

## **Draft Liverpool Industrial Land Study (SGS Economics and Planning)**

### Executive Summary

#### 1. Strategic Context

- The Greater Sydney Region Plan and the Western City District Plan highlight the importance of the provision industrial land, particularly with the significant amount of population growth expected in Western Sydney.
- The Greater Sydney Commission recognises the importance of retaining, growing and enhancing industrial and urban services lands and has established principles to protect and retain industrial and urban services lands including retain and manage, review and manage and plan and manage.
- Providing adequate industrial land in the West is important to allow for job growth, reducing the need for residents to commute to other parts of Sydney.
- Investment in significant infrastructure, including the Moorebank Intermodal Terminal and the WSA, is expected to boost Liverpool's economy, and provide opportunities for new employment in the region.
- The Western Sydney City Deal is centred on the opportunities provided by the WSA and the development of a surrounding Aerotropolis, which Liverpool is expected to benefit from through its catalysing effect on employment and increased investment.
- Future supply of industrial lands is limited and uncertainty over the delivery of the Western Sydney airport and Aerotropolis, which is stalling planning and investment decisions, may be contributing to the shortage.
- Industrial land take-up and industrial rental values are well above average in Greater Sydney and particularly in the west, with large lots attracting significant demand.
- Industrial land values have seen unprecedented growth, with large sites seeing the largest increases.

#### 2. Western City District Industrial Profile

- Development around the WSA, particularly in its initial years, is expected to focus on industrial uses in industries complementary to the aviation sector, including transport and logistics, which will rely on the provision of suitable industrial land.
- The local policy context is increasingly focusing on the opportunities provided by the establishment of the WSA, as well as the Health and Education Precinct, building on the strength of existing assets while also attracting further investment.
- The need to diversify Liverpool's economy to capitalise on high-growth sectors and value-adding opportunities is also noted.
- The Western City District has the greatest supply of developed, undeveloped and proposed employment lands.
- Manufacturing, Construction, Transport and Logistics and Wholesale Trade industries employ a large proportion of jobs in the Western District.
- These industries are forecast to grow considerably, playing an important role in the Western Sydney economy over the next 30 years. Transport and Logistics industries are forecast to grow almost three times their current sizes respectively over the next 30 years.

- Development of Moorebank Intermodal Terminal will be a significant player in driving demand for Transport and Logistics floorspace. It is important that established precincts and land under investigation appropriately support the growth of these industries, hence the importance of this study.
- Non-industrial uses such as Professional Services and Finance and Insurance Services are forecast to experience significant growth in employment lands. However, it is likely that land under investigation at Western Sydney Airport Growth Area will absorb the forecast growth of knowledge intensive jobs.

### 3. Liverpool's Industrial Profile

- There are 3,276 hectares of zoned and proposed employment lands in Liverpool LGA. Of the total, 1,116 hectares are zoned employment lands (developed and undeveloped) and the remainder is proposed employment lands. The proposed land under investigation for future employment lands are in the west of the LGA, around the Western Sydney Airport Growth Area.
- Industries operating in Liverpool's employment lands are predominately distributed across Liverpool LGA in the industrial zones and B5 (Business Development) zone. Notably, the IN1 (General Industrial) zone contains most of the LGA's employment lands. The uses operating in the IN1 (General Industrial) zone vary from large scale subregional uses to local urban services. The application of the IN1 (General Industrial) zone doesn't necessarily reflect the different locational needs of uses in the zone.
- The Manufacturing industry is currently the largest employers of industrial jobs in the LGA. Manufacturing in Liverpool is highly specialised and growing steadily compared to all employment lands in Western Sydney. Freight and logistics, Construction and Wholesale industries also have a degree of specialisation in Liverpool's employment lands. The concentration of these industries currently defines Liverpool's economy.
- Non-industrial jobs in employment lands are forecast to experience strong growth to 2046. The land under investigation at Western Sydney Airport Growth Area will likely absorb most of this growth given the plan to achieve an Aerotropolis with high value jobs.

### 4. Precinct profiling

The analysis has identified that there are clearly two types of industrial uses, local and subregional.

#### 4.1 Local industrial uses

Established employment lands in the east of the LGA such as Chipping Norton, Orange Grove, Sappho Road and part of Moorebank are more traditional urban services containing local light industrial uses that serve the local population such as automotive repair and maintenance, printing services, furniture wholesaling, building installation services and storage services. These precincts have almost reached capacity, with a small amount of undeveloped land remaining in Chipping Norton (1 Ha), Hoxton Park (1.5 Ha) and Moorebank/ Moorebank Defence Lands (1.5 Ha).

#### 4.2 Subregional industrial uses

Large format subregional industrial uses locate in precincts such as Yurrunga/Prestons and container operations such as road freight transport and various forms of manufacturing.

Recent development in these precincts (such as Yurrunga/Prestons) is skewed towards large-format strategic industrial operations such as freight and logistics – for example Toll and Aldi. These are important distribution facilities at a metro scale but do not necessarily have to locate in Liverpool. These types of businesses are more interested in access to proximity (including motorways, markets and airport etc) than the characteristics of the place they locate in.

In Liverpool, the precincts with capacity are mostly the subregional strategic industrial uses. Austral has recently been rezoned for employment lands. Whilst the uses in Austral are predominately vegetable growing, the precinct has the capacity to accommodate approximately 40 hectares future employment land. Yurrunga/Prestons precinct is strategically located within proximity to the M5 and M7 motorways to the south west of Liverpool and has 80 hectares of undeveloped zoned employment land, although the pace of development recently indicates that this is unlikely to still be the case.

Notably, much of the new development in established precincts includes facilities geared towards more of these large-format operators. Often, these new developments are driven by institutional investors and developers (for example Charter Hall), who prefer larger pre-committed tenants.

The proposed land currently under investigation for future employment uses will contribute to this capacity. Once rezoned for employment uses, the precincts under investigation including the Future Industrial (including Western Sydney Airport Growth Area), Rossmore and Kemps Creek precincts will provide 1,611 hectares of employment lands.

#### 5. Forecast demand and supply

While industrial land supply across the LGA exceed the future demand forecasts, it is not in the right place for certain industries. Subregional industries are likely to have sufficient supply, both in terms of undeveloped land and proposed future land around Western Sydney Airport.

Locally-focused industries however, that seek smaller sites and often close to businesses or residential populations, are under-provided for with only one undeveloped precinct (Austral) identified that suits these needs (although Cross Roads has the locational characteristics to play a role in supporting these industries also). This leaves an estimated 80 hectares unprovided for by 2036.

Exacerbating this constraint on current supply is the likelihood that larger precincts, such as the Moorebank intermodal terminal and adjacent business park, are likely to attract businesses from across Sydney, not just within Liverpool. These precincts already appear to be curating a mix of businesses, rather than simply providing new land for existing businesses in the surrounding area to expand into. This further erodes the ability of these sites to absorb future demand originating in the Liverpool LGA.

There are several potential future precincts close to Liverpool that may be able to provide additional IN2-zoned land. These are the southern portion of the Moorebank Defence Lands (north of the East Hills rail line) and Cross Roads).

The supply coming online over the next twenty years, both in Liverpool and across into Penrith, is likely to meet the demand for these larger-scale industrial operations. Recent developments in precincts such as Prestons and the Moorebank Business Park are an example of this type of development.

What is not being adequately provided for are local precincts supporting a diverse range of business close to established centres or markets. These are the local industrial precincts with urban service or local light industry uses (such as storage, machinery and equipment repair, construction supplies and food manufacturing). These industries comprise of businesses that require smaller lots and proximity to customers or suppliers and are less resilient to relocate than footloose businesses.

With much of the remaining supply being taken up by larger industries and new supply catering towards these businesses, the needs of smaller-scale, locally-focused urban services and other mixed industry businesses are not being met. This gives rise to what could be considered the industrial equivalent of the Missing Middle.

The challenge therefore for Liverpool City Council is accommodating the future growth of urban services land, by identifying suitable locations for such precincts, and ensuring prioritisation of servicing to accommodate short-to-medium term growth and providing suitable locations to support the continued growth of the Industrial Missing Middle.

## 6. Recommendations

### Ensure Sufficient Supply

- 1.1 Retain and protect all existing industrial precincts in the LGA that is not identified as required as part of the Collaboration Area Place Strategy
- 1.2 Identify and zone suitable sites for new IN2 (Light Industrial) land east of Kemps creek.
- 1.3 Consider remaining SP2-zoned land on former Moorebank Defence lands precinct for IN2.
- 1.4 Rezone Cross Roads IN3 zone to IN2
- 1.5 Understand the role of Western Sydney Airport Growth Area
- 1.6 Concentrate future IN1 and IN3 land provision in the proposed future industrial lands around Western Sydney Airport
- 1.7 Ensure sufficient supply of IN2-zoned land around Western Sydney Airport
- 1.8 Co-ordinate land release and utility connections, with priority on servicing Austral first
- 1.9 Increase connectivity to public transport
- 1.10 Plan for future industrial lands to West of LGA once Outer Sydney Orbital corridor is confirmed

### Manage Industrial Precincts

- 2.1 Review permissible uses in IN1, IN2 and IN3 zones to more clearly demarcate the role and function of current and future zones

2.2 Review operating permits in the IN1 zone to ensure precincts maximise their role and align with zone intent.

2.3 Apply maximum lot size requirements in IN2 zones (up to 1 hectare)

2.4 Introduce B7 zoning into Liverpool LEP and re-zone the Warwick Farm/Scrivener Street precinct (currently IN1) to align with Liverpool Heath and Education precinct growth

2.5 Encourage industrial uses permissible in B6 zone to locate along Hume Highway corridor and restrict in IN zones

2.6 Increase building height limits and Floorspace ratio controls in IN1 and IN3 zones to encourage innovative and higher density industrial land uses.

### Economic Development Initiatives

3.1 Continue to engage with and support smaller-scale local businesses, via Council's Economic Development team, to understand their locational and operational needs

3.2 Work with South West Sydney Local Health District, Ingham Institute and Universities to identify specific built form and land-use requirements for future high-tech development

3.3 Partner with TAFE NSW and other vocational training providers to align skills of the local population to the skill requirements of jobs in the local economy.

3.4 Continue to strengthen engagement with Moorebank Intermodal Terminal, through ongoing engagement with council's Economic Development Team

3.5 Retain the Rural zoning of land to the west of the LGA to retain the opportunity for a future agribusiness function aligned with the Western Sydney Airport freight function