

5 May 2015

Mr Michael File
NSW Department of Planning and Environment
23-33 Bridge Street
SYDNEY NSW 2000

Dear Michael,

46 Carrington Road, Castle Hill

On behalf of Pitt Street Real Estate Partners Pty Ltd, the owner of land located at 46 Carrington Road, Castle Hill, we provide the following additional information in support of our submission of December 2014 and subsequent meetings with yourself and others at the Department:

Submission to date

We summarise our submission to date as follows:

- The subject site is a large (4.01ha) strategically important landholding within the Showgrounds Road Station Structure Plan with significant mixed use redevelopment potential. The site represents a short term opportunity site within the Structure Plan. The site is vacant and in single ownership, unconstrained in terms of heritage or physical characteristics and is located approximately 350 metres from the new Showground station.
- Notwithstanding the evident suitability of the site and adjoining land in the Carrington Road area for mixed use development, the Showground Structure Plan currently designates subject site and surrounds as an Employment Area accommodating large floorplate commercial office uses.
- Detailed market analysis confirms that commercial development of such a scale is neither a realistic nor a desirable outcome at this location because:
 - The site and surrounds do not have the necessary attributes to support successful commercial development in either the short or longer term.
 - There is significant capacity and vacancies in better located established and planned commercial centres in the Hills Shire area.
 - The high volume of vacant commercial floorspace within the Castle Hill Employment Area highlights the lack of demand for office floorspace in the local area. At a metropolitan level, there is extensive over supply of commercial office floorspace with overall vacancy rates sitting at around 9%.
 - There is no evident market interest from large single users seeking to occupy the site.
 - The NWRL will significantly increase accessibility to existing preferred commercial office locations such as Norwest, Macquarie Park, Chatswood, North Sydney and Sydney CBD for Hills Shire residents.

- As an alternative to the Structure Plan, It is proposed that the subject site and lands to the north and south of Carrington Road (between Salisbury Road in the north and Gladstone Road in the south) be designated to allow mixed use development including residential and employment uses. There are many benefits of this change, including:
 - It facilitates the regeneration of the Carrington Road study area to create a high quality mixed use development would strengthen the critical mass of activity within walking catchment of the new station.
 - It provides more residents, workers and associated spending available within a walking catchment to support the provision of a critical mass of services around the Showground station.
 - It generates significant economic benefits including better leverage the investment in the new station; stimulates major capital investment in the subject site supporting local construction jobs; it provides investment stimulus with transformative potential for the precinct with the potential to bring forward other redevelopment proposals; and it contributes to reduced transport costs for residents by allowing people to live and work in one place.
- The introduction of a mixed used land designation on the subject site facilitates a contemporary and sustainable environment comprising:
 - Estimated commercial floor space of 13,000m2 capable of generating approximately 640 jobs.
 - Estimated residential floor space of 70,000m2 capable of accommodating approximately 1,000 dwellings.
- Adopting the mixed use approach to the broader Carrington Road precinct facilities development comprising:
 - Estimated commercial floor space of 75,000m2 capable of generating approximately 3,800 jobs.
 - Significant residential floor space capable of accommodating approximately 6,000 dwellings.

Additional information

We seek to support this initial submission with additional information being as follows:

1. Further market research

Since the lodgement of our submission, the landowner has been engaged in extensive search of the commercial property market seeking interest in occupying the site either in the short and longer term. Please find attached a letter from the landowner confirming the very low market interest in the site. We submit that this poor response is an accurate reflection of the market research carried out by Urbis which identifies this location as not being attractive to large floor plate commercial office users.

We submit that this market sounding provides clear evidence that commitment of this site and surrounds to the quantum of employment land zonings identified in the Structure Plan, will result in significant retarding of the desired development of this strategically important area and undesired sterilisation of the area in pursuit of unsustainable commercial development.

2. *Appropriate land use mix*

Notwithstanding very strong concerns regarding the quantum of employment lands sustainable at this location, the importance of achieving genuine mixed use development at this location is recognised. Accordingly, it is proposed that a suitable minimum quantum of commercial floor space be mandated on any mixed use zoning established on the subject site and broader area.

We submit that the desired development mix appropriate for this area is as outlined in our December submission, being 15% commercial / 85% residential land use ratio. We submit that this ratio is appropriate for the following reasons:

- 15% non-residential land use represents a significant quantum of development. As outlined in our December submission, adopting 15% employment land generates 13,000m² capable of generating approximately 640 jobs on the subject site, and 75,000m² capable of generating approximately 3,800 jobs in the broader Carrington Road precinct. By any measure this is a significant number of jobs which, if achieved, ensures a strong mix of work and living activity at this location close to the railway station.
- Experience in other mixed use locations including South Sydney, Mascot and Fortitude Valley (QLD) confirms a strong interdependency between the required ratio on non-residential floor space and the success of the area in generating increased employment. In general, a higher proportion of non-residential floor space relates directly to a slower and lower provision of employment generating floorspace. This reflects the reality that employment generating uses are far more location sensitive than housing and, despite the objectives of the planning controls to achieve mixed use outcomes, many areas are simply not attractive to job creating development either in the short or longer term. Setting unrealistically high expectations on the quantum of employment land in mixed use areas can result in the unintended and desired holding back of creation of a critical mass of residential development that underpins the attraction of service, retail and other employment activities to an area. We consider there is high potential to fetter the desired acceleration of this site and the adjoining area which is located in close proximity to the station through the imposition of unreasonably high employment expectations that in our view are unlikely ever to be met.
- Achieving an attractive, functional and sustainable mixed use environment requires careful consideration of the ratio of residential to non-residential floor space. Achieving compatibility between the competing and often conflicting attributes attracting successful residential and employment lands can be difficult. A 15/85 mix as proposed maximises the potential to create an attractive residential environment over the majority of the site with the employment activity located fronting Carrington Road which is where commercial activity is likely to seek to be located. A higher requirement for employment lands will result in intrusion of non-residential into the land areas beyond the frontage to Carrington Road which has the effect of (i) diminishing the cohesiveness and character of the residential development and, (ii) requires employment activity to be located away from the key street frontages which diminishes their suitability for this use.
- This proposed mix of land use would only apply to the subject site and the broader Carrington Road precinct that is located within walking distance of the railway station. This ensures that other areas designated for employment, light industrial, bulky goods and mixed used in the Structure Plan are maintained with a predominate focus on job creation contributing to overall achievement of the desired job target for the Structure Plan area.

We strongly submit that the Department adopt a 15% maximum non-residential floor space requirement for the site.

3. *Commitment to commercial land use development*

The early attraction of employment activity to this area, as part of overall mixed use development, is crucial to achieving the objectives of the Structure Plan. We submit that our client is able to commit to achievement of this on the subject site for the following reasons:

- Existing development on the site included commercial office style buildings located fronting Carrington Road. The landowner is proposing to retain these buildings and to attract suitable tenants to reuse the current vacant space. This will ensure that a significant part of the site is used for employment uses consistent with the Structure Plan in the short term, and which will then be redeveloped in time as part of overall site development.
- We propose to develop a suitable land use zoning or other appropriate town planning control, ensuring the long term retention of the land fronting Carrington Road to accommodate the employment generating activities. In addition, we proposed to develop a detailed site development plan that accommodates the continued short term use of the existing commercial buildings while accommodating the longer term, staged redevelopment of the site.

We submit that unlike other landholdings, this site has an established built form and function that can be retained in the short term and redeveloped successfully in the longer term for employment activities. This will establish a positive precedent for the area.

Summary

We request the Departments consideration of this additional information and confirm that we would be happy to meet to provide any required additional information needed to support this submission.

We attach a letter from the Pitt Street Real Estate Partners, the owners of the site, which indicates potential non-residential users and the challenges that they have face attracting users to the existing facilities.

Please contact me if you want to discuss anything.

Yours sincerely,



Jonn wynne
Managing Director

5th May 2015

Mr Carlos Frias
Director – Design
Urbis
Tower 2 Level 23 Darling Park
201 Sussex St
Sydney NSW 2000

Dear Carlos

46 Carrington Road Castle Hill

Pitt St Real Estate Partners, (“PSRE”) the Real Estate Investment arm of Washington H Soul Pattinson Ltd, purchased 46 Carrington Rd Castle Hill in vacant possession, in April 2014. Since taking ownership PSRE has undertaken an extensive re-letting campaign on the current in situ facilities, without success. In addition there has been significant analysis and early engagement with potential tenants should the area be one day accommodate a mixed use concept.

As such, and as result of our investigations, PSRE has adopted the view that particular users are more appropriate for an area with a mixed component of residential and commercial, and in close proximity to railway. In addition the intensity of employment that the particular users would employ has been confirmed, and we expect that a smaller commercial floor space area will provide more employment than the traditional format provides. The following segments represent discussions held to date, between PSRE and major participants in each segment:

- **Non Discretionary retail** – majors interested in location subject to residential presence in the precinct,
- **Hospitality** – significant interest from restaurants / cafes
- **Bulky Goods** -Ground floor bulky goods retail tenant
- **Medical** – Medical services centre – significant interest from particular pathology and imaging centre
- **Pharmacy** – Soul Pattinson Chemist very interested in location and precinct
- **Health care and Fitness** – gym / Fitness centre approached and interest shown
- **Childcare facilities**

Consistently the market has confirmed that the current facilities are not attractive for tenants seeking warehousing and logistics fulfillment facilities, as these are better suited to locations on major arterial roads, such as M7/ M4 interchange, and other more traditional hubs. There have been many proposals put forward that provide both competitive rents and significant lease flexibility, however this

has not been successful to this point. The office component whilst having some appeal, largely from rent differential, is not considered to be on par with Norwest, Epping Macquarie Park, or Homebush particularly, due to the lack of concentration of users, and reasonable levels of vacancy and availability in those more traditional areas.

I look forward to hearing from you soon, should you have any queries please don't hesitate to contact me

Yours Sincerely



Hugh Williams
Managing Director