



Economic Analysis

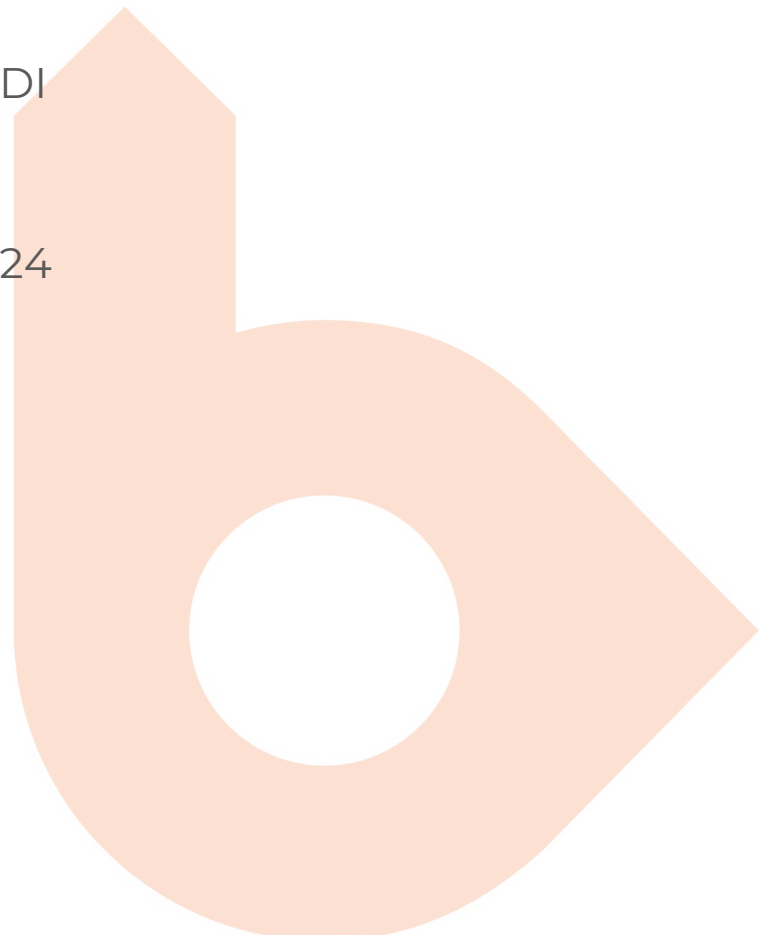
Part Rezoning

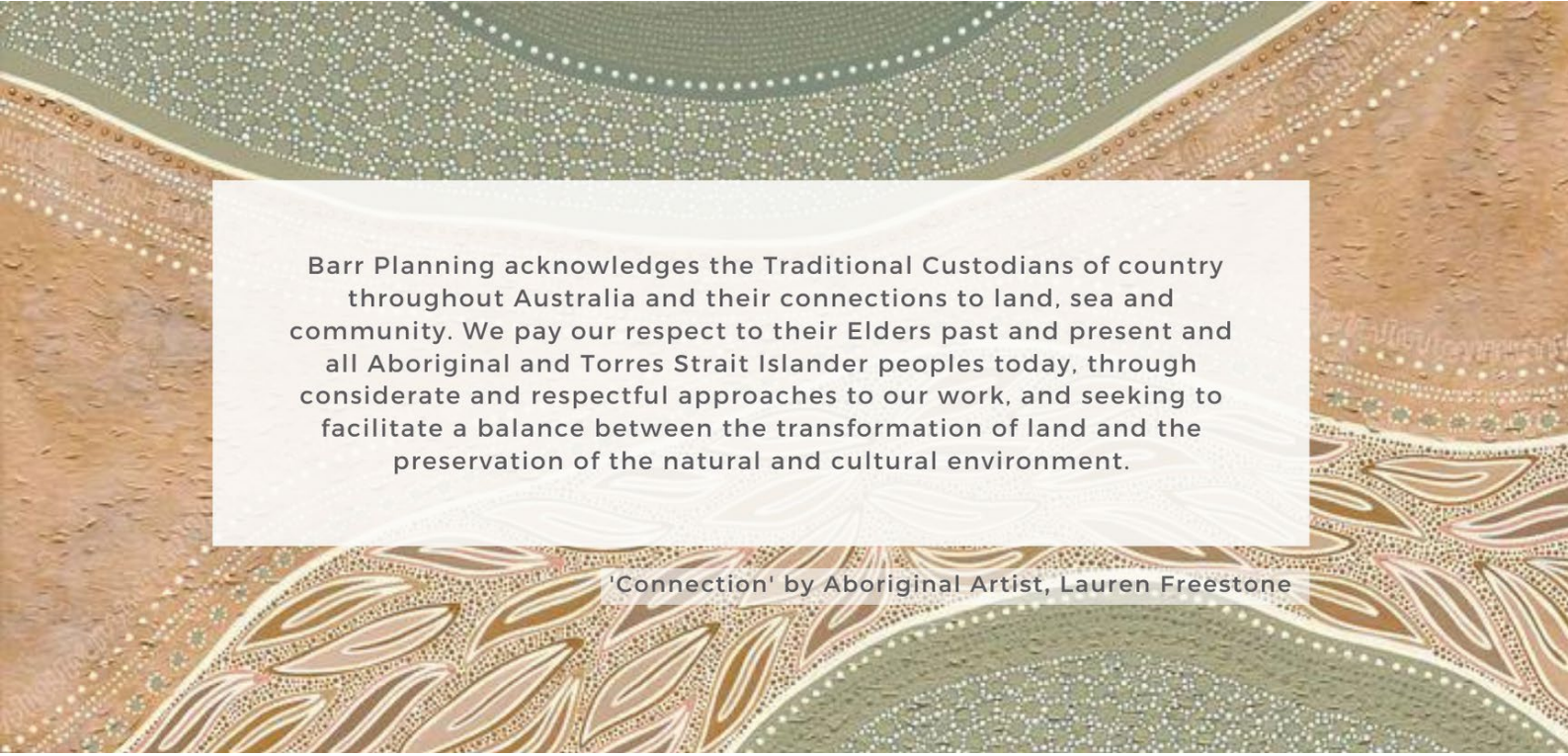
RU1 Primary Production – E3 Productivity Support

Prepared by Barr Planning

for Scott PDI

August, 2024





Barr Planning acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and all Aboriginal and Torres Strait Islander peoples today, through considerate and respectful approaches to our work, and seeking to facilitate a balance between the transformation of land and the preservation of the natural and cultural environment.

'Connection' by Aboriginal Artist, Lauren Freestone

Document Control

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Executive Summary

Barr Planning have been engaged by Scott PDI to conduct an economic analysis to support the Local Environmental Planning amendment request to rezone part of the land located at Lot 1 DP 1261690 from RU1 Primary Production to E3 Productivity Support. It is to be noted that this Report is not an Economic Impact Assessment, yet relies upon previous Employment/Industrial/Retail Land Review analysis' prepared for the Port Macquarie-Hastings Local Government.

This analysis provides a literature review of relevant economic and strategic documents to identify the key criteria for land use delivery and location. The analysis determined the following:

- Port Macquarie Hastings LGA has a shortfall of E3 zoned land. Up to a further 5ha of land should be investigated for delivery.
- Delivery of E3 zoned land should be adjacent to existing E3 zoned land.
- Out of centre trading and online consumer purchasing trends are driving the need for additional warehousing and bulky goods premises.
- Future zoning and warehousing/bulky goods premises should be located to satisfy the consumer mega trends.

The analysis concludes that whilst the proposal is not located adjacent to an existing E3 zone, the site is of a suitable size and location to meeting the mega trends of the future. This site in conjunction with the land identified under the John Oxley Drive Precinct Structure Plan can provide the 5ha of land required to meet the future demands of the Port Macquarie-Hastings Council.

No detrimental effect to the existing retail centres is expected due to the unique location of the site and the existing approved highway service centre.

1. Introduction

A request to amend the Port Macquarie-Hastings Local Environmental Plan 2011 to rezone part 1179 Oxley Highway, Sancrox being Lot 1 DP1261690 ('the site') from RU1 Primary Production to E3 Productivity Support and make corresponding amendments to the Height of Buildings and Minimum Lot Size controls is being lodged to Port Macquarie-Hastings Council (PMHC). The proposal retains the RU1 zoning over the approved Highway Service Centre and retains the additional permitted use related to the land.

A Planning Proposal Scoping Report was submitted to PMHC for consideration. The consultation with Council requested:

Economic / retail analysis for the proposed E3 productivity support zone; to consider impact on Council's employment land needs for Thrumster and Port Macquarie

This Economic Analysis has been prepared to address Council requirement.

2. The Proposal

The amendment proposes the following changes to Port Macquarie-Hastings LEP 2011 as outlined in the Table 1 below, with the rezoning area shown in Figure 1.

Table 1: Proposed changes to PMLEP 2011

Amendment Applies to	Explanation of Provisions
Land use zone map	Rezone part of the subject land from RU1 Primary Production to E3 Productivity Support (6.82ha).
Lots size map	No restriction to the minimum subdivision lot size.
Height of buildings map	Amend the height of building map to indicate a maximum building height of 14.5m within land proposed to be E3 Productivity Support.
Floor space ratio map	No restriction to the floor space ratio.
Additional permitted use	Retain the additional permitted use related to Lot 1 DP 1261690 for the purposes of a highway service centre and ancillary hotel or motel accommodation is permitted with development consent.

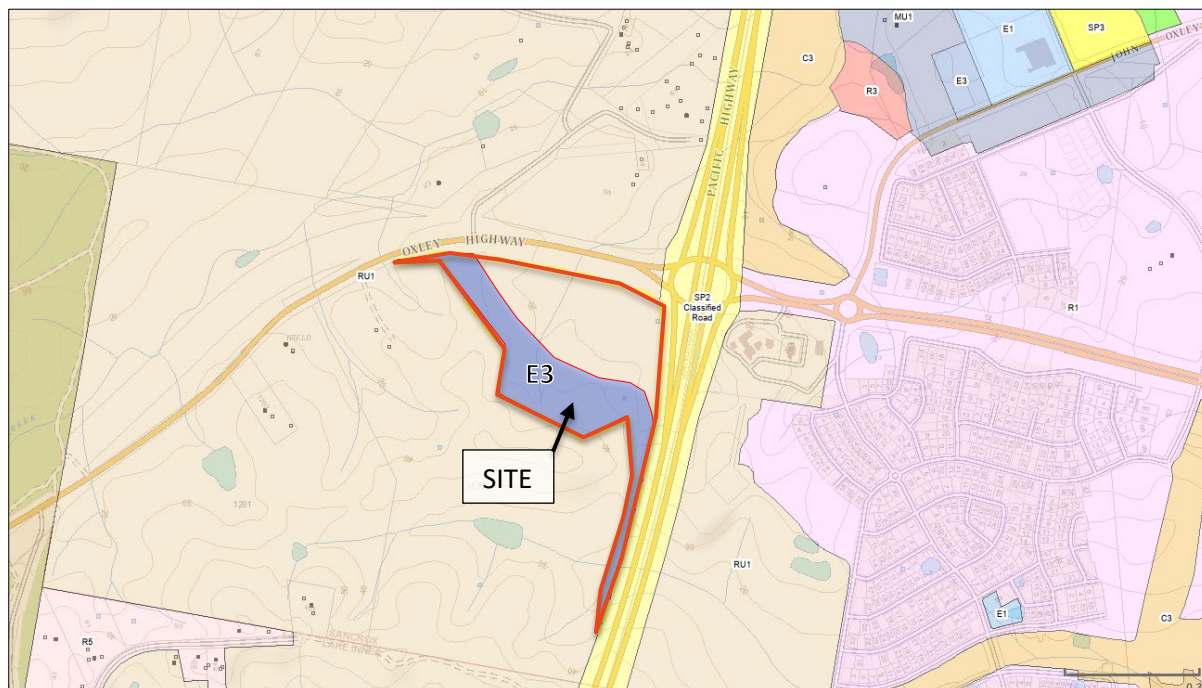


Figure 1 Indicative Rezoning Map. Adapted from NSW eSpatial Viewer (June 2024)

The proposal rezones 7ha of land. Considering the allotment shape and topography, of this land, a future 2.14ha of land can be future developed into a building pad, as shown in Figure 2. It is estimated that the future development to create 11 allotments will generate a total gross floor area of 1.5ha (15,000m²).



Figure 2: Concept development plan. Hopkins, June 2024 Rev A

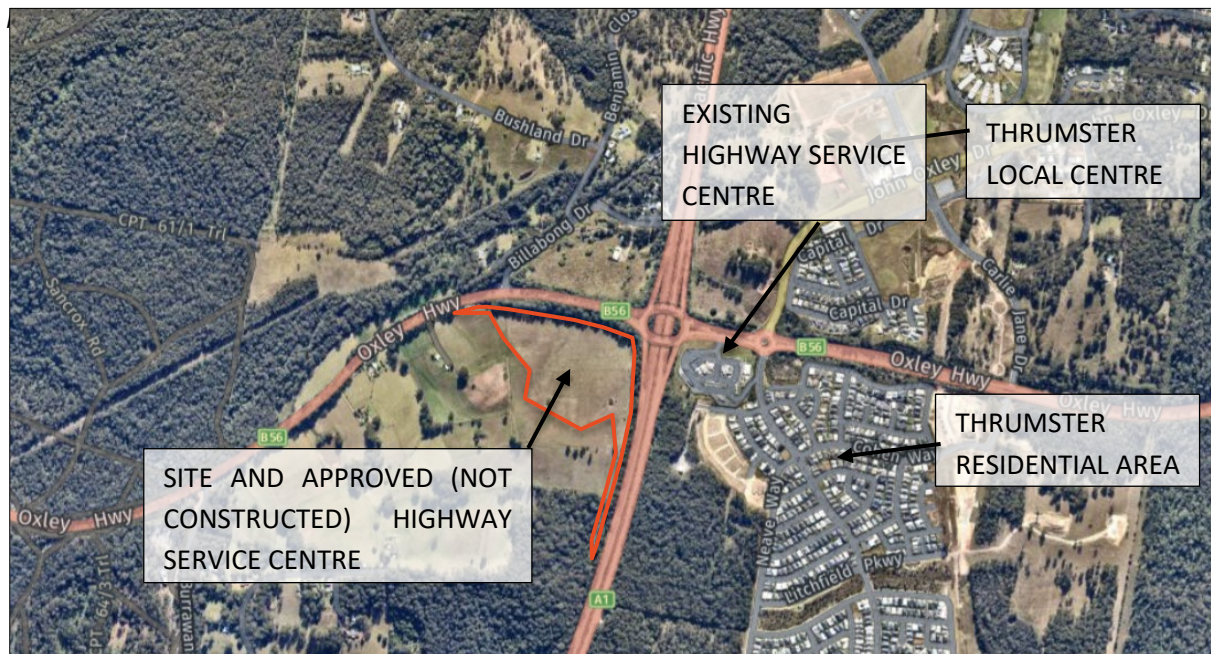
3. Site Location

The subject site is Lot 1 in DP1261690 (previously lot 11 in DP1029846), 1179 Oxley Highway, Sancrox, shown in Figure 3. The site is currently zoned 'RU1 Primary Production', pursuant to Port Macquarie-Hastings Local Environmental Plan 2011 (PMHLEP 2021) and includes an additional permitted use for a highway Service Centre together with ancillary accommodation.

The site has an area measuring 13.58ha and is an irregular shape. The site has an undulating topography and is has historically been used as pasture lands. Accordingly, the site is cleared of significant vegetation. A single watercourse traverses the site in a north-south direction.

The site is bounded by Oxley Highway to the north and Pacific Highway to the east. Rural land is present to the south and west of the site. The access to the site is via Oxley Highway.

Thrumster residential area is located to the east of the site. Thrumster Local Centre which is partially developed consists of E1 Local Centre, MU1 Mixed Use, E3 Productivity Support and R3 Medium Density Residential zoned land. E4 General Industrial zoned land is located north at Sancrox and Fernbank Creek. The site in reference to the existing land use zones is shown in Figure 4.



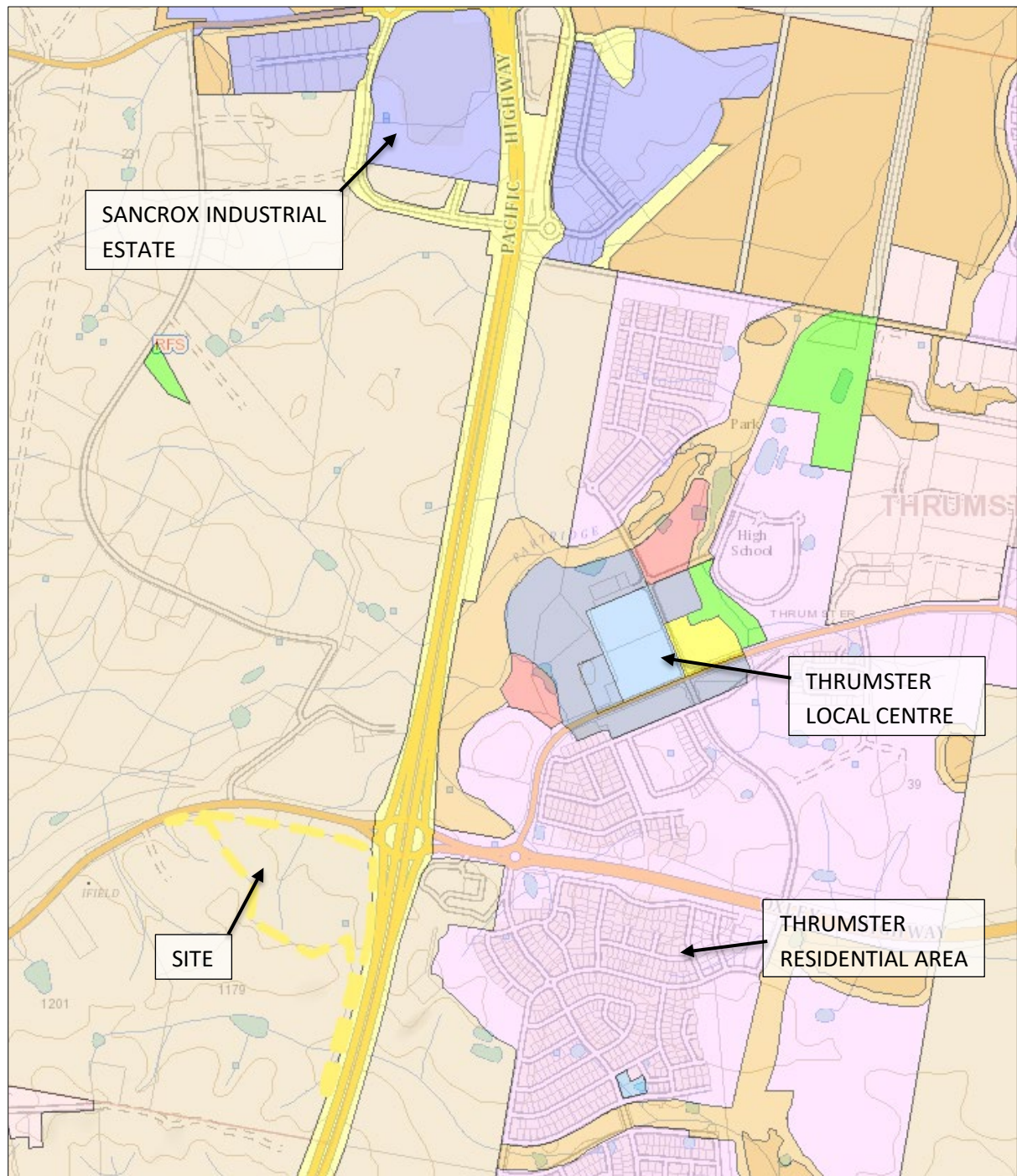


Figure 4: Site location within the surrounding land use zone context. Source: ePlanning Spatial Viewer, August 2024 (adapted by author)

4. Methodology

This Economic Analysis assesses the availability of vacant E3 zoned land across the Port Macquarie-Hastings LGA along with existing documentation to develop an understanding of the site suitability for the proposed rezoning of land from RU1 Primary Production to E3 Productivity Support

4.1 Background Studies

This Economic Analysis relies upon the following documents:

- Draft Structure Plan – Fernbank Creek and Sancrox Villages (PMHC, February, 2021)
- Port Macquarie-Hastings Council Employment Land Use Review (GHD, February 2021)
- Port Macquarie-Hastings Council E3 Land Use Zoning Review (The Spatial Lab, December, 2023)
- Port Macquarie-Hastings Retail Strategy Review (HillPDA, 2015)
- John Oxley Drive Precinct Structure Plan (Port Macquarie Hastings Council, July 2012)

5. Literature Review

In 2021 the NSW Government undertook reforms to the employment zones which came into effect in December 2022. A summary of the zoning reforms is provided below to provide context to change to land use zone changes referenced in the technical reports being analysed.

Table 2: Employment Zone Reforms for Port Macquarie-Hastings LEP

Zoning at the time of Analysis		Current Employment Zone
B1 Neighbourhood Centre B2 Local Centre	➔	E1 Local Centre
B3 Commercial Core	➔	E2 Commercial Centre
B4 Mixed Use	➔	MU1 Mixed Use
B5 Business Development B7 Business Park	➔	E3 Productivity Support
IN1 General industrial IN2 Light Industrial	➔	E4 General Industrial
IN3 Heavy Industrial	➔	E5 Heavy Industrial

The current E3 zone incorporates the historic B5 and B7 retail zones.

5.1 Port Macquarie-Hastings Retail Strategy Review 2015

In 2015 HillPDA undertook a review of the available retail land across the PMH LGA. The Report presented the findings of an analysis of the future needs for retail and commercial services in the LGA to the year 2036, as well as current proposals and the implications on Council's existing retail strategy. The Review concluded the following:

- Sufficient B5 zoned land is available up to 2026, however is expected to be zero by 2031.
- Growth in demand will continue post 2031. The majority of demand is expected to be west of Port Macquarie.
- There is a need for additional bulky goods retailing areas.
- Trends identified at the time included:
 - The evolution of online retail
 - The emergence of dark stores being dispatch warehouses that provide products directly to customers without first being channelled through a local store
 - The trend in Out-of-Centre retailing.
- Around 20,000sqm GLA and 5 to 6 hectares of land is required over the next 20 years (to 2035) to meet growth in demand.

5.2 Port Macquarie-Hastings Council Employment Land Use Review 2021 and Draft Structure Plan – Fernbank Creek and Sancroix Villages

In 2021 GHD undertook a review of the employment land use zones across the PMH LGA. The Review analysed the availability of both industrial and business zones which included:

Industrial Zones

- B5 Business Development
- B7 Business Park
- IN1 General Industrial
- IN2 Light Industrial
- IN3 Heavy Industrial
- IN4 Working Waterfront

Business Zones

- B1 Neighbourhood Centre
- B2 Local Centre
- B3 Commercial Core
- B4 Mixed Use

The Review noted that the B5 and B7 zones are classified as industrial zones as the zone objectives are similar to the objectives of industrial zones. The Report identified:

The B5 zone is typically located away from commercial centres, being located along arterial roads or in bulky goods precincts.... The B5 zone typically contains a mix of business and warehouse uses in addition to bulky goods retail.

(PMH Land Use Review, 2021, p.2)

The Review classified developed and vacant land to ascertain the future needs of the PMH LGA based on future demand and consumer trends. The Review concluded:

- Mega trends and influences identified at the time included:
 - Employment zone reforms
 - Impacts of COVID-19
 - Digital disruption
 - Changing consumer demands
- There was limited B5 land available for greenfield development across the LGA with much of the land particularly at Hastings River Drive and John Oxley Drive already developed. Only a small area (1.11 ha) at Thrumster is available to cater for local greenfield development.
- Further investigation may be required in relation to provision of future supply (up to 5ha) adjacent to locations already zoned B5 in light of the latest mega trends and the recent COVID 19 situation where demand may arise for warehousing and bulky goods premises to support a change in consumer spending and online shopping.

The Review prepared by GHD was used to support the preparation of the Draft Structure Plan – Fernbank Creek and Sancrox Villages, shown in the Figure below. The structure plan identifies the Site as a ‘Gateway Site’, however does not identify any future development use under the draft structure plan. The draft structure plan identifies land to the north of the Site as potential future industrial investigation land. This land is currently zoned RU1 Primary Production and is adjacent to land zoned E4 General Industrial.

This report relies on the additional demand of 5 hectares identified in the GHD review of E3 zoned land. However, we note that the report also recommends further investigation of where this land should be located, including being adjacent to existing B5 zoned land (now identified as E3 zoned land) or areas that would meet the mega trends identified in the GHD report.

The balance of this report provides that further investigation, that is to consider the existing E3 zoned land and what capacity there is to expand these existing areas and secondly how the proposed location would meet the demand for land being generated from the identified mega trends.

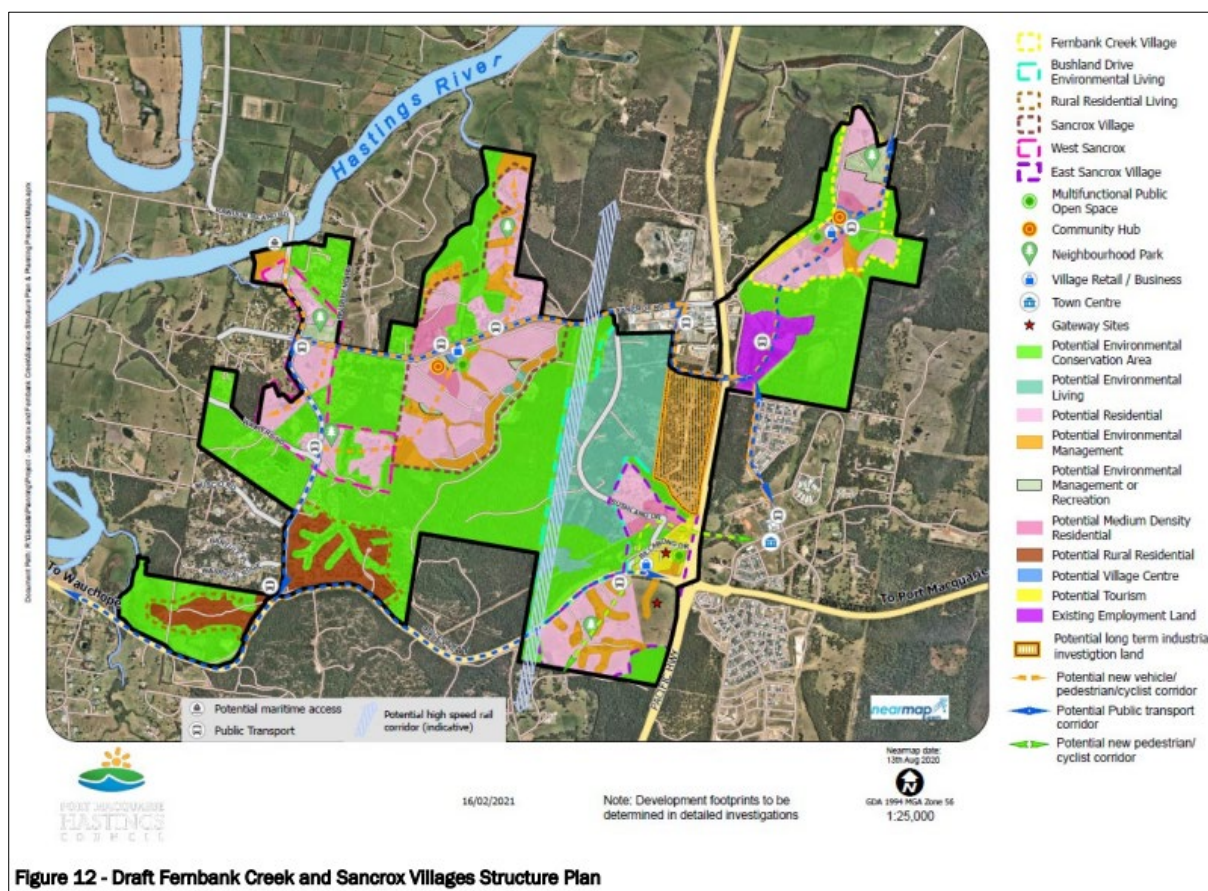


Figure 5: Draft Fernbank Creek and Sancrox Villages Structure Plan. Source: Draft Structure Plan - Fernbank Creek and Sancrox Villages, 2021

5.3 Port Macquarie Hastings Council E3 Land Use Zoning Review2023

In 2023, the Spatial Lab conducted a review of all land currently zoned E3 across the PMH LGA. The Review was conducted to determine whether the land use term 'Highway Service Centre' could be included in the Item 2 of the E3 Land Use Zone Table. The Review provides a current snapshot of the developed and vacant E3 zoned land across PMH LGA.

Figure 5 of the Report, presented in Figures 6 and 7 below, identifies the location of the E3 zoned land across PMH LGA. Across the LGA there is 72ha of E3 zoned land of which 11.25ha is road corridor. The majority of the E3 zone land is located within the bounds of Port Macquarie. The Review identified 363ha of E4 zoned land.

Of the land zoned E3, 6 allotments have been identified as being vacant land which could be developed in the future. The area of these allotments ranges from approximately 1,900m² to 11,000m². A total of approximately 3ha of E3 zone land is available across the LGA with the largest parcel being located in the Thrumster local centre (1.1ha).

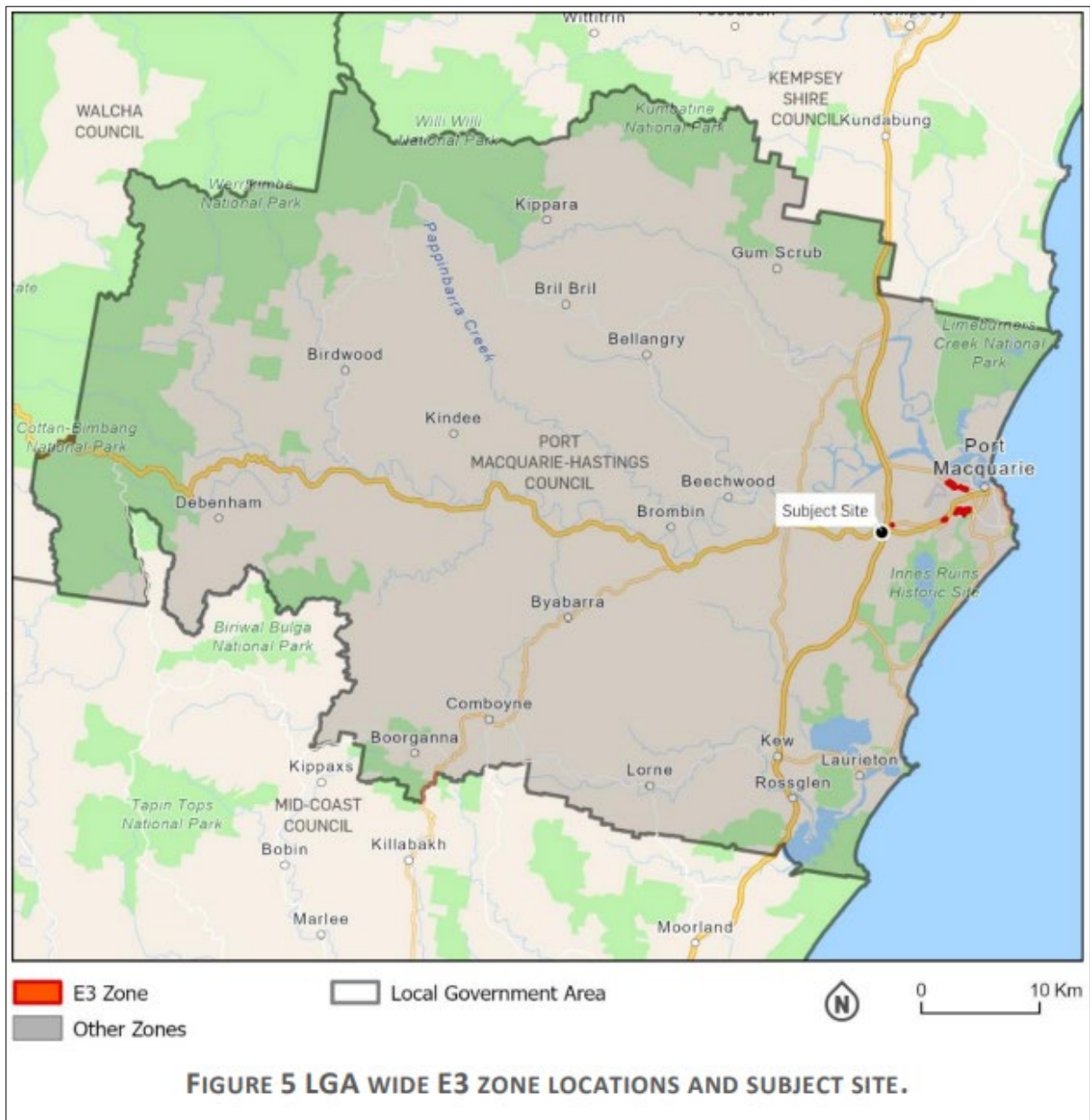


Figure 6: Location of E3 zoned land across Port Macquarie-Hastings LGA. Source: The Spatial Lab, 2023

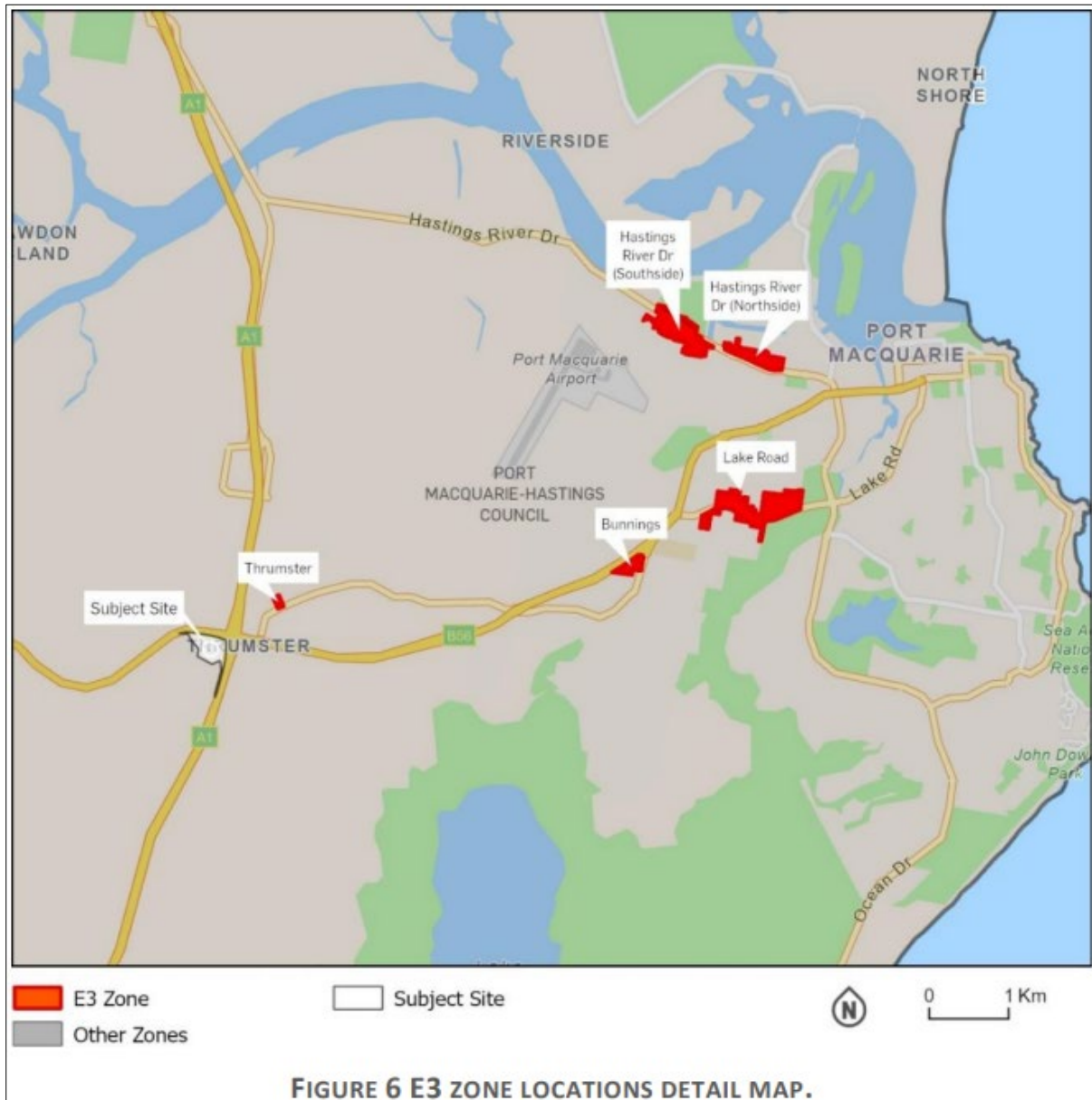


Figure 7: Location of E3 zoned land across Port Macquarie and Thrumster. Source: The Spatial Lab, 2023

In considering the location of the E3 zoned land and the ability to increase the supply of E3 zoned land adjacent to these existing areas, these were found to be highly constrained and expansion of these areas would be unsuitable.

5.4 John Oxley Drive Precinct Structure Plan

The John Oxley Drive Precinct Structure Plan was adopted by PMH Council in July 2012. The Structure Plan was prepared to provide a planning framework against which future land use decisions can be assessed and outlines the relevant issues affecting redevelopment in the precinct.

The John Oxley Drive Precinct is bounded on the northwest by the new alignment of the Oxley Highway, and on the east and south by the former alignment, now known as John Oxley Drive. The precinct is broadly split into two sub-precincts by a low lying natural drainage path, being the northeast sub-precinct and the Western sub-precinct.

In principle, implementation of the Plan is guided by the extent of environmental hazards and significant site constraints. A large proportion of the Precinct is affected by the estimated 1% Annual Exceedance Probability (AEP) flood event; in particular, land in the centre of the Precinct and adjoining the new Oxley Highway.

The recommended development structure plan proposed for the precinct is shown on Figure 8 below.

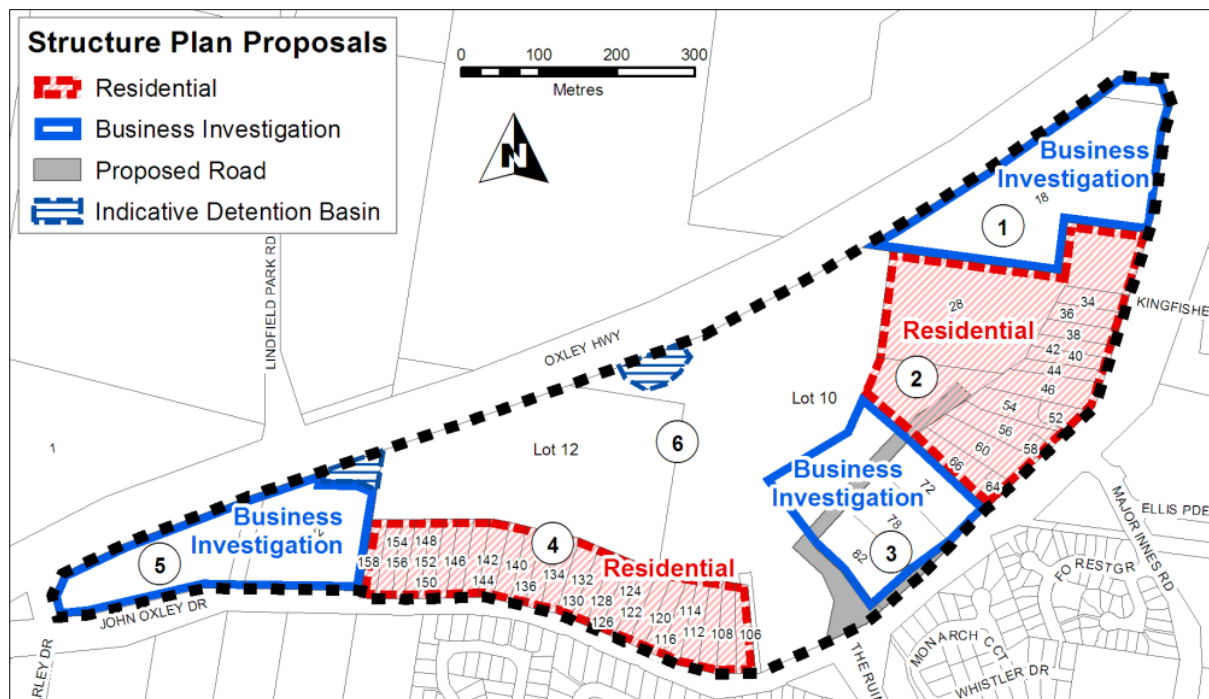


Figure 8: John Oxley Drive Structure Plan. Source: PMHC John Oxley Drive Precinct Structure Plan, 2012, pg 29

Figure 8 identifies three potential locations labelled Business Investigation (i.e. for bulky goods or other appropriate commercial development). Lot 12 and Part Lot 10 are identified as residue area (i.e. no development proposed) within the precinct due to the constrained nature of the sites, particularly in relation to flooding and environmental conservation.

6. Site Suitability and Analysis

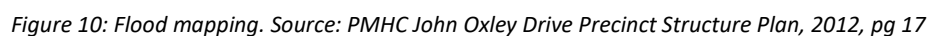
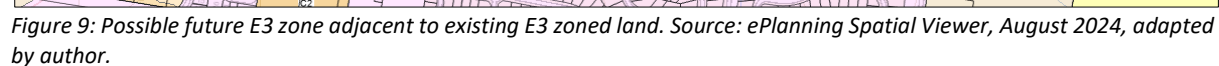
With regard to the literature review site suitability for future E3 zoned land is established based on the following criteria:

- Demand is expected to be west of Port Macquarie.
- Trends in Out-of-Centre retailing.
- Future supply (up to 5ha) adjacent to locations already zoned B5 (E3).

The proposed site is generally considered to meet the criteria for future supply of E3 zoned land. It is noted that the land is west of Port Macquarie and meets the trend of Out-of-Centre retailing. The benefit to out-of-centre retailing, such as warehousing, trailer exchange parking or repair facilities is likely to result in a reduction of heavy vehicles requiring access to commercial core. The redirection of heavy vehicles away from the commercial core is likely to result in a reduction in traffic conflict.

The requirement to be adjacent to already existing B5/E3 zone is not met. However, the site is strategically located to gain efficient access to both Oxley and Pacific Highways. Consideration has been given to the existing E3 zoned sites and whether further expansion of the Productivity Support centres is viable. All of the identified E3 zoned areas, other than the Bunnings site are unable to be expanded due to existing development, being adjacent to environmental conservation land or being zoned for Mixed Use development.

The land adjacent to Bunnings, shown in the Figure 9, measures approximately 11ha in area. However, this site is significantly constrained in relation to flooding, as shown in Figure 10, and is located approximately 5km from the Pacific Highway. In accordance with the John Oxley Drive Precinct Structure Plan, the site has the potential to deliver approximately 3ha of future E3 zoned land, however it remains that these zones would not be located adjacent to existing E3 zoned as recommended by the GHD Report. It is noted that the additional 3ha of available land proposed under the John Oxley Drive Precinct structure plan could be considered for future delivery, however leaves a shortfall of 2ha.



The Draft Structure Plan – Fernbank and Sancrox Villages identifies a site north of the subject Site for future industrial land investigation. This site is constrained by existing vegetation and does not have direct access to Pacific or Oxley Highways. The area measures approximately 38ha. As detailed in the GHD Review, Port Macquarie-Hastings LGA has a sufficient supply of E4 zoned land, as such the rezoning of this land to E3 would result in an oversupply of E3 zoned land above the ‘up to 5ha’ identified in the GHD Review. Furthermore, this site is also not adjacent to existing E3 zoned land.

To this extent, review of potential future E3 zone land adjacent to existing E3 zoned land cannot be established across the LGA.

Consideration of consumer trends is required to further establish suitability. The HillPDA (2015) and GHD (2021) Reviews identified the growing demand for warehousing to accommodate for the increase in online consumer purchases. The intent of the Planning Proposal is to establish an appropriate zone to provide compatible uses to the approved Highway Service Centre on the balance of the land. The intended future use is for warehousing. Considering the out-of-centre location, along with access to regional freight routes, the Site is suitable to meet the future consumer trends and delivery of E3 zoned land to assist in meeting the future supply demands. Other sites analysed do not have the same accessibility to freight routes to provide efficient movement of goods.

7. Conclusion

This Economic Analysis has demonstrated that while there may be very small pockets of land that could be expanded to create further E3 zone land to meet the expected demand, it was unlikely to accommodate 5 hectares as identified in the GHD report. As a result, further areas away from the existing E3 zoned land would be required, and these sites should respond to the mega trends identified in the report which are driving the increase demand for E3 zoned land.

The reasons for lack of ability to increase the supply of E3 zoned land include;

- Adjacent development that would restrict further zoning of land and would provide no opportunity to meet the future demand
- Environmental constraints, such as access, biodiversity and potentially flooding
- Changing the mix of centres by increasing the E3 zoned land and therefore decreasing the mix of residential and MU1, for example at Thrumster, which would fundamentally change the mix of land uses carefully considered for the centre to function appropriately.

The proposal to rezone part of Lot 1 DP1261690 creates 2.14ha of developable E3 zoned land will work towards meeting the future demands past 2026 for Port Macquarie and Thrumster. It is important to note that this land will not meet all of the demand identified in the GHD report, and the balance of approximately a further 3ha can be provided within the John Oxley Drive Precinct Structure

Plan to provide the required LGA wide 5ha of E3 zone land required to meet the future demands and consumer megatrends.

No detrimental effect to the existing retail centres is expected due to the unique location of the site and the existing approved highway service centre.