

# Planning Proposal -Retail Review and Retail Parking



# Contents

1. Background	5
2. Existing planning controls	12
3. Objectives and intended outcomes	19
4. Explanation of provisions	20
5. Justification	23
6. Mapping	41
7. Community Consultation	42
8. Project timeline	43

## Executive summary

The Green Square and Southern Areas (City south) include all land in the City of Sydney local government area (LGA) south of Cleveland Street and east of the rail line between Redfern and St Peters. The area includes the Green Square urban renewal area and the City's southern enterprise areas, but also includes some land at the fringe of those areas, including parts of the Botany Road Precinct and the Waterloo Metro Quarter.

The urban renewal area is Australia's largest urban renewal area with the Green Square Town Centre (Town Centre) at its heart. The urban renewal area is forecast to grow to around 32,000 dwellings, housing around 60,000 to 70,000 people by 2036. This growth is being supported with substantial investment in local infrastructure including new roads, parks, community facilities such as Gunyama Park and Aquatic Centre and Green Square library and utilities upgrades.

The Greater Sydney Commission's *Greater Sydney Region Plan* identifies Green Square – Mascot as a strategic centre and an important contributor to the eastern economic corridor. The associated *Eastern City District Plan* says that 1.8 million square metres of additional retail will need to be accommodated across the Eastern City District by 2036. As a major growth precinct, much of this demand is likely to stem from Green Square, which has implications for retail planning in the precinct.

Following a major review of retail in the City South area, in 2012, the City introduced a hierarchy of centres in its planning controls with the Green Square Town Centre being established as the primary commercial, retail and civic centre. The hierarchy is underpinned by planning controls in the Sydney Local Environmental Plan 2012 (LEP) that only allow larger retail premises in defined centres with smaller retail permitted throughout the City South area. This is to ensure that major retail, specifically supermarkets continue to locate in higher order centres which are the focus for activity and infrastructure investment.

Considerable growth and change has occurred in the City South area since the introduction of the retail planning framework. The City commissioned the Green Square and Southern Areas Retail Review (the Review) to understand the changes to demand and supply of retail floor space in the City South area since the retail planning requirements were introduced in 2012, and to recommend any required changes to planning controls to ensure the retail needs of the community will be met in future.

The Review identified a net shortfall in retail floor space across the City south area, finding that to 2041 an additional 15,000 square metres of retail floor space is needed close to the Town Centre to address the undersupply and meet retail demand. It found the greatest undersupply is in hospitality and services, supermarkets, and other food retail.

Planning for full-line supermarkets will be a significant factor in meeting projected demand with over \$462 million out of \$1.4 billion expected to be supermarket spending by 2041. The Review found that there will be an undersupply of about 9,000 square metres of supermarket floor space with the largest supermarket under-supply emerging in the eastern parts of Waterloo, the Town Centre and North Alexandria areas.

The Review includes a capacity analysis to determine if there is sufficient capacity under existing planning controls to accommodate the identified shortfalls in retail supply. It found that while small format retail is widely accommodated under current planning controls, opportunity for larger retail tenancies is limited in the Town Centre. It also found more opportunity was needed to address the undersupply of large format retail, in particular supermarkets.

The Review recommended the City investigate options to create more opportunity for large format retail sites immediately adjacent to the Town Centre and remove areas from the City's restricted retail map. This would also be expected to create opportunities for smaller retail premises that prefer to co-locate with anchor retail such as supermarkets. 'Planning Proposal - Retail Review and

Retail Parking' (this planning proposal) will amend Sydney LEP 2012 to remove the restriction on the size of retail tenancies from an 'expanded retail area'. The expanded retail area is immediately adjacent to the west and the north of the Town Centre. The proposed change will allow for supermarkets to locate in the area so that demand can be met to 2041. Importantly, where large format retail locates in this area it will:

- continue to support the primacy of the Town Centre, rather than compete with it as a stand-alone centre;
- create opportunities for other retail (small format), that prefers to co-locate with anchor retail such as supermarkets;
- be located close to public transport at Green Square Station and Waterloo Metro Station, as well as multiple bus routes and cycle routes, reducing the need for private vehicle trips; and
- be located close to key community infrastructure including public plazas, libraries, schools and child care facilities, community centres and public recreation facilities.

The planning proposal also introduces a maximum parking rate for large format retail in the entire City of Sydney local government area. The proposed change is to encourage active transport modes and to mitigate the impacts that large format retail may have on surrounding road networks.

The draft DCP includes supporting provisions that guide design, layout and placement of retail tenancies relative to the public domain in the expanded retail area.



# 1. Background

---

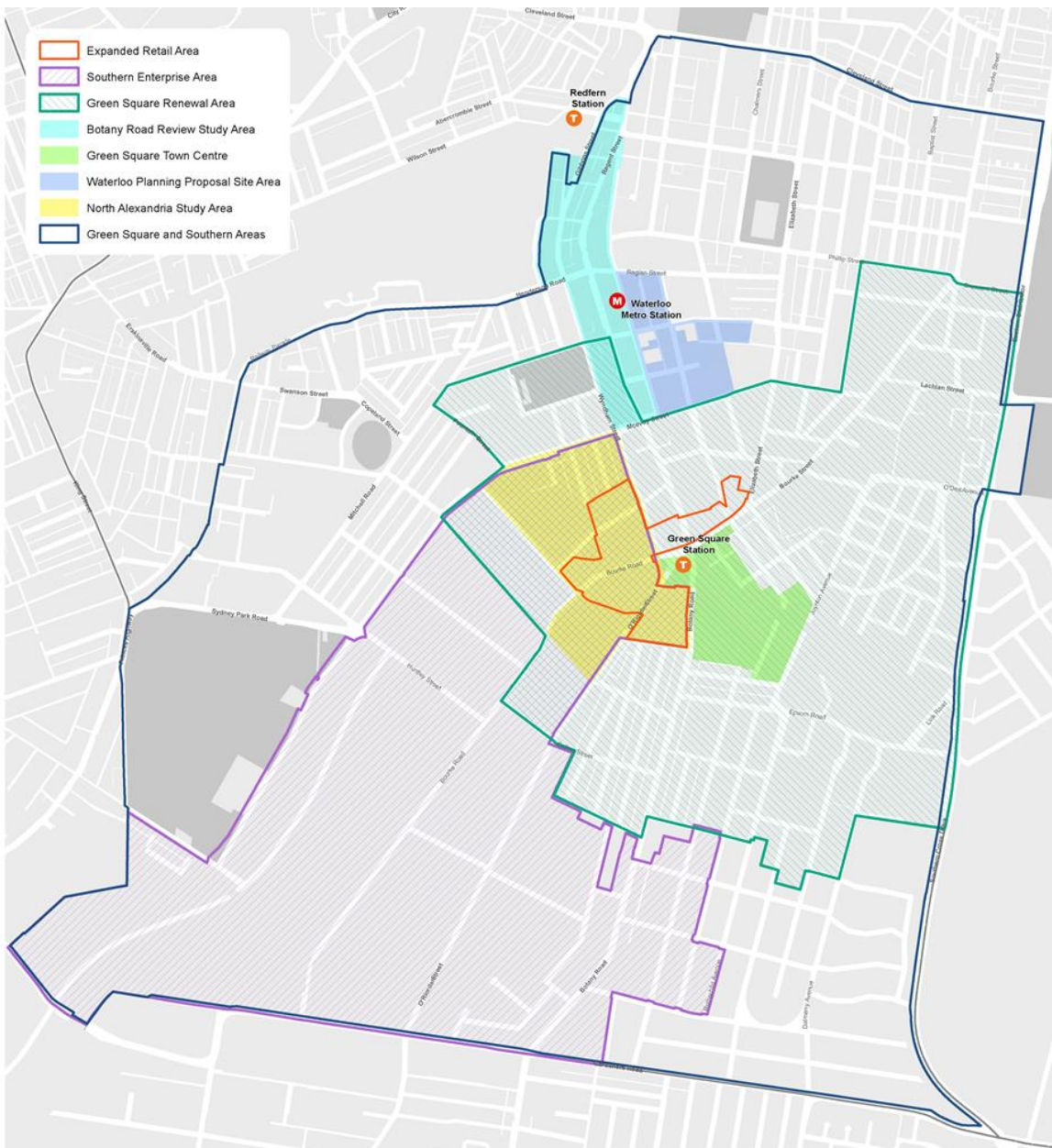
## 1.1. Introduction

The City has prepared Planning Proposal: Retail Review and Retail Parking (this planning proposal) to amend the Sydney Local Environmental Plan 2012 (Sydney LEP 2012). The purpose of this planning proposal is to provide opportunities in the planning controls to meet demand for retail floor space in the southern part of the City of Sydney local government area (LGA) and to manage traffic generation resulting from large format retail across the City of Sydney.

While the parking controls contained in this planning proposal apply to the entire City of Sydney LGA, other controls in this planning proposal apply to the Green Square and Southern Area (City south area). This includes all land in the LGA south of Cleveland Street and east of the rail line between Redfern and St Peters. The area mostly affected is the 'expanded retail area', immediately to the north and west of the Green Square Town Centre (Town Centre) where a relaxation of the current restriction on the size of retail premises is proposed.

The extent of the City south area and the expanded retail area is shown at Figure 1.

## Planning Proposal - Retail Review and Retail Parking



*Figure 1 Green Square and Southern Areas (City south area)*

This planning proposal will amend Sydney LEP 2012 to remove the restriction on the size of retail tenancies from an 'expanded retail area'. The proposed change will allow for supermarkets to locate in the area so that demand can be met to 2041. Importantly, where large format retail locates in this area it will:

- continue to support the primacy of the Town Centre, rather than compete with it as a stand-alone centre;
- create opportunities for other retail (small format), that prefers to co-locate with anchor retail such as supermarkets;
- be located close to public transport at Green Square Station and Waterloo Metro Station, as well as multiple bus routes and cycle routes, reducing the need for private vehicle trips; and
- be located close to key community infrastructure including public plazas, libraries, schools and childcare facilities, community centres and public recreation facilities.

The planning proposal also introduces a maximum parking rate for large format retail in the entire City of Sydney local government area. The proposed change is to encourage active transport modes and to mitigate the impacts that large format retail may have on surrounding road networks.

This planning proposal is supported by a draft amendment to the Sydney Development Control Plan 2012: Retail Review of Southern Sydney (draft DCP). The draft DCP will replace existing provisions in Section 3.4 of Sydney DCP 2012 with updated controls that support the outcome of this planning proposal.

The proposed planning controls are informed by the Green Square and Southern Area Retail Review, prepared by SGS Economics and Planning and appended to this planning proposal.

### **1.1.1. Strategic context**

The City South area generally includes the Green Square urban renewal area and the City's southern enterprise areas, but also includes some land at the fringe of those areas, including parts of the Botany Road Precinct and the Waterloo Metro Quarter.

The urban renewal area is Australia's largest urban renewal area with the Green Square Town Centre (Town Centre) at its heart. The urban renewal area is forecast to grow to around 32,000 dwellings, housing around 60,000 to 70,000 people (depending on occupancy trends) at build out around 2036. This growth is being supported with substantial investment in local infrastructure including new roads, parks, community facilities such as Gunyama Park and Aquatic Centre and Green Square library and utilities upgrades.

The City's southern enterprise area which forms part of the expanded retail area and is located to the west and south of the expanded retail area includes some of the most valuable and well-located industrial and urban services land in Australia. It is the only remaining expanse of business and employment zoned land in the City of Sydney. They play a critical role in the City's economic future, being uniquely positioned near the Sydney Central Business District, fringe business areas, high density residential neighbourhoods and NSW's primary trade gateways at Sydney Airport and Port Botany gives it a strong competitive advantage. They host a range of industrial and urban services uses ranging from waste recycling, concrete batching plants and hardware supplies to productive freight and logistics uses.

The City has recently completed a review of its planning controls in the southern enterprise areas with new planning controls implemented in North Alexandria to improve the amenity and permeability of the precinct and to create more opportunity for employment generating development.

The City's review of the Botany Road Precinct has also recently concluded with changes to the Sydney LEP 2012 being made to facilitate significant additional employment floor space. The future Waterloo Metro station and Waterloo Metro Quarter development is located to the north of the expanded retail area.

The approved State Significant Development concept proposal for the Metro Quarter is for three mid-rise buildings between 4 and 10 storeys along Cope Street, and three towers of 23, 25 and 29 storeys above a 3 to 4 storey podium along Botany Road, above an underground station on the Sydney Metro line.

Waterloo Estate South is currently subject to a planning proposal. The proposal consisting of around 3,000 dwellings, two parks including a large park adjoining Waterloo Metro station of over two hectares, 18,000 square metres for non-residential uses including retail and commercial uses.

There are a number of planned centres in the City south area that service most of the retail demand in the City south area. Key centres include Green Square Town Centre, Victoria Park and Danks Street. These centres are important to not only service local retailing needs, but also are a focus of social activity where people meet.

The Greater Sydney Commission's *Greater Sydney Region Plan* identifies Green Square – Mascot as a strategic centre and an important contributor to the economic corridor. The subsequent *Eastern City District Plan* says that 1.8 million square metres of additional retail will need to be

accommodated across the Eastern City District by 2036. As a major growth precinct, much of this demand is likely to stem from the Green Square, which has implications for retail planning in the precinct.

Outside of the statutory framework, the State Government has also released discussion papers over the past five years aimed at guiding retail and centres planning. They include the Retail Expert Advisory Committee Independent Recommendations Report 2017, NSW Government Discussion Paper 2018 and NSW Productivity Commission White Paper 2021. They have called for more flexible zoning and strategic plans to allow for the emergence of innovative retail types and to facilitate the clustering of retail uses to allow for enhanced amenity.

The City's *Local Strategic Planning Statement - City Plan 2036* maintains the strategic direction of the state government and prioritises retail floor space in a defined centre hierarchy.

### **1.1.2. Approach to retail planning in the City south area**

In 2008 the City prepared the *Green Square and Southern Areas Retail Study* (the 2008 study) which has shaped retail planning in the southern part of the LGA for the past 14 years. The purpose of the study was to establish future demand for retail in the City south area and recommend strategies of how this future demand could be met through coordinated retail development that encouraged the emergence of the Green Square Town Centre (the Town Centre) as a major centre.

The study focused on the Green Square urban renewal area, southern enterprise area and Rosebery. A key finding from the study was the need for a hierarchy of retail centres. The study emphasised the Town Centre as being the major centre within the retail hierarchy, with surrounding villages, small villages and neighbourhood centres sitting below.

To achieve an appropriate retail hierarchy, the study recommended that the City of Sydney implement a strict control for development of retail floor space in the area surrounding the Town Centre. In addition, the study recognised the need for the Town Centre to achieve a critical mass of retail floor space with major anchor tenants, in order for the Town Centre to sit at the top of the centre hierarchy and support the needs of the community.

The 2008 study was supported by a research paper titled 'Minor Retail Development in Green Square and the Southern Areas' (the 2010 study), prepared by SGS Economics and Planning. The 2010 study recommended that retail premises greater than 1000sqm be limited to designated centres (such as the Town Centre) to support these retail centres and prevent retail demand being drawn away from these centres.

The above studies closely informed the City's approach to retail planning and the development of the current retail planning controls in the City south area. Specifically, Clause 7.23 of the Sydney LEP 2012 restricts the size of retail development within specific areas of the City south area to 1,000sqm of consolidated retail floor space.

The relevant planning controls implemented in response to the 2008 study has been successful in ensuring that a hierarchy of centres is maintained with the major centre at Green Square Town Centre respected as the retail focal point of the City south area, while other identified centres serve to provide greater amenity to residents, but not so much as to unreasonably impact on the Town Centre or to undermine the role of smaller retail tenancies located throughout the City south area. It sent clear signals to the market and potential investors where the supply of retail floor space is to be targeted.

### **1.1.3. Green Square and Southern Areas Retail Review**

In late 2021 the City commissioned SGS Economics and Planning to undertake the Green Square and Southern Areas Retail Review (the Review) provided at Attachment A. The objective of the Review was to understand the changes to demand and supply of retail floor space in the City South area since the retail planning controls were introduced in 2012, and to recommend any required changes to planning controls to ensure the retail needs of the community will be met to



2036 and beyond. The Review combines qualitative research with retail gravity modelling to examine whether there is additional demand retail floor space in the City South area.

The Review has directly informed the preparation of this planning proposal and associated draft DCP. Detailed discussion of the Review is provided at Section 5.2.

## 1.2. About the expanded retail area

This planning proposal mostly affects an 'expanded retail area', located approximately 3.5 kilometres south of Sydney Town Hall and immediately to the north and west of the Green Square Town Centre (Town Centre), as identified in Figure 2.



*Figure 2: Expanded retail area (outlined in red)*

The expanded retail area is generally bound by Bowden Street to the west, the east-west connector road and Johnston Street to the south, Botany Road and Bourke Street to the east and the northern branch of Sheas Creek to the north. Excluding internal roads, the area is approximately 140,000sqm in area, comprising 49 lots.

As above, part of the expanded retail area forms part of the North Alexandria Precinct, which was the subject of a recent planning proposal (now finalised). These areas are generally zoned for employment uses only. The new planning controls will improve the connectivity of the expanded retail area to transport and other infrastructure around the area.

Other parts of the expanded retail area fall outside of North Alexandria to the north and north-west of the Town Centre. These areas are generally zoned for a mix of uses, including residential uses.

It is anticipated that over time these sites, many of which still contain warehouses, will be redeveloped for high density residential uses above ground and first floor retail / commercial uses.

#### **1.2.1. Accessibility**

The expanded retail area has a high level of public transport accessibility and is at the focal point of a number of key roads.

It is served by arterial roads, a heavy rail station, a future Sydney Metro station, bus routes and regional cycle routes. These connections facilitate fast and efficient access to Central Sydney and to Sydney Airport, with a full suite of transport options with low travel times available to visitors and workers.

For those parts of the expanded retail area that are in North Alexandria, there are limitations impacting on the usability of public domain in some parts of the expanded retail area. Newly introduced planning controls will improve the amenity of the area, to encourage passive transport choices, and will improve connectivity to transport and other infrastructure around the area.

Notably, the introduction of the Green Square to Ashmore connector road will significantly improve permeability, creating a pleasant and direct pedestrian route from Erskineville to the Town Centre via the expanded retail area. Recently approved development, if built will significantly improve pedestrian amenity through the removal of vehicle crossings and general street activation.

For those areas to the north and north-west, it is already well connected with frontages to Bourke Street, a major road and immediate proximity to Green Square Station.

#### **1.2.2. Land ownership**

There are 49 lots within the expanded retail area, with most properties are in single ownership. Only two properties are strata subdivided under different owners and these are small subdivisions.

The City of Sydney owns 34-54 Bourke Road, operating as a Creative City Depot as well as 20 O'Riordan Street, which is currently being redeveloped for the east-west connector road.

Four properties are owned by state government agencies including the Rail Operations centre and Fire and Rescue depot.

#### **1.2.3. Built form**

For those parts of the expanded retail area in North Alexandria, the built form is dominated by warehouse buildings of 1-2 storeys and some depot sites. However the recent changes to the planning controls in North Alexandria facilitate renewal and redevelopment, and are generally expected to catalyse a change in the area towards multi-level office development and emerging higher-density mixed employment uses. A number of larger landholdings greater than 5,000 square metres exist in this area. The City's 2017 Floor space and Employment Survey indicated that North Alexandria contained 239,101 sqm of employment floor space and 2,281 jobs at the time, with retail and personal services the largest industry in the area (mostly back office and warehousing functions). Manufacturing, transport and logistics are the other key industries.

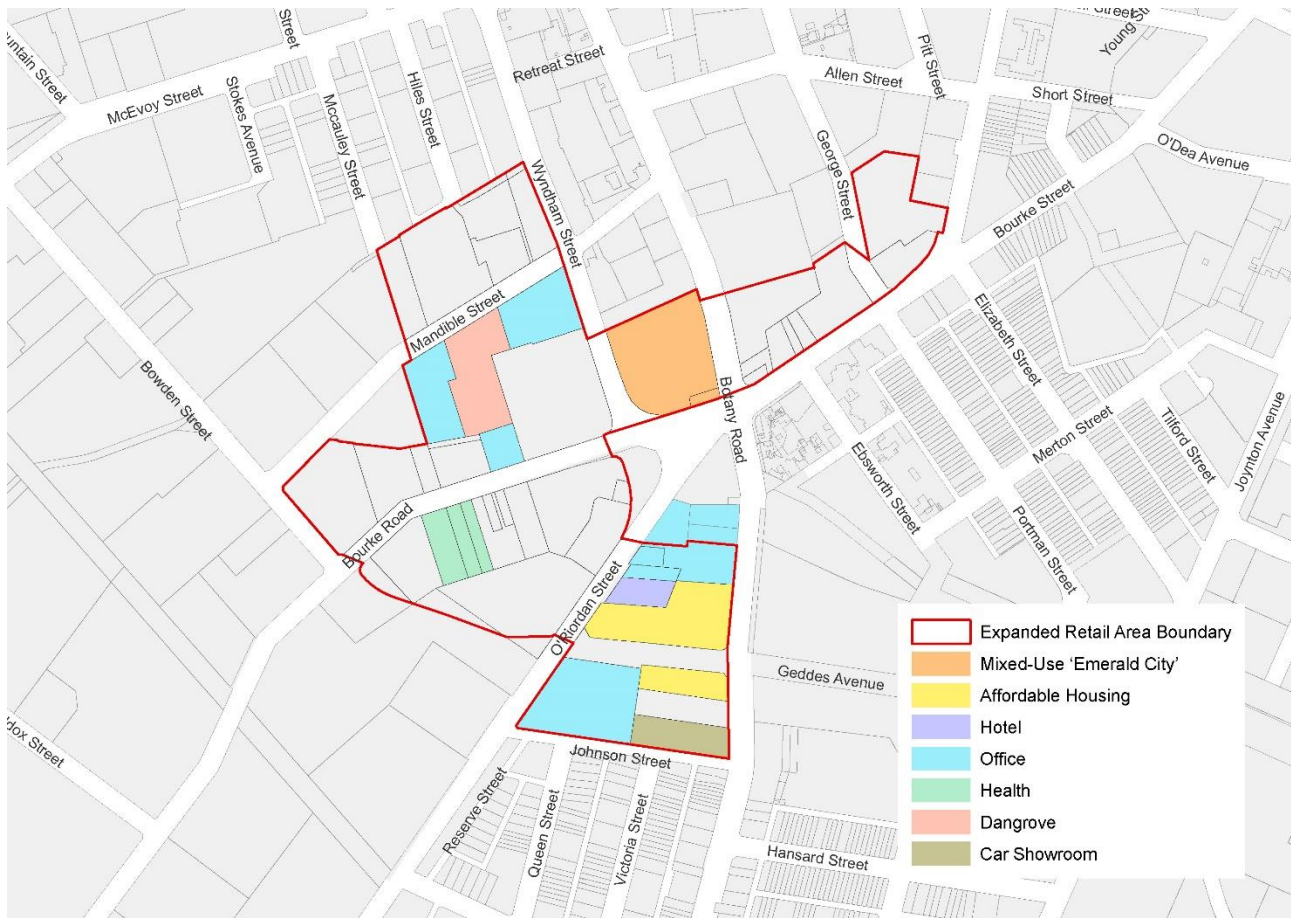
For those parts of the expanded retail area to the north and northeast of the Town Centre, they are currently zoned B4 - Mixed Use and the built form is also dominated by warehouse buildings of 1-2 storeys on irregular lots. This will evolve to mid-high-rise mixed-use development with sites increasingly consolidated. The westernmost site in this area is approved for a large mixed-use development with large-scale retail on the lower levels with residential towers above (refer to Section 1.2.13).

#### **1.2.4. Recent and proposed development**

Strong development activity in the expanded retail area reflects strong market interest in residential, office, retail, hospitality and entertainment venues. Recent and proposed development in the area will create new public domain, enhance permeability, increase the resident and worker populations and provide services for the new population.



Figure 3 identifies sites within the proposed expanded retail area that have recently been redeveloped, are under construction or have recent development approvals.



*Figure 3 Recent, proposed and approved development*

The development of greatest significance in the precinct is the “Emerald City” development at 284 Wyndham Street and 296-298 Botany Road Alexandria. The site is a total of 9,140 square metres and is positioned directly opposite Green Square Station and is currently zoned B4 - Mixed Use. This scheme (D/2021/319) was approved in May 2022, consisting of two 20 storey towers above a two-storey podium (approved under a previous development application D/2012/1021). While mostly residential, the approved scheme consists of a significant retail component including a 3,350sqm full line supermarket, mini-major and a number of smaller shops. 205 retail parking spaces are also proposed. In addition to retail, the podium will also consist of 4,656sqm commercial office floor space.

A proposed mixed-use commercial and medical centre building development at 28-32 Bourke Road, Alexandria is currently under consideration as a state significant development application. It will have a maximum gross floor area of 11,442 sqm and comprise a mental health hospital across three levels, with the remaining five levels dedicated to medical centre uses.

Sites that are surplus to the City’s need along the east-west connector road are being developed as affordable housing and will provide approximately 320 rental affordable housing dwellings.

## 2. Existing planning controls

The Sydney Local Environmental Plan 2012 (Sydney LEP 2012) and Sydney Development Control Plan 2012 (Sydney DCP 2012) contain the planning controls that apply to the City south area. These are discussed below with the expanded retail area shown outlined in black for context.

### 2.1. Zoning

Most of the land within the proposed expanded retail area is zoned B7 – Business Park and B4 - Mixed Use, as shown in Figure 4. The only exception is land zoned SP2 – Infrastructure that applies to potential future road widenings and classified roads.

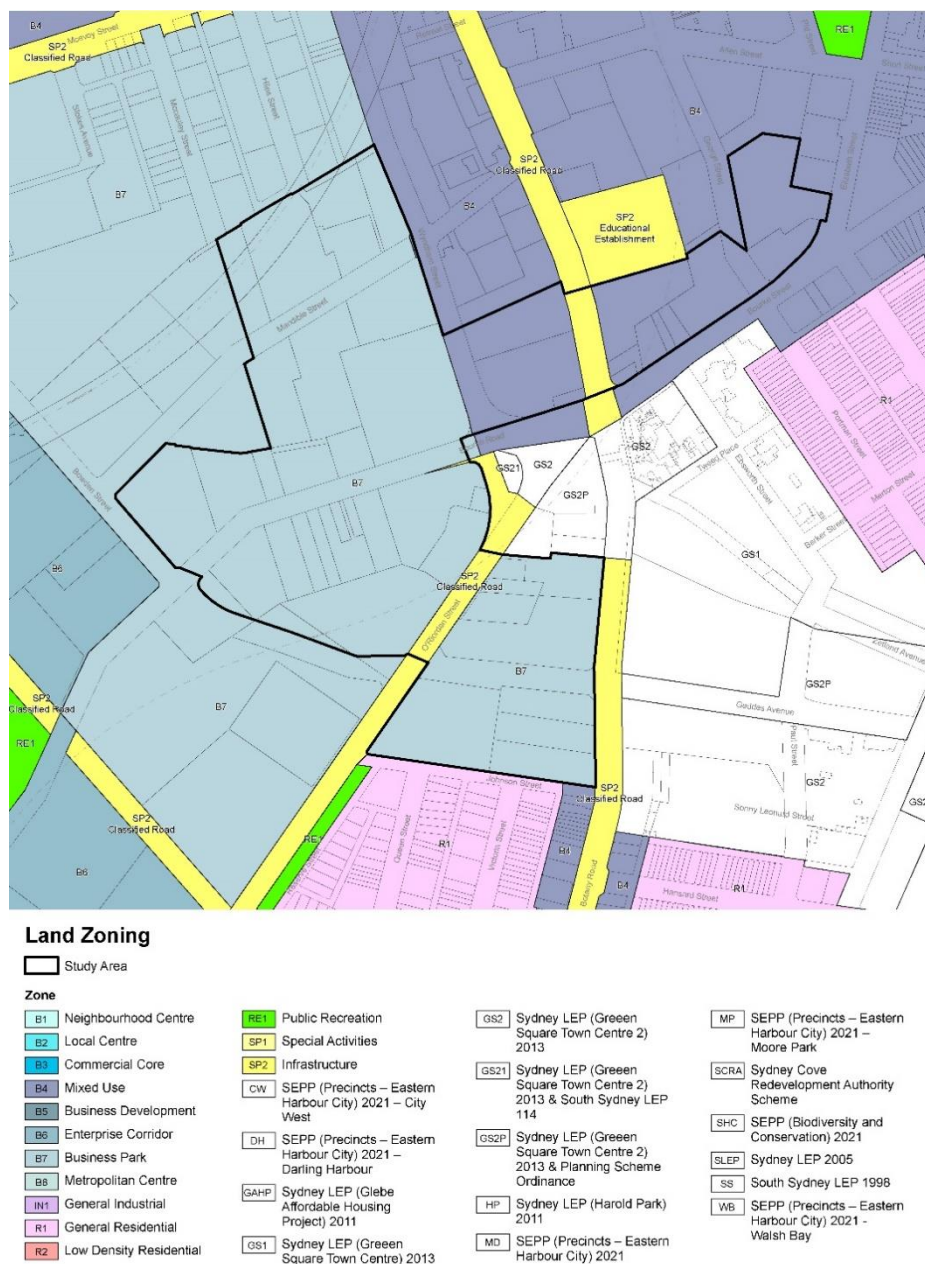
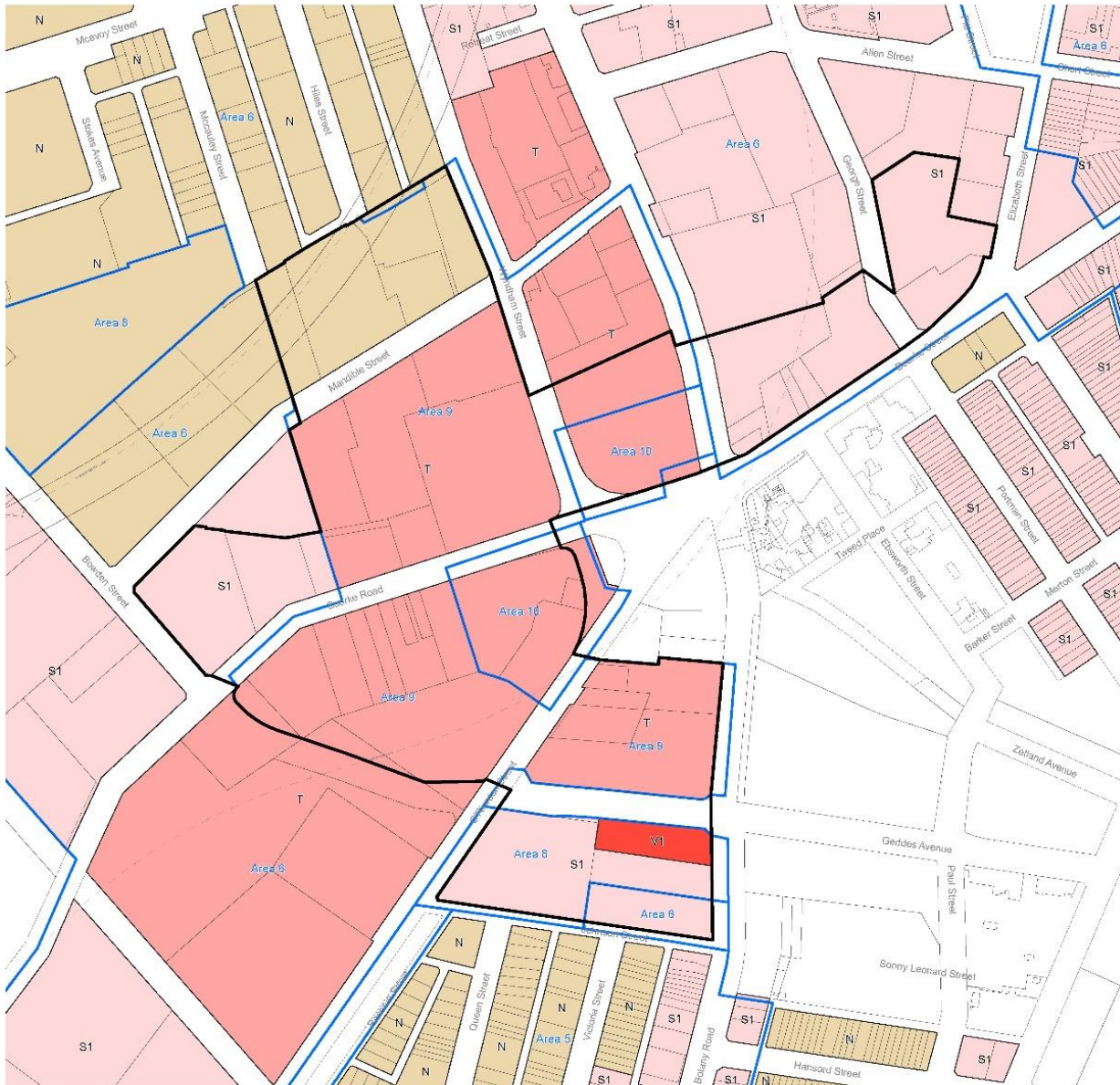


Figure 4 Current zoning under Sydney LEP 2012



## 2.2. Floor space ratio

The mapped floor space ratio (FSR) for land in the expanded retail area ranges from 1:1 to 3:1 (shown in Figure 5).



### Floor Space Ratio

Study Area

#### Maximum Floor Space Ratio (n:1)

A 0.35	U2 2.75	AB2 7.5
F 0.6	V1 3	AC 8
H 0.7	V2 3.25	AD 9
J 0.8	W1 3.5	AE 10
L 0.9	W2 3.75	AF 11
N 1	X 4	Refer to clause 6.14
P 1.25	Y 4.5	Refer to clause 6.4
S1 1.5	Z 5	Refer to clause 6.15A
S2 1.75	AA1 6	Refer to clause 6.47
T 2	AA2 6.5	
U1 2.5	AB1 7	

Figure 5 Current floor space ratio controls under Sydney LEP 2012

In addition to the mapped floor space ratio, Clause 6.14 - Community infrastructure floor space at Green Square allows for additional floor space to be achieved on land where community infrastructure is also provided. The following additional floor space ratio is permitted on land where it is in:

- Area 6 – 0.5:1
- Area 7 – 0.75:1
- Area 8 – 1:1
- Area 9 – 1.5:1
- Area 10 – 2.2:1

### 2.3. Building height

Sydney LEP 2012 contains maximum height of buildings controls ranging from 12 metres to 98.5 metres RL. Height controls in Sydney LEP 2012 are shown in Figure 6.

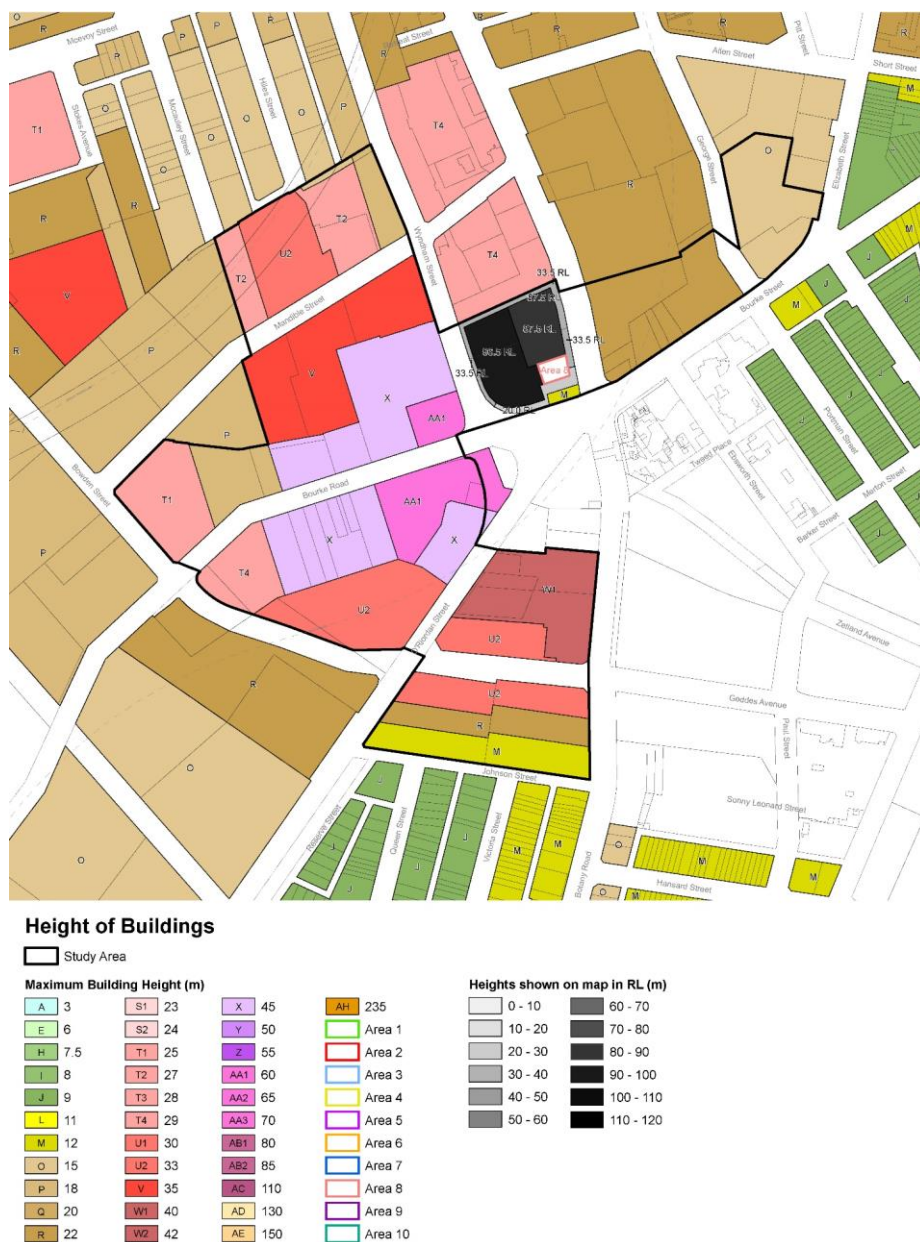


Figure 6 Current maximum height of building under Sydney LEP 2012





Telephones & Cables Pty Ltd at Alexandria. It currently contains the head office for General Pants Group.

- Item 2278 Part of former William Brooks factory including interiors (723 Elizabeth Street Waterloo). Local historical, associations, aesthetic, social, and representative value significance. The building represents a good example of an early twentieth factory designed in the Federation warehouse style. Currently vacant as at September 2022.

There are five local heritage items adjacent to the expanded retail area boundaries which are described below:

- Item 2071 Waterloo Public School group (237-271 Botany Road)
- Item 2279 Electricity Substation No.75 (378 George Street)
- Item 2083 Former Zetland Tram Terminus (874 Elizabeth Street)
- Item 2202 Former fire station (932-934 Bourke Street)
- Item 2203 Green Square Hotel Including Interior (936-938 Bourke Street)

The expanded retail area is close to the following heritage conservation areas:

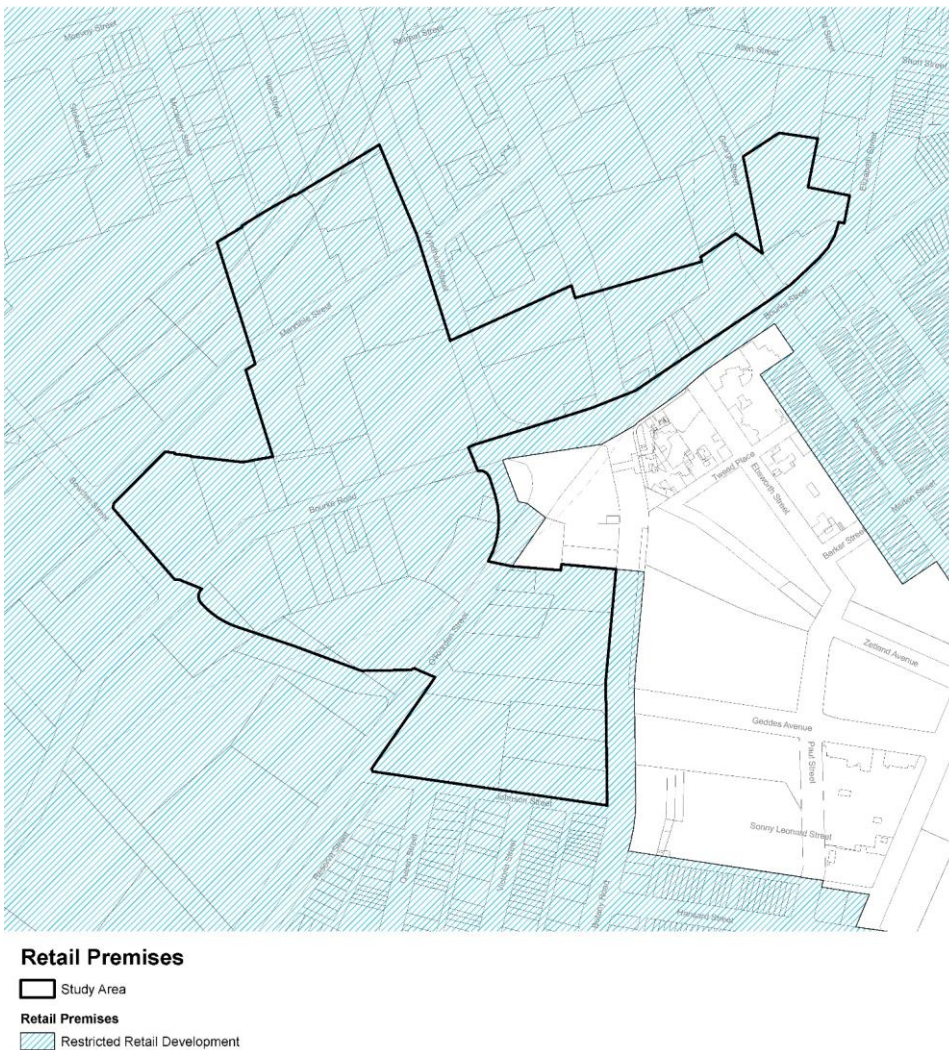
- The 'North Alexandria Industrial' heritage conservation area (C74) covering the area between Stokes Avenue, McEvoy Street and Hiles Lane. It is immediately adjacent to the north.
- Hillview Estate heritage conservation area (C4), covering the area between Reserve Street, Johnston Street and Victoria Lane. It is a residential neighbourhood located to the south.
- The Zetland Estate (C73) covering an area from Short Street to the north-west and Joynton Avenue to the south-east, Portman Street to the west. It is predominantly a residential area with only the northern portion in close proximity to the expanded retail area.

---

## 2.5. Restricted retail development

Figure 8 shows where restricted retail development applies under the Retail Premises Map, in and around the expanded retail area.





*Figure 8 Restricted retail development under Sydney LEP 2012*

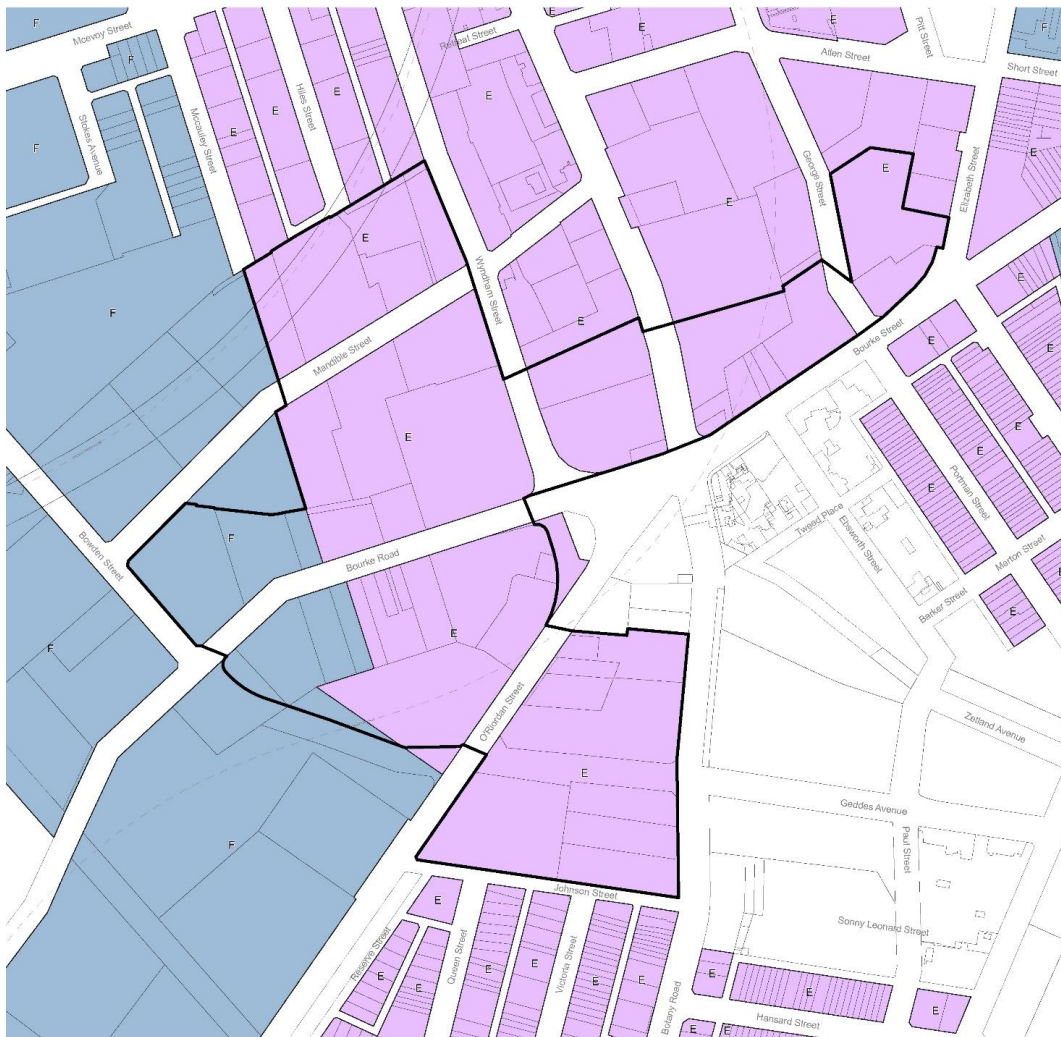
Clause 7.23 of Sydney LEP 2012 (Large retail development outside of Green Square Town Centre and other planned centres) applies to land identified as 'restricted retail development' under the retail premises map.

The objectives of this clause are to promote the economic strength of the Town Centre and planned local centres by limiting large-scale retail development to those centres, and to support the provision of community facilities and infrastructure in Green Square.

Areas under this clause are subject to the following provision: "development consent must not be granted to development on land to which this clause applies for the purposes of shops or markets with a gross floor area greater than 1,000 square metres."

## 2.6. Public transport accessibility level

*Figure 9* shows the public transport accessibility level in and around the expanded retail area as defined in the Public Transport Accessibility Level Map.



## Public Transport Accessibility Level

Study Area

### Public Transport Accessibility Level

Category D

Category E

Category F

**Figure 9 Public transport accessibility level under Sydney LEP 2012**

Sydney LEP 2012 contains local provisions to identify the maximum number of car parking spaces that may be provided to service particular uses of land. The provisions apply across the local government area and are not limited to the southern areas. The intention of this is to minimise the amount of vehicular traffic generated because of proposed development.

Clause 7.7 contains provisions for maximum parking for buildings used as retail premises. At present, the rates do not apply for retail development over 2,000 square metres and instead, a traffic and transport study is required to accompany development applications to set an appropriate amount of parking. For all other retail development the maximum number of car parking spaces is as follows:

- category E—1 space for each 60 square metres of gross floor area
- category F—1 space for each 50 square metres of gross floor area
- category D with a floor space ratio of no more than 3.5:1—1 space for each 90 square metres of gross floor area of the building used for those purposes,
- category D with a floor space ratio greater than 3.5:1 the formula  $M = (G \times A) / (50 \times T)$  applies where M is the maximum number of parking spaces, and G is the gross floor area of all retail premises in the building in square metres, and A is the site area in square metres, and T is the total gross floor area of all buildings on the site in square metres.

## 3. Objectives and intended outcomes

---

### 3.1. Objectives

The objectives of this planning proposal are to:

- facilitate capacity for large format retail floor space immediately adjacent to Green Square Town Centre (Town Centre) to meet projected demand to 2041;
- support the Town Centre as the primary retail, commercial and community centre in the City south area;
- manage traffic generation resulting from large format retail; and
- activate the public domain in the expanded retail area.



## 4. Explanation of provisions

---

### 4.1. Proposed amendment to Sydney LEP 2012

This planning proposal is to amend the planning controls that currently apply to the proposed expanded retail area and amend parking controls for retail development that currently apply across the entire City of Sydney LGA.

An explanation of the provisions that are to be included in the proposed LEP are provided below. The drafting instructions to amend the Sydney LEP 2012 which reflect the below explanation of provisions are provided as an addendum to this planning proposal. A more detailed justification for the proposed planning controls and further explanation of the intended outcome is provided at Part 5 – Justification of this planning proposal.

#### **4.1.1. Amend the Retail Premises Map to remove the restriction on retail from key sites next to Green Square Town Centre**

This planning proposal is to amend the Retail Premises Map to remove sites adjacent to Green Square Town Centre in response to the Review recommendations. For sites where this change is proposed, any future retail development for the purpose of shops or markets will no longer be subject to a floor space restriction of 1,000 square metres.

This change responds to the recommendation of the Review to ‘investigate options to remove the retail tenancy cap for sites immediately adjacent to the Green Square Town Centre.’

The planning proposal implements this recommendation. The selection of sites to remove the restriction on retail is based on planning and urban design considerations discussed further in Section 5 of this planning proposal.

#### **4.1.2. Introduce a clause to limit shopping centres and malls in the expanded retail area**

This planning proposal seeks to introduce a clause to Part 7 Division 4 Miscellaneous provisions to limit the development of private shopping centres and malls and ensure retail activates the public domain. This clause will apply to land identified as the ‘expanded retail area,’ to be identified on the Retail Premises Map. The boundaries of the expanded retail area are the same as the sites that are proposed to be removed from the retail premises map.

This clause is to respond to the findings and recommendations of the Review that areas where the retail tenancy cap is to be removed must contribute to the Green Square Town Centre, but not compete with it, or detract from its importance as the primary strategic centre in the southern areas. It also responds to the objectives of the recent review of the City’s southern enterprise areas, that sought greater activation of the public domain in this area. The final drafting of the LEP clause is to:

- include an objective to ensure that retail promotes the economic primacy of the Green Square Town Centre by limiting the development of private shopping centres and malls and ensuring retail activates the public domain;
- limiting retail premises from locating at first floor or above; and
- ensuring that all ground level retail has a frontage to a public place and is primarily accessed by the public directly from a public place.

It is proposed the above would not apply to food and drink premises as these tenancies are typically relatively small, are unlikely to act as an anchor tenancy for larger surrounding retail, and



are in many cases are intended to primarily serve the occupants / workers in a development of a building (as opposed to the public).

The above provisions will support the intended retail outcomes sought in the expanded retail area.

#### **4.1.3. Providing flexibility in the clause to limit shopping centres and malls**

Notwithstanding the clause proposed at 4.1.2, this planning proposal seeks to provide some flexibility in the application of that clause for rare instances where a development application may not technically align with it but does satisfy its objective. Examples of where a development application may not satisfy the technical requirements of the clause, but do satisfy the objective of the clause that retail activates the public domain, include:

- the entry to a retail premises being located on a bevelled corner of a building, that may technically exit onto a privately owned space (in part or in full); and
- where a shop might, instead of fronting a public footpath, fronts a pedestrian pathway that, while private, is perceived and used by the public as if it is in the public domain.

This planning proposal provides flexibility in the proposed clause to ensure that the intended role of the expanded retail area is achieved.

#### **4.1.4. Refer to 'public place' in clause to limit shopping centres**

The planning proposal refers to 'public place' in the proposed new clause for Part 7 Division 4 Miscellaneous Provisions to minimise the generation of privatised publicly accessible space.

The use of the term 'public place,' in this draft clause is to deter 'inward' facing retail, such as shopping centres or malls, that could potentially compete with the Town Centre and other planned centres, would not activate the public domain, and may result in significant traffic generation.

Currently clause 4.5 of SLEP2012 references 'public place' as it is defined under the local government act, '(11) Definition In this clause, public place has the same meaning as it has in the Local Government Act 1993.' The Standard Instrument LEP does not define public place. Under the local government act, public place includes a public road (a road which the public are entitled to use), public land (land including a public reserve vested in or under the control of the council) and Crown land.

The reason 'public place' is referenced is to prevent a stand-alone development fronting its retail within its own internal network of laneways and plazas. A layout like this would not align with the intent of the proposed clause and will go against the outcome sought in the Review. As public place is a clearly defined term in the local government act, the risk of misinterpretation of the clause can be minimised.

#### **4.1.5. Apply maximum car parking rates for large scale retail across the City of Sydney LGA by removing the clause which exempts them from this requirement**

Clause 7.7(1) of Sydney LEP exempts retail premises over 2,000 square metres in gross floor area from maximum parking rates. Schedule 7.5.1 of Sydney DCP requires a Parking and Access Report to determine the appropriate provision of car parking spaces where there is no rate of provision in Sydney LEP.

The planning proposal seeks to remove clause 7.7(1) from Sydney LEP, that requires retail premises greater than 2,000 square metres to undertake a site-specific study to determine the parking rate for the development, so that all retail premises are subject to the current maximum rates of car parking provision in clause 7.7(2).

Justification for this change is provided in Section 5 of this planning proposal

## 4.2. Draft development control plan

The City has prepared a draft amendment to the Sydney Development Control Plan 2012 (draft DCP) to amend Section 3.4. The draft DCP provides further guidance to the proposed amendments to Sydney LEP 2012.

The draft DCP is to be publicly exhibited with this planning proposal so the totality of what is being proposed may be holistically understood by the community.

## 5. Justification

This section includes:

- an overview of the evidence base that informs this planning proposal and the draft DCP;
- a description of development outcomes facilitated by this planning proposal and the draft DCP;
- justification for the proposed amendments to the Sydney LEP 2012; and
- a response to questions set out in the document titled *Local Environmental Plan Making Guideline*, published by the Department of Planning, Industry and Environment in December 2021.

---

### 5.1. Overview of proposed planning controls

This planning proposal removes from the Sydney LEP 2012 a current 1,000 square metres restriction on the amount of consolidated floor space for 'shops' and 'markets' from approximately 140,000 sqm of land adjacent to the Green Square Town Centre (Town Centre). The affected area is called the expanded retail area and is shown at *Figure 2*.

The removal of the retail restriction will create additional capacity for an additional 15,000 square metres of retail floor space (including supermarket floor space) required near to the Town Centre to 2041 to address an overall anticipated retail shortfall across the City south area.

The creation of this new retail floor space is expected to generate approximately 497 full time equivalent jobs, based on the application of the standard rate of 30.2 square metres of floor space per worker for retail premises.

This planning proposal includes a requirement that new retail floor space in the expanded retail area is to front and be accessed by a public place. This is to deter 'inward' facing retail, such as shopping centres or malls, that could potentially compete with the Town Centre and other planned centres, would not activate the public domain, and may result in significant traffic generation.

This planning proposal will remove Clause 7.7(1) from Sydney LEP 2012. The effect of this change is that the rate that currently applies to other retail (less than 1,000 square metres) will apply to all retail in the LGA going forward. This is to encourage active transport use and to manage potential traffic impacts. Amended parking requirements in the LEP provides clarity around parking expectations for all retail development across the City of Sydney.

This planning proposal makes no change to zoning, floor space ratio or height controls in the Sydney LEP 2012.

---

### 5.2. Green Square and Southern Areas Retail Review

This planning proposal is informed by the recommendations of the Green Square and Southern Areas Retail Review (the Review) prepared by SGS Economics and Planning in August 2022 and appended to this planning proposal.

The objective of the Review was to understand the changes to demand and supply of retail floor space in the City south area, and to recommend any required changes to planning controls to ensure the retail needs of the community will be met to 2041 and beyond.

#### 5.2.1. Methodology

The Review includes the following analysis:



- (a) a thorough literature review and analysis of the existing policy context;
- (b) discussion of economic trends influencing planning for retail and other land uses, including
  - (i) growth of tertiary industries;
  - (ii) low growth in retail expenditure;
  - (iii) increased popularity of online retail;
  - (iv) growth in 'service-based' retail options which remain differentiated from online retail;
  - (v) changing business trading hours and increasing emphasis on the night-time economy; and
  - (vi) importance of local centres due to shift to working from home;
- (c) summary of the local insights obtained as part of the stakeholder engagement;
- (d) analysis of retail market data, including sales data, rents and vacancies;
- (e) identification of supermarket walking catchments within the local high-density context;
- (f) identification of the local implications of the changing retail climate;
- (g) analysis of current supply of retail floorspace and forecast demand to 2041; and
- (h) a comparative advantage analysis, retail cluster profiling and capacity analysis.

### 5.2.2. Analysis of findings

#### *Demand and supply*

The Review identified a net shortfall in retail floor space across the City south area to 2041 where an additional 15,000 square metres of retail floor space is needed close to the Town Centre to address an undersupply and meet retail demand. It found the greatest undersupply in hospitality and services, supermarkets, and other food retail.

The Review identified the greatest retail expenditure, an indicator of demand, emerges from the Town Centre, central areas of the suburb of Waterloo (around Danks Street), the Ashmore Estate and the future Waterloo Estate redevelopment site. This is largely driven by the strong population growth in these areas.

Planning for full-line supermarkets will be a significant factor in meeting projected demand with over \$462 million out of \$1.4 billion expected to be supermarket spending by 2041. The Review found that there will be an undersupply of about 9,000 square metres of supermarket floor space. The largest supermarket under-supply will emerge in the eastern parts of Waterloo, the Town Centre and North Alexandria areas.

The 9,000 square metre shortfall assumes the delivery of an approved Coles supermarket at Emerald City and an additional 2,000 square metres of supermarket floor space anticipated within the Town Centre. However, it does not assume a proposed supermarket at the corner of Bourke and McEvoy Streets, that is currently under consideration in Planning Proposal: 923 Bourke Road, Waterloo.

The Review includes a capacity analysis to determine if there is sufficient capacity under existing planning controls to accommodate the identified shortfalls in retail supply. It found that while small format retail is widely accommodated under current planning controls, opportunity is limited in the

Town Centre. It also found more opportunity was needed to address the undersupply of large format retail, in particular supermarkets.

The Review recommended that the City investigate options to remove sites immediately adjacent to the Town Centre from the City's restricted retail map to create more opportunity for large format retail. This would also be expected to create opportunities for smaller retail premises that prefer to co-locate with anchor retail such as supermarkets.

#### *Implications of trends and influences on flexible floor space*

The Review addressed the importance of having appropriate employment floor space in the City south area.

It flagged a risk of an oversupply of retail floorspace that is under-equipped to adapt to retail trends and potential shocks. Examples include spaces with low ceiling heights, inadequate/irregular dimensions that lack features to accommodate different retail and other employment uses. This is particularly important given the existing competition that traditional bricks and mortar retailers face from online and out of centre retailing.

It recommended that flexible building formats are required which can adapt to different types of non-residential uses including retail, which futureproof retail centres against uncertainty about the future of traditional retailing.

It noted the City south area has a large stock of aged, large format spaces that are affordable and physically flexible for new types of businesses to locate and develop and that they are a key contributor to the area's economic resilience and capability to accommodate new retail formats. As these sites redevelop, it is important that these spaces are replaced with new flexible spaces.

---

## 5.3. Retail capacity

### **This planning proposal creates capacity for large format retail in the right locations**

The planning proposal amends the Special Character Areas Map - Retail Premises Map to remove from the expanded retail area the current 1,000 square metres restriction on the amount of consolidated floor space for 'shops' and 'markets'. This allows for single retail tenancies of greater than 1,000 square metres to be developed within the expanded retail area.

The expanded retail area has been identified as the most appropriate location to remove the restriction on retail because:

- it is close to the Town Centre, the major economic and social centre of the City South area, with any retail locating in the expanded retail supporting the primacy of the Town Centre, rather than compete with it as a stand-alone centre;
- the Town Centre is reaching development capacity and built and planned retail will not meet demand. Removing the restriction on retail will specifically create opportunities for supermarkets, and this in turn will create opportunities for other retail (small format), that prefers to co-locate with anchor retail such as supermarkets;
- it is located close to public transport at Green Square Station and Waterloo Metro Station, as well as multiple bus routes, reducing the need for private vehicle trips;
- the area is close to key community infrastructure including public plazas, libraries, schools and child care facilities, community centres and public recreation facilities;
- the form of retail development generally aligns with the expected built form in the area;
- the area is close to significant areas of residential density, including major developments at the Town Centre, Waterloo Estate South, Waterloo Metro Quarter;

- for those parts of the expanded retail area that are within the City's enterprise land, recent changes to the planning controls, as part of the City's Planning Proposal: Enterprise Area Review (now finalised) are expected to:
  - catalyse development, creating opportunities for retail floor space in new developments; and
  - result in more investment into the public domain and better pedestrians and cycling connections to the rail and other public transport in the near to medium term; and
  - for those parts of the expanded retail area that are outside of the City's enterprise land, these sites are generally expected to develop over the medium term, creating opportunities for retail development.
- Other parts of the City South area will continue to provide opportunities for other retail development to provide greater amenity to residents, but not so much as to unreasonably impact on the Town Centre.

---

## 5.4. Supporting the Town Centre and public domain

**This planning proposal maintains the primacy of the Town Centre and supports the vision for the development of North Alexandria.**

This planning proposal includes a requirement that new retail floor space in the expanded retail area is to front and be accessed by a public place. This is to deter 'inward' facing retail, such as shopping centres or malls, that could potentially compete with the Town Centre and other planned centres, would not activate the public domain, and may result in significant traffic generation.

The purpose of this provision is to:

- support the vision for the Town Centre; and
- support the vision for North Alexandria.

### *Green Square Town Centre*

The Town Centre is located within the geographic heart of the southern part of the City of Sydney Local Government Area (LGA) and is positioned to be its primary commercial, retail and civic centre. It is one of Australia's largest and most densely populated urban renewal precincts and is identified as a strategic centre in the Greater Cities Commission region plan. This has implications for retail planning in the precinct, especially as the resident and worker population in the precinct is expected to increase substantially.

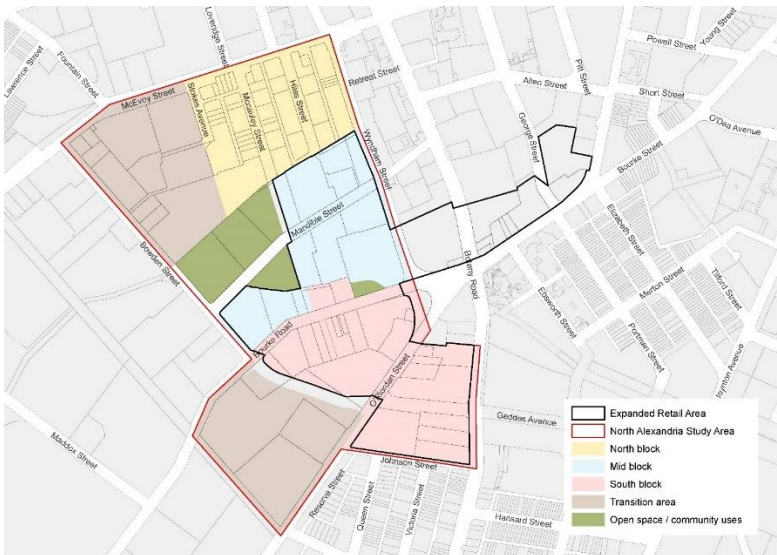
The Review recommends that additional retail capacity continue to support the primacy of the Town Centre, and not compete as a centre of retail activity. The proposed planning controls, while creating opportunity for supermarkets, will ensure that privately controlled shopping centres and malls, that may contain significant retail floorspace, cannot be developed in the expanded retail area and potentially compete with the Town Centre.

### *North Alexandria*

North Alexandria has been the recent subject of a planning proposal that has now been finalised. This planning proposal and accompanying development control plan envisages a permeable, activated and economically successful precinct through the dedication of land for setbacks and connections.

Most of the expanded retail area is located within the mid-block and south-block of North Alexandria as defined by Figure 10 below. It does not include the fine-grain north-block to the north and the transition areas to the south and west. Mid-block and south-block have the highest density-built form controls (especially around Green Square station) and closest proximity to public transport and high-density residential communities.





*Figure 10 North Alexandria sub-areas*

The mid-block (shaded in blue) will evolve into an adaptable mid-rise precinct with generous, flexible layouts to support a diverse enterprise ecosystem of creative and knowledge intensive industries. Dedication of land through redevelopment of larger sites could provide a cleaner transition in built form, scale and legibility with the rest of North Alexandria. Mid-rise buildings will be similar to the typologies of Chippendale and Surry Hills, with a focus on lower rise buildings, large floor plates and ceiling heights and flexible commercial buildings. This will be connected to the north block through new connections facilitated through recently adopted controls in the DCP.

The south block (shaded in red) will evolve into a higher density western gateway to the Town Centre with a smoother height transition to the north. The south-block is for commercial and innovative uses. The recently adopted planning controls also aim to maintain flexibility of use, with more guidance with street wall, setbacks, and articulation (in particular on O’Riordan St and Botany Rd).

This planning proposal seeks to introduce a retail presence in the south and mid blocks, which will integrate with the recently adopted Enterprise Area Review Planning Proposal and DCP controls. The large floorplates, ground floor activation and flexible built form controls recently introduced are well suited to accommodating an expanded retail presence.

Notwithstanding the above, this planning proposal seeks to limit retail to the ground floor in the south and mid blocks of the enterprise area, and the wider expanded retail area, primarily because it extensively limits the risk a shopping centre could be approved as a result of this planning proposal. A shopping centre is not desirable in the expanded retail area because it would:

- compete with retail in the Green Square Town Centre, and the economic primacy of the centre; and
- detract from, rather than contribute to the activation of the public domain;
- generate traffic that would place significant stress on the road network.

While the possibility of including provision in the Sydney DCP (rather than the Sydney LEP) to limit retail on the first floor was considered, without the provision of a clause in the LEP to limit shopping centres and malls in the expanded retail area, there is a significantly greater risk of retail development that is inconsistent with the objectives of this planning proposal and the recommendations of the Review.

New retail floor space immediately adjacent to Green Square Town Centre must be oriented in a way that supports the Town Centre as the primary retail, commercial and community centre in the City south area rather than competing with it.

Having these provisions in the DCP instead of the LEP would be inappropriate as they are not built form controls, nor are they design controls. They instead relate to utilisation of public spaces and supporting the growth of the strategic centre of Green Square Town Centre.

---

## 5.5. Parking

**This planning proposal introduces maximum parking rates for large format retail applying to the entire local area to encourage public transport use, walking and cycling and to manage traffic impacts associated with large supermarkets.**

This planning proposal includes provisions that amend Sydney LEP 2012 to remove the car parking provisions that currently apply to all retail in the local government area over 2,000 square metres, that allows the rate of parking to be established by a site-specific parking study. This will ensure that all retail development in the LGA will have a maximum parking rate that is consistent with those that apply to all other retail development that is less than 2,000 square metres.

The Public Transport Accessibility Map in the Sydney LEP 2012 maps all land within the LGA and categorises depending on its relative access to public transport and services. Car parking rates are more restricted where access is considered high, and less restrictive where access is lower. This recognises that public transport access is not distributed equally across the city, and that parking is necessary to ensure access for employees, customers and visitors to businesses in areas less well served by public transport.

The effect of the proposed change to the car parking rates impacts all retail in the LGA where going forward the following rates are proposed to apply to all retail development:

- category E--1 space for each 60 square metres of gross floor area
- category F--1 space for each 50 square metres of gross floor area
- category D with a floor space ratio of no more than 3.5:1—1 space for each 90 square metres of gross floor area of the building used for those purposes,
- category D with a floor space ratio greater than 3.5:1 the formula  $M = (G \times A) / (50 \times T)$  applies where M is the maximum number of parking spaces, and G is the gross floor area of all retail premises in the building in square metres, and A is the site area in square metres, and T is the total gross floor area of all buildings on the site in square metres.

The proposed change is to address a perverse outcome of the current car-parking controls for retail greater than 2,000 square metres. Initially the intention of allowing for a site-specific study to determine the parking rate, under the existing controls, was to encourage the provision of parking rates lower than what was nominated for smaller retail, however that has not been the result in practice.

Continuing to enable relatively high parking rates contradicts the strategic aim of the City in encouraging a broad modal shift from car use to active transport.

### **Impact of proposed change**

Most retail floor space in the LGA is located within the CBD or local centres where retail forms part of fine grain high streets and/or ground floor retail forming part of mixed-use development. This retail floor space generally is less than 2,000 square metres, and therefore would be unaffected by the proposed change to the parking provisions. The only recent example of retail development that exceeds 2,000 square metres in the Surry Hills shopping centre (now built) that has 1 space per 44 square metres of retail space.

The areas more likely to be impacted by the proposed changes to the parking controls are the expanded retail area, identified centres in and around Green Square, and in the City's enterprise areas. These areas have greater potential for development applications for retail over 2,000 square

metres because there are sufficiently large sites with development capacity. Moreover, retail demand is growing in the area as the population grows.

Many of the exiting larger supermarkets in these areas were approved subject to more relaxed parking requirements that were in effect prior to the current parking provisions being introduced in the Sydney LEP 2012. Generally, these rates range between 1 space per 20 square metres to 1 space per 40 square metres of retail space. This rate decreases for specialised retail (bulky goods), that is mostly in the 1 per 50 square metres and 1 per 60 square metres range.

In lieu of any post-2012 development applications for retail over 2,000 square metres that provide a benchmark for recent approvals of large format retail in the area, the City undertook a review of a recent planning proposal that has been lodged with the City by Woolworths for a large supermarket at the 923 Bourke Street, Waterloo. The intent of the review was to better understand the utility of site-specific studies, and whether they remain an appropriate tool to establish parking rates for large format retail.

An initial planning proposal request in January 2022 for the proposed Woolworths Waterloo contained approximately 1 space per 26 square metres of proposed retail floor space. This is significantly higher than 1 space per 50 square metres of retail floor space that would otherwise apply to retail development that is less than 2,000 square metres at this location. This was justified by Woolworths in a site-specific traffic and parking impact assessment.

The City, together with Transport for NSW, undertook a preliminary assessment of Woolworths' justification report and concluded the methodology to determine the rates was inappropriate because it relied on parking benchmarks for supermarkets in more suburban settings. It also did not consider the lower car ownership levels in the inner-city or the high level of accessibility generally available and the likely impacts on the more constrained inner-city road networks. Moreover, there was concern the high rate of parking was intended to extend the 'catchment' or trade area for the supermarket by providing an abundant supply of convenience parking on the site to encourage shoppers to travel to the site by car from a greater distance away.

A revised planning proposal request, including a revised traffic and parking assessment, was subsequently submitted by Woolworths, in response to the concerns raised by council and Transport for NSW about the amount of parking in the initial proposal and the potential impact on the surrounding road network. The revised planning proposal reduced the retail parking provision to 1 space for each 50 square metre of retail floor space. The revised concept scheme from Woolworths proposed 97 retail parking spaces for a total of 4,870 square metres of supermarket and specialty retail, consistent with the parking rate as currently applied for retail development less than 2,000 square metres at this location.

The proposed changes to the retail parking rates seek to remove the need for site-specific studies that can be used to justify parking rates beyond those maximums set out in the Sydney LEP 2012. These elevated rates risk unreasonable impacts on the City's constrained road network and traffic movements, and work against the City's strategic objectives to encourage modal shift towards more public and active transport uses.

---

## 5.6. Proximity to Infrastructure

**This planning proposal creates opportunity for new large-scale retail close to infrastructure and dense residential populations and employment clusters.**

The expanded retail is centrally located in between existing and planned high-density residential areas including Waterloo (particularly around Danks Street), Rosebery (around Epsom Road), the Waterloo Metro Quarter and Waterloo Estate South areas and the Green Square Town Centre itself. It is these areas of growing population where the future demand for retail floor space will come from.



This population growth is accompanied by significant infrastructure investment. The City of Sydney is currently building a road from the Ashmore precinct in Erskineville to the Town Centre that runs through the expanded retail area. The road will break down a currently hostile road environment and establish an important new east-west connection through to Green Square.

A large area of public open space is also proposed along Mandible Street. This investment will unlock hundreds of metres of new building frontage interfacing the public domain. This is a catalyst for redevelopment of properties throughout North Alexandria and will be a community destination. The Green Square public plaza and this future recreation space along mandible street will bookend the expanded retail area.

New infrastructure means sites will become more appealing for retail as well as uses such as office, creative industries and other innovative enterprises with flexible and evolving space requirements as urban services such as concrete batching and bus depots relocate from the area.

This planning proposal does not make any provision or requirement regarding the design and maintenance of public space. However, the recently adopted Enterprise Area Review DCP includes requirements for setbacks and dedication of land for public domain. The draft DCP establishes a consistent and high-quality design approach for public space and a street layout oriented to maximise solar access, sustainable travel behaviours, safety and all abilities access.

The expanded retail area is also shared with the parts of north Alexandria envisioned as high-density employment areas. Additional retail floor space will make North Alexandria even more attractive for businesses.

---

## 5.7. Other planning controls

### **The draft DCP will ensure that the expanded retail area provides flexible and adaptable space**

Section 3.4 of the Sydney DCP 2012, which generally applies to the City south area, currently includes a hierarchy of planned centres that establishes a framework for the delivery of appropriate retail in appropriate locations.

The Sydney DCP 2012 provisions promote the Green Square Town Centre as the primary retail, community and entertainment centre in the City South area, while ensuring the wider network of supporting centres can be easily accessed by residents and workers, provides the day-to-day retail needs of the community and reduces the need for private vehicle use.

The draft DCP largely maintains the current intent and provisions in the Sydney DCP 2012, with some minor changes to update them in line with the outcomes of the Review and the planning proposal.

The draft DCP also introduces additional provisions to guide appropriate retail development in the expanded retail area. These provisions primarily relate to built form dimensions for retail development and are to ensure retail spaces are fit for purpose, but also flexible and able to be used for other employment generating uses over time. This responds to the recommendation of the Review that flexible building formats are required which can adapt to different types of non-residential uses, which futureproof retail centres against uncertainty about the future of traditional retailing.

The draft DCP also includes provisions about retail floor space with a consolidated area of 2,000 square metres. These include:

- additional requirements for the consideration of traffic impacts; and
- where a supermarket is proposed, provisions that promote the management of waste and promote schemes to encourage public recycling.

## 5.8. Matters for consideration

This section provides a response to the 'matters for consideration' described in Table 3 of the Local Environmental Plan Making Guideline, published by the Department of Planning, Industry and Environment in December 2021, that are to be taken into account when describing, evaluating and justifying a planning proposal.

### 5.8.1. Section A - Need for the planning proposal

*Q1. Is the planning proposal a result of an endorsed LSPS, strategic study or report?*

Yes, this planning proposal is the result of a strategic study known as the Green Square and Southern Areas Retail Review, dated August 2022, provided at Attachment A and discussed in detail in Section 5.1 of this planning proposal.

*Q2. Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?*

A planning proposal is the only way by which planning controls on the site can be changed to allow for accommodate increased retail floor space in the defined area. A planning proposal is also necessary to amend the car parking rates as they apply to large retail premises in the LGA.

### 5.8.2. Section B - Relationship to the strategic planning framework

*Q3. Will the planning proposal give effect to the objectives and actions of the applicable regional or district plan or strategy (including any exhibited draft plans or strategies)?*

#### A Metropolis of Three Cities – the Greater Sydney Region Plan

A Metropolis of Three Cities – the Greater Sydney Region Plan is the NSW Government's overarching strategic document for growth and change in Sydney. The 20 year plan with a 40 year vision seeks to transform Sydney into a metropolis of three cities being the Western Parkland City, the Central River City and the Eastern Harbour City. The City of Sydney LGA is positioned within the Eastern Harbour City.

The plan identifies key challenges facing Sydney including a population increase to eight million by 2056, 817,000 new jobs by 2036 and a requirement for 725,000 new homes.

The plan aspires to deliver the following outcomes:

- liveability – enhancing cultural and housing diversity and designing places for people;
- productivity – developing a more accessible and walkable city and creating conditions for a stronger economy;
- sustainability – valuing green spaces and landscape, improving efficiency of resources and creating a resilient City; and
- infrastructure – ensuring infrastructure supports new developments and governments, community and businesses collaborate to realise the benefits of growth.

To achieve the vision, the plan proposes 10 directions, 40 objectives and associated strategies. This planning proposal is consistent with the following objectives of the Greater Sydney Region Plan:

- Objective 7: Communities are healthy, resilient and socially connected - this planning proposal focusses new retail floor space within and adjacent to centres, providing walkable places at a human scale with active street life while promoting local access to healthy fresh food.
- Objective 12: great places that bring people together - this planning proposal ensures parking availability for retail greater than 2,000 square metres takes into account the level of access by public transport.

- Objective 14: Integrated land use and transport creates walkable and 30-minute cities - this planning proposal supports this objective by enabling additional retail floor space adjacent to Green Square Station and supporting the role of the Green Square Town Centre.
- Objective 15: The Eastern, Greater Parramatta and Olympic Peninsula and Western Economic Corridors are better connected and more competitive – this planning proposal strengthens the economic competitiveness of Green Square by supporting increased concentration of retail floor space on the western edge of the centre.
- Objective 22: Investment and business activity in centres – the proposal facilitates investment in retail floor space in strategic centres, essential to attracting jobs to the area.
- Objective 23: Industrial and urban services land is planned, retained and managed – the proposal provides capacity for large scale retail floor space reducing demand pressure on nearby industrial lands.

#### Eastern City District Plan

The Greater Sydney Commission released the District Plans for the Greater Sydney Metropolitan Region in March 2018. The District Plans set out how A Metropolis of Three Cities – the Greater Sydney Region Plan applies to local areas. The City of Sydney is in the Eastern City District.

The district plan has set a 20-year strategic target for housing and employment growth within the district, including a 2036 target of 157,500 dwellings and a short-term (5 years) housing target of 46,550 new dwellings. In the City of Sydney LGA, 18,300 dwellings are to be delivered.

This planning proposal is consistent with the following planning priorities of the Eastern City District Plan

- Planning Priority E6: Creating and renewing great places and local centres and respecting the district's heritage - sets out actions and principles for place making and local centres. It addresses amenity, accessibility, and connectivity. Principles for local centres include the ability to adapt to meet community needs such as housing, services, goods, and recreation. This planning proposal uses place-based planning to support the role of centres as a focus for connected neighbourhoods. Retail restrictions are proposed to be removed from sites that allow for retail floor space to flow seamlessly into the Green Square Town Centre while also being close to Green Square Station. This planning proposal ensures that parking provision takes account of access to public transport, walking and cycling connections.
- Planning priority E11: Growing investment, business opportunities and jobs in strategic centres. This planning proposal will grow retail floor space in the Green Square-Mascot strategic centre, making it a more appealing location for businesses to locate. Making this strategic centre more appealing to business will help the centre reach the target set by the Eastern City District Plan for between 75,000 and 80,000 jobs in this precinct by 2036, up from a baseline of 59,500 in 2016.
- Planning priority E12: Retaining and managing industrial and urban services land. This priority specifies that all industrial land should be retained and safeguarded from competing pressures, especially residential and mixed-use zones. The value of industrial land is discussed, extending beyond simply the number of jobs the land provides. This planning proposal proposes to remove retail restrictions on land close to Green Square station. This will reduce retail demand pressure on other parts of the southern enterprise area.

*Q4. Is the planning proposal consistent with a council LSPS that has been endorsed by the Planning Secretary or GSC, or another endorsed local strategy or strategic plan?*

#### Sustainable Sydney 2030-2050 "Continuing the Vision"

Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This planning proposal is aligned with the following relevant strategic directions and objectives:

Direction 4 – Design excellence and sustainable development, including:



- Objective 4.1 The city's liveability will be enhanced through well planned and designed development.
- Objective 4.2 Productivity will be supported by planning for jobs, innovation and enterprise activities.

Direction 5 – A city for walking, cycling and public transport, including:

- Objective 5.2 Most people use the high-capacity, rapid and frequent public transport network that connects the city and the metropolitan area
- Objective 5.3 More people walk more, because walking is the most attractive and convenient choice for short trips in the local area
- Objective 5.4 More people ride more, because it is an attractive, convenient and safe option for everyday transport

#### City Plan 2036 - Local Strategic Planning Statement

The City of Sydney Local Strategic Planning Statement (planning statement), adopted by Council in February 2020, sets out the land use planning context, 20-year vision and planning priorities to positively guide change towards the City's vision for a green, global and connected city. The planning statement explains how the planning system will manage that change to achieve the desired outcomes and guides future changes to controls.

In giving effect to the planning statement, this planning proposal delivers on the following priorities and actions:

- Priority L1 - Movement for walkable neighbourhoods and a connected City
  - Action L1.9 - continue to implement, review and update the car parking policies and controls to support the transition to a net-zero carbon and energy-efficient transport system by 2030, continue promoting more efficient modes of transport including walking, cycling and public transport and manage congestion, including planning controls for car parking and servicing, including accessibility mapping, parking rates and market mechanisms to manage parking supply.
- Priority L2 - Creating Great Places
  - Action L2.1 - plan for local communities to be able to access daily needs and essential services including fresh food and health and personal services, within walking distances by providing an appropriate mix of uses, including local retail, services, infrastructure and recreation in local and neighbourhood centres and mixed-use zones supported by adequate floor space on the ground floor (and adjacent floors where appropriate)
- Priority P3 - Protecting industrial and urban services in the Southern Enterprise Area and evolving businesses in the Green Square-Mascot Strategic Centre
  - Action P3.1 - enable economic and specialised sector growth which supports Central Sydney, the Eastern Economic Corridor and the international trade gateways, and contributes towards the jobs targets for the Green Square-Mascot Strategic Centre by retaining and managing the southern enterprise area for industrial and urban services uses while enabling new business opportunities which reinforce the economic role of the Strategic Centre;

Notably, Figure 49 of the LSPS refers to 'local centres,' 'neighbourhood centres' and 'planned centres' with the only planned centres identified being the Waterloo Metro Quarter and Danks Street. This reinforces the findings of the Review to focus new large scale retail floor space in the Green Square Town Centre.

*Q5. Is the planning proposal consistent with any other applicable State and regional studies or strategies?*

Not applicable

**Q6. Is the planning proposal consistent with the applicable State Environmental Planning Policies?**

This planning proposal is consistent with all applicable State Environmental Planning Policies (SEPPs) and Regional Environmental Plans (REPs), as summarised in Table 1.

State Environmental Planning Policy	Comment
State Environmental Planning Policy (Biodiversity and Conservation) 2021	This planning proposal is consistent
State Environmental Planning Policy (Building Sustainability Index: BASIX) 2004	This planning proposal is consistent
State Environmental Planning Policy (Exempt and Complying Development Codes) 2008	This planning proposal is consistent
State Environmental Planning Policy (Housing) 2021	This planning proposal is consistent
State Environmental Planning Policy (Industry and Employment) 2021	This planning proposal is consistent
State Environmental Planning Policy No 65—Design Quality of Residential Apartment Development	Not applicable to this proposal
State Environmental Planning Policy (Planning Systems) 2021	This planning proposal is consistent
State Environmental Planning Policy (Precincts—Central River City) 2021	Not applicable to this proposal
State Environmental Planning Policy (Precincts—Eastern Harbour City) 2021	This planning proposal is consistent
State Environmental Planning Policy (Precincts—Regional) 2021	Not applicable to this proposal
State Environmental Planning Policy (Precincts—Western Parkland City) 2021	Not applicable to this proposal
State Environmental Planning Policy (Primary Production) 2021	Not applicable to this proposal
State Environmental Planning Policy (Resilience and Hazards) 2021	This planning proposal is consistent
State Environmental Planning Policy (Resources and Energy) 2021	This planning proposal is consistent
State Environmental Planning Policy (Sustainable Buildings) 2022	This planning proposal is consistent
State Environmental Planning Policy (Transport and Infrastructure) 2021	This planning proposal is consistent

Table 1 Consistency with State Environmental Planning Policies and Regional Environmental Plans (REPs)

*Q7. Is the planning proposal consistent with applicable Section 9.1 Ministerial Directions?*

This planning proposal is consistent with all Ministerial Directions issued under section 9.1 of the Environmental Planning and Assessment Act 1979, as summarised in Table 2.

Ministerial Direction	Comment
<b>Focus area 1: Planning Systems</b>	
1.1 Implementation of Regional Plans	Consistent. This planning proposal supports the Region Plan, as discussed in detail under question 3 (above) of this planning proposal.
1.2 Development of Aboriginal Land Council land	Not applicable
1.3 Approval and Referral Requirements	Consistent. This planning proposal does not include concurrence, consultation or referral provisions or identify any developments as designated development.
1.4 Site Specific Provisions	Not applicable as the planning proposal does not apply to a particular development to be carried out.
<b>Focus area 1: Planning Systems – Place-based</b>	
1.5 Parramatta Road Corridor Urban Transformation Strategy	Not applicable
1.6 Implementation of North West Priority Growth Area Land Use and Infrastructure Implementation Plan	Not applicable
1.7 Implementation of Greater Parramatta Priority Growth Area Interim Land Use and Infrastructure Implementation Plan	Not applicable
1.8 Implementation of Wilton Priority Growth Area Interim Land Use and Infrastructure Implementation Plan	Not applicable
1.9 Implementation of Glenfield to Macarthur Urban Renewal Corridor	Not applicable
1.10 Implementation of the Western Sydney Aerotropolis Plan	Not applicable

Ministerial Direction	Comment
1.11 Implementation of Bayside West Precincts 2036 Plan	Not applicable
1.12 Implementation of Planning Principles for the Cooks Cove Precinct	Not applicable
1.13 Implementation of St Leonards and Crows Nest 2036 Plan	Not applicable
1.14 Implementation of Greater Macarthur 2040	Not applicable
1.15 Implementation of the Pyrmont Peninsula Place Strategy	Not applicable
1.16 North West Rail Link Corridor Strategy	Not applicable
1.17 Implementation of the Bays West Place Strategy	Not applicable
<b>Focus area 2: Design and Place</b>	No directions in place
<b>Focus area 3: Biodiversity and Conservation</b>	
3.1 Conservation Zones	This planning proposal is consistent
3.2 Heritage Conservation	<p>The objective of this direction is to conserve items, areas, objects and places of environmental heritage significance and indigenous heritage significance.</p> <p>This planning proposal is consistent with this direction because it does not change existing provisions that facilitate conservation.</p>
3.3 Sydney Drinking Water Catchments	Not applicable
3.4 Application of C2 and C3 Zones and Environmental Overlays in Far North Coast LEPs	Not applicable
3.5 Recreation Vehicle Areas	Not applicable
3.6 Strategic Conservation Planning	Not applicable
<b>Focus area 4: Resilience and Hazards</b>	
4.1 Flooding	<p>Consistent.</p> <p>This planning proposal contains provisions that apply to flood planning areas but it does not propose to increase the development density of the land.</p>



Ministerial Direction	Comment
	<p>Notwithstanding, this planning proposal is in accordance with the Alexandra Canal Floodplain Risk Management Study and Plan, adopted by the City in accordance with the principles and guidelines of the Floodplain Development Manual 2005.</p> <p>The Plan identifies North Alexandria as being part of the Sheas Creek Sub-Catchment. Some flood modification measures identified in the Plan have already been acted upon by the City as part of infrastructure improvements through the Town Centre development.</p> <p>Non-structural floodplain risk management measures recommended for implementation by the Plan include delivery of the liveable green network, opportunities related to large scale future development and updates to the LEP and DCP.</p> <p>The recently implemented enterprise area review planning proposal applying to most of this precinct facilitates the delivery of these outcomes through redevelopment, public domain improvements and review and regular updates to the LEP and DCP. The recent changes to height and floor space ratio encourages the redevelopment of key sites, enabling delivery of these infrastructure improvements.</p> <p>There have been development applications that have occurred in the land subject to this planning proposal in recent years. They have each supplied detailed reports addressing flood affectation and prepared adequate mitigation measures where required. This includes recent development applications at 5-7 Bourke Road, 15 O'Riordan Street and 22 Mandible Streets.</p>
4.2 Coastal Management	Not applicable
4.3 Planning for Bushfire Protection	Not applicable
4.4 Remediation of Contaminated Land	<p>Consistent – As this planning proposal relates to former industrial land this direction is relevant. However, this planning proposal retains the existing zoning of the subject land and does not introduce more sensitive land uses. The proposal is not considered likely to increase the risk to health or the environment from contamination as the uses remain of a commercial nature.</p>

Ministerial Direction	Comment
4.5 Acid Sulfate Soils	<p>Consistent.</p> <p>This Planning Proposal does not result in an intensification of land uses on land identified as having a probability of containing acid sulfate soils. Parts of this planning proposal area are mapped as Class 3 Acid Sulfate Soils in the City of Sydney sheet map, which means acid sulfate soils are likely to be found 1 metre below the natural ground surface.</p> <p>The objective of this direction is to avoid significant adverse environmental impacts from the use of land that has a probability of containing acid sulfate soils.</p> <p>Notwithstanding, there are development applications that have occurred in the land subject to this planning proposal in recent years. They have each supplied detailed reports addressing the presence of acid sulfate soils and prepared adequate mitigation measures. This includes recent development applications at 5-7 Bourke Road, 15 O’Riordan Street and 22 Mandible Streets.</p>
4.6 Mine Subsidence and Unstable Land	Not applicable
<b>Focus area 5: Transport and Infrastructure</b>	
5.1 Integrating Land Use and Transport	<p>Consistent.</p> <p>The objectives this direction is to improve accessibility, increase transport options, reduce travel demand and dependence on cars, support public transport, and provide for efficient movement of freight.</p> <p>This planning proposal supports this direction by limiting parking for retail development over 2,000 square metres across the City of Sydney LGA. This will reduce dependence on cars and trip generation by car. It also supports the efficient and viable operation of public transport services.</p>
5.2 Reserving Land for Public Purposes	Not applicable
5.3 Development Near Regulated Airports and Defence Airfields	<p>Consistent</p> <p>This direction applies to this planning proposal because planning proposal it “will create, alter or remove a zone or a provision relating to land in the vicinity of a licensed aerodrome.”</p>

Ministerial Direction	Comment
	<p>The land subject to this planning proposal is affected by the Obstacle Limitation Surface (OLS).</p> <p>This planning proposal seeks to remove the restricted retail development provision on certain sites as outlined in this planning proposal. There is no proposed increase in height.</p> <p>The following requirements of this direction are relevant to this planning proposal:</p> <p>In the preparation of a planning proposal that sets controls for the development of land in the vicinity of a licensed aerodrome, the relevant planning authority must:</p> <p>(a) consult with the Department of the Commonwealth responsible for aerodromes and the lessee of the aerodrome,</p> <p>(b) take into consideration the Obstacle Limitation Surface (OLS) as defined by that Department of the Commonwealth ,for land affected by the OLS:</p> <p>(c) prepare appropriate development standards, such as height, and</p> <p>(d) allow as permissible with consent development types that are compatible with the operation of an aerodrome</p> <p>This planning proposal is consistent with the above and any further consultation with relevant authorities will be undertaken later in the planning proposal process.</p>
5.4 Shooting Ranges	Not applicable
<b>Focus area 6: Housing</b>	
6.1 Residential Zones	Not applicable
6.2 Caravan Parks and Manufactured Home Estates	Not applicable.
<b>Focus area 7: Industry and Employment</b>	
7.1 Business and Industrial Zones	<p>This planning proposal is consistent.</p> <p>It does not make changes to zoning or reduce the total potential floor space area for employment uses and related public services.</p> <p>It also gives effect to the objectives of this direction by supporting the viability of the Town</p>

Ministerial Direction	Comment
	Centre and protects the broader southern enterprise area for non-retail uses.
7.2 Reduction in non-hosted short-term rental accommodation period	Not applicable
7.3 Commercial and Retail Development along the Pacific Highway, North Coast	Not applicable
<b>Focus area 8: Resources and Energy</b>	
8.1 Mining, Petroleum Production and Extractive Industries	Not applicable
<b>Focus area 9: Primary Production</b>	
9.1 Rural Zones	Not applicable
9.2 Rural Lands	Not applicable
9.3 Oyster Aquaculture	Not applicable
9.4 Farmland of State and Regional Significance on the NSW Far North Coast	Not applicable

Table 2 Consistency with Ministerial Directions

### 5.8.3. Section C - Environmental, social and economic impact

*Q8. Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected because of the proposal?*

No. it is unlikely that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of this planning proposal.

*Q9. Are there any other likely environmental effects of the planning proposal and how are they proposed to be managed?*

No.

*Q10. Has the planning proposal adequately addressed any social and economic effects?*

Yes. The social and economic impacts of this planning proposal are discussed in Section 5.1.

### 5.8.4. Section D - Infrastructure (Local, State and Commonwealth)

*Q11. Is there adequate public infrastructure for the planning proposal?*

The planning proposal does not increase the density of development in the area. Local infrastructure will be delivered in accordance with the City of Sydney Development Contributions Plan 2015, community infrastructure provisions of the LEP and Council's long term capital works program.

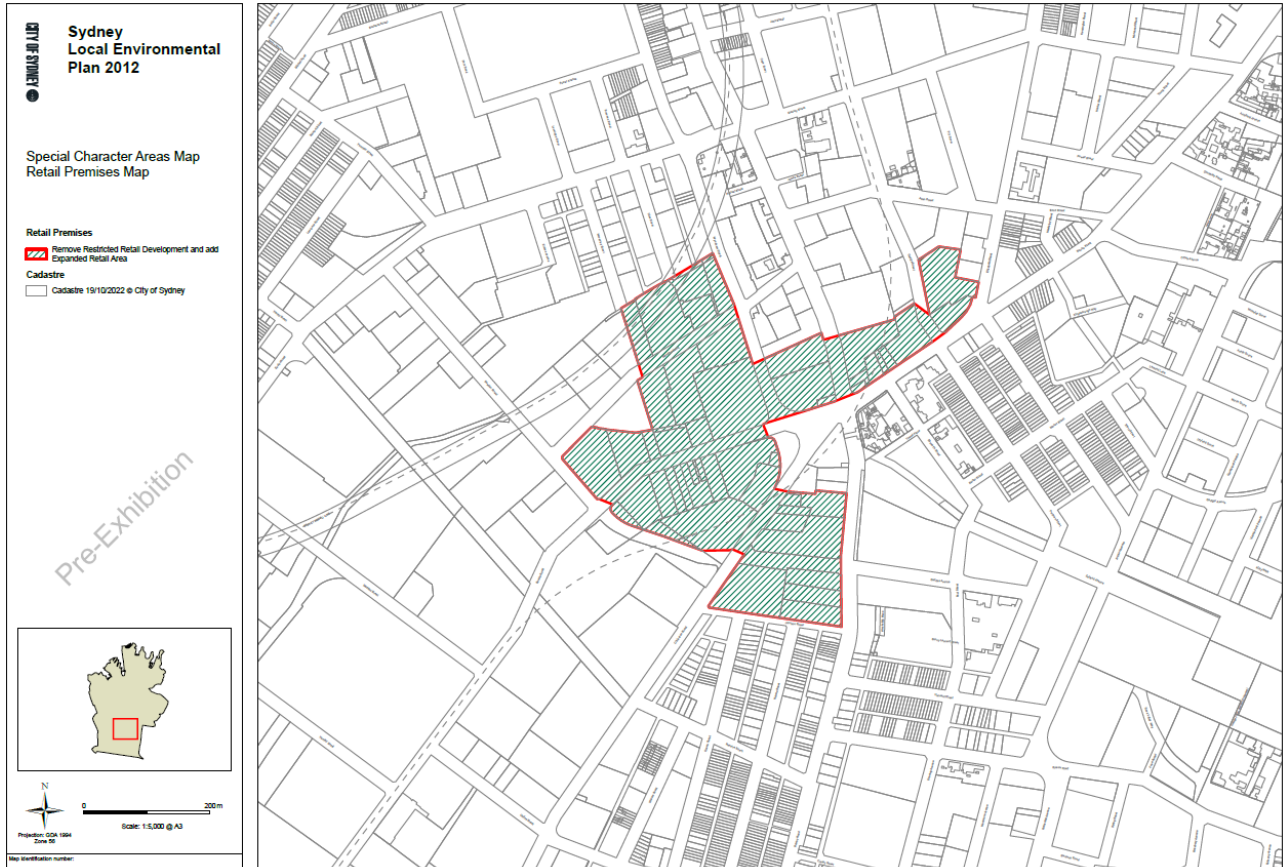
*Q12. What are the views of state and federal public authorities and government agencies consulted in order to inform the Gateway determination?*

To be determined in further consultation with public authorities following Gateway determination.



## 6. Mapping

This planning proposal is to amend Sydney LEP 2012 Special Character Areas Map - Retail Premises Map Sheets 11, 17 and 18 as shown at *Figure 11* below.



*Figure 11 Proposed Special Character Areas Map - Retail Premises Map*

## 7. Community Consultation

This planning proposal shall be exhibited in accordance with the requirements of the gateway determination once issued by the Department of Planning and Environment.

It is anticipated that public exhibition will be for a period of at least 20 working days, which is consistent with the Environmental Planning and Assessment Act 1979 and the recommendation for 'standard' planning proposals under the Department's Local Environmental Plan Making Guideline (September 2022).

The surrounding community shall be notified of the public exhibition by mail, email, social media and through public exhibition on the City of Sydney website, in accordance with the City's Community Participation Plan.

Consultation with the necessary NSW agencies, authorities and other relevant organisations will be undertaken as required by the conditions contained within the gateway determination.

## 8. Project timeline

This planning proposal is categorised as a Standard planning proposal as per the Local Environmental Plan Making Guidelines dated December 2021, the anticipated timeframe for the completion of this planning proposal is as follows:

Stage	Timeframe
Pre-exhibition Council / CSPC report	November 2022
Gateway determination	February 2023
Government agency consultation	March 2023
Public exhibition	March 2023
Review of issues raised in submissions	April 2023
Post-exhibition Council / CSPC report	July 2023
LEP drafting	August 2023 to September 2023
LEP made	October 2023

## Appendix: Drafting Instructions

To achieve the intended outcomes, this planning proposal is to amend Sydney LEP 2012 as follows:

- amend Special Character Areas Map - Retail Premises Map Sheets 11, 17 and 18, as shown at Part 6 of this planning proposal, to remove the restriction on retail from identified sites and to identify the 'expanded retail area';
- add a clause to Part 7 Division 4 Miscellaneous provisions that:
  1. applies to land identified as the 'expanded retail area' on the Retail Premises Map, being the expanded retail area;
  2. identifies the objective of the clause to "ensure retail promotes the economic strength of Green Square Town Centre by limiting the development of private shopping centres and malls and ensuring retail activates the public domain";
  3. ensures development consent must not be granted to development for the purpose of retail premises that are located at first floor or above;
  4. ensures development consent must not be granted to development for the purpose of retail premises that are located at ground level, unless the consent authority is satisfied that all retail premises:
    - (a) have a frontage to a public place; and
    - (b) is primarily accessed by the public directly from a public place.
  5. (4) (above) does not apply to 'food and drink premises';
  6. notwithstanding (4) above, the consent authority may grant development consent for the purpose of retail premises that are located at ground level where it is satisfied the development contributes to the activation of a public place and does not constitute or contribute to a private shopping centre or arcade or malls;
  7. specifies that in this clause, 'public place' is to be defined as it is in the Local Government Act 1993.
- delete Clause 7.7(1) so that going forward all retail premises are subject to the current car parking provisions in clause 7.7(2) for retail premises.





# Green Square & Southern Areas Retail Review

City of Sydney

August 2022

Certified



**SGS**  
Economics  
& Planning



© SGS Economics and Planning Pty Ltd 2022

This report has been prepared for the City of Sydney. SGS Economics and Planning has taken all due care in the preparation of this report. However, SGS and its associated consultants are not liable to any person or entity for any damage or loss that has occurred, or may occur, in relation to that person or entity taking or not taking action in respect of any representation, statement, opinion or advice referred to herein.

SGS Economics and Planning Pty Ltd  
ACN 007 437 729  
[www.sgsep.com.au](http://www.sgsep.com.au)

Offices in Canberra, Hobart, Melbourne, and Sydney, on Ngunnawal, Muwinina, Wurundjeri, and Gadigal Country.

# Contents

Executive summary .....	5
1. Introduction.....	9
1.1 Retail Review Methodology .....	9
1.2 Green Square and Southern Areas .....	11
1.3 High-level Strategic Framework.....	13
1.4 Local Strategic Framework .....	17
1.5 Current Local Retail Planning Framework.....	20
2. The Economics of Present-Day Retail .....	28
2.1 Macroeconomic Trends in the Retail Economy .....	28
2.2 Microeconomic Trends in the Retail Economy .....	30
2.3 Impacts of COVID-19 .....	37
3. Local Insights .....	39
3.1 Stakeholder Consultation .....	39
3.2 Market Insights.....	45
3.3 Consumer Amenity .....	48
4. Retail Provision Forecasting.....	51
4.1 Retail Modelling Methodology .....	51
4.2 Retail Modelling Results .....	56
Summary of evidence base.....	66
5. Analysis.....	67
5.1 Commodity Analysis .....	67
5.2 Capacity Analysis .....	69
5.3 Retail Cluster Profiles.....	71
5.4 Retail Cluster Typology .....	80
5.5 Redistribution Testing.....	81
6. Synthesis of Findings .....	85
6.1 Key findings and considerations in Chapter 1 – Introduction .....	85
6.2 Key findings and considerations in Chapter 2 – The Economics of Present-Day Retail.....	85
6.3 Key findings and considerations in Chapter 3 – Local Insights.....	86



6.4 Key findings and considerations in Chapter 4 & 5 – Retail Provision Forecasting and Analysis	86
6.5 Key Principles.....	87
7. Recommendations.....	88
Appendix One: Retail Centres Discussion Paper.....	92
A1 - Appraisal of existing retail centre hierarchy .....	92
A2 - Proposed/amended retail centres.....	95
Appendix Two: Peer Review of Retail Analyses .....	100

# Executive summary

The Green Square and Southern Areas Retail Review seeks to inform the land use controls for the centres of Southern Sydney. It recommends a hierarchy of centres, based on how much retail floor area will be supported by the forecast population in 2041. To achieve these centres, the Review recommends larger retailers, like supermarkets, must continue to locate in higher order centres. Outside of planned centres, retail development should be limited to smaller shops with a maximum floor area of 1,000sqm which provide convenience shopping opportunities within walking distance of homes and workplaces.

The 2008 Green Square and Southern Areas Retail Study (the 2008 study), prepared by JLL, has shaped retail planning in the southern portion of the City of Sydney Local Government Area for the past 14 years. Since this time, the area has experienced unprecedented growth and is home to Australia's largest urban renewal project. The area is forecast to have between 60,000 to 70,000 residents (depending on occupancy trends) and 17,200 workers by 2036<sup>1</sup>.

The broader retail environment has also changed with retail expenditure changing in terms of value and type. Online retail has proliferated, and bricks-and-mortar retail has adapted to suit. Trading hours are longer and retail planning for centres now places more emphasis on the retail experience. COVID-19 has had significant impacts on retail which are yet to be distinguished as shocks, or as trends that will persist beyond the short to medium term.

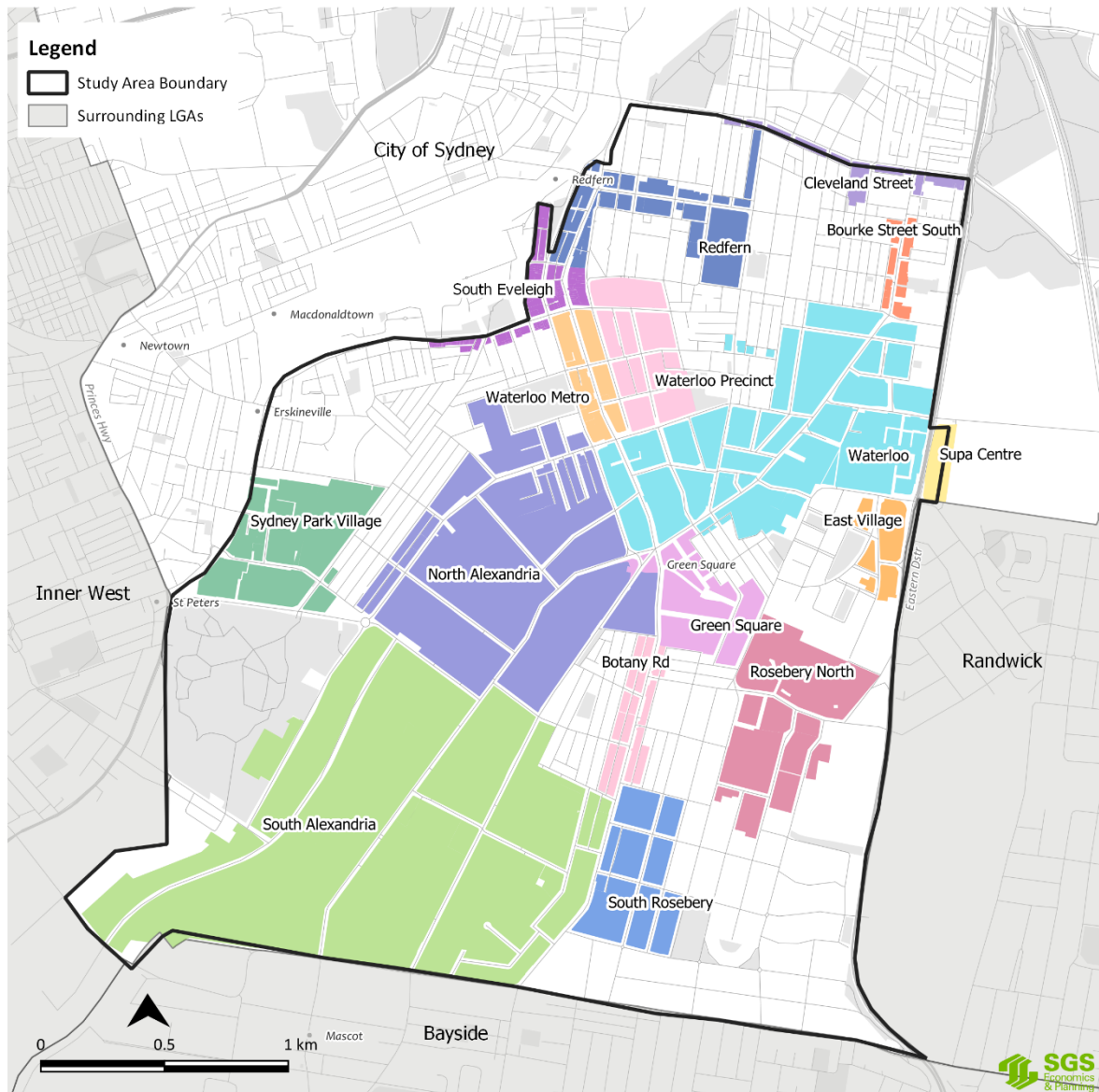
This Retail Review builds on the 2008 study that was to establish future demand for retail in the study area and recommend strategies of how this future demand could be met through coordinated retail development that encouraged the emergence of the Green Square Town Centre as a major centre. It also builds on the research paper titled 'Minor Retail Development in Green Square and the Southern Areas' (the 2010 study), prepared by SGS Economics and Planning. The 2010 study recommended that retail premises greater than 1000sqm be limited to designated centres in order to support these retail centres and prevent retail demand being drawn away from these centres. Current local planning controls align with the findings of these studies. Specifically, Clause 7.23 of the Sydney LEP 2012 restricts the size of retail development within specific areas of Green Square and the surrounding southern areas.

Since this time, major community infrastructure development, and both market-led and government-led retail development has occurred. These additions to the retail system make it necessary for Council to review previous retail studies and determine if planning controls need to change. This review combines qualitative research with retail gravity modelling to examine whether there is a current or future under-provision of retail floorspace in the study area. The study identifies 15 retail clusters for the purpose of this exercise, which are shown in the figure overleaf, and has analysed the changes to floorspace supply and demand in each.

---

<sup>1</sup> <https://www.cityofsydney.nsw.gov.au/strategic-land-use-plans/city-plan-2036>

**FIGURE A: RETAIL CLUSTERS WITHIN THE STUDY AREA**



Source: SGS (2022)

A retail gravity model has been used to understand the supply and demand dynamics in the study area and surrounding retail system and is mindful of the fact that retail clusters do not adhere to administrative trade areas, but are part of a larger retail network. That is to say, the retail gravity model does not use 'trade areas', but instead considers the retail system across the whole of Greater Sydney. The retail modelling has produced the following insights:

- It is predicted that the greatest retail expenditure in 2041 will be generated in the Green Square Town Centre, Waterloo, Ashmore Estate and future Waterloo Estate redevelopment site, with over \$462 million out of \$1.4 billion expected to be supermarket spending.
- The Green Square Town Centre is expected to experience the highest percentage of growth of retail supply within the study area.

- In 2041, there is a projected undersupply of retail floorspace of approximately 12,000 square metres across the study area – however, this undersupply is not consistent across all retail clusters and retail commodities.
- The largest supermarket under-provision emerges in the Waterloo, Green Square and North Alexandria retail clusters.
- In 2041, the greatest under-provision of retail floorspace is forecast for hospitality and services, supermarkets and other food retail, while an over-provision of retail floorspace is expected in other retail types.

This Retail Review is conscious that retail modelling alone should not dictate strategic planning for retail. Additional layers of analysis were completed in order to arrive at well-considered and pointed recommendations. They are as follows:

- The accessibility of supermarkets was mapped spatially to determine which parts of the study area have poor retail accessibility – the findings indicated that pockets of Waterloo, Redfern, Rosebery North and South Rosebery are where accessibility gaps emerge.
- A commodity analysis was completed in order to gauge which retail clusters have a comparative advantage in providing particular retail commodities - Cleveland Street, Green Square and the Waterloo Precinct will play a more important role in supermarket provision as future supply comes online; clothing & soft goods and household goods are predominantly located in North and South Alexandria, while Waterloo also has a high prevalence of clothing and soft goods, and household goods.
- A capacity analysis was conducted to determine if there is sufficient capacity under existing planning controls to absorb the identified shortfalls in retail provision.
- Retail Clusters were profiled to distil the results of the analysis and to articulate their role within the retail network.

The evidence base, comprised of qualitative analysis of the broader retail environment, retail modelling, and market analysis, have formed a strategic analysis toolkit. This toolkit was used to inform a ‘what if’ scenario test whereby retail under-provisions, as identified in the retail modelling, are re-distributed. Under a redistributed model, the Green Square retail cluster is identified as not having sufficient capacity to provide for the retail under-provision.

Key insights have been identified throughout the Retail Review and are synthesised in Section 6 of this report. These insights have been used to formulate recommendations to Council. The recommendations can be classified as ‘land-use planning’ recommendations, that is, those that call for an amendment to a planning framework (LEP, DCP or similar), and place activation recommendations – those which a finer-grain and are outside of the purview of planning controls. The recommendations are as follow:



## Land-Use Planning Recommendations

- **Recommendation One:** Investigate options to remove the retail tenancy cap for sites immediately adjacent to the Green Square Town Centre.
- **Recommendation Two:** Investigate options to amend the planning controls for the Waterloo retail cluster to facilitate the delivery of a supermarket of no more than 3,000 square metres floorspace.
- **Recommendation Three** Review and update of the Sydney DCP 2012 to identify all retail centres within the Green Square and Southern Areas.
- **Recommendation Four:** Maintain the 1,000 square metre retail floorspace cap outside of identified and proposed retail centres.
- **Recommendation Five:** Conduct a Retail Review for the Green Square and Southern Areas every five years to account for any emerging or currently unforeseen trends and impacts.
- **Recommendation Six:** Support the ongoing approach to managing specialised retail premises in areas in which residential development is not permitted.

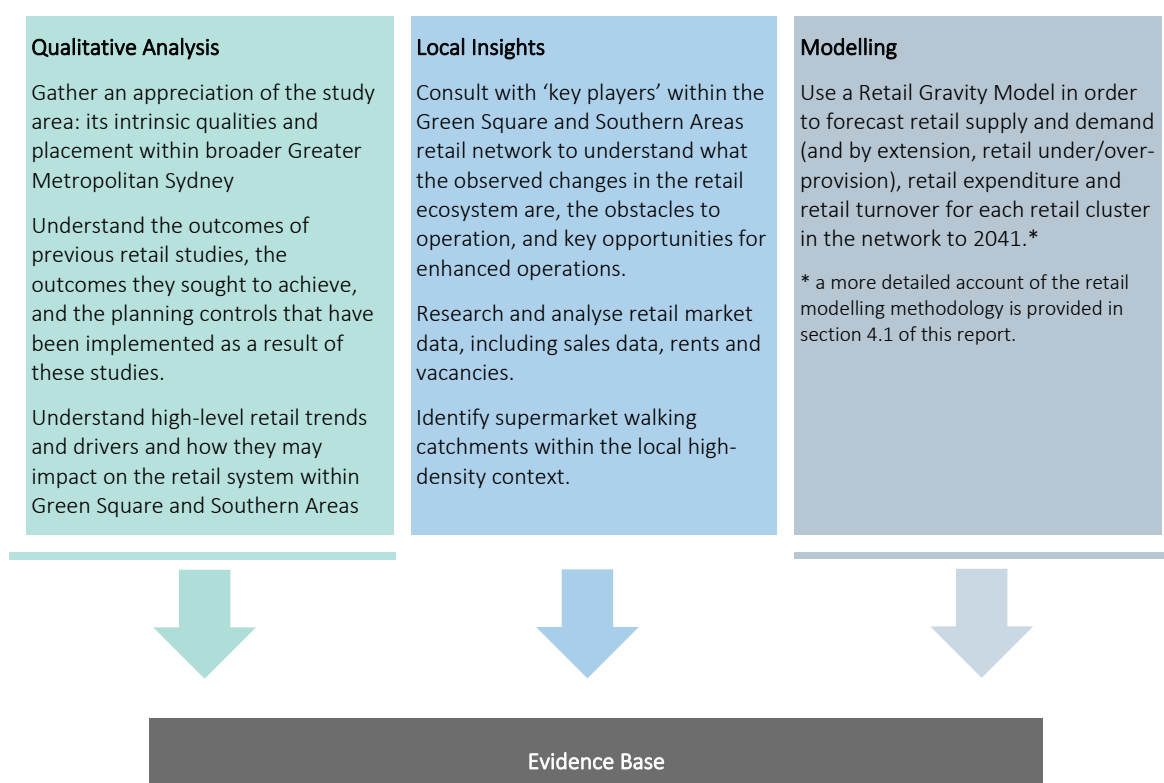
# 1. Introduction

## 1.1 Retail Review Methodology

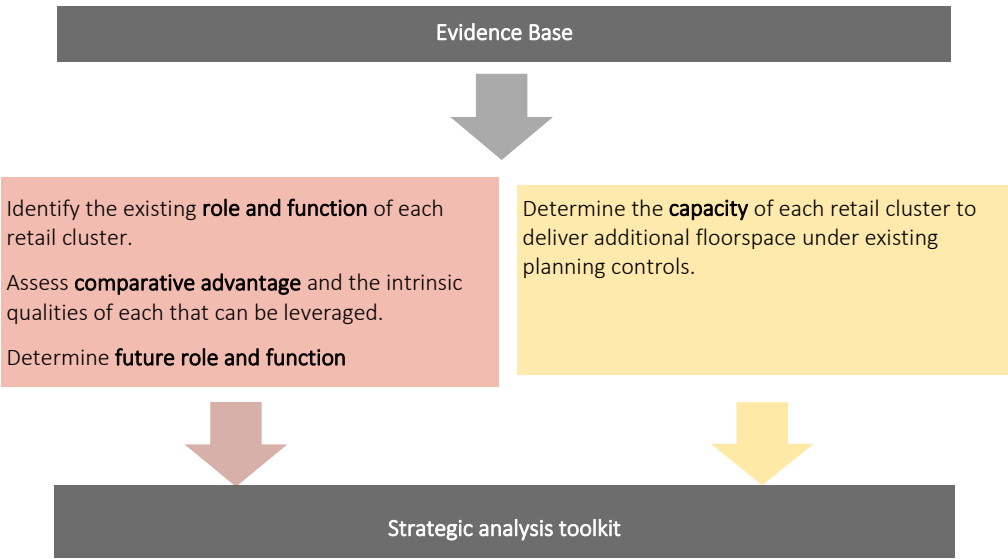
The methodology used for this retail review does not intend to replicate or build on the methodologies used in the previous Green Square and Southern Areas retail studies. Instead, the methodology used within this report acknowledges the significant changes in the Green Square and Southern Areas retail ecosystem (where and how retail operates within a particular area) and reflects the varying elements that need to be considered as part of a comprehensive retail review. This includes a qualitative analysis, local insights, retail modelling and strategic insights which together form part of the review's recommendations.

The flow chart below outlines the methodology used for this review and reflects the structure of this report:

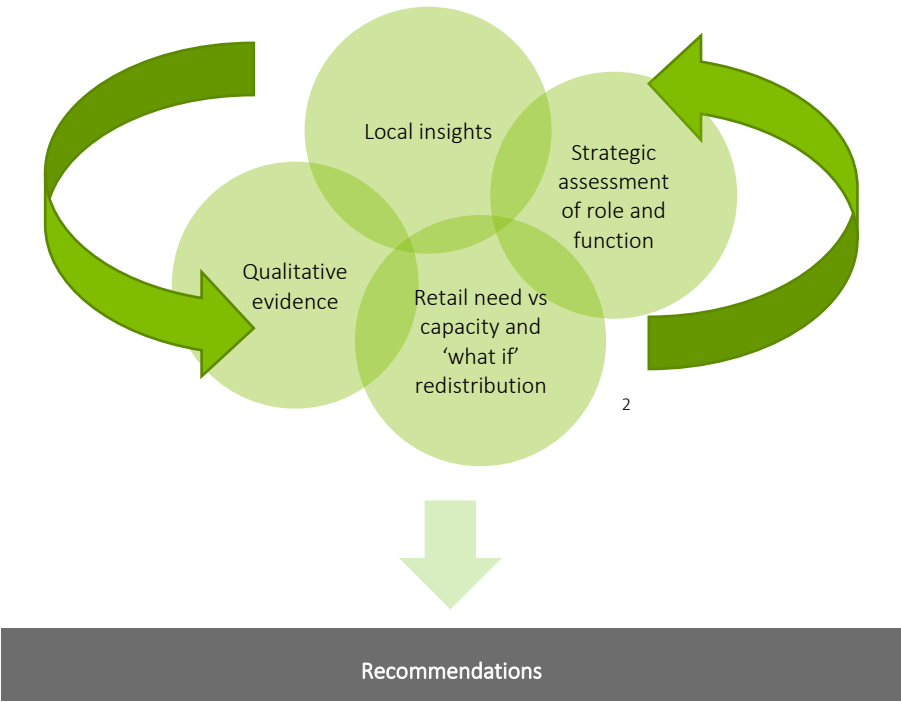
### Step 1: Gather Evidence



Step 2: Interrogate Evidence Base



Step 3: Synthesise Findings, Highlight Insights and Develop Recommendations



<sup>2</sup> This seeks to test of the tolerance of the retail system to absorb demand, where smaller gaps are addressed through agglomerated provision within a more rigid application of the retail hierarchy. The purpose of this redistribution is to gauge whether each cluster has the capacity to provide a redistributed quantum of retail floorspace, cognisant that centres within the study area are part of a broader network of centres and that leakages to other retail clusters outside of the study area, but proximate to the study area, may occur.

## **1.2 Green Square and Southern Areas**

The Green Square and Southern Areas (the study area), shown at Figure 1, make up approximately a quarter of the City of Sydney Local Government Area (LGA). It comprises an eclectic mix of sub-precincts, including the industrial and urban services estates throughout Alexandria, social housing estate in parts of Waterloo and Redfern, new high-density mixed-use living in Zetland and surrounds, and low-density period housing salt-and-peppered throughout the entire study area.

The Green Square Urban Renewal Area, which includes the suburbs of Zetland and Beaconsfield, and parts of Alexandria, Rosebery and Waterloo is approximately 278 hectares in area and is positioned for substantial residential intensification.

The Green Square Town Centre is located within the geographic heart of the urban renewal area and is positioned to be the primary commercial, retail and civic centre of the urban renewal area and the southern part of the City of Sydney LGA.

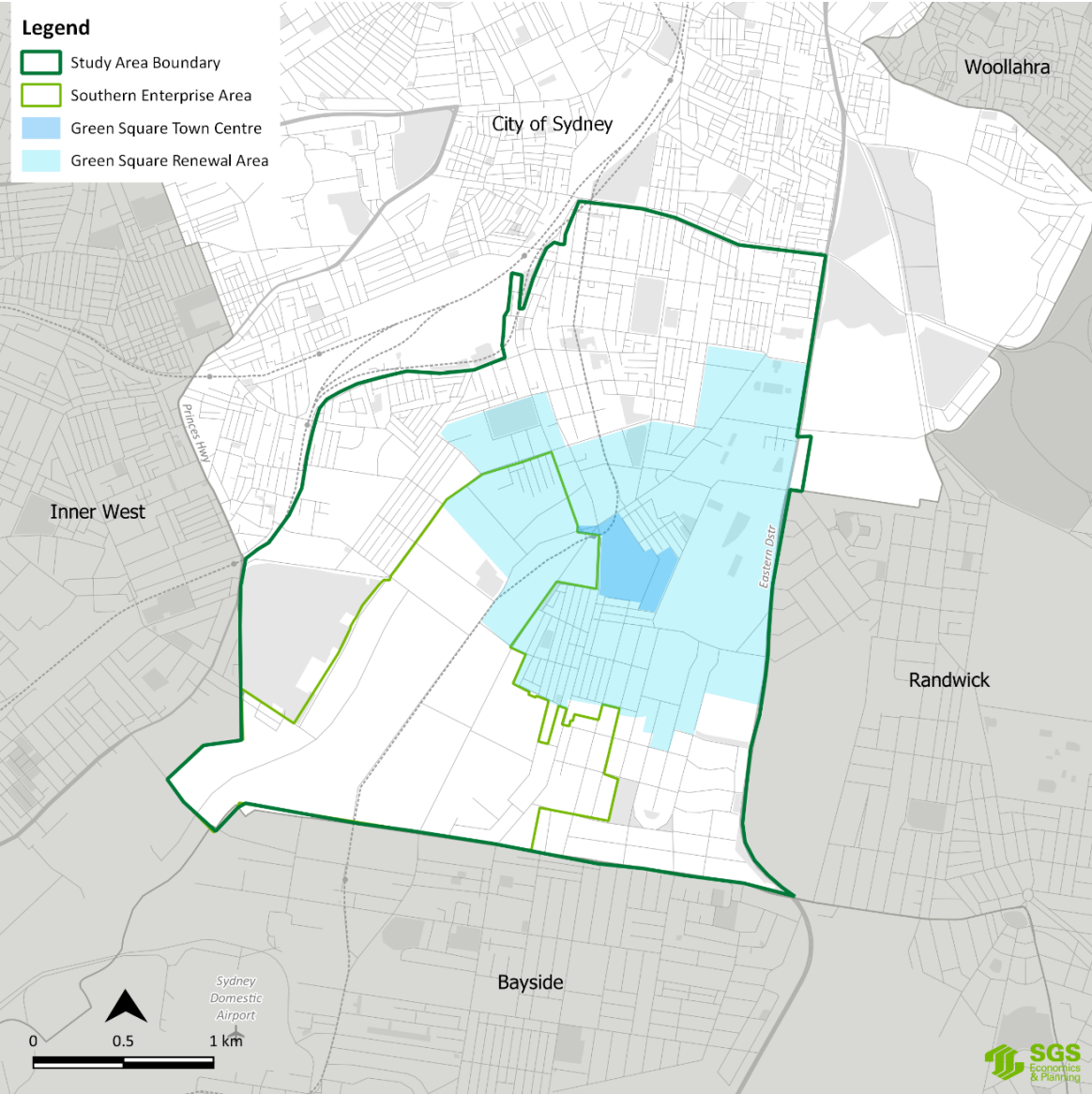
The Southern Enterprise Area is still characterised by its light industrial and urban services land uses, however, has also become Sydney's beacon precinct for niche retail, artisanal manufacturing industries, and other diverse and specialised industries.

The Moore Park Supa Centa site is also located in the study area and includes a homemaker centre specialising in specialised retail premises.

The southern areas of the City of Sydney LGA have experienced unprecedented levels of growth over the past two decades. Green Square is regarded as one of Australia's fastest growing areas and is Australia's largest urban renewal project. The areas rapid growth in population and workers is expected to continue in the future, featuring predominately high-density developments. A map of the study area and sub precincts is provided overleaf.



FIGURE 1: MAP OF THE STUDY AREA AND SUB-PRECINCTS

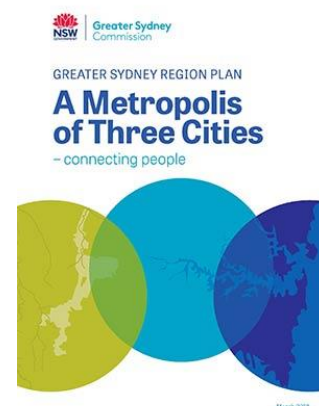


Source: SGS (2022)

## 1.3 High-level Strategic Framework

### Greater Sydney Region Plan

The Greater Sydney Region Plan is a 20-year vision to manage Sydney's growth, development and character to 2056. Over this time Sydney's population is expected to grow to over 8 million. Half of these residents will live west of Paramatta. The plan suggests a metropolis of three cities (Western Parkland City, Central River City and Eastern Harbour City), which aims to help rebalance opportunities both economic and social within the city. At the heart of the plan is the idea of 30-minute city where people will reside within 30-minutes of employment, education, recreation, and key services. The plan understands that technology and other factors will shape how cities operate throughout this time period.



The plan consists of 10 Directions addressing four areas of infrastructure and collaboration, liveability, productivity, and sustainability. Under these directions sit potential indicators of their level of implementation. 40 objectives also lie under the directions that outline specific methods in which the directions can be achieved.

The Greater Sydney Region Plan has a key focus on optimising infrastructure. This includes infrastructure that aligns with growth that can match future needs as well as supporting large increases in the number of dwellings located within 30-minutes of key services.

The plan states objectives to improve liveability across the city. Improving liveability includes celebrating culture, having connected communities, and great places that bring people together. The plan aims to connect communities by supporting improvements in places that bring people together. This involves well designed areas such as streets that cater for people as well as transport. This is accompanied by suggestions of improved social infrastructure to engage with the entire population and creating walkable spaces with a mix of land uses.

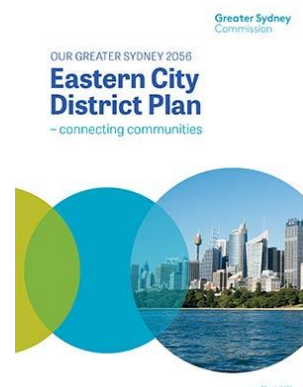
Stated objectives aimed at improving the cities' productivity include more walkable cities, higher number of dwellings as part of the 30-minute city vision, and industrial and urban services land that is planned, retained, and managed. Objective 22 "Investment and business activity in centres" understands that managing a hierarchy of centres is important while also meeting the needs of the population in a 30-minute city. The plan outlines a hierarchy of centres including metropolitan centres, strategic centres, local centres and rural towns and villages.

#### Implications for Green Square and Southern Areas

Green Square – Mascot is identified as being a strategic centre part of the Eastern Economic Corridor. In addition to this, the Region Plan underscores that the Green Square precinct is one of Australia's largest urban renewal precincts, with evidence outside of the Region Plan stating that the precinct is the most densely populated area of Australia. This has implications for retail planning in the precinct as the resident and worker population in the precinct is structured to increase substantially, placing demand for goods and services.

## Eastern City District Plan

Eastern City District Plan is a 20-year plan to manage growth in the context of economic, social and environmental matters to achieve the 40-year vision for Sydney as set out by the Greater Sydney Region Plan. The Eastern City District Plan is one of five district plans that aim to inform local planning documents and outcomes to help achieve the Greater Sydney Region Plan for a metropolis of three cities. The Eastern City District is at the centre of the Eastern Harbour City as laid out by Greater Sydney Region plan. The district includes the Sydney CBD as well as Bayside, Burwood, City of Canada Bay, City of Sydney, Inner West, Randwick, Strathfield, Waverley and Woollahra local government areas.



The plan sets out planning priorities aimed to achieve the 10 directions set out in the Greater Sydney Region plan that address infrastructure and collaboration, liveability, productivity, and sustainability. The population of the district is expected to grow by over 325,000 by 2036.

The plan acknowledges that the district has distinctive and lively centres that are valued by residents. The 30-minute city will guide planning on the location of services, infrastructure, and housing. Planning Priority E6 “Creating and renewing great places and local centres and respecting the district’s heritage” sets out actions and principles for place making and local centres. It addresses amenity, accessibility, and connectivity. Principles for local centres include the ability to adapt to meet community needs such as housing, services, goods, and recreation.

Planning priority E11 - “Growing investment, business opportunities and jobs in strategic centres” establishes a hierarchy of centres in the district to help manage growth. The metropolitan centre of the Harbour CBD, strategic centres including Green Square-Mascot and local centres such as Newtown and Hillsdale. Goals for strategic centres include high private investment levels, mix of land uses, and areas for commercial cores. This includes ensuring centres are places that can grow and evolve over time and have adequate access to transport services and quality public domains.

Clusters of large format retail should be treated as part of the retail network and planning for new clusters of large format retail should be done in the same way other new centres are planned. This includes ensuring centres are places that can grow and evolve over time and have adequate access to transport services and quality public domains. New retail centres should be:

- Located where public transport services are commensurate with the scale of the centre
- Directly opposite a residential catchment accessible by a controlled pedestrian crossing
- More than a standalone supermarket
- Have quality urban design with amenity, informed by a masterplan
- Supported by planned and funded infrastructure commensurate with the needs of the centre.

### Implications for Green Square and Southern Areas

1.8 million square metres of additional retail will need to be accommodated across the Eastern City by 2036. As a major growth precinct, much of this demand is likely to stem from Green Square, which has implications for retail planning in the precinct. Further, the report also understands that technology is changing retail trends and suggests centres should be able to adapt to this. The COVID-19 pandemic adds a layer of complexity to retail trends and needs to be explored beyond the trends and drivers identified in the District Plan.

## Retail Expert Advisory Committee Independent Recommendations Report 2017

This report provided the Retail Expert Advisory Committee's advice on appropriate reforms to improve the NSW planning system as it relates to retailing. The planning system needs to adapt alongside the changing retail sector as it changes, taking advantage of new technologies, online retailing, and urban densification. These factors affect how shops, main streets and centres are evolving and operating. The supply of suitable land is stated as the single biggest issue. The current zoning and land use allocation does not provide an adequate supply of the range and location of sites retailers seek, resulting in supply shortfalls and competition for sites with other uses and in other zones.



The report identifies key retail drivers these will shape the retail environment going forward. These include:

- The growth of online shopping
- High density development creating new retail demand
- Increased desire for retail in mixed use areas
- Demand for bulky goods and large floor plan retailers
- Retailers altering or diversifying their business

New thinking suggested by the advisory committee includes:

- Enabling access to more sites for retail, including the ability to convert sites to permit retail use when there is sufficient demand.
- Offering greater flexibility in business zones for retail uses, particularly in greenfield settings
- Modernising the standard instrument's definitions to reflect contemporary retail formats and technologies. For example, mixed format business that incorporate multiple retail types or formats.
- Focus on transitioning appropriate former industrial areas to retail. Important as inner and established areas may lack enough business zoned land.
- Retail needs are changing, and the existing urban fabric will adjust to changes in density, new employment, changes to redundant uses and activities.

Core changes that are recommended by the report are:

- Developing a state-wide retail plan to create consistency and remove barriers.
- Ensure district and region plans consider retail needs alongside population growth and other development. These should be expressed in strategic plans.
- Amend the standard instrument local environmental plan to prioritise retail in the business zones, review and consolidate the existing zones and broaden their permissible uses.
- Improved clarity and consistency in assessment processes can be achieved through assessments that focus on the scale and associated impacts rather than the type of products sold or the retail format. The understanding that some retail can exist outside centres.
- Provide clear guidance in regard to retail planning particularly regarding; temporary uses, out of centre development, ancillary uses and, design and place making.

## NSW Government Discussion Paper 2018

The paper is designed to inform the NSW Department of Planning and Environment's NSW retail strategy. It builds on the Retail Expert Advisory Committee Independent Recommendations Report 2017. Retail is an important industry in NSW and in 2017 was the second largest employment industry, employing 420,00 people as well as being an important trip generator. There is a continued demand for retail investment. Technological developments are ever changing the interactions between retailers and consumers.

The Discussion Paper developed three directions for better retail planning and the outcomes that will serve the needs of a contemporary retail sector. These are reflected in the diagram below.



### Three Directions for better Retail Planning:

- Better local strategic planning of retail to meet current and future needs. This can be achieved through local retail strategies. Aligning planning controls better with strategic planning goals.
- Approach to retail development that reflects a range of retail formats in centres. New clusters of retail should be pushed into centres together. Centres as well as main streets should receive investment for renewal, infrastructure, accessibility and amenity.
- Adaptability and certainty for retail can be created through more open zoning categories. Opening the ability for more merit-based assessments will allow more flexibility in responding to evolutions in the character of retail. Zoning should also better reflect strategic planning ideas.

### Outcomes that will serve needs of contemporary retail sector:

- New and varying retail formats that offer unique experiences should be planned for.
- Zoning and strategic plans should be flexible to allow innovations in the retail space to be adopted.
- Better planning should exist for last mile distribution and innovative supply chains. This can help promote innovation, efficiency, and convenience.
- Retail should be clustered to allow for best customer ease, access, and choice.



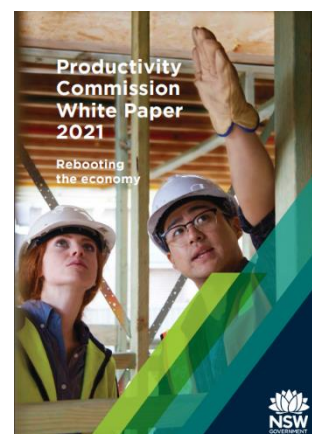
## NSW Productivity Commission White Paper 2021

The white paper stresses the importance of productivity for NSW and Australia. It states the threats of low growth in productivity negatively affecting quality of life, living standards and government revenue compared to spending. Recommendations are suggested to ensure productivity continues to grow.

The paper describes how planning regulations could be changed to create more agile and responsive frameworks. For example, simplifying employment zones and finding new ways to manage industrial and urban services land can create a system more open to accommodating changing economic trends.

The paper suggest plans should better utilise spare infrastructure capacity and that planning reforms should create changes that allow flexibility of use of employment lands. Of the official recommendations that stem from the White Paper, recommendation 7.4 has the greatest impact on the way in which retail planning, particularly with relation to precinct planning and zoning is conducted: Recommendation 7.4 – Consolidate employment zones. Progress reforms to employment zones, including the following:

- Rationalise existing business and industrial zones in the Standard Instrument Local Environmental Plan to reduce the number of zones.
- Broaden the range of permissible activities to ensure prescriptions are reserved for genuinely incompatible land uses.
- Progress reforms to expand complying development assessment pathways.



## 1.4 Local Strategic Framework

### Sustainable Sydney 2030—2050 (draft)

Sustainable Sydney 2030-2050 sets out a vision for a green, global and connected city. It is a vision for a more sustainable future where everyone does their part to respond to the climate emergency as we start to restore our overheated planet. It positions the City as a leader in our region for just and sustainable growth, creativity and innovation. It also expresses the City's aim for a thriving 24-hour economy with opportunities for all; a more equal and inclusive city; and a more resilient city, where the social, business, cultural and physical connections support all of us to withstand adversity, adapt to change and reach our full potential.

It states that by 2036, there will be approximately 700,000 jobs in the City of Sydney local government area, including 200,000 new jobs compared to 2017, and that an increased proportion of all jobs will be secure jobs.

Under the existing planning framework, the City can accommodate an additional 115,000 people in 56,000 new homes.

The vision has a transformative project idea 'making space for culture,' which identifies warehouse spaces in the Alexandria 24-hour industrial precinct as perfect for design, production and manufacturing, experimental art spaces, and late-night venues. It also identifies Green Square as the focus of significant future public transport investment, including walking and active transport. In addition, direction 4.2 states 'Productivity will be supported by planning for jobs, innovation, and



enterprise activities.’ Industry, urban services, and business are supported to grow and evolve in the Southern Enterprise Area, including the Green Square Town Centre.

The plan has recently been publicly exhibited and is in the process of being finalised and will be reported back to Council later in 2022 for endorsement.

### **Sydney Local Strategic Planning Statement**

The Sydney Local Strategic Planning Statement (the statement) sets out a 20-year vision for land use planning in the city, context for planning, planning priorities and actions needed to achieve the vision. The statement links NSW strategic plans, such as the Greater Sydney Region Plan and District Plan, with the City’s Community Strategic Plan, with the City’s strategic planning directions and strategies. The statement sets out planning priorities in areas including infrastructure, liveability, productivity, sustainability, and governance and implementation.

Green Square is one of the key urban renewal areas within the City and has seen large population growth. One third of the population growth occurring before 2036 will be located in the Green Square urban renewal area.



The statement outlines numerous planning priorities that will influence land use in the Green Square and the Southern Areas. The statement notes the importance of the Southern Enterprise Area regarding businesses, industry and urban services. This is due to its location between Sydney CBD and Sydney Airport. Although strategically located, the area experienced a 7.8% decline in jobs in the 5 years prior to 2017. The main driver of this was the conversion to residential land uses in the Green Square Urban Renewal Area. The employment land strategy encourages flexible land use in the area, including higher density commercial, industrial, creative, retail and community uses. It is also acknowledged that the demand and supply of retail is also linked with increased residential development in the precinct.

The City aims to allow local centres (as defined in the Sydney LEP 2012) to grow and develop. This will be supported by other planning priorities, such as more connected and walkable local centres and high-quality urban design facilitating greater amenity. Growth and development of these local centres will entail a mix of uses such as diverse retail, hospitality and other services in order to support and provide for the growing surrounding local populations. The City’s planning controls in Green Square and the Southern Areas generally limits large scale supermarket retail to zoned centres to best provide access to residents, visitors and workers. Specialised retail premises are generally limited to identified areas in the LGA, including the Supa Centre and the O’Riordan Street corridor.

## City of Sydney Southern Enterprise Area Review 2020

The SGS Economics and Planning report provides a strategic review of the City of Sydney's Enterprise area. It reviewed the existing employment lands strategy to guide future land use decisions and policies.

The area reviewed is acknowledged as being Sydney's Central Enterprise District. Features of the central enterprise district include:

- Great access to labour market.
- Clustering of inter-dependent high-value businesses that value the central location.
- High rent.
- Proximity and supply chain relations.

The Southern Enterprise Area has a strong economic output with a gross value add of \$3.7 billion. The enterprise area also plays an important part in the wider economy including its role in supply chains and supplying critical urban services. It is important to protect the area's ability to continue to provide the wide range of economic roles and benefits it supplies.

The economic diversity that is present in the area is a key strength. It allows for value-adding relationships and cross-sector supply chains. It is crucial to ensure a continued supply of diverse floorspace for this to continue.

Spatial factors will affect future development of the Enterprise Area:

- Population growth around the Green Square area will drive demand for functions that service the community such as retail, urban services and hospitality.
- Proximity to Sydney CBD and fringe business areas allows for strong relations with the Enterprise Area. Trends could see businesses relocate from these markets to the Enterprise Area.
- Proximity to the airport and Port Botany creates competitive advantages for the Enterprise Area in some sectors.

Demand modelling shows increased floorspace demand in the future, for broadly industrial as well as office, retail and other types of land uses. Capacity and demand modelling show a shortage of industrial floorspace of at least 115,000sqm. The modelling showed enough capacity for office, retail and other broad land use categories. Nonetheless, this demand modelling needs to be continually reviewed, so as to ensure planning controls and strategies are responsive to changing trends and market conditions.

The reviews suggestions for the area include:

- Continue to encourage diversity of businesses and employment.
- Continue to provide planning controls that allow flexibility in land use to allow for enterprises, innovation and light industrial uses that reinforce economic value of the area.
- Create a small high rise office building core around Green Square station.
- Allow multi story development in IN1 - General Industrial zone.

The Review provided a strong evidence base for the proposed planning controls for North Alexandria, as well as continuation of the existing approach to managing employment lands outside of North Alexandria. The recommendations of the Review informed the preparation of the North Alexandria Urban Design Study (urban design study), which subsequently recommended changes to the planning controls for North Alexandria. The urban design study incorporated the findings of the Review and consultation with key landowners. It described the economic and built form context, the opportunities and challenges of North Alexandria, and recommended a built form, street layout and public domain that will appeal to diverse economic activities, including industrial, commercial, office, entertainment, creative industries, and other urban services.



Changes to height and floorspace as part of the planning proposal were proposed as well as height in storeys, upper-level setback and ground floor setback provisions in the draft DCP which facilitates a smooth transition in heights, bulk and scale across North Alexandria. Amendments to the DCP maps enable the delivery of active frontages, new public domain, streets, lanes, and connections and to manage built form outcomes. This planning proposal and draft development control plan were both exhibited in late 2021, were endorsed by Council in May 2022 and are now being finalised.

Realisation of this vision will allow the western side of Green Square station to integrate into surrounding areas, become an entertainment destination as well as an attractive employment focal point for the area. It will support the employment role of the Green Square Strategic Centre.

The Review recommends that specialised retail premises continue to be supported in the defined area of the O’Riordan Street corridor and the Supa Centre. It recommends that permissibility for specialised retail premises should not be expanded to other areas due to the risk of displacing other valuable employment generating uses.

## **1.5 Current Local Retail Planning Framework**

### **Green Square and Southern Areas Retail Study 2008**

In September 2008, JLL undertook a study of retail land uses within the Green Square Town Centre and surrounding southern areas of the City of Sydney LGA. The purpose of the study was to establish future demand for retail in the study area and recommend strategies of how this future demand could be met through coordinated retail development that encouraged the emergence of the Green Square Town Centre as a major centre.

The study focused on the Green Square urban renewal area, southern industrial precinct and Rosebery. A key finding from the study was the need for a hierarchy of retail centres. The study emphasised the Green Square Town Centre as being the major centre within the retail hierarchy, with surrounding villages, small villages and neighbourhood centres sitting below.

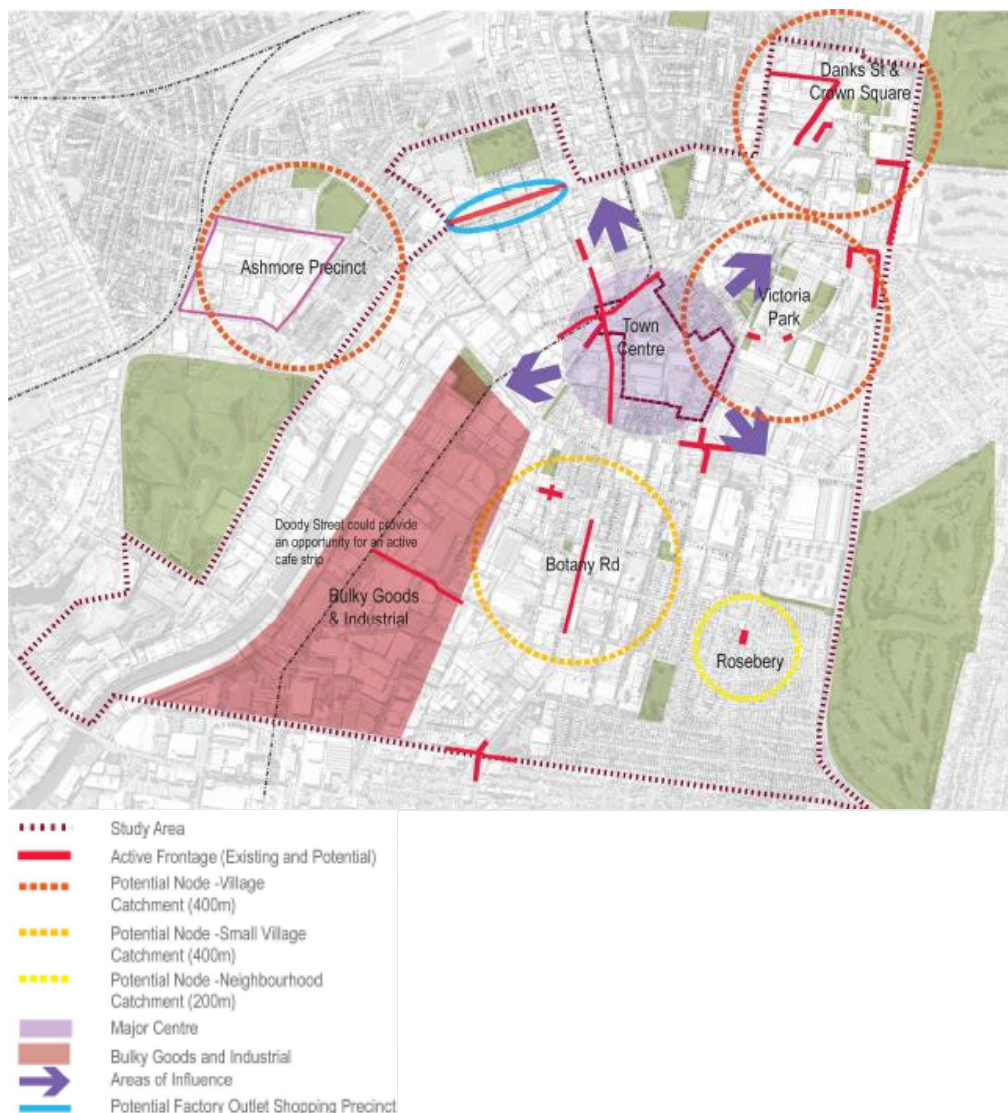
To achieve an appropriate retail hierarchy, the study recommended that the City of Sydney implement a strict control for development of retail floorspace in the area surrounding the Green Square Town Centre. In addition, the study recognised the need for the Green Square Town Centre to achieve a critical mass of retail floorspace with major anchor tenants, in order for the Town Centre to sit at the top of the centre hierarchy and support the needs of the community.

Current local planning controls align with the findings of this study. In particular, Clause 7.23 of the Sydney LEP 2012 restricts the size of retail development within specific areas of Green Square and the surrounding southern areas (further discussion below).

Figure 2 illustrates the retail hierarchy proposed under the Green Square and Southern Areas Retail Study 2008. It identifies the broad area between Bourke Road and the Alexandria Canal and Gardeners Road as the area for bulky goods and industrial. It refers to potential ‘nodes’ as Danks Street and Crown Square, Ashmore Precinct, Victoria Park, Botany Road and Rosebery. These would support the major centre of Green Square. It also identifies a potential ‘factory outlet shopping precinct’ along McEvoy Street.



**FIGURE 2: RETAIL HIERARCHY – GREEN SQUARE AND SOUTHERN AREAS RETAIL STUDY 2008**



Source: JLL (2008)

### Green Square and Southern Areas Retail Study 2016

In 2016, SGS Economics and Planning undertook a review and update of the Green Square and Southern Areas Retail Study completed in 2008 by JLL. The review of the study was required as the context and some of the assumptions on which the study was based on had changed, including population projections, new supply of retail offering and a shift in consumer preferences and retail trends. The aim of the review was to provide recommendations on strategies to ensure that the Green Square Town Centre remains the primary retail centre in South Sydney and that a strong hierarchy of centres and associated planning controls support this outcome. This update also aimed to ensure that the planning controls allow enough flexibility for the market to meet growing demand.

This study involved a review of the policy and strategic context of planning for retail development in Green Square, a review of retail trends and drivers impacting of retailers and consumers, assessment of retail supply in the study area, and an analysis of demand for retail floorspace to 2031. Consultation



with key stakeholders, including retailers, property developers, and peak bodies, was also conducted to inform the study.

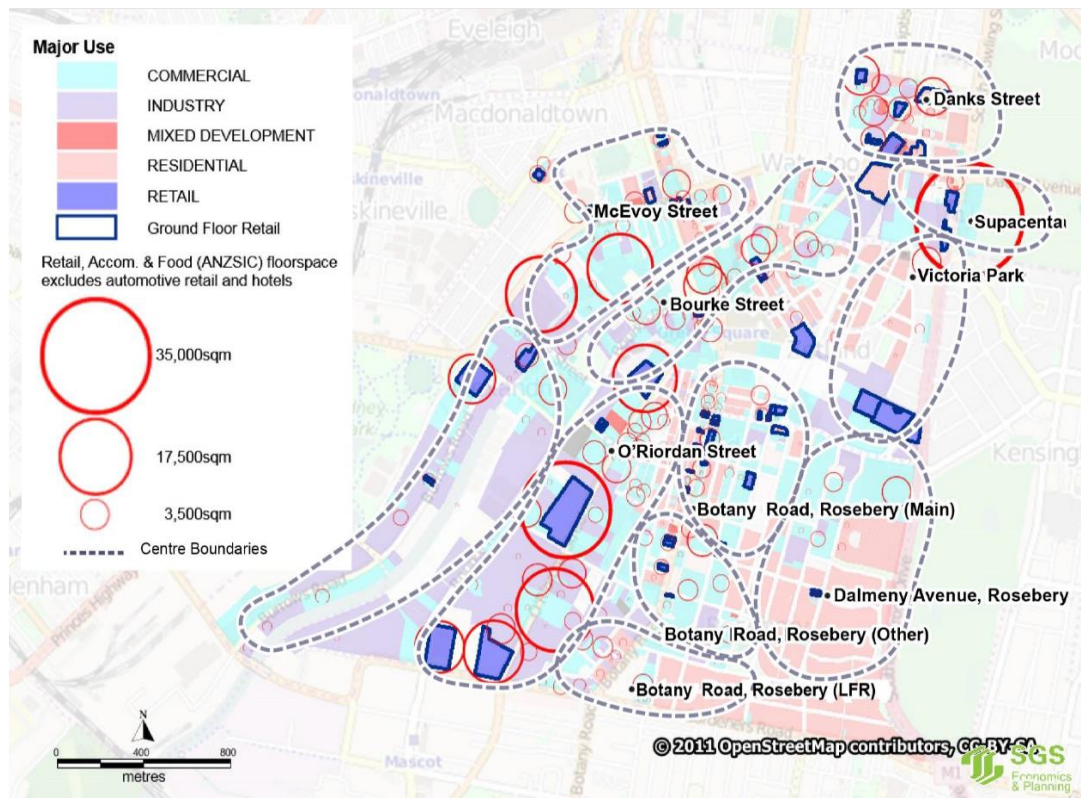
The study stated the following key findings:

- The supportable floorspace within the study area was projected to be 653,000sqm by 2031
- The known retail provision for the study area in 2031 is 250,800sqm
- Projections showed a deficit in floorspace supply for all listed retail categories by 2031, with the largest deficits occurring in specialty and specialty household goods retailing
- A notably large deficit in retail floorspace was projected for the Green Square Town Centre

In response to these findings, the study concluded that an expansion of the Green Square retail core as well as encouragement of an additional centre could assist in addressing retail supply shortfalls. The study also raised concerns in relation to the high level of supportable retail floorspace in the Danks Street Village Centre. It suggested a need to divert this demand to the Green Square Town Centre, in accordance with the retail centre hierarchy identified within the 2008 study. Diversion of this demand would ensure utilisation of investment in Green Square Town Centre and support its position as the primary retail centre at the top of the hierarchy of centres. The study also supported limits on residential development within key centres such as the Green Square Town Centre.

Figure 3 illustrates the clustering of retail floorspace throughout the broader Green Square and South Area, with circles representing concentrations of floorspace.

**FIGURE 3: RETAIL CLUSTERS IN 2016**



Source: SGS (2016)

## Sydney Local Environmental Plan 2012

The Sydney Local Environmental Plan 2012 (SLEP 2012) covers land within the study area. Figure 4 shows the land use zoning for the study area as stipulated by the SLEP 2012. The area is primarily characterised by mixed and residential uses in the east and light industrial and urban services uses in the south-west, with much of the land zoned as industrial, mixed-use, business park, enterprise corridor and local centre. Residential zoned land (low density residential) is confined to only the south-east portion of the study area. Despite this, much of the residential development within the study area has been incorporated within the mixed-use zone.

Figure 5 shows the land to which the SLEP 2012 restricts retail development. As evidenced by the map, restricted retail development is located primarily within the study area, with some small portions of land excluded. Clause 7.23 of the SLEP 2012 refers to the restricted retail development map, stating the following control:

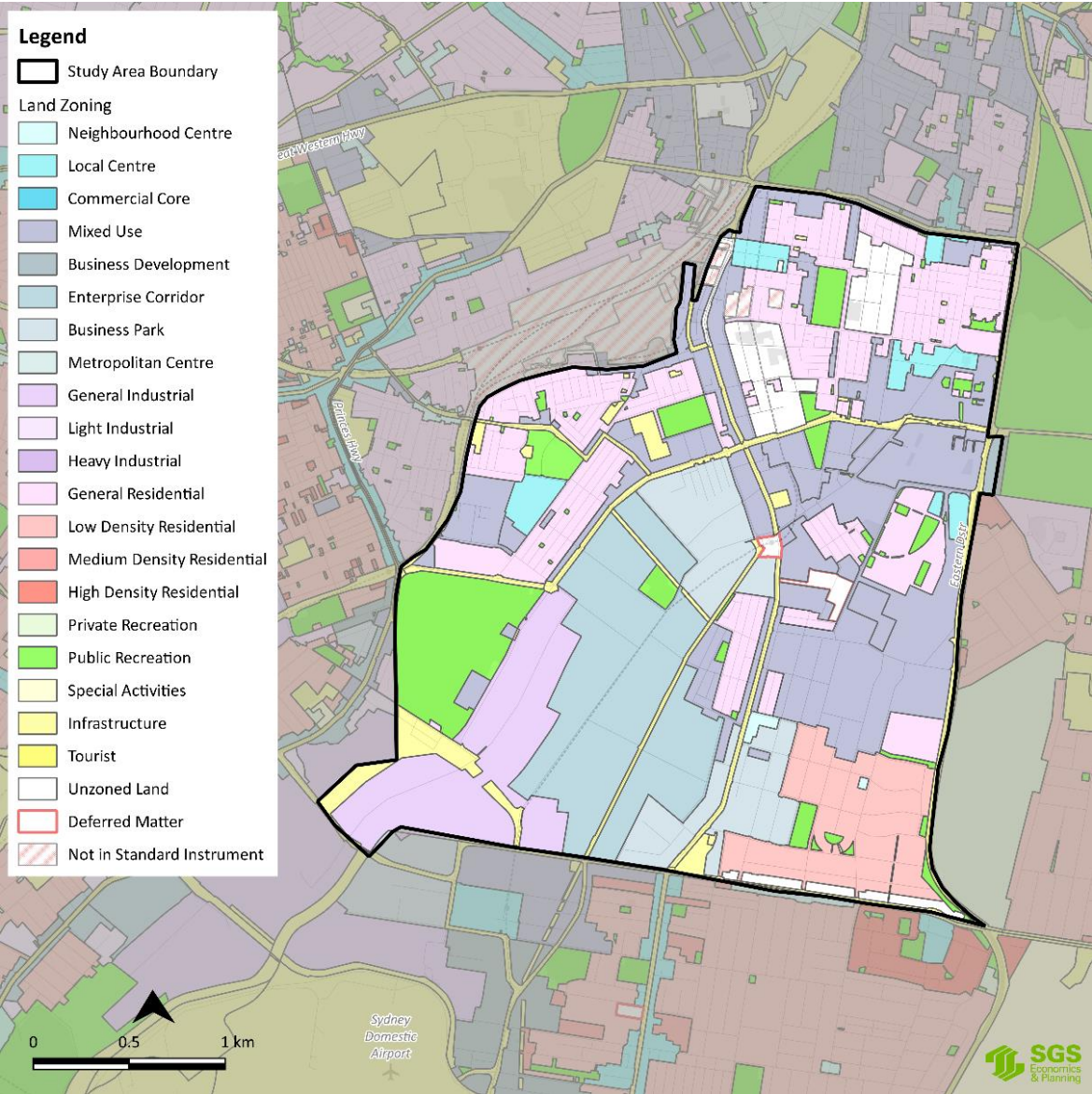
- (3) Development consent must not be granted to development on land to which this clause applies for the purposes of shops or markets with a gross floor area greater than 1,000 square metres.

The objective of this control as stated by the SLEP 2012 is as follows:

- (a) to promote the economic strength of Green Square Town Centre and planned local centres by limiting large-scale retail development to those centres, and
- (b) to support the provision of community facilities and infrastructure in Green Square.

SLEP 2012 has specific controls that manage where specialised retail premises can locate within the Southern Enterprise Area. It is permitted in the existing B5 - Business Park zone, where the Supa Centre homemaker centre is located. Specialised retail premises and vehicle sales or hire premises are permissible as an additional permitted use, under Schedule 1 for certain land along O’Riordan Street Alexandria.

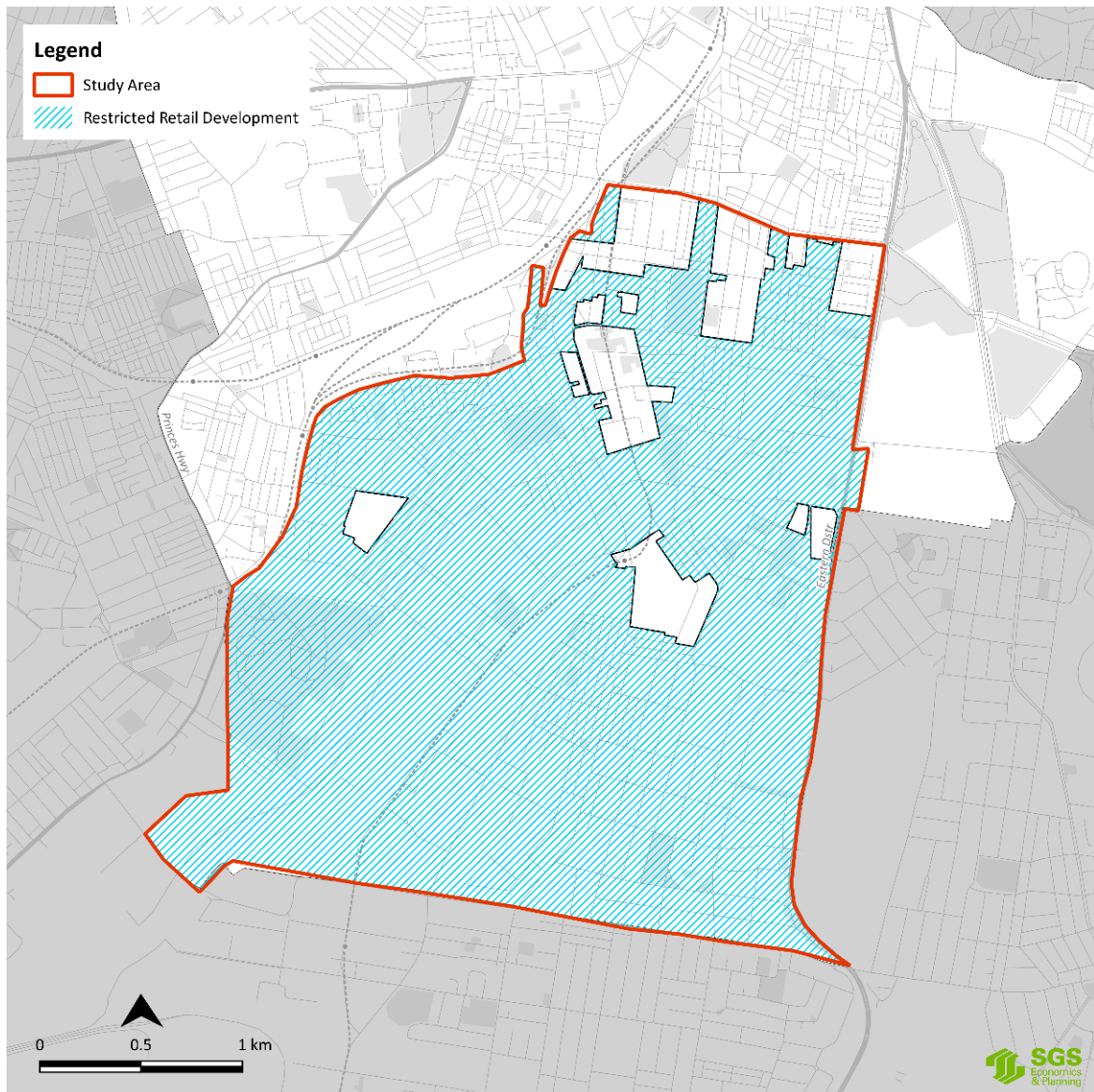
FIGURE 4: LAND USE ZONING



Source: SGS (2022) (adapted from SLEP 2012)



**FIGURE 5: RESTRICTED RETAIL DEVELOPMENT**



Source: SGS (2022) (adapted from SLEP 2012)

### **Sydney Development Control Plan 2012**

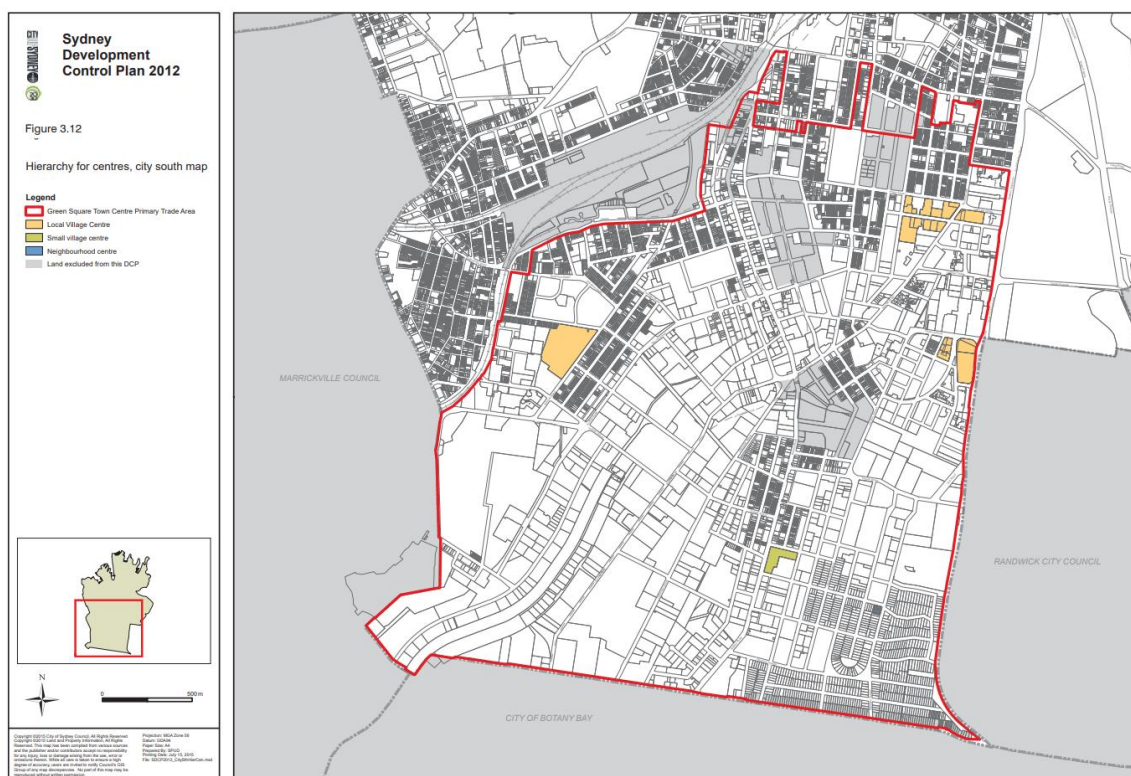
In addition to LEP controls, the City of Sydney has various controls applicable to the study area under the Sydney Development Control Plan 2012 (SDCP 2012) and Green Square Town Centre DCP 2012. In combination, the DCPs enforce restrictions of location, mix and floorplate size of residential development within the Green Square Town Centre and surrounding employment lands.

The SDCP 2012 establishes a retail hierarchy and desired future character for the identified centres within the Green Square and Southern Areas. The four centre types within the established retail hierarchy are major centre, local village, small village, and neighbourhood centre. The desired function and retail use for each centre type are listed as follows:

- Major centres function as the primary retail areas. The retail use in a major centre should include full-line supermarkets, department stores, cinemas, restaurants and bars. These offerings should attract visitors from around the region.
- Local villages should aim to service daily shopping and be accessible by public transport. They can include a full-line supermarket, specialty stores as well as cafes and restaurants.
- A small village should serve local retail needs offering convenient retail options. Small villages can include smaller grocery options and specialty stores.
- A neighbourhood centre is classed as a group of more than three neighbourhood shops. They can offer food options and services but should not have a retail offer as to circumvent the need for use of centres higher in the hierarchy.

SDCP 2012 nominates the Green Square Town Centre as the ‘major centre’, Victoria Park, Danks Street and Ashmore Estate as ‘local villages’, Botany Road, Rosebery as a ‘small village’ and Dalmeny Avenue, Rosebery, as a ‘neighbourhood centre’. A map of the centres is provided in Figure 6 below.

**FIGURE 6: SYDNEY DCP 2012 – HIERARCHY OF CENTRES, CITY SOUTH MAP**



Source: City of Sydney (2012)

Figure 6 above shows the existing retail hierarchy of centres in the City of Sydney’s City South area. The Green Square Town Centre Primary Trade Area is defined by the area within the red border. In the Primary Trade Area, we can see local village centres in yellow-orange, small village centres in green and neighbourhood centres in blue.

Furthermore, the SDCP 2012 sets out specific objectives and controls for the Green Square Town Centre. The key objectives of relevance to this study as outlined by the SDCP 2012 are as follows:

- (a) Ensure development contributes to the realisation of the Green Square Urban Strategy.



- (b) Ensure the Green Square Town Centre becomes the major centre for the southern areas of the City of Sydney and a meeting place for the local community.
- (c) Create a hierarchy of centres throughout Green Square that support the primary function of the Town Centre and serve the worker, resident and visitor population. Ensure that the centres are to be accessible by public transport and supported by excellent public domain, open spaces and other community facilities.
- (d) Allow for the sustainable, on-going renewal of Green Square, by encouraging sensitive in-fill development whilst allowing for the continued operation of appropriate existing uses.

## 2. The Economics of Present-Day Retail

This chapter discusses economic trends influencing planning for retail and other land uses, and the implications for Green Square and Southern Areas. This includes influences in both macroeconomic and microeconomic realms.

The key trends identified as of importance to land use planning in Green Square and Southern Areas are:

- Growth of tertiary industries.
- Low growth in retail expenditure.
- Increasing popularity of online retail.
- Growth in 'service-based' retail options which remain differentiated from online retail.
- Changing business trading hours and increasing emphasis on the night-time economy.
- Increasing importance of local retail centres due to greater numbers of people working from home.

These trends and drivers are an important contextual overlay for land use planning decisions, particularly in a renewal context such as Green Square and Southern Areas. They have also been used to ensure that results of this are informed on the land use demands of the future, not just the present.

### 2.1 Macroeconomic Trends in the Retail Economy

Retail is a core function of urban areas, and almost invariably features in the daily life of urban dwellers in some shape or form. This makes retail centres highly reactive to changing patterns of daily consumption. These patterns are often influenced by large, macro-level drivers in the economy and society at large. Retail centres offer a tangible expression of these high-level forces, meaning that their physical planning must be able to anticipate and respond accordingly.

Macroeconomic patterns are also an important contextual foundation for understanding more specific trends and drivers playing out within the retail sector.

#### Australia's changing economic character

There has been a well-documented shift in the composition of Australia's economy over the past 50 years. This shift is characterised broadly by the decline of employment in manufacturing and agricultural sectors, coupled with the growth of 'tertiary' or service industries. The latter now account for around 80% of Australia's economic output.<sup>3</sup>

The effect of these changes is made clear in the physical structures of contemporary Australian cities. In Sydney, one of the most conspicuous effects of this transition is the concentration of employment in growing tertiary industries in the CBD and along Sydney's 'Global Economic Corridor', which includes Green Square and southern parts of the City of Sydney LGA.

---

<sup>3</sup> ABS 2019, 'Services in the Australian Economy', <https://www.abs.gov.au/articles/services-australian-economy>

Tertiary industries are now the dominant form of ‘basic’ industry in these locations, meaning that they are the motor-generators of export income. This revenue provides the necessary foundation to support other industries which contribute to the strength and complexity of the economy. This dynamic means that services are crucial instigators for other economic activities, including retail businesses.

While physical planning alone cannot create this type of economic system, the built environment inevitably plays host to its local economic system, meaning that changes in the built environment can have disruptive effects on the local economy. These impacts should be studied carefully as part of the plan-making process.

### **Implications for Green Square and Southern Areas**

Green Square and Southern Areas are major components of Sydney’s highly productive Global Economic Corridor and host a range of functions with important linkages to the city economy. Changes and intensification of land uses should be planned sensitively to preserve elements which are the basis of the current economic system.

### **Changing growth trends in retail expenditure**

The rate of growth in Australia’s retail sector has been trending downwards since the late 1990s. The post-GFC years in particular have been a period of declining growth in retail expenditure. During the decade prior to COVID-19, quarterly growth in retail expenditure averaged 0.45 per cent, compared with 1.04 per cent in the decade prior to that.<sup>4</sup>

There are a range of factors that have acted in combination to suppress retail expenditure over this period. They include:

- Lower confidence in the national and global economies.
- Increased competition from other sectors (e.g., leisure and travel) which have become cheaper and are attracting a greater share of total expenditure.
- A long-term trend of low wage growth.<sup>5</sup>
- Already high and still increasing housing costs, which require households to devote a larger share of their income to mortgage payments or rent. High housing costs are also linked to high savings rates and a lower propensity for consumption.

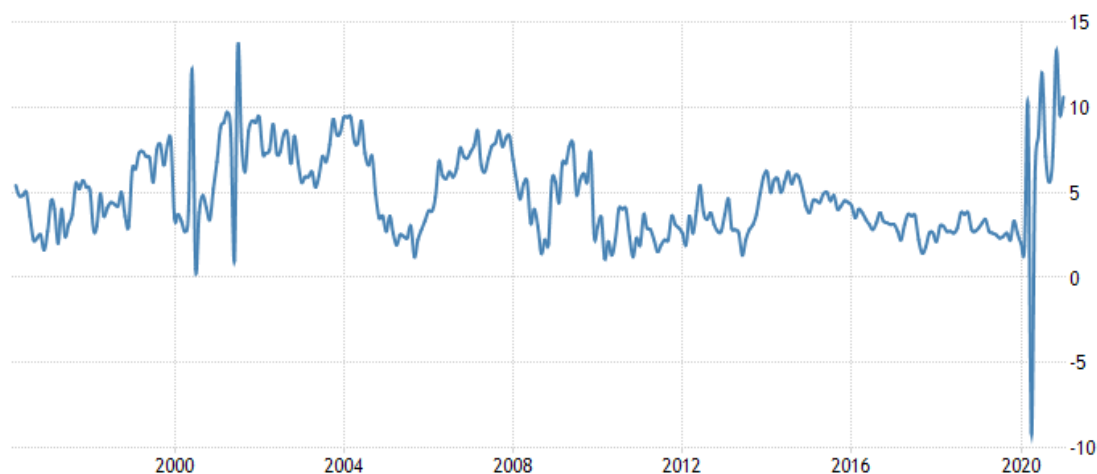
Figure 7 shows the trend of retail expenditure growth, including since the onset of COVID-19. Although the pandemic has created a notable distortion, it can be reasonably assumed that this trend-line will resume a similar trajectory in the medium to long term.

---

<sup>4</sup> Atkinson 2021, ‘Declining retail centres will hurt local communities, but we can limit the damage if we act fast’, <https://www.sgsep.com.au/publications/insights/declining-retail-centres-will-hurt-local-communities-but-we-can-limit-the-damage>

<sup>5</sup> ABS 2021, ‘Annual wage growth remains at 1.4%’, <https://www.abs.gov.au/media-centre/media-releases/annual-wage-growth-remains-14>

**FIGURE 7: QUARTERLY RETAIL EXPENDITURE GROWTH IN AUSTRALIA Q1 1996 - Q1 2021**



Source: Trading Economics (2021)

### Implications for Green Square and Southern Areas

There is a risk of over-provisioning standard types of retail floorspace. This creates a need to provide building formats which can be more flexibly adapted to different types of non-residential uses. Planning for more flexible building formats is an important part of the policy mix to 'insure' retail centres against uncertainty about the future of traditional retailing.

## 2.2 Microeconomic Trends in the Retail Economy

A strong push for greater market differentiation is a major theme spanning multiple micro-level trends in the current retail economy. This represents a gradual but accelerating change in the dominant patterns of organisation across the retail sector.

More specifically, differentiation is the natural effect of the retail marketplace becoming more sophisticated and more competitive. Retailers emerging or seeking to maintain market share in this environment will increasingly need to target their offering to the tastes and needs of specific segments of the consumer base. In these instances, retailers which are effectively differentiated to serve more specific demands will gain a competitive advantage.<sup>6</sup> This is especially true where the tastes and needs of individuals are changing rapidly due to various factors; technological advancement being one clear example.

For types of goods where consumer demand is less variable (such as food, liquor and groceries), mass-produced retailing will remain essential. This is because mass-production depends on being able to produce large runs of identical goods to service consistent demands. While this principle will remain true, it is now applying in fewer circumstances than ever before. This is likely to be exacerbated due to

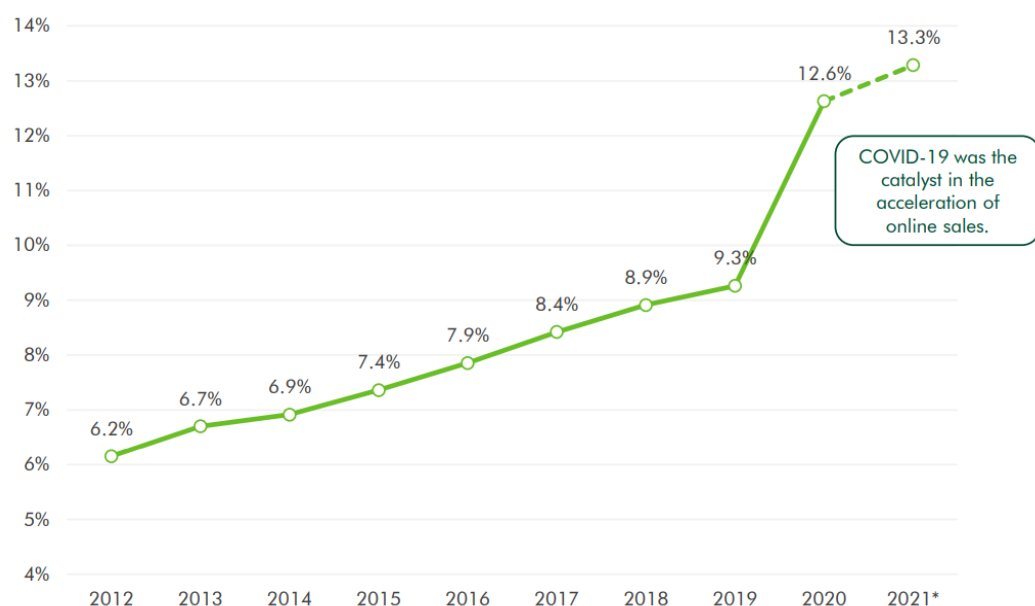
<sup>6</sup> Jacobs 1969, 'The Economy of Cities', Vintage Publishing.

the emergence of COVID-19 and associated behavioural change, including rapid adoption of online retail. As a result, some traditional retail formats may now become obsolete at a faster pace than anticipated. The growth of new retail formats is also likely to be accelerated.

### Rise and acceleration of online retail

Online retail has had an increasing impact on Australia's retail economy for over a decade. COVID-19 has recently acted as a major accelerator of this trend, with total online sales growth of 14.4% occurring in the 12 months from March 2019 to February 2020.<sup>7</sup> This inflection point is shown in Figure 8 and demonstrates that due to COVID-19, the share of online trade has jumped forward almost a decade above trend.

**FIGURE 8: E-COMMERCE AS A PERCENTAGE OF AUSTRALIA'S TOTAL RETAIL TRADE**



Source: CBRE (2021) Australia's E-commerce trend and trajectory

This effect is also likely to extend into the long-term, as many more people will have become accustomed to shopping online at some point during the pandemic than would have been the case otherwise. Other behavioural changes associated with the pandemic are discussed later in this section.

Aside from the obvious influence of social distancing requirements and stay-at-home orders imposed during the COVID-19 pandemic, there are several reasons why more individuals are choosing to shop online. These include:

- Reducing the amount of time taken to shop.
- Greater ease of finding the cheapest price for a good or to locate a certain item.

<sup>7</sup>ABS 2020, 'Online sales, October 2020 - Supplementary COVID-19 analysis', <https://www.abs.gov.au/articles/online-sales-october-2020-supplementary-covid-19-analysis>



- Flexibility to shop at all-hours.

The risk posed by this trend to bricks-and-mortar retailers varies significantly. This variation is based on whether the product or shopping experience is sufficiently differentiated from what is available online. This is the critical point which must be addressed when anticipating the strategic role and physical design of bricks-and-mortar retail environments in the contemporary Australian city.

Retail businesses which are most vulnerable to e-commerce are those which trade in non-perishable goods that have standard specifications and can be stored and transported without losing their quality. Retailers of these goods, or those which are 'leisure-based', are relatively less vulnerable.

- This has implications on the way in which planning for physical retail spaces should proceed. The following table highlights the key elements for physical stores and how planning can optimise physical stores based on these parameters.

**TABLE 1: PLACE-MAKING PARAMETERS FOR THE SUCCESS FOR PHYSICAL RETAIL STORES**

Key elements for physical stores	How planning can optimise centres on those indicators
Visual presentation	Encourage new investment that refreshes shopfronts. Where existing assets complement place character, planning should seek to enhance these features (e.g., heritage, natural amenity).
Physical access	Ensure adequate traffic/movement strategies are in place across the centres. This should include consideration of the permeability of built form and pedestrian movement as well as car based and public transport access to the centre.
Encouraging diversity of retail offer	Have strong anchors in strategic locations. Make use of major infrastructure such as new railway stations, as well as natural assets such as river foreshores. Ensure connections and encourage pedestrian movement between anchors/gateways and other parts of the centre.
Enticing amenity	<p>Manage the aesthetic element of centres with a dedicated place manager who works across infrastructure, tenancies and design. Work with businesses on street presentation.</p> <p>Encourage activated street frontages in centres.</p> <p>Encourage spaces and functions that leverage intrinsic assets/attributes including local culture, major institutions, etc.</p> <p>Ensure sufficient provision of public open space and amenities including adequate shading.</p>

Source: SGS (2022)

### Implications for Green Square and Southern Areas

Planning for additional retail floorspace at Green Square and Southern Areas should account for potential downward pressure on demand for physical retailing premises caused by both long-term trends and the pandemic. Centre planning should recognise the competition that traditional bricks and mortar retailers face from online and out of centre retailing, and the features of traditional high street that provide a compelling offer for shoppers in the face of this competition. Careful curation of retail floorspace may be necessary to promote lively centres in future. Planning for

retail floorspace at Green Square should also look for ways to embrace new formats of trip-generating non-residential activity.

### Changing formats in bricks-and-mortar retail

One of the clear physical changes occurring in the retail economy is the reconfiguration of specialty retail formats (as alluded to above). This reconfiguration takes many shapes, all of which aim fundamentally to gain an efficiency or achieve greater market differentiation. This is often associated with the conspicuous incorporation of a leisure or 'experience' element but may also involve the use of new technology or some means of offering greater convenience, such as a drive-through.

This trend is evidenced by growth in 'service-based' retail options which remain effectively differentiated from online retail (whether this remains true will depend on future technological changes). For example, cafés and restaurants now account for approximately \$3.5 billion (14 per cent) of retail expenditure across Australia, up from \$2.5 billion in 2009. This is also linked to a complex set of social and economic factors which have seen eating out become more commonplace.<sup>8</sup>

Located within the City of Sydney, the Grounds of Alexandria is emblematic of this trend (pictured in Figure 9 below). It effectively combines several hospitality venues, small-scale food manufacturing and wholesale retail in a former pie factory. The sum of these features is a 'destination' which achieves both efficiency via its scale and differentiation through its focus on amenity and experience.

**FIGURE 9: THE GROUNDS OF ALEXANDRIA**



Source: Concrete Playground (2017)

<sup>8</sup> IBISWorld, 2018, 'Cafes and coffee shops in Australia', [www.ibisworld.com.au](http://www.ibisworld.com.au)

Placing a greater focus on recreation and the customer experience is just one outcome of the broader push for market differentiation. Again, this is because these attributes are less likely to be duplicated by online retail and do not attempt to compete on the sole basis of convenience.

The changing formats of bricks-and-mortar retail are of obvious relevance to urban planners. Land-use planning must accommodate emerging retail formats and the re-purposing of building structures for new types of use. Allowing local specialisations to develop and respecting the unique physical qualities of places are important moves for dealing with this trend effectively.

### Implications for Green Square and Southern Areas

Green Square and Southern Areas contain a large stock of aged, large format spaces. These provide relatively affordable and physically flexible places for new types of businesses to locate and develop. As such, their continual reuse is a key contributor to the area's economic resilience and capability to accommodate new retail formats. Often these retail types are located outside of identified retail centres and within Enterprise Corridor of Business Park zones, meaning that there are limitations for these retail types to convert to higher order uses (such as residential). This zoning arrangement should be maintained to protect these retail types.

### Changes to trading hours and growth of the night-time economy

Recent decades have seen a softening of restrictions on business trading hours and an increased emphasis on the 'night-time economy'. Societal changes throughout this period have weakened credibility for the concept of 'standard business hours' and increased people's expectations that retailers will stay open later into the evening. Despite a 20 per cent contraction in 2019/20 due to the COVID-19 pandemic, the night-time economy still accounts for about 10 per cent of Australia's employment.<sup>9</sup>

Contemporary ideas of the night-time economy encompass a broader range of activities than simply licensed venues (although these remain valuable). It can include 24-hour gyms, late night supermarkets, other late-night shopping options, late night museum and gallery openings, food festivals, as well as the obvious options of bars, restaurants, nightclubs, theatre and performances and sporting events. King Street, Newtown (Figure 10) is arguably Sydney's premier example of a night-time precinct with this type of genuine use mixture.

---

<sup>9</sup> Edwards & License 2021, 'Measuring the Australian Night Time Economy 2019-2020', [https://www.lordmayors.org/wp-content/uploads/2021/09/Measuring\\_the\\_Australian\\_NTE\\_2019-20\\_FINAL.pdf](https://www.lordmayors.org/wp-content/uploads/2021/09/Measuring_the_Australian_NTE_2019-20_FINAL.pdf)



FIGURE 10: KING STREET, NEWTOWN



Source: Sydney Suburb Reviews (2019)

In terms of spatial planning and urban design, the following elements can help to create an environment which hosts activity during both day and night:

- Concentration and mixing of trip-generating economic activities.
- A high-amenity pedestrian environment.
- Street lighting and passive surveillance (eyes on the street).
- Minimising conflict between residential and night-time uses.
- Extended hours of public transport.

The Late-Night Trading Management section of the City of Sydney DCP<sup>10</sup> sets out provisions to support late night activity, including:

- Unlicensed shops and business, such as bookshops, clothing stores, drycleaners and hairdressers can apply to trade up to 24 hours in City Living or Late-Night Management Areas and up to 2am in Local Centres.
- Dedicated performance venues, such as theatres, concert halls and cinemas with up to 250 patrons located in late night trading areas, can apply for an additional trading hour at closing time.

---

<sup>10</sup> City of Sydney 2012, 'Sydney Development Control Plan 2012, Section 3: General Provisions, 3.15 Late Night Trading Management', <https://www.cityofsydney.nsw.gov.au/development-control-plans/sydney-dcp-2012>



- Other venues located in a late-night trading area that hosts performances can apply for one additional trading hour at closing time on nights that they provide at least 45 minutes of performance after 6pm.
- In the parts of the precinct identified as Local Centre, lower impact venues including small bars can apply to trade until 2am if entry is to a main street and not onto a residential laneway or area.

### Implications for Green Square and Southern Areas

There is an emerging trend of consumers demanding retail services outside of core hours. This trend applies to both traditional retail uses (everyday amenity such as grocery stores) and leisure-type retail. The Late-Night Trading Management section of the City of Sydney DCP already goes some way in acknowledging late-night trading. These principles also need to apply to retail spaces in the study area, particularly the Green Square Town Centre, in order to ensure that these centres are attractive retail centres.

## 2.3 Impacts of COVID-19

The long-term impact of COVID-19 on cities is still unknown and difficult to predict. Past pandemics have created upheaval during the period of outbreak but haven't had lasting impacts on the underlying forces of urbanisation. There are credible claims that COVID-19 is different, substantiated by the fact that many economic activities can now be conducted entirely online. It remains to be seen whether this trend is sufficient to have a substantial impact on the forces of agglomeration which have shaped cities throughout their entire history.

Notable economic geographers Richard Florida, Andres Rodriguez-Pose and Michael Storper have identified four main effects of COVID-19 that may have long-lasting impacts on the character of cities and regions as we currently understand them<sup>11</sup>:

- **Social scarring.** This refers to fear instilled by the pandemic, which may cause people to avoid crowded spaces in the near future. This will influence where people choose to live, travel and commute, and the economic viability of certain kinds of businesses.
- **The forced experiment of lockdowns and impacts on employment, shopping, workplaces and choice of residence.** Workplaces and classrooms have transitioned to remote, shopping has become more reliant on delivery, and social interactions have been largely restricted to online. The lockdown is showing that there are radically different ways of living made possible by digital tools. It remains to be seen whether these alternatives will be supplements or substitutes for traditional ways of interacting once the threat of COVID 19 has passed. There are strong signs that for many types of activity, distanced interaction is not a full substitute, and that there is hunger to return to face-to-face. Nevertheless, it seems almost certain that post-pandemic workplaces will have a much higher incidence of working from home.
- **Need to secure the urban built environment against health risks.** Immediate changes have been made to facilitate social distancing and hygiene standards in public places, public-facing businesses,

---

<sup>11</sup> Florida, Rodriguez-Pose & Storper 2021, 'Cities in a post-COVID world', <https://journals.sagepub.com/doi/pdf/10.1177/00420980211018072>

and all other places where people gather. In the long term, the COVID-19 pandemic will prompt architects, designers, and urban planners to more seriously consider permanent interventions that respond to future pandemics.

- **Changes to urban built form, real estate, design, and streetscapes.** Social distancing has created a need for different configurations of indoor and outdoor spaces. Some of these changes are likely to be maintained after the immediate threat passes, whether for public health benefits, or simply because people prefer them.

### Implications for Green Square and Southern Areas

The relationship between local retail centres and their surrounding populations has changed due to greater numbers of working people working from home. This is likely to cause some displacement of retail activity from large employment centres to local neighbourhoods, although the full impact of this is uncertain as we emerge from the pandemic.

## 3. Local Insights

This chapter provides a summary of the local insights obtained as part of the stakeholder engagement and desktop research of the local retail market. It forms a key component of the evidence based used as part of this Retail Review.

The purpose of the stakeholder engagement was to understand what the observed changes in the retail ecosystem are, the obstacles to retail operation in the area, and key opportunities for enhanced operations of the retail sector. This is also supported by the findings of desktop research and analysis of retail market data, including sales data, rents and vacancies.

An analysis of supermarket accessibility by walking catchment has also been undertaken. This has carefully considered the local context by factoring in how high density-living affects the travel time of local trips. A discussion of the 1,000sqm floorspace cap and how it affects supermarket typologies in the local area is also provided.

### 3.1 Stakeholder Consultation

SGS held seven online interviews with key stakeholders between 1<sup>st</sup> February to 11<sup>th</sup> March 2022. Stakeholders interviewed included major landholders, major supermarkets, major retailers, one retail representative group and Council's Economic Strategy team. The matters outlined in this section are the views of the stakeholders and not of SGS.

Interviews ran for approximately one hour. Questions were tailored to the type of stakeholder that was being interviewed and were prepared with Council. The interview questions have been attached as an appendix to this report. In general, the line of questioning was:

- Evidence of the local manifestation of high-level trends and drivers and what the changes mean for a high-density location like Green Square
- Local economic 'shocks' (such as changes in population numbers, travel patterns, preferences, etc)
- Land Use conflicts, parking/access, and other operational issues
- Shifting economic geographies and new or emerging 'centres of gravity' in the retail system
- Specific operational issues and opportunities faced by existing retailers, big picture threats to the retail landscape and issues faced by landowners/developers regarding retail development such as lot sizes
- Local perceptions of the economic environment and associated impacts on business confidence and investment decisions
- The role of infrastructure, planning and development controls in determining the location of different forms and types of retail

Note: This section of the report lists key findings of the stakeholder consultation. All positions stated are those of the stakeholders only and have been considered as part of this Retail Review. However, in some instances, the final recommendations of this Retail Review conflict with the insights received from key stakeholders. Where this occurs, it will be articulated what broader strategic considerations have meant that these shareholder insights could not be accepted.

### **Observed changes in the retail ecosystem (market differentiation & behaviour change in COVID-19)**

Stakeholders provided a beneficial insight into the observed changes, as well as the local trends and drivers that are creating shifts in the retail ecosystem of Green Square.

#### *Online growth*

All stakeholders interviewed recognise the importance and impact of the growth of online retail, especially post COVID-19. The growth of online shopping has had a major impact on retailers in the area. Both major supermarkets experienced unprecedented levels of online sales growth during COVID-19 lockdowns, which have continued out of lockdown periods as well. Both major supermarkets were required to provide several collection options as traditional delivery and 'click and collect' services were largely overwhelmed, which included boot delivery and collection lockers. Both stakeholders stated that they were adapting to online shopping over the last decade, however COVID-19 accelerated this evolution. Council's Economic Strategy team do not expect the growth of online shopping to subside, even as physical stores open more when lockdown restrictions ease.

#### *Changing Demographics*

All stakeholders consulted acknowledged the unique and changing character of Green Square, recognising that the area is becoming popular with young professionals that have a higher-than-average disposable income. This type of demographic has a large propensity to spend and underpins a demand for both high quality food and beverage options including cafes and restaurants. One impact of COVID-19 was for people to move out of high-density areas, and this was particularly prevalent for young professionals who could work flexibly. However, all stakeholders recognised that high-density inner-city areas are becoming popular again, especially with young professionals and international students as regular travel to work patterns return. Stakeholders believe that as the residents return to the area, there will be a greater demand for a mix of retail.

#### *Bricks and mortar*

Both supermarkets interviewed still recognised and highlighted the importance of bricks and mortar stores, stating that there will always be a need for physical stores as customers still want and need to physically shop. One major supermarket stated that while online sales have grown in the last few years, in absolute terms, sales in physical sales grew more in absolute terms. In response to the growth of the demand of click and collect, physical stores are becoming more important. The stakeholder is considering hybrid store models, whereby parts of some stores are being repurposed into small distribution centres. 'Dark stores' are also becoming more important to meet changing consumer trends. They stated this will become increasingly important in areas such as Green Square, where last mile distribution of goods has become critical to meet customer demand. The other supermarket operator has no plans to alter or adapt their current stores in the area. Council's Economic Strategy team also recognised with the rise of online growth, that last mile distribution is becoming more important for goods to reach consumers quicker.

While Council's Economic Strategy team recognises that online retail will continue to grow, there is still a demand for retail, specifically for small footprint experience retail, which is being driven by younger consumers that are looking for something that is unique and cannot be found online. They stated that have not seen an increase in demand for specialised retail premises in the Green Square area, but that demand for this style of retail, particular in the inner city, is decreasing. Conversely, the retail representative group stated that most of their members are still interested in the traditional format, which comprises of single storey warehouses with on grade parking. This is becoming increasingly difficult to accommodate in areas such as Green Square. The retailer, which relies on the traditional large retail format, stated that they have found it very difficult to accommodate their business model in an area such as Green Square.

Both supermarkets and the retail representative group stated that supermarkets are a great for activating mixed use areas but are largely overlooked for other recreation uses such as cafes and restaurants. The retail representative stated that supermarkets provide a great anchor for mixed use areas and suggests considering more entertainment uses such as gyms or swimming pools for greater cross activation. Stakeholders suggested that mixed use regulations can be designed so that supermarkets have minimal amenity impacts on residents, and this needs to be considered earlier in the process.

#### *Other COVID-19 considerations*

All stakeholders stated that COVID-19 had massive impacts to standard operations, forcing retailers and landholders across Green Square to either amend trading hours and adapting standard business operations. Landholders stated that many of their tenants, particularly food establishments, had to amend trading hours and become reliant on services such as UberEats and Menulog to deliver goods. Most of the tenants who adapted in this situation have survived the lockdown period. Both major supermarkets stated that COVID-19 did change how stores operate, especially during lockdown periods. One major supermarket stated that COVID-19 has forced them to fundamentally change their day-to-day operations, especially with the operation and storage of goods in existing stores, as consumers have changed their shopping patterns even as restrictions have been lifted. The other major supermarket also recognised the impact of COVID-19 on their everyday business, however, has not forced them to profoundly change either store layout and uses or operations.

#### **Obstacles to operation (challenges)**

All stakeholders stated that they have experienced obstacles to operation over the last few years, largely due to either existing regulations or impacts of COVID.

##### *1,000sqm cap*

Both landholders had divergent views on the 1,000sqm floorspace cap, with one believing that the cap has been successful, creating shifts in the ways people shop and allowing smaller shops and markets to progress. Whereas the other landholder believes that the cap places undue pressure for landholders to provide large retail formats, which is especially difficult to accommodate within mixed use buildings, as they already have extensive regulations under the Apartment Design Guide. This landholder stated that two of their largest tenancies have remained vacant for an extended period of time, with one only leased in the last six months. This has led the landholder to believe that businesses within the Green Square Town Centre require smaller floorplates. The retailer interviewed solely relies on floorplates of a 14,000sqm minimum and therefore cannot find suitable sites in the within Green Square or southern retail areas.

Both major supermarkets stated the cap has limited the type of stores that can be provided in the area, both stated they prefer to roll out their larger 'full-line' stores, which have a greater range of goods



available and additional services inside the stores such as butchers, bakers and delis. However, the floorspace cap does not provide enough space to accommodate their 'full line' stores. Therefore, supermarkets are forced to provide smaller stores with limited options. Both supermarkets stated that these smaller stores are sufficient for local's everyday 'top up' shopping trips, however, have received feedback from both operators and customers that they are seeking a greater range of products. Additionally, these smaller stores cost more to operate per square metre than full line stores due to the lack of efficiencies. These higher operating costs are ultimately passed down to the consumer. An indirect consequence of the 1000sqm cap, supermarkets stated customers are driving further to nearby retail centres to undertake larger shops, which increases traffic congestion on local roads and leads to retail leakage.

It is acknowledged that the 1,000sqm retail floorspace cap is a barrier to operation in some parts of the study area. However, the 1,000sqm retail floorspace cap is critical in ensuring that retail provision is respectful of the identified retail hierarchy and that each identified retail centre operates as a successful, vibrant and attractive centre. To that effect, this Retail Review will not seek blanket removal of the 1,000sqm retail floorspace cap as it is believed that the cap can still play an essential role in retail planning for the Green Square and Southern Areas.

### *Parking*

Nearly all stakeholders believe that one of greatest challenges in the area is the lack of parking availability. One landholder described it as the 'single biggest pain point for retailers' and that lease deals have been cancelled due to the lack of available car parking, which can have a ricochet effect on rents and ultimately tarnish the reputation of the Town Centre. The other landholder was supportive of the current car parking controls so long as they remain consistent, however stated that the increased density and lack of consideration for delivery trucks and loading zones. Landholders also state that the lack of parking makes it difficult to attract destination customers, beyond the local catchment.

Supermarkets were particularly adamant about ample availability of car parking especially for their 'full line' stores. In combination with the floorspace cap, there are limited options for full line stores in the southern retail precinct. The lack of parking availability in the Green Square Town Centre has prevented a larger store being opened by either stakeholder. One supermarket stated that grocery shopping and supermarkets are an essential service, and for most customers, is considered a chore. Through research and studies, they know that stores need to be conveniently located and accessible for consumers to visit them and are adamant that most people, even in inner city locations, still use private vehicles to travel supermarkets. Both major supermarkets recognised that the population of Green Square is more regularly choosing to not own a car and provides a unique opportunity for strengthening retail near new and existing train stations. One supermarket operator stated that parking may become less of an issue in the area as the population increases and locals have access to a 'full line' supermarket closer to transport nodes such as train stations.

Council's Economic Strategy Team is aware that businesses and landholders hold a view that parking availability attracts a greater number of people, however Council's Economic Strategy team believes that enabling better pedestrian movements to facilitate more foot traffic is better for retail demand and that spaces would be used for parking would be utilised for uses such as outdoor dining. Additionally, Green Square is an area where more and more residents are choosing to forgo purchasing and using a car. Council's Economic Strategy team recognises that more conversations need to occur with businesses in the area to encourage them to recognise the importance of pedestrian movements on retail demand.

Generally, most stakeholders were supportive of any additional infrastructure projects to support the growing Green Square population but flagged each project would need to be individually assessed to determine its merits on their particular business or land. They were also wary of any additional construction that would prolong construction fatigue in the area.

It is acknowledged that parking is a barrier to operation for some retail uses within the study area, particularly specialised retail premises and to a lesser degree, large supermarkets. Similarly, it is acknowledged that the Green Square and Southern Areas are dense and rapidly-growing, and planning for the area has sought to reduce car-dependency so as to, amongst other things, reduce the impact of development on road infrastructure. To that effect, this Retail Review will not seek to make any recommendations on car parking provision.

#### *Rents/vacancy*

Landholders are not achieving the rents they were expecting by this stage. Both stated that COVID-19 has had a recent impact, however both agreed that slow population growth has deterred prospective tenants. One landholder stated that the high rent costs have deterred small operators as they are concerned that they cannot compete with major supermarket chain. The other landholder stated that there is a low resident population and a lack of commercial tenants to service population serving businesses. They also state that they have been unable to properly promote retail spaces due to signage restrictions of hoardings. While rents and tenancies have been slower than expected, both major land holders are confident that demand will increase as the population increases.

#### *Retail Diversity*

All stakeholders recognised that there is a lack of diverse retail offerings in the Green Square area, however provided recommendations on how this could be improved. The retail representative group suggested that more regulations need to be relinquished to allow innovation and new retail formats emerge, providing the framework to allow businesses to emerge and innovate is important. Council's Economic Strategy team also wanted greater retail diversification and to ensure that controls in the area are not preventing this from occurring.

During consultation, landholders stated that it is difficult to identify any major retail trends in the area given the limited offering of retail in the Town Centre. They were able to identify that local cafes, supermarkets, fast food outlets and liquor stores have managed well in the Green Square area, even during lockdown periods, however, were not able to go beyond that. Landholders have attempted to provide flexibility in their floorplates to allow retail diversity, however, it is challenging as fit outs can be expensive and the minimum payback period is five years, which prevents quick responses to short term retail trends.

#### *COVID-19*

All stakeholders stated that COVID-19 lockdowns had massive impacts to the regular standard operations, forcing retailers and landholders across Green Square to either amend trading hours and adapting standard business operations. One landholder stated that many of their tenants, particularly food establishments, had to amend trading hours and become reliant on services such as UberEats and Menulog to deliver goods. They stated that most of the tenants who adapted in this situation have survived the lockdown period. Landholders also stated COVID-19 has also slowed the evolution of the Green Square area, which has already been delayed due to extended construction timeframes.

### *Other*

Stakeholders mentioned other issues in for retail in Green Square, including a busy road network, fragmented land ownership, and land use zoning, which all impact the planning and delivery of retail in the area. Additionally, landholders stated that long construction timeframes and inability to place advertising on hoardings has made it difficult for retailers to create community awareness of the current retail offering. Council's Economic Strategy team believes that one of the biggest challenges for managing mixed use areas are regulations regarding to sound, that residents both need to know what activities are occurring but also acknowledge that they are in a high impact area, and that Council is addressing this to prevent retail being affected by noise restrictions.

### **Future amenity of Green Square (opportunities)**

A landholder and Council's Economic Strategy team provided greater insights to what future amenity residents and visitors are seeking in the Green Square, and how businesses and landholders can enable this.

#### *Night-time economy*

Nearly all stakeholders agreed that there needs to be a focus on providing a greater range of night-time experiences in order to create a unique and vibrant character. One landholder stated that people wanted to more 'eat streets' with a culturally diverse mix of food and beverage options, split between grab and go, grab stay and go as well as fine dining. This is in addition to providing a greater arts and bar culture to enable greater social connectivity to occur, especially in recovery from COVID.

All stakeholders also agreed that there needs to be a greater variety of recreation in the Green Square Town Centre, to diversify night-time economy uses. Both landholders believe that Council are being proactive to improve night-time economy uses. Council's Economic Strategy team emphasised the importance of ensuring that not all options should be based around alcohol, as this will attract more people to the area and enable more people to be in the public domain. In addition, all stakeholders agreed that people are seeking more informal retail, specifically night and weekend markets. One landholder has already attempted to provide this experience, utilising an additional space lot to provide a temporary laneway to run Friday night food trucks.

#### *Retail Diversification and Character*

To understand what the local community wants to see in the area, one landholder has conducted surveys and is now using that information to inform the rest of the retail roll out. Feedback received from the surveys stated that people wanted to see everyday amenities including childcare, post office, hairdressers, doctors. The other landholder stated that they have also received feedback from the community, and they have a demand for small floorspace gyms and for recreation activities such as cinemas. Landholders believe these additional uses will provide greater activation for wider area and attract more retail in the future.

Landholders recognised that Council already cultivates a great culture throughout the Council area, and that the Green Square area is a unique opportunity to create a unique precinct with a variety of arts and entertainment options. Council's Economic Strategy team concurred and stated that Green Square has a unique opportunity to drive place activation, and to create a unique character in the inner city.

### **Key Insights**

Nearly all stakeholders emphasise the **importance of large supermarkets** for the activation of mixed-use areas and to meet the shopping needs of local residents.

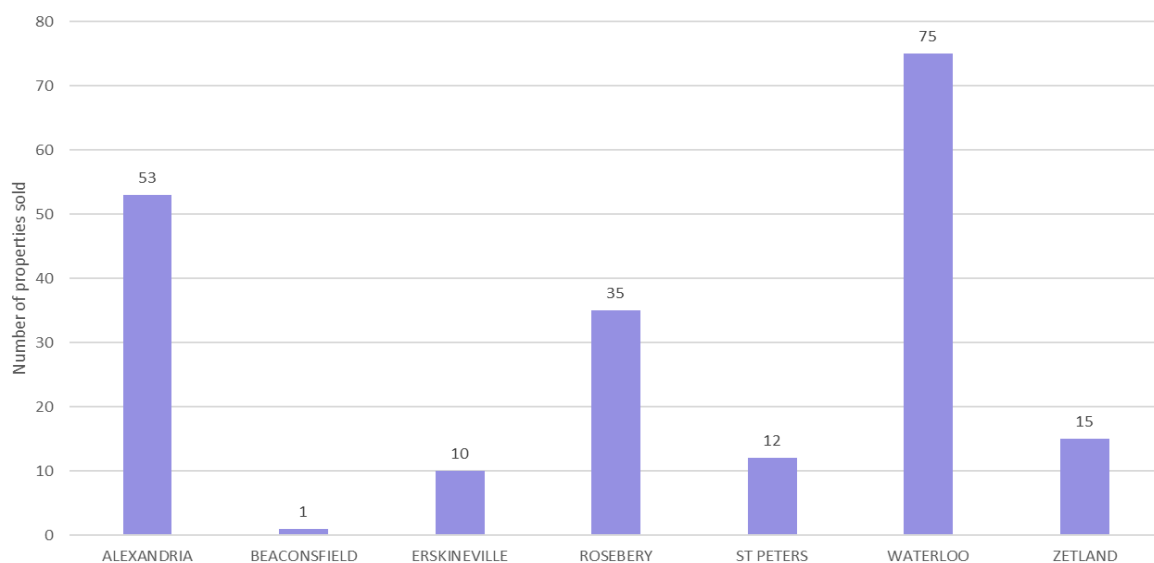
- **Parking availability and floorspace cap are the most challenging issues for stakeholders** in the Green Square area, however they do recognise that demographics are shifting towards young professionals who are largely choosing not to own private vehicles.
- **Greater diversity of retail is needed to activate Green Square** and support the night-time economy. This includes a greater range of food and beverage options, beyond 'take away' options, such as casual dining, and recreation venues.
- **COVID-19 was a massive shock to the Green Square retail economy**, for both landholders and retailers, however businesses adapted and largely proved resilient. Most stakeholders believe this was largely a once off shock and expect pre-COVID shopping patterns to return, especially as the population increases. However, COVID forced one major supermarket to reevaluate the use of existing physical stores to become 'mini' distribution centres.

## 3.2 Market Insights

### Sales

Figure 11 shows the volume of retail premises sold in each suburb within the study area from 2011-2020 (see below). In the decade to 2020, the suburb of Waterloo experienced the highest count of sold retail properties (75) (compared to other suburbs in the study area). The next highest was Alexandria, with 53 sales in that period.

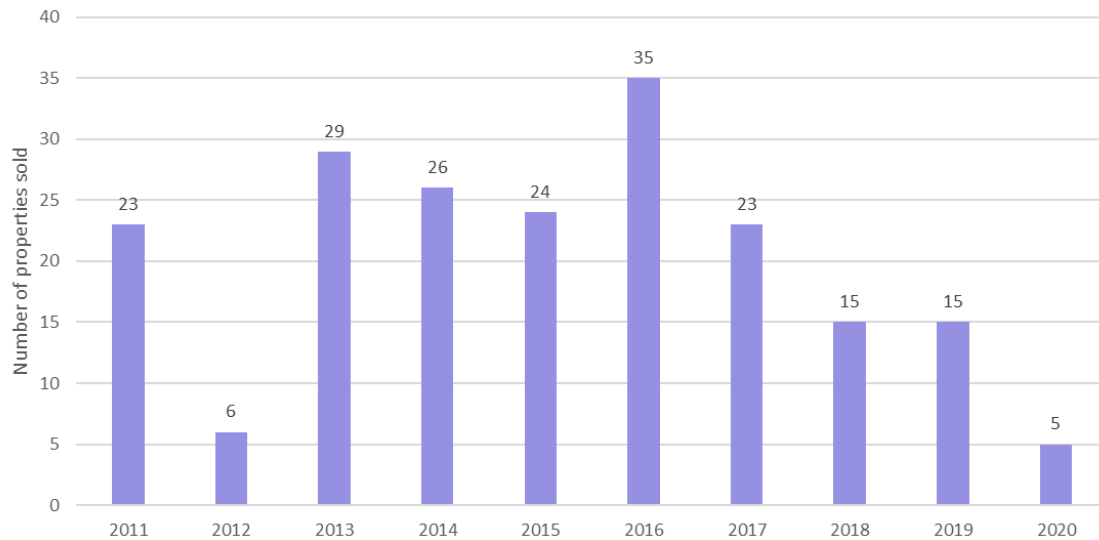
**FIGURE 11: RETAIL SALES VOLUME 2011-2020**



Source: SGS (2022)

Figure 12 shows the total number of retail premises traded across the entire study area for each year between 2011-2020. This peaked in 2016, with 35 transactions, before declining in subsequent years and dropping off sharply at the beginning of the pandemic in 2020.

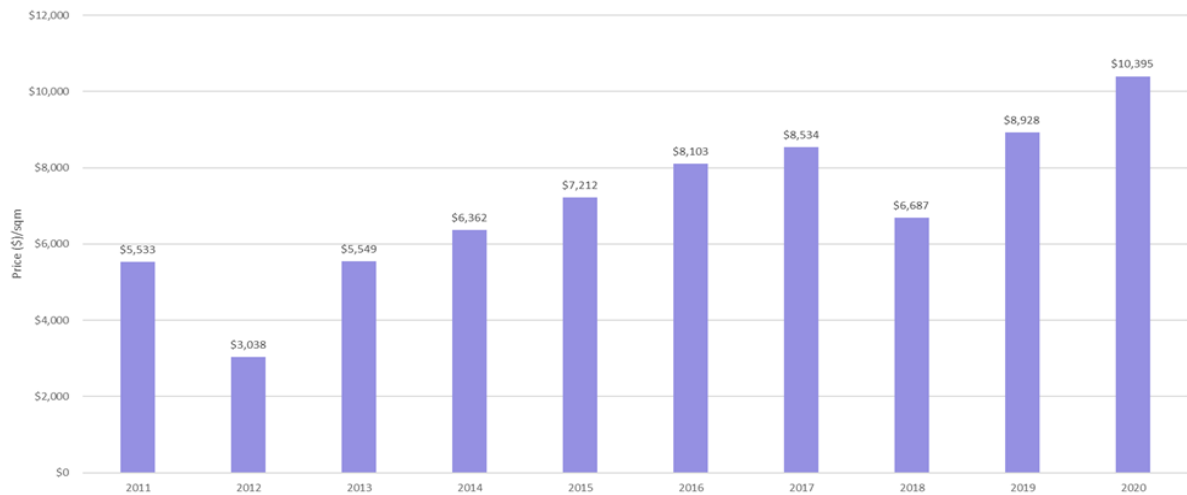
**FIGURE 12: COUNT OF TRANSACTIONS 2011-2020**



Source: SGS (2022)

The average sale value of retail floor space per square metre trended upwards amongst all suburbs in the study area between 2011 and 2020, as demonstrated in Figure 13. When combining all suburbs, the highest average sales price was experienced in 2020, at approximately \$10,395/sqm. It should be noted that value of individual transactions deviated significantly from this average in some cases.

**FIGURE 13: SALES VALUE PER SQUARE METRE 2011-2020**



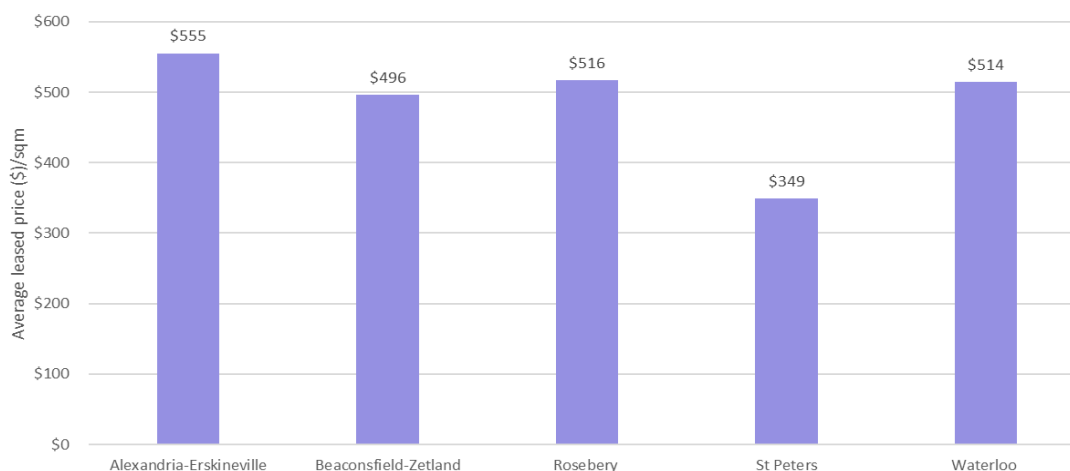
Source: SGS (2022)

## Rents

Figure 14 shows the average rent per square metre for retail spaces leased between 2011-2020 in suburbs within the study area (see below). This is averaged at approximately \$500/sqm for all suburbs except St Peters, which was lower at \$349/sqm. Alexandria and Erskineville experienced the highest rent per square metre for retail properties, at \$555/sqm.



**FIGURE 14: LEASED RETAIL FLOORSPACE, AVERAGE PRICE PER SQUARE METRE 2011-2020**



Source: SGS (2022)

## Vacancies

According to CBRE Research, retail vacancy in Sydney CBD increased from 4.6% in June 2019 to 8.3% in H1 2021, which was possibly due to a higher share of consumer goods (e.g. clothing) being sold online. There are indicators that some retailers will reopen in Sydney CBD, due to a rebound in expenditure on consumer goods.<sup>12</sup>

There is an upward trend in retail vacancies for the last decade across all suburbs, confirmed by results of the 2021 Australian Census.<sup>13</sup> Furthermore, Zetland-Waterloo and Erskineville have continually had lower vacancy rates compared to surrounding suburbs.

## Key Insights

This data shows a declining trend in the volume of retail premises traded within the study area, coupled with a gradual increase in the cost of retail floorspace. This could be evidence that under-capitalised development sites are becoming scarce as the area undergoes renewal, creating cost pressures for local retailers.

Increased vacancy of retail tenancies as a result of the popularity of online retail is a clear sign that traditional bricks-and-mortar retail is threatened by the behavioural change caused by the pandemic. Although there may be some rebound effect, it is not likely that this will be sustained in the long term.

---

<sup>12</sup> CBRE 2021, 'Retail vacancies rise and demographic visitor trends shift in Australia's major CBD markets', <https://www.cbre.com.au/press-releases/retail-vacancies-rise-and-demographic-visitor-trends-shift-in-australias-major-cbd-markets>  
<sup>13</sup> Fitzsimmons 2022, 'Where are the 300,000 empty homes in NSW?', <https://www.theage.com.au/national/nsw/where-are-the-300-000-empty-homes-in-nsw-20220705-p5azcw.html>

### 3.3 Consumer Amenity

#### Accessibility

The Green Square Urban Renewal Area is one of Australia's most densely populated precincts and is positioned for further rapid growth. With this rapid increase in density, it is critical to ensure that adequate amenity is provided to future residents and workers. A key component of this amenity is ensuring that critical retail, such as supermarkets, is provided in close proximity to where people live.

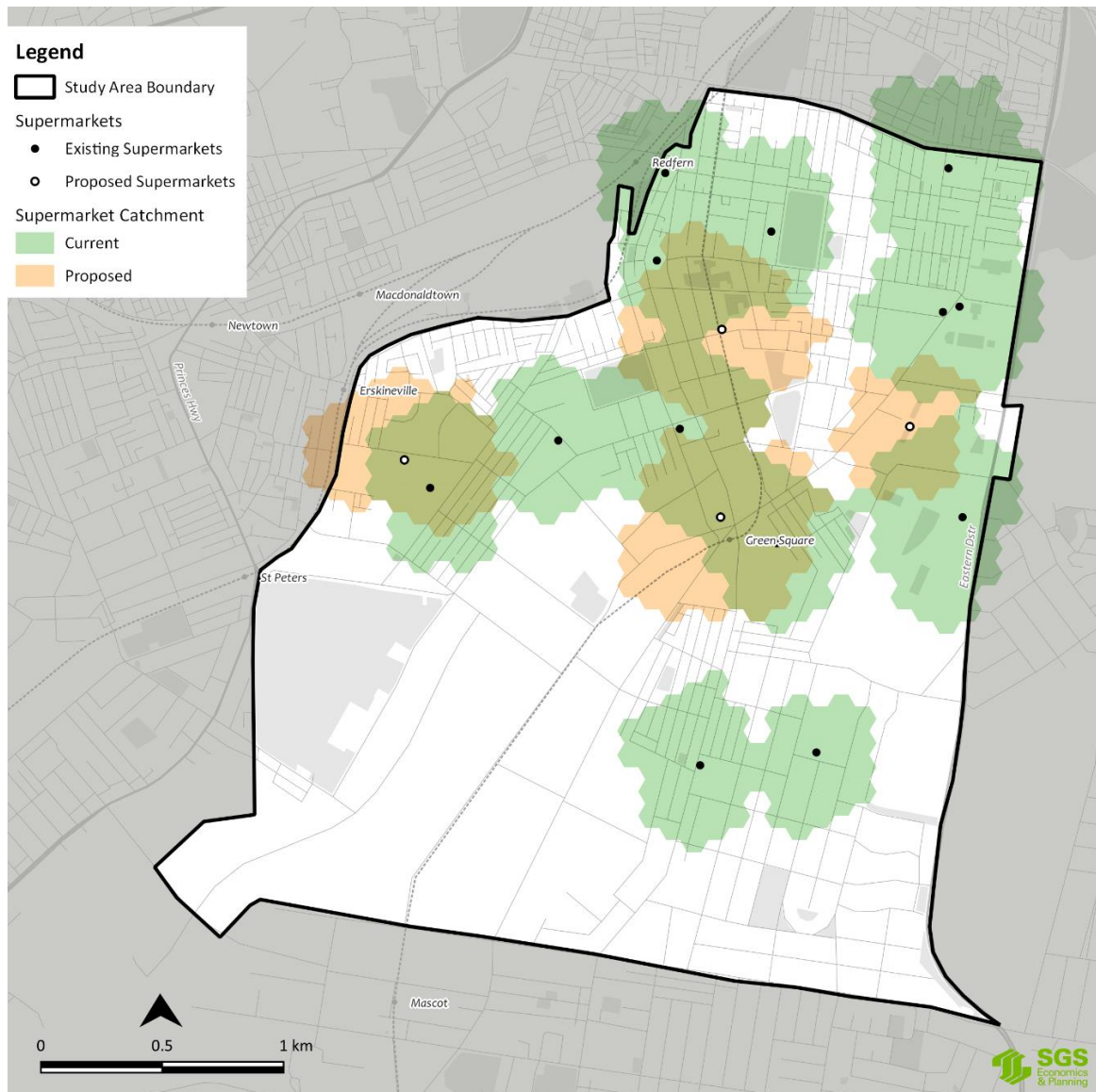
Figure 15 illustrates supermarket accessibility in the study area. These walking catchments are shown in green for existing supermarkets and orange for proposed supermarkets. Areas shown with green and orange overlapping represent where the walking catchment of a proposed supermarket will overlap with the walking catchment of an existing supermarket.

This study makes assumptions on the size of the walking catchments based on the context on the ground. While a typical walkable catchment from a supermarket is 500 metres, this distance has been revised down to 400 metres for a full-line supermarket (over 2,500 square metres), 350 metres for medium-sized supermarkets (between 1,000 to 2,500 square metres) and 300 metres for small supermarkets smaller than 1,000 square metres.

The reduction in the walking catchment for this study is due to the vertical, in addition to horizontal, movement that is required in high-density environments. Note that these are 'actual walked' distances, instead of 'as the crow flies' in order to give a more accurate representation of accessibility.

The accessibility mapping indicates that areas with residential population most inaccessible to supermarkets are pockets of Waterloo, Redfern, Rosebery North and South Rosebery. When interpreting these results, it is important to note that South Rosebery is in close proximity to Eastlakes shopping centre which is not shown in Figure 15 as it is outside the study area.

**FIGURE 15: ACCESSIBILITY MAP**



Source: SGS (2022)

### Choice and Retail Size

The 1,000 square metre retail tenancy cap has been a key matter of consideration during this review. As stated within the 2008 Study, the primary purpose of the cap is to limit the development of large retail premises outside of the Green Square Town Centre. Without the cap, there is a risk that this kind of development could undermine aspirations for Green Square Town Centre to become an important focal point of economic activity.

There have been some pressures to loosen the retail tenancy cap, particularly to allow the development of full-scale supermarkets outside the Green Square Town Centre. Proponents in these cases argue that land ownership within the Town Centre is too concentrated, and that there is retail expenditure ‘leakage’ from Green Square to other suburbs.

One effect of the retail tenancy cap is to limit supermarket development to small and medium-sized stores. This enables a more dispersed pattern of supermarkets and ancillary retailers like butchers, bakeries and cafes. This format is preferable to relying solely on concentrated retail centres with full-scale supermarkets, particularly in a high-density urban setting where planning aims to facilitate an integrated mixture of land uses.

This does not preclude the importance of having centres which accommodate larger format uses like full-line supermarkets. These centres offer a greater product range and fulfill needs which are not serviced at local shops that cater primarily for daily conveniences. A well-planned blend of both formats allows for consumers to satisfy everyday needs within walking distance of their home, and also provides accessible nodes of activity where more specialised uses can locate and draw on a larger catchment.

This report has reviewed the degree of retail under-provision (if any), capacity constraints and the profile of retail clusters in Section 5.3. This analysis will inform if amendment the retail tenancy cap and the restricted retail development map in Sydney LEP 2012 may be required.

## 4. Retail Provision Forecasting

This Chapter details the quantitative part of the evidence base that supports this Study. The analysis forecasts how much retail space we need in the future, what type of retail this would support and where it is most needed.

The methodology used is the retail gravity model which looks at retail supply and demand (and by extension, retail under/over-provision), retail expenditure and retail turnover for each retail cluster in the area to 2041.

### 4.1 Retail Modelling Methodology

Generally, retail modelling is conducted utilising one of three different methods; survey-based, shift share or gravity model methods.

Survey-based retail assessment requires extensive shopper and business surveys to gauge which centres shoppers visit, how much they spend at these locations, how this is split by commodity or store type, and what the aspirations are for each retail centre.

The 'shift share' method examines a single centre (but can be replicated across several centres if assumptions are kept constant) by examining future population and expenditure within a given area. This method relies on an arbitrary designation of trade catchment areas, meaning that the results may be significantly impacted by the assumptions and judgement involved in the trade area definition.

A retail gravity model takes a network-wide mathematical approach to retail modelling and acknowledges the attributes that contribute to a centre's 'pull' – that is, a centre's characteristics which may be able to attract shoppers from greater distances. This acknowledges that retail centres are not independent entities with complete dominance on their local market. The retail gravity model measures the relationships between centres in a dynamic retail system and assesses individual centre performance in the context of the system.

For the purposes of this study, SGS has used its in-house Retail Gravity Model to analyse demand for retail floorspace across all of the Sydney Greater Metropolitan Area (GMA). This approach weighs centre quality, size and accessibility against the volume and sources of available expenditure in the system to estimate expenditure capture at each centre (and hence the quantity of floorspace likely to be needed) at various points in the future.

#### SGS Gravity Model

The SGS retail model takes the following approach:

$$\text{Propensity to shop at a centre} = \frac{\text{"Attractiveness" of centre} \times \text{Floorspace of shopping centre}}{\text{Travel time to the shopping centre}^n}$$

This formula recognises that an individual is more likely to visit more 'attractive' and larger centres and less likely to visit small, lower-quality centres that are further away.

The rate at which travel times affect propensities is calibrated to ensure realistic catchments. This is to account for consumers going to alternative shopping centres that are based along major freeways or restricted to others based on natural barriers such as bays and rivers.



There are numerous benefits to this approach, for example:

- All spending across the retail system is accounted for once and only once
- Catchments are generated through data analysis rather than through the judgement of consultants, and
- A gravity model captures the continuous and dynamic nature of catchments, based on changing demand, supply, and transport infrastructure.

### **Retail Expenditure Estimates**

Retail expenditure data has been developed from resident-based expenditure accounts across several commodity groups at a Statistical Area 1 (SA1) level (e.g., fresh food, groceries, pharmaceuticals, restaurants, etc). These expenditure accounts are sourced from MarketInfo's Market Data Systems (MDS). MDS are the industry benchmark in estimating small area expenditure that draws on the latest Household Expenditure Survey (HES), ABS Census and other datasets. These expenditure per capita benchmarks are then projected out for population and employment, derived from Transport for NSW's population and employment projections, and adjusted to factor in the latest retail spending trends from the ABS. The retail expenditure data also considers changing consumer spending patterns, such as the growing role of online shopping, in addition to factoring in the degree to which expenditure is influenced by work-based, education-based and tourism-based spending. These considerations help to capture overall leakage/capture for the whole system.

### **Retail Services Expenditure Estimates**

Modelling retail services, as opposed to traditional goods-based retail is different to the approach outlined above. This approach examines 2016 Census data to calculate per-capita retail services jobs by both place of residence and place of work. This quantum is multiplied by floorspace demand for each retail services industry and adjusted for current retail services supply provision.

### **Retail Clusters**

While the retail gravity model is a whole-of-network approach to retail modelling, the model can reveal demand, supply and gaps/surpluses of retail provision for specified geographies called retail clusters.

Retail clusters are based on trading character – namely wherever there is sufficient retail supply and activity, relative to areas surrounding the cluster, to allow for an assessment of demand impacts (typically more than 500 square metres of retail floor area). For this study, 16 retail clusters have been identified within the study area. A map of the study area and all 16 clusters is shown in Figure 16.

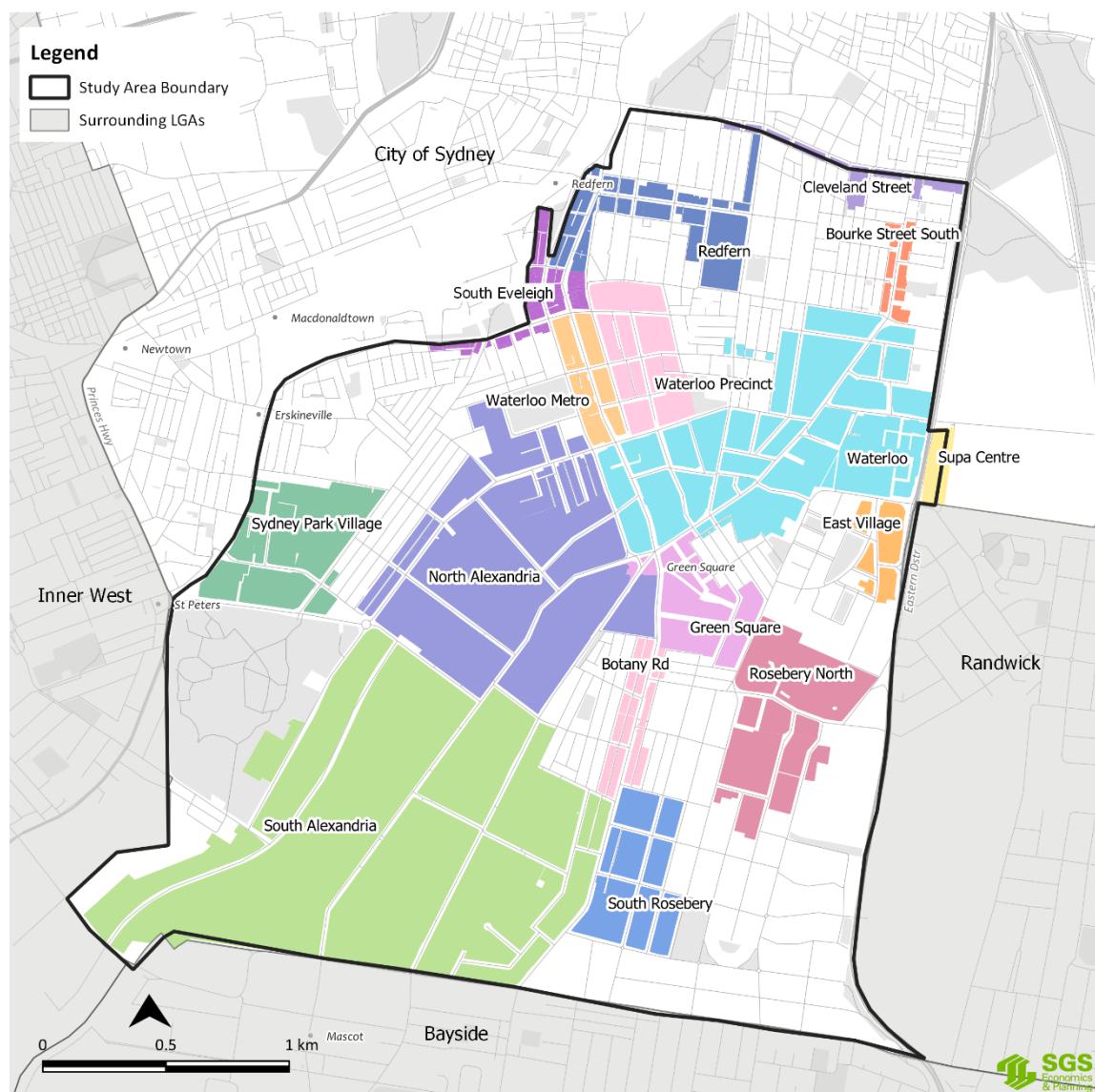
It is important not to conflate 'retail clusters' and 'retail centres'. Retail clusters are used for modelling purposes only and refer to any cluster of retail which might have a gravitational pull. Clusters are defined using SA1 boundaries as this is the smallest geography where data exists for retail model input. Retail centres are typically locations identified as centres for planning purposes in an LEP or DCP, based on built form and function, and are usually given designations within a hierarchy. While retail centres fall within retail clusters, retail clusters are typically much broader geographies and capture clustering's of retail that might not be recognised in planning legislation. This is intentional. Retail clusters seeks to capture as much of the Greater Sydney retail network as possible, but not so far as to include individual retail tenancies that exist in isolation and have a highly specific or localised gravitational pull. A concordance between retail centres, as defined in the Sydney DCP 2012, and the retail cluster to which they belong to is provided in Table 2.

**TABLE 2: CONCORDANCE BETWEEN RETAIL CENTRES AND RETAIL CLUSTERS**

Retail Centre	Location in Retail Cluster
Green Square Town Centre	Green Square
Victoria Park	East Village
Danks Street	Waterloo
Ashmore Estate	Sydney Park Village
Botany Road, Rosebery	South Rosebery
Dalmeny Avenue, Rosebery	Rosebery North

Clusters, retail activity, planning definitions of centre

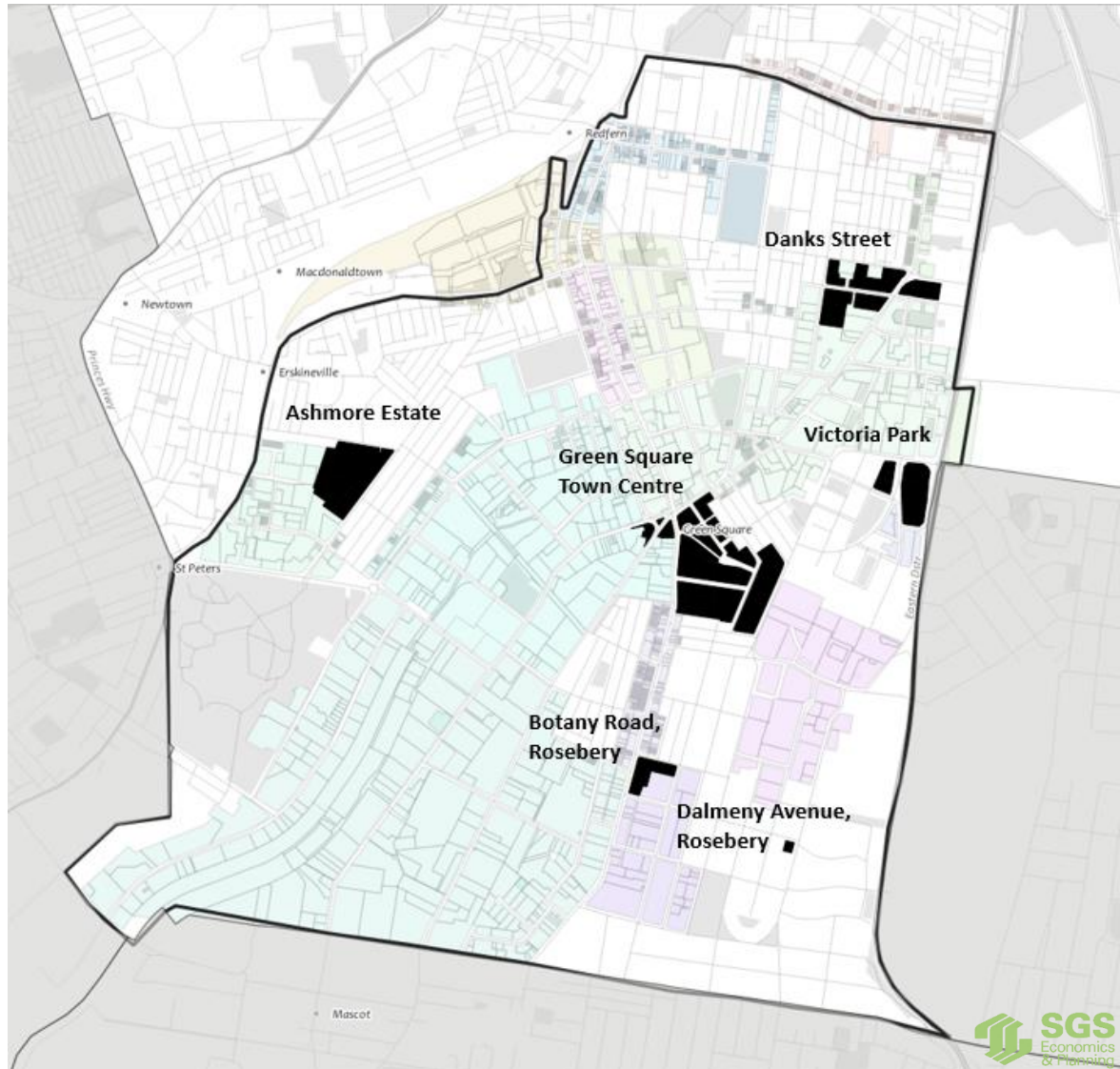
**FIGURE 16: RETAIL CLUSTERS WITHIN THE STUDY AREA**



Source: SGS (2022)

Figure 17 shows the current location of identified retail centres and their placement within the retail clusters. The identified retail centres in Figure 17 are derived from Section 3.4 of Sydney DCP 2012 'Hierarchy of Centres' Sydney South' and the relevant zoning of the LEPs that apply to the study area.

**FIGURE 17: LOCATION OF RETAIL CENTRES WITHIN THE RETAIL CLUSTERS**



Source: SGS (2022)

### Retail Commodities

At the broadest level, retail stores can be split into two different groups: retail goods and retail services, shown in Figure 18. Intuitively, retail goods are forms of retail that result in the purchase of physical goods (e.g., food, clothing, electronics). Conversely, retail services still manifest themselves in physical stores, but often do not involve the sale of a physical product (e.g., accounting services, hairdressers, medical centres).

For the purposes of this analysis, primary focus has been placed on retail goods, as is typical with all retail analyses. However, retail services have also been considered as part of this analysis to allow for a

more complete assessment of forecast demand versus capacity within each centre which, in turn, allows for an adequacy test of current planning controls.

Both retail goods and retail services are broken down into commodity types. Each retail commodity type is shown in the figure below.

**FIGURE 18: RETAIL COMMODITIES**

Retail Goods	Retail Services
<ul style="list-style-type: none"><li>▪ Supermarkets</li><li>▪ Other Food</li><li>▪ Hospitality &amp; Services</li><li>▪ Clothing &amp; Soft Goods</li><li>▪ Household Goods</li><li>▪ Other Goods</li><li>▪ Department Stores</li></ul>	<ul style="list-style-type: none"><li>▪ Professional Services</li><li>▪ Child Care and Social Services</li><li>▪ Health</li><li>▪ Beauty and Personal Services</li><li>▪ Fitness</li><li>▪ Entertainment</li><li>▪ Vehicle Sales</li></ul>

Source: SGS (2022)

### Model Adjustments – COVID-19

COVID-19 has had a significant impact on the nature of shopping. For the purposes of this study, two non-standard augmentations have been made; the share of online shopping has been boosted and the Retail Turnover Density (RTD) has been boosted for neighbourhood centres by 10%.

#### Growing online retail shares

Online retail growth scenarios are based on experimental time-series statistics of online retail market share produced by the ABS (that is, the online growth scenarios are based on previously identified trends). These time series show the market share to be growing by around 0.75 per cent per year, and as of March 2020 and to be around 7.2 per cent (noting this was pre-COVID). While they are experimental, these estimates are the most relevant to the SGS retail model, as SGS uses a similar categorisation of what is included in retail expenditure and what is not as the ABS, while some third-party retail market share estimates may be based on different categorisations.

Online retail market share was broken down into shares for each retail commodity based on reported market shares for various goods and services from a variety of third-party research sources, including NAB, IBIS World, and Australia Post. These shares are lowest for supermarkets and hospitality and highest for department stores and clothing. Shares for every commodity group were assumed to grow in the future, although the highest growth is expected to occur in those commodities which have the highest current online retail market penetration (department stores, clothing and household goods).

#### Increased incidence of work from home driving increased local expenditure

The increased incidence of work from home has persisted beyond the COVID lockdown periods. The effect has been very strong performance of convenience retail in smaller neighbourhood centres.

To reflect this trend, SGS has applied a conservative adjustment to the RTD of neighbourhood centres of 10%. This would mean that the per square metre turnover of retail stores in neighbourhood centres, as opposed to larger centres, would increase by 10% over the horizon.

## 4.2 Retail Modelling Results

The Retail Gravity Model produced five distinct outputs, each at specified time periods (at five-year increments). These outputs are:

- **Retail Expenditure:** The current and forecast retail expenditure generated within the study area, but not necessarily how much is spent within the study area (a function of the current and projected population and per capita retail consumption, as informed by the MarketInfo database)
- **Retail Turnover:** The current and forecast retail expenditure completed in the study area (a function of the 'attractiveness' of each retail centre within the study area, their retail turnover density, and other factors which influence on the 'gravitational pull' of each centre within the study area)
- **Retail Supply:** The quantum of retail floorspace that is currently supplied and that is forecast to be supplied (forecast based on approved, but not yet constructed, development schemes or precinct plans)
- **Retail Demand:** The quantum of retail floorspace that is currently being demanded and that is forecast to be demanded (this is a complex function of retail expenditure, retail turnover and retail supply)
- **Retail Gap:** The difference between retail supply and retail demand. Any retail gap that is a positive figure suggests a retail floorspace over-provision, where as

For the purposes of retail planning, understanding the retail gaps is most critical and will be the focus of this section of the report. This is as this output is concerned with the spatial quantum of retail floorspace and when overlayed with a capacity analysis (which determines what the maximum retail floorspace that can be achieved using current planning controls), can help determine whether the existing planning controls need to be augmented to provide additional supply in the system. However, it is noted that the retail modelling outputs alone should not form the basis of this retail review, and that further strategic analysis is conducted in this report following presentation of the retail modelling outputs.

Further, the following sections of this chapter will still underscore the key findings of the retail gravity model, namely retail expenditure and retail supply, in order to gather a greater appreciation of the retail ecosystem within the study area.

### Retail Expenditure

To determine the retail demand for retail clusters, the retail gravity model requires several key inputs. These include:

- Small-area population and employment projections
- The demographic profile of the current and future resident and employed population (income, education, age)
- Retail expenditure per capita data (using MarketInfo database which produces a retail expenditure quantum split by commodity group)

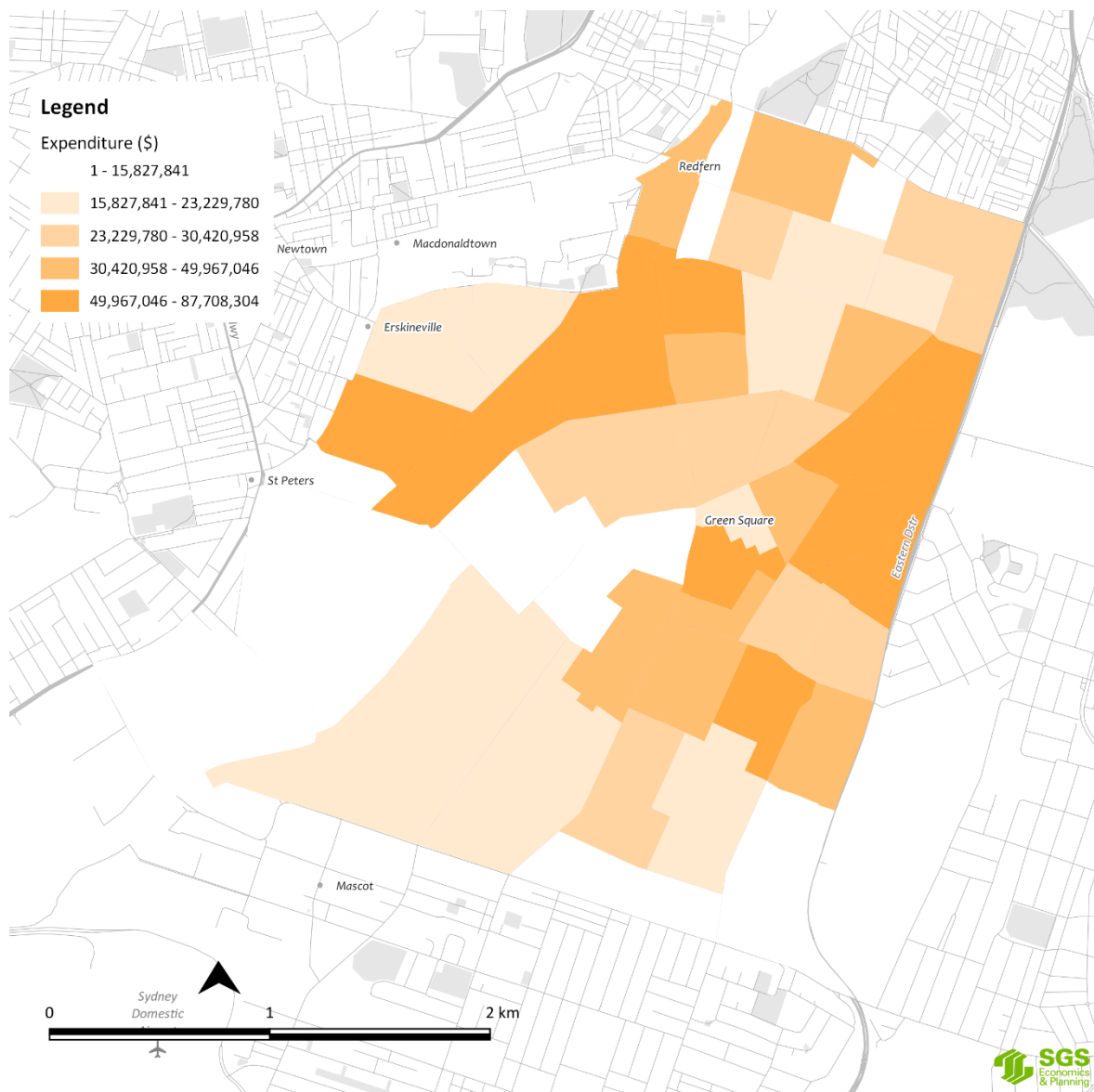
Figure 19 and Figure 20 illustrate the source of retail expenditure within the study area. Broadly, retail expenditure is a function of both the resident population within an area and the income of residents in the area (expenditure from workers or other visitors to the area is accounted for in later stages of retail modelling and is a function of the attractiveness of centres and their proximity to employment centres).



To that effect, it can be expected that areas of larger populations and/or of higher resident incomes generate more retail expenditure than areas of a smaller population and/or lower incomes.

Figure 19 illustrates the source of expenditure (by travel zones) in 2041 for total retail (all retail commodities). The darker the shade of orange, the greater the retail expenditure generated from that location. This illustration is important as it maps where in the study area the most retail expenditure is generated in 2041, which is the horizon to which the retail review seeks to plan to. Figure 20 illustrates the source of expenditure (by travel zone) in 2041 for supermarkets, with current and proposed supermarkets also mapped. The darker the shade of purple, the greater the expenditure on supermarkets generated from that location. This illustration is important as it can be used as a spatial planning tool in ensuring that supermarkets are placed near to where demand is being generated.

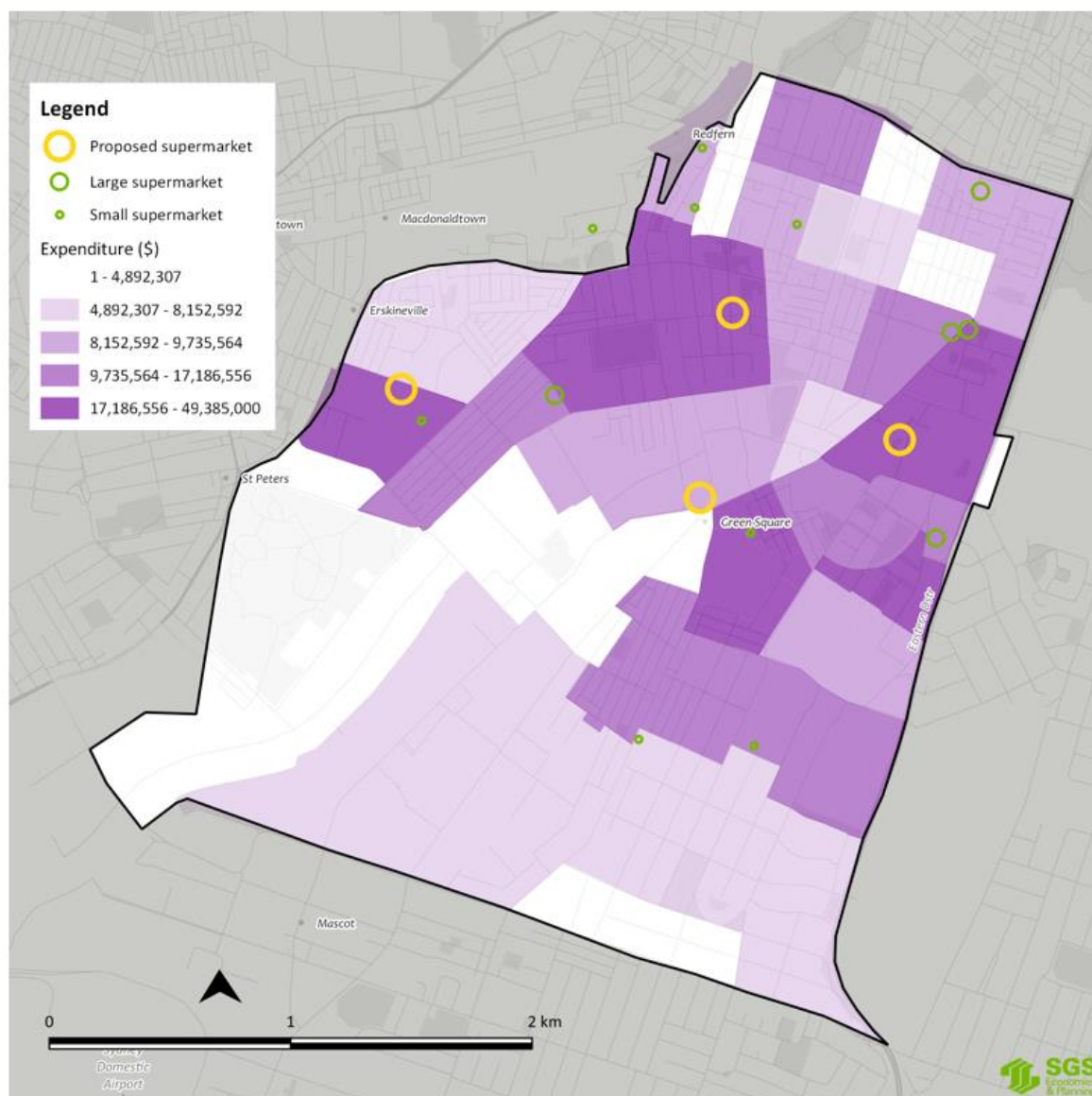
**FIGURE 19: SOURCE OF RETAIL EXPENDITURE BY TRAVEL ZONE 2041**



Source: SGS (2022)



FIGURE 20: SOURCE OF SUPERMARKET EXPENDITURE BY TRAVEL ZONE 2041



Source: SGS (2022)

As demonstrated in Figure 19 and Figure 20, the source of the greatest retail expenditure in 2041 will be generated in the Green Square Town Centre, Waterloo, Ashmore Estate and future Waterloo Estate redevelopment site. The study area will generate more than \$1.4 billion in retail expenditure by 2041, of which more than \$462 million will be for supermarkets.

- The expenditure inputs into the retail gravity model are network-wide; that is, the retail gravity model receives inputs from the whole of metropolitan Sydney and determines the retail demand for floorspace based on the existing and proposed retail floorspace supply and the 'attractiveness' of retail clusters in terms of amenity, critical mass and travel time.
- Retail demand, however, is not linear. The variables listed above are not constant and are impacted by future infrastructure improvements, changing planning assumptions and the changing populations of an area.

## Retail Supply

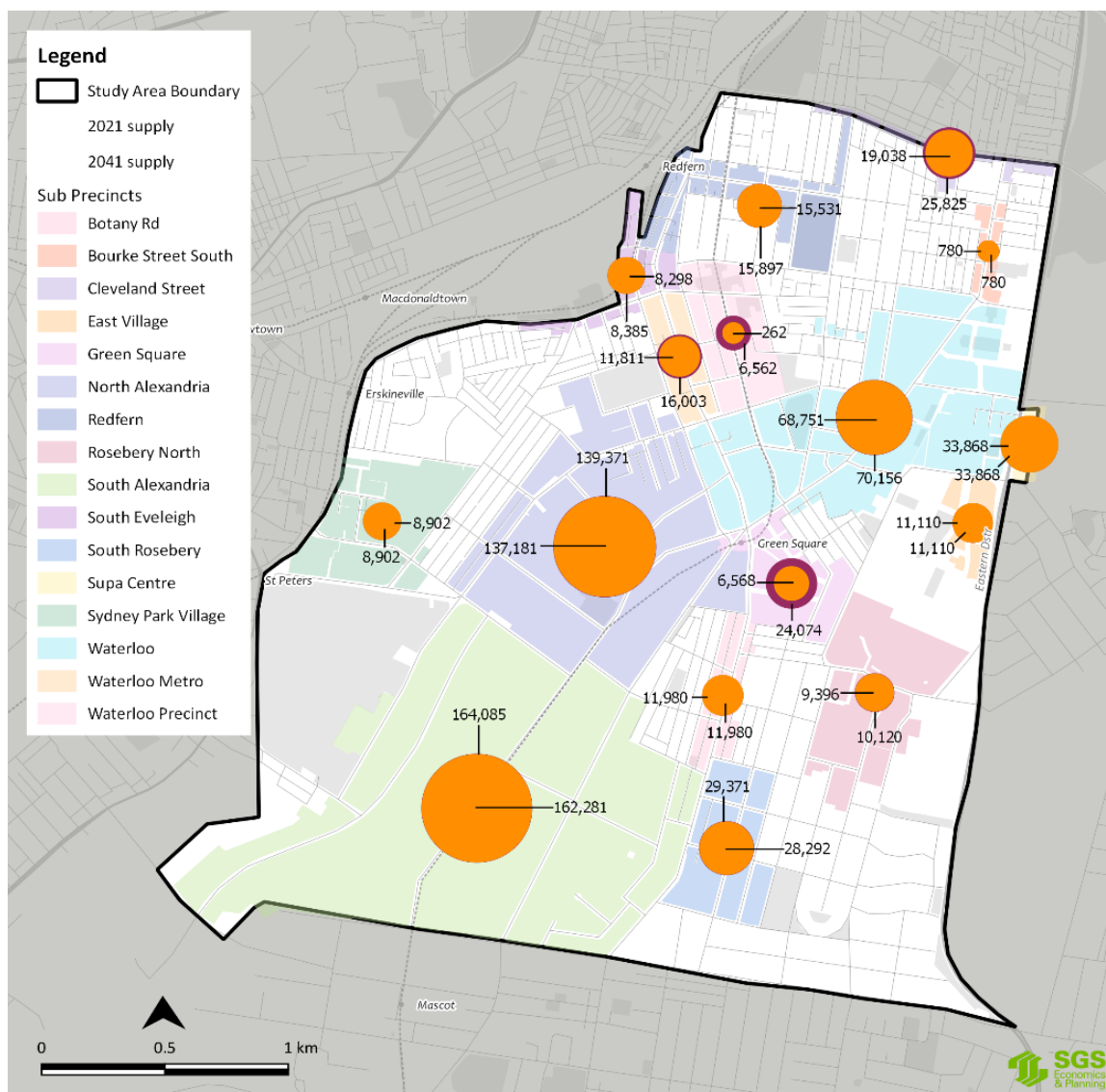
The retail gravity model is kept up to date with all new retail floorspace that is provided in 770 centres identified in the Sydney Greater Metropolitan Area. For the City of Sydney, the fine-grain results of the Floorspace and Employment (FES) 2017 are used. These are updated using the Cordell Connect data base and local knowledge in order to include retail development post 2017.

Future retail supply is estimated using the Cordell Connect database which documents all development applications and planning proposals in the LGA and immediately surrounding areas. Further to this, the City also provided a list of planning proposals which are in train in order to more accurately forecast future retail supply. It is noted that forecasting retail supply to 2041 has its limitations. The outcomes sought under planning proposals and development applications typically materialise within 5-10 years, meaning that it is difficult to determine what retail floorspace will be added to the system beyond 10 years. This is a shortfall of any retail model so any identified supply gap at 20 years needs to be carefully considered before planning interventions are made.

Figure 21 visualises retail supply across the study area at both 2021 and 2041. The inner, orange-coloured bubble represents the quantum of supply (expressed in square metres) in 2021, that is existing built floorspace currently used for retail.

The outer purple bubble represents the anticipated supply in 2041 based on a current understanding of developments in the pipeline. The purple bubble is informed solely by information on upcoming planning proposals and development applications.

**FIGURE 21: RETAIL SUPPLY 2021-2041**



Source: SGS (2022)

As demonstrated in Figure 21 North and South Alexandria contain the greatest quantum of retail floorspace within the study area. This is intuitive as both retail clusters provide substantial quanta of specialised retail floor space such as specialised retail premises and showrooms which typically warrant larger retail tenancies and larger vehicle servicing that cannot be feasibly provided in fine-grain retail centres such as Green Square Town Centre for example. As a result, retail clusters such as North and South Alexandria provide a complimentary support function to the fine-grain retail centres.

Waterloo contains the largest quantum of retail floorspace outside of the Southern Enterprise Area. The Waterloo retail cluster is one of the larger retail clusters identified in the study area and provides a diversity of retail types, including both specialised retail goods and services in close proximity to the Green Square Town Centre, and fine-grain retail uses provided on ground floor of newer mixed-use developments. Over time, the quantum of larger specialised retail uses may be reduced as the current B4 Mixed Use zoning may facilitate residential-led redevelopment over time that only provides ground-floor retail.

The greatest quantum of retail floorspace growth to 2041 is forecast for Green Square Town Centre while the greatest percentage of retail floorspace growth is forecast for the Waterloo retail cluster.

### Existing Undersupply

For the purposes of centres planning, it is most critical to understand where these provision gaps exist for supermarkets. The supermarket commodity type often :

- serves as an anchor for centres
- defines a centre's role and function
- facilitates broader place making
- has the greatest impact on resident amenity.

The simplest method to identify a retail gap for supermarkets is to determine a benchmark level of retail provision and assess current provision against it. Supermarkets are the retail commodity with the most widely accepted benchmark provision rate, with provision rates for other retail commodities varying significantly based on location and the specific retail type within that commodity.

It is generally accepted that a supermarket provision of 0.3 to 0.32 square metres per capita is the national benchmark<sup>14</sup>. It is therefore estimated that there is a current under-provision of approximately 1,328 to 2,895 square metres of supermarket floor area in the entire study area in 2021. This is equivalent to one supermarket or two smaller-format supermarkets.

Note that the retail gravity model, discussed in the below sections, is used to project future retail floorspace gaps for supermarkets but cannot be used to find out the existing retail gap at year 0. This is as the retail gravity model is a network-wide model that assumes an equilibrium between retail supply and retail demand in the base year.

As a result, the existing under-provision of between 1,328 and 2,895 square metres should be considered in conjunction with the retail gap analysis completed. This is detailed in Table 3 of this report, following the retail gravity model analysis.

### Retail Gap

The retail gravity model is a network-wide modelling approach which seeks to 'balance' the retail system by assessing retail expenditure origins (household and worker expenditure) against destinations (retail businesses) in the context of the retail system (the array of existing and proposed retail floorspace and its accessibility). In future years, as the size, character and distribution of available expenditure sources and destinations changes, the adequacy of retail floorspace provision is revealed. Often, provision gaps will emerge for particular commodity types and/or particular areas within the system.

The retail gravity model has forecast retail demand (as informed by retail expenditure and cluster profiles, as listed previously) and retail supply to 2041, at five-year increments, for each retail commodity, and for each retail cluster. Retail gaps that are positive suggest that there is an over-supply

---

<sup>14</sup> Sydney Retail Demand and Supply Consultancy for DPE in association with the Greater Sydney Commission, May 2016.

\* Refer to definition to cluster in the glossary of this report

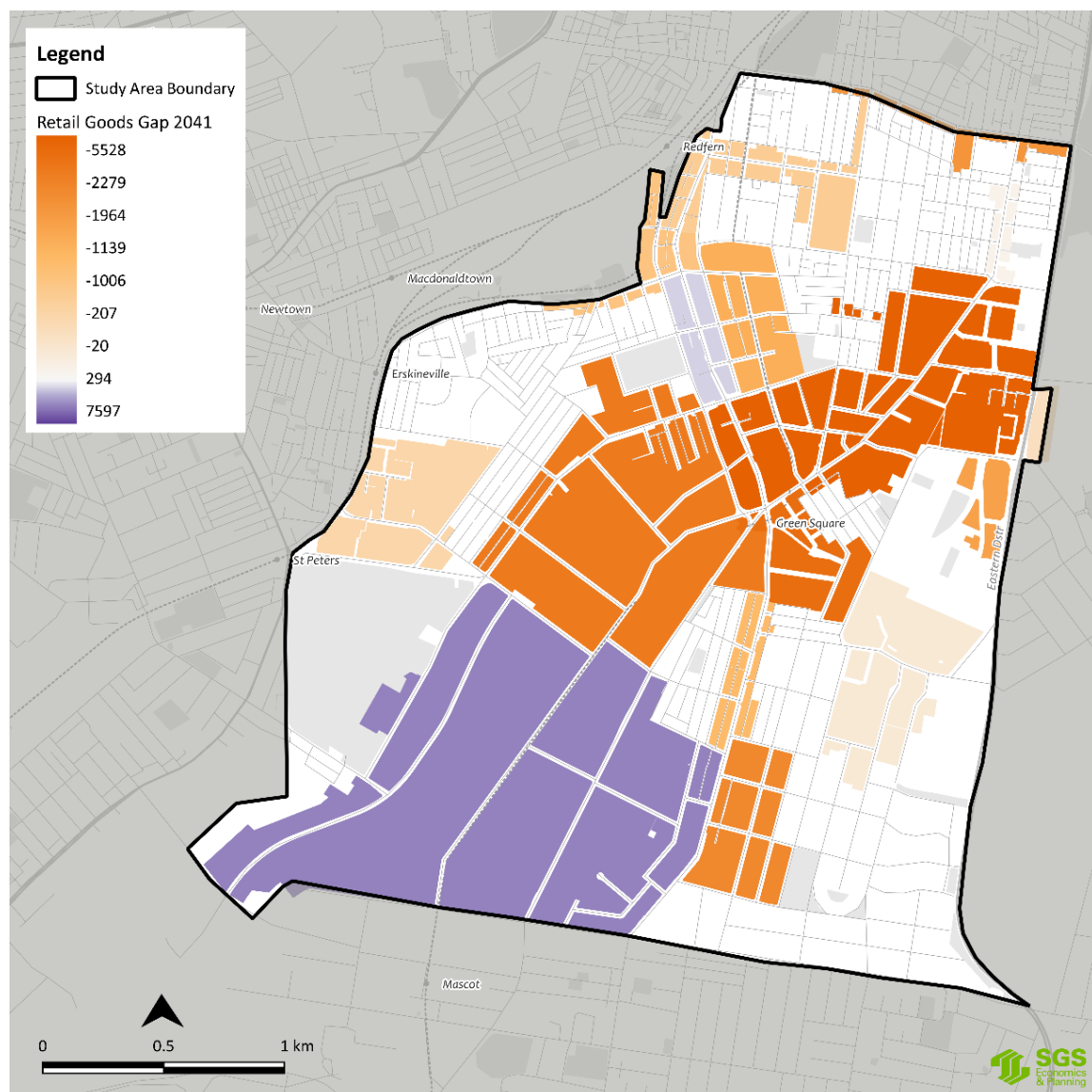
of retail floorspace, whereas a negative retail gap suggest that there is an under-supply of retail floorspace.

Retail gaps, as identified by the retail gravity model, are presented in the two following ways: by retail cluster and by retail commodity.

### Retail Gap by retail cluster

Figure 22 illustrates the retail floorspace gap for each retail cluster within the study area. This is based on the current and projected supply of retail floorspace within that retail cluster, compared to the expenditure demands in that cluster's catchment area over time. The catchment for each cluster refers to the general area over which that cluster attracts a share of retail expenditure, as calculated by the retail gravity model.

**FIGURE 22: RETAIL GOODS FLOORSPACE GAP 2041**



Source: SGS (2022)

As shown in Figure 22, the greatest under-provision in 2041 is expected at the retail centres of Waterloo (-5,528sqm), Green Square (2,279sqm) and North Alexandria (-1,964sqm). South Alexandria<sup>15</sup> sees an over-provision of 7,597sqm while Waterloo Metro's over-provision is only marginal (294sqm).

Areas with a larger gap are those with significant population growth expected in their gravitational pull, without a commensurate commitment to future retail development. Areas with an existing critical mass of retail floorspace have a larger gravitational pull, and are therefore more likely to return a significant floorspace gap. For example, a full scale supermarket is a committed part of the Waterloo Precinct redevelopment, but is not for Green Square, which also has a larger gravitational pull at present. This does not mean that equilibrium could only be achieved by building a full-scale supermarket wherever a large floorspace gap exists; a mix of smaller retailers could be just as adequate.

The result for South Alexandria shown in purple is heavily driven by the forecast increase in shares for online trade in the Household Goods sector. This means that it is anticipated that floorspace needs in this sector will fall. It should also be noted that this area has a very important light industrial, enterprise and urban service function that serves a broad catchment supporting the CBD, surrounding centres and critical activity nodes (such as the port or airport). While assessing the claims from these non-retail sectors is beyond the scope of the report, we certainly would not suggest that the over-supply highlighted by retail modelling is reflective of a broader lack of need for this land.

### **Supermarket gaps by retail cluster**

Given the benchmark analysis completed in the previous section of this report which has identified an existing supermarket under-provision in the study area, the supermarket gaps by retail cluster to 2041 are provided in Table 3 as a reference.

An existing supermarket gap of 2,112 square metres has been estimated, which is the mid-point in the range previously provided (1,328 to 2,895 square metres). The existing supermarket under-provision applies to the study area as a whole. For the table below, existing under-provision has been distributed to retail clusters based on each retail cluster's share of total supermarket floorspace.

---

<sup>15</sup> The application of the RGM is best suited to more traditional clustering of retail, provided either within a neighbourhood centre or as part of mixed-use developments. The RGM is unable to account for more specialised or unique uses contained within urban service or enterprise precincts (typically B5 Business Development, B6 Enterprise Corridor, B7 Business Park zones). The retail provided in these precincts is often more specialised, meaning that catchment areas can vary widely. Any marked gaps in retail in these precincts should be interpreted with this in mind.



**TABLE 3: SUPERMARKET GAP BY RETAIL CLUSTER (SQM)**

	2021	2026	2031	2036	2041
Botany Rd	-	-	-	-	-
Bourke Street South	-	-	-	-	-
Cleveland Street	-275	124	-93	-358	-594
East Village	-211	-326	-439	-499	-602
Green Square	-122	-389	-795	-1,198	-1,427
North Alexandria	-316	-666	-695	-988	-1,233
Redfern	-191	-200	-231	-387	-529
Rosebery North	-46	-46	-119	-150	-174
South Alexandria	-11	-11	-17	-37	-58
South Everleigh	-102	-267	-226	-320	-409
South Rosebery	-64	-140	-213	-277	-336
Supa Centre	-	-	-	-	-
Sydney Park Village	-177	-418	-537	-722	-831
Waterloo	-481	-842	-1,348	-1,772	-2,047
Waterloo Metro	-24	-23	-31	-80	-116
Waterloo Precinct	-86	-97	-128	-379	-848
<b>Total</b>	<b>-2,112</b>	<b>-3,303</b>	<b>-4,884</b>	<b>-7,193</b>	<b>-9,256</b>

Source: SGS (2022)

As shown in Table 3, the largest supermarket under-provision emerges in the Waterloo, Green Square and North Alexandria retail clusters. Botany Road, Bourke Street South and the Supa Centre do not have any forecast supermarket gap as they do not currently provide this retail commodity type and are not expected to in the future, based on the supply pipeline.

### Retail Gap by retail commodity

Retail provision gaps do not occur uniformly across commodity types. Table 4 demonstrates the change in retail gaps by commodity at five-year increments.

**TABLE 4: RETAIL GAPS**

	2021	2026	2031	2036	2041
Supermarket	-2,112	-3,303	-4,884	-7,198	-9,256
Other Food	-	-345	-869	-1,915	-2,725
Hospitality and Services	-	-2,900	-6,961	-11,388	-14,790
Clothing and Soft Goods	-	-828	1,242	2,203	3,258
Household Goods	-	-5,859	-2,997	-4,906	-404
Other Retail	-	676	8,014	12,722	17,445

Source: SGS (2022)

To 2041, the largest negative gap is forecast for Hospitality & Services and Supermarkets, with a gap of -14,790 square metres and -9,256 square metres respectively. Conversely, an excess 17,445 square metres of 'Other Retail' is set to be provided to 2041. Most of this floorspace is provided in the North Alexandria and South Alexandria which do not operate as traditional retail centres. This over-provision needs to be interpreted with caution as existing businesses in these precincts are unique and may not wish to relocate or may provide a retail experience that cannot be replaced by online shopping (the largest driver of this decline).

# Summary of evidence base

## Chapter 2:

- Present day retail is changing, with retailers trying to differentiate themselves and serve more specific demands. Some traditional retail formats are becoming out-dated, mass production is continuing to have high demand, and there is an expectation for new and emerging retail formats to accelerate.
- Evidence reveals that physical retail stores are specialising and reconfiguring into specialty retail formats to differentiate themselves, and retail expenditure in-person could potentially be encouraged by changed trading hours accommodating a night-time economy.

## Chapter 3:

- COVID-19 has forced retailers to adapt and change their standard operations.
- Supermarkets have been acknowledged by many stakeholders to be good for activating mixed-use areas.
- Stakeholders have identified the biggest obstacles to operating include the 1,000sqm cap and a lack of parking availability; some other obstacles mentioned were fragmented land ownership and an inability to promote current retail offerings.
- Opportunities for retail include the night-time economy and retail diversification to further activate the area and attract more retail.
- Accessibility mapping of study area reveals that the areas most inaccessible to supermarkets are those where non-residential uses are not permitted.

## Chapter 4:

- It is predicted that the greatest retail expenditure in 2041 will be generated in the Green Square Town Centre, Waterloo, Ashmore Estate and future Waterloo Estate redevelopment site, with over \$462 million out of \$1.4 billion expected to be supermarket spending.
- The Green Square Town Centre is expected to experience the highest percentage of growth of retail supply within the study area.
- According to the projected retail goods floorspace gaps in 2041, there is an anticipated undersupply of retail floorspace in Waterloo, Green Square and North Alexandria, and oversupply in South Alexandria and Waterloo Metro.
- The largest supermarket under-provision emerges in the Waterloo, Green Square and North Alexandria retail clusters.
- In 2041, the greatest under-provision of retail floorspace is forecasted to be in hospitality and services, supermarkets and other food retail, while an over-provision of retail floorspace is expected in other retail types.

## 5. Analysis

This section of the report will synthesise the evidence gained up to this point, with a view to understanding the role and function of centres and their capacity to meet forecast need.

The first step in this process is identifying the comparative advantages of each retail cluster in providing a specific retail commodity.

Next, a capacity analysis is completed to understand whether the planning controls in each retail clusters can accommodate any retail under-provisions.

Following this, retail clusters are profile in order to allow each centre to be allocated a typology.

Finally, based on all of the above, a 'what if' analysis is conducted whereby retail under-provisions are redistributed based on the analysis completed above.

### 5.1 Commodity Analysis

A further analysis of the retail gaps by retail cluster has been conducted to understand which retail cluster specialises in providing a specific retail commodity. This will result in a heightened understanding of what comparative advantages each retail cluster has in providing a particular retail commodity.

The commodity analysis compares the share of all retail commodities provided in a retail cluster 2021 based on what retail is known to be provided (based on FES data and Google API audits). Similarly, the 2041 commodity analysis compares the share of all retail commodities provided in a retail cluster based on both the current and projected retail floorspace to be provided in each retail cluster, with projected retail floorspace determined by examining pipeline development on the Cordell Connect database and reviewing the delivery of publicly exhibited and approved master plans.

Table 5 examines what percentage of a retail commodity's total provision in the study area are provided in each retail cluster.

**TABLE 5: DISTRIBUTION OF RETAIL COMMODITIES BY RETAIL CLUSTER**

	Supermarkets		Other Food		Hospitality and Services	
	2021	2041	2021	2041	2021	2041
Botany Rd	0.0%	0.0%	3.5%	2.8%	3.8%	3.5%
Bourke Street South	0.0%	0.0%	0.9%	0.7%	0.4%	0.4%
Cleveland Street	9.7%	16.4%	7.1%	8.0%	17.5%	16.7%
East Village	11.4%	8.6%	8.1%	6.4%	6.5%	6.0%
Green Square	4.9%	6.7%	0.6%	3.8%	6.0%	8.3%
North Alexandria	17.1%	12.9%	15.4%	14.5%	5.7%	6.9%
Redfern	10.3%	7.8%	3.8%	3.2%	8.0%	7.5%
Rosebery North	2.5%	1.9%	0.0%	1.1%	1.3%	1.4%
South Alexandria	0.0%	1.1%	10.8%	9.8%	14.8%	14.1%
South Everleigh	5.5%	4.2%	3.8%	3.0%	5.5%	5.1%
South Rosebery	2.2%	3.9%	18.9%	15.3%	7.1%	6.5%
Supa Centre	0.0%	0.0%	0.0%	0.0%	0.4%	0.3%
Sydney Park Village	9.6%	7.2%	9.0%	7.1%	1.9%	1.8%
Waterloo	26.0%	19.6%	16.9%	15.6%	18.8%	18.2%
Waterloo Metro	0.0%	2.3%	1.2%	5.3%	2.2%	2.9%
Waterloo Precinct	0.8%	7.4%	0.0%	3.3%	0.0%	0.5%

	Clothing and Soft Goods		Household Goods		Other Retail	
	2021	2041	2021	2041	2021	2041
Botany Rd	1.5%	1.4%	2.4%	2.4%	1.3%	1.2%
Bourke Street South	0.0%	0.0%	0.1%	0.1%	0.2%	0.2%
Cleveland Street	0.3%	1.1%	0.3%	0.5%	1.4%	2.3%
East Village	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%
Green Square	0.0%	0.9%	0.0%	0.2%	0.9%	2.6%
North Alexandria	34.3%	33.1%	32.6%	32.4%	13.6%	12.7%
Redfern	2.9%	2.9%	1.0%	1.0%	1.5%	1.7%
Rosebery North	2.0%	2.1%	1.0%	1.0%	6.5%	6.3%
South Alexandria	18.8%	18.4%	37.1%	36.9%	55.1%	51.1%
South Everleigh	0.3%	0.2%	0.3%	0.4%	1.2%	1.1%
South Rosebery	14.2%	13.7%	2.7%	2.7%	3.4%	3.1%
Supa Centre	2.5%	2.4%	11.0%	10.9%	0.1%	0.1%
Sydney Park Village	1.1%	1.1%	0.3%	0.3%	2.0%	1.9%
Waterloo	16.2%	15.7%	9.3%	9.3%	10.4%	9.7%
Waterloo Metro	5.6%	5.4%	1.8%	1.8%	2.1%	4.7%
Waterloo Precinct	0.0%	1.3%	0.0%	0.2%	0.0%	1.3%

Source: SGS (2022)

Table 5 indicates that in 2021, approximately 43% of all supermarket floorspace provision in the study area is provided in the Waterloo and North Alexandria retail clusters. In 2041, the Cleveland Street, Green Square and the Waterloo Precinct retail clusters will play a more important role in supermarket provision as future supply comes online.

Clothing & Soft Goods, Household Goods and Other Retail are predominantly located in North and South Alexandria, which is reflective of both centres not operating as traditional retail centres, but as highly specialised urban services and specialised retail premises nodes. Waterloo also has a high prevalence of clothing and soft goods, and household goods. Relative to other retail commodities, other food and hospitality & services are distributed evenly across all retail clusters.

5.2 Capacity Analysis

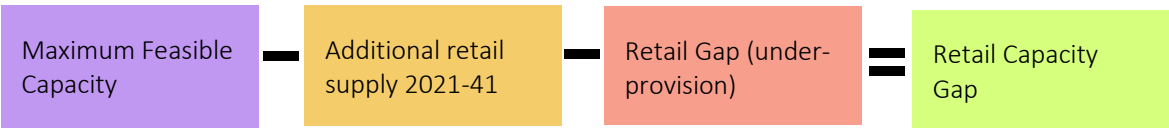
To gauge whether the existing planning controls in the retail clusters have sufficient capacity to meet forecast need and respond to modelled gaps in provision, a capacity analysis was conducted for the study area. This involves comparing the retail provision gaps identified in the retail modelling to the capacity to provide additional retail floorspace under the existing planning controls.

There are broadly three different types of capacity analysis.

- 1. Spare capacity: The difference between existing GFA and maximum on each site
- 2. Maximum capacity: Assumes full turnover of all sites – the maximum GFA on each site (with retail premises only being provided on ground floor)
- 3. Maximum feasible capacity: A high-level feasibility test is conducted to determine which sites can turn-over and be built out to maximum controls (with retail premises only being provided on ground floor of redeveloped sites)

Maximum feasible capacity has been completed for this retail review as it provides the most realistic measure of capacity in the study area. The high-level feasibility test uses the Geoscape database, which estimates the gross floor area of a building using satellite imagery which identifies the existing built form. This modelling is used to estimate the available floor area capacity on each site.

Once completed, it is necessary to understand whether the maximum feasible capacity is enough to cover the retail gaps identified in the retail gravity model. The following methodology is applied:

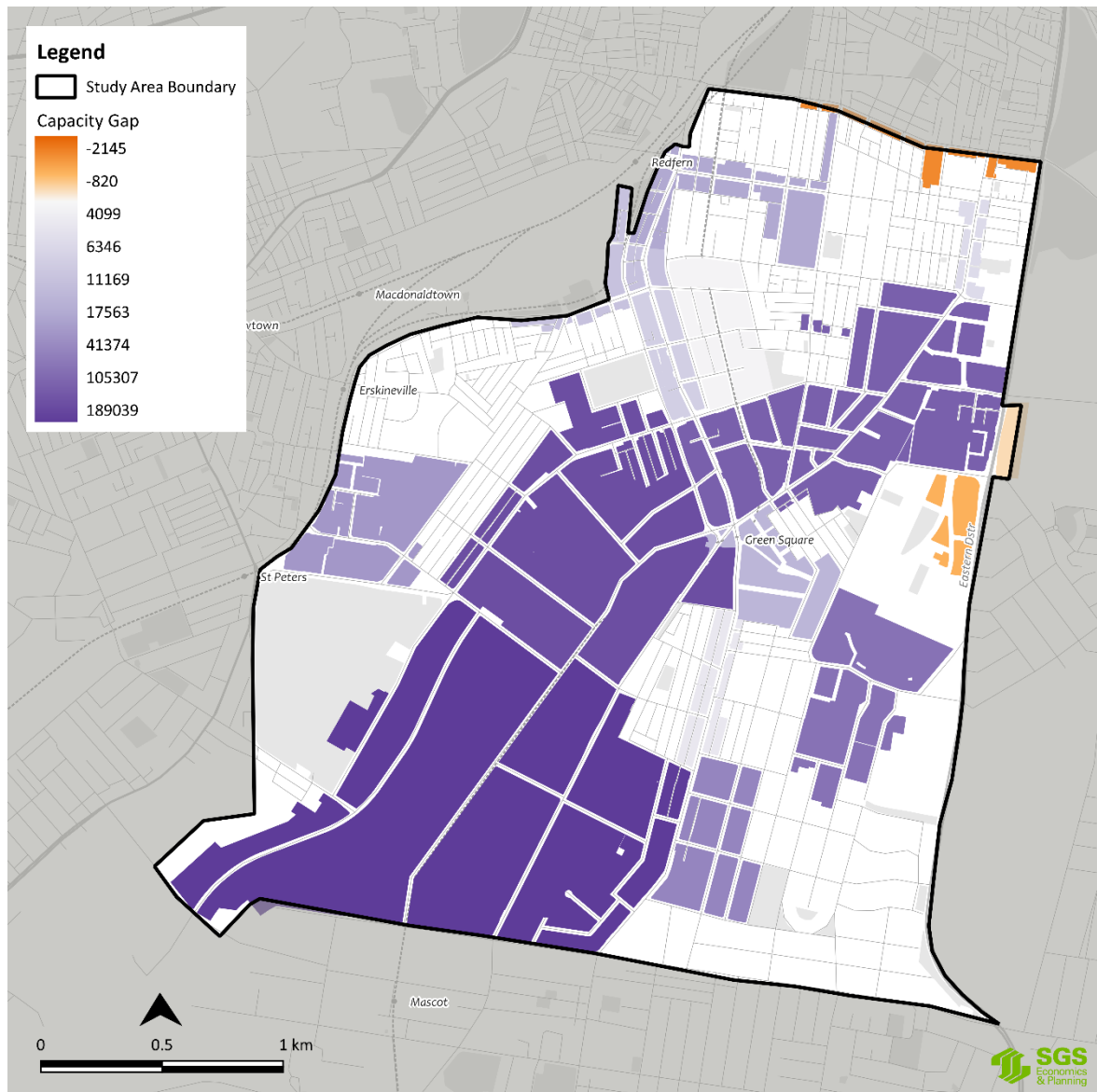


This method determines how much capacity is in the system once all planned retail is provided and retail gaps are filled. Additional retail supply (identified through an audit of existing development proposals) and the retail under provision (an output from the retail gravity model) is deducted from the maximum feasible capacity, with the resulting number representing the retail capacity gap at the year 2041.

A positive value would suggest that there is sufficient capacity within a retail cluster to provide for the identified retail gap. Conversely, a negative value would suggest the inverse – insufficient capacity exists to provide for the identified floorspace gap. Figure 23 shows the retail capacity gap.



FIGURE 23: CAPACITY GAP 2041



Source: SGS (2022)

Figure 23 demonstrates that most centres have sufficient capacity to accommodate modelled shortfalls in retail provision in 2041. The exceptions are Cleveland Street, East Village and Supa Centre, shown in orange, where these centres have floorspace provision gaps of 2,145sqm, 820sqm and 447sqm respectively. However, as previously noted, retail model outputs should be assessed alongside other strategic planning considerations. Further analysis will be completed later in this section of the report that conducts a 'what if' analysis on the distribution of retail gaps across the study area, based on cluster characteristics and opportunities.

### 5.3 Retail Cluster Profiles

The following section of the report synthesises the findings of the capacity and commodity analysis, as well as on-the-ground investigations, to characterise the retail clusters within the study area.

#### Botany Road



The Botany Road retail cluster is located immediately south of the Green Square strategic retail cluster, centred around Botany Road and Victoria Street, Beaconsfield. The majority of non-residential tenancies are for urban services type uses, followed by household goods retailing, hospitality and clothing retailers to a lesser degree.

This retail cluster is an eclectic mix of small standalone warehouse buildings and terrace housing. A large proportion of this retail cluster is zoned mixed use, which means that over time it will be redeveloped as mixed-use with ground floor retail spaces and residential apartments above. Wholesale development of this cluster may reduce the availability of flexible, low-cost employment floorspace.

#### Bourke Street South



The Bourke Street South retail cluster consists of several retail premises located along Bourke Street between Thurlow Street and Phillip Street in eastern Redfern. It does not include supermarkets to the south of Phillip/Crescent Street, which are part of the Waterloo retail cluster (Danks Street shopping centre). These premises contain small, local-serving business integrated with the surrounding residential neighbourhood.

Bourke Street South should continue in its established function as a small-scale retail destination serving its surrounding population. There does not appear to be any impetus for increased floorspace capacity in this location.

## Cleveland Street



As with Bourke Street South, retail premises along Cleveland Street are small-format spaces within older urban fabric, often situated adjacent to terrace housing. It is noted that the retail cluster will include a newly renovated supermarket – but its catchment is likely to be northward skewed given limited supermarket provision in Surry Hills.

Cleveland Street should continue to provide small format retail space in heritage buildings. Given existing capacity, relatively low amenity, heritage constraints and low population growth anticipated for immediately surrounding area, Cleveland Street is a poor choice of location for focused redevelopment.

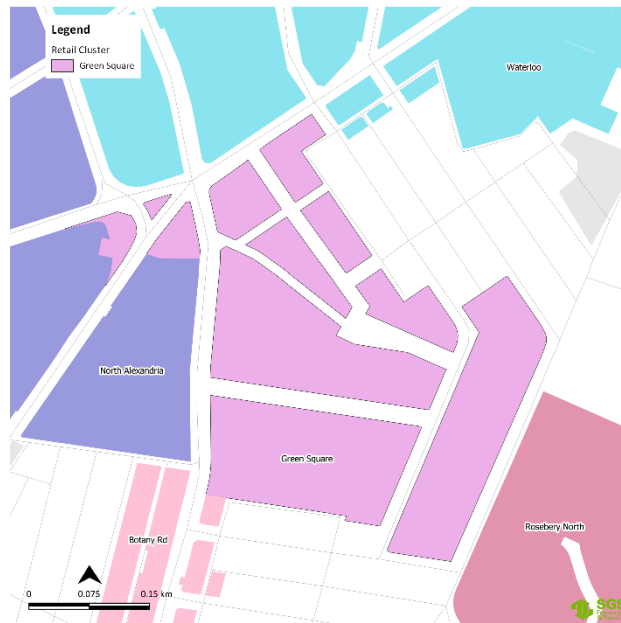
## East Village



This retail cluster is focused on the East Village Shopping Centre on Gadigal Avenue, and also includes some surrounding blocks to the south of O'Dea Avenue and west of Joynton Avenue. The built environment in this precinct has been created entirely since the start of urban renewal at Victoria Park in 1996.

Floorspace in the East Village precinct has all been built in the last 25 years, and much of it has been completed even more recently. The fact that these sites have been recently capitalised and stratified, they are unlikely to turn over in the near future. Residential development in the Victoria Park renewal area has stabilized. While a 1,501sqm retail gap is expected to emerge by 2041, neighbouring retail clusters, such as Green Square may be able to satisfy this demand, particularly as there is not sufficient capacity to provide this in East Village.

## Green Square



Green Square refers to the area bound by Botany Road and Joynton Avenue, and also includes some blocks along Bourke Street. Green Square remains in its development phase and is aspiring to become a place for dense and diverse urban activities once completed. The gap in retail provision is low, meaning that the planned quantum of retail floorspace is likely sufficient to serve the needs of the future population.

However, if retail gaps across the entire study area are redistributed in accordance with the vision of creating Green Square as the ‘focal point’ of south Sydney, capacity constraints begin to emerge. This underscores a broader strategic rationale to expand the boundaries of the designated Green Square Town retail cluster which will be explored later in this report.

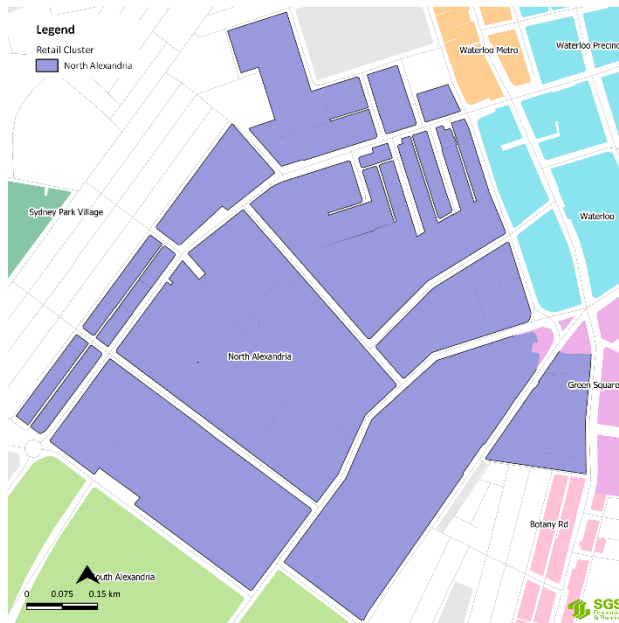
In any instance, an analysis of Green Square’s intrinsic qualities is required to understand the scope for changing the strategic planning framework. This is provided below.

**FIGURE 24: GREEN SQUARE TOWN CENTRE SWOT ANALYSIS**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Existing Train Station</li> <li>New community facilities</li> <li>Existing strategic framework supports centre as the ‘focal point’ of the study area</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>Has still not delivered large-scale retail</li> <li>High rents and vacancies</li> <li>Busy Botany Road may makes retail expansion difficult due to access constraints</li> <li>May be deemed ‘over-curated’</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Expand retail core to the west and south of Green Square Station so that it radiates.</li> <li>Large landholdings by a few developers</li> <li>Sustainable Sydney 2030–2050 vision for Botany Road may make westward retail expansion more attractive by improving pedestrian access from the east</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Capacity gap becomes quite small if provision gaps at other centres are to be absorbed by Green Square</li> <li>Proposals to allow substantial retail floorspace in proximate centres</li> <li>Large landholdings by a single developer</li> </ul>

Source: SGS (2022)

## North Alexandria



North Alexandria refers to the area bound by Wyndham Street, Huntley Street and McEvoy Street/Euston Road. Its urban fabric consists of low-rise, large format spaces of various ages and with an industrial character. Housing is confined to sites adjacent to McEvoy Street/Euston Road.

North Alexandria is unique and diverse and does not fulfill a traditional retail role and needs to be positioned to be flexible to future trends.

The northern and eastern portion of the retail cluster is subject to a PP that seeks to intensify employment uses. Given the large floor plates in parts of the precinct, proximity to Green Square Train Station and an anticipated increase in worker population, it may be desirable to intensify ground floor retail uses.

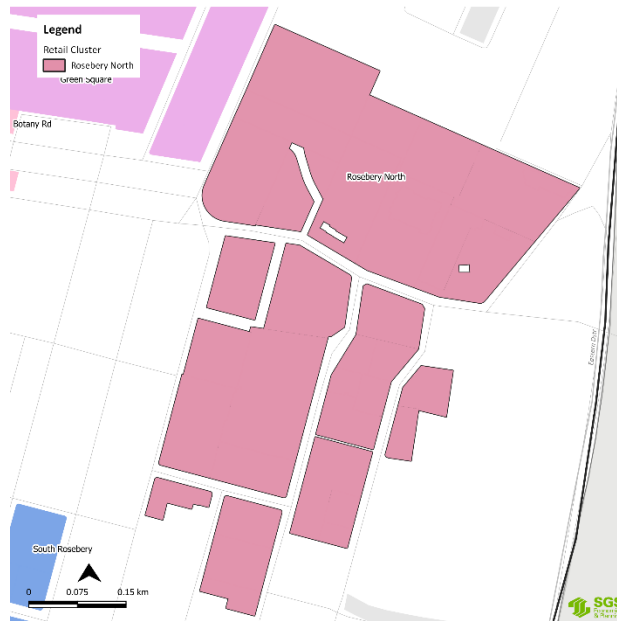
## Redfern



The Redfern retail cluster is largely bound by Chalmers Street, Redfern Street and Regent Street in the area north of Phillip Street/Boundary Street. This contains a diverse range of urban fabric in terms of both age and physical format. Newer developments are clustered around Redfern Station and Chalmers Street adjacent to Redfern Park, with older buildings and fine-grain shops and residences along Redfern Street and parts of Regent Street in particular.

Most of the retail gap is for hospitality services which can materialise organically without specific planning intervention. Redfern has already commenced a 'rebranding' which has seen the proliferation of several restaurants, cafes and bars and it is well suited to continue this trend.

## Rosebery North



Rosebery North refers to the section of Epsom Road to the east of Joynton Avenue, and to several blocks immediately south of Epsom Road. Most of this retail cluster has been recently redeveloped for medium-high rise housing and ancillary retail, although a few low-rise, large format retail and commercial premises remain.

The City has identified this precinct as being ideal for future Zetland Metro Station.

## South Alexandria



South Alexandria covers a large area to the east of Euston Road and south of Huntley Street, spanning Burrows Road, Bourke Road and O'Riordan Street. Together with the North Alexandria retail cluster, this geography is one of few remaining large areas of industrial land within close proximity of the Sydney CBD and within the corridor of economic activity from Sydney Airport to Macquarie Park.

Floorspace capacity in South Alexandria significantly exceeds the forecast under-provision. South Alexandria is also an important industrial precinct in the context of the Sydney Metropolitan Region, a role which conflicts with the possibility of large-scale redevelopment for higher order uses.



## South Eveleigh



South Eveleigh includes sites to the west of Regent Street/Botany Road and north of Henderson Road. This includes a diverse range of land uses and building types across the Australian Technology Park and streets to its east.

South Eveleigh should continue in its established function as a small-scale retail destination serving its surrounding population and complimentary to both Redfern and Australian Technology Park. There does not appear to be any requirement for increased floorspace capacity in this location.

## South Rosebery



The South Rosebery retail cluster consists of a rectangular set of streets bound by Botany Road, Harcourt Parade, Rothschild Avenue and Queen Street. This offers a range of large format industrial and commercial buildings alongside newer residential developments with some ancillary retail.

## Supa Centre



Supa Centre refers to the large format retail mall located on the Eastern Distributor and Dacey Avenue. Its tenants specialise in household goods such as electronic appliances and furniture.

Given the specialised nature of this retail cluster, any identified gaps should be interpreted with caution, as the catchment under which the retail cluster operates is likely to be much larger than other retail commodities. Further, with household goods being the retail commodity most quickly shifting online, the Supa Centre's long-term operations may be increasingly challenged. However, this is also contingent on the retail cluster's competitive offer in relation to other specialised retail premises clusters in the broader vicinity.

## Sydney Park Village



The Sydney Park Village retail cluster spans the area between Ashmore Street and Sydney Park Road in Erskineville. This area is characterised by modern multi-unit residential complexes and accompanying retail uses.

The retail cluster has been curated to provide amenity for local residents, as opposed to being a retail destination. However, its catchment is likely to be skewed to the west where limited supermarkets exist.

## Waterloo Metro



Waterloo Metro refers to the area centred around Botany Road, bound by Wyndam Street and Cope Street. The proposed retail cluster is co-located with the future Metro Station and its purpose is largely for convenience shopping, as opposed to being a significant retail destination.

## Waterloo Precinct



Waterloo Precinct encompasses the Waterloo Estate public housing, which is located between McEvoy and Phillip Streets. In March 2022, the NSW Government placed a planning proposal for most of the Waterloo Estate on exhibition. If approved and fully capitalised, this proposal would result in over 2,000 new dwellings being built on the site. The proposal also includes a minimum of 11,700sqm of commercial floorspace which would be mostly occupied by retail and retail services.

SGS testing for the proposal has demonstrated that proposed retail floorspace will not have a significant economic impact on Green Square, however, may impact other factors such as traffic levels. While a retail gap begins to emerge, this should be able to be satisfied in other retail clusters.

## Waterloo



The Waterloo retail cluster definition includes a broad area between South Dowling Street and Wyndham Street, following the line of Bourke Street to its conclusion at Green Square. This includes a significant portion of the Green Square urban renewal area, and older parts of the surrounding urban fabric and street network.

The estimated floorspace gap at Waterloo is greatly exceeded by latent floorspace capacity within the retail cluster, meaning that planning interventions are not required to address retail floorspace quantum shortfalls. However, much of this floorspace would need to be provided as part of the redevelopment of large sites where new streets or open spaces may erode capacity slightly.

This means that planning for retail spaces needs a more incremental approach which provides this floorspace across key sites. This method is desirable because it achieves a better integrated and fine-grained style of mixed-used development, which is most appropriate for an inner-urban location.

In any instance, an analysis of Waterloo's intrinsic qualities is required to understand the scope for changing the strategic planning framework. This is provided below.

**FIGURE 25: WATERLOO RETAIL CLUSTER SWOT ANALYSIS**

<b>Strengths</b> <ul style="list-style-type: none"> <li>▪ 'Village feel'</li> <li>▪ Significant under/undeveloped landholdings</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>▪ No current or proposed heavy rail infrastructure</li> <li>▪ Limited community infrastructure</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>▪ Centre operates in sub-precincts – ability to carefully master plan each sub-precinct</li> <li>▪ Significant population growth</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>▪ Under/undeveloped landholdings are in close proximity to Green Square – can compete with centre</li> <li>▪ Emerging proposals to breach 1,000sqm retail gap</li> </ul>

Source: SGS (2022)

## 5.4 Retail Cluster Typology

The retail modelling, commodity analysis and capacity analysis have provided a greater understanding of the profile of each retail cluster. The following steps seeks to delve deeper and understand the typology of the retail clusters. This is the first step of the analysis that seeks to uncover where planning interventions, if any, are required.

Retail cluster typologies are not a proposed retail hierarchy. Rather, they are a qualitative input into redistribution testing that will follow and that will inform the recommendations of this retail review. The allocation of retail clusters into typologies has been based on:

- The desire to position Green Square as the retail 'focal point' of the study area
- The existing retail hierarchy within the study area and the proximity of one cluster to another within that hierarchy
- The current and proposed supply of retail floorspace in each cluster
- The current and proposed demand of retail floorspace
- The trading profile of each retail cluster (based on retail commodity analysis and retail cluster profiles)
- The 'completeness' of the retail cluster (whether development is provided in an in-fill manner of it wide-spread renewal is, or has, occurred)
- The comparative advantages of each centre in providing a particular retail commodity
- The extent of retail under-provision (by commodity)
- The existing capacity of each centre in providing additional retail floorspace
- Retail over-provisions have been excluded so as not to skew data

Through the analysis conducted above, five distinct typologies of retail clusters begin to emerge.

- **Principal Cluster:** Retail clusters that have been identified as the main retail precinct within the study area.
- **Critical Clusters:** Retail clusters of a strategic importance or with strong pressures to evolve.
- **Complete Clusters:** Retail clusters of a local significance that are largely complete and that see development emerge in an infill manner, if at all.
- **Minor Clusters:** Retail clusters that small or located on an arterial corridor and typically secondary to a larger more proximate retail cluster.
- **Establishing Clusters:** Retail clusters that are currently undergoing transformation based on detail and curated plans that are precinct-wide, as opposed to building specific.
- **Clusters to Monitor:** Retail clusters that are large, complex and starting to evolve – either with or without planning intervention.

The allocation of each retail cluster into a typology is shown in the table below. Further discussion of how the retail cluster typologies are used will be provided in the subsequent section of this report.

**TABLE 6: RETAIL CLUSTERS BY TYPOLOGY**

Typology	Retail Cluster
Principal Cluster	Green Square
Critical Cluster	Waterloo
Clusters to Monitor	South Alexandria South Rosebery North Alexandria Rosebery North
Complete Clusters	East Village Redfern Supa Centre
Minor Clusters	Botany Road Bourke Street South Cleveland Street South Eveleigh
Establishing Clusters	Sydney Park Village Waterloo Metro Waterloo Precinct

Source: SGS (2022)

The allocation of retail clusters into retail typologies is the first step in conducting a redistribution analysis. That is, it is important to understand that if a redistribution where a more rigid application of the retail hierarchy were to occur, what would the flows between clusters be. The subsequent section of this report shows the redistributed flows between retail typologies.

## 5.5 Redistribution Testing

The retail gravity model indicates where additional retail floorspace is required to balance the retail system. However, the outputs give an indication of *one*, but not the only way to balance the system. While the modelling helps ensure market balance, from a strategic planning perspective, taking these modelled outputs at face value and directly addressing gaps as reported may not give the best outcome. For example, in some cases, the gaps reported for a series of centres might be very small – with each centre having a gap smaller than the size of a typical store. In practice, addressing this gap is more likely to happen through provision in one centre responding to the small gaps in a series of nearby centres. Similarly, from a centre role and function perspective, gaps in some commodity types may be best met by encouraging agglomerated provision rather than addressing distributed gaps across many centres. More broadly, there may be amenity, transport or urban design reasons as to why an



alternative balancing of retail is the best planning outcome. This strategic analysis in this report has quantitatively and qualitatively sought to understand how each retail cluster operates within the study area. The next step is a practical application of this understanding.

While, it is beyond the scope of this study to consider transport, design, amenity, etc in any detail, we have completed a redistribution test as a 'what-if' analysis. This seeks to test of the tolerance of the retail system to absorb demand, where smaller gaps are addressed through agglomerated provision within a more rigid application of the retail typology, and maintain reasonable accessibility. The typology applied is as follows:

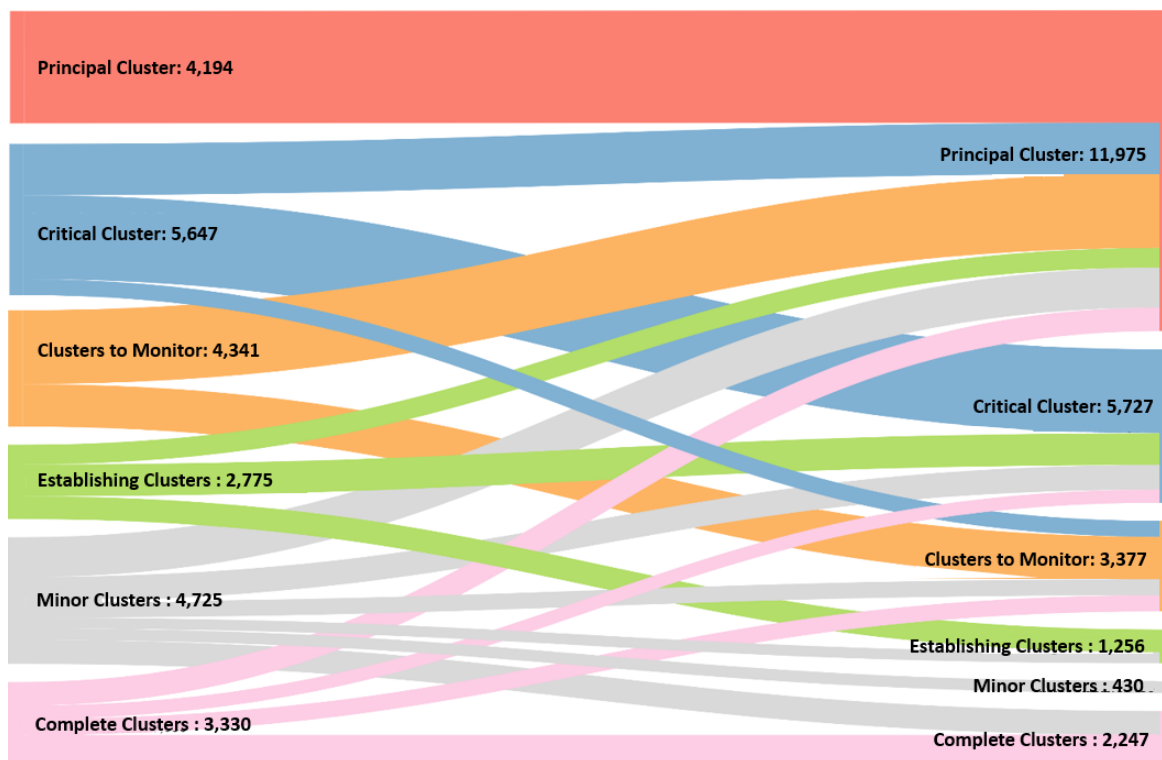
- **Principal Cluster:** The main trading area of the study area that captures most of the retail under-provision.
- **Critical Clusters:** The secondary trading area that diverts much of its under-provided trade to the principal cluster but received the under-provided trade of other lower-order retail clusters.
- **Complete Clusters:** Diverts some trade away to higher order clusters but are able to retain a fair quantum due to latent capacity within the cluster.
- **Establishing Clusters:** Diverts most of their under-provided trade to other clusters, retains some, but to a lesser extent to complete clusters due to greater capacity constraints.
- **Minor Clusters:** Diverts most of their under-provided trade to other clusters.
- **Clusters to Monitor:** Divert most of their under-provided trade to the principal cluster, with the exception of retail commodities in which these centres have a comparative advantage in (clothing and soft goods, household goods and other retail).

The purpose of this redistribution is to gauge whether each cluster has the capacity to provide a redistributed quantum of retail floorspace. The redistribution is cognisant that centres within the Green Square and Southern Areas are part of a broader network of centres and that leakages to other retail clusters outside of the study area, but proximate to the study area, may occur.

Figure 26 shows the aggregated results of the redistribution. The coloured lines represent the additional retail floorspace required, as identified by the retail gravity model for each typology. The splitting and movement of these coloured lines from the left to the right of the figure illustrates the redistribution of this required retail floorspace.

For example, the redistribution testing has reallocated most of the additional floorspace required for the minor cluster typology (shown in grey) to other typologies. An example of a Minor Cluster is Bourke Road South. Conversely, most of the redistributed flows are towards the Principal Cluster, defined by Green Square.

FIGURE 26: AGGREGATED DISTRIBUTION ACROSS CENTRE TYPES



Source: SGS (2022)

### Capacity Analysis under redistribution

A subsequent capacity analysis, as shown in Table 7, demonstrates that there is still sufficient capacity in most centres to deliver retail under-provisions after the redistribution.

TABLE 7: CAPACITY GAP BY REDISTRIBUTED RETAIL TYPES

	Under-provision (sqm)	Capacity (sqm)	Capacity Gap (sqm)	Gap incl. incoming supply (sqm)
Principal Centre	11,975	14,784	2,827	-14,679
Critical Centres	5,727	59,893	54,166	54,167
Centres to Monitor	3,377	367,893	364,516	358,719
Establishing Centres	1,256	30,750	29,494	19,502
Minor Centres	430	28,986	28,556	21,682
Complete Centres	2,247	19,791	17,544	17,178

Source: SGS (2022)

However, as shown in Table 7, there is insufficient capacity in the principal centre – the Green Square Town Centre, meaning that if retail under-provisions were to be reallocated under the above model, there is insufficient capacity within the centre to provide these retail uses. The capacity analysis only assumes retail uses at ground floor, a reasonable assumption given that retail tenancies require a high level of off-street visibility and no multi-storey shopping centre is proposed within the Green Square.

Town Centre. The capacity analysis is quantitative and assumes the quality of each site in each retail cluster is the same, which is likely to overestimate capacity. In reality, the quality of sites is likely to vary, further constraining the leeway for Green Square to provide sufficient capacity for retail land uses under the redistributed model.

## 6. Synthesis of Findings

This chapter provides a summary of the key findings from the Retail Review and highlights the main considerations for establishing a strategic planning framework for the provision of retail floorspace in Green Square and the Southern Areas.

### 6.1 Key findings and considerations in Chapter 1 – Introduction

- 1.A The REAC report has called for greater flexibility in business zones for retail uses and to focus on transitioning appropriate former industrial areas to retail.
- 1.B The NSW Government's Discussion Paper and the Productivity Commission's White Paper has called for more flexible zoning and strategic plans to allow for the emergence of innovative retail types and to facilitate the clustering of retail uses to allow for enhanced amenity.
- 1.C The Southern Enterprise Area Review 2020 encourages diversity of businesses and employment and aims to allow local centres to grow and develop.
- 1.D The Sydney LEP 2012 includes the Restricted Retail Development map which caps the size for retail tenancies at 1,000 square metres for sites located outside of the Green Square Town Centre and the local centres at Victoria Park and the Ashmore Estate.
- 1.E The Sydney DCP 2012 establishes the retail hierarchy in the study area, major centre, local villages, small villages and neighbourhood centres. Future recommendations will need to be cognisant and reflective of this established hierarchy.
- 1.F The Sydney LEP 2012 manages specialised retail premises by defining specific areas where they can operate. The Southern Enterprise Area Review 2020 endorses this approach.

### 6.2 Key findings and considerations in Chapter 2 – The Economics of Present-Day Retail

- 2.A Behavioural changes brought about by COVID-19 are likely to be long term and should be incorporated into future decision-making (e.g., social scarring, social distancing, online shopping, contact-less delivery). High street retail is increasingly focussed on higher amenity and more service orientated activity profiles that online retail finds difficult to compete with.
- 2.B Green Square and Southern Areas are major components of Sydney's highly productive Global Economic Corridor and host a range of functions with important linkages to the city economy. Changes and intensification of land uses should be planned sensitively to preserve elements which are the basis of the current economic system.
- 2.C Green Square and Southern Areas contain a large stock of aged, large format spaces. These provide relatively affordable and physically flexible places for new types of businesses to locate and develop. The existing planning approach for the Southern Enterprise Area should be maintained so as to protect these retail types.

- 2.D Careful curation of retail floorspace may be necessary to promote lively centres in future. Planning for retail floorspace at Green Square Town Centre should also look for ways to embrace new formats of trip-generating non-residential activity.

### **6.3 Key findings and considerations in Chapter 3 – Local Insights**

- 3.A Major stakeholders have identified the 1,000sqm retail floorspace cap and on-site car parking as the largest obstacles to operation (noting that blanket removal of the floor-space cap is not supported by this report and amendments to the car parking rate are not within the purview of this study).
- 3.B Greater diversity of retail is needed to activate Green Square and support the night-time economy. This includes a greater range of food and beverage options, such as casual dining, beyond 'take away' options, such as casual dining, and recreation venues.
- 3.C Rents for retail tenancies in centres are relatively expensive.
- 3.D Supermarket accessibility is poorest in pockets of Waterloo, Redfern and Rosebery North.

### **6.4 Key findings and considerations in Chapter 4 & 5 – Retail Provision Forecasting and Analysis**

- 4.A There is a current under-provision of approximately 1,328 to 2,895 square metres of supermarket floor area in the entire study area.
- 4.B The largest retail under-provisions emerge for Hospitality & Services and Supermarket premises.
- 4.C Waterloo, North Alexandria, Cleveland Street, East Village retail clusters have a current comparative advantage in providing supermarkets. Green Square and the Waterloo Precinct cluster are anticipated to have a higher comparative advantage in supermarkets leading to 2041.
- 4.D North Alexandria, South Alexandria, South Rosebery and the Supa Centre retail clusters specialise in providing Clothing and Soft Goods, Household Goods and Other Retail.
- 4.E The Green Square Town Centre still has not developed a strong comparative advantage in any retail commodity, however, strong growth in Supermarkets and Hospitality and Services is anticipated.
- 4.F Under a redistributed retail model that assumes a greater diversion of trade to the Green Square Town Centre, there is insufficient capacity for ground-floor retail to meet the retail under-provision within the centre.
- 4.G Under both an unaltered and redistributed model, there is sufficient floorspace capacity under the existing planning controls in all retail clusters other than Green Square to meet the forecast retail under-provisions.

## 6.5 Key Principles

Based on an appreciation of the study area and expertise in retail planning, SGS has outlined other important principles that should be considered when formulating recommendations for this Retail Review. They are as follows:

- 5.A The City's heritage should be protected.
- 5.B Wholesale renewal should be avoided except in designated areas. An 'urban dentistry' approach is preferred where sites turn over incrementally in established places.
- 5.C Industrial and urban services land should not be rezoned for residential development (strata)..
- 5.D The existing centre hierarchy and network should be respected, and with it the elements of place and local culture.
- 5.E Centres planning should respond to the trend of market differentiation in retail and the effect this is having on business operation and retail formats.
- 5.F Residents should be able to satisfy their basic retail needs within walking distance of their home.
- 5.G Future centres need to allow for a diversity of population-serving retail and minimise private vehicle usage and propose active transport.
- 5.H Any forecast supermarket under-provision should not just be simply with large supermarkets in new centres – additional smaller supermarkets should continue to play a role in meeting demand in a more distributed way that encourages walking trips. Excessive reliance on large supermarkets to meet future demand would work against this aspiration.
- 5.I Future centres need to minimise private vehicle usage and propose active transport.



## 7. Recommendations

This chapter provides recommendations for land use planning to support a retail strategy in Green Square and the Southern Areas. The recommendations build upon the analysis from the previous chapters of this Retail Review which included evaluating the policies and trends in the retail economy, the information gathered from local insights, the local implications of the changing retail climate, and the current provision of retail floorspace and forecast demand.

**Recommendation One:** Investigate options to remove the retail tenancy cap for sites immediately adjacent to the Green Square Town Centre.

**Strategic rationale from key findings:** 1A, 1B, 1C, 1D, **1E**, 2B, 2E, 3A, 3B, 4A, 4B, 4C, 4E, **4F**, 5B, **5D**, 5I

**Practical implication of recommendation:** This will unlock additional capacity for provide retail floorspace to address the existing and forecast supply gap within the Green Square retail cluster.

This will ensure that the Green Square Town Centre is well-placed to meet its role as the ‘major centre’ within the retail hierarchy.

**Recommendation Two:** Investigate options to amend the planning controls for the Waterloo retail cluster to facilitate the delivery of a supermarket of no more than 3,000 square metres floorspace.

**Strategic rationale from key findings:** 1A, 1B, 1C, 1D, **1E**, 2B, 2E, 3A, 3B, **3D**, 4A, 4B, 4C, 4E, **4F**, 5B, **5D**, **5F**, 5G, 5I

**Practical implication of recommendation:** This would require Council to complete additional analysis in order to determine which sites in Waterloo are most suitable for providing for a supermarket where supermarket accessibility is relatively constrained (refer to Figure 15)

**Recommendation Three** Review and update of the Sydney DCP 2012 to identify all retail centres within the Green Square and Southern Areas.

**Strategic rationale from key findings:** 1B, 1C, **1E**, 1F, 2B, 2D, 2E, 3D, 4C, 4F, **5B**, 5C, **5D**, 5F, 5G

**Practical implication of recommendation:** This would require Council to update the Sydney DCP 2012 to identify any centres which have not been accounted for (possibly Fountain Street in the North Alexandria retail cluster and Crewe Place in the Rosebery North retail cluster), that are currently being planned/developed (George Street in the Waterloo Precinct retail cluster and Waterloo Metro) and any other centres that may emerge as a result of this Retail Review. This exercise has broader implications than just augmenting planning controls – it signals to the market and potential investors where the provision of retail floorspace is to be targeted (varying depending on where the centre sits within the retail hierarchy). Guidance is provided under Appendix 1 on potential changes to the SDCP 2012 to account for new centres.

**Recommendation Four:** Maintain the 1,000 square metre retail floorspace cap outside of identified and proposed retail centres.

**Strategic rationale from key findings:** 1C, 1D, 1E, 1F, 2C, 2D, 2E, 3A, 4F, 4G, 5B, 5C, 5D, 5F, 5H

**Practical implication of recommendation:** This would require Council to maintain the 1,000 square metre retail floorspace cap wherever currently applicable, but with the exception of any sites which are to have their planning controls amended to facilitate more intense retail development, per Recommendations One and Two. This would ensure that the hierarchy of centres is maintained with the major centre at Green Square Town Centre respected as the retail focal point of the GSSA, while other identified centres serve to provide greater amenity to residents, but not so much as to unreasonably impact on the Green Square Town Centre or to undermine the role of smaller retail tenancies located throughout the GSSA.

**Recommendation Five:** Conduct a Retail Review for the Green Square and Southern Areas every five years to account for any emerging or currently unforeseen trends and impacts.

**Strategic rationale from key findings:** 1A, 1B, 1E, 2A, 2B, 2D, 2F, 3A, 3D, 4G, 5B, 5D, 5E, 5F, 5G, 5H

**Practical implication of recommendation:** This would require Council to continue to play an active role in retail planning in the GSSA. Future retail reviews need to monitor changes to retail under-provision, ensure that the Green Square Town Centre matures as an attractive retail centre, determine whether COVID-19 impacts, as identified in this Retail Review are temporary shocks or long-lasting impacts, and identify any other trends and drivers that have not yet materialised at the time of this Retail Review. The review would be supported by Council's ongoing monitoring and analysis of Centres as well as the Southern Enterprise Area through its FES survey.

The future review is also likely to closely consider the current and future role of the Southern Enterprise Area in providing a retail function and its relationship with retail centres. Emerging trends such as warehousing, click and collect, 'factory door' retail, brewery cafes would be closely monitored. The purpose of this is to better understand how these retail types operate, whether and how they are growing, and whether a traditional retail hierarchy can be utilised in future retail planning.

**Recommendation Six:** Support the ongoing approach to managing specialised retail premises in areas in which residential development is not permitted.

**Strategic rationale from key findings:** 1A, 1B, 1C, 1E, 1F, 2B, 2C, 3C, 4D, 5B, 5C, 5E.

**Practical implication of recommendation:** This would require Council to proceed with its resolution of 16 May 2022 to approve for finalisation the Enterprise Area Review planning proposal, which is supported by the City of Sydney Enterprise Area Review.

The Review supports the current land use planning arrangement whereby SLEP 2012 has specific controls that manage where specialised retail premises can locate within the Southern Enterprise Area. It is permitted in the existing B5 - Business Park zone, where the Supa Centre homemaker centre is located. Specialised retail premises and vehicle sales or hire premises are permissible as an additional permitted use, under Schedule 1 for certain land along O'Riordan Street Alexandria.

# Glossary of Key Terms

Term	Definition
Benchmark provision rate	An estimation of appropriate per capita retail provision based on how much retail floor space is typically provided in a given geography with a given population.
Catchment	<p>The general sphere of influence from which a retail cluster is likely to draw its customers from.</p> <p>Note: Unlike shift-share retail models which draw a rigid catchment surrounding a retail centre/cluster, the retail gravity model adopts a network-wide catchment. Where 'catchment' is referred to in this report, it is general in nature and refers to surrounding travel zones which have a differing level of influence on the retail cluster.</p>
Commodity Analysis	An analysis of retail modelling results that focusses on the share of each retail commodity in the total retail floor space provided in a retail cluster, as opposed to and over/under provision of retail in that cluster. The objective of a commodity analysis is to better understand the role and function of a particular retail cluster.
CordellConnect Database	A third-party database (by CoreLogic) that up-to-date details on construction activity across Australia (development applications, planning proposals, etc.).
Floorspace and Employment (FES)	A comprehensive survey conducted by the City of Sydney which collects data on all businesses, floor space uses and employment numbers for every building or property in the City of Sydney local area. It provides a snapshot of the built form, land uses and economic activity of the City every 5 years. The field data captured for the most recent survey was undertaken in 2017.
GSSA	Green Square and Southern Areas
Over-provision	Wherever the retail modelling identifies that the supply of a retail commodity at a given time is greater than the demand for that retail commodity at the same time.
Retail Centre	A spatial geography identified in a planning instrument (Local Environmental Plan, Development Control Plan, or otherwise) where there is a current or planned provision of retail floorspace.
Retail Cluster	A spatial geography used during retail modelling – a geographical area where there is sufficient retail supply to allow for an assessment of demand impacts (typically more than 500sqm of retail gross floor area). A retail cluster is not the same as a 'retail centre' and is used for modelling purposes only.
Retail commodity	A specified type of retail use. For the purposes of this analysis, 6 commodities have been identified: supermarkets, other food, hospitality and services, clothing and soft goods, household goods and other retail.
Retail Hierarchy	The Retail Hierarchy defines the roles of centres in the retail network across the GSSA in order to ensure the orderly and economic development of the area. The

	Sydney DCP 2012 hierarchy is as follows: Major Centre, Local Village, Small Village and Neighbourhood Centre.
Retail Goods	Retail commodities which involve the physical purchase of tangible items e.g. supermarkets, other food, hospitality and services, clothing and soft goods, household goods, other retail, department stores.
Retail gravity model	Retail Gravity Model (the type of modelling used in this Retail Review). The retail gravity model is a network-wide modelling approach which seeks to 'balance' the retail system by assessing retail expenditure origins (household and worker expenditure) against destinations (retail businesses) in the context of the retail environment (the array of existing and proposed retail floorspace and its accessibility)
Retail Services	Retail commodities which are provided in physical stores, but that do not result in the purchase of a physical good e.g. professional services, child care and social services, health, beauty and personal services, fitness and entertainment.
Retail Turnover Density	A measure of sales performance - the revenue generated per square metre of retail floor space (by retail type). Generally, the higher the monetary value per square metre, the more efficiently the floorspace is being used, and the more efficiently retail expenditure is being accommodated.
Study Area	The area roughly bound by Cleveland Street, the Eastern Distributor/Southern Cross Drive, Gardeners Road and T3 Bankstown Railway Line. Refer to Figure 1 in the body of the report.
Supermarket	A shop selling food and other household items where the selection of goods is organised on a self-service basis. For the purposes of this study, full-line supermarkets have been defined as being over 2,500 square metres, medium-sized supermarkets between 1,000 to 2,500 square metres and small supermarkets as those smaller than 1,000 square metres.
<i>Full-line supermarket</i>	A supermarket larger than 2,500 square metres typically providing departmentalised perishable goods and a comprehensive on-shelf selection.
<i>Medium-size supermarket</i>	A supermarket of less than 2,500 square metres, but greater than 1,000 square metres, providing limited departmentalised perishable goods and a variety of on-shelf options.
Small supermarket	A supermarket smaller than 1,000 square metres providing no (or very limited) departmentalised perishable goods and basic on-shelf options.
SA1 Boundaries	Statistical Area 1 Boundary - the smallest unit for the release of census data averaging 400 persons per SA1.
Survey-based retail assessment	A retail analysis that relies on surveyed responses to determine the placement of retail centres and the appropriate quantum of retail floor space in them. Typically expensive and unreliable when compared to other retail analyses.
Under-provision	Wherever the retail modelling identifies that the supply of a retail commodity/ies at a given time is less than the demand for that retail commodity/ies at the same time.

# Appendix One: Retail Centres Discussion Paper

## A1 - Appraisal of existing retail centre hierarchy

This section evaluates the existing retail centre hierarchy as defined in Sydney DCP 2012.

### **Green Square Town Centre (Major Centre) - *Green Square cluster***

- This is the primary retail, commercial and community centre in the City South area. Given its role as a major centre the range of retail and entertainment uses, level of visitation and levels of vibrancy in the Green Square Town Centre should be greater than other centres.
- Green Square remains in its development phase and is aspiring to become a place for dense and diverse urban activities once completed.
- The centre provides some supermarket floorspace but is expected to supply a greater quantum at full build out. Hospitality and Retail Services are the most supplied retail commodities and benefit from the centre's accessibility and amenity found in new community infrastructure.
- The retail modelling has identified a notable under-provision of retail floorspace in the centre by 2041. Capacity constraints within the centre mean that arrangements need to be made to provide additional capacity.
- Based on the findings of the retail modelling, Green Square's position in the retail hierarchy and identified role and function is deemed appropriate.

As noted in Chapters 4.2, 5.2 and 5.5, there is both an under-provision and capacity constraint in the centre. Given limited intensification potential, additional retail floorspace should be provided in the immediate vicinity of the centre and should amount to at least 15,000 square metres of gross leasable area by 2041 above what is already proposed to be delivered (to account for the 14,679sqm gap identified in Table 7 of this report). Synergies may be achieved by providing this retail floorspace immediately to the west of the centre in the North Alexandria component of the Southern Enterprise Area.

### **Victoria Park (Local Village) – *East Village cluster***

- This centre meets local daily shopping in denser residential areas. These centres are to be accessible via public transport and bikeways and be supported by services and open space.
- This centre is focused on the East Village Shopping Centre which contains a large supermarket, other food tenancies and clothing and hospitality retail commodities. Floorspace in Victoria Park has all been built in the last 25 years, and much of it has been completed even more recently. These sites are unlikely to turn over in the near future.
- The retail modelling has forecast an under-provision of retail floorspace in the centre by 2041. The centre has limited capacity to expand and any under-provision will need to be addressed in other proximate centres.

Victoria Park's placement in the retail hierarchy is deemed appropriate and current identified role and function are deemed appropriate. The centre has neither the capacity nor need to expand to respond to retail under-provisions and is already fulfilling the role of a Local Village.

#### **Danks Street (Local Village) - Waterloo cluster**

- This centre meets local daily shopping in denser residential areas. These centres are to be accessible via public transport and bikeways and be supported by services and open space.
- This centre is located on Danks Street between Young Street and South Dowling Street. The centre contains a significant cluster of retail, including two supermarkets, hospitality, household goods and retail services.
- A notable retail under-provision is expected in the Waterloo cluster by 2041. Additional supply has been provided outside of the Danks Street centre, primarily across the Lachlan Precinct. Further retail provision may be located within the Danks Street South precinct. Additional centres should be identified within the Waterloo cluster to ensure that the under-provision is addressed in a targeted manner.

Danks Street's placement in the retail hierarchy is appropriate. Council should consider expanding this centre to the south to accommodate the Danks Street South proposal.

However, the retail modelling shows a notable under-provision will emerge in the Waterloo cluster, in which the Danks Street centre operates. This suggests that the centre is not fulfilling its identified role of 'meet[ing] local daily shopping needs', particularly as there is capacity within the retail cluster to provide more retail floorspace. There is justification for the Danks Street centre being expanded, or a lower-order centre being provided in close proximity. This should provide approximately 5,000 square metres of retail floorspace, with the location to be driven by the accessibility map in the Retail Review and other specialist inputs.

#### **Ashmore Estate (Local Village) - Sydney Park Village cluster**

- This centre meets local daily shopping in denser residential areas. These centres are to be accessible via public transport and bikeways and be supported by services and open space.
- This centre has been provided as part of the Ashmore Estate redevelopment. The centre is approaching maturation and will contain a notable mass of retail floorspace servicing not only the eastern portion of the study area, but also Erskineville and beyond.
- Retail modelling has identified a small under-provision of retail floorspace in 2041. The centre is fulfilling its role as a Local Village and any excess demand for retail floorspace can be accommodated in higher order centres.

The Ashmore Estate's placement in the retail hierarchy is deemed appropriate and current identified role and function are deemed appropriate. The centre has neither the capacity nor need to expand to respond to retail under-provision as it is already fulfilling the role of a Local Village. There is sufficient capacity in nearby retail clusters to meet any emerging retail under-provision.

#### **Botany Road, Rosebery (Small Village) - South Rosebery cluster**

- This centre should serve local retail needs offering convenient retail options. Small villages can include smaller grocery options and specialty stores.
- This centre contains a small supermarket and other retail uses along Botany Road. It is noted that other retail uses are provided adjacent to, or in close proximity to the identified centre, but are not listed as centres themselves.
- A retail under-provision does begin to emerge in the South Rosebery cluster by 2041. However, the Botany Road centre does not have capacity to provide additional retail floorspace and future



supply can be accommodated outside but within the South Rosebery cluster, or be located within another centre altogether.

Botany Road, Rosebery's placement in the retail hierarchy is deemed appropriate and current identified role and function are deemed appropriate. The centre's retail offering is minor, particularly as there are clustering's of retail in close proximity of the centre that have not been identified as retail centres.

#### **Dalmeny Avenue, Rosebery (Neighbourhood Centre)**

- A neighbourhood centre is a group of more than three neighbourhood shops that provide convenience shopping within walking distance of homes and workplaces. They should not provide so wide a range of groceries and food that people do not need to visit a village centre or the major centre.
- This centre includes a small clustering of shops on Dalmeny Avenue (newsagent, nursery, hospitality, etc.)
- The retail modelling has not identified a notable retail under-provision in the Rosebery North cluster. While this cluster may play a role in providing retail floorspace that cannot be accommodated in Green Square (particularly if a Metro Station is provided in Zetland), the Dalmeny Avenue centre does not have the critical mass, capacity, amenity or proximity to Green Square to provide meaningful additional retail floorspace.

Dalmeny Avenue, Rosebery's placement in the retail hierarchy is deemed appropriate and current identified role and function are deemed appropriate. The centre is minor, not located in a dense urban environment and relatively inaccessible, meaning that it would not be appropriate to provide more intense retail uses in this centre.

## A2 - Proposed/amended retail centres

Refer to figure at the end of the report for the mapped location of the proposed retail centres.

### Amended retail Centre

**Green Square Town Centre (Major Centre)** - *Green Square cluster - supported by adjacent sites in North Alexandria and Waterloo clusters*

This centre is the existing Green Square Retail Centre but with additional capacity created by removing the retail cap from adjacent sites (so that no retail floorspace cap applies)..

The sites immediately adjacent to Green Square Town Centre, where the retail cap could be lifted includes the site of the proposed Emerald City redevelopment, which is to include 7,000sqm of retail floorspace. It also includes parts of the North Alexandria Precinct zoned B7 - Business Park. This provides opportunity for larger scale retail combined future higher-density office development close to Green Square station.

As shown in Chapters 4.2, 5.2 and 5.5 retail modelling has identified a notable retail under-provision in both the North Alexandria and Waterloo clusters. Further, the retail modelling has also shown that a significant under-provision will emerge in the Green Square Town Centre which does not have sufficient capacity to provide the floorspace required to 'plug' the under-provision (noting that this retail capacity ideally needs to be provided on ground-level so as to be visible and activate the public domain).

Given the existing retail hierarchy and the broader strategic directions which seek to position the Green Square Town Centre as the main centre within the Green Square and Southern Areas, there is strategic rationale to expand the provision of retail floorspace beyond the Green Square Town Centre. Given limited intensification potential, additional retail floorspace should be provided in the immediate vicinity of the centre and should amount to at least 15,000 square metres of gross leasable area at ground floor in addition to any retail floorspace that has already been provided in the centre (to account for the 14,679sqm gap identified in Table 7 of this report). Careful urban design and place activation should ensure that the retail provided seamlessly flows into the Green Square Town Centre.

The Green Square Town Centre would be complemented by this area of expanded retail and help alleviate capacity constraints in the Green Square Town Centre. Combined, this will provide a wide range of retail and entertainment uses. It should provide the higher order retail functions that do not exist at lower levels in the hierarchy, and it should be the most highly-visited and vibrant centre.

### New Centres

**George Street, Waterloo (Local Village)** - *Waterloo Precinct cluster*

The proposed centre is to be located on the Waterloo Estate (South) for which there is a State-led Planning Proposal. The proposal seeks to facilitate the redevelopment of the social housing estate and provide a mix of social and market housing and retail uses, including a full-line supermarket.

The retail modelling has shown that the Waterloo Precinct cluster will provide a significant supply of retail floorspace and that even with this supply coming online, an under-provision will emerge in 2041. The proposed centre would have enough capacity to provide for this under-provision.

In anticipation of the changing character in the Waterloo Precinct, it would be appropriate to identify the proposed centre as a local village, with the role and function of the proposed centre being consistent with that as defined for local villages in the SDCP 2012; local village centres will meet local daily shopping in denser residential areas. These centres are to be accessible via public transport and bikeways and be supported by services and open space.

It is acknowledged that the retail hierarchy map in the SDCP 2012 does not cover the land on which this proposed centre is proposed. Alternative provisions may need to be made by Council to designate George Street, Waterloo, as a proposed centre.

#### **Fountain Street, Alexandria (Small Village) - North Alexandria cluster**

The proposed centre already contains a cluster of retail uses including a supermarket, specialty retail and hospitality establishments. Given the proposed centre's location, it likely already serves as a small village centre for residents located outside of the study area, such as Erskineville and Macdonaldtown, where there is not a substantial supermarket and specialty retail offering.

The retail modelling has identified a notable retail under-provision in the North Alexandria. However, there is unlikely to be any substantial capacity in the proposed Fountain Street centre which is largely established. Nonetheless, additional small retail premises should be provided to capitalise on the synergies which already exist between existing retail tenancies, without warranting wholesale renewal of the proposed centre.

The proposed Fountain Street centre already operates as a centre, despite not being identified as one in the SDCP 2012. It would be appropriate for the proposed centre to be incorporated into the SDCP 2012 as a small village centre and adopt the same role and function currently given to these centres; the small village will continue to service the convenience retail needs of local residents and workers. Additional specialty shops and services in this location will consolidate the small village as demand increases.

#### **Cleveland Street (Small Village) - Cleveland Street cluster**

The proposed centre already contains a cluster of retail uses and has a comparative advantage in providing Hospitality and Services. The redevelopment of the Surry Hills Shopping Village will elevate and diversify the role of the Cleveland Street cluster.

The retail modelling has identified a notable retail under-provision in Cleveland Street and limited capacity exists within the proposed centre to accommodate this under-provision. Given the proposed centre is located on the periphery of the study area, some, if not the majority, of this under-provision may be accommodated outside of the study area.

The proposed Cleveland Street centre already contains a significant quantum of retail floorspace, with a distinct comparative advantage in hospitality and services. The role and function of the centre will change as the redeveloped Surry Hills Shopping Village comes online, as the proposed centre will begin to take on a role akin to the role of a small village centre as defined in the SDCP 2012; the small village will continue to service the convenience retail needs of local residents and workers. Additional specialty shops and services in this location will consolidate the small village as demand increases.

This proposed centre should be identified as a small village centre in order to reflect both the retail that exists and is proposed to come online, but to also signal that elevation to a higher-order centre is not possible given capacity constraints.

#### **Waterloo Metro (Small Village) – Waterloo Metro cluster**

The proposed centre is located on the site of the future Waterloo Metro Station. It is anticipated that this site will provide retail uses once fully developed.

The retail modelling has shown that the Waterloo Metro cluster will provide a significant supply of retail floorspace in conjunction with the proposed Metro. An under-provision in retail floorspace is not expected by 2041.

In anticipation of the changing character in the Waterloo Metro, it would be appropriate to identify the proposed centre as a small village, with the role and function of the proposed centre being consistent with that as defined for local villages in the SDCP 2012; The small village will continue to service the convenience retail needs of local residents and workers. Additional specialty shops and services in this location will consolidate the small village as demand increases.

This is consistent with the Productivity Commission's desire to locate retail centres together with transport infrastructure, and acknowledges the role the proposed centre will have in the broader retail network.

#### **Crewe Place (Neighbourhood Centre) - Rosebery North Cluster**

The proposed centre already includes the existing Woolworths Metro and other retail tenancies surrounding Rosebery Avenue Park. These provide small-scale amenity to residents in a dense urban environment.

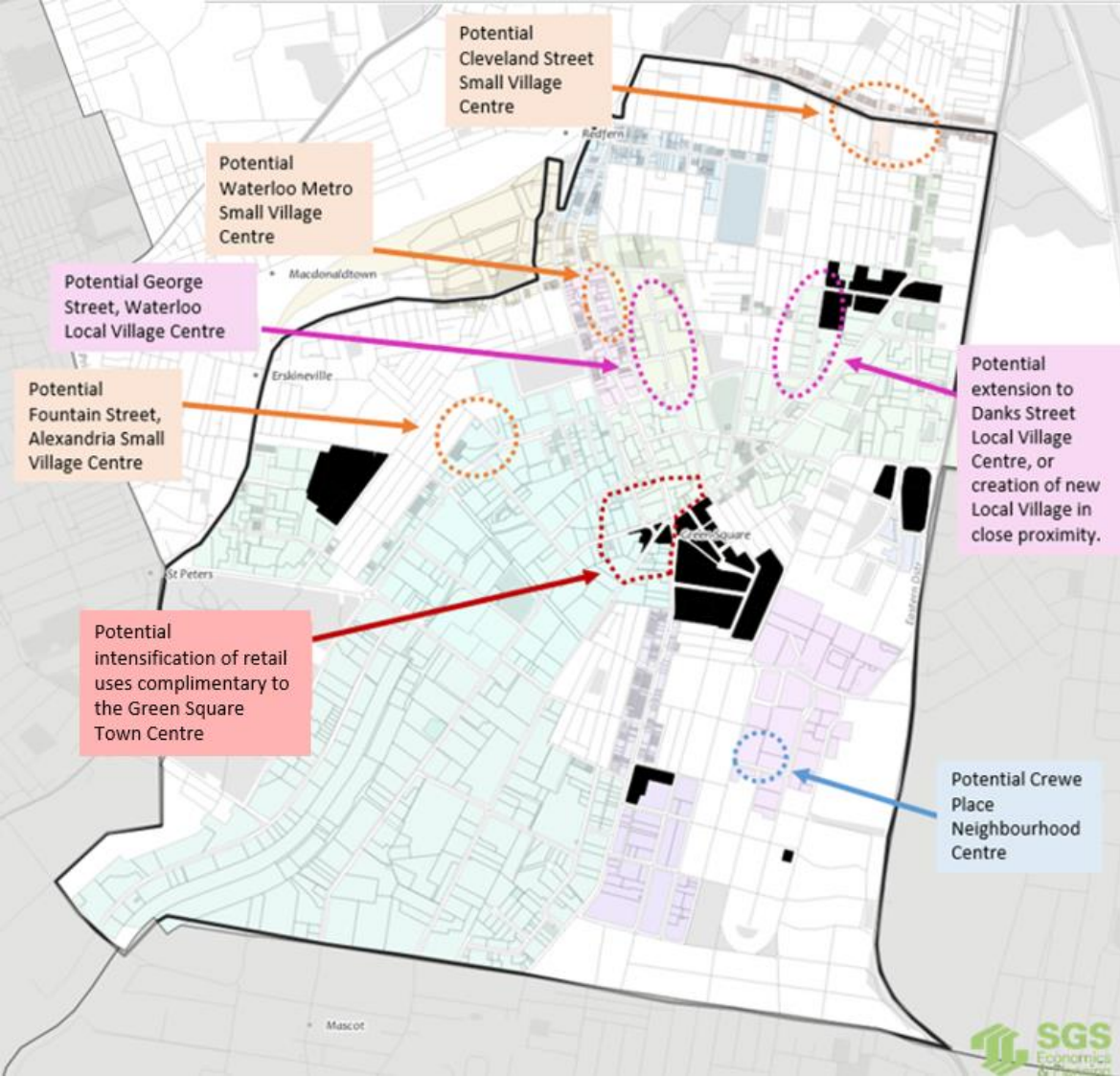
The retail modelling has not identified a notable retail under-provision in the Rosebery North cluster and sufficient capacity exists within the cluster to accommodate any under-provisions. Nonetheless, a notable portion of the cluster's retail floorspace is located within the proposed Crewe Place cluster.

The proposed centre already operates similarly to the role and function identified for neighbourhood centres in the SDCP 2012; a neighbourhood centre is a group of more than three neighbourhood shops that provide convenience shopping within walking distance of homes and workplaces. They should not provide so wide a range of groceries and food that people do not need to visit a village centre or the major centre.

It would be appropriate to include Crewe Place as a neighbourhood centre noting that it already operates similarly to one and does not have the capacity or accessibility to be a higher-order centre

Figure 27 below provides indicative locations of the proposed retail centres by centre hierarchy. Areas outlined in red show the proposed major centre, areas outlined in pink show proposed local villages, areas outlined in orange show proposed small villages, and areas outlined in blue show proposed neighbourhood centres.

**FIGURE 27: MAP OF EXISTING AND PROPOSED RETAIL CENTRES FOR CONSIDERATION**



Source: SGS (2022)

Table 8 summarises the current and proposed centres in this appendix.

**TABLE 8: LIST OF CURRENT AND PROPOSED CENTRES**

Centre Hierarchy	Existing Centres	Proposed/amended Centres
Major Centre	Green Square Town Centre	<i>Parts of the North Alexandria and Waterloo retail clusters adjacent to the Green Square Town Centre</i>
Local Villages	Victoria Park Danks Street Ashmore Estate	George Street, Waterloo
Small Villages	Botany Road, Rosebery	Cleveland Street Fountain Street, Alexandria Waterloo Metro <i>Potential extension to Danks Street centre or creation of small village centre in close proximity</i>
Neighbourhood Centres	Dalmeny Avenue, Rosebery	Crewe Place, Rosebery



# Appendix Two: Peer Review of Retail Analyses

Provided as a separate document.



**SGS**  
Economics  
& Planning

[Canberra] Level 2, 28-36 Ainslie Place, Canberra ACT 2601

[Sydney] Studio 2.01, 50 Holt Street, Surry Hills NSW 2010

[Melbourne] L 14, 222 Exhibition Street, Melbourne VIC 3000

[Hobart] PO Box 123, Franklin TAS 7113