

To whom it may concern

## Subject: 25 South Parade, Auburn – Economic Assessment of Planning Proposal

HillPDA was commissioned by South Parade Auburn Trust (Trust) to prepare this assessment. We understand that the Trust is submitting a planning proposal for an amendment to the Cumberland LEP to include additional permitted uses of medical centre and office premises on the subject site. The purpose of this letter is to summarise the findings of our assessment on the economic impacts in the locality of the planning proposal.

In undertaking this assessment we have relied on the following information:

- Architectural drawings of the proposal prepared by RMJ Building Group dated 2 February 2021 for some internal alterations and partitioning in the existing office building
- Minutes of the Pre-lodgement meeting of 23 February 2022 prepared by Cumberland Council
- Notice of determination (approved) of development application dated 16 June 2021
- Assessment report Minute No. 694/00 to Council meeting of 6 September 2000 in relation to the earlier application for construction of the commercial building

The building that was approved, and has since been constructed and occupied, is a two level commercial office building of around 860sqm GFA with around 22 outside car parking spaces.

At the time of lodgement of the original DA in 2000 the land was zoned Special Uses (Railway) under the Auburn Planning Scheme.

The land was also affected by a draft Industrial 4(a) zone under a Draft LEP which would prohibit commercial office development.

Notwithstanding the draft industrial zone, Council's assessment report in 2000 noted some negative aspects to industrial use of the site namely:

*The shallow depth of the land is not conducive to industrial development and could result in a proposal for a factory facing onto the street with parking at the western end of the site. Such a proposal would likely have industrial access points in reasonable proximity to the Alice Street traffic lights and road bridge over the railway lines.*

*Industrial development on the opposite side of the road to future residential flats is not desirable. The proposal for an office development is considered to be more compatible with the nearby residential uses.*

The report also noted that the “site is within easy walking distance to Auburn Railway station and business area. Accordingly, the site is considered to be suitable for office development.”

The site is on the fringe of the Auburn Town Centre immediately west of the E1 Local Centre zone on the other side of South Parade and around 320m from Auburn Station. The approved and existing use of the site for a medical centre and/or office premises compliments the general strategic principles under the regional and district plans of land use and transport integration – namely promoting higher density employment and living spaces within walking distance of major public transport infrastructure.

In terms of economic impacts in the locality we believe the planning proposal will have no discernible impact. This is because the existing building was designed and constructed as an office building and has been occupied for that purpose. While the site could be redeveloped with a new office building this is a highly unlikely scenario as it would not be feasible to do so at any time in the foreseeable future. Being less than 20 years old and in reasonably good condition the existing building is the ‘highest and best use’ of the site in terms of financial / risk return.

The planning proposal seeks to include a medical centre and office premises as permissible uses on the subject site within the industrial zone. But these uses can already be carried out under existing use rights. Hence there is no economic impact from the base case.

The base case is not redevelopment or change of use to an alternative conforming use such as warehousing, manufacturing, wholesale business or industrial/urban services of some sort. This is because the existing building on the site, which is less than 20 years old, is already the highest and best use of the site. It is simply not financially viable to demolish or convert the building to a conforming use, at great capital expense, which would result in a lower level of net rental income. Office space in that location will pay a higher rent than industrial use and the existing building with existing use rights allows that realisation. At no point in the foreseeable future will it be viable to redevelop the site to some conforming industrial use.

Hence the base case is occupation of the existing building for office premises which could also include a medical centre.

There are various sources of data to estimate jobs on site. City of Sydney Employment and Floor Space Survey 2017 shows an average of 16sqm (GLA) of office space per worker although the density can be higher at 10sqm for open plan offices. Medical centres have a lower employment density of around 23sqm to 30sqm. Given these numbers we would expect around 30 to 40 workers on site. Again this number is expected under both the base case (do nothing) and under the planning proposal (amendment to the LEP).

I trust this addresses the issue satisfactorily. Please contact us if we can be of further assistance.

Yours sincerely,



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