



Middleton Grange - Response to Objectors' Submissions on Economics

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Executive Summary

Middleton Grange Town Centre is a proposed mixed-use town centre development at 60-80 Southern Cross Avenue and 45-65 Hall Circuit, Middleton Grange. The site is split over six lots, with a total area of 57,255m² available for development. The purpose of this report is to give an economics response to two reports submitted by objectors on the Middleton Grange Town Centre proposal.

Response to Objectors

Objection	Comment	Reference in This Report
<i>Sue Weatherly and Associates Report</i>		
The current controls only allow 5,000m ² of retail and commercial space and 176 dwellings.	<p>This is not true. The current controls allow for 11,729.3m² of commercial/retail space and 583 dwellings.</p> <p>These uses at these densities are available now, without providing community infrastructure such as the large park.</p>	Chapter 2 outlines the current controls, the proposal and the Gateway Determination.
The proposal is to build 86,031m ² of residential space or 912 dwellings.	The current proposal will facilitate 63,703m ² of residential space or approximately 671 dwellings.	Chapter 2 outlines the current controls, the proposal and the Gateway Determination.
The proposal is to build 20,240m ² of retail and 2,533m ² of commercial uses.	The current proposal is to build 20,320m ² of retail, 14,973m ² of commercial and 15,235m ² of medial/other uses.	Chapter 2 outlines the current controls, the proposal and the Gateway Determination.
Open space areas for parks	This is the only acknowledgement that the additional GFA will provide the opportunity for a park, but does not acknowledge that the size and amenity of the park is dependent on the yield of the development.	Chapter 5 estimates the economic value of the park at approximately \$68.5 million over 50 years.
The community's concerns are around infrastructure, with little or no transport and social infrastructure	<p>The following infrastructure is proposed to be provided to the people of Middleton Grange as a result of the development:</p> <ul style="list-style-type: none"> • a new park of 7,632m² • a walkable town centre, with the health and social benefits this creates • new retail allowing people to shop more locally • new restaurants allowing entertainment options more locally • local retail will reduce congestion • the proposed Fifteenth Avenue Rapid Transit will be just 350m from the town centre, providing high-speed access to Liverpool CBD and the Western Sydney Aerotropolis. 	<p>Chapter 4 outlines the consequences of restricting retail and commercial space, including its impact on the poor.</p> <p>Chapter 5 estimates the economic value of the park at approximately \$68.5 million over 50 years.</p> <p>Chapter 6 outlines the benefits of walkable town centres.</p> <p>Chapter 7 outlines the benefits of the town centre in regards to the Western Sydney Aerotropolis and the proposed Fifteenth Avenue Rapid Transit.</p>

Objection	Comment	Reference in This Report
<p>Middleton Grange is a low density community, located some distance from mass transport service (the nearest station is over 6km away at Leppington).</p>	<p>The proposed Middleton Grange Town Centre is located 350m north of Fifteenth Avenue, where a proposed rapid transit system is proposed to operate from the Liverpool CBD to the new Western Sydney Aerotropolis. This places rapid public transport much closer to Middleton Grange than the current Carnes Hill Marketplace, which is also approximately 4km from Leppington station. On this analysis, Carnes Hill Marketplace should also not have been built.</p>	<p>Chapter 7 outlines the benefits of the proposed Fifteenth Avenue Rapid Transit and the consequences of the new Western Sydney Aerotropolis for the area.</p>
<p>Because of the capacity of the current planning rules for the town centre to deliver local services, retail for daily needs and housing diversity there is no justification to change the planning rules for the site.</p>	<p>The key strategic documents upon which the Weatherly Report makes these claims are:</p> <ul style="list-style-type: none"> the Liverpool Retail Centres Hierarchy (2012) the Business Centres and Corridors Strategy Review (2013). <p>Neither of these documents envisaged the Western Sydney Aerotropolis and are therefore out of date.</p> <p>The Western Sydney Aerotropolis provides the justification for a town centre of the size proposed.</p> <p>The proposal also includes zone boundary adjustments to reflect a more logical and simplified layout across the centre. This has resulted in an increase in the area of B2 Local Centre land and land available for development. This has also resulted in additional town centre floorspace associated with the town centre.</p>	<p>Chapter 7 outlines the benefits of the town centre in regards to the Western Sydney Aerotropolis and the proposed Fifteenth Avenue Rapid Transit.</p>
<p>The proposal does not comply with the Gateway Determination</p>	<p>The proposal does comply with the Gateway determination.</p>	<p>While commentary on compliance with planning instruments is not the role of an economic report, Chapter 2 outlines how the proposal complies.</p>

Objection	Comment	Reference in This Report
Due to the nature of the permissible land uses in the B2 zone, increasing the area zoned B2 would increase the potential commercial or retail floor space without the need to increase heights or floor space ratios. This would enable the market to respond to any increase in demand for retail floor space without changing the FSR controls.	This appears to contradict earlier statements that the maximum retail/commercial space should be 5,000m ² . If retail/commercial GFA is to be capped at 5,000m ² , the amount of land zoned B2 is immaterial and the market can only respond within the envelope of 5,000m ² . This seems like a disingenuous statement. It is likely that the market would work it out, but at rents higher than would otherwise be the case with higher FSRs, and so risking the viability of commercial tenants (and therefore the likelihood of the development happening at all) as well as meaning shoppers at Middleton Grange will pay higher prices as rents are passed through.	Chapter 4 outlines how markets work and what happens to rents and prices when retail and commercial space is restricted, including its impact on the poor.
Much of the economic benefits described in the EIA is about impacts in the broader catchment.	Currently there is no retail or commercial, nor is there any Middleton Grange Town Centre. It is wholly appropriate that a wider catchment, capturing where current residents shop, would be taken.	Chapter 2 outlines the current proposal against the current controls.
<p>The current planning rules also provide for:</p> <ul style="list-style-type: none"> • housing choice, and affordability (through increase supply) • access to convenience shopping and local facilities • jobs/employment. 	<p>While it is true that even an increase in one dwelling provides increased housing choice, the development can be built with much more residential and retail than the Weatherly Report says it can under current controls. It is also appropriate to acknowledge that the proximity of the town centre to the Western Sydney Aerotropolis changes the nature of the demand for commercial and retail space and that the proposed Fifteenth Avenue Rapid Transit changes the economic opportunities along the corridor.</p> <p>The Weatherly Report also fails to acknowledge that the higher densities allow for greater amenity. While it should be acknowledged that 2,000m² was slated for open space under the existing controls, and the proposal has been amended since exhibition to include a total of 7,632m² of open space that would not have to be provided at current densities, the opportunity for more open space that comes with higher densities should have been acknowledged. The economic benefit of the park is estimated at \$68.5 million over 50 years.</p>	<p>Chapter 2 outlines the current proposal against the current controls.</p> <p>Chapter 5 outlines the benefits of the park.</p> <p>Chapter 7 outlines the benefits of the town centre in regards to the Western Sydney Aerotropolis and the proposed Fifteenth Avenue Rapid Transit.</p>

Objection	Comment	Reference in This Report
The argument that “if we build more houses then house prices will fall to a level that is more affordable” is flawed.	<p>This in itself is a flawed, straw-man, take on the consequences of building an adequate supply of dwellings in areas where there is demand.</p> <p>The proposal is to build 88 more apartments than can be built under current controls. While this will have a negligible effect on the state of the overall Sydney market, the increased density will allow for the fixed development to be spread across more apartment purchasers, therefore allowing the apartments to be offered to the market at a lower price than at the lower density. A lower cost allows the development itself to be more viable, and therefore more likely to be built.</p>	Chapter 2 outlines the benefits of increased housing supply.

Urbis Report

<p>The original masterplan, prepared in 2002, establishes Middleton Grange as a predominantly low density residential place with diverse housing options and walkable neighbourhoods as well as a neighbourhood centre that can provide the community with access to daily shopping requirements, open space and community facilities.</p>	<p>The current controls allow for 11,729.3m² of commercial/retail space and 583 dwellings.</p> <p>These uses at these densities are available now, without providing community infrastructure such as the large park.</p> <p>The 2002 plan did not envisage the Western Sydney Aerotropolis and the effect this has on the whole Liverpool LGA. The report on employment generation potential of the new airport by EY suggests that it will create 27,946 jobs by 2031 as a result of airport operations and business park. As there will be some demand for off-site commercial space, Middleton Grange is ideally situated, with space for a potential 749 commercial jobs.</p> <p>The open space and walkability of a predominantly low density neighbourhood would be far lower than the current proposal.</p>	<p>Chapter 2 outlines the current proposal against the current controls.</p> <p>Chapter 5 outlines the benefits of the park.</p> <p>Chapter 7 outlines the benefits of the town centre in regards to the Western Sydney Aerotropolis and the proposed Fifteenth Avenue Rapid Transit.</p>
<p>The Liverpool Business Centres and Corridors Strategy (2013) places Middleton Grange as a village centre and Carnes Hill Marketplace as a town centre.</p> <p>The locational characteristics of Middleton Grange make it inappropriate for retail/commercial space to exceed 5,500m².</p>	<p>The current hierarchy of centres for Liverpool does not anticipate the development of the Western Sydney Aerotropolis. At 7.5km from the airport, and connected by a rapid transit system, Middleton Grange is ideally located to provide off-site commercial and retail for airport-related industries and businesses.</p>	<p>Chapter 7 outlines the benefits of the town centre in regards to the Western Sydney Aerotropolis and the proposed Fifteenth Avenue Rapid Transit.</p>

Objection	Comment	Reference in This Report
Carnes Hill is located adjacent to civic and community uses (skate park, Recreation Centre, Library, community facilities).	The Urbis Report does not examine the estimated \$68.5 million of benefits of the proposed 7,632m ² park, nor does it acknowledge that in providing the higher densities that more community facilities will be available at Middleton Grange.	Chapter 5 outlines the benefits of the park.
The Macroplan Dimasi Report over-estimated the market need for new retail space. The market is of a sufficient size to support one full line supermarket in the not too distant future, but not more.	<p>The current controls allow for 11,729.3m² of commercial/retail space and 583 dwellings. The masterplan was to always include a supermarket at Middleton Grange, so this point is moot.</p> <p>The tenant mix is expected to not compete with Carnes Hill Marketplace, providing a full line supermarket, a smaller supermarket and some specialty retail. Currently shoppers living in Middleton Grange need to travel 2 kilometres or more to access retail; the proposed town centre would allow many to walk to the shops.</p> <p>Woolworths, one of Carnes Hill Marketplace's major tenants, has a position that more retail space should be provided where possible to keep rents, congestion, prices and car use down.</p>	<p>Chapter 1 outlines the position of one of Carnes Hill Marketplace's major tenants, Woolworths, in relation to restricting the amount of retail space.</p> <p>Chapter 4:</p> <ul style="list-style-type: none"> points out that restricting retail space lowers total factor productivity, thereby making retail products more expensive across the board. outlines the draft <i>Centres Policy: Planning for Retail and Commercial Development</i>, which states that new town centres should be able to be established and grow. summarises the Harper Reviews conclusions that restrictions of retail and commercial space lead to slower growth, fewer jobs or higher prices.
The impact on Carnes Hill Marketplace could be as much as a 27 per cent drop in sales	PPM Consulting acknowledges that new retailing could have a short-term impact on current centres. However, the current centres will also be affected by the Western Sydney Aerotropolis from 2026, as well as the developments that are envisaged along Fifteenth Avenue, none of which were anticipated by the LEP or the Macroplan Dimasi Report.	Chapter 7 outlines the vision for Fifteenth Avenue as a medium density, mixed use corridor, achieving densities of 65 to 80 dwellings per hectare.

Objection	Comment	Reference in This Report
The owner of Carnes Hill Marketplace is preparing a DA to expand the shopping centre.	Despite saying that more retail offerings in the area are unviable, the Urbis Report goes on to say that the owner of Carnes Hill Marketplace is looking to expand. This surely would be unviable too, given that the Urbis Report attempts to outline why the Middleton Grange Town Centre should only be 5,500m ² .	Chapter 1 outlines the position of one of Carnes Hill Marketplace's major tenants, Woolworths, in relation to restricting the amount of retail space. Chapter 4 outlines how markets work and what happens to rents and prices when retail and commercial space is restricted, including its impact on the poor.
The PPM Consulting Report is of little substance.	<p>The Urbis Report either intentionally or inadvertently misrepresents the PPM Consulting Report. When the PPM Consulting Report talks about the viability of the development, it does not refer to the viability of the retailers, it refers to the viability of the development itself (the return on investment for the developer, not the retail operator). Therefore, it holds that if the yield is too low, the return will be too low.</p> <p>PPM Consulting acknowledges that 88 additional dwellings above the current controls would not make a material difference to the viability of shops at Middleton Grange, however, the increased density will allow for the fixed development costs to be spread across more apartment purchasers, therefore allowing the apartments to be offered to the market at a lower price than at the lower density. A lower cost allows the development itself to be more viable, and therefore more likely to be built.</p>	<p>Chapter 1 outlines the position of one of Carnes Hill Marketplace's major tenants, Woolworths, in relation to restricting the amount of retail space.</p> <p>Chapter 2 outlines the current proposal against the current controls.</p> <p>Chapter 4 outlines how markets work and what happens to rents and prices when retail and commercial space is restricted, including its impact on the poor.</p>
The average single-supermarket centre is 6,800m ² of total retail floor space with total property floorspace of 8,570m ² .	Again, the Urbis Report is being misleading, as they see no reason that the town centre should be more than 5,500m ² . On this logic, they are against even a single-supermarket centre, as they say that the average single-supermarket centre is 1,300m ² more than this. Effectively the Urbis Report is suggesting that the people of Middleton Grange should only have a small supermarket, and get in their cars and drive to Carnes Hill Marketplace for their grocery shopping. Small shops, and restricted retail space, after all, have been shown to lead to lower total factor productivity, higher rents and higher prices.	<p>Chapter 1 outlines the position of one of Carnes Hill Marketplace's major tenants, Woolworths, in relation to restricting the amount of retail space.</p> <p>Chapter 4 outlines how markets work and what happens to rents and prices when retail and commercial space is restricted, including its impact on the poor.</p>

The Proposal and Current Controls

PPM Consulting understands that the current controls allow for the following:

- 583 dwellings
- 11,729.3m² of commercial and retail space.

This is contrary to the objectors' submissions that claim that the current controls only allow for 176 dwellings and 5,000-5,500m² of commercial and retail space.

The scheme as it is currently proposed has an FSR of 1.98 across all six lots, with a resultant total GFA of 113,351m². The retail total GFA would be 20,320m², commercial/mixed use would be 14,973m² and medical/other uses would occupy 15,235m² of GFA. This is shown in Table E-1.

Table E-1: Possible Development Under Liverpool LEP 2008 Versus Proposal

	2008 LEP	2019 Proposal (with medical)	Difference
R1 Area (m²)	26,189	14,243	-11,946.0
B2 Area (m²)	31,278	43,013	11,735.0
FSR R1	0.75:1	1.1:1	
FSR B2	1.5:1	2.3:1	
Av FSR Total Site	1.16:1	1.98:1	
Height R1 (m)	8.5	9.5, 14	
Height B2 (m)	18	20, 29	
Open Space (RE1) (m²)	751	2,569	1,818.0
Open Space (not RE1) (m²)	1,249	3,126	1,877.0
Dwellings	583	671	88
Residential GFA (m²)	54,829.5	63,703	8,873.5
Commercial GFA (m²)	11,729.3	34,235	22,505.7
Medical/Other GFA (m²)	0	15,235	15,235.0
Total GFA	66,558.8	113,173.0	46,614.2

Source: Pacific Planning, PPM Consulting

These specific areas may adjust slightly during detailed design

It is clear that if an FSR of 1.16:1 were a viable increase in gross floor area, it would have been built in the last 11 years, as it can be built *now* without a planning proposal. However, as it has not been built, it stands to reason that 1.16:1 does not give a return on investment that makes it commercially viable to build.

That said, if development did proceed under the current controls, it would not be likely that any of the proposed amenities, such as parks, community space, a child care centre and other community assets, would feature. The proposed GFA maximises the viability of the town centre as a focal point for the Middleton Grange suburb, and maximises the flexibility for the proponent in accommodating varied uses, as well as providing a return that enables investment in increased amenity.

The retail mix is proposed to include a major supermarket, a minor supermarket, some specialty shops and entertainment uses (such as restaurants, cafes and bars). Apart from the supermarket, it is unlikely that this mix will compete with the Carnes Hill Marketplace, as

the consumer offering will be so different, and geared more to lifestyle amenity as well as a heavy concentration on commercial floorspace. Indeed, nearly 15,000m² of the additional floorspace (nearly one-third) is proposed as office space, while a further 14,000m² (30 per cent) is proposed as a medical centre.

Gateway Determination

A Gateway determination was issued by the delegate of the Greater Sydney Commission on 15 August 2016. The Gateway in supporting the progression of the Planning Proposal included a number of conditions that would need to be addressed and approved prior to the progression of the proposal to consultation and exhibition.

Conditions 1 and 2 of the Gateway were relevant as follows:

1. *In relation to s117 Direction 4.3 Flood Prone Land, prior to exhibition, Council is required to:*
 - a. *Undertake and provide relevant flood studies that demonstrate consistency with this Direction; and*
 - b. *Include a Flood Planning Area map in the proposal.*
2. *Prior to public exhibition, Council must revise the planning proposal to include the flooding information and to provide additional information regarding:*
 - a. *Transition of proposed heights to existing neighbouring zones and overshadowing impacts,*
 - b. *Proposed controls for proposed commercial uses in residential zones, for example, this may include proposed controls to limit, or encourage certain commercial floor areas, or controls to ensure a proportion of residential uses, and*
 - c. *Provide the revised planning proposal to the Department for review.*

Subsequently detailed urban design work and economic viability analysis was undertaken to adequately address the matters raised in the Gateway determination, particularly the issue related to transition of height to neighbouring zones and overshadowing impacts. A revised Planning Proposal and Urban Design Report were prepared in June 2018 and was forwarded to the Department of Planning and Environment on 20 June 2018, which included controls of:

- FSR: 1:1 and 2.3:1
- Heights: 9.5m; 14m; 20m; 32m; and 35m

The Department confirmed on 28 June 2018 that the Gateway conditions had been adequately addressed and that the proposal could proceed to public exhibition, on the condition that the proposal was updated to reflect the Greater Sydney Plan and the Western City District Plan. This planning proposal was revised (July 2018) for the purposes of public exhibition.

The Planning Proposal was amended after Gateway to address the conditions. This was exhibited. This further amended Planning Proposal is effectively a response to submissions, taking on board community feedback. The proponent responded to community feedback by reducing the height, reducing the number of apartments, doubling the open space, and including a new medical centre.

It is important to note that the Sue Weatherly Report and the Urbis Report were both responding to the exhibited Planning Proposal, not the one discussed in this report.

Walkability and Proximity to Shopping and Services

At the time of the 2016 Census, there were approximately 5,000 people living in Middleton Grange. The nearest supermarket is Carnes Hill Marketplace, some 2 kilometres away. This journey could not be done on foot, and therefore residents are required to get into their cars and drive. This contributes to sedentary lifestyles and poor health outcomes.

Not only would the proposed Middleton Grange Town Centre be within walking distance of many current and future residents, it is also proposed to have many of the characteristics seen as “walkable”. The benefits include more viable retail spaces, less sedentary lifestyles and less time spent in cars and traffic.

The Impact of Restricting Retail Space

British spatial economist Professor Paul Cheshire of the London School of Economics has found that restrictive zoning can lower total factor productivity (and therefore increase prices paid by consumers) by:

- restricting the total availability of land for retail, thereby increasing space costs
- directly limiting store size
- concentrating retail development on specific central locations.

The findings suggest that restricting the size and growth of Middleton Grange Town Centre to a neighbourhood centre, and concentrating growth in developed centres, would likely result in an increase in prices, more cars and trucks on the road and more congestion around the designated centres. This is not only bad for the current and potential residents of Middleton Grange, but also the wider catchment area. It also found that restricting retail space adversely affects the poor, since poorer households spend higher proportions of their incomes on supermarket purchases.

This is similar to what Woolworths (one of Carnes Hill Marketplace’s major tenants) said in its evidence to the Productivity Commission’s *Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments* Inquiry in 2010:

Overall for Woolworths, by reducing the difficulties associated with developing new stores, we will be able to offer more Australian communities the convenience, choice, low prices and excellent quality products that Woolworths businesses are known for. Woolworths will also be less able to continue to create the many thousands of jobs and training opportunities that come with new store developments. Woolworths is concerned that continued land scarcity combined with protracted development process will lead to diminished retail competition, busier and more inconveniently located stores and shopping centres and more congested carparks and transport facilities.

They go on to say:

For example, there is a broad policy push across all jurisdictions (including NSW) to centralise future major retail development in

“activity centres” or centres centred on major transport links / major employment centres with a key objective being to increase public transport use. The practical effect of this policy approach has been to further limit land available for retail development even where there are compelling reasons for allowing retail development away from the transport and major centres.

Middleton Grange has always been recognised as a future town centre. The Department of Planning, Industry and Environment (the Department) has a long-standing policy position when it comes to competition between centres. The *Centres Policy: Planning for Retail and Commercial Development* has been in draft form since 2009 and provides guidance to planning authorities. The (draft) Centres Policy is based on six planning principles:

- retail and commercial activity should be located in centres to ensure the most efficient use of transport and other infrastructure, proximity to labour markets, and to improve the amenity and liveability of those centres.
- the planning system should be flexible enough to enable centres to grow, and new centres to form.
- the market is best placed to determine the need for retail and commercial development. The role of the planning system is to regulate the location and scale of development to accommodate market demand.
- the planning system should ensure that the supply of available floorspace always accommodates the market demand, to help facilitate new entrants into the market and promote competition.
- the planning system should support a wide range of retail and commercial premises in all centres and should contribute to ensuring a competitive retail and commercial market.
- retail and commercial development should be well designed to ensure they contribute to the amenity, accessibility, urban context and sustainability of centres.

Middleton Grange is located in an area that ensures the efficient use of transport, is close to potential workers, residents and customers, and improves the amenity of current and future residents. Furthermore, under these principles, the centre at Middleton Grange should have as much initial GFA as possible to allow for flexible uses, to enable it to grow and to accommodate market demand. Middleton Grange Town Centre is also within 350m of the proposed Fifteenth Avenue Rapid Transit between Liverpool CBD and the new airport at Badgerys Creek, which is likely to be running before the town centre is complete.

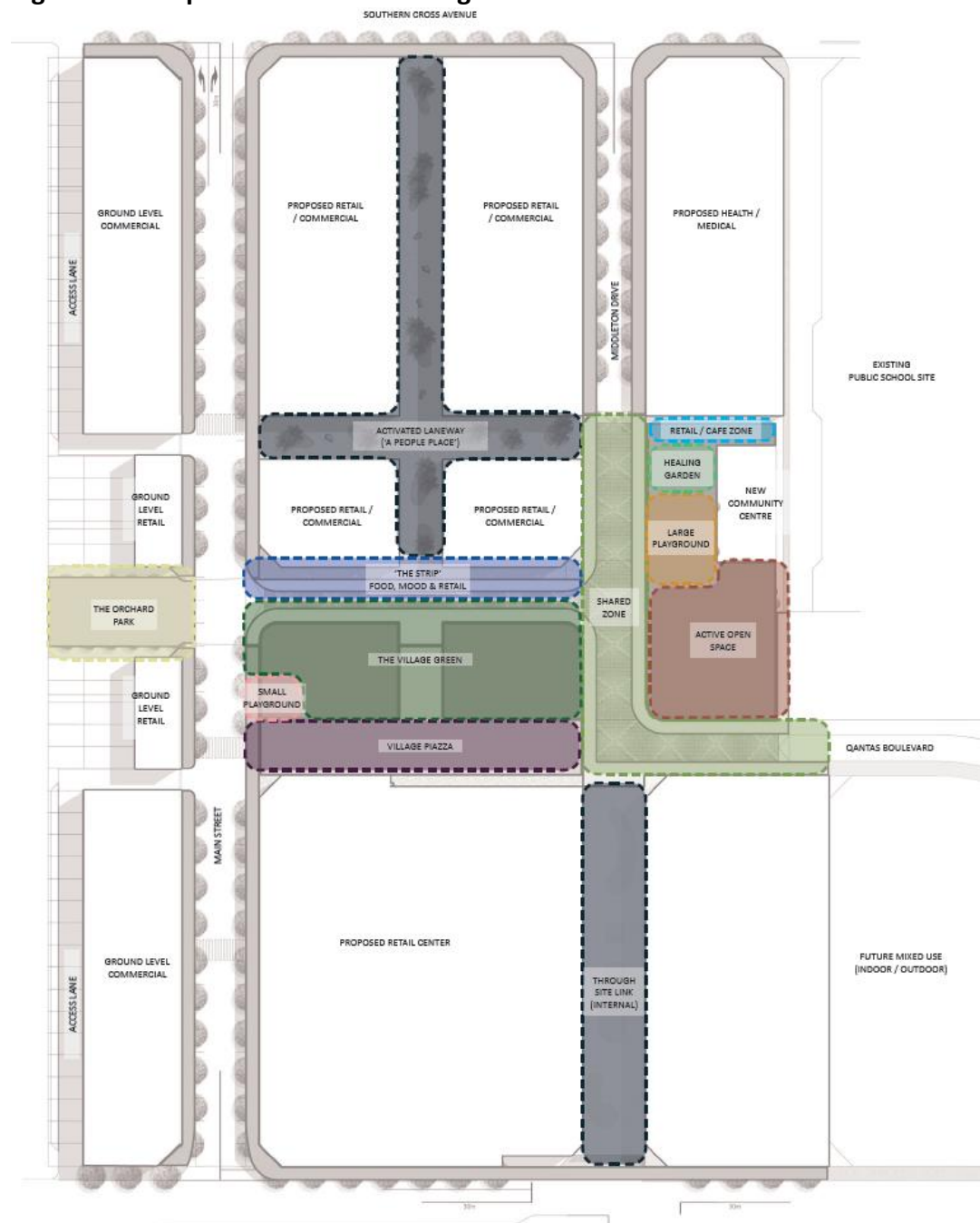
The Middleton Grange Town Centre is designed to ensure the retail and other commercial needs of current and future residents are met. The people of Liverpool already have lower average incomes and higher cost of living than other parts of Sydney; by seeking to lower the GFA of town centres like Middleton Grange, objectors are ensuring the economic scales continue to be tipped against its residents.

Parks and Open Space

The Planning Proposal that was exhibited included 3,126m² of public open space. Objectors did not address the public benefit of this in their reports. Following exhibition and feedback from the community, the proponent has increased the amount of open space to 7,632m²,

increasing this public benefit even further. While 2,000m² of land was slated under current controls for public open space, this would not have provided anywhere near the benefit to the community that is being proposed in the current proposal. The new public park areas, due to the development, will create a space in the Middleton Grange area for recreation, as well as providing a walkable commercial centre. The net economic benefit of the proposed parkland is estimated at \$68.5 million. The parks are shown in Figure E-1. The parks are linked and include a healing garden, playground, active open space, a village green, plaza and orchard park. The parks provide a link from the east to west, linking the commercial, residential and retail/food areas of the proposed development.

Figure E-1: Proposed Middleton Grange Parks



Source: Middleton Grange Landscape Concept 20-8-2019, Issue A, Habit8

Taking the cost of creating the park and value of visitation, modelling shows that the total economic benefit of the park would be a little under \$66 million. The net benefit of the park (including ongoing maintenance and upgrades) would be just under \$68.5 million over its assumed 50 year life. It should also be noted that this does not include the value of the land that is being dedicated.

Western Sydney Aerotropolis

Despite what objectors have said in their reports, the current controls did not contemplate the major development in western Sydney today: the construction of a second airport for Sydney at Badgerys Creek. The Badgerys Creek site is approximately 7.5 kilometres from the proposed Middleton Grange Town Centre.

Fifteenth Avenue, which is approximately 350 metres to the south of the Middletown Grange Town Centre, linking the Liverpool CBD to the airport, has the potential to be a major growth corridor, with the proposed Fifteenth Avenue Rapid Transit as a high-frequency link.

The proposed Middleton Grange Town Centre will feature approximately 15,000m² of commercial space. This is shown in Table E-2.

Table E-2: Proposed Commercial Gross Floor Area, Middleton Grange

	Lot 2	Lot 3	Lot 4	Lot 5	Lot 6	Lot 7	Totals	% Total Area
Commercial GLA (m²)	2,975	2,975	0	6,135	2,888	0	14,972.5	13.2%

Source: Pacific Planning, PPM Consulting

With the airport only 7.5km to the west, the commercial space at Middleton Grange will likely attract demand from airport-related businesses looking for commercial and office space within proximity to the airport. Airport-related businesses would be able to have their offices off-site but use the proposed Fifteenth Avenue Rapid Transit, which would likely be available by the time the Middleton Grange development is built.

It should also be noted that Middleton Grange will not be under the flight path. However, the Western Sydney Employment Lands will be to the north and the south of the runway, making them potentially susceptible to aircraft noise. While airport-related businesses might want to be close to the airport, or even based at the airport, the need to ensure occupational health and safety with regards to noise exposure may be a consideration. With nearly 15,000m² of office space, Middleton Grange could cater to businesses who:

- cannot afford to set up at the airport (Middleton Grange rents are likely to be lower than at the airport)
- want a presence near the airport before it opens in 2026
- do not want to be affected by the highest levels of noise at the airport
- are looking for adaptable office spaces
- are start-ups who are looking for lower rents than are available at the airport.

The proximity to the airport, and its position between the airport and Liverpool CBD, and its proximity to the proposed Fifteenth Avenue Rapid Transit means that the commercial space at Middleton Grange is not only very well located but also very attractive for potential tenants. The proposed GFA for commercial uses suggests that the potential ongoing

commercial jobs in Middleton Grange would be approximately 750 jobs. This is less than 3 per cent of the total jobs of estimated 27,946 jobs created by the airport in 2031.

Conclusion

The proponent proposes to build a town centre that is walkable, vibrant, diverse and accessible. A neighbourhood/strip shops offering would not be able to provide the same level of amenity to local people.

While shopping centre owners may seek to restrict the emergence and growth of new town centres, it is clear that their tenants, particularly their largest tenants, disagree with these restrictions. It is also clear that it would be a bad outcome for consumers.

Charter Hall objects to the planning proposal and calls for the Middleton Grange Town Centre to be restricted to no more than 5,500m² of commercial space. This would be a poor outcome for the people of Middleton Grange as it would:

- increase time spent in cars to get to established shopping centres – local residents of Middleton Grange would instead be able to walk to get their daily needs, as well as have an opportunity for recreation
- increase congestion around existing shopping centres
- likely result in higher prices for groceries
- result in slower-growing, smaller, more risky retail establishments
- result in less walking, and therefore higher health costs associated with sedentary lifestyles
- little public open space
- little or no commercial space.

Middleton Grange is ideally located to take some of the pressure off commercial rents and space at the new Western Sydney Aerotropolis. By catering for around 750 jobs, the commercial development at Middleton Grange could secure tenants who want to be within proximity to the airport but not located at the airport, and be connected by the proposed Fifteenth Avenue Rapid Transit.

Although Charter Hall concludes that any increase in retail floorspace in the area (including at Middleton Grange) would be unviable, it also notes that they are currently preparing a DA to expand and refurbish Carnes Hill Marketplace, suggesting that an expanded retail offering is not only needed in the area but would be viable.

Middleton Grange offers a mixed use development where the retail, commercial and residential spaces complement each other, as well as one that complements nearby developments.

1. Introduction

The purpose of this report is to give an economics response to two reports submitted by objectors on the Middleton Grange Town Centre proposal. These two reports are a report commissioned by Parkbridge Community Association by Sue Weatherly and Associates (the Weatherly Report) and a report commissioned by Charter Hall undertaken by Urbis (the Urbis Report).

The Weatherly Report:

- understates the current controls (5,000m² of commercial and 176 dwellings)
- uses the densities in the exhibited proposal (86,031m² of residential or 912 dwellings whereas only 63,703m² or 671 dwellings are proposed in the current revised proposal in response to community feedback) and does not acknowledge that this could be built now, without the additional amenity provided
- points out that the town centre should have been built between 2011 and 2019 (although it is 2019 and there is no retail centre on the site at all)
- does not acknowledge the large park that a higher density can provide (although a smaller amount of open space was included in the exhibited proposal, which objectors are responding to, objectors did not acknowledge the public benefits that flow from higher densities, such as increased public open space)
- does not acknowledge the social and community infrastructure that will be built as part of the proposal, including:
 - a new park of 7,632m²
 - a walkable town centre, with the health and social benefits this creates
 - new retail allowing people to shop more locally
 - new restaurants allowing entertainment options more locally
 - local retail will reduce congestion
- acknowledges that the town centre is approximately 6km from the nearest railway line but does not acknowledge that the proposed Fifteenth Avenue Rapid Transit will be just 350m from the town centre, providing high-speed access to Liverpool CBD and the Western Sydney Aerotropolis.
- does not acknowledge that other town centres in the area, for example Carnes Hill Marketplace, are also a long way from high capacity public transport
- does not acknowledge the impact of the Western Sydney Aerotropolis
- puts up a “straw man” economic argument that misconstrues the economics of increasing the supply of housing.

Similarly, Charter Hall commissioned Urbis to undertake an analysis of the viability of the potential retail space, and its potential impact on the shopping centre, Carnes Hill Marketplace (the Urbis Report). The Urbis Report:

- notes that the original masterplan (from 2002) was low density with a neighbourhood centre, even though the current controls allow for a much more dense development
- does not acknowledge the Western Sydney Aerotropolis and its impact on other centres
- does not acknowledge the civic and community space that would be built if the proposal is of a viable density, including the proposed 7,632m² park

- refutes the Macroplan Dimasi Report commissioned by the proponent, but does not adequately address issues around the effects of restricting supply of retail space on total factor productivity, rents and prices
- does not take into account the planning for developments along Fifteenth Avenue.
- notes that, despite arguing that an increased retail offering in the area is unviable, Carnes Hill Marketplace is looking to expand suggesting that an expanded retail offering is not only needed in the area but would be viable.

A major criticism of the Middleton Grange proposal in the Weatherly Report is that it is not near a train station or main road. However, the Carnes Hill Marketplace is also not near a train station (approximately 4km from Leppington Station) and is on Cowpasture Road, which is not a major high capacity arterial road. In addition, the Fifteenth Avenue Rapid Transit proposal – to provide rapid transport between the Liverpool CBD and the Western Sydney Aerotropolis – cancels out these objections.

Objectors cannot have it both ways. Either there is not enough retail capacity (in which case an expansion of Carnes Hill Marketplace would be unviable) or there is. Either the location of the Middleton Grange Town Centre is not in an adequate location, or other town centres should also not exist. Cities change over time (as with the airport) and potential land uses are not rigid.

It is clear that the purpose of the Urbis Report is to argue that Middleton Grange should be kept as small as possible while Carnes Hill Marketplace is allowed to expand. However, even Carnes Hill Marketplace's major tenant, Woolworths, has a position that the development of new stores is difficult and that there should be more competition in the retail space, whereas the Urbis Report argues that less retail space results in better outcomes for established operators. In its submission to the Productivity Commission's *Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments* Inquiry in 2010, Woolworths stated:

Overall for Woolworths, by reducing the difficulties associated with developing new stores, we will be able to offer more Australian communities the convenience, choice, low prices and excellent quality products that Woolworths businesses are known for. Woolworths will also be less able to continue to create the many thousands of jobs and training opportunities that come with new store developments. Woolworths is concerned that continued land scarcity combined with protracted development process will lead to diminished retail competition, busier and more inconveniently located stores and shopping centres and more congested carparks and transport facilities.

Furthermore, in relation to competition, Woolworths said:

Unless appropriately addressed Woolworths expects the existing undersupply to worsen as demand for retail floorspace per person continues to increase (for the reasons discussed in section 3). Woolworths is specifically concerned that, rather than addressing

this undersupply, current reforms to the NSW Planning will potentially exacerbate and reinforce the current shortage of retail space. For example, as part of this reform process, the NSW Department of Planning has released Draft Sub-Regional Plans which place a limit of one or two supermarkets in Town Centres and one small supermarket in villages. As a result of this, Woolworths estimates that approximately 135 supermarkets that are currently in existence would not be allowed to be developed under these Draft Sub-Regional Plans, let alone any further supermarkets to account for population growth.

They go on to say:

For example, there is a broad policy push across all jurisdictions (including NSW) to centralise future major retail development in “activity centres” or centres centred on major transport links / major employment centres with a key objective being to increase public transport use. The practical effect of this policy approach has been to further limit land available for retail development even where there are compelling reasons for allowing retail development away from the transport and major centres.

Finally they say:

The final issue, in terms of restrictions on permitted type of development, arises where planning frameworks do allow retail development but narrowly prescribe the type of store or formats allowed. ... Only through enabling the market to determine the appropriate retail format, do local communities and customers get the best levels of price, service and product competition both now and into the future.

Objectors did not address the large amount of public open space that is proposed to be created by the development, which will create a space in the Middleton Grange area for recreation, as well as providing a walkable commercial centre. As shown in this report, the net economic benefit of the proposed parkland is estimated at \$68.5million.

Pacific Planning has commissioned PPM Consulting to provide an assessment of the objections, as well as new information, such as studies of the effect of planning restrictions on total factor productivity (TFP) and therefore prices on supermarket in other highly regulated markets, the benefit of new parks, and the effect of the new town centre on competition.

2. The Proposed Development

The development site is at 60-80 Southern Cross Avenue and 45-65 Hall Circuit, Middleton Grange.

The site is split over six lots, with a total area of 57,255m² available for development.

The post exhibition scheme as it is currently proposed has an average FSR of 1.98 across all six lots, with a resultant total GFA of 113,173m². The retail total GFA would be 20,320m², commercial/mixed use would be 14,973m² and medical/other uses would occupy 15,235m² of GFA. This is shown in Table 1.

Table 1: Site area and Floor Areas

	Lot 2	Lot 3	Lot 4	Lot 5	Lot 6	Lot 7	Totals
RETAIL AREAS (GFA)	373	379	7,157	8,075	3,280	1,057	20,320
COMMERCIAL/MIXED USE (GFA)	2,975	2,975	0	6,135	2,888	0	14,973
MEDICAL/OTHER (GFA)	0	0	0	0	0	14,178	15,235
RESIDENTIAL AREAS (GFA)	3,770	3,770	26,767	22,222	7,352	0	63,881
TOTAL GFA	7,118	7,124	33,924	36,432	13,519	15,235	113,173
SITE AREA	7,118	7,124	15,490	17,970	5,538	4,015	57,255
FSR	1.00	1.00	2.19	2.03	2.44	3.79	1.98
Total development site FSR (rounded)							1.98

Source: Pacific Planning, PPM Consulting

These specific areas may adjust slightly during detailed design

The proposed GFA maximises the viability of the town centre as a focal point for the Middleton Grange suburb, and maximises the flexibility for the proponent in accommodating varied uses. As the uses are not yet known, it is vital that flexibility exists, particularly when it is likely that a use could be a full-line supermarket.

The gateway determination issued on 15 August 2016 included a number of conditions to be addressed by Council prior to public exhibition of the planning proposal. Among these conditions was for Council to provide additional information regarding:

- transition of proposed heights to existing neighbouring zones and overshadowing impacts
- proposed controls for proposed commercial uses in residential zones, for example, this may include proposed controls to limit, or encourage certain commercial floor areas, or control to ensure a proportion of residential use.

Council responded to the proponent, seeking a reduction in heights to allow an appropriate transition of building height to the lower scale residential land uses surrounding the proposed town centre. In response to Council's preferred FSR, the proponent has countered in a way that allows for the transition Council requires in Lots 2 and 3, but maintains maximum flexibility of the original Gateway determination at a GFA of 113,173m². The proponent proposes that Lots 2 and 3 have an FSR of 1.0:1 to allow for Council's preferred transition. To ensure that the GFA remains commensurate with the Gateway determination, the proponent is proposing FSRs for lots 6 and 7 of 2.44 and 3.79 respectively, although Lot 7 will have no residential uses.

Analysis of Current Controls Against Proposal

When the Liverpool Local Environmental Plan 2008 was gazetted, the Western Sydney Aerotropolis was contemplated, but in no way was it at that stage thought that it would go ahead. With so many stops and starts since its first announcement by the Hawke government, there is no way that the airport development could have been considered as part of the LEP 11 years ago.

However, in September 2018 work began on building the Western Sydney (Nancy-Bird Walton) Airport at Badgerys Creek, around 7.5 kilometres from the proposed Middleton Grange Town Centre. The airport is expected to be operational by 2026.

In relation to the town centre itself, contrary to the Weatherly and Urbis reports, the LEP allows for the following:

- 583 dwellings
- 11,729m² retail/commercial space.

This is shown in Table 2.

Table 2: Possible Development Under Liverpool LEP 2008 Versus Proposal

	2008 LEP	2019 Proposal (with medical)	Difference
R1 Area (m²)	26,189	14,243	-11,946.0
B2 Area (m²)	31,278	43,013	11,735.0
FSR R1	0.75:1	1.1:1	
FSR B2	1.5:1	2.3:1	
Av FSR Total Site	1.16:1	1.98:1	
Height R1 (m)	8.5	9.5, 14	
Height B2 (m)	18	20, 29	
Open Space (RE1) (m²)	751	2,569	1,818.0
Open Space (not RE1) (m²)	1,249	3,126	1,877.0
Dwellings	583	671	88
Residential GFA (m²)	54,829.5	63,703	8,873.5
Commercial GFA (m²)	11,729.3	34,235	22,505.7
Medical GFA (m²)	0	15,235	15,235.0
Total GFA	66,558.8	113,173.0	46,614.2

Source: Pacific Planning, PPM Consulting

These specific areas may adjust slightly during detailed design

It should be noted that, under the LEP, between 583 and 630 dwellings and 11,729.3m² of commercial space could be built now, without a planning proposal (contrary to the assertions that only 176 dwellings and up to 5,500m² of commercial space could be developed under the current LEP). However, it should also be noted that if a town centre was built, it would likely lack the amenities that are being afforded by a small increase in FSR, from 1.16:1 to 1.98:1.

The additional amenities include:

- additional 5,632m² of open space
- medical centre with a GFA of 15,235m²

- community centre
- child care centre
- gym
- specialty shops (including restaurants, cafes and bars).

The residential, commercial and retail mix of the additional total increase of 46,614.2m² in GFA is designed to complement each other. The proposal will allow entrepreneurs to work and live in the same precinct, allow business incubation and be complementary to the office space at the new airport (both before it opens and post 2026).

The retail mix is proposed to include a major supermarket, a minor supermarket, some specialty shops and entertainment uses (such as restaurants, cafes and bars). Apart from the supermarket, it is unlikely that this mix will compete with the Carnes Hill Marketplace, as the consumer offering will be so different, and geared more to lifestyle amenity as well as a heavy concentration on commercial floorspace. Indeed, nearly 15,000m² of the additional floorspace (nearly one-third) is proposed as office space, while a further 15,000m² (30 per cent) is proposed as a medical centre.

Gateway Determination

A Gateway determination was issued by the delegate of the Greater Sydney Commission on 15 August 2016. The Gateway in supporting the progression of the Planning Proposal included a number of conditions that would need to be addressed and approved prior to the progression of the proposal to consultation and exhibition.

Conditions 1 and 2 of the Gateway were relevant as follows:

- 1. In relation to s117 Direction 4.3 Flood Prone Land, prior to exhibition, Council is required to:*
 - a. Undertake and provide relevant flood studies that demonstrate consistency with this Direction; and*
 - b. Include a Flood Planning Area map in the proposal.*
- 2. Prior to public exhibition, Council must revise the planning proposal to include the flooding information and to provide additional information regarding:*
 - a. Transition of proposed heights to existing neighbouring zones and overshadowing impacts,*
 - b. Proposed controls for proposed commercial uses in residential zones, for example, this may include proposed controls to limit, or encourage certain commercial floor areas, or controls to ensure a proportion of residential uses, and*
 - c. Provide the revised planning proposal to the Department for review.*

Subsequently detailed urban design work and economic viability analysis was undertaken to adequately address the matters raised in the Gateway determination, particularly the issue related to transition of height to neighbouring zones and overshadowing impacts. A revised Planning Proposal and Urban Design Report were prepared in June 2018 and was forwarded to the Department of Planning and Environment on 20 June 2018, which included controls of:

- FSR: 1:1 and 2.3:1
- Heights: 9.5m; 14m; 20m; 32m; and 35m

The Department confirmed on 28 June 2018 that the Gateway conditions had been adequately addressed and that the proposal could proceed to public exhibition, on the condition that the proposal was updated to reflect the Greater Sydney Plan and the Western City District Plan. This planning proposal was revised (July 2018) for the purposes of public exhibition.

The planning proposal was then publicly exhibited and subsequently amended to reflect the concerns raised by the community. This includes reduced height (29 metres), double the amount of open space, reduction in apartments and the proposed medical centre. The objectors' reports relate to the exhibited proposal, not the current proposal.

The Benefits of Increasing Housing Supply

The Weatherly Report puts up a straw man argument that goes that economists say that building more supply anywhere and always will result in lower house prices. The report goes on to say that this is a flawed argument. Indeed it is a flawed argument because it is not what economists argue.

The simple answer, though, is that the housing market does not work much differently to other markets. Despite housing being heterogenous for many reasons (size, location, proximity to jobs, schools, amenities, etc), all other things being equal, increasing supply will reduce prices.

The market for bananas is similar – constrict supply and prices go up; increase supply and prices go down. But the market for bananas is also influenced by the market for substitutes, so that when the prices of apples goes up, demand for bananas may increase, forcing the price of bananas up without any change to the supply.

The housing market is influenced by the current stock (i.e. an increase in the housing stock of one per cent per year will not impact on the price of the whole stock), the price of money (also known as interest rates), prevailing rents in an area, demand from new household formation, the state of the labour market, demand for increased quality as incomes rise, and other impacts that are external to the supply of housing.

So it follows that more supply everywhere will not necessarily lower prices. However, this is a misleading argument that attempts to discredit economists and make an odd point that somehow the market for housing is different to every other market. In reality, new house prices are about yield, and the more dwellings that a developer's fixed prices can be spread across, the lower the price of the final dwelling sold to the consumer. Therefore, building more houses in a development *does* mean that prices are lower than they would otherwise be if the fixed costs were spread among fewer dwellings.

The proposal at Middleton Grange Town Centre is to build 88 more apartments than can be built under current controls. While this will have a negligible effect on the state of the overall Sydney market, the increased density will allow for the fixed development costs to be spread across more apartment purchasers, therefore allowing the apartments to be offered to the market at a lower price than at the lower density.

That said, those putting forward the argument that increased supply does not lead to lower house prices fail to give a counter-factual. They fail to show what would have happened to prices had supply *not* increased. Most economists would contend that restricting supply leads to higher prices in nearly all markets, including the housing market, but not for reasons implied by the Weatherly Report.

3. Response to Objectors

The two main objections to the proposed development are contained in the Weatherly Report and the Urbis Report. This section comments on each objection from an economic perspective.

Objection	Comment
<i>Sue Weatherly and Associates Report</i>	
The current controls only allow 5,000m ² of retail and commercial space and 176 dwellings.	<p>This is not true. The current controls allow for 11,729.3m² of commercial/retail space and 583 dwellings.</p> <p>These uses at these densities are available now, without providing community infrastructure such as the large park.</p>
The proposal is to build 86,031m ² of residential space or 912 dwellings.	The current proposal will facilitate 63,703m ² of residential space or approximately 671 dwellings.
The proposal is to build 20,240m ² of retail and 2,533m ² of commercial uses.	The current proposal is to build 20,320m ² of retail, 14,973m ² of commercial and 15,235m ² of medial/other uses.
Open space areas for parks	This is the only acknowledgement that the additional GFA will provide the opportunity for a park, but does not acknowledge that the size and amenity of the park is dependent on the yield of the development.
The community's concerns are around infrastructure, with little or no transport and social infrastructure	<p>The following infrastructure will be provided to the people of Middleton Grange as a result of the development:</p> <ul style="list-style-type: none"> • a new park of 7,632m² • a walkable town centre, with the health and social benefits this creates • new retail allowing people to shop more locally • new restaurants allowing entertainment options more locally • local retail will reduce congestion • the proposed Fifteenth Avenue Rapid Transit will be just 350m from the town centre, providing high-speed access to Liverpool CBD and the Western Sydney Aerotropolis.
Middleton Grange is a low density community, located some distance from mass transport service (the nearest station is over 6km away at Leppington)	The proposed Middleton Grange Town Centre is located 350m north of Fifteenth Avenue, where a proposed rapid transit system is proposed to operate from the Liverpool CBD to the new Western Sydney Aerotropolis. This places rapid public transport much closer to Middleton Grange than the current Carnes Hill Marketplace, which is also approximately 4km from Leppington station. On this analysis, Carnes Hill Marketplace should also not have been built.

Objection	Comment
<p>Because of the capacity of the current planning rules for the town centre to deliver local services, retail for daily needs and housing diversity there is no justification to change the planning rules for the site</p>	<p>The key strategic documents upon which the Weatherly Report makes these claims are:</p> <ul style="list-style-type: none"> the Liverpool Retail Centres Hierarchy (2012) the Business Centres and Corridors Strategy Review (2013). <p>Neither of these documents envisaged the Western Sydney Aerotropolis and are therefore out of date.</p> <p>The Western Sydney Aerotropolis provides the justification for a town centre of the size proposed.</p> <p>The proposal also includes zone boundary adjustments to reflect a more logical and simplified layout across the centre. This has resulted in an increase in the area of B2 Local Centre land and land available for development. This has also resulted in additional town centre floorspace associated with the town centre.</p>
<p>The proposal does not comply with the Gateway Determination</p> <p>Due to the nature of the permissible land uses in the B2 zone, increasing the area zoned B2 would increase the potential commercial or retail floor space without the need to increase heights or floor space ratios. This would enable the market to respond to any increase in demand for retail floor space without changing the FSR controls.</p>	<p>The proposal does comply with the Gateway determination.</p> <p>This appears to contradict earlier statements that the maximum retail/commercial space should be 5,000m². If retail/commercial GFA is to be capped at 5,000m², the amount of land zoned B2 is immaterial and the market can only respond within the envelope of 5,000m². This seems like a disingenuous statement. It is likely that the market would work it out, but at rents higher than would otherwise be the case with higher FSRs, and so risking the viability of commercial tenants (and therefore the likelihood of the development happening at all) as well as meaning shoppers at Middleton Grange will pay higher prices as rents are passed through.</p>
<p>Much of the economic benefits described in the EIA is about impacts in the broader catchment.</p>	<p>Currently there is no retail or commercial, nor is there any Middleton Grange Town Centre. It is wholly appropriate that a wider catchment, capturing where current residents shop, would be taken.</p>

Objection	Comment
<p>The current planning rules also provide for:</p> <ul style="list-style-type: none"> • housing choice, and affordability (through increase supply) • access to convenience shopping and local facilities • jobs/employment 	<p>While it is true that even an increase in one dwelling provides increased housing choice, the development can be built with much more residential and retail than the Weatherly Report says it can under current controls. It is also appropriate to acknowledge that the proximity of the town centre to the Western Sydney Aerotropolis changes the nature of the demand for commercial and retail space and that the proposed Fifteenth Avenue Rapid Transit changes the economic opportunities along the corridor.</p> <p>The Weatherly Report also fails to acknowledge that the higher densities allow for greater amenity. While it should be acknowledged that 2,000m² was slated for open space under the existing controls, and the proposal has been amended since exhibition to include a total of 7,632m² of open space that would not have to be provided at current densities, the opportunity for more open space that comes with higher densities should have been acknowledged. The economic benefit of the park is estimated at \$68.5 million over 50 years.</p>
<p>The argument that “if we build more houses then house prices will fall to a level that is more affordable” is flawed.</p>	<p>This in itself is a flawed, straw-man, take on the consequences of building an adequate supply of dwellings in areas where there is demand.</p> <p>The proposal is to build 88 more apartments than can be built under current controls. While this will have a negligible effect on the state of the overall Sydney market, the increased density will allow for the fixed development costs to be spread across more apartment purchasers, therefore allowing the apartments to be offered to the market at a lower price than at the lower density.</p>
<p>Urbis Report</p>	
<p>The original masterplan, prepared in 2002, establish Middleton Grange as a predominantly low density residential place with diverse housing options and walkable neighbourhoods as well as a neighbourhood centre that can provide the community with access to daily shopping requirements, open space and community facilities</p>	<p>The current controls allow for 11,729.3m² of commercial/retail space and 583 dwellings.</p> <p>These uses at these densities are available now, without providing community infrastructure such as the large park.</p> <p>The 2002 plan did not envisage the Western Sydney Aerotropolis and the effect this has on the whole Liverpool LGA. The report on employment generation potential of the new airport by EY suggests that it will create 27,946 jobs by 2031 as a result of airport operations and business park. As there will be some demand for off-site commercial space, Middleton Grange is ideally situated, with space for a potential 749 commercial jobs.</p> <p>The open space and walkability of a predominantly low density neighbourhood would be far lower than the current proposal.</p>

Objection	Comment
<p>The Liverpool Business Centres and Corridors Strategy (2013) places Middleton Grange as a village centre and Carnes Hill Marketplace as a town centre.</p> <p>The locational characteristics of Middleton Grange make it inappropriate for retail/commercial space to exceed 5,500m².</p>	<p>The current hierarchy of centres for Liverpool does not anticipate the development of the Western Sydney Aerotropolis. At 7.5km from the airport, and connected by a repaid transit system, Middleton Grange is ideally located to provide off-site commercial and retail for airport-related industries and businesses.</p>
<p>Carnes Hill is located adjacent to civic and community uses (skate park, Recreation Centre, Library, community facilities)</p>	<p>The Urbis Report does not examine the increased benefits of the park that was exhibited as part of the proposal, nor does it acknowledge that the higher densities allow for greater amenity. While it should be acknowledged that 2,000m² was slated for open space under the existing controls, and the proposal has been amended since exhibition to include a total of 7,632m² of open space that would not have to be provided at current densities, the opportunity for more open space that comes with higher densities should have been acknowledged. The economic benefit of the park is estimated at \$68.5 million over 50 years.</p>
<p>The Macroplan Dimasi Report over-estimated the market need for new retail space. The market is of a sufficient size to support one full line supermarket in the not too distant future, but not more.</p>	<p>The tenant mix is expected to not compete with Carnes Hill Marketplace, providing a full line supermarket, a smaller supermarket and some specialty retail. Currently shoppers living in Middleton Grange need to travel 2 kilometres or more to access retail; the proposed town centre would allow many to walk to the shops.</p> <p>Woolworths, one of Carnes Hill Marketplace's major tenants, has a position that more retail space should be provided where possible to keep rents, congestion, prices and car use down.</p>
<p>The impact on Carnes Hill Marketplace could be as much as a 27 per cent drop in sales</p>	<p>PPM Consulting acknowledges that new retailing could have a short-term impact on current centres. However, the current centres will also be affected by the Western Sydney Aerotropolis from 2026, as well as the developments that are envisaged along Fifteenth Avenue, none of which were anticipated by the LEP or the Macroplan Dimasi Report.</p>
<p>The owner of Carnes Hill Marketplace is preparing a DA to expand the shopping centre.</p>	<p>Despite saying that more retail offerings in the area are unviable, the Urbis Report goes on to say that the owner of Carnes Hill Marketplace is looking to expand. This surely would be unviable too, given that the Urbis Report attempts to outline why the Middleton Grange Town Centre should only be 5,500m².</p>

Objection	Comment
The PPM Consulting Report is of little substance	<p>The Urbis Report either intentionally or inadvertently misrepresents the PPM Consulting Report. When the PPM Consulting Report talks about the viability of the development, it does not refer to the viability of the retailers, it refers to the viability of the development itself (the return on investment for the developer, not the retail operator). Therefore, it holds that if the yield is too low, the return will be too low.</p> <p>PPM Consulting acknowledges that 88 additional dwellings above the current controls would not make a material difference to the viability of shops at Middleton Grange, however, the increased density will allow for the fixed development costs to be spread across more apartment purchasers, therefore allowing the apartments to be offered to the market at a lower price than at the lower density. A lower cost allows the development itself to be more viable, and therefore more likely to be built.</p>
The average single-supermarket centre is 6,800m ² of total retail floor space with total property floorspace of 8,570m ² .	<p>Again, the Urbis Report is being misleading, as they see no reason that the town centre should be more than 5,500m². On this logic, they are against even a single-supermarket centre, as the average single-supermarket centre is 1,300m² more than this. Effectively the Urbis Report is suggesting that the people of Middleton Grange should only have a small supermarket, and get in their cars and drive to Carnes Hill Marketplace for their grocery shopping. Small shops, and restricted retail space, after all, have been shown to lead to lower total factor productivity, higher rents and higher prices.</p>

4. The Impact on Consumers of Reducing Commercial/Retail Space

The Weatherly Report and the Urbis Report object to the proposed town centre on the mistaken basis of the current controls. They do not reference the Western Sydney Aerotropolis nor do they acknowledge the increased amenity provided by increased density. They also fail to adequately address the growing amount of economic empirical and theoretical evidence that restrictions on commercial and retail floor space impact harshly on consumers by increasing rents which is passed through in the form of higher prices. This chapter looks at this evidence, refuting the argument that only one centre should be able to grow at the expense of the consumer.

Major British Study of Restrictions of Commercial Space

Cheshire, Hilber and Kaplanis in *Evaluating the effects of planning policies on the retail sector: or do town centre first policies deliver the goods?* (Spatial Economics Research Centre, London School of Economics, 2011) found that British land use policies may lower total factor productivity (TFP) in the retailing industry by:

- restricting the total availability of land for retail, thereby increasing space costs
- directly limiting store size
- concentrating retail development on specific central locations.

The researchers used unique store-specific data to estimate the impact of space on retail productivity and the specific effects of planning restrictiveness and micromanagement of store locations.

The research found that total factor productivity (TFP) rises with store size and that planning policy directly reduces productivity both by reducing store sizes and forcing retail onto less productive sites. The results suggest that since the late 1980s British planning policies have imposed a loss of TFP of at least 20 per cent.

Planning policies in NSW are similarly restrictive, establishing town centre hierarchies, restricting new town centres, restricting the size of town centres and curtailing growth.

The research found that these restrictive “town centre first” policies should be removed, especially:

- eliminating the ‘needs’ and ‘sequential’ tests and allowing supermarket development on larger sites close to major highways would produce major efficiency gains in the sector.
- “town centre first” policies are unlikely to deliver on the two explicit goals of improving access to shops for poorer households and encouraging the use of public transport for sustainability.
 - By reducing productivity and raising prices in shops – notably supermarkets – these policies will adversely affect the poor, since poorer households spend higher proportions of their incomes on supermarket purchases.
 - Since warehouses are located close to major roads, these policies push retail logistics to more and longer journeys in smaller lorries in more congested conditions. They also push the majority of shoppers using cars to more frequent and time-consuming trips in more congested conditions.

The implications of this research for NSW, and indeed for the Middleton Grange Town Centre, are profound. The findings suggest that restricting the size and growth of Middleton Grange Town Centre to a neighbourhood centre, and concentrating growth in current centres, would likely result in an increase in prices, more cars and trucks on the road and more congestion around the designated centres. This is not only bad for the current and potential residents of Middleton Grange, but also the wider catchment area.

Competing Town Centres

The main objection has come from Charter Hall, owner of Carnes Hill Marketplace, some two kilometres from the proposed Middleton Grange Town Centre. The Department of Planning, Industry and Environment (the Department) has a long-standing policy position when it comes to competition between centres.

The *Centres Policy: Planning for Retail and Commercial Development* has been in draft form since 2009 and provides guidance to planning authorities. The (draft) Centres Policy is based on six planning principles:

- Retail and commercial activity should be located in centres to ensure the most efficient use of transport and other infrastructure, proximity to labour markets, and to improve the amenity and liveability of those centres.
- The planning system should be flexible enough to enable centres to grow, and new centres to form.
- The market is best placed to determine the need for retail and commercial development. The role of the planning system is to regulate the location and scale of development to accommodate market demand.
- The planning system should ensure that the supply of available floorspace always accommodates the market demand, to help facilitate new entrants into the market and promote competition.
- The planning system should support a wide range of retail and commercial premises in all centres and should contribute to ensuring a competitive retail and commercial market.
- Retail and commercial development should be well designed to ensure they contribute to the amenity, accessibility, urban context and sustainability of centres.

Middleton Grange is located in an area that ensures the efficient use of transport, is close to potential workers, residents and customers, and improves the amenity of current and future residents. Furthermore, under these principles, the centre at Middleton Grange should have as much initial GFA as possible to allow for flexible uses, to enable it to grow and to accommodate market demand. Middleton Grange Town Centre is also within 350m of the proposed Fifteenth Avenue Rapid Transit between Liverpool CBD and the new airport at Badgerys Creek, which is likely to be running before the town centre is complete.

Recent residential development in the area has resulted in a population explosion without a commensurate increase in the amount of retail space and other amenities. The Middleton Grange town centre would bring the much-needed retail and other commercial services that are needed today by current residents of the area. Even without the new residents that would move into the town centre as a result of this development, current residents are

under-served and currently need to travel up to two kilometres to purchase their daily needs. The Middleton Grange Town Centre is designed to ensure the retail and other commercial needs of current and future residents are met. Indeed, with population growing as fast as it is, there may need to be even more retail space in the area – in addition to Middleton Grange – in the next five to ten years.

A Note on The Harper Review

The Commonwealth government's Competition Policy Review (Harper Review) released its final report on 31 March 2015. The key focus of the report, with regards to planning and land use controls, is on the constraints to land use and its impact on competition.

At page 44, the Harper Review states:

Land is an important input to the production of goods and services and a source of amenity for consumers. Even small policy improvements in this area could yield large benefits to the economy.

Planning systems by their nature create barriers to entry, diversification or expansion, including through limiting the number, size, operating model and mix of businesses. This can reduce the responsiveness of suppliers to the needs of consumers.

Planning regulations should work in the long-term interests of consumers. They should not restrict competition unless the benefits of the restriction to the community as a whole outweigh the costs, and the objectives of the regulations can only be achieved by restricting competition. Subjecting planning regulations to the public interest test will ensure they do not inappropriately limit entry to markets.

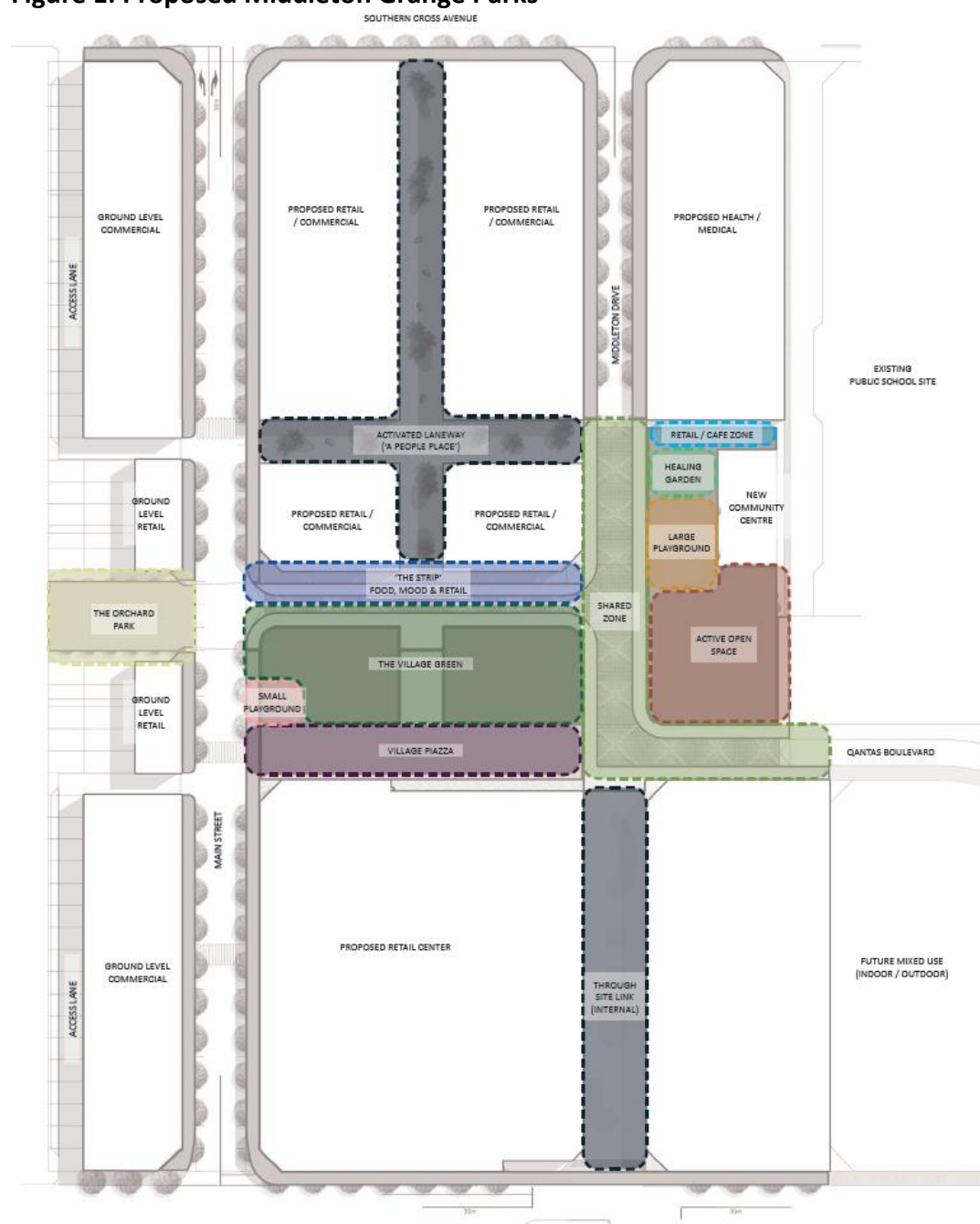
It is clear that restricting the amount of space available at Middleton Grange would not just have an effect on the potential viability of the town centre, it would have real effects for consumers too. Restricting the amount of floor space available in the town centre will lower the supply of that floor space, making it more scarce for any given level of demand. As such, the price per square metre of floor space will be higher than it would otherwise be at any level of demand. This means higher rents for tenants across all centres in proximity to Middleton Grange than would otherwise be prevalent.

Tenants can mitigate this by growing more slowly and employing fewer staff, or by selling their goods and services at prices higher than they would otherwise be. If the floor space is too expensive, it might mean that tenants are not attracted at all to the town centre, further risking its viability. The people of Liverpool already have lower average incomes and higher cost of living than other parts of Sydney; by seeking to lower the GFA of town centres like Middleton Grange, objectors are ensuring the economic scales continue to be tipped against its residents.

5. Dedication of Public Park

The proponent intends on dedicating a substantial proportion of the site as new public park areas. The proposal is for 7,632m² of the site to be dedicated as public open space (either dedicated to the Council or not) (see Appendix 1 for details of park areas). While it should be acknowledged that 2,000m² was slated for open space under the existing controls, a park that size is considered too small to play any meaningful role in creating community benefit. The parks are shown in Figure 1. The parks are linked and include a healing garden, playground, active open space, a village green, plaza and orchard park. The parks provide a link from the east to west, linking the commercial, residential and retail/food areas of the proposed development.

Figure 1: Proposed Middleton Grange Parks



Source: Middleton Grange Landscape Concept 20-8-2019, Issue A, Habit8

The large park area is not required under the current controls. Without the density that improves the viability of the development, the parks would not be built.

The parks will be embellished with landscaping, trees, places to picnic, barbecues and the like. It is likely that the fitout of the park will cost around \$3.3 million. This is shown in Table 3.

Table 3 – Costs of Park Creation

	Cost	Quantity	Total
Levelling (/m ²) (\$)	200	7,632	1,526,400
Landscaping (/m ²) (\$)	200	7,632	1,526,400
Equipment (\$)			250,000
Creation Cost (\$)			3,302,800

Source: Pacific Planning, PPM Consulting

In addition to the dedication of the park, which the community will receive at no cost, the park will benefit the wider community (current residents from around the area and new residents in the proposed apartments).

The benefit is derived from the price that the average person places on leisure time, the amount of visitation, the travel time to the park, and the time spent in the park.

The estimated visitation to the park is based on the Zanon model¹, which estimates the number of visitors to a public park based on four attributes – standard of service, catchment population, area of the park and public awareness of the park. The model has been shown to provide good forecasts for visits to major parks and like spaces in Melbourne. It is assumed that park visitation is similar in Sydney and Melbourne.

Recently, Mr Marcus Spiller of SGS Economics and Planning², used the Zanon model to estimate visitation to estimate the visitation to a proposed public square as part of the redevelopment of the Queen Victoria Market in Melbourne.

The Zanon model uses the following formula:

$$\text{Visits} = 27 \times \text{Standard of Service}^{1.04} \times \text{Catchment Population}^{0.19} \times \text{Area}^{0.11} \times \text{Public Awareness}^{0.47}$$

where:

- Standard of Service is a figure between 0 and 100 indicating the “quality” of the park, judged by reference to amenities provided, including seating, shelters, barbecues, landscaping, etc
- Catchment Population is the population within a local catchment
- Area is the area of the proposed park in hectares
- Public awareness is the percentage of a random population that would be aware that the park exists.

¹ A Model for Estimating Urban Park Visitation –Parks Victoria Occasional Paper Series, Dino Zanon, 1998

² Melbourne Am C245 Queen Victoria Market Precinct Renewal Evidence report of Marcus Spiller April 2016, SGS Economics and Planning

Table 4 details the assumptions made for the variables in the Zanon model.

Table 4 – Estimated Park Visitation

	Park Estimates
Standard	90
Population*	16,177
Area (ha)	0.7632
Public Awareness	90
Visits	144,953

* Population of Middleton Grange Census Collector District, 2016 (5,100) plus the estimated final population of the town centre under the current proposal (11,000)

Source: Pacific Planning, ABS Census 2016, PPM Consulting

As detailed in Table 3, the Zanon model calculates that there would be an estimated total of 144,821 visit per year (not necessarily unique visits) to the park each year.

Table 5 details the economic benefit of the use of the park. The furthest part of Middleton Grange from the town centre is 1.5 kilometres. It is likely that the average distance would therefore be around 500 metres. Therefore, it is assumed that the median return travel distance would be 1 kilometre. At a walking travel speed of 5 km/h, the median return travel time would be 12 minutes (0.2 hours). It is further assumed that, once there, the median time spent at the park would be an hour. According to Transport for NSW, the price of non-business time is \$16.89 per hour. Therefore, the value of journeys to and from the park would be a little under \$489,207 per year, and the value of time spent at the park would be approximately \$2.9 million. The capitalised value of the park, over 50 years, would be a little over \$64.2 million.

Table 5 – Economic Benefit of Park Dedication

	Total
Estimated annual visitation (no.)	147,588
Assumed median travel distance return (km)	1
Travel speed (walking) (km/h)	5
Median travel time to and from (hrs)	0.2
Time spent at open space (hrs)	1
Value of leisure time (\$)³	16.89
Value of journey (\$)	498,552
Value of Time Spent (\$)	2,492,760
Value of visits/ year (\$)	2,991,312
Capitalised value (50 Years) (\$)	64,259,913

Source: Pacific Planning, ABS Census 2016, PPM Consulting

Costs

Including fitout, the park is estimated to produce \$67.6 million worth of total economic benefit to the community over 50 years. The proponent is proposing that the owners of the development (via an owners corporation or similar arrangement) would be responsible for

³ Principles and Guidelines for Economic Appraisal of Transport Investment and Initiatives, June 2018, Transport for NSW
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the maintenance of the parks and gardens. This has an additional benefit to the Council and people of Liverpool, as they will not be required to maintain the asset, but will benefit from it being fully open and accessible to the public. This benefit of park maintenance and upgrades would add up to nearly \$900,000 over the 50 year life of the park. The proponent would maintain and upgrade the park. Ongoing maintenance includes mowing, rubbish collection and removal, landscaping and amenities cleaning (e.g. barbecues, etc). In the absence of definitive cost data, a number of assumptions have been made for ongoing maintenance of the park. Table 6 outlines these assumptions.

Table 6 – Ongoing Maintenance of Dedicated Park – Cost Assumptions

Ongoing	Times	Hours	Cost	Annual Cost (2019 Dollars)
Mowing	26	4	50	5,200
Rubbish Removal	52	1	50	2,600
Landscape Maintenance	26	4	50	5,200
Amenities Cleaning	52	3	50	7,800
Total				20,800

Source: PPM Consulting

It is also likely that every 15 years, the park will need upgrading, facilities will need replacing and landscaping will need renewal. It is assumed that Council will spend \$150,000 (in 2019 dollars) to upgrade the park in Years 16, 31 and 45. Therefore, at an annual inflation rate of 2 per cent, it is assumed that Council will spend \$201,880 in Year 16, \$271,704 in Year 31 and \$365,678 in Year 46.

Under the forgoing assumptions, the net present value of the ongoing and capital costs (which are a benefit to the community) would be \$894,641 over 50 years.

Total Benefit and Net Benefit

Taking the cost of creating the park and value of visitation, the total economic benefit of the park would be a little under \$67.6 million. As detailed in Table 7, the net benefit of the park (including ongoing maintenance and upgrades) would be just under \$68.5 million over its assumed 50 year life. It should also be noted that this does not include the value of the land that is being dedicated.

Table 7 – Total Economic Benefit of Park Dedication

	Total
Creation Cost (\$)	3,302,800
Visitor Benefit (\$)	64,259,913
Total Benefit (\$)	67,562,713
Maintenance Benefit (\$)	894,641
Net Benefit (\$)	68,457,353

Source: PPM Consulting

6. Benefits of Walkable Town Centres

According to the proponents, the goal of the Middleton Grange Town Centre is for it to be a walkable centre with ample parks and places to relax and recreate.

As pointed out in *Business Performance in Walkable Shopping Areas* (Robert Wood Johnson Foundation, 2011), “Defining a commercial area as ‘walkable’ requires distinctions to be made beyond how shoppers arrived at their destination and what they do once they arrive.” For an area to be considered “walkable”, it “usually means that it is possible for a significant fraction of patrons to arrive by some other mode than driving, and that they are in a welcome environment for strolling, meeting others and resting for a few moments. In short, they do not have to get in their car to visit store after store.”

According to Dan Burden of Walkable Communities, Inc, (reported in *Let’s Talk Business, Economic Benefits of A Walkable Community*, Summarized by Bill Ryan, July 2003) characteristics of a walkable town include:

- intact town centre with a quiet, pleasant main street containing a hearty, healthy set of stores
- residential densities including mixed income and mixed uses near the town centre
- many public places for people to assemble, play and associate with others within their neighbourhood
- universal design that respects and accommodates people of all abilities
- traffic on main street and in neighbourhoods that move at safe, pleasant and courteous speeds
- streets and trails that are well linked, often in a grid or other highly connected pattern
- design that is properly scaled allowing most residents to get to most services in 400m (walking distance)
- town is designed for people first, cars second
- town thinks small with caps on parking and store size
- the town has a vision and decision makers are visionary, communicative, and forward thinking.

In relation to Middleton Grange Town Centre, at the moment residents are required to get into their cars and drive to their nearest shopping centre (up to 2 kilometres away). The town centre is proposed to have many of the characteristics seen as “walkable”. The benefits include more viable retail spaces, less sedentary lifestyles and less time spent in cars and traffic.

7. Western Sydney Aerotropolis

The proposed Middleton Grange Town Centre is approximately 350m north of Fifteenth Avenue. From this point, the new Badgerys Creek Airport (Western Sydney Aerotropolis) is only approximately 7.5km to the west. Neither the Weatherly Report nor the Charter Hall report adequately address the impact on the catchment of the Western Sydney Aerotropolis, including the positive aspects of increased jobs and new public transport initiatives.

Fifteenth Avenue

The 2018 Department of Planning and Environment report *Western Sydney Aerotropolis Land Use and Infrastructure Implementation Plan Stage 1: Initial Precincts* heavily featured Fifteenth Avenue as a major link between the Liverpool CBD and the new airport. This report noted that:

Fifteenth Avenue has the potential to increase access into the area through dedicated public transport links to enable efficient and reliable services. It is included in the Future Transport Strategy 2056 as a route for city shaping services for investigation in the first 10 years. The link connecting the Airport, Aerotropolis Core and Liverpool could potentially include an extension of the Liverpool–Parramatta T-way, and upgrades along Fifteenth Avenue. Development along this corridor will be designed to integrate transport and land use outcomes.⁴

Furthermore, the plan envisages the precinct along Fifteenth Avenue to grow into a large mixed use development:

According to the Key features Situated on the eastern side of South Creek in the south of the Aerotropolis, Rossmore Precinct will be the largest concentration of mixed living communities. Development on Fifteenth Avenue will typically be up to six storeys along the corridor, stepping up to a maximum of eight storeys, achieving densities of 65 to 80 dwellings per hectare, recognising a centre serving transport network. A variety of local centres along the route will provide small supermarkets, essential retail and community services. Further investigation is to be undertaken regarding the role of Fifteenth Ave as a transit corridor which may led to further opportunities for higher density centres. To capitalise on the amenity of the waterways, residential development of 45 to 65 dwellings per hectare, in two to four-storey articulated buildings will fringe the creeks, along with other community uses such as schools and community facilities. Local centres will be positioned to maximise the riparian lands, encouraging activity and providing surveillance and public safety.⁵

It is clear that Fifteenth Avenue will be a major connector between the Liverpool CBD and the Western Sydney Aerotropolis.

⁴ *Western Sydney Aerotropolis Land Use and Infrastructure Implementation Plan Stage 1: Initial Precincts*, p22

⁵ *Western Sydney Aerotropolis Land Use and Infrastructure Implementation Plan Stage 1: Initial Precincts*, p61
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Proposed Commercial Space at Middleton Grange

The proposed Middleton Grange Town Centre will feature approximately 15,000m² of commercial space. This is shown in Table 8.

Table 8: Proposed Commercial Gross Floor Area, Middleton Grange

	Lot 2	Lot 3	Lot 4	Lot 5	Lot 6	Lot 7	Totals	% Total Area
Commercial GLA (m²)	2,975	2,975	0	6,135	2,888	0	14,972.5	13.2%

Source: Pacific Planning, PPM Consulting

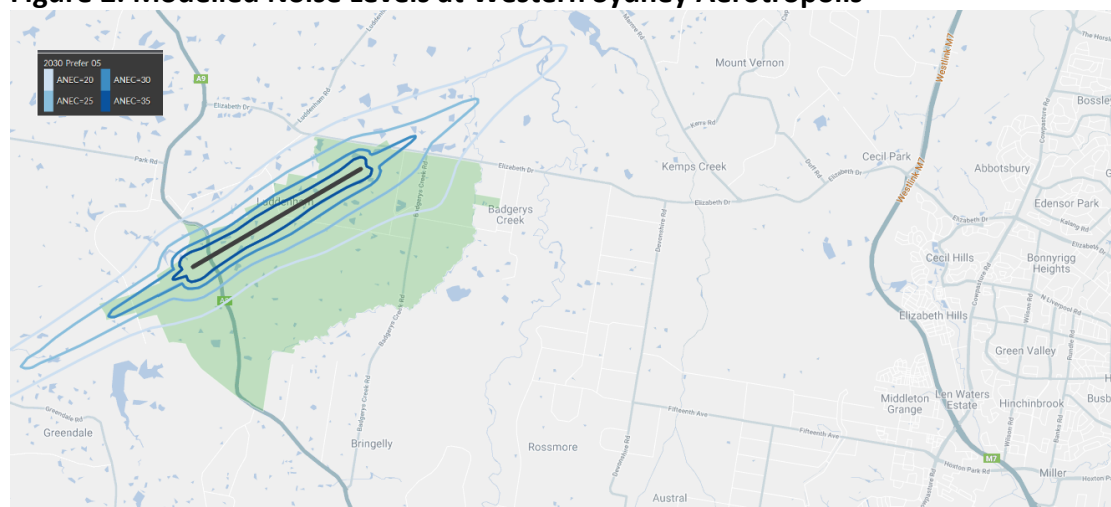
These specific areas may adjust slightly during detailed design

With the airport only 7.5km to the west, the commercial space at Middleton Grange will likely attract demand from airport-related businesses looking for commercial and office space within proximity to the airport. Airport-related businesses would be able to have their offices off-site but use the proposed Fifteenth Avenue Rapid Transit, which would likely be available by the time the Middleton Grange development is built.

It should also be noted that Middleton Grange will not be under the flight path. However, the Western Sydney Employment lands will be to the north and the south of the runway, making them potentially susceptible to aircraft noise. Figure 2⁶ shows the noise levels likely to be associated with the operation of the airport. While airport-related businesses might want to be close to the airport, or even based at the airport, the need to ensure occupational health and safety with regards to noise exposure may be a consideration. With nearly 15,000m² of office space, Middleton Grange could cater to businesses who:

- cannot afford to set up at the airport (Middleton Grange rents are likely to be lower than at the airport)
- want a presence near the airport before it opens in 2026
- do not want to be affected by the highest levels of noise at the airport
- are looking for adaptable office spaces
- are start-ups who are looking for lower rents than are available at the airport.

Figure 2: Modelled Noise Levels at Western Sydney Aerotropolis



Source: <https://www.westernsydneyairport.gov.au/about/flight-paths/noise-tool/index.aspx>

The proximity to the airport, and its position between the airport and Liverpool CBD, and its proximity to the proposed Fifteenth Avenue Rapid Transit means that the commercial space

⁶ <https://www.westernsydneyairport.gov.au/about/flight-paths/noise-tool/index.aspx>

at Middleton Grange is not only very well located but also very attractive for potential tenants.

According to ABS Retail Trade figures, every square metre of commercial space is estimated to be able to sustain 20 commercial jobs.

Table 8 shows the potential ongoing employment impact of the proposed commercial floorspace.

Table 8: Potential Ongoing Commercial Jobs, Middleton Grange

	Proposed Commercial GFA (m ²)	Commercial m ² per job	Commercial Jobs/m ²	Commercial Jobs (no.)
Proposal	14,972.5	20	0.05	749

Source: ABS Retail Trade Cat. No. 8501.0, PPM Consulting

A report by EY in August 2017, *Western Sydney Airport Labour Market Analysis*⁷, showed that, in 2031, the Western Sydney Aerotropolis would create an employment footprint of approximately 27,946 jobs in airport operations and related business park (airport operations, airport retail, business park uses including industrial, office, hotels, etc). This will rise further to 47,473 by 2041. This is shown in Table 9.

Table 9: Western Sydney Airport Job Support

	Construction Phase (2018-2026)	Airport Operations and Business Park – 2031	Airport Operations and Business Park – 2041
Total Jobs	11,346	27,946	47,473

Source: Western Sydney Airport Labour Market Analysis, EY, August 2017

It is clear that the spin-off of jobs created by the Western Sydney Aerotropolis will be vast. It is also likely that many of these jobs will be created outside of the airport precinct but in reasonable proximity to it. Supporting 2.7 per cent of the total potential jobs created by the airport in 2031, Middleton Grange would make an ideal location for airport-related businesses.

⁷ *Western Sydney Airport Labour Market Analysis*, EY, August 2017
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8. Conclusion

The proponent proposes to build a town centre that is walkable, vibrant, diverse and accessible. A neighbourhood/strip shops offering would not be able to provide the same level of amenity to local people.

While shopping centre owners may seek to restrict the emergence and growth of new town centres, it is clear that their tenants, particularly their largest tenants, disagree with these restrictions. It is also clear that it would be a bad outcome for consumers.

Charter Hall objects to the planning proposal and calls for the Middleton Grange Town Centre to be restricted to no more than 5,500m² of commercial space. This would be a poor outcome for the people of Middleton Grange as it would:

- increase time spent in cars to get to established shopping centres – local residents of Middleton Grange would instead be able to walk to get their daily needs, as well as have an opportunity for recreation
- increase congestion around existing shopping centres
- likely result in higher prices for groceries
- result in slower-growing, smaller, more risky retail establishments
- result in less walking, and therefore higher health costs associated with sedentary lifestyles
- little public open space
- little or no commercial space.

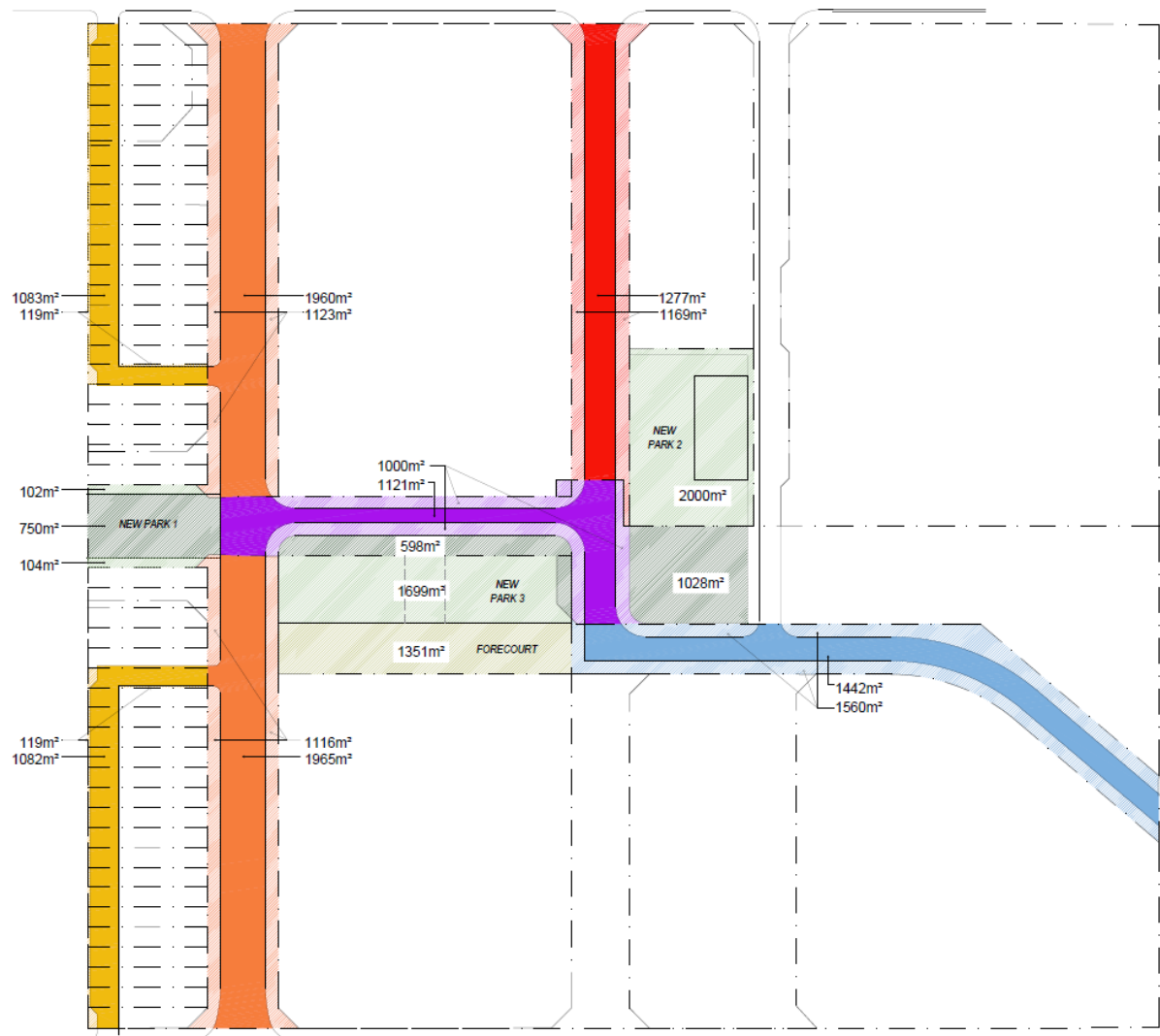
As part of the town centre, the proponent is also proposing to build a large park area (over 6,000m²), which will have a benefit to the public of around \$67 million over 50 years. It is likely that a neighbourhood/strip shops offering would not include such park areas, which would likely be covered in low density housing instead. The parks and walkability of the proposed town centre would increase the sense of community and create a place for residents to go, meet and play.

Walkability would be a major asset of the proposed town centre. Neighbourhood/strip shops tend to discourage walking, while town centres similar to that proposed at Middleton Grange are more likely to promote walking. That, along with the proposed Fifteenth Avenue Rapid Transit (which will likely to operating before the town centre is complete), would result in a vibrant, community-based town centre that is attractive and viable.

Middleton Grange is ideally located to take some of the pressure off commercial rents and space at the new Western Sydney Aerotropolis. By catering for around 750 jobs, the commercial development at Middleton Grange could secure tenants who want to be within proximity to the airport but not located at the airport, and be connected by the proposed Fifteenth Avenue Rapid Transit.

Middleton Grange offers a mixed use development where the retail, commercial and residential spaces complement each other, as well as one that complements nearby developments.

APPENDIX 1 – PARK AREAS



LEGEND & AREAS

ROADS

DESCRIPTION	AREA (m²)
LANE WAY CARRIAGEWAYS	2165
RESIDUAL ROAD RESERVE	238
SUB-TOTAL	2403
MAINSTREET CARRIAGEWAYS	3925
RESIDUAL ROAD RESERVE	2239
SUB-TOTAL	6164
MIDDLETON DR CARRIAGEWAYS	1277
RESIDUAL ROAD RESERVE	1169
SUB-TOTAL	2446
QUANTAS BLV CARRIAGE WAYS	1442
RESIDUAL ROAD RESERVE	1560
SUB-TOTAL	3002
ROAD ON COUNCIL LAND	1121
RESIDUAL ROAD RESERVE	1000
SUB-TOTAL	2121
TOTAL	16136

LEGEND & AREAS

OPEN SPACE

DESCRIPTION	AREA (m²)
NEW PARK 01 ON PROPOSED SITE	206
NEW PARK 02 ON PROPOSED SITE	2000
NEW PARK 03 ON PROPOSED SITE	1699
NEW PUBLIC FORECOURT	1351
SUB-TOTAL	5256
NEW PARK 01 ON COUNCIL LAND	750
NEW PARK 02 ON COUNCIL LAND	1028
NEW PARK 03 ON COUNCIL LAND	598
SUB-TOTAL	2376
TOTAL	7632

Source: Christian Obrien Architects, P1, 17 October 2019

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PPM Consulting is a highly experienced and skilled economics and government relations consultancy.

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PPM Consulting brings a wealth of experience, including staff with experience in:

- designing, implementing and analysing economic impact assessments and cost-benefit analysis
- providing economic advice
- leading industry campaigns
- advocating on behalf of clients to state and Commonwealth government on various issues
- developing policy for the benefit of industries, companies and consortia
- writing and contributing to media releases and campaigns
- designing, implementing, analysing and reporting the results of surveys
- providing strategic advice for conferences and events.

PPM Consulting can manage complex major projects, ensuring delivery within budget and timeframes. PPM Consulting prides itself on its ability to work with clients to get the best results possible.

The Director and Principal, Martin Musgrave, holds an honours degree in economics with 20 years of experience in government across a wide range of sectors in a number of jurisdictions. Martin is a highly experienced public policy professional, specialising in economic analysis, policy development and leadership, advocacy, and government relations. He is considered a highly skilled economist and policy professional who always acts with integrity.

Martin Musgrave has been a valued senior contributor in the following organisations:

- the Department of Planning and Environment
- the Urban Development Institute of Australia (National and Victorian Division)
- the Property Council of Australia (Residential Development Council)
- the Large Format Retail Association
- the Department of Premier and Cabinet (Victoria)
- the Department of the Prime Minister and Cabinet
- the Roads and Traffic Authority (NSW) (now known as RMS)
- the Hunter Valley Research Foundation (now known as the Hunter Research Foundation)

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