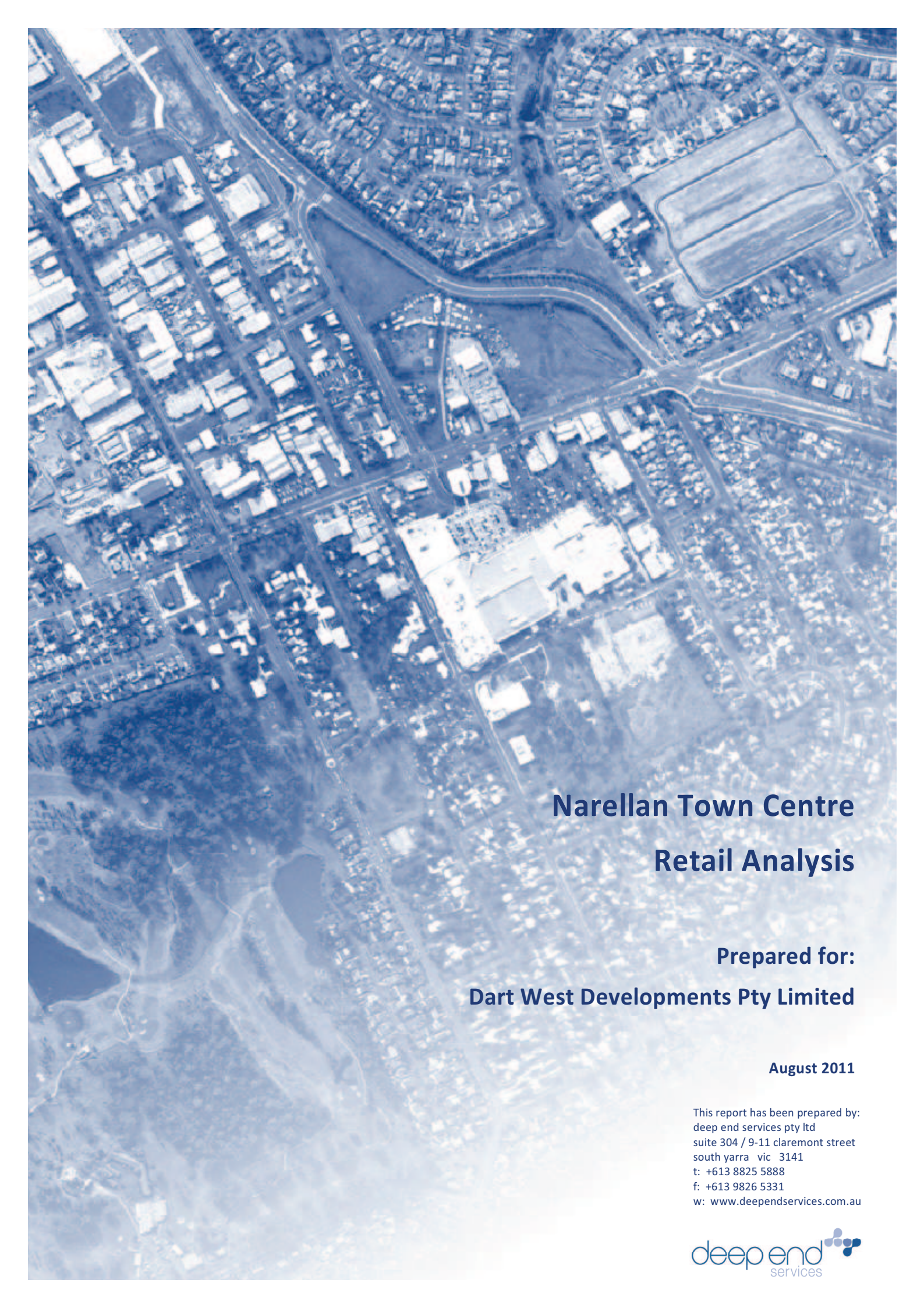


**Appendix 2:
Retail Analysis
Deep End Services
August 2011**

An aerial photograph of Narellan Town Centre, showing a mix of residential and commercial buildings, roads, and green spaces. The image is overlaid with a blue gradient.

Narellan Town Centre Retail Analysis

Prepared for:
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August 2011

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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.

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1. Introduction

This report has been prepared by Deep End Services on the instructions of Dart West Developments Pty Ltd. Dart West is managing the initial investigations associated with the proposed rezoning of the 7.28 ha Landturn site in Narellan to facilitate an expansion of the Narellan Town Centre (NTC). The existing NTC, an established sub-regional shopping centre and the Landturn site situated across Camden Valley Way, are in common ownership.

The suburb of Narellan is situated in the southern part of the Camden municipality, on the outer south western fringe of Sydney. Camden forms part of the Macarthur region of Sydney which contains around 240,000 residents within Camden Council, City of Campbelltown and the Wollondilly Shire. Narellan is also located at the southern gateway to the South West Growth Centre (SWGC) where the NSW Government is planning for 110,000 new homes over the next 30 – 40 years (refer Figure 1). The SWGC covers 17,000 hectares and consists of 18 precincts defined for planning and urban release purposes. There is rapid urban development now occurring in the southern precincts of Oran Park and Turner Road just north of the NTC, while significant growth is proceeding in the areas of Spring Farm and Elderslie to the south.

Figure 1 Regional location



This report has been prepared to accompany a 'gateway' submission to the NSW Department of Planning and Infrastructure (Department). The report will be considered by Camden Council (Council) and the Department in its consideration of the gateway submission and its willingness to support the commencement of a rezoning process.

Dart West Developments has consulted with and received input from Council and the Department on the study brief.

A planning proposal is the first step in making a local environmental plan (LEP). It is a document that explains the intended effect of a proposal and sets out the justification for making that plan. This report considers the strategic planning and policy framework and need and demand aspects from an analysis of existing and projected retail floorspace and the emerging pattern of urban development and population growth in the region and the broad catchment of the NTC.

This report includes the following sections:

- Section 2: Details the existing centre and proposed additional retail floorspace.
- Section 3: Reviews the strategic planning and retail and centres policy context. It details changes in the metropolitan and sub-regional planning initiatives and draft retail policy that provide a framework for consideration of expansion proposals such as Narellan.
- Section 4: Provides an overview of population growth expectations in the region and the patterns of growth which underpin the prospects for expansion of the Narellan Town Centre.
- Section 5: Calculates the current level of escape expenditure from the Narellan Town Centre catchment and assesses the implications and benefits of reducing these levels.
- Section 6: Reviews the existing and proposed centre hierarchy throughout Sydney's south west and assesses population thresholds for appropriate department store and discount department store (DDS) representation.
- Section 7: Examines the current and future demand and supply of retail floorspace in the broad Narellan catchment area to establish whether the proposed development can be reasonably accommodated.
- Section 8: Draws together the report's major conclusions.

2. Narellan Town Centre

2.1 Existing retail

Over the last 15 years NTC has grown with the needs of its rapidly developing catchment. Stage 1 opened as a Woolworths-based neighbourhood centre in October 1995. At that time the population of Camden Council was around 33,000 people and Wollondilly Shire about 33,800. Since then, Camden's population has increased by 77% to 58,500 and Wollondilly by 33% to 44,800. Combined, the two municipalities have grown from 66,800 people to over 103,000 and during those 15 years, the NTC has completed three further stages of development including:

- 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.

NTC presently operates as a single DDS-based sub-regional shopping centre with a range of supporting services on its periphery. Outside of Campbelltown, it is the only sub-regional shopping centre in the outer south-west, approximately 20km from the next nearest DDS-based centre at Casula.

The NTC has an existing Gross Leasable Area of **34,904 sqm** distributed between the major stores and specialty shops as shown in Table 1.

Table 1 Narellan Town Centre

Tenancy	Leasable area (sqm)
<u>Major stores</u>	
• Woolworths	3,831
• Coles	3,398
• Big W	6,536
<u>Mini majors</u>	
• Best & Less	1,157
• Go Lo	1,029
• The Town Grocer	467
Specialty shops	12,533
Total Retail	28,951
Cinemas	4,026
Other non retail	1,927
Total Centre	34,904

Source: Narellan Town Centre

Adjoining the centre along Camden Valley Way and Somerset Avenue is a series of small retail and commercial buildings accommodating various retail and personal services, restaurants and take-away food premises, medical and office tenants. These uses have broadened the

commercial and employment role of the centre. Of particular note are two free-standing mixed use buildings which were built in 2001 and 2003 and provide retail space of 2,620 sqm. These buildings are on a separate property title (Lot 21) but are under common ownership with the NTC.

Camden Council has an administration building and new library on the south side of Elyard Street with adjoining land for a potential expansion of civic or community uses. A large 4 hectare site under the same ownership as NTC, adjoins the Council land. A development proposal is being prepared for over 310 residential dwellings, 4,500 sqm medical centre, 1,600 sqm of retail and 2,450 sqm of offices.

According to data provided by Centre Management, the NTC recorded 6,128,000 customer visits in the 12 months to July 2011. At June 2011, the centre had an annualised retail turnover of \$220 million from its reporting tenants, yielding an average turnover per square metre of \$8,157. This trading level is about 20% above the average for centres of its type and will continue to record strong growth. The data suggests NTC is a busy and successful centre enjoying high patronage levels from its catchment.

2.2 Landturn site

The Landturn site is situated directly opposite the NTC (refer Figure 2). It is a large, triangular shaped parcel (7.3 ha) which 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 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 linking the nearby growth areas to NTC are being planned by NSW Department of Transport.

Figure 2 Narellan Town Centre



Source: Nearmap

The Landturn site is largely vacant with some temporary uses under short term leases. Given the common ownership of the two sites, the opportunity exists to consolidate and expand the NTC over the Landturn site with a broader range and mix of retailers not present in the area. The owners have already received strong levels of interest from major retailers to secure new or enlarged premises on the site.

2.3 Proposal and local planning context

The Planning Proposal is seeking an amendment to Camden LEP to rezone the Landturn site and facilitate the expansion of core retail uses across Camden Valley Way. Given the existing FSR allowances of 1:1 this would potentially enable a development of up to 73,000 sqm on the Landturn site.

An indicative development scheme has been prepared in which the existing NTC is extended by 11,000 sqm GFA on its existing site and linked via a 'retail bridge' over Camden Valley Way to the Landturn site. To facilitate the 11,000 sqm of new retail space on the NTC, the existing retail buildings (2,620 sqm) on Lot 21 would be demolished.

On the Landturn site a further 45,000 sqm of retailing is proposed in 2 stages. Stage 1 is likely to include additional discount department stores, a relocated and enlarged supermarket, mini-majors and specialty shops. The net additional floorspace proposed across both sites is therefore **53,380 sqm** (refer Table 2).

Table 2 Narellan Town Centre and Landturn site proposed floorspace

NTC sites in common ownership	Existing retail floorspace (sqm) ¹	NTC extension & Landturn proposals (sqm) ²	Demolished floorspace (sqm)	Total completed centre (sqm)
Narellan Town Centre	34,900	+ 11,000	-2,620	43,280
Landturn site	-	+ 45,000	-	45,000
Total	34,900	+ 56,000	-2,620	88,280

¹ NTC Centre Management

² NTC Project Managers

³ NTC, Camden LEP.

Both the existing NTC site and the Landturn site already have significant development capacity and entitlements for retail use under the current planning controls. In particular:

- We are advised that the NTC site has an under-used FSR (1:1) which could potentially yield an additional 35,000 sqm of retail space, if fully taken up. We note there is already an existing consent for an additional 9,000 sqm to facilitate a discount department store and shops at NTC.
- The Landturn site is currently zoned *B5 – Business Development* under Camden LEP 2010. The zone permits a wide range of bulky goods and retail uses and includes a site specific control permitting 11,300 sqm GFA for retail premises.
- We are advised there is the potential for 5,000 sqm of retail use on the NTC owners' Elyard Street site under the current zoning and FSR.

Collectively, these three sites could be potentially developed with an additional **51,300 sqm** of retail use under the current planning framework and controls. This compares with the current proposal for a net additional **53,380 sqm** of retail floorspace suggesting an **additional 2,080 sqm** is proposed over and the above FSR and site specific entitlements in the LEP.

The intent of the current proposal is therefore to redistribute and better utilise the existing floorspace entitlements across the NTC and the Landturn site. This will achieve a more rational and coherent design. The centre will address both sides of Camden Valley Way, disperse traffic and customers more evenly and efficiently while also facilitating the residential and commercial development at Elyard Gardens.

3. Strategic planning & policy context

3.1 Approach to Centres Planning

Over the last 60 years, successive metropolitan strategies for Sydney have embedded activity centre policies with several common themes. They have identified major centres, supported the growth and development of nominated centres and sought to manage retail and office development outside a defined centres hierarchy. Policy has consistently advocated that retail and commercial development should, where possible, be located in centres to generate economic activity, make good use of infrastructure including public transport, be close to sources of employment and should aim to improve the amenity and liveability of centres.

A strong and consistent centres policy over many years has had positive benefits. It has resulted in a diverse and viable pattern of retail and activity centres throughout Sydney without many of the problems which arise from more deregulated policy settings overseas such as increased car use with decentralised development and areas of oversupply leading to high vacancy rates and centre blight.

The policy direction and approach to activity centres has subtly shifted in recent years. There is a growing awareness that some policy directions have tended to manage rather than encourage or facilitate new housing opportunities, economic development and new retail opportunities. Changes have also occurred in response to dynamic and rapidly evolving urban systems, metropolitan population growth and an expanding economy which has introduced new forms of retailing and consumer needs.

While many of the long established principles are still retained, centres policy is moving to a broader platform giving encouragement and incentive to all centres in the hierarchy to grow - rather than to a select group of centres and corridors.

After several Federal inquiries and reviews there also is recognition of the need to promote economic growth and competition through the planning system. The draft Competition SEPP is evidence of the shift away from rigid hierarchies and floorspace controls.

3.2 Metropolitan Plan for Sydney 2036

In December 2010, *Metropolitan Plan for Sydney 2036* was released as the new metropolitan strategy for Greater Sydney, updating the earlier 2005 Strategy.

The Strategy is based on the concept of a 'city of cities' comprising the regional cities of Sydney CBD, North Sydney, Parramatta, Liverpool and Penrith. They are supported by Major and Specialised Centres and smaller Local Centres.

Strategic Direction B Growing and Renewing Centres details three core objectives for centres, specifically:

- Focussing activity in accessible centres;
- Strengthening Major and Specialised Centres to support sustainable growth; and

- Planning for new centres and urban renewal of existing centres served by public transport.

The Strategy established long-term employment capacity targets for each of the 11 subregions. Overall, employment growth in the metropolitan area is set at +36% or 760,000 new jobs between 2006 and 2036. Within the subregions the South West subregion has an employment growth target of 106% over the period - the largest % increase of any subregion and almost double the next largest being the North West (+56%). In absolute terms, 141,000 new jobs are required in the South West over the next 30 years, similar to the North West (+145,000). Clearly, there is a very strong onus and expectation that the South West will deliver much of the Sydney's economic growth agenda for the next three decades including one in every 5 new jobs.

The Strategy includes a revised typology of centres. It differs from the previous metropolitan strategy by giving greater recognition to the large number of 'Local Centres' in Sydney and simplifying the classification of Local Centres to three sub-categories namely, Town Centres, Villages and Neighbourhood Centres.

The Strategy has shifted from an emphasis on attracting development to the Strategic Centres and defined Economic Corridors to a wider, broad based policy of growing and renewing the Strategic Centres and Local Centres. The emphasis on the wider network of centres is necessary if Sydney is to deliver its planning and economic growth agenda.

The number of centres in the typology has been simplified and reduced although the description or criteria for each centre has been expanded.

The key differences in the centre types are the amount and type of employment and retail services. The policy states that *"Centres are likely to grow and change from one type to another"* and *"The hierarchy does not restrict the character of centres from changing and is not embedded in the statutory planning system."* (p.59)

Local Centres, in particular (numbering 1,000 in Sydney), will play an important role in accommodating Sydney's growth.

Consistent with the directions of the draft Centres Policy (2009), *"As Subregional Strategies are finalised the status of Local Centres will be reviewed, as many will have changed and grown over the last five years."* (p.58)

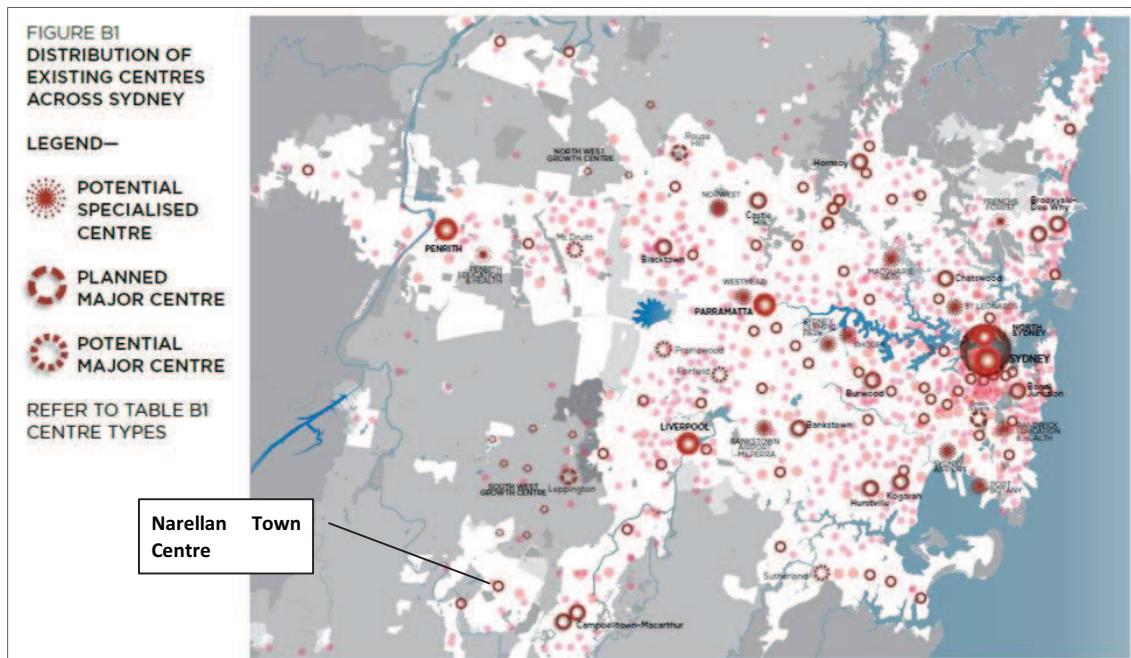
The changed emphasis in the Metropolitan Strategy reflects a greater awareness of the dynamic nature and role of centres and the need for many centres, not just a select few, to help deliver metropolitan planning and economic policies. The increased flexibility in the strategic planning framework also reflects competition principles from the draft Retail Policy to support ongoing growth of centres.

Importantly, the Strategy recognises that the hierarchy of centre will continue to evolve with a focus on supporting the growth of centres in general rather than maintaining a strict hierarchy as defined at a given point in time.

In the south-west region, Narellan and Camden are identified as a **Local Town Centres** consistent with their designation under the 2007 Subregional Strategy. There is no change to the designation of Campbelltown-Macarthur (Major Centre) although it is flagged as one of

two centres in Sydney that could attract a Regional City designation, subject to employment growth and a broader regional service role for the CBD.

Figure 3 Metropolitan Plan for Sydney 2036 – Distribution of Centres



3.3 South West Subregion Regional Strategy (2007)

Ten Subregional Strategies across Sydney have been prepared by the Department of Planning. These aim to translate the overarching objectives and policies of the Metropolitan Strategy (2005) to the local level.

The South West Subregional Strategy (SWSRS), covering the municipalities of Liverpool, Campbelltown, Camden and Wollondilly and all of the SWGC, was prepared in 2007 and is still in draft form. To some extent, the SWSRS has been superseded by the updated Metropolitan Strategy however the document still explores the strategic framework for development and growth in south western Sydney in various ways. The SWGC is one of the few relatively unconstrained areas for Greenfield development in the south-west of Sydney and is expected to house over 300,000 people in the next 30 years.

The SWSRS sets the following directions and targets:

- The subregion will accommodate 25% of all new population and 15% of new jobs in Sydney over the next 25 years.
- A new dwelling target of 155,000 by 2031 including 100,000 in the SWGC – or around 5,500 new dwellings per annum.
- The Strategy recognises the two existing Strategic Centres and one new proposed Strategic Centre in the region namely:
 - Liverpool as a 'Regional Centre'
 - Campbelltown as a 'Major Centre'

- Leppington as a 'Planned Major Centre'
- Intensifying areas around retail centres and public transport corridors.
- Strengthening centres with public transport.
- Extending transport networks into the SWGC including the South West Rail Link with new stations at Leppington and Edmondson Park. Bus corridors will extend through the SWGC connecting to a transport interchange at Leppington.

The Regional Strategy adopts the common strategic policy sections as the Metropolitan Strategy including 'Centres & Corridors' and the same classification of centres into a typology for policy and local planning.

The Metropolitan Strategy largely deals with **Strategic Centres** and the 4 Types which fall within that classification. The Subregional Strategies extend the typology down to the second broad category of **Local Centres** within which, there is a sub-classification of centres into town centres, stand-alone shopping centres, village centres, small village centres, neighbourhood centres or small rural centres. The typology, classifications and summary of major elements is shown in Table 3.

Table 3 Sydney Centres Typology and major elements

	CENTRE TYPE	RADIUS	SUMMARY
STRATEGIC CENTRES	 GLOBAL SYDNEY	2 km	The main focus for national and international business, professional services, specialised health and education precincts, specialised shops and tourism, it is also a recreation and entertainment destination for the Sydney region and has national and international significance.
	 REGIONAL CITY	2 km	Providing a full range of business, government, retail, cultural, entertainment and recreational activities, they are a focal point where large, growing regions can access good jobs, shopping, health, education, recreation and other services and not have to travel more than one hour per day.
	 SPECIALISED CENTRE	approx 1 km	Areas containing major airports, ports, hospitals, universities, research and business activities. These perform a vital economic and employment role which generate metropolitan-wide benefits.
	 MAJOR CENTRE	1 km	Major shopping and business centre serving immediate subregional residential population usually with a full scale shopping mall, council offices, taller office and residential buildings, central community facilities and a minimum of 8,000 jobs.
LOCAL CENTRES	 TOWN CENTRE	800m	Town Centres have one or two supermarkets, community facilities, medical centre, schools, etc. Contain between 4,500 and 9,500 dwellings. Usually a residential origin than employment destination.
	 STAND-ALONE SHOPPING CENTRE	n/a	Internalised, privately owned centres located away from other commercial areas, containing many of the attributes of a Town Centre but without housing or public open space—may have potential to become a traditional town centre in the long-term.
	 VILLAGE	600m	A strip of shops and surrounding residential area within a 5 to 10 minute walk contains a small supermarket, hairdresser, take-away food shops. Contain between 2,100 and 5,500 dwellings.
	 SMALL VILLAGE	400m	A small strip of shops and adjacent residential area within a 5 to 10 minute walk. Contain between 800 and 2,700 dwellings.
	 NEIGHBOURHOOD CENTRE	150m	One or a small cluster of shops and services. Contain between 150 and 900 dwellings.
	 RURAL TOWN, VILLAGE OR NEIGHBOURHOOD CENTRE	as above	Located in rural zones outside metropolitan urban areas with similar roles to towns, villages and neighbourhoods but rural in character with a wider driving catchment.

The SWSRS identifies 94 centres in the region falling under the Local Centres category. In the highest sub-classification of Local Centres, **7 Town Centres** were identified in the Subregion including Carnes Hill, Casula Mall, Ingleburn, Green Valley, Moorebank, **Narellan** and

Edmondson Park (proposed). Camden, Picton and Tahmoor are identified as Rural Town Centres.

In relation to the **Narellan Town Centre**, the Key Directions of the SWSRS state that it is “...planned to become a focus for the developing areas of Spring Farm, Elderslie, Harrington Park and Oran Park.” (p.62) In this context, the centre clearly has a role in accommodating some of the needs of the SWGC.

The SWSRC notes a number of important attributes and growth opportunities for the NTC including:

- It sits at the junction of several major arterial roads forming an important transport node.
- The Narellan Bypass will provide an opportunity to develop a Main Street along Camden Valley Way and the revitalisation of key sites.
- A new public transport interchange on Camden Valley Way.
- Camden Council currently has a civic administration building adjoining the retail centre and holds other properties nearby. Development of the land for administration, community and residential functions will support the Town Centre status.
- The development of complementary rather than competing or duplicating functions to Camden Town Centre.

The current proposal to bridge Camden Valley Way and extend the core retail elements across the arterial will link two important sites and address some of the fragmentation issues at Narellan raised by the Strategy.

This is consistent with the ‘*Narellan Desired Future Character*’ statement contained within Camden Development Control Plan 2006 which indicates Council’s intentions for Narellan to be a key centre for attracting “*commercial, retail, bulky goods, professional services, and low key industrial uses*”. The DCP also states that: “*any future redevelopment shall be rationalised, packaged and staged so as to facilitate access, quality urban design and infrastructure outcomes.*”

Camden Town Centre, on the other hand, is recognised in the SWSRS as the civic and cultural centre of the Camden LGA. It has important links to early colonial settlement and pastoral activities in the area which are evident in significant heritage buildings, streetscapes and distinctive vegetation. Visitors are drawn to Camden for a range of tourist attractions and activities while the district hospital and health facilities underline its broader community role.

The Nepean River floodplain limits further expansion of the Camden township and helps preserve its character and identity. The development of Narellan as a second Town Centre is seen to be important in accommodating growth and retail expansion that is otherwise incompatible with the character of Camden. In effect, Narellan is a major centre to accommodate the future needs of the area.

The relationship between Camden and Narellan is complementary and economically sound. It achieves the planning objectives set down for the Camden Town Centre while allowing the

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.

The vision for the **Campbelltown – Macarthur Major Centre** draws on Council's 2006 Structure Plan where the fragmented pattern of development is gradually integrated with the development of distinct precincts. The Structure Plan suggests that Macarthur Square can continue to expand as the region's retail destination.

Campbelltown is however differentiated from other centres by the clustering of important health, education and business services. In the future, these functions along with its retail, civic, entertainment and recreation facilities and higher density residential living, will consolidate and enhance its role towards a higher order Regional City.

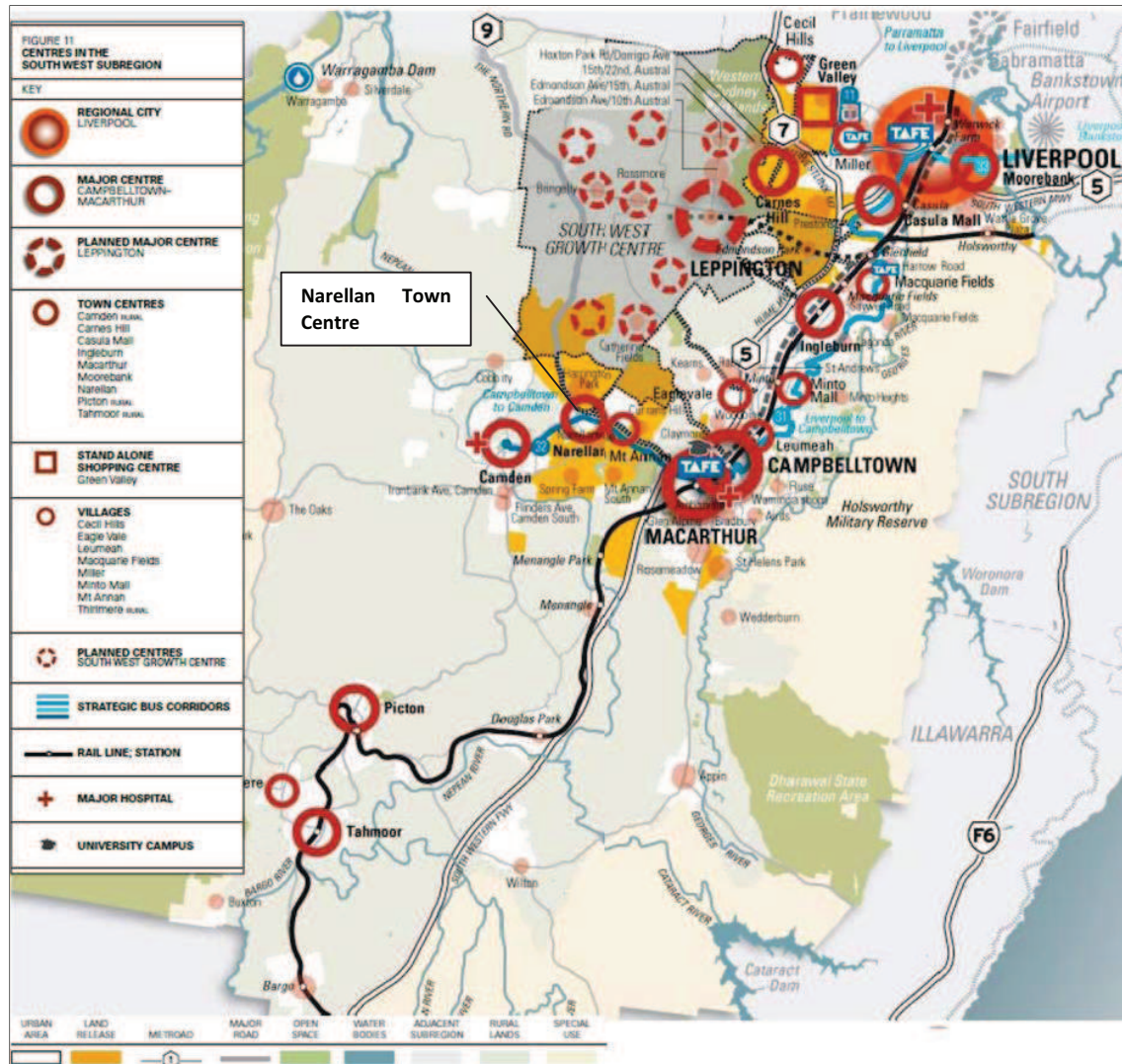
The SWSRS illustrates a high level pattern of centres in the SWGC with Leppington as a Planned Major Centre and 7 other 'Planned centres'. It recognises **Edmondson Park** as one of the first precincts to be released having a planned centre with a minimum of 25,000 sqm of retail floorspace.

The specific policy actions of the SWSRS emphasise the need for action by State and local government to further develop various land use precincts in the Liverpool and Campbelltown-Macarthur Strategic Centres. The growth and development of the Strategic Centres is achieved through new investment in transport infrastructure, identifying and protecting sites for major redevelopment, encouraging higher density housing and development of health, education, entertainment and civic / cultural facilities.

Planning for all other (Local) centres is to be managed by local councils although specific mention is made of Narellan which is expected to *"....change with significant new residential development at Elderslie, Spring Farm, Harrington Park, Oran Park, Turner Road and the completion of the Narellan Bypass."* (p64)

In summary, the SWSRS identifies a significant and growing local role for Narellan. When the context for Narellan established in the SWSRS is reviewed in light of the updated metropolitan strategy, it is clear that the continued evolution and growth of Narellan as a key centre is south-west Sydney is consistent with the Government's planning framework which is focused on growing existing centres and recognising the centres hierarchy will evolve over time.

Figure 4 Centres in the South West Subregion draft Subregional Strategy



3.4 South West Growth Centre

The Sydney Growth Centres Program was established to provide residential and employment lands for around 500,000 people over the next 30+ years in the North West and South West Growth Centres (refer Figure 5). The Program began in 2004 and is now delivering residential blocks to market in both Growth Centres.

The South West Growth Centre (SWGC) comprises 18 precincts (refer Figure 6) across 17,000 hectares with an estimated capacity of 110,000 dwellings or 330,000 people. The Growth Centres SEPP was gazetted in July 2006 and the first two precincts in the SWGC, Oran Park and Turner Road, were rezoned for urban development in December 2007. The two precincts will accommodate around 11,500 new dwellings or almost 35,000 people. Infrastructure and urban development has progressed in both precincts with the first residents moving into Oran Park in February 2011 and in Turner Road in July 2011. In the north of the SWGC, development is also progressing at Edmondson Park.

The development of all precincts in the SWGC will be generally in accordance with the SWGC Structure Plan (refer Figure 7) which guides, amongst other things, the location of town centres and neighbourhood centres.

Figure 5 Location of North West and South West Growth Centres



Source: Draft Sydney Growth Centres Strategic Assessment Draft Report (May 2010)

Figure 6 South West Growth Centre Precincts

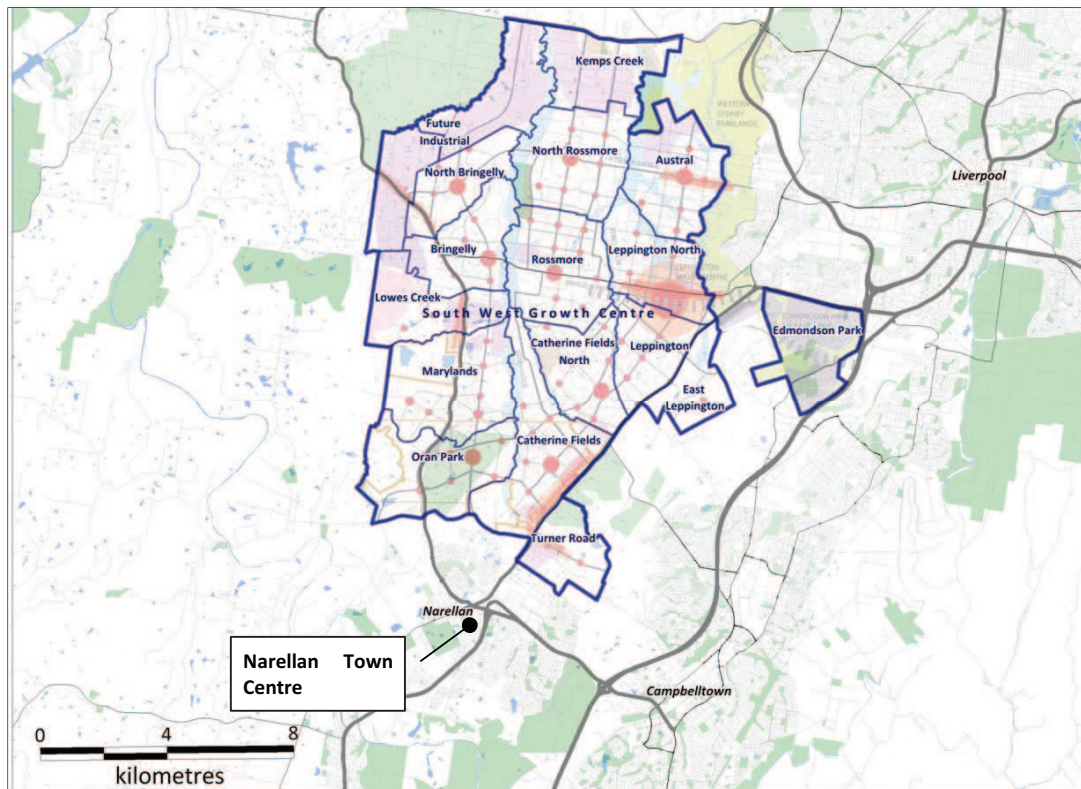
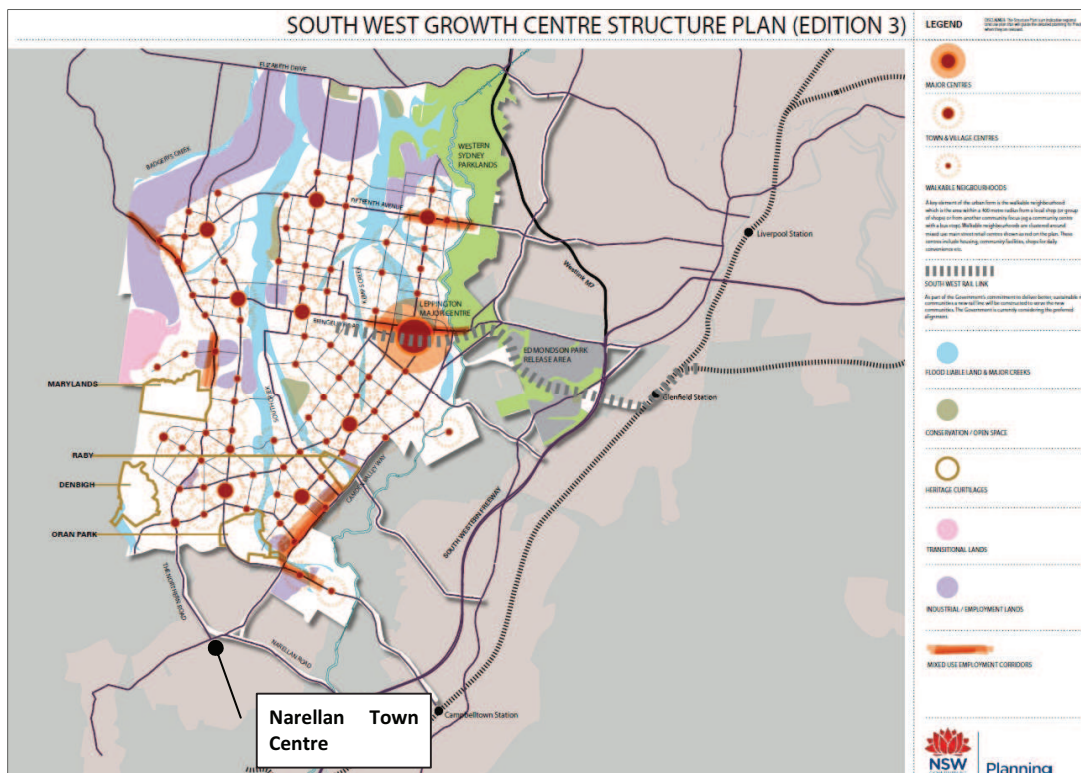


Figure 7 South West Growth Centre Structure Plan



According to the Explanatory Notes issued to support the SWGC Structure Plan, the SWGC is divided into local areas whose population is large enough to support a Town or Village centre and a critical investment in public transport. The size of each town centre will depend on the size of its local area, which is its primary retail catchment.¹

The proposed hierarchy of centres adopts the metropolitan typology. Table 4 summarises the number and type of centres as “guiding elements” in each precinct together with indicative population levels. The overall centres structure is as follows:

- 1 Major Town Centre is at Leppington in the north-east of the Structure Plan area with 60,000-80,000 sqm of retail floorspace.
- 10 Village / Town Centres are identified and nominated in the Structure Plan Explanatory Notes as having up to 40,000 sqm with most in the 20,000-25,000 sqm range. The first Town Centre to be planned in detail is Oran Park which now has a maximum retail area set down in the Oran Park DCP of 50,000 sqm. The first residents are now moving into Oran Park and the first stage of the Town Centre is anticipated within five years.
- 70-80 neighbourhood centres based on walkable catchments.

The timing of Leppington Town Centre is an important factor to consider in light of the proposal to expand Narellan Town Centre. While there is no specific timeframe established for the development of the retail component of Leppington Town Centre, several factors suggest that it is likely to be some time away. Leppington will play an important role in servicing the future population catchment in the northern part of the SWGC and it is noted that the fragmented nature of landholdings in almost all of its catchment is likely to see residential development occur over a long period, meaning the customer base for retail development in Leppington Town Centre is also likely to grow relatively slowly.

While the rezoning of the precinct in which the centre is located is likely in 2012, and the rail link is likely in 2016, residential development of a scale to warrant even the first significant retail development in the centre is likely to occur in perhaps a 10 – 15 year period at the earliest, with the town centre likely to be in a position to provide higher order (beyond a convenience supermarket focus) at the latter end of this period. This commentary is not intended to challenge the validity of the role of Leppington in the long term, but simply points out the likely development timeframe of retail floorspace of any significant scale.

The locations of the smaller Neighbourhood centres are considered indicative and will be subject to change through detailed planning. The size of these centres is also unknown. Depending on the area, the neighbourhood centres could range from supermarket-based centres to convenience stores or, in some cases, are unlikely to be developed with any retail facilities because of limited catchments or proximity to larger centres.

For example, the Structure Plan shows six neighbourhood centres in the Oran Park precinct however the Oran Park Indicative Layout Plan suggests only two will be developed and are limited to 5,000 sqm GFA each by the provisions of the Oran Park Development Control Plan.

¹ Sydney Growth Centres Strategic Assessment Draft Program Report, May 2010

This is a precinct-specific response in Oran Park and it is unclear how many and what average size the neighbourhood centre tier will evolve to. The Department of Planning's view of "neighbourhood centres" has been flexible. Some could comprise a supermarket-based centre while others could take the form of a local centre with a small independent supermarket and a group of shops or even a corner store/bus stop/church.

Table 4 SWGC population targets and centres

Precincts	Dwelling (dwg) / Population targets (pop)	Structure Plan guiding elements – centres and employment land
Austral	8,000 dwg 22,000 pop	• 1 Town/Village Centre – mixed use • 6 Neighbourhood Centres • Industrial area • Mixed use employment corridor
Bringelly	5,000 dwg 14,000 pop	• 1 Town/Village Centre – mixed use • 5 – 6 Neighbourhood Centres
Catherine Fields	8,000 dwg 22,000 pop	• 1 Town/Village Centre – mixed use • 6 – 7 Neighbourhood Centres • Industrial area • Mixed use employment corridor
Catherine Fields North	9,500 dwg 26,000 pop	• 1 Town/Village Centre – mixed use • 8 Neighbourhood Centres • Industrial area
East Leppington	3,000 dwg 8,000 pop	• 2 – 3 Neighbourhood Centres
Edmondson Park	8,000 dwg approx.	Planning taken from the IEP process
Future Industrial		• Significant industrial land
Kemps Creek	1,000 dwg 2,500 pop	• Low density residential • Industrial area
Leppington	12,000 dwg 33,000 pop	• 1 Major Town Centre – mixed use • Community services • 10 – 12 Neighbourhood Centres • Significant densities in the Town Centre and surrounds • SWRL and a new station • Mixed use employment corridor
Leppington North	12,000 dwg 33,000 pop	
Lowes Creek	2,000 dwg 5,000 pop	• 2 – 3 Neighbourhoods • Industrial area
Marylands	9,000 dwg 25,000 pop	• 6 – 7 Neighbourhood Centres • Industrial area
North Bringelly	5,000 dwg 14,000 pop	• 1 Town/Village Centre – mixed use • 4 – 5 Neighbourhood Centres
North Rossmore	6,500 dwg 18,000 pop	• 1 Town/Village Centre – mixed use • 7 Neighbourhood Centres
Oran Park	8,000 dwg 22,000 pop	• 1 Town/Village Centre – mixed use • 6 – 7 Neighbourhood Centres
Rossmore	9,000 dwg 25,000 pop	• 1 Town/Village Centre – mixed use • 7 – 8 Neighbourhood Centres • Industrial area
Turner Road	2,000 dwg 5,000 pop	• 2 – 3 Neighbourhood Centres • Industrial area • Mixed use employment corridor

Source: South West Growth Centre Structure Plan – Explanatory Notes

This growth only represents SWGC data and that additional significant growth is expected within the NTC catchment in non-SWGC areas such as Elderslie and Spring Farm

3.5 Draft Centres Policy (2009)

A draft *Centres Policy – Planning for Retail and Commercial Development* was released by the Department of Planning in April 2009. The aims of the Policy include “to create a network of vital and vibrant centres that cater for the needs of businesses,... individuals and families” (pii) and “...to proactively and positively plan for the retail and commercial sector, ensuring the supply of floorspace accommodates market demand (p29).

The policy was prepared during a time when competition issues in the retail sector were being considered by the ACCC and the Australian Productivity Commission. Although other factors are relevant, the draft Policy acknowledges the planning system can influence competition in the retail sector. On this basis, the Department would work pro-actively with Councils to ensure that floorspace supply met demand.

The policy is based on six principles, all of which are relevant to the assessment of the Narellan proposal. They can be summarised as follows:

- Retail and commercial activity should be located in centres for efficient use of transport, for access to labour markets and improve liveability.
- The planning system should be flexible to enable centres to grow and new centres to form.

Increases in population and real incomes and a constantly ... evolving economy means that the planning system needs to respond to prevailing market demand” (p.3).

“Within and adjacent to existing centres, land needs to be identified and zoned to provide opportunities for business to grow and new businesses to enter the market” (p.3).

This may mean that some lower-order centres might expand and take on greater importance at the expense of others...” (p.3)

- The market is best placed to determine the need for retail development. The role of the planning system is to regulate location and scale to meet demand.
- The planning system should ensure the supply of floorspace always accommodates market demand.
- The planning system should support a range of premises in all centres and encourage a competitive retail and commercial market.
- Retail and commercial development should be well designed.

At the regional or subregional strategic planning level, the draft Policy emphasises the need for a flexible network of centres to guide investment and allow existing centres to grow. Floorspace demand and supply assessments were recommended to provide an evidence-based understanding of future requirements against the planned provision and the concept of a minimum floorspace target was introduced.

The draft Policy discusses the application of per capita rates of retail floorspace provision (approximately 2 sqm per capita in Sydney) as a basis to plan future requirements - a concept

used in this report to assess the needs of the Camden-Narellan and SWGC area. The Policy raises the prospect of this rate increasing to 2.4 sqm per capita in the long term requiring an additional 5.1 million square metres of retail floorspace in Sydney. Much of this would need to be accommodated in existing centres.

The draft Policy expands on the role and use of the 'Typology of Centres' used in the Metropolitan and Regional Strategies. It emphasises that the typology is designed as *"... a descriptive tool to categorise the likely future function of centres, not a prescriptive tool to limit the growth of those or other centres in the future. The categorisation of a centre as a particular typology is not intended to limit the future growth or diversity of that centre"*. (p.7)

3.6 Competition SEPP (2010)

The draft Competition SEPP responded to reports by the Department and Better Regulation Office into the effects of certain provisions in the NSW planning system which promote or detract from opportunities to increase competition and economic growth. It also follows industry reviews and recommendations from the ACCC, Productivity Commission and Council of Australian Governments (COAG). In summary, the draft SEPP reinforces some long-standing planning principles and mandates other changes to planning provisions and instruments including:

- Competition between individual businesses and particularly the loss of trade is not a relevant planning consideration.
- The commercial viability of a development or any effects on the viability of other developments are not matters to be considered by a planning authority.
- Restrictions in planning instruments which restrict the number of a particular type of retail store are invalid.
- Impacts, including loss of trade, may be taken into consideration if they have the effect of adversely impacting on the extent and adequacy of services available to a community.

3.7 Conclusions

Metropolitan and Subregional planning has consistently recognised and indeed elevated the important role of centres and centres policy in achieving a range of broad planning objectives around economic growth, sustainability and liveability.

The State Government has adopted and continued to refine a Centres Typology which has become a useful planning tool to describe the existing and intended role and functions of centres across Sydney and guide investment. The typology is not intended as a prescriptive tool but a means to plan the delivery of services and public transport, encourage higher density of development and new housing from the metropolitan strategy through to local planning provisions.

The typology is clearly intended to be flexible and allow centres to grow and move between levels in the hierarchy over time. Subtle but important shifts in metropolitan policy now encourage all centres to meet planning objectives, not simply those in the highest tier.

Draft Retail Policy recognises that planning regulation and processes have constrained retail supply levels in meeting demand. Competition is important between centres and accordingly, it is not the role of the planning system to regulate size – that is a matter best determined by the market. Planning’s mandate should be to establish the location and role of centres.

Planning is having greater regard to Federal Competition policy. The recent report of the Productivity Commission² on the Australian retail Industry made the following draft recommendations in relation to Planning and zoning regulation:

- *State and territory governments should broaden zoning within and surrounding activity centres to facilitate new retail formats locating in existing business zones.*
- *Local governments should significantly reduce prescriptive planning requirements to facilitate new retail formats locating in existing business zones and ensure that competition is not needlessly restricted.*
- *Governments should not consider the viability of existing businesses at any stage of planning, rezoning or development assessment processes. Impacts of possible future retail locations on existing activity centre viability (but not specific businesses) should only be considered during strategic plan preparation or major review.*

Similarly, the draft (Competition) SEPP proposes a softening of barriers to the development of retail premises.

Narellan is the largest of the 10 existing Town Centres in the Subregion – in fact having almost double the retail floorspace of the next largest. A comparison with other town centres in the Subregion suggests it also has the highest growth potential given available land, current and future patterns of surrounding development and population growth.

The SWSRS clearly identified Narellan as a focus for part of the developing SWGC. Therefore some of the future demands emanating from the growth area can be reasonably expected to underpin future floorspace growth in Narellan in addition to further growth in the Narellan – Camden area. The Subregional Strategy recognises that Narellan has important attributes and growth opportunities.

SWSRS emphasises the Strategic Centres of Liverpool, Campbelltown-Macarthur and Leppington but clearly singles out Narellan as the other centre likely to change with population growth and improved road infrastructure. There is an important complementary relationship identified between the Narellan and Camden Town Centres. Narellan has the potential to accommodate much of the sub-region’s future floorspace needs in a location better situated to current and long-term growth. In doing so, it eases development pressures on Camden and protects Camden’s unique heritage and township qualities.

In summary, a review of the metropolitan and sub-regional planning strategies and draft Policy papers lends support to the future growth of NTC and its potential elevation in the Centres hierarchy.

² Economic Structure and Performance of the Australian Retail Industry - Productivity Commission (July 2011)

4. Catchment area population

This section examines the projected population levels of areas which collectively make up the current and future catchment of the NTC. Narellan's strategic location makes it central to an established, but still growing, population base to the south and the developing SWGC to the north. The population forecasts are also used later in the regional floorspace demand – supply assessment (refer Section 7).

4.1 Catchment area definition

Having regard to the pattern of urban development, road networks and competing centres, three functional areas have been defined as comprising the main catchment of NTC (refer Figure 8). These areas have been confirmed through discussions with NTC management. The three sub-areas are:

- **Narellan – Camden** including the suburbs of Camden, Narellan, Mt Annan, Elderslie, Spring Farm and rural areas east of Camden. This can be regarded as the 'core' catchment of the NTC.
- **Wollondilly towns and rural areas** extending up to 35 km south and 15 km west of Camden which include the townships of Picton, Tahmoor, Thirlmere, Bargo, The Oaks and rural areas between the national parks and Hume Highway. The population of the area comprises 80% of the Wollondilly Shire and excludes areas within the national parks and east of Hume Highway. The area is seen as a secondary catchment for Narellan based on its direct road linkages.
- **South West Growth Centre southern precincts** of Turner Road, Oran Park, Marylands and Catherine Fields which have direct connections to Narellan and are expected to form a secondary north catchment for an expanded Narellan Town Centre.

Whilst the three sub-areas, collectively, have been defined as forming the NTC catchment, it is also important to recognise that other retail facilities within and beyond these areas derive varying portions of their retail sales from these areas. Such overlapping of catchment areas is typically observed in any dynamic retail environment and the degree of overlapping will evolve over time as population grows and retail floorspace provision varies.

4.2 Sub area population estimates

The **Narellan-Camden area** has a mix of older, well established residential areas, new suburbs approaching full development (Mt Annan and Harrington Park) and urban release areas in various stages of planning and development (Spring Farm and Elderslie). The urban area and nearby rural areas to the west have an estimated resident population of **50,697** in 2011 with the capacity to grow by a further 40% to **more than 72,000 people** (refer Table 5).

The major infill and urban release areas within the Narellan-Camden area are:

- Elderslie, situated between Camden and Narellan, with approximately 1,578 residential lots.

- Spring Farm, with a total potential of between 3,700–4,000 lots across a series of urban villages. An estimated 3,000 lots are still to be developed.
- Harrington Park with an estimated 600 lots (Harrington Grove) east of The Northern Road. Over the next 4-6 years development will move west of The Northern Road into Harrington-Kirkham with a capacity of 500 lots.
- The final stages of Mount Annan South with a further 400 lots.

Figure 8 Narellan Town Centre catchment areas

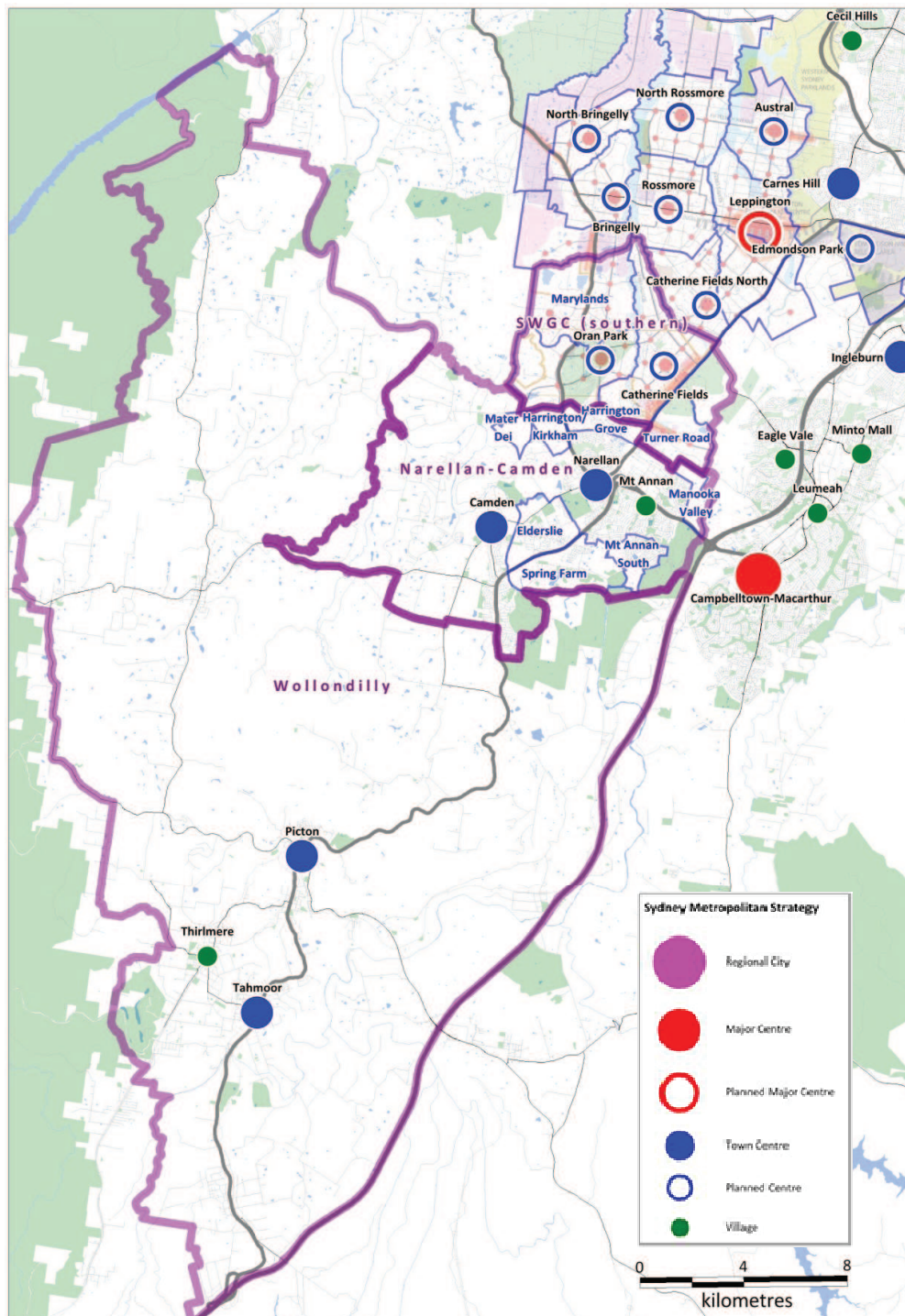


Table 5 NTC catchment population capacity

	Population 2011	Major urban release area precincts (additional growth)	No. of lots	Planning status	Lot release timing (commencement)	Population capacity ⁽¹⁾
Narellan-Camden		• Spring Farm • Elderslie • Harrington Grove • Harrington-Kirkham • Mater Dei • Manooka Valley • Mount Annan South • Infill	3,017 1,578 600 500 210 330 400 500	Camden DCP Feb 2011 Camden DCP Feb 2011 Camden DCP Feb 2011 Camden DCP Feb 2011 Camden DCP Feb 2011 Camden DCP Feb 2011 Camden DCP Feb 2011 -	Underway Underway Underway 2017/18 2015/16 2015/16 Underway -	
	50,697		7,135			72,102
Wollondilly (part)	33,764	-	-	-	-	43,027
SWGC Southern Precincts		• Oran Park • Marylands • Catherine Fields • Turner Road • Camden Lakeside⁽²⁾	7,540 9,000 8,000 4,020 1,673	Oran Park DCP Status not determined Precinct Planning Turner Road DCP Turner Road DCP	Underway 2018/19 2015/16 Underway 2012/13	
	2,200		30,233			90,699
Total NTC catchment	86,660		37,368			205,827

⁽¹⁾ New release areas based on rate of 3.0 persons per household

⁽²⁾ Includes El Caballo Blanco and Gledswood

Source: Deep End Services; Dart West Developments; NSW Government Department of Planning; forecast i.d.

The Shire of Wollondilly has experienced strong residential and population growth in the last decade – increasing from 38,400 people in 2001 to an estimated 44,000 in 2011. Most recent growth rates for 2009/10 by the ABS suggest an annual growth rate of 1.9% per annum. The area of Wollondilly defined within the secondary catchment of Narellan Town Centre is estimated at **33,764 people** in 2011. Based on projections by id consulting for the Shire, it is estimated the towns and rural areas within the defined Narellan catchment will be just over **43,000 people** by 2036.

The 18 precincts of the **SWGC** will ultimately house about 330,000 people. Four southern precincts, Oran Park, Marylands, Catherine Fields and Turner Road, will have their own network of centres but fall within the influence or catchment of an expanded NTC, offering higher order retailing. Other precincts to the north are, in our view, more closely aligned to the future major centre at Leppington.

The four southern precincts will contain about 27% of the SWGC's total population, or some **90,700 people**. Compared to the northern areas of the SWGC, development of the southern precincts is accelerating and in lot production terms, Oran Park and Turner Road are bringing land to market well ahead of expectations and alleviating a shortage of residential land in the region. In particular:

- The Oran Park precinct has a capacity of 7,500 lots (or over 20,000 people), all of which are zoned with an approved DCP in place. Development is now progressing at 400 lots per annum, well ahead of the Metropolitan Development Plan predictions of 150 lots per annum. A town centre is being planned with a first stage potentially within the next 3-5 years and major community infrastructure is committed including the construction of Oran Park Anglican College, a major public K-12 school, retirement village, district leisure centre and a major civic component to the town centre.
- Turner Road with a capacity of about 4,000 lots (12,000 people) is progressing with nearly 300 lots sold in Gregory Hills in the first year. The overall capacity includes 260 lots within Turner Road from Sekisui. A further 1,670 potential dwellings are identified

in other land controlled by Sekisui and others immediately north of the Turner Road precinct.

- Precinct planning has commenced at Catherine Fields.

As Oran Park and Turner Road precincts rapidly develop, attention will turn to the Marylands precinct north of Oran Park. Although no decision has yet been made about the future sequence of releases, the opportunity exists to continue relatively high production levels by releasing Marylands and Lowes Creek precincts in the medium term due to the relatively large landholdings in these areas.

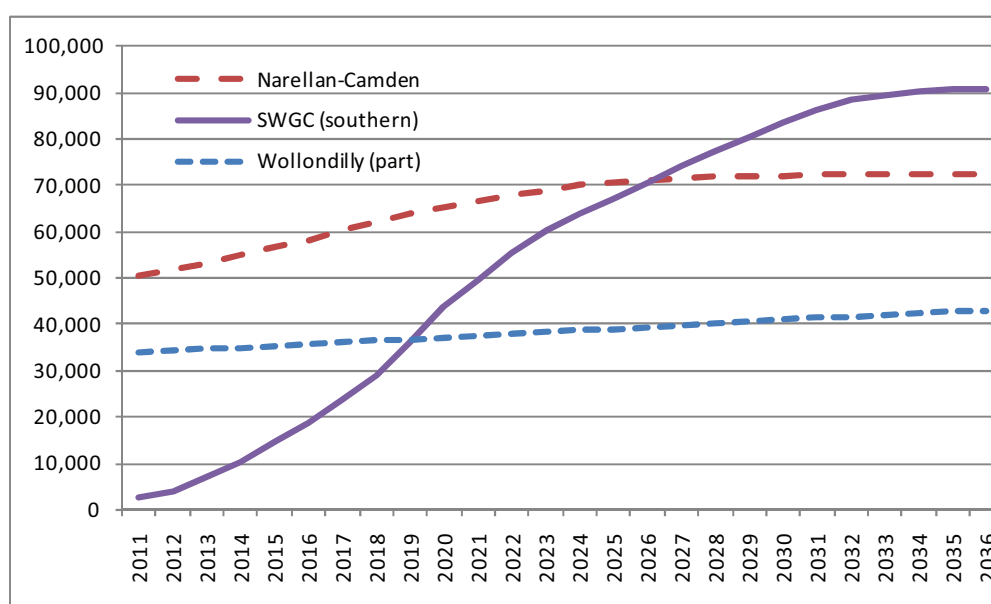
Combined, the three areas comprising the Narellan-Camden catchment have a current day population of **86,660 people**. At full capacity (or by 2036 in the case of Wollondilly) the projected population will be approximately **205,827 people** (refer Table 5) comprising:

- 72,102 people in Narellan – Camden;
- 43,027 people in Wollondilly (part); and
- 90,699 people in the SWGC (southern precincts)

Although the SWGC makes a significant contribution to future population in the NTC catchment area, around 115,000 people or 56% of NTC's catchment population will still reside in the established areas of Narellan-Camden and rural districts to the west and south.

Adopting population projections prepared by id consulting for Camden Council and Wollondilly Shire and reasonable land development rates for the SWGC southern precincts, the relative rates of population growth can be illustrated for the three areas comprising the NTC catchment (refer Figure 10). The chart highlights the significant contribution that the existing areas of Camden and Wollondilly make to the future growth of the NTC catchment, as well as the SWGC precincts.

Figure 9 Narellan Town Centre catchment – population growth by sub area



Source: Deep End Services, id

Only one precinct in the north of the SWGC, Edmondson Park, is currently producing lots and is some distance from the site of the Leppington Town Centre. Two other precincts, Austral and Leppington North, are progressing with Precinct Planning however lot production is still some time off. Like other areas in the north, the ability to deliver residential land to market is hampered by existing rural-residential subdivision patterns and multiple land ownership. Development of this land will still occur at some point, but is likely to take longer to achieve significant momentum.

The population of the balance of the SWGC, incorporating the Leppington MTC, will be approximately **241,500 people** at full development (refer Table 6).

Table 6 SWGC Northern precincts

	Population 2011	Major urban release area precincts (additional growth)	No. of lots	Planning status	Lot release timing (commencement)	Population capacity ⁽¹⁾
SWGC Northern Precincts	-	• Edmondson Park • Austral • Leppington North • Other precincts (incl Leppington)	7,500 8,000 12,000 53,000	Edmondson Park DCP Precinct Planning Precinct Planning Status not determined	Underway 2016/17 2015/16 Post 2017/18	
Total	14,800		80,500			241,500

⁽¹⁾ New release areas based on rate of 3.0 persons per household

Source: Deep End Services; Dart West Developments; NSW Government Department of Planning; forecast i.d.

The northern precincts of the SWGC will have a significant and indeed larger population basis than Narellan TC, to establish and sustain the future Leppington Major Centre. On the basis of our analysis however, the NTC catchment area is anticipated to reach significant population milestones well in advance of the SWGC's northern precincts. This stems from both the large existing population base which NTC draws upon coupled with the earlier and less constrained development activity occurring in the southern precincts.

4.3 Household characteristics

Demographic profiles of Sydney's outer south-west reveal varying characteristics across the region (refer Table 7). Although the data is drawn from the 2006 Census and is now somewhat dated, it nonetheless provides a useful guide to the likely profile of the SWGC near the NTC.

Narellan-Camden and Campbelltown have a similar average household size (3.1) and as expected, both are well above the Sydney average (2.9). Harrington Park, a smaller and new area developed in the last 10 years, lying between Narellan and the SWGC, had an average household size of 3.53 in 2006.

Household income levels in Narellan-Camden are 7.5% above the Sydney average compared to -12.4% below in Campbelltown and 26% higher in Harrington Park.

Similarly, couples with children make up 48% of all households in Narellan-Camden, 42% in Campbelltown and 62% in Harrington Park - compared to 36% across Sydney.

Although many other variables are useful in comparing areas and drawing inferences as to the profile of future communities, the data and our inspection of the standard of subdivision and housing in the areas of Oran Park and Turner Road would suggest that average household income levels in the SWGC will be above the Sydney average – though probably not as high as Harrington Park.

The assumed average household size of 3.0 persons within the SWGC and other new release precincts is an appropriate (but probably conservative) long-term average compared to other nearby areas.

The implications are that large families and higher than average income levels will generally support higher rates of retail floorspace provision, particularly in discretionary categories such as fashion and footwear, homewares, furniture and electronics. Ultimately, the higher demand for these categories supports a broader range of specialty shops and higher order formats such as department stores in the region.

Table 7 Household characteristics - 2006 Census

Demographic characteristic	Narellan-Camden		Campbelltown		Wollondilly (part)		Harrington Park		Sydney
	No	%	No	%	No	%	No	%	No/%
<u>Usually resident persons per dwelling</u>	3.13	-	3.11	-	3.08	-	3.53	-	2.91
<u>Average household income</u>	\$78,919	-	\$64,279	-	\$69,667	-	\$92,743	-	\$73,417
Variation from average	-	7.5%	-	-12.4%	-	-5.1%	-	26.3%	-
<u>Household composition</u>									
Couples with children	7,072	48%	16,401	42%	3,962	43%	1,085	62%	36%
Couples without children	3,562	24%	8,136	21%	2,510	28%	381	22%	24%
One parent family	1,769	12%	7,110	18%	957	10%	159	9%	11%
Other family	106	1%	410	1%	61	1%	3	0%	1%
Lone person	2,025	14%	6,596	17%	1,505	17%	106	6%	23%
Group	261	2%	790	2%	124	1%	15	1%	4%
Total	14,795	100%	39,443	100%	9,119	100%	1,749	100%	100%

Source: Deep End Services; Australian Bureau of Statistics

5. Escape Expenditure

The concept of escape expenditure is a measure of the value or proportion of household expenditure generated in a defined area which is directed to centres or retail establishments outside of that area. High levels of escape spending tend to be associated with rapidly growing areas whose network and scale of centres has lagged population growth or, where the size and quality of centres is otherwise deficient and not meeting the needs of an area.

The implications for areas with high levels of escape spending are lost opportunities in terms of capital investment and job opportunities and sustainability and environmental costs issues associated with longer and more costly trips by car or public transport to retail centres outside the area. Strong clusters of local and higher order retailing will also attract higher order health, personal and professional services to office and other commercial floorspace. The development of retailing in line with consumer needs and demands is vital for a strong local economy and to facilitate other service and employment opportunities.

The NTC catchment (as previously defined) incorporates the established centres at Narellan, Camden, Mt Annan and Harrington Park, some local retailing and limited bulky goods outlets on Narellan Road and The Northern Road. The Village Centres at Tahmoor, Picton and Thirlmere cater to weekly food, grocery and personal service needs.

Table 8 provides a summary of the current estimated escape expenditure from the Narellan catchment area. The main steps in the analysis are as follows:

- Retail sales are estimated from a variety of sources, including industry averages and data provided for the NTC. Overall, total retail sales in the Narellan catchment area are estimated at **\$671.1 million** (June 2011).
- The catchment area has a current population of 86,660 however a proportion of sales in all centres is drawn from wider areas and passing traffic. It is estimated that an average of approximately 10% of current retail sales at all centres are drawn from residents living outside the defined area including, in small measures from east of the Hume Highway. Deducting 10% from \$671.1million suggests about **\$604.0 million** in retail turnover in the catchment area is attributed to residents within the catchment.
- The total level of retail spending generated by residents (spent at all retail outlets in and outside the area) is estimated at **\$1,104.8 million** (June 2011), based on modelling from Market Data Systems (MDS), a proprietary database generated from ABS Household Expenditure data.
- The final step deducts the turnover generated within the catchment area by residents (\$604.0 million) from their total spending capacity (\$1,104.8 million). The difference (\$500.9 million) is the level of escape spending leaving the area, equivalent to **45.3%** of total resident spending at June 2011.

Table 8 NTC catchment area escape expenditure, 2011

Item	Unit	Value
<u>Retail turnover</u>		
• Narellan Town Centre & periphery	\$M	226.9
• Mt Annan	\$M	127.8
• Camden	\$M	95.4
• Harrington Plaza	\$M	29.0
• Tahmoor	\$M	78.3
• Picton	\$M	46.7
• Wollondilly balance	\$M	20.0
• Other/bulky goods ⁽¹⁾	\$M	47.0
Total	\$M	671.1
Less turnover from residents outside Narellan-Camden & Wollondilly region @10%	\$M	67.1
Catchment area turnover generated by Narellan-Camden & Wollondilly residents	\$M	604.0
<u>Narellan-Camden & Wollondilly retail expenditure</u>		
Population	(No.)	86,660
Spend per capita	\$ per capita	12,749
Total retail expenditure	\$M	1,104.8
Escape expenditure	\$M	500.9
	(%)	45.3%

⁽¹⁾ Excludes trade and business sales

Source: Deep End Services; ABS; Marketinfo

In the absence of an expanded retail offer, the proportion and volume of escape expenditure from the catchment is likely to markedly increase in coming years due to:

- A 40% increase in Narellan-Camden's population to 72,000 people (excluding the SWGC additions) and a 27% increase in Wollondilly's population by 2036.
- Limited major expansion capacity at Camden, Mt Annan or the rural Village Centres.
- The prospect of NTC facing increased congestion, a point underlined by its already strong trading levels (20% above its peer group average).
- Camden and Narellan's relatively basic and narrow retail offering with limited fashion, homewares and other discretionary retailers. Consumers therefore find it necessary to shop at facilities outside the region offering a more extensive and diverse retail mix.
- Retail centres in the southern precincts of the SWGC (Oran Park and Turner Road) are likely to be developed in stages and initially provide only weekly food and convenience services. Centres at Spring Farm and Elderslie will, similarly, only cater to daily and weekly needs already serviced by other centres. On this basis, there is little prospect of higher order retail outlets in the next 5-10 years being developed to arrest the current levels of escape spending.

The potential benefits or opportunities from reducing escape spending levels can be illustrated by the following calculations.

If the current levels of escape spending in the catchment were reduced from 45% to (say) 20%, the additional expenditure retained in the area (\$276.2 million) would support between 45,000 and 50,000 sqm of retail floorspace in 2011. This floorspace would alone generate approximately 900 to 1,000 direct jobs in the retail industry and many more indirectly.

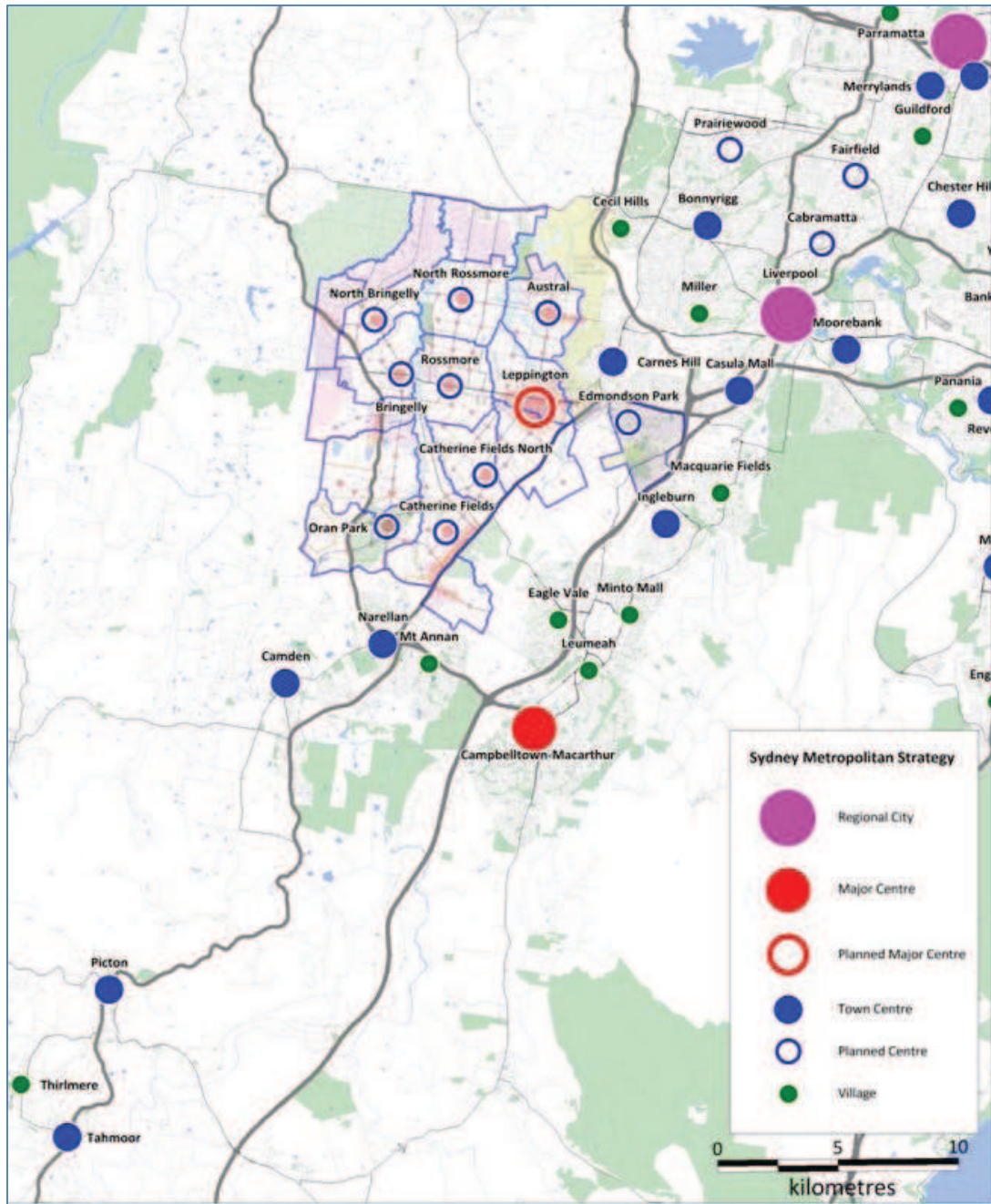
It should be noted a significant reduction in escape expenditure will only result from the introduction of new, higher order retailing. The provision of more supermarket and neighbourhood retailing, while important in new growth areas, will have little or no effect on escape spending.

6. Competitive structure

6.1 Existing and proposed centres hierarchy

The existing and planned centres hierarchy set out in the South West Subregional Strategy and the South West Growth Centre Structure Plan is combined and reproduced in Figure 10.

Figure 10 Outer south-west Sydney centres hierarchy



The pattern in the southwest is characterised by the two large and dominant Strategic Centres of Liverpool (Regional City) and Campbelltown–Macarthur (Major Centre). In the outer southwest extending from Liverpool to Tahmoor, the network of centres includes:

- one planned Major Centre (Leppington),
- 9 existing Town Centres,
- 9 future Town/Village Centres in the SWGC,
- 8 village centres (8) and a large number of lower order small village and neighbourhood centres.

The NTC, situated at the base of the SWGC and the junction of Camden Valley Way and The Northern Road, is well placed to tap into the southern section of the SWGC, strengthening its role as a Town Centre and growth potential.

Narellan, Camden and the adjoining suburbs of Elderslie, Mt Annan, Spring Farm and Harrington Park essentially form the primary catchment of the Narellan Town Centre. These areas have a discrete and identifiable urban form separated from the large Campbelltown corridor by road infrastructure and regional parks and open space.

The area has developed its own identity with a blend of old and new urban areas, higher income profile and a sense of self containment. While Narellan is classified as a Town Centre it has the potential to offer a much broader range of retail and related commercial and community services to its growing catchment west of the Highway. The small commercial and office precinct which has gradually evolved around the Town Centre is evidence of the underlying demand for local professional services and commercial space for small – medium enterprises.

Currently, most of Narellan's primary catchment lies within a 4-5 km radius with an extended draw into rural areas and townships to the south. By road, Narellan is 8 km from Campbelltown and 14 km from the proposed Leppington Town Centre. As growth in the southern precincts of the SWGC effectively forms a northern extension of the Narellan – Camden corridor, the new release areas will have a strong association with the Narellan Town Centre and its services.

In its local catchment, the only expected additions to retail supply in the short-medium term will be local or neighbourhood retailing as part of the Elderslie and Spring Farm release areas.

Mt Annan has seen several stages of development since the Woolworths based centre opened in 2001. The development of ALDI and Coles on separate sites and the recent specialty shop mall annexed to the Woolworths centre has only provided more neighbourhood or convenience based retailing for the immediate area. It should be noted that although there is a 3.5ha parcel of undeveloped land zoned retail within Mt Annan, a land use restriction is registered on the title of the land, prohibiting retail development.

Table 9 provides an overview of the larger centres (existing and proposed), within the centres hierarchy, outlining their size, strategic role and characteristics.

Table 9 Centres hierarchy

Role / centre	Retail area (sqm) & facilities	Public transport & connectivity	Public domain	Government investment and support	Future development
REGIONAL CENTRE					
Liverpool	The major commercial and retail centre in Sydney's South West. Serves as a business, government and cultural focus for the region. 136,000 sqm retail plus nearby bulky goods centres (40,000 sqm) Dept stores – 1 DDS – 2 Supermarkets – 3 Cinemas	Liverpool Station a major hub for the Bankstown, Inner West, Cumberland and South lines. Regional bus services hub through the interchange incl. Liverpool-Parramatta Transitway. Access to M5 & Westlink M7 Motorways Access to the Hume Highway, South Western Motorway and Westlink.	Traditional CBD street based grid structure, anchored by a major internalised shopping centre. Connections to Georges River.	Rail infrastructure Liverpool Hospital as the major health, teaching & research facility. Library Liverpool TAFE Public schools (3) Council offices Performing arts centre	CBD residential opportunities. Commercial development in proximity to public transport interchange. Broaden the employment base & attract new firms. Connect city centre to Georges River.
MAJOR CENTRES					
Macarthur – Campbelltown	Regional & sub-regional centres, Queen Street retail, factory outlets (166,000 sqm) & bulky goods centres and precincts (72,000 sqm). Dept stores -1 DDS – 3 Supermarkets – 6	3 suburban lines terminate at Macarthur & Campbelltown Stations with regional & local bus connections. Commuter Car Park Program F5 freeway widening Future road links to SWGC via Gregory Hills Drive – Badgally Road. Improve linkages between Campbelltown Centre and Macarthur Square.	Council promoting changes to the CBD including a “green corridor”, commercial core and anew residential apartment precinct.	Rail infrastructure Strategic Bus Corridors Campbelltown Hospital Uni. Western Sydney TAFE NSW Public schools (2) RTA Civic Centre Art Gallery Campbelltown Council owned land parcels	Future Regional Centre designation. Better integration of health & education institutions. Employment, civic and ‘lifestyle’ precincts. Intensify development in retail core. Higher density housing. Station improvements to attract Mt Annan & Narellan commuters. Regional offices. Macarthur Square expansion.
Leppington (planned)	60,000-85,000 sqm by 2036 (similar to Rouse Hill in the northwest)	The \$2b South-west rail link extension from Glenfield to Leppington complete by 2016. Future road system will reinforce Leppington as a Major Centre and rail link will facilitate employment growth.	Street-based activity centre.	South-west rail link & transport interchange.	Stage 1 timing cannot be determined but will require significant local residential catchment to be established.
TOWN CENTRES (existing)					
Narellan	35,000 sqm (existing) DDS – 1 Supermarkets – 2 Cinemas Complementary functions to Camden Town Centre	Local & regional bus services. Connections to Campbelltown rail. Potential new bus interchange on Camden Valley Way. Junction of 4 arterials – 2 from SWGC. Camden Bypass alleviates through traffic.	Internalised shopping centre & external commercial uses. Potential ‘Main Street’ and public spaces on Landturn site fronting Camden Valley Way.	Camden municipal offices with expansion potential. Narellan Public School. Community Health Centre.	Extend centre north across Camden valley Way. Landturn site for retail and relocate Bulky goods to Turner Road precinct. Council / community facilities & higher density housing on Elyard Street.
Camden	Civic & cultural centre of Camden LGA. 18,000 sqm retail in compact Main Street based town centre. DDS – 1 (small) Supermarkets – 2	Local & regional bus connections Straddles Camden Valley Way, connecting to Narellan and SWGC. Near Camden Bypass.	Civic & cultural centre. Main street based centre with high heritage values. Low rise development.	Civic Centre, courthouse, Museum & heritage centre, regional leisure & equestrian facilities. Schools, library & community facilities	Physical expansion limited by flood plain. Centre consolidates its local retail and personal services. Move towards food & beverage, leisure retail, entertainment and visitor facilities.

Table 9 Centres hierarchy (cont.)

Role / centre	Retail area (sqm) & facilities	Public transport & connectivity	Public domain	Government investment & support	Future development
TOWN CENTRES (proposed)					
Oran Park (p)	Town centre 50,000 sqm DDS – 2 Supermarkets – 2	Local bus services and connections to Leppington rail. Strongly associated with Narellan-Camden and southern SWGC due to north-south arterial road and South Wianamatta Creek alignment.	Town park, active street frontages.	Library, district leisure centre, multiple schools, health precinct,	Staged development of Town Centre. Stage 1 potentially within 3 years.
Edmondson Park (p)	Town Centre Up to 25,000 sqm.	New station to be developed on South-west rail link (Leppington line) with bus interchange. Located at north east perimeter of the SWGC with strong links to Liverpool.	Town Centre to have active street edges	Library Regional park Community & cultural centre.	
Catherine Fields (p)	Town / Village Centre 15,000-25,000 sqm	Local bus services and connections to Leppington rail.			
Catherine Fields North (p)	Town / Village Centre 15,000-25,000 sqm	Local bus services and connections to Leppington rail.			
Rossmore (p)	Town / Village Centre 20,000-25,000 sqm	Local bus services and connections to Leppington rail.			
Bringelly (p)	Town / Village Centre 10,000-15,000 sqm	Local bus services and connections to Leppington rail.			
North Rossmore (p)	Town / Village Centre 15,000-20,000 sqm	Local bus services and connections to Leppington rail.			
North Bringelly (p)	Town / Village Centre 10,000-15,000 sqm	Local bus services and connections to Leppington rail.			
Austral (p)	Town / Village Centre 15,000-20,000 sqm	Local bus services and connections to Leppington rail.			

6.2 Retail population thresholds

The study brief requires the examination of typical catchments or population thresholds to support centres or major retailers and their application to the Narellan Town Centre.

6.2.1 Sub-regional centres

Sub-regional centres generally range between 15,000 sqm and 45,000 sqm and are anchored by discount department stores (DDS) and supermarkets. The pattern and density of DDS is generally higher in outer suburban areas where their rapid expansion from the 1970's favoured new centres with more readily available and cheaper land compared to the inner areas. Suburban expansion, increasing car ownership and the family structure of the middle and outer areas spurred the growth of the DDS format.

Although DDS have the largest and least flexible footprints of all major retailers, they are increasingly being accommodated in new town centres and more challenging centre redevelopments.

Table 10 compares DDS rates of provision in Sydney and Melbourne, measured as population per DDS. In Sydney, where the urban topography and land values have tended to constrain centre size and redevelopments in some areas, the DDS rate of provision (one store per 54,500 people) is lower than Melbourne (one store per 43,600 people).

On a regional basis, the average across South West Sydney of one store per 39,558 people is higher than the Sydney average reflecting generally higher outer suburban rates and especially in the Campbelltown corridor – one store per 30,500 people. If Narellan-Camden and Campbelltown are averaged together they yield one DDS per 35,000 people – a higher provision than the much larger Liverpool region of one store per 42,300 people.

Table 10 DDS rates of provision

	Population (2011)	DDS No.	Population per store
Sydney	4,631,455	85	54,488
Melbourne	4,141,571	95	43,595
South West Sydney			
• Narellan-Camden	50,697	1	50,697
• Campbelltown	122,078	4	30,520
• Liverpool	381,037	9	42,337
Total South West Sydney	553,811	14	39,558

Source: Deep End Services

Based on the ultimate population of the Narellan catchment and SWGC region of almost 450,000 people and assuming a DDS provision of no more than one store per 40,000 people, up to 11 DDSs could be easily established in the Narellan catchment and residual areas of the SWGC.

Based on the planned pattern of centres in the SWGC and the proposal for NTC it would seem logical and conceivable that the future distribution of DDS across the region could be as follows:

- NTC: 2-3 DDS
- Leppington: 2-3 DDS
- Oran Park: 2 DDS
- Other centres in the SWGC: 2-4 DDS
- Wollondilly: 1 DDS

6.2.2 Regional centres

The population capacity of the NTC catchment is approximately 205,000 people (refer [Table 5](#)) or about 162,000 people if the outlying rural areas of Wollondilly are excluded.

To determine whether the Narellan-Camden area's future population level is adequate for the establishment of a department store based centre, we have identified and compared the 'core' catchments of regional centres located in similar geographic areas. In applying the general location criteria, a sample of seven centres in each of Sydney and Melbourne has been selected as shown in [Figure 11](#) and [Figure 12](#). The centres are generally in outer suburban locations or in some cases have smaller 'peninsula' type catchments. The sample excludes large 'super regional' centres in mid-suburban locations (i.e. Parramatta, Chadstone) and even Liverpool which tends to have a large catchment throughout the south-west. Three outer area centres have recently announced new department store commitments and are therefore relevant and included in the analysis.

The boundaries around each centre are considered to be the 'core' catchments on which each centre is supported. They are not intended to depict or represent each centre's entire catchment as these, in all cases, would be large overlapping boundaries making meaningful comparisons more difficult.

The average 'core catchment' population for the sample of centres in Sydney is 167,800 and in Melbourne is 179,500 people (refer [Table 11](#)). Compared to the estimated population of the extended Narellan catchment at full capacity (205,000 people) there would seem to be a reasonable case, at least on a population basis, to support a significantly larger centre at Narellan.

The average size of department store based centres in the Sydney and Melbourne sample is generally between 80,000 and 100,000 sqm. Brookvale is the exception at 173,500 sqm. The NTC proposal to increase to approximately 88,000 sqm is therefore at the mid to lower end of the range and is comparable in size to Macarthur Square, Eastgardens and Penrith.

Table 11 Regional centre 'core' catchments

Department store based centre	Retail GLA (sqm)	Department stores	Population (2011 or opening date)
<u>Sydney</u>			
• Brookvale	173,501	David Jones, Myer	209,934
• Macarthur Square	84,177	David Jones	152,503
• Castle Hill	108,315	David Jones, Myer	169,432
• Eastgardens	72,184	Myer	146,387
• Hornsby	95,426	David Jones, Myer	122,988
• Miranda	105,653	David Jones, Myer	205,590
• Penrith	82,341	David Jones	167,797
<u>Melbourne</u>			
• Doncaster	119,981	David Jones, Myer	174,834
• Fountain Gate ⁽¹⁾	100,000	Myer (proposed)	194,478
• Frankston	73,898	Myer	198,275
• Knox	109,159	Myer	168,915
• Ringwood	86,548	Myer	157,305
• South Morang ⁽²⁾	85,000	Myer (proposed)	162,128
• Watergardens ⁽²⁾	90,000	Myer (proposed)	200,253
<u>Average</u>			
• Sydney	103,085		167,804
• Melbourne	94,941		179,455

⁽¹⁾ Population forecast & GLA estimated at proposed opening in 2012

⁽²⁾ Population forecast & GLA estimated at proposed opening in 2013

Source: Deep End Services. PCA Directories

Figure 11 Existing department store catchments, Sydney

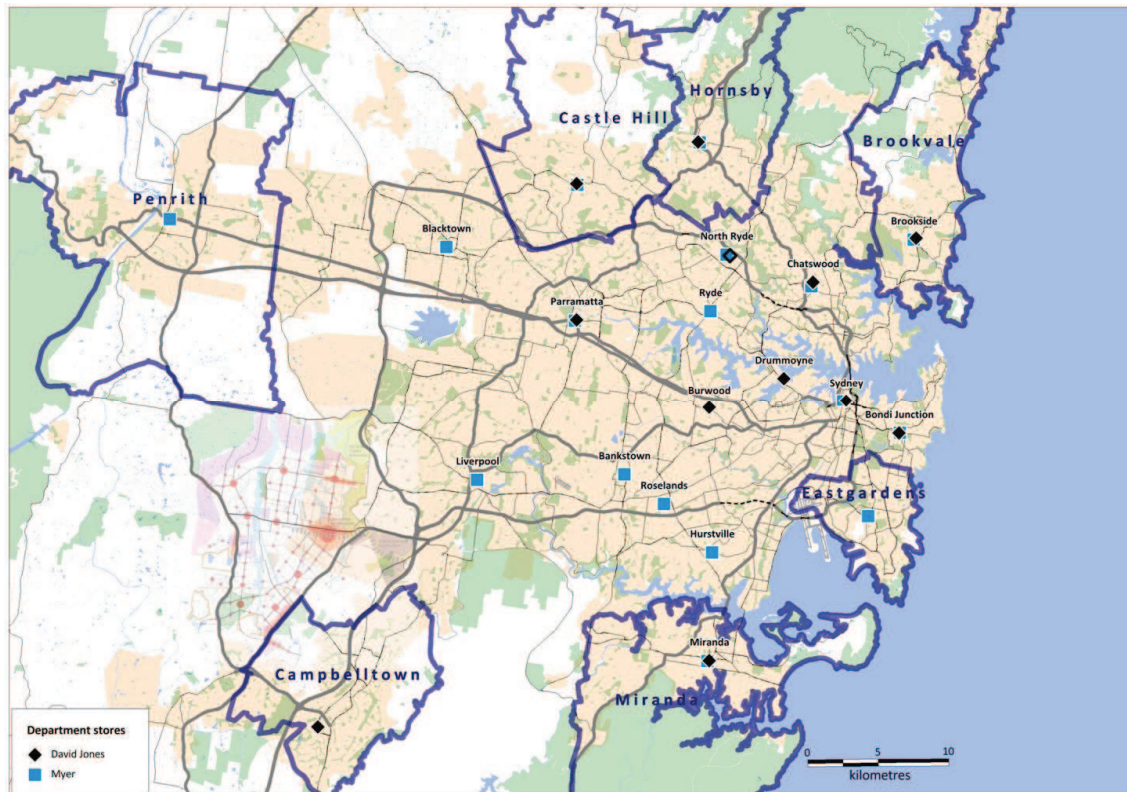


Figure 12 Existing department store catchments, Melbourne



7. Floorspace demand – supply assessment

7.1 Approach

The purpose of this section is to examine the current and future rates of retail floorspace supply against projected demand levels in the region to determine whether the proposal at Narellan can be substantiated on a need or demand basis.

Retail floorspace supply-demand assessments usually employ one of two common methods, being either:

- A retail expenditure model projects the value of household or individual spending into the future and calculates the supportable floorspace based on an average or acceptable rate of turnover (\$ per sqm) for retailers operating across all centres and formats in the industry.
- A floorspace per capita (or provision) approach which applies average rates of floorspace provision to future population levels and compares the theoretical demand to known or projected supply levels.

For large regions and long term forecasting, the floorspace per capita method is recommended. It is more transparent, deals with two simple variables (population and floorspace) and averts the need to project spending and turnover variables well into the future.

It is generally accepted that the current rate of retail floorspace provision across Australia adopted for retail and commercial centre planning purposes, is approximately 2.2 sqm per capita. This rate comprises:

- 1.7 sqm per capita located in traditional centres and formats such as CBDs, enclosed shopping centres and shopping strips
- 0.5 sqm per capita in other formats primarily bulky goods, homemaker centres and free-standing locations.

This analysis will focus on traditional retailing only and therefore works from a current day benchmark of 1.7 sqm per capita.

The following steps have been taken to analyse current and future provision rates in Sydney's south west with a particular focus on the catchment area for the Narellan Town Centre:

- Firstly, an assessment of **existing rates of retail floorspace provision** across four defined sub-regions in the south west has been undertaken. The areas include Narellan-Camden, Wollondilly (part), Campbelltown and Liverpool-Fairfield and are defined in [Figure 13](#). The calculated 'base case' rates for these areas are examined and compared with an estimate of the projected rate across the entire SWGC at full development and then against the national benchmark average (1.7 sqm per capita).
- Secondly, to focus the analysis on the catchment of the NTC and test its capacity to support additional floorspace in the future, the three areas comprising the NTC catchment (defined above) were grouped and assessed together. The balance or

residual northern precincts of the SWGC were then re-grouped and evaluated for comparison purposes. The stage2 analysis calculates and compares the rates of retail floorspace provision for the Narellan catchment at full population capacity assuming no further expansion of Narellan and all planned centres in the SWGC precincts and others at Spring Farm and Elderslie are developed.

- The proposed floorspace at Narellan is then superimposed on the future 'base case' rate of provision to examine the effects on overall rates in the catchment.

The objectives of the analysis are to establish:

- Existing base case floorspace rates across the region.
- Whether there is sufficient floorspace planned for Narellan-Camden and the SWGC.
- Whether the net additional floorspace at the Narellan Town Centre could be readily absorbed or supported by future population levels within its catchment taking account of other future planned centres.

7.2 Existing rates of provision & SWGC

The established sub-regions within Sydney's south west show varying levels of retail floorspace provision (refer Table 12).

The **Campbelltown subregion** (122,000 people) is dominated by the concentration of retailing in Macarthur Square (regional), Campbelltown Mall (sub-regional) and Queen Street and has a relatively high rate of provision at **1.78 sqm per capita**. This rate reflects a mature, well established hierarchy of retail centres throughout the region, including a number of smaller neighbourhood centres of varying quality and age. The higher rate is partly supported by some demands from the Narellan-Camden area and to the south from Wollondilly Shire.

Conversely, a lower rate of **1.24 sqm per capita** is calculated for the much larger **Liverpool-Fairfield subregion** of 381,000 people. The lower rate is symptomatic of a lower income profile and a situation where retail development has lagged population growth. Indeed, the most recent addition or change to the centre hierarchy in this region was the extension and upgrade of Carnes Hill to a sub-regional centre in 2005 and extensions at Westfield Liverpool in 2006. These and other small neighbourhood additions have had little effect on overall rates of floorspace provision.

The **Narellan-Camden subregion** has around 50,700 people and an existing retail floorspace supply of 70,542 sqm yielding an existing rate of provision of **1.39 sqm per capita**. This rate sits below the benchmark average and mid-way between Campbelltown and Liverpool. An analysis of the existing floorspace shows a balanced distribution between town centre, sub-regional and neighbourhood centre floorspace including the recent additions at Mount Annan.

The subarea of Wollondilly (part) has, as expected, a low rate of provision (**0.81 sqm per capita**) as most of its higher order retail demands are directed to Camden, Narellan or Campbelltown.

The average floorspace provision across the four sub-regions is **1.34 sqm per capita** or about 75% of the national benchmark of 1.7 sqm per capita. This would indicate that upwards of 25% of the areas demands support floorspace outside the region including areas such as the CBD and other regional or specialised centres (eg Factory Outlets) elsewhere in Sydney.

An analysis of the future population and planned centres hierarchy for the SWGC at capacity reveals a significantly lower rate at only **1.13 sqm per capita**. This estimate is based on:

- 110,000 households and an assumed household size of 3.0 resulting in a population of 330,000 at capacity.
- Incorporating retail floorspace for the proposed Leppington MTC and other town/village centres, detailed in the Department of Planning's Structure Plan for the 18 precincts at the upper end of the floorspace ranges.
- 72,000 sqm for the nominated 78 neighbourhood centres within the SWGC which allows for a range of small convenience based centres (64) at approximately 500 sqm each to complement larger neighbourhood centres (14) of up to 5,000 sqm. The consolidation of four planned neighbourhood centres in the Oran Park precinct (shown in the SWGC Structure Plan) to only two centres in the revised MasterPlan is an indication that some of the smaller centres may not proceed or will be merged into larger centres.

The analysis suggests that the four existing subregions have a wide range of provisioning rates and only Campbelltown has a substantial supply approaching national levels. On balance the existing region taken together has a bare minimum level of acceptable floorspace however, clearly, rates will reduce if development does not keep up with population growth. The SWGC appears, on current information, to be significantly under provisioned.

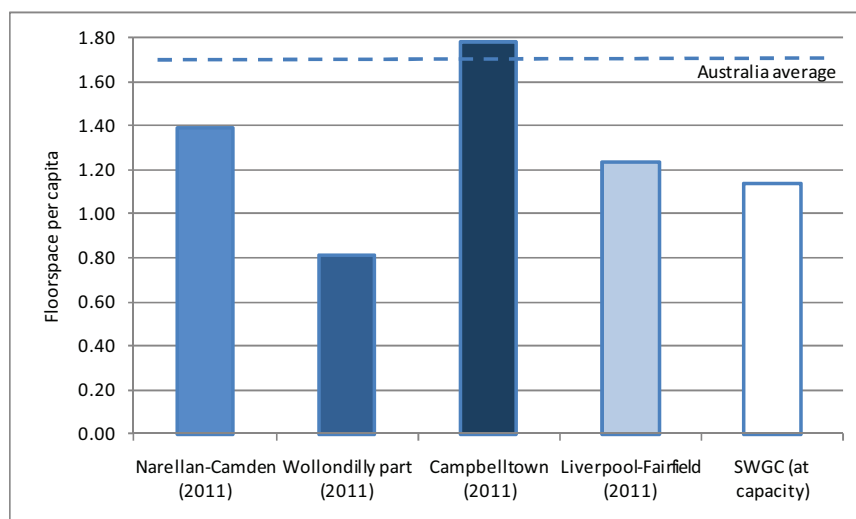
The current rates or provision for the four subregions are compared to the SWGC average and the national benchmark in Figure 14.

Table 12 Retail floorspace provision existing areas & future SWGC

Sub-Region	Population (ERP) (No.)	Retail floorspace ⁽¹⁾ (sqm)	Floorspace provision (sqm per capita)
Established areas (Year 2011)			
• Liverpool-Fairfield	381,037	470,800	1.24
• Campbelltown	122,078	217,433	1.78
• Narellan-Camden	50,697	70,542	1.39
• Wollondilly (part)	33,764	27,400	0.81
Total Existing Areas	587,575	786,175	1.34
South West Growth Centre (Capacity)			
• Leppington MTC	-	80,000	-
• Town / Village Centres (10)	-	225,000	-
• Neighbourhood Centres (78)	-	72,000	-
Total South West Growth Centre	332,199	377,000	1.13

⁽¹⁾ Excludes bulky goods, non-retail, office shopfronts

Figure 14 Retail floorspace provision - 2011



7.3 Future rates of provision

With Narellan-Camden subregion growing to 72,102 people at full capacity and assuming small additions in retail floorspace at Spring Farm and Elderslie, the average rate of floorspace provision falls in that area to a very low **1.05 sqm per capita** – from 1.39sqm currently (refer Table 13).

While some floorspace additions are proposed in Wollondilly, including a DDS and specialty shops in Tahmoor, Wollondilly's low rate of provision (0.81 sqm per capita) in 2011 is expected to be much the same by 2036. Therefore, the combined rate for Narellan-Camden and Wollondilly (part) is expected to fall **below 1.0 sqm** of retail floorspace per capita.

The four SWGC precincts (Oran Park, Marylands, Turner Road & Catherine Fields) considered in isolation will have a proposed rate of provision of **1.24 sqm** per capita. This figure includes 50,000 sqm allocated to the Oran Park Town Centre.

If all three areas (Narellan – Camden, Wollondilly (part) and the four SWGC southern precincts are combined, which make up the NTC catchment, then the current low rate of floorspace provision in 2011 (1.13 sqm per capita) falls to only **1.08 sqm** at full population capacity.

The balance of the SWGC (241,500 people) incorporating the Leppington Major Centre at its recommended upper floorspace range of 85,000 sqm has a similar (and low) planned rate of provision of only **1.10 sqm per capita**. Both regions are well below the Australian benchmark of 1.7 sqm per capita and the current level observed in Campbelltown of 1.78 sqm.

Table 13 Retail floorspace provision – current and future projections

Areas / precincts	2011			Population capacity ⁽³⁾		
	Population (No.)	Retail floorspace ⁽¹⁾ (sqm)	Floorspace provision (sqm per capita)	Population (No.)	Retail floorspace ⁽¹⁾ (sqm)	Floorspace provision (sqm per capita)
• Narellan-Camden	50,697	70,542	1.39	72,102	75,542	1.05
• Wollondilly (part)	33,764	27,400	0.81	43,027	34,740	0.81
Sub-total	84,460	97,942	1.16	115,128	110,282	0.96
<u>SWGC - southern precincts</u>						
• Oran Park/Marylands	-	-	-	49,620	63,500	1.28
• Turner Road	-	-	-	12,060	18,500	1.53
• Catherine Fields	-	-	-	24,000	30,500	1.27
• Camden Lakeside ⁽²⁾	-	-	-	5,019	0	0.00
Sub-total SWGC precincts	2,200	-	-	90,699	112,500	1.24
Total Narellan Catchment	86,660	97,942	1.13	205,827	222,782	1.08
• SWGC - northern precincts	14,500	-	-	241,500	264,500	1.10

⁽¹⁾ Excludes bulky goods, non-retail, office shopfronts

⁽²⁾ Includes El Caballo & Gledswood

⁽³⁾ 'Population capacity' estimate for Wollondilly reflects 2036 projection

The analysis shows that without major additions to the existing or planned retail hierarchy both the Narellan Town centre catchment area and the northern parts of the SWGC will be undersupplied with retail floorspace at full development.

This may provide an opportunity for the Leppington MTC or other town/village centres to accommodate more retail floorspace than designated without compromising the proposed retail centre hierarchy or pattern of development. However, increases in the Leppington Town

Centre will not address the shortage of higher level floorspace requirements in Narellan-Camden and the southern precincts.

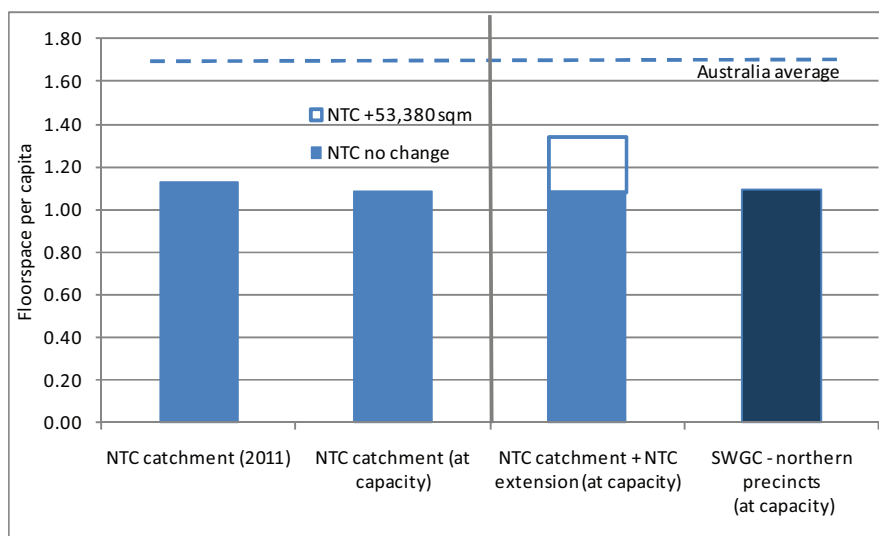
The effects of the now proposed 53,380 sqm of retail floorspace at the Narellan Town Centre on provisioning rates in the NTC catchment area is shown in Figure 15. The two bars on the left show the 'base case' scenario of no change to NTC in 2011 and at full population capacity.

Superimposing the proposed floorspace on the catchments population capacity, the overall rate of retail floorspace provision increases to **1.34 sqm per capita** - a level still below the existing (2011) for the Narellan-Camden area (1.39 sqm) and well within the range of the other subregions in 2011 namely, Liverpool (1.24 sqm) and Campbelltown (1.78).

At this level of provision, there is still plenty of scope for additional floorspace demands to be met at other centres and areas within and outside the catchment including:

- More space to be developed than currently indicated at other Town Centres in the SWGC and some support to the Leppington centre.
- A continuation of escape spending, albeit at reduced levels, to Macarthur - Campbelltown and other parts of Sydney.

Figure 15 Narellan catchment floorspace provision with & without NTC expansion



7.4 Narellan Town Centre share of floorspace demand

Another method to test the additional retail floorspace at NTC is to analyse its share of the Narellan catchment's future floorspace deficiency.

Two scenarios are presented in Table 14 for the Narellan catchment. In the first scenario a rate 1.7 sqm per capita is applied to future population levels to calculate the future gross floorspace demands of the catchment's population. At this rate, the future population of the region would theoretical support **349,906 sqm** of retail floorspace. Deducting the projected supply of **222,782 sqm** (not including an expansion to the NTC), results in a nominal floorspace deficiency of **127,124 sqm**. The addition of 53,380 sqm at NTC would therefore account for 42.0% of the total regional deficiency.

In the second scenario, a real growth rate of 0.8% per annum over a 12 year period has been applied to the current day retail floorspace provision rate of 1.7 sqm per capita, increasing it to 1.87 sqm per capita. The basis for this assumption is evidence of long term growth in retail floorspace provisioning rates over time from real increases in household income and spending and the introduction of new retail formats. Many retail economists adopt real rates of growth from 1.0 – 1.5% per annum over extended periods, however in this case, a more conservative 0.8% per annum has been applied and only for a relatively short period (12 years from 2011 after which the rate of provision is held constant).

The resulting rate (1.87 sqm) is considered conservative, but appropriate, in view of other competing forces to traditional retail floorspace such as the growth in bulky goods retailing and on-line retailing. After applying the same calculations as the first scenario, the NTC's additional floorspace accounts for only 32.9% of the regional deficiency. This would indicate that, under either floorspace demand scenario, there is adequate demand for both the expansion of NTC and development of additional retail floorspace elsewhere within the region and a normal allowance for escape spending to other centres outside the region.

Table 14 Narellan Town Centre expansion – share of total demands

	Retail floorspace demand scenarios	
	@1.7 sqm per capita	@1.87 sqm per capita
1. Population capacity of Narellan-Camden catchment	205,827	205,827
2. Projected floorspace demand	349,906	385,015
<u>3. Projected Supply</u>		
• Narellan-Camden	75,542	75,542
• Wollondilly (part)	34,740	34,740
• SWGC - southern precincts	112,500	112,500
Total	222,782	222,782
4. Floorspace deficiency (item 3-2)	-127,124	-162,233
5. NTC / Landturn proposal	+53,380	+53,380
6. NTC's / Landturn's share of regional deficiency	42.0%	32.9%

⁽¹⁾ Assume 0.8% pa real growth in retail floorspace per capita - 2011 to 2023

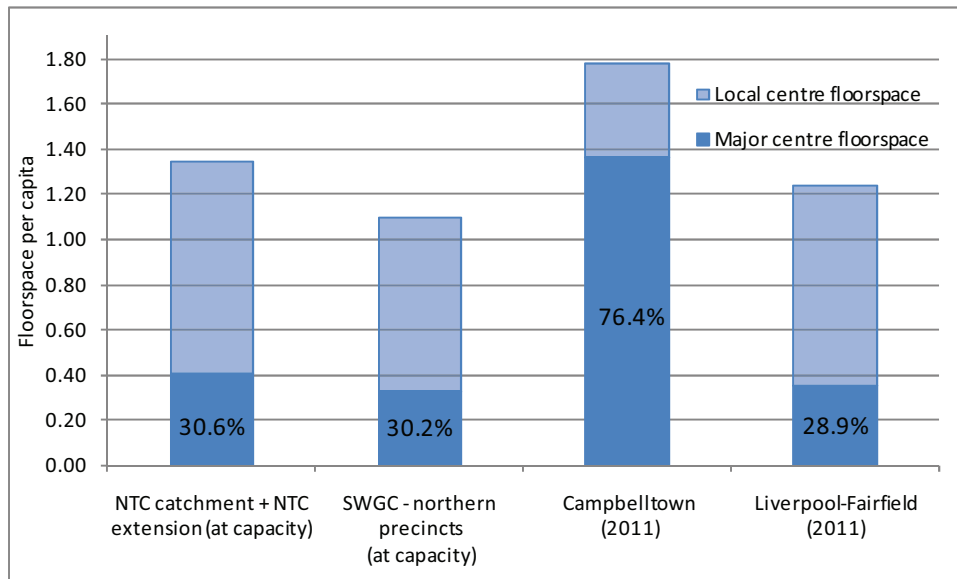
If the Narellan Town Centre is developed with its proposed additions (+53,380 sqm) the total centre (88,280 sqm) which could be classified for the purposes of the exercise as 'major centre' floorspace, would constitute about **30.6%** of total floorspace in the NTC catchment. This can be compared with the proportions of 'major centre' floorspace in the other defined subregions.

Whilst the distribution of major retail floorspace in the Campbelltown region is heavily weighted towards its CBD, at 76.4%, the major centre floorspace within the Narellan catchment area will be similar to the 'major centres' share of retail floorspace in the balance of the SWGC (30.2% being Leppington) and Liverpool-Fairfield (28.9% being Liverpool Regional Centre).

With a projected population of over 200,000 people, the Narellan catchment clearly has a need and demand for 'major centre' floorspace. The proposed additions to NTC appear reasonable and justifiable based on:

- The projected levels of escape expenditure without major additions of higher order retail floorspace;
- The relative provisioning rates before and after the proposed floorspace factored in; and
- The share of 'major centre' floorspace which would be accommodated in the main centre in the region, compared to the equivalent shares by other centres in other regions.

Figure 16 Major Centres' share of retail floorspace supply



8. Conclusions

Proposal

The proposed rezoning of the Landturn site at Narellan will facilitate a staged expansion of the existing core NTC retail uses across Camden Valley Way. The indicative scheme will increase the existing retail floorspace across both sites from 34,900 sqm to approximately 88,280 sqm – a net increase of 53,380 sqm.

The expansion proposal enables the NTC to meet the growing consumer demands from a regional catchment, primarily based today in the established and growing areas of the Narellan, Camden and Wollondilly, but increasingly from the southern precincts of the SWGC.

Development of the Landturn site for bulky goods and / or 11,300 sqm of retail uses, as permitted under the existing provisions of the Business 5 zone (Camden LEP), would amount to a lost opportunity to consolidate and expand the core retail uses of the NTC. The current proposal is a higher and better use of a strategic site, effectively links and distributes the floorspace more efficiently across two key sites, generates increased employment opportunities and makes better use of improving public transport facilities.

There are significant retail floorspace entitlements through underutilised FSR's and site specific controls on both sites which would be largely subsumed within the current floorspace proposal.

Catchment

The NTC catchment has a current day population of **86,660** people increasing to **205,827** at full development of the four southern precincts, full development of Harrington Park, Elderslie and Spring Farm and with projected growth in Wollondilly Shire over the next 20 years.

At full development, the existing (and growing) areas of Narellan, Camden and Wollondilly will still make up 115,000 people or 56% of NTC's catchment.

The accelerating growth in the southern precincts will generate strong demand for the early establishment of neighbourhood centres and retailers catering to weekly food and service needs. Like the established areas however, demands for higher order goods and services can only be met outside the region.

Beyond NTC's catchment, the northern precincts of the SWGC with an estimated population capacity of 241,500 people will comfortably support the staged development of the Leppington Major Centre, anchoring the northern end of the SWGC up to or beyond its indicative floor area of 85,000 sqm, when critical infrastructure is delivered and population thresholds are met.

Escape spending

In 2011, the current level of escape spending from the NTC catchment is around 45% or \$501 million. Escape spending by residents and the associated time and travel costs will continue to rise in dollar and percentage terms from population growth in the catchment coupled with the lack of higher order retail facilities and services.

Policy

A strong and effective centres policy has been a cornerstone of metropolitan planning policy over many years. As part of this, a centres hierarchy (typology) has been an important tool to characterise the role and function of centres. The Metropolitan Strategy encourages the growth and renewal of Strategic and Local Centres across Sydney. It recognises that centres have different attributes, will continue to grow and change and their classification in the hierarchy is not a limiting factor in their development potential. It notes the status of Local Centres will be reviewed as many will have changed in the last 5 years.

Consistent with these policy directions, NTC is identified as a Local Centre in the South West Subregional Strategy where it is expected to “change” arising from growth in the SWGC precincts and in established areas to the south. The SWSRS identifies a number of attributes at the NTC including catchment growth, road connections and improving public transport, all of which point to a significant and growing role in the region.

The draft Centres Policy, the Competition SEPP and Productivity Commission reports aim to encourage growth and competition in the retail sector and between centres. They emphasise planning’s important role in establishing the location and function of centres while questions of size should be largely left to the market to determine. Major proposals are still required to examine the broad economic impacts on surrounding centres to ensure there is no overall loss of amenity or service to the community.

The Metropolitan Strategy places high expectations on the Southwest region to generate a disproportionate share of jobs in the Sydney region (one in 5) by 2036. The proposed development through its construction, operational and spin-off benefits will establish NTC as an even more significant employment node in the region.

In summary, a review of the metropolitan and sub-regional planning strategies and draft Policy directions lends support to the future growth of NTC and its potential development, as proposed.

Floorspace demand-supply assessment

A retail floorspace supply-demand analysis for the existing NTC catchment and southern areas of the SWGC points to a looming undersupply of retail floorspace in the future. It is apparent that the planned centre and floorspace provisions in the SWGC will be deficient to meet the higher order needs of this area.

A low rate of retail floorspace provision is also projected for the northern parts of the SWGC, reinforcing the need for Leppington and other centres to reach their full potential.

The NTC is well placed to cater to the emerging demands of the area and has strong road and public transport connections. Further growth in the centre will prove complementary to the Camden Local Centre and heighten the important differentiated roles of the two centres.

The proposed floorspace additions at the NTC can be comfortably absorbed within the projected floorspace deficiency of the NTC catchment. The establishment of major retail nodes at Leppington in the north and Narellan in the south is strategically sound, providing two ‘gateway’ centres to the growth corridor.

Impacts

The planned Leppington Major Centre will benefit from major investments in public transport infrastructure and other facilities that will spur development and facilitate a major centre in time. The pattern of rural subdivision and land ownership in the north of the SWGC is markedly different to the south where englobo land holdings in Oran Park, Turner Road and later Marylands will delivering a steady flow of residential lots to the market for many years. The earlier and higher land supply levels coming forward in the south drive different retail demands when grouped with an existing population base of over 86,000 people.

Given the distance between Narellan and other centre, the predicted uneven rates of development between the north and south of the SWGC and overall floorspace demand levels, NTC's expansion will not undermine, deter or delay investment in the major centre of Leppington or impact further development at in the Macarthur – Campbelltown Major Centre.

Having regard to the various policy and demand considerations we are of the view that the proposed expansion of the Narellan Town Centre can be supported by the available market without impacting the short or long term growth prospects of existing or planned Major Centres and is justified on a policy basis. The expansion of Narellan will help deliver part of the employment targets for the region and attract other commercial and professional services to Narellan to the benefit of the broader community.