

Appendix 2
Hill PDA peer review report
November 2011

18 November, 2011

Chris Lalor
Acting Manager, Strategic Planning
Camden Council
PO Box 183,
Camden NSW 2570

Dear Chris,

Re: Turner Road Precinct - Independent Peer Review of Bulky Goods Retail Analysis

Introduction

Hill PDA was commissioned by Camden Council ('Council') to undertake an independent peer review of a planning proposal seeking to remove the limit on the amount of permissible bulky goods floorspace in the Turner Road Precinct of the South West Growth Centre (SWGCG).

In accordance with the brief, our advice considers the 'Bulky Goods Analysis' report prepared by Deep End Services for Dart West Developments Pty Limited in October 2011. Our advice comprises:

- A review of the provisions within local planning instruments, Council Centres Policies, the Draft Activity Centres Policy, the Draft Competition SEPP and other relevant planning documents and policies, insofar as they relate to the proposed bulky goods floorspace cap removal;
- A critique of the assumptions contained within the Bulky Goods Analysis report in terms of the size and extent of trade areas, socio-demographic profiles, growth forecast, household expenditures, supply of bulky goods floorspace and industry benchmark sales;
- A review of the demand modelling methodology using our bespoke expenditure model.

Please note that our examination concerns economic considerations only and does not consider other aspects of the proposals such as design, traffic etc.

The Development Proposal

Dart West Development owns a 45ha employment land site within the Turner Road Precinct of the SWGC. This land holding forms part of a 100ha employment land area within the precinct which is zoned IN1 General Industrial and B5 Business Development.



The statutory planning framework for the Precinct contains provisions limiting the permissible size of bulky goods retail premises to 40,000sqm Gross Floorspace Area (GFA). Dart West is preparing a proposal for consideration by Council and the NSW Department of Planning and Infrastructure (DP&I) seeking to remove this cap. A 'Bulky Goods Analysis' has been prepared by Dart West Developments Pty Ltd to support this proposal and will form part of a gateway submission to the DP&I. This letter comprises an independent peer review of the Bulky Goods Analysis.

We understand that Dart West's land holdings at Turner Road, named Central Hills Business Park, comprise 20ha of IN1 land and 25ha of B5 land. Dart West is in the final stages of construction for approximately 75% of its employment land holdings around 15ha of which has already been sold or leased.

Masters has been secured as an anchor tenant on part of the B5 zoned land located at the corner of Camden Valley Way and Gregory Hills Drive. A Masters Home Improvement Centre of 13,500sqm is currently being constructed. Dart West is seeking to incorporate the Masters store as part of a wider homemaker centre development with a number of additional stand-alone bulky goods facilities. However, the planning controls limit bulky goods development on the Dart West site to 20,000sqm (GFA). We note that any removal of the floorspace cap would apply to the whole precinct, not just lands under Dart West ownership.

Dart West is seeking the complete removal of the bulky goods floorspace cap on the basis of:

- Strong population growth in the north within the SWGC and south in other land release areas;
- Minimal impact on surrounding traditional retail elements;
- Existing under-supply of bulky goods floorspace within the region;
- It would be supported by a range of planning policies.

Planning Policy

Draft Activity Centres Policy (April 2009)

The Draft Centres Policy focuses on six key principles. The principles relate to:

1. The need to reinforce the importance of centres and clustering business activities;
2. The need to ensure the planning system is flexible, allows centres to grow and new centres to form;
3. The market is best placed to determine need. The planning system should accommodate this need whilst regulating its location and scale.
4. Councils should zone sufficient land to accommodate demand including larger retail formats;
5. Centres should have a mix of retail types that encourage competition; and
6. Centres should be well designed to encourage people to visit and stay longer.

Whilst the Draft Centres Policy indicates that the preferred location for new retail and commercial development is in centres, it recognises that there may be exceptions to this approach.

Specifically in regard to bulky goods premises, the draft Centres Policy acknowledges that such outlets often require large areas for the handling, display or storage of goods, or direct vehicular access by members of the public to the site to load or unload goods. Bulky goods operators are therefore attracted to locations that offer lower site costs

offsetting lower retail turnovers relative to floor area. The Policy states that bulky goods premises should be accommodated in zones B2–B4 in centres, or where this is not realistic, they should be clustered together in an appropriate B5 zone in an edge-of-centre location.

The Policy notes that bulky goods uses in a B5 zone should comprise clusters of large floorplate bulky goods premises that cannot be accommodated in, or are not suited to, centres in view of significant floorspace requirements or the need for direct vehicular access. It stipulates that Councils should aim to create these clusters in accessible edge-of-centre locations. Bulky goods are therefore a permissible use in B5 locations.

Draft Competition SEPP (July 2010)

The proposed state-wide planning policy removes artificial barriers on competition between retail businesses. The new Draft SEPP proposes:

- The commercial viability of a proposed development may not be taken into consideration by a consent authority, usually the local council, when determining development applications;
- The likely impact of a proposed development on the commercial viability of other individual businesses may also not be considered unless the proposed development is likely to have an overall adverse impact on the extent and adequacy of local community services and facilities, taking into account those to be provided by the proposed development itself; and
- Any restrictions in local planning instruments on the number of a particular type of retail store in an area, or the distance between stores of the same type, will have no effect.

In our opinion the proposed development is consistent with the draft Competition SEPP because it allows competition between retailers to exist and leaves it to the market to decide what is viable on this site. Any competition which may result between individual traders is not a planning concern.

Metropolitan Plan for Sydney to 2036

The Metropolitan Plan for Sydney 2036 seeks to concentrate retail uses on existing or planned centres. Notwithstanding this, the Plan acknowledges that bulky goods premises, which require large floor areas, cannot always be readily accommodated within existing centres. The Plan indicates that the onus is on Subregional and local planning authorities to identify locations for subregional clusters of retail development which cannot be provided for in centres, in order to support the economic development of centres in those subregions.

Chapter E 'Economy' recognises the contribution retail makes towards employment. It notes that Sydney will need to accommodate 5 million sqm of additional retail floorspace between 2006 and 2036. An additional 141,000 jobs are expected to be created in the South West Subregion over the 2006 to 2036 period.

Given that bulky goods retail is an employment generating use, and given the flexible approach advocated by the Plan towards accommodating such uses in appropriate locations outside of centres, we consider that the proposed amendment to the floorspace cap at Turner Road would be compliant with the Metropolitan Plan for Sydney.

Draft South West Subregional Strategy (2007)

The Draft Subregional Strategy provides a number of targets, aims and objectives to be achieved by 2031. These include planning for 89,000 new jobs, of which some 26,000 jobs (29% of the Subregional total) are expected to be accommodated in Camden LGA.

The Draft Subregional Strategy seeks to focus the majority of new economic development on defined Strategic Centres. Business Development zones are recognised as supporting the role of strategic centres and the accommodation of start-up businesses, showrooms, building supplies, small retail outlets and bulky goods clusters which do not always 'fit' in Strategic Centres in such zones is encouraged. Such uses in Business Development zones should support centres rather than compete with them. The proposed Turner Road Precinct amendments are consistent with this approach.

We also note that the Draft Subregional Strategy requires 155,000 new dwellings be accommodated in the South West over the lifespan of the Strategy (2004–2031). The major contributor to this growth in dwellings numbers is the SWGC, which has a target of 100,000 dwellings by 2031.

Structure Plan for the South West Growth Centre

The South West Structure Plan is an indicative regional land use plan that will guide the detailed planning for individual precincts once they are approved for release by the NSW Government. An area of industrial and employment lands is identified in the Turner Road Precinct which seeks to maximise access to two major regional public transport routes and take advantage of the proposed extension of the future Badgally Road linking the Precinct to Campbelltown. Turner Road has identified capacity for 5,000 jobs.

Turner Road DCP

The stated Vision for Business Development lands in Turner Road is for a range of uses, including bulky goods, which serve the local and broader community. Bulky goods uses are recognised as being advantageous adjacent to Badgally Road given the opportunity to take advantage of high exposure to passing traffic.

Clause 3.1 (5) of the DCP (as amended) states that:

"A total maximum of 40,000sqm of GFA of bulky goods premises is to be provided in the Business Development Lands fronting Badgally Road. Of this maximum, no more than 20,000sqm is to be provided along either the northern or southern frontages of Badgally Road. The total maximum GFA does not include Landscape and Garden Supplies and Timber and Building Supplies".

It is this control which Dart West is seeking to remove.

Critique of Retail Analysis

In accordance with the brief Hill PDA undertook a detailed critique of the assumptions contained within the Bulky Goods Analysis. These are explored on an individual basis below.

Trade Area

The trade area (or 'catchment area' as referred to in the Bulky Goods Analysis) is defined as comprising three sub-areas: Narellan/ Camden/ Eagle Vale (comprising a number of urban suburbs of Camden and Campbelltown LGAs and rural areas west of Camden), the SWGC southern precincts (Turner Road, Oran Park, Maylands, Catherine Fields) and Wollondilly towns and rural areas (80% of the Wollondilly Shire). The latter sub-area is defined as comprising a secondary catchment. The proponent recognises that this trade area overlaps with the trade area of other bulky goods facilities.

We agree that the majority of trade of any future bulky goods facilities at Turner Road is likely to come from this area, and particularly from the SWGC southern precincts. Notwithstanding this in our view the trade area extends too far to the east. The Narellan/ Camden/ Eagle Vale trade area is bounded by the M5 however residents in Eagle Vale to the west of the M5 are not likely to travel to the Turner Road Precinct some 6km away when they can access the Blaxland Road Precinct 4km to the southeast, even if accessibility is improved. The M5 does not present a significant impediment to east-west movement across this area and will not restrict vehicular access to Blaxland Road from the residential areas west of the M5.

In our view, therefore, the trade area should exclude the Eagle Vale area given that Blaxland Road is likely to remain the major destination for bulky goods shopping by residents of this area even if a greater quantum of bulky goods floorspace is developed at Turner Road. The implications of defining the trade area as the proponent is that it includes a residential population at Eagle Vale on the demand side but excludes from the supply side the bulky goods floorspace at Blaxland Road which is likely to meet the majority of their bulky goods shopping needs.

Population Estimates and Growth Rates

We concur with the population estimates for the trade areas as documented in the Deep End study.

In terms of the population projections used, we note that:

- The proponent has considered population growth over the period to 2036. Whilst this is an important consideration, the need for the proposed retail floorspace should also be demonstrated over the short to medium term as well (i.e. to 2016 and 2021);
- We have checked the number of lots (i.e. residential dwelling) assumed by the proponent against those recorded by forecast.id for Camden LGA. We note that the forecast number of lots used by the proponent is cautious and below those recorded by forecast.id;
- The proponent has assumed an average household size of 3.0 persons per household which is consistent with Camden LGA (based on the 2006 ABS Census).

Competitive Structure

We agree with the proponents' estimation of existing bulky goods floorspace in the 'Turner Road catchment' (Table 5, Bulky Goods Analysis) of around 22,000sqm which is dominated by the Bunnings store (14,000sqm) on The Northern Road.

We note that the Narellan Homemaker Centre, which includes the Bunnings store, has extant development application approval for an additional 7,000sqm of bulky goods floorspace.

From previous research undertaken in the area we estimate that Campbelltown LGA contains in the order of 85,400sqm (GLA) of bulky goods¹ floorspace of which around 59% (50,000sqm) is located along Blaxland Road. This compares to a figure of 82,506sqm recorded by the proponent for Campbelltown LGA (Table 5, Bulky Goods Analysis). Our estimation of existing bulky goods floorspace is therefore approximately 2,900sqm (4%) greater than that assumed by the proponent.

The proponent has not provided a definition of 'bulky goods retail' within the Bulky Goods Analysis. It is likely that the discrepancy in existing bulky goods floorspace in Campbelltown LGA is attributable to categorisation differences between Hill PDA and Deep End Services.

Our understanding of 'bulky goods retail' for the purposes of this peer review is that it comprises retail floorspace in the following categories:

- Furniture Retailing;
- Floor Covering Retailing;
- Domestic Hardware;
- Domestic Appliance Retailing;
- Fabrics & Curtains;
- Sport & Camping;
- Garden Supplies;
- Flower Retailing;
- Other Bulky Goods.

Our definition excludes bulky goods floorspace provided in department stores and DDSs.

We are not aware of any significant bulky goods floorspace within the Wollondilly towns and rural areas. For the purpose of this peer review we have not considered bulky goods floorspace provision beyond the Macarthur Region (comprising Camden, Campbelltown and Wollondilly LGAs).

We note that, within the SWGC, provision is made for bulky goods floorspace as part of the Leppington planned Major Centre as well as that to be provided in the Turner Road Precinct.

Per Capita Bulky Goods Floorspace Rates

The proponent has considered bulky goods supply and demand based on floorspace per capita rates. We concur with the proponent that approximately 0.5sqm per capita is appropriate for bulky goods.

The proponent argues that this relates to bulky goods outside of traditional retail centres only. However out-of-centre bulky goods destinations also attract a small proportion of expenditure in non-bulky goods categories such as clothing, food and drink etc. For the purposes of this peer review we have assumed that non-bulky goods expenditure in out-of-centre locations equals bulky goods expenditure in centres i.e. 0.5sqm of bulky goods floorspace per capita relates to all bulky goods floorspace (in centre and out of centre).

¹ Source: Retail Floorspace Capacity and Staging Project in the Austral, Leppington North and Oran Park Precincts, Hill PDA (May 2010)

We agree with the proponent that the defined Turner Road catchment is underprovided for, in floorspace per capita terms. However given the extent of the trade area which excludes the Blaxland Road bulky goods cluster which is the main shopping destination for bulky goods in the Macarthur Region, this undersupply is to be expected.

Based on the Bulky Goods Analysis Campbelltown LGA contains some 0.8sqm of bulky goods floorspace per capita which is above average as it is serving residents in the Turner Road catchment. In summary, therefore, it is misleading to analyse provision in the Turner Road catchment only.

Future Bulky Goods Supply

We agree with the proponents' assessment of future bulky goods floorspace provision within the Turner Road catchment.

Escape Expenditure

We note the following with regard to the proponents' approach towards 'escape expenditure' in the Turner Road catchment:

- We agree with the proponents' estimate trading performance of existing bulky goods facilities of \$47m (excluding trade related sales);
- We have estimated resident bulky goods spend in the trade area using our expenditure model (based on Marketinfo) and the average per capita spend for Camden and Wollondilly LGA residents in 2011 (\$13,141) by bulky goods retail store type (15.3% of total household expenditure). By applying these to the proponents' population estimates for the Turner Road catchment (107,097 in 2011) we estimate that bulky goods household expenditure in the Turner Road catchment is some \$215.3m. This is \$123.1m or 36% lower than that assumed by the proponent;
- In calculating the available bulky goods spend per capita, the proponent uses a figure of \$3,159 per capita (compared to \$2,011 per sqm based on our assessment above). Given that the proponent assumes 0.5sqm of bulky goods floorspace per capita, this would equate to a floorspace turnover for bulky goods retailers in the order of \$6,300/sqm. Based on our understanding bulky goods retailers typically trade at around \$3,500/sqm which is well below that assumed by the proponent. This implies that the proponent has over-estimated household bulky goods expenditure;
- The discrepancy in available bulky goods spending between Hill PDA and Deep End Services is likely to be attributable to different categorisations of what constitutes 'bulky goods' expenditure. Given that the proponent has not defined the term in the Bulky Goods Analysis we are unable to verify;
- Based on the above, we estimate that bulky goods 'escape expenditure' in the Turner Road catchment is in the order of \$161.3m or 77%. Whilst this is significant, as noted previously the proponent has excluded the significant bulky goods floorspace facilities in Campbelltown LGA which serve the catchment area and which is oversupplied by bulky goods floorspace in per capita terms as a result.
- Notwithstanding the above, we believe that the term 'escape expenditure' is somewhat misleading in view of the distribution of bulky goods floorspace in the Macarthur Region which is concentrated in Blaxland Road. Given the extent of the proponents' trade area, which includes a significant proportion of the population Macarthur Region but excludes Blaxland Road, it is inevitable that the trade area will not retain a significant proportion of bulky goods expenditure.

We agree with the proponent that bulky goods 'escape expenditure' will grow over time as a result of population and retail expenditure growth, although this will be mitigated to some extent by bulky goods development in the pipeline such as that at Turner Road.

Floorspace Supply- Demand Assessment

The proponent has assessed the need for additional bulky goods floorspace in the Turner Road catchment based on floorspace per capita rates. Two scenarios are modelled which project demand based on a constant rate of 0.5sqm per capita and at an increased rate of 0.7sqm per capita by 2036. Based on this methodology a need for additional bulky goods floorspace, over and above that which is existing or planned, of between 30,000sqm and 70,000sqm is identified by the proponent. As previously indicated however bulky goods floorspace in Campbelltown services the Turner Road catchment but has not been accounted for by the proponents' trade area.

As part of this peer review Hill PDA has undertaken a bespoke supply and demand assessment for bulky goods retail floorspace based on the household expenditure approach.

Given that we have some concerns regarding the trade area used by the proponent for assessing bulky goods supply and demand we have assessed the need for bulky goods floorspace in the Macarthur Regional as a whole. Analysis of need at this level recognises the subregional draw of such floorspace and the overlapping nature of bulky goods trade areas.

The assumed supply of bulky goods floorspace in the Macarthur Region based on previous Hill PDA research in the area is as follows:

- 85,400sqm in Campbelltown LGA;
- 22,000sqm (assumed 16,000sqm net given the presence of the Bunnings store) in Camden LGA;
- 13,500sqm (assumed 8,000sqm net) Masters store under construction in the Turner Road Precinct;
- Extant DA approval for 7,000sqm at Narellan Homemaker Centre;
- Up to 40,000sqm permissible in Turner Road Precinct.

In total therefore the Macarthur Region currently provides some 101,400sqm of bulky goods floorspace which is set to increase to 156,400sqm once pipeline bulky goods floorspace is fully implemented.

We have calculated demand using our in-house expenditure model based on Marketinfo 2009 data and the ABS Household Expenditure Survey 2003-04. We have used population projections sourced from forecast.id and the DP&I. We have applied a benchmark turnover to total bulky goods turnover of \$3,500 per sqm at 2011, which is forecast to increase by 0.65% per annum in line with historic growth. Demand is forecast to 2011, 2016, 2021 and 2036.

Demand verses supply is shown in Table 1 below. For the purposes of our demand modelling we have assumed that bulky goods floorspace development at Turner Road will be phased, with 20,000sqm developed by 2016 and a further 20,000sqm developed by 2021.

Table 1 - Bulky Goods Floorspace Supply and Demand in the Macarthur Region (\$2009)

	2011	2016	2021	2036
Supply				
Existing (sqm)	101,400	101,400	101,400	101,400
Pipeline (sqm)	-	35,000	55,000	55,000
Total (sqm)	101,400	136,400	156,400	156,400
Demand				
Expenditure in Bulky Goods Stores (\$m)*	480.3	558.2	675.9	1,217.7
Benchmark Bulky Goods Turnover (per sqm)^	3,500	3,984	4,115	4,535
Bulky Goods Floorspace Demand (sqm)	137,229	140,110	164,253	268,512
Residual Demand (demand minus supply) (sqm)	35,829	3,710	7,853	112,112

Source: Hill PDA, Marketinfo, ABS Household Expenditure Survey 2003-04

^ Benchmark Turnover is assumed to increase at 0.65% per annum to reflect historic trends

* Includes an allowance for real retail expenditure growth of 1.3% per annum to reflect historic trends

Based on our supply and demand expenditure modelling, there is an immediate undersupply of bulky goods floorspace in the Macarthur Region of almost 36,000sqm. By 2016 and 2021 the level of undersupply reduces to approximately 4,000sqm and 8,000sqm respectively as a result of bulky goods development in the pipeline. By 2036, there is forecast to be an undersupply in the order of 112,000sqm in the Macarthur Region.

There is significant demand for bulky goods floorspace by 2036, over and above what is in the pipeline. Such demand should not be catered for now, but given the period of development of the SWGC Council should seek to ensure that this demand can be met in the future in an appropriate location. The Turner Road Precinct, which already has permissible bulky goods floorspace of 40,000sqm, would allow the creation of a bulky goods cluster. Bulky goods clusters are beneficial for consumers, as they allow easier price comparison and reduce the need to travel to multiple destinations, and for retailers given that they encourage synergy between different occupiers.

In terms of alternative sites at which this need could be met, we note that there is limited capacity to accommodate a significant increase in bulky goods floorspace at Blaxland Road and in any case it is not best placed to serve the emerging market of the SWGC. As noted by the proponent there is a parcel of zoned B5 land adjacent to Narellan Town Centre. Whilst this comprises an edge-of-centre site and therefore is preferred for new bulky goods development in planning policy terms, there is some uncertainty over the future of this site given that it is currently subject to a rezoning proposal. In addition, unlike Turner Road, it is not subject to any existing site-specific policy supporting bulky goods development.

In our view given the high levels of accessibility of the Turner Road Precinct and in view that up to 40,000sqm of bulky goods floorspace is already permissible, it would be a suitable location upon which to concentrate bulky goods floorspace development in the future. Given the size of planned growth in the SWGC it will create demand for a significant quantum of bulky goods floorspace. Leppington will be the most appropriate location at which to cater for this demand in the northern sector, whilst Turner Road is in our view a superior location at which to cater for this demand in the southern sector. It is vital, however, that any bulky goods floorspace development is phased to avoid oversupplying bulky goods floorspace in the Macarthur Region which could adversely impact upon existing clusters in the Region and in particular Blaxland Road.

Economic Impact

Whilst it is not a requirement for the proposed removal of the floorspace cap to consider economic impact, we have undertaken a brief qualitative review of the likely impacts of additional bulky goods development at the Turner Road precinct.

Given the nature of bulky goods retailing bulky goods floorspace at Turner Road would compete with other bulky goods clusters and locations. It is unlikely to compete with existing centres to a great extent. Larger centres may contain a small proportion of bulky goods floorspace however these retailers comprise only a minority of retailers in the existing centres and the majority of existing retailers in centres do not depend on the survival of the bulky goods stores. Therefore economic impact upon centres is likely to be limited.

There is likely to be some trade diversion from residents of the trade area who currently direct the majority of their bulky goods expenditure to Blaxland Road due to a lack of alternative options. However, as identified in Table 1 household bulky goods expenditure in the Macarthur Region is forecast to increase from \$480.3m in 2011 to \$1,217.7m in 2036, an increase of \$737.4m or 154% over the period. The majority of this is attributable to growth in the SWGC. Based on the 2036 bulky goods benchmark turnover of \$4,535/ sqm, growth in bulky goods floorspace alone could support up to 162,600sqm of bulky goods floorspace.

As such, the majority of expenditure to support additional bulky goods floorspace, over and above that already permissible, is likely to come from household expenditure growth and will therefore not be diverted away from existing bulky goods retailers. Adverse economic impacts on existing centres and bulky goods clusters resulting from an amendment to the bulky goods floorspace cap at the Turner Road Precinct is likely to be minimal.

Potential Risks of Removing the Bulky Goods Floorspace Cap

If Council was minded to support removal of the bulky goods floorspace cap at Turner Road, it is necessary first to consider the potential risks which this approach could incur in a 'worse-case' scenario approach i.e. a significant quantity of bulky goods floorspace is developed at Turner Road:

- Impact upon Campbelltown-Macarthur Major Centre. Given the limited amount of bulky goods floorspace within this Major Centre, and the differing role which it plays in the retail hierarchy, there is unlikely to be significant impact on Campbelltown-Macarthur provided only bulky goods floorspace were developed at Turner Road;
- Impact on Blaxland Road. A significant quantity of modern bulky goods premises at Turner Road could potentially attract some existing bulky goods retailers currently located in Blaxland Road. However we note that the Blaxland Road area is zoned for industrial purposes. In view of this if any bulky goods retailers were to relocate they could be replaced by trade-related or industrial in line with the industrial zoning in the area;
- Range of Goods Sold. Turner Road has the potential to attract non-bulky goods retailers which often seek to locate in bulky goods clusters in order to benefit from the wide area from which they attract custom. The development of non-bulky goods retailers at Turner Road could have significant potential to adversely impact upon existing and planned centres in the Macarthur Region. Council should therefore ensure that appropriate planning controls are in place to prevent non-bulky goods retailers from operating at Turner Road should it be minded to support the removal of the floorspace cap.

Summary and Conclusions

Our peer review has shown that:

- An increase in the level of bulky goods floorspace provided in Turner Road is supported by planning policy, provided any such development complements rather than competes with centres;

- In our view the trade area utilised by the proponent should exclude Eagle Vale and surrounding suburbs, given the influence of Blaxland Road on this area which is likely to be undiminished by additional bulky goods floorspace at Turner Road;
- We concur with the population estimates and growth rates used by the proponent;
- Given our concerns over the proponents' trade area we also have concerns regarding the proponents' assessment of residual demand for bulky goods floorspace;
- Based on our bespoke bulky goods supply and demand assessment within the Macarthur Region, we believe that significant need for additional bulky goods floorspace will emerge of 112,000sqm over the period to 2036 over and above what is planned for;
- Demand for bulky goods floorspace is being driven by the SWGC, and the Turner Road Precinct is well positioned to meet this demand and would allow a bulky goods cluster to develop;
- The economic impact of a removal of the bulky goods floorspace cap is unlikely to lead to significant adverse impacts upon existing centres or bulky goods clusters provided non-bulky goods floorspace is prohibited through appropriate planning controls..

This peer review and our bespoke modelling have demonstrated that there is a need to plan for a significant increase in bulky goods floorspace within the Macarthur Region and particularly within the SWGC as a result of future population growth to 2036. In our view the Turner Road Precinct is well positioned cater for this demand, given its location at the convergence of several major road networks and its ability to service existing residents of Camden-Narellan area and future residents of the southern precincts of the SWGC. As such, the removal of the bulky goods floorspace cap can be justified in economic terms.

The provision of additional bulky goods floorspace at the Turner Road Precinct is unlikely to impact upon the provision of bulky goods floorspace around Leppington, which will cater for a separate market in the northern precincts of the SWGC, or on Blaxland Road to a great extent. Even in a 'worst-case' scenario in which existing bulky goods retailers are attracted to Turner Road from Blaxland Road, the industrial zoning applicable to Blaxland Road would allow reoccupation of any vacant units for industrial purposes.

If Council was minded to support the removal of the bulky goods floorspace cap it would be prudent to include strict planning controls restricting the provision of non-bulky goods floorspace in order to minimise the potential for adverse economic impacts on existing and planned centres. Appropriate phasing of development should also be sought to avoid creating an oversupply of bulky goods floorspace in the short to medium term. Such a situation may increase the potential for adverse economic impacts on existing centres and clusters given that bulky goods retailers will be relying on a smaller pool of household bulky goods expenditure from which to draw trade. Council must take into consideration the economic impact of any bulky goods proposals at development application stage.

Should you have any questions, please do not hesitate to contact us in our Sydney office on 02 9252 8777.

Yours sincerely,



Adrian Hack
Principal, Hill PDA

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