

LAKES BUSINESS PARK, BOTANY ECONOMIC IMPACT ASSESSMENT OVERVIEW

31 OCTOBER 2016
PREPARED FOR DEXUS PROPERTY GROUP

URBIS

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TABLE OF CONTENTS

Introduction i

Key Findings 2

Disclaimer 8

Appendix A Lakes Business Park, Botany Economic Impact Assessment

Appendix B Lakes Business Park, Addendum to Economic Impact Assessment

INTRODUCTION

Lakes Business Park is a 7.9-hectare business park containing 43,600 sq.m net lettable area (NLA) of office and warehouse space on the northern and southern side of Lord Street, Botany. There is an approved masterplan in place which provides for the substantial expansion and development of the northern and southern precincts for commercial use.

The northern precinct has been granted approval for commercial related uses across seven buildings, which provides an indicative maximum gross floor area (GFA) of approximately 49,000 sq.m, with building heights of 5-6 storeys. Assuming a 10% reduction for conversion to net lettable area, this reflects an approved uplift potential of around 14,500 sq.m additional NLA in the northern precinct (an increase of 49%).

DEXUS is seeking to rezone the southern part of the Lakes Business Park at 11-13 Lord Street, Botany (subject site) from B7 Business Park to B4 Mixed Use and has prepared an indicative concept layout for the southern precinct which would deliver 658 residential units and approximately 1,200 sq.m commercial floorspace within the development.

Urbis was appointed by DEXUS to review the economic impacts associated with the proposed rezoning of the southern precinct (Lakes Business Park, Botany Economic Impact Assessment – May 2015). Following a request for further information from Botany Council, Urbis prepared an addendum to the study addressing the comments (Lakes Business Park Addendum to Economic Impact Assessment – November 2015). These documents are provided in the appendixes.

Following a request from the NSW Department of Planning and Environment, Urbis has consolidated the findings of the previous two reports.

KEY FINDINGS

Our assessment finds the proposed rezoning of the subject site from B7 Business Park to B4 Mixed Use should be supported on the basis of the following:

- The subject site is not strategically critical industrial land within the broader Metropolitan Sydney context
- The subject site no longer meets the needs of the industrial market
- The proposed rezoning will not have a detrimental impact on achieving employment growth targets
- The subject site is inconsequential to industrial land supply and employment in Botany Bay
- The proposed rezoning is consistent with State and Local Government policies.

1. THE SUBJECT SITE IS NOT STRATEGICALLY CRITICAL INDUSTRIAL LAND WITHIN THE BROADER METROPOLITAN SYDNEY CONTEXT

The subject site is not strategically important to port and airport operations. Port and airport related jobs are located elsewhere in the LGA with a particularly dense clustering further north and west of the subject site (see Appendix B - Section 3 (on pages 11-12) of Lakes Business Park Addendum to Economic Impact Assessment – November 2015).

In addition, many industrial-type businesses have relocated in recent years to larger sites along major motorways (including the M4, M5 and M7), in order to reduce costs and improve accessibility. As a result, demand for industrial land has been trending further west of Sydney and former Botany Bay LGA. This is consistent with the NSW strategy highlighted in *A Plan for Growing Sydney*; that is to shift and expand the economic role of Western Sydney, in turn raising Sydney's overall productivity.

In a Metropolitan Sydney context, the following conclusions about the subject site's competitiveness and importance can be drawn:

1. The Lakes Business Park South is a small industrial area compared to other industrial precincts in the former Botany Bay LGA and Western Sydney, comprising 0.6% of industrial zoned land in Botany LGA (see Table 2). The business park is constrained from any expansion potential with residential properties abutting the southern site boundary, Boralee Park to the immediate east and the NSW Roads and Maritime Services to west.
2. A number of industrial precincts such as the Western Sydney Employment Area (WSEA) are stronger industrial locations. WSEA constitutes the largest greenfield supply of industrial land in Sydney and has strong connectivity with major motorways (e.g. M4 and M7). WSEA consists of large contiguous industrial zoned land reducing potential land use conflicts – this has the effect of supporting industry agglomeration, mitigating land use/traffic conflicts and accommodating large businesses.
3. In contrast, the Lakes Business Park South is isolated, without B-Double access, direct access to a motorway or other transport infrastructure.
4. To enhance our understanding of the importance of the business park's attributes, interviews with tenants were conducted at Lakes Business Park (see Appendix A - Section 3 (on pages 10-11) of Lakes Business Park, Botany Economic Impact Assessment – May 2015). The interviews revealed the main drivers relevant to their initial property search and why they took up premises at Lakes Business Park are:
 - Size, i.e. certain size requirements
 - Proximity to place of residence for owners and/or employees
 - Combined warehouse and office space.

In addition, cost relative to South Sydney (for warehousing) and CBD locations (for office) are also likely to be factors.

It is evident from interviewing tenants coupled with observing and understanding the business of other tenants confirm that Sydney Airport and Port Botany did not play a strategic role for the majority of tenants in deciding to locate at Lakes Business Park. It is clear however that proximity to the airport is a clear benefit of the location, though not a location driver.

There are only two tenants within the entire estate that are related to Port Botany and it is noted that there are looking to relocate.

2. THE SUBJECT SITE NO LONGER MEETS THE NEEDS OF THE INDUSTRIAL MARKET

The Sydney economy is transforming with the industrial sector facing significant pressures including wages growth, fluctuations in the Australian dollar and international competition. The trend with warehousing demand in Metropolitan Sydney is for office and warehouse functions to separate with warehousing relocating to low cost, large warehouses with good transport access. Many warehouse and logistic functions are being outsourced to third party logistics operators (3PL).

The demand for floorspace at Lakes Business Park South is low as evidenced by the current high 16% vacancy rate with a further 42% of the estate becoming vacant in 2018. Current uses consist mainly of small ancillary warehousing attached to office uses such as show rooms, spare parts and minor assembly rather than manufacturing or distribution.

Evolving Land Use Requirements

At a metropolitan level, Sydney is undergoing a shift in manufacturing uses from inner and middle ring areas (such as Botany Bay) towards higher value, mixed use developments which are more aligned with the prevailing resident worker profile. This urban change is consistent with broader structural economic change which is consistent with most advanced economies.

Analysis of the Botany LGA employment and economic profile highlights the following trends:

- The resident population within the LGA is forecast to increase by 10,750 persons between 2016 and 2031, equal to around 715 persons per annum. This will continue to drive demand for housing
- The proportion of tertiary educated people within the LGA increased between 2001 and 2011, and this is a trend that is likely to continue, particularly as housing affordability in Botany will make it increasingly attractive to tertiary educated workers
- The number of jobs in Botany LGA is projected to increase by 12,200 between 2016 and 2036
- We expect that office-based jobs will experience the highest growth within the LGA between 2016 and 2036. Manufacturing employment, by contrast, is forecast to decline by around 700 jobs over the same period, reducing demand for industrial premises and warehousing.

Overall, from a land use perspective these findings point towards future trends in:

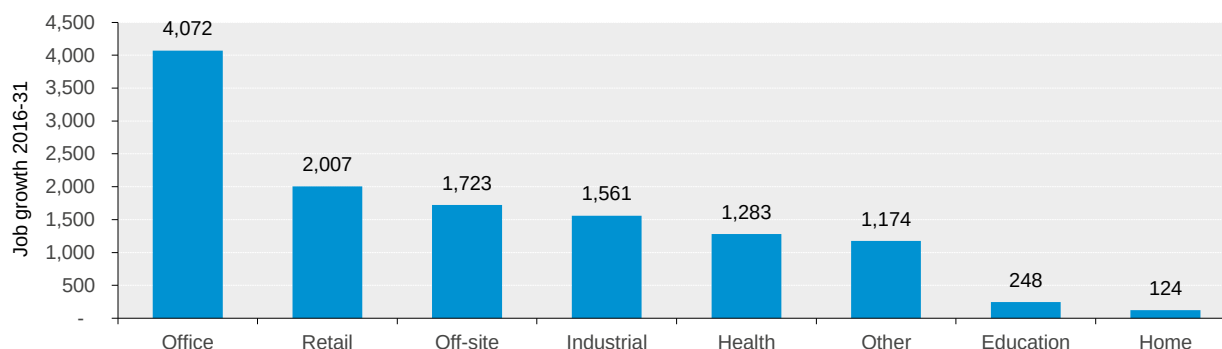
- An intensification of land use, including mixed-use development and the co-location of residential development with compatible land uses
- Retention of logistics operations in strategic precincts with linkages to the port and airport. Growth in logistics is expected to be split between on-site and off-site employment (couriers and hauliers)
- Increased employment in retail, health, education and professional services in centres

The proposed Lakes Business Park rezoning and implementation of the masterplan (subject to market demand) is aligned with this trend by facilitating dwellings and commercial office floorspace in a single location. By responding to market demand and employment projections, the proposal can deliver sustainable mixed use development which can minimise travel to work requirements for LGA residents (see Appendix A - Section 4 (on pages 12-19) of Lakes Business Park, Botany Economic Impact Assessment – May 2015).

Employment Growth by Property Type 2016-36

Former Botany Bay LGA

Chart 1



Source : BTS, Urbis

3. THE PROPOSED REZONING WILL NOT HAVE A DETRIMENTAL IMPACT ON ACHIEVING EMPLOYMENT GROWTH TARGETS

There is more than 30 years of supply of undeveloped industrial land in the former Botany Bay LGA to cater to future employment growth even without the subject site.

Table 1 shows a supply and demand analysis of undeveloped industrial land within the former Botany LGA from the period 2015 to 2036. There is projected annual demand for 74 jobs per annum and 0.7 ha of industrial land within the former Botany Bay LGA per year. The NSW Department of Planning and Environment's Employment Lands Development Program 2015 (ELDP) identified 24 hectares of available undeveloped industrial land within the former Botany Bay LGA, which equates to 32 years of industrial land supply, even with the rezoning of the subject site to B4 Mixed Use (see Appendix A - Section 7 (on pages 44-46) of Lakes Business Park, Botany Economic Impact Assessment – May 2015).

Table 1 – Industrial Land Supply and Demand, Former Botany Bay LGA

Characteristic	Supply/ Demand
Projected Industrial Jobs per Annum, 2015-36	74
Jobs per Hectare of Land	100
Annual Industrial Land Demand, 2015-36 (Ha)	0.7
Undeveloped Industrial Land Supply	24
Years of Industrial Land Supply (+Supply / -Deficit)	+32 years

Source: Urbis; Bureau of Transport Statistics; ELDP 2015

The proposed development of the subject site, combined with the potential for intensification of employment activity on the northern precinct proposed in the masterplan, can make a significant contribution to the former Botany Bay LGA forecast employment growth between 2016-2036.

The combination of around 100 retail jobs within the southern precinct plus up to an additional 3,200 jobs from the intensification of activity on the northern precinct means that Lakes Business Park has the potential to provide up to 4,100 jobs moving forward, a net increase of 3,100 jobs. For instance, the University of Technology Sydney recently signed a lease (subject to development approval) with DEXUS to occupy almost 8,800 sq.m of floorspace in the northern precinct.

This net increase equates to a substantial 26% of the 12,200 additional jobs forecast within the LGA between 2016-2036. In the event that the majority of employment growth across Lakes Business Park is in the office sector this could absorb all of the 4,000 jobs that are forecast in the office sector over the same period.

In addition, construction employment generated by the development would also contribute towards delivering the employment growth forecast.

4. THE SUBJECT SITE IS INCONSEQUENTIAL TO INDUSTRIAL LAND SUPPLY AND EMPLOYMENT IN BOTANY BAY

The Lord Street Precinct, in which the subject site is located, is only one of a number of industrial precincts within the former Botany Bay LGA. Further, there are a number of industrial precincts within the LGA such as Banksmeadow, Hale Street and Mascot in particular that have a stronger competitive position than the Lord Street Precinct.

The rezoning of the subject site will be inconsequential on the supply of warehouses in the former Botany Bay LGA as the site accounts for a very low 0.6% proportion of industrial land supply and 0.1% of warehousing jobs in the former Botany Bay LGA (see Table 2 and Appendix B - Section 2 (on page 10) of Lakes Business Park Addendum to Economic Impact Assessment – November 2015).

Table 2 – Contribution to Former Botany LGA Industrial Sector

	Industrial Land Supply (Ha)	Warehousing Jobs
Lakes Business Park South	2.97	20
Former Botany Bay LGA	483.1	20,654*
Lakes Business Park South Contribution	0.6%	0.1%

Note: * Transport, Postal and Warehousing jobs 2011

Source: Urbis; DEXUS; ELDP 2015

5. THE PROPOSED REZONING IS CONSISTENT WITH STATE AND LOCAL GOVERNMENT POLICIES

The proposed rezoning is grounded in an in-depth understanding of the key strategic planning and infrastructure directions of NSW and Metropolitan Sydney.

5A. A Plan for Growing Sydney Draft Industrial Land Checklist

Table 3 assesses the proposed rezoning against the Draft Industrial Lands Strategic Assessment Checklist in A Plan for Growing Sydney. The assessment clearly shows that the proposed rezoning meets all the criteria and therefore should be supported.

Table 3 –A Plan for Growing Sydney Draft Industrial Lands Strategic Assessment Checklist

Criteria	Meets Criteria	Response
Is the proposed rezoning consistent with State and/or council strategies on the future role of industrial lands?		The proposed rezoning is consistent with the NSW State Plan and A Plan for Growing Sydney regarding the future role of industrial land. The plans emphasise the need to protect land that is strategically important to the airport and port. The subject site is not strategically important due to a number of key constraints.

Criteria	Meets Criteria	Response
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?	✓	The rezoning of the subject site will not have a significant impact on the supply of industrial land. The subject site accounts for a very low 0.6% proportion of industrial land supply and 0.1% of warehousing jobs in the former Botany Bay LGA (even lower when compared to the entire subregion). There is more than 30 years of supply of undeveloped industrial land in the former Botany Bay LGA to cater to future employment growth even without the subject site.
Is the site: - Near or with direct access to economic infrastructure? - Contributing to a significant industry cluster?	✓ ✓	The subject site has poor access to economic infrastructure (despite being located close to the airport and port) because: - Lord Street does not provide b-double access - The subject site is 2.5 km from a motorway (northbound) at Southern Cross Drive. Requires 2 turning movements - The subject site is 1.3km from a motorway (southbound) via Botany Road and Southern Cross Drive. Requires 2 turning movement. The subject site is not part of a significant industry cluster with the Lord Street employment precinct being relatively small and comprising a diverse range of largely unrelated businesses.
Is there a compelling argument that the industrial lands cannot be used for an industrial purpose now or in the foreseeable future and what opportunities may exist to redevelop the land to show new forms of industrial land uses such as high tech-or creative industries?	✓	The demand for floorspace at Lakes Business Park South is low as supported by the current high 16% vacancy rate. The existing zoning is unlikely to attract sufficient development interest to revitalise the precinct as there are a number of better located industrial precincts.
How would the proposed rezoning impact on the achievement of the subregion/region and LGA employment capacity targets and employment targets?	✓	The proposed rezoning will not have a significant impact on achieving the subregion/region and LGA employment capacity targets. Overall, the combination of new retail jobs within the southern precinct plus up to an additional 3,200 jobs on the redeveloped northern precinct means that Lakes Business Park has the potential to provide up to 4,100 jobs moving forward, and a net increase of 3,100 jobs. This net increase equates to delivering 26% of the 12,200 additional jobs projected within the former Botany Bay LGA between 2016-2036.

Criteria	Meets Criteria	Response
Is the site critical to meeting the need for land for an alternative purpose identified in other NSW Government or endorsed planning strategies?	✓	No, the subject precinct has not been identified for an alternative purpose in NSW Government or endorsed Council planning strategies. In addition to this, it is not located in a strategic centre identified by A Plan for Growing Sydney or major employment node.

Source: Urbis

5B. THE PROPOSED DEVELOPMENT WILL INCREASE THE SUPPLY OF HOUSING PRODUCT WHERE DEMAND FOR HOUSING IS HIGH

Given that the supply of housing is largely constrained by Government land use policy, sales transactions are not a true reflection of the demand for new housing product and have not been considered. Both price growth and average days on the market provide an indication of housing demand. Price growth occurs when supply cannot respond, or fully respond, to growth in housing demand. As such it provides an indication of demand in a supply constrained market while average days on market indicate how quickly housing product is sold.

Indicators in Table 4 below indicates demand is strong in Botany Bay relative to other inner city LGAs:

- Botany Bay has the highest 5-year unit price growth rate, compared to a number of comparable inner ring LGAs, indicating that housing supply has not responded to growth in demand
- Apart from Marrickville, Botany Bay units sell faster than all other LGAs benchmarks, indicating a higher degree of interest in Botany Bay housing product when it is available.

The hold period illustrates how tightly held established housing stock is. Despite high price growth established owners are holding housing product on average longer than other inner city LGAs (with the exception of Ashfield).

Without new housing supply the combination of a tightly held housing market with high underlying demand may result in a housing shortage and affordability constraints.

Overall the picture of the Botany Bay housing market points to high demand relative to other inner Sydney LGA, with limited housing options available indicating the need for additional housing supply (see Appendix B - Section 6 (on pages 15) of Lakes Business Park Addendum to Economic Impact Assessment – November 2015).

Table 4 – Housing Demand Indicators in Comparable LGAs

Housing Demand Indicators	Ashfield	Botany Bay	Leichhardt	Marrickville	Rockdale	Canada Bay
Unit Price Growth (5 years)	56%	60%	39%	52%	42%	31%
Average Days on Market	51	39	41	37	42	53
Average Hold Period (Years)	10.3	9.5	8.3	8.9	7.6	7.6

Source : Urbis; RP Data

The proposed rezoning should be supported as it will help address the housing shortage and help facilitate housing affordability.

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This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the reasonable belief that they are correct and not misleading, subject to the limitations above.

APPENDIX A

LAKES BUSINESS PARK, BOTANY ECONOMIC IMPACT ASSESSMENT



Lakes Business Park, Botany Economic Impact Assessment

Dexus Property Group

May 2015

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TABLE OF CONTENTS

Executive Summary	i
1 Introduction.....	1
2 Site Context.....	2
2.1 Lakes Business Park	2
2.2 Proposed Development	5
2.3 Surrounding Land Use.....	5
2.4 Current Employment.....	8
3 Business Engagement Key Findings	10
3.1 Background.....	10
3.2 Lakes Business Park – Nature of Uses	10
3.3 Locational Drivers	10
3.4 Current Satisfaction and Future Needs	11
4 Botany Bay LGA Employment and Economic Profile	12
4.1 New South Wales Overview	12
4.2 Botany Bay LGA Overview	13
4.3 Projected Employment	16
5 Employment Land Supply in Botany Bay LGA.....	20
5.1 Regional Context	20
5.2 Botany Bay LGA Employment Precincts	21
5.3 Conclusion	36
6 Development Pipeline and Vacant Floorspace.....	37
6.1 Development Pipeline.....	37
6.2 Employment Potential – Reuse of Vacant Floorspace	41
6.2.1 Commercial Vacancies.....	41
6.2.2 Industrial Vacancies	42
6.2.3 Retail Vacancies	43
7 Proposed Rezoning - Economic Benefits	44
7.1 Employment Potential.....	44
7.2 Construction Employment	45
7.3 Contribution to Employment Targets	46
7.4 Orderly and Efficient Use of Land.....	46
7.5 Retail Expenditure	47
7.6 Housing Affordability.....	47
7.7 Investment Stimulus	47
8 Conclusion	49
Disclaimer	51
Appendix A Botany Bay Planning Strategy – Key Employment Objectives and Actions	52
Appendix B Future Supply Pipeline – Employment generating developments (as at April 2015).....	55
Appendix C Commercial Office Vacancies (Selection, as at April 2015).....	57
Appendix D Industrial Vacancies (Selection, as at April 2015)	63
Appendix E Retail Vacancies (Selection, as at April 2015).....	69

Executive Summary

LAKES BUSINESS PARK – PROPOSED DEVELOPMENT

Lakes Business Park is a 7.9 hectare business park containing 43,600 sq.m net lettable area (NLA) of office and warehouse space. There is an approved masterplan in place which provides for the substantial expansion and development of the northern and southern precincts for commercial use.

The northern precinct has been granted approval for commercial related uses across seven buildings which provides an indicative maximum GFA of approximately 49,000 sq.m, with building heights of 5-6 storeys. Assuming a 10% reduction for conversion to net lettable area, this reflects an approved uplift potential of around 14,500 sq.m additional NLA in the northern precinct (an increase of 49%).

Dexus is seeking to rezone the southern part of the site from B7 Business Park to B4 Mixed Use and has prepared an indicative concept layout for the southern precinct which would deliver 658 residential units and approximately 1,200 sq.m commercial floorspace within the development.

The proposed rezoning of the Lakes Business Park southern precinct and the implementation of the masterplan (subject to market demand) can position the Business Park to focus on commercial office space as a core property offering to meet the changing employment profile at state and local level.

The land surrounding the subject site (the southern precinct) contains a mix of residential, recreational space and employment uses. Buildings on the southern precinct only occupy 34% of the total site area. The remainder of the site is allocated to car parking, access road and landscaping which is, in part, a design response to provide buffering between on-site employment uses and residential properties along the southern site boundary. This buffering requirement adversely impacts on the ability to develop additional employment uses on the site.

CURRENT TENANTS

The Lakes Business Park currently employs a total of 1,000 workers including around 200 at the southern precinct. The southern precinct has a low employment density of 1 employee per 68 sq.m NLA, or 67 workers per hectare.

The dynamics of space requirements among tenants in the Lakes Business Park are changing, as evident by the recent and impending departure of several tenants. One of the largest tenancies in the southern precinct is vacant since the tenant divested their operations across a number of sites in Botany and the Sydney CBD. Another tenant has located to Ingleburn, and another is about to relocate to Port Botany.

Following the relocation of these businesses around 25% of the floorspace within the southern precinct will be vacant, and employment will be reduced to around 165 persons resulting in a low employment density of one worker per 86 sq.m floorspace.

It is evident from interviewing tenants coupled with observing and understanding the business of tenants on the southern precinct that, for the majority of tenants, Sydney Airport and Port Botany were not strategic drivers affecting their decision to be at Lakes Business Park. Proximity to the airport is a benefit of the location, rather than a driver for location. Key drivers for locating at the site are typically size of premises, proximity to place of residence for employees and the ability to access combined office and warehouse space. In addition affordability, relative to South Sydney (for warehousing) and CBD locations (for office), is also likely to be factors.

The predominately commercial nature of uses in the southern precinct means that current tenants could be accommodated on the northern precinct in future. Given the high levels of satisfaction from existing tenants, it is reasonable to assume that post-redevelopment, the majority of southern precinct tenants would seek to remain within the Lord Street precinct, either within the Lakes Business Park or at Sir Joseph Banks Business Park.

ECONOMIC BENEFITS

EMPLOYMENT

Future redevelopment of the Lakes Business Park northern precinct (subject to market demand) to maximise the approved floorspace could deliver 700-3,200 additional jobs depending on the spatial requirements of future users. The uplift potential for the northern precinct would be undiminished by the proposed redevelopment of the southern precinct.

The proposed development of the southern precinct includes provision for around 1,200 sq.m commercial floorspace. Subject to tenant requirements, this could sustain around 60-100 jobs.

The construction investment \$236 million would generate direct employment of 962 full-time, part time and temporary one year equivalent jobs from construction. The direct employment of 962 jobs from the 'construction phase' could generate an additional 1,515 indirect jobs in supporting industries and other businesses servicing the expenditure by the employed workers.

CONTRIBUTION TO FORECAST LGA EMPLOYMENT

The proposed development may result in a reduction of employment on the southern precinct by around 100 jobs compared to current levels.

Nevertheless, the proposed development, combined with the potential for intensification of employment activity on the northern precinct can make a significant contribution to the Botany LGA forecast employment growth between 2016-2031.

The combination of around 100 commercial jobs within the southern precinct plus up to an additional 700 to 3,200 additional jobs on the northern precinct (redevelopment subject to market demand) means that Lakes Business Park has the potential to provide up to 4,100 jobs moving forward, and a net increase of 3,100 jobs.

This net increase equates to 26% of the 12,200 additional jobs projected within the LGA between 2016-2036. In the event that the majority of employment growth across Lakes Business Park is in the office sector, this could accommodate all of the 4,000 jobs that are projected in the office sector over the same period. Construction employment generated by the development would also contribute towards the employment growth projections.

RESIDENT RETAIL EXPENDITURE

The draft concept plan for the subject site would deliver around 658 apartments in a mix of studio, one two and three bedroom configurations. This mix could support a population of around 1,200 residents. Based on the current spending profile of Botany LGA residents, this additional population could generate around \$16 million in retail expenditure by 2021 (in \$2015).

The generation of additional retail expenditure is likely to result in a combination of demand for additional floorspace close to the site, as well as a boost to the turnover of existing strips and centres within the existing centres hierarchy.

OTHER ECONOMIC BENEFITS

Additional economic benefits associated with the proposal include:

- Increased housing choice and contribution towards housing diversity and affordability
- The orderly and efficient use of land
- Investment stimulus in the precinct and the broader botany area
- Increased residential rates payable to Botany Bay council

EVOLVING LAND USE REQUIREMENTS

At a metropolitan level, Sydney is undergoing a shift in manufacturing uses from inner and middle ring areas (such as Botany Bay) towards higher value, mixed use developments which are more aligned with the prevailing resident worker profile. This urban change is consistent with broader structural economic change which is consistent with most advanced economies.

Analysis of the Botany LGA employment and economic profile highlights the following trends:

- The resident population within the LGA is forecast to increase by 10,750 persons between 2016 and 2031, equal to around 715 persons per annum. This will continue to drive demand for housing
- The proportion of tertiary educated people within the LGA increased between 2001 and 2011, and this is a trend that is likely to continue, particularly as housing affordability in Botany will make it increasingly attractive to tertiary educated workers
- The number of jobs in Botany LGA is projected to increase by 12,200 between 2016 and 2036
- We expect that office-based jobs will experience the highest growth within the LGA between 2016 and 2036. Manufacturing employment, by contrast, is forecast to decline by around 700 jobs over the same period, reducing demand for industrial premises and warehousing.

Overall, from a land use perspective these findings point towards future trends in:

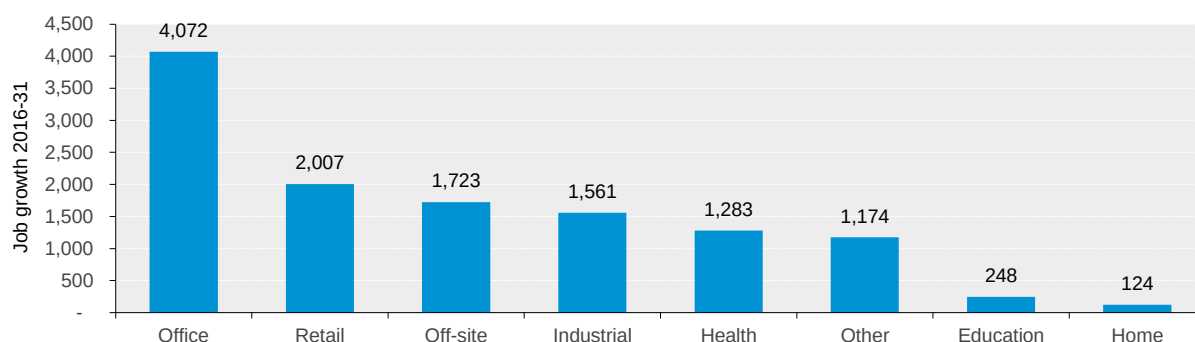
- An intensification of land use, including mixed-use development and the co-location of residential development with compatible land uses
- Retention of logistics operations in strategic precincts with linkages to the port and airport. Growth in logistics is expected to be split between on-site and off-site employment (couriers and hauliers)
- Increased employment in retail, health, education and professional services in centres

The proposed Lakes Business Park rezoning and implementation of the masterplan (subject to market demand) is aligned with this trend by facilitating dwellings and commercial office floorspace in a single location. By responding to market demand and employment projections, the proposal can deliver sustainable mixed use development which can minimise travel to work requirements for LGA residents.

Employment Growth by Property Type 2016-36

BOTANY BAY LGA

TABLE 1.1



Source : BTS, Urbis

EMPLOYMENT LAND SUPPLY IN BOTANY BAY LGA

The 2009 Botany Bay Planning Strategy identifies twelve key employment precincts within the LGA. These are a mix of employment lands, centres and precincts as well as Sydney airport. Urbis has undertaken a review of each precinct to assess the opportunities and constraints for each, and to assess the relative positioning of the Lakes Business Park (within the Lord Street precinct).

Lord Street precinct is one of a number of precincts within Botany Bay LGA with potential to accommodate employment growth in future. Our analysis concludes that:

- The precincts that offer the highest potential for employment development include Hillsdale, Banksmeadow, Lord Street, Eastgardens, Eastlakes and Mascot (station and airport environs)
- Lord Street can continue to make an important contribution to employment through the implementation of the masterplan for the Lakes Business Park northern precinct (subject to market demand), as well as the inclusion of employment uses within the redevelopment of the southern precinct, and the take up of available space to lease at the Sir Joseph Banks Business Park
- Mascot Station and Environs in particular offers strong prospects for employment growth, and the Connect Corporate Centre can be a catalyst project in the precinct
- In the long term, Banksmeadow offers substantial opportunities for intensification of employment use, subject to the needs of the current major operators on site (e.g. Orica). The NSW Department of Planning and Environment's latest Employment Lands Development Program report notes that there are currently 12 hectares of undeveloped land within this precinct
- Retail development at Eastgardens and East Lakes will support growth in the retail sector and related commercial activities

In addition, our analysis demonstrates that:

- There is a current development pipeline of over 275,000 sq.m floorspace with the potential to accommodate employment uses in the Botany LGA
- There are in excess of 1,000 available commercial, industrial and retail properties available to lease in the LGA
- The employment generating potential of the largest proposed developments could deliver 5,000 to 10,000 additional jobs in the LGA, augmented by a range of smaller projects and mixed use developments. Take up of vacant floorspace would also sustain considerable employment
- In the context of the long term employment forecasts for the LGA (+12,200 new jobs between 2016 and 2036), the current pipeline and take up of vacant floorspace could therefore be sufficient to achieve the forecast employment growth for the LGA over the next 20 years

Having regard to all of these factors, the proposed redevelopment of the Lakes Business Park southern precinct, together with the implementation of the masterplan for the northern precinct in the longer term (subject to market demand) can make a positive contribution towards employment growth and housing choice within the Botany LGA.

The proposed rezoning should therefore be supported from an economic perspective.

1 Introduction

Urbis has been appointed by DexuS to review the economic impacts associated with the proposed rezoning of the southern precinct of the Lakes Business Park at 11-13 Lord Street.

DexuS acquired the Lakes Business Park in Botany in December 2014. The 7.9 hectare park provides 43,000 sq.m NLA of office and warehousing floorspace.

DexuS is seeking to rezone the southern part of the site (approximately 3 ha) from B7 Business Park to B4 Mixed Use to permit a range of employment and residential uses on the site.

An existing approved masterplan for the Lakes Business Park provides scope for the intensification of employment uses on the northern portion of the site as well as employment uses on the southern portion.

The purpose of this report is:

- To confirm the level of employment currently being achieved across the site
- To assess the level of employment that can be delivered on the subject site through the masterplan, subject to market demand
- Consider the net employment impact on the subject site and the broader community
- Identify the broader economic impact associated with the proposed rezoning
- Assess the suitability of the southern portion of the site for employment uses compared to other employment precincts within the Botany LGA, having regard to long term employment forecasts for the area.

The remainder of this report is structured as follows:

- Section 2 - considers the local and regional context of the site, having regard to location, access and surrounding land uses. It also sets out information on current operations at the site
- Section 3 – sets out the key findings of interviews conducted with existing businesses at Lakes Business Park to provide analysis of the nature of current businesses, key drivers for locating in the area and current satisfaction and future needs
- Section 4 - sets out an overview of the Botany LGA employment profile, having regard to historic, current and forecast labour market segmentation. This includes analysis of the resident workforce, total labour market, split between white collar and blue collar employment and employment retention
- Section 5 – reviews the supply of business precincts within the Botany LGA (as identified in the 2009 Botany Bay Planning Strategy) providing a description of each precinct and a scored rating based on key criteria pertaining to capacity to support future employment
- Section 6 – provides a summary of the current development pipeline and vacant commercial premises within the Botany LGA and considers the contribution that these planned and existing premises can make to providing space for business and employment growth
- Section 7 – considers the economic benefits associated with the Lakes Business Park masterplan and the proposed rezoning. It highlights the employment potential associated with the proposed rezoning and implementation of the masterplan (subject to market demand), as well as the contribution that this, and other developments can make to the Botany LGA employment forecasts. Broader economic benefits are also considered
- Section 8 – sets out conclusions

2 Site Context

2.1 LAKES BUSINESS PARK

Lakes Business Park is a 7.9 hectare business park containing 43,600 sq.m net lettable area (NLA) of office and warehouse space. Built in the 1990's the business park is divided by Lord Street between a northern precinct and a southern precinct, with approximately two thirds (67%) of development being situated on the northern precinct.

The Business Park employs around 1,000 people based on data provided by Dexs.

The southern precinct comprises only two buildings (Building 11 and Building 13) and measures approximately 2.97 hectares in total. The two buildings on the site have a combined footprint of 10,250 sq.m; equal to around 34% of the total site area. The remainder of the site is allocated to car parking, access roads, and perimeter landscaping. This is in part a design response to the requirement to buffer employment uses from the residential properties abutting the southern site boundary. This buffering requirement adversely impacts on the ability to develop additional employment uses on the site.

There are around 200 workers currently employed within the southern precinct, meaning that the site delivers a very low employment density of around 67 workers per hectare.

The Lakes Business Park has an approved masterplan which provides for the substantial expansion and development of the northern and southern precincts for commercial use, subject to market demand.

The northern precinct has been granted approval for commercial related uses across seven buildings which provides an indicative maximum GFA of 48,840 sq.m; with building heights of 5-6 storeys. Assuming a 10% reduction for conversion to net lettable area, this reflects an approved uplift potential of around 14,500 sq.m additional NLA in the northern precinct (an increase of 49%).

The southern precinct has consent for commercial uses within four buildings with a three level car park which provides an indicative maximum GFA of 29,770 sq.m. Again, assuming a 10% reduction for conversion to net lettable area, this reflects an approved uplift potential of around 12,600 sq.m additional NLA in the southern precinct (an increase of 89%).

Lakes Business Park

CURRENT LAND USE

TABLE 2.1

PRECINCT	SITE AREA	NET LETTABLE AREA
North	4.89 ha	22,144 sq.m office 6,958 sq.m warehouse 330 sq.m retail 29,432 sq.m total
South	2.97 ha	7,905 sq.m office 6,280 sq.m warehouse 14,185 sq. m total
Total	7.87 ha	30,049 sq.m office 13,238 sq.m warehouse 330 sq.m retail 43,617 sq.m total





PICTURE 2.1 – BUILDING 11, LORD STREET (SOUTHERN PRECINCT)



PICTURE 2.2 – SUBJECT SITE (SOUTHERN PRECINCT)



PICTURE 2.3 – TYPICAL BUILDING CONSTRUCTION



PICTURE 2.4 – TYPICAL BUILDING CONSTRUCTION

2.2 PROPOSED DEVELOPMENT

Dexus has prepared an indicative concept layout for the southern precinct which would deliver 658 residential units and 1,174 sq.m commercial floorspace within the development.

2.3 SURROUNDING LAND USE

The land surrounding the subject site contains a mix of residential, recreational space and employment uses:

- On the northern side of Lord Street is the northern precinct of the Lakes Business Park, as well as the Sir Joseph Banks Corporate Park. The Sir Joseph Banks Corporate Park provides around 31,700 sq.m gross floor area split between office and warehouse space

- Boralee Park is located immediately to the east of the southern precinct. The park provides a mix of sports fields and informal recreation space. The Botany Aquatic Centre is adjacent to the park
- Residential units on Daphne Street are located immediately to the south of the site abutting the car park boundary
- To the west, the NSW Roads and Maritime Services has a motor registry office and driver training centre
- The southern site boundary abuts a mix of three storey apartments and townhouses on Daphne Street
- The Lakes Business Park as a whole is bounded to the north and west by Southern cross Drive, to the east by a combination of residential units, Boralee Park and the East Lake Golf Course, to the south by residential dwellings between Botany Road and the Port Botany freight rail line.



PICTURE 2.5 – RESIDENTIAL INTERFACE TO DAPHNE STREET



PICTURE 2.6 – RESIDENTIAL INTERFACE (DAPHNE STREET TO SOUTH)



PICTURE 2.7 – NEW APARTMENTS, JASMINE STREET



PICTURE 2.8 – NEW APARTMENTS, JASMINE STREET



PICTURE 2.9 – ADJACENT PUBLIC OPEN SPACE



PICTURE 2.10 – ADJACENT PUBLIC OPEN SPACE AND RECREATION FACILITIES

Having regard to broader connectivity, the distance and time by road from the subject site to key activity nodes is outlined the table below. The table shows that the site is located close to a mix of major infrastructure nodes (Sydney Airport; Port Botany) as well as retail, education and leisure precincts (Westfield Eastgardens, Maroubra Beach, University of New South Wales) that are highly valued by residents.

Access to public transport includes:

- Bus stops on Botany Road providing transport between Port Botany, Banksmeadow, Eastgardens, Mascot, Redfern, the Sydney CBD, Gore Hill, Crows Nest, and St. Leonards
- Mascot Train Station 3.5 km to the west
- The future Sydney CBD light rail connection (at Anzac Parade, UNSW) 6.1 km to the north.

Distance and Drive Times

SUBJECT SITE TO KEY ACTIVITY NODES

TABLE 2.2

DESTINATION	DISTANCE	DRIVE TIME
Airport (Domestic Terminal)	2.5 km	5 minutes
Mascot Station	3.5 km	9 minutes
Port Botany (Penrhyn Road, via Botany Road)	3.6 km	8 minutes
Green Square	4.4 km	12 minutes
Westfield Eastgardens Shopping Centre	4.6 km	8 minutes
Airport (international Terminal)	5 km	8 minutes
University of New South Wales (Kingsford)	6.1 km	14 minutes
Maroubra Beach	7.4 km	14 minutes
Sydney CBD (Martin Place)	11.2 km	15 minutes

2.4 CURRENT EMPLOYMENT

The table below shows that there are around 200 persons employed within buildings 11 and 13 in the southern precinct, delivering a low employment density of 1 employee per 72 sq.m NLA, or 67 workers per hectare across the site. Around 55% (7,905 sq.m) of the total floorspace within the buildings (14,185 sq.m) is configured to provide office floorspace, with the balance (6,280 sq.m) being used as warehousing.

The buildings currently house a broad range of business including:

- Furniture / cabinet manufacturers
- Freight and Logistics
- Warehousing
- Appliance testing
- Office users, including real estate and serviced offices.

Two of the tenancies are currently vacant (2,775 sq.m in total, equal to 20% of NLA), and another two businesses are in the process of relocating out of the Business Park (748 sq.m in total equal to 5% of NLA). Post relocation, the site will employ around 165 workers.

We note that the current configuration of warehousing is generally small scale, and is set up to support servicing by rigid trucks and vans rather than large semi-trailers.

The average size of tenancies in building 11 is around 700 sq.m. Building 13 contains two large tenancies (former LVMH tenancy, currently vacant: 2,500 sq.m; Sunbeam: 3,450 sq.m) as well as around 420 sq.m additional office space.

Current Tenancy Profile

SOUTHERN PRECINCT , LORD STREET

TABLE 2.3

Unit	Tenant	Business Type	Office (sq.m)	Warehouse (sq.m)	Total (sq.m)	Employees (no.)	Density (Sq.m per employee)
Building 11							
1,3, 3A	Reward Interiors	Manufacture of hotel cabinets	328	934	1,262	10	126
2, 2A	Customs & Cargo Administrators	Transport and customs	159	474	633	3	211
4, 4A	Whitehills*	Giftware and tabletop distributors	865	82	947	26	36
5&6	Kumon	Education and learning		1,297	1,297	8	162
7A	Manton	Customs, freight forwarding and logistics	519	752	1,271	24	53
8A	CBRE	Real estate	526		526	11	48
1A	Barco	Display solutions	211		211	5	42
5A	Phoenix Freight	Freight systems	266		266	11	24
6A	Vacant	Vacant	266		266	0	0
7	Synergy Executive (Botany Business Centre)*	Serviced office	590		590	18	33
8	POTA / QUBE (relocating to Port Botany)	Logistics	533		533	20	27
Sub Total			4,262	3,539	7,801	137	57
Building 13							
1	Vacant	Vacant	1,180	1,329	2,509	0	0
2-6	Sunbeam	Small appliance testing	2,039	1,412	3,451	40	86
L2 1	Mariana Shipping (Relocating)	Shipping	215		215	13	17
L2 2	R82	Sales of disabled aid appliances	209		209	8	26
Sub Total			3,643	2,741	6,384	61	105
Total			7,905	6,280	14,185	198	72

* Assumed, based on typical densities within the building

Note total and pending vacancy = 3,523 sq.m equal to 25% NLA

Source : Dexis, Urbis

3 Business Engagement Key Findings

3.1 BACKGROUND

To enhance our understanding of the importance of the business park's attributes, interviews with tenants were conducted at Lakes Business Park to investigate:

- Location decision making drivers, i.e. their reason for being located at Lakes Business Park
- Utilisation of space and role of these premises
- Satisfaction of premises to meet business needs
- Identify improvements to enhance the business park

It was important to understand the role of Sydney Airport and Port Botany in their decision making and identify any unique aspects of the site that are critical to their business operations.

3.2 LAKES BUSINESS PARK – NATURE OF USES

Among the current tenants located on the southern precinct (Buildings 11 and 13) the utilisation of the floorspace tends to be split between office space and warehouse space. Office space is used for meeting rooms, training rooms, reception area and general offices. Not all companies however utilise the space in this way. One or two tenants indicated they are currently under utilising space.

The dynamics of space requirements among tenants in the business park are clearly changing evident by the recent and impending departure of several tenants. One of the largest tenancies in the southern precinct is vacant since the tenant divested their operations across a number of sites. This involved moving their office to the CBD and taking up a smaller warehouse space elsewhere in Botany to retain their training and product warehousing facilities. Another tenant has located to Ingleburn, and another is about to relocate to Port Botany.

Tenants use the warehouse component for delivery, despatch and distribution of goods. The warehouse space on the southern precinct is fairly generic and does not provide any unique feature or benefit.

Of all tenants located in the southern precinct, it is our understanding that only two businesses rely on the warehouse, ground floor access and proximity to the port. Both could be accommodated on the northern precinct. Ground floor access is clearly a priority for a few of the tenants, whose needs should be able to be accommodated elsewhere.

3.3 LOCATIONAL DRIVERS

The main drivers relevant to their initial property search and why they took up premises at Lakes Business Park are:

- Size, i.e. certain size requirements
- Proximity to place of residence for owners and/or employees
- Combined warehouse and office space.

In addition, cost relative to South Sydney (for warehousing) and CBD locations (for office) are also likely to be factors.

When searching for premises there was a need for either increased or reduced floorspace, therefore reflecting either an expansion or downscaling of the business.

From our understanding, many of the workers employed at Lakes Business Park live in the Sutherland Shire, Botany and broader eastern suburbs. In the case of a few tenants, the decision to locate in Botany was made solely on the proximity to the management and owner's place of residence. The proximity to place of residence and the city makes Botany and therefore Lakes Business Park an attractive location.

It is our understanding that three or four of the current tenants in the southern precinct directly benefit from proximity to Port Botany, with one of them about to leave the business park and re-locate to Port Botany. While port access for the above tenants is a positive, the access was part of a broader set of criteria and not a definitive factor in their decision making. It was evident that personal considerations were highly factored into decision making by way of ensuring that employees or visitors are comfortable, i.e. not too far to travel to home or in the case of interstate visitors the airport is easily accessible. One tenant, a freight forwarding and logistics operator established the business at Lakes Business Park because of familiarity with Lord Street and the positive associations having been a previous tenant in the park.

Based on the above, the set of drivers are fairly universal in the context of commercial property criteria and could be applicable to searches across the Sydney metropolitan area. There are no unique attributes of the business park particularly on the southern precinct. The tranquil nature of the environment on the northern precinct due to the lake and the lake-side setting of the café are the most notable unique aspects of the business park.

It is evident from interviewing tenants coupled with observing and understanding the business of other tenants that Sydney Airport and Port Botany did not play a strategic role for the majority of tenants in deciding to locate at Lakes Business Park. It is clear however that proximity to the airport is a clear benefit of the location, though not a location driver.

3.4 CURRENT SATISFACTION AND FUTURE NEEDS

Overall the tenants interviewed are very satisfied with the business park from both the perspective of being suitable for their needs and from a workplace quality standing. All of the tenants we spoke to indicated their intention to remain in the Botany area over the next three to five years primarily because the location works well for their employees and visitors. The benefits of Lakes Business Park are:

- Strong on-site facilities management support
- Overflow parking flexibility
- On-site cafe
- Tranquil environment
- Proximity to Boralee Park for recreation uses
- Proximity to Botany and Mascot town centres
- Access to established public transport routes
- Proximity to Sydney Airport
- Proximity to Port Botany (for 3-4 tenants on southern precinct)

It is worth noting that Sydney Airport is recognised as a benefit and a bonus rather than a critical factor in why these businesses are located at Lakes Business Park.

As far as negative aspects of the site are concerned these are limited to:

- Unauthorised parking in tenant allocated bays (a common issue in most parks)
- Lack of amenity for employees, e.g. cafes, shops, gym
- The southern precinct is somewhat run-down and doesn't appeal to younger white collar employees.

Given the high levels of satisfaction from existing tenants, it is reasonable to assume that post-redevelopment, the majority of tenants would seek to remain within the Lord Street precinct, either within the Lakes Business Park or at Sir Joseph Banks Business Park.

4 Botany Bay LGA Employment and Economic Profile

The proposed rezoning of the Lakes Business Park southern precinct and the implementation of the masterplan (subject to market demand) can position the Business Park to focus on commercial office space as a core property offering to meet the changing employment profile at state and local level. These trends are highlighted in the following sections.

4.1 NEW SOUTH WALES OVERVIEW

At a metropolitan level, Sydney is undergoing a shift in manufacturing uses from inner and middle ring areas (such as Botany Bay) towards higher value, mixed use developments which are more aligned with the prevailing resident worker profile. The Broader Western Sydney Employment Area (BWSEA) and other strategic industrial sites such as Marsden Park, Leppington North and Austral are emerging as the focus for industrial use. These areas are being further supported by key new infrastructure projects such as WestConnex, M5 and M2 widening, Southern Sydney Freight Corridor, Moorebank Intermodal Terminal and the Second Sydney Airport.

This urban change is consistent with broader structural economic change which is consistent with most advanced economies.

Structural changes have occurred across NSW, shifting both workforce capacity and local jobs away from manufacturing to services sectors. The structural shift in the NSW economy from labour intensive and trade exposed sectors to a more serviced based economy is reflected in the performance of the manufacturing sector.

The result of this has been a trend in the reduction of manufacturing employment and an increase in 'white collar' workers. The net effect of this is an ongoing shift from an industrial based economy to service based sectors. The structural change is affecting land use where areas have a combination of marginal employment lands and strong residential amenity such as the subject site.

Employment trends over time between 1996-2013 are shown in Chart 4.1. Since 1996, the following industries have increased their share of the NSW GSP:

- The financial services and construction sectors have increased their share from 10% in 1993 to 14% in 2013
- The construction sector increased from 4.5% to 6% in 2013
- Professional, scientific and technical services increased from 7% to 9% in 2013
- The health care and social assistance sector grew slightly from 6% in 1993 to 8% in 2013.

This reflects structural shifts in the NSW economy. Namely:

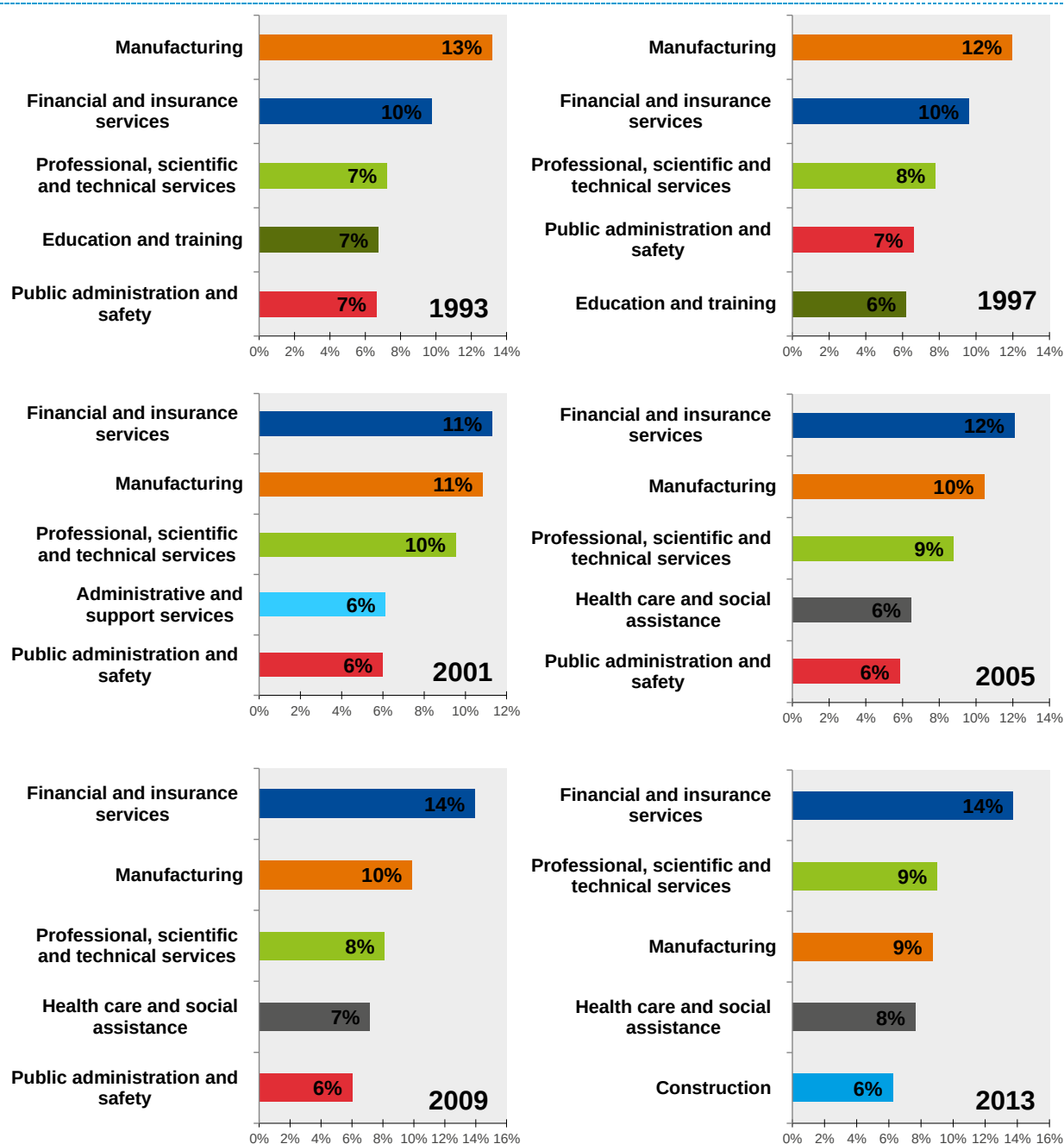
- A contraction in trade exposed sectors, driven by an increasing Australian dollar over this period
- Increasing residential construction, driving its increasing share of NSW GSP
- Growth in 'knowledge based' sectors such as financial and professional services
- Growth in health care services, driven by an ageing population requiring health and aged care services.

From a property perspective, the move towards knowledge based economy has fuelled demand for office accommodation and apartment developments for skilled workers close to their place of work.

Top 5 Industry Sectors in NSW by Gross State Product (GSP) %

JUNE-1993 TO JUNE-2013

CHART 4.1



Source: ABS Australian National Accounts: State Accounts June 2013; Urbis

4.2 BOTANY BAY LGA OVERVIEW

DEMOGRAPHICS

The resident population within the LGA is forecast to increase by 10,750 persons between 2016 and 2031, equal to around 715 persons per annum.

The proportion of tertiary educated people within the LGA increased between 2001 and 2011, and this is a trend that is likely to continue, particularly as housing affordability in Botany will make it increasingly attractive to tertiary-educated workers.

Within this context, and set against a backdrop of rising attainment in tertiary education for Botany LGA residents (as shown in Table 4.2), it is likely that the employment trends highlighted in subsequent sections will result in the up-skilling of the resident workforce and Botany LGA employment profile.

This has important implications for the orderly and efficient use of land. From an employment retention perspective, it suggests that there should be close alignment between the provision of new dwellings and the provision of commercial floor space to support knowledge-based industries moving forward. The proposed Lakes Business Park rezoning and implementation of the masterplan (subject to market demand) is aligned with this trend by facilitating dwellings and commercial office floorspace in a single location.

Population Forecast 2011 – 2031

BOTANY BAY LGA

TABLE 4.1

	2011	2016	2021	2026	2031
Total Population	41,500	45,300	48,150	52,500	56,050
Growth (No.)	-	3,800	2,850	4,350	3,550
Growth (%)	-	9.2%	6.3%	9.0%	6.8%

Source: NSW Department of Planning; Urbis

Botany LGA Tertiary Employment

2001 TO 2011

TABLE 4.2

Tertiary Education (Aged over 18 years)	2001	2006	2011
Bachelor Degree or Higher	11%	16%	20%
Advanced Diploma or Associate Degree	6%	7%	8%
Undertaking Tertiary Education	5%	5%	6%

Source: ABS; Urbis

LGA JOBS AND RESIDENT WORKERS

A review of employment trends by industry in Botany LGA between 2006-2011 confirms that:

- Professionals comprise the largest occupation share of Botany Bay residents at 20%, below the Sydney average of 26%
- There are more jobs provided in Botany LGA (see table 4.3) than there are employed residents living within the LGA (see table 4.4) by a factor of almost three to one. This demonstrates that Botany has been able to provide more than sufficient land to accommodate its resident worker needs
- Despite this, 26% of employed Botany Bay residents live and work within the LGA, with the balance of workers travelling further afield to work. The most frequent employment destinations for Botany Bay LGA working residents are:
 - Sydney 31%
 - Botany 26%
 - Randwick 16%.
- This confirms that a high proportion of Botany residents leave the LGA to work each day. The high incidence of working in Sydney and Randwick suggest that a lot of these workers are likely to be in the office, education and health sectors
- The proportion of employment in white-collar jobs (such as public administration, professional scientific and technical, retail trade, health care, administrative, education and training, financial services, information media and telecommunications, and arts and recreation) increased from 14% of total jobs in 2006 to 17% in 2011

- In absolute terms, around 30% of job growth between 2006 and 2011 occurred in public and private institutions such as offices, hospitals, health facilities, schools and the further education sector. From a land use perspective the increased employment growth in these sectors does not create any additional demand for industrial zoned land, as these occupations occur in centres or adjacent to residential areas
- Most sectors within the LGA experienced employment growth between 2006-2011 led by the transport, postal and warehousing, wholesale trade and construction sectors
- Strong employment growth across the LGA within the logistics sector was experienced between 2006 and 2011, as a result of proximity to both Port Botany and Sydney Airport. This has driven employment both on-site (in warehousing, typically at low employment densities) and off-site associated with couriers and haulage contractors. Certain precincts have performed better than others in terms of meeting logistics requirements. For Lakes Business Park, the current vacancy levels on the southern precinct indicate that it has been less successful at accommodating this growth than other precincts.

Jobs by Industry 2006-2011

BOTANY BAY LGA

TABLE 4.3

Industry	2006		2011		2006-2011 Change	
	No.	%	No.	%	%	No.
Transport, Postal and Warehousing	18,875	46%	20,654	41%	9.4%	1,779
Wholesale Trade	2,866	7%	4,010	8%	39.9%	1,144
Construction	1,133	3%	2,261	4%	99.5%	1,128
Inadequately described / Not stated	395	1%	1,284	3%	225.1%	889
Public Administration and Safety	1,312	3%	2,027	4%	54.5%	715
Professional, Scientific and Technical Services	951	2%	1,627	3%	71.0%	676
Retail Trade	2,964	7%	3,568	7%	20.4%	604
Health Care and Social Assistance	753	2%	1,356	3%	80.1%	603
Accommodation and Food Services	2,152	5%	2,739	5%	27.3%	587
Administrative and Support Services	1,219	3%	1,648	3%	35.2%	429
Manufacturing	5,046	12%	5,370	11%	6.4%	324
Electricity, Gas, Water and Waste Services	75	0%	242	0%	223.3%	167
Education and Training	469	1%	592	1%	26.2%	123
Rental, Hiring and Real Estate Services	832	2%	938	2%	12.8%	106
Financial and Insurance Services	475	1%	568	1%	19.7%	93
Mining	3	0%	30	0%	900.0%	27
Information Media and Telecommunications	479	1%	485	1%	1.3%	6
Agriculture, Forestry and Fishing	18	0%	21	0%	16.7%	3
Arts and Recreation Services	217	1%	211	0%	-2.8%	-6
Other Services	1,191	3%	1,085	2%	-8.9%	-106
Total	41,425	97%	50,716	98%	22.4%	9,291

Source: BTS JTW; Urbis

Resident Employment by Industry

BOTANY BAY LGA 2006-2011

TABLE 4.4

Industry	2006		2011		2006-2011 Change	
	No.	%	No.	%	%	No.
Health care & social assistance	1,692	10.3%	2,166	11.8%	28.1%	475
Professional, scientific & technical services	900	5.5%	1,318	7.2%	46.4%	418
Education & training	921	5.6%	1,198	6.5%	30.0%	277
Financial & insurance services	820	5.0%	1,010	5.5%	23.2%	190
Administrative & support services	630	3.8%	767	4.2%	21.8%	137
Accommodation & food services	1,252	7.6%	1,390	7.6%	11.0%	137
Rental, hiring & real estate services	307	1.9%	416	2.3%	35.4%	109
Retail trade	1,784	10.9%	1,917	10.4%	7.5%	133
Transport, postal & warehousing	1,698	10.3%	1,829	9.9%	7.7%	131
Public Administration & safety	1,194	7.3%	1,302	7.1%	9.1%	108
Arts & recreation services	294	1.8%	359	2.0%	21.9%	65
Other services	671	4.1%	734	4.0%	9.5%	64
Construction	973	5.9%	1,039	5.6%	6.7%	66
Mining	12	0.1%	25	0.1%	98.5%	12
Electricity, as, water & waste services	125	0.8%	127	0.7%	0.9%	1
Information media & telecommunications	443	2.7%	443	2.4%	0.2%	1
Agriculture, Forestry and Fishing	39	0.2%	17	0.1%	-58.0%	-23
Wholesale trade	1,046	6.4%	1,000	5.4%	-4.4%	-46
Manufacturing	1,635	9.9%	1,349	7.3%	-17.4%	-285
Total Employed	16,436	100%	18,405	100%	12.0%	1,969

Source: ABS Census; Urbis

4.3 PROJECTED EMPLOYMENT

Table 4.5 on page 22 illustrates the forecast employment for Botany LGA between 2016 and 2036 and its distribution across different industry sectors using BTS data. It shows that employment within the LGA is forecast to increase by 12,200 jobs between 2016 and 2036.

Table 4.6 examines how this projected employment growth is likely to be split by property type and is illustrated in Chart 5.1. This analysis is based on benchmarks that Urbis have derived looking at land use demands by different categories of employment. The table indicates that the employment split by sector is likely to be as follows:

- Office sector: accounting for around 33% of employment growth, equal to around 4,000 additional jobs between 2016 and 2036
- Retail sector: accounting for around 16% of employment growth, equal to around 2,000 additional jobs between 2016 and 2036
- Off Site employment: accounting for around 14% of employment growth, equal to around 1,700 additional jobs between 2016 and 2036
- Industrial Sector: accounting for around 13% of employment growth, equal to around 1,560 additional jobs between 2016 and 2036. The vast majority of this growth would be driven by the transport, postal and warehousing sector linked to warehousing
- Health sector: accounting for around 11% of employment growth, equal to around 1,300 additional jobs between 2016 and 2036
- Other / undefined sector: accounting for around 10% of employment growth, equal to around 1,200 additional jobs between 2016 and 2036

- Home-based employment: accounting for around 1% of employment growth, equal to 124 additional jobs between 2016 and 2036
- Education sector; accounting for around 2% of employment growth, equal to around 250 additional jobs between 2016 and 2036.

Given the nature of operations at Port Botany and Sydney Airport, and the logistics industry more generally, our view is that a high proportion of employment growth within this sector will be in 'off-site' employment, linked to additional vehicle couriers.

As warehousing and freight handling becomes increasingly automated and as freight movement through the port and airport increases, we consider that this will increase demand for couriers and haulage contractors, rather than people physically employed in one location. The increasing nature of just-in-time deliveries will mean that warehouse efficiency is key – moving goods into and out of warehousing rather than having it sitting in storage space for a prolonged period of time.

The implication of this is that there is not a direct correlation between growth in employment in the sector and demand for additional warehouse space, rather the focus will be on using existing space more efficiently.

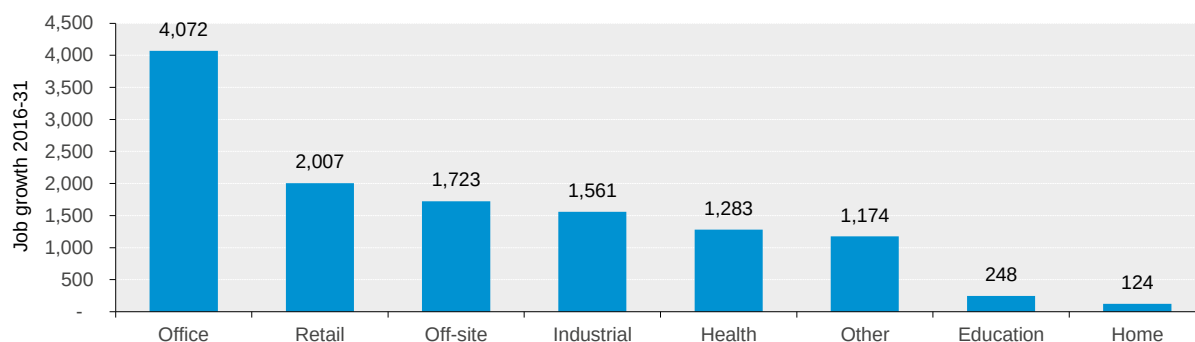
This analysis (represented in Chart 4.1) suggests that moving forward Botany LGA will need to maintain sufficient zoned land to support jobs across a range of sectors, including office, retail, education, health and industrial, as each of these property types will support employment growth. The suitability of existing precincts and centres to absorb this employment growth is discussed in Section 5.

Chart 4.1 and Table 4.6 demonstrate that 62% of all employment growth is projected to be in the office, retail, health and education property classes, as opposed to 13% in the industrial class.

Employment Growth by Property Type 2016-36

BOTANY LGA

CHART 4.2



Source : BTS, Urbis

Jobs by Industry – Forecast

BOTANY BAY LGA, 2016 TO 2036

TABLE 4.5

Industry Sector	Forecast										2016-36	
	2016		2021		2026		2031		2036		Total Change	Annual Growth %
	No.	%	No.	%	No.	%	No.	%	No.	%		
Transport, Postal and Warehousing	24,756	41%	25,032	39%	25,896	39%	26,609	38%	27,243	37%	2,487	0.5%
Retail Trade	4,237	7%	4,829	8%	5,186	8%	5,569	8%	5,963	8%	1,726	1.7%
Health Care and Social Assistance	1,926	3%	2,328	4%	2,714	4%	3,018	4%	3,351	5%	1,425	2.8%
Public Administration and Safety	2,726	4%	3,082	5%	3,434	5%	3,773	5%	4,103	6%	1,377	2.1%
Accommodation and Food Services	3,459	6%	3,869	6%	4,152	6%	4,437	6%	4,690	6%	1,231	1.5%
Professional, Scientific and Technical Services	2,175	4%	2,341	4%	2,544	4%	2,775	4%	2,906	4%	731	1.5%
Wholesale Trade	4,654	8%	4,684	7%	4,915	7%	5,147	7%	5,385	7%	731	0.7%
Administrative and Support Services	2,038	3%	2,213	3%	2,373	4%	2,550	4%	2,736	4%	698	1.5%
Construction	2,772	5%	2,925	5%	3,098	5%	3,281	5%	3,461	5%	689	1.1%
Rental, Hiring and Real Estate Services	1,298	2%	1,405	2%	1,515	2%	1,626	2%	1,749	2%	451	1.5%
Other Services	1,417	2%	1,520	2%	1,614	2%	1,712	2%	1,808	2%	391	1.2%
Information Media and Telecommunications	645	1%	717	1%	786	1%	855	1%	925	1%	280	1.8%
Education and Training	859	1%	918	1%	985	1%	1,053	1%	1,120	2%	261	1.3%
Electricity, Gas, Water and Waste Services	257	0%	288	0%	323	0%	355	1%	389	1%	132	2.1%
Financial and Insurance Services	759	1%	775	1%	808	1%	841	1%	875	1%	116	0.7%
Unclassified	1,312	2%	1,332	2%	1,356	2%	1,373	2%	1,391	2%	79	0.3%
Arts and Recreation Services	316	1%	324	1%	346	1%	371	1%	394	1%	78	1.1%
Mining	24	0%	27	0%	29	0%	31	0%	34	0%	10	1.8%
Agriculture, Forestry and Fishing	20	0%	17	0%	15	0%	13	0%	12	0%	-8	-2.6%
Manufacturing	5,437	9%	4,989	8%	4,876	7%	4,800	7%	4,743	6%	-694	-0.7%
Total Employment	61,087	100%	63,615	100%	66,966	100%	70,189	100%	73,278	100%	12,191	0.9%

Source: BTS 2014 Release; Urbis

Employment Split by Property Type

BOTANY BAY LGA, 2016 TO 2036

TABLE 4.6

Industry Sector	Job Change 2016-36	Job Split by Property Type												Total						
		Industrial		Office		Retail		Education		Health		Other				Off-site		Home		
Transport, Postal and Warehousing	2,487	50%	1,244											50%	1,244			100%	2,487	
Public Administration and Safety	1,377			90%	1,239							10%	138					100%	1,377	
Retail Trade	1,726	10%	173			90%	1,553											100%	1,726	
Health Care and Social Assistance	1,425			10%	143					90%	1,283							100%	1,425	
Accommodation and Food Services	1,231					25%	308					75%	923					100%	1,231	
Administrative and Support Services	698			95%	663							5%	35					100%	698	
Professional, Scientific and Technical Services	731			98%	716												2%	15	100%	731
Wholesale Trade	731	80%	585			20%	146											100%	731	
Construction	689	10%	69	5%	34									70%	482	15%	103	100%	689	
Rental, Hiring and Real Estate Services	451			98%	442												2%	9	100%	451
Other Services	391			95%	371							5%	20					100%	391	
Information Media and Telecommunications	280	20%	56	80%	224													100%	280	
Education and Training	261			5%	13			95%	248									100%	261	
Electricity, Gas, Water and Waste Services	132	90%	119	10%	13													100%	132	
Financial and Insurance Services	116			98%	114												2%	2	100%	116
Unclassified	79			95%	75							5%	4					100%	79	
Arts and Recreation Services	78			30%	23							70%	55					100%	78	
Mining	10	100%	10															100%	10	
Agriculture, Forestry and Fishing	-8													30%	-2	70%	-6	100%	-8	
Manufacturing	-694	100%	-694															100%	-694	
Total Employment	12,191	13%	1,561	33%	4,072	16%	2,007	2%	248	11%	1,283	10%	1,174	14%	1,723	1%	124		12,191	

Source: Urbis

5 Employment Land Supply in Botany Bay LGA

This section reviews the potential for employment uplift through development activity throughout the Botany LGA, and considers how the Lord Street Precinct (anchored by Lakes Business Park) can contribute to employment and economic activity moving forward.

The role of employment lands in Botany relative to adjoining areas is also discussed and key precincts within Botany LGA are considered from a strategic perspective. This analysis is supported by more fine-grain research in Chapter six which looks at the current development pipeline and vacant floorspace and the potential for both to deliver employment.

5.1 REGIONAL CONTEXT

Around 457 hectares within Botany are land identified as “Employment Lands” in the NSW Department of Planning and the Environment’s Employment Lands Development Program (ELDP). These employment lands are illustrated in Map 5.1

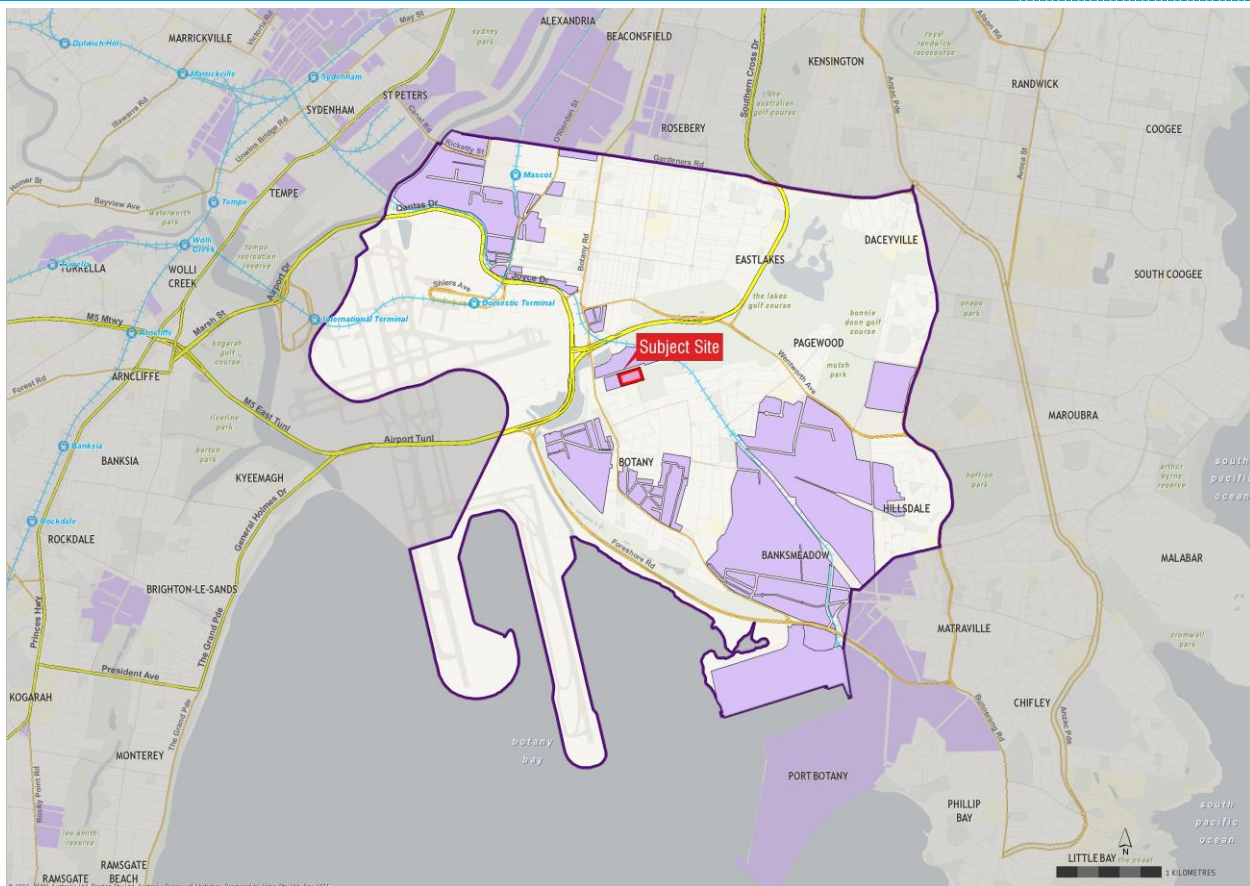
The 2014 ELDP Update Report notes that Botany LGA had a reduction of 13 hectares of employment land in 2013-14 due to rezoning, of which 9.3 hectares was land rezoned to R3 medium density residential, and the balance rezoned to B4 Mixed Use.

The ELDP report notes that the Botany LGA has 15.6 hectares of undeveloped employment lands, of which 12 hectares is located in the Banksmeadow precinct.

Across the Sydney Region, Botany LGA contributes 3.1% of the total employment lands, 4.1% of total developed and 0.4% of undeveloped land, which is a relatively modest proportion. (Source: NSW DoPE ELDP 2014 Update Report)

EMPLOYMENT LANDS – BOTANY AND ADJACENT AREAS

MAP 5.1



There are substantial tracts of employment lands abutting the Botany LGA boundary. These include:

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

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

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

This safeguarding of employment uses and broadening of the employment base in South Sydney has the potential to put downward pressure on employment locations in Botany, including Lakes Business Park, as it will create employment opportunities that benefit from good access to the airport as well as close proximity to Sydney CBD and inner city residential areas.

5.2 BOTANY BAY LGA EMPLOYMENT PRECINCTS

Botany LGA contains approximately 1,650 hectares of zoned land, excluding land incorporated into Sydney Airport. Of this around 708 hectares (equal to 31% of total) is land zoned primarily for employment uses – either business or industrial zones or Port Botany Land – whether defined in the Botany Bay LEP or the SEPP (Major Development) 2005. This demonstrates that there is a significant quantum of zoned land to support employment uses in the LGA.

The Botany Bay Planning Strategy identifies twelve key employment precincts within the LGA. These are a mix of employment lands, centres and precincts as well as Sydney airport.

Urbis has reviewed the strategic directions for each of the precincts, as summarised in Appendix A and undertaken a review of each precinct based on desktop analysis and site inspections. The purpose of the review was to assess the opportunities and constraints afforded by each employment precinct, and to assess the relative positioning of the Lakes Business Park (within the Lord Street precinct).

A summary of each precinct is set out in Tables 5.4 to 5.14 together with a rating of the economic viability of future employment uses with each precinct.

Our analysis concludes that:

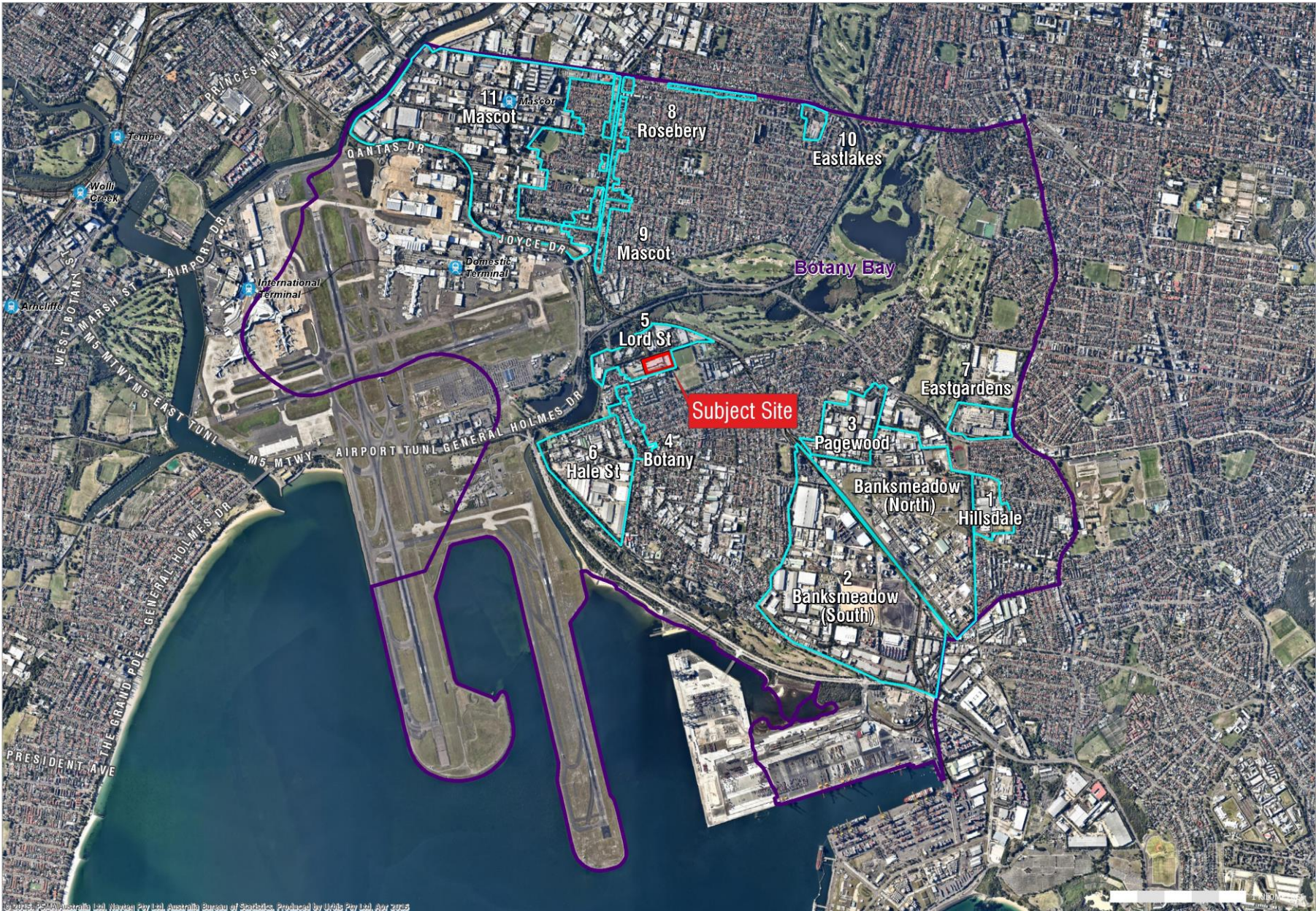
- The precincts that offer the highest potential for employment development include Hillsdale, Banksmeadow, Lord Street, Eastgardens, Eastlakes and Mascot (station and airport environs)
- Lord Street can continue to make an important contribution to employment through the implementation of the masterplan for the Lakes Business Park northern precinct (subject to market demand), as well as the inclusion of employment uses within the redevelopment of the southern precinct, and the take up of available space to lease at the Sir Joseph Banks Business Park
- Mascot Station and Environs in particular offers strong prospects for employment growth, and the Connect Corporate Centre can be a catalyst project in the precinct
- In the long term, Banksmeadow offers substantial opportunities for intensification of employment use, subject to the needs of the current major operators on site (e.g. Orica). The ELDP notes that there are currently 12 hectares of undeveloped land within this precinct
- Retail development at Eastgardens and East Lakes will support growth in the retail sector and related commercial activities.

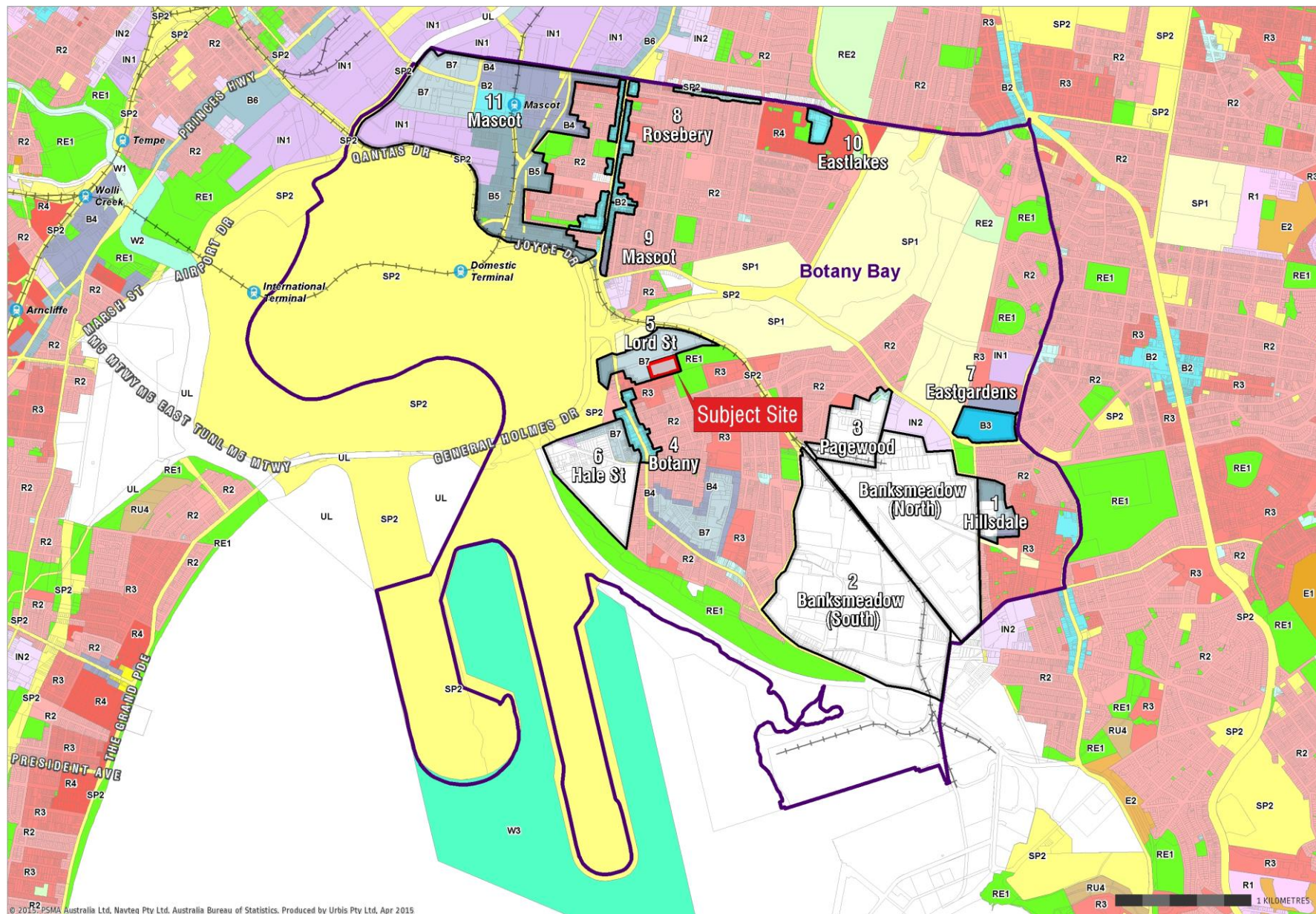
Botany Bay Employment Precincts

COMPETITIVE POSITIONING - SUMMARY

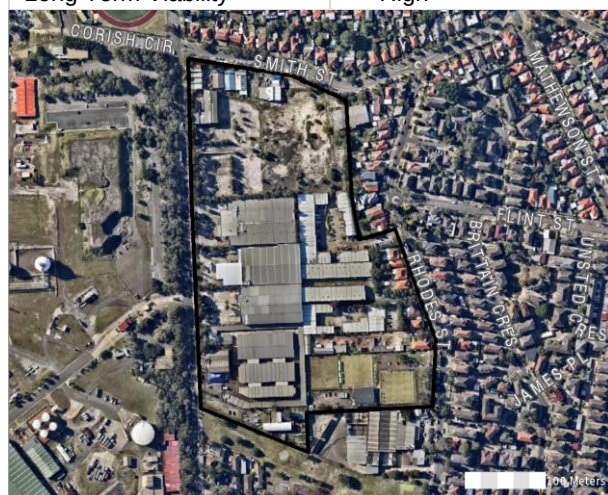
TABLE 5.1

EMPLOYMENT AREA	SIZE	ADJACENT LAND USES	CLUSTERS	DEVELOPMENT POTENTIAL	SCOPE FOR ADDITIONAL EMPLOYMENT	LONG TERM EMPLOYMENT OUTLOOK
Hillsdale	10.3 ha	Residential, industrial	Automotive, Warehousing	High	High	High
Banksmeadow	220 ha	Residential, industrial, commercial	Oil and Gas and chemicals	High (long term)	High (long term)	High
Pagewood	20.2 ha	Residential, industrial	Warehousing	Limited	Limited	High
Botany	6.8 ha	Residential, commercial	Retail, commercial	Limited	Limited	Medium
Lord Street	18.2 ha	Residential, recreation	Office, warehousing	High	High	High
Hale Street	37.4 ha	Residential, industrial, commercial, airport	Manufacturing, Storage	Medium	Limited	High
Eastgardens	9.8 ha	Residential, industrial, commercial	Retail, commercial	High	High	High
Rosebery	10.0 ha	Residential, commercial	Retail, commercial	Limited	Limited	Medium
Mascot	7.2 ha	Residential, commercial	Retail, commercial	Limited	Limited	Medium
Eastlakes	3.4 ha	Residential	Residential, retail	High	High	High
Mascot Station and Airport Environs	125.7 ha	Residential, industrial	Logistics, manufacturing	High	High	High
Domestic Terminal	n/a	Commercial, industrial	Logistics, aviation	High, subject to airport masterplan		High

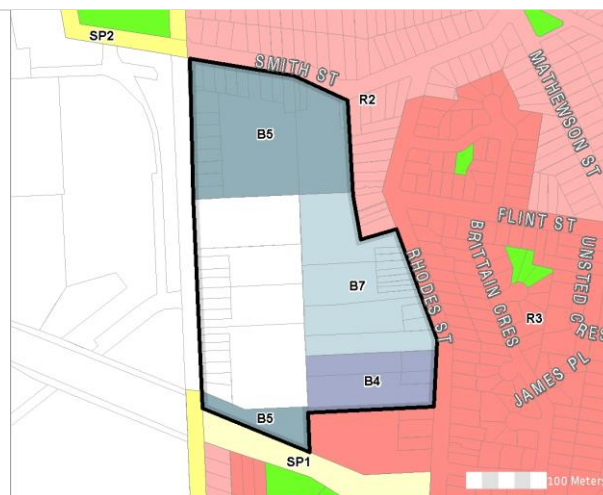




MAP REFERENCE	1
Zoning	B4 Mixed Use, B5 Business Development, B7 Business Park, IN1 General Industrial
Size	10.3ha
Accessibility	Airport: Medium (5 km by road) Port Botany: Good (3km by road) Sydney CBD: Medium (11km by road)
Development Opportunities	Development potential for under-utilised B5 land in northern portion of site
Current Use	Industrial, Warehousing/Storage, Automotive Services, Vacant Land
Planning Strategy	Future local light industry to cater for subregional demand. Retain and promote for local light industry and urban services
Adjacent Uses	R2 Low Density Residential, R3 Medium Density Residential, IN1 General Industrial
Expansion Potential	Limited potential to expand zoning, however undeveloped land to the west of Denison Street is within the Port Botany IN1 zone. This also has potential for intensification of employment use
Clustering	Automotive, warehousing
Amenities	Bus access via Eastgardens Shopping Centre, Beauchamp Road, and Bunnerong Road Located 500 metres south of Westfield Eastgardens and just over 1km from Southpoint shopping centre Close to a range of sporting and education facilities
Scope for Additional Employment	High
Long Term Viability	High



PICTURE 11 –EMPLOYMENT PRECINCT

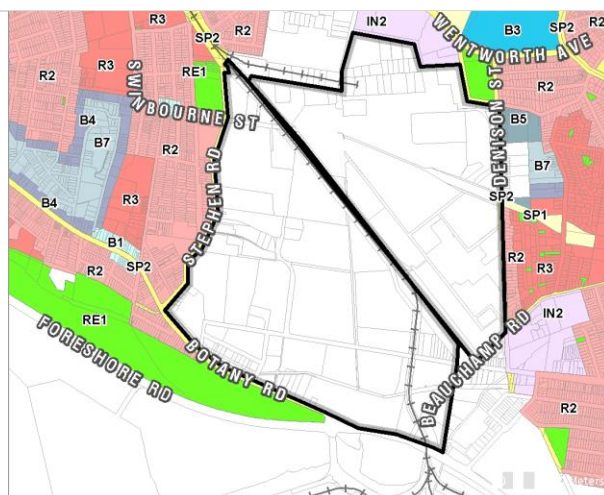


PICTURE 12 –EMPLOYMENT ZONING

MAP REFERENCE	2
Zoning	SEPP (Port Botany)
Size	220ha
Accessibility	Airport: Medium (5km by road) Port Botany: Good (3km by road) Sydney CBD: Medium (13km by road)
Development Opportunities	Long term potential for substantial intensification of employment uses subject to requirements of existing operators (e.g. Orica). Currently 12 hectares vacant
Current Use	Oil Terminals, Sydenham-Botany Goods Railway, Orica Chemical Facility
Planning Strategy	Port and manufacturing related near Port and north of freight line Underutilised land retained for future Port related activity Retain for general industry. Establish a minimum subdivision to protect for large lot users
Adjacent Uses	R2 Low Density Residential, IN1 General Industrial, IN2 Light Industrial, B5 Business Development
Expansion Potential	Limited potential to expand zoning, but there are opportunities to intensify employment uses within the precinct over time
Clustering	Heavy Industrial, Oil/Gas
Amenities	Bus access via Eastgardens Shopping Centre, Beauchamp Road, and Bunnerong Road Located 500 metres south of Westfield Eastgardens and just over 1km from south point shopping centre at its closest points Close to a range of sporting and education facilities
Scope for Additional Employment	High (long term)
Long Term Viability	High



PICTURE 13 – EMPLOYMENT PRECINCT

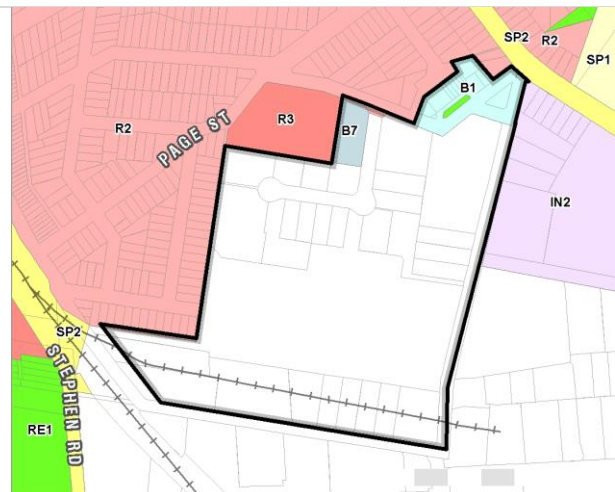


PICTURE 14 – EMPLOYMENT ZONING

MAP REFERENCE	3
Zoning	B1 Neighbourhood Centre, IN2 Light Industrial, SEPP (Port Botany)
Size	20.2 ha
Accessibility	Airport: Good (4km by road) Port Botany: Good (5km by road) Sydney CBD: Medium (11km by road)
Development Opportunities	Precinct is extensively developed. Limited opportunities for development uplift
Current Use	Warehousing, Industrial
Planning Strategy	Local light industry at Baker Street to cater for subregional demand Retain and promote for local light industry and urban services
Adjacent Uses	R2 Low Density Residential, R3 Medium Density Residential, IN1 General Industrial, IN2 Light Industrial
Expansion Potential	Limited opportunity to expand the current zoning due to bordering residential development and Banksmeadow
Clustering	Warehousing
Amenities	Proximity to Westfield Eastgardens (1km)
Scope for Additional Employment	Limited
Long Term Viability	High



PICTURE 15 – EMPLOYMENT PRECINCT

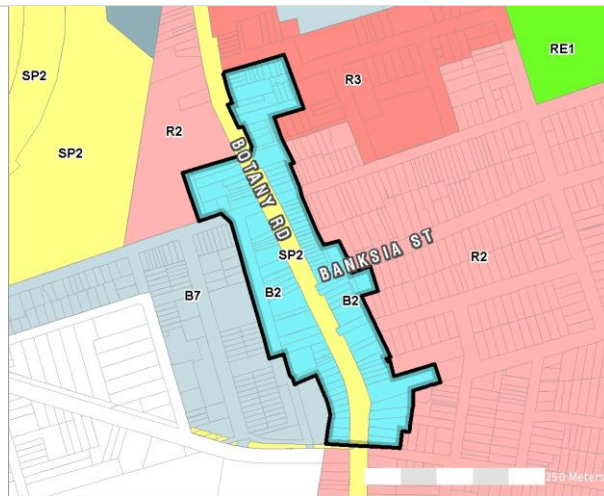


PICTURE 16 – EMPLOYMENT ZONING

MAP REFERENCE	4
Zoning	B2 Local Centre
Size	6.8 ha
Accessibility	Airport: High (3km by road) Port Botany: High (5km by road) Sydney CBD: Medium (12km by road))
Development Opportunities	Limited due to the strip retail nature of the precinct and fragmented ownership
Current Use	Retail, commercial
Planning Strategy	Global/local business centre at centre of key employment complex. Local retailing and large format retailing for subregion Expand commercial/retail area on Botany Road Plan for new business and retailing area to west of centre. Slightly increase FSR for retail/commercial land uses
Adjacent Uses	R2 Low Density Residential, R3 Medium Density Residential, B7 Business Park
Expansion Potential	Limited expansion potential due to established land use patterns in adjoining areas
Clustering	Local retail, services and commercial
Amenities	Limited amenities beyond retail and service provision within the precinct
Scope for Additional Employment	Limited, however future residential activity in the area can help to sustain current employment uses by generating additional retail expenditure
Long Term Viability	Medium



PICTURE 17 – EMPLOYMENT PRECINCT

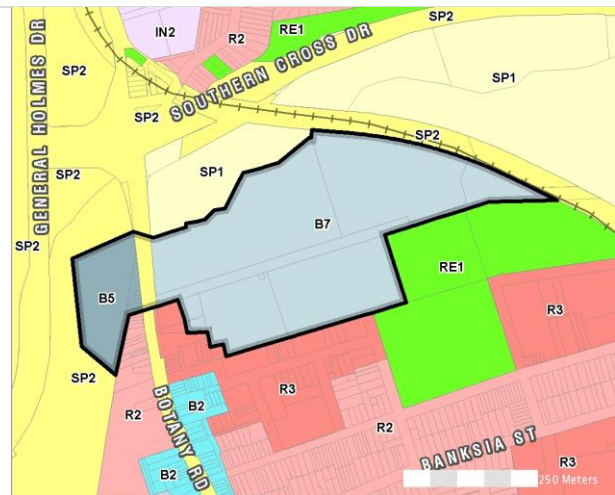


PICTURE 18 – EMPLOYMENT ZONING

MAP REFERENCE	5
Zoning	B7 Business Park
Size	18.2 ha
Accessibility	Airport: High (2km by road) Port Botany: Medium (8km by road) Sydney CBD: Medium (12km by road)
Development Opportunities	Masterplan approval to increase commercial floorspace within northern precinct of Lakes Business Park. Vacant floorspace available to rent within Sir Joseph Banks Business Park
Current Use	Business Park
Planning Strategy	Business Park Expand area for business and office land uses Control ancillary retail to link to the centre Enhanced links to Botany centre
Adjacent Uses	RE1 Public Recreation, R3 Medium Density Residential
Expansion Potential	No zone expansion potential
Clustering	Not evident - diverse tenants across a range of sectors
Amenities	Located adjacent to open space, sports and recreational facilities and bus services
Scope for Additional Employment	High, linked to implementation of masterplan approval for northern precinct (subject to market demand) and take up of vacant floorspace within Sir Joseph Banks Business Park. Creation of new dwellings on southern portion could generate additional retail spending which could sustain employment in the adjacent Botany precinct
Long Term Viability	High



PICTURE 19 – EMPLOYMENT PRECINCT

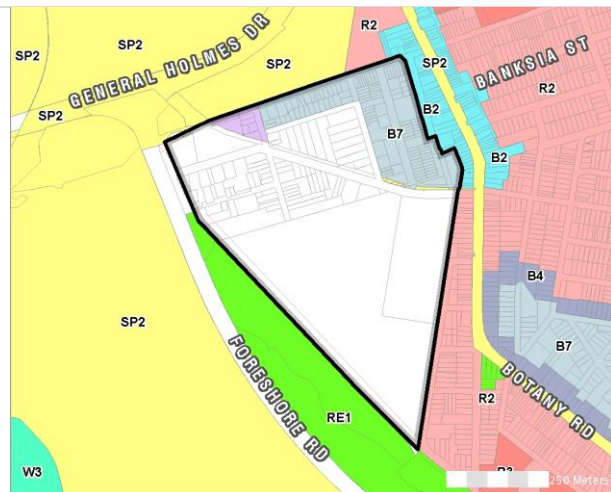


PICTURE 20 – EMPLOYMENT ZONING

MAP REFERENCE	6
Zoning	IN1 General Industrial, B7 Business Park
Size	37.4 ha
Accessibility	Airport: High (3km by road) Port Botany: Medium (6km by road) Sydney CBD: Medium (12km by road)
Development Opportunities	Warehouse construction currently underway at Luland Street. Beyond this, the precinct is extensively developed and offers limited opportunities for intensification
Current Use	Medium Industrial, Warehousing, Manufacturing
Planning Strategy	Light industrial and port/freight and logistics Protect for general industry Establish a minimum subdivision size to protect for large lot users
Adjacent Uses	SP2 (Airport), R2 Low Density Residential, B2 Local Centre, IN1 General Industrial
Expansion Potential	No zone expansion potential
Clustering	Engineering Services, Manufacturing, Warehousing
Amenities	Limited
Scope for Additional Employment	Limited beyond current construction activity
Long Term Viability	High

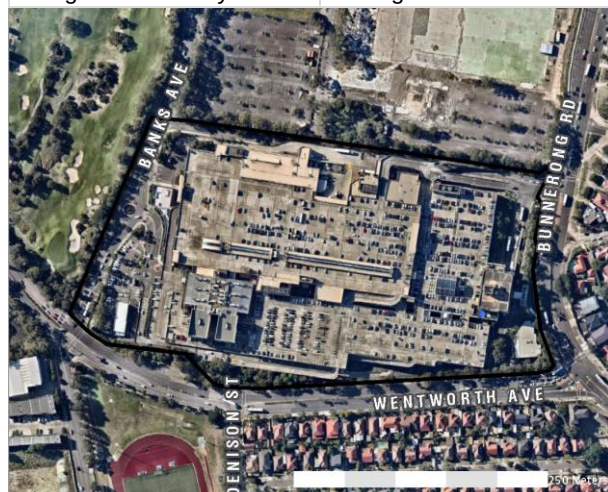


PICTURE 21 – EMPLOYMENT PRECINCT

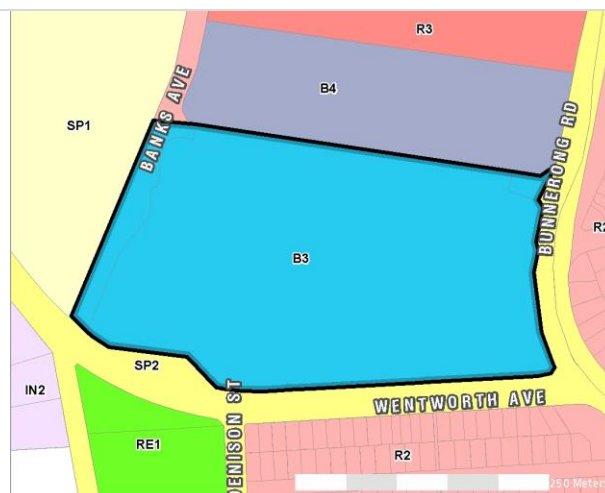


PICTURE 22 – EMPLOYMENT ZONING

MAP REFERENCE	7
Zoning	B3 Commercial Core
Size	9.8 ha
Accessibility	Airport: High (5km by road) Port Botany: High (4km by road) Sydney CBD: Medium (12km by road)
Development Opportunities	Redevelopment of the British American Tobacco (BAT) site to the rear is expected to include provision of up to 5,000 sq.m additional retail floorspace. This will create a range of new jobs. Development of +2,000 apartments will add significant retail spending potential into the local market to sustain and enhance current retailing
Current Use	Retail
Planning Strategy	Retail employment Future mixed use town centre Plan for mixed use centre in the long term (subject to BAT site coming online and structure planning)
Adjacent Uses	B4 Mixed Use, R2 Low Density Residential, IN2 Light Industrial
Expansion Potential	BAT redevelopment will expand the area used for employment generating uses
Clustering	Retail, commercial
Amenities	Multiple bus routes. Full range of retail, service amenities provided within Regional Shopping Centre. Close to a range of recreation facilities
Scope for Additional Employment	High
Long Term Viability	High



PICTURE 23 – EMPLOYMENT PRECINCT



PICTURE 24 – EMPLOYMENT ZONING

MAP REFERENCE	8
Zoning	B1 Neighbourhood Centre, B2 Local Centre
Size	10 ha
Accessibility	Airport: High (2km by road) Port Botany: Medium (9km by road) Sydney CBD: High (10km by road; access to Mascot Train Station; bus access available from Botany Road, Gardeners Road, Coward Street, and King Street)
Development Opportunities	Limited due to the strip retail nature of the precinct and fragmented ownership
Current Use	Retail, commercial
Planning Strategy	Mixed use activity hub, focus for civic and local community activity Redevelop with surrounding medium density residential Extend commercial / retail into side streets, linked to park Potential for higher FSR to create increased office/retail floor space in the centre and/or additional commercial land Connect with and establish Gardeners Road enterprise corridor
Adjacent Uses	R2 Low Density Residential, R3 Medium Density Residential, B4 Mixed Use
Expansion Potential	Limited expansion potential due to established land use patterns in adjoining areas
Clustering	Local retail, services and commercial
Amenities	Proximity to East Lakes shopping centre
Scope for Additional Employment	Limited to ground and first floor uses in future redevelopments
Long Term Viability	Medium

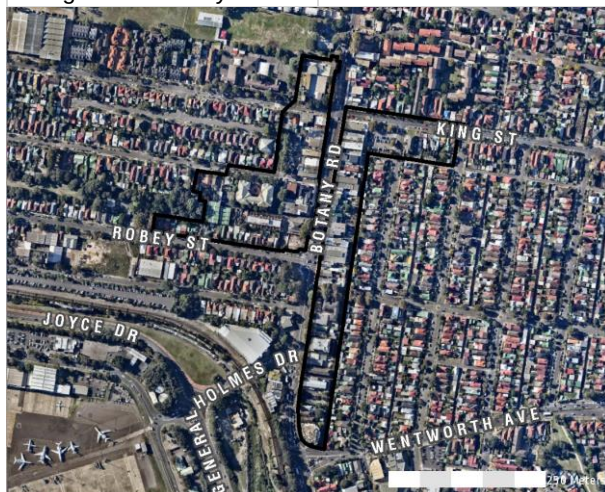


PICTURE 25 – EMPLOYMENT PRECINCT

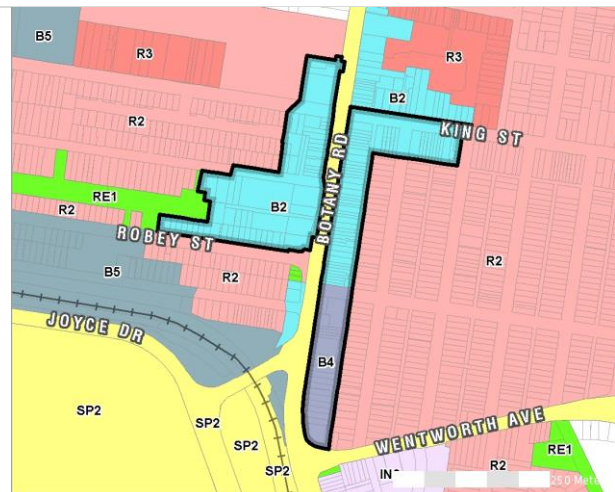


PICTURE 26 – EMPLOYMENT ZONING

MAP REFERENCE	9
Zoning	B2 Local Centre, B4 Mixed Use
Size	7 ha
Accessibility	Airport: High (2km by road) Port Botany: Medium (9km by road) Sydney CBD: High (10km by road, Mascot Train Station, bus access available from Botany Road, Gardeners Road, Coward Street, and King Street)
Development Opportunities	Limited due to the strip retail nature of the precinct and fragmented ownership
Current Use	Retail, commercial
Planning Strategy	Local centre Maintain local centre zoning Increase links north to Rosebery
Adjacent Uses	R2 Low Density Residential, B2 Local Centre, SP2 (Airport)
Expansion Potential	Limited expansion potential due to established land use patterns in adjoining areas
Clustering	Local retail, services and commercial
Amenities	Proximity to Mascot train station
Scope for Additional Employment	Limited to ground and first floor uses in future redevelopments
Long Term Viability	Medium

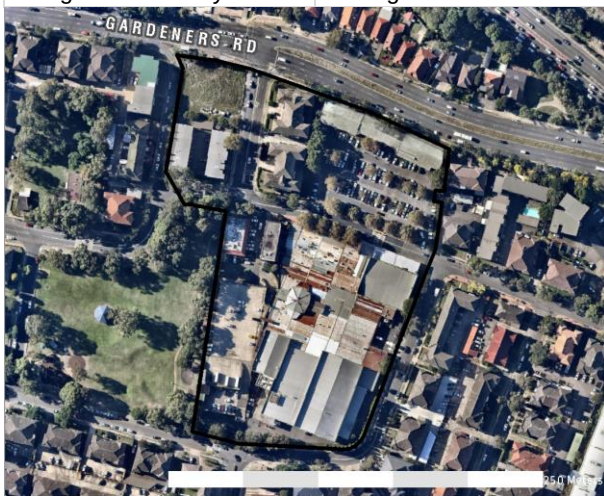


PICTURE 27 – EMPLOYMENT PRECINCT

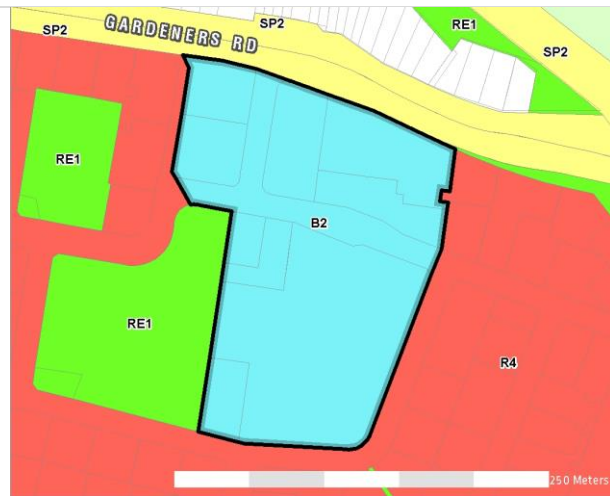


PICTURE 28 – EMPLOYMENT ZONING

MAP REFERENCE	10
Zoning	B2 Local Centre
Size	3.4 ha
Accessibility	Airport: High (4km by road) Port Botany: Medium (8km by road) Sydney CBD: High (10km by road)
Development Opportunities	Proposed redevelopment and expansion of the Eastlakes shopping centre (from 10,000 sq.m to 14,500 sq.m) will increase retail employment at the centre
Current Use	Retail, medical, residential
Planning strategy	Retail and service town centre (following redevelopment of existing centre) Reconfigure centre, subdivision and uses
Adjacent Uses	R4 High Density Residential
Expansion Potential	Limited scope to expand current zoning
Clustering	Retail
Amenities	Access to shopping centre, good public transport connectivity and proximity to recreation facilities
Scope for Additional Employment	High
Long Term Viability	High



PICTURE 29 – EMPLOYMENT PRECINCT



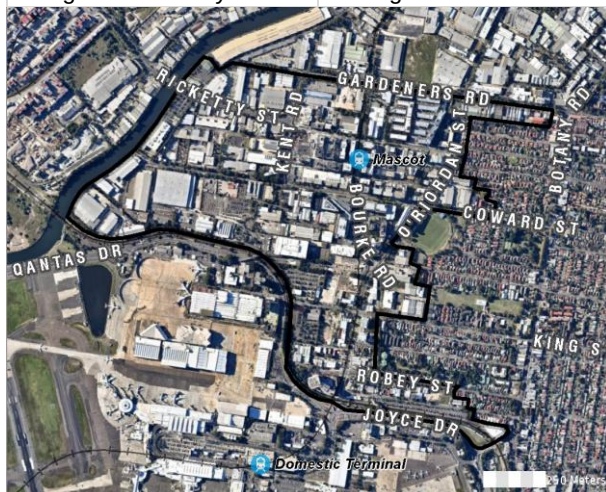
PICTURE 30 – EMPLOYMENT ZONING

Mascot Station and Environs

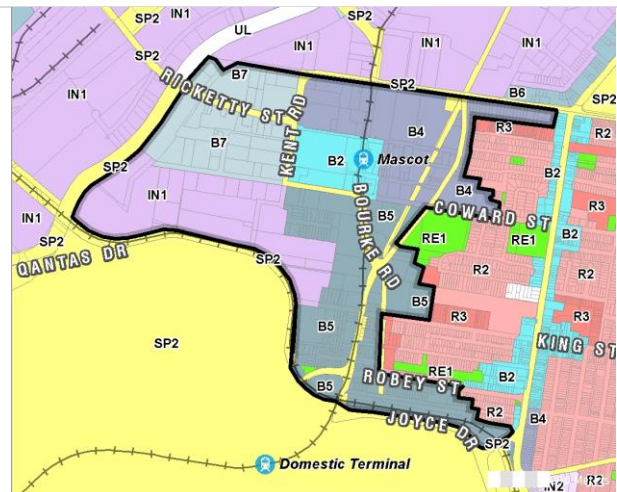
COMPETITIVE ANALYSIS

TABLE 5.12

MAP REFERENCE	11
Zoning	B2 Local Centre, B5 Business Development, B7 Business Park, IN1 General Industrial
Size	125.7 ha
Accessibility	Airport: High (1km by road; 1 train stop from Mascot Station) Port Botany: Medium (9km by road) Sydney CBD: High (10km by road; Mascot Train Station; multiple bus routes available)
Development Opportunities	There are several opportunity sites within the precinct. The Connect Corporate Centre project alone will deliver a 230 room hotel and up to 40,000 sq.m commercial floorspace, with the potential to support around 2,300 employees
Current Use	Residential, Manufacturing, Office, Retail, Warehousing, Logistics
Planning Strategy	Airport freight and logistics Office and related business Plan for gateway along O'Riordan Street and higher order business address at Mascot Station Increase of general industrial land for Airport related freight and logistics Significantly increase FSRs to provide retail/commercial floor space around Mascot Station
Adjacent Uses	IN1 General Industrial, R2 Low Density Residential, R3 Medium Density Residential SP2 (Airport)
Expansion Potential	Limited potential to expand current zoning
Clustering	Logistics, Manufacturing, airport related activity
Amenities	Access to mascot train station, Sydney airport and local retail and services
Scope for Additional Employment	High
Long Term Viability	High



PICTURE 31 – EMPLOYMENT PRECINCT



PICTURE 32 – EMPLOYMENT ZONING

5.3 CONCLUSION

The precinct analysis undertaken demonstrates that the Lord Street precinct is one of a number of precincts within Botany Bay LGA with potential to accommodate employment growth in future.

The implementation of the masterplan for the northern precinct at Lakes Business Park (subject to market demand) together with development in other key precincts including Hillsdale, Banksmeadow, Lord Street, Eastgardens, Eastlakes and Mascot (station and airport environs) could contribute towards the employment projections for the LGA. This will be supported by further employment growth around the Eastlakes and East Gardens centres.

6 Development Pipeline and Vacant Floorspace

The analysis in the previous section highlights the strategic potential of employment precincts within the Botany LGA to accommodate additional employment growth by looking at key opportunities for development and expansion.

In this section we have further refined this analysis to examine the current pipeline of development projects within the LGA that have a significant employment element. We have also considered the current supply of vacant commercial, industrial and retail floorspace that is available to lease. Both of these elements can contribute to employment growth in key precincts.

Our analysis demonstrates that:

- There is a current development pipeline of over 275,000 sq.m floorspace with the potential to accommodate employment uses in the LGA
- There are in excess of 1,000 available commercial, industrial and retail properties available to lease in the LGA
- The employment generating potential of the largest proposed developments could deliver 5,000 to 10,000 additional jobs in the LGA, augmented by a range of smaller projects and mixed use developments
- Take up of vacant floorspace would also sustain considerable employment
- In the context of the long term employment forecasts for the LGA (+12,200 new jobs between 2016 and 2036), the current pipeline and take up of vacant floorspace could therefore be sufficient to achieve the forecast employment growth for the LGA.

6.1 DEVELOPMENT PIPELINE

Analysis of market data including projects listed in Cordell Connect indicates that there is a strong pipeline of employment generating projects planned within the Botany LGA.

The table on the following page provides a summary of project activity in the industrial, mixed use, retail and commercial sectors across the LGA having regard to projects that are identified as 'possible', 'firm' or 'commenced'.

A list of projects is provided in Appendix B and is summarised below:

- Some 54 projects were identified across the Botany Bay LGA as having capacity to absorb future employment
- The combined floor space of these projects is nearly 1.17 million sq.m
- A large portion of this is allocated to mixed use development. Excluding mixed use schemes (but noting that most do have an employment component) then there is 275,253 sq.m dedicated to pure employment use
- The largest project (sq.m) identified is the re-development of the British American Tobacco Australia site in Pagewood, which is forecast to provide 2,733 dwellings and up to 5,000 sq.m of retail space
- Seven identified projects did not provide floor space estimates, potentially underestimating the total floor space that might be realised. The largest of these projects include plans for Caltex Refuelling Facility in Banksmeadow (industrial), and a new Masters store in Banksmeadow (retail).

Development Activity Pipeline – Employment Generating Projects

BOTANY LGA

TABLE 6.1

SUBURB	TYPE	STATUS	FLOOR SPACE
Banksmeadow	Industrial	Possible	99,481
Banksmeadow	Industrial	Firm	55,950
Banksmeadow	Industrial	Commenced	1,321
Botany	Industrial	Possible	7,189
Botany	Mixed Use	Possible	130,850
Botany	Industrial	Firm	4,400
Botany	Mixed Use	Commenced	6,394
Eastgardens	Retail	Possible	4,254
Eastlakes	Mixed Use	Possible	53,260
Hillsdale	Retail	Possible	11,820
Mascot	Commercial	Possible	70,195
Mascot	Mixed Use	Possible	315,411
Mascot	Commercial	Firm	10,625
Mascot	Mixed Use	Firm	33,142
Mascot	Mixed Use	Commenced	117,296
Matraville	Industrial	Possible	10,000
Pagewood	Mixed Use	Possible	234,800
Rosebery	Mixed Use	Possible	897
Total			1,167,285
Total (Excluding Mixed Use)			275,253

Source: Cordell Connect; Urbis

Applying industry standard employment benchmarks to the employment-related floor space in these projects suggests that collectively they have the potential to accommodate anywhere between 5,000 to 10,000 additional jobs subject to the final configuration and tenant profile. This excludes mixed use projects. This is summarised in the table on the following page.

Future Supply Employment Capacity

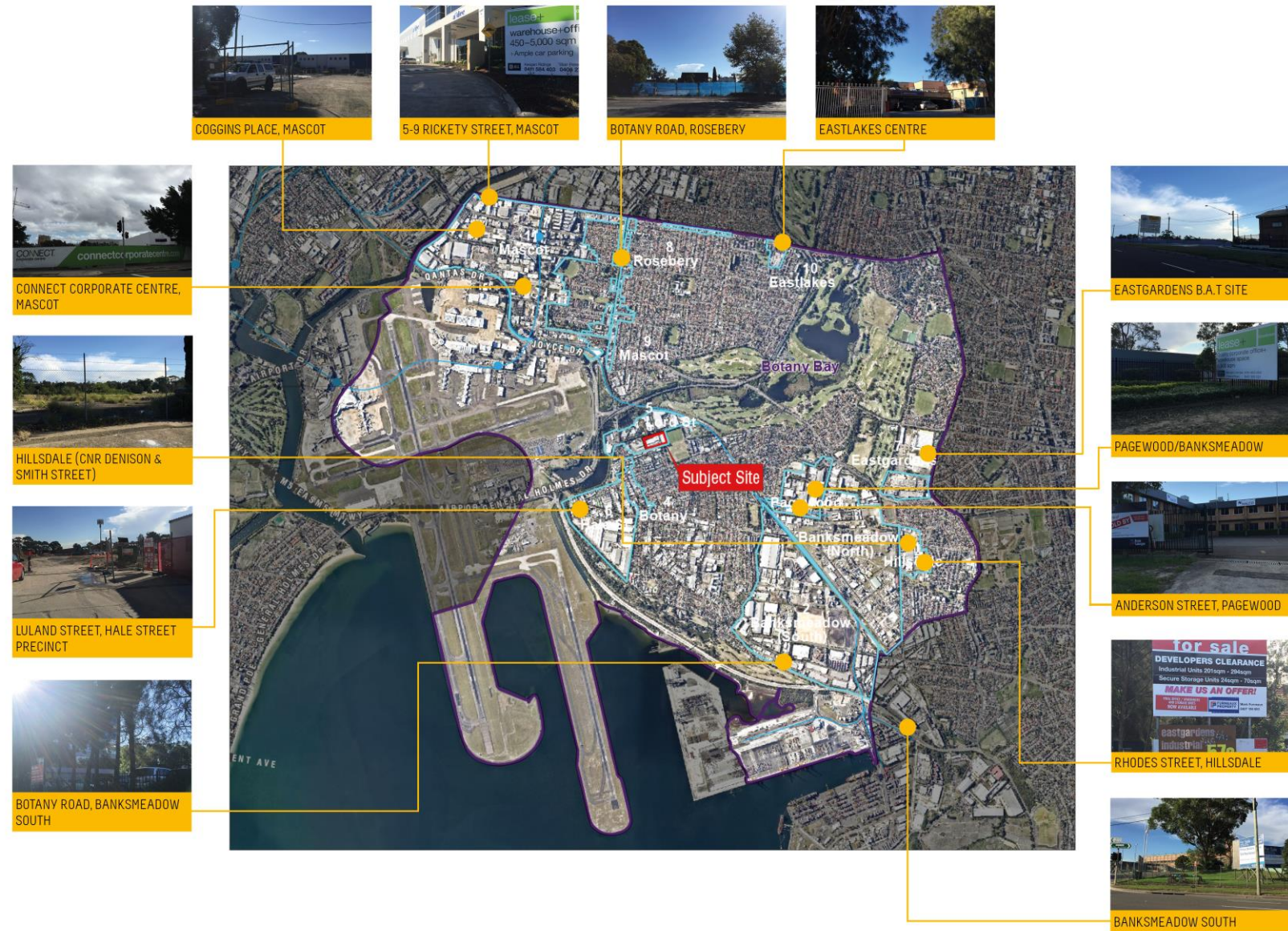
BOTANY BAY LGA

TABLE 6.2

USE	FLOORSPACE (NLA)	AVERAGE EMPLOYMENT DENSITY	POTENTIAL EMPLOYMENT
Industrial	178,341	80-200 sq.m per employee	892 – 2,229
Commercial	80,820	12-20 sq.m per employee	4,041 – 6,735
Retail (specialty & supermarket)	16,074	17-25 sq.m per employee	643 - 946
Mixed Use	892,050	n/a	n/a
Total (excluding mixed use)	275,235		5,576 – 9,910

Source: CordellConenct, Urbis

The map on the following page provides a snapshot of selected development opportunities within Botany LGA employment precincts.



6.2 EMPLOYMENT POTENTIAL – REUSE OF VACANT FLOORSPACE

In addition to the pipeline of new development planned to enter the Botany Bay LGA, there is an already large quantum of vacant employment floor space currently within the LGA. Interrogation of realcommercial.com.au identifies in excess of 1,000 industrial, commercial or retail premises within the Botany area that are available to rent. These under-utilised properties therefore provide significant opportunities for emerging businesses to find space to operate within the LGA.

6.2.1 COMMERCIAL VACANCIES

Data collated from realcommercial.com.au indicates significant commercial floorspace available for lease within the Botany Bay LGA.

From the listed properties, a sample of 10 of the most relevant developments for lease are summarised in the table below. Further property details are provided in Appendix C.

Commercial Office Lease Opportunities

BOTANY BAY LGA

TABLE 6.3

LOCATION	SUBURB	FLOOR AREA
163-169 O'Riordan Street	Mascot	800 - 1,800 sq.m
Building B, 201 Coward Street	Mascot	275 - 6,000 sq.m
Sir Joseph Banks Corporate Park, 28-40 Lord Street	Botany	228 - 4,886 sq.m
15 Bourke Road	Mascot	200 - 1,523 sq.m
1753 Botany Road	Botany	106 - 636 sq.m
289 King Street	Mascot	400 - 5,000 sq.m
146 O'Riordan Street	Mascot	476 - 1,305 sq.m
244 Coward Street	Mascot	656 sq.m
147 King Street	Mascot	229 - 531 sq.m
241 O'Riordan Street	Mascot	261 - 13,727 sq.m
Total		3,631 – 36,064 sq.m

Source: Realcommercial.com; Urbis

In the event that new tenants occupy these premises, the size of the largest available tenancies within each of the properties listed above could sustain between 1,800 to 3,000 jobs based on typical commercial employment densities. This is shown in the table below.

Employment of Capacity of Selected Sites

BOTANY BAY LGA

TABLE 6.4

USE	FLOORSPACE (NLA)	AVERAGE EMPLOYMENT DENSITY	POTENTIAL EMPLOYMENT
Commercial	36,064 sq.m	12-20 sq.m per employee	1,803 – 3,005

Source: Realcommercial.com; Urbis

6.2.2 INDUSTRIAL VACANCIES

Realcommercial.com highlights a significant quantum of industrial floorspace available for lease within the Botany Bay LGA.

From the listed properties, a sample of 10 of the most relevant developments for lease are summarised in the table below. Further property details are provided in Appendix D.

Industrial Lease Opportunities

BOTANY BAY LGA

TABLE 6.5

LOCATION	SUBURB	FLOOR AREA
2 Bumborah Point Road	Botany	3,000 - 23,316 sq.m
1799 Botany Road	Banksmeadow	485 - 3,011 sq.m
1 Hale Street	Botany	2,000 - 19,500 sq.m
1801 Botany Road	Botany	1,400 - 2,500 sq.m
28-40 Lord Street	Botany	2,377 - 5,881 sq.m
16-20 Baker Street	Botany	6,917 sq.m
30 Sir Joseph Banks Street	Botany	1,693 - 6,888 sq.m
247 King Street	Mascot	3,277 sq.m
5-9 Ricketty Street	Mascot	449 - 1,561 sq.m
3 Coal Pier Road	Banksmeadow	20,880 sq.m
Total		93,731 sq.m

Source: Realcommercial.com; Urbis

In the event that new tenants occupy this floorspace, the size of the largest available tenancies within each of the properties listed above could sustain between 500 to 1,200 jobs based on typical light industrial / warehouse employment densities. This is shown in the table below.

Employment of Capacity of Selected Sites

BOTANY BAY LGA

TABLE 6.6

USE	FLOORSPACE (NLA)	AVERAGE EMPLOYMENT DENSITY	POTENTIAL EMPLOYMENT
Industrial	93,731 sq.m	80-200 sq.m per employee	469 - 1,172

Source: Realcommercial.com; Urbis

6.2.3 RETAIL VACANCIES

Data collated from Realcommercial.com indicates significant retail floorspace available for lease within the Botany Bay LGA.

From the listed properties, a sample of 10 of the most relevant developments for lease are summarised in the table below. Further property details are provided in Appendix E. We note that listed properties relate to small single shop tenancies.

Retail Lease Opportunities

BOTANY BAY LGA

TABLE 6.7

LOCATION	SUBURB	FLOOR AREA
19-33 Kent Road	Mascot	50 - 125 sq.m
244 King Street	Mascot	210 sq.m
581-587 Gardeners Road	Mascot	108 - 123 sq.m
12 Church Avenue	Mascot	290 sq.m
1179 Botany Road	Mascot	100 sq.m
238-262 Bunnerong Road	Hillsdale	30 - 217 sq.m
56/18-26 Church Avenue	Mascot	76 sq.m
Shop 1, 8 Bourke Street	Mascot	75 sq.m
940 Botany Road	Mascot	270 sq.m
57A Rhodes Street	Hillsdale	150 sq.m
Total		1,636 sq.m

Source: Realcommercial.com; Urbis

In the event that new tenants occupy this floorspace, the size of the largest available tenancies within each of the properties listed above could sustain around 100 jobs based on typical retail employment densities. This is shown in the table below.

Employment of Capacity of Selected Sites

BOTANY BAY LGA

TABLE 6.8

USE	FLOORSPACE (NLA)	AVERAGE EMPLOYMENT DENSITY	POTENTIAL EMPLOYMENT
Retail (specialty)	1,636 sq.m	17 sq.m per employee	96

Source: Realcommercial.com; Urbis

7 Proposed Rezoning - Economic Benefits

This section examines the economic benefits of the proposed rezoning by considering:

- Future employment potential on both the northern and southern precincts of Lakes Business Park
- Construction employment related to residential development on the southern precinct
- Contribution to employment targets
- The benefits of orderly and efficient use of land
- Flow on benefits to the local retail market associated with future resident spending
- Contributions to housing affordability
- Investment stimulus

7.1 EMPLOYMENT POTENTIAL

NORTHERN PRECINCT

The approved masterplan for the Lakes Business Park grants approval for an indicative maximum GFA of 48,840 sq.m with building heights of 5-6 storeys. As the northern precinct currently only provides 29,432 sq.m NLA in buildings ranging from 2 to 4 storeys, there remains substantial uplift potential in the northern precinct, subject to market demand. This is outlined in the table below:

Lakes Business Park Northern Precinct

INDICATIVE EMPLOYMENT UPLIFT POTENTIAL

TABLE 7.1

	Unit	No.
Existing NLA	sq.m	29,432
Existing employment	jobs	800
Masterplan approval (GFA)	sq.m	48,840
NLA equivalent (GFA minus 10%)	sq.m	43,956
Employment Uplift Potential - Option A Expansion of existing floorspace		
Potential NLA Uplift (Approved minus existing)	sq.m	14,524
Employment Potential of additional floorspace (1 employee per 12 sq.m to 1 per 20 sq.m)	jobs	700 - 1,200
Total jobs (existing plus additional)	jobs	1,500 - 2,000
Employment Uplift Potential - Option B Staged demolition and rebuild		
Maximum NLA	sq.m	48,840
Employment potential (1 employee per 12 sq.m to 1 per 20 sq.m)	jobs	2,400 - 4,000
Uplift relative to current	jobs	1,600 - 3,200

Source : Dexus; Urbis

The table considers two redevelopment options for the northern precinct. Option A – where floorspace is added through the expansion of existing buildings and Option B – where existing buildings are progressively demolished and replaced with new buildings that can deliver more efficient floorplate layouts generating an increase in employment density.

The table shows that redevelopment in the northern precinct to maximise the approved floorspace could deliver approximately 700 – 3,200 additional jobs depending on the spatial requirements of future users depending on the approach to redevelopment. Redevelopment would be subject to market demand for additional commercial floorspace within the precinct.

The uplift potential for the northern precinct would be undiminished by the proposed redevelopment of the southern precinct. Increasing the supply of office floorspace would be consistent with the trend anticipated in the Botany LGA employment forecasts.

SOUTHERN PRECINCT

The proposed development includes provision for 1,174 sq.m commercial floorspace. Subject to tenant requirements, this could sustain between 60-100 jobs as illustrated in the table below.

Lakes Business Park Southern Precinct

INDICATIVE EMPLOYMENT UPLIFT POTENTIAL

TABLE 7.2

	Unit	No.
Floorspace	sq.m	1,174
Employment Potential	Jobs	60-100
(1 employee per 12 sq.m to 1 per 20 sq.m)		

Source : Dexu; Urbis

Whilst this would represent a reduction compared to current employment on the site (approximately 200 workers), Table 7.1 shows that this loss could be more than offset by any future intensification of activity on the northern precinct.

NET EMPLOYMENT

The net employment potential of the Lakes Business Park as a result of the proposed rezoning and potential implementation of the master plan for the northern precinct is shown in Table 7.3. It shows that the Business Park could accommodate up to 4,100 jobs compared to the current estimate of 1,000.

Net Employment Potential

LAKES BUSINESS PARK

TABLE 7.3

	Employment	Potential	Employment
North	800	+700 to +3,200	1,500 to 4,000
South	200	-100	100
Total	1,000	+600 to +3,100	1,600 to 4,100

Source : Dexu; Urbis

7.2 CONSTRUCTION EMPLOYMENT

Construction of a new mixed use development would require substantial capital investment which would sustain significant employment in the construction industry through the development period. Construction industry activity also has multiplier effects that are felt through the local economy.

To assess the employment generation of the construction phase of this development, it is necessary to first estimate the construction costs of the retail development. Using \$236 million as the estimated construction and design cost of the development (supplied by Dexu), the number of direct employment can be calculated. The estimated number of jobs created is illustrated in Table 7.4 below.

Direct Construction Employment

LAKES BUSINESS PARK SOUTHERN PRECINCT REDEVELOPMENT

TABLE 7.4

Development Option/Type of Employment	Capital Cost (indicative)	Construction Jobs per \$1 Million Dollar Invested	Direct Employment	Supplier Employment Multiplier Effects
Construction Phase	\$236 million	4.087	962	1,515

1. Indicates the estimated number of jobs over the life of the construction project

Source: Urbis

Table 7.3 indicates that the construction investment of \$236 million would generate direct employment of 962 full-time, part time and temporary one year equivalent jobs from construction. These construction jobs would be spread over the development timeframe and would contribute to the Botany LGA projected employment growth in the construction sector.

In addition to the direct employment generated through construction, there are multiplier effects felt throughout the local economy:

- Indirect impacts related to the employment generated in supporting and supplying businesses as a result of increased demand for intermediate goods and services
- Consumption induced impacts related to new employees spending their wages.

Using Australia Input-Output (I-O) employment multiplier tables table published by the Australian Bureau of Statistics (ABS), table 7.4 demonstrates that the direct employment of 962 jobs from the 'construction phase' could generate an additional 1,515 indirect jobs in supporting industries and other businesses servicing the expenditure by the employed workers. Total employment from the construction phase therefore would be in the order of 2,500 one year equivalent jobs over the development timeframe.

7.3 CONTRIBUTION TO EMPLOYMENT TARGETS

The proposed development, combined with the potential for intensification of employment activity on the northern precinct can make a significant contribution to the Botany LGA forecast employment growth between 2016-2031.

The combination of around 100 commercial jobs within the southern precinct plus up to an additional 3,200 jobs on the northern precinct means that Lakes Business Park has the potential to provide up to 4,100 jobs moving forward, and a net increase of 3,100 jobs.

This net increase equates to 26% of the 12,200 additional jobs forecast within the LGA between 2016-2036. In the event that the majority of employment growth across Lakes Business Park is in the office sector this could absorb all of the 4,000 jobs that are forecast in the office sector over the same period.

In addition, construction employment generated by the development would also contribute towards the employment growth forecast.

7.4 ORDERLY AND EFFICIENT USE OF LAND

The proposed development reflects the orderly and efficient use of land within the southern precinct by:

- Achieving the highest and best value use for the site
- Maintaining an employment function on the site
- Sustaining a resident population that can sustain and retain expenditure within the Botany LGA
- Provide opportunities for people to live and work within the Botany LGA, thereby enhancing employment retention
- Utilise land that is otherwise constrained and undeveloped due to buffering

- Take advantage of residential amenity
- Stimulating further development on the northern precinct which can support additional employment

7.5 RETAIL EXPENDITURE

The draft concept plan for the subject site would deliver around 658 apartments in a mix of studio, one two and three bedroom configurations. Typical average housing sizes suggest that this mix could support a population of around 1,200 people.

Based on the current spending profile of Botany LGA residents (with an average retail spend per capita of \$11,660 in 2013), this additional population could generate around \$16 million in retail expenditure by 2021 (in \$2015). This is illustrated in table 7.6, below:

Concept Plan Resident Spending by product Category

BASED ON 1,100 ADDITIONAL RESIDENTS (\$MILLION \$2015)

TABLE 7.5

	Food Retail	Food Catering	Apparel	Home- wares	Bulky Goods	Leisure/ General	Retail Services	Total Retail	Annual Growth	= Pop Growth	Per Cap + Spend Growth
2018	7	2	2	1	1	2	1	16			
2021	7	2	2	1	1	2	1	16	1.3%	0.0%	1.3%
2026	7	3	2	1	2	2	1	17	1.3%	0.0%	1.3%

Source : ABS; MarketInfo 2012; Urbis

The economic benefits associated with this additional spending growth can be expressed as follows:

- Potential to improve turnover performance of existing retail precincts in the vicinity of the subject site, or
- Scope to sustain an additional 2,700 sq.m (approx.) retail floorspace at an average turnover per sq.m rate of \$6,000 per sq.m, and
- Creation of up to 160 additional retail jobs resulting from the development of new floorspace assuming a typical employment density of 1 job per 16.5 sq.m for specialty retail floorspace

In practice, the generation of additional retail floorspace is likely to result in a combination of demand for additional floorspace close to the site, as well as a boost to the turnover of existing strips and centres within the existing centres hierarchy.

7.6 HOUSING AFFORDABILITY

The development of 658 new apartments of varying sizes will create a range of housing options and price points targeted to the future requirements of Botany LGA residents. This includes opportunities for future workers at Lakes Business Park and Sydney Airport in particular to purchase new housing close to their place of work.

7.7 INVESTMENT STIMULUS

The proposed development involves a substantial property investment which will create the following positive spill over effects:

- A strong positive commitment for the local area
- Enhance residential amenity (new facilities and infrastructure)
- Greater housing choice for local residents and increased affordability
- Opportunities for Botany LGA to broaden its residence base

- Added opportunities for people to live and work within the LGA, thereby enhancing labour market containment
- Stimulate and attract further investment to the immediate area
- Assist in raising the profile of the local area as a place to live, work and invest.

8 Conclusion

Our analysis demonstrates that the proposed redevelopment of the Lakes Business Park southern precinct, as well as the implementation of the masterplan for the northern precinct in the longer term (subject to market demand) can make a positive contribution towards employment growth and housing choice within the Botany LGA. It can also deliver a range of broader economic benefits relating to:

- Increased retail expenditure in the area
- Contribution to housing choice and affordability
- Investment stimulus
- The orderly and efficient use of land

The dynamics of space requirements among tenants in the business park are changing, as evident by the recent and impending departure of several tenants. One of the largest tenancies in the southern precinct is vacant since the tenant separated their operations across a number of sites in Botany and Sydney CBD. Another tenant has located to Ingleburn, and another is about to relocate to Port Botany. This will increase the vacancy rate within the precinct to 25% of NLA.

Despite its location, it is evident from interviewing tenants coupled with observing and understanding the business of other tenants on the southern precinct that Sydney Airport and Port Botany do play a strategic role for the majority of tenants in the Lakes Business Park. Proximity to the airport is a benefit of the location, rather than a driver for location decisions.

Given the high levels of satisfaction from existing tenants, it is reasonable to assume that post-redevelopment, the majority of southern precinct tenants would seek to remain within the Lord Street precinct, either within the Lakes Business Park or at Sir Joseph Banks Business Park.

There is a current development pipeline of over 275,000 sq.m floorspace with the potential to accommodate 5,000 to 10,000 jobs across the Botany LGA. There are also in excess of 1,000 available commercial, industrial and retail properties available to lease in the LGA in core precincts of Mascot, Botany and Banksmeadow as well as at Lord Street.

In the context of the long term employment forecasts for the LGA (+12,200 new jobs between 2016 and 2036), the current pipeline and take up of vacant floorspace could be sufficient to achieve the forecast employment growth for the LGA.

Development at Lakes Business Park, together with other key projects including the Connect Corporate Park at Mascot, the development of new retail facilities at Eastgardens, the redevelopment of Eastlakes shopping centre and continued growth in the logistics sector will all make significant contributions to employment growth within the Botany LGA.

The proposed rezoning should therefore be supported from an economic perspective.

Disclaimer

This report is dated May 2015 and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (**Urbis**) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of Dexu Property Group (**Instructing Party**) for the purpose of Botany Economic Impact Assessment (**Purpose**) and not for any other purpose or use. To the extent permitted by applicable law, Urbis expressly disclaims all liability, whether direct or indirect, to the Instructing Party which relies or purports to rely on this report for any purpose other than the Purpose, and to any other person which relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

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All surveys, forecasts, projections and recommendations contained in or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report, and upon which Urbis relied. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

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This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the reasonable belief that they are correct and not misleading, subject to the limitations above.

Appendix A

Botany Bay Planning Strategy – Key Employment Objectives and Actions

- **Objective 2.2** Support and reinforce the centres along the Botany Road Spine
 - Expand the potential for town centre retail and residential activity in the Rosebery centre, along Botany Road to Tunbridge Street and about 100metres into Rolfe Street.
 - Create neighbourhood centre ‘side street’ retailing potential into Sutherland Street off Gardeners Road.
 - Expand potential for town centre retail east of Botany Road along King Street.
 - Facilitate expansion of commercial activity potential north of Botany centre (Flyover site, Lord Street to Bay Street).
 - Extend main street retail to Hickson Street (east side of Botany Road).
 - Create ‘side-street’ retailing potential into Bay Street.
 - Expand business and larger format retailing potential at Botany centre (west to Underwood Street and south to Hale Street, and along south side of Bay Street to McFall Street).
- **Objective 4.1** Focus light and service industry activities in existing industrial areas where these are currently the predominant uses (Botany South, Hale Street (north), Baker Street and Hillsdale):
 - Retain South Botany area for light industries (combined with live-work opportunities in the Wilson – Pemberton Street precinct
 - Retain Baker Street for light industry activities
 - Retain Mascot South industrial area for light industry activities
 - Protect Hillsdale for light industry activities
- **Objective 4.2** Provide for additional retail and service activities in existing centres and a new retail area adjacent to Botany Centre
 - Extend main street retail north to Hickson Street at Botany Centre (east side of Botany Road)
 - Expand business and larger format retailing potential at Botany centre (west to Underwood Street and south to Hale Street and along the south side of Bay Street to McFall Street)
 - Facilitate the development of a full line supermarket in Rosebery or Botany
 - Extend Banksmeadow main street retail
- **Objective 4.3** Promote the Botany Road and Gardeners Road corridors as locations for new enterprise and commercial activities (in centres and business areas south of Rosebery, north of Botany centre, in Botany South and west of Banksmeadow)
 - Increase potential for light industry activities on land between Hollingshead Street and Wentworth Avenue east of Botany Road
 - Establish an enterprise corridor to enhance small business opportunities along Gardeners Road (south side) to Maloney Street
- **Objective 5.1** protect existing employment areas near the Airport for related activity
 - Facilitate the transition of specific land north of Sydney Airport for Airport related business activities

- Encourage State (and possibly federal) Government involvement in the restructure of identified land north of the airport (investigation area)
- **Objective 5.3** develop the Mascot Station precinct as a major retail and commercial centre
 - Ensure mixed use development at Mascot Station contains commercial / retail development at the ground and first floors
- **Objective 5.4** develop O’Riordan Street precinct as a major City / Airport gateway
 - Concentrate commercial and office development west and south of Mascot Station to O’Riordan Street
- **Objective 6.1** Ensure employment areas near the Port are protected and able to accommodate Port-related activity and business
 - Retain Banksmeadow (north) for heavy industry activities.
 - Retain Banksmeadow (south) area for Port-related and other general industrial activities.
 - Investigate the creation of a small precinct for office light industry and other business activities between Banksmeadow centre and Port Botany. This will formalise existing activity of this nature in the identified area and require the rezoning of some land for this purpose.
 - Extend precinct for office, light industry and other business activities from Stephen Road to the Banksmeadow centre.
 - Retain Hale Street area for Port-related and other general industrial activities.
 - Investigate use of Banksmeadow (north) for Port related freight and logistics activities if heavy industry activities depart in the long run.

Appendix B

Future Supply Pipeline – Employment generating developments (as at April 2015)

Future Supply Pipeline

BOTANY BAY LGA

TABLE 8.1

Suburb	Classification	Project	Address	Completion Year	Status	Project Stage	Floor Area
Botany	Commercial	Nuplex Industries Stephen Rd	49-61 Stephen Rd	2015	Firm	Contract Let	-
Mascot	Commercial	Botany Rd Mixed Development	1213 (Lot 1) Botany Rd (DP204954)	2016	Possible	Development Application	279
Mascot	Commercial	Baxter Rd Commercial Complex	109 (Lot 10) Baxter Rd (DP1142739)	2016	Possible	Development Application	630
Mascot	Commercial	King St Office & Hotel - Travelodge Mascot	289-293 King St	2020	Firm	Tenders Called/Regns Advertised	10,625
Mascot	Commercial	Chalmers Cr Commercial Buildings	6-16, 7-9 & 18-21 Chalmers Cr	2020	Possible	Development Application	69,286
Banksmeadow	Industrial	Rogers & Walker Removalists	5 (Lot 31) Coal Pier Rd (DP1169516)	2015	Commenced	Construction	1,321
Banksmeadow	Industrial	Nutrisoy Industrial Warehouse/Factories	16/19A Baker St	2017	Possible	Development Approval	2,481
Banksmeadow	Industrial	Banksmeadow Waste Transfer Terminal	14 Beauchamp Rd & 34-36 McPherson St	2017	Firm	Lowest/Preferred Tenderers Named	5,950
Banksmeadow	Industrial	Southlands - Toll	2-28 McPherson St	2016	Firm	Contract Let	50,000
Banksmeadow	Industrial	Southlands Site Remediation And Redevelopment	McPherson St	2018	Possible	Development Approval	97,000
Banksmeadow	Industrial	Caltex Refuelling Facility Banksmeadow	1-3 Penrhyn Rd	2016	Possible	Development Approval	-
Botany	Industrial	Booralee St Industrial Development	16-18 Booralee St	2016	Possible	Development Application	278
Botany	Industrial	Greenfield St Industrial Development	13 (Lot 100) Greenfield St (DP1160542)	2016	Possible	Development Approval	1,124
Botany	Industrial	Luland St Container Facility	30-34 & 36 Luland & Booralee Sts	2015	Firm	Contract Let	4,400
Botany	Industrial	Southgate Container Park	32 Swinbourne St	2017	Possible	Development Application	5,787
Botany	Industrial	Benelec Professional Wireless Solutions	17 (Lot 11&12) Byrnes St (DP28449)	2015	Firm	Contract Let	-
Matraville	Industrial	McCauley St Warehouses	McCauley St	2015	Possible	Tenders/Submn Of Props For Design Construct	10,000
Botany	Mixed Use	Botany Rd Mixed Development	1541 (Lot B) Botany Rd (DP373647)	2016	Possible	Development Approval	1,224
Botany	Mixed Use	Botany Rd Mixed Development	1639 Botany Rd	2016	Possible	Development Application	1,494
Botany	Mixed Use	Botany Rd Mixed Development	1364-1366 Botany Rd	2018	Possible	Development Application	2,157
Botany	Mixed Use	Botany Rd Mixed Development - Encore	1144-1146 (Lot 1) Botany Rd (DP964696 & DP956244)	2017	Possible	Development Approval	2,830
Botany	Mixed Use	Parkgrove Two - Buildings A & C	42-44 (Lot A) Pemberton St (DP875508)	2015	Commenced	Construction	6,394
Botany	Mixed Use	Botany Rd & Bay St Mixed Development	1084-1088 Botany Rd & 6 Bay St	2017	Possible	Development/Town Planning Application Refused	6,750
Botany	Mixed Use	Coward St Apartments	246-250 (Lot 1) Coward St (DP773899)	2016	Possible	Tenders/Submn Of Props For Design Construct	9,100
Botany	Mixed Use	Pemberton St Mixed Development	52-54 Pemberton St	2018	Possible	Development Application	45,722
Botany	Mixed Use	Parkgrove West - Pemberton & Wilson St Precinct - Buildings A, B & C	16 Pemberton St & 1619 Botany Rd	2019	Possible	Development Application	61,573
Botany	Mixed Use	Botany Rd Mixed Development	1356-1362 (Lots 24-30) Botany Rd (DP11628)	2019	Possible	Development Application	-
Eastlakes	Mixed Use	Gardeners Rd Residential Development - Quay Lake	279 (Lot 4) Gardeners Rd (DP221796)	2016	Possible	Development Approval	4,220
Eastlakes	Mixed Use	Eastlakes Town Centre	193 Gardeners Rd & Evans Av	2018	Possible	Development Approval	49,040
Mascot	Mixed Use	Botany Rd Mixed Development	1225 (Lots B & C) Botany Rd (DP32745)	2017	Possible	Development Application	1,379
Mascot	Mixed Use	Robey St & Botany Rd Mixed Development	1 (Lots 1 & 8) Robey St & 988 Botany Rd (DP836735 DP1062034)	2017	Possible	Development Approval	2,236
Mascot	Mixed Use	Botany St Mixed Development	696-698 (Lots 1, 2 & 3) Botany Rd (DP1088015)	2017	Possible	Development Application	2,867
Mascot	Mixed Use	Mascot Rsl Club Mixed Development	1271-1277 Botany Rd	2017	Possible	Development Approval	4,046
Mascot	Mixed Use	Gardeners Rd Mixed Development	593-595 (Lots 9 & 10) Gardeners Rd (DP11589)	2018	Possible	Development Application	5,959
Mascot	Mixed Use	Church Av & John St Mixed Development	27 Church Av & 18A & 22 John St	2018	Possible	Development Application	9,862
Mascot	Mixed Use	Mascot Inn	210 O'Riordan St 135-137 Robey St	2019	Possible	Development/Town Planning Application Refused	13,820
Mascot	Mixed Use	The Branksome Serviced Apartments	53-79 Baxter Rd & 62-66 Robey St	2017	Possible	Development Application	13,960
Mascot	Mixed Use	Kent Rd Mixed Development - Wings	39 (Lot 1) Kent Rd (DP1081391)	2016	Firm	Contract Let	15,622
Mascot	Mixed Use	Gardeners Rd Mixed Development - Evolv	581-587 (Lots 13-16) Gardeners Rd (DP11589)	2016	Possible	Development Approval	16,372
Mascot	Mixed Use	Connect Corporate Centre	185-191 (Lot 1) O'Riordan St (DP8704703)	2016	Firm	Contract Let	17,520
Mascot	Mixed Use	Avalite Apartments	653 (Lot 100) Gardeners Rd (DP1191017)	2018	Possible	Development Application	18,190
Mascot	Mixed Use	Gardeners Rd Mixed Development	671-683 Gardeners Rd	2017	Possible	Development Approval	22,928
Mascot	Mixed Use	Avantra Apartments	659-669 Gardeners Rd	2018	Possible	Tenders/Submn Of Props For Design Construct	29,294
Mascot	Mixed Use	Coward St Mixed Development	200 (Lot 1) Coward St (DP701026) cnr O'Riordan St	2018	Possible	Sketch Plans	54,230
Mascot	Mixed Use	Kent Rd Mixed Development - Esprit	7-9 Kent Rd	2018	Possible	Development Application	55,315
Mascot	Mixed Use	Coward St Mixed Development	256-280 Coward St	2018	Possible	Development Application	64,953
Mascot	Mixed Use	Kent Rd Mixed Development - Mascot Central	19-33 (Lot 2) Kent Rd (DP620023)	2018	Commenced	Construction	117,296
Mascot	Mixed Use	Botany Rd Mixed Development	904-922 (Lot 1) Botany Rd (DP904)	2016	Possible	Development Application	-
Pagewood	Mixed Use	British American Tobacco Australia Site	128-150 Bunnerong Rd	2026	Possible	Development Application	234,800
Rosebery	Mixed Use	Gardeners Rd Shop Top Housing Development	353-355 (Lot 1) Gardeners Rd (DP305995)	2016	Possible	Development Approval	897
Rosebery	Mixed Use	Gardeners Rd Commercial & Retail Building	405-409 (Lot 6) Gardeners Rd (DP223717)	2018	Possible	Development Application	-
Banksmeadow	Retail	Masters Banksmeadow	McPherson St	2017	Early	Site Acquisition	-
Eastgardens	Retail	Westfield Eastgardens	152 Bunnerong Rd	2016	Possible	Development Approval	4,254
Hillsdale	Retail	Bunnings Eastgardens	132-148 Denison St & 25-49 Smith St	2017	Possible	Development Application	11,820
							1,167,285

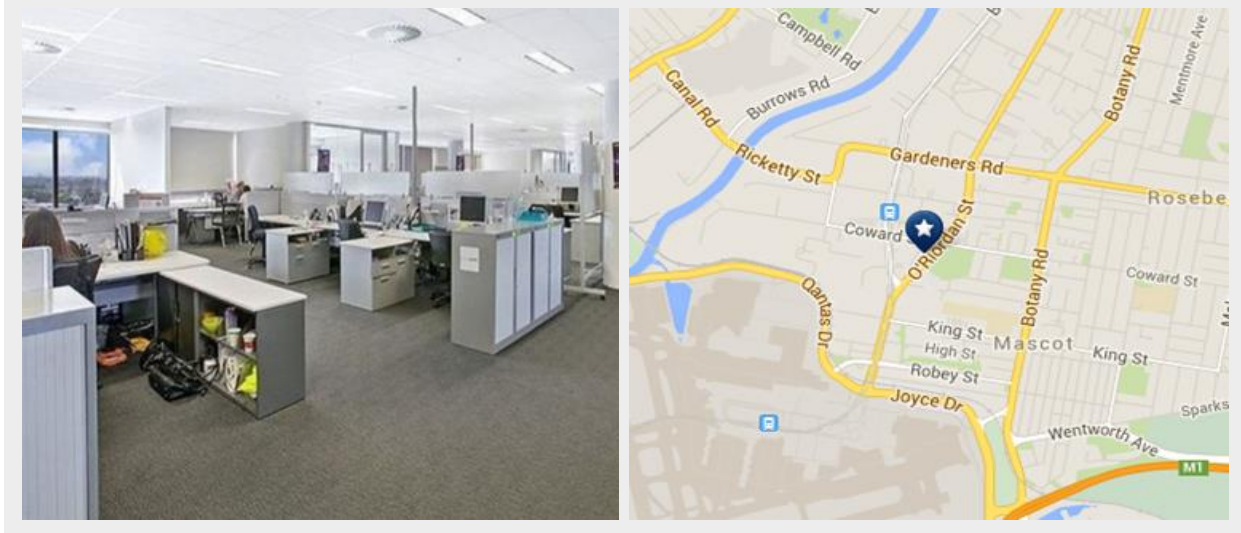
Appendix C

Commercial Office Vacancies (Selection, as at April 2015)

163 – 169 O’Riordan Street, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	163-169 O’Riordan Street
Floor Space	800 - 1,800 sq.m

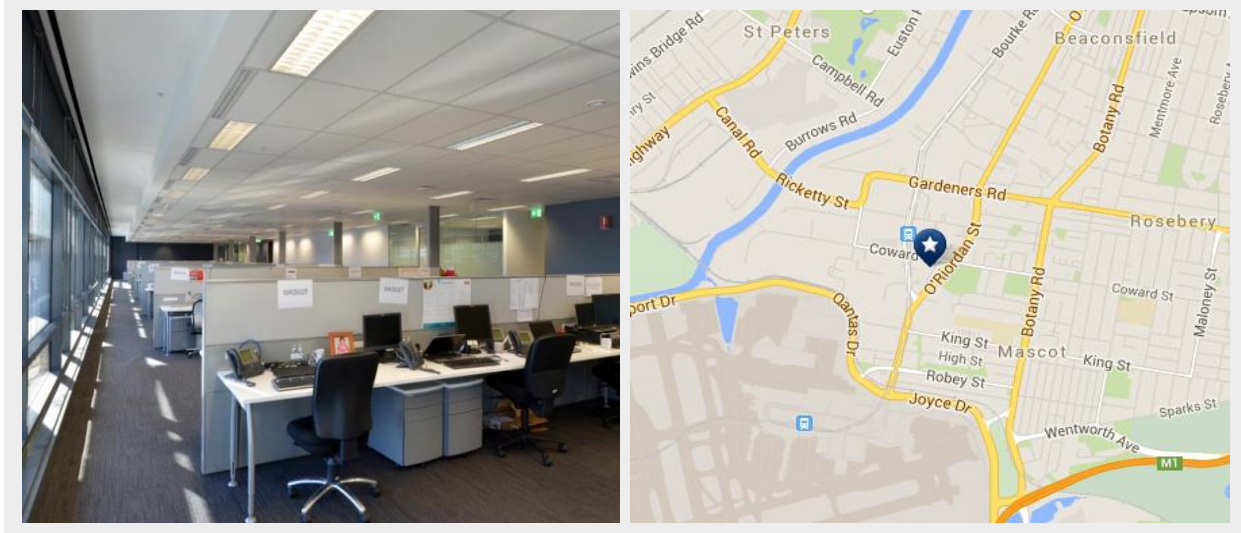


Source: Realcommercial; Urbis

Building B, 201 Coward Street, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	Building B, 201 Coward Street
Floor Space	275 - 6,000 sq.m

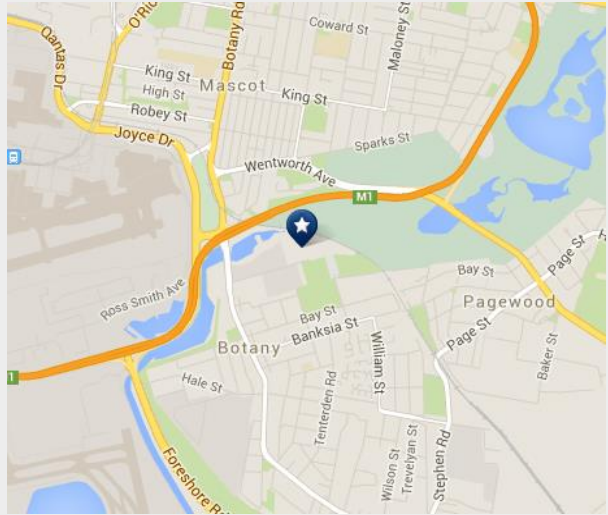


Source: Realcommercial; Urbis

Sir Joseph Banks Corporate Park, 28-40 Lord Street, Botany

BOTANY BAY LGA

Suburb	Botany
Address	Sir Joseph Banks Corporate Park, 28-40 Lord Street
Floor Space	228 - 4,886 sq.m

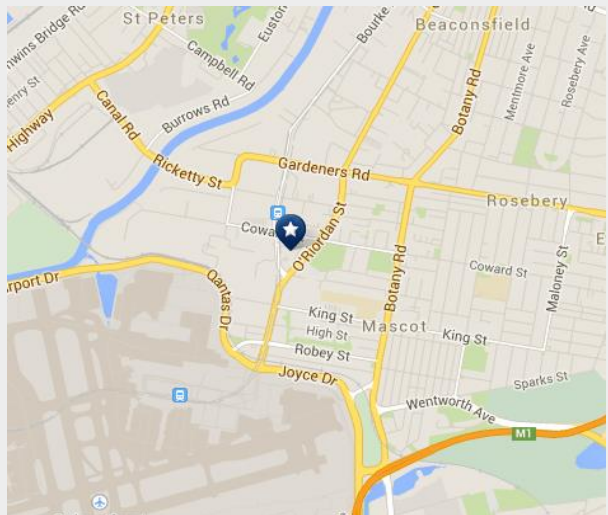


Source: Realcommercial; Urbis

15 Bourke Road, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	15 Bourke Road
Floor Space	200 - 1,523 sq.m

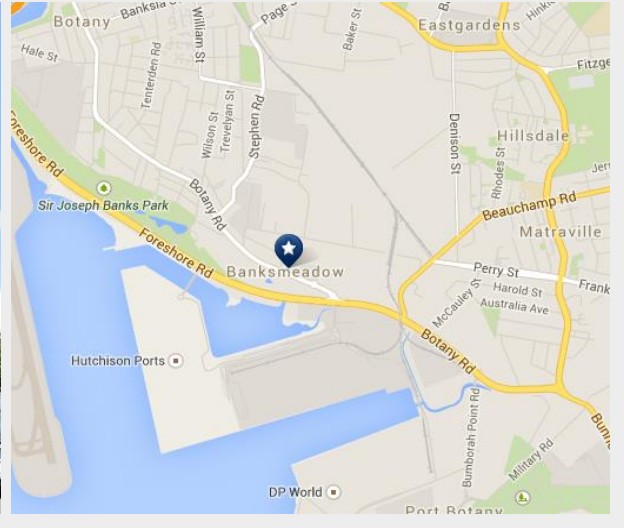


Source: Realcommercial; Urbis

1753 Botany Road, Botany

BOTANY BAY LGA

Suburb	Botany
Address	1753 Botany Road
Floor Space	106 - 636 sq.m

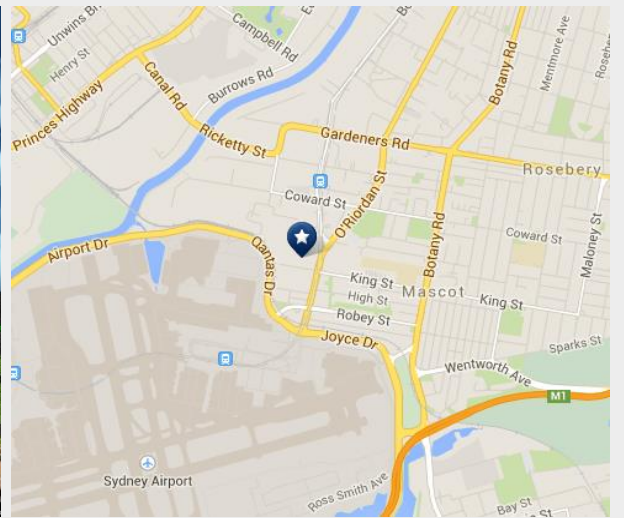


Source: Realcommercial; Urbis

289 King Street, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	289 King Street
Floor Space	400 - 5,000 sq.m

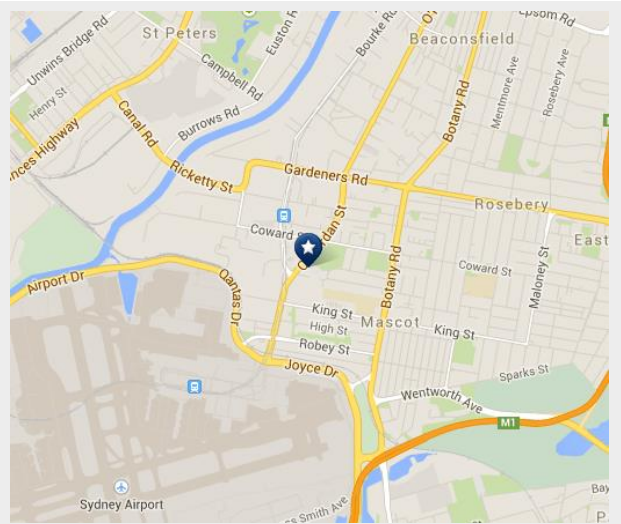


Source: Realcommercial; Urbis

146 O'Riordan Street, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	146 O'Riordan Street
Floor Space	476 - 1,305 sq.m

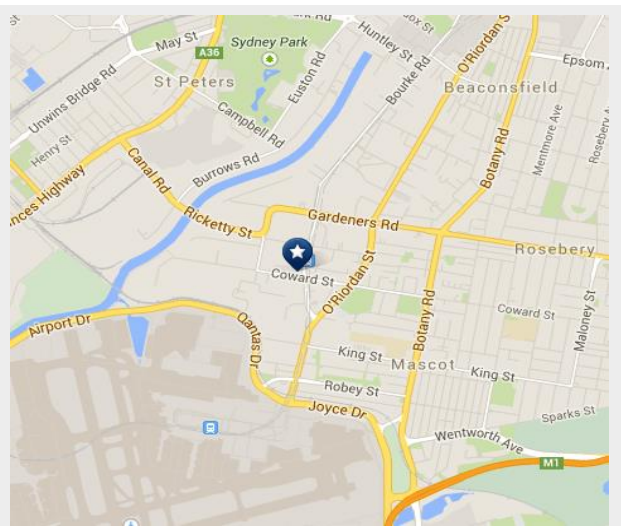
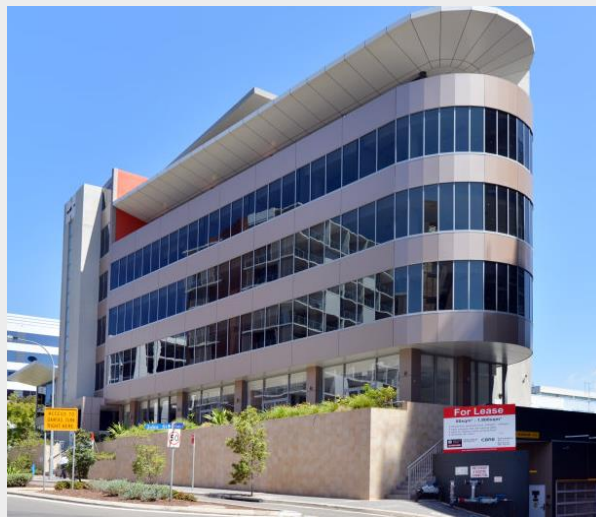


Source: Realcommercial; Urbis

244 Coward Street, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	244 Coward Street
Floor Space	656 sq.m

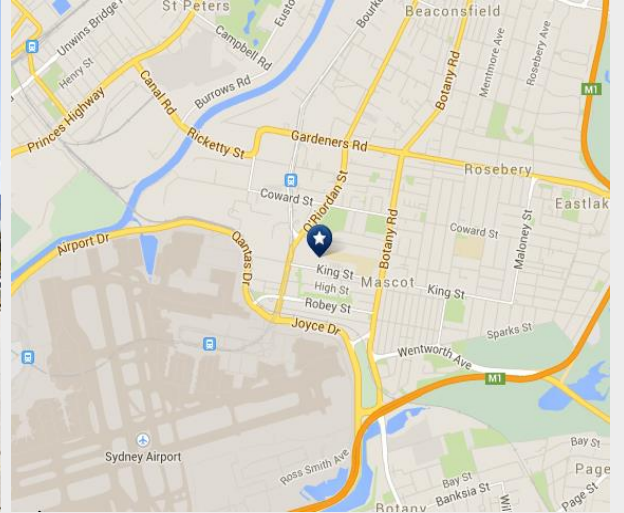


Source: Realcommercial; Urbis

147 King Street, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	147 King Street
Floor Space	229 - 531 sq.m

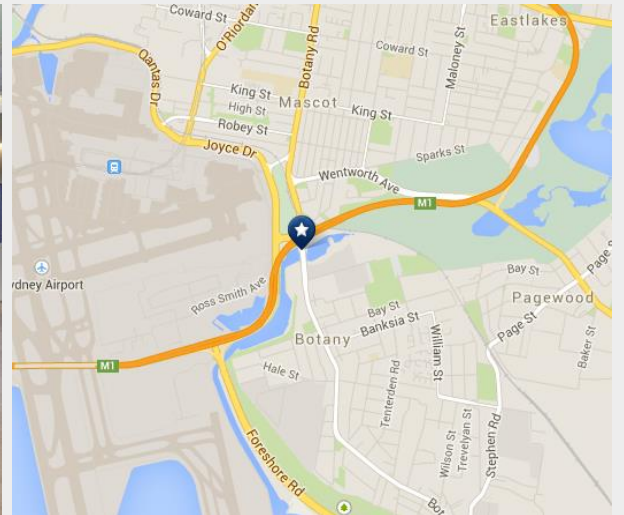


Source: Realcommercial; Urbis

241 O'Riordan Street, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	241 O'Riordan Street
Floor Space	261 - 13,727 sq.m



Source: Realcommercial; Urbis

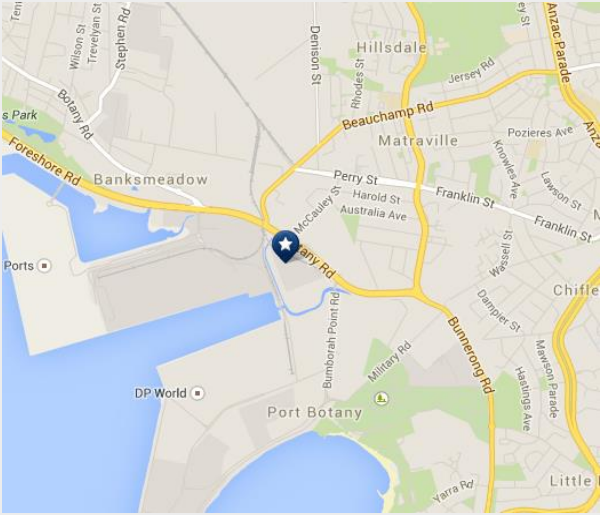
Appendix D

Industrial Vacancies (Selection, as at April 2015)

2 Bumborah Point Road, Botany

BOTANY BAY LGA

Suburb	Botany
Address	2 Bumborah Point Road
Floor Space	3,000 - 23,316 sq.m

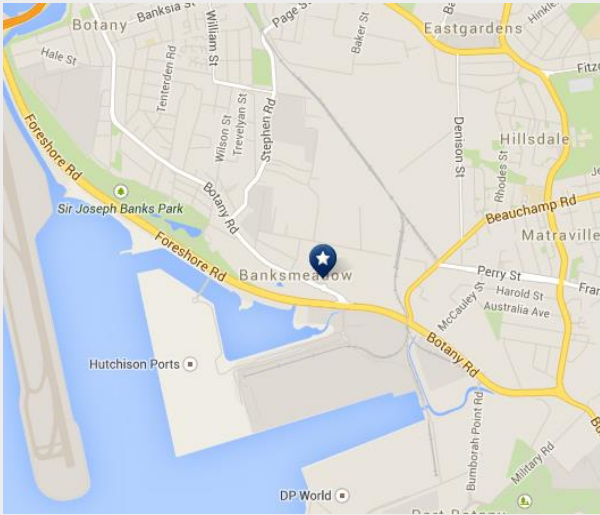


Source: Realcommercial; Urbis

1799 Botany Road, Banksmeadow

BOTANY BAY LGA

Suburb	Banksmeadow
Address	1799 Botany Road
Floor Space	485 - 3,011 sq.m

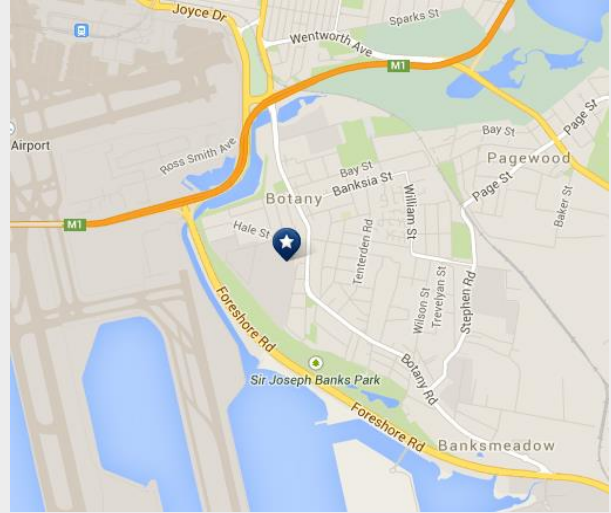


Source: Realcommercial; Urbis

1 Hale Street, Botany

BOTANY BAY LGA

Suburb	Botany
Address	1 Hale Street
Floor Space	2,000 - 19,500 sq.m

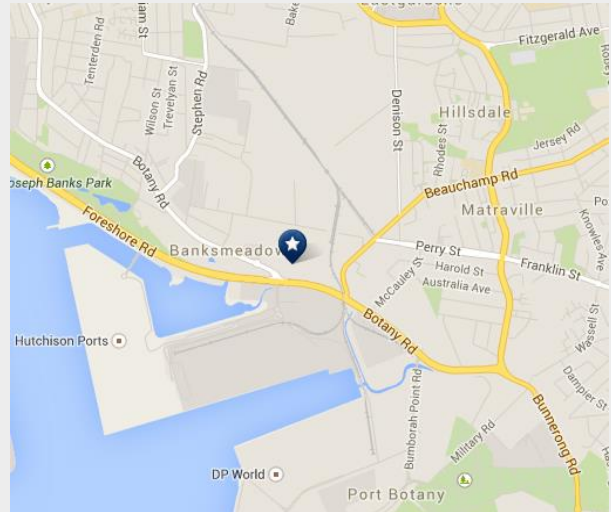


Source: Realcommercial; Urbis

1801 Botany Road, Botany

BOTANY BAY LGA

Suburb	Botany
Address	1801 Botany Road
Floor Space	1,400 - 2,500 sq.m

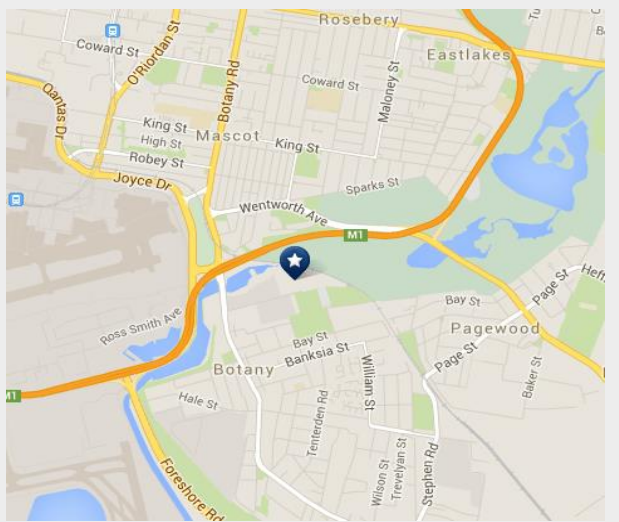


Source: Realcommercial; Urbis

28-40 Lord Street, Botany

BOTANY BAY LGA

Suburb	Botany
Address	28-40 Lord Street
Floor Space	2,377 - 5,881 sq.m

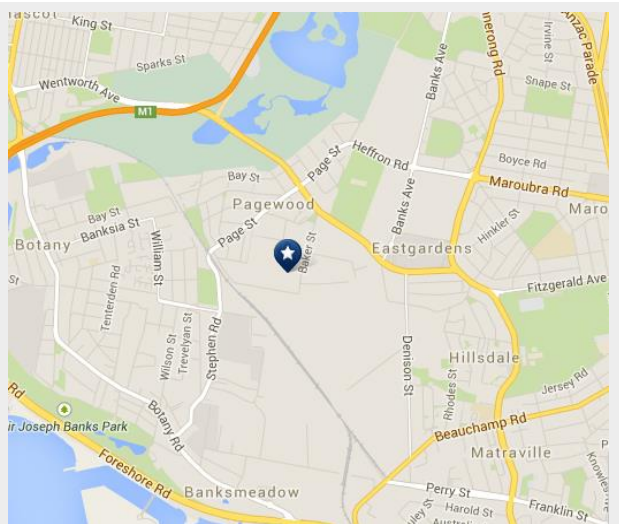
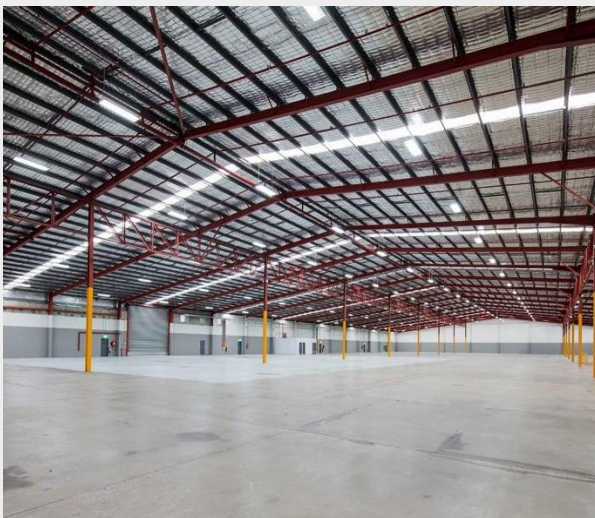


Source: Realcommercial; Urbis

16-20 Baker Street, Botany

BOTANY BAY LGA

Suburb	Botany
Address	16-20 Baker Street
Floor Space	6,917 sq.m

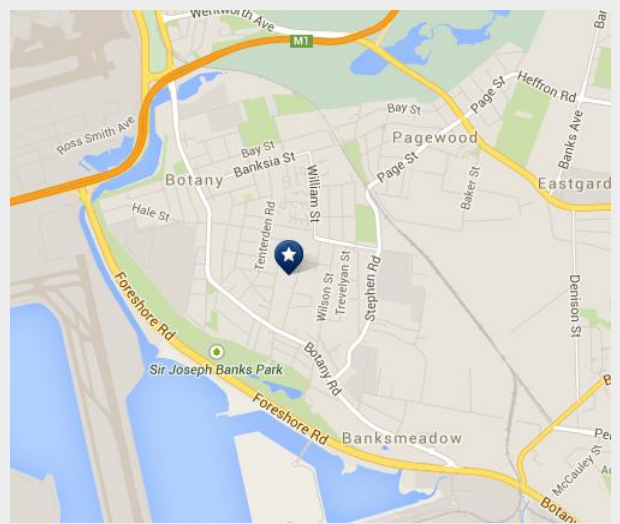


Source: Realcommercial; Urbis

30 Sir Joseph Banks Street, Botany

BOTANY BAY LGA

Suburb	Botany
Address	30 Sir Joseph Banks Street
Floor Space	1,693 - 6,888 sq.m

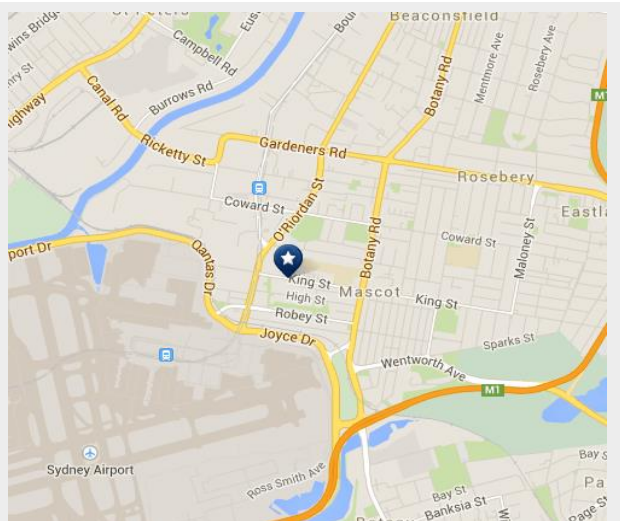


Source: Realcommercial; Urbis

247 King Street, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	247 King Street
Floor Space	3,277 sq.m

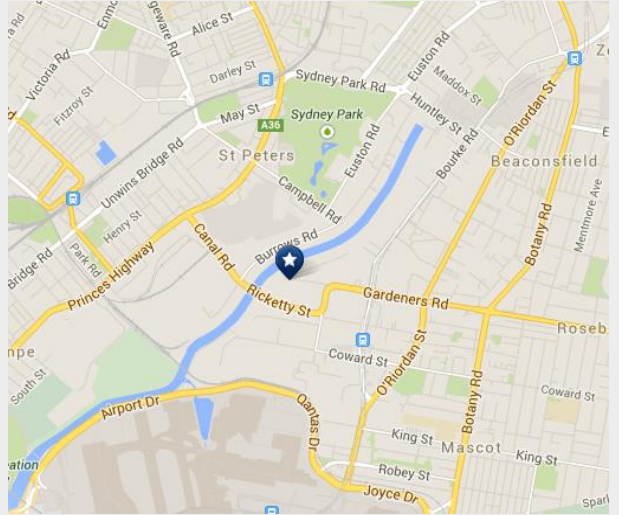


Source: Realcommercial; Urbis

5-9 Ricketty Street, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	5-9 Ricketty Street
Floor Space	449 - 1,561 sq.m

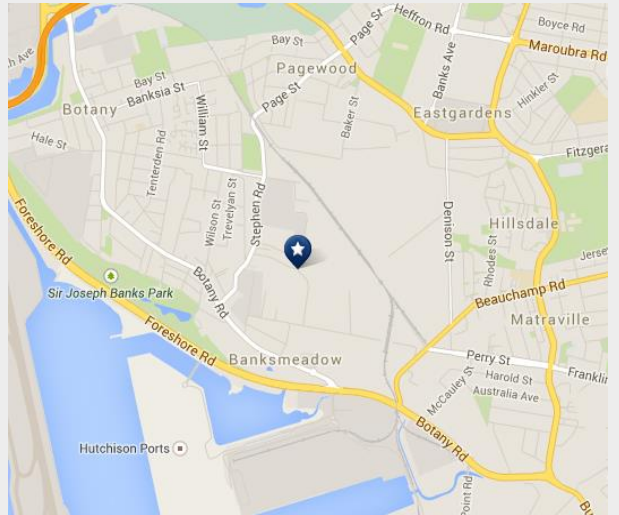
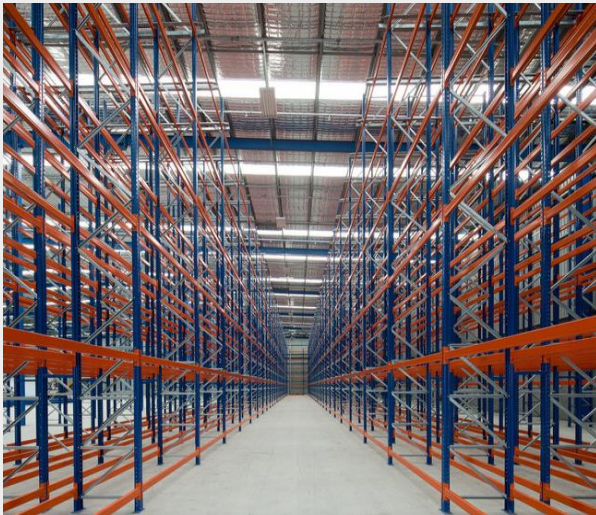


Source: Realcommercial; Urbis

3 Coal Pier Road, Banksmeadow

BOTANY BAY LGA

Suburb	Banksmeadow
Address	3 Coal Pier Road
Floor Space	20,880 sq.m



Source: Realcommercial; Urbis

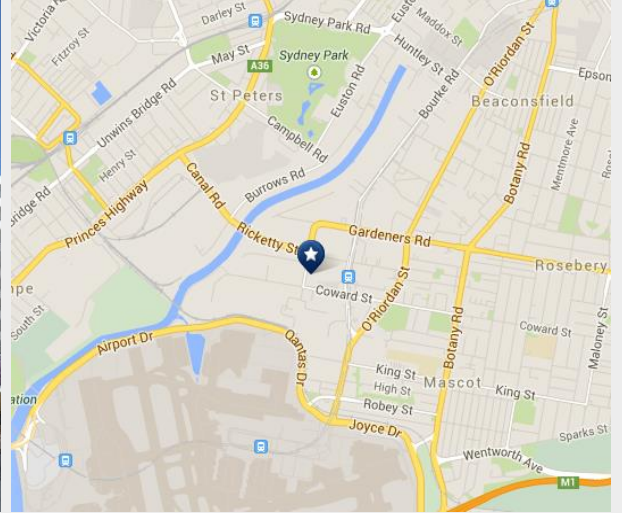
Appendix E

Retail Vacancies (Selection, as at April 2015)

19-33 Kent Road, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	19-33 Kent Road
Floor Space	50 - 125 sq.m

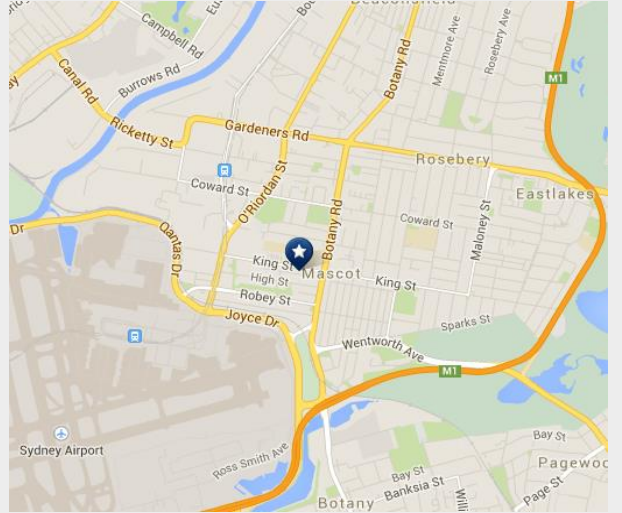


Source: Realcommercial; Urbis

244 King Street, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	244 King Street
Floor Space	210 sq.m

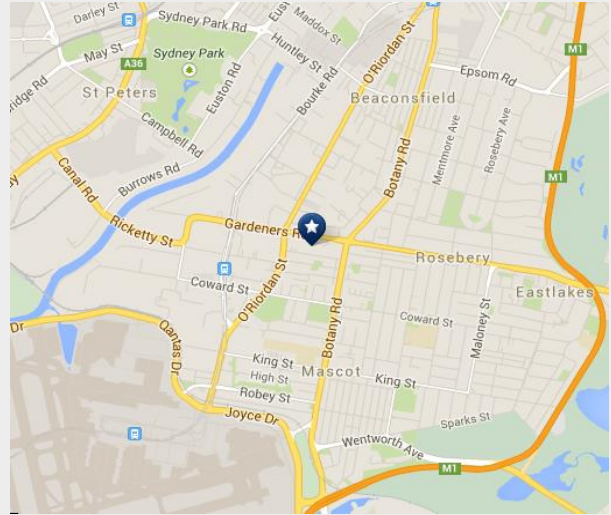


Source: Realcommercial; Urbis

581-587 Gardeners Road, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	581-587 Gardeners Road
Floor Space	108 - 123 sq.m

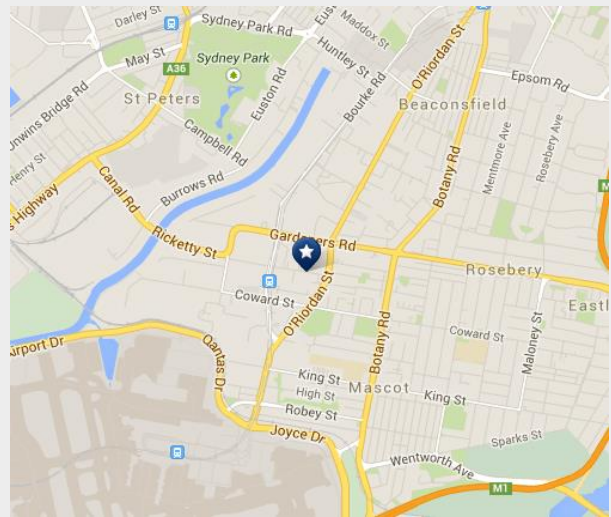


Source: Realcommercial; Urbis

12 Church Avenue, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	12 Church Avenue
Floor Space	290 sq.m

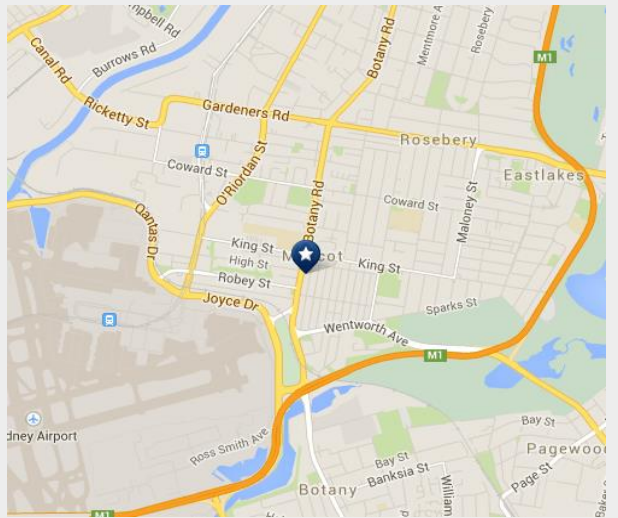


Source: Realcommercial; Urbis

1179 Botany Road, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	1179 Botany Road
Floor Space	100 sq.m

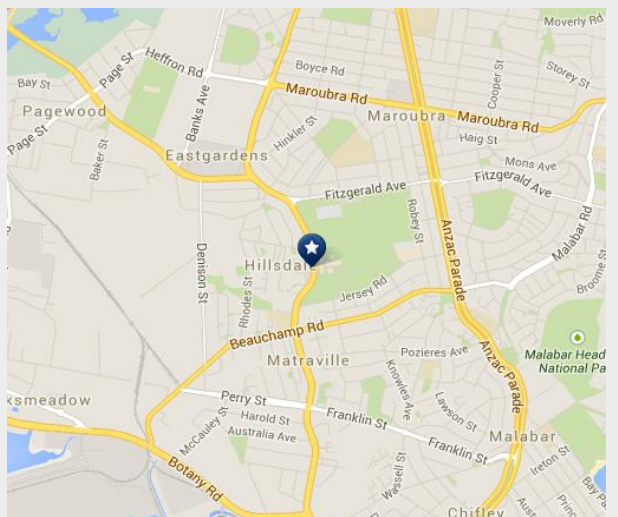


Source: Realcommercial; Urbis

238-262 Bunnerong Road, Hillsdale

BOTANY BAY LGA

Suburb	Hillsdale
Address	238-262 Bunnerong Road
Floor Space	30 - 217 sq.m

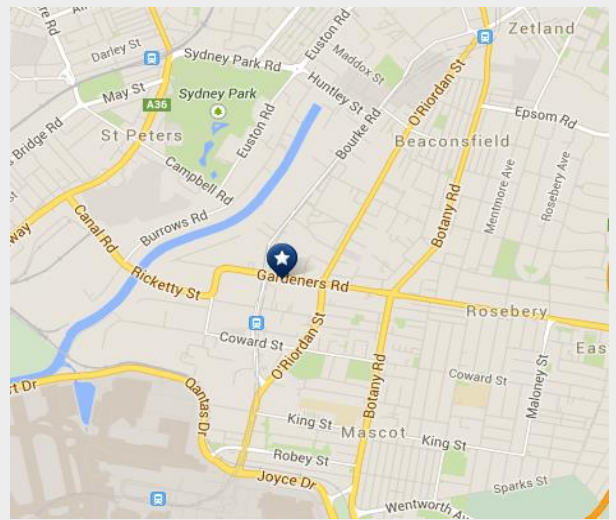


Source: Realcommercial; Urbis

56/18-26 Church Avenue, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	56/18-26 Church Avenue
Floor Space	76 sq.m

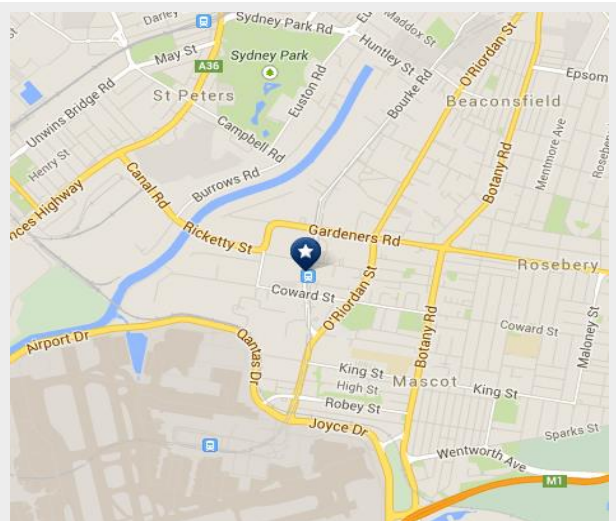


Source: Realcommercial; Urbis

Shop 1, 8 Bourke Street, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	Shop 1, 8 Bourke Street
Floor Space	75 sq.m

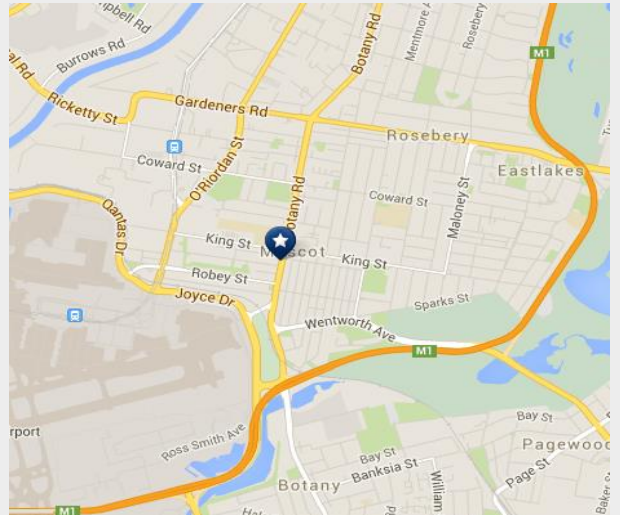


Source: Realcommercial; Urbis

940 Botany Road, Mascot

BOTANY BAY LGA

Suburb	Mascot
Address	940 Botany Road
Floor Space	270 sq.m

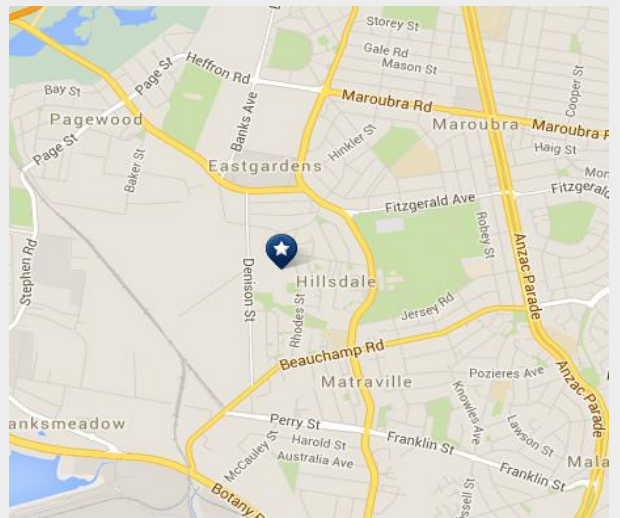


Source: Realcommercial; Urbis

57A Rhodes Street, Hillsdale

BOTANY BAY LGA

Suburb	Hillsdale
Address	57A Rhodes Street
Floor Space	150 sq.m



Source: Realcommercial; Urbis

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APPENDIX B LAKES BUSINESS PARK, ADDENDUM TO ECONOMIC IMPACT ASSESSMENT



Lakes Business Park

Addendum to Economic Impact Assessment

November 2015

URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director	Princess Ventura
Associate Director	David Wilcox
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Job Code	SPE0517
Report Number	Addendum FINAL

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TABLE OF CONTENTS

Executive Summary	i
1 Competitive Positioning	1
1.1 Sydney Metropolitan Context	1
1.2 Botany Bay LGA and Surrounds	4
1.3 Quality of Warehousing	6
2 Contribution to Industrial and Warehousing Jobs and Land	10
3 Port and Airport Related Employment	11
4 Industrial Land Supply and Demand Analysis	13
5 Employment Impact	14
6 Housing Market.....	15
Disclaimer	16

Appendix A Competitive Positioning

Tables:

Table 1 – Botany LGA Industrial Precincts Competitiveness Ranking	5
Table 2 – Botany LGA and Competitor Industrial Precincts warehouse Competitiveness: Access.....	7
Table 3 – Botany LGA and Competitor Industrial Precincts warehouse Competitiveness: Property Attributes	8
Table 4 – Botany LGA and Competitor Industrial Precincts warehouse Competitiveness: Overall Ranking	9
Table 5 – Industrial Land Supply	10
Table 6 – Warehousing Jobs.....	10

Executive Summary

This report is an Addendum to the Urbis report entitled Lakes Business Park, Botany Economic Impact Assessment dated May 2015. It addresses the Botany Bay Council's comments and request for further information regarding the May 2015 Economic Impact Assessment Report.

This report finds that the proposed rezoning of the southern part of the Lakes Business Park (subject site) at 11-13 Lord Street, Botany from B7 Business Park to B4 Mixed Use should be supported on the basis of the following findings:

1. The subject site is not strategically critical industrial land within the broader Metropolitan Sydney context.
2. The subject site is not strategically important to port and airport operations. Port and airport related jobs are located elsewhere in the LGA with a particularly dense clustering further north and west of the subject site.
3. The Lord Street Precinct, in which the subject site is located, is only one of a number of industrial precincts within the Botany Bay LGA. Further, there are a number of industrial precincts within the LGA such as Banksmeadow, Hale Street and Mascot in particular that have a stronger competitive position than the Lord Street Precinct.
4. The trend with warehousing demand in Metropolitan Sydney is for office and warehouse functions to separate with warehousing relocating to low cost, large warehouses with good transport access. Many warehouse and logistic functions being outsourced to third party logistics operators (3PL).
5. The demand for warehousing at Lakes Business Park South is low as evidenced by the current high 25% vacancy rate. Current uses consist mainly of small ancillary warehousing attached to office uses such as show rooms, spare parts and minor assembly rather than manufacturing or distribution.
6. The rezoning of the subject site will not have a significant impact on the supply of warehouses in the Botany Bay LGA as the site accounts for a very low 0.6% proportion of industrial land supply and 0.1% of warehousing jobs in the Botany Bay LGA.
7. There is more than 30 years of supply of undeveloped industrial land in the Botany Bay LGA to cater to future employment growth even without the subject site.
8. The proposed development will increase the supply of housing product where demand for housing is high.

1 Competitive Positioning

This section considers the industrial precincts in and around Port Botany and the Sydney Airport, by reviewing the opportunities and constraints afforded by each industrial precinct. It compares Lakes Business Park South to other competing precincts in the study area, considering key drivers of demand from Port and Airport related industry sectors such as:

- Current road infrastructure access
- Future road infrastructure access
- Clustering of related industrial (like uses/agglomeration)
- Available supply of developable land
- Proximity to sensitive noise receptors.

The existing industrial land supply in this area is quantified and measured against the above criteria to assess their competitiveness relative to the subject site. In addition, this section provides a metropolitan view of the trends in the industrial market in terms of the location of industrial land in Metropolitan Sydney.

1.1 SYDNEY METROPOLITAN CONTEXT

Over the years many industrial-type businesses have relocated to larger sites along the major motorways, including the M4, M5 and M7, in order to reduce costs and improve accessibility. As a result, demand for industrial land has been trending further west of Sydney and Botany LGA. This is consistent with the NSW strategy highlighted in *A Plan for Growing Sydney*; that is to shift and expand the economic role of Western Sydney, in turn raising Sydney's overall productivity.

Map 2.1 overleaf illustrates the industrial precincts of the south-west and west subregions that lie adjacent to a major motorway, highlighting the following:

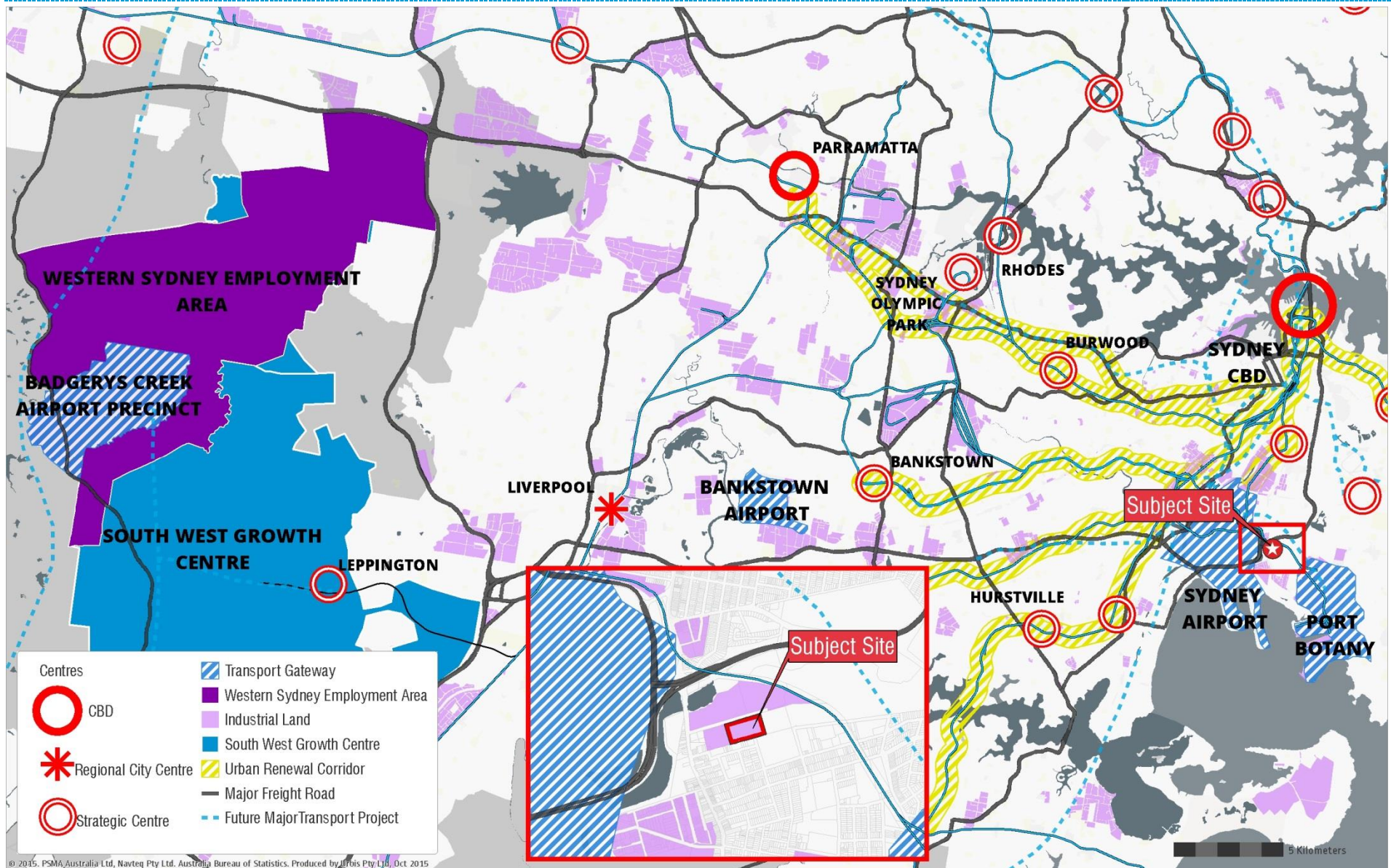
1. The Western Sydney Employment Area (WSEA), has strong connectivity with major motorways (e.g. M4 and M7)
2. Major Western Sydney employment precincts consist of large contiguous industrial zoned land reducing potential land use conflicts – this has the effect of supporting industry agglomeration and mitigates land use/traffic conflicts
3. As the WSEA constitutes the largest greenfield supply of industrial land in Sydney it is also well placed to produce large industrial lots that would service major freight and distribution tenants, which may result in these tenants relocating from more expensive constrained and urbanised locations.

In a metropolitan context, the following conclusions about the subject site's competitiveness can be drawn:

1. Botany Bay LGA while containing Port Botany and Sydney Airport, is constrained by conflicting land uses and traffic (i.e. freight and commuter)
2. The Lakes Business Park South is isolated, without direct B Double access to a main road or other transport infrastructure
3. The Lakes Business Park South is a small industrial area when compared to other industrial precincts in Botany LGA and Western Sydney, comprising 0.6% of industrial zoned land in Botany LGA and is constrained from any expansion potential with residential properties abutting the southern site boundary, Boralee Park to the immediate east and the NSW Roads and Maritime Services to west.

4. A broader choice of land size / floor plate ranges are available in larger less constrained Western Sydney industrial precincts such as Erskine Park and Eastern Creek
5. The larger lot sizes available in the WSEA could have the effect of attracting freight and distribution tenants from smaller more constrained inner city industrial precincts
6. WSEA is a contiguous employment precinct, and does not conflict with residential land. The Botany LGA while containing large industrial precincts has a mixture of land uses including residential. Lakes Business Park South in particular is constrained by land use conflicts as it abuts a residential area to the south, restricting the site from operating after hours and creating traffic conflicts.
7. The WSEA dominates in scale and scope and therefore has the largest potential for accommodating existing businesses (relocating) as well as new entrants into the industrial market. Coupled with infrastructure investment (i.e. future major transport projects) will further support the growth of jobs in the WSEA.
8. Existing industrial precincts and Banksmeadow (north and south) as well as Hale Street are best suited to general industrial and warehousing uses

The trend with warehousing is for office and warehouse functions to separate with warehousing relocating to low cost, large warehouses with good transport access, with many warehouse and logistic functions being outsourced to 3PL logistic operators.



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1.2 BOTANY BAY LGA AND SURROUNDS

Table 1 overleaf provides a summary of the competitive positioning of the subject site and other industrial precincts within the Botany Bay LGA. A more detailed assessment table is provided in Appendix A.

Port Botany itself is not considered in the analysis as the majority of the port land area sit outside the Botany Bay LGA and has limited industrial land uses, and is instead primarily focused on the loading and unloading of shipping containers.

The table demonstrates that there are a number of precincts across the LGA that currently support industrial activity and which are well positioned to continue in this role for the foreseeable future.

Due to the relatively compact nature of the Botany LGA, the majority of these precincts benefit from good road connectivity to the Sydney orbital motorway network. Northbound access to Sydney CBD and beyond is typically provided between General Holmes Drive and Wentworth Avenue. Southbound access is provided via General Holmes Drive and Foreshore Road.

Precincts with direct connectivity to the motorway network, with the fewest number of turning movements, are most favoured by logistics business. Direct connectivity permits quicker transportation times and also reduces the need for trucks to use air brakes, which can lead to noise impact issues close to residential areas.

Precincts located closest to Foreshore Road, for example Banksmeadow, Hale Street and Hillsdale have the added benefit of access to a recognised freight route connecting Port Botany to the motorway network. In future, WestConnex should also assist in increasing the efficiency of road freight movement between Botany and Western Sydney.

The subject site is disadvantaged by the fact that the current access road layout does not allow the use of b-double trucks, thereby limiting its capacity as a warehousing and logistics destination. Unlike other precincts, goods vehicle access is limited to rigid trucks and vans. B Double trucks are prohibited from accessing Lord Street.

The scale of the Banksmeadow precinct, and its proximity to Port Botany dedicated freight rail network means that it is ideally located to maintain a supply of available industrial land for development as the demands of the current heavy industrial uses on the site change over time.

Most precincts in the LGA are required to contend with proximity to residential areas and therefore manage and mitigate noise and operational issues. Banksmeadow (by virtue of its size) and Hale Street (by virtue of its location adjacent to the airport) benefit from the best separation from residential areas. By contrast, Hillsdale abuts residential areas on three sides of the precinct, meaning that it has a higher potential for amenity issues with adjoining neighbours.

The established nature of the industrial precincts within the LGA such as Hillsdale and Banksmeadow means that clusters of similar uses have emerged. The proximity to Port Botany and Sydney airport means that there is a strong presence of warehousing, distribution and light industrial uses in these precincts.

The proximity to the Port and Airport will support ongoing demand for industrial land; however this can be accommodated in both the undeveloped land located in Banksmeadow precinct and through infill development and reuse of existing vacant premises.

Banksmeadow remains the major opportunity to construct new warehouse and industrial buildings on under-utilised land.

TABLE 1 – BOTANY LGA INDUSTRIAL PRECINCTS COMPETITIVENESS RANKING

PRECINCT	SCALE	UNDEVELOPED LAND	ACCESSIBILITY	CLUSTERING	SENSITIVE RECEPTORS	INDUSTRIAL LAND DEVELOPMENT / REUSE POTENTIAL	OVERALL INDUSTRIAL VIABILITY RANKING
Hillsdale	Low	Medium	High	High	Medium	Medium	Medium
Banksmeadow North	High	High	High	High	High	High	High
Banksmeadow South	High	High	High	High	High	High	High
Pagewood	Medium	Low	High	High	High	Medium	Medium / High
Hale Street	Medium	Low	High	High	High	Medium	High
Mascot Station and Environs	High	Low	High	High	Medium	Medium	High
Lakes Business Park South	Low	Low	Medium	Low	Medium	Low	Low

Source: Urbis

1.3 QUALITY OF WAREHOUSING

Tables 2 to 4 on the following pages set out an assessment of the quality of warehouse provision within industrial precincts in the Botany LGA as well as key competing precincts in Western Sydney. The table uses a detailed set of indicators to assess the quality of warehouse space in each precinct, under the broad headings of access and property attributes together with an overall ranking. The tables demonstrate that overall, there is a broad range and quality of existing warehouse provision in Botany and in Western Sydney. Each of these precincts tends to score more favourable against key criteria than Lakes Business Park South.

Table 2 compares the preferred geographic attributes for warehouse location, including Botany Bay LGA and Western Sydney precincts.

Table 3 compares the preferred design attributes for warehouse and distribution centres location, including Botany Bay LGA and Western Sydney precincts.

TABLE 2 – BOTANY LGA AND COMPETITOR INDUSTRIAL PRECINCTS WAREHOUSE COMPETITIVENESS: ACCESS

PREFERRED GEOGRAPHIC ATTRIBUTES	HILLSDALE	BANKSMEADOW (N)	BANKSMEADOW (S)	PAGEWOOD	HALE STREET	MASCOT STATION & ENVIRONS	LAKES SOUTH	EASTERN CREEK	MOOREBANK	INGLEBURN	SILVERWATER / HOME BUSH
B Double access	Low	Low	High	High	High	Low	Low	High	High	High	High
Motorway proximity and access	Medium	Medium	Medium	Medium	Medium	Medium	Medium	High	High	High	High
Number of turns between warehouse and freeway	High	High	High	High	High	Medium	Medium	High	High	High	High
Freight rail proximity and access	High	High	High	High	Medium	Medium	Medium	Low	High	High	Medium
Airport proximity and access	Medium	Medium	Medium	Medium	Medium	High	Medium	Low	Medium	Medium	Low
Seaport proximity and access	High	High	High	High	Medium	Medium	Medium	Low	Medium	Low	Low
24/7 operations	High	High	High	High	High	High	Low	High	High	High	High
Overall Access	High	High	High	High	Medium	Medium	Medium	High	High	High	High

Source: Dexus

TABLE 3 – BOTANY LGA AND COMPETITOR INDUSTRIAL PRECINCTS WAREHOUSE COMPETITIVENESS: PROPERTY ATTRIBUTES

DESIGN ATTRIBUTES FOR WAREHOUSES	HILLSDALE	BANKSMEADOW (N)	BANKSMEADOW (S)	PAGEWOOD	HALE STREET	MASCOT STATION & ENVIRONS	LAKES SOUTH	EASTERN CREEK	MOOREBANK	INGLEBURN	SILVERWATER / HOMEBUSH
Low office content compared to warehouse area	Low	n/a	Medium	Low	Low	Low	Low	High	High	High	Medium
High spring height (10m+)	Low	n/a	Medium	Low	Low	Low	Low	High	High	High	Medium
Site cover – less than 50%	Low	Low	Medium	Low	Low	Low	Medium	High	High	High	Medium
Standard warehouse 5,000 to 15,000 sq.m	Low	n/a	Medium	Low	Low	Low	Low	Medium	Medium	Medium	Medium
Distribution centres warehouse min size +15,000 sq.m	Low	n/a	Medium	Low	Low	Low	Low	High	High	High	High
Overall Property Attributes	Low	n/a	Medium	Low	Low	Low	Low	High	High	High	Medium

Source: DexuS

TABLE 4 – BOTANY LGA AND COMPETITOR INDUSTRIAL PRECINCTS WAREHOUSE COMPETITIVENESS: OVERALL RANKING

CRITERIA	HILLSDALE	BANKSMEADOW (N)	BANKSMEADOW (S)	PAGEWOOD	HALE STREET	MASCOT STATION & ENVIRONS	LAKES SOUTH	EASTERN CREEK	MOOREBANK	INGLEBURN	SILVERWATER / HOMEBUSH
Overall	Medium	High	High	Medium	Medium	Medium / Low	Low	High	High	High	High

Source: Dexis

2 Contribution to Industrial and Warehousing Jobs and Land

Lakes Business Park South comprises a minor component of the Botany Bay LGA's industrial land supply, with a site area of 2.97 hectares comprising 0.6% of Botany Bay LGA's industrial land.

As such, it also accounts for a low share of Botany Bay's warehousing jobs. Warehousing jobs make up about 20 of the total 170 jobs on the subject site, which comprises 0.1% of Botany Bay LGA's Transport, Postal and Warehousing jobs.

The current floorspace vacancy in Lakes Business Park South is 25% which reflect the low demand for this product (warehouses). The demand for warehousing at Lakes Business Park South is for small ancillary warehousing attached to office uses, warehouses are used for show rooms, spare parts, minor assembly, not manufacturing or distribution.

Given that the industrial land and warehousing jobs on site account for a very small share of the LGA's overall supply, the subject site's rezoning will not have a material impact on the LGA's warehousing stock.

TABLE 5 – INDUSTRIAL LAND SUPPLY

Industrial Land Supply	Hectares
Lakes Business Park South	2.97
Botany Bay LGA	483.1
Lakes Business Park South Contribution	0.6%

Source: Urbis; Dexis; ELDP 2015

TABLE 6 – WAREHOUSING JOBS

Warehousing Jobs	Jobs
Lakes Business Park South	20
Botany Bay LGA ¹	20,654
Lakes Business Park South's Contribution	0.1%

¹Transport, Postal and Warehousing jobs 2011

Source: Urbis; Dexis; ELDP 2015

3 Port and Airport Related Employment

Map 3.1 overleaf illustrates that port and airport related jobs are located elsewhere in the LGA with a particularly dense clustering further north and west of the subject site.

It shows that the area containing Lakes Business Park South does not accommodate a concentration of these jobs relative to other industrial precincts, and as such is not critical to Port Botany's or Mascot Airport's operations.

The industry sectors that we have identified as having a direct and indirect relationship with Port and Airport operations are outlined in Table 6.

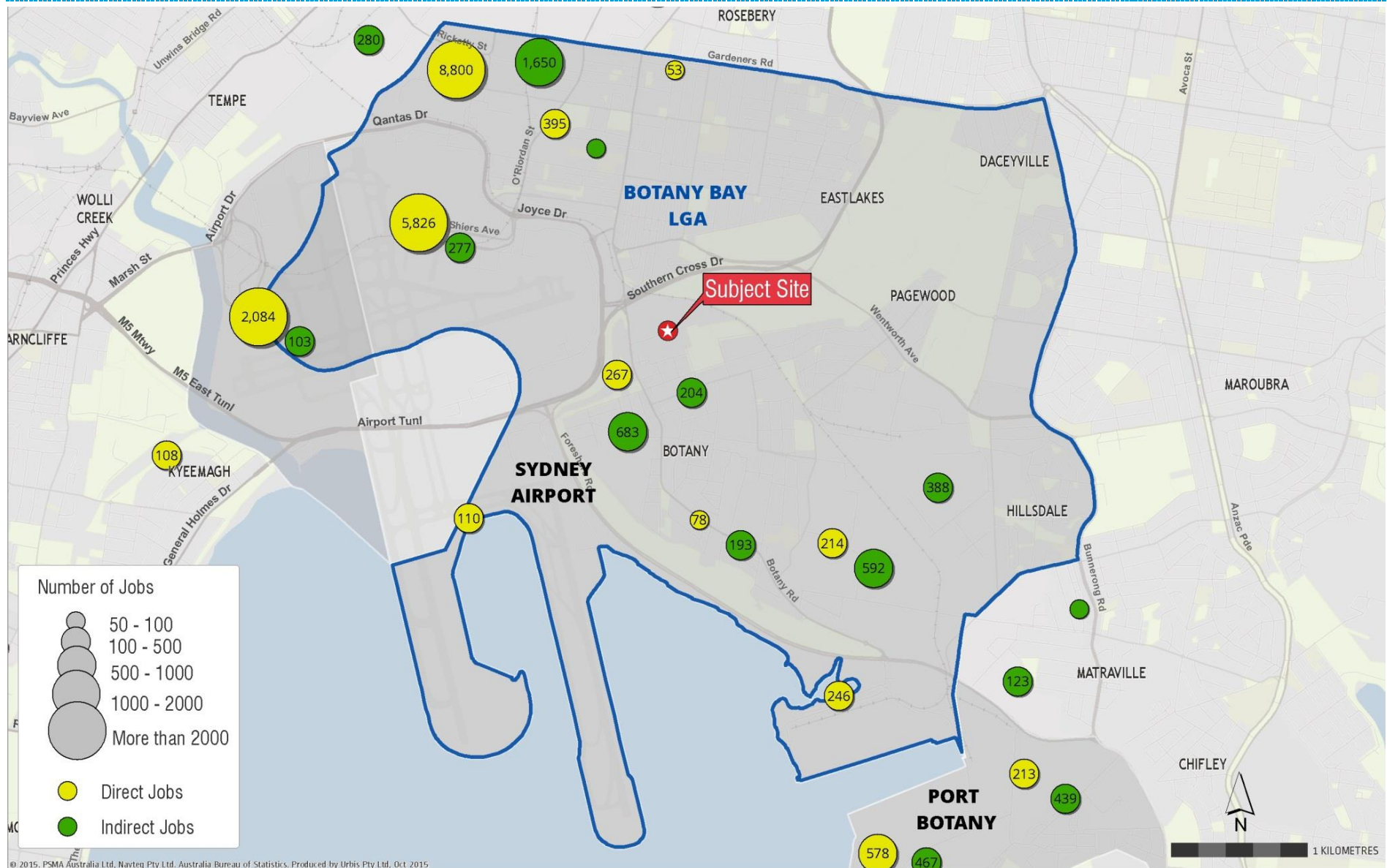
TABLE 6 – PORT AND AIRPORT RELATED JOBS

Direct	Indirect
Air and Space Transport	Road Freight Transport
Catering Services	Freight Forwarding Services
Airport Operations and Other Air Transport Support Services	Other Warehousing and Storage Services
Investigation and Security Services	Transport, Postal and Warehousing, nfd
Stevedoring Services	Other Transport Support Services, nec
Port and Water Transport Terminal Operations	Other Water Transport Support Services
Water Freight Transport	Other Transport Support Services, nfd.
Customs Agency Services	
Aircraft Manufacturing and Repair Services	
Rail Freight Transport.	

Source: Urbis; Australian Bureau of Statistics

Nfd – 'Not further defined' – Refers to Census respondents whose job cannot be attributed to a more detailed category, due to a lack of respondent information.

Nec – 'Not elsewhere classified' - Allows responses from a Census form which don't fit into a suitable industry category in the classification to still be included.



4 Industrial Land Supply and Demand Analysis

Table 7 shows a supply and demand analysis of undeveloped industrial land within the Botany LGA from the period 2015 to 2036.

Based on industrial jobs growth of 74 jobs per annum and a job per hectare benchmark of 100, it is expected that there will be annual demand for 0.7 ha of industrial land within Botany Bay LGA per year.

As at 2015 the ELDP identified 24 hectares of available undeveloped industrial land within Botany Bay LGA, which equates to a high 32 years of industrial land supply based on the 0.7ha per annum industrial land demand even with the rezoning of the subject site to B4 Mixed Use.

TABLE 7 – INDUSTRIAL LAND SUPPLY AND DEMAND, BOTANY LGA

INDUSTRIAL LAND DEMAND	
Projected Industrial Jobs per annum, 2015-36	74
Jobs per Hectare of Land	100
Annual Industrial Land Demand, 2015-36 (Ha)	0.7
Undeveloped Industrial Land Supply	24
Years of Industrial Land Supply (+Supply / -Deficit)	+32

Source: Urbis; Bureau of Transport Statistics; ELDP 2015

5 Employment Impact

The proposed rezoning of Lakes Business Park South will result in a slight reduction in the employment yield compared to its existing use.

The proposed retail floorspace will yield a higher density of jobs than the existing industrial / warehousing uses.

As such, the proposed retail floorspace is expected to result in a net employment decline of 96 jobs over the mixed warehouse / office floorspace currently occupying the subject site.

TABLE 8 – EMPLOYMENT IMPACT, FROM PROPOSED NON-RESIDENTIAL FLOORSPACE

LAND USE	FLOORSPACE	SQ.M PER JOB	EMPLOYMENT
Retail Floorspace	1,222	16.5	74
Existing Lakes Business Park South	14,185	83.4	170
Net Employment Uplift			-96

Source: Urbis; Dexis

6 Housing Market

In addition to supporting higher employment on the subject site, the proposed rezoning will increase housing supply in a market where demand is high.

Table 9 below outlines three housing market indicators. Given that the supply of housing is largely constrained by Government land use policy, sales transactions are not a true reflection of the demand for new housing product and have not been considered.

Both price growth and average days on the market provide an indication of housing demand. Price growth occurs when supply cannot respond, or fully respond, to growth in housing demand. As such it provides an indication of demand in a supply constrained market while average days on market indicate how quickly housing product is sold.

Both indicators in Table 9 below indicate demand is strong in Botany Bay relative to other inner city LGAs:

- Botany Bay has the highest 5 year unit price growth rate, compared to a number of comparable inner ring LGAs, indicating that housing supply has not responded to growth in demand
- Apart from Marrickville, Botany Bay units sell faster than all other LGAs benchmarks, indicating a higher degree of interest in Botany Bay housing product when it is available.

The hold period illustrates how tightly held established housing stock is. Despite high price growth established owners are holding housing product on average longer than other inner city LGAs (with the exception of Ashfield).

Without new housing supply the combination of a tightly held housing market with high underlying demand may result in a housing shortage and affordability constraints.

Overall the picture of the Botany Bay housing market points to high demand relative to other inner Sydney LGA, with limited housing options available indicating the need for additional housing supply.

Housing Demand Indicators

BOTANY BAY AND COMPARABLE LOCAL GOVERNMENT AREAS

TABLE 9

Housing Demand Indicators	Ashfield	Botany Bay	Leichhardt	Marrickville	Rockdale	Canada Bay
Unit Price Growth (5 years)	56%	60%	39%	52%	42%	31%
Average Days on Market	51	39	41	37	42	53
Average Hold Period (Years)	10.3	9.5	8.3	8.9	7.6	7.6

Source : Urbis; RP Data

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Appendix A

Competitive Positioning

PRECINCT	SIZE (HA)	SUPPLY OF UNDEVELOPED LAND (HA)	ACCESSIBILITY ROAD INFRASTRUCTURE (EXISTING AND PROPOSED)	CLUSTERING OF RELATED INDUSTRIES	PROXIMITY TO SENSITIVE NOISE RECEPTORS	INDUSTRIAL DEVELOPMENT OPPORTUNITIES	INDUSTRIAL COMPETITIVE POSITIONING
Hillsdale	10.3	2	Good connections to motorway network and freight precincts via B-Double approved roads: - Existing warehouse configuration supports b-double access 2.4km from motorway (northbound) at Southern Cross Drive. Requires only 2 turning movements 5km from motorway (southbound) at General Holmes Drive via Foreshore Road. Requires only 2 turning movements 7.5km from Emirate SkyCargo terminal at Sydney Airport 3km from Port Botany	Automotive, warehousing	Partial Separation: Dwellings on north and east side. Grace Campbell reserve provides separation on southern side. Banksmeadow (north) located on the western side of Denison Street	- Development of vacant land - Reuse of vacant buildings	Medium
Banksmeadow North	113*	10.7*	Good connections to motorway network and freight precincts via B-Double approved roads: - Primary Access via Dennison Street - Supports b-double access 5.3km from motorway (northbound) via Foreshore Road and Southern Cross Drive. Requires 4 turning movements from Botany Road 4.5km from motorway (southbound) at General Holmes Drive via Foreshore Road. Requires only 1 turning movement from Botany Road 8.5km from Emirate SkyCargo terminal at Sydney Airport via Foreshore Road 3km from Port Botany	Oil, Gas and Chemicals	Excellent Separation: - The scale of landholdings within Banksmeadow means that future warehousing uses can be adequately positioned away from sensitive noise receptors - Scale, proximity to Port Botany and access via Foreshore Road supports 24 hour operations	Development of significant areas of vacant land	Strong
Banksmeadow South	113*	10.7*	Good connections to motorway network and freight precincts via B-Double approved roads: - Primary access via Exell Street - Supports b-double access 5.5km from motorway (northbound) at Southern Cross Drive. Requires only 2 turning movements 5km from motorway (southbound) at General Holmes Drive via Foreshore Road. Requires only 2 turning movements 7.5km from Emirate SkyCargo terminal at Sydney Airport 3km from Port Botany	Oil, Gas and Chemicals Adjacent to Port Botany	Excellent Separation: - The scale of landholdings within Banksmeadow means that future warehousing uses can be adequately positioned away from sensitive noise receptors - Scale, proximity to Port Botany and access via Foreshore Road supports 24 hour operations	Development of significant areas of vacant land	Strong
Pagewood	20.2	1.7	Good connections to motorway network and freight precincts via B-Double approved roads: - Primary access via Green Street 1.8 km from motorway (northbound) at Southern Cross Drive. Requires 3 turning movements 3.8km from motorway (southbound) at Mill Pond via Wentworth Avenue. Requires 5 turning movements 6.4 km from Emirate SkyCargo terminal at Sydney Airport 4.7 km from Port Botany	Warehousing, industrial	Good Separation: - Proximity to Banksmeadow in the south limits exposure to sensitive receptors - The precinct abuts residential areas to the north west Proximity to Mutch Park and Eastgardens to the north provides further residential separation	Reuse of vacant buildings	Medium
Hale Street	37.4	0	Good connections to motorway network and freight precincts via B-Double approved roads: - Truck access via Foreshore Road - Supports b-double access (via Foreshore Road)	Warehousing, industrial, manufacturing	Good Separation: The precinct is bounded by Mill Pond to the north and Foreshore Road to the south and west	Reuse of vacant buildings	Strong

PRECINCT	SIZE (HA)	SUPPLY OF UNDEVELOPED LAND (HA)	ACCESSIBILITY ROAD INFRASTRUCTURE (EXISTING AND PROPOSED)	CLUSTERING OF RELATED INDUSTRIES	PROXIMITY TO SENSITIVE NOISE RECEPTORS	INDUSTRIAL DEVELOPMENT OPPORTUNITIES	INDUSTRIAL COMPETITIVE POSITIONING
			1.7 km from motorway (northbound) at Southern Cross Drive. Requires 3 turning movements 0.6km from motorway southbound at General Holmes drive. Requires 1 turning movement 5 km from Emirate SkyCargo terminal at Sydney Airport 5 km from Port Botany		The precinct abuts residential dwellings to the east between Folkestone Parade and Botany Road. Traffic calming measures on Hale Street itself reduce heavy goods vehicle access from Botany Road to the benefit of local residents		
Mascot Station & Environs	125.7	0	Good connections to motorway network and freight precincts via B-Double approved roads: - Primary access via Coward Street / Kent Road intersection - Supports b-double access 3.5 km from motorway (northbound) at Southern Cross Drive. Requires 5 turning movements 2.5km from motorway (southbound) via Joyce Drive. Requires 3 turning movements 3.7 km from Emirate SkyCargo terminal at Sydney Airport 8.7 km from Port Botany	Warehousing, Logistics, aviation services	Good separation: - Within Mascot Industrial activities south of Coward Street are separated from the majority of apartment development - The location of Sydney Airport and Alexandra Canal also provides significant separation from residential uses	Reuse of vacant buildings	Strong
Lakes Business Park South	2.97	0	Good connections to motorway network and freight precincts, however B-Double access is prohibited - Primary access via Botany Road - Current configuration does not accommodate b-double access 2.5 km from motorway (northbound) at Southern Cross Drive. Requires 2 turning movements 1.3km from motorway (southbound) via Botany Road and Southern Cross Drive. Requires 2 turning movement 4.4 km from Emirate SkyCargo terminal at Sydney Airport 5.6 km from Port Botany (via Botany Road)	Business Park	Good Separation: - Separation from residential uses is provided to the north, east and west through a combination of Lakes Business Park (north), Boralee Park and the RTA vehicle service centre - The site abuts residential apartments along its southern boundary	Potential for additional business park development through implementation of approved masterplan. Limited potential for industrial development	Low

* Assumes even split of total Banksmeadow precinct as defined in NSW Planning & Environment Employment Lands Development Program. Total precinct = 226.2 hectares and 21.4 hectares of undeveloped land
Source: Urbis



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