

Our Reference
SYD1001577

19 January 2024

Mr Andrew Berwick
Lord Sixty Seven Pty Ltd
C/o Platino Properties
Suite 11, 20 Young St
Neutral Bay NSW 2089

Via Email: andrew.b@platino.com.au

Dear Andrew

Re: Market Demand
Property: 67-75 Lords Road, Leichardt NSW 2040

We refer to your instructions of 15 January 2024 Charter Keck Cramer to provide Market Research Advice letter considering whether the Planning Proposal, from FDP Planning dated 27 November 2023 demonstrates a development scenario that aligns with and responds to market conditions for the delivery of housing and employment within Leichhardt.

The Site

67-75 Lords Road, Leichardt (subject site) comprises an existing industrial complex with development potential, located within an established Inner Western Sydney location, in ready walking proximity of both the Marion Street Light Rail Station and the MarketPlace Leichhardt Shopping Centre. The site benefits from being a rectangular shape which adjoins the Lambert Park Sports field to the north as well as the Light Rail and Greenway to the west. The site has street frontages to the east and south and has good connections to arterial road networks such as Marion Street, Tebbutt Street and Parramatta Road.

Leichhardt comprises an established Inner West suburb of Sydney, and the subject site is well located to a number of lifestyle, community, retail and commercial amenities, such as the Marion Street Light Rail Station, the MarketPlace Leichhardt Shopping Centre and the Kegworth Public School.

We have been provided with and reviewed the FDP Planning Proposal to rezone the site to allow for the development of a new mixed-use precinct, which has the capacity to deliver ~210 new dwellings within multiple, mid-rise built forms, supported by 1,700 sq.m of non-residential uses and a variety of new public spaces.

Apartment Competition, Demand, Pricing & Underpinning

The Cordell Connect database identifies the potential construction of 343 new dwellings within Leichhardt through to 2027 which averages to ~70 new units per annum and a shortfall to the DPE's current target. Notably, within the last 24 months, there have been no new or modern apartment projects being marketed besides the ARA development, and as at January 2024, only the ARA development is marketing apartments direct from the Developer for sale within Leichhardt.

In terms of pricing, commensurate with the broader Sydney market, the median sale price in Leichhardt has trended downward over the past 12 months, however sales within new projects such as Arq (141 Allen Street) illustrate strong demand and above average values and rates. Specifically, sales within the ARA development have showcased strong values, with 1-Bedroom apartments (with and without Studies / Cars), selling from \$700,000 to \$1,000,000 at an average internal rate of \$14,300/sq.m, 2 Bedroom apartments ranging from \$1,070,000 to \$1,630,000 at an average internal rate of \$16,740/sq.m, and top floor apartments ranging from \$1,700,000 to \$2,600,000 at an average internal rate of \$22,115/sq.m.

Further reinforcing the case for residential demand, the Economic Impact Assessment (EIA) report for the subject site, prepared by Hadron Group, dated July 2022, and the updated Economic Impact Assessment dated December 2023 make the following key statements regarding the underpinning of demand for residential and Seniors Housing in Leichhardt:

- For the overall Inner West LGA, approvals averaged 670 dwellings over the five years to 2021. This compared to a five-year dwelling target (2016-2021) in the Eastern District Plan for the Inner West LGA of 5,900 homes, or 1,180 per year.

Comment: This indicates a shortfall of housing development within the LGA.

- The Department of Planning & Environment's (DPE's) 5-year medium growth supply forecast for Leichhardt suburb is 440 in total or an average of 88 per year.

Comment: Cordell Connect identifies the construction of 343 new dwellings within Leichhardt through to 2027 which averages to ~70 new units per annum and shortfall to the DPE's current forecast.

- As at Census 2021, there were an estimated 429 retirement village dwellings (self-contained) in the Inner West LGA and a population aged over 60 years of 34,690. This equated to a Seniors Housing market penetration rate of only 1.6 per cent, well below many other Inner Sydney LGAs and the NSW overall rate. This implies a considerable shortfall in the supply of Seniors Housing in the Inner West as at Census 2021.

Comment: This implies a considerable shortfall in supply of Seniors Housing in the Inner West as of Census 2021.

- As at June 2022, there are an estimated 362 Seniors Housing dwellings in the Inner West LGA. This translates to a slightly increased penetration rate of 1.1 per cent of the estimated population aged over 60 years in 2022.

Comment: Inner West Council's Local Housing Strategy highlights the lack of senior housing provision with only 4 dwellings approved between 2015/16 and 2017/18.

Non-Residential Floorspace Competition, Demand, Underpinning & Pricing

With regards to the proposed non-residential floorspace within the Planning Proposal, the position of the subject site and access to amenities underpin the likely demand for a variety of creative, professional office purposes, and there are some recent developments such as 47-55 John Street, Leichhardt and 99 Moore Street, Leichhardt which showcase the feasibility and demand for such space in similar locations.

47-55 John Street is known as 'The Carton Factory' and comprises the re-development of a former industrial packaging facility into modern, strata titled creative office spaces with generous common breakout areas and facilities. The project was finished in early 2021 and was fully sold by late 2021. Strata sales occurred from July 2020 to November 2021 and ranged from \$9,000 - \$11,000/sq.m with an overall average of just over \$10,000/sq.m (before any adjustment for parking). Additionally, recent sales of small creative office spaces in the "M" development at 99 Moore Street showcase sales rates of \$11,000/sq.m (Lot 31 which sold for \$572,000 excl. GST in Oct-23) and \$10,632/sq.m (Lot 1 which sold for \$672,000 excl. GST in Sep-23).

The Economic Impact Assessment (EIA) report for the subject site, prepared by Hadron Group, dated July 2022, and the updated EIA (dated December 2023) make the following key statements regarding the underpinning of demand for employment purposes in Leichhardt:

- Leichhardt suburb is identified in the Eastern City District Plan as a key local centre, with employment centres such as Burwood and the Sydney CBD within a 30-minute commute by public transport.
- The most recent employment projections from Transport for NSW's Transport Performance and Analytics (TPA) branch show employment in the Leichhardt - Annandale SA2 growing at an annual rate of 1.4 per cent over the 10 years to 2026, before slowing to annual rate of 0.2 per cent over the 10 years to 2036. The corresponding growth projections for the Inner West LGA are slightly lower over the 10 years to 2026, at 1.0 per cent, but slightly higher over the 10 years to 2036, at 0.4 per cent. Aside from population-serving industries, the strongest projected employment growth contribution comes from the professional, scientific and technical services sector. This is aligned with the occupational composition of the Inner West LGA, with 41.0 per cent of employed people aged 15 years and over classified as professionals as at Census 2021, compared to a Greater Sydney average of 29.3 per cent. The share in the Leichhardt SA2 (where the site is located) is even higher at 42.0 per cent.

- Weak projected employment growth for industries which are traditionally located in industrial areas suggests that there will not be significant demand for heavy manufacturing and freight and logistics lands over the forecast horizon.

Conclusion

In summary, it is our considered opinion that the subject site comprises a well-located property with significant redevelopment potential and if rezoned and developed for mixed-use purposes in-line with the Planning Proposal, we consider it would provide an offering commensurate with local market demand.

This advice is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted for any third party who may use or rely on the whole, or any part, of the content of this letter. No responsibility will be accepted for photocopied signatures. It should be noted that any subsequent amendments or changes in any form to the original document would only be notified to and known by the parties to whom it is addressed.

Should you have any queries in relation to this matter, please do not hesitate to contact the undersigned on mobile number +61 (0) 406 991 782 or via email at chris.sutton@charterkc.com.au.

Yours sincerely

Charter Keck Cramer



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