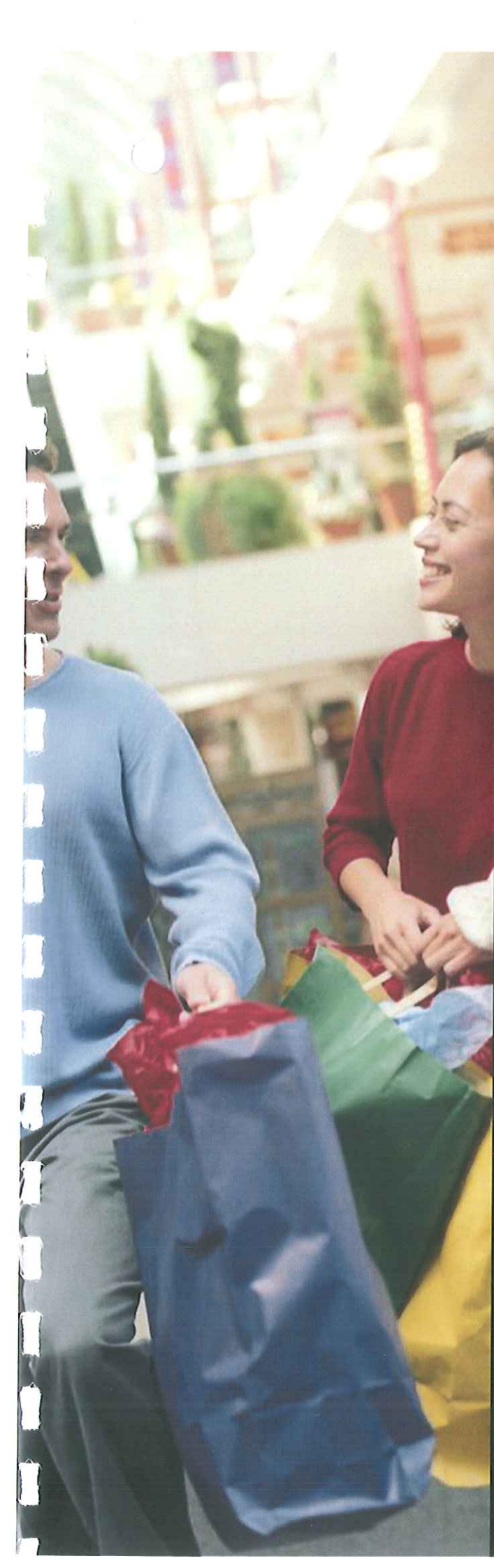




883-895 Richmond Road,
Marsden Park

Economic Study

PREPARED FOR

Brown Consulting

October 2013

Hill PDA

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



ABN 52 003 963 755

Sydney Office

3rd Floor 234 George Street Sydney

GPO Box 2748 Sydney NSW 2001

t. +61 2 9252 8777

f. +61 2 9252 6077

e. sydney@hillpda.com

Melbourne Office

Suite 114, 838 Collins St Docklands

GPO Box 3424 Melbourne VIC 3001

t. +61 3 9629 1842

f. +61 3 9642 2459

e. melbourne@hillpda.com

w. www.hillpda.com

Liability limited by a scheme approved under the Professional Standards Legislation

Hill PDA
retail analysis
urban planning
market research and analysis
financial modelling
strategic asset management
economic appraisal
feasibility analysis
property valuation
policy analysis

QUALITY ASSURANCE

REPORT CONTACT:

Fergus Stewart
Senior Consultant
BUPD
MPIA MVPELA
Email: fergus.stewart@hillpda.com

QUALITY CONTROL

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

REVIEWED BY



Dated:

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

REPORT DETAILS:

Job Ref No: C13185
Version: Final
Date Printed: 2/10/2013
File Name: C13285 Marsden Park Rezoning EIA 021013 Final

CONTENTS

1.	INTRODUCTION	6
1.1	The Subject Site.....	6
1.2	The Proposed Rezoning	7
1.3	Structure of the Study	8
2.	PLANNING & POLICY REVIEW.....	9
2.1	State and Regional Planning Policies and Strategies.....	9
2.2	Local Planning Instruments.....	12
2.3	Matters for Consideration with Respect to D.A.s	14
3.	RETAIL HIERARCHY REVIEW	16
3.1	Retail Hierarchy	16
3.2	Bulky Goods.....	17
3.3	Other Retail Facilities	20
3.4	Proposed Development	20
4.	TRADE AREA DEFINITION AND ANALYSIS	21
4.1	Trade Areas	21
4.2	Demographics of the Trade Area.....	23
4.3	Population Growth and Residential Targets	24
5.	RETAIL DEMAND ASSESSMENT	26
5.1	Household Expenditure.....	26
5.2	Forecast Demand for Floorspace within the Main Trade Area	28
6.	RETAIL IMPACT ASSESSMENT	30
6.1	Estimated Turnover of the Proposed Development	30
6.2	Impact from Rezoning.....	31
7.	OTHER ECONOMIC IMPACTS.....	32
7.1	Construction Multiplier Effects	32
7.2	Construction Employment.....	33
7.3	Employment in Operations.....	34
7.4	Investment Stimulus.....	35
7.5	Shopper Convenience	35
7.6	Added Price Competition	35
7.7	Loss of Housing Targets	35
8.	CONCLUSIONS.....	37

Appendix 1 – Demographic Analysis

LIST OF FIGURES

Figure 1 - Marsden Park Industrial Precinct and the Subject Site	6
Figure 2 - North West Growth Centre Precincts.....	7
Figure 3 - North West Structure Plan (2006)	10
Figure 4 - Bulky Goods and Other Retail Hierarchy around the Subject Site	17
Figure 5 - Subject Site Main Trade Area	22

LIST OF TABLES

Table 1 - Sydney Metropolitan Dwelling and Job Targets to 2036 (2010)	9
Table 2 - NSW Draft Centres Policy Key Principles	11
Table 3 - Retail Hierarchy around the Subject Site	16
Table 4 - Other Competing Retail Centres.....	18
Table 5 - Combined Population Projections for the Main Trade Area	25
Table 6 - Total Forecast Resident Expenditure by Retail Store Type in the MTA 2013 to 2031 (\$m2009)	26
Table 7 - MTA Forecast Resident Expenditure by Retail Store Type 2013 to 2031 drawn to Marsden Park Retail Centres (\$m2009)	27
Table 8 - Industry Benchmark Turnover Levels in 2011 (\$2009).....	28
Table 9 - MTA Forecast Demand for Floorspace by Retail Store Type 2013 to 2031 (sqm GLA)	28
Table 10 - Economic Multipliers	32
Table 11 - Employment Generation.....	33
Table 12 - Employment Generation by Retail Store Type	34

1. INTRODUCTION

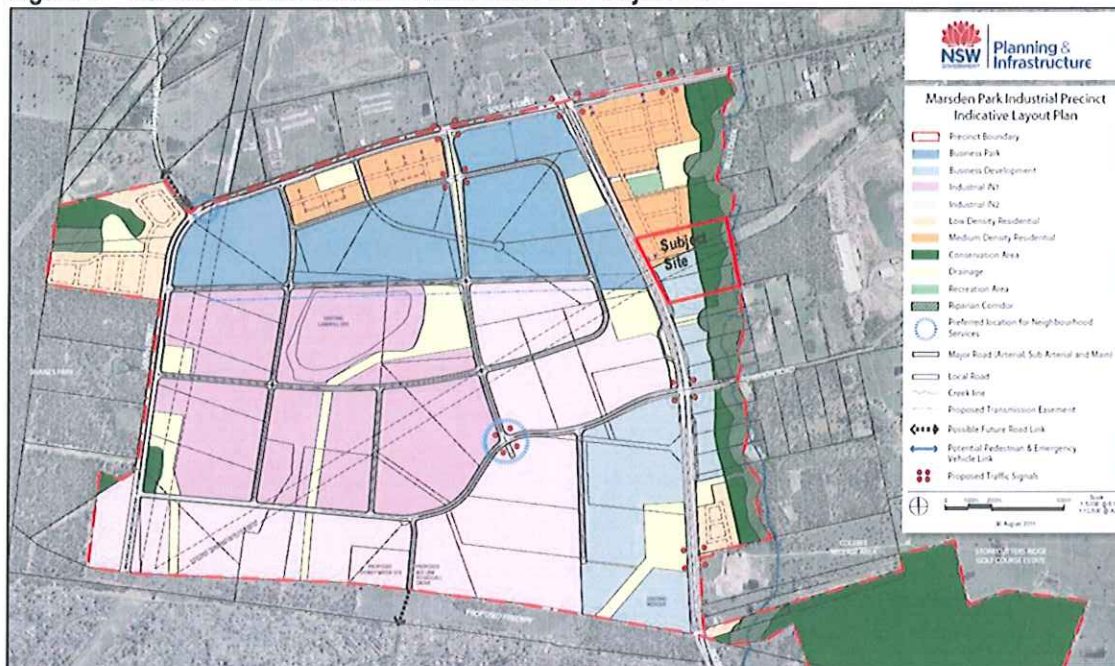
Hill PDA was commissioned to undertake an economic study ("the Study") of a proposed rezoning at 887-895 Richmond Road, Marsden Park which forms part of a larger site encompassing 883-895 Richmond Road. The proposed rezoning is for a change from R3 Medium Density Residential to B5 Business Development.

It is understood that the Study comes as a result of a new access road proposed by the Roads and Maritime Services (RMS) associated with the Richmond Road upgrade. It is also recognised that the proposed road will create an intersection that effectively separates the residential land on the eastern side of Richmond Road with the subject site and other B5 zone land to the south. This Study focuses on the demand for retail within the Subject Site's locality, the potential economic impact of retail provision to the vitality and viability of surrounding centres and also considers the loss of residential land to broad dwelling targets.

1.1 The Subject Site

The Subject Site is located at 883-895 Richmond Road, Marsden Park which is located within the Marsden Park Industrial Precinct (refer to the following figure) within Blacktown City Council. The Subject Site encompasses 9.8ha of land of which 3.1ha is proposed to be rezoned. The Subject Site is largely covered by vegetation and is bounded by Richmond Road to the west, farmland to the north and vegetation to the east and south.

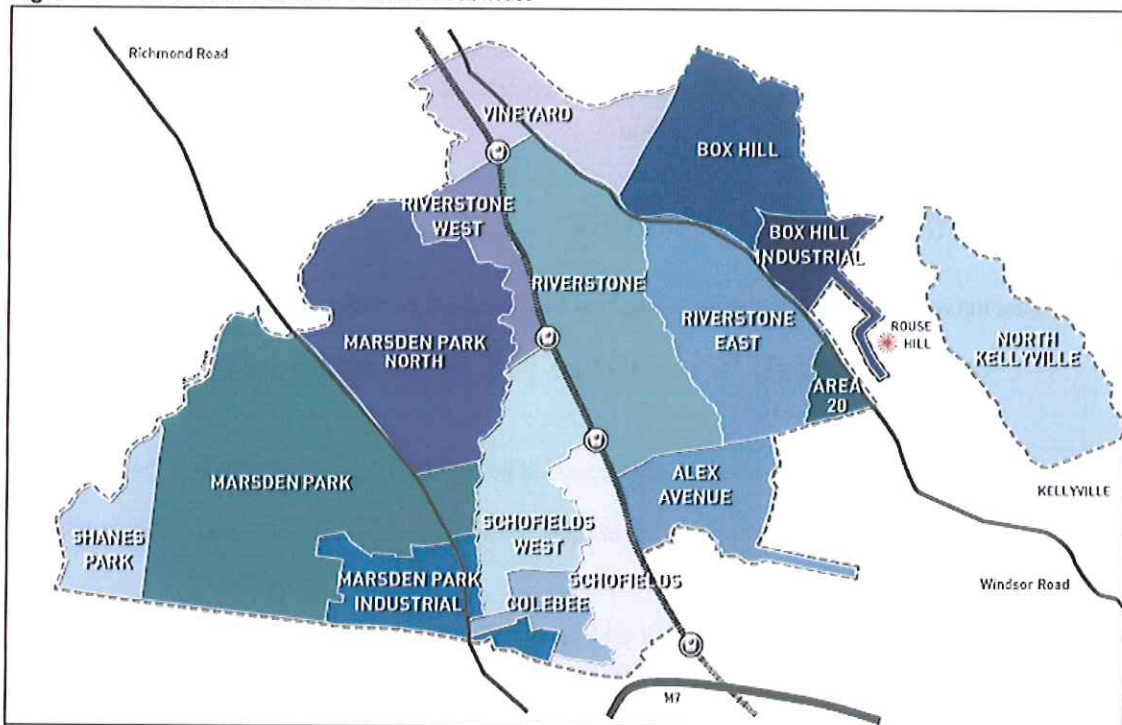
Figure 1 - Marsden Park Industrial Precinct and the Subject Site



Source: NSW Department of Planning and Infrastructure and Hill PDA (2013)

The Marsden Park area is located within the North West Growth Centre. The North West Growth Centre comprises the new residential and employment precincts of Marsden Park Industrial Precinct, Marsden Park, North Kellyville, Alex Avenue, Riverstone, Riverstone West, Riverstone East, Colebee, Area 20 and Shanes Park. Together these suburbs and precincts are intended to provide for approximately 70,000 new dwellings accommodating around 200,000 people, spread across 10,000ha.¹

Figure 2 - North West Growth Centre Precincts



Source: NSW Department of Planning & Infrastructure ([www. http://www.qcc.nsw.gov.au/north-west-21.html](http://www.qcc.nsw.gov.au/north-west-21.html)). Accessed 20.12.2012

1.2 The Proposed Rezoning

A rezoning of the northern part of the Subject Site from R3 Medium Density Residential to B5 Business Development under the Blacktown Local Environmental Plan (LEP) is proposed. Five different development scenarios have been appraised for the Subject Site, with a range of retail uses proposed for the portion of land to be rezoned and the existing B5 Zone land. The details of each development scenario are identified below:

- Option 1: Two bulky goods stores comprising 17,500sqm and associated car parking. An 8,500sqm bulky goods store to be located on proposed rezoned land.
- Option 2: Seven service / fast-food sites comprising a total of 3,880sqm along with a fuel/service station (1,200sqm), a car wash (470sqm), car servicing (1,500sqm), other car uses (870sqm) and associated car parking. The fuel / service station and fast-food are proposed on the rezoned land portion of the Subject Site.

¹ NSW Department of Planning & Infrastructure ([www. http://www.qcc.nsw.gov.au/north-west-21.html](http://www.qcc.nsw.gov.au/north-west-21.html)). Accessed 15/08/2013

- Option 3: A bulky goods store (9,200sqm), 50 residential lots (250sqm each) and associated car parking. All of the residential lots are proposed on land to be rezoned.
- Option 4: A bulky goods store (6,500sqm), fuel / service station (1,200sqm), tavern/bar (1,200sqm), bottle shop (1,600sqm), a fast food store (700sqm), car servicing (450sqm) and associated car parking. All uses aside from the bulky goods store and car servicing are located on land to be rezoned.
- Option 5: A bulky goods store (9,800sqm), a bar/tavern (1,200sqm), bottle shop (1,600sqm), a fast food store (600sqm) and associated car parking. All uses aside from the bulky goods store are located on the proposed rezoned land.

1.3 Structure of the Study

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

- Chapter 1: Introduces the context of the Study and the need for the proposed rezoning at the Subject Site;
- Chapter 2: Undertakes a detailed review of state and local policy of relevance to the Study;
- Chapter 3: Reviews the hierarchy of retail centres around the Subject Site including bulky goods centres of influence;
- Chapter 4: Identifies the Primary and Secondary Trade Areas for the proposed development, the age, household, dwelling and employment characteristics of these areas and projects population growth;
- Chapter 5: Forecasts the demand for retail floorspace in the MTA based on retail expenditure modelling and provides commentary on the suitability of the proposed developments to meet demand;
- Chapter 6: Assesses the likely turnover of retail development on the Subject Site and measures the likely impact of development on the role and function of existing and proposed centres in the locality;
- Chapter 7: Identifies other economic impacts resulting from the proposed development of the Subject Site including multiplier and employment impacts, shopper convenience and the loss of residential land.
- Chapter 8: Summarises the key findings of Chapters 1 – 7.

2. PLANNING & POLICY REVIEW

This Chapter undertakes an appraisal of the planning and legislative context that are relevant to the Study. Note that it considers matters relating to economic impact only.

2.1 State and Regional Planning Policies and Strategies

Metropolitan Plan for Sydney 2036 (2010)

The NSW Department of Planning and Infrastructure's (DP&I's) Metropolitan Plan for Sydney 2036 was released in December 2010. The Plan aims to shape the future growth of Sydney to 2036



ensuring a more resilient, compact, connected, multi-centred and sustainable city. The Metropolitan Plan integrates land use and transport planning by integrating the Metropolitan Transport Plan, which was published for consultation earlier in 2010.

The Plan aims to address key challenges facing Sydney which includes managing a growing and changing population, providing more jobs closer to home, more efficient transport delivery, climate change and maintaining our global competitiveness. These challenges are addressed through strategic directions.

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

Table 1 - Sydney Metropolitan Dwelling and Job Targets to 2036 (2010)

Subregion	New Dwelling Additions Target 2006 to 2036	% Share	New Employment Growth Target 2006 to 2036	% Share
Sydney City	+ 61,000	7.9%	+114,000	15.0%
East	+ 23,000	3.0%	+31,000	4.1%
South	+ 58,000	7.5%	+52,000	6.8%
Inner West	+ 35,000	4.6%	+25,000	3.3%
Inner North	+ 44,000	5.7%	+62,000	8.2%
North	+ 29,000	3.8%	+15,000	2.0%
North East	+ 29,000	3.8%	+23,000	3.0%
West Central	+ 96,000	12.5%	+98,000	12.9%
North West	+169,000	22.0%	+145,000	19.1%
South West	+155,000	20.2%	+141,000	18.6%
Central Coast	+ 70,000	9.1%	+54,000	7.1%
Total	+769,000	100.0%	+760,000	100.0%

Source: Metropolitan Plan for Sydney 2036, NSW Department of Planning and Infrastructure. Note: the Subject Site is located in the North West Subregion

The Plan also forecasts that an additional 10 million sqm of additional commercial floorspace and 5 million sqm of additional retail floorspace will be required across Sydney by 2036 in order to cater for employment growth and increasing demand.

North West Subregional Strategy (2007)

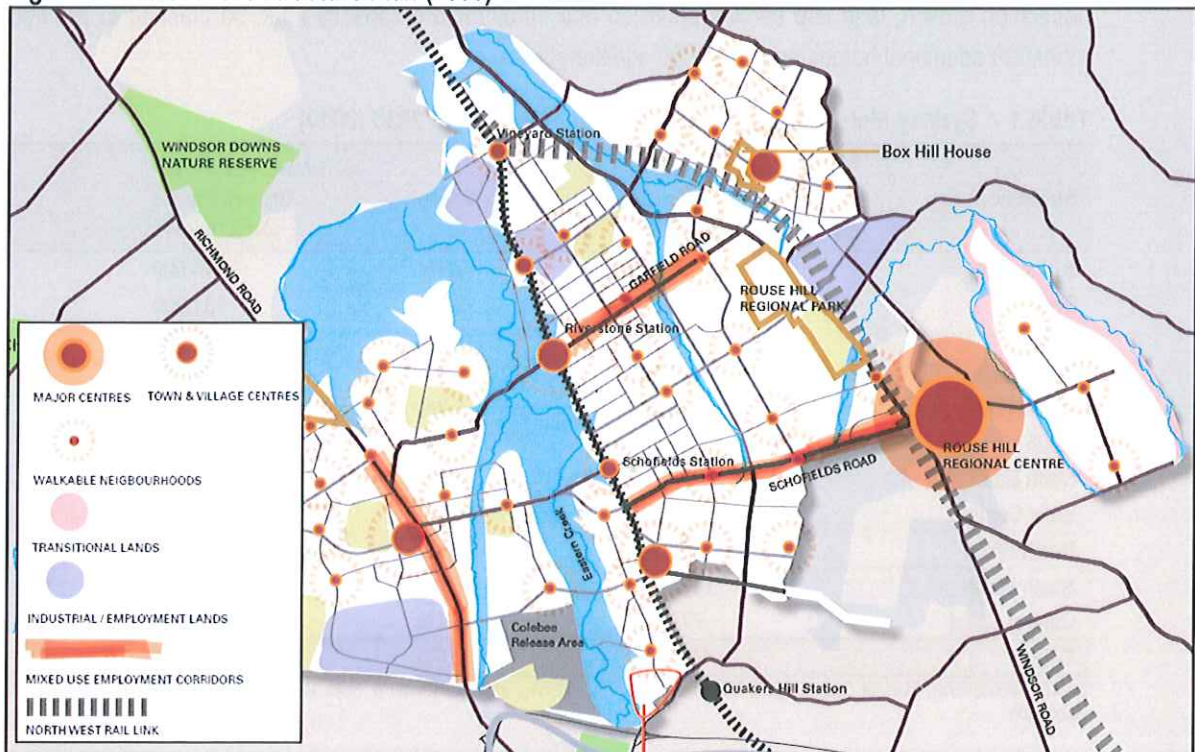
The DP&I Draft North West Subregional Strategy (2007-2031) was prepared as part of the planning process for the Sydney Metropolitan Region in accordance with the Metropolitan Plan.

Consistent with this overarching plan, the Draft Subregional Strategy provides a range of actions and objectives for the Subregion covering themes such as: economy and employment, centres and corridors, housing, transport, environment, heritage and resources, culture and governance. Relevant to this study, the North West Subregional Strategy provides a number of targets, aims and objectives over a 30 year time frame. This includes the need for 130,000 additional jobs in the North West Subregion between 2001 and 2031 which has been further distributed on an LGA basis. As can be seen in the following figure, the City of Blacktown was designated to accommodate a further 45,000 jobs (35% of total jobs target) between 2001 and 2031. The Subregional Strategy also sets a target of accommodating an additional 140,000 dwellings within North West Subregion between 2004 and 2031 of which 21,000 (15%) are to be located within the City of Blacktown.

North West Structure Plan (2006)

The Draft North West Structure Plan (refer Figure 4) is an indicative regional land use plan that will guide the detailed planning for individual Precincts within the North West Growth Centre once they are approved for release by the NSW Government.

Figure 3 - North West Structure Plan (2006)



Source: NSW Growth Centres Commission, North West Structure Plan (2006)

The Structure Plan identifies anticipated residential and employment targets for precincts in the North West Growth Centre. The Marsden Park Industrial Precinct is anticipated to accommodate 10,000 jobs and

1,200 homes. As can be seen above, the Subject Site is located in a mixed use employment corridor. These corridors are intended to provide employment opportunities for a variety of commercial and industrial uses that take advantage of site exposure and high levels of passing trade.²

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 DP&I released the draft Centres Policy in April 2009. The draft Centres Policy has been publicly exhibited and the DP&I is currently reviewing submissions.

The draft Centres Policy focuses around six key principles as described in the following table.

Table 2 - NSW Draft Centres Policy Key Principles

Principle	Direction	Description
Principle 1	Retail and commercial activity should be located within centres.	Reinforces the longstanding strategy to concentrate the predominant share of retail and business floor space 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 to meet 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 2 of the Draft Centres Policy notes that increases in population and real incomes and a constantly changing and evolving economy means that the planning system needs to respond dynamically to prevailing market demand.
Principle 3	Market determines need for development, planning regulates location and scale.	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. It also notes that the planning system should be flexible and enable new centres to form which may mean that new centres will compete with more established centres.
Principle 4	Ensuring the supply of floor space accommodates market demand.	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.	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.
Principle 6	Contributing to the amenity, accessibility, urban context and sustainability of centres.	Centres should be well designed for functionality, providing ambience, convenience and accessibility and well integrated with surrounding land uses.

Source: NSW Draft Centres Policy, NSW Department of Planning and Infrastructure (2009)

Draft SEPP (Competition) (2010)

Following a review undertaken by the DP&I and the Better Regulation Office into how economic growth and competition were impacted by the planning system, a new Draft State Environmental Planning Policy (SEPP)

² Growth Centres Development Code, Department of Planning & Infrastructure (2006)

has been prepared and was placed on public exhibition in July 2010. The proposed state-wide planning policy removes artificial barriers on competition between retail businesses. The Draft SEPP states that:

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

2.2 Local Planning Instruments

Blacktown LEP and SEPP Sydney Region Growth Centres (2006)

The majority of the City of Blacktown is statutorily controlled by the Blacktown Local Environmental Plan (LEP) 1988, apart from some particular areas which are under the guidance of specialised State Environmental Planning Policies (SEPPs). The Subject Site is located within an area that comes under the control of the State Environmental Planning Policy (SEPP) Sydney Region Growth Centres, also known as the Growth Centres SEPP. Under the Growth Centres SEPP, the Subject Site is zoned R3 Medium Density Residential, the objectives of this zone are as follows:³

- To provide for the housing needs of the community within a medium density residential environment;
- To provide a variety of housing types within a medium density residential environment;
- To enable other land uses that provide facilities or services to meet the day to day needs of the residents;
- To support the well-being of the community by enabling educational, recreational, community, religious and other activities where compatible with the amenity of a medium density residential environment.

The proposed rezoning of the Subject Site would see it become B5 Business Development. The objectives of the zone are outlined in the Department of Planning & Infrastructure's (DPIs) Standard Instrument (Local Environmental Plans) Order (2006) and include the need *"To enable a mix of office, retail and warehouse uses in locations which are close to, and which support the viability of, centres."*⁴

³ SEPP Sydney Region Growth Centres, NSW Department of Planning & Infrastructure (2006)

⁴ Standard Instrument (Local Environmental Plans) Order, NSW Department of Planning & Infrastructure (2006)

Blacktown City 2025 (2008)

This document is Council's long term strategic plan which will guide development within Blacktown over the next 15 years and beyond. It was adopted in 2008. Eight Strategic Directions are identified within Blacktown City 2025. Of relevance to this study, the 'Vibrant Commercial Centres' strategy aims by 2025:

- *"To deliver two major CBDs (Blacktown City and Mount Druitt) as well as supporting town and neighbourhood centres strategically located throughout the City's residential areas. All centres are accessible, vibrant and safe and meet the needs of the community."*

The "Smart Economy" strategy aims by 2025:

- *"To work with industry to identify strategic economic opportunities that will help underpin sustainable economic growth..."*

Blacktown Planning Strategy (2012)

It is understood that the Blacktown Planning Strategy recognises that over the 2012 to 2036 period Blacktown's largest growth industry (by number of jobs) and highest employment generating industry will be retail trade.

The Strategy recognises population growth and increased levels of affluence as drivers of demand for retail floorspace, with anticipated growth in demand equivalent to an additional 579,000sqm across the LGA by 2036. Of this, the greatest demand is anticipated to be for supermarkets and grocery stores, bulky goods stores and personal and household retailing.

The Blacktown Planning Strategy is expected to promote jobs in the retail industry as:

- There is substantial anticipated growth in retail floorspace demand;
- The industry is a significant employment generator for the LGA; and
- 60% of residents employed in retail leave Blacktown for employment.

Blacktown Development Control Plan (2006)

The Blacktown DCP is intended to *"provide guidance for the preparation for the preparation and assessment of Development Applications for sites zoned for business purposes."*⁵

The DCP also identifies an established hierarchy of retail centres and makes a note that *"Development proposals should be consistent with the level of function designated for the particular centre."*⁶

The retail hierarchy as defined in the DCP is set out below:

- Sub-regional centre;
- District centres;

⁵ Blacktown Development Control Plan 2006, Blacktown City Council (2006)

⁶ Blacktown Development Control Plan 2006, Blacktown City Council (2006)

- Large Neighbourhood centres; and
- Small Neighbourhood centres.

Blacktown Commercial Centres Analysis (2007)

This Strategy undertakes a review of existing centres and the retail hierarchy in the City of Blacktown and makes recommendations to support and improve retail centres in the future. It also provides recommendations which seek to enable Council to respond to future retail development and applications in an informed manner.

The Strategy records that in order to meet forecast commercial land demand in the City an additional 288 hectares of land will be required by 2031. Current (2007) supply of vacant commercial land is estimated at 102 hectares, meaning that existing land supply is expected to be exhausted by 2013/14 and therefore zoning additional commercial land will be required, together with increasing densities in existing commercially zoned areas.

2.3 Matters for Consideration with Respect to D.A.s

This particular application relates to a rezoning of land rather than a development application. Nevertheless the guiding principles of economic impact assessment are relevant when considering likely scenarios of development under a proposed zoning.

Section 79C(1)(b) of the Environment Protection Act (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"*. Previous court judgements have provided some guidance on relevant issues in relation to the economic impact of retail developments.

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 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. But it should concern itself with impact on

established retail centres. The impact on competing stores and businesses is only relevant if the viability of those businesses are threatened and the viability of a retail centre as a whole is threatened due to a demonstrated nexus between the competitive stores and the other retailers within the retail centre.

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)".*

3. RETAIL HIERARCHY REVIEW

This Chapter examines 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 will inform the trade area definition and the subsequent demand assessment. Understanding the existing pattern of shopping in the local area and identification of any gaps in provision also assists in determining the future role retail floorspace on the Subject Site would perform.

3.1 Retail Hierarchy

The table below identifies the centres, centre typology and centre characteristics which constitute the retail hierarchy for the purposes of the Study.

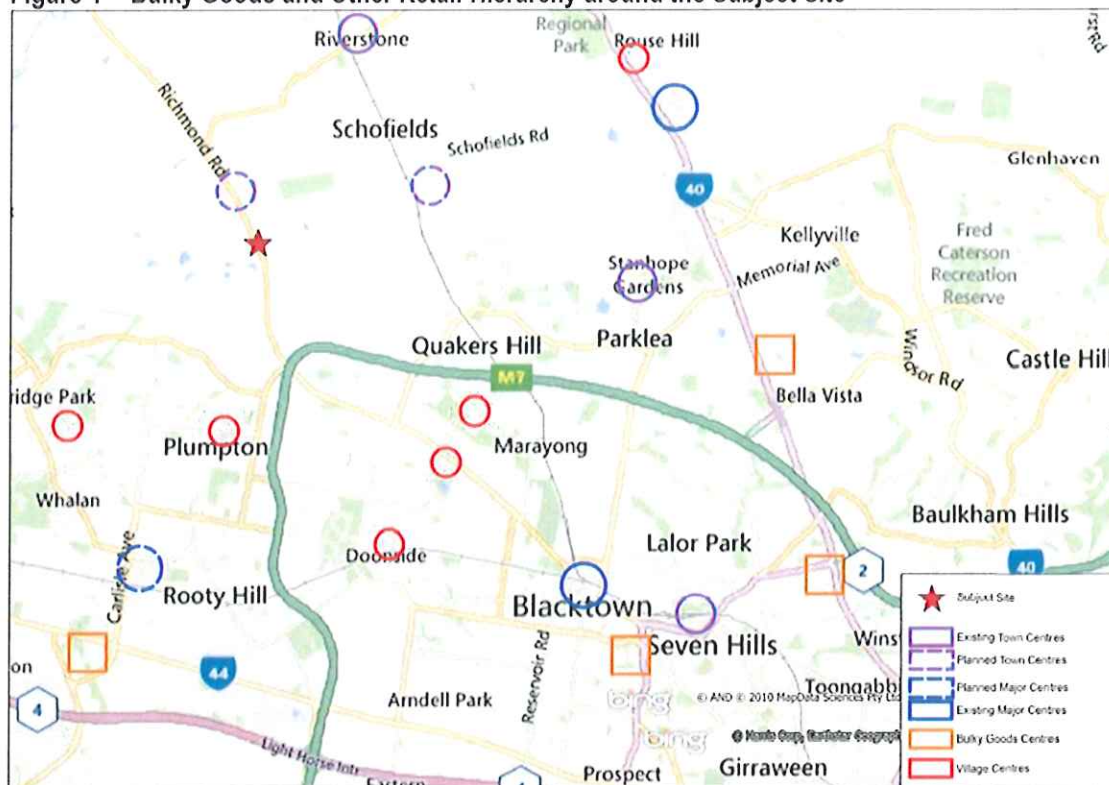
Table 3 - Retail Hierarchy around the Subject Site

Centre Typology	Characteristics	Centres
Regional Centre	Providing a full range of business, government, retail, cultural, entertainment and recreational activities, they are a focal point where large, growing regions can access good jobs, shopping, health, education, recreation and other services and not have to travel more than one hour per day.	Penrith
Specialised Centre	Areas containing major airports, ports, hospitals, universities, research and business activities. These perform a vital economic and employment role, which generate metropolitan-wide benefits.	Norwest
Major Centre	Major shopping and business centre serving immediate subregional residential population usually with a full scale shopping mall, council offices, taller office and residential buildings, central community facilities and a minimum of 8,000 jobs.	Castle Hill Blacktown Rouse Hill
Town Centre	Town Centres have one, or two supermarkets, community facilities, medical centre, schools etc. Contain between 4,500 and 9,500 dwellings. Usually a residential origin than employment destination.	Stanhope Village, Mount Druitt, Box Hill (potential), Marsden Park (potential),
Stand Alone Shopping Centre	Internalised, privately owned centres located away from other commercial areas, containing many of the attributes of a Town Centre but without housing or public open space – may have potential to become a traditional town centre in the long-term.	Winston Hills
Village	A strip of shops and surrounding residential area within a 5 to 10 minute walk contains a small supermarket, hairdresser, take-away food shops. Contain between 2,100 and 5,500 dwellings.	Kellyville, Quakers Hill (potential), Riverstone
Small Village	A small strip of shops and adjacent residential area within a 5 to 10 minute walk. Contain between 800 and 2,700 dwellings.	Rouse Hill Village
Neighbourhood Centre	One or a small cluster of shops and services. Contain between 150 and 900 dwellings.	Numerous centres
Rural Town, Village or Neighbourhood Centre	Located in rural zones outside metropolitan urban areas with similar roles to towns, villages and neighbourhoods but rural in character with a wider driving catchment.	

Source: North West Draft Subregional Strategy (2007)

The location of these centres in relation to the Subject Site is shown in Figure 2. A brief description of each centre is provided in the following table.

Figure 4 - Bulky Goods and Other Retail Hierarchy around the Subject Site



Source: Blacktown Commercial Centres Strategy (2006), North West Subregional Strategy (2011) and Hill PDA (2013)

3.2 Bulky Goods

The main bulky goods clusters in the area around the Subject Site are:

- **Blacktown Mega Centre, Blacktown:** Located 12.5km to the south-east of the Subject Site, comprises approximately 37,000sqm of bulky goods retailing. The centre is anchored by a Bunnings and Harvey Norman and also accommodates a Bing Lee, Petbarn and Snooze Furniture.
- **Totally Home, Bella Vista:** The Totally Home bulky goods centre is located 13km to the east of the Subject Site on Old Windsor Road. The centre contains a number of prominent bulky goods retailers including Harvey Norman, Freedom Furniture, Forty Winks and Carpet Call. It should be noted that this complex has been acquired by State Government for the future development of a train station on the Northwest Rail Line and will be subject to a planning proposal for higher density mixed use 'transit orientated development'.
- **Bunnings, Seven Hills:** Located 15.2km to the east of the Subject Site. The standalone Bunnings store is located at the eastern fringe of the Seven Hills Industrial Estate.
- **Minchinbury:** Located 13.8km to the south of the Subject Site on the Great Western Highway, bulky goods retailing in Minchinbury includes:
 - The M Centre comprising carpet, flooring and furniture retailers as well as a car wash.

- A Bunnings store located approximately 300m to the west of the M Centre; and
- A Doors Plus showroom located in a business park to the rear of the M Centre.

Table 4 - Other Competing Retail Centres

Centre	Distance from Subject Site	Floorspace	Characteristics and Performance	Major Attractors
Blacktown CBD (Major Centre)	9km	Approximately 141,000sqm including Westpoint (96,600sqm) & 37,000sqm of bulky goods floorspace).	The City of Blacktown's most significant retail centre. The centre encompasses a full scale shopping mall (Westpoint Shopping Centre) as well as Council offices, residential buildings and utility facilities. At 2013, Westpoint Shopping Centre had a Moving Annual Turnover (MAT) of \$4,910/sqm which ranked it 80 out of 93 comparable centres in Australia. ⁷	Myer Big W Target Kmart Coles Woolworths Franklins
Rouse Hill (Major Centre)	12km	68,000sqm	As identified in the North West Subregional Strategy, Rouse Hill is a Major Centre in the North West Growth Centre. It is intended to act as the primary destination for higher order and discretionary shopping in the wider region. At 2013 the centre had a MAT of \$6,666/sqm, ranking it 79 out of 93 comparable centres in Australia. ⁸	Big W Target Coles Woolworths
Mount Druitt (Planned Major Centre)	8.5km	59,693sqm	The Mount Druitt Town Centre encompasses the Westfield Mount Druitt Shopping Centre along with residential, health and education facilities. At 2013 Westfield Mount Druitt had a MAT of \$7,819/sqm, ranking it 69 of 93 comparable centres across Australia.	Target Kmart Woolworths Coles Harvey Norman
Stanhope Village (Town Centre)	11.7km	15,400sqm	Stanhope Village is a standalone shopping centre located in Stanhope Gardens. At 2011, the centre recorded a MAT of \$8,324/sqm, ranking it 65 of 166 comparable centres across Australia. ⁹	Kmart Coles
Marsden Park (Planned Town Centre)	1.8km	25,000-30,000sqm*	The centre is planned to contain a wide range of retail goods and services provision including DDS', full-line supermarkets, 100-150 specialty stores and around 10,000sqm of commercial space including banks, medical premises and office.	Up to 2 DDS' At least 2 full-line supermarkets
Box Hill (Potential Town Centre)	9.2km	30,000sqm*	The centre will ultimately comprise around 30,000sqm of retail floorspace including a DDS, 2 full-line supermarkets, mini majors and specialty stores.	1 DDS 2 full-line supermarkets

⁷ Shopping Centre News: Big Guns 2013, Property Council of Australia (2013)⁸ Shopping Centre News: Big Guns 2012, Property Council of Australia (2012)⁹ Shopping Centre News: Little Guns 2011, Property Council of Australia (2011)

Alex Avenue (Potential Town Centre)	4km	25,000- 30,000sqm*	Located opposite the proposed Schofields rail station on the eastern side of Railway Terrace. The centre will comprise a similar retail component to that planned for the Box Hill and Marsden Park Town Centres.	1 DDS 2 full-line supermarkets
Seven Hills (Town Centre)	12.8km	19,671sqm	Standalone shopping centre located at Federal Road and Prospect Highway. Anchored by two full-line supermarkets and comprising 91 specialty stores. At 2011, the centre had a MAT of \$6,140/sqm, ranking it 121 of 166 centres across Australia. ¹⁰	Woolworths Coles
Riverstone (Town Centre)	7km	12,000sqm	The centre is comprised of the standalone Riverstone Marketown Shopping Centre and strip retailing along Garfield Road East. The centre is anchored by a 1,340sqm Franklins supermarket and contains a range of non-retail shopfront uses including real estate agents, a post office, a TAB and banks.	Franklins
Plumpton Marketplace (Village Centre)	4.6km	18,511sqm	A standalone shopping centre located on Jersey Road to the south-west of the Subject Site. The centre has approximately 60 specialties in addition to its key anchors (Big W and Woolworths). At 2011 the centre had a MAT of \$9,125/sqm, ranking it 53 of 166 comparable centres across Australia. ¹¹	Big W Woolworths
Emerton (Village Centre)	7km	10,000sqm**	A standalone shopping centre also located on Jersey Road to the south-west of the Subject Site. It is anchored by a full-line Woolworths supermarket.	Woolworths
Doonside (Village Centre)	7.4km	5,000sqm**	A strip retailing centre located on Hill End Road. The centre is adjacent to Doonside Station and provides for only convenience retailing given the lack of a significant retail anchor and attractor.	
Woodcroft Plaza (Village Centre)	5.9km	5,000sqm**	A standalone shopping centre located on Woodcroft Drive just off Richmond Road in Woodcroft. The centre is anchored by a Coles supermarket and has a limited range of specialty stores.	Coles
Quakers Court (Village Centre)	6.8km	5,886sqm	A standalone centre located at the intersection of Douglas Road and Narimba Drive in Marayong to the south-east of the Subject Site. Anchored by a Woolworths supermarket (3,700sqm) and comprises a further 1,300sqm of specialty store floorspace.	Woolworths
Rouse Hill (Village Centre)	11.6km	3,970sqm	Located at the corner of Windsor Road and Adelphi Street and anchored by a Franklins supermarket (1,580sqm). Also includes approximately 15 specialty stores and a small medical facility. More recently a 1,500sqm ALDI food store and fast-food restaurants have been developed directly adjacent to the centre along Windsor Road.	Franklins

* Potential

** Hill PDA estimate only

¹⁰ Shopping Centre News: Mini Guns 2011, Property Council of Australia (2011)¹¹ Ibid

3.3 Other Retail Facilities

Hambledon Road, Quakers Hill is a small centre that is anchored by an ALDI food store with an adjacent service station. It is located on the corner of Hambledon Road and Bali Drive approximately 9km from the Subject Site.

There will also be a number of small neighbourhood / local centres located in the Marsden Park area, as identified in the North West Growth Centre Structure Plan. These centres will provide retail goods and services for a small local walkable catchment and are likely to only contain a very limited retail offer. They are unlikely to be significantly impacted given their role and function as convenience centres.

3.4 Proposed Development

Hill PDA is aware of the following proposed developments in the area around the Subject Site:

- A Blacktown City Council led development is planned for the Riverstone Marketown Shopping Centre. The proposal includes two supermarkets at 1,390sqm and 2,490sqm respectively, approximately 30 specialty and food tenancies comprising around 3,600sqm, a food court and dining area and associated car parking.
- A site has been acquired at 840 Richmond Road, Marsden Park for the potential development of a Costco store within the Sydney Business Park.
- A planning proposal has been lodged with Blacktown City Council to rezone land at 773, 783 and 799 Richmond Road to accommodate a shopping centre. The proposed shopping centre is intended to comprise a supermarket of 1,500sqm with specialty stores of 1,400sqm and 1,240sqm of commercial floorspace.
- A development application has been submitted to Blacktown City Council for a new Coles based shopping centre with specialty stores at the site of the planned Alex Avenue Town Centre. The development would comprise over 6,000sqm of floorspace.
- Woolworths has commenced construction of a shopping centre at 217 Railway Terrace, Schofields, the site of the Alex Avenue Town Centre. The centre will be 4,495sqm and is expected to be completed by the end of 2013.

Further to the existing proposals for development in the locality around the Subject Site is the potential for a homemaker or lifestyle precinct to locate adjacent to the Rouse Hill Town Centre given that the Bella Vista centre will be redeveloped as a high density 'transit orientated development' in the future.

4. TRADE AREA DEFINITION AND ANALYSIS

This Chapter defines the trade areas which would be served by the retail floorspace proposed. An analysis of the demographic characteristics of residents within these areas and population forecasts has also been undertaken. These inform the retail expenditure modelling subsequently presented in the Study.

4.1 Trade Areas

Definition of a Trade Area

The trade area served by any retail centre/ facility is determined by the consideration of:

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

Subject Site Trade Area

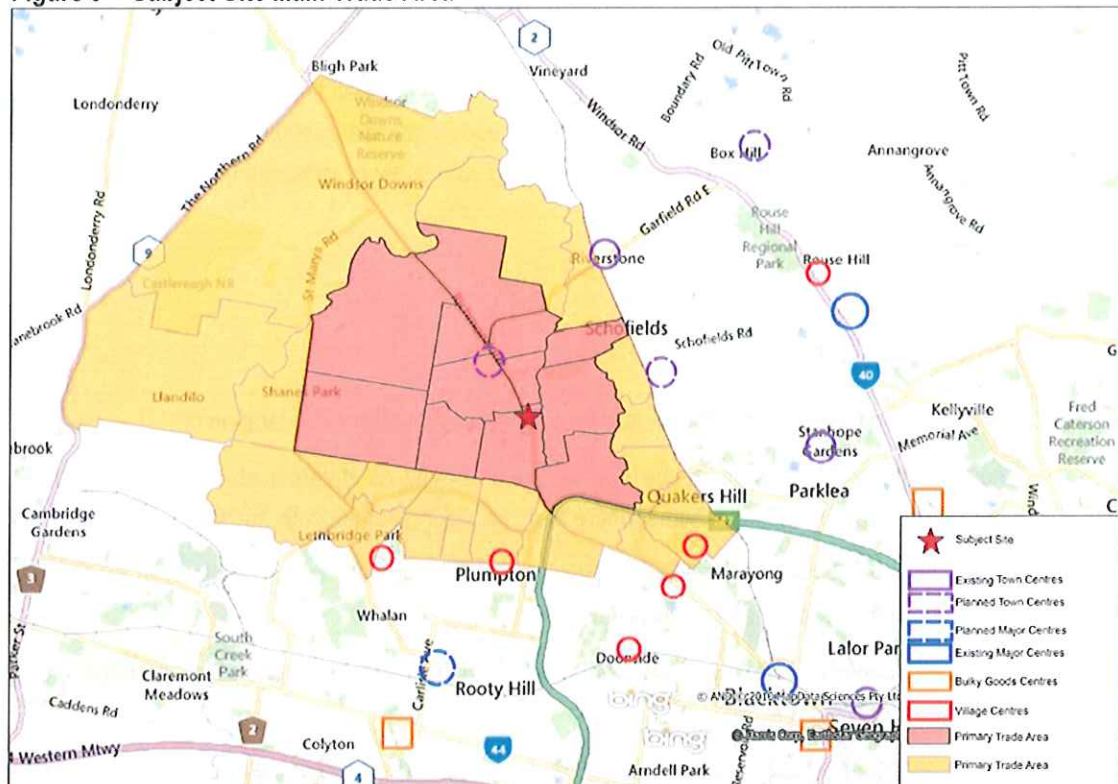
For the purposes of this Study a number of trade areas are defined for retail uses on the Subject Site: a Primary Trade Area (PTA) and a Secondary Trade Area (STA) which combined constitute the Main Trade Area (MTA). These terms can be understood as follows:

- The PTA – the area from within which the proposed centre would capture the majority of its trade;
- The STA – the area from which the proposed centre would capture some trade, but would not be the main destination for shopping; and
- The MTA – the PTA and STA combined.

The attraction of retail at the Subject Site as a place to shop would be enhanced by the proximity of the proposed Marsden Park Town Centre to the north. The proposed Marsden Park Town Centre and the Subject Site would largely serve the same MTA, notwithstanding that it may be more extensive given the lack of large bulky goods developments to the north-west and north-east of the Subject Site.

Trade areas served by bulky goods uses vary depending on the type of goods sold but it would attract trade from a wide trade area in a thin category of goods. For the purposes of this Study the MTA has been determined based on travel zones and comprises the approximate area as shown in the following figure.

Figure 5 - Subject Site Main Trade Area



Source: Blacktown Commercial Centres Strategy (2006), North West Subregional Strategy (2011) and Hill PDA (2013)

The PTA broadly extends to the west and north-west given existing and planned Town Centres at Riverstone, Alex Avenue and Stanhope Gardens. The PTA encompasses most of the suburb of Marsden Park and parts of Colebee and Shanes Park. There are currently no bulky goods or fast food restaurant retailers in the PTA.

The STA broadly extends a further 0.75 – 2.5km from the border of the PTA. The PTA is constrained to the east, with the Subject Site unlikely to draw trade from beyond Riverstone Parade given the quantum of existing and planned bulky goods retail in this area. The STA extends as far south as the Plumpton and Emerton Village Centres. The Subject Site is unlikely to compete with Village Centres given they are primarily focused on the provision of weekly shopping needs including supermarket and limited specialty store provision. The STA extends as far as The Northern Road to the north-west, further highlighting the lack of existing or planned retail development in this area. There are currently only minor individual bulky goods retailers in the STA, with the larger homemaker centres located beyond the STA to the east and south including the Blacktown Mega Centre and Totally Home, Bella Vista (which is to be redeveloped for high density mixed uses).

4.2 Demographics of the Trade Area

Retail demand in any trade area is dependent not just on the spending potential of households but also on their socio-demographic characteristics. In order to understand the socio-demographic characteristics of households in the trade area an analysis of 2011 ABS Census data has been undertaken for those suburbs which comprise the majority of the MTA with comparisons drawn to broader areas including Blacktown LGA and the Greater Sydney Capital City Area (refer to Appendix 1). The key findings of this analysis are provided as follows:

- * The trade areas (including Marsden Park and Shanes Park) had an older demographic than either Blacktown LGA or Greater Sydney with a significantly higher proportion of residents in all age groups beyond 45 years. This is likely to shift in the coming years as younger families move into the area to take advantage of more affordable housing.
- * There was a much higher proportion of households in the lower income ranges in the MTA compared to the broader Blacktown LGA and Greater Sydney.
- * The MTA had lower rates of home ownership compared against Blacktown LGA and Greater Sydney.
- * In contrast to the other areas analysed, Marsden Park had a much lower proportion of family households (63%) compared to all other areas including Shanes Park (81%), Blacktown LGA (82%) and Greater Sydney (92%). In turn, the proportion of lone person households was much higher in Marsden Park than in the other areas. This has contributed to Marsden Park having significantly lower average household sizes than the other areas also.
- * The trade areas had almost no townhouses or flat / unit / apartment development. In contrast both Blacktown LGA and especially Greater Sydney as a whole had much higher representations of medium-high density housing. This reflects the rural nature of much of the MTA at the present time. Marsden Park also had a very high proportion (44%) of other dwelling types which includes caravans, cabins, tents and houses or flats attached to a shop or office. This is due to the presence of a caravan park within the suburb.
- * The MTA and Blacktown LGA, on the whole, had a significantly lower proportion of skilled professionals compared to the Greater Sydney area. The MTA did however have a significantly higher concentration of machinery operators and drivers compared to both Blacktown LGA and Greater Sydney.

It should be noted that the demographic character of the area will change with urban development as families move into the area. Over time Marsden Park will replicate the other growth suburbs such as Glenwood and Stanhope Gardens which initially were frequented by first-home buyers and young families but has since become a higher income area with fewer first-home buyers and a slightly older demographic. For the purposes of this Study, retail expenditure profiles have been assumed to reflect the longer-term demographic trends in the area.

4.3 Population Growth and Residential Targets

Population Loss as Part of Proposed Development

As part of the rezoning of the Subject Site from R3 Medium Density Residential to B5 Business Development, some residential land would be replaced by retail development at the northern part of the Subject Site. The Marsden Park Industrial Precinct is intended to accommodate approximately 3,200 persons when complete.¹² This represents just 1.75% of the total North West Growth Centre population forecast (200,000 persons).

The proposal seeks to rezone approximately 3.1ha of R3 Medium Density Residential Zone land to B5 Business Development Zone land. The Marsden Park Industrial Precinct has 45.5ha set aside for residential development including 15.7ha of R2 Low Density Residential and 29.8ha of R3 Medium Density Residential. Therefore the proposed rezoning would constitute just 7% of total residential land in the Precinct, equivalent to around 225 persons.

This quantum of land proposed for rezoning represents approximately 7% of total residential land in the Marsden Park Industrial Precinct, equivalent to around 225 persons. This is a negligible number of people in the context of the broader North West Growth Centre projections and would make no significant difference to demand for retail floorspace in the MTA. Furthermore, development scenario 3 provides for 50 residential lots. Assuming an occupancy rate of 2.4 persons per dwelling (based on the Marsden Park average occupancy rate at 2011), there would be additional population growth of 120 persons when development is completed (assuming all dwellings are fully occupied). The additional residences proposed as part of Option 3 would essentially offset any loss in residential targets as a result of a rezoning on the Subject Site. Consequently, no provision has been made to take account of the effect that this minor loss of residential land would have on expenditure demand within the MTA.

Population Growth in the Main Trade Area

Population estimates and growth forecasts for the MTA have been sourced from the NSW Bureau of Transport Statistics (BTS) Population Forecasts (August 2012 release) and are based on travel zones. As noted above, the BTS projections have not been altered to reflect loss of residential land as a result of the proposed rezoning or the additional population growth likely to occur as part of development scenario Option 3.

¹² Marsden Park Industrial Precinct: Precinct Planning Report, NSW Department of Planning & Infrastructure (2009)

Total Population Growth in the Main Trade Area

The combined population forecasts for the MTA over the 2011 to 2031 period are shown in the following table.

Table 5 - Combined Population Projections for the Main Trade Area

	2011	2016	2021	2026	2031	Change 2011-31	Growth / ann (%)
PTA							
Total PTA	1,622	5,208	16,838	30,900	40,639	38,628	17.5%
STA							
Total STA	58,607	63,672	72,001	79,169	88,767	30,160	2.1%
Total Main Trade Area	60,229	68,880	88,839	110,069	129,406	68,788	3.9%

Source: BTS Population Forecasts (August 2012 release), Hill PDA

Table 5 indicates that the population of the MTA will increase from 60,230 persons at 2011 to 129,400 persons at 2031. This represents a doubling of the population over a 20 year period at a very high annual average growth rate of almost 4%. The majority of growth (56%) will come from the PTA. Growth will be particularly strong over the period 2016 to 2031 and will drive demand for a range of retail goods and services.

5. RETAIL DEMAND ASSESSMENT

This Chapter considers the extent to which there is demand to support the retail components of the development options or scenarios. The method of floor space demand utilised was expenditure modelling based on growth in the MTA over the 2013 to 2031 period.

5.1 Household Expenditure

To calculate demand for retail floorspace over the 2011 to 2031 period household expenditure was sourced from:

- ABS Household Expenditure Survey (HES) 2003-04 (updated to 2009) which provides household expenditure by broad commodity type by household income quintile;
- MarketInfo 2009 database which is generated by combining and updating data from the Population Census and the ABS HES using "microsimulation modelling techniques".

MarketInfo combines the data from the Census, 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 12% more expenditure than the ABS HES Survey. Household expenditure by commodity type is then applied to the population forecasts between 2011 and 2031 to determine total demand for retail floorspace.

The table below quantifies demand for retail floorspace in the MTA based on household expenditure modelling. It uses the population growth estimates derived in Table 5 and the household expenditure estimates sourced from the Hill PDA expenditure model. It applies the target turnover rates set out in Table 6, incorporating an allowance for real retail growth in floorspace target turnover rates, to determine total growth in demand between 2013 and 2031.

Table 6 - Total Forecast Resident Expenditure by Retail Store Type in the MTA 2013 to 2031 (\$m2009)

Retail Store Type	2013	2016	2021	2026	2031
Supermarkets & Grocery Stores	268.5	301.0	412.0	541.8	676.3
Specialty Food Stores	85.9	96.3	131.8	173.3	216.4
Fast-Food Stores	80.2	89.9	123.1	161.9	202.0
Restaurants, Hotels and Clubs*	78.4	87.9	120.4	158.3	197.5
Department Stores	84.9	95.1	130.2	171.2	213.7
Clothing Stores	53.7	60.1	82.3	108.3	135.1
Bulky Goods Stores	147.9	165.7	226.9	298.4	372.4
Other Personal & Household Goods Retailing	143.6	160.9	220.3	289.7	361.6
Selected Personal Services**	28.1	31.5	43.2	56.8	70.9
Total Main Trade Area	971.2	1,088.5	1,490.3	1,959.6	2,445.9

* 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

Note: Forecast assumes 1.2% real growth in retail spend per capita per annum in line with historic trend since 1986.

Residents in the MTA generated an estimated \$971m in retail expenditure by retail store type in 2013. This included \$269m of supermarket and grocery store retailing, \$86m of specialty food store retailing, \$80m of fast-food store expenditure and so forth.

Due to population growth, together with growth in real retail spend, total household retail expenditure generated by residents in the MTA will increase to an estimated \$2.45bn by 2031. This equates to an increase of \$1.47bn or approximately 150% over the 2013 to 2031 period.

It is important to note that not all of the expenditure will be directed towards existing or planned retail facilities / centres in the MTA. Given the lack of a regional or major centre within the MTA, it is likely that a proportion of trade would be directed to centres beyond the MTA including to the likes of Blacktown, Blacktown Mega Centre, Rouse Hill and Mount Druitt. Some expenditure (approximately 7% based on Tourism Research Australia data), is also likely to be directed to other centres from MTA residents when on holidays or when visiting friends and family beyond the local area.

Having regard to these factors, it will be seen in the following table that approximately \$226m is estimated to be drawn to existing and proposed centres in the Marsden Park area at 2013. This is forecast to increase to \$900m at 2031. At 2013, the analysis indicates that existing and planned retail activity in the Marsden Park area would capture approximately 72% of total expenditure. Retail centres in the Marsden Park area would capture approximately 20% of total STA expenditure given the greater levels of competition and choice.

Table 7 - MTA Forecast Resident Expenditure by Retail Store Type drawn to Marsden Park Retail Centres 2013 to 2031 (\$m2009)

Retail Store Type	2013	2016	2021	2026	2031
Supermarkets & Grocery Stores	87.6	102.8	166.6	246.2	319.7
Specialty Food Stores	19.7	23.6	41.4	63.9	84.1
Fast-Food Stores	18.4	22.1	38.6	59.6	78.5
Restaurants, Hotels and Clubs*	13.6	16.5	29.5	46.0	60.7
Department Stores	14.6	17.5	30.6	47.3	62.3
Clothing Stores	9.0	10.6	17.8	26.9	35.1
Bulky Goods Stores	25.4	30.5	53.4	82.5	108.5
Other Personal & Household Goods Retailing	31.8	37.7	62.8	94.5	123.4
Selected Personal Services**	6.4	7.6	13.1	20.1	26.4
Total Main Trade Area	226.4	268.9	453.8	687.1	898.6

* 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

Note: Forecast assumes 1.2% real growth in retail spend per capita per annum in line with historic trend since 1986.

5.2 Forecast Demand for Floorspace within the Main Trade Area

Demand for floorspace within the MTA is forecast by applying target turnover rates (or industry benchmarks¹³) to the total sales generated by resident expenditure. The table below provides target turnover rates over time from 2011 to 2031. Industry benchmark levels are expected to increase in real terms in line with historic trends since 1991.

Table 8 - Industry Benchmark Turnover Levels in 2011 (\$2009)

Retail Store Type	Target Turnover (\$/sqm) [^]					
	2011	2013	2016	2021	2026	2031
Supermarkets & Grocery Stores	10,000	10,121	10,304	10,617	10,939	11,271
Specialty Food Stores	7,500	7,590	7,728	7,962	8,204	8,453
Fast-Food Stores	7,500	7,590	7,728	7,962	8,204	8,453
Restaurants, Hotels and Clubs*	4,500	4,554	4,637	4,777	4,923	5,072
Department Stores	3,500	3,542	3,606	3,716	3,829	3,945
Clothing Stores	5,000	5,060	5,152	5,308	5,469	5,636
Bulky Goods Stores	3,400	3,441	3,503	3,610	3,719	3,832
Other Personal & Household Goods	4,500	4,554	4,637	4,777	4,923	5,072
Selected Personal Services**	3,200	3,239	3,297	3,397	3,500	3,607

Note: * 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 in line with the historic trend.

Dividing expenditure levels in Table 7 above by benchmark turnover levels in Table 8 we forecast demand for retail floor space as follows.

Table 9 - MTA Forecast Demand for Floorspace by Retail Store Type 2013 to 2031 (sqm GLA)

Retail Store Type	2013	2016	2021	2026	2031
Supermarkets & Grocery Stores	8,660	9,978	15,690	22,510	28,366
Specialty Food Stores	2,590	3,057	5,194	7,786	9,943
Fast-Food Stores	2,418	2,855	4,850	7,270	9,284
Restaurants, Hotels and Clubs*	2,997	3,561	6,166	9,337	11,958
Department Stores	4,111	4,854	8,246	12,360	15,784
Clothing Stores	1,769	2,060	3,356	4,915	6,234
Bulky Goods Stores	7,374	8,706	14,791	22,172	28,314
Other Personal & Household Goods	6,985	8,121	13,155	19,205	24,333
Selected Personal Services**	1,968	2,311	3,868	5,751	7,326
Total Main Trade Area	38,871	45,503	75,316	111,306	141,542

As can be seen in Table 9 above, there is existing demand for approximately 39,000sqm of retail floorspace in the MTA. This is expected to increase significantly in line with high population growth in the North West Growth Centre, with a requirement for approximately 141,500sqm of retail floorspace evident at 2031. Proposed retail development on the Subject Site constitutes between 6,500-17,500sqm depending on the particular development scenario. At 2016 (when retail on the Subject Site would become

¹³ Derived from various sources including Urbis Retail Averages, ABS Retail Survey 1998-99 escalated at CPI to \$2009, Shopping Centre News, Hill PDA and various consultancy studies.

operational) this represents between 14%-38% of the total demand for retail floorspace in the MTA. At 2031, retail development on the Subject Site would represent just 4.5%-12% of total retail floorspace demand.

As can be seen above, there is clearly unmet demand for retail goods and services floorspace in the MTA of which only a small proportion would be satisfied by retail development on the Subject Site. At 2016 it is estimated that there would be unmet demand of between 28,000-39,000sqm of retail floorspace in the MTA even accounting for retail development on the Subject Site. This will increase to between 124,000-135,000sqm at 2031 should no further retail floorspace be developed in the MTA. The remaining demand for retail goods and services floorspace in the MTA will likely be met by planned centres, including the Marsden Park Town Centre and Marsden Park Industrial Precinct (bulky goods). Development of these centres is a likely to occur gradually in the coming years, particularly from 2016 onwards.

6. RETAIL IMPACT ASSESSMENT

The previous Chapters 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 those bulky goods facilities located in closest proximity within and just beyond the MTA.

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.

6.1 Estimated Turnover of the Proposed Development

For the purposes of this assessment Hill PDA has assumed that retail floorspace on the Subject Site would be fully developed and have achieved a settled pattern of trading by 2016.

Target turnover rates consistent with those used to calculate floorspace demand have been used to derive marginal turnover for rezoned land for each of the development scenarios (Options 1 – 5).

The retail components of the proposed land rezoning by development scenario would generate the following turnover at 2016:

- Option 1: \$29.8m;
- Option 2: \$15m;
- Option 3: \$0;
- Option 4: \$23.3; and
- Option 5: \$22.6m.

6.2 Impact from Rezoning

The potential adverse impacts of proposed retail development are an important consideration in determining the validity of any retail proposal. In determining the impacts on existing and planned retail centres in the locality, only that retail floorspace proposed as part of the rezoning on the Subject Site is relevant in this instance. All other floorspace proposed on the Subject Site is designated to be located on land which is a permissible use under the B5 Zone which means that it is therefore not a relevant concern of this Study. Across the five different development scenarios, the greatest concentration of retail floorspace proposed on land to be rezoned is 8,500sqm of bulky goods floorspace as part of Option 1, equivalent to \$29.8m of retail turnover.

Diversion of Trade from Existing Centres

Given the scope of unmet retail floorspace demand in the MTA (45,500sqm at 2016), there will be only minor diversion of trade from existing centres in the locality such as Blacktown, Riverstone, Quakers Court and Plumpton. The overall economic impact on existing centres will therefore be insignificant, particularly with high population growth forecast in the region to 2031. This will create strong demand for retail goods and services floorspace and will mitigate any minor diversions of trade from existing centres to the Subject Site.

Future Impacts on Planned Centres

This high growth in demand for retail goods and services floorspace will also mitigate against any significant impact occurring at planned but not yet developed centres in close proximity to the Subject Site, such as the Marsden Park Town Centre. Whilst there may be some minor competition between the Subject Site and Marsden Park Town Centre once it is operational, the substantial increases in demand for retail floorspace (particularly from 2016 onwards, refer to Chapter 5) means that there will be more than enough demand to allow a prosperous Marsden Park Town Centre to evolve over time.

7. OTHER ECONOMIC IMPACTS

This Chapter examines other economic impacts which could eventuate from the proposed rezoning of Subject Site and potential retail development, over and above meeting identified demand for floorspace. These impacts include additional investment, value-add to the local economy, employment, construction multiplier impacts, shopper choice and so on.

7.1 Construction Multiplier Effects

The construction industry is a significant component of the economy accounting for 7.3% of Gross Domestic Product (GDP) and employing almost one million workers across Australia¹⁴. The industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of construction. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

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

The source of the multipliers adopted in this report is ABS and Australian National Accounts: Input-Output Tables 1996-97 (ABS Catalogue 5209.0). These tables identify first round effects, industrial support effects and consumption induced multiplier effects at rates of \$0.646, \$0.673 and \$0.989 respectively for every dollar of construction costs.

Given that the proposed development is at an early stage no Capital Investment Value (CIV) has yet been quantified. For the purposes of calculating economic multipliers we have estimated the potential CIV value to be between \$11m and \$32m based on indicative sketch development scenarios provided to Hill PDA¹⁵.

Table 10 - Economic Multipliers

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.646	0.673	0.989	3.309
Output (\$million)	\$11-\$32	\$7-\$21	\$7-\$22	\$11-\$32	\$36-\$106

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

¹⁴ IBIS World Construction Industry Report 2011

¹⁵ Source: Rawlinsons Australian Construction Handbook 2012 and Hill PDA. Estimated at \$300,000/ unit and \$3,500/sqm GLA for other floorspace

The estimated \$11m-\$32m of CIV would generate a further \$14m-\$43m of activity in production induced effects and \$11m-\$32m in consumption induced effects. Total economic activity generated by the construction of the proposed retail and residential activity on the Subject Site would be approximately \$36m-\$106m.

The additional economic benefit derived from retail and residential construction on the rezoned portion of land on the Subject Site would range between \$19m - \$50m.

7.2 Construction Employment

It is estimated that four full time construction positions over 12 months is created for every one million dollars of construction work undertaken¹⁶. Based on the proposed development's estimated construction cost of \$11m-\$32m, approximately 31-91 job years¹⁷ would be directly generated. Between 16-43 job years would be the directly generated from a rezoning of part of the Subject Site.

Table 11 - Employment Generation

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	0.64	0.70	1.34	3.676
Employment No. per \$million	2.85	1.83	1.98	3.81	10.48
Total job years created	31-91	20-59	22-64	42-122	115-336

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

The 1996-97 ANA Input-Output Tables identified employment multipliers for first round, industrial support and consumption induced effects of 0.64, 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 between 115-336 job years overall over the length of the project, depending on which development scenario is progressed.

This total includes the proposed rezoning of the northern part of the Subject Site which would contribute between 59-158 job years over the course of development.

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.

¹⁶ Source: IBIS World Construction Industry Report 2011

¹⁷ Note: One job year equals one full-time job for one full year

7.3 Employment in Operations

The proposed development would support permanent employment post-construction through the operation of retail uses on the Subject Site. The following table applies worker ratios¹⁸ to the assumed floorspace mix to calculate the number of full and part-time permanent jobs (note that part time jobs are normally around 60% of full time jobs, dependent upon store type) which would be supported.

Table 12 - Employment Generation by Retail Store Type

Retail Store Type	Employment Rate*	GLA (sqm)	Workers	
			Total	Rezoned Land
Full-Line Supermarket	1:21sqm	-	-	-
Specialty Food	1:15sqm	1,600	107	107
Restaurants, Café's and Take-Away Food ^A	1:30sqm	1,800-1,940	120 - 129	120-129
Non-Food Specialties	1:40sqm	-	-	-
Personal Services	1:25sqm	-	-	-
Commercial Shopfront and Vacancies	1:25sqm	-	-	-
Bulky Goods Floorspace**	1:70sqm	6,500-17,500	433 - 1,167	567
Commercial Floorspace	1:30sqm	-	-	-
Other Floorspace***	1:80sqm	1,650-4,040	110 - 269	80
TOTAL GLA	-	5,980-17,500	399 - 1,167	209-567

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

** Includes car wash activity for the purposes of this study

*** Includes car use/sales, car servicing and fuel retailing

^A Includes bar / tavern use

Based on Table 15, the proposed development would support between 399 (Option 2) and 1,167 (Option 1) permanent full and part time jobs post-construction across the range of retail store types given different development scenarios.

It should be noted that all these jobs would be net additional given that the existing site is not currently used for any intensive purpose, however the following identifies operational employment benefits based on retail activity located on land proposed to be rezoned only:

- Option 1: 567 jobs;
- Option 2: 209 jobs;
- Option 3: No jobs created during the operational phase.
- Option 4: 313 jobs; and
- Option 5: 227 jobs.

¹⁸ Source: ABS Retail Census and Hill PDA

7.4 Investment Stimulus

Where a significant property investment decision has been made, it is generally viewed as a commitment to the local area which can stimulate and attract further investment. The direct investment of between \$11m and \$32m on the Subject Site would represent a sign of confidence in the future prospects of the Marsden Park area and would raise the profile of the area as a place to visit and shop.

7.5 Shopper Convenience

The Subject Site is an appropriate location at which to accommodate bulky goods and other retail activity given its strong accessibility and visibility from Richmond Road. It would cater to a specific need emerging out of the MTA and particularly within the PTA. On this basis, by providing predominantly for bulky goods retailing in an accessible location, the centre would support shopper convenience. In doing so, retail activity on the Subject Site would support principles of sustainable development.

7.6 Added Price Competition

There is sufficient need locally as a result of a lack of retail facilities in the MTA and expenditure growth to support retail development on the Subject Site. Trading impacts from the proposed development would not threaten the viability of any other centre and would provide price competition to existing retail facilities beyond the MTA in the locality.

7.7 Loss of Housing Targets

As has been identified throughout this Study there are likely to be a range of economic benefits generated from the proposed rezoning of part of the Subject Site from R3 Medium Density Residential to B5 Business Development. As a key growth area in broader metropolitan Sydney, the North West Growth Centre and the Marsden Park area in particular is expected to absorb a significant quantum of residential growth. The North West Growth Centre as a whole is expected to accommodate around 200,000 people when complete.

The Marsden Park Industrial Precinct is intended to accommodate approximately 1.6% or 3,200 persons of the total expected population in the Growth Centre.¹⁹ The existing R3 Zone land which is proposed to be rezoned comprises 3.1ha, equivalent to 7% of total residential zoned land in the Marsden Park Industrial Precinct.

A loss of 7% of residential targets in the Industrial Precinct equates to around 225 persons. This is equivalent to just 0.11% of the total expected population in the North West Growth Centre. The rezoning of this quantum of residential land on the Subject Site would have a negligible effect on demand within the broader MTA. Moreover, one of the development scenarios proposed the provision of 50 residential lots on

¹⁹ <http://www.gcc.nsw.gov.au/mpi.html-95.html>. Accessed 26.08.2013

the Subject Site. These lots could potentially yield around 125 persons, somewhat offsetting any loss in potential residents within the Marsden Park Industrial Precinct as part of the proposed rezoning.

8. CONCLUSIONS

Based on the analysis and findings from Chapters 1 – 7 of this Study, the following are the key points in relation to the proposed rezoning of the Subject Site from R3 Medium Density Residential to B5 Business Development and potential development of bulky goods and other retail:

- The rezoning would create a rational, contiguous area of B5 Business Development Zone land given the location of the Subject Site to the south of the proposed access road designated by the RMS.
- The trade area for the Subject Site is extensive given the lack of competing retail activity in the locality, however it is more constrained to the south and east.
- The MTA forms part of the North West Growth Centre which is anticipated to accommodate very high population growth over the period 2013 to 2031. The MTA is projected to grow from around 63,700 persons at 2013 to 129,400 persons at 2031. This represents more than a doubling of the population and will create significant demand for retail goods and services in the MTA over this period.
- The loss of residential land as part of the proposed rezoning is likely to only constitute approximately 7% of all residential land in the Marsden Park Industrial Precinct, equivalent to approximately 225 persons. This is a negligible loss of residential targets in the North West Growth Centre (representing just 0.11% of the total projected population in this area) and will have an insignificant impact on the demand for retail goods and services in the MTA.
- Based on retail expenditure modelling undertaken as part of this Study, the MTA currently demands approximately 39,000sqm of retail goods and services floorspace. This will increase to 45,500sqm at 2016. Given there are no retail facilities in the MTA, the provision of retail activity at the Subject Site will help to satisfy a small portion of this undersupply.
- There will be net additional demand for a further 103,000sqm of retail floorspace over the period 2013 to 2031. This quantum of demand will reduce the need for trade to be diverted from existing retail centres beyond the MTA such as Blacktown, Blacktown Mega Centre, Minchinbury, Quakers Court and Riverstone.
- Demand over the 2013 to 2031 period will also easily accommodate the rezoning of land and subsequent retail development at the Subject Site, along with the development of planned centres such as the Marsden Park Town Centre (designated to accommodate around 30,000sqm of retail floorspace when complete). The planned Marsden Park Town Centre in particular will not suffer any future adverse economic impacts as a result of the proposed rezoning and development, despite being in close proximity to the Subject Site.
- Rezoning of part of the Subject Site will result in a number of economic benefits in addition to that which would occur on existing B5 Zone land. Aside from satisfying existing and future demand for retail floorspace, the rezoning of part of the Subject Site would provide positive economic impacts that include.
 - Multiplier impacts (valued at \$19m-\$50m depending on the development scenario);

- Construction employment effects (the creation of 59-158 job years);
- Operational employment effects (209-567 full and part-time jobs, aside from development scenario 3 which would not create any additional operational employment);
- Improved shopper choice and convenience;
- Potential for the development to act as a stimulus to investment in a recognised and designated growth area.

DISCLAIMER

1. This report is for the confidential use only of the party to whom it is addressed ("Client") for the specific purposes to which it refers and has been based on, and takes into account, the Client's specific instructions. It is not intended to be relied on by any third party who, subject to paragraph 3, must make their own enquiries in relation to the issues with which this report deals.
2. Hill PDA makes no representations as to the appropriateness, accuracy or completeness of this report for the purpose of any party other than the Client ("Recipient"). Hill PDA disclaims all liability to any Recipient for any loss, error or other consequence which may arise as a result of the Recipient acting, relying upon or using the whole or part of this report's contents.
3. This report must not be disclosed to any Recipient or reproduced in whole or in part, for any purpose not directly connected to the project for which Hill PDA was engaged to prepare the report, without the prior written approval of Hill PDA. In the event that a Recipient wishes to rely upon this report, the Recipient must inform Hill PDA who may, in its sole discretion and on specified terms, provide its consent.
4. This report and its attached appendices are based on estimates, assumptions and information provided by the Client or sourced and referenced from external sources by Hill PDA. While we endeavour to check these estimates, assumptions and information, no warranty is given in relation to their reliability, feasibility, accuracy or reasonableness. Hill PDA presents these estimates and assumptions as a basis for the Client's interpretation and analysis. With respect to forecasts, Hill PDA does not present them as results that will actually be achieved. Hill PDA relies upon the interpretation of the Client to judge for itself the likelihood of whether these projections can be achieved or not.
5. Due care has been taken to prepare the attached financial models from available information at the time of writing, however no responsibility can be or is accepted for errors or inaccuracies that may have occurred either with the programming or the resultant financial projections and their assumptions.
6. This report does not constitute a valuation of any property or interest in property. In preparing this report Hill PDA has relied upon information concerning the subject property and/or proposed development provided by the Client and Hill PDA has not independently verified this information except where noted in this report.
7. In relation to any valuation which is undertaken for a Managed Investment Scheme (as defined by the Managed Investments Act 1998) or for any lender that is subject to the provisions of the Managed Investments Act, the following clause applies:

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

Appendix 1 - DEMOGRAPHIC ANALYSIS

Appendix 1: Demographic Analysis

Table A1: Population, Household and Dwelling Characteristics

	Marsden Park	Shanes Park	Blacktown LGA	Greater Sydney
Total Population	1,049	401	301,098	4,391,676
Total Dwellings	433	133	98,034	1,640,199
Occupied Private Dwellings	415	121	93,656	1,521,398
Occupied Private Dwellings (%)	95.8%	91.0%	95.5%	92.8%
Median total h'hold income (\$/wk)	\$ 892	\$ 915	\$ 1,388	\$ 1,447
Median total personal income (\$/wk)	\$ 541	\$ 462	\$ 565	\$ 619
Average household size	2.4	3.1	3.1	2.7
Median age of persons	42	38	32	36
Age Distribution				
0-14	17.8%	20.0%	23.7%	19.2%
15-29	19.3%	19.5%	21.6%	21.0%
30-44	19.0%	17.5%	23.0%	22.5%
45-59	22.2%	23.2%	18.2%	19.2%
60-74	17.3%	13.5%	9.9%	11.9%
75+	4.4%	6.5%	3.7%	6.1%
Total	100.0%	100.0%	100.0%	100.0%

Source: ABS Census 2011

Table A2: Household Characteristics

	Marsden Park	Shanes Park	Blacktown LGA	Greater Sydney
Home Ownership				
Owned or Being Purchased	56.9%	61.5%	66.9%	66.5%
Rented	35.4%	31.1%	30.1%	30.1%
Other/Not Stated	7.7%	7.4%	3.0%	3.4%
Total	100.0%	100.0%	100.0%	100.0%
Household Structure				
Family Households	63.2%	81.0%	81.7%	91.5%
Lone Person Households	35.1%	16.5%	16.1%	3.6%
Group Households	1.7%	2.5%	2.2%	4.9%
Total	100.0%	100.0%	100.0%	100.0%
Family Type				
Couple family w. children	44.6%	52.0%	53.5%	45.5%
Couple family w/o children	35.6%	29.6%	25.4%	36.6%
One parent family	18.7%	18.4%	19.5%	16.3%
Other family	1.1%	0.0%	1.6%	1.7%
Total	100.0%	100.0%	100.0%	100.0%
Dwelling Type				
Separate house	53.7%	100.0%	82.9%	69.5%
Townhouse	1.4%	0.0%	11.4%	10.7%
Flat-Unit-Apartment	0.7%	0.0%	5.1%	18.8%
Other dwelling	44.1%	0.0%	0.4%	0.9%
Not stated	0.0%	0.0%	0.1%	0.1%
Total	100.0%	100.0%	100.0%	100.0%

Source: ABS Census 2011

Appendix 1: Demographic Analysis

Table A3: Employment and Income Characteristics

	Marsden Park	Shanes Park	Blacktown LGA	Greater Sydney
Labour Force				
Managers	16.4%	12.4%	8.4%	12.5%
Professionals	9.6%	7.2%	16.2%	21.4%
Technicians & Trade Workers	15.4%	14.4%	12.6%	12.4%
Community & Personal Services Workers	6.0%	5.7%	8.3%	8.9%
Clerical and Administrative Workers	13.1%	14.4%	17.0%	14.2%
Sales Workers	7.4%	6.2%	8.6%	8.7%
Machinery Operators & Drivers	16.4%	18.2%	10.1%	6.0%
Labourers	9.6%	10.0%	9.8%	8.2%
Inadequately described or N.S.	1.8%	1.4%	2.0%	1.7%
Unemployment	4.5%	10.0%	7.2%	5.9%
Total	100.0%	100.0%	100.0%	100.0%
Weekly Household Income				
\$0-\$599	27.5%	26.2%	17.9%	21.7%
\$600-\$1,249	28.9%	31.1%	22.7%	23.5%
\$1,250-\$2,499	17.8%	18.0%	31.3%	25.5%
\$2,500-\$3,999	10.1%	9.0%	14.8%	14.9%
\$4,000+	1.7%	2.5%	2.9%	4.0%
Partial income stated	9.6%	8.2%	7.6%	7.7%
All incomes not stated	4.3%	4.9%	2.8%	2.7%
Total	100.0%	100.0%	100.0%	100.0%

Source: ABS Census 2011