

# North-South Corridor Study

Prepared for Penrith City Council

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Images: MDRX, Saberwyn, Sardaka



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\* This document is for discussion purposes only unless signed and dated by the persons identified. This document has been reviewed by the Project Director.

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## Executive Summary

Penrith is one of Sydney's fastest-growing local government areas (LGA). Home to 201,000 people in 2016, the population is anticipated to grow to 353,000 by 2036. Similarly, employment is expected to grow from 79,900 jobs in 2016 to 120,000 jobs in 2036. The proposed Western Sydney International Airport, Aerotropolis and supporting transport infrastructure, such as Sydney Metro Western Sydney Airport will bring significant opportunities for growth and diversification of employment in Penrith, particularly in the so-called Economic Triangle extending east-west from St. Marys to Penrith and North South between the Main Western Rail Line and the Western Sydney Aerotropolis.

Through a review of strategic assets and economic and market drivers across Penrith's employment precincts, this Study provides recommendations on how Council can build on the LGA's existing strengths and maximise the opportunities from growth and investment within the Western Parkland City. These recommendations will inform Council's program of planning and economic development activities over the short, medium and long term.

Seven broad-scale recommendations are identified as follows:

- **Industry research:** This will allow Council to remain aware of key commercial, retail and industrial sectoral trends and recent market activity of relevance to the Economic Triangle. This will also be critical in generating and responding to investor leads.
- **Proactive marketing:** The development of targeted marketing material and participation in various networking activities, Council can target key audiences to promote a consistent message that Penrith is an attractive location for industry to relocate and/or expand.
- **Active investment and development:** As a major landowner, Council could take a proactive approach in investment and development. Underutilised or surplus sites could be developed for commercial development to improve the quality of office supply in the precinct. Council should actively review their property portfolio to identify opportunities for development.
- **Monitoring commercial and employment stock:** Tracking industry and market activity allows the viability of different precincts to be tracked and ensure there is capacity to meet forecast demand. It is recommended that Council performs periodic reviews of the employment composition in the LGA every five years.
- **Prioritising place-making as a key driver of employment growth:** Place-making, improved public realm and pedestrian connectivity are critical to increasing the attractiveness of employment centres. Recommended priorities for place-making and structure planning initiatives within the Economic Triangle include Penrith CBD, The Quarter, St Marys and Orchard Hills.
- **Collaborating and advocating for local infrastructure investment:** Council has an important role in capitalising on its local knowledge to assist in the identification and prioritisation of infrastructure needs. Sequencing of growth and staging of infrastructure delivery is important to economic viability of the precincts.

- **Protecting employment capacity in centres:** It is important for Council to continue to monitor capacity for various types of employment activity in consideration of global and local trends influencing the LGA. Improved transport accessibility will increase the desirability of station catchments for housing growth. When addressing residential demand, it is important to safeguard employment floorspace to ensure long term economic viability of centres.

Precinct-specific recommendations of the Study are summarised in Table ii below:

Table ii – Precinct-specific recommendations	
Precinct	Recommendations
<b>Existing centres</b>	
Penrith CBD	<ul style="list-style-type: none"> <li>• Develop a Penrith CBD branding campaign to attract new businesses and occupiers to the CBD.</li> <li>• Host a biannual Penrith CBD Economic Forum for landowners, businesses and industry to promote the CBD and engage with local stakeholders.</li> <li>• Focus efforts on place amenity to create a “buzz” – attract food/beverage and arts/entertainment offerings.</li> <li>• Make small-scale improvements to public domain, public art, connectivity, and safety.</li> <li>• Consider pedestrianising selected blocks.</li> <li>• Ensure any redevelopment improves street activity and encourage Westfield to improve street engagement.</li> <li>• Investigate Council's property portfolio and identify surplus or underutilised sites which could be developed.</li> </ul>
The Quarter (Kingswood)	<ul style="list-style-type: none"> <li>• Use LEP or DCP controls to target the unconstrained east side of hospital for improved place amenity and critical mass of food and retail.</li> <li>• Establish public open space, and improve pedestrian amenity, adjacent to the hospital.</li> <li>• Investigate the need for FSR incentives for commercial development.</li> <li>• Active approach in securing occupier interest from research institutes and the medical industry.</li> <li>• Continue to participate in The Quarter leadership group to lobby government and industry in accordance with <i>The Quarter Action Plan 2017-2021</i>.</li> <li>• Assess the capacity of surrounding residential zoned land beyond the B4 Mixed Use precinct to accommodate additional growth over the longer-term to provide more demand for local retail and food services.</li> </ul>
St Marys	<ul style="list-style-type: none"> <li>• Consider pedestrianising Queen St and/or Station St to enhance sense of place.</li> </ul>



**Table ii – Precinct-specific recommendations**

	<ul style="list-style-type: none"> <li>• Protect existing employment land from rezoning despite pressure from Sydney Metro line.</li> <li>• Support higher intensity use on employment land i.e. "creative industrial" or knowledge-based industrial, with appropriate planning controls in LEP and DCP.</li> <li>• Engage with Sydney Metro to take an active approach in the planning for the Sydney Metro Over Station Development.</li> <li>• Investigate Council's property portfolio and identify surplus or underutilised sites which could be developed.</li> <li>• Consider how to protect access for freight movements adjacent to residential zoning.</li> </ul>
<b>Infill precincts</b>	
Jamisontown (South Penrith)	<ul style="list-style-type: none"> <li>• Prepare a place vision and strategy for retention of the bulky goods and industrial functions and development of the tourism function linked to the Nepean River.</li> <li>• Ensure that industrial users are not threatened by land use conflict from nearby current and future residential population.</li> <li>• Work with TfNSW to improve public transport accessibility and seek measures to avoid road congestion.</li> <li>• Engage with existing businesses to hear feedback and address concerns.</li> </ul>
North Penrith	<ul style="list-style-type: none"> <li>• Protect from land use conflict by restricting residential growth nearby and along key freight transport routes.</li> <li>• Engage with businesses to understand needs and concerns.</li> </ul>
North St Marys	<ul style="list-style-type: none"> <li>• Allow for limited intensification near the station, but keep strong protections in remainder of precinct to allow industrial activity to continue.</li> <li>• Protect access for freight movements near residential areas.</li> <li>• Engage with existing businesses.</li> <li>• Progress planning for employment zoned land within <i>Sydney REP No 30 – St Marys</i>.</li> </ul>
<b>Greenfield precincts</b>	
Penrith Lakes	<ul style="list-style-type: none"> <li>• Advocate for DCP controls that ensure development feasibility and high job intensity while capitalising on natural amenity.</li> </ul>
Orchard Hills	<ul style="list-style-type: none"> <li>• Lead structure planning for the station precinct and investigation area.</li> </ul>
Science Park	<ul style="list-style-type: none"> <li>• Participate in discussions with DPIE and landowner to ensure master planning process establishes a unique identity and accounts for complementary precincts elsewhere in Penrith LGA.</li> <li>• Keep protection for employment capacity.</li> </ul>
Northern Gateway	<ul style="list-style-type: none"> <li>• Work with DPIE to ensure the area will be Penrith-facing as well as airport-facing.</li> </ul>

Table ii – Precinct-specific recommendations	
	<ul style="list-style-type: none"> <li>• Advocate and plan for north-south road connections toward Science Park, Orchard Hills, and the M4, including the Outer Sydney Orbital and new arterial roads.</li> <li>• Advocate for logical sequencing and funding for road and utility infrastructure.</li> </ul>
Western Sydney Employment Area and Mamre Road	<ul style="list-style-type: none"> <li>• Support landowners to develop intermodal terminal.</li> <li>• Ensure that Mamre Road toward M4 does not become constrained due to residential neighbours.</li> <li>• Advocate for logical sequencing and funding for road and utility infrastructure.</li> <li>• Advocate for more east-west connections toward Fairfield and Luddenham.</li> </ul>

To assist Council in developing its employment precincts to optimise their attractiveness to target businesses, the Study also identifies the key site selection criteria of different businesses types, as summarised in Table ii below.

Table ii – Site selection criteria		
Commercial	Industrial	Retail
<ul style="list-style-type: none"> <li>• Employee amenity</li> <li>• Access to public transport</li> <li>• Labour force pool</li> <li>• Proximity to key markets and catchments</li> <li>• Critical mass</li> <li>• Suitability for particular operation types (headquarters vs operations vs satellite)</li> </ul>	<ul style="list-style-type: none"> <li>• Proximity to motorways and arterial roads</li> <li>• Site accessibility</li> <li>• Proximity to key markets and catchments</li> <li>• Land size</li> <li>• Land use separation</li> <li>• Services</li> <li>• Operating hours</li> </ul>	<ul style="list-style-type: none"> <li>• Population size</li> <li>• Population demographics</li> <li>• Surrounding retailers</li> <li>• Accessibility (preferably by multiple transport modes)</li> <li>• Exposure to pedestrian and/or vehicular traffic</li> </ul>

# 1 Introduction

The Penrith LGA is centrally located in the Western Parkland City – one of the three cities defined by the Greater Sydney Region Plan – and contains the metropolitan cluster of Greater Penrith as well as the strategic centre of St Marys. To the south is the Western Sydney International Airport, as well as the Aerotropolis, which extends into Penrith LGA.

The Penrith LGA has a strategic location within the Western Parkland City. Its existing road and rail infrastructure provides passenger and freight connections to the Eastern and Central Cities, as well as regional NSW. The development of Sydney Metro Western Sydney Airport metro line will see the Penrith LGA acting as an interchange and connection node between east-west and north-south economic corridors.

The development of the Western Sydney International Airport and the surrounding Western Sydney Aerotropolis will fundamentally change the future of the Penrith LGA, acting as a catalyst to bring greater economic opportunities including more jobs and new industries supported by the airport, the Aerotropolis, the Penrith Economic Triangle as well as associated city-shaping infrastructure projects.

This Study examines the economic and market conditions under which different types of business and residential activity in various precincts within the Economic Triangle operate and thrive. It outlines the unique features, role, function and economic performance of each precinct in the context of the LGA as well as the broader region. It aims to examine how the precincts interrelate and complement each other, and how existing attributes and planned government investment can be leveraged to maximise future growth.

With the large number of emerging precincts in the area, alongside the revolutionary impact of the Western Sydney International Airport and Aerotropolis, this study will inform a unified and coordinated approach to both the existing and developing precincts within the study area. This study will assist Council in developing strategic planning and economic objectives in line with the Local Strategic Planning Statement (LSPS), the Greater Sydney Region Plan and the Western City District Plan. In conjunction with other studies and strategies, this document will assist Council in responding effectively to the challenges and growth opportunities in the study area, helping to guide decisions regarding current and potential future land uses. The approach this Study takes is detailed further in Section 1.2 below.

## 1.1 Study Area

The main focus of this Study is Penrith's Economic Triangle shown in Figure 1. Historically, Penrith's employment centres were focused along the East–West corridor between Penrith and St Marys including the T1 railway line and Great Western Highway. Strategic planning activities, such as release of land in the Western Sydney Employment Area and the upcoming opportunities provided by the Western Sydney International Airport and Aerotropolis, will expand Penrith's East–West corridor into a triangle of economic opportunity.



The Economic Triangle contains a combination of established areas, primarily in the north of the triangle, as well as emerging and growing greenfield areas, running north–south. Precincts examined in detail in this report include:

- **Existing centres:**

- Penrith CBD
- The Quarter (Kingswood)
- St Marys

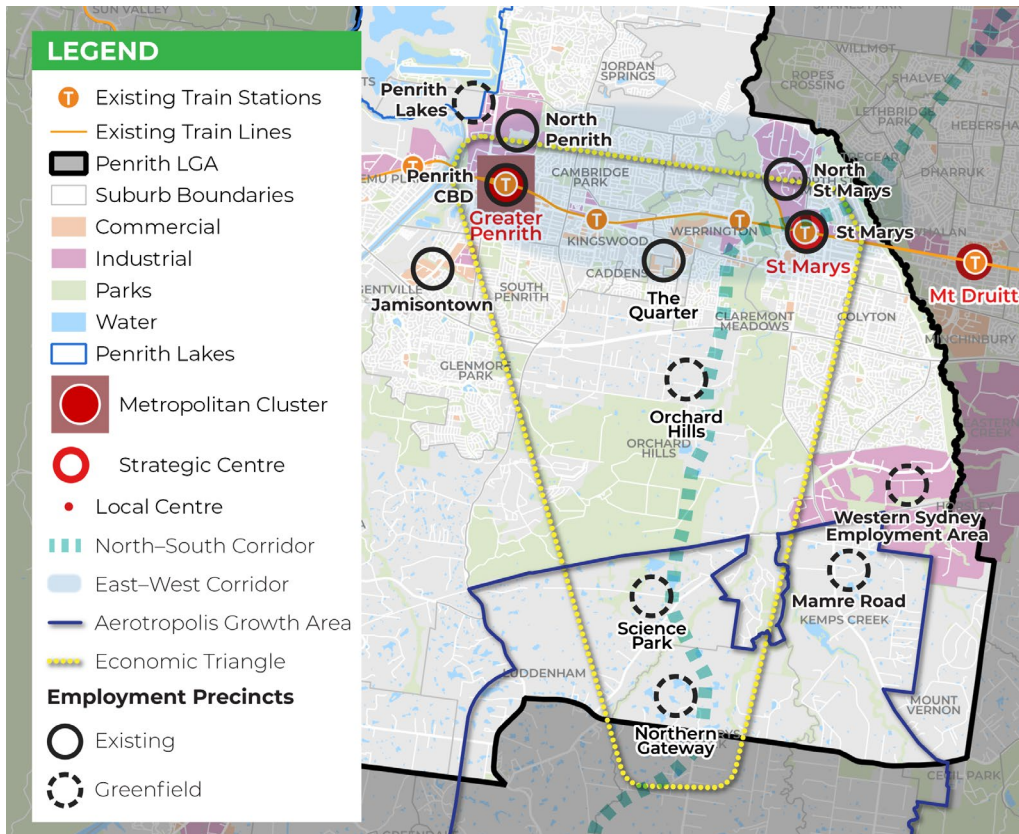
- **Infill precincts:**

- Jamisontown (South Penrith)
- North Penrith
- North St Marys

- **Greenfield precincts:**

- Penrith Lakes Employment Lands
- Orchard Hills
- Science Park
- Northern Gateway (outside of Science Park)
- Western Sydney Employment Area and Mamre Road.

While the primary focus of this study is the Economic Triangle and the precincts listed above, LGA-wide statistics alongside metropolitan comparisons are also provided where relevant for additional context.



**Figure 1 Study area and employment precincts examined in this Study**

Source: Mecone

## 1.2 Approach

This Study is the outcome of collaboration across a project team led by Mecone with inputs from Atlas Urban Economics. It outlines a series of insights and observations based on a desktop review of relevant material and targeted consultation with sales and leasing agents across the LGA.

Key tasks undertaken to complete the project include:

- Review of the LGA's demographic profile, economy, transport and land use characteristics
- Review of the strategic context, including the Greater Sydney Region Plan, Western City District Plan, Penrith LSPS as well as supporting studies and strategies, and other relevant planning initiatives
- Review of employment precincts within the study area, including the analysis of their unique features, economic role and function, planning framework, development trends, market observations, opportunities and constraints
- Consideration of the broader land use and economic trends affecting the future of employment within the LGA
- Consideration of the key factors affecting the locational decision making of businesses

- Development of recommendations for the Penrith LGA's employment precincts to inform Council's program of planning and economic development activities over the short, medium and long term

#### Source of data for employment and population projections

The employment and population projections used in this report are based on the Travel Zone Projections 2019 (TZP19)<sup>1</sup> produced by Transport for NSW. These projections are commonly used for a range of strategic and policy work across government and the private sector.

TZP19 is considered the most appropriate set of projections in this case due to its sector-based detail provided at small geographies (Travel Zone level).

TZP19 projections are based on a 'top-down' methodology representing one likely scenario using available data, trends and the understanding of policy/structural changes that may impact the future.

The projections do not specifically consider the impact of the COVID-19 pandemic. While the pandemic is expected to influence population, housing and jobs growth, its local, national and global impacts are yet to be fully understood and considered as part of the Government's recovery effort.

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<sup>1</sup> <https://www.transport.nsw.gov.au/data-and-research/forecasts-and-projections/travel-zone-projections-2019-tzp19>



## 2 LGA Snapshot

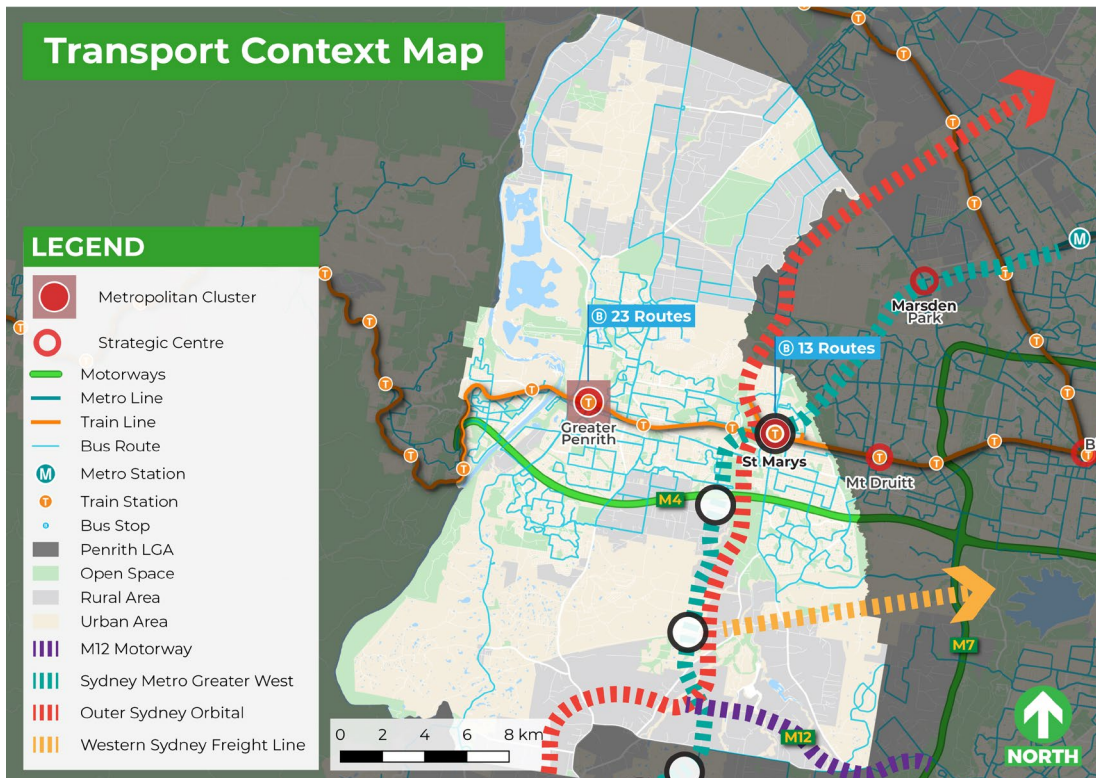
Penrith LGA is a large and diverse part of the Western Parkland City, anchored by the metropolitan cluster of Penrith. The LGA reaches east-west from the Nepean River to South Creek and north-south from Agnes Banks to Luddenham. Penrith LGA was home to 201,000 people and 79,900 jobs in 2016. Based on pre-COVID projections, by 2036 it is estimated that there will be approximately 151,500 additional people residing in the LGA – equivalent to an annual growth rate of 3.8%.



**Figure 2 LGA location context map**

Source: Mecone

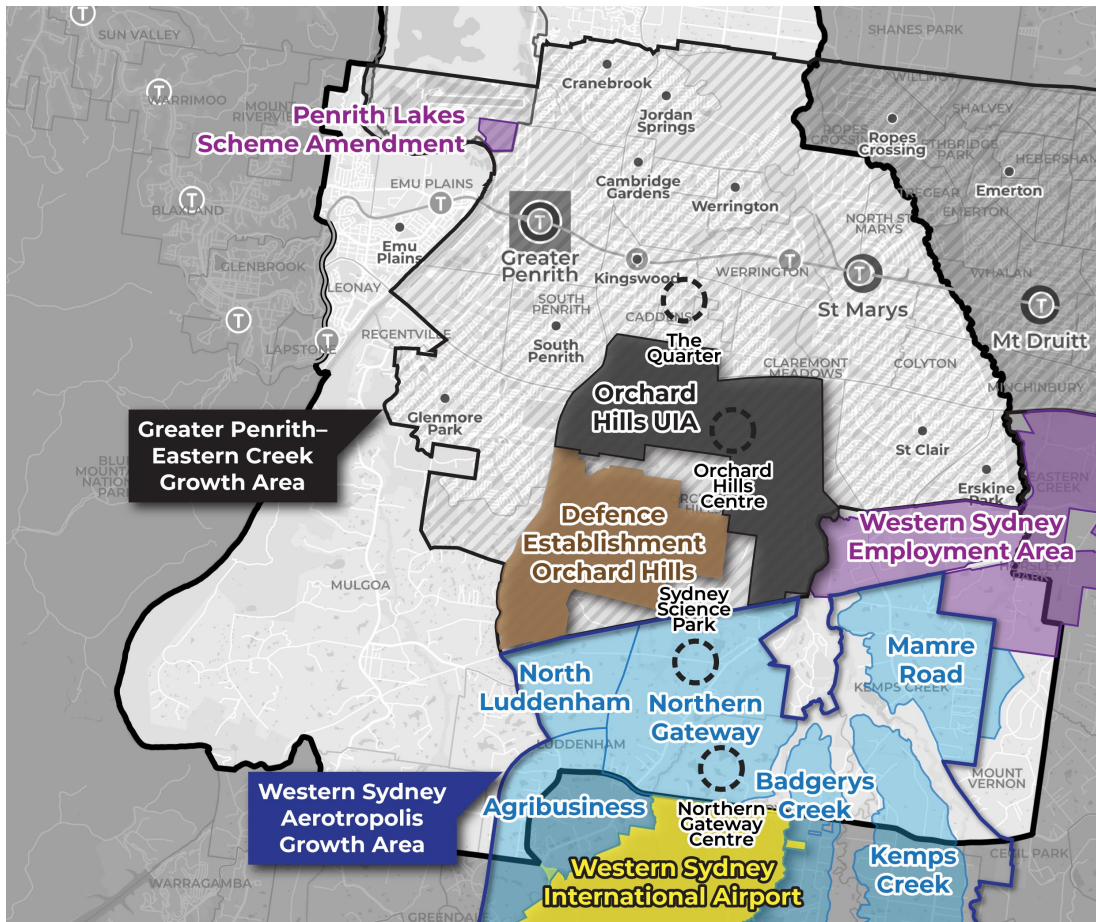
Penrith LGA's strategic advantages lie in its existing economic assets, proximity to and relationship with high growth residential and economic centres, its role as the gateway to the Blue Mountains and great transport connectivity enabled by significant existing and planned transport infrastructure. The LGA provides increasingly attractive employment lands due to its high degree of connectivity to other parts of Greater Sydney, regional NSW, and interstate and international markets. The following map shows the multiple transport projects planned in the Penrith LGA, including the M12 Motorway, Outer Sydney Orbital, Western Sydney Freight Line, as well as the various stages of Sydney Metro Western Sydney Airport (St Marys to Western Sydney Airport/Aerotropolis, Tallawong to St Marys, and a longer-term extension towards Campbelltown/Macarthur).



**Figure 3 LGA transport context map**

Source: Mecone

Penrith LGA also features several major planning precincts, including Greater Penrith–Eastern Creek (GPEC) Growth Area, Western Sydney Employment Area, Orchard Hills Urban Investigation Area (UIA), as well as several precincts of the Aerotropolis, including the Northern Gateway, North Luddenham, Badgerys Creek, Kemps Creek, Mamre Road and Agribusiness. These precincts are shown in Figure 4 and described in further detail in Chapter 6 of this report.

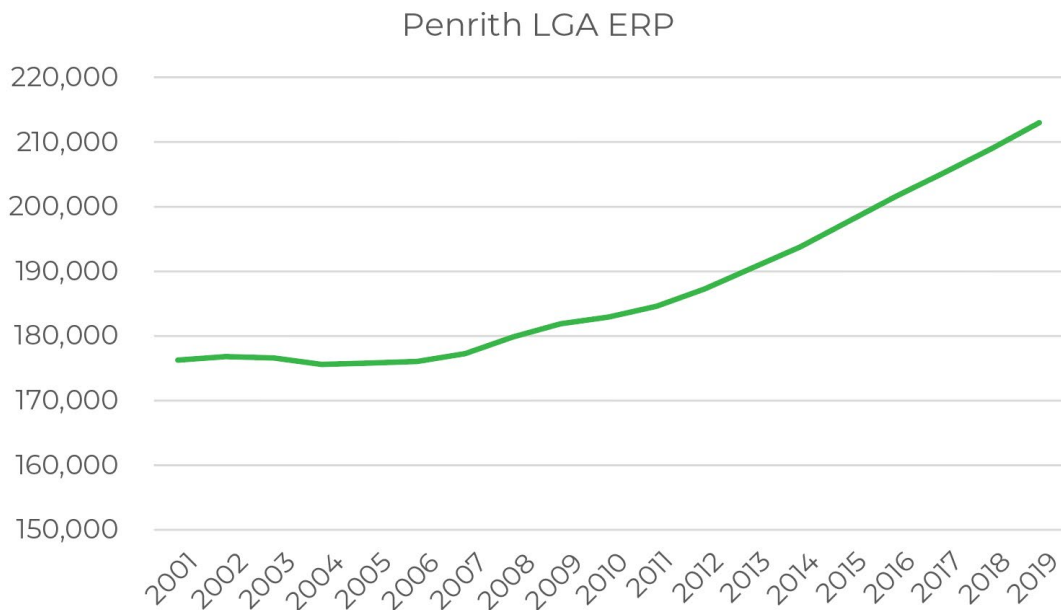


**Figure 4 Major planning precincts in the Penrith area**

Source: Mecone

## 2.1 Population

As an LGA with considerable greenfield land, Penrith has seen significant population growth in recent years. After a period of relative population stability up until 2006, Penrith's population grew by 37,000 people (21%) with the ABS estimating a resident population of 213,000 persons in 2019.

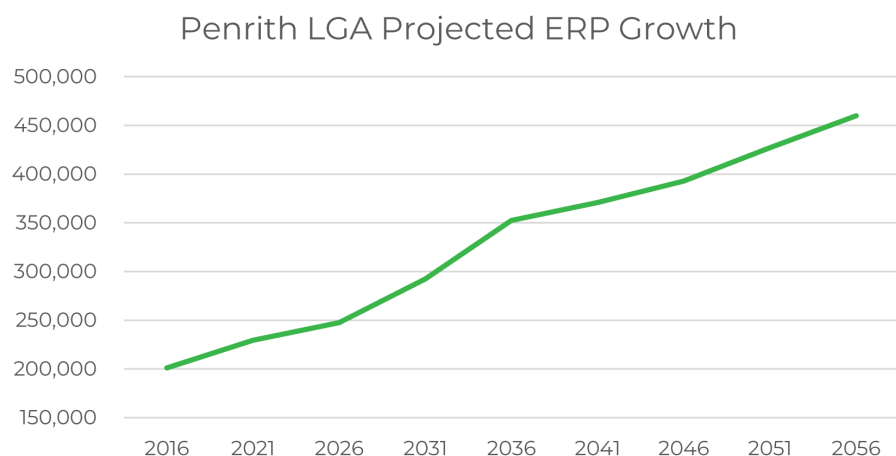


**Figure 5 Historical estimated resident population in Penrith LGA**

Source: Mecone with data from ABS.Stat

Transport for NSW's Travel Zone Projections 2019 (TZP19) provide the NSW Government's view on future population growth in five-year intervals at a travel zone and LGA level. TZP19 identifies that the Penrith LGA is expected to see growth that will be significantly higher than historical population growth, with a 75% increase over its 2016 population by 2036 and 129% by 2056. It is noted that TZP19 was released prior to the onset of COVID-19, which will likely affect future population growth.

Between the 2006 and 2016 censuses, the average annual population growth in Penrith was 2,386. Between 2016 and 2036, annual population growth is expected to be 7,575 – more than triple the rate of growth experienced between 2006 and 2016.



**Figure 6 Pre-COVID projected population growth to 2056**

Source: Mecone with data from TZP19

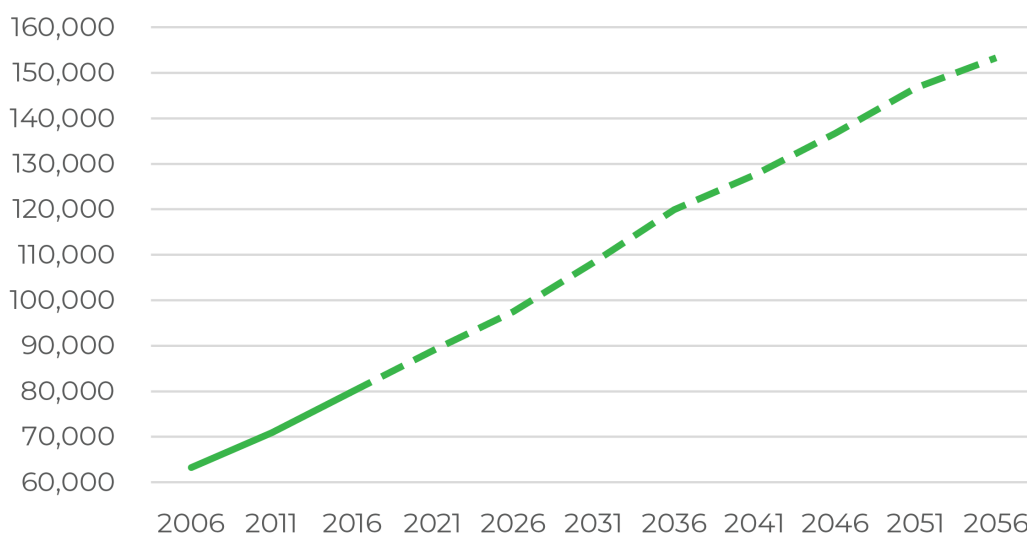
The significant growth in population will require a commensurate growth in jobs to provide local employment for Penrith's new residents. Forecast employment growth is discussed further in the following section.



## 2.2 Employment

In 2016, the Penrith LGA had approximately 79,900 jobs. Figure 7 shows TZP19's projection for jobs growth in the Penrith LGA. The annual employment growth rate is expected to increase by only 20%, from 1,665 during 2006–2016 to 2,000 between 2016–2036. As mentioned previously, the rate of annual population growth is expected to increase by over 300%. This will result in an increasing gap between population and local jobs, which is further examined in the next section on workforce.

### Penrith LGA Historical and Projected Jobs Growth



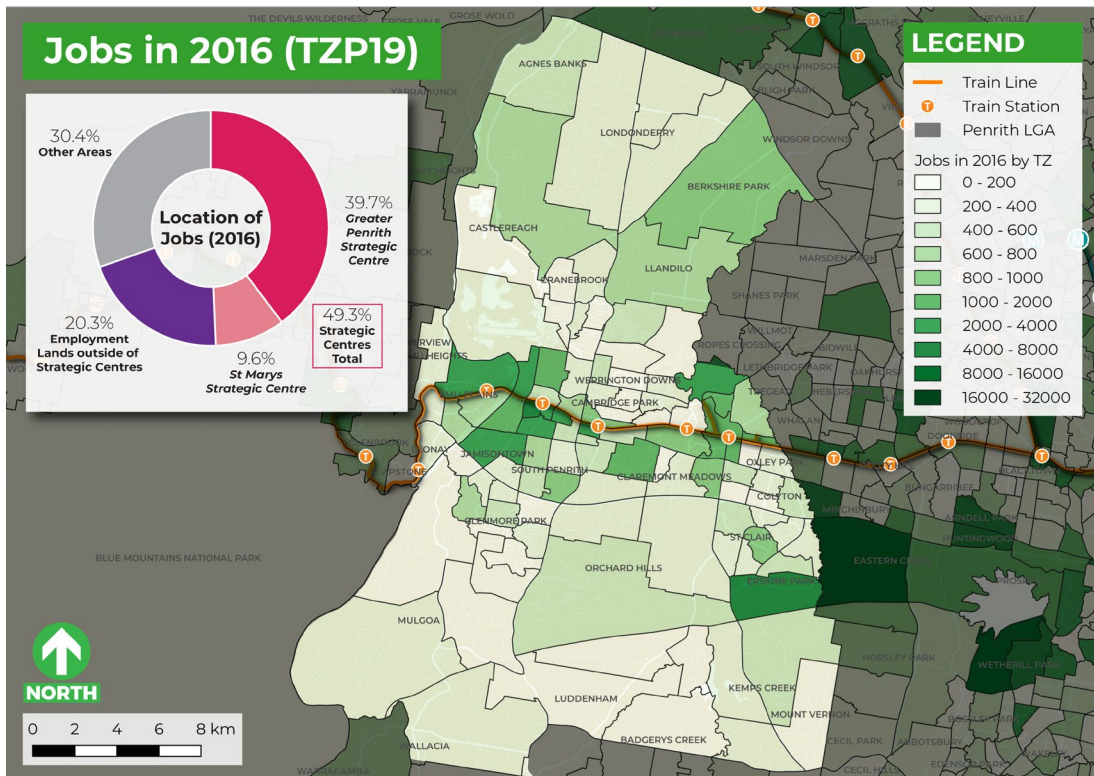
**Figure 7 Historical and projected jobs growth in the Penrith LGA**

Source: Mecone with data from TZP12, TZP16 v1.51 and TZP19

### 2.2.1 Location of jobs

Figure 8 shows the location of jobs in the Penrith LGA in 2016. It identifies a concentration of jobs along the T1 railway line between Penrith and St Marys, incorporating the WSU Werrington Campus and Penrith Health precinct. Additionally, high concentration of jobs is also seen in the Erskine Park area, which forms part of the Western Sydney Employment Area.

Analysis of TZP19 data shows that almost 50% of jobs in the LGA are located in the strategic centres that run along the T1 railway line. Of these, approximately 40% of the LGA's jobs are in the Greater Penrith Strategic Centre and 10% in the St Marys Strategic Centre. Existing employment lands outside of strategic centres, namely, the Western Sydney Employment Area, account for 20% of jobs. The remaining 30% of the LGA's jobs are dispersed throughout the remainder of the LGA, such as in local centres, agricultural areas, or home-based.

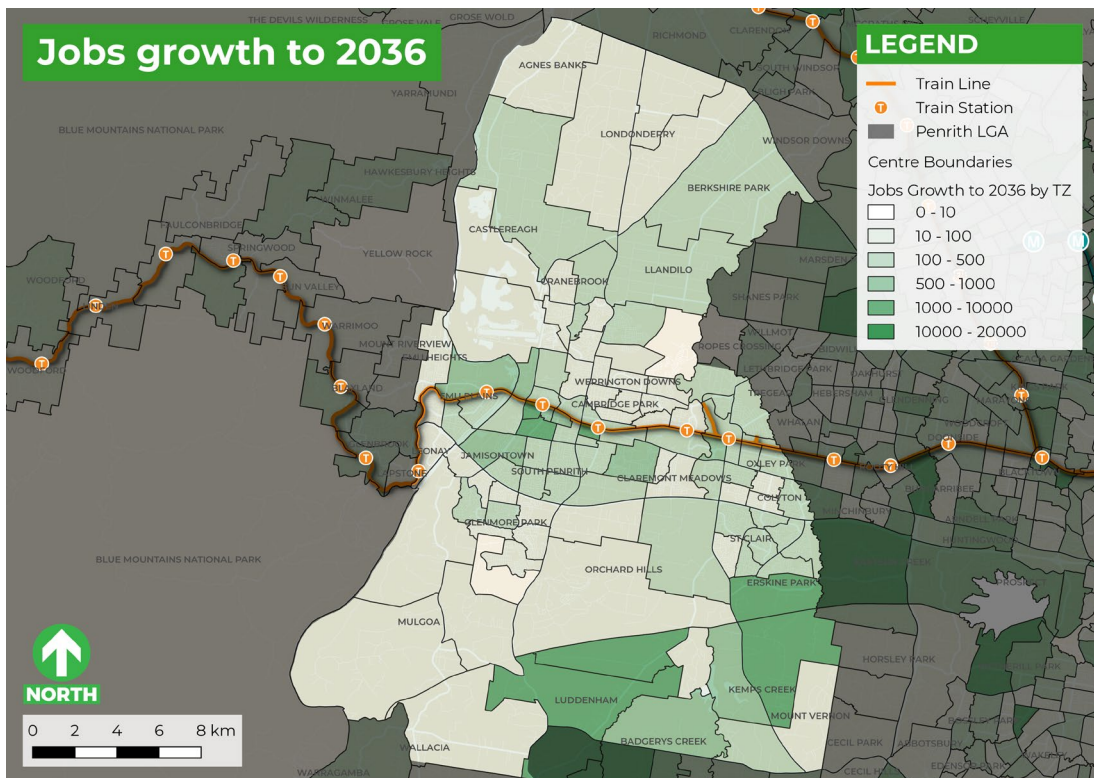


**Figure 8 Current location of jobs by travel zone**

Source: Mecone with data from TZP19

Figure 9 identifies the areas with the most significant jobs growth to 2036 being in the south of the LGA around the Western Sydney Employment Area and the northern section of the Aerotropolis. Significant growth is also expected in the Greater Penrith strategic centre.



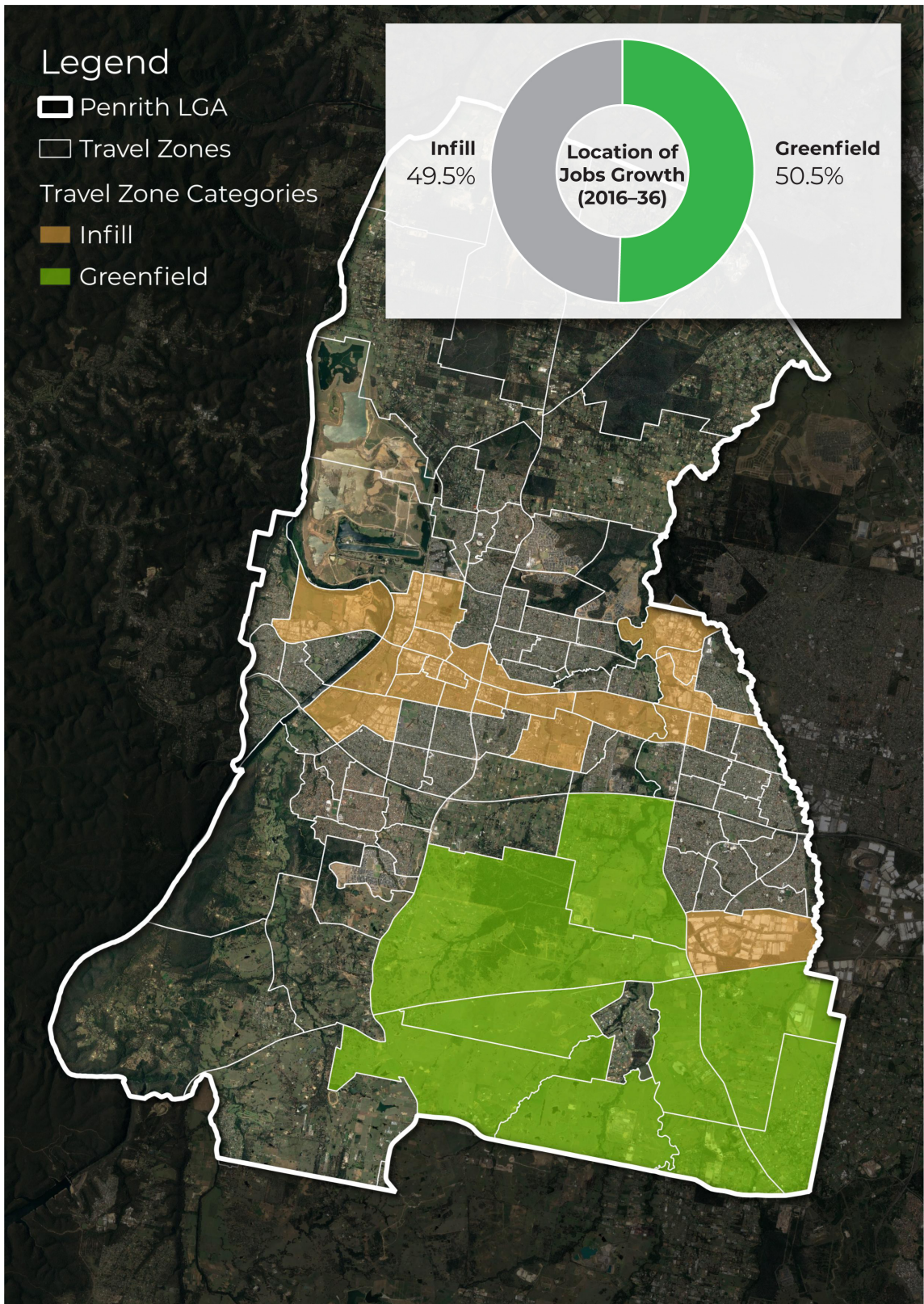


**Figure 9 Expected location of jobs growth from 2016–2036**

Source: Mecone with data from TZP19

Categorising travel zones into greenfield and infill areas, an analysis of the projection data in TZP19 shows an almost even split between jobs growth in infill areas (49.5%) and greenfield areas (50.5%) in Penrith LGA, with close to 16,000 new jobs expected to be created in greenfield areas by 2036.

This significant growth in greenfield areas allows for the opportunity to create well-designed precincts from the ground up; however, this presents a number of challenges. Greenfield developments require significant financial planning and commitment, with delivery potentially taking several years or even a decade or more. Additionally, perception of place may take time to change with employers potentially not wanting to move into an untested area immediately.



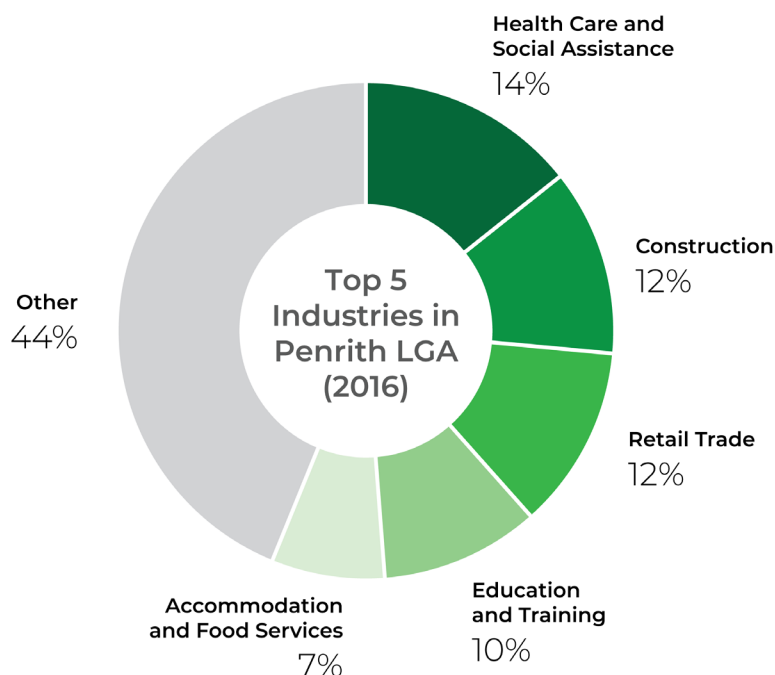
**Figure 10 Location of greenfield and infill employment lands**

Source: Mecone with data from TZP19



## 2.2.2 Employment sectors and specialisation

The largest industry in the Penrith LGA is health care and social assistance at 14% of all jobs, followed by construction (12%), retail trade (12%), education and training (10%) and accommodation and food services (7%). The remaining 28 industries comprise 44% of the total jobs in the Penrith LGA.



**Figure 11 Top 5 industries in the Penrith LGA**

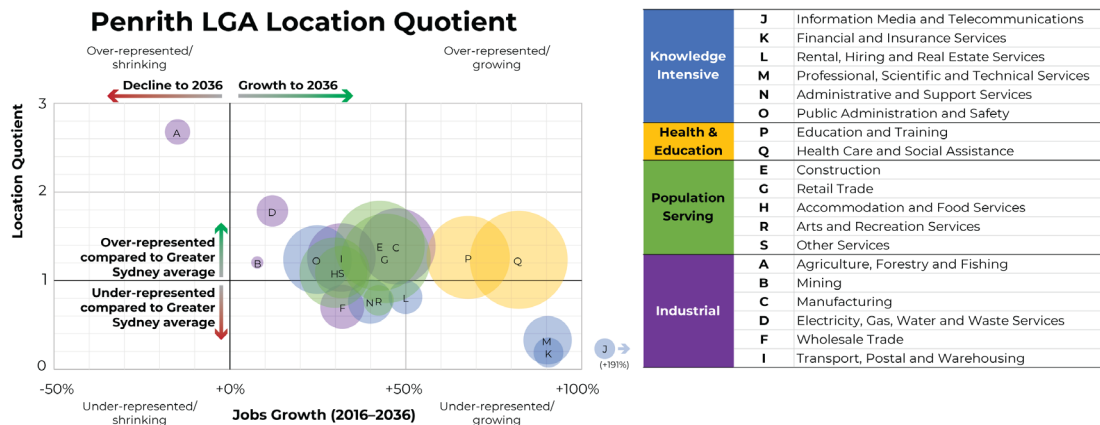
Source: Mecone with data from TZP19

A location quotient analysis was undertaken to examine the extent of industry specialisation across the LGA (See Figure 12). A location quotient analysis is a way of quantifying how concentrated a particular industry is in one particular area compared to a broader region. It can reveal what makes a particular area 'unique' in comparison to the regional average.

The size of each 'bubble' on the graph represents the size of the industry as a proportion of total LGA jobs.

The vertical axis shows the location quotient – that is the size of the industry as a proportion of total jobs for the LGA, compared to the same ratio for Greater Sydney as a whole. A location quotient of more than one indicates industry clustering that is higher than Greater Sydney average. Industries with high location quotient are important because they tend to have an export orientation and bring revenue into the LGA.

The horizontal axis on the graph shows the percentage employment growth to 2036 for a particular industry.



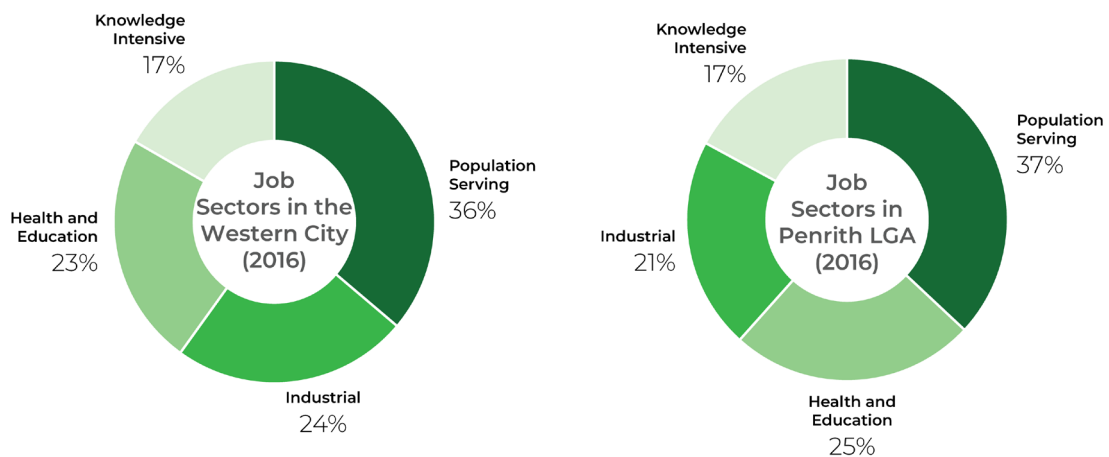
**Figure 12 Location quotient for Penrith LGA**

Source: Mecone with data from TZP19

The location quotient analysis identifies only one industry which is expected to decline in job count to 2036, being 'agriculture, forestry and fishing'. The industries within the health and education sector are amongst the largest within the LGA, whilst at the same time also expected to see amongst the most significant growth in the LGA. A number of industries within the knowledge-intensive sector (namely, 'information media and telecommunications', 'professional, scientific and technical services' and 'financial and insurance services') are currently underrepresented in the LGA but are expected to almost double in size to 2036.

Figure 13 reflects industry specialisation by the Big Industry Categories of population serving, health and education, knowledge intensive and industrial.

Compared to the broader Western Parkland City, Penrith LGA generally has similar proportion of jobs in all Big Industry Categories with a slightly lower representation of industrial jobs and slightly higher representation of health and education jobs.

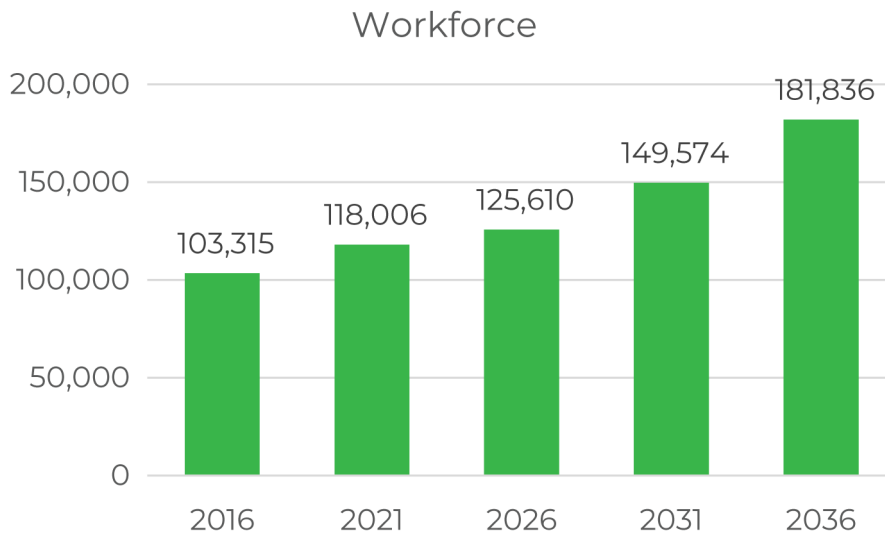


**Figure 13 Comparison of job sectors in Penrith LGA with the Western Parkland City**

Source: Mecone with data from TZP19

## 2.3 Workforce

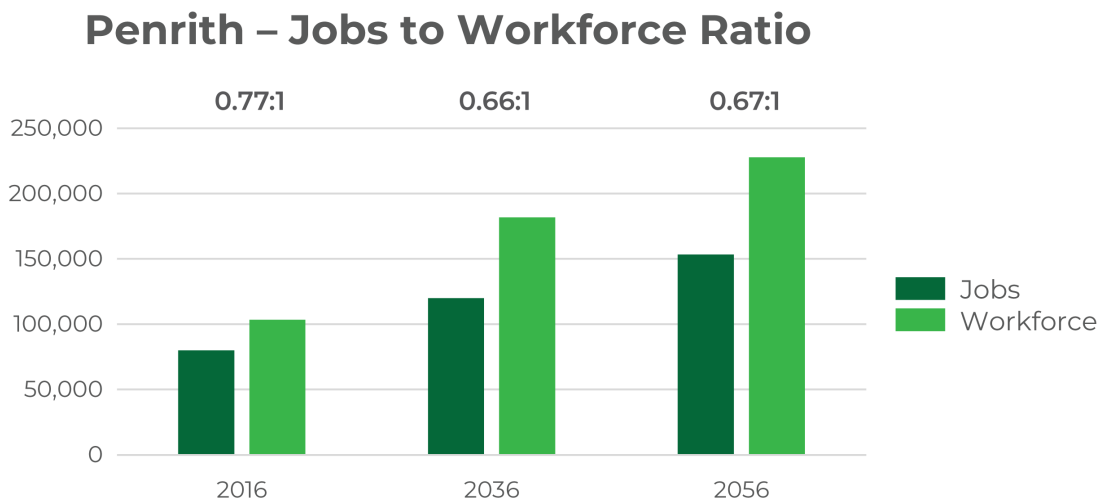
As Penrith's population grows, workforce is also expected to increase by 76% between 2016 to 2036, from 103,300 to 181,800.



**Figure 14 Projected workforce growth in Penrith LGA**

Source: Mecone with data from TZP19

However, Penrith LGA will also be experiencing a larger disparity between jobs and workforce in the future, with workforce growth expected to grow at a faster rate than jobs growth. This will result in a decline of Penrith's jobs-to-workforce ratio from 0.77:1 in 2016, down to 0.66:1 in 2036.

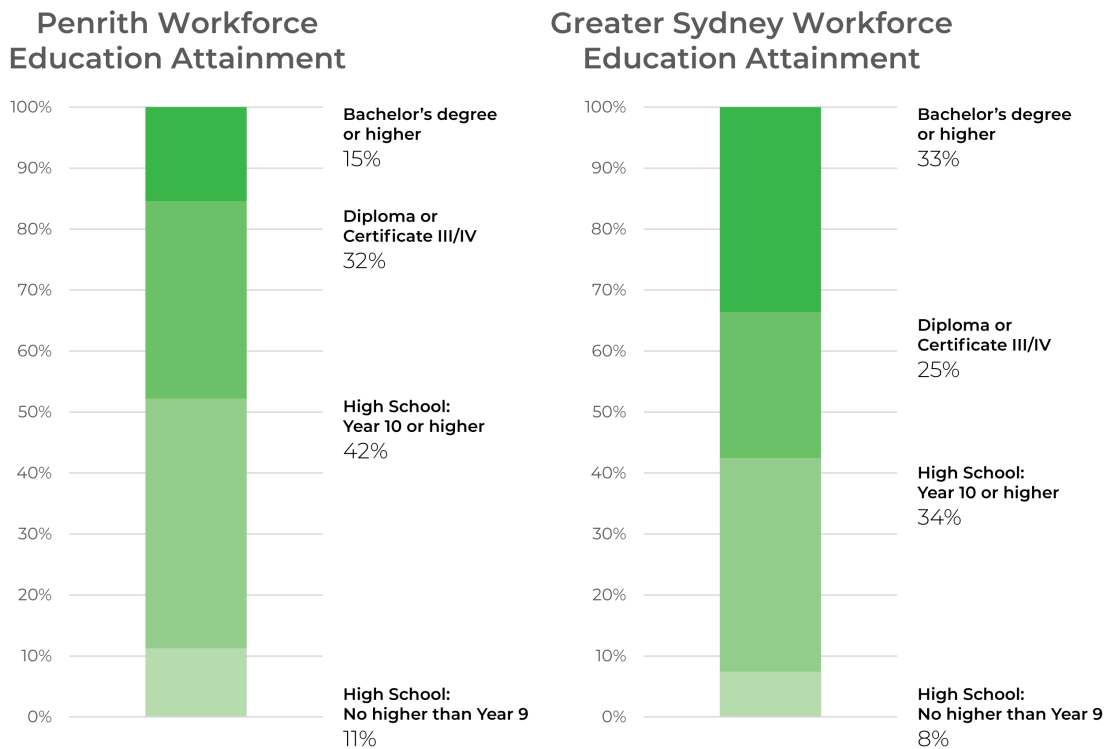


**Figure 15 The growing gap between jobs and workforce**

Source: Mecone with data from TZP19

It is also relevant to consider whether Penrith's workforce will have the skills required for new jobs being created in the Penrith LGA, particularly for new industries expected to develop as a result of the Western Sydney International Airport and the Aerotropolis.

Historically, Penrith's workforce has had a lower share of workers with higher levels of educational attainment, with only 15% having attained a bachelor's degree or above, compared to the Greater Sydney average of 33%, as shown in Figure 16.



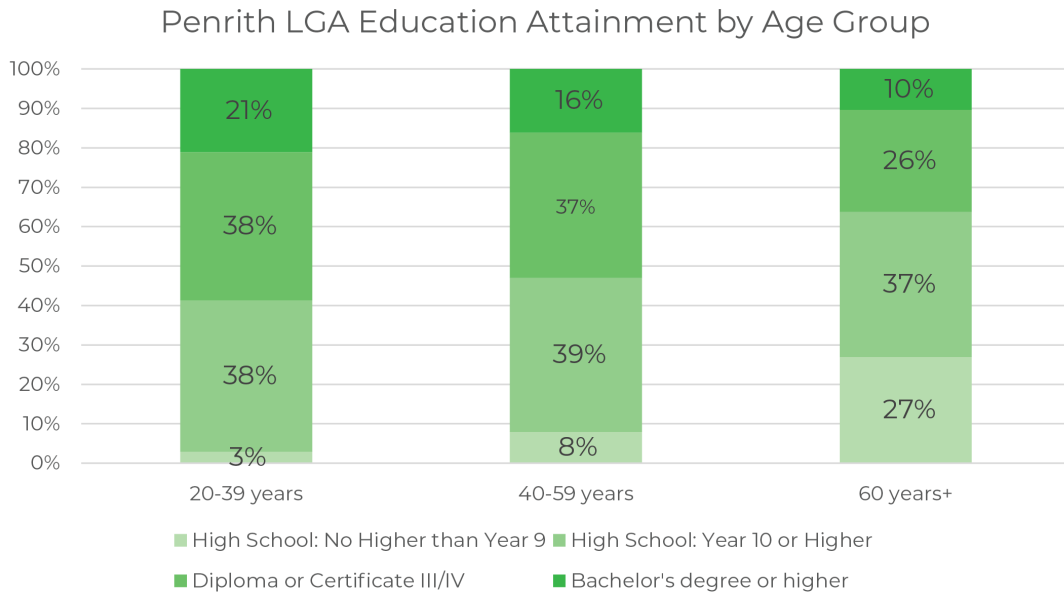
**Figure 16 Education attainment in Penrith LGA compared to Greater Sydney**

Source: Mecone with data from ABS Census 2016

However, a whole-of-workforce view of educational attainment provides limited insights into the changing nature of Penrith's workforce. When Penrith's residents are grouped into 20-year age cohorts, it becomes evident that there is a trend towards higher levels of education attainment for younger people. Compared to the over-60s age group, residents in the 20–39 age group have over double the bachelor's degree or higher attainment (21% versus 10%).

As the older and less-educated age groups gradually continue to age and reach retirement, they will form an ever-decreasing percentage of workers in the LGA. With the trend of increasing in the younger age groups, Penrith's workforce will become better suited to the needs of potentially more specialised and knowledge-based jobs expected to develop in the future.

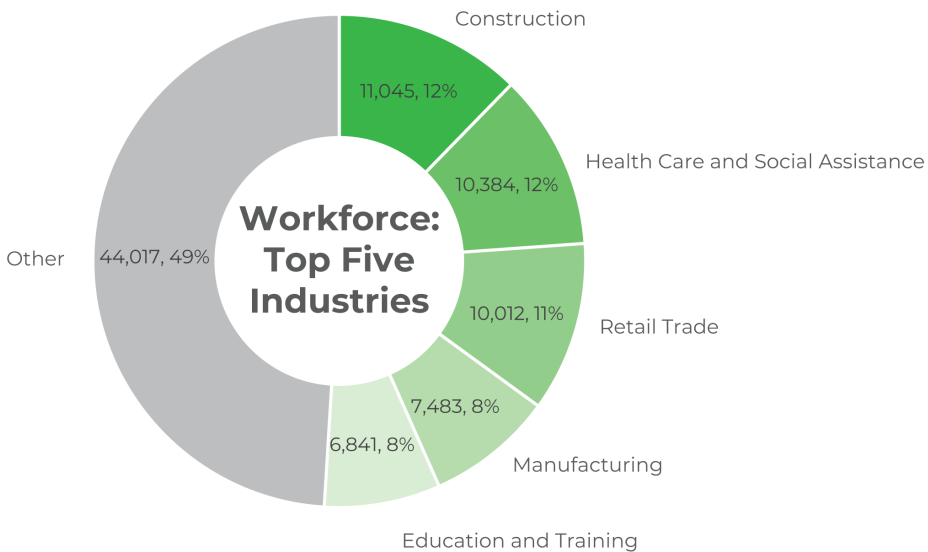




**Figure 17 Education attainment in Penrith LGA by age group**

Source: Mecone with data from ABS Census 2016

Currently in the Penrith LGA, the top five industries for its workforce are construction (12%), health care and social assistance (12%), retail trade (11%), manufacturing (8%) and education and training (8%). The remaining 28 industries comprise 49% of the LGA's workforce's jobs.

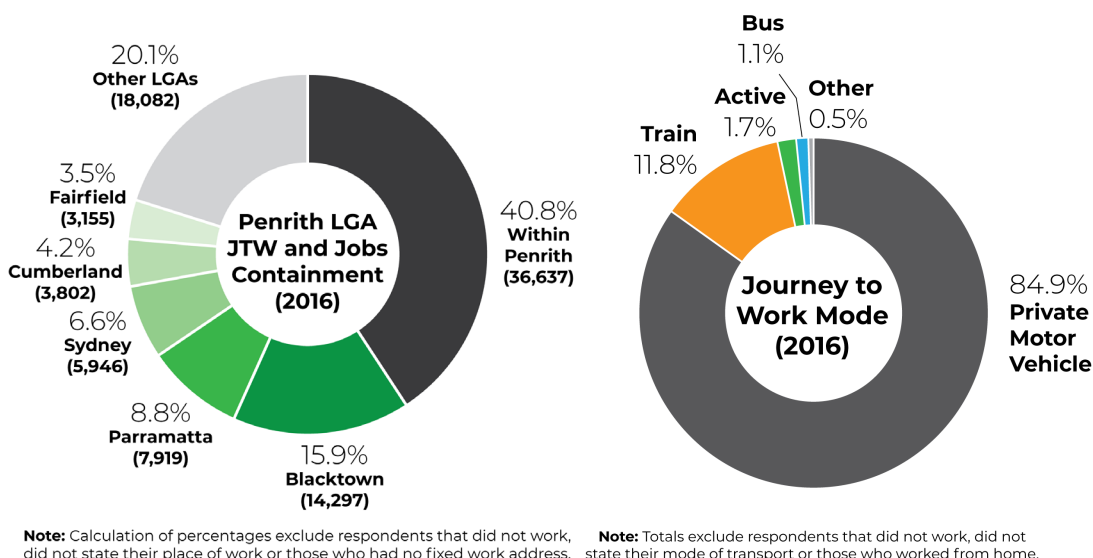


**Figure 18 Top 5 industries for the workforce of the Penrith LGA in 2016**

Source: Mecone with data from TZP19

## 2.4 Transport Accessibility

Analysis of the 2016 ABS Census reveals that there is a reasonable amount of job containment, with more than half of Penrith's residents' jobs located either in Penrith LGA (40.8%) or the neighbouring LGA of Blacktown (15.9%). Other significant journey to work destinations include Parramatta (8.8%), Sydney (6.6%), Cumberland (4.2%) and Fairfield (3.5%). The remainder of the State's LGAs comprise 20.1% of journey to work trips.



**Figure 19 Journey to work destinations and modes for Penrith LGA residents**

Source: Mecone with data from ABS Census 2016

Analysis of the mode of journey to work trips shows that the Penrith LGA is very car-centric, with trips in private motor vehicles comprising 84.9% of all journey to work trips. The second most utilised mode, train, has a significantly smaller share of 11.8%. This is followed by active transport (such as cycling and walking) at 1.7% and only 1.1% for bus. However, the dependence on the motor vehicle may decrease in the future with significant investments in public transport expected for the area.

## 2.5 Market Context

### 2.5.1 Existing Supply and Role

The Economic Triangle includes the vast majority of the Penrith LGA's industrial, commercial and retail floorspace, totalling almost 2,400,000 sqm across its established centres and employment precincts. A breakdown of floorspace by type (office, retail, industrial) is shown in Table 1.

Table 1 – Existing Floorspace, Penrith Economic Triangle				
Precinct	Commercial (sqm)	Retail (sqm)	Industrial (sqm)	Total (sqm)
Penrith CBD	152,974	214,440	-	367,414
Kingswood	17,003	4,085	-	21,088
St Marys CBD	8,636	101,287	-	109,923
Jamisontown	3,211	187,712	201,277	392,200
Penrith North	-	41,915	455,428	497,343
St Marys North	-	43,445	920,591	964,036
Total	181,824	592,884	1,577,296	2,352,004

Source: Atlas/Empirical CRE

At some 180,000 sqm of commercial floorspace, the Economic Triangle is not a major commercial office market compared to other Western Sydney markets such as Liverpool (270,000 sqm) or Norwest/Bella Vista (280,000 sqm).

Conversely, the Economic Triangle comprises a large supply of retail floorspace at just under 600,000 sqm. The Penrith CBD and Jamisontown precincts in particular are major contributors – Westfield Penrith is the seventh largest Westfield shopping centre in NSW whilst the Penrith Homemaker Centre (Jamisontown) is the second largest large format retail precinct in Australia.

Lastly, the three major industrial precincts within Penrith's Economic Triangle (Jamisontown, North Penrith, St Marys North) are major sources of economic and employment activity within the Penrith LGA. Comprising some 626ha of land, these three precincts collectively account for around 40% of the Penrith LGA's total industrial land supply and just over 10% of the broader Western Parkland City market.

These precincts have a distinct role and function from a market perspective which is discussed in Chapter 6.

## 2.5.2 Competitive context

All property markets operate within a competitive context. The principle of substitutability reflects that where accommodation is unavailable in one market, occupiers will seek accommodation in most comparable alternative. Alternative markets may be within or outside planning or administrative (LGA) boundaries.

Market investigations, including discussions with local agents and businesses, indicate that the many occupiers within the Economic Triangle's various established precincts, are location orientated. These occupiers must locate within their respective precincts in order to service their local clientele. Other occupiers are more agnostic about location and would locate in markets outside the Penrith LGA, subject to other key requirements being met.

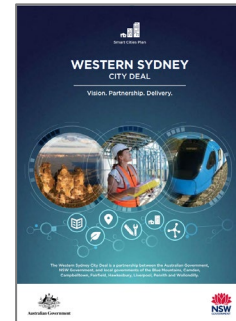
Looking forward, the Western Sydney Aerotropolis is expected to be a major competitor to many of the existing precincts within the Economic Triangle. New master planned centres at Science Park and Aerotropolis Core will undoubtedly compete with the existing centres of Penrith and St Marys. The vast extent of employment lands across the Aerotropolis will also invariably compete with Penrith LGA precincts such as North Penrith and St Marys North, along with other industrial lands across Western Parkland City, given their locational characteristics suit a mix of common industrial occupiers.

### 3 Review of strategic planning

A large number of strategic planning documents apply to the Penrith LGA. This section reviews these plans' relevant outcomes and actions in relation to the LGA.

#### 3.1 Commonwealth plans

**Western Sydney City Deal (2016):** The Western Sydney City Deal is a unique collaborative partnership plan across the Australian Government, NSW Government and eight local governments in Western Sydney. The City Deal includes 38 commitments in order to create world-class jobs and a great quality of life through the vision of the Western Parkland City.



The Western Sydney City Deal delivers on the Smart Cities Plan (by the Australian Government) and the Western City District Plan (the NSW Government).

Penrith is recognised as a key growth city due to its unique position at the intersection of the existing east-west links between Parramatta and Sydney and emerging north-south links to the Western Sydney Airport.

The following key commitments are made for Penrith:

- The Australian and NSW Governments will deliver the first stage of 'Sydney Metro – Western Sydney Airport';
- The NSW Government will establish rapid bus services from Penrith to Western Sydney Airport;
- The Australian Government will establish the National Disability Insurance Scheme Quality and Safeguards Commission in Penrith, creating up to 150 new jobs in Western Sydney.
- The Australian Government will release the Penrith Multi-User Depot for sale, to be used to support jobs growth in the Penrith CBD.

The City Deal identifies that investment by the university sector particularly in fields associated with the airport is expected to bring opportunities to Penrith. The Greater Penrith to Eastern Creek corridor is expected to be a new growth area for housing, integrated with transport and social infrastructure.

#### 3.2 State and regional plans

**Future Transport 2056 (2018):** Future Transport 2056 sets out a 40-year vision and strategy for transport in NSW. The Plan acknowledges the vital role transport plays in the land use, tourism and economic development of places, including issue specific and place-based supporting plans that shift the focus away from individual modes of transport toward integrated solutions.

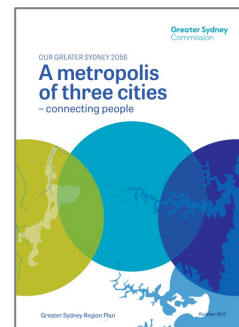


The North South Rail Link is identified as a key investigation initiative to support the development of the Western Parkland City with 30-minute access via public and active transport. Rapid bus

connections from Penrith and other centres to the Western Sydney International Airport are also identified. The North South Rail Link is expected to create the spine of the Western Parkland City and play a vital role in bringing people closer to job opportunities, health, education and leisure activities. New train stations are expected to support development of higher density housing with greater transport access.

Future Transport 2056 also identifies the Outer Sydney Orbital as a city-shaping road and rail corridor from the North West Growth Area to Appin via the Aerotropolis. This project would create a major new north-south connection within Penrith LGA and beyond, improving access from the Aerotropolis to north-west and south-west Sydney and regional NSW.

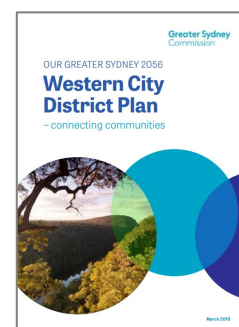
**Greater Sydney Region Plan (2018):** The Greater Sydney Region Plan sets out a vision of three cities for the next 40 years – the Eastern Harbour City, Central River City, Western Parkland City – where most residents will live within 30 minutes of their jobs, education and health facilities, services and greater places.



Within the Western Parkland City are three current Metropolitan Clusters, including Greater Penrith, Liverpool, and Campbelltown, plus a future Metropolitan Cluster at the Aerotropolis. Greater Penrith is envisaged as a major CBD, with significant mixed-use opportunities, with the eastern part of the cluster forming a health and education precinct centred around Nepean Hospital and the WSU campus.

The Greater Penrith to Eastern Creek Growth Area is identified as a key growth area in Western Sydney. The North-South Rail Link is identified as a city-shaping transport project, jointly delivered by the Australian and NSW Governments. Part of the Western Economic Corridor, development opportunities arising from the first stage of the North South Rail Link are to be maximised and connections from centres are to be maximised. The Plan acknowledges the Western Sydney City Deal which sets out that the North South Rail Link is a key project to realise the 30-minute city concept.

**Western City District Plan (2018):** Building upon the vision of three cities, the Western City 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. It is a district-level guide for implementing the Greater Sydney Region Plan.



A key objective of the District Plan is to capitalise on the Western Sydney International Airport and Aerotropolis by bringing together infrastructure, businesses and knowledge-intensive jobs.

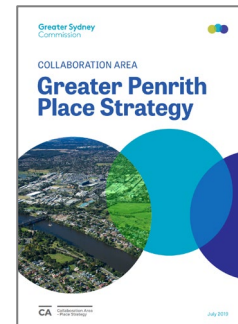
It identifies building on the Western Sydney City Deal to develop a transformed and more contained Western Parkland City in the next 20 to 40 years that features a greater choice of jobs, transport and services aligned with growth.

The plan additionally aims to create collaboration and strong relationships in the Western Parkland City between the Western Sydney Aerotropolis with its key centres, including Greater Penrith. This, in part, will be realised through the North-South Rail Link, identified to support the Western Economic Corridor which is integral to creating more and diverse jobs in the Western Sydney District and achieving new



economic agglomerations. Planning for urban development, new centres and employment uses that are integrated with, and optimise opportunities of, the public value and use of the potential North South Rail Link is identified as a key action for councils and other planning authorities.

**Greater Penrith Collaboration Area Place Strategy (2018):** The Strategy recognises Greater Penrith as a key metropolitan centre and cluster in Western Parkland City. It envisages the Greater Penrith Collaboration Area as the principal gateway to Greater Sydney for western NSW, offering sustainable, diverse and growing residential, employment and tourism opportunities.

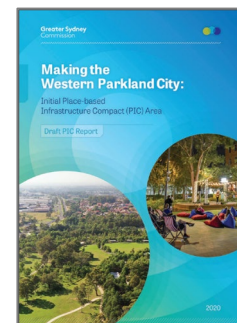


The Strategy states that Greater Penrith has diverse and expansive economic opportunities to serve a growing catchment and, specifically, it identifies the Health and Education precinct as an international destination for investment in health services, education, research and related technology and that it has great potential for jobs growth.

The Strategy recognises Greater Penrith's transport connections and the rail connection between St Marys and Western Sydney Airport is identified as a key opportunity, and a range of actions are specified to improve connectivity, liveability, productivity, sustainability, and governance. A key action is to investigate integration between Greater Penrith and the North South Rail Line in the context of the Greater Penrith to Eastern Creek Growth Area (Action 2, led by TfNSW).

It also identifies a number of challenges faced by Greater Penrith, including the relatively dispersed destinations and the poor connections between them, as well as the strong car dependence in the LGA; however, the proposed metro line will assist in mitigating these challenges.

**Western Sydney Place-based Infrastructure Compact (PIC) (2020):** The Western Sydney PIC is a place-based strategic planning to provide an understanding in the sequencing of growth of jobs housing, and how to support economic hubs of new industries that will generate new jobs for workers in the Western Parkland city. Specifically, it identifies a number of precincts in the Penrith LGA as 'initial precincts' for jobs growth due to their existing infrastructure or net benefit of greenfield development. These initial precincts are:



- Penrith CBD
- Kingswood and Werrington
- St Marys (North)
- Aerotropolis Core, Northern Gateway and Agribusiness
- Mamre Road, Badgerys Creek and Kemps Creek

A comprehensive assessment was made of the infrastructure needs to support future growth scenarios across the Greater Penrith to Aerotropolis area. Two key scenarios were identified by the PIC. The Thriving Aerotropolis scenario is underpinned by connected metropolitan clusters, with communities having access to new industries and career opportunities in the thriving Aerotropolis, whilst the other key centres of Greater Penrith as well as Liverpool and Campbelltown-Macarthur are stronger, with

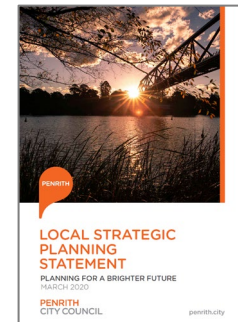
good connections to surrounding compact, urban and renewed communities and centres. In contrast, the Thriving Metropolitan Cluster scenario sees the Western Parkland City being underpinned instead by the existing metropolitan clusters with less emphasis on the Aerotropolis.

Scenario development showed that a Thriving Aerotropolis outcome had the highest jobs growth but would also require the greatest investment in infrastructure. Types of infrastructure assessed went beyond road and rail to utilities, flood and stormwater, health, education, and social. In the near term, specific precincts were identified as having the best net benefits, while other precincts should be left for later development. The employment projections showed that under a Thriving Aerotropolis scenario, 2016–56 jobs growth would be 467,000, compared to 404,000 for the Thriving Metropolitan Cluster scenario – a difference of approximately 63,000 jobs. For the Penrith LGA specifically, the Thriving Aerotropolis scenario sees a growth of 96,000 jobs versus 86,500 for Thriving Metropolitan Cluster – a difference of almost 10,000 jobs.

### 3.3 Local government plans

#### **Penrith Local Strategic Planning Statement (LSPS) (2020):**

The Penrith LSPS outlines the LGA's economic, social and environmental land use needs over the next 20 years, identifying the strategic planning studies and strategies required to guide review of planning controls. The LSPS lists seven key outcomes of the statement – of particular relevance to this study are the outcomes to work closer to home, planning for the LGA's growth, the ability to get around the LGA and creating safe and vibrant places.



The LSPS notes LGA's prime position to capitalise on the Western Parkland City – being at the confluence of the north-south and east-west economic corridors. It identifies the LGA's strengths as its health, education and retail jobs sectors, as well as its growing centres of Greater Penrith, St Marys and The Quarter. Looking to the future, it identifies the developing 'Economic Triangle' for jobs growth. The triangle extends the historically east-west centres corridor southwards towards the Aerotropolis with the North-South Rail Link creating job opportunities for emerging centres at Orchard Hills, Science Park and the Northern Gateway. Not only will this create an employment corridor in itself, it will also connect Penrith LGA's precincts and centres to the new Aerotropolis, providing Penrith's residents with access to significantly more jobs within a 30-minute city.

Additionally, mixed-use and high-density residential developments are expected around stations on the North South Rail Link. The Structure Plan also identifies key directions for centres along the Rail Link that need to be integrated into this project. The LSPS identifies that Council will prepare an Employment Lands Strategy to review the current and future industrial and urban services land and provide direction on how the long-term demand for employment lands will be managed.

**Places of Penrith – East West Corridor Interim Centres Strategy**

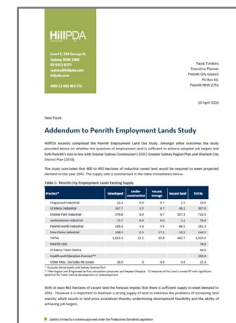
**(2020):** Part of Penrith's Economic Triangle, the East-West Corridor is recognised as an important strategic economic corridor which is a foundational spine for Penrith and fundamental to the future success of Penrith. The Strategy is interim and will be updated to incorporate the North South Rail Link.



Council is progressing an integrated land use and transport plan for the Penrith to St Marys corridor encompassing a wide variety of economic activity and housing densities. The corridor includes the Quarter, a cluster of health and education institutions that will benefit from improved transport links to the rest of Penrith LGA. Priorities and actions are set out for a number of key places along the corridor, including St Marys and Werrington to be incorporated into the project. These priorities and actions are detailed in Section 6 of this report.

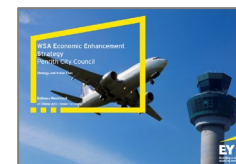
**Penrith Employment Land Use Study and Addendum (2020):**

The Study identifies market trends and the changing economy of Penrith. Employment lands are distinguished between commercial centres, industrial precincts, and special use precincts (e.g. for health, education and tourism purposes). Jobs forecast, land supply and floor space demands are identified for each precinct. In the Addendum, it is expected that at the LGA level there will be ample supply of employment land to meet market demands and jobs target. However, at a more local, precinct level such as in St Marys and Penrith, it is important to provide employment space for businesses to locate close to supply chains or markets and/or serving population and local businesses. It is also identified that the need to diversify jobs and the changing market trends will require consideration of suitability of employment lands to accommodate such.



**WSA Economic Enhancement Strategy (2018):**

This strategy focuses on the economic opportunities that will emerge from the construction and operation of the Western Sydney International Airport. The Strategy identifies both on-site and off-site economic opportunities resulting from Western Sydney International Airport and the implications to Western Sydney, along with an action plan to leverage these opportunities.



Penrith is expected to develop into a leading airport city, driving income and jobs growth in new airport-related industry clusters. The six industry clusters relevant to the airport (identified in the NSW Government's Western Sydney Aerotropolis Investors Guide, 2018) are Aerospace & Defence; Food & Agribusiness; Health, Research & Advanced Manufacturing; Freight & Logistics; Tourism & Visitation; and Building & Construction. Among these, Penrith is best suited to take advantage of freight & logistics, tourism, and agribusiness. Penrith residents can also expect to fill jobs constructing and operating the airport and associated infrastructure although these sit outside the LGA.

**Economic Development Strategy (2017):** The Strategy sets out the goal for Penrith to increase local jobs by 55,000 to 2031. The target is to be realised through focused action and partnering with industry business, governments and the community. It identifies six key target sectors and jobs, being health, education, arts & culture, advanced manufacturing, tourism and advanced logistics.



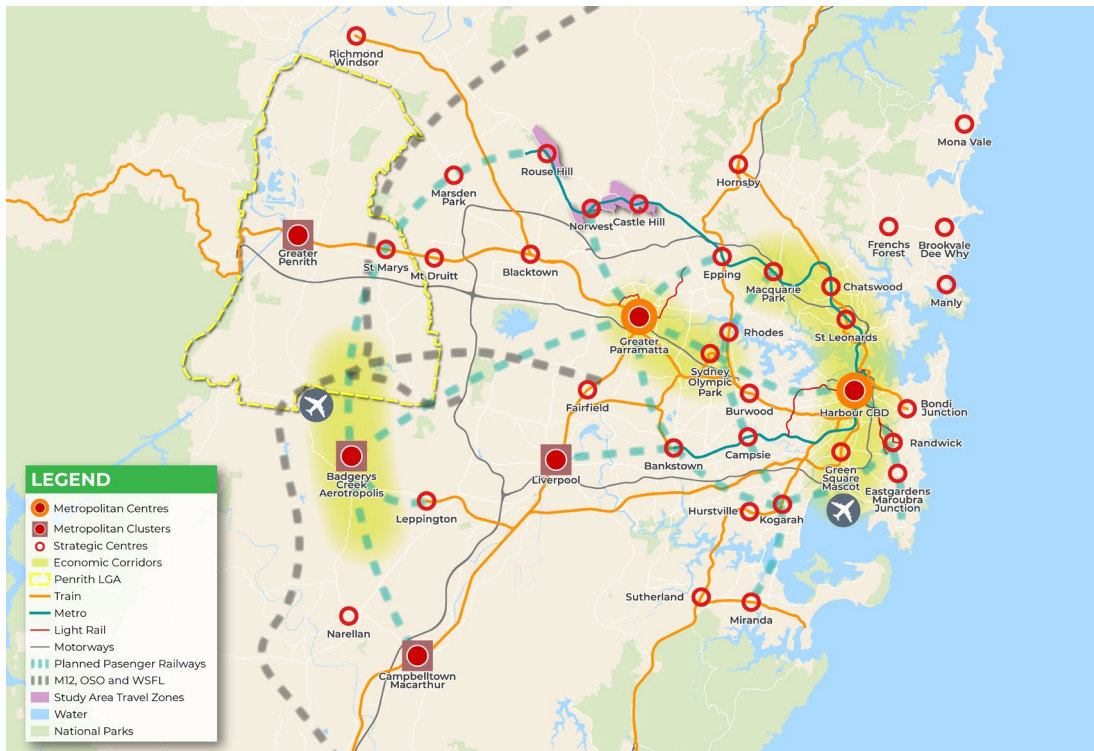
The Strategy recognises the strengths of Penrith in freight and logistics, wholesale trade, road transport and manufacturing, as well as population serving industries (i.e. retail trade, health care and social assistance and education and training). The sectorial strengths are to be leveraged to drive economic growth as supported by population growth.

The North South Rail Link is identified as a key initiative to support economic development in Penrith. It is considered essential and must be leveraged to grow jobs and related business activity in key sectors for Penrith. It is also vital in providing opportunities for residents to work closer to home, reducing travel time and costs and providing a better work/life balance. The roles of other key economic centres and initiatives are also outlined, including St Marys Town Centre, Penrith Health and Education Precinct, Sydney Science Park etc.

### 3.4 Infrastructure pipeline

A number of transport infrastructure projects have been proposed by the NSW Government for the Penrith area, with projects to be completed progressively over the coming years and decades. These projects form an important component of planning for the study area as they will have a transformative role in the area by creating new transport connections – connecting people to jobs, as well as businesses to each other. They will bring residents of Penrith into a 30-minute city with the Aerotropolis as well as providing critical infrastructure to allow businesses dependent on good freight links to operate.

Figure 20 shows the key proposed transport projects relevant to the Penrith LGA within a metropolitan context. These projects and their implications for the LGA are detailed below.



**Figure 20 Transport pipeline – Sydney metropolitan context**

Source: Mecone

**Western Sydney International (Nancy-Bird Walton) Airport:** A long-planned second airport for the Sydney Basin is under construction at Badgerys Creek with an opening date of 2026. The airport will operate 24 hours a day giving an advantage over the curfew-constrained Mascot airport. The master plan for the airport includes a large business precinct on-site that will be targeted at freight, logistics, transport, and agribusiness activities. The master plan also includes provision of transport corridors by road and rail with two separate rail stations envisioned, one for the terminals and one for the business park. The airport will provide new economic opportunities for the Penrith LGA as jobs and new industries linked to the airport are created.

**Sydney Metro Western Sydney Airport:** The Federal and State Governments have committed funding to a rail line connecting St Marys with Western Sydney Airport and Aerotropolis to be opened with the airport. This will form stage 1 of the broader North South Rail Link from Tallawong to Macarthur. The State Government has announced the line will include stations at Orchard Hills and Luddenham (Sydney Science Park). The line will form a critical transport link between the established centres and population centres of the Penrith LGA linking its residents with the Aerotropolis within a 30-minute city, as well as creating a north-south connectivity corridor allowing new centres such as Orchard Hills to develop.

**M12 Motorway:** This east-west motorway link will bring Western Sydney Airport within easy road access to the current and future Sydney motorway network via the M7 and future OSO. The road is currently on track to be finished before the opening of WSA in 2026. It will link the Western Parkland City and airport with the Sydney motorway network. The M12 will provide the road access needed to support the



logistics hub to be centred on the airport and provide the infrastructure essential for freight and logistics-based jobs in the Penrith LGA.

**Defence Establishment Orchard Hills:** A new facility costing \$95 million will be constructed at the site, which will enhance maintenance components for the Navy's guided weapons systems. The facility will create additional jobs in the Penrith LGA and has the potential to encourage specialised industry activity relating to defence.

### 3.4.1 Projects under investigation

**Outer Sydney Orbital:** The area west of the M5 and M7 is projected to house over 1.2 million people and 450,000 jobs by 2056 along with an international airport. This vast area will be stitched together by a new motorway and rail corridor from the North West Growth Area through Penrith LGA and WSA to Campbelltown-Macarthur and beyond.

The freight rail component of the Outer Sydney Orbital will allow the existing rail network to focus on passenger services and present an opportunity to improve service frequencies. This freight rail corridor along with WSFL will also support the future logistics hub role of the Western Parkland City.

The road component will connect centres in the Western Parkland City and ultimately provide a motorway link between the Southern Highlands and the Central Coast, making the Penrith LGA ideally located for catering to road freight.

**Western Sydney Freight Line:** This critical freight rail corridor from Villawood to Orchard Hills will connect the existing Southern Sydney Freight Line to the future Outer Sydney Orbital via the industrial areas of Smithfield and Wetherill Park. It will enable freight between Port Botany and inland NSW to avoid nearly all of the Sydney suburban passenger rail network, improving passenger service on the T1 Western Line on which Penrith and St Marys lie. A key part of the project is the potential for an intermodal terminal to support both local access to freight rail and better environmental outcomes by avoiding trucks in Sydney's suburbs. Stage 1 west of the M7 has been gazetted while Stage 2 east of the M7 is still under investigation. The line will enable businesses requiring freight rail infrastructure to be drawn to the employment lands near the airport.

**North South Rail Link:** Beyond Stage 1 that has been committed from St Marys to Aerotropolis Core, further stages of this passenger rail corridor under investigation may include connections to Tallawong via Marsden Park and Schofields and to Macarthur via Oran Park and Narellan. The full project would provide a transformational rail link stitching together the full length of the urban landscape across Western Sydney, enabling residents to easily access local jobs in major centres in which Penrith LGA will be centrally located. This would reduce the number of commuters travelling from west to east, taking pressure off the Greater Sydney transport network.



## 4 Economic and Land Use Trends

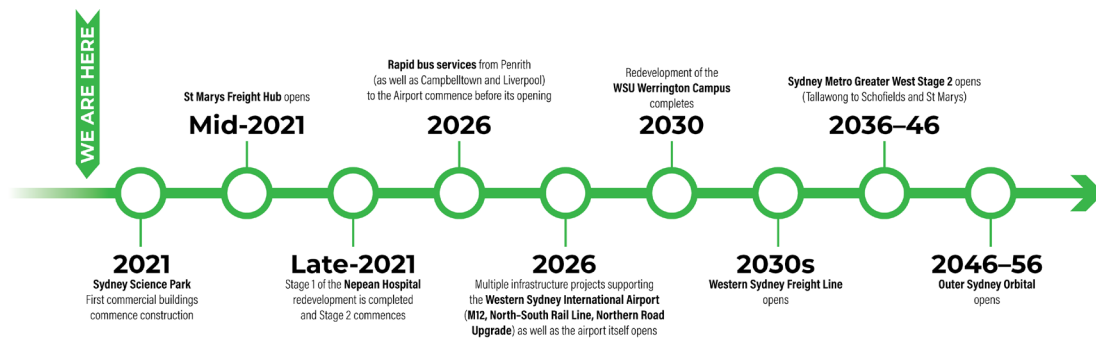
The economic and land use trends influencing market activity across Penrith's Economic Triangle are diverse. Some broad economic drivers (e.g. population growth), will influence activity in almost all property sectors. Other trends are more sector specific, such as the practice shift to working from home. This section provides an overview of the key economic drivers and various trends influencing commercial, industrial and retail land uses across the Economic Triangle.

### 4.1 Key economic drivers

Various economic factors influence land use activity at the national and regional level. Drivers of particular relevance in the Penrith context are considered below and summarised in Figure 21.

#### 4.1.1 Major infrastructure investment

Penrith is a major beneficiary of the wave of infrastructure investment being proposed and delivered across Western Sydney as illustrated in Figure 21.



**Figure 21 Timeline of key infrastructure investments for Penrith LGA**

Source: Mecone

The level of transport infrastructure investment into Penrith is almost unparalleled with a mix of rail and road projects underway. Penrith LGA will be the first existing part of Greater Sydney with direct rail access to the Western Sydney Airport. This will transform the role of St Marys into a major transport interchange with significant economic importance.

Major road upgrades (See Section 3.4) as part of the Western Sydney Infrastructure Plan are also transforming accessibility into Penrith making living and doing business in Penrith easier. Importantly, many of these upgrades make Penrith the most accessible neighbour for the Western Sydney Airport.

Other projects are also increasing the desirability and importance of Penrith as a place to do business. The most significant of these 'economic attractor' projects is undoubtedly the expansion and upgrade of the Nepean Hospital. The \$1 billion project is being delivered in two stages – Stage 1 (\$576m) comprises a new 14-storey clinical services building and multistorey carpark and is due for completion in 2021. Planning for Stage 2 (\$450m) is underway following formal commitment in late-2020.

Other key infrastructure investments underway include:

- Construction of the \$33.2 million St Marys Freight Hub intermodal facility within the St Marys North industrial precinct which will move containerised freight from Western Sydney to Port Botany for export via rail. Completion is expected in late-2021.
- Development of the Western Sydney Construction Hub – a specialised Centre of Excellence – on the existing TAFE NSW Kingswood Campus. The \$80m projection is expected to be completed in 2023.

These various projects have driven a significant level of direct and flow-on economic activity in the region, benefitting the local commercial, industrial and retail sectors to varying degrees. Importantly, these projects are raising the commercial profile as a place to do business. This is expected to amplify as completion of the Western Sydney Airport nears.

#### 4.1.2 Western Sydney Airport and Aerotropolis

The Western Sydney Airport (WSA) is a game-changer for the Penrith and broader Western Sydney economy. Opening in 2026, it will conveniently link Western Sydney industries with global markets and serve as Sydney's first alternative to Kingsford-Smith Airport for passenger travel.

The 11,200ha precinct surrounding the future airport – the Western Sydney Aerotropolis - seeks to capitalise on the major economic benefits brought on by the new airport. Five initial precincts were rezoned in late-2020 with initial development expected by as early as 2021-22. Of these, the Northern Gateway and Agribusiness precincts are within Penrith LGA.

Large scale industrial uses, particularly freight and logistics, are expected to be the 'first movers' in the Aerotropolis. Higher order, knowledge-intensive employment is expected to occur over the medium-term, in line with the opening of the airport and new Western Sydney Airport metro line in 2026. That said, State Government is taking a proactive approach in securing occupiers and investment into the precinct which may see more commercial development occur sooner.

Notwithstanding its major economic benefits for the Western Sydney economy, the development of the Aerotropolis will inevitably compete for investment and occupiers with Western Sydney's existing centres and industrial precincts, including those elsewhere in Penrith LGA. This 'cannibalisation' has been recognised by State Government, who are seeking to attract 'net new' occupiers and investment. That said, it will be important that the other centres and employment precincts within the Economic Triangle can function independently from the Aerotropolis.

#### 4.1.3 Population growth

As discussed in section 2.1, the Penrith LGA has experienced average annual growth of some 1.5% from 2006 to 2019. This level of growth is broadly in line with that observed across Greater Sydney (1.7%), though above average growth was observed over the 2011-2016 period.

This above average growth reflects the progression of several major residential precincts across the LGA over this time, such as Jordan Springs, Caddens and the Thorton Precinct.

Looking forward, the Penrith LGA is expected to continue to experience strong levels of population growth – with a 75% increase over its 2016 population by 2036 and 129% by 2056. This is well above the rate of growth expected across Greater Sydney.

The expected rapid population growth will be a strong driver for population-serving economic activity to grow. This includes services such as health and education, retail, food and beverage, and public administration, as well as construction to deliver the new urban development necessary to house additional population.

#### 4.1.4 Economic fallout of COVID-19

The economic impact of the COVID-19 outbreak on the Australian economy cannot be understated. The COVID-19 pandemic is causing the largest contraction in domestic economic activity since the Great Depression, with the Australian economy experiencing its largest quarterly fall on record in Q2 2020 at 7%.

Unlike recessions of previous decades where economic impacts were widespread and affected all industries, the COVID-19-induced recession is unique in that its impact is felt differently across sectors. Whilst some industries have been significantly impacted due to operating restrictions (i.e. aviation, hospitality), others have experienced a marked uptick in demand (freight and logistics, grocery retailing, etc).

With the curbing of the second wave in Victoria over the course of Q4 2020, the easing of restrictions in both Greater Sydney and Melbourne are beginning to drive a return to normal economic activity. That said, businesses remain cautious with many deferring major capital expenditure until there is further certainty in the global economy.

## 4.2 Commercial land use trends

Western Sydney's economy is increasingly shifting towards knowledge-intensive employment. This ongoing shift is expected to continue, driving demand for commercial office space in the coming decades.

Commercial office market trends have experienced rapid evolution over the last decade, driven by a series of structural changes. Some of these key changes include:

### 4.2.1 Changing occupier demand

Technology companies are increasingly becoming the major source of occupier demand. The expansion of tech occupiers has changed the office market in two ways. Firstly, it has changed perspectives of office design and layout with a greater level of importance placed on amenity and design. Secondly, it has eroded the dominant market position of large corporate occupiers in favour of small and medium sized enterprises (SMEs), creating more demand for smaller tenancies.

### 4.2.2 Shifting role of employment

Technology is also changing the type of work office workers perform. The capabilities of machine-learning, algorithms and artificial intelligence (AI) are rapidly increasing and impacting the tasks currently performed by human workers. Any office task

which is repetitive and predictable is highly exposed to automation. Administration or back-office functions are common examples.

Conversely, skilled employees in knowledge-based or creative roles which cannot be automated will become more valuable to companies and will account for a larger share of total office employment. Companies will be more dependent in the future on attracting the best and brightest skilled labour. Location decisions contribute to a company's chance to attract and retain top talent.

### 4.2.3 Rise of flexible working

Remote working has been gathering momentum for some years but the impact of COVID-19 restrictions has made it 'front of mind' to essentially all businesses. Forced home working has made even laggard companies realise that technology and digital connectivity allows work to be done from anywhere.

There are various positives and negatives associated with remote working. Employers can significantly lower their real estate costs through remote working, whilst employees value the extra time and better work life balance it provides. Conversely, remote working makes it difficult to foster culture and collaboration or provide training, whilst essential social interactions are lost.

The middle ground between in-office and remote working is flexible working, under which employees are free to work where they wish and their working week is likely to comprise a mix of home and office-based work. Indeed, most Australian office workers want to work in the office 2 to 3 days per week in the future, according to surveys done during the Covid-19 pandemic. Although fewer workers will be in the office on any given day, office densities are likely to remain stable. The office will still need the capacity to accommodate a large proportion of workers should they be needed to attend the office at the same time, and greater amounts of space will be needed to provide a range of working arrangements in a high-quality office environment.

## 4.3 Industrial land use trends

Greater Sydney's industrial market has performed strongly over the past 3-5 years, buoyed by strong growth in the logistics and e-commerce sectors coupled with strong population growth demanding urban services. This has coincided with historic supply pressures, resulting in fierce competition for industrial property and strong rental and land value appreciation.

Strong demand for logistics and freight services is being reflected in growing demand for networks of distribution centres. It is increasingly common for larger distribution or 'fulfilment centres' servicing a network of smaller distribution centres located closer to population hubs to meet growing consumer demands for 'next day' delivery services.

Coinciding with this changing role of warehousing is the progressive uptake of Internet of Things (IoT) technologies and automation in major industrial operations. Uptake of these technologies has been slow, a reflection of the significant capital expenditure needed for its implementation. Over time, such technology will gradually result in smaller number of employees located on-site.

Whilst the economic repercussions of COVID-19 and resultant recession being felt across Australia make the outlook for many property sectors uncertain, market conditions in the industrial sector are expected to remain strong due to:

- Large scale transport infrastructure projects underway and in the pipeline stimulating industrial activity.
- Stable population growth across Greater Sydney driving demand for urban services which meet local population needs (e.g. waste recycling, automotive services, utilities, small scale manufacturing).
- Further growth in internet penetration rates driving demand for data storage in large, purpose-built facilities (i.e. data centres).
- Major new industrial land releases across Western Sydney (particularly in the Western Sydney Employment Area and Aerotropolis).
- Further uptake in the use of e-commerce and online shopping platforms

These strong tailwinds have resulted in significant investment interest into industrial assets across Greater Sydney in recent years, as institutional investors and real estate funds seek to increase their exposure to the industrial sector (predominantly freight and logistics). This investment focus is expected to continue and strengthen over the short to medium-term.

It is important to note the factors influencing location decisions of large-scale industrial users differ compared to those of smaller scale, service-focused industrial and urban service users. Proximity to the orbital and arterial road network and access to Trade Gateways are typically key factors for larger industrial occupiers (freight, logistics and transport-based), whereas land affordability and buffering from sensitive uses are key considerations for many manufacturers.

## 4.4 Retail land use trends

The retail sector has been at the forefront of structural change. This is largely the result of the growth in technology and e-commerce penetration, as well as demographic trends which are changing consumption patterns. The main trends which are likely to influence demand for physical retail in the future are summarised below.

### 4.4.1 Rise of e-commerce

E-commerce penetration rates have seen significant growth over the last decade. Although Australia lags behind other countries, the e-commerce penetration rate was 9.7% in June 2020 compared to 3.3% in 2015. Australia Post forecasts that Australian e-commerce penetration will reach between 16 and 18% by 2025. UBS predicts it will be 17% by 2024.

If anything, these may be conservative assumptions given that the COVID-19 pandemic is likely to accelerate a broader shift towards e-commerce as most customers become familiar with the online ordering process and grow accustomed to its convenience and choice.

The rise in e-commerce will change demand for physical retail, but it does not signal its end. Physical retail will still be needed as part a well-functioning commercial



centre provided that it is aligned to the future nature of consumer demand. Increasingly, physical retailers are heavily investing in their online offering whilst providing unique experiential-based offerings in-store. Shopping centres are increasingly focusing on their food and beverage (F&B) offering.

#### 4.4.2 Leasing flexibility

Retail leasing models are changing. Retail operators and landlords increasingly want shorter, more flexible retail leasing arrangements, reflecting the turbulence being experienced in the retail sector as a result of e-commerce driven structural change. Retailers are focused much more on near-term trading prospects and are reluctant to commit to long leases whereas shopping centre owners are focusing more so on retail experiences and rotating the line-up of retailers to keep offers fresh and interesting, encouraging shoppers to return repeatedly.

The desire for leasing flexibility has supported demand for temporary, changing pop-up retail facilities within shopping centres or even within larger stores. There is a greater variety of temporary retail formats too, such as market stalls, kiosks or mobile food trucks, which can relocate easily to match events or high demand periods such as lunchtime or evenings.

#### 4.4.3 Hyper localism

The aspirational lifestyle of living, working and playing in close proximity is supporting demand for localised retail facilities which do not require shoppers to travel large distances. Ensuring more consumer needs can be satisfied locally will be an important component in successfully creating a 30-minute city. Hyper local shopping patterns should be expected and encouraged, leading to stronger localised networks of retail centres of all sizes.

## 5 Site selection criteria

The factors that attract businesses to any given location are fundamentally linked to strategic and operational requirements of that business. Whilst every business is unique, many of the key location and site selection criteria are common across different industries and sectors. This has implications for the role of different centres and employment precincts.



**Figure 22 Site selection criteria for businesses**

Source: Mecone

### 5.1.1 Commercial occupiers

Office-based businesses are arguably most sensitive to location and amenity. Skilled labour is valuable which businesses actively seek to attract and retain through their property decisions. Key selection criteria for commercial occupiers include:

- **Employee amenity** – Employee amenity is a critical selection factor for many office-reliant businesses, particularly those in industries where they must compete for talent. Access to high quality hospitality, recreational facilities and other key services is expected by knowledge workers. Businesses located in areas without these key amenities often struggle to both attract and retain labour.
- **Public transport** – Access to public transport is important is equally important to knowledge workers. Research suggests the availability of train station access can form a key job consideration for employees with bachelor degree qualifications or greater. Whilst this has historically been less important in Western Sydney office markets, growing traffic congestion and work-life balance is making high-quality public transport options a key requirement for knowledge workers.

- **Labour force pool** – Business who depend on skilled labour will select locations that enable them to recruit accordingly. Younger generations in Penrith are becoming more educated, thereby forming a broad pool of high-skill workers for local businesses to recruit from.
- **Proximity to key markets and catchments** – Businesses will gravitate to locations proximate their key customer and supplier pools. In Western Sydney, the ability of car-based businesses to service key markets efficiently is particularly important in the location selection process.
- **Critical mass** – Businesses typically gravitate to where there is a critical mass of occupiers. Critical mass is needed for facilities that support employee amenity to be viable, i.e. drycleaners, cafés, restaurants, gym and fitness centres. Precincts with critical mass will also provide opportunity for businesses to locate proximate to their customers.
- **Headquarters v operations v satellite** – Some employment areas are suitable for business headquarters. In some instances, a business' headquarters may be co-located with its operations, while in others they may be in separate locations (e.g. factory operations in Lidcombe, head office in Rhodes). Not all markets lend themselves to both. Centres with high volumes of residential can struggle to attract large corporates as the 'prestige' factor of the location can be affected by co-location with residential uses.

### 5.1.2 Industrial Occupiers

Industrial occupiers are typically more agnostic towards place amenity, having instead a greater focus on the functional capacity of a site or precinct to carry out their primary business activities. Key industrial requirements will naturally vary by industrial activity, though general selection criteria for industrial users usually include:

- **Proximity to motorways/arterial roads** – The ability of industrial occupiers to easily access Sydney's orbital network and other arterial roads is a key consideration for most industrial occupiers, particularly those with freight and distribution requirements or with time-critical business models.
- **Site accessibility** – Ease of access to an industrial site or precinct is critical. Industrial users reliant on frequent heavy truck movements will often prefer precincts with wide, straight road networks. Vehicle permissibility, both space and time, on local roads can be a determinant factor for many industrial users.
- **Proximity to key markets and catchments** – Businesses will gravitate to locations proximate their key customer and supplier pools. Light industrial users (e.g. automotive repairs) will locate in close proximity to large resident populations to secure business.
- **Land size** – Land size is highly dependent on industry and business requirements. Large industrial users, particularly freight and logistics occupiers, often require sites in excess of 10ha to facilitate large scale warehouses and distribution centres, as well as sufficient hardstand and yard space for truck and container movements. Smaller urban services are at the opposite end of the spectrum and may only require an industrial unit of less than 500sqm to operate.

- **Land use separation** – Almost all industrial users benefit from a buffer from sensitive land uses including residential and to a lesser degree commercial. Land use conflicts caused by proximity to such uses due to the nature of industrial operations (i.e. hours of operations, smell, noise) can undermine the viability of industrial precincts.
- **Services** – Access to reliable services (power, water, gas, internet) will be of varying importance to different businesses and industries. For instance, data centres require access to high levels of water and electricity, whereas a small food wholesaler would not have the same requirements.
- **Operating hours** – The permitted hours of operation within an industrial precinct will directly influence the type of users who can operate therein. For instance, food manufacturers often require 24/7 hours of operation whereas automotive repairs may operate on a 9am-5pm basis.

### 5.1.3 Retail Occupiers

The viability of retail land uses is intrinsically linked to the size and characteristics of their surrounding resident, worker and visitor populations. Retail uses are considered 'followers' – they will only be viable after a local resident or worker population catchment has been established. Key site selection criteria for retailers include:

- **Population size** – The size of the surrounding resident, worker and visitor catchment, or 'trading area', is a fundamental consideration for most retailers. Many retailers rely upon population benchmarks when considering locating within an area. For instance, most supermarkets will require a minimum trading catchment population of 8,000-10,000 persons before considering locating within an area.
- **Population demographics** – The demographics of an areas trading catchment is also a critical location factor. Characteristics such as age, ethnicity, household composition, income and health will collectively influence what retailers would operate viably within any given location.
- **Surrounding retailers** – Many retailers are reliant upon the size and trading performance of larger retailers in order to operate. For instance, the number of specialty retailers within a shopping centre will be linked to the size and sales of the major tenants. Some retailers may benefit from co-locating with complementary retailers to establish clusters which attract high levels of footfall. Homemaker centres or bulky goods precincts are common examples of this. Other retailers avoid saturated markets where too many competitors threaten their viability.
- **Accessibility** – Locations which can be easily accessed by the trading catchment, ideally through multiple transport modes, will be more desirable to most retailers compared to more isolated locations.
- **Exposure** – Some retailers are highly dependent on exposure to pedestrian or vehicular traffic to operate viably. Locating in areas with strong exposure to these movements is critical for such businesses. For instance, many fast-food restaurants typically look for sites along arterial roads subject to average daily traffic volumes upwards of 40,000 vehicles.

## 6 Precinct Analysis and Vision

Penrith LGA has a wide variety of employment precincts varying from dense mixed-use centres to industrial lands to bulky goods retail and tourism clusters. Each of these precincts plays an important role in driving the local and regional economy, providing places for businesses to flourish, and employing local workers. This chapter examines each precinct to describe the characteristics and market activity, analyse strengths and weaknesses, and make recommendations for ambition and actions.

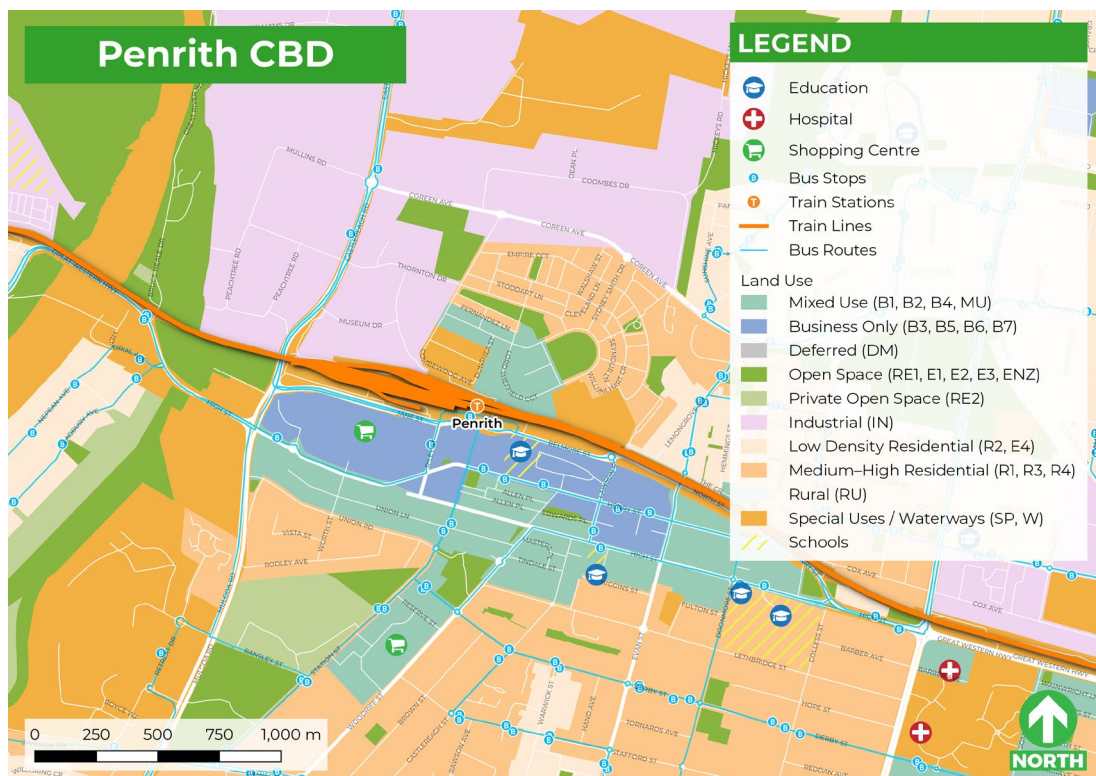
### 6.1 Existing centres

#### 6.1.1 Penrith CBD

##### Planning context

The GSC's Western City District Plan identifies Greater Penrith including Penrith CBD as a metropolitan cluster. The Penrith CBD also forms one of the key centres of the GSC's Greater Penrith to Eastern Creek (GPEC) Growth Area.

The core of the Penrith CBD south of the station currently has commercial core zoning (B3). Within this zone is the main commercial destination for the region, the Westfield shopping centre. The peripheral areas of the CBD allow for mixed uses with B4 zoning. Further out, the zoning is a mix of low density residential, primarily to the south, and industrial to the north.



**Figure 23 Penrith CBD context map**

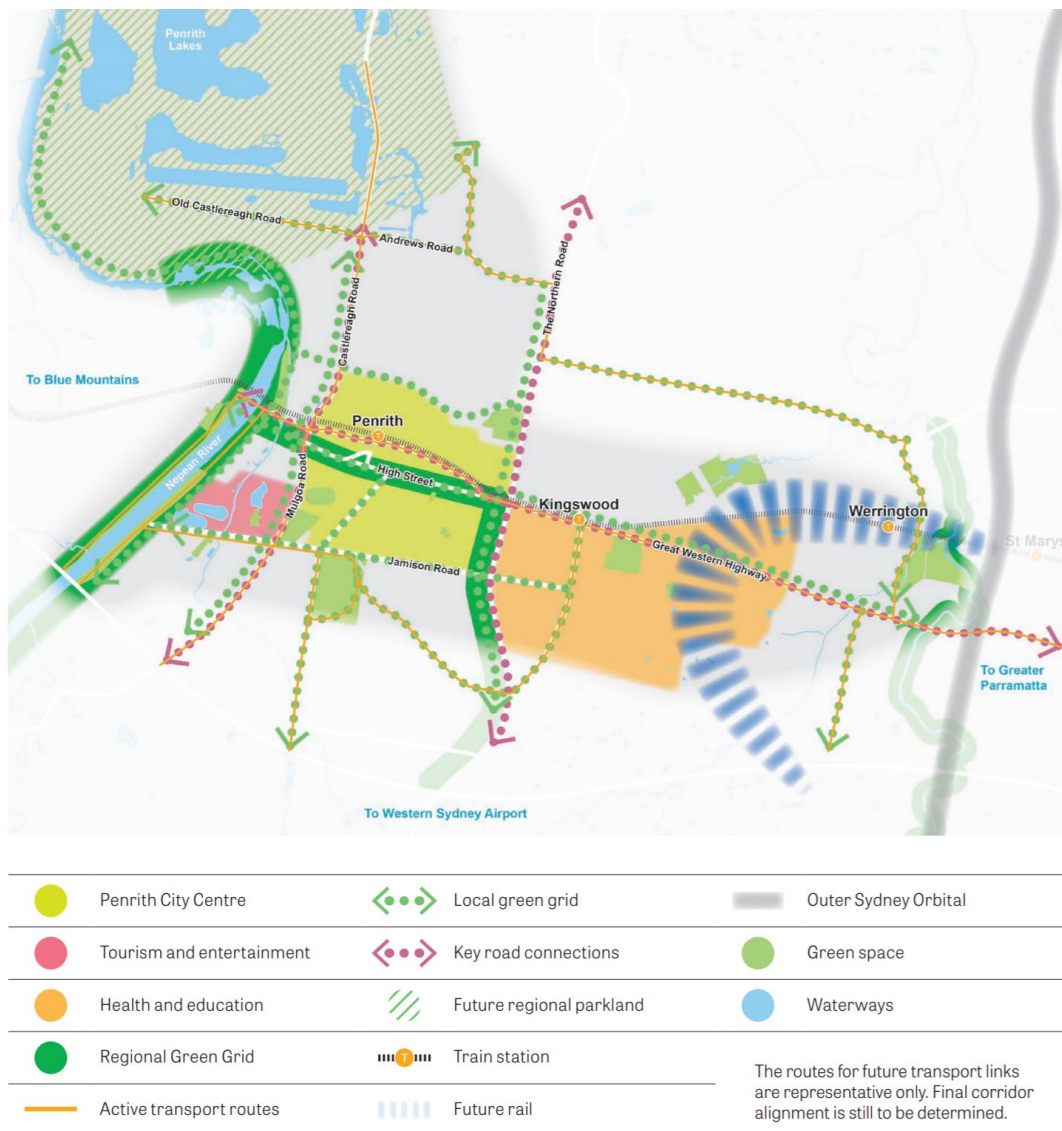
Source: Mecone with data from Spatial Services and Penrith LEP



## Planning vision

The GPEC growth area will aim to provide housing supply to bring more residents within a 30-minute commute of employment in the Greater Penrith metropolitan cluster. Growth and uplift will be planned using integrated land use and transport principles.

To support development of Penrith as a metropolitan cluster, the Greater Penrith Place Strategy identifies several theme-based visions for Greater Penrith. It identifies Penrith's proximity to Western Sydney International Airport as an opportunity for the Greater Penrith cluster – in particular, for boosting the amount of jobs in the Penrith City Centre, including the creation of an active night-time economy. Further, it identifies a vision to cater for the growing adventure tourism sector, taking advantage of its strategic location positioned at the foot of the Blue Mountains. Additionally, the strategy also identifies the cluster for significant dwellings growth, with a potential for an additional 14,000 dwellings in the Penrith City Centre.



**Figure 24 Precincts in the Greater Penrith Metropolitan Cluster**

Source: Greater Sydney Commission – Greater Penrith Place Strategy

The strategy sees Greater Penrith as being inherently linked to the Western Sydney International Airport and Aerotropolis. In addition to accommodating new residents who will work in the airport and Aerotropolis, new businesses relating to the airport and Aerotropolis but not needing immediate proximity to the airport have the potential to be located in the Penrith City Centre.

Council's LSPS envisages the Greater Penrith metropolitan cluster as a centre that plays a regional population-serving role not just for the Western Parkland City, but also for Western NSW. Like the Greater Penrith Place Strategy, the LSPS identifies the Penrith City Centre's connection with the Western Sydney International Airport as an important economic connection. It envisages this link with bring more office and knowledge jobs into the Penrith City Centre, reversing the trend for Penrith's residents to need to travel long distances for work. This may especially apply to knowledge workers in professional, scientific and technical services, as well as financial and insurance industries. Council states in their LSPS that a new City Park is being planned for in the CBD to enhance character and amenity. One of the planning priorities listed in the LSPS is for the Penrith City Centre to be a centre of mixed-use and high-density residential developments.

The Penrith Centre precinct is also identified in the Western Parkland City Place-based Infrastructure Compact as an initial place for infrastructure and service investment to promote jobs and skills growth.

## **Market context**

Penrith CBD, the anchor and historical core of Penrith LGA, acts as the administrative, civic, and retail hub for the Nepean River area with an extensive catchment extending to the Blue Mountains and Lithgow. It had almost 13,000 jobs in 2016 with density over 100 jobs per hectare in parts.

Comprising over 214,000sqm of retail floorspace, the Westfield Penrith shopping centre is the CBD's primary anchor. Comprising 91,300sqm of retail floor area (~43% of the CBD's total retail stock), the centre is one of the largest shopping centres in Western Sydney and amongst the Scentre Group's most visited centres in NSW. A mix of older style enclosed malls, arcades and strip retail comprise the remaining retailers.

At just over 150,000sqm of office floorspace, Penrith CBD is also an important suburban office market. The CBD comprises only a small number of investment (A) grade office buildings – the largest of these ranging from 7 to 11 storeys and situated along Station and Henry Street proximate the train station.

As co-owners of the 8.6ha Westfield Penrith shopping centre, institutional investors Scentre Group and The GPT Group are the largest landowners within the Penrith CBD. Penrith City Council are also key landowners with several assets located throughout the precinct, followed by investors such as Sandran Property Group (121-127 Henry Street), Pitt Capital Partners (Tattersalls Centre) and Cromwell Property Group and Perpetual (2-6 Station Street).

Many of the CBDs major anchor occupiers are located within Westfield Penrith, including Myer, Big W, Woolworths, Target, Hoyts Cinemas and Apple. Key commercial occupiers include a mix of Government agencies, notably Penrith City

Council, the Australian Taxation Office, National Disability Insurance Service and NSW Family and Community Services.

The Penrith CBD's main competitors include the Liverpool and Blacktown CBDs who compete for larger organisations such as State Government agencies, NGOs and other professional services.

## **Market activity**

Market conditions across the Penrith CBD for both commercial office and retail space have been unexpectedly soft over the course of 2020. This has been largely attributed to COVID-19 impacts – the decline in pedestrian activity has resulted in softer retail trading conditions and consequently demand for retail premises. Additionally, forced working from home practices has softened demand for office space with many small to medium sized enterprises (SMEs) reconsidering their floorspace needs.

Despite these headwinds, occupancy levels across the Penrith CBD have remained relatively stable over the past 12 months. In October 2020, vacancy rates for office and retail were both recorded at under 5% - well within the 3% to 5% range representative of normal market fluctuations. Market investigations indicate the majority of interest for commercial space is coming from employment agencies, non-government organisations (NGOs) and health care providers.

In light of soft market conditions, both capital values and rents have remained flat over the course of 2020. Net rents for investment grade office space at currently around \$400/sqm of net lettable area (NLA) and \$325/sqm for lower quality space, making the CBD amongst the most affordable office precincts in Greater Sydney.

## **Development activity**

A flurry of development activity is observed across the Penrith CBD, with numerous mixed-use projects in planning or under construction within the CBDs B4 Mixed Use zone. In total, there are hundreds of apartments in various stages of planning and delivery across the CBD.

Very little new commercial development has occurred in the past 3-5 years as the market rents achievable for new space have been too low to incentivise development activity. This has recently begun to shift however with several office developments underway within the centres B3 Commercial Core comprising a total of 17,500sqm office space. These include:

- 84 Henry Street: 3-storey office building with 1,950sqm of office space currently under construction and pre-leasing;
- 304 High Street: 6-storey office building with 5,000sqm of office space with DA approval and currently pre-leasing
- 50 Belmore Street: 6-storey office building with 10,500sqm of office space with DA approval.

These projects are indicative of the growing strength of the CBDs office market and reflect the importance of protecting the B3 Commercial Core from more valuable uses (i.e. shop top housing) which could out-compete office uses if permitted.

Planning activity has begun for the 3.6ha former Defence site immediately north of the station which will be released by the Commonwealth government for redevelopment. A report by Savills economic consultants recommended the site should host a significant increase in employment rather than being used mostly for residential.

## SWOT analysis

The Penrith CBD is in an enviable position given its proximity to the future Western Sydney Airport. It is the largest centre proximate the WSA that will be accessible by both train and bus and that has an established commercial and retail precinct.

That said, there are inherent weaknesses that CBD will need to overcome to maximise the opportunity brought about by its location and level of infrastructure investment.

The table below summarises the SWOT analysis undertaken for the Penrith CBD.

Table 2 – Penrith CBD SWOT	
Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Robust existing cluster of services</li> <li>Large catchment reaching past Blue Mountains to Central West</li> <li>Cluster of government agencies</li> <li>Public transport connectivity</li> <li>Highly accessible</li> </ul>	<ul style="list-style-type: none"> <li>Distance from Central City</li> <li>Lack of north-south connectivity</li> <li>Western Sydney stigma</li> <li>No tertiary education campus in centre</li> <li>Lack of modern office stock</li> <li>Lack of activity in eastern end and in arcades</li> <li>Lack of night time activity</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Most accessible centre to WSA</li> <li>Growing resident population and skilled labour pool</li> <li>Improving commercial profile</li> <li>Available sites for higher density redevelopment</li> </ul>	<ul style="list-style-type: none"> <li>Higher density residential crowding out employment</li> <li>Region-serving jobs moving to new centres</li> <li>Retrenched working from home practices</li> <li>New office supply in Liverpool CBD (short-term)</li> <li>New office and commercial supply in Aerotropolis (medium to long term)</li> </ul>

## Recommendations

Penrith CBD has long been a major service centre in Far Western Sydney and should continue to build on this natural role.

It also has a small but emerging market for office space as evidenced by a few small recent developments. Council should proactively take steps to grow this office market in the near term. Present and future competition from other Western Sydney centres such as Liverpool, Science Park, and Aerotropolis Core means that a hands-off approach will not result in a strong office market in Penrith CBD. Strong place amenity will be the key ingredient for success.

Ambitions:

- Stronger commercial role beyond its existing localised function
- Tenant and industry diversification – focus on knowledge intensive sectors
- Headquarters destination for industrial occupiers in the broader Economic Triangle

Actions:

- Develop a Penrith CBD branding campaign to attract new businesses and occupiers to the CBD.
- Host a biannual Penrith CBD Economic Forum for landowners, businesses and industry to promote the CBD and engage with local stakeholders.
  - Focus efforts on place amenity to create a “buzz” – attract food/beverage and arts/entertainment offerings.
  - Make small-scale improvements to public domain, public art, connectivity, and safety.
  - Consider pedestrianising selected blocks.
  - Ensure any redevelopment improves street activity, and encourage Westfield to improve street engagement.
- Investigate Council's property portfolio and identify surplus or underutilised sites which could be developed.

### 6.1.2 The Quarter (Kingswood)

#### **Planning context**

Penrith Council has led efforts to unify Nepean Hospital, TAFE and Western Sydney University in Kingswood and Werrington into a health and education precinct called 'The Quarter'. It is recognised in the Western City District Plan as a key element of Penrith's growth opportunity. The Quarter is also referenced in Council's work progressing the East–West Corridor, an integrated land use and transport plan for the Penrith to St Marys corridor encompassing a wide variety of economic activity and housing densities.





**Figure 25 The Quarter context map**

Source: Mecone with data from Spatial Services, Penrith LEP and relevant SEPPs

The Quarter has a centre at Kingswood around the hospital and T1 railway station. Some B4 Mixed Use zoned land exists around the hospital, while the education land is zoned SP2 Infrastructure and B7 Business Park. Residential zoning fills other parts of the precinct.

### Planning vision

The Greater Penrith Place Strategy's vision for The Quarter is for significant jobs growth through the redevelopment of the WSU campus and Nepean Hospital; however, it also states that there is a need for employment diversity – with the precinct being well-positioned to 'develop an innovation ecosystem linked to economic opportunities associated with the development of the Western Sydney Airport'.

The Greater Penrith Place Strategy identifies The Quarter as currently being in the early stages of maturity for a health and education precinct and requiring more work to boost industry attraction and grow entrepreneurial and innovation-led businesses. Similarly, the Penrith LSPS states that The Quarter must look at ways to facilitate industry cluster and agglomeration in the health and education industries. Likewise, the Western Parkland City PIC identifies The Quarter as being well-positioned to benefit from agglomeration and clustering which, with continued investment, 'can foster a growing ecosystem of innovation centred on research and development to benefit of health firms, start-up businesses'.

Council's The Quarter Action Plan 2017-21 outlines Council's vision for the centre to be an international destination for investment in education, health services, research

and related technology over the next 10 years. The Quarter's role and relationship with other centres in Penrith is to be a hub for education and health – providing the education opportunities needed for the Penrith workforce to be able to meet the skills required for upcoming knowledge-based jobs tied with the Western Sydney International Airport and providing jobs itself through the education and healthcare sectors, allowing more workers to be employed locally. This Action Plan assumed a new train station would be provided as part of the North-South Rail Link, so it needs to be revisited now that no station has been confirmed.

## **Market context**

The broader precinct comprises some 10,000 jobs with job densities in the order of 54 jobs/ha. With only 22,500sqm of commercial space (mostly used for medical uses), the precinct is not a recognised commercial market. Only a small component of retail is located outside the Nepean Hospital and is focused around Kingswood train station.

As one of the largest hospitals in NSW, Nepean Hospital is classified as a Tier 1 Principal Referral Hospital with an extensive range of services and catchment expanding as far west as Bathurst. It also operates as a teaching hospital for the University of Sydney and WSU, whilst also having linkages with TAFE (Kingswood). Nepean Hospital is also the administrative headquarters of the Nepean Blue Mountains Local Health District.

As the precinct grows and attracts greater levels of commercial interest, it will inevitably begin to compete with Western Sydney's other major health and education precincts such as Liverpool and Westmead.

## **Market activity**

The major expansion of the Nepean Hospital has driven a wave of new private investment into The Quarter. Two new private hospitals adjacent the public hospital are currently under construction with private commercial space and medical space being offered for sale and lease.

Both new private hospitals are achieving strong levels of pre-leasing and sales activity. A mix of interest is being observed, including from smaller sole practitioners (i.e. specialists, surgeons, GPs) to larger medical centres, pharmacies and imaging centres. Rents and sale prices being achieved are indicative of this strong level of interest – net rents ranging from \$400/sqm of floor area (comparable to the Penrith CBD) whilst sale prices are \$6,000/sqm-\$8,000/sqm of floor area. For context, new apartments in Penrith are achieving sale prices circa \$6,500/sqm to \$7,500/sqm of floor area.

The Werrington Park Corporate Centre (3-storey commercial building comprising 5,500sqm of commercial space) at the WSU Werrington South Campus has also attracted good tenant enquiry over the past 12-18 months, attracting leasing rates comparable to those achieved in the Penrith CBD.

## **Development activity**

Strong levels of development activity are underway in the B4 Mixed Use zone surrounding the Nepean Hospital as developers target older detached housing for

development of modern, purpose-built medical facilities. Two such developments are currently underway, including:

- Somerset Private Hospital (38 Somerset Street): recently completed 4-storey private hospital comprising 6,300sqm of medical space including professional suites, operating theatres, private hospital rooms and a range of other facilities.
- Nepean Health Hub (adjacent Nepean Private Hospital: 5-storey health facility under construction and pre-leasing set to comprise some 3,400sqm for private medical suites.

The existing Nepean Private Hospital (operated by Healthscope) is also planning an expansion with construction of a new 4-storey building for additional medical facilities.

Further east, the development of the retail precinct 'Caddens Corner' by WSU on the Werrington North Campus was completed in November 2020 and comprises some 9,000sqm of retail floorspace. This includes a new full-line supermarket, specialty retailers and dining precinct.

### SWOT analysis

The \$1 billion expansion of the Nepean Hospital coupled with the co-ordinated, multi-stakeholder approach to development in The Quarter presents a significant opportunity for the precinct to emerge as a premier health and education precinct in Western Sydney.

There are several underlying weaknesses and external threats which will affect the capacity of The Quarter to maximise this opportunity.

A SWOT analysis is carried out in the table below illustrating these various issues.

Table 3 – The Quarter (Kingswood) SWOT	
Strengths	Weaknesses
<p>Anchored by Tier-1 hospital</p> <p>Both university and TAFE campuses</p> <p>Established medical precinct</p> <p>Good public transport</p> <p>Multi-stakeholder strategy</p>	<p>Lack of critical mass due to distance between Nepean Health precinct and WSU/TAFE campuses</p> <p>Lack of pedestrian amenity – highly car-oriented urban landscape</p> <p>'Inward looking' nature and configuration of anchors</p> <p>Limited retail offer and amenity</p> <p>Lack of space for commercialisation</p>
Opportunities	Threats
<p>\$1 billion hospital expansion</p> <p>Growing skilled labour pool</p> <p>Increasing private sector interest</p> <p>Remaining capacity in B4 zone and B7 zone</p>	<p>Major expansions underway in Liverpool and Westmead will compete for private investment</p> <p>Number of stakeholders can slow pace of development</p> <p>Lack of drive from WSU to densify campus or better integrate with hospital and station</p>

## Recommendations

Taking advantage of strong anchor institutions to build a strong cluster will require concerted economic development and urban design efforts. The Quarter Action Plan is a good start, but it must be revisited now that a new train station will not be delivered. Creating a stronger sense of place, with better connections to Penrith CBD and Kingswood station, will be critical. Although B4 Mixed Use zoning is appropriate, there is a possibility that strata developments will preclude opportunities for commercial, service, or open space uses.

Engaging with the hospital and WSU to identify ancillary economic opportunities will also be crucial. An active approach in securing occupier interest from research institutes and the medical industry will need to be followed to achieve this vision given the number of more advanced health and education precincts being expanded across Greater Sydney.

Ambitions:

- Significant health and education precinct
- Higher amenity offering with short-term accommodation focus
- Positive pedestrian experience between hospital and station

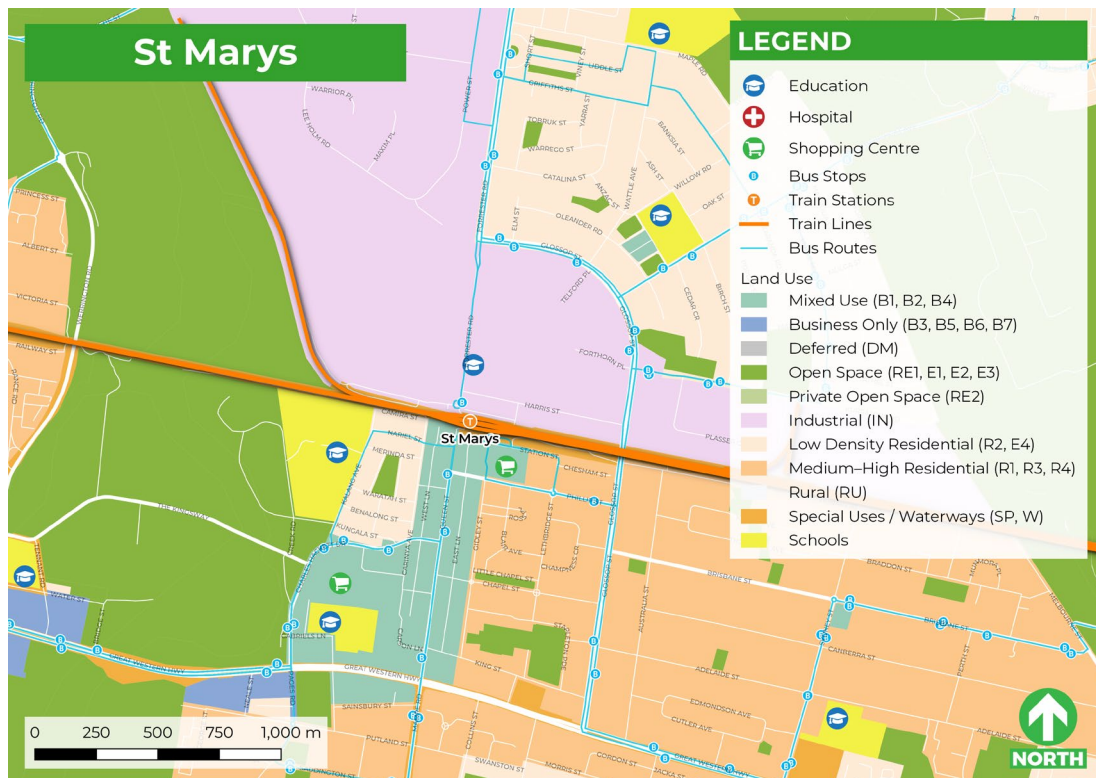
Actions:

- Use LEP or DCP controls to target unconstrained east side of hospital for improved place amenity and critical mass of food and retail.
- Establish public open space, and improve pedestrian amenity, adjacent to hospital.
- Investigate need for FSR incentives for commercial development.
- Active approach in securing occupier interest from research institutes and the medical industry.
- Continue to participate in The Quarter leadership group to lobby government and industry in accordance with *The Quarter Action Plan 2017-2021*.
- Assess the capacity of surrounding residential zoned land beyond the B4 Mixed Use precinct to accommodate additional growth over the longer-term to provide more demand for local retail and food services.

### 6.1.3 St Marys

#### Planning context

St Marys is the second of the two strategic centres in the GPEC Growth Area with a vibrant high street and a large industrial area north of the T1 railway line. Most of the area between the railway line and Great Western Highway is B4 Mixed Use zoning while IN1 zoning covers the employment land. To the south-east of the station, the area is generally zoned for medium to high density residential (R3 and R4).



**Figure 26 St Marys context map**

Source: Mecone with data from Spatial Services, Penrith LEP and relevant SEPPs

## Planning vision

St Marys is in a prime position to transform itself into a higher-order centre with its strategic location acting as an interchange between the T1 railway line and the future Metro lines to the Western Sydney International Airport and Aerotropolis, as well as to Tallawong.

The Western City District Plan lists several actions for the future of St Marys. The plan recognises the strategic location of St Marys and an action is to maximise its opportunity at the intersection of north-south and east-west corridors. It envisages St Marys as a diverse and innovative mixed-use centre with an active night-time economy. The District Plan additionally envisages St Marys as a centre for more diverse housing with increased densities around transport hubs.

The Penrith LSPS similarly recognises the strategic positioning of St Marys in the future public transport network, noting that the improved accessibility will prove to be transformative to the character of St Marys, whilst recognising the need to retain community values such as local character and heritage. It identifies St Marys as a potential 'smart work hub' and a location for mixed-use and high-density residential developments.

In the Western Parkland City PIC, St Marys is split into St Marys North (the industrial area) and St Marys South (the town centre). St Marys South is identified by the PIC as an 'initial place for housing and people'. It states that St Marys South has the opportunity to provide significant housing for the area in the longer term, with a



diverse range of housing tenures, including private, affordable rental and social housing. St Marys North is discussed further below.

St Marys' relationship with the other centres of Penrith is multi-faceted. One of its key roles is to act as an interchange between north-south and east-west and this connectivity with provide opportunities for commercial development surrounding this interchange activity. Additionally, the PIC also sees St Marys as a key accommodation hub for workers in the Western Sydney International Airport and Aerotropolis – providing a range of contemporary housing from lower-paid essential workers to highly skilled workers in the knowledge industry.

An Economic Strategy was prepared for St Marys in recognition of its potential for transformation with the Sydney Metro investment. This Strategy recommends maintaining employment land and floor space in the town centre while incorporating higher density residential development. It also recommends pursuing industry diversification with more knowledge-based jobs.

A St Marys Town Centre structure plan was prepared that calls for improved north-south connections across the rail line, reuse of Council-owned land, and establishment of a Civic Place. The structure plan also offers building typology examples to accommodate higher density within the town centre.

## **Market context**

Comprising some 4,000 jobs south of the railway line, St Marys recorded a relatively low job density of around 22 jobs/ha. The centre plays a primarily localised, retail-orientated role to its immediate catchment and is anchored by two supermarket-based shopping centres.

With around 100,000sqm of retail floorspace, St Marys is around half the size of the neighbouring Penrith CBD in terms of retail supply. The majority of this floorspace is provided in the centres two shopping centres (St Marys Village and Station Plaza) which collectively account for around 22% of total supply. The precinct is characterised by a mix of strip retail shopfronts and larger, single storey buildings.

With around 8,600sqm of commercial space, St Marys is not recognised as a commercial office precinct. Commercial space is typically aged, single storey buildings with interest generally limited to price conscious occupiers (e.g. NGOs).

The largest landowners in the St Marys Centre include the owners of both shopping centres – Torress (private investor who recently acquired the St Marys Shopping Village) and Haben Property (developer and owner of Station Plaza). Key occupiers within the precinct include Woolworths, Coles, Target, ALDI and a variety of employment agencies (e.g. Octec Employment Services).

St Marys plays a supplementary role to both the Penrith and Mount Druitt CBDs who have a more comprehensive retail offering.

## **Market activity**

A dearth of market activity has been observed over the past 12-18 months. Very little new supply has been brought to market for sale, with landowners looking ahead to the significant growth potential for the centre following the opening of the WSA in 2026.

The largest sale in recent years was that of the St Marys Shopping Village – the shopping centre sold in late-2019 for \$68 million to a private investor following a strong market campaign.

Following the announcement that the Station Plaza shopping centre is to be acquired for the purposes of the Sydney Metro Western Sydney Airport metro line, it is understood that Haben Property have submitted an unsolicited request to purchase a Council-owned car park at 5-13 Gidley Street. A concept proposal envisages the development of a new 2-storey shopping centre with a larger Coles supermarket.

In contrast, conditions in the leasing market are soft and in line with broader market conditions in the retail sector. Local agents note the centre has historically struggled to compete with neighbouring Penrith and Mount Druitt which have a broader retail offer and attract a wider customer catchment.

### **Development activity**

Development activity across St Marys has been steadily growing in recent years. New mixed-use developments along Queen Street and Gidley have been growing the immediate resident catchment and improving the overall quality of ground floor retail and commercial accommodation.

A review of the development pipeline shows there are no major commercial or retail focused developments currently being proposed or delivered – a reflection of the market's limited commercial profile.

A planning proposal for the Station Plaza shopping centre envisaged some 600 apartments and 8,300sqm of new retail and commercial floorspace was lodged in late-2018. This will not be delivered given the site is to be acquired as part of the Sydney Metro WSA metro line.

### **SWOT analysis**

St Marys has a significant opportunity given its role as key interchange between the existing T1 Western line and future Sydney Metro Western Sydney Airport line. This reflects its recent designation by the Western City District Plan as a strategic centre.

Many of the centres' inherent weaknesses will be overcome as the economic opportunity presented by its location are realised by the market. Threats from other centres, namely the Penrith CBD and new centres along the Sydney Metro Western Sydney Airport line (e.g. Orchard Hills, Northern Gateway) will undoubtedly compete with the centre for both investment and occupier interest.

The table below carries out a SWOT analysis of the St Marys Strategic Centre.

Table 4 – St Marys SWOT

Strengths	Weaknesses
<p>Good public transport</p> <p>Large resident and worker catchment</p> <p>New mixed-use developments</p> <p>Strong retail activity</p> <p>Active high street</p>	<p>Fragmented land ownership</p> <p>Poor quality retail/commercial stock</p> <p>Western Sydney stigma</p> <p>Enclosed shopping centres with supermarkets limit street activity</p> <p>Lack of nighttime activity</p>
Opportunities	Threats
<p>Sydney Metro interchange station will raise profile of St Marys for both residential and commercial uses</p> <p>Several large, underutilised sites suited for redevelopment</p> <p>Queen St can have very high amenity because it does not have an important movement role</p>	<p>Further growth of Penrith CBD</p> <p>New centres to the south and west (Caddens, Orchard Hills, Northern Gateway) will compete for investment</p> <p>Higher density residential may crowd out employment</p>

## Recommendations

Council must settle on a clear vision for the role and purpose of St Marys post 2026. The St Marys Economic Strategy and Structure Plan commissioned by Council form a solid set of guiding documents.

Denser residential development would be appropriate considering the transport investment, and this will drive additional demand for retail and food services. Other population-serving employment will also be drawn to St Marys with the higher density and greater accessibility.

Considering efforts and advantages in other precincts, St Marys does not have much opportunity to attract significant office development. However the adjacent industrial lots north of the train station could see an evolution into higher intensity knowledge-based industrial activity.

Ambitions:

- Service orientated offer playing a supporting role to the Penrith CBD and Northern Gateway
- Revitalised Queen Street retail strip serving a denser residential population
- Support the intensification of employment uses immediately north of metro station

Actions:

- Consider pedestrianising Queen St and/or Station St to enhance sense of place.
- Protect existing employment land from rezoning despite pressure from Sydney Metro line.
- Support higher intensity use on employment land i.e. "creative industrial" or knowledge-based industrial, with appropriate planning controls in LEP and DCP.

- Engage with Sydney Metro to take an active approach in the planning for the Sydney Metro Over Station Development.
- Investigate Council's property portfolio and identify surplus or underutilised sites which could be developed.
- Consider how to protect access for freight movements adjacent to residential zoning.

## 6.2 Infill precincts

### 6.2.1 Jamisontown (South Penrith)

#### Planning context

The commercial centre at Jamisontown is generally zoned B5 – Business Development with a section of IN1 – General Industrial. Immediately to the west of the commercial zoning is rural land, zoned RU4 – Primary Production Small Lots. To the east and south, the area is generally low-density residential (R2).

Jamisontown is relatively unconstrained, with the main constraint within the centre itself being the presence of strata-titled properties. The area to the north-west, however, is considerably constrained with both flooding and bushfire risk.



**Figure 27 Jamisontown context map**

Source: Mecone with data from Spatial Services, Penrith LEP and relevant SEPPs

## Planning vision

Jamisontown is not mentioned in the PIC, District Plan, Place Strategy, LSPS or EDS. However its strong identity today has momentum to carry forward as a vision for the future.

## Market context

Jamisontown, commonly referred to as South Penrith, is Penrith's premier large format retail and light industrial precinct. Comprising a total of 82ha with a mix of IN2 Light Industrial and B5 Business Development zoning, the precinct is largely developed with just 3% of land remaining undeveloped. The precinct comprises just over 200,000sqm of industrial floorspace and almost 190,000sqm of large format retail floorspace.

Anchored by the Penrith Homemaker Centre, the precinct is characterised by a mix of national large format retailers and industrial wholesalers along with smaller local urban service operators. The precinct recorded an employment density of some 42 jobs/ha – reflecting the concentration of retailers and urban services.

As owners of the Penrith Homemaker Centre and adjoining Bunnings Warehouse site, Calardu (subsidiary of Harvey Norman Holdings) are the largest landowner within the Jamisontown precinct. HomeCo REIT is also a major landowner, controlling the large Penrith Home Co large format centre. Land ownership in the IN2 Light Industrial precinct is conversely high fragmented and characterised by small local investors and owner occupier businesses.

The Penrith Homemaker Centre is the key anchor for the precinct with 35 national bulky goods retailers. Several prominent businesses are located within the IN2 zone, such as ACTROL (large national refrigeration wholesaler, Nepean Hospitality and Cooks Plumbing Services).

Jamisontown has few comparable competitors but would compete with the large format retail and industrial precincts in Campbelltown and Marsden Park to some extent.

## Market activity

Jamisontown is an extremely tightly held market with very few market transactions (sales or leases) observed over the past 12-18 months. Occupancy rates are high with a retail vacancy rate of just 0.3% and an industrial vacancy rate of 4.1% recorded in October 2020.

Unlike trading conditions in the majority of the retail sector, large format retailers have experienced an uptick in demand over the course of 2020 as spending on home improvements activity has risen.

Market investigations note that the precincts' key strengths – strong exposure along Mulgoa Road and proximity to the M4 Motorway – make it a highly desirable precinct to a variety of businesses. Local agents note that available space is quickly absorbed by the market when brought online.



Gross industrial rents across Jamisontown range from \$110/sqm-\$140/sqm of floor area – above the Outer West average of \$120/sqm. This reflects the strength and desirability of the local market.

## Development activity

A review of the development pipeline shows there is very little new development underway. Activity is instead observed to be focused on additions and alterations as landowners look to maximise their existing assets.

A planning proposal for the development of a \$300m indoor snow theme park with associated hotel accommodation is currently under assessment for a rural site just west of the precinct along the Nepean River. If approved, this would build upon Penrith’s established profile as one of Greater Sydney’s leisure and sports precincts.

## SWOT analysis

Jamisontown is performing strongly with high occupancy levels, testament to its desirability. Its locational qualities lend itself to a variety of businesses and it has limited weaknesses which detract from its light industrial role.

Looking forward, future employment lands in the Western Sydney Aerotropolis will be key competitors for the precinct. New precincts along key arterial roads (e.g. M12 Motorway, Northern Road) will be particularly competitive in attracting large format retailers.

The table below includes a SWOT analysis of the Jamisontown Employment Precinct.

Table 5 – Jamisontown SWOT	
Strengths	Weaknesses
Agglomeration of bulky goods retailers, urban services, and recreation including Panthers stadium High accessibility and visibility Flat topography Relatively high amenity with services for workers	Limited buffer from neighbouring residential uses Little remaining undeveloped land Limited public transport options Congestion at peak times
Opportunities	Threats
Growing resident population immediately south in Glenmore Park will drive demand Potential indoor snow theme park would further raise profile	Future supply in Western Sydney Aerotropolis Potential employment precincts along Northern Road and Bringelly Road (Camden LGA)

## Recommendations

Council should recognise the strong identity and momentum of the precinct today despite its absence from planning documents. Council needs to identify and track the attributes that have made the precinct successful and work to maintain these attributes. A specific strategy for tourism development in this precinct may help draw new activity to the area.

Ambitions:

- Retention of its role and reputation as Nepean's premier light industrial and large format retail precinct
- Tourism and recreation precinct integrated with rest of Greater Penrith

Actions:

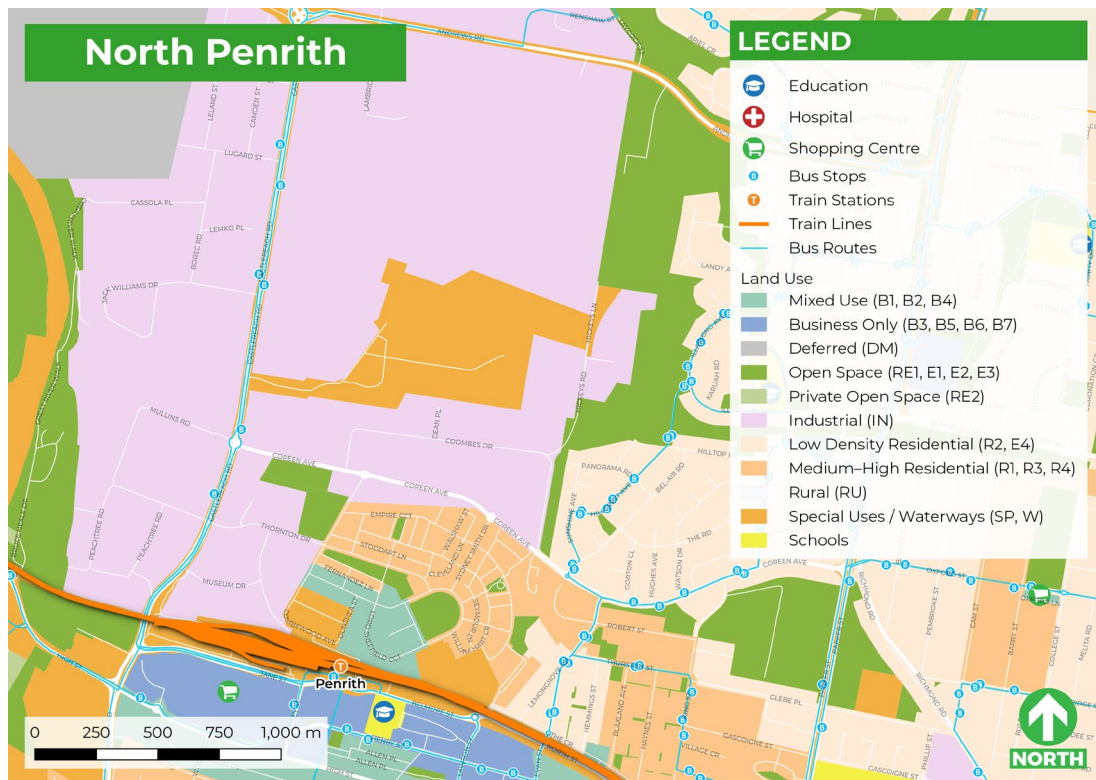
- Prepare a place vision and strategy for retention of the bulky goods and industrial functions and development of the tourism function linked to the Nepean River.
- Ensure that industrial users are not threatened by land use conflict from nearby current and future residential population.
- Work with TfNSW to improve public transport accessibility and seek measures to avoid road congestion.
- Engage with existing businesses to hear feedback and address concerns.

## 6.2.2 North Penrith

### **Planning context**

The existing land zoning in the North Penrith precinct is mostly industrial, predominately IN1 – General Industrial, with a smaller subset being IN2 – Light Industrial, located to the south of the special use zone for the sewerage facility located in the middle of the precinct.

Flooding and bushfire risk are the main constraints in North Penrith, as well as the presence of strata-titled properties. A large sewerage treatment facility is also located in the centre of the precinct (shown in Figure 28 as special uses zoning in orange).



**Figure 28 North Penrith context map**

Source: Mecone with data from Spatial Services, Penrith LEP and relevant SEPPs

## Planning vision

North Penrith is not mentioned in the PIC, District Plan, Place Strategy, LSPS or EDS. Nevertheless it has a strong identity today for heavy industrial users that should be protected and enhanced.

## Market context

North Penrith is one of Penrith LGAs largest and most established industrial precincts. Second in terms of size only to St Marys North, the 258ha precinct primarily zoned IN1 General Industrial (with a small component of IN2) comprises almost 500,000sqm of industrial floorspace. Characterised by a mix of manufacturing, construction and urban services (recycling), the precinct comprises an employment density of almost under 30 jobs/ha. This is comparably high compared to other Western Sydney industrial precincts.

There remains notable capacity in the precinct for further industrial development with some 19% of land identified as undeveloped in January 2019 (DPIE, 2020).

North Penrith is characterised by a mix of large land holdings along Castlereagh Road and a series of more fine grain lot patterns. Major landowners in the precinct are a mix of institutional investors and owner occupiers, including Charter Hall, Perpetual, Fletcher Building Holdings and Fort Dodge Australia.

North Penrith's occupier profile is unique with a large concentration of international firms intermixed with local Western Sydney-based SMEs. Major occupiers within the precinct include:

- Capral Aluminum (subsidiary of major construction group Fletcher Building Group);
- O-I Glass (major international company and subsidiary of Visy);
- Meyer Timber (one of the largest timber wholesale companies in Australia);
- Virbac (one of the world's largest animal pharmaceutical manufacturers);
- Corrugated Carton Products (major national cardboard box manufacturer).

Local agents note the precinct has traditionally been popular amongst 'heavy' industrial users given its well-buffered from surrounding sensitive uses, though this buffer has reduced with the development of the Thornton precinct immediately north of Penrith train station.

North Penrith competes with a variety of other general industrial precincts across Outer Western Sydney, notably St Marys North. Other competitors include Emu Plains and Arndell Park. As the precinct is less suited to freight and logistics, areas like Erskine Park and Eastern Creek are not considered as key competitors.

### **Market activity**

In line with most industrial precincts across Western Sydney, North Penrith has performed strongly over the past 12-18 months. Occupancy rates are high with a vacancy rate of ~2% with rents ranging from \$110/sqm to \$130/sqm of floor area.

Several major transactions in recent months illustrate the strength of demand within the precinct. Charter Hall acquired 130-172 Andrews Road in mid-2020 for just over \$88m, with the smaller neighbouring site at 126 Andrews Road acquired by local investor Sandram for \$17.5m.

Several new industrial parks are currently being pre-leased and achieving strong levels of enquiry with gross rents in the order of \$120/sqm to \$130/sqm of floor area.

Local agents note the market demand for larger premises is particularly strong with demand for smaller suites still growing. The precinct is not regarded as freight and logistics precinct given its distance from major arterial roads and motorways.

### **Development activity**

Several industrial developments are underway across North Penrith with potential for some 82,000sqm of new industrial floorspace. The largest of these is a 50,000sqm warehouse currently under construction at 130-172 Andrews Road being delivered by Charter Hall. A variety of smaller developments is also underway, delivering a mix of industrial warehouse and self storage units.

This level of development is further testament to the demand for industrial space within the precinct, with remaining undeveloped land being quickly absorbed.

### **SWOT analysis**

Similar to Jamisontown, North Penrith is a highly desirable industrial precinct with its inherent strengths well-suited to general industrial and urban service uses. Low vacancy rates, strong rents and high levels of development activity are testament to its desirability.

The Western Sydney Aerotropolis is in the longer-term a threat to North Penrith as its vast supply of employment lands will compete for investment and occupier interest, potentially drawing away many of North Penrith's key tenants over time. In the short-term, development of the Penrith Lakes employment precinct will also compete for SME interest who may otherwise consider smaller suites on offer in North Penrith.

Managing future land use conflicts with the Thornton residential precinct to the south will also be critical to ensuring the long-term viability of this section of the precinct.

The table below provides a SWOT analysis of the North Penrith Employment Precinct.

Table 6 – North Penrith SWOT	
Strengths	Weaknesses
Most of the precinct is well buffered from surrounding uses Good accessibility via Penrith station Strong market profile Relatively intense employment density Mix of larger occupiers and SMEs	Distance from Orbital Network and population hubs Congestion in peak times Not enough job density to attract services for workers
Opportunities	Threats
Available undeveloped land, both overall amount and large lot size	Future supply in Western Sydney Aerotropolis and Penrith Lakes Residential precinct to the south and potential land use conflicts

## Recommendations

This precinct's strong momentum should be maintained primarily by protecting the area from land use conflict, both at the south-east corner and along key road access routes. Regular communication with businesses will reveal any actionable concerns before occupiers become dissatisfied.

Ambitions:

- Highly desirable and sought after general industrial precinct

Actions:

- Protect from land use conflict by restricting residential growth nearby and along key freight transport routes.
- Engage with businesses to understand needs and concerns.

### 6.2.3 North St Marys

#### Planning context

North St Marys forms a part of the St Marys strategic centre in the Western City District Plan. Like the North Penrith precinct, land use in North St Marys is predominately industrial with IN1 – General Industrial zoning throughout. To the east of the industrial area are low-density residential land uses (R2).



The core of North St Marys is relatively free from constraints; its periphery, however, is surrounded by flood and bushfire prone land. There is a heritage conservation area towards the north of centre, covering the North St Marys Staff Cottages.



**Figure 29 North St Marys context map**

Source: Mecone with data from Spatial Services, Penrith LEP and relevant SEPPs

### Planning vision

In the Western Parkland City PIC, it is identified as an already highly valued industrial area with good road and rail access. The PIC states that the centre is well-positioned to transition to circular economy functions as part of its growth and change.

The Penrith LSPS states that the North–South Rail Link will provide a new role for St Marys and act as a catalyst for transformation. It identifies that St Marys is one of the largest industrial and urban services precincts in Sydney and that the industrial land north of the railway line at Dunheved Business Park will have a critical role to play in delivering more jobs in the area. The LSPS envisages that in the longer-term, the construction of the Outer Sydney Orbital will further transform the industrial area, with improved access to the road freight network.

### Market context

North St Marys is the Penrith LGA's largest established industrial precinct. Comprising some 281ha of mostly IN1 General Industrial land, the area is characterised by a mix of manufacturers, construction groups and other general industrial users. The precinct includes almost 920,000sqm of industrial floorspace with a smaller component of large format retail floorspace (circa 43,500sqm). With an employment

density of around 23 jobs/ha, the precinct is a major source of economic output in the Penrith LGA.

A mix of building typologies are observed throughout the precinct, ranging from large modern warehouses and distribution facilities, older warehouses and factories along with small industrial units in industrial park complexes. Much of the precinct is developed, with just 10% of land remaining for development in January 2019 (DPIE, 2020).

St Marys is well-represented by a variety of institutional investment groups, including Perpetual, Charter Hall, Stockland and FIFE Capital. Similar to North Penrith, the precinct accommodates a mix of large manufacturers and wholesalers coupled with Western Sydney-based SMEs. Key occupiers operating from the precinct include:

- Australian Reinforcing Company (ARC) – major manufacturer/supplier of steel reinforcing products<sup>1</sup>
- Azelis – international chemical manufacturer;
- Gulf Western Oil – major lubricant manufacturer
- Van Leeuwen – international distributor of steel pipes, valves and fittings.
- BITZER Australia – international manufacturer of refrigeration parts.

The precinct is also set to benefit from delivery of the St Marys Freight Hub – an intermodal terminal to be operated by Pacific National which is expected to be operational from 2021.

St Marys North predominantly competes with North Penrith and Glendenning. Similar to North Penrith, St Marys North is not well-known as a freight and logistics precinct with neighbouring precincts like Eastern Creek/Erskine Park being different markets.

### **Market activity**

North St Marys is a highly popular industrial precinct and has witnessed a flurry of activity over the past 12-18 months with a number of major tenant movements. The vacancy rate recorded in October 2020 was 9%, with this almost entirely attributed to the 60,000sqm of available space at Stockland's Forrester Distribution Centre following the relocation of O-I Glass.

Industrial rents across the precinct are broadly in line with those observed in North Penrith, averaging around \$105/sqm to \$130/sqm of floor area.

No major sales have been observed over 2019-2020 though a series of smaller warehouses have transacted over this period. Local agents note demand has been strong with interested mixed between owner occupier businesses and local investors.

### **Development activity**

Several industrial developments are underway across North St Marys with the development pipeline indicating just over 29,000sqm of new industrial floorspace is proposed and/or delivered. This is being delivered across 2-3 new industrial park developments focusing on smaller style units. Looking forward, the delivery of the St

Marys Freight Hub is expected to catalyse further development, particularly given the amount of remaining undeveloped land and number of underutilised sites.

## SWOT analysis

St Marys North is experiencing strong levels of market demand with market investigations indicating the precinct is performing well. It has an established market profile which is expected to further grow with the completion of the St Marys Freight Hub in mid-2021.

The table below provides a SWOT analysis of the North St Marys Employment Precinct.

Table 7 – North St Marys SWOT	
Strengths	Weaknesses
<p>Most of the precinct is well buffered from surrounding uses</p> <p>Good accessibility via St Marys station</p> <p>Strong market profile</p> <p>Good amenity offering with nearby retail/hospitality</p> <p>Mix of larger occupiers and SMEs</p>	<p>Congestion in peak times</p> <p>Distance from Orbital Network</p>
Opportunities	Threats
<p>Available undeveloped land</p> <p>St Marys Freight Hub will attract freight and logistics operators and prove a point of difference to other precincts</p> <p>Sydney Metro will improve regional public transport accessibility</p>	<p>Residential area to the east – potential land use conflicts</p> <p>Potential for loss of employment land close to station to accommodate residential</p>

## Recommendations

Being adjacent to the St Marys mixed use centre, this industrial precinct needs strong protection and clarity to maintain and enhance its employment role. Although some intensification of employment use near the station would be desirable, the precinct as a whole should not lose its successful and regionally significant industrial role. This requires both refusing to rezone land and ensuring that freight movements can continue unimpeded on key roads such as Forrester Road and Glossop St within and beyond the precinct.

Ambitions:

- Premier general industrial precinct
- Intensification of industrial uses immediately north of train station

Actions:

- Allow for limited intensification near station, but keep strong protections in remainder of precinct to allow industrial activity to continue.
- Protect access for freight movements near residential areas.

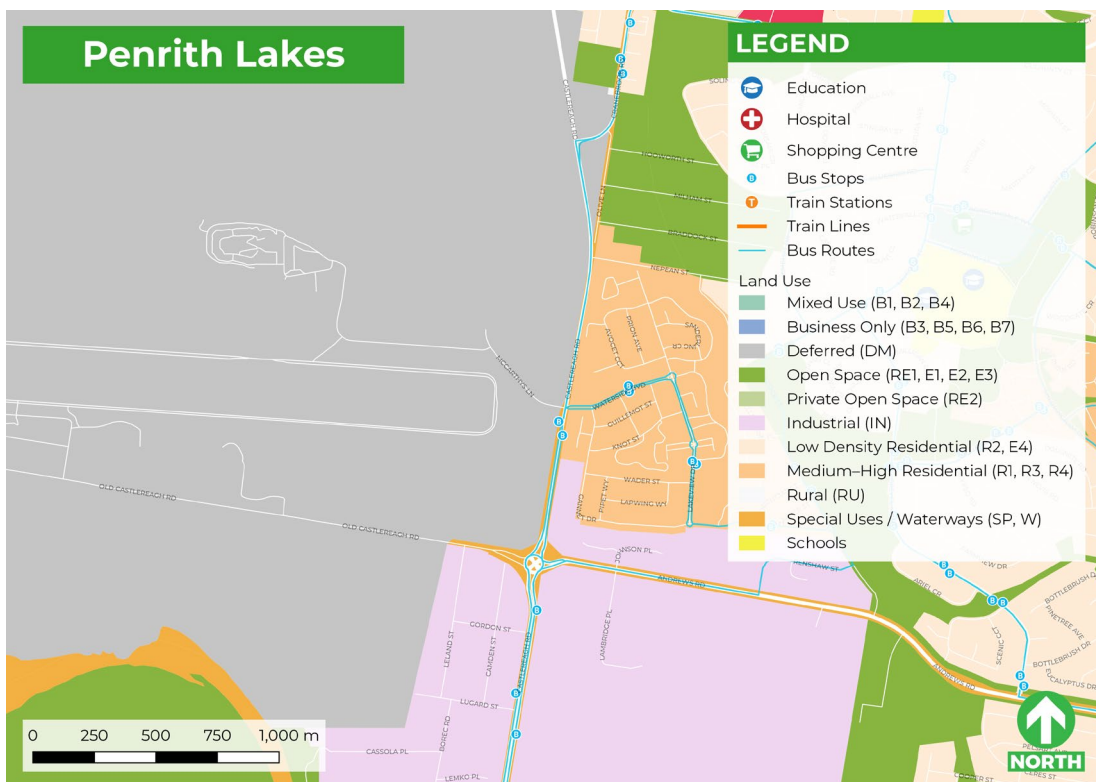
- Engage with existing businesses.
- Progress planning for employment zoned land within Sydney REP No 30 – St Marys.

## 6.3 Greenfield precincts

### 6.3.1 Penrith Lakes

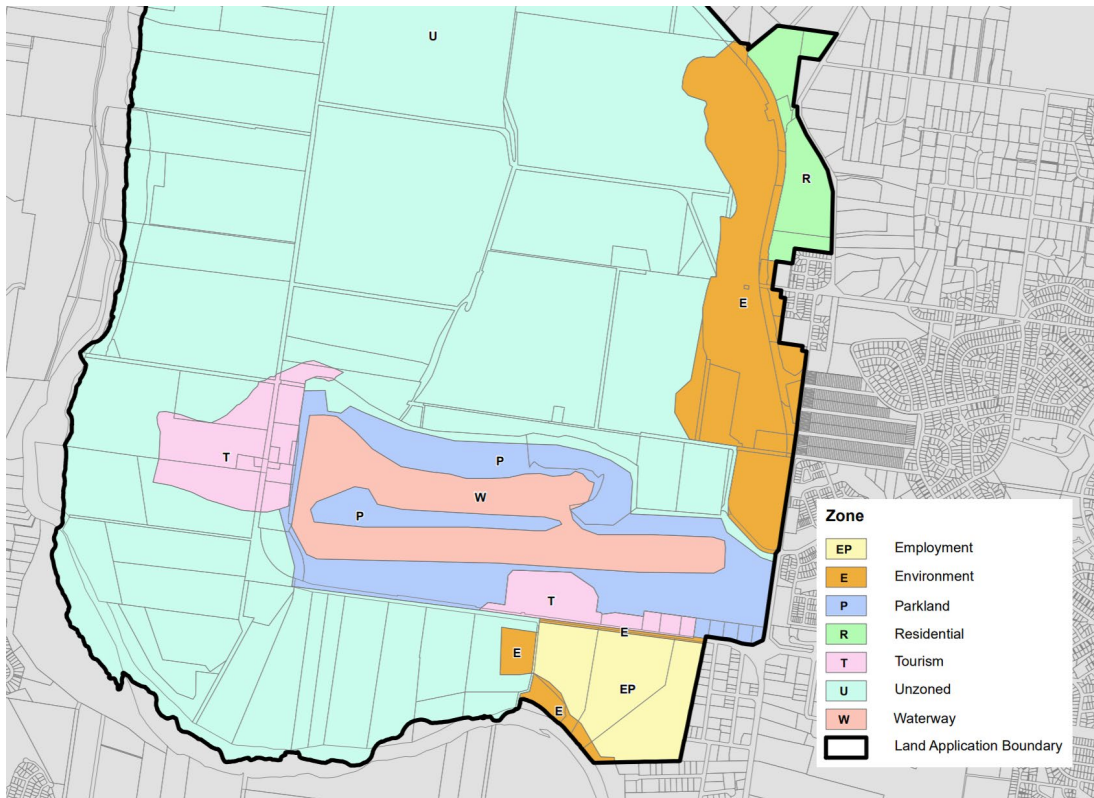
#### Planning context

Land use zoning for Penrith Lakes is provided by the Penrith Lakes Scheme SEPP rather than the Penrith LEP. This scheme was intended to transition the land use from a former quarry to recreation and employment. In 2017 a section of land at the southeast corner of Penrith Lakes was zoned for employment. A recent amendment reconfigured and expanded this zoning to improve development feasibility.



**Figure 30 Penrith Lakes context map**

Source: Mecone with data from Spatial Services, Penrith LEP.



**Figure 31 Land use zoning in the Penrith Lakes Scheme SEPP**

Source: DPIE

### Planning vision

Through the Penrith Lakes Scheme SEPP, the NSW Government's vision is to develop the Penrith Lakes precinct as "a destination to play, relax, work and visit". A number of changes have been made to the scheme – the most recent being a decision in 2020 to expand the employment zone in the south-east of the site that was originally identified in 2017; and a decision in 2019 to allow dual occupancies on sites above the probable maximum flood level.

### Development Activity

The SEPP was recently amended by the NSW Government to support development of the Nepean Business Park at the southeast corner of the Scheme. The Nepean Business Park is being delivered by Precinct Capital Pty Ltd who acquired the site in mid-2019 from Penrith Lakes Development Corporation for \$19.25m.

The 45ha precinct will be subdivided to accommodate approximately 100 lots over several stages with some 375,000sqm of employment space expected in the initial two stages. Construction and an expression of interest campaign is currently underway with the first stage of the project expected to be completed in late-2021.

### SWOT analysis

Penrith Lakes will be one of the newest industrial land release areas in the Penrith LGA and will enter the market at a period of strong market demand. The precinct is



in an area of high amenity given its location adjacent the Nepean River and Sydney International Regatta Centre.

That said, the precinct will be competing with both Penrith's existing industrial precincts, particularly North Penrith, as well as new supply coming online in Western Sydney Aerotropolis.

The table below provides a SWOT analysis of the Penrith Lakes release area.

Table 8 – Penrith Lakes SWOT	
Strengths	Weaknesses
Single landownership Master planned development Well-buffered from sensitive uses High amenity location	Poor public transport options Distance from Penrith CBD and retail amenity Distance from Orbital network
Opportunities	Threats
Leverage from popularity of North Penrith Capitalise on growth of industrial sector	Will compete with new developments in North Penrith New supply in Western Sydney Aerotropolis

## Recommendations

Council should support the landowner-led development efforts to make Nepean Business Park a reality. This will require advocating to DPIE for feasible development controls.

Ambitions:

- General industrial precinct with high amenity and natural extension of North Penrith precinct

Actions:

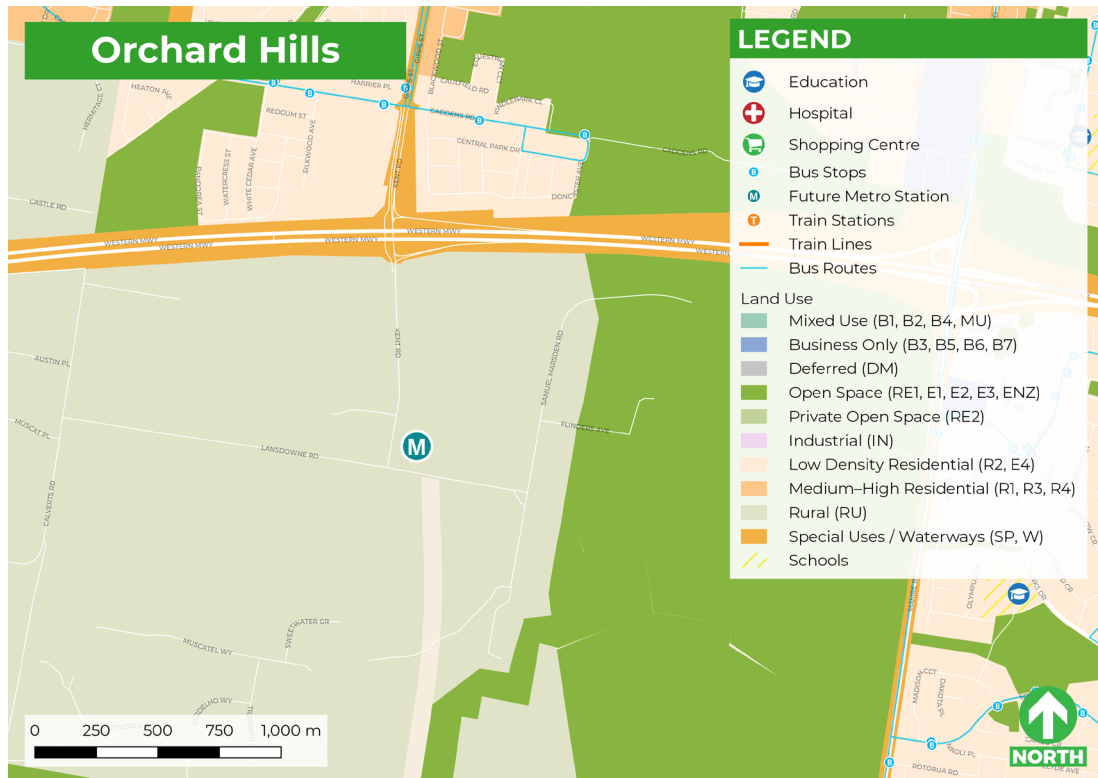
- Advocate for DCP controls that ensure development feasibility and high job intensity while capitalising on natural amenity.

### 6.3.2 Orchard Hills

#### Planning context

Located immediately south of Caddens on the southern side of the M4 Motorway, Orchard Hills is a large peri-urban area (mix of RU2 Rural Landscape, RU4 Primary Production Small Lots and E2 Environmental Conservation). Characterised by a mix of small agricultural operations and homesteads, the precinct also comprises the Defence Establishment Orchard Hills – a major tri-service munitions storage base. The Orchard Hills Investigation Area, currently within the Metropolitan Rural Area, between the M4 and the Defence land, will be considered for future supply of urban land in order to deliver housing and employment.

Land ownership across the precinct is relatively fragmented, notwithstanding the significant landholding controlled by the Department of Defence. Average lot sizes are large, particularly in the E2 Environmental Conservation zone.



**Figure 32 Orchard Hills context map**

Source: Mecone with data from Spatial Services, Penrith LEP and relevant SEPPs

## Planning vision

With the commitment of a Sydney Metro station along the line between St Marys and the airport, Orchard Hills is positioned to become a new mixed-use centre potentially having housing supply and employment land. Penrith Council's LSPS identifies Orchard Hills Centre at the Sydney Metro station as a "compact mixed use urban village with a focus on residential uses". The Sydney Metro Western Sydney Airport Project Overview document identifies Orchard Hills as a future mixed-use centre, with commercial and residential components. It envisages that the centre will be a compact, high-amenity and walkable new community. Additionally, the Western Parkland City Place-Based Infrastructure Compact identifies Orchard Hills as an 'initial place for housing and people'.

## Development Activity

There is no development activity is currently underway in Orchard Hills. The largest transaction to date was the acquisition of 43a Luddenham Road in May 2020 for \$61m for construction of a rail stabling yard as part of the new metro line. Limited other activity has been observed.

## SWOT analysis

Orchard Hills will be strategically positioned midway between St Marys Strategic Centre and the Western Sydney Aerotropolis. Centred around a new Metro station with direct access to a variety of employment precincts, the precinct will be an ideal location for residential uses.

The role of Orchard Hills from an employment perspective is still being considered. It is likely to play a smaller, convenience-based role.

Table 9 – Orchard Hills SWOT	
Strengths	Weaknesses
Access to motorway Greenfield precinct Proximity to Aerotropolis	No existing infrastructure Fragmented land ownership and lot patterns Flooding constraints
Opportunities	Threats
Sydney Metro station opens up urban development Master-planned approach to metro station precinct Employment opportunities through expansion of Defence site Leverage from growth of Northern Gateway	Ad hoc approach to development (e.g. Austral) would lead to poor outcome Strong competition from established centres and precincts

## Recommendations

As this land is currently in the Metropolitan Rural Area, GSC's approval will be required to commence urban development. Council should lead the visioning and master planning work for Orchard Hills to put forward a preferred vision to GSC and DPIE. The employment role of Orchard Hills should be limited to local service commercial such as food and neighbourhood shops. Some consideration might be given to light industrial for urban services in close proximity to the motorway, but not at the expense of other industrial precincts across Penrith LGA.

Ambitions:

- Localised service orientated centre
- Supporting economic role to St Marys and Northern Gateway

Actions:

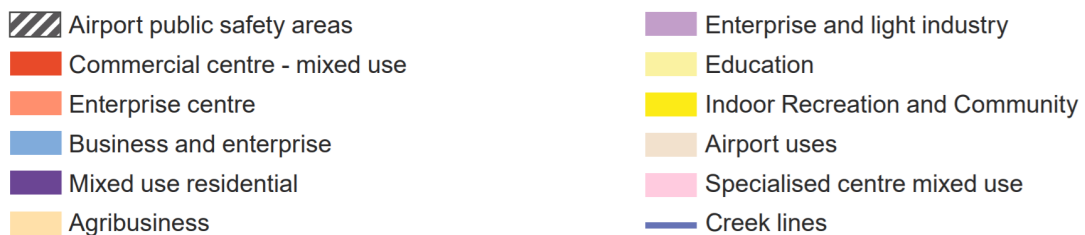
- Lead structure planning for the station precinct and investigation area.

### 6.3.3 Science Park

#### Existing context

The Science Park precinct was initially rezoned by Penrith Council in the Penrith LEP in 2016 according to a landowner-led vision. It was then incorporated into the Aerotropolis planning efforts by DPIE including the SEPP and Precinct Plan. In the

Aerotropolis SEPP its LEP zoning has been converted to be consistent with other Aerotropolis precincts, with all B4 and B7 land changed to MU Mixed Use zoning and RE1 land changed to ENZ Environment and Recreation zoning. Surrounding rural areas have been rezoned to ENT Enterprise. The Aerotropolis SEPP will not apply to Science Park until a Precinct Plan is approved by the Minister.



**Figure 33 Science Park structure plan (within Aerotropolis Northern Gateway Precinct)**

Source: Mecone with data from Spatial Services and Draft Aerotropolis Precinct Plan.

### Planning vision

The original landowner-led vision for Science Park was for a high-tech mixed use residential and employment precinct with up to 12,000 jobs, 10,000 students, and 3,400 dwellings. This vision has been enhanced by the activation of the Aerotropolis around the airport and the commitment to a Sydney Metro station in Science Park.

The Draft Aerotropolis Precinct Plan says Science Park may include such activities as agribusiness, defence, aerospace, health and education, retail, and community uses. The Plan describes the Sydney Metro station area as a specialised centre, second in hierarchy to Aerotropolis Core, focused on strategic innovation with commercial, office development, and innovative employment opportunities. This part of the precinct will have urban design and activity suited to the public transport connectivity of the Sydney Metro station. A smaller local centre will be in the western portion of Science Park away from the metro station.

All of Science Park will have residential as a permissible use, but development is required to occur in such a way as to balance the delivery of employment and residential floor space. The previous dwelling cap of 3,400 across Science Park has been carried over into the Draft Precinct Plan.

### Development activity

Commencement of the initial stages of the Sydney Science Park are expected in the more immediate term, subject to precinct planning approval. More intense forms of employment uses (e.g. retail, commercial office) are expected from 2026 in line with the proposed completion of the Sydney Metro WSA metro line and WSA.

### SWOT analysis

The Science Park precinct is expected to be one of the early movers in the broader Western Sydney Aerotropolis. The number of major landowners and existing approval for the Sydney Science Park will assist in driving development early compared to other precincts where land ownership is more fragmented.

As they become viable, commercial and office type uses in Science Park will compete with existing centres in Western Sydney, notably Liverpool and Penrith, as well as the Aerotropolis Core.

The table below provides a SWOT analysis of the Science Park precinct.

Table 10 – Science Park SWOT	
Strengths	Weaknesses
Majority land ownership New metro station and road infrastructure Existing approvals for Sydney Science Park and tenant commitments	Various environmental constraints Distance from established urban area and skilled workforce
Opportunities	Threats
Sydney Science Park is held in single ownership and could be quickly progressed Opportunity to be the first major mover in the Aerotropolis	Employment requirements may result in limited residential development

### Recommendations

Science Park benefits from an established strategic planning vision with strong drive from the single landowner. Council’s planning efforts in this area should not be lost with the transfer into the Aerotropolis with State-led planning and delivery. Council should continue to support development controls that require delivery of employment floor space.

Ambitions:

- Knowledge-based employment in a smart precinct with high amenity and connectivity supported by medium to high density residential



Actions:

- Participate in discussions with DPIE and landowner to ensure master planning process establishes a unique identity and accounts for complementary precincts elsewhere in Penrith LGA.
- Keep protection for employment capacity.

### 6.3.4 Northern Gateway

#### Planning context

One of the initial precincts of the Aerotropolis Plan, the Northern Gateway precinct excluding Science Park will be a new highly connected and productive employment area. The Northern Gateway precinct has already been rezoned through the Aerotropolis SEPP mostly for ENT Enterprise zoning with corridors of ENZ Environment and Recreation zoning running along floodplains generally north-south through the precinct.



**Figure 34 Northern Gateway structure plan**

Source: Draft Aerotropolis Precinct Plan.

## Planning vision

The Draft Aerotropolis Precinct Plan calls for the Northern Gateway precinct to be the transport entrance to the airport and a support precinct for the airport with jobs in warehousing and manufacturing. A local centre and neighbourhood hub will be provided, one on either side of the airport entrance, including a mix of services and retail but no residential. With the committed M12 Motorway and new arterial roads, this area will have high road connectivity to the rest of Greater Sydney, making it attractive for freight and logistics businesses. The area south of Science Park around the west end of the M12 Motorway is expected to develop later than the rest of the precinct.

## Market context

The Northern Gateway precinct is the least fragmented precinct within the Aerotropolis, with six major landowners across the precinct who control around 1,100ha of gross land with sites ranging from 90ha to 343ha in gross land area.

Economic opportunities in this area driven by the airport include freight and logistics, manufacturing, and agribusiness.

## Development activity

The Northern Gateway precinct was formally rezoned in late 2020. A draft precinct plan has been exhibited, and future development must be consistent with the final precinct plan. Major sites across the precinct can undertake a master planning process in order to define complying development.

Initial development in the precinct is anticipated to be primarily large scale freight and logistics uses similar to those proposed in the neighbouring Mamre Road precinct.

## SWOT analysis

The Northern Gateway precinct is expected to be one of the early movers in the broader Western Sydney Aerotropolis. The number of major landowners will assist in driving development early compared to other precincts where land ownership is more fragmented.

From an industrial perspective, the precinct will undoubtedly compete with other rezoned precincts in the Aerotropolis (i.e. Aerotropolis Core, Agribusiness) in addition to Mamre Road, Eastern Creek and Erskine Park.

As they become viable, commercial and office type uses in Northern Gateway will compete with existing centres in Western Sydney, notably Liverpool and Penrith, as well as the Aerotropolis Core.

The table below provides a SWOT analysis of the Northern Gateway precinct.

Table 11 – Northern Gateway SWOT

Strengths	Weaknesses
Majority land ownership New metro station and road infrastructure	Various environmental constraints Bisected by metro line and M12 motorway
Opportunities	Threats
Opportunity to be the first major mover in the Aerotropolis	New supply being proposed in Mamre Road will directly compete

## Recommendations

DPIE is leading planning efforts for this precinct, and outside of Science Park no strategic planning work exists. Council's role will be limited but should still include advocating for connections back to the rest of Penrith LGA to ensure access to jobs for Penrith residents.

Ambitions:

- Industrial precinct hosting freight and logistics, manufacturing, and aviation services, drawing on proximity to airport and motorway

Actions:

- Work with DPIE to ensure the area will be Penrith-facing as well as airport-facing.
- Advocate and plan for north-south road connections toward Science Park, Orchard Hills, and the M4, including the Outer Sydney Orbital and new arterial roads.
- Advocate for logical sequencing and funding for road and utility infrastructure.

### 6.3.5 WSEA + Mamre Road

#### Planning context

The Mamre Road Precinct covers an area of some 999ha and is located immediately north-east of the Northern Gateway precinct. Forming part of both the broader Western Sydney Aerotropolis and Western Sydney Employment Area, the precinct was rezoned in formally rezoned under the WSEA SEPP in mid-2020. The rezoning created some 848ha of IN1 General Industrial land.

The rezoning facilitates capacity for up to 17,000 jobs (depending on the nature of development proposals) with a focus on freight and logistics uses. The rezoning supports the delivery of a potential future intermodal terminal to service the existing WSEA and Western Sydney Aerotropolis and provides protection for the Wianamatta-South Creek precinct.

Mamre Road serves as the primary access road and central spine of the precinct, with Mamre Road directly linking to the M4 and the future M12. The Mamre Road precinct is less fragmented compared to other precincts within the Aerotropolis - there are seven major landowners who control some 312ha of gross land area with sites ranging from 32ha to 118ha.



**Figure 35 WSEA/Mamre Road context map**

Source: Mecone with data from Spatial Services, Penrith LEP and relevant SEPPs

### Planning vision

The Western Sydney Employment Area has delivered tens of thousands of jobs in freight and logistics, manufacturing, and other industrial businesses over the last 10-15 years. The new Mamre Road precinct will continue to deliver on this vision with a special emphasis on rail-based freight arriving via the Western Sydney Freight Line to an intermodal terminal.

### Development activity

Most of the land zoned for industrial by the WSEA SEPP prior to 2020 has now been built out. Occupiers include a 66,000sqm Coles distribution centre and a number of data centres.

Three State Significant Development applications are currently underway across the Mamre Road precinct which have the potential to deliver some 812,000sqm of industrial floorspace across multiple warehouse and logistic facilities. It is understood an additional two developments are currently in planning with potential for an additional 300,000sqm of industrial floorspace.

The likely timing of these various projects is unclear with market investigations suggesting the recent release of the draft Mamre Road Local Contributions Plan may require amendment to existing proposals.

## SWOT analysis

Mamre Road is a significant industrial precinct which is expected to experience strong demand from freight and logistics operators given its locational characteristics. It will directly compete with existing precincts to the north such as Erskine Park and Eastern Creek in the short-term, along with newly released precincts within the Aerotropolis.

Table 12 – WSEA + Mamre Road SWOT	
Strengths	Weaknesses
Majority land ownership Directly accessible to Orbital network No land use conflict Leverage success of Eastern Creek	Limited public transport options No services for workers due to low job density
Opportunities	Threats
Available undeveloped land Future intermodal terminal	Other new industrial land across Aerotropolis and Western Sydney

## Recommendations

This land has a clear future purpose for industrial activity, and land use planning has largely concluded. Although Council has not been the driver of planning for this area, Council still has a role to identify and coordinate local infrastructure needs. The precinct's success may be enhanced by better east-west connections to the Northern Gateway and Agribusiness precincts in the Aerotropolis. The intermodal facility is a critical part of the future attractiveness of the precinct, and Council should engage with landowners on the site to encourage its development. Council must also protect freight movements along Mamre Road to the M4, which passes adjacent to residential areas.

Ambitions:

- Key freight and logistics precinct with regionally important role as node between road, rail, and air modes

Actions:

- Support landowners to develop intermodal terminal
- Ensure that Mamre Road toward M4 does not become constrained due to residential neighbours
- Advocate for logical sequencing and funding for road and utility infrastructure
- Advocate for more east-west connections toward Fairfield and Luddenham



## 7 Recommendations

The Penrith LGA is on the cusp of major transformation. With its growing and diverse population, unique natural and cultural features, and strategic location at the junction of major east-west and north-south transport corridors, the LGA has a unique opportunity to build on its existing assets and leverage emerging opportunities across the broader region to maximise economic growth.

All three tiers of government are working together to deliver on the vision for a Western Parkland City centred around the existing metropolitan clusters of Greater Penrith, Liverpool and Campbelltown-Macarthur as well as the emerging Aerotropolis. Investment in the Western Sydney Airport supported by a program of city shaping infrastructure will be a catalyst for growth and change.

By virtue of its location proximate the WSA and given the level of planned and ongoing infrastructure investment, the Penrith LGA is expected to accommodate strong levels of employment growth over the coming decades. Despite that, large scale economic growth is not a given. Council has a role to play in attracting and retaining business and investment, particularly as other LGAs look to leverage their proximity to the WSA and Aerotropolis.

The findings of the economic and market analysis suggest that the likelihood of Penrith's Economic Triangle securing the investment and employment growth varies by precinct. Some precincts, such as Mamre Road and Jamisontown, will need little support to grow. Other precincts, particularly the centres, will need to be actively supported in order to attract new investment and occupier interest.

The Western Sydney Aerotropolis will be a double edged sword for many of the surrounding LGAs. Whilst it will attract investment and development, raising the profile of Western Sydney, there is a risk that the precinct could 'cannibalise' existing employment precincts and attract occupiers away from these areas.

Council's collaborative and proactive approach in planning for growth and change over the coming decades is commendable. The LSPS sets a bold vision for a connected, healthy, innovative and balanced future for the LGA. The Economic Development Strategy outlines target sectors and growth opportunities to build on. Numerous studies have been commissioned to inform council's decision making on place-based strategic planning and economic growth opportunities across the LGA.

Capitalising on this strong body of knowledge, this section examines how Council can both attract new investment from high-value and innovative businesses that may not currently have a presence as well as encourage the retention and growth of existing businesses in in the Economic Triangle. To achieve these goals, a detailed and ongoing work plan will be required, including:

- **Industry research** to identify key opportunities and market activity.
- **Pro-active marketing** of Penrith to key markets/sectors, focussing on points of interest and attraction and the competitive advantage of Penrith.
- **Active investment and development** of Council-owned land, subject to Council's financial objectives.

- **Strategic planning** to maintain employment capacity and supporting infrastructure aligned with changing demand
- **Structure planning and place-making** to maintain amenity and desirability of employment precincts
- **Continuous monitoring and reviews** of the demand and supply of Penrith's commercial, industrial and retail floorspace and land supply.

A natural level of growth, expansion or new business should be expected to occur without the involvement of government. However, Council can and should play an role in influencing decision makers and facilitating the desired outcome.

In the initial stages of implementing this suite of actions the generation of leads could be difficult. As a result, the priority initially centres on relationship building and setting the foundation for future success, with lower expectations around lead generation. Council has already had strong success in undertaking such activities and should leverage learnings from The Quarter.

The evolution of the LGA and the broader Western Parkland City is a long-term process. The temporal aspect of growth and change is an important consideration in planning for the future of the LGA. Over time, as the Western Parkland City continues to grow, additional city shaping infrastructure is delivered and new land use and economic trends emerge, the LGA's employment precincts will evolve in their role and land use mix to serve the needs of growing communities.

Balancing current demand within each precinct with the intended development outcome in the longer term is key to maintaining and growing the economic competitiveness of the LGA.

## 7.1 Recommended Actions

### 1. Industry research

Industry research will allow Council to remain aware of key commercial, retail and industrial sectoral trends and recent market activity of relevance to the Economic Triangle. This will also be critical in generating and responding to investor leads.

Table 13 –Industry research actions

Activity	Description
Gather and analyse industry data as it becomes available	<p>There is a range of different socio-economic datasets that are updated monthly, quarterly, annually or every 5 years, depending on the source.</p> <p>Having access to the latest data about the local area and key sectors aids engagement and understanding.</p> <p>Leveraging Council's existing relationships with data houses (e.g. .id) could address this requirement.</p>
Host forums with local industry to identify	<p>Hosting local industry forums will drive knowledge and provide opportunities for Council to identify any impediments to growth.</p>

Activity	Description
challenges and opportunities facing target markets	Forums must target national and international industry leaders from inside and outside the region. These leaders should be invited to the forums so that they directly observe the opportunities and capabilities that exist in Penrith.
Undertake lead generation initiatives	<p>Lead generation is a specific market research tool, which identifies prospective investors or occupiers based on a series of qualifying criteria.</p> <p>The process requires access to business databases.</p> <p>The leads that are generated are provided in the form of company profiles including all relevant contact information, description of business, employment numbers, revenue and a senior level contact and an email address where available.</p>
Gathering industry feedback	<p>Engage with businesses and stakeholders to understand the benefits of doing business in Penrith and what needs to change to improve operating conditions.</p> <p>This feedback is critical in informing the preparation of marketing material.</p>

## 2. Proactive marketing

The development of targeted marketing material and active participation in various networking activities, Council can target key audiences to promote a consistent message that Penrith is an attractive location for industry to relocate and/or expand.

Table 14 –Pro-active marketing actions

Activity	Description
Develop specific marketing collateral/ tools including industry prospectus, fact sheets and web-based information	<ul style="list-style-type: none"> <li>• Investment prospectus to include: <ul style="list-style-type: none"> <li>– Graphically designed branding.</li> <li>– Maps and other general information.</li> <li>– Highlights of local and regional strategic assets and other strengths.</li> <li>– Relevant socio-economic data.</li> <li>– Call-to-action and contact details of persons who will facilitate enquiries.</li> </ul> </li> <li>• Targeted sector profiles to include: <ul style="list-style-type: none"> <li>– Graphically designed branding.</li> <li>– Specialised data and information relevant to the target industry.</li> </ul> </li> </ul>

Activity	Description
	<ul style="list-style-type: none"> <li>- Highlights of local and regional strategic assets and other strengths to the target sector.</li> <li>- Specific information about the opportunities available in Penrith to these sectors.</li> <li>- Targeted website to reflect and support the other marketing collateral.</li> <li>- Regular news and updates to produce news stories and provide information about the local economy and topics likely to impact the LGA.</li> </ul>
<p>Proactive marketing program to generate interest and raise the profile of Penrith in identified target sectors</p>	<ul style="list-style-type: none"> <li>• Email campaigns - facilitated as a way to stay in regular contact with leads generated, and provide an opportunity to keep the contact up-to-date with new and relevant information about Penrith.</li> </ul> <p>These types of campaigns would be conducted monthly and present an excellent way to keep Penrith front of mind with contacts established in the target market.</p> <p>The type of information to be included in these emails:</p> <ul style="list-style-type: none"> <li>- Articles from local newspapers/publications that highlight relevant local activities and/or local business success stories.</li> <li>- Highlights of upcoming events.</li> <li>- Recent business relocation/expansion stories.</li> </ul> <ul style="list-style-type: none"> <li>• Key publications should be identified and engaged through the Market Research stage to identify opportunities to place advertisements and run editorials about the region and local success stories.</li> <li>• Host industry-specific journalists from relevant publications to promote existing investment opportunities and planned developments. These journalists can come from identified industry publications and/or other relevant news outlets, such as The Australian Financial Review.</li> </ul>

### 3. Active investment and development

As a major landowner in many of the existing centres throughout the Economic Triangle, particularly the Penrith CBD, Council could take a proactive approach to investment and development.

Underutilised or surplus sites could be developed for commercial development in order to improve the quality of office supply in the precinct.

Council should actively review their property portfolio to identify opportunities for development. There are a variety of options Council could pursue to facilitate development, including:

- Direct divestment of sites with a condition placed on title in order to ensure certain development outcomes;
- Joint venture agreements with private developers or builders which allows financial requirements and risk to be spread across multiple parties;
- Active development where Council acts as the sole developer and landlord to take advantage of their strong credit rating and historically low interest rates.

The viability of these would depend on Councils access to finance, risk appetite and level of control required over development.

Council can equally look to stimulate investment and development through a variety of measures, including:

- Trade and investment missions;
- Hosting trade shows and conferences;
- Joining and participating in industry networks and associations;
- Establishing workforce development programs with TAFE and universities and local industries/businesses.

#### **4. Monitoring commercial and employment stock**

Tracking industry and market activity is essential. It allows the viability of different precincts to be constantly tracked and ensure there is capacity to meet forecasted demand. The provision of infrastructure, business industry composition operating in the precincts, activity in competing precincts and activity in competing precincts may all impact how these precincts will look like in the future. Council must be cognisant of these influencing factors and regularly evaluate the quality as well as quantity of the supply of commercial, retail and industrial floorspace.

It is recommended that Council performs periodic reviews of the employment composition in the LGA every five years. Employment growth by industry will impact the type of floorspace required, whether it is industrial or employment zoned land, and provide an indication of the quantum of floorspace needed in the future.

#### **5. Prioritising place making as a key driver of employment growth**

As outlined earlier in this report, employee amenity is a critical selection factor for many businesses, particularly those in the knowledge sectors. Place-making, improved public realm and pedestrian connectivity are critical to increasing the attractiveness of employment centres. Precincts with potential to change or evolve would benefit from targeted fine-scale visioning and master planning exercises. Place making initiatives would boost market confidence and desire to step toward the common vision for the place.

Recommended priorities for place-making and structure planning initiatives within the Economic Triangle include Penrith CBD, The Quarter, St Marys and Orchard Hills.



## **6. Collaborating and advocating for local infrastructure investment**

Many stakeholders are currently involved in planning and development for various precincts across the LGA. Significant collaboration is already underway. Council has an important role in capitalising on its local knowledge to assist in the identification and prioritisation of infrastructure needs. Sequencing of growth and staging of infrastructure delivery is important to economic viability of the precincts. Building on the work undertaken for the Western Sydney PICs, Council can play an important role in the identification and prioritisation of local infrastructure.

## **7. Protecting employment capacity in centres**

The Penrith Employment Lands Study identified that between existing employment lands and newly zoned Aerotropolis land, sufficient planning capacity exists to accommodate employment growth to 2041. It is important for Council to continue to monitor capacity for various types of employment activity in consideration of global trends influencing the LGA. Improved transport accessibility will increase the desirability of station catchments for housing growth. When addressing residential demand, it is important to safeguard employment floorspace to ensure long term economic viability of centres.



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