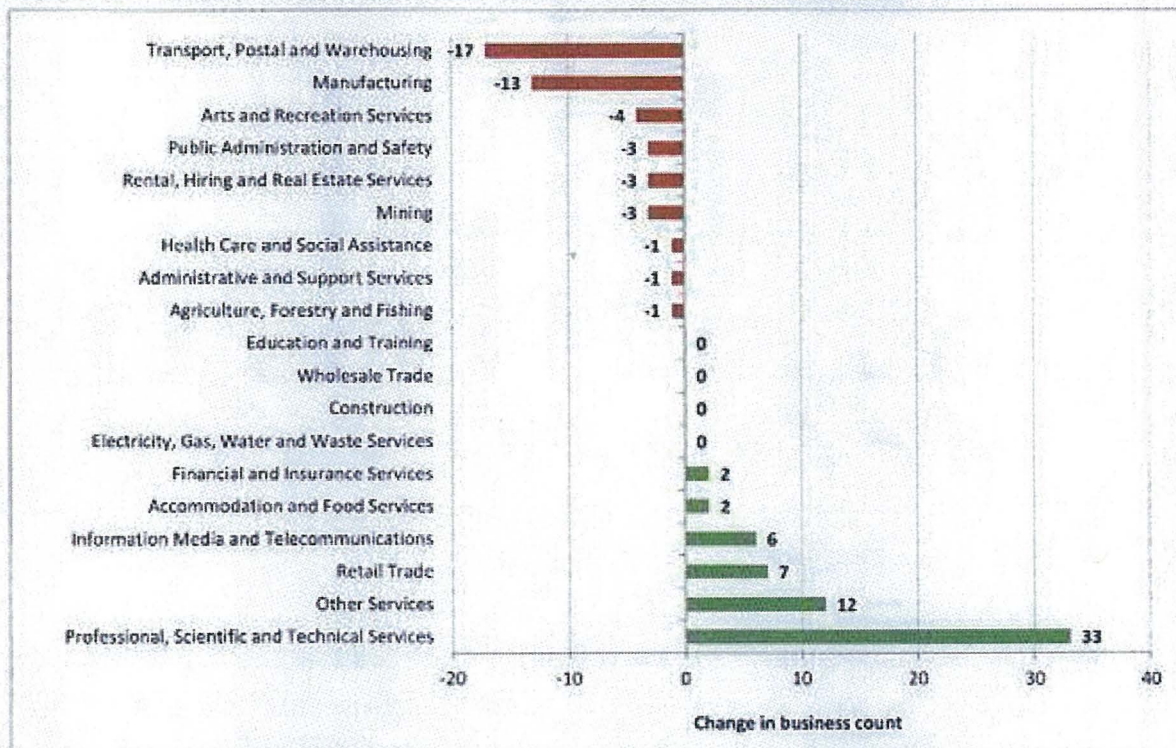
Business formation & Employment Growth in Subject Site

The rapidly changing composition of industry is evident in the ABS count of business data.

Over the three year period (2009-2012), the two largest declines were incurred by industrial-based sectors. Combined, the number of manufacturing and

transport/postal/warehousing businesses contracted by 30 (equivalent to 5.5% of the total number of employing businesses as at June 2009).

Figure 12. Change in Business Count, Croydon Park-Enfield SA2- 2009 and 2012



Source: ABS, MacroPlan Dimasi

While the number of industrial sector businesses is in decline, service based industries have increased i.e. professional, scientific & technical services. Through approximately 45 business additions, growth in service based industries has offset the overall decline in transport, postal, warehousing and manufacturing – i.e. from a number-of-businesses perspective.

This shows that the nature of local employment is undergoing rapid change in the region, and is part of a broader region trend. There is a clear movement away from sectors that would tend to require industrial space, and towards businesses that typical utilise commercial space. There is a fundamental transformation of employment, which is evident in the sub region but is also occurring across Sydney.

The subject site has not been immune to broader market trends. 'Due to yearly declines in trade...'⁴ as a result of 'adverse economic conditions' the largest employing tenant, Croydon Park Building Supply Pty Ltd reduced its headcount from 34 personnel as at 2004 to around 8 workers by August 2013. While the business has acknowledged 'signs of improvement' in the marketplace, the growth is deemed insufficient for the business to return to its former size.

While the reasons attributed to the decline in trade may not be entirely correct or exhaustive, the limitations imposed by the size of the subject site and its location relative to new estate markets means that it is a disadvantage to its competitors. So, even if the building industry were to experience an upturn, the underlying business is not well positioned to capitalise on growth in the industry.

This can be further emphasised by the following exemplar. At the time '*Towards 2032 - City of Canterbury Economic Development and Employment Strategy (2009)*' was composed, an Australia Post distribution node was operating from the subject site (referred to as Precinct 12). It has since vacated premises.

Preserving the industrial zoning of sites in the region will not stem this wave of change. A residential or mixed use zoning would be compatible with the employment trends that are underway in this region i.e. businesses that occupy commercial floorspace. Some sites may be positioned to deliver a degree of commercial space, which would enable jobs growth in the services sectors evident in the region.

Moreover, the process of warehouse consolidation is expected to undermine demand for industrial space in inner Sydney (the subject site is part of this collective inner Sydney cohort). Given the large space required for horizontal consolidation, the relatively small floorspace offered by the subject site is deemed not suitable. As a result, MacroPlan Dimasi anticipates that the subject site will not benefit from any escalation in this observed trend.

⁴ Bruzzano & Associates correspondence to Canterbury Council (Appendix Item 1)

In contrast, non-residential construction activity has been relatively strong in other established industrial locations such as Auburn LGA. More specifically and discounting for office construction in Sydney Olympic Business Park, Auburn has registered about 20 major (valued over \$5 million) warehouse or factory building approvals over the last decade – with projects ranging up to \$34 million in value. In 2010/11, the value of non-residential building approvals totalled approximately \$148 million in Auburn LGA.

The question arises as to why Auburn is achieving renewal of its older industrial stock, but this process is not occurring in the subject region. The key factors in Auburn are the combined attractions of:

- Larger, contiguous lots, which can be consolidated and redeveloped
- Accessibility to the greater Sydney area via the M4, the M7 and Silverwater Road

A comparison of industrial development between the subject site and Auburn shows that renewal is not a function of having industrial land per se, but that site magnitude & location is particularly important for developers. As the subject site is an isolated tract surrounded by residential uses, there are few options for amalgamation, which inhibits the redevelopment of existing industrial land.

Bureau of Transport Statistics (August 2012)⁵ employment projections accentuate the irrelevance of industrial land uses in Croydon and Enfield relative to Western Sydney. Over the ten years to 2021, the Department of Transport projections suggest employment in the warehouse, factory, transport and postal sectors will expand by 10,750 jobs per annum in Western Sydney. Over the corresponding period, employment in these sectors will increase by just 20 positions per annum in Croydon & Enfield (equivalent to just 0.2% of Western Sydney's increase).

⁵ <http://www.bts.nsw.gov.au/Statistics/Employment-Forecasts/default.aspx>

Figure 13. Bureau of Transport Statistics Industrial Employment Projections (2011 & 2021)

Suburb/region	Jobs ('000s)		Annual Change
	2011	2021	
Croydon Park & Enfield	3,150	3,360	20
Western Sydney	453,990	561,570	10,760

Source: Bureau of Transport Statistics

Overall, this environment makes it increasingly difficult for any form of industrial redevelopment to occur within proximity to the subject site. It is particularly adverse for individual lots that are not adjacent to other industrial lots, because there is no scope for consolidation to deliver new facilities in an efficient manner. In this context, the subject site will be at the bottom of the list for potential redevelopment, as it is an isolated site and not part of an existing industrial park.

In summary, redevelopment of the subject site for industrial purposes is highly unlikely due to the following drawbacks and constraints:

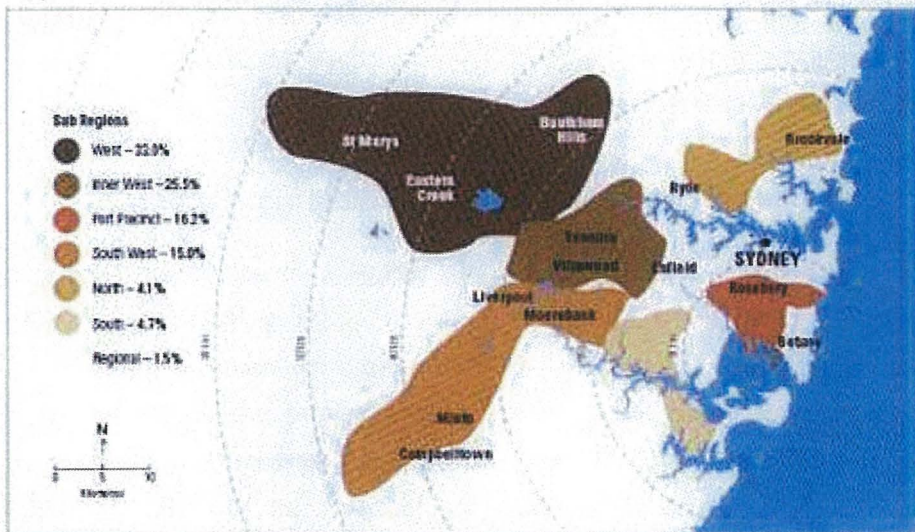
- Not located in proximity to major road infrastructure e.g. Sydney Orbital Network
- Given that the delivery and dispatch of materials or services is likely to constitute the core operations for the site, its heavily trafficked location and poor connectivity will continue to impede its business operations.
- There are limited entry points to subject site and some difficult road manoeuvres which significantly limit access and egress from the site for heavy vehicles. Loading and unloading facilities at the site are also inadequate and impinge upon general road use.
- Unable to achieve necessary scale as required by emerging industries – the subject site is surrounded by land that is already zoned for higher density residential uses (R4). We surmise that the presence of higher density residential zoned land will prohibit amalgamation and hence industrial based development.
- Price of land and rents high relative to more accommodative sites in Western Sydney
- Further investment in infrastructure in western Sydney (e.g. the Moorebank Intermodal Terminal and Sydney's second airport) is only going

to accentuate the need to be located within proximity to the Sydney Orbital Network.

Infrastructure Investment

Over the past decade, road transport has come to dominate the movement of freight from Port Botany in the absence of rail freight capacity. Whilst the distribution of access points for Port Botany have been skewed in the past to north western Sydney, construction of the M7 has altered the nature of distribution networks. Development has concentrated around the intersection of the M4 and the M7. More recently, it has also supported industrial development at the intersection of the M5 & M7 (i.e. at Prestons and Hoxton Park).

Figure 14. Sydney Metro - Import Destinations



Source: Sydney Ports Corporation

MacroPlan Dimasi has examined potential major and minor transport infrastructure projects that could impact the demand for industrial space in western Sydney. Potential projects are considered in the NSW Long Term Transport Master Plan (2012) and Infrastructure NSW's 20-Year Infrastructure Strategy (2012).

Figure 15. Potential Transport Infrastructure Projects and Timing

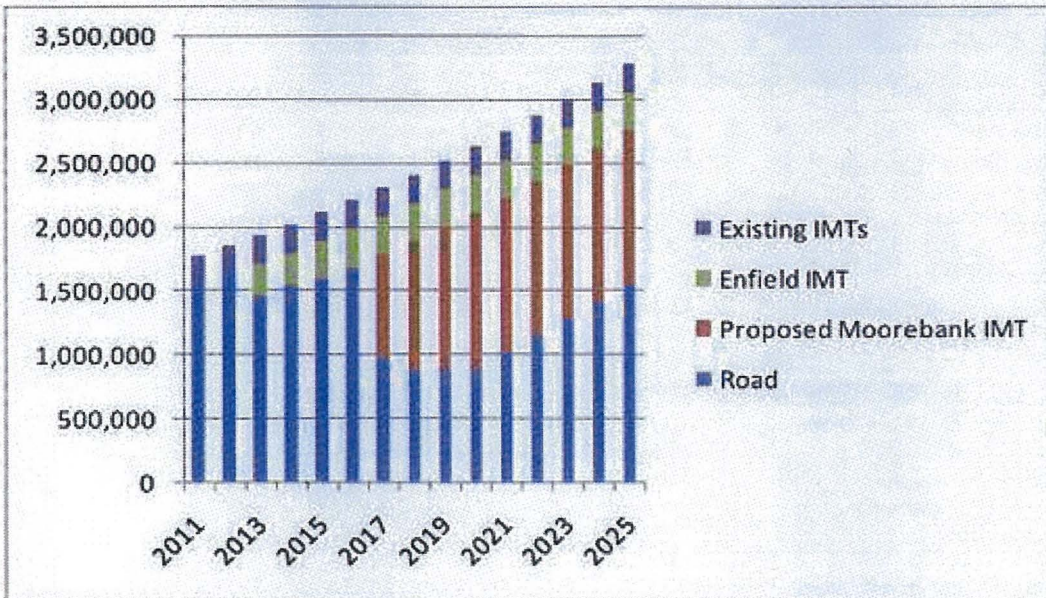
Project	Completion (approx.)	Status
Regional		
M7 WestLink	0-5 years	Completed
Enfield IMT	0-5 years	Commenced
M5 (Hume Highway) upgrade	0-5 years	Approaching Completion
M2	0-5 years	Commenced
North West Rail	5-10 years	Land Acquisition
South West Rail	5-10 years	Commenced
Moorebank IMT	5-10 years	Concept/ Exhibition
WestConnex (M4 & M5 extension)	5-10 years	Concept/ Exhibition
Dombarton Rail	10+ years	Deferred
M9	10+ years	Concept/ Exhibition
Local		
Greystanes to Wetherill Park	0-5 years	Approaching Completion
Erskine Park Link Rd	0-5 years	Approaching Completion
Northern Rd upgrade	0-5 years	Concept/ Exhibition
Oran Park Rd duplication	0-5 years	Commenced
Bingelley Rd upgrade	5-10 years	Concept/ Exhibition

Source: Infrastructure NSW, Department of Transport, MacroPlan Dimasi

Unlike a number of other Australian cities, Sydney is predominantly an importer of containerised freight. The Sydney container freight market is almost entirely dependent on Port Botany which is a major container port. The use of rail freight is currently a small proportion of import and export through Port Botany. New capacity is under construction, through the Enfield Intermodal Logistics Centre. Enfield is planned to have a maximum capacity of 300,000 TEU p.a. Enfield IMT is anticipated to commence operations by the end of 2013. The Moorebank IMT site layout has a capacity of approximately 1.2 million TEU p.a. for the IMEX facility, and 0.5 million TEU p.a. for the interstate terminal.

Once the Moorebank IMT is complete and operational, road freight movements through inner western Sydney will become less frequent. This outcome means that inner western locations will become much less valuable for industrial redevelopment. This outlook is reflected in the chart below. The scope of freight movement along the road network is set to drop sharply as the Moorebank IMT begins operation. Based on the projections shown below, the volume of road freight would not recover to current levels until beyond 2025.

Figure 16. Projected TEU Movements from Port Botany



Source: Sydney Ports Corporation

This outcome will greatly reduce freight traffic along key arterial roads. In the short term, road freight will continue as the main mode for distribution and logistics of containerised goods. This will continue to support demand for warehouse space and distribution facilities at locations within proximity to the M4/M7 and M5/M7 Sydney Orbital intersections. The pattern of industrial development is consistent with current long term strategies to build an employment presence in Sydney's west.

The most recent draft Metropolitan Strategy for Sydney seeks to locate 50% of new jobs in Sydney's west and is supported by the Transport for NSW Masterplan, the various Port Strategies, and the Western Sydney Employment Area - Draft Structure Plan. All documents point to the need to service significant industrial precincts as the major employment hubs for western Sydney and identify the benefits and importance of an aggregated land supply, in well located employment precincts.

Section 4: Local Employment Provision

Our analysis thus far has demonstrated the advantages of an aggregated employment land offer whereby critical mass and scale economies combine to provide a range of business and transport efficiencies. The market response to this type of offer has been strong and underlies a structural weakness in the desirability of smaller industrial pockets that are disconnected from major roads and/or which are located alongside land that is predominantly intended for residential purposes.

Existing industrial zones close to major precincts and infrastructure well serve the demand for local industrial type uses and at which there are current vacant land offerings. The industrial land at Brighton Avenue contributes a nominal amount to overall employment land stocks in Canterbury LGA. Brighton Avenue will have no impact on well-located precincts in the LGA, which will remain strong, where supported by access to vehicle and port infrastructure, freight and logistics.

Smaller fragmented sites such as that at Brighton Avenue have lost their industrial relevance. This presents an opportunity to reconsider the role of this land, which will meet the needs of the growing professional, technical and service sector workforce and an aging population in inner western Sydney.

ABS 2011 Census data shows that the most common occupations in Canterbury (Local Government Area) included Professionals 19.0%, Clerical and Administrative Workers 15.5%, Technicians and Trades Workers 14.2%, Labourers 11.4%, and Sales Workers 9.9%.

Based on our detailed analysis of industrial market prospects and development trends, we advise that the site presents a redevelopment opportunity for mixed use development that is more compatible with its surrounding area and will meet the needs of a growing working age population in professional, technical and scientific 'knowledge sector' jobs.

It is anticipated that as the population ages in place and the working age increases beyond 65 years, this delay in 'retirement' and extended employment participation will have an impact on the size and mobility of the work force. Based on current trends, we forecast this will likely result in more people in professional and managerial type occupations who will increasingly be working from home, either as sole traders or on more flexible contractual arrangements with employers in Central Sydney.

Bureau of Transport Statistics suggest that the number of workers employed in retail services in Canterbury LGA is expected to grow from 4,129 in 2006 to 4,586 in 2016. Retail use is a model for higher density employment provision. There is an opportunity to provide further retail and services employment opportunities on this site, to match the skills of the local population better, given the decline in industrial and manufacturing workers living in the LGA. The presence of new residential accommodation will further support the viability of the existing local centre on nearby Georges River Road.

Recent trends in failed industrial areas, which otherwise were faced with future decline, are already proving to be redeveloped as highly successful mixed residential areas that retain local population growth and provide a higher density of jobs. Clemton Park Village, an ex-industrial site in Campsie, having sold over 340 apartments so far, will also provide the following retail job opportunities and growth in employment at the site of the former Sunbeam Factory:

Figure 17. Jobs in Retail - Clemton Park Estimates

Type of use	Estimated employment per '000 sq.m	Gross Leasable Area (sq.m)	Employment (persons)
Supermarket	40	3,800	152
Mini-majors	25	1,500	38
Specialty shops	50	2,200	110
Total centre¹		7,500²	300

1. Excludes non-retail components, includes minimum area for back of house

2. Statement of Commitments- Retail Area -Minister's Approval MP07_0106 MOD 4

Source: MacroPlan Dimasi/NSW Government Planning and Infrastructure/Cardell 2013

This represents an average employment density of 40 jobs per 1,000 m² of floorspace, which compares favourably to the level of employment that would normally be associated with industrial development (at around 5-11 jobs/1,000 m² of floorspace).

Consequently, even in the unlikely event of industrial redevelopment of Brighton Avenue, the potential loss of employment capacity is more than compensated by the potential for 600m² of specialty shopping at ground floor.

Figure 18. Architectural Concept Image of Streetscape - Brighton Avenue, Croydon Park



Source: Dickson Rothschild

As indicated in conceptual floor plans prepared by Dickson Rothschild Architects a planning proposal to rezone this land to R4 High Density Residential will permit a range of office, food and drink, retail and business uses.

Based on an employment density 40-50 jobs per 1000m², a total of 600m² of ground floor specialty retail activity at Brighton Avenue could support around 24 - 30 direct jobs.

Evidently, a greater jobs yield is achievable through mixed use, retail and commercial development. The following table illustrates the comparative employment densities that can be achieved by different land uses.

Figure 19. Job density by sector

Type of use	Estimated employment per '000 sq.m of floorspace
Department Store/Discount Department Store	20
Supermarket	40
Mini-majors	25
Specialty shops	50
Bulky Goods	20
Office/business	40
Government Administration	29
Hospitality, services and accommodation	34
Industrial & Manufacturing	11
Freight Wholesale and Storage	5

Source: MacroPlan Dimasi

Section 5: Subject Site - Strategic Assessment

This section of the report focuses on our examination of the suitability of the subject site to continued industrial use, using the policy framework of the draft Metropolitan Strategy and Section 117 Direction 1.1 as a base for this assessment.

Subject site does not encourage employment growth in a suitable location

Historically, economic evaluation of industrial lands has tended to focus on the employment status of workers in the local area. Simplistic analysis would do a count of the population in a local government area, and then infer a required area of industrial land for different industry sectors. This approach implies a degree of self-sufficiency for the local area, where industrial space demand goes hand-in-hand with services provided to local households. As this self-sufficiency implies job maintenance, this approach is clearly appealing to governments that are concerned about the level and variety of employment.

The market reality is that self-sufficiency is not meaningful for business decisions in relation to their industrial space needs. In terms of factories, it is obvious that production will be directed to state, national or international markets.

An identical argument applies to industrial land that contains old warehouse facilities. If the buildings are located on a small, isolated lot, then it is highly unlikely that redevelopment for industrial purposes would occur, because a developer cannot achieve the scale economies that are attained from larger, contiguous industrial lots. The point here is that employment growth through usage of industrial lands requires redevelopment to meet the evolving needs of business – it is the nature of the building that should be the focus, because it is the building that defines the site's potential business applications.

In fact, across Sydney, there is a greater value of expenditure on new factory & warehouse buildings than there is office development, particularly in Western

Sydney where large scale high tech and increasingly automated manufacturing is relocating. This is driven by more competitive land values and good access to road and intermodal transit. Put simply, Sydney does not lack for new industrial buildings that are satisfying the many and varied needs of an evolving, modern economy.

In this context, our view is that fragmented industrial zoned lands which are increasingly competing with residential character of a neighbourhood cannot provide the basis for redevelopment required to achieve employment growth.

Subject site does not protect employment lands in a business or industrial zone

The Canterbury LGA is home to numerous thriving communities, with many ex-industrial sites being reinvented for living and working, such as Clemton Park Village. This is just one of many success stories in the NSW Government's plans to achieve Sydney's urban infill through redevelopment of former employment lands.

Maintaining the industrial zoning for lots in Brighton Avenue, Croydon Park is very unlikely to support local employment. Given Sydney's current and projected population growth, this region has a great need for businesses that service local households, creating jobs for key workers in sectors such as health care and education or which support service sector workers locally and commuters to the CBD, just a short commute to the East. There is a need for new dwellings in locations, which are less expensive and better suited to the price brackets of key workers.

Our analysis against the NSW Government Industrial Lands Strategic Assessment Checklist (Draft Metropolitan Strategy for Sydney to 2031 p.49) at the end of this chapter shows that it is unnecessary for government to quarantine these fragmented industrial lots. It will not protect existing employment or create new jobs by persisting with distinct industrial applications for this land.

Fragmented industrial sites, such as the subject site, should be allowed to become part of the transformation of local employment. There is scope for strong

population growth in Canterbury, particularly through additional housing and commercial space. Redevelopment is essential to meeting housing needs, through the delivery of new units.

Rezoning industrial lots to a residential or mixed use zoning will help Government to support employment in this region, through the viability of less expensive housing and provision of additional commercial space. Rezoning from industrial land would be appropriate, as the market is evidently taking a strong role in settling the pattern of employment lands in Canterbury and surrounding local government areas.

Subject site does not support the viability of identified strategic centres

The nearest Strategic Centres to this site are Burwood (10,170 jobs-ABS), Hurstville (9,273 jobs -ABS) and Kogarah Specialised Precinct (9,064 jobs -ABS).

Businesses do not make local government boundaries the basis for their operations, when considering needs for industrial space. The evidence shows that there is substantial expansion of industrial space to be delivered through strategic locations such as the Intermodal Logistics Centre at Enfield, in Strathfield LGA. Our view is that the scope for redevelopment of a site as an industrial facility is the proper basis for considering a lot as 'strategic' from a zoning perspective. Given that all buildings have an economic life and must eventually be demolished and replaced, the market will be the primary determinant of when and if a redevelopment proposition comes into consideration by a land owner.

This redevelopment exercise might take a long period of time to transpire. However, in the case of industrial land, the merits of redevelopment are determined by the evolving needs of businesses occupying the building. The primary factor is the scale of the facility – developers are either trying to build large-box formats for warehouses & logistic facilities (with plenty being constructed in western Sydney), or establish a large integrated estate to deliver numerous small-scale lots that are segments of one large, streamlined facility.

Using this reference point, our view is that the industrial lots at the Croydon Park site, do not significantly impact on the viability of strategic centres.

The buildings on this site have reached the end of their industrial life. The prospect of industrial redevelopment at this site in the medium to long term is poor given the availability of other larger, contiguous industrial parcels with good infrastructure access available elsewhere.

Based on our detailed analysis of industrial development trends, we consider the current location and industrial zoning of the subject land to be sub-optimal. It is our view that the site is unlikely to be redeveloped for industrial purposes due to its scale and location. Specifically, the use of the site for industrial purposes is significantly constrained, given:

- The current industrial use is considerably isolated from other strategic industrial clusters with limited scope for viable industrial redevelopment.
- The site's dislocation from freight and distribution centres that service the area. Particularly its distance from key transport corridors including access to the M5.
- The incompatibility of an industrial use with adjoining sensitive uses and reliance on vehicular access from a local road that services adjoining residential properties.
- The financial risks associated with investment in isolated industrial development.
- Resultant lack of market demand for industrial redevelopment on fragmented land.

The ongoing use of this site for industrial purposes is incompatible with the surrounding residential use and will detract from the character and function of this area.

We opine that the best use of the land is for residential purposes, in keeping with the site's exposure and short walking distance to public transport with high pedestrian and cycle accessibility to existing shops, services and community infrastructure.

Checklist for Rezoning Existing Industrial Land

A detailed assessment of the site has been undertaken and justified against the NSW Checklist for rezoning existing industrial land to other uses, as required under Objective 13 of the Draft Metropolitan Strategy for Sydney to 2031. Our assessment demonstrates that the planning proposal will have no impact on the employment capacity of the local government area or subregion, summarised below:

Figure 20. Checklist for rezoning existing industrial land to other uses

Checklist for rezoning of existing industrial land to other uses	Assessment	Justified redundancy of land for industrial employment purposes?
Is the proposed rezoning consistent with State and/or council strategies on the future role of industrial lands?	The site is not considered of strategic importance. The site is isolated, relies upon access through residential streets and is disconnected to major arterial roads and freight movements. The dated content of the Draft Sub-Regional Strategy has been superseded by this economic analysis, which identifies this site, has reached the end of its economic life and is suitable to be considered for a more appropriate land use, much like other redundant, fragmented sites across the sub region.	Yes
Is the site: <ul style="list-style-type: none"> • Near or within direct access to key economic infrastructure? • Contributing to a significant industry cluster? 	The site is spatially separated and distant from key economic freight and logistics infrastructure and physically isolated by adjoining residential lands. The Brighton Avenue employment area is not considered a significant cluster in the local or regional context. It does not play a strategic role in the future productivity of key strategic industrial locations in the LGA or wider region.	Yes
How would the proposed rezoning impact the industrial land stocks in the subregion or region and the ability to meet future demand for	This study demonstrates that there are sufficient industrial land stocks at a regional and metropolitan level to meet current and future demand and that the 'loss' of the subject site from the region's employment land stocks will have no material impact on its ability to meet future demand. The sub region has a substantial	Yes

industrial land activity?	supply of suitably located employment land.	
How would the proposed rezoning impact on the achievement of the subregion/region and LGA employment capacity targets and employment objectives?	<p>Redevelopment of the site will generate employment during construction stage. There is potential for jobs associated with specialist retail on the ground floor street frontage. It is anticipated that the rezoning will also result in full time equivalent jobs including strata management and grounds maintenance.</p> <p>Notwithstanding, it is our view that the potential for replacement jobs is the wrong premise by which to assess the worthiness of retaining industrially-zoned land. Considered more broadly, rezoning of the site will not materially impact the LGA's employment capacity. On a sub-regional basis, there are sufficient 'employment' zoned and planned-to-be-zoned lands to accommodate and grow its job containment potential.</p>	Yes
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?	The future viability of this relatively small, isolated site for industrial purposes is not feasible due to current and future macro and micro trends in industrial land development. The site is isolated and disconnected and does not form part of a strategic employment hub or precinct. The site's buildings are in need of replacement which is unlikely to occur given the strategic and locational demands of new businesses and the availability of better positioned industrial estates where new development can be accommodated. The site is in the wrong location to support new forms of industrial use and will not attract investment. It has reached the end of its industrial life.	Yes
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 owner-initiated planning proposal will enable delivery of residential development that is feasible, meets local demand and is adjacent to local transport and services/retail and nearby childcare facilities to provide a practical and affordable housing outcome. The proposal particularly addresses the Government's intention to <i>deliver new housing to meet Sydney's growth</i> (OBJECTIVE 5 draft Metropolitan Strategy). The subject site is well positioned to support existing centres and is of a suitable land size and configuration for redevelopment for residential purpose. The rezoning will allow this development to occur within the short-to-medium term.	Yes

Source: Adapted from Criteria Table 1: Industrial Lands Strategic Assessment, Draft Metropolitan Strategy, Chapter 5 - Productivity

Summary of Site Specific Assessment

The principle intended outcome of the planning proposal is to deliver a mix of residential apartments and ground floor retail. The planning proposal provides an opportunity to integrate existing and proposed residential uses with the surrounding high density residential area, close to existing public amenities, shops and services. The proposed rezoning will further support the viability of the nearby centre at Georges River Road and provide employment at street level. This proposal is in response to current market demand and would not represent a significant loss of employment lands on this 14,700 sq.m site, which is partly vacant and has reached the end of its economic life.

The market environment for redevelopment of the subject site is set to become even more challenging in the next few years. The IMT's at Enfield and Moorfield is due to be completed in 2017, and is being progressed by the Commonwealth Government. These facilities will provide an efficient solution for the improved movement of container freight between Port Botany and south west Sydney. This will further enhance the attractiveness for industrial development in western Sydney. Over an extended period, there will be an outright decrease in road freight from Port Botany. This outcome will further reduce the redevelopment prospects of the subject site for industrial purposes.

Our report finds that, in light of current industrial development trends and having regard for the evolving stock of industrial land in metro Sydney and the specific locational constraints of the subject site, its usefulness as employment land has now expired. The prospects for new industrial buildings at Brighton Avenue are very poor given the lack of scale economies associated with this land as opposed to other larger, contiguous industrial parcels.

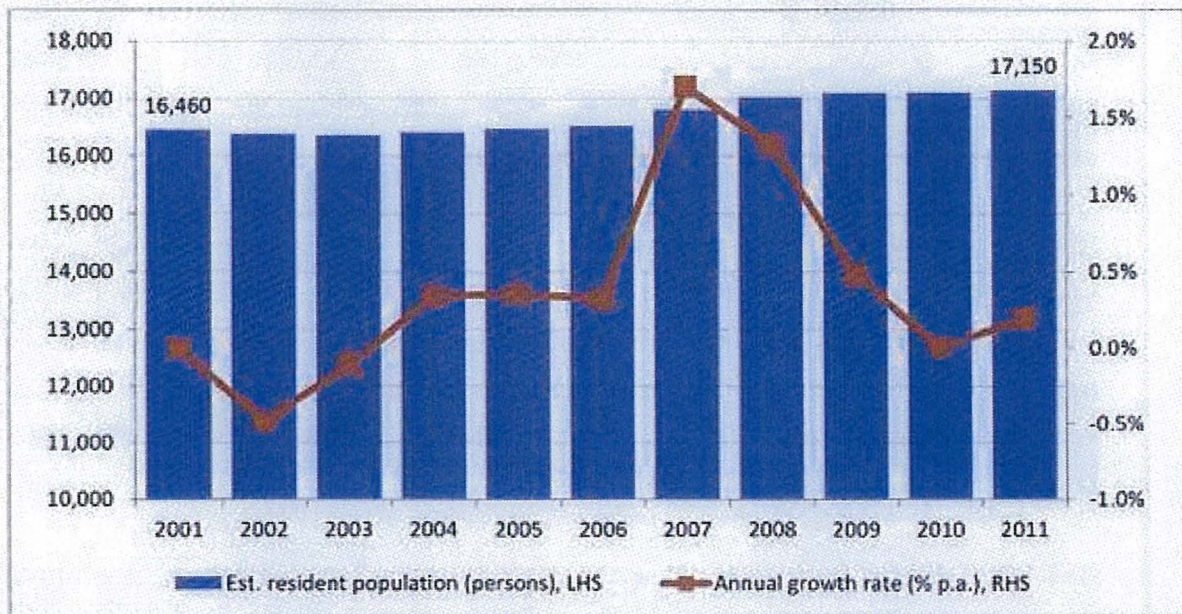
ABS 2011 Census data shows that the most common occupations in Canterbury (Local Government Area) included Professionals 19.0%, Clerical and Administrative Workers 15.5%, Technicians and Trades Workers 14.2%, Labourers 11.4%, and Sales Workers 9.9%. Based on our detailed analysis of industrial market prospects and development trends, we advise that the site presents a redevelopment opportunity for mixed use development that is more compatible with its surrounding area. This will meet the needs of a growing

working age population in professional, technical and scientific 'knowledge-sector' jobs and will help to support access to employment locations nearer central Sydney, through the availability of less expensive housing.

Residential Development

The purpose of this section is to identify and outline the need for increasing residential accommodation within the locality of the subject site. Population growth in the Croydon Park-Enfield SA2 (Census statistical area 2) region has been limited. Between 2006 and 2011, the estimated resident population expanded on average by 69 persons per annum (or at an average annual rate of 0.4%). When compared to Canterbury LGA's population growth rate (+2,060 persons or 1.5% per annum), it is evident that the contribution from this region is negligible.

Figure 21. Estimated Resident Population & Growth, Croydon Park-Enfield SA2 (2001–2011)



Source: ABS

Census 2011 data confirms that there have been limited new additions to private dwelling stock. Between 2006 and 2011, the number of private occupied dwellings in the Croydon Park and Enfield SA2 expanded by just 47 dwellings per annum.

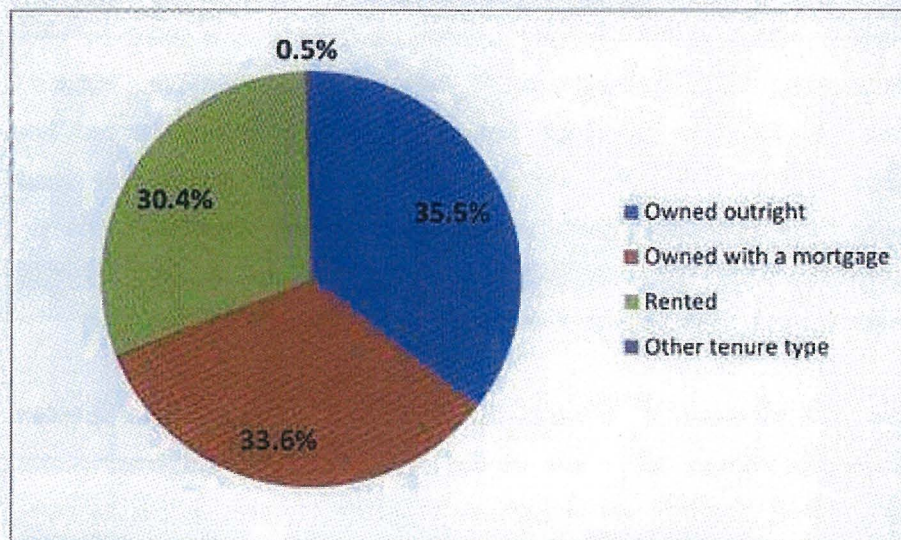
Figure 22. Private Occupied Dwelling Stock, Croydon Park-Enfield SA2 region (2006 /11)

Structure	2006	2011	Annual change (number)
Separate houses	3,496	3,379	-23
Semi-detached, row or terrace house, townhouse etc	640	983	69
Flat, unit or apartment	1,326	1,317	-2
Other dwelling	24	43	4
Total	5,486	5,722	47

Source: ABS Census 2011

A lack of new residential additions has repercussions on existing residents. According to Census 2011, approximately 30% of private dwellings in the region were occupied by renters. In the absence of ample new dwelling additions, the median rent increased by 7% per annum between 2006 and 2011⁶.

Figure 23. Housing Tenure, Croydon Park-Enfield SA2 region (2011)



Source: ABS Census 2011

This logic can be extended to include aspiring young owner-occupier households. According to RP Data, the median house price in Croydon Park is \$745,000, which is on par with Sydney's median price (\$746,640⁷). Given that these households tend to be price-sensitive, a lack of affordable provision (in the form of new apartments) will surely continue to stem growth in young working residents – as

⁶ Census 2011 Time Series Profile: Croydon Park-Enfield SA2 region

⁷ RP Data-Rismark (2014)

demonstrated by a contraction in the number of 20-34 years olds between 2001 and 2011.

Figure 24. Population by Age, Croydon Park-Enfield SA2 (2001 & 2011)

Age Cohort	Residents (no.)		Annual change (persons)	CAGR (% p.a.)
	2001	2011		
0-19	4,125	4,055	-7	-0.2%
20-34	3,688	3,686	0	0.0%
35-49	3,841	3,801	-4	-0.1%
50-64	2,679	2,969	29	1.0%
65-84	1,912	2,298	39	1.9%
85+	215	341	13	4.7%
Total	16,460	17,150	69	0.4%

Source: ABS Census 2011

A lack in housing choice is also expected to have an impact on existing and potential older aged residents. Trade down activity is usually facilitated by new apartment development. Through the sale of their existing dwellings, retirees seek to purchase new smaller dwellings which require less maintenance. The apparent shortage in higher density dwelling stock additions means that local older residents are denied an opportunity to trade down within their own locality. Without an appropriate housing option, these residents may opt for neighbouring locations where apartment construction has been solid (such as Burwood).

The overall impact of less young and retiree households in the region is expected to have direct consequences on the local centre located on Georges River Road. Through consumption of services and goods at this local centre (either at cafe, restaurants or local service providers), local jobs are supported. Retaining expenditure and expanding on it through population growth must be facilitated. This can be achieved best through increasing density within proximity to the local centre.

Moreover, there is a broader market consequence for the region. A surge in apartment construction in Burwood is expected to also shift higher order retail expenditure to the Burwood Westfield, as well as to the Burwood retail street strip. This will be achieved at the expense of larger activity centres in Canterbury LGA e.g. Campsie.

Conclusion

MacroPlan concludes that 1.47 hectare of isolated land zoned industrial is unlikely to attract major investment or high density employment uses to Canterbury LGA.

Upon consideration of the vision to rezone this land through the recent Residential Strategy Review, Canterbury Council has acknowledged its willingness to reconsider the fragmented industrial area at Brighton Avenue potentially may not be of strategic significance to the economic development and growth of Canterbury.

This report evidently demonstrates that the site is not well suited to future industrial uses and represents an opportunity for mixed use development. We advise therefore that consideration must be given to a more appropriate function in the context of the local economy.

Its use for alternate purposes will not compromise the function of strategically important employment precincts, which will continue to attract and generate both traditional and new jobs associated with services, education and health.

Based on our detailed analysis of industrial market prospects and development trends, we consider the current location and zoning of the subject land to be sub-optimal.

The prospect for new industrial buildings at this site in the medium to long term is poor given the availability of other larger, contiguous industrial parcels with good infrastructure access in more affordable areas of Western Sydney.

We find that the subject land is not strategically important for employment or economic purposes, nor is its preservation as an industrial zone likely to encourage or protect employment growth in Canterbury.

The site does not play a critical role in providing employment to nearby residents with a high proportion of the workforce in other employment types. These needs are already well catered for through opportunities presented by proximity and access to Sydney CBD, local centres and other employment precincts. Our findings therefore support an alternate zone for the site. Employment impacts will be neutral.

We recommend that the best use of the land is predominantly for residential purposes with ground floor employment generating activity to enhance the surrounding residential and local centre uses. This will provide more affordable housing for sale within close proximity to commuter transport, with direct access to growing employment sectors locally and in professional, technical and managerial jobs in central Sydney and the wider metro area.

The rezoning of land at Brighton Avenue from Industrial to Residential fulfils the criteria for rezoning existing industrial land to other uses, as required under Objective 13 of the Draft Metropolitan Strategy for Sydney to 2031.

We conclude that the land's redundancy as a contributor to the LGA's or sub-region's supply of 'well-located employment land' compels Council to consider its suitability for other uses.

Appendix 1 – Letter Regarding Reduction in Jobs

Bruzzano & Associates
accountants • advisors • tax agents

FB:lc

23 August 2013

Canterbury Council

RE: CROYDON PARK BUILDING SUPPLIES PTY LTD

I act as accountant for the above and have done so for the past ten (10) years.

I confirm that in the year 2004, the company had approximately 34 staff. Presently the company has 8 staff.

Over the last ten (10) years, the company has experienced yearly declines in business trade predominately due to adverse economic conditions experienced in the building industry. This coupled with difficulties to finance new equipment resulting from the recent Global Financial Crisis.

All this has led to a shrinkage of business turnover generally.

This has been consistent with all economic data of the last decade showing slow and even declining growth in new building projects.

Although there has been signs of improvements of late, the "growth" is not and will not be sufficient to return to a business of its former size.

The business given its current size no longer warrants trading from such a large parcel of land.

Yours faithfully
BRUZZANO & ASSOCIATES
Frank Bruzzano



Ref: 84299_1



Legally linked by a scheme
approved under Professional
Standards Legislation

Bruzzano & Associates ACN 56 293 996 814
Suite 2, 169 Victoria Road Drummoyne NSW 2047 • PO Box 206 Drummoyne NSW 1470
P 02 9719 0300 • F 02 9719 0320 • E info@bruzzano.com.au • www.bruzzano.com.au

Melbourne

Level 4
356 Collins Street
Melbourne VIC 3000
(03) 9600 0500

Sydney

Level 4
39 Martin Place
Sydney NSW 2000
(02) 9221 5211

Brisbane

Level 15
111 Eagle Street
Brisbane QLD 4000
(07) 3221 8766

Perth

Ground Floor
12 St Georges Terrace
Perth WA 6000
(08) 9225 7200



MacroPlanDimasi



Angela Nucifora
35 Brighton Ave
Croydon Park, 2133

Re: Tenant Statement
Property: Brighton Ave, Croydon Park
Project: 13-051

To whom it may concern,

As the owner of the business Seedling Kids Child Care Centre, 35 Brighton Ave Croydon Park, a site which is currently zones IN2 Light Industrial. My business has the following characteristics;

We are a child care centre licensed for 39 children per day. The primary tasks at our service are to provide care for children aged 2-5years as well as providing an educational program. We currently have 7 staff employed at Seedling Kids.

We have big concerns over safety of our families due to insufficient parking outside our centre as well as large driveways used for trucks coming in and out of Croydon Park Building Supplies. We receive several complaints regarding the need to extend parking and the trucks not taking extra care due to young children being around.

It would be in our best interest that the project goes ahead at Brighton Ave

It would add wonderful new people into our established community and ensure that there is always a market for our business. We hope to see the development approved and less large trucks on Brighton Ave adding to the safety of our 75 families over the week

Thank you and please don't hesitate to contact me regarding anything you have read in this letter

Kind Regards

Angela Nucifora

Owner/supervisor Seedling Kids.

General Manager

Canterbury Council

137 Beamish St

Campsie NSW 2194 NSW

24th February 2013,

Att: Warren Farleigh,

Dear Sir,

As a neighbouring business to project 13-051, I wish to express my support of re development of Brighton Ave Croydon Park NSW 2133 for housing units.

The project would need to provide additional street angled parking to provide visitor parking & beautification of the street scape.

Kind Regards



Joe DiMaria

Pure Gelato



**Pure
Gelato**

PURE GELATO ENTERPRISES PTY LTD

(ABN 14 076 477 53)

30-32 Brighton Ave, Croydon Park NSW 2133

Phone: (02) 9716 4488 Fax: (02) 9716 4388

Email: accounts@puregelato.com.au

www.puregelato.com.au



General Manager
Canterbury Council
137 Beamish Street
Campsie 2194 NSW
Attn: Warren Farleigh

Re: Tenant Statement
Property: Brighton Avenue, Croydon Park
Project: 13-051

Dear Sir/Madam,

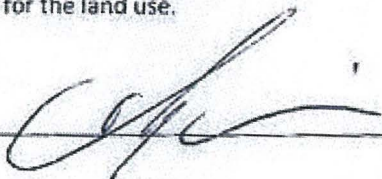
As the owner of AAA RADIATOR at 15, 17, 19 BRIGHTON AVE CROYDON PARK, a site which is currently zoned IN2 Light Industrial.

I am of the belief that the site will be better suited as a residential zoned area for the following reasons:

- The site is located within close proximity to medium and high design residential dwellings and retail services, this causes significant safety concerns in regards to heavy vehicle movement and pedestrians
- Current R4 zoning of adjacent land acts as a constraint to any physical expansion in the foreseeable future
- [include any other concerns]

It is my intention that the business be relocated to a more appropriate industrial area as the existing location is not ideal for the land use.

Signed:



Name:

TONY NAHABEDIAN

Date:

1 / 2014