

Norling Consulting^{Pty Ltd}

Business & Property Economics

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Mr Edward Saulig
Senior Strategic Planner
Fairfield City Council
PO Box 21
Fairfield NSW 1860

Email: ESaulig@fairfield.nsw.gov.au

Dear Steve,

RE: PEER REVIEW OF ECONOMIC IMPACT ASSESSMENT – 46 DERBY STREET, CANLEY HEIGHTS

At your request, Norling Consulting has reviewed the Economic Impact Assessment (EIA) prepared by MacroPlan Dimasi in respect of the proposed retail/commercial development at Canley Heights. This peer review summarises our findings which are set out as follows:

- (a) Background – a summary of the proposal and the subject site;
- (b) Planning Framework – details of the relevant planning documents including the Fairfield Local Environmental Plan (LEP) and Retail and Commercial Centres Strategy and associated Policy and how the proposal sits within this framework;
- (c) Economic Impact Assessment – a review of the EIA prepared by MacroPlan Dimasi; and
- (d) Conclusion – our overall findings and conclusions resulting from our review and our recommendations to Council.

Please note that this peer review has been undertaken as a desktop analysis only, although Jon briefly inspected the Canley Heights Centre in June 2014 for another purpose.

Background

The subject site adjoins the edge of the Canley Heights Local Centre located to the site's east and south. The site is located between an existing Council car park to the north, a private car park to the south and a retail/commercial shopping strip which faces Canley Vale Road. The site is disconnected and isolated from surrounding residential dwellings given its position between two car parks.

The subject site comprises an area of 730m² and the proposal is for a small retail ground floor tenant with first floor commercial, totaling 1,060m². Ground floor retail floorspace is expected to occupy around 530m² and upper-level commercial floorspace is proposed to approximate 530m². The adjoining Canley Heights centre currently includes an IGA supermarket, a large Asian supermarket, as well as a sizable range of supporting food specialty retail, retail services, cafes, take-away shops, restaurants and other general retail. Many of the shops, particularly dining establishments had a Vietnamese flavor reflecting the ethnic profile of the surrounding population. It is estimated that the centre provides approximately 18,000m² of retail and commercial floorspace.

Planning Framework

Fairfield Local Environmental Plan (LEP) 2013

The subject site is currently zoned R4 – High Density Residential under the Fairfield Local Environmental Plan (LEP) 2014. The subject site adjoins the edge of the Canley Heights Local Centre (zoned B2 - Local Centre).

Fairfield Draft Residential Development Strategy (RDS) 2009

The draft RDS 2009 recommended rezoning of the subject site and surrounding residential land from medium density to high density residential. This was adopted as part of the implementation of the Fairfield LEP 2013.

Retail and Commercial Centres Study and Associated Retail & Commercial Centres/Activities Policy No.1-203

Under the above Retail and Commercial Centres Study, the Canley Heights centre is classified as a neighbourhood centre, the second highest order (or middle-order) centre below a sub-regional centre, with local centres being the lowest order centre. The Policy similarly adopts the term sub regional centre as the highest order centre in the hierarchy, however local centres are referred to as the second highest order (or middle-order) centres with neighbourhood centres identified as the lowest order centres. Therefore, within the Policy, Canley Heights centre is identified as a Local Centre. This is also reflected in the LEP zoning.

The Retail and Commercial Centres Study states that *"Canley Heights appears to be operating successfully and fulfilling its ordained role within the retail hierarchy"* (pg 49). Over the longer term it was considered that the existing supermarket could be upgraded to a full-line supermarket to ensure that the centre remains an important food shopping destination.

While a review of the retail study and policy has commenced, the current Policy characterises local centres as generally containing between 5,000-10,000m² of retail floor space and providing retail services to one or more suburbs, the presence of a medium scale to full-line supermarket and providing for the major weekly food shopping and convenience retail needs of the surrounding population. We understand that the Canley Heights centre has already exceeded this provision with the centre containing approximately 18,000m² of retail and commercial floorspace, which has not changed significantly since 2005 when the Retail Study was prepared.

The Retail Policy encourages the preservation of the established centres hierarchy and outlines the following key assessment criteria for local centres:

- *"that any expansion proposal not alter the role of the local centre within Fairfield's retail system"*
- *that any expansion proposal not unacceptably affect the range of services available in nearby sub-regional centres or neighbourhood centres*
- *that any proposed development does not rely on an expansion of the existing trade area of a local centre for its viability*
- *that a development proposal result in an outcome consistent with the current role of the centre*
- *that a development proposal will strengthen the viability of a centre, particularly its core function of providing supermarket services."* (pg 10)

The EIA has responded to the above assessment criteria, as detailed in the next section.

Economic Impact Assessment (EIA)

An EIA has been prepared for the proposed development by MacroPlan Dimasi. The EIA essentially provides an assessment of the market need for and economic impacts of the proposed rezoning of the subject site to B2 – Local Centre as a result of the proposed retail/commercial development.

We have assessed the EIA as follows:

Trade Area and Population

The correct process for defining a trade area has been undertaken. While consideration was made to the trade area defined for the Canley Heights centre in the Retail and Commercial Centres Study and associated Policy, Macroplan Dimasi considers that the centre has evolved since the Study was undertaken with new commercial development and additional car parking improving the attractiveness of the centre and its popularity. For this reason, the EIA has adopted the Policy's Trade Area as its Primary Trade Area and included secondary trade areas to the east, south and west. The secondary trade areas cover quite an extensive area and include residents living closer to other centres that provide full line supermarkets (Cabramatta Plaza, Bonnyrigg Plaza and Bonnyrigg Shopping Centre [Aldi]). Whilst there can be debate over the definition of Trade Areas, we do not consider the approach taken by Macroplan Dimasi to be in error or in conflict with the Policy. If market shares were to be identified, we would expect the market shares from the secondary trade areas to be much lower than from the primary.

The population forecasts provided within the EIA show little growth in the future. This is consistent with an area comprised of established residential suburbs with little available land for future growth. The majority of future growth will comprise infill developments and the result of a slow gentrification of the area.

Centres Network

The EIA has correctly identified the relevant centres network including a review of the vacancies within the Canley Heights centre. The Report states that only four vacancies were identified on the main street as at June 2014. It is unknown whether there were additional vacancies not in the main street.

Retail Expenditure and Demand

The EIA has not gone into a great level of detail in regard to retail expenditure with the retail demand section simply based on population growth and in applying a standard average of 2.2m² of retail floorspace per person. While applying a standard average of retail floorspace to the future population is a reasonable tool to illustrate total potential demand, it does not consider demand that should be directed to higher order centres located outside the catchment area. Thus, not all retail floorspace demanded by a catchment area is required within the catchment area. The secondary trade areas in particular would require only a small proportion of their future retail floorspace demanded to be located at the Canley Heights centre.

There is no analysis of projected retail expenditure, projected turnover of the proposal and the application of market shares to the proposed development. Furthermore, there is no detailed assessment of impacts upon other centres. The Report simply states that it is expected that the very minor trading impacts experienced by this retail addition will be broadly distributed across the Canley Heights Local Centre businesses, equating to less than 5% of overall annual sales with virtually no impacts on other centres in the hierarchy.

While we recognise that the EIA has undertaken a simplified retail demand analysis, given that the proposal is located at the edge of centre and is providing only a small amount of retailing and commercial uses, the lack of detail is not considered unreasonable. We also agree that the proposal is likely to have very limited impacts upon the existing centre's network given its small-scale nature and its location at the edge of a centre that would effectively form part of the existing centre.

The EIA has evaluated the criteria outlined in the Retail and Commercial Centres/Activity Policy applying to local centres, as listed in the previous section. We agree that the proposal:

- a) would not alter the role of the Canley Heights local centre;
- b) would not unacceptably affect the range of services available in nearby sub regional centres or neighbourhood centres;
- c) would not rely on an expansion of the existing trade area for its viability;
- d) is consistent with the current role of the centre; and
- e) could potentially contribute to strengthening the viability of the centre.

The EIA has also correctly identified that the proposal would generate positive employment impacts from its construction and operation and would also provide other community benefits such as increased retail choice, convenience and services.

Conclusion

Whilst adopting different methodologies than those typically utilised by us, we agree with the overall conclusions of the EIA, in that, if integrated well with the existing centre, the proposal is likely to complement the existing centre with economic impacts being minimal for the following reasons:

- a) The subject site is located at the edge of an existing centre – Canley Heights local centre;

- b) While zoned for high density residential uses, the subject site is relatively isolated from other residential land due to its location between a private and public car park and associated traffic movements and noise;
- c) Redeveloping the site into centre uses therefore appears to be a logical solution;
- d) The proposal represents only a small increase to the commercial and retail floorspace and therefore potential impacts are likely to be spread across a large number of retailers and would not be substantial;
- e) The provision of additional retail and commercial floorspace would benefit residents providing a wider choice, competitive pricing and new facility thus improving the shopping experience; and
- f) It is understood that the Canley Heights centre is currently trading well, the shopping precinct is popular and receives strong patronage from local residents.

It is our view that provided the proposal can be suitably integrated with the Canley Heights Local Centre, there are unlikely to be any significant impacts upon the existing centre and the surrounding centres hierarchy. Furthermore, the proposal could potentially complement and improve upon the existing centre.

We trust that this review assists you in your determination, please do not hesitate to contact us should you have any queries or require further clarification.

Yours faithfully
Norling Consulting Pty Ltd



Hannah Seymour
Consultant



Jon Norling
Director