

APPENDIX 12. INVESTIGATIONS – ONKAPARINGA EMPLOYMENT LANDS STUDY



ONKAPARINGA EMPLOYMENT LANDS STUDY 2016

SUMMARY REPORT

PREPARED FOR THE
CITY OF ONKAPARINGA

31 March 2016

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AMOUNT OF LAND

950

HECTARES OF EMPLOYMENT
LAND (INDUSTRY, LIGHT
INDUSTRY, BULKY GOODS AND
MIXED USE ZONES)

534

PLUS

HECTARES OF CENTRE(S) AND
COMMERCIAL ZONES

20,173

PLUS

HECTARES OF PRIMARY
PRODUCTION AND
MINERAL EXTRACTION
ZONES

90%

OF ALL BUSINESSES ARE
**SMALL
ENTERPRISE**

11

DIVERSE
INDUSTRY
PRECINCTSHIGHEST DEMAND IS
FOR LESS THAN

2,000

SQUARE METRE
ALLOTMENTS**LONSDALE**

60%

OF ALL EMPLOYMENT
LANDCITY OF
ONKAPARINGA
KEY STATISTICS

ONKAPARINGA SUPPORTS

35,000

JOBS

MANUFACTURING

5,150 PERSONS (15%),

RETAIL 5,650 PERSONS (16%) AND**HEALTH CARE / ASSISTANCE**

5,046 PERSONS (14%)

ARE THREE LARGEST EMPLOYERS

20%

IN ALL
EMPLOYMENT
LANDS

THIS IS APPROXIMATELY

180

HECTARES
(EXCLUDING PORT STANVAC)**LAND SUPPLY**

24-36 YEARS

OF EMPLOYMENT LAND SUPPLY
(EXCLUDING PORT STANVAC)OPPORTUNITIES FOR
HOME BUSINESS
TO GROW AND EXPAND



A review of the City of Onkaparinga's employment lands offers an exciting opportunity to positively support broader state government and Council strategic aims to increase employment, foster innovation and grow new businesses.

Success should be underpinned by contemporary land use policy that supports the important established industries while also facilitating a transition to a knowledge based and advanced manufacturing economy, greater collaboration through working together, and facilitating business life cycle and scalability that recognising Onkaparinga's competitive land and lifestyle advantages.

Intermethod and Jones Lang LaSalle have been commissioned by the City of Onkaparinga to undertake an Employment Lands Study, which will inform the impending City-wide Employment Lands Development Plan Amendment (DPA).

The council's broad employment land offer comprises land used for industry, light industry, activity centres, commercial precincts and primary production. However, for the purposes of this Study the employment land focus has been on the established industrial precincts in Lonsdale, Hackham, Seaford, Old Noarlunga, Reynella, Aldinga, McLaren Vale and Willunga.

Knowing how much land the Council has, the nature of demand and where opportunities or risks are will help guide and provide the evidence base for the DPA and other corporate initiatives.

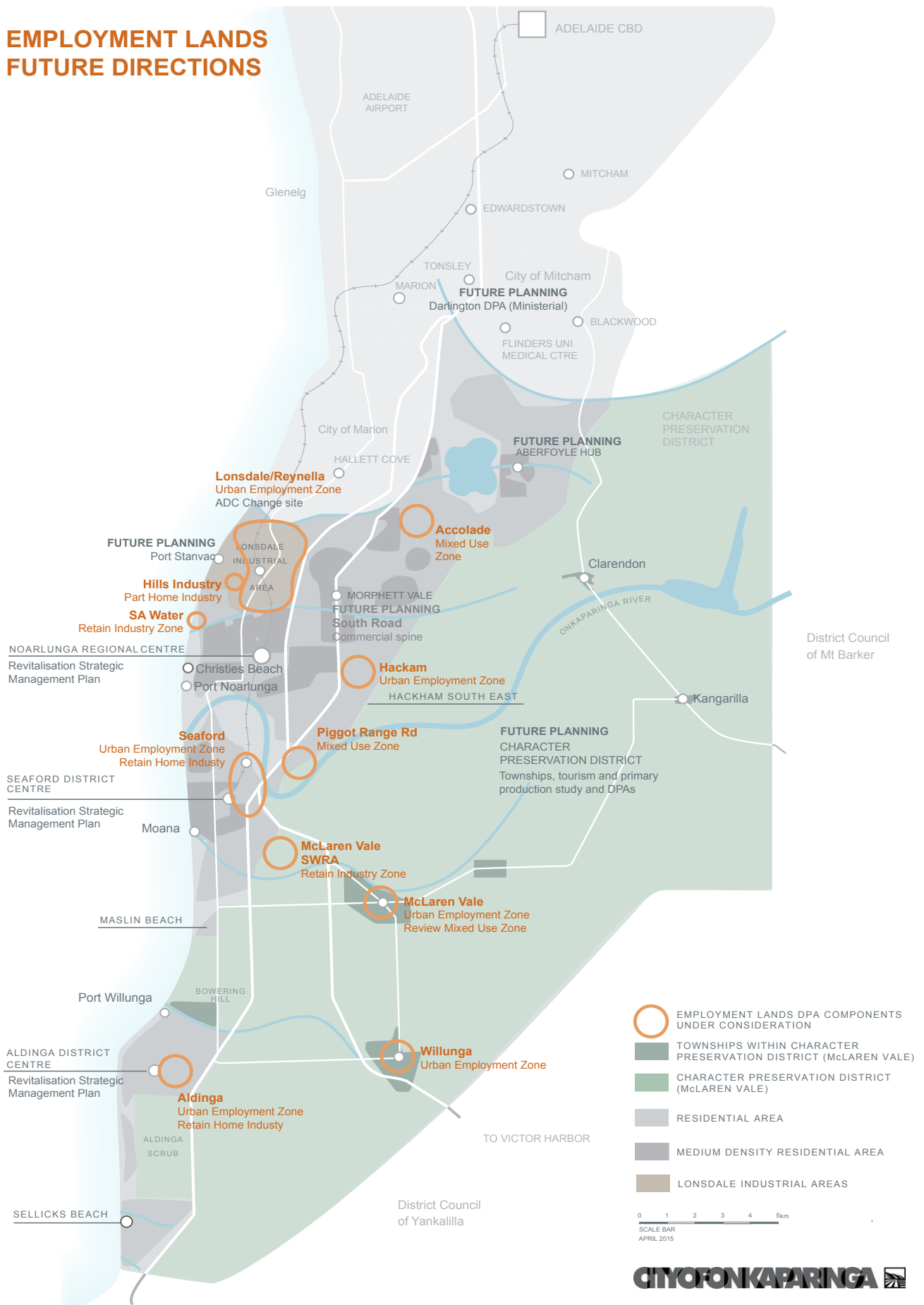
Key project tasks completed as part of the Study include:

- assessment of supply and demand trends
- review of future demand drivers and opportunities
- land use analysis of employment lands including strategic context, zoning, form and intervention
- initial review of selected sites for alternative use(s).

This Summary Report should be read in conjunction with the Employment Lands Analysis (July 2015) prepared by Jones Lang LaSalle (JLL) and the full Employment Lands Study (December 2015) incorporating detailed precinct profiling undertaken by Intermethod.

The Study is also intended to complement other state government and Council initiatives. These include the City of Onkaparinga's Activity Centres Review, Township, Tourism and Primary Production Study and broader economic growth and investment agenda, in addition to the Minister for Planning's Activity Centre DPAs and planning reform agenda. Together, they will create a holistic vision and support a program of actions that will support Council's economic growth agenda.

EMPLOYMENT LANDS FUTURE DIRECTIONS





CONTEXT

The ability to provide an encouraging and innovative platform for small businesses to start, develop and expand is critical in maintaining economic activity (and supporting future growth). Allowing greater flexibility to adapt and re-use existing building floorplates will support the full business lifecycle.

LAND

- The City of Onkaparinga is the largest local government area within Southern Adelaide and has developed a substantial and diverse mix of employment land (Industry, Light Industry, Mixed Use and Bulky Goods Zones).
- It supports approximately 950 hectares of employment land spread across the Council area, with Lonsdale accounting for approximately 60% of this employment land offer.
- The balance is located within Seaford, Aldinga, Old Noarlunga, Reynella, Willunga and McLaren Vale townships.
- The diverse industry precincts provide opportunities to cater for businesses of different type, size, affordability scale and future expansion opportunities in response to location, differences in building size and typology, and rental or sales costs.
- The employment land offer is complemented by a further 534 hectares of land zoned as Centre(s) or Commercial and a further 20,173 hectares of Mineral Extraction or Primary Production zoned land.
- Together, all these lands support a diverse employment offer generating jobs for approximately 35,000 people.

ACTIVITIES

- Historically, employment land has been used for manufacturing with, for example, larger, international car makers and supporting industries utilising large parcels of land particularly in Lonsdale.
- This has altered in the last ten years with the departures of Mitsubishi, Hills Industries, Accolade distribution and others.
- Concurrently, other businesses such as steel fabricators have remained with some expanding their workforce.
- Overall, the structural change has meant that a number of large, purpose built factories have limited market appeal and are not being utilised to their full extent.
- In addition, the diverse mix of employment land offer has supported a range of smaller businesses including car repair and furniture/cabinet making workshops. There are also a number of large, single use 'standalone' sites including the SA Water treatment plant, Southern Waste Resource Co, Adelaide Desalination Plant and Accolade winery (now partly closed).
- Across all employment land, small enterprise has generally withstood a challenging economic environment and represents the significant majority (over 90%) of all businesses in the Council.

INFRASTRUCTURE

- All employment land within the Council is serviced by mains water and electricity with the exception of primary production areas that are outside of the primary scope of this study. A recycled water scheme is also available in the Council. At present, the scheme does not service industrial precincts however could be extended subject to sufficient demand and type of water required.
- The National Broadband Network is also expanding within the Council with coverage extended daily. Works are scheduled in Lonsdale in early-2017.
- The Australia Infrastructure Plan (February 2016) prepared by Infrastructure Australia lists the completion of the Adelaide north-south corridor as a priority project. When finished, the corridor will improve access and strategic connectivity of Lonsdale (including Port Stanvac).

Employment land within the council, in particular Lonsdale, is competing against Greater Adelaide and nationally to retain and attract businesses.

There is an evidential need to create more flexible planning policy and other potential interventions (such as improved 'branding' and streetscape upgrades).

TRENDS

STATE

- There is a broader structural shift for industry to locate in outer metropolitan areas, where large, low cost industrial land is available particularly for warehousing and logistics.
- This is being compounded by the reduction of industry zoned land in the inner suburban markets (including Edwardstown), which may lead to some movement further south.
- However, growth in industry is underpinned by a greater emphasis on efficient freight systems management, with accessibility to quality infrastructure (road, rail, sea) – particularly as we move towards greater logistics and warehousing based industry (such as in response to online purchasing and following the continued ongoing trends of off-shore manufacturing).

LOCAL

- Within the City of Onkaparinga there is an evidential shift from historic large scale manufacturing, in particular within Lonsdale, to small scale manufacturing, bulky goods and sales associated with the housing industry, premium food and drink and service industries.
- Between 2006 and 2011 there was a 9% increase in total employment in the Council up to 35,615 persons. During this period, there was a 17% decrease in manufacturing employment set against a 27% increase in people employed in health care and assistance and a 17% increase for accommodation and food services.

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

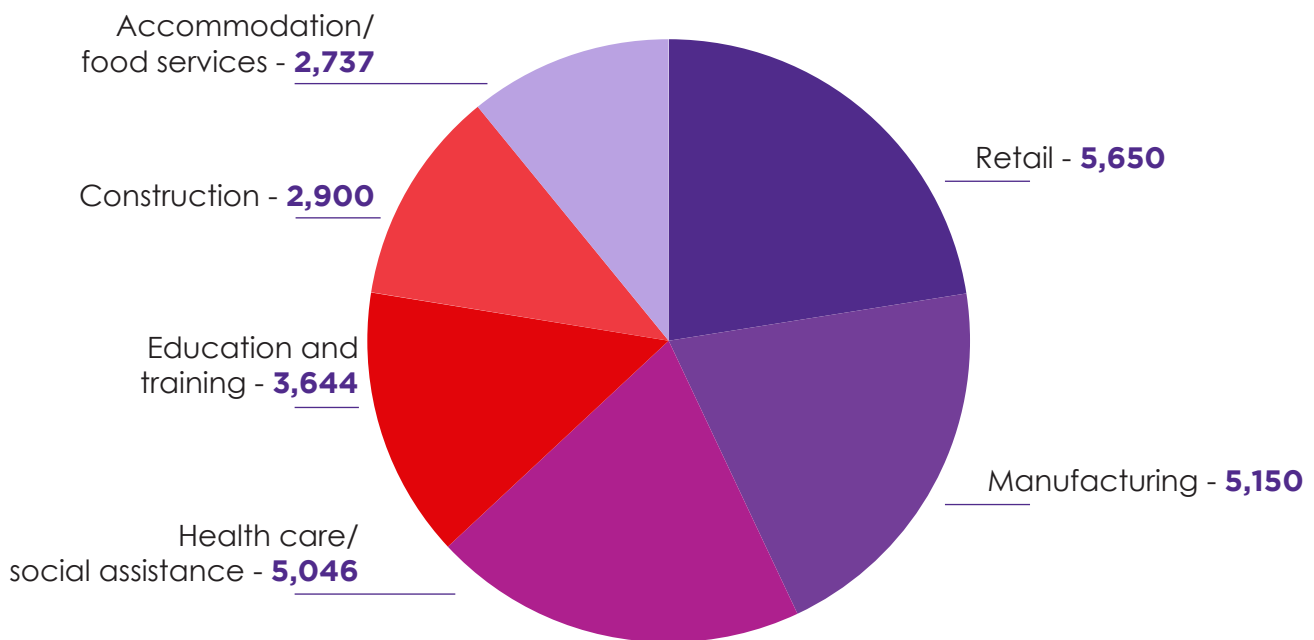
- Manufacturing – 5,150 people
- Construction – 2,900 people
- Retail – 5,650 people
- Accommodation / food services – 2,737 people
- Education and Training – 3,644 people
- Health care / social assistance – 5,046 people.

According to The Employment Lands Analysis (July 2015) prepared by JLL:

- Manufacturing and construction are the two major business sectors present in the Council's Industry Zones
- Wholesale businesses and Transport / warehousing are present but are not such significant employees
- Wineries and viticulture are an important component of Onkaparinga's economy, with a concentration around McLaren Vale.

Business split data is shown on the diagram below.

Number of businesses by business types





KEY FINDINGS

SUPPLY

- Employment land within the City of Onkaparinga (excluding centres, primary production, mineral extraction and others) represents approximately 1.8% of all land within the council area.
- While there is a substantial amount of supply, it varies in quality, location, topography, accessibility and existing improvements (such as buildings, car parking, loading and unloading areas)/uses.
- Lonsdale provides the greatest industry based employment land offer at approximately 60% of the 950 hectare supply.
- There is a spread of activity and uses across the Council area within clearly defined precincts. This offers a multi-faceted employment distribution with the ability to cater for a range of different users and occupiers.
- The Council area comprises a perceived hierarchy of 'desirability'

for industrial uses that should be considered when developing policy and program approaches:

- » Lonsdale – recent changes and large tenant departures, high vacancy levels in some areas, difficulty in competing against Northern Adelaide
- » Seaford – almost completely sold but represented by a high amount of undeveloped land with perceived constraints along the precinct's southern boundary
- » Aldinga/Hackham – comprising older stock, low value proposition, local business service offering.
- Elements to consider include adaptive reuse policies, reviewing car parking requirements, more flexible land use mix within buildings and allotment sizes.
- There is a higher concentration of sites between 500sqm and 4,000sqm, with larger sites generally located in

Lonsdale (some of which now vacant or underutilised as legacy of larger manufacturing decline).

VACANCY AND UNDERUTILISATION

- After reviewing past trends, vacancy levels are determined at just under 20% across all employment land precincts, which equates to approximately 180 hectares of supply.
- This is in addition to the Port Stanvac site and land currently for sale, lease or underutilised.
- Vacancy is more highly concentrated in certain areas such as parts of Lonsdale, Seaford and Piggott Range Road, with the northern industrial precincts (namely Lonsdale) providing significant capacity for growth.
- There are also large tracts of less desirable land (for example north of Moore Road, Reynella) used for non-industrial activities such as grazing. This land is generally unsuitable for industrial uses due to access and topography constraints.



- Council also owns land within the employment lands offer (primarily in Lonsdale) and that could provide opportunities for alternative uses and to support broader economic objectives.

DEMAND

Based on projected trends and considering vacancies, there is between 24-36 years of employment land supply within the City of Onkaparinga.

- Southern Adelaide has many lifestyle attractors and tends to attract service based industry (such as industry that supports residential construction and a localised population, and tourism based industry associated with the McLaren Vale wine region).
- This is reflected in demand for employment lands that appears to be strongest in the sub 2,000sqm allotment range with flexible, multiuse new buildings.
- Start up or small manufacturing/fabrication/repair businesses are attracted to lower rental costs as provided in Hackham and Aldinga, and form a strong component of our broader employment base.
- Demand for large-floor plate uses is difficult to predict and infrequent.

LAND USE MIX

- While there has been an expected shift away from manufacturing and a rise in the service sector (this has been known for some time), manufacturing remains one of the city's largest employers.
- Metal fabrication/workshops (joinery, etc.) and motor repair are dominant users throughout our employment precincts.
- Main road frontages are more commonly occupied by bulky goods/service trade premises or other users attracted to passing trade.
- Within home industry areas (Aldinga and Old Noarlunga) new dwelling development (generally) has limited or no apparent connection to a business activity.
- Unlike middle or inner southern Adelaide, employment lands are generally free from interface constraints.
- Accolade, Willunga, southern and eastern edge of Seaford and the northern part of Aldinga are exceptions and adjoin residential development.





RECOMMENDATIONS

POLICY

MAINTAIN SUPPLY OF EMPLOYMENT LANDS

- The Study does not recommend the addition of new employment land or significant loss.
- Affordable land is critical in assisting start up or small business and the Council's employment lands should be protected from incompatible use.
- Consideration should be given to some minor conversion of land north of Sigma Road (owned by the Adelaide Development Company).
- In addition, other employment lands are also considered suitable for further review, namely:
 - Land zoned as Mixed Use in McLaren Vale
 - The former abbatoir on Piggot Range Road, Old Noarlunga

- The Accolade site in Reynella.

Refer to the Change Site Analysis and detailed Precinct Profiling and DPA recommendations for further detail.

UPDATE POLICY TO BEST-PRACTICE EMPLOYMENT LAND FRAMEWORK

- The Study recommends the conversion of the industry and light industry zone to the South Australian Planning Policy Library Urban Employment Zone (with policy areas where appropriate).
- This zone aligns the council with the current best-practice employment policy framework.
- Policy areas should be reviewed to ensure they are logical, reflective of changes to manufacturing and provide the appropriate policy framework.
- Policy should also protect 'infrastructure' industries and maintain areas for high impact industry uses.

REVIEW POLICY TO SUPPORT SMALL BUSINESS

- Land use policy should support greater flexibility and scalability – recognising the many small businesses that the City of Onkaparinga supports.
- This includes a review of minimum allotment sizes and other statutory assessment criteria, and consideration of additional land uses within the employment areas (such as larger floor-plate offices, retail and community facilities).
- Similarly, ensure planning controls regulate the encroachment of inappropriate residential development in Home Industry Policy Areas and consider potential for new Home Industry Area in the western section of O'Sullivan Beach / Lonsdale subject to further consideration of best practice examples and demand.

CONSIDER OPPORTUNITIES FOR A GREATER MIX OF BUSINESSES

- Land use policy should consider opportunities for maximising main road frontages at the periphery of the industrial areas for other non-industry based uses.
- These edges offer improved exposure, are more easily accessible by pedestrians and could facilitate community uses (such as gymnasiums, in response to demand) without putting site users at risk or prejudicing industrial land use due to traffic and pedestrian conflicts.

DPA WORK PROGRAM

The City of Onkaparinga has a comprehensive DPA work program as outlined in its Land Use Strategy 2014-19. The strategy earmarks the following DPA policy projects relevant to the broader employment land offer:

- Township, Tourism and Rural
- Activity Centres (including ministerial)
- City Wide Employment Lands

The City Wide Employment Lands DPA will seek to capture the majority of the recommendations herein and resolve city-wide urban employment matters (ensuring all of the council's established industrial land offering is retained for employment uses).

Change sites as identified herein should not be considered for rezoning through a city-wide DPA but rather be held pending private interest and support for externally funded DPAs. The benefit of this approach is that it can enable the broad improvements through a city-

wide DPA without the risk of complications from site-specific sensitivities and detailed investigations.

BEYOND POLICY

PORT STANVAC

- Port Stanvac offers exciting potential for southern Adelaide but future master planning and desired land use outcomes should be considered taking into account the Council's current significant employment land offer in Lonsdale (as outlined in the Study).
- Consider the Council's advocacy position on the timing, spatial extent and mix of land uses within any release of Port Stanvac due to the growth capacity within existing industrial land supply. There may be an opportunity to introduce alternative land uses on this site while safeguarding a sufficient amount of suitable unencumbered land for future employment use.

CHARACTER PRESERVATION DISTRICT / PRIMARY PRODUCTION

- Consider expanding opportunities for value adding and flexibility in primary production areas (to support both industry and tourism uplift).

ACTIVITY CENTRES

- Continue to support its centres across the Council area and policy that maximise potential for growth in retail, office, health, aged care, education and service sector.

