

HADRON
GROUP

Local Centres Impacts

67-75 LORDS ROAD, LEICHHARDT



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Executive Summary

The Planning Proposal

Hadron Group has been commissioned by Platino Properties to undertake a Local Centres Impact Study for a Planning Proposal relating to 67-75 Lords Road, Leichhardt. The subject site is part of the Taverners Hill Precinct, one of eight precincts identified for renewal under the Parramatta Road Corridor Urban Transformation Strategy (PRCUTS). The site is currently zoned E4 General Industrial (formerly zoned IN2 – Light Industrial) with a FSR of 1:1 but is recommended for rezoning in PRCUTS to R3 – Medium Density Residential with an FSR of 2.4:1 and a maximum height of 30m.

The Planning Proposal is generally consistent with PRCUTS except for the inclusion of a site specific provision requiring a minimum 1,700sqm of non-residential floor space comprising the following additional permitted uses: - *recreation facility (indoor); office premises; business premises; light industry; creative industry; industrial retail outlet; and restaurant or café.*

The decision to include non-residential uses at the ground floor level was taken to assuage the concerns of Inner West Council about the loss of employment lands at the site. However, Council is now concerned that allowing business and office uses will crowd out light industry uses and potentially impact on the performance of neighbouring local centres, identified as Norton Street North, Marion Street and Norton Street Town Centre.

The Sydney Eastern City Planning Panel determined on 23 August 2023 that the proposal should be submitted for a Gateway determination as it demonstrated Strategic and Site Specific Merit but has required that an economic analysis of the impact of the proposed non-residential uses on the neighbouring local centres be undertaken.

Policy Consistency

The Planning Panel agreed that the Planning Proposal was consistent with state and local strategies relating to housing objectives and generally consistent with PRCUTS. However, it is not consistent with planning for employment uses in these strategies.

State planning looks to concentrate retail, business and community uses in accessible centres to maximise opportunities to attract higher density and higher amenity residential developments, which in turn enhance the vibrancy of centres and support walkable neighbourhoods. An isolated mixed use development is inconsistent with this planning approach.

PRCUTS delivers precinct-wide place and public domain outcomes and identifies lands between Parramatta Road and the eastern side of Tebbutt Street as being suitable for the provision of convenience retail and population-serving uses in mixed-use zones to cater to the future population of Taverners Hill. This reflects their Parramatta Road location and proximity to transport. Providing mixed uses in an isolated site away from Parramatta Road is not consistent with PRCUTS centres approach.

A mixed use development with the uses proposed for the site is not inconsistent with the Inner West Employment and Retail Lands Strategy provided the development is in an appropriate and accessible location and the uses do not impact on the viability of existing centres. The Planning Proposal will deliver an isolated mixed use development and is not in a centre, on the periphery of a centre, or part of an out-of-centre business zone. It is debatable whether the site meets the definition of an accessible and appropriate location.

Centres Performance

One of the technical reports prepared to support PRCUTS was an economic analysis which identified Taverners Hill Precinct and neighbouring Leichhardt Precinct as presenting the greatest challenges for redevelopment for retail / commercial uses. Both precincts were considered to have weak development prospects due to the fragmented lot ownership and low development activity levels. Leichhardt Precinct was also rated as having weak prospects due to

its high vacancies and lack of parking and Taverners Hill Precinct due to the lack of existing viable retail clusters and poor pedestrian walkability.

Based on the assessment of the Inner West Employment and Retail Lands Study's, Norton Street North Local Centre also faces significant challenges for retail / commercial development as a result of its poor pedestrian walkability, lack of parking, low development activity levels, high vacancies and the presence of heritage buildings and residential uses.

Progress on implementing the infrastructure and planning interventions required to deliver urban renewal along Parramatta Road between Leichhardt and Taverners Hill and revitalise Norton Street has been slow due to the challenges identified. As a result, the pipeline of new retail / commercial developments has remained low. There are also high vacancies levels, which reflect the current economic climate as well as a lack of demand for the type and quality of stock on offer and some owners choosing to leave tenancies empty while they investigate redevelopment opportunities.

Marion Street is a built-out, well-performing retail centre with low vacancy levels. The limited commercial uses in the centre are population-serving and benefit from their main street location and proximity to a successful sub-regional shopping centre and would not relocate to the subject site. There are no current plans to rezone the centre to accommodate additional types of commercial uses.

Appeal of subject site for employment uses

Different uses and businesses can have specific attractors and considerations when it comes to selecting a location. While the subject site will arguably be a more attractive location than Norton Street North and Norton Street (PRCUTS' Leichhardt Core Precinct) across a number of locational attributes, it does not follow that it will compete businesses away from these centres. Different businesses will have different rankings of importance for locational attributes. Commercial uses that rely on passing trade, clustering, business-to-business interactions or whose workers value proximity to the amenities provided by a centre location are unlikely to relocate to an isolated mixed-use development in a residential area just because the stock is more modern and the area is less noisy and more walkable.

The new non-residential floorspace will be flexible to accommodating compatible lower intensity light industry / creative industry uses and will provide access for small trucks, however it is recognised that the increase in rents may price out some of these uses. Other light industry / creative industry uses can however be readily accommodated within a mixed-use setting, including knowledge-based economic activities such as design, architecture, advertising, and audio-visual and digital media. However, often these types of businesses are clustered around the inner city in areas with good amenities and transport links which allows them to attract specialised labour and engage in business-to-business interactions.

The subject site will need to attract businesses which are able to establish themselves as a specific destination for consumers rather than relying primarily on passing or incidental foot traffic, or which do not require frequent face-to-face interactions with clients or other businesses.

Demand for employment uses

The Inner West Employment and Retail Lands Study ('the Study'), released in 2020, projected that an additional 32,000sqm of commercial floorspace would be required in Leichhardt between 2019 and 2036. This was estimated by prorating Transport for NSW employment projections at the Inner West LGA level to Council's population forecasts at the suburb level. This approach failed to reflect the lack of commercial floorspace supply in the Leichhardt LGA as well as the high levels of vacancies in some existing centres due to the lack of amenity and poor quality stock. It also assumed an unrealistic population growth assumption for Leichhardt given the low levels of housing supply being achieved.

Since the pandemic, population levels have fallen and growth in both population and employment has been scaled back significantly in both the Inner West LGA and in Leichhardt. The revised projections for commercial floorspace suggest that there is limited demand for additional floorspace. As a result, it is likely that the development at the subject site will struggle to find tenants given its location. Norton Street will continue to experience high levels of

vacancies until the required planning and infrastructure intervention is delivered to increase the attractiveness of the street for retail, community and commercial uses. However, uses that require a visible presence or proximity to other businesses and amenities are not going to choose to relocate from a town centre location to an isolated mixed use site in a residential area. Therefore, the subject site will not create significant competition for these centres. Businesses that choose to locate at the site will be those that do not need a visible presence, so called 'destination businesses.' These businesses may have alternatively located in a business zone either in Leichhardt, or a business zone or local centre in a different suburb.

Conclusion

The provision of non-residential uses at the subject site is unlikely to create significant competition for neighbouring local centres. The high levels of vacancies for both industrial and commercial uses along with the limitations of the site are likely to make finding tenants difficult, particularly in the near term and restricting the range of use permitted would only increase the likelihood that these tenancies would remain vacant. It is recommended that the site is fully consistent with PRCUTS in providing only residential uses for which there is strong demand across Sydney.

1 Introduction

Hadron Group has been commissioned by Platino Properties to undertake a Local Centres Impact Study for a Planning Proposal relating to 67-75 Lords Road, Leichhardt.

1.1 SUBJECT SITE

The subject site is part of the Taverners Hill Precinct as identified in the Parramatta Road Corridor Urban Transport Strategy (PRCUTS).

Figure 1 illustrates the land uses surrounding the site, which is highlighted in red. To the north of the site is Lambert Park, a purpose-built soccer stadium which is home to the APIA Leichhardt Tigers Football Club. The southern boundary of the subject site at Lords Road faces garages belonging to single-storey properties on Kegworth Street. The eastern boundary of the subject site is separated by a laneway from the rear of single-storey properties located on Davies Street, while the Inner West Light Rail and Hawthorne Canal run alongside the western boundary of the site. Land surrounding this infrastructure is zoned RE1 and forms part of 'The GreenWay', an environmental and active travel corridor linking the Cooks River at Earlwood with the Parramatta River at Iron Cove. Kegworth Public School is located approximately 100m from the site on the opposite side of Lords Road.

The site is within a 400m walking radius of two light rail stops – Marion and Taverners Hill – and bus routes on Marion Road and Parramatta Road. The site is just outside an 800m walking radius of Summer Hill and Lewisham train stations.

Figure 1: Subject site location



Source: FPD Pty Ltd 2022, Planning Proposal Scoping Report

1.2 PANEL RECOMMENDATIONS

PRCUTS recommends the site is rezoned for residential uses, but the decision to include a site-specific provision for non-residential uses was taken to assuage Inner West Council's concerns about the loss of employment lands. Council is however concerned that the inclusion of higher value order uses (e.g., commercial and office space) as permitted uses will effectively exclude the provision of light industrial uses and could negatively impact neighbouring local centres, identified as Leichhardt Market Place / Marion Street and Norton Street. The Panel has therefore

requested that prior to the Planning Proposal being submitted for a Gateway determination an economic analysis of the impact of the proposed non-residential uses on the neighbouring local centres is undertaken.

1.3 CURRENT USES

The site currently accommodates a range of light industrial and commercial uses including warehousing / storage facilities, small scale manufacturing, joinery and furniture restoration businesses, and private recreation facilities.

There is currently 9,979sqm of floor space on the site and the site accommodates 19 tenancies. Currently there are 11 occupied tenancies employing an estimated 79.5 full time equivalent employees.

The existing built form comprises a series of brick warehouse style buildings to a maximum height of 11.5m with frontages to the east and west. A smaller building is located on the southeast corner of the site facing Lords Road and Davies Lane. The buildings are nearing the end of their useful life. Existing access is via two driveways from Lords Road which provide access to car parks on the eastern and western side of the main buildings.

1.4 PARRAMATTA ROAD CORRIDOR URBAN TRANSFORMATION STRATEGY (PRCUTS)

The site is identified as part of the Taverners Hill Precinct under the Parramatta Road Corridor Urban Transformation Strategy (PRCUTS). The properties facing the site on Lords Road, Kegworth Street and Davies Street are also part of the Taverners Hill Precinct. Figure 2 illustrates the site in relation to the overall Taverners Hill Precinct boundary, the Stage 1 boundary (land identified for release before 2023) and nearby light and heavy rail stops.

Figure 2: Planning context



Source: FPD Pty Ltd 2022, Planning Proposal Scoping Report

The site is currently zoned E4 – General Industrial (formerly IN2 – Light Industrial) with a FSR of 1:1 under the Inner West LEP 2022. However, the site is recommended for rezoning in PRCUTS to R3 – Medium Density Residential with an FSR of 2.4:1 and a maximum height of 30m.

PRCUTS plans for non-residential uses in the Taverners Hill Precinct to be confined to Parramatta Road and the eastern side of Tebbutt Street. Mixed uses are recommended to the east of the Hawthorne Canal (the Stage 1 boundary area in Figure 2), whereas on Parramatta Road to the west of the Hawthorne Canal it is recommended that a business / enterprise zoning is retained.

1.5 REZONING REVIEW

On 17 August 2023, the Sydney Eastern City Planning Panel considered a Rezoning Review at 67-75 Lords Road to amend the Inner West Local Environmental Plan 2022 to:

- rezone the site from E4 – General Industrial (formerly IN2 – Light Industrial) to part R3 Medium Density Residential and part RE1 Public Recreation
- increase the FSR from 1:1 to 2.4:1 for the R3 zoned land
- remove the FSR of 1:1 for the RE1 zoned land
- apply a maximum height of buildings of 30m to R3 zoned land
- introduce a site-specific provision requiring a minimum 1,700sqm of non-residential floor space comprising the following additional permitted uses: - *recreation facility (indoor); office premises; business premises; light industry; creative industry; industrial retail outlet; and restaurant or café; and*
- include a requirement for a minimum of 5% of residential floor space to be delivered as affordable housing.

The Panel determined on 23 August 2023 that the proposal should be submitted for a Gateway determination as it demonstrated Strategic Merit, in that it was:

- consistent with applicable strategic planning documents, particularly as they relate to the general objectives of housing, including the Greater Sydney Region Plan, 2018; Sydney Eastern City District Plan, 2018; and Our Place Inner West, 2018
- generally consistent with PRCUTS and the Ministerial Direction 1.5 Paramatta Road Corridor Urban Transformation Strategy
- contributing to housing supply which was identified as a priority issue for Sydney for all levels of Government.

The Panel also agreed that the revised planning proposal had Site Specific Merit consistent with the PRCUTS outcomes for the site.

1.6 REPORT STRUCTURE

This report therefore considers the impacts of the proposed non-residential uses at the site on the identified neighbouring local centres:

- Chapter 2 considers the plans and strategies relating to the site and the role of mixed use and local centre zonings
- Chapter 3 considers the current provision of commercial space at the identified centres and their performance
- Chapter 4 considers the relative attractiveness of the subject site to the identified centres as a location for employment uses
- Chapter 5 assesses the likely economic impacts of the proposed non-residential uses on the viability of both the neighbouring local centres and the site.

2 Policy background

This section considers relevant state and local plans and strategies relating to the site and the identified role and function of local centres and mixed use zonings.

2.1 PRCUTS AND SUPPORTING DOCUMENTS

The Parramatta Road Corridor was identified as a key focus for urban renewal in A Plan for Growing Sydney (2014). The Plan outlined the following vision for the Parramatta Road Corridor:

“The corridor will be a focus for increased housing, economic activity and social infrastructure, especially around centres with good public transport access and amenity.”

The Parramatta Road Corridor Urban Transformation Strategy was released in 2016. Eight precincts were identified for renewal along Parramatta Road. These precincts were chosen because of their access to jobs, transport, infrastructure and services and their perceived ability to accommodate new development in a balanced way.

The Strategy was developed through an extensive process of technical studies and investigations, urban design and planning, and stakeholder consultation. One of the technical studies undertaken was the *PRCUTS Economic Analysis Report*¹ which considered the nature of existing economic and employment activity, the strengths and weaknesses, and performance of property markets along the Parramatta Road Corridor.

For the Taverners Hill Precinct, the following was observed:

- the precinct generally performs poorly across asset classes along Parramatta Road
- there are pockets of industrial properties within the precinct and although most are occupied, rents are modest, particularly those surrounded by residential uses
- owing to the layout and configuration of the precinct (disparate and poorly connected), it is not likely to be attractive to uses that require high exposure and visibility
- any small convenience facilities would likely be concentrated on Tebbutt Street or Upward Street, to the north of Parramatta Road
- ‘destination commercial’ premises (where visibility and exposure is not as critical) could be provided for in small office suites in business zones rather than industrial zones
- employment activity is focused on Leichhardt Marketplace
- growth in employment in retail trade, health care & social assistance, education & training are consistent with the local service role the precinct plays
- the precinct has a high proportions of workers who walk to work or who work at home.

The subject site is one of the identified industrial properties surrounded by residential uses that is performing poorly with modest rents. It is in the northern end of the precinct away from Parramatta Road and surrounded by residential uses so it is not suitable for uses that require high exposure and visibility. It is also not suitable for retail uses due to its proximity to Leichhardt Marketplace.

2.2 GREATER SYDNEY REGION AND EASTERN CITY DISTRICT PLANS

In March 2018, the NSW Government released the *Greater Sydney Region Plan – A Metropolis of Three Cities*. Objective 22 of the Plan relates to investment and business activity in centres and identifies the benefits of well-connected and diverse centres as:

¹ UrbanGrowth NSW, Parramatta Road Corridor Urban Transformation Strategy Economic Analysis Report (2016)

- providing jobs closer to homes
- enhancing access to goods, jobs and services through optimising investment in public transport
- increasing productivity and liveability through optimising investment in social infrastructure
- connecting businesses to a large skilled labour force
- increasing productivity through business agglomeration
- enhancing a sense of place and identity.

Local centres are identified as being important for access to day-to-day goods and services close to where people live and creating a strong sense of place within the local community. Increasing the level of residential development within walking distance of centres with a supermarket is identified as a desirable liveability outcome.

The *Eastern City District Plan (2018)* provides guidance on implementing the Greater Sydney Region Plan at the district level with Planning Priority E6 focused on creating and renewing great places and local centres and respecting the District's heritage. The Plan advises that:

"Co-locating activities and social infrastructure in mixed use areas is a more efficient use of land and enhances the viability of, and access to, great places, centres and public transport."

"To deliver high-quality, community specific and place-based outcomes, planning for the District should integrate site-specific planning proposals with precinct-wide place and public domain outcomes through place-based planning."

Both plans identify the need for urban renewal to accommodate additional housing supply in areas with good transport links, other necessary infrastructure and access to shops and services. PRCUTS is recognised as providing for a diversity of jobs and housing to meet the needs of a broad cross-section of the community and is explicitly exempt from actions and strategies relating to retaining industrial lands.

State planning looks to concentrate retail, business and community uses in accessible centres to maximise opportunities to attract higher density and higher amenity residential developments, which in turn enhance the vibrancy of centres and support walkable neighbourhoods. An isolated mixed use development not in proximity to a centre is inconsistent with this planning approach.

PRCUTS delivers precinct-wide place and public domain outcomes and identifies lands between Parramatta Road and the eastern side of Tebbutt Street as being suitable for the provision of convenience retail and population-serving uses in mixed-use zones to cater to the future population of Taverners Hill. This reflects their Parramatta Road location. Providing mixed uses in an isolated site away from Parramatta Road is not consistent with PRCUTS.

2.3 INNER WEST LOCAL ENVIRONMENTAL PLAN 2022

Under the *Inner West Local Environmental Plan 2022*, the objectives of a mixed use zoning (MU1) are identified as:

- to encourage a diversity of business, retail, office and light industrial land uses that generate employment opportunities
- to ensure that new development provides diverse and active street frontages to attract pedestrian traffic and to contribute to vibrant, diverse and functional streets and public spaces
- to minimise conflict between land uses within this zone and land uses within adjoining zones
- to encourage business, retail, community and other non-residential land uses on the ground floor of buildings
- to enable land uses that do not impact on the role or viability of nearby centres
- to enhance the visual appearance and accessibility of the area by ensuring development achieves high architectural, urban design and landscape standards that caters for the needs of all ages and abilities.

All of the proposed additional permitted uses under the site-specific provision are permitted with consent in a mixed use zone. However, it is noted that these uses are not consistent with the PRCUTS recommendation for the site for residential uses only. However, if these uses conflict with surrounding uses or impact the role or viability of nearby centres they would be inconsistent with the objectives of the zoning.

2.4 INNER WEST EMPLOYMENT AND RETAIL LANDS STRATEGY

The *Inner West Employment and Retail Lands Strategy (2020)* provides a strategic approach for the management of land:

- to maximise productivity
- facilitate job growth
- to contribute to the long term prosperity of the Inner West Local Government Area.

The strategy also seeks to leverage the strategic location of the Inner West LGA to maximise employment opportunities and cater to the lifestyle preferences of the Inner West community. These lifestyle preferences include access to creative opportunities and the ability to work from home in highly accessible locations close to attractive local centres.

The first principle of the Strategy is that centres are distinctive and productive. Strategies and actions are identified to protect the identified centre hierarchy, prioritise employment and enhance their attractiveness by providing quality public space. Norton Street North and Marion Street are identified as local centres under the Strategy's centre hierarchy while Norton Street south of Marion Street is identified as a town centre.

The strategy identifies the intent and role of local centres and mixed use zonings as follows:

- Local Centre – provide for retail, business, entertainment and community uses serving people who live in, work in and visit the local area, encouraging employment opportunities in accessible locations
- Mixed Use – provide a mixture of uses, integrating business, office, residential, retail and other development in accessible locations.

There are some relevant actions in the Strategy for the identified local centres and for out-of-centre mixed use zonings:

Action 2.3.3: Undertake a review of the out-of-centre business zones (B4 – Mixed Use, B5 – Business Development, B6 – Enterprise Corridor, and B7 – Business Park zones) with the objective of establishing distinct employment roles for each zone.

Action 3.2.2: Explore planning provisions that allow for and encourage flexible floorplates and innovative creative spaces such as co-sharing regardless of a particular use category.

Action 3.2.4: Consider opportunities for mixed residential-office development and live-work developments in appropriate locations on the periphery of centres, strictly outside industrial and urban services lands.

The Strategy notes that a large number of recent mixed-use developments have struggled to lease ground floor retail spaces due to limited demand, but that there has been growth in demand for affordable office space in CBD fringe locations and a rise in demand for co-working and flexible office spaces. The Strategy also notes that actions to expand permissibility of key uses in out of centre business zones should not create competition for existing centres in the LGA.

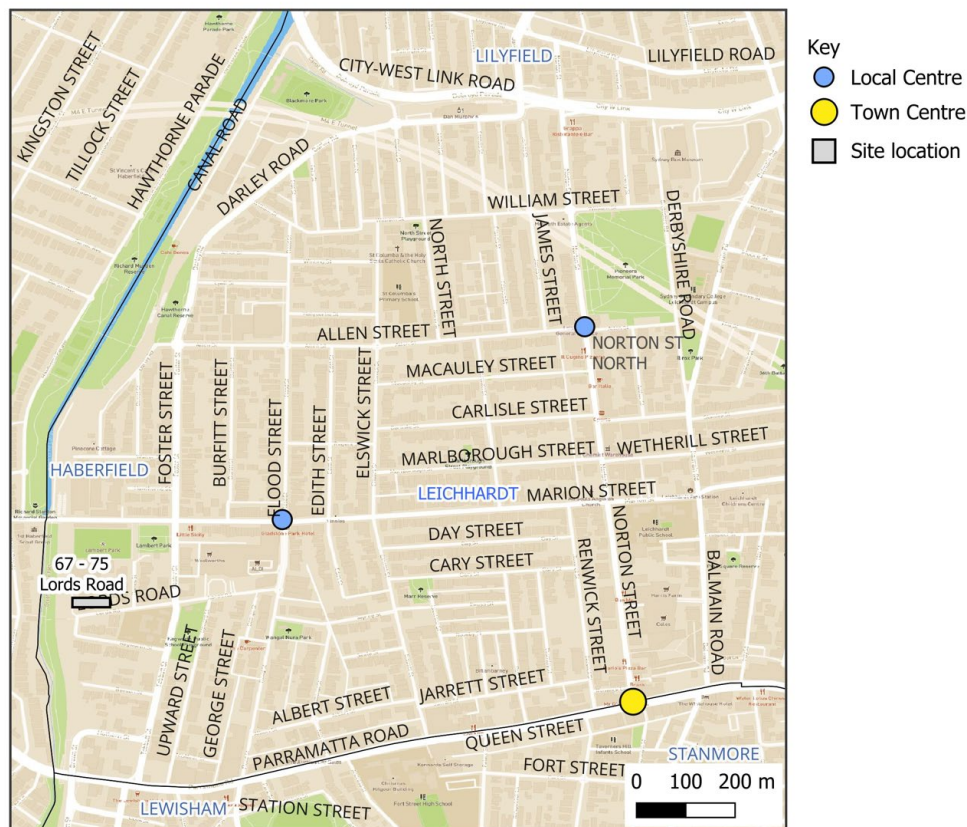
The Planning Proposal will deliver an isolated mixed use development. It is not in a centre, on the periphery of a centre, or part of an out of centre business zone.

The proposed uses for the site and the provision of flexible floorspace is consistent with the Strategy unless the uses impact on the viability of existing centres. However, it is debatable whether site meets the definition of an accessible and appropriate location.

3 Centre uses and performance

There are two local centres within 1km of the site – Marion Street and Norton Street North (Lilyfield Road to Marion Street). Norton Street Town Centre (Marion Street to Parramatta Road) is also within 1km of the site – see Figure 3.

Figure 3: Subject site in relation to neighbouring centres



Source: Hadron Group, Google Maps

The following sections summarise the findings from the *Inner West Employment and Retail Study (2020)* on the current state of play in the identified centres, as well as in the PRCUTS Taverners Hill Precinct. An audit of employment floorspace uses was undertaken for the Study between March and June 2019. As there has been little or no development in the centres since June 2019, the quantum and composition of employment floorspace is broadly unchanged from the levels reported in the Study. The current level of vacancies in the centre are however likely to be higher given the impact of the Covid-19 pandemic and current economic slowdown.

3.1 MARION STREET LOCAL CENTRE

The Marion Street Local Centre is located along Marion Street and Flood Street. The centre has good public transport connections (bus and light rail) and a 788 bay car park. It is dominated by Leichhardt Marketplace, a sub-regional shopping centre anchored by an Aldi, Target, Woolworths and a 300 seat Food Court.

The shopping centre was originally developed in 1975 and has undergone a series of staged refurbishments and upgrades, mostly recently in 2017 with the installation of new escalators and lifts, upgrades to amenities and installation of acoustic treatments to loading docks and external ramps to enable the centre to operate with deliveries outside normal trading hours.

Adjacent to the shopping centre on Marion Street and Flood Street there is a mix of older style and more recent commercial and shop-top buildings. Table 1 details the floorspace provision at Marion Street Local Centre recorded for the Inner West Employment and Retail Lands Study.

The centre is overwhelmingly retail-focused. The limited non-retail floorspace provision is customer-facing and benefits from being on a main street and adjacent to the shopping centre which generates significant foot-traffic.

Table 1: Marion Street Local Centre Floorspace

Floorspace Use	GFA (sqm)	Proportion
Occupied Retail Floorspace	14,934	89%
Of which café and restaurant	650	4%
Occupied Non-Retail Floorspace	1,150	7%
Health Care and Social Assistance	350	2%
Financial and Insurance Services	350	2%
Other	450	3%
Vacant Floorspace	690	4%
Total Floorspace	16,774	100%

Source: Inner West Employment and Retail Lands Study

3.1.1 Planning considerations

No significant commercial development has been approved within the Marion Street Local Centre in the last five years. However, Leichhardt Marketplace has recently gained approval to extend its trading hours.

The centre is just outside of the PRCUTS Taverners Hill Precinct and there are no specific actions identified for the centre in the Inner West Employment and Retail Lands Strategy. However, the Inner West Local Housing Strategy identified the area bounded by Marion Street and Flood Street (currently zoned B2 - Local Centre and R1 - General Residential) as having the potential to accommodate between 300 and 700 dwellings, with the future role of Leichhardt Marketplace identified as the key determinant. The Strategy recommends a place-based study be undertaken to assess the area's opportunity for future redevelopment.

Marion Street is a built-out, well-performing centre with low vacancy levels. The commercial uses in the centre are population-serving and benefit from their main street location and proximity to a successful sub-regional shopping centre. There are no current plans to rezone the centre to accommodate additional types of commercial uses.

3.2 NORTON STREET NORTH LOCAL CENTRE

Norton Street North Local Centre consists of several isolated B2 - Local Centre zoned areas between Marion Street and Lilyfield Road. Residential dwellings, Pioneers Memorial Park and the City West Link prevent the provision of a continuous retail strip along this section of Norton Street.

The centre has good bus connections along Norton Street and there is a light rail stop at the northern end of the strip adjacent to City West Link, but there is a lack of on-street parking and the area around City West Link has low amenity due to noise and a poor pedestrian environment.

South of Macaulay Street the centre is predominantly focused on speciality food retailing and cafes and restaurants, whereas north of Macaulay Street is more office and business services based and includes some light industrial uses. The Inner West Employment and Retail Lands Study audit recorded medical uses as accounting for 25 per cent of centre's total floorspace. These uses were identified as being dispersed throughout the centre.

The stock is predominantly older-style commercial shopfront or two-storey shop top with some modern developments of the same scale. The area between Macaulay Street and Marion Street includes heritage listed two-story shop top housing.

Table 2: Norton Street North Local Centre Floorspace

Floorspace Use	GFA (sqm)	Proportion
Occupied Retail Floorspace	13,090	34%
Of which café and restaurant	7,104	18%
Occupied Non-Retail Floorspace	23,215	60%
Pubs, Taverns and Clubs	1,100	3%
Rental, Hiring and Real Estate Services	820	2%
Health Care and Social Assistance	9,435	25%
Financial and Insurance Services	1,316	3%
Administrative and Support Services	1,630	4%
Arts and Recreation Services	227	1%
Public Administration and Safety	3,730	10%
Other	4,957	13%
Vacant Floorspace	2,118	6%
Total Floorspace	38,423	100%

Source: Inner West Employment and Retail Lands Study

3.2.1 Planning considerations

No significant commercial provision has been approved within the Norton Street North Local Centre in the last five years. Action 1.7.6 of the Inner West Employment and Retail Lands Strategy is to *'review planning controls, including zoning along Norton Street north of Allen Street to enable evolution of the area into an office/professional services, mixed use precinct with improved development and urban design outcomes.'*

The centre is immediately north of the PRCUTS Leichhardt Precinct which includes the Norton Street Town Centre located between Marion Street and Parramatta Road.

3.3 LEICHHART CORE PRECINCT (NORTON STREET TOWN CENTRE)

PRCUTS' Leichhardt Core Precinct comprises land zoned B2 - Local Centre between Marion Street and Parramatta Road. The precinct has good bus connections along Norton Street and Parramatta Road, but there is limited parking and the area has low amenity due to noise and a poor pedestrian environment. The Norton Plaza Shopping Centre and Italian Forum are the precinct's main commercial developments:

- Norton Plaza comprises 11,800 square metres and has 344 car parking bays. It is anchored by a Coles supermarket and large-format Harris Farm Market. The centre performs well and was last sold in 2019 at a premium to its book value.
- The Italian Forum is a mixed-use development with medium density residential, commercial, retail and restaurant uses, as well as a library and cultural centre set around a Tuscan themed Piazza. A significant proportion of the forum is currently vacant. The site was sold by Co.As.It., an Italian Community Organisation, to private developer Redstone in March 2023. Under the sale agreement Co.As.It. will provide guidance on a development masterplan and overall vision. Redstone will also provide Co.As.It with 20 days a year of cultural use for the Italian Forum to keep up its community events and activities.

The precinct also hosts a 2,060sqm cinema, a cultural centre at the Italian Forum and a number of recreation and hospitality facilities.

The precinct has high levels of vacancies, including retail and commercial tenancies at the Italian Forum. Health Care and Social Assistance, Arts and Recreation, and Pubs, Taverns and Clubs uses currently account for around 50 per cent of non-retail floorspace. This reflects the precinct's role for community and creative uses and as an entertainment centre.

Table 3: Leichhardt Core Precinct (Norton Street Town Centre) Floorspace

Floorspace Use	GFA (sqm)	Proportion
Occupied Retail Floorspace	26,707	45%
Of which café and restaurant	5,173	9%
Occupied Non-Retail Floorspace	25,056	43%
Accommodation	73	0%
Pubs, Taverns and Clubs	2,025	3%
Rental, Hiring and Real Estate Services	1,424	2%
Health Care and Social Assistance	6,444	11%
Financial and Insurance Services	2,502	4%
Arts and Recreation Services	5,026	9%
Education and Training	1,387	2%
Other	6,175	11%
Vacant Floorspace	6,980	12%
Total Floorspace	58,743	100%

Source: Inner West Employment and Retail Lands Study

3.3.1 Planning considerations

PRCUTS recommends increasing densities across the Leichhardt Precinct to accommodate additional residential floorspace. The PRCUTS vision for Leichhardt Precinct is to be ‘... a vibrant mixed use entertainment precinct visited by people from all over Sydney, with retail and residential opportunities creating a rejuvenated and active Norton Street and Parramatta Road.’

The Inner West Employment and Retail Lands Study estimated that PRCUTS could realise an additional 41,300sqm of employment floorspace in the Leichhardt Core Precinct. Alternatively, the Study estimated that an additional 25,500sqm of employment floorspace could be realised under the existing controls. The Study noted however that realising the additional floorspace under either scenario would result in significant changes to the character of Norton Street which could be difficult to achieve.

The Inner West Employment and Retail Lands Strategy includes a recommendation to undertake urban design studies and a feasibility tipping point analysis to determine controls required to secure commercial floor space at ground floor and at podium level along Norton Street, Leichhardt.

3.4 TAVERNERS HILL CORE PRECINCT (PRCUTS)

The Taverners Hill Core Precinct is located along a 450m section of Parramatta Road between the Hawthorne Canal and West Street. The Taverners Hill Precinct boundary was illustrated in Figure 2 (section 1.4). The Core Precinct excludes the lands along Parramatta Road west of the Hawthorne Canal. The subject site and lands along Parramatta Road are currently zoned E4 – General Industrial (formerly IN2 – Light Industrial) and there is a small area of R3 – Medium Density Residential and B4 – Mixed Use zoning between Upward Street and George Street. The only other employment uses are at the subject site which is zoned E4 but is isolated from the other industrial land holdings in a residential area. The rest of the precinct is zoned R1 – Low Density Residential uses.

Employment uses on Parramatta Road have good access to the major road network, bus services, light rail and heavy rail services. The subject site is within 400m of two light rail stations but is accessed through residential streets.

The existing industrial buildings comprise one and two-storey warehouses, a mix of older style and more modern stock. The residential stock is predominantly detached houses, except between Upward Street and George Street where a recent mixed use and medium density development is located.

The precinct recorded a low vacancy rate in 2019, although this rate is now likely to be higher reflecting the impacts of the Covid-19 pandemic and subsequent economic slowdown. Around 60 per cent of the precinct uses recorded

in the audit undertaken for the Inner West Employment and Retail Lands Study were population-serving rather than industrial. PRCUTS envisaged that these uses could be accommodated in business zoned lands to the west of the Hawthorne Canal (Taverners Hill Frame Precinct).

Table 4: Taverners Hill Core Floorspace

Floorspace Use	GFA (sqm)	Proportion
Occupied Retail Floorspace	1,116	3%
Occupied Non-Retail Floorspace	36,356	95%
Professional, Scientific and Technical Services	1,387	4%
Education and Training	1,786	5%
Accommodation and Food Services	3,221	10%
Arts and Recreation Services	3,687	8%
Construction	2,597	7%
Other Services	9,184	24%
Electricity, Gas, Water and Waste Services	1,134	3%
Manufacturing	3,416	9%
Transport, Postal and Warehousing	602	2%
Wholesale Trade	9,342	25%
Vacant	644	2%
Total Floorspace	38,116	100%

Source: Inner West Employment and Retail Lands Study

3.4.1 Planning considerations

The only significant development activity in the Taverners Hill Core Precinct in the past five years has been the residential and mixed use development between Upward Street and George Street and a recently approved Development Application to replace a commercial building at 776 Parramatta Road with a boarding house.

PRCUTS plans for non-residential uses in the Taverners Hill Core Precinct to be confined to Parramatta Road and the eastern side of Tebbutt Street, the lands identified in the Stage 1 boundary in Figure 2 (section 1.4). The Inner West Employment and Retail Lands Study estimated that PRCUTS would result in a loss of 10,000sqm of employment floorspace in the Taverners Hill Core Precinct compared to the current provision of around 38,000sqm. However, PRCUTS envisages an offsetting increase in business zoned employment floorspace in the Taverners Hill Frame Precinct which covers Parramatta Road between the Iron Cove Creek and Hawthorne Canal.

3.5 SUMMARY OF RETAIL / COMMERCIAL REDEVELOPMENT CHALLENGES

The PRCUTS Economic Analysis Report rated each of the eight precincts in terms of the challenges facing retail / commercial development. Taverners Hill Precinct (including the subject site) and Leichhardt Precinct (including Norton Street Town Centre) were rated as having the greatest challenges. Both precincts were considered to have weak development prospects due to the fragmented lot ownership and low development activity levels. Leichhardt Precinct was also rated as having weak prospects due to its high vacancies and lack of parking and Taverners Hill Precinct due to the lack of existing viable retail clusters and poor pedestrian walkability.

Based on the Inner West Employment and Retail Lands Study's assessment, Norton Street North also faces significant challenges for retail / commercial development as a result of its poor pedestrian walkability, lack of parking, low development activity, high vacancies and the presence of heritage buildings and residential uses.

Progress on implementing the infrastructure and planning interventions required to deliver urban renewal along Parramatta Road between Leichhardt and Taverners Hill and revitalise Norton Street has been slow due to the challenges identified. As a result, the pipeline of new retail / commercial developments has remained low. There are also high vacancies levels, which reflect the current economic climate, as well as a general lack of demand for the type and quality of stock on offer and some owners choosing to leave tenancies empty while they investigate redevelopment opportunities.

4 Relative attractiveness of local centres vs subject site

The following additional permitted uses are proposed at the subject site: *recreation facility (indoor); office premises; business premises; light industry; creative industry; industrial retail outlet; and restaurant or café.*

Different uses and businesses can have specific attractors and considerations when it comes to selecting a location, including:

- floorplate configurations and ceiling heights
- access for truck deliveries
- leasing costs
- visibility and accessibility
- parking availability
- proximity to transport for ease of commuting and access to markets and suppliers
- proximity to competing / complementary businesses
- proximity to amenities to attract workers
- walkability and attractiveness of the surrounding public domain
- modern, fit-for-purpose facilities
- vacancy levels

Light Industry / Creative Industry Uses

Some light industry / creative industry uses require warehouse style floorplate configurations with high ceilings and loading bay access for frequent large truck movements. These firms generally favour large premises on affordable land over a central location. Many of these uses are not suitable for co-location in a mixed use development due to noise and truck movements.

Other light industry / creative industry uses can however be readily accommodated within a mixed-use setting, including knowledge-based economic activities such as design, architecture, advertising, and audio-visual and digital media. However, often these types of businesses are clustered around the inner city in areas with good amenities and transport links which allows them to attract specialised labour and engage in business-to-business interactions.

Other Proposed Uses

Office premises, business premises, indoor recreation facility, industrial retail outlet and restaurant or café uses can all be readily accommodated in a suitable mixed use development. Where good accessibility and visibility is required to attract customers, a main street or central location is likely to be preferred. However, for businesses which are able to establish themselves as a specific destination for consumers rather than relying primarily on passing or incidental foot traffic, or for businesses which do not require face-to-face interactions, a less visible location may be suitable and factors that influence these businesses' location selection could include proximity to workers' places of residence, parking availability, leasing costs and the appeal of the facilities and surrounding area.

4.1 COMPARISON OF LOCATIONAL ATTRACTORS

Based on the findings of the Inner West Retail and Employment Lands Study, the PRCUTS Economic Analysis Report and the Planning Proposal outcomes for the subject site, a relative attractiveness matrix (see Table 5, below) has been created for commercial uses at the subject site compared to the local centres (in their current form). A low ranking indicates that the subject site / centre is rated poorly in terms of its attractiveness for that particular locational attribute.

Table 5: Relative attractiveness of subject site vs identified centres for commercial uses

Locational Attributes	Subject Site	Norton Street North	Norton Street (Leichhardt Core)	Marion Street
Visibility and accessibility	Low	Medium	Medium	High
Leasing costs	Medium	High	High	Medium
Parking availability	Medium	Low	Low	High
Transport networks	Medium	Medium	Medium	Medium
Competing / complementary businesses	Low	Medium	Medium	High
Proximity to amenities to attract workers	Medium	Low	Medium	High
Public domain, walkability	Medium	Low	Low	Medium
Modern, fit-for-purpose floorspace	High	Low	Low	Medium
Vacancy levels		Low	Low	High

Source: Hadron Group analysis

The subject site ranks low for both visibility and accessibility, and proximity to other businesses, but will provide modern, flexible non-residential floorspace in an attractive setting within an easy walking distance of amenities at Marion Street and public and active transport links.

Norton Street North and Norton Street Town Centre offer a main street location with good transport links, passing trade levels, clusters of similar businesses and low-cost lease opportunities. However, the stock is poor quality, the public domain is poor, there is a lack of parking and there are high vacancy levels.

Marion Street ranks as either medium or high for all the identified locational attributes, which is reflected in its low vacancy levels and the strong performance of Leichhardt Marketplace.

While the subject site will arguably be a more attractive location than Norton Street North and Norton Street (Leichhardt Core) across a number of identified attributes, it does not follow that it will compete businesses away from these centres. Different businesses will have different rankings of importance for locational attributes. Commercial uses that rely on passing trade are unlikely to relocate to an isolated mixed-use development which is in a residential area just because the stock is more modern and the area is less noisy and more walkable.

Over time as PRCUTS and the revitalisation of Norton Street progress the appeal of employment lands in Leichhardt's centres and business zones will increase at the expense of the subject site. However, these planning and infrastructure requirements and any resulting significant increase in the supply of commercial floorspace in these centres will not be realised before the Planning Proposal is delivered.

5 Estimated local centre impacts

In this chapter, we consider the demand for additional commercial floorspace in Leichhardt and the potential local centre impacts if a significant portion of the floorspace at the subject site was occupied for office or business uses.

5.1 DEMAND FOR COMMERCIAL FLOORSPACE IN LEICHHARDT

The Inner West Employment and Retail Lands Study ('the Study'), released in 2020, projected that an additional 32,000sqm of commercial floorspace would be required in Leichhardt between 2019 and 2036. This additional floorspace requirement was estimated using Transport for NSW's 2016 TPA (TPZ16) industry employment projections at the ANZSIC 1-digit level². For each industry, a share of employment was allocated to commercial centres (ranging from 0 to 90 per cent)³. To estimate the required commercial floorspace provision, a benchmark provision of 20sqm per worker was applied and a vacancy rate of 5 per cent was assumed. Rather than using the TPA travel zone level employment projections to estimate centre floorspace demand, the overall employment forecasts at the LGA level were prorated to the contemporaneous Forecast id. suburb level population projections⁴ for consistency with the Study's retail and industrial floorspace projections.

The Study analysis was undertaken in 2019. The Forecast id. population projections at the time assumed that the population of Leichhardt would increase from 17,235 persons in 2019 to 23,307 persons in 2036, an increase of some 35 per cent and accounting for just under 20 per cent of the total population growth forecast for the Inner West LGA. As the commercial floorspace demand was prorated, this translated to a very high demand for commercial (and industrial and retail) floorspace being allocated to Leichhardt's commercial centres.

Using the latest TfNSW TPA employment by industry projections (TPZ22) and adopting the same approach as used in the Study, the estimated demand for commercial floorspace in the Inner West LGA over 2019-2036 is around 60 per cent lower. This reflects the impact of pandemic on population growth and economic activity.

The resulting projected demand for commercial floorspace in Leichhardt is significantly lower than projected in the Study. The latest Forecast id. projections paint a very different story for Leichhardt, with the population now only expected to reach 18,565 persons in 2036 from a 2021 base of 15,269 persons. Using the prorated population approach to allocated overall commercial demand, total additional demand for commercial floorspace over 2019-2036 has fallen from 32,000sqm to around 8,000sqm, while using the TPA employment projections at the travel zone level gives a slightly better result of 9,000sqm.

Table 6: Projected demand for commercial floorspace in Leichhardt and the Inner West LGA

	Required GFA (sqm)		
	2019-2026	2026-2036	2019-2036
Total Leichhardt Commercial Demand			
Original 2019 study - population prorated	25,288	6,823	32,111
Update - population prorated	3,569	4,224	7,792
Update - population not prorated	7,337	1,687	9,024
Total Inner West Commercial Demand			
Original 2019 study	102,017	74,291	176,309
Update	45,549	29,516	75,065

Source: Inner West Employment and Retail Lands Study, TPZ(22), ABS population estimates,

Forecast.id population projections, Hadron Group workings

Note: the travel zones used for Leichhardt were (814,815,816,817,819,821,800)

² Inner West Employment and Retail Lands Study pg. 114 (table 22)

³ ibid pg. 115 (table 23)

⁴ ibid pg. 116 (table 25)

TfNSW's Technical Guide for its travel zone projections⁵ outlines the modelling approach for projecting employment by industry with inputs including historical trends in employment, population growth, known developments and professional judgment. The weak historical population and employment growth in Leichhardt suburb, high vacancies for some employment stock and the lack of a significant pipeline of residential or non-residential developments will be factored into its employment projections.

Given the current uncertainty, it is highly likely that these projections will be revised considerably in the near term. However, it does mean that the demand for employment lands in the Inner West LGA and in Leichhardt in particular are not as great as projected in the Inner West Employment and Retail Lands Study. This applies to industrial and retail uses as well as commercial uses. In contrast, the demand for residential uses has never more pressing across Sydney and is a key focus of all levels of government.

5.2 IMPLICATIONS FOR SUBJECT SITE AND LOCAL CENTRES

The revised projections suggest that there is little demand for commercial floorspace in Leichhardt in the near term. As a result, it is likely that the development at the subject site will struggle to find tenants given its location. Norton Street will continue to experience high levels of vacancies until the required planning and infrastructure intervention is delivered to increase the attractiveness of the street for retail, community and commercial uses. However, uses that require a visible presence or proximity to other businesses and amenities are not going to choose to relocate from a town centre location to an isolated mixed use site in a residential area. Therefore, the subject site will not create significant competition for these centres. Businesses that choose to locate at the site will be those that do not need a visible presence, so called 'destination businesses.' These businesses may have alternatively located in a business zone either in Leichhardt, or a business zone or local centre in a different suburb.

5.3 CONCLUSION

Based on an assessment of demand for commercial uses in Leichhardt and the relative attractiveness of the site to the neighbouring local centres, we find the following:

- The provision of non-residential uses on the site will not create significant competition for neighbouring local centres.
- The limitations of the site when combined with existing high levels of vacancies for both industrial and commercial uses will make it difficult to find tenants.
- Restricting the range of uses permitted will only increase the likelihood that these tenancies will remain vacant.
- It is recommended that the site is developed such that it is fully consistent with PRCUTS by providing only residential uses, for which there is a strong and continuing demand.

⁵ Transport for NSW 2016 Travel Zone Projections (TZP2016 v1.51) Technical Guide