

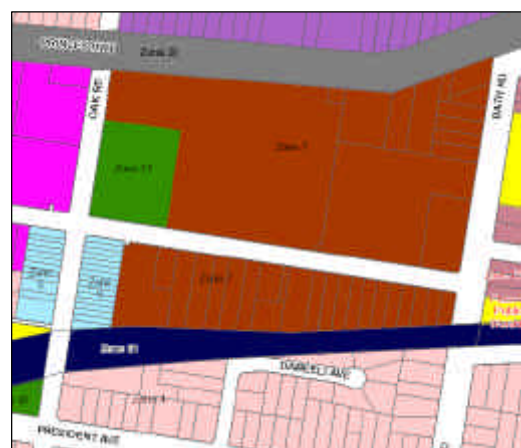
Daniel Maurici
Henroth Investments Pty Ltd
Level 8, 45-56 Kippax Street,
Surry Hills
NSW 2010

Re: Response to Director-General's Environmental Assessment Requirements relating to the Former Kirrawee Brick Pit, 566-594 Princes Highway, Kirrawee (MP10_0076)

Director-General's Environmental Assessment Requirement:

Hill PDA has considered this DGR from an economic and market perspective focussing on how the proposed development could help to stimulate further investment in Kirrawee and deliver urban renewal in the areas around the site that are zoned within the LEP for a mix of uses.

These areas are currently occupied by a range of small businesses, light industries and urban support services. The larger industrial uses tend to gravitate towards the main industrial hub for Kirrawee which lies north of the Princes Highway.



Zone 7. Mixed Use Kirrawee, Sutherland Shire LEP 2006

Macro Economic Considerations:

As highlighted in the Centres Study, Sutherland Shire has a good supply of industrial lands and our analysis indicates demand for industrial land in the existing suburbs is likely to decline further over the period to 2036, in line with national and global trends. With that in mind, from an economic perspective the end values for industrial lands within the Shire are likely to remain low.

Over the same period, our market analysis found there to be significant demand for land to accommodate residential and retail uses. This level of demand combined with tight supply should help to drive up the values for land currently in industrial use where there is a possibility the land could be rezoned for residential or retail use.

Whilst there is likely to be some level of demand for commercial space we consider this will be limited with occupiers preferring more traditional proven or “known” office market locations or business parks.

Hill PDA undertook a number of detailed feasibilities to guide the quantum and mix of uses within the proposed development. Within the feasibilities we estimated that residential and retail elements would sell for around \$6,300 per sqm and \$8,000 per sqm respectively. This is much higher (more than double) than those that can be achieved for commercial office space. We believe that commercial (office) uses would deliver end values of around \$3,500 to \$4,500 and industrial would be considerably lower than this.

At a macro-economic level, we consider there is considerable potential to uplift values of those lands within the mixed use zones close to the brick pit site. The potential scale of the uplifts should be adequate to stimulate investment in these areas which overtime should transition from industrial to a more varied mix of uses.

Micro-Economic Considerations:

Looking at a micro-economic level, the redevelopment of a major site, immediately adjacent to these mixed use zones will act as a catalyst, speeding up this transition. The scale of the proposed development will transform the character of the area from what is a low grade industrial precinct to a high quality, urban community.

Furthermore, an investment of +\$200m in the Kirrawee Brick Site will draw investors and developers attention to the area and encourage existing landowners to consider redeveloping their assets in order to realise the maximum values. We believe those areas closest to the site would benefit most due to the enhanced environment and increased expenditure from the new community (870 residents¹ and 500 workers) although the benefits will be felt throughout the wider area.

Design Considerations:

As recognised in the DGR's, the effectiveness of the proposed development as a catalyst for Urban Renewal requires the proposed development to integrate with its surrounds. From an economic perspective, strong linkages to the surrounding areas and in particular to those sites which comprise large lots are essential. Larger

¹ Assumes average occupancy of 1.8 persons/unit

Furthermore, in Hill PDA's original reports we acknowledged that there would be a major desire line for pedestrian activity between the proposed development (which includes a commuter car park) and the train station, making this end of Flora Street attractive for the likes of retail, cafes and restaurants that would benefit from passing trade as well as trade from the new workers and residents.

If mixed use proposals were being considered (likely given the depth of the lots at this end of Flora Street) the strong values of retail type uses means that active frontages to Flora Street are likely to form part of the proposal and if not could reasonably be required without impacting the viability of the scheme. The continuation of active uses along the western end of Flora Street would help to ensure Kirrawee evolves into a single consolidated Centre with two strong anchors (the proposed development and the train station).

Figure 2 - Development Opportunities Close to Kirrawee Brick Pit



Source: Red Square base map amended by Hill PDA

- As you move east along Flora Street (shaded purple on the aerial photo above) the lot sizes reduce in scale and depth as the surrounds turns more residential in character. Located close to the main hub of activity centred on a piazza, this part of Flora Street is conveniently located to access the shops and services that are provided and indeed a pedestrian link is provided to facilitate this. The level of access to the shops and services provided within the proposed development combined with the size of the lots suggests residential led developments would be particularly suitable.
- The three lots fronting the Princess Highway (shaded red on the aerial photo above) have been identified as having potential for more intensive development. Whilst they are currently occupied by the likes of building suppliers and hardware retailers which appear to be trading well, benefitting from the prominent location on one of Sydney's main thoroughfares, there appears potential to increase the density and perhaps enhance the quality of the buildings. The proposed development of the brick pit provides three retail units (suitable for mini major retail occupants) fronting the Princes Highway and an enhanced landscaped boundary.

The siting of the proposed retail units allows the development to easily integrate with both the existing surrounds and also any future upgrade that would in all likelihood also seek to maximise frontage to the

Princes Highway. Together the redevelopment of this entire block would deliver a high profile "Gateway" to Kirrawee, stimulating further Urban Renewal through improving the profile and perception of the Centre.

Conclusion:

Overall, Hill PDA considers the proposed development of the Kirrawee Brick Pit site maximises the potential to deliver the Urban Renewal of its surrounds providing the market with sufficient incentives to transition from an industrial area to a vibrant mix of uses without the need for public sector intervention.

Should you have any questions concerning our advice, please do not hesitate to contact us in our Sydney office on 02 9252 8777.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "D. Barber.", with a stylized, cursive script.

Donna Barber
Associate

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