

A close-up, slightly blurred photograph of a hand holding a green vegetable, possibly a pepper, in a market stall. The background shows other produce and market structures.

Parklea Markets Proposed Extension to Trading Hours – Economic Impact Assessment

PREPARED FOR

Almona Pty Ltd

June 2010

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REPORT DETAILS:

Job Ref No: C10088
Version: Draft
Date Printed: 10/06/2010 10:05:00 AM
File Name: C10088 - Parklea Markets EIA Report Final.doc

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1. EXECUTIVE SUMMARY

Hill PDA was commissioned by Almona Pty Limited to undertake an Independent Economic Assessment of proposed extended trading to Parklea Markets in Sunnyholt Road, Glenwood. Currently the Markets has restricted trading on weekends and public holidays only. Approval is being sought to have Fridays included.

Parklea markets operates in a large 20,000sqm building. It has around 800 stalls selling a range of food and personal and household goods of which food and groceries comprise around 20% of stalls. Total retail sales are estimated at \$35m per annum of which around 30% would be food and grocery sales. Sales have fallen since its early years of operation largely due to the establishment of new centres in the locality including Glenwood, Stanhope, Norwest, Kellyville District Centre and Rouse Hill Town Centre. It may also be due to changing consumer preferences.

It's likely that Parklea Markets has a local trade area for food and grocery sales covering the immediate suburbs of Kellyville, Stanhope, Glenwood and Acacia Gardens. However for other sales its trade area would be much wider and thinner. People come from further away but infrequently visit the markets largely for the "leisure", "theme shopping" and "impulse buying" experience associated with markets.

The primary trade area (PTA) has been defined as the three statistical local areas (SLA) that make up the area within a 10km radius from the markets (The Hills, Blacktown North and Blacktown Southeast). Expenditure generated by households in these SLAs will increase by \$200m every year mostly due to continued growth in the Rouse Hill Development Area (Northwest sector).

We estimate that the marginal turnover at the Markets will be as high as \$14m representing a 40% increase on current sales. This is an insignificant level compared to the \$200m per annum growth generated by the PTA.

The impacts on existing centres will be insignificant with no centre experiencing more than 3% loss in turnover. Assuming no further increases in supply all existing centres will experience growth in real turnover from 2009 to 2011.

Extended trading hours will bring a number of economic and social benefits including:

- Additional casual employment;
- Increased consumer choice;
- Improved competition;
- Contribution to meeting growing demand;
- Improved sustainability due to its proximity to a high profile public transport system;
- Improved equity particularly for the 7.2% of households in the PTA without motor vehicles; and
- Increased tourism ("day trippers") with potential multiplier benefits for local businesses.

2. INTRODUCTION

Hill PDA was commissioned by Almona Pty Ltd to undertake an independent Economic Impact Assessment of the proposed extension to trading hours for Parklea Markets in Glenwood, City of Blacktown.

It is understood that Council requested an independent study to accompany the development application and that the relevant issue is the potential impacts that additional sales will have on surrounding retail centres such as Glenwood, Stanhope and Rouse Hill Town Centre.

This report has been prepared to assist Council in making a proper assessment of the application under Section 79C of the Environmental Planning & Assessment (EPA) Act 1979 in relation to social and economic impact.

2.1 The Site

The subject site is No. 601 Sunnyholt Road, Glenwood, otherwise known as Parklea Markets. It is located on the south-eastern side of Sunnyholt Road, approximately 500m south-west of its intersection with Old Windsor Road.

The land is approximately 21 hectares in total and comprises a dwelling house, a service centre on Old Windsor Road, two large car parks for the markets with capacity for 2,400 cars and a 20,000sqm building used for weekend markets and week day nursery.

Currently the markets have consent to trade on weekends and public holidays only.

2.2 The Proposal

The proposal involves no works. Consent is being sought for an extension of hours for the markets to include Friday trading with the same opening hours 7.30am to 6.00pm.

2.3 The Markets

Parklea Markets is a building of around 20,000sqm which is being used for weekend markets. It has around 800 plus stalls, although most stall holders rent multiple stalls. There is a large range of commodities sold at the markets including but not limited to the following:

- Fresh foods such as deli food, fruit and vegetables, butcher, seafoods, confectionery, etc. These stalls make up around 20% of the leasable area in the building;
- A number of fast food stalls including a large Burger Express take-away & restaurant;
- Numerous clothing, footwear and fashion accessories stores;
- Stores selling bulky goods items such as furniture, hardware, rugs and carpets, light fittings, garden and nursery; pictures and frames and manchester and soft furnishings;

- Electrical items such as computers, communications, kitchen appliances, etc;
- Other personal and household goods such as homeware, souvenirs, gifts, jewellery, pets, numerous variety stalls, etc;
- Auto accessories such as seat covers, audio, etc; and
- Personal services including massage and portrait drawing

2.4 Relevant Statutory Considerations

Section 79C of the EPA Act requires Council to determine the application having regard to the relevant planning instruments that affect the land and having regard to the likely impacts of that development, including environmental impacts on both the natural and built environments, and social and economic impacts in the locality.

Section 79(1)(b) of the EPA Act requires Council to consider “*the likely impacts of that development, including environmental impacts on both the natural and built environments, and social and economic impacts in the locality*”.

Case law also provide guidance on relevant issues in relation to the economic impact of retail developments. The following section provides a summary of some of the relevant determinations by the NSW Land and Environment Court (LEC) to consider when determining economic impact.

In *Fabcot Pty Ltd v Hawkesbury City Council* (97) LGERA, Justice Lloyd noted “*economic competition between individual trade competitors is not an environmental or planning consideration to which the economic effect described in s 90(1)(d) is directed. The Trade Practices Act 1974 (Cth) and the Fair Trading Act 1987 (NSW) are the appropriate vehicles for regulating competition. Neither the Council nor this Court is concerned with the mere threat of economic competition between competing business.... It seems to me that the only relevance of the economic impact of a development is its effect ‘in the locality’...*”

In *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979) 140 CLR 675 at 687 Justice Stephen noted that “if the shopping facilities presently enjoyed by a community or planned for it in the future are put in jeopardy by some proposed development, whether that jeopardy be due to physical or financial causes, and if the resultant community detriment will not be made good by the proposed development itself, that appears to me to be a consideration proper to be taken into account as a matter of town planning... However, the mere threat of competition to existing businesses if not accompanied by a prospect of a resultant overall adverse effect upon the extent and adequacy of facilities available to the local community if the development be proceeded with, will not be a relevant town planning consideration.”

The LEC has stated that Councils should not be concerned about competition between individual stores as this is a matter of fair trading. But it should concern itself with impact on established retail centres. The principles were reiterated by Justice Pearlman in *Cartier Holdings Pty Ltd v Newcastle City Council and Anor* [2001] NSWLEC 170. “It follows that Section 79C(1)(b) does not require the consent authority to take an approach in consideration of the relevant matter different from the approach formerly taken in the application of 90(1)(d).”

2.5 Study Methodology

In determining a methodology for the assessment of the economic impact of the proposal it is important to consider the principles outlined in the relevant statutory considerations. The relevant matters are:

- the economic impacts in the locality, particularly on retail centres as a whole, whether or not it will result in social detriment and whether or not the application will make good for that loss; and
- the net community benefit of the proposal – whether the benefits of the proposal outweigh the costs.

In undertaking this study, our methodology was based on the above principles and the following scope of works:

- The identification of retail centres in the locality and the quantification of floor space and trading levels;
- The identification of the trade areas based on distances, accessibility and the location and level of retail offering in other centres;
- A review of data derived from the ABS Census, DoP, Council and other sources, to develop a profile of key demographic characteristics in the trade areas (population, household characteristics and lifestyle trends);
- An update of population and household growth in the trade areas;
- The determination of forecasts for household expenditure by trade area;
- An estimate of the turnover and marginal turnover of the Parklea Markets and the likely redistribution of marginal turnover from existing and planned retail centres.
- The measurement of impacts as shifts in turnover, both immediate in time and over time taking into consideration growth in expenditure in the trade area;
- A consideration of whether or not impact on retail centres is significant and/or detrimental and, if so, whether or not means could be used to mitigate that harm; and
- An estimate of the economic benefits including employment generation, multiplier impacts, shopper convenience, price competition, etc.

3. RETAIL CENTRES IN THE LOCALITY

This section of the report details the size and characteristics of the existing retail centres in the locality.

Supply of retail floor space is measured by a combination of the number of stores and floor space (square metres). Floorspace is measured by lettable area (the area leased or potentially leased to a store operator and includes back of house storage and office component) and excludes common areas, plant rooms and loading docks. Floor areas were obtained from several sources including Hill PDA surveys, IBECON surveys, Property Council of Australia Shopping Centres Directory.

3.1 Blacktown

Blacktown is the major centre in the Blacktown LGA and is 6.5km to the south of Parklea Markets. Westpoint is the main indoor centre which comprises around 80,000sqm of leasable shop front space including 321 specialty shops. Major tenants include:

- Myer department store (10,648sqm);
- Big W and Target discount department stores (8,418sqm and 7,097sqm);
- Coles, Woolworths and Franklins supermarkets (4,128sqm, 4,456sqm and 1,873sqm); and
- Rebel Sport and Best and Less (1,676sqm and 1,269sqm).

Westpoint also some non-retail anchors including a ten-pin bowling alley and Hoyts Cinemas. In 2009 the centre had total retail sales of \$428m ranking it 39 out of 88 “big gun” centres in Australia (defined in the Shopping Centre News as centres with more than 45,000sqm leasable shop front space).

Outside Westpoint are strip retailers fronting both Main Street and Flushcombe Road and a stand alone Kmart discount department store. Total shop front space in Blacktown is around 110,000sqm.

3.2 Castle Hill

Castle Hill is around 8.3km to the east of Parklea Markets. It is described as a Major Centre under the Sydney Metropolitan Strategy, with Castle Towers Shopping Centre being the major indoor retail centre of the area. Castle Hill is a popular destination for food, clothing, small personal and household goods shopping and entertainment.

With more than 100,000sqm of leasable shop front space Castle Towers is the largest shopping centre in the North-West sector and has an extended primary trade area for comparative shopping that covers the local government area of The Hills and the suburbs of Cherrybrook and West Pennant Hills. Castle Towers currently consists of ten anchor tenants including: David Jones, Myer, Kmart, Target, Coles, BiLo, Food for Less, Best n Less, and The Reject Shop.

In terms of annual retail sales turnover, Castle Towers is ranked 14th in Australia as of 2010 (Shopping Centre News). The shopping centre is only ranked 34th out of 90 similar sized centres based on MAT/sqm. In terms of specialty stores, the shopping centre is ranked 15th out of 90 similar sized centres in relation to MAT/sqm.

The Castle Mall Shopping Centre is located on Terminus Street and under the same ownership as Castle Towers (QIC). Castle Mall is a much smaller centre than Castle Towers, containing some 9,758sqm of retail space, anchored by a 1,821sqm Franklins, 1,937sqm The Warehouse, and 503sqm Go-Lo.

There is some strip retail along Old Northern Road, Terminus Street, Crane Road, Barwell Avenue, and McMullen Avenue totalling some 12,790sqm of retail space, and 39,300sqm of commercial space.

It is understood that a development application was lodged mid 2006, for expansion of Castle Towers. The expansion includes development on the site bound by Kentwell Avenue, Castle Street, Old Northern Road and Showground Road. Plans identify a new supermarket of approximately 3,750sqm, and a new DDS of around 6,500sqm aligning with Showground Road. An additional 97 new specialty shops are proposed, along with 8 kiosks, and 7 restaurants/café.

3.3 Baulkham Hills

Baulkham Hills is a district size shopping centre dominated by the Stockland Centre. It had a reported turnover of \$84.6m in the 12 months ending July 2006 which equated to \$10,678/sqm making it the fifth highest in Australia amongst the “mini-guns” as defined in the SCN (centres between 7,000sqm and 18,000sqm). Turnover per square metre was around 60% higher than the median level for “mini-guns”.

In 2007-08 Stockland expanded from 11,173sqm to 17,831sqm. Today it is anchored by Woolworths (3,910sqm), Coles (3,034sqm) and ALDI (1,429sqm) and includes 6,572sqm of specialties. In 2009 total retail sales were \$118.6m ranking it 22 out of 154 “mini-gun” centres in Australia (defined in the Shopping Centre News as centres below 20,000sqm leasable space). It traded at \$7,744/sqm which was 13% above the median level.

Outside Stockland the retail fronts predominantly Old Northern Road in a combination of strip shops and arcades. The west side of Old Northern Road between Stockland and Windsor Road appears to be performing poorly with 37 shops of which 6 were vacant at the time of survey and 11 are used by non-retail commercial premises such as home lenders, solicitors and real estate agents. A major reason for its poor performing is probably due to the inability and difficulty to park in front of the shops.

On the east side of the road near the intersection of Windsor Road is a group of 10 shops including a mini-grocery store. There were no vacancies at the time of survey and these shops are probably trading satisfactorily because of the ability to park in front or in the adjacent car park.

The west side of Windsor Road has 17 shops, of which a number of the them are bulky goods in nature including a 450sqm lighting store, two large computer stores and a 300sqm bedding store. There were also a several commercial premises – three real estate agents and a funeral director and two vacancies at the time of survey. Finally there are several shops fronting Olive Street and Windsor Road south of Stockland. This includes a drive-in liquor store and KFC restaurant.

3.4 Rouse Hill Town Centre

Rouse Hill Town Centre is 4.5km to the north of Parklea Markets. This is a 69,000sqm emerging major shopping centre with 230 retail specialty stores and several anchors including Big W (8,555sqm), Target (6,815sqm), Coles (4,116sqm), Woolworths (4,605sqm) and a Reading Cinema (5,780sqm). The centre only recently opened and as yet there are no reported turnover figures.

3.5 Rouse Hill Village

The Rouse Hill Village Centre on Windsor Road near Mile End Road is primarily used for food and grocery shopping and local services. It is anchored by a 1,582sqm Franklins supermarket and 15 specialty stores that occupy 3,972sqm of floor space. Outside this centre there is a large fruit barn, and ALDI store and three fast-food family restaurants.

3.6 Norwest Marketown

Norwest Marketown Shopping Centre is located on Century Circuit in the middle of the Norwest business park, around 5km by road southeast of Parklea Markets. The centre is anchored by a 4,385sqm Coles supermarket and includes 39 specialties (5,500sqm), a Liquorland outlet (280sqm), petrol station, and car wash. Its role is primarily as a convenience shopping centre for local residents in Bella Vista and employees in the Business Park. Apart from the shopping centre, around 7-8 lakeside restaurants are also located within the Business Park.

It is understood that development consent was given in 2000 for a stage 2 extension of the shopping centre incorporating some 7,700sqm of additional retail space including a discount department store.

3.7 Wrights Road, Kellyville

Kellyville Plaza is 5.8km by road north by northwest of Baulkham Hills shopping centre. It has a centre of 5,680sqm of leasable space, anchored by a 3,846sqm Coles supermarket. The centre includes 20 specialty stores of which 3 are used by commercial tenancies and one was vacant at the time of survey.

The centre also includes a stand alone Woolworths supermarket of approximately 4,450sqm. Total retail floorspace in Wrights Road retail precinct is some 10,100sqm.

3.8 Kellyville Village

Kellyville village includes two small shopping centres being Kellyville Court and The Village Centre on either side of Windsor Road just north of Memorial Avenue. Kellyville Court is a small shopping centre of 11 shops including a 150sqm (approximately) IGA supermarket and 500sqm of specialty shops. The Village Centre is a larger two level shopping centre, with 1,000sqm of shop front retail space and 770sqm of upstairs commercial accommodation.

3.9 Seven Hills Shopping Centre

Seven Hills is around 8km south of Parklea Markets and comprises almost 18,000sqm of shop front space including a 3,900sqm Woolworths supermarket, a 2,688sqm Coles supermarket and a 1,200sqm ALDI store. There are 80 specialty stores totalling almost 10,000sqm. In 2009 total retail sales were \$112.5m ranking it number 29 out of 154 mini-gun centres in Australia.

3.10 Stanhope Gardens

Stanhope Village Shopping Centre is located on the corner of Stanhope Parkway and Sentry Drive around 1.7km west of Parklea Markets. The existing centre is anchored by a 3,629sqm Coles supermarket, a 5,060sqm Kmart DDS and includes 5,185sqm of specialty retail floorspace.

Stanhope Village provides convenience retail to the surrounding suburbs of Stanhope Gardens, and Parklea, as well as parts of Acacia Gardens, Quakers Hill and Kellyville Ridge.

In 2008-09 the centre had a turnover of \$6,512/sqm making it an average performer amongst the “mini-gun” centres but reasonably strong for a single DDS based centre.

3.11 Glenwood Park Shopping Centre

Glenwood Park is a village shopping centre comprising a solidly performing Woolworths Supermarket & nine fully leased convenience based specialty shops, with a total GLA of 3,188sqm. This centre is in close proximity to Parklea Markets being only 1.6km to the south.

3.12 Quakers Hill

There are four small retail centres in the Quakers Hill suburb – these being:

1. Douglas and Railway Roads near the train station. This is a small centre comprising a small supermarket and around 35 specialty shops;
2. 456 Quakers Hill Parkway is a convenience centre with petrol, McDonalds restaurant, VideoEzy, Subway and four other small tenancies;
3. Farnham Road is a shopping village of approximately 12 shops anchored by a 400sqm Foodworks and a medical centre.
4. Quakers Court Shopping Centre on Falmouth and Quakers Roads is a small 5,000sqm centre of 16 shops anchored by a large 3,800sqm Woolworths supermarket.

3.13 Kings Langley

Kings Langley Shopping Centre is primarily a convenience shopping centre for food and grocery shopping and local services. It is anchored by a 3,092sqm Woolworths supermarket and 26 specialty stores that occupy 2,158sqm of floor space.

4. DEMAND FOR RETAIL FLOORSPEACE

4.1 The Trade Area

The following chapter defines an appropriate and realistic trade area for Parklea Markets. The definition of the trade area served by any retail development is determined by a number of factors including:

- The strength and attraction of the proposed retail offering, determined by factors such as the composition, layout, ambience/atmosphere and car parking;
- Competitive retail centres, particularly their proximity to the subject development and respective sizes, retail offer and attraction;
- The location and accessibility of the development, 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.

Unfortunately there have been no surveys carried out of visitations to the markets including the number of visitors, where they come from and what they purchase and how much. Accordingly a considerable level of value judgement has been used in defining the trade area.

A retail centre's trade area may be regarded as the geographical area where a significant proportion of household expenditure (either for all commodities or for particular broad commodity types) generated by that area is captured by the subject centre.

In retail studies, trade areas are sometimes divided into primary, secondary and sometimes tertiary trade areas. However there is no universal definition of these trade areas. A suitable definition for the primary trade area (PTA) maybe the area where the subject centre captures the majority of household expenditure either for all commodities or for particular groups of commodities or store types (eg food and groceries, bulky goods, discount department stores, etc). Using this definition PTAs will not overlap. The Secondary Trade Area (STA) refers to an area where a significant proportion, but not majority, of expenditure is captured.

Based on these definitions Parklea Markets may not have a PTA. It probably enjoyed a PTA for food and grocery shopping during the early years of the Rouse Hill Development Area, largely because centres such as Kellyville Wrights Road, Glenwood, Stanhope and Rouse Hill Town Centre had not been developed and there were very few alternatives for shoppers in the immediate locality. There are still many households today in the locality that probably shop regularly at the markets for some proportion of their food and grocery shopping. It's likely however that they shop at other locations such as Glenwood, Stanhope, Kellyville and Rouse Hill. For this type of regular or "chore shopping" the markets would have a local trade area covering the immediate suburbs of Kellyville, Stanhope, Parklea, Glenwood and Acacia Gardens.

Food and grocery items comprise only 20% of the markets floor area and probably no more than one third of total retail sales. The majority of turnover at the markets would be in non-chore shopping and here the trade area is more difficult to define. Because Parklea Markets has a somewhat unique retail offering with a "quasi-

entertainment or tourist” theme it has a very wide but thin trade area. “Thin” in the sense that the majority of households that visit the markets do so infrequently and “wide” in the sense that shoppers come from long distances.

Accordingly its primary (using the term loosely) trade area for non-food related sales would have a radius of significant distance – probably in the order of 10km. This would comprise the statistical local areas (SLA) of The Hills, Blacktown South East (being the urban area around Seven Hills, Blacktown, Doonside and Kings Langley), and Blacktown North (being the Blacktown side of the Rouse Hill, Schofields and Riverstone development areas). The markets would have a secondary trade area within about a 15km radius comprising the SLAs of Parramatta, Blacktown Southwest (Mount Druitt area) and Hawkesbury. Note however that there are a significant proportion of patrons beyond the primary and secondary trade areas – perhaps as much as 20% of total patrons.

4.2 Population Growth in the Trade Area

Forecast population growth was sourced from the NSW Ministry of Transport, Transport Data Centre (TDC). The TDC 2009 release of population projections for NSW was produced using data relating to births and deaths, overseas immigration and emigration, internal and out migration.

Population in the PTA area is expected to grow on average by 2.4% each year to 2016 and by 2.2% per annum to 2021. This rapid growth is due to urban expansion in the northwest sector. The population in Blacktown North SLA is growing at 3.8% per annum.

Further to population growth is growth in real spend per capita. Since 1986 real spend per capita has been around 1.3% to 1.5% per annum and this trend is expected to continue due to growing affluence. For the purpose of the forecast we have adopted a rate of 1.3% per annum.

The strong levels of population growth in the trade area will support the level of retail demand in the short, medium and longer term.

4.3 Retail Expenditure in the Trade Area

Retail expenditure was sourced from:

- ABS Household Expenditure Survey (HES) 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 using “microsimulation modelling techniques”.

Marketinfo combines the data from the Census, ABS HES and other sources to derive total household expenditure by commodity type. This data, which was validated using taxation and national accounts figures, quantifies around 14% more expenditure than the ABS HES Survey. The forecast of retail spend generated by the PTA is provided in the table below.

Table 1 - Forecast Retail Spend Generated by the PTA (2009\$m)

YEAR	2009	2011	2016	2021
Food, Groceries & Liquor take-away	1,632.6	1,739.4	2,090.1	2,488.7
Food Catered	694.6	740.0	890.5	1,061.0
Apparel	397.2	423.0	509.0	606.3
Bulky Goods	727.5	775.5	933.7	1,113.7
Other Personal & Household Goods	1,151.7	1,227.3	1,475.3	1,757.4
Personal Services	153.0	162.9	196.0	233.4
TOTAL	4,756.4	5,068.1	6,094.5	7,260.6

* Excludes cinema and liquor on license premises

Source: Marketinfo 2009

The above table shows growth of around \$200m every year. This is why there are a number of planned centres in the PTA including North Kellyville, Beaumont Hills and Burns Road area. In the longer term expansions will also be required at Rouse Hill, Schofields and Riverstone to serve population growth in those respective areas.

5. ECONOMIC IMPACT

This section assesses the impact of the proposed centre on retail centres in the locality. The EPA Act 1979 is not clear on what is meant by locality but for the purpose of this assessment we have assumed it to be the trade area or the geographical influence of the proposal.

To assess economic impact Hill PDA employed the following steps in the methodology:

- Estimate or record the turnover of competing centres based on a number of sources including reported turnover figures, industry benchmark turnover levels, expenditure modelling and by survey and observation (type and mix of retailers, level of vacancies, etc);
- Estimate the current turnover of Parklea Markets;
- Estimate the marginal turnover of the extended trading hours based on industry benchmarks with any adjustments for local conditions or variations;
- Redirect the marginal turnover from competing centres utilising a type of gravity model;
- Measure the “point in time” impacts on competing centres as percentage shifts in turnover;
- Measure the shifts in turnover over time taking into consideration growth in expenditure generated by the respective trade areas; and
- Assess the resultant levels of turnover against industry benchmarks to ascertain whether or not any centre is likely to be threatened with closures.

5.1 Likely Marginal Turnover

Estimating the level of current turnover of Parklea Markets is difficult because records are not kept and stall owners do not disclose trading levels. The estimated turnover of Parklea Markets presented at the Public Hearing in 1999 was \$95m. We are not sure of the source, data and methods behind this estimate. It appears to be an estimate derived from Council’s consultant at the time (Plant Location Ltd) and/or from objectors. Given that the leasable area of the markets is around 9,500sqm this translates to a turnover of \$10,000/sqm. This is trading level equivalent to 2.3 times the median trading level of all reported trading figures for shopping centres across Australia larger than 35,000sqm in size¹. Divided by the number of trading days it translated to a turnover of almost eight times higher than all the shopping malls across Australia. It is highly unlikely that Parklea Markets achieved anywhere near this level of turnover.

To estimate current turnover we have used a couple of methods. The first method is to assess visitation numbers to the market by an assumed average spend per visitor. There are no visitor counts at the market but evidence presented in the LEC case *Almona Pty Ltd v Roads and Traffic Authority of NSW (2008)* provided a wide range from 400,000 per annum (based on evidence from observation of the use of the car park) to more than one million. The most likely estimate is between 500,000 to 700,000 which would make it perform similar to, or slightly higher

¹ Shopping Centre News Big Guns 2000

than, the average for sub-regional centres across Australia on a visitation per square metre basis given its 2 day per week trading. With 500,000 to 700,000 customers spending an average of say \$35 to \$40² this equates to a figure between \$18m and \$28m. Note that there is anecdotal evidence suggesting that visitation numbers have fallen probably due to new centres opening in the Rouse Hill Development Area and possibly due to changing consumer preferences.

The other method of forecasting turnover is dividing rent from the stalls by an occupancy cost. The owner will set to maximise rents without undermining the viability of stall operations and without causing unacceptably high vacancy levels. Rental levels therefore give some reasonable indication about turnover. Rental income from stalls in 2004-05 was \$7.084m. In 2005-06 it declined to \$5.416m³. This is further evidence that retail sales have declined in Parklea Markets. Assuming rental income of \$5.5m and an occupancy cost of 15% turnover is currently \$37m.

For the purpose of the impact modelling we have adopted a turnover figure of \$35m. The inclusion of Friday trading will increase trading but is unlikely to increase it by as much as 50%. This is because Friday trading will redirect some turnover, not just from competing centres, but from weekend trading at Parklea Markets. Hence the marginal turnover is unlikely to be as much as say \$15m and may be as low as \$10m. For the purpose of the impact modelling we have assumed a high scenario of \$14m marginal turnover which represents a 40% increase on the estimated current trading level. Friday trading may result in some small decline in weekend trading but we would still expect weekend trading days to have visitation numbers higher than Fridays given the “quasi-tourist” experience of the markets.

5.2 Likely Redirection of Turnover and Impacts

In order to quantify this level of turnover captured from existing competing centres Hill PDA prepared a bespoke gravity model. The gravity model is based on the premise that the level of redirected expenditure from a centre is directly proportional to the turnover of that centre and indirectly proportional to the distance from the subject site.

The impacts are summarised in the table below.

² Visitors at the vast majority of centres over 20,000sqm spend between \$30 and \$50. By comparison Westfield Liverpool is \$31.40, Westfield Mt Druitt is \$30.70 and Stockland Wetherill Park is \$41.31 (Shopping Centre News 2009 and 2010)

³ Almona v Roads and Traffic Authority of NSW (2008) NSWLEC 112

Table 2 - Economic Impacts – Redirection of Turnover (2009\$m)

	1	2	3	4	5	6	7	8	9	10
Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space*	Turn-over in 2009	Turnover in 2011 without Proposal	Turnover in 2011 with Proposal	Immediate Shift in Turnover	% Shift in Turnover in 2011	Shift in turnover from 2009 to 2011	% Shift in turn-over 2009 to 2011	
Blacktown	6.5	112,250	570.0	600.6	598.4	-2.2	-0.4%	28.4	5.0%	
Castle Hill	8.3	111,300	697.0	749.5	747.7	-1.9	-0.2%	50.7	7.3%	
Baulkham Hills	9.7	26,350	149.6	160.9	160.6	-0.2	-0.2%	11.0	7.4%	
Rouse Hill T.C.	4.5	66,200	357.7	395.0	393.0	-2.0	-0.5%	35.3	9.9%	
Rouse Hill Village	5.7	3,950	28.8	31.8	31.7	-0.1	-0.3%	2.9	10.1%	
Stanhope Village	1.7	13,850	90.3	99.7	97.6	-2.1	-2.2%	7.3	8.0%	
Glenwood	1.6	3,200	27.8	30.7	29.9	-0.8	-2.5%	2.1	7.6%	
Kellyville District	4.4	10,200	100.0	107.5	107.1	-0.4	-0.4%	7.1	7.1%	
Kellyville Village	3.7	2,150	11.0	11.8	11.7	-0.1	-0.7%	0.7	6.8%	
Norwest Market Town	5.2	9,900	69.6	74.9	74.6	-0.3	-0.3%	5.0	7.2%	
Farnham Road	3.3	1,300	7.9	8.3	8.3	-0.1	-0.8%	0.4	4.6%	
Quakers Hill	7.8	3,300	17.6	18.5	18.5	0.0	-0.2%	0.9	5.1%	
Quakers Court	6.4	5,150	50.6	53.3	53.2	-0.1	-0.2%	2.6	5.1%	
Kings Langley	3.1	5,250	50.1	52.8	52.4	-0.4	-0.8%	2.3	4.5%	
Centro Seven Hills	8.0	17,650	113.0	119.1	118.9	-0.2	-0.2%	5.9	5.2%	
Other						-3.1				
TOTAL		392,150	2341.0	2514.5	2503.6	-14.0	-0.4%	162.5	6.9%	

*Excludes non-retail commercial uses and vacant spaces

Column 7 in the above table shows the immediate (or “point in time”) shift in turnover. This is the difference between the do nothing (without proposal) option and the expansion option in 2011 which is assumed to be the first year of extended trading.

Note that the modelling assumes that 10% of the marginal turnover in food and groceries and 30% in non-food will be redirected expenditure from other locations not shown in the above table. This is shown as \$3.1m in the second last row of the table. Much of this expenditure also relates to “impulse buying”. In other words shoppers browsing on a Friday at the markets will purchase items that otherwise they would not have purchased anywhere else if extended trading was not permitted. This is particular the case where customers go to the markets for the “experience” for “leisure shopping” and/or “quasi-tourism” reasons. It mainly relates to non-food and grocery items.

Column 8 in the above table shows the shift in turnover as a percentage of turnover in the “do nothing” option. As shown all centres will experience a loss of no more than 3% in trade which is considered insignificant. The strongest impacts will be on Glenwood and Stanhope largely because these two centres are the closest to Parklea and compete more directly with it – particularly in relation to food and grocery items. All other centres experience an immediate loss of less than 1% which is virtually immeasurable.

Column 9 shows the shift in turnover from 2009 to 2011. Note that all centres will enjoy considerable real growth in turnover assuming no further increases in supply. As shown in Table 1 above the PTA will generate \$200m of additional expenditure every year for the next 10 years or more. The marginal turnover of \$14m is insignificant by comparison. If any retail centres were to experience some loss in trade from the previous year it will almost be due entirely to added competition with the opening of a new centre. It will not be due to extended trading hours for Parklea Markets.

6. SOCIAL BENEFITS

There are a number of economic and social benefits with the extended trading hours. These are summarised below.

- **Employment:** Extended trading will provide additional employment opportunities, particularly for casual staff in retail operations.
- **Increased Consumer Choice:** The proposal will offer an alternative choice for residents in the locality at competitive prices. The proposal will provide a level of service commensurate with the needs of the local population and is an appropriate response to the needs of households in the area.
- **Improved Competition:** There is sufficient expenditure available within the locality to support the additional facilities and the impacts will not threaten the viability of any other centre or anchor retailers. Accordingly, added price competition should be viewed positively in this case.
- **Meeting Consumer Needs:** Every year the PTA (generally within 10km radius) generates a further \$200m in expenditure and the proposed extension to trading hours contributes only a minor proportion to meeting this growth.
- **Sustainability:** Parklea Markets is at the T-way which is a high profile and reasonably rapid form of public transport. Many of the competing centres such as Glenwood and Stanhope have inferior positioning in terms of integration with public transport. Friday trading provides an opportunity for some shift in mode of travel from car to public transport which is positive step towards sustainability.
- **Equity:** Given its integration with the public transport network having Friday trading at Parklea will improve access to the needs of households without motor vehicles which comprise 7.2% of all households in the PTA (ABS Census 2006).
- **Tourism Benefit:** Given the “quasi-tourism” experience of the markets extended trading will contribute to increased day tourism in the immediate area. This may also have potential multiplier benefits to other businesses in the locality.

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As is customary, in a report of this nature, while all possible care has been taken by the authors to prepare the attached financial models from the best information available at the time of writing, no responsibility can be undertaken for errors or inaccuracies that may have occurred both with the programming or the financial projections and their assumptions.