

ECONOMIC NEED and IMPACT
ASSESSMENT
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PROPOSED MIXED USE DEVELOPMENT,
SILVERWATER

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This Report involves the making of future projections. Those projections are grounded upon the facts and matters contained in this Report. Some or all of those facts and matters comprise assumptions and/or representations upon which Leyshon Consulting Pty Ltd has relied but about which it has no knowledge of its own. By reason of this, Leyshon Consulting Pty Ltd cannot warrant or represent the correctness or accuracy of such assumptions and/or representations. It follows that, while the projections contained in this Report are made with care and judgment, Leyshon Consulting Pty Ltd cannot confirm, warrant or guarantee that actual results achieved will be consistent with the results projected by this Report.



EXECUTIVE SUMMARY

Introduction Section 1

This Report has been prepared by Leyshon Consulting Pty Ltd for Mosca Pserras Architects acting on behalf of their client, Hilfor Project Pty Ltd. The Report is intended to accompany a Planning Proposal being submitted to Auburn City Council (Council) in relation to the proposed rezoning of land at Silverwater.

The subject site is located at the intersection of Silverwater Road and Carnarvon Street, Silverwater. The site is currently zoned B6 Enterprise Corridor. It is being proposed that the site should be rezoned to B4 Mixed Use.

This Report focuses on the need for, and impact of, the incorporation of a component of retailing in any future mixed use redevelopment of the site.

Setting Section 2

The subject site has a frontage to Silverwater Road, close to the M4 Motorway. Immediately to the site's east and west lie older residential development. Also, to the site's east is the suburb of Newington which has been developed since the Sydney 2000 Olympics.

The only significant retail offer adjacent to the site is the Newington Marketplace centre. Newington Marketplace was developed in 2002 and is anchored by a Woolworths supermarket.

The largest concentration of nearby retail services is found in the Auburn Town Centre which is located to the south of the M4.

The primary trade area (PTA) defined for the site incorporates the existing suburb of Silverwater. Newington forms a Secondary Trade Area East (STA East) and parts of northern Auburn comprise a Secondary Trade Area South (STA South).

Needs Analysis Section 3

At the 2011 Census, the trade area population as a whole exhibited below average socio-economic characteristics. The exception was Newington (STA East) which, by virtue of its recent settlement, has an above-average socio economic profile including household incomes that were 25% above the Sydney Region average in 2011.

EXECUTIVE SUMMARY

Needs Analysis Cont'd

The trade area population currently is estimated at some 22,245 persons and is projected to increase by +3,020 to 25,265 persons in 2021.

Total available annual retail spending is projected to increase from \$223.9 million in 2011 (\$2012) to \$289.2 million in 2021—a real increase in annual available spending of +\$65.3 million between 2011-21.

This spending growth will create a theoretical demand for approximately 10,900m² of additional retail floorspace in the Silverwater trade area by 2021.

Workers in the Silverwater industrial area are estimated to spend in the order of \$6.6 million per annum on retail goods and services (\$2012).

Total centre sales (assuming a convenience-type centre is developed on the site) are estimated at \$18.7 million per annum in 2016 (\$2012)— assuming 2016 is the centre's first full year of trading.

It is estimated the site could support some 2,396m² of retail floorspace anchored by a supermarket of 1,560m². There also appears to be demand in the area for a large-format liquor store of up to 1,500m². The incorporation of such a store would increase the total centre size to approximately 4,000m² and total centre sales to \$27.7 million per annum in 2016 (\$2012).

Impact Assessment Section 4

It is estimated the proposed retail development at Silverwater generally would have modest impacts on existing centres ranging between -1.1% on the existing centre at Rhodes up to -10% on Newington Marketplace.

A 10% impact on Newington Marketplace would be classified as being a “medium level” impact and is unlikely to lead to any increase in retail vacancies or undermine the role or function of that centre.

Retail development on the subject site would create some 143 positions on a combined full- and part-time basis once the centre is operational.

Change in Zoning Section 5

For a range of reasons there appears to be very limited demand for the types of uses envisaged for the B6 Enterprise Corridor zone. These reasons include competition from extensive areas already zoned B6 along Parramatta Road and competition from other better located sites for bulky goods, hotel and industrial related activities.

The strongest ongoing demand for land in this locality in Auburn LGA appears to be for medium density residential development.

EXECUTIVE SUMMARY

Conclusion Section 6

The subject site at Silverwater is ideally suited for the development of convenience-style retailing having regard to its prominent location on Silverwater Road, the existence of a substantial surrounding residential population and a significant workforce.

Development of the scale proposed would have a very low level of impact on most surrounding centres and only a medium level impact on the nearby Newington Marketplace.

A net community benefit would flow from the site being redeveloped for a new mixed use retail and residential project as is being proposed.





INTRODUCTION

1.1 Background

This Report has been prepared by Leyshon Consulting Pty Ltd for Mosca Pserras Architects acting on behalf of their client, Hilfor Project Pty Ltd.

The Report is intended to accompany a Planning Proposal being submitted to Auburn City Council (Council) in relation to the proposed rezoning of land at Silverwater, New South Wales.

The subject site is located at the intersection of Silverwater Road and Carnarvon Street, Silverwater. The location of the site is depicted in FIGURE 1.1. We understand the site is currently zoned B6 Enterprise Corridor under Auburn Local Environmental Plan (LEP) 2010.

As discussed in more detail below, we understand it is proposed the site be redeveloped to accommodate a mixed-use project with a component of retailing at the ground level and substantial residential development on the upper levels.

1.2 Report Objectives

The purpose of this Report is to examine the need for, and economic implications of, the retail component of the proposed development.

In preparing this Report we have undertaken the following tasks:

- ▶ identified a likely trade area for the project's retail component

- ▶ prepared estimates of population growth and annual available retail spending in the trade area for the period 2011-21
- ▶ reviewed existing retail services in and adjacent to the trade area
- ▶ estimated the likely demand for retail services on the subject site
- ▶ estimated the likely impact of the retail element of the proposed development on existing retail centres in and adjacent to the trade area.

On the basis of the study tasks undertaken, this Report concludes that:

- ▶ there is a need for a modest provision of retail services on the subject site to meet the needs of both residents of the area and workers in the adjacent Silverwater/Newington industrial area;
- ▶ the impact of the proposed development on existing centres will be minimal;
- ▶ from an economic perspective, the retail element of the proposed development will result in a net community benefit; and
- ▶ there is limited demand in the location for the types of uses permitted under the current B6 zoning but strong ongoing demand for multi-unit housing.

2 SETTING

2.1 Site Context

The subject site has a frontage to Silverwater Road. Silverwater Road is a vital north-south arterial road linking the M4 Motorway (and Parramatta Road at Auburn) with Victoria Road at Rydalmere. Needless to say, Silverwater Road is heavily trafficked particularly by industrial vehicles servicing industries located in the surrounding area.

Historically, Silverwater is a suburb which has been dominated by industry although an area of residential development has always existed within a corridor of land generally running between Carnarvon Street and the M4 Motorway.

Since the 2000 Olympic Games significant residential development has occurred on the eastern edge of Silverwater in an area now designated as the suburb of Newington.

To the immediate north of the subject site is an extensive area of traditional industrial development. To the east lies an older residential part of Silverwater, the new suburb of Newington and beyond that Sydney Olympic Park.

To the west of the site lies residential development and additional industrial development to the west of Stubbs Street. To the site's south is the M4 Motorway and Parramatta Road. Beyond these two major roads are residential areas which form part of the suburb of Auburn.

2.2 Existing Retail Services

There are a number of very small convenience retail outlets located within the Silverwater industrial area. These mainly provide takeaway food and coffee and some limited convenience goods for local workers. The only retail services of any significance in the suburbs of Silverwater/Newington are those provided by Newington Marketplace. Newington Marketplace is located on The Avenue of Europe at the northern end of the suburb of Newington.

Newington Marketplace was developed in 2002 and comprises some 3,632m² of retail floorspace. The centre's anchor tenant is a Woolworths supermarket of 2,218m². The centre contains some 19 specialty shops together with a Woolworths Petrol Plus outlet.

Adjacent to Newington Marketplace are a number of restaurants/café's which together comprise a further 1,100m². These are located at street level in several residential buildings to the north and east of Newington Marketplace.

Our observations of the Newington Marketplace centre suggest it attracts significant trade from workers in the surrounding Silverwater/Newington industrial area as well as being patronised by Newington residents themselves. The centre is also likely to attract spending from residents in the developing Wentworth Point area which lies to the north of Sydney Olympic Park.

To the south of the M4 the largest concentration of retail facilities is found in the Auburn Town Centre. The Town Centre contains three supermarkets (Coles, Woolworths and ALDI) together with extensive strip shopping. In total we estimate the Auburn Town Centre comprises some 35,000m² of retail floorspace. There are a significant number of

small retail premises in the centre which are operated by persons of Arabic or Asian descent.

The largest individual component of retailing in the Town Centre is the enclosed Auburn Central centre which is located adjacent to the Auburn railway station. Auburn Central contains 17,624m² of retail floorspace and is anchored by a Big W discount department store (DDS; 7,159m²) and a Woolworths supermarket (3,650m²). Auburn Central has some 51 specialty shops over two levels.

In 2011, a large (14,000m²) Costco store opened at 12-17 Parramatta Road, Auburn. The Costco store retails groceries, fresh food and a wide range of general merchandise and, being the only Costco within the Sydney Region at present is likely to have a metropolitan-wide catchment.

DFO Homebush which contains 17,730m² of outlet is located some 4.5km to the east. The centre has a metropolitan-wide catchment and is currently being expanded to incorporate a food court, bulky goods space and additional outlet floorspace.

Retail facilities of around 5,000m² are found at Lidcombe. Strip retailing exists on both Railway Street and Joseph Street adjacent to Lidcombe Railway Station. The Lidcombe centre increasingly is being dominated by Asian-owned and operated businesses and does not contain a supermarket of any significance.

To the north of Silverwater, the nearest retail facilities are those located in Ermington. The Ermington centre which comprises some 3,600m² is located at the intersection of River and Victoria Roads and is anchored by a Woolworths supermarket of some 2,100m².

2.3 Trade Area

Every shopping centre has a definable trade area. Typically, trade areas are considered to be that area from which the majority of sales at the centre in question will originate.

No hard and fast rules apply to defining a centre's trade area. It is usual nevertheless that 75% of the sales of any given centre will originate from a combination of the centre's primary trade area (PTA) and its secondary trade area (STA). This combined area is usually referred to as the main trade area (MTA).

Trade areas are usually defined having regard to a number of factors including the following:

- ▶ location of other competing shopping centres
- ▶ the existing road network surrounding the proposed site
- ▶ significant geographic barriers such as rivers, railway lines, major roads et cetera.

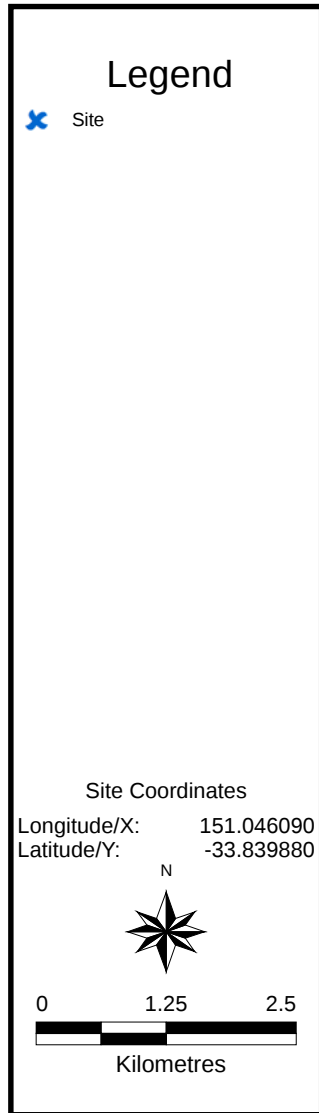
In this instance, geographic barriers are of particular importance with both the Parramatta River in the north and the Duck River in the west forming significant barriers. In addition, Haslams Creek and Sydney Olympic Park form the eastern boundary of the trade area.

To the south of the Silverwater site, the M4 Motorway potentially constitutes a significant boundary although both the overpass at Stubbs Street (not far from the subject site) and Silverwater Road itself allow access from residential areas to the south of the M4 to the subject site and vice versa.

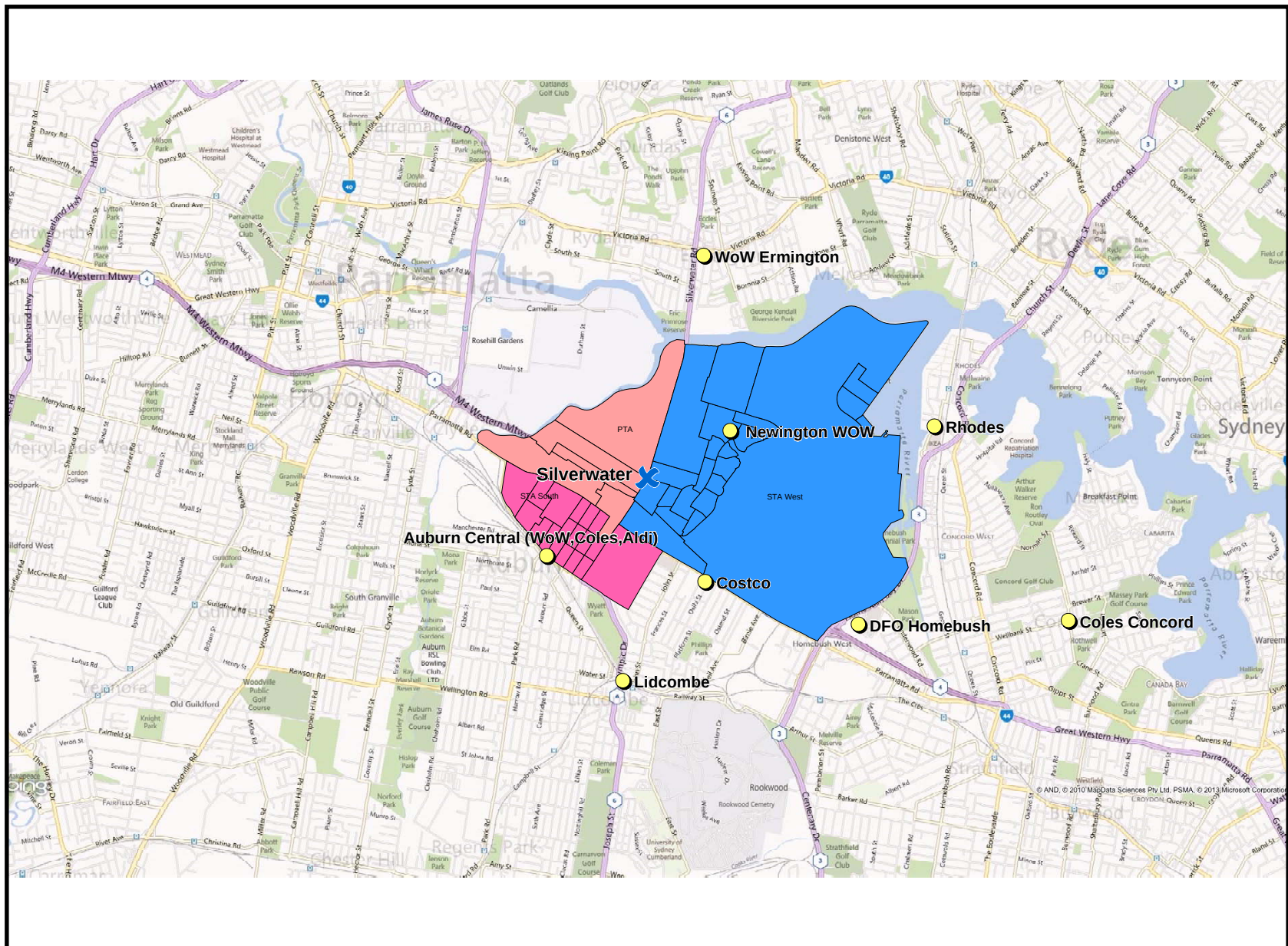
The defined trade is depicted in FIGURE 2.1. In summary, the trade area can be described as follows:

- ▶ Primary Trade Area (PTA) ... incorporates the existing suburb of Silverwater
- ▶ Secondary Trade Area (STA) East ... comprises the suburb of Newington
- ▶ STA South ... includes part of the suburb of Auburn south of the M4, north of Rawson/Boorea Streets, west of Birnie Avenue and east of Hampstead Road.

FIG 2.1: Silverwater Trade Area



AnySite®



Data Source:

3 NEEDS ANALYSIS

3.1 Introduction

The purpose of this section of the Report is to assess the need for additional retail facilities on the subject site. In making this assessment, we have had regard to the following:

- ▶ the demographic characteristics of the Silverwater trade area population as found at the 2011 Census
- ▶ estimates of the trade area's existing and future residential population
- ▶ estimates of annual available retail spending generated within the trade area
- ▶ the existing supply of retail services in the trade area.

3.2 Trade Area Demography

The key demographic characteristics of the trade area population as at the 2011 Census are detailed in TABLE 3.1. Comparative data for the Sydney Region as a whole are also provided. It should be noted that only partial data are available as yet from the 2011 Census.

The key demographic characteristics we have analysed are as follows:

- ▶ age structure
- ▶ household structure
- ▶ occupation/employment structure
- ▶ household income profile.

TABLE 3.1
SUMMARY of DEMOGRAPHIC ATTRIBUTES of SILVERWATER TRADE AREA POPULATION and
COMPARATIVE DATA for SYDNEY REGION, 2011 (% Population)

Variable ...	PTA	STA East	STA South	Total Trade Area	Sydney Region
Count – 2011 Census	1,627	10,112	9,214	20,953	4,391,674
Age Structure					
0-9 years	16.7	12.4	14.8	13.8	13.1
10-19	11.9	7.3	10.7	9.2	12.4
20-29	20.9	19.6	26.1	22.5	14.8
30-39	19.2	25.6	18.2	21.8	15.2
40-49	12.4	16.0	12.6	14.2	14.3
50-59	9.3	10.4	8.8	9.6	12.2
60+	9.6	8.7	8.8	8.8	18.0
Total	100.0	100.0	100.0	99.9	100.0
Household Structure					
Couples & Children	34.4	33.7	37.4	35.4	36.1
Couples Only	23.0	32.0	22.3	27.1	24.7
One Parent	13.0	6.7	11.5	9.3	11.6
Other	2.2	1.8	3.2	2.4	1.4
Total Family	72.6	74.2	74.4	74.2	73.8
Non-Family Households					
Lone Person	16.8	21.7	17.0	19.2	22.0
Group	10.6	4.1	8.6	6.6	4.2
Total Non-Family	27.4	25.8	25.6	25.8	26.2
Average Household Size (persons/dwelling)					
	2.97	2.44	2.99	2.72	2.69
Occupation					
Managers	9.0	21.1	4.3	13.8	13.3
Professionals	19.4	34.8	13.7	25.7	25.5
Technicians & Trade Workers	13.3	7.2	16.5	11.2	12.2
Community & Personal Service Workers	8.7	6.6	10.9	8.4	8.8
Clerical & Administrative Workers	14.7	15.9	10.6	13.8	16.2
Sales Workers	11.2	7.1	10.8	8.8	9.0
Machinery Operators & Drivers	8.4	2.3	10.9	6.0	5.7
Labourers	12.8	3.1	18.0	9.5	7.3
Inadequately Described/Not Stated	2.5	1.9	4.3	2.8	2.0
Total	100.0	100.0	100.0	100.0	100.0
Unemployment Rate (%)	9.1	3.7	11.0	7.0	5.7

TABLE 3.1
SUMMARY of DEMOGRAPHIC ATTRIBUTES of SILVERWATER TRADE AREA POPULATION and
COMPARATIVE DATA for SYDNEY REGION, 2011 (% Population)

Variable ...	PTA	STA East	STA South	Total Trade Area	Sydney Region
Annual Household Income (\$ per week)					
Nil/Negative	2.8	1.3	4.3	2.7	1.7
\$0 - \$199	2.3	0.9	2.7	1.8	1.6
\$200 – \$299	2.6	1.3	3.9	2.5	2.8
\$300 – \$399	4.3	1.6	6.0	3.7	5.7
\$400 – \$599	11.5	4.5	13.8	9.0	8.5
\$600 – \$799	13.0	4.6	13.8	9.1	7.9
\$800 – \$999	10.6	4.9	11.4	8.1	7.6
\$1,000 – \$1,249	13.0	6.9	11.2	9.2	8.1
\$1,250 – \$1,499	7.9	7.7	9.5	8.5	7.6
\$1,500 – \$1,999	11.1	14.1	10.9	12.5	12.6
\$2,000 – \$2,499	8.1	11.8	6.2	9.1	9.4
\$2,500 – \$2,999	5.1	18.3	3.8	11.1	10.7
\$3,000 – \$3,499	2.8	9.7	1.5	5.7	6.4
\$3,500 – \$3,999	2.8	4.6	0.5	2.7	3.3
Above \$4,000	2.1	7.8	0.5	4.3	6.1
Total	100.0	100.0	100.0	100.0	100.0
Average Household Income (\$2011)	\$69,210	\$111,599	\$56,414	\$84,915	\$89,465

Source: ABS Census, 2011.

3.2.1 Age Structure

The trade area as a whole had a significantly younger age profile than did the Sydney Region in 2011. For example, a very substantial 44.3% of the trade area population were young adults (that is, aged 20 to 39 years) in 2011. This compares with only 30.0% of the Sydney Region being young adults in 2011. The proportion of the trade area population aged 50+ years in 2011 moreover was just 18.4% compared with 30.2% in the Sydney Region.

Within the trade area itself, the STA East contained the largest proportion of young adult residents (45.2%) which is largely reflective of the recent settlement of the new suburb of Newington.

3.2.2 Household Structure

The trade area as a whole exhibited a household structure reasonably similar to that of the Sydney Region in 2011. The dominant household type was couple families with dependent children (35.4%), similar to this family type in the Sydney Region in 2011 (36.1%).

The STA East, reflecting its recent settlement, had a substantially above average proportion of couple families without children (32.0%) in 2011. This compared with 27.1% in the trade area as a whole and 24.7% in the Sydney Region.

The average household size in the trade area in 2011 was 2.72 persons per dwelling—very similar to the Sydney Region average of 2.69 persons per dwelling. The average household size in the STA East was 2.44 persons per dwelling. In the PTA and STA South average household sizes were 2.97 persons per dwelling and 2.99 persons per dwelling, respectively—both well above the Sydney Region average of 2.69 persons per dwelling in 2011.

3.2.3 Occupation, Employment and Unemployment

The overall occupational structure of employed persons in the trade area was broadly similar to that of the Sydney Region in 2011. The only exceptions to this were that the trade area workforce had a slightly below average representation of technicians and trade workers as well

as clerical and administrative workers and a somewhat above average representation of machinery operators, drivers and labourers.

Within the trade area, the STA East had an employment structure which was completely different to that in the balance of the trade area in 2011. For instance, fully 55.9% of employed persons in the STA East were in professional or managerial occupations in 2011. This compared with 38.8% in the Sydney Region and 39.4% in the STA as a whole for this occupational categories.

Substantial variation in the unemployment rate between constituent parts of the trade area in 2011 was evident. The trade area overall had an unemployment rate of 7.0% in 2011 somewhat above the Sydney Region average of 5.7%.

Within the trade area, the unemployment rate ranged between a low of 3.7% in the STA East and a high of 11.0% in the STA South. The latter was almost double the Sydney Region average. The unemployment rate in the PTA at 9.1% was also well above average in 2011.

3.2.4 Household Income

The average household income for the trade area as a whole in 2011 was \$84,915 (\$2011) per household per annum. This was -5% below the then Sydney Region average of \$89,465 (\$2011) per household per annum.

It is in relation to average household income that the most dramatic difference exist between the income level of the population residing in the STA East and those in the balance of the trade area. We estimate average household income in the STA East in 2011 was approximately

\$111,599 (\$2011) per household per annum– or almost 25% above the Sydney Region average.

By contrast, the STA South's average household income in 2011 was only \$56,414 per household per annum–or -37.0% below the Sydney Region average while in the PTA it was some \$69,210 per household per annum–or -22.6% below the Sydney Region average.

3.2.5 Ethnicity

The Silverwater trade area is very ethnically diverse. 2011 Census data indicate that only 35.2% of trade area residents were born in Australia. This compares with 59.8% of Sydney Region residents being Australian-born.

The principal countries of birth of trade area residents were as follows:

▶	China	...	10.5%
▶	India	...	6.1%
▶	Korea	...	4.8%
▶	Turkey	...	2.5%.

A further 14.6% of the trade area population was born in countries not detailed in the Census.

3.2.6 Trade Area Demographic Summary

Overall we would classify the Silverwater trade area as having below average socio-economic characteristics as revealed by statistics from the 2011 Census. Having said that, we do concede this is somewhat of an over-generalization in that the statement masks the substantial differences between the constituent parts of the trade area. Suffice it to

say that the population which has recently settled in the STA East (Newington) is substantially different demographically to the population of “old Silverwater” which makes up the PTA and the Auburn area to the south of the M4.

3.3 Population

Based on 2011 Census data we estimate 22,245 people resided in the trade area in 2011 (TABLE 3.2 refers). By 2021 we forecast the trade area population will have grown to an estimated 25,265 persons—an increase of +3,020 residents.

TABLE 3.2
ESTIMATED RESIDENT POPULATION ¹ – SILVERWATER
TRADE AREA, 2011-21 (No. Persons)

Period ...	PTA	STA East	STA South	Total
2011 ERP	1,727	10,736	9,782	22,245
2013	1,734	11,169	10,078	22,981
2016	1,745	11,585	10,538	23,868
2021	1,762	12,150	11,353	25,265
Change 2011-21	35	1,414	1,571	3,020
Average Annual Growth 2011-21	0.20%	1.25%	1.50%	1.28%

Note 1: Estimated Resident Population (ERP) differs from Population Count shown in TABLE 3.1. ERP includes those at home on Census night as well as those residents away. Population Count includes only those present in the area on Census night.

Source: ABS Census 2011 and Leyshon Consulting Projections, March 2013.

While negligible population growth is expected in the PTA over the forecast period, average annual population growth of between +1.25% and +1.5% per annum is forecast for the STA East and STA South. The

average annual growth for the trade area as a whole between 2011-21 is estimated at +1.28 % per annum.

It should be noted that the forecast for the PTA excludes the subject proposal which, if approved, would boost PTA population growth substantially.

While new housing development in the trade area has slowed following the development of Newington, the trade area has a younger age profile and a substantial proportion of young adult couple families, both . These people are in what is commonly described as being in the “family formation stage” of their lives which will result in a relatively high rate of natural population increase in the trade area over the forthcoming decade. In the STA South such growth will be also be enhanced by further medium density housing development in and around the Auburn Town Centre.

3.4 Available Retail Spending

Based on 2011 Census data and data from the Australian Bureau of Statistics (ABS) 2008-09 Household Expenditure Survey (HES), we estimate average household retail expenditure levels in the constituent parts of the trade area in 2011 (\$2012) were as follows:

▶ PTA	...\$8,062 per capita per annum
▶ STA East	...\$12,840 per capita per annum
▶ STA South	...\$7,372 per capita per annum
▶ Total Trade Area	...\$10,064 per capita per annum.

We have assumed some real growth in retail spending between 2011-21. In the PTA and STA South we have an assumed a growth rate

of +1% per annum during the period. Since the late 1990s, real retail spending growth in New South Wales has been in the order of 1.5% to 2.5% per annum. Given the below average socio-economic characteristics of the population in the PTA and STA South, combined with above average unemployment and below average household incomes, we consider a more modest increase in real spending needs to be assumed—we put this at approximately +1.0 % per annum.

In the STA East we have assumed +1.5% per annum on the basis of that area's above average socio-economic characteristics.

TABLES A1-A4 (APPENDIX A refers) detail our estimates of total available retail spending and spending by major commodity group for the years 2011, 2013, 2016 and 2021.

In summary, we estimate total available annual retail spending will increase from \$223.9 million in 2011 (\$2012) to \$289.2 million in 2021. This represents growth in annual available spending of \$65.3 million in real terms (\$2012). The majority of this spending growth (66% or \$43.3 million) derives from population and spending growth in the STA East, combined with the estimated real growth in available spending on a per capita basis in this area of +1.5% per annum during the forecast period.

Annual available supermarket spending in the trade area meanwhile is forecast to grow from \$71.6 million in 2011 to \$92.5 million per annum in 2021—an increase of \$20.9 million in real terms (\$2012).

3.5 Retail Floorspace Demand

The growth in available retail spending discussed above will support the additional provision of retail floorspace either within the trade area and/or in the surrounding region.

We estimate an increase in annual available retail spending of \$65.4 million broadly would support an additional 10,900m² of retail floorspace at an average sales rate of \$6,000 per m² per annum.

An increase in annual available supermarket spending of \$20.9 million meanwhile would support an additional 2,200m² of supermarket floorspace at an average sales rate of \$9,500 per m² per annum.

3.6 Worker Retail Expenditure

As previously noted, the Silverwater site forms part of a major employment area.

The New South Wales Bureau of Transport Studies (BTS) estimated in 2012 that 4,085 workers were employed in the Silverwater/Newington area (BTS Electronic Publication Number D 2012 – WF – Workforce Forecast). The BTS has also prepared an employment estimate for the area which sees almost no change in the total number of workers by 2021.

There is very limited information available on work-based retail spending by employees in areas such as Silverwater. Nevertheless, we consider it is reasonable to expect the average employee in this area could spend \$7.00 per day on convenience retail items including take-away food and beverages.

On this basis, workers in the Newington and Silverwater area would generate annual work-based retail spending of around \$6.565 million (\$2012) in 2011. In essence, therefore, the workers in the area would add only about 2.9% to the pool of available expenditure generated by trade area residents (\$223.9 million per annum [\$2012]) in 2011.

3.7 Potential Centre Sales

We have prepared an estimate of the potential sales which may be generated by retail development on the subject site in 2016 (\$2012) having regard to its location, competition and other factors such as available spending. This estimate is set out in TABLE 3.3.

In preparing this assessment, we have assumed the subject site would at most contain a medium-size supermarket with a component of associated specialty shops. We do not consider there is potential for a full-line supermarket (that is, one greater than 3,000m²) on this particular site having regard to catchment conditions.

As indicated in TABLE 3.3, we estimate the proposed centre potentially could achieve total annual sales of some \$18.7 million in 2016 (\$2012). These sales would be comprised as follows:

▶	Supermarket	...	\$13.3 million per annum
▶	Specialties	...	\$5.4 million per annum
▶	Total	...	\$18.7 million per annum

TABLE 3.3
ESTIMATED CENTRE SALES and MARKET SHARE – SILVERWATER, 2016
 (\$2012)

Category ...	PTA	STA East	STA South	Total
Annual Available Retail Spending (\$ Mil. per annum)	\$14.800	\$160.200	\$81.700	\$256.700
Supermarket				
Annual Available Supermarket Spending (\$ Mil. per annum)	\$4.700	\$51.300	\$26.100	\$82.100
Supermarket Market Share (%)	25.0%	12.0%	7.5%	11.3%
Supermarket Trade Area Sales (\$ Mil. per annum)	\$1.175	\$6.156	\$1.958	\$9.289
Supermarket Non-Trade Area Sales (\$ Mil. per annum)				\$3.980
Total Supermarket Sales (\$ Mil. per annum)	\$1.175	\$6.156	\$1.958	\$13.269
Specialties				
Total Available Spending ¹ (\$ Mil. per annum)	\$10.100	\$108.900	\$55.600	\$174.600
Market Share (%)	5.00%	2.50%	1.00%	2.16%
Trade Area Sales (\$ Mil. per annum)	\$0.505	\$2.723	\$0.556	\$3.784
Non-Trade Area Sales (%)				\$1.621
Total Specialties Sales (\$ Mil. per annum)				\$5.405
Total Centre Sales (\$ Mil. per annum)	\$1.680	\$8.879	\$2.514	\$18.674
Note 1: Total Available Retail Spending less Total Available Supermarket Spending.				
Source: Leyshon Consulting Estimates, February 2013.				

Under the assumptions underpinning the analysis presented in TABLE 3.3, the proposed centre would achieve a total market share within its trade area of 5.1% of available retail spending. The market shares achieved in each specific sector of the trade area would be as follows:

- ▶ PTA ... 11.4%.
- ▶ STA East ... 5.5%.
- ▶ STA South ... 3.1%.

Some 30% of total centre sales are assumed to originate from spending by people residing outside the trade area. These are likely to be a combination of “passing trade”—that is, motorists travelling north or south along Silverwater Road or workers in the surrounding area, but in particular those employed to the north of the subject site and to the west of Silverwater Road.

Based on widely accepted average turnover rates for supermarkets and specialty shops in Australian neighbourhood-scale shopping centres of some \$8,500 per m² per annum for supermarkets and \$6,500 per m² per annum for specialty shops, the estimated turnover of \$18.7 million in 2016 would support the following amount of floorspace:

► Supermarket	...	1,565m ² .
► Specialties	...	831m ² .
► Total Centre	...	2,396m ² .

It is also likely the Silverwater site, given its location, would be suitable for a large format liquor store such as those operated by Dan Murphys. We note that no such large format liquor store currently exists in the area although a smaller format liquor store operates at Newington Marketplace. We consider that such a store would attract trade from a wide geographic area including substantial spending from businesses established in the surrounding area.

We estimate that such a store potentially could attract annual sales of about \$9.0 million in 2016 (\$2012). This would increase total potential centre sales to about \$27.7 million per annum in 2016 (\$2012).

4

IMPACT ASSESSMENT

4.1 Introduction

The purpose of this section of the Report is to analyse the potential impact retail facilities developed on the subject site would have on relevant existing centres. In undertaking this assessment, we have assumed the proposed centre would have 2016 as its first full year of trading and could contain the following floorspace elements:

▶	supermarket	...	1,500m ²
▶	specialties (retail)	...	830m ²
▶	specialties (non-retail)	...	170m ²
▶	large liquor store	...	1,500m ² .

4.2 Impact on Centre Sales

TABLE 4.1 details our estimates of the potential impact of the proposed development on existing centres. As indicated in TABLE 4.1 the impact would be relatively modest ranging between -1.1% (Rhodes) to -10% (Newington). The impacts on centres such as the Auburn Town Centre and Rydalmere are estimated to be in the order of - 5.0% to -5.1%.

TABLE 4.1

ESTIMATED IMPACT of PROPOSED SILVERWATER DEVELOPMENT, 2016 (\$ million per annum; \$2012)

Centre ...	2012	— Estimated Annual Sales —		\$ Sales Change 2016 – Pre and Post Development (\$ Mil. p.a.)	% Sales Change – Pre and Post Development
		2016 Pre Development (\$ Mil. p.a.)	2016 Post Development (\$ Mil. p.a.)		
Subject Site	\$0.0	\$0.0	\$27.7	n.a.	n.a.
Newington	\$35.5	\$40.0	\$36.0	(\$4.0)	(10.0)%
Rydalmere	\$28.0	\$30.0	\$28.5	(\$1.5)	(5.0)%
Auburn Town Centre	\$170.0	\$175.0	\$166.0	(\$9.0)	(5.1)%
Costco	\$110.0	\$125.0	\$123.0	(\$2.0)	(1.6)%
Rhodes	\$186.0	\$190.0	\$188.0	(\$2.0)	(1.1)%
Other Centres	n.a.	n.a.	n.a.	(\$9.2)	n.a.
TOTAL IMPACT				(\$27.7)	

Source: Leyshon Consulting Estimates, May 2013.

Impacts of less than 5% generally are classified by retail analysts as being in the very low category of impact. Accordingly, the impacts on the Auburn Town Centre and Rydalmere would be classified as being borderline between low and very low.

The impact on the existing retail facilities at Newington of -10% would be classified as being in the medium category of impact. Impacts of this order are unlikely to lead to any increase in retail vacancies and would not undermine the role or function of any centre—particularly one like Newington Marketplace which is anchored by a Woolworths supermarket and enjoys the patronage of a substantial adjacent workforce.

Specifically, impacts such as those estimated would not lead to any reduction in the availability of retail services provided in established centres to residents of the trade area, or those living outside the trade area. All of the centres identified in TABLE 4.1 will continue to trade in a viable manner.

4.3 Employment Creation

The proposed development at Silverwater will create additional employment both during the project's construction phase and over the longer term once the residential apartments are occupied and the retail centre operational.

In relation to the construction phase, we are advised the likely construction value of the project will be in the order of \$50 million (\$2012). Based on known construction/employment ratios, capital expenditure of this level would create approximately 463 jobs during the project's construction phase. As a result of the economic multiplier effect, a further 518 jobs would be created during the period of construction in building supply, building services and allied sectors.

In relation to the proposed retail development of approximately 4,000m² on the subject site, we estimate that approximately 143 positions on a combined full- and part-time basis would be created by the proposed convenience retail "offer".

5

CHANGE in ZONING

5.1 Introduction

We understand the subject site forms part of a precinct rezoned to B6 Enterprise Corridor in 2008. The precinct includes land on both sides of Silverwater Road which previously had a residential zoning, which permitted medium density housing.

We further understand the overall intention of a B6 Enterprise Corridor zoning is to encourage commercial or industrial development along main roads like Silverwater Road.

A specific objective of the B6 Enterprise Corridor is to limit retail development so as not to detract from the surrounding activity centre hierarchy.

5.2 Change Since 2008

Since 2008 there has been virtually no redevelopment in this particular precinct for the types of uses envisaged under the B6 Enterprise Corridor zoning. These uses included:

- bulky goods retailing
- business premises
- food and drink premises
- hardware and building supplies
- hotel and motel accommodation
- light industries
- warehouse and distribution centres.

In our opinion, the absence of any significant redevelopment in this precinct since 2008 is explained by a number of factors including:

- ▶ first, the Global Financial Crisis (GFC) slowed suburban commercial and industrial development throughout the Sydney Region
- ▶ second, the Silverwater B6 precinct is competing with very extensive areas also zoned B6 along Parramatta Road. These areas contain major sites with significant redevelopment capacity and offer superior locational attributes for potential retail and commercial tenants than is the case with Silverwater Road
- ▶ third, the Silverwater precinct, in which the subject site is located, has limited potential as far as bulky goods retailing is concerned. This is primarily because of the existing major concentration of bulky goods retailing along Parramatta Road particularly that to the west of Silverwater Road and at DFO Homebush. In our experience, bulky goods retailers perform optimally when they are located within precincts with similar retailers. Consequently, these types of tenants are unlikely to be attracted to a location on Silverwater Road where there is no existing critical mass of bulky goods retailing.

5.3 Demand for Other Uses

Apart from bulky goods retailing the other primary uses permissible in a B6 zone include hardware and building supplies, hotels/motels and light industries.

In relation to the potential of the precinct to accommodate hardware and building supply premises specifically, Bunnings is already well established in the Auburn area on Parramatta Road. While Woolworths Masters might be viewed as a potential occupier we understand Masters' stores require a site of about three hectares. This is about three times the size of the subject site at Silverwater.

Hotel and motel demand in this subregion of Sydney is primarily concentrated in established centres such as Parramatta and Sydney Olympic Park. A location such as the subject site, without access to significant public transport, and on a major road carrying large volumes of industrial traffic, is always likely to be less preferable to other better located sites as far as the accommodation industry is concerned.

It should also be noted that the demand for land in the Sydney Region for light industries is subdued at present due to the decline in the manufacturing sector in Australia. In addition, demand for new warehouses or distribution centres, while it does exist, favours locations further to the west of Auburn, and in particular in and around the significant logistics hub, which is developing in the Eastern Creek-Erskine Park corridor.

5.4 Housing Demand

We understand in 2009 Auburn Council completed an analysis of the potential to accommodate additional residential development in Auburn (*Dwelling Target Analysis – March 2009*).

That report concluded no additional “up zoning” of land was required to meet the target of an additional 17,000 dwellings in Auburn Local Government Area (LGA). This target was established in the Draft West

Central Subregional Strategy prepared by the (then) Department of Planning in late 2007. Council officers have indicated that this conclusion would apply to the subject proposal at Silverwater.

The *Dwelling Target Analysis* report noted that of the 17,000 dwelling target, 6,000 dwellings have been “allocated” to the Olympic Park-Rhodes Specialised centre. The remaining 11,000 dwellings are intended to be provided elsewhere in Auburn LGA.

The report concluded that a significant component of the dwelling target could be met through the redevelopment of so-called ‘brownfields’ sites and that development in and around existing centres could also contribute to meeting the target of an additional 11,000 dwellings.

The major ‘brownfields’ sites identified in Auburn included the former Lidcombe Hospital site and former industrial sites at Wentworth Point (Homebush Bay North). In total, such sites were estimated to be capable of providing 4,298 dwellings over a 15 year period from 2009 or 39% of the 11,000 allocated dwelling target for Auburn LGA. Hence, about 6,700 new dwellings are required in and around centres in Auburn LGA.

Notwithstanding the above, in our opinion there is merit in a proposal to change the zoning of the subject site at Silverwater so that it permits medium density residential development. Our reasoning in this regard is that:

- first, the subject site was zoned for residential development prior to 2009. Hence, permitting residential development on the subject site would not be significantly out of context in terms of the established planning intention for this area.

- ▶ second, there is no certainty that the land which has been identified by Council for such housing in and around centres will, in fact, be taken up and developed for residential purposes. This might not occur for a range of reasons including site amalgamation difficulties and development feasibility in commercial zones and the like
- ▶ third, there is no particular reason why Council should refuse the subject rezoning and adhere strictly to a target of 17,000 additional dwellings if there is such existing demand for the provision of housing within Auburn LGA that might result in the target set in 2009 being exceeded
- ▶ fourth, the subject site is in single ownership and is able to be developed expeditiously whereas meeting of the departmental target in and around established centres in Auburn may take a significant time to be realised, or in fact, may never be achieved for the reasons referred to above
- ▶ fifth, given the location of the subject site, it is likely residential units developed on it will be competitively priced thus contributing to improving overall housing affordability in Auburn LGA.
- ▶ last, there is clearly strong demand for multi-unit housing in Auburn LGA. We note the Metropolitan Development Program 2012 prepared by the Department of Planning and Infrastructure identifies that in 2012, fully 97% of net dwelling completions in Auburn LGA were in the form of multi-unit housing—particularly in buildings of four storeys or more.

In summary, for the reasons set out in Sections 5.2 and 5.3 above, there appears to be limited demand for the types of uses envisaged under the B6 Enterprise Corridor in the Silverwater locality. By contrast, there appears to be a strong ongoing demand for multi-unit housing in Auburn LGA and the subject site (if rezoned to B4 Mixed Use) can make a positive contribution to both meeting the overall housing targets for Auburn LGA and increasing the supply of affordable dwellings in the short- to medium-term.

6 CONCLUSION

In our opinion, the subject site at Silverwater is ideally suited to the development of convenience retailing having regard to its prominent location on Silverwater Road and the existence of a substantial surrounding residential population and a significant workforce.

The site is not suited to the development of a full-line (that is, large) supermarket, however. A smaller scale supermarket of around 1500m² is far more appropriate supported by a limited range of specialty shops. As set out in this Report, the site has significant potential for a large liquor store particularly given the absence of such a facility in the area at present.

The proposed development will service a trade area of in excess of 22,000 residents which is growing at around +1.28% per annum. By 2021, estimated growth in trade area annual available retail spending broadly would support an additional 10,900m² of retail floorspace.

Having regard to competition and catchment conditions, a convenience centre of 2,396m² is recommended for development with provision for a large liquor store of 1,500m² in addition to the convenience retailing proposed for the site.

A development of this scale would have a very low level of impact on most surrounding centres and only a medium level of impact on the nearby Newington Marketplace centre.

There appears to be limited demand for the types of uses envisaged under the site's current zoning. There is, however, strong and ongoing demand for housing in Auburn LGA. Evidence of demand for housing

in this location can be seen by the take-up of housing in the recently developed nearby suburb of Newington.

In summary, the proposed mixed-use development on the subject site will result in a net community benefit.



APPENDIX A

Table A1: 2011 Projected Retail Spend - Silverwater Trade Area (\$2012)

TABLE	PTA	STA EAST	STA SOUTH	TOTAL TRADE AREA
Population	1,727	10,736	9,782	22,245
Average Spending (\$2012)	8,062	12,840	7,372	10,064
Total Retail Spend (\$m) (\$2012)	13.9	137.8	72.1	223.9
Spending by Category				
Food/Groceries	4.1	39.4	22.5	66.0
Food Out	1.7	18.9	7.9	28.5
Alcohol (Off Licence)	0.6	5.6	2.9	9.1
Tobacco	0.5	3.7	2.4	6.6
Clothing & Accessories	1.3	14.0	6.6	21.9
Household Furnishings & Equipment	1.5	16.1	7.9	25.4
Household Non Durables	0.5	4.4	2.5	7.4
Medical/Pharmacy	0.8	3.8	3.6	8.2
Vehicle Accessories	0.3	2.3	1.6	4.2
Recreation	1.6	17.7	8.6	27.9
Personal Care	0.6	7.2	3.3	11.1
Miscellaneous Goods & Services	0.5	4.8	2.4	7.7
Total Retail Spend	13.9	137.8	72.1	223.9
Supermarket	4.5	44.1	23.1	71.6

Table A2: 2013 Projected Retail Spend - Silverwater Trade Area (\$2012)

TABLE	PTA	STA EAST	STA SOUTH	TOTAL TRADE AREA
Population	1,734	11,169	10,078	22,982
Average Spending (\$2012)	8,224	13,228	7,520	10,347
Total Retail Spend (\$m) (\$2012)	14.3	147.7	75.8	237.8
Spending by Category				
Food/Groceries	4.2	42.2	23.6	70.1
Food Out	1.7	20.2	8.3	30.3
Alcohol (Off Licence)	0.6	6.0	3.1	9.6
Tobacco	0.5	4.0	2.5	7.0
Clothing & Accessories	1.3	15.0	7.0	23.3
Household Furnishings & Equipment	1.5	17.3	8.3	27.0
Household Non Durables	0.5	4.7	2.7	7.8
Medical/Pharmacy	0.8	4.0	3.8	8.6
Vehicle Accessories	0.3	2.5	1.6	4.5
Recreation	1.7	19.0	9.0	29.7
Personal Care	0.6	7.7	3.4	11.8
Miscellaneous Goods & Services	0.5	5.2	2.5	8.1
Total Retail Spend	14.3	147.7	75.8	237.8
Supermarket	4.6	47.3	24.3	76.1

Table A3: 2016 Projected Retail Spend - Silverwater Trade Area (\$2012)

TABLE	PTA	STA EAST	STA SOUTH	TOTAL TRADE AREA
Population	1,745	11,585	10,538	23,868
Average Spending (\$2012)	8,473	13,832	7,748	10,754
Total Retail Spend (\$m) (\$2012)	14.8	160.2	81.7	256.7
Spending by Category				
Food/Groceries	4.4	45.8	25.5	75.6
Food Out	1.8	22.0	9.0	32.7
Alcohol (Off Licence)	0.6	6.5	3.3	10.4
Tobacco	0.5	4.3	2.7	7.5
Clothing & Accessories	1.4	16.3	7.5	25.2
Household Furnishings & Equipment	1.6	18.7	8.9	29.2
Household Non Durables	0.5	5.1	2.9	8.5
Medical/Pharmacy	0.9	4.4	4.1	9.3
Vehicle Accessories	0.3	2.7	1.8	4.8
Recreation	1.7	20.6	9.7	32.0
Personal Care	0.7	8.4	3.7	12.7
Miscellaneous Goods & Services	0.5	5.6	2.7	8.8
Total Retail Spend	14.8	160.2	81.7	256.7
Supermarket	4.7	51.3	26.1	82.1

Table A4: 2021 Projected Retail Spend - Silverwater Trade Area (\$2012)

TABLE	PTA	STA EAST	STA SOUTH	TOTAL TRADE AREA
Population	1,762	12,150	11,353	25,265
Average Spending (\$2012)	8,905	14,901	8,143	11,446
Total Retail Spend (\$m) (\$2012)	15.7	181.1	92.5	289.2
Spending by Category				
Food/Groceries	4.6	51.8	28.8	85.2
Food Out	1.9	24.8	10.1	36.9
Alcohol (Off Licence)	0.7	7.3	3.7	11.7
Tobacco	0.5	4.9	3.1	8.5
Clothing & Accessories	1.5	18.4	8.5	28.3
Household Furnishings & Equipment	1.6	21.1	10.1	32.9
Household Non Durables	0.5	5.8	3.3	9.5
Medical/Pharmacy	0.9	4.9	4.6	10.4
Vehicle Accessories	0.3	3.1	2.0	5.4
Recreation	1.8	23.3	11.0	36.1
Personal Care	0.7	9.4	4.2	14.3
Miscellaneous Goods & Services	0.5	6.3	3.0	9.9
Total Retail Spend	15.7	181.1	92.5	289.2
Supermarket	5.0	57.9	29.6	92.5

Source: Leyshon Consulting Estimates May 2013