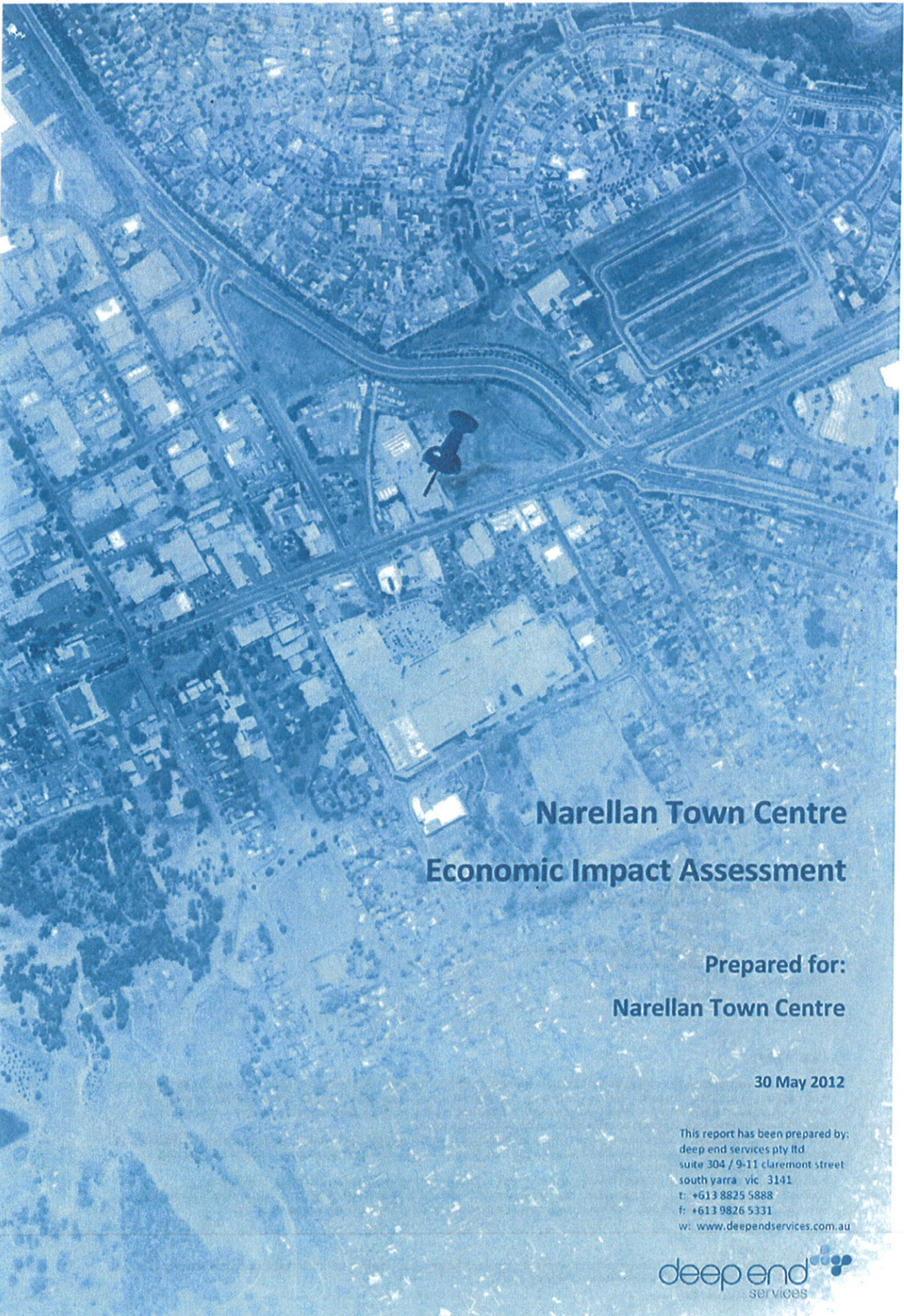




Narellan Town Centre Economic Impact Assessment

**Prepared for:
Narellan Town Centre**

30 May 2012

This report has been prepared by:
deep end services pty ltd
suite 304 / 9-11 claremont street
south yarra vic. 3141
t: +613 8825 5888
f: +613 9826 5331
w: www.deependservices.com.au

deep end 
services

Project Manager Chris Abery
chris.abery@deependservices.com.au
(03) 8825 5877
Principal Matthew Lee
matthew.lee@deependservices.com.au
(03) 8825 5895
Project Code DP1210
Date 30 May 2012

Disclaimer

This report has been prepared by Deep End Services Pty Ltd solely for use by the party to whom it is addressed. Accordingly, any changes to this report will only be notified to that party. Deep End Services Pty Ltd, its employees and agents accept no responsibility or liability for any loss or damage which may arise from the use or reliance on this report or any information contained therein by any other party and gives no guarantees or warranties as to the accuracy or completeness of the information contained in this report.

This report contains forecasts of future events. These forecasts are based upon numerous sources of information, including historical and forecast data provided by organisations such as the Australian Bureau of Statistics, MapInfo Australia and Market Data Systems. It is not always possible to verify that this information is accurate or complete.

It should be noted that the factors influencing the findings in this report may change and hence Deep End Services Pty Ltd cannot accept responsibility for reliance upon such findings beyond a date that is six months from the date of this report. Beyond that date, a review of the findings contained in this report may be necessary. This report should be read in its entirety, as reference to part only may be misleading.

Table of Contents

1. Executive Summary	1
1.1 Introduction	1
1.2 Proposed Development	1
1.3 Catchment area	2
1.4 Activity centres network	2
1.5 Economic impact assessment	4
1.6 Net community benefit	5
2. Introduction	6
2.1 Background	6
2.2 Narellan Town Centre Retail Analysis and peer review	6
2.3 The brief	8
2.4 Approach	9
2.5 Assumptions used in this report	9
2.6 Abbreviations	11
3. Narellan Town Centre	12
3.1 Regional context	12
3.2 Local context	15
3.3 Existing centre	18
3.4 Landturn site	19
3.5 Proposed development	19
4. Planning context	24
4.1 Metropolitan Plan for Sydney 2036	24
4.2 Southwest Subregion Draft Subregional Strategy (draft, 2007)	26
4.3 South West Growth Centre	28
4.4 Draft Centres Policy (2009)	33
4.5 Competition SEPP (2010)	34
4.6 Planning Proposal and Gateway Determination	34
4.7 Conclusion	35
5. Catchment analysis	36
5.1 Catchment area definition	36
5.2 Demographics	39
5.3 Population	41
5.4 Retail spending	45
6. Existing and planned centres	50
6.1 Existing centres	50
6.2 Proposed developments	61
6.3 Current sales at existing centres	63
6.4 Future sales at existing and expanded centres	66
7. Economic impact assessment	68
7.1 Sales forecasts	68
7.2 Impacts	71
7.3 Mitigating Factors	78
7.4 Benefits	80
8. Net community benefit	83

Maps

Map 1:	Regional location.....	13
Map 2:	Narellan – Camden context and urban release areas.....	14
Map 3:	Narellan Town Centre location detail	16
Map 4:	NTSC catchment area	38
Map 5:	Local activity centre network.....	52
Map 6:	Camden Town Centre.....	54
Map 7:	Mt Annan Local Centre.....	55
Map 8:	Campbelltown - Macarthur	59

Tables

Table 1:	NTSC summary of existing uses (GLA).....	19
Table 2:	NTSC floorspace after Stage 5 expansion (GLA).....	21
Table 3:	NTSC floorspace after Stage 6 expansion (GLA).....	22
Table 4:	NTSC summary of floorspace changes, Stages 5 & 6 (GLA)	23
Table 5:	SWGC population targets and centres.....	32
Table 6:	NTSC catchment area demographic profile, Census 2006.....	40
Table 7:	Catchment area population, 2006-2026.....	44
Table 8:	Catchment area average retail spending per capita by commodity type 2011.....	48
Table 9:	Catchment area retail spending market, 2006-2021 (Y/E June)	49
Table 10:	Local activity centres.....	50
Table 11:	Local activity centres, floorspace distribution by product category, May 2012.....	51
Table 12:	Local activity centres, sales estimates (2010/11) by major spending category.....	65
Table 13:	Local activity centres, sales estimates (2016/17) by major spending category – no change scenario.....	67
Table 14:	NTSC Stage 5 – retail sales projection (2016/17).....	69
Table 15:	NTSC Stage 5 – market share estimates (2016/17).....	70
Table 16:	NTSC Stage 6 – market share estimates (2020/21).....	71
Table 17:	Forecast retail sales impacts on local activity centres, Stage 5 NTSC (2016/17) & Stage 6 NTSC (2020/21).....	77
Table 18:	Sales at competing centres, 2011-2021	79
Table 19:	Narellan Stage 5 – ongoing employment creation.....	80
Table 20:	Narellan Stage 6 – ongoing employment creation.....	81
Table 21:	Summary of construction employment generation.....	82

Figures

Figure 1: Zone Plan.....	17
Figure 2: Metropolitan Plan for Sydney 2036 distribution of centres	26
Figure 3: South West Growth Centre Precincts	29
Figure 4: South West Growth Centre Structure Plan	29
Figure 5: Catchment area population forecasts by sector, 2011-2036.....	45

1. Executive Summary

1.1 Introduction

1. This report presents an economic impact assessment (EIA) arising from the proposed expansion of the Narellan Town Shopping Centre (NTSC).
2. Deep End Services previously prepared a Retail Analysis for the proposed development, which was submitted as part of a Planning Proposal for consideration at Gateway.
3. A peer review of the Retail Analysis identified the need to prepare a full Economic Impact Assessment of the proposed development to establish whether the proposal would adversely affect the role and operation of other centres in the region. This conclusion was supported by the Department of Planning and Infrastructure, which also requested consideration of the effect of the development on the establishment of Leppington as a Major Town Centre serving the South West Growth Centre (SWGEC).

1.2 Proposed Development

4. NTSC is located within the wider Narellan Town Centre, which generally comprises land within the B2 – Local centre zone as described in the Camden Local Environmental Plan 2010 (LEP 2010).
5. The centre is situated in the heart of Narellan, on the southern side of Camden Valley Way and close to the intersection with Narellan Road and The Northern Road. It is easily accessible from throughout the region, and is well served by local and regional bus routes.
6. NTSC, which is the predominant retail shopping destination located in the local government areas of Camden and Wollondilly, is currently anchored by a Big W discount department store (DDS) and Woolworths and Coles supermarkets. The total gross leasable area (GLA) for retail uses is currently 29,180 sqm.
7. The proposal is to expand the centre by constructing new buildings on the existing site and by developing the Landturn site on the northern side of Camden Valley Way. These two components will be integrated with a pedestrianised retail bridge across the road and with the activation of the ground floor frontages to Camden Valley Way.
8. The development would be undertaken over two stages, described as Stage 5 (to be completed by the end of calendar year 2015) and Stage 6 (indicatively completed by the end of calendar year 2020). Stage 5 would add two more discount department stores (DDS), relocate and expand the Coles store, and add new mini-major tenants and specialty retailers. Stage 6 would notionally add a department store tenant and new mini-majors and specialties. For the purposes of this assessment we have assumed the first full year trading period for Stages 5 and 6 to be 2017 and 2021 respectively.
9. At the conclusion of Stage 5 the centre would have a total of approximately 75,000 sqm of commercial floorspace, including approximately 62,000 sqm of retail floorspace (GLA). This represents an addition of approximately 33,000 sqm in total retail floorspace.

10. At the conclusion of Stage 6 the centre would contain a total of approximately 96,000 sqm, including approximately 81,000 sqm of retail floorspace (ie an additional 19,000 sqm of retail floorspace).

1.3 Catchment area

11. The catchment area for NTSC includes a Primary sector which covers the immediate area around Narellan and Camden and the surrounding suburbs, a Secondary North sector which extends into the southern precincts of the SWGC, and a Secondary South sector which includes the townships and rural areas of Wollondilly that are located on the western side of the Hume Highway.
12. The catchment had an estimated population of 87,095 persons in 2011, with 50,697 people living in the Primary sector.
13. The total population in the catchment if projected to reach 120,075 persons in 2017 (ie shortly after Stage 5 of the NTSC expansion is presumed to be completed), with rapid growth occurring at a rate of 5.5% pa.
14. The main growth areas consist of the Secondary North sector, with an average of 3,500 new residents per year, and the Primary sector, with an additional 1,595 persons per year.
15. By 2021, the catchment as a whole is projected to contain 154,605 residents, with a growth rate of 6.5% pa occurring over the period 2017 to 2021. Over this period, the Secondary North sector is projected to continue to experience very strong rates of urban development.
16. Average retail spending in the catchment is lower than the average for the Sydney metropolitan area as a whole. While current spending in the Secondary North sector is substantially lower than the metropolitan average, average spending is forecast to grow relative to the Sydney average over time as new residents move into the area.
17. The catchment area is forecast to experience a very substantial increase in retail spending capacity over the ten year period from 2011 to 2021. Over this period, total spending on retail goods and services is anticipated to increase from \$1,130.3 million to \$2,186.9 million, representing an additional \$1,056.6 million in annual spending that will go towards supporting new retail developments both within and beyond the identified catchment area.

1.4 Activity centres network

18. NTSC is the main location for higher-order retailing within the identified catchment, with Camden having a complementary role as a traditional town centre with main street style retailing along Argyle Street.
19. Narellan has a relationship with Camden which is complementary and economically sound. It achieves the planning objectives set down for the Camden Town Centre while allowing retail growth to be accommodated in a centre which is nearby, more central to the existing and future population base, has good road connections and improving public transport connectivity.

20. A number of smaller local town centres and village centres are located across the catchment, including at Tahmoor, Picton, Mt Annan and Harrington Park. These centres provide grocery and other convenience shopping to localised catchments.
21. Beyond the catchment, major retailing is provided at Campbelltown-Macarthur. This is a defined Major Town Centre with an opportunity to establish an even greater role (potentially as a Regional City) serving the wider Macarthur Region consisting of the municipalities of Campbelltown, Camden and Wollondilly. The centre has a number of components, including a major regional shopping centre (Macarthur Square), a sub-regional shopping centre (Campbelltown Mall), a smaller supermarket-based centre (Marketfair), and a wide range of individual street-based stores. Nearby, numerous bulky goods retailers have established along Blaxland Road.
22. Other relevant centres outside the catchment include village and neighbourhood centres situated on the western side of Campbelltown, including Eagle Vale, Raby, Kearns, Claymore and Rosemeadow. These centres are relevant because residents in these communities may be attracted to shop at NTSC as an option to other higher-order centres at Campbelltown.
23. New retail developments are expected to occur in the surrounding region over the period leading up to 2017:
 - A Big W DDS is planned to be built as an extension to the Tahmoor Town Centre
 - A Target Country is planned to be accommodated at Picton Mall
 - A new supermarket-based centre is planned to serve the Spring Farm urban release area
 - The initial development of the Oran Park Town Centre will include a supermarket and specialty stores
 - A supermarket-based centre will be constructed to serve residents in the Turner Road / Gregory Hills precinct.
24. Other retail developments are expected to occur in the period between 2017 and 2021:
 - Stage 2 of the Oran Park Town Centre will include a DDS and additional specialty stores
 - The initial stages of Leppington Major Town Centre will be developed, with a DDS-based centre established prior to 2021
 - Additional bulky goods uses will be developed at the Turner Road precinct.
25. It is acknowledged that other, unforeseen retail developments might be established over this extended time period; however, these longer-term developments are unlikely to affect the analysis that has been conducted in the EIA.
26. The total estimated turnover of retailers in the catchment area is \$709.1 million in 2010/11 (expressed in 2011 dollars), representing an average trading level of \$5,514 per sqm, which is similar to industry averages (which are in the order of \$5,000 - \$5,500 per sqm).
27. Retailers in the catchment generate an estimated \$615.7 million of these sales from residents in the catchment, leaving approximately \$514.6 million in spending (or 46% of the total spending capacity of the catchment) that escapes to more distant centres outside the catchment. Retaining a greater share of this escape spending will help to support new jobs located in the local region.

1.5 Economic impact assessment

28. In the absence of the Stage 5 expansion of NTSC, the total turnover for retailers in the catchment area is projected to increase to \$954.9 million in 2016/17 (expressed in constant 2011 dollars). This represents a base-case situation that takes into account the new developments that are assumed to proceed by this time, as well as recognising local population and spending growth expectations within the catchment area.
29. The expanded NTSC is projected to achieve retail sales of \$363.9 million in 2016/17 – a net increase of \$162.7 million compared to the base case scenario.
30. This projected turnover level represents an average market share across the catchment area of 12.2% of food spending and 24.1% of non-food and services spending. It is further forecast that approximately 20.7% of sales will be generated from residents living beyond the catchment area.
31. The projected impacts from the proposed Stage 5 expansion of NTSC on the retail turnover that the surrounding centres would have otherwise achieved in the no-change scenario in 2016/17 are estimated to be a -7.0% impact on centres within the catchment, and a -5.1% impact on identified competing centres outside the catchment. Impacts for selected centres are estimated as follows:

▪ Oran Park (Stage 1)	-10.7% of sales
▪ Camden Town Centre	-8.8%
▪ Gregory Hills	-8.0%
▪ Mt Annan	-7.8%
▪ Tahmoor	-7.4%
▪ Macarthur Square	-7.4%
▪ Spring Farm	-7.3%
▪ Campbelltown Mall	-5.8%
▪ Campbelltown remainder	-4.3%
32. None of the identified centres should be threatened by the expansion of NTSC in terms of overall viability.
33. In overall terms, the range of impacts assessed is relatively modest and proportional to the level, composition and location of retail floorspace at each centre. The sales re-allocations at all centres are within the bounds and expectations of a normal and competitive environment where turnover levels naturally fluctuate with changes in economic and market conditions.
34. Stage 6 would generate a lower level of impact on competing centres, including a -5.0% impact on Oran Park, a -4.9% impact on Macarthur Square and a -2.4% impact on Camden Town Centre. None of the impacts exceeds 5% and they would not be expected to cause any significant effect on the viability of these centres, especially having regard for the rapid growth in retail expenditure capacity in the region.
35. Impacts on the Leppington Town Centre are forecast to be -2%. At this point in time Leppington will serve a core catchment that extends into nearby land release precincts, with relatively little catchment overlap with NTSC.

36. The proposed Stage 5 expansion will generate an estimated 370 FTE direct and 325 indirect jobs over a construction phase spanning 2½ years, with Stage 6 generating 440 direct FTE jobs and 385 indirect jobs over a shorter 12 month construction period.
37. An estimated 708 FTE direct jobs and 476 FTE indirect jobs would be supported on an ongoing basis by the retail and commercial/mixed uses associated with Stage 5, while Stage 6 (in 2021) would generate another 339 direct FTE jobs and 216 indirect FTE jobs on an ongoing basis.
38. Other benefits resulting from the expansion of NTSC include:
 - Providing choice in DDS shopping, with the accommodation of two additional DDS brands, and a new department store in the longer term.
 - An improvement in supermarket offering with the provision of a large, new-format Coles store, thereby increasing the quality, choice and convenience of supermarket shopping in the area.
 - Reduction in escape spending directed outside the region, thereby supporting local employment generation.
 - Increasing the range and quality of specialty retailing, including the addition of national retail brands currently not on offer within the local region.
 - Development of an under-utilised site located at the core of Narellan Town Centre, in a manner that delivers an integrated solution that will assist in activating the whole of the town centre for retail shopping and other services.
 - Provision of higher-order shopping for new residents in the southern part of the SWGC, prior to the establishment of larger centres that are more conveniently located within these precincts.
 - Support for a range of uses such as a gym, offices and food dining which would be developed in conjunction with the retail elements of the centre.
 - Significant environmental benefits associated with a reduction in travel time for residents in the communities of Camden and Wollondilly to access higher-order shopping, entertainment and commercial services.

1.6 Net community benefit

39. The average forecast impact throughout the identified activity centres within the catchment area and for centres beyond is a modest -7.0% and -5.0% respectively for Stage 5 in 2016/17, and a lower -1.9% and -2.8% for Stage 6 in 2020/21.
40. The positive community impacts of the expansion, including significant new employment opportunities, retention of local retail spending, improved retail facilities including access to higher-order retailing, development of an important strategic site, and reduced travel times, far outweigh the relatively minor one-off reductions in sales that would be experienced by other existing centres.
41. The conclusion, therefore, is that the proposed expansion of Narellan Town Shopping Centre would deliver a **substantial positive net community benefit**.

2. Introduction

2.1 Background

Deep End Services ("Deep End") has been engaged by Narellan Town Centre to provide an Economic Impact Assessment (EIA) of the proposed expansion of the Narellan Town Shopping Centre (NTSC) and the development of the Landturn 'Triangle' site at 339 Camden Valley Way, Narellan. The EIA has been prepared to accompany a request to amend the Camden Local Environment Plan 2010 to facilitate increased retail development on the Landturn site.

NTSC is an established sub-regional shopping centre on the southern side of Camden Valley Way in the township of Narellan, located in the City of Camden on the south-western fringe of Sydney. Rapid urban development is occurring in and around the Narellan township, and substantial future growth is planned to the north of the township as part of the South West Growth Centre (SWGEC).

The proposed expansion of the NTSC will involve significant development on both sides of Camden Valley Way, connected and integrated by a pedestrianised retail bridge.

The expanded centre is intended to improve the availability and choice of retail shopping facilities for existing and future residents in the region.

A Planning Proposal has been submitted by the Narellan Town Centre, and has been approved at Gateway by the NSW Department of Planning and Infrastructure for implementation by the responsible authority. The Planning Proposal was accompanied by a report prepared by Deep End in August 2011 entitled *Narellan Town Centre Retail Analysis*.

To avoid confusion, this report uses the term *Narellan Town Centre* ("NTC") to refer to the commercial centre defined by the existing zoning pattern (principally the B2 – Local centre zone), while the term *Narellan Town Shopping Centre* ("NTSC") is used to refer to the shopping centre owned by the commercial entity 'Narellan Town Centre', to which the proposed expansion applies.

2.2 Narellan Town Centre Retail Analysis and peer review

Deep End prepared a retail assessment of the proposed development at NTC in August 2011 to accompany Council's Planning Proposal submission to the Department of Planning and Infrastructure. The objective of the report was to examine the strategic policy framework and provide an assessment of retail need and market demand. The analysis was undertaken in the context of projected retail floorspace development and the emerging pattern of urban development and population growth in the region and in the catchment served by retail facilities at Narellan.

The main conclusions emerging from the previous Deep End retail analysis were as follows:

- The proposed expansion of NTSC will meet the growing consumer demands from a regional catchment with a current population of 86,660 and potential for the population to increase to over 200,000 when full development is reached.

- The proposed development is an opportunity to accommodate higher-order retailing on the Landturn site at a central and strategic location within the NTC.
- Accelerating growth in the southern part of the SWGC will generate strong demand for the early establishment of neighbourhood centres and retailers catering to the weekly grocery and retail service needs. Demand for higher-order retailing will need to be met by centres outside the SWGC in the early stages of development.
- The northern precincts of the SWGC, lying outside the catchment served by the expanded NTSC, will have sufficient population and retail spending capacity to comfortably support the staged development of the Leppington Major Centre.
- Escape spending in the NTSC catchment is broadly estimated at \$514.6 million (or 46% of total spending) in 2011, representing a significant opportunity to retain spending and employment within the region.
- Strategic planning policy supports the centres hierarchy in which Narellan is identified as a Town Centre but with opportunity for change as a result of population growth in the SWGC. The centre is described as having a number of characteristics (including geographic position, infrastructure capacity, and public transport delivery) that will allow it to have a more significant role over time as its catchment population expands.
- A retail floorspace demand-supply analysis identifies a looming undersupply of retail floorspace in the future. Planned new centres in the SWGC and their associated floorspace provision will not be sufficient to meet the higher-order retail needs of the region.
- NTSC is well-placed to cater to the emerging retail demand in the area, and new retail development will be complementary to the retail mix and role provided at Camden Town Centre.
- An expanded retail sector at Narellan would not impede the planned establishment of Leppington as a Major Town Centre serving the SWGC, having regard for the total retail demand generated in the SWGC as a whole, the distance between the two centres, and the expected rates of development across the growth area, which will affect the timing for establishing higher-order retailing at Leppington.

A peer review of Deep End's retail analysis was prepared by HillPDA in November 2011, and included a detailed examination of the assumptions, inputs and conclusions in that report. The review generally supported the Deep End analysis, although HillPDA identified some inconsistencies with their own estimates of floorspace and current turnover levels, especially for Camden Town Centre.

Overall, HillPDA came to the conclusion that the *"subject site would be suitable to accommodate retail floorspace and such development in this location is generally consistent with the draft Subregional Strategy."*

This conclusion is supported by the finding that *"the rezoning can be justified in economic terms, given identified need in the local area and the proximity of the subject site to Narellan Town Centre."*

In assessing the retail analysis report, HillPDA recommended that a full Economic Impact Assessment be undertaken to examine the potential impacts that the proposed development would have on the role and operation of other centres in the broader region, including planned new centres in the SWGC.

The need for an EIA to accompany the proposal was also identified in the planning assessment report prepared by the Planning Team in the Department of Planning and Infrastructure as part of the Gateway determination. The planning report recommends that the EIA be extended to *"include consideration of the potential economic impacts on the planned Major Centre at Leppington and all of the proposed town centres within the South West Growth Centre"*.

2.3 The brief

In order to progress the rezoning request, an EIA is required to examine the positive economic benefits and the potential adverse competitive trading impacts of the proposed development on the existing and planned network of retail centres serving the region. The scope of work for this assessment has been guided by recommendations that are contained in the HillPDA peer review of the *Narellan Town Centre Retail Analysis*.

Specifically, the Brief for this EIA includes the following elements:

1. Identify relevant matters for determination in relation to economic and social impacts arising from shopping centre development.
2. Identify an appropriate catchment area served by the expanded centre, and prepare estimates of likely market share performance by the centre when developed, incorporating planned new centre developments and expansions.
3. Determine likely turnover levels of the expanded centre, and the impact this might have on turnover performance at existing and planned new centres. The impact assessment will consider turnover levels at competing centres over time, comparing a 'no-development' or base case situation against the situation that would arise if the proposed expansion takes place.
4. Interpret the results of the impact analysis in terms of the significance of the economic impacts on competing centres and the ability for centres to regain centre turnover levels over time, and the social effect of such impacts.
5. Advise on any mitigation strategies that could be implemented to address any identified adverse impacts.
6. Describe the economic benefits resulting from the proposed development, in terms of such factors as employment creation, retail competition, price competition, improved land use integration, reduced travel times, and other factors.
7. Prepare a summary statement as to whether the proposal would have a positive effect on net community benefit.

2.4 Approach

The tasks completed by Deep End in the preparation of this report include:

- Inspection of the subject site and surrounding retail facilities in Narellan and the broader area;
- Collation of information on retail development proposals in the surrounding region, including expected components, staging and timing;
- Identification of the catchment area likely to be served by the expanded centre;
- Detailed land use and floorspace surveys at centres within and beyond the catchment area in order to ensure up-to-date information on the existing provision of retail floorspace in the region;
- Analysis of population and demographic trends in the catchment area;
- Analysis of retail commodity spending data provided by Market Data Systems ("MDS") and incorporation of retail commodity spending forecasts provided by Deloitte Access Economics in order to determine likely future retail spending levels in the catchment;
- Assessment of existing and future retail turnover levels at NTSC, in the absence of the proposed development, and with the proposed expansion;
- Assessment of competitive trading impacts on centres in the region that are likely to be affected by the proposed development;
- Assessment of the employment effects and other community benefits of the proposed development.

These tasks were carried out in April and May 2012.

2.5 Assumptions used in this report

A Base Case has been adopted, against which the impact of the proposed development at Narellan Town Centre is assessed. For the purposes of the EIA, the Base Case assumes no further development on the NTSC site, and no development on the Landturn site.

Notwithstanding the adoption of a 'no development' position as a Base Case for this EIA, it is important to recognise that the centre has existing entitlements on its current site for additional retail development under the FSR provisions contained in the Camden LEP 2010, and consent has already been provided for part of Stage 5 involving additional retail floorspace on the existing site. An existing entitlement for approximately 11,300 sqm also applies to the Landturn site.

These entitlements are relevant in determining the net additional retail floorspace that would occur following the proposed amendment of Camden LEP 2010 and subsequent consent for a Development Application.

On advice from Narellan Town Centre and for the purposes of this report, Deep has adopted a construction timeframe for the proposed centre redevelopment as follows:

- Stage 5 completed by the end of 2015 with 2016/17 being the first full year of trading
- Stage 6 completed at a later date, with 2020/21 adopted as an indicative first year of trade for the purposes of this EIA.

A range of assumptions have also been made about the components, staging and timing of other developments in the surrounding region. Details of these assumptions are provided in Section 5 of this report.

All estimates and forecasts of retail spending that relate to the period after 1 July 2011 are presented in 2010/11 dollars and include GST.

Other assumptions used elsewhere in this report in relation to estimates and forecasts of population and market size are explained in the relevant sections as appropriate.

2.6 Abbreviations

The following abbreviations are used throughout this report:

ABS	Australian Bureau of Statistics
ANA	Australian National Accounts
DDS	Discount Department Store (Kmart, Target, Big W)
EIA	Economic Impact Assessment
ERP	Estimated Resident Population
ESGs	Edible Supermarket Goods
FLG	Food, liquor & groceries, which comprises <i>edible supermarket goods</i> plus <i>liquor plus non-food groceries</i>
FTE	Full Time Equivalent
GLA	Gross Leasable Area
GST	Goods and Services Tax
HES	Household Expenditure Survey
LEP	Local Environmental Plan
LGA	Local Government Area
MDS	MDS Market Data Systems Pty Ltd
NTC	Narellan Town Centre
NTSC	Narellan Town Shopping Centre
PCA	Property Council of Australia
SLA	Statistical Local Area
sqm	Square metres
SWGC	South West Growth Centre
SWSRS	South West Subregion Draft Subregional Strategy
URP	Usual Resident Population

3. Narellan Town Centre

3.1 Regional context

NTSC is the main shopping destination in the township of Narellan, and is located approximately 60 km driving distance south west of Sydney CBD in the Camden local government area (refer *Map 1*).

Camden forms part of the Macarthur region of Sydney which contains almost 260,000 residents (2011 estimate) in the municipalities of Camden, Campbelltown and Wollondilly.

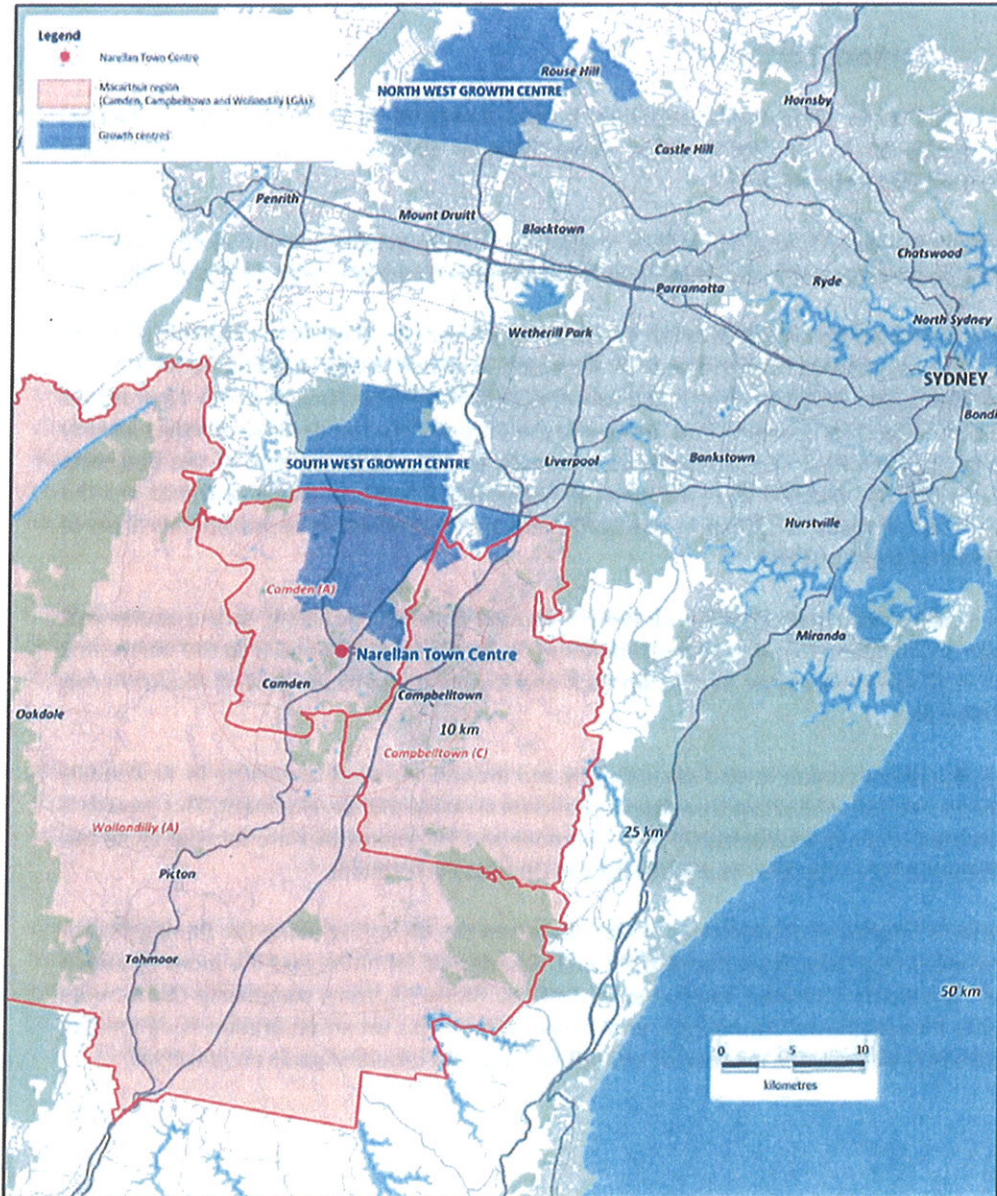
Narellan is situated immediately south of the SWGC, where the NSW Government is planning for 110,000 new homes over the next 30-40 years, accommodating in the order of 330,000 new residents. The SWGC covers 17,000 hectares of broadacre land, in which 18 precincts have been defined for planning and urban release purposes. Urban development has already begun in the Oran Park and Turner Road precincts, and the southern part of the Catherine Fields precinct has recently been released for planning (July 2011). These precincts are the southernmost of those identified in the SWGC and are located within approximately 3 km of the subject land in Narellan.

Urban development is proceeding elsewhere around Narellan, including to the south-west between Narellan and Camden in the suburbs of Spring Farm and Elderslie; to the north-west in the urban release areas at Harrington Park and Kirkham; and to the east at Mount Annan (refer *Map 2*).

Strong population growth is also occurring in and around the rural townships in Wollondilly Shire in the form of infill urban development and rural residential development. This growth is concentrated in those townships (Picton, Tahmoor and Thirlmere) that are located along the Remembrance Drive corridor, and to the east in Douglas Park-Wilton.

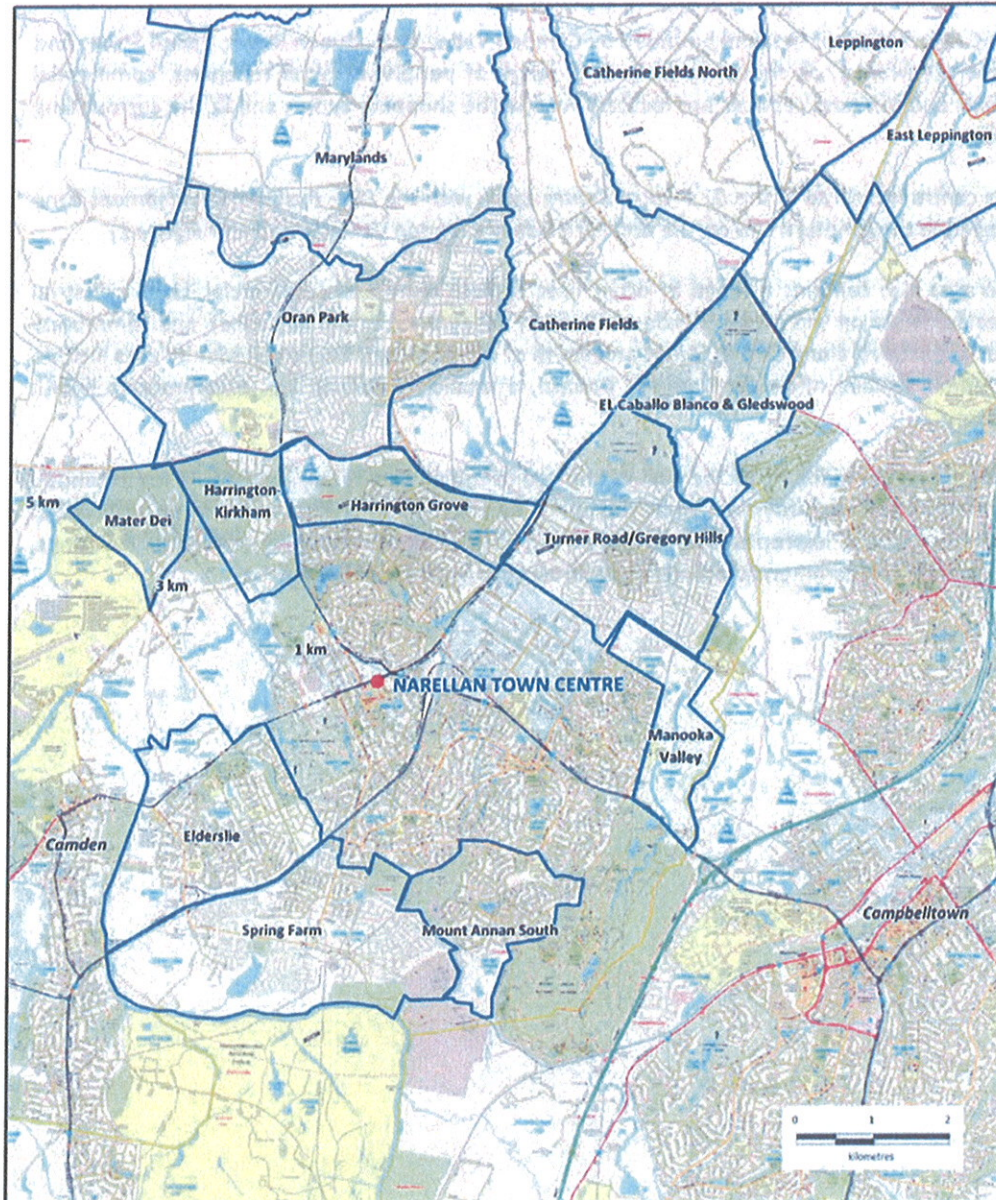
A substantial degree of separation is evident between the townships along the Remembrance Drive corridor stretching from Narellan through Camden to Tahmoor; and the more suburban style of development located south and east of the Hume Highway, comprising the suburbs Leumeah, Campbelltown, Ambarvale, and Rosemeadow. This urban separation is defined by the Hume Highway and the location of non-urban land uses including parks and reserves.

Map 1: Regional location



Source: Deep End Services; MapInfo

Map 2: Narellan – Camden context and urban release areas



Source: Deep End Services; MapInfo

3.2 Local context

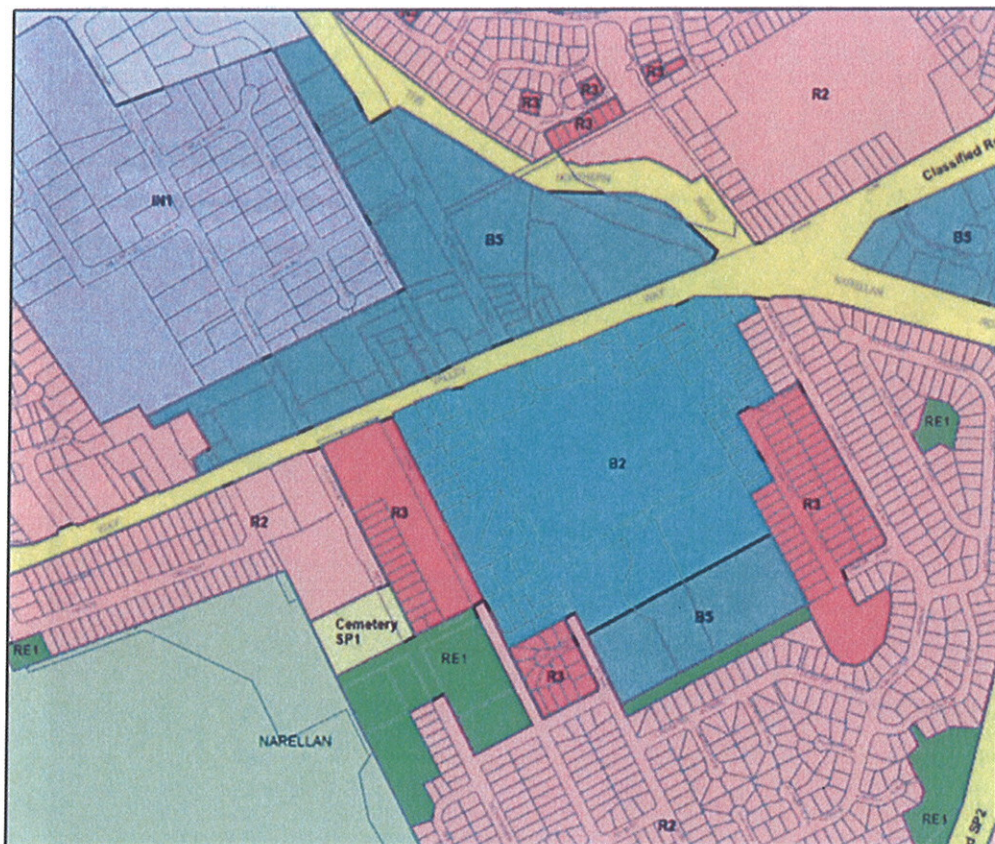
NTSC covers most of the land bounded by Camden Valley Way, Queen Street, Elyard Street and Somerset Avenue, as shown in **Map 3**. A range of peripheral retail tenancies, commercial offices and business services are located outside the shopping centre and in the surrounding streets.

The centre is located in the *B2 – Local Centre* zone, with the *B5 – Business Development* zone applied to the Landturn site on the northern side of Camden Valley Way (refer **Figure 1**)

The area also contains a range of other uses besides retail and commercial. Light industrial uses dominate on the northern side of Camden Valley Way (in the IN1 zone), and community uses are located along Queen Street and south of Elyard Street. These community uses include an administrative office for Camden Council, a municipal library, and a community health centre.

Vacant land immediately to the east of the council office and library is available for expanded community services provision, while the adjoining site further to the east is owned by Narellan Town Centre and is proposed for a mixed use development containing residential dwellings, medical centre, commercial offices and a small amount of retail floorspace.

Figure 1: Zone Plan



Source: Deep End Services; Camden Local Environment Plan 2010

3.3 Existing centre

NTSC is presented as in internal mall housing a Big W DDS, two supermarkets (Woolworths and Coles) and approximately 140 specialty stores selling a range of retail and non-retail goods and services. The centre also contains a United Cinema complex.

The main access into the centre is from Camden Valley Way, with secondary access from Queen Street, Somerset Street and Elyard Street. Separated service access is from Elyard Street and Queen Street. A total of approximately 1,535 car parking spaces is currently provided with a mix of at-grade and undercover parking areas.

The centre is highly accessible from the surrounding region, and is served by the following major roads:

- **Camden Valley Way**, which provides access from Camden and other smaller townships further to the west (eg Oakdale and The Oaks), and from newly-developing suburbs to the north-east of Narellan
- **Camden Bypass**, which links Remembrance Drive to Narellan Road and provides quick access (via Narellan Road and Camden Valley Way) for residents south of Camden, including Picton, Tahmoor and Thirlmere)
- **Narellan Road**, which runs in an easterly direction between Narellan and Campbelltown, and provides easy access for residents living in Mount Annan, Currans Hill and other suburbs further to the east
- **The Northern Road**, which extends northwards into the SWGC, and provides access to Narellan Town Centre for residents living in Harrington Park and other newly-developing suburbs further to the north.

An important competitive feature of the centre is the presence of Big W, which is the only DDS located in the outer south-west of Sydney other than at Macarthur Square and Campbelltown Mall. The closest other DDSs are located at Casula Mall (Kmart) and Carnes Hill Marketplace (Big W).

The United Cinemas contains 8 screens and is the only cinema complex south of Liverpool other than at Macarthur Square (Event Cinemas and a total of 11 screens) and Campbelltown (Dumaresq Street Cinemas and a total of 6 screens).

The existing centre is an important shopping destination for a residential catchment which has grown rapidly in recent years. The growing residential population has prompted a number of centre expansions since the centre first opened in 1995 with Woolworths as the anchor tenant. Since that time, further stages of development have included:

- **Stage 2 (October 1999)** with the addition of Big W and new specialty shops.
- **Stage 3 (December 2001)** adding a second supermarket (then Bi-Lo now Coles) and additional shops; and
- **Stage 4 (January 2009)** adding the 8-screen United Cinema complex, additional specialty shops and a food court.

In addition to the main shopping centre, the NTSC site also includes the Gateway building and the Narellan Commercial Centre, which are free-standing buildings fronting Camden Valley Way and containing a mix of retail and commercial tenancies. Retail floorspace housed in these buildings, at 1,177 sqm, is included in the total floorspace for the NTSC for the purposes of this report.

The NTSC has an existing Gross Leasable Area (GLA) of 37,524 sqm, with total retail floorspace of 29,180 sqm, as summarised in *Table 1*.

Table 1: NTSC summary of existing uses (GLA)

Tenancy	Leasable area (sqm)
<u>Major stores</u>	
• Woolworths	3,831
• Coles	3,398
• Big W	6,536
Total majors	13,765
Mini-majors	2,653
Specialty shops	12,762
Total Retail	29,180
Other/vacant	4,418
Office/non-retail	3,926
Total Centre	37,524

Source: Narellan Town Centre

3.4 Landturn site

The Landturn site is situated directly opposite the NTSC on the northern side of Camden Valley Way. It is a large (7.3 ha) triangular shaped parcel of land that enjoys excellent access to the regional road network and has extensive frontages to Camden Valley Way, The Northern Road and The Old Northern Road. These roads provide direct connections into the SWGC, to Camden and east to Campbelltown.

The current zoning is B5 – Business Development zone, with gross floor area for all retail premises limited to a maximum of 11,300 sqm according to the Camden LEP 2010.

The site is well served by public transport with a number of local and regional bus routes linking the site to surrounding areas including Camden and Campbelltown. Additional routes providing access between Narellan and nearby growth areas are being planned by NSW Department of Transport.

3.5 Proposed development

The expansion proposed for the NTSC involves an extension to the centre in a northerly direction, building over the existing car park and commercial buildings fronting Camden Valley Way, and then extending onto the Landturn site with a pedestrianised retail bridge. The development, involving approximately \$233 million of capital investment, would establish an integrated and connected centre that encompasses both sides of the road. The predominant use would be retail, but the development would also accommodate a gymnasium, restaurants/dining, commercial offices, and petrol filling station.

A vision for the proposed development has been prepared to accompany the Planning Proposal, and more detailed design work will occur in collaboration with Camden Council as part of the preparation of a draft Development Control Plan (DCP). At this stage a detailed floorspace schedule for the proposed development is not currently available, and so an indicative scheme has been prepared as the basis for preparing this EIA. The proposed scheme has been adopted in this report for modelling purposes, but will be subject to change as further planning and design work is undertaken.

The proposal is planned to take place over two stages, referred to as Stage 5 and Stage 6 to reflect previous centre expansions. The components of the expansion, as currently planned, are described below.

The timing that has been assumed for each expansion stage will be subject to appropriate planning processes and approvals.

Stage 5 indicative components

The initial stage of development is proposed to include:

- Extension of the existing shopping centre at-grade over the car park immediately to the north, with basement car parking extending under this part of the centre as a continuation to the existing basement car park.
- Demolition of the existing Gateway and Narellan Commercial Centre buildings fronting Camden Valley Way, and the construction of a pedestrian bridge across Camden Valley Way, with retail tenancies proposed to be incorporated into the bridge structure.
- Construction of a new building on the Landturn site, sitting at-grade with the existing shopping centre and the pedestrian bridge, and located above car parking which is to be provided at street level.
- Creation of two new substantial civic plazas either side of Camden Valley Way providing street level activity and an identifiable place to meet and gather.
- Inclusion of new retail elements as part of the development, comprising:
 - A second DDS positioned immediately north of the current shops, and adjacent to the existing Coles supermarket tenancy
 - A third DDS located on the Landturn site as a new retail anchor at the western end of that part of the development
 - The relocation of the existing Coles supermarket from its current position to a tenancy on the Landturn site as a new retail anchor in the eastern part of the site
 - The adaption of the existing Coles store to accommodate two mini major tenants
 - Other mini major tenancies located in each part of the expanded centre
 - A range of new specialty stores added across the site
 - A larger tenancy, possibly suiting a bulky goods tenant, at the northern edge of the site
 - Activation of the lower level which is at-grade with Camden Valley Way, with the inclusion of food and beverage tenancies and other similar uses.

For the purposes of this analysis, Stage 5 would also include construction of additional tenancies that have already been approved (but not yet built) along the Elyard Street frontage. This component consists of a total of 3,293 sqm of floorspace, including 720 sqm of retail floorspace (GLA).

An indicative schedule of uses for Stage 5 is set out in *Table 2* below. With the inclusion of the existing floorspace (37,524 sqm GLA), total leasable area in the shopping centre would increase to approximately 75,780 sqm.

Total retail floorspace, as defined for the purpose of this EIA, is proposed to increase by approximately +32,665 sqm, from the current 29,180 sqm (refer Table 1) to approximately 61,845 sqm when fully developed. This figure includes construction of the tenancies on Elyard Street for which approved has already been granted.

The construction of Stage 5 is scheduled to occur over approximately a 2½-year timeframe, extending from mid-2013 to the end of 2015, with the first full year of trade being 2016/17.

Table 2: NTSC floorspace after Stage 5 expansion (GLA)

Tenancy	Leasable area (sqm)
Major stores	
• Woolworths	3,831
• Coles	5,500
• Big W	6,536
• DDS 2	6,200
• DDS 3	5,500
Total majors	27,567
Mini-majors	11,153
Specialty shops	23,125
Total Retail	61,845
Other/vacant	6,118
Office/non-retail	7,817
Total Centre	75,780

Source: Narellan Town Centre

Stage 6 indicative components

Stage 6 involves an expansion of the centre over the remainder of the Landturn site, and with the inclusion of a department store and additional mini-majors and specialty stores. The inclusion of a department store is made on a notional basis and is subject to further negotiations.

The department store would be constructed over two levels, with the upper level representing an at-grade extension to the Stage 5 development.

Stage 6 will add approximately another 20,000 sqm of development space, bringing total floorspace provision for the centre as a whole to 95,780 sqm. The majority of the new tenancies, including the department store and mini majors, will be retail shops.

When Stage 6 is completed, the centre as a whole will comprise in the order of 80,945 sqm of retail floorspace, as shown in **Table 3**. At this level of retail provision, the centre would still be substantially smaller than the designated Regional City at Liverpool (in excess of 140,000 sqm) and the Major Centre at Macarthur Square-Campbelltown (approximately 170,000 sqm, excluding bulky goods uses on Blaxland Road).

For the purposes of this EIA, Stage 6 is expected to be constructed during 2019/20, with the first full year of operation being the financial year 2020/21.

Table 3: NTSC floorspace after Stage 6 expansion (GLA)

Tenancy	Leasable area (sqm)
Major stores	
• Woolworths	3,831
• Coles	5,500
• Big W	6,536
• DDS 2	6,200
• DDS 3	5,500
• Dept store	12,000
Total majors	39,567
Mini-majors	13,153
Specialty shops	28,225
Total Retail	80,945
Other/vacant	6,118
Office/non-retail	8,717
Total Centre	95,780

Source: Narellan Town Centre

Summary of floorspace changes

A summary of the proposed changes to the NTSC is presented in **Table 4**, showing the existing floorspace provision at NTSC (including approved but not built tenancies on Elyard Street) and the proposed changes associated with Stages 5 and 6.

The table includes consideration of the following components:

- The existing floorspace within the NTSC and the adjoining Gateway and Narellan Commercial centre buildings
- The approved but not yet built tenancies along the Elyard Street frontage
- The additions and changes associated with the proposed Stage 5 development, including demolished and relocated components
- The additions and changes associated with the proposed Stage 6 development.

In summary, a total of 51,045 sqm of additional retail floorspace is proposed to be constructed during Stages 5 and 6 of the NTSC expansion. With another 720 sqm of retail floorspace approved but not yet built, the total net addition to retail floorspace at Narellan will be approximately +51,765 sqm.

Table 4: NTSC summary of floorspace changes, Stages 5 & 6 (GLA)

Staging	Major	Mini-major	Specialty retail	Total retail	Office/ Non-retail	Other/ vacant	Total centre
Existing development:							
Existing centre (June 2011)	13,765	2,653	11,585	28,003	2,483	4,418	34,904
Gateway & Commercial buildings	0	0	1,177	1,177	1,443	0	2,620
Elyard St buildings (approved but not built)	0	0	720	720	2,573	0	3,293
Sub-total NTSC site	13,765	2,653	13,482	29,900	6,499	4,418	40,817
New development:							
Stage 5 (2017):							
NTC site							
Relocation of Coles	-3,398	3,200		-198	0	0	-198
Demolition of Gateway & Commercial buildings	0	0	-1,177	-1,177	-1,443	0	-2,620
Demolition of basement retail	0	0	-780	-780	-239	0	-1,019
Additional development on NTC site	6,200	2,250	4,750	13,200	700	0	13,900
Landturn site: bridge & upper	11,000	1,550	4,250	16,800	600	1,700	19,100
Landturn site: lower	0	0	2,600	2,600	1,700	0	4,300
Landturn site: bulky goods retail	0	1,500	0	1,500	0	0	1,500
Sub-total Stage 5	13,802	8,500	9,643	31,945	1,318	1,700	34,963
Total post Stage 5	27,567	11,153	23,125	61,845	7,817	6,118	75,780
Stage 6 (2021):							
Landturn	12,000	2,000	5,100	19,100	900	0	20,000
Sub-total Stage 6	12,000	2,000	5,100	19,100	900	0	20,000
Net new development Stages 5 & 6	25,802	10,500	14,743	51,045	2,218	1,700	54,963
Total centre post development	39,567	13,153	28,225	80,945	8,717	6,118	95,780

Source: Narellan Town Centre