

Canterbury Road Economic Analysis

Stage 2 Final Report



City of Canterbury-Bankstown
July 2017

1991-2016
25
years of Independent
insight.



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TABLE OF CONTENTS

1	INTRODUCTION	1
1.1	The Canterbury Road Corridor	1
1.2	Scope of this Strategic Review	1
1.3	This report	1
1.4	Structure of report	2
2	POLICY FRAMEWORK	3
2.1	Policy context	3
2.2	State policy	4
	A Plan for Growing Sydney – Department of Planning (DPE) (2014)	4
	Draft South District Plan - Greater Sydney Commission (GSC) (2016)	4
2.3	Local policy	5
	Canterbury Residential Development Strategy (2013)	5
	Towards 2032 – City of Canterbury Economic Development & Employment Strategy (2009)	6
	Draft Canterbury Open Space Strategy (2016)	6
	Canterbury Area Community and Cultural Facilities Strategy (2016)	7
	Canterbury Road Master Plan (2010)	7
2.4	Key implications	8
	The role of Canterbury Road	8
	Past initiatives and lessons	8
	Creating a place that is suitable for residential intensification	9
3	ECONOMIC CONTEXT	11
3.1	Economic trends	11
	Employment and office jobs	11
	Retail trends and drivers	12
	Housing	15
3.2	Property market trends	16
	Development trends	16
	Market preference	16
3.3	Implications	18
4	THE CURRENT POSITON	19
4.1	Approach	19
4.2	Regional context	20
4.3	Study Methodology	21
4.4	Corridor attributes	22
	Land Zoning	22
	Vacancy	25
	Lot Size	26
	Construction Sites	27

4.5	Individual precincts	29
	North East – New Canterbury Road	30
	Canterbury Town Centre	32
	Campsie	35
	Belmore – Lakemba	37
	Punchbowl – Wiley Park	40
4.6	Summary	42
5	DEVELOPMENT FUTURES	43
5.1	Residential	43
	Catchment definition	43
	Demand analysis	43
	Capacity analysis	45
5.2	Bulky goods retail	46
5.3	Local service industry	48
5.4	Main street retail	49
5.5	Commercial	50
5.6	Implications	53
6	DEVELOPMENT FEASIBILITY	54
6.1	Method	54
6.2	Assumptions	55
6.3	Scenarios and results	55
6.4	Value uplift	60
6.5	Implications	60
7	OVERALL CONCLUSIONS & RECOMMENDATIONS	61
	1. Encourage an urban outcome based on nodal intensification	61
	2. Encourage the development of bulky goods showrooms and stores at the podium (ground floor) levels of new residential developments	62
	3. Encourage the development of supermarkets at key nodes along the corridor	62
	4. Development feasibility	62

LIST OF FIGURES

FIGURE 1. RETAIL TURNOVER NSW, 1982 TO 2014 (IN \$ MLN)	12
FIGURE 2. RETAIL EXPENDITURE TRENDS BY SUBMARKET TYPE	13
FIGURE 3. AUSTRALIAN RETAIL MARKET INDICATORS	14
FIGURE 4. LOTS IN STUDY AREA & SPLIT MAP BOUNDARIES	19
FIGURE 5. REGIONAL CONTEXT MAP	20
FIGURE 6. NEARBY FACILITIES AND SERVICES (2KM RADIUS)	21
FIGURE 7. FORMER CANTERBURY LGA AND STUDY AREA	24
FIGURE 8. VACANT LOTS AND VACANT FLOORSPACE	26
FIGURE 9. LOT SIZE	27
FIGURE 10. LOTS UNDERGOING REDEVELOPMENT	28
FIGURE 11. PRECINCT ALLOCATIONS	29
FIGURE 12. NORTH EAST – NEW CANTERBURY ROAD: GROUND FLOOR DOMINANT LAND USE	30
FIGURE 13. NORTH EAST – NEW CANTERBURY ROAD: BLC CLASSIFICATIONS	31
FIGURE 14. CANTERBURY TOWN CENTRE: DOMINANT GROUND FLOOR LAND USES	32
FIGURE 15: CANTERBURY TOWN CENTRE: BLC CLASSIFICATION	33
FIGURE 16. CAMPSIE: GROUND FLOOR DOMINANT LAND USE	35
FIGURE 17. CAMPSIE: BLC CLASSIFICATION	36
FIGURE 18. BELMORE - LAKEMBA: GROUND FLOOR DOMINANT LAND USE	37
FIGURE 19. BELMORE - LAKEMBA: BLC CLASSIFICATION	39
FIGURE 20. PUNCHBOWL - WILEY PARK: GROUND FLOOR DOMINANT USE	40
FIGURE 21. PUNCHBOWL - WILEY PARK: BLC CLASSIFICATION	41
FIGURE 22. FINAL LOCATIONS FOR NODAL INTENSIFICATION	46
FIGURE 23. BULKY GOODS ROAD CORRIDOR CATCHMENTS IN THE REGION	47
FIGURE 24 RESIDUAL LAND VALUE CALCULATION	54
FIGURE 25 LOCATION OF SITES FOR FEASIBILITY TESTING	56

LIST OF TABLES

TABLE 1. PLANNING INITIATIVES IMPACTING CANTERBURY ROAD CORRIDOR	9
TABLE 2. DEVELOPMENT PIPELINE ASSESSMENT	16
TABLE 3. EXISTING LAND SUPPLY BY ZONE	23
TABLE 4. VACANT FLOORSPACE BY BLC	25
TABLE 5. NORTH EAST – NEW CANTERBURY ROAD: LOT AREA AND FLOORSPACE BY BLC	31
TABLE 6. CANTERBURY TOWN CENTRE: LOT AREA AND FLOOR SPACE BY BLC	34
TABLE 7. CAMPSIE: LOT AREA AND FLOOR SPACE BY BLC	37
TABLE 8. BELMORE - LAKEMBA: LOT AREA AND FLOOR SPACE BY BLC	39
TABLE 9. PUNCHBOWL - WILEY PARK: LOT AREA AND FLOOR SPACE BY BLC	42
TABLE 10. DWELLING TYPE PROPORTIONS	44
TABLE 11. DWELLING TYPE FORECAST	44
TABLE 12. DWELLING DEMAND BY 2036	45
TABLE 13. DWELLING CAPACITY SCENARIOS	46
TABLE 14. BULKY GOODS & SHOWROOM TRADE, FLOORSPACE AND LOT AREA FORECAST TO 2036	48
TABLE 15. SERVICE INDUSTRY JOBS, FLOORSPACE AND LOT AREA DEMAND BY 2036	49
TABLE 16. RETAIL TRADE, FLOORSPACE & SUPERMARKET ANCHOR FORECAST TO 2036	50
TABLE 17. MINI-CRITERIA ASSESSMENT OF CANTERBURY ROAD AS AN OFFICE CLUSTER	51
TABLE 18. COMMERCIAL OFFICE EMPLOYMENT DEMAND BY INDUSTRY	52
TABLE 19. FEASIBILITY MODEL COST INPUTS AND ASSUMPTIONS	55
TABLE 20. FEASIBILITY MODEL REVENUE INPUTS AND ASSUMPTIONS	55
TABLE 21. SELECT SITES FOR FEASIBILITY TEST AND KEY STATISTICS	55
TABLE 22. FEASIBILITY ON EACH SITE – UNDER CURRENT LEP CONTROLS	57
TABLE 23. FEASIBILITY ON EACH SITE - UNDER PROJECT CASE	58
TABLE 24. FEASIBILITY ON EACH SITE – SENSITIVITY TEST 1 – VARIABLE RESIDENTIAL FSR	58
TABLE 25. FEASIBILITY ON EACH SITE - SENSITIVITY TEST 2 - VARIABLE COMMERCIAL PARKING	59
TABLE 26. FEASIBILITY ON EACH SITE - SENSITIVITY TEST 3 - AT GRADE PARKING	59

1 INTRODUCTION

1.1 The Canterbury Road Corridor

Facilitating and managing future growth along the Canterbury Road Corridor is a priority for the newly formed Canterbury-Bankstown Council. Canterbury Road is one of the major arterial corridors of the South District of Sydney, and holds a significant volume of daily traffic. The road itself plays an important role in connecting a number of inner south west suburbs from Liverpool to St Peters.

More broadly, the Corridor and its surrounding Centres collectively form the economic backbone for the region, with the majority of commercial development and retail uses in the Canterbury-Bankstown area either concentrated along this spine or within the nearby Sydenham to Bankstown corridor. As market pressures have continued to mount for residential intensification along the road, the number of issues requiring careful consideration have gradually increased. Broadly speaking, key emerging issues include the role of Canterbury Road, the need for public infrastructure and the lack of streetscape amenity.

1.2 Scope of this Strategic Review

In partnership with NSW State Government, Council is tasked with a strategic review of Canterbury Road from Hurlstone Park to Punchbowl. This review is intended to act as the first step towards a revised long term planning vision for the Corridor. In planning for its long term future, Council seeks to maximise the health, economic and social benefits provided to all present and future users – both from within the Corridor and also from surrounding suburbs.

In support of this review, Council has engaged three specialist consultancies with the aims of specifically investigating:

- Economics
- Urban Design
- Transport and Traffic

1.3 This report

The objective of the Economics Study (this report) is to analyse the economic issues associated with development along the Corridor. This assessment is required by Council to develop an understanding of role of housing and employment activities in the Corridor. More specifically, this Economic Study investigates the following lines of enquiry about the Corridor:

1. What is the demand for dwellings and the viability of residential and/or mixed use redevelopment of land in the Corridor in the future?
2. What is the appropriate volume, type and location of retail and commercial uses along the Corridor in the future?
 - (a) What is the composition of floorspace demand for land uses along Canterbury Road and
 - (b) What then, is the future role of this road corridor and its sites?
3. What is the development potential of current planning controls, cognisant of a range of development feasibility factors?

4. What potential changes are required to the planning vision and controls off the back of the economic evidence which has been assessed in this study?

1.4 Structure of report

The remainder of this report is structured as follows:

Section 2 introduces a range of State and Local policies, identifying key threads across a range of issues including housing, employment lands and open space. It also examines the way in which Canterbury Road's role is defined within the broader urban structure. The details and results of existing planning controls are evaluated to inform strategy development later in the report.

Section 3 is an overview of the key economic and housing trends which underpin recent and future changes along Canterbury Road. It also provides an overview of property market dynamics which are of significance to the development feasibility analysis.

Section 4 examines the study area in detail, looking at the key features across the study area whilst also dissecting it into precincts. The purpose of this section is to ascertain the existing composition of land uses and development in the corridor, whilst identifying key gaps.

Section 5 provides an integrated assessment and forecast of demand and supply, and discusses the extent to which current controls will deliver an optimal outcome. Alternative options are canvassed, with a focus on the strategic role of the corridor, as well as potential challenges associated with such options.

Section 6 then explores those implementation challenges in more detail by analysing development feasibility. A variety of factors are considered, with goal seek and sensitivity analysis methods employed to develop a deeper understanding of what is achievable in the corridor. The value uplift of potential urban design initiatives is also considered.

Section 7 then concludes with policy directions and planning control recommendations orientated towards improving the corridor's health, economic and social benefits against the base case.

2 POLICY FRAMEWORK

Canterbury Road continues to develop and emerge as a major urban renewal corridor of Sydney. The corridor shapes as an essential component to the housing supply solution in the region. In effect, it will also need to play the broader role that is associated with hosting what will become a significant local community.

The alignment of Canterbury Road's development to State and Local policy is explored in this chapter, along with analysis surrounding the extent to which this corridor is equipped to accommodate residential intensification.

2.1 Policy context

A review of the key studies, strategies and plans relevant to Canterbury Road has been undertaken to evaluate the role of the Canterbury Road corridor. The primary focus of this section is to analyse the strategic implications of these documents.

Development guidelines have also been considered. Given the more specific nature of that content, summaries of those documents can be found in Appendix A of this report.

Overall it was found that there is broad but conditional support for Canterbury Road to continue developing as an urban renewal corridor, cognisant of:

- Broader housing demand trends across the sub-market
- Growth in adjoining areas, particularly in established centres along the Sydenham to Bankstown Corridor
- The need to ensure that adjoining and surrounding employment precincts continue to be protected, and
- An adequate provision and distribution of open space and social infrastructure

The following specific issues and objectives were considered in the review of policy documents. These are summarised in Section 2.4.

- The overarching role of Canterbury Road
- Past initiatives and learnings
- Creating a place that is suitable for residential intensification

The following nine policy documents were reviewed in relation to the future growth of the Canterbury Road Corridor.

1. Greater Sydney Commission's A Plan for Growing Sydney 2014
2. Department of Planning and Environment's Draft South District Plan 2016
3. Canterbury Residential Development Strategy 2013
4. Towards 2032 – City of Canterbury Economic Development & Employment Strategy 2009
5. Draft Canterbury Open Space Strategy 2016
6. Canterbury Area Community and Cultural Facilities Strategy 2016
7. Canterbury Road Master Plan 2010
8. Department of Planning and Environment's Draft Medium Density Design Guide (Appendix A)
9. Department of Planning and Environment's Development Near Rail Corridors and Busy Roads – Interim Guideline (Appendix A)

2.2 State policy

A Plan for Growing Sydney – Department of Planning (DPE) (2014)

Document purpose



A Plan for Growing Sydney is the incumbent Metropolitan Strategy for Greater Sydney, providing high level guidance for housing and employment growth across the city.

The Strategy's focus is to channel economic trends into a metropolitan-wide spatial and policy vision that responds to the big picture issues.

Key features of relevance to Canterbury Road

One the major priorities of the Strategy is to address the ongoing housing affordability conundrum. The response is headlined by initiative to deliver more housing opportunities within centres and along transport corridors.

The Metropolitan Strategy also emphasises the importance of subregional planning. Six of subregions are introduced, with Canterbury Road being located in the south subregion, where DPE has identified the need to work closely with Council in identifying locations for housing intensification and urban renewal.

A Plan for Growing Sydney is planned to be reviewed and updated by the Greater Sydney Commission in 2017.

Draft South District Plan - Greater Sydney Commission (GSC) (2016)

Document purpose



The South District covers the Local Government Areas of Canterbury-Bankstown, Georges River and Sutherland.

The Draft South District Plan was released by the Greater Sydney Commission (GSC) in November 2016, with the aim of bridging the gap between Metropolitan and Local Planning. The District Plan is targeted to address a range of housing and employment issues that transcend local government boundaries, whilst still being relatively unique to the local region.

In achieving these housing and employment objectives, the District Plan nominates a number of lead and partner agencies responsible for ensuring specific priorities are addressed.

Key features of relevance to Canterbury Road

The Draft South District Plan identifies a dwelling target of 23,250 dwellings to 2021 and 83,500 to 2036). The five year municipal breakdown is shown below, with the Canterbury-Bankstown LGA expected to accommodate 57% of housing growth over the next five years.

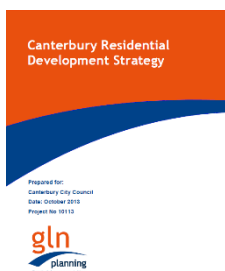
Local Government Area	2016-2021 Housing Target
Canterbury-Bankstown	13,250
Georges River	4,800
Sutherland	5,200
South District Total	23,250

Canterbury Road is specifically identified as a corridor which is already undergoing significant urban renewal, with the District Plan foreshadowing a need to be cognisant of dwelling demand, growth in the adjoining areas and the role of Canterbury Road more broadly.

In terms of employment, it should be noted that both the District Plan and the Metropolitan Strategy focus on more strategic centres with an established presence of industrial, commercial or specialised activity. Whilst it is important for more jobs to be delivered, it is even more important that the right locations are prioritised, as the agglomeration of employment in larger clusters will generally create better productivity outcomes.

2.3 Local policy

Canterbury Residential Development Strategy (2013)



Document purpose

The Canterbury Residential Development Strategy was prepared by GLN in October 2013 for the former Canterbury City Council. The primary purpose of the document was to ensure that the mix of local planning controls were appropriate in helping to deliver a desired housing outcome.

This outcome needed to cater to the needs of the growing local community, whilst also being consistent with metropolitan housing policy.

The Strategy examined the following elements:

- Identification of the drivers of housing supply and demand in the Canterbury LGA
- An understanding of how the LGA and surrounding LGA's are performing against the dwelling targets set by the State Government
- Quantification of the development capacity available from existing controls to continue to provide a range of housing
- Identification of constraints to growth within areas allocated for housing
- Exploration of the need for changes to controls in order to meet the dwelling targets.

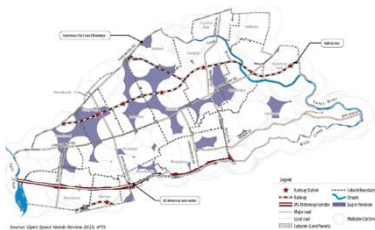
Key features of relevance to Canterbury Road

The strategy identifies opportunities sites for increased development, including Canterbury Road. However, it also emphasises the importance of investigating housing opportunities in areas with greater accessibility to railway stations along the Bankstown Line and local centres and services as reflected in the Draft Metropolitan Strategy (2013).

Overall, the (former) Canterbury LGA was estimated to have a theoretical capacity for a further 28,800 dwellings, with Canterbury Road (at the time) only possessing a theoretical capacity of under 2,000 dwellings.

The dwelling capacity of Canterbury Road has since increased, as the strategy ultimately recommended that the market determine the land use mix within the Canterbury Road corridor in these zones by permitting residential flat buildings with consent. To that end, the market has since taken up opportunities for residential development along the corridor.

Towards 2032 – City of Canterbury Economic Development & Employment Strategy (2009)



Document purpose

In 2009, SGS prepared *Towards 2032 – City of Canterbury Economic Development and Employment Strategy* for the (former) Canterbury Council. After a research process which involved consultation, land audits and data analysis, a range of strategies and actions were canvassed for Council to implement.

The Strategy brought together both planning and economic development perspectives to tackle the challenge of managing economic land use whilst delivering new jobs of the 21st century.

Not directly focused on all aspects of Canterbury Road per se, the work did cover a range of employment centres and precincts within, adjacent to or near Canterbury Road.

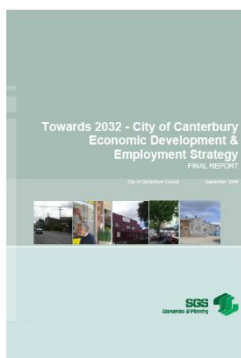
Key features of relevance to Canterbury Road

To that end the document was strong in its recommendations for Council to protect numerous existing employment precincts as valuable locations for employment.

So whilst Canterbury Road itself may be a reasonable location for residential development, the more integrated employment precincts along the corridor were identified as longer term prospects for business growth.

In cases where employment precincts fronted Canterbury Road, the recommendation was usually for a bulky goods/showroom use to capitalise on the extra exposure, without the adverse impacts that residential developments can have on adjoining industrial businesses.

Draft Canterbury Open Space Strategy (2016)



Document purpose

The draft Canterbury Open Space Strategy was released for exhibition in November 2016. This is a 10 year strategy which has been developed to guide the future provision, development and management of open space across the former City of Canterbury LGA.

The Strategy's core focus revolves around the critical need to provide an appropriate distribution of open space across an LGA which – in some areas – has become a critical issue as major gaps in provision have emerged.

Key features of relevance to Canterbury Road

Overall, there is a lack of open space across a significant proportion of the LGA. In particular, there is a significant shortage of open space across vast swathes of land where residential intensification is

expected to occur. Principal amongst these are the Sydenham to Bankstown Urban Renewal Corridor and the Canterbury Road Corridor.

A significant number of potential sites for targeted land acquisition were identified, along with more minor enhancement areas. Clearly, Council has a significant task at hand in finding the means to fund all the open space that is recommended for in the strategy.

Canterbury Area Community and Cultural Facilities Strategy (2016)



Document purpose

In parallel to the open space strategy, there is also a community facilities strategy from May 2016 which focuses on the provision and distribution of social infrastructure.

The work divides the LGA into five general catchments and applies a range of benchmarks to projected population growth as a means to quantifying infrastructure need.

It is important to note how this study has Canterbury Road and its broader hinterland divided into five segments; this reflects the reality that a nine kilometre stretch of road needs to be considered as a conglomeration of multiple precincts for the purposes of servicing its residents.

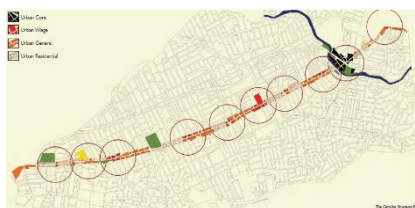
Key features of relevance to Canterbury Road

Floorspace requirements were identified all along the area for libraries, civic/community centres and child care centres. A qualitative discussion was also provided of need for a range of other facilities along this corridor.

Ultimately the work found that this area is severely lacking in social infrastructure – not just in total quantitative terms but also in type – a recommendation was made for the development of larger facilities.

As is the case with open space provision, the financial challenge for Council over the coming years is likely to be significant. To that end, a strategy for financing these initiatives through development charges should be a higher order priority.

Canterbury Road Master Plan (2010)



Document purpose

The Canterbury Road Master Plan was significant for its holistic attempt to integrate many of the key elements which are essential to informing the planning for this corridor. The Master Plan also covered the same geography as today's study.

This document still provides a reasonable set of principles as most of the issues identified are still relevant today.

Key features of relevance to Canterbury Road

Whilst some of the urban design specifics of the Master Plan are beyond the scope of this report, the work nonetheless did touch on some highly pertinent issues:

- The significant traffic which the road accommodates. This has implications for walkability, amenity and also the nature of land uses which can adequately operate along the road.
- The way in which parks and natural features along the corridor intersect with the road.

- How community facilities are unable to generate a positive impact on the street and the public realm.
- The problematic distance of established centres; they are disconnected from the road corridor, but still close enough to compete with the now residual retail offerings along the road itself.

2.4 Key implications

The role of Canterbury Road

Whilst there is a general policy consensus that Canterbury Road is already well down the path of a fully-fledged urban renewal corridor, there is no single document that has systemically considered whether there are other potential roles for the corridor; and how facets of these roles could complement the assumed residential function.

It is worth stepping back to broadly contemplate the range of alternative functions this type of road corridor *could* play in an inner-middle ring suburban location:

1. A bulky goods retail cluster, capitalising on passing traffic and exposure. Likely the next-highest and best use after residential in this instance, the corridor does already possess a significant quantum of this land use type – but it could capture more.
2. A service industry hub. Becoming scarcer, local panel beaters and construction supplies are still essential services for the local population as well as other businesses. While these uses would not be suitable ‘in centre’ as such, locating these uses along a main road at the edge of centres can complement the role of function of centres as well as ‘freeing-up’ more employment precincts for land uses that are more difficult to plan for.
3. In some instances, busy main roads can become significant employment corridors focusing on large commercial offices that attract professional and business services. Attraction of these business types requires a high amenity and accessible locale that is easier to generate along wider boulevards. Attracting major anchors may also require some incentive to be provided.
4. Main street retail. Traditionally, major anchors have made great use of exposure and passing trade. There still exists some evidence of this activity along Canterbury Road today.
5. Finally residential intensification. Becoming more important an option as a means of solving the housing affordability crisis. Although a distinction needs to be made between high density apartments and a medium density mix of semi-detached and apartment dwellings, residential uses will be associated with costs in providing open space and community facilities.

There is a case to be made for each function. In the Canterbury Road context, each also comes with some significant trade-offs. Although state policy generally recommends a housing solution, this report still analyses the potential for these uses on their merits, with an understanding that a range of uses can co-exist on a nine-kilometre stretch of road; a minimum ancillary role is expected for each function.

How these five potential functions are considered:

- Chapter 3 reviews the broad market trends in relation to economic uses
- Chapter 4 reviews the existing presence of these functions on the road
- Chapter 5 undertakes a demand and supply analysis to consider the market depth for each use
- Chapter 6 contains a feasibility assessment for specific site-typologies. Mixed use on sites are considered.

Past initiatives and lessons

Problematic locales in the metropolis which have been the subject of multiple rounds of studies, strategies and plans benefit from a degree of retrospective evaluation. This review of documents has

identified some key issues that have repeatedly been the focus of policy makers' attention and have been met with varying degrees of success.

So whilst this round of work will ultimately attempt to help resolve many of the same issues, it is first worth contemplating what works, what doesn't and what can be learnt from past activity.

TABLE 1. PLANNING INITIATIVES IMPACTING CANTERBURY ROAD CORRIDOR

Recurrent Issue	Past initiatives	Outcomes	Implications in 2017
Dilapidated and struggling retail and commercial uses along the corridor.	<p>Rezoned some land to allow the market to determine highest and best use.</p> <p>Pursue some economic development measures (better coordination of traders, business approach).</p>	<p>Where possible, the market has accepted the invitation to produce residential flat buildings.</p> <p>The trading situation does not appear to have improved.</p>	'Letting the market decide' will likely generate a pure residential outcome. A broader strategy for employment and retailing that acknowledges the broader area needs to be considered.
Demand rising for residential development in industrial precincts adjacent to the corridor.	Protect nearby employment precincts and recommend bulky goods type uses along Canterbury Road.	Residential development still permitted in some employment precincts, but bulky goods development along the Canterbury Road frontage has occurred.	Bulky goods (and other light industry use) is still viable in this location.
Lack of open space and social infrastructure along the corridor.	Recent studies have clearly outlined the need for new infrastructure – particularly if residential intensification is to occur.	n/a	Whilst the latest open space and social infrastructure plans are relatively recent, it is hard to see council delivering these features without a clear plan for (a) development charges (b) sequencing development to focus works in stages and (c) an adequate financing scheme/plan.

Creating a place that is suitable for residential intensification

If residential intensification is indeed the path taken, there are significant questions to be asked about the type of environment and community that will be created along Canterbury Road.

Firstly, the type of dwellings. Meeting dwelling targets does not necessarily address the broader housing affordability conundrum. The dwelling demand forecasts provided in Chapter 5 indicate that a significant proportion of underlying demand will continue to be for detached and semi-detached dwellings. Whilst Canterbury Road does not necessarily need to play everyone housing role, it is nonetheless important to be cognisant of the fact that apartments are not for everyone. In particular, smaller apartments are unlikely to suit young families – which raises questions about the diversity of a future community along Canterbury Road.

Second, the amenity along Canterbury Road. The corridor's primary function is to still move traffic. Unless there is an intent to alter the prevailing pattern of traffic movement, significant urban design initiatives are required to ensure that new residents enjoy an appropriate level of residential amenity. Active street frontages, setbacks and laneways are all features that require some degree of economic analysis – whether it is to do with land use or development feasibility.

And finally, the related issue of open space and social infrastructure provision. Not all future residents are likely to be aware of the infrastructure deficit highlighted in this policy review upon arrival. Over time however, the expectations will emerge and once the transactions have occurred, Council will have limited policy instruments at its disposal. So mechanisms for development levies and a plan for concentrating development in staged precincts need to be established well before dwellings are brought to market.

3 ECONOMIC CONTEXT

The previous section of this study covered the alignment between state and local policy and the economic role of the Canterbury Road Corridor. It had also canvassed a number of issues which require deeper consideration. To build on this, an assessment of economic and market trends has been undertaken to develop:

- (a) an understanding of the macroeconomic forces which are driving change in the residential, commercial and retail sectors, and
- (b) an understanding of the property market in the area, and how development needs to be facilitated and controlled.

3.1 Economic trends

Employment and office jobs

Growing service economy

The decoupling of the value chain¹ and movement of production activities across national borders has had a profound impact on the structure of Australia's economy. Australia's economic backbone has transitioned from one built on agriculture and manufacturing to one predominately supplying services. In this transition, competitive advantage has increasingly been gained through specialising in activities higher up the value chain where high levels of innovation and creativity are central.

This movement up the value chain has been most prominent (and indeed profitable) in the advanced business services sector, particularly in the finance and insurance, and professional, scientific and technical service industries. These advanced business services are therefore often dubbed 'knowledge industries' and the backbone of the 'knowledge economy'.

In high value-add sectors, competitive advantage is gained and maintained by offering environments that promote innovation and creativity, and are able to attract a sufficient supply of the highly skilled labour required to enable high productivity firms to flourish. Agglomeration economies often manifest in such environments.

Agglomeration economies

'Agglomeration economies' is a term used in spatial economics to describe the benefits that flow to firms from locating in areas that have a high density of economic activity. The benefits that arise from locating in a denser economy include:

- **economies of scale and scope:** with a larger customer base firms are able to develop efficiencies through operating at a large scale. This also enables firms to focus the scope of their expertise in a particular field, gaining improved efficiencies through specialisation.
- **deep and diverse pool of clients/employers/employees:** a competitive marketplace presents people and firms with a multitude of potential options. This frees them from reliance on a single (or limited) client or employer base, allowing firms to better align their specific skills, again improving productivity.

¹ The value chain refers to the process or activities which contribute to the value of a service or product which a business delivers. These activities can be separated out and conducted by different firms and in different countries (the decoupling).

- **knowledge spillovers:** with multiple firms located together there will be a higher level of technological and knowledge transfers, which will help bolster innovation. This transfer occurs both directly, through stronger supply chain linkages and connections between local firms, and indirectly, when skilled labour moves between firms and transfers knowledge, as well as through incidental exchanges.

These benefits, while experienced by all firms and residents, have particularly benefitted those in the advanced business services sectors, with macroeconomic conditions and Australia's position in the world economy allowing these sectors to be competitive in producing services higher up the global value chain.

While the proposed Sydney Metro will only encourage and accentuate agglomeration in this region, it is considered unlikely that many locations along Canterbury Road will be positioned to significantly capitalise on this benefit. The focus should be on concentrating commercial office in and around Canterbury Town Centre.

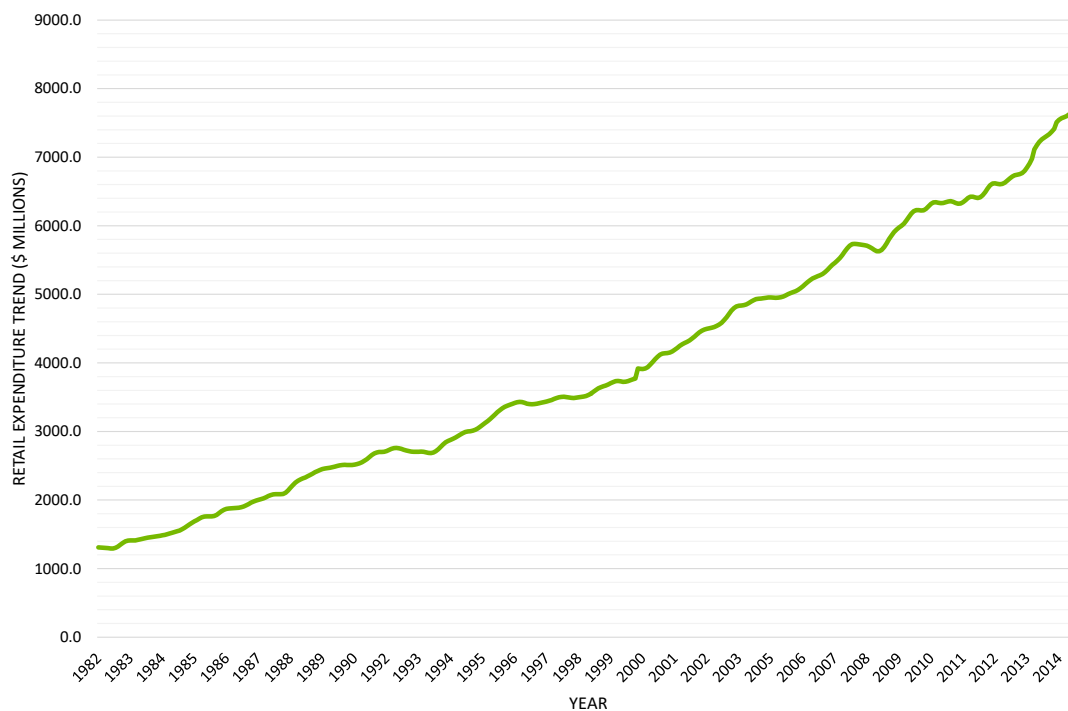
Retail trends and drivers

Retail turnover in NSW

The retail industry remains a significant contributor to the Australian economy contributing, according to the Productivity Commission (PC 2011), 4.1% of gross domestic product (GDP) and 10.7 percent to employment.

Overall retail turnover in NSW has continued to grow (illustrated in Figure 1). The PC, in its report on retailing, noted a weakening of the growth in sales since the global financial crisis (GFC), with consumers reducing the proportion of their income spent on retail goods, as they lift their savings rate and spend more on other items such as finance, health, rent and education.

FIGURE 1. RETAIL TURNOVER NSW, 1982 TO 2014 (IN \$ MLN)

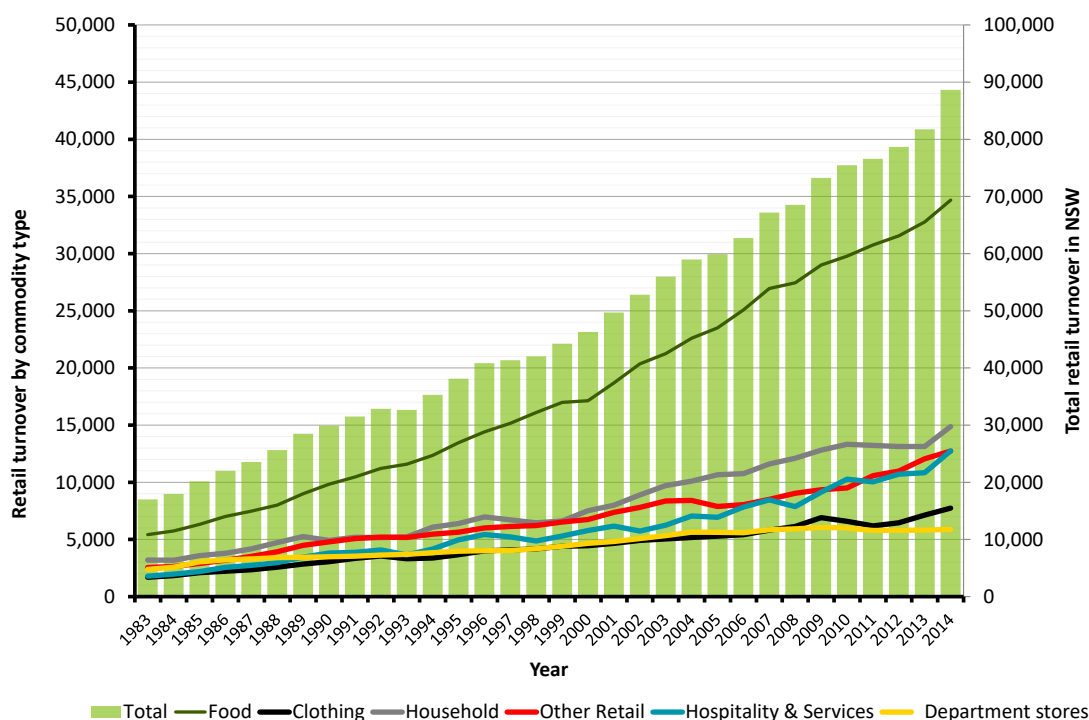


Source: SGS Economics and Planning, 2013 using Australian Bureau of Statistics, 2013 (Catalogue 8501.0 Retail Trade)

It may be that a real expansion in retail expenditure, on the back of rising living standards and a growing population, may not continue. Consumers are currently devoting more of their discretionary expenditure to non-retail items (including services) and to paying off debt. Health expenditure is likely to increase (with an ageing population). Consumers are also 'getting more' for their expenditure, with online retailing expanding options, so sales growth on 'bricks and mortar' retailers may be slower.

However, these trends had different implications on the different retail submarkets. Figure 2 illustrates the growth in retail expenditure on different commodity or store types, highlighting that food retailing has been following the overall retail expenditure trend with clothing, household and department store retailing experiencing much slower growth in comparison. There has been a significant spike in retail expenditure over the past 12 months.

FIGURE 2. RETAIL EXPENDITURE TRENDS BY SUBMARKET TYPE



Source: SGS Economics and Planning, 2015 using Australian Bureau of Statistics, 2015 (Catalogue 8501.0 Retail Trade)

The main implication of this chart is that retail strips such as Canterbury Road which don't possess enough strong supermarket anchors will see its other retailers struggle to capture trade. This is a trend which has become more significant over the past decade since the GFC reduced spending on discretionary goods.

Demand for out of centre retailing premises, particularly bulky goods

From a strategic land use planning perspective, bulky goods retail should be located in or adjacent to centres to support the existing retail hierarchy and minimise trip generation. This adds to customer choice and can improve the 'pulling power' of these businesses. As such, having defined bulky goods precincts benefits both businesses and customers.

The delivery of stock and the collection of bulky goods by customers require sites with good road access. Main road locations provide both access and exposure. Sites with exposure to high traffic volumes are desired by bulky goods retailers because they enable business promotion. Locations on major arterial roads are preferred.

In some locations across Sydney, bulky goods retailing is moving into industrial areas. This allows bulky goods developers to offer cheaper rents and yet achieve high end yields (PC, 2011). The significant difference between the net rental ranges for bulky goods centres compared to major retail centres is highlighted in Figure 3.

FIGURE 3. AUSTRALIAN RETAIL MARKET INDICATORS

Retail Indicator	CBD Retail	Regional Shopping Centres	Sub-Regional Shopping Centres	Neighbourhood Shopping Centres	Bulky Goods Centres
No. of Centres	123	125	249	919	112
Total Stock (sqm)	1,048,259	7,241,217	4,318,819	4,012,305	2,014,891
Average Size (sqm)	8,552	57,929	17,345	4,366	17,990
5-year Supply (sqm)	78,000	572,000	338,000	442,000	1,170,000
Net Rental Range (/sqm)	\$2,750 - \$9,000	\$950 - \$2,250	\$550 - \$1,150	\$250 - \$850	\$125 - \$450
Occupancy Cost Ratio	21.40%	17.90%	13.70%	11.50%	n/a
Average Vacancy Rate	2.30%	1.20%	2.90%	4.40%	7.50%
Prime Yields	5.25% - 8.50%	5.25% - 6.50%	7.00% - 7.75%	7.25% - 8.00%	8.50% - 9.50%
Secondary Yields	n/a	6.50% - 7.50%	7.75% - 10.00%	8.00% - 12.00%	9.50% - 12.00%

Source: Colliers, 2013

Bulky goods retailing within industrial precincts can nevertheless place upwards pressure on land values, potentially forcing industrial land uses to relocate to cheaper areas. This may reduce efficiencies and positive externalities if it affects industrial land users that prefer to be co-located with similar businesses or suppliers and clients (Just-in-Time production processes), or maintain a sense of 'address' in current locations. Further, increased traffic volumes stemming from bulky goods retail customers might affect access to and from industrial operations in the same area.

In the Canterbury-Bankstown context, it is important to encourage bulky goods to locate along Canterbury Road to avoid encroachment onto industrial precincts that should otherwise be utilised for higher productivity uses.

The divergent trends of larger supermarkets vs. convenience shopping

There is a continuing trend of growth in the average size of supermarket floor sizes, extension of their trading hours and increase of their market share in the food and beverage segments. Online groceries retailing is expanding. The weekly shopping peak is shifting from Saturday to Sunday, and instead of one weekly trip to the supermarket, households increasingly shop three to four times per week in supermarkets. Australians spend just 34 per cent of their weekly food budget on their primary shopping day (news.com.au, 2013).

Convenience stores experience increasing competition from supermarkets. Falling consumer sentiment, fluctuating income growth and continued competition from small-format grocery stores and supermarkets have posed challenges for industry operators. Industry sales are expected to fall by an annualised 3.4 percent over the five years through 2014-15 (IBIS, 2014).

One of the responses of the sector is to move towards 'fresh food', fresh fruit and vegetables, delicatessen items, flowers, bulk foods and continental grocery items. Another innovation is the use of online shopping through online shopping platforms offering 'click and collect' services which allows shoppers to simply pick-up their order at a convenient time.

Convenience shopping needs good accessibility at the local level. Walkable and well accessible locations are important factors for convenience retail. The role of local shopping centres will move more towards fresh food, cafes and 'eat streets'.

So while supermarkets in general are becoming larger, there is still a case to be made for smaller grocers – provided they are conveniently located and can be readily accessed by local residents and workers.

Housing

Housing demand theory identifies two types of housing demand: underlying demand and effective demand. *Underlying demand* is the 'need' for housing based on the number of households in the population. The level of underlying demand is driven predominantly by migration and demographic factors. *Effective demand* is the number, size, type and location of dwellings that owner-occupiers and investors are willing and able to buy in the housing market. This is affected by the full range of market forces including: the number of households, incomes, prices, the availability of finance and the current supply of dwellings (National Housing Supply Council, 2008).

Housing demand projections are an example of *underlying demand* as these are based on population projections and an assumption of related demand for various housing types by family type, without taking into consideration the ability of housing markets to deliver these housing types.

Studies of housing preferences are generally concerned with either stated preferences or revealed preferences. *Stated preferences* are concerned with the types of housing people say they would like, which can be obtained from a survey, whilst *revealed preferences* are concerned with the types of housing people actually choose.

Other important considerations that influence housing demand and preference (that are typically given much less prominence in the literature) are what might be termed 'external factors'. These include cultural norms (for example, favouring detached housing), macro-economic drivers (for example, interest rate trends) and taxation policy (for example, in Australia these policies have traditionally favoured the consumption of detached, family housing). There are also some emerging external factors which may influence choices, in particular the current planning orthodoxy that advocates for higher density housing in and around centres that can be better served by public transport and is more suited to walking and cycling.

Smaller household sizes

Couple and single person households are the household types projected to experience significant increases into the future. The growth in couples without children is partially due to the increasing propensity for couples to remain childless, but is also due to the ageing of the population.

The growth in the number of older people who are in couples without children can be mostly attributed to the growing number of post-child couples or 'empty nesters'. Australia wide there is projected to be 1.6 million more people in couple families without children in 2031 than in 2006 (from 58 percent to 60 percent of all households).

The proportion of younger people (20 to 39 years) in couple families without children is projected to increase from 18 percent to 20 percent (ABS 2010). Smaller household sizes are also driven by more fractured family arrangements. For this household type affordability may drive their choice for smaller dwellings.

Although housing preferences are shifting towards smaller dwellings, 'how small' is a question that requires further testing and investigation. As the analysis in section 5 demonstrates, the shift may be more subtle in terms of detached to semi-detached – rather than the commonly assumed 'leapfrog' from detached dwellings straight to apartments.

3.2 Property market trends

In order to understand how these economic trends are currently affecting the study area, an assessment of market trends has been completed. This work combines an analysis of development proposals in the pipeline with consultation of real estate experts both in the local and metropolitan region.

Development trends

An analysis of projects currently in the development pipeline was conducted using the Cordell Connect database. This database provides information regarding construction projects over \$1m, with information regarding their location and various characteristics.

The types of development which the private sector are undertaking or proposing serves as a proximate measure for market demand within the area. The following developments were identified along Canterbury Road.

TABLE 2. DEVELOPMENT PIPELINE ASSESSMENT

Total Number of Dwellings Proposed	B2	B5	R4	Total
0-20	0	3	1	4
20-50	2	5	2	9
50-100	2	6	0	8
100+	0	5	0	5
Totals	4	19	3	26

Nearly all of the developments identified to be within the pipeline within the corridor is in the form of residential flat buildings, with ground floor commercial/retail. This is the prevailing market preference for the location. Section 5 tests the extent to which this land use supply mix is sustainable across the precinct into the future.

All developments listed above are approved or proposed to a height of between four and eight storeys, with a median height of six storeys.

There are no developments observed within the pipeline which propose to construct any form of residential accommodation other than apartments within shop top housing developments.

Market preference

Corridor submarket

The Canterbury Road corridor is part of a submarket that traditionally approximates to the former Canterbury LGA area. As is the case with many parts of Sydney however, rising house prices mean that this geography is gradually shifting. Consultation with local real estate experts has found that both residents and businesses which are 'priced out' of markets further inbound in the Marrickville and Ashfield LGA areas will typically investigate tenancies along Canterbury as a lower preference destination.

Retail

There is presently an oversupply of retail floorspace within the corridor. There are a range of historical factors contributing to this, including competition with nearby centres, poor amenity and a spatially dispersed pattern of shopfronts along the corridor.

A new supply side factor has also been introduced into the oversupply equation in recent years - the vast majority of new developments have been mandated to include retail floorspace at the ground floor - often with insufficient market interest for use of the floorspace.

The recent development of Woolworths near the Canterbury Town Centre has generated significant interest from other retail tenancies looking to co-locate with the new anchor. This has some implications for the planning of retail nodes along the corridor in the future.

Light Industrial

Underlying market demand for light industrial uses in the submarket continues to remain strong relative to the limited number of precincts and sites. Automobile servicing, repair and construction businesses were the most common sources of demand for light industrial land in the area.

Recent developments were cited by real estate agents as examples of Council having a perceived anti-industrial position. Such perceptions and land use conflicts with residential development is now dissuading light industrial businesses from locating in the area.

Housing

Detached dwellings generate the highest level of demand and interest for housing in the area, with finite supply of stand-alone houses limiting the number of transactions that actually occur.

In terms of real transactions, the most common sales are for new apartments, with significant levels of demand generated by both young and older couples. Apartments that are in close proximity to public transport and services were cited as being the most popular.

Anecdotal evidence from real estate agents suggests that new dwellings constructed along Canterbury Road is currently not as competitive as other locations in the region. The quality of built form being generated from recent developments in the area has been identified as the key issue which needs to be addressed.

More specifically, there is currently limited development interest in R3 and R4 zoned parts of the corridor. Low maximum floor space ratios and (therefore) low yields were identified as being the main deterrents. These planning controls are likely to require review given the identified importance (see Chapter 5) of providing semi-detached dwellings in this sub-market.

Office and mixed use

Whilst demand for office floorspace appears to be shallow along the corridor, some developers have expressed a willingness to provide a few floors office floorspace within their (otherwise) residential developments. This is conditional based on available demand and the overall size of each development in question – a development feasibility equation which is tested in Chapter 6 of this report.

In this submarket, mixed use developers and leasing agents commented that office floorspace within mixed use developments would be most desirable to small and medium sized architecture, legal and suburban professional services. The floorspace would be most competitive if located within 200 to 250 meters of Canterbury Station, with Sydney Metro likely to marginally increase demand for office floorspace. Strong amenity within the precinct was highlighted as the other important ingredient.

Parking was identified as a more critical ingredient to residential development as opposed to offices (particularly if the commercial floorspace is located near railway stations).

3.3 Implications

The review of economic and market trends has identified a number of issues which inform the future of development along Canterbury Road.

1. The importance of supermarket anchors cannot be understated.

A trend which has been observed along Canterbury Road (and indeed across Australia's major capital cities) is that dispersed retail floorspace with no supermarket anchor is less competitive today than it was 15 years ago.

The key implication here is that blindly mandating retail floorspace on the podium of residential developments along the whole corridor will not work – unless the location is near a new supermarket (or more laterally, other exceptional anchor/feature).

The exception is bulky goods showrooms, which are viable on road corridors and should be encouraged along Canterbury Road to avoid encroachment and competition in industrial lands.

2. Shifting dwelling preferences

There is certainly a rising preference for smaller dwellings as a substitute product to the limited and finite supply of detached dwellings in the area. However there are many nuances which need to be borne in mind, including amenity, location and most importantly – the type of smaller dwelling.

Apartments have become easier to develop over the past decade as market risk has reduced and planning and design controls now accommodate them more effectively. However, the market feasibility and development controls for semi-detached dwellings are less suitable.

In planning for Canterbury Road, appropriate attention will need to be given to this 'missing middle' segment of the market when Council attempts to meet the GSC's housing targets.

Planning for semi-detached dwellings need not reduce development capacity. Indeed, it can lead to more people living in the area in the long term if townhouses can become a strong substitute for home buyers seeking a substitute product to traditional detached housing. This is a role that apartments are far less likely to perform.

3. Canterbury Road is not positioned to leverage significant office development from Sydney Metro.

The office market generally gravitates towards established major centres. Past SGS research shows that is these centres are best placed to capture the productivity benefits associated with the improved accessibility that Sydney Metro will generate. These locations are identified in the South District Plan as Strategic and District Centres.

Canterbury Road does not contain any of these centres. However:

- Bankstown and Campsie are identified in the District Plan. These centres should be locations of significant employment intensification and any new residents along Canterbury Road should be able to access those local employment opportunities
- The Canterbury Road Corridor does include Canterbury Town Centre, which has a proposed Sydney Metro station along the Sydenham to Bankstown corridor. This will provide an impetus for new employment and should be the location where all future office floorspace along the corridor is directed. Given the shallow market depth for office uses, accommodating that floorspace within mixed use buildings near Canterbury Station has merit.

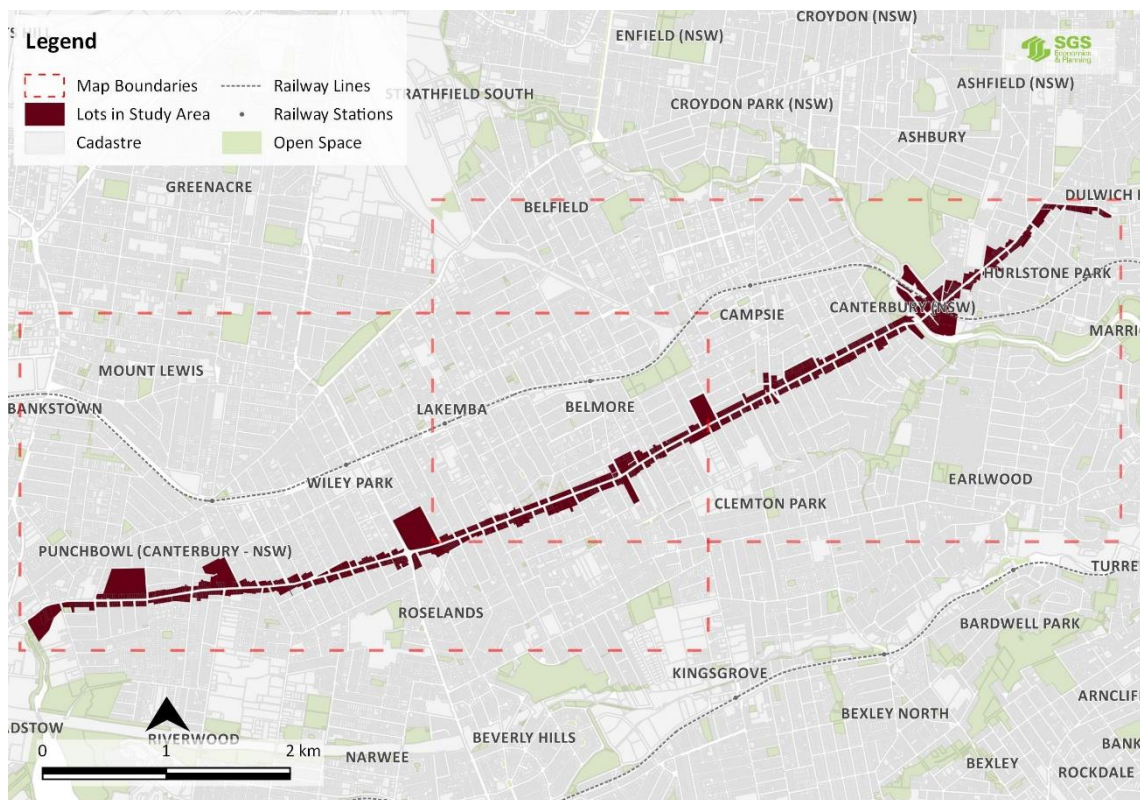
4 THE CURRENT POSITON

Canterbury Road is a significant road corridor of the South District of Sydney, which supports a variety of roles and uses. In order to inform the future planning of Canterbury Road, SGS has undertaken a comprehensive audit of the composition of land uses along the corridor's study area. The purpose of this section is to provide an understanding of how specific components of Canterbury Road are performing, leading to insights on what is likely to occur in the future.

4.1 Approach

Given that the corridor extends for a substantial East-West distance, some maps displaying the full length of the corridor within this section will be split into two halves in order to adequately provide detail, and the extent of these two maps is shown in Figure 4 below by the two boxes shown in a broken red line.

FIGURE 4. LOTS IN STUDY AREA & SPLIT MAP BOUNDARIES

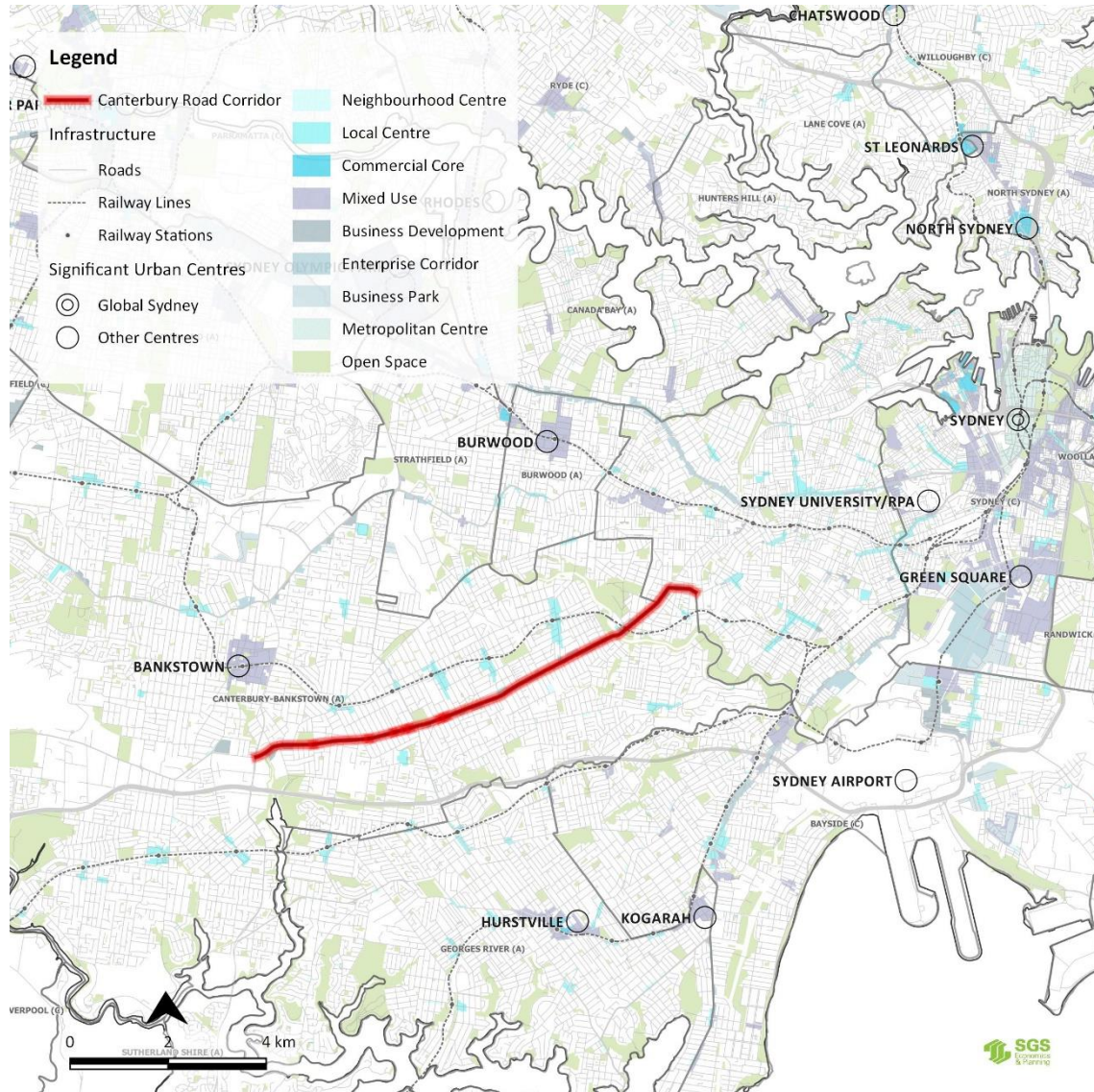


Source: SGS Economics and Planning, 2017

4.2 Regional context

As a classified arterial road with two lanes per direction Canterbury Road serves as a major road transport link from Sydney's Inner West to the Outer Western Suburbs, handling large volumes of traffic throughout the day. It intersects two other classified roads, being Bexley Road in Campsie and King Georges Road in Wiley Park – which also handle significant volumes of North-South traffic.

FIGURE 5. REGIONAL CONTEXT MAP



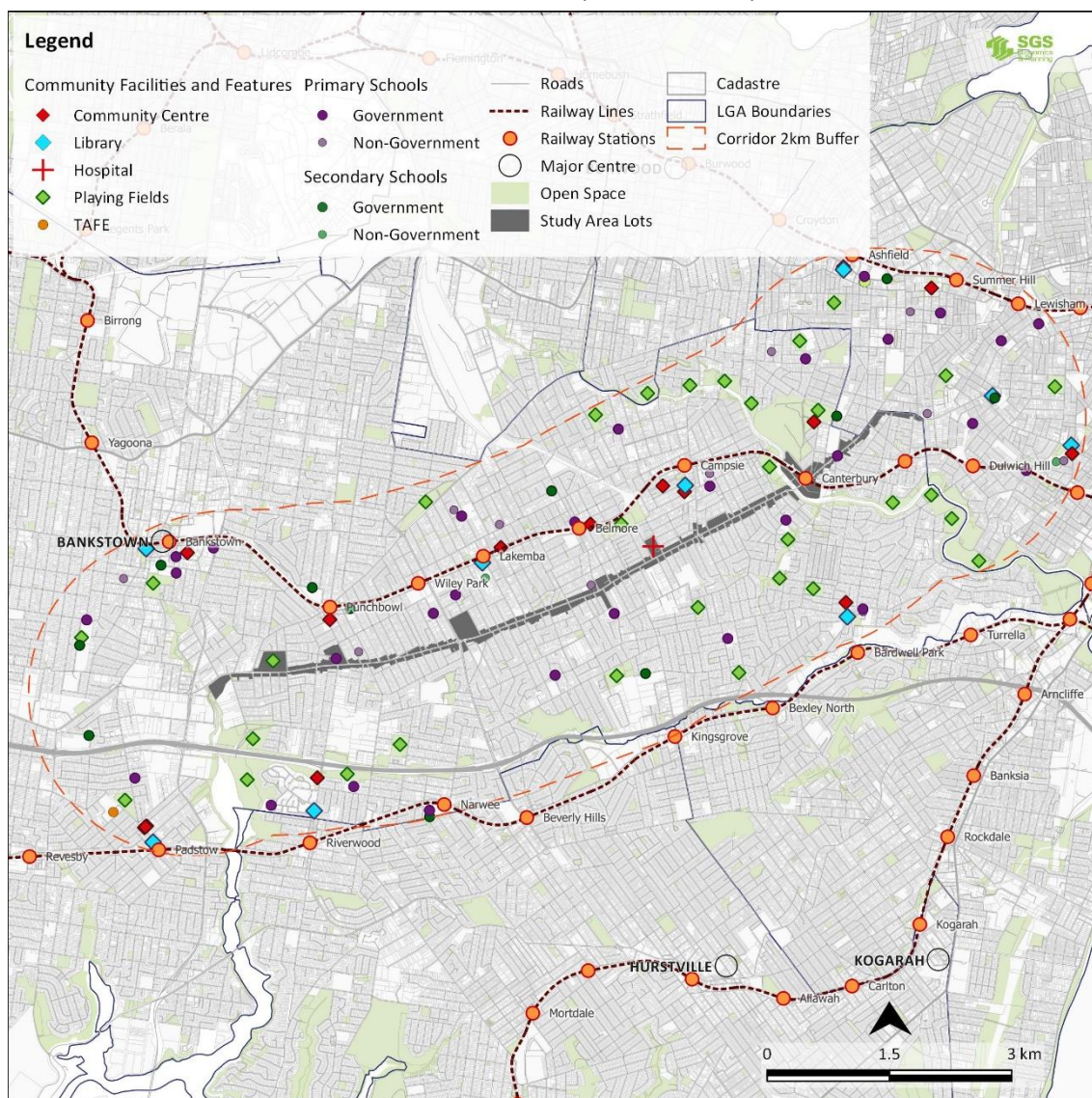
Source: SGS Economics and Planning, 2017

The corridor does not extend through any centres of metropolitan significance; Canterbury Town Centre is classified as a local centre under the Draft South District Plan produced by the Greater Sydney Commission. Along the rail corridor to the north, Campsie, located approximately 800m north of the corridor at its closest point, is listed as a district centre in the same plan, with Lakemba and Punchbowl also being listed as local centres.

Figure 6 below shows the location of nearby facilities and services, within a 2km radius of the study area. The corridor has a notable absence of a range of community facilities, with locally provided services such as community centres and libraries typically built in proximity to the local centres surrounding railway

stations. Additionally, there is a lack of open space in direct proximity to most of the corridor, aside from in proximity to Punchbowl and Wiley Parks, and the Cooks River.

FIGURE 6. NEARBY FACILITIES AND SERVICES (2KM RADIUS)



Source: SGS Economics and Planning, 2017

4.3 Study Methodology

This audit identifies several characteristics pertaining to built form and land uses within the study area. The following section describes the methodology employed in order to derive and process this data.

Canterbury-Bankstown Council were contacted to supply a file identifying the lots which fall within the required study area. Following this, the digitised footprints of buildings that fell within these lots were purchased from an external supplier, and were sense-checked internally against aerial imagery to control for errors.

Land uses within each building were first identified utilising Google Streetview imagery, and the uses of the vast majority of buildings were identifiable in this first instance, with only some buildings (2%) remaining unidentifiable. For the majority of the study area the imagery was captured in June and July of 2016, which for the purposes of a planning study is relatively recent.

In order to account for any changes that may have occurred, the data obtained using Google Streetview were verified by a comprehensive audit by foot, with this survey being conducted in early February 2017. Several changes had occurred between the imagery capture date and the date of the physical audit, most notably the completion and commencement of various construction projects adjacent to the corridor.

Spatial joins were then performed using GIS programs in order to assign land uses to particular floors of buildings and to lots within the study area. The planning controls applicable to sites within the study area were obtained from the Department of Planning and Environment's Open Data Portal.²

Finally, the corridor was split into five distinct precincts for further analysis. As the land uses and built form of the corridor is quite varied along its length, it is difficult to divide the lots within the study area into discrete groups which largely share the same characteristics, however consideration was given in this regard when determining precinct boundaries.

The following types of data were collected within the audit process:

- Broad Landuse Classification (BLC)
- Current use of land by industry (1 digit ANZSIC Codes, with 3 digit for Retail Trade classifications to distinguish between different types of retail activity)
- Floorspace per activity
- Number of storeys per building
- Zoning and maximum FSR and building heights

Broad Landuse Classifications (BLC) – in brief

SGS Economics and Planning has developed the Broad Landuse Classifications as a method of grouping land and building typologies that share similar characteristics and which may play host to similar land uses. Rather than being determined based upon the current use, the BLC is allocated based upon the physical characteristics of the building. Most importantly however, these BLCs align much better to planning controls than ANZSIC industries.

More information, including details on each of the BLC classifications can be found in Appendix B.

4.4 Corridor attributes

Land Zoning

Table 3 provides an overview of the current supply of land within the study area. The table is broken down by the seven different zones that apply to the study area:

- B2 Local Centre
- B5 Business Development
- B6 Enterprise Corridor
- R3 Medium Density Residential
- R4 High Density Residential
- RE1 Public Recreation
- SP2 Infrastructure

The net lot area by zone within the study area is compared to the total net lot area within the former Canterbury LGA. This area was chosen over utilising the full area of the Canterbury Bankstown LGA as

² Accessed via <https://www.planningportal.nsw.gov.au/planning-tools/open-data> on 10th January 2017.

the East-West extent of the study area matches that of the former Canterbury LGA, providing better alignment between the two geographies. The position of Canterbury Road within the former Canterbury LGA is displayed in Figure 7.

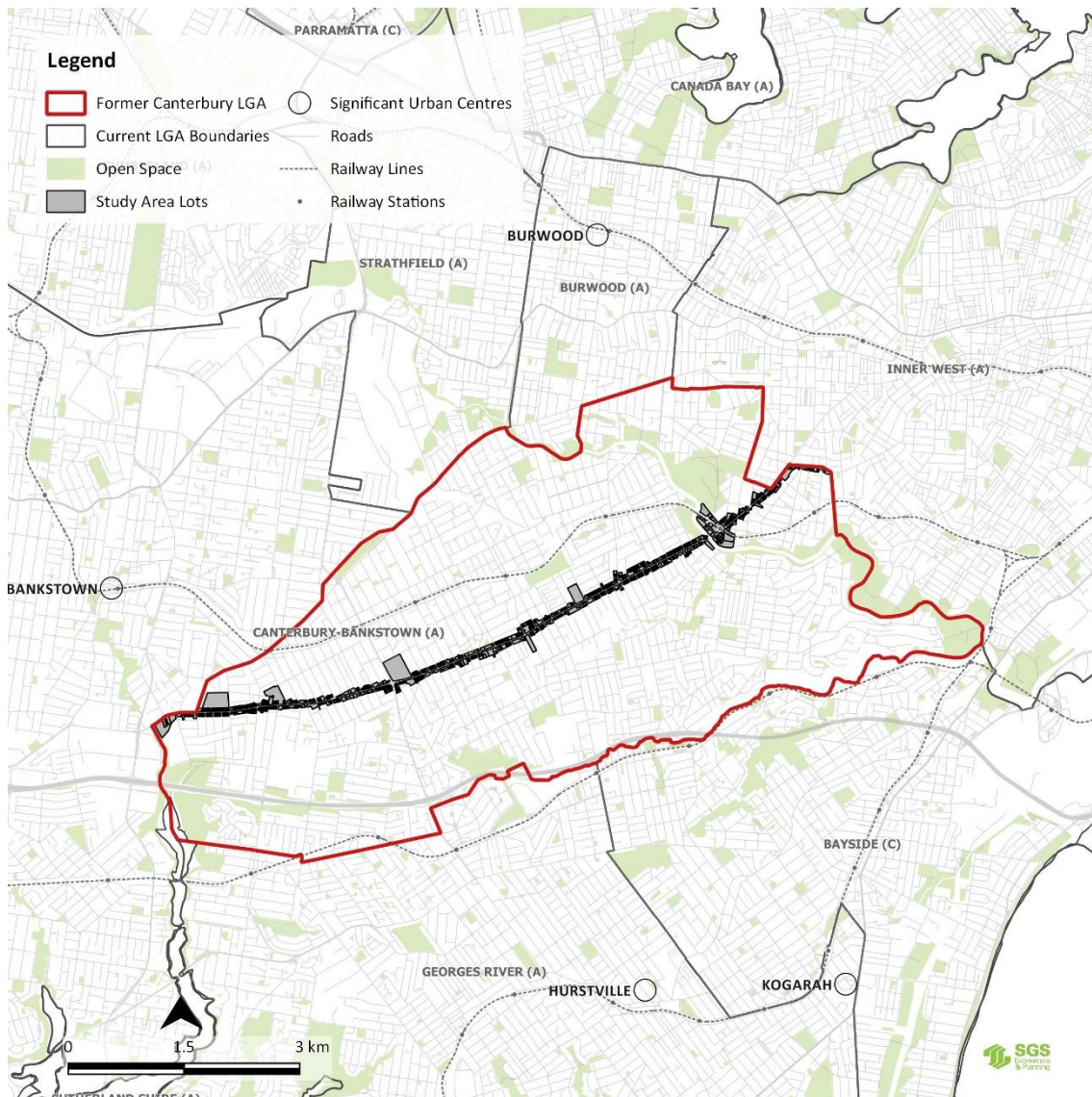
TABLE 3. EXISTING LAND SUPPLY BY ZONE

Zone	Net Lot Area				Floor space		Number of Lots	
	(Study Area)		(Canterbury LEP 2012)	(Proportion of LGA Total)	(Study Area)		(Study Area)	
	Ha	%	Ha	%	m ²	%	Count	%
B2	17.58	17%	77.10	23%	130,265	28%	233	23%
B5	25.15	24%	32.15	78%	127,605	27%	238	24%
B6	4.39	4%	5.37	82%	24,513	5%	49	5%
R3	23.27	22%	1287.84	2%	80,525	17%	336	34%
R4	11.73	11%	452.19	3%	71,990	15%	126	13%
RE1	17.69	17%	360.86	5%	1,123	0%	7	1%
SP2	5.02	5%	207.28	2%	31,540	7%	12	1%
Totals	105	-	3,034 ³	3%	467,561	-	1,001	-

Source: SGS Economics and Planning 2017; NSW Department of Planning and Environment 2017

³ Includes land in other zones other than those listed in Table 3.

FIGURE 7. FORMER CANTERBURY LGA AND STUDY AREA



Significantly, the corridor contains 78% of the supply of lot area zoned B5 – Business Development within the former Canterbury LGA, as well as the 82% of the lot area zoned B6 – Enterprise Corridor, and as such it is possible that the uses typically found in these zones may be in shorter supply in other areas within the LGA. (however, these uses may locate within IN1 – General Industrial and IN2 – Light Industrial zones).

The residentially zoned land within the study area is split between R3 – Medium Density Residential and R4 – High Density Residential at 22% and 11% of total lot area respectively. It should be noted that the R3 zone does not permit the construction of residential flat buildings, with the highest density residential accommodation land use permitted in the zone being multi-dwelling housing comprising of townhouses and villas.

Vacancy

Vacancy rates throughout the study area vary both spatially and based upon type of floorspace provided (Table 4). The vacancy rates of residential dwellings were not collected (as that information cannot be confirmed without significant effort); the residential vacancy in Table 4 refers to

At over 11,000sqm of vacant floorspace, main street retail along the corridor is struggling. 11,000sqm is the typical size of a large neighbourhood centre, so this is a significant statistic. Many shopfronts were also found to be in a dilapidated state. 15% vacancy is well above the standard 5% benchmark for a healthy retail location.

There is a genuine need for both rationalisation and revitalisation of the existing retail floorspace in the corridor.

The vacancy rate for light industrial floorspace is also high. It should also be noted that the high vacancy rate within the Light Industrial BLC is entirely contained by one site (at 677-687 Canterbury Road, Belmore), due to its relatively large floorplate and site area.

There are six lots within the study area which are completely vacant (no building is present on the lot, and the lot is not under construction), and these lots come to a total net lot area of 4652m², which represents 0.4% of total lot area throughout the corridor.

TABLE 4. VACANT FLOORSACE BY BLC

BLC	Vacant floorspace (sqm)	Total floorspace (sqm)	Proportion vacant
Main Street Retail	14,286	84,962	16.81%
Light Industrial	5,823	19,667	29.61%
Local Service Industrial	2,197	33,658	6.53%
Office	920	4,785	19.23%
Bulky Goods	217	55,178	0.39%
Regional health and education	-	28,934	-
Local Dispersed	-	28,460	-
Local health and education	-	8,423	-
Service Stations	-	4,254	-
Freight and Logistics	-	3,686	-
Urban Services	-	1,937	-
Big Box Retail	-	1,878	-
Residential	-	345,498	-
Total Study Area	23,443	621,320	3.77%

Source: SGS Economics and Planning 2017

Figure 8 gives a spatial distribution of vacant floorspace and vacant lots throughout the study area. The overarching picture is that vacancies are prevalent right across the corridor, although they are slightly less common towards the western end.

FIGURE 8. VACANT LOTS AND VACANT FLOORSPACE



Source: SGS Economics and Planning 2017

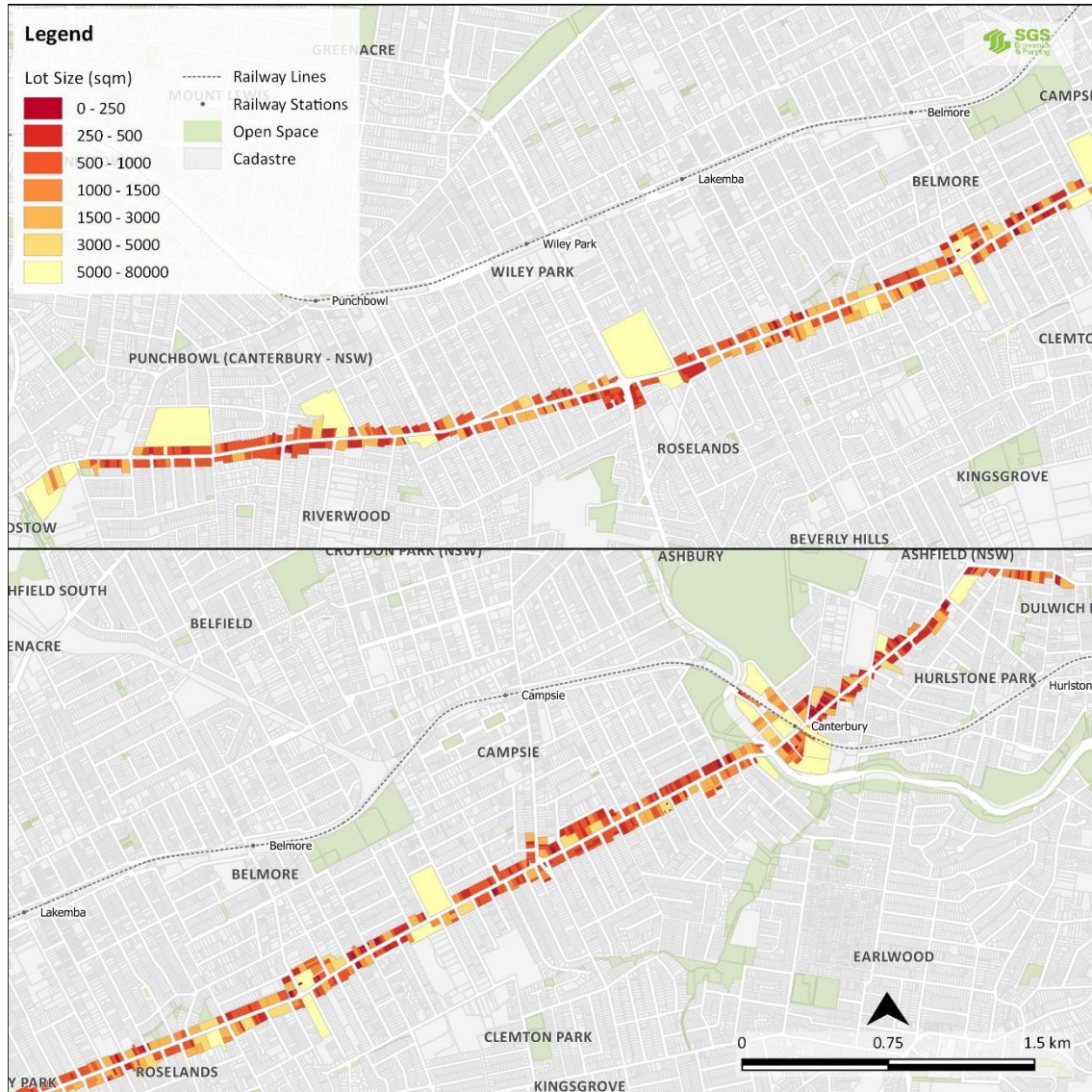
Lot Size

Redevelopment prospects in a precinct can be significantly affected by lot composition. The ability to acquire a suitable site with minimal requirement for planning intervention (subdivisions, site consolidations) will often have a significant bearing the decision to develop a site. Figure 9 shows lot sizes within the Canterbury Road Corridor.

The largest lots typically tend to be occupied by special community uses (e.g. Canterbury Hospital, schools, open space), with large to medium lots being typically occupied by bulky goods retail uses and some large floorplate residential developments. There are many small lots along the corridor, with the majority accommodating detached dwellings or single retail tenancies.

The fact that bulky goods retail and residential development appear to compete (to some extent) for similarly sized lots is significant. Chapter 5 finds these two uses to be the primary drivers for land use along the corridor in the future, so focus should be directed towards managing this conflict.

FIGURE 9. LOT SIZE



Source: SGS Economics and Planning 2017

Construction Sites

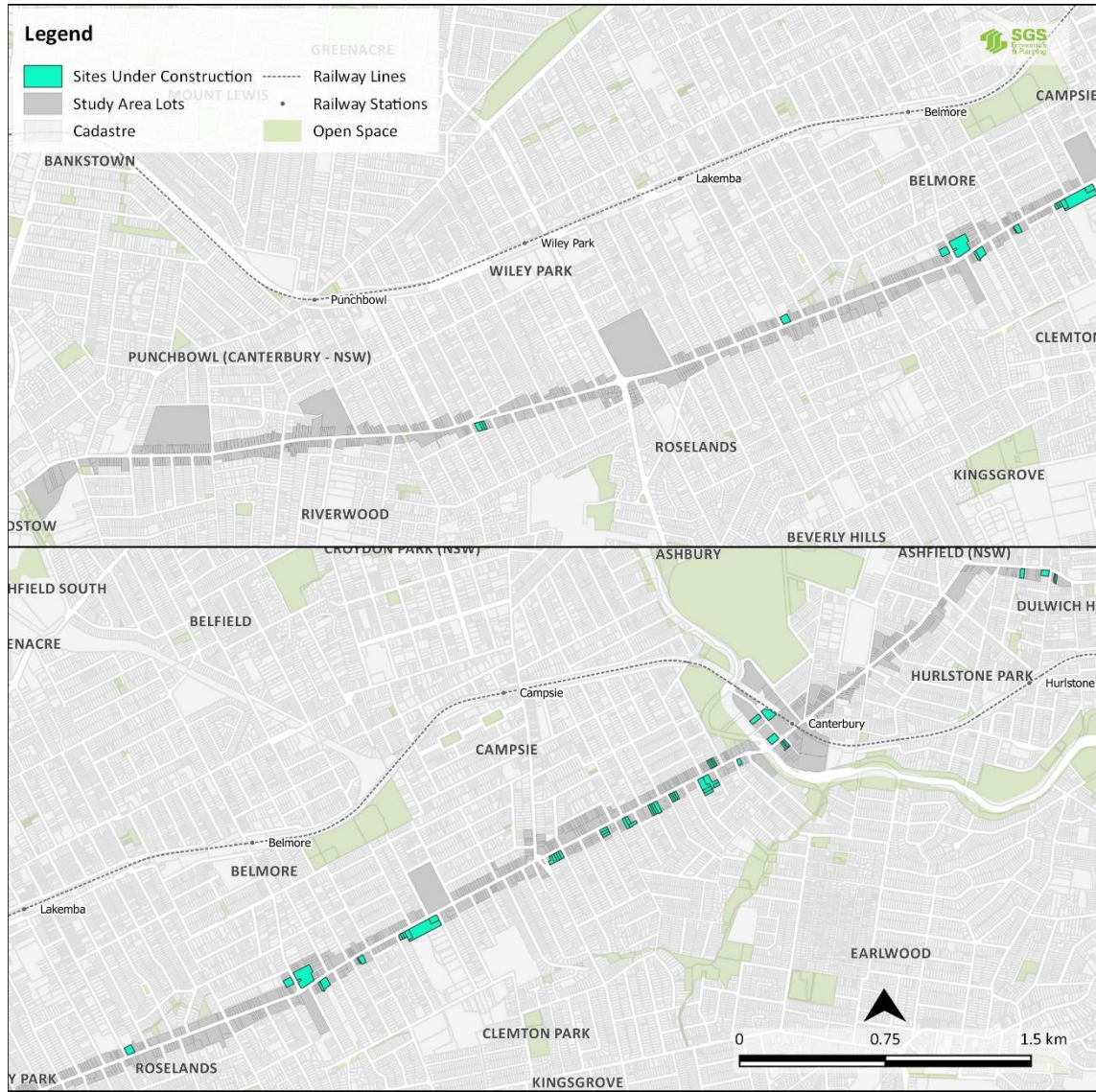
There are a substantial number of sites currently undergoing redevelopment within the Canterbury Road corridor, with 59,250m² of lot area identified as construction sites across 55 individual lots. Figure 10 below shows the location of lots that are currently undergoing redevelopment within the study area.

As with vacancies, construction activity at present is concentrated towards the eastern half of study area, with heavy development activity taking place in the Canterbury Town Centre, and throughout the stretch of the corridor south of the Campsie and Belmore centres. There has also been a significant number developments that have been completed recently, including several on New Canterbury Road in addition to the aforementioned areas.

The development being conducted within the study area is overwhelmingly located within B2 and B5 zones, making up 36.6% and 56% of total lot area currently under construction, with only 7.3% of

development located outside of these two zones (being in an R4 zone). As discussed in Chapter 3, developers are seeking to take advantage of high or non-existent maximum height and FSR controls in order to develop residential accommodation – whereas the R3 and R4 areas are much more restrictive.

FIGURE 10. LOTS UNDERGOING REDEVELOPMENT



Source: SGS Economics and Planning 2017

4.5 Individual precincts

This subsection briefly profiles individual precincts as a means of providing more specific and detailed information.

Figure 10 below indicates the division of the study area into individual precincts. The analysis of each precinct below contains:

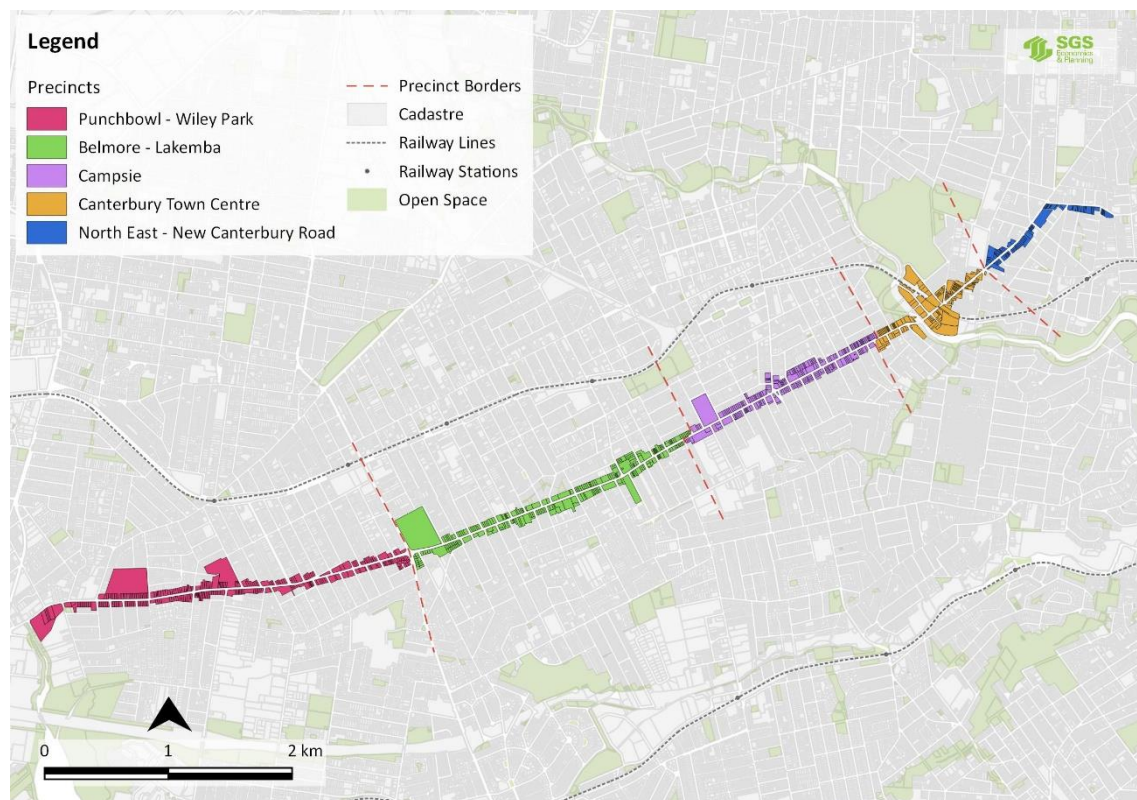
- (a) a map depicting the ground floor use for each building
- (b) A second map which summarises the dominant BLC for each building, and
- (c) a table displaying a breakdown of floorspace and lot area by BLC.

(a) and (b) have both been provided because the ground floor use of many buildings commonly differ significantly from the predominant use of buildings. This is most commonly observed with the ground floor retail and multiple storeys of residential dwellings above.

A description of the characteristics, current activities and built form of each precinct is also provided.

The precinct descriptions have been provided in an east to west order – reflecting the pattern of development which has begun proliferating across the corridor.

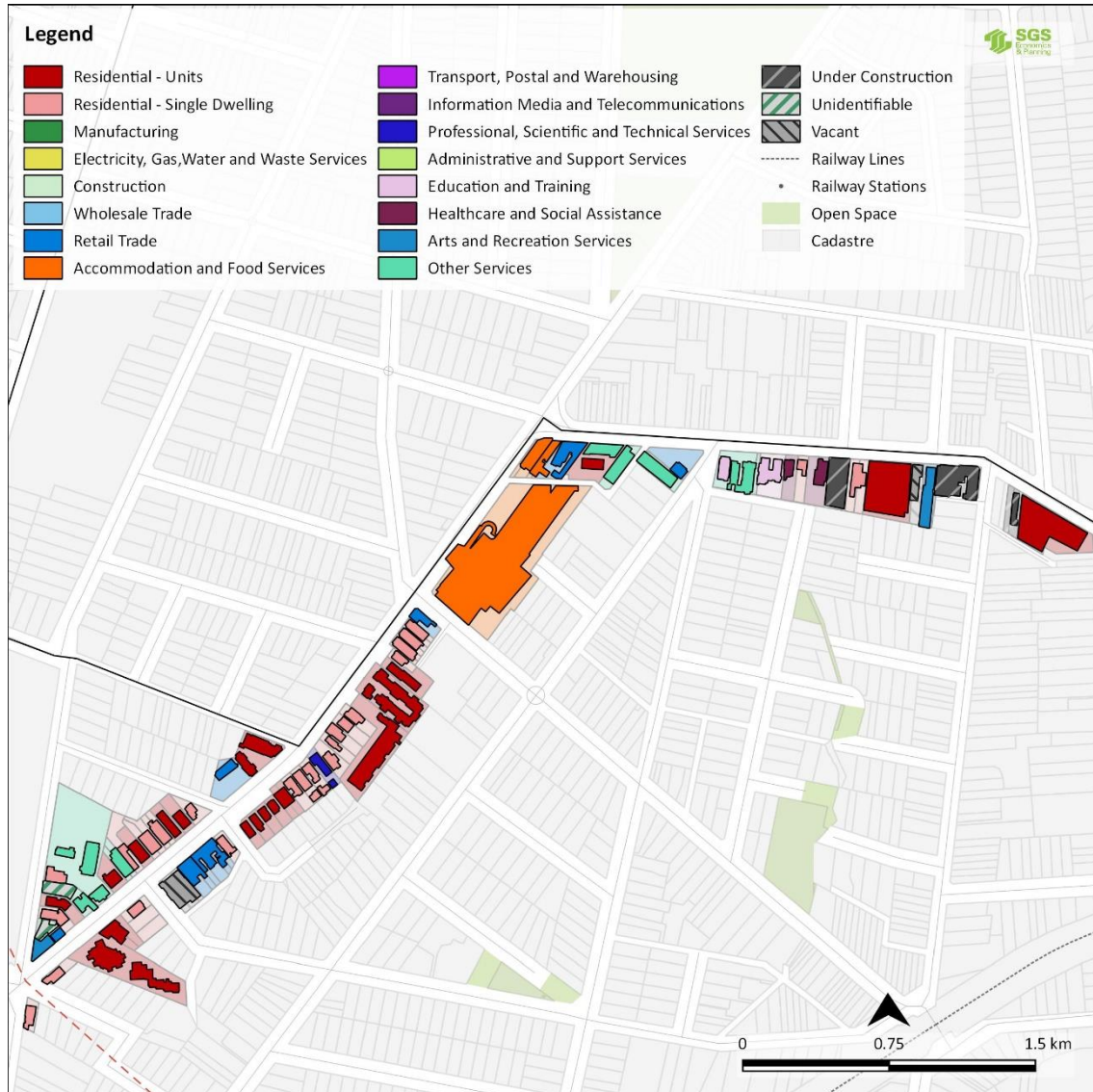
FIGURE 11. PRECINCT ALLOCATIONS



Source: SGS Economics and Planning, 2017

North East – New Canterbury Road

FIGURE 12. NORTH EAST – NEW CANTERBURY ROAD: GROUND FLOOR DOMINANT LAND USE

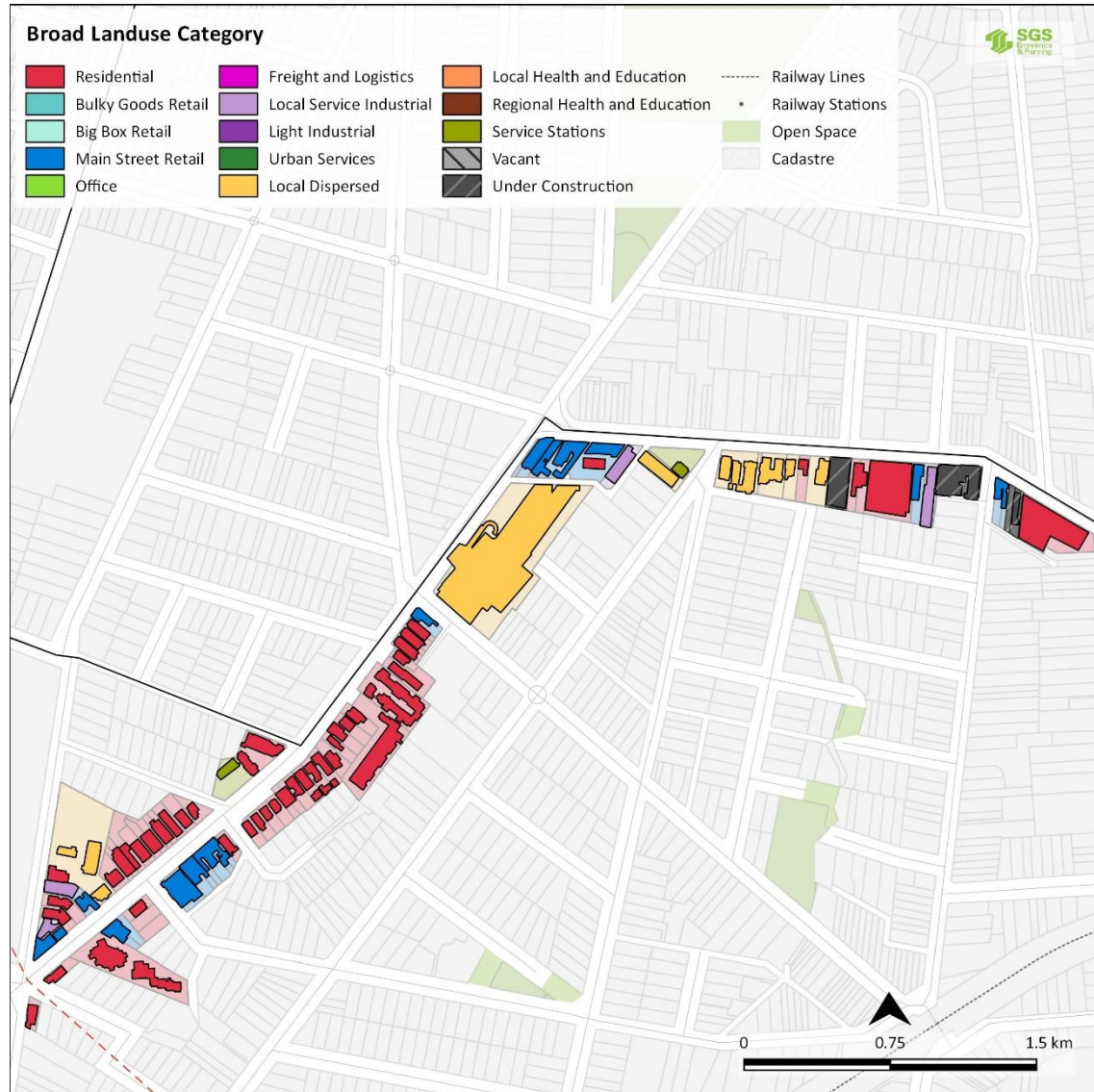


The area of the precinct which falls on New Canterbury Road is, at its eastern extent, comprised largely of a mixture of buildings which are presently under construction or have been recently completed. The area features mainstreet retail with residential above the ground floor. This stretch of road contains a mixture of successful restaurants and personal service retailers.

The most significant development within the precinct is the Canterbury-Hurlstone Park RSL Club, which occupies 1.1 hectares of lot area, comprising an estimated 25% of floorspace within the precinct. The remainder of the precinct is largely comprised of residential developments, being a mix of both detached dwellings and residential flat buildings, with the notable exception of one development of townhouses, which is a particularly rare occurrence within the study area. This pattern of development is punctuated with the occasional retail premises.

There is also a substantial amount of vacant floorspace within the precinct. This is entirely comprised of retail floorspace, falling either in buildings with a Main Street Retail BLC or on the ground floor of new, predominantly residential buildings constructed as Shop Top Housing.

FIGURE 13. NORTH EAST – NEW CANTERBURY ROAD: BLC CLASSIFICATIONS



Source: SGS Economics and Planning 2017

TABLE 5. NORTH EAST – NEW CANTERBURY ROAD: LOT AREA AND FLOORSPACE BY BLC

	Lot Area (sqm)	Count	Floorspace (sqm)
Main Street Retail	8,798	23	8,590
Local Service Industrial	2,241	4	1,641
Local Dispersed	20,774	8	19,026
Service Stations	1,932	2	361
Under Construction	2,854	4	-
Residential	31,631	51	26,970
Precinct Total	68,229	92	56,588

Canterbury Town Centre

FIGURE 14. CANTERBURY TOWN CENTRE: DOMINANT GROUND FLOOR LAND USES



Source: SGS Economics and Planning 2017

The Canterbury Town Centre precinct is focussed around Canterbury Train Station, which is the only station to fall within the study area. The most significant feature of the precinct is the area to the immediate west of the railway line, near the Cooks River. This area has been the subject of significant redevelopment recently. The largest of these developments, located on the northern corner of the intersections of Canterbury Road and Charles Avenue was completed within the last six months. It is built to a height of twelve storeys and contains a large full-line supermarket (Woolworths) on its bottom floor, as well as a liquor retailer, medical centre and some retail smaller premises that have not yet been leased.

In immediate proximity there are several construction projects underway, all of which appear to be of substantial size. There are also other recently completed developments within the immediate area (along Charles Ave), being residential flat buildings built to heights between six and eleven storeys, some with space for ground floor retail or commercial uses.

To the immediate East of the railway station a series of Main Street Retail buildings is located along the northern side of Canterbury Road, comprised of aged stock in poor condition. This area appears to have once been a well-functioning local centre servicing the surrounding area, however there are substantial vacancies within these buildings, accompanied by a mix of hospitality and retail uses. Consultation with local real estate agents has identified that these vacancies are largely due to properties being held for redevelopment – reducing the impetus of revitalisation in the interim. Located behind these premises on Jeffery St is a discount full-line supermarket (Aldi), in a standalone building with a small at-grade carpark attached.

Located to the south of the railway station is an area of assorted light and local service industrial buildings located along Close Street. These buildings are largely occupied by a mix of manufacturing and warehousing activities.

To the West of the Cooks River, there are three development sites along Canterbury Road within the precinct, as well as some recently developed residential flat buildings. These are interspersed with a mixture of residential dwellings and ageing main street retail buildings, some of which appear to be vacant. The Cooks River and the Bankstown Rail Corridor both present significant barriers to movement within the precinct. Areas situated between these two barriers will see considerably restricted North-East/South-West accessibility.

FIGURE 15: CANTERBURY TOWN CENTRE: BLC CLASSIFICATION



TABLE 6. CANTERBURY TOWN CENTRE: LOT AREA AND FLOOR SPACE BY BLC

	Lot Area (sqm)	Count	Floorspace (sqm)
Residential	57,580	44	68,143
Main Street Retail	19,909	51	17,145
Local Service Industrial	10,825	14	8,257
Light Industrial	4,833	5	3,087
Big Box Retail	3,841	1	1,878
Office	1,595	1	1,570
Local Dispersed	12,067	2	1,465
Service Stations	1,171	1	349
Urban Services	190	1	77
Under Construction	15,548	16	N/A
Open Space	13,771	1	N/A
Infrastructure	13,120	4	N/A
Vacant	10,014	6	N/A
Precinct	164,477	148	101,970

Source: SGS Economics and Planning 2017

This precinct remains a key area within the corridor due to its collocation with Canterbury Railway Station, whereas other parts of the corridor to the West typically remain 800 metres to one kilometre away from other stations on the Bankstown Line, extending out to around 1.5km at the further extents. Understandably, this area has become the focus for redevelopment into a high density, mixed use area in the recent past, and is beginning to increase its significance as a local centre.

The vacancies within the street level retail uses to the North presents a key focus for the revitalisation of the town centre into the future. The current condition of these buildings is visibly poor (as is the case with many older retail premises fronting Canterbury Road), and a potential oversupply of this type of retail floorspace throughout the corridor has resulted in numerous vacancies within this area.

The renewal or redevelopment of these buildings should be encouraged in order to retain active street frontages in proximity to the rest of the town centre, however the finer grain nature of these buildings may inhibit larger scale redevelopment. Similar consideration should be given to the ageing buildings opposite the exit of the railway station. It is anticipated that this area will continue to serve as an area for supply of new dwellings through further redevelopment of the industrial buildings located to the south of the railway station. That said, the historic overlay in place here could be a further constraint unless changes are made to the LEP.

Campsie

FIGURE 16. CAMPSIE: GROUND FLOOR DOMINANT LAND USE



Source: SGS Economics and Planning 2017

The eastern portion of the precinct contains a prevalence of retail activity, interspersed with some residential buildings.

The retail floorspace is typically displaying poor physical condition and there are a number of vacancies in this strip. The Southern side of the street has several construction projects underway between the start of the precinct and Duke Street, two of which were commenced following the acquisition and amalgamation of contiguous lots which were formerly occupied by detached houses.

Of notable exception to the prevailing built form within the precinct is the cluster of bulky goods, light industrial and local service industrial buildings, bounded by Stanley, Perry and Una Streets. These buildings are occupied by a mixture of automobile focussed businesses fronting onto Canterbury Road, and businesses involved in the importation and distribution of goods in buildings fronting onto Perry Street. These developments are interspersed with a smattering of residential buildings, which are overwhelmingly detached dwellings. There are several large lots throughout this area, and sites may be well suited to amalgamation. No vacancies are observed within this area.

The intersection of Canterbury Road with Beamish St and Bexley Road serves as an interesting focal point within the corridor. Retail uses provide an active street frontage on two of the corners of the intersection, however on the North-Eastern corner of the intersection there are two vacancies out of the seven retail premises on the ground floor. Pedestrian amenity within the area is notably poor, and there are particularly high volumes of traffic passing through the intersection. Development opportunities may be presented at this intersection via the amalgamation of contiguous sites of single dwellings (a construction project amalgamating four dwellings is currently under way between Scahill St and Bexley Road), and the intersection’s proximity to the established commercial area within the Campsie Town Centre may place it in an advantageous position for redevelopment.

FIGURE 17. CAMPSIE: BLC CLASSIFICATION



Source: SGS Economics and Planning 2017

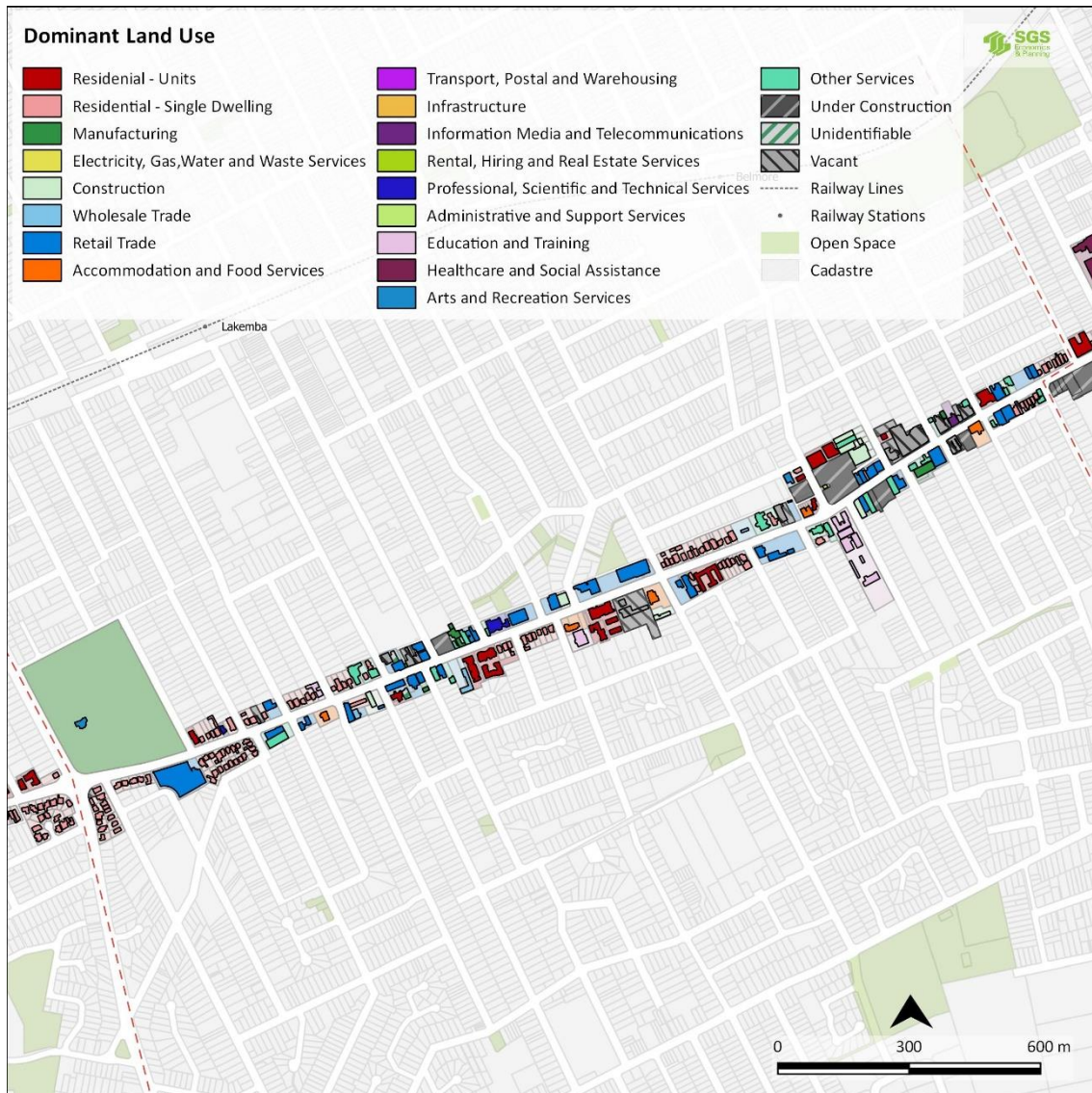
TABLE 7. CAMPSIE: LOT AREA AND FLOOR SPACE BY BLC

	Lot Area (sqm)	Count	Floorspace (sqm)
Residential	61,107	103	51,072
Regional health and education	31,573	4	28,934
Main Street Retail	23,925	48	20,908
Bulky Goods	12,449	7	11,495
Local Service Industrial	11,768	15	6,280
Light Industrial	5,253	4	4,409
Local Dispersed	3,486	6	1,934
Urban Services	3,405	4	1,362
Office	1,776	1	1,104
Service Stations	3,384	3	872
Under Construction	23,942	25	N/A
Precinct	182,068	220	128,370

Source: SGS Economics and Planning 2017

Belmore – Lakemba

FIGURE 18. BELMORE - LAKEMBA: GROUND FLOOR DOMINANT LAND USE



Like the other precincts, main street retail is struggling, although automobile related land uses feature prominently along this stretch.

There is a substantial level of construction currently under way, particularly in proximity to Burwood Road, where there are two recently completed residential flat buildings. Belmore South Public School is also located at the intersection with Burwood and Canterbury Roads, with properties to the west of this being largely comprised of religious services and residential premises, largely comprised of detached houses.

The Western portion of this precinct is predominantly comprised of detached residential dwellings, however there is a large floorplate Bulky Goods retailer (Harvey Norman) located towards its western extent, opposite Wiley Park. This is an important bulky goods anchor which needs to be (a) retained and (b) consolidated upon as a focal point for bulky goods development. The current B5 zoning permits residential accommodation within a mixed use development and so potentially places this use at risk.

At 7.7 hectares, Wiley Park constitutes a regionally significant piece of open space, being located at the intersection of Canterbury and King Georges Roads. King Georges Road also presents a significant barrier to East-West pedestrian accessibility, being a classified road with three lanes of traffic in each direction, with pedestrian access across the road being highly limited outside of the crossing at the intersection with Canterbury Road.

FIGURE 19. BELMORE - LAKEMBA: BLC CLASSIFICATION

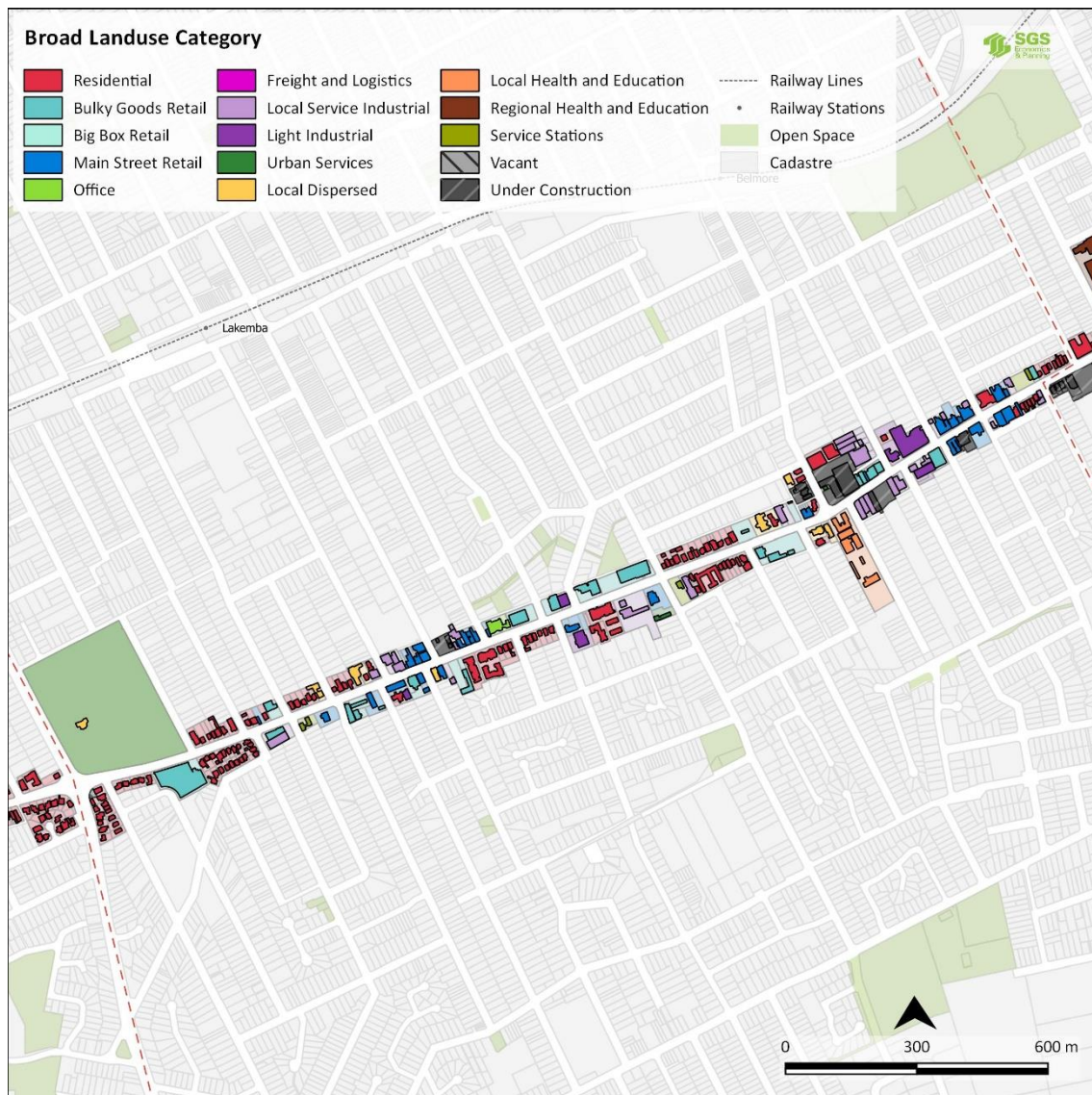
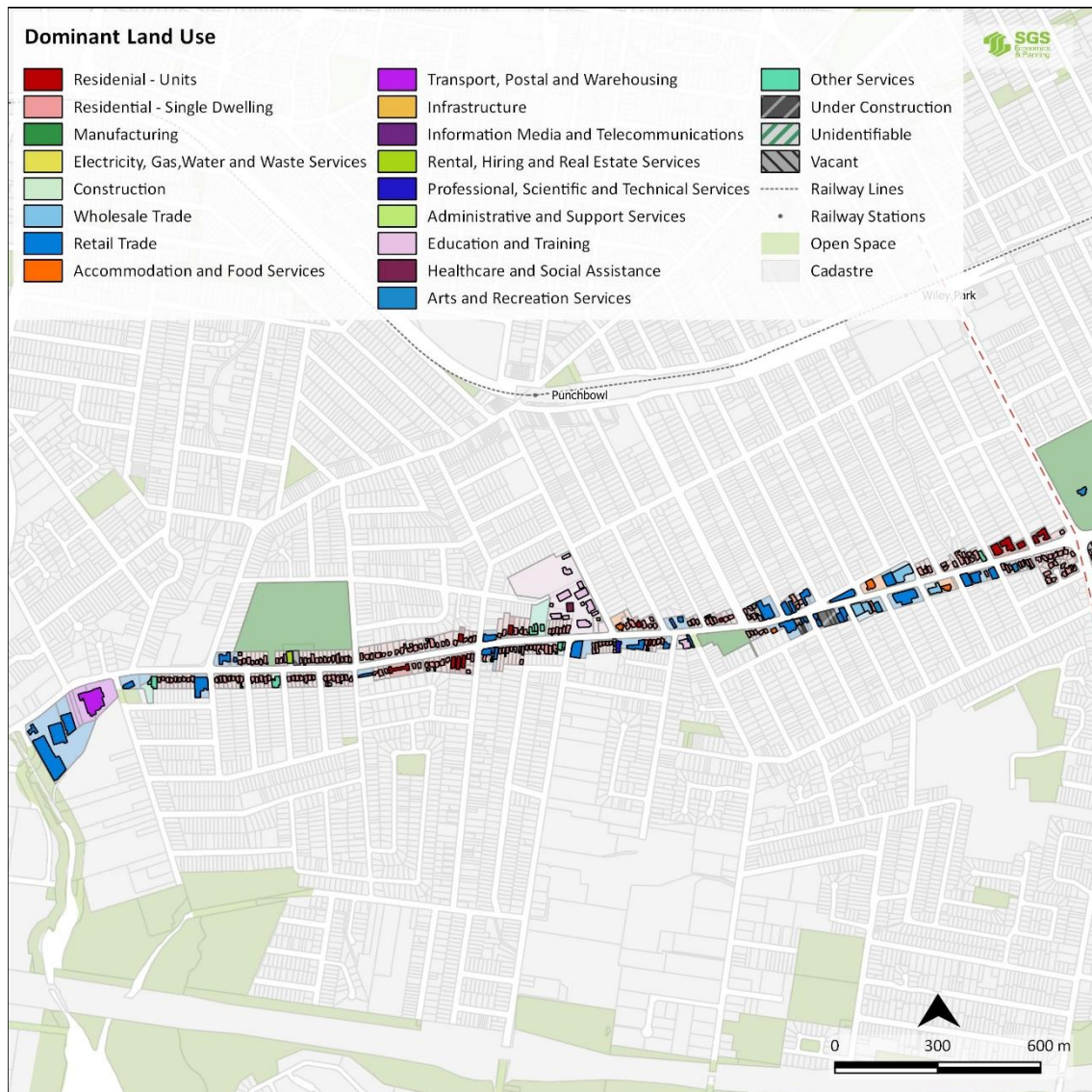


TABLE 8. BELMORE - LAKEMBA: LOT AREA AND FLOOR SPACE BY BLC

	Lot Area (sqm)	Count	Floorspace(sqm)
Residential	72,876	119	54,926
Bulky Goods	37,245	24	18,611
Main Street Retail	25,466	50	16,221
Local Service Industrial	28,764	30	14,922
Light Industrial	11,155	6	6,954
Local Dispersed	8,709	8	4,322
Local health and education	12,364	1	3,669
Office	1,859	1	2,111
Service Stations	4,406	3	855
Urban Services	1,363	2	427
Open Space	76,508	1	N/A
Under Construction	14,700	7	N/A
Vacant	248	1	N/A
Precinct	295,662	253	123,019

Punchbowl – Wiley Park

FIGURE 20. PUNCHBOWL - WILEY PARK: GROUND FLOOR DOMINANT USE



Source: SGS Economics and Planning 2017

This precinct is different from the other four in the sense that there are less vacancies and also less construction activities.

The area is well represented for bulky goods uses, which appear to be operating well. The eastern portion of this precinct is largely residential, with large numbers of detached residential dwellings being located adjacent to one another. Between King Georges Road and Punchbowl Public School there is a substantial number of buildings within the Bulky Goods Retail BLC, which host a range of uses such as trades suppliers and furniture retailers.

The remainder of the precinct is largely constituted by single residential dwellings, with the occasional retail or Residential Flat Building interspersed within this area. At the western extent of the precinct, there are several large lots containing light industrial buildings, which play host to a range of bulky goods retailers. It should be noted however, that some sites have been subject to recent development consents for residential development.

Punchbowl Park presents a significant segment of open space, at a total area of 6.2 hectares, and is located behind Canterbury Road, being bounded by Punchbowl Road and Rose and Viola Streets. The park also has substantial sporting fields, including two ovals and two tennis courts.

FIGURE 21. PUNCHBOWL - WILEY PARK: BLC CLASSIFICATION

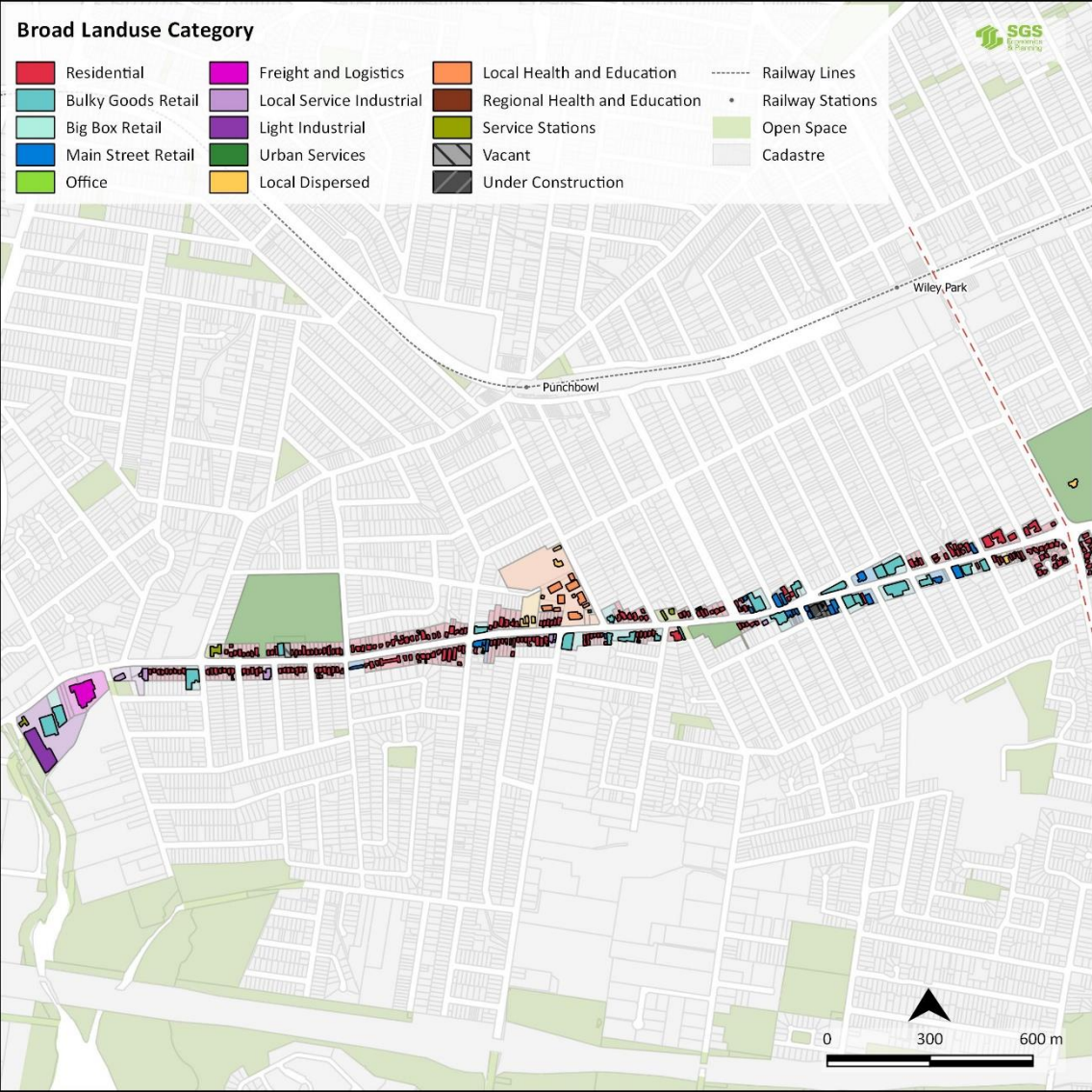


TABLE 9. PUNCHBOWL - WILEY PARK: LOT AREA AND FLOOR SPACE BY BLC

	Lot Area (sqm)	Count	Floorspace (sqm)
Residential	121,462	209	52,320
Bulky Goods	39,964	24	25,072
Main Street Retail	16,160	29	8,805
Light Industrial	22,171	1	5,217
Local health and education	35,189	3	4,754
Freight and Logistics	12,422	4	3,686
Local Service Industrial	6,984	5	2,558
Service Stations	4,159	2	1,816
Local Dispersed	5,908	3	1,713
Urban Services	161	1	70
Open Space	69,434	2	N/A
Under Construction	2,208	3	N/A
Vacant	752	1	N/A
Infrastructure	435	1	N/A
Precinct	337,409	288	106,012

Source: SGS Economics and Planning 2017

4.6 Summary

Canterbury Road currently accommodates a diverse range of land uses which vary widely in their market success. On the one hand, high density residential development has proven to be feasible and as a result, there are many projects underway with more in the pipeline. Conversely, main street retailing is struggling throughout the corridor, with the one notable exception being the recent Woolworths development.

While the corridor clearly serves many purposes, it is not clear how the market alone will deliver an outcome that allows this long stretch of road to maximise its value to the local and regional community. In this regard, it may be appropriate for local controls to give clearer direction regarding how different parts of the corridor should function; paving the way for a better outcome in struggling areas. A combination of zoning and FSR controls should enable Council to regulate the composition of land uses in different segments of the road corridor.

5 DEVELOPMENT FUTURES

The previous sections of this report provided an understanding of the policy, economic and land use context for Canterbury Road. A number of issues for the future growth of this corridor were also canvassed which require deeper consideration. This section builds on that level of understanding by quantifying and articulating the likely outcomes for:

- Housing, with a focus on semi-detached and apartment dwellings
- Employment, with a focus on office and service industry jobs
- Retailing, including bulky goods, showrooms and main street retail.

The main purpose of this section is analyse demand and supply to arrive at an understanding of market depth for each of these uses.

The primary focus at this point is on dwelling yield and employment floorspace. Lot area is also an important consideration, but it is important to be cognisant of potential mixed use outcomes whereby multiple uses could be accommodated within the same lot(s).

5.1 Residential

Catchment definition

While property sub-markets are not necessarily constrained by municipal boundaries, the area defined by the old City of Canterbury LGA has is a relatively discrete geographical entity. This area also represents the eastern half of the newly formed Canterbury-Bankstown LGA.

Consultation with the property industry confirms this general area. Nonetheless there was some insight that as housing affordability pressures continue to rise, the area to the east of the Cooks River could eventually service demand from the western parts of the Inner West Council LGA, (perhaps note that the western/northern side of most of the length of this part of the road falls within this LGA

Demand analysis

A number of demand scenarios have been modelled to understand the likely range of market depth for new dwellings within the Canterbury Road study area.

The basic delineation between different dwelling types is for detached, semi-detached and apartments. A historical time series analysis of the last three ABS Census datasets was analysed to understand the existing composition of dwelling demand in the area.

The trends have then been extrapolated to generate a forecast of how dwelling composition might change. This projection has also been informed by consultation with real estate professionals and the Cordell dataset analysis in Section 3.

TABLE 10. DWELLING TYPE PROPORTIONS

Occupied dwelling type – historical and trend growth	2001	2016	2036
Separate house	59%	53%	46%
Semi-detached, row or terrace house, townhouse	7%	12%	19%
Flat, unit or apartment	34%	34%	35%

Source: ABS Census, informed by property market research

The key insight in this analysis is that whilst demand for apartments is likely to remain strong, the observed take up of semi-detached dwellings are increasing at a significant rate. To some extent, this is due to the substitution effect, whereby residents who aspire to live in a detached dwelling are priced out and then choose the next best alternative in the area. If available, that alternative or substitute product is a semi-detached dwelling. This is generally in the form of a townhouse.

TABLE 11. DWELLING TYPE FORECAST

Dwelling type	2016	2036	Growth 16 to 36
Separate house	31,175	40,254	9,079
Semi-detached, row or terrace house, townhouse	7,293	17,152	9,859
Flat, unit or apartment	20,135	30,722	10,587
Canterbury LGA Sub Market Total	58,603	88,128	29,525

Source: DPE dwelling forecasts, ABS Census, informed by property market research

The projections by dwelling type to 2036 show that all three dwelling categories will experience a similar level of growth. The preference for detached dwellings will clearly be difficult to meet, but some thought should be given to the provision of semi-detached dwellings in a medium density format. Demand for apartments is likely to be met given the development locations in the corridor.

The provision of semi-detached dwellings also has the added benefit of potentially inducing a substitution effect whereby unmet demand for detached dwellings can be converted into demand for semi-detached dwellings. A similar effect may occur in which unmet demand for semi-detached dwellings is transformed into demand for apartments – but only if the apartments are well designed, spacious and meet the higher expectations of that segment of the market. While we would expect this to occur, without more detailed submarket testing we do not know the extent of this effect. As a ‘high’ estimate, this effect is modelled in Scenario 3 below. Note that an alternative form of substitution can also occur – buyers substituting suburbs within the same dwelling type.

A ‘Low’ sensitivity test (Scenario 2) has also been undertaken to capture the possibility that all detached dwelling demand escapes the sub-market – causing a ripple effect whereby the extra demand is accommodated in greenfield areas. Similarly, semi-detached dwelling demand also remains unmet in this scenario with Canterbury Road and other locations in the sub-market focused on building new apartments.

TABLE 12. DWELLING DEMAND BY 2036

Demand scenarios	Existing multi-unit dwellings in submarket	Total demand by 2036	Additional demand by 2036 (growth)	% of Canterbury Bankstown LGA Growth	% of South District Growth
Scenario 1 - Total multiunit dwelling demand ⁴	27,428	47,875	20,447	40%	24%
Scenario 2 – Low sensitivity analysis	27,428	42,945	15,517	30%	19%
Scenario 3 – High sensitivity analysis	27,428	52,414	24,986	49%	30%
Net imputed demand for Canterbury Rd ⁵	3,025	9,881	6,856	13%	8%

Source: DPE dwelling forecasts, TPA Travel Zones, ABS Census, informed by property market research, SGS Analysis

Ultimately, it should be borne in mind that whilst there is demand for approximately 20,000 new *multiunit dwellings* in this Canterbury LGA submarket, the market depth for *apartments* is likely to be limited to about 10,000. The other 10,000 dwellings should ideally be targeted towards a combination of semi-detached (townhouses), or larger apartments which may hold some appeal to those demographic types seeking more spacious dwellings.

The main implication of these findings is that in a paradoxical sense, an unconsidered, purely market driven intensification of dwelling supply along Canterbury Road may not necessarily be the ideal solution for meeting market demand *in a complete sense*; there are over 10,000 apartments to be met in terms of demand – and the market can deliver that – but meeting the semi-detached market is more difficult. Other locations in the LGA could play a role here if semi-detached proves to be unfeasible along Canterbury Road.

Resident diversity is also important. A mono-culture of homogenous dwellings tends to generate a homogenous resident profile. In this case the problem appears to be less profound however, with agents citing demand from both young couples and older couples as the primary source of demand for two-bedroom apartments.

Capacity analysis

A parallel capacity analysis was also undertaken to understand the volume of floorspace which can be accommodated along Canterbury Road. This analysis used existing CLEP 2012 controls as the base case dwelling yield, whilst a few alternative scenarios were considered in line with urban design objectives.

The analysis found that existing controls allowed for a theoretical capacity which would result in significant dwelling intensification of around 11,689 new dwellings along the corridor. However, when all strata titled sites with buildings that were three storeys or higher were eliminated from possible new development, the new dwelling yield was reduced by nearly 5,000 dwellings. This forms a second, more realistic base case.

A couple of project scenarios were conceived from an urban design perspective in light of the amenity and infrastructure provision problems identified in Chapter 2 of this report. Both of these scenarios continue to work on the basis of the realistic base case whereby strata titled buildings are still unavailable for development.

In the first project scenario, indicative setbacks are introduced to all developable sites along the corridor to reflect the need for street scaping, tree planting and laneway creation. A 10% site area reduction was

⁴ for Canterbury LGA submarket area.

⁵ using an area overlap method, where the population forecasts for Canterbury Road's specific TPA Travel Zones are apportioned across the study area, and other potential residential precincts are accounted for.

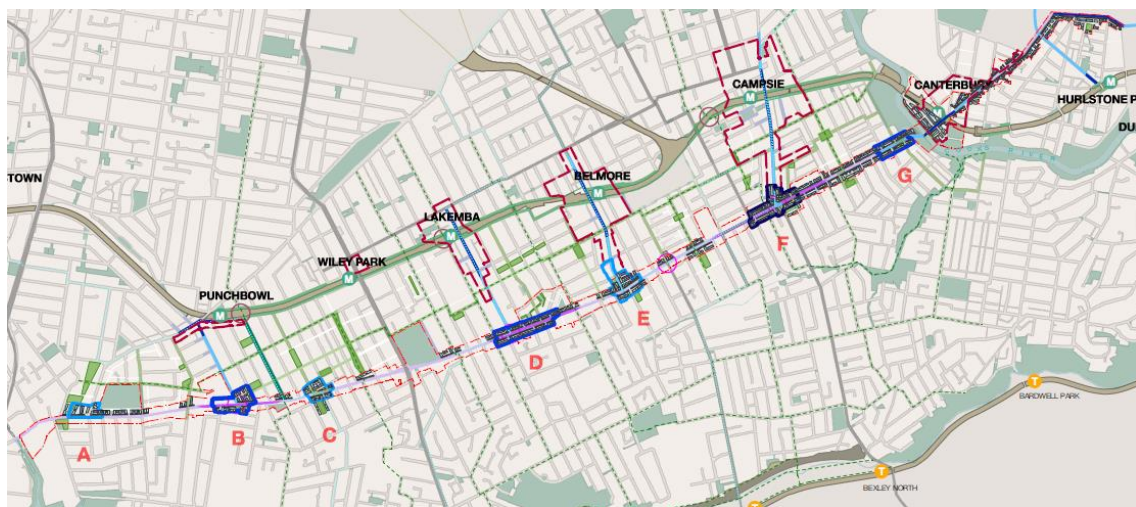
imputed to model the impact of such a scenario. The effect was to reduce additional dwelling capacity from 6,860 to 5,620 – or an 18% loss of the base case yield.

In the second project scenario, a strategy of nodal intensification is implemented along select segments of the corridor.

Nodal intensification is a strategy of (a) delivering a higher dwelling yield whilst (b) concentrating development to simplify the task of infrastructure provision. In principle, nodal intensification can potentially occur around areas such as Canterbury Town Centre, Beamish Street, Wiley Park and Punchbowl Park.

After initially presenting a rough plan for nodal intensification, a more detailed scheme was produced by Hill Thalys. The map below shows this final scheme.

FIGURE 22. FINAL LOCATIONS FOR NODAL INTENSIFICATION



Source: Hill Thalys

TABLE 13. DWELLING CAPACITY SCENARIOS

By 2036	Existing dwelling supply	Total capacity	Additional capacity	% of Canterbury Bankstown LGA Growth	% of South District Growth
Base Case 1 - Theoretical (max from current controls)	3,025	14,714	11,689	23%	14%
Base Case 2 - Realistic (exclude strata titled buildings with 3+ storeys)	3,025	9,885	6,860	13%	8%
Project Case 1 - Indicative Setbacks (10% site area reduction)	3,025	8,645	5,620	11%	7%
Project Case 2 - Nodal Intensification (Hill Thalys scenario)	3,025	10,503	7,478	14%	9%

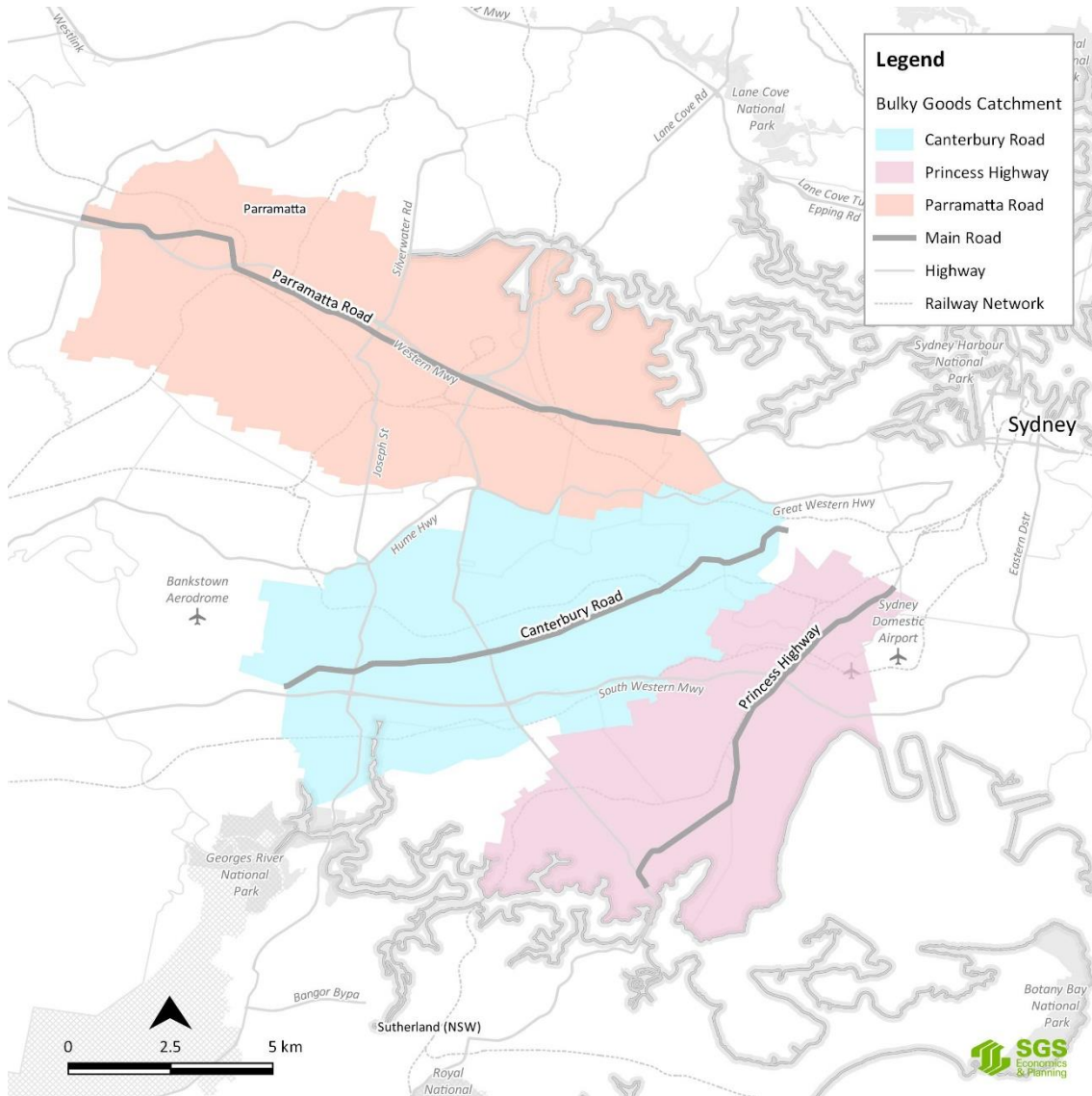
Source: AAM Geospatial, SGS Analysis using Council databases, Hill Thalys

5.2 Bulky goods retail

Bulky goods retailing operates at the regional level. As trips are relatively infrequent (compared to main street retailing), customers are generally willing to travel longer distances to find and purchase goods. As a consequence, trade areas are larger, and also less self-contained.

In this part of Sydney, three discrete bulky goods road corridors can be identified along Parramatta Road, Canterbury Road and Princess Highway. Each corridor services its own regional hinterland, but trade in these residential areas also commonly 'leak' into adjoining road corridors.

FIGURE 23. BULKY GOODS ROAD CORRIDOR CATCHMENTS IN THE REGION



Source: SGS Analysis

Analysis of market expenditure and floorspace was undertaken to understand the existing competitiveness of Canterbury Road as a bulky goods precinct. The market capture was estimated to presently be 29%. That is, in net terms, 29% of bulky goods retail expenditure that is generated in the catchment is spent along Canterbury Road. This is slightly at the lower end of the spectrum, even for bulky goods, where the benchmark for attracting trade in the main trade area is usually closer to 35% net retention.

In the business-as-usual scenario where by 2036, Canterbury Road continues to capture 29% of net trade from its catchment, demand for bulky goods floorspace will have grown from 60,000sqm today to 90,000sqm. This is underpinned by the projected population growth that is expected in the trade area.

If the corridor's capture can rise to the benchmark of 35% net retention, then demand for bulky goods floorspace could rise to 110,000sqm by 2036. A traditional site occupancy ratio of 40% (with at grade car park) would result in a land demand of 23 hectares across the study area for bulky goods retail.

Alternatively, if the floorspace demand was accommodated in mixed use buildings with a partial underground carpark solution, a site occupancy of around 60% is achievable. This would yield a land demand of 18 hectares across the study area. The financial feasibility of such an outcome on sites in this corridor is tested in Chapter 6.

TABLE 14. BULKY GOODS & SHOWROOM TRADE, FLOORSPEACE AND LOT AREA FORECAST TO 2036

	Capture	Current (2016)	2036	16-36 Growth
Expenditure		\$795,000,000	\$1,125,000,000	\$330,000,000
Captured Expenditure (29%)		\$231,000,000	\$326,000,000	\$96,000,000
Captured Floorspace Demand (sqm)	BAU Capture (29%)	64,054	90,632	26,578
	Higher Capture (35%)		109,384	45,330
Lot Area (ha)	BAU Capture (29%)	10.7	15.1	4.4
	Higher Capture (35%)		18.2	7.6

It is important to note that given the shifting nature of bulky goods retailing (online trade, the increasing presence of multi-nationals such as IKEA on Princess Highway), achieving the 35% capture on Canterbury Road will not necessarily be easy. Furthermore, if a mixed use solution is the preferred planning outcome, consideration will need to be given to the design of that floorspace – some hardware and outdoor traders may not be suitable on the same sites as residential apartments.

Consultation with local leasing agents found that whilst bulky goods has a future in this corridor, the inability of existing traders to stop passing traffic and convert the exposure into real trade is a significant concern. The attraction of a major hardware anchor, the presentation of the storefronts and also the availability of parking are all likely to be important 'fixes' to achieve the extra floorspace.

Residential intensification will not in and of itself be the solution. This is due to the fact that bulky goods trips are infrequent and customers are generally willing to travel further to acquire the right products at the suitable price points.

5.3 Local service industry

The role of service industry is to provide repairs, services and trade supplies from an industrial setting. Demand is generally driven by regional level population growth, with demand greatest in growth areas and the edges of centres. As discussed in Section 2, road corridors can be a reasonable place to accommodate service industry if there is a lack of industrial land available.

A general metropolitan ratio of five service industry (construction and repairs) jobs per 100 residents has been applied to the Canterbury Road Study Area's potential population yield. The high scenario is based on a nodal intensification population yield, whilst the low scenario is based on a 'realistic' population yield, with indicative setbacks from the street.

TABLE 15. SERVICE INDUSTRY JOBS, FLOORSPACE AND LOT AREA DEMAND BY 2036

	High	Low
Population	27,654	19,019
Demand for Repairs Jobs	747	514
Demand for Construction Jobs	635	437
Total Service Industry Jobs	1,383	951
Service Industry Floorspace Demand (sqm)	69,135	47,548
Lot Area Demand (ha)	11.5	7.9

It is difficult for service industry to be accommodated on the same lots as residential development. So Council does have a decision to make regarding whether parts of the Study Area can be designated for this use, or whether accommodating other higher order uses should be the priority.

The decision should nonetheless be cognisant of the fact that not accommodating these service industry uses along Canterbury Road will place pressure on other employment precincts around Canterbury-Bankstown LGA to accommodate the use.

5.4 Main street retail

The other population driven land use in question is that of local main street retailing. In general, main street retail is best clustered in centres where it can be co-located with a combination of public transport, medium/high density housing and community services.

At present, Canterbury Town Centre is the only significant retail node along Canterbury Road. The population growth that is expected to occur however, will directly generate more demand for main street retailing over the next 20 years.

As with service industry, the high scenario is based on nodal intensification and associated population yield, whilst the low scenario is based on a 'realistic' population yield, with indicative setbacks from the street.

TABLE 16. RETAIL TRADE, FLOORSPACE & SUPERMARKET ANCHOR FORECAST TO 2036

	High		Low	
	Supermarket & Bottleshop	All Other Retail ⁶	Supermarket & Bottleshop	All Other Retail
Population on Canterbury Road	27,654		19,019	
Per capita expenditure	\$5,037	\$4,366	\$5,037	\$4,366
Total expenditure	\$139,000,000	\$121,000,000	\$96,000,000	\$83,000,000
Net captured expenditure ⁷	\$104,250,000	\$42,350,000	\$72,000,000	\$29,050,000
Floorspace demand ⁸	11,583	17,286	8,000	11,857
Excluding Canterbury TC ⁹	5,731	15,512	2,148	10,083
Number of Supermarkets (large)	2		1	
Number of Supermarkets (small)	5		2	

Residential intensification also meets one of the three criteria nominated above for the creation of new retail nodes. The adequate provision of public transport and community services along the corridor however, are more questionable.

There are also a number of established centres within a kilometre (north) of Canterbury Road. This includes Punchbowl, Wiley Park, Lakemba, Belmore and Campsie. Hence the need for new retail nodes to be established within such a short distance is tenuous at best.

Nonetheless, the overarching objective of retail and centres planning is to ensure that the market is equipped to adequately respond to the demands of the local community. A restrictive centres policy which prevents the establishment of new retail floorspace to meet the rising demands of a growing local population is not an optimal outcome that delivers a net community benefit.

To that end, a 'sequential test' policy lens could be informative. That is, a preference for new retail floorspace demand to be accommodated in established centres should the capacity and sites exist.

If those centres are found to be constrained and unable to provide that level of floorspace supply, Council should then investigate options for accommodating the new floorspace in closer proximity to where the population growth is expected to occur – i.e. along Canterbury Road.

Given the linear nature of Canterbury Road, the rollout of a number of small supermarkets could improve walkability outcomes. All other retail stores should be concentrated around these anchors rather than spread out to struggle in isolation.

5.5 Commercial

As discussed in Sections 3 and 4, Canterbury Road is not currently a significant employment cluster of note in the commercial market.

The potential for Canterbury Road (or any location along the corridor, such as Canterbury Town Centre) to play the role of a major commercial employment cluster has been considered. The creation of a major new employment cluster is a difficult task which requires a number of preconditions and

⁶ Includes, cafes & restaurants, clothing & small goods, service retail and general merchandise.

⁷ Assumes a standard net local capture of 75% for supermarkets and 35% for other retailing.

⁸ Assumes retail turnover density of \$9,000 per sqm for supermarkets and \$7,000 per sqm for other retail. Based off Urbis averages 2010.

⁹ Canterbury TC audited to contain 7,750sqm of occupied retail floorspace at present, including an ALDI and Woolworths totalling 5,852sqm.

significant government support and investment – a commitment which would likely be beyond the resources and mandate of Canterbury-Bankstown Council.

TABLE 17. MINI-CRITERIA ASSESSMENT OF CANTERBURY ROAD AS AN OFFICE CLUSTER

Preconditions	Wide boulevard	Office worker Amenity	Public Transport Access	High level policy support for procurement of major anchor(s)
Canterbury Road	Moderate	Low	Low	Low

The GSC's district plans also highlight the importance of concentrating employment in strategic centres. In this district, the locations where significant employment is expected and supported will primarily be in the Bankstown and Campsie centres. These locations combine an established presence of employment floorspace with the new metro stations.

The optimal market outcome for Canterbury Road then, might be to provide an office location appropriate for businesses that may not necessarily be suitable for those larger, more strategic centres. This generally means smaller businesses which are often looking to take the first step from home-based office to a discrete working environment or 'service office' functions such as tax accountants, estate agents, etc.

Affordable and appropriately sized office floorspace in close proximity to public transport should be the focus. In the longer term, it is also ideal that these businesses gain a small sense of community – so locating them in the one cluster would be ideal.

To that end, the Canterbury Town Centre is the best location along this corridor for those uses. Some sites also potentially offer views to the Cooks River.

Nonetheless, analysis of office floorspace demand finds limited scope for growth. Canterbury Town Centre is one of seven local (or higher) centres in this broader sub-region¹⁰. Given it is also one of the smallest of these seven centres, Canterbury can be assumed to accommodate no greater than 1/7th (or 14%) of future commercial office floorspace growth.

The greatest proportion of growth is expected to be in the health care, education and professional service sectors.

¹⁰ Seven centres in the sub-region include Canterbury, Campsie, Belmore, Lakemba, Punchbowl, Wiley Park, Bankstown.

TABLE 18. COMMERCIAL OFFICE EMPLOYMENT DEMAND BY INDUSTRY

Industry	New office jobs in the sub-region 2016-2036	New office jobs likely to be captured in Canterbury TC 2016- 2036
Agriculture, Forestry and Fishing	1	0
Mining	0	0
Manufacturing	-6	-1
Electricity, Gas, Water and Waste Services	5	1
Construction	56	8
Wholesale Trade	4	1
Retail Trade	-	-
Accommodation and Food Services	245	34
Transport, Postal and Warehousing	7	1
Information Media and Telecommunications	25	4
Financial and Insurance Services	200	28
Rental, Hiring and Real Estate Services	232	32
Professional, Scientific and Technical Services	494	69
Administrative and Support Services	104	15
Public Administration and Safety	201	28
Education and Training	474	66
Health Care and Social Assistance	713	100
Arts and Recreation Services	54	8
Other Services	100	14
Total	2,909	407

Applying a standard employment to floorspace ratio of 20sqm per office job to the 400 new jobs expected yields a floorspace demand forecast of 8,100 sqm of new floorspace demand. Whilst there is approximately 1,000sqm of vacant office floorspace currently in the corridor, the land audit revealed most of it is rather dilapidated – so in reality the market will need to deliver the 8,100sqm of new floorspace to attract new tenancies.

The need to attract smaller, emerging businesses also means it is important to ensure that the floorspace is provided conveniently and at an affordable lease price. The best way to plan for this is to build a 10% buffer in; to ensure that there is always room in the market for some turnover. The total recommended commercial office floorspace provision in Canterbury Town Centre is therefore 9,000sqm.

5.6 Implications

The analysis in this section of the report has significant implications for the future growth and development of Canterbury Road. They can be summarised as follows in the table below.

Topic	Issue	Decisions
1. Facilitating dwelling growth while still delivering an appropriate mix	At face value, there is significant dwelling demand and also potentially significant capacity. However the provision for residential activity becomes more complicated if recognition is given to the need for both apartments and semi-detached dwellings.	Council will need to find a way to encourage more semi-detached dwellings to be delivered- whether it be in this corridor or elsewhere. If it is to be Canterbury Road, this will not be easy given the lack of developer interest under the existing controls.
2. Spatial distribution of dwelling growth along the corridor	Dispersed development proliferating along the corridor will likely generate a range of infrastructure and retail challenges – which, based on the analysis in this section, could be difficult to meet.	Council should identify a number of nodes along the corridor that are suitable for residential intensification. If the nodes are difficult to identify, consideration should be given to the creation of new open space and/or retail centres.
3. Significance of bulky goods retail	There will be significant demand for bulky goods retail, and as discussed in Section 4, they tend to prefer the same medium to large lots that residential developers have been targeting.	Not so much a decision, but more a formality that bulky goods showrooms and residential in mixed use developments need to be considered.
4. Suitability of local service industry	There is demand for service/light industry in the area, and the road corridor is not necessarily a bad place for it, particularly as there is a need to ensure that existing industrial precincts are retained for higher order employment uses.	So the key question here is how light industrial activity can co-exist with residential development and the impact on amenity. Given the length of the corridor however, it is possible that Council might look into 'cordonning off' a section for this purpose.
5. The retailing role of Canterbury Town Centre/Road	It appears as though there will be sufficient demand for main street retailing, but it will only be successful if supermarket anchors are built. However this is complicated by the fact that there are many established retail centres to the north of Canterbury Road.	There is clearly a choice to be made here between containing to consolidate established centres (capacity permitting) versus providing retail nodes as a means of accentuating nodal intensification along Canterbury Road.
6. The limited potential for commercial office floorspace	As discussed in previous sections, commercial office floorspace demand is weak in this corridor, and there is a real risk that ad hoc provision of offices across the corridor will provide those businesses little to no benefit over home based offices	Council should seek to concentrate office floorspace within the Canterbury Town Centre where the future Metro Station will provide solid accessibility benefits.

6 DEVELOPMENT FEASIBILITY

The previous sections of this report highlight that the Canterbury Road corridor is likely to attract some broad, long term opportunities for development. In association with Hill Thalys, a strategy for nodal intensification has been proposed as a likely future outcome for Canterbury Road, with the market demand supportive of such a scheme.

However high level market demand does not always equate to development on the ground. Demand can be subject to competition from other locations (such as the Sydenham to Bankstown Metro Corridor) across the region. In this regard, it is important for Council to understand whether this scheme of nodal intensification will be feasible.

Therefore, development feasibility testing has been undertaken to better understand potential barriers to supply. The modelling incorporates development costs, sales revenues and land costs to better understand which of these factors is impacting feasibility of development.

6.1 Method

Residual land value (RLV) represents the difference between total sales revenue from a development, and total development costs. In simple terms, the RLV method computes the market valuation of land (subject to its best use under current zoning).

This is particularly useful in determining whether a proposed development is feasible, by comparing its RLV and current land value with improvements. The latter gives an indication for the price paid by the developer for acquiring the land to enable the development.

The Residual Land Value (RLV) model calculates the residual value of a development after deducting all the development costs from the sales revenues, in the current market. The development costs include construction costs and contingencies, external works and other site works, professional fees, developer's profit margin, infrastructure levies or contributions and other council fees. This calculation is illustrated in the diagram below. *In broad economic terms, it can be read as benefits minus costs equate to the net value of the project.*

FIGURE 24 RESIDUAL LAND VALUE CALCULATION



Source: SGS Economics and Planning, 2016

6.2 Assumptions

A number of inputs are 'fed' into the feasibility testing process. The following tables outline these broad inputs and the key assumptions that are made in order to 'model' the financial cash flows which underpin development's costs and revenues. The inputs and assumptions apply to each development.

TABLE 19 FEASIBILITY MODEL COST INPUTS AND ASSUMPTIONS

Input	Source	Value
Construction contingency	Various sources using industry standards	10% of construction costs
Land acquisition costs	Valuer General of NSW – Underlying land values	Varies for each lot acquired
Professional fees	Various sources using industry standards	9.2% of construction costs
Developer's profit margin	Various sources using industry standards	15% of construction Costs
Marketing/Financing/Holding costs	Various sources using industry standards	10% of gross realisable value

TABLE 20 FEASIBILITY MODEL REVENUE INPUTS AND ASSUMPTIONS

Input	Source	Value
Retail rents (\$/sqm)	Market assessment	\$300
Bulky goods retail rents (\$/sqm)	Market assessment	\$300
Median residential sales values (for new apartments only)	Market assessment	Apartments: 1 bedroom: \$422,000 - \$513,000 2 bedroom: \$626,000 - \$762,000 3 bedroom: \$719,000 - \$875,000 Townhouses: 3 bedroom: \$1,017,000 - \$1,382,000

It is important to note that the consideration of land values are based on the existing land use (i.e. the cost of acquiring the site at its current market value). In practice, the Council could potentially rezone sites and precincts, which would in turn shift the land value and the cost of acquiring specific sites. This would have some impact on development feasibility. Further, the Valuer General's estimate used in this analysis reflects the underlying value of unimproved land. In reality, the land owners would need to be compensated for both the land and improvement, which means that the land value used in this feasibility testing is somewhat understated.

6.3 Scenarios and results

The feasibility testing was conducted for the following seven sites along the Canterbury Road corridor (Table 21). They have been numbered in west to east trajectory to reflect the nodal lettering convention used in the Hill Thalys work (Figure 25). Sites 1 and 6 are particularly significant as they have been earmarked as potential supermarket sites.

TABLE 21 SELECT SITES FOR FEASIBILITY TEST AND KEY STATISTICS

#	Site	Zoning	Maximum Height	Maximum FSR	Lot Size (sqm)	North/South of Corridor
1	921 Canterbury Road, Punchbowl	B1	1	11m	22,761	North
2	1477-1481 Canterbury Rd, Punchbowl	R3	0.5	8.5m	1,522	North
3	1214-1224 Canterbury Rd, Roselands	B5	-	18m	2,600	South
4	957-961 Canterbury Rd, Lakemba	B2	-	18m	2,972	North
5	694-714 Canterbury Rd, Belmore	B5	-	18m	1,206	South
6	406-418 Beamish St, Campsie	B2	-	18m	2,813	North
7	251-267 Canterbury Rd, Canterbury	R4	1.6	18m	2,618	North

FIGURE 25 LOCATION OF SITES FOR FEASIBILITY TESTING

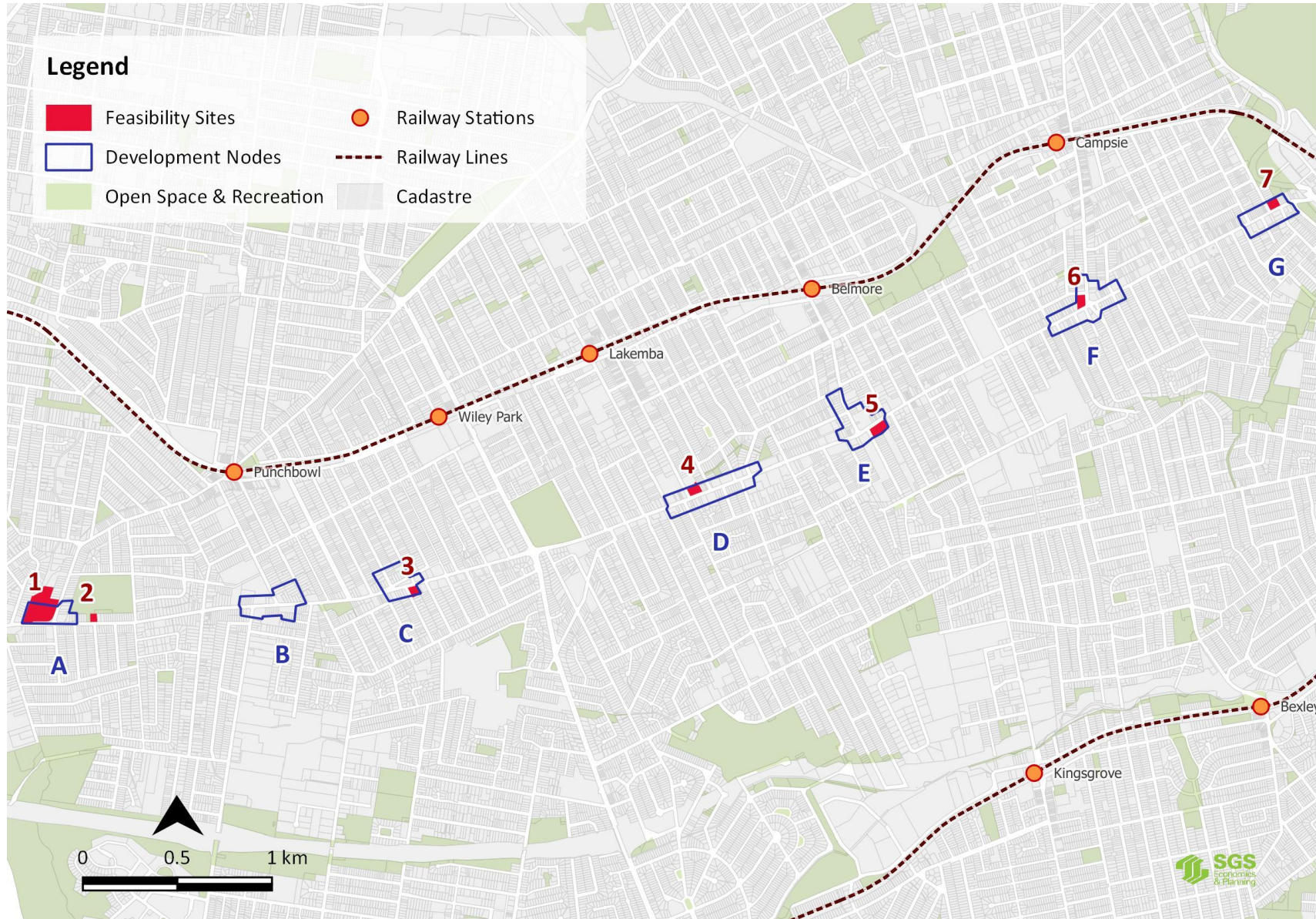


Table 22 below summarises the feasibility outcomes for each site under the current planning controls. Any feasibility ratio above 1.00 means that the development is feasible, as shown in the final column of the table.

Parking is assumed to be provided underground for all sites at rates required by controls, and a site coverage of 40% is utilised across all sites. A 50% efficiency rate has been applied to the ground floor of shop-top housing developments, as determined by consultation and observational evidence.

The results indicate what can currently be observed in the market – that development along Canterbury Road west of Campsie is generally less feasible under the current LEP controls, but is still possible in many locations.

TABLE 22 FEASIBILITY ON EACH SITE – UNDER CURRENT LEP CONTROLS

#	Site	Current planning controls			Current lot size (sqm)	Highest storey	Development type	Res FSR	Non-Res FSR	Feasibility Ratio
		Zone	FSR	Height						
1	921 Canterbury Road, Punchbowl	B1	1	11m	12,978 ¹¹	3	Shop-top	0.8	0.2	-0.50
2	1477-1481 Canterbury Rd, Punchbowl	R3	0.5	8.5m	1,522	2	Townhouses	0.5	-	2.47
3	1214-1224 Canterbury Rd, Roselands	B5	-	18m	2,594	5	Shop-top	1.6	0.2	0.75
4	957-961 Canterbury Rd, Lakemba	B2	-	18m	2,972	5	Shop-top	1.6	0.2	1.02
5	694-714 Canterbury Rd, Belmore	B5	-	18m	4,319	5	Shop-top	1.6	0.2	1.01
6	406-418 Beamish St, Campsie	B2	-	18m	2,813	5	Shop-top	1.6	0.2	1.21
7	251-267 Canterbury Rd, Canterbury	R4	1.6	18m	2,618	4	Apartments	1.6	-	2.00

Table 23 below summarises the results of feasibility testing under the project case, which has been based off the urban design plan. The proposed built form of along the corridor is to a maximum of six storeys, with maximum FSR controls being set at 1.8:1 for residential floorspace and 0.9:1 for non-residential floorspace.

As above, site coverage remains at 40% and parking is to be provided underground at minimum control requirements, resulting in a total of 4.5 storeys (half a floor at the top floor) of residential development to meet the maximum residential FSR. As the provision of ground-floor commercial space with better outcomes than currently being delivered along Canterbury Road, the ground floor efficiency of each site is increased to 90%.

As utilising the maximum FSR for both residential and non-residential floorspace will exceed the height of six storeys, the provision of non-residential floorspace is limited to a single storey (i.e. 0.36:1 FSR), with the one exception being site 6, which has a 90% site coverage on its ground floor in order to accommodate the area required for a supermarket.

The results indicate the provision of an increased amount of non-residential floorspace on the ground floor has not been offset by the increase in residential FSR on sites 2-5 and site 7, with reductions in the feasibility ratio across these sites from the base case. The minimum rate of parking provision required for retail floorspace, at 1 space per 30m² where retail GFA is between 120-1000m² increases to 1 space per 22m² where retail GFA is in excess of 1000m², which is a substantial contributor to costs when the non-residential FSR is increased across all sites.

The inclusion of a supermarket in site 6 and the required increase of the ground-floor site coverage to 90% accommodating this has severely impacted on the feasibility of the project. If the site coverage was maintained at 40% on the ground floor as on the other sites, the development will become feasible (not included in table). This implies that should a site large enough to accommodate the supermarket on its ground floor at the same site coverage as the rest of the building, such a development could be feasibly

¹¹ 9783m² of lot area zoned R2 – Low Density Residential at the north of the site has been omitted from this calculation.

undertaken around this location. The feasibility of site 1, also containing a supermarket on the ground floor, is largely owing to its huge size, at over 2.2Ha.

Overall, planned controls result in most sites being either feasible or very close.

TABLE 23: FEASIBILITY ON EACH SITE - UNDER PROJECT CASE

#	Site	Development type (Ground floor use)	Current lot size (sqm)	Highest storey	Res FSR	Non-Res FSR	Feasibility ratio
1	921 Canterbury Road, Punchbowl	Shop-top (supermarket)	22,761	6	1.8	0.36	1.09
2	1477-1481 Canterbury Rd, Punchbowl ¹²	Shop-top (showrooms)	1,522	6	1.8	0.36	0.86
3	1214-1224 Canterbury Rd, Roselands	Shop-top (showrooms)	2,594	6	1.8	0.36	0.81
4	957-961 Canterbury Rd, Lakemba	Shop-top (showrooms)	2,972	6	1.8	0.36	0.91
5	694-714 Canterbury Rd, Belmore	Shop-top (showrooms)	4,319	6	1.8	0.36	0.92
6	406-418 Beamish St, Campsie	Shop-top (supermarket)	2,813	6	1.8	0.81	0.08
7	251-267 Canterbury Rd, Canterbury	Shop-top (showrooms)	2,618	6	1.8	0.36	1.63

Table 24 below identifies the sensitivity of varying the residential FSR on each site, by goal-seeking the FSR at which the development becomes feasible. Aside from the amount of residential floorspace provided, all other parameters of the project case scenario are effectively retained.

The results show that required increase varies between each of the sites. The increase is relatively modest across most sites being tested, ranging from between +0.01-0.09 FSR on sites 2-5. Owing to the larger amount of retail floorspace on site six, a much higher increase is required to meet the threshold of feasibility, at +0.86.

This suggests that Council need only increase planned residential FSR from 1.8 to 1.9 – a relatively minor tweak.

TABLE 24 FEASIBILITY ON EACH SITE – SENSITIVITY TEST 1 – VARIABLE RESIDENTIAL FSR

#	Site	Development type	Current lot size (sqm)	Non-Res FSR	Residential FSR	
					Project Case	At feasibility threshold
1	921 Canterbury Road, Punchbowl	Shop-top (supermarket)	22,761	0.36	1.8	1.77
2	1477-1481 Canterbury Rd, Punchbowl	Shop-top (showrooms)	1,522	0.36	1.8	1.82
3	1214-1224 Canterbury Rd, Roselands	Shop-top (showrooms)	2,594	0.36	1.8	1.89
4	957-961 Canterbury Rd, Lakemba	Shop-top (showrooms)	2,972	0.36	1.8	1.81
5	694-714 Canterbury Rd, Belmore	Shop-top (showrooms)	4,319	0.36	1.8	1.83
6	406-418 Beamish St, Campsie	Shop-top (supermarket)	2,813	0.81	1.8	2.65
7	251-267 Canterbury Rd, Canterbury	Shop-top (showrooms)	2,618	0.36	1.8	1.27

A second sensitivity test has been applied to retail parking. Table 25 below displays the impact of adjusting the rate of provision of on-site parking for retail floorspace. With the required rate of provision

¹² Note that for site 2, due to its small size, the feasibility ratio will spike and fall as the FSR increases past the point at which each additional dwelling can be completed – a residential FSR of 1.77 has a feasibility ratio of 0.95, as compared to the project case, which is at 0.86 (residential FSR of 1.8)

under the Canterbury DCP 2012 at 1 space per 22-30m² of retail floorspace, the provision of parking underground adds a significant amount to the construction costs within each site.

The reduction of the provision rate across the each of these sites results in nearly all sites being feasible at 75% of the required rate, with all sites being feasible once parking is provided at 50% of the required rate. It should be noted that residential parking provision is not adjusted in this sensitivity test.

TABLE 25: FEASIBILITY ON EACH SITE - SENSITIVITY TEST 2 - VARIABLE COMMERCIAL PARKING

#	Site	Feasibility ratio at varied rate of provision		
		100% (project case)	75%	50%
1	921 Canterbury Road, Punchbowl	1.09	1.96	2.82
2	1477-1481 Canterbury Rd, Punchbowl	0.86	1.16	1.40
3	956 Canterbury Road, Roselands	0.81	0.99	1.17
4	957-961 Canterbury Rd, Lakemba	0.91	1.16	1.40
5	478-486 Canterbury Rd, Campsie	0.92	1.13	1.35
6	406-418 Beamish St, Campsie	0.08	0.58	1.08
7	251-267 Canterbury Rd, Canterbury	1.63	1.80	1.97

Table 26 below shows a scenario whereby all developments are able to provide their required parking spaces at grade. It shows that all of these schemes become highly feasible (and more so when at four or more storeys). Whilst not a particularly realistic test for Canterbury Road, the broader implication here is that in this general area, development is highly feasible when underground parking does not need to be provided. Laneways for example, could be used to accommodate some degree of parking demand.

This may be particularly difficult for site 6, if a supermarket anchored retail centre is to ever be developed in that location in Campsie. In general, a suburban retail centre which is not co-located with a railway station would tend to provide at-grade parking space which will be difficult to come by in that location along Beamish Street.

Ultimately what this table demonstrates is that development is almost always feasible if on-site underground parking can be avoided altogether. Although further testing would be required, Council should give some thought to residential intensification in other parts of the municipality where such an outcome would be possible (e.g. near railway stations where parking requirements may be lower or in locations where sites are large enough to allow at grade parking).

TABLE 26: FEASIBILITY ON EACH SITE - SENSITIVITY TEST 3 - AT GRADE PARKING

#	Site	Underground (project case)	At Grade
1	921 Canterbury Road, Punchbowl	0.80	10.74
2	1477-1481 Canterbury Rd, Punchbowl	0.75	4.65
3	956 Canterbury Road, Roselands	0.77	3.22
4	957-961 Canterbury Rd, Lakemba	0.89	3.70
5	478-486 Canterbury Rd, Campsie	0.91	3.32
6	406-418 Beamish St, Campsie	0.02	3.63
7	251-267 Canterbury Rd, Canterbury	1.67	3.99

Whilst these parking sensitivities should be given strong consideration, Council should bear in mind parking externalities – particularly in terms of on-street parking demand on nearby streets.

6.4 Value uplift

This report is also tasked with the analysis of value uplift to understand the potential for funding a capital works programme that includes open space, streetscaping and laneways. The analysis in Section 6.3 shows that under the proposed nodal intensification scheme, the potential for uplift is both minimal and somewhat inconsistent – unless some form of parking reduction is introduced for retail floorspace.

More broadly, the current LEP controls along this corridor would deliver a maximum yield of 6,900 dwellings by 2036. The proposal nodal intensification scheme would deliver 7,500 dwellings by 2036. That amounts to an uplift of just 600 dwellings across a 20 year time period. Given that the feasibility equation itself is somewhat tenuous across the corridor, the case for extracting funds from a value uplift scheme is not strong.

6.5 Implications

The analysis in this section of the report has significant implications for the future growth and development of Canterbury Road. They can be summarised as follows in the table below.

Topic	Issue	Decisions
1. Current status quo	Development along Canterbury Road is presently feasible along many locations.	In a business-as-usual scenario, developers can be expected to assemble sites and generate development outcomes. However this is occurring in an uneven fashion – resulting in ad-hoc development and poor urban amenity outcomes. Council should therefore proceed with the proposed scheme for nodes along the corridor – but need to be sure that site assembly will actually occur in those nodes.
2. Nodal intensification	The analysis in this section has demonstrated that nodal intensification will largely be feasible – with some tweaks	<p>Council has the option to:</p> <ul style="list-style-type: none"> – Encourage slightly greater residential FSR (increasing it from 1.8 to 1.9) – Reduce onsite parking requirements for bulky goods retail and non-supermarket main street retail, or – Allow at grade parking where sites are of a sufficient size. <p>The analysis has shown that in most cases Council will only need to use one of these three levers to ensure that development is feasible. The first two are recommended as the most suitable.</p>
3. Supermarkets	Supermarkets typically require larger sites. This is the general issue with accommodating greater competition and floorspace in centres, and it has emerged as an issue along Canterbury Road as well given the small lot sizes on offer.	<p>Whilst a suitable site has been identified in Punchbowl, plans to develop a supermarket in Campsie will require greater investigation.</p> <p>Council should allow at-grade parking at the Punchbowl site whilst substantial site amalgamations would be required at the corner of Beamish St and Canterbury Rd. This is an important issue because as discussed earlier in this report, main street retail along Canterbury Road is generally unviable without the support of supermarket anchors.</p>

7 OVERALL CONCLUSIONS & RECOMMENDATIONS

Canterbury Road is currently playing the role of a major thoroughfare between Central Sydney and the Southwest corridor. Its road transport role is therefore significant and to some extent, limits the corridor's potential ability to accommodate substantial urban development and renewal. A parallel rail corridor by the name of Sydney Metro is also proposed to accommodate significant residential and commercial development over the next 20 years.

This study represented an opportunity to review the role of Canterbury Road within that context. Existing patterns of land use, future development prospects and market depth have all been analysed to arrive at an evidence based conclusion for the extent to which development should proliferate across the road corridor.

The market demand for development does exist. There is sufficient market depth for (a) residential intensification and (b) bulky goods retailing to occur along the corridor and those two land uses should constitute the core land use function of the corridor in the future. Residential intensification will also generate demand for main street retailing, although past experience in this location would suggest that is unlikely to succeed unless it is concentrated around a major supermarket anchor or two. Service industry is also viable along the corridor but would need to be confined to existing pockets of industrial land to avoid significant down-zonings of land.

The most significant challenge relates to assessing whether residential development should be directed towards specific nodes along the corridor – and how. As discussed in Section 6, the development scheme proposed in the concurrent Hill Thalys Urban Design Study is largely feasible – but only if a few tweaks are made.

The following key recommendations have been framed so that Council is able to implement the scheme outlined in the Urban Design Study.

1. Encourage an urban outcome based on nodal intensification

The established pattern of development along Canterbury Road is sub-optimal for a number of reasons:

- Lacking a sense of place
- Lacking a focal point which maximises and concentrates pedestrian activity at the street level
- Main street retailing outcomes are poor without the presence of supermarket anchors
- Ad hoc site amalgamations across the corridor is generating an inconsistent urban form which will have long term scaling and transition problems between small, undeveloped sites and large overdeveloped sites.

Nodal intensification has the potential overcome all of those problems whilst also offering the potential to better establish catchments for north-south bus routes.

2. Encourage the development of bulky goods showrooms and stores at the podium (ground floor) levels of new residential developments

The analysis in Section 5 demonstrates there is significant demand for bulky goods retailing and showrooms as a primary land use along Canterbury Road – both at present and into the future. The demand is substantial and this is the only land use which actually leverages the road corridor’s existing role as a major thoroughfare.

The secondary benefit to this is that because bulky goods showrooms tend to be constructed to a higher standard (including 4m ceilings as opposed to 3m for standard retail), it maximises the potential reusability of that floorspace for alternative purposes such as shared workspaces or creative exhibition halls/galleries. In terms of economic development outcomes, that is a far better ‘investment’ than the small retail shops that are currently being provided at the ground floor of developments.

3. Encourage the development of supermarkets at key nodes along the corridor

Main street retail shops are essential building blocks of ‘making communities’. As discussed previously, such shops do not thrive along Canterbury Road without the presence of a full line supermarket anchor. The challenge for Council then is to identify a strategy for attracting two supermarket anchors along this corridor.

921 Canterbury Road, Punchbowl is the easier location. There, a supermarket anchored mixed use development is feasible so long it is able to use the existing at grade carpark on site. Most development configurations will work but underground parking is generally unfeasible.

A second full line supermarket at the corner of Beamish Street and Canterbury Road in Campsie is the more difficult proposal to achieve. Small lots at the location mean that a significant site-assembly project would need to occur for Council to attract a retail developer there.

4. Development feasibility

The analysis in Section 6 found that under the base case, development feasibility is reasonable in many locations. The development scheme proposed in the concurrent Hill Thalys Urban Design Study is also largely feasible – but only if a few tweaks are made, including:

- Increase proposed residential FSR cap from 1.8 to 1.9,
- Reduce onsite parking requirements for bulky goods retail and non-supermarket main street retail, or
- Allow at grade parking where sites are of a sufficient size.

The analysis has shown that in most cases Council will only need to use one of these three levers to ensure that development is feasible, although different levers may be more effective in some instances than others.

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