



Woodville Rd, Merrylands

Economic Assessment

Prepared for Wiltex Wholesale Pty Ltd

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LIST OF ABBREVIATIONS

ABS	Australian Bureau of Statistics
BTS	Bureau of Transport Statistics
DDS	Discount Department Store
EIA	Economic Impact Assessment
FSR	Floor Space Ratio
GDP	Gross Domestic Product
GFA	Gross Floor Area
GLA	Gross Lettable Area
Ha	Hectares
HES	Household Expenditure Survey (ABS)
LEP	Local Environmental Plan
LGA	Local Government Area
MAT	Moving Annual Turnover
MTA	Main Trade Area
PTA	Primary Trade Area
STA	Secondary Trade Area
SWGC	South West Growth Centre

EXECUTIVE SUMMARY

HillPDA was commissioned by Wiltex Wholesale Pty Ltd to undertake this Economic Assessment (hereafter referred to as 'the Study') related to a Planning Proposal for the rezoning of the site at 246-264 Woodville Road, Merrylands (the 'Subject Site'). The Subject Site comprises a 3,000sqm John Cootes furniture store and a number of small lots fronting Lansdowne Street on the northern boundary that are currently occupied by 1 to 2 storey homes. The Subject Site is approximately 2.6 hectares. Immediately to the south is a service station, fast food outlets and an ALDI foodstore.

The Planning Proposal

The proposed development includes the removal of the existing 3,000sqm furniture store and the development of mixed uses including 8,362sqm of retail/commercial floorspace, a community hub of 600sqm and between 518 and 590 apartments (depending upon apartment layout and detailed design).

Government Strategies and Targets (Section 2)

The State and Government strategies and policies give impetus to the need to create housing and employment opportunities. This is evident in the '*A Plan for Growing Sydney*' and the Draft West Central Subregional Strategy where the population, dwelling and employment objectives for the West Central Subregion are an additional +61,000 new jobs and 95,500 new dwellings by 2031. As such the Planning Proposal is in accordance with these strategies and would address each of these targets by creating employment opportunities and additional dwelling mixture choice for the increase in population. Moreover the Planning Proposal would provide significant housing which will be in close proximity to public transport choice including frequent bus services (to Parramatta CBD) and is within walking distance to Merrylands and Guildford Stations.

Section 117 Direction 1.1 also relates to Business and Industrial zones. The following table assesses the consistency of mixed use development on the Subject Site, against the three key requirements of the Direction for strategies concerning employment lands.

Relevant Matters	Comment and Consistency
Objective 1.a Encourage employment growth in suitable locations	The planning proposal will provide more than 500 jobs on site – around 14 to 15 times more jobs than the current bulky goods retail outlet provides.
Objective 1.b Protect employment land in business and industrial zones	A mixed use development on the Subject Site would result in a net loss in land zoned B6 for employment uses. However the proposed development would increase the amount of employment floorspace from around 3,000sqm to 8,362sqm.
Objective 1.c Support the viability of identified strategic centres	It would meet additional demand for retail and business services through the proposed commercial and retail component without undermining the viability of any existing centre.
No net loss of potential floorspace for employment uses and related public services in business zones	The proposed rezoning would result in a net increase in floorspace for employment uses. More specifically the Planning Proposal proposes to include 8,362sqm of employment uses (i.e. the commercial and retail component), equating to a net increase of around 5,300sqm over the current uses.
In accordance with a Strategy approved by the Direction General of DP&E	Whilst the Planning Proposal does not align with the current LEP, the proposed mixed use development responds and accords with the Plan for Growing Sydney as well as supporting the indicative targets for population, housing and employment growth within the draft West Central Subregional Strategy.

Demand for Retail and Commercial Services (Section 3)

The likely primary trade area (PTA) east of the railway line is a walkable catchment of 400m to 800m. This is an area of 3,800 people that will increase to 6,700 people by 2031. The proposal also offers the most proximate alternative for food and grocery shopping for Merrylands residents west of the railway line using private motor vehicle. This area, defined as PTA West, houses around 6,800 people, and is expected to increase to 9,700 by 2031.

The proposal is also likely to have a wider, but much thinner, secondary trade area (STA) extending into the suburbs of Guilford, South Granville, Guildford West and Merrylands West. The total main

trade area (PTA and STA combined) is an area of 44,000 people expected to increase to 62,000 by 2031.

Expenditure from the PTA is expected to increase from \$135m in 2014 to \$246m by 2031. 30% of this expenditure is captured by supermarkets and grocery stores.

HillPDA estimates demand for 10,500sqm of occupied retail space within the PTA East by 2019. This is expected to increase to 13,500sqm by 2031. Half of this demand relates to supermarket and grocery store floor space. With around 2,000sqm existing space being the ALDI foodstore and three fast food outlets, there is ample demand for additional retail space.

More importantly this is probably the only opportunity for a mixed use development incorporating a full line supermarket anywhere along Woodville Road given that all other potential sites are too small and numerous site amalgamations would be necessary which is an unlikely scenario.

Retail Trading Impacts (Section 4)

The retail component of the proposed development would achieve total retail sales of around \$51m in 2019. The \$51m of retail sales would be redirected from competing centres.

Guildford Village would experience the strongest impact equivalent to an 8.8% loss of trade in 2019, followed by Greystanes and West Merrylands (5.4% and 5% loss of trade). All other centres would experience impacts of less than 5% which is considered insignificant.

Over time this impact will lessen across all the surrounding centres as these centres will capture an increasing amount of retail expenditure as a result of population and expenditure growth in their respective trade areas. Indeed, over the 2014 to 2019 period all centres will experience and increase in trading levels despite the planning proposal. On this basis, the trading impacts would be acceptable and would not threaten the role, function or commercial viability of any existing centre.

The Role of the Proposed Centre (Section 5)

The planning proposal provides a centre with more than 6,000sqm of leasable retail space anchored by a large format supermarket. It would therefore be a village rather than a neighbourhood centre as defined under the Sub-regional Strategy.

As a village centre it is expected to capture the main proportion of food, grocery and liquor (FGL) expenditure generated by PTA residents. If it was a neighbourhood centre it would only be used for convenience “top-up” shopping and the majority of FGL shopping by MTA residents would continue to be done outside the MTA.

An extra 20,000 or more people in the MTA over the next 20 years warrant at least one village centre with a large format supermarket and ancillary specialties. Such a centre requires a large site area – close to a hectare in size. The John Cootes site is the most viable, if not the only viable, site within the MTA that could accommodate the proposal.

Economic Impacts (Section 6)

The below table summarises the economic benefits of the Planning Proposal compared to the current uses.

	Current Uses	Planning Proposal
Total Jobs Generated	35	380
Total Salaries (\$m) Generated	\$1.5	\$12.9m
Value Added to GDP (\$m)	\$2.3	\$18.7m
Construction Costs (\$m)	N/A	\$211m
Total Economic Activity generated by construction	N/A	\$699m
Jobs Years in Construction	N/A	602
Total Job Years Direct and Indirect	N/A	2,214

The Planning Proposal would lead to a net increase in jobs (+345 jobs), salaries generated (+\$11.4m) and value added to GDP (+\$16.4m). Construction would generate additional economic activity (+\$699m), 2,214 job years during the period of construction and stimulate further investment in the locality.

Following full development in 2019 the PTA will house almost 13,500 people which in itself warrant a full-line supermarket based shopping centre – generally considered to be around 9,000 to 10,000 residents in the metropolitan area.

The provision of a centre at the Subject Site would widen the retail offer for residents in the trade area and serve the growing community within Merrylands. The local centre would also provide a shopping destination and would contribute towards ensuring

Merrylands is a desirable and sustainable place in which to live, work and shop.

Summary

There are considerable economic benefits of amending the zoning on the Subject Site. The Planning Proposal would help to meet strong demand for housing in the area and provide additional employment generating uses. The prevalent market conditions support the proposal.

Given the Subject Site's proximity to the transport hub, schools and amenities, a mixed use development would be more appropriate for that location than the current uses. Moreover the mixed use development would create additional demand for retail and business services which would help to support the viability of the identified major centre.

1 INTRODUCTION

HillPDA was commissioned by Wiltex Wholesale Pty Ltd to undertake an economic impact assessment ('the study') of the proposed development at 246-264 Woodville Road, Merrylands (the 'Subject Site').

The Subject Site is located on the border of Guildford and Merrylands suburbs within the Parramatta Local Government Area (LGA) and comprises the single large John Cootes site and a number of small lots fronting Lansdowne Street on the northern boundary that are currently occupied by 1 to 2 storey residential detached buildings. The Subject Site is approximately 2.61 hectares, bounded to the north by Lansdowne Street and to the south by a service station, fast food outlets, Granville South Public School and an ALDI Foodstore. To the west is low density residential and on the Eastern boundary is Woodville Road.

Figure 1 – Aerial Image of Subject Site



Source: Giles Tribe Architects, March 2015

The proposed development will include 8,362sqm GFA of retail and commercial floorspace, a community hub of around 600sqm and between 518 and 590 apartments (dependant on apartment layout and detailed design).

Figure 2 – Proposed Ground Floor Commercial Spaces



Source: Giles Tribe Architects, October 2015

2 PLANNING REVIEW



This section undertakes an appraisal of the planning and statutory context relevant to considering issues of economic impact associated with the proposed development. Note that it considers matters relating to the proposed development from an economic perspective only.

State Government - A Plan for Growing Sydney 2014

The DP&E published 'A Plan for Growing Sydney' in December 2014. The plan seeks to achieve the following overarching outcomes for Metropolitan Sydney:

- A competitive economy with world-class services and transport;
- A city of housing choice, with homes that meet our needs and lifestyles;
- A great place to live with communities that are strong, healthy and well connected; and
- A sustainable and resilient city that protects the natural environment and has a balanced approach to the use of land and resources.

By 2031, Sydney's economic output is forecast to almost double to \$565 billion a year, with this economic growth being fuelled in part by an additional 689,000 new jobs over this period. Sydney is also forecast to experience a population growth of about 1.6 million persons, with 900,000 of this population growth occurring in Western Sydney. To meet this population growth, an additional 664,000 new dwellings will need to be constructed.

To address the projected economic, employment and population growth that Sydney will experience, the Plan seeks to promote and facilitate growth which acknowledges market considerations and integrates transport, infrastructure and a variety of land uses.

The below describes those directions of the Plan that are of relevance to this Study.

Direction 1.4 seeks to increase the productivity of Western Sydney through growth and investment. To meet this need, Western Sydney will require new jobs close to centres and transport, with improved access to knowledge jobs. The direction also highlights the need to improve the scale and mixture of job opportunities as this will help more people work closer to home.

Direction 2.1 seeks to accelerate housing supply across Sydney. Through providing more housing and different dwelling types, this direction aims to reduce pressure on rising housing prices. The target of this direction is the delivery of 664,000 new dwellings by 2031.

Direction 2.2 seeks to accelerate urban renewal across Sydney by providing homes closer to jobs. The direction highlights the importance of urban renewal in helping to provide housing within Sydney and meeting the dwelling target. The Plan identifies the need to identify urban renewal precincts that are in, or near, centres with good connectivity to economic and social facilities.

Direction 2.3 aims to improve housing choice to suit the different needs and lifestyles of Sydney's population. The direction requires local housing strategies to plan for a range of housing types.

More specifically the Plan defines the West Central Subregion as comprising the LGAs of Auburn, Bankstown, Blacktown, Holroyd, Parramatta and The Hills. Having specific regard to the Subregion, the Plan recommends that the DP&E in conjunction with councils within the Subregion (which includes Holroyd Council), should:

- Leverage investment and economic development opportunities for the whole Subregion that may be generated by the growth of the Greater Parramatta area and the extension of the Global Economic Corridor;
- Identify suitable locations for housing and employment growth; and
- Provide additional mixed-use development including offices, retail, services and housing to meet the needs of the Subregion's growing population.

Parramatta Corporate Plan 2013/14 – 2016/17

The Updated Corporate Plan was adopted by Council in June 2014 and details Parramatta's role at the heart of the Sydney Metropolitan Area, sets out Council's principal activities and plans and presents Council's budget. The Plan identifies Woodville Road as an urban renewal precinct, with the redevelopment of the precinct marked as a priority over the next four years. The underlying objective of this Project will be to bring more jobs and housing to Parramatta. The Planning Proposal has been completed and presented to Council, with an exhibition of the draft Planning Controls anticipated by December 2015.





Local Government - Parramatta EDS 2011-2016

The Parramatta Economic Development Strategy (EDS) was endorsed by Council on 7 November 2011 and provides a five year strategy for the economic development of Parramatta.

The EDS identifies six priorities to facilitate and promote economic development, including placing jobs closer to home and facilitating employment growth, within the City of Parramatta which are as follows:

- **Identity:** Establishing a competitive identity that differentiates Parramatta from other locations and influences the supply of infrastructure and investment;
- **Business:** Developing the capacity of local firms and industry to grow, specialise and employ;
- **Labour:** Educating, retaining and attracting quality labour with skills aligned to the needs of local industry;
- **Property:** Developing land and property assets to promote and accommodate jobs growth and house the workforce of the future;
- **Amenity:** Facilitating vibrant, safe and attractive street life capable of attracting people and business; and
- **Infrastructure:** Securing infrastructure to bring the various parts of the City of Parramatta together and connect it to Greater Sydney and the world.

Specifically the EDS stipulates the importance of addressing higher employment rates within Guildford and ensuring diversity of employment within this area.

Draft West Central Subregional Strategy

The Draft West Central Subregional Strategy (2007) relates to the LGAs of Auburn, Bankstown, Fairfield, Holroyd and Parramatta. It plans to accommodate 61,000 new jobs and 95,500 new dwellings within the West Central Subregion between 2004 and 2031. Of these 27,000 jobs (27%) and 21,000 dwellings (22%) are to be accommodated within Parramatta LGA.

Draft State Environmental Planning Policy (Competition) (2010)

Following a review undertaken by the DP&E and the Better Regulation Office into how economic growth and competition were impacted by





the planning system, a Draft State Environmental Planning Policy (SEPP) was prepared and placed on public exhibition in July 2010.

The proposed state-wide planning policy aims to remove artificial barriers on competition between retail businesses. The Draft SEPP proposes:

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

NSW Draft Centres Policy (2009)

Over the past few years there has been a growing awareness and investigation of barriers to competition in Australia, particularly in the retail industry. As a result of these investigations the Australian Government directed state governments and planning authorities to review the flexibility of planning regulations and policies regarding retail development. In response the NSW Department of Planning and Infrastructure (now named the Department of Planning and Environment) released the draft Centres Policy in April 2009.

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

- The need to reinforce the importance of centres and clustering business activities;
- The need to ensure the planning system is flexible, allows centres to grow and new centres to form;
- The market is best placed to determine need. The planning system should accommodate this need whilst regulating its location and scale.
- Councils should zone sufficient land to accommodate demand including larger retail formats;



- Centres should have a mix of retail types that encourage competition; and
- Centres should be well designed to encourage people to visit and stay longer.

Whilst the Draft Centres Policy indicates that the preferred location for new retail and commercial development is in centres, it recognises that there may be exceptions to this approach.

The Draft Policy has been publicly exhibited and the DP&E is currently reviewing submissions. The six key principles are discussed in more detail below.

- **Principle 1:** Retail and Commercial Activity should be Located within Centres

The first principle of the Draft Centres Policy reinforces the longstanding strategy to concentrate the predominant share of retail and business floorspace within town centres. The clustering of uses within centres is justified for environmental and economic reasons. By way of example, focusing uses within centres makes efficient use of existing infrastructure, can improve business efficiency and productivity and allow for a range of uses to be provided meeting consumer needs.

- **Principle 2:** Centres should be able to Grow and New Centres Form

The Draft Centres Policy identifies that areas experiencing significant increases in population and real income must be dynamic and respond to “prevailing market demands” through the extension of existing centres or the growth of new ones.

- **Principle 3:** Market Determines Need for Development, Planning Regulates Location and Scale

The third principle of the Draft Centres Policy identifies that the market is best placed to determine demand for retail and commercial development. Accordingly, the role of the planning system is not to assess the appropriateness of development on the basis of demand, but rather to make an assessment as to the external costs and benefits.

- **Principle 4:** Ensuring the Supply of Floorspace Accommodates Market Demand

The fourth principle of the Draft Centres Policy emphasises the importance of competition between retailers. The key intention of this principle is to create better quality, cheaper and more accessible goods for all consumers through enhanced competition. To support opportunities for greater competition, the Draft Policy requires councils

to ensure that there is sufficient zoned land to enable additional (and new) large format retailers to enter the NSW retail market.

- **Principle 5:** Support a Wide Range of Retail and Commercial Premises and Contribute to a Competitive Retail Market

Principle 5 of the Draft Centres Policy states that, subject to meeting the appropriate location and design criteria, the zoning and development assessment process should not consider impacts between existing and proposed retailers as a planning consideration.

Whilst the Principle seeks to extract the matter of individual business impact from planning assessment (in keeping with the findings of various Land and Environment Cases) the effect of a proposed development to the function and vitality of existing and planned centres will remain as an important local issue.

- **Principle 6:** Contributing to the Amenity, Accessibility, Urban Context and Sustainability of Centres

Principle 6 of the Draft Centres Policy highlights the importance of design quality, development layout, connectivity and integration. The Policy recognises that good design supports the vitality and function of a town centre as well as the viability and success of a retail development. Accordingly good quality design is in the interests of planning authorities, retailers and consumer alike.

Ministerial Section 117 Direction 1.1 (2009)

Section 117 Direction 1.1 relates to Business and Industrial zones. The objectives of the direction are as follows:

- Encourage employment growth in suitable locations;
- Protect employment land in business and industrial zones; and
- Support the viability of identified strategic centres.

This Direction applies when a planning proposal would affect land within an existing or proposed business or industrial zone. As such the report will address the five key requirements of Direction 117 these being:

- Follow the objectives of the Direction;
- Retention of existing business and industrial zones;
- No net loss of potential floor space for employment uses and related public services in business zones;
- Not reduce the potential floor space area for industrial uses in industrial zones; and

- Be in accordance with a Strategy approved by the Director General of DP&E.

Implications

Metropolitan and Subregional Strategies

The above strategies and policies give impetus to the need to create housing and employment opportunities. This is evident in the '*Plan to Grow Sydney*' which emphasises the need to increase the productivity of Western Sydney through growth and investment which. To meet this need this will require new jobs close to centres and transport. The advancement of a mixed use development located on the Subject Site is in accordance with this strategy and would address each of these objectives by creating employment opportunities and additional dwelling mixture choice for the increase in population.

Section 117 Direction 1.1

The below section addresses the five key requirements of Direction 117 as established above:

Follow the objectives of the Direction:

The proposed development would:

- Result in a net increase of 469 full time and part time jobs on site and in turn encourage employment growth (consistent with objective 1.A);
- Result in a potential gain in floor space for employment uses (consistent with objective 1.B); and
- Generate additional demand for retail and business services through the proposed retail component which would help to support the viability of identified strategic centres (consistent with objective 1.C).

On this basis the development is in accordance with the objectives of the Direction.

Retention of existing business and industrial zones:

Although the development would result in a net loss in land zoned B6 for bulky goods employment it would lead to an increase in employment generating uses through the retail and commercial component incorporated in the mix use development.

No net loss of potential floor space for employment uses and related public services in business zones:

The proposed rezoning will result in a potential gain in floor space for employment uses. With the site currently vacant, the development proposes to include 8,362sqm of retail/commercial uses and a 600sqm community hub.

Be in accordance with a Strategy approved by the Director General of DP&E:

The proposed rezoning and subsequent mixed use development responds and accords with the metropolitan strategies as well as supporting the indicative targets for population, housing and employment growth within the Draft Central Subregional Strategy.

3 RETAIL FLOORSPACE DEMAND

This Chapter undertakes a demand and supply analysis of retail floorspace in Merrylands. As part of this analysis we examine the existing retail hierarchy in the area around the Subject Site. The purpose is to gain an understanding of the supply and distribution of retail floorspace in this locality, which informs the trade area definition and latent demand for retail space and commercial services.

Methodology

The methodology applied by this Chapter is based on household expenditure modelling.

This practice involves the definition of trade areas, analysing forecast population, estimating and projecting expenditure levels from current and future population, estimating the level of expenditure captured specifically by the Centre and dividing captured expenditure by industry benchmark turnover levels to derive required floor areas.

The Retail Hierarchy

Understanding the local retail hierarchy and its competitive offer is an essential step in defining a trade area for the proposed Centre. Below is a description of relevant centres in the locality and subregion.

Parramatta Regional City

Parramatta CBD provides an estimated 700,000sqm of commercial office space and 180,000sqm of retail floorspace¹. The prime retail component of the CBD is located along Church Street, between the Parramatta River (north) and the Westfield Shopping Centre (south).

Parramatta CBD as a retail centre has an extensive trade area covering the central western suburbs of Sydney. The main retail focus of the CBD is Westfield Parramatta which contains approximately 120,600sqm of occupied retail space anchored by Myer, David Jones, Kmart, Target, Woolworths (4,622sqm) and Coles (2,637sqm)².

For the year to December 2012 Westfield Parramatta reported a turnover of \$728.7m which ranked the centre 11th nationally out of

¹ UWS Westmead Campus Redevelopment Retail Economic Impact Assessment, Hill PDA (January 2011)

² Property Council of Australia NSW/ACT Shopping Centre Directory 2014/15

the 83 similar sized shopping centres in Australia (centres of greater than 45,000sqm GLA retail floorspace) as recorded by Shopping Centres News (SCN). However, in terms of turnover per sqm Westfield Parramatta achieved a rate of \$5,965/sqm³, ranking the centre 68th nationally.

Towards the northern end of Parramatta CBD is the 6,500sqm Brand Smart Centre⁴ and along Church Street, George Street and Macquarie Street are numerous specialty shops and arcades. Major anchors outside of Westfield Parramatta include JB Hi-Fi and Officeworks.

The northern end of Church Street has developed into a European 'eat street' with al-fresco dining. The southern end of Church Street contains a large number of Asian stores, Chinese and Indo-Chinese restaurants.

A proposed expansion to the Westfield Parramatta was approved by the DP&E. Stage 1 of this expansion will comprise an additional 24,504sqm of retail floorspace⁵ inclusive of a new discount department store (DDS) and a relocated Woolworths supermarket in addition to a mini-major, major tenant and additional specialty floorspace. Stage 2 will comprise commercial office floorspace.

The Parramatta Square development will provide a further 6,600sqm of retail floorspace to Parramatta CBD⁶.

Fairfield Town Centre

Fairfield has been identified a potential major centre. The retail facilities within the Fairfield Town Centre include:

- Fairfield Forum, a sub-regional centre occupying some 18,600sqm of retail floorspace. Fairfield Forum is anchored by a Kmart discount department store of 4,848sqm as well as a Coles supermarket of 3,054 sqm. Some 35 retail specialty tenants are also provided at the centre. Total centre sales are recorded at \$70 million in 2014⁷.
- Neeta City Shopping Centre, a sub-regional shopping centre anchored by Big W (6,858 sqm) and a Woolworths (3,954 sqm).

³ Shopping Centre News Big Guns 2015

⁴ UWS Westmead Campus Redevelopment Retail Economic Impact Assessment, Hill PDA (January 2011)

⁵ Economic Impact Assessment: Westfield Parramatta and Gateway Office Tower, URBIS (July 2012)

⁶ Parramatta CBD Retail Impact Study, MacroPlan Dimasi (2013)

⁷ Shopping Centre Directory 2015

The centre totals some 19,647 sqm of retail floorspace and also includes some 85 retail specialty tenants⁸.

- A large provision of retail specialty floorspace is also provided within the broader Fairfield Town Centre, estimated to total some 17,000 sqm of retail floorspace. An ALDI Foodstore forms a major anchor tenant within the remainder of the Fairfield Town Centre, situated immediately north of Neeta City Shopping Centre.

Merrylands Town Centre

Merrylands is the largest centre in the Holroyd LGA. At the time of the Holroyd Retail Centres Strategy (2008) Merrylands provided commercial floorspace of approximately 71,000sqm GLA of which an estimated 56,000sqm was shop front retail floorspace⁹. An expansion of the Stockland Merrylands shopping centre in October 2012 added a further 33,000sqm of GLA retail floorspace.

Stockland Merrylands dominates retail provision in the centre with 59,000sqm of GLA retail floorspace¹⁰ including Woolworths and Coles supermarkets, Big W, Kmart and Target DDSs and 104 specialties.

The balance of retail provision within Merrylands Centre is strip retail mainly fronting Merrylands Road just south of Stockland Merrylands.

Granville Town Centre

Granville Town Centre is located approximately 3km or an 8 minute drive north of the Subject Site¹¹. Retailing uses in the centre are located on both sides of the railway station but predominately to the south. The centre contains 106 shopfront units and provides approximately 13,000sqm of retail-related shopfront floorspace¹². This includes a Foodworks store of approximately 360sqm. The centre encompasses Granville RSL and a number of civic and educational functions including Granville Boys High School, Granville Town Hall and a library.

A Woolworths supermarket of approximately 4,000sqm¹³ is located 1km south of Granville Station at the intersection of Louis Street and Blaxcell Street.

⁸ Shopping Centre Directory 2015

⁹ Holroyd Retail Centres Strategy, Hill PDA (2008)

¹⁰ Stockland Merrylands Development Update, Stockland (June 2012)

¹¹ Source: Googlemaps

¹² Source: Hill PDA survey May 2015

¹³ Source: Measured of NSW Department of Lands SixViewer

Guildford Village

Guildford Village is located approximately 2km or a 5 minute drive south of the Subject Site¹⁴. Retailing uses in the centre are predominately located along both sides of Guildford Road between Railway Terrace and Bolton Street. The centre is anchored by a Supa IGA of some 1,300sqm and a Foodworks supermarket of 800sqm fronting Railway Terrace. Based on the HillPDA floorspace survey (May 2015) the centre contains 76 shopfront units and provides approximately 7,200sqm of retail-related shopfront floorspace¹⁵. In addition to the retail space is the Guildford Hotel and a number of medical services.

Greystanes Village Centre

Greystanes Village Centre is located on Merrylands Road between Braeside Road and Cumberland Road. This centre comprises 6,000sqm of floorspace including Woolworths (3,420sqm) and 27 specialty stores¹⁶. The 2008 Strategy noted that Greystanes had a large trade area extending as far north as the Great Western Highway.

Neighbourhood centres

There are a number of neighbourhood centres and strip retail strips that surround the Subject Site (e.g. Woodpark totalling some 1,300sqm; Dellwood shops comprising some 1,800sqm). The smaller nature of these centres implies no direct competition with the proposed development, rather these smaller centres provide convenience related retail services to local surrounding residents.

Merrylands West contains a Supa IGA of 1,400sqm and approximately 1,800sqm of specialty shops some 3km west of Stocklands Merrylands near the intersection of Merrylands Road and Sherwood Road.

The Trade Area

The trade area served by any retail centre is determined by a combination of factors including:

¹⁴ Source: Googlemaps

¹⁵ Source: Hill PDA survey May 2015

¹⁶ Source: Property Council of Australia NSW/ACT Shopping Centre Directory 2014/15

- The strength and attraction of the Centre as determined by factors such as the composition, layout, ambience / atmosphere and car parking in the centre / facility;
- Competing retail centres, respective sizes, retail offer and attraction;
- The retail hierarchy and the size and retail offering of centres surrounding Springwood;
- The location and accessibility of the Subject Site 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.

Based on the retail hierarchy and competitive offer described above, the Primary Trade Area (PTA) is defined as the residential area within a walkable catchment of say 400m to 800m. The PTA is restricted to the north by Stockland Merrylands and the railway line restricts the extent of the PTA to the west whilst the Woolworths store in Granville restricts Merrylands' PTA to the east.

The proposal is also likely to capture a considerable level of expenditure from Merrylands, west of the railway line. Whilst the existing supermarkets at Guildford are closer, they are further away in terms of drive times. If shopping by private motor vehicle residents west of the railway line have to drive north to Oxford Street to get across the railway line. Hence the subject site offers a more proximate alternative.

The PTA is defined as the area which the proposed centre is likely to capture the majority of food and grocery expenditure. Based on the above, we have defined two Primary Trade Areas (PTA) being:

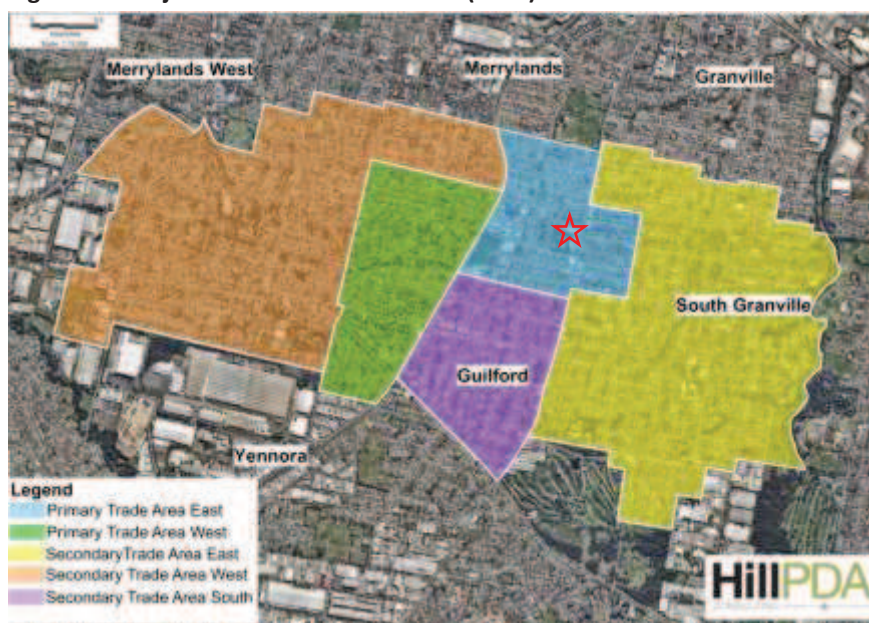
- The PTA East: which comprises the geographical area generally bounded by Claremont Street and Granville Park to the north, Woodville Road and Excelsior Street to the east and Bursill Street to the south and the railway line to the west. Retail facilities at the Subject Site would capture a majority proportion of everyday food and grocery shopping, as well as top-up shopping, from residents in this area;
- The PTA West: which extends some one to two kilometres to the west of Railway Terrace and south to the Yennora Distribution Park to include parts of Merrylands and Guildford. Stockland Merrylands restricts the PTA West to the north.

In addition to the PTAs we have defined several secondary trade areas (STA). An STA is the area which the proposed centre is likely to capture some, although minor, proportion of food and grocery related expenditure. The three STAs are defined as:

- The STA South includes those residents of Guildford, extending south from Bursill Street to South Parade.
- The STA East spans east of the PTAs to the Horlyck Reserve and includes the suburb of South Granville.
- The STA West generally extends west of the PTA West sector to incorporate the area within four kilometres of the Subject Site. The Subject Site will generate a small proportion of business from the STAs.

The extent of the trade areas are shown in the following map.

Figure 3 – Subject Site's Main Trade Area (2015)



Source: HillPDA, MapInfo 12.5

We refer hereafter to the combination of the PTA and STAs as the Main Trade Area (MTA) of the proposed centre.

Population Forecasts

Population forecasts for the MTA have been derived from the NSW AnySite Population Forecasts which generally aligns with the Bureau of Transport Statistic (BTS) data.

The below table shows that the MTA is forecast to experience a growth in population of approximately 17,383 persons or 39% between 2014 and 2031.

Table 1 – Population Projections within the Trade Area (2014- 2036)

Year	2014	2019	2024	2031	Growth 14 - 31	% Growth 14 - 31
East PTA	3,783	5,716	6,035	6,665	2,882	76.18%
West PTA	6,819	7,589	8,367	9,655	2,836	41.59%
East STA	15,956	17,752	19,160	21,778	5,822	36.49%
South STA	5,299	6,090	6,704	7,904	2,605	49.16%
West STA	12,402	13,484	14,588	15,640	3,238	26.11%
MTA	44,259	50,631	54,854	61,642	17,383	39.28%

Source: Anysite¹⁷ Population Projections 2014. We have included an additional 1,945 persons living on the subject site based on an occupancy rate of 2.2 (occupancy rate for apartments in Parramatta LGA in 2011) by 884 dwellings.

Forecast Household Expenditure

For the purposes of this Study, household expenditure was sourced from Anysite 2014 which provides household expenditure by broad commodity type.

Based on the above, and assuming population growth forecasts as discussed in previous section of this chapter, HillPDA has forecast household retail expenditure in the trade areas as provided in the following table.

Table 2 Total MTA Expenditure Forecast by Retail Store Type (\$m2014)

YEAR	2014	2019	2024	2031
PTA East				
Supermarkets & Grocery Stores	14.5	23.0	25.5	30.2
Take-away Liquor Stores	2.5	4.0	4.5	5.3
Specialty Food Stores	1.7	2.6	2.9	3.4
Fast-Food Stores	2.7	4.3	4.7	5.6
Restaurants, Hotels and Clubs*	4.6	7.3	8.1	9.6
Department Stores	3.1	5.0	5.5	6.5
Apparel Stores	3.9	6.2	6.9	8.2
Bulky Goods Stores	6.2	9.8	10.9	12.9
Other Personal & Household Goods Retailing	6.4	10.1	11.2	13.3
Selected Personal Services**	1.6	2.6	2.9	3.4
Total East PTA Retailing	47.2	74.9	83.1	98.5
PTA West				
Supermarkets & Grocery Stores	27.0	31.6	36.6	45.3
Take-away Liquor Stores	4.9	5.8	6.7	8.3

¹⁷ Anysite 2014 is a product of Pitney Bowes

Specialty Food Stores	3.1	3.6	4.2	5.1
Fast-Food Stores	4.9	5.8	6.7	8.3
Restaurants, Hotels and Clubs*	8.6	10.0	11.6	14.4
Department Stores	5.8	6.8	7.9	9.8
Apparel Stores	7.4	8.6	10.0	12.4
Bulky Goods Stores	11.5	13.4	15.6	19.3
Other Personal & Household Goods Retailing	12.0	14.0	16.2	20.1
Selected Personal Services**	3.1	3.6	4.2	5.2
Total West PTA Retailing	88.3	103.2	119.6	148.0
Secondary East				
Supermarkets & Grocery Stores	59.9	70.0	79.5	96.8
Take-away Liquor Stores	8.6	10.1	11.4	14.0
Specialty Food Stores	7.0	8.2	9.2	11.3
Fast-Food Stores	11.1	13.0	14.7	17.9
Restaurants, Hotels and Clubs*	18.3	21.5	24.3	29.7
Department Stores	12.8	15.0	17.0	20.7
Apparel Stores	16.1	18.9	21.4	26.1
Bulky Goods Stores	25.2	29.5	33.4	40.7
Other Personal & Household Goods Retailing	26.1	30.5	34.6	42.1
Selected Personal Services**	6.7	7.8	8.9	10.8
Total East STA Retailing	191.8	224.3	254.4	310.1
Secondary South				
Supermarkets & Grocery Stores	19.7	23.8	27.6	34.9
Take-away Liquor Stores	3.4	4.1	4.8	6.0
Specialty Food Stores	2.3	2.7	3.1	4.0
Fast-Food Stores	3.6	4.4	5.1	6.4
Restaurants, Hotels and Clubs*	6.2	7.5	8.7	11.0
Department Stores	4.3	5.2	6.0	7.5
Apparel Stores	5.4	6.5	7.5	9.5
Bulky Goods Stores	8.4	10.1	11.7	14.8
Other Personal & Household Goods Retailing	8.8	10.6	12.3	15.5
Selected Personal Services**	2.3	2.7	3.2	4.0
Total South STA Retailing	64.4	77.8	90.0	113.8
Secondary West				
Supermarkets & Grocery Stores	47.1	53.8	61.2	70.4
Take-away Liquor Stores	8.3	9.5	10.8	12.4
Specialty Food Stores	5.4	6.1	7.0	8.0
Fast-Food Stores	8.7	10.0	11.4	13.1
Restaurants, Hotels and Clubs*	15.0	17.2	19.5	22.5
Department Stores	10.1	11.5	13.1	15.1
Apparel Stores	12.6	14.4	16.4	18.8
Bulky Goods Stores	20.0	22.9	26.0	29.9
Other Personal & Household Goods Retailing	20.7	23.6	26.8	30.8
Selected Personal Services**	5.4	6.1	7.0	8.0

Total West STA Retailing	153.3	175.2	199.2	228.9
Total MTA				
Supermarkets & Grocery Stores	168.2	202.3	230.4	277.6
Take-away Liquor Stores	27.8	33.5	38.1	45.9
Specialty Food Stores	19.3	23.2	26.5	31.9
Fast-Food Stores	31.1	37.4	42.6	51.3
Restaurants, Hotels and Clubs*	52.8	63.5	72.4	87.2
Department Stores	36.1	43.4	49.4	59.6
Apparel Stores	45.4	54.6	62.2	75.0
Bulky Goods Stores	71.3	85.7	97.6	117.6
Other Personal & Household Goods Retailing	73.8	88.8	101.1	121.8
Selected Personal Services**	19.1	22.9	26.1	31.4
Total MTA Retailing	545.0	655.4	746.4	899.2

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

**Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

Forecast assumes 1.0% real growth in real retail spend per capita per annum in line with historical trends.

The MTA generated approximately \$545m of retail expenditure in 2014. \$135m or 25% is attributable to residents of the PTAs. Over the period to 2031 total retail expenditure generated is forecast to increase to \$899m as a result of population and expenditure growth.

Residents throughout the trade areas have a lower per capita retail spend (\$12,313/ capita in 2014) compared to the NSW average (\$13,882/ capita).

However, of total retail expenditure generated by residents of the trade areas, only a proportion would be captured by retail facilities at Subject Site.

Shopfront Floorspace Demand

Demand for retail floorspace is calculated by applying target turnover rates to the total retail spend generated by residents of the MTA. The MTA would not capture the entirety of potential retail expenditure from residents within the MTA as residents travel to higher order centres such as Merrylands and Parramatta to undertake fashion, leisure and comparison goods and specialised shopping.

As such HillPDA has applied varying retail capture rates for the proposed centre from the PTA and STAs as shown in the following table.

Table 3 – MTA Capture Rates

Year	East PTA Capture Rate	West PTA Capture Rate	East STA Capture Rate	South STA Capture Rate	West STA Capture Rate
Supermarkets & Grocery Stores	70%	60%	15%	20%	13%
Take-away Liquor Stores	70%	60%	10%	15%	10%
Specialty Food Stores	65%	45%	5%	15%	5%
Fast-Food Stores	40%	20%	3%	5%	2%
Restaurants, Hotels and Clubs*	40%	20%	3%	5%	2%
Department Stores	0%	0%	0%	0%	0%
Apparel Stores	10%	5%	3%	5%	2%
Bulky Goods Stores	0%	0%	0%	0%	0%
Other Personal & Household Goods Stores	20%	10%	3%	5%	2%
Selected Personal Services**	35%	15%	3%	5%	2%
Total Capture	40%	30%	7%	10%	6%

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

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

We also anticipate that additional demand for retail floorspace and shop front space would be generated and occupied by:

- Trade from beyond the MTA of some 5%;
- Non-retailers (such banks, real estate agents, travel agents, medical services, etc.) – say 20% of specialty stores; and
- A vacancy factor of around 5% of specialty stores.

Table 4 – MTA Floorspace Demand (2014- 2031) by Store Type (sqm GLA)

Year	Target Rate***	2014	2019	2024	2031
Supermarkets & Grocery Stores	11,000	4,311	5,312	5,895	6,895
Take-away Liquor Stores	12,000	607	756	839	981
Specialty Food Stores	8,000	448	569	630	738
Fast-Food Stores	8,000	361	470	518	605
Restaurants, Hotels and Clubs*	5,000	992	1,290	1,425	1,662
Department Stores	3,600	-	-	-	-
Apparel Stores	6,000	309	381	422	494
Bulky Goods Stores	3,700	-	-	-	-
Other Personal & Household Goods Stores	4,900	879	1,116	1,234	1,441
Selected Personal Services**	3,500	438	570	629	734
Total Retailing		8,346	10,465	11,594	13,549
Commercial Floorspace (20%)		1,669	2,093	2,319	2,710
Vacancies (5%)		501	628	696	813
Total Shop Front Demand		10,515	13,185	14,608	17,072

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

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

Based on the table above, current demand for shopfront space in the MTA is estimated at 10,500sqm. Over the period to 2031 this is expected to increase to a demand for approximately 17,000sqm, representing an increase of 6,500sqm or 62%.

Approximately 39% of floor space demand is supermarket / grocery stores – a full line supermarket as well as the existing ALDI store by 2019.

The inclusion of a national supermarket at the Subject Site would have additional benefits for the area such as increasing its attractiveness and competitive edge by providing prospective shoppers with a greater range of goods. By attracting additional shoppers on this basis, additional flow on benefits may be secured by complementary specialty retailers.

As identified in the below table, the PTAs contain approximately 2,000sqm of retail floorspace as of our survey in 2015.

Table 5 – Retail Floorspace Supply vs Demand 2016-2031

	2014	2019	2024	2031
Retail Demand	8,346	10,465	11,594	13,549
Retail Supply*	2,000	2,140	2,140	2,140
Over/Undersupply	6,346	8,325	9,454	11,409

Source: HillPDA Survey 2015

*Additional 140sqm of retail floorspace within development at 297 Woodville Road (CordellsConnect)

Our analysis identified that the PTA would have an undersupply of retail floorspace in the order of 8,300sqm by 2019. The PTA currently has some highway based fast food stores and an ALDI food and grocery store. ALDI sells few lines (less than 1,000) at discount prices. It has a wider but thinner trade area than Coles, Woolworths, Supabarn and even Supa-IGA. Demand analysis reveals that the Subject Site could support a full-line supermarket of 3,000 to 4,000sqm by 2019.

More importantly the Subject Site is probably the only opportunity for a mixed use development incorporating a full line supermarket anywhere along Woodville Road given that all other potential sites are too small and numerous site amalgamations would be necessary which is an unlikely scenario.

4 RETAIL IMPACT ASSESSMENT

The previous Chapter in this Study established a need for the retail component of the proposed development. This Chapter assesses the economic impact of the proposed retail floorspace on existing and proposed retail centres in the locality. The EPA & Act (1979) is not clear on what is meant by locality, however for the purpose of this assessment we have assumed it to be the defined trade areas for the convenience retail floorspace proposed.

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

Estimated Turnover of Proposal

For the purposes of this study HillPDA has assumed that the shopping centre on the Subject Site will include just under 1,000sqm of commercial space (possible medical centre and/or gymnasium, finance, travel, real estate services and the like). Occupied retail space is assumed to be 6,200sqm (GLA) which includes a 4,065sqm supermarket. The retail space is expected to trade at close to industry benchmark levels for metropolitan areas. The economic impact assessment assumes proposed retail uses on the subject site are operational post 2019.

The below table applies target turnover rates consistent with those used to calculate floorspace demand for the assumed floorspace mix on the Subject Site to derive marginal turnover.

Table 6 - Estimated Retail Turnover 2019 (\$2014)

Retail Store Type	GLA (sqm)	Turnover Rate (\$/sqm)*	Turnover (\$m)
Supermarket	4,065	\$9,840	\$40.0
Specialty Retail	2,140	\$6,250	\$13.4
Total GLA	6,200	\$8,601	\$53.4

Source: Various including ABS Retail Survey 1998-99, Urbis Retail Averages, Shopping Centre News, HillPDA and various consultancy studies.

Based on our calculations the retail component of the proposed development would achieve retail sales in the order of \$53.4m in 2019.

Redirection of Turnover from Existing Centres

The \$53.4m of retail sales captured by the centre would be redirected from competing centres. Note that this turnover should be viewed in the context of growth in expenditure in the MTA between 2014 and 2019 which is equivalent to some \$110.4m of expenditure. The proposed centre is therefore justifiable based on growth alone and would not be reliant upon redirecting significant trade away from existing centres.

Notwithstanding this in order to provide a robust assessment HillPDA has prepared a bespoke gravity model to examine the extent of trade redirected from existing centres. The results of the bespoke gravity model are presented in the following table.

Note that the gravity model assumes that 15% of the turnover captured by the proposed development would be redirected from other destinations not listed in the gravity model. These include freestanding supermarkets such as the ALDI on Merrylands Rd in Guildford and petrol filling stations, retailing uses in industrial areas and other centres outside of the MTA.

Table 7 Impact on Surrounding Centres

Retail Centre	1. Distance from Subject Site (km)	2. Approx. Retail Floor Space*	3. Turn-over in 2014	4. Turnover in 2019 without Proposal	5. Turnover in 2019 with Proposal	6. Shift in Turn-over (\$m)	7. % Shift in Turn-over in 2019	8. Shift in turnover 2014-19	9. % Shift in turnover 2014-19
Proposed Centre					53.4	53.4			
Fairfield	5.9	54,600	251.0	279.2	271.5	-7.7	-2.8%	20.5	8.2%
Merrylands SC	3.0	81,900	483.5	556.5	533.4	-23.1	-4.2%	49.8	10.3%
Guildford Village	1.7	7,150	52.0	58.8	53.6	-5.2	-8.8%	1.6	3.1%
Granville	4.7	17,350	115.0	123.3	118.3	-4.9	-4.0%	3.3	2.9%
West Merrylands	4.4	3,300	25.0	26.8	25.5	-1.3	-5.0%	0.5	1.9%
Greystanes	6.4	5,700	45.0	48.2	45.6	-2.6	-5.4%	0.6	1.4%
South Granville	3.0	1,700	9.5	10.2	9.7	-0.5	-4.5%	0.2	2.4%
Other						-8.0			
TOTAL		171,700	981.0	1103.0	1111.0	0.0	0.7%	130.0	13.2%

1 Drivetime in km derived from Googlemaps.

2 Various including Shopping Centre News, PCA Shopping Centres Directory, HillPDA Floorspace Surveys.

3 Various including Shopping Centre News, PCA Shopping Centres Directory, Shopping Centre Annual Reports, Urbis Retail Averages, Other Consultancy Reports and HillPDA Estimate.

4 Allows for population growth (variable for each centre) and real growth in retail spend per capita of 1.0% per annum in line with historic trend since 1986 (HillPDA Calculation from ABS Retail Sales, population estimates and CPI indexes).

5 The turnover of localities following the proposed development. The forecast turnover of the proposed development is distributed between localities based on distance and size.

6 Immediate shift in turnover. This is difference between the development and the do nothing options (i.e. Column 4 minus Column 5).

7 Immediate percentage shift is shift in turnover divided by the turnover in 2013 without the development proceeding.

8 This is the shift in turnover from 2013 to 2018 after the opening of the new development.

9 This is shift in turnover from 2013 to 2018 divided by the based turnover in 2012.

There are no universal measures of significance of economic impact. There are references in various consultancy reports and statements in the NSW Land & Environment Court which suggest that a loss of trade below 5% is considered insignificant, 5% to 10% is low to moderate, 10% to 15% is moderate to high, and above 15% is a strong or significant impact. Generally impacts of up to 10% are considered to be within the normal competitive range, although this is dependent upon the trading performance of the centre in question and/ or the level of population growth in a trade area.

Columns 6 and 7 in the above table indicate the immediate or point in time trading impact of the proposed development in 2019. As would be expected, in proportional terms Guildford Village would experience the strongest impacts equivalent to a 8.8% loss of trade, followed by Greystanes and West Merrylands (5.4% and 5.0% loss of trade). All other centres would experience impacts of less than 5% which is considered insignificant.

Over time this impact will lessen across all the surrounding centres (refer to Columns 8 and 9). This is because these centres will capture an increasing amount of retail expenditure over time as a result of population and expenditure growth in their respective trade areas. Indeed, over the 2014 to 2019 period all centres will experience and increase in trading levels even with retail development at the Subject Site. On this basis, we consider that the trading impacts of the proposed local centre floorspace would be acceptable and would not threaten the role, function or commercial viability of any existing centre.

In summary the PTA has around 10,600 people. This population alone warrants a full line supermarket based shopping centre. The proposed shopping centre will provide for the needs of this population. The vast majority of the centre's trade will come from these new residents that will live within an immediate walkable catchment. Only a minority of its trade will come from existing residents that live outside the walkable catchment. As a result it provides a net community benefit in the locality.

5 THE ROLE OF THE PROPOSED CENTRE

This chapter addresses the definition of the proposed centre and its size, impact on the retail hierarchy, the appropriateness of its size and the sequential testing of alternative sites.

Centre Classification

The Metropolitan Strategy (now replaced by A Plan for Growing Sydney) and the sub-regional strategies (still current) provide a classification of centres or Centres Typology which is generally as follows:

- Regional City which includes Parramatta, Liverpool and Penrith;
- Major Centres being the major shopping and business centre for a sub-region and containing a full scale shopping mall, council offices, taller office and residential buildings, central community facilities and a minimum of 8,000 jobs. Examples include Blacktown, Bankstown and Bondi Junction.
- Town Centres as having one or two supermarkets, community facilities and medical centres. Merrylands, Granville, Auburn and Lidcombe are all defined as town centres.
- Village Centres as having a strip of shops and normally a single supermarket.
- Neighbourhood centres are defined as a small group of shops. Generally there is no large format store or anchor store, however a small supermarket or convenience store (generally below 800sqm) is considered appropriate.

In terms of size all the major centres defined under the Metropolitan Strategy have more than 100,000sqm of gross leasable area retail (GLAR) space (with the exception of Kogarah).

Town Centres vary considerably in size. Granville is a smaller one with around 17,000sqm whilst Merrylands represents one of the largest town centres with over 80,000sqm including two discount department stores and two full line supermarkets.

Village centres are typically anchored by a supermarket - small, medium or large format and have around 10 to 30 specialty shops. Guildford is an example with two small format supermarkets. The Woolworths Marketplace at Pemulwuy is a more modern example of a village centre. A typical village centre is 5,000 to 12,000sqm GLAR.

Neighbourhood centres are generally below 2,000sqm GLAR and have only a small format supermarket if any.

The subject planning proposal contains more than 6,000sqm GLAR and includes a large format supermarket. We therefore classify it as a village centre rather than a neighbourhood centre.

Advantages of a Village Centre

Supermarkets are the anchor stores in most shopping centres. This is because they capture around 30% of total retail sales in all categories. In lower income areas the percentage is a little higher.

Most supermarket expenditure is directed to the larger full-line stores. These supermarkets provide 20,000 or more items and full size trolleys specifically for the "weeks" shopping.

On the other hand the smaller format supermarkets have a far more limited offer generally providing less than 1,000 items. The role of these shops is more convenience or "top-up" shopping. Here the shopper makes only a few purchases and selects the store for its convenience.

If the John Cootes site were to provide only a neighbourhood centre with a small format supermarket then the majority of food, grocery and liquor (FGL) expenditure from primary trade area (PTA) residents would continue to escape the main trade area (MTA) and go to the larger centres such as Merrylands, Woolworths Granville, Westfield Parramatta and others.

A Village centre with a full-line supermarket on the subject site has considerable benefits over a smaller neighbourhood centre option. Apart from providing a much larger and better retail offer it enables more shopping trips to be done by foot and reduces travel distances for PTA residents.

Sequential Test

In addition to impact assessment and net community benefit testing, the sequential test is a further tool for evaluating expansion of retail space. The methodology involves demonstrating demand and then considering appropriate locations to meet that demand. The steps in the sequential test are:

- Is there a need or demand in a defined area that is not being met adequately or efficiently?
- If yes, then is there space available in an existing centre that can accommodate supply desirably and feasibly?

- If not, then is there a site or sites on the edge of a centre that can accommodate supply desirably and feasibly?
- If not, then a new centre should be considered and planned for.

Chapter 3 above showed that growth is expected for around 20,500 more people in the MTA from 2014 to 2024 of which around 4,000 are expected in the PTA. By 2024 the PTA East and West is expected to house around 14,400 yet there are no large format supermarkets. Growth in the MTA alone justifies the need for at least one more full-line supermarket (the benchmark being one full-line supermarket per 9,000 residents).

The next step is then to determine the best location for a full line supermarket, complemented by a range of specialty shops, somewhere in the locality.

Large format supermarkets with ancillary specialities require a considerable amount of site area. Even if parking is provided under or over the retail level, a site area of almost one hectare is generally required. Small sites would not be feasible in this area.

Merrylands is an existing large town centre with more than 80,000sqm of GLAR. Stockland already has two large format supermarkets (Coles and Woolworths) as well as a medium size discount supermarket being ALDI. This centre is just outside the defined MTA. Providing another full line supermarket would only duplicate the existing offer and provides little improvement to the residents of the PTA.

Granville is also just outside the MTA. It has a full line Woolworths supermarket. The car park on Memorial Drive provides about the only opportunity to possibly accommodate a full line supermarket but the feasibility would prove difficult. It is also more than walking distance for PTA residents.

Guildford shopping centre is near the rail station and inside the MTA. It is arguably the best location for a full line supermarket being near the station and it would support the existing retail. However there are no sites available. Considerable site amalgamations would be necessary and redevelopment would not be viable.

This leaves the John Cootes site as being the most viable alternative. It is one of very few sites, probably the only site, within the MTA that could accommodate a Village centre with a full line supermarket – being the only site large enough and in single ownership.

6 ECONOMIC IMPLICATIONS

The following chapter undertakes an assessment of the economic implications of retaining the Subject Sites current zoning verses the economic implications of rezoning to allow for a mixed use development.

Employment Impacts

The following assesses the economic implications of retaining the current uses against the Planning Proposal.

Employment

The Subject Site is currently occupied by a John Cootes Furniture Merrylands. Assuming a rate of 100 workers per sqm, we estimate that the retail facility currently employees 35 workers¹⁸.

The Planning Proposal would support permanent employment post-construction through the operation of retail and commercial uses within the development. The table below provides an estimate of the number of jobs on site in accordance with the Planning Proposal.

Table 8 Employment Generation from Planning Proposal

Land Use	Employment Rate*	GLA	No. of Worker
Supermarket*	1 / 21 sqm	4,065	194
Specialty Retail*	1 / 25 sqm	3,097	124
Childcare Centre**	1/5 Children	1,200	20
Work from Home***	1 / 13 dwellings		42
TOTAL			380

* ABS Retail Survey 1998-99

** Childcare: Educator to child ratios are sourced from the National Quality Framework. 100 places/children are assumed with an educator to child ratio of 1:5.

*** 7.6% of workers undertake majority of work at home (ABS Locations of Work 2008 Cat 6275.0)

Based on the table above, the proposed development is estimated to provide 380 jobs on site. These are jobs in full, part-time and casual positions.

The development proposes the addition of +7,162sqm of shopfront space and a childcare centre of 1,200sqm providing 337 jobs. Assuming a further +42 jobs from home based businesses and residents working at home, then a total of +380 permanent jobs will

¹⁸ Based on a GFA of 3,308sqm.

be provided on the Subject Site. With only 35 jobs currently estimated on site, the Planning Proposal will provide a net increase of 345 jobs.

Workers' Salaries

The combined total of workers' salaries currently is approximately \$1.5 million.

The Planning Proposal would increase the combined total of workers' salaries on site to approximately \$12.85 million as shown in the table below.

Table 9 Potential Salary Contribution

Land Use	No. of Workers	Average Annual Wage	Total Wages
Supermarket	194	\$28,333	\$5,496,672
Specialty Retail	124	\$32,634	\$4,046,653
Childcare Centre	20	\$39,435	\$788,693
Work from Home	42	\$60,000	\$2,520,000
TOTAL	380		\$12,852,018

Source: IBIS World Industry Reports.

On this basis, the Planning Proposal would increase total salaries by around \$11.4m every year.

Industry Value Added

Industry value added (IVA) of an industry refers to the value of outputs less the costs of inputs. It also measures the contribution that the industry makes to the country's wealth or gross domestic product (GDP).

We estimate the value added from the existing furniture store to be \$2.3m every year based on 35 staff by \$65,804 per annum¹⁹.

Conversely, we estimate the value added from the Planning Proposal to be in the order of \$18.7m every year as shown in the below table.

¹⁹ IBIS World Industry Reports and HillPDA Estimate.

Table 10 Industry Value Added from the Various Land Uses on Site

Value Add	No. Of Workers	IVA/ Worker	Industry Value Added
Supermarket	194	\$45,821	\$8,889,346
Specialty Retail	124	\$46,683	\$5,788,692
Childcare Centre	20	\$43,951	\$879,011
Work from Home	42	\$74,000	\$3,108,000
TOTAL	380		\$18,665,048

Source: IBIS World Industry Reports and HillPDA Estimate.

Therefore the Planning Proposal would provide a further \$16.4m every year in added value or contribution to the local economy (measured in current 2014 dollars).

Other Economic Benefits

The following assesses the economic implications of rezoning the Subject Site to allow for a mixed use development. Given that the Planning Proposal is at a concept stage, a high level assessment of potential economic benefits has been undertaken.

The development of a mixed use development containing residential and retail uses could have the following economic multipliers.

Construction Benefits

HillPDA have been advised the construction of the Planning Proposal would cost in the order of \$211m. A breakdown of the indicative costs are shown in the below table.

Table 11 Breakdown of Estimated Construction Cost

Component	GFA (sqm)	Estimated Cost (\$m)
Basement carparking		\$28.5
Commercial/retail/community	8,362	\$28.4
Apartments	518–590	\$141.0
Open space/Internal Road	8,500	\$13.5
Total		\$211.3

Source: Giles Tribe Architects and HillPDA (May 2015) adjusted to new scheme Oct 2015

The construction industry is a significant component of the economy accounting for 7.3% of Gross Domestic Product (GDP) and employing almost one million workers across Australia²⁰. The industry has strong linkages with other sectors, so its impacts on the economy go further

²⁰ IBIS World Construction Industry Report 2011

than the direct contribution of construction. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

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

Table 12 Estimated Economic Multipliers

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.6463	0.6734	0.9891	3.3088
Output (\$million)	\$211	\$136.6	\$142.3	\$209.0	\$699.1

Source: HillPDA and ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0).

\$211m construction would generate a further \$279m of activity in production induced effects and \$209m in consumption induced effects. Total economic activity generated by the construction of the proposed development would be \$699m.

Construction Employment

HillPDA calculates that every million dollars of construction generates 2.85 full time positions over 12 months directly in construction on site²¹. Based on the estimated cost of \$211m, approximately 602 job years²² would be directly generated.

²¹ Source: Hill PDA and ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0)

²² Note: One job year equals one full-time job for one full year

Table 13 Estimated Economic Multipliers

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	0.64	0.70	1.34	3.68
Employment per \$million	2.85	1.83	1.98	3.81	10.48
Total job years created	602	387	419	806	2,214

Source: Hill PDA and ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0).

From the ABS 2008-09 ANA Input-Output tables Hill PDA has calculated the multipliers for first round, industrial support and consumption induced effects of 0.64, 0.70 and 1.34 respectively for every job year in direct construction. Including the multiplier impacts the proposed development would therefore have potential to generate 2,214 job years during the period of construction.

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

Expenditure from Residents

The Planning Proposal would provide between 518 and 590 new residential apartments on site. Assuming 96% of the apartments are occupied and an average occupancy rate of 2.2 persons per apartment we estimate between 1,100 and 1,250 permanent residents on the Subject Site.

These residents would generate demand for local retail and commercial goods and services. With an assumed average retail spend of \$12,313 per capita²³ the residents would spend between \$13.5m and \$16.4m every year on retail goods and services.

²³ This is equivalent to the LGA average based on Marketinfo 2012 data.

Expenditure from Workers

A recent survey²⁴ found that Sydney CBD workers spend an average of \$230 a week or \$11,000 per annum (based on 46 working weeks) on retail goods and services in the CBD localities. In smaller centres average spend is considerably lower due to the lack of retail offer. For the purpose of the assessment HillPDA has applied a more conservative weekly expenditure of \$50 per employee for the workers on the Subject Site which equates to an annual spend of \$2,300. With 383 workers on the Subject Site this amounts to \$880,000 per annum.

Investment Stimulus

Where a significant property investment decision has been made it is generally viewed as a strong positive commitment for the local area. Such an investment can in turn stimulate and attract further investment. The direct investment in the Subject Site would support a wide range of economic multipliers as outlined above which would in turn support investment in associated industries. It would also raise the profile of Merrylands to potential investors.

The provision of high density residential development on the Subject Site would increase the economic benefits of the scheme to surrounding businesses, services and the financial feasibility of public transport. The benefits of residential uses are recognised in planning policy. Residents would also create further demand for retail, commercial and transport services increasing these services viability.

The proposed development would create additional business opportunities in this locality associated with future residents and the commercial and retail uses on site. It would increase the profile of this area and in so doing increase the financial feasibility of mixed use development, potentially acting as a catalyst on surrounding sites. From an economic perspective this is a good outcome given that it maximises the potential of this edge-of-centre site and creates a greater economic benefit from it.

Shopper Convenience

The Subject Site is an appropriate location at which to accommodate convenience retail floorspace given that it is easily accessible, visible to passing traffic and integral to a mixed use development

²⁴ 2013 National Office Workers Survey, Urbis (2013)

incorporating 589 new homes and an estimated 1,100 to 1,250 new residents when fully occupied. It would be catering for specific need emerging out of the MTA and particularly within the PTAs. On this basis, by providing a range of retail stores in an accessible location the centre would support shopper convenience. In doing so it would support the principles of sustainable development.

Added Price Competition

There is sufficient need locally as a result of expenditure growth to support the additional facilities and the trading impacts would not threaten the viability of any other centre. Accordingly, added price competition should be viewed positively in this case.

Additional Dwelling Mixture

The development would create additional dwellings and dwelling types to the Parramatta LGA. The addition of dwelling stock and dwelling mixture within the LGA would improve dwelling affordability within the area. This additional dwelling generation and the subsequent improved affordability would be consistent with the policies and strategies reviewed in Chapter 2.

Improved Retail Offer and Increased Competition

The provision of additional retail floorspace in Merrylands would increase the choice of shops and services for residents in the trade area. A centre with a wider variety of shops including a supermarket of 4,000sqm would reduce the need for residents to travel to other retail centres beyond the suburb.

Reduced Private Motor Vehicle Use

Sydney's ailing public transport and chronic traffic congestion within Sydney's inner west is placing pressure on residents' lives and costing commuters and businesses billions in lost productivity. As discussed above the provision of additional retail floorspace in Merrylands would primarily serve the immediate catchment of over 11,000 people currently and in turn would reduce the need for these residents to travel to other shopping destinations to meet their retail needs. As a result, this would reduce the number of private motor vehicle trips, the number of kilometres travel, vehicle operating costs and vehicle emissions, resulting in significant improvements in transport and environmental sustainability.

Summary and Implications

The below table summarises the economic benefits of retaining the Subject Sites' current uses in comparison to the development of the Subject Site in accordance with the Planning Proposal.

Table 14 Economic Comparisons of Current Uses vs Planning Proposal

	Current Uses	Planning Proposal
Total Jobs Generated	35	383
Total Salaries (\$m) Generated	\$1.5	\$13.0
Value Add to GDP (\$m)	\$2.3	\$18.9
Construction Costs (\$m)	N/A	\$211
Total Economic Activity generated by the construction of the proposed development	N/A	\$699m
Jobs Years (During Construction)	N/A	2,214 directly and indirectly

Source: HillPDA

Evidently the Planning Proposal is preferred over the 'do nothing' scenario as it would lead to a net increase in jobs (+348 jobs), salaries (+\$11.5m) and value add to GDP (+\$16.6m). Moreover the Planning Proposal would generate additional economic activity (+\$699m) and jobs (+ 2,214 job years directly and indirectly) during the period of construction and stimulate investment in the locality.

Moreover, the proposed shopfront floorspace for the Subject Site is modest within the context of population growth which will result in a significant growth in demand for retail floorspace within the trade area over the next couple of decades. When fully developed (assuming 2019) the PTAs will house almost 13,500 people which is well above the number to warrant a full-line supermarket based shopping centre (generally considered to be around 9,000).

The provision of a centre at the Subject Site would widen the retail offer for residents in the trade area and serve the growing community within Merrylands. The local centre would also provide a unique shopping destination and would contribute towards ensuring Merrylands is a desirable and sustainable place in which to live, work and shop.

7 CONCLUSIONS

The preceding Chapters have demonstrated the likely economic impacts of the proposed rezoning of the Subject Site to allow for the Planning Proposal.

There are considerable economic benefits of amending the zoning on the Subject Site. The Planning Proposal would help to meet strong demand for housing in the area, provide additional employment generating uses and retail and commercial services. The prevalent market conditions support the proposal and it would be consistent with current development activity in Merrylands.

Given the Subject Site's proximity to the transport hub, schools and amenities, a mixed use development would be more appropriate for that location than the current use. Moreover the mixed use development would create additional demand for retail and business services which would help to support the viability of the identified centre.

The proposed development will facilitate in reducing the undersupply of retail and amenity within Merrylands. The proposed local centre would also provide a shopping destination and would contribute towards ensuring Merrylands is a desirable and sustainable place in which to live, work and shop.

Finally this is probably the only opportunity left along Woodville Road where a mixed use development incorporating a full line supermarket based centre could be developed. All other sites are too small and fragmented.

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