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## *Business & Property Economics*

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Dear Andrew,

**RE: ECONOMIC INPUT – REZONING OF LAND –  
FAIRFIELD, CABRAMATTA, CANLEY VALE & CARRAMAR**

Following our recent discussion and receipt of your emails, I am pleased to provide this economic advice to the proposed Rezoning of Land at four Fairfield City Centres. .

### **Background**

The state government and your Council have completed a number of strategic planning studies, such that the future shape of Western Sydney's employment and transport systems have become clearer. Based upon these studies, Council has embarked upon several Urban Design Studies. To date, five Centres in the eastern part of the City have been studied, with the Urban Design team recommending the Rezoning of Lands in each of these Centres: Fairfield City Centre; Cabramatta Town Centre; Canley Vale Local Centre & Carramar Neighbourhood Centre.

Prior to proceeding with the Rezoning of these lands, Council requires a final check to ensure that the proposed changes are likely to deliver the intended economic outcomes and that unintended economic consequences are unlikely to arise.

### **Methodology**

The methodology employed involved:

- (a) Reviewing the Economic Development Strategy 2019 Update; and Fairfield City 2040 a Land Use Vision, Shaping a Diverse City, Local Strategic Planning Statement;
- (b) Reviewing any information provided in respect of consultation with landowners/developers;
- (c) Examining the existing and proposed zoning plans, together with a review of the assessment tables for the relevant zones;

- (d) Reviewing aerial photographs of existing developments on and surrounding the sites subject to Rezoning;
- (e) Considering the extent to which the proposed Rezoning would achieve their desired economic outcomes; and
- (f) Considering whether the proposed Rezoning might generate adverse economic impacts;

This economic advice has been prepared based upon a desk-top analysis. Descriptions of site uses are based upon the dates of aerial photography available from Google Maps and are therefore limited to the currency of that aerial photography.

### **Fairfield City Centre**

Fairfield is a large suburb located in the eastern part of the City accommodating a large residential population and the City's highest order centre, the Fairfield City Centre. The residential population has high proportions of Assyrian, Vietnamese and Chinese people and has average household incomes that are significantly below average.

Fairfield City Centre serves a population that extends across the whole City, although it is recognised that there is also significant leakage from the City to higher order centres located outside the City, such as at Liverpool and Parramatta. The Centre is located at the intersection of The Horsley Drive and Sydney's Main South rail line. Fairfield City Centre occupies a large 35.2ha across three zones. The B4 Mixed Use zone is the dominant zone (26.8ha), with a central core being located in the B3 Commercial Core zone (3.4ha) and an eastern part in the B6 Enterprise Corridor zone (5.0ha).

Fairfield City Centre is anchored by two traditional shopping centres which, between them, provide Kmart discount department store, TK Maxx and Best & Less mini-majors and Woolworths, Coles and ALDI supermarkets. Until recently, the City Centre had also accommodated a Big W discount department store. These shopping centres are supported by an extensive number of strip shops, services and offices. Higher order community facilities include the Court House, Police Station, Library, RSL and Centrelink/Medicare.

It is proposed to rezone five small sites (eight allotments) totalling 3,959m<sup>2</sup> from the B4 Mixed Use zone to the RE1 Public Recreation zone in order to increase the public open space and pedestrian connections through the Centre. It is also proposed to rezone the majority (2.9ha) of the B3 Commercial Core zoned lands to the B4 Mixed Use zone in order to increase redevelopment options.

All of the eight allotments involved in the rezoning to the RE1 zone currently accommodate buildings varying from one to three storeys. These buildings are older and are generally tenanted by a mixture of retail, medical and office uses. Several of the allotments are designed to improve the pedestrian linkage along Council Lane, whilst others appear located to provide open space. It is expected that the redevelopment of these allotments would not occur without Council and/or state government intervention.

From an economic perspective, it is recognised that pedestrian movement and public open spaces are important elements of centres, particularly centres of the scale (35.2ha) and function of the Fairfield City Centre. They are needed to attract shoppers and visitors and to provide amenity and convenience to shoppers, visitors and employees. The allotments selected do not appear to provide critical retail, office or other functions integral to the functioning of the City Centre. For these reasons, the proposed rezonings to the RE1 zone are supported from an economic perspective.

The effect of the more significant B3 to B4 rezoning change depends upon the differences in the objectives and permissible uses of these zones. The objectives appear broadly similar, although B3 also focusses upon employment outcomes by specifically encouraging *“appropriate employment opportunities in accessible locations.”* There are a number of various permissible use differences between the two zones, although many of them appear subtle and not significant. In this instance, the major difference is that the B3 zone prohibits Residential Accommodation, whereas this use is Permissible in the B4 zone. Residential Accommodation is defined very widely.

In previous work undertaken for your Council, retention of the B3 zone was considered important for the future growth of Fairfield City Centre, namely for the future development of higher order offices. It was considered that, without the protection of the B3 zone, potential future office development would lose out to a stronger existing and future market for residential development. It was also considered that Fairfield City Centre, being the highest order centre in the City, would have the greatest likelihood of attracting office development.

Weighing against these factors were the following counter arguments:

- (a) Parramatta had been the major beneficiary of office development in Sydney’s west;
- (b) The market supports the concentration of offices in a small number of locations rather than in many locations due to those locations having large concentrations of office space also providing large pools of potential tenants (ie, there is a financial incentive for developers of offices to develop offices in close proximity to other offices);
- (c) The demography of Fairfield City residents indicates that its employed workforce has a low propensity to work in offices;
- (d) Recent Sydney planning documents have supported the continued elevation of Parramatta and Liverpool over Fairfield as a location for higher order office employment;
- (e) Technological advances, combined with the isolation requirements of COVID-19 have fundamentally changed the way in which office workers work. It is expected that demand for office space will fall due to some workers continuing to work from home permanently and other workers choosing to work some days at home.

It is also relevant to note that, until the last few years, major shopping centre owners have consistently resisted the request by planners and politicians to undertake mixed-use developments (particularly office and residential towers) on their ‘sacred’ shopping centre sites. This has been due to their belief that retail development provides greater yields and the continuing evolution of retailing requires them to preserve land to accommodate future expansions of the shopping centres.

There is evidence of this attitude having recently changed. This has been due to the difficult trading conditions faced by bricks and mortar retailers in the last few years, such as due to the growth of online retailing and the difficulties being faced by department stores, discount departments stores and fashion stores. Further major changes to retailing can be expected, hastened by the recent onset of COVID-19, which is likely to take some years before it is resolved at the global level.

Shopping centre owners have more recently come to realise the importance of entertainment and dining in shopping centres and recent redevelopments have focussed on these elements. I have more recently seen evidence that shopping centre owners are also now willing to embrace residential towers above shopping centres and on pad sites surrounding shopping centres in order to increase activation numbers and hours for the shopping centres.

You have specifically advised that the owner of Neeta City Shopping Centre has approached Council with the intention to develop part of its site with residential towers. To some extent, this may have been prompted by the recent loss of its anchor tenant, Big W discount department store. This approach provides evidence to Council that the proposed rezoning is likely to be taken up by the site owner.

Ultimately, I say that the proposed rezoning of the majority of the existing B3 zoned lands to the B4 zoned lands involves the weighing up of the potential of the B3 zoned lands to deliver significant employment outcomes (mainly through the development of offices) versus the ability of the same lands (in the B4 zone) to contribute to residential redevelopment opportunities within the City Centre, potentially resulting in a greater activation of the City Centre streets in numbers and across a greater number of hours during the day and night.

The above-listed issues suggest that the pros and cons of this proposed rezoning may have been finely balanced in the past. If Council is fully cognisant of these issues and considers that the possibility of the B3 zone to deliver significant employment outcomes has now become more remote, then the proposed rezoning is supported from an economic perspective.

The potential impact of this proposed rezoning is, as outlined above, the potential loss of office development in the City Centre, the prospects of which are considered to be remote.

### **Cabramatta Town Centre**

Cabramatta is a large residential suburb located in Fairfield City's south. Its population contains high proportions of Vietnamese and Chinese people and average annual household incomes are significantly below average.

Cabramatta Town Centre is located at the intersection of Cabramatta Road and Sydney's Main South railway line. Whilst serving the needs of the surrounding population of the suburb, this Town Centre has also developed as a centre of Asian commerce and culture, attracting Asians and others from all over Sydney, as well as tourists. It therefore acts as an important economic driver for the City.

Cabramatta Town Centre spans an area of 13.0ha, comprising lands mostly located in the B4 Mixed Use zone, although a small portion of the lands are also located in the B6 Enterprise Corridor zone. Whilst anchored by a Woolworths supermarket, this Town Centre is characterised by its 'fine grain' of small independent shops. This concentration of authentic Asian retail operators provides a very different experience to that offered by competing centres (major chain stores), resulting in this Centre attracting a broad clientele as identified above.

Two rezonings are proposed. The Town Centre is to be extended to the west by rezoning 11 allotments totalling 9,695m<sup>2</sup> from the R3 and R4 zones to the B4 Mixed Use zone and a significant 4.6ha (one-third) of land located in the central part of the Town Centre is to be rezoned from the B4 Mixed Use zone to the B3 Commercial Core zone.

The allotments subject to the proposed expansion of the Town Centre accommodate a Council car park, five commercial buildings and four houses (one of which is operated by an allied health operator). Due to these allotments substantially providing a mix of uses that currently support the Town Centre, it is considered that it is entirely appropriate to include these 11 allotments in the B4 Mixed Use zone. No unintended economic consequences are envisaged.

The effect of the B4 to B3 rezoning change depends upon the differences in the objectives and permissible uses of each zone. The objectives appear broadly similar, although B3 also focusses upon employment outcomes by specifically encouraging *"appropriate employment opportunities in accessible locations."* There are a number of various permissible use differences between the two zones, although many of them appear subtle and not significant. The two major differences are that the B3 zone prohibits Residential Accommodation and Tourist and Visitor Accommodation. Residential Accommodation is defined very widely, and Tourist and Visitor Accommodation is also defined widely to include hotel/motel accommodation, serviced apartments, backpackers' accommodation and bed and breakfast accommodation.

The effect of the B4 to B3 rezoning is to preserve the 'fine grain' of retail uses upon which the Cabramatta Town Centre is based by restricting competition for core Town Centre lands from Residential Accommodation and Tourist and Visitor Accommodation uses.

From a Residential Accommodation perspective, this rezoning is therefore supported. With respect to the Tourist and Visitor Accommodation uses, I advise that the role of Cabramatta Town Centre in serving as a commercial attractor for a much wider population is such that a range of Tourist and Visitor Accommodation should be encouraged in the Town Centre as they would be expected to support visitation and total expenditure levels at the Town Centre.

Whilst this is an unintended consequence of the B4 to B3 rezoning, it is noted that after the rezoning, a total of about 7ha of land would remain in the B4 zone, which would be more than sufficient in attracting the future development of Tourist and Visitor Accommodation.

These two proposed rezonings are therefore supported.

### **Canley Vale Local Centre**

Straddling Prospect Creek, Canley Vale is a residential suburb wedged between Fairfield and Cabramatta. It houses a large population, with significant populations of Vietnamese and Chinese. There is a higher proportion of older families in this population, with average household incomes being lower than average, but above that of Carramar and Yennora.

The Canley Vale Local Centre is the dominant centre located between Fairfield City Centre and Cabramatta Town Centre, spanning 4.5ha. Anchored by a hotel and large nursery (appears to be old and ripe for redevelopment), this Centre provides an extensive number of restaurants and other eateries and is supported a range of convenience shops (with an unusually high number of bakeries). A commuter car park is located in the north and residential uses are located in the western part of the Centre.

It is proposed to rezone a 4,368m<sup>2</sup> site in the northeast from the B2 zone to the RE1 Public Recreation zone and to rezone an adjoining 2,801m<sup>2</sup> site from the R4 High Density Residential zone to the B2 zone.

The proposed RE1 site is occupied by the historic Westacott Cottage and parklands, including a vegetated drainage corridor. This site represents 10% of the Local Centre. This proposed rezoning is supported on the basis that the site constraints effectively prevent this site from being redeveloped for higher order uses and the benefits open space provide to the amenity and convenience of shoppers and employees of the Centre.

The proposed extension to the B2 Local Centre is to the southwest along Phelps Street. Comprising three allotments, this 2,801m<sup>2</sup> of land accommodates two houses and a Childcare Centre. Relevantly, these three sites are located opposite an operational nursery and lands contained within the B2 Local Centre.

This proposed rezoning is also supported, due to it being an incremental expansion of the B2 Local Centre (only 6%). However, it should be noted that it is regarded as providing a longer term rather than shorter term benefit. This is due to Phelps Street not carrying significant numbers of pedestrians and the action of the three-storey residential building at the junction of Canley Vale Road and Phelps Street potentially acting in a blocking fashion to the redevelopment of the three allotments proposed for rezoning for employment purposes.

On the positive side, it is noted that the nursery site is a prime candidate site for redevelopment. Should this occur, then that development would serve as a positive catalyst upon the three allotments.

In combination, the proposed two rezonings at the Canley Vale Local Centre are not expected to negatively impact other Centres in the area.

### **Carramar Neighbourhood Centre**

Carramar is an older residential suburb located between Fairfield East and Canley Vale having a significant Vietnamese population. The average household income is significantly lower than average.

It is proposed to extend the existing largest Neighbourhood Centre in this suburb and create a small new Neighbourhood Centre.

The largest Carramar Neighbourhood Centre is located on The Horsely Drive, opposite the Carramar Public School. It occupies seven allotments totalling 9,809m<sup>2</sup>. It is occupied by a mix of dining and secondary retail stores, with limited Shop Top Housing.

The northern site is in the process of redevelopment with a new four level building housing retail on the ground floor and residential units on the upper three floors. Google shows that the adjoining allotment to the south (the largest allotment in this Centre) as being for sale. With the exception of a tyre shop on the southern allotment, most of the buildings appear ripe for redevelopment.

It is proposed to extend the Carramar Neighbourhood Centre to the north by rezoning three allotments totalling 2,458m<sup>2</sup> from the R2 zone to the B1 zone, extending the Centre by 25%. These three allotments are occupied by an old two-storey commercial building and two older houses. There is a second Carramar Neighbourhood Centre located on the southern side of the Carramar Railway Station. This Centre spans 12 allotments totalling 4,218m<sup>2</sup>. It contains a mixture of traditional convenience stores and vacant shops.

It is proposed to rezone a 1,251m<sup>2</sup> site located on the northern side of the Carramar Railway Station from the R4 zone to the B1 zone. According to PriceFinder cadastre records, this site is part of the railway reserve and is used as a commuter car park. The 1,000m<sup>2</sup> allotment to its immediate west accommodates the two-storey Carramar Shopping Square, although this appears to be occupied by residential activities (according to Google Maps). I am surprised that the commuter car park is to be rezoned to B1 and not the Carramar Shopping Square.

Conceptually, a small site on the northern side of the Carramar Railway Station should support B1 uses. However, unless there is a specific plan by RailCorp to develop this site for commercial purposes, I see little utility in rezoning a commuter car park in a railway reserve to B1. The likelihood of it being redeveloped for B1 purposes appears remote. The loss of a scarce commuter car park is also of concern, undermining the public transport system.

Apart from the concern over the specific site of the commuter car park and its restricted land tenure, from an economic perspective, these two rezonings are supported. Negative impacts would be inconsequential given the small land areas involved and the fact that the largest site already accommodates a commercial building.

**Conclusion**

With one minor exception, the proposed rezonings are considered supportable from an economic perspective and are not likely to cause unintended adverse consequences or impacts. The exception relates to the proposed rezoning of a small commuter car park located in the railway reserve at Carramar railway station to the zone. The loss of a scarce commuter car park is considered to be a concern and the potential for the redevelopment of a railway reserve is considered remote without the support of RailCorp.

I trust that this letter sufficiently addresses the required matters. Please do not hesitate to contact me should you have any queries regarding this advice.

Yours faithfully  
Norling Consulting Pty Ltd



Jon Norling  
Director