POTENTIAL ECONOMIC LAND USE OPPORTUNITIES AT MANCHESTER ROAD, AUBURN

FINAL REPORT
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Prepared for
PAYCE

Independent insight.

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1. INTRODUCTION

1.1 Introduction

SGS Economics and Planning has been engaged by PAYCE to advise on preferred employment uses for part of the site in Manchester Road, Auburn in the Clyburn industrial precinct adjacent to the Duck River. The site is currently zoned IN1 and is home to a Bluescope Steel warehousing operation and a large warehouse storing furniture. Approximately half of the site is currently vacant.

Land immediately to the north and north-west of the site is owned by NSW State Rail / Sydney Trains and hosts rail operational and related activities. A new five storey purpose built logistics and operation centre/office building has been developed in this area, again to host rail employees and operational activities.

PAYCE is proposing to redevelop the site with significant employment, residential and related retail floorspace. For this report SGS has been asked to provide advice on employment uses that could be accommodated on the site, along with residential redevelopment.

1.2 Method

SGS has utilised a high-level demand analysis to understand the future land use requirement for industrial-type land uses in the Cumberland LGA. This then considers the role that PAYCE's Manchester Road site can play in the provision of future of industrial and urban services land.

This has been undertaken utilising the following method:

- Calculated the net growth in industrial jobs in the Cumberland LGA[1] out to 2036 using the TfNSW Transport Performance Analytics (TPA) Land Use 16 small area land use projections. This has been done using two definitions:
    - **'Industrial'** jobs, as defined by the Greater Sydney Commission in their compartmentalising of industry types in the Draft District Plans;
    - '**Urban Services'** jobs as defined by SGS in other reports on that particular industry mix characterisation[2]. Urban Services jobs captures some industrial and non-industrial jobs and is therefore not a sub-set of the Industrial classification used above.
- Converted these jobs to floorspace. This has been done using data collected for SGS industrial and audits undertaken over a number of years across Sydney. This two-step process involves:
    - Converting jobs by ANZSIC categories (as collected by ABS and used in employment forecasting) to SGS's Broad Land-use Categories (BLCs). These better reflect the physical representation of jobs from a land-use and built form perspective.
    - Converted Jobs x BLC to floorspace x BLC, using observed jobs to floorspace ratios derived from land use audits. This provides a clearer sense of how much land these forecast jobs will take up in the LGA.

[1] As AEC provide no supply and demand information in their industrial land use strategy, SGS has assumed that the LGA's industrial supply is balanced with demand (that is, there is enough supply to meet current needs. AEC's draft Employment and Innovation Lands Strategy (2017) indicates that the Clyburn precinct has approximately 10% vacancy. SGS has therefore only assessed demand for employment net growth between 2016 and 2036.

[2] This is a mix that is defined by industries that, collectively, allow the city to operate.

- Compared the total projected floorspace demand (between 2016-2036) by both the 'Urban Services' and broader 'Industrial' classifications with the approximately 30,000sqm of industrial floorspace that the Manchester Road site is expected to provide.
- Reviewed the 2015 and 2017 AEC Employment Land Studies and any relevant economic development strategies, to understand which industries have been recommended for use in the Clyburn Precinct
- Undertaken a qualitative Multi-criteria analysis (MCA) of the multiple industry options to ascertain those most suited to the Manchester Road site. This then informs the type of built form most likely to appeal to these uses where demand is identified.
- Considered the appropriate built form to accommodate this industry demand.

2. DEMAND ANALYSIS

This chapter analyses the demand for employment uses across the Cumberland LGA and considers the role that the Manchester Road site can play in supporting this growth through the realisation of the precinct's latent floorspace potential.

2.1 Cumberland LGA employment growth 2016-2036

Employment growth in the Cumberland LGA between 2016 and 2036 is expected to grow from 80,300 to 101,450 across all industries (26%). Industrial-specific jobs are expected to grow by 11% to 33,150 while Urban Services[3] are expected to grow by 17% to 26,476. (Table 1).

TABLE 1: EMPLOYMENT GROWTH IN CUMBERLAND LGA – 2016-2036

Employment type	Jobs 2016	Jobs 2036	Jobs Change	% change (16-36)
All jobs	80,285	101,454	21,169	26%
Industrial*	30,000	33,167	3,167	11%
Urban Services	22,703	26,476	3,773	17%

Source: TfNSW TPA, 2016, SGS industry categorisation, 2017

*Industrial jobs include some Urban Service jobs

The relative strength of Urban Services over the broader industrial category is reflective of it having some retail functions and therefore more closely linked to population growth. However, it also provides an opportunity to accommodate a cluster of industries that are needed to support local population and businesses.

2.2 Manchester Road employment growth 2016-2036

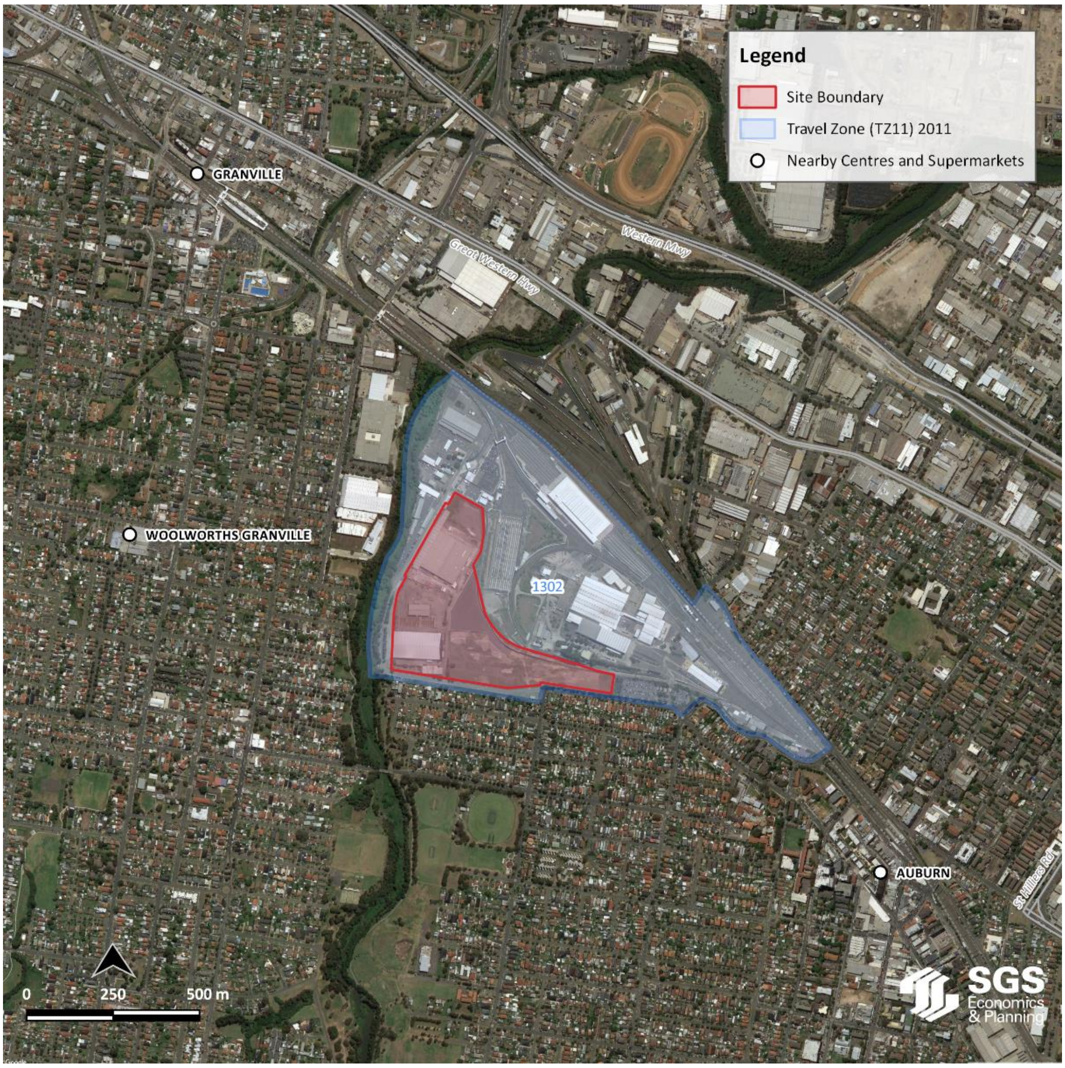
In the specific travel zone that the study site is in, employment too is projected to grow. The travel zone is indicated in Figure 1 and shows that other employment areas to the east of the study site are also included in these projections. Table 2 articulates the employment profile of the travel zone.

It must be noted that employment projections are not available below the travel zone level. The data in Table 2 includes all jobs in the precinct, inclusive of the ongoing rail operations to the north-east of the precinct. These are the facilities that are outside of the Study site (marked red) and constitute the vast majority of the precinct's employment.

There are likely to be very few jobs on the site by 2020 when the current lease to Bluescope expires (Bluescope currently employs approximately 50 people). Bluescope have expressed to the landowners their desire to leave prior to the end of this lease term.

[3] Urban Services have been formally defined in Appendix 1.

FIGURE 1: TZ 1302 (INC. MANCHESTER ROAD SITE) LOCATION



Source: SGS, 2017

TABLE 2: EMPLOYMENT GROWTH IN TZ1302 (INC. MANCHESTER ROAD SITE – 2016-2036

Employment type	Jobs 2016	Jobs 2036	Jobs Change	% change (16-36)
All jobs	1,352	1,683	331	25%
Industrial*	933	1,090	157	17%
Urban Services	263	315	53	20%

Source: TfNSW TPA, 2016, SGS industry categorisation, 2017

*Industrial jobs include some Urban Service jobs

While there are an estimated 933 jobs in the travel zone currently, only around 50 of these are within the study site itself.

2.3 Jobs to floorspace conversion

To convert jobs by ANZSIC to floorspace projections, they must first be converted to SGS's Broad Land-use categories[4] (BLCs). These BLCs have been developed by SGS over a number of years to reflect how jobs look on the ground from a built form and floorspace perspective.

The amount of floorspace a job takes up depends on its operations. An office job, for instance, would take up less than a job in a warehouse due to the amount of space needed for a warehouse operation and the relatively low job density that such a job requires.

SGS's BLCs are outlined in Appendix 2 and the jobs to floorspace ratios used in this conversion process, are identified in Table 3.

TABLE 3 IDENTIFIED ANZSIC JOB TO FLOORSPACE RATIOS (2 AND 4-DIGIT) FOR URBAN SERVICES

Industry category	Identified jobs to floorspace ratio (sqm)
Printing (including the Reproduction of Recorded Media)	66
Electricity Supply	94
Gas Supply	94
Water Supply, Sewerage and Drainage Services	89
Waste Collection, Treatment and Disposal Services	91
Building Construction	9
Heavy and Civil Engineering Construction	9
Construction Services	19
Basic Material Wholesaling	92
Motor Vehicle and Motor Vehicle Parts Retailing	48
Hardware, Building and Garden Supplies Retailing, nfd	47
Hardware and Building Supplies Retailing	47
Garden Supplies Retailing	47
Road Transport	93
Postal and Courier Pick-up and Delivery Services	94
Transport Support Services	94
Warehousing and Storage Services	96
Rental and Hiring Services (except Real Estate)	54
Building Cleaning, Pest Control and Other Support Services	41
Average	**64**
Average (excluding construction jobs)	**73**

Source: SGS land audit data

Across both the industrial and urban services industry categorisations, there is an average job to floorspace ratio range between 64sqm and 73sqm per job[5].

[4] BLCs are defined in Appendix 2.

[5] The application of an average to these ratios does dilute the variance within the urban services industry grouping. It does, however provide a means of estimating how much capacity such a precinct may have for jobs, considering that these precincts will be a mix of storage, production and office floorspace. Depending on the final mix of uses, there is potential that this could provide a slightly more intense employment density.

2.4 Cumberland LGA projected floorspace demand

When floorspace to job ratios are applied to the employment projections, over 1million sqm of additional employment floorspace is projected to be required in the Cumberland LGA over the next 20 years (Table 4). As previously noted, this method does not factor in current vacancies[6] or floorspace inefficiencies but reflects the net increase in jobs assuming that the current industrial employment floorspace in the LGA is in optimally utilised.[7]

TABLE 4: EMPLOYMENT FLOORSPACE (SQM) GROWTH IN CUMBERLAND LGA – 2016-2036

Employment type	Floorspace (sqm) 2016	Floorspace (sqm) 2036	Floorspace (sqm) Change	% change (16-36)
All jobs	5,334,759	6,512,118	1,177,359	22%
Industrial*	2,816,623	3,114,188	297,565	11%
Urban Services	1,241,525	1,344,360	102,835	8%

Source: TfNSW TPA, 2016, SGS BLCs, 2017

*Industrial jobs include some Urban Service jobs

The Manchester Road site is unlikely to attract much of this and is generally unsuited to the office or retail floorspace that makes up a significant proportion of this 1million sqm projected demand. Most of these jobs will seek a major centre location such as Parramatta in the nearby LGA or even smaller local centres such as Auburn and Granville.

The Clyburn precinct's unsuitability for significant office and retail is driven by:

- Pre-existing commercial centres such as Parramatta and Sydney Olympic Park (and to a lesser extent, Auburn and Granville) being closer to mass public transport options and already having a critical mass of commercial and supporting businesses
- The need to respect existing retail and commercial centre hierarchies. Both uses benefit from clustering and Clyburn is close to a number of pre-existing centres

What the Manchester Road site can accommodate, however, is some of the demand in Urban Services or Industrial land uses.

2.5 The Manchester Road project case

The site's fourteen hectares currently provides approximately 50 jobs[8] across 28,090sqm of floorspace.

Under the proposed project case, the proposed 30,000 to 40,000sqm of industrial or urban services floorspace would accommodate a range of approximately 411-469 jobs, using an average floorspace to jobs ratio range of 64sqm-73sqm per job (as identified in Section 2.3) (Table 5).

TABLE 5: EMPLOYMENT FLOORSPACE (SQM) GROWTH IN CUMBERLAND LGA – 2016-2036

Current floorspace (sqm)	Current jobs	Proposed floorspace (sqm)	Ave. floorspace: jobs ratio (sqm)	Estimated jobs (project case)	%age change in jobs (project case vs base case)
28,090	50	30,000 - 40,000	64 - 73	413 - 630	726% - 1,000%

[6] The 2017 Draft AEC report does indicative relatively high vacancies on across the Clyburn precinct (~10%) (p26) and lower vacancies in the LGA's other industrial precincts. In practice, some of this additional demand would be absorbed here first which would reduce the total amount of additional floorspace required.

[7] To fully comprehend the supply-demand gap, a detailed LGA-wide audit would need to be undertaken of all employment lands. The AEC reports do not undertake this study. Therefore, SGS has had to assume that the system is in balance for the purposes of calculating future need.

[8] With no site-specific data, this has come via PAYCE and other consultants who have been in discussions with current tenants on site.

The project case would therefore deliver an increase of between 726% and 1,000% in industrial or urban services jobs, compared to the current on-site situation, depending on the final usage mix, with an on-site floorspace increase of between 7% and 42%.

2.6 Accommodating LGA-wide demand at Manchester Road

The proposed inclusion of between 30,000-40,000sqm of industrial or urban services floorspace (at an average FSR of between 0.75:1 and 1:1) to the northern end of the precinct is significant in the context of the Cumberland LGA's future growth. The site alone could accommodate between 29% and 39% of the LGA's future Urban Services requirements or between 10%-13% of the industrial demand (Table 6).

TABLE 6: COMPARISON OF MANCHESTER ROAD PROPOSAL AGAINST FUTURE CUMBERLAND LGA DEMAND

	Future floorspace demand (sqm)	Manchester Road proportion of total demand @ 30,000sqm	Manchester Road proportion of total demand @ 40,000sqm
Urban services floorspace demand (2016-36)	102,835	29%	39%
Industrial floorspace demand (2016-36)	297,565	10%	13%

Source: SGS, Payce, 2017

Redevelopment of the site to include a significant amount of industrial or urban services floorspace will therefore not only increase the industrial job density on site, it will also play a significant role in meeting future demand across the LGA, while also slightly increasing the floorspace provision on-site.

2.7 The need for mixed-use development

To realise this industrial floorspace intensification potential, in the case of Manchester Road, there needs to be a 'feasibility lever' to deliver it. While the site is fourteen hectares in size, a significant portion of this has never been developed and sat vacant for a significant period of time. It therefore is only industrial in theory, with the realisation of this zoning manifesting in the current 28,090sqm of sheds and steel works and the related 50 (approximately) jobs.

The undeveloped portion of the land is faced with several challenges that a strategic, LGA-wide report such as the 2015 and 2017 AEC reports necessarily aren't able to consider on a site-by-site basis:

- The feasibility of delivering new industrial land on undeveloped sites is likely to be marginal. Revenues from traditionally lower value uses (from a lease revenue perspective) are unlikely to cover the site acquisition and development costs in a central location. This would deliver a negative Residual Land Value (RLV) and therefore not be attractive for investment in the short-medium term. [9] It also has the benefit of bringing forward the delivery of this floorspace as it would be delivered as part of a residential development.
- The land-use conflict with existing residential development along the southern boundary of Manchester Road
- The poor vehicular accessibility along local roads and access to major motorways
- There is strong competition from newer industrial precincts in Western Sydney Priority Growth Area (such as Eastern Creek and Erskine Park) that provide this scale

[9] SGS has undertaken previous feasibility threshold analysis for other inner-city councils in Sydney to test the land-use mix required to increase industrial floorspace in existing precincts. This found that the delivery of industrial alone would not be commercially viable. Only when residential was introduced as a higher-value land use did the feasibility equation provide a positive RLV.

of site with stronger multi-modal freight links, lower per sqm land costs and minimal land use conflict

The inclusion of residential and associated community and retail uses provides the feasibility lever to deliver 30,000-40,000sqm of industrial or urban services floorspace with the possibility of some associated office floorspace in the vein of industrial strata units with incorporated office functions. Without this, it is unlikely that the demand for unbuilt floorspace of that scale will drive industrial-only development, particularly in the short to medium term. In this circumstance, the precinct will therefore continue to under-perform from an industrial effectiveness perspective.

2.8 Demand-driven industry mix

Expanding on the employment projections for the Cumberland LGA provides an opportunity to identify where demand is greatest for particular industries that would operate effectively in the Manchester Road site. Table 7 identifies this growth by 2-digit (and 4-digit in some instances) ANZSIC category under the Urban Services definition.

TABLE 7: URBAN SERVICES-DEFINED PROJECTED FLOORSPACE GROWTH – 2016-36 (SQM)

Industry classification	ANZSIC code	Net floorspace increase 2016-36 (sqm)
Rental and Hiring Services (except Real Estate)	66	7,016
Building Cleaning, Pest Control and Other Support Services	73	15,718
Hardware, Building and Garden Supplies Retailing, nfd	4230	-
Hardware and Building Supplies Retailing	4231	9,799
Garden Supplies Retailing	4232	221
Motor Vehicle and Motor Vehicle Parts Retailing	39	9,630
Repair and Maintenance	94	21,721
Printing (including the Reproduction of Recorded Media)	16	21,022
Electricity Supply	26	2,873
Gas Supply	27	766
Water Supply, Sewerage and Drainage Services	28	2,431
Waste Collection, Treatment and Disposal Services	29	7,781
Basic Material Wholesaling	33	7,159
Road Transport	46	(10,030)
Postal and Courier Pick-up and Delivery Services	51	(17,589)
Transport Support Services	52	(5,580)
Warehousing and Storage Services	53	(2,590)
Building Construction	30	5,499
Heavy and Civil Engineering Construction	31	2,131
Construction Services	32	24,855

Source: TfNSW TPA projections, using TfNSW Journey to Work data to apportion growth by 2 and 4-digit ANZSIC categories

This analysis indicates that there are a number of industries that are projected to grow in terms of floorspace demand over the next twenty years, many of which may be suited to the Manchester Road site. These are compared and refined in Section 2.10.

2.9 Policy-driven industry mix

Distinct from a simple analysis of industry growth over the next 20 years, Council (both the recently-amalgamated Cumberland City Council and the previous Auburn City Council) have identified possible future uses for key sites across their jurisdiction.

A review of the adopted 2015 Auburn Employment Lands Strategy and the Draft 2017 Cumberland City Industrial Land Strategy (both completed by AEC) indicates that the following industries may be most appropriate for the Manchester Road site, or to be targeted as part of Cumberland's over-arching strategy for employment growth.

2015 Auburn Employment Lands Strategy

This strategy highlights the following industries may be appropriate for the Clyde precinct:

- Warehousing and distribution centres
- Hardware and building supplies
- Landscaping material supplies
- Other similar uses.

The ELS suggested a B5 (Business Development) zoning for Precinct 9 – the Clyde Precinct.

It is noted that while the employment projections identified in Section 2.8 align with the proposal to include hardware and building (and to a lesser extent landscaping supplies), the provision of warehousing as suggested in the 2015 strategy does not align with projected demand. Warehousing and Storage Services demand is projected to decline over the next 20 years.

2017 Draft Employment and Innovation Lands Strategy

The current draft strategy, prepared for the recently-formed Cumberland Council, identifies the following potential uses for the LGA as a whole:

- Advanced Manufacturing,
- Food and Beverage Manufacturing,
- Digital Technologies and Media,
- Advanced Knowledge Services,
- Creative Industries,
- Fashion,
- Allied Health, and
- Freight and Logistics.

Many of these rely on agglomeration opportunities to operate effectively (such as Digital technologies, advanced knowledge services and creative industries) and would likely be drawn to the LGA's centres rather than the Clyburn Precinct.

The report does identify the following specific uses for the Clyburn Precinct:

- Manufacturing
- Maintenance
- Rail maintenance
- Waste management
- Recycling
- Wholesale, and
- Logistics.

It does not specify what type of manufacturing or logistics, although it is noted that Manufacturing jobs are expected to grow in the LGA over the next twenty years.

More detailed summaries of these, and other relevant reports are contained in Appendix 3.

2.10 Recommended industry mix

Factoring in both strategic and demand-driven industries, it is important to consider the appropriateness of the site conditions to refine the mix of industries that should operate on-site. This is done through a qualitative Multi-criteria Analysis (MCA) review of the positive or negative impact that certain locational criteria will have on these uses (Table 8).

Each criterion is related to the site context. Where there is a requirement for the criteria by that industry, it is given a tick. Where that criterion does exist, it is given a positive score (+1). Where that criterion is not prevalent, it is given a negative score (-1). These scores are aggregated to identify which industries meet most criteria and should be given the most attention for the industry mix on-site.

TABLE 8: QUALITATIVE (UNWEIGHTED) MULTI-CRITERIA ANALYSIS OF INDUSTRY OPTIONS FOR THE MANCHESTER ROAD SITE

	Land-use compatibility with residential	Land use compatibility with rail operations	Heavy vehicle accessibility	Freight/motorway network access	Identified future demand	Identified strategic merit	Score
⇓ Industry Score ⇒	+1	+1	-1	-1	+1	+1	Σ
Rental and Hiring Services (except Real Estate)	✓	✓			✓	✓	4
Building Cleaning, Pest Control and Other Support Services	✓	✓		✓	✓	✓	3
Hardware and Building Supplies Retailing		✓	✓	✓	✓	✓	1
Motor Vehicle and Motor Vehicle Parts Retailing	✓	✓	✓	✓	✓		1
Repair and Maintenance	✓	✓			✓		3
Printing (including the Reproduction of Recorded Media)	✓	✓		✓	✓		2
Waste Collection, Treatment and Disposal Services		✓	✓	✓	✓	✓	1
Basic Material Wholesaling	✓	✓	✓	✓	✓	✓	2
Building Construction				✓	✓		0
Construction Services		✓	✓	✓	✓		0
Manufacturing		✓	✓	✓	✓	✓	1
Logistics		✓	✓	✓		✓	0

Based on this assessment, PAYCE should consider targeting industries that have a positive score, particularly:

- Rental and Hiring Services
- Building cleaning, pest control and other support services
- Repair and maintenance
- Printing
- Basic material wholesaling

These industries are largely compatible with both residential development and could support or be compatible with adjacent rail-focused operations.

2.11 Built form

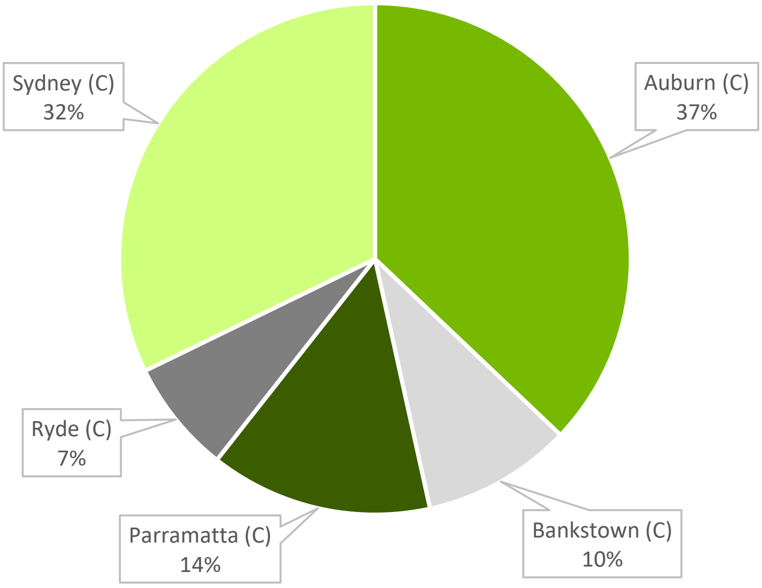
From a built-form perspective, this would likely come in the form of a mix of smaller-scale industrial strata development and larger-site uses and structures with high ceilings, loading dock access, parking provision and a supply of hard-stand. with that do not create significant noise, but are important urban service functions. The form that this would take is discussed further in Chapter 3.

2.12 Employment self-containment

A review of 2011 Census data for the former Auburn LGA indicates that the area has a relatively self-contained labour force for a central-city LGA. Employment self-containment refers to how many people who live in an area work within that area. That report indicated that: When (the now former) neighbouring LGAs of Parramatta and Bankstown are considered, over 60% of residents work in the wider area.

This is reflected in the following figure[10].

FIGURE 2: TOP PLACE OF WORK (BY LGA) FOR AUBURN RESIDENTS (2011)



Source: ABS Census, 2011 and SGS Economics and Planning, 2017

Further analysis of 2011 census data from the former Auburn LGA indicates that Labourers and trades workers make up approximately 27% of the occupations of Auburn residents. This is an indication that retention of industrial or urban services jobs on the Manchester Road site will play a role in ongoing local employment.

[10] This is based on previous LGA boundary definitions as it draws from 2011 census data

3. PRECEDENTS

This chapter identifies the likely form that the uses identified in Chapter 2 would seek from an industrial precinct, through precedent studies.

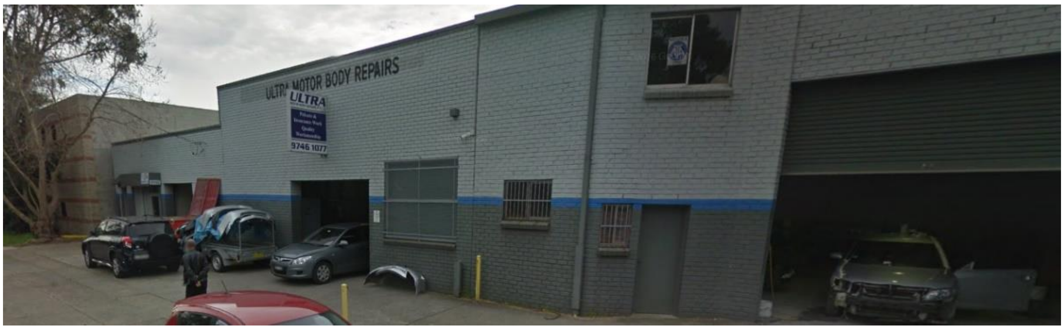
3.1 Underwood Road, Homebush

This precinct is attractively presented, has a low noise and environmental impact on surrounding land uses, but successfully transitions with a tree-lined buffer to residential development immediately to the south. It is opposite a park. Surrounding streets are not major arterial roads though access to or from the north avoids residential frontages.

This type of industrial-strata development with office development is appropriate to its context given that trucks are not suited to residential streets and the proximity to residential rules out significant, higher impact manufacturing.

Key tenants include Hahn's Food (food processing) and Ausgrid (utilities).

3.2 Arthur Street, Homebush West



On the other side of Homebush, wedged up against two railway lines, this precinct has access to a major arterial road. The precinct has an industrial presence, including service industry as well as significant tech-IT.

Key tenants include the headquarters of Harvey Norman, Ben-Q and Axiflow.

3.3 Centenary Ave, Moorebank

Industrial in character, this precinct is similar to Clyburn today due to its relatively poor amenity and larger lots. Unlike Clyburn it has good motorway access on three sides and for this reason is unlikely to transition to a mixed business and enterprise area as anticipated for the Manchester Road precinct.

Clyburn is moving away from this distribution centre/wholesaling type model towards smaller sheds.

Major tenants (which all consume large lots) include Abbey Timber and Evolution Traffic Control Depot.

3.4 Herbert Street, Artarmon

Herbert Street in Artarmon is an industrial precinct with a diversity of employment and significant IT, Engineering, service industry businesses. This mix and its intensity reflects its location close to Central Sydney. Surveys of businesses indicate this precinct has the highest per sqm rents of any industrial precinct in Sydney. It is unlikely that Manchester Road would replicate this intensity of activity, however some elements could be adopted.

Major tenants include Stryker, SBS, NRMA as well as major auto sales and rental companies in the North Shore.

3.5 Wurrook Circuit, Carringbah

The Caringbah precinct contains a relatively new industrial estate which combines office and industrial floorspace in the same footprint. Major clients include Shimano, 123inkjets printing and Palladium.

This is a reasonable example for Clyburn.

3.6 49 Carrington Road, Marrickville

This service industry development, amongst a mixed enterprise and industrial area, is perhaps the closest to what might be replicated on a larger scale at Manchester Road. It is a relatively traditional two storey format with warehousing and storage, or space for machinery, on the ground floor and ancillary office above.

It does not depend on heavy truck access and has a low impact on neighbouring areas and precincts but hosts a variety of activities and tenants including small scale food manufacturing businesses such as Leftfield Coffee Roasters and Posh Foods and a meat wholesaler, One Humble Sausage.

4. CONCLUSIONS

The future role of Manchester Road

The Cumberland LGA is expected to experience employment growth over the next twenty years. This growth is distributed across a wide variety of industries including for example, significant additional employment in retail, professional and health sectors which will be accommodated in centres and health precincts.

Manchester Road is well placed to support the growth in the Cumberland LGA's future industrial and urban service demand that are less likely to seek a local or strategic centre location.

The site is of sufficient scale to accommodate multiple uses and meet a range of social, economic and environmental objectives. These include the delivery of between 30,000-40,000sqm of industrial or urban services land, as well as a number of new homes and improved public amenity within walking distance of train stations.

The site's significant floorspace potential is, however, as yet not fully realised. To realise it, there needs to be a financial driver. Industrial use alone is unlikely to deliver floorspace due to the feasibility equation that revenues against capital expenditure and land acquisition present. As such, residential is needed to unlock this floorspace potential due to its higher-value market offer.

If this is done, the delivery of between 30,000 and 40,000 sqm of industrial or urban services floorspace could deliver between 413 and 630 industrial jobs on a site currently providing 50. This floorspace could support between 11-17% of future urban service jobs or 13%-20% of more general industrial jobs projected in the Cumberland LGA over the next 20 years.

This delivery, however, is contingent upon that land's optimal industrial job density being realised. This can only occur with residential development providing a sufficient feasibility lever to deliver this floorspace.

What it could look like

The Manchester road site can meet the growth in industrial or urban services-specific industries projected to grow in the Cumberland LGA over the next twenty years. Of the industries projected to grow most that are suited to the site's location, most of these would be suited to a low to medium-scale industrial strata precinct, as identified in the various precedents illustrated in Chapter 3.

The PAYCE site at Manchester Road isn't well suited to significant and large scale industrial or freight and logistics activities which require close or direct motorway access and often larger sites, but it can play a productive and important role in accommodating mixed enterprise and service industry activities.

Given the above analysis and the particular geographic and local market context, employment uses most suited to the employment precinct at Manchester Road include:

- Low impact niche manufacturing activities in for example, food, apparel and small-scale furniture
- Wholesaling activities in, for example, food and groceries and imported goods and materials
- Service industries including small-scale, local distribution centres, repairs, laundries, domestic and professional storage
- Local light industrial businesses

In addition, because of its proximity to the intensifying rail operations on the state-owned rail land to the north, a nexus and connection to these activities should be anticipated and not precluded.

The transition to the residential area to the south might include 'live-work' and incubator spaces. These can provide enterprise and economic pathways for the local labour force including immigrant communities. Co-work spaces and incubator facilities in good amenity settings are desirable.

Whilst they are all options that PAYCE can consider, it is recommended that the smaller lot or small suite format in Wurrook Circuit and the traditional format at 49 Carrington Road, Marrickville (see aerial photo in figure 2) are representative of what might be replicated at Manchester Road.

This type of industrial product is suited to a range of uses and does not require the targeting of specific industries. They also provide the opportunity for businesses aligned with the adjacent rail yards to operate, dependant on their primary role and function. These types of precincts are scattered throughout residential areas in Sydney and, given that they do not tend to attract heavy manufacturing uses due to their floorplate sizes, can comfortably co-exist with other uses including residential.

Conclusion

The Manchester Road site provides an opportunity to realise the employment potential of the precinct, by increasing the intensification of urban services or industrial jobs on it through the delivery of a mixed-use development. This supports the accommodation of future industrial and urban services employment and floorspace demand in the LGA through facilities that provide both industrial and associated office floorspace for business operations. It also supports Cumberland's desire to meet wider social objectives such as the provision of new homes, improvement to public amenity and providing opportunities for jobs that align with the skills of many residents of the Cumberland LGA.

The undertaking of an LGA-wide Employment Lands Study is necessarily high level. SGS acknowledges that the need to consider all precincts in light of local and regional strategy makes the interrogation of site-specific opportunities difficult.

Additionally, the scope of such a study does not consider other, non-employment objectives such as housing and social infrastructure delivery.

This report demonstrates that the Manchester Road site can play an important role in the future of the LGA's employment and innovation strategy while simultaneously supporting a wider range of local and regional objectives around liveability and environmental sustainability. To realise this potential, and to deliver a precinct that is in line with local and regional aspirations, a mixed-use approach as proposed by PAYCE is required so that the appropriate employment floorspace is provided to the north of the site. Without it, the site risks under-performing in its role as important employment land and under-utilising its locational assets.

APPENDIX 1 – URBAN SERVICES

SGS has defined Urban Services as the following mix of industries.

TABLE 9: URBAN SERVICES – ANZSIC INDUSTRY CLASSIFICATION

ANZSIC Code	ANZSIC Code description
66	Rental and Hiring Services (except Real Estate)
73	Building Cleaning, Pest Control and Other Support Services
42	Other Store Based Retailing (restricted to the following 4 digit codes)
4230	*Hardware, Building and Garden Supplies Retailing, nfd*
4231	*Hardware and Building Supplies Retailing*
4232	*Garden Supplies Retailing*
39	Motor Vehicle and Motor Vehicle Parts Retailing
94	Repair and Maintenance
16	Printing (including the Reproduction of Recorded Media)
26	Electricity Supply
27	Gas Supply
28	Water Supply, Sewerage and Drainage Services
29	Waste Collection, Treatment and Disposal Services
33	Basic Material Wholesaling
46	Road Transport
51	Postal and Courier Pick-up and Delivery Services
52	Transport Support Services
53	Warehousing and Storage Services
30	Building Construction
31	Heavy and Civil Engineering Construction
32	Construction Services

Source: SGS, ABS 2011

APPENDIX 2 – BROAD LAND-USE CATEGORIES

SGS has developed Broad Land-use Categories through our extensive land use audit process. These are defined in the table below.

TABLE 10: SGS BROAD LAND-USE CATEGORIES

BLC Description
Agriculture and Mining
Accommodation Short Term
Business Park
Dispersed
Freight and Logistics
Local Light
Manufacturing Heavy
Manufacturing Light
Office
Other
Retail Big-box
Retail Bulky Goods
Retail Main street
Special
Urban Services

APPENDIX 3 – POLICY REVIEW

4.2 AEC Employment Lands Strategy 2015

Introduction and Objectives of the report

The *Auburn Employment Lands Strategy* report was prepared by AEC for the former Auburn City Council and adopted by Council in December 2015. The Strategy was commissioned to allow the Council to plan for future employment growth in the LGA, particularly on land covered by industrial or business zones. The Council wanted to gain a clear understanding of the micro and macro-economic influences on employment growth in the LGA, to be able to manage competition for different land uses on existing employment lands.

Contents of the report

The study area for the report included as series of employment precincts within the LGA, categorised as either industrial or business zoned areas. For each precinct, the report considered factors including whether existing planning controls were appropriate, sustainable, and likely to accommodate future business, industry and community needs.

The development of the Strategy included:

- Review of State and local planning policies and findings and recommendations of the previous employment lands study,
- Auditing existing land uses across centres/clusters, noting the strengths and weaknesses of each,
- Analysis of population and employment profiles using ABS Census data BTS data,
- Property market assessment to determine the performance and role of different employment clusters, to understand market desirability and patterns of supply and demand,
- Analysis of macro-economic trends influencing the future of employment lands,
- Engagement with business/major landowners to identify issues and future expectations,
- Projection of future employment growth, and retail demand to determine future floorspace demand and need,
- Assessment of the capacity of employment lands to accommodate growth, and
- Identification of principles and recommendations for Council's planning framework to facilitate and accommodate employment growth.

The Strategy's analysis of the likely future demand for different industries in the LGA was largely based on ABS data. Demand for additional floorspace by industry across the LGA was projected to 2031, to allow for alignment with other local and State planning strategies and policies.

Overall, the report suggests that the existing drivers of demand in the LGA were:

- Exports – with demand coming from outside the LGA for industrial activities (e.g. mining, manufacturing, electricity, gas, water, waste services, wholesale trade, transport and postal and warehousing).
- Local businesses – where most commercial style activities (e.g. professional services, real estate, etc.) are reliant on local business to generate demand for their services (except for financial and insurance sector).
- Household consumption – a key driver for retail, accommodation and food services, and to some extent, education and training, health care and social assistance, and arts and recreation.

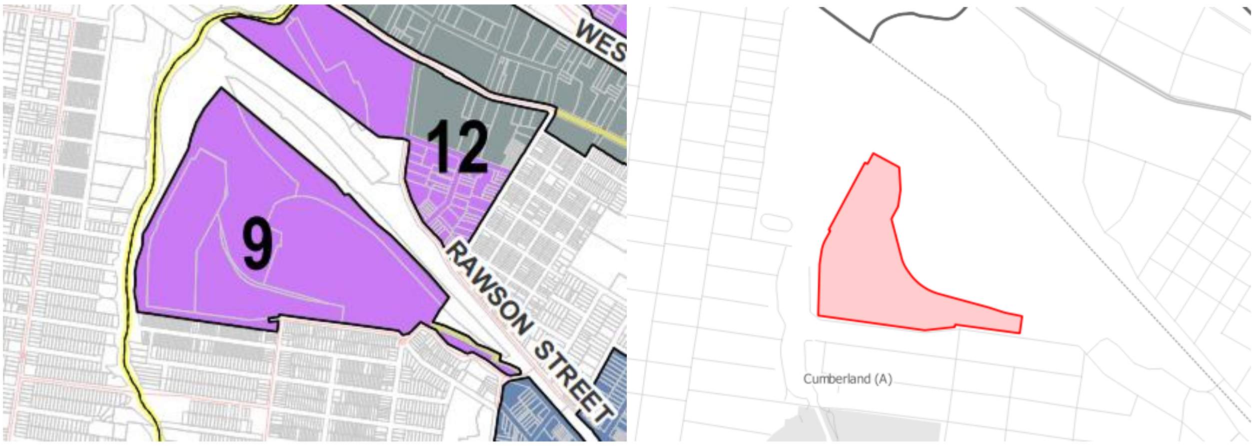
- Government expenditure – a key driver for most public services, with the needs of the local population underlying the demand from government spending.

The report suggests that for the whole LGA, the majority of employment growth to 2031 will be driven by local population growth and household demand for goods and services.

Conclusions about the Clyde site

The Clyde site is identified in the Strategy as part of Precinct 9, which is primarily comprised of the Clyde Marshalling Yards, and includes the warehouses occupied by RailCorp in the south-east portion, the BlueScope Steel distribution facility, and vacant parcels of land. It is important to note that the Precinct 9 and 12 are separated by the railway lines and that analysis of Precinct 9 encompasses the Clyde site, but also includes a substantial area which is not part of the site, as illustrated below.

FIGURE 3: AEC REPORT PRECINCT BOUNDARY COMPARED TO SITE BOUNDARY



Source: AEC, 2015; SGS Economics & Planning, 2017.

Under its employment growth scenarios, the Strategy projected that the whole of the precinct would have an additional 7,900 square metres of floorspace between 2011 and 2031, and an additional 418 jobs.

The Strategy identifies the precinct as having several competitive features, including:

- Its location adjacent to the rail corridor – It is identified as part of Sydney's wider freight plan and in *A Plan for Growing Sydney* as one of the Intermodal Terminals within the freight network.
- One of the rare remaining vacant land parcels zoned for industrial and employment uses.
- Larger average lot sizes than the other study area precincts, the average being 4.4 ha, and around 45% of lots within the precinct being larger than 1 hectare.
- It is also identified as being an attractive proposition for future development.

However, the accessibility of the precinct, with primary access travelling through residential streets, is identified as a drawback for its viability as an industrial area.

The Strategy identifies that the precinct still plays an important role in maintenance and for the railway marshalling yards (this is the 'non-PAYCE portion of the land), and will be an important part of the LGA's employment lands future, though its accessibility was a limiting factor in its potential as a location for industry and for other uses.

The importance and scarcity of employment lands with good access to road and rail is noted in the context of Sydney's employment land and rail operations overall, and that this should be kept in mind when planning for employment lands. The report suggests that over the medium term of 5 to 10 years the precinct could be used for freight marshalling and other transport and logistics uses.

Recommended uses

The overall recommendations for the precinct were that over the much longer term, it should facilitate a mix of business uses to support the Parramatta Road B6 Enterprise Corridor, subject to the operational requirements of the Clyde Marshalling Yards and improved access arrangements. It was suggested that improvements would need to be made to the precinct's accessibility from Parramatta Road and Rawson Street in the north, or alternatively from Manchester Road in the south before an intensification of employment uses could be considered.

Suggested potential land uses for the precinct included warehousing and distribution centres, hardware and building supplies, landscaping material supplies, and other similar uses. It was also suggested that if the accessibility constraints of the precinct were addressed, that it could operate in conjunction with the Auburn West precinct (to the north of the site) as a highly productive employment area accommodating future employment growth over the longer term.

If the existing accessibility issues were to remain, it was recommended that the precinct should contain a mix of businesses to respond to the needs of the local population and play a local service role, continuing its present form in accommodating large warehouses and sheds. It was posited that its proximity to residential areas would appeal to businesses which cater to population growth rather than those which respond to broader economic activity, including child care centres, community facilities, and health services.

The potential for residential uses at the site are mentioned under this scenario, as complementing the provision of service-based businesses, and being able to support the vitality of the area. Amenity issues were also identified for areas of the precinct, particularly around the marshalling yards, that would need to be addressed for it to accommodate residential uses.

The Strategy recommends retaining the IN1 zoning of the precinct, given its strategic importance and support role as marshalling yards, and that over the longer term, a B5 Business Development zoning be considered, subject to the existing accessibility issues being resolved.

It should be noted that the PAYCE site is only part of the precinct which is referred to in these conclusions. The marshalling yards role will continue on the non-PAYCE portion. The employment component of the PAYCE site can play a role in providing service-based businesses as suggested by the Strategy.

4.3 Draft Employment and Innovation Lands Strategy - 2017

Introduction and objectives

The *Draft Employment and Innovation Lands Strategy* has been prepared by AEC and Mecone for Cumberland Council after its formation in 2016. The Strategy was prepared in order to assist the Council in transitioning the LGA's economy towards higher order, productive and knowledge-intensive industries, and away from its traditional base in manufacturing and related industries.

Council is seeking to develop an Innovation Ecosystem, focusing on key industry sectors, and to grow a number of sectors that will leverage off the diversity and skills of migrants in the community. Another key objective of the development of the Strategy has been to ensure that employment lands are sustainable and able to adapt to the changing needs of industry and business over time.

Contents of the report

The report reviews the existing structure of Cumberland's local economy, including its existing employment structure by industry, the LGA's competitiveness, key sectors for potential growth, and broad market trends which will have implications for the use of employment lands.

The report outlines the importance of innovation, opportunities for innovation clusters in Cumberland, and an overall vision for innovation in the LGA. Strategies and actions for the implementation of an Innovation Ecosystem are also explored and identified, including how it could be applied through a Land Use Planning Framework. A vision and specific actions for the each of the 15 precincts considered in the report is also identified.

The key implications for employment and innovation lands for the whole LGA identified in the report are:

- Demand for accessible lands close to customers and labour pools will increase with the rise and growth of Parramatta.
- Use of high knowledge workers, increased automation and shorter distribution chains will increase as businesses seek to value add and improve efficiency/productivity.
- Logistics will remain the dominant driver of demand with new warehousing models emerging, and will include strong demand for small-scale facilities.
- Cumberland is well-placed to capture emerging demand from re-shored manufacturing facilities, with a large labour and consumer market.
- The fit-out and configuration of warehouses will evolve with the use of robots and supply chain efficiencies, with the potential need for greater heights and FSRs.
- More traditional industry sectors are likely to depart the LGA. As such, Cumberland has the opportunity to attract businesses across a range of other industrial activities – including those focused on warehousing and distribution, and manufacturing industries in knowledge, technology, innovation and value adding activities.

Overall for the LGA, the report recommended that in the short-term, employment and innovation lands should be retained, in line with the 'precautionary approach' of the Greater Sydney Commission; that freight network planning be undertaken to support the viability of related businesses; and that an 'Innovation Toolbox' of planning mechanisms be developed to allow Council to incentivise and grow innovative businesses within the LGA's employment lands.

Key sectors identified for growth in general

The key sectors identified in the Strategy for the Cumberland LGA to focus on to develop the economy, and where there are opportunities for growth, are:

- Advanced Manufacturing,
- Food and Beverage Manufacturing,
- Digital Technologies and Media,
- Advanced Knowledge Services,
- Creative Industries,
- Fashion,
- Allied Health, and
- Freight and Logistics.

The report outlines the current competitive advantages that the LGA has in relation to these industries, based on its employment profile from the 2011 Census and benchmarked to both Parramatta and Greater Sydney.

Freight and logistics are shown to be a significant competitive advantage for the LGA, being highly represented in employment and contributing significantly to both value-add and the share of wages paid. Advanced manufacturing has a significant employment base, and contributes more than its share of employment in value add and wages, though the report found fewer specialist skills associated with the sector than those in Freight and Logistics.

The LGA was also found to have competitive advantages Food and Beverage Manufacturing based on its existing employment profile, where it contributes more than its share of employment in wages and industry value add, though it is a smaller sector.

Compared to both Parramatta and Greater Sydney, the LGA was found to have a lower prevalence of employment in Digital Technologies and Media, Creative Industries, and Allied Health.

In relation to the other sectors, the LGA had a higher prevalence of both Advanced Knowledge Services and Fashion compared to Parramatta, but a lower prevalence than Greater Sydney.

The report identifies that there will be opportunities for Cumberland in:

- The development of business and supply chain clusters – using existing employment lands to support innovation, capitalising on proximity to transport networks and in attracting new businesses.
- Research and development – catalysed by proximity to a university, hospital or research organisation.
- Technology and creative industries – being able to accommodate and grow high knowledge and creative jobs, which typically gravitate to areas with retail amenity, transport access, and proximity to major centres like Parramatta.
- Artisan industry – ethnically diverse population could be leveraged for their artisanal skills and contribute to the overall uniqueness and character of the LGA, and could be housed anywhere, including in existing centres.

Directions and implications for the site

The site is included as part of the new Clyburn precinct, one of 15 analysed in the Draft Strategy. As with the previous AEC report, the Clyburn precinct on which the analysis in the report was conducted includes a large area outside of the PAYCE site. As illustrated below, this includes much of the rail land and marshalling yards as well as the more accessible industrial area north of the rail lines not previously included in the adopted Employment Lands Strategy.

FIGURE 4: AEC & MECONE REPORT PRECINCT BOUNDARY COMPARED TO SITE BOUNDARY

Source: AEC & Mecone, 2017; SGS Economics & Planning, 2017.

The report identifies Clyburn as being characterised by small industrial factory units, large warehouse sheds, and big box retail sheds, with generally smaller lots, with the major land uses being in automotive industries, warehousing, bulky goods and industrial supplies. The ageing of existing factory units, and a lack of public car parking leading to road congestion is identified as an issue for the precinct.

The report notes that within the precinct there is a general lack of development activity in either new buildings or additions. It also notes the designation of the Clyde area as an intermodal terminal, and its relatively strong level of access to the M4 Motorway, Parramatta Road, and the T1 Western rail line, with its main competitors in terms of industrial precincts being Silverwater, Lidcombe West, and Rydalmere.

Vision for the site

The report sets out a vision for the Clyburn precinct as focusing on providing 'Services for the Service Sector,' including high-value activities crucial to the city's metabolism, such as:

- Manufacturing
- Maintenance
- Rail maintenance
- Waste management
- Recycling
- Wholesale, and
- Logistics.

Suggested planning principles for the site

The report suggests that the planning principles for the precinct should ensure that functional industrial and logistical uses are maintained to support industrial, logistical, transport, freight and waste uses. As well as this, it suggests that to improve the desirability of the precinct for business that vehicular access across the rail line would need to be improved.

It also suggests that residential development north of Manchester Road should continue to be limited to minimise land use conflicts.

In line with the above, it is recommended in the report that transport, logistics and freight industries continue to be targeted for the precinct, along with employment uses and businesses that can co-exist with transport and freight industries and environments.

Barriers

The report notes that current vehicular access to the precinct is a constraint on businesses, particularly crossing the railway line, and that Council should investigate new rail crossing with the NSW Government.

The report also identifies residential growth as an issue for achieving its vision for the precinct, in that it can create land use conflicts threatening the primacy of logistics, rail and waste industries already within the Clyburn area. The report recommends that any new residential development should not impact on the viability of these existing uses.

Actions

Actions recommended for the Clyburn precinct in the report are broken up into short and medium-term timeframes. In the short term, the report suggests that employment uses in the precinct should be retained, in line with the 'Services for the Service Sector' vision for the site, and that Council should engage with the NSW Government on improving rail crossings and including this in strategic planning. For the medium-term, the report suggests that there is no need for precinct specific changes, as achieving the vision for the precinct is possible under the current planning framework.

In terms of planning interventions, the report suggests that sufficient and adequate buffer areas be retained to ensure the longer-term sustainability of the precinct in catering to uses which support the metabolism of the city.

The proposed employment precinct on the PAYCE site can make a significant contribution towards this vision for the wider precinct. However, it is likely that any requirement for land in this area to contribute towards the cost of a rail crossing bridge would have a marked impact on development feasibility.

4.4 Other strategies

Cumberland Council Community Strategic Plan[11]

Under the Cumberland CSP, a Strategic Goal for is for the LGA is to have a strong local economy. The LGA's mix of small businesses is noted as a key part of its local identity, and there is an identified need for more support for both emerging and existing businesses to flourish.

The desired outcomes under the CSP include:

- Having a strong and diverse local economy supported by a network of small businesses,
- Having access to jobs locally in the region, and
- Having access to great local education and care services.

Actions to achieve these outcomes include:

- Encouraging a mix of shops and businesses in town centre and employment lands,
- Creating a local environment which attracts businesses and fosters innovation, and
- Focusing on attracting a diverse range of knowledge-based and technology industries.

Former Auburn City Council Community Strategic Plan[12]

Under the former Auburn City Council's CSP, one of the key challenges for the LGA was identified as ensuring that it was an attractive place to do business. The Plan noted that over the next 10 years (from 2011), there was likely to be a shift from the LGA's existing manufacturing focus to a more service-oriented local economy, and a rapidly developing digital economy.

The Plan noted the need to adapt land use planning to the needs of emerging industries in order to help the local economy thrive. There was also a focus on creating a competitive business environment and being able to capitalise on opportunities from the modern economy, including in global markers, innovation, high technology and an increasingly mobile labour market.

Former Auburn City Council Residential Development Strategy[13]

The former Auburn City Council's Residential Development Strategy identified that while there was a need to facilitate higher densities in centre locations, there was also a need to balance the retention of a suitable level of employment lands in these areas, to be able to provide local services and employment for residents.

The Strategy notes the historically important role of employment lands for the LGA in the manufacturing sector, but that in an evolving global economy these lands are undergoing change. New urban uses are being proposed, including from commercial and high-tech businesses, to bulky goods retailing, warehousing, and often residential uses.

The Strategy identifies the importance of employment lands close to existing transport corridors, particularly as this land becomes scarcer across Metropolitan Sydney, and consequently more valuable. It suggests that there must be strong strategic arguments to maintain their ongoing productivity, and that as such, the rezoning of employment lands

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[11] http://www.cumberland.nsw.gov.au/wp-content/uploads/2017/04/cumberland-council-strategic-plan.pdf
[12] https://www.ipart.nsw.gov.au/files/assets/website/local-govt-static-docs/20112012/auburn/special_variation_application_2011_-_auburn_city_council_-_supporting_documents_-_appendix_1_-_3c_-_website.pdf
[13] http://www.cumberland.nsw.gov.au/wp-content/uploads/2017/07/auburn-residential-development-strategy-RDS.pdf

needs to be carefully considered and only recommended for sites where employment land is small and within a predominantly residential or mixed-use area.

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