urbis.com.au

Angel Place, Level 8, 123 Pitt Street
Sydney NSW 2000 Australia (Gadigal Country)

Urbis Ltd
ABN 50 105 256 228

URBIS

3 August 2026

The Secretary
NSW Department of Planning, Housing and Infrastructure
4 Parramatta Square
12 Darcy Street
Parramatta NSW 2150

Dear Sir/Madam,

Re: Waterloo Estate South (Rezoning Application and Concept SSDA SSD-93222706) – Assessment of Retail Demand

Thank you for the opportunity to respond to submissions regarding the proposed reduction in minimum non-residential gross floor area within the Waterloo South redevelopment.

Urbis acknowledges the concerns raised by the City of Sydney and community stakeholders regarding the reduction in non-residential floor space from 17,000sqm to 15,000sqm and the inclusion of educational establishments within the community space provisions. We welcome the opportunity to clarify the rationale for these amendments and demonstrate that the proposed non-residential quantum remains appropriate and capable of supporting the future mixed-tenure community at Waterloo South.

The non-residential floor space identified within the 2022 scheme was based on an anticipated on-site population of approximately 5,542 residents, which is broadly consistent with the population assumptions adopted by Urbis in the current Retail Demand Assessment of approximately 5,500 residents.

The key point of difference between the retail provision contemplated under the 2022 scheme and the updated assessment relates to changes in the surrounding retail context, particularly the proposed Woolworths supermarket at 923–935 Bourke Street, Waterloo (D/2024/1208). The introduction of a new supermarket within approximately 500 metres of the Waterloo South precinct materially changes the demand profile for supermarket floor space within the site and reduces the need for a full-line supermarket offering as originally contemplated.

As demonstrated in Table 1 below, the reduction in total retail gross leasable area is primarily attributable to a reduction in supermarket floor space requirements. Importantly, the revised assessment does not reduce the recommended provision of specialty retail floor space. Rather, the updated advice identifies an increased requirement for specialty retail and food and beverage offerings compared with the previous assessment, reflecting the intended local village character of the precinct and the demand for convenience-based and community-serving retail uses.

Table 1: Retail Floor Space Recommendation 2022 v 2025

	Waterloo South - 2022 Scheme Advice (Macroplan[1])	**Waterloo South -2025 Scheme Advice** (Urbis)
Supermarket	3,800	2,300
Retail Mini Major & Specialties	5,400	5,780
TOTAL RETAIL GLA	**9,200**	**8,080**
Non-Retail Specialties	2,000	1,260
TOTAL RETAIL + NON-RETAIL	**11,200**	**9,340**
Community and Cultural Facilities	6,700	6,200
TOTAL	**17,900**	**15,540**

Urbis has undertaken a review of the proposed non-residential provision having regard to population growth, mixed-tenure demand characteristics, accessibility to surrounding retail and amenities and the broader pipeline of retail and commercial development within the Waterloo precinct and surrounding area. This analysis indicates that the proposed 15,000sqm non-residential GFA remains sufficient to support the proposed demand and day to day needs of the future resident population while maintaining flexibility to respond to evolving market needs over time.

The reduction of 2,000sqm across the precinct is not anticipated to result in any material adverse impacts on retail accessibility, community activation or service provision within the precinct. Rather, the revised floor space quantum reflects a more efficient alignment between likely demand and the operational requirements of contemporary retail and mixed-use development. In comparable urban renewal precincts, an oversupply of non-residential floor space can result in prolonged vacancy, reduced activation outcomes and pressure on tenancy performance, particularly where retail demand is already being accommodated within nearby centres and transit-oriented developments.

Urbis' assessment of retail demand and supportable floor space resulted in a recommended retail provision of between 8,600sqm and 9,340sqm (gross lettable floor space). This recommendation was derived from detailed demand modelling, supermarket capacity testing and category-by-category retail analysis.

The assessment identifies strong growth in both resident and worker populations within the Waterloo South trade area. The on-site resident population is forecast to increase from approximately 1,000 residents currently to around 5,500 residents by 2035. This growth expands the primary trade area population to approximately 21,100 residents and the broader trade area to around 34,000 residents by 2036. Worker numbers across the catchment are also forecast to increase to approximately 8,300 workers over the same period.

Retail demand has been assessed by retail category and trade area sector, with expenditure estimates converted into supportable floorspace using Urbis Benchmark trading rates, measured as sales per square metre. The modelling adopts achievable market share assumptions for Waterloo South and includes an allowance for expenditure generated from visitors and workers located beyond the immediate trade area.

The resulting retail floorspace requirement is calibrated to address a genuine gap in local retail provision rather than establish Waterloo South as a higher-order retail destination. The analysis supports the delivery of a local village retail offer anchored by a supermarket of at least 2,000sqm GFA to be delivered in Stage 1, complemented by two mini-majors and a range of specialty retail and food and beverage tenancies. This scale of provision reflects the limited supermarket floorspace currently available within the immediate locality while recognising the broader retail role of surrounding centres.

The lower end of the recommended range supports approximately 8,600sqm of retail floorspace under a conventional local-serving scenario. The upper range of approximately 9,340sqm assumes a stronger destinational food and beverage offer, with approximately 40% of trade generated from beyond the trade area compared with a more typical 15% capture rate. This upper scenario also incorporates complementary non-retail commercial and service-based uses that contribute to activation and employment outcomes within the precinct.

Importantly, the recommended retail and commercial floorspace is intended to be delivered progressively between 2031 and 2035 as part of the staged masterplan rollout. This approach ensures that retail and service provision remains aligned with population growth, tenant demand and precinct maturation over time, avoiding the risks associated with premature delivery or oversupply.

The proposed non-residential provision continues to support a diverse mix of uses capable of serving the mixed-tenure Waterloo South community. Stockland’s retail strategy is intended to provide a range of retail and service offerings across varying price points and formats, reflecting the diversity of future residents and visitors to the precinct. This includes convenience retail, affordable food and beverage offerings, local services, health and wellbeing uses and opportunities for small-format tenancies that support independent and community-serving operators.

The proposed scheme also retains the flexibility to accommodate allied health, medical and other community-supporting services should demand emerge over time. The reduction in minimum floor space does not preclude these uses from being delivered. Rather, it ensures that non-residential provision remains responsive to actual market demand and tenant requirements as the precinct matures.

In relation to the inclusion of educational establishments within the community space provisions, this amendment reflects a broader and more flexible approach to community infrastructure delivery. Educational uses can support a range of community outcomes, including learning, social participation and local service access, and are considered compatible with the intended role of community-focused spaces within the precinct.

Overall, the proposed reduction from 17,000sqm to 15,000sqm represents a refinement of the non-residential offering rather than a reduction in the quality or functionality of the Waterloo South precinct. The revised minimum remains appropriate having regard to:

- the increased provision of retail and services now planned within the broader Waterloo precinct, including Woolworths and additional retail within the Metro Quarter development;
- updated demand analysis indicating that 15,000sqm is sufficient to support the future resident population;
- the accessibility of surrounding centres and services via the Metro network;
- the ability to continue delivering allied health, retail and community-serving uses as demand evolves; and
- the objective of delivering a sustainable and occupied retail environment that supports long-term activation outcomes.

Kind regards,

Elissa Stewart
Director
+61 2 8233 7607
estewart@urbis.com.au