

ECONOMIC IMPACT ASSESSMENT

PROPOSED ORANGE GROVE CENTRE

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EXECUTIVE SUMMARY

Introduction Section 1

Background

This Report has been prepared for Gazcorp Pty Ltd (Gazcorp) by Leyshon Consulting Pty Ltd. The Report forms part of a Planning Proposal to be submitted to Liverpool City Council (Council) on behalf of Gazcorp. The Planning Proposal concerns the provision of additional retail floorspace on land owned by Gazcorp at Orange Grove.

The Report examines the need for, and impact of, retail floorspace which is proposed to include a Discount Department Store (DDS), supermarkets and specialty retail and non-retail floorspace.

The Planning Proposal has been brought forward for two primary reasons namely:

- ▶ the need to diversify the retail offer on the Orange Grove site to enable it to adapt better to competition from other bulky goods/retail centres—particularly the Crossroads Homemaker Centre at Casula; and
- ▶ to accommodate major retailers—namely Kmart and Aldi—which have expressed interest in establishing a presence at the Orange Grove site.

Proposed Developments

Traditional retail floorspace of some 17,000m² (Net Lettable Area; NLA) is proposed. This space will accommodate a Kmart DDS (5,000m²), a major supermarket (3,800m²), a discount supermarket (1,600m²) and two so-called mini-majors comprising some 1,500m². In total 4,600m² of specialty shops are also proposed plus 500m² of non-retail commercial tenancies.

The existing bulky goods floorspace on the western (Orange Grove Road) side of the site will be relocated to the eastern portion of the site and will comprise some 27,000m² NLA.

Planning Context Section 2

The Orange Grove site is located on the northern border of Liverpool LGA close to its border with Fairfield LGA.

The Liverpool CBD is the highest order centre in the Liverpool retail hierarchy containing 161,041m² of retail floorspace. CBD retailing is dominated by Westfield Liverpool which alone contains 83,315m² or 52% of the CBD's total retail floorspace.

EXECUTIVE SUMMARY

Planning Context Cont'd

There are three Town Centres in Liverpool LGA—namely at Carnes Hill, Casula and Moorebank.

Apart from Orange Grove itself, there are two major clusters of bulky goods retailing activity in Liverpool LGA including that at the Crossroads Centre and a smaller centre at Warwick Farm.

Fairfield LGA has three large centres (at Wetherill Park, Bonnyrigg and Fairfield) which contain one or more DDSs together with major supermarkets. There is also a significant centre at Cabramatta which does not contain a DDS but is nonetheless important in terms of Fairfield LGA's retail hierarchy.

Proposed & Approved Development

There are a number of relevant approved developments in the area surrounding Orange Grove including:

- ▶ Dan Murphy's liquor store at Orange Grove (since constructed)
- ▶ expansion of Bonnyrigg Plaza by 9,700m²
- ▶ Woolworths supermarket (4,200m²) at Casula
- ▶ a centre of about 7,000m² at Holsworthy
- ▶ Outlet Centre at Orange Grove.

A Woolworths supermarket and specialty shops are also proposed at Prestons.

Demand Analysis Section 3

Population Growth

Since 2001 Liverpool LGA and, to a lesser extent, Fairfield LGA have both experienced sustained population growth.

Significant future population growth is projected for both Liverpool and Fairfield given greenfield residential development in Liverpool's south-west and continuing urban in-fill development, particularly medium density development, in both LGAs.

In 2014, the Department of Planning and Environment projected Liverpool LGA would grow at an annual average of +2.1% between 2011-31 reaching an overall population of 288,590 persons by 2031. Fairfield LGA meanwhile was projected to grow at +1.0% per annum between 2011-31.

EXECUTIVE SUMMARY

Demand Analysis Cont'd

Trade Area Analysis

The demography of the trade area population as at the 2011 Census has been analysed together with spending growth within the identified Orange Grove trade area for the period 2011-21.

The Orange Grove trade area population has below average socio-economic characteristics compared with the Sydney Region. Consequently, the area has a significant need for convenient access to low-cost retail goods and services of the type envisaged to be provided at Orange Grove by the current Planning Proposal.

Available Spending Growth

The trade area population was some 114,679 persons as at the 2011 Census. Of this 44,637 persons resided in the Primary Trade Area (PTA).

By 2021 the trade area population is estimated to have grown to 131,067 residents. This equates to an average annual growth rate of 1.34% for the period 2011-21 and will mean an overall growth of 16,388 residents between 2011-21 or around an additional 1,640 persons per annum.

Total available annual retail expenditure in the trade area in 2011 was estimated at \$940.4 million (\$2014). Annual available retail spending is estimated to increase to \$1,191.1 million by 2021 representing a real increase in annual available retail spending of +\$250.7 million (\$2014) between 2011-21.

Total available supermarket expenditure is estimated to increase from \$300.9 million per annum in 2011 to \$381.1 million per annum in 2021—equating to a real increase in annual available supermarket spending of +\$80.2 million (\$2014) between 2011-21.

Retail Floorspace Demand

The trade area is estimated to require between 34,250m² and 43,535m² of additional retail floorspace between 2011-21.

The growth in available supermarket spending meanwhile is estimated to give rise to a demand for between 8,020m² and 9,435m² of additional supermarket floorspace. This is equivalent to two to three new full-line supermarkets in the trade area by 2021.

EXECUTIVE SUMMARY

Impact Analysis Section 4

Potential Centre Sales

The proposed Orange Grove centre is projected to achieve annual sales of some \$116.5 million in 2019 (\$2014). Of this, an estimated \$98.8 million will be derived from spending generated by trade area residents and \$17.5 million will originate from outside the trade area.

The overall market share of the proposed centre within its trade area in 2019 is estimated at 8.7% of available spending. This means 91.3% of available spending generated within the trade area in 2019 will be directed to other shopping centres—either those within the trade area or external to it.

Potential Centre Impact

2016 Impact

The impact in 2016 of existing approved/proposed developments on the Liverpool CBD is estimated at -3.2%. The impact on the Westfield Liverpool centre is put at -4.0%.

Casula Mall is projected to be the centre most significantly impacted in 2016 (-8.7%). This flows from development of the approved Woolworths supermarket on the Hume Highway at Casula. Impacts on other centres are all estimated to be less than -4.0% in 2016.

2019 Impact

The impact of the proposed development in 2019 will be spread widely. An impact of -5.0% is estimated for the Liverpool CBD as a whole and -5.8% for Westfield Liverpool specifically.

The impacts on other centres in 2019 are estimated generally to be modest ranging between -1.6% (Woolworths Casula) and -6.1% (Miller). The only exception is Bonnyrigg Plaza where an impact of -\$12.4 million or -7.3% is forecast. This assumes the Bonnyrigg centre is expanded before 2019 and as approved.

All of these impacts are either in the very low or the low-to-medium category of impact and would not undermine or materially affect the viability of any shopping centre.

In this regard we note generally it has been accepted by Australian planning courts that impacts in excess of -15% are required to threaten the viability of existing shopping centres depending on their particular circumstances.

EXECUTIVE SUMMARY

Impact Analysis Cont'd

Potential Cumulative Impact

No centre (with the exception of the Fairfield Town Centre and the Warwick Farm bulky goods centre) is projected to have a turnover in 2019 lower than its estimated turnover in 2013 (in real terms, \$2014). This is notwithstanding the significant growth in competitive retail floorspace at Orange Grove and other relevant centres such as Crossroads in the interim.

Trade area population and spending growth will underpin a lift in retail sales at almost all centres between 2016-19. Given this, the subject proposal is capable of being absorbed within Liverpool's centres hierarchy without a detrimental impact on any centre.

The trade area will experience further substantial growth in available retail spending up to 2021 in the order of \$126.9 million (\$2014). This growth will boost the sales of most centres between 2019-21 following introduction of the Orange Grove project.

Impact on Supermarkets

Between 2011-21 annual available supermarket spending in the trade area is forecast to grow by \$80.2 million (\$2014) while the proposal's impact will be spread over a large number of supermarket-anchored centres. Given this the proposed development will not affect adversely the viability of any existing supermarket which anchors an existing centre.

Impact on Liverpool CBD

The Liverpool CBD effectively consists of two distinct elements namely:

- ▶ Westfield Liverpool
- ▶ Balance of the CBD.

Westfield Liverpool

Westfield Liverpool trades very successfully. In the year to December, 2013 the centre's reported annual turnover (defined as moving annual turnover (MAT)) was \$484.8 million. Westfield Liverpool's turnover compares very favourably with that of other major Australian centres.

EXECUTIVE SUMMARY

Impact Analysis Cont'd

Impact on Liverpool CBD

Balance of CBD

Hill PDA's 2011 reported the balance of the Liverpool CBD contained some 161,041m² of retail floorspace with 15,995m² or about 9.9% of 'shopfront retail floorspace' being vacant at the time.

Unlike Liverpool Westfield, the balance of the CBD contains few national chain retailers other than Aldi: there are no major chain supermarkets or DDSs of the type found in Westfield.

Our January, 2015 survey of vacant floorspace in the areas zoned B3 and B4 within the CBD indicated some 6,566m² of shopfront floorspace was vacant. A significant component of this vacant space (about 1,166m²) was located in the B4 Mixed Use areas on the southern fringe of the CBD.

This suggests that the vacancy rate in the balance of the CBD as far as shopfront retail-type space is concerned is likely to be about 4.1% at present.

A vacancy rate of around 4.1% represents a very substantial improvement on the vacancy rate found by Hill PDA in 2011.

Our recent survey found no existing premises were vacant which could accommodate a major retailer. Nor were there any instances where contiguous vacancies potentially could be combined into a large tenancy (that is, one exceeding 1,000m²).

There is no obvious major development site within the balance of the CBD which could accommodate a major project of the scale and type being proposed for Orange Grove.

Community Benefit Section 5

If the Orange Grove proposal is approved and proceeds to development it will generate significant net community benefits in 2019 namely:

- ★ it will improve substantially the access of trade area residents to DDSs and supermarkets
- ★ it will improve competition and choice for trade area residents especially with the introduction of a Kmart DDS

EXECUTIVE SUMMARY

Community Benefit Cont'd

- ★ it will increase shopper convenience given that it will be co-located with other types of retailing, notably bulky goods and outlet floorspace
- ★ it will create an estimated 607 jobs on a full- and part-time basis once operational
- ★ it will act as a catalyst for the long-term redevelopment of lands surrounding the subject site at Orange Grove in the northern part of Liverpool.

Although there will be some low to low/medium level impacts on surrounding centres, the overall benefits of additional retail development at Orange Grove as is being proposed by Gazcorp is considered to well outweigh any negative impacts.

Conclusion Section 6

This Report concludes the impact of the proposed development at Orange Grove will be acceptable.

The proposal will improve substantially the range of retail facilities available to residents of the trade area. This means there will be a net community benefit from the proposed development.



1

INTRODUCTION

1.1 Background

This Report has been prepared for Gazcorp Pty Ltd (Gazcorp) by Leyshon Consulting Pty Ltd. The Report forms part of a Planning Proposal to be submitted to Liverpool City Council (Council) on behalf of Gazcorp. The Planning Proposal concerns the provision of additional retail floorspace on land owned by Gazcorp at Orange Grove.

The Report examines the need for, and impact of, retail floorspace which is proposed to include a Discount Department Store (DDS), supermarkets and specialty retail and non-retail floorspace.

The land controlled by Gazcorp at Orange Grove has an established history of retailing activity. A large bulky goods retail centre known as the Orange Grove Mega Centre currently occupies part of the site. This centre has operated since 1999 and contains some 29,000m² net lettable area (NLA). At present a weekend market operates from an adjacent building which formerly accommodated an outlet retail centre.

Council has also approved an outlet centre of 19,000m² which will replace the weekend market.

Also present on the site are a McDonald's fast food restaurant, a Dan Murphy's liquor store and a car wash.

1.2 Reason for Planning Proposal

The Planning Proposal has been brought forward for two primary reasons namely:

- ▶ the need to diversify the retail offer on the Orange Grove site to enable it to adapt better to competition from other bulky goods/retail centres—particularly the Crossroads Homemaker Centre at Casula; and
- ▶ to accommodate major retailers—namely Kmart and ALDI—which have expressed interest in establishing a presence at the Orange Grove site.

The Crossroads Homemaker Centre at Casula has the largest concentration of bulky goods retailing in Liverpool Local Government Area (LGA). The Crossroads Centre contains some 50,000m², albeit with an estimated 15,000m² of this space currently being vacant.

A Costco store of some 13,500m² opened at the Crossroads in late 2013. There is some concern that this could lead to certain of Orange Grove's existing major tenants relocating to that centre when their current leases expire. Should this occur, it would have extremely negative commercial consequences for Orange Grove.

Prior to preparation of this Planning Proposal, we understand Gazcorp was approached by two major national-chain retailers wishing to establish at Orange Grove. Kmart has indicated that although it has searched diligently, no suitable site for their operation in the Liverpool CBD has been identified. Aldi and Kmart have both indicated Orange Grove is a more suitable location in terms of their overall operational strategy compared with a site within the Liverpool CBD.

1.3 Other Approved Development

Gazcorp previously has obtained Council approval for two amendments to Liverpool LEP 2008 to permit further development at Orange Grove namely:

1. Amendment 19 – development of a Dan Murphys liquor store of 1,200m²; and
2. Amendment 22 – reintroduction of outlet retailing with a gross leasable area (GLA) of 19,000m² in the 'markets' building on the Orange Grove site.

The subsequent development of the Dan Murphys store required the removal of some existing small tenancies at the southern end of the site including the Subway fast food outlet. The reintroduction of outlet retailing meanwhile required the cessation of trading of the weekend markets.

The development which is the subject of this Planning Proposal involves the redevelopment of the existing Orange Grove bulky goods centre and vacant land lying immediately to its east.

Traditional retail floorspace of some 17,000m² (NLA) is proposed. This space will accommodate a Kmart DDS (5,000m²), a major supermarket (3,800m²), a discount supermarket (1,600m²) and two so-called mini-majors comprising some 1,500m². In total 4,600m² of specialty shops are also proposed. In addition, it is assumed that 500m² of non-retail commercial tenancies will be provided.

The existing bulky goods floorspace on the western (Orange Grove Road) side of the site will be relocated to the eastern portion of the site and will comprise some 27,000m² NLA.

1.4 Structure of Report

This Report is structured as follows:

Section 1	...	Introduction
Section 2	...	Planning Context
Section 3	...	Demand Analysis
Section 4	...	Impact Analysis
Section 5	...	Net Community Benefit Analysis
Section 6	...	Conclusion.

2

PLANNING CONTEXT

2.1 Retail Hierarchy

The Orange Grove site is located on the northern border of Liverpool LGA close to its border with Fairfield LGA. Accordingly, it is relevant to examine the subject Planning Proposal in the context of the retail hierarchy which exists both in Liverpool and Fairfield LGAs.

2.1.1 Liverpool LGA

Liverpool LGA's retail hierarchy has been described in detail in a recent report prepared for Council by consultants Hill PDA (*Liverpool Retail Centres Hierarchy Review*, dated October 2012; hereafter the Hill PDA report). The existing retail hierarchy is depicted in Figure 3 in the Hill PDA report. Figure 3 also depicts major centres in the adjoining Fairfield LGA. The key features of the Liverpool retail hierarchy are described below.

Regional Centre

The Liverpool CBD is the highest order centre in the Liverpool hierarchy. According to Hill PDA the Liverpool CBD contains 161,041m² of retail floorspace. CBD retailing is dominated by Westfield Liverpool which alone contains 83,315m² or 52% of the CBD's total retail floorspace. Major Liverpool CBD tenants include:

▶	Myer	...	18,766m ²
▶	Target	...	8,291m ²
▶	Big W	...	8,250m ²
▶	Coles	...	3,876m ²
▶	Woolworths	...	3,659m ²

All of these tenants are located within Westfield Liverpool. There are no major tenants in the balance of the Liverpool CBD with the exception of Aldi.

Town Centres

There are three Town Centres in Liverpool LGA—namely at Carnes Hill, Casula and Moorebank. These centres range in size from 10,152m² (Moorebank) to 17,442m² (Carnes Hill).

Carnes Hill is anchored by a Big W DDS and a Woolworths full-line supermarket of 4,494m².

Casula Mall was one of the earliest subregional-scale centres constructed in the Sydney Region. It is anchored by a Kmart DDS of 7,815m² and a Coles supermarket of 5,307m².

Moorebank contains some 10,150m² and is anchored by Woolworths (2,200m²) and IGA (1,000m²) supermarkets.

Using the terminology developed by the Department of Planning in its Metropolitan and Subregional planning studies, the shopping centre known as Valley Plaza in Green Valley has been identified as a “standalone shopping centre”. Valley Plaza contains some 9,834m² of retail floorspace and is anchored by Coles (3,561m²) and Woolworths (2,271m²) supermarkets.

Other Centres

Liverpool LGA contains a significant number of what are defined as “village centres” by Hill PDA. These vary significantly in size, however. In our opinion the most relevant centres to this Planning Proposal, having regard to their tenancy mix, are as follows:

- ▶ Cecil Hills ... 3,100m² (Woolworths)
- ▶ Miller ... 9,653m² (Woolworths)
- ▶ Chipping Norton ... 5,300m² (Coles).

Apart from Orange Grove itself, there are two major clusters of bulky goods retailing activity in Liverpool LGA including that at the Crossroads Centre (described above) and a smaller centre at Warwick Farm.

The Crossroads Centre contains in excess of 50,000m² of retail floorspace. Its major tenants include Bunnings, Flower Power, The Good Guys, Freedom Furniture and Bing Lee. A Costco store commenced trading at this centre in late 2013.

The Warwick Farm centre contains some 15,000m² of bulky goods floorspace. Its major tenants include Fantastic Furniture, Lincraft, Supa Cheap Auto together with a number of fresh food retailers.

Council has also approved the development of a Masters store and associated bulky goods space on a site at Warwick Farm. The site in question was formerly controlled by the Australian Jockey Club.

2.1.2 Fairfield LGA

Fairfield LGA has a somewhat unusual retail hierarchy in that it does not have one dominant centre. Rather, the LGA has three large centres (at Wetherill Park, Bonnyrigg and Fairfield) which contain one or more DDSs together with major supermarkets. There is also a significant centre at Cabramatta which does not contain a DDS but is nonetheless important in terms of Fairfield LGA's retail hierarchy.

Stockland Wetherill Park

Stockland Wetherill Park (sometimes referred to as Prairiewood) contains 37,300m² of retail floorspace with an additional 14,300m² of associated services including a cinema, library and other commercial functions. The centre is anchored by Big W (8,097m²) and Target (7,020m²) DDSs together with Woolworths and Coles supermarkets.

Fairfield Town Centre

The Fairfield Town Centre comprises an estimated 60,000m² in total. Within the Town Centre there are two enclosed centres which contain DDSs—namely Fairfield Forum and Neeta City.

Fairfield Forum contains some 18,000m² of retail floorspace anchored by a Kmart DDS (4,848m²) and a Coles supermarket (3,054m²). Neeta City contains 24,385m² and is anchored by a Big W DDS (6,858m²) and Woolworths supermarket of 3,954m².

Bonnyrigg

Bonnyrigg Plaza contains 20,716m² of retail floorspace and is located 6.5km to the north-west of the Orange Grove site. Bonnyrigg Plaza is anchored by a Big W DDS (8,373m²) and Woolworths (4,030m²) and IGA (2,679m²) supermarkets.

In 2010, Fairfield City Council approved a 9,700m² expansion of Bonnyrigg Plaza. This approval is yet to be implemented.

Cabramatta

The Cabramatta Town Centre is located about 5km to the north-east of the Orange Grove site. The centre is atypical in that it comprises in the order of 25,000m² of retail floorspace in total but contains only one anchor tenant—namely a relatively small-scale Woolworths supermarket

of approximately 2,500m². Retailing in the Cabramatta centre is dominated by small-scale businesses the majority of which are operated by persons of Vietnamese or Chinese descent.

Our recent inspection of the Cabramatta centre found that it had a very low level of vacancies which we put at about 4%.

Other Centres

There are a number of neighbourhood-scale centres in the southern part of Fairfield LGA which would lie within the potential trade area of the proposed development at Orange Grove. These centres include Canley Heights, Canley Vale, Wakeley and St Johns Park. None of these centres contain a major supermarket, however.

2.2 Proposed and Approved Development

We understand the following retail development of relevance to this Planning Proposal either has been approved or are proposed:

Approved

- ▶ Dan Murphy's liquor store at Orange Grove (since constructed)
- ▶ expansion of Bonnyrigg Plaza by 9,700m²
- ▶ Woolworths supermarket (4,200m²) at Casula
- ▶ a centre of about 7,000m² at Holsworthy
- ▶ Outlet Centre at Orange Grove.

Proposed

- ▶ Woolworths supermarket and specialty shops at Prestons.

A new Town Centre of up to 22,000m² GLA is proposed to be developed at Edmondson Park. We understand that New South Wales Urban Growth currently is seeking expressions of interest from the development sector in what is expected to be the staged development of the Town Centre site.

We understand Fairfield City Council since 2010 has been considering a proposal for a centre anchored by a DDS in Smithfield Road, Edensor Park adjacent to Bonnyrigg Plaza. No decision has been made as yet on this proposal.

2.3 Trade Area

We have defined a trade area for the proposed development having regard to the following factors:

- ▶ location of competitive centres particularly those containing a DDS and/or full-line supermarket
- ▶ location of the Orange Grove site close to the border between Fairfield and Liverpool LGAs
- ▶ location of the Orange Grove site on the arterial road network
- ▶ that the proposed development will be co-located with a bulky goods centre and a regionally significant outlet centre.

In particular we note that the location of the site on the Liverpool/Fairfield border, its frontage to the Cumberland Highway and the existence of an established bulky goods centre at Orange Grove

already confer on the site a trade area, or catchment, which extends significantly to the north into Fairfield LGA.

The spatial extent of the trade area is depicted in FIGURE 2.1. The component parts of the trade area are as follows:

- ▶ **Primary Trade Area (PTA)** – includes central Liverpool and the Cabramatta area
- ▶ **Secondary Trade Area North (STA North)** – includes Canley Vale and part of Fairfield South
- ▶ **Secondary Trade Area East (STA East)** – includes Chipping Norton and part of Warwick Farm
- ▶ **Secondary Trade Area South (STA South)** – includes Lurnea and part of Casula
- ▶ **Secondary Trade Area West (STA West)** – includes Miller, Busby and part of Green Valley.

FIG 2.1: Orange Grove - Proposed Retail Trade Area

Legend

 Site

Site Coordinates

Longitude/X: 150.918690

Latitude/Y: -33.907840

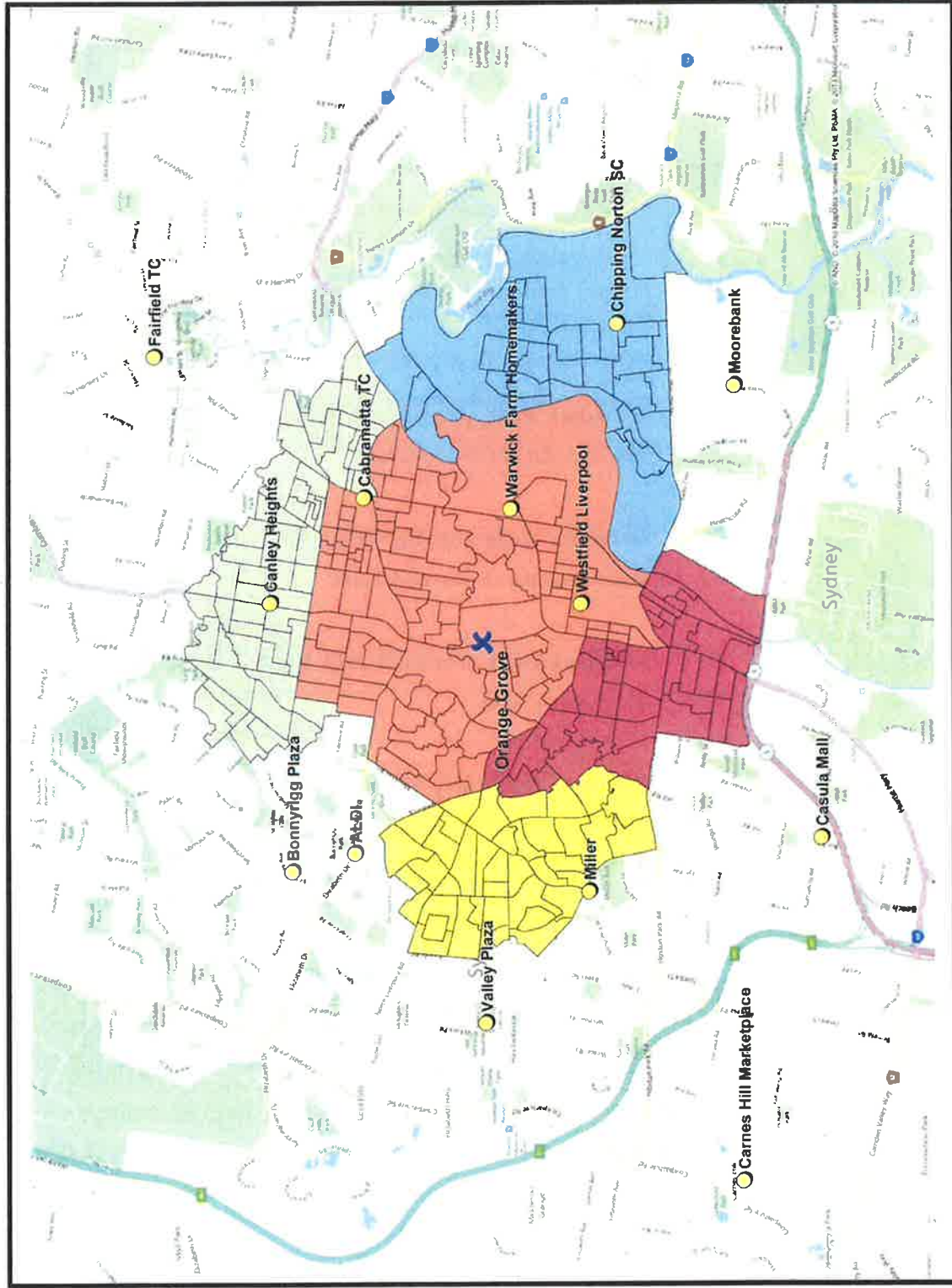
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Data Source:

AnySite®

3

DEMAND ANALYSIS

3.1 Overview

3.1.1 Population Growth

Since 2001 Liverpool LGA and to a lesser extent Fairfield LGA have both experienced sustained population growth. According to the ABS, preliminary data regarding the annual growth rates in both LGAs for the year to June 2013 (preliminary) were as follows:

►	Liverpool	...	+2.1%
►	Fairfield	...	+1.5%

Significant future population growth is projected for both Liverpool and Fairfield given greenfields residential development in Liverpool's south-west and continuing urban in-fill development, particularly medium density development, in both LGAs.

In 2010, the then Department of Planning projected that Liverpool LGA would grow at rates of between +1.62% and +2.68% per annum during the period 2011-36.

In 2014, the Department of Planning and Environment projected that Liverpool LGA would grow at an annual average of +2.1% during the period 2011-31 reaching an overall population of 288,590 persons by 2031. Fairfield LGA meanwhile was projected to grow at +1.0% per annum between 2011-31.

The Hill PDA report of 2012 analysed population growth in Liverpool and Fairfield LGAs and the northern part of Campbelltown LGA up to 2031. Hill PDA identified it is from this area that the majority of future

demand for retail floorspace in Liverpool LGA will arise (hereafter referred to as the Liverpool Trade Area).

The Hill PDA report forecast population growth of 88,422 persons in Liverpool LGA between 2006-26 (Table 12, page 55 refers). Growth between 2006-31 was estimated at 113,681 persons with the LGA projected to have a population of 284,596 by 2031.

Excluding the South West Growth Sector (SWGS), which is where most greenfields housing development will occur, population growth in the balance of Liverpool LGA was still projected at +58,735 persons by Hill PDA between 2006-31.

Population growth in Fairfield LGA meanwhile was estimated by Hill PDA at +29,428 persons during the same period.

Growth in the northern part of Campbelltown LGA, which includes the suburbs of Macquarie Links, Macquarie Fields and Glenfield was forecast by Hill PDA to be +6,054 persons between 2006-31.

In summary—excluding the SWGS—Hill PDA projected an overall population increase of +94,217 persons in what are generally regarded as the “developed” areas of Liverpool and Fairfield LGAs and the northern part of Campbelltown LGA between 2006-31.

Based on the latest (2014) population projections for Liverpool LGA, Hill PDA underestimates potential long-term growth by about -1.4%

3.1.2 Growth in Retail Spending

Such significant population growth over the forecast time-frame naturally will give rise to a very substantial increase in available retail spending.

Hill PDA in their report estimated population growth in the Liverpool trade area (excluding the SWGS) would result in annual available retail spending increasing from \$4.396 billion in 2011 to \$6.797 billion per annum in 2031 (\$2009). This equates to an increase in annual available spending of some \$2.401 billion (\$2009) between 2011-31 (Table 13, page 56 refers).

3.1.3 Retail Floorspace Demand

Clearly, such a significant increase in available spending will give rise to a very substantial demand for additional retail floorspace. While some of this increased demand will be directed to centres outside the Liverpool Trade Area, the majority will flow to existing or proposed new centres within the trade area.

In broad terms, an increase in annual available resident spending of \$2.401 billion (as estimated by Hill PDA) would, on our reckoning, give rise to a demand for an additional 370,000m² of retail floorspace by 2031—either within the trade area or at other centres patronised by trade area residents.

Hill PDA, however, made their own estimates of the increased demand for retail floorspace in Liverpool LGA based on assumed spending “capture rates” of centres in the Liverpool Trade Area. The Hill PDA estimates excluded expenditure to be directed to new centres in the SWGS.

In their report, Hill PDA estimated the demand retail floorspace in the trade area in 2011 (excluding the SWGS) would be for 397,578m² rising to 511,045m² in 2031—or an increase of 113,467m² (Table 17, page 60 refers).

3.2 Trade Area Analysis

The above estimates of population and retail spending growth and retail floorspace demand derived from the Hill PDA report provide general context for an evaluation of the current Planning Proposal for Orange Grove. As with any retail development proposal of any significance, however, a detailed trade area-based assessment is appropriate.

We have therefore specifically analysed population and spending growth within the identified Orange Grove trade area between 2011-21. This is a shorter time-frame than that analysed by Hill PDA. We consider it is more appropriate, however, given that the approved and proposed developments referred to above will be completed by 2021.

Before analysing population and spending growth it is relevant to have regard to the demography of the trade area population as revealed by 2011 Census data.

3.2.1 Trade Area Demography

Key data from the 2011 Census as it applies to the defined trade area are provided in TABLE 3.1. For comparative purposes data for the Sydney Region as a whole are also provided. The primary demographic characteristics of note which will influence the demand for retail goods and services within the defined trade area are summarised below.

Age Profile

At the 2011 Census the trade area had a somewhat younger age profile than did the Sydney Region as a whole. This was evidenced by 28.3% of the trade area population being aged less than 19 years compared with 25.5% in the Sydney Region. The proportion of those aged 60+

years meanwhile was 16.7% in the trade area compared with 18% in the Sydney Region.

Household Characteristics

In 2011 the Orange Grove trade area had a slightly higher proportion (37.6%) of traditional family households (that is, couples with dependent children) compared with the proportion of such households (36.1%) in the Sydney Region as a whole.

Of particular note was the very high proportion of one parent families in the trade area in 2011: almost a fifth of all households (19.6%) comprised one parent families with only 11.6% in the Sydney Region.

The trade area's average household size in 2011 was 3.00 persons per dwelling which was significantly above the average of 2.69 found in the Sydney Region.

Labour Force Characteristics

The labour force characteristics of the employed population in the Orange Grove trade area in 2011 differed quite substantially from those for the Sydney Region.

Most noticeable was that only 19.4% of employed persons were in managerial or professional occupations compared with 38.8% in the Sydney Region as a whole.

The proportion of employed persons in trade-based occupations was well above the Sydney Region average, however. Overall 29.8% of employed persons worked in generally unskilled occupations such as machinery operators, drivers or labourers. This compares with only 13% of employed persons working in these same occupational categories Sydney-wide in 2011.

The Orange Grove trade area also had a very significantly above average unemployment rate in 2011. The average unemployment rate for the trade area as a whole was 10.7% which was almost double the Sydney Region average of 5.7% at the time. In the STA North, however, the unemployment rate was up to 11.8% in 2011.

Household Income

Based on 2011 Census data we estimate the average annual household income in the Orange Grove trade area at that time was \$61,119 per household (\$2011). This was some 32% below the Sydney Region average of \$89,465 per household in 2011.

Ethnicity

Compared with the Sydney Region as a whole, the Orange Grove trade area is best described as being ethnically diverse. At the 2011 Census only 41.4% of residents were born in Australia compared with a Sydney Region average of 59.9%. Apart from those born in Australia, the other major countries where residents were born were as follows:

▶ Vietnam	...	15.2%
▶ Cambodia	...	3.8%
▶ Iraq	...	3.4%
▶ China (excluding Taiwan)	...	2.2%

STA East

Of note is that the STA East has a quite different demography compared with the Orange Grove trade area as a whole. No doubt this is due to new residential development which has occurred in the northern part of Chipping Norton over the past decade. For instance, the unemployment rate in 2011 in this part of the trade area was only 4.4% and the average annual household income was an estimated \$91,586

in 2011—slightly above the Sydney Region average. Furthermore, 63.2% of persons in the STA East were born in Australia in 2011 compared with 41.4% for the balance of the trade area and 59.9% in the Sydney Region as a whole.

Summary – Trade Area Demography

It is fair to observe that the population in the Orange Grove trade area has below average socio-economic characteristics compared with the Sydney Region as a whole. Consequently, in our opinion, the area has a significant need for access to low-cost retail goods and services of the type envisaged to be provided at Orange Grove by the current Planning Proposal.

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

Variable ...	PTA	STA East	STA North	STA South	STA West	Total Trade Area	Sydney Region
Count – 2011 Census	42,669	10,300	23,239	16,460	16,968	109,636	4,391,674
Age Structure							
0-9 years	14.0	12.2	13.5	15.4	16.1	14.3	13.1
10-19	13.3	13.1	14.8	12.8	16.6	14.0	12.4
20-29	14.7	13.9	14.4	15.7	13.7	14.5	14.8
30-39	14.2	13.5	13.4	15.6	12.4	13.9	15.2
40-49	14.3	13.9	14.7	13.2	13.0	14.0	14.3
50-59	12.8	13.9	12.9	11.3	12.2	12.6	12.2
60+	16.7	19.5	16.3	16.0	16.0	16.7	18.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Household Structure							
Couples & Children	35.2	43.9	40.4	36.8	37.1	37.6	36.1
Couples Only	17.9	25.5	18.9	19.1	16.7	18.9	24.7
One Parent	20.3	12.8	21.3	16.4	23.2	19.6	11.6
Other	2.1	1.4	2.0	1.4	1.4	1.8	1.4
Total Family	75.5	83.6	82.6	73.7	78.4	77.9	73.8
Non-Family Households							
Lone Person	21.0	14.4	14.5	24.0	20.5	19.4	22.0
Group	3.5	2.0	2.9	2.3	1.1	2.7	4.2
Total Non-Family	24.5	16.4	17.4	26.3	21.6	22.1	26.2
Average Household Size (persons/dwelling)	2.92	2.99	3.22	2.82	3.10	3.00	2.69
Occupation							
Managers	5.7	12.1	6.1	6.3	5.4	6.7	13.3
Professionals	12.8	17.6	12.1	12.8	8.2	12.7	25.5
Technicians & Trade Workers	15.8	15.3	14.3	17.5	17.0	15.8	12.2
Community & Personal Service Workers	9.0	8.8	8.8	10.1	10.7	9.3	8.8
Clerical & Administrative Workers	12.8	19.3	12.6	13.3	14.5	13.9	16.2
Sales Workers	8.4	9.7	8.8	8.9	9.7	8.9	9.0
Machinery Operators & Drivers	13.8	7.5	14.6	12.6	15.6	13.2	5.7
Labourers	18.6	8.0	18.8	15.8	17.0	16.6	7.3
Inadequately Described/Not Stated	3.1	1.7	3.9	2.7	1.9	2.9	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Unemployment Rate (%)	11.7	4.4	11.8	11.2	11.7	10.7	5.7

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

Variable ...	PTA	STA East	STA North	STA South	STA West	Total Trade Area	Sydney Region
Annual Household Income (\$ per week)							
Nil/Negative	2.3	1.5	2.4	1.7	1.6	2.1	1.7
\$0 - \$199	2.7	1.6	3.0	3.2	3.7	2.9	1.6
\$200 - \$299	6.0	1.9	5.3	5.9	6.2	5.5	2.8
\$300 - \$399	9.2	4.3	8.1	9.2	10.7	8.7	5.7
\$400 - \$599	14.1	7.3	12.7	12.8	13.6	12.9	8.5
\$600 - \$799	12.9	7.2	12.7	13.4	13.8	12.5	7.9
\$800 - \$999	10.3	8.0	9.9	10.8	8.7	9.8	7.6
\$1,000 - \$1,249	10.1	9.2	10.5	11.0	9.9	10.2	8.1
\$1,250 - \$1,499	7.9	8.2	8.3	8.6	8.0	8.1	7.6
\$1,500 - \$1,999	10.3	14.3	10.8	10.2	9.8	10.7	12.6
\$2,000 - \$2,499	6.0	11.4	6.9	6.2	6.6	6.8	9.4
\$2,500 - \$2,999	3.9	8.9	4.2	3.5	3.8	4.4	10.7
\$3,000 - \$3,499	2.2	6.9	2.2	1.6	2.1	2.5	6.4
\$3,500 - \$3,999	1.1	3.8	1.3	0.8	0.5	1.3	3.3
Above \$4,000	1.0	5.5	1.7	1.1	1.0	1.6	6.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Household Income (\$2011)	\$57,315	\$91,586	\$61,102	\$56,751	\$55,934	\$61,119	\$89,465

Source: ABS Census, 2011.

3.3 Trade Area Population Growth

We have prepared population growth estimates for the defined trade area to 2021 (TABLE 3.2 refers).

Based on 2011 Census data we estimate the trade area population was some 114,679 persons in 2011. Of this 44,637 persons resided in the PTA.

By 2021 the trade area population is estimated to have grown to 131,067 residents. This equates to an average annual growth rate of 1.34% for the period 2011-21 and represents an overall growth of 16,388 residents between 2011-21 or around an additional 1,640 persons per annum.

Of this projected increase, growth in the PTA alone is estimated to be +7,166 persons between 2011-21 with the balance of population growth (+9,222 persons) occurring in the combined STAs.

TABLE 3.2
PROJECTED RESIDENT POPULATION ¹ GROWTH – ORANGE GROVE TRADE AREA, 2011-21 (No. Persons)

Period ...	PTA	STA East	STA North	STA South	STA West	Total
2011 ERP	44,637	10,732	24,301	17,238	17,771	114,679
2014	46,814	11,557	25,037	18,025	18,310	119,743
2016	48,324	12,142	25,540	18,570	18,678	123,254
2021	51,803	13,406	26,710	19,711	19,437	131,067
Change 2011-21	7,166	2,674	2,409	2,473	1,666	16,388
Average Annual Growth 2011-21	1.50%	2.25%	0.95%	1.35%	0.90%	1.34%

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

Source: ABS Census 2011 and Leyshon Consulting Projections, December 2014.

3.4 Trade Area Expenditure Growth

Estimates have been prepared of available retail spending generated by trade area residents between 2011-21 (APPENDIX A, Tables A1 to A4 refer). These estimates have been prepared taking into account data obtained from the following sources:

- ▶ ABS 2011 Census
- ▶ ABS 2009-10 Household Expenditure Survey (HES)
- ▶ ABS Consumer Price Index (CPI) Series 2011-14.

In preparing the available spending estimates provision has been made for real growth (that is, growth over and above inflation) between 2011-21. Typically, real spending growth has been in the order of +2% to +3% per annum in New South Wales over the past two decades. In this case, we have assumed growth of only +1.0 % per annum given the lower socio-economic characteristics of the trade area population generally and recent trends in retail sales—both Australia-wide and in New South Wales—which have seen subdued real growth in retail sales.

3.4.1 Total Available Retail Spending

Total available retail expenditure in 2011 was estimated at \$940.4 million per annum (\$2014). Annual available retail spending is estimated to increase to \$1,191.1 million by 2021 representing a real increase in annual available retail spending of +\$250.7 million (\$2014) between 2011-21.

3.4.2 Available Supermarket Spending

Total available supermarket expenditure is estimated to increase from \$300.9 million per annum in 2011 to \$381.1 million per annum in 2021—a real increase in annual available supermarket spending of +\$80.2 million (\$2014) between 2011-21.

3.5 Retail Floorspace Demand

The increase in available retail expenditure generated by population growth in the trade area can be converted into a broad indication of the potential demand for additional retail floorspace between 2011-21.

As indicated in TABLE 3.3, we estimate the trade area will require between 34,250m² and 43,535m² of additional retail floorspace during this period. This is equivalent to two new centres of the scale proposed by Gazcorp at Orange Grove. The increase in available supermarket spending meanwhile is estimated to give rise to a demand for between 8,020m² and 9,435m² additional supermarket floorspace. This is equivalent to two to three new full-line supermarkets in the trade area by 2021.

TABLE 3.3
ESTIMATED DEMAND for ADDITIONAL RETAIL FLOORSPACE –
ORANGE GROVE TRADE AREA, 2011-21 (\$2014; Sq.M.)

Category ...	Available Spending Increase 2011-21 (\$ Mil. per annum)	Estimated Floorspace Demand 2021 (Sq.M.)
Supermarket	\$80.2	8,020 to 9,435 ¹
Other	\$170.5	26,230 to 34,100 ²
Total	\$250.7	34,250 to 43,535

Errors due to rounding.

Notes:

1. Based on average sales of \$8,500 to \$10,000 per sq.m. per annum.
2. Based on average sales of \$5,000 to \$6,500 per sq.m. per annum.

Source: Leyshon Consulting Estimates, December 2014.

4

IMPACT ANALYSIS

4.1 Introduction

The potential impact of the proposed development on existing shopping centres in and adjacent to the trade area has been analysed.

At the outset it should be noted that this analysis is, necessarily, subject to a number of uncertainties.

First, if the Planning Proposal is approved, a considerable period of time will elapse before the proposed floorspace at Orange Grove is constructed and commences trading. For example, approval for the outlet centre was granted in December, 2013 but the centre is yet to commence trading.

Second, there is potential for changes to existing centres within the trade area to occur over and above those which have already been approved by either Liverpool or Fairfield City Councils.

In relation to the Planning Proposal, we understand in order to achieve its implementation Gazcorp will need to construct new space to the east of the existing bulky goods centre to accommodate those bulky goods retailers already operating from the site. Gazcorp will then proceed to demolish the existing bulky goods centre and construct a new centre for general retailing. We understand this process will take several years to complete.

In preparing this Report, the general approach adopted has been to take account of the floorspace proposed in approved retail development projects--both at Orange Grove and other centres such as

Crossroads and Bonnyrigg. The analysis then takes account of the additional retail floorspace proposed at Orange Grove to provide an estimate of the potential cumulative impact on relevant centres over time.

In undertaking this analysis, we are cognisant of the advice provided to Liverpool City Council by Hill PDA in July 2012 in their *Liverpool Cumulative Economic Impacts Study*. That report examined the impact of a series of then proposed amendments to the Liverpool LEP 2008 namely:

- ▶ Amendment 19 – Orange Grove (Dan Murphys)
- ▶ Amendment 22 – Orange Grove (outlet centre)
- ▶ Amendment 26 – Crossroads (Costco).

4.2 Assumptions

In undertaking this analysis we have adopted the following assumptions—namely that:

- ▶ the proposed developments listed above are approved, proceed to construction and become operational with 2016 as their first full year of trading;
- ▶ the approved expansion of Bonnyrigg Plaza occurs between 2016-19;
- ▶ the subject Planning Proposal for Orange Grove is approved and proceeds to construction and has 2019 as its first full year of trading;

- ▶ there are no other major changes to existing centres within the trade area in the period 2012-19;
- ▶ the total size of the proposed Orange Grove centre is 17,000m² NLA of which 16,500m² is retail floorspace;
- ▶ the proposed Orange Grove centre is anchored by a Kmart DDS (5,500m²) and Coles (3,800m²) and ALDI (1,600m²) supermarkets. In addition, it has been assumed 1,500m² of so-called mini-major floorspace, 4,100m² of retail specialties and non-retail specialty outlets of 500m² will be provided.

4.3 Potential Centre Sales

An estimate of the sales likely to be captured by the subject development in 2019 has been prepared (TABLE 4.1 refers).

In summary, we estimate the proposed Orange Grove centre will achieve annual sales of some \$116.5 million in 2019 (\$2014). Of this, an estimated \$98.8 million will be derived from spending generated by trade area residents and \$17.5 million will originate from outside the trade area. The latter assumption reflects that the proposed centre will be co-located with a bulky goods shopping centre and, particularly, an outlet centre. Both of these will have substantial regional-scale trade areas. We consider it is therefore fair to assume that some shoppers visiting the outlet centre and/or the bulky goods centre at Orange Grove will also shop at the proposed retail facilities during the same visit.

A turnover of \$116.4 million per annum (\$2014) would mean the proposed centre achieves average sales in 2019 of \$7,053 per m² per annum. Based on retail floorspace of 16,500m² this level of average

sales would be about average for a DDS-anchored shopping centre based on data contained in industry publication *Shopping Centre News* "Little Guns Survey, 2014" (Vol.; 32, No. 5, 2014).

The overall market share of the proposed centre within its trade area in 2019 is estimated at 8.7% of available spending. In essence, this means that 91.3% of available spending generated within the trade area in 2019 will be directed to other shopping centres—either those within the trade area or external to it.

TABLE 4.1
PROPOSED ORANGE GROVE CENTRE – ESTIMATED MARKET SHARES and SALES,
2019(\$2014)

Category ...	PTA	STA North	STA East	STA South	STA West	Total Trade Area
Available Retail Spending (\$ Mil. per annum)	\$447.3	\$143.4	\$218.8	\$175.0	\$155.8	\$1,140.3
Market Share (%)	8.5%	13.5%	10.0%	5.0%	7.0%	8.7%
Centre Sales from Trade Area (\$ Mil. per annum)	\$38.0	\$19.4	\$21.9	\$8.8	\$10.9	\$99.0
Centre Sales from Outside Trade Area – 15% (\$ Mil. per annum)						\$17.5
Total Centre Sales (\$ Mil. per annum)						\$116.5
Retail Floorspace (GLA)						16,500
Average Sales (\$ Mil. per sq.m. annum)						\$7,053

Source: Leyshon Consulting Estimates, December 2014.

4.4 Potential Impact

Assuming total centre sales of \$116.5 million (\$2014) in 2019, we have calculated the subject Planning Proposal's potential impact on existing centres (TABLE 4.2 refers).

4.4.1 2016 Impact

The potential impact of approved/proposed retail projects discussed above (excluding Costco which commenced trading in late 2013) have been modelled as a first step. These projects are assumed to be completed and operational by 2016.

As indicated in TABLE 4.2, the impact of these approved/proposed developments in 2016 on the Liverpool CBD is estimated at -3.2%. The impact on the Westfield Liverpool centre in particular is put at -4.0%.

The centre most significantly impacted in 2016 would be Casula Mall (-8.7%)—largely due to development of the approved Woolworths supermarket on the Hume Highway at Casula. The impacts on other centres are all estimated to be less than -4.0% in 2016.

The opening of Dan Murphy's at Orange Grove will have very limited localised effects on surrounding centres which contain liquor stores.

The commencement of trading of the approved outlet centre will have an effect on major centres such as Westfield Liverpool but also some effects on centres located well outside Liverpool such as DFO Homebush, centres in the Campbelltown/Macarthur region and Stockland Wetherill Park.

4.4.2 2019 Impact

Between 2016-19 all centres will experience some lift in their turnover (in real terms) due to population and spending growth within their trade areas.

In relation to assessing the impact of the proposed development, we have assumed its approval and successful implementation would give rise to flow-on effects for other retailing on the subject site. That is, some shoppers attracted to the proposed DDS, supermarket(s) et cetera are likely to direct some additional spending to the outlet centre and the bulky goods retailers also at Orange Grove.

As can be noted from TABLE 4.2, these flow-on effects to other retailers are forecast to increase the impact of the proposed development from \$116.5 million per annum to \$131.8 million per annum (\$2014) in 2019. In summary, approval of the proposed development is assumed to have a beneficial flow-on effect to other retailers at Orange Grove of +\$15.2 million per annum in 2019 (\$2014).

The impact in 2019 of the proposed development will be spread widely. Its impact is estimated at -5.0% on the Liverpool CBD as a whole and -5.8% on Westfield Liverpool in particular in 2019.

The impacts of the proposal in 2019 on other centres are estimated generally to be modest ranging between -1.6% (Woolworths Casula) and -6.1% (Miller). The only exception is Bonnyrigg Plaza which is projected to experience an impact of -\$12.4 million or -7.3% in 2019. This assumes Bonnyrigg is expanded before 2019, however, and as approved.

All of these impacts are either in the very low or the low-to-medium category of impact and would not undermine or materially affect the viability of any shopping centre.

In this regard we note generally it has been accepted by Australian planning courts that impacts in excess of -15% are required to threaten the viability of existing shopping centres depending on their particular circumstances.

TABLE 4.2
ESTIMATED IMPACT of PROPOSED ORANGE GROVE CENTRE DEVELOPMENT, 2016 and 2019 (\$2014)

Centre ...	— Estimated Annual Sales —			\$ Change 2016 Pre and Post	% Change	— Estimated Annual Sales —		\$ Change 2019 Pre and Post	% Change 2019 Pre and Post
	2013	2016 Pre Development	2016 Post Development			2019 Pre Development	2019 Post Development		
Orange Grove									
Bulky Goods	\$60.5	\$55.0	\$60.0	\$5.0	9.1%	\$61.0	\$67.0	\$6.0	9.8%
Markets	\$24.0	\$26.0	\$0.0	(\$26.0)	(100.0)%	n.a.	n.a.	n.a.	n.a.
Other Retail	\$6.5	\$16.5	\$18.5	\$2.0	12.1%	\$20.5	\$22.0	\$1.5	7.3%
Outlet Centre	\$0.0	\$0.0	\$63.0	\$63.0	n.a.	\$65.0	\$72.8	\$7.8	12.0%
Traditional Centre	\$0.0	\$0.0	\$0.0	\$0.0	n.a.	n.a.	\$116.5	\$116.5	100.0%
Total Orange Grove	\$91.0	\$97.5	\$141.5	\$44.0	45.1%	\$146.5	\$278.3	\$131.8	90.0%
Liverpool CBD									
Westfield Liverpool	\$471.0	\$485.0	\$465.5	(\$19.5)	(4.0)%	\$508.7	\$479.0	(\$29.7)	(5.8)%
Liverpool CBD Balance	\$160.0	\$165.0	\$164.0	(\$1.0)	(0.6)%	\$169.0	\$164.5	(\$4.5)	(2.7)%
Sub-Total Liverpool CBD	\$631.0	\$650.0	\$629.5	(\$20.5)	(3.2)%	\$677.6	\$643.5	(\$34.2)	(5.0)%
Cabramatta	\$249.0	\$255.0	\$250.0	(\$5.0)	(2.0)%	\$265.3	\$254.8	(\$10.5)	(4.0)%
Bonnyrigg	\$104.0	\$94.4	\$90.5	(\$3.9)	(4.1)%	\$169.4	\$157.0	(\$12.4)	(7.3)%
Stockland Wetherill Park	\$262.4	\$374.9	\$370.5	(\$4.4)	(1.2)%	\$381.7	\$370.5	(\$11.2)	(2.9)%
Fairfield Town Centre	\$358.0	\$338.8	\$335.0	(\$3.8)	(1.1)%	\$345.2	\$338.0	(\$7.2)	(2.1)%
Casula Mall	\$180.0	\$202.6	\$185.0	(\$17.6)	(8.7)%	\$190.6	\$186.0	(\$4.6)	(2.4)%
Carres Hill	\$137.8	\$155.1	\$149.2	(\$5.9)	(3.8)%	\$167.8	\$165.0	(\$2.8)	(1.7)%

TABLE 4.2
ESTIMATED IMPACT of PROPOSED ORANGE GROVE CENTRE DEVELOPMENT, 2016 and 2019 (\$2014)

Centre ...	— Estimated Annual Sales —			\$ Change 2016 Pre and Post	% Change	— Estimated Annual Sales —		\$ Change 2019 Pre and Post	% Change 2019 Pre and Post
	2013	2016 Pre Development	2016 Post Development			2019 Pre Development	2019 Post Development		
Miller	\$58.0	\$60.4	\$59.2	(\$1.2)	(2.0)%	\$62.8	\$59.0	(\$3.8)	(6.1)%
Valley Plaza	\$85.0	\$95.7	\$93.0	(\$2.7)	(2.8)%	\$98.7	\$96.0	(\$2.7)	(2.7)%
Moorebank	\$48.0	\$52.0	\$51.0	(\$1.0)	(1.9)%	\$54.1	\$52.0	(\$2.1)	(3.9)%
Costco	n.a.	\$130.0	\$125.0	(\$5.0)	(3.8)%	\$144.7	\$138.7	(\$6.0)	(4.1)%
Woolworths Casula	n.a.	\$0.0	\$44.0	\$44.0	n.a.	\$48.8	\$48.0	(\$0.8)	(1.6)%
Crossroads Bulky Goods	\$96.7	\$110.0	\$107.0	(\$3.0)	(2.7)%	\$110.2	\$103.5	(\$6.7)	(6.1)%
Warwick Farm Bulky Goods	\$45.0	\$43.0	\$41.0	(\$2.0)	(4.7)%	\$42.2	\$40.0	(\$2.2)	(5.2)%
Other Centres	n.a.	n.a.	n.a.	(\$12.0)	n.a.	n.a.	n.a.	(\$24.0)	n.a.
TOTAL IMPACT				(\$88.0)				(\$131.2)	

Errors due to rounding.

Source: Leyshon Consulting Estimates, March 2015.

4.5 Potential Cumulative Impact

TABLE 4.2 also provides an insight into the cumulative impact on existing centres of all the changes discussed above.

In summary, the analysis detailed in TABLE 4.2 indicates that no centre (with the exception of the Fairfield Town Centre and the Warwick Farm bulky goods centre) is projected to have a turnover in 2019 lower than its estimated turnover in 2013 (in real terms, \$2014). This is notwithstanding the significant growth in competitive retail floorspace at Orange Grove and other relevant centres such as Crossroads in the interim.

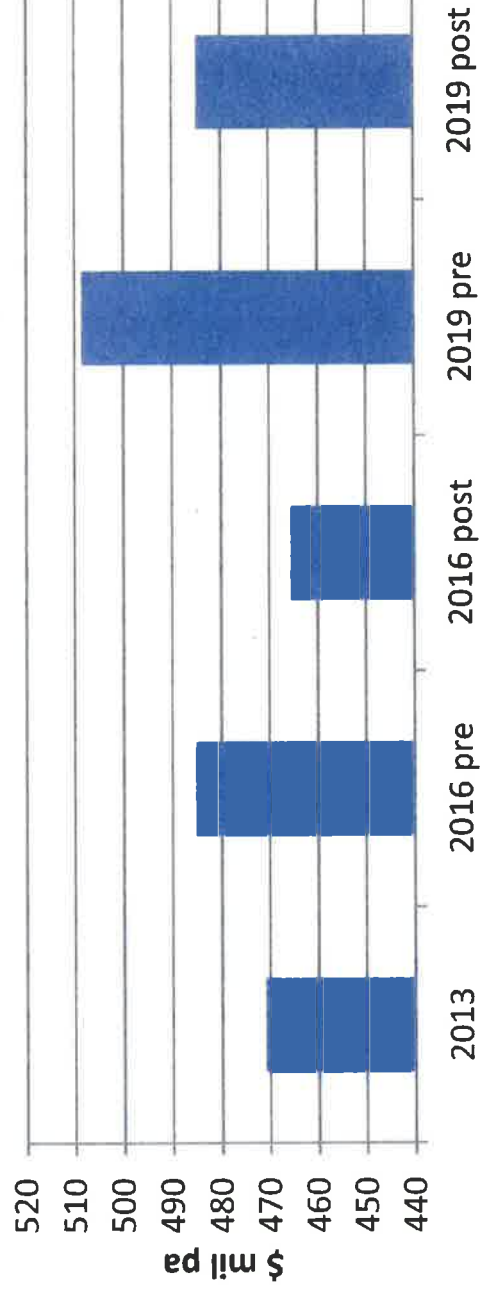
We note that the impact on the Fairfield Town Centre primarily arises from the reduction in sales which occurs between 2013-16 due to the expansion of Stockland Wetherill Park.

FIGURE 4.1 illustrates our estimates of the likely change in the total annual turnover of Westfield Liverpool from 2013 to 2019 in \$2014, taking into account the impact of all of the proposed and approved centres referred to in this Report.

As can be seen from FIGURE 4.1, Westfield Liverpool's turnover in 2019 (post Orange Grove impact) is estimated at some \$479 million per annum (\$2014). This compares to the centre's estimated 2013 turnover of \$471.0 million per annum (\$2014).

Westfield Liverpool's 2019 (post impact) turnover (\$479 million per annum) is also considerably higher than its 2016 turnover (post impact of Costco and other centres) estimated at \$465.5 million per annum (\$2014).

**Fig 4.1: Change in Sales 2014-2019 -
Westfield Liverpool (\$2014)**



In essence, trade area population and spending growth will underpin a lift in retail sales at almost all centres between 2016-19. Given this, the subject proposal is capable of being absorbed within Liverpool's centres hierarchy without a detrimental impact for any centre.

As previously noted, there will be further substantial growth in available retail spending in the trade area up to 2021. As set out in APPENDIX A, the estimated growth in total available annual spending between 2019-21 is in the order of \$126.9 million (\$2014). This growth in available spending will boost the sales of most centres in the period 2019-21 following introduction of this proposal.

4.6 Impact on Supermarkets

The proposed development would have some impact on most centres in and adjacent to the trade area containing a major supermarket or DDS.

Of the project's estimated sales of \$116.5 million in 2019 (\$2014), it is likely \$50.0 to \$55.0 million in sales would be captured by the proposed supermarkets. We estimate that available supermarket spending in the trade area in 2019 would be some \$353 million (\$2014). Hence, at a maximum, the proposed supermarkets at Orange Grove would capture about 15.6% of available supermarket-type spending in 2019.

Having regard to the forecast growth in annual available supermarket spending in the trade area between 2011-21 (\$80.2 million; Section 3.4.2 refers), and that the proposal's impact would be spread over a large number of supermarket-anchored centres, we do not consider the

proposal will affect adversely the viability of any existing supermarket which anchors an existing centre.

4.7 Impact on Liverpool CBD

A primary consideration in evaluating this Planning Proposal is its potential impact on the nearby Liverpool CBD. The Liverpool CBD effectively consists of two distinct elements namely:

- ▶ Westfield Liverpool
- ▶ Balance of the CBD

4.7.1 Westfield Liverpool

Westfield Liverpool is a self-contained major regional shopping centre located at the northern end of the CBD and bounded by Elizabeth Drive and George, Campbell and Bathurst Streets. The centre is not well integrated with the balance of the CBD and, in reality, operates as a standalone shopping destination.

Westfield Liverpool has expanded significantly over time—similar to many large, fully-enclosed shopping centres in the Sydney Region. In 1993 the centre contained some 48,998m² GLA together with 161 specialty stores. Two decades later by 2013 the centre had been expanded to 85,444m² and its specialties had doubled to 324.

Westfield Liverpool is anchored by a Myer department store, Target and Big W DDSs and both Coles and Woolworths supermarkets. The centre also contains 11 so-called 'mini-majors' along with a 12-screen Greater Union cinema complex.

Westfield Liverpool trades very successfully. In the year to December, 2013 the centre's reported annual turnover (defined as moving annual turnover [MAT]) was \$484.8 million. Westfield Liverpool's turnover compares very favourably to that of other major Australian centres. A recent survey by industry publication *Shopping Centre News* (SCN "Big Guns" Vol. 32, No. 1, 2014) documented the turnover of the largest centres in Australia. Of the 82 major centres surveyed by SCN, Westfield Liverpool ranked as follows:

- ▶ MAT (total sales) ... 35 out of 82
- ▶ MAT per m² ... 51 out of 82
- ▶ Specialty MAT per m² ... 52 out of 82.

On the key measure of relative sales (MAT per m² per annum) Westfield Liverpool achieved sales of \$6,557 per m² in the year to December, 2013 which ranked it ahead of the following major Sydney Region centres:

- ▶ Westfield Warringah ... \$6,499
- ▶ Westfield Miranda ... \$6,457
- ▶ Castle Towers ... \$6,319
- ▶ Centro Bankstown ... \$5,970
- ▶ Westfield Parramatta ... \$5,848
- ▶ Roselands ... \$5,066.

4.7.2 Balance of CBD

Retail and commercial activity in the balance of the Liverpool CBD is mostly located within a reasonably extensive area bounded by Elizabeth Drive in the north, Bigge Street in the east, Memorial Drive/Scott Street in the south and Northumberland Street in the west. This area is zoned B3 Commercial Core under Liverpool LEP 2008.

The Liverpool CBD also contains two areas of fringe commercial activity. One lies to the south and south-west of Scott Street running along Castlereagh Street towards the Hume Highway. The other lies to the north of Elizabeth Drive and east of George Street. These two areas are both zoned B4 Mixed Use and contain some retail as well as commercial uses.

According to the findings of the Hill PDA survey undertaken in 2011, the balance of the Liverpool CBD contained some 256,676m² of floorspace devoted to both retail and non-retail activities at that time. Of this, 161,041m² was either retail floorspace or vacant floorspace with the latter comprising 15,995m².

Unlike Liverpool Westfield, the balance of the CBD contains few national chain retailers other than Aldi: there are no major chain supermarkets or DDSs of the type found in Westfield. Over the past decade, an increasing number of retail and commercial business have established in the balance of the CBD which are operated by business owners from certain ethnic subgroups including Indians, Pakistanis, Chinese and the like. An example of this trend has been the establishment of a large Indian-oriented supermarket (Udaya) in the former space occupied by Spotlight.

The precise area surveyed by Hill PDA in December, 2011 is not specifically disclosed in their report. This means their findings that some 15,995m² of vacant so-called 'shopfront floorspace' existed in the balance of the CBD (both B3 and B4 areas) and that there was an overall 'shopfront floorspace' vacancy rate of around 9.9% in 2011 cannot be independently verified. Furthermore, the Hill PDA report did not distinguish whether vacant floorspace was retail or commercial in nature. Westfield Liverpool had no vacant floorspace at the time of the Hill PDA survey.

In terms of the total floorspace in the CBD—that is, including both retail and non-retail space (estimated at 256,676m²)—the vacancy rate was put at approximately 6.2% in 2011 by Hill PDA.

For the purposes of this EIA, we have undertaken our own survey of vacant floorspace in the areas zoned B3 and B4 within the CBD. In January, 2015 we observed vacancies in shopfront premises in these areas although in some instances it was difficult to determine whether premises were in fact vacant given there was no signage on the premises and the roller shutters protecting them were locked. In such cases, it was assumed that the premises concerned were vacant.

Our recent survey was supplemented by a process of cross-checking observed vacancies with listings of premises available for lease held by major real estate agents and commercial listing websites such as www.realcommercial.com.

Overall, our research findings indicated some 6,566m² of shopfront floorspace was vacant in the areas referred to above. A significant component of this vacant space (about 1,166m²) was located in the B4 Mixed Use areas on the southern fringe of the CBD.

The size of individual vacant premises in the CBD ranged between 30m² and 740m² with the majority being less than 400m². The detailed findings of our survey are provided at APPENDIX B to this Report.

While there appeared to be one vacant tenancy in the Westfield centre, we understand this has been leased to Rebel sport.

Our recent survey suggests that the vacancy rate in the balance of the CBD as far as shopfront retail-type space is concerned is likely to be about 4.1% at present.

In undertaking our recent survey we found that some premises currently vacant were in what best could be described as a dilapidated state. By this we mean shop facades were unappealing and interiors required very substantial improvement to bring them up to a standard which would support modern retailing. In our opinion, these premises would be very difficult to lease, even at minimal rental levels. Hence we consider it is likely that a small component of the current vacant floorspace may never be leased given its current condition.

In summary, a vacancy rate of around 4.1% represents a very substantial improvement on the vacancy rate found by Hill PDA in 2011. Indeed, generally it would be regarded by analysts as a below average vacancy rate for a centre of this type. The decline in the level of vacancies since 2011 likely has been due to a number of factors including:

- ▶ a general improvement in economic conditions including levels of consumer confidence compared with those that prevailed in the years leading up to 2011
- ▶ the leasing of some large vacant premises such as the Spotlight tenancy in George Street, which alone constituted approximately 10% of the vacant floorspace in 2011
- ▶ the redevelopment and re-tenanting of the Liverpool Plaza centre
- ▶ Council's investments in street landscaping and property improvement generally
- ▶ the withdrawal of some properties from the leasing market to enable their redevelopment—for example, the redevelopment of properties in Scott Street for the new Quest hotel; and

- ▶ continued population growth in Liverpool LGA in general, and in areas immediately surrounding the CBD in particular, without any substantial addition of retail floorspace other than the new Costco store at Casula.

A notable finding of our recent survey was that no existing premises were vacant which could accommodate a major retailer. The single largest vacancy identified comprised only about 740m². As well, there were no instances where contiguous vacancies potentially could be combined into a large tenancy (that is, one exceeding 1,000m²).

There is no obvious major development site within the balance of the CBD which could accommodate major development of the type being considered for Orange Grove. We are aware the so-called 'Peter Warren' site on Elizabeth Drive had long been considered the most likely site to offer redevelopment potential in the CBD. We understand, however, Council has now approved a major mixed-use development for this site. Consequently it appears to be no longer available for major retail development.

In summary, the retail sector in the Liverpool CBD appears to be trading very successfully at present. As discussed above, the vacancy rate is below average for a centre of this type and has improved substantially since 2011.

Retailing in the balance of CBD (excluding Westfield) has been bolstered in recent years by increased residential development in the surrounding CBD frame area, the redevelopment and re-tenanting of Liverpool Plaza, the introduction of a new supermarket in the space formerly occupied by Spotlight, and new investment in the CBD on the part of both Council and private sector initiatives such as the new Quest hotel which is currently under construction.

The ongoing performance of retail and commercial activity in the CBD undoubtedly will continue to be underwritten by the success of Westfield Liverpool as it will remain the dominant regional shopping centre in Liverpool and surrounding areas for the foreseeable future.

5

NET COMMUNITY BENEFIT

If approved and it proceeds to development, the Orange Grove project will generate significant net community benefits in 2019.

First, the proposal will improve substantially the access of trade area residents to DDSs and supermarkets. This particularly will be the case for residents of the PTA and STA North. At present, residents of these two areas only have available to them the choice of shopping at these stores located in large centres such as Westfield Liverpool or more distant, subregional centres at Bonnyrigg, Wetherill Park, Casula and the like.

Second, the proposed development will improve competition and choice for trade area residents especially with the introduction of a Kmart DDS given that no Kmart store exists at any major centre within the trade area at present.

Third, the proposed development will increase shopper convenience given that it will be co-located with other types of retailing, notably bulky goods and outlet floorspace. This will enable residents to undertake a wide range of shopping on a single trip rather than having to undertake several separate trips to multiple destinations.

Fourth, the proposed development will create an estimated 607 jobs on a full- and part-time basis once operational. This estimates excludes construction jobs generated during the development phase. Even taking into account an impact on certain centres of about -5% immediately following its introduction, the Orange Grove project will result in a net growth in employment in 2019 in the order of +576 jobs.

Last, the proposed development will act as a catalyst for the long-term redevelopment of lands surrounding the subject site at Orange Grove in the northern part of Liverpool. This is particularly important given that existing land zoned for industrial purposes to the immediate south of the subject site is unlikely to remain viable for industrial purposes over the long term.

In summary, despite some impact on surrounding centres, the overall benefits of additional retail development at Orange Grove as is being proposed by Gazcorp is considered to well outweigh any negative impacts. This is particularly so given that the negative turnover impacts are relatively minor in nature.

6

CONCLUSION

Based on the analysis set out in this Report we conclude that:

- ☞ the Orange Grove trade area had an estimated population of almost 120,000 persons in 2014. The population is projected to increase to in excess of 131,000 by 2021
- ☞ between 2011-21 total available annual retail spending is projected to increase by some \$250.7 million (\$2014). This spending growth will support a substantial increase in retail floorspace of at least 38,500m²
- ☞ the proposed expansion of Orange Grove to incorporate a discount department store, supermarkets and supporting specialty shops will generate additional sales estimated at some \$116.5 million per annum (\$2014) in 2019
- ☞ the proposed expansion would mean the centre needs to capture only 8.7% of available retail spending generated in the trade area in 2019. The vast majority (91.3%) of available spending would be directed to other shopping centres either within the trade area or external to it
- ☞ the impact of the proposed expansion of Orange Grove in 2019 will have relatively modest impacts on existing centres
- ☞ the impact on the Liverpool CBD is estimated -5.0% for the centre as a whole and -5.8% for the Westfield centre in particular

- ☞ the impact on other centres in and adjacent to the trade area ranges between -1.7% and -7.3% with the majority of impacts being less than -4.0% in 2019
- ☞ these impacts are in the 'very low to low/medium' category of impact and would not undermine or materially affect the viability of any shopping centre
- ☞ in relation to the Liverpool CBD, our recent survey found retail vacancies had declined significantly since 2011 to the point where they would now be regarded as being below average for a centre of this type; and
- ☞ neither appropriate vacant premises nor development sites were identified as capable of accommodating a project comprising a Kmart DDS, supermarket and supporting specialty shops.

In summary, we consider the impact of the proposed development is acceptable and will improve substantially the range of retail facilities available to residents of the trade area. This means there will be a net community benefit from the proposed development.



APPENDIX A

Appendix A

Table A1: Projected Available Retail Spend - Orange Grove Trade Area, 2011 (\$2014)

TABLE	PTA	STA EAST	STA NORTH	STA SOUTH	STA WEST	TOTAL TRADE AREA
Population	44,637	10,732	24,301	17,238	17,771	114,679
Average Spending (\$2014)	8,185	10,254	7,692	8,388	7,513	8,201
Total Retail Spend (\$m) (\$2014)	365.4	110.0	186.9	144.6	133.5	940.4
Spending by Category						
Food/Groceries	114.0	31.9	57.5	45.1	41.7	290.2
Food Out	40.1	14.2	21.1	15.9	14.6	105.8
Alcohol (Off Licence)	14.7	4.6	7.6	5.8	5.4	38.2
Tobacco	12.3	3.3	6.2	4.9	4.5	31.1
Clothing & Accessories	33.5	10.7	17.2	13.3	12.2	87.0
Household Furnishings & Equipment	39.9	12.2	20.2	15.8	14.6	102.7
Household Non Durables	12.9	3.6	6.5	5.1	4.7	32.7
Medical/Pharmacy	18.1	4.8	9.7	7.2	6.6	46.4
Vehicle Accessories	7.9	2.1	4.0	3.1	2.9	20.1
Recreation	43.5	13.5	22.1	17.2	15.9	112.2
Personal Care	16.5	5.4	8.4	6.5	6.0	42.8
Miscellaneous Goods & Services	12.0	3.8	6.2	4.7	4.4	31.2
Total Retail Spend	365.4	110.0	186.9	144.6	133.5	940.4
Supermarket	116.9	35.2	59.8	46.3	42.7	300.9

Table A2: Projected Available Retail Spend - Orange Grove Trade Area, 2014 (\$2014)

TABLE	PTA	STA EAST	STA NORTH	STA SOUTH	STA WEST	TOTAL TRADE AREA
Population	46,814	11,557	25,037	18,025	18,310	119,743
Average Spending (\$2014)	8,433	10,565	7,925	8,642	7,741	8,458
Total Retail Spend (\$m) (\$2014)	394.8	122.1	198.4	155.8	141.7	1,012.8
Spending by Category						
Food/Groceries	123.2	35.4	61.0	48.6	44.2	312.5
Food Out	43.3	15.8	22.3	17.1	15.5	114.0
Alcohol (Off Licence)	15.9	5.1	8.1	6.3	5.7	41.1
Tobacco	13.3	3.6	6.6	5.2	4.8	33.5
Clothing & Accessories	36.2	11.9	18.3	14.3	13.0	93.7
Household Furnishings & Equipment	43.1	13.5	21.5	17.0	15.5	110.7
Household Non Durables	13.9	3.9	6.9	5.5	5.0	35.2
Medical/Pharmacy	19.6	5.3	10.3	7.7	7.0	50.0
Vehicle Accessories	8.6	2.3	4.3	3.4	3.1	21.6
Recreation	47.0	15.0	23.5	18.5	16.9	120.8
Personal Care	17.8	6.0	9.0	7.0	6.4	46.1
Miscellaneous Goods & Services	13.0	4.2	6.6	5.1	4.7	33.6
Total Retail Spend	394.8	122.1	198.4	155.8	141.7	1,012.8
Supermarket	126.3	39.1	63.5	49.8	45.4	324.1

Table A3: Projected Available Retail Spend - Orange Grove Trade Area, 2016 (\$2014)

TABLE	PTA	STA EAST	STA NORTH	STA SOUTH	STA WEST	TOTAL TRADE AREA
Population	48,324	12,142	25,540	18,570	18,678	123,254
Average Spending (\$2014)	8,603	10,777	8,084	8,816	7,896	8,634
Total Retail Spend (\$m) (\$2014)	415.7	130.9	206.5	163.7	147.5	1,064.2
Spending by Category						
Food/Groceries	129.7	38.0	63.5	51.1	46.0	328.3
Food Out	45.6	16.9	23.3	17.9	16.2	119.9
Alcohol (Off Licence)	16.8	5.4	8.4	6.6	6.0	43.2
Tobacco	14.0	3.9	6.9	5.5	5.0	35.2
Clothing & Accessories	38.1	12.8	19.0	15.0	13.5	98.5
Household Furnishings & Equipment	45.4	14.5	22.3	17.9	16.1	116.3
Household Non Durables	14.7	4.2	7.2	5.8	5.2	37.0
Medical/Pharmacy	20.6	5.7	10.7	8.1	7.3	52.5
Vehicle Accessories	9.0	2.5	4.4	3.5	3.2	22.7
Recreation	49.4	16.1	24.5	19.5	17.5	127.0
Personal Care	18.7	6.4	9.3	7.4	6.6	48.5
Miscellaneous Goods & Services	13.6	4.5	6.9	5.4	4.8	35.3
Total Retail Spend	415.7	130.9	206.5	163.7	147.5	1,064.2
Supermarket	133.0	41.9	66.1	52.4	47.2	340.6

Table A4: Projected Available Retail Spend - Orange Grove Trade Area, 2021 (\$2014)

TABLE	PTA	STA EAST	STA NORTH	STA SOUTH	STA WEST	TOTAL TRADE AREA
Population	51,803	13,406	26,710	19,711	19,437	131,067
Average Spending (\$2014)	9,041	11,327	8,497	9,266	8,299	9,088
Total Retail Spend (\$m) (\$2014)	468.4	151.8	227.0	182.6	161.3	1,191.1
Spending by Category						
Food/Groceries	146.1	44.1	69.8	57.0	50.3	367.3
Food Out	51.3	19.6	25.6	20.0	17.7	134.3
Alcohol (Off Licence)	18.9	6.3	9.3	7.4	6.5	48.4
Tobacco	15.8	4.5	7.6	6.1	5.4	39.4
Clothing & Accessories	43.0	14.8	20.9	16.8	14.8	110.3
Household Furnishings & Equipment	51.2	16.8	24.6	20.0	17.6	130.2
Household Non Durables	16.5	4.9	7.9	6.4	5.7	41.4
Medical/Pharmacy	23.2	6.6	11.8	9.1	8.0	58.7
Vehicle Accessories	10.2	2.9	4.9	4.0	3.5	25.4
Recreation	55.7	18.6	26.9	21.7	19.2	142.1
Personal Care	21.1	7.4	10.2	8.2	7.3	54.3
Miscellaneous Goods & Services	15.4	5.3	7.5	6.0	5.3	39.5
Total Retail Spend	468.4	151.8	227.0	182.6	161.3	1,191.1
Supermarket	149.9	48.6	72.6	58.4	51.6	381.2

Source: Leyshon Consulting Estimates 2014

APPENDIX B

Liverpool CBD Retail Vacancy Survey

Street	Street Number	Estimated Area (sq.m)	Comments
Elizabeth Drive	48	85	
Macquarie Street	142	30	
	3/186	60	
	186	98	
	193	740	
	235	306	
	230	200	
	252-254	460	possible 2 tenancies
	252-254	120	3 internal arcade tenancies
	262	153	
	360	348	
	375	666	
	Liverpool Plaza	240	Includes tenancies fronting Northumberland Street
Moore Street	77	40	
	79	60	
	96	150	
Northumberland Street	197	45	
	216	95	
	220	60	
Memorial Avenue	39	194	
	45	120	
	58	86	
Scott Street	35	220	

George Street	20	120	
	157	93	
	211	80	shutter closed
	224	100	shutter closed
	242-250	371	
	255	85	
	271	90	
	274	45	
Railway Street	2	80	
	14	100	
Speed Street	6	500	Fringe commercial area
Total		6240	

Sources: Leyshon Consulting Survey Jan 2015, realcommercial.com, agency websites Jan 2015