URBIS

LUDDENHAM ROAD INDUSTRIAL NEED AND IMPACT ASSESSMENT

Prepared for

HB+B

22 February 2022

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EXECUTIVE SUMMARY

This Industrial Need and Impact Assessment has been prepared by Urbis Pty Ltd on behalf of HB+B Property ("The Proponent"). The Proponent is currently seeking approval for a Planning Proposal that will rezone ~220 ha of land primarily for industrial uses at 221-227 & 289-317 Luddenham Road, Orchard Hills (subject site).

We understand that, as part of the approval process, Penrith City Council requires an economic assessment to be undertaken that substantiates the need for additional industrial land in Western Sydney. This report therefore provides an assessment of the need for additional industrial land within Western Sydney, and the Western Sydney Aerotropolis and Western Sydney Employment Area (WSEA), in particular.

More specifically, this report addresses the following:

- Recent trends in Sydney's industrial land market
- The current and future supply of industrial land in Western Sydney
- Forecast demand and need for additional industrial land in Western Sydney.

Proposed Development

The Proponent is currently seeking approval for a Planning Proposal that will rezone ~220 ha of land for a mix of industrial and rural landscape uses. Of the ~223 ha proposed for rezoning, only ~84 ha, or around 38% of the site, will be rezoned to IN1 General Industrial and IN2 Light Industrial. This rezoning is intended to enable the development of the proposed Alspec Industrial Business Park.

As shown in Table E.1, the structure plan proposes ~66 ha of IN1 General Industrial land and ~18 ha of IN2 Light Industrial land on the southern portion of the site. In addition to this industrial-zoned land, the structure plan also proposes ~122 ha of RU2 Rural Landscape land on the northern and eastern portions of the site, and ~17 ha of E2 Environmental Conservation land spread across the site.

Table E.1 – Proposed Structure Plan Breakdown

Proposed Zoning	Site Area (ha)	Proportion of Site Area (%)
IN1 – General Industrial	66.32	29.7%
IN2 – Light Industrial	18.14	8.1%
RU2 – Rural Landscape	122.25	54.7%
E2 – Environmental Conservation	16.59	7.4%
Total Site Area	**223.30**	**100.0%**

Source: Nettletontribe

Industrial Land Demand and Need

Based on DPIE's Employment Lands Development Monitor data, we estimate there is currently a total of 5,005.9 ha of unconstrained net land supply available for industrial development in the Western Sydney catchment. Of this 5,005.9 ha, ~405 ha are zoned and serviced (i.e. shovel-ready), ~1,159 ha are zoned but not yet serviced, and ~3,442 ha represent potential future industrial land supply.

At the same time, diminishing industrial land supply in Greater Sydney, combined with unprecedented infrastructure investment in Western Sydney, is projected to drive demand for an average of ~184 ha of industrial land per annum in the Western Sydney catchment between 2021 and 2061.

Comparing the average annual take-up rate for the catchment of ~184 ha per annum against the ~5,006 ha of land supply indicates that the catchment has only:

- 2.2 years of zoned undeveloped serviced land supply
- 6.3 years of zoned undeveloped unserviced land supply

- 18.7 years of unconstrained potential industrial land supply.

These supply years are all below the NSW Department of Planning, Industry and Environment's (DPIE) stated supply standards of 5-7 years for zoned serviced land, 8-10 years for zoned unserviced land, and 20 years for potential future land supply as per the Employment Lands Development Monitor. This therefore indicates a need for additional industrial land in the Western Sydney catchment, particularly "shovel-ready" land that is zoned and serviced.

The subject site is ideally located in close proximity to the Aerotropolis and WSEA, and presents a key opportunity to help address the need for additional "shovel-ready" industrial by delivering ~80.7 ha of IN1 General Industrial land and ~18.1 ha of IN2 Light Industrial land.

Economic and Wider Benefits

Beyond meeting the pressing need for additional industrial land supply, the proposed industrial land at the subject site will also provide a number of economic and wider benefits, including:

- Generating a total of 571 jobs over the four-year development phase, while contributing ~$355 million in Gross Value Added
- Supporting a total of ~6,410 direct and indirect jobs once fully operational and fully tenanted, and contributing a total of ~$1.2 billion in Gross Value Added in $2021 real dollars in each year of operation
- Providing shovel-ready industrial land for smaller operators who have not been able to compete with the institutional owners in the Mamre Road Precinct
- Increasing the diversity of industrial development by accommodating smaller sites and end users that complement the Mamre Road Precinct's larger scale sites and end users
- Delivering highly accessible industrial land that will have access to future road, rail and aviation infrastructure
- Complementing the existing industrial uses and activities in the WSEA
- Supporting the growth of the manufacturing sector in Western Sydney through the proposed long term tenure of Alspec at the site.

INTRODUCTION

This Industrial Need and Impact Assessment has been prepared by Urbis Pty Ltd on behalf of HB+B Property ("The Proponent"). The Proponent is currently seeking approval for a Planning Proposal that will rezone ~223 ha of land primarily for industrial uses at 221-227 & 289-317 Luddenham Road, Orchard Hills (subject site).

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More specifically, this report addresses the following:

- Recent trends in Sydney's industrial land market
- The current and future supply of industrial land in Western Sydney
- Forecast demand and need for additional industrial land in Western Sydney.

This report is structured as follows:

- **Section One – Subject Site Overview and Location Context:** considers the subject site in its local context
- **Section Two – Industrial Land Market Trends:** reviews industrial land values, rents, and supply trends within Sydney and the key competing industrial markets of Melbourne and Brisbane
- **Section Three – Industrial Land Need Assessment:** Analyses undeveloped industrial land supply in Western Sydney and assesses the demand and need for additional land
- **Section Four – Conclusion.**

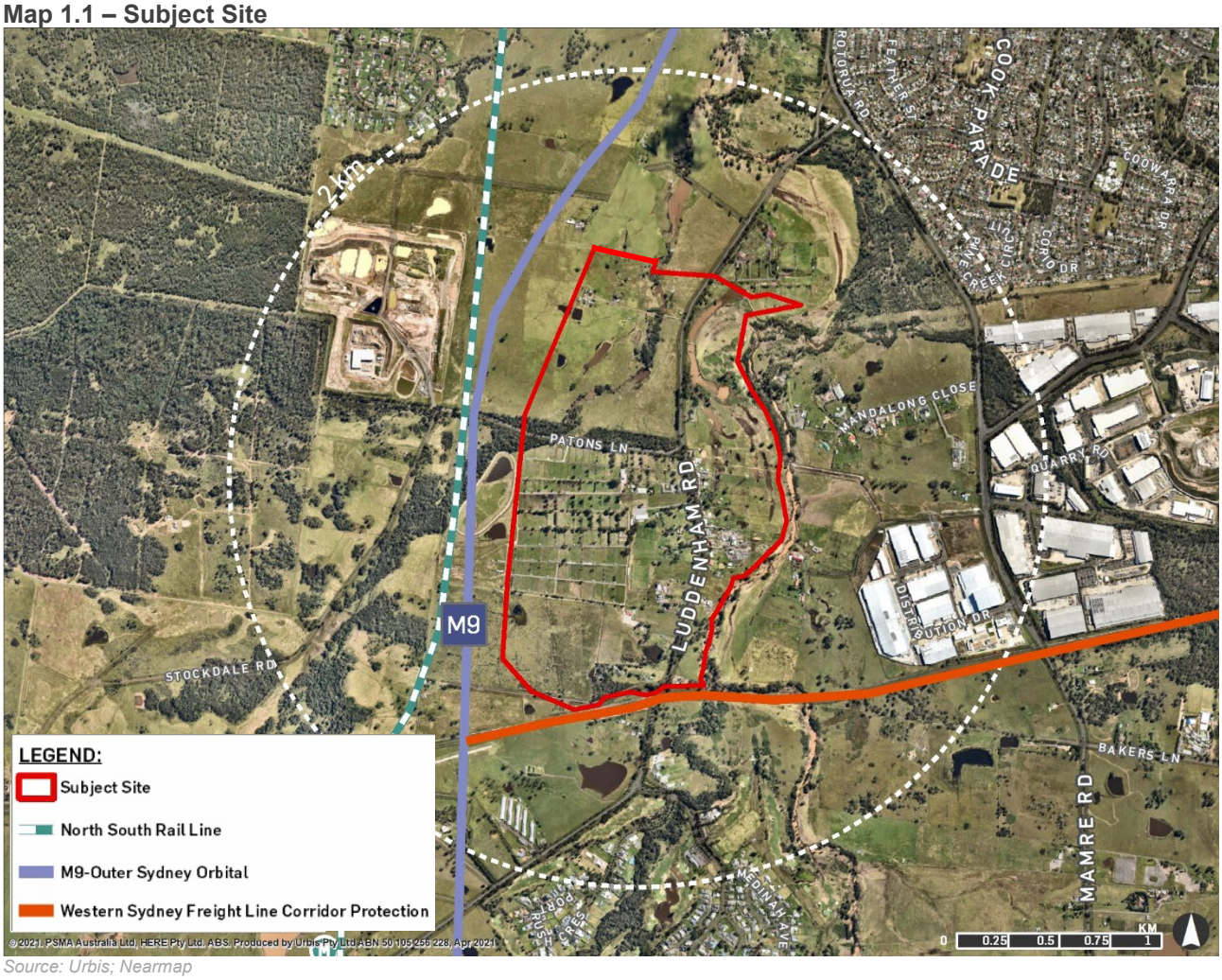
1. SUBJECT SITE OVERVIEW AND LOCATION CONTEXT

1.1. SUBJECT SITE

The subject site is located at 221-227 & 289-317 Luddenham Road, Orchard Hills within the Penrith Local Government Area (LGA). The site covers an area of 223 hectares and is approximately 13.6 km north-east of the Western Sydney Airport, 15 km west of the Western Sydney Parklands and 30 km west of the Parramatta CBD.

As shown in Map 1.1, the lands immediately surrounding the subject site are largely undeveloped. However, the Erskine Park Industrial Estate is situated just 500 metres to the east while low density residential uses are located 1 km to the south. Low density residential uses are also situated north-east of the site, while the Western Sydney Airport and Aerotropolis will be located immediately south of the site.

Map 1.1 – Subject Site



Source: Urbis; Nearmap

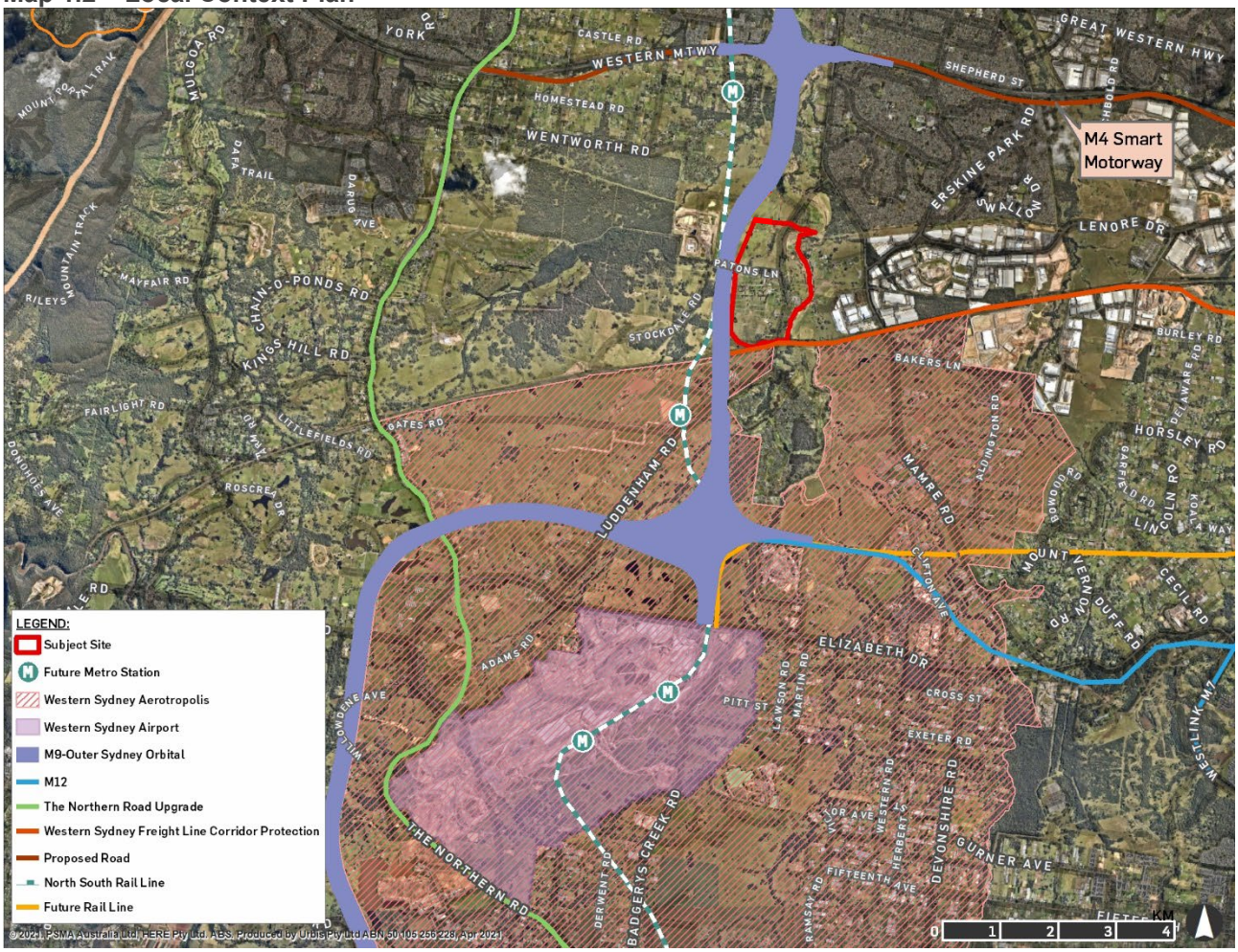
1.2. LOCAL CONTEXT

The subject site is located immediately north of the Western Sydney Aerotropolis and west of the Western Sydney Employment Area (WSEA). The Western Sydney Airport is expected to commence operations in 2026 and will be serviced by a new metro line. Patons Lane, which bisects the subject site, has been identified as a construction access route for the new metro line. As such, the Proponent is currently working with Sydney Metro to reach agreement on mutually acceptable solutions to enable this construction access.

In addition to the new metro line, the Aerotropolis will also be serviced by the planned M9 Outer Sydney Orbital motorway (refer Map 1.2) and Western Sydney Freight Line. This infrastructure investment is anticipated to drive increased development activity in Western Sydney and will see the establishment of the new Bradfield strategic centre south of the Airport, in addition to a new agribusiness precinct west of the Airport.

The area north of the Aerotropolis is primarily earmarked for industrial uses that will leverage the substantial infrastructure investment and continue to build on the critical mass of industrial and business activities in the WSEA. The subject site is therefore well-placed to deliver complementary uses.

Map 1.2 – Local Context Plan



Source: Urbis; Nearmap

1.3. PROPOSED DEVELOPMENT

The Proponent is currently seeking approval for a Planning Proposal that will rezone ~223 ha of land for a mix of industrial, infrastructure and rural landscape uses. Of the ~223 ha proposed for rezoning, only ~84 ha, or around 38% of the site, will be rezoned to IN1 General Industrial and IN2 Light Industrial.

This rezoning is intended to enable the development of the proposed Alspec Industrial Business Park. Importantly, Alspec Industrial Business Park will provide shovel-ready industrial land for smaller operators who have not been able to compete with the institutional owners in the Mamre Road Precinct.

As shown in Table 1.1 and Map 1.3, the structure plan proposes ~66 ha of IN1 General Industrial land and ~18 ha of IN2 Light Industrial land on the southern portion of the site. In addition to this industrial-zoned land, the structure plan also proposes ~122 ha of RU2 Rural Landscape land on the northern and eastern portions of the site, and ~17 ha of E2 Environmental Conservation land spread across the site.

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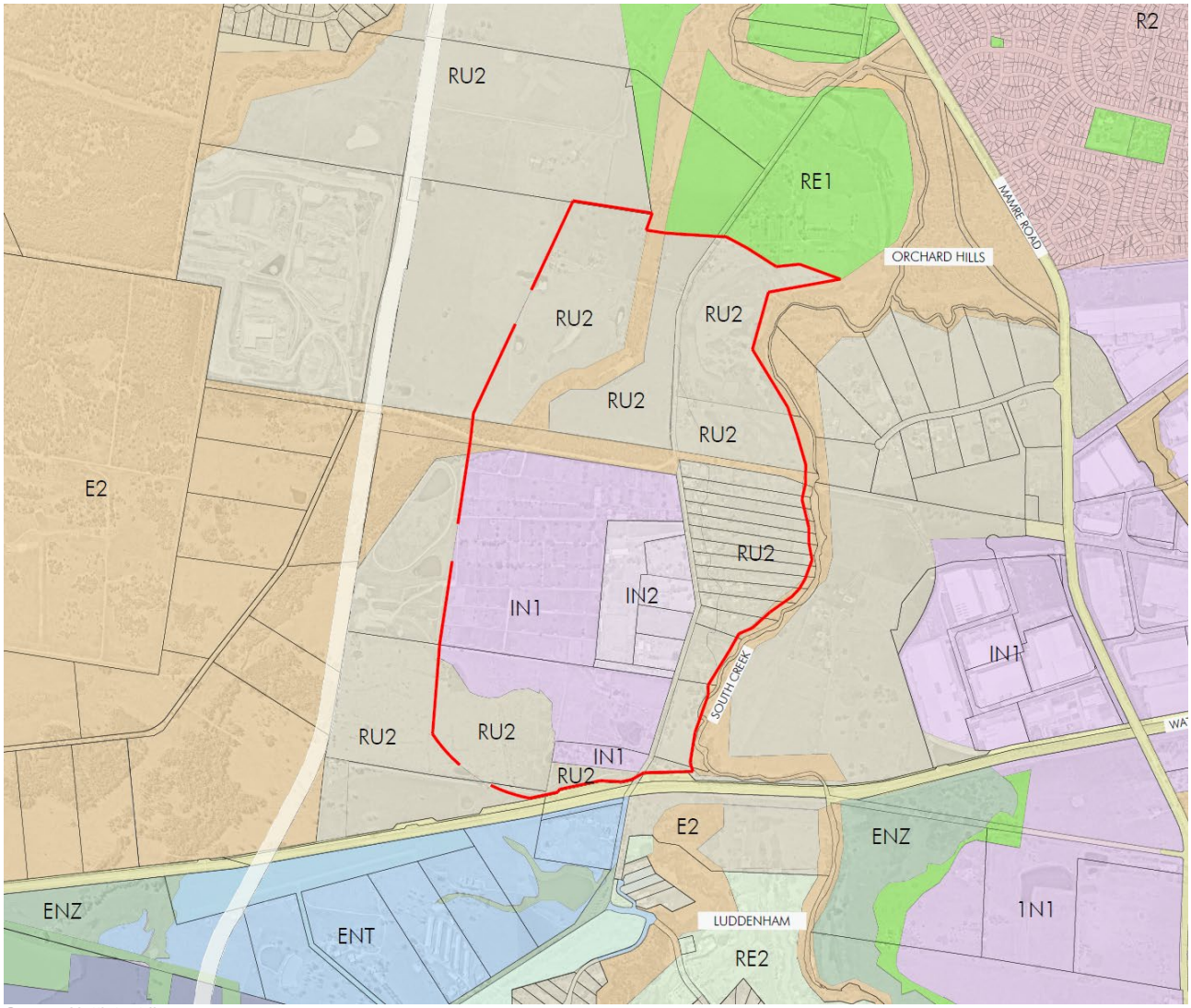
Source: Nettletontribe

Map 1.3 – Proposed Structure Plan



Source: Nettletontribe

2. INDUSTRIAL LAND MARKET TRENDS

This section provides an overview of industrial land values, rents, and supply trends within Sydney and the key competing industrial markets of Melbourne and Brisbane.

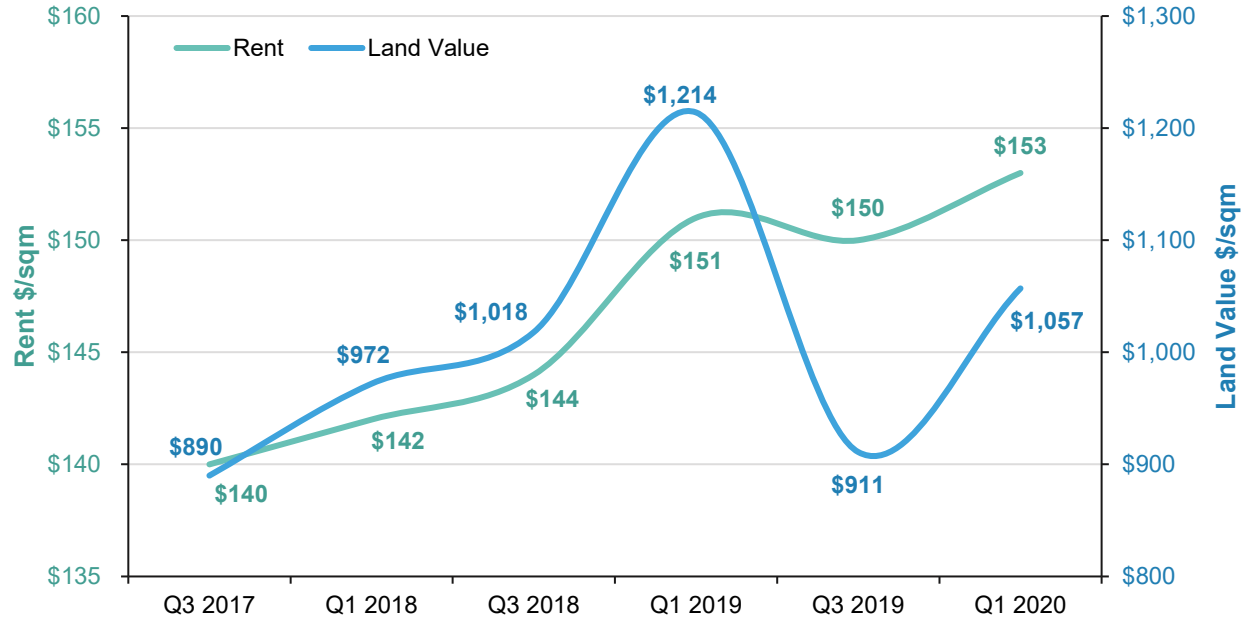
2.1. SYDNEY INDUSTRIAL MARKET

Sydney is Australia's most expensive industrial market, which is primarily the result of limited industrial land supply. Despite being Australia's most expensive industrial market, Sydney's industrial rents and land values have generally trended upward over the last two and a half years. As shown in Chart 2.1, rents have steadily increased from $140 per sq.m in Q3 2017 up to $153 per sq.m in Q1 2020, reflecting 3.6% growth per annum.

Over the same period, land values have fluctuated but generally remained between $890 and $1,210 per sq.m. Industrial land values reached a peak of $1,214 per sq.m in Q1 2019 before declining in Q3 2019 then increasing again in Q1 2020 to reach $1,057 per sq.m.

The steady industrial land values and increasing rents reflect the strong demand for industrial land in Sydney in the face of limited land supply (~2,937 hectares of undeveloped zoned industrial land supply as at 2018 according to the NSW Department of Planning, Industry and Environment [DPIE]).

Chart 2.1 – Sydney Industrial Rents and Land Values, Q3 2017 - Q1 2020 ($ per sq.m)



Source: Colliers International; Urbis

While industrial rents and land values across Sydney average $153 per sq.m and $1,057 per sq.m respectively, they vary considerably by region. As shown in Table 2.1, the most expensive industrial land and rents are found in the South region of Sydney (e.g. Alexandria, Botany, Kingsgrove), while South West Sydney (e.g. Moorebank, Prestons, Ingleburn, Minto) provides the least expensive land and rent.

For example, land values for sites with an area less than 5,000 sq.m range from $700 per sq.m in the Outer West and South West regions of Sydney up to $3,000 in the South region. Similarly, rents per sq.m range from $98 per sq.m in South West Sydney up to $201 per sq.m in South Sydney.

The subject site is located in the Outer West region which also includes the major industrial precincts of Smithfield, Yennora, Wetherill Park, Eastern Creek and Erskine Park. Industrial land values and rents in this part of Sydney are currently the second-least expensive behind South West Sydney, averaging land values of $700-800 per sq.m for sites with an area less than 5,000 sq.m, land values of $600-700 per sq.m for sites with an area of 1-5 hectares, and rents of $105-121 per sq.m.

The relative affordability of industrial land in Outer West Sydney is underpinned by the comparatively higher supply of large undeveloped industrial sites compared to Sydney's other regions. However, the development

of the new Western Sydney Airport and Aerotropolis is increasing the demand for land in this area and pushing prices upward.

Table 2.1 – Sydney Regions Average Industrial Rent and Land Value, 2020 ($ per sq.m)

	Land Value (<5,000 sqm)		Land Value (1-5 ha)		Rents	
	Low	High	Low	High	Prime	Secondary
Outer West	$700	$800	$600	$700	$121	$105
South West	$700	$750	$500	$575	$112	$98
Inner West	$900	$950	$750	$850	$129	$111
South	$2,750	$3,000	$1,800	$2,200	$201	$176
North	$1,200	$1,600	$900	$1,300	$200	$165

Source: Knight Frank; Urbis

2.2. COMPARISON WITH MELBOURNE AND BRISBANE

As noted above, Sydney is Australia's most expensive industrial market with rents currently averaging $153 per sq.m. In comparison, Sydney's two main competing industrial markets of Melbourne and Brisbane are achieving average industrial rents of only $113 and $111 per sq.m, respectively. While Melbourne and Brisbane's industrial rents per sq.m are fairly similar, Sydney's industrial rents per sq.m are $40-42 higher, which reflects a 35-38% premium.

Furthermore, Sydney's strong industrial rent growth over the last 2.5 years of 3.6% per annum has far exceeded the rental growth observed in Melbourne and Brisbane of 2.2% per annum and 1.9% per annum, respectively. This indicates that the Melbourne and Brisbane industrial markets are substantially more affordable than Sydney and, as shown in Table 2.2, have consistently been more affordable over the last 2.5 years. Even Outer West Sydney, the second-most affordable industrial region in Sydney, currently has a higher average prime rent ($121 per sq.m) than the Melbourne and Brisbane averages.

Table 2.2 – Comparison of Average Industrial Rents per sq.m ($ per sqm)

	Q3 2017	Q1 2018	Q3 2018	Q1 2019	Q3 2019	Q1 2020	*Average Annual Growth (%)*
Sydney	$140	$142	$144	$151	$150	$153	*3.6% p.a.*
Melbourne	$107	$108	$108	$111	$111	$113	*2.2% p.a.*
Brisbane	$106	$106	$100	$110	$111	$111	*1.9% p.a.*

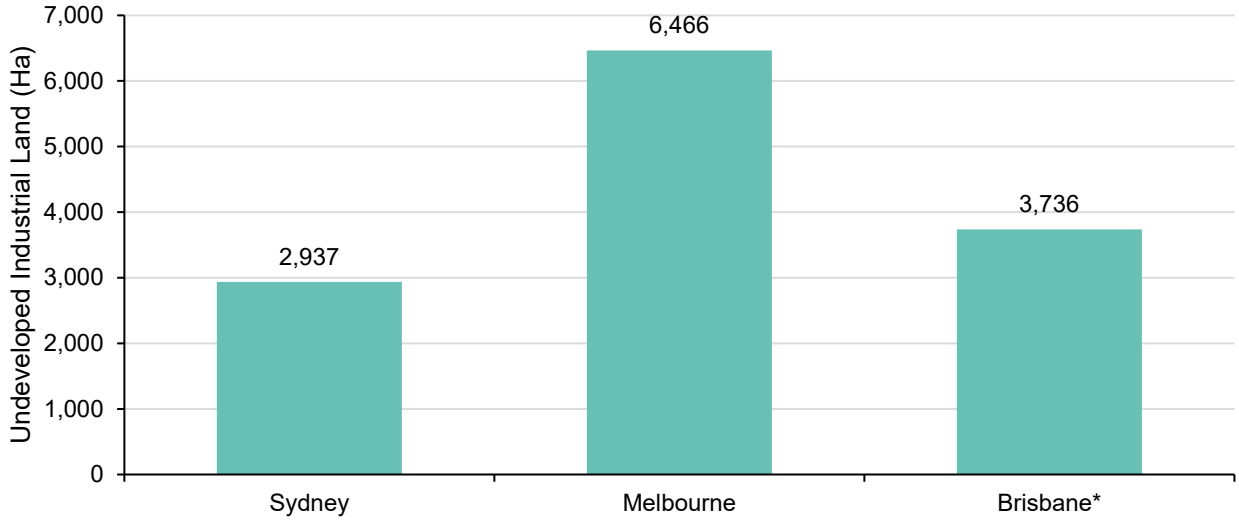
Note: Rents are prime average
Source: Colliers International; Urbis

The significantly more expensive industrial rents in Sydney are largely driven by limited industrial land supply. As shown below in Chart 2.2, as at 2018, Sydney had 2,937 hectares of undeveloped zoned industrial land supply (which has declined further to 2,837 hectares in 2019), much lower compared to 3,736 hectares in Brisbane and 6,466 hectares in Melbourne.

While the NSW Government appreciates the shortage of industrial land in Sydney and is actively rezoning land to address this shortage, this alone is unlikely to completely address Sydney's affordability issues. Unless these issues are addressed, Sydney will continue to be outcompeted for industrial investment by Melbourne and Brisbane.

Section 3 provides more detailed analysis of Sydney's industrial land supply challenge.

Chart 2.2 – Undeveloped Zoned Industrial Land Supply, 2018 (Ha)



Source: NSW DPIE, VIC DELWP, QLD DSDMIP; Urbis

3. INDUSTRIAL LAND NEED ASSESSMENT

The following section analyses the supply of undeveloped industrial land in Western Sydney and assesses the demand and need for additional industrial land.

3.1. INDUSTRIAL LAND SUPPLY

For the purpose of our analysis, we have defined a Western Sydney catchment that encompasses the future industrial land supply earmarked throughout the Western Sydney Aerotropolis and WSEA (including the Mamre Road Precinct). The catchment comprises the following five LGAs:

- Penrith
- Liverpool
- Blacktown
- Camden
- Fairfield.

According to data published by the NSW Department of Planning, Industry and Environment (DPIE) in the Employment Lands Development Monitor published in December 2020, there are currently ~405 ha of zoned serviced land (excluding Business-zoned land), ~1,450 ha of zoned unserviced land (excluding Business-zoned land), and ~6,480 ha of potential future industrial land (defined as land currently earmarked for rezoning to industrial and business zones) within the catchment as of January 2020. The Aerotropolis accounts for approximately 92% of the catchment's potential future industrial land supply.

As the zoned and serviced land reflects net land area (i.e. excludes roads and open space) while the unzoned and unserviced land reflects gross land area, these figures cannot be summed to provide a simple total land supply estimate.

Table 3.1 – Western Sydney Catchment Industrial Land Supply, 2020

	Unit	Aerotropolis	Remainder of Catchment	TOTAL
Zoned Undeveloped Serviced Industrial Land Supply	*ha*	-	404.7	**404.7**
Zoned Undeveloped Unserviced Industrial Land Supply	*ha*	-	1,449.2	**1,449.2**
Potential Future Industrial Land Supply	*ha*	5,977.2	506.3	**6,483.5**

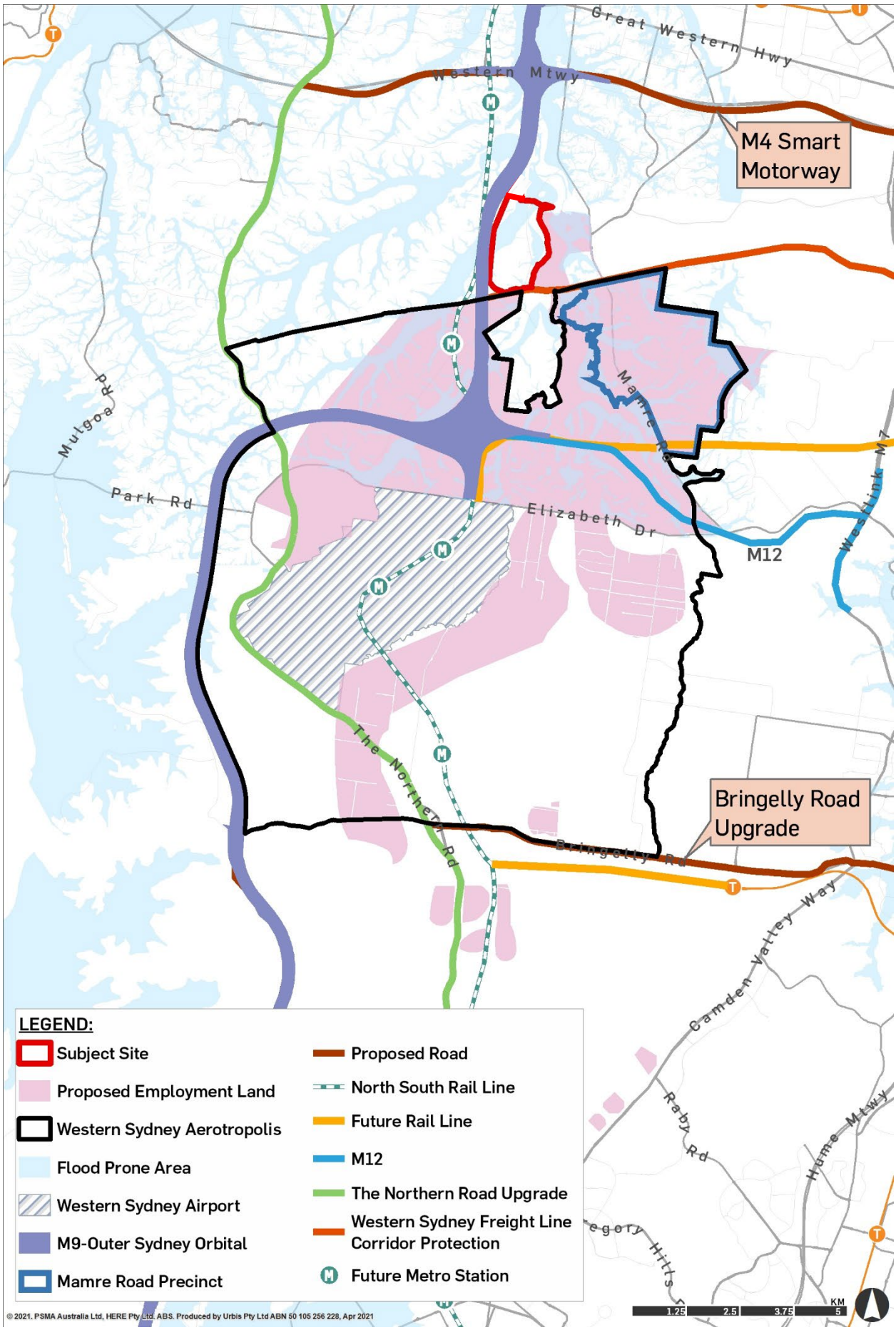
**The Mamre Road Precinct has been counted in the Proposed Land Supply*
Source: NSW DPIE; Urbis

3.1.1. Land Constraints

While the Employment Lands Development Monitor records approximately 6,480 ha of potential future land supply in the Western Sydney catchment, not all of this land will be suitable for development.

Based on analysis of flooding constraints and future infrastructure corridors (refer Map 3.1), we estimate up to 25% of the potential future land supply in the Western Sydney catchment could be affected and therefore would not be suitable for development. This is considered a conservative estimate as we have not accounted for other constraints such as land fragmentation and slope. Both of these constraints will further limit which land is actually suitable for development.

Map 3.1 – Land Constraints, Western Sydney Catchment



3.1.2. Changing Land Efficiency

The recent release of the Draft Mamre Road Precinct Development Control Plan (DCP) also has important implications for industrial development in the Western Sydney catchment, particularly the lands within the Aerotropolis.

Under the existing DCP, developers are generally able to achieve a site efficiency of ~80-85%. In other words, 80-85% of Gross Land Area can be converted to Net Developable Area (NDA). This is broadly consistent across Sydney.

However, the proposed DCP implements a number of additional requirements that reduce the ability to convert Gross Land Area to NDA. These requirements include increased on-site stormwater detention, water quality treatment, trunk drainage, road widths, riparian corridors, and tree canopy. As a result of these proposed requirements, site efficiency is likely to be reduced to approximately 65-70%.

While these new requirements have only just been drafted for the Mamre Road Precinct at this stage, we understand that similar requirements are intended for the remainder of the Aerotropolis. As such, the potential future industrial land supply in the Aerotropolis is expected to yield less NDA than previously anticipated.

3.1.3. Unconstrained Net Land Supply

As the Employment Lands Development Monitor does not account for land constraints or site efficiency in its quantification of land supply, it does not provide an accurate account of the actual quantum of undeveloped industrial land supply.

We have therefore applied appropriate assumptions regarding land constraints and achievable site efficiency to convert the Employment Lands Development Monitor supply estimates for the catchment to unconstrained net land supply (refer Table 3.2).

As shown in Table 3.2, we estimate there is currently a total of 5,005.9 ha of unconstrained net land supply available for industrial development in the catchment. Of this 5,005.9 ha, ~405 ha are zoned and serviced (i.e. shovel-ready), ~1,159 ha are zoned but not yet serviced, and ~3,442 ha represent potential future industrial land supply.

Table 3.2 – Unconstrained Net Land Supply – Western Sydney Catchment, 2020

	Zoned Undeveloped Serviced Industrial Land Supply	Zoned Undeveloped Unserviced Industrial Land Supply	Potential Future Industrial Land Supply		TOTAL
			Aerotropolis	Remainder	
Total Gross Industrial Land (ha)	-	-	5,977.2	506.3	-
Unconstrained (%)	-	-	75%	75%	-
Unconstrained Gross Industrial Land (ha)	**-**	**1,449.2**	**4,482.9**	**379.7**	**-**
Efficiency (%)		80%	70%	80%	-
Unconstrained Net Industrial Land (ha)	**404.7**	**1,159.4**	**3,138.0**	**303.8**	**5,005.9**

Source: NSW DPIE; Urbis

3.2. INDUSTRIAL LAND DEMAND AND NEED

The following sub-sections analyse the need for, and impact of, additional industrial land in the Western Sydney catchment including the industrial land proposed at the subject site.

3.2.1. Changing Effective Floor Space Ratios

In addition to implementing extra requirements for on-site stormwater detention, water quality treatment, trunk drainage, road widths, riparian corridors, and tree canopy, the Draft Mamre Road Precinct DCP also sets an increase permeability target for industrial land.

This permeability target effectively reduces the ability to convert NDA to Gross Lettable Area (GLA). The target, and the "new urban typology for large format industrial" analysis published by Sydney Water in the *Mamre Road Flood, Riparian Corridor and Integrated Water Cycle Management Strategy*, is therefore estimated to result in a much reduced FSR being able to be achieved across the precinct.

Although this permeability target has only been drafted for the Mamre Road Precinct at this stage, we understand that similar targets are intended for the remainder of the Aerotropolis. This means that, in addition to the potential future industrial land supply in the Aerotropolis yielding less NDA than previously anticipated, all industrial land in the Aerotropolis is expected to only be able to achieve a much reduced FSR. As such, delivering the same amount of floorspace in the Aerotropolis compared to outside the Aerotropolis will require more land area.

3.2.2. Projected Demand

We have projected the future demand for industrial land in the Western Sydney catchment using a market share approach.

As part of this approach, we have first projected the demand for industrial land in Greater Sydney over the next 40 years. This projection is based on historical take-up rate trends over the last 5-10 years and

employment projections published by DPIE for the Manufacturing and Transport, Postal and Warehousing sectors. On this basis, we project an average annual net industrial land take-up rate for Greater Sydney of ~215 hectares per annum between 2021 and 2061.

We then applied a market share to the projected Greater Sydney take-up to project industrial land take-up in the Western Sydney catchment. Based on historical trends in the share of take-up the catchment has accounted for, we have adopted a starting market share of 80%. However, we have subsequently grown this share over time to reach 90% by 2061. This increasing share is based on the following key considerations:

- The Western Sydney catchment currently accounts for ~77% of zoned undeveloped industrial land supply in Greater Sydney, and 99% of unzoned undeveloped industrial land supply in Greater Sydney
- Significant infrastructure investment is occurring and planned for the catchment (e.g. Western Sydney Airport, Outer Sydney Orbital, new metro and rail links) that will substantially improve the attractiveness of industrial land in Western Sydney
- New development controls (like those proposed in the Mamre Road Precinct) are reducing the achievable effective FSR for industrial land in the Aerotropolis. Therefore, delivering the same amount of floorspace in the Aerotropolis compared to outside the Aerotropolis will require more land area.

Therefore, we project an average annual net industrial land take-up rate for the Western Sydney catchment of ~184 hectares per annum between 2021 and 2061.

Table 3.3 – Projected Net Industrial Land Take-Up

	Unit	2021	2031	2041	2051	2061	*Avg 2021-61*
Greater Sydney Annual Take-up	*ha*	140.0	220.3	238.9	224.1	224.1	*214.7*
Western Sydney Share	*%*	80%	83%	85%	88%	90%	-
Western Sydney Annual Take-up	*ha*	112.4	182.3	203.7	196.6	201.7	*183.6*
Western Sydney Cumulative Take-up	*ha*	224.4	1,705.0	3,644.1	5,642.0	7,638.5	-

Source: NSW DPIE; Urbis

3.2.3. Projected Need

Table 3.4, overleaf, reconciles the projected demand for industrial land in the catchment between 2021 and 2061 with the catchment's unconstrained net industrial land supply.

Comparing the average annual take-up rate for the catchment of ~184 ha per annum against the ~5,006 ha of land supply indicates that the catchment has only:

- 2.2 years of zoned undeveloped serviced land supply
- 6.3 years of zoned undeveloped unserviced land supply
- 18.7 years of unconstrained potential industrial land supply.

These supply years are all below DPIE's stated supply standards of 5-7 years for zoned serviced land, 8-10 years for zoned unserviced land, and 20 years for potential future land supply as per the Employment Lands Development Monitor. This therefore indicates a need for additional industrial land in the Western Sydney catchment, particularly "shovel-ready" land that is zoned and serviced.

This need for additional land is clearly reflected in the high industrial land values and rents across Sydney discussed in Section 2. Unless the land supply issues are addressed, Sydney will continue to be an unaffordable industrial market that is outcompeted for industrial investment by Melbourne and Brisbane.

Table 3.4 – Years of Remaining Industrial Land Supply, Western Sydney Catchment

	Western Sydney Catchment	Supply Standards
Zoned Undeveloped Serviced Industrial Land Supply	404.7	-
Zoned Undeveloped Unserviced Industrial Land Supply	1,159.4	-
Potential Industrial Land Supply	3,441.8	-
Total Unconstrained Net Land Supply	**5,005.9**	**-**
Average Forecast Take-up rate (2021-61)	183.6	-
Years of Zoned Undeveloped Serviced Net Industrial Land Supply	2.2 years	5-7 years
Years of Zoned Undeveloped Unserviced Net Industrial Land Supply	6.3 years	8-10 years
Years of Unconstrained Net Potential Future Industrial Land Supply	18.7 years	20 years
Years of Total Unconstrained Net Land Supply	**27.3 years**	**-**

Source: NSW DPIE; Urbis

3.2.4. Subject Site

The subject site is ideally located in close proximity to the Aerotropolis and WSEA, and presents a key opportunity to help address the need for additional "shovel-ready" industrial land by delivering ~66.3 ha of IN1 General Industrial land and ~18.1 ha of IN2 Light Industrial land.

Economic Benefits

In addition to contributing to Western Sydney's industrial land supply, the proposed development will also provide economic benefits to the local economy and wider region during both the construction and development phase, and during the ongoing operation of the project.

We have used the REMPLAN Input-Output model to assess the potential jobs and the economic contributions of the development (Alspec Industrial Business Park component only) in terms of direct and indirect employment and Gross Value Added.

Development Phase

The construction of the proposed development has an estimated construction cost of $483 million over a four-year period starting in 2022 and is estimated to generate a total of 571 jobs over the four-year construction period.

- Direct jobs = 232 jobs over four years
- Indirect jobs = 339 jobs over four years
- Total jobs = 571 jobs over four years.

Gross Value Added benefits (i.e. Gross State Product) will be generated from the direct expenditure incurred on the proposed development. Gross Value Added essentially represents economic growth for the region and state (i.e. Net Economic Output: this is total economic output minus output which is an input for other sectors). The direct and indirect Gross Value Added benefits are shown below:

- Direct Gross Value Added = $141.4 million
- Indirect Gross Value Added = $213.9 million
- Total Gross Value Added = $355.2 million.

Operational Phase

In addition to economic benefits that are generated during the development phase of the project, there will be ongoing economic benefits created through the operation of the new facilities on the site. These benefits include growth in employment and Gross Value Added.

The ongoing operation of the proposed facilities will directly and indirectly support new jobs in the local region and state. The direct and indirect employment benefits are shown below:

- Direct jobs = 3,660 jobs
- Indirect jobs = 2,750 jobs
- Total jobs = 6,410 jobs.

Once complete and fully tenanted, the proposed facilities will generate ongoing additional Gross Value Added via annual contributions to Gross State Product (GSP). This represents economic activity which would otherwise not have occurred.

- Direct average annual Gross Value Added = $718.0 million
- Indirect average annual Gross Value Added = $482.9 million
- Total average annual Gross Value Added = $1.2 billion.

Wider Benefits

Beyond meeting the pressing need for additional industrial land and enabling economic growth, the proposed industrial land at the subject site will also provide a number of wider benefits, including:

- Providing shovel-ready industrial land for smaller operators who have not been able to compete with the institutional owners in the Mamre Road Precinct
- Increasing the diversity of industrial development by accommodating smaller sites and end users that complement the Mamre Road Precinct's larger scale sites and end users
- Delivering highly accessible industrial land that will have access to future road, rail and aviation infrastructure
- Complementing the existing industrial uses and activities in the WSEA
- Supporting the growth of the manufacturing sector in Western Sydney through the proposed long term tenure of Alspec at the site.

4. CONCLUSION

Based on DPIE's Employment Lands Development Monitor data, we estimate there is currently a total of 5,005.9 ha of unconstrained net land supply available for industrial development in the Western Sydney catchment. Of this 5,005.9 ha, ~405 ha are zoned and serviced (i.e. shovel-ready), ~1,159 ha are zoned but not yet serviced, and ~3,442 ha represent potential future industrial land supply.

At the same time, diminishing industrial land supply in Greater Sydney, combined with unprecedented infrastructure investment in Western Sydney, is projected to drive demand for an average of ~184 ha of industrial land per annum between 2021 and 2061.

Comparing the average annual take-up rate for the catchment of ~184 ha per annum against the ~5,006 ha of land supply indicates that the catchment has only:

- 2.2 years of zoned undeveloped serviced land supply
- 6.3 years of zoned undeveloped unserviced land supply
- 18.7 years of unconstrained potential industrial land supply.

These supply years are all below DPIE's stated supply standards of 5-7 years for zoned serviced land, 8-10 years for zoned unserviced land, and 20 years for potential future land supply as per the Employment Lands Development Monitor. This therefore indicates a need for additional industrial land in the Western Sydney catchment, particularly "shovel-ready" land that is zoned and serviced.

The subject site is ideally located in close proximity to the Aerotropolis and WSEA and presents a key opportunity to help address the need for additional "shovel-ready" industrial by delivering ~66.3 ha of IN1 General Industrial land and ~18.1 ha of IN2 Light Industrial land.

The proposed industrial land at the subject site will also provide a number of economic and wider benefits, including:

- Generating a total of 571 jobs over the four-year development phase, while contributing ~$355 million in Gross Value Added
- Supporting a total of ~6,410 direct and indirect jobs once operational, and contributing a total of ~$1.2 billion in Gross Value Added in $2021 real dollar terms once fully operational and fully tenanted in each year of operation
- Providing shovel-ready industrial land for smaller operators who have not been able to compete with the institutional owners in the Mamre Road Precinct
- Increasing the diversity of industrial development by accommodating smaller sites and end users that complement the Mamre Road Precinct's larger scale sites and end users
- Delivering highly accessible industrial land that will have access to future road, rail and aviation infrastructure
- Complementing the existing industrial uses and activities in the WSEA
- Supporting the growth of the manufacturing sector in Western Sydney through the proposed long term tenure of Alspec at the site.

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