URBIS

SUPERCHARGING COMPLYING DEVELOPMENT

MARKET SOUNDING INDUSTRY EXPERIENCE, CHALLENGES AND SOLUTIONS

REPORT PREPARED FOR

DEPARTMENT OF PLANNING, INDUSTRY AND ENVIRONMENT

17 DECEMBER 2020

COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

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EXECUTIVE SUMMARY

Project Overview

To support the New South Wales (NSW) Government's economic recovery, the Department of Planning, Industry and Environment (DPIE) is undertaking several reform programs to improve the NSW planning system.

The focus of this report is to obtain feedback from industry on their experience and the challenges they face with using the Complying Development Certification Pathway (CDC) captured from extensive market sounding.

Solutions identified in the report were generated in a series of co-design workshops with industry. The potential economic impacts of each solution are detailed in the final chapter.

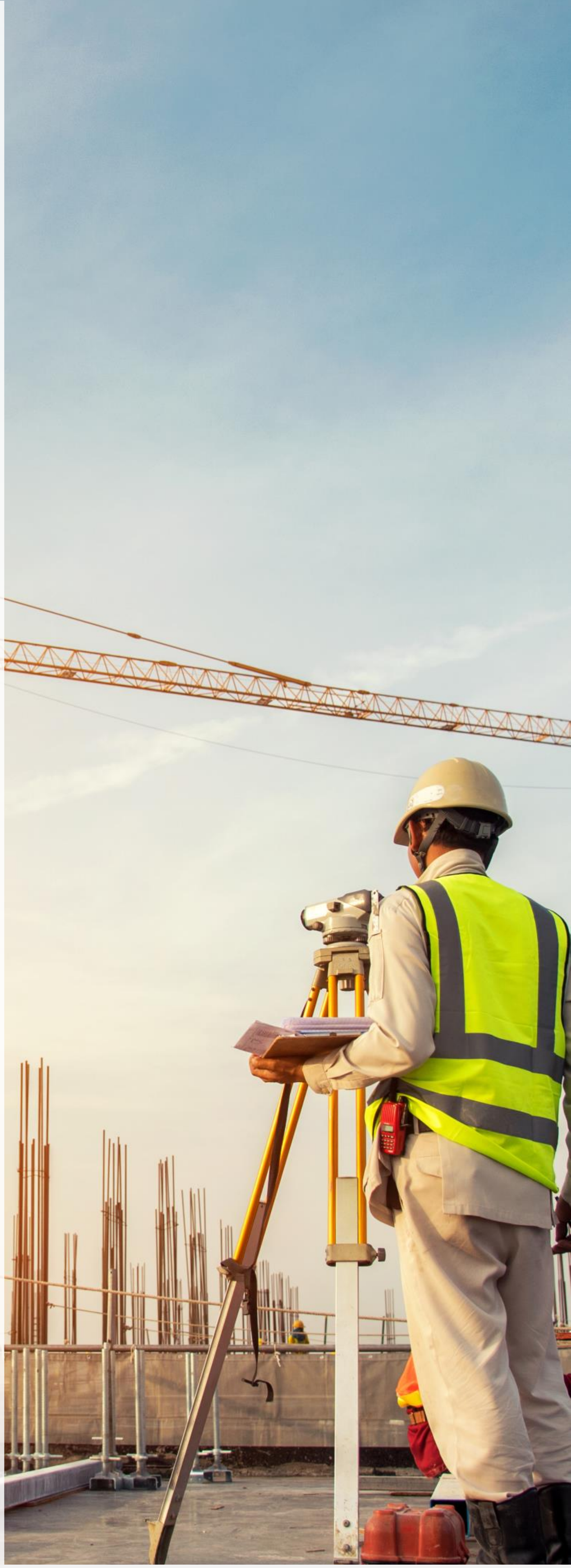
Overall Sentiment

Sentiment towards complying development is overwhelmingly positive particularly given the pathway offers developers a faster alternative to the Development Application (DA) process. Industry appetite exists to do more complying development since importantly the pathway typically leads to positive commercial outcomes compared to a DA process. The challenges with current use come down to a lack of flexibility, the complexity of the legislation and the difficulty in obtaining information.

The Role of Complying Development Certification

Industry regards the CDC pathway as most appropriate for low impact development. Industry believes that as it is code based and therefore highly prescriptive, expanding the range of development projects that can be certified is conditional upon there being no, or very limited opportunity for discretion. Based on this understanding industry were careful in their consideration of solutions.

Critically, projects are considered appropriate for the CDC pathway only if the information required is readily available to the certifier. This lack of transparency would need to be overcome to broaden the type of development possible as complying.



EXECUTIVE SUMMARY

Emerging Trends

For the three focus sectors of industrial, commercial office and shopping centres there are no evident transformative trends. Increased automation is driving changes in the built form of warehouses, and shopping centres are adapting to a changing retail landscape disrupted by the rise of e-commerce and the rationalisation of the department store sector.

Emerging trends identified through market sounding with private investors and NSW Government are:

- Strong appetite for data centres
- Robust appetite for private sector healthcare investment
- Activity in the small research and development space (R&D)
- Strong interest in renewables
- Emerging interest in recyclables
- Emerging interest in soy based manufacturing.

Analysis of data centre projects either in early planning or development application phase shows the median value of a data centre project ($302m) is significantly higher than a warehouse project ($2.4m).

In healthcare there are multiple institutional funds with capital available to invest in developing new integrated health precincts. As social infrastructure there is merit in exploring how the CDC pathway could support private sector investment in healthcare.

There has been a lot of activity in the small R&D space driving demand for warehouses in Sydney's North Shore industrial markets.

The regions are likely to benefit most from the investment in renewables, recyclables, and soy-based manufacturing for which a $100 million facility is under investigation. Given the implications for compliance with the Environmental Planning Act there maybe limited opportunity for complying development.

Capital Availability

The top five developers by pipeline value are Frasers, Dexus, AMP, GPT and Stockland. Detailed pipeline analysis by sector shows that the largest share of capital is allocated to commercial projects followed by industrial. Combined there is $5.1 billion allocated to commercial projects, $650 million allocated to industrial projects and $250 million allocated to retail development.

All developers in the market sounding were asked about their pipeline. The projects range in value from $1 million to $500 million. A detailed list of projects revealed in the market sounding for the CDC project and the SSD feedback are provided in Appendix E.

The Issues

The most common limitations with the pathway relate to restrictions encountered when the planned development has low impact implications, not having control over managing assets for routine improvements, the broad application of exclusions and the complexity of the legislation. The market sounding generated a long list of issues that were grouped into the following theme clusters:

- **Cluster One** - Common minor enhancements are not permitted as complying
- **Cluster Two** - Complexity and lack of transparency
- **Cluster Three** - Rigid parameters do not allow for reasonable minor changes
- **Cluster Four** -Planning parameters are outdated
  Cluster Five - Exclusions are applied strictly.
- **Cluster Six** - Conflict of purpose.

The cluster on conflict reflects the misaligned nature of the relationship between certifiers and Councils, and the influence Councils have diverting development from the CDC pathway.

Confidence and Legitimacy

Feedback in the market sounding revealed there is a lack of understanding of the certainty that a certification gives the developer. There is a perception among industry, more so the views of tenants, that a CDC approval is not as legitimate or secure as a DA approval. For those unsure there is an element of perceived risk of being confronted by objections either from Council or other parties after the consent.

This suggests there is a role for targeted communication to increase awareness and education to encourage increased utilisation of the CDC pathway.

EXECUTIVE SUMMARY

The Solutions

Solutions generated in the co-design workshops were shortlisted to 10 solutions. In these sessions, the stakeholders were asked to nominate possible solutions and prioritise these according to their perceived level of impact and ease of implementation.

The table provides a description of the solution and the potential annual investment value. The Investment Value benefit represents the total investment value of all projects the solution will enable to be approved through the CDC pathway annually. It is based on inputs provided by the industry stakeholders, DPIE's Local Development Performance Monitoring data, and future development pipeline data sourced from Cordell.

Solution	Description	Investment Value p.a.
Master Plan Approvals	Aims to bring efficiencies when multiple buildings are being developed as part of a master plan	**~$2.6 bn**
Increase Caps for New Industrial	Aims to expand the floorspace caps to exceed 20,000 sq.m for new industrial builds	**~$1.2 bn**
Practice Note / Tool	Responds to the frustration of navigating and interpreting legislation to determine if CDC is relevant	**~$420 mil**
CDC Helpdesk	Aims to address the same issue of complex legislation	**~$420 mil**
Set Threshold Buffers	Aims to address the strict nature of the code that prohibits minor changes	**~$340 mil**
Allow for Common Change of Use	Intended to address the timeframe issue with changing use when already permissible	**~$330 mil**
24/7 Operating Hours	Intends to address the increasingly frequent requirement from tenants for 24/7 operations	**~$220 mil**
Heritage Restrictions	Aims to address one of the most common inhibitors to using the CDC pathway	**~$90 mil**
New Commercial Up to 4 Storeys	Aims to allow for the same floorspace cap for commercial as available for industrial buildings	**~$70 mil**
Signage Replacement and Renewal	Addresses the frustration with renewing and changing signage	**~$40 mil**

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INTRODUCTION

To support the New South Wales (NSW) Government's economic recovery, the Department of Planning, Industry and Environment (DPIE) is undertaking several reform programs to improve the NSW planning system and thereby unlock productivity.

One element of the NSW Government's Planning Reform Action Plan is a review of the Complying Development planning approval pathway. This review aims to identify ways to accelerate planning approvals and enable faster deployment of capital.

As part of this review, Urbis has been commissioned by DPIE to undertake market sounding with key industry stakeholders and prepare a Market Sounding and Insights Report to inform potential policy reforms.

The findings and insights provided in this report therefore reflect the views of industry and not necessarily the views of Urbis.

Study Objectives

The research contained in this report is intended to assist DPIE get a better understanding of the experience and expectations of the property industry with regards to the Complying Development Certification (CDC) pathway.

Specifically, this report provides a summary of the key insights gathered from the interviews and workshops with industry and identifies:

- Capital investment ready development sectors (and projects) in existing and emerging employment zone business and industry
- Whether there are barriers to materialising spending in employment zones that can be addressed by expanded the CDC pathway
- The quantum of spending that can potentially be unlocked or accelerated if the CDC pathway can be expanded in employment zones
- The potential economic benefits that can be realised by expanding and addressing barriers in the CDC pathway for employment zones.

INTRODUCTION

Methodology

Our methodology for this research project has comprised five phases, outlined below:

PHASE 1:

Framing Stage and Inception:
Urbis confirmed the project objectives, methodology, timeframe and target list for market sounding.

PHASE 2:

Issues Generation Interviews and Discussions:
Urbis conducted 30-40 one-on-one depth interviews with a mix of industry stakeholders representing institutional office, industrial and shopping centres, private hospitals and medical centres, office tenants, business chambers, asset management, consultants and certifiers (refer to Appendix B for the full list of interviewees).

Insights were gathered on stakeholders' experience with the CDC pathway, barriers and issues they had encountered in the past, their future development pipelines, and the potential quantum of spending that could be brought forward if the barriers and issues were addressed.

PHASE 3:

Synthesis:
Following the stakeholder interviews, Urbis analysed and classified the long list of issues restraining spending in employment zones and presented these initial findings to DPIE.

PHASE 4:

Options Testing and Shortlisting Co-Design Workshops:
Urbis conducted seven co-design workshops with groups of industry stakeholders with an aim of converting the long list of issues generated in the interviews into a short list, and identifying potential solutions to tackle the dominant issues. A breakdown of the workshop groups and the solutions identified in provided in Appendix D.

PHASE 5:

Shortlisting Key Issues:
Urbis considered the results of the co-design workshops and determined a cohesive short list of the 10 most impactful and easy to implement solutions which were then confirmed in a workshop with DPIE.

PHASE 6:

Modelling Potential Economic Impact of Solutions:
To assist DPIE in prioritising the 10 solutions, Urbis assessed the potential economic benefits of each solution. This included quantifiable and non-quantifiable benefits.

The quantifiable benefits comprise:

- Investment value
- Time saving
- Opportunity Costs.

The non-quantifiable benefits comprise:

- Reducing DA bottlenecks
- Improved Agility/Responsiveness
- Increased Council Productivity.

The quantifiable benefits have been assessed based on inputs provided by the industry stakeholders in the interviews and workshops, DPIE's Local Development Performance Monitoring data, and future development pipeline data sourced from Cordell.

1.0 INVESTMENT TRENDS

This chapter examines the investment trends considering the value of projects for the focus employment generating sectors of commercial, industrial and retail, and identifies who has capital.

Analysis of development pipeline shows the top five developers based on value of projects in order are Frasers, Dexus, AMP, GPT and Stockland. A significant proportion of the capital is allocated to commercial projects. Projects were also identified in the market sounding interviews and some examples are provided. A detailed list of projects revealed in the market sounding for the CDC project and the SSD feedback are provided in Appendix E.

Industrial, particularly warehousing and logistics, remain buoyant with the significant development pipeline expected to continue. There is a strong future investment pipeline in greenfield locations, particularly around the Aerotropolis and Western Sydney, which face less site and constraints and potential negative impacts on surroundings.

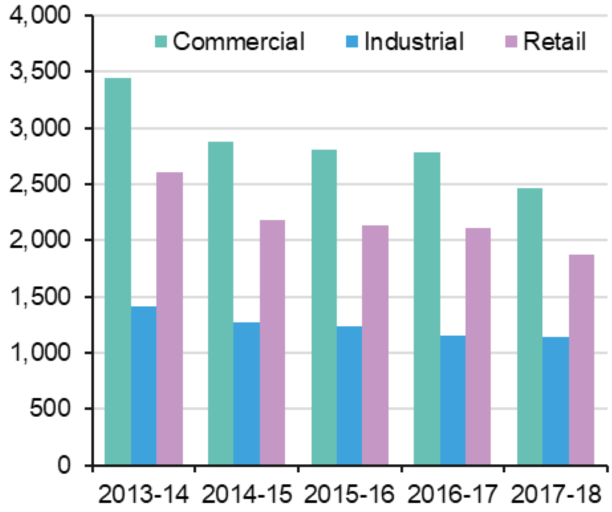
> "There are strong investment and capital conditions supporting industrial development, mainly for warehouses.

Analysis of investment trends examining CDC and DA approvals shows historically commercial generated the highest number of determinations. Key findings of this analysis shows:

- Total commercial and retail determinations (DA + CDC) peaked in 2016 and have been declining in recent years, while industrial has remained constant
- However, while the number of DA determinations has been declining in recent years, the number of CDCs has remained fairly constant or even increased in the case of Industrial uses
- As such, CDC has become an increasingly popular approval pathway for employment land uses, accounting for 52% of determinations in 2018 compared to a much lower 29% in 2014
- The average (mean) value of a CDC determination for all land uses has grown at 6.9% per annum from $178,740 in FY14 to $233,000 in FY18. Over the same period, the average (mean) value of a DA determined grew 9.8% per annum from $408,470 to $592,620
- Currently, the average value of a DA is 2.5x that of the average CDC determination.

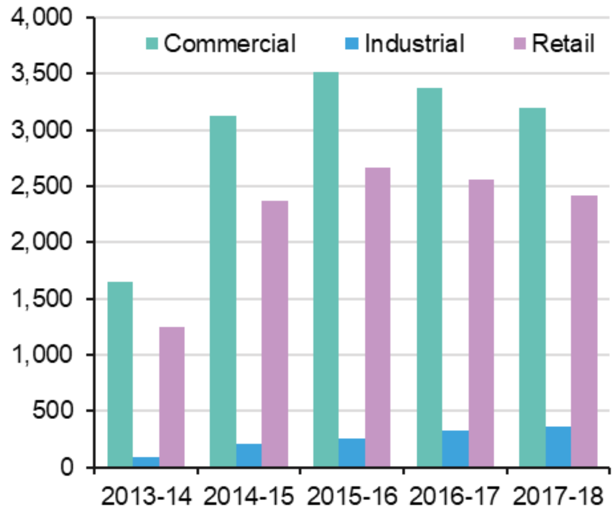
Note: DA Modifications have been excluded from this analysis as investment values for DA Modifications are not tracked and there is potential for double-counting.

Historical DA Determinations (No.)



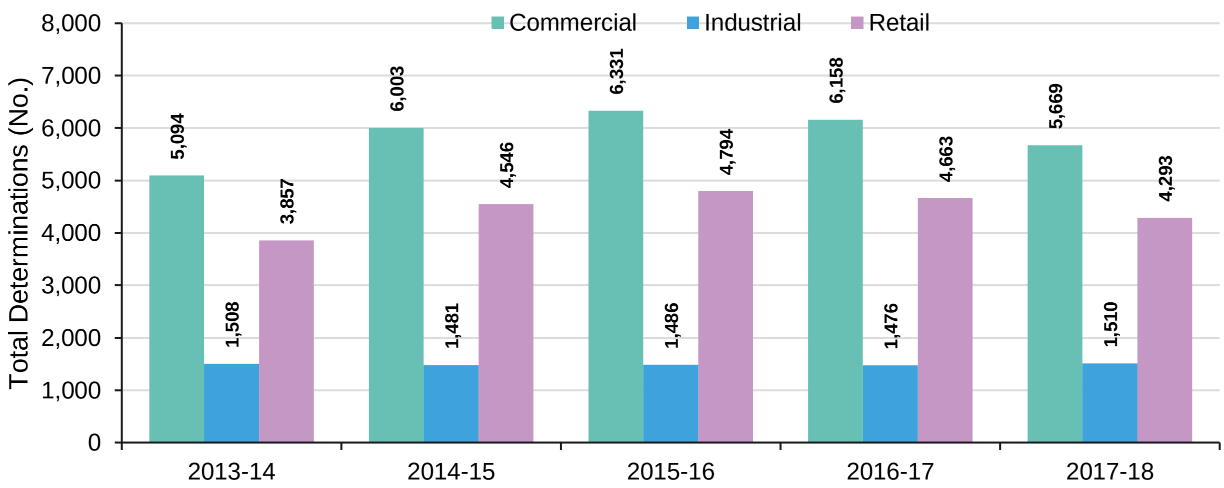
Source: DPIE, ABS

Historical CDC Determinations (No.)



Source: DPIE, ABS

Historical Determinations by Land Use (No.)



Source: DPIE

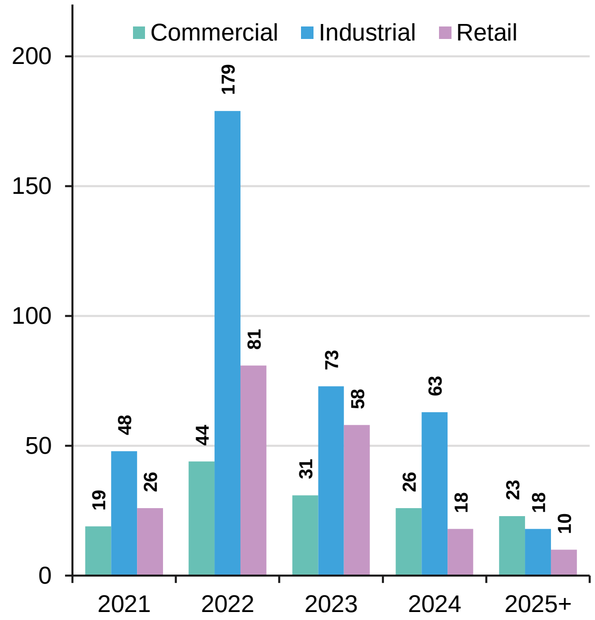
Investment in industrial and retail is split across metro and non-metro areas. Analysis shows regional areas account for approximately one third of total investment value. Nearly all investment in commercial buildings is in occurring in metro areas.

For the purposes of quantifying and analysing the future investment pipeline, we have only considered projects that are not yet approved (i.e. in the early planning or the development application phase). Our analysis shows:

- The total employment land use investment pipeline in New South Wales is currently estimated at $20.4 billion, comprising:
  - Commercial: $10.7 billion (98% metro vs 2% non-metro)
  - Industrial: $7.9 billion (67% metro vs 33% non-metro)
  - Retail: $1.8 billion (65% metro vs 35% non-metro).
- The median values of these ~700 projects are:
  - Commercial: $4.9 million (~140 projects)
  - Industrial: $2.3 million (~380 projects)
  - Retail: $1.7 million (~190 projects).
- The values of these ~700 projects range between:
  - Commercial: $200,000 - $2.5 billion
  - Industrial: $100,000 - $557 million
  - Retail: $185,000 - $195 million

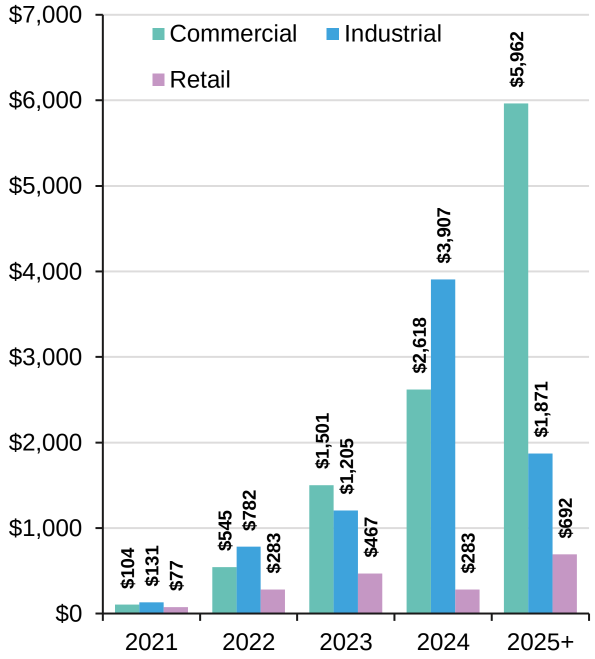
For the purpose of this analysis Metro extends as far as the Central Coast to the north, Hawkesbury to the north west, Blue Mountains to the west, Wollondilly to the south west and south to Sutherland. All areas outside these regions are classified as Non-Metro.

Number of Pipeline Projects by Sector



Source: Cordell Connect

Investment Pipeline by Sector ($M)



Source: Cordell Connect

The majority of the future investment pipeline is concentrated in the Sydney LGA with a pipeline of almost $6 billion.

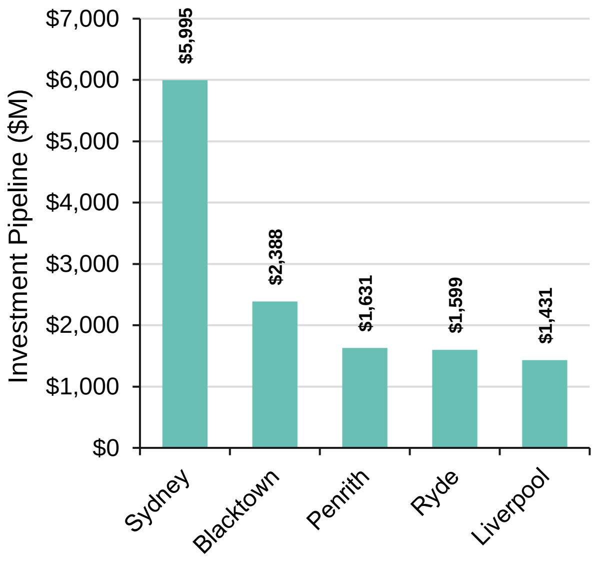
The Sydney LGA has the highest investment pipeline of any council in Metro NSW with nearly $6 billion of planned projects across the three sectors (industrial, commercial and retail).

Blacktown has the second largest pipeline with nearly $2.4 billion and Penrith is the third largest with $1.6 billion.

Muswellbrook LGA has the highest investment pipeline of any council in Non-Metro NSW with over $480 million. Port Stephens is slightly lower with a pipeline of $453 million and Cessnock rounds out the top three with $244 million in the pipeline across all sectors.

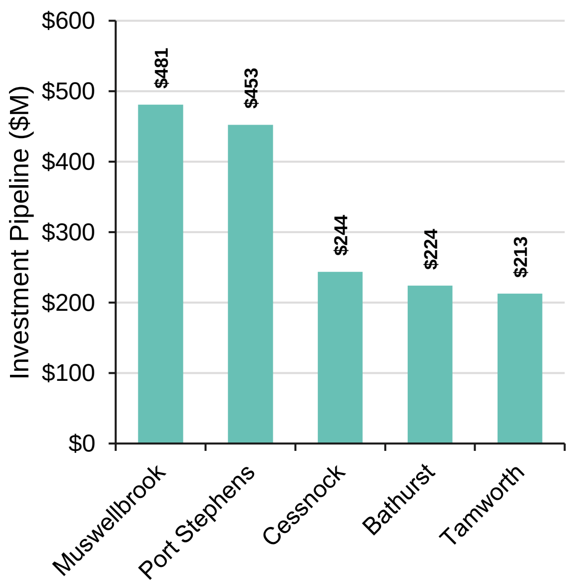
Details of the investment pipeline by sector and LGA is provided in Appendix A.

Top LGA's by Investment Pipeline (Metro)



Source: Cordell Connect

Top LGA's by Investment Pipeline (Non-Metro)



Source: Cordell Connect

Analysis of the distribution of floorspace in the industrial pipeline shows half of all projects will deliver less than 5,000 sq.m of floorspace. This analysis provides an appreciation of the number of projects that could be impacted if floorspace cap thresholds were increase for industrial buildings in the CDC pathway.

Analysis show the projects vary in scale, with the highest proportion of projects falling into the following floorspace ranges:

Commercial

<1,000 sq.m (28% of metro projects and 90% of non-metro projects)

Industrial

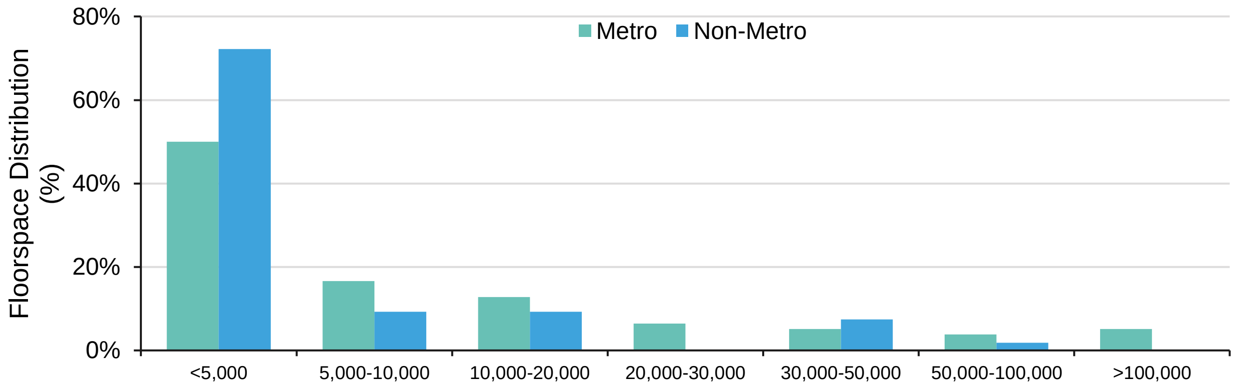
<5,000 sq.m (50% of metro projects and 72% of non-metro projects)

Retail

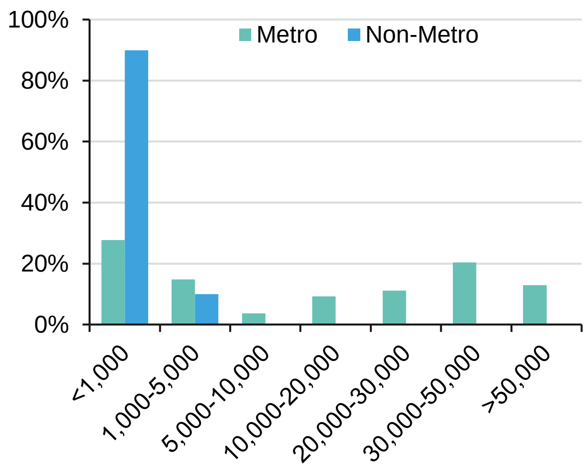
<1,000 sq.m (39% of metro projects and 33% of non-metro projects)

One industrial developer indicated demand they see is mostly for buildings < 10,000 sq.m and approximately 20% would be for buildings > 10,000 sq.m which is broadly in line with the analysis shown. Building heights are not included in the Cordell Connect data. A review of planning documents for four major projects showed building heights ranged from 12.3-14.6 metres for three of the projects, and 13.7-26.4 metres at the Kemps Creek Warehouse and Logistics Hub.

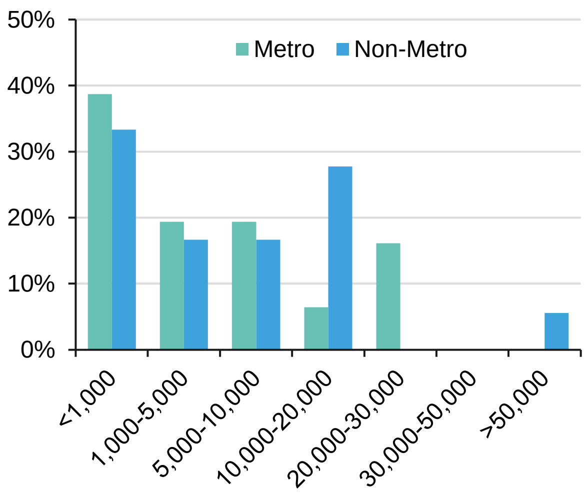
Floorspace Distribution of the Industrial Pipeline



Floorspace Distribution of the Commercial Pipeline



Floorspace Distribution of the Retail Pipeline



Source: Cordell Connect

An important outcome of the market sounding was to identify who had capital by understanding what projects made up the development pipeline. Supplementing these insights, we have undertaken analysis of the investment pipeline for commercial, industrial and retail projects using Cordell Connect to identify the top five developers by pipeline value.

The charts show that Frasers and Dexus have the most capital, both of whom develop assets in all the sectors covered.

Drilling down into the top five's pipeline by sector highlights that the largest share of capital is allocated to commercial projects followed by industrial. Combined there is $5.1 billion allocated to commercial projects, $650 million allocated to industrial projects and $250 million allocated to retail development.

With the exception of Goodman, industrial developers who participated in the market sounding typically only had one to two pipeline projects of note. The competition for industrial sites driven by the lack of available industrial land limits the pipeline for developers.

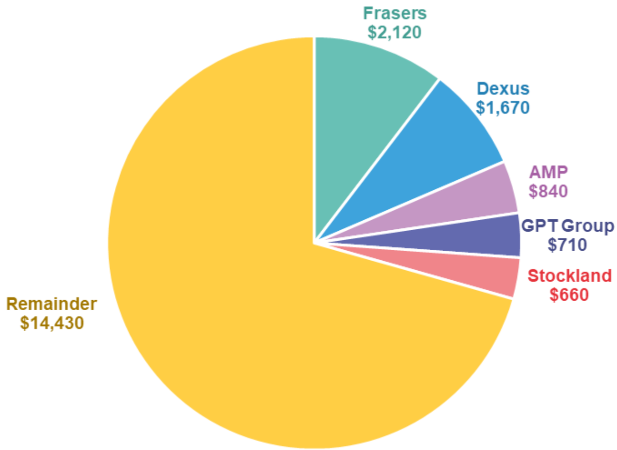
Projects identified in the market sounding were generally not considered by the developer to be suitable for the CDC pathway, either because they met the capital investment value (CIV) SSD development thresholds, or the potential impacts would require assessment. A table listing the projects identified is provided in the Appendices that also includes projects for industry that participated in the market sounding on SSD feedback. Worth noting that those representing institutional developers do not have oversight of pipeline across the organisation. A sample of some of the larger projects is shown below:

- 50,000 sq.m of industrial at Greystanes (ISPT).
- 40,000 sq.m of industrial is the subject of due diligence (confidential)
- A 10 ha. Site at Bringelly Road recently acquired (Stockland)
- 300, 000 sq.m of health and education at Bankstown (Vicinity).

Other significant projects where development applications had been submitted or construction has commenced include:

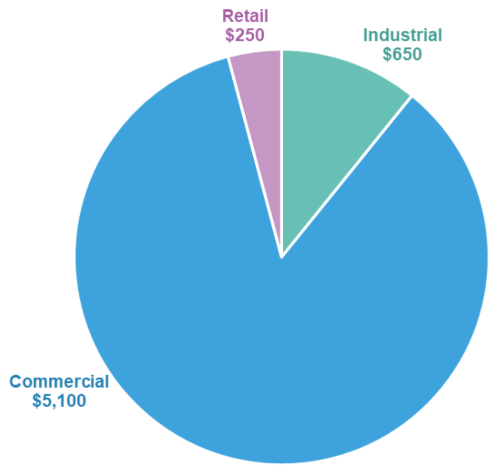
- 163,600 sq.m of industrial, heights 13.7-26.4 metres at Kemps Creek (Altis)
- 117,070 sq.m of commercial at Macquarie Park (Stockland)
- 100,000 sq.m of industrial at Marsden Park (LOGOS)
- $1 billion redevelopment of Chatswood Chase (Vicinity)
- 44,000 sq.m of medical at St Leonards (Dexus).

Investment Pipeline by Developer ($M)



Source: Cordell Connect

Top 5 Developers' Investment Pipeline by Sector ($M)



Source: Cordell Connect

Smaller projects likely to be completed as complying development include:

- Back filling a large space at Westfield Penrith estimated project value of $35 million
- Refurbishment of industrial asset at St Marys with estimated project value of $4 million
- Annual capex portfolio budget of $20 million for minor works.

Minor works tend to be completed in a short lead time as asset owners are doing modifications often for incoming tenants and as such there is limited visibility of the pipeline. Profiles of individual developers are shown here to provide a snapshot of their development pipeline.

LEADING EDGE

Leading Edge is a developer of data centres in regional NSW. Their 18 month pipeline comprises 14 locations each with a CIV of $6 million. While small in value there is potentially a high volume as the rollout will continue beyond the 18 month period of the current rollout phase. The building typology is modular units that follow similar specifications. To date the developments have been assessed by Councils who have been challenged to understand this new type of development. It is important to consider benefits beyond the project value as the data centres facilitate increased productivity for businesses in the regions.

VICINITY

At Bankstown, Vicinity have four projects each estimated at $20 million for construction. There is a constant evolution of the scale of projects at present which are a mix of backfilling existing space, changes to basement car parking, reconfiguring of existing retail boxes to consolidate and reconfigure multiple anchor tenancies that are becoming available prompted by the departure of discount department store retailers. The centre is also the site of a significant proposed development that will transform the centre is a mixed-use precinct.

GOODMAN

Pipeline comprises approximately 15 warehouses at Oakdale South and Oakdale West (931,000 sq.m GFA) all subject to SSD approval, a further five warehouse at Oakdale East (36,000 sq.m GFA), four of which are subject to the standard DA pathway and one is already under construction. The vast majority of warehouses are under 15.2 metres height with the exception of two customised high-bay warehouses for Amazon (45m) and Coles (30m). A further six brownfield sites are being redeveloped subject to approval or already approved and will start construction in the next two years (105,000 sq.m GFA).

2.0 EMERGING TRENDS

Emerging trends driving changes in land-use are stemming mainly from new technologies and renewables. The traditional uses of warehouses and shopping centres are evolving to better meet the needs of customers.

The strong demand and competition for industrial land can be an inhibitor for investment from emerging industries. As such interviews with institutional owners of industrial property did not reveal trends. Property prices in regional NSW are more supportive of new industries.

Emerging trends are reported in this chapter comprising medical and healthcare, regional investment, data centres, renewables; and implications for managing warehouses, shopping centres and commercial offices.

> **"The regions are well placed to attract investment in emerging sectors. Increasing reliance on cloud-based storage is driving appetite for industrial sites from data centres.**

For the traditional land uses of industrial, commercial and shopping centres, changes to the way these assets are managed, developed and redeveloped is more evolutionary than revolutionary. Owners of assets in all classes would benefit from being able to respond quickly to the demands of tenants, potentially enabled by a more efficient planning pathway.

Industrial Trends

Enquiries from the market for industrial property are for uses that include cold store logistics, pharmaceuticals, health care, food processing and data centres. Co-warehousing is an emerging trend that offers flexible options to tenants to meet fluctuations in demand and shortages of space in key markets. This will most likely result in developers building more 'spec' warehouses. The Covid-19 pandemic disrupted supply chains prompting companies to adopt a 'just-in-case' inventory strategy dispersing goods to multiple sites and channels. The 'spec' product will support this strategy.

Industrial operations and by consequence developments are evolving in response to new automation technologies. The use of robotics in warehouse facilities has driven a requirement for higher bay warehouses up to 45 metres. As part of a developer's overall pipeline these represent a small number. Typically, these buildings are highly customized to end-user specifications. By the nature of being large buildings there are inevitable complexities and impacts to consider. Industry would need to be comfortable about the level of rigour applied to the development standards if the complying pathway is explored for such developments. The rigour is important to ensure developers do not face increased risk in terms of impacts on community, neighbours and other stakeholders.

Most industrial building heights are less than 15 metres with 13.7 metres considered an industry standard accounting for approximately 90% of warehouse development. Developers will always strive to keep to this height to minimise construction costs. A more powerful sprinkler system known as K-26 is emerging that has a larger head providing more water and requires more cubic space and thus triggering an increase in the height above the standard 13.7 metres. Once solar, plant and equipment are calculated the common building height will be in the 15-17 metre range. For future proofing and longevity of the SEPP controls on height, industry are suggesting an increase from 15-18 metres.

As e-commerce demand has accelerated, customers are looking for the option to collect online orders from distribution centres (DC). This quasi-retail role is generally not accommodated under the local plans.

Consent to operate 24-hours has increasingly become an expectation for potential incoming tenants, and if not available can be a deal breaker.

Retail Trends

Retail, particularly sub-regional and regional centres with a focus on discretionary retail have faced difficult market conditions during the COVID-19 pandemic as consumer spending declined. Further, the declining relevance of large anchor tenants such as department stores and discount department stores is forcing owners to examine the role of the centres and the composition of tenants. It is important for owners to be agile in responding to the market dynamics. Changes to the CDC pathway could enable centres to:

- Reconfigure floorspace particularly the back-filling of large spaces vacated by department stores and discount department stores
- Improve maintenance and upkeep to ensure centres remain contemporary
- Evolve in role and function beyond retail shopping to include services and amenities that local residents and businesses need such as child care, medical or co-working office space.

Commercial Trends

The Covid-19 pandemic has prompted office tenants to review their space requirements and the utilisation of that space. Consequently, floorspace is coming back into the market at an increased rate placing asset managers under pressure to quickly make-good space to increase the chances of re-leasing.

Role for Complying Development

Thresholds that allow common external and internal improvements to occur when there is a minor variation from the standards will allow landlords to quickly respond to the needs of tenants and therefore contributing to economic activity more broadly.

"

Automation technologies are driving the design of large high-bay warehouses for large e-commerce functions. Most new warehouses however, will not exceed 18 metres in height.

Medical and Healthcare

Population growth and advances in scientific research are supporting a positive investment environment for specialist health technology companies, and specialist healthcare fund managers developing property.

Domestic companies are expanding investment in medical technology, bio-technology and pharmaceuticals. There is a lot of activity in small space research and development (R&D) that supports clinical trials. Most of this demand is being met by private landlords in Sydney suburbs including Macquarie Park and Lane Cove typically in 5,000-10,000 sq.m spaces.

The main projects sit mostly in COVID-19 diagnostic testing, IV fluid and PPE manufacturing. inward investment setting up supply chains for warehousing distribution has been occurring as Sydney is seen as a launch pad for supply into Asia.

In healthcare property there is a trend towards de-coupling of specialised uses from the hospital and the planning of health ecosystems that bring together health services, consulting suites, education, rehabilitation, mental health, medi hotels and key worker accommodation. The shared challenge for private healthcare investors is getting Government to appreciate that a holistic approach to planning around hospitals is key to enabling private sector investment.

An example of the investment value at stake through planning delays is the delay of the second stage of the North Shore Health Hub at St Leonards, a partnership between Dexus and Ramsay Healthcare representing $200M CIV.

Role for Complying Development

Industry would like to see fitouts of commercial buildings for medical uses completed as complying development. The CDC pathway could also enable existing facilities to make changes to their services such as adding in day surgery or providing an option for overnight patients. Investors maintain that even with making development complying there is an existing highly regulated framework through BCA compliance and hospital licensing that ensures there is still a rigorous assessment of the development.

> **"There is a thriving R&D sector in Sydney making use of industrial and business park precincts in middle ring locations.**

Renewables

Clean technology (cleantech) and energy storage are focus sectors for renewables investment according to Investment Attraction (NSW Treasury).

World leading International and local players are being approached to enter the NSW market.
Energy storage potential includes compressed air, pumped hydro and flow batteries. The implication for commercial and industrial building is the integration of storage into existing and new building and installing charging stations. Storage batteries could be equivalent in size to 25% of a shipping container. Whether these can be complying is worth consideration as the volumes over time will increase.

Data Centres

Cloud based reliance is driving surging demand for data centres particularly from financial services, internet and technology companies.

Cloud demand tends to be focussed on Sydney as most current and future cables into Australia use Sydney as the landing point. Soaring demands for more capacity and increased computing capabilities close to the consumer will continue to drive appetite for investment in the sector. Capacity issues are emerging requiring a change in rack densities over time to support the surge in advanced applications and AI related tasks.

The average investment values for a data centre exceeds the investment associated with warehouse buildings. Using Cordell Connect, Urbis identified five projects either in the early planning or development application phase with a median value of $302 million compared to $2.4 million for a warehouse project. Comments by industry suggest at any one time a single major data centre investor could have an active pipeline of projects valued at $750 million- $1 billion.

Regional Investment

In regional New South Wales, the emerging land use trends are being driven by the interest in renewables and recycling.

There is growing investment in battery installations driven by requirements to meet net zero emissions from manufacturing businesses that will be unable to meet the targets. The potential in renewable energy zones is seen as an opportunity.

Related to renewables is the looming need to recycle vast numbers of solar panels coming to the end of their lifecycle. This represents a new market opportunity which in its early days of growth has generated interest in a $10 million intermodal facility.

There is a strong interest in recycling however development opportunities are limited by compliance with the Environmental Planning Act (EPA). Recycling facilities are leveraging new technologies, often from overseas. The EPA modelling is seen as outdated and not reflecting the new technologies not understood by Government.

Role for Complying Development

Complying development is seen a challenging for renewables investment due to the required biodiversity offsets and ecological implications.

Agricultural Trends

Investment in soy production is accelerating and mostly destined for the regions. A $20M facility in Wodonga was an early soy industry facility and now there is a $100M plus facility being considered. Soy-based exports are projected to be a significant growth sector for agriculture which will result in ongoing investment in regional NSW.

In the agricultural sector increased consolidation of farming is occurring supported by renewed interest from direct foreign investment. Corporate farms have put in more feed lots and as farmers switch products between animal breeds there maybe some work needed on property to support a shift in product focus which could potentially be complying.

"

Investment in renewables and recycling technologies in the regions is positive, though brings environment related challenges.

3.0
INDUSTRY PERCEPTIONS OF COMPLYING DEVELOPMENT IN NSW

Overall, the sentiment around complying development is positive in the way that it offers developers a faster alternative to the Development Application process. The challenges come down to a lack of flexibility, the complexity of the legislation and the difficulty in obtaining information. There is an immediate hurdle to overcome where it is unclear if complying development is an option available.

The industry view is that a complying pathway is appropriate for most developments that do not impact on neighbours or the community. Critically, projects are considered appropriate for the CDC pathway only if the information required is readily available to the certifier. This lack of transparency would need to be overcome to broaden the type of development possible as complying. Ideally, industry would like to see the CDC pathway open up more opportunities for development particularly where the impacts are low, or can be mitigated with various tools such as design verification statements and technical reports for common issues such as traffic and noise.

Industrial developers value the CDC pathway and could utilise it more. They do not think it is not suited to high-bay warehouses which can range in height from 30 metres up to 45 metres since there will a number of complexities that come with such large projects which would be beyond the technical skill set of certifiers.

Industry has a commercial motivation to move through the planning and construction process in an efficient and timely manner. They will embrace reforms that support speed to market. However, they are often risk averse so they would need to be confident that changes do not expose them to risk.

Benefits of a CDC pathway to the developer are the certainty which de-risks the planning process. Recognised benefits are:

1.Certainty of timing given a CDC is generally completed in less than three months compared to a DA which is nine months or longer.

2. Certainty of conditions which are listed in the CDC.

3. The opportunity to design and customise to a future tenant's needs because the short timeframe means tenant can be engaged from design to delivery

4. A means to avoid obstructive Councils who have a reputation for unrealistic requests in the DA process.

5. Generally less risk of objection from neighbours as other parties can only appeal the CDC within three months of certification.

The CDC pathway is utilised for the following common types of development:

Shopping Centre Owners and Developers

- Internal reconfigurations providing GFA is not modified
- Backfilling retail shops
- Improvements to the carpark
- Replacing equipment such as generators
- Replacing building façade panels
- Installing lifts (though not all certifiers are comfortable with this).

Commercial Office Owners and Developers

- Minor refurbishment of offices to make good following tenants leaving
- Extensive refurbishing to reposition the property
- End of trip upgrades
- Lobby and forecourt upgrades
- Mechanical upgrade
- Bathroom upgrades
- Fire safety upgrades.

Industrial Owners and Developers

- Installing racking in warehouses
- Fire safety upgrades
- Making good and refurbishments
- Adding new entries to warehouses.

"

CDSs are mainly used by property owners to manage assets for maintenance and responding to tenant needs.

It is important to note that reforms to the CDC pathway are unlikely to bring forward the commencement of a developer's planning application since this will be determined by commercial factors. The benefits of reform to the developer are a faster planning process where CDC is an alternative to a DA, and speed to market.

THE ISSUES

THE WEIGHTY ISSUES

Experience with using the CDC pathway was explored with industry representatives in the market sounding. A full list of the various issues identified by the industry representatives who participated in the interviews and/or workshops is provided in Appendix C.

Complexity

Industrial and commercial projects can be complex often because of the various planning instruments that impact on assessment.

The lack of transparency comes from the difficulty in accessing essential information such as the project's planning history and the base building information.

Certifiers are becoming more risk-averse and maybe unwilling to certify unless they are absolutely sure of the requirements given the complexity of requirements, lack of clarity around definitions, and increasing insurance costs.

Control over Assets

A challenge for industry is the limited control they may have over minor internal and external modifications. Consequently, they are not able to respond quickly to customer needs.

For a shopping centre this could mean not having the ability make additions such as pergolas, awnings and seating that improve the amenity for customers and help retailers increase their appeal. Or it could be as simple as changing signage which is relevant to industrial and commercial office owners.

The replacement of cladding was raised multiple times specifically the lack of flexibility to improve façade appearances taking advantage of the external façade works necessary for rectification.

The Council Factor

The challenges with the pathway are entwined with Council plans, practises and attitudes. Reforms that require Councils to evolve and update are seen by industry as potentially hard to implement. Across geographies and industry sectors the influence Councils have on directing projects down a DA is commonly known. Irrespective of changes Councils must be part of the solution at some point. In the short term there are solutions that are viewed as easier to implement covered in the chapter on solutions.

The long list of issues generated in the market sounding were classified according to common themes, which are summarised on this page.

WHAT ARE THE THEMES OF ISSUES?

ISSUE CLUSTERS

Cluster One

Common minor enhancements are not permitted as complying.

The problem is that property owners are not able to make minor improvements as a CDC to make their properties more contemporary to meet customer expectations and needs.

Cluster Two

Complexity and lack of transparency.

The problem is the legislation is difficult to navigate due the complexity alone of the Exempt and Complying Development Codes SEPP and the relationship with other SEPPs and LEPs..

Cluster Three

Rigid parameters do not allow for reasonable minor changes.

There are too many unnecessary DAs which could be avoided if some flexibility is introduced.

Cluster Four

Planning Parameters are outdated.

The problem is LEP and DCPs don't always reflect the way businesses operate and the reality of their needs despite the requirements of businesses not being new.

Cluster Five

Exclusions are applied strictly.

The problem is the exclusions rule out the CDC pathway regardless of how minor and low impact the proposed works are. Heritage exclusions are one of the most common barriers for industry participating in the engagement.

Cluster Six

Conflict of Purpose.

The problem is practices within some Councils is taking away the incentive to use the CDC pathway and adding obstacles and time to the complying pathway process.

4.0 OVERVIEW OF SOLUTIONS AND ECONOMIC IMPACT

The solutions generated are a response to the blockages experienced under the current CDC pathway. These solutions, if implemented, would enable industry to have greater takeup of the complying pathway.

It is important to qualify that industry came up with the solutions considering options within the parametres of a code based framework. This self limitation therefore results in solutions that are still prescriptive in nature, and may not reveal ideas that are deemed transformative by the DPIE project team. The key limiting factor to industry solutions is once projects trigger impacts that they believe can not be resolved through a code assessment, then the pathway is not appropriate from a risk perspective.

Nonetheless, the solutions represent important reforms to industry and the economic impacts shown highlight the relevance of changes that impact high volume projects, that maybe low value against definitions of the project team. Industry would welcome the opportunity to have high value and low volume projects certifiable on the proviso there is no risk through exposure to objections.

> "The generated solutions address common barriers to accessing the CDC pathway.

SOLUTIONS OVERVIEW: KEY THEMES

A number of key themes have emerged from the proposed solutions and are outlined below. The complete list of potential solutions identified by the stakeholders is provided in Appendix D.

IMPACTFUL SOLUTIONS

The top 10 solutions have been identified by the stakeholders based on their potential to have a high level of impact.

Seven of the proposed 10 solutions will each enable over $200 million of development investment per annum to be approved through the CDC pathway. Solution 1 has the highest impact, with potential to enable ~$2.6 billion of development investment to be approved through the CDC pathway each year.

The high level of impact of the proposed solutions is also demonstrated by eight of the 10 solutions having potential application across more than one of the three broad property sectors (i.e. Retail, Industrial, Commercial), including six solutions which have potential application across all three property sectors.

Additionally, four of the top 10 solutions directly address emerging industry trends. As such, these solutions are likely to increase in their level of impact over time as these industry trends continue and grow.

EASY TO IMPLEMENT

In addition to identifying impactful solutions, the stakeholders have also given consideration to each solution's perceived ease of implementation.

Six of the top 10 solutions are perceived as easy to implement, while three are considered to have a moderate ease of implementation, and one is perceived as difficult to implement.

Importantly, the perceived ease of implementation of each solution does not reflect each solution's potential level of impact. As such, the most impactful solution (Solution 1) is perceived as having a moderate ease of implementation, while the second-most impactful solution (Solution 2) is perceived as being easy to implement.

Solution 8 is the only solution perceived as difficult to implement, and ranks eighth-most impactful of the top 10 solutions.

REGIONAL EXPERIENCE

Based on insights gathered from the stakeholder interviews and workshops, industry stakeholders working outside of Metropolitan Sydney (i.e. in regional areas) did generally not face challenges to those working within Metropolitan Sydney.

As such, these regional-based stakeholders did not identify different solutions to the metro-based stakeholders.

CONFIDENCE AND LEGITIMACY

Although none of the top 10 solutions directly address this issue, it is worth noting that a number of stakeholders in the interviews and workshops stated that there is a perception among industry that a CDC approval is not as legitimate or secure as a Development Application approval.

More specifically, stakeholders expressed concerns regarding the risk that a Council could object to or appeal a CDC approval. One particular stakeholder noted that many industrial tenants lack confidence that a CDC approval carries the same weight as a Council Development Application approval and will therefore insist on a Development Application approval. A communications and engagement strategy are important to address this issue and support raising industry awareness.

SOLUTIONS OVERVIEW

IDENTIFYING SOLUTIONS

This section highlights the top 10 solutions that could be implemented to improve the CDC approval pathway and increase the volume of investment being channeled through the pathway.

These 10 solutions have been identified through the interviews and workshops with various industry stakeholders. In these sessions, the stakeholders were asked to nominate possible solutions and prioritise these according to their perceived level of impact and ease of implementation.

We subsequently reviewed these solutions and confirmed them in a workshop with DPIE.

ECONOMIC IMPACT ANALYSIS

To assist in prioritising the 10 solutions, we assessed the potential economic benefits of each solution. This includes quantifiable and non-quantifiable benefits.

The quantifiable benefits comprise:

- Investment value
- Time saving
- Opportunity Costs.

The non-quantifiable benefits comprise:

- Reducing DA bottlenecks
- Improved Agility/Responsiveness
- Increased Council Productivity.

The quantifiable benefits have been assessed based on inputs provided by the industry stakeholders in the interviews and workshops, DPIE's Local Development Performance Monitoring data, and future development pipeline data sourced from Cordell.

Further details on the approach to quantifying each of the benefits are provided opposite and in Appendix F.

WHAT ARE THE ECONOMIC BENEFITS?

QUANTIFIABLE BENEFITS:

Investment Value

The Investment Value benefit represents the total investment value of all projects the solution will enable to be approved through the CDC pathway annually. It is based on inputs provided by the industry stakeholders, DPIE's Local Development Performance Monitoring data, and future development pipeline data sourced from Cordell.

Time Saving

The Time Saving benefit represents the total number of months spent waiting for approvals that can be avoided by implementing the solution per year. It is calculated by multiplying the number of projects to which the solution applies by the time saving of the CDC pathway compared to the DA pathway (in months). It is primarily based on inputs provided by the industry stakeholders and DPIE's Local Development Performance Monitoring data.

Opportunity Costs

The Opportunity Costs benefit represents the total foregone rent from a longer approval process that can be realised by implementing the solution per year. It is calculated by multiplying the number of projects to which the solution applies by an average rent per project by the time saving of the CDC pathway compared to the DA pathway (in months). It is based on floorspace inputs provided by the industry stakeholders and future development pipeline data, in addition to rental data sourced from agency reports and Urbis' internal databases.

NON-QUANTIFIABLE BENEFITS:

Reducing DA Bottlenecks

By redirecting applications out of the DA pathway and into the CDC pathway, the proposed solutions can reduce delays in approvals not just in CDCs but also in DAs by reducing the number of projects that need to go through the DA process.

Increased Council Productivity

Increasing the breadth of projects to which the CDC pathway is available will enable Council staff to focus their resources on the assessment of more complex, higher value development applications.

Improved Agility / Responsiveness

In the midst of the COVID-induced economic downturn, it has become increasingly important for industry to be able to act quickly in response to changing conditions. Increasing the availability of the CDC pathway is a key means by which Government can enable industry to act nimbly and secure timely approvals while minimising costs.

TOP 10 SOLUTIONS

TOP 10 SOLUTIONS

The following top 10 solutions have been identified through interviews and workshops with various industry stakeholders. The potential economic impacts of each solution are summarised in the table below, with detailed profiles of each solution provided in the following pages.

The top 10 solutions comprise:

1. Master Plan Approvals
2. Increase Caps for New Industrial
3. Practice Note / Tool
4. CDC Helpdesk
5. Set Threshold Buffers
6. Allow for Common Change of Use
7. 24/7 Operating Hours
8. Heritage Restrictions
9. New Commercial Up to 4 Storeys
10. Signage Replacement and Renewal.

Summary of Impacts

Solution	Relevant Property Sector			Emerging Trend	Ease of Implementation	Estimated Economic Benefits (p.a.)		
	Retail	Industrial	Commercial			Investment Value ($)	Time Savings	Opportunity Costs ($)
1	✓	✓	✓	✓	Moderate	~$2.6 bn	~660 months	~$180 mil
2	-	✓	-	✓	High	~$1.2 bn	~240 months	~$70 mil
3	✓	✓	✓	-	Moderate	~$420 mil	~5,900 months	-
4	✓	✓	✓	-	High	~$420 mil	~5,900 months	-
5	✓	✓	✓	-	High	~$340 mil	~1,780 months	-
6	✓	-	✓	✓	High	~$330 mil	~440 months	~$60 mil
7	✓	✓	-	✓	High	~$220 mil	~3,480 months	-
8	✓	✓	✓	-	Low	~$90 mil	~690 months	~$5 million
9	-	-	✓	-	Moderate	~$70 mil	~110 months	~$10 mil
10	✓	✓	✓	-	High	~$40 mil	~1,200 months	-

5.0 THE SOLUTIONS

SOLUTION 1: MASTER PLAN APPROVALS

Retail | Industrial | Commercial | Emerging Trends

WHAT IS THE ISSUE?

Master planned and multi-stage developments require a separate Development Application for each stage of the development in addition to an initial Development Application for the entire site / subdivision / master plan.

This results in the creation of numerous Development Applications for a single development that has already been approved in the master planning stage.

Emerging Trend:

With the substantial quantum of master plans and subdivisions being planned for sites across Western Sydney in the coming years (particularly around the Western Sydney Airport), the number of Development Applications for individual stages or buildings within approved master plans is anticipated to increase significantly.

WHAT ARE INDUSTRY'S ASPIRATIONS?

Development Application conditions of consent clearly specify that Approval for the entire site / subdivision / master plan for staged developments enables subsequent stages and buildings to be approved as complying development.

For example:

- Individual industrial buildings proposed within an approved master plan can be approved via CDC
- Design guidelines for shopfronts in shopping centres can be established to enable conforming individual shopfronts to be approved by CDC

CASE STUDY

Goodman, a major industrial developer, is developing a large warehousing and distribution hub in Erskine Park, called Oakdale South Industrial Estate.

The $300 million, 117-hectare estate will comprise 15 warehouses within six precincts. It is intended to be developed in three stages in line with infrastructure delivery and market demand.

Goodman submitted a State Significant Development (SSD) Application for the overall master plan which was approved in 2016.

Since this SSD approval, four Development Applications have had to be lodged to gain approval for different precincts and buildings within the estate.

Each of these Development Applications have taken 3-6 months to be approved. If they could have been approved through CDC as per Solution 1, it is likely to have taken less than 1 month for each approval.

This would reduce the Development Application bottleneck for the consent authority and enable the developer to act more nimbly to secure tenants for their estate.

WHAT ARE THE ECONOMIC BENEFITS?

Investment: $2.6 billion per annum

Solution 1 can enable ~$2.6 billion of development investment per annum to be approved through the CDC pathway.

This Solution can apply to some 120 projects averaging ~$20 million in value per annum.

Time Saving: 660 months per annum

Solution 1 can save the industry a total of 660 months in approval timeframe.

CDC can take 1-3 months to complete, which is a stark improvement from the 6-9 months required for a DA to be approved.

Opportunity Costs: $180 million per annum

Some $180 million per annum of opportunity costs from foregone rent from a longer approval process can be unlocked by Solution 1.

This is based on average annual rents of ~$650 per sq.m of floorspace for retail uses, $100-150 per sq.m for industrial uses, and $300-450 per sq.m for commercial uses.

Annual Investment: $2.6B

SOLUTION 2:
INCREASE CAPS FOR INDUSTRIAL

Industrial

Emerging Trends

WHAT IS THE ISSUE?

The Codes SEPP currently enables new industrial buildings to be approved through CDC if they have a floorspace of less than 20,000 sq.m and building height lower than 15 metres. However, these caps are now outdated.

Emerging Trend:

New technology (e.g. new sprinkler systems) means the "standard" size and height of industrial buildings is increasing. As such, the caps in the Codes SEPP should be updated to reflect the new normal.

It is likely that failure to increase the caps will result in a decline in the proportion of approvals that are granted through CDC for industrial developments.

WHAT ARE INDUSTRY'S ASPIRATIONS?

Increase the floorspace cap from 20,000 sq.m to 30,000 sq.m, and height limit from 15 metres to 18 metres, for stand alone new industrial builds in the Codes SEPP.

CASE STUDY

A standalone 27,000 sq.m, 18-metre high industrial building is currently being considered for development in a major industrial precinct in Sydney.

Under the current legislation, the $28 million proposal has to be assessed through the Development Application approval process. However, if the floorspace and building height caps were increased as per Solution 2, the development could be approved through the CDC pathway.

This would save the developer ~6 months in the approval process, allowing tenants to be secured sooner, and reducing the Development Application bottleneck for the consent authority.

WHAT ARE THE ECONOMIC BENEFITS?

Investment:
$1.2 billion per annum

Solution 2 can enable ~$1.2 billion of development investment per annum to be approved through the CDC pathway.

This Solution can apply to some 40 projects averaging ~$30 million in value per annum.

Time Saving:
240 months per annum

Solution 2 can save the industry a total of 240 months in approval timeframe.

This is based on an average time saving in the approval process of 6 months per project under the CDC pathway compared to the DA pathway.

Opportunity Costs:
$70 million per annum

Some $70 million per annum of opportunity costs from foregone rent from a longer approval process can be unlocked by Solution 2.

This is based on average annual rents of $100-150 per sq.m for industrial uses.

Annual Investment: $1.2B

SOLUTION 3: PRACTICE NOTE / TOOL

WHAT IS THE ISSUE?

The CDC legislation, including the Codes SEPP, is lengthy and difficult to understand. Developers, property owners, planners and even certifiers have expressed frustration with attempting to read and understand the legislation, and with determining whether it applies to specific developments.

As a result, many stakeholders feel that there is usually a sense of uncertainty as to whether the CDC pathway is available to a proposed development. They therefore sometimes view the CDC process as higher risk than the Development Application process.

Faced with this uncertainty, many stakeholders noted that they opt for the Development Application approval process simply because they are not sure whether they could use the CDC approval process for their development.

WHAT ARE INDUSTRY'S ASPIRATIONS?

Develop a simple and easy to understand document or Practice Note on the Codes SEPP and other CDC legislation that provides examples of the most common application of CDC.

This could be delivered as an interactive online tool that advises whether a development can be approved through CDC.

CASE STUDY

There is currently a significant volume of projects which qualify for the CDC approval pathway but instead utilise the Development Application pathway instead.

For example, boutique developer Macada Commercial recently secured development approval for a proposed industrial development comprising three 5,000-6,000 sq.m warehouses in Arndell Park.

This $17 million development could have been approved through the CDC pathway, however it was instead approved through the Development Application pathway.

If Solution 3 were implemented, Macada Commercial would have been able to easily determine that their development could be approved through the CDC process and saved themselves ~3 months in the approval process.

This solution therefore has potential to significantly reduce the Development Application bottleneck for consent authorities by directing appropriate developments to the CDC pathway, and will enable developers to act more nimbly in the currently challenging economic environment.

Retail Industrial Commercial

WHAT ARE THE ECONOMIC BENEFITS?

Investment: $420 million per annum

Solution 3 can enable ~$420 million of development investment per annum to be approved through the CDC pathway.

This Solution can apply to some 1,970 projects averaging ~$215,000 in value per annum.

Time Saving: 5,900 months per annum

Solution 3 can save the industry a total of 5,900 months in approval timeframe.

This is based on an average time saving in the approval process of 3 months per project under the CDC pathway compared to the DA pathway.

Annual Investment: $420M

SOLUTION 4: CDC HELPDESK

WHAT IS THE ISSUE?

Solution 4 aims to address the same issue as Solution 3. That is, the CDC legislation, including the Codes SEPP, is lengthy and difficult to understand.

As a result, many stakeholders feel that there is usually a sense of uncertainty as to whether the CDC pathway is available to a proposed development. They therefore sometimes view the CDC process as higher risk than the Development Application process.

Faced with this uncertainty, many stakeholders noted that they opt for the Development Application approval process simply because they are not sure whether they could use the CDC approval process for their development. The helpdesk combined with the practice note/tool will go some way to installing confidence in the pathway through demonstration by Government of commitment to helping industry.

WHAT ARE INDUSTRY'S ASPIRATIONS?

Increase awareness of the existing NSW DPIE Planning Help Desk to help proponents navigate and promptly determine if the CDC pathway applies to their development, and provide guidance on whether their project is suited to the CDC approval process.

Compared to Solution 3, Solution 4 is likely to be easier and less costly to implement as the Help Desk already exists. However, this solution has an ongoing cost and can only handle a limited number of enquiries. In contrast, the online tool proposed in Solution 3 will require less maintenance and cater for unlimited enquiries, but is likely to be more costly and slower to implement.

CASE STUDY

As noted previously, there is currently a significant volume of projects which qualify for the CDC approval pathway but instead utilise the Development Application pathway instead.

For example, a small retail business is currently considering a minor extension to the rear of their premises. Given their lack of experience, they may not be aware that this work can be approved through the CDC process. They may also not be very tech-savvy and would therefore not be comfortable with using the online tool proposed in Solution 3.

If Solution 4 were implemented, this small business would know they could contact the Help Desk, speak with an actual human being and be provided guidance that their development could potentially be approved through the CDC process. This could save them ~3 months in the approval process.

Retail Industrial Commercial

WHAT ARE THE ECONOMIC BENEFITS?

Investment: $420 million per annum

Solution 4 can enable ~$420 million of development investment per annum to be approved through the CDC pathway.

This Solution can apply to some 1,970 projects averaging ~$215,000 in value per annum.

Time Saving: 5,900 months per annum

Solution 4 can save the industry a total of 5,900 months in approval timeframe.

This is based on an average time saving in the approval process of 3 months per project under the CDC pathway compared to the DA pathway.

Annual Investment: $420M

SOLUTION 5:
SET THRESHOLD BUFFERS

WHAT IS THE ISSUE?

The Codes SEPP currently applies strict thresholds for the type and scale of developments that can be approved through the CDC process (e.g. approval for new industrial buildings with up to 20,000 sq.m of floorspace).

However, stakeholders noted that they often have developments which are relatively minor (e.g. installing awnings) and/or marginally exceed the existing thresholds in the Codes SEPP. Although these developments do not have significant environmental impacts, under the current legislation, the proponents must seek approval through the Development Application process instead.

WHAT ARE INDUSTRY'S ASPIRATIONS?

Allow a minor 5% buffer to the thresholds for changes in floorspace and carparking (subject to a traffic demand assessment) that can be approved through the CDC pathway, plus allow for any minor works that do not have any environmental impacts (e.g. reconfiguring docks, adding awnings, fire exit doors etc.) to be approved through the CDC approval process.

CASE STUDY

Frasers, a major developer across multiple sectors, recently secured development approval for a proposed ~20,600 sq.m industrial building in Horsley Park.

Given the scale of the proposed building, Frasers was unable to utilise the CDC approval pathway for this development. Instead, the $30 million development could only be approved through the Development Application pathway.

If the cap of 20,000 sq.m for new industrial buildings under CDC allowed a 5% buffer, Frasers' development could have been approved through the CDC pathway within one month. This would have saved Frasers up to eight months in the Development Application approval process.

Retail Industrial Commercial

WHAT ARE THE ECONOMIC BENEFITS?

Investment:
$340 million per annum

Solution 5 can enable ~$340 million of development investment per annum to be approved through the CDC pathway.

This Solution can apply to some 420 projects per annum ranging in value from $300,000 to $2.5 million.

Time Saving:
1,780 months per annum

Solution 5 can save the industry a total of 1,780 months in approval timeframe.

This is based on an average time saving in the approval process of 3-8 months per project under the CDC pathway compared to the DA pathway.

Annual Investment: $340M

SOLUTION 6:
ALLOW FOR COMMON CHANGE OF USE

WHAT IS THE ISSUE?

The Codes SEPP currently only allows for specific changes of use to be approved through CDC. Stakeholders noted that these allowable changes of use are limited and outdated.

Therefore, proponents are often required to submit a Development Application for a common change of use that is already allowable under the current zoning in the LEP (e.g. medical uses within a shopping centre).

Emerging Trend:
The continuing evolution of retail centres into mixed use centres accommodating a broader mix of uses (e.g. medical, gym, co-working), and the growing desire for flexible use of commercial office space (e.g. gyms, universities), indicates that the existing change of use provisions in the Codes SEPP will become increasingly outdated.

WHAT ARE INDUSTRY'S ASPIRATIONS?

Allow for CDC approval of changes of use within a shopping centre (including removing the 50-seat limit on F&B tenancies) as long as they are consistent with the current LEP, and within a commercial building based on a list of common reasonable uses (e.g. medical, gym, education, co-working) as long as they comply with BCA Standards.

CASE STUDY

Recent trends in the retail sector have seen the gradual decline of department stores (e.g. Myer and David Jones) and Discount Department Stores (e.g. Target, Big W) across the country.

Over the next 1-2 years, around 30 department stores and discount department stores are due to close in NSW, including 19 Target stores.

Shopping centre owners are therefore increasingly seeking to subdivide these vacating tenancies and backfill them with other uses such as medical, gym and co-working space. As such, backfilling these vacating tenancies will require approvals for change of use.

According to major shopping centre owners and developers, subdividing and backfilling these vacating tenancies costs in the realm of $10 million each. As such, there is potentially $300 million of development investment in the retail sector alone that could be approved through the CDC pathway if Solution 6 were implemented.

Retail **Commercial** **Emerging Trends**

WHAT ARE THE ECONOMIC BENEFITS?

Investment: $330 million per annum

Solution 6 can enable ~$330 million of development investment per annum to be approved through the CDC pathway.

This Solution can apply to some 100 projects per annum ranging in value from $500,000 to $10 million.

Time Saving: 440 months per annum

Solution 6 can save the industry a total of 440 months in approval timeframe.

This is based on an average time saving in the approval process of 3-8 months per project under the CDC pathway compared to the DA pathway.

Opportunity Costs: $60 million per annum

Some $60 million per annum of opportunity costs from foregone rent from a longer approval process can be unlocked by Solution 6.

This is based on average annual rents of ~$650 per sq.m of floorspace for retail uses and $300-450 per sq.m for commercial uses.

Annual Investment: $330M

SOLUTION 7: 24/7 OPERATING HOURS

WHAT IS THE ISSUE?

Currently CDC approval only allows for the approved uses to operate within limited operating hours that cannot be varied through the CDC process.

Therefore, many proponents seek CDC approval for their retail and industrial fit-outs and then submit a separate Development Application requesting an increase in their allowed operating hours. This results in the doubling-up of approvals to enable the one use.

Emerging Trend:
With the NSW Government placing greater emphasis on the night-time economy, and industrial operators now requiring 24/7 operations as standard, the number of Development Applications for increased operating hours is expected to increase.

WHAT ARE INDUSTRY'S ASPIRATIONS?

Allow 24/7 operations to be approved as part of a CDC if the proposed use is not within 500 metres of sensitive noise receivers, meets noise emission criteria, and has a standard plan of management.

CASE STUDY

On average, Woolworths opens 10 new stores per year at a cost of $10-15 million in investment value each. Typically, eight of these new stores will require a change of operating hours.

As such, these eight new stores per annum currently all require Development Application approval to extend their operating hours.

If Solution 7 were implemented, these stores would be able to secure an extension to their operating hours through the CDC approval pathway instead.

This would save Woolworths an average of 5 months in waiting to secure an extension to their operating hours for each of their stores. Fast-tracking the approvals for changes of operating hours would also support increased employment, sooner.

Retail | Industrial | Emerging Trends

WHAT ARE THE ECONOMIC BENEFITS?

Investment: $220 million per annum

Solution 7 can enable ~$220 million of development investment for fit-outs per annum to be wholly approved through the CDC pathway without requiring separate DA approval for increased operating hours.

This Solution can apply to some 700 projects per annum ranging in value from $300,000 to $500,000.

Time Saving: 3,480 months per annum

Solution 7 can save the industry a total of 3,480 months in approval timeframe.

CDC can take 1 month to complete, which is a stark improvement from the 6 months required for a DA to be approved.

Annual Investment: $220M

SOLUTION 8:
HERITAGE RESTRICTIONS

WHAT IS THE ISSUE?

Currently sites located in a Heritage Conservation Area, or with heritage items listed on their title, are prohibited from using the CDC approval pathway.

However, stakeholders noted that often the proposed works would have no impact on the specific heritage item on-site.

Additionally, stakeholders noted that the Heritage Register and Environmental Planning Instruments often fail to provide a clear description of the actual heritage items on a site. As such, they are frequently unable to determine whether their proposed works would impact the heritage items on-site.

As a result, many proponents end up lodging a Development Application for their proposed works despite the fact the works will not impact the heritage items on the site.

WHAT ARE INDUSTRY'S ASPIRATIONS?

Provide a clearer description on the Heritage Register and the Environmental Planning Instruments of the actual significant items on each property, and update the Codes SEPP to allow for CDC approval of internal works if it does not impact the exterior heritage value of a building.

CASE STUDY

The Stevens Group, a property developer primarily operating in Regional NSW, recently commenced work on a new hotel.

The development was approved through the Development Application pathway, however The Stevens Group wanted to make a number of small modifications.

As the site contained heritage items, The Stevens Group was not able to use the CDC pathway to gain approval for these minor changes. However, the heritage items were trees that were located on the site and which were not going to be impacted by the works.

If Solution 8 were implemented, The Stevens Group would have been able to use the CDC pathway to gain approval for these minor changes and saved up to 4 months in waiting for an approval. Further, the final outcome was a compromised design.

Retail **Industrial** **Commercial**

WHAT ARE THE ECONOMIC BENEFITS?

Investment:
$90 million per annum

Solution 8 can enable ~$90 million of development investment per annum to be approved through the CDC pathway.

This Solution can apply to some 300 projects per annum ranging in value from $300,000 to $500,000.

Time Saving:
690 months per annum

Solution 8 can save the industry a total of 690 months in approval timeframe.

This is based on an average time saving in the approval process of 1-4 months per project under the CDC pathway compared to the DA pathway.

Opportunity Costs:
$5 million per annum

Some $5 million per annum of opportunity costs from foregone rent from a longer approval process can be unlocked by Solution 8.

Annual Investment: $90M

SOLUTION 9:
NEW COMMERCIAL UP TO 4 STOREYS

WHAT IS THE ISSUE?

The Codes SEPP currently enables floorspace expansions of up to 2,500 sq.m to the rear of existing commercial buildings (if they are not on a corner lot) to be approved through CDC. However, the SEPP does not allow for CDC approval of new commercial buildings of a specified scale.

As the Codes SEPP currently allows new industrial buildings of a specified scale to be approved through CDC, a similar allowance should be made for commercial buildings of a specified scale in greenfield locations.

WHAT ARE INDUSTRY'S ASPIRATIONS?

Expand the Codes SEPP to allow the building of new commercial buildings of up to four storeys in greenfield locations to be approved through CDC.

CASE STUDY

A $6 million, 3-storey commercial building was recently approved for development on a greenfield site in the Central Coast LGA.

Under the current legislation, the proposal had to be assessed through the Development Application approval process. However, if Solution 9 were implemented the development could have been approved through the CDC pathway.

This would have saved the developer ~4 months in the approval process, allowing tenants to be secured sooner, and reducing the Development Application bottleneck for the consent authority.

Commercial

WHAT ARE THE ECONOMIC BENEFITS?

**Investment:
$70 million per annum**

Solution 9 can enable ~$70 million of development investment per annum to be approved through the CDC pathway.

This Solution can apply to some 30 projects averaging ~$2.5 million in value per annum.

**Time Saving:
110 months per annum**

Solution 9 can save the industry a total of 110 months in approval timeframe.

This is based on an average time saving in the approval process of 4 months per project under the CDC pathway compared to the DA pathway.

**Opportunity Costs:
$10 million per annum**

Some $10 million per annum of opportunity costs from foregone rent from a longer approval process can be unlocked by Solution 9.

This is based on average annual rents of $300-450 per sq.m for commercial uses.

Annual Investment: $70M

SOLUTION 10: SIGNAGE REPLACEMENT & RENEWAL

WHAT IS THE ISSUE?

Stakeholders noted that signage replacement and renewal is a very common occurrence, especially in a retail context.

However , the replacement and renewal of signage on retail, commercial and industrial buildings currently requires Development Application approval.

The CDC approval pathway cannot be used for these projects even when the proposed replacement signage will have the same dimensions and luminosity as the existing signage.

WHAT ARE INDUSTRY'S ASPIRATIONS?

Allow the replacement and renewal of signage to be approved through the CDC pathway if the proposed signage will have the same dimensions and luminosity as the existing signage (i.e. like-for-like).

Also allow new signage to be approved through the CDC pathway if it meets the specifications set out in a prior Development Application (e.g. the Concept Development Application).

CASE STUDY

Walker Corporation, a major developer across all sectors, is leading the $2.7 billion Parramatta Square redevelopment.

As part of this development, Walker Corporation has had to lodge 10 Development Applications for signage across three commercial office buildings.

The development investment value associated with these signs has sometimes approached $100,000.

Each of the Development Applications for the signage have taken at least one month to be approved. If they could have been approved through CDC as per Solution 10, it is likely to have taken only one week for each approval.

This would reduce the Development Application bottleneck for the consent authority and enable consent authority's approval team to focus on more complex and higher value applications.

Retail Industrial Commercial

WHAT ARE THE ECONOMIC BENEFITS?

Investment: $40 million per annum

Solution 10 can enable ~$40 million of development investment per annum to be approved through the CDC pathway.

This Solution can apply to some 1,200 projects per annum ranging in value from $5,000 to $100,000.

Time Saving: 1,200 months per annum

Solution 10 can save the industry a total of 1,200 months in approval timeframe.

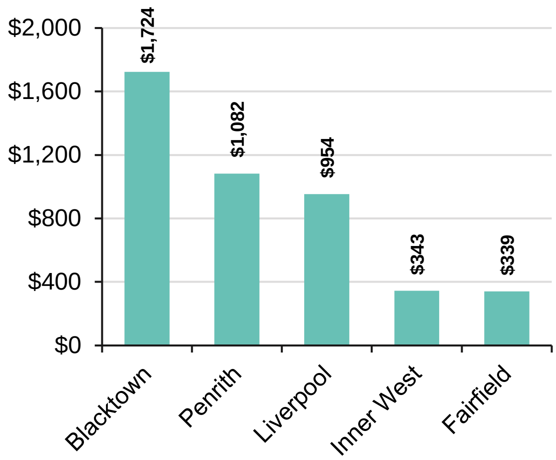
This is based on an average time saving in the approval process of 1 month per project under the CDC pathway compared to the DA pathway.

Annual Investment: $40M

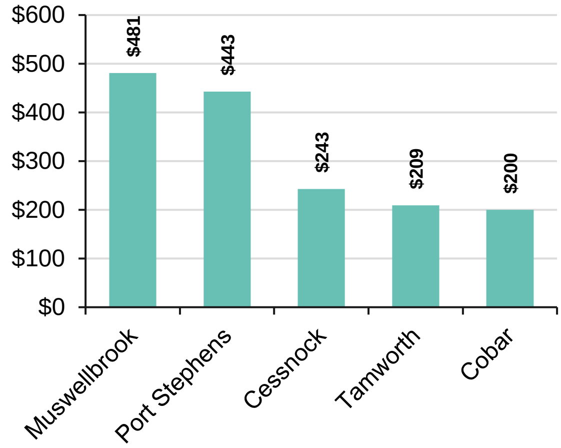
APPENDICES

A. TOP 5 INVESTMENT PIPELINES BY LGA AND SECTOR

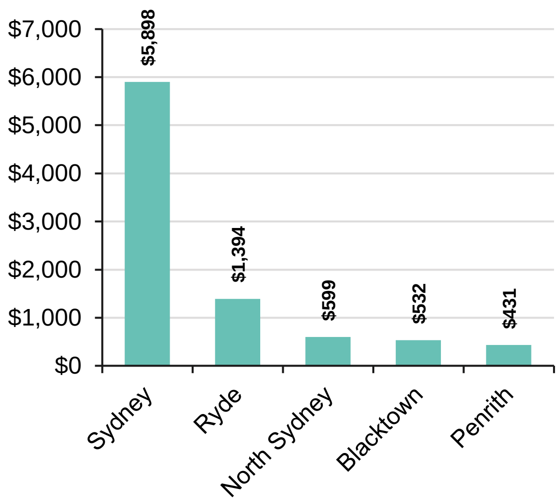
Industrial Pipeline (Metro, $M)



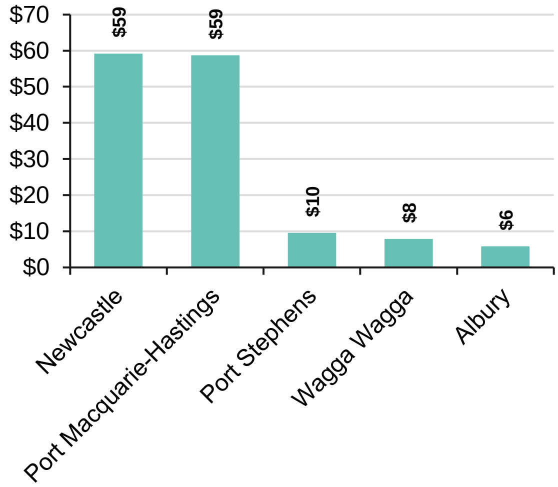
Industrial Pipeline (Non-Metro, $M)



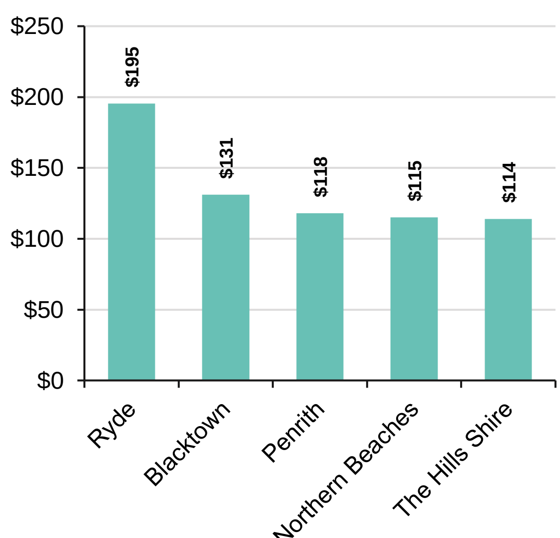
Commercial Pipeline (Metro, $M)



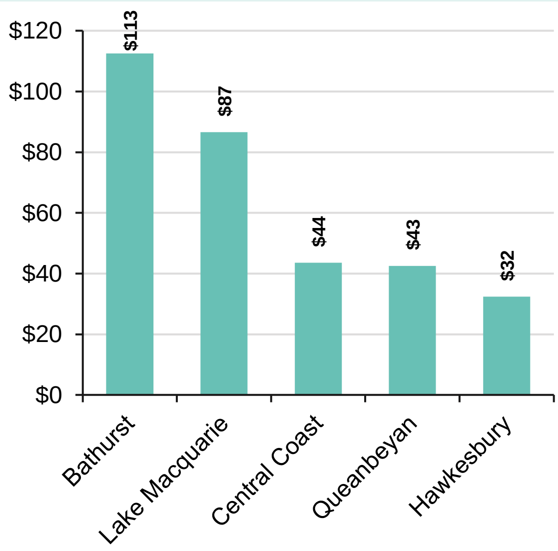
Commercial Pipeline (Non-Metro, $M)



Retail Pipeline (Metro, $M)



Retail Pipeline (Non-Metro, $M)



Source: Cordell Connect

B. MARKET SOUNDING SAMPLE

Segment	Organisation	Segment	Organisation
Asset Management	Knight Frank	Industry Advocacy	NSW Small Business Commissioner
Asset Management	CBRE	Industry Advocacy	Western Sydney Business Chamber
Development Advisor	TM Insight	NSW Government	NSW Treasury Investment Attraction
Development Advisor	Philon	NSW Government	Regional NSW Investment Co-ordinator
Development Advisor	Touchstone Partners	Private Certifiers	Modern Building Certifiers
Development Advisor	Monteath Powys	Private Certifiers	Blackett Maguire + Goldsmith
Developer Regional	Stevens Group	Private Certifiers	Certis
Developer Regional	Leading Edge Data Centres	Private Certifiers	Procert
Healthcare	Healthscope	Office Developers and Funds	Stockland
Healthcare	Ramsay Health Care	Office Tenants	Perpetual
Healthcare	Direct Project Consulting	Office Tenants	Urbis
Healthcare	Image Property Developments	Office Tenants	WMK Architecture
Healthcare	Dexus Healthcare	Shopping Centre/Retail Owners	Vicinity
Healthcare	Centuria Funds	Shopping Centre/Retail Owners	Scentre Group
Industrial Developers and Funds	Goodman	Shopping Centre/Retail Owners	Charter Hall
Industrial Developers and Funds	Stockland	Shopping Centre/Retail Owners	QIC
Industrial Developers and Funds	LOGOS	Shopping Centre/Retail Owners	Woolworths
Industrial Developers and Funds	Frasers		
Industrial Developers and Funds	ISPT		

C. ISSUES GENERATED IN MARKET SOUNDING

Issues - Examples where CDC pathway does not apply
Cluster One: Common minor enhancements are not permitted as complying
Doing cosmetic upgrades at the time of cladding replacements (e.g. must be like-for-like replacement to be complying)
Change of signage or signage renewal (e.g. shopping centres frequently change signage and unable to turnover in time for new tenants)
Change of use (e.g. changing shops to different use for new tenant)
Installations/upgrades to loading docks (e.g. new tenant requires upgraded access)
Change to operations hours (e.g. any change to DA specified hours is a new DA regardless of no impact)
External facade improvements to shopping centres (e.g. pushing through a façade, adding glazing and new door entry to the premises)
External ambient upgrades to shops, shopping centres and office buildings (e.g. pergolas, awnings, seating)
Minor external upgrades to industrial buildings (e.g. New roller shutter, fire exit door, outside façade, skylights, solar panels etc)
Changes to internal structures in office buildings (e.g. putting up walls irrespective of how minor are not complying)
Cluster Two: Complexity and lack of transparency
Even if you have approval for your masterplan, each stage requires separate DAs
Complexity in applying the Codes SEPP because of cross-referral to other SEPPS (e.g. Coastal Wetlands SEPP)
The legislation is difficult to navigate and find what is included as complying (e.g. A simply cool room could not be found in the legislation)
Definitions are difficult to interpret (e.g. the explanations on heights and setback controls can hard to read and apply)
The Planning Portal does not provide easy to read information on the Codes SEPP (e.g. There is no simple checklist of what is complying forcing people to look at the legislation)
The process for upload via the Planning Portal is onerous on non-certifiers and non-planners (e.g. Small property owner not familiar with the portal)
Planners are often consulted first and because of the complexity of the CDC pathway they can't advise and default to directing to a DA
Can be difficult to establish if a site carries a 'lawful use' (e.g. Need to refer to past DA's and that information can be hard to access)

C. ISSUES GENERATED IN MARKET SOUNDING

Issues - Examples where CDC pathway does not apply	Industrial	Commercial Offices	Retail
Cluster Two: Complexity and lack of transparency			
If there is no DA that establishes the property as a 'lawful use' CDC is not available (e.g. to establish 'first use' must obtain a DA)	x	x	x
Certifiers are becoming more risk adverse (e.g. Unwilling to certify if they are not absolutely confident)	x	x	x
Lack of awareness of what a CDC is can make some occupants wary of the legitimacy of a certificate versus consent	x	x	x
Cluster Three: Rigid parameters do not allow for reasonable minor changes.			
Changes to lettable floorspace (e.g. reconfiguration of space and increase in space regardless of how minor is not complying)	x	x	x
CDC applies to the lot holding not the land holding	x	x	x
Building modifications must comply with the base building criteria (e.g. Modifications in old buildings need to comply with the overall base building requirements like parking)	x	x	x
Development standards in the Codes SEPP can be excessive for fixtures that are already covered by other standards (e.g. hot water systems are covered by standards)	x	x	x
Changes that reduce carparking are not complying (e.g. A minor change of 1-2 spaces would be non-complying)	x	x	x
Change of use where new use is not permissible in the zoning regardless of synergies with permissible uses (e.g. putting a medical use into old Masters building)			x
Cluster Four:Planning parameters are outdated			
Demolition notification can be strict under CDC (e.g. Required to notify neighbours < 40 metres even when it is a non-residential area, but notification not required if it's just a fit-out)	x	x	x
Zonings and permissible uses are outdated (e.g. Healthcare may not be a permissible use in a shopping centre location yet is a common tenant type in shopping centres)			x
Carparking ratios are outdated and do not reflect modern operations (e.g. warehouse sites can have unrealistic parking provision rates under CDC)	x		
Building heights are outdated in some Council DCPs (e.g. Heights can be 11 metres where minimum height for standard industrial buildings is 13 m)	x		

C. ISSUES GENERATED IN MARKET SOUNDING

Issues - Examples where CDC pathway does not apply	Industrial	Commercial Offices	Retail
Cluster Five: Exclusions are applied strictly			
Development in exclusion zones is not permitted (e.g. internal works on building < 150 metres of nature reserve)	x	x	x
Development in heritage conservation areas is not permitted as CDC (e.g. Internal works in a non heritage building may be impacted if located in a heritage conservation area regardless of heritage value)		x	x
Development on sites with heritage items is not permitted as CDC (e.g. Trees could be the listed heritage item and the proposed building works do not impact)		x	x
Some Councils do not promote CDC as it takes away their ability to influence developments and generate revenue. Some Councils offer discounts on DAs as an incentive away from CDCs planning parameters are outdated	x	x	x
It can be an adversarial relationship between Councils and Certifiers. Some Councils review and dispute why CDCs were granted even though they are simply supposed to be record-keepers of CDCs	x	x	x
Getting information from Council can be difficult (e.g. guidance on lawful uses for a site, definitions, contributions etc)	x	x	x
Connecting to Government water and waste infrastructure simply requires Council consent (no design review) but Councils can be slow to consent, which can cause project delays of 3-4 months	x	x	x

D. SOLUTIONS GENERATED IN INDUSTRY CO-DESIGN WORKSHOPS

Industry Workshop Group	Solutions
Certifiers	Expand the Code to allow for the building of new commercial buildings in Greenfield areas (i.e. up to 4 storey building)
	Amend Code SEPP to define lawful uses to cover all sites (information on historical existing consents are difficult to find)
	After a Subdivision DA is approved, develop standards that if adhered to individual lots can go through CDC
	Allow changes in net floor area as long as the total gross floor area remains unchanged to facilitate infill
	Add a separate subdivision on complying cladding that is clearer, more detailed and allow for improvements in façade under Part 5
	Allow installation of sprinkler systems and upgrade of fire safety arrangements in all types of developments
	Clearer description on Heritage Register on actual significant items on property
	Make Part 7 Demolition Code clearer on whether a building not permissible can be demolished
	Remove 50 seat limit on restaurants for complying developments
Industrial	DA Concept Approval for the entire precinct for staged developments and CDCs for specific building developments and specified in DA conditions of consent
	DPIE Planning Help Desk to help navigate/determine if CDC applies and can provide you the advice in writing
	Set 3-month statutory timeframe for CDCs appeals set in stone
	Increase height thresholds from 15 metres to 17 metres for CDCs in industrial areas
	Set up a business investment facilitation help desk
	Increase floorspace cap from 20,000 sq.m to 30,000 sq.m for stand alone builds
	Educate the industry on the validity of the CDCs to improve its credibility by using media release or paper to be issued by the Department
	Update Code SEPP to allow for internal works if it does not impact the exterior heritage value of the building
	Allow minor works such as reconfiguring docks, adding awnings, changing parking, fire exit doors, etc. that do not have any environmental impacts or increase in floorspace
	Allow addition of multilevel carparking if under height limit
	Allow 24/7 operations if not within 500 metres of sensitive noise receptors

D. SOLUTIONS GENERATED IN INDUSTRY CO-DESIGN WORKSHOPS

Industry Workshop Group	Solutions
Office Sector	Greater specificity on which items on the title are of heritage significance instead of an entire building for internal office fitouts
	Allow minor internal fitouts changes through CDC but require a Heritage Interpretation and Impact report (including assessment against original DA intentions)
	Allow for minor buffer threshold in terms of change in floorspace in CDCs, say 2% to 5%
	Have signage zone design parameters (i.e.. size, luminosity) approved through a DA, and go through CDC for the individual signage
	Develop a more simple easy to understand document or Practice Note on the CDC legislation and SEPP
	Allow the change of cladding under Part 5A in acid sulphate soils
	Remove effective height limits for replacement of cladding
Retail	Councils to develop more prescriptive bespoke precinct-wide retail guidelines for new signage to go through CDCs
	Allow for like for like replacements in signage through CDCs
	Develop simple to understand Guidelines on most common application of CDCs similar to residential
	Allow shopping centres to reconfigure floor area if changes in NLA are within a certain threshold, i.e. 5% with a certifier like in Victoria
	Allow minor (say up to 5%) changes in carparking provision with a traffic demand assessment
	Allow changes in use within a shopping centre as long as they are consistent with the current LEP
	Allow flexibility in retail trading hours as long as they meet noise emission criteria and have a standard plan of management
	Have design guidelines / kit of parts that specify materiality and operability approved during DA Stage and individual shopfronts to go through CDC
	Develop design guidelines by street/precinct typology to allow minor changes in outdoor seating changes by building surveyor certification like in the City of Sydney and Brisbane Council
	Allow for like for like and minor changes regardless of whether it is in a heritage conservation area or a heritage building
	Digital simple lodgement of CDCs through a portal with customer charter on timeframes for responses back

D. SOLUTIONS GENERATED IN INDUSTRY CO-DESIGN WORKSHOPS

Industry Workshop Group	Solutions
Sydney Hills Business Chamber	Acceptance of traffic study to justify changes in parking
	Making trading hours more explicit for each zone and ensuring they are contemporary
	Develop online portal on planning history of properties
	Provision for internal fitouts (and walls), to be certified by building management
	Where the retail box is unchanged, allow for change of use via CDC
	Certifiers to have more authority in exclusion areas (heritage, bushfires, flooding)
	Digital public access to more detailed heritage information in one place like title searches
	Single source of truth for permissible changes for heritage items
	Make signage renewal complying where the design specs are unchanged
	Update the LEPs to expand the list of permissible retail uses to reflect the evolution of retail mix, esp. services, recreation
	Specify noise thresholds in commercial areas
	Consistency between the Council Economic Development and Planning advice to businesses
UDIA Employment Lands Committee	Remove limit in f&b tenancy seats for CDCs provided they comply with the B&C Codes (retail)
	Introduce Design Guidelines to allow tenancies to have their own shopfronts (retail)
	Introduce clearer unified guidance/tool which planning pathway would be most suitable for developments (industrial)
	The definition of current use needs to be broadened to include all allowable uses or use over the last 24 months (industrial)
	Allow for a range of common temporary uses in industrial zones (e.g. storage and depots)
	Need to broaden the definition of retail in shopping centres with area caps to include recent trends such as medical, allied health, vet, tax accountant
	Develop consistent unified State-wide drainage requirements for CDCs
	Allow a minor buffer range of 2% to 5% change to lettable floorspace (retail, industrial)
	Subdivision 11 Part 5 on hardstand and driveways need to be clearer on what is allowed by including diagrams (industrial)

D. SOLUTIONS GENERATED IN INDUSTRY CO-DESIGN WORKSHOPS

Industry Workshop Group	Solutions
Regional	Develop easy to use tables on most common uses for CDCs similar to residential
	Consistent way of making lawful use details and historical DAs publicly available online
	Develop easy to use digital flow chart to determine if your project can use the CDC pathway
	Allow for like for like signage replacements
	Make heritage status and provisions for all properties available via a planning portal
	Include thresholds for changes in the exterior façade ratios if BCA compliant
	Allow internal structural works provided they comply with the BCA Codes and are certified by an engineer
	Allow external work or even changes to gross floor area provided they still comply with Council controls and allowable land uses
	Allow accredited consultant to certify drive way crossings, storm water and plumbing and drainage plans comply with Council controls - Sections 138 and 68 instead of Council (industrial CDCs)
	Simplify the fire safety requirements in the regulations

E. POTENTIAL FUTURE PROJECTS

The below table lists projects identified by developers during the market sounding as potential future projects that are in the investigative and early planning stages.

The table includes high level information discussed by the developers and supplemented by Cordell Connect and the project websites (where available). The project size, construction values and timing are approximate.

Developer	Project	Project Industry	Project Size GFA	Construction Value ($)	Timing
Altis	Warehouse and Logistics Hub – Kemps Creek	Industrial	163,600 sq.m	$190M	<5 years
Altis/Frasers	Mamre Road Logistics Estate – Kemps Creek	Industrial	400,000 sq.m	$300M	<5 years
Centuria Funds	Coffs Harbour Health Precinct	Health	2,500 sq.m	$20M	<5 years
Charter Hall	Carpark Works Various Centres	Retail		$800,000	<5 years
Confidential	Multi Level Estate (2 Level)	Industrial	40,000 sq.m		<5 years
CSR	Various Brick Plant Sites Across Sydney	Residential and Manufacturing Sites	-	-	1 – 20 years
Goodman	5 Warehouses at Oakdale East	Industrial	36,000 sq.m		<2 years
Goodman	6 Brownfield Sites	Industrial	105,000 sq.m		<2 years
GPT	Gpt Mamre Road Warehouse Estate	Industrial	157,430 sq.m	$54M	Early Planning
Image Property	Cascades of Dural – Dural	Mixed Use (Includes Medical)	5,400 sq.m	$30M	Early Planning
Investa	Campus 105 – North Sydney	Commercial	73,750 sq.m	$508M	<5 years
ISPT	Reservoir Road, Greystanes	Industrial	4 ha	$35M	<2 years
ISPT	Reconciliation Rd, Greystanes	Industrial	131,140 sq.m	$103M	Early Planning
Knight Frank	Building in north Sydney – full refurbishment	Commercial		$2.5M	<2 years
Knight Frank	Building Upgrade	Commercial		$4M	<2 years
Leading Edge	14 Data Centres	Industrial	52,000 sq.m GFA	$5.5M Each	<2 years
Monteath Powys	Manufacturing Plant Refurbishment	Industrial		$1M	<2 years

*estimated total construction value for 16 stages over 30-year period

E. POTENTIAL FUTURE PROJECTS

Developer	Project	Project Industry	Project Size GFA	Construction Value ($)	Timing
QIC	Castle Towers - Stage 3B	Retail		$500M	<2 years
QIC	Castle Towers - Future Stage	Mixed Use			Early Investigation
QIC	Westpoint Blacktown - Upgrade works package for carparking	Retail		$11M	<2 years
Stevens Group	Land Subdivision	Industrial	200 lots		<5 years
Stevens Group	Scone Bypass Service Centre	Commercial	924 sq.m GFA	$40M	<5 years
Stockland	Macquarie Park - Building 3 & 4	Commercial		$60M each	<5 years
Stockland	Forester - St Mary's Refurbishment	Commercial		$4m	<5 years
Stockland	Bringelly Road Site	Industrial	10 ha	$25M	<5 years
Vicinity	Bankstown	Health and Education	300,000 sq.m	~$1.7B*	2050
Vicinity	Western Sydney University – Bankstown	Education	29,270 sq.m	$184M	<5 years
Villawood	Warehouses	Industrial		$50M	<2 years

*estimated total construction value for 16 stages over 30-year period

F. DETAILED METHODOLOGY

For the purposes of measuring the potential economic impacts of each proposed solution, we focused on three quantifiable measures of impact:

- **Investment Value**
  The Investment Value benefit represents the total investment value of all projects the solution will enable to be approved through the CDC pathway annually (many of which are currently being approved through the DA approval process instead). It is based on inputs provided by the industry stakeholders, DPIE's Local Development Performance Monitoring data, and future development pipeline data sourced from Cordell.

- **Time Saving**
  The Time Saving benefit represents the total number of months spent waiting for approvals that can be avoided by implementing the solution per year. It is calculated by multiplying the number of projects to which the solution applies by the time saving of the CDC pathway compared to the DA pathway (in months). It is primarily based on inputs provided by the industry stakeholders and DPIE's Local Development Performance Monitoring data.

- **Opportunity Costs**
  The Opportunity Costs benefit represents the total foregone rent from a longer approval process that can be realised by implementing the solution per year. It is calculated by multiplying the number of projects to which the solution applies by an average rent per project by the time saving of the CDC pathway compared to the DA pathway (in months). It is based on floorspace inputs provided by the industry stakeholders and future development pipeline data, in addition to rental data sourced from commercial real estate agency reports and Urbis' internal databases.

In quantifying each of these impacts for each solution, we have estimated four key metrics across the three broad land use sectors (industrial, commercial, retail):

- Number of Projects Impacted
- Average Value of Impacted Projects
- Average Time Saving per Project
- Average Rental Income.

For each metric, the table below provides a description of the metric and the sources of data, and lists the solutions it has been applied to.

Metric	Description	Data Sources	Relevant Solutions
Number of Projects Impacted	This is the first of two metrics used to estimate the **investment value** impacts in addition to the **time saving** impacts. It represents the average number of projects that a solution is likely to enable to be approved through the CDC process each year. This number is estimated by reference to inputs provided by industry stakeholders, DPIE's Local Development Performance Monitoring (LDPM) data, and future development pipeline data sourced from Cordell.	Industry stakeholders DPIE's LDPM data for 2013-18 Cordell	All
Average Value of Impacted Projects	This is the second metric used to estimate the **investment value** impacts. It represents the average investment value of projects that a solution is likely to enable to be approved through the CDC process each year. This value is estimated by reference to inputs provided by industry stakeholders, DPIE's LDPM data, and future development pipeline data sourced from Cordell.	Industry stakeholders DPIE's LDPM data for 2013-18 Cordell	All
Average Time Saving per Project	This is the second metric used to estimate the **time savings** impacts and the first of two metrics used to estimate the **opportunity cost** impacts. It represents the average number of months that can be saved by proposals being approved through the CDC process instead of the DA process. This figure is estimated by reference to inputs provided by industry stakeholders and DPIE's LDPM data.	Industry stakeholders DPIE's LDPM data for 2013-18	All
Average Rental Income	This is the second metric used to estimate the **opportunity cost** impacts. It represents the average rental income that could be realised in the time saved by proposals being approved through the CDC process instead of the DA process. This value is estimated by reference to rent per sq.m data for different land uses and locations sourced from the Property Council of Australia, commercial real estate agency reports and Urbis' internal databases, combined with average floorspace per project data provided by the industry stakeholders and future development pipeline data sourced from Cordell.	Property Council of Australia Commercial Real Estate Agencies Urbis	1, 2, 6, 8, 9, 10

F. DETAILED METHODOLOGY

Solution	Assumptions by Land Use Sector		
	Commercial	**Retail**	**Industrial**
1. Master Plan Approvals	**No. of Projects Impacted:** Average annual number of master planned commercial developments in the development pipeline (Cordell) **Average Value of Impacted Projects:** Average value of commercial developments in the development pipeline (Cordell) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Costs:** Average commercial office rents (Property Council of Australia, Commercial Real Estate Agency Reports) multiplied by average floorspace of commercial developments in the development pipeline (Cordell)	**No. of Projects Impacted:** Consensus from industry stakeholder interviews and workshops that each major retail centre has a master planned development every 10 years, comprising an average of three DAs **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops checked against average value of retail developments in the development pipeline (Cordell) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Costs:** Average retail rents (internal Urbis databases) multiplied by average floorspace of master planned retail developments in the development pipeline (Cordell)	**No. of Projects Impacted:** Average annual number of master planned industrial developments in the development pipeline (Cordell) **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops checked against average value of industrial developments in the development pipeline (Cordell) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Costs:** Average industrial rents (Commercial Real Estate Agency Reports) multiplied by average floorspace of master planned industrial developments in the development pipeline (Cordell)
2. Increase Caps for New Industrial	*Not Applicable*	*Not Applicable*	**No. of Projects Impacted:** Average annual number of industrial developments with a proposed floorspace of 20,000-30,000 sq.m in the development pipeline (Cordell) **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops checked against average value of industrial developments in the development pipeline (Cordell) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Costs:** Average industrial rents (Commercial Real Estate Agency Reports) multiplied by an average floorspace 25,000 sq.m

F. DETAILED METHODOLOGY

Solution	Assumptions by Land Use Sector		
	Commercial	Retail	Industrial
3. Practice Note / Tool	**No. of Projects:** Consensus from industry stakeholder workshops **Average Value of Impacted Projects:** Average value of projects approved through CDC (LDPM data) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*	**No. of Projects:** Consensus from industry stakeholder workshops **Average Value of Impacted Projects:** Average value of projects approved through CDC (LDPM data) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*	**No. of Projects:** Consensus from industry stakeholder workshops **Average Value of Impacted Projects:** Average value of projects approved through CDC (LDPM data) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*
4. CDC Helpdesk	**No. of Projects:** Consensus from industry stakeholder workshops **Average Value of Impacted Projects:** Average value of projects approved through CDC (LDPM data) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*	**No. of Projects:** Consensus from industry stakeholder workshops **Average Value of Impacted Projects:** Average value of projects approved through CDC (LDPM data) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*	**No. of Projects:** Consensus from industry stakeholder workshops **Average Value of Impacted Projects:** Average value of projects approved through CDC (LDPM data) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*
5. Set Threshold Buffers	**No. of Projects:** Consensus from industry stakeholder workshops **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*	**No. of Projects:** Consensus from industry stakeholder workshops **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*	**No. of Projects:** Consensus from industry stakeholder workshops **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*

F. DETAILED METHODOLOGY

Solution	Assumptions by Land Use Sector		
	Commercial	Retail	Industrial
6. Allow for Common Change of Use	**No. of Projects Impacted:** Consensus from industry stakeholder workshops checked against average annual number of commercial change of use applications in the planning pipeline (Planning Alerts and Council DA tracker data) **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops **Time savings:** Consensus from industry stakeholder workshops **Opportunity Costs:** Average commercial rents (Property Council of Australia, Commercial Real Estate Agency Reports) multiplied by average floorspace of medical, gym, and child care uses (Urbis internal databases)	**No. of Projects Impacted:** Known number of Department Stores and Discount Department Stores closing down in NSW over next 1-2 years (media releases) **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops **Time savings:** Consensus from industry stakeholder workshops **Opportunity Costs:** Average non-retail rents (internal Urbis databases) multiplied by average Department Store and Discount Department Store floorspace (internal Urbis databases)	*Not Applicable*
7. 24/7 Operating Hours	*Not Applicable*	**No. of Projects:** Consensus from industry stakeholder workshops checked against average annual number of retail change of operating hours applications in the planning pipeline (Planning Alerts and Council DA tracker data) **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops on average value of retail fit-outs **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*	**No. of Projects:** Consensus from industry stakeholder workshops checked against average annual number of industrial change of operating hours applications in the planning pipeline (Planning Alerts and Council DA tracker data) **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops checked against average value of industrial fit-outs in the development pipeline (Cordell) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*

F. DETAILED METHODOLOGY

Solution	Assumptions by Land Use Sector		
	Commercial	**Retail**	**Industrial**
8. Heritage Restrictions	**No. of Projects:** Consensus from industry stakeholder workshops **Average Value of Impacted Projects:** Average value of projects approved through CDC (LDPM data) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*	**No. of Projects:** Consensus from industry stakeholder workshops **Average Value of Impacted Projects:** Average value of projects approved through CDC (LDPM data) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*	**No. of Projects:** Consensus from industry stakeholder workshops **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops checked against average value of projects approved through CDC (LDPM data) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Costs:** Average industrial rents (Commercial Real Estate Agency Reports) multiplied by an average floorspace 20,000 sq.m
9. New Commercial Up to 4 Storeys	**No. of Projects:** Average annual number of commercial developments of less than 4-storeys in the development pipeline in greenfield areas (Cordell) **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops checked against average value of 3-4 storey commercial developments in the development pipeline (Cordell) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** Average commercial office rents (Property Council of Australia, Commercial Real Estate Agency Reports) multiplied by average floorspace of 3-4 storey commercial developments in the development pipeline (Cordell)	*Not Applicable*	*Not Applicable*

F. DETAILED METHODOLOGY

Solution	Assumptions by Land Use Sector		
	Commercial	Retail	Industrial
10.Signage Replacement and Renewal	**No. of Projects:** Consensus from industry stakeholder workshops checked against average annual number of commercial signage replacements in the planning pipeline (Planning Alerts and Council DA tracker data) **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops checked against average value of commercial signage replacements in the development pipeline (Cordell) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*	**No. of Projects:** Consensus from industry stakeholder workshops checked against average annual number of retail signage replacements in the planning pipeline (Planning Alerts and Council DA tracker data) **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops checked against average value of retail signage replacements in the development pipeline (Cordell) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*	**No. of Projects:** Consensus from industry stakeholder workshops checked against average annual number of industrial signage replacements in the planning pipeline (Planning Alerts and Council DA tracker data) **Average Value of Impacted Projects:** Consensus from industry stakeholder workshops checked against average value of industrial signage replacements in the development pipeline (Cordell) **Time savings:** Consensus from industry stakeholder workshops **Opportunity Cost:** *Not Applicable*