



ESSENTIAL ECONOMICS

Costco Liverpool

Economic Impact Assessment

Prepared for

Costco Wholesale Australia Pty Ltd

by

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EXECUTIVE SUMMARY

- 1 **Purpose:** This report has been prepared for Costco Wholesale Australia Pty Ltd ('Costco'), and presents an analysis of the potential economic impacts associated with the construction and operation of a Costco warehouse at the Crossroads site in Casula. The report has been prepared as part of the Planning Proposal for the proposed development, and accompanies expert reports on other matters.
- 2 **Context:** The subject site is located in an existing cluster of large floor plate uses mainly comprising bulky goods tenants, and forming a defined node of retail activity as described in the *Liverpool Retail Centres Hierarchy Review* (Leyshon 2006). The site is well positioned to serve a regional catchment that includes all of the south western part of Sydney and the southern hinterland, by virtue of the excellent access from major transport routes. It represents an excellent opportunity to attract a new retail format that provides access to high quality branded merchandise at lowest cost to consumers and businesses.

While the Costco proposal is not a permitted use on the subject land, existing planning policy supports new retail developments requiring a site-specific LEP where in-centre and edge-of-centre sites are not available and where they perform well against the site suitability criteria described in the draft Activity Centres Policy (May 2010).

- 3 **Sequential test and Site Suitability Criteria:** The opportunity to accommodate the proposal in other existing and planned centres, or on the edge of these centres, has been undertaken and is presented in Chapter 2.

The analysis shows that no alternative sites are available in surrounding centres such as Liverpool and Casula Mall, and other centres such as Campbelltown and Bankstown are not suitable to serve the identified regional catchment in south west Sydney. This situation reflects the normal difficulty in identifying large development sites of 4ha or more in the established urban area. Even where large properties can be identified, they are typically unsuitable because of other factors such as the location, poor regional transport access, or simply because they have a current use and are not available for redevelopment.

A number of alternative out-of-centre sites have been identified and these have been assessed against the Site Suitability Criteria contained in the draft Activity Centres Policy. These sites do not perform against these criteria as well as the Crossroads site at Casula, and are unsuitable for a range of reasons including poor access for shoppers, workers and suppliers, take up of land that might otherwise be used for industrial purposes, and poor integration with surrounding land uses.

- 4 **Main Trade Area:** A new Costco at the subject site in Casula will serve a large main trade area (MTA), extending southwards to Sydney's hinterland, and northwards to Fairfield and Bankstown. The MTA is forecast to have a resident population of 814,000 in 2013, which is expected to be the first year of operation. The level of available retail spending of these residents is considerable, with total available spending of \$9,485m in 2013, and with substantial growth thereafter. By 2020, the MTA is expected to have available spending of \$11,943m (in constant 2010 prices).
- 5 **Market share:** With sales of \$120m in its initial trading year, and with an estimated 70% of these sales to households (the balance going to business members), Costco would achieve only a very small market share of approximately 0.8% of available spending in 2013.

- 6 **Retail trading impacts:** Costco's trading impact would be equivalent to a reduction of just 0.9% of sales at the main competing centres in the MTA and selected centres on the edge of the MTA. Costco sales captured from retailers located in the City of Liverpool would be equivalent to just 1.0-2.1% of total sales at these centres in 2013. The lack of trading impact arising from the introduction of Costco is principally because Costco, as a destination retailer, draws customers from a very extensive regional catchment, and thus the store achieves only a very small share of all available retail spending by MTA residents. Impacts are therefore spread widely and thinly. In fact, the analysis shows that the existing bulky goods precinct at Crossroads would be expected to experience a positive impact from the introduction of Costco as the store will bring in many thousands of shoppers who might not otherwise visit the area.
- 7 **Economic outcomes and net community benefit:** The introduction of Costco at the Crossroads site in Casula would generate considerable benefits for the precinct and for the wider community in the City of Liverpool and beyond. This conclusion is supported by the following considerations:
- The proposal is in accordance with planning objectives that recognise the need for retail development to meet ongoing growth in demand, with Crossroads an identified site for future development of large floor plate uses.
 - Analysis of alternative sites against the site suitability criteria shows that the Crossroads Casula site is more appropriate, in planning terms, for the proposed development.
 - The Costco store would support the existing precinct at Crossroads, bringing in around 670,000 shopping visits, with potential to improve the current poor performance of the precinct.
 - The development involves approximately \$35m in capital investment and would create approximately 80 construction jobs over a 12-month construction phase, plus a further 130 indirect or flow-on jobs elsewhere in the economy over that 12-month period due to the employment multiplier.
 - Approximately 250 EFT jobs would be generated, plus a further 225 EFT jobs elsewhere in the local and national economies due to the employment multiplier effect.
 - The introduction of Costco will provide shoppers with improved retail choice and competitive prices, with analysis undertaken for the Auburn store indicating that price savings of 10-25% would be achieved.
 - Costco will provide small businesses with the opportunity to purchase low cost, high quality merchandise for their own use or for re-sale (noting that sales to business would represent approximately 33% of all sales at Costco).
 - Costco actively engages with local businesses and suppliers to source goods and services.
 - The introduction of Costco would not generate significant adverse impacts on existing centres in the City of Liverpool and further afield.

INTRODUCTION

Background

This report has been prepared for Costco Wholesale Australia Pty Ltd ('Costco'), and presents an economic analysis of the proposed construction and operation of a Costco warehouse at the subject site in Casula.

The site for the proposed new Costco store consists of approximately 6ha of cleared land located to the south-west of the intersection of Beech Road and Parkers Farm Place, in Casula, adjacent to the Crossroads homemaker retail precinct. The Crossroads precinct is bounded by the South Western Freeway, Camden Valley Way and Campbelltown Road. Entry to the site is via Beech Road, which can be accessed from Camden Valley Way and from Campbelltown Road; and from Parkers Farm Place, which can also be accessed from Campbelltown Road.

Costco is a recent entry to Australia, and provides a unique format offering high quality merchandise and services at low prices to retail and wholesale customers who pay an annual membership fee. The first Costco store was opened at the Docklands in Melbourne in August 2009, and NSW's first store is currently under construction in Auburn and will open later in 2011.

Costco is able to offer well-known brand-name products at low prices through its considerable buying power and low-cost operations, thus delivering the best value possible to members. While Costco's format is along the lines of other large-format retailers with respect to site layout, urban design and architectural presentation, the store does not operate as a conventional shop and can be easily differentiated from existing store types such as supermarkets, department stores, discount department stores, factory outlets, specialty shops, and bulky goods stores.

The development of a Costco store at the subject site requires an amendment to the Liverpool LEP 2008, and this report has been prepared as part of a Planning Proposal for a site specific LEP.

This Report

The objectives for this economic report are as follows:

- 1 To describe the context for the proposal, including its locational context and relevant retail planning considerations, and a summary of the Costco operation (Chapter 1)
- 2 To undertake a sequential assessment of alternative locations and assess both the proposed site and alternative sites against relevant site suitability criteria (Chapter 2)
- 3 To present a retail market assessment for the proposed Costco store to determine the opportunity for a development of this type at the subject site (Chapter 3)
- 4 To undertake an assessment of the potential retail-economic impacts generated by the proposed Costco at the Crossroads site (Chapter 4)
- 5 To examine the economic outcomes generated by the construction and operation of the proposed store (Chapter 5).

1 CONTEXT ANALYSIS

1.1 Introduction

This chapter presents a summary of the proposed development at the subject site, and a description of the locational context for the proposal in terms of surrounding land uses. A summary of the site's attributes as a location for a major destination activity such as a Costco warehouse is also provided.

A broad assessment of the relevant planning considerations for the precinct is presented in Section 1.4, noting that JBA Planning has prepared a detailed town planning assessment for the Project Proposal.

1.2 The Planning Proposal

The Planning Proposal is to make a site-specific LEP at Crossroads, Casula, to identify specific development that may be carried out with consent through an amendment to Schedule 1 of the Liverpool LEP 2008. The objective of this Planning Proposal is to permit retail premises, business premises, vehicle repair station and service station uses on the site, subject to specific site and operational criteria.

The intended outcome of the Planning Proposal is to facilitate the viable and timely development of the site for a Costco Warehouse.

1.3 Site Description

The subject site forms part of Lot 200 in DP 1090110 (to be subdivided), Camden Valley Way, Casula, and has a total area of approximately 59,910m². The Concept Design for the Costco Warehouse proposes approximately 13,500m² of floorspace and more than 730 car spaces, as indicated in the attached Figure 1 which is the current version of Costco's concept plan for the site.

Figure 1: Costco Liverpool Concept Plan (current)



Source: Costco Wholesale Australia Pty Ltd

1.4 Location Context

The subject site is located in the B5 Business Development Zone, and is within the existing Crossroads precinct which is identified in the City of Liverpool's retail hierarchy as a specialised homemaker centre having a regional significance in serving the needs of surrounding residents for a range of hardware, furniture and related destination retailing.

The Crossroads Homemaker Centre is anchored by a number of major retail tenants including Bunnings, Bing Lee and The Good Guys. A Clive Peeters store (formerly Megamart) was previously a key anchor tenant but that premise is currently vacant following the collapse of the retailer and the appointment of receivers in 2010.

More generally, the Crossroads precinct is strategically located at the intersection of the South Western Motorway, Camden Valley Way and Campbelltown Road. This position affords easy access from a regional catchment via the following main travel routes:

- South Western Motorway (in-bound to the north and east)
- Hume Highway (in-bound to the north)
- Westlink M7 (north-west towards Eastern Creek)
- Camden Valley Way (east towards Leppington and south to Camden)
- Hume Highway (south to Campbelltown and beyond to Moss Vale, Mittagong etc)
- Campbelltown Road (south to Ingleburn and Campbelltown).

As shown in Figure 2, the confluence of these major transport routes means that the site is uniquely positioned to serve multiple sub-regions, as later shown in the economic analysis undertaken in this report. Figure 3 provides detail on the locational context for the proposal site.

Nearby activity centres include Casula Mall, which is approximately 3km distant to the north along the Hume Highway and Kurrajong Road, and Liverpool CBD, which is approximately 6½km to the north along the Hume Highway. Campbelltown town centre and Macarthur Square are located approximately 15km to the south.

Liverpool CBD contains a Westfield regional shopping centre as well as a wide range of street-level specialty traders, non-retail businesses and civic and community services. It is designated in the *Metropolitan Plan for Sydney 2036* as a Regional City and has special planning policy support as a location for jobs and economic growth.

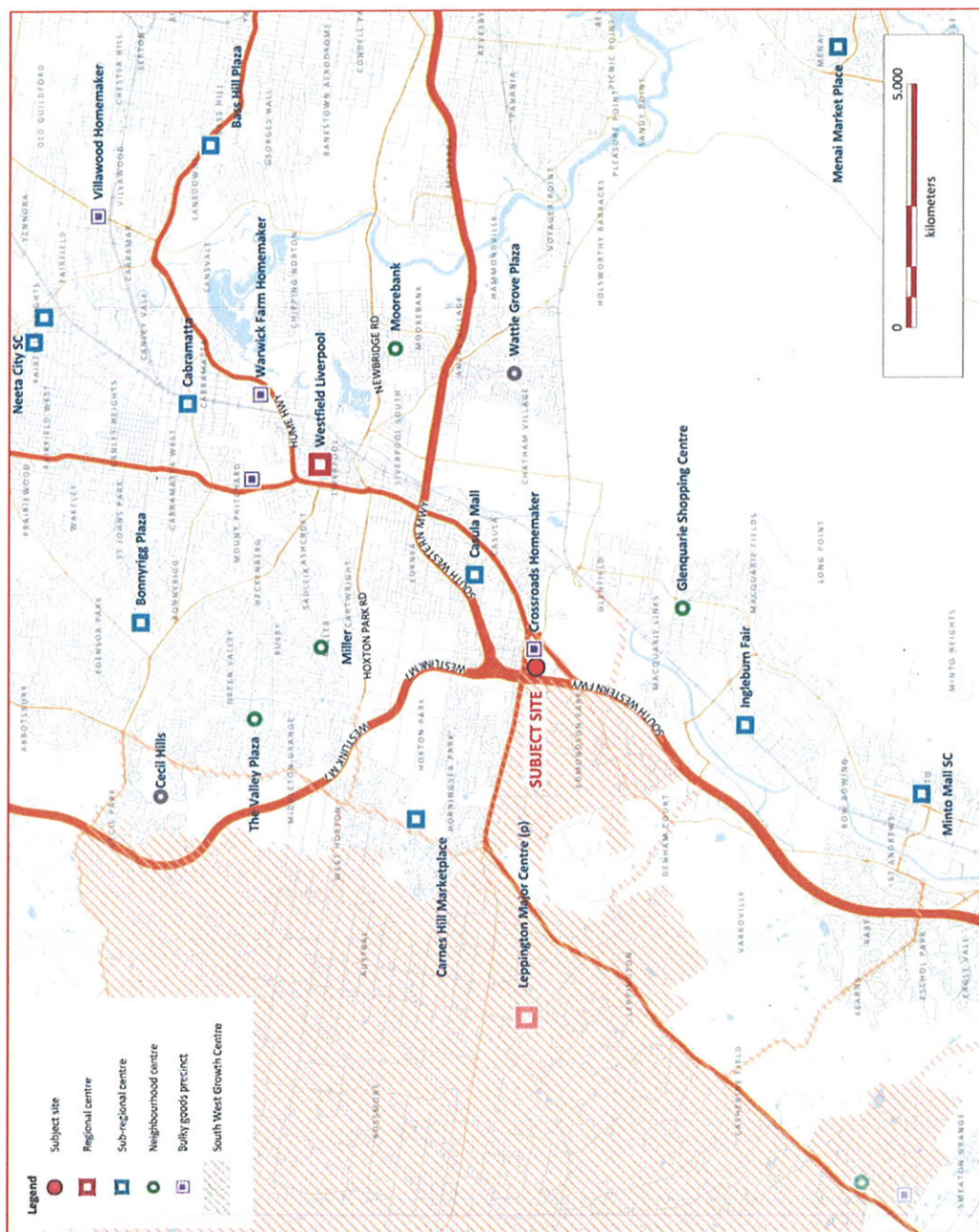
Casula Mall is a sub-regional shopping centre (defined as a Town Centre in the *Metropolitan Plan for Sydney 2036*) and is a stand-alone shopping complex with a focus on retail traders.

Campbelltown (including Macarthur Square) is a Major City which acts as a regional shopping destination for people living in the immediate surrounds and those in Sydney's southern hinterland.

Also of relevance is the site's proximity to the South West Growth Centre, which is identified as one of Sydney's two main locations where future urban expansion is to take place. The South West Growth Centre aims to accommodate approximately 110,000 new dwellings and has a potential population capacity at full development of around 300,000 people. Within the growth centre, Leppington is identified as a location for a new Major Centre providing a focus for major retailing, business activity and jobs growth.

The South West Growth Centre will be progressively developed over at least the next 20-30 years.

Figure 2: Regional Context



Prepared by Essential Economics with MapInfo and StreetPro

Figure 3: Location Context



Prepared by Essential Economics with MapInfo, StreetPro and NearMap

1.5 Planning Context

In the context of undertaking this economic assessment for the proposed Costco development at the subject site, relevant planning considerations include state-level retail planning policies embodied in the *Metropolitan Plan*, the *South West Region Draft Subregional Strategy*, the *draft Centres Policy for Retail and Commercial Development* (April 2009) and the *draft Activity Centres Policy* (May 2010, noting that a final Centres Policy has not yet been published).

Local level policies are also relevant, and include the City of Liverpool's *Business Centres and Corridors Strategy* and the supporting document which is the *Liverpool City Retail Centres Hierarchy Review* (Leyshon Consulting December 2006).

A summary of these relevant retail planning policies is provided in the following paragraphs, noting that more detailed examination is presented in the Planning Proposal report prepared by JBA Planning.

Metropolitan Plan for Sydney 2036

This document has recently been prepared by the NSW Government as an integrated planning framework to guide Sydney's growth over the next 25 years, and builds upon the material presented in the City of Cities strategy (2005).

The most relevant themes include:

- Support for a networked, polycentric model for urban development, in which Liverpool is to play a major role as the main Regional City for Sydney's south-west region
- Continuing support for centres as the focus for new retail, business and jobs growth
- Plans for sustainable development in identified growth centres, supported by an appropriate array of retail services and job opportunities.

In relation to the proposal for a Costco store at Casula, the Metropolitan Plan highlights the need for robust economic analysis to justify its construction in a location which is within an existing node of destination retail activity, and to consider its impact on the future and ongoing role of Liverpool as the nominated Regional City.

South West Region Draft Subregional Strategy

This document was prepared in November 2007 as part of the rollout of subregional planning to support the metropolitan-wide principles embodied in the 2005 Metropolitan Strategy *City of Cities: A Plan for Sydney's Future*, and was exhibited over the period December 2007 to March 2008. The report is now being finalised following the release of the *Metropolitan Plan for Sydney 2036*.

The draft sub-regional strategy identifies the hierarchy of centres that is to be the basis for centres planning in the south west region of Sydney, consisting of:

- Liverpool CBD as the Regional City
- Campbelltown-Macarthur Park as an existing Major Centre
- Leppington as a future Major Centre in the South West Growth Centre

- Town centres including (in the area around the subject site) Casula Mall, Ingleburn and Carnes Hill, among others
- A large number of village centres, small villages and neighbourhood centres which provide for more localised shopping trips.

In relation to the Crossroads precinct, the sub-regional strategy acknowledges the cluster of bulky goods uses, and identifies a potential issue associated with the take-up of industrial land for bulky goods retailing. In this regard it is noted that the proposed Costco development is located in the B5 Business Development Zone, and does not involve land located in the IN3 Heavy Industrial Zone to the south.

The Strategy also highlights the need to nurture growth and development in Liverpool as the Regional City serving Sydney's south-west, and in this regard it will be important to assess the possible impact of the Costco development on Liverpool's trading performance and future development potential. This assessment is presented in Chapter 4 of this current report.

Draft Centres Policy for Retail and Commercial Development (April 2009)

A draft of the NSW Government's Centres Policy for Retail and Commercial Development was published in April 2009 for consultation purposes. This document has relevance as an intended direction for future government policy, acknowledging that a more recent version has since been distributed (refer below), and further changes are likely prior to the release of a new policy.

The draft Centres Policy is based on six key Principles:

- Principle 1: Retail and commercial activity should be located in centres
- Principle 2: Centres should be able to grow and new centres form
- Principle 3: Market determines need for development, planning regulates location and scale
- Principle 4: Ensuring the supply of floorspace accommodates market demand
- Principle 5: Support a wide range of retail and commercial premises and contribute to a competitive retail market
- Principle 6: Contributing to the amenity, accessibility, urban context and sustainability of centres

In general terms, the thrust of these principles is that the clustering of activities generates economic and community benefits by stimulating economic activity, ensuring the most efficient use of infrastructure, providing accessible shopping and business facilities, creating environment improvements through reduced trip-making, and creating opportunities for healthier lifestyles.

The draft Centres Policy recognises the dynamic nature of the retail sector, and the need for the planning system to respond appropriately to accommodate additional retail development and facilitate the entry of new competitors and new retail formats. For example, the draft policy states that *"Planning policies should not be used to limit innovation in the development of different formats and the mix of uses in centres unless there is a public policy justification to do so. Centres should be able to respond when market and consumer preferences change"* (p7).

In considering the planning processes and principles to be applied in considering proposals which are located outside centres, the draft policy proposes a sequential approach in which the proponent needs to demonstrate that the use cannot be located within a centre or on the edge of an existing centre. The potential effect on net community benefit is the appropriate test to apply when permitting applications through the Gateway.

The draft policy spells out a detailed approach to conducting net community benefit assessments, with significant development proposals expected to conduct formal cost benefit analysis, such as that undertaken for the Costco Auburn proposal. It is understood that this aspect of the draft Centres Policy will not be included in the final version adopted by Government, and this is reflected in its exclusion in the more recent draft Activity Centres Policy (May 2010) described below.

It is noted that the draft policy recognises the need for a merit-based assessment, in which the direct competitive business effects (including adverse impacts on turnover for particular businesses) is not to be taken into account when assessing new development proposals.

Draft Activity Centres Policy (May 2010)

This document was initially prepared as a limited-distribution update to the draft Centres Policy (April 2009), but has since been made available more widely for comment and review.

The draft policy retains the six principles that were identified in the previous draft of April 2009, but includes a number of changes relating to the way that the policy is to be implemented. While the policy retains the strong emphasis on encouraging new developments into existing and planned activity centres, the section on policy implementation states:

"In the event that a proposed new development cannot find adequate space and opportunity within an existing centre, and there is merit in that proposal, an alternative location will need to be considered" (p7).

The process by which development proposals are to be examined comprises:

- 1 The Sequential Test, which encapsulates the policy preference for in-centre development, and places the onus on the proponent of a new development outside nominated centres to show that no suitable sites are available within an existing or planned activity centre, or on the edge of such centres, that can satisfy the demand to be accommodated.
- 2 Site Suitability Criteria, which consists of a set of criteria by which out-of-centre development would need to be assessed on its merits in order to be considered for development:
 - *Strategy consistent*: the consistency of the proposal against relevant regional, sub-regional or local strategies
 - *Infrastructure*: the capacity for relevant infrastructure to support the proposed development or activity levels
 - *Access considerations*: public transport and road access for employees, customers and suppliers
 - *Urban design opportunities*: potential to integrate with surrounding land uses and contribute to urban amenity
 - *Competing land issues*: effect on the supply of land for housing or industry (as appropriate), and on choice and competition in the locality
 - *Proximity to labour markets*: an ability to provide job opportunities for people living in the surrounding region/locality
 - *Environmental considerations*: ability to manage hazards and constraints and contribute positively to environmental outcomes
 - *Public benefit considerations*: whether a particular public benefit is realised if development was to occur at one site in preference to another.

In cases where a site-specific change to the applicable LEP is required to support a proposed development outcome, the draft policy identifies the following key considerations:

- a) The *Sequential Test* is to be applied when assessing edge-of-centre or out-of-centre proposals to ascertain whether the development can be located in existing or new activity centres.
- b) When there is not sufficient zoned land available to meet projected demand there will be a presumption in favour of rezoning more land to meet the demand.
- c) Councils are to consider the *Site Suitability Criteria* when assessing merits of proposed rezoning proposals.
- d) When a planning proposal is submitted to the Department of Planning which makes strategic changes to a planned or existing activity centre, an assessment should be made of the proposal as part of the LEP Gateway process. If the rezoning proposal is permitted through the Gateway, the process will be commenced to amend the LAP to permit the use on the site, If the zoning is changed to permit the use, the development proposal will be assessed on its merits.

In cases where development applications are made, the policy notes that:

- a) The assessment will take into consideration the economic, social and environmental costs and benefits.
- b) The trading impacts of a proposal upon another business will not normally be a relevant consideration.
- c) The commercial viability of a development proposal will not normally be a relevant consideration.

The draft policy provisions contained in the draft Activity Centre Policy (May 2010) provide the basis for the subsequent analysis of the proposed Costco development at Crossroads, Casula. Chapter 2 of this report presents an examination of the opportunity to accommodate the proposed development in existing and planned centres and on the edge of such centres in accordance with the Sequential Test, as well as assessing a range of alternative locations against the Site Suitability Criteria described above. Chapters 3 to 5 present economic analysis of the proposal in order to assess its economic merits and contribution to overall public benefit.

Liverpool Business Centres and Corridors Strategy

This document presents a strategic response to the findings of the Liverpool City Retail Centres Hierarchy Review, prepared in December 2006. The main relevant points are as follows:

- Substantial new retail development opportunity will occur as the population in the south west region of Sydney continues to increase.
- Liverpool CBD is to retain its role as the main location for retail and business activity, and this will be supported by an identified potential for growth in retail floorspace of approximately 68,000m² over the period 2006-2031.
- Population growth in Liverpool South West will generated demand for an estimated 47,000m² of retail floorspace over the period 2006-2031, with much of this growth potential directed to Liverpool CBD, the planned Major Centre at Leppington, and to the homemaker precinct at Casula (ie Crossroads).
- Smaller expansions in retail floorspace are warranted at Carnes Hill (+5,000m²) and Middleton Grange (+5,500m²).

- The South West Growth Centre should include provision for around 275,000m² of retail floorspace located within the City of Liverpool, comprising 160,000m² in major centres, 70,000m² in town centres and 45,000m² in neighbourhood centres.
- Potential growth in demand for bulky goods retail floorspace is estimated at 117,000m² over the period 2006-2031, with this growth directed to existing bulky goods retail nodes including Crossroads at Casula.
- Crossroads is expected to have substantial growth opportunity, as it will be the principal centre providing bulky goods retailing to the emergent communities in the South West Growth Centre until sufficient population capacity can support new nodes of bulky goods retail activity.

Overall, the Strategy provides important background in understanding the significant retail floorspace requirements that will need to be accommodated in the City of Liverpool to serve demand over the next 20 years and beyond.

1.6 The Costco Retail Model

Costco Wholesale is a recent arrival on the Australian retail scene, having opened their first store in Melbourne in August 2009. The company is one of the world's largest retailers, with over 580 warehouses in the US, Canada, Mexico, UK, Taiwan, Korea, Japan and now Australia, and it employs over 150,000 people around the world. Total membership is in the order of 58 million members globally.

Costco was originally set up to supply the needs of small to medium size businesses with competitively priced wholesale goods, leveraging the cost benefits associated with buying in bulk, and taking advantage of Costco's purchasing power. It now also serves a retail market, but still with an emphasis on bulk buying. Importantly, this means that retail customers use Costco for a limited range of merchandise for which bulk purchases are an option – Costco is not used as a replacement for the local store or the nearby supermarket.

The Costco business model differs markedly from the traditional retail format we have become used to in Australia. It is an example of the 'wholesale club' model, which allows Costco to use its considerable purchasing power to deliver high quality branded products to its members at low cost. A key factor is that the company gains revenue from charging for membership, and this additional source of funds helps Costco to negotiate buying contracts with manufacturers. It also means that margins can be kept much lower than usual in the retail industry: typically, Costco achieves sales margins of 10% or less, and this margin is against the total cost of goods sold, not just the wholesale price. By comparison, margins can be more significantly above 30-40% for some competing retailers, and often this is against the wholesale cost of the goods rather than the total cost of goods sold.

What this means for consumers is that – for a fee of \$60 per annum (or \$55 for business card holders) – high quality merchandise is available at a significantly lower price when compared against competing outlets. Detailed analysis prepared as input to a cost-benefit assessment of the Auburn Costco shows that prices at Costco are in the order of 25% lower overall than the price of the same products purchased from competing retailers, and this figure is approximately the same for both household and business card holders. Accounting for the difficulty in assessing price differences across retailers, the price savings achieved at Costco are assessed as being in the range 10-25% lower than competing retailers, representing a significant value for customers in terms of total annual savings.

Another important outcome is that small businesses such as corner stores can purchase wholesale goods at low prices, with sufficient opportunity to resell those goods (typically repackaged as individual items) at prices that are competitive with supermarkets.

While Costco has an emphasis on high quality branded merchandise, the company actively engages with and sources goods and services from local suppliers and vendors in the regions surrounding their stores.

Costco typically has about 4,000 individual products (stock-keeping units, or SKUs) on its floor at any one time, and this is much less than the 20,000 or more SKUs typically on the shelves at a full-line supermarket, or around 40,000 SKUs on offer in a large discount department store such as Kmart, BigW or Target. The range of products is also very wide, from fresh food (eggs, bread, meat, vegetables, etc) to clothing, jewellery, leisure goods (tents, BBQs, etc), whitegoods, dry groceries, frozen food, electrical equipment, wine and liquor, sheets, towels, and pet food. Thus, competition is with a very wide range of alternative shopping locations, including supermarkets, discount department stores, specialty stores, bulky goods or homemaker outlets, individual retailers, and wholesale outlets.

By bringing its unique retail model to Australia, Costco has substantially increased the level of competition in the retail market. As noted above, Costco competes against a very wide range of retail formats. The potential benefits for consumers relate to the potential price savings associated with this competition (and this has potential to encourage price reductions by other businesses as they adjust their operations to maintain market share), while there is also potential for adverse impacts on competing businesses.

The very wide regional trade area served by each Costco store means that any competitive trading impacts are distributed very widely and thinly, with individual centres and stores not impacted to a great degree. This has been the experience at Melbourne, where the membership base is spread across the whole metropolitan area, and adverse competitive impacts have not been noticeable.

While these potential adverse competitive trading impacts relate to the retail aspect of the Costco business, benefits can be identified for the wholesale market, associated with the introduction of a new wholesale supplier offering very competitive prices. This has potential to generate benefits for end consumers, as small businesses can resell their goods at lower prices.

1.7 Conclusion

The subject site is well positioned to serve a regional catchment that includes all of the south western part of Sydney and the southern hinterland, by virtue of the excellent access from major transport routes. It represents an opportunity to attract a new retail format that provides access to high quality branded merchandise at lowest cost to consumers and businesses.

While the Costco proposal is not a permitted use on the subject land, existing planning policy supports new retail developments outside the established centres hierarchy where they can be shown to be in accordance with the Sequential Test and Site Suitability Criteria, and where the merits of such development are evident.

For the purposes of this Planning Proposal, the subject site is considered to be within an identified activity centre. This conclusion is reached having regard for the acknowledgment of the cluster of bulky goods uses at Crossroads in the draft subregional strategy, and the identification of future development in the precinct as proposed in the Liverpool Business Centres and Corridors Strategy. The draft Activity Centres Policy also recognises the variety of activity centre types, and states (at section 1.4) that *“Activity centres can vary greatly in size from major centres to regional commercial areas to neighbourhood shopping areas or strips. They can also refer to agglomerates of specialist activities such as research and development clusters or bulky goods clusters”*.

2 THE SEQUENTIAL TEST AND SITE SUITABILITY CRITERIA

2.1 Introduction

This Chapter presents an assessment of alternative sites for the Costco operation, in accordance with the sequential assessment process described in the draft Activity Centres Policy. The policy states that in-centre sites are the preferred location for new retail development, and in the absence of available land, sites on the edge of centres are the next most preferred location. Proposals that are out-of-centre must demonstrate that there are no in-centre or edge-of-centre sites available, and are then to be assessed against the Site Suitability Criteria (as described in Section 1.4 of this report).

As background to the subsequent assessments, this Chapter also presents a description of the criteria that are normally considered when identifying and assessing sites as potential locations for Costco stores. This range of criteria includes particular considerations that relate to the Costco operation and their requirements in terms of site size, land cost and other commercial considerations. In some cases these criteria are similar to those described in the draft Activity Centres Policy, although in other cases they provide more detail on the particular requirements of a Costco store.

2.2 Costco Site Requirements

Costco is a retail operation with particular site requirements that are characteristic for large destination retailers. These criteria relate to factors such as the size of the land and its configuration, the ability to accommodate a preferred warehouse design, the potential cost of development, the exposure of the site to the regional catchment and the potential access arrangements that can be achieved, whether the site has any planning constraints that need to be overcome (eg heritage controls, flood-prone, etc), and the potential to resolve urban design issues such as the interface with adjoining uses, among others.

Of particular importance from a retail-economic perspective is whether the site is consistent with the Costco business model described in Section 1.5, in which retail shoppers and business customers are drawn from very large geographic catchments. This is important not just to ensure that each Costco store is viable in itself, but also in the context of planning for a network of Costco stores serving the Sydney metropolitan area and its hinterland. Each site must have sufficient exposure and 'destinational appeal' to attract people from at least a 30 minute drive time catchment (or from an equivalent public transport catchment).

In the context of planning a new store to serve the south western region of Sydney, potential sites must therefore have very good transport access, preferably with frontage to major roads or highways that provide access from the wider region.

In this context, a summary of the main location criteria relevant for planning a new Costco store is provided below.

Development Opportunity

- *Availability:* Sites can only be developed where they are available for sale or lease. Importantly, where consolidation is required (refer below in the context of size requirements), site development is more difficult and more costly.
- *Purchase cost:* The Costco model of delivering low prices to members depends on a number of factors, including the ability to secure favourable supply contracts, ensuring very efficient operating costs, and attracting large numbers of members. At the development level, Costco also have certain requirements in terms of land purchase costs, although these of course vary according to the potential market opportunity and subsequent store performance in each location. Of relevance is the fact that land prices are typically higher for sites located within centres, and as a general rule are even higher where consolidation of a number of properties is required. Another important factor is that the cost of the site is higher if existing 'economic' buildings are present on the site; alternatively, vacant sites can be purchased at much lower cost.
- *Development cost:* Construction and other costs can be significantly higher for sites that are difficult to develop, for example where there is sloping land or where there are difficult interface issues to address, or where existing buildings need to be demolished or modified.

Site and Location Suitability

- *Size:* This is a very important criterion having regard for the typical size of the Costco building (usually in the range 12,000-16,000m²) and the requirement for a large number of car parking spaces (preferably provided at-grade). The minimum site area is approximately 4ha in most locations. Critically, the site for a Costco needs to have a minimum depth in order to accommodate the normal requirements for customer and supplier access, store configuration, and provision of accessible car parking.
- *Strategic road access:* In order to serve a large regional trade area, Costco stores need to be easily accessible from major highways and arterial roads. Preferably, the connections need to be strong radially around the site so that a large regional catchment can be served.
- *Public transport:* This is not normally a significant priority, as the nature of Costco (as a location for bulk purchases) means that customers mainly use private vehicles to shop at the store. However, public transport can be beneficial to allow convenient travel for store employees.

Market Opportunity

- *Accessibility from regional catchment:* As noted above, Costco stores need to have very good access from a large surrounding regional catchment in order to generate sufficient trade. In the context of serving the south western region of Sydney, potential sites need to be able to serve a region that extends south to Campbelltown and beyond, and east to serve the emerging South West Growth Centre. In this context, good access from the South Western Motorway, the Hume Highway and the Westlink M7 are particularly attractive.
- *Synergy with existing destination uses:* Costco is a destination retailer; that is, the store attracts people to undertake shopping visits to the local area. Where a number of destination retailers can co-locate, a critical mass can be achieved, thereby making the precinct well known as a shopping location and potentially extending the catchment it serves.

Planning Issues

- *Permissible uses:* Clearly, where a retail use is a permissible development the town planning process is much easier, leading to quicker development timeframes and lower holding costs.

- *Planning constraints:* Projects can also face planning constraints associated with factors such as heritage controls, flood-prone land and other controls that either make planning approval unlikely or make development more costly.
- *Potential linkages/synergies with existing uses:* Sites are attractive where they have a good ‘fit’ in terms of the surrounding land uses. Similar uses help establish the precinct as a known destination for particular types of retail services. Moreover, the introduction of Costco can be beneficial for other types of retail traders, due to the large number of visitors attracted to the store.
- *Urban design considerations:* Because of its large format, a Costco store can be an inappropriate development for some locations. For example, it is a difficult use to accommodate in a centre characterised by small-scale shops and a dense urban fabric. It is more suitable for locations that already have larger-scale uses. In very rare cases (such as Manhattan in New York), inner city sites have been developed as integrated developments, but this is not likely to be the case in Australia because of the smaller scale of the market opportunity.
- *Ability to resolve interface issues:* The large store format often means that interface issues can arise. These can be difficult to manage where adjoining land uses are sensitive (for example on sites abutting residential areas). Issues are more manageable if adjoining land uses are similar in nature (retail, bulky goods, industrial), or where the site adjoins roads or other features (eg a creek or water course, open space, etc).

2.3 Sequential Site Assessments

In accordance with the Sequential Test as expressed in the draft Activity Centre Policy, a number of alternative site locations are assessed as to their availability and suitability for a Costco store, and these centres are listed below.

It is important to note that the draft Activity Centres Policy does not provide clear definitions to determine whether land is within an activity centre or on the edge of a centre. In the absence of such guidance, the geographic extent of the Liverpool CBD includes land zoned B3 Commercial Core and B4 Mixed Use, and generally bounded by Campbell Street to the north, the railway line to the east, Terminus Road to the south and Castlereagh Street to the west. Edge-of-centre sites are generally located within approximately 100-200 metres from the centre as defined above.

In-centre locations

- Liverpool CBD (as defined above)
- Casula Mall
- Campbelltown
- Leppington
- Bankstown

Centres wider afield have been excluded on the basis that a Costco would not be able to serve the identified south-west region from such locations.

Edge-of-centre locations

- Various sites on the edge of Liverpool CBD have been assessed, including for example the El Toro industrial estate north of the CBD, a site on the eastern side of Georges River, and an identified site on the Memorial Avenue / Hume Highway intersection.

Alternative out-of-centre locations

- Alternative sites in the surrounding region include Orange Grove, Warwick Farm, the former showgrounds site and the former Hoxton Park airfield.

The locations above have been identified in consultation with officers from the City of Liverpool.

2.4 Assessment of Subject Site Against Site Suitability Criteria

An assessment of the subject land at Crossroads Casula against the Site Suitability Criteria is presented in Table 2.1 below. This analysis is provided as a base-line against which the subsequent examination of alternative sites can be compared.

Table 2.1: Assessment Against Site Suitability Criteria

Site suitability criteria	Assessment
Strategy consistent	Consistent with the Liverpool Business Centres and Corridors Strategy which identifies an opportunity for Crossroads to accommodate a share of future retail growth in the municipality. Consistent with the Metropolitan Plan and the draft subregional strategy to the extent that the Crossroads site can be considered as a centre location.
Infrastructure	Not assessed in this report – refer Planning Proposal report
Access considerations	Very high degree of accessibility from the catchment that Costco wishes to serve. An ability to serve the whole of Liverpool and southwards to Campbellfield, while not adversely affecting the potential accommodation of a Costco store in other parts of Sydney. Strategically located to serve the South West Growth Centre as it develops.
Urban design opportunities	Not assessed in this report – refer Planning Proposal report
Competing land issues	The subject site is in the B5 Business Development zone, in which a variety of land uses are permissible, including non-industrial uses. The Draft subregional strategy identifies an issue with retail uses taking up industrial land, but in this case no evidence suggests that the use of the site as intended would have any substantial affect on industrial land supply, especially having regard for new industrial precincts at Hoxton Park and the M7 interchange. In the event that the proposal is approved, industrial development could still occur on land zoned IN3 Heavy Industrial to the south.
Proximity to labour markets	The site is well-located with respect to the wider south-west labour market, and would be expected to draw most employees from this region. In this regard, it is noted that the total number of unemployed benefit recipients was approximately 4,790 persons in Liverpool at the September Quarter 2010, with an unemployment rate of 5.8%, compared with the Sydney average of 5.4%.
Environmental considerations	Not assessed in this report – refer Planning Proposal report
Public benefit considerations	The main public benefits associated with the subject site include the ability to conveniently serve a larger catchment, thereby reducing travel times and costs, and the opportunity to contribute to the performance of the Crossroads homemaker precinct.

Source: Essential Economics Pty Ltd

2.5 Availability of Sites Within Centres

The following sections present analysis of the potential to accommodate a Costco operation within other identified activity centres that are nominated as potential alternatives (refer section 2.3 above). These centres represent the most preferable places for retail development according to the draft Activity Centres Policy, and should be pursued where sites are available.

The assessments below relate to the availability of sites within the nominated centres, and do not include an assessment against the Site Suitability Criteria except where potential sites are identified.

Liverpool CBD

Liverpool is identified as a Regional City serving south western Sydney, and has strong policy support as the primary location for jobs, key regional services and cultural activities. Retailing is focussed in the northern part of the centre which comprises the Liverpool Westfield Shopping Centre, the pedestrian mall on Macquarie Street, and surrounding streets. The southern part of the centre also contains a more fragmented retail offer, interspersed with small offices, service businesses and other uses.

As with many regional centres that have developed ‘organically’ over many years, Liverpool is characterised by a dense urban fabric, with many properties in the order of 300-500m² each, and few properties larger than around 2,000-3,000m².

Liverpool has been assessed as to the availability of sites which meet Costco’s locational requirements as set out in section 2.2. This exercise has been undertaken by consulting with the property research firm CBRE as to the potential sites that are on the market, and by discussing with officers from the City of Liverpool as to potential alternative locations to accommodate a Costco store.

Neither CBRE nor the City of Liverpool could successfully identify a site within the identified activity centre that could accommodate a Costco store.

Opportunities for accommodating Costco in Liverpool CBD are limited by a lack of available development sites and the need to consolidate many small land holdings in order to obtain sufficient land to accommodate a Costco warehouse. The cost associated with land consolidation of this degree (likely to be 20 or more individual properties) would be prohibitive for a store format such as Costco, which relies on relatively low land development cost in order to support the low margins that are charged on individual products.

The difficulty in identifying suitable sites is demonstrated in Figure 4, which highlights the lack of vacant properties that are large enough to accommodate a Costco store, and shows the extent to which multiple sites would need to be consolidated and existing uses demolished for a Costco store to be developed. An outline of the site and building area associated with the proposed Crossroads Costco store is shown in blue to underscore the substantial land area that is required for this type of retail operation.

In any event, the accessibility of a location in the Liverpool CBD would be poorer than the subject site at Crossroads, due to the additional travel requirements and traffic congestion that exist in a regional city location. Importantly, a Costco in Liverpool CBD would be less likely to be able to attract shopping visits from Campbellfield and beyond, because of the additional distance, the poorer degree of accessibility compared with the subject site, and the fact that many people south of Sydney would follow the South Western Motorway into central Sydney to undertake shopping.

Figure 4: Site Availability Liverpool



Prepared by Essential Economics with MapInfo and NearMap

Table 2.2: Liverpool CBD Assessment Against Site Suitability Criteria

Site suitability criteria	Assessment
Strategy consistent	Consistent with the Metropolitan Plan and the draft subregional strategy as Liverpool is identified as a Regional City. Consistent with the Liverpool Business Centres and Corridors Strategy.
Infrastructure	Not assessed in this report, but likely to involve issues associated with traffic management.
Access considerations	Generally good access, although subject to traffic congestion in Liverpool CBD. Would be able to serve most parts of City of Liverpool, but less likely to attract patronage from Campbellfield and beyond.
Urban design opportunities	Difficulty in integrating large-format development with fine-grained, dense urban fabric found in Liverpool CBD. May interrupt pedestrian flow.
Competing land issues	Would displace opportunities for more intensive, small-grained retail development, although the attraction of Costco would help to promote new retail opportunities.
Proximity to labour markets	Well-located with respect to the wider south-west labour market, and able to attract public transport usage for employees.
Environmental considerations	Not assessed in this report.
Public benefit considerations	Would have potential to drive new retail development opportunities elsewhere in Liverpool CBD, although more direct competition with close-by retailers would also occur.

Source: Essential Economics Pty Ltd

Casula Mall

Casula Mall is located on Kurrajong Road, approximately 500 metres from the Hume Highway intersection. The centre is identified as a Town Centre in the retail hierarchy and as such is not an appropriate location for major destination retailing (which is directed to Major Centres). Development is constrained by surrounding land and public uses, including Daruk Park to the west, and a community centre/library to the south-west.

Insufficient land is available in and around Casula Mall to accommodate a Costco store, and this is shown in Figure 5 which highlights the size of a Costco store in comparison with the Casula Mall site.

In terms of its suitability, Casula Mall has poor exposure to the regional catchment as it is not located with frontage to major transport routes. The location would not be a candidate site for a Costco as it would not be in accordance with their commercial requirements.

Table 2.3: Casula Mall Assessment Against Site Suitability Criteria

Site suitability criteria	Assessment
Strategy consistent	Not consistent with draft subregional strategy as it is not a Major or Regional Centre. Not consistent with local strategies as Casula Mall not identified for significant expansion.
Infrastructure	Not assessed in detail, but likely to be issues associated with traffic management.
Access considerations	Poor access from the regional catchment.
Urban design opportunities	Difficult to integrate large-format development with adjoining suburban residential setting.
Competing land issues	Would require displacement of existing retail or community facilities.
Proximity to labour markets	Not easily accessible for employees.
Environmental considerations	Not assessed in this report.
Public benefit considerations	No identified public benefit associated with this location.

Source: Essential Economics Pty Ltd

Figure 5: Site Availability Casula Mall



Prepared by Essential Economics with MapInfo and NearMap

Campbelltown

Campbelltown-MacArthur Square is a Major Centre for the purposes of centre planning, and is a strong retail shopping precinct with major brand names including David Jones, Target, Big W, Coles, Woolworths, etc. Trading performance is relatively strong by virtue of its easily definable trade catchment, which extends southwards to the southern hinterland.

According to CBRE, there are no currently vacant or available sites that are of sufficient size to accommodate a Costco store in Campbelltown. Figure 6 shows the amount of land (on an indicative basis) that would be required to accommodate a Costco store.

Importantly, a Costco at Campbelltown would not be able to serve the wider regional catchment that extends northwards past Liverpool towards Fairfield, Villawood and Bankstown, and therefore would not be seen as a candidate site having regard for the Costco requirements in terms of catchment size and access to the identified region which Costco is trying to serve.

Table 2.4: Campbelltown Assessment Against Site Suitability Criteria

Site suitability criteria	Assessment
Strategy consistent	Consistent with Metropolitan Plan and draft subregional strategy as it is Major Centre.
Infrastructure	Not assessed in detail, but likely to be issues associated with traffic management.
Access considerations	Unable to satisfy the demand to be accommodated as the location is on the southern edge of the Sydney metropolitan area.
Urban design opportunities	Would depend on a site becoming available, but location in town centre core would impede pedestrian flow. More opportunity to integrate with existing uses near Macarthur Park or the existing bulky goods cluster along Blaxland Road.
Competing land issues	A site is not identified, and so development would need to displace existing uses.
Proximity to labour markets	Accessible for employees located in the surrounding Campbelltown region, but more difficult to provide jobs for people living further afield.
Environmental considerations	Not assessed in this report.
Public benefit considerations	May be some flow-on benefit for Campbelltown retailers, but this benefit substantially lower than a site located more central to the metropolitan region.

Source: Essential Economics Pty Ltd

Figure 6: Site Availability Campbelltown



Prepared by Essential Economics with MapInfo and NearMap

Leppington

This centre is planned to be a new Major Centre serving the South West Growth Centre, with an eventual retail provision of approximately 80,000m² of core retail floorspace.

In the future the centre has some characteristics that may fit well with Costco's site requirements, especially having regard for the future population capacity as urban development in the growth centre proceeds. However, the centre is likely to be developed over a long timeframe, with the initial components over the coming five years likely to begin with the construction of neighbourhood-related elements (supermarket, specialty stores, etc), with destination retailing likely to be delivered at a much later stage.

A site is not currently identifiable at this time.

Having regard for these timing issues, the centre is not a candidate site for a new Costco store at this time, and has not been assessed against the Site Suitability Criteria.

Bankstown

Bankstown CBD is located approximately 17km to the north-east of the subject site, and is centred around the Bankstown railway station. The centre is identified as a Major Centre under the Metropolitan Plan for Sydney 2036, and consists of the Centro Bankstown Shopping Centre and other retail and business/civic components on either side of the railway line.

The identification of a site at Bankstown would be likely to involve the consolidation of multiple properties, especially having regard for the generally fine-grained nature of property ownership (refer Figure 7).

Importantly, the centre is not appropriately located in order to serve the south west Sydney catchment. Moreover, the proximity of Bankstown to the Costco store recently approved and under construction at Auburn means that this location would not be attractive for Costco as a significant degree of store cannibalisation would occur.

Table 2.5: Bankstown Assessment Against Site Suitability Criteria

Site suitability criteria	Assessment
Strategy consistent	Consistent with Metropolitan Plan and draft subregional strategy as it is Major Centre.
Infrastructure	Not assessed in detail, but likely to be issues associated with traffic management.
Access considerations	Unable to satisfy the demand to be accommodated as the location would serve an inner-southern market that is already partly served by the Auburn store under construction.
Urban design opportunities	Likely to be difficulties in integrating a large-format use such as Costco into Bankstown which is generally characterised by fine-grained property ownership and a dense urban fabric.
Competing land issues	Development would be likely to displace existing uses.
Proximity to labour markets	Highly accessible for employees located in the surrounding region.
Environmental considerations	Not assessed in this report.
Public benefit considerations	Flow-on benefits would be experienced in Bankstown, but this would be offset by the inefficient store network (catchment overlap with Auburn store) and likely poor performance of the Costco store at this location.

Source: Essential Economics Pty Ltd

Figure 7: Site Availability Bankstown



Prepared by Essential Economics with MapInfo and NearMap

2.6 Edge-of-Centre Locations

Assessments have been made of a number of sites that have been identified by officers from the City of Liverpool, and which would be considered to be edge-of-centre for the purposes of the draft Centres Policy.

The analysis is shown in tabular form in Table 2.1.

Table 2.6: Assessment of Edge-of-Centre Locations

Location	Site Suitability Criteria	Costco Specific Issues
Bridges Road, Moorebank 	Edge of centre so consistent with draft Activity Centres Policy. Poor connectivity and access to main roads and Liverpool CBD, also poor access for workers. Would require significant additional infrastructure. Would be unlikely to generate a particular public benefit as it would not necessarily increase patronage of Liverpool CBD.	Poor connectivity with major road network and lack of exposure. Unable to serve identified regional trade area.
Conclusion:	Site has poor access to main roads and little opportunity to integrate with Liverpool CBD. Not considered an alternative location for Costco.	
Memorial Drive and Hume Highway, Liverpool 	Consistent with draft Activity Centres Policy. Some potential to integrate with Liverpool CBD, but this effect reduced because of location on west side of Hume Highway. Difficult to integrate with surrounding land uses which include residential.	Site is too small to accommodate Costco. Surrounded by residential and community uses. Poor integration with Liverpool Town Centre. Lack of exposure and difficult to serve wider regional catchment.
Conclusion:	Constrained site that is likely to adversely affect amenity in surrounding area. Limited access to regional catchment. Limited opportunity to integrate with Liverpool CBD.	
El Toro Estate, Liverpool 	Consistent with draft Activity Centres Policy to the extent that it is considered edge-of-centre. Relatively easy to integrate with surrounding land uses, which include industrial and retail (at Orange Grove to north). Would displace current industrial land. Access from identified regional catchment is limited. Synergies for Liverpool CBD very limited, reducing the public benefit opportunity.	Reasonable access to road network, although there is no direct access to the freeway, reducing the ability to serve a wider regional catchment to the south west. Would require purchase of existing economic uses, making it unlikely to be a commercial proposition for Costco.
Conclusion:	Edge of centre site with some potential, but not likely to be a commercial proposition for Costco due to development cost. Also not very well located to serve the identified south west regional catchment.	
Source:	Sites assessed by Essential Economics	

2.7 Out-of-Centre Locations

Assessments have been made of a number of sites that have been identified by officers from the City of Liverpool, and which would be considered to be out-of-centre for the purposes of the draft Centres Policy.

The analysis is shown in tabular form in Table 2.2.

Table 2.7: Assessment of Out-of-Centre Locations

Location	Site Suitability Criteria	Costco Specific Issues
Kurrajong Road, Prestons		
	Does not contribute to any existing cluster of activity – no policy support at State or Local level. Poor synergy with surrounding uses, with no potential to generate a public benefit. Limited access to freeway network, reducing its opportunity to serve regional catchment. Currently in IN1 General Industrial zone and would displace opportunities for industrial uses.	Large site is sufficient in size terms. Poor access to identified regional catchment.
Conclusion:	Poor integration with surrounding uses, lack of access to major road network that is a requirement to serve the regional catchment.	
Former Hoxton Park Airport, Hoxton Park		
	Not supported by strategy as it is not in a centre and does not contribute to an existing cluster. No public benefit opportunity. Potential to displace industrial land uses which are identified for the site. Poor east-west connections and difficult to serve the identified catchment.	Good access to the M7 Motorway, but more difficult to serve areas to the north-east. No opportunity to leverage from surrounding uses.
Conclusion:	Good North-South access to road network, but poor East-West access and no integration with surrounding uses. Not appropriate for Costco store.	
Warwick Farm Homemaker Centre		
	Some strategy support as it would require the re-use of existing homemaker development. Would involve displacement of existing uses, and so would not contribute to an existing cluster. No identifiable public benefit. More difficult to serve the identified regional catchment as not located conveniently for south west growth centre. Site is zoned IN1, so would displace future opportunity for industrial uses.	Demolition of existing uses would be required. No direct access to freeway network, and would not be able to serve the wider regional catchment. Costly development option as existing economic uses would need to be purchased and redeveloped.
Conclusion:	Poor access to major road network and identified catchment. Re-development of existing uses would be costly, making it unlikely to be considered as a commercial option.	
Source:	Sites assessed by Essential Economics	

2.8 Conclusion

The analysis presented in this Chapter shows that no alternative sites are available in surrounding centres such as Liverpool and Casula Mall, and other centres such as Campbelltown and Bankstown are not suitable to serve the required catchment.

The lack of alternative in-centre sites reflects the normal difficulty in identifying large development sites of around 4ha or more in the established urban area. Even where large properties can be identified, they are typically unsuitable because of other factors such as the location, poor regional transport access, or simply because they have a current use and are not available for redevelopment. The opportunity to consolidate land is usually not possible in major centres such as Liverpool where the land costs would make a Costco development unviable.

A number of edge-of-centre sites have been identified. These sites are unsuitable because they involve high development cost (eg El Toro estate), do not have good exposure to the regional catchment (eg Bridges Road, Moorebank), or have interface issues with adjoining residential land (eg Memorial Drive).

A number of alternative out-of-centre sites have also been identified. These sites are generally unsuitable because they have poor exposure to the regional catchment, they are too small, have existing uses, or have interface issues with adjoining uses.

Overall, the analysis supports the conclusion that the subject land is an appropriate location for the proposed development, and performs well when assessed against the Site Suitability Criteria. An analysis of its contribution to net community benefit is presented later in this report.