



Australia's property industry

## Creating for Generations

**Greater Sydney Commission**  
**Attn: Sarah Glennan**

### **Industrial Lands Policy Review – Industry Reference Group 1 Survey**

The Greater Sydney Commission is undertaking a review and evaluation of the Industrial and Urban Services Land retain and manage policy under the Greater Sydney Region Plan. The review follows a recent White Paper from the NSW Productivity Commission, Rebooting the Economy, which included a recommendation to 'optimise industrial land use.'

Specifically, Recommendation 7.5 states:

***Evaluate the retain and manage approach the managing industrial and urban services land in Greater Sydney against alternative approaches, to identify what would maximise net benefits to the State.***

***Adopt the approach the maximises the State's welfare in the next update to the Greater Sydney Region Plan.***

As part of the review process, the GSC welcomes submissions from stakeholders via the following survey

#### **What has been your experience with the 'retain and manage' industrial land policy?**

Where there may have been merit in a temporary moratorium, the Property Council opposes the 'retain and manage' industrial land policy, which effectively prevents the renewal and revitalisation of industrial and urban services which are no longer fit for purpose or no longer needed for these particular uses.

The policy's blanket application to large areas (26 out of 32 local government areas) in Greater Sydney is inappropriate and does not allow for the evaluation of the individual characteristics of particular sites to be considered. A more nuanced and flexible approach to industrial land in Sydney is needed. The 'retain and manage' approach should be abolished and a more considered and flexible approach towards the retention or rezoning of industrial land adopted. Around the world, there are many examples of redundant and underutilised industrial land that has been successful renewed for mixed use and residential. (see Attachment A)

In reviewing the future of these lands, the GSC should propose guidelines to separate critical industrial lands from those of less strategic significance, and work with industry on the development of these criteria. This work needs to consider the accessibility, size and suitability of individual sites and precincts. Additionally, the Commission should also consider what role exists for logistics and productivity support functions outside of the presently zoned portions of the Eastern City, as large portions of this area are amenable to modern, low-impact and last mile logistics. Much of this occurs

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already and operates either outside of the existing framework or ancillary to existing business uses in areas where this function was not initially anticipated.

### **What has been your experience with the ‘review and manage’ industrial land policy?**

The ‘review and manage’ approach is preferable to the ‘retain and manage’ approach, as there is some degree of flexibility permitted to allow redundant industrial and urban services land to transition to other uses, including residential and mixed use. This should occur in the context of clear and easy to apply criteria on a site-specific or precinct basis.

### **What suggestions would you make for the industrial lands policy in the next Greater Sydney Region Plan?**

The Property Council would suggest the abolishment of the ‘retain and manage’ approach for industrial land, with the exclusion of industrial and urban services land in the vicinity of critical airport and port infrastructure.

We note that the Productivity Commission’s White Paper specifically identified the airport and port as critical industrial land and distinguished this from other industrial and urban services land in Sydney. Our policy position aligns with the Productivity Commission’s in this regard, and is outlined below.

The White Paper states:

*‘There are strong grounds for land to be retained against encroachment from competing and incompatible uses. The Sydney Airport and Port Botany facilities, for example, will serve the state’s growing freight demand, which is projected to increase from 443Mt per year in 2018 to 569 Mt per year in 2038’. Industrial lands in and around these logistical hubs play a critical role in the state’s economy and their value lies in the strategic location, which cannot be replicated elsewhere.*

*These lands:*

- *serve the supply chain for import/export activities*
- *provide contingency for potential future needs of the Port Botany/ Sydney Airport Precinct*
- *Act as a buffer against land uses likely to conflict with heavy industrial and waterfront activities, in particular residential.*

### **Are there particular locations in Greater Sydney that are most appropriate to transition to alternative uses? Why?**

The retention of industrially zoned employment lands in the vicinity of Sydney Airport and Port Botany is supported by the Property Council. This has been acknowledged in the Greater Sydney Commission’s Regional and District Plans for Sydney, and implemented by councils where airports and ports are located. This is an important and critical mechanism to preserve the scarce employment land in these areas. However, this position should only be adopted to land within the vicinity of ports and airports – not across Greater Sydney.

All industrial land currently subject to the ‘retain and manage’ policy, outside of these identified critical infrastructure areas, should be examined for its potential to transition to alternative uses. The Greater Sydney Commission should advocate for the creation of clear guidelines and criteria for planning authorities to consider when considering the rezoning of these lands, and criteria should be developed by either DPIE or the Commission in partnership with industry and local government. This approach allows for informed and unbiased evidence-based decision making.

**What are your views on rezoning industrial and urban services land (IN1, IN2, B7, B5) to permit residential uses or general retail activity?**

Alternative zonings should be considered for locations which are no longer suitable for their existing zoning. This may be due to the changing nature of logistics, market demands, inefficient lot sizes, insufficient freight access, or nearby conflicting land uses. A strategic approach to the future of these lands should set clear expectations around which lands are suitable for consideration for other uses, while others may be suitable for retention.

**Are you aware of any new types of industrial or urban services uses occurring in industrial areas in Greater Sydney?**

The nature of employment land and business has changed rapidly over recent times, particularly in the advent of COVID which greatly escalated demand for e-commerce warehouse facilities with smaller low impact 'last mile' delivery facilities established in various locations in the inner suburban rings. Employment land is transitioning to industries which provide a higher 'employment dividend', with a transition away from manufacturing towards less space intensive industries such as knowledge and service-based jobs. The Productivity Commission's White Paper notes this change and its potential to allow renewal: 'changing structure of the urban economy has reduced demand for industrial land, especially in central locations, opening opportunities for urban renewal.'

There are many examples across the globe of industrial land which has successfully transitioned to vibrant mixed-use precincts, enlivening areas which would otherwise be underutilised and adding value through providing jobs, providing housing supply in well-located well-served areas. (See Appendix A)

**From your organisation's perspective, what would the most productive way to manage industrial lands? What are the opportunities to make industrial areas more productive?**

Governments need to appreciate the function, needs and structure of industry is changing. Industrial lands can be made more productive by considering options to locate low-impact logistics outside of existing zones and alongside other existing land uses. Additionally, additional ancillary should be included inside industrial zones, such as gymnasiums to serve the local workforce and craft breweries and outlets attached incorporate as a secondary role to and existing industrial on-site land use.

**From your organisation's perspective, what are the major barriers to the operation of industrial lands? Are there any opportunities to improve their operational use?**

For established industrial lands to continue to be valuable from a logistics perspective, freight access is a must. This means more (local council) roads need to be upgraded to enable B-double access, and roads built for this purpose need to have this access permitted by Councils. In local government capital budgets, it is unlikely the upgrade of roads in industrial estates (that often were built prior to the widespread use of heavy vehicles) will be prioritised as a ratepayer funded project. While industrial landlords make significant contributions to local council rates, this is not reflected in non-maintenance capital expenditure. The logistics industry would benefit from grant funding being made available to local councils for these works.

Additionally, the shape and size of individual lots is a key driver of demand for industrial land. Sites that cannot efficiently accommodate the needs of a logistics provider are less likely to be used for that purpose. In high-value areas such as eastern Sydney, it is very difficult to create large floor plates in an economically feasible manner due to fractured ownership.

Blanket application banning the rezoning of industrial zoned land is a significant impediment to the delivery of badly needed high density residential and mixed-use development in areas well serviced by transport and services.