

Our Reference  
SYD1000757

5 August 2022

Mr Andrew Berwick  
Lord Sixty Seven Pty Ltd ABN 34 340 791 909  
C/o Platino Properties  
Suite 11, 20 Young St  
Neutral Bay NSW 2089

Via Email: [andrew.b@platino.com.au](mailto:andrew.b@platino.com.au)

Dear Andrew,

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

We refer to your instructions of 24 June 2022 requesting Charter Keck Cramer to provide Market Research Advice, assessing whether the Planning Proposal demonstrates a development scenario that aligns with and responds to market conditions for the delivery of housing and employment within Leichhardt.

The subject site comprises a large development site, located within an established Inner Western Sydney location, in ready walking proximity of both the Marion Street Light Rail Station and the MarketPlace Leichardt Shopping Centre.

The site benefits from being a rectangular shape which adjoins the Lambert Park Sportsfield to the north as well as the Light Rail Greenway to the west. The site has Street frontages to the east and south and has good connections to arterial road networks such as Marion Street, Tebbutt Street and Parramatta Road.

We have been provided information regarding the Planning Proposal which intends to rezone the site to allow for the development of a new mixed-use precinct, which has the capacity to deliver ~220 new dwellings within multiple, mid-rise built forms, supported by 2,000 sq.m of commercial/retail uses and a variety of new public spaces.

#### **Development Site Commentary**

Recent development sites which have been listed for sale within Leichhardt have generally been well received, and garnered strong market interest. Examples of such include

- 11-13 Norton Street, Leichhardt,
- 122-128 Marion Street, Leichhardt,
- 40-76 William Street, Leichhardt,
- 124 James Street, Leichhardt and
- 141 Allen Street, Leichardt (Ara).

**Australia's most  
trusted & innovative  
property group.**

Melbourne  
Sydney  
Brisbane  
Gold Coast  
Singapore

**charterkc.com.au**  
**reception@charterkc.com.au**  
**T 1300 242 787**

Charter Keck Cramer Pty Ltd  
ACN: 618 794 853

Charter Keck Cramer (Sydney) Pty Ltd  
ACN: 601 785 326

ADVISORY.  
RESEARCH & STRATEGY.  
VALUATIONS.  
PROJECTS.  
CAPITAL.

Typically, development sites within Leichhardt are of a more 'boutique' nature, however the sales of 40-76 William Street and 141 Allen Street demonstrate that there is also good demand for well positioned, larger development sites. 141 Allen Street, sold in 2017 and reportedly generated strong interest with over 300 enquiries and 28 offers. In the case of 40-76 William Street, an adaptive reuse project in which, the current improvements are built above the underlying planning controls, the property sold in 2019 also with strong interest with over 200 enquiries and 20 offers.

### Competition

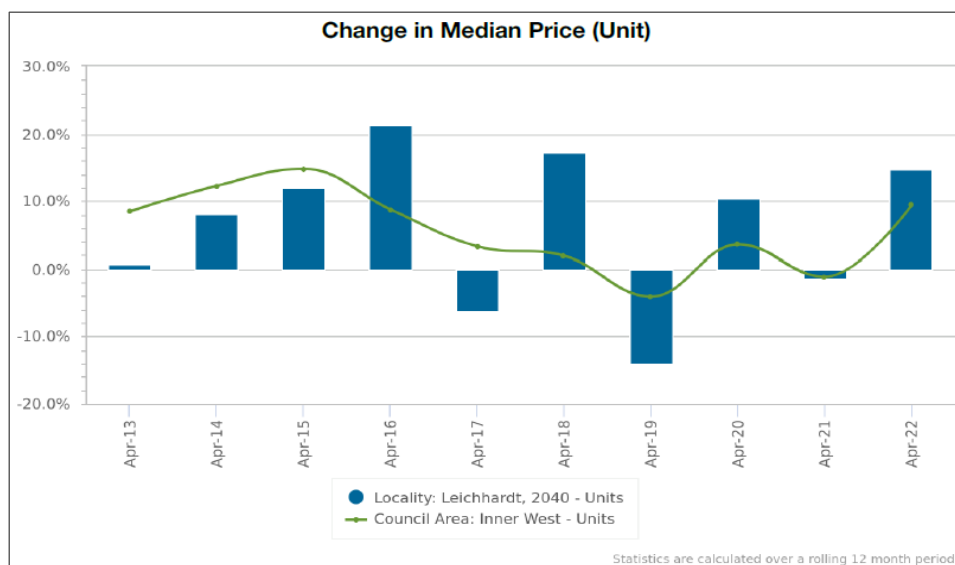
On-completion sales of apartments, projects such as Atelier (32 Jarrett Street) and Ara (141 Allen Street), illustrate the depth of demand for apartments, particularly off-the-plan apartments within Leichhardt. The Atelier development was undertaken by Ceerose Constructions and comprised the development of 32 apartments within two (2) buildings above ground floor retail and commercial space with secure basement parking below. The project was adversely affected by its positioning on Parramatta Road, however sold well, with marketing of apartments launched in mid-2019, and the property fully pre-sold prior to construction completion in late 2021. The Ara project is still under construction, however, having spoken with the Marketing Agents, we are advised that the project has been received well and will be substantially sold by completion, with less than ~10% of apartments remaining for sale.

### Economic Impact Assessment

The Economic Impact Assessment (EIA) report for the subject site, prepared by Hadron Group, dated July 2022, makes the following key statements regarding the underpinning of demand for residential and Seniors Housing in Leichhardt:

- For the overall Inner West LGA, approvals averaged 670 dwellings over the five years to 2021. This compared to a five-year dwelling target (2016-2021) in the Eastern District Plan for the Inner West LGA of 5,900 homes, or 1,180 per year.
  - Comment: This indicates a shortfall of housing development within the LGA.
- The Department of Planning & Environment's (DPE's) 5-year medium growth supply forecast for Leichhardt suburb is 440 in total or an average of 88 per year.
  - Comment: Cordell Connect identifies the construction of 343 new dwellings within Leichhardt through to 2027 which averages to ~70 new units per annum and shortfall to the DPE's current forecast.
- As at Census 2016, there were an estimated 250 retirement living dwellings (self-contained) in the Inner West LGA and a population aged over 60 years of 30,747. This equated to a Seniors Housing market penetration rate of only 0.8 per cent, well below many other Inner Sydney LGAs and the NSW overall rate.
  - Comment: This implies a considerable shortfall in supply of Seniors Housing in the Inner West as of Census 2016.
- As at June 2022, there are an estimated 362 Seniors Housing dwellings in the Inner West LGA. This translates to a slightly increased penetration rate of 1.1 per cent of the estimated population aged over 60 years in 2022.
- Inner West Council's Local Housing Strategy highlights the lack of senior housing provision with only 4 dwellings approved between 2015/16 and 2017/18.

In terms of pricing, commensurate with the broader Sydney market, the median sale price in Leichhardt has been generally positive since 2013 (albeit with some correction in the 12 months up to Apr-2017 and Apr-2019), with growth of over 15% in the 12 months to April 2022 – as illustrated in the graph below.



Projects such as the ARA development are currently marketing 1-Bedroom apartments (with and without Studies / Cars), from prices (generally) starting at \$750,000, 2-Bedroom apartments starting from \$1,050,000, and 3-Bedroom apartments starting from \$1,450,000 with Penthouses extending up to \$2,350,000. The blended internal rates for this project suggests averaged revenues in the range of \$14,000 to \$16,000/sq.m (of Net Saleable Area (NSA)). This is supported by secondary sales in buildings such as the Atelier whereby a recent resale of Lot 18 (a 2 Bedroom + Study, 1 Bath, 1 Car) sold for \$1,600,000 in April 2022 at a rate of \$18,605/sq.m; a \$305,000 premium to price paid off the Developer. The other sales by the Developer in 2021 averaged around \$15,000/sq.m and the sales from the Developer overall, averaged \$14,800/sq.m.

The proposed retail/commercial floorspace, the subject's position and access to amenities underpin its use for a variety of creative, professional office purposes, and there are some recent developments such as 47-55 John Street, Leichhardt which showcase the feasibility and demand for creative space in similar locations.

47-55 John Street is known as 'The Carton Factory' and comprises the re-development of a former industrial packaging facility into modern, strata titled creative office working spaces providing individual office spaces, common areas and kitchen facilities complimented by design open spaces and design elements which create an enjoyable and collaborative working environment. The project was finished in early 2021 and was fully sold by late 2021. Strata sales occurred from July 2020 to November 2021 and ranged from \$9,000 - \$11,000/sq.m with an overall average of just over \$10,000/sq.m (before any adjustment for parking). Whilst most Lots were purchased individually, there was a selection of Lots jointly purchased, with a \$4,650,000 purchase in June 2021 for a combined 464sq.m, at a rate of \$9,838/sq.m which showcases the demand for a variety of sized office spaces.

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

- Leichhardt suburb is identified in the Eastern City District Plan as a key local centre, with employment centres such as Burwood and the Sydney CBD within a 30-minute commute by public transport.
- The most recent employment projections from Transport for NSW's Transport Performance and Analytics (TPA) branch show employment in the Leichhardt - Annandale SA2 growing at an annual rate of 1.5 per cent over the 10 years to 2026, before slowing to an annual rate of 0.9 per cent over the 10 years to 2036.
- Aside from population-serving industries, the strongest projected employment growth contribution comes from the professional, scientific and technical services sector. With the Inner West LGA, 37.6 per cent of employed people aged 15 years and over were classified as professionals as at Census 2016 compared to a Greater Sydney average of 26.3 per cent. The share in the Leichhardt - Annandale SA2 (where the site is located) is even higher at 41.1 per cent.
- Weak projected employment growth for industries which traditionally located in industrial areas suggests that there will not be significant demand for heavy manufacturing and freight and logistics lands over the forecast horizon.

In summary, the subject comprises a well-located development site asset and if it was rezoned for mixed-use purposes in-line with the Planning Proposal, will, in our opinion, be commensurate with the local market both in terms of the residential and non-residential offering.

Should You have any queries in relation to this matter, please do not hesitate to contact the undersigned on 0406 991 782 or via email at [chris.sutton@charterkc.com.au](mailto:chris.sutton@charterkc.com.au).

Please visit our website: <https://charterkc.com.au>.

Yours sincerely  
Charter Keck Cramer



Christopher Sutton, AAPI  
Certified Practising Valuer  
National Director – Development Valuations

Liability limited by a scheme approved under Professional Standards Legislation.

*SYD1000757 - Demand Letter.Docx*

## Statement of Limiting Conditions

In terms of Charter's standard reporting practice, we advise as follows:

- Charter has no pecuniary interest in any property, past, present or prospective and the advice expressed is free of any bias in this regard;
- Please note that this is preliminary advice/and should not be relied upon to enter into any transaction, nor should it be construed as a formal valuation, nor is it a report intended for mortgage security purposes, there being no liability accepted at this time for the correctness of Title details, zoning, measurements, occupation and planning, or any other information usually researched in detail for the purpose of preparing formal advice;
- The advice has been prepared on the basis of specific instructions and information provided by Lord Sixty Seven Pty Ltd and is for the use by Lord Sixty Seven Pty Ltd in their particular circumstances and for their particular purposes. The contents and conclusions may therefore be inappropriate for any third party in the context of that third party's particular purpose and circumstances. Any third party should obtain its own independent advice rather than use or rely upon this advice;
- This document contains information which is directly derived from other sources, consultants and the client without verification by us. We confirm that we are not instructed to verify that information. Further, the information is not adopted by Charter as our own, even where it is relied upon for this advice. Where the content of this document has been derived, in whole or in part, from sources other than Charter, we do not warrant or represent that such information is accurate or correct;
- This document is confidential and is for the use of the person(s) directly provided with it by Charter. Use by or reliance upon this document by anyone other than the recipient is not authorised by Charter and Charter will not be liable for any loss arising from such unauthorised use or reliance. This document and any annexures hereto should not be reproduced, in part or full, without Charter's written authority;