

[REDACTED]

From: system@accelo.com on behalf of Daniela Vujic [REDACTED]
Sent: Friday, 2 November 2018 2:22 PM
To: [REDACTED]
Subject: Submission Details for company MacroPlan (org_comments)
Attachments: 292070_MP_submission for Contact Asset_WSA LUIIP Stage 1_2 November 2018.pdf

Confidentiality Requested: no

Submitted by a Planner: no

Disclosable Political Donation:

Agreed to false or misleading information statements: yes

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Content:

Please find attached MacroPlan's submission on behalf of Contact Asset Management

IP Address: - 122.102.98.129

Submission: Online Submission from company MacroPlan (org_comments)
https://majorprojects.accelo.com/?action=view_activity&id=292070

Submission for Job: #9552
https://majorprojects.accelo.com/?action=view_job&id=9552

Site: #0
https://majorprojects.accelo.com/?action=view_site&id=0

2 November 2018

[REDACTED]
Executive Director, Western Sydney and Aerotropolis Activation
Department of Planning and Environment
GPO Box 39
Sydney NSW 2001

Dear Mr [REDACTED]

Re: Western Sydney Aerotropolis Land Use and Infrastructure Implementation Plan – Stage 1 Initial Precincts

MacroPlan has been engaged by Contact Asset Management to make representations on its behalf with respect to Western Sydney Aerotropolis Land Use and Infrastructure Implementation Plan (LUIIP). Contact Asset Management own land to the south of the existing Western Sydney Employment Area, within the Mamre Road Precinct which forms part of a 300 hectare site to be developed for freight, logistics and distribution warehouse facilities (Attachment A). This development will create one of the largest freight, logistics and distribution estates in Australia and is required to meet employment land demand and service Sydney's employment growth.

Contact Asset Management commends the Department for preparing the LUIIP for the Western Sydney Aerotropolis which will be Greater Sydney's newest economic hub. This strategic planning led process reinforces the regional vision of the *Western City District Plan* and sets out the planning framework to support all levels of government to deliver jobs and social opportunities for the Western Parkland City. The LUIIP provides further certainty for the private sector to invest in western Sydney and deliver on the vision for the region.

Comments on the LUIIP are outlined in the submission below.

An overview of market demand for employment and industrial lands in Sydney:

The current period of strong economic growth in the Sydney Metropolitan Area (SMA) has highlighted an inadequate supply of industrial land. The Urban Development Institute of Australia (UDIA) has argued that the supply of zoned but undeveloped land is inadequate to meet demand in both the short and medium term, and the Greater Sydney Commission (GSC) has also recognised the risk that the supply of zoned but undeveloped land, while seemingly large, is in practice insufficient. The recent surge in the pipeline of projects in the Erskine Park and Eastern Creek precincts also suggests that the supply of industrial land in Sydney is inadequate.

The value of industrial land in western Sydney increased by 80% in three years to March 2018 (Attachment B). The contrast with Melbourne's experience suggests that an inadequate supply of industrial land is the main reason for this increase. If not addressed immediately, this threatens to stymie economic growth and makes a compelling case for a substantial increase in the supply of employment land in the immediate period ahead. Given the current level of take-up for industrial and employment lands, if an adequate amount of additional land is not rezoned, the scarcity premium which has emerged will only grow and continue to put upward pressure on industrial land prices.

Beyond the current cycle, with projected strong growth in demand going forward, there is a substantial need for additional land to be zoned for industrial use in both the short and long-term. As the GSC has stated¹, “the servicing of existing and new land zoned for industrial and urban services is therefore a priority to support the continued growth of the economy and local jobs.” To make Sydney and the State more competitive, the supply of industrial land to service Sydney’s employment growth will need to be increased.

There is a compelling economic case, both short-term and long-term, to make significantly more land available in Sydney’s outer west for industrial use to meet demand and address the shortfall which has emerged.

The long-term demand is supported by the overall growth in the SMA economy and the long-term gravitation of industrial users towards outer western Sydney. The State Government’s significant investment in transport infrastructure, which will significantly increase the connectivity of the outer western areas, including the Western Sydney Employment Area (WSEA) and the adjacent new Western Sydney Airport (WSA) at Badgerys Creek, will further accentuate the shift of industrial uses to these areas.

In the period 2016-36, official projections for employment in the manufacturing, wholesale and transport and warehousing sectors – the principal users of industrial land - in the three WSEA LGAs of Liverpool, Penrith and Blacktown are projected to rise by 51% (Attachment B). The transport and warehousing sector is projected to double.

The Mamre Road Precinct has the capacity to meet the rapidly increasing demand for employment land for freight and logistics uses. The Precinct adjoins rapidly expanding industrial and employment land areas which will be further enabled by the multi-billion dollar investment by the Australian and NSW Governments in major transport-related infrastructure projects. Development of the land for warehouse and logistics purposes will go some way to meeting the need for industrial floorspace. In doing so, it will also support of the State Government’s commitment to support the SMA’s and western Sydney’s competitive position by minimising upward pressure on the cost of employment land, and to supporting economic growth.

The 300 hectare freight, logistics and distribution estate will also further support the preparation of business cases and the financial justification for governments to invest in transport and freight-related infrastructure around the Western Sydney Aerotropolis. Freight and logistics uses in western Sydney will provide the catalyst for investment and jobs in western Sydney well before the Airport commences operation. It is therefore important that the rezoning of the Mamre Road Precinct is prioritised by its inclusion in the initial precincts.

A further analysis of market demand for employment lands in Sydney is provided in Attachment B.

Freight requirements and future growth:

The growth in the freight task for the Western Parkland City is forecast to be greater than population growth for the District over the next 20 years (Attachment C). Significant growth in the volume of imported containers is also predicted for the Western Parkland City (Attachment D). The delivery of new freight infrastructure and lands that permit freight and logistics uses will further support the efficient movement of freight to and from Western Sydney and NSW.

¹ Greater Sydney Commission, Greater Sydney Region Plan 2018, p.129

A recommended corridor for the Western Sydney Freight Line has been identified by Transport for NSW (TfNSW) between the M7 Motorway and the planned Outer Sydney Orbital's freight rail corridor (i.e. through the Western Sydney Employment Area) (Attachment E). A future freight rail line would provide freight rail connections to serve employment lands and future industries across the Western Sydney Aerotropolis (Aerotropolis) and support the growth of freight and the logistics industry in Western Sydney. It is anticipated that in the future, the Western Sydney Freight Line corridor may encourage investment in a new Western Sydney intermodal terminal to support future freight needs. In order for a future intermodal terminal in Western Sydney to be viable, a significant cluster and volume of land holdings that permit and facilitate freight and logistics uses will be required with efficient connections to the major road network.

Given the proximity of the Mamre Road precinct to existing freight-related infrastructure (i.e. the Western Sydney Employment Area, the M4 and M7 Motorway) and proposed future freight-related infrastructure (e.g. the Western Sydney Freight Line, M12 Motorway, Outer Sydney Orbital motorway and freight line and an intermodal terminal for Western Sydney) as well as the lands exposure to future aircraft noise (ANEC/ANEF 20-25), the rezoning of this land should not be delayed for employment, warehousing and freight and logistics uses.

Section 8.3 of the LUIIP confirms that this precinct is well suited for such uses. Landholdings are currently available to be developed for this purpose, providing investment certainty and jobs for Western Sydney and the opportunity to continue to meet demand in the short to medium term. MacroPlan has a number of international logistics clients with requirement for substantial land areas that are not currently available. Meeting these requirements is critical to the efficient operation of Sydney's freight and logistics sector. We therefore request that the rezoning of this precinct is prioritised by its inclusion in the initial precincts.

New State Environmental Planning Policy (SEPP):

The LUIIP notes that the SEPP for the Aerotropolis will provide important protections for the community of the new Aerotropolis from aircraft noise. It is also important to acknowledge that the Aerotropolis will facilitate freight and logistics uses and hence should be considered in the drafting of the SEPP.

The *NSW Freight and Ports Plan 2018-2023* (FPP) identifies that there is an opportunity to reserve appropriate land for the growing freight task, particularly around Western Sydney Airport and the Western Sydney Employment Area through good planning. The FPP identifies the need for planning authorities to identify and protect key freight corridors and industrial and urban services land for freight uses and for land use planning policies to avoid new residential development being built too close to freight activity and requiring new development to be designed to minimise noise impacts.

Section 5.1 of the LUIIP states that the SEPP will "identify appropriate sequencing of land release precincts and establish strict criteria to guide alternative release scenarios". Contact Asset Management is concerned that the identification of the sequencing of release precincts within the SEPP may delay the Mamre Road precinct being rezoned and could be misleading to the community as to when the precinct should be developed for the identified use. The development of the intended land uses within the Aerotropolis will be driven by private investment and partnerships. It will be important for the Department to facilitate the rezoning of land and development, such as the development of the Mamre Road Precinct for warehousing and logistics uses, which is consistent with existing strategic planning documents, particularly where there is opportunity to do so in the shorter term.

Interim and out of sequence arrangements:

The Aerotropolis has been divided into nine precincts with the LUIP prioritising the planning and delivery of three initial precincts. The process proposed to facilitate the early development of land in the other precincts (i.e. an "out of sequence proposal") will require proponents to demonstrate consistency with strategic planning strategies for the Western Parkland City as well as specific requirements identified in the LUIP. This is to be undertaken through a planning gateway process and is also to follow the governance process outlined in the NSW Government's *Unsolicited Proposal Guide 2017*.

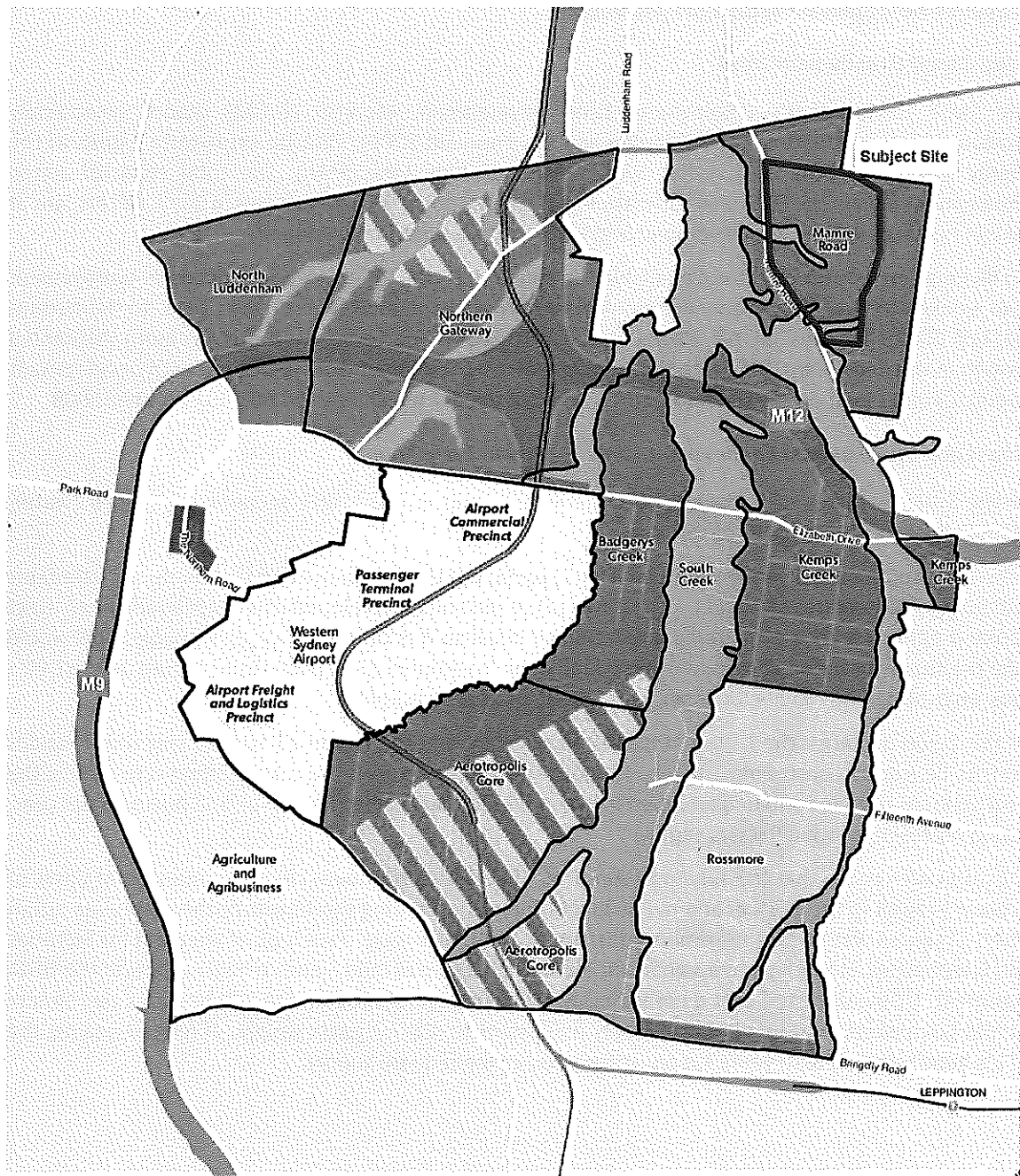
Contact Asset Management is concerned that the Unsolicited Proposal process could prolong a rezoning process if the planning gateway and Unsolicited Proposal process both need to be followed and hence the potential for additional costs and time delays to the planning process and the continued supply of land. The proposed process, once drafted, should be documented for public review and comment including indicative timeframes to progress "out of sequence proposals". Development which fulfils the LUIP assessment criteria and demonstrates consistency with the strategic planning for the Aerotropolis and the Western Parkland City should not be delayed.

Yours sincerely,












Michael Tilt
Chief Executive Officer

Attachment A: Proposed 300 ha freight and distribution development within Mamre Road Precinct



Structure Plan
Western Sydney Aerotropolis

- | | | |
|--|---|--|
|  Precinct Boundary |  Agricultural |  Non Urban Land |
|  Western Sydney Airport |  Luddenham Village |  Mixed Flexible Employment & Urban Land |
|  Proposed Transport Corridors |  Flexible Employment |  Urban Land |



Attachment B: Market demand analysis for employment and industrial lands in Sydney (prepared by Dr Nigel Stapledon, Chief Economist for MacroPlan)

1. Sydney Metropolitan Industrial Land Supply

Total Zoned Employment Land

The State Government's Employment Land Development Monitor (ELDM) report, periodically produced by the Department of Planning and Environment (DPE), indicate short-term trends in the supply of employment land in the Sydney Metropolitan Area (SMA). The total stock of zoned employment land in the SMA was estimated by the ELDM to be 13,826 hectares in 2017. Of this, about 10,784 hectares or 80% was developed and 3,042 hectares was undeveloped.

While long-term statistics are not available, for the period 2010-17 the amount of zoned employment land appears to have shown only marginal growth from about 13,500 hectares in 2010, to the current stock of 13,826 hectares in 2017. However, the 2010 ELDM report suggests there was more substantial growth in the decade to 2010, with that earlier expansion in zoned land associated with development of employment land on the transport corridor along the M7 which opened on 16 December 2005.

Zoned and Undeveloped Employment Land – Medium Term Supply

Of the 3,032 hectares of undeveloped employment land in 2017, 663 hectares is serviced (water, utility) and 2,379 hectares is un-serviced.

In its 2017 appraisal of Sydney's industrial land stocks, the UDIA Employment Lands Report² estimates that about 700 hectares of the (3,032 hectares of) zoned and undeveloped land is not available to meet demand either because of its remote location or because it is otherwise undevelopable. This would take the supply of zoned and undeveloped land down to around 2,300 hectares or, based on the DPE's take-up estimate of 163 hectares per year, about 14-years of supply.

Of this 2,300 hectares, the UDIA notes that a significant amount (some 25-50%) of this zoned land is likely to be lost to 'constraints, utilities, services and infrastructure'. The overall effect is to reduce the 'real' amount of zoned and undeveloped land to 1,450 hectares which, based on 163 hectares per year, would represent around 9 years supply.

The UDIA also notes that the take-up rate of 163 hectares per annum reflects a number of years of sub-par growth in the SMA economy, including the period during the height of the resources boom when a high \$A was putting maximum pressure on manufacturing. If we look at approval for factories and warehouses, this points to a significant lift in the take-up of land – and strongly supports the UDIA argument. UDIA suggested that a more realistic take-up rate of around 200-300 hectares per annum should be applied. That would have supply equivalent to 4.8-7.2 years supply. If judged against the DPE's benchmark of 8-10 years supply, it suggests an inadequate supply.

² UDIA Employment Lands Report 31/08/2017
http://www.udiansw.com.au/uploads/docs/UDIA_Employment_Lands_Paper_FINAL.pdf

Table 1 - Estimates of Zoned Developed and Undeveloped Land - 2017

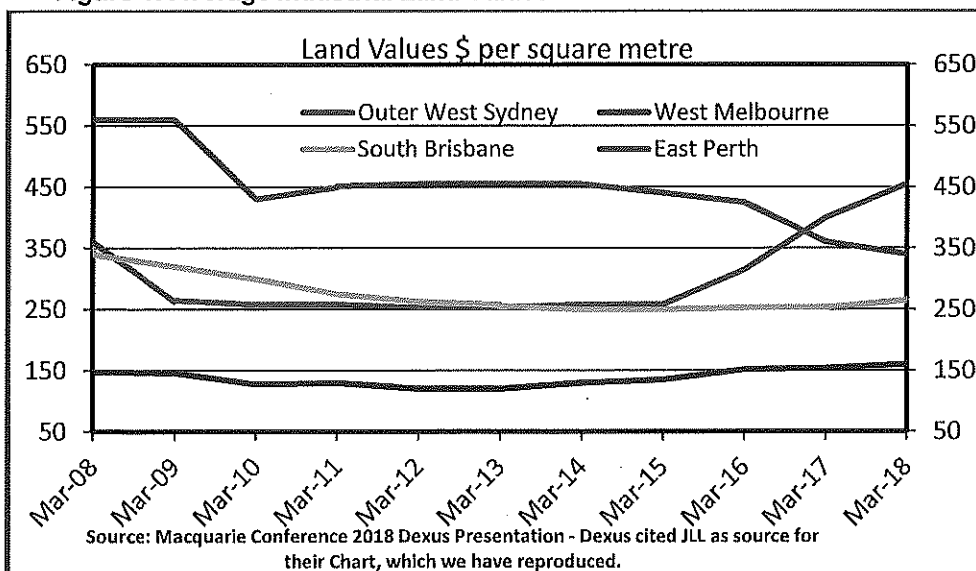
Hectares of Land	Undeveloped	Developed	Total
Total SMA	3,032	10,794.0	13,825.9
	Undeveloped	Years Supply	DPE Benchmark
Serviced	663	4.1	5-7
Not Serviced	2,369		
Total	3032	11	8-10
UDIA Estimates of Actual Developable Land			
Serviced	375	1.2-1.9	5-7
Not Serviced	1,925		
Total excluding remote & undevelopable	2,300	7.7-11.5	8-10
Total less loss to constraints, etc	1,450	4.5-7.2	8-10
Source: ELDM 2017			

Industrial Land Prices and Risks to Growth

The average value of industrial land in outer Western Sydney has risen by about 80% in the three-year period 2015-2018 (Figure 1). Over that same period, industrial land values in the Melbourne market, which were at the same level in 2015, have barely moved. The Melbourne economy is, if anything, growing more strongly than the Sydney economy, but has a significantly larger supply of industrial land, so the strong demand has not come up against a supply constrained market.³

The Greater Sydney Commission has recognised the risk posed to the SMA economy from an inadequate supply of industrial lands. The *Greater Sydney Region Plan*, noted that “while the data shows 3,033 hectares as being undeveloped, not all this land is currently serviced with water and lead-in sewer infrastructure, which creates a risk in delivering and maintaining a competitive industrial market. Therefore, there is a need to provide a sufficient supply of industrial and urban services land and have a consistent policy position to keep downward pressure on land values.”⁴

Figure 1: Average Industrial Land Values



³ https://www.planning.vic.gov.au/_data/assets/pdf_file/0023/115187/Final_2017_Industrial_UDP_Report.pdf

⁴ GSC *A Metropolis of Three Cities* - the Greater Sydney Region Plan page 130.

<https://www.greater.sydney/metropolis-of-three-cities/introduction>

2. Western Sydney Employment Area (WSEA)

The long-term shift of manufacturing, wholesale and logistics industries from inner and middle Sydney to the outer areas is reflected in the current distribution of employment (industrial) land. In terms of Sydney's three cities, the Eastern City accounts for 11% of employment land, with 34% in the Central City, and 39% in the Western City, based around the new Western Sydney airport.

The LGAs which cross-over the WSEA and which will be impacted by its expansion are Penrith, Liverpool and Blacktown. These account for 5,223 hectares or 38% of the stock of employment land.

Table 2 - Zoned Developed and Undeveloped Land by LGA

Hectares of Land	Undeveloped	Developed	Total
Liverpool	317	798	1,115
Penrith	705	856	1,560
Blacktown	998	1,550	2,548
Sub-total 3 LGAs	2,020	3,203	5,223
Other LGAs	1,012	7,591	8,603
Total SMA	3,032	10,794	13,826
WSEA Precincts			
Erskine Park (Penrith)	116	250	366
Eastern Creek (Blacktown)	332	230	562
WSEA Total	448	480	928

Source: ELDM 2017

Zoned and Undeveloped Land in WSEA

Of the 2,300 hectares of zoned and undeveloped land in the SMA, about 900 hectares are located within the WSEA, and 448 hectares are in Erskine Park and Eastern Creek precincts within the WSEA. However, as noted above, the UDIA has argued that 25%-50% of zoned and undeveloped land is likely to be 'lost', which might reduce the 'undeveloped' supply from these two precincts to about 350 hectares.

At the same time, there has been a significant lift in planned projects in these two precincts. After averaging 22 hectares per annum in the period 2015-17, projects in the pipeline for 2018 and 2019 will take-up 151 hectares and 301 hectares respectively. These numbers include projects on land which needs to be rezoned and redevelopment of already developed land but, regardless, highlight the extent of the turnaround in activity in the sector.

Table 3 - Projects Commenced and in the Pipeline

Planned Commencement	Eastern Creek	Erskine Park	Total Hectares
2015	16.9	1.2	18.1
2016	11.7	7.4	19.1
2017	5.2	23.4	28.6
2018	103.7	47.2	150.9
2019	22.5	279.0	301.5

Source: Cordell Connect. Note: projects include redevelopment of existing developed sites – hence data in this table does not tally with undeveloped land in Table 2.

3. Growth in WSEA Demand for Employment Land

The projected growth in jobs in the WSEA LGAs of Blacktown, Liverpool and Penrith (the 3 LGAs) is a key as a driver of demand for employment land. Manufacturing, wholesale and transport and warehousing (MWT) sector are the major users of large-scale industrial land.

Projected Growth in Total Jobs

In 2016, 10.9% of total jobs in the SMA were located in the WSEA LGAs of Blacktown, Liverpool and Penrith.

In the period 2016-36, total jobs in the SMA are projected by the Bureau of Transport Statistics (BTS) to grow by 32% or 782,000, from 2.46 million to 3.24 million. Growth in the 3 LGAs is projected to be significantly faster, with jobs growing by 0.16 million or 60% from 0.27 million to 0.43 million.

The faster jobs growth in the 3 LGAs reflects in part the higher projected growth in population in the 3 LGAs, with population in these LGAs projected to rise by 46%. There is potential for the projected population growth to be higher in these three LGAs, which would underpin higher jobs growth in the area.

Projected Growth in Industrial Jobs

The other aspect to jobs growth in the 3 LGAs is the long-term shift in manufacturing, wholesale, and transport (MWT) from inner Sydney locations to outer locations, with proximity to motorway networks and offering space for larger scale operations. The MWT sectors in these three LGAs accounted for 15.7% of jobs in 2016 and by 2036, reflecting the shift of these jobs to the outer areas, the share is projected to rise to 20%. It will account for 43% of the jobs growth in these sectors.

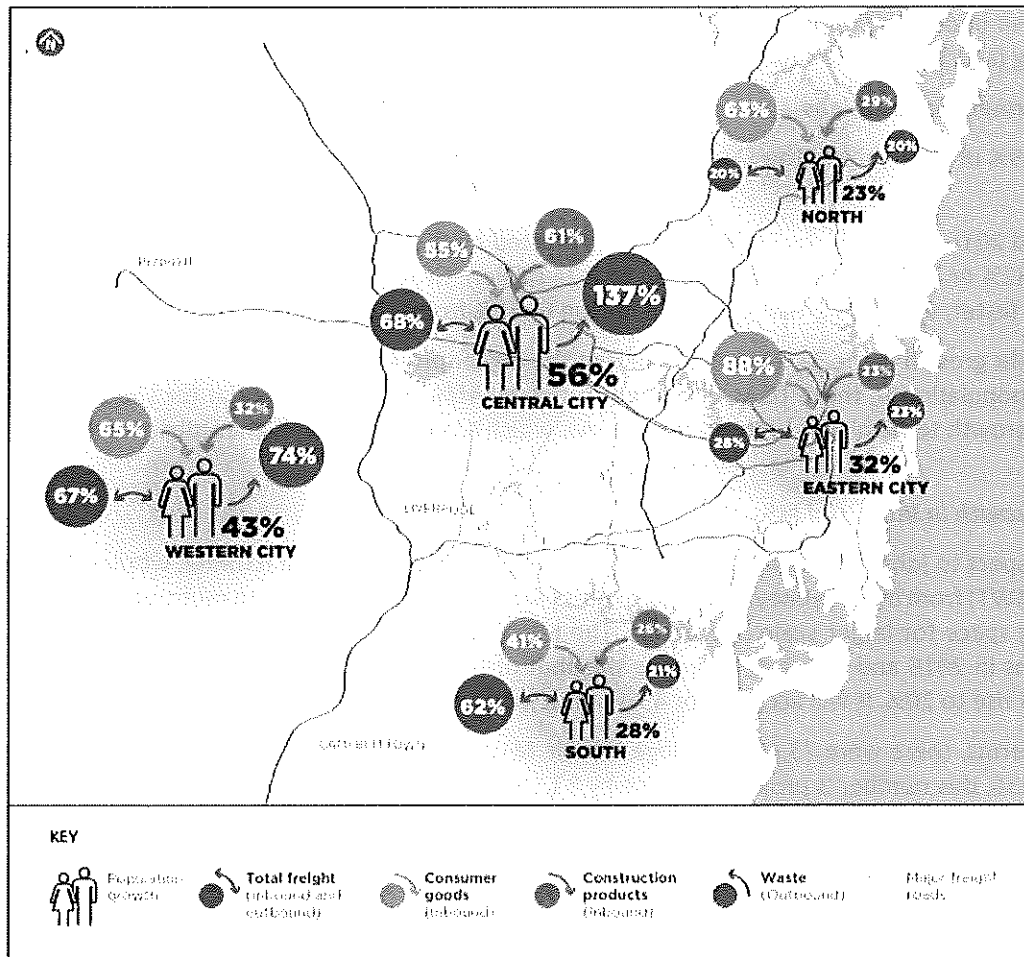
In number terms, there were 73,455 employed in the MWT sectors in the three LGAs in 2016. In the period to 2036, this number is projected to rise by 37,567 or 51% to 111,022 workers.

Table 4 BTS Employment Projections 2016-36 - Blacktown, Liverpool & Penrith

No. '000		Manufactur- ing	Wholesale Trade	Transport, Postal & Warehousing	MWT Sub-total	All Sectors Total
SMA	2016	200.7	131.2	136.8	468.7	2462.2
	2036	216.9	159.9	179.5	556.3	3244.6
	No. Change 2016-36	16.2	28.8	42.7	87.7	782.4
	% Growth 2016-36	8.1%	21.9%	31.2%	18.7%	31.8%
3 WSEA LGAs	2016	36.1	16.5	20.9	73.5	268.1
	2036	41.6	27.8	41.7	111.1	427.9
	No. Change 2016-36	5.5	11.3	20.8	37.6	159.8
	% Growth 2016-36	15.2%	68.5%	99.5%	51.2%	59.6%
% Share of Total Growth		34.0%	39.2%	48.7%	42.9%	20.4%

MWT = sum of the three sectors – manufacturing, wholesale, and transport/warehousing. Three WSEA LGAs are Blacktown, Liverpool and Penrith.

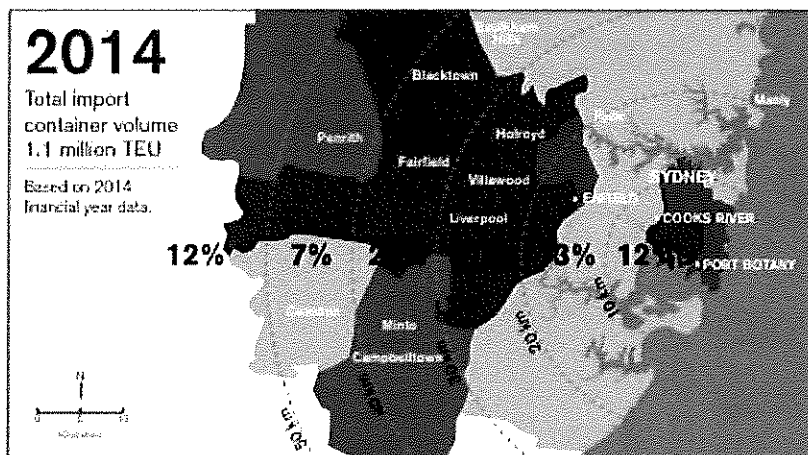
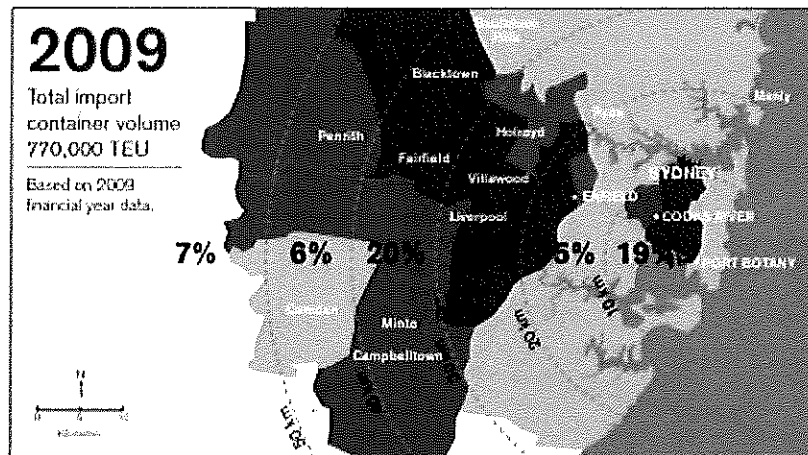
Attachment C: Greater Sydney population and changes in freight demand to 2036 (source: TfNSW, NSW Freight and Ports Plan 2018-2023)



Attachment D: Forecast distribution of import containers (source: NSW Ports, *Navigating the Future* – NSW Ports' 30 Year Master Plan, October 2015)

Distribution of import containers

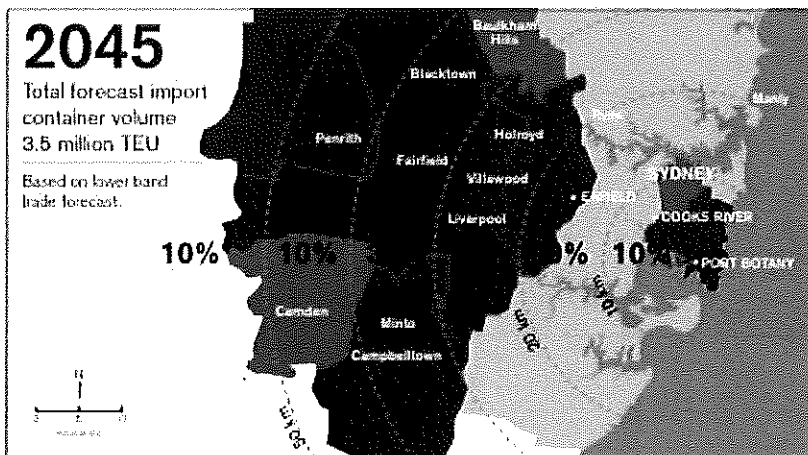
Over 80 per cent of import containers through Port Botany are delivered within a 40 kilometre radius of the Port and this will remain over the next 30 years.



KEY

- Greater than 170,000 TEU
- 80,000 to 170,000 TEU
- 45,000 to 80,000 TEU
- 30,000 to 45,000 TEU
- 20,000 to 30,000 TEU
- 0 to 20,000 TEU
- % percentage of imported containers within 10 kilometre radius bands.

Note: Distribution mapped by local government area.



Attachment E: Recommended Western Sydney Freight Rail Line Corridor (source: TfNSW, *Western Sydney Freight Line Corridor Identification*, March 2018)

