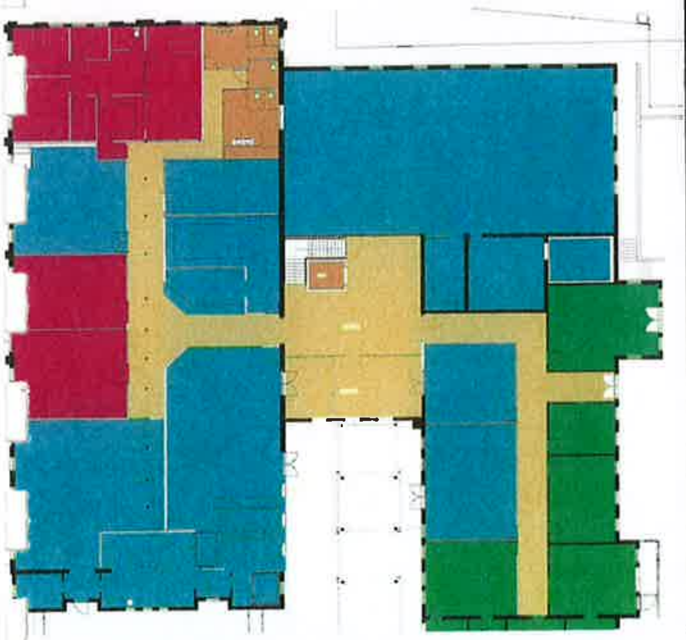


Botanica Lidcombe Economic Impact Assessment

PREPARED FOR

Australand Property Group

and

Botanica Holdings P/L

March, 2013

Hill PDA

ABN 52 003 963 755
3rd Floor 234 George Street Sydney
GPO Box 2748 Sydney NSW 2001
t. +61 2 9252 8777
f. +61 2 9252 6077
e. sydney@hillpda.com
w. www.hillpda.com

Hill PDA

ABN 52 003 963 755

Sydney Office
3rd Floor 234 George Street Sydney
GPO Box 2748 Sydney NSW 2001
t. +61 2 9252 8777
f. +61 2 9252 6077
e. sydney@hillpda.com

Melbourne Office
Level 9, 365 Little Collins St Melbourne
GPO Box 3424 Melbourne VIC 3001
t. +61 3 9642 2449
f. +61 3 9642 2459
e. melbourne@hillpda.com

w. www.hillpda.com

QUALITY ASSURANCE

REPORT CONTACTS:

Nicholas Hill
Consultant
BS Human Geog
Email: nick.hill@hillpda.com

QUALITY CONTROL

This document is for discussion purposes only unless signed and dated by a Principal of Hill PDA.

REVIEWED BY

Adrian Hack
Principal
M. Land Econ. B.Town Planning (Hons). MPIA
Email: adrian.hack@hillpda.com

Dated 19/03/2013

REPORT DETAILS:

Job Ref No:	C13144
Version:	Final
Date Printed:	19/03/2013 1:36:00 PM
File Name:	Botanica Lidcombe Economic Impact Assessment

CONTENTS

LIST OF FIGURES

LIST OF TABLES

EXECUTIVE SUMMARY

Introduction (Chapter 1)

This report is an independent Economic Impact Assessment (EIA) in relation to a rezoning of a heritage building located at 66 Brooks Circuit Road within the Botanica Estate development at Lidcombe (former Lidcombe Hospital). The rezoning of the Subject Site from Residential (R3) to Local Centre (B2) would enable adaptation of the heritage building to accommodate retail and commercial uses. The owner proposes some 1,640sqm of Gross Lettable Area (GLA) of employment uses of which 1,287sqm would be retail uses including a 400sqm supermarket/grocery store, 200sqm commercial uses and 153sqm office uses.

Planning and Policy Review (Chapter 2)

Metropolitan, Subregional and local planning policies support economic growth by encouraging the development of housing and employment opportunities to meet Sydney's growing population. Housing itself is recognised as a contributor towards economic growth. Competition in the retail sector is encouraged through the Draft SEPP (Competition) (2010) although the NSW Draft Centres Policy (2009) mandates that the protection of existing centres and the preservation of the retail hierarchy is also a priority.

Competitive Retail Review (Chapter 3)

An analysis of existing centres in the area around the Subject Site indicates that the closest centres which offer full-line supermarkets are at Bankstown Town Centre, Lidcombe Town Centre, Chullora Marketplace and Berala Small Village.

Bankstown Town Centre is located approximately 5.5km or a 9 minute drive south of the Subject Site and is essentially contained within an area broadly bounded by Rickard Road to the north, Stacey Street to the east, Stanley Streetand Brandon Avenue to the south and Chapel Street to the west. A significant characteristic of the centre is a structure comprising eight distinctive nodes of activity. These include Lady Culter Avenue, Stacey Street, North Terrace, Rickard Road, Chapel Road, Fetherstone Street, The Mall and Civic Drive.

Auburn Town Centre is located approximately 4.7km or an 8 minute drive north of the Subject Site. The Centre contains an ALDI, Woolworths and Coles supermarket.

Chullora Marketplace Shopping Centre is a Sub Regional shopping centre with a total area of 17,254sqm. The centre is located along Waterloo Road approximately 4.1km or a 9 minute drive east of the Subject Site. The Centre is anchored by Big W (8,159sqm) and Woolworths (4,207sqm). The centre also includes 52 speciality stores totalling some 4,888sqm and an ALDI foodstore.

Berala Small Village is located approximately 3.4km or a 6 minute drive west of the Subject Site and provides a total of 4,600sqm of floorspace. The centre is located on Berala train station and as such is divided by a railway line separating the eastern and western proportions of the centre. Berala contains a Woolworth's supermarket constructed in 2012 within the eastern proportion.

The remainder of nearby retail provision is small-scale and serves localised shopping needs only.

Demand for Retail Floorspace (Chapter 4)

A Main Trade Area (MTA) for the Subject Site has been defined which incorporates the former Lidcombe Hospital Site. The MTA is bounded to the north by Georges Avenue, to the east by the Rookwood Cemetery and Necropolis, to the west by Joseph Street and to the south by Weeroona Road.

The residents within the MTA are slightly older than the residents of Auburn LGA. The MTA has a higher proportion of family households and couple families with children than does Auburn LGA and Sydney Region. Residents within the MTA are also more affluent with higher disposable incomes. The MTA also houses a higher proportion of managers and professionals compared to Auburn LGA (2011 Census).

Based on growth in population and affluence within the MTA, total expenditure is forecast to increase from $27.2m to $67.5m (an increase of $48.8m or 180%) from 2011 to 2016 when Botanica Estate development is expected to be completed. In accordance with the planning principles convenience retail, such as that related to supermarkets and grocery stores, specialty food stores, fast-food stores and so on, should be provided locally.

The Subject Site is suitably placed to capture a proportion of this expenditure. The proportion relates to convenience shopping needs – mainly food, groceries and personal services – when residents need them quickly and conveniently. The additional commercial floorspace which the proposed rezoning would facilitate will enable a range of day to day commercial uses to be provided in close proximity to the residents of Botanica.

Retail Impact Assessment (Chapter 5)

The retail impact assessment indicates that the proposed retail development would not have any undue impacts on the vitality or viability of any centre in the surrounding area. The Subject Site would serve a convenience or "top-up" shopping role for the residents of the Botanica Estate development (an approximate 2,600 persons when completed and fully occupied[1]). The lack of a full-line supermarket or destination anchor such as a hardware or bulky goods store limits the impact on the existing hierarchy by not affecting the trade patterns of the surrounding centres.

The estimated retail sales or turnover of the proposed centre is in the order of $7.8m in 2016 ($2012). Around 75% of this is expected to be captured from residents in the MTA and the residual 25% from beyond the MTA. These capture rates are sustainable. Indeed, the proposed centre is expected to capture only 8% to 9% of total household expenditure generated by the MTA. As such, the majority of expenditure will continue to be directed towards shopping facilities outside the MTA.

Because the economic impact of the proposed commercial uses facilitated by the rezoning proposal would not jeopardise the role or function of any surrounding existing centre, the trading impacts which would eventuate from it are a matter of competition only.

[1] Estimated population calculated as 820 homes with an average occupancy rate of 3.2 – also refer Table 2.

Economic Benefits (Chapter 6)

A range of additional economic benefits associated with the proposed rezoning and subsequent development are identified which include:

- Direct capital investment of an estimated $2.5m, equating to a total of $7.2m including economic multiplier (direct and indirect) impacts;
- The creation of 41 job years directly and indirectly during the construction process;
- Supporting an estimated 64 full time and part time jobs in retail and commercial operations;
- Increasing shopper convenience by providing an accessible centre which is a direct response to floorspace demand; and
- Increased price competition.

Net Community Benefit Test (Chapter 7)

A net community benefit test based on the criteria in the NSW Draft Centres Policy is undertaken. This indicates that the proposed rezoning would deliver a net community benefit through a range of means including:

- Providing a direct response to retail demand resulting from population growth in the Botanica Estate development;
- Providing commercial uses which is easily accessible for future residents of the trade area which it would serve;
- Being acceptable in terms of economic impact on other existing and potential/ planned centres in the surrounding area; and
- Reducing the need for residents to travel by car and/or reducing the distance of travel by car thereby making a strong contribution towards ESD principles.

The existing residential zoning permits neighbourhood shops. The proposal however seeks a B2 zoning to permit a retail mix to include a 400sqm supermarket to anchor the centre and a mix of other businesses, office and retail uses to complement the local centre.

The proposal relates to the adaptation of an existing heritage building. It serves two important goals. Firstly it provides a contemporary and sustainable use of the heritage building whilst respecting the building's historic integrity. Secondly it provides an important component and role in the Botanica Estate – namely to provide a convenience centre to serve the needs of almost 4,500[2] people in the MTA (including Botanica Estate development). Being within the estate it will reduce the need for the future residents to travel a greater distance for convenience shopping reducing their travel time and costs and reducing their reliance on car travel.

[2] Approximate MTA population of 4,500 comprises 1,910 existing population as per BTS 2012 forecasts plus the anticipated future population of the Botanica Estate (2,600).

The building is inside the Botanica Estate without main road frontage and hence cannot take advantage of passing trade. To be viable the centre will need an anchor tenant. The anchor tenant proposed is a 400sqm mixed food and grocery store (or small supermarket) which would be permissible under the B2 Local Centre zone. Supermarkets are generally larger than specialty stores simply because they capture around 30% of a household's total retail spend. To be viable the supermarket requires to stock a reasonable number of items. A small supermarket – the size of a specialty store – would have insufficient offer to attract sufficient spend from the residents of Botanica Estate. With a sufficient size anchor tenant the centre can support the specialties. The specialties will develop a nexus relationship with the supermarket to make it a viable centre. Without an anchor tenant the speciality stores would be difficult to lease out and vacancies would be more common.

The rezoning of the Subject Site to B2 Local Centre would permit the development of a wide variety commercial uses. The flexibility for inclusion of various commercial uses such as medical uses and personal services (hair, beauty, etc) within the existing building would complement the retail uses and increase the viability of the centre. This would be achieved through the creation of a nexus relationship between the anchor tenant, the specialties and the commercial suites providing a "one-stop" shop for the residents of Botanica.

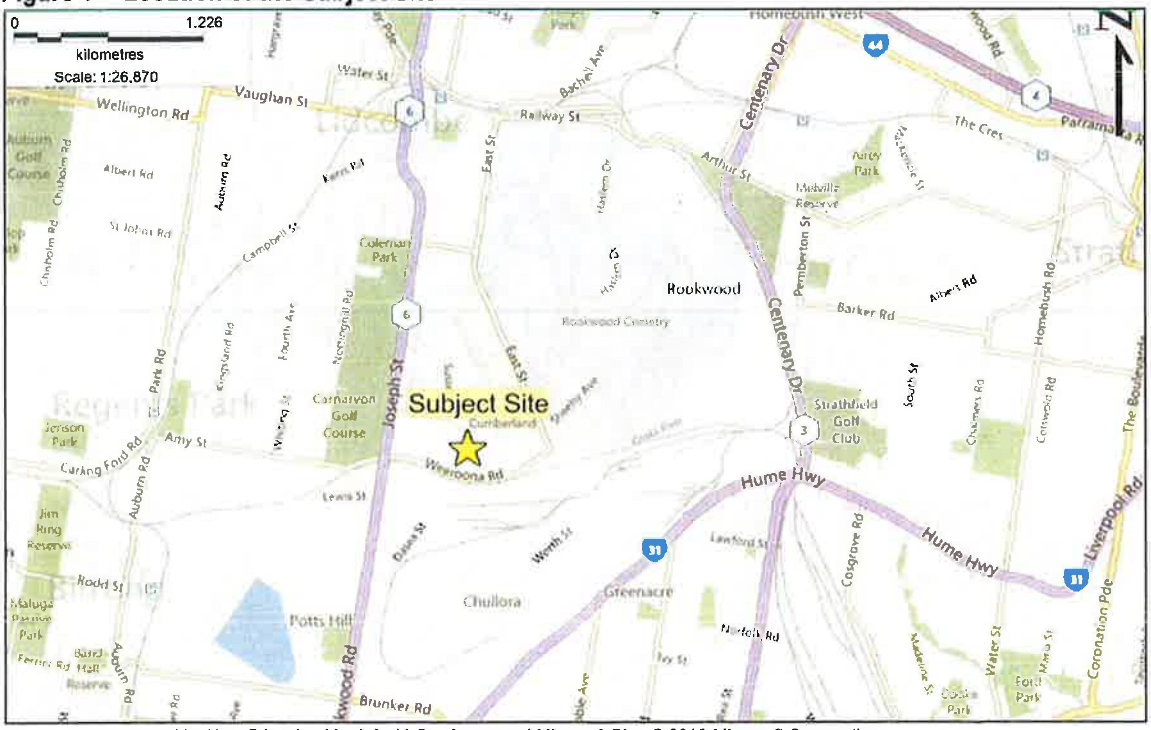
1. INTRODUCTION

Hill PDA was commissioned by Botanica Holdings P/L to undertake an Economic Impact Assessment (hereafter referred to as 'the Study') in relation to a rezoning of a heritage building located within in the Botanica Estate development at Lidcombe (the Subject Site). Australand is seeking the rezoning of the Subject Site from Residential (R3) to Local Centre (B2). The rezoning is sought in order to facilitate a mixed use adaptation of the subject building to accommodate retail and commercial uses.

1.1 THE SUBJECT SITE

The Subject Site is building 66 Brooks Circuit within a residential development known as Botanica Estate. Botanica will comprise around 800 houses and is currently under construction (forecast for completion in 2014). The Subject Site comprises some 1,640sqm of Gross Lettable Area (GLA) and is currently within a conservation area identified under the Auburn Local Environmental Plan 2010.The location can be seen in the figure below.

Figure 1 - Location of the Subject Site



Source: Map produced by Hill PDA using MapInfo 11.5 software and Microsoft Bing © 2013 Microsoft Corporation

1.2 THE PROPOSED REZONING AND DEVELOPMENT

The proposed rezoning seeks to facilitate the adaptation of the subject heritage building to incorporate a small village centre as defined by the Draft West Central Subregional Strategy (2007) and will include:

- Retail floorspace of 1,287sqm GLA[3], including, but not limited to, a grocer shop 400sqm, pharmacy 60sqm, bakery 55sqm, café 180sqm, restaurant 250sqm, two specialty shops 87sqm (35sqm and 52sqm split) , beautician / hairdresser 40sqm[4] and other neighbourhood retail uses;
- Business floorspace of 200sqm GLA, including a gymnastics area 35sqm, a medical centre 110sqm and a real estate office 50sqm;
- Office floorspace of 153sqm GLA; and
- Associated landscaping works.

1.3 Study Structure

To meet the requirements of the project brief, the Study is set out in the following manner:

- Chapter 2 undertakes an assessment of the planning and legislative background relevant to consideration of economic impact;
- Chapter 3 examines the network of centres and destinations around the Subject Site which constitute the existing retail hierarchy;
- Chapter 4 defines a Main Trade Area for the Subject Site, undertakes demographic analysis and considers growth forecasts within this area, projects retail expenditure and floorspace demand and preforms a sequential approach to ascertain whether the floorspace could / should be accommodated within an existing centre;
- Chapter 5 assesses the trading impacts of the proposed development on existing centres in the retail hierarchy and their ability to sustain these impacts, estimates the turnover of the proposed development and considers the extent to which there is sufficient demand to support this;
- Chapter 6 considers a range of other economic impacts which would eventuate from the proposed development such as employment, economic multipliers and so on; and
- Chapter 7 undertakes a net community benefit test considering the positive and negative attributes to the community which would eventuate from the proposed rezoning and subsequent development of the Subject Site to determine the extent to which it would deliver a net positive impact.

3 Please note that this does not equal the total floorspace, these totals are indicative only.

4 This GLA has been derived from the draft usage concept plan developed b by Devcon Partners Pty Ltd. It must be noted that a 40sqm hairdresser has been included within the retail floorspace for the purpose of this study and the gymnastics floorspace of 35sqm has been added to the commercial floorspace.

2. PLANNING & POLICY REVIEW

This Chapter undertakes an appraisal of the planning and legislative context relevant to economic impact based on State, Metropolitan, Subregional and local planning guidelines.

2.1 STATE PLANNING POLICY AND STRATEGIES

NSW 2021- A Plan to Make NSW Number One (2011)

The NSW 2021 Plan aims to rebuild the NSW economy, provide quality services, renovate infrastructure, restore government accountability and strengthen NSW's local environment and communities.

The Plan comprises five key strategies. The main strategy that is of relevance to the proposed redevelopment of the Subject Site is *"Rebuild the Economy"* which seeks to secure new jobs and ensure that more land is made available for housing in order to support economic growth.

The NSW 2021 Plan sets a target of +60,000 new jobs in Sydney by 2021 and +25,000 new dwellings annually to 2031. The NSW 2021 Plan highlights that housing development opportunities within the Metropolitan area will play a key role in the future economic growth of NSW. Housing is thus recognised as a contributor towards economic development.

Metropolitan Plan for Sydney 2036

The NSW Department of Planning and Infrastructure's (DoPI's) Metropolitan Plan for Sydney 2036 was released in December 2010. The Plan aims to shape the future growth of Sydney to 2036 ensuring a more resilient, compact, connected, multi-centred and sustainable city. The Metropolitan Plan integrates land use and transport planning by integrating the Metropolitan Transport Plan, which was published for consultation earlier in 2010.

The Plan anticipates Sydney's population will reach close to 6 million by 2036. To accommodate this population growth, land use service provision and infrastructure capacity must be planned to provide for +769,000 additional homes and +760,000 additional jobs by 2036.

Of relevance to this Study the Plan nominates an additional +95,500 dwellings and +61,000 additional jobs for the West Central Subregion (of which the City of Auburn is part) between 2006 and 2036.

The Plan forecasts that an additional 10 million sqm of additional commercial floorspace and 5 million sqm of additional retail floorspace will be required across Sydney by 2036 in order to cater for employment growth and increasing demand. The focus for accommodating employment growth will be in centres, particularly those on the public transport network.

NSW Draft Centres Policy (2009)

Over the past few years there has been a growing awareness and investigation of barriers to competition in Australia, particularly in the retail industry. As a result of these investigations the Australian Government directed state governments and planning authorities to review the flexibility of planning regulations and policies regarding retail development. In response the DoPI released the draft Centres Policy in April 2009. The draft Centres Policy has been publicly exhibited.

The draft Centres Policy focuses around six key principles. The principles relate to:

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

The draft Centres Policy requires that a net community benefit test be undertaken for all rezoning applications seeking to facilitate retail or commercial floorspace. A 'net community benefit' is deemed to arise when the sum of the benefits of a rezoning are greater than the sum of all costs from a community perspective. The net community benefit test forms a separate report in the rezoning submission package.

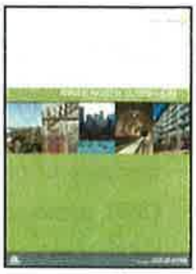
Draft SEPP (Competition) (2010)

Following a review undertaken by the DoPI and the Better Regulation Office into how economic growth and competition were impacted by the planning system, a new Draft State Environmental Planning Policy (SEPP) has been prepared and was placed on public exhibition in July 2010. The proposed state-wide planning policy removes artificial barriers on competition between retail businesses.

The Draft SEPP states that:

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

Draft West Central Subregional Strategy (2007)



The Draft Inner North Subregional Strategy (July 2007) plans to accommodate +61,000 new jobs and +95,500 new dwellings in the West Central Subregion between 2004 and 2031. Of these, +12,000 jobs (20%) and +17,000 dwellings (18%) are to be accommodated within the City of Auburn.

2.2 Local Planning Policy and Strategies

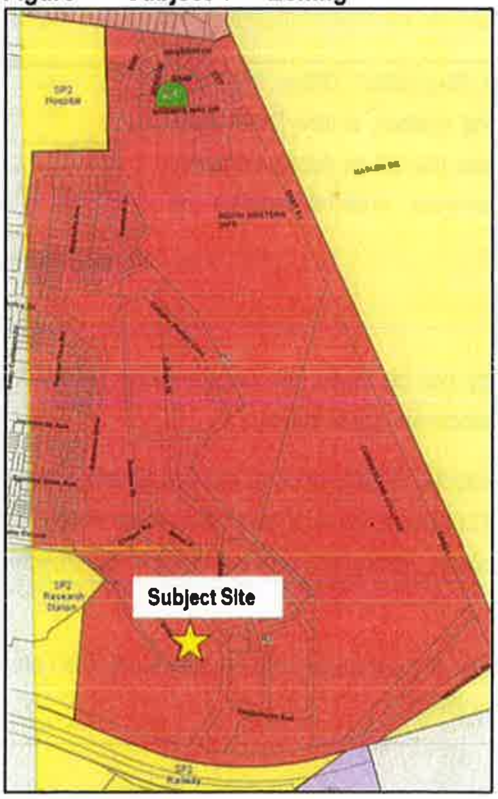
Auburn Local Environmental Plan (2010)

The Auburn Local Environmental Plan 2010 (LEP 2010) replaced the Auburn Local Environmental Plan 2000. Figure 2 shows the zoning/land use controls for the Subject Site.

The Subject Site is within R3 Medium Density Residential which permits the development of neighbourhood shops with consent. However the zoning prohibits the development of commercial premises. The objectives of an R3 zoning are;

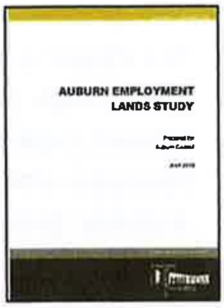
- To provide for the housing needs of the community within a medium density residential environment;
- To provide a variety of housing types within a medium density residential environment; and
- To enable other land uses that provide facilities or services to meet the day to day needs of residents.

Figure 2 - Subject Site Zoning



Source: Auburn LEP 2010

Auburn Employment Lands Study (2008)



Hill PDA was commissioned by Auburn Council to undertake a review of employment lands within the Auburn Local Government Area (LGA). The study focused on employment lands that were zoned in the superseded Auburn Local Environment Plan (LEP) 2000 as 4(a) General Industrial through to 4(e) Homebush Bay Enterprise Corridor Zones. The key objectives of the study were to:

- Research and document existing industrial employment capacity, type and trends in the LGA;
- Appraise 14 existing employment precincts in the LGA;
- Research and document anticipated future employment trends and industrial demand;
- Develop a vision for employment lands and protect their significance; and
- Provide recommendations as to key strategies and principles that will enable sustainable and viable business and employment growth across the LGA up to 2031.

The study found that between 2006 and 2031 there will be a demand for an additional 1,355,900sqm of industrial floorspace in Auburn LGA and 262,000sqm of commercial floorspace. Auburn's employment lands will provide a valuable contribution to employment generation, business and urban support services in not only the immediate LGA area but wider Sydney. The study stated that it will be necessary to protect these lands and the diversity of their business function through a range of clear and established planning zones and controls.

3. Competitive Retail Review

This Chapter examines the retail hierarchy around the Subject Site to determine the extent of existing and planned future retail provision. Understanding the extent of existing provision is also crucial in quantifying the economic impacts which may eventuate from the proposed development on centres and retail facilities. The information within this Chapter has been sourced from previous Hill PDA reports, the Property Council of Australia's Shopping Centres Directory (2011/2012), Shopping Centre News and the Draft West Central Subregional Strategy (2007).

3.1 Retail Hierarchy

The table below identifies the defined role and hierarchy of relevance to this Study based on the Draft West Central Subregional Strategy. Note that only centres which may influence the Subject Site or its potential trade area have been listed in the table, it does not include all of the centres in the West Central Subregion.

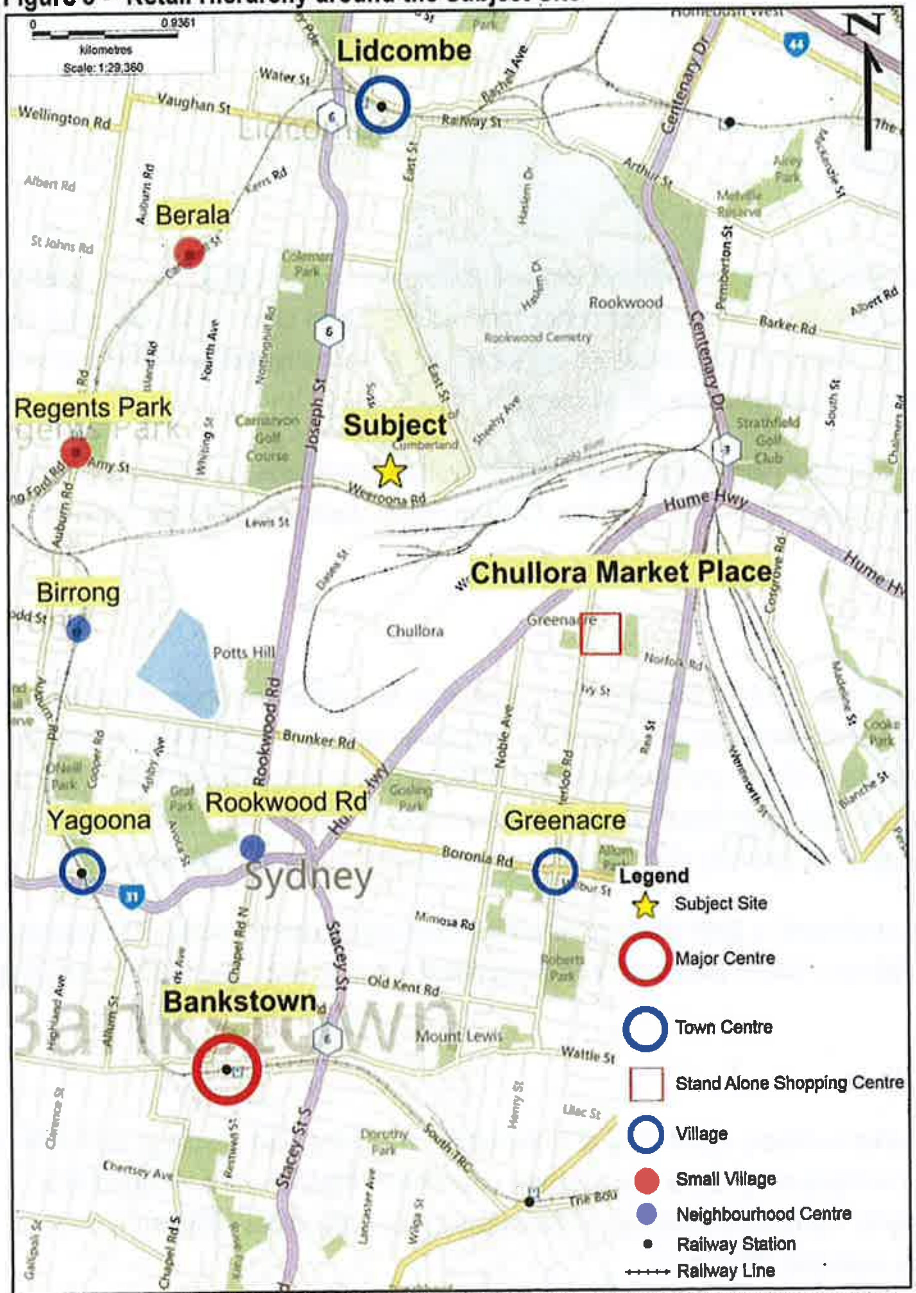
Table 1 - West Central Subregion Centres Hierarchy

Typology	Characteristics	Centres
Major Centre	Major shopping and business centre serving immediate subregional residential population usually with a full scale shopping mall, council offices, taller office and residential buildings, central community facilities and a minimum of 8,000 jobs.	Bankstown
Town Centre	Town Centres have one or two supermarkets, community facilities, medical centre, schools, etc. Contain between 4,500 and 9,500 dwellings. Usually a residential origin than employment destination	Lidcombe
Stand Alone Shopping Centre	Internalised, privately owned centres located away from other commercial areas, containing many of the attributes of a Town Centre but without housing or public open space—may have potential to become a traditional town centre in the long–term.	Chullora Market Place
Village	A strip of shops and surrounding residential area within a 5 to 10 minute walk contains a small supermarket, hairdresser, take–away food shops. Contain between 2,100 and 5,500 dwellings	Greenacre and Yagoona
Small Villages	A small strip of shops and adjacent residential area within a 5 to 10 minute walk. Contain between 800 and 2,700 dwellings	Berala and Regents Park
Neighbour-hood Centres	One or a small cluster of shops and services. Contain between 150 and 900 dwellings	Birrong and Rookwood Rd

Source: Draft West Central Subregional Strategy, NSW Department of Planning and Infrastructure (2007)

The location of these centres is depicted in the following figure. Each of the centres identified is examined individually in the remainder of this Chapter.

Figure 3 - Retail Hierarchy around the Subject Site



Source: Map produced by Hill PDA using MapInfo 11.5 software and Microsoft Bing © 2013 Microsoft Corporation

3.2 Major Centre - Bankstown

Bankstown Town Centre is recognised as a major centre under the Sydney Metropolitan Strategy, and as such it represents a comparatively large concentration of retail and commercial activity. The Centre is essentially contained within an area broadly bounded by Rickard Road to the north, Stacey Street to the east, Stanley Street and Brandon Avenue to the south and Chapel Street to the west. The Centre is located approximately 5.5km or a 9 minute drive[5] south of the Subject Site.

[5] Source: Googlemaps

A significant characteristic of the Centre is a structure comprising eight distinctive nodes of activity. These include:

- Lady Culter Avenue
- Stacey Street
- North Terrace
- Rickard Road
- Chapel Road
- Fetherstone Street
- The Mall
- Civic drive

The strip retail in the Town Centre forms the traditional focus of retailing and commercial activity. This precinct is essentially characterised by two storey buildings comprising retail activity on the ground level and office based activities on the upper level. A range of specialty shops and cafes, set within a streetscape designed to subdue the movement of vehicular traffic, dominates the overall character.

Bankstown has a cosmopolitan theme with a large range of different ethnic businesses. Its diverse Speciality food stores and take away shops include for instance Lebanese, Chinese, Indian, Japanese, Pakistani, Indonesian and Korean.

Centro Bankstown

Centro Bankstown is a large self-contained shopping centre located on the eastern periphery of the Bankstown retail precinct, directly south of Rickard Street and adjacent to Lady Cutler Avenue. The Centre comprises around 79,600sqm[6] of retail floorspacean GLA is anchored by Myer (10,150sqm), Big W (8,044sqm), Kmart (7,771sqm) and Target (6,900sqm) discount department stores, Woolworths (4,000sqm) and Franklins (2,185sqm) supermarkets. The remainder of the centre is made up of 310 specialty shops that total 40,561sqm.

The Centre underwent refurbishments in 2008 which included Myer store and 25 new specialties. The total area of Centro Bankstown is 85,700sqm[7]. Centro Bankstown had a reported turnover of $421.93m in 2011[8], equating to $5,688/sqm[9].

South Terrace Plaza

South Terrace Plaza is located on Stacey Street which is at the eastern end of the Town Centre, a short distance from Bankstown Square. The Plaza comprises a total floor area of around 3,180sqm[10] and is anchored by a 'Nino's Fruit Barn' (2,200sqm). The remaining 980sqm is made up of 17 speciality shops (503sqm), a childcare centre (215sqm) and some vacancies (262sqm)[11].

[6] NSW/ACT Shopping Centre Directory 2011/12

[7] NSW/ACT Shopping Centre Directory 2011/12

[8] Shopping Centre News (SCN) Big Guns 2012. Vol. 30, No.1, 2012

[9] Shopping Centre News (SCN) Big Guns 2012. Vol. 30, No.1, 2012

[10] NSW/ACT Shopping Centre Directory 2011/12

[11] NSW/ACT Shopping Centre Directory 2011/12

3.3 Town Centre – Lidcombe

Lidcombe Town Centre is recognised as a town centre under the Sydney Metropolitan Strategy and is located approximately 2.7km or a 6 minute drive[12] north of the Subject Site. The Centre is separated by the intersection of the railway line, although an overpass road connects the centre Via Railway Street and Church Street. The centre is essentially contained within an area bounded by Child Street to the north, Mark Street to the east, James to the south and Olympic Drive to the west.

The Centre contains no major supermarkets as anchors and is predominately made up of retail and commercial activity such as restaurants, specialty food stores, non-specialty food stores, financial services, real estate and personal services.

Figure 4 - Lidcombe Town Centre

Source: Hill PDA

3.4 Stand Alone Shopping Centre

Chullora Marketplace Shopping Centre is a Sub Regional shopping centre with a total area of 17,254sqm[13]. The Centre is located along Waterloo Road approximately 4.1km or a 9 minute drive[14] east of the Subject Site.

The Centre is anchored by Big W (8,159sqm) and Woolworths (4,207sqm) supermarkets and an ALDI Store. The centre also includes 52 speciality stores equating to 4,888sqm. Its trade area is the suburb of Chullora and Greenacre, but it also has an extended secondary trade area capturing the suburbs of Yagoona, Birrong, Homebush, Homebush West and South Strathfield. It is likely that it also captures some expenditure from the workers in the Chullora Industrial Precinct.

The Centre turned over $105m in 2004/05[15], equating to $6,085/sqm. Hill PDA estimate that turnover in 2008 was around $118m[16]. The Centre is not reported in the Shopping Centre News but, in terms of total retail sales, it is likely to be ranked in the top 25 "Mini-Gun" centres (centres under 20,000sqm) out of 155 reported in Australia.

---

[12] Source: Googlemaps

[13] NSW/ACT Shopping Centre Directory 2011/12

[14] Source: Googlemaps

[15] NSW/ACT Shopping Centre Directory 2004/05

[16] Greenacre, Boronia Road Shopping Centre New Concept Layout EIA, SJA Project Management (2009)

Figure 5 - Chullora Marketplace Shopping Centre

Source: Hill PDA

3.5 VILLAGES

Greenacre Village

Greenacre is a village centre under the Sydney Metropolitan Planning Strategy Centres typology. The Centre is located approximately 5.3km or a 9 minute drive[17] south of the Subject Site between Juno Parade to the north and Macquaire Street to the south. The Centre also has retail uses extending west along Boronia Road and east along Juno Parade.

The strip retail along Waterloo Road is anchored by a recently constructed full line Coles supermarket with Coles Liquor attached. Two smaller retailers also anchor the Village being a 500sqm IGA supermarket[18] and a 600sqm Abu Salim Middle-Eastern food store[19]. There are also 64 speciality shops totalling 5,500sqm located on this strip as well as 1,400sqm of non-retail commercial services[20]. The predominant retail space is split between specialty food retailing, commercial space including shop top premises and non food specialities.

Figure 6 - Greenacre Centre

Source: Hill PDA

Yagoona Village

Yagoona Village is located approximately 4.3km or an 8 minute drive[21] south of the Subject Site. The center extends along both sides of the Hume Highway, anchored by a 1,000sqm IGA supermarket and supported by

[17] Source: Googlemaps

[18] Greenacre, Boronia Road Shopping Centre New Concept Layout EIA, SJA Project Management (2009)

[19] Greenacre, Boronia Road Shopping Centre New Concept Layout EIA, SJA Project Management (2009)

[20] Greenacre, Boronia Road Shopping Centre New Concept Layout EIA, SJA Project Management (2009)

[21] Source: Googlemaps

approximately 45 specialty shops[22]. Yagoona is largely a bulky goods centre with the majority of retailers located on the Hume Highway.

Figure 7 - Yagoona Centre

Source: Hill PDA

3.6 SMALL VILLAGES AND NEIGHBOURHOOD CENTRES

Berala Small Village

Berala Small Village is located approximately 3.4km or a 6 minute drive west of the Subject Site. Berala is located at Berala train station and as such is transacted by a railway line separating the eastern and western proportions of the Centre. Berala is connected via an underground pedestrian walkway and provides a total of around 4,600sqm of floorspace[23]. The eastern proportion of the Centre is the larger proportion providing around 3,500sqm of floorspace[24] including a Woolworths supermarket constructed in 2012, while the western proportion provides around 1,100sqm of florspace[25].

Figure 8 - Berala Centre

Source: Hill PDA

Regents Park Small Village

Regents Park Centre is located approximately 2.2km or a 5 minute drive west of the Subject Site at Regents Park train station. The Western side of the railway line retail floorspace is mostly fronting Amy Street. The eastern side of the Railway line comprises around 570sqm of floorspace along Park Road [26].

---

[22] Greenacre, Boronia Road Shopping Centre New Concept Layout EIA, SJA Project Management (2009)

[23] Calculated using Department of Lands Six Viewer

[24] Calculated using Department of Lands Six Viewer

[25] Calculated using Department of Lands Six Viewer

[26] Source: Googlemaps

Figure 9 - Regents Park Centre

Source: Hill PDA

Birrong Neighbourhood Centre

Birrong is classified as a Neighbourhood Centre approximately 3.2km or a 7 minute drive west of the Subject Site. The Centre comprises strip retail facing west onto Auburn Road and is bounded to the north by Neutral Avenue and Wentworth Street to the south. The anchor tenant is a 1,000sqm IGA supermarket supported by approximately 9 specialty shops[27].

There is some additional retail / commercial floorspace in close proximity to the Centre approximately 300m or a 4 minute walk[28], located at the junction of Rodd Street and Hudson Parade. The additional floorspace is comprised of five shops / units, providing around 540sqm of ground floorspace and 270sqm of first floor floorspace[29]. The shops / units are in close proximity to Birrong Station although they are currently vacant as seen in the photos below.

Figure 10 - Regents Park Centre

Source: Hill PDA

Rookwood Neighbourhood Centre

Roockwood is classified as a Neighbourhood Centre approximately 3.2km or a 5 minute[30] drive south of the Subject Site. The Centre comprises strip retail facing east on to Rookwood Road and is bounded to the north by George Street and the Hume Highway to the south. The anchor tenant is a 1,700sqm[31] Hotel called "the Ows Hotel" supported by approximately 12 specialty shops providing around 1,400sqm of floorspace[32].

[27] Greenacre, Boronia Road Shopping Centre New Concept Layout EIA, SJA Project Management (2009)

[28] Source: Googlemaps

[29] Calculated using Department of Lands Six Viewer

[30] Source: Googlemaps

[31] Calculated using Department of Lands Six Viewer

[32] Calculated using Department of Lands Six Viewer

Figure 11 - Rookwood Centre

Source: Hill PDA

4. DEMAND FOR RETAIL FLOORSPACE

This chapter examines demand for the proposed retail space by determining the likely trade area for the centre and forecasting retail expenditure generated by households within that trade area given their socio-demographic character and household growth forecasts.

4.1 RETAIL TRENDS

Over the past three decades significant changes have occurred in the retail industry such as the introduction of new technologies, the ageing of the population, increased female participation in the workplace and changing consumer preferences. These changes have placed increased pressure on many existing retail centres to either adapt or lose market share.

In the 1980's, Australian retail floorspace totalled approximately 1.8sqm per person (excluding commercial space and automotive retailing), which was roughly divided into equal components of regional, district and neighbourhood/local centres. Today we have around 2.1sqm per capita due to increasing affluence and consumerism.

In particular economic rationalism from 1991 to 2006 resulted in considerable growth in living standards and an increase in household income disparity. During this period retail spend per person grew at almost 2% per annum in real terms. Families became typically cash-rich/time-poor or time-rich/cash-poor. Very few families were both time-rich/cash-rich, providing interesting challenges for the retail industry.

Population growth, rising real disposable incomes and innovation and change within the retail industry have underpinned a rapid increase in the supply of retail floorspace throughout Australia. Population growth and increasing levels of disposable income have provided the means to support new retail development, but it is the innovative nature of the industry itself that has generated major increases in more and larger centres.

Without a doubt the 'Global Financial Crisis' has had an impact on the Australian retail property markets in the past couple of years. The period from late 2007 to the present has been characterised by weaker consumer sentiment and poor leasing and investment markets (i.e. weak income and capital returns). This trend was common to most commercial markets nationwide.

Retail spend per capita has stagnated since 2006 due to a combination of factors including the credit squeeze, a propensity for households to save more and reduce debt, relatively high interest rates compared to our trading partners and reduced job certainties.

Also the rise of internet shopping is providing challenges for the retail industry. Whilst this market is relatively small at around 4% of total retail sales[33] it is expected to increase to as high as 10% to 15% over the next decade or so based on industry sources.

[33] Source: Retail in the Spotlight Forum, Property Council of Australia 17/11/2011

The long term trends of rising affluence, consumerism and technological change are likely to ensure that retail expenditure will continue to increase over the long term owing to real growth in retail spend per capita. The current economic climate of low consumer sentiment is viewed as a short term condition rather than a long term one. In the future it is inevitable that there will be periods of economic growth and adjustment.

4.2 Trade Area Identification

To assess retail demand a trade area must first be defined for the proposed development. For the purpose of this assessment, the trade area can be understood as the geographical area where residents would spend the majority of their regular shopping (in particular food, groceries and liquor) at the proposed retail facilities.

Within this context, the extent of the trade area is dependent upon a range of factors including:

- The strength and attraction of the centre in question, determined by factors such as the composition, layout, ambience/atmosphere and car parking in the centre;
- Competitive retail centres, particularly their proximity to the subject centre and respective sizes, retail offer and attraction;
- The location and accessibility of the centre, including the available road and public transport network and travel times; and
- The presence or absence of physical barriers, such as rivers, railways, national parks and freeways.

Having regard to the above and the amount of floorspace proposed within the development, we defined a Main Trade Area (MTA) to incorporate the area known as the former Lidcombe Hospital Site. The MTA is bounded to the north by Georges Avenue, to the east by the Rookwood Cemetery and Necropolis, to the west by Joseph Street and to the south by Weeroona Road. This area is equivalent to the Australian Bureau of Statistics (ABS) Statistical Level 1[34] No. 1147445. The MTA is restricted to the North by Lidcombe Town Centre and to the west by Berala and Regents Park villages. Currently the MTA is not served by any retail provision and the residents have to travel to Lidcombe Town Centre or Berala and Regents Park villages each around a 30 mintue walk[35] to shop.

The extent of the MTA is shown in Figure 3.

[34] The Statistical Area Level 1 (SA1) is the second smallest geographic area defined in the Australian Statistical Geography Standard (ASGS), the smallest being the Mesh Block. The SA1 has been designed for use in the Census of Population and Housing as the smallest unit for the processing and release of Census data.

[35] Source: Googlemaps

Figure 12 - Subject Sites and Main Trade Area

Source: Map produced by Hill PDA using MapInfo 11.5 software and Microsoft Bing © 2013 Microsoft Corporation

4.3 Demographic Analysis

Demand for retail floorspace is dependant not only on the number of households in the MTA but also the demographic characteristics of those households. This Section examines data from the 2011 ABS Census for the SA1 which comprises the MTA. This demographic data is then compared to Auburn LGA and Greater Sydney[36] in order to provide a snapshot of the demographic characteristics of the resident population of the MTA.

Data sources used in this section include the Australian Bureau of Statistics (ABS) 2011 census and the Bureau of Transport Statistics (BTS) population, employment and workforce forecasts.

The table below provides a summary of the population and dwelling characteristics of the SA1 which constitute the MTA with further analysis of Auburn LGA and Greater Sydney.

[36] Source: Based on the ABS Greater Capital City Statistical Areas (GCCSAs) for Sydney– The GCCSAs represent the socio-economic extent of each of the eight State and Territory capital cities The GCCSAs combined with the 'Rest of State' regions cover the whole of Australia without gaps or overlaps and aggregate directly to State/Territory

Table 2 - Main Trade Area Population and Dwelling Characteristics (2011)

Characteristic	MTA	Auburn LGA	Greater Sydney
Population and Dwellings			
Total Population	1,910[37]	73,738	4,391,676
Total Private Dwellings	511	24,636	1720333
Occupied Private Dwellings	496	23,261	1640199
Occupied Private Dwellings (%)	97%	94%	95%
Average Household Size	***3.2***	***3.1***	***2.7***
Age Distribution			
0-14	19%	20%	19%
15-29	25%	27%	21%
30-44	27%	24%	23%
45-59	20%	18%	19%
60-74	8%	8%	12%
75+	2%	4%	6%
Median Age	***32***	***31***	***36***

Source: ABS Census 2011

From the above table it can be determined that:

- The proportion of occupied private dwellings in the MTA (97%) was greater than the proportion recorded for Auburn LGA (94%) and Greater Sydney (95%);
- The average household size in the MTA (3.2) was higher than Greater Sydney (2.7) and Auburn LGA (3.1);
- The MTA contained a greater proportion of residents within the age cohorts of 15-29 years and 30-44 years (52%) and a lower proportion within the oldest age cohort of 75+ years (2%) compared to Greater Sydney (44% and 6% respectively); and
- Residents within the MTA were on average slightly older than Auburn LGA although younger than Greater Sydney as indicated by the median age.

The following table details household characteristics of residents in MTA, Auburn LGA and Greater Sydney.

[37] BTS 2012 population projections for MTA – also refer section 4.4 below

Table 3 - Main Trade Area Household Characteristics (2011)

Characteristic	MTA	Auburn LGA	Greater Sydney
Home Ownership			
Owned or Being Purchased	75%	57%	65%
Rented	22%	39%	32%
Household Structure			
Family Households	88%	78%	73%
Lone Person Households	9%	17%	23%
Group Households	3%	5%	4%
Family Type			
Couple family w. children	56%	53%	49%
Couple family w/o children	28%	29%	33%
One parent family	15%	15%	16%
Other family	1%	3%	2%
Dwelling Type			
Separate house	89%	50%	61%
Townhouse	11%	12%	13%
Flat-Unit-Apartment	0%	38%	26%

Source: ABS Census 2011

The data presented above indicates that:

- Home ownership within the MTA was significantly higher (75%) than Auburn LGA (57%) and Greater Sydney (65%);
- The MTA recorded a much greater proportion of family households (88%) compared to Auburn LGA (78%) and Greater Sydney (73%) in 2011;
- The proportion of lone person households within the MTA (9%) was significantly lower than Auburn LGA (17%) and Greater Sydney (23%) in 2011.
- The proportion of couple families with children recorded within the MTA (56%) in 2011 was higher than Auburn LGA (53%) and Greater Sydney (49%). In conjunction with this higher proportion of couple families with children, the MTA had a lower proportion of couple families without children (28%) than Greater Sydney (33%); and
- Separate houses were the dominant dwelling type within the MTA in 2011. Separate dwellings comprised around 89% of total dwellings within the MTA (compared to 61% for Greater Sydney) with 11% of dwellings being townhouses. In comparison 50% of total dwellings in Auburn LGA were separate houses, 12% were townhouses and 38% were apartments

The following table identifies the employment and income characteristics for the residents within the MTA, Auburn LGA and Greater Sydney.

Table 4 - Main Trade Area Employment and Income Characteristics (2011)

Characteristic	MTA	Auburn LGA	Greater Sydney
Labour Force by Occupation			
Managers	12%	9%	13%
Professionals	33%	19%	24%
Technicians & Trade Workers	10%	13%	11%
Community & Personal Services Workers	5%	8%	8%
Clerical and Administrative Workers	16%	13%	15%
Sales Workers	5%	8%	8%
Machinery Operators & Drivers	3%	7%	5%
Labourers	6%	12%	7%
Inadequately described or N.S.	2%	3%	2%
Unemployment	7%	9%	6%
Weekly Household Income			
$0-$599	12%	21%	18%
$600-$1,249	18%	26%	21%
$1,250-$2,499	25%	26%	27%
$2,500-$3,999	26%	12%	18%
$4,000+	10%	3%	5%
Partial income stated	8%	8%	8%
All incomes not stated	2%	3%	2%
Median Weekly Household Income	*$1,891*	*$1,160*	*$1,447*

Source: ABS Census 2011

From the above table, the following can be determined:

- The proportion of managers and professionals to total workforce was significantly higher in the MTA (45%) than for Auburn LGA (28%) and Greater Sydney (37%);
- The proportion of "blue collar" workers employed within the MTA (19%) was significantly lower than Auburn LGA (32%) and Greater Sydney (24%);
- The rate of unemployment was lower in the MTA (7%) in 2011 compared to Auburn LGA (9%) although it was higher than Greater Sydney (6%);
- A large proportion of households in the MTA (36%) earned a weekly household income above $2,500. This is significantly higher than 15% for Auburn LGA and 24% for Greater Sydney;
- Furthermore a significantly higher proportion of households in the MTA (10%) earned more than $4,000 per week compared to 3% of Auburn households and 5% of households in Greater Sydney; and
- The median weekly household income of $1,891 in the MTA is significantly higher than the median for Auburn LGA of $1,160 and Greater Sydney $1,447.

In summary, the demographic characteristics of the residents residing within the MTA are different to that of the wider Auburn LGA. The residents within the MTA are characterised by a slightly older population (although younger when compared to Greater Sydney), with higher home ownership levels, live in family households, are couple families with children and live in separate houses. Residents within the MTA are also an affluent population with a significantly higher proportion of households earning above $4,000 per week. Higher income levels translate to higher retail spend levels and hence stronger demand for retail space.

The MTA includes a TAFE and university campus but we have been conservative by not including any expenditure that might be captured from workers and students in these institutions.

4.4 POPULATION PROJECTIONS

Population projections are sourced from the NSW Bureau of Transport Statistics (BTS). These were based on the 2006 Census and were published in August 2012, constituting the latest projections available. An additional allowance has been made for new residents on the Subject Site which would result from the Botanica Estate development. No allowance for the development has been made in the BTS projections. The estimated number of residents has been calculated based on 800 houses being developed and the 2011 ABS Census-based average unit occupancy rate for ABS geographical SA1 1147445 of 3.2 persons. This equates to an additional 2,560 residents living on-site post development.

For the purposes of this Study we have assumed that these houses would be completed by 2014 and occupied by 2016. This population growth was incorporated onto 2011 BTS forecast for the MTA in 2016 and thereafter the population was considered static.

The MTA contained an estimated 1,910 residents in 2011. This is forecast to increase by 2,560 residents or 134% to 4,470 residents in 2016 when the Botanica estate is fully developed and occupied. We have used these population forecasts to inform our expenditure modelling.

4.5 FORECAST HOUSEHOLD RETAIL EXPENDITURE IN THE TRADE AREA

Methodology

Expenditure modelling is based on population projections and real expenditure growth forecasts, to determine the level of demand for additional retail floorspace in the MTA over the 2012 to 2031 period.

Household expenditure was sourced from:

- ABS Household Expenditure Survey 2003-04 which provides household expenditure by broad commodity type by household income quintile; and
- Marketinfo 2009 database which is generated by combining and updating data from the Population Census and the ABS Household Expenditure Survey (HES) using "microsimulation modelling techniques". MarketInfo combines the data from the Census, ABS HES Survey and other sources to derive total expenditure by commodity type. This data, which was validated using taxation and national accounts figures, quantifies slightly more expenditure than the ABS HES Survey.
- Expenditure levels were adjusted to reflect the greater spending of residents in the Botanica Estate. By benchmarking the MTA against Auburn LGA and Newington Suburb Hill PDA estimated the average spend per capita of residents in 2011 to be $13,700 per annum.

Total expenditure generated by residents in the trade area is shown in the following table.

Table 5 - Main Trade Area Expenditure Forecast by Broad Commodity Type ($m2009)

YEAR	2011	2016	2021	2026	2031
Food, Groceries & Liquor take-away	8.8	21.9	23.3	24.7	26.2
Food Catered	3.7	9.1	9.7	10.3	10.9
Apparel	2.2	5.4	5.7	6.1	6.5
Bulky Goods	3.8	9.4	10.0	10.6	11.3
Other Personal & Household Goods	6.2	15.4	16.4	17.4	18.4
Personal Services	0.8	2.0	2.2	2.3	2.4
TOTAL	**25.5**	**63.3**	**67.2**	**71.4**	**75.7**

* Excludes Liquor on Premises and Cinema Expenditure
Forecast assumes 1.2% real growth in real retail spend per capita per annum in line with historic trend since 1986.

Based on the table above the total expenditure generated by MTA residents is expected to increase from $25.5m in 2011 to $63.3m in 2016, this represents an increase of $37.8m or 148%. Expenditure is forecast to increase a further $12.4m or 20% between the years 2016 to 2031 to $75.7m.

The ABS Retail Survey 1998-99 (Cat No. 8624.0) provides a cross tabulation of store type (defined by ANZIC), by commodity type. Multiplying the percentages in the cross tabulation by total dollars spent generates turnover by retail store type. Turnover by retail store type generated by household expenditure is provided in Table 6.

Table 6 - Main Trade Area Expenditure Forecast by Retail Store Type ($m2009)

YEAR	2011	2016	2021	2026	2031
Supermarkets & Grocery Stores	7.9	19.6	20.8	22.1	23.5
Specialty Food Stores	2.5	6.3	6.7	7.1	7.5
Fast-Food Stores	2.2	5.5	5.8	6.2	6.5
Restaurants, Hotels and Clubs*	2.1	5.2	5.5	5.9	6.3
Department Stores	2.3	5.8	6.2	6.5	6.9
Clothing Stores	1.5	3.8	4.0	4.2	4.5
Bulky Goods Stores	3.8	9.4	10.0	10.6	11.3
Other Personal & Household Goods Retailing	3.9	9.8	10.4	11.0	11.7
Selected Personal Services**	0.8	2.0	2.2	2.3	2.4
Total	**27.2**	**67.5**	**71.6**	**76.0**	**80.7**

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)
**Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos
Forecast assumes 1.2% real growth in real retail spend per capita per annum in line with historic trend since 1986.

Based on the table above retail turnover generated by expenditure from residents in the MTA will grow from $27.2m in 2011 to $80.7m in 2031. This equates to an increase of $53.5m or 197% over the period. Total turnover is expected to increase from 27.2m to $67.5m (180%) from 2011 to 2016, when Botanica Estate development is expected to completed.

Note that total retail turnover by retail store type ($27.2m in 2011) is greater than household expenditure by commodity type ($25.5m in 2011). This is because retail stores derive a small proportion of expenditure from other sources, such as trade-related sales and rentals, which do not form part of household expenditure.

We should note that only a proportion of this expenditure would be captured by the Subject Site within the MTA. Expenditure in Department stores, hardware and bulky goods stores, for example, would largely be directed to higher order centres or homemaker centres. Such destinations serve larger trade areas which residents visit less frequently. Even with respect to food, grocery and regular shopping needs the subject site is only expected to capture a minor proportion of the trade area's expenditure given the small scale of the proposal and the exclusion of any medium to large supermarket.

In accordance with the planning policy principles convenience retail expenditure, such as that related to supermarkets and grocery stores, specialty food stores, fast-food stores and so on, should be met locally. The central location of the subject site within the Botanica Estate development achieves this principle.

4.6 Forecast Demand for Retail Floorspace within the Main Trade Area

Demand for retail floorspace is forecast by applying target turnover rates (or industry benchmarks) to the total retail spend generated by residents of the trade area as shown in the following table. The Study assumes that the centre would be fully developed and would have achieved a settled pattern of trading in 2016.

Table 7 - Floorspace Demand by Store Type in the Main Trade Area 2011 to 2031 (sqm GLA)

Retail Store Type	Target Rate*	2011	2016	2021	2026	2031
Supermarkets & Grocery Stores	10,000	780	1,881	1,938	2,020	2,081
Specialty Food Stores	7,500	334	805	829	865	891
Fast-Food Stores	7,500	290	700	721	752	774
Restaurants, Hotels and Clubs	4,500	462	1,114	1,148	1,196	1,233
Department Stores	3,500	659	1,589	,636	1,706	1,758
Clothing Stores	5,000	300	722	744	776	799
Bulky Goods Stores	3,500	1,073	2,588	2,666	2,779	2,863
Other Personal & Household Goods Retailing	4,500	866	2,088	2,151	2,242	2,310
Selected Personal Services	3,200	254	612	630	657	677
Total		**5,018**	**12,098**	**12,463**	**12,993**	**13,385**

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)
** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos
*** Source: Various including ABS Retail Survey 1998-99 indexed to 2011 dollars, Shopping Centre News, Urbis Retail Averages, various consultancy studies and Hill PDA research. Target turnover levels are expected to increase at a rate of 0.6% per annum above the CPI rate in line with the historic trend.

Table 8 above shows that by 2016 residents in the MTA will demand more than 12,000sqm of retail floor space. At least one third of this space (4,000 to 5,000sqm) would be demanded in locally based village and neighbourhood centres. The majority of expenditure in food and grocery stores, specialty foods, fast foods and personal services is captured in these smaller village centres. Also a proportion of personal services and a small proportion of non-food expenditure (including newsagencies, chemists, etc) are directed to village and neighbourhood centres.

Given that the proposed centre will have less than 1,300sqm of retail space and the small supermarket will be only 400sqm then we would expect the centre to capture a minor proportion of MTA expenditure in food, grocery and other regular shopping needs. The supermarket is only one fifth of the size demanded by residents. Being only 400sqm it will have considerably fewer lines than large supermarkets and as such its role will be more for "top-up" shopping than being the major destination for food and grocery shopping. We expect the grocery store to capture less than 20% of total supermarket spend generated by residents in the MTA – more like 15%.

The proposal will provide an important role for convenience shopping but will not be the main destination for MTA shopping needs. As a result the majority of expenditure generated by MTA residents will continue to leave the area to other larger centres in the surrounding area such as Lidcombe and Chullora.

4.7 SEQUENTIAL APPROACH

The NSW Draft Centres Policy (2009) requires that, for rezoning proposals, a sequential approach is undertaken towards land rezonings in edge of centre or out-of-centre locations. The purpose of this approach is to ensure that:

"..the availability of in-centre sites is first assessed. Only when it can be demonstrated that no alternative in-centre sites exist for new retail development should edge-of-centre sites be considered. This is in view of in-centre sites being the preferred location for new retail development."[38]

We should note that the Subject Proposal will serve the needs of almost 4,500 residents in and around the Botancia Estate (Note: approximate MTA population of 4,500 comprises 1,910 existing population as per BTS 2012 forecasts plus an anticipated future population of 2,600 within the Botanica Estate). These needs relate to convenience shopping, "top-up" shopping and the provision of some level of retail service within walking distance to residents. The most appropriate location for the proposal to meet those needs is on site in Botanica. To locate such uses in an existing centre off site is counterproductive. It would undermine the very objectives that are trying to be achieved. Lidcombe Town Centre is a 30 minute[39] walk north from the Botanica site, Berala Small Village and Regents Park Neighbourhood Centre are also a 30 minute[40] walk west and Chullora Marketplace is a 45 minute walk.

The development which would be facilitated by the proposed rezoning incorporates a heritage building located at Building 66 Brooks Circuit which is currently zoned R3 Residential. This zoning permits the development of neighbourhood type shops (with consent) although not commercial uses. The current zoning also restricts the size and type of uses and services proposed to be provided. As such, there is no opportunity to incorporate the additional commercial floorspace which the proposed rezoning (Local Centre (B2)) would facilitate within the existing building (the Subject Site). This provision of commercial floorspace would further permit such uses including medical services and small offices for professional services. This would support the local needs of the surrounding residents and of the wider MTA.

In conclusion rezoning of the Subject Site to Local Centre (B2) would enable the proposed development to develop retail and commercial floorspace, and make more efficient and effective use of the land. In the absence of any land in-centre, the Subject Site represents the most sequentially preferable site at which to meet this need for additional floorspace in the MTA.

[38] Source: NSW Draft Centres Policy 2009

[39] Source: Googlemaps

[40] Source: Googlemaps

5. RETAIL IMPACT ASSESSMENT

In terms of assessing economic impacts, previous court judgements such as "*Fabcot Pty Ltd v Hawkesbury City Council (97) LGERA*" and "*Cartier Holdings Pty Ltd v Newcastle City Council and Anor [2001] NSWLEC 170*" have provided some guidance on relevant issues. The NSW Land & Environment Court has stated that Councils should not be concerned about competition between individual stores as this is a matter of fair trading. It should however concern itself with impacts in the locality.

This Chapter assesses the impact of the retail components of the proposal on existing retail centres in the locality. The EPA & Act (1979) is not clear on what is meant by locality, however for the purpose of this assessment we have assumed it to be the main trade area or the geographical influence of the proposal. The turnover of the proposed development is then estimated and considered in the context of demand.

5.1 ESTIMATED TURNOVER OF SUBJECT SITE

The economic impact assessment assumes that the centre would be fully developed and would have achieved a settled pattern of trading in 2016.

The table below applies target turnover rates consistent with those expected for small centres in a suburban location, to the indicative usage[41] floorspace mix of the Subject Site to derive marginal turnover.

Table 8 - Retail Turnover 2016 ($2009)

Use	Floorspace (sqm GLA)	Target Turnover ($/sqm)*	Total Turnover ($m)
Specialty Food	560	7,821	4.4
Restaurants, Café's and Take-aways	385	4,692	1.8
Non-Food Specialties	302	4,953	1.5
Personal Services	40	3,337	0.1
Commercial Shopfront	353	-	-
Total Shopfront Retail	**1,640**	**-**	**7.8**

* Source: Various including ABS Retail Survey 1998-99 indexed to 2011 dollars, Shopping Centre News, Urbis Retail Averages, various consultancy studies and Hill PDA research. Target turnover levels are expected to increase at a rate of 0.6% per annum above the CPI rate in line with the historic trend.

The proposed development would have a turnover in the order of $7.8m in 2016 ($2009).We would expect that around 75% of this turnover will come from expenditure generated by MTA residents. The remainder will come from residents outside the MTA and from workers and visitors into Botanica.

5.2 IMPACT OF PROPOSAL ON SURROUNDING CENTRES

The Subject Site proposes retail uses indicative of fulfilling a top-up role to the 4,500 residents in and around the Botanica Estate development[42]. This is evident in the provision of a grocery store, bakery, café / restaurants,

[41] Derived from the draft usage concept plan developed b by Devcon Partners Pty Ltd

[42] Approximate MTA population of 4,500 comprises 1,910 existing population as per BTS 2012 forecasts plus the anticipated future population of the Botanica Estate (2,600).

hairdresser and speciality shops. There is no provision of a full-line supermarket or destination anchor which would require a trade area significantly larger than the MTA. A full-line supermarket is generally around 3,000sqm or more in size and meets a trade area of 10,000 or more people. The subject proposal, with only a 400sqm food store, is expected to only capture 8% to 9% of MTA expenditure (4,500 people). The majority of MTA expenditure will be captured by other centres outside Botanica including Lidcombe, Chullora, Bankstown and Regents Park.

With no more than $2m expenditure coming into Botanica and more than $60m leaving Botanica existing centres will continue to enjoy growth in trade all else being equal.

6. Economic Benefits

This Chapter examines other economic benefits which would eventuate from the proposed rezoning and subsequent development of the Subject Site, over and above meeting identified need. These benefits include increasing employment locally, additional investment, value add to the local economy, construction multiplier impacts, shopper choice and convenience.

6.1 Construction Multiplier Effects

The construction industry is a significant component of the economy accounting for 7.3% of Gross Domestic Product (GDP) and employing almost one million workers across Australia[43]. The industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of construction. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

- **production induced:** which is made up of:
  - first round effect: which is all outputs and employment required to produce the inputs for construction; and
  - an industrial support effect: which is the induced extra output and employment from all industries to support the production of the first round effect; and
- **consumption induced**: which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment

The source of the multipliers adopted in this report is ABS and Australian National Accounts: Input-Output Tables 1996-97 (ABS Catalogue 5209.0). These tables identify first round effects, industrial support effects and consumption induced multiplier effects at rates of $0.466, $0.438 and $0.962 respectively to every dollar of construction.

The table below provides estimated multiplier impacts based on an estimated capital investment value (CIV) of $2.5m.

Table 9 - Economic Multipliers

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.466	0.438	0.962	2.866
Output ($million)	$2.5	$1.2	$1.1	$2.4	$7.2

* Source: ABS Australian National Accounts: Input-Output Tables 1996-1997 (ABS Pub: 5209.0).

[43] IBIS World Construction Industry Report 2011

The $2.5m of CIV would generate a further $2.3m of activity in production induced effects and $2.4m in consumption induced effects. Total economic activity generated by the construction of the proposed development would be approximately $7.2m.

6.2 Construction Employment

It is estimated that four full time construction positions over 12 months is created for every one million dollars of construction work undertaken[44]. Based on an estimated construction cost of $2.5m, approximately 10 job years[45] will be directly generated in construction and refurbishment.

Table 10 - Employment Generation

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	0.33	0.45	2.33	4.11
Employment No. per $million	4.00	1.32	1.80	9.32	16.44
Total job years created	10	3	5	23	41

* Source: ABS Australian National Accounts: Input-Output Tables 1996-1997 (ABS Pub: 5209.0).

The 1996-97 ANA Input-Output Tables identified employment multipliers for first round, industrial support and consumption induced effects of 0.33, 0.45 and 2.33 respectively for every job year in direct construction. Including the multiplier impacts the proposed development will therefore have potential to generate 41 job years.

Note that the multiplier effects are national, and not necessarily local. The ABS notes that *"Care is needed in interpreting multiplier effects; their theoretical basis produces estimates which somewhat overstate the actual impacts in terms of output and employment. Nevertheless, the estimates illustrate the high flow-on effects of construction activity to the rest of the economy. Clearly, through its multipliers, construction activity has a high impact on the economy."*

6.3 Employment in Retail Operations

The proposed development would support permanent employment post-construction through the operation of retail uses at the Subject Site. The table below applies worker ratios[46] to the assumed floorspace mix to calculate the number of permanent jobs which would be supported.

44 IBIS World Construction Industry Report 2011

45 One job year equals one full-time job for one full year

46 Sourced from ABS Retail Census and Hill PDA

Table 11 - Employment Generation by Retail Store Type

Retail Store Type	Employment Rate*	GLA (sqm)	Workers
Specialty Food	1:20sqm	560	28
Restaurants, Café's and Take-aways	1:30sqm	385	13
Non-Food Specialties	1:40sqm	302	8
Personal Services	1:25sqm	40	2
Commercial Shopfront	1:25sqm	353	14
TOTAL GLA	-	**1,640**	**64**

* Job per square metre of GLA. Sourced from the ABS Retail Census and Hill PDA

Based on Table 11, the proposed development would support an estimated 64 permanent jobs post-construction across the range of retail store types. Around 60% of these jobs are expected to be part-time and casual jobs.

6.4 Shopper Convenience

The Subject Site is located in the Botanica Estate. It will be easily accessible to the residents of the estate and will provide convenience type shopping goods and services appropriate to its role as a small local centre. By providing a range of retail stores in an accessible location the centre will meet an important principle of shopper convenience.

The centre will provide an important role for convenience and "top-up" shopping. Residents will still do the majority of their shopping outside the MTA but for quick and convenient shopping they can visit the local centre. Without the local centre residents would need to travel largely by private motor vehicle to alternative centres outside the estate at an increased frequency. Having no local centre would undermine principles of ESD and shopper convenience.

6.5 Added Price Competition

There is sufficient growth in expenditure available within the locality to support both the proposal and surrounding retail centres. The impacts would not threaten the viability of any existing centre. All else being equal all centres will experience some growth in trade over time if we assume fair market share. Accordingly, added price competition should be viewed positively in this case.

6.6 Conclusion

The proposal would generate an estimated 64 permanent jobs post-construction across the range of retail store types (full and part-time jobs). The Subject Site would service the residents of the surrounding Botanica Estate development providing convenience type shopping goods and services appropriate to its role as small local centre. The addition of commercial floorspace within the development would increase the potential retention of working residents and reduce the need for working residents to commute out of the LGA..

7. Net Community Benefit Test

The Draft Centres Policy (2009) stipulates that a net community benefit test (NCBT) is required to accompany rezoning applications for Council consideration prior to submission to the DoPI through the Gateway test.

The requirements of an NCBT are that it evaluates the external costs and benefits of the proposal to the community, and should be assessed against a base case or cases (i.e. retaining the existing zoning or locating the development on appropriately zoned land in a centre). A net community benefit is deemed to arise when the sum of all the benefits of the development outweigh the sum of all the costs.

7.1 Justification for the Proposed Retail Mix

The proposal relates to the adaptation of an existing heritage building. Primarily the proposal serves two important goals. Firstly it provides a contemporary and sustainable use of the heritage building whilst respecting the building's historic integrity. Secondly it provides an important component and role in the Botanica Estate.

The Botanica Estate will house around 2,600 people which is sufficient in size to warrant a convenience centre. The role of this centre is to provide convenience and "top up" shopping facilities including personal services and other speciality stores. The centre within the Botanica Estate will reduce the need for the future residents to travel a greater distance for convenience shopping reducing their travel time and their reliance on car travel.

The location of the centre is inside the Botanica Estate. The building does not have main road frontage and hence cannot take advantage of passing trade.

To be viable the centre will need an anchor tenant. The anchor tenant proposed is a 400sqm mixed food and grocery store (or small supermarket) which would be permissible under the B2 Local Centre zone. Supermarkets are generally larger than specialty stores simply because they capture around 30% of a household's total retail spend. To be viable the supermarket requires to stock a reasonable number of items. A small supermarket – the size of a specialty store – would have insufficient offer to attract sufficient spend from the residents of Botanica Estate. With a sufficient size anchor tenant the centre can support the specialties. The specialties will develop a nexus relationship with the supermarket to make it a viable centre. Without an anchor tenant the speciality stores would be difficult to lease out and vacancies would be more common. It is far more probable that the centre would be unsustainable.

7.2 Justification for the Commercial Suites

The rezoning of the Subject Site to B2 Local Centre would permit the development of commercial uses. The inclusion of commercial uses such as medical uses and personal services (hair, beauty, etc) within the existing building would complement the retail uses and increase the viability of the centre. This would be achieved through the creation of a nexus relationship between the anchor tenant, the specialties and the commercial suites. It provides a "one-stop" shop for residents.

7.3 NSW Draft Centres Policy

The following provides an assessment of the rezoning on the basis of the criterion contained in the NSW Draft Centres Policy:

- *Will the LEP be compatible with agreed State and regional strategic direction for development in the area (eg land release, strategic corridors, development within 800 metres of a transit node)?* Yes. The rezoning is in close proximity to the Chullora Employment Lands and will service the local needs of the Botanica Estate development which will provide housing for some 2,500 to 2,600 persons, allowing for population growth identified within the West Central Subregional Strategy. Although the centre would not be within 800 metres of a major transit node, it is well situated to serve the localised residential catchment which comprises the trade area. It would be easily accessible on foot for Botanica residents via Sussex Street and Botanica Drive.
- *Is the LEP located in a global/regional city, strategic centre or corridor nominated within the Metropolitan Strategy or other regional/subregional strategy?* No, although the site forms part of the West Central Growth Centre and would assist in catering for the future needs of residents and in providing jobs locally. The proposal is for a small local centre to primarily serve the residents of Botanica and so it would be inappropriate to locate it in a global/regional city, strategic cente or corridor.
- *Is the LEP likely to create a precedent or create or change the expectations of the landowner or other landholders?* No. The proposed development responds to a demonstrated need and is located within a zoning which permits neighbourhood shops.
- *Have the cumulative effects of other spot rezoning proposals in the locality been considered? What was the outcome of these considerations?* This Study has considered the economic impacts on existing centres which would result from the planned development on the Subject Site. The conclusion is that Botanica Estate generates far more expenditure (more than $60m) than it captures (less than $8m). Hence all else being equal and assuming fair market share all centres will continue to trade above their current levels post development.
- *Will the LEP facilitate a permanent employment generating activity or result in a loss of employment lands?* Additional retail and commercial floorspace to be provided will support more jobs and investment during the construction process and more permanent jobs in retail and commercial operations. There will be no loss of employment lands.
- *Will the LEP impact upon the supply of residential land and therefore housing supply and affordability?* The Subject Site has a pre-existing building that is currently unused and located within a conservation area under the LEP. Without rezoning the building could possibly be adapted for some type of alternative residential use. However the proposal is part of the wider Botanica estate that will house almost 2,600 people. It will provide needed supporting retail and commercial services for the residents of the estate. As such there is no measurable impacts on affordability.
- *Is the existing public infrastructure (roads, rail, utilities) capable of servicing the proposed site? Is there good pedestrian and cycling access? Is public transport currently available or is there infrastructure capacity to support future public transport?* The rezoning is located within the Botanica Estate development which allows for good local connectivity to the MTA via the internal road network.

- *Will the proposal result in changes to the car distances travelled by customers, employees and suppliers? If so, what are the likely impacts in terms of greenhouse gas emissions, operating costs and road safety?* Providing retail and some limited commercial services within the Subject Site will provide for convenience and "top-up" shopping for the residents of Botanica. Given that the majority of Botanica residents will be within 800m from the proposed centre it will encourage more walking trips and less reliance on private motor vehicle. Even for residents that use their cars it will reduce the need for them to travel greater distances to access such retail facilities thereby making a strong contribution towards ESD principles.
- *Are there significant Government investments in infrastructure or services in the area whose patronage will be affected by the proposal? If so, what is the expected impact?* It would not have any adverse impact on patronage for infrastructure or services locally.
- *Will the proposal impact on land that the Government has identified a need to protect (e.g. land with high biodiversity values) or have other environmental impacts? Is the land constrained by environmental factors such as flooding?* No. The proposal is on land which forms part of the Botanica Estate development and is suitable for the rezoning.
- *Will the LEP be compatible/complementary with surrounding land uses? What is the impact on amenity in the location and wider community? Will the public domain improve?* The proposed development would respond directly to demand and would be consistent with the likely future retail hierarchy in the area. It would have a positive impact on amenity by reducing the need for residents to travel, and would allow for the development of a centre which reflects the needs of local residents.
- *Will the proposal increase choice and competition by increasing the number of retail and commercial premises operating in the area?* Yes. It would increase both choice and competition by providing a local centre within the Botanica Estate development.
- *If a stand-alone proposal and not a centre, does the proposal have the potential to develop into a centre in the future?* The development is to be constructed within a pre-existing building. Rezoning of land east of the Subject Site could see further expansion within a separate building although the Masterplan provided does not plan for the expansion of the Subject Site.
- *What are the public interest reasons for preparing the draft plan? What are the implications of not proceeding at that time?* The proposed rezoning is a direct response to meeting the needs of the present and future population of the Botanica Estate development. Rezoning of the Subject Site would provide convenience retail services within the MTA which at this time are lacking. The location of the Subject Site would increase accessibility to convenience and top-up type retail facilities for future residents of the MTA. It would therefore reduce the need for residents to travel greater distances to access such retail facilities.

Based on the balance of positive and negative impacts of the proposed development, in our view the proposed development would deliver a net community benefit.

DISCLAIMER

1. This report is for the confidential use only of the party to whom it is addressed ("Client") for the specific purposes to which it refers and has been based on, and takes into account, the Client's specific instructions. It is not intended to be relied on by any third party who, subject to paragraph 3, must make their own enquiries in relation to the issues with which this report deals.

2. Hill PDA makes no representations as to the appropriateness, accuracy or completeness of this report for the purpose of any party other than the Client ("Recipient"). Hill PDA disclaims all liability to any Recipient for any loss, error or other consequence which may arise as a result of the Recipient acting, relying upon or using the whole or part of this report's contents.

3. This report must not be disclosed to any Recipient or reproduced in whole or in part, for any purpose not directly connected to the project for which Hill PDA was engaged to prepare the report, without the prior written approval of Hill PDA. In the event that a Recipient wishes to rely upon this report, the Recipient must inform Hill PDA who may, in its sole discretion and on specified terms, provide its consent.

4. This report and its attached appendices are based on estimates, assumptions and information provided by the Client or sourced and referenced from external sources by Hill PDA. While we endeavour to check these estimates, assumptions and information, no warranty is given in relation to their reliability, feasibility, accuracy or reasonableness. Hill PDA presents these estimates and assumptions as a basis for the Client's interpretation and analysis. With respect to forecasts, Hill PDA does not present them as results that will actually be achieved. Hill PDA relies upon the interpretation of the Client to judge for itself the likelihood of whether these projections can be achieved or not.

5. Due care has been taken to prepare the attached financial models from available information at the time of writing, however no responsibility can be or is accepted for errors or inaccuracies that may have occurred either with the programming or the resultant financial projections and their assumptions.

6. This report does not constitute a valuation of any property or interest in property. In preparing this report Hill PDA has relied upon information concerning the subject property and/or proposed development provided by the Client and Hill PDA has not independently verified this information except where noted in this report.

7. In relation to any valuation which is undertaken for a Managed Investment Scheme (as defined by the Managed Investments Act 1998) or for any lender that is subject to the provisions of the Managed Investments Act, the following clause applies:

   This valuation is prepared on the assumption that the lender or addressee as referred to in this valuation report (and no other) may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risk for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that the lender is providing mortgage financing at a conservative and prudent loan to value ratio.