

Submission
No 102

INQUIRY INTO DEVELOPMENT OF THE TRANSPORT ORIENTED DEVELOPMENT PROGRAM

Organisation: Connect Macquarie Park Innovation District

Date Received: 27 March 2024

*Mr Brendan Metcalfe – Director, North District
NSW Department of Planning & Environment*

Via email

CC. Board of Directors and Members of Connect Macquarie Park Innovation District

Friday 8 December 2023

Re: Macquarie Park Stage 1 Rezoning

Dear Brendan,

Thank you for your recent briefing, and the opportunity to respond to the Department of Planning and Environment's Stage 1 Macquarie Park Innovation Precinct Rezoning proposal.

Who we are

Connect Macquarie Park Innovation District (CMPID) is a unique independent partnership tasked with helping to advance Macquarie Park as a world-leading innovation district. We work with Government, Macquarie University, landowners and leading local employers in the area. Our focus on creating conditions conducive to innovation includes consideration of the long-term plans and proposals for our district.

Our stakeholders were deeply involved in helping to guide the Department's overarching **Macquarie Park Innovation Precinct Place Strategy** and **Masterplan**, ratified in 2022.

Macquarie Park Stage 1 Rezoning – our response:

- 1. What we support**
- 2. Where we are concerned**
- 3. Timing, and the political context**

CMPID welcomes the Stage 1 Rezoning's recognition of Macquarie Park as an innovation district, and potential to transform into a world-leading innovation district.

Macquarie Park was originally planned as a place for high-tech industry to locate in close proximity to a new University. Macquarie Park's success today – home to 72,000 high-value jobs, 45,000 students and more than 11,000 residents,

generating more than \$9.2bn in economic activity annually – is nationally significant, and testament to the vision and success of that plan.

Looking ahead, we agree on the importance of continued careful planning in order for our area- and by extension, Australia - to be successful in the future. The Department's own *Explanation of Intended Effect* states:

"[Macquarie Park Innovation Precinct] is **essential** to growing Greater Sydney's capacity as a centre for innovation, attracting top businesses from around the world and creating new jobs and opportunities for the people of Sydney."

1. What we support

There are several elements of the Stage 1 Rezoning documentation which CMPID supports, including:

- Focus on delivery of Green and Blue infrastructure, including identification and preservation of key sites to help deliver this (2.1.8)
- Identification of the need for more community infrastructure within Macquarie Park, including provision of new schools, a community health facility, libraries, and a multipurpose indoor recreation facility. (Infrastructure Delivery Plan)
- Prohibition of Data Centres in Zone E2 Commercial Core (Waterloo Road), which should primarily be a place for people-oriented commercial and innovation activities. (2.1.3)

2. Where we are concerned

2.1 Market demand analysis

The Department's *Economic Impact Assessment* asserts an anticipated future vacancy rate of 15 to 20% for the next 4 years in Macquarie Park.

Despite changes to ways of working since the onset of the COVID-19 pandemic, Macquarie Park has maintained a lower vacancy rate (15.3%) than North Sydney (22.7%) and Parramatta (23.4%).

Although Macquarie Park's current vacancy rate is its highest in more than 15 years, this should be considered against Macquarie Park's long-term average vacancy rate of 9.0%. ("*North Shore Office Market Report*". CIA Australia, November 2023.)

Current market demand should not be used to inform long-term planning decisions, which will impact the development of the Park for decades. The Department's own *Economic Impact Assessment* flags this limitation, stating:

"The long-term economic implications of the COVID-19 pandemic... are not fully understood."

2.2 Inclusion of Build-To-Rent in the Commercial Core

During engagement to guide and agree the overarching **Macquarie Park Innovation Precinct Place Strategy** and **Masterplan**, considerable effort was made to confirm the value of Macquarie Park’s “commercial core”, and the need to exclude housing from this area to maintain employment and economic activity.

Stakeholders also recognised the need to provide more homes to meet demand and to activate the precinct, agreeing on around 3,000 dwellings across the rest of Macquarie Park. This is in addition to the significant volume of homes already planned for the Herring Road and North Ryde Station districts, which have already been rezoned.

The inclusion of Build-To-Rent in the commercial core of Macquarie Park is an unexpected surprise, which did not feature in the overarching Place Strategy and Masterplan.

Consenting of Build-To-Rent is proposed on an ‘instead of’ basis of the planned space to accommodate an additional 23,000 jobs in the area.

CMPID believes a combination of favourable tax structures and higher returns on residential vs. commercial developments would lead to most of the proposed 1,200,00sqm of commercial floor space being developed as Build-To-Rent.

The inclusion of Build-To-Rent on an ‘instead of basis’ would undermine the Place Strategy’s overall ambition to “drive the transformation of Macquarie Park into an innovation district”, and should be urgently reconsidered.

2.3 Industry feedback on innovation mechanisms

Despite the overall aim of the masterplan and re-zoning process being to “drive the transformation of Macquarie Park into an innovation district”, Stage 1 rezoning does not include an innovation support strategy to enact this change. This should be redressed as a matter of priority.

In our 2022 report “*A roadmap for Macquarie Park – Collaboration, Innovation, Transformation*”, CMPID’s stakeholders identified the need for “space and support for innovation to grow”, in particular for companies in the scale up stage.

The Department’s own masterplan identified several levers which could support innovation, including:

- Investigating the viability and funding for dedicated innovation spaces in Macquarie Park
- Investigating a flexible, programable space “which provides curated space” for the innovation community
- Piloting innovation and scale-up spaces with business, government and academia

CMPID also proposes incentivising the provision of physical innovation space through a combination of Government support and development mechanisms (e.g. increased building heights or gross floor area concessions), driven by targets.

Physical innovation spaces might include:

- Incubators
- Scale up space, including hardware benching
- Affordable commercial space for SMEs and entrepreneurs
- Research and development labs
- Prototyping hubs
- Education and training space
- Coworking hubs and meeting spaces
- Auditorium and showcasing spaces

In addition, sustained community programming to build the networking assets of the innovation district will also be required.

Most of the investment attraction enquiries received by CMPID over the past 18 months have been for spaces other than Grade A Commercial space, for example clear span warehouses for use in high tech manufacturing, laboratory space and clean rooms for assembly lines.

Achieving the stated aim of “driving the transformation of Macquarie Park into an innovation district” cannot be left to industry, market forces and good intentions alone.

CMPID would welcome the opportunity to work alongside the Department and other relevant agencies to create an innovation support strategy for Macquarie Park before further re-zoning takes place.

2.4 Lack of urgency in Transport plans

CMPID strongly agrees with the Department, which states:

“There is a need to improve public transport and active transport, so they become viable alternatives to private vehicles. This is to ensure that future development and economic success [of Macquarie Park] can be guaranteed.”

The Stage 1 Detailed Precinct Transport study anticipates a 47% to 84% increase in delays to PM road network trips under all development scenarios by 2041. This is an unacceptable increase on the 2022 position, when road congestion is already significant.

However, provision of new public transport access alignments are still many years away under the lacklustre timeline provided in the Infrastructure Delivery Plan.

For example, a rapid bus route from Mona Vale to Macquarie University is not slated for delivery until 2036, a high-speed bus route to Parramatta not until 2036 and a strategic bus corridor to Blacktown not until 2030.

Rapid bus services between Parramatta and Macquarie Park were first proposed in the NSW Government's "Sydney's Bus Future" some 10 years ago, but appear to still be more than 13 years away.

CMPID reiterates its position – first shared in response to the masterplan – that the following routes must be expedited, with planning and delivery of B-Line style rapid bus services in the near term **(within 3 to 5 years)**:

- Parramatta to Macquarie Park (first proposed in 2013)
- Burwood to Macquarie Park (first proposed in 2013)
- Mona Vale to Macquarie Park (first proposed in Future Transport 2056)

These routes were identified in *Sydney's Bus Future 2013* and *Future Transport 2056*, and now the Stage 1 rezoning plans.

3. Timing, and the political context

CMPID is concerned the Stage 1 Rezoning proposals are advancing outside of the political context in NSW.

A new State Government has been elected since the overarching masterplan was first proposed. A recent announcement from the new Government will create a new State Significant Development pathway for residential proposals of \$60m or more within 1200m of Macquarie Park Metro station. This would cover all of the employment and productivity lands in Macquarie Park.

Innovation districts can take decades to build, but be rapidly disrupted by policy and planning.

CMPID and its members urgently request further information on this proposal, and how it might impact Stage 1 and future rezoning in the precinct, before any rezoning can proceed.

Conclusion

We wish to continue to discuss how CMPID can assist the NSW Government achieve its aims of transforming Macquarie Park into a world-leading innovation district.

We feel assured that matters raised by our stakeholders will be given due consideration, and request a speedy response to specific concerns.

Kind regards,

Mark Ames

General Manager
Connect Macquarie Park Innovation District