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Showground Station Precinct Planning Proposal

Submission to the Department of Planning and Environment

11 Hudson Avenue, Castle Hill

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1 Introduction

1.1 Commission

DFP Planning Pty Ltd (DFP) has been commissioned by Invoke Property on behalf of Mr George Gialouris, the owner of 11 Hudson Avenue, Castle Hill to prepare a submission in response to the public exhibition of the Showground Station Precinct Planning Proposal (the Precinct Planning Proposal).

This submission requests that the Showground Station Precinct Planning Proposal be amended to rezone 11 Hudson Road, Castle Hill (the Site) from IN2 – Light Industrial to B5 – Business Development, under The Hills Local Environmental Plan (LEP) 2012.

Rezoning the site to B5 Business Development zone will ensure the site's zoning is consistent with adjoining properties and other properties in the block bounded by Hudson Avenue, Salisbury Avenue and Victoria Avenue.

The outcome of the rezoning request for the site is to facilitate a bulky goods development on the site. The report has been prepared with regard to the Showground Station Precinct exhibition material and the Department of Planning and Environment's *A Guide to Preparing Planning Proposals*.

This submission is structured in the following manner:

- | | |
|------------|---|
| Section 1 | provides an Introduction and Background . |
| Section 2 | describes the Site and its Context . |
| Section 3 | discusses the Precinct Planning Proposal and the proposed rezoning of the Site. |
| Section 4 | sets out the Justification for the proposed rezoning of the Site. |
| Section 5 | is a Conclusion |
| Appendix 1 | Economic Impact Assessment |

1.2 Background

In November 2015 prior to the release of the Precinct Planning Proposal, Invoke Property, DFP (and our client) met with senior planning staff from The Hills Shire Council (Mr Stewart Seale and Mr Michael Edgar) to discuss the potential rezoning of the Site from IN2 Light Industrial to B5 Business Development to allow for bulky goods uses on the site. Council indicated that they would consider a request to rezone the site and that any rezoning of the site would need to address the potential economic and employment impacts.

Subsequent to the meeting with Council Location IQ were commissioned to prepare an Economic Impact Assessment (EIA) of the proposal. The EIA includes a review of the Economic Feasibility Report prepared by JLL and exhibited with the Precinct Planning Proposal. The EIA prepared by Location IQ is included at **Appendix 1**.

1.3 Summary of Conclusions and Recommendations

This report concludes that rezoning the site to B5 Business Development:

- is consistent with the vision for the Showground Station Precinct;
- contributes to meeting underlying demand for additional bulky goods floor space in the Showground Station Precinct/Castle Hill Trading Zone; and
- is consistent with regional and subregional planning and transport strategies as well as local planning studies;
- is not inconsistent with relevant SEPPs and Section 117 Directions;
- services the needs of the surrounding residential population; and
- is consistent with surrounding land uses.

1 Introduction

The EIA demonstrates that there is an underlying demand for additional bulky goods floor space in the Showground Station Precinct and it is necessary to cluster bulky goods tenants. Given the site adjoins land zoned for bulky goods retailing and forms a natural extension of the bulky goods retail precinct, a B5 Business Development zone would facilitate the highest and best use of the site.

2 Site Description and Context

2.1 Location

The Site is located at 11 Hudson Avenue, Castle Hill on the north-eastern corner of the intersection of Hudson Avenue and Salisbury Road. **Figure 1** shows the general location of the site within the Castle Hill Trading Zone (or Castle Hill Industrial Area) and in relation to Castle Towers Shopping Centre and Norwest Business Park. The Castle Hill Trading Zone is within the Showground Station Precinct.

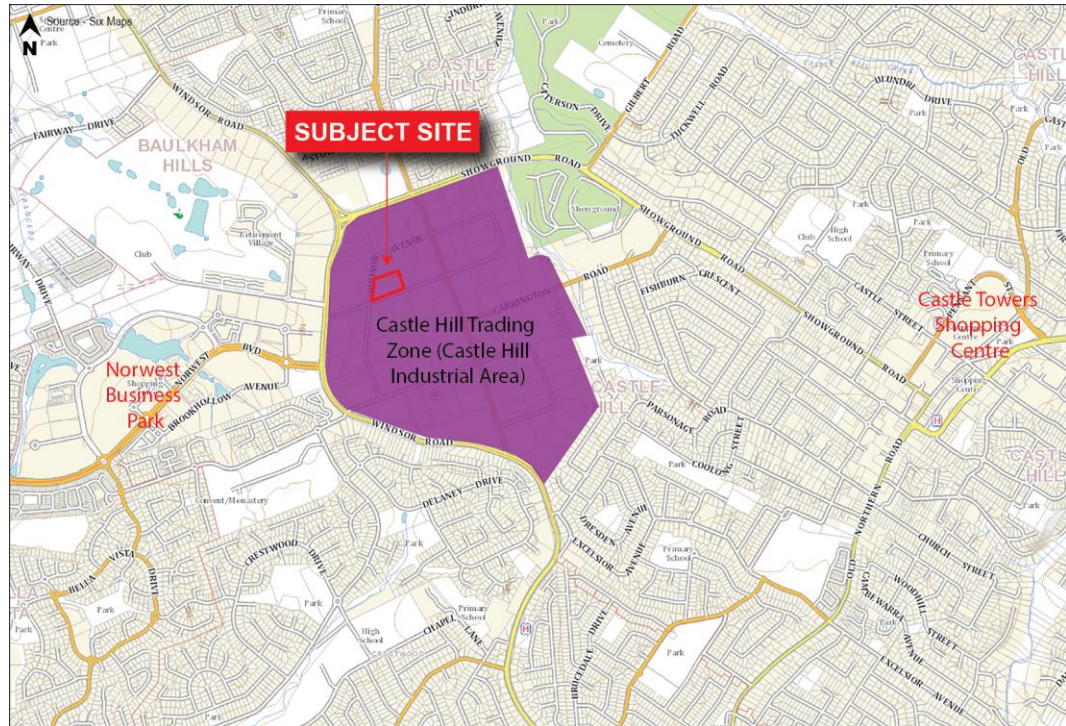


Figure 1 Site Location

2.2 Site Description

The Site is legally described as Lot 13 in Deposited Plan (DP) 632391. The site has an area of approximately 13,130m², with a dual frontage to Hudson Avenue and Salisbury Road. The Hudson Avenue frontage is approximately 93m and the Salisbury Road frontage is approximately 161m. The site comprises a light industrial building with three separate tenancies with car parking along the north and eastern boundary. The site has landscaped frontages to both Hudson Avenue and Salisbury Road.

An aerial photograph of the site is shown at **Figure 2**.

2 Site Description and Context



Figure 2 Aerial Photograph of the Site

2.3 Existing Development

A light industrial office and warehouse building is located on the site and comprises approximately 10,000m² of floorspace. Three tenants currently occupy the building in accordance with the table below. The site also contains 95 car parking spaces for tenants and visitors, with parking provided at grade to the rear and side of the building.

Table 1 Tenants of the Existing Building		
Tenancy Space	Tennant	Leasable Area
Tenancy Area A	Data Transfer Services	396m ² office space 1,366m ² warehouse space Total: 1,762m ²
Tenancy Area B1	IDS	442m ² office space 792m ² warehouse space Total: 1,234m ²
Tenancy B2	Australia Post	2,053m ² of warehouse space on a short term lease

Hudson Avenue and Salisbury Road connect to Victoria Avenue which in turn connects to Showground Road and Windsor Road.

Photographs of the site are included at **Figure 3 - 8**.

2 Site Description and Context



Figure 3 View from Hudson Avenue



Figure 4 View from Salisbury Road

2 Site Description and Context



Figure 5 View from Salisbury Road along the eastern boundary and vehicular entrance



Figure 6 View from Hudson Avenue, along the western boundary

2 Site Description and Context



Figure 7 View of the eastern side of the Site adjoining Bunnings Warehouse (viewed from the elevated car parking area at 18 Victoria Avenue, Castle Hill – the Castle Hill Home Hub)



Figure 8 View of the northern side of the subject Site viewed from the elevated car parking area at 18 Victoria Avenue (adjoining the Site to the north)

2 Site Description and Context

2.4 Surrounding Development

The subject site is located within the Castle Hill Trading Zone which comprises a number of industrial and business uses including bulky good retailers (refer to **Figure 9**).



Figure 9 Surrounding land uses (Source: Location IQ)

As illustrated Bunnings Castle Hill (refer to **Figure 10**) adjoins the site to the east and to the north is Home Hub Castle Hill (**Figure 11**). Home Hub Castle Hill is a bulky goods centre with multiple retailers.

2 Site Description and Context

SMC Pneumatics Technology Park is located to the west of the site, across Hudson Avenue (see **Figure 12**). The Lyncrest Business Park is located to the south of the site, directly across Salisbury Road (see **Figure 13**).



Figure 10 Bunnings Castle Hill adjoining the site to the east



Figure 11 Castle Hill Home Hub - (south building entry off Hudson Road)

2 Site Description and Context



Figure 12 SMC Pneumatics Technology Park located to the west of the site.



Figure 13 Lyncrest Business Park located to the south of the Site on Salisbury Road

2 Site Description and Context



Figure 14 View of the site from the Intersection of Hudson Avenue and Salisbury Road

3 Showground Station Precinct

3.1 Introduction

The construction of the North West Rail Link represents a significant infrastructure investment and DFP supports a planning strategy and framework that seeks to establish a town centre around the new station, increases residential densities and promotes employment opportunities and economic growth.

The Planning Proposal sets out a vision that amongst other things includes:

- the provision of a range of housing, employment and retail services,
- creation of an attractive and convenient local centre around the station;
- delivery of more homes close to the station to meet growing demand and increase housing choice to reflect changing household sizes and lifestyles; and
- enhancement of existing employment areas and opportunities, providing for greater range of business types including niche and start-up businesses to complement Norwest Business Park.

3.2 Proposed Planning Controls

It is noted that the Precinct Planning Proposal is seeking to amend the land use zoning in certain areas of the precinct to facilitate the development of a town centre, higher density housing and business and employment growth.

In relation to this submission, the Precinct Planning Proposal seeks to rezone some of the existing IN2 zoned land to B5 Business Development, B6 Enterprise Corridor and R1 General Residential.

The additional land proposed to be zoned B5 Business Development fronts Showground Road and generally extends back one block. Some IN2 land is also to be rezoned to R1 General Residential and a strip of land along Carrington Road is proposed to be rezoned B6 Enterprise Corridor. Bulky goods retailing is only permissible in the B5 zone and the Precinct Planning Proposal does not seek to change this.

The Precinct Planning Proposal does not propose to amend the zoning of the site at 11 Hudson Road.

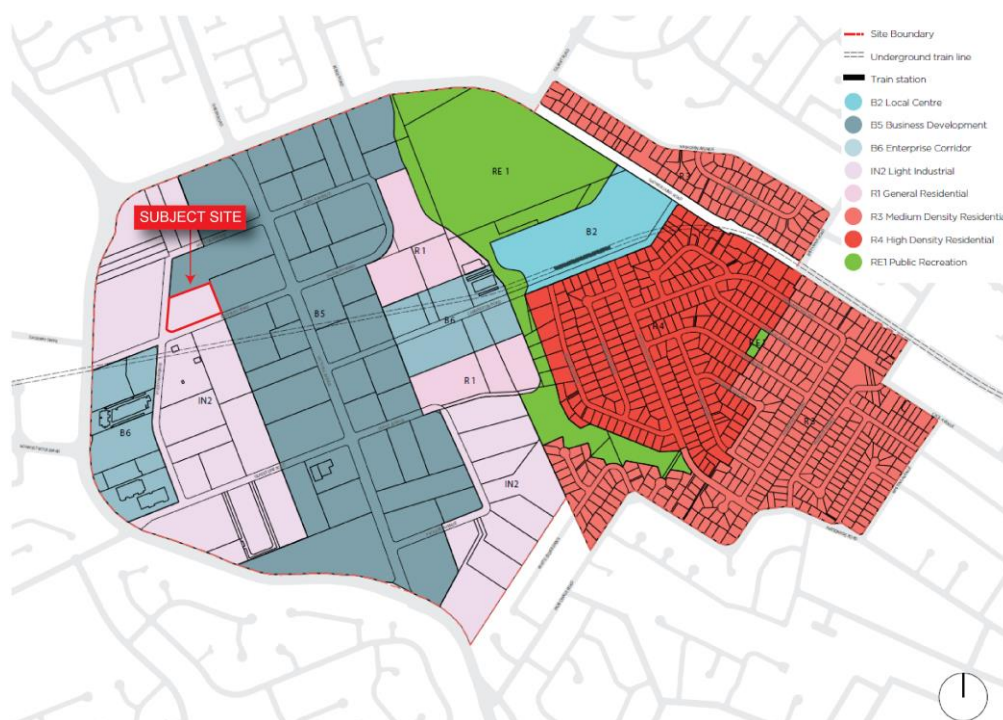


Figure 15 Zoning of the Site proposed in the Draft Showground Station Precinct Planning Proposal

3 Showground Station Precinct

3.3 Economic Feasibility Report

The Precinct Planning Proposal is accompanied by an Economic Feasibility Report prepared by JLL. The report considers the broader macro-economic environment, economic trends and high level data analysis to determine demand for commercial, retail, bulky goods and industrial employment and floorspace and demand for residential dwellings. The Precinct Planning Proposal envisages that an additional 2,300 jobs can be provided in the precinct over the 20 years.

In respect of bulky goods, JLL consider that the Showground Station Precinct (or Castle Hill Industrial Area) provides a vital role for bulky goods retailing to service the requirements of The Hills LGA. JLL have undertaken modelling to forecast the demand for bulky goods related employment and demand for bulky goods related floorspace. The report forecasts bulky good retailing employment growth of 522 full-time equivalent jobs by 2036 and demand for about 36,000m² of floorspace.

The employment and floorspace demand forecasts are considered to be underestimated as they are derived from LGA population forecasts, rather than the bulky goods trading area (refer to Section 4.4.2 for further discussion), but nevertheless demonstrate that there is ongoing demand for bulky goods floorspace and employment.

In respect of demand for industrial jobs and floorspace, the demand for industrial floorspace within the Precinct reflects broader structural changes within the industrial sector with demand shifting away from smaller warehouse space to larger distribution centres located on major arterial road and rail networks. The decline in manufacturing activity and age of industrial stock also influences the demand for floorspace. The demand for industrial premises such as 11 Hudson Road site is declining.

JLL predict modest industrial employment growth at an average of 0.85% per annum, consistent with the Sydney average.

JLL identify the following criteria for the success of warehouse and distribution centres:

- Access to motorways, main arterials, Port Botany and/or Sydney Airport;
- Centrally positioned as a transport hub within supply chains linking national and global suppliers and customers;
- Competitive industrial land prices and rents;
- Appropriate buffer zones from residential areas;
- Greenfield sites that allow development of high tech warehouses; and
- Space to grow and accommodate large vehicles.

The majority of these criteria do not apply to the Site. This is reflective of the vacancy rates and weak tenant demand for industrial floorspace within the Castle Hill Industrial Area.

As discussed in the EIA report prepared by Location IQ (**Appendix 1**) only half of the building floorspace on the Site is currently tenanted, with one tenant taking a short term lease. The three tenancies at the Site represents 0.5% of the total office/warehouse tenants throughout the Castle Hill Industrial Area (Trading Zone), with a number of vacancies available within and beyond the industrial area that could accommodate these tenants.

4 Justification for the Proposed Rezoning

4.1 Introduction

This Section sets out the justification for the proposed amendment to the Site zoning and has been prepared with regard to matters set out in the Department of Planning and Environment's *A Guide to Preparing Planning Proposals*.

The submission is seeking that the Precinct Planning Proposal be amended to rezone the Site from IN2 – Light Industrial to B5 – Business Development to facilitate the development of a bulky goods premises on the site. The proposed amended zoning is shown in **Figure 16**.

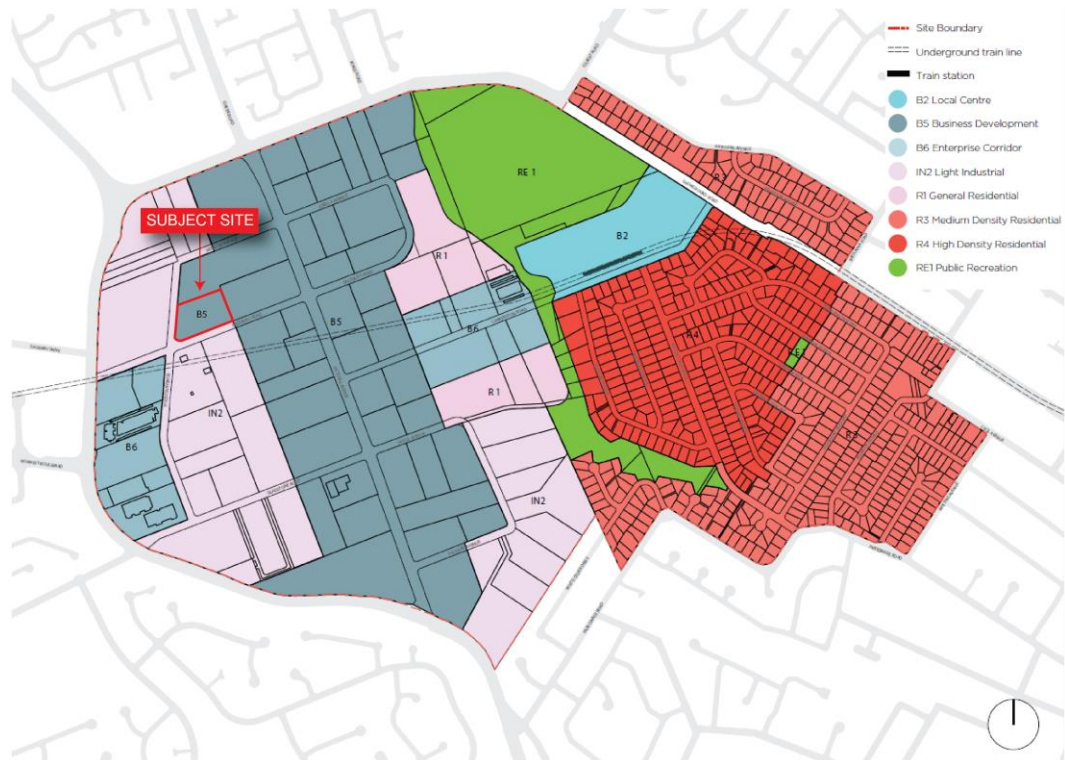


Figure 16 Proposed amended zoning of the Site to B5 Business Development

The proposed amendment is seeking to achieve the following broader objectives:

- Provide a logical land use pattern for the site and block;
- To meet the need of underlying demand for bulky goods floor space and retailers in the Castle Hill Trading Zone/ Showground Station Precinct;
- Rezoning the land to allow for the highest and best use of the site.

The Site adjoins existing large format bulky goods and retail premises (hardware and building supplies), being Home Hub Castle Hill and Bunnings Warehouse and is the only parcel of land within the block not zoned B5. The zoning of the Site will form a natural extension to the existing bulky goods and retail developments within the block, complementing the range of bulky goods uses throughout the precinct.

The objectives of the B5 zone under The Hills LEP 2012 are stated as follows:

- "To enable a mix of business and warehouse uses, and bulky goods premises that require a large floor area, in locations that are close to, and that support the viability of, centres.
- To provide for bulky goods premises that meet community demand.
- To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area."

4 Justification for the Proposed Rezoning

An amendment to The Hills LEP 2012 is the best means of achieving the desired outcome to enable the redevelopment of the Site for a bulky goods premises. Under the current IN2 – Light Industrial zoning, *commercial premises* including *retail premises* and *bulky goods premises* are prohibited on the site. Rezoning of the site to B5 – Business Development is required to enable a bulky goods premises to be permissible with consent on the Site.

The land use table for the B5 zone is therefore suitable to enable the development of the site for a *bulky goods premises* avoiding the need to make any site specific amendments or amend the land uses table for the B5 zone.

A current objective of the B5 zone is to provide for bulky goods premises that meet community demand, and the EIA prepared by Location IQ (refer to **Appendix 1**) demonstrates that there is sufficient additional demand for bulky goods premises within the Showground Station Precinct to warrant the additional bulky goods floorspace. The B5 zone also allows for a broad range of other business and employment generating uses including light industrial and warehouse and distribution uses, which are consistent with other employment uses in the precinct.

Rezoning of the Site from IN2 to B5 can therefore be considered the best means of achieving the intended outcome for the Site.

The following sub-sections set out the justification for the proposed amendment to the Site zoning and has been prepared with regard to matters set out in the Department of Planning and Environment's *A Guide to Preparing Planning Proposals*.

4.2 Need for the Planning Proposal

4.2.1 Strategic Studies or Reports

The submission has been prepared in response to the Showground Station Precinct Planning Proposal prepared by the Department of Planning and Environment (DoPE). This submission has also had regard to the North West Rail Link Corridor Strategy prepared by the DoPE and Transport for NSW.

In relation to the Showground Precinct the North West Rail Link (NWRL) Corridor Strategy envisages the Showground Station Precinct as having the potential to provide the catalyst for the development of the area as a mixed use centre with strong public transport links to the city and other centres throughout the north-west region. The NWRL Corridor Strategy also envisaged that increased utilisation of the existing employment area could deliver a significant amount of additional jobs for the future residents of the North West in an area with high levels of amenity, recreation and access to public transport.

Victoria Avenue is planned to be reinforced as a bulky goods retail corridor which will provide a vital service function for the growing population of the North West into the future. An additional 1,500 bulky goods related jobs were projected for this precinct.

The Structure Plan in the Precinct Planning Proposal generally identified the area along Victoria Avenue as the bulky goods precinct. It did not identify the site as being within the bulky good corridor, however it did identify the sites that directly adjoin the site as bulky goods.

As discussed above it is considered that rezoning the site to B5 Business Development provides a more logical land pattern as it is currently the only site within its block that is zoned IN2.

4 Justification for the Proposed Rezoning

4.3 Relationship to Strategic Planning Framework

A Plan for Growing Sydney 2014

A Plan for Growing Sydney is the NSW Government's key strategic planning document and sets out the framework for the growth of Sydney over the next 20 years. Positioning Sydney as an economic hub is a key pillar of the Strategy, with the first of the four overarching goals being:

Goal 1: A competitive economy with world-class services and transport

The Plan is clear in its strategic intent to bolster economic productivity within defined precincts and strengthen Sydney's economic standing on an international level. The majority of the economic based directions in the strategy relate to emerging employment areas rather than directions for established employment areas. Notwithstanding, the direction most relevant to this Planning Proposal are outlined below:

Direction 1.7: Grow Strategic Centres – providing more jobs closer to home

This direction assists the Strategy in delivering its target of 689,000 jobs by 2031 through the provision of increased employment opportunities across Sydney, particularly in identified Strategic Centres.

The current use of the Site is not generating regular tenants due to lower demand for industrial uses in the precinct. The proposed rezoning of the land to B5 – Business Development to allow for large format/ bulky goods uses is considered to represent the highest and best use of the Site, given the demand bulky goods uses in the Castle Hill Trading Zone/Showground Station Precinct. Due to this demand, it is likely that the site and associated buildings will retain tenants and therefore provide more jobs closer to home, thereby satisfying Direction 1.7 of *A Plan for Growing Sydney*.

Direction 1.9: Support priority economic corridors

The direction emphasises the need to support and manage key industrial precincts. The Hills LGA has been identified as having 200ha of land zoned for industrial uses and this direction emphasises the need to support existing industry clusters. This submission seeks that Precinct Planning Proposal rezones the IN2 – Light Industrial land to B5- Business Development and therefore will result in a net loss of approximately 13,130m² of industrial zoned land in the precinct. However, employment generating uses will be retained by the new Business Development zone. The rezoning to B5 will provides for a broader range of employment uses.

This submission has been supported by an EIA which concludes:

“rezoning the Hudson Avenue site to allow for large format/ bulky goods uses represents highest and best use of the site based on the following:

- *There are limited vacant tenancies in the B5 – Business Development zoned land or in the proposed Bulky Goods retail zoned land (Draft Showground Station Precinct) that could accommodate the needs of a large format/bulky goods tenant (i.e. generally requiring space of 500-3,000sqm in a centre or with road exposure).*
- *There is a strong current and future demand for further bulky goods floor spaces in the Castle Hill Trading Zone, as acknowledged in the Draft Showground Station Precinct Plan.*
- *The site is ideally located to help fill this demand, given the location of the site adjoining existing bulky goods uses. If Draft Showground Station Precinct Plan is accepted, the Hudson Avenue parcel of land will be the only industrial zoned land located in a primarily bulky goods zoned block.*
- *Tenant demand for industrial zoned floor space is changing, with many attributes of the site no longer suiting modern industrial tenants*

4 Justification for the Proposed Rezoning

- *There are a number of vacancies within the office/warehouse tenancies in the IN2—Light Industrial zoned land throughout Castle Hill Trading Zone, with one of the Hudson Avenue tenants likely to be vacant by early next year (after previously remaining vacant for 12 months)*
- *Current tenants of the site could be easily accommodated elsewhere within either the Castle Hill Trading zone or elsewhere in one of the new purpose built industrial estates at Marsden Park or within the Western Sydney Employment Zone.”*

Accordingly, there is an opportunity to amend the industrial zoning of the Site as the size and scale of the light industrial development on the site is no longer reflective of the light industrial development preferred by tenants (e.g. larger sites with direct access the motorway network). The rezoning will not compromise the ability to meet future demand for industrial land activities if and when required. The rezoning will also meet underlying demand for bulky goods floorspace.

Priorities for West Central Subregion

DoPE are currently preparing District Plans to set out how A Plan for Growing Sydney will apply to local areas. In the interim, DoPE have released Priorities for each District, including the West Central District, within which the Site sits.

A priority to produce a competitive economy in the West Central District states:

“Leverage investment and economic development opportunities for the whole subregion generated by the growth of Greater Parramatta and the Global Economic Corridor extension”.

The EIA accompanying this submission identifies that the development of a bulky goods premises on the site is the highest and best use and will therefore contribute to economic development opportunities for Castle Hill and the wider West Central District.

Importantly the Site can be readily redeveloped in the short term and therefore provide jobs and contribute to economic growth and meeting the demand for bulky goods.

The Hills Shire Council Adopted Draft Local Strategy (2008)

The Local Strategy is the principal document identifying the future planning of the Shire including directions for employment lands, centres, residential areas, integrating transport, rural lands, environmental and leisure, waterways and governance. It provides detail on the longer term planning for the Shire. The proposal to rezone the site is primarily guided by the employment lands and centres directions of the Strategy (within the Strategy the Site is in an area referred to as the Castle Hill Industrial Area).

The development of major employment lands including the Castle Hill Industrial Area has recognised the need to balance population growth with local employment opportunities.

The Castle Hill Industrial Area comprises 135 hectares of light industrial zoned land accommodating factory units, motor vehicle sales, motor vehicle repair, small scale manufacturing, bulky goods retailing, and warehousing. The Local Strategy has identified that there has been an emergence of high quality homemaker centres providing retail floor space for bulky goods and building supplies which is changing the nature of this industrial area.

The proposed rezoning of the site to facilitate the development of a bulky goods premises on the site is a reflection of the identified trend occurring in the Castle Hill Industrial Area, with stronger demand for bulky goods space and weakening demand for light industrial uses.

The Hills Local Strategy was supported by several ‘Directions’ papers including an “Employment Lands Direction”.

The Employment Lands Direction which was adopted by Council in 2009 seeks to direct and contribute to the economic growth of the Shire, for local businesses to grow, meet local service needs and provide opportunities to work close to home.

4 Justification for the Proposed Rezoning

A range of strategies and actions were identified including:

- Accommodate the growth of a modern local economy to meet community needs.
- Enhance the attractiveness of the Shire for new business and visitors.
- Promote growth in local business and employment opportunities.
- Enhance the use and viability of existing employment lands.
- Plan for new employment lands.
- Encourage quality employment lands.

The Employment Land Direction noted that there is a growing dominance of bulky goods retailing within the Castle Hill Industrial Area (Trading zone/Showground Station precinct), a rationalisation of industrial uses and the movement of industrial uses to more affordable sites.

At the time the Employment Direction was prepared it proposed to protect the employment generating capacity of the precinct by establishing the B5 Business Development zone to cluster bulky goods uses and to provide suitable locations to address demand for bulky goods.

It is therefore considered that the addition of the Site to the cluster of bulky goods retailing is consistent with the Employment Land Direction and an appropriate use as the directly adjoining uses are bulky goods. The change of zoning still provides employment generating uses and will contribute to the ongoing economic development of the precinct.

4.3.1 State Environmental Planning Policies

The Guide to Preparing Planning Proposals requires an assessment against the State Environmental Planning Policies (SEPPs) relevant to the planning proposal. The majority of the SEPPs are not relevant to the proposed rezoning. **Table 2** provides an assessment of the proposed rezoning's consistency with relevant SEPPs.

Table 2 Consistency with Applicable State Environmental Planning Policies		
SEPP	Response	Consistent
SEPP 55 Remediation of Land	The proposal is capable of complying with the SEPP. The proposed new zoning does not result in sensitive land uses (e.g. residential or educational establishments) becoming permissible development, and therefore the management of any contaminants can be addressed as part of any development application process.	Yes
SEPP (Exempt and Complying Development Codes) 2008	This submission does not propose provisions that would be inconsistent with, or hinder the application of the SEPP. This SEPP may apply to future development.	Yes
SEPP (Infrastructure) 2007	The proposed rezoning would not contain provisions that would be inconsistent with, or hinder the application of the SEPP Infrastructure. This SEPP may apply to future development.	Yes

Accordingly, the proposed rezoning is considered to be consistent with the relevant applicable SEPPs.

4 Justification for the Proposed Rezoning

4.3.2 Directions under Section 117

An assessment of the proposed rezoning against the relevant Ministerial Directions is discussed below.

1.1 Business and Industrial Zones

The objectives of this direction are:

- (a) encourage employment growth in suitable locations,
- (b) protect employment land in business and industrial zones, and
- (c) support the viability of identified strategic centres.

The proposed rezoning can be justified in accordance with these objectives in that it:

- Encourages employment growth within an established employment lands precinct by rezoning the land for highest and best use which is intended to reduce current tenant vacancies;
- Supports the vitality of the Showground Station Precinct (Castle Hill Industrial Area) by converting existing light industrial land to land for business development, similar to surrounding uses;
- The proposed change in land use zone responds to demand for bulky goods premises;
- The EIA report prepared by Location IQ has found that current tenants of the site could be easily accommodated elsewhere within the Castle Hill Industrial Area or another industrial estate such as Marsden Park or within the Western Sydney Employment Zone.

Accordingly, the proposed rezoning is considered to comply with Direction 1.1 under Section 117.

3.4 Integrating Land Use and Transport

(1) The objective of this direction is to ensure that urban structures, building forms, land use locations, development designs, subdivision and street layouts achieve the following planning objectives:

- (a) improving access to housing, jobs and services by walking, cycling and public transport, and
- (b) increasing the choice of available transport and reducing dependence on cars, and
- (c) reducing travel demand including the number of trips generated by development and the distances travelled, especially by car, and
- (d) supporting the efficient and viable operation of public transport services, and
- (e) providing for the efficient movement of freight.

Objective (c) directly relates to the proposed rezoning, as it will allow for a bulky good premises to be constructed on the site. A future bulky goods premises on the site will be located close to established residential, industrial and business areas. The proximate location of a bulky goods premises to residential areas and existing industrial and business uses will reduce the distance travelled by car by local residents and workers. The presence of other bulky goods retailers in the area will also allow multiple centres or shops to be visited in a trip.

Objective (e) is also relevant as the proposal seeks rezoning of the land to B5 – Business Development which is similar to adjoining and surrounding land uses. There is strategic benefits for the efficient movement of freight when similar land uses are located within close proximity to each other.

Accordingly, the proposal is considered to comply with the relevant Section 117 Directions.

4 Justification for the Proposed Rezoning

4.4 Environmental, Social and Economic Impacts

4.4.1 Environmental

The Site is located in an urbanised area and has been developed for urban purposes. There are no endangered ecological communities on the Site.

The rezoning will change the nature of trips made to the site. As the rezoning will accommodate uses including a bulky goods premises, the associated trip generation will be higher on weekends than what is currently experienced by the industrial use of the Site. The existing road network is considered adequate to accommodate this trip generation. The site is located in close proximity to industrial uses which generates peak trips on weekdays and so the peak traffic generation is not likely to compete with surrounding industrial uses.

The Site has dimensions capable of accommodating vehicular parking and truck loading areas required for a bulky goods premises on the site. Traffic and parking requirements can be addressed at DA stage.

The management of any contaminants can be addressed as part of any development application process (the same as would occur if the site was redeveloped under its current industrial zoning).

The proposal is for the rezoning of the land and does not seek any changes to other development standards such as floor space ratio or height of buildings which may result in visual impacts to the surrounding area.

4.4.2 Social and Economic

An EIA report has been prepared in support of this submission and is included at **Appendix 1**. The EIA assesses the demand and supply of bulky goods floorspace within the precinct and assesses the impact of the potential loss of employment land. The EIA report also considers the findings of the Economic Feasibility report prepared by JLL.

Both the EIA and JLL reports indicate there is ongoing and unmet demand for bulky goods floorspace. The EIA prepared by Location IQ assess the demand for bulky goods floorspace based on an analysis of the trading zone of the proposed centre, which is a more typical demand analysis for retail developments, rather than the LGA wide approach adopted by JLL.

Nevertheless both reports conclude that there is current and future demand for bulky goods floorspace within the precinct. The EIA assess that there will be demand for between 66,000m² – 77,000m² of additional bulky goods floorspace within the precinct and that the rezoning of the Site would only meet between 13%-15% of this future demand, leaving between 85%-87% to be provided elsewhere in the precinct or outside of the precinct.

Whilst the Precinct Planning Proposal includes the rezoning of some land to B5 (primarily fronting Showground Road) these sites are not suited in their current built form to be adaptively reused or redeveloped in the short to medium term. Some of the sites are also strata titled developments. Therefore of the land proposed to be rezoned under the Precinct Planning Proposal only a limited number of sites are suitable for a modern bulky goods retailer.

The rezoning of the Site and its development and as bulky goods retail centre would be consistent with the existing uses in the block as it is the only parcel of land within the block not zoned B5 and the proposed rezoning is a natural extension of the bulky goods land uses in the block. The Site is located on Hudson Avenue, less than 250m to Victoria Avenue and less than 250m to Windsor Road and therefore well located for a bulky goods use.

The rezoning of the Site to allow for bulky goods also provides synergies with the other surrounding and adjoining bulky goods developments as a bulky goods shop is typically a comparison shop, with consumers comparing goods. Consequently bulky goods trade best when consolidated in a centralised location.

4 Justification for the Proposed Rezoning

Rezoning the Site from IN2 is also considered unlikely to have a significant impact on the supply or demand for industrial floorspace, given the availability of industrial floorspace in the precinct.

The proposal will have a positive impact upon employment within the precinct as it will provide approximately 108 construction related jobs and approximately 144 ongoing jobs. In addition there will be employment generation in the wider area due to the multiply effects of the proposal. The proposal will not have any adverse social impacts.

The EIA concludes that a bulky goods premises is the highest and best use for the site, in terms of employment and economic output, primarily due to the strong demand for bulky goods floor space in the precinct and the Site's location adjoining other bulky goods and retail developments.

As there is a demand for bulky goods premises, it is more likely to retain bulky goods tenants on the site and provide a consistent source of employment.

4.5 Commonwealth and State Interests

The urban context of the Site is characterised by the following:

- Hudson Avenue is a local road located to the immediate west of the site which intersects with Victoria Avenue and Salisbury Road. This road is able to accommodate truck and vehicle movements associated with the potential business uses on the Site and this therefore conducive to serving a bulky goods premises on the Site. This road already services existing industrial and business uses within the vicinity of the site.
- Salisbury Road connects to Windsor Road to the west. Windsor Road is a major arterial road which connects Windsor to the North and Northmead to the south of the site.

The existing road network and access and egress to the Site is considered to be adequate to accommodate a bulky goods premises on the site, or other uses permissible in the B5 zone. Any site access changes to accommodate a future use of the Site can be addressed at the DA stage.

The Site has access to all essential service infrastructure. Any augmentation of services can be investigated as part of a future development application. Accordingly, the proposal can be considered to be well serviced by public infrastructure.

5 Conclusion

This submission has been prepared on behalf of the owner of 11 Hudson Road and seeks amend the land use zoning controls that apply to 11 Hudson Avenue, Castle Hill to facilitate the future development of a bulky goods premises on the Site.

The submission seeks to extend the surrounding B5 – Business Development zone located to the north and east of the site to the Site (refer **Figure 17**). The proposal allows for the development of the highest and best use of the site and respond to the demand for bulky goods retailers within the area.

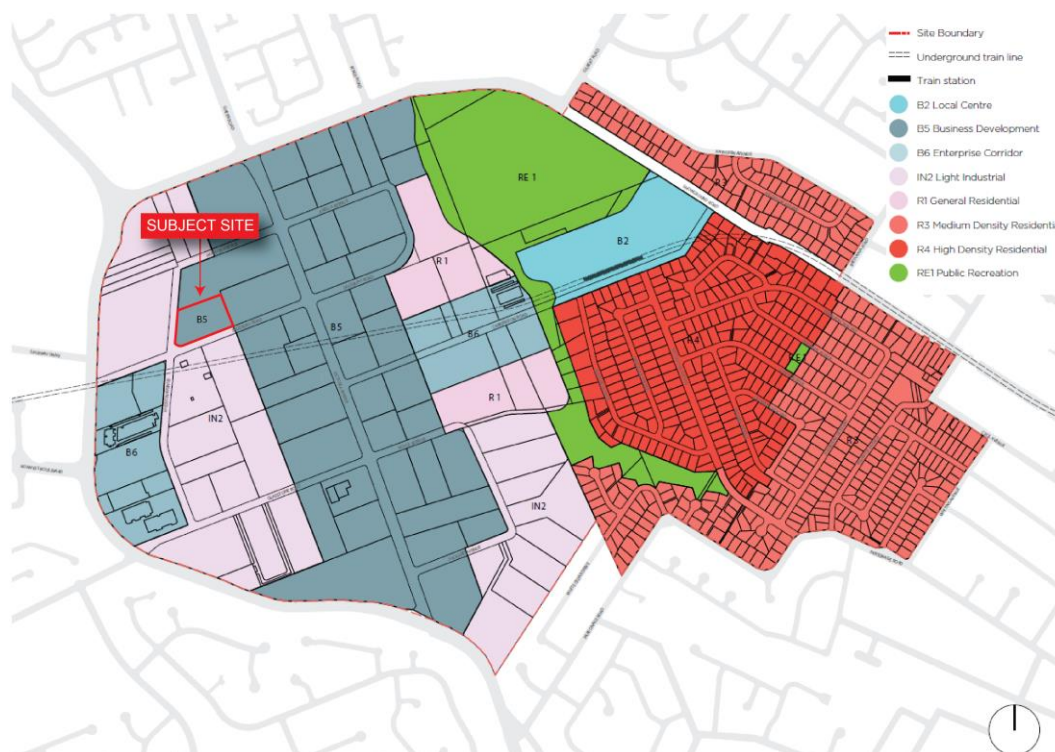


Figure 17 Proposed amended zoning of the Site to B5 Business Development

This report and accompanying material has been prepared in response to the public exhibition of the Showground Station Precinct Planning Proposal and has had regard to the relevant DoPE guidelines.

The proposed amendment to the land use zoning and Showground Station Precinct Planning Proposal is considered to be consistent with the vision and objectives of the Showground Precinct Planning Proposal as well as being consistent with regional and subregional planning strategies and local planning studies.

The submission has been supported by an EIA report prepared by Location IQ (**Appendix 1**). This report has documented and assessed the capability of the land to be rezoned to B5 – Business Development. The report concludes that the proposal will:

- service the needs of the surrounding residential population;
- meet the need of underlying demand for bulky goods floor space and retailers in the Showground Station Precinct/Castle Hill Trading Zone;
- rezone the land to allow for the development of the highest and best use for the site.

The proposal to rezone the site is considered to be a minor change to the exhibited Planning Proposal and accordingly, we recommend that DoPE endorse this submission and amend the site zoning to B5 Business Development.



planning consultants

APPENDIX I

Hudson Avenue, Castle Hill

**Proposed Land Use Rezoning –
Economic Impact Assessment**

Prepared for George Gialouris

24th February 2016



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INTRODUCTION

This report presents an independent assessment of the likely economic implications from the rezoning of land at 11 Hudson Avenue in the Castle Hill Trading Zone. The site is currently zoned *IN2 – Light Industrial* and is proposed to be rezoned to *B5 – Business Development* to allow for large format retail/bulky goods uses to be accommodated on the site. This report has been prepared in accordance with instructions received from George Gialouris, the owner of the site.

This report is structured and presented in **six (6) sections** as follows:

- **Section 1** reviews the regional and local context of the Hudson Avenue site.
- **Section 2** compares the uses designated in *The Hills Local Environment Plan (LEP) 2012*, with an audit of the Castle Hill Trading Zone undertaken by Location IQ. A discussion on the new proposed land zoning outlined in the Showground Station Precinct Plan is also provided.
- **Section 3** examines the drivers of demand for industrial land throughout Sydney generally and specifically how these drivers relate to the Castle Hill Trading Zone.
- **Section 4** reviews the current large format retail/bulky goods market in the Castle Hill Trading Zone and provides an indication of the future demand for large format retail/bulky goods floorspace throughout the Castle Hill Trading Zone trade area.
- **Section 5** provides an assessment of the range of economic impacts that may result from developing large format retail/bulky goods on the subject site, including impacts from the loss of industrial lands, impacts on surrounding bulky goods floorspace, impacts on the surrounding uses and employment impacts.
- **Section 6** outlines the conclusions of this report, including an assessment of the need for the proposal.

EXECUTIVE SUMMARY

The key points to note from this report regarding the economic implications of rezoning the Hudson Avenue site from *IN2 – Light Industrial* to *B5 – Business Development* include the following:

- i. Castle Hill is the major administrative centre for The Hill Shire Local Government Area (LGA) and is located approximately 30 km to the north-west of the Sydney Central Business District (CBD).
- ii. The Castle Hill Trading Zone is a major employment node for the Shire and includes a mix of *B5 – Business Development* and *IN2 – Light Industrial* zoning. The precinct is home to Home Hub Castle Hill, the largest large format retail/bulky goods centre serving North West Sydney.
- iii. The Hudson Avenue site is located on the north-east corner of Hudson Avenue and Salisbury Road within the northern portion of the Castle Hill Trading Zone, adjoining Home Hub Castle Hill to the south and a Bunnings Warehouse to the west. The site is situated less than 250 metres from the busy Victoria Avenue and within 250 metres of Windsor Road, making the site easy to access from all directions.
- iv. The existing site, at 11 Hudson Avenue, is approximately 13,130 sq.m in size and is zoned for *IN2 – Light Industrial* uses. The site has a leasable area of 5,049 sq.m, including 838 sq.m of office floorspace and 4,211 sq.m of warehousing space. The owner of the site is seeking to rezone the Hudson Avenue site to *B5 – Business Development* to allow for the development of approximately 10,000 sq.m of large format retail/bulky goods and ancillary uses to be accommodated on the site.
- v. In preparing this economic impact assessment both the *Showground Station Precinct Planning Proposal* and the *JLL Economic Feasibility* report have been taken into consideration.

- vi. There is a strong need to rezone the Hudson Avenue site for bulky goods uses/large format uses, based on the following:
- The current and future demand for further bulky goods floorspace within the Castle Hill Trading Zone, which is acknowledged in the new *Draft Showground Station Precinct* plan.
 - The suitability of the site, which is ideally located to allow for the clustering of bulky goods floorspace.
 - The limited impacts that will occur as a result of the proposed development, both from the loss of industrial floorspace and the increase in large format/bulky goods floorspace.

Demand for Development

- vii. There are a number of factors which indicate there is an underlying demand for further bulky goods floorspace to be provided in the Castle Hill Trading Zone, including:
- There are very few vacancies throughout the B5 zoned land that could accommodate a national bulky goods tenant, with no vacancies at Home Hub Castle Hill currently. This lack of suitable available tenancies has resulted in a number of bulky goods tenants locating elsewhere in the Castle Hill Trading Zone within the *IN2 – Light Industrial* zoned land.
 - Whilst the recently released *Draft Showground Station Precinct* plan has acknowledged the need for further bulky goods floorspace in the Castle Hill Trading zone by increasing the land for allowable bulky goods uses, limited, if any, of the tenancies in the rezoned area are suitable for a modern bulky goods trader. The proposed Hudson Avenue site remains the only light industrial zoned parcel surrounded by bulky goods uses proposed to remain light industrial zoning.

- The creation of a new bulky goods tenant at Castle Hill Central shows strong demand for suitable bulky goods floorspace at the centre, with rental demand needing to be strong to justify the cost of the development.
- Discussions with a Colliers representative, a leasing agent for the Castle Hill Trading Zone, indicates a number of bulky goods traders are currently looking for appropriately size tenancies within the precinct.
- The gap analysis indicates there are still a number of bulky goods tenants missing from the Castle Hill Trading Zone.

viii. In addition to this current underlying demand the trade area population will demand an additional 66,078 – 77,091 sq.m of bulky goods floorspace over the period to 2031, or 4,500 – 5,200 sq.m per annum. At approximately 10,000 sq.m, the Hudson Avenue development will represent only 13% - 15% of the total bulky goods floorspace provision demanded by the Castle Hill Trading Zone trade area over the next 15 years, or two years demand, leaving 85% - 87% to be provided elsewhere both within and beyond the Castle Hill Trading Zone trade area.

Suitability of Site

- ix. The Hudson Avenue site is located on the north-east corner of Hudson Avenue and Salisbury Road within the northern portion of the Castle Hill Trading Zone. There are a number of aspects of the site which make it ideal for bulky goods uses including:
- The site is located along Hudson Avenue, less than 250 metres from the busy Victoria Avenue and within 250 metres of Windsor Road, making the site easy to access from all directions.
 - Significant bulky goods uses adjoin the site to the north and east, namely Home Hub Castle Hill and a Bunnings Warehouse. A bulky goods shop is typically a comparison shop, with consumers comparing the intended purchase across a range of supplies. Consequently, bulky goods trade best when consolidated in a centralised location.

- The site has two access points, including Salisbury Road and Hudson Avenue, allowing a logical flow through the site.
 - In the block bounded by Hudson Avenue to the north, Victoria Avenue to the east, Salisbury Road to the south and Hudson Avenue to the west, the Hudson Avenue site is only parcel of land not zoned for business development uses. If the *Draft Showground Station Precinct* plan is accepted, the Hudson Avenue parcel of land will be the only industrial zoned land located in a primarily bulky goods zoned block.
- x. Consequently, there is strong demand for further bulky goods floorspace to be provided within the Castle Hill Trading Zone, as acknowledged by the *Draft Showground Station Precinct* plan. The Hudson Avenue site would be the ideal location to accommodate this needed floorspace over the short term, with much of the land proposed to be rezoned in the draft precinct plan already on existing leases and not suitable for a modern bulky goods trader.
- xi. From a location point of view, the development of bulky goods on the Hudson Avenue site will form a natural extension to the current bulky goods provision, complementing the range of facilities provided throughout the Castle Hills Trading Zone. If the *Draft Showground Station Precinct* plan is accepted, the Hudson Avenue parcel of land will be the only industrial zoned land located in a primarily bulky goods zoned block.

Impact of Development

- xii. Key points to note regarding impact of the proposed development include:
- Rezoning the Hudson Avenue site from *IN2 – Light Industrial* to *B5 – Business Development* is unlikely to have a significant impact on the supply or demand for light industrial floorspace within the Castle Hill Trading Zone, with the tenancies representing just 0.5% of office/warehouse tenants throughout the Castle Hill Trading Zone. Additionally, one of the tenancies at the site has previously been vacant for around 12 months, with the current tenant (namely Australia Post)

only on a short term lease. There are a range of vacant IN2 zoned tenancies both within and beyond the Trading Zone that could accommodate the existing Hudson Avenue tenants.

- Rezoning the Hudson Avenue site to B5 uses will only fulfil 13% - 15% of future bulky goods demand, leaving 85% - 87% to be provided elsewhere both within and beyond the Castle Hill Trading Zone. Additionally, assuming the worst case scenario whereby the entire redeveloped Hudson Avenue projected sales comes off national trade area bulky goods retailers, the impact on existing retailers would be just 6.1%. This is well within the normal bounds of competition.
- Surrounding bulky goods retailers will benefit from the significant growth in the bulky goods market projected in the Castle Hill Trading Zone trade area, with the proposed Hudson Avenue development representing just 3.9% of the total projected growth in the bulky goods spending market over the period to 2031 or less than one year of spending growth.
- The proposed development will not in any way significantly impact on the surrounding environment, forming a natural extension of the existing bulky good use of the block and would be keeping in character with the surrounding Home Hub and Bunnings tenancies. The development would complement the range of bulky goods facilities already provided throughout the Castle Hills Trading Zone, allowing an improved comparison shop for consumers.
- The construction of the development is expected to create some 282 employment opportunities, including 108 direct employment opportunities and 174 jobs in the broader community. According to employment figures produced by JLL (*JLL Economic Feasibility* report), operational employment is projected to remain in-line or slightly above current levels.

xiii. Based on the information outlined further in this report, rezoning the Hudson Avenue site to allow for large format/bulky goods uses represents the highest and best use of the site based on the following:

- There are limited vacant tenancies in *B5 – Business Development* zoned land or in the proposed Bulky Goods Retail zoned land (*Draft Showground Station Precinct* plan) that could accommodate the needs of a large format/bulky goods tenant (i.e. generally requiring space of 500 – 3,000 sq.m in a centre or with road exposure).
 - There is strong current and future demand for further bulky goods floorspace in the Castle Hill Trading Zone, as acknowledged in the *Draft Showground Station Precinct* plan.
 - The site is ideally located to help fill this demand, given the location of the site adjoining existing bulky goods uses. If the *Draft Showground Station Precinct* plan is accepted, the Hudson Avenue parcel of land will be the only industrial zoned land located in a primarily bulky goods zoned block.
 - Tenant demand for industrial zoned floorspace is changing, with many attributes of the site no longer suiting modern industrial tenants.
 - There are a number of vacancies within the office/warehouse tenancies in the *IN2 – Light Industrial* zoned land throughout the Castle Hill Trading Zone, with one of the Hudson Avenue tenants vacant for most of last year.
 - Current tenants of the site could be easily accommodated elsewhere within either the Castle Hill Trading Zone or elsewhere in one of the new purpose built industrial estates at Marsden Park or within the Western Sydney Employment Zone.
- xiv. Therefore, given the needs of bulky goods tenants, including the desired size and the need to cluster with other bulky goods tenants, the highest and best use of the Hudson Avenue site would be to rezone the site to allow for bulky goods uses to be accommodated. The current industrial uses of the site could be easily provided elsewhere within either the Castle Hill Trading Zone or current and future purpose built industrial precincts in the surrounding area.

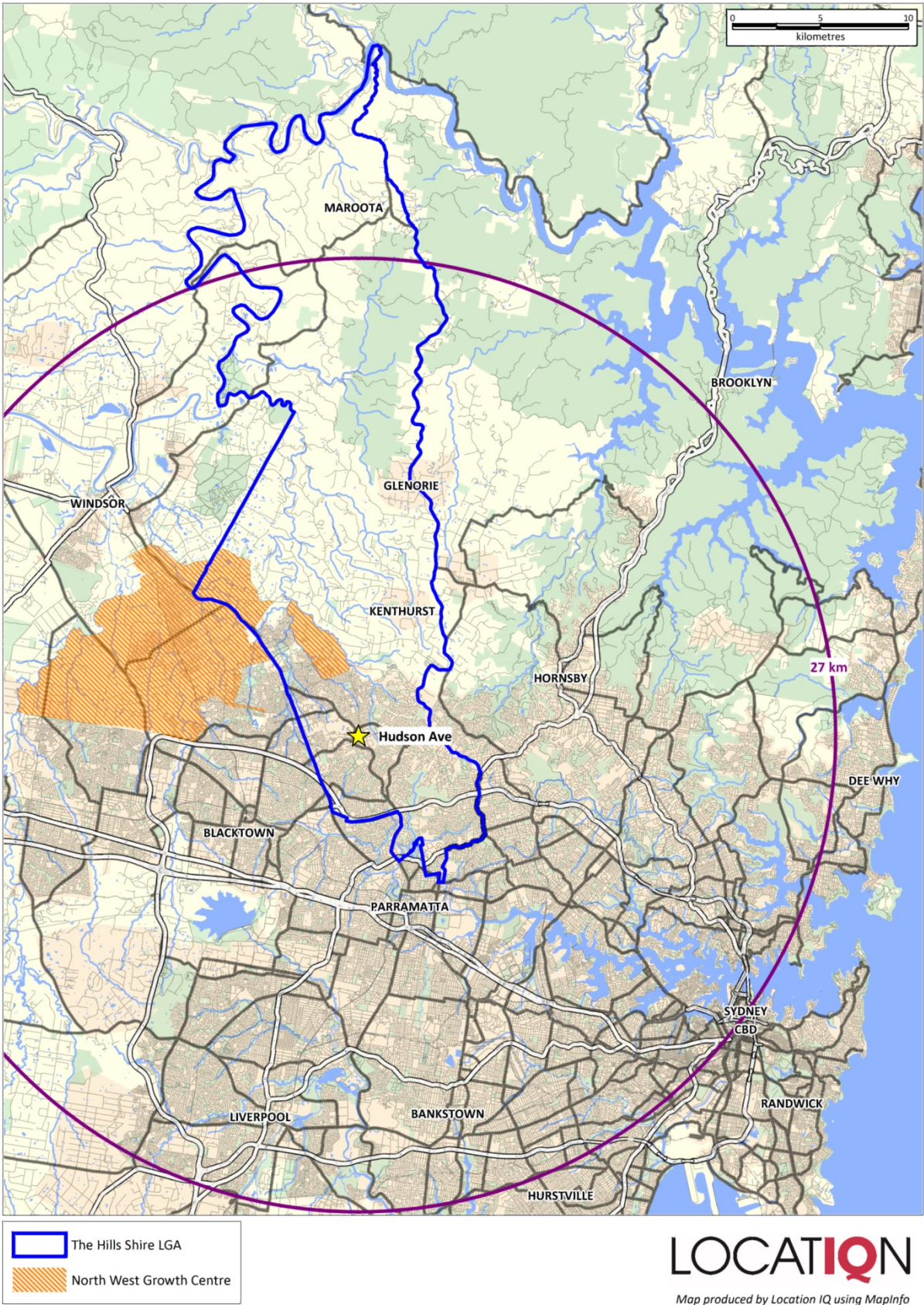
1 LOCATION AND SITE DESCRIPTION

This section of the report reviews the regional and local context of the proposed Hudson Avenue site, as well as reviewing the existing land use and zoning.

1.1 Regional Context

- i. Castle Hill is the major administrative centre for The Hill Shire Local Government Area (LGA) and is located approximately 30 km to the north-west of the Sydney Central Business District (CBD) (refer Map 1.1). The suburb contains a mix of retail, commercial, industrial and residential lands.
- ii. The Hills Shire covers a broad region within North West Sydney, extending from Wisemans Ferry in the north through to Northmead in the south. As at the 2011 Census, the LGA contained nearly 170,000 persons.
- iii. The Hills Shire forms part of the designated North West Growth Centre, where 10,000 hectares of land has been designated to accommodate some 70,000 new dwellings. Consequently, the population within the LGA is projected to increase by around 35% over the next 15 years, increasing to nearly 250,000 persons by 2031.
- iv. The Castle Hill Central Business Area (CBA) is the main retail destination within The Hills Shire, with the major regional shopping centre for North West Sydney anchoring the precinct (namely Castle Towers).
- v. The Castle Hill Trading Zone is situated to the west of the Castle Hill CBA and is a major employment node for the Shire. The Trading Zone includes a mix of *B5 – Business Development* and *IN2 – Light Industrial* zoning. The precinct is home to Home Hub Castle Hill, the largest large format retail/bulky goods centre serving North West Sydney.
- vi. The Castle Hill Trading Zone is focused around the busy Victoria Avenue, to the south of Showground Road and to the north of Windsor Road. The precinct can be accessed off the M2 Hills Motorway via either Windsor Road or the Old Northern Road, with access off the M7 Motorway provided off Norwest Boulevard.

MAP 1.1 – HUDSON AVENUE REGIONAL CONTEXT



1.2 Local Context

- i. The Hudson Avenue site is located on the north-east corner of Hudson Avenue and Salisbury Road within the northern portion of the Castle Hill Trading Zone. Salisbury Road connects directly to Victoria Avenue in the east and Windsor Road in the west, allowing the site to be easily accessible from all directions.
- ii. Map 1.2 illustrates the local context of the Hudson Avenue site. As shown, a wide range of large format retail/bulky goods centres/facilities are provided in the immediate area surrounding the site, including:
 - Bunnings Warehouse adjoins the site to the east.
 - Home Hub Castle Hill is located to the immediate north of the site (situated to the north and south of Hudson Avenue). This large bulky goods centre contains over 52,000 sq.m of floorspace, including Harvey Norman, Domayne, Nick Scali, The Goods Guys and Officeworks.
 - Castle Hill Homemaker City is situated 800 metres to the south-east of the site, on the corner of Victoria Avenue and Gladstone Road. The centre contains 15 tenants, including Fantastic Furniture, 2nds World and Baby Kingdom.
 - Spotlight is currently located 300 metres to the east of the site on the south-east corner of Victoria Avenue and Salisbury Road. A new Spotlight is currently under construction at 12 Victoria Avenue, opposite the existing store.
- iii. Overall, the Hudson Avenue site adjoins existing large format retail/bulky goods facilities to the north and east, including the popular Home Hub Castle Hill and Bunnings Warehouse. The site is situated less than 250 metres from the busy Victoria Avenue and within 250 metres of Windsor Road, making the site easy to access from all directions.

- iv. From a location point of view, the development of large format retail/bulky goods on the Hudson Avenue site will form a natural extension to the current bulky goods provision, complementing the range of facilities provided throughout the Castle Hills Trading Zone.

MAP 1.2 – HUDSON AVENUE LOCAL CONTEXT



1.3 Existing Site and Proposed Development

- i. The existing site, at 11 Hudson Avenue, is approximately 13,130 sq.m in size and is zoned for *IN2 – Light Industrial* uses. The site has a leasable area of 5,049 sq.m, including 838 sq.m of office floorspace and 4,211 sq.m of warehousing space.
- ii. Three tenants currently occupy the building, including:
 - **Tenancy Area A** – Data Transfer Services, leasing 1,762 sq.m (including 396 sq.m of office and 1,366 sq.m of warehouse).
 - **Tenancy Area B1** – IDS, leasing 1,234 sq.m (including 442 sq.m of office and 792 sq.m of warehouse).
 - **Tenancy B2** – Australia Post, leasing 2,053 sq.m of warehouse space on a short term four month lease over the Christmas period. Prior to this, the tenancy had been vacant for around 12 months. A tenant post-Christmas is not yet secured, with Colliers (the leasing agent) indicating limited demand for the tenancy.
- iii. A total of 95 car parks are also provided for the tenants.
- iv. The owner of the site is seeking to rezone the Hudson Avenue site to *B5 – Business Development* to allow for the development of approximately 10,000 sq.m of large format retail/bulky goods and ancillary uses to be accommodated on the site.
- v. Bulky goods (i.e. large format retail) is defined in *The Hills Shire Local Environment Plan (LEP) 2012* as:

“a building or place the principal purpose of which is the sale hire or display of bulky goods, being goods that are of such size or weight as to require:

(a) a large area for handling, display or storage, and

(b) direct vehicular access to the site of the building or place by members of the public for the purpose of loading or unloading such goods into or from their vehicles after purchase or hire, and including goods such as floor and window

supplies, furniture, household electrical goods, equestrian supplies and swimming pools, but does not include a building or place used for the sale of foodstuffs or clothing unless their sale is ancillary to the sale or hire or display of bulky goods.”

2 AUDIT OF SURROUNDING USES

This section presents an overview of the existing zoning of the Castle Hill Trading Zone as well as an audit of actual uses as undertaken by Location IQ in September 2015.

2.1 The Hills Local Environment Plan 2012

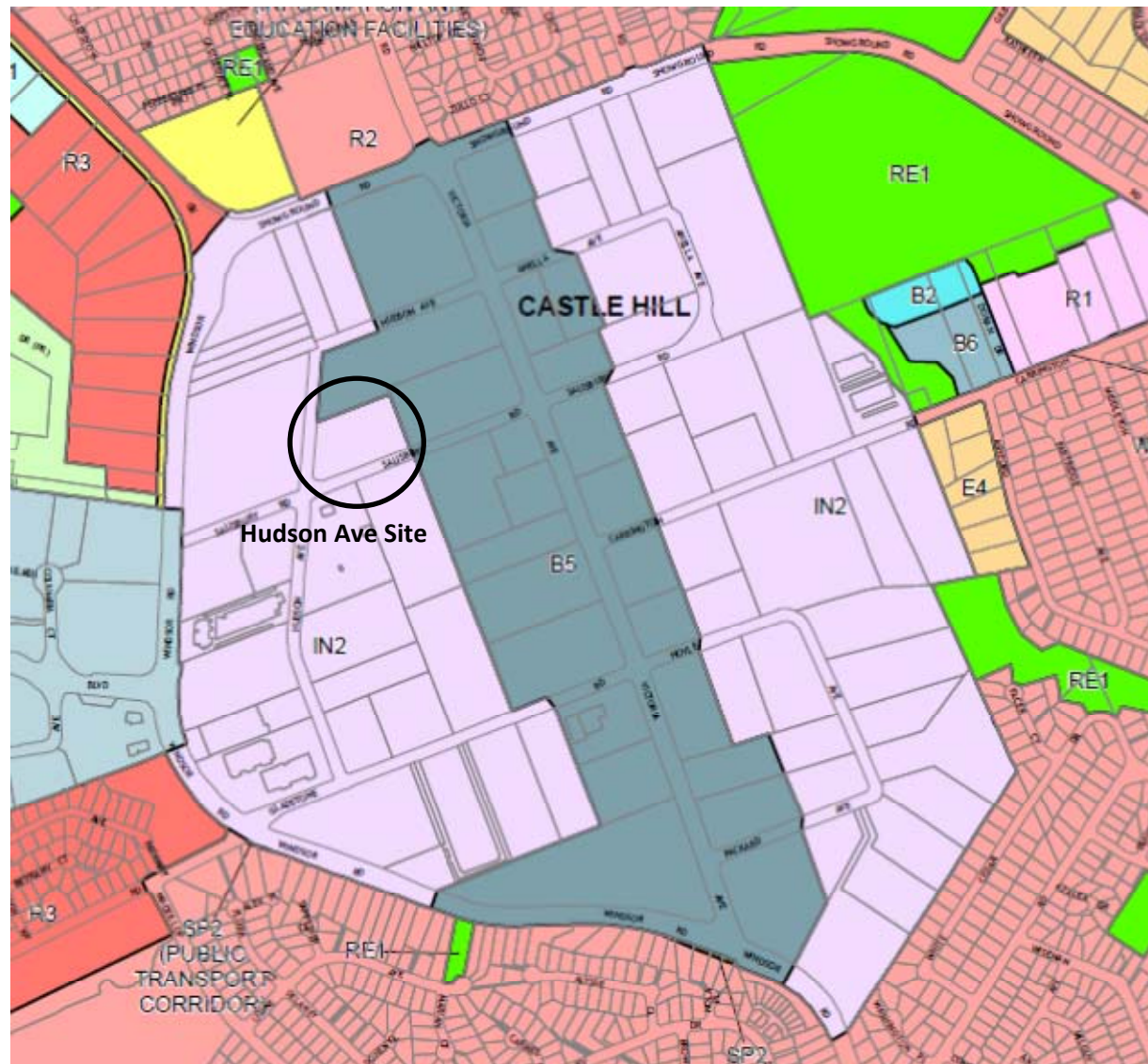
- i. Figure 2.1 illustrates the current land zoning of the Castle Hill Trading Zone, taken from *The Hills Local Environment Plan (LEP) 2012*.
- ii. There are two uses currently allowable in the Castle Hill Trading Zone, including:
 - *IN2 – Light Industrial*
 - *B5 – Business Development*
- iii. The objectives of the *IN2 – Light Industrial* zone are:
 - *To provide a wide range of light industrial, warehouse and related land uses.*
 - *To encourage employment opportunities and to support the viability of centres.*
 - *To minimise any adverse effect of industry on other land uses.*
 - *To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area.*
 - *To support and protect industrial land for industrial uses.*
 - *To provide temporary overnight accommodation for the working population and businesses in the area.*
- iv. The objectives of the *B5 – Business Development* zone are:
 - *To enable a mix of business and warehouse uses, and bulky goods premises that require a large floor area, in locations that are close to, and that support the viability of, centres.*
 - *To provide for bulky goods premises that meet community demand.*

- *To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area.*
- v. In total of the 143.8 hectares of land in the Castle Hill Trading Zone, 46.4 hectares is zoned for business development uses (or 32%) and 97.4 hectares is zoned for light industrial uses (or 68%).
- vi. Figure 2.2 shows a close up of the Hudson Avenue site. As shown, the Hudson Avenue site is currently zoned for *IN2- Light Industrial* uses, however, is surrounded by *B5 – Business Development* zoning to the immediate north and immediate east. In the block bounded by Hudson Avenue to the north, Victoria Avenue to the east, Salisbury Road to the south and Hudson Avenue to the west, the Hudson Avenue site is only parcel of land not zoned for business development uses.

• • **X** • 17



FIGURE 2.2 – THE HILLS LOCAL ENVIRONMENT PLAN 2012, HUDSON AVENUE SITE



2.2 Showground Station Precinct Proposal

- i. In December 2015, the New South Government released the *Draft Showground Station Precinct Proposal* (currently on community consultation until 28th February). The draft plan includes the proposed rezoning for the Showground Station Precinct, which effectively encompasses the existing Castle Hill Trading Zone.
- ii. Figure 2.3 illustrates the proposed rezoning of the precinct, with key changes from the current *The Hills Local Environment Plan, 2012* (Figure 2.2), including:
 - Adding the provision for a “*Local Centre*” within close proximity to the future Showground Station (currently under construction).
 - Rezoning the light industrial lands adjoining the *B5 – Business Development* zoning on the eastern side of Victoria Avenue to allow for bulky goods uses.
 - Additional bulky goods zoning along Showground Road (north of the precinct).
 - Rezoning of some light industrial lands allow for commercial and residential uses.
- iii. The Hudson Avenue site is proposed to remain “*Light Industrial*” zoning and, as such, will be the only parcel of land located within a primarily bulky goods block to remain zoned for light industrial uses.
- iv. If the new precinct plan is accepted, the proportion of allowing uses in the Castle Hill Trading Zone (excluding Showground Station and planned local centre) would be:
 - 46% for bulky goods retail
 - 34% for light industrial
 - 12% for commercial
 - 9% for residential uses

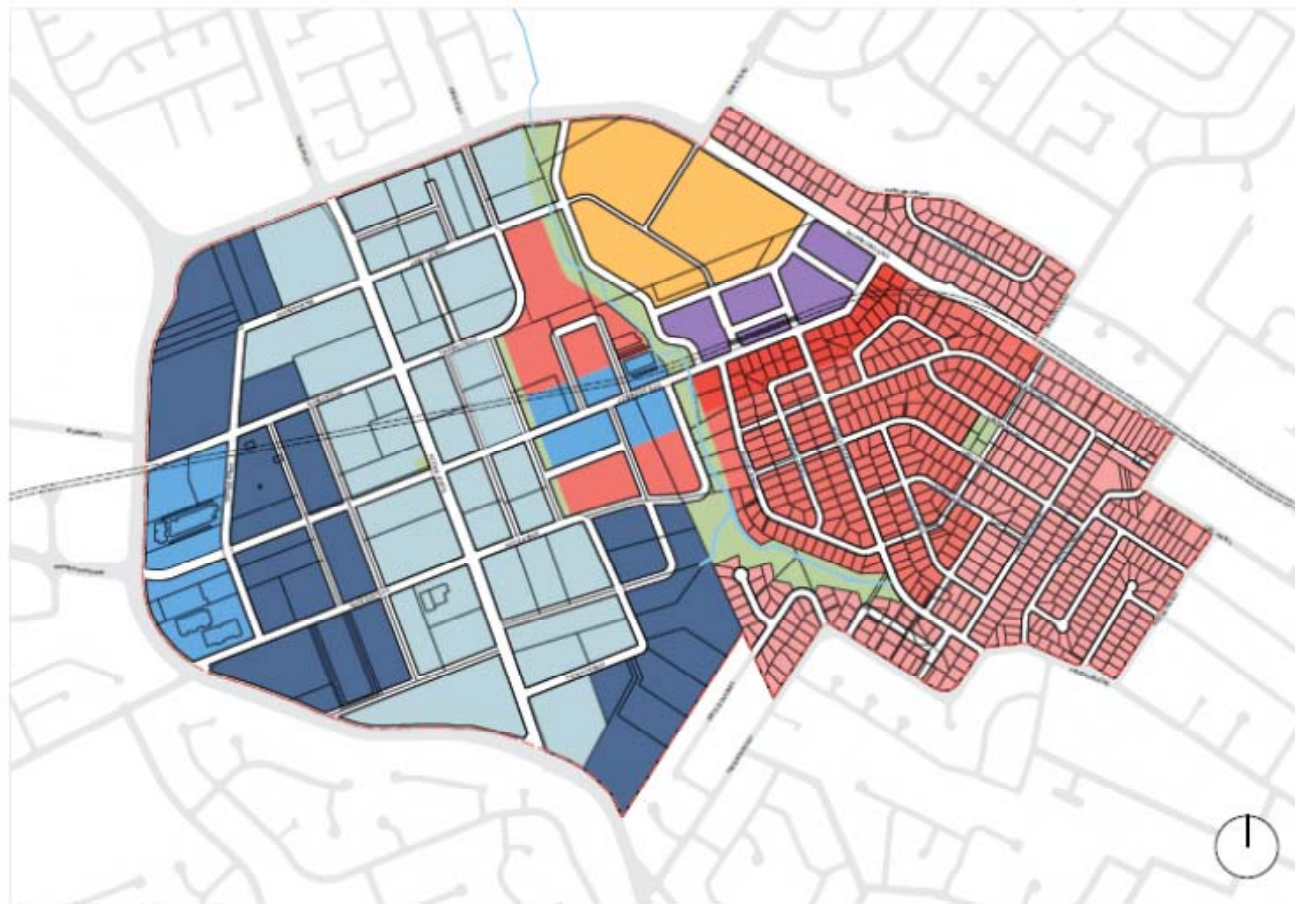
FIGURE 2.3 – DRAFT SHOWGROUND STATION PRECINCT PROPOSAL

Figure 21. Proposed Precinct Plan

The Precinct Plan has been guided by the 2013 Structure Plan and specialist studies and analysis to determine the most appropriate land uses and built form over the next 20 years. By 2036, there will be 5 distinct yet connected sub-precincts in the Showground Precinct, described below:

Local Centre

A new local centre will be focused around the new station. The centre will benefit from the activity around the new station and will provide for a range of shops, cafes, restaurants, and local services.

Residential apartments will be located within the centre, above shops and business on lower levels. These buildings will be the highest buildings in the precinct to benefit from the excellent access to transport, shops, services and open space.

The Castle Hill Showground, immediately north of the local centre, will continue to be an important regional open space and cultural facility benefiting from excellent transport access.

- Site Boundary
- Bulky goods retail
- Light industrial
- Commercial
- Open space
- Local centre
- Residential apartments up to 16 storeys
- Residential apartments up to 8 storeys
- Terraces and detached dwellings
- Sports and cultural

- v. As such, as a result of the proposed land rezoning, land allowable for bulky goods uses in the Castle Hill Trading Zone would increase from 32% to 46%. The proposed new precinct plan for the *Draft Showground Station Precinct Proposal* clearly demonstrates an accepted need for further bulky goods floorspace in the Showground Station precinct.

2.3 Audit of Castle Hill Trading Zone

- i. Location IQ undertook an audit of the current uses of land throughout the Castle Hill Trading Zone in September 2015. Map 2.1 outlines the different land uses within Castle Hill Trading Zone. This differs from the zoning of the land outlined in *The Hills LEP 2012* and the *Draft Showground Station Precinct Plan* in that it gives an indication of what the land is actually used for. A specific land zoning, on the other hand, can comprise a number of uses, some of which bear no apparent relation to the type of zoning (i.e. pubs are an allowable use in General Industrial zoned land).
- ii. The land uses are divided into 10 different categories based on the primary use within the parcel, including:
 - Large warehouse/office
 - Small warehouse/office
 - Bulky goods
 - Showroom/warehouse/office
 - Industrial
 - Car dealerships
 - Community/services
 - Accommodation
 - Storage Facility

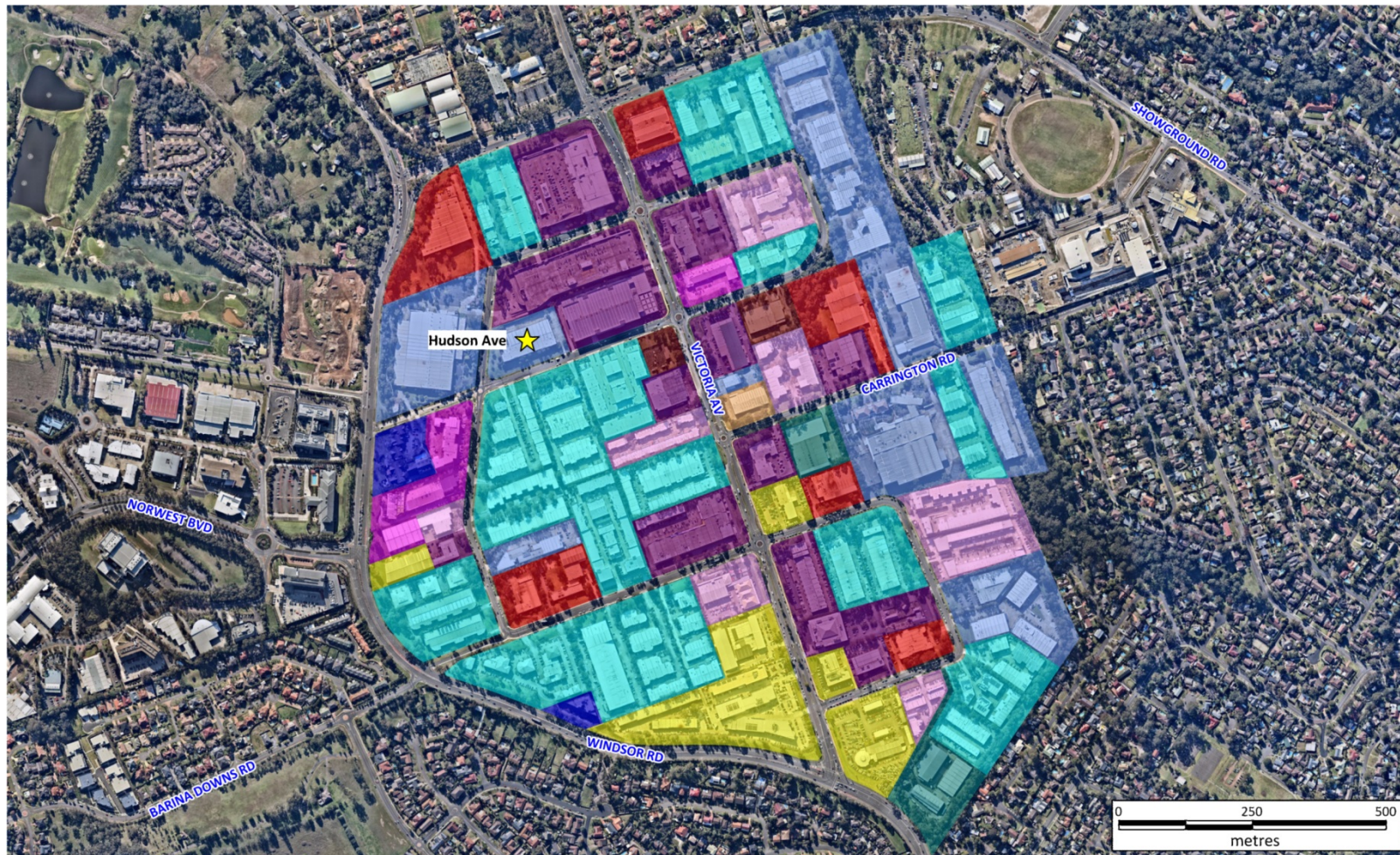
— Entertainment

- iii. Additionally, there is also one parcel of land which is currently partially vacant, as Sydney Tools have relocated to Castle Hill Central (7 – 13 Victoria Avenue). This parcel of land, as well as the former Spotlight tenancy (Spotlight has relocated across the road), will soon be demolished to make way for a Masters Home Improvement Store (assuming the concept continues to trade).
- iv. Small and large warehousing and office units make up the majority of the Castle Hill Trading Zone, at 50% of the total area. The tenants of these units widely vary ranging from service based providers (such as electricians, plumbers etc.) to dance and karate studios to importer/exporter warehousing. This type of use is typically for light industrial zoned land that is located away from major motorway and railway transport and within close proximity to residential zoned land.
- v. Bulky goods currently occupy 17% of total land within the Castle Hill Trading Zone. Given the *B5 – Business Development* zoning, the majority of bulky goods floorspace is focused along Victoria Road.
- vi. It is important to note that whilst bulky goods is allowable on 32% (or 46.4 hectares) of land in the Castle Hill Trading Hill trading zone (which will increase to 46% if the *Draft Showground Station Precinct* plan is accepted), only 17%, is currently being used for bulky goods purposes.
- vii. As discussed in the previous sub-section, a “*mix of business and warehouse uses*” are also allowable under the zoning. The southern end of Victoria Avenue B5 zoning is occupied by car dealerships (likely to be on long leases), with a number of small unit showroom/office/warehouse style facilities occupying the central part of Victoria Avenue. The majority of these showroom/office/warehouse facilities can also operate in the IN2 zoning.

- viii. There are only a limited number of tenancies/sites that would suit bulky goods traders in either the existing B5 zoning or in the future Bulky Goods Retail zoning (*Draft Showground Station Precinct Plan*). Bulky goods tenants typically require spaces of 500 – 3,000 sq.m either in a bulky goods centre or with main road exposure. The majority of tenancies well suited to bulky goods traders are provided in Home Hub Castle Hill, a popular bulky goods centre that generally has limited, if any, vacancies (at present there are no vacancies at the centre).
- ix. Many of the showroom/office/warehouse style developments (for example 8 Victoria Avenue and 10 Victoria Avenue) within the potential future Bulky Goods Retail zoning (*Draft Showground Station Precinct Plan*) are not suitable for a national bulky goods trader due to the smaller size of the tenancy and the limited road exposure. Additionally, existing tenants are likely to be on medium to long leases, restricting the ability to redevelop the site over the short term.
- x. This lack of suitable available tenancies has resulted in a number of bulky goods tenants locating elsewhere in the Castle Hill Trading Zone, some distance from other bulky goods tenants (i.e. within the *IN2 – Light Industrial* zoned land), including:
- Vast Interiors along Hudson Avenue.
 - My Baby Warehouse at the Enterprise Park along Hoyle Avenue.
 - Petbarn along Carrington Road.
- xi. A bulky goods shop is typically a comparison shop, with consumers comparing the intended purchase across a range of supplies. Consequently, bulky goods trade best when consolidated in a centralised location.
- xii. As such, whilst bulky goods uses are allowable on 32% of land within the Castle Hill Trading Zone (i.e. *B5 – Business Development* zoned land), with this proposed to be increased to 46% in the draft precinct plan, only 17% of land is currently occupied by bulky goods uses.

- xiii. The remainder is being used for car dealerships and smaller showroom/office/warehousing developments (many of which are likely to be on long leases), restricting the number of tenancies suitable to accommodate national bulky goods tenants over the short to medium term. This has led to a number of bulky goods tenants locating in isolated pockets of the IN2 zoned land, away from other bulky goods facilities, and restricts the consolidated comparison bulky goods shop which is demanded by consumers.
- xiv. In addition, whilst the *Draft Showground Station Precinct* plan has acknowledged the need for further bulky goods floorspace in the Castle Hill Trading zone by increasing the land for allowable bulky goods uses to 46%, limited, if any, of the tenancies in the rezoned area are suitable for a modern bulky goods trader. The proposed Hudson Avenue site remains the only light industrial zoned parcel surrounded by bulky goods uses proposed to remain light industrial zoning.

MAP 2.1 – ACTUAL LAND USES, CASTLE HILL TRADING ZONE

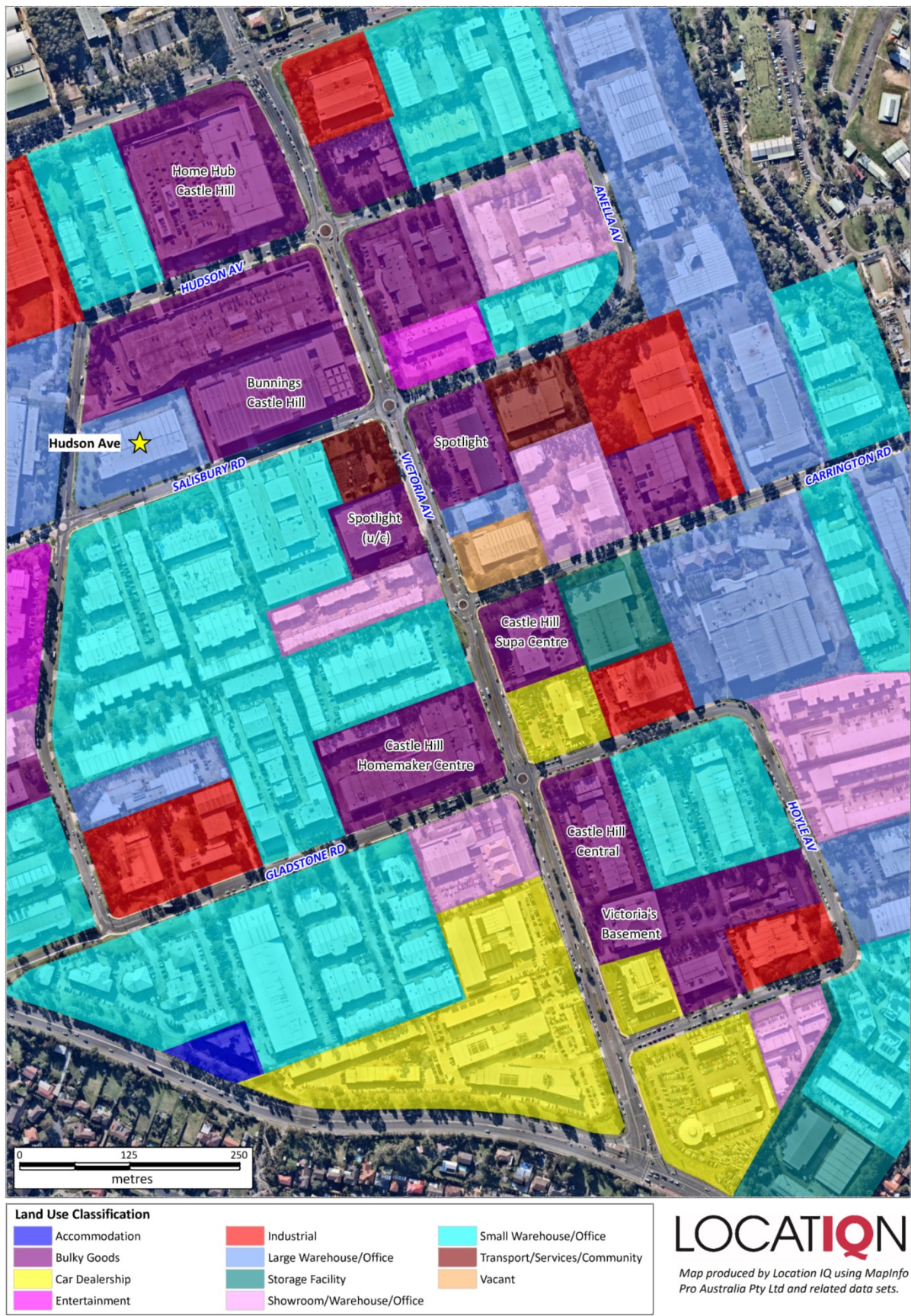


Land Use Classification			
 Accommodation	 Entertainment	 Storage Facility	 Transport/Services/Community
 Bulky Goods	 Industrial	 Showroom/Warehouse/Office	 Vacant
 Car Dealership	 Large Warehouse/Office	 Small Warehouse/Office	

LOCATIONIQ

Map produced by Location IQ using MapInfo Pro Australia Pty Ltd and related data sets.

MAP 2.2 – ACTUAL LAND USES, HUDSON AVENUE SITE



3 DRIVERS OF INDUSTRIAL LAND

This section of the report discusses the drivers of industrial land in general for the Sydney metropolitan area and also specifically how these drivers relate to industrial land provided in the Castle Hill Trading Zone.

3.1 Sydney Industrial Land Trends

- i. Based on a review of industrial land throughout the Sydney metropolitan area, key trends of industrial land use include:
 - Industrial land can be used for a number of purposes, including:
 - Heavy industry, such as petrochemical plants (i.e. Rosehill).
 - Large factory/manufacturing/warehousing (i.e. Silverwater/Lidcombe).
 - Light manufacturing and small factory office warehousing (such as the Castle Hill Trading Zone).
 - Research and development parks.
 - Over the past 30 - 40 years, there has been a gradual, yet evident decline in traditional industrial land uses within built up areas of Sydney. These declines have been attributed to a number of factors, including increasing population pressures, lack of vacant land for residential development, rising property prices and State Government urban consolidation policies.
 - This pattern of land use evolution has also occurred in other major cities in Australia, whereby traditional industrial activities are moving to larger, better suited and more affordable sites that have better access to road and rail infrastructure.

- One of the most notable factors that has led to the change of use of industrial precincts in built up areas of Sydney has been the growth of industrial precincts in outer Sydney areas that possess larger and more affordable sites, superior road and rail transport, and are situated closer to the major population growth centres of Sydney.
 - The value of a number of industrial land areas has declined as technological advances have resulted in new facilities being built in terms of supply chain and distribution networks. Consequently, many industrial tenants now require 24 hour access to major road networks.
- ii. As a result of the above planning and economic factors, a large proportion of land within the Sydney metropolitan area has been converted from industrial to other uses (predominately housing) since the 1980s. Substantial areas have, or are, being redeveloped for commercial (e.g. Macquarie Park in Ryde) or residential/mixed use (such as Green Square and Pyrmont/Ultimo).
- iii. Indicative of these trends, most large surplus industrial sites are being converted to other more suitable uses. At the same time that former industrial land is being converted better suited uses, large tracts of new industrial land have been rezoned or created in outer suburban areas, such as the Western Sydney Employment Area (WSEA), Sydney Business Park (Marsden Park) and Moorebank Intermodal Terminal (MIT).
- iv. The identified industrial land use trends as witnessed in Sydney and other capital cities of Australia are expected to continue. In particular, the value of industrial land located within close proximity to residential uses will see industrial uses eventually relocate to purpose built outer metropolitan areas, with the vacated space over time being changed to 'higher order uses', which typically are not industrial.

- v. Increasingly so in the industrial sector, purpose built facilities have developed in outer Sydney areas with superior access to road and rail infrastructure at an affordable price. Sydney is experiencing an enormous surge in infrastructure spending, with major transport projects including West Connex, North Connex, Badgery's Creek Airport, M10 and the North West Rail Link. These projects total in excess of \$29 billion of construction expenditure and support jobs, expansion and associated businesses as well as driving further industrial demand in these precincts.
- vi. The development of new facilities on the urban fringe and in large industrial estates has freed up industrial land in the built up areas of Sydney for alternative uses. The retention of appropriate employment uses in the built up areas of Sydney is important in order to ensure jobs are located close to homes. However, the nature of jobs close to homes in built up areas is changing, with demand for commercial, aged care and health care services increasing.

3.2 Castle Hill Trading Zone Industrial Uses

- i. The average size of new industrial facilities in Sydney has remained relatively steady over the period from 2010, at around 18,000 sq.m. These tenants typically require access to major motorways or rail infrastructure, the provision of loading docks and turning bays and 24 hours access.
- ii. The size of the Hudson Avenue site at just over 13,000 sq.m, as well as the general location of the Castle Hill Trading Zone some distance from major motorway infrastructure, makes the site unlikely to attract a modern industrial tenant. Many of these larger industrial tenants would prefer to locate in newer, better suited precincts, such as Sydney Business Park in Marsden Park, where 206 hectares has been rezoned for industrial uses and the future Western Sydney Employment Area, where up to 10,000 hectares of land is being rezoned for employment uses.

- iii. Given the Castle Hill Trading Zone is increasingly becoming unsuitable for modern industrial tenants, the majority of space within the zone is dominated by smaller office/warehouse type spaces of 200 – 1,500 sq.m. A survey of the Castle Hill Trading Zone (as discussed in the previous Section) revealed there are well in excess of 700 warehouse/office style tenancies, with the use of these tenants widely varied.
- iv. The Hudson Avenue site currently provides three older office/warehouse style tenants of 1,200 – 1,800 sq.m or less than 0.5% of total office/warehouse tenants in the Castle Hill Trading Zone. Additionally, the survey of the area showed there are a number of office/warehouse vacancies throughout the Castle Hill Trading Zone that could accommodate these three tenants, including tenancies of up to 2,800 sq.m within the Showground Business Park (12-16 Anella Avenue).
- v. Additionally, 206 hectares has been rezoned for industrial uses and 70 hectares has been rezoned for commercial uses at Sydney Business Park in Marsden Park (18 km to the west of the Castle Hill Trading Zone) and up to 10,000 hectares of employment land is currently being rezoned at the future Western Sydney Employment Area. These precincts will become an excellent alternative for industrial and commercial tenants throughout North West Sydney looking for a site ideally suited for industrial and commercial purposes.

3.3 Summary

- i. Industrial zoned land throughout Sydney is continually being converted to higher order uses, with large tracts of land close to major road and rail transport being rezoned to better accommodate these industrial tenants.
- ii. Modern industrial tenants typically require around 18,000 sq.m, as well as 24 hour access to major motorways and rail transport. The size and nature of the Hudson Avenue site makes the site unlikely to be unsuitable for a modern industrial tenant.

- iii. Currently, the site is accommodating three office/warehouse tenants, a common use in light industrial zoned land that is close to residential areas. There are currently over 700 other office/warehouse tenancies throughout the Castle Hill Trading Zone, with a number of vacancies that could accommodate the existing Hudson Avenue tenants.
- iv. Additionally, large tracts of land are being rezoned for industrial and commercial purposes at Marsden Park and elsewhere in Western Sydney, providing an ideal alternative for industrial and commercial tenants.

4 POTENTIAL FOR BULKY GOODS FLOORSPACE

This section of the report assesses the potential for further bulky goods floorspace to be accommodated within the Castle Hill Trading Zone.

4.1 Large Format Retail/Bulky Goods Trends

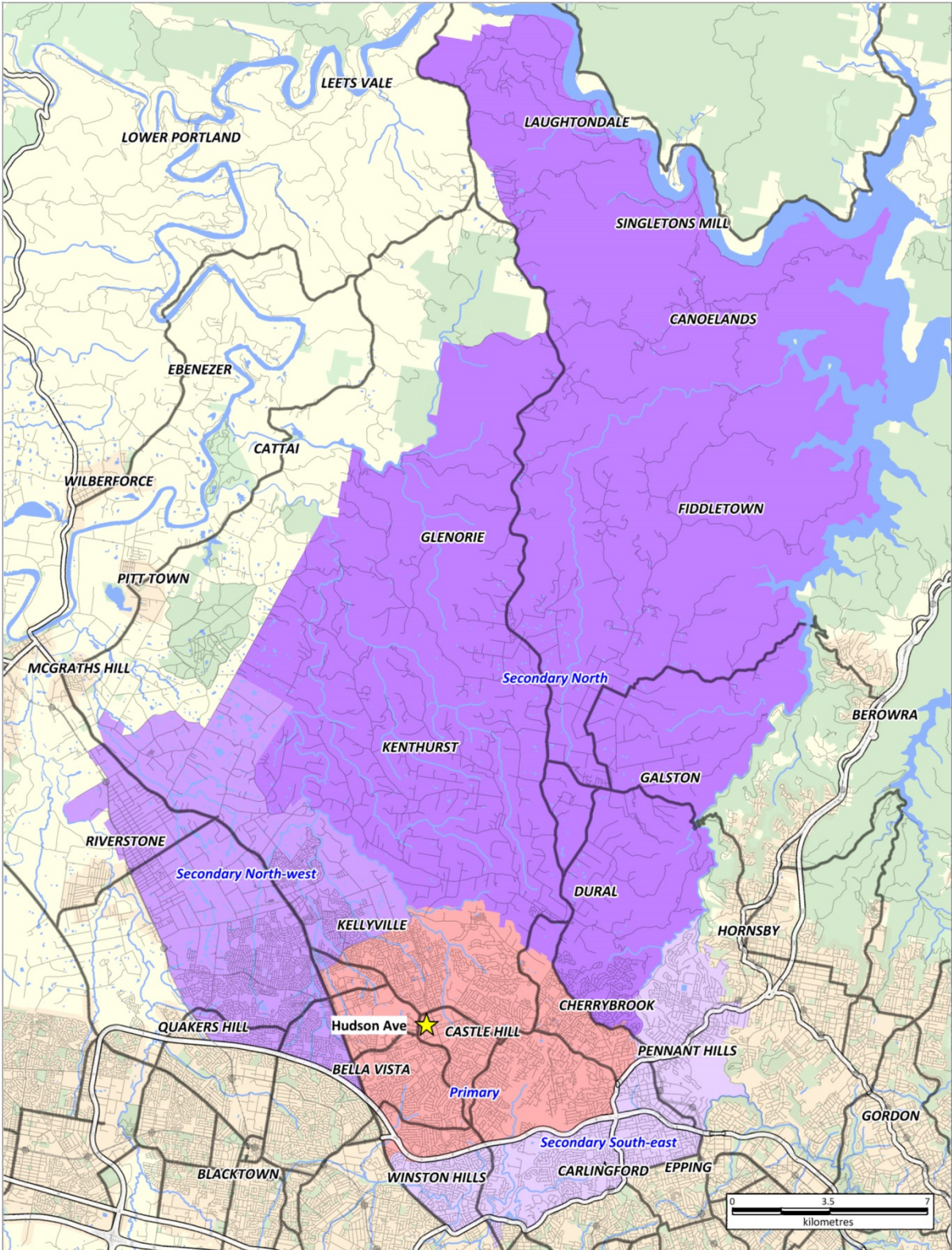
- i. Large format retailing has evolved in recent years in Australia and incorporates bulky goods and retail showroom uses. Large format retailing includes categories such as automotive parts, accessories, repairs and services, camping, outdoor and recreation goods, electric, light fittings, pet supplies, food and window coverings, furniture, bedding, furnishings, fabric, manchester and homewares, household appliances, household electrical goods and home entertainment goods, party supplies, swimming pools, office equipment and supplies, baby and childrens play equipment and accessories, hardware and landscape garden supplies, and other items of a bulky nature that require a large area for handling, display or storage, or direct vehicle access to the site or the premises by the public for the purpose of loading goods into a vehicle after purchase or hire.
- ii. Examples of large format retail brands include:
 - Harvey Norman
 - Bunnings Warehouse
 - Masters Home Improvement
 - IKEA
 - Freedom
 - Snooze
 - Beacon Lighting
 - JB Hi-Fi
 - Oz Design Furniture
 - Forty Winks
 - Fantastic Furniture
 - Barbecues Galore
 - Baby Bunting
 - Pet Stock
 - Super Cheap Auto

- iii. The development of large format retail/bulky goods/homemaker facilities in Australia has been evolving over time. Initially, bulky goods tenants preferred to locate in free-standing facilities along major roads. There has been an increasing trend for bulky goods/homemaker traders to co-locate within one centre or precinct as bulky goods/homemaker customers seek to compare products and prices across a range of stores, with all traders benefiting from the creation of a strong destination.
- iv. In recent years, there has been an increasing focus on dedicated homemaker centres, which provide a broad range of tenants as well as easy accessibility and car parking. In addition, the greater convenience and amenity for customers has also contributed to an increase in the development of bulky goods centres in Australia.
- v. In an article titled *Homemaker Shopping Centres with Purpose* published by Directional Insights it was noted that “*enclosed, well-presented Homemaker Centres combine many of the strengths of traditional shopping centres – parking, air-conditioning, and amenable environments – with a specialised product category and customer focus*”
- vi. Large format retail/bulky goods centres typically serve broad geographic trade areas due to the nature of bulky goods which tend to be purchased by a large number of people on an infrequent basis. In recent times, the tenants looking to locate in bulky goods/large format areas has expanded, given retail tenants such as Spotlight, toy stores, camping equipment, etc. trade in a similar manner, attracting low market shares across broad regions and purchased on an infrequent basis. Consequently, ‘retail showroom’ tenants are suited to locations similar to bulky goods centres requiring frontage to a major road with easy access.
- vii. Large format retail/bulky goods centres/precincts are typically located in high profile locations and, therefore, receive excellent exposure to passing traffic and are easily accessible from both a local and regional perspective. The co-location of facilities in a single centre/precinct results in a benefit to the consumer as well, with customers preferring to cross shop, in order to compare prices and products more easily. This has been an increasing trend within the Australian retail environment.

4.2 Castle Hill Trading Zone Trade Area

- i. The proposed 10,000 sq.m of bulky goods floorspace at the Hudson Avenue site will form part of the wider Castle Hill Trading Zone bulky goods precinct, which already encompasses a range of bulky good facilities, including:
 - Home Hub Castle Hill, a 52,000 sq.m bulky goods centre that includes Harvey Norman, Domayne, Nick Scali, The Goods Guys and Officeworks.
 - Castle Hill Homemaker City, 14,400 sq.m centre that includes Fantastic Furniture and Rays Outdoors.
 - Bunnings Warehouse and Spotlight.
- ii. Map 4.1 illustrates the defined trade area for the provision of bulky goods provided within the Castle Hill Trading Zone. As shown, the trade area for the Castle Hill Trading Zone incorporates the major suburbs of:
 - Castle Hill, Bella Vista, Baulkham Hills in the primary sector.
 - Dural and Cherrybrook in the secondary north sector.
 - Winston Hills, Pennant Hills and Carlingford in the secondary south-east sector.
 - Quakers Hill, Kellyville, Riverstone and Rouse Hill in the secondary north-west sector.
- iii. Overall the Castle Hill Trading Zone trade area extends some 27 km to the north, 10 km to the east, 5 km to the south and 10 km to the west.

MAP 4.1 – CASTLE HILL TRADING ZONE TRADE AREA



LOCATIONIQ

Map produced by Location IQ using MapInfo Pro Australia Pty Ltd and related data sets.

4.3 Supply of Bulky Goods Floorspace

- i. Map 4.2 illustrates the major bulky goods facilities provided throughout the defined Castle Hill Trading Zone trade area. A summary of these is shown in Table 4.1.
- ii. The Castle Hill Trading Zone is the major bulky goods destination for North West Sydney. The largest component of the precinct is Home Hub Castle Hill. The centre is located to the north and south of Hudson Avenue, adjoining the Hudson Avenue site to the north.
- iii. The three level centre incorporates over 50,000 sq.m of floorspace and includes a number of major bulky goods tenants, such as Harvey Norman, Domayne, Nick Scali, The Goods Guys and Officeworks. Home Hub Castle Hill currently has no vacancies providing a strong indication of the demand for bulky goods tenancies within the Castle Hill Trading Zone.
- iv. Other bulky goods centres provided in the Castle Hill Trading Zone precinct include a mix of bulky goods/showroom type facilities, including:
 - Castle Hill Homemaker City is located on the corner of Victoria Avenue and Gladstone Road, 700 metres to the south-east of the site. The centre contains 15 tenants, including Fantastic Furniture, Rays Outdoors, Plush, Baby Kingdom and 2nds World.
 - Castle Hill Super Centre incorporates a mix of tenants that includes bulky goods and showroom traders, in addition to a Fernwood Fitness, Vinnies and Subway.
 - Castle Hill Central contains primarily showroom tenants, as well as a Jetts Fitness. The centre has development approval for a redevelopment that will involve combining two existing tenants to allow for a new bulky goods tenant of 678 sq.m to be provided.

MAP 4.2 – CASTLE HILL TRADING ZONE TRADE AREA & MAJOR BULKY GOODS FACILITIES

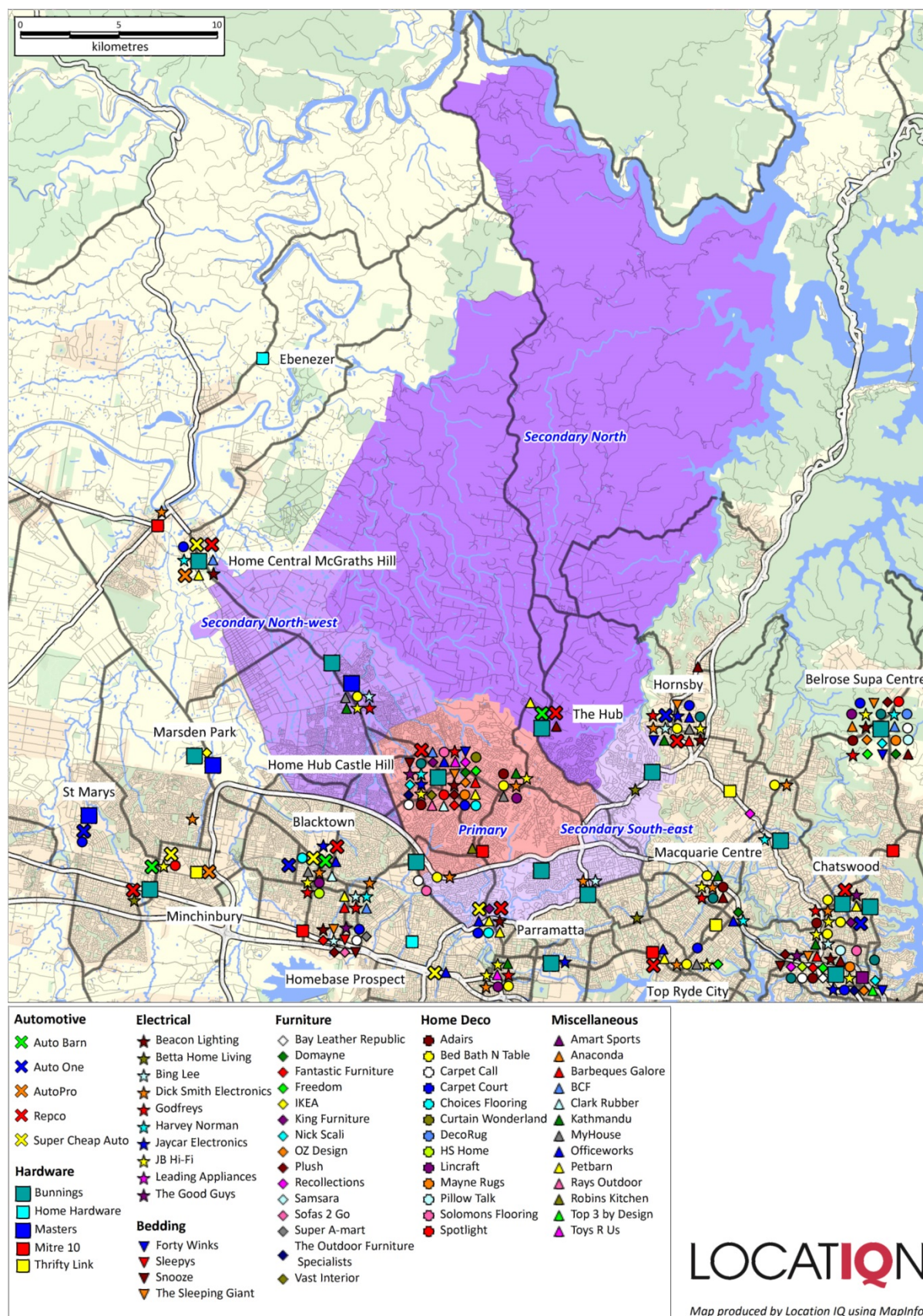


TABLE 4.1 – CASTLE HILL TRADING ZONE TRADE AREA MAJOR BULKY GOODS FACILITIES

Centre	Shopfront GLA* (sq.m)	Anchor Tenants	Dist. From Site (km)
Bulky Goods Centres*			
<u>Castle Hill Trading Zone</u>	<u>96,400</u>		-
• Home Hub Castle Hill	52,200	Adairs, Barbeques Galore, Beacon Lighting, Carpet Call, Curtain Wonderland, Domayne, Early Settler, Forty Winks, Freedom, Godfreys, Harvey Norman, Howards Storage World, JB Hi-Fi, King Living, Nick Scali, Officeworks, Oz Design, Snooze, The Good Guys, The Outdoor Furniture Specialists, The Sleeping Giant, Toys R Us	
• Castle Hill Homemaker City	14,400	Carpet Court, Fantastic Furniture, Mayne Rugs, Plush, Rays Outdoors, 2nds World, Baby Kingdom	
• Castle Hill Super Centre	4,400	Clark Rubber	
• Castle Hill Central	4,000	Choices Flooring	
• Other	21,400	BCF, Bunnings, Jaycar Electronics, Petbarn, Vast Interior, Solomons Flooring, Spotlight, My Baby Warehouse	
Regional Shopping Centres			
Castle Towers SC	4,000	Adairs, Bed Bath N Table, Dick Smith, JB Hi-Fi, Kathmandu, Lincraft, MyHouse	4.5
Sub-regional Shopping Centres			
<u>Rouse Hill</u>	<u>30,000</u>		8.5
• Rouse Hill TC	4,000	Bed Bath N Table, Bing Lee, Godfreys, JB Hi-Fi, Kathmandu, MyHouse	
• Other	26,000	Bunnings, Masters	
<u>Carlingford</u>	<u>3,900</u>		14.0
• Carlingford Court	2,500	Bing Lee, Dick Smith	
• Other	1,400	Bunnings	
Winston Hills Mall	400	Bed Bath N Table, Dick Smith	8.0
Supermarket Centres			
<u>Baulkham Hills</u>	<u>900</u>		5.0
• Stockland Baulkham Hills	400	Robins Kitchen	
• Other	500	Mitre 10	
Other Bulky Goods Facilities			
Kellyville	400	Repco	3.0
North Parramatta	10,500	Bunnings, Carpet Court, Choices Flooring, Petbarn	9.0
Dural	11,700	Bunnings, Petbarn, Auto Barn, Pet Stock, Repco	11.0
Thornleigh	5,700	Betta Home Living, Bunnings	13.0
* Bulky goods centres also include non-bulky goods floorspace in total Source: Australian Shopping Centre Council Database			

- v. Complementing these bulky goods centres are a range of free-standing bulky goods tenants, including Bunnings, My Baby Warehouse, Spotlight (with a new store currently under construction opposite the existing Spotlight), BCF, Petbarn, Vast Interior, Solomons Flooring and Jaycar Electronics. Of these, My Baby Warehouse, Petbarn and Vast Interior are all located on *IN2 – Light Industrial* zoned land.
- vi. The only large vacant tenants suitable for bulky goods floorspace within the B5 zoned land, namely the former Sydney Tools site and the former Spotlight site (recently relocated across the road), are to be demolished to make way for a Masters Home Improvement store.
- vii. A smaller provision of bulky goods facilities are also provided throughout the regional and sub-regional centres, including Castle Towers, Rouse Hill Town Centre, Carlingford Court and Winston Hills Mall, as well as within the suburbs of Kellyville, North Parramatta, Dural and Thornleigh. Castle Towers Shopping Centre is currently planned for a major redevelopment but is likely to provide only limited boxes suitable for bulky goods traders (i.e. 500 – 2,000 sq.m).
- viii. Beyond the Castle Hill Trading Zone, the nearest major bulky goods precincts are:
 - Prospect/Blacktown, 11 km to the south-west.
 - Auburn, 17 km to the south-east.
 - Penrith, 30 km to the west.
- ix. Additionally, 40 hectares of bulky goods is planned at Sydney Business Park in Marsden Park, including a 20,000 sq.m centre currently being developed by La Salle Investment Management. The centre is likely to include a double up of tenants already provided in Home Hub Castle Hill and will primarily serve future residents of the North West Growth Centre.

- x. Table 4.2 shows the bulky goods facilities planned or under construction throughout the Castle Hill Trading Zone trade area. These include:
 - A small amount of floorspace is being added to Castle Hill Central and two existing tenants are being combined to allow for a new bulky goods tenant of 678 sq.m and a café.
 - As previously discussed, a Masters of 15,902 sq.m has been approved on the former Sydney Tools and Spotlight sites.
 - A podium level bulky goods tenant of 1,185 sq.m will be included in the approved Modena development at Baulkham Hills. The development will also include retail and residential floorspace.
- xi. In total, approximately 17,500 sq.m of bulky goods floorspace is approved within the Castle Hill Trading Zone trade area, however, the majority involves the redevelopment of existing space.
- xii. Additionally, it is important to note that a major bulky goods centre, namely Norwest Homemakers Centre, has recently closed at Bella Vista (along Old Windsor Road) to make way for the new Bella Vista Railway Station, part of the new North West Rail Link. This loss of bulky goods floorspace has increased demand for bulky goods floorspace in the surrounding precincts, such as the Castle Hill Trading Zone.

TABLE 4.2 – CASTLE HILL TRADING ZONE TRADE AREA FUTURE BULKY GOODS FACILITIES

Name	Additional Bulky Goods GLA (sq.m)	Components	Status	Assumed Opening Date
<i>Primary</i>				
Castle Hill Central	470	Conversion of existing tenants into new bulky goods tenant of 678 sq.m & café	DA Approved	2015/16
Modena	1,185	Podium level bulky goods tenant	DA Approved	2017/18
Masters Castle Hill	15,902	Masters	DA Approved	2017/18
LOCATION				

4.4 Gap Analysis

- i. Based on the information showed on Map 4.2 and in Table 4.1, Tables 4.3 and 4.4 provide a summary of the major national chain bulky goods/homemaker retailers provided throughout the Castle Hill Trading Zone trade area. Key points to note include:
 - Of the 74 national, chain, bulky goods/homemaker retailers surveyed by Location IQ in our proprietary databases, 50 (68%) are currently represented in the Castle Hill Trading Zone trade area.
 - Given the dominance of the Castle Hill Trading Zone as the major bulky goods precinct in North West Sydney, the primary sector currently has the highest representation, with 44 represented. Of these 44 tenants, 36 are currently represented in the Castle Hill Trading Zone, with 38 national bulky goods tenants currently without representation in the Trading Zone.
 - Bulky goods/homemaker retailers that are currently not represented in the trade area include but not limited to the following:
 - Amart Sports
 - Anaconda
 - Auto One and AutoPro
 - Baby Bunting
 - Bay Leather Republic
 - Carpet One
 - Dare Gallery
 - DecoRug
 - Pillow Talk

TABLE 4.3 – CASTLE HILL TRADING ZONE TRADE AREA BULKY GOODS GAP ANALYSIS

Retailer	Primary		Secondary North	Secondary South-east	Secondary North-west
	Trading Zone	Elsewhere			
Adairs	X	X			
Amart Sports					
Anaconda					
Auto Barn			X		
Auto One					
AutoPro					
Baby Bunting					
Barbeques Galore	X				
Bay Leather Republic					
BCF	X				
Beacon Lighting	X			X	
Bed Bath N Table		XX			X
Betta Home Living				X	
Bing Lee				X	X
Bunnings Warehouse	X		X	XX	X
Carpet Call	X				
Carpet Court	X			X	
Carpet One					
Choices Flooring	X			X	
Clark Rubber	X				
Curtain Wonderland	X				
Dare Gallery					
DecoRug					
Dick Smith		XX		X	
Domayne	X				
Early Settler Furniture	X				
Fantastic Furniture	X				
Forty Winks	X				
Freedom	X				
Godfreys	X				X
Harvey Norman	X				
Home Hardware					
Howards Storage World	X				
HS Home					
IKEA					
Jaycar Electronics	X				

'X' denotes one store.

LOCATIONIQ

TABLE 4.4 – CASTLE HILL TRADING ZONE TRADE AREA BULKY GOODS GAP ANALYSIS

Retailer	Primary		Secondary North	Secondary South-east	Secondary North-west
	Trading Zone	Elsewhere			
JB Hi-Fi	X	X			X
Kathmandu		X			X
King Living	X	X			
Leading Appliances					
Lincraft		X			
Lombard The Paper People					
Masters	P				X
Mayne Rugs	X	X			
Mitre 10		X			
MyHouse		X			X
Nick Scali	X				
Officeworks	X				
Oz Design	X				
Pet Stock			X		
Petbarn	X		X	X	
Pillow Talk					
Plush	X				
Provincial Home Living					
Rays Outdoors	X				
Repco		X	X		
Retravisio					
Robins Kitchen		X			
Rugs a Million					
Sleep Doctor					
Sleepys					
Snooze	X				
Sofas 2 Go					
Solomons Flooring	X				
Spotlight	X				
Super A-Mart					
Super Cheap Auto					
The Good Guys	X				
The Outdoor Furniture Specialists	X				
The Sleeping Giant	X				
Thrifty Link					
Top 3 By Design					
Toys R Us	X				
Vast Interior	X				

'X' denotes one store.

- Sleep Doctor and Sleepys
 - Super A-Mart and Super Cheap Auto
- ii. It is important to note that there is also likely to be a range of smaller bulky goods/homemaker chains (excluded from Tables 4.3 and 4.4), as well as independent bulky/homemaker retailers who would also seek representation in the Castle Hill Trading Zone if suitable bulky goods floorspace was available.

4.5 Demand for Bulky Goods Floorspace

- i. In Australia, there is around 2.2 sq.m of retail floorspace provided for every resident. This is generally the accepted standard provision used throughout the Australian retail industry, with the last Retail Census undertaken by the ABS in 1991/92. Of this 2.2 sq.m, approximately 30% is estimated to be in bulky goods floorspace, or 0.6 – 0.7 sq.m of bulky goods floorspace per person.
- ii. Table 4.5 outlines the current bulky goods floorspace demanded by the Castle Hill Trading Zone trade area residents and the likely growth in this demand over the period to 2031.
- iii. There are currently 375,800 persons residing in the Castle Hill Trading Zone trade area. Based on the average floorspace provision of 0.6 – 0.7 sq.m per person, around 225,500 – 263,000 sq.m of bulky goods floorspace is currently demanded by the trade area population.
- iv. Table 4.1 showed there is currently approximately 165,000 sq.m of national bulky goods tenant and bulky goods centre floorspace provided throughout the Castle Hill Trading Zone trade area. This represents around 60% - 70% of the bulky goods floorspace currently demanded by trade area residents.

TABLE 4.5 – CASTLE HILL TRADING ZONE TRADE AREA BULKY GOODS FLOORSPACE DEMAND, 2015 - 2031

	2015	2018	2021	2026	2031
Estimated & Forecast Resident Population ¹	375,800	398,090	420,380	456,930	485,930
Provision of Bulky Goods Floorspace per Person (sq.m)	0.6	0.6	0.6	0.6	0.6
Provision of Bulky Goods Floorspace per Person (sq.m)	0.7	0.7	0.7	0.7	0.7
Indicative Bulky Goods Floorspace Demand @ 0.6 sq.m	225,480	238,854	252,228	274,158	291,558
Indicative Bulky Goods Floorspace Demand per Annum @ 0.6 sq.m	0	4,458	4,458	4,386	3,480
Indicative Bulky Goods Floorspace Demand @ 0.7 sq.m	263,060	278,663	294,266	319,851	340,151
Indicative Bulky Goods Floorspace Demand per Annum @ 0.7 sq.m	0	5,201	5,201	5,117	4,060

1. Based on population projections prepared by SAFi by .id

v. Whilst the trade area is also likely to include a number of smaller and independent bulky goods retailers located outside the bulky goods centres and not shown in Table 3.1, there are a number of factors which indicate there is likely to be an existing underlying demand for further bulky goods floorspace within the Castle Hill Trading Zone trade area, including:

- Whilst further allowable bulky goods land is proposed to be rezoned in the *Draft Showground Station Precinct Proposal*, there is only a limited number of vacant B5 zoned tenancies currently available throughout the Castle Hill Trading Zone with very few of these tenancies suitable for a national bulky goods tenant. The currently vacant former Sydney Tools and Spotlight tenancies will be demolished to make way for a Masters Home Improvement store and there are currently no vacancies at Home Hub Castle Hill. This lack of suitable available tenancies has resulted in a number of bulky goods tenants locating elsewhere in the Castle Hill Trading Zone within the *IN2 – Light Industrial* zoned land.
- The conversion of two existing tenants into a new bulky goods tenant of 678 sq.m at Castle Hill Central shows strong demand for suitable bulky goods floorspace at the centre, with rental demand needing to be strong to justify the cost of the development.

- Discussions with a Colliers representative, a major leasing agent for a number of buildings in the Castle Hill Trading Zone, indicates a number of bulky goods traders are currently looking for appropriately sized and located tenancies within the precinct, with the strong demand for bulky goods floorspace within the Castle Hill Trading Zone currently not being met by available supply.
 - The gap analysis conducted in the previous sub-section indicates there are still a number of national, chain bulky goods tenants missing from the Castle Hill Trading Zone.
- vi. In addition to this current underlying demand, Table 4.5 shows the projected population growth in the Castle Hill Trading Zone trade area over the period to 2031. As shown, the trade area population is projected to reach 485,930 over the next 15 years, an increase of 110,130. These population projections are based on projections prepared by SAFi by .id, which can be considered conservative given the new multi dwelling residential land zonings is proposed in the *Draft Showground Station Precinct Proposal*. Based on these conservative projections, the population will demand an additional 66,000 – 77,000 sq.m of bulky goods floorspace, or approximately 4,000 – 5,000 sq.m per annum.
- vii. Whilst some of this floorspace demand will be met by new precincts planned beyond the trade area, like 20,000 sq.m centre planned at Sydney Business Park in Marsden Park, there will be increasing pressure to provide suitable bulky goods floorspace options within established precincts, such as the Castle Hill Trading Zone. Without this demand being met, there will be a continued trend of bulky goods tenants finding isolated tenancies throughout the IN2 zoned land, such as what has already occurred with Vast Interiors, My Baby Warehouse and Petbarn.
- viii. It is important to note that at approximately 10,000 sq.m, the Hudson Avenue development will represent only 13% - 15% of the total bulky goods floorspace provision demanded by the Castle Hill Trading Zone trade area over the next 15 years, or two years of demand. This leaves 85% - 87% to be provided elsewhere both within and beyond the Castle Hill Trading Zone.

- ix. As a comparison, JLL recently released a report, namely *Research Report Economic Feasibility: Commercial, Retail, Bulky Goods, Industrial & Residential Analysis* (Appendix F of the *Draft Showground Station Precinct Proposal*), that outlined the projected demand for further bulky goods floorspace in the Showground Station Precinct.
- x. The report states that the “*Showground precinct plays a vital role in servicing the bulky goods requirements of the greater The Hills LGA.*” It indicates that around 36,000 sq.m of additional bulky goods floorspace is likely to be provided in the Showground Station Precinct over the period to 2036. This is in-line with the Location IQ analysis indicating substantial additional demand within the immediate Showground Station Precinct.

4.6 Growth in Bulky Goods Spending Market

- i. The estimated bulky goods expenditure capacity of the Castle Hill Trading Zone trade area population is based on information sourced from Market Data Systems (MDS). MDS utilises a detailed micro-simulation model of household expenditure behaviour for all residents of Australia.
- ii. The MDS model takes into account information from a wide variety of sources, including the regular ABS Household Expenditure Survey, the National Accounts Data, Census Data and other information. MarketInfo estimates used in this analysis are based on the 2012 release, benchmarked against the latest National Accounts Data, released by the ABS. Throughout Australia, the MarketInfo estimates of retail spending that are prepared independently by MDS are commonly used by all parties in economic assessments.
- iii. The bulky goods spending market comprises spending on household goods (i.e. furniture, manchester, garden, whitegoods etc.), as well as spending on sporting goods and auto accessories.

- iv. Chart 4.1 illustrates the bulky goods spending levels per person across the Castle Hill Trading Zone trade area as compared with the Sydney metropolitan average. Given the number of houses in the formation stage throughout the main trade area, spending per capita on bulky goods items is 16.5% higher than the Sydney metropolitan average.
- v. Table 4.6 details the bulky goods expenditure levels generated by the Castle Hill Trading Zone trade area population. The trade area bulky goods spending market is currently estimated at \$1.24 billion and is projected to increase to over \$2 billion by 2031 at a rate of 3.0% per annum (constant dollars and including GST). This represents an increase of \$760.9 million over this period.
- vi. Bulky goods floorspace achieves sales on average of around \$3,000 per sq.m. Based on this, the proposed 10,000 sq.m of bulky goods floorspace at the Hudson Avenue site, is projected to achieve sales of \$30 million. This represents just 3.9% of the total projected growth in the bulky goods spending market over the period to 2031 or less than one year of spending growth.
- vii. The significant growth in the bulky goods spending market further emphasises the future demand for bulky goods floorspace within the Castle Hill Trading Zone, which is acknowledged in both the *Draft Showground Station Precinct* plan and the *Research Report Economic Feasibility* report prepared by JLL. It is also important to note that the proposed development will represent less than one year of spending growth in the bulky goods spending market.

CHART 4.1 – TRADE AREA PER CAPITA BULKY GOODS SPENDING, 2014/15

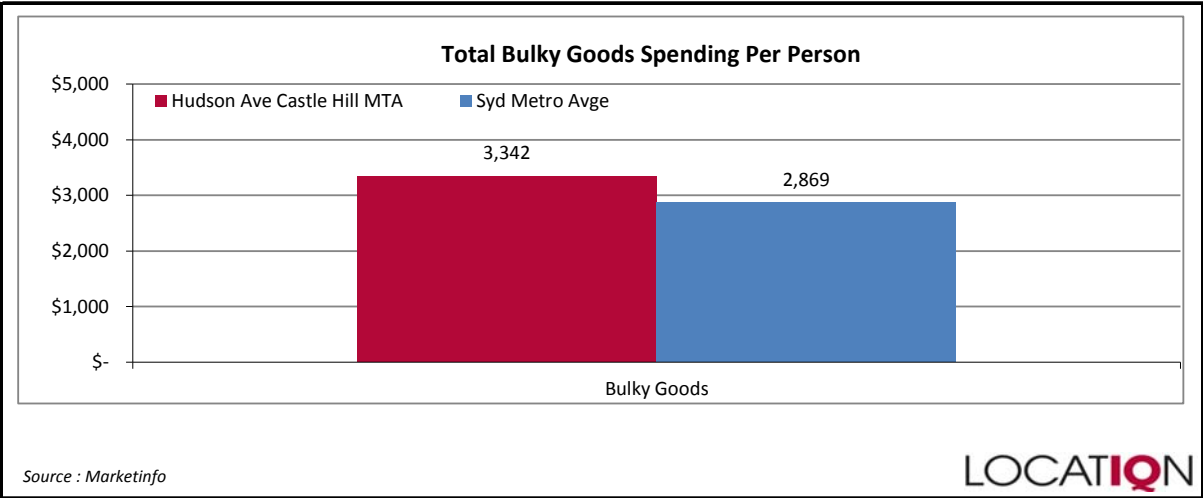


TABLE 4.6 – TRADE AREA BULKY GOODS EXPENDITURE, 2015 - 2031 (\$ MILLION)

Y/E June	Primary Sector	Secondary Sectors			Main TA
		North	South-east	North-west	
2015	483.8	127.1	304.0	329.3	1,244.2
2016	497.5	129.9	311.3	347.5	1,286.2
2017	510.9	132.5	318.3	368.4	1,330.2
2018	524.1	135.0	325.2	390.2	1,374.5
2019	537.5	137.6	332.2	412.2	1,419.5
2020	551.1	140.3	339.3	434.3	1,465.0
2021	565.1	142.9	346.6	457.6	1,512.2
2022	577.8	145.5	353.5	482.5	1,559.3
2023	589.1	148.0	360.2	508.9	1,606.3
2024	600.7	150.5	367.0	536.9	1,655.1
2025	612.5	153.0	373.9	566.3	1,705.8
2026	624.5	155.6	380.9	597.4	1,758.5
2027	635.7	158.2	388.0	626.6	1,808.5
2028	646.1	160.8	395.1	653.3	1,855.4
2029	656.7	163.4	402.4	681.2	1,903.7
2030	667.4	166.1	409.8	710.3	1,953.6
2031	678.3	168.8	417.3	740.7	2,005.1
Expenditure Growth					
2015-2018	40.3	7.9	21.2	60.8	130.3
2018-2021	41.1	7.9	21.3	67.5	137.8
2021-2026	59.4	12.7	34.4	139.8	246.3
2026-2031	53.8	13.2	36.3	143.2	246.6
2015-2031	194.6	41.7	113.3	411.3	760.9
Average Annual Growth Rate					
2015-2018	2.7%	2.0%	2.3%	5.8%	3.4%
2018-2021	2.5%	1.9%	2.1%	5.5%	3.2%
2021-2026	2.0%	1.7%	1.9%	5.5%	3.1%
2026-2031	1.7%	1.6%	1.8%	4.4%	2.7%
2015-2031	2.1%	1.8%	2.0%	5.2%	3.0%
*Inflated dollars & including GST Source : Marketinfo					LOCATION

5 ECONOMIC IMPACT ASSESSMENT

This section of the report provides an assessment of the range of economic impacts that may result from rezoning the Hudson Avenue site from *IN2 – Light Industrial* to *B5 – Business Development*, allowing for bulky goods and ancillary uses to be developed on the site.

5.1 Loss of Industrial Floorspace

- i. The Hudson Avenue site currently includes three office/warehouse tenancies, one of which has been vacant for around 12 months and is currently only leased on a short-term basis. A survey of area showed there are over 700 office/warehouse tenancies throughout the Castle Hill Trading Zone, including a number of vacant spaces that could accommodate the Hudson Avenue tenants.
- ii. Additionally, there has been a general trend towards shifting industrial uses to better suited precincts in Outer Sydney locations close to major road and rail transport. This allows industrial land to be rezoned to higher order uses.
- iii. Taking this into consideration, key points to note with regard to the Hudson Avenue site being zoned for business development uses include:
 - The size and nature of the Hudson Avenue site makes the parcel unlikely to be suitable for a large modern industrial tenant who typically require around 18,000 sq.m of floorspace, as well as 24 hour access to major motorway and rail transport.
 - The office/warehouse tenancies on the site represent less than 0.5% of current office/warehouse tenancies throughout the Castle Hill Trading Zone (i.e. 3 out of more than 700 tenancies).

- One of the three office/warehouse tenancies at the Hudson Avenue site has been vacant for around 12 months and is currently only leased on a short-term basis, providing a clear indication of the lack of demand for office/warehouse floorspace at the site.
 - There are a range vacant tenancies throughout the Castle Hill Trading Zone that could accommodate the remaining Hudson Avenue tenants. Alternatively, large tracts of land are being rezoned for industrial and commercial purposes at Marsden Park and Western Sydney, providing an ideal alternative for industrial and commercial tenants.
- iv. Consequently, rezoning the Hudson Avenue site from *IN2 – Light Industrial* to *B5 – Business Development* is unlikely to have a significant impact on the supply or demand for light industrial floorspace within the Castle Hill Trading Zone, aside from improving the current level of vacant office/warehouse tenants if the existing Hudson Avenue tenants choose to relocate elsewhere in the Trading Zone precinct.

5.2 Impact on Bulky Goods Floorspace

- i. Rezoning the Hudson Avenue site to *B5 – Business Development* zoning will enable around 10,000 sq.m of bulky goods and ancillary uses to be accommodated on the site.
- ii. The future demand for further bulky goods floorspace specifically at the Hudson Avenue site is acknowledged in both the *Draft Showground Station Precinct* plan and the *Research Report Economic Feasibility* report prepared by JLL, with both reports allowing for significant addition bulky goods floorspace to be accommodated in the precinct. As shown in Table 4.5, around 66,000 – 77,000 sq.m of additional bulky goods floorspace will be demanded by the Castle Hill Trading Zone trade area over the period to 2031. Rezoning the Hudson Avenue site to B5 uses will only fulfil 13% - 15% of this future demand, leaving 85% - 87% to be provided elsewhere both within and beyond the Castle Hill Trading Zone.

- iii. In addition, on average bulky goods floorspace achieves sales of around \$3,000 per sq.m. As discussed in sub-section 4.2, there is around 165,000 sq.m of national, chain bulky goods floorspace throughout the Castle Hill Trading Zone trade area. Based on the average bulky goods floorspace sales, this national bulky goods floorspace achieves around \$500 million in sales (i.e. \$3,000 per sq.m times 165,000 sq.m).
- iv. Assuming the planned 10,000 sq.m of bulky goods floorspace at the Hudson Avenue site achieves the average sales level of \$3,000 per sq.m, projected sales at the site are approximately \$30 million.
- v. This \$30 million will come off a wide range of traders both within and beyond the Castle Hill Trading Zone trade area, however, assuming the worst case scenario whereby the projected \$30 million comes exclusively off existing trade area retailers, this represents an impact of just 6.1%. This is well within the normal bounds of competition, typically considered to be 10% or less.
- vi. It is also important to note that the proposed Hudson Avenue bulky goods development represents less than one year of growth in the projected bulky goods spending market, or 3.9% of the total growth in the bulky goods spending market over the period to 2031.
- vii. In summary, the proposed 10,000 sq.m of bulky goods floorspace at the Hudson Avenue site would represent just 13% - 15% of the bulky goods floorspace demand. Additionally, even under the worst case scenario, the projected impact on existing bulky goods tenants throughout the trade area is 6.1%, well within the bounds of normal competition.
- viii. In addition, whilst the *Draft Showground Station Precinct* plan has acknowledged the need for further bulky goods floorspace in the Castle Hill Trading zone by increasing the land for allowable bulky goods uses, limited, if any, of the tenancies in the rezoned area are suitable for a modern bulky goods trader. The proposed Hudson Avenue site remains the only light industrial zoned parcel surrounded by bulky goods uses proposed to remain light industrial zoning.

5.3 Impact on Surrounding Area

- i. Map 1.2 previously illustrated the area surrounding the proposed Hudson Avenue site. Key points to note regarding the surrounding environment include:
 - Bunnings Warehouse adjoins the site to the east.
 - Home Hub Castle Hill is located to the immediate north of the site.
 - Castle Hill Homemaker City is situated 800 metres to the south-east.
 - A new Spotlight is currently under construction at 12 Victoria Avenue, 250 metres to the east of the site.
 - Masters has been approved 300 metres to the east of the site.
- ii. Based on the above, key points to note regarding the likely impact of the proposed development on the surrounding environment include:
 - The proposed size of the development at 10,000 sq.m would be less than a fifth of the site of Home Hub Castle Hill and smaller than the adjoining Bunnings Warehouse of 13,000 sq.m.
 - The development would in in-line with the existing uses in the block, with the Hudson Avenue parcel of land the only site within the block bounded by Hudson Avenue, Victoria Avenue and Salisbury Road to not be zoned for B5 uses.
 - The nearby industrial uses are unlikely to experience a greater impact then that already experienced from the nearby Home Hub and Bunnings.
- iii. Based on the above, it is clear that the proposed development will not in any way significantly impact on the surrounding environment. The proposed development would represent a natural extension of the existing bulky good use of the block and would be keeping in character with the surrounding Home Hub and Bunnings tenancies.

- iv. The development of 10,000 sq.m of bulky goods floorspace on the site would complement the range of bulky goods facilities already provided throughout the Castle Hills Trading Zone, allowing an improved comparison shop for consumers.

5.4 Employment Impacts

- i. In addition to fulfilling existing and future demand for bulky goods floorspace throughout the Castle Hill Trading Zone, the construction of bulky goods at the Hudson Avenue site will create a number of additional jobs for the Western Sydney economy.
- ii. Table 5.1 provides the estimated number of jobs that are likely to be created from the development, both directly and indirectly. The estimated total capital costs for the construction of the development are \$20 million.
- iii. By using the appropriate ABS Input/Output Multipliers that were last produced in 1996/97 and a deflated estimated total capital cost of construction of \$15.5 million (i.e. in 1996/97 dollars), it is estimated that the construction period of around 10,000 sq.m of bulky goods and ancillary uses on the Hudson Avenue site would create some 108 jobs.
- iv. The additional construction jobs (108), will result in a further 174 jobs in the broader community based on ABS Input/Output Multipliers. In total 282 employment opportunities will be created from the construction of around 10,000 sq.m of bulky goods and ancillary uses on the Hudson Avenue site.
- v. It is important to note that there will also be significant ongoing, operational employment once the development is open. The JLL report (*JLL Economic Feasibility* report) indicates that there is one worker hired per 70 sq.m of industrial zoned floorspace, which indicates that the site currently has an employment yield of 72 workers (i.e. 5,049 divided by 70). JLL indicates that bulky goods floorspace, on the other hand, has an employment yield of 69 sq.m of floorspace per worker equating to 73 workers for the redeveloped site.

- vi. Consequently, according to JLL, operational employment is unlikely to change significantly from the rezoning, with 282 new employment opportunities created from the construction of bulky goods floorspace on the site.

TABLE 5.1 – ESTIMATED CONSTRUCTION EMPLOYMENT IMPACTS

Original Stimulus	Estimated Capital Costs (\$M)¹	Direct Employment	Supplier Employment Multiplier Effects	Total	
Construction of Project	15.5	108	174	282	Job Years ²
<p><i>* Employment totals include both full-time and part-time work</i></p> <p><i>1. Adjusted by inflation and productivity to 1996/97 Dollars</i></p> <p><i>2. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects, for the equivalent of one year</i></p> <p><i>Source : Australian National Accounts: Input-Output Tables 1996-97</i></p>					

6 NEED FOR DEVELOPMENT

This section of this report summarises the key conclusions of the likely economic implications from the rezoning the Hudson Avenue site to allow for approximately 10,000 sq.m of bulky goods floorspace to be accommodated.

‘Need’ or ‘Community Need’ in a planning sense is a relative concept that relates to the overall wellbeing of a community. A use is needed, for example, if it would, on balance, improve the services and facilities available in a locality. The reasonable demands and expectations of a community are important, therefore, in assessing need.

A number of important factors that relate to need, particularly economic need, include:

1. Demand for Development
2. Suitability of Site
3. Impacts of Development

6.1 Demand for Development

- i. There are a number of factors which indicate there is an underlying demand for further bulky goods floorspace to be provided in the Castle Hill Trading Zone, including:
 - There are very few vacancies throughout the B5 zoned land that could accommodate a national bulky goods tenant, with no vacancies at Home Hub Castle Hill currently. This lack of suitable available tenancies has resulted in a number of bulky goods tenants locating elsewhere in the Castle Hill Trading Zone within the *IN2 – Light Industrial* zoned land.
 - Whilst the *Draft Showground Station Precinct* plan acknowledges the need for further bulky goods floorspace in the Castle Hill Trading zone by increasing the land for allowable bulky goods uses to 46%, limited, if any, of the tenancies in the rezoned area are suitable for a modern bulky goods trader. The proposed

Hudson Avenue site remains the only light industrial zoned parcel surrounded by bulky goods uses proposed to remain light industrial zoning.

- The creation of a new bulky goods tenant at Castle Hill Central shows strong demand for suitable bulky goods floorspace at the centre, with rental demand needing to be strong to justify the cost of the development.
 - Discussions with a Colliers representative, a leasing agent for the Castle Hill Trading Zone, indicates a number of bulky goods traders are currently looking for appropriately size tenancies within the precinct.
 - The gap analysis indicates there are still a number of bulky goods tenants missing from the Castle Hill Trading Zone.
- ii. In addition to this current underlying demand the trade area population will demand an additional 66,078 – 77,091 sq.m of bulky goods floorspace over the period to 2031, or 4,500 – 5,200 sq.m per annum. At approximately 10,000 sq.m, the Hudson Avenue development will represent only 13% - 15% of the total bulky goods floorspace provision demanded by the Castle Hill Trading Zone trade area over the next 15 years, or two years demand, leaving 85% - 87% to be provided elsewhere both within and beyond the Castle Hill Trading Zone trade area.

6.2 Suitability of Site

- i. The Hudson Avenue site is located on the north-east corner of Hudson Avenue and Salisbury Road within the northern portion of the Castle Hill Trading Zone. There are a number of aspects of the site which make it ideal for bulky goods uses including:
- The site is located along Hudson Avenue, less than 250 metres from the busy Victoria Avenue and within 250 metres of Windsor Road, making the site easy to access from all directions.
 - Significant bulky goods uses adjoin the site to the north and east, namely Home Hub Castle Hill and a Bunnings Warehouse. A bulky goods shop is typically a comparison shop, with consumers comparing the intended purchase across a

- range of supplies. Consequently, bulky goods trade best when consolidated in a centralised location.
- The site has two access points, including Salisbury Road and Hudson Avenue, allowing a logical flow through the site.
 - In the block bounded by Hudson Avenue to the north, Victoria Avenue to the east, Salisbury Road to the south and Hudson Avenue to the west, the Hudson Avenue site is only parcel of land not zoned for business development uses.
- ii. Consequently, there is strong demand for further bulky goods floorspace to be provided within the Castle Hill Trading Zone, as acknowledged by the *Draft Showground Station Precinct* plan. The Hudson Avenue site would be the ideal location to accommodate this needed floorspace over the short term, with much of the land proposed to be rezoned in the draft precinct plan already on existing leases and not suitable for a modern bulky goods trader.
- iii. From a location point of view, the development of bulky goods on the Hudson Avenue site will form a natural extension to the current bulky goods provision, complementing the range of facilities provided throughout the Castle Hills Trading Zone. If the *Draft Showground Station Precinct* plan is accepted, the Hudson Avenue parcel of land will be the only industrial zoned land located in a primarily bulky goods zoned block.

6.3 Impact of Development

- i. Key points to note regarding impact of the proposed development include:
- Rezoning the Hudson Avenue site from *IN2 – Light Industrial* to *B5 – Business Development* is unlikely to have a significant impact on the supply or demand for light industrial floorspace within the Castle Hill Trading Zone, with the tenancies representing just 0.5% of office/warehouse tenants throughout the Castle Hill Trading Zone. Additionally, one of the tenancies at the site has previously been vacant for around 12 months, with the current tenant (namely Australia Post)

only on a short term four month lease over Christmas. There are a range of vacant IN2 zoned tenancies both within and beyond the Trading Zone that could accommodate the existing Hudson Avenue tenants.

- Rezoning the Hudson Avenue site to B5 uses will only fulfil 13% - 15% of this future demand, leaving 85% - 87% to be provided elsewhere both within and beyond the Castle Hill Trading Zone. Additionally, assuming the worst case scenario whereby the entire redeveloped Hudson Avenue projected sales comes off national trade area bulky goods retailers, the impact on existing retailers would be just 6.1%. This is well within the normal bounds of competition.
- Surrounding bulky goods retailers will benefit from the significant growth in the bulky goods market projected in the Castle Hill Trading Zone trade area, with the proposed Hudson Avenue development representing just 3.9% of the total projected growth in the bulky goods spending market over the period to 2031 or less than one year of spending growth.
- The proposed development will not in any way significantly impact on the surrounding environment, forming a natural extension of the existing bulky good use of the block and would be keeping in character with the surrounding Home Hub and Bunnings tenancies. The development would complement the range of bulky goods facilities already provided throughout the Castle Hills Trading Zone, allowing an improved comparison shop for consumers.
- The construction of the development is expected to create some 282 employment opportunities, including 108 direct employment opportunities and 174 jobs in the broader community. According to employment figures produced by JLL (*JLL Economic Feasibility* report), operational employment is projected to remain in-line or slightly above current levels.

6.4 Conclusions

- i. It is clear from the analysis outlined in this report that there is a strong need and demand for the proposed 10,000 sq.m of bulky goods and ancillary uses at the Hudson Avenue site. This is reflected in both the strong demand for further bulky goods floorspace to be provided throughout the Castle Hill Trading Zone and the clear suitability of the site for bulky goods uses.
- ii. Additionally, limited, if any, negative impacts are anticipated from the proposed development and these are more than offset by the positive impacts that will occur for the Castle Hill Trading Zone precinct by allowing an improved bulky goods comparison shop to be provided, preventing isolated bulky goods developments in the light industrial zoning. The development will in no way prevent the development of other bulky goods developments proposed within the North West Sydney market, with the development only fulfilling 13% - 15% of total demand over the period to 2031.
- iii. The three tenants at the site represent just 0.5% of total office/warehouse tenants throughout the Castle Hill Trading Zone, with a number of vacancies available both within and beyond the Trading Zone that could accommodate the existing Hudson Avenue tenants.
- xv. Based on the information outlined in this report, rezoning the Hudson Avenue site to allow for large format/bulky goods uses represents the highest and best use of the site based on the following:
 - There are limited vacant tenancies in *B5 – Business Development* zoned land or in the proposed Bulky Goods Retail zoned land (*Draft Showground Station Precinct* that could accommodate the needs of a large format/bulky goods tenant (i.e. generally requiring space of 500 – 3,000 sq.m in a centre or with road exposure).
 - There is strong current and future demand for further bulky goods floorspace in the Castle Hill Trading Zone, as acknowledged in the *Draft Showground Station Precinct* plan.

- The site is ideally located to help fill this demand, given the location of the site adjoining existing bulky goods uses. If the *Draft Showground Station Precinct* plan is accepted, the Hudson Avenue parcel of land will be the only industrial zoned land located in a primarily bulky goods zoned block.
 - Tenant demand for industrial zoned floorspace is changing, with many attributes of the site no longer suiting modern industrial tenants.
 - There are a number of vacancies within the office/warehouse tenancies in the *IN2 – Light Industrial* zoned land throughout the Castle Hill Trading Zone, with one of the Hudson Avenue tenants likely to be vacant by early next year (after previously remaining vacant for 12 months).
 - Current tenants of the site could be easily accommodated elsewhere within either the Castle Hill Trading Zone or elsewhere in one of the new purpose built industrial estates at Marsden Park or within the Western Sydney Employment Zone.
- iv. Therefore, given the needs of bulky goods tenants, including the desired size and the need to cluster with other bulky goods tenants, the highest and best use of the Hudson Avenue site would be to rezone the site to allow for bulky goods uses to be accommodated. The current industrial uses of the site could be easily provided elsewhere within either the Castle Hill Trading Zone or current and future purpose built industrial precincts in the surrounding area.

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