

LUDDENHAM ROAD INDUSTRIAL LOT SIZE ANALYSIS

221-227 & 289-317
Luddenham Road,
Orchard Hills

Prepared for HB+B Property
September 2021



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This Industrial Lot Size Analysis 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).

The purpose of this report is to provide guidance as to an appropriate mix of industrial lot sizes for the subject site.

This report therefore includes analysis of the following:

- Locational characteristics of the subject site
- Case studies of established industrial precincts in the Penrith Local Government Area (LGA)
- Projected industrial land demand profile.

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1. SUBJECT SITE LOCATIONAL CHARACTERISTICS

Overview

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 5 km north-east of the Western Sydney Airport, 10 km west of the Western Sydney Parklands and 20 km west of the Parramatta CBD.

As shown in Map 1, the lands immediately surrounding the subject site are largely undeveloped. However, the Erskine Park Industrial Estate (part of the Western Sydney Employment Area (WSEA) 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.

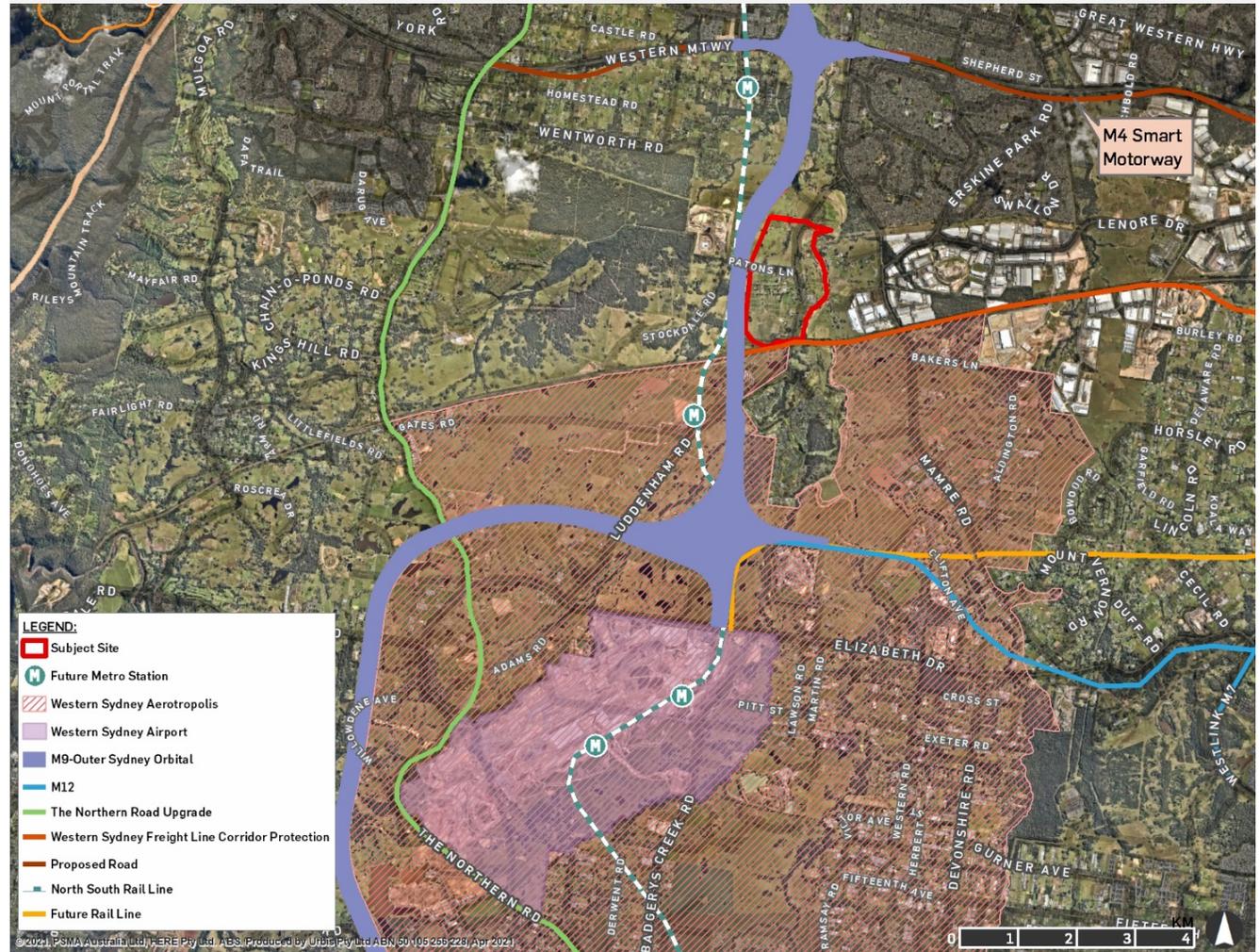
The Western Sydney Airport is expected to commence operations in 2026 and will be serviced by a new metro line. In addition to the new metro line, the Aerotropolis will also be serviced by the planned M9 Outer Sydney Orbital motorway and Western Sydney Freight Line. Importantly, the subject site enjoys frontage to all three of these major transport infrastructure projects.

Therefore, the subject site is well-placed to leverage the substantial infrastructure investment and continue to build on the critical mass of industrial and business activities in the WSEA.

The following Table 1 provides an overview of the site's key locational characteristics and their implications for industrial uses.

Subject Site Locational Context

Map 1



1. SUBJECT SITE LOCATIONAL CHARACTERISTICS

Subject Site Locational Characteristics and Implications for Industrial Uses

Table 1

Locational Characteristic	Description	Implications For Industrial Uses
Strong Future Infrastructure Connectivity	<ul style="list-style-type: none"> Currently, the subject site is located 4 km south of the nearest motorway (M4) Western Sydney Airport is located 10 km south of the subject site and is expected to commence operations in 2026 A new metro line will open in 2026 passing along the western boundary of the subject site, connecting St Marys to the Western Sydney Airport The subject site will have frontage and exposure to the planned M9 Outer Sydney Orbital motorway and Western Sydney Freight Line 	<ul style="list-style-type: none"> The site's strong future infrastructure connectivity to the Western Sydney Airport, M4, M9 Outer Sydney Orbital and Western Sydney Freight Line will be highly attractive to industrial uses which benefit from easy access to major transport infrastructure (e.g. warehousing, storage, logistics, distribution)
Large Site	<ul style="list-style-type: none"> The subject site comprises an area of 223 hectares 	<ul style="list-style-type: none"> Given its size, the site has potential to accommodate a mix of industrial uses that have differing site requirements Importantly, the subject site is well-suited to accommodate a critical mass of larger-scale industrial uses and tenants who require large sites to enable efficient storage and distribution outcomes
Complementary Surrounding Uses	<ul style="list-style-type: none"> The Erskine Park Industrial Estate (part of the Western Sydney Employment Area (WSEA) is situated just 500 metres to the east of the subject site The Western Sydney Airport and Aerotropolis will be located immediately south of the subject site 	<ul style="list-style-type: none"> By virtue of its strong future infrastructure connectivity and proximity to the larger-scale industrial uses in the WSEA, the subject site is ideally placed to accommodate similarly large scale industrial uses (e.g. warehousing, storage, logistics, distribution)
Limited Surrounding Residential Population	<ul style="list-style-type: none"> A small low density residential neighbourhood is located 1 km to the south, while additional low density residential uses are also situated north-east of the site 	<ul style="list-style-type: none"> The absence of any major residential population close to the site indicates limited potential to accommodate local population-serving industrial uses such as wholesalers and local services (e.g. automotive repairs, equipment hire)
OVERALL		<ul style="list-style-type: none"> Highly suited for large-scale industrial uses that benefit from quick and easy access to major transport infrastructure (e.g. warehousing, storage, logistics, distribution) which serve a metropolitan-wide role

1. SUBJECT SITE LOCATIONAL CHARACTERISTICS

- SUBJECT SITE INDICATIVE LOT MIX

Description

Although the entire subject site has an area of 223 ha, only ~147 ha are currently proposed to be rezoned for industrial uses.

Figure 1 shows the area currently proposed for rezoning to IN1 General Industrial and IN2 Light Industrial. As shown in the figure, the indicative lots sizes range from 1,000 sq.m up to 5 ha. Under this indicative lot mix, 79 lots (29%) have an area equal to or less than 5,000 sq.m (i.e. small lots), and 32 lots (71%) have an area greater than 5,000 sq.m (i.e. large lots). Importantly, more than two-thirds of the small lots are proposed to be zoned IN2 Light Industrial while 75% of the large lots are proposed to be zoned IN1 General Industrial.

Proposed Industrial Precinct Characteristics

Precinct Size (ha) 147 ha

Proposed Zoning
 IN1 General Industrial
 IN2 Light Industrial

1,000 sq.m - 5 ha

IN1 General Industrial

- 26 small lots (<5,000 sq.m)
- 24 large lots (> 5,000 sq.m)

Lot Size Ranges

IN2 Light Industrial

- 53 small lots (< 5,000 sq.m)
- 8 large lots (> 5,000 sq.m)

TOTAL

- 79 small lots (< 5,000 sq.m) [71%]
- 32 large lots (> 5,000 sq.m) [29%]

Source: Nettletontribe; HB+B; Urbis

Subject Site Indicative Lot Mix

Figure 1



2. INDUSTRIAL PRECINCT CASE STUDIES AND IMPLICATIONS FOR THE SUBJECT SITE

Key Implications

To provide insights into the different locational drivers for different types of industrial precincts, we have profiled three industrial precincts located within the Penrith LGA.

Two of these precincts have a mixed role and function, primarily serving a local resident population while the other has a metropolitan role:

- **North Penrith** – Mixed Role
- **St Marys** – Mixed Role
- **Western Sydney Employment Area (WSEA)** – Metropolitan Role.

As shown in Table 2, the Mixed Role industrial precincts have a very similar lot mix with approximately 70% small lots and 30% large lots. The heavy weighting of this mix towards small lots reflects the type of industrial uses and tenants accommodated within the precinct – i.e. population-serving uses such as wholesalers, small –scale manufacturing, construction services, and automotive repairs and services.

In contrast, almost 60% of the WSEA's lots are greater than 5,000 sq.m (i.e. large lots). This reflects the WSEA's role as a precinct for larger scale warehousing, storage and logistics uses that can leverage proximity to major existing and planned transport infrastructure.

Currently the subject site's indicative lot mix is in line with those of North Penrith and St Marys. However, given the subject site's locational characteristics closely reflect those of the WSEA, it should seek to deliver a similar lot mix that has less focus on small lots and greater focus on large lots that can accommodate larger scale warehousing, storage and logistics uses.

Flexibility is also a key consideration for the planning of any industrial precinct. As shown in Table 3, all three profiled industrial precincts have been in development for over 13 years and have not yet reached completion. These long development timeframes are typical of industrial precincts.

Importantly, this indicates a clear need to ensure the planning of new precincts, such as the subject proposal, incorporate sufficient flexibility to allow the precinct to adapt and cater for evolving market needs over the long term.

Planning for larger lots offers greater flexibility as they can easily be subdivided into smaller lots as future need arises. In contrast, creating too many small lots from the outset reduces flexibility as amalgamation of small lots is generally more costly and difficult than subdivision.

Lot Mix by Industrial Precinct

Table 2

Precinct	No. of Lots		Proportion of Lots	
	Small	Large	Small	Large
Subject Site	79	32	71%	29%

Population-Serving Industrial and Urban Services Precincts

North Penrith	249	93	73%	27%
St Marys	624	280	69%	31%

Large-Scale Region-Serving Industrial Precincts

WSEA	175	240	42%	58%
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Note: Small lots are defined as having an area of 5,000 sq.m or less, large lots are defined as having an area greater than 5,000 sq.m

Source: NSW DPIE; Urbis

Undeveloped Land Remaining

Table 3

Precinct	Year Established	Total Area (ha)	Undeveloped Area	
			ha	% of Total
North Penrith	Pre-2002	258	75	29%
St Marys	Pre-2002	285	49	17%
WSEA	2008	1,789	650	36%

Source: NSW DPIE; Urbis

2. INDUSTRIAL PRECINCT CASE STUDIES AND IMPLICATIONS FOR THE SUBJECT SITE – NORTH PENRITH INDUSTRIAL PRECINCT

Description

The North Penrith Industrial Precinct is situated immediately north of the Penrith City Centre. The precinct comprises 258 hectares of IN1 General Industrial and IN2 Light Industrial land. Despite being in development since before 2002, the precinct is still 29% undeveloped.

The precinct has a Mixed Role, primarily serving a local catchment, by virtue of its location in close proximity to a number of large residential communities. It therefore predominantly accommodates automotive services, small-scale warehouses, manufacturing and wholesale trade uses who typically occupy small lots.

Precinct Characteristics

Precinct Size (ha)	258 ha
Year Established	Pre-2002
Development Potential	75 ha (29%) undeveloped
Zoning	IN1 General Industrial IN2 Light Industrial
	1,000 sq.m - 26 ha
Lot Size Ranges	<u>TOTAL</u> • 249 small lots (< 5,000 sq.m) [73%] • 93 large lots (> 5,000 sq.m) [27%]
Infrastructure Connectivity	• 1 km from the A9 • 3 km from the M4 Motorway
Surrounding Uses	• Penrith City Centre (retail, commercial, residential) • Large residential communities to the north, east, south and south-west
Tenant Mix	• Automotive Services • Manufacturing • Wholesaling • Small-Scale Warehousing • Bulky Goods/Retail

North Penrith Industrial Precinct

Map 2



Source: NSW DPIE; Urbis

2. INDUSTRIAL PRECINCT CASE STUDIES AND IMPLICATIONS FOR THE SUBJECT SITE – ST MARYS INDUSTRIAL PRECINCT

Description

The St Marys Industrial Precinct is situated immediately north of the St Marys Town Centre. The precinct comprises 285 hectares of IN1 General Industrial land. Although the precinct has been in development since before 2002, 17% of the land is yet to be developed.

The precinct plays a largely Mixed Role, primarily serving a local catchment by virtue of its location in close proximity to a number of large residential communities. It predominantly accommodates manufacturing, local services and wholesale trade uses who typically occupy small lots.

Precinct Characteristics

Precinct Size (ha)	285 ha
Year Established	Pre-2002
Development Potential	49 ha (17%) undeveloped
Zoning	IN1 General Industrial
	1,000 sq.m - 12 ha
Lot Size Ranges	<p>TOTAL</p> <ul style="list-style-type: none"> • 624 small lots (< 5,000 sq.m) [69%] • 280 large lots (> 5,000 sq.m) [31%]
Infrastructure Connectivity	<ul style="list-style-type: none"> • 1 km from the Great Western Highway • 2.5 km from the M4 Motorway • 5.6 km from the A9
Surrounding Uses	<ul style="list-style-type: none"> • St Marys Town Centre (retail, commercial) • Large residential communities to the north, east, south and west
Tenant Mix	<ul style="list-style-type: none"> • Manufacturing • Wholesaling • Automotive Services • Local Services • Construction Services

St Marys Industrial Precinct

Map 3



2. INDUSTRIAL PRECINCT CASE STUDIES AND IMPLICATIONS FOR THE SUBJECT SITE – WESTERN SYDNEY EMPLOYMENT AREA (WSEA)

Description

The WSEA is strategically situated at the junction of the M4 and M7 Motorways. The precinct comprises 1,789 hectares of IN1 General Industrial land. Although the precinct has been in development since before 2002, 36% of the land is yet to be developed.

In contrast to North Penrith and St Marys, the WSEA plays a Metropolitan Role by virtue of its location in close proximity to major existing and planned transport infrastructure. It predominantly accommodates large-scale logistics and warehousing uses on very large sites.

Precinct Characteristics

Precinct Size (ha)	1,789 ha
Year Established	2008
Development Potential	650 ha (36%) undeveloped
Zoning	IN1 General Industrial 1,000 sq.m - 100 ha
Lot Size Ranges	<u>TOTAL</u> • 175 small lots (< 5,000 sq.m) [42%] • 240 large lots (> 5,000 sq.m) [58%]
Infrastructure Connectivity	<ul style="list-style-type: none"> • Direct frontage to the M4 Motorway • Direct frontage to the M7 Motorway • 1 km from the Great Western Highway • 5.6 km from the A9 • 10 km from the future Western Sydney Airport • Frontage to the planned Western Sydney Freight Line • 2.5 km from the planned M9 Outer Sydney Orbital
Surrounding Uses	<ul style="list-style-type: none"> • Planned Western Sydney Airport and Aerotropolis to the south • Residential community to the north-west
Tenant Mix	<ul style="list-style-type: none"> • Third Party Logistics • Large-Scale Distribution Centres • Large-Scale Warehousing • Urban Services

Western Sydney Employment Area

Map 4



Source: NSW DPIE; Urbis

3. PROJECTED INDUSTRIAL LAND DEMAND PROFILE

Key Findings

Demand for industrial land is primarily driven by growth in three key sectors – Transport, Postal and Warehousing, Manufacturing, and Wholesale Trade.

Therefore, the NSW Department of Planning, Industry and Environment’s (DPIE) employment projections provide a sound indication of the likely need for industrial land in different locations in the future.

For the purpose of this analysis, we have defined a Western Sydney catchment that encompasses the existing and future industrial lands earmarked throughout the Western Sydney Aerotropolis and WSEA (including the Mamre Road Precinct). The catchment comprises the following five LGAs: Penrith, Liverpool, Blacktown, Camden and Fairfield.

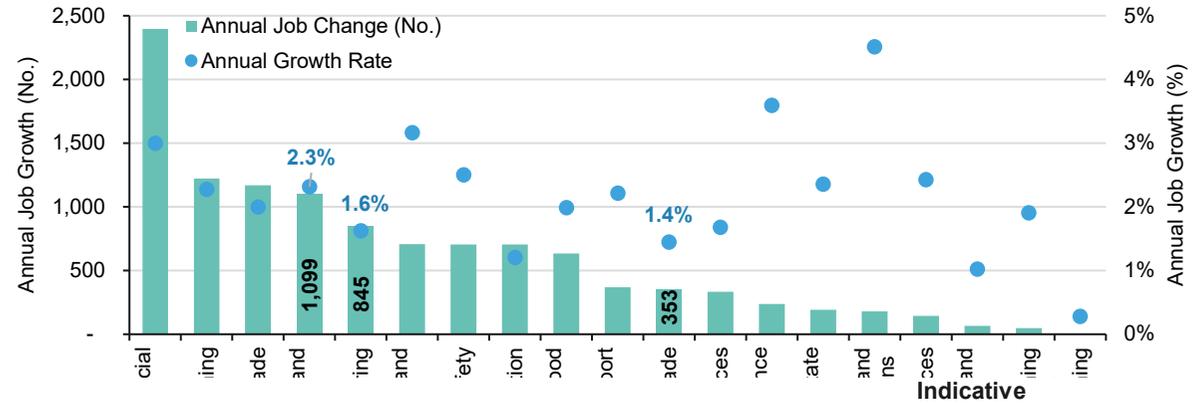
As shown in Chart 1, DPIE forecasts stronger growth within the catchment in the Transport, Postal and Warehousing sector (2.3% p.a.) than in the Manufacturing (1.6% p.a.) and Wholesale Trade (1.4% p.a.) sectors. This indicates future demand for industrial land in the catchment will primarily be driven by growth in warehousing and logistics uses.

In Table 4, we have converted the forecast additional jobs in the three key industrial sectors between 2021 and 2041 into floorspace demand based on industry standard workspace ratio benchmarks (refer Table 4). This analysis reveals that while the Transport, Postal and Warehousing sector will account for just under 50% of additional industrial jobs in the catchment over the next 20 years, this sector will account for almost 80% of future industrial floorspace demand over the same period (by virtue of higher workspace ratios compared to the other sectors).

Therefore, new industrial precincts in the catchment, such as the subject proposal, should focus on providing large-scale sites capable of accommodating logistics and warehousing uses.

Projected Annual Employment Growth by Industry, 2021-2041

Chart 1



	Projected Additional Jobs (2021-41)		Floorspace per Job (sq.m)	Floorspace Requirement (sq.m)	Share of Floorspace (%)
	No.	%			
Transport, Postal and Warehousing	21,978	48%	250	5,494,407	79%
Manufacturing	16,907	37%	70	1,183,487	17%
Wholesale Trade	7,058	15%	45	317,628	5%
Total Industrial Jobs	45,943	100%		6,995,522	100%

Source: NSW DPIE; Urbis

Projected Catchment Industrial Floorspace Demand, 2021-2041

Table 4



Source: NSW DPIE; Urbis

4. RECOMMENDATIONS

Recommendations

Currently the subject site's indicative lot mix (refer Figure 2) is in line with those of the Mixed Role local population-serving precincts of North Penrith and St Marys – i.e. heavily weighted towards small lots.

However, based on the preceding analysis, we recommend the subject site instead provide a greater number of large lots (i.e. > 5,000 sq.m) and fewer small lots (i.e. < 5,000 sq.m).

This recommendation gives consideration to:

- The subject site's locational characteristics which make the site highly suited for large-scale industrial uses that benefit from quick and easy access to major transport infrastructure (e.g. warehousing, storage, logistics, distribution) and less appropriate for smaller lot uses such as wholesaling and urban services
- The nature of future industrial land demand in the catchment which is projected to be primarily driven by growth in the Transport, Postal and Warehousing as opposed to the Wholesale Trade or Manufacturing sectors
- Providing sufficient flexibility to enable the precinct to adapt and cater for evolving market needs over the long term – larger lots offer greater flexibility as they can easily be subdivided into smaller lots as future need arises.

We therefore recommend the current indicative lot mix for the subject site be revised to concentrate any small lots solely within the proposed IN2 Light Industrial-zoned land, and focus the proposed IN1 General Industrial land on providing larger lots capable of accommodating the growing demand from larger-scale warehousing and logistics uses.

Subject Site Indicative Lot Mix

Figure 2

