



# **114 - 120 OLD PITTWATER RD, BROOKVALE**

## **Economic Need and Impact Assessment**

Prepared for Primewest  
July 2020

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# COVID-19 DISCLAIMER

COVID-19 is a respiratory illness caused by a new form of coronavirus. It was first reported in December 2019 in Wuhan City in China, with the virus able to be spread easily from person to person. The first Australian cases were recorded on 25 January 2020. As at 6<sup>th</sup> July 2020 there had been 8,449 confirmed cases of COVID-19 in Australia, however, 94 new cases recorded over the last 24-hour period.

Since the outbreak of COVID-19 in Australia, the Federal and State governments have taken a precautionary approach to implementing strategies to minimise disease transmission through strong border measures, social distancing legislation and communication activities.

Restrictions have been eased in recent weeks, as the rate of growth in cases has flattened and subsequently declined. However, each of the States and Territories will be easing restrictions at different rates, based on local conditions.

Unprecedented world events such as the COVID-19 pandemic will take time for the market to absorb and be reflected in the data used to assess its impact. As such, it is difficult to predict the scale and duration of its impact on the Australian economy, and more specifically, on the property market. On this basis, changes in market conditions as at the date of this report may not be reflected in the data and information.

Location IQ will continue to monitor the impact of the pandemic on the retail landscape, sales, and consumer preferences with a view to implementing findings in future reports and forecasts. The information and recommendations in this report are current as at the date of this report and (unless otherwise specifically stated) necessarily assume that the Australian economy and the subject asset(s) or site(s) to which the report relates, have not been significantly impacted by the COVID-19 pandemic. However, it is important to note that the COVID-19 pandemic is an important risk factor which must be taken into consideration when relying on the data and recommendations in this report.

Location IQ disclaim all liability and responsibility in respect of any loss suffered or incurred as a result of the COVID-19 pandemic materially impacting the findings of this report, but only to the extent that such impact is not reflected in the data and information used to support the recommendations.



# EXECUTIVE SUMMARY

Key points to note regarding this independent need and impact assessment for the planning proposal at 114 - 120 Old Pittwater Road, include:

## Brookvale Site

- i. Brookvale is located in the Northern Beaches of Sydney, approximately 16 km from the Central Business District (CBD). Brookvale forms part of the Northern Beaches Council Local Government Area (LGA) and has an extensive business community with a relatively large industrial area for this part of Sydney.
- ii. Brookvale is the LGA's largest employment hub, accommodating one third of the LGA's jobs.
- iii. Two buildings currently occupy the Primewest 114 – 120 Old Pittwater Road site across some 41,870 sq.m in area of which net lettable area accounts for some 29,579 sq.m. The site is zoned as IN1 General Industrial along with the surrounding sites. The transport links and infrastructure in Brookvale mean that the area is well-suited for employment generating floorspace.
- iv. The northern building is predominately occupied while the southern building is primarily vacant with unoccupied floorspace of 10,583 sq.m. The site is currently developed for warehouses and ancillary offices with this being a requirement of the zoning. The Brookvale buildings and design are not able to provide the flexibility for modern industrial users who require limited office floorspace as part of their operations. Consequently, the office space is vacant with little prospect for that space to be leased.
- v. Primewest are now seeking to allow the existing office premises on the site to be used independently of any warehouse/manufacturing type uses. The objective of the proposal is to make greater use of the substantial area of high quality, valuable space for standalone office purposes. Future tenants would operate within the existing buildings without the need for additional space or significant structural change on site.
- vi. This report, along with the planning proposal, seeks to detail the potential economic and public benefits of the proposed scheme. An outline of the industrial and office property market segments provides a review of the fundamentals which are highly relevant for the subject site.
- vii. There are two main alternatives to the current proposal:



- **Do nothing:** the office buildings remain significantly vacant for the foreseeable future.
  - **Redevelop the site:** the existing office buildings are demolished/substantially modified to cater for a permissible use.
- viii. These options are not considered to be feasible or appropriate from a strategic planning or sustainability perspective. Furthermore, these options are not commercially viable.

## Industrial Market

- i. A number of changes within the industrial property sector have taken place recently as a result of changing technologies in the business place. These include logistics and e-commerce, which have changed the requirements for businesses traditionally locating in industrial properties. In particular, new modern industrial warehouses are larger both in size and height, contain clear space or column free environments with good access to a sub-regional population base critical for their attractiveness to tenants.
- ii. By comparison, small industrial precincts such as Brookvale are largely fully utilised with minimal land available for future development. These sites do not fulfill the attributes of modern industrial land user requirements detailed above.
- iii. Remaining industrial lands in built up areas, however, remain a vital employment and service centre for their surrounding residential catchments. This is particularly the case at Brookvale, which is a major industrial precinct serving the Northern Beaches of Sydney. The role and function of these precincts, however, is evolving with a transition from traditional (niche manufacturing and wholesale services) to advanced manufacturing and innovative industries currently underway.
- iv. While this transition occurs, there will be some repurposing of existing buildings or new development that needs to occur to meet the needs of new operators. This process, however, can take time and money.
- v. New users, such as advanced manufacturing and last mile delivery do not typically include large offices as part of the industrial uses.
- vi. The significant investment in buildings on the existing site which continue to have a strong economic value and use, are the catalyst for the planning proposal which seeks to make a greater use of the existing built form and avoid economic and environmental waste. The planning proposal allows existing viable buildings to be used while a transition occurs in the types of users at Brookvale. This economic friction is unavoidable in a rapidly changing global economy.
- vii. The planning proposal is consistent with these trends in which the Brookvale industrial precinct is well positioned to serve a greater role in meeting the needs of innovative industries, however, the transition

leads to some vacant space as this process occurs. It is economically vital to make use of this space as much as possible in the meantime.

- viii. The planning proposal does not change the long term underlying use of the land as industrial, with any future redevelopment of the site to be compliant with planning regulations relating to industrial use.

## Office Market

- i. The Sydney office market is concentrated within major precincts such as the CBD, North Sydney, Macquarie Park and Parramatta. Vacancy levels are at historical lows and rents high in these precincts.
- ii. Although, there are pockets of commercial floorspace are located throughout suburban locations including the northern portion of Sydney, these precincts have traditionally been driven by the lower cost of office rents.
- iii. In recent times, changes in workforce trends, including working from home, work/life balance, access to a range of facilities such as childcare, shopping and the like, and long travel times, has driven greater employment self sufficiency (i.e. people being employed where they live).
- iv. In addition, the level of office vacancy in major office markets (CBD, North Sydney and Chatswood) has contracted recently. Given the uncertainty around the Covid-19 pandemic in Australia, it is too early to model office impacts. For this reason, this report does not assume any impact from Covid-19, but rather takes a long-term stabilised perspective on the demand for office floorspace.
- v. Improvements in infrastructure such as the development of the Metro rail network currently under construction will likely lead to greater demand for office floorspace at St Leonards, Crows Nest and North Sydney in the medium term.
- vi. Businesses such as Professional, Scientific and Technical Services form a major part of the Northern Beaches region employment with these industries generating demand for office floorspace. The Northern Beaches enjoys a comparative advantage for such services which are best placed to achieve innovations given the skilled requirements of staff within these businesses (matching the skills of surrounding residents).
- vii. The planning proposal seeks to allow space for innovative industries within the Brookvale precinct, co-locating with potential innovative industrial users and close to research precincts such as the Northern Beaches hospital, TAFE and sports precinct at SeaEagles Centre of Excellence.
- viii. All these factors together with access to a white collar workforce and provision of existing facilities means locations like Brookvale are becoming more attractive destinations for a range of office uses.

- ix. There has historically been a significant underinvestment in commercial office developments across the Northern Beaches. A review of current projects indicates that this underinvestment is likely to continue which will ultimately further increase the undersupply of office floorspace in the short to medium term.
- x. The overall level of commercial core zoned land at Brookvale is 17.1 ha which is significantly lower than that which is provided at Chatswood (30.3 ha) and Macquarie Park (75.3 ha). Furthermore, Scentre Group (the operator of Westfield Warringah Mall) control almost all the commercial core zoned land at Brookvale. As a result, the majority of commercial core land in Brookvale is not being used for commercial offices, meaning that the commercial land is a shopping centre precinct but not able to accommodate office uses which are being demanded in the area. The subject site could fulfil this role in the short to medium term.
- xi. The subject site provides large floorplate office space in an ideal location near existing infrastructure such as shopping centres and public transport to meet the needs of commercial users in the region. This will promote more efficient use of infrastructure.
- xii. Further, given the rapid increase in office rents, the subject site can provide cost-effective accommodation for larger office users, while having minimal, if any, implications for existing and proposed office developments.

## Proposal Benefits

- i. It is important to note that a significant portion of the 114 - 120 Old Pittwater Road buildings are currently vacant. The landlord has been unable to fill this space with tenants which comply with the existing planning controls in the current physical configuration. As a result, a large portion of floorspace at 114 - 120 Old Pittwater Road is not contributing to the overall employment of the Brookvale precinct.
- ii. 1,373 jobs are likely to be created both directly and indirectly as a result of commercial offices being permitted on site. This assumes that all office floorspace at the subject site is occupied (15,657 sq.m).
- iii. The substantial positive benefits of the proposal include the following:
  - Continued economic use of existing valuable assets on the subject site, being modern office buildings.
  - Serving a greater role in meeting the needs of innovative industries. The transition may lead to some vacant space as the process occurs. This economic friction is unavoidable in a rapidly changing global economy.

- Assisting with the economic viability of the precinct with flexible planning options where friction can often be created (and vacant buildings eventuate) when significant changes are occurring in the industrial built form space.
  - Significant improvement in the range of employment opportunities that would be available to residents of Brookvale and surrounding areas. In total, some 1,373 additional jobs are likely to be created both directly and indirectly due to the planning proposal.
  - The planning proposal will assist the Northern Beaches in achieving the employment targets for Brookvale as set out in the *Towards 2040 - Local Strategic Planning Statement*. This involves accommodating some 3,000 - 6,000 additional jobs over the period to 2036. It is important to note that these additional jobs will result from no change in floorspace (GLA).
  - The proposed independent office use would improve the choice of tenants looking for larger office space within Brookvale. The commercial core zoning within Brookvale is predominately controlled by one land owner currently (Westfield Warringah Mall) meaning commercial floorspace is limited.
  - The planning proposal would also result in reducing the need for local residents to travel further afield to their place of work (i.e. improved employment self sufficiency).
  - The additional customer flows created through increased labour intensities would increase retail spending within Brookvale and would positively impact on the existing retail facilities and make more efficient use of infrastructure in the precinct.
  - The planning proposal would contribute to the overall growth of Brookvale in line with its planning designation in the North Sydney District Plan and the *Towards 2040 - Local Strategic Planning Statement*.
- iv. It is concluded that the combination of the substantial positive economic impacts will particularly benefit Brookvale and the surrounding communities. This report has not identified any adverse economic impacts associated with the planning proposal.



# INTRODUCTION

This report presents an assessment of the need and demand for a commercial office to operate independently of any industrial or warehousing land uses at Brookvale on the Northern Beaches of Sydney. The report also considers the likely economic impacts that would result from the proposal. The subject site is referred to as 114 - 120 Old Pittwater Road throughout the remainder of this report.

Under the current planning controls, the office space cannot be used independently of the industrial operations. This has meant that much of the office space has been vacant for some years. The objective of the planning proposal is to amend Schedule 1 of the Warringah Local Environmental Plan (WLEP) 2011 to allow standalone office use of the office building sites (i.e. not associated with the industrial use).

This report is structured and presented in **four (4)** sections as follows:

- **Section 1** details the location of the 114 - 120 Old Pittwater Road site and discusses the context of the site within the Northern Beaches. The planning proposal is reviewed as well as the alternative options for the subject site.
- **Section 2** summarises key industrial land trends as well as providing a review of the industrial property market in Sydney.
- **Section 3** outlines the relevant office market while detailing the current demand and supply for office floorspace.
- **Section 4** outlines the conclusions of this report, including an assessment of the need for the planning proposal.

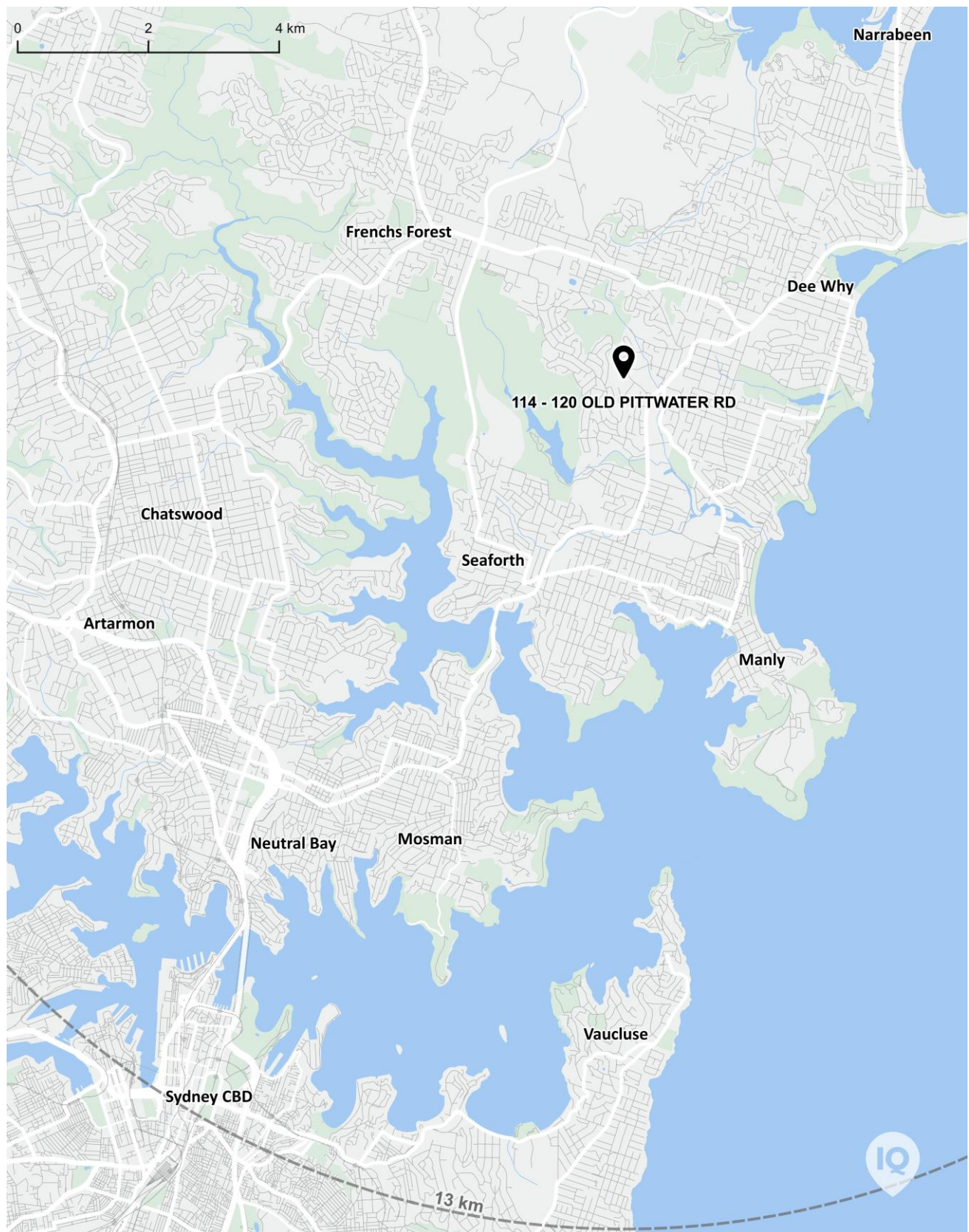
# 1 LOCATION AND PROPOSAL

This section of the report reviews the regional and local context of the Old Pittwater Road site in Brookvale and provides a summary of the proposed development scheme.

## 1.1. Regional and Local Context

- i. Brookvale is located in the Northern Beaches of Sydney, approximately 16 km from the Central Business District (CBD) (refer to Map 1.1). Brookvale forms part of the Northern Beaches Council Local Government Area (LGA). The Northern Beaches Council population is currently estimated at 273,400, and is projected to grow to 309,330 by 2036.
- ii. Brookvale has an extensive business community and contains a relatively large industrial area within this part of Sydney. Brookvale is the largest employment precinct in the LGA and accounts for one third of all jobs.
- iii. Two buildings currently occupy the Old Pittwater Road site (across a total land area of 4.2 ha). Map 1.2 illustrates the location of the subject site and surrounding uses. Key points to note include:
  - The site is zoned as IN1 General Industrial along with the surrounding sites.
  - Westfield Warringah Mall is situated approximately 800 metres to the east.
  - Low density residential is located to the west (past bushland).
- iv. There is limited vacant employment land within the Brookvale area for future development. Despite this, Brookvale is well-suited for commercial floorspace given:
  - Public transport including a number of busses which run along the nearby Pittwater Road (including the new B-line service).
  - Proximity to infrastructure within the surrounding area including the major provision of retail floorspace at Westfield Warringah Mall.
  - Proximity to surrounding residential areas which reduces the need for residents to travel to other commercial centres such as Chatswood or North Sydney.

## MAP 1.1. 114 - 120 OLD PITTWATER ROAD REGIONAL CONTEXT





MAP 1.2. 114 - 120 OLD PITTWATER ROAD LOCAL CONTEXT

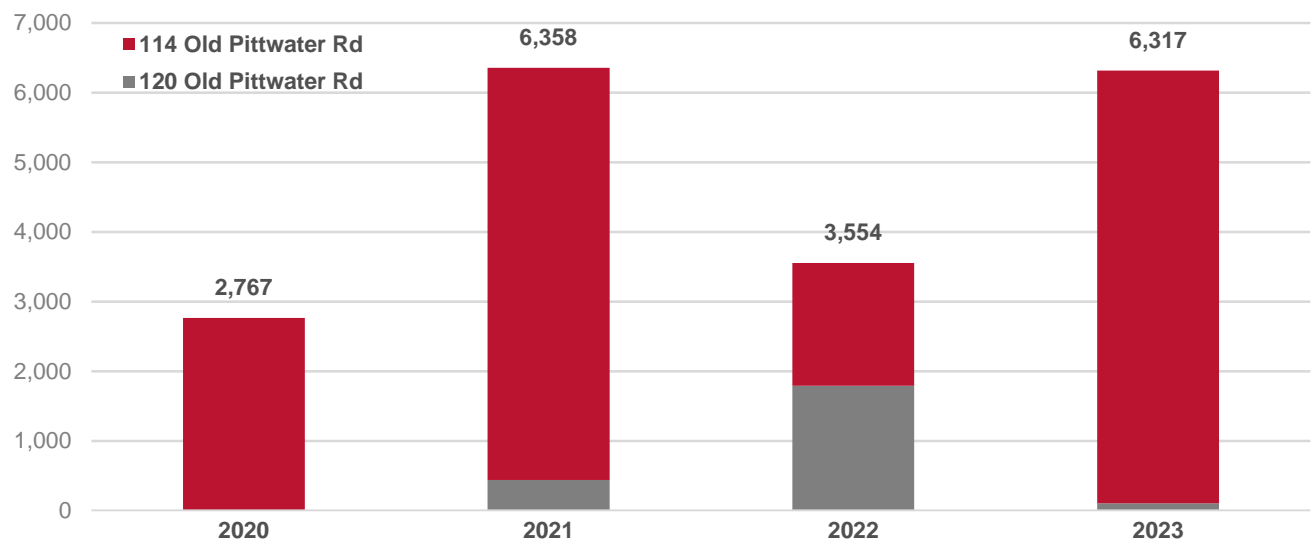


## 1.2. Existing and Proposed Premises

- i. The site is occupied by two buildings on the northern and southern portion of the site. Overall, the site is some 41,870 sq.m in area of which net lettable area accounts for some 29,579 sq.m.
- ii. The buildings were acquired by Primewest in 2012 and are supported by a total of 634 car spaces. This is a significant level of car parking for an industrial development.
- iii. Current tenants of the two buildings on site include:
  - Woolworths is the largest single tenant which currently occupies the third level of the northern building. Woolworths occupies 6,214 sq.m of space which is primarily used to fill online orders (i.e. a dark store).
  - James Bennett which specialises in print and digital wholesale services to libraries occupies 3,758 sq.m.
  - Other tenants on the property include Service New South Wales and Ozsale.
- iv. The northern building was fully occupied in April, although, camera maker Fujifilm recently vacated. The southern building is primarily vacant with unoccupied floorspace of 10,583 sq.m.
- v. Chart 1.1 details the current lease expiries by GLA at the subject site. This indicates that the majority of leases are due to expire in the short term (within the next three years). As a result, there is a greater likelihood of additional vacant floorspace to form part of the subject site in the future.
- vi. The tenants at the Old Pittwater Road site are generally similar to that of surrounding uses in the Brookvale industrial precinct. This includes businesses which require customer or supplier access to site (such as Service New South Wales). The Woolworths dark store is the exception which does not require customer visitation. Elsewhere in the Brookvale industrial precinct is a range of office/wholesale centres.
- vii. The subject site, with a large office component, suited previous tenants such as Fuji and Avon, which operated their head office with their main warehouse facility. There is now a lack of demand for office floorspace to be collocated with significant light industrial uses at Brookvale.
- viii. Despite the current lack of tenant demand for the office floorspace to be attached to the industrial use, the existing office buildings are in otherwise excellent condition. It would be economic waste to redevelop these buildings in the short to medium term, with a much more efficient economic outcome being a reuse of the buildings for office use only.

- ix. Primewest are now seeking to allow the existing office premises on the site to be used independently of any warehouse/manufacturing type uses. This simple, operational change would allow offices occupying the buildings to be provided without ancillary industrial warehouse usage.
- x. The planning proposal does not change the long term underlying use of the land as industrial, with any future redevelopment of the site to be compliant with planning regulations relating to industrial use.
- xi. Future tenants would operate within the existing buildings without the need for additional space or significant structural change on site.
- xii. The objective of the proposal is to make greater use of the substantial area of high quality space for standalone office purposes. The remainder of this report details the industrial and office market fundamentals as well as reviewing the potential employment generation along with other economic and public benefits of the proposal.
- xiii. There are two main alternatives to the current proposal:
  - **Do nothing:** the office buildings remain significantly vacant for the foreseeable future.
  - **Redevelop the site:** the existing office buildings are demolished/substantially modified to cater for a permissible use.
- xiv. These options are not considered to be feasible or appropriate from a strategic planning or sustainability perspective. Furthermore, these options are not commercially viable.

**CHART 1.1. 114 – 120 OLD PITTWATER ROAD LEASE EXPIRY BY GLA**



Source: Primewest



# 2 INDUSTRIAL LAND TRENDS

This section of the report reviews industrial land trends throughout Australia and Sydney generally, and how they are relevant for the planning proposal, given the sites zoning and existing built form.

## 2.1. Industrial Land Trends

- i. Industrial lands can be used for a number of purposes, including:
  - Heavy industry such as petrochemical plants.
  - Large factories/manufacturing/warehousing.
  - Light manufacturing and small factory/office/warehousing.
  - Research and development parks.
- ii. In Australia, over the past 30 – 40 years, there has been a gradual, yet evident decline in traditional industrial land uses within built up/metropolitan areas. 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 urban consolidation policies of State Governments.
- iii. Consequently, traditional industrial activities are moving from inner city locations to larger and more affordable sites on the city fringe that have better road and rail infrastructure. These site characteristics include:
  - Larger and more affordable.
  - Superior road and rail transport which allow 24 hour access for heavy vehicles.
  - Situated closer to major population growth centres and a blue collar labour force.
- iv. As a consequence, a number of industrial land areas have declined in value as technological advances result in new facilities being built in terms of supply chain and distribution networks.
- v. Reflecting the above, a large proportion of land in major metropolitan areas have been converted from industrial to other uses (predominantly housing) since the 1980s.



- vi. Reflecting these trends, planning policies have rezoned large tracts of new industrial land in outer suburban areas. As inner city industrial land is eventually relocated to outer metropolitan locations, vacated inner city space over time will be converted to higher order uses.
- vii. Remaining industrial lands in inner/built up areas, however, are a vital employment and service centre for their surrounding residential catchments. This is particularly the case at Brookvale, which is a major industrial precinct serving the Northern Beaches of Sydney. The role and function of these precincts, however, is evolving with a transition from traditional (niche manufacturing and wholesale services) to advanced manufacturing and innovative industries.

## 2.2. Industrial Tenant Drivers

- i. A number of changes within the industrial property sector in relation to tenant requirements have also taken place recently as a result of changing technologies in the business place. These include logistics and e-commerce, which have changed the requirements for businesses traditionally locating in industrial properties.

### E-Commerce

- i. Over the past five years, there has been a significant shift in the retail market from traditional bricks and mortar retail outlets towards more online based purchasing. Online retail purchases currently comprises approximately 10% of total retail purchases in Australia. This has led to a significant change in the composition of industrial properties within the Australian market generally, leading to more traditional bricks and mortar requiring a greater amount of warehouse space to fulfil online ordering. The majority of smaller retail goods purchased online are still served from traditional retail stores, however, larger goods such as whitegoods and other bulky items are served directly from warehouses.
- ii. This trend is changing, in that retailers are starting to serve customers who order smaller goods from warehouses as well. For example, supermarkets in Australia are starting to serve customers directly from their warehouses in the form of “dark supermarkets” which is a supermarket that customers do not have access to where staff members fulfil online orders. This is the case for the Old Pittwater Road site which currently accommodates a Woolworths dark store.
- iii. The fulfilling of online retail orders is location sensitive, with the distance of delivery a significant factor. Retailers who are potentially looking for warehouse/industrial floorspace would likely be looking for locations with access to substantial transport routes and the low cost of the industrial floorspace would be a large factor in determining exactly where to locate. These discretionary retailer warehouses need to serve larger sub-regions (typically 1-2 for the whole Sydney metropolitan area) as compared with a food and grocery retailers such as Woolworths serving smaller regions. Brookvale is not well placed to serve a larger sub-region for discretionary retailers.

## Globalisation of logistics

- i. Logistics businesses in Australia have increased significantly in terms of their complexity and global reach, with a number of mergers and acquisitions by overseas logistics firms increasing the complexity of local logistics firms' business structures. This has led to a significant increase in the amount of industrial floorspace required by these firms as well as the type of fitout that they are now requesting which is more automated and significantly more sophisticated.
- ii. In order to fulfil future floorspace requirements, local logistics firms are now partnering up with land developers in order to get access to significant sites so they can be developed with the specific needs of the business in mind. The trend is now for distribution centres in the order of 75,000 sq.m (7.5 hectares) of floorspace to be developed. This is still significantly smaller than some distribution centres in other countries which are up to 200,000 sq.m in size, or larger. It is important to note that the subject site is significantly smaller than the current development trends across industrial lands.

## Industrial Floorspace Design

- i. In the past, industrial/warehouse floorspace has traditionally been a homogenous product consisting of relatively simple buildings. This has changed in recent years with the specific requirements of particular tenants being taken into consideration during the initial development of the building.
- ii. Newer industrial buildings tend to include concrete slabs that can withstand a significant amount of weight, additional space to allow for the increased use of robotics, bays to accommodate larger trucks getting in and out of the sites. Consideration has also been given to working conditions for staff and security of the site when designing the initial building.
- iii. Industrial buildings are typically supported by a small amount of ancillary office floorspace. It is difficult to be precise about this level as the office requirements typically depend on the specific tenants industry in question. Nevertheless, recent industrial developments including warehouse and distribution centres for Aldi and Costco have included office floorspace of approximately 5% of total GLA.
- iv. Intermodal freight precincts are being developed throughout each of the major capital cities of Australia, including at:
  - Moorebank and Eveleigh in Sydney.
  - Bromelton in Brisbane.
  - Western Interstate Freight Terminal in Melbourne.

- v. With the growth in population in the major metropolitan cities, freight handling capacity is increasingly constrained by heavily congested road networks, so that more containerised freight needs to be moved by rail. A number of intermodal freight precincts which are located close to the national rail network are now being developed.

## Implications for Brookvale

- i. The major metropolitan cities are the hubs for industrial land, given their access to major transport routes, intermodal terminals and ports/air links. The large modern industrial sheds are locating in new outer suburban industrial precincts. The subject site is not well positioned to fulfill this role.
- ii. Recent trends in industrial lands including the growth of logistics and e-commerce have changed the requirements of established suburban industrial areas. There is a transition occurring from traditional manufacturing to advanced manufacturing and innovative industries. While this transition occurs, there will be some repurposing of existing buildings or new development that needs to occur to meet the needs of new operators. This process, however, can take time and money.
- iii. The planning proposal is consistent with these trends in which the Brookvale industrial precinct is well positioned to serve a greater role in meeting the needs of innovative industries, however, the transition leads to some vacant space as this process occurs. It is economically vital to make use of this space as much as possible in the meantime.

## 2.3. Sydney Industrial Market

- i. The various major real estate companies such as Knight Frank, Savills, Colliers and the like, track industrial development throughout Australia's major capital cities including Sydney. Chart 2.1 outlines completed industrial floorspace by year throughout the Sydney market according to Knight Frank research dated February 2020. This shows that since the Global Financial Crisis in 2008/09, industrial development in Sydney has grown significantly, at an average annual growth rate of 5.5% over the 10 year period to 2019. Based on existing projects, the level of industrial development is projected to reach an unprecedented level in 2020 (refer Chart 2.1).
- ii. The typical use of industrial land use by sector is detailed in Chart 2.2. According to Savills, the primary use of industrial floorspace is for wholesale activities (41%). Other major uses of industrial land include transport and logistics (26%) as well as manufacturing and engineering (13%).
- iii. Information also sourced from Savills indicates that the Sydney West industrial precinct records significantly higher land values when compared with similar precincts at other capital cities (refer Chart 2.3). In 2019, Sydney industrial land values were more than twice that of the key industrial precincts of Melbourne and Brisbane.

- iv. Map 2.1 uses industrial land zoning to illustrate the key industrial precincts throughout the Sydney metropolitan area. As shown, industrial lands are concentrated in the western portion of Sydney. This is likely to be a function of the lower land cost (as compared with industrial lands closer to the city) and the ease of accessibility (in the form of major roadways).
- v. It is important to note that there are significant parcels of vacant, industrial zoned land around Kemps Creek (in close proximity to Sydney's second airport which is currently under construction at Badgerys Creek). By comparison, small industrial precincts such as Brookvale are largely fully occupied with older buildings with minimal land available for future modern industrial development. At a broad level, therefore, there is substantial further land available for industrial development to meet the ongoing needs of the broader Sydney population.
- vi. A significant consideration of tenants which occupy industrial lands is accessibility to ancillary goods and services. This is especially the case for wholesale operators with time and distance to markets an important factor when considering the relative value of industrial lands. The majority of international containers destined for Sydney arrive at Port Botany with the distance to this trading hub highly relevant for industrial land tenants. Sydney Airport which is located in close proximity to Port Botany is also a significant freight hub.

Map 2.1 illustrates a 30 minute drive time drive from Port Botany. As shown, large portions of industrial lands are situated within this drivetime (Alexandria, Strathfield, Liverpool, Padstow and Prestons) while Brookvale is beyond this 30 minute boundary. It is important to note that this drive time does not factor in traffic congestion, meaning that destinations further away are likely to take longer to access than those closer to Port Botany. From Map 2.1, it is easy to identify the level of industrial zoned land in relative proximity to key port facilities.

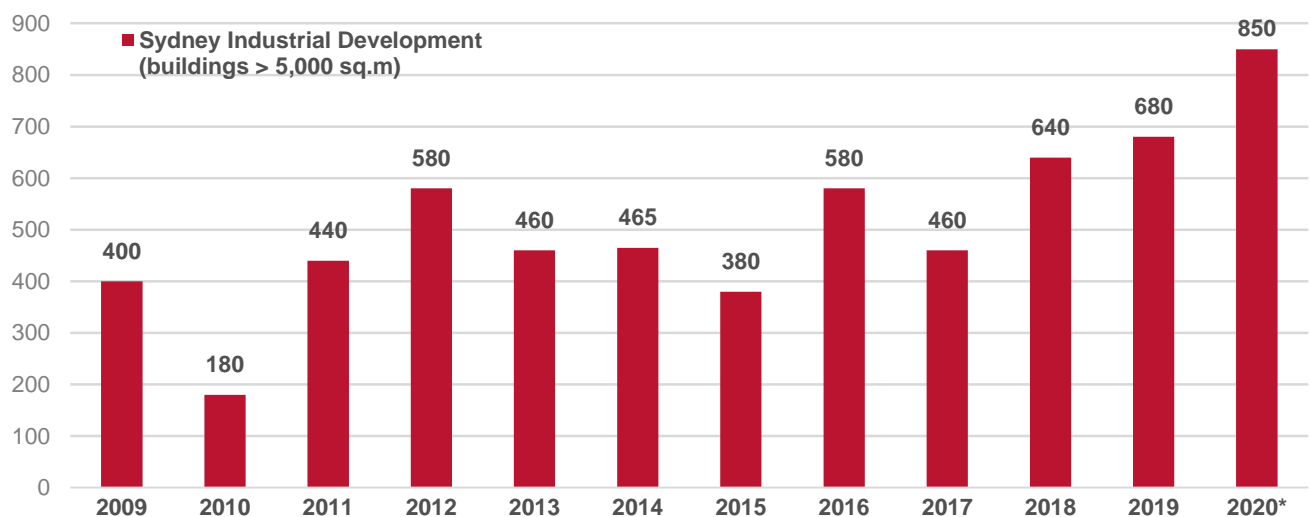
- vii. Chart 2.4 details the average land values for industrial precincts in Sydney (on a \$ per sq.m basis). This indicates that Alexandria, Botany and Maroubra are the most expensive precincts with this likely to be due to the proximity to the Sydney CBD/airport and trading hubs such as those detailed above.
- viii. Average industrial land values in Brookvale were in the order of \$850 per sq.m in 2019, well below the three key precincts detailed above. There are industrial precincts within a 30 minute drive time of Port Botany which offer lower land values (Moorebank and Prestons) as compared with Brookvale, reflecting the lack of greenfield land in Brookvale as compared with those precincts.
- ix. Table 2.1 provides a comparison of the key attributes of competing industrial precincts. This includes Brookvale as well as an inner west precinct (Strathfield South) and an outer west example (Prestons). Broadly speaking, the industrial precincts of Strathfield South and Prestons have a greater focus on heavy industry uses such as concrete suppliers, recycling processors and food manufacturers. Brookvale on the hand, has uses more typical of a business park with wholesale traders and self-

storage facilities. The differences in these uses across industrial precincts is likely to stem from the differing attributes of these precincts.

- x. Chart 2.5 details the proportion of industrial land development projected across the Australian states. This information was sourced from Colliers and encompasses projects currently under construction as well as those proposed. The share of the estimated resident population (ERP) within these states (as sourced from the ABS) provides a high level benchmark of the overall demand for industrial land in the short to medium term. Putting aside the existing stock, an approximate parity between these values would indicate a level commonly referred to as equilibrium or a balanced market.

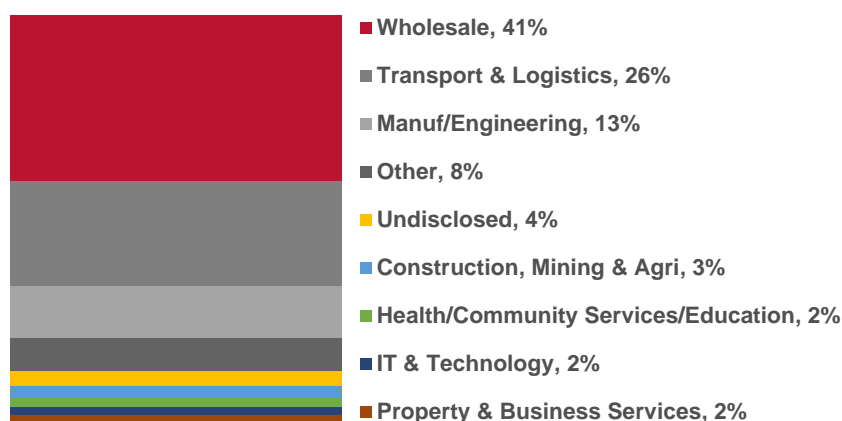
Relevantly, the proportion of current industrial development is significantly skewed towards New South Wales (primarily Sydney) at 46% of future floorspace. The share of the News South Wales population (33%) would indicate that an oversupply of industrial development is likely to be experienced in the medium term. By comparison, states including Queensland and Western Australia may experience an indicative under supply over this period.

**CHART 2.1. SYDNEY INDUSTRIAL LAND SUPPLY, 2009 – 2020**



\* Estimated based on current projects  
Source: Knight Frank Research/Cordell Connect

**CHART 2.2. TYPICAL INDUSTRIAL LAND USE**



Source: Savills Research

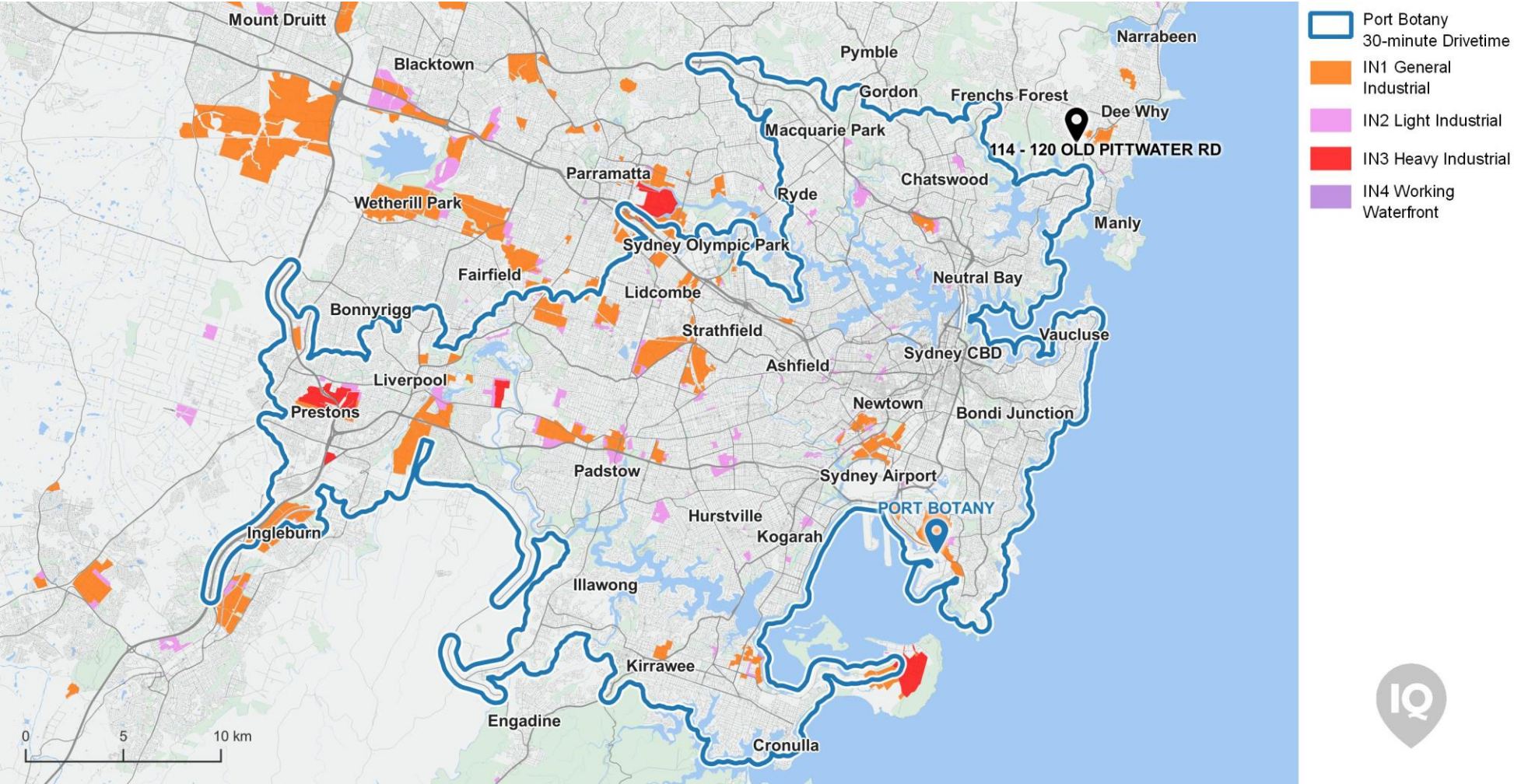
**CHART 2.3. INDUSTRIAL LAND VALUE COMPARISON AT CAPITAL CITIES (\$ PER SQ.M)**



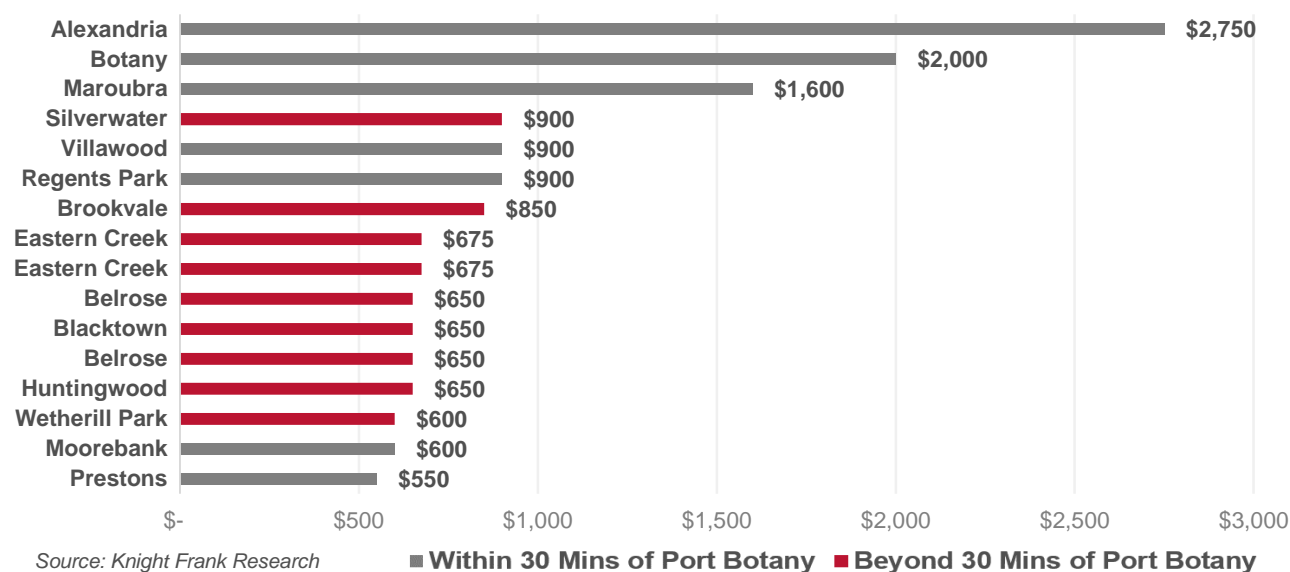
Source: Savills Research



MAP 2.1. INDUSTRIAL ZONED LAND IN SYDNEY



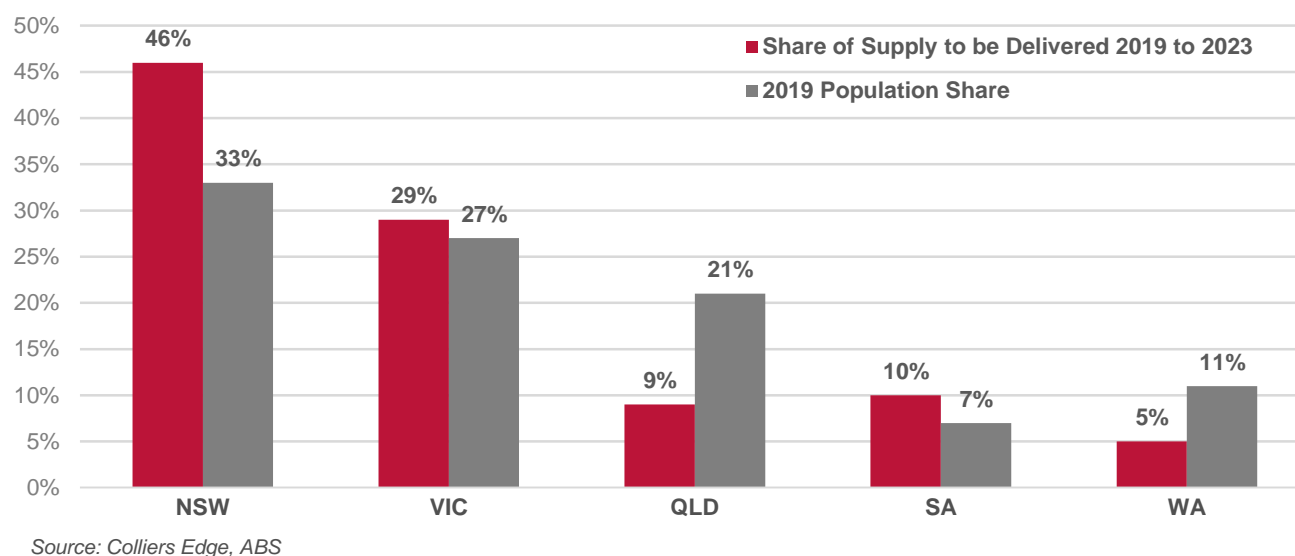
**CHART 2.4. SYDNEY INDUSTRIAL LAND VALUE (\$ PER SQ.M) COMPARISON, 2009**



**TABLE 2.1. COMPARABLE INDUSTRIAL PRECINCT ATTRIBUTES**

Precinct Attribute	Brookvale	Strathfield South	Prestons
Surrounding Blue Collar Workforce	×	✓	✓
Within 30 Min of Port Botany/Sydney Airport	×	✓	✓
24 Hr access	✓	✓	✓
Access to rail infrastructure	×	✓	×
Proximity to Major Road (km)	0.2	0.0	0.0
Access through residential areas	Minimal	Minimal	Some Access

**CHART 2.5. SHARE OF INDUSTRIAL LAND DEVT AND 2019 ERP**





## Implications for Brookvale

- i. The Brookvale industrial precinct sits in an area with a highly educated workforce. The land value of the precinct is relatively high as compared with other Sydney precincts.
- ii. The Sydney North District Plan indicates that across this entire area, it contains only four per cent of Greater Sydney's total stock of industrial and urban services land. Only approximately seven per cent (39 hectares) is undeveloped, indicating strong demand for this scarce resource. None of the Brookvale precinct land is undeveloped.
- iii. The industrial land in the North District Plan, including Brookvale, has a role to play in smaller industries including innovation and advanced manufacturing.
- iv. The concept or term 'advanced manufacturing' is necessary to distinguish from the older industrial model.
- v. Advanced manufacturers as globally-oriented and innovative manufacturers, in general share the following characteristics:
  - high Intellectual property component;
  - dependent on global supply chains;
  - the only public sector support needed is at the Research & Development phase through tax credits or leveraging public/private partnerships.
- vi. Advanced manufacturers tend to be engaged in collaborations with universities, the CSIRO and other research institutes, and they sell to a global market on distinctive qualities. The development of the Northern Beaches hospital is a major boost for the Brookvale area.
- vii. Advanced manufacturers are involved in the development of new markets, new products, new technologies and new ways to manufacture existing products.
- viii. This market, however, takes time to transition and the transition process is underway at Brookvale.
- ix. Last mile delivery will be another important component of the future Brookvale industrial precinct, as evidenced by the Woolworths Dark store at the subject site.
- x. In a product's journey from warehouse shelf to customer doorstep, the "last mile" of delivery is the final step of the process — the point at which the package finally arrives at the buyer's door. In addition to being a key to customer satisfaction, last mile delivery is both the most expensive and time-consuming part of the shipping process.

- xi. As recognised in the *Towards 2040 - Local Strategic Planning Statement* for the Northern Beaches at page 150 “*Freight connections in the LGA are constrained and distance to Sydney Airport, Port Botany and the future Western Sydney Airport is a challenge. Vehicles over 19 metres are prohibited on Sydney Road, the Spit Bridge and Warringah Road. This increases travel times, adds to the cost of deliveries and requires smaller trucks*”.
- xii. Retailers are working through this complex issue, however, increased warehouse space is likely to be required in areas like Brookvale to meet this growing industry. Again, however, this transition period can take time.

## 2.4. Office Floorspace with Industrial

- i. In the past, it was common for major industrial tenants to include their head office functions (marketing, administration, etc) with their warehouse facilities. This was particularly the case when at locations such as Brookvale, access to a white collar workforce was available, together with the provision of warehouses that met the needs of the business.
- ii. As industrial trends have resulted in larger warehouses in more distant locations, together with improvements in technology which enable remote working, there has been a decrease in the operation of major head offices together with the major business warehouse.
- iii. The proportion of office to warehouse space at Brookvale, at approximately 37%, is well above the level of office space typically built in larger industrial warehouses today at 10% (5% for Aldi and Costco as indicated previously).
- iv. Further the future uses at Brookvale industrial precinct, including advanced manufacturing and last mile delivery does not include a large office component as part of the sites. This is clearly evidenced by the Woolworths Dark store at the Primewest site.

### Implications for Brookvale

- i. The industrial market is changing rapidly with the space required to be flexible to accommodate the different demands of various companies over time. Good design is critical to ensure it will suit different users such as allowing cool room or insulation to be added.
- ii. Recent evolutions of industrial floorspace have been brought about by advancements in logistics and E-Commerce.
- iii. The subject site is no longer relevant as large warehouse industrial land use with a large office component given these trends. New users, such as advanced manufacturing and last mile delivery do not include large offices as part of the industrial uses.

- iv. The significant investment in buildings on the existing site which continue to have a strong economic value and use, however, means the planning proposal seeks to make a greater use of the existing built form and not create economic waste. The planning proposal allows existing viable buildings to be used while a transition occurs in the types of users at Brookvale. This economic friction is unavoidable in a rapidly changing global economy.

# 3 OFFICE MARKET

This section reviews the commercial office market at a local level and discusses the demand and supply of office floorspace on the North Beaches.

## 3.1. Sydney Office Market

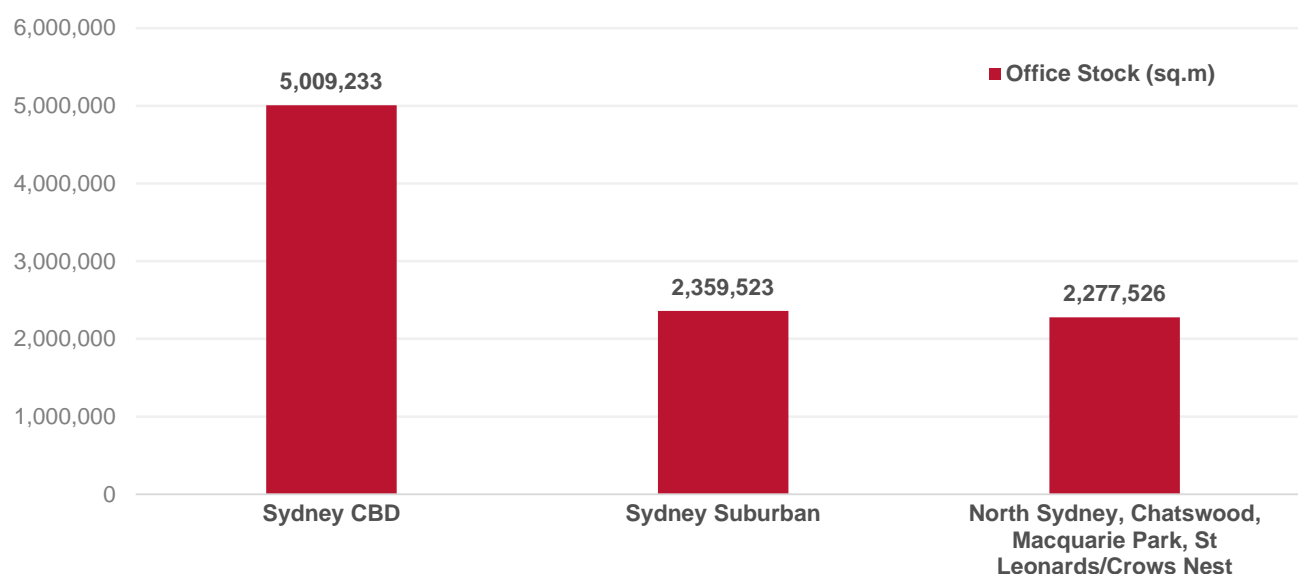
- i. The Sydney office market is concentrated within the CBD and other major centres (North Sydney, Macquarie, Parramatta and Chatswood), although, precincts of commercial floorspace are located throughout suburban parts of Sydney.
- ii. Chart 3.1 details the total stock of office floorspace across Sydney (CBD, northern Sydney and suburban markets). As shown, the suburban market is approximately half that of the CBD market size (in sq.m). This indicates that suburban markets (in total) are an important component of Sydney's overall supply of office floorspace.
- iii. A key driver of the demand for office floorspace is the attraction of developing a critical mass of similar tenants. This is observed in the Sydney CBD (diversified financials), Macquarie Park (telecommunications and pharmaceuticals) and St Leonards (call centres).
- iv. At Brookvale there have traditionally been trade or building companies as well as manufacturers with warehouse/office requirements.
- v. Chart 3.2 details the net face office rents on a per sq.m basis and generally indicates that rents reduce in line with the distance from the CBD which records the highest average rents. Suburban office precincts have likely been driven by the lower cost of office rents outside the CBD along with the provision of key infrastructure.
- vi. Along with rents being higher in the CBD, the level of vacancy is generally accepted to be lower than that of suburban markets. In particular, in recent times, the development of the Sydney Metro together with strong residential demand, has seen net absorption of office stock in the Sydney CBD.
- vii. As a result, vacancy rates are very low with costs and the lack of available supply often prohibitive for prospective tenants looking at the CBD market. The current Sydney CBD office vacancy rate is 3.6% well below the long term average of 10%.

- viii. The implications of the above, is that there is increased demand for office floorspace in the suburbs, as inner city office floorspace becomes more scarce and more expensive.

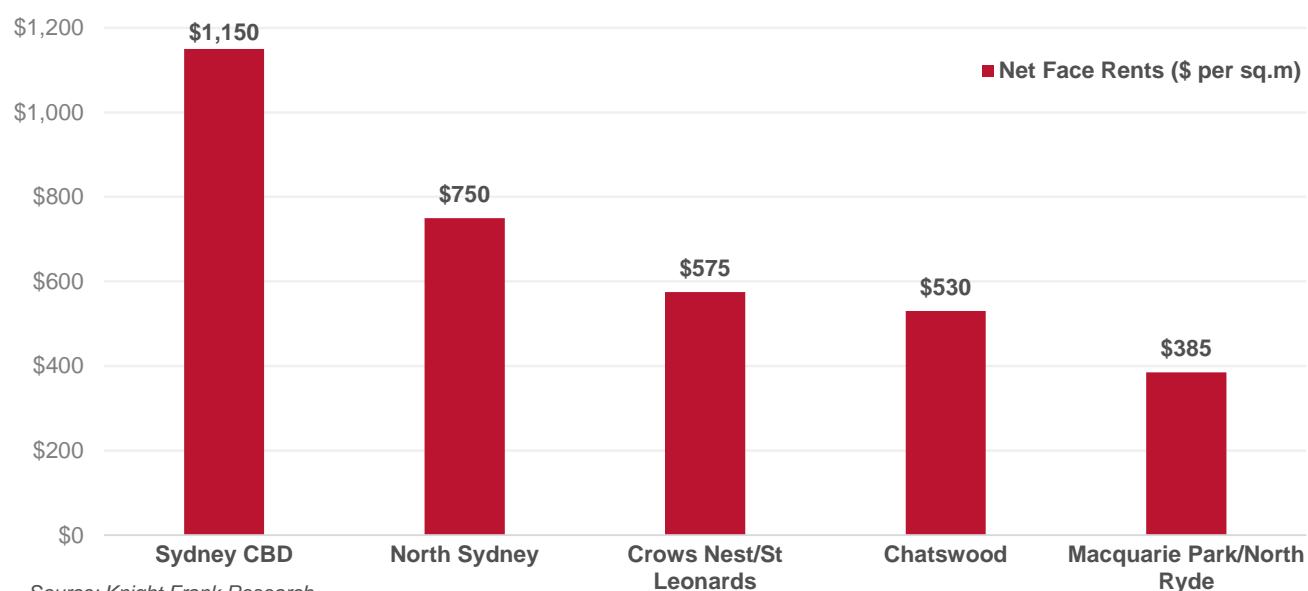
## 3.2. Northern Sydney Office Market

- i. Chart 3.3 outlines recent vacancy rates reported at the major office markets closest to the subject site, noting that office vacancy rates are not readily available for Brookvale or similar small precincts. As shown, similar to the Sydney CBD, the level of vacancy has contracted at North Sydney and Chatswood while remaining flat at St Leonards and Crows Nest.
- ii. According to the Property Council, the historical vacancy average for office floorspace is just under 10% across the country. The low levels of vacancies have been driven by the limited new stock along with a high level of conversion from residential uses.
- iii. Improvements in infrastructure such as the development of the Metro rail network currently under construction will likely lead to greater demand for office floorspace at St Leonards, Crows Nest and North Sydney in the medium term. Most recently, the redevelopment of 1 Denison Street (60,000 sq.m) and 100 Mount Street (40,000 sq.m) have been predominately leased prior to completion of construction. This confirms the current demand for a significant volume of office floorspace in Northern Sydney.
- iv. Chart 3.4 outlines the level of commercial core zoned land at competing office precincts to Brookvale (illustrated on Map 3.1). Although office use is permissible under other zones, commercial core land encompasses intensive business activities in close proximity to public transport. As shown, the level of commercial core zoned at Brookvale is comparable to North Sydney, although, without the significant density brought about by commercial towers.
- v. The overall level of commercial core zoned land at Brookvale is 17.1 ha which is significantly lower than that which is provided at Chatswood (30.3 ha) and Macquarie Park (75.3 ha). Furthermore, Scentre Group (the operator of Westfield Warringah Mall) control almost all the commercial core zoned land at Brookvale and use that for a shopping centre. As a result, the majority of commercial core land in Brookvale is not being used for commercial offices, meaning that the commercial land is a shopping centre precinct but not able to accommodate office uses which are being demanded in the area. The subject site could fulfil this role in the short to medium term.

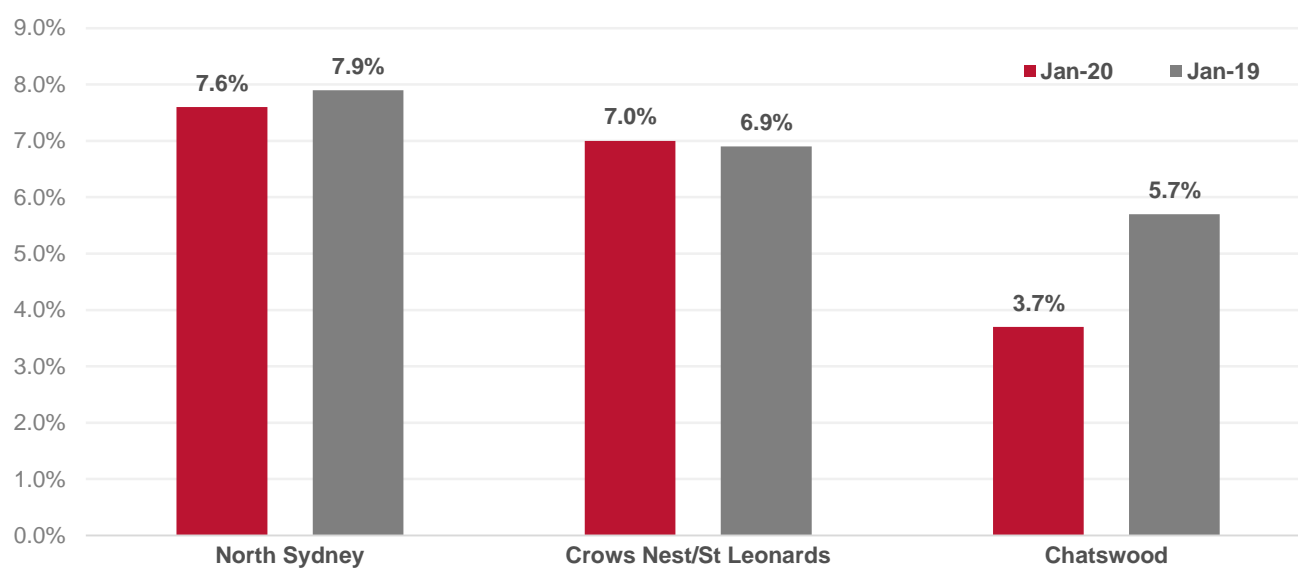
**CHART 3.1. TOTAL OFFICE STOCK COMPARISON, 2019**



**CHART 3.2. SYDNEY OFFICE RENTS (\$ PER SQ.M) BY PRECINCT, 2019**



**CHART 3.3. OFFICE VACANCY LEVELS, 2018 – 2019**



Source: Property Council Australia

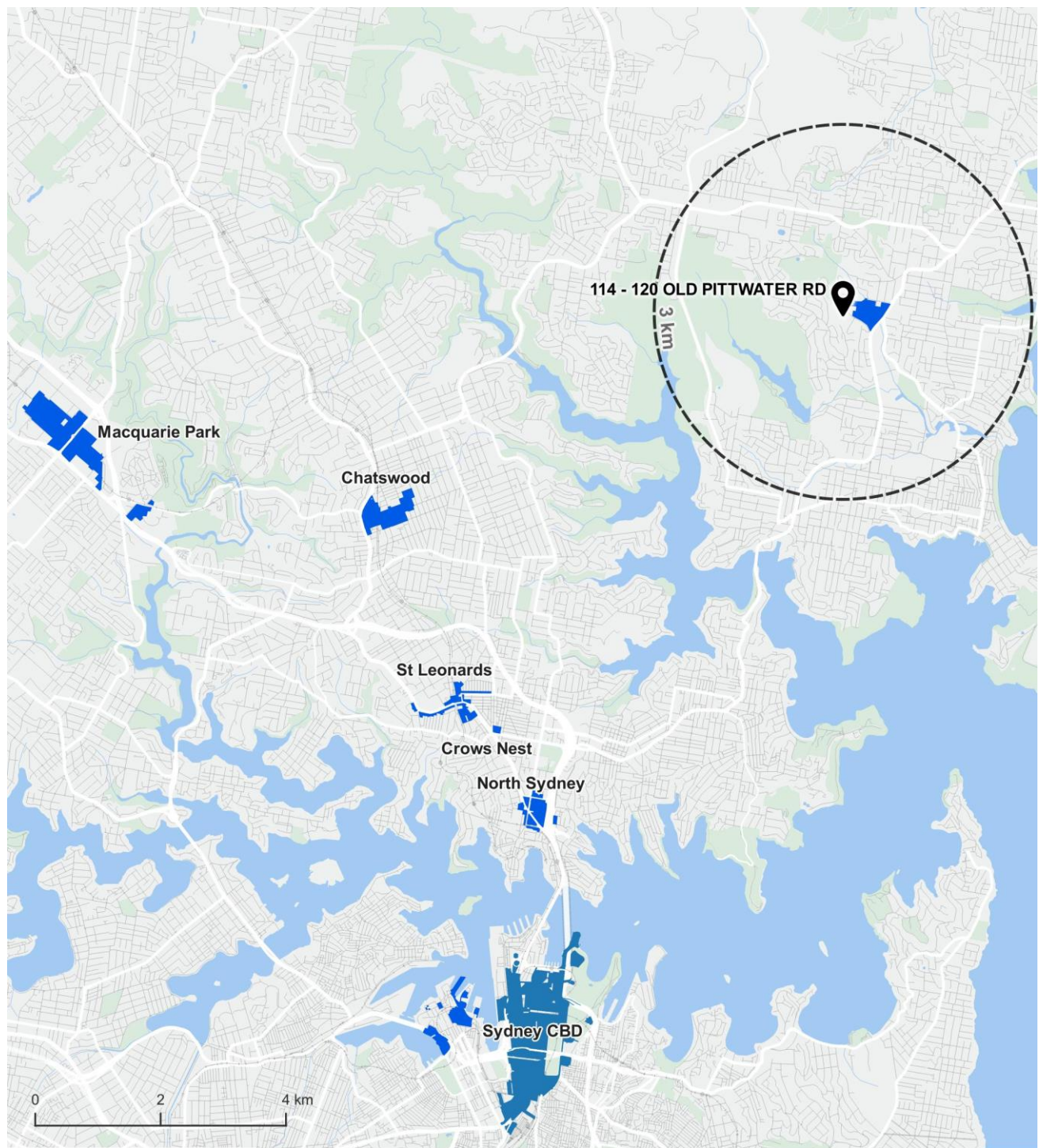
**CHART 3.4. COMMERCIAL CORE LAND ZONING BY PRECINCT**



Source: Respective LGAs



### MAP 3.1. NORTHERN SYDNEY COMMERCIAL CORE LAND ZONING



- B3 Commercial Core
- B8 Metropolitan Centre

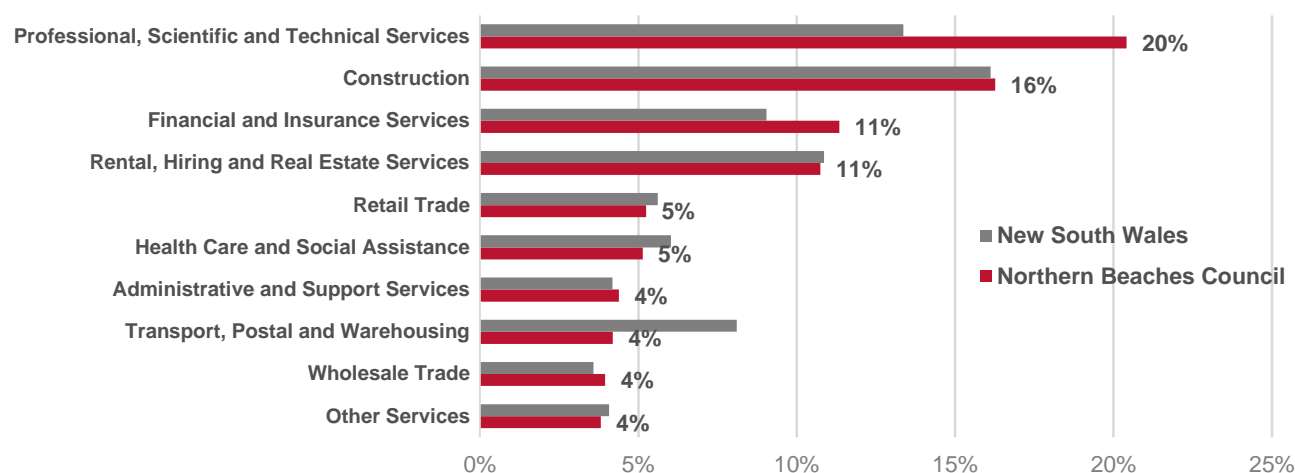




### 3.3. Northern Beaches Office Demand

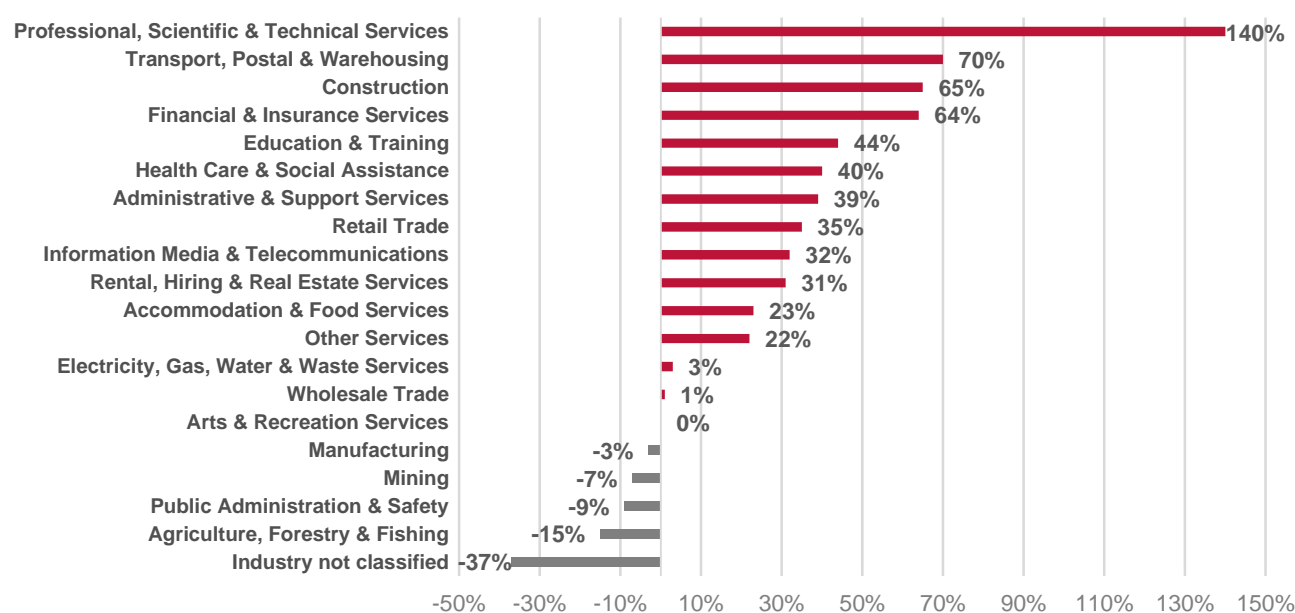
- i. The demand for office floorspace is primarily driven by private businesses in suburban markets such as Brookvale. As a result, there is likely to be a positive relationship between the number of businesses and the absorption of office floorspace. It is also important to note that the nature of business activities is likely to be relevant in determining the overall level of demand for office floorspace.
- i. Chart 3.5 details the proportion of businesses by sector for the North Beaches Council as well as being benchmarked against New South Wales. Key points to note include:
  - The Northern Beaches accommodates a greater proportion of office generating floorspace such as Professional, Scientific and Technical Services as well as Financial and Insurance Services.
  - The Northern Beaches supports a lower proportion of Transport, Postal and Warehousing businesses as compared with the overall level in New South Wales. This industry sector is likely to generate the greatest demand of industrial floorspace.
- ii. Chart 3.6 details the change in registered businesses over the 2018 to 2019 period. This indicates that the greatest growth was experienced in the Professional, Scientific and Technical Services industry while contractions occurred in the Manufacturing and Mining related businesses.
- iii. In summary, the demand for office floorspace in the Northern Beaches Council is higher than the state benchmark with core office generating industries experiencing significant growth in demand recently. This demand is also occurring in the Northern Beaches area.

**CHART 3.5. BUSINESSES BY INDUSTRY SECTOR (TOP 10), 2019**



Source: ABS, Counts of Australian Businesses

**CHART 3.6. CHANGE IN REGISTERED BUSINESSES, 2018 – 2019**



Source: ABS, Counts of Australian Businesses

### 3.4. Northern Beaches Office Supply

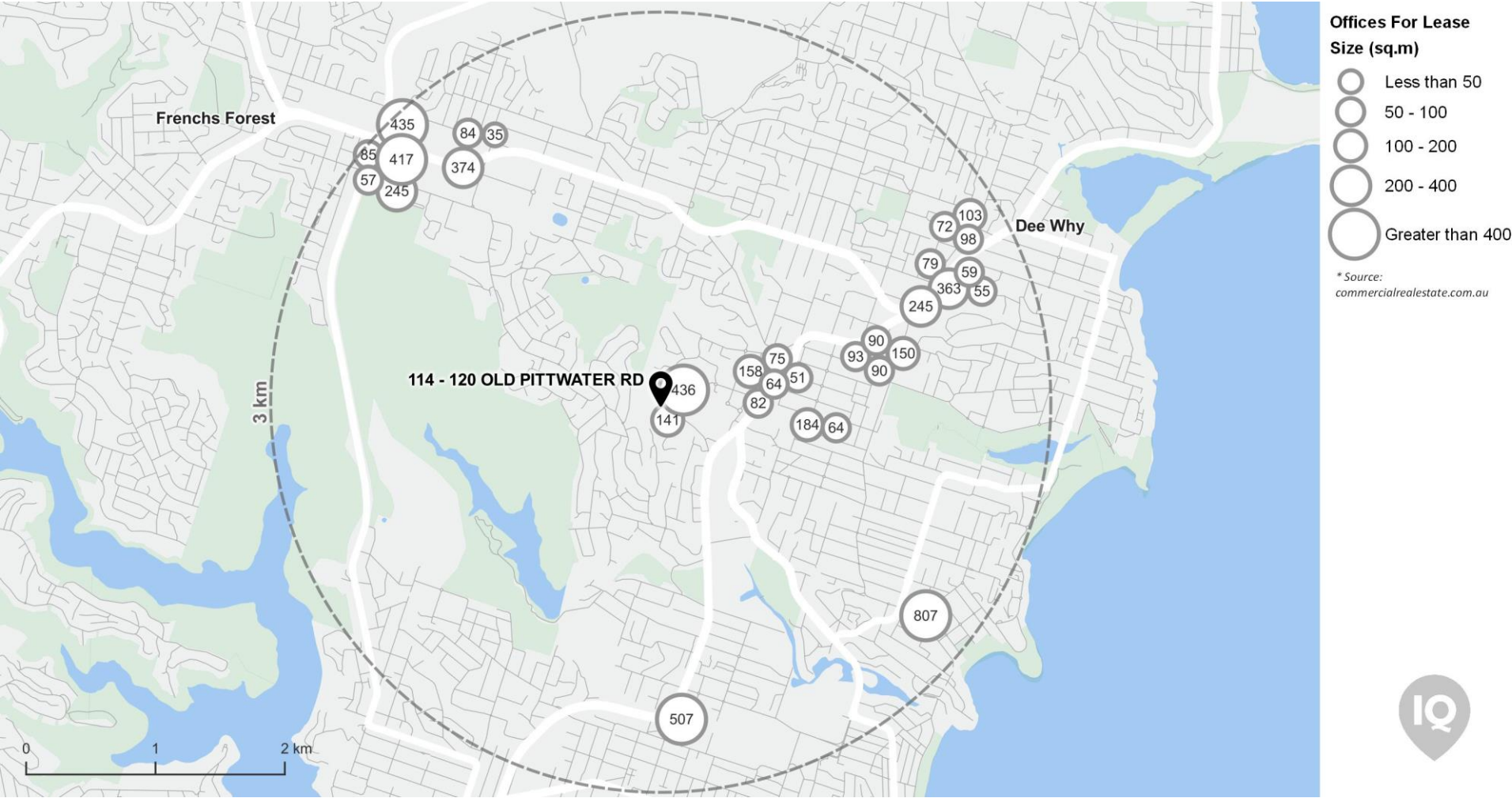
- i. The existing level of office floorspace supply in Brookvale is limited when compared to that of Frenchs Forest or other surrounding precincts. Map 3.2 illustrates office space which is currently advertised for lease in the immediate area. There is generally a low level of supply as compared with other parts of Northern Sydney. Relevantly, the size of the office space for lease in this area are all typically quite small at less than 500 sq.m and would suit a limited range of users.
- ii. The subject site has the ability to offer larger office space areas for a user looking to accommodate a number of workers at the one site. The lack of choice in the Northern Beaches market is very limiting factor for prospective tenants. The greater the provision of office floorspace, the greater the likelihood that an area can be self-sufficient for the employment of its residents (i.e. residents work near where they live).
- iii. Knight Frank has reported that the total level of the Northern Sydney office floorspace is in the order of 530,000 sq.m. The vacant floorspace at 114 - 120 Old Pittwater Road represents approximately 1% of this office market floorspace and less than 1% of floorspace across the total Sydney suburban market. This highlights the relative size of the office market and demonstrates that there are minimal, if any, implications for competing precincts from the Planning Proposal. The use of vacant office floorspace on the subject site for office use only is insignificant in the scale of broader Northern Sydney demand.

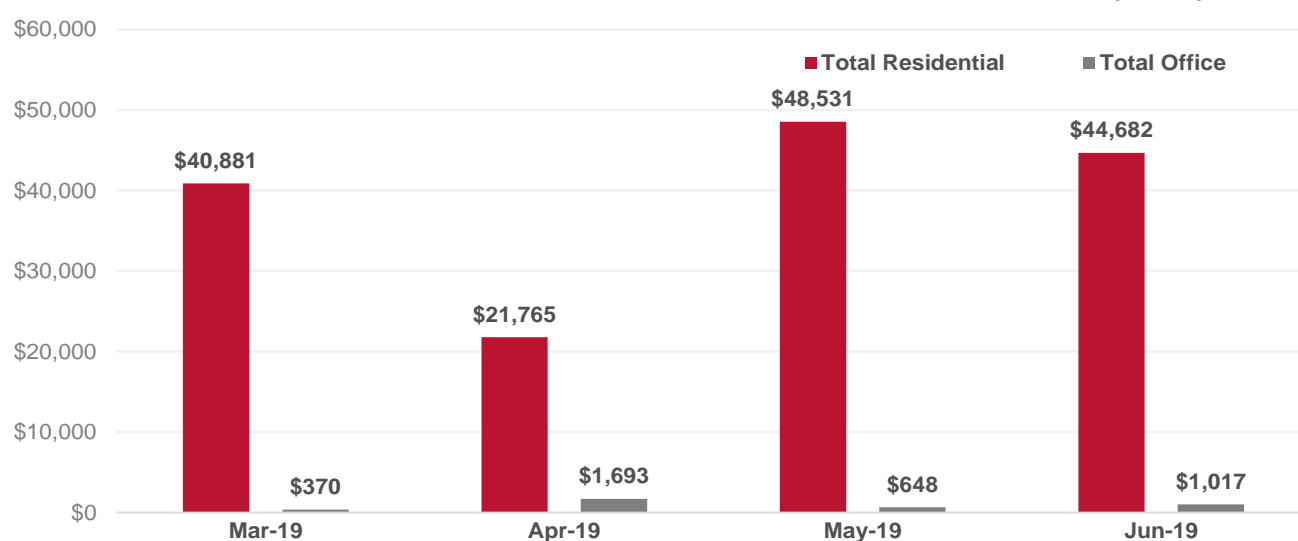
As a result of the above, the subject site would not increase vacancy rates in other office precincts. Furthermore, the planning proposal will assist in the supply of employment generating office floorspace which will continue to be driven by overall employment growth.

- iv. The ABS publishes data of building works (by type) for each LGA in Australia. A summary of this data for residential and office builds (latest available) is displayed in Chart 3.7. This includes alterations/additions as well as new builds for private and public sector projects. As shown, total works for residential builds across the Northern Beaches are significantly higher than that of office projects for the period March 2019 to June 2019.
- v. Total residential building values typically form the majority of building activities. The overall level of office builds across the Northern Beaches was 1.8% in Q4 2019. A review of nearby LGAs indicates that this is a relatively low level of investment when compared to that which was recorded at Mosman, North Sydney and Willoughby (refer Table 3.1).
- vi. The lack of office development is a result of the lack of vacant sites which are suitable for commercial offices throughout the Northern Beaches. Map 3.3 illustrates current commercial office projects as sourced from the Cordell Connect database.
- vii. Map 3.3 includes an indicative number of workers based on the assumption that one worker is provided per 13 sq.m of total office floorspace. As shown, there is a limited number of current proposals. Furthermore, the current proposals are relatively small as compared with projects in the larger centres of North Sydney and St Leonards.
- viii. The largest office proposal on the Northern Beaches currently is for a fitout of the existing building at 1 Garigal Road in Belrose. This project is expected to accommodate approximately 350 workers. Despite Belrose accommodating a business park precinct, this is the only known proposal for additional office floorspace in the suburb.
- ix. The lack of development for new office space at Belrose is likely to be due to the limited options of transport links which the precinct is serviced by. Furthermore, Belrose accommodates a lower population density as compared with Brookvale. A surrounding population base is important as it enables workers to reside in close proximity to their place of work.
- x. In conclusion, there has historically been a significant underinvestment in commercial office developments across the Northern Beaches. A review of current projects indicates that this underinvestment is likely to continue which will ultimately further increase the undersupply of office floorspace in the short to medium term.

Consequently, the Planning Proposal will add choice to the market and at the same time, not impact on the viability of other projects in the area, given the low level of supply.

MAP 3.2. ADVERTISED OFFICE LEASES



**CHART 3.7. NORTHERN BEACHES TOTAL BUILD VALUE, MAR19 – JUN19 (\$'000)**

Source: ABS

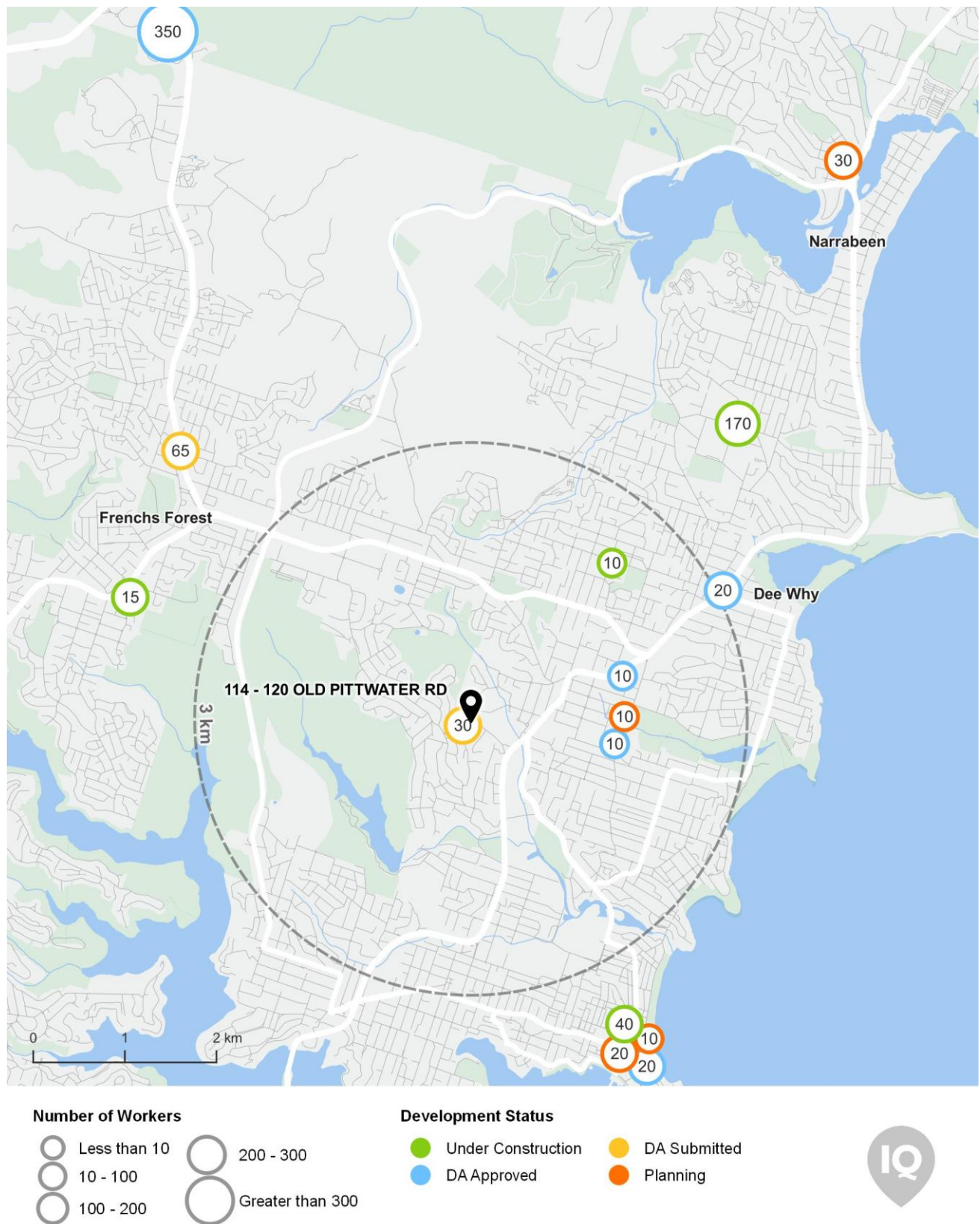
**TABLE 3.1. OFFICE BUILDING VALUES BY LGA, MAR19 – JUN19**

Local Government Area	Office Building Works (\$'000)	Total Building Works (\$'000)	Share of Office Investment
Ku-ring-gai	\$ 1,062	\$ 195,822	0.5%
Mosman	\$ 1,577	\$ 58,689	2.7%
North Sydney	\$79,942	\$ 146,362	54.6%
Northern Beaches	\$ 3,728	\$ 208,899	1.8%
Willoughby	\$ 3,497	\$ 70,525	5.0%

Source: ABS



### MAP 3.3. COMMERCIAL OFFICE DEVELOPMENTS ON THE NORTHERN BEACHES



### 3.5. Summary

- i. Commercial office precincts across Sydney have been experiencing a high level of demand and a consequent low level of vacancy. Rents have been increasing.
- ii. Although most major precincts have been developing new office floorspace, the Northern Beaches area has seen limited new supply, given the lack of available land for development. Most available office spaces for lease are for small sized spaces (less than 500 sq.m).
- iii. There have been rapid changes in the office market including:
  - Greater work from home.
  - Better internet connectivity.
  - Access to childcare and retail being required.
  - Transport times increasing.

These attributes are highly relevant for the subject site which represents a unique location in the context of the Northern Beaches.

- iv. As outlined previously, businesses such as Professional, Scientific and Technical Services form a major part of the region's employment and generate demand for office floorspace. The Northern Beaches enjoys a comparative advantage for such services which are best placed to achieve innovations given the skilled requirements of employees within these businesses (matching the skills of surrounding residents).
- v. The planning proposal seeks to allow space for innovative industries within the Brookvale precinct, co-locating with potential innovative industrial users and close to research precincts such as the Northern Beaches hospital.
- vi. The subject site provides large floorplate office space in an ideal location near existing infrastructure such as shopping centres and public transport to meet the needs of commercial users in the region. This will promote more efficient use of infrastructure.
- vii. The Planning Proposal will also improve employment self sufficiency for the Northern Beaches area (i.e. employees reside near their place of work, rather than travelling outside the area for employment).
- viii. Further, given the rapid increase in office rents, the subject site can provide cost-effective accommodation for larger office users, while having negligible implications for existing and proposed office developments.

# 4 NEEDS ANALYSIS

## 4.1. Site and Precinct Attributes

- i. There are a number of attributes which 114 - 120 Old Pittwater Road enjoys that makes the site suited to office use in the short to medium term while the precinct transitions from traditional industrial to advanced manufacturing, including:
  - Public transport links
  - Substantial car parking
  - Proximity to major roads
  - Affordable rents
  - Local population (skilled workforce)
  - Nearby retail facilities
- ii. It is concluded that these attributes are highly beneficial to office use.

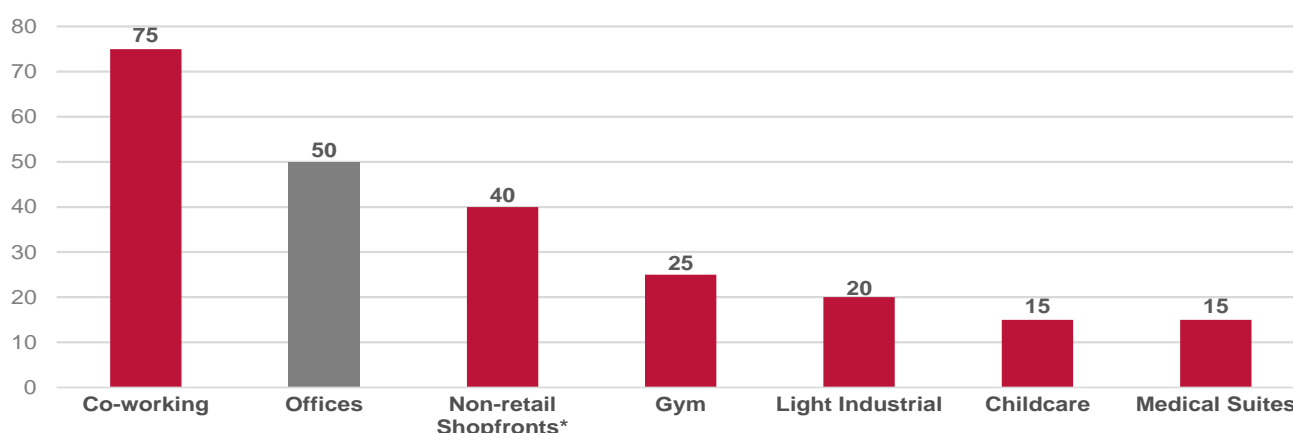
## 4.2. Employment Assessment

- i. Allowing existing office premises on the Old Pittwater Road site to be used independently of any warehouse/manufacturing type uses would enhance the employment of Brookvale. Chart 4.1 details a comparison of land uses and their employment generation per 1,000 sq.m floorspace. As shown, commercial floorspace accommodates the generation of approximately 50 jobs per 1,000 sq.m. By comparison, light industrial land uses generate in the order of 20 jobs per 1,000 sq.m. These figures are in-line with industry benchmarks.
- ii. It is important to note that the majority of the 114 - 120 Old Pittwater Road site (southern building) is currently vacant. This would imply that the landlord has been unable to fill this space with tenants which comply with the existing planning controls. As a result, a significant portion of floorspace at 114 - 120 Old Pittwater Road is not contributing to the overall employment of the Brookvale precinct.
- iii. In the case of existing tenants at the Old Pittwater Road site, it is important to note that there is limited existing demand for supporting office floorspace to industrial uses (as evidenced by the amount of currently vacant floorspace). In the case of the Woolworths dark store, it is not feasible for supporting office use to be located at Brookvale with the company preferring to locate office staff with the majority of the office workforce at Bella Vista.



- iv. Table 4.1 summarises the projected level of ongoing employment likely to be generated by the proposal. Based on information supplied by Primewest, 15,657 sq.m of GLA is to be utilised as office floorspace under the planning proposal. The below figures assume that this office space is fully occupied while excluding the contribution of any other space on site. Office employment benchmarks (50 jobs per 1,000 sq.m) are used to calculate the indicative total jobs generated, as follows:
- Assuming the 114 - 120 Old Pittwater Road site is used as a traditional office, the building is projected to accommodate 783 persons in total on an ongoing basis. Taking a conservative view and allowing for an estimated 10% of the total increase to be because of reduced employment at existing facilities, net additional jobs are estimated at 705.
  - In addition to this direct employment, multiplier effects will flow through the local economy and indirectly generate additional employment opportunities through ancillary businesses/suppliers that support the development and services, as well as additional consumption expenditure by workers employed within the precinct (spending wages).
  - By using the appropriate ABS Input/Output Multipliers, it is estimated that an additional 669 jobs will be created indirectly. This assumes that 15,657 sq.m of office floorspace is occupied.
- v. Overall, some 1,373 jobs are likely to be created both directly and indirectly as a result of the planning proposal.
- vi. Based on Average Weekly Earnings data released by the ABS in November 2019 (Cat. 6302.0) the additional permanent employees would earn combined total salary/wages of some \$21.0 million (\$29,874 per worker per year) at the site, reflecting additional salary/wages for the local economy, as a direct result of the proposal.

**CHART 4.1. EMPLOYMENT GENERATED PER 1,000 SQ.M OF FLOORSPACE**



Source : Australian National Accounts: Input-Output Tables 1996-97, Cat 6302.0 Average Weekly Earnings, Australia

\* Includes Banks, Real Estate Agents etc

**TABLE 4.1. ONGOING EMPLOYMENT GENERATION**

Metric / Category	Est. Net Employment Increase <sup>1</sup>	Employment Multiplier Effects	Total Employment
<b>Ongoing Employment from Existing Floorspace</b>			
Commercial Floorspace @ 15,657 sq.m	705	669	1,373

1. Net increase includes an allowance for reduced employment levels at impacted centres estimated at 10% of the total increase

### 4.3. North District Regional Plan

- i. The North District Plan is a 20-year plan to manage growth in the context of economic, social and environmental matters to achieve the 40-year vision for Greater Sydney.
- ii. The document recognises there is no undeveloped industrial land in the Brookvale area and limited available land elsewhere in the North District. Lack of land, therefore, is not the issue for industrial land but the ability of that land to meet modern user requirements.
- iii. The Brookvale-Dee Why Strategic Centre provides the largest number of jobs on the Northern Beaches. The total number of jobs in the North District Plan is targeted to grow from 20,000 jobs in 2016 to 26,000 jobs by 2035.
- iv. The use of the office space on the subject site will help achieve the jobs growth target at this significant Strategic Centre without reducing the quantum of industrial zoned land and utilising existing infrastructure and built form.
- v. The key actions to strengthen Brookvale-Dee Why in the future include:
  - a) maintain the mix of uses so that Brookvale-Dee Why continues to perform strongly as a well-balanced, self-sustaining combined centre
  - b) encourage and support improvements to Warringah Mall and better integrate it within the fabric and life of Brookvale-Dee Why
  - c) recognise and enhance the economic and employment opportunities along Pittwater Road and encourage revitalisation along the commercial strip
  - d) promote walking, cycling and public transport to Warringah Mall, the Brookvale industrial area and Dee Why
  - e) encourage the establishment of new, innovative and creative industries in the Brookvale industrial area

- f) encourage new lifestyle and entertainment uses to activate local streets in Brookvale-Dee Why
  - g) improve connections between Brookvale-Dee Why and the Northern Beaches Hospital at Frenchs Forest
- vi. To achieve these goals, flexibility is key. Allowing greater flexibility at the subject site will enhance the opportunities to attract more innovative and creative industries, including over time advanced manufacturers and last mile delivery. The potential subject office users may be able to service a broad number of users in the Brookvale industrial precinct/Northern Beaches and not just one tenant (as required by its current configuration). This economies of scale will allow other firms, who do not have the demand for substantial head offices, to have the support services close by within this evolving precinct.
- vii. At a broader level, the planning proposal will increase the attractiveness of doing business in the Northern Beaches.

## 4.4. Use of Infrastructure

- i. As noted previously, the Planning Proposal will make better use of the substantial investment in the existing built form on the site.
- ii. Allowing the subject site to accommodate unrestricted offices would also make greater use of the existing infrastructure in the surrounding area. The greater level of employment which could be generated at the subject site would create additional workers travelling to Brookvale and making use of public transport and existing shopping facilities. It is also important to note that formerly occupied space at 114 - 120 Old Pittwater Road has caused a reduction in employment given that a large proportion of space is currently vacant.
- iii. As detailed earlier, Brookvale has a significant provision of public and private infrastructure, including:
  - The major provision of retail floorspace at Westfield Warringah Mall.
  - Public transport including a number of busses which run along the nearby Pittwater Road.
  - Proximity to surrounding residential areas which reduces the need for residents to travel to other commercial centres such as the Sydney CBD.
- iv. The *Towards 2040 - Local Strategic Planning Statement* details how Brookvale is the most accessible centre in the LGA (based on people who can get to it in 30 minutes by public transport). This highlights the resident populations accessibility to the precinct.

- v. Furthermore, Brookvale is recognised in the *Towards 2040 - Local Strategic Planning Statement* as an employment and innovation centre. It is the LGA's largest employment hub, accommodating one third of the LGA's jobs. The document states:

*Brookvale includes Warringah Mall, one of the largest malls in Greater Sydney and an example of the significant role of the private sector in strategic centres. It also includes a cluster of community infrastructure including the \$50 million Brookvale Community Health Centre opened February 2018, TAFE NSW, and Brookvale Oval, where a \$36 million centre of excellence was announced early 2019. Brookvale also includes organisations and businesses that offer social, lifestyle and community functions, such as Manly Warringah Leagues Club. The draft Brookvale Structure Plan, exhibited in 2017, supports an employment-based centre that is a great place to live and work, with more night-time activities for the young and culturally diverse population.*

- vi. For residents of Brookvale and surrounding suburbs, the increase of more labour intensive, office floorspace is likely to reduce the travel time to work. Table 4.2 provides a comparison of travel time to competing office precincts in Northern Sydney. Despite the existing transport networks, travel times are substantial for both private vehicles and public transport.

The parking limitations of competing commercial centres means that public transport is likely to be the favoured method of travel to work for most employees. As shown, access to the closest commercial centres (St Leonards, North Sydney and Chatswood) requires almost an hour of travel time. For residents of Brookvale travelling to these centres for work, this represents almost two hours of travel time on a daily basis.

**TABLE 4.2. OFFICE PRECINCT TRAVEL TIME COMPARISON**

Distance from Subject Site	Vehicle*		Public Transport**
	KM	Typical Mins	Typical Mins
St Leonards	13.2	20 - 45	52
North Sydney	13.2	20 - 45	54
Chatswood	13.4	16 - 30	53
Sydney CBD	15.8	22 - 55	39
Macquarie Park	20.5	26 - 50	80

\*Shortest Route

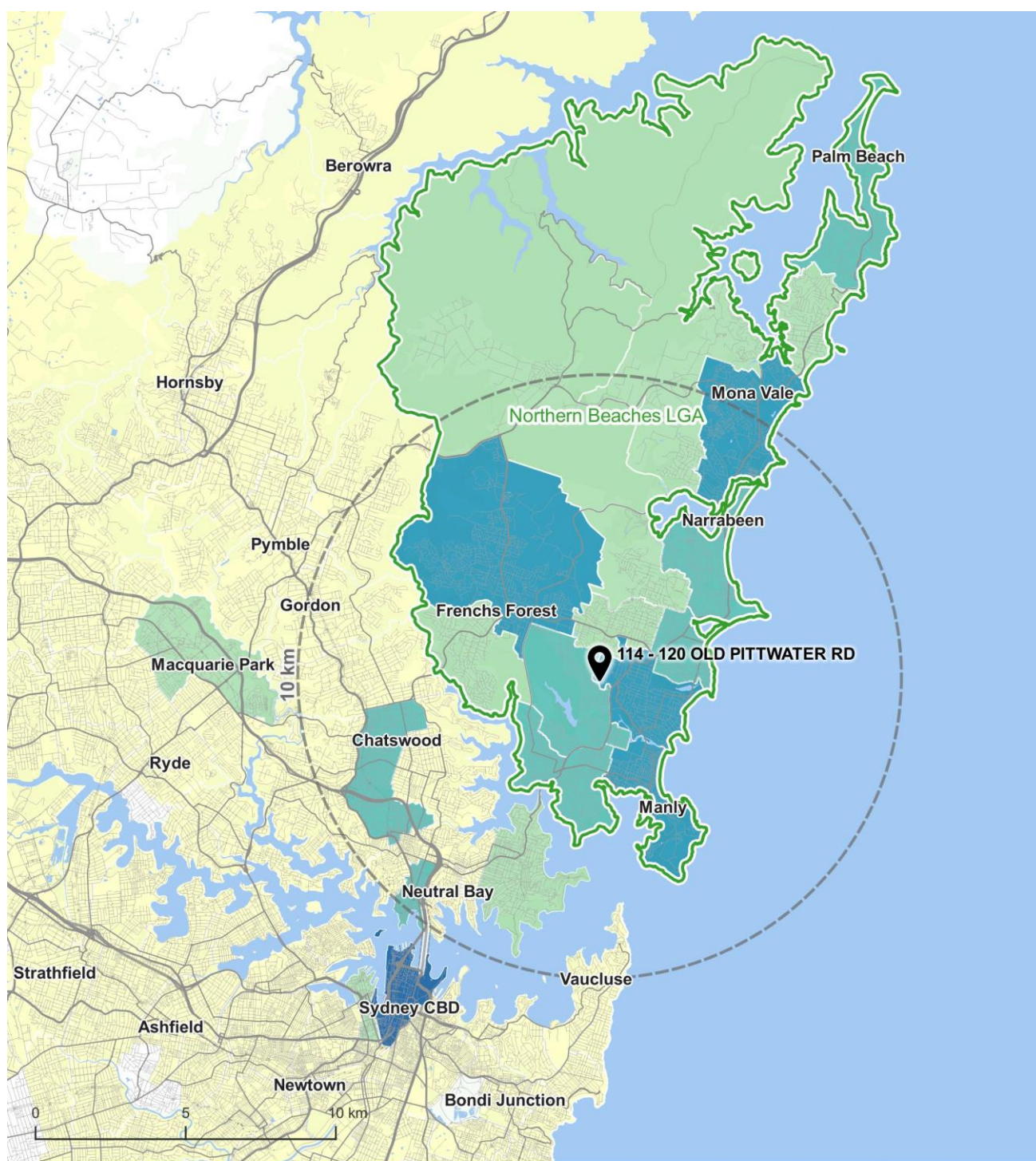
\*\*Fastest Option

- vii. Map 4.1 highlights where residents within the Northern Beaches LGA work, as sourced from the 2016 Census. Outside of the Northern Beaches LGA, high proportions are recorded in the suburbs of St Leonards, North Sydney as well as the Sydney CBD. These are mainly office precincts and the

retention of these jobs locally will result in positive economic benefits for local residents and businesses at Brookvale.

- viii. Map 4.2 presents similar information but for where workers within the Freshwater - Brookvale Statistical Area 2 (SA2) reside. High proportions are recorded at the Freshwater - Brookvale SA2 and the surrounding SA2's. Workers generally reside in close proximity of their place of work with centres further away drawing less workers.

## MAP 4.1. NORTHERN BEACHES LGA WHERE RESIDENTS WORK

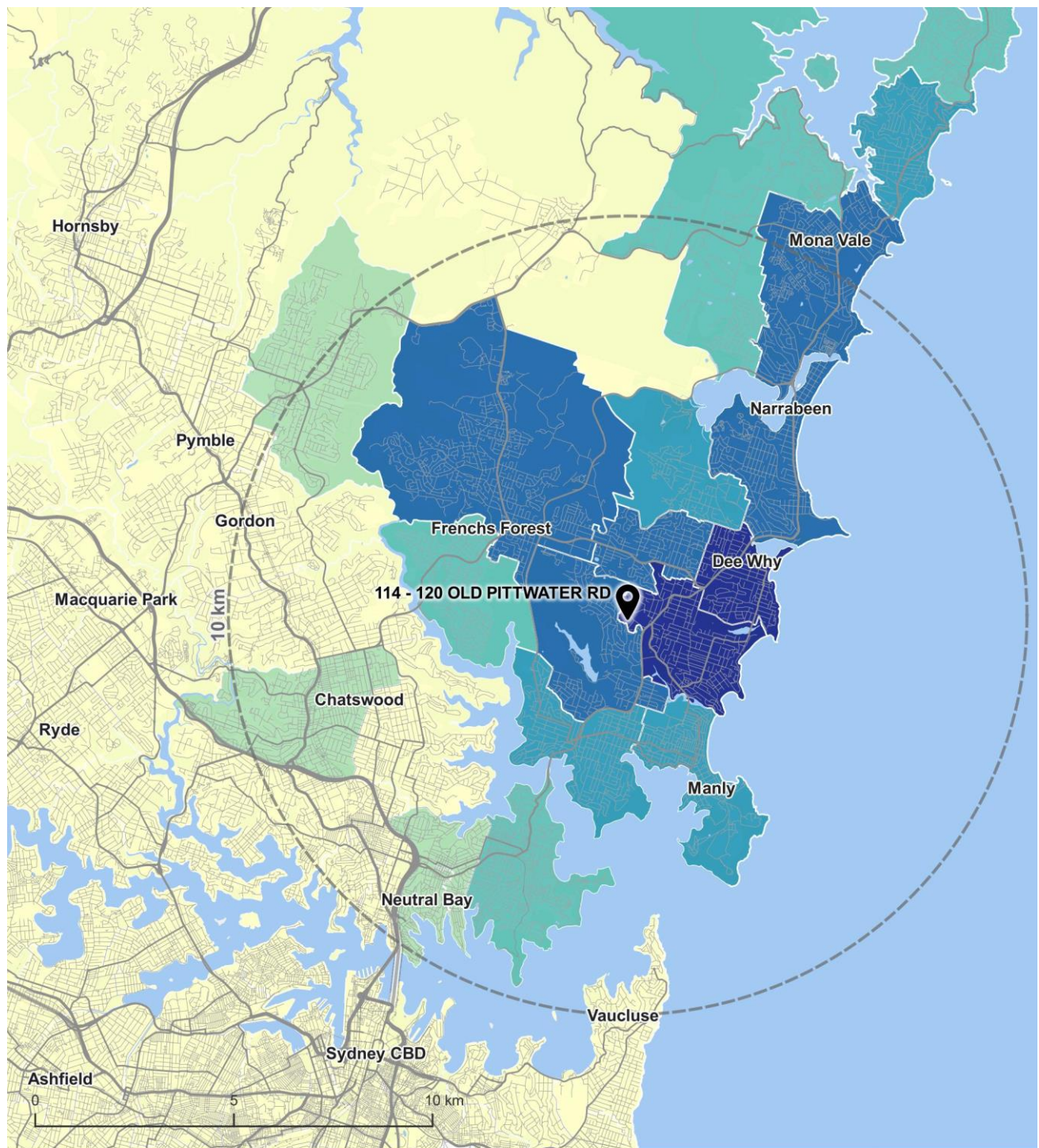


Northern Beaches LGA residents place of work (SA2)

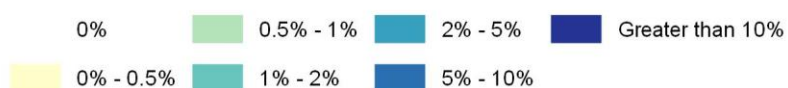




**MAP 4.2. FRESHWATER - BROOKVALE SA2 WHERE WORKERS RESIDE**



**Freshwater - Brookvale SA2 workers place of usual residence (SA2)**



## 4.5. Net Community Benefits

- i. It is the conclusion of this report that a substantial net community benefit would result from the subject proposal for 114 - 120 Old Pittwater Road. The substantial positive benefits include the following:
  - Continued economic use of existing valuable assets on the subject site, being modern office buildings.
  - Catering to modern innovative businesses with support services in an industrial precinct which is transitioning from traditional manufacturing to advanced manufacturing and last mile delivery.
  - Assisting with the economic viability of the precinct with flexible planning options where friction can often be created (and vacant buildings eventuate) when significant changes are occurring in the industrial built form space.
  - Significant improvement in the range of employment opportunities that would be available to residents of Brookvale and surrounding areas. In total, some 1,373 additional jobs are likely to be created both directly and indirectly due to the planning proposal.
  - Assisting the Northern Beaches LGA to achieve the employment targets for Brookvale as set out in the Towards 2040 - Local Strategic Planning Statement. This involves accommodating some 3,000 - 6,000 additional jobs over the period to 2036. It is important to note that these additional jobs will result from no change in floorspace (GLA).
  - Improving the choice of tenants looking for larger office space within Brookvale. The commercial core zoning within Brookvale is predominately controlled by one land owner currently (Westfield Warringah Mall) meaning commercial floorspace is limited.
  - Reducing the need for local residents to travel further afield to their place of work (i.e. improved employment self sufficiency).
  - Additional customer flows created through increased labour intensities which would increase retail spending within Brookvale, positively impacting on the existing retail facilities and make more efficient use of infrastructure in the precinct.
  - Contributing to the overall growth of Brookvale in line with its planning designation in the North Sydney District Plan and the *Towards 2040 - Local Strategic Planning Statement*.
- ii. It is concluded that the combination of the substantial positive economic impacts will particularly benefit Brookvale and the surrounding communities. No significant economic negatives are envisioned from the subject proposal.

- iii. Business precincts such as that which accommodates the subject site are commonly major employment hubs, although, Brookvale is not currently a major employment destination as compared with similar precincts throughout Sydney.



02 8248 0100  
Level 6, 56 Pitt Street  
Sydney NSW 2000  
[Locationiq.com.au](http://Locationiq.com.au)