



1 Crescent Street Holroyd Retail Impact Assessment

Prepared for:
Tiberius (Parramatta) Pty Ltd

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EXECUTIVE SUMMARY

Introduction

This report has been prepared on behalf of Tiberius (Parramatta) Pty Ltd to assess the retail trading impact from a mixed use development that would be facilitated by the planning proposal for 1 Crescent Street, Holroyd, NSW.

The retail impact analysis is to be considered in the context of a net community benefit assessment submitted in support of the proposed amendment to the Holroyd LEP.

Context

The subject site occupies a strategic gateway position at the north-eastern edge of the City of Holroyd, generally equidistant from existing centres at Merrylands, Parramatta CBD and Granville Town Centre and close to four railway stations.

Strong planning policy support is provided by state-wide strategies which emphasise the role of Parramatta as a second CBD and the regeneration of the Parramatta Road corridor. The site is within the Granville precinct at the western end of Parramatta Road where a target of 16,000 to 19,000 new dwellings is envisaged.

The site has an area of approximately 3.87ha and is proposed to be redeveloped for a mix of high density housing, retail, commercial and community uses. Although plans have not been finalised, an indicative outcome is a total of 8,500sqm (NLA) of commercial floorspace, of which 6,900sqm would be retail premises comprising a supermarket, specialty shops and showrooms. For the purposes of analysis the retail component is assumed to be in operation by 2021.

Trade area analysis

A supermarket-based development at the subject site would serve the weekly grocery shopping needs of people living generally within 2km of the site. Within this trade area, a Primary sector encompasses a region within 2-3 minutes' drive time, reflecting typical supermarket shopping patterns.

Shopping patterns may differ somewhat for food and drink retailers and showrooms, but as a whole the centre will act as a neighbourhood-level facility with the supermarket dominating total sales receipts.

The trade area had a population of 37,478 residents in 2014 and this is forecast to increase considerably to 45,686 persons in 2021 and 58,428 persons by 2031 as infill and brownfield development occurs in the surrounding area. The subject site itself will create a new

residential population of approximately 3,795 on completion.

Annual retail spending by trade area residents was \$416.6m in 2014 and is forecast to grow by \$126.6m to reach \$543.2m in 2021. By 2031 total retail spending will be \$751.6m. This considerable level of spending growth will help to support improvements in retail performance for existing retailers, as well as providing opportunities to increase the range of retail goods and services available to the local community.

Retail need

Over the period leading up to the proposed development in 2021, the growth in population and spending within the trade area would support the delivery of an additional 22,400sqm of new retail floorspace.

The proposal (at 6,900sqm, of which 4,890sqm would be supported by trade area spending) will therefore only meet a part of the need for new retail floorspace provision generated by local population growth.

Increased population and retail spending will support delivery of a range of retail formats including new supermarkets. The introduction of a new supermarket at the subject site will help to fulfil a part of this need, and would not represent an over-provision of such facilities having regard to the number of existing and future stores and average provision levels in the surrounding region.

Retail trading impacts

The proposed development would generate total sales of \$55.3m when in operation in 2021.

These sales would involve the redirection of spending that would otherwise be captured by other shopping centres in the surrounding region. Competing centres include Merrylands, Parramatta CBD, Granville, the Woolworths at Arida Centre, Rosehill, Guildford, centres in Auburn and even (to a limited extent) more distant shopping destinations such as Wentworthville, Costco Auburn, Sydney CBD, etc.

These competitive effects would be relatively minor for the most part, and would have little or no effect on the trading health of competing centres.

The greatest impact (-10.7%) would be experienced by the stand-alone Woolworths at Arida Centre. However, this store currently achieves above-average sales performance, and this would continue to be the case following the proposed development.

Overall, the proposed development would have no detrimental effect on the role and viability of other centres in the region.

Net community benefit

The planning proposal will facilitate a retail development that will generate a number of important benefits for the local community.

These benefits include:

- 200 on-site retail positions representing 105 full-time equivalent (FTE) jobs
- 130 more FTE jobs created indirectly in the wider economy
- Improved access to weekly grocery shopping, leisure retailing such as food and drink and other retail goods and services, at a location which will accommodate a significant residential base
- Creation of new retail shopping choice in a region in which the development of new supermarket-based shopping facilities is lagging behind housing and population growth
- Increased competition between retailers, usually translating into cheaper goods and services, more amenable shopping environments, better staffing and customer service levels and other positive consumer effects.

Importantly, these benefits would not be outweighed by the presence of disbenefits in the form of significant adverse impacts on competing centres. The overall contribution to net community benefit (in retail terms) is therefore positive and unambiguous.

1. INTRODUCTION

1.1 Background

Deep End Services has been engaged by Tiberius (Parramatta) Pty Ltd ('Tiberius') to undertake a retail need and impact assessment for a mixed use development at 1 Crescent Street, Holroyd, NSW (the 'site').

The analysis forms part of a planning proposal to be submitted to Holroyd City Council on behalf of Tiberius which seeks to amend the *Holroyd Local Environmental Plan 2013* (HLEP2013) by:

- Removing the existing B5 Business Development zone
- Applying the B4 Mixed Use zone to a part of the site
- Applying the R4 High Density Residential zone to a part of the site
- Applying the RE2 Private Recreation zone to a part of the site
- Amending the Height of Buildings and Floor Space Ratio controls.

The Proposal will facilitate the re-use of the site for a high density mixed use development consisting of approximately 1,800-1,900 apartments and a commercial element which includes retail premises and other commercial, health and community uses.

Total net lettable floorspace for commercial uses is approximately 8,500sqm according to indicative plans, of which 6,900sqm would accommodate retail uses.

1.2 Economic rationale

The economic rationale for the planning proposal is described in the *Economic Impact Assessment* prepared on behalf of Tiberius by MacroPlan Dimasi (May 2015). According to this analysis the planning proposal will:

- Enable the reuse of a site which has limited opportunity to be redeveloped for industrial activities having regard for the purpose-built nature of the existing buildings and the more suitable alternative industrial property in outer western Sydney
- Facilitate economic efficiencies for the current operator of the site as a result of rationalising activities
- Generate support for existing centres in the surrounding region through a significant increase in local household expenditure
- Generate a net increase in local employment provision
- Improve employment diversity for local residents
- Meet an existing and forecast future need for new housing to accommodate Sydney's growing population
- Support housing growth in a location well-served by public transport infrastructure
- Provide greater choice and a more diverse housing market.

1.3 Sources and assumptions

The key data sources and assumptions adopted in this report are set out in the relevant text or footnotes to tables.

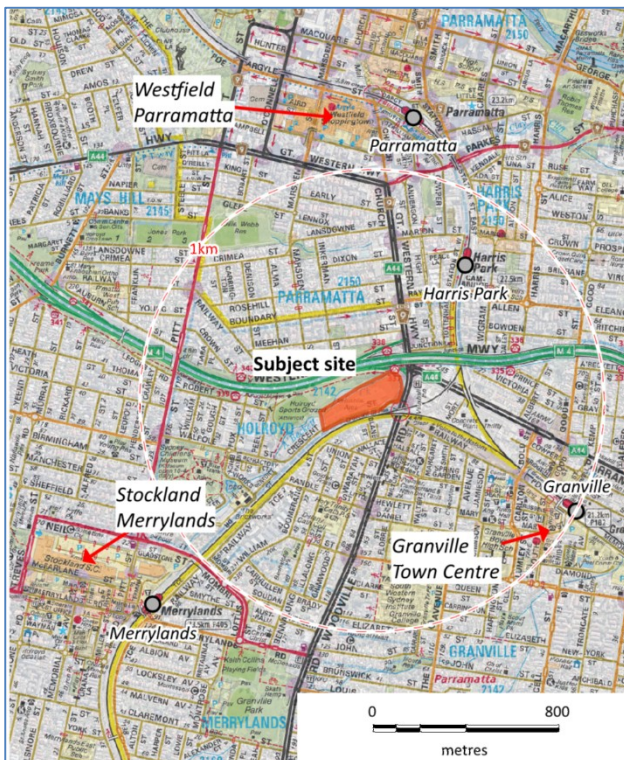
2. CONTEXT ANALYSIS

2.1 Subject site

The subject site is at 1 Crescent Street, Holroyd, being legally described as Lot 10 in Deposited Plan 808585. The current occupant of the land is WesTrac, a dealer of Caterpillar earthmoving and other industrial equipment. Existing structures consist of a large purpose-built industrial building which is being used for warehousing, machine workshop, administrative and other industrial activities. The building has an area of approximately 9,470sqm and is surrounded by a hardstand area of 14,000sqm.

The site has a total area of 38,700sqm and is bounded by A'Becketts Creek to the north, Woodville Road to the east, Crescent Street to the south and adjacent industrial uses to the west (refer *Figure 1*).

Figure 1: Subject site



Merrylands is located 1½km to the south-west, Parramatta Regional City is located approximately 1½km to the north, and Granville Town Centre is located approximately 1km to the east. The site is therefore positioned generally equidistant from existing retail and commercial centres.

Four railway stations are located within 1½km including Harris Park, Granville, Merrylands and Parramatta. These serve the North Shore, Northern and Western Line (T1), the Airport, Inner West and South Line (T2) and the Cumberland Line (T5).

2.2 Regional context

Located at the north-eastern edge of Holroyd Local Government Area, and adjacent to the junction of the M4 Western Motorway, Parramatta Road and Woodville Road, the site is strategically positioned at the eastern gateway to the City of Holroyd (refer *Figure 2*).

This also represents the western end of Westconnex (refer *Figure 3*) and of the defined Parramatta Road Urban Renewal Corridor (refer *section 2.4*).

Figure 2: Regional location

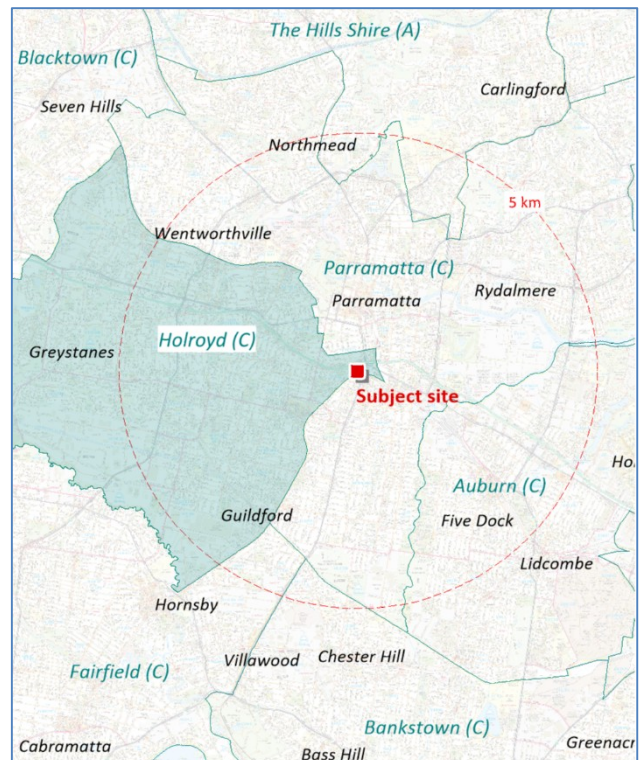


Figure 3: Westconnex



2.3 Proposed development concept

An indicative concept plan has been prepared by Architectus following a design competition. A detailed scheme will need to be completed as part of a development application for the site.

The indicative plan proposes a series of vertical towers ranging in height and allowing a substantial area of land to be set aside in the interior of the site for communal and publically accessible open space.

Key features of the indicative concept include:

- Higher density activity and inclusion of commercial uses in the eastern part of the site where the B4 Mixed Use zone is proposed to be applied
- Potential integration with existing sporting infrastructure (Holroyd sportsground) to the north
- Potential for an active urban park to be located at the western edge of the commercial precinct and fronting the major open space area
- Potential to improve the provision of community uses including sporting facilities

As the current planning proposal relates to the rezoning of the subject property, the specific mix of uses and development timeframes are not yet resolved. For the purposes of analysis, development of the site would accommodate 1,800 to 1,900 apartment units.

Commercial uses are positioned on the eastern edge underneath residential towers, with basement car parking provided below.

An indicative estimate of total commercial floorspace is approximately 10,000sqm gross leasable area (GLA) or an estimated 8,500sqm net lettable area (NLA). Of this, retail premises are anticipated to occupy approximately 6,900sqm NLA, with the likely retail tenancies comprising:

- Convenience retail including a full-line supermarket and retail specialties
- Retail showroom(s) positioned to maximise visibility to Woodville Road/Parramatta Road.

Potential non-retail uses may include a gym, medical services and a child care centre.

Figure 4: Indicative Masterplan



Source: Architectus

2.4 Planning context

The planning proposal is accompanied by a detailed examination of the strategic planning context and includes an assessment against relevant evaluation criteria in accordance with *A Guide to Preparing Planning Proposals* (Department of Planning & Infrastructure, 2012).

The following examination of relevant State and Local planning policies is provided as part of the justification of the planning proposal in terms of potential economic impacts and the effect on the retail hierarchy.

In this context, it is important to appreciate that various Court judgements have provided guidance in determining the scope of relevant issues to consider in determining the economic impact of retail development.

The most frequently cited cases are *Kentucky Fried Chicken Pty Ltd v Gantidis* and *Fabcot Pty Ltd v Hawkesbury City Council*. These cases have established that economic competition between individual traders is not usually a valid matter on which to base planning decisions, and that the relevant consideration is whether impacts at the centre level are such that the community detriment would not be made good by the proposed development itself.

Draft Centres Policy

A number of centres policies have been prepared by the NSW Government over recent years but never finalised. In 2009 the *Draft Centres Policy: Planning for Retail and Commercial Development* was released for public comment. A subsequent revision entitled *Draft Activity Centres Policy* was released on a limited scale in 2010 but not made publicly available.

It is noted that neither of these documents are adopted Government policy, and their consideration should be limited to that of context and guidance.

The 2009 Draft Centres Policy was based around a set of guiding principles which are summarised as follows:

1. Retail and commercial activity should be located within centres
2. Centres should be able to grow and new centres to form
3. The market is best placed to determine the need for retail and commercial development
4. The planning system should ensure that the supply of floorspace always accommodates market demand, to help facilitate new entrants into the market and promote competition

5. 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
6. Retail and commercial development should be well designed to contribute to the amenity, accessibility and sustainability of centres.

A Plan for Growing Sydney

A Plan for Growing Sydney, published in December 2014, represents the Government's long term vision for Sydney.

The Plan has a strong focus on issues such as economic growth, job creation, infrastructure delivery, housing supply and affordability issues, and environmental safeguards. In summary the Plan aims to promote and support growth in Sydney's resident and worker populations, while achieving more sustainable and efficient economic outcomes by encouraging the spatial co-location of population and jobs growth.

The Parramatta region enjoys special recognition in the Plan as a location for the creation of a second CBD with support for new enabling infrastructure to promote growth and urban renewal.

Urban renewal more generally also earns special acknowledgement, especially when it occurs near train stations where housing can be provided close to jobs and urban infrastructure.

Parramatta Road Urban Renewal Strategy

The *Parramatta Road Urban Renewal Strategy* was prepared by Urban Growth NSW for public comment in February 2015. The report is intended to guide opportunities for renewal of sites along the Parramatta Road corridor (including the subject site) where additional housing and new jobs, supported by retail and other services, can transform the corridor and deliver a more sustainable local economy.

The NSW Government is aiming for an additional 50,000 dwellings and 50,000 jobs to be delivered over time, with major infrastructure development including Westconnex providing an important catalyst for new investment.

The Strategy adopts a spatial framework consisting of eight precincts that have been selected on the basis of proximity to employment, access to public transport infrastructure, capacity to accommodate a diversity of housing types, availability of opportunity sites and unique character and diversity. These precincts include Granville at the western end of the corridor close to the subject site, which is identified for a residential/mixed use focus including 16,000 to 19,000 new dwellings.

Figure 5: Draft integrated land use and transport context

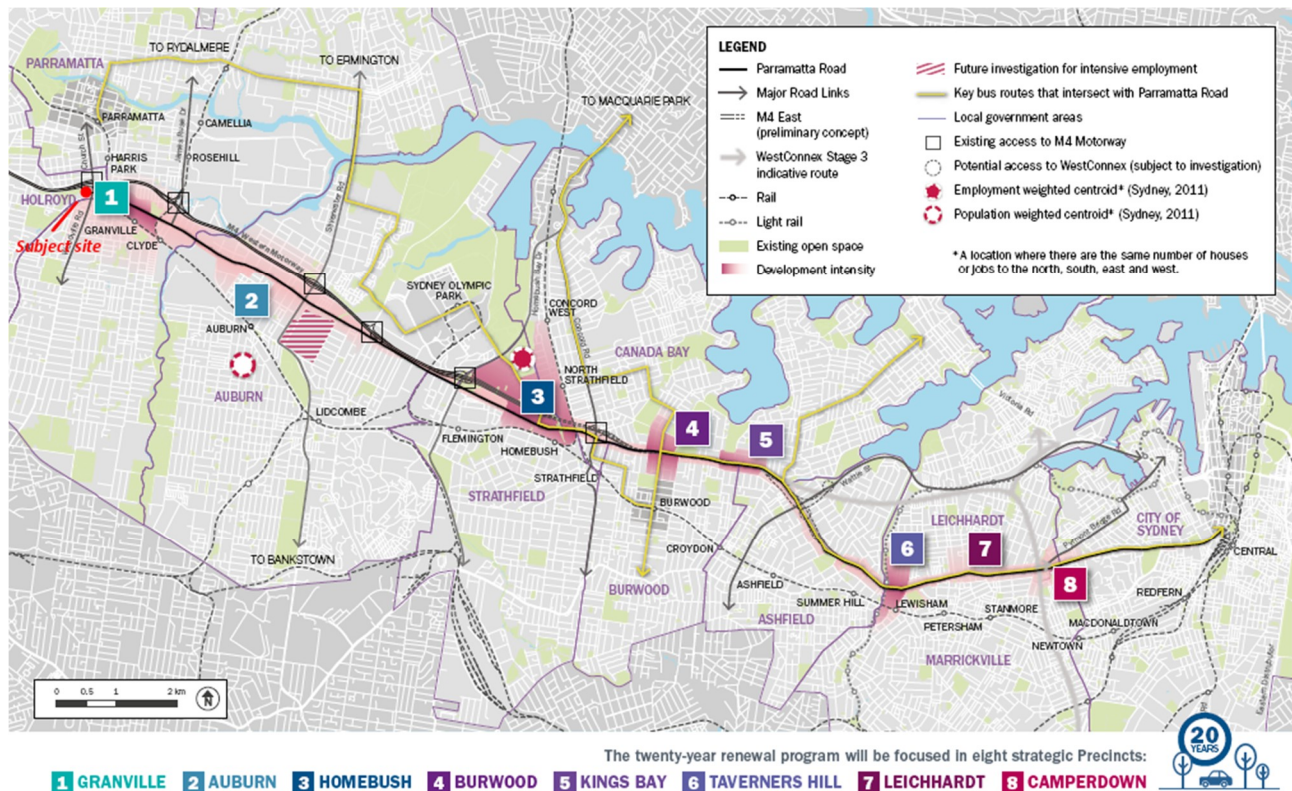
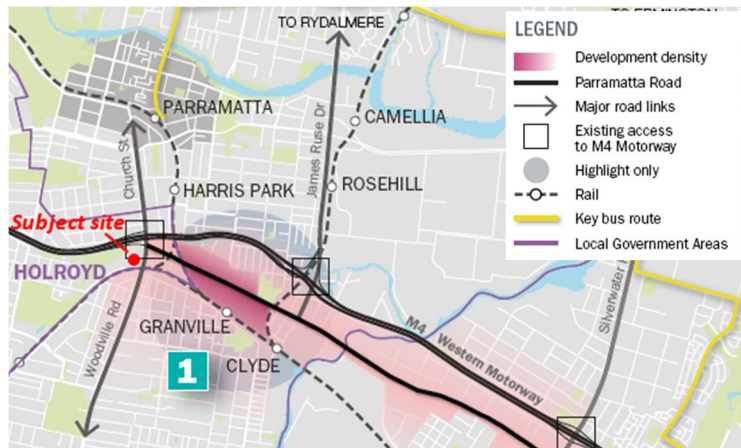


Figure 6: Draft directions for Granville precinct



POTENTIAL EVOLUTION

The Granville Precinct has been identified for future growth given its very good access to transport and employment opportunities in the Parramatta CBD. Granville is located on the western and southern train lines and is two stations east of the Parramatta Transport Interchange. The Precinct could evolve to support the Parramatta CBD and have a residential/mixed use focus, while maintaining the existing industrial lands and jobs at Clyde.

GRANVILLE'S FORECAST GROWTH



By 2031 it is anticipated that the Granville Precinct could accommodate 26 percent of overall population growth in the corridor.



The Granville Precinct's potential long term evolution (2050+) would see 16,000 to 19,000 new dwellings.

3. TRADE AREA ANALYSIS

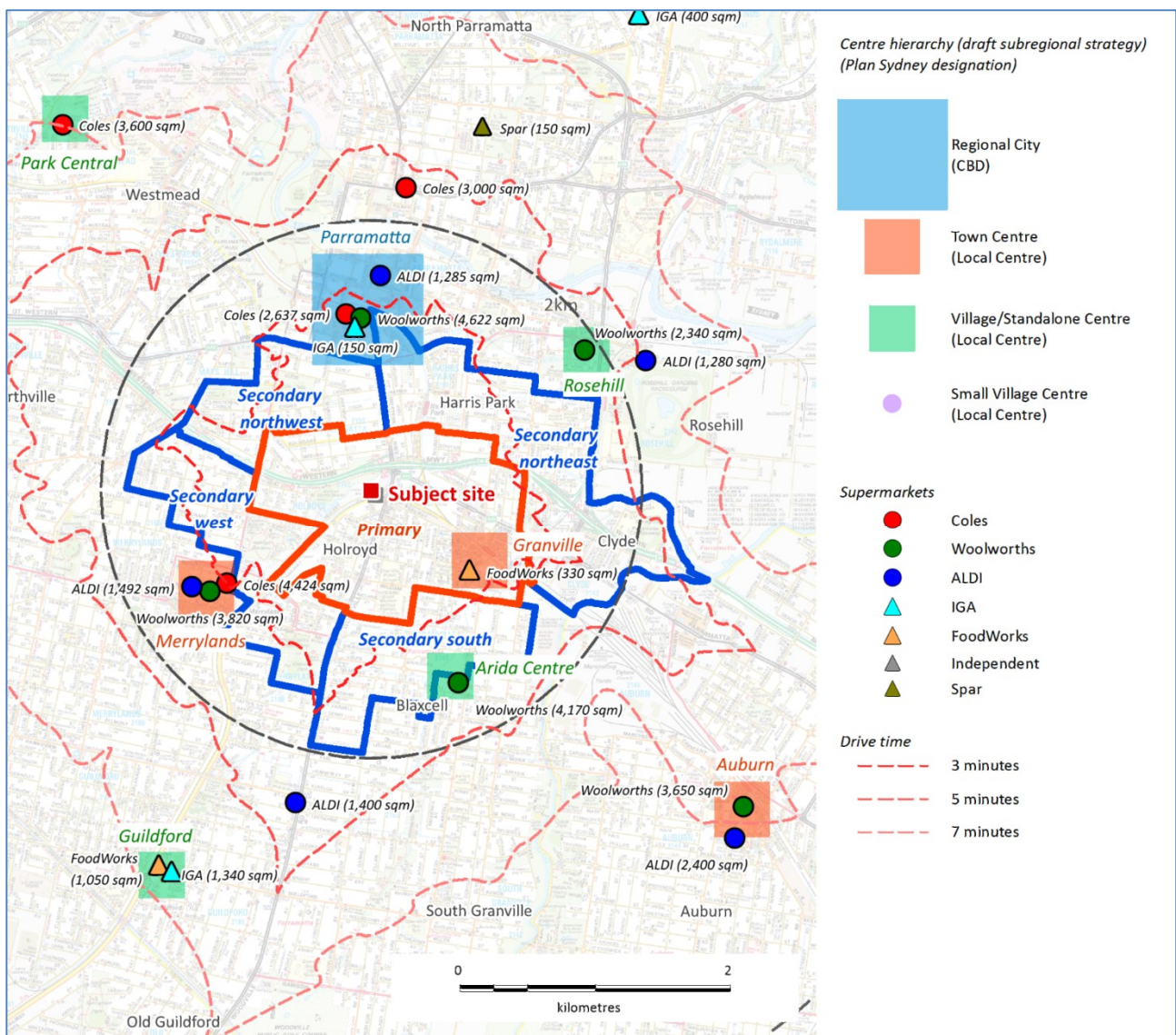
3.1 Trade area definition

The trade area served by retail premises at the subject site has been determined on the basis of the likely retail tenants (especially the presence of a full-line supermarket), the location and relative proximity of competing centres and individual retailers, transport infrastructure and its effect on access to the centre, geographical barriers to movement and the typical travel patterns of nearby residents.

The trade area consists of a Primary sector which extends around 2-3 minutes' drive around the site, and Secondary sectors which extend up to 2km from the subject site.

The extent of the trade area is typical for a supermarket-based centre, reflecting both the tendency for residents to travel to their closest major supermarket for most of their grocery needs, and the fact that secondary catchments often overlap, especially near major shopping centres where access to the supermarket is more convoluted.

Figure 7: Trade area for proposed retail development



Produced by Deep End Services with MapInfo and Ausway

3.2 Population

Subject site

The proposed development is anticipated to yield approximately 1,800 to 1,900 dwellings with an indicative mix of 1-bed (45%), 2-bed (50%) and 3-bed (5%) apartments.

As the current planning proposal is for the rezoning of the land rather than for a specific development scheme, the development timeframes are not known at this stage, nor is the pattern of build-out across the site. However, for the purposes of this analysis the following parameters have been adopted:

- A total of approximately 1,875 apartments are developed
- Having regard for the timeframes involved in rezoning the land, lodgement and assessment of a development application and construction, the first apartments would be occupied in 2018
- Construction would then occur over approximately five to ten years, staged across a number of 'releases'
- Within this period, the retail component would be delivered within three to five years, or around 2021 for the purposes of analysis
- Residential take-up would average approximately 180-200 dwellings each year
- The average household size would be in the order of 2.0 persons per dwelling, having regard to the proposed mix of units by size
- The total population on site would therefore be appropriately 3,795 persons when fully developed and occupied, which would occur in 2027.

This information is summarised below in *Table 1*.

Table 1: Subject site dwelling and population outcomes

Dwelling size/type	Proportion	Number of units	Persons per dwelling	Resident population
1-bed	45%	845	1.5	1,270
2-bed	50%	940	2.4	2,255
3-bed	5%	100	2.7	270
Total	100%	1,875	2.0	3,795

Source: Tiberius (Parramatta) Pty Ltd

Remainder of the trade area

Existing and historic population estimates for the trade area have been prepared using ABS data for individual Statistical Area 1 geography boundaries. These official estimates are available annually up to June 2014.

Population forecasts are based on data prepared by the Bureau of Transport Statistics (BTS) for defined 'travel zones' within each trade area sector. The BTS forecasts incorporate anticipated infill development and known major projects in the area, but do not include development at the subject site. These forecasts also align with local government area projections prepared by the NSW government.

In summary, the trade area has a current estimated population of 37,478 persons, including 10,716 persons living within the Primary sector. Recent growth of 3.8% per annum is forecast to moderate somewhat in the future, but annual population increases across the trade area are still projected to be in excess of 1,000 persons per year.

The trade area is forecast to contain 45,686 residents in 2021 (an increase of 8,210 persons on current levels) and will reach 58,428 persons in 2031.

The Primary sector will have a population of 13,834 persons in 2021 and this will increase to 18,501 persons by 2031.

Table 2: Trade area population forecasts

Trade area sector	2006	2011	2014	2021	2026	2031
Population						
- Subject site	-	-	-	1,518	3,416	3,795
- Remainder	8,028	9,667	10,716	12,316	13,456	14,706
Total Primary	8,028	9,667	10,716	13,834	16,872	18,501
Secondary northeast	5,326	7,682	9,078	11,833	13,758	15,758
Secondary south	5,379	5,979	6,420	7,100	7,750	8,400
Secondary west	4,341	5,301	5,648	6,573	7,123	7,673
Secondary northwest	4,335	4,908	5,616	6,346	7,196	8,096
Total	27,409	33,537	37,478	45,686	52,699	58,428
Population growth (No. per annum)						
- Subject site	-	-	-	217	380	76
- Remainder	-	328	350	229	228	250
Primary	-	328	350	445	608	326
Secondary northeast	-	471	465	394	385	400
Secondary south	-	120	147	97	130	130
Secondary west	-	192	116	132	110	110
Secondary northwest	-	115	236	104	170	180
Total	-	1,226	1,314	1,173	1,403	1,146
Population growth (% per annum)						
- Subject site	-	-	-	-	17.6%	2.1%
- Remainder	-	3.8%	3.5%	2.0%	1.8%	1.8%
Primary	-	3.8%	3.5%	3.7%	4.0%	1.9%
Secondary northeast	-	7.6%	5.7%	3.9%	3.1%	2.8%
Secondary south	-	2.1%	2.4%	1.4%	1.8%	1.6%
Secondary west	-	4.1%	2.1%	2.2%	1.6%	1.5%
Secondary northwest	-	2.5%	4.6%	1.8%	2.5%	2.4%
Total	-	4.1%	3.8%	2.9%	2.9%	2.1%

Source: Deep End Services; ABS; Bureau of Transport Statistics Population Forecasts (2014)

3.3 Socio-demographic features

A summary of the socio-demographic features of the trade area population is presented in *Table 3* based on data from the ABS Census of Population and Housing 2011. Compared with metropolitan Sydney, the trade area population has the following features:

- A significantly higher unemployment rate
- A younger population, particularly in the young adult /university student age ranges
- Relatively low average household incomes
- A large overseas-born population with key ethnicities including African, Middle Eastern and Central and South Asian

- A relatively large pool of rental housing
- Substantially greater proportion of apartments
- Slightly lower proportion of households comprising couples with children, and slightly higher shares of group households
- Relatively low car ownership.

These features describe a population that has comparatively lower socio-economic status in terms of employment and incomes. However, new major housing projects are likely to lead to more affluent professionals entering the local area, leading to a change in the demographic profile over time.

Table 3: Trade area demographic features 2011

Demographic characteristic	Primary	Secondary northeast	Secondary south	Secondary west	Secondary northwest	Total catchment	Sydney
Persons per occupied private dwelling ⁽⁷⁾	2.74	2.64	3.10	2.81	2.72	2.78	2.74
Unemployment rate ⁽²⁾	8.8%	9.0%	9.0%	9.0%	8.9%	8.9%	5.7%
White collar workers ⁽²⁾	44%	49%	40%	47%	50%	46%	56%
Age group							
0-9	14%	13%	15%	15%	13%	14%	13%
10-19	8%	6%	12%	11%	7%	9%	12%
20-34	40%	46%	31%	32%	42%	39%	22%
35-49	20%	18%	19%	20%	19%	19%	22%
50-64	12%	11%	15%	14%	11%	13%	17%
65+	6%	5%	8%	8%	7%	7%	13%
Annual household income ⁽¹⁾⁽³⁾⁽⁵⁾							
<\$41,700	34%	31%	40%	34%	31%	34%	28%
\$41,700 - \$78,200	31%	32%	27%	28%	28%	30%	23%
\$78,200 - \$156,400	29%	31%	27%	29%	33%	30%	33%
>\$156,400	6%	6%	6%	9%	8%	7%	16%
Average household income	\$68,577	\$72,358	\$67,663	\$74,163	\$76,906	\$71,429	\$91,983
Variation from Sydney average	-25.4%	-21.3%	-26.4%	-19.4%	-16.4%	-22.3%	-
Country of birth ⁽¹⁾							
Australia	35%	28%	45%	46%	32%	36%	64%
India	22%	30%	4%	6%	24%	18%	2%
China	7%	12%	8%	6%	18%	9%	4%
Lebanon	5%	4%	10%	7%	3%	6%	1%
Other	32%	26%	33%	36%	24%	30%	29%
Occupied private dwelling tenure ⁽¹⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾							
Fully owned	17%	12%	25%	23%	16%	18%	31%
Being purchased	25%	24%	35%	31%	24%	27%	36%
Rented	58%	64%	40%	47%	60%	55%	33%
Dwelling type ⁽¹⁾⁽⁴⁾⁽⁷⁾							
Separate house	28%	15%	54%	38%	28%	30%	60%
Townhouse/semi-detached	7%	6%	10%	10%	7%	8%	13%
Apartment	65%	79%	36%	51%	66%	62%	27%
Household composition ⁽⁴⁾⁽⁵⁾							
Couples with children	32%	30%	41%	37%	33%	34%	37%
Couples without children	25%	28%	21%	22%	27%	25%	25%
One parent family	13%	8%	14%	15%	10%	12%	12%
Lone person	23%	26%	20%	23%	22%	23%	22%
Group	7%	8%	5%	4%	7%	6%	4%
Motor vehicle ownership per dwelling ⁽¹⁾⁽⁵⁾							
None	19%	21%	18%	15%	22%	19%	12%
One	52%	56%	40%	47%	51%	50%	40%
Two	22%	18%	29%	29%	21%	23%	34%
Three or more	7%	5%	12%	9%	5%	7%	14%

Notes:

⁽¹⁾ Excludes not stated; ⁽²⁾ 15 years and over and excludes not stated; ⁽³⁾ Excludes inadequately described and/or partially stated;

⁽⁴⁾ Excludes other; ⁽⁵⁾ Occupied private dwellings; ⁽⁶⁾ Includes visitor only households; ⁽⁷⁾ Excludes visitor only households;

3.4 Retail spending forecasts

Average per capita retail spending

Average per capita retail spending estimates have been prepared using *MarketInfo 2012*, which is a widely adopted micro-simulation model constructed by MDA Market Data Systems Pty Ltd. The model uses information from the ABS Household Expenditure Survey and combines this with the ABS Population and Housing Census, the ABS National Accounts and other sources to develop estimates of spending capacity at the small area level (SA1 geography).

Forecasts of total available spending are then calculated by applying this average spending data to the forecast trade area population. For future years, average spending incorporates household consumption forecasts by Deloitte Access Economics which are prepared by commodity type at the State level. This data is used to project forward average per capita retail spending rates.

Spending figures are presented in constant 2014/15 dollars, meaning that spending forecasts discount the effects of inflation (ie are presented in real terms).

Average retail spending rates for the trade area are shown in *Table 4*, and indicate that the existing population has significantly lower spending levels than the average for metropolitan Sydney. This reflects the demographic features described in *Section 3.3* including higher unemployment rates, lower average incomes and generally a more disadvantaged socio-economic status.

Retail spending forecasts are based on the demographics and spending profile of the existing residential base as shown in *Table 3*, and may therefore be a conservatively low projection of actual future spending capacity due to more affluent new residents occupying major new housing projects such as that proposed for the subject site.

Total retail expenditure

When combined with the population projections presented in *Section 3.2*, total retail spending within the trade area is forecast to increase from \$416.6m in 2014 to \$543.2m in 2021, representing a total increase of +\$126.6m in annual spending over the period leading up to the opening of the retail component at the subject site.

Over the following ten years to 2031, an additional \$208.4m in annual retail spending would be generated by trade area residents, bringing the total available retail spending market to \$751.6m in 2031 as shown in *Table 5*.

In the Primary sector, total retail spending is projected to increase from \$116.4m in 2014 to \$160.8m in 2021, then reaching \$233.1m in 2031.

This very substantial increase in retail spending capacity – generated by an increase in the local resident population combined with increases in average per capita spending rates – will create opportunities for new retail entrants to serve the expanded market, while also supporting improved performance for the existing retail sector locally and in the wider region.

Supermarket expenditure

Of particular relevance for the proposed development on the subject site is the size and growth prospects for the supermarket sector in the trade area.

Supermarkets are underpinned by sales of food and grocery items which typically account for around 95% of total store sales.

Supermarkets play a dominant role in the food and grocery sector, capturing an average of approximately 75% of total spending on such products. The remaining food and grocery spending is directed to smaller specialist food stores (eg butchers and green grocers), mixed businesses, food markets and other retail formats.

In regions with a more diverse ethnic mix, supermarkets tend to capture a lower share of the food and grocery market, accounting for around 65% of total spending on such products.

Using these calculations, total supermarket spending by trade area residents is estimated at \$109.4m in 2014, increasing to \$149.8m in 2021 and reaching \$224.3m in 2031 (refer *Table 6*).

The substantial increase in annual supermarket spending (+\$40.4m in the years prior to development on the subject site and +\$74.5m in the subsequent ten years) provides strong *prima facie* support for the establishment of new supermarket facilities to serve the local market.

Within the Primary sector immediately surrounding the subject site, supermarket spending is forecast to increase by \$39.7m in annual spending over the period 2014 to 2031.

Table 4: Average retail spending per capita 2014

Spending category	Primary	Secondary northeast	Secondary south	Secondary west	Secondary northwest	Total	Sydney	NSW
Spend per capita								
Food & Groceries	\$4,261	\$4,245	\$4,249	\$4,355	\$4,251	\$4,268	\$4,906	\$4,995
Take-Home Liquor	\$377	\$386	\$370	\$392	\$367	\$379	\$594	\$606
Food catering	\$1,944	\$2,215	\$1,660	\$1,909	\$2,182	\$1,992	\$2,244	\$2,084
Fashion	\$1,175	\$1,327	\$1,065	\$1,200	\$1,284	\$1,213	\$1,579	\$1,471
Household Goods	\$1,861	\$2,087	\$1,842	\$1,912	\$1,932	\$1,931	\$2,711	\$2,680
Other Non-Food Goods	\$955	\$1,069	\$979	\$1,080	\$1,046	\$1,019	\$1,520	\$1,513
Retail Services	\$289	\$342	\$287	\$338	\$323	\$314	\$518	\$499
Total	\$10,862	\$11,672	\$10,453	\$11,187	\$11,385	\$11,116	\$14,073	\$13,847
Comparison to Sydney average								
Total	-22.8%	-17.1%	-25.7%	-20.5%	-19.1%	-21.0%		

Source: Deep End Services; ABS; Market Data Systems; Deloitte Access Economics

Table 5: Total retail spending market, 2014 – 2031

Spending category	Spending market (\$m)				Average change (%pa)		
	2014	2021	2026	2031	2014-21	2021-26	2026-31
Food & Groceries							
Primary	45.7	66.3	87.6	103.7	5.5%	5.7%	3.4%
Secondary northeast	38.5	56.3	71.1	87.9	5.6%	4.8%	4.3%
Secondary south	27.3	33.9	40.1	46.9	3.2%	3.4%	3.2%
Secondary west	24.6	32.2	37.8	44.0	3.9%	3.3%	3.1%
Secondary northwest	23.9	30.3	37.3	45.3	3.5%	4.2%	4.0%
Total	160.0	218.9	273.9	327.8	4.6%	4.6%	3.7%
Take-Home Liquor							
Primary	4.0	5.8	7.0	7.7	5.2%	4.0%	1.8%
Secondary northeast	3.5	5.0	5.8	6.7	5.4%	3.0%	2.7%
Secondary south	2.4	2.9	3.2	3.4	2.9%	1.7%	1.6%
Secondary west	2.2	2.8	3.1	3.3	3.7%	1.5%	1.5%
Secondary northwest	2.1	2.6	2.9	3.3	3.2%	2.5%	2.4%
Total	14.2	19.1	22.0	24.3	4.4%	2.8%	2.1%
Food catering							
Primary	20.8	30.3	40.8	47.9	5.5%	6.2%	3.3%
Secondary northeast	20.1	29.5	37.9	46.5	5.6%	5.1%	4.2%
Secondary south	10.7	13.3	16.0	18.6	3.2%	3.8%	3.0%
Secondary west	10.8	14.1	16.9	19.5	3.9%	3.7%	2.9%
Secondary northwest	12.3	15.6	19.5	23.5	3.5%	4.6%	3.8%
Total	74.6	102.8	131.2	156.1	4.7%	5.0%	3.5%
Other Retail Goods & Services							
Primary	45.9	58.5	69.1	73.8	3.5%	3.4%	1.3%
Secondary northeast	43.8	56.2	62.9	69.8	3.6%	2.3%	2.1%
Secondary south	26.8	29.3	31.1	32.9	1.3%	1.2%	1.1%
Secondary west	25.6	29.5	31.0	32.5	2.0%	1.0%	1.0%
Secondary northwest	25.7	28.8	31.5	34.4	1.6%	1.8%	1.8%
Total	167.8	202.4	225.6	243.4	2.7%	2.2%	1.5%
Total							
Primary	116.4	160.8	204.6	233.1	4.7%	4.9%	2.6%
Secondary northeast	106.0	147.1	177.8	210.9	4.8%	3.9%	3.5%
Secondary south	67.1	79.4	90.4	101.8	2.4%	2.6%	2.4%
Secondary west	63.2	78.6	88.8	99.3	3.2%	2.5%	2.3%
Secondary northwest	63.9	77.2	91.2	106.5	2.7%	3.4%	3.1%
Total	416.6	543.2	652.7	751.6	3.9%	3.7%	2.9%

Source: Deep End Services; ABS; Market Data Systems; Deloitte Access Economics

Table 6: Trade area supermarket spending, 2014-2031

Spending category	Spending market (\$m)			
	2014	2021	2026	2031
Primary	31.2	45.3	60.0	70.9
Secondary northeast	26.4	38.5	48.6	60.2
Secondary south	18.7	23.2	27.5	32.1
Secondary west	16.8	22.0	25.9	30.1
Secondary northwest	16.3	20.7	25.5	31.0
Total	109.4	149.8	187.4	224.3

Source: Deep End Services; ABS; Market Data Systems; Deloitte Access Economics

4. RETAIL CONTEXT

4.1 Existing centres

The location of existing centres surrounding the subject site is presented in *Figure 7* (refer p8), which also shows the location, brand and size of supermarkets in the region.

The key features of relevant centres are summarised in *Table 7*, with an overview of each centre provided in subsequent paragraphs.

Table 7: Existing retail hierarchy

Centre	Floorspace (sqm)	Distance (km)	Major food tenants	Major non-food tenants
<u>Parramatta CBD</u>				
Westfield Parramatta	120,680	1.5	Woolworths (4,622), Coles (2,637)	Myer, David Jones, Kmart, Target
Remainder Parramatta CBD	50,000	2.5	Coles Entrada (3,000), ALDI (1,285)	Officeworks, JB Hi Fi
Total Parramatta CBD	170,680			
<u>Merrylands Town Centre</u>				
Stockland Merrylands	54,890	1.5	Coles (4,424), Woolworths (3,820), ALDI (1,492)	Big W, Kmart, Target
Remainder Merrylands Town Centre	25,000	2.0		
Total Merrylands Town Centre	79,890			
<u>Other centres</u>				
Granville	6,000	1.0	Foodworks (330)	
Arida Centre	4,170	2.5	Woolworths (4,170)	
ALDI Guildford	1,398	2.5	ALDI (1,400)	
Rosehill	4,500	3.0	Woolworths (2,340), ALDI (1,280)	
Guildford	5,000	4.0	IGA (1,340), Foodworks (1,050)	
Auburn Central	17,870	4.5	Woolworths (3,650)	Big W

Source: Deep End Services; Property Council of Australia, NSW Shopping Centre Directory 2015

Merrylands Town Centre

Merrylands Town Centre consists of the Stockland sub-regional shopping centre to the north of McFarlane Street, and a wide range of retail, commercial and civic uses to the south extending across Merrylands Road.

Total retail floorspace at the Stockland centre is 54,890sqm following an expansion in 2012, and includes Big W, Kmart and Target DDSs, Coles, Woolworths and ALDI supermarkets and around 100 specialty stores.

Approximately another 20,000sqm of retail floorspace is located in the streets around the Stockland centre, mainly consisting of food and drink, secondary non-food specialty stores and a number of large format retailers.

Parramatta CBD

Parramatta CBD consists of commercial activity extending from the 'Auto Alley' precinct northwards across the Parramatta River, and from Macarthur Street westwards to Parramatta Park.

Parramatta has been identified as Sydney's second CBD in *A Plan for Growing Sydney* and is anticipated to accommodate substantial investment in housing and employment. Major residential towers have already progressed on a number of sites, with recent examples being Kio Parramatta, B1 Tower, and Eclipse. Meriton's Altitude Towers and V by Crown are currently under construction, while other major projects including sites in

the council-owned Parramatta Square precinct are at various stages of planning and development.

The main retail component is the Westfield super-regional centre which has a total of 120,680sqm retail floorspace including Myer and David Jones department stores, Kmart and Target discount department stores (DDS) and Woolworths and Coles supermarkets. A planned expansion has been approved which would add 24,500sqm of retail floorspace including a Big W DDS, the relocation of Woolworths and the addition of new mini majors and specialty retailers.

The remainder of Parramatta CBD contains an estimated 50,000sqm of retail floorspace, including Coles at the Entrada centre north of the river, an ALDI supermarket, food dining on Church Street and a range of mostly secondary retail tenancies across the rest of the centre.

Granville

Granville Town Centre is located adjacent to the Granville railway station with the main convenience retail focus located on South Street, and provides neighbourhood-level retail services to the surrounding community. Total retail floorspace in the section south of the railway line is estimated at approximately 6,000sqm with the main branded grocery anchor being a small Foodworks of 330sqm and with a number of small independent mixed business/grocery stores that serve similar roles.

The centre has a large number of food and drink premises specialising in particular ethnic cuisines including Middle Eastern, African and South Asian. A wider mix of retailers including large format and services is located north of the railway line.

Other centres

- *Arida Centre* consists of a stand-alone Woolworths supermarket of 4,170sqm located 2.5km south-east of the subject site at the intersection of Louis Street and Blaxcell Road. The store achieves strong sales results but has relatively low car parking provision and no direct access from Blaxcell Road.
- *Rosehill* is located 3km north-east of the subject site at the intersection of James Ruse Drive and Hassall Street. The centre contains a mid-sized Woolworths supermarket of 2,340sqm and a range of fast food and convenience retail, and an ALDI is located a little further to the east on Grand Avenue.
- *Guildford* is a traditional strip shopping precinct located adjacent to the railway station approximately 4km south of the subject site on Railway Terrace and Guildford Road. The centre has an IGA of 1,340sqm (a former Coles store) and a Foodworks of 1,050sqm, along with a number of independent groceries specialising mainly in Middle Eastern and Mediterranean produce. A stand-alone ALDI is located further north on Woodville Road.
- *Auburn Central* (17,870sqm) is located some distance to the east and essentially serves a separate catchment. However, the centre is relevant insofar as it limits the trading influence of supermarket-based retail facilities in Holroyd. The centre contains a Big W DDS and a Woolworths supermarkets, supported by 50 specialty shops. A separate ALDI and a wide range of retail specialties are located in surrounding streets.

4.2 Proposed retail development

Westfield Parramatta is proposed to expand by 24,500sqm to include a new Big W, relocate the Woolworths store and add new mini majors and specialties. It is assumed that this would be implemented prior to 2021 (ie before the retail development at the subject site).

The Parramatta Square redevelopment precinct is likely to consist of around 6,000sqm retail floorspace including some kind of supermarket offer (likely a mid-sized 'CBD-style' supermarket of approximately 1,500sqm). Timing is uncertain but for the purpose of analysis these components are assumed to be developed over the period 2021-26.

The former Auburn Power Centre located opposite Costco on Parramatta Road is currently being redeveloped as the 'Auburn Marketplace' containing Kmart DDS, Woolworths and ALDI supermarkets, Spotlight, Anaconda and around

60 new specialty tenants. Total retail floorspace will be approximately 30,280sqm.

The 'Gateway South' proposal on the former Heartland Holden site at 57, 63 and 83 Church Street consists of a mixed use development with high rise apartments, commercial office floorspace and retail at basement and ground floor. According to the concept development application the retail component is proposed to include a supermarket of 3,200sqm (excluding back-of-house) and a small range of specialty and food and beverage outlets. Timing is uncertain but given that a concept DA has been lodged there is potential for this project to proceed prior to development at 1 Crescent Street, Holroyd.

A number of planning proposals and development applications have been lodged for projects located in the Granville town centre and surrounds. Most of these have site constraints that preclude delivery of a major supermarket and are proposing small-scale retail and/or showroom uses at ground floor level. In the future site consolidation may occur to enable a supermarket-based proposal but as no projects have been lodged with this use, we have not included such development in our analysis.

4.3 Supermarket networks

The following comments are made in relation to the existing supermarket networks present in the region surrounding the subject site:

Woolworths

Woolworths has a relatively strong network with full-line stores at Westfield Parramatta (soon to be relocated and upgraded), Stockland Merrylands and Arida Centre, and with a new store being developed at Auburn Marketplace.

These stores generally ring the subject site, although Woolworths may still seek representation at the subject site given the size of the Primary catchment in population terms and the gap in the network between Arida Centre and Parramatta CBD.

Coles

Coles has traditionally had a very poorly-performing network in western Sydney, and this is reflected in the gap in store provision near the subject site. The only large modern full-line store is the one at Stockland Merrylands, with a smaller offer present at Westfield Parramatta and in North Parramatta at the Entrada centre.

Coles at Auburn was a poorly-performing store in a secondary location and was closed in July 2013.

In this context it is likely that Coles would be highly interested in securing a site from which to serve the Holroyd/Granville/Harris Park region.

ALDI

ALDI is well-established in the area, having opened stores at Merrylands, Guildford, Rosehill and Parramatta.

Although ALDI have been pursuing a denser network in locations where their value offer is appealing, and may seek improved representation in the wider region around Granville, the subject site is better suited to a larger full-line supermarket operator.

4.4 Conclusion

The subject site is located mid-way between the major shopping destinations of Merrylands and Parramatta. The closest centre is Granville, which provides an important community focal point close to the railway station but which does not currently have a full-line supermarket offer. Future supermarket proposals within Granville may emerge in the future but will require substantial site consolidation to deliver a floorplate that would accommodate a full-line supermarket.

A number of new retail proposals are evident in the surrounding region, with the most relevant being the Gateway South proposal within the Auto Alley precinct on Church Street which has identified a possible basement supermarket in the concept DA. Other supermarket proposals further afield such as Auburn Marketplace are too distant to have significant relevance for the proposal on the subject site.

Gaps in supermarket brand coverage are particularly evident for Coles which is located at Merrylands and has a smaller store in Westfield Parramatta but has a large network gap in the area around Holroyd, Granville and Harris Park. However, the other major operators would also be interested in adding new stores in a location where strong housing growth is occurring.

5. RETAIL NEED

5.1 Retail need

Retail need is a concept which relates to the expectation that communities should have access to an appropriate level of retail provision commensurate with the size of the community and the level of supportable floorspace.

For the community living within the identified trade area retail need has been examined with reference to:

- The total demand for retail floorspace generated by population and spending growth within the trade area
- The opportunity for additional retail floorspace to be developed at the subject site to serve local residents
- Existing supermarket provision levels in the region surrounding the subject site
- Additional demand for supermarket floorspace generated by population and spending growth
- The opportunity for a new supermarket at the subject site to accommodate future demand for supermarket provision.

5.2 Total retail provision

An evaluation of the current and future growth in demand for retail floorspace has been prepared on the basis of the following inputs and analysis:

- Population and spending levels are as set out in [Section 3.4](#)
- Average trading performance levels are based on industry performance data across all retail types
- Supportable retail floorspace generated by the trade area has been calculated by applying the market sizing and industry turnover benchmarks described above
- Future calculations incorporate ongoing real growth in average turnover performance at a rate of 0.75% per annum
- The resulting supportable floorspace is also translated into average per capita retail floorspace provision, to show how this changes over time.

This analysis is set out in [Table 8](#) and demonstrates that:

- In 2014 the trade area population generated demand for a total of 75,700sqm of retail floorspace
- That floorspace demand helps to support existing centres both within and beyond the trade area,

including major retail destinations at Merrylands and Parramatta, smaller centres serving local neighbourhoods, and more distant centres in which people shop for some goods and services

- Existing demand translates to an average retail provision rate of 2.02sqm per capita, which is around 10% below the commonly-agreed average across Australia of approximately 2.2-2.3sqm per capita – the differential reflects the trade area’s comparatively low spending levels
- The demand for retail floorspace by trade area residents is forecast to increase to 98,100sqm in 2021, representing a net increase of +22,400sqm of supportable floorspace over the intervening period
- By 2031 the trade area will generate demand for 133,700sqm of retail floorspace, or an additional 58,000sqm over and above the 2014 levels
- Average retail provision rates are projected to increase from 2.02sqm/capita in 2014 to 2.29sqm/capita in 2031 – this will remain below the average across Australia and in other parts of the metropolitan region
- The proposed development will introduce approximately 6,900sqm of new retail floorspace within the trade area. As shown by analysis presented in [Section 6.1](#), approximately 71% of the centre’s turnover would be supported by residents within the trade area, with the remainder (especially associated with the showroom uses) supported by spending from people living further away.
- The proposed development would therefore account for just 22% of the total growth in retail demand generated by trade area residents over the period 2014 to 2021, or just 5% of total retail demand as at 2021
- This means that 78% of the increase in retail floorspace demand (representing more than 17,500sqm over the period 2014-2021) would be available to support improved performance at other centres or the establishment of new retail facilities elsewhere.

In summary, the analysis provides evidence of the substantial increase in retail development opportunity around the subject site where major housing projects will support ongoing growth in retail provision over and above that proposed for the subject site.

Table 8: Trade area retail floorspace demand, 2014-2031

Trade area	Unit	2014	2021	2026	2031
Retail market size					
Population	No.	37,478	45,686	52,699	58,428
Total retail spending market	\$m	416.6	543.2	652.7	751.6
Total retail floorspace demand					
Average trading levels	\$/sqm	5,500	5,540	5,580	5,620
Average floorspace provision	sqm/cap	2.02	2.15	2.22	2.29
Total floorspace demand	sqm	75,700	98,100	117,000	133,700
Floorspace demand growth	sqm		22,400	41,300	58,000
Proposed development					
Retail floorspace	sqm		6,900	6,900	6,900
Retail floorspace supported by residents	sqm		4,890	4,890	4,890
Share of demand growth	%		22%	12%	8%
Share of total demand	%		5%	4%	4%

Source: Deep End Services

5.3 Supermarket provision

A similar assessment can be undertaken to examine existing levels of supermarket provision and to identify the opportunity for new supermarkets to serve the growing local resident population.

The analysis in [Table 9](#) has been prepared for a wider 'study region' which incorporates the City of Parramatta and the City of Holroyd. This is an appropriate region that is relatively well-defined by industrial and other non-residential uses and natural barriers.

The study region has a population of 301,032 persons in 2014 according to the most recent ABS estimates. Population forecasts are based on growth rates implicit in the most recent NSW Department of Planning & Environment projections, and show that the study region's population will increase to 341,832 persons in 2021 and reach 401,524 persons in 2031.

Currently there are 25 supermarkets of 900sqm or greater within the study region, representing an average of one supermarket for every 12,041 residents.

This compares with a metropolitan average of one supermarket for every 11,026 residents across Greater Sydney and a more 'dense' provision of one supermarket per 9,937 residents in outer metropolitan LGAs (refer [Table 10](#)).

In terms of floorspace provision, the study region has an average of 211sqm of supermarket floorspace for every 1,000 residents, which compares with a provision rate of 232sqm across Sydney and 269sqm in outer metropolitan LGAs.

Changes in average provision take account of proposed new supermarkets including the Gateway South project and the approved development on the Bonds Mill site in Pendle Hill. Post-2021 we have assumed that new supermarkets will be developed elsewhere within the Study Region, for example associated with mixed use developments in the Granville part of the Parramatta Road urban renewal area, and in Parramatta Square.

Even with these proposed supermarket developments the availability of supermarkets – in terms of persons per store and floorspace provision rates – will continue to fall as new store development fails to keep up with residential growth.

The introduction of a new supermarket at the subject site will help to improve provision rates after 2021, but the analysis and comparisons with other parts of Sydney show that supermarket provision will still be below the average for other parts of Sydney.

More detailed comparisons of supermarket provision against other LGAs in Greater Sydney is shown in [Figure 8](#) highlighting the significant variation in provision rates across the metropolitan region. This information is also presented in map form in [Figure 9](#).

5.4 Conclusion

The conclusion to be drawn from this analysis is that the provision of new supermarket and other retailing at the subject site will help to fulfil an existing and emerging need to improve the availability of shopping facilities to the growing local community.

Moreover, the introduction of a new supermarket would not represent an over-provision of such facilities having regard to the number of stores and average provision levels in the surrounding region.

Table 9: Supermarket floorspace demand – Holroyd & Parramatta region

Study region	Unit	2014	2021	2026	2031
Resident population	No.	301,032	341,832	371,110	401,524
Existing and proposed supply					
Number of supermarkets	No.	25	27	28	29
Population per supermarket	No.	12,041	12,660	13,254	13,846
Supermarket floorspace	sqm	63,485	69,985	75,485	79,485
Supermarket floorspace/1,000 persons	sqm/cap	211	205	203	198
Existing and proposed supply with subject site					
Number of supermarkets	No.	25	28	29	30
Population per supermarket	No.	12,041	12,208	12,797	13,384
Supermarket floorspace	sqm	63,485	73,485	78,985	82,985
Supermarket floorspace/1,000 persons	sqm/cap	211	215	213	207

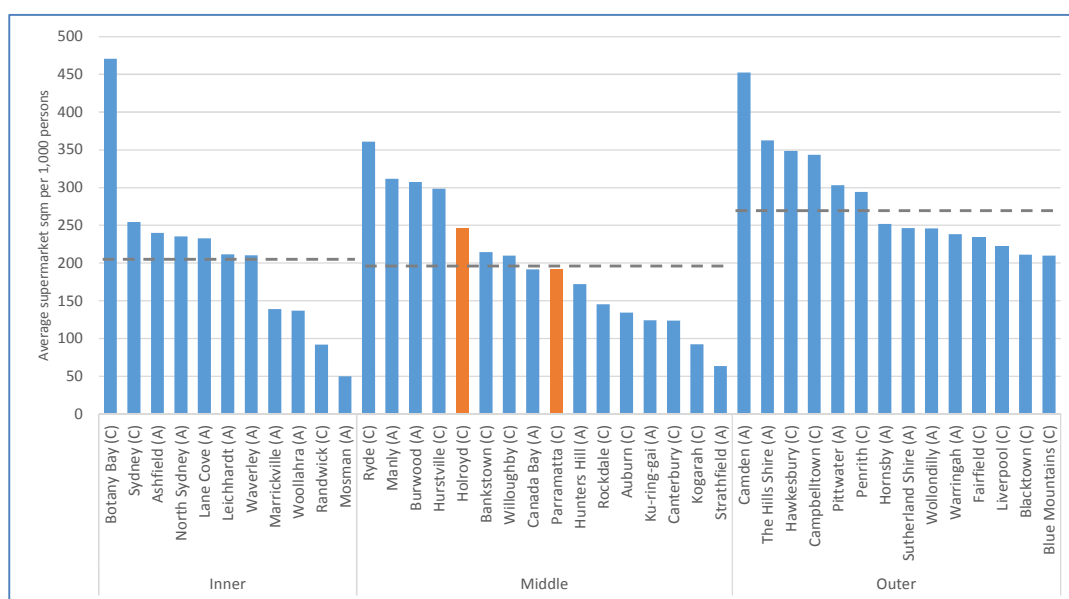
Source: Deep End Services; NSW Department Planning & Environment (2014)

Table 10: Supermarket provision Greater Sydney

Region	Persons per store	Floorspace / 1,000 residents
Inner Sydney	11,821	201
Middle Sydney	12,497	198
Outer Sydney	9,937	269
Greater Sydney	11,028	232
Holroyd	11,035	246
Parramatta	12,663	191
Total Study Region	12,041	211

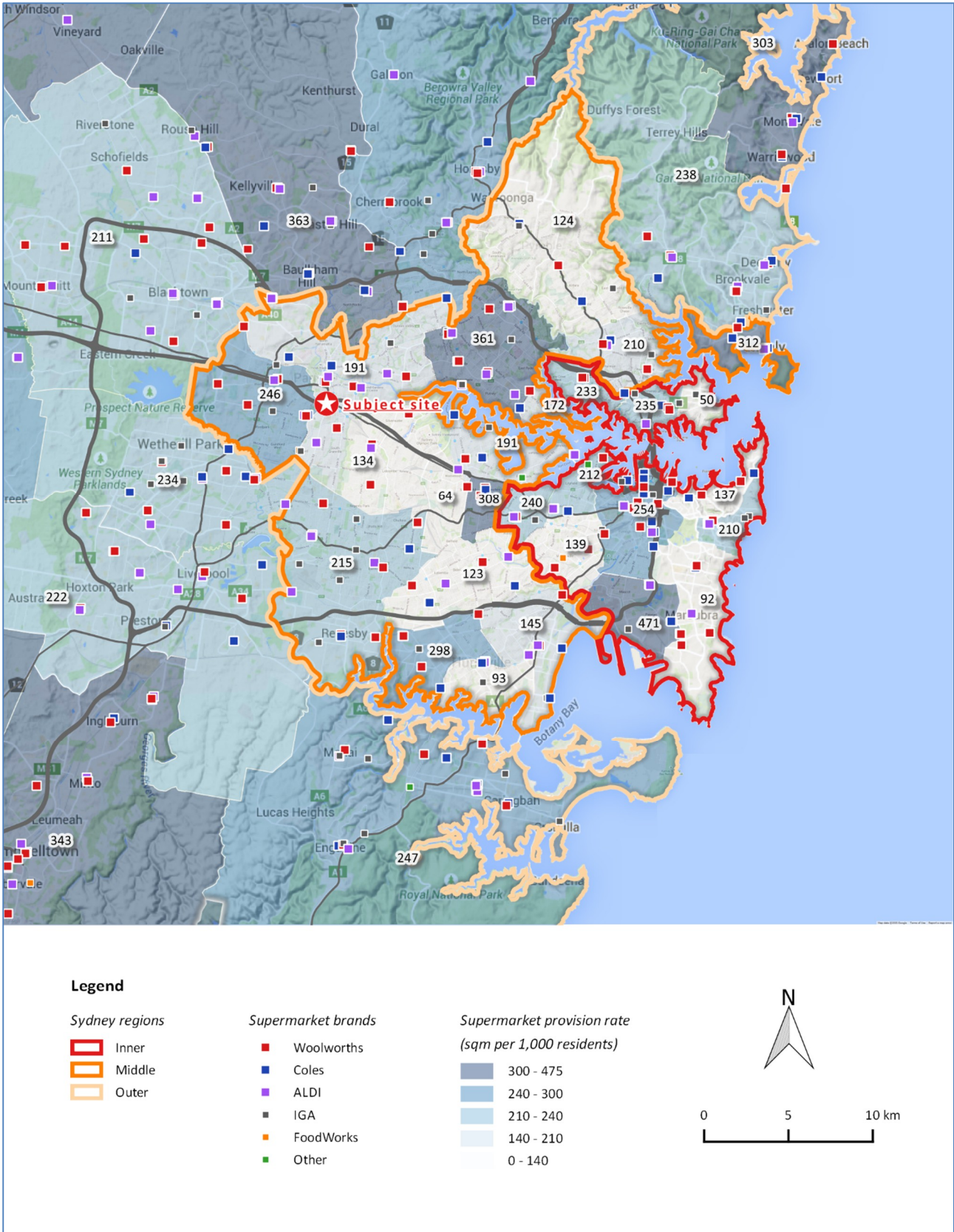
Source: Deep End Services

Figure 8: Average supermarket provision by LGA (sqm per 1,000 residents)



Source: Deep End Services

Figure 9: Supermarket provision in Greater Sydney



6. RETAIL IMPACT ANALYSIS

6.1 Retail sales

Although architectural plans for the proposed development have not been finalised, an indicative concept allows for total commercial floorspace of approximately 8,500sqm, of which 6,900sqm would consist of retail uses including a full-line supermarket. We emphasise that further assessment of a specific architectural scheme would occur on lodgement of a development application.

For the purposes of assessing retail trading impacts the following floorspace schedule has been adopted:

- Full-line supermarket: 3,500sqm
- Retail specialties: 1,400sqm
- Showroom: 2,000sqm

A centre of this size and with these components would generate total sales of approximately \$55.3m having regard to typical industry benchmarks for individual retail types, the location and positioning of the site, the nature of the development, and existing and future competition.

This sales estimate is summarised in [Table 11](#).

Table 11: Estimated retail sales 2021 (2014/15 dollars)

Store type	Floorspace sqm	Average sales \$/sqm	Total sales \$m
Supermarket	3,500	\$11,000	\$38.5
Specialty	1,400	\$6,250	\$8.8
Showroom	2,000	\$4,000	\$8.0
Total retail	6,900	\$8,007	\$55.3

Source: Deep End Services

Of the total sales generated at the subject site, an estimated \$39.2m (or 71%) would be derived from spending by people living within the trade area. For the supermarket, an estimated 75% of sales would be generated by trade area residents while a larger share of showroom sales would be accounted for by incoming spending from a wider region. These assumptions reflect the typical shopping patterns for supermarkets, showrooms and other retail store types likely to eventuate at the subject site.

Sales to trade area residents represent a market share of 7.2% of the total available retail spending within the trade area, and just 30% of the growth in annual retail spending that is forecast to occur over the period 2014 to 2021. This implies that existing and future retailers in the surrounding area are likely to experience substantial growth in sales over the period 2014 to 2021 even when incorporating the available spending captured by the new retail facilities at the subject site.

6.2 Centre trading impacts

The \$55.3m in sales generated at the subject site would be redirected from other competing centres in the local area and wider afield, representing a decline in sales at these centres compared to what might otherwise be experienced in the absence of the proposed development.

An assessment of these effects on trading levels at relevant centres in the surrounding area is presented in [Table 12](#) and has been undertaken on the following basis:

- Sales performance in 2014 has been estimated with reference to available published industry reports (for managed shopping centres) and typical average sales benchmarks for the components present in other centres.
- Sales performance in 2021 has firstly been analysed in the absence of the proposed development. This has been undertaken by applying the underlying market growth forecast to occur in catchments served by each centre, and by incorporating the effect of known retail developments. For example, the projected sales for Westfield Parramatta is based on underlying growth in sales performance for existing retailers, adjusted for the likely uplift in sales as a result of the proposed expansion (made with reference to the EIA prepared for that proposal), and further adjusted to account for the competitive impact from the proposed Gateway South development which is assumed to include a new supermarket.
- The effects of these development proposals have been incorporated into the 'pre-development' sales forecasts for each centre.
- The 'post-development' sales forecasts for 2021 incorporate the loss of sales arising from the proposed development. This has been estimated by distributing the impact from each retail component at the subject site as a loss of sales for competing centres, having regard to the importance of each competing centre in satisfying retail demand generated by residents who may transfer their spending to the subject site.
- For example, the anticipated supermarket sales at the subject site (\$38.5m in 2021) has been distributed mainly among those competing centres (existing and future) which also have a supermarket offer and therefore are the existing shopping locations for those people likely to transfer their spending to the new store. A similar exercise has been undertaken for the specialty and showroom components.

Our preference in undertaking these assessments of trading impact is to use our professional judgement in estimating the extent to which trading effects are experienced at each competing centre.

The analysis is generally based on an assessment of how the individual store catchments overlap with the identified trade area. However, allowances are made for other factors including comparative ease of access to each centre, the supporting retail offer at alternative shopping destinations, the presence of particular brands and the general preference for shopping at Woolworths in western Sydney, the fact that a certain share of supermarket spending occurs close to work or at a convenience location on the work-home trip, and other individual factors for each competing centre or store.

As shown in *Table 12*, the results of this analysis can be summarised as follows:

- The subject site will lead to a redirection of \$55.3m in retail spending away from competing centres.
- Merrylands as a whole would experience a \$9.2m loss of sales, mainly on competing elements within the Stockland centre. However, in percentage terms this represents just -1.8% of total sales that would otherwise occur.
- The largest impact in nominal terms is on the Parramatta CBD (-\$13.3m) to reflect the close connection along Woodville Road/Church Street and the presence of existing supermarkets at Westfield as well as the proposed new store at Gateway South which will compete in particular for spending by residents in the Secondary northeast and Secondary northwest sectors.

- Other centres experiencing comparatively large nominal impacts are the Arida Centre (-\$6.2m) and to a lesser degree Rosehill (-\$3.3m) as these are the centres which contain supermarkets that will have overlapping catchments with the proposed development.
- The largest *percentage* impact on sales is at Arida Centre, at -10.7%. This centre will also be impacted as a result of Gateway South, and as a result is the only centre forecast to experience a loss in sales over the period 2014 to 2021. However, the Woolworths supermarket at Arida is understood to be trading well above average, with current (2014) sales in excess of \$50m and forecast to reach close to \$60m in the absence of the proposed development. Even following the impact from the subject site this centre will still achieve very healthy sales of \$51.5m and as a result its viability and retail role are not in question.
- The other impacts are generally at around -5% or much lower, and are well within the normal fluctuations in sales that are experienced as new retail developments proceed. Importantly, the overall growth in sales over the period 2014 to 2021 at these other centres is expected to be in the range +15% to +20%.
- Finally, it is important to recognise that the post-impact sales levels indicated in Table 12 are certainly sufficient to continue to support the viability and role of these competing centres, and would not lead to any diminution in the availability of retail services to local communities using these centres.

Overall, the analysis provides strong evidence that the proposed development can be accommodated without adversely affecting other competing centres in the region.

Table 12: Centre-level trading impacts (2014/15 dollars)

Centre	2014		Sales in 2021		Impact in 2021		Sales change 2014-2021	
	Sqm	Sales \$m	Pre-devt \$m	Post-devt \$m	\$m	% change	\$m	% change
Subject site				55.3	55.3			
<u>Impacted centres</u>								
Parramatta CBD:								
Westfield Parramatta	120,680	705.7	831.7	824.8	-6.9	-0.8%	+119.1	+16.9%
Other Parramatta CBD	50,000	240.0	318.2	311.8	-6.4	-2.0%	+71.8	+29.9%
Total Parramatta CBD	170,680	945.7	1,149.9	1,136.6	-13.3	-1.2%	+190.9	+20.2%
Merrylands:								
Stockland Merrylands	54,890	328.3	405.6	397.3	-8.3	-2.1%	+69.0	+21.0%
Other Merrylands	20,000	80.0	98.4	97.5	-0.9	-0.9%	+17.5	+21.9%
Total Merrylands	74,890	408.3	504.0	494.8	-9.2	-1.8%	+86.5	+21.2%
Granville	6,000	33.0	40.0	38.1	-1.8	-4.6%	+5.1	+15.6%
Arida Centre	4,170	52.1	57.7	51.5	-6.2	-10.7%	-0.6	-1.2%
ALDI Guildford	1,400	15.4	17.5	16.7	-0.8	-4.4%	+1.3	+8.5%
Rosehill	4,500	55.1	60.7	57.4	-3.3	-5.4%	+2.3	+4.1%
Guildford	5,000	32.5	37.8	37.1	-0.8	-2.0%	+4.6	+14.1%
Auburn Central	17,870	104.6	128.6	127.4	-1.2	-1.0%	+22.8	+21.8%
Auburn Marketplace	na	na	168.4	167.2	-1.2	-0.7%	na	na
Other					-17.5			

6.3 Conclusion

On the basis of the analysis presented in this section, the conclusion to be drawn is that the subject site provides an opportunity to improve the level of retail services on offer for local residents through the establishment of a new mixed use centre accommodating a new supermarket, a range of other shops and some showroom uses.

The centre is expected to trade successfully by serving the shopping needs of people living in the local community, which is growing rapidly as a result of new infill and brownfields housing developments.

Development of a new supermarket will involve the redirection of spending that would otherwise be captured by other centres in the region and further afield.

However, analysis shows that these competitive effects would be relatively minor for the most part, and would have little or no effect on the trading health of competing centres.

A more substantial loss of sales would be experienced by the Arida Centre, which effectively consists of a stand-alone Woolworths supermarket. However, this store currently achieves above-average sales performance, and this would continue to be the case following the proposed development.

Overall, the proposed development would have no detrimental effect on the role and viability of other centres in the region.

7. NET COMMUNITY BENEFIT

Assessment of planning proposals requires consideration of the effect that the plan change would have on *net community benefit* by facilitating certain development outcomes.

An examination of net community benefit outcomes in accordance with the Department of Planning & Environment guidelines is presented in the accompanying *Economic Impact Assessment* (MacroPlan Dimasi, May 2015).

From a retail-economic perspective the proposed development would make the following contributions to net community benefit:

The proposal will generate local employment opportunities, especially for young people

Total on-site employment within the retail components is estimated at approximately 200 ongoing jobs in a range of full-time, part-time and casual positions, including:

- 140 jobs in the supermarket
- 35 jobs in the specialty stores
- 25 jobs in the showroom component.

When translated into *full-time equivalent* positions, the development would generate a total of 105 FTE jobs at completion.

These jobs would mainly be taken up by young people living in the local area, providing an important entry into the jobs market at a location where the unemployment level is well above the metropolitan average.

Employment would also be generated indirectly through the multiplier effect, which recognises that the spending by new workers and the service demands of the new businesses (in maintenance, accountancy, transport services and the like) would also stimulate business activity and generate employment opportunities in the wider region.

Incorporating these indirect effects, the development would result in an additional 130 FTE jobs created in the wider economy, some of which would be created at local firms but much of which would accrue to the metropolitan, state and even national economies.

The total ongoing employment effect is therefore estimated at around 235 FTE jobs.

The proposal will provide convenient retail shopping services

A new supermarket-based shopping facility will improve access to weekly grocery shopping, leisure retailing such as food and drink and other retail goods and services, at a location which will accommodate a significant residential base and also serves an immediate region for which the subject site is the most convenient centre.

This will generate a private benefit for local residents by reducing the time taken to access such services (with resulting reductions in travel cost), and a public benefit by reducing private vehicle travel and therefore emissions and road maintenance costs.

The proposal will improve choice

The proposed development will create a new option for people wanting to shop for groceries and other merchandise and to visit the leisure-oriented food and drink retailers also likely to be accommodated at the subject site.

This is particularly important for a region in which the creation of new supermarket-based shopping facilities is lagging behind the strong housing and population growth already occurring and forecast to continue.

The proposal will improve competition

Development at the subject site will introduce new retail operators seeking to capture a share of spending by trade area residents. The effect of this is to increase the level of competition between retailers, usually translating into cheaper goods and services, more amenable shopping environments, better staffing and customer service levels and other effects which are to the benefit of the local community.

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In conclusion, the planning proposal will facilitate a retail development that will generate a number of important benefits to the local community. Critically, analysis shows that these benefits would not be outweighed by the presence of disbenefits in the form of significant adverse impacts on competing centres. The overall contribution to net community benefit (in retail terms) is therefore positive and unambiguous.