

ECONOMIC IMPACT ASSESSMENT

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PROPOSED OUTLET RETAIL CENTRE, ORANGE GROVE

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EXECUTIVE SUMMARY

Introduction Section 1

This Report has been prepared for Gazcorp Pty Ltd. The Report is to accompany a planning application to be submitted to Liverpool City Council (Council). The application proposes that land at Orange Grove Road be rezoned from B5 Business Development to B6 Enterprise Corridor.

The purpose of the rezoning is to facilitate the reuse of an existing building of some 14,500 sq.m. on the subject site at Orange Grove for outlet retailing.

Existing Retail Strategy Section 2

In December 2006 Leyshon Consulting prepared a report for Liverpool City Council (*Liverpool City Retail Centres Hierarchy Review* – hereafter the 'Centres Report').

The Centres Report did not give specific consideration to the need for outlet retailing in Liverpool LGA in general or at Orange Grove in particular. Neither did it take into account the potential for spending inflows to Liverpool from adjacent LGAs associated with certain types of retail facilities—such as bulky goods outlets or outlet centres.

In summary, the Liverpool Centres Review did not provide for a outlet centre on the subject site but neither did it preclude such a development.

Demand Context Section 3

Liverpool LGA is experiencing relatively high population growth at present of around +1.9% per annum. Surrounding LGAs including Camden, Campbelltown and Wollondilly are also experiencing strong population growth.

The regional population (that is, the LGAs of Liverpool, Fairfield, Campbelltown, Camden and Wollondilly combined) is projected to increase from 597,700 persons in 2006 to 795,700 in 2021—an increase of +198,000 residents or 33.1%.

Total available annual retail spending within the region is estimated to increase in real terms from \$5.647 billion in 2006 to \$8.061 billion in 2021—a rise of about \$2.414 billion (\$2010).

In Liverpool LGA alone annual available spending is projected to increase from \$1.651 billion in 2006 to \$2.360 billion (\$2010) in 2021—a real increase of \$709 million. The projected scale of spending growth would support the following broad increases in retail floorspace up to 2021:

▶	Liverpool LGA	...	128,910 sq.m.
▶	Balance of Region	...	310,000 sq.m.
▶	Total Region	...	438,910 sq.m..

EXECUTIVE SUMMARY

Cont'd

Potential Impact Section 4

Based on the proposed FSR for the site of 0.75:1, a scenario which involves the following floorspace has been examined:

- outlet retailing ... 10,000 sq.m.
- standard retailing ... 10,000 sq.m.
- bulky goods/'big box' retailing ... 5,000 sq.m.

Outlet Centre

The primary purpose behind this planning proposal is to re-establish "outlet centre retailing" in the existing building on the Orange Grove site.

Research conducted in the United States and in Australia has demonstrated quite clearly that outlet centres predominantly focus on the retailing of apparel, footwear and fashion accessories.

The other salient characteristic of outlet centres in Australia and elsewhere is that typically they have large trade areas.

We estimate total potential annual sales at the outlet centre of \$52.8 million per annum (\$2010) in its first full year of trading. This equates to an overall sales rate of around \$5,030 per sq.m. per annum.

Not all of these projected sales will be derived from spending by residents of Liverpool LGA. Some 40% of the centre's sales are anticipated to come from spending by Liverpool residents with 45% from regional residents and 15% from residents outside the region.

The potential market shares likely to be captured by the proposed outlet centre from Liverpool and adjacent LGAs are extremely low namely:

- Liverpool ... 1.2%
- Adjacent LGAs ... 0.6%.

Total available annual spending attributable to the clothing, footwear and accessories sector in Liverpool LGA in 2011 is projected to be about \$173.4 million. The annual sales potentially captured by the proposed outlet centre would, at most, amount to only 8.5% of available spending in the LGA in 2011.

EXECUTIVE SUMMARY

Cont'd

Potential Impact Cont'd

Annual available spending growth in the clothing, footwear and accessories sector in Liverpool LGA is projected to increase to \$226.8 million in 2021 (\$2010). This equates to a real increase in annual available spending of +\$53.4 million from 2011 levels.

Other Retail

If the balance of the site is developed for 10,000 sq.m. of traditional retailing—possibly a supermarket and 5,000 sq.m. of bulky goods/'big box' retail—the 2011 annual sales of this floorspace could be \$82.5 million (\$2010).

This represents just 3.7% of total projected annual available retail spending in Liverpool LGA in 2011 (\$1,804.5 million per annum; \$2010).

Summary

The share of retail expenditure captured by the proposed development is unlikely to account for more than 5% of total available retail spending in the Liverpool LGA in 2011.

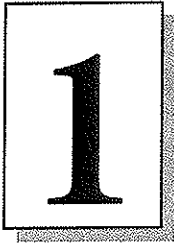
Given this, the proposed development is unlikely to have any significant impact on any particular centre within Liverpool LGA and thus have no adverse implications for the existing retail hierarchy within the City.

An objective for the B6 zone is to limit retail activity to protect existing centres. The low share of total available retail spending captured by even the maximum possible floorspace on the Orange Grove site means this objective would not be compromised.

Conclusion Section 5

The combined benefits of the proposed development and the likely relatively minimal impact of it on existing centres are sufficient to justify the rezoning of the land in question to B6 Enterprise Corridor in order that it may proceed.





INTRODUCTION

1.1 Background

This Report has been prepared for Gazcorp Pty Ltd by Leyshon Consulting Pty Ltd. The Report is intended to accompany a planning proposal to be submitted to Liverpool City Council (Council) which proposes to rezone land at Orange Grove Road from B5 Business Development to B6 Enterprise Corridor. The subject site is known as Lot 21 DP876962.

The purpose of the rezoning is to facilitate the reuse of an existing building of some 14,500 sq.m. at Orange Grove for outlet retailing.

It is our understanding that the site has a total area of approximately 4.822 hectares. The site is dominated by an existing building which is currently used for a weekend fresh food and produce market. This building formerly on the subject site was used for a outlet centre which commenced trading in November 2003. In January 2004 the NSW Land and Environment Court found the use to be unlawful and the outlet centre ceased to trade in August 2004.

1.2 Purpose of Report

The purpose of this Report is to review the proposal to rezone the subject site to B6 Enterprise Corridor which would permit all forms of retailing.

The Report firstly examines the proposed rezoning in the context of the *Liverpool City Retail Centres Hierarchy Review* conducted by Leyshon

Consulting in 2006 for Council. Secondly, the Report examines the need for, and impact of, retailing activity on the site.

In preparing this Report we have been instructed that Gazcorp intend to reuse the existing building for outlet retailing. We have, however, considered more broadly the potential impact of the use of the building in particular and the balance of the subject site for general retailing given that the proposed rezoning would permit the possibility of the site being used for retail purposes other than outlet retailing.

1.3 Location of Site

The subject site is located close to the intersection of Viscount Place and Orange Grove Road (Cumberland Highway). The site is part of a larger precinct which contains the Liverpool Mega Centa and a large bulky goods centre of some 27,100 sq.m. the major tenants of which are Harvey Norman and Domayne.

An adjacent site (Lot 11) contains a Subway outlet, carwash and Oporto Chicken franchise. A McDonald's Family Restaurant operates from an adjacent site controlled by Gazcorp. Immediately to the south is an Officeworks store. We understand Council recently has approved the development of a Dan Murphy's Liquor store on part of Lot 11 and intend that Lot 11 and the Officeworks site be rezoned B6 Enterprise Corridor.

The subject site lies some 1.7km north of the Liverpool CBD. The nearest major centre is the Cabramatta Town Centre some 2.6km to the north-west of the site. The latter is located in Fairfield Local Government Area (LGA).

2

EXISTING RETAIL STRATEGY

In December 2006 Leyshon Consulting prepared a report for Liverpool City Council (*Liverpool City Retail Centres Hierarchy Review* – hereafter the 'Centres Report'). The report's strategy recommendations were subsequently adopted by Council (albeit with some changes) and generally are reflected in the zoning provisions of the current Liverpool Local Environmental Plan 2008 (LEP).

The Centres Report provided estimates of demand for retail floorspace in Liverpool LGA up to 2031. The report estimated the population of Liverpool LGA would reach 313,834 persons by 2031—an increase of +136,056 persons between 2006-31.

The growth in retail floorspace demand between 2006-31 was estimated at 145,553 sq.m. as far as the established areas of Liverpool were concerned.

The Centres Report also evaluated the likely demand for retail floorspace in the South West Growth Centre (SWGC) which forms part of Liverpool LGA. In total some 275,000 sq.m. of retail floorspace was recommended for the SWGC in general and up to 160,000 sq.m. in its proposed major centre at Leppington.

In relation to the established areas of Liverpool recommendations of additional floorspace were set out in Table 4.6 of the Centres Report. They included the provision of a further 68,140 sq.m. in the Liverpool CBD and an additional 48,500 sq.m. in specialist centres at Crossroads, Orange Grove and other locations within the City of Liverpool.

The Centres Report did not give specific consideration to the need for outlet retailing in Liverpool LGA. The principal reason being that an amendment proposed to the then Liverpool LEP in 2004—which would have enabled the continued operation of the outlet centre at Orange Grove—was declined by the then Minister assisting the Minister for Infrastructure and Planning (Planning Administration). Given this, there seemed little to be gained by revisiting the issue in 2006 and, accordingly, the Centres Report did not consider any other type of retailing which could take place at Orange Grove other than bulky goods retailing.

The Centres Report did not take into account the extent of so-called “escape” expenditure flowing out of Liverpool LGA to other surrounding LGAs. By the same token neither did not take into account the potential for spending inflows to Liverpool from adjacent LGAs. The latter is particularly relevant to certain types of retail facilities—such as bulky goods outlets or outlet centres—which almost always draw a proportion of their trade from bordering LGAs and some from even further afield.

In this regard, it is particularly relevant that the proposed Orange Grove facility is located almost on the northern border of Liverpool LGA, meaning that substantial residential areas in Fairfield LGA are actually closer to the site than many residential areas within Liverpool itself. Anecdotal evidence suggests that existing bulky goods retailers at Orange Grove such as Bing Lee and Harvey Norman obtain more than one third of their custom from shoppers who reside in Fairfield LGA. Consequently, any proposal for retailing close to the borders of Liverpool LGA needs to take into account the potential for attracting “cross LGA border” retail spending.

In summary, the Centres Report did not provide for a outlet centre on the subject site but neither did it preclude such a development.

DEMAND CONTEXT

3.1 Population Growth

Liverpool LGA is experiencing relatively high population growth at present of around +1.9% per annum. Annual population growth is expected to continue at a relatively high level until at least 2036.

In 2010, the Department of Planning projected that Liverpool's population would increase from 170,900 persons in 2006 to 284,600 persons in 2031 and to 324,400 persons by 2036.

The Department's projected population of 284,600 persons in 2031 is well below that on which the analysis set out in the 2006 Centres Report was based (313,834 persons in 2031).

There is reason to believe, however, that the Department's population forecast for 2031 is too conservative. Indeed in 2010 the Australian Bureau of Statistics (ABS) estimated that Liverpool's resident population was some 184,481 persons with an average annual growth rate of +1.9%.

This would suggest a 2011 population of around 189,000 persons which is around +1.5% above the Department of Planning's projection for Liverpool in 2011 of 186,300 persons.

The foregoing notwithstanding for the purposes of this Report we have adopted the Department of Planning forecasts for Liverpool and the surrounding LGAs of Fairfield, Campbelltown, Camden and Wollondilly with respect to population growth to 2021 in order that our estimates are based on an "agreed official" population forecast. The relevant projections are shown in TABLE 3.1 and have been used as a basis for

revising forecasts of available retailing spending in Liverpool LGA and adjacent areas.

TABLE 3.1
POPULATION PROJECTION – LIVERPOOL and SURROUNDING LGAs, 2006-21

Period ...	Liverpool	Fairfield	Campbelltown	Camden	Wollondilly	Total Trade Area
2006	170,900	187,300	147,400	50,900	41,200	597,700
2011	186,300	191,600	154,400	67,200	45,000	644,500
2016	202,000	196,200	167,500	96,300	48,300	710,300
2021	230,900	202,500	184,500	124,800	53,000	795,700
Change 2006-21	60,000	15,200	37,100	73,900	11,800	198,000
Average Annual Growth 2006-31 (%)	2.03	0.52	1.51	6.16	1.69	1.93

Source: Department of Planning 2010.

As indicated in TABLE 3.1, the Department of Planning estimates that the population of Liverpool will increase from 170,900 persons in 2006 to 230,900 persons by 2021—an increase of 60,000 residents.

The regional population (that is the combined Liverpool, Fairfield, Campbelltown, Camden and Wollondilly LGAs) is projected to increase from 597,700 persons in 2006 to 795,700 persons in 2021—an increase of 198,000 persons or 33.1%.

Clearly such significant population growth within Liverpool and the surrounding region will give rise to a very substantial increase in annual available retail spending up to 2021. Our estimates of the potential increase in spending are discussed below.

3.2 Available Retail Spending

In preparing the estimates of retail spending growth we have utilised data from the following sources in order to generate estimates of

average per capita retail spending levels in 2010 within Liverpool and surrounding LGAs:

- ▶ 2006 Census
- ▶ 2003-04 Household Expenditure Survey
- ▶ Consumer Price Index – New South Wales (ABS)
- ▶ Changes in Average Weekly Earnings (ABS 2006-10).

As noted in TABLE 3.2, average per capita retail spending levels within Liverpool and the surrounding region are estimated to range between a low of \$8,450 per capita per annum in Fairfield to a high of \$10,515 per capita per annum in Camden LGA (\$2010).

TABLE 3.2
SUMMARY of 2006 AVERAGE HOUSEHOLD INCOME and 2010 PER CAPITA
RETAIL SPENDING LIVERPOOL REGION

Factor ...	– LGA –				
	Liverpool	Fairfield	Campbelltown	Camden	Wollondilly
Household income (\$2006; \$ per annum)	\$65,032	\$55,885	\$63,845	\$77,809	\$71,909
Per Capita Retail Spending (\$2010; \$ per annum)	\$9,662	\$8,450	\$9,859	\$10,515	\$10,297

Source: ABS Census 2006 and Leyshon Consulting Estimates, May 2011.

By combining the population projections detailed in TABLE 3.1 and the per capita spending estimates detailed in TABLE 3.2, estimates have been generated of total available retail spending in Liverpool and surrounding LGAs between 2006-21. These estimates are provided in APPENDIX A, Tables A1 to A4 inclusive.

The change in available retail spending (during the period 2006-21) is summarised in TABLE 3.3 below. Total available annual retail spending

is estimated to increase in real terms from \$5.647 billion in 2006 to \$8.061 billion in 2021—a rise of about \$2.414 billion (\$2010).

TABLE 3.3
SUMMARY of AVAILABLE RETAIL SPENDING 2006-21 LIVERPOOL REGION (\$2010; \$ Mil per annum)

Period ...	Liverpool	Fairfield	Campbelltown	Camden	Wollondilly	Total Trade Area
2006	\$1,651.2	\$1,582.6	\$1,453.3	\$535.2	\$424.2	\$5,646.6
2011	\$1,804.5	\$1,623.0	\$1,526.1	\$708.4	\$464.5	\$6,126.5
2016	\$1,964.6	\$1,668.8	\$1,662.4	\$1,019.3	\$500.6	\$6,815.8
2021	\$2,360.3	\$1,810.2	\$1,924.5	\$1,388.4	\$577.4	\$8,060.7
Change 2006-21	\$709.0	\$227.6	\$471.2	\$853.2	\$153.1	\$2,414.2

Source: TABLES A1-A4 APPENDIX A.

In Liverpool LGA alone available spending is projected to increase from \$1.651 billion in 2006 to \$2.360 billion (\$2010) in 2021—a real increase of \$709 million in retail spending per annum.

Obviously, there will be considerable growth in retail spending after 2021. As previously noted, population growth is projected by the Department of Planning to remain at a relatively high level in both Liverpool and Camden LGAs in particular between 2021-36.

3.3 Floorspace Demand

An increase in retail expenditure of the quantum outlined above will give rise to a substantial increase in the demand for retail floorspace.

Using an average floorspace productivity rate of \$5,500 per sq.m. per annum, the increase in retail spending during the period 2006-21 noted in TABLE 3.3 would support the following broad increases in retail floorspace:

▶	Liverpool LGA	...	128,910 sq.m.
▶	Balance of Region	...	310,000 sq.m.
▶	Total	...	438,910 sq.m..

4

POTENTIAL IMPACT

4.1 Introduction

We understand that if the subject site is rezoned to B6 Enterprise Corridor it would have a floorspace ratio (FSR) of 0.75:1. Given the size of the site (4.822 hectares) this potentially would permit some 36,165 sq.m. of space (gross floor area [GFA]).

As previously noted, we understand that it is the intention of the applicant to operate a outlet business from the site's existing building. We have also considered circumstances where retail development consistent with the potential FSR occurred on the site. Based on our experience with retail development, it is possible that a development of 36,165 sq.m. GFA could produce retail floorspace of around 25,000 sq.m. net leasable area (NLA).

We have therefore examined a scenario which involves the potential for retail development on the site as follows:

▶ outlet retailing	...	10,000 sq.m.
▶ standard retailing	...	10,000 sq.m.
▶ bulky goods/'big box' retailing	...	5,000 sq.m..

4.2 Outlet Centre Retailing

As previously noted the primary purpose behind this planning proposal is to re-establish "outlet centre retailing" in the existing building on the Orange Grove site.

Outlet retailing constitutes an important although minor niche within the overall retail sector in Australia. Various forms of outlet retailing have existed in Australia for quite some time. In the inner parts of Sydney and Melbourne in particular small individual outlet shops have operated in association with the manufacture of clothing and footwear and certain food products.

In the early 1980s outlet stores began to appear in Sydney unconnected with manufacturing premises. Such premises were typically developed in inner-city areas such as Surry Hills, Darlinghurst and the like. To date, individual outlet stores can be found in many areas of Sydney particularly in older shopping centres where low floorspace rents attract such retailers.

Essentially these types of shops retail a mixture of goods which may have failed in their quality control standards, stock which may have been unsold in mainstream retail outlets and has been returned to the manufacturer under wholesaling agreements, and in some cases stock specifically manufactured for sale only in outlet stores.

In the Sydney Region the first significant outlet centre was developed at Birkenhead Point in response to the failure of a traditional shopping centre in this location. We understand that Birkenhead Point switched a significant component of its floorspace to outlet trading in 1996 albeit that the centre now contains both outlet retailing and traditional retailing including a Coles supermarket.

The most significant addition to outlet retailing in Australia in general and Sydney in particular occurred in 1997 with the opening of Direct Factory Outlets at Homebush. The centre contains some 16,300 sq.m. of high quality outlet tenancies. Since then small centres have been established at Tuggerah, Mount Druitt and Campbelltown although the latter three have had a checkered history as outlet centres.

Internationally the 1980s witnessed the emergence of planned “purpose built” outlet centres in the United States. The number of such centres peaked at around 330 in the United States in 1996 and has since declined in numbers to around 250.

The major growth phase for the outlet sector was in the early 1990s in the United States which coincided with a period of economic recession. This generated strong demand for value in retailing across the board and outlet centres were able to meet a definable and growing niche for “value driven” retail purchasing.

Research conducted in the United States and in Australia has demonstrated quite clearly that outlet centres predominantly focus on the retailing of apparel and fashion accessories. A major survey of outlet centres in the United States in 1998 (*Value Retail News*) found that 68.3% of all floorspace in outlet centres was occupied by apparel and accessories retailers. The other significant categories of floorspace in outlet centres in the United States were:

▶	home furnishings	...	15.2%
▶	luggage, leather and jewellery	...	5.0%
▶	food, services	...	1.9%
▶	other non-outlet stores	...	9.6%.

The orientation of outlet centres toward clothing and footwear can be seen in the 2003 tenancy schedule of the former Orange Grove Outlet Centre. This has been reproduced at APPENDIX B to this Report.

As indicated in APPENDIX B, the former centre contained some 10,455.5 sq.m. of tenancies spread across 63 individual units. The average shop size was approximately 166 sq.m.. The largest store (1,096 sq.m.) was operated as a David Jones Clearance store.

As noted in TABLE 4.1, there are a number of centres operating wholly or partially as outlet centres throughout Australia.

**TABLE 4.1
EXISTING OUTLET CENTRES and PRECINCTS –
AUSTRALIA, 2011**

Name ...	Location	Estimated Floorspace (Sq.M.)
DFO Homebush	Homebush, NSW	16,500
Stockland	Mount Druitt, NSW	8,000
Birkenhead Point	Drummoyne, NSW	15,922
SupaCenta	Tuggerah, NSW	10,000
Brand Smart	Nunawading, VIC	9,000
DFO	Cheltenham, VIC	17,000
Bridge Road ¹	Richmond, VIC	11,160
Smith Street ¹	Collingwood, VIC	6,680
Harbour Town ²	Biggera Waters, QLD	20,000
DFO Airport	Hendra, QLD	24,000
Harbour Town	West Beach, SA	12,000
Harbour Town	West Perth, WA	24,000
Harbour Town ²	Docklands, VIC	30,000

Notes:

1. Precinct.

2. Outlet part of centre.

Sources: Property Council of Australia and Leyshon Consulting Research, 2011.

The outlet centres in precincts noted in TABLE 4.1 appear to have been absorbed into the retail system in Sydney, Melbourne, Brisbane, Adelaide, Perth and the Gold Coast without causing any major impact on established traditional retail centres. This is consistent with the fact that, at most, such centres will only ever occupy a niche in the overall retail market.

While it is difficult to estimate the market share held by outlet centre retailing in Australia, evidence from the United States in the late 1990s

indicates that outlet centres appear to capture only a very small component of total non-automobile retail sales.

As noted in TABLE 4.2, outlet sales in 1998 in the United States were estimated to be only US\$16 billion per annum which was only 0.9% of total non-auto retail sales in 1997 of some \$1,839.6 billion per annum.

TABLE 4.2
ESTIMATED NON-AUTO RETAIL SALES —
UNITED STATES, 1997-99

Sector ...	\$ Bil. p.a.
Non-Auto Retail Sales, 1997 ¹	\$1,839.6
Outlet Sales, 1998 ²	\$16.0
Catalogue Sales, 1998 ³	\$73.2
E-Commerce, 1999 ⁴	\$14.2-\$36.0

Sources:

1. US Census Bureau, 1997 Economic Census.
2. *Value Retail News*, 1999.
3. McCollum, W.J. *ICSC Research Quarterly* Vol.6 No.4, 1999.
4. *Shopping Centres Today* Vol.21 January 2000.

In relation to TABLE 4.2 we note that in 1999 e-commerce (internet shopping) was estimated in the United States to be worth between \$14.2 and \$36.0 billion per annum. While the volume of outlet centre sales in the United States in real terms has grown only marginally since the later 1990s, e-commerce in the United States recently has been estimated at \$152.0 billion per annum (Source: Mintel Pty Ltd 2010).

The other salient characteristic of outlet centres in Australia and elsewhere is that they tend to have a typically large trade areas.

A survey conducted by Leyshon Consulting at DFO Homebush in mid-2002 found for instance that the DFO centre attracted shoppers from across the Sydney Region with the exception of the Northern

Beaches and the Eastern suburbs. In 2002 the DFO centre was found to draw a significant number of shoppers from South-Western Sydney including from Liverpool, Fairfield and Campbelltown.

Similarly, shopper surveys undertaken at the DFO Centre at Moorabbin in Melbourne in 2002 found that 53% of shoppers came from within 10km of the centre, 67% within 15km while the balance (32%) came from areas beyond 15km of the centre.

In summary, major outlet centres have trade areas that encompass a substantial proportion of a wide metropolitan area and are unmatched in their extent by the trade area of any other individual type of retail facility of which we are aware.

For the purposes of estimating the potential sales of a reestablished outlet centre on the Orange Grove site, we have assumed its floorspace is distributed broadly as follows:

▶ clothing, footwear and accessories	...	71.5%
▶ household goods	...	19.0%
▶ other merchandise	...	9.5%.

TABLE 4.3 provides an estimate of the projected sales of such a centre in 2011 at current prices (\$2010). As indicated in TABLE 4.3 we estimate total potential sales at \$52.8 million per annum (\$2010) which equates to an overall sales rate of around \$5,030 per sq.m. per annum. Such sales would constitute only 2.9% of estimated total available retail spending in Liverpool LGA in 2011—namely \$1,804.5 million per annum (\$2010).

TABLE 4.3
PROJECTED SALES – PROPOSED OUTLET CENTRE ORANGE
GROVE, 2011 (\$2010)

Category ...	Area (Sq.M.)	Rate (\$/Sq.M./p.a.)	Total Sales (\$ Mil. p.a.)
Clothing/Footwear/Accessories	7,500	\$5,500	\$41.3
Household Goods	2,000	\$3,500	\$7.0
Other	1,000	\$4,500	\$4.5
Total Centre	10,500	\$5,029	\$52.8

Source: Leyshon Consulting Estimates, May 2011.

Clearly not all of the projected sales of the centre will be derived from spending by residents of Liverpool LGA: an outlet centre on the site can be expected to draw trade widely from adjacent LGAs and beyond. As set out in TABLE 4.4 we estimate that the likely source of sales will be distributed as follows:

▶	Liverpool	...	40%
▶	Adjacent LGAs	...	45%
▶	Other Areas	...	15%.

TABLE 4.4
ESTIMATED SOURCE of PROPOSED ORANGE GROVE OUTLET CENTRE
SALES, 2011 (\$2010)

Area ...	Share of Sales (%)	Volume of Sales (\$ Mil. p.a.)	Available Sales 2011 (\$ Mil. p.a.)	Sales as Share of Available Sales (%)
Liverpool	40	\$21.1	\$1,804.5	1.2
Adjacent LGAs	45	\$23.8	\$4,322.0	0.6
Other Areas	15	\$7.9	n.a.	n.a.
Total Centre	100	\$52.8	—	—

Source: Leyshon Consulting Estimates, May 2011.

In summary, sales of \$52.8 million are projected to originate as follows:

▶	Liverpool	...	\$21.1 million per annum
▶	Adjacent LGAs	...	\$23.8
▶	Other Areas	...	\$7.9
▶	Total	...	\$52.8.

Accordingly, the potential market shares likely to be captured by the proposed outlet centre from Liverpool and adjacent LGAs are extremely low namely:

▶	Liverpool	...	1.2%
▶	Adjacent LGAs	...	0.6%.

As previously noted, the sales of outlet centres are rather narrowly concentrated in terms of merchandise categories. For example, of the \$21.1 million of sales projected to be derived from the Liverpool LGA in 2011 it is likely that some 70% (or \$14.8 million) would be due to spending on clothing, footwear and accessories.

As can be noted from Table A2 (APPENDIX A), total available annual spending attributable to the clothing, footwear and accessories sector in Liverpool LGA in 2011 is projected to be in the order of \$173.4 million. Hence the annual sales potentially captured by the proposed outlet centre at Orange Grove would, at most, amount to around 8.5% of total available spending within this particular merchandise segment in 2011.

That said, total sales from the clothing, footwear and accessories sub-category of retailing in Liverpool LGA are projected to increase from \$173.4 million in 2011 to \$226.8 million in 2021 (\$2010)–a real increase in annual available spending of +\$53.4 million. This is about 3.5 times the likely sales which would be captured from this category by the proposed outlet centre at Orange Grove.

In summary, on the basis of the projections discussed above we consider it is extremely unlikely that the proposed outlet centre would have any deleterious effect on the viability of any existing shopping centre within Liverpool or adjacent LGAs. Further, any impact it did have easily had would be mitigated within a period of five years and certainly by 10 years from its opening as far as the clothing, footwear and accessories sector is concerned. In terms of total retail sales at centres within Liverpool and the surrounding area the proposed centre would have almost no impact.

4.3 Other Retail

As previously discussed, under the maximum development scenario of an FSR of 0.75:1, an additional 15,000 sq.m. of retail floorspace may be possible on the site. The need to provide car parking and the like to service such retail floorspace will, in practical terms, limit the scale of any such development, however.

Assuming the balance of the site is developed for 10,000 sq.m. of traditional retailing, possibly including a supermarket and 5,000 sq.m. of bulky goods/'big box' retailing, we estimate the potential annual sales from such development in 2011 could be \$82.5 million (\$2010).

TABLE 4.5
PROJECTED SALES – OTHER POSSIBLE RETAIL COMPONENTS
ORANGE GROVE, 2011 (\$2010)

Category ...	Area (Sq.M.)	Rate (\$/Sq.M./p.a.)	Total Sales (\$ Mil. p.a.)
Traditional Retail	10,000	\$6,500	\$65.0
Bulky Goods/Big Box	5,000	\$3,500	\$17.5
Total Centre	15,000	\$5,500	\$82.5

Source: Leyshon Consulting Estimates, May 2011.

We would expect that approximately 80% of these sales or \$66.0 million in 2011 (\$2010) would be derived from spending by Liverpool LGA residents. This is equivalent to just 3.7% of total projected annual available retail spending in Liverpool LGA in 2011 (\$1,804.5 million per annum; \$2010).

4.4 Summary

In summary, assuming the maximum potential retail development on a rezoned Orange Grove site (25,000 sq.m.), the share of retail expenditure captured would account for no more than 5% of total available retail spending in the Liverpool LGA in 2011.

Hence, it is unlikely the proposed development would have any significant impact on any particular centre within Liverpool LGA and thus would not have any adverse implications for the existing retail hierarchy within the City.

In this regard, we note that the Bulky Goods Enterprise Corridor zone in Liverpool LEP 2008 has among its objectives:

"To maintain the economic strength of centres by limiting the retailing activity."

We consider that given the low share of total available retail spending in Liverpool LGA likely to be captured by even the maximum possible floorspace on the site, this objective would not be compromised.

5

CONCLUSION

The current Centres Strategy for Liverpool envisages that the land owned by Gazcorp at Orange Grove Road would continue to be used primarily for bulky goods retailing.

The 2006 Centres Report did not consider outlet-style retailing at this or any other location in Liverpool LGA. Furthermore, the 2006 Centres Report did not consider potential demand for retail facilities emanating from LGAs adjoining Liverpool or demand within Liverpool itself for a outlet centre.

It is our opinion that the reestablishment of outlet retailing at the Orange Grove site will provide residents of Liverpool and adjacent areas with much improved access to discounted clothing, footwear and accessories as well as a limited range of other types of goods usually sold in outlet centres.

The successful performance of the centre during the time it was trading in 2003-04 points to an obvious need and demand for this type retailing in South-Western Sydney in general and Liverpool LGA in particular.

Such a centre would require only a very small market share of available spending generated in Liverpool LGA (<1.5% per annum in 2011). Even within the specific clothing, footwear and accessories sector it would capture only about 8.5% of available spending in relevant merchandise categories in 2011.

As discussed in this Report, the projected growth in the clothing, footwear and accessories sector in Liverpool over the decade 2011-21 will be approximately 3.5 times the likely sales to be captured by the proposed development.

The proposed outlet centre would have a regional trade area attracting considerable spending from residents of surrounding LGAs to Liverpool.

If the site was developed to contain an additional 15,000 sq.m. of traditional retail premises, such space could generate annual sales of up to \$82.5 million (\$2010). In isolation this equates to only about 3.7% of total available retail spending in Liverpool in 2011. Hence, even if the maximum potential for retail development on the Orange Grove site was able to be achieved, such development would capture only around 5% of available retail spending generated in Liverpool LGA in 2011.

We consider the combined benefits of the proposed development and the likely relatively minimal impact of it on existing centres are sufficient to justify the rezoning of the land in question to B6 Enterprise Corridor to accommodate the development proposed.



APPENDIX A

Table A1: 2006 Projected Retail Spend - Orange Grove Trade Area

	Liverpool	Fairfield	Campbelltown	Camden	Wollondilly	Total Trade Area
Population	170,900	187,300	147,400	50,900	41,200	597,700
Average Spending (\$2010)	9,662	8,450	9,859	10,515	10,297	9,447
Total Retail Spend (\$m) (\$2009)	1,651.2	1,582.6	1,453.3	535.2	424.2	5,646.6
Spending by Category						
Food/Groceries	436.3	422.8	384.0	138.3	110.8	1,492.2
Food Out	168.2	160.6	148.0	54.9	43.4	575.0
Alcohol (Off Licence)	56.3	54.9	49.6	17.6	14.2	192.6
Tobacco	50.1	50.7	44.1	14.4	12.1	171.3
Clothing & Accessories	158.7	145.1	139.6	56.1	42.6	542.2
Household Furnishings & Equipment	209.0	203.3	184.0	65.8	52.9	715.0
Household Non Durables	51.5	49.5	45.3	16.6	13.2	176.0
Medical/Pharmacy	182.5	179.4	160.6	56.2	45.7	624.4
Vehicle Accessories	32.3	31.0	28.5	10.5	8.3	110.6
Recreation	200.4	185.1	176.3	69.7	53.3	684.8
Personal Care	66.4	62.5	58.5	22.4	17.4	227.1
Miscellaneous Goods & Services	39.6	37.7	34.8	13.0	10.2	135.3
Total Retail Spend	1,651.2	1,582.6	1,453.3	535.2	424.2	5,646.6
Supermarket	528.4	506.4	465.0	171.3	135.8	1,806.9

Table A2: 2011 Projected Retail Spend - Orange Grove 2010 Trade Area

	Liverpool	Fairfield	Campbelltown	Camden	Wollondilly	Total Trade Area
Population	186,300	191,600	154,400	67,200	45,000	644,500
Average Spending (\$2009)	9,686	8,471	9,884	10,542	10,323	9,506
Total Retail Spend (\$m) (\$2009)	1,804.5	1,623.0	1,526.1	708.4	464.5	6,126.5
Spending by Category						
Food/Groceries	476.8	433.6	403.2	183.0	121.4	1,618.0
Food Out	183.8	164.7	155.4	72.6	47.5	624.0
Alcohol (Off Licence)	61.5	56.3	52.0	23.4	15.6	208.8
Tobacco	54.7	52.0	46.3	19.0	13.3	185.3
Clothing & Accessories	173.4	148.8	146.6	74.3	46.7	589.8
Household Furnishings & Equipment	228.5	208.5	193.2	87.0	57.9	775.1
Household Non Durables	56.3	50.8	47.6	21.9	14.4	191.0
Medical/Pharmacy	199.5	183.9	168.7	74.3	50.0	676.4
Vehicle Accessories	35.3	31.8	29.9	13.8	9.1	120.0
Recreation	219.0	189.8	185.2	92.2	58.4	744.6
Personal Care	72.6	64.1	61.4	29.6	19.0	246.7
Miscellaneous Goods & Services	43.2	38.7	36.6	17.1	11.2	146.8
Total Retail Spend	1,804.5	1,623.0	1,526.1	708.4	464.5	6,126.5
Supermarket	577.5	519.4	488.3	226.7	148.6	1,960.5

Table A3: 2016 Projected Retail Spend - Orange Grove Trade Area

	Liverpool	Fairfield	Campbelltown	Camden	Wollondilly	Total Trade Area
Population	202,000	196,200	167,500	96,300	48,300	710,300
Average Spending (\$2009)	9,726	8,506	9,925	10,585	10,365	9,596
Total Retail Spend (\$m) (\$2009)	1,964.6	1,668.8	1,662.4	1,019.3	500.6	6,815.8
Spending by Category						
Food/Groceries	519.1	445.8	439.2	263.3	130.8	1798.3
Food Out	200.1	169.4	169.3	104.5	51.2	694.4
Alcohol (Off Licence)	67.0	57.9	56.7	33.6	16.8	231.9
Tobacco	59.6	53.5	50.4	27.4	14.3	205.1
Clothing & Accessories	188.8	153.0	159.7	106.9	50.3	658.8
Household Furnishings & Equipment	248.7	214.4	210.5	125.2	62.4	861.2
Household Non Durables	61.2	52.2	51.8	31.6	15.6	212.4
Medical/Pharmacy	217.2	189.1	183.7	106.9	53.9	750.9
Vehicle Accessories	38.5	32.7	32.6	19.9	9.8	133.5
Recreation	238.4	195.1	201.7	132.7	63.0	830.9
Personal Care	79.1	65.9	66.9	42.6	20.5	274.9
Miscellaneous Goods & Services	47.1	39.8	39.8	24.7	12.1	163.4
Total Retail Spend	1,964.6	1,668.8	1,662.4	1,019.3	500.6	6,815.8
Supermarket	628.7	534.0	532.0	326.2	160.2	2181.0

Table A4: 2021 Projected Retail Spend - Orange Grove Trade Area

	Liverpool	Fairfield	Campbelltown	Camden	Wollondilly	Total Trade Area
Population	230,900	202,500	184,500	124,800	53,000	795,700
Average Spending (\$2009)	10,222	8,939	10,431	11,125	10,894	10,130
Total Retail Spend (\$m) (\$2009)	2,360.3	1,810.2	1,924.5	1,388.4	577.4	8,060.7
Spending by Category						
Food/Groceries	623.6	483.6	508.5	358.6	150.8	2125.2
Food Out	240.4	183.7	196.0	142.4	59.0	821.4
Alcohol (Off Licence)	80.5	62.8	65.6	45.8	19.4	274.0
Tobacco	71.6	58.0	58.3	37.3	16.5	241.7
Clothing & Accessories	226.8	166.0	184.9	145.6	58.0	781.4
Household Furnishings & Equipment	298.8	232.6	243.6	170.6	72.0	1017.6
Household Non Durables	73.6	56.6	60.0	43.0	17.9	251.1
Medical/Pharmacy	260.9	205.2	212.7	145.7	62.2	886.6
Vehicle Accessories	46.2	35.5	37.7	27.1	11.3	157.9
Recreation	286.4	211.7	233.5	180.7	72.6	984.9
Personal Care	95.0	71.4	77.4	58.0	23.7	325.5
Miscellaneous Goods & Services	56.6	43.2	46.1	33.6	13.9	193.3
Total Retail Spend	2,360.3	1,810.2	1,924.5	1,388.4	577.4	8,060.7
Supermarket	755.3	579.3	615.8	444.3	184.8	2579.4

APPENDIX B

Outlet	Trading Name	Area M ²
1	Mens Avenue	150.30
2&3	true alliance -	352.50
4&5	Aspect Factory Store -	349.70
6	Sheridan Australia	400.00
7	Esprit	289.20
8	Brands United	272.36
9	Authentic Factory Outlet	379.80
10	Seduce	168.90
11	Jeans West Clearance	96.00
12	Nine Months	28.35
13	Vacant	45.00
14	Vacant	40.00
Kiosk	EJ's Patisserie	38.70
15	Oz Kebabs	38.70
16	Bamboo Asia	39.30
17A	Subway	50.00
17B	Toyworld	179.00
18	Oneida International	163.00
20	Mikasa	227.00
22	Vacant	134.00
23	Shoes & Sox	343.00
24A	Vacant	190.00
24B	The Sunglasses Factory	60.00
25 & 26	David Jones Warehouse	1,096.00
27	Shoe Factory figgins	267.00
28	Kids Fashion	107.50
29	Suite 62	107.50
30	Gloweave	100.50
31	Reuban F Scarf	134.10
32	Sisco	148.20
33A	Welcome Home	148.00
33B	Gloria Jeans	76.00
33C	Fuse Silver	24.00
34	Fila	232.00
35	Seafolly Australia	109.70
36	Mambo	109.70
37	Nautica Factory Outlet	100.00
38	Jigsaw	185.00
39	Champion Outlet	189.30
40	Soletrader	150.00
41	Umbro Factory Outlet	92.10
42	Bag Co	105.20
43	Forcast	157.40
44A	Underworld (Bonds)	67.70

44B	Street XS	67.70
45A	Metrogirl	105.40
45B	Wanted Shoe Co	124.00
46	Femenic	143.00
47 & 48	Sneakers	287.60
49	Canterbury	144.70
50	Pure Zone	138.00
51	Bag Station	109.00
52	Bohemia Factory Outlet	84.20
53	The Perfume Connection	84.20
54	Pearl	72.00
55	Bags County	103.30
56 & 57	Rima Outlet	269.60
58	Tony Barlow	183.00
59	Rockmans Reduced	250.00
60	Harts Outlet	80.00
61	Jay Jays	120.00
62	Fletcher Jones	154.76
63	Glue Store	193.37
		10,455.54
	Average shop size	165.96
	Median shop size	134.10