

30 June 2021

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City of Canada Bay Council

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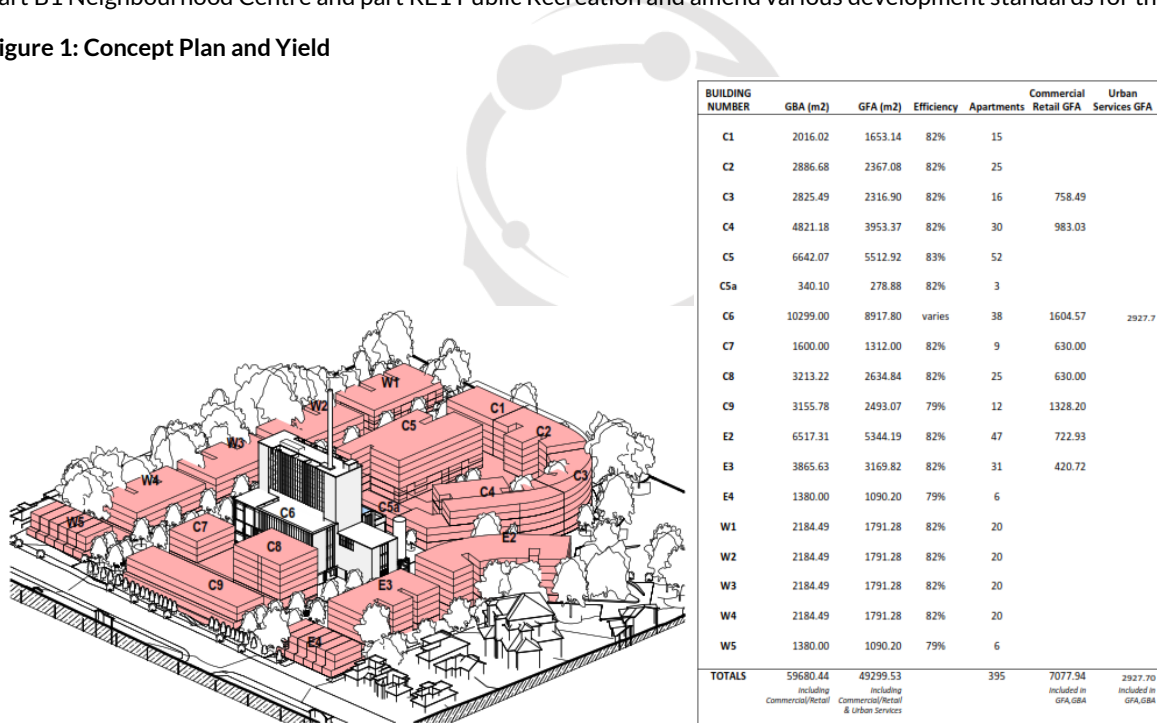
Dear Paul

Re: 160 Burwood Road, Concord – Land Use Advice

A planning proposal to rezone the former Bushell’s Factory at 160 Burwood Road, Concord (the Site) has been progressively developed through engagement between the proponent New Concord Developments and the City of Canada Bay Council.

A planning proposal (June 2020) seeks to rezone land from IN1 General Industrial to part R3 Medium Density Residential, part B1 Neighbourhood Centre and part RE1 Public Recreation and amend various development standards for the Site.

Figure 1: Concept Plan and Yield



Source: BVN Architecture (2020)

The planning proposal was considered by the Sydney Eastern Planning Panel under the rezoning review process. The Panel recommended the proposal be submitted to the Department of Planning, Infrastructure and Environment (DPIE) for a Gateway determination. A key recommendation of the Panel was the requirement for a minimum of 10,000sqm of non-residential floorspace, including a minimum of 3,000sqm for light industrial/urban services.

As part of the gateway assessment, DPIE have raised concerns that the planning proposal is inconsistent with the ‘retain and manage’ objective for industrial lands in the Eastern City. DPIE have requested that the planning proposal demonstrate greater employment outcomes, including the potential for incorporating “emerging industries, technology and innovation”.

Atlas Urban Economics (Atlas) have been engaged by the City of Canada Bay (Council) to:

1. Investigate the viability of different employment uses which are permissible in the B1 Neighbourhood Centre zone.
2. Comment on the appropriateness of including “emerging industries, technology and innovation” employment at the Site.
3. Make recommendations to optimise employment outcomes on the Site and to ensure sustainability of those outcomes.

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PERMITTED LAND USES

The planning proposal seeks to rezone the Site to a mix of R3 Medium Density Residential, B1 Neighbourhood Centre and RE1 Public Recreation. Of the minimum 10,000sqm for non-residential uses, some 3,000sqm is for light industrial uses.

To identify the viability of different employment uses which could be accommodated on the Site, the range of land uses permitted in the B1 Neighbourhood Centre zone is firstly considered.

These are outlined in **Table 1** as sourced from the Canada Bay Local Environmental Plan 2013 (CBLEP).

Table 1: Permitted Uses in B1 Zone, CBLEP 2013

Permissibility	Land Uses
Permitted without consent	Environmental protection works; Home occupations
Permitted with consent	Boarding houses; Business premises; Centre-based child care facilities; Community facilities; Hotel or motel accommodation; Light industries; Medical centres; Neighbourhood shops; Neighbourhood supermarkets; Oyster aquaculture; Respite day care centres; Roads; Shop top housing; Tank-based aquaculture; Any other development not specified as permitted without consent or prohibited.
Prohibited	Hardware and building supplies; Landscaping material supplies; Plant nurseries; Rural supplies; Rural workers' dwellings; Specialised retail premises; Timber yards; Vehicle sales or hire premises; Any other development not specified

Source: CBLEP 2013

Business premises and light industries are permitted land uses within the B1 zone. These are broad land use categories which can accommodate a mix of different employment industries and sectors. Definitions of these land uses are shown in **Table 2**.

Table 2: Definition of Business Premises and Light Industries, CBLEP 2013

Land Use	Definition
Business Premises	Business premises means a building or place at or on which: (a) an occupation, profession or trade (other than an industry) is carried on for the provision of services directly to members of the public on a regular basis, or (b) a service is provided directly to members of the public on a regular basis, and includes a funeral home and, without limitation, premises such as banks, post offices, hairdressers, dry cleaners, travel agencies, internet access facilities, betting agencies and the like, but does not include an entertainment facility, home business, home occupation, home occupation (sex services), medical centre, restricted premises, sex services premises or veterinary hospital.
Light Industries	Light industries mean a building or place used to carry out an industrial activity that does not interfere with the amenity of the neighbourhood by reason of noise, vibration, smell, fumes, smoke, vapour, steam, soot, ash, dust, waste water, waste products, grit or oil, or otherwise, and includes any of the following: (a) high technology industry, (b) home industry, (c) artisan food and drink industry.

Source: CBLEP 2013

It is noted that the planning proposal seeks to insert 'commercial premises' as an additional permitted use in the portion of the Site to be rezoned R3 Medium Density Residential. Commercial premises permit a variety of business, office and retail uses. Accordingly, a broad mix of retail and commercial uses proposed are proposed on the Site. That said, the mix of employment uses that could be accommodated on the Site as 'light industries' is more limited.

Urban Services

The Sydney Eastern Planning Panel and DPIE note the potential role of the Site in accommodating 'urban services' industries as part of the proposed ~3,000sqm of light industrial uses. It is therefore important to consider what types of employment uses are considered 'urban services'.

There is no definition of 'urban services' in the standard instrument LEP. In the Greater Sydney Region Plan (2018), the Greater Sydney Commission (GSC) defines urban services as:

"...industries that enable the city to develop and its businesses and residents to operate. Support the activities of local populations and businesses. Include concrete batching, waste recycling and transfer, printing, motor vehicle repairs, construction depots, and utilities" (GSC, 2018).

This list of uses was further expanded by the GSC in A Metropolis that Works (GSC, 2018b) to include “*panel beaters, home renovation services, glass makers, small-scale manufacturing companies, redistribution centres, kids indoor play zones, food preparation and catering facilities, repair workshops, gyms and the like*”.

Urban services typically rely on proximity to residential catchments and commercial centres. Notwithstanding, the nature of many urban services requires their location in well buffered areas to avoid land use conflicts with sensitive uses such as residential.

It is noted that some land uses included in the GSC’s definition of urban services are different from ‘light industrial’ as defined in the CBLEP 2013 and would not be permissible land uses in Canada Bay’s B1 Neighbourhood Centre zone.

LOCATION SELECTION CRITERIA

Based on the defined list of permitted uses in the B1 zone, the different locational requirements which would be needed to viably attract and retain these permitted uses are identified and discussed.

The factors that attract businesses to any given location are fundamentally linked to the strategic and operational requirements of that business. Whilst every business is unique, many of the location and site selection criteria are common across different industries and sectors. This has implications for the ability of the Site to attract and retain different industries.

Commercial Occupiers

Office-based businesses are arguably most sensitive to location and amenity. Skilled labour is valuable which businesses actively seek to attract and retain through their property decisions. Key selection criteria for commercial occupiers include:

- **Employee amenity** – Employee amenity is a critical selection factor for many office-based businesses, particularly those in industries where they must compete for talent. Access to high quality hospitality, recreational facilities and other key services is expected by knowledge workers. Businesses located in areas without these key amenities often struggle to attract and retain labour.
- **Public transport** – Access to public transport is important to knowledge workers. Research suggests the availability of train station access can form a key job consideration for knowledge workers. Growing traffic congestion and work-life balance is making high-quality public transport options a critical requirement.
- **Labour force pool** – Business who depend on skilled labour will expectedly select locations that enable them to recruit accordingly. Residents in Canada Bay are typically more educated and affluent than the Greater Sydney average, thereby forming a broad pool of workers for local businesses to recruit from.
- **Proximity to key markets and catchments** – Businesses value locations proximate to their key customers and suppliers.
- **Critical mass** – Businesses typically gravitate to where there is a critical mass of occupiers. Critical mass is needed for facilities that support employee amenity to be viable, i.e. drycleaners, cafés, restaurants, gym and fitness centres. Precincts with critical mass will also provide opportunity for businesses to locate proximate to their customers.
- **Headquarters v operations v satellite** – Some employment areas are suitable for business headquarters. In some instances, a business’ headquarters may be co-located with its operations, while in others they may be in separate locations (e.g. factory operations in Lidcombe, head office in Rhodes). Not all markets lend themselves to both. Centres with high volumes of residential can struggle to attract large corporates as the ‘prestige’ factor of the location can be affected by co-location with residential uses.

Whilst future development of the Site will go some way to improving the amenity of the local area, the Site’s location does not lend itself to attracting significant interest from commercial occupiers. This is largely attributed to its lack of proximity to different modes of public transport and limited critical mass.

Conversely, small-scale commercial uses with a population-serving focus (e.g. accountants, lawyers, tutors, etc) would be better suited at the Site as their locational requirements are more closely aligned to those of traditional retail uses. These small-scale commercial occupiers broadly align with the definition of ‘business premises’ in the CBLEP 2013.

Retail Occupiers

The viability of retail land uses is intrinsically linked to the size and characteristics of their surrounding resident, worker and visitor populations. Retail uses are considered ‘followers’ – they will only be viable where a local resident or worker population catchment has been established. Key site selection criteria for retailers include:

- **Population size** – The size of the surrounding resident, worker and visitor catchment, or ‘trading area’, is a fundamental consideration for most retailers. Many retailers rely upon population benchmarks when considering locating within an area. For instance, most supermarkets will require a minimum trading catchment population of 8,000-10,000 persons.
- **Population demographics** – The demographics of an area’s trading catchment is also a critical location factor. Characteristics such as age, ethnicity, household composition, income and health will collectively influence what retailers would operate viably within any given location. For instance, organic grocery stores will typically locate in areas with a greater proportion of higher-income residents given their greater capacity to pay for higher-priced produce.
- **Surrounding retailers** – Many retailers are reliant upon the size and trading performance of larger retailers in order to operate. For instance, the number of specialty retailers within a shopping centre will be linked to the size and sales of the major tenants. Other retailers may benefit from co-locating with similar retailers to establish clusters which attract high levels of footfall. Homemaker centres or bulky goods precincts are common examples of this.
- **Accessibility** – Locations which can be easily accessed by the trading catchment, ideally through multiple transport modes, will be more desirable to most retailers compared to more isolated locations. The scale of the proposed retail uses will influence the level of importance placed on accessibility. For instance, smaller supermarkets which service the surrounding walking catchment will place less importance on proximity to a major transport interchange.
- **Exposure** – Some retailers are highly dependent on exposure to pedestrian or vehicular traffic to operate viably. Locating in areas with strong exposure to these movements is critical for such businesses. For instance, many fast-food restaurants typically look for sites along arterial roads subject to average daily traffic volumes of 40,000 vehicles.

The Site is well-positioned to accommodate the scale and mix of retail uses outlined in the planning proposal. The local catchment has a well-established, affluent population with no existing retail offerings within walking distance.

Industrial and Urban Services Occupiers

Industrial occupiers are typically more agnostic to their surrounding amenity, placing a greater focus on the suitability of a site or precinct within which to carry out their primary business activities. Key industrial requirements will naturally vary by industrial activity, though the key selection criteria for industrial users include:

- **Proximity to motorways/arterial roads** – The ability of industrial occupiers to easily access Sydney’s orbital network and other arterial roads is a key consideration for most industrial occupiers, particularly those with freight and distribution requirements or with time-critical business models.
- **Site accessibility** – Ease of access to an industrial site or precinct is critical. Industrial users reliant on frequent heavy truck movements will often prefer precincts with wide, straight road networks. Vehicle permissibility on local roads can be a determinant factor for many industrial users.
- **Proximity to key markets and catchments** – Businesses will gravitate to locations proximate their key customer and supplier pools. Light industrial users (e.g. automotive repairs) will locate in close proximity to large resident populations to secure business. This factor is critical to the viability of urban services.
- **Land size** – Land size is highly dependent on industry and business requirements. Large industrial users, particularly freight and logistics occupiers, often require sites in excess of 10ha to facilitate large scale warehouses and distribution centres, as well as sufficient hardstand and yard space for truck and container movements. Smaller light industrial uses are at the opposite end of the spectrum and may only require an industrial unit of less than 500sqm to operate.
- **Land use separation** – Almost all industrial users benefit from a buffer from sensitive land uses including residential and commercial. Land use conflicts generated by proximity to such uses due to the nature of industrial operations (i.e. hours of operations, smell, noise) can undermine the viability of industrial precincts.
- **Operating hours** – The permitted hours of operation within an industrial precinct will directly influence the type of users who can operate therein. For instance, food manufacturers can require 24/7 hours of operation whereas automotive repairs may operate on a 9am-5pm basis.
- **Services** – Access to reliable services (power, water, gas, internet) will be of varying importance to different businesses and industries. For instance, data centres require access to high levels of water and electricity, whereas a small food wholesaler would not have the same requirements.
- **Affordable accommodation** – industrial occupiers require low accommodation costs in order to be viable.

Both the Sydney Eastern Planning Panel and DPIE recognise that the Site is not suitable for many industrial activities – a reflection of its location within an existing low-density residential neighbourhood and the nature of the surrounding local road network which is not conducive to large and frequent heavy truck movements. There is a recognition that smaller scale industrial uses are better suited at the Site.

The definition of ‘light industries’ in the CBLEP 2013 includes high-technology industries, home industries and artisanal food and drink industries. These sub-sectors would require a mix of locational requirements:

- **High Technology Industry**

The definition of high technology industries is broad and comprises a variety of sectors including electronics, IT, pharmaceutical, medical and bioengineering, media and telecommunications. The nature of these sectors can necessitate a mix of floorspace types, including office, laboratory space and general factory/warehouse space.

It is equally true that employees in such sectors often have the same amenity requirements as those of traditional commercial occupiers (i.e. high level of surrounding worker amenity, good public transport, etc). Whilst the Site could meet some of these requirements, it is unlikely to attract such users at a large scale.

- **Home Industries**

The definition of home industries is incredibly broad as it refers to any business or industry which can operate from a private dwelling (not involving more than 2 employees and comprising no more than 100sqm of floor area) and does not interfere with the amenity of the surrounding neighbourhood. Accordingly, the Site could accommodate a mix of home industries though the type of specific industries is difficult to ascertain.

- **Artisanal Food and Drink Industries**

Artisanal food and drink industries refer to the manufacture of boutique, artisan or craft food or drink products. Importantly, the definition of artisanal food and drink industries requires at least one of the following is also carried out:

- A retail area for the sale of the products,
- A restaurant or cafe,
- Facilities for holding tastings, tours or workshops

Accordingly, artisanal food and drink industries have a mix of industrial and retail locational requirements. The Site is considered well-placed to accommodate artisanal food and drink occupiers.

SUITABILITY OF LAND USES

Table 3 assesses the suitability of the permitted land uses at the Site based on their respective location selection criteria. A scoring system for each of the locational factors is based on the following metrics:

- 1 = unsuitable/unsustainable
- 3 = somewhat suitable/sustainable
- 5 = highly suitable/sustainable

Table 3: Suitability of Permitted Land Uses for the Site

Land Use	Score	Comment
Commercial		
Large corporate/professional services	2	The Site lacks proximity to public transport and future development will lack the scale to for the critical mass required to attract large-scale office users.
Service-orientated operators	4	Proximity to a well-established resident catchment makes it attractive to population-serving commercial/healthcare operators.
Health care and medical services	4	
Retail		
Full-line supermarket	2	The Site is not located in a defined retail centre and development of full-line supermarket would impact the existing retail hierarchy.
Boutique supermarket/grocery	5	Proximity to an established and affluent resident catchment suggests the Site is well-suited to a boutique supermarket/grocery store with associated specialty food, personal services and business services.
Specialty food (e.g. liquor, butcher, etc)	5	
Business services (e.g. bank, travel agent, real estate)	5	

Land Use	Score	Comment
Personal services (e.g. hairdresser, beautician)	5	
Restaurants and takeaway dining	5	The Site's waterfront location, proximity to resident catchments and the proposal's intention to adaptively reuse many former warehouse buildings are well-suited to food and beverage retailing.
Light Industry		
High technology industry	3	Distance from public transport and lack of critical mass will make attracting high-technology industries to the Site difficult given these workers have similar amenity requirements to other knowledge-intensive industries.
Home industry	4	The Site could accommodate a mix of home industries within the proposed apartments (dependent on the specific industry).
Artisanal food and drink industry	4	The Site's waterfront location, proximity to resident catchments and the potential to adaptively reuse many former warehouse buildings are well-suited to artisanal food and drink industries. The viability of such uses could be increased if effectively incorporated into broader food and beverage strategy which leverages synergies between food and beverage retailers, grocery store and speciality food retailers.

Source: Atlas

Emerging Industries

DPIE have requested that the planning proposal consider including "emerging industries, technology and innovation" employment uses on the Site. Specific emerging industries for consideration were not outlined by DPIE.

Based on a review of key emerging and high-growth industries across Greater Sydney, **Table 4** considers the suitability of the Site in meeting the locational requirements needed to attract and retain such employment uses.

Table 4: Emerging/High Growth Industries and their Suitability at the Site

Emerging/ Growth Industry	Key Locational Requirements	Advantages of the Site	Disadvantages of the Site	Score
E-Commerce	Significant land requirement, good site accessibility, proximity to motorways/ trade gateways, internet connectivity, long operating hours, segregation from other sensitive uses.	- Large landholding	- No buffer from residential uses	1
Food and Grocery Distribution		- Proximity to significant population catchment	- Lacks proximity to orbital network	1
Integrated Logistics		-	- Local road network	1
Pharmaceutical Manufacturing	Sizeable land requirement, reliable services (power, water gas) and internet connectivity, need for good surrounding amenity and clustering, public transport.	- Large land holding	- No buffer from residential uses	2
Advanced Manufacturing		- Reliable services	- Poor public transport	2
		- Quality future amenity	- No existing cluster	2
Data Centres	Sizeable land requirement, high power (dual) and proximity to population.	- Large land holding	- No adaptive reuse of existing buildings	2
		- Large surrounding population catchment	- Insufficient services	
Co-working Facilities	Proximity to resident population, public transport options, high level of surrounding amenity, cluster with existing commercial office users.	- Large surrounding population catchment	- Poor public transport	2
		-	- No existing cluster	
Urban Services	Small land/floorspace requirement, affordable accommodation, proximity to population centres, good accessibility.	- Population catchment	- No buffer from surrounding residential uses – limits suitability for some urban services	3
		- Proximate old arterial road networks	-	
		- Good accessibility	- Limited commercial accommodation options	4
Healthcare and Allied Health Services	Proximity to resident/worker population, clustering with other medical uses and/or health anchor, high amenity environment and mix of commercial options.	- Large surrounding population catchment	- No existing cluster of health uses	
		- Proximity to Concord Hospital	-	
Food and Beverage Manufacturing	Proximity to resident population, appropriate buffers for some users, affordable accommodation, good accessibility for small vehicles.	- Large surrounding population	- No buffer from surrounding residential uses – limits suitability for some manufacturers	4
		- Adequate access	-	

Source: Atlas

The assessment of emerging industries carried out in **Table 4** suggests that sectors including urban services (part), health care and allied health, and food and beverage manufacturing would be well-suited at the Site. The Site lacks the locational requirements needed to **attract and retain** other emerging sectors such as large-scale food and grocery distribution and integrated logistics, pharmaceutical and other forms of advanced manufacturing, data centres and/or co-working facilities.

POTENTIAL SCENARIO: ARTISANAL FOOD AND BEVERAGE PRECINCT

Atlas met with Council and the proponent to discuss DPIE's comments on the planning proposal. It is understood the proponent's vision for part of the Site is an artisanal food and beverage precinct, utilising the existing Central Roasting Hall building. This section considers the opportunity of such a precinct at the Site.

Overview

The artisanal food and drink sector is quickly growing across many of Australia's capital cities. Small-scale food and beverage manufacturing operators, notably microbreweries, liquor distilleries and coffee roasters are growing in response to a growing societal trend for premium 'craft' (i.e. small batch, high-quality and often locally made) food and beverage products.

For instance, Australia's craft beer industry has grown over the past five years and increased their total market share despite the broader beer manufacturing sector declining over the period (IBISWorld, 2021). The craft beer sector is poised to grow at an annualised rate of 7.0% over the coming years to 2025-26. This contrasts the projected revenue growth of just 4.4% in the broader beer manufacturing sector (IBISWorld, 2021). Similar trends are observed in the spirit manufacturing industry, where the 'premiumisation' of demand for craft spirits is leading to an uptick in small, local distilleries.

Artisanal food and beverage operators tend to operate on a single site and co-locate their manufacturing premises with wholesaling and direct-to-customer retailing. The ability for premises to carry out multi-functions is important, though often the distinction between 'light industrial' and 'retail' uses can be blurred. Discussions with leasing agents note that operators can face land use conflicts when located proximate residential uses, primarily due to smells arising from beverage production.

Key Examples

Artisanal food and beverage manufacturers tend to locate in inner city industrial precincts – a function of their need to be proximate to their core consumer markets. Many operators have become focal anchors within industrial precincts, contributing the character of the area and serving to attract other food and beverage manufacturers.

For instance, 'Precinct 75' at 75 Mary Street is a 1.5ha creative industrial precinct located in St Peters. Formerly the Taubman's paint factory, the precinct comprises 12 buildings (1-3 storeys) and over 80 commercial and industrial suites (totalling 13,500sqm of floorspace). Extensively refurbished in 2014-15, the precinct is anchored by popular microbrewery Willie the Boatman and coffee roasters Sample Coffee. Both occupiers carry out manufacturing, wholesaling and retailing activities on-site and have been able to attract other food and beverage occupiers to the precinct (e.g. distillery).

In other instances, artisanal food and beverage precincts have been planned rather than organically developing over time. The most local example of this is 'The Cannery' at 61 Mentmore Avenue, Rosebery. Comprising 11,000sqm of floorspace across two levels of a refurbished warehouse, the precinct comprises a mix of providores, restaurants and cafes, bars, food and beverage manufacturers and commercial spaces. A broad mix of food and beverage manufacturers are located within the precinct, including a microbrewery, gin distillery, bakeries and coffee roaster. Multiple ancillary food and beverage occupiers are also observed, including a cooking school, artisan liquor store and wine cellar and equipment retailer.

Other planned food and beverage precincts are observed outside of Greater Sydney. For example, 'Craft'd Grounds' in Albion (Brisbane) is due for completion in mid-2021. The former timber mill is set to comprise 2,600sqm of food and beverage floorspace, anchored by a 15-hectolitre brewery with a 20-tap taproom, coffee roaster, restaurant, patisserie, fromagerie and wine and cocktail bar. The precinct will also host a regular farmers market and capacity for various events.

A more detailed case study analysis of several artisanal food and beverage manufacturing precincts is included at Schedule 1.

Opportunity at the Site

Market investigations suggest that most food and beverage operators tend to locate on the ground floor of industrial premises with few examples of these operators locating on the upper levels of buildings. A ground floor location is the default due to easier vehicle access for loading and unloading.

That said, subject to direct and frequent access to ground level loading docks being available, upper level accommodation for industrial uses could be viable. This however presents design and configuration issues for the building - to ensure the required service lifts and corridors are provided as well as back-of-house areas, which collectively reduce the lettable area available for financial return.

Industrial uses have a lower rent affordability threshold. The designation of industrial zones (to the exclusion of higher-paying uses) is intended at ensuring industrial occupiers are not 'crowded out' by commercial uses that can afford to pay higher rents.

In a multi-level building, assuming adequate vertical access (service and goods lifts) and horizontal circulation (service corridors, back-of-house) can be appropriately designed to provide for space that is functional, upper floor locations generally only suit industrial uses that do not have a customer-facing/ retail function.

Industrial market rents on upper levels will reflect the principle of substitution, i.e. the rents achievable will be underpinned by rents in industrial areas that could be substitute locations for industrial uses with no retail/ high visibility requirements.

Vertical industrial buildings in Sydney are beginning to emerge in areas where the cost of land is high. Vertical warehouses are however not viable on a large scale yet due to the economic rents required to offset the higher cost to construct taller buildings. While industrial rents have risen sharply over the last decade, they have not reached a level where vertical warehouses are a viable (mainstream) typology in the Sydney market as yet.

Notwithstanding the above commentary, the proponent's resolve to deliver the vision of an artisanal food and beverage precinct and the ability of the Central Roasting Hall to be adapted to provide functional industrial space across multiple levels at affordable industrial rents will be critical.

The uniqueness of the Roasting Hall lends itself to establishment of an attractive artisanal food and beverage precinct. Precincts such as Precinct 75 and The Cannery are testament to how sympathetic adaptation of legacy industrial buildings can be achieved. Careful design will be required to ensure the space meets the functional and logistical requirements of industrial tenants to ensure they can operate viably and sustainably.

The concept plan distributes "urban services" uses on the Upper ground, Level 1 and Level 2 of the Central Roasting Hall. Commercial/ retail uses are positioned on the Lower Ground floor. For better prospects of providing space that is of utility and capable of being sustainable, urban services or light industries should be positioned on the Lower/ Upper ground levels.

In any event, urban services or light industries should be as far as possible accommodated at ground level. If accommodated on upper levels, appropriate provision within building design and access should be made.

Successful food and beverage precincts generally require an anchor operator to attract both customers and other food and beverage manufacturers. This would require a detailed market sounding program by the proponent to ensure the commercial viability of such a precinct. The careful and thoughtful curation of occupier mix will also be critical. Notwithstanding, the Site is considered well-placed to accommodate such users.

CONSIDERATIONS FOR SUSTAINABILITY OF EMPLOYMENT USES

Concept Plan

The planning proposal seeks to deliver a minimum of 10,000sqm of non-residential floorspace, including:

- 7,077sqm of retail and commercial floorspace across 8 individual buildings, including the existing Central Roasting Hall building and on the ground and lower levels of future mixed-use buildings. The planning proposal also introduces a clause limiting the total amount of floorspace for development of a shop to 1,000sqm.
- 2,927sqm of light industrial/urban services floorspace to be located entirely within the existing Central Roasting Hall building (distributed across three levels).

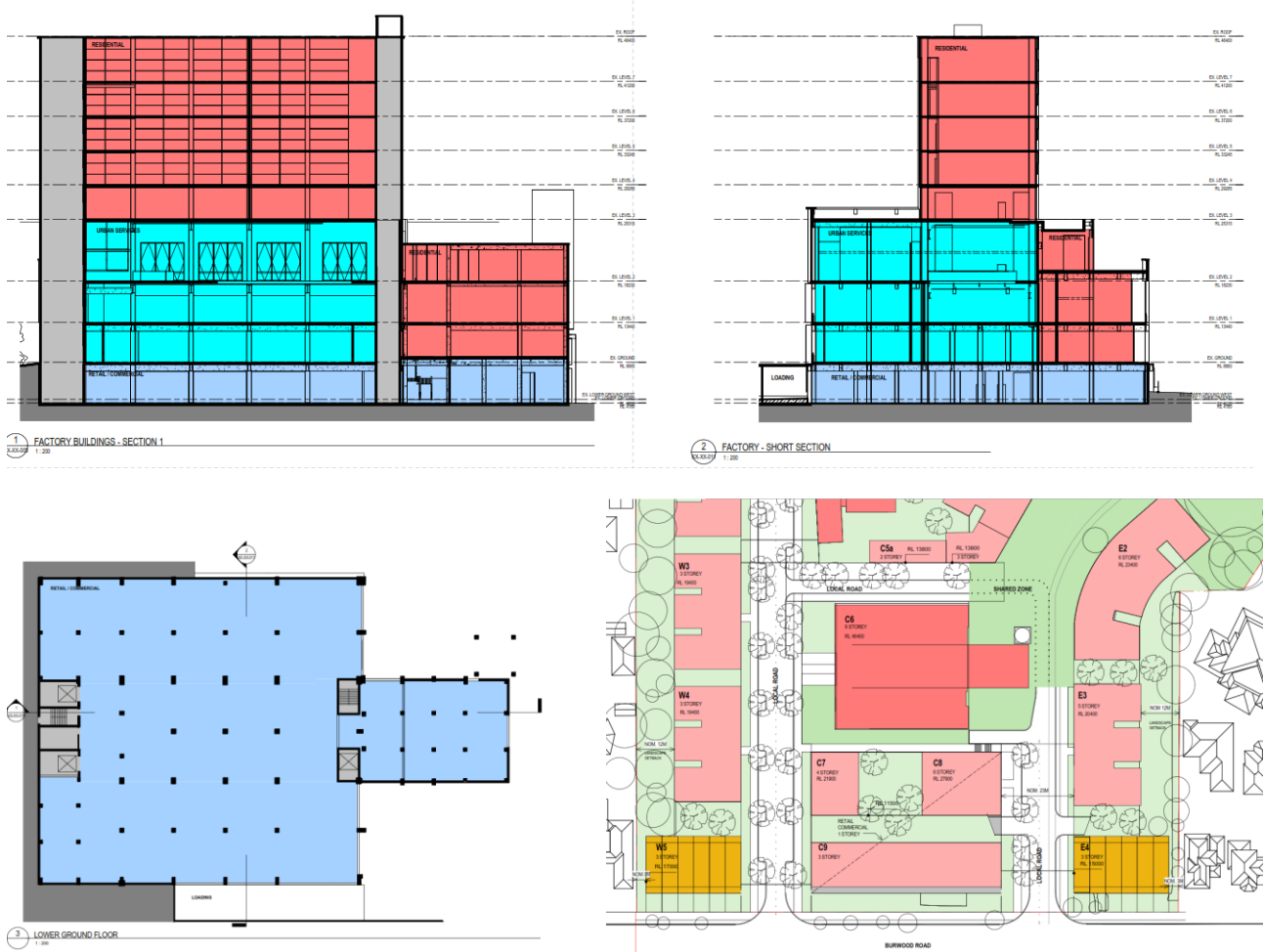
The 7-level Central Roasting Hall building is proposed to comprise a mix of land uses, including:

- **Lower Ground** - 1,793sqm of commercial/retail floorspace.
- **Upper Ground** - 943sqm of urban services/light industrial floorspace and 7 apartments.
- **Level 1** - 972sqm of urban services/light industrial floorspace and 7 apartments.
- **Level 2** - 1,338sqm of urban services/light industrial floorspace and 4 apartments.
- **Levels 3 -7-20** apartments (approximately 4 apartments per level).

Levels 1 and 2 each comprise three commercial goods lifts and two sets of internal stairs. A single loading area is proposed on the lower ground floor. Primary access into the Central Roasting Hall is proposed from a new local road running north-south from Burwood Road along the western boundary of the building.

Figure 2 illustrates some of the relevant diagrams and floorplans from the planning proposal's Concept Plan.

Figure 2: Concept Plan (Diagrams and Floorplans), Central Roasting Hall (C6)



Source: BVN Architecture (2020)

Considerations for Employment Uses

There are several key issues which present risks to the long-term viability of employment floorspace on the Site.

- #### Spatial Distribution of Land Uses

While the distribution of retail and commercial floorspace across the Site as proposed in the Concept Plan is considered appropriate, the proposed distribution of urban services/ light industries is less suitable.

Light industrial floorspace is located entirely within the Central Roasting Hall from the Upper ground level and upwards. Light industrial uses are typically heavily reliant on frequent small vehicle movements. Having multiple access points to their location would be necessary. Locating these uses within buildings which front Burwood Road could also be considered, though this could detract from the vision of the Site to transform the Central Roasting Hall into an artisanal food and beverage hub.

- #### Light Industrial Uses on Upper Floors

Market investigations shows light industrial uses do not typically locate on upper levels. The experience of artisanal food and beverage manufacturers at 'The Cannery' in Rosebery is that upper level space was not well-utilised. Market feedback suggests this was largely due to poor connectivity between mezzanine space and ground level loading docks, despite the presence of commercial goods lifts. Attempts to use the mezzanine space for retail was not well received.

That said, many artisanal food and beverage manufacturers have a need for high-span mezzanine space (e.g. microbreweries). Upper level floorspace is also typically more affordable compared to ground level space. If light industrial uses are to be distributed across multiple levels in the Central Roasting Hall building, careful design will be needed to ensure functionality of the space (including the suitability of existing goods and service lifts) and excellent connectivity to proposed loading docks. Additional loading dock areas may be required.

- **Planning Issues**

The planning proposal envisages a B1 Neighbourhood Centre and R3 Medium Density Residential will apply to the portions of the Site proposed to accommodate employment uses. A Part 6 Additional Local Provision is intended to apply to the Site requiring a minimum of 3,000sqm of GFA is provided for light industrial uses.

It is a market reality that industrial and urban services uses have a lower capacity to pay for space compared to commercial and retail uses. The flexibility of the B1 zone will permit a broad range of employment uses to be accommodated on the Site. Over time, there is a risk that the quantum of light industrial floorspace will be diluted as commercial imperatives result in a preference for higher-paying employment uses and lower-paying light industrial uses 'crowded out'. It is unclear how the Part 6 Additional Local Provision control requiring a minimum of 3,000sqm of light industrial uses will be monitored and maintained over time. Perverse outcomes in such situations could result.

Consideration will need to be given to ensuring the sustainability of industrial uses and rents against the tensions of other permitted land uses.

- **Quantum of Floorspace**

The minimum 10,000sqm of employment floorspace proposed on the Site is not insignificant. The planning proposal notes that around 3,000sqm to 3,500sqm of this is supportable as retail floorspace. A minimum of 3,000sqm is to be provided as light industrial floorspace. Artisanal food and beverage industries could form a key component of this 3,000sqm minimum.

A critical issue for the Site will be ensuring the remaining 4,000sqm of commercial floorspace can be sustainably supported. This could potentially include a mix of medical and allied health services, non-retail uses (e.g. gym and fitness), personal services and a small component of population-serving commercial/ business services. Appropriate exposure and visibility will be important for these uses.

OPTIONS FOR COUNCIL

The critical issue to be addressed is understanding the quantum and type of employment floorspace which could be sustainably supported on the Site.

To address this issue, three options are considered. The appropriateness of these three options is considered below.

1. **Option 1: Retain the Proposed Employment Floorspace Mix of 10,000sqm**

Based on the foregoing analysis of permitted land uses, the Site is considered well-placed to accommodate many of the land uses identified in the Planning Proposal (including retail, commercial services and health and fitness uses). Some urban services could be viable at the Site, whereas others which require appropriate buffers from sensitive uses are ill-suited for the Site. Artisanal food and drink industries (one of the three sub-sectors defined as light industrial) are considered well-suited for the Site. From a market perspective, the land uses proposed are considered supportable.

A more pertinent issue is if spatial distribution of the space will ensure economic activation and long-term sustainability.

The retail and commercial uses are generally distributed on the ground level of buildings. Conversely, floorspace for urban services and light industries is distributed on the upper levels of the Central Roasting Hall. As discussed earlier, this would require much more significant interventions to the building (e.g. multiple goods lifts, designated loading/unloading areas, service corridors and back-of-house areas) than if urban services and light industries were located at ground level.

2. **Option 2: Designate an Industrial (IN2) land use zone to part of the Site**

Retaining an industrial land use zone (IN2) to part of the Site was initially considered by Council as a way of securing future light industrial and urban services employment. This option was ultimately rejected by the Panel who recommended a design controls requiring a minimum of 3,000sqm of light industrial floorspace be provided on the Site, with preference for a Part 6 Additional Local Provision.

It is accepted that the Site is ill-suited for many 'traditional' industrial uses. Whilst retaining an industrial land use zoning on part of the Site would provide a greater range of permitted land uses compared to the existing definition of light industry under the B1 Neighbourhood Centre zone, many of these industrial uses would not be viable owing to the Site's characteristics. That said, retaining some form of industrial zoning on the Site would mitigate the risk of light industrial uses being 'crowded out' in favour of 'higher-paying' retail/ commercial uses over time.

3. Option 3: Investigate an alternative scheme which incorporates “emerging industries, technology and innovation”

DPIE has sought that the planning proposal consider the potential for incorporating emerging industries, technology and innovation to maximise employment outcomes on the Site. It is recognised that some examples of ‘emerging industries’, such as advanced manufacturing, are already a permitted use in the B1 zone as a ‘high technology industry’.

Analysis of select emerging/ high growth industries suggests the Site could accommodate industries such as health care and allied health services, food and beverage manufacturing and some forms of urban services. Other emerging sectors such as pharmaceutical/ advanced manufacturing, integrated logistics and data centres, are not considered suitable given their specific locational requirements and the characteristics of the Site. Emerging industries are expected to be a component, not a core, source of market demand on the Site.

Based on these three options, it is recommended that a blend of Option 1 and Option 2 be considered. To mitigate any potential challenges in attracting light industrial uses to non-ground floor locations, the Proposal could consider distributing these uses to the ground floor. Urban design analysis would be required to examine if and how the lower ground and upper ground levels could function to accommodate vehicle access, loading docks and vertical circulation. If this is unachievable, an alternate distribution of land uses across the Site could be considered (focusing light industrial users along Burwood Road).

An important planning consideration is how the minimum requirement of 3,000sqm of urban services/ light industries floorspace will be monitored, maintained and administered over time. An approach could be to apply an industrial (IN2) zone to part of the Site in order to avoid industrial uses being ‘crowded out’ over time.

CONCLUSION

DPIE have requested that the planning proposal consider further maximising employment opportunities on the Site and incorporate “emerging industries, technology and innovation”.

An examination of several ‘emerging/ high growth’ industries suggests some urban services, health care/ allied health services and food and beverage manufacturing are examples of high growth industries that would be well-suited to the Site. Other emerging industries, such as pharmaceutical/ advanced manufacturing are unlikely to be market supportable on the Site.

The minimum 10,000sqm of employment floorspace proposed on the Site is considered adequate. The planning proposal notes that around 3,000sqm to 3,500sqm of this is supportable as retail floorspace. A minimum of 3,000sqm is to be provided as light industrial floorspace. Artisanal food and beverage industries could form a key component of this 3,000sqm minimum.

We recommend the critical issues are investigated:

- Redistribution of urban services/ light industries on the Lower Ground and Upper Ground levels of the Central Roasting Hall and how logistical requirements of vehicle access, loading docks and vertical/ service circulation can be addressed.
- In the alternative, examination of the viability of light industrial uses on the upper floors of the Central Roasting Hall from a functionality perspective.
- Identifying how the Part 6 Additional Local Provision requiring a minimum of 3,000sqm of light industrial GFA could be monitored, maintained and administered over time. This is a critical consideration as industrial uses have a much lower capacity and threshold to pay for accommodation. Ensuring they are not ‘crowded out’ by commercial and retail uses with the ability to pay higher rents will be important.
- The sustainability of the urban services/ light industries floorspace is not only a built form issue, i.e. ensuring the floorspace is functional and viable. It is equally a planning issue, i.e. avoiding land use and commercial tensions that could result in the departure/ loss of industrial businesses/ occupants.

We trust Council’s finds the foregoing useful. Please contact the undersigned should you require any further information.

Yours sincerely

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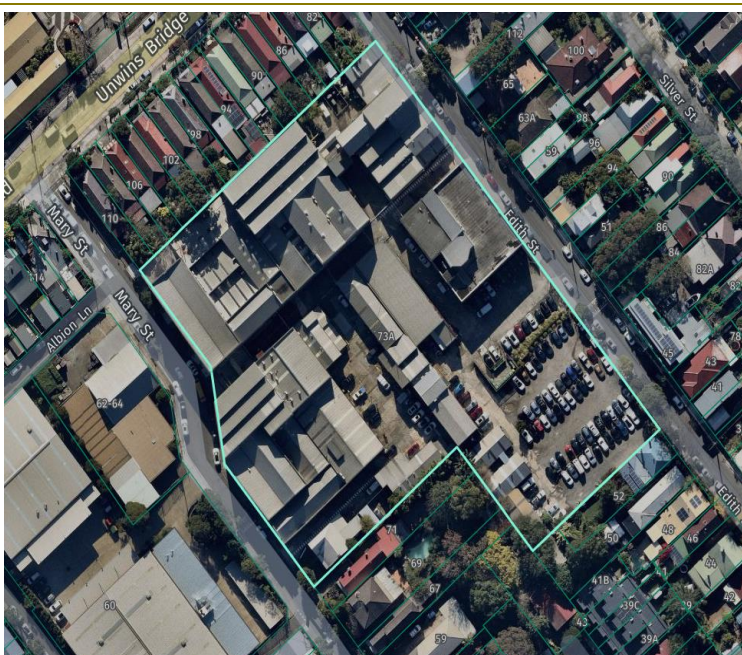
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Artisanal Food and Beverage Precincts: Case Studies

This section carries out a high-level overview of several artisanal food and beverage precincts and developments (existing and proposed) across Australia. These include:

- Precinct 75, St Peters (NSW)
- The Cannery, Rosebery (NSW)
- Pace of Abbotsford, Abbotsford (VIC)
- Craft'd Grounds, Albion (QLD)

Precinct 75, St Peters



Source: Atlas

Location

73-75 Mary Street, St Peters, NSW

Description

Formerly the Taubman's paint factory, Precinct 75 is a 1.5ha industrial precinct comprising 12 individual buildings and 13,500sqm of net lettable area across a total of 80 ground floor and upper level suites.

The precinct was transformed into a creative precinct following its acquisition by a local investor in 2013. It comprises a broad mix of industries, including food and beverage manufacturers, restaurants, clothing designers, boutique furniture and homeware manufacturers and wholesalers, arts and recreation, professional services and co-working facilities.

Overall, the precinct accommodates ~70 businesses. The food and beverage manufacturers located on-site are key anchors for the precinct, notably the popular microbrewery Willie the Boatman.

A planning proposal to rezone the site for a mixed-use development was submitted in 2017 and is under review by DPIE. The Site was sold in late-2020 and acquired by an institutional investor.

Land Area

1.5ha

Land Use Zone

IN2 Light Industrial

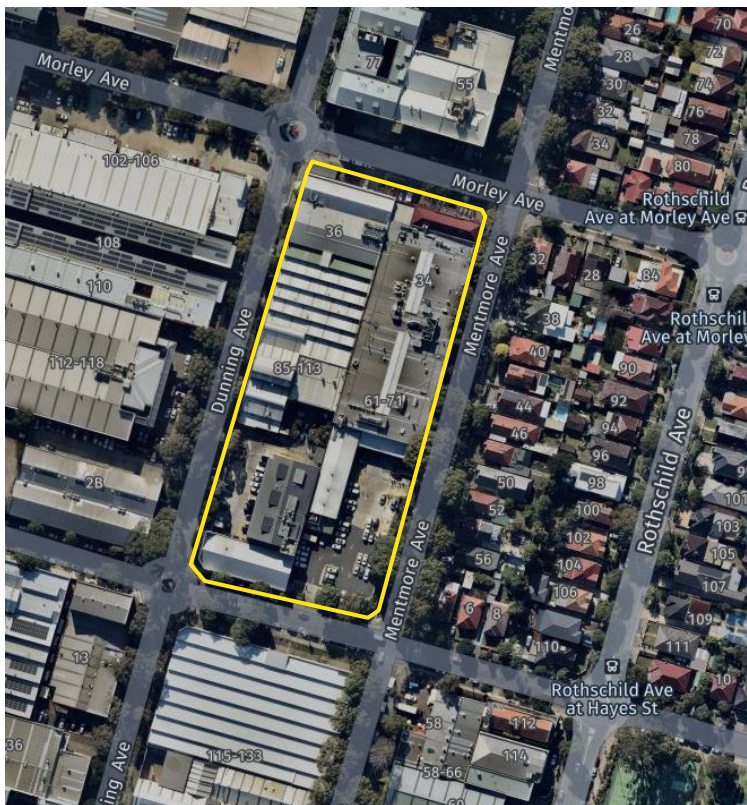
Land Ownership

Perpetual Corporate Trust Limited

Artisanal Food and Beverage Occupiers

- Otter Craft Distilling: whiskey and vodka distillery
- Willie the Boatman: craft beer microbrewery
- Sample Coffee Pro Shop: coffee roaster, wholesaler and café.
- Buttercream Bakery: specialist bakery and wholesaler

The Cannery, Rosebery



Location

Dunning Ave/Morley Ave/Mentmore Ave/ Hayes Rd, Rosebery, NSW

Description

Formerly a paint factory, The Cannery is a ~1.48ha industrial site comprising five buildings and ~11,000sqm of net lettable area.

Acquired by a local investor in mid-2015, the transformation of The Cannery into an artisanal food and beverage precinct was in response to a lack of industrial demand for much of the site given its poor accessibility and proximity to residential uses.

The precinct has around 38 individual businesses. The building fronting Dunning Avenue is occupied by Koskela (furniture wholesaler) and is the largest individual tenant. The remaining buildings are occupied by food and beverage manufacturers, food retailers and commercial occupiers.

The food and beverage manufacturers are mostly located in the eastern warehouse fronting Mentmore Avenue. Many of these occupiers are understood to have relocated from industrial areas, having been attracted by the vision of an artisanal food and beverage precinct. Many occupied ground and mezzanine levels. Over time, these occupiers have relinquished the mezzanine space (which was intended for use as retailing/ dining).

Over time, it is understood that rising rents have impacted the original tenant mix with a number of food and beverage manufacturers since vacating. Upper level space is instead occupied by commercial uses (e.g. real estate agency), personal services (nail and beauty salons) and health related services.

Land Area

1.48ha

Land Use Zone

B7 Business Park

Land Ownership

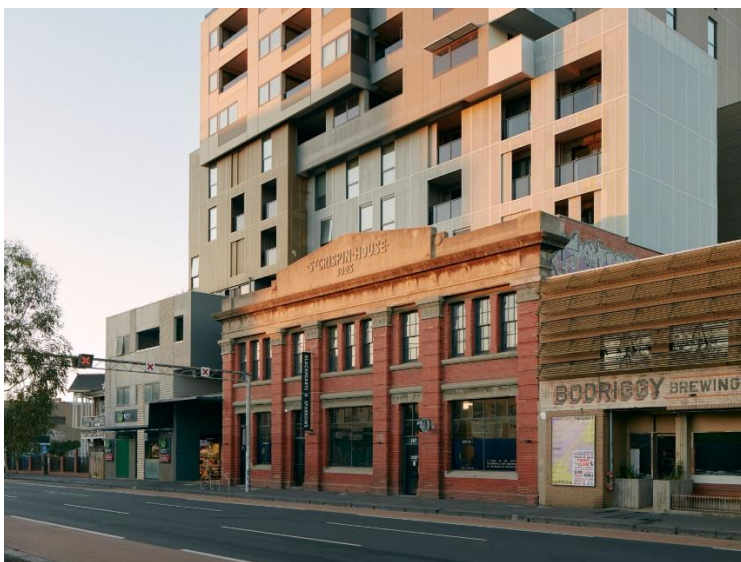
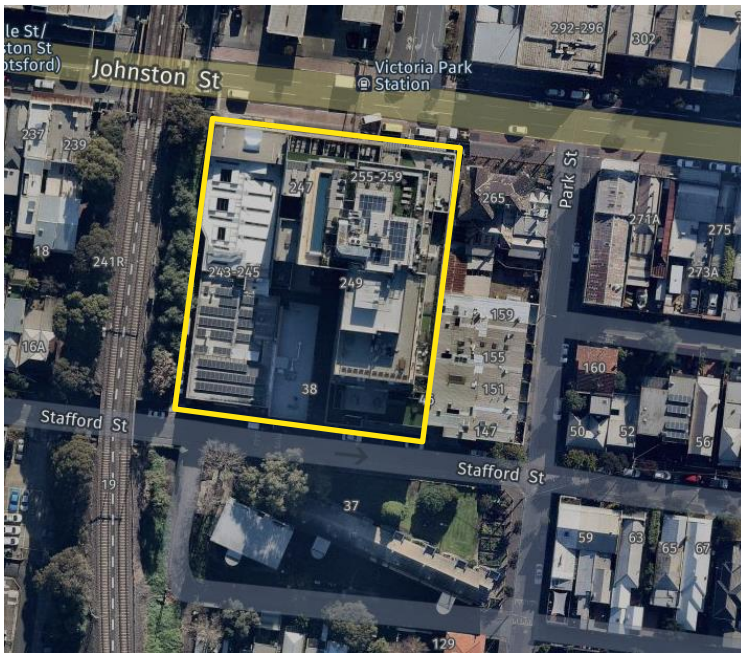
Private, Sydney-based investor

Artisanal Food and Beverage Occupiers

- Grain Organic Bakery: artisanal bakery (wholesaler and retailer)
- Frenchies Bistro and Brewery: craft beer microbrewery and restaurant
- Archie Rose: gin distillery (wholesaler and retailer)
- Welcome Dose Coffee: coffee roaster, wholesaler and café.
- Black Star Pastry: specialist bakery and wholesaler
- Argyle Smokehouse and Butchery: wholesale butcher and smokehouse
- The Red Spoon Co.: fine food wholesaler

Other relevant occupiers include a cooking school, wholefoods grocer, boutique liquor store and wine cooling and refrigeration wholesaler.

Pace of Abbotsford and Bodriggy Brewing Company, Abbotsford



Location

243-259 Johnston Street, Abbotsford, VIC

Description

Developed in 2019, the Pace of Abbotsford is a 11-storey mixed use building consisting of approximately 133 apartments and multi-level townhouses and a 700sqm 'metro-style' supermarket.

The site was developed over the course of 2018-2019 with one of the Site's heritage-listed buildings adaptively reused for use as a boutique liquor store (250sqm floorspace).

The adjoining warehouse building to the west of the Site was a former Auto LP gas convertor. During construction of the adjoining development, the warehouse was repurposed as a large (1,200sqm) craft brewery (1,200sqm) which carries out brewing, wholesaling and retailing from the premises.

Land Area

1.5ha

Land Use Zone

Commercial 1 Zone

Developer

Pace Development Group

Artisanal Food and Beverage Occupiers

- Bodriggy Brewing Company: microbrewery, wholesaler and restaurant
- Blackhearts and Sparrows: boutique liquor store

Other notable uses include a 'metro-style' Woolworths supermarket.

Source: Atlas/Cordell Connect

Craft'd Grounds, Albion



Location

37 Collingwood Street, Albion, QLD

Description

A former timber mill, a development proposal to redevelop the industrial site into a 2,600sqm lifestyle and food precinct will feature a restaurant, patisserie, fromagerie, wine and cocktail bar, coffee roaster, and 15-hectolitre brewery with a 20-tap taproom.

The development is intended to host a regular farmers market, a street-art lined laneway, and capacity for various events.

Land Area

1,600sqm

Land Use Zone

Low Impact Industry

Developer

Private developer

Artisanal Food and Beverage Occupiers

- Restaurant
- Patisserie
- Fromagerie,
- Wine and cocktail bar
- Coffee roaster
- Microbrewery



Source: Atlas/Cordell Connect