

Employment Lands Analysis



Prepared for City of Onkaparinga

July 2015



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Introduction

This report has been commissioned by the City of Onkaparinga and prepared by JLL Strategic Consulting. The report provides an assessment of the supply and demand for industrial land within the City of Onkaparinga, based on recent trends in industrial land consumption across metropolitan Adelaide, and specifically in the City of Onkaparinga, as well as recent and forecast trends in employment growth that may influence demand for industrial land.

The report is structured as follows:

- Section 1 provides a brief economic overview of the City of Onkaparinga, including employment trends observed between the 2001 and 2011 Census of Population and Housing.
- Section 2 provides an assessment of the supply and demand trends for employment lands in Onkaparinga LGA.
- Section 3 focuses on future demand for employment lands, having regard to national trends in employment growth, broad drivers of demand and what these drivers mean for Onkaparinga LGA.
- Section 4 considers opportunities for a range of other land uses that have chosen to locate in industrial areas, particularly non-traditional industrial land uses.
- Section 5 focuses on three sites that may be considered for future changes to zoning.
- Section 6 considers a range of interventions that government may consider in order to stimulate demand for employment generating uses.
- Section 7 provides profiles of three key industrial areas in the City of Onkaparinga; Lonsdale, Seaford and Aldinga.

This report informs a broader Employment Lands Study being prepared by the City of Onkaparinga with key findings informing next steps and recommendations to be developed by Council. Accordingly, the report aims to provide a comprehensive baseline and commentary for Council's consideration but does not make recommendations.

1 Overview

1.1 City of Onkaparinga Economic Profile

The City of Onkaparinga has previously commissioned id.consulting and Hudson Howell to undertake consultancy work relating to the profile of Onkaparinga LGA's economy. This has focussed primarily on LGA wide trends (id.consulting) and Noarlunga Regional Centre (Hudson Howell).

A summary of the key trends is below:

- The City of Onkaparinga's Gross Regional Product was \$4,459m as of the 30 June 2014, reflecting a growth rate of 1.4% per annum over the past three years. This reflects \$26,600 per resident, slightly higher than the level in 2011 (\$26,200 per capita).
- South Australia's Gross State Product equates to approximately \$58,900 per capita, although we note this includes industrial production and exports, which make such a comparison to regional economies difficult to read.
- As at 2014, there were an estimated 44,040 jobs in the City of Onkaparinga, a very small increase in local jobs over the last three years of just 0.2% per annum.
- The size of the workforce that resides in Onkaparinga is much larger at 80,331 residents. This means that many residents of Onkaparinga need to travel outside of the LGA to access employment. The level of self-containment (local jobs to resident workforce) is relatively low at 54.8%. This is lower than other southern regional LGAs in Adelaide such as Holdfast Bay, Marion and Mitcham. Only Tea Tree Gully (~43%) and Campbelltown (~46%) are lower.
- Analysis of the total number of businesses in the City of Onkaparinga reveals a decline in business numbers between June 2012 and June 2014 of 5.9%. Much of this decline has been the loss of very small businesses with less than \$100,000 in annual turnover.
- There was also a small loss in larger businesses, with the only turnover category to experience growth in business numbers being those with a turnover of \$100,000-\$500,000.
- There was also a decline in the number of employing businesses, although the number of businesses with between 20 and 199 employees was reasonably stable.

Table 1: Turnover of businesses in City of Onkaparinga, June 2012 versus June 2014

| Turnover per Year | Business Count, June 2012 | Business Count, June 2014 | Total |
|-------------------------|---------------------------|---------------------------|--------------|
| Less than \$100,000 | 4,791 | 4,186 | -12.6% |
| \$100,000-\$499,999 | 3,314 | 3,371 | 1.7% |
| \$500,000-\$1,999,999 | 1,014 | 1,008 | -0.6% |
| \$2,000,000 and over | 326 | 322 | -1.2% |
| Total businesses | 9,445 | 8,887 | -5.9% |

Source: City of Onkaparinga Economic Profile, ABS Business Register

Table 2: Number of businesses in City of Onkaparinga, June 2012 versus June 2014

| Employment per business | Business Count, June 2012 | Business Count, June 2014 | Total |
|-------------------------|---------------------------|---------------------------|--------------|
| Non employing | 6,422 | 5,980 | -6.9% |
| 1-4 | 2,132 | 2,040 | -4.3% |
| 5-19 | 766 | 722 | -5.7% |
| 20-199 | 152 | 150 | -1.3% |
| 200+ | n.a. | n.a. | n.a. |
| Total | 9,472 | 8,892 | -6.1% |

Source: City of Onkaparinga Economic Profile, ABS Business Register

As at June 2014, the dominant employing businesses with at least 20 or more employees were:

- Manufacturing
- Construction
- Retail
- Accommodation / food services
- Administration / support services
- Health care / social assistance

Manufacturing and construction are the two key industry sectors that are present in industry zones. Wholesale businesses and transport / warehousing are present but are not such significant employees, while wineries are an important component of Onkaparinga's economy, with concentration within the McLaren Vale region.

1.2 City of Onkaparinga Employment trends

Table 3 compares employment by industry in the City of Onkaparinga as at the 2006 and 2011 Census. This is after the closure of Mitsubishi's Lonsdale plant. Key trends over the five year period were:

- Total employment increased by 9% while the residential population grew by approximately 7%;
- A loss of over 1,000 employees in manufacturing (17.2% loss);
- A loss of over 300 people in Agriculture, Forestry and Fishing, reflecting a 30% decline);
- A gain of 1,100 employees in Health Care and Social Assistance (27.8% increase);
- A gain of 900 employees in Construction (42.8% increase); and
- Modest gains of between 200 and 400 employees in:
 - o Electricity, Gas, Water & Waste Services
 - o Retail Trade
 - o Accommodation & Food Services
 - o Professional, Scientific & Technical Services
 - o Education & Training

These changes are significant within a relatively short period of time and even more pronounced in the manufacturing sector between 2001 and 2011. Between 2001 and 2011, manufacturing employment in Onkaparinga declined from 7,200 employees to 5,150 employees.

Table 3: Employment by Industry, City of Onkaparinga, 2006 and 2011

| Industry of Employment | 2006 | 2011 | Change | % Change |
|--|---------------|---------------|----------------|---------------|
| Agriculture, Forestry & Fishing | 1,036 | 725 | (311) | -30.0% |
| Mining | 91 | 149 | 58 | 63.7% |
| Manufacturing | 6,221 | 5,152 | (1,069) | -17.2% |
| Electricity, Gas, Water & Waste Services | 288 | 553 | 265 | 92.0% |
| Construction | 2,093 | 2,989 | 896 | 42.8% |
| Wholesale Trade | 862 | 1,058 | 196 | 22.7% |
| Retail Trade | 5,399 | 5,658 | 259 | 4.8% |
| Accommodation & Food Services | 2,338 | 2,737 | 399 | 17.1% |
| Transport, Postal & Warehousing | 898 | 930 | 32 | 3.6% |
| Information Media & Telecommunications | 150 | 185 | 35 | 23.3% |
| Financial & Insurance Services | 519 | 480 | (39) | -7.5% |
| Rental, Hiring & Real Estate Services | 510 | 471 | (39) | -7.6% |
| Professional, Scientific & Technical Services | 914 | 1,166 | 252 | 27.6% |
| Administrative & Support Services | 947 | 1,027 | 80 | 8.4% |
| Public Administration & Safety | 1,336 | 1,531 | 195 | 14.6% |
| Education & Training | 3,289 | 3,644 | 355 | 10.8% |
| Health Care & Social Assistance | 3,947 | 5,046 | 1,099 | 27.8% |
| Arts & Recreation Services | 333 | 436 | 103 | 30.9% |
| Other Services | 1,513 | 1,678 | 165 | 10.9% |
| Total | 32,684 | 35,615 | 2,931 | 9.0% |

Source: Australian Bureau of Statistics, JLL

Note: Employment counts are expected to reflect a level of under enumeration due to employees whose location of employment could not be determined due to inadequate information.

Onkaparinga LGA still has a relatively high proportion of its workforce in the manufacturing sector but it is diminishing in importance and is no longer the main industry of employment, with the retail sector now employing more people. Further losses in manufacturing employment have occurred since the 2011 Census. These include:

- Carl Zeiss Vision, which announced the closure of its prescription lens laboratory in September 2013;
- SMR Automotives, which announced the loss of up to 90 jobs at its Lonsdale plant in 2013; and
- Car component maker Walker, which has progressively downsized its O'Sullivan Beach operation since the closure of Mitsubishi.

The changing structure of Onkaparinga's employment profile has changed the gender balance of available jobs in the LGA.

In 2001, prior to the closure of Mitsubishi's Lonsdale plant, males accounted for 52.6% of employment in Onkaparinga LGA. By 2011, this had declined to 49.7%. Continued changes to the employment structure away from those sectors that are strongly represented in industrial zones towards growth sectors such as health and education may well result in a gender imbalance in Onkaparinga's employment base, with the loss of jobs being concentrated in the male dominated fields and replaced by gains in female dominated employment sectors.

Table 4: Employment in City of Onkaparinga by Gender, 2001 - 2011

| | 2001 | 2006 | 2011 |
|--------------------|---------------|---------------|---------------|
| Males | 16,332 | 16,493 | 17,823 |
| Females | 14,720 | 16,479 | 18,064 |
| Total | 31,052 | 32,972 | 35,887 |
| Percentages | 2001 | 2006 | 2011 |
| Males | 52.6% | 50.0% | 49.7% |
| Females | 47.4% | 50.0% | 50.3% |
| | | | |

Source: Australian Bureau of Statistics, JLL

2 Supply / Demand of Employment Lands

2.1 Recent trends

The state government monitors industrial land consumption via its Housing and Employment Lands Supply Program and reports (HELSP Reports 2010 and 2012). Unfortunately, there hasn't been an update report undertaken since 2012. A summary of industrial land consumption is provided below.

State government, through its land monitoring and advice from independent consultants, has attempted to measure the annual consumption rate for industrial land, with the following consumption rates being reported:

- 85 hectares per annum across metropolitan Adelaide between 1996 and 2002;
- Between 100 to 110 hectares across the larger Greater Adelaide region between 2002 and 2008;
- 75 hectares per annum (ha p.a.) in Greater Adelaide between 2008 and 2012.

In its 30-Year Plan for Greater Adelaide, state government has assumed that industrial land consumption (i.e. to meet its target employment growth) would be around 111 ha p.a., the higher end of the reported consumption rates.

Southern Adelaide was identified as consuming 21 ha p.a. in the future. This was essentially based on government's preferred pattern of industrial development rather than where business would seek to locate.

JLL considers the above consumption figures as an over-estimate of actual consumption for industrial purposes. Across metropolitan Adelaide, some of the biggest consumers of vacant industrial land have been non-industrial uses or large 'one-off' projects. Recent examples comprising at least 5 ha of land consumption between 2008 and 2012 include:

- The Desalination Plant at Lonsdale (60 ha);
- Southern Expressway duplication, which required the annexure approximately of industrial zoned land (9.6 ha);
- A biodiversity park at Outer Harbor (53 ha);
- Jack Watkins Reserve, Kilburn (7.6 ha); and
- Residential/home based business development in Aldinga Beach Home Industry zone (7.2 ha).

These five uses accounted for 137 hectares of the 302 hectares consumed between 2008 and 2012. Three of the major uses listed above are located in Onkaparinga equating to 76.8ha of land consumed. The Desalination Plant is a "one-off" atypical industrial land consumer and is unlikely to occur again, while the other two were not consumed for industrial purposes (noting that new housing in Aldinga Beach specifically allows for use for larger home-based businesses if desired now or in the future). Excluding these uses, the industrial land consumption would have been just 41 ha p.a. between 2008 and 2012.

A more reasonable average of land consumption for industrial purposes is in the order of 50 ha p.a. across Greater Adelaide. Southern Adelaide is likely to account for a relatively small portion of this consumption, with the majority of demand being in Northern Adelaide.

Excluding the three major land consumers in Southern Adelaide between 2008 and 2012 highlighted above, there was approximately 40 hectares consumed in four years, or 10 hectares consumed per annum across Southern Adelaide. Southern Adelaide includes the local government areas of Onkaparinga, Marion, Mitcham and Holdfast Bay.

JLL Research monitors major industrial buildings in the Adelaide metropolitan area, including the outer south region (which includes Onkaparinga LGA). Over the past eight years, approximately 642,000sqm of major new industrial buildings (projects 3,000sqm and over) was completed. Only 8,100sqm was in Onkaparinga Council. The vast majority was in the outer northern and northwest sectors (nearly 80%). This disparity clearly highlights the locational advantages of the northern metropolitan areas for major industrial uses. Major new buildings are the main consumer of vacant industrial land.

Table 5: Major industrial construction activity in Adelaide, 2007-2014

| Industrial Precinct | New Supply, 2007-2014 (sqm) | % of Total |
|---------------------|-----------------------------|---------------|
| South | 4,500 | 0.7% |
| Outer South | 8,100 | 1.3% |
| Inner West | 91,873 | 14.3% |
| North East | 98,964 | 15.4% |
| North West | 176,719 | 27.5% |
| Outer North | 262,521 | 40.8% |
| Total | 642,677 | 100.0% |

Source: JLL Research

Most of the land consumed for industrial purposes in the City of Onkaparinga is for relatively small businesses on sites of considerably less than 1 hectare. It is common for new industrial sub-divisions in Onkaparinga to be dominated by lots of around 2,000sqm, with development typically occupying no more than 50% of the site (or less than 1,000sqm of floor area). This is not actively monitored by JLL Research.

In order to more accurately identify the rate of industrial land consumed for industrial purposes, JLL has compared vacant industrial land data from 2008 with observed vacancies as at circa 2015. We have relied on aerial photography and site visits together with recent approvals data from the City of Onkaparinga.

We have also analysed Council records to determine the amount of industrial (plus bulky goods and mixed use) zoned land that is currently identified as vacant land. This reveals that vacant industrial zoned land in 2015 was approximately 177 hectares, compared with 226 hectares identified in 2008 by the state government in its 2008 Industrial Database.¹ This reduction of 49 hectares in 7 years is likely to have been for a mix of industrial and other purposes (including residential/home-based business development within home industry policy areas of the Light Industry Zone).

JLL identified approximately 25 hectares of previously vacant land within the City of Onkaparinga (2008 Industrial Database) that has since been developed for industrial purposes.

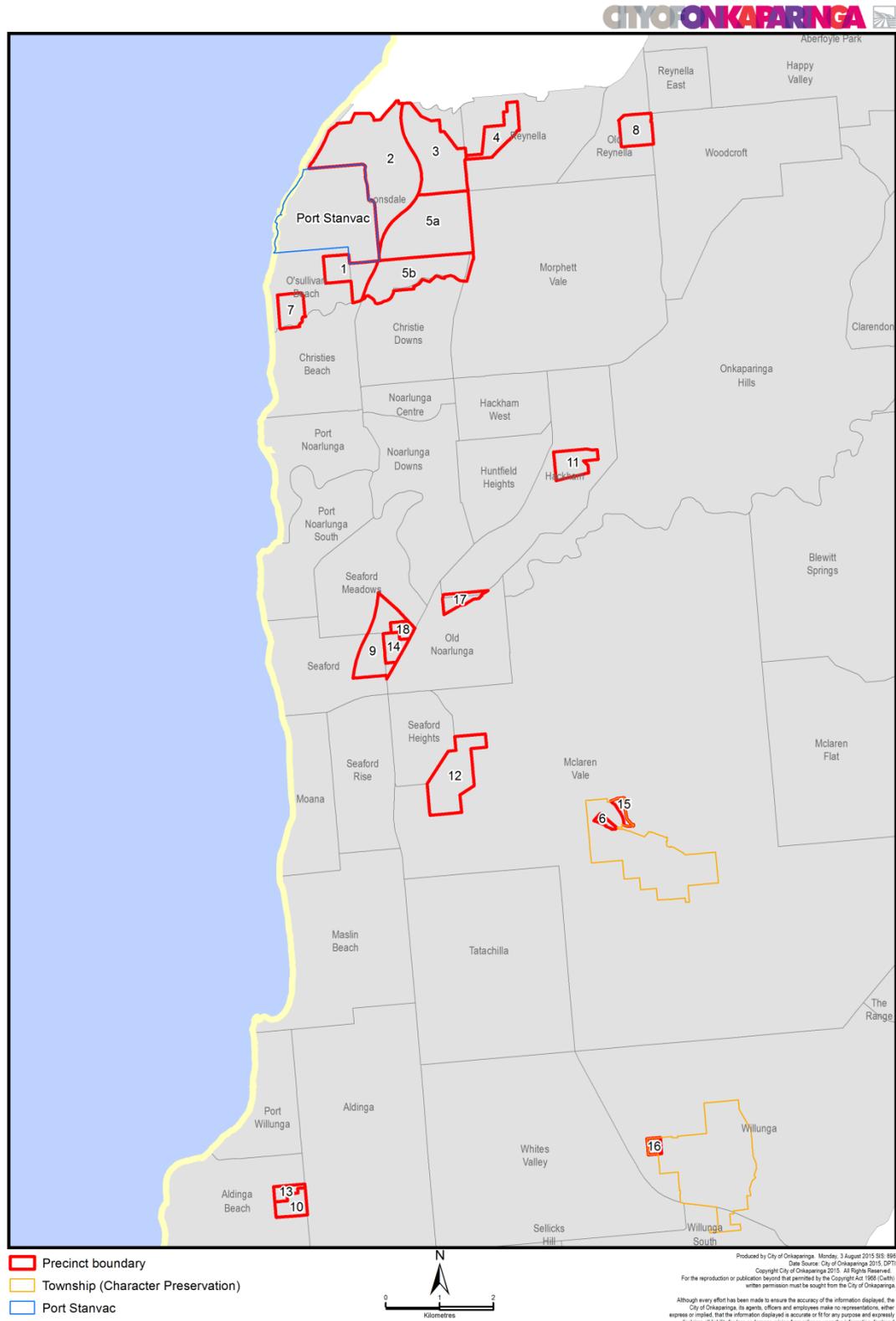
A further 8 hectares of land in the Aldinga Home Industry Policy Area has been consumed for primarily residential development with only one vacant allotment remaining. Similarly, land in the Old Noarlunga Home Industry Policy Area has also been consumed for predominantly residential use. Recent development in both these areas appears to have limited activity as home based industry. Some recent battle-axe land divisions evident in Old Noarlunga may be problematic for ensuring rear yard access and future flexible use for business activity. On this basis, we do not include this land consumption in our average annual take up calculations.

Based on recent land consumption patterns, and excluding the recent development in the home industry policy areas above, we estimate that an average of 4-5 hectares per annum of industrial zoned land has been consumed for industrial purposes in the City of Onkaparinga LGA. This equates to an estimated 10% of metropolitan wide demand, with Adelaide's northern and outer northern industrial markets dominating industrial land consumption.

¹ Government of South Australia (DPLG), 2008 Industrial Database

The following map and table identifies the industrial precincts within the City of Onkaparinga LGA.

Figure 1: Industrial Precincts and Zones, City of Onkaparinga



Source: City of Onkaparinga

Table 6: Industrial land in Onkaparinga LGA by precinct, zone and policy area, 2015

| No | Precinct Name | Zone | Policy Area/Precinct | Vacant Land (sqm) | Total Land (sqm) | % Vacant |
|--------------|---|---------------------|---|-------------------|------------------|--------------|
| 1 | Lonsdale Precinct 1 | Industry Zone | General Industry Policy Area | 74,990 | 404,673 | 18.5% |
| 2 | Lonsdale Precinct 2 | Industry Zone | General Industry Policy Area | 482,958 | 2,110,784 | 22.9% |
| 3 | Lonsdale Precinct 3 | Industry Zone | General Industry Policy Area | 228,892 | 1,025,959 | 22.3% |
| 4 | Lonsdale Precinct 4 | Industry Zone | Lonsdale A and B Stages Policy Area | 102,286 | 287,596 | 35.6% |
| 5a | Lonsdale Precinct 5a | Industry Zone | General Industry Policy Area / Lonsdale Bulky Goods Policy Area | 213,428 | 1,360,628 | 15.7% |
| 5b | Lonsdale Precinct 5b | Industry Zone | Special Industry Policy Area 15 | 241,478 | 897,617 | 26.9% |
| 6 | McLaren Vale Mixed Use Precinct | Mixed Use Zone | - | - | 37,948 | 0.0% |
| 7 | SA Water Treatment Plant Precinct – Christies Beach | Industry Zone | Special Industry Policy Area 15 | - | 356,675 | 0.0% |
| 8 | Accolade Winery Precinct – Old Reynella | Industry Zone | Winery Policy Area 16 | 2,116 | 323,869 | 0.7% |
| 9 | Seaford/Old Noarlunga/Seaford Meadows Industry Precinct | Industry Zone | - | 189,732 | 506,836 | 37.4% |
| 10 | Aldinga Beach Industry Precinct | Industry Zone | - | 47,753 | 186,399 | 25.6% |
| 11 | Hackham Industry Precinct | Industry Zone | - | 47,407 | 290,468 | 16.3% |
| 12 | McLaren Vale Industry Precinct | Industry Zone | Infrastructure Policy Area | 1,128 | 906,361 | 0.1% |
| 13 | Aldinga Home Industry Precinct | Light Industry Zone | Home Industry Policy Area | 3,257 | 88,575 | 3.7% |
| 14 | Old Noarlunga Home Industry Precinct | Light Industry Zone | Home Industry Policy Area | 37,713 | 173,046 | 21.8% |
| 15 | McLaren Vale Light Industry Precinct | Light Industry Zone | Townships Policy Area 18 | - | 62,422 | 0.0% |
| 16 | Willunga Light Industry Precinct | Light Industry Zone | Townships Policy Area 18 | 6,811 | 52,066 | 13.1% |
| 17 | Piggot Range Road Light Industry Precinct | Light Industry Zone | Old Noarlunga Policy Area 19 | 80,493 | 182,116 | 44.2% |
| 18 | Seaford Bulky Goods Precinct | Bulky Goods Zone | - | 12,722 | 88,114 | 14.4% |
| Total | | | | 1,773,163 | 9,342,152 | 19.0% |

Source: City of Onkaparinga, SA Government JLL

The majority of Onkaparinga LGA's vacant land (and total industrial zoned land as shown on Table 7) is in Lonsdale. Lonsdale accounts for 134 hectares or 75.8% of Onkaparinga's vacant land.

Seaford accounts for 19 hectares or 10.7% of Onkaparinga's vacant land but there appears to have been comparatively more industrial activity in Seaford than Lonsdale. Part of Seaford's industrial land has only recently been released and forms part of a purpose built industrial estate developed by Renewal SA.

We note the lack of available vacant industrial land in rural townships including McLaren Vale and Willunga. While both townships provide industrial land, they both are relatively small with limited opportunities for expansion.

Land available at Aldinga forms part a of recent land release, and while the Aldinga Beach Industrial Precinct shows around 25% vacant, it is a relatively small precinct with less than 5 hectares of vacant land available.

There is approximately 5 hectares of vacant industrial land at Hackham. The major vacant parcels are located on Cottage Lane. There is a relatively new strata industrial development within the Hackham industry precinct (fronting Cottage Lane). Land is relatively level, however the interface with residential may be an issue, with residential zoned land on the northern side of Cottage Lane.

Land within the Piggott Range Road precinct of Old Noarlunga comprises largely vacant land and a former abattoir. The policy area comprises approximately 18.2 hectares, of which 44% is currently vacant (8 hectares). The abattoir has approval to operate as an aquaculture facility but has limited activity at present. Essentially the whole precinct has redevelopment potential but suffers from accessibility, topography constraints and likely remediation issues.

Table 7: Industrial land summary in Onkaparinga LGA – key locations, 2015

| Key Industrial Locations | Total Land (sqm) | Vacant Land (sqm) | % Vacant |
|---------------------------------------|------------------|-------------------|--------------|
| Lonsdale | 6,087,257 | 1,344,031 | 22.1% |
| Seaford/Old Noarlunga/Seaford Meadows | 506,836 | 189,732 | 37.4% |
| Piggott Range | 182,116 | 80,493 | 44.2% |
| Other | 2,565,942 | 158,907 | 6.2% |
| Total | 9,342,152 | 1,773,163 | 19.0% |

Source: City of Onkaparinga, SA Government JLL

2.2 Other vacant and under-utilised sites

There are numerous other sites within Onkaparinga's industrial zones that are under-utilised, largely vacant, and could be utilised for future, more intensive industrial purposes given their current zoning.

JLL has identified 13 sites of greater than 1 hectare that are not described in terms of main land use as being 'vacant land', but remain largely under-developed given their existing zoning. These sites are identified below and include land owned by the City of Onkaparinga. Total area of the 13 sites is 62.4 hectares.

Table 8: Industrial land summary in Onkaparinga LGA – key locations, 2015

| Address | Suburb | Description | Area (sqm) |
|---|-----------------|----------------------------------|----------------|
| Allot 134 Sec 619 O'Sullivan Beach Road | Lonsdale | Reserve | 25,482 |
| 15 Liston Road | Lonsdale | House And Livestock (Non-Viable) | 27,668 |
| 36 Liston Road | Lonsdale | Composting | 18,525 |
| 64-66 Liston Road | Lonsdale | Composting | 63,095 |
| Allot 511 Sec 519 Liston Road | Reynella | Livestock | 215,455 |
| 39-45 Moore Road | Reynella | Reserve | 118,484 |
| 39-45 Moore Road | Reynella | Reserve | 38,266 |
| 53 Moore Road | Reynella | House | 14,896 |
| 27 Lacey Drive | Aldinga Beach | Undeveloped Reserve | 12,560 |
| Allot 902 Dolphin Boulevard | Aldinga Beach | Reserve | 15,992 |
| 30 Gerald Court | Christies Downs | Undeveloped Reserve | 32,198 |
| Allot 251 Sec 634 Donegal Road | Lonsdale | Undeveloped Reserve | 14,892 |
| Allot 251 Sec 634 Donegal Road | Lonsdale | Undeveloped Reserve | 26,558 |
| Total Area (sqm) | | | 624,070 |

Source: City of Onkaparinga, SA Government JLL

2.3 Port Stanvac

We note that the former oil refinery site at Port Stanvac, Lonsdale could provide up to an additional 234 hectares of land for a range of land uses. The unique site adjoins existing industrial uses as well as occupying a strategic location with coastal frontage.

This site has not been included in this study due to uncertainty over timing and its future use.

3 Future Demand in Onkaparinga

3.1 National employment trends

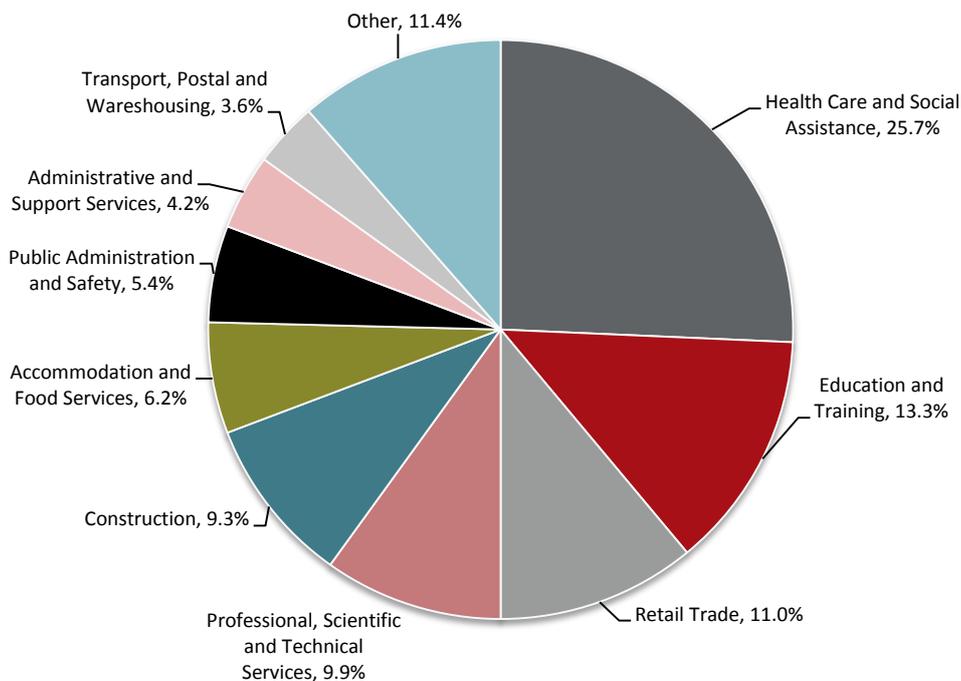
While each geographic location will have different drivers of demand, some of the drivers are national trends that are contributing to significant changes to Australia's employment structure.

Australian government projections highlight that employment growth is expected to be concentrated in industries not generally associated with industrial zoned land. Approximately 60% of employment growth in the five years to November 2018 is projected to come from:

- Health Care and Social Assistance;
- Education and Training;
- Retail Trade; and
- Professional, Scientific and Technical Services.

It is noted that manufacturing is not included in the below chart as it is not expected to grow over the five years to November 2018.

Figure 2: National share of projected employment growth by Industry, Five years to Nov-18



Source: Australian Government, Department of Employment

We note that there is some growth anticipated in the Transport, Postal and Warehousing industry sector. This is the main sector that is a large user of industry zoned land that is expected to grow in the medium term. Across Australia's main capital city markets, growth of this sector has been a key driver of demand for industrial land, with the trend being for large scale industrial parks in outer suburban areas that are served by excellent road infrastructure, which for Adelaide is generally in the north. Furthermore, this sector is characterised by relatively low employment yields per hectare of land taken up. Therefore a relative small increase in employment growth can reflect a significant demand for land for this purpose.

3.2 Drivers of industrial demand

This section provides a brief overview of the key drivers of demand for industrial space.

While economic growth is a natural driver of demand for industrial space, there are forces at play that favour one location over others and structural changes that have impacted on demand for industrial space. Key drivers are summarised below.

Structural Change and rise of the Logistics Sector – Or changing needs of industrial space occupiers. This was in part sparked by changes in technology. Mobile communications as well as improved data and inventory management led to changes in business processes, including outsourcing to specialist logistics companies, consolidation and centralisation of warehousing as well as the adoption of “just-in-time” inventory management.

From Manufacturing to Warehousing – There has been a noticeable decline in manufacturing across Australia, with manufacturing output declining from 14% to less than 8% of total output in just 20 years. Manufacturers have had to cope with increased competition from Asia and a stronger Australian dollar, with companies pushing production offshore. This has resulted in a shift in some manufacturers’ property requirements from factory to warehouse space.

Infrastructure – Infrastructure improvements are one “pull factor” that can increase the appeal of a particular region. Good quality infrastructure can entice companies to move to outer suburban areas or even regional locations that might have been overlooked in favour of a more central location. For example, future industrial land at Gillman should benefit from recent and proposed improvements to infrastructure such as the Port River Expressway and access to the Port of Adelaide. However, this new road infrastructure together with the Northern Expressway and proposed Northern Connector will also improve access to the emerging industrial areas in Greater Edinburgh Parks.

Clustering – Clustering of like-minded businesses facilitates the creation of business networks and has the potential to generate new market opportunities through collaboration. Tonsley is an example of an emerging business park aiming to cluster like-minded businesses together. Other examples include biotechnology at Thebarton, waste resource recovery at Gillman, while automotive component manufacturing at Edinburgh Parks was set up to service the needs of GMH.

Availability of serviced, affordable land – A supply of affordable, well located land provides the impetus for companies to consider moving premises, particularly those companies with either poorly located properties, facilities that are out-dated, or undergoing expansion / contraction.

Competing uses in Inner / Middle Suburban Areas – This includes competition from higher order commercial and residential uses and demand from owner-occupiers for well-located sites from which to run their commercial / industrial businesses. There has also been a trend towards subdivision to smaller lots as larger parcels become available, either through business restructures or moves to outer suburban locations that provide for expansion opportunities on more affordable serviced land.

On-line Retailing – The growth of this sector has seen increased demand for well-located warehouses, from both the online retailers and third party logistics providers who deliver their goods to customers. Locations central to the metropolitan area, the ability to operate 24-7, good accessibility for delivery vans and potential to expand are characteristics required by these distribution businesses.

The above trends have seen quite dramatic changes in the industrial sector in recent years, including:

- A continued shift to outer metropolitan areas, where large, low cost industrial land is available;
- The reduction of industry zoned land in the inner suburban markets; and

- A greater emphasis on efficiency in “the freight task”, with accessibility to quality infrastructure (road, rail, sea).

Infrastructure improvements have been focussed on the northern area of Adelaide and further improvements are in the pipeline. This is likely to see the middle and outer northern industrial markets continue to be a focus for industrial activity.

3.3 Implications for Onkaparinga

Employment growth dominated by services

Onkaparinga LGA’s manufacturing sector is declining. As at 2011, the retail sector was the LGA’s largest employer and Health Care and Social Assistance had grown to rival the manufacturing sector as the second largest employer.

The main components of growth moving forward are likely to be sectors that do not traditionally locate on industrial zoned land. The key growth industries will more than likely be services required for an expanding population; health, education, professional services, and retail services.

Onkaparinga is less central to metropolitan Adelaide’s population

The Transport, Postal and Warehousing sector is one major user of industrial land that is expected to experience strong growth, although it should be noted that companies in this sector are relatively small employers but large users of industrial land. Onkaparinga will continue to struggle to attract regional distribution centres serving the Adelaide metropolitan region. Such facilities will continue to prefer a more central location and locations with superior infrastructure.

We have identified the residential population within 20km of Lonsdale compared to two industrial locations in northern Adelaide: Gepps Cross (the location of Woolworths Distribution Centre) and Direk (a relatively new industrial location on the fringe of the northern metropolitan area). Less than 400,000 residents were within 20km of Lonsdale whereas nearly 600,000 residents were within 20km of Direk and nearly 900,000 residents were within 20km of Gepps Cross.

Table 9: Residential population within 20km of selected industrial locations, 2011

| Industrial Suburb | Population within 20km radius |
|-------------------|-------------------------------|
| Lonsdale | 395,498 people |
| Direk | 586,875 people |
| Gepps Cross | 886,859 people |

Source: Australian Bureau of Statistics, JLL

Furthermore, the focus of larger broad-hectare residential development is primarily in Adelaide’s north with the Playford North extension, Buckland Park, Gawler North and other substantial residential expansions on the fringes of northern Greater Adelaide. On this basis, the disparity between population within proximity to Direk/Gepps Cross and Lonsdale is expected to increase over the next 10 to 20 years.

Infrastructure favours the north

Not only are the northern industrial areas more central to Adelaide’s metropolitan population, the industrial estates are better served by modern infrastructure such as the Northern Expressway and Port River Expressway, which provides efficient links between the industrial estates and the Port of Adelaide and interstate transport routes. The northern region is also served by freight rail.

While the road infrastructure has improved in the Onkaparinga LGA, it is less connected to interstate freight routes, is not served by freight rail and is significantly further from the Port of

Adelaide. Furthermore, the long-term the planned upgrades at Darlington and the targeted completion of a non-stop South Road corridor (including the section from Anzac Highway to Darlington) will improve freight connections for both southern and northern Adelaide. However, during the development phase over the next 10 years, freight will experience significant construction delays, which may be an inhibitor to attracting some industries to Onkaparinga until after the completion of the upgrades.

Tonsley a positive for Onkaparinga LGA

Tonsley is a positive for the City of Onkaparinga, despite not being location within the LGA. Tonsley will become a hub for a range of employment opportunities and is significantly closer to Onkaparinga residents than opportunities in the Adelaide's northern industrial suburbs.

Potential value proposition

The limited available industrial space in southern Adelaide's inner and middle ring suburbs may see some of the demand for industrial land gravitate to the Onkaparinga LGA. For example, business that primarily serves the southern metropolitan area or whose workforce is local to the southern metropolitan area may choose Onkaparinga over northern industrial suburbs.

Onkaparinga may represent a value proposition for some businesses. However, we note that land prices in Onkaparinga have historically been higher than land prices in the Outer North (e.g. Direk, Edinburgh Parks). This partly reflects the typical size of allotments in the Outer South being smaller than the Outer North.

Growth opportunities

Future drivers of demand / opportunities are summarised below:

- Advanced manufacturing is considered by the state government as a growth opportunity. The real opportunity in Southern Adelaide, however, will be Tonsley, which has the backing of the state government. The business park is focussed on attracting high-value manufacturing in fields such as such as resources and mining, clean technologies and renewable energy, health and medical technologies and sustainable building products & services. Such industries will gravitate to Tonsley, where the supporting infrastructure and the benefits of clustering of like-minded businesses are available.
- Premium food and wine, as well as value added food, is a potential growth sector, particularly given the existence of McLaren Vale within the City of Onkaparinga, its proximity to the rest of metropolitan Adelaide, and pressures on northern Adelaide's food bowl around Virginia due to the encroachment of urban development. Such uses are likely to locate on rural zoned land rather than industry zoned land.
- Industrial uses associated with future mining and resources projects in South Australia. We note that the land at Gillman has been identified for such uses, with the proximity to northern freight routes and the Port of Adelaide being key locational advantages. The City of Onkaparinga is unlikely to be considered an appropriate location for uses requiring access to regional infrastructure such as the Port.
- Small manufacturers and service industries. These industries will continue to seek a location that is convenient to their main market they serve, such as the southern suburbs of Adelaide. Many of the manufacturers will be associated with the domestic building industry, with demand for further growth being driven by population growth (although greater in the north).
- Waste recovery. Already a significant land use within the City of Onkaparinga's industrial zones.

Of the five opportunities outlined above, the two with the strongest growth prospects within the City of Onkaparinga are food and wine related, and small manufacturers and service industries. Small manufacturers/service industries will be a consumer of industrial land, but the needs will primarily be for small scale industry on sites of around 2,000sqm.

The 2010 HELSP Report highlighted an increased focus in the southern region on tourism, food and business services. Again, this highlights the focus on employment in areas not typically associated with demand for industry zoned land.

3.4 Future demand

The above discussion points to limited demand from traditional industrial uses for industrial zoned land. Recent historical take-up suggests that future industrial land consumption will be modest, with the last 7 years seeing only 4-5 hectares consumed per annum.

Discussions with JLL industrial agents as well as JLL Research highlights limited demand from larger regional users of industrial land in Adelaide's southern metropolitan area. Furthermore, metropolitan industrial land consumption has been relatively weak over the last 6-7 years.

Long term consumption patterns across metropolitan Adelaide suggest around 50 hectares per annum of industrial land is consumed for industrial purposes. With just 4-5 hectares per annum consumed in the Onkaparinga LGA, this equates to no more than 10% of metropolitan demand.

Our view is that the northern metropolitan area will continue to attract the majority of businesses that consume industrial zoned land, with the main driver of demand in Onkaparinga being driven by local business needs, or businesses serving the southern metropolitan area.

Population growth is a natural driver of demand for industrial land. Onkaparinga's proportion of metropolitan population growth to 2026 is estimated at 13%². Should the City of Onkaparinga account for 13% of industrial demand (more than it has in recent years), land consumption would be approximately 6.5 hectares per annum.

We consider the industrial development will be skewed towards outer suburban regions. While this suggests that Onkaparinga may support industrial demand from a larger southern metropolitan area, this is likely to be offset by major development for large logistics premises gravitating to the northern suburbs. This is clearly the pattern in recent major development projects.

The City of Onkaparinga currently has approximately 180 hectares of vacant land zoned for industrial purposes. Assuming 80% of this land is suitable for industrial development suggests 144 hectares of useable vacant industrial land to serve future growth. With consumption rates projected to be between 4-6 hectares per annum, this equates to approximately 24-36 years of future industrial land supply.³

Added to this is the former oil refinery site at Port Stanvac, Lonsdale that could provide up to an additional 234 hectares of land for industrial purposes. The site is currently underutilised but undergoing remediation. The site represents an additional 40 years of future land supply but the timing of its master planning and release needs to be carefully considered against the role of the established and serviced industrial offering with the City of Onkaparinga. For the purpose of this study the site has been largely ignored in recognition of its constraints and future planning requirements. We also note that portions of the site may be considered for uses other than industrial depending on demand, remediation and buffering requirements.

² State government forecasts

³ This report has not considered the viability of vacant industrial land in the City of Onkaparinga. However, we note that some vacant land is expected to be unsuitable due to its undulating nature. For the purposes of this report, we have assumed that actual industrial land suitable for industrial purposes is 80% of total vacant land.

4 Opportunities - Non-traditional uses in Industrial zones

4.1 Home Industry policy areas

The Home Industry Policy Areas at Old Noarlunga and Aldinga have seen strong take-up, but not solely for home industrial purposes. The character of the policy areas has been similar to low density residential zones, with limited visible signs of recent light industry taking place. In both cases, the residential development is located adjacent to industrial zones, which may create land use conflicts.

Our view is that the Home Industry Policy Areas have not achieved their purpose of providing opportunities to conduct a small industrial business from home. However, flexibility in planning policy may allow this to change over time.

4.2 Gymsnasiums

We note that a gym has located in Lindsay Road, Lonsdale (Southbound Mega Gym). The gym operates 24 hours a day, 7 days a week. At peak hours, it generates considerably more traffic than typical industrial uses, with most customers parking on street (off-street parking is not sufficient to cater for demand). Such a use creates land use conflicts with industrial uses that generate significant truck movements.

4.3 Sherriffs Road / O'Sullivan Beach Road

Frontages to main roads such as Sherriffs Road and O'Sullivan Beach Road have attracted a mix of commercial businesses that benefit from exposure. These still predominantly fall within the retail and trade showrooms category, with the businesses serving the wholesale / trade needs of tradespersons as well as retail needs of consumers. Most of these uses appear to be well suited to the main road location within an industrial precinct.

We note there are numerous other non-industrial uses benefiting from these main road locations. Examples include:

- Small offices (accountants)
- Medical (physiotherapist)
- Bank
- Shops (delicatessen, newsagent)
- Hotel
- Clothing (industrial / workers clothing)

Some of these businesses could be considered ancillary to the primary use for industry, with the size of the Lonsdale workforce and number of businesses generating demand for a range of retail and commercial services.

4.4 Offices with associated warehousing

There have been numerous examples of developments aimed at small businesses requiring both office space and storage space. These projects have often targeted the owner-occupier market, being either community titled development or strata-titled development.

A 20 unit office and warehouse development at Aberdeen Street and Fisher Street, Port Adelaide was completed in early 2009. This project provided an opportunity for small businesses to either lease or purchase new premises in Port Adelaide. Notably, two of the early tenants to move into this complex were previously in the Todd Street Chambers Business Incubator, located in Port Adelaide. The units provided a stepping stone for businesses that were nurtured by the government backed business incubator.

While this development is not located in an industrial zone, it is an example of the style of development that may attract small enterprises to the Onkaparinga LGA.



20 unit development at Aberdeen Street and Fisher Street, Port Adelaide

While multi-storey and higher density office warehouse projects have not been developed in the Adelaide metropolitan area, such development has occurred in industrial zones with good exposure to passing traffic in Sydney. The image below is a project developed in Chatswood East, comprising office and warehouse tenancies in a modern multi-storey structure. Shortage of land supply, relatively high land values and higher rents in the inner and middle suburbs of Sydney dictate a more intensive urban form.



Niche, Eastern Valley Way, Chatswood East

Source: <http://www.myniche.com.au/>

4.5 Other opportunities

Bulky goods retailing has regularly located on main arterial roads in both commercial and industrial zones (rather than centres zones) to take advantage of exposure to passing trade. Such uses can be large consumers of land, and existing centre zones have often been inadequate to provide for them.

One of the major concerns raised with accommodating such uses in industrial zones is the potential land price impact on industrial land. The concern is that traditional industrial uses may be priced out of an area if control over their introduction is not adequate.

Places of worship have sought low cost sites in metropolitan areas, particularly large format places of worship. For example, the Hillsong Church in Baulkham Hills, Sydney is located in the Norwest Business Park, which was set up primarily as an office / industrial business park serving Sydney's outer north-western suburbs.

We note that these facilities can be major generators of traffic, far in excess of what would be intended for industrial zones.

Clubs – We are aware of examples of service clubs locating in industrial zones in the Sydney metropolitan area. These appear to be long term 'legacy' uses rather than a result of recent changes to industrial land use policy. One example is the St George Masonic Club in Peakhurst industrial precinct. This licensed venue is one of the larger land uses in the precinct. We note that surrounding uses to the south are predominantly residential and the club is on a main road frontage.

Major retail – A Woolworths anchored shopping centre (Mortdale Plaza) was approved and opened in late 2012. The 12,000sqm three level centre includes a health and fitness centre and BWS outlet. It is understood that the key to obtaining approval for what would normally be considered a non-complying use was the lack of supermarket retailing in the region and suitably zoned land to provide such retail uses.

Building on Onkaparinga's lifestyle advantages – Access to metropolitan Adelaide's best stretch of coastline is a clear lifestyle advantage for residents. While this may not be a strong driver of new businesses choosing to locate in Onkaparinga's industrial precincts, it is still part of Onkaparinga's overall attraction and may drive home-based 'lifestyle' related enterprises, small businesses that can be run close to home, or businesses related to the 'local lifestyle' (beach culture, surfing, wineries, micro-breweries etc.)

5 Change Site Analysis

Three industrial zoned sites have been identified by various parties for a potential change to zoning. Below we provide a brief analysis against assessment criteria in order to determine whether each site may be suitable for other uses.

This assessment has considered the assessment framework from the 2007 Metropolitan Adelaide Industrial Land Strategy. This framework provides evaluation criteria to help determine whether the land is considered prime industrial land and then whether it is suitable to rezone.

5.1 ADC Site, Lonsdale

The site comprises nearly 11.8 hectares of vacant land, partly within the City of Onkaparinga and partly within Hallett Cove in the City of Marion. It is owned by Adelaide Development Company (ADC). ADC has previously developed the nearby Cove Point estate and Burlington estate, which adjoins to the north.

Site Map



Source: PBBI Mapinfo, Bing Maps, JLL

Site Details

| | |
|-------------------|--|
| Subject Land | Sigma Road, Lonsdale (Part CT6113/868) |
| Ownership | Holden Hill Estate Pty Ltd (ADC) |
| Area (sqm) | 52,200 (within City of Onkaparinga) |
| Zoning | Industry |
| Existing Land Use | Vacant |
| Site Improvements | n.a. |
| Other | n.a. |

Site Evaluation

| ADC Site, Lonsdale | Yes/No | Comments |
|---|--------|---|
| Does the land form part of a state significant or Prime Industrial Area? | Yes | The entire Lonsdale industrial precinct is considered of state significance. However there are parts of the precinct that are secondary in terms of location away from major roads, proximity to other uses, undulation of land, etc. |
| The land is contiguous to other industrial activities | No | Separated by public roads |
| The land is well located in relation to supply chains and service providers | No | Isolated from main Lonsdale industrial |
| The land offers potential for on-site expansion of existing industrial businesses | No | Not currently used |
| The land is well located in relation to skilled labour pools | Yes | Onkaparinga LGA and southern Marion LGA residents |
| The land is well located to take advantage of existing or proposed infrastructure / development | No | Away from major arterial roads |
| The land is well located in relation to freight connections (road / rail) | No | Only rail is passenger |
| The land is well suited to small industrial businesses serving the local area | No | Isolated from main residential areas of Onkaparinga LGA |
| The land provides sufficient space for adequate parking and turning space for industrial vehicles | Yes | |
| The land offers potential for 24-hour operations | Yes | Although recent residential development is getting closer to the site |
| The land has minimal or no adjoining use constraints | No | Proximity to residential development to the north |
| The land provides unconstrained vehicle access and exit | Yes | Via Meyer Road |
| The land can be commercially developed for future industrial activities | - | No feasibility undertaken to determine |
| Is there a realistic prospect of industrial re-use? | | |
| Is there a realistic prospect of other employment-generating land uses on the site? | No | Land has remained undeveloped with no history of industrial or commercial land use. Relatively isolated from employment base. Alternative sites within other industry, commercial and centres zones are better located and have further capacity for future employment generating uses. |
| Could the site be rezoned for other uses with minimal negative impacts? | Yes | Separated from existing industrial development to the south via Sigma Road. Residential development on land already to the north. The site is large enough to incorporate appropriate screening measures. Land could primarily be access through existing residential streets. |
| Is the land suitable for non-employment generating uses? | Yes | Nearby residential uses within Marion LGA. Adjacent to Open Space Zone within Marion LGA. Near Coastal Conservation Zone. Ocean views provide significant amenity for open space / recreational use and / or residential uses. |
| | | |

5.2 Accolade site, Old Reynella

The original home of Hardy's, the site previously housed a bottling plant for parent company Accolade Wines. This was relocated to the Barossa Valley in 2012. The main industrial warehouses have remained largely vacant since the closure of the bottling plant.

Site Map



Site Details

| | |
|-------------------|---|
| Subject Land | 10 Reynell Road Old Reynella |
| Ownership | Accolade Wines Australia |
| Area (ha) | 343,077sqm |
| Zoning | Industry |
| Existing Land Use | Vineyard, offices, warehousing |
| Site Improvements | Vineyard, office building(s), warehouse |
| Other | Heritage listed building |
| | Significant trees |

Site Evaluation

| 10 Reynell Road, Old Reynella | Yes/No | Comments |
|---|--------|--|
| Does the land form part of a state significant area? | No | Not part of Lonsdale industrial area, which is the only industrial area in Onkaparinga considered of state significance. |
| Does the land form part of a Prime Industrial Area? | - | See below analysis |
| The land is contiguous to other industrial activities | No | Surrounded by residential uses, although it is a large site overall of 34 hectares |
| The land is well located in relation to supply chains and service providers | No | No – removed from other service providers |
| The land offers potential for on-site expansion of existing industrial businesses | - | The industrial zoned land is in a Winery Policy Area. Uses that are not related to the winery activity are not envisaged. Much of the winery use has relocated. On-site expansion is constrained by current policy. |
| The land is well located in relation to skilled labour pools | Yes | Onkaparinga LGA residents. |
| The land is well located to take advantage of existing or proposed infrastructure / development | Yes | Frontage to Panalatinga Road, which provides access to Main South Road. |
| The land is well located in relation to freight connections (road / rail) | Yes | Major freight connection in Onkaparinga is Main South Road. |
| The land is well suited to small industrial businesses serving the local area | Yes | Potential for smaller scale subdivision to provide local service industries. Although we note relatively close proximity to both Main South Road Commercial Zone and Lonsdale Industrial. |
| The land provides sufficient space for adequate parking and turning space for industrial vehicles | Yes | |
| The land offers potential for 24-hour operations | No | Proximity to residential development is a constraint (though we note mounding and buffering along the southern boundary provides acoustic and light-spill mitigation). |
| The land has minimal or no adjoining use constraints | No | Surrounded by residential development |
| The land provides unconstrained vehicle access and exit | Yes | Good accessibility from Panalatinga Road. |
| The land can be commercially developed for future industrial activities | Yes | Relatively level site with main road frontage. However, surround by residential development, which constrains potential. |
| Is there a realistic prospect of industrial re-use? | Yes | Council has received enquiries regarding potential adaptive reuse of existing warehouse building |
| Is there a realistic prospect of other employment-generating land uses on the site? | Yes | However, we note that the size of the vacant premises does not match the primary demand for industrial premises. Small premises are more likely to be in demand. Innovation in use of existing facility may be required. |
| Could the site be rezoned for other uses with minimal negative impacts? | Yes | Surrounded by residential development. Some of the site is conducive to further residential development. Heritage buildings in north east corner provides opportunities for unique professional accommodation, tourism related uses, function venues, etc. |
| Is the land suitable for non-employment generating uses? | Yes | Adjoins residential uses to south and west. Residential uses on eastern side of Panalatinga Road. Part use of land for non-employment generating uses may be appropriate. |

5.3 Lot 102 & 39-45 Moore Road, Reynella

The two large sites are accessed off Moore Road and lie to the west of the Southern Expressway. Part of the DPTI land was required for the duplication of the Expressway with the remaining land now likely to be surplus to their future needs. The adjoining site to the west (Lot 102) is also vacant. This site adjoins the Boral Quarry.

Site Map



Site Details

| | |
|-------------------|---|
| Subject Land | Lot 102 Moore Road & 39-45 Moore Road, Reynella |
| Ownership | McNamara (Kurnis Nominees Pty Ltd): Lot 102 DPTI: 39-45 Moore Road |
| Area (sqm) | 259,036 (L102 Moore Road: 102,286; 39-45 Moore Road:156,750) |
| Zoning | Industry |
| Existing Land Use | Vacant |
| Site Improvements | n.a. |
| Other | n.a. |

Site Evaluation

| Lot 80 & 39-45 Moore Road, Reynella | Yes/No | Comments |
|---|--------|---|
| Does the land form part of a state significant area? | - | Adjacent to Lonsdale but within the suburb of Reynella. Separated from core Lonsdale precinct by Mineral Extraction Zone |
| Does the land form part of a Prime Industrial Area? | No | See below analysis |
| The land is contiguous to other industrial activities | Yes | Adjoins Mineral Extraction Zone, which is an industrial activity |
| The land is well located in relation to supply chains and service providers | No | The land is isolated from other service providers |
| The land offers potential for on-site expansion of existing industrial businesses | Yes | Not conducive to on-site expansion due to location and topography, although there is sufficient under-utilised land for expansion. |
| The land is well located in relation to skilled labour pools | Yes | Onkaparinga LGA residents |
| The land is well located to take advantage of existing or proposed infrastructure / development | No | Access via Moore Road, which serves as the main road for adjoining residential area |
| The land is well located in relation to freight connections (road / rail) | No | Poor access to the site, despite being adjacent to the Southern Expressway |
| The land is well suited to small industrial businesses serving the local area | No | Isolated |
| The land provides sufficient space for adequate parking and turning space for industrial vehicles | Yes | Large site enables onsite parking / turning of large vehicles |
| The land offers potential for 24-hour operations | No | Proximity to residential development is a constraint |
| The land has minimal or no adjoining use constraints | No | Residential development to the south. Open Space zone adjoining. Land abuts large quarry site which has potential for active use and therefore constrains noise sensitive uses. |
| The land provides unconstrained vehicle access and exit | No | Constrained by width of Moore Road and adjoining uses |
| The land can be commercially developed for future industrial activities | No | Undulating site, poor exposure suggests unlikely to be commercially viable for industrial activities, particularly given the availability of less constrained sites |
| Is there a realistic prospect of industrial re-use? | No | Unlikely to be commercially viable due to undulating nature of site and availability of less constrained sites in better locations |
| Is there a realistic prospect of other employment-generating land uses on the site? | No | Site is isolated with poor access and exposure. Not conducive to conducting employment generating business activities |
| Could the site be rezoned for other uses with minimal negative impacts? | Yes | Residential development to south. Open space to north. A mineral extraction zone (Boral) to the west. |
| Is the land suitable for non-employment generating uses? | Yes | Possible residential or extension to open space. However, topography is likely to mean more expensive servicing costs and future uses will depend on the final use of the quarry. |

6 Demand interventions

This section focuses on economic development strategies / demand interventions that could be considered by the City of Onkaparinga or the broader southern region of Councils, with a particular emphasis on strategies related to industrial zones. These strategies may include:

- Strategies to create new businesses;
- Strategies to support existing businesses (most growth will come from existing businesses);
- Opportunities to partner with or create links between industry and other tiers of government;
- Regeneration strategies of under-utilised industrial zones;
- Appropriate research, review and monitoring to assess the impact of strategies; and
- Supporting / fostering innovation.

A starting point for considering demand interventions is to understand the key strengths of the Onkaparinga LGA and structural changes occurring. The key strengths are summarised below:

- The rural landscape and lifestyle, with tourism potential centred on McLaren Vale and Willunga;
- The coastline – with local beaches widely regarded as Adelaide’s best;
- Agriculture / food production opportunities, given its proximity to Adelaide, and residential growth impact in competing food production regions such as Virginia.
- Wineries of McLaren Vale, with potential growth as well as tourism opportunities;
- The Southern Expressway, which has improved connectivity;
- The extension and electrification, which has improved access to the region, but also improved access for residents travelling out of the region for employment;
- Future retail, education, health and residential development opportunities within Noarlunga Regional Centre.

In terms of employment growth in Onkaparinga’s industrial zones, the following comments are made:

- Large-scale manufacturing businesses are expected to continue to decline, which will free up some industrial sites for redevelopment;
- Logistics / distribution warehouses serving the metropolitan Adelaide market will continue to be attracted to the northern Adelaide industrial precincts, due to better infrastructure and being more central;
- The best opportunities for employment growth may come from existing businesses. However, fostering the development of new start-up businesses is also critical to sustainable growth;
- Small businesses (less than 20 employees) dominate the business profile across the City of Onkaparinga. This should be the focus of economic development activities;
- Owner-occupiers are a dominant occupier within the industrial employment zones and therefore make up a large proportion of Onkaparinga LGA’s business profile. Sites that suit their needs must be provided (predominantly small sites of around 2,000sqm);
- Home based businesses are becoming a larger part of the employment sector in Australia, and be a pre-cursor to business growth that requires premises in employment zones. Flexibility planning policies that allow home based businesses are important.

Common local government responses to economic development are well known and include:

- Business Enterprise Centres / incubators;
- Partnerships with neighbouring Councils;
- Support for local chambers of commerce;
- Support for local events (e.g. Sea and Vines);
- Assistance in gaining required approvals to set up new businesses;

- Undertaking research to understand the region's business strengths and key opportunities;
- Providing data relevant to starting a business;
- Marketing the region; and
- Monitoring change over time.

6.1 Strategies to attract business and investment

The research undertaken over many years provides an insight into what factors are important in order to be more competitive and attract greater levels of inward investment. These 'success factors' include:

- Economic diversity;
- Skilled workforce;
- Infrastructure;
- Culture;
- Capacity to implement long term development strategies;
- Innovation capacity;
- Quality of life;
- Attractive business environment;
- Branding; and
- Population growth.

We have identified some strategies aimed at supporting employment growth for further investigation below.

Health and Education sectors

Employment forecasts at the national level clearly point towards the majority of growth being service sectors, such as health and education, rather than sectors that typically locate in industrial zones. This raises questions about what land uses should be encouraged in Onkaparinga's industrial zones.

While the Onkaparinga community is expected to demand additional health and education services, the logical location for higher order health and education facilities in southern Adelaide is centred at Flinders University and Flinders Medical Centre. Are there opportunities for satellite facilities affiliated to these major institutions, in particular, within Noarlunga Regional Centre?

Business friendly region (BFR)

A common issue with developers and investors is slow turnaround times for development approvals. Commitment to improving turnaround times and pro-active support for development can be a powerful attractor for business, particularly "footloose" businesses that can choose where they locate.

A concerted effort to ensure a quick turnaround for planning and building approvals has become an important element of the City of Salisbury's overall "brand values" with regards to dealing with corporate clients and potential investors. This factor alone has positively influenced investors in choosing Salisbury over other Council areas in Adelaide.

Salisbury is also a relatively cheap Council compared to neighbouring Playford, with a lower Council rate in the dollar providing a further incentive to locate in Salisbury.

Councils need to develop streamlined or fast tracked approvals processes for employment based development.

Regeneration strategies

The cost associated with rejuvenating older industrial areas is an ongoing issue. Some sites remain under-utilised for many years.

Ideally, land needs to be made development ready, however this is an expensive exercise for local government to pursue. Planning staff need to reduce the road blocks to development wherever possible. Some potential strategies are:

- A flexible approach to development, with Council encouraging a more intensive form of development on under-utilised sites to encourage redevelopment;
- Where provision of parking is a significant issue, Council may consider encouraging adjoining land owners to develop shared car parking areas – potentially sharing driveways and removing boundary fences to accommodate a more efficient parking outcome; and
- Reduced fees for specific forms of development that generates a positive employment outcome.

Promotion and communication

Keeping the lines of communication open, listening to concerns and providing businesses with a range of support services will create a more positive atmosphere and government to respond appropriately to the needs of business. Such an approach may assist business retention.

This may include a mix of media formats such as on-line, newsletters, media stories, promotional material and even 'way-finding' signage within industrial precincts.

Testimonials from existing business leaders that have successfully operated their business in the region should form part of the business prospectus.

Partnering with industry

Encouraging input from business leaders into the direction of local and regional economic development initiatives will ensure policy is aligned to business need. Northern Economic Leaders, an initiative of the City of Salisbury in Adelaide, provides such a forum that provides strong links between industry and government. It is also relatively autonomous and therefore well placed to provide apolitical input into the direction of economic development.

Access to low cost accommodation

Industrial areas provide a more affordable option for small business, although uses such as offices may not be permitted under current zoning. Allowing such uses across the board, however, is likely to place upwards pressure on land prices and rents, which may in turn price out existing industrial zones. A balance needs to be struck between providing opportunities for low cost accommodation for emerging small businesses and maintaining affordable industrial space for industrial uses.

Research, review and monitoring

Up to date information leads to a more informed Council. An audit of all businesses within precincts of the Onkaparinga LGA will not only provide the Council with quality baseline data to analyse the makeup of businesses in their respective Council areas but enable Council to keep in touch with their constituents.

Quality information on the business opportunities in a region, together with testimonials from high profile business leaders, is a powerful marketing tool (e.g. City of Salisbury's Business Prospectus).

7 Precinct Profiles

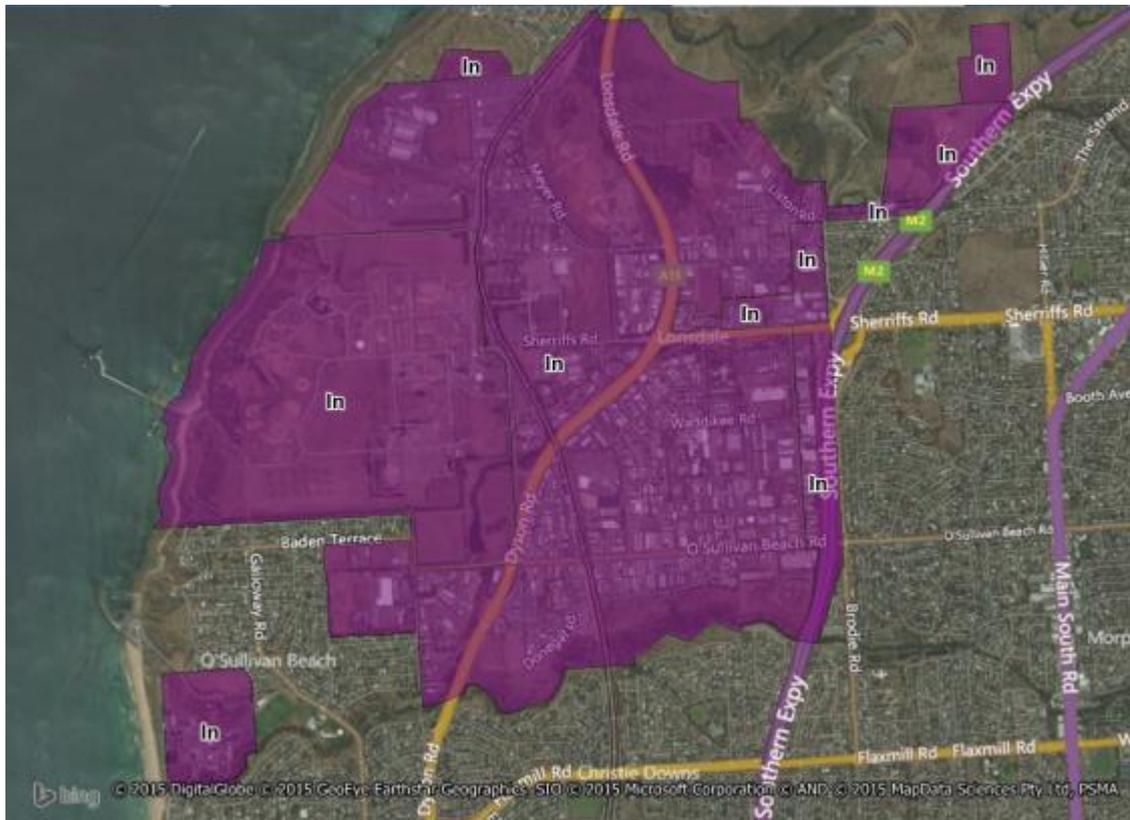
This section provides an overview of the three main industrial precincts in Onkaparinga LGA; Lonsdale, Seaford and Aldinga. A more detailed overview of Lonsdale, including employment trends between 2001 and 2011 is also provided.

7.1 Lonsdale

The Lonsdale Employment area lies to the north of Christies Creek and located between the coast and the Southern Expressway.

JLL has used data from the 2011 Census of Population and Housing to analyse the employment base in the Lonsdale / O'Sullivan Beach area by main industry of business and gender. The data has taken into account the under-enumeration at the small area level (i.e. the proportion of employees across Australia whose location of employment could not adequately be determined).

Figure 3: Map of Lonsdale Employment region



Source: PBBI Mapinfo, Bing Maps, JLL

As at the 2011 Census, it is estimated that there were approximately 7,900 employees in the Lonsdale region. Manufacturing accounts for around 42% of employment while the construction sector is the second largest employer. We note that a large portion of construction employment may be off-site / no fixed address.

Wholesale Trade and Transport, Postal and Warehousing are also significant industries in the Lonsdale area, with 540 and 510 employees respectively. Transport, Postal and Warehousing, however, is not as significant an employer as in key industrial precincts in Northern Adelaide. Industrial regions such as Regency Park and Wingfield have around 12%-15% of their

employment base in this industry sector. We note that this sector is a larger user of industrial land but is typically a relatively low employer.

Perhaps the most revealing statistic coming out of the analysis of employment opportunities in the Lonsdale region is the gender bias. Nearly 80% of all employees in the region are males. This is a common issue with the land uses that are traditionally associated with industry zoned land. Areas with a very significant proportion of their employment base in industry zones are likely to have limited employment opportunities for women.

Overall, however, the employment base of Onkaparinga LGA is evenly balanced, with males and females each accounting for 50% of the total employment within the LGA.

Table 10: Estimated employment in Lonsdale region as at 2011 Census

| Industry Division | Estimated Employment | Percentage |
|---|-----------------------------|-------------------|
| Agriculture, Forestry and Fishing | 25 | 0.3% |
| Mining | 112 | 1.4% |
| Manufacturing | 3,298 | 41.7% |
| Electricity, Gas, Water and Waste Services | 325 | 4.1% |
| Construction | 1,542 | 19.5% |
| Wholesale Trade | 540 | 6.8% |
| Retail Trade | 328 | 4.1% |
| Accommodation and Food Services | 78 | 1.0% |
| Transport, Postal and Warehousing | 510 | 6.4% |
| Information Media and Telecommunications | 6 | 0.1% |
| Financial and Insurance Services | 27 | 0.3% |
| Rental, Hiring and Real Estate Services | 24 | 0.3% |
| Professional, Scientific and Technical Services | 101 | 1.3% |
| Administrative and Support Services | 196 | 2.5% |
| Public Administration and Safety | 58 | 0.7% |
| Education and Training | 91 | 1.2% |
| Health Care and Social Assistance | 89 | 1.1% |
| Arts and Recreation Services | 20 | 0.2% |
| Other Services | 413 | 5.2% |
| Inadequately described | 123 | 1.6% |
| Not stated | 9 | 0.1% |
| Total | 7,914 | 100.0% |
| - Male | 6,223 | 78.6% |
| - Female | 1,691 | 21.4% |

Source: Australian Bureau of Statistics, JLL

Note: Employment estimates have taken into account under-enumeration in Census data

As noted earlier, frontages to main roads such as Sheriffs Road and O'Sullivan Beach Road have attracted a mix of commercial businesses that benefit from exposure. These include retail and trade showrooms, commercial and retail premises serving the local workforce, as well small medical uses.

The Lonsdale area has been and still is associated with some large industrial land uses. It was previously home to Mitsubishi and still has significant manufacturing presence, although the number of employees in manufacturing has dwindled. Key companies include Carl Zeiss, SMR Automotive, and Walker Australia. Other major land uses include the Port Stanvac Desalination Plant and Southern Waste ResourceCo.

The former ExxonMobil Oil Refinery is a large part of the existing Industry Zone, covering an area of approximately 265 Hectares (including the newly constructed desalination plant). This site is currently vacant and undergoing remediation.

We noted earlier that an estimated 22% (134 hectares) of Lonsdale's Industry Zone (excluding ExxonMobil site) is vacant. However, some of this land is constrained by its topography. Undulating industrial sites is a significant constraint on viable industrial development. Discussions with developers, agents, engineers and valuers active in the industrial market has provided an insight into the key issues associated with developing industrial land in areas with a moderate gradient:

- In general, the flatter the land, the better (particularly where there are alternative locations to choose from with flat terrain);
- A gradient of less than 1 in 20 was not seen as a significant impediment for developers. However, the costs of servicing the land due to its gradient, or a loss in land efficiency due to setting aside land for retaining walls and the like will be considerations;
- The issue of gradient is greatest for large land users such as logistics companies. Smaller, more intensive employment land uses will be less affected;
- Land that is compromised by gradient will be less attractive to the market and this is likely to be reflected in:
 - o Lower price for the land;
 - o Lower demand.

The age of some of the stock at Lonsdale is getting near the end of its economic life and is no longer considered suitable for many industrial occupiers. In a market where there is a reasonable high level of vacant space available, including modern warehouse space at reasonable rents, older 'secondary' space is difficult to let.

7.2 Seaford

The Seaford industrial precinct comprises the following components:

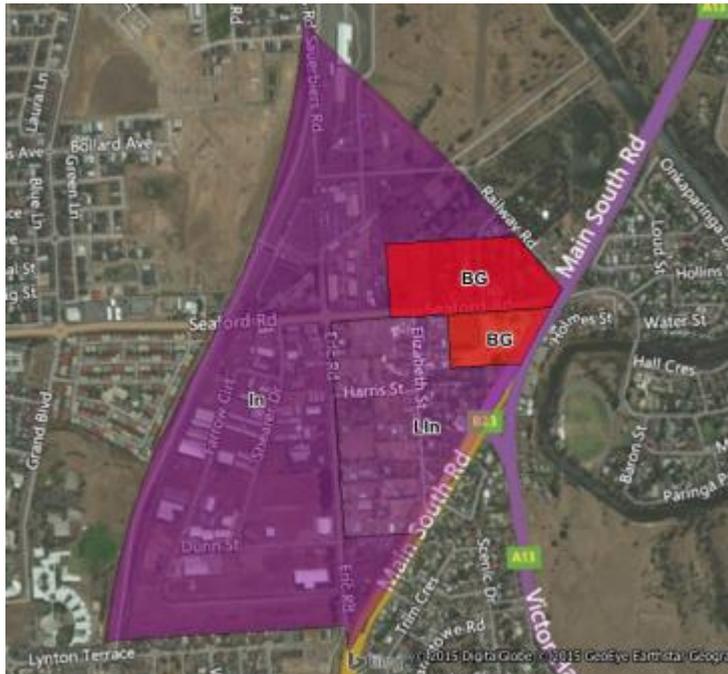
- Seaford Industrial Park, located on the southern side of Seaford Road;
- Seaford Meadows industrial, located on the northern side of Seaford Road; and
- A Home Industry Policy Area, south of Seaford Road and east of Eric Road in the suburb of Old Noarlunga.

A recent development plan amendment rezoned a portion of the industry zone to Bulky Goods. This includes the land being developed for a Bunnings Warehouse. The Light Industry zoned land at Old Noarlunga has been largely developed for residential accommodation with limited signs of home industries occurring.

The industrial zoned land lies to the east of the Adelaide to Seaford rail line and west of Main South Road.

This profile focuses on the Industry Zoned land at Seaford and Seaford Meadows.

Figure 4: Map of Seaford Employment region



Source: PBBI Mapinfo, Bing Maps, JLL

Seaford Industrial Park (SIP)

The 30 hectare Seaford Industrial Park, which lies on the southern side of Seaford Road, was originally established in 2004 with a view to providing industrial land to support food and wine businesses with links to the McLaren Vale. In reality, few businesses that have established in the area are related to the food and wine industry, with industrial uses for these industries preferring a location adjacent to the winery business or within McLaren Vale.

Larger businesses with links to the food and wine industries have tended to gravitate towards the Barossa Valley, with Accolade Wines being a case in point. Its bottling business was closed down and is now undertaken at Wolf Blass Winery in Nuriootpa.

Seaford Industrial Park provides quality, serviced and level industrial land for small to medium enterprises servicing the expanding southern suburbs within Onkaparinga LGA. Most sites are around 2,000sqm in size. Some of the sites have been developed as smaller strata titled units.

There are over 50 vacant allotments totalling approximately 16.4 hectares within the Seaford Industrial Park. The final land release within the park is now for sale. We note, however, that while many of the sites have been sold, they remain under-developed.

Primary uses in the Seaford Industrial Park include the following:

- Motor vehicle repairs
- Small manufacturers, primarily related to the domestic building industry
- Trade premises
- Storage premises

The precinct has seen a reasonable level of activity in recent years, due to the population growth in the Seaford area which is the key driver of demand. Furthermore, we note that Seaford Industrial Park is a modern industrial estate with relatively good quality, level and service lots compared with alternative locations in Onkaparinga LGA.

Seaford Meadows

This industrial area is older than SIP and comprises a smaller number of large allotments, some of which are under-utilised. For example, there are three residences on sites of 5,000sqm or more within the zone. These sites provide longer term redevelopment opportunities.

Key land uses include:

- De Young Salvage
- City of Onkaparinga Field Operations Centre

We note that some of the sites with frontage to Seaford Road and near Main South Road have recently been rezoned to Bulky Goods zone.

Together, there remain significant opportunities within the SIP as well as Seaford Meadows for medium to longer-term future demand. Sites in SIP are 'development ready' and expected to appeal to small businesses looking to set up business in a modern industrial park. The subdivision pattern is skewed towards lots of around 2,000sqm. However, we note that some of the recently released lots at Rainbow Circuit Aldinga have been smaller lot sizes of around 1,200sqm.

7.3 Aldinga

The Aldinga Industrial precinct is divided into an Industry Zone (18.6 hectares) and a Light Industry Zone (Home Industry Policy Area – 8.86 hectares). The home industry policy area has been developed almost completely for residential dwellings and functions as an extension to the neighbouring residential zoned areas.

Figure 5: Map of Aldinga Employment region



Source: PBBI Mapinfo, Bing Maps, JLL

The Industry Zone comprises around 50-60 businesses with 12 sites available for future development (either currently vacant or under-utilised). A seven lot subdivision is currently being marketed, with one site remaining unsold as at the time of inspection (25 June 2015). A further stage is available for future subdivision measuring 1.84 hectares. The lots in the stage 1 release are between 1,271sqm and 2,752sqm.

Typical land uses within the Aldinga Industry zone include the following:

- Trade supplies
- Timber yard / hardware
- Machinery hire
- Auto related workshops / retailers (mechanics, tyres, boats & caravans etc.)
- Council depot
- Recycling depot
- Retail businesses

The businesses very much service the local Aldinga community and southern portion of the Onkaparinga LGA. Apart from the new release land off Rainbow Circuit, the Industry Zone has just one vacancy.

Future growth is expected to be driven by population growth in Aldinga, while some growth may be driven by limited opportunities in nearby rural townships.

We note that there are few small manufacturing businesses in Aldinga Industry zone.



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