

Rhodes Economic Viability Study Update

DRAFT

PREPARED FOR

Billbergia Design Pty Ltd

November 2013



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REPORT DETAILS:

Job Ref No: C14107

Version: Draft

Date Printed: 27/11/2013 5:20:00 PM

File Name: C14107 - Rhodes Updated Retail Viability Study (DRAFT) 27.11.2013

CONTENTS

1. INTRODUCTION.....	7
1.1 Background	7
1.2 The Brief.....	8
1.3 Study Structure.....	8
2. DEVELOPMENT SCHEME	10
2.1 The Proposed Development.....	10
2.2 Development Staging	10
3. CONTEXTUAL REVIEW	13
3.1 Draft Metropolitan Strategy for Sydney to 2031	13
3.2 City of Canada Bay LEP	14
3.3 Wentworth Point UAP.....	14
3.4 Homebush Bay Bridge	15
3.5 Retail Development	16
4. ECONOMIC AND DEMOGRAPHIC CONTEXT	17
4.1 Historic and Existing Demographics.....	17
4.2 Projected Demographics	22
4.3 Conclusions.....	23
5. RETAIL VIABILITY AND IMPACT ASSESSMENT	24
5.1 Trade Area	24
5.2 Sources of Retail Expenditure.....	25
5.3 Demand Growth	26
5.4 Demand for Shopfront Floorspace	28
5.5 Retail Impact Assessment.....	36
6. OFFICE VIABILITY ASSESSMENT	37
6.1 Profile of Selected Centres.....	37
6.2 Employment Projections.....	38
6.3 Current Market Activity	39
6.4 Implications	41
7. HOTEL VIABILITY ASSESSMENT.....	43
7.1 The Economic Contribution of Tourism	43
7.2 Existing Hotel Supply	43
7.3 Contextual Data.....	44
7.4 Market Opportunities	44
7.5 Property Market Activity	45
7.6 Implications	46
8. COMMUNITY USES	47
8.1 Community Use Analysis	47
8.2 Community Facilities in Rhodes	48
8.3 Conclusion.....	49
9. CASE STUDY DEVELOPMENTS	50

9.1	Harold Park	50
9.2	Danks Street.....	51
9.3	East Village - Victoria Park.....	52
9.4	Cammeray.....	54
9.5	Bakehouse Quarter	54
9.6	QV (Queen Victoria) Development.....	55
9.7	Case Study Implications.....	57
10.	SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	58
10.1	Summary and Conclusions	58
10.2	Recommendations	59

LIST OF FIGURES

Figure 1 - Precinct D, Rhodes Peninsula	7
Figure 2 - Proposed Development Stages	11
Figure 3 - Ground Floor Concept.....	11
Figure 4 - Level 1 Concept	12
Figure 5 - Level 2 Concept	12
Figure 6 - Wentworth Point UAP.....	15
Figure 7 - Precinct D Retail Trade Area	24
Figure 8 - Worker Travel Zones of Influence to Precinct D	25
Figure 9 - Images of Selected Commercial Listings in Rhodes, November 2013.....	41
Figure 10 - Community Facilities in Canada Bay	47
Figure 11 - East Village Retail Marketplace	53
Figure 12 - Masterplan Image, Bakehouse Quarter	55
Figure 13 - External view of the QV Development.....	56
Figure 14 - Internal Plaza at QV	56

LIST OF TABLES

Table 1 - Population Growth Forecasts for the Trade Area	26
Table 2 - Worker Growth Forecasts to 2022	27
Table 3 - Total Retail Expenditure Generated by the Resident Trade Areas to 2022 (\$m).....	29
Table 4 - Assumed Capture Rates of Resident Expenditure to Precinct D	30
Table 5 - Assumed Capture of Expenditure by Retail Facilities in Precinct D 2012 to 2022 (\$m).....	32
Table 6 - Capture of Worker Spend by Precinct D to 2022 (\$m).....	32
Table 7 - Estimated Retail Expenditure Generated by Tourists to Precinct D	33
Table 8 - Total Forecast Expenditure Available to be Captured by Precinct D (\$m) 2012 - 2022.....	34
Table 9 - Benchmark Turnover Rates 2012 to 2022 (\$/sqm GLA).....	35
Table 10 - Demand for Retail Floorspace in Precinct D to 2022 (sqm GLA)	35

Table 11 - Shopping Centre Profile Data	38
Table 12 - Employment and Floorspace Trends and Projections	39
Table 13 - Reported Commercial Sales in Rhodes, From July 2009	40
Table 14 - Reported Commercial Listings in Rhodes, November 2013.....	40
Table 15 - Selected Regional Accommodation Data	44
Table 16 - Worker and Resident Market Trends and Projections	45
Table 17 - Hotel / Motel Sales, From July 2009	46
Table 18 - Candidate Facilities and Service for a 15,200 Population.....	48
Table 19 - East Village – Victoria Park Retail Mix	52
Table 20 - Stockland Cammeray Retail Mix	54

1. INTRODUCTION

1.1 BACKGROUND

Precinct D in the Rhodes Peninsula comprises land adjacent to Rhodes railway station bounded by Walker, Mary, Marquet and Gauthorpe Streets. The location of Precinct D is shown in Figure 1 below.

Figure 1 - Precinct D, Rhodes Peninsula



Source: City of Canada Bay (February 2012)

In April 2012 Hill PDA prepared the *Rhodes Peninsula Retail Viability Study* (the 2012 Study) for the City of Canada Bay Council (Council) related to Precinct D. At that time a masterplan for the future development of Precinct D was proposed and Hill PDA was engaged to consider the retail and commercial component of the masterplan. Specifically, the purpose of the 2012 Study was to:

- Consider the viability of the commercial and retail floorspace as proposed by the Concept Plan, particularly given other retail centres of influence (e.g. Rhodes Waterside Shopping Centre);
- Advise on the most appropriate retail and commercial land uses including anchor tenants;
- Assess the impact of the proposed Homebush Bay Bridge and other developments in the area on the viability on proposed land uses in Precinct D;

- Provide advice on the sustainability of the proposed retail and commercial options over a 2, 5 and 10 year period, given forecast dwellings and expected population growth; and
- Provide strategies to ensure future viability of the uses in Precinct D.

The 2012 Study found that there was strong retail demand growth in the area around Precinct D resulting from ongoing development and on this basis the quantum of retail and commercial floorspace proposed in the masterplan was supportable. The 2012 Study also found that the trading impact of the masterplan on existing and planned centres in the area would not jeopardise their vitality or viability. It concluded that:

“The provision of a centre in Precinct D would widen the retail offer for residents and workers in the trade area and would provide a unique, open air type shopping destination not currently available within the trade area. In doing so it would provide a different offer to Rhodes Shopping Centre and contribute towards ensuring Rhodes is desirable place in which to live and work”¹.

1.2 THE BRIEF

Since that 2012 Study Billbergia Design Pty Ltd has prepared a mixed use development scheme for Precinct D includes residential, retail, commercial office and hotel uses. In light of this scheme an update to the 2012 Study was requested by Council to reflect the current proposal and consider any changes in retail demand, supply and impact that may have occurred subsequently. Hill PDA was commissioned by Billbergia Design Pty Ltd to undertake the Rhodes Economic Viability Study Update (the Study) in response.

In addition to revising retail demand and impact in the context of the current proposal, the Study is also required to assess the viability of commercial office uses and hotel uses in this location which were not part of the Precinct D masterplan.

1.3 STUDY STRUCTURE

To address the requirements of the project brief, the Study is structured in the following manner:

- Chapter 2 Development Scheme – A brief overview of the current proposed development scheme for Precinct D.
- Chapter 3 Contextual Review – A review of planning policy documents published subsequent to the 2012 Study, changes in retail supply and infrastructure project delivery commitments.
- Chapter 4 Economic and Demographic Context – An overview of economic and demographic contextual information relating to the Rhodes area.
- Chapter 5 Retail Viability and Impact Assessment – The potential for the site to accommodate retail floorspace by type and configuration is updated and examined in this section. The potential retail impact of the current proposal is considered.

¹Source: Rhodes Peninsula Retail Viability Study, Hill PDA (2012)

- Chapter 6 Office Viability Assessment – The potential for the site to absorb commercial office activity by type is examined in this Chapter.
- Chapter 7 Hotel Viability Assessment – The market for hotel uses is assessed with a view to identify the viability of hotel uses for the development site.
- Chapter 8 Community Uses – A preliminary consideration of community uses to further explore potential land use mix possibilities for Precinct D.
- Chapter 9 Case Study Developments – A profile of a number of relevant case studies is provided to gain further insight into key success factors innovative and modern retail precincts.
- Chapter 10 Summary, Conclusions and Recommendations – This Chapter presents the findings and recommendations of the research and analysis.

2. DEVELOPMENT SCHEME

This Chapter provides an overview of the proposed development scheme which is assessed in the Study.

2.1 THE PROPOSED DEVELOPMENT

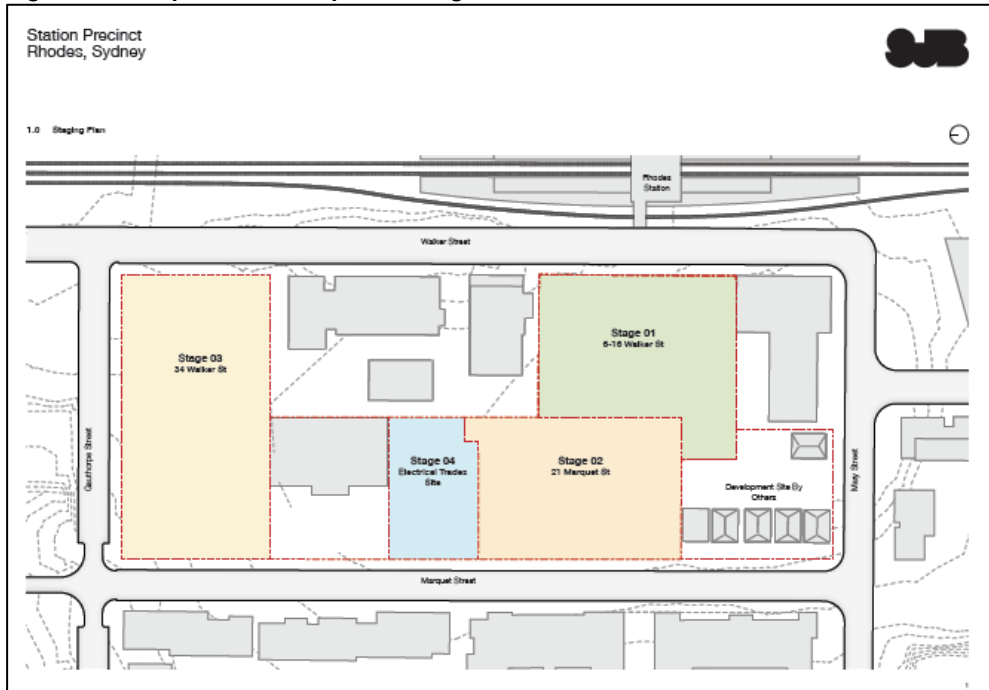
Billbergia Design Pty Ltd has prepared a development scheme for Precinct D that comprises high rise residential towers, basement car parking and retail, commercial office and hotel uses on lower levels. The overall floorspace allocation that is proposed is as follows:

- Retail: 8,560sqm;
- Commercial: 4,039sqm;
- Hotel: 5,897sqm;
- Leisure Centre 8,481sqm (plus a component of retail floorspace to be confirmed); and
- **Total 26,977sqm.**

The implications of the retail, commercial and hotel floorspace proposed is considered in this Study.

2.2 DEVELOPMENT STAGING

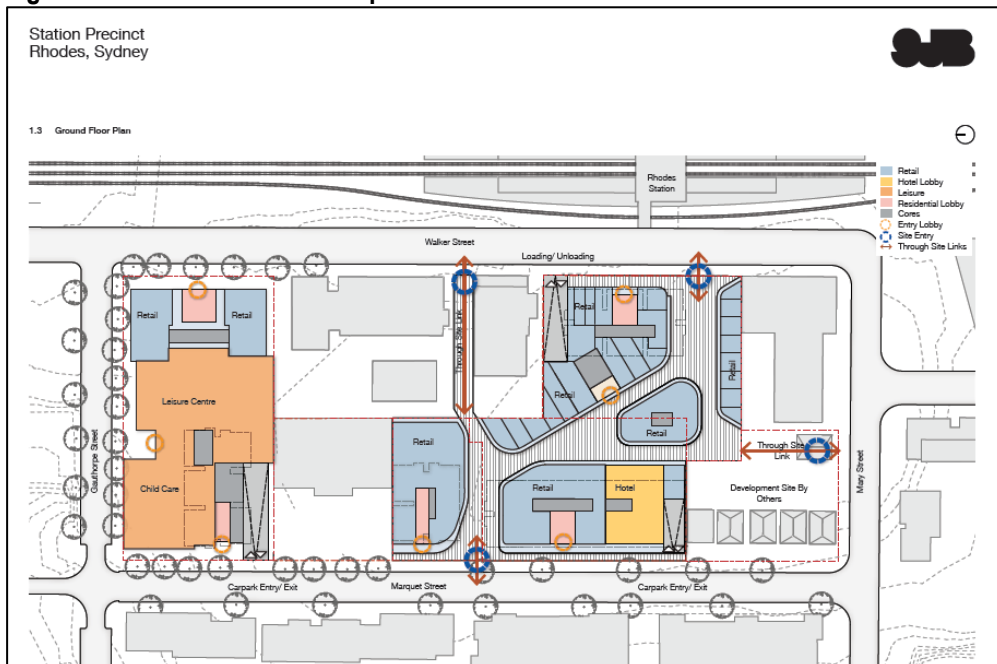
Figure 2 shows the anticipated four-stage development process for the proposed development. Given that the ultimate timing of the development stages is unknown, consistent with the 2012 Study it has been assumed that the retail, commercial and hotel uses proposed would be developed and trading by 2014. This is likely to be an optimistic scenario and therefore our assessment of demand is conservative.

Figure 2 - Proposed Development Stages

Source: SJB Architects (2013)

The ground floor scheme is shown in Figure 3 below. This comprises a series of laneways that connect Walker Street and the train station to Marquet Street. Small shopfronts would line the laneways and the major retail tenants would be located along Marquet Street to act as anchors on the west side of the site. The major activities on the west side, based on the 2012 Study would be a supermarket, Asian grocery retailer and hotel.

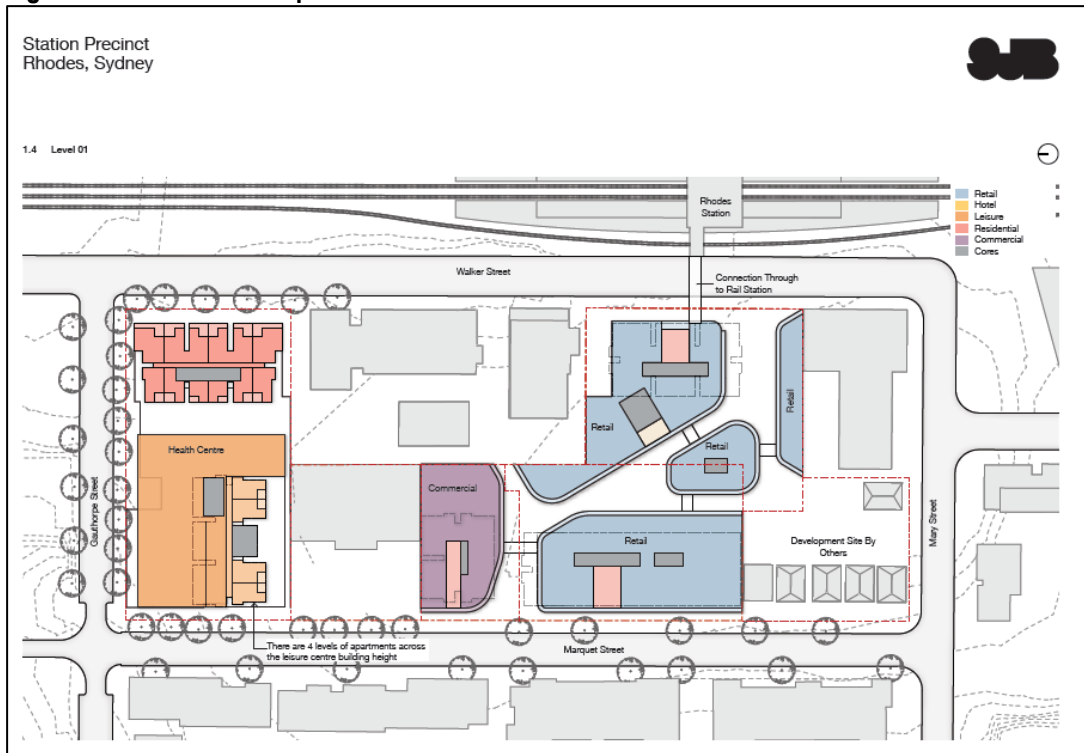
The site furthest to the north (shown on the left hand side of the figure) would comprise community uses, such as leisure centre and childcare facility, with retail along the Walker Street frontage.

Figure 3 - Ground Floor Concept

Source: SJB Architects (2013)

The Level 1 concept comprises retail uses, commercial office tenants and a health centre as shown in the figure below.

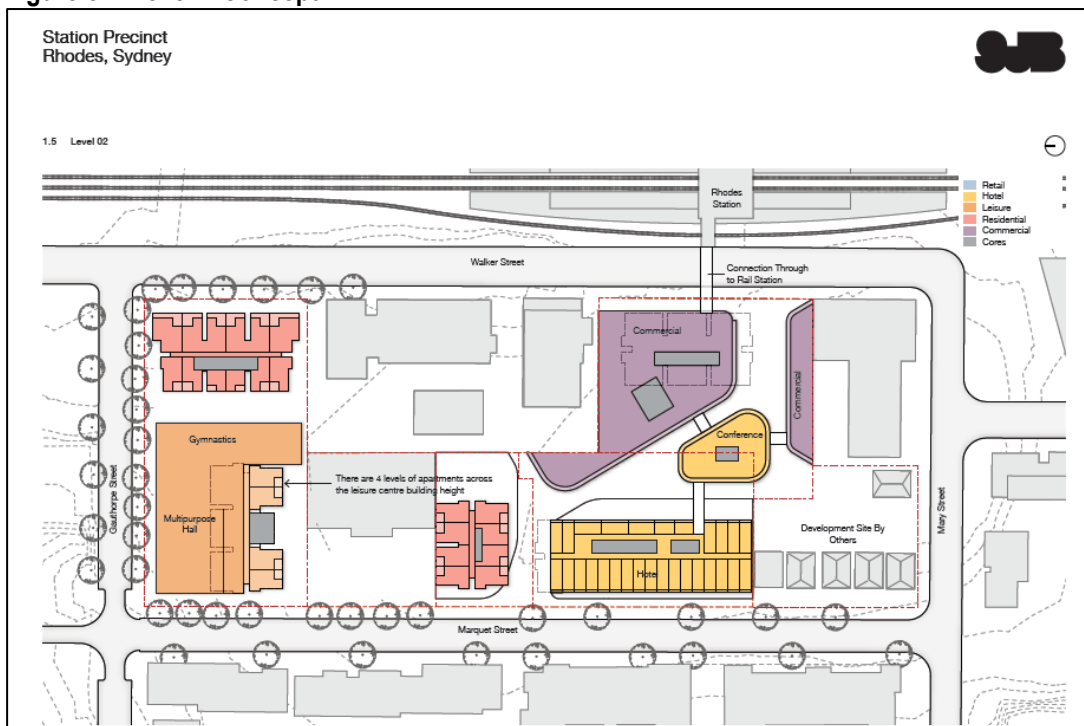
Figure 4 - Level 1 Concept



Source: SJB Architects (2013)

The Level 2 concept comprises commercial offices, conference facility space, multi-purpose hall and recreation uses. Level 3 and above are residential apartment units and hotel floorspace.

Figure 5 - Level 2 Concept



Source: SJB Architects (2013)

3. CONTEXTUAL REVIEW

Hill PDA's 2012 Study undertook a comprehensive assessment of relevant planning policy documents. This Chapter adds to the 2012 Study by considering planning policy guidance which has been published subsequently and which may impact upon the future potential of the Precinct. It also considers other changes in the local area.

3.1 DRAFT METROPOLITAN STRATEGY FOR SYDNEY TO 2031

The NSW Department of Planning and Infrastructure (DoPI) published the draft Metropolitan Strategy for Sydney to 2031 (the draft Strategy) for consultation in March 2013. It seeks to achieve the following outcomes:

- Balanced growth;
- A liveable City;
- Productivity and prosperity;
- Healthy and resilient environment; and
- Accessibility and connectivity.



The draft Strategy seeks to promote and facilitate growth which acknowledges market considerations and which integrates transport, infrastructure and land use. Job growth will thus be concentrated in Metropolitan areas. An additional +625,000 new jobs across Sydney by 2031 is targeted and minimum job targets are set across the Subregions in Sydney to achieve this.

Objective 15 of the draft Strategy seeks to 'provide for a good supply of retail floorspace'. As part of this process additional capacity for retail floorspace in all centres where retail assessments demonstrate need should be planned for.

The draft Strategy recognises retail floorspace as a trip generator and attractor which, when combined with other uses, can create a hub for Subregions. The provision of retail floorspace in locations which are easily accessible such as on transport nodes is encouraged.

The draft Strategy defines new Subregional boundaries for the Sydney metropolitan area. The City of Canada Bay is identified as forming part of the Central Subregion. Within this Subregion a minimum of +136,000 additional jobs are targeted by 2021 and +242,000 by 2031.

The Rhodes Business Park is identified in the draft Strategy as comprising a 'Specialised Precinct'. The priorities for this area are:

- *"support clustering of office-based jobs and medical enterprises associated with Concord Hospital*
- *create a focus for intense commercial and residential activity*
- *provide capacity for at least 2,000 additional jobs by 2031"*².

²Source: Page 85, Draft Metropolitan Strategy for Sydney to 2031, NSW Department of Planning and Infrastructure (2013)

The draft Strategy provides greater support for a centre at Precinct D in view of its highly accessible location and is supportive of a diversified employment offer.

3.2 CITY OF CANADA BAY LEP

The City of Canada Bay Local Environmental Plan (LEP) was gazetted in July 2013. This supersedes the LEP component of the Rhodes West Masterplan Stage One document (2010). Precinct D is subject to a B4 Mixed Use zoning in the LEP and retail uses are permissible with consent.

3.3 WENTWORTH POINT UAP

The designation of Urban Activation Precincts (UAPs) was announced by the NSW Premier in March 2013. UAPs are sites which have the ability to deliver a large number of homes in locations which have superior access to jobs, transport and infrastructure. UAP designation seeks to speed up the planning process in these locations and, in so doing, make a sizeable contribution towards meeting Sydney's future housing needs.

Wentworth Point was designated as a UAP due to the potential of the site to deliver new homes in an accessible location, adjacent to public transport services and comprising a former industrial area owned by the NSW Government.

Plans for the Wentworth Point UAP include 2,300 new homes, a new park, transport infrastructure and community facilities. The total population of the UAP upon completion is estimated at approximately 5,000 people³ and construction will extend over a 15 year timeframe⁴. We understand that retail uses in the Wentworth Point UAP will be '*small scale*'⁵ and focused around a Maritime Plaza. Small scale cafes may be allowed in other locations within the UAP.

The location of the Wentworth Point UAP is shown in the following figure.

³ Source: Re: Wentworth Point Urban Activation Precinct, Council of Social Service of New South Wales (2013)

⁴Source: Wentworth Point Urban Activation Precinct FAQs, NSW Department of Planning and Infrastructure (2013)

⁵Source: Page 4, Wentworth Point Urban Activation Precinct Proposal, NSW Department of Planning and Infrastructure (2013)

Figure 6 - Wentworth Point UAP

Source: Wentworth Point Urban Activation Precinct, NSW Department of Planning and Infrastructure (2013)

3.4 HOMEBUSH BAY BRIDGE

The Homebush Bay Bridge which will connect the Rhodes West Peninsula to Wentworth Point was approved by the DoPI in March 2013 to support the Wentworth Point UAP. It is expected to be completed in 2016 and will be accessible to buses, pedestrians, cyclist and emergency vehicles but not to private vehicles.

The 2012 Study acknowledged that construction of the bridge would bring Wentworth Point into the Secondary Trade Area for a centre at Precinct D upon completion.

3.5 RETAIL DEVELOPMENT

Rhodes Shopping Centre

Subsequent to our 2012 Study, the Rhodes Shopping Centre is in the process of undergoing refurbishment and modelling to enhance the experience for shoppers and to reflect changing consumer preferences. A new town square will be developed at the Ryder Street/ Mary Street road junction. This includes a new outdoor focused eat-street area to serve a local residential and worker catchment⁶.

The latest trading data for the Rhodes Shopping Centre indicates that for the October 2012 to September 2013 period the shopping centre achieved a turnover of \$176.55m⁷ (excluding the turnover of IKEA). This represents a \$7.45m or 4% decline from the turnover recorded for the previous year of \$184m⁸ which may be reflective of the ongoing refurbishment of the centre and temporary loss of trade resulting to some retailers and the impact of Top Ryde. The Rhodes Shopping Centre achieved a turnover per square metre of \$7,456/sqm for the year to September 2013⁹ which is above the median of \$6,845/sqm for similar sized shopping centres in Australia for the period (of between 20,000 and 45,000sqm). It is thus a strong performing centre.

Rhodes Peninsula

Ongoing development in the Rhodes Peninsula has seen the development of a number of retail and commercial premises at ground level since the 2012 Study. Uses provided include restaurants, estate agent/ strata management premises and a medical centre¹⁰.

The Piazza – Wentworth Point

Since the 2012 Study a small retail precinct as been developed around The Piazza in Wentworth Point. This serves localised retail demand emerging out of recent residential development in the area and includes restaurants and cafe floorspace, a dentist, estate agent, dry cleaners, hairdressers, community library and a small convenience store of 177sqm¹¹.

⁶Source: Proposed New Town Square, City of Canada Bay Council (August 2013)

⁷Source: Little Guns, Shopping Centre News (2012)

⁸Source: Little Guns, Shopping Centre News (2011)

⁹Source: Little Guns, Shopping Centre News (2012)

¹⁰ Source: Data provided by City of Canada Bay Council (2013)

¹¹Source: The Waterfront Wentworth Point (2013)

4. ECONOMIC AND DEMOGRAPHIC CONTEXT

This Chapter undertakes an analysis of the demographic characteristics of the current and projected future resident population in the Rhodes Peninsula. This has been undertaken to consider the unique local characteristics and trends that will influence current and future demand for commercial and retail facilities within Precinct D.

To undertake this analysis the 'Rhodes Peninsula' has been defined as comprising the Rhodes and Liberty Grove suburbs. This area has been benchmarked against the demographic characteristics for the City of Canada Bay Local Government Area (LGA) and/ or the Sydney metropolitan area. The data in this Chapter has been derived from various sources include City of Canada Bay Forecast.id (2013), the ABS (2006 and 2011), the NSW Bureau of Transport Statistics (2012) and Council.

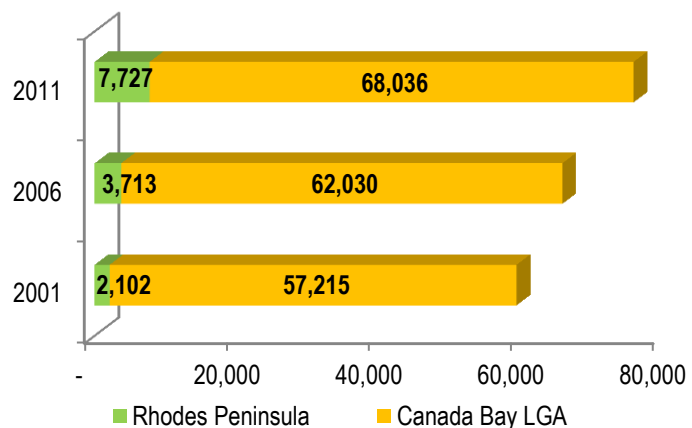
4.1 HISTORIC AND EXISTING DEMOGRAPHICS

Population and Household Characteristics

Population

The population of the Rhodes Peninsula accounted for 4% of the LGA's total population in 2001. This had increased to 10% in 2011 due to ongoing residential development.

The Rhodes Peninsula's population nearly quadrupled over the 2001 to 2011 period (268% increase) whilst the LGA-wide population increased by 28% over the same period.

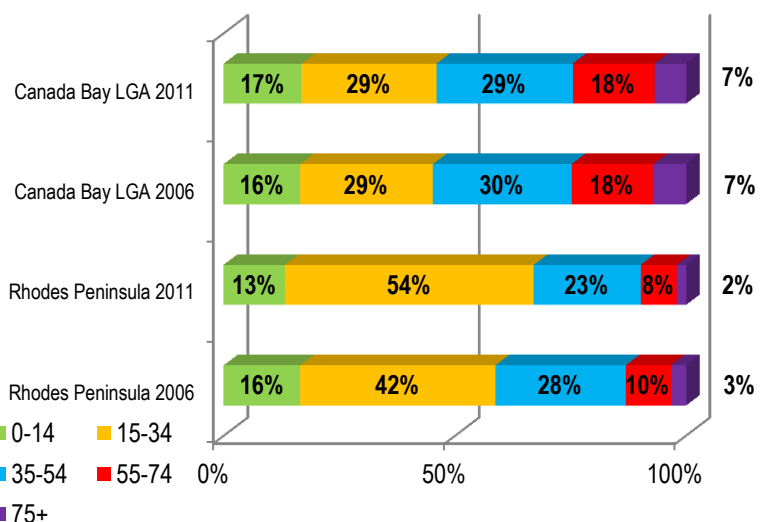


Source ABS

Age Distribution

The age composition of the LGA remained relatively stable between 2006 and 2011. The Rhodes Peninsula by contrast experienced a significant increase in the proportion of residents aged in the 15-34 age cohort (+12 percentage points).

Persons aged in the 0-14 cohort and those aged 55+ years have decreased in the Rhodes Peninsula between 2006 and 2011.



Source: ABS

Median Age Characteristics

In 2011 the median age in the Rhodes suburb was greater than that of Liberty Grove and Greater Sydney. However, it will each subsequent census period and at 28 in 2011 was well below the comparable areas listed in the table.

Geographical Area	2001	2006	2011
Rhodes suburb	39	32	28
Liberty Grove suburb	29	31	32
Canada Bay LGA	n/a*	37	37
Greater Sydney	34	35	36

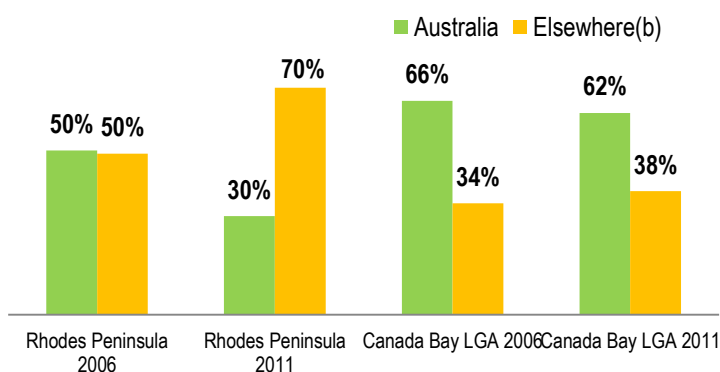
Source: ABS

* note that the City of Canada Bay LGA was not formed in 2001

Place of Birth

Half of residents in the Rhodes Peninsula were born in Australia in 2006. By 2011 the proportion of Australian born residents declined by 20 percentage points to a total of just 30%.

In comparison Australian born persons in the LGA accounted for two-thirds (66%) of the total population in 2006 declined by only 4 percentage points to 62% in 2011.



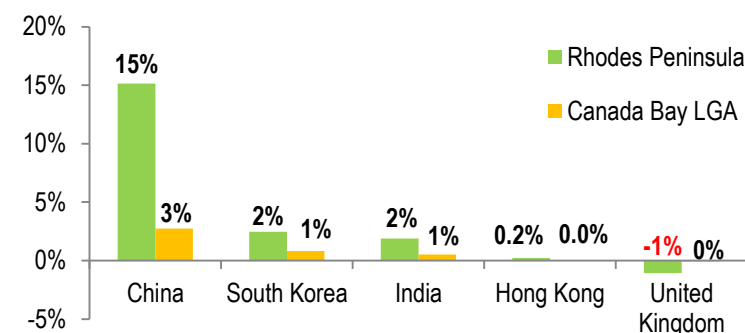
Source: ABS

(b) Includes 'Australian External Territories', 'Inadequately described' and 'At sea'.

Country of Birth

The proportion of Chinese born persons increased by 15 percentage points between 2006 and 2011 in the Rhodes Peninsula. By 2011 Chinese born residents accounted for 22% of the total population in the Rhodes Peninsula.

Representation of Chinese born residents was significantly greater in the Rhodes Peninsula than in the wider LGA.



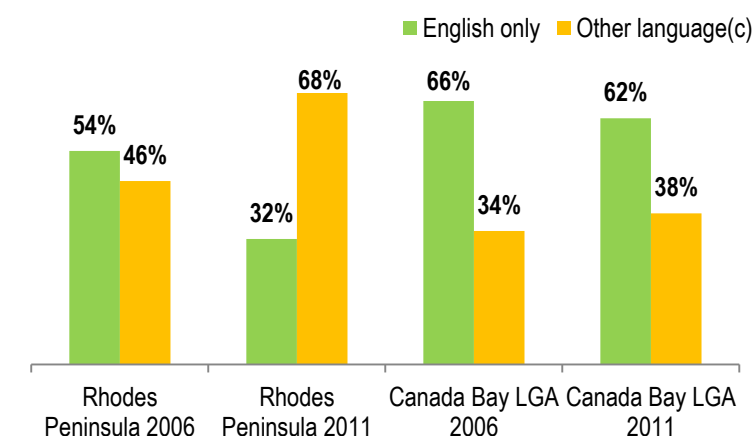
Source: ABS – Excludes Born Elsewhere and Not Stated

Note: Data shown is percentage points not proportional change

Language Spoken at Home

54% of households in the Rhodes Peninsula spoke only English at home in 2006. By 2011 this proportion decreased to less than a third of the total population (32%) reflecting the high proportion of overseas born residents.

By comparison in the LGA as a whole the proportion of households speaking only English at home in the comprised 66% in 2006 and 62% by 2011.



Source: ABS

(c) Includes 'Inadequately described' and 'Non-verbal, so described'.

Population and Household Characteristics Summary

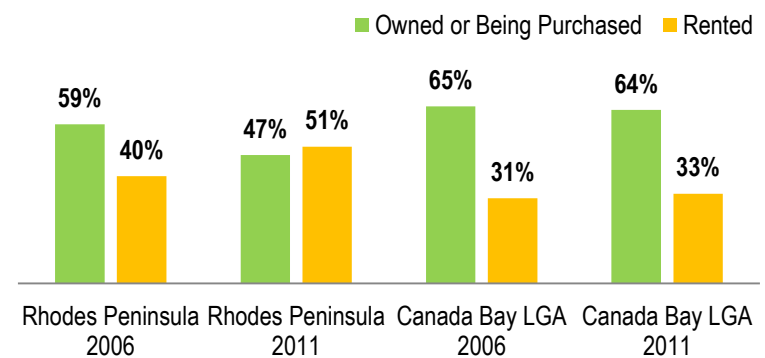
The above demographic analysis reveals that the Rhodes Peninsula has become more multicultural between the 2006 and 2011 ABS Census periods. The area has witnessed a significant increase in persons born overseas especially for residents originating in China and speaking a second language at home. The concentration of such residents in the Rhodes Peninsula is well above average for the LGA.

Analysis of the age profile of residents indicates an increasing proportion of younger residents aged 15 to 34 have moved into the area between 2006 and 2011.

Dwelling Characteristics

Home Ownership

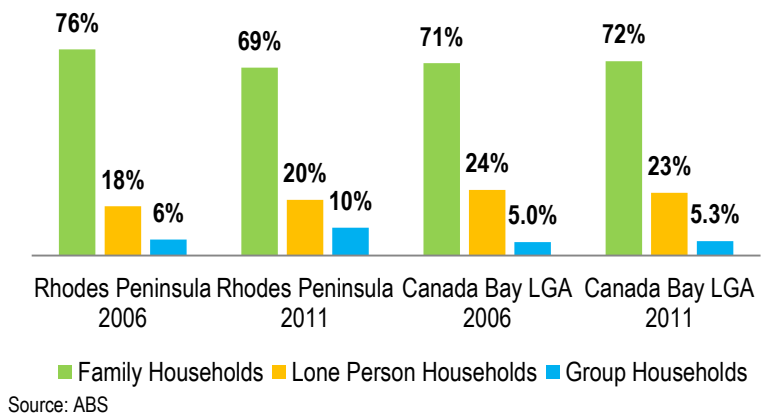
In 2006 owner occupiers accounted for the majority of household types in the Rhodes Peninsula and LGA. By 2011 renting households dominated households in the Rhodes Peninsula and occurred in greater proliferations than in the LGA. This reflects a high proportion of buy to let properties being purchased in the Rhodes Peninsula.



Household Structure

The proportion of family households in the Rhodes Peninsula decreased between 2006 and 2011 whilst the proportion of lone person and group households increased. However, family households still accounted for the largest single proportion of households types in the Rhodes Peninsula in 2011 (69%).

Family households account for a comparatively greater proportion of households in the LGA in 2011 and increased over the 2006 to 2011 period. The Rhodes Peninsula is thus under represented by family households comparatively.



<u>Average Household Size</u>	<table><tr><th>Geographical Area</th><th>2001</th><th>2006</th><th>2011</th></tr><tr><td>Rhodes suburb</td><td>2.7</td><td>2.4</td><td>2.3</td></tr><tr><td>Liberty Grove suburb</td><td>2.6</td><td>2.7</td><td>2.8</td></tr><tr><td>Canada Bay LGA</td><td>n/a*</td><td>2.5</td><td>2.5</td></tr><tr><td>Greater Sydney</td><td>2.7</td><td>2.7</td><td>2.7</td></tr></table> Source: ABS * note that the City of Canada Bay LGA was not formed in 2001	Geographical Area	2001	2006	2011	Rhodes suburb	2.7	2.4	2.3	Liberty Grove suburb	2.6	2.7	2.8	Canada Bay LGA	n/a*	2.5	2.5	Greater Sydney	2.7	2.7	2.7
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Canada Bay LGA	n/a*	2.5	2.5																		
Greater Sydney	2.7	2.7	2.7																		
<u>Dwelling Characteristics Summary</u>	The Rhodes Peninsula in 2011 is dominated by renting households and family households. However the overall proportion of families has declined and the presence of lone person and group households has increased over the 2006 to 2011 period in conjunction with a rise in the proliferation of households renting their properties. Household sizes are low and have fallen significant between 2001 and 2011. This is likely to reflect the type of residential product being delivered in this location and the traits of the emerging household types.																				

Labour Force and Income Characteristics

Labour Force

The Rhodes Peninsula is characterised by a high proportion of residents employed in “white collar” occupations. This trend is evident in the wider LGA.

Unemployed residents in the Rhodes Peninsula accounted for 7% of the total labour force in 2011 which represented a 2 percentage point increase since 2006. Unemployment in the Rhodes Peninsula was greater than that in the wider LGA, possibly reflective of the higher proportion of younger residents.

Labour Force

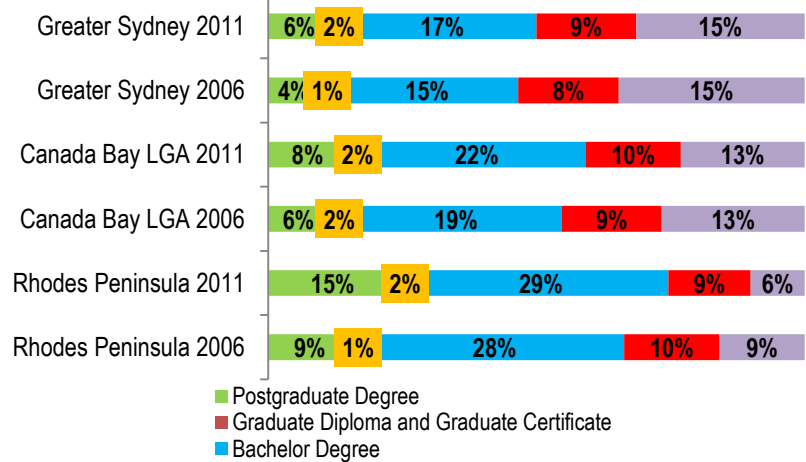
Location	Year	Blue Collar	Community	White Collar	Unemployment
Greater Sydney	2011	24%	32%	37%	6%
Greater Sydney	2006	25%	32%	35%	5%
Canada Bay LGA	2011	15%	31%	48%	4%
Canada Bay LGA	2006	17%	32%	46%	3%
Rhodes Peninsula	2011	12%	29%	50%	7%
Rhodes Peninsula	2006	14%	28%	51%	5%

■ Blue Collar ■ Community □ White Collar ■ Unemployment

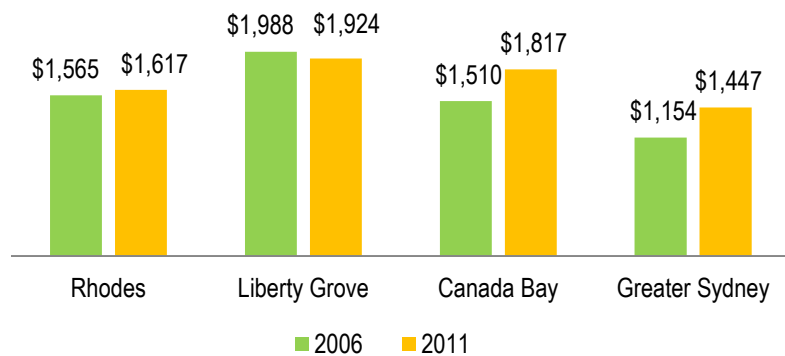
Source: ABS
Note: Community includes categories such as Community & Personal Services Workers and Clerical and Administrative Workers

Educational Attainment

The Rhodes Peninsula is characterised by a highly educated population within the proportion of residents with a bachelor or postgraduate degree will above that for both Canada Bay and Greater Sydney in 2011

Non-School Education**Median Weekly Household Income**

The median household income in Rhodes was above average for Greater Sydney in 2011 but below that for Liberty Grove and the City of Canada Bay. This is likely to reflect the higher proportion of young people and students locally. Nevertheless households in the area exhibit above average levels of affluence.

**Labour Force and Income Characteristics Summary**

The Rhodes Peninsula is an affluent area with half of the labour force working in “white collar” occupations. This is reflected in a median household income which is greater than the average for Greater Sydney and a well educated workforce.

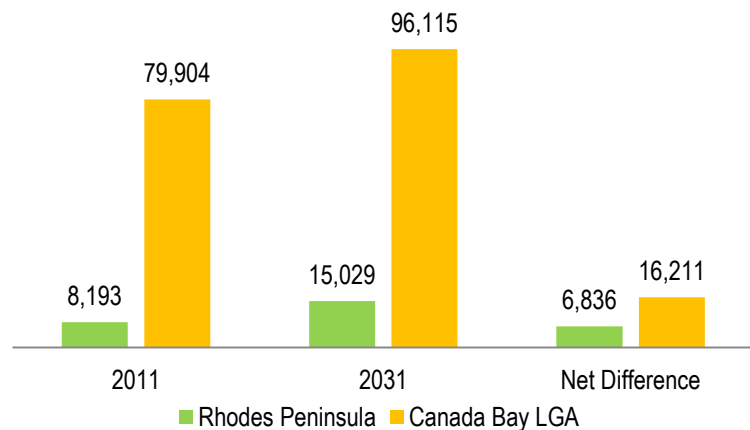
4.2 PROJECTED DEMOGRAPHICS

Population Projections to 2031

The population in the Rhodes Peninsula is forecast to increase by 83% between the 2011 and 2031 compared to a 20% population increase in the LGA over the same period.

The Rhodes Peninsula will account for 16% of the total LGA population in 2031 compared to 10% in 2011.

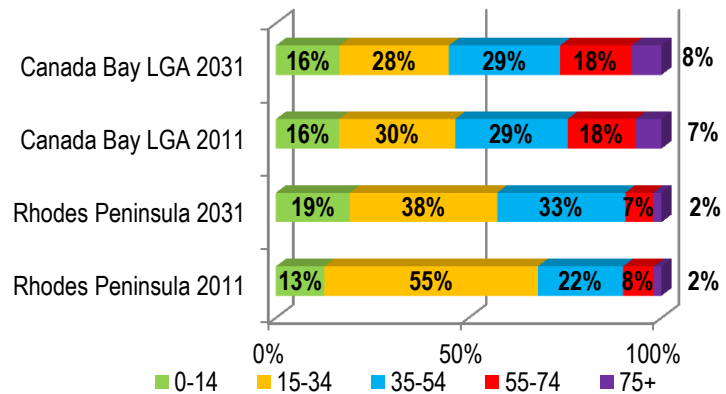
Projected Population



Source: City of Canada Bay Forecast.id (2013)

Forecast Age Composition

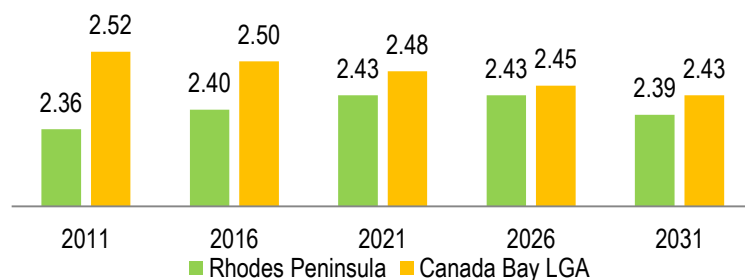
The Rhodes Peninsula is forecast to experience a decrease in persons in the 15-34 year age cohort between 2001 and 2031. The proportion of younger residents aged under 15 years of age and older residents aged in the 35-54 age cohort is set to grow to 2031, indicative of the increasing dominance of family households with children as the population moves through the life cycle.



Source: City of Canada Bay Forecast.id (2013)

Average Household size

The average household size in the Rhodes Peninsula increase marginally over the 2011 to 2031 period contrary to wider demographic trends which will see a decline in average household sizes. This may be reflective of the expected increase in family households in the Rhodes Peninsula over the period.



Source: City of Canada Bay Forecast.id (2013)

Projected Demographics Summary

The Rhodes Peninsula will continue to experience strong population growth over the period to 2031 (although most will occur in the short term). The Rhodes Peninsula will transition from a dominance of young people to a broader demographic mix with families with young children under the age of 15 becoming prominent. The average household size will remain around 2.4 over the 2011 to 2031 period.

4.3 CONCLUSIONS

The implications of the demographic profile of current and future residents of the Rhodes Peninsula are as follows:

- There is a significant and growing proliferation of residents from the Asian diaspora present in the Rhodes Peninsula, particularly residents of Chinese ethnicity. This will lead to localised demand for Asian themed retail goods and services;
- There are an increasing proportion of households renting their properties in the Rhodes Peninsula and the proportion of lone person and group households grew between 2006 and 2011. The average age of residents has declined markedly and is younger than average. The proportion of students has increased;
- Households in the Rhodes Peninsula are comparatively affluent, well educated and have a strong propensity to be employed in higher paying white collar occupations such as managers and professionals. This is reflected in greater than average median incomes comparative to the wider Sydney metropolitan area and will lead to greater disposal income for retail goods and services and proportionally greater expenditure on eating out; and
- Over the period to 2031 the resident population will move through the life cycle and the proportion of households with children will increase. By 2031 some 19% of all residents in the Rhodes Peninsula will be under the age of 15. This has implications for demand for local support services including retail and commercial uses in Precinct D.

5. RETAIL VIABILITY AND IMPACT ASSESSMENT

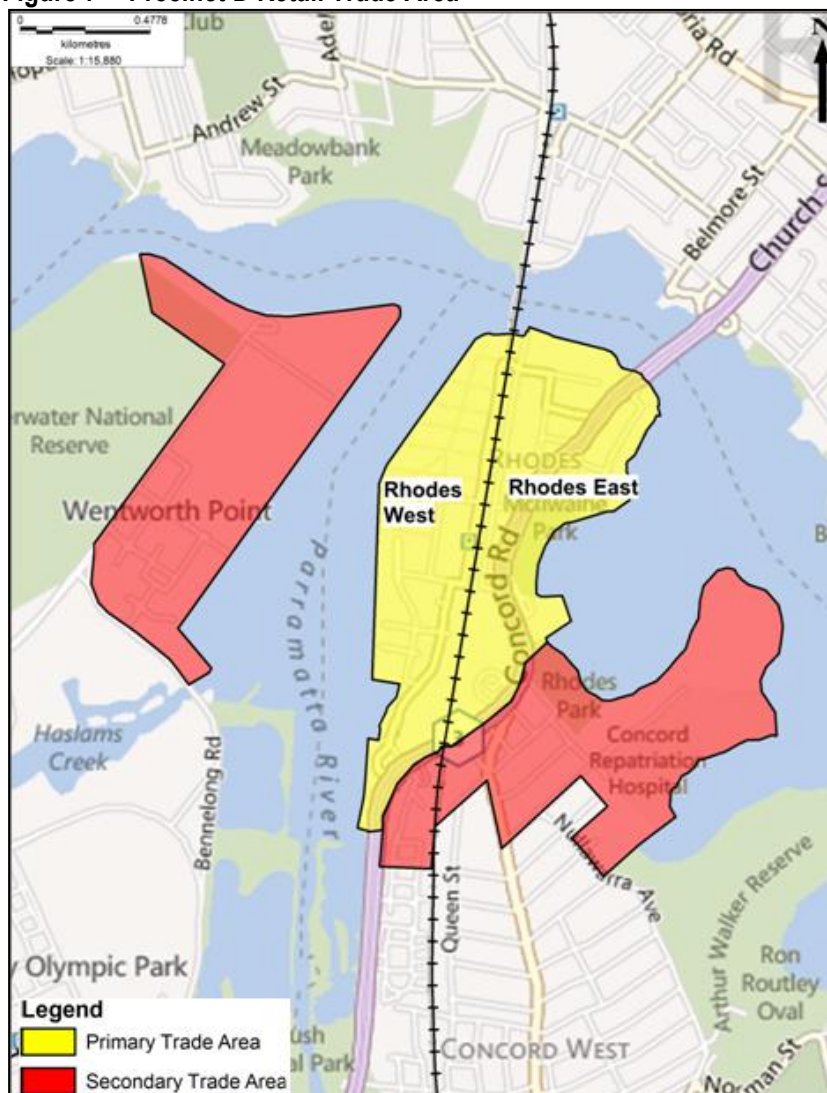
This Chapter undertakes an assessment of the viability of retail uses in Precinct D based on retail expenditure modelling. This assesses the extent of demand to support retail uses in this location and is informed by the assumptions in the 2012 Study, updated to reflect current data. It considers the potential trading impact of the proposed development on other centres in the locality.

5.1 TRADE AREA

Residential Trade Area

The residential trade area for a future centre in Precinct D remains unchanged from that defined in 2012 Study because the role and function of the centre would be similar under the scheme currently proposed. The residential trade area previously defined is shown in the figure below. Note that the STA encompassing Wentworth Point would be incorporated in the trade area beyond 2016 following completion of the Homebush Bay Bridge.

Figure 7 - Precinct D Retail Trade Area

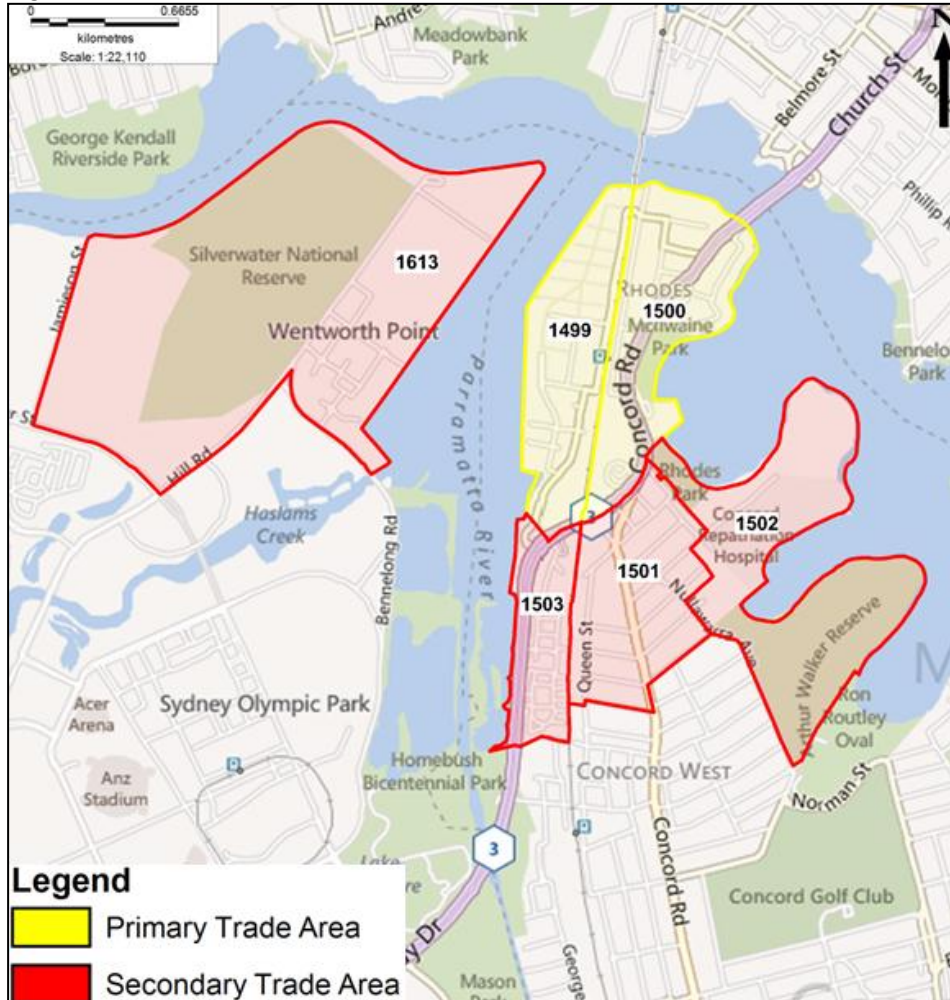


Source: Map produced by Hill PDA using MapInfo 11.0 software and Microsoft Bing © 2011 Microsoft Corporation

Worker Trade Area

The worker trade area for the future centre also remains unchanged from the 2012 Study and is depicted in the figure below.

Figure 8 - Worker Travel Zones of Influence to Precinct D



Source: Map produced by Hill PDA using MapInfo 11.0 software and Microsoft Bing © 2011 Microsoft Corporation

5.2 SOURCES OF RETAIL EXPENDITURE

Whilst the trade area for the retail centre remains unchanged from that previously defined, the sources of expenditure from which the centre would derive trade have evolved.

Sources of expenditure to support the centre would be derived from the following main sources:

- **Local Residents.** Population projections have been revised since the 2012 Study and an allowance should also be made for the additional residential population associated with the proposed Billbergia development on the site itself and the Wentworth Point UAP;
- **Local Workers.** Workforce projections have been revised since the 2012 Study;

- **Hotel visitors.** The incorporation of a hotel in Precinct D will lead to additional retail expenditure being generated by guests from which the centre could capture trade.

Each of these sources is considered in turn below.

5.3 DEMAND GROWTH

Resident Population Growth

To determine population growth in the residential trade area, population projections have been obtained from the following sources:

- For the PTA projections have been sourced from Forecast.id data for the City of Canada Bay which was published in October 2013. These projections are being used by Council and we have been advised to adopt these for the purposes of our modelling. An additional allowance is made for the uplift in residential floorspace currently proposed on the Subject Site¹²;
- For the STA east population projections have been derived from the August 2012 BTS projections given that these comprise data at a more finite spatial scale comparative to Forecast.id data; and
- For the STA Wentworth Point population projections have been sourced from BTS data which comprises the most up-to-date data available (comparative to the November 2010 Forecast.id projections for Auburn City Council used previously). An additional allowance is made for the UAP assuming residential development lettings commence in 2015 and the 5,000 projected residents are pro-rated across the 15-year development period.

Based on the above, our population forecasts for the trade area are shown in the following table.

Table 1 - Population Growth Forecasts for the Trade Area

	2012	2014	2017	2022	Growth 2012-2022	
					No. Persons	%
PTA[^]						
PTA	8,880	10,805	13,697	15,100	+6,220	70%
STA						
Wentworth Point ^{^^}	3,874	3,290	10,465	13,365	+9,491	245%
East ^{^^^}	1,635	1,677	1,689	1,715	+80	5%
<i>Sub-total STA</i>	<i>5,509</i>	<i>4,967</i>	<i>12,155</i>	<i>15,080</i>	<i>+9,571</i>	<i>174%</i>
Total Trade Area	14,389	15,772	25,852	30,180	+15,791	110%

Source: [^] City of Canada Bay, Forecast.id (October 2013)

^{^^} Population and Employment Travel Zone Forecasts, BTS (August 2012) and DoPI (2013)

^{^^^} Population and Employment Travel Zone Forecasts, BTS (August 2012). Apportioned by Hill PDA

Note: Population of Wentworth Point is assumed to form part of the STA once the Homebush Bay Bridge is opened.

The population projections provided above indicate the following:

¹²Note: The previous Masterplan proposed 710 residential units on Precinct D and based on the current proposals we understand that 932 units would be developed. The population of these units is estimated by applying the average household occupancy rate for flats, units and apartments in a four or more storey block in the Rhodes suburb as derived from 2011 ABS Census data (2.25 persons per household).

- The resident population in the PTA is estimated at 14,387 persons in 2012 of which the majority (8,880 persons or 62% of the total population) resided in the PTA;
- Over the 10 year period to 2022 the population of the residential trade area is projected to increase to 30,180 persons representing a more than doubling of the population. The majority of the population growth is associated with the Wentworth Point UAP;
- Compared to the population projections which informed the 2012 Study, population projections for the PTA commence at a higher base in 2012 and yield a greater total population in 2022 but growth over the interim is lower than forecast previously; and
- BTS has revised downwards population projections for the STA East and for Wentworth Point since the 2012 Study. However the forecast total population of the STA is greater overall in 2022 as a result of the UAP which was not accounted for by the BTS.

Employment Growth

Worker projections for the worker related trade area are sourced from BTS projections which were published subsequent to the 2012 Study. These are shown in the table below.

Table 2 - Worker Growth Forecasts to 2022

Travel Zone No.	Travel Zone Name	2012	2014	2017	2022	Growth 2012-22
1499	Rhodes (Western Side)	3,587	3,673	3,955	4,091	+504
1500	Rhodes (Eastern Side)	5,257	5,424	7,364	7,601	+2,345
1501	Concord West	407	425	499	539	+131
1502	Concord Repatriation General Hospital	3,278	3,467	4,265	4,706	+1,428
1503	Liberty Grove	173	181	211	226	+53
1613*	Sydney Olympic Park Ferry Wharf	668	675	705	712	+44
Total		13,370	13,844	16,999	17,875	+4,505

*Note: Workers in the Sydney Olympic Park Ferry Wharf travel are assumed to be of influence to Precinct D once the Homebush Bay Bridge is opened.
Source: Population and Employment Travel Zone Forecasts, BTS (August 2012)

The latest BTS worker projections for the worker trade area are greater than those used to inform the 2012 Study. The worker population in 2012 is estimated at 13,370 workers which will increase by 4,505 workers or 34% to 17,875 workers by 2022.

Hotel Visitors

The development proposal would deliver 100 hotel/ serviced apartments as part of Precinct D. By applying an average occupancy rate for the facility of 74.5%¹³, it is estimated that the hotel/ serviced apartments would be occupied for 27,193 visitor nights per annum. Assuming an average occupancy rate of 1.5 persons per room¹⁴ equates visitor nights of 40,790/annum.

¹³ Source: 8635.0 - Tourist Accommodation, Australia, Mar 2013, ABS (June 2013)

¹⁴ Source: Hill PDA estimate

5.4 DEMAND FOR SHOPFRONT FLOORSPACE

Resident Retail Spend

To estimate the demand for retail floorspace from residents this Section applies household expenditure data to the population forecasts for the residential trade area. In addition to population growth, demand for additional retail floorspace will also occur as a result of real retail expenditure growth reflecting increased affluence of households. Hill PDA currently applies a forecast of 1.1% per annum for real retail growth which reflects the long-term trend since 1986¹⁵.

Household expenditure was sourced from:

- ABS Household Expenditure Survey (HES) 2003-04 (updated to 2013) which provides household expenditure by broad commodity type by household income quintile; and
- Marketinfo 2009 database (updated to \$2013) which is generated by combining and updating data from the Population Census and the ABS Household Expenditure Survey (HES) using “*microsimulation modelling techniques*”.

Marketinfo combines the data from the Census, HES and other sources to derive total HES by commodity type. This data, which was validated using taxation and national accounts figures, quantifies around slightly more expenditure than the HES. The ABS Retail Survey 1998-99 (Cat No. 8624.0) provides a cross tabulation of store type (defined by ANZIC), by commodity type. Multiplying the percentages in the cross tabulation by total dollars spent generates household expenditure by retail store type.

Consistent with the 2012 Study, the retail expenditure modelling assumes that:

- Residents of STA Wentworth Point will have the same per capita retail expenditure level as residents of the Rhodes suburb; and
- Residents of STA Wentworth Point will form part of trade area post-2016 once the Homebush Bay Bridge is developed.

The following table shows total expenditure generated in the trade area over 2012 to 2022 period.

¹⁵Note: This has been revised downwards from 1.3% used to inform the 2012 Study which is reflective of retail trends since April 2012

Table 3 - Total Retail Expenditure Generated by the Resident Trade Areas to 2022 (\$m)

Retail Store Type	2012	2014	2017	2022
Primary Trade Area				
Supermarkets & Grocery Stores	36.8	45.7	59.9	69.8
Specialty Food Stores	12.3	15.3	20.1	23.4
Fast-Food Stores	11.9	14.7	19.3	22.5
Restaurants, Hotels and Clubs*	16.5	20.6	27.0	31.4
Department Stores	11.6	14.4	18.9	22.0
Bulky Goods Stores	21.9	27.2	35.7	41.5
Other Personal & Household Goods Retailing**	26.5	32.9	43.1	50.2
Selected Personal Services***	4.9	6.0	7.9	9.2
Total PTA	142.3	177.0	231.9	270.0
Secondary Trade Area – Wentworth Point				
Supermarkets & Grocery Stores	16.0	13.9	45.8	61.8
Specialty Food Stores	5.4	4.7	15.3	20.7
Fast-Food Stores	5.2	4.5	14.8	19.9
Restaurants, Hotels and Clubs*	7.2	6.3	20.6	27.8
Department Stores	5.1	4.4	14.4	19.5
Bulky Goods Stores	9.6	8.3	27.3	36.8
Other Personal & Household Goods Retailing**	11.5	10.0	32.9	44.4
Selected Personal Services***	2.1	1.8	6.1	8.2
Total STA Wentworth Point	62.1	53.9	177.1	238.9
Secondary Trade Area - East				
Supermarkets & Grocery Stores	6.6	6.9	7.2	7.7
Specialty Food Stores	2.2	2.3	2.4	2.5
Fast-Food Stores	2.1	2.2	2.3	2.5
Restaurants, Hotels and Clubs*	2.7	2.8	2.9	3.1
Department Stores	2.1	2.2	2.3	2.5
Bulky Goods Stores	3.4	3.6	3.7	4.0
Other Personal & Household Goods Retailing**	4.9	5.1	5.3	5.7
Selected Personal Services***	0.9	0.9	0.9	1.0
Total STA East	24.8	26.0	27.0	29.0
Total Trade Areas				
Supermarkets & Grocery Stores	59.4	66.6	112.9	139.2
Specialty Food Stores	19.9	22.2	37.8	46.6
Fast-Food Stores	19.2	21.5	36.4	44.9
Restaurants, Hotels and Clubs*	26.4	29.6	50.4	62.3
Department Stores	18.8	21.0	35.6	43.9
Bulky Goods Stores	34.9	39.1	66.7	82.3
Other Personal & Household Goods Retailing**	42.9	48.0	81.3	100.3
Selected Personal Services***	7.8	8.8	14.9	18.4
Total Trade Areas	229.2	256.9	436.0	537.9

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling). ** Includes clothing and footwear related expenditure*** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos.

The trade area generated an estimated \$229m of expenditure in 2012 of which some \$142m or 62% was attributable to residents in the PTA. By 2022 the total quantum of expenditure generated in the trade area will increase by +\$309m (135%) to reach \$538m. By 2022 the expenditure generated in the PTA (\$270m) will be broadly comparable to that generated in the STA (\$268m) largely as a result of expenditure in the STA Wentworth Point. Inclusion of resident expenditure in this area is possible after the Homebush Bay Bridge is constructed in

2016. Note that retail demand is greater in the calculations above comparative to the 2012 Study as a result of greater population forecasts.

As noted in the 2012 Study residents in the trade areas have higher per capita retail spend per retail store type (\$15,927/ capita in 2012) compared to the NSW average (\$13,546/ capita). This reflects the greater than average affluence of local residents and their greater propensity to be employed in skilled professions as noted in the demographic analysis. We expect this trend to continue.

The type of retail demand emanating from residents will be for high value retail facilities with an emphasis on convenience, quality and eating out. Because of their greater levels of affluence, they will spend comparatively more money on retail goods and products will manifest in demand for more retail floorspace than the average household in for Sydney. They will demand a higher quality of retail product. They will also spend a greater proportion of their income on dining out and thus demand a disproportionately higher quantum of cafe and restaurant floorspace. Convenience will be important for households that are likely to be cash-rich but time poor.

Of total retail expenditure generated by residents of the residential trade area only a proportion would be captured by retail facilities in Precinct D. To some extent this will depend on the type of retail facilities which are provided, however given that we know the role of town and village centres is to cater for localised, daily shopping needs we can assume a range of capture rates on this basis.

Hill PDA has estimated a range of capture rates for different retail stores types as shown in the following table. These are consistent with those used to inform the 2012 Study. Whilst it is recognised that the UAP will include some retail facilities, the planning proposal documentation for the UAP indicates that retail will be modest in nature serving localised need only. We still expect Precinct D to capture expenditure from residents the Wentworth Point UAP given the position of the centre between residents in this area and Rhodes Rail Station.

Table 4 - Assumed Capture Rates of Resident Expenditure to Precinct D

Retail Store Type	PTA	STA – Wentworth Point	STA – East	Total Trade Area
Supermarkets & Grocery Stores	35%	15%	10%	29%
Specialty Food Stores	30%	15%	10%	25%
Fast-Food Stores	30%	15%	10%	25%
Restaurants, Hotels and Clubs*	30%	15%	10%	25%
Department Stores	0%	0%	0%	0%
Bulky Goods Stores	0%	0%	0%	0%
Other Personal & Household Goods Retailing**	15%	10%	5%	13%
Selected Personal Services***	30%	15%	10%	16%
Total Trade Area	21%	12%	8%	18%

Source: Hill PDA (2013) * Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling). ** Includes clothing and footwear related expenditure *** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos.

The above capture rates have been based on the following assumptions:

- Around 20- 25% of total household expenditure in any area is directed towards regional shopping centres such as Sydney CBD or Parramatta CBD.
- As much as 10% of household expenditure can be spent close to the place of work (some of which accounts for the proportion directed towards regional shopping centres).

- There is likely to be some “tourism-out” expenditure (i.e. when residents of the trade area go on holidays) which may equate to around 5% of total expenditure – around 2 to 3 weeks per annum for the average household.
- Precinct D is unlikely to capture any bulky goods or department store related expenditure and limited clothing store expenditure, due to the proximity of Rhodes Shopping Centre which provides for a range of comparative goods shopping due to key retailers such as IKEA, Target and specialty stores. We recognise the Rhodes Shopping Centre is expanding the restaurant and catering offer which it provides, however the impact upon capture of retail expenditure by Precinct D is expected to be marginal due to the different role and function of the two centres and the location of Precinct D comparative to the trade area it would serve.
- The Coles at Rhodes Shopping Centre is likely to attract the majority of supermarket and grocery spend from residents in the PTA and STAs. Note that only a ‘*neighbourhood supermarket*’ has been planned for Wentworth Point. Given the size of the population forecast for this area in the medium to long-term a full-line supermarket at Wentworth Point may be justifiable; however there are no plans for such provision at this point in time.
- Capture of expenditure from residents in STA Wentworth Point is likely to be higher than that for the STA - East once the Homebush Bay Bridge is operating (post 2016). This is also due to Precinct D’s location between the Wentworth Point residential areas and Rhodes Rail Station. Retail supply in Wentworth Point is modest with two neighbourhood centres planned and one small centre existing serving the immediate localised shopping needs of residents only.
- Residents in the STA East will spend a lesser proportion of their retail spend in Precinct D than the rest of the trade area. The majority of spend from these residents is likely to go to more local facilities or alternatively to Rhodes Shopping Centre.

Based on the above, Hill PDA has assumed Precinct D will predominantly provide for the everyday or ‘top-up’ shopping needs of a localised catchment. On this basis, it is likely Precinct D will capture a proportion of expenditure on food and grocery shopping, restaurants and take-aways and a lesser proportion of other household goods (e.g. specialty non-food stores include pharmaceuticals, toiletries, books etc.) and retail service (e.g. hairdressers, dry cleaning etc.) related expenditure.

Based on assumed capture rates, the following table shows Precinct D could capture up to \$45m of retail expenditure in 2014, increasing to \$85m in 2022 once new development in Rhodes West is completed and residents on Wentworth Point are included.

Table 5 - Assumed Capture of Expenditure by Retail Facilities in Precinct D 2012 to 2022 (\$m)

Retail Store Type	2012	2014	2017	2022
Supermarkets & Grocery Stores	15.9	18.8	28.6	34.5
Specialty Food Stores	4.7	5.5	8.6	10.4
Fast-Food Stores	4.5	5.3	8.2	10.0
Restaurants, Hotels and Clubs*	6.3	7.4	11.5	13.9
Department Stores	0.0	0.0	0.0	0.0
Bulky Goods Stores	0.0	0.0	0.0	0.0
Other Personal & Household Goods Retailing**	5.4	6.2	10.0	12.3
Selected Personal Services***	1.9	2.2	3.4	4.1
Total Trade Area	38.7	45.4	70.2	85.0

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling). ** Includes clothing and footwear related expenditure *** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos.

Worker Retail Spend

Workers on average spend around \$2,000 to \$3,000 on retail goods and services close to their place of work, representing around 15% to 25% of total personal expenditure. However, this amount can vary considerably depending upon the range and availability of retail outlets and is significantly higher in Sydney CBD. For the purposes of this Study we have assumed that workers in the worker trade area will spend on average \$2,583 in 2012 on retail goods and services close to their place of work (\$2,500 per worker in 2009 increased by 1.1% per annum to reflect real retail growth).

The table below applies this assumption to the total number of workers in the worker trade area quantified previously in this Study and assumes that:

- Worker spend will increase by 1.1% per annum;
- Retail facilities in Precinct D will capture 30% of spend from workers in the PTA, 20% of spend from workers in STA Wentworth Point and 10% of spend from workers in STA East consistent with our 2012 Study;
- Workers in STA Wentworth Point will be included in the trade area beyond 2016 when the Homebush Bay Bridge is completed; and
- Expenditure is distributed across retail store types on a consistent basis with our 2012 Study.

Table 6 - Capture of Worker Spend by Precinct D to 2022 (\$m)

		2012	2014	2017	2022
Total No. Workers		12,702	13,169	16,999	17,875
Total Retail Spend (\$m)		\$2,583	\$2,640	\$2,728	\$2,882
Captured Retail Spend (\$m)		7.8	8.3	11.0	12.1
Retail Store Type	Capture Rate				
Supermarkets & Grocery Stores	25%	2.0	2.1	2.8	3.0
Specialty Food Stores	15%	1.2	1.2	1.7	1.8
Fast-Food Stores	40%	3.1	3.3	4.4	4.8
Other Personal & Household Goods Retailing*	10%	0.8	0.8	1.1	1.2
Selected Personal Services**	10%	0.8	0.8	1.1	1.2
Total Retailing Trade Area	100%	7.8	8.3	11.0	12.1

Note: growth of 1.1% per capita per annum in real retail spend was assumed consistent with the historic trend since 1986 (sourced from ABS Retail Sales). Source: * Includes clothing and footwear related expenditure ** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos.

Based on Table 6, the total quantum of retail expenditure generated by workers which could potentially be captured by retail facilities in Precinct D equated to \$7.8m of retail expenditure in 2012. This is projected to increase by +\$4.3m or +55% to reach \$12.1m by 2022.

Hotel Visitor Spend

Guests staying in the hotel on site will generate demand for retail and commercial floorspace locally. The conference facilities will also be an attractor of day visitors to the area, however given that the nature of this facility and potential usage is unknown at this stage we have not included any allowance for retail expenditure associated within visitors to it. However, we note that for this reason our assessment of retail demand is conservative.

Based on analysis of Tourism Research Australia data¹⁶ it is estimated that average spend for domestic and international tourists to Sydney combined per visitor was \$135 per night in 2009/10. Of this some 23% of expenditure (\$31) was directed towards 'food and drink' and 13% was directed towards 'shopping' and 5% (\$7).

To determine estimated expenditure generated by tourists in the hotel/ serviced apartment component of the proposed development Hill PDA has:

- Applied the above expenditure assumptions to the estimated visitors calculated previously;
- Incorporated an allowance for real retail expenditure growth at 1.1% per annum; and
- Assumed the hotel will be developed and receiving visitors by 2017.

This process is shown in the following table.

Table 7 - Estimated Retail Expenditure Generated by Tourists to Precinct D

	Spend per Night ^A		2017	2022
	%	\$	\$	\$
Expenditure Per Visitor Night				
Food and Drink	23%	31.1	33.5	35.4
Shopping	13%	17.6	18.9	20.0
Total Expenditure	36%	48.6	52.5	55.4
<i>Estimated Visitor Nights</i>			40,790	40,790
Total Expenditure (\$m)				
Food and Drink			1.4	1.4
Shopping			0.8	0.8
Total Expenditure			2.1	2.3

^A Source: Sydney NSW Regional Tourism Profile 2009/2010, Tourism Research Australia (2010)

On the basis of Table 7 it is estimated that tourists associated with the hotel/ serviced apartments would generate in the order of \$2.1m of expenditure in 2017 in categories that could be captured by retail facilities in Precinct D increasing to \$2.3m in 2022. We have assumed that 50% of this expenditure could be captured within the Precinct which expenditure distributed between 'Fast-Food Stores', 'Restaurants, Hotels and Clubs' and 'Other Personal & Household Goods Retailing'.

¹⁶ Source: Sydney NSW Regional Tourism Profile 2009/2010, Tourism Research Australia (2010)

Commuter Related Spend

The retail modelling does not incorporate an additional allowance for expenditure from commuters using Rhodes rail station. This is because the majority of users of the rail station will be local residents or workers and have been accounted for already in the modelling.

Retail facilities in Precinct D may capture additional expenditure from other train trips such as visitors or tourists. We also note that the Concord General Repatriation Hospital is the teaching hospital of the Sydney Medical School at the University of Sydney and therefore additional patronage of Rhodes rail station (as the closest rail station to the hospital), from students can be expected.

However as it is difficult to quantify these visits and to remain conservative, they have not been included in our modelling. This is consistent with our 2012 Study.

Shopfront Floorspace Demand

The table below combines retail expenditure generated by residents, workers and tourists in the Precinct D locality which could be captured by the retail centre.

Table 8 - Total Forecast Expenditure Available to be Captured by Precinct D (\$m) 2012 - 2022

Retail Store Type	2012	2014	2017	2022
Supermarkets & Grocery Stores	17.9	20.9	31.4	37.5
Specialty Food Stores	5.9	6.7	10.3	12.2
Fast-Food Stores	7.6	8.6	12.8	15.0
Restaurants, Hotels and Clubs*	6.3	7.4	12.0	14.5
Other Personal & Household Goods Retailing**	6.2	7.0	11.4	13.8
Selected Personal Services***	2.7	3.0	4.5	5.3
Total Trade Area	46.6	53.6	82.5	98.3

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling). ** Includes clothing and footwear related expenditure. *** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos.

Demand for retail floorspace is forecast by applying target turnover rates (or industry benchmarks¹⁷) to capture spend. Hill PDA's target turnover rates have been sourced from various sources and include an allowance of 0.55% per annum to allow for real turnover increases¹⁸. These are shown in Table 11.

¹⁷Note: Derived from various sources including Urbis Retail Averages, ABS Retail Survey 1998-99 escalated at CPI to \$2013, Shopping Centre News, Hill PDA and various consultancy studies.

¹⁸Note: This is in line with historic trends. Expenditure per capita has increased at around 1.3% to 1.4% above CPI every year since 1986 although Hill PDA is currently using an assumption of 1.1% growth per annum from 2009 onwards. Around half of this increase has translated into an increase in retail floorspace per capita (from 1.8sqm in the 1980s to around 2.1-2.2sqm today). The balance of the increase in expenditure has translated into a real increase in turnover per square metre rates.

Table 9 - Benchmark Turnover Rates 2012 to 2022 (\$/sqm GLA)

Retail Store Type	2012	2014	2017	2022
Supermarkets & Grocery Stores	10,000	10,110	10,278	10,564
Specialty Food Stores	7,500	7,583	7,709	7,923
Fast-Food Stores	7,500	7,583	7,709	7,923
Restaurants, Hotels and Clubs*	4,750	4,802	4,882	5,018
Other Personal & Household Goods Retailing**	4,500	4,550	4,625	4,754
Selected Personal Services***	4,000	4,044	4,111	4,226

Note: Benchmark turnover rates derived from various sources including Urbis Retail Averages, ABS Retail Survey 1998-99 escalated at CPI to \$2013, Shopping Centre News, Hill PDA and various consultancy studies. Assumed floorspace turnover increase of 0.65% per annum in line with historic trends

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling).** Includes clothing and footwear related expenditure*** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos.

By applying the turnover rates to captured spend, Hill PDA has forecast demand for nearly 7,900sqm of retail floorspace in 2014, increasing to a little under 14,000sqm by 2022 as indicated in the following table.

Table 10 - Demand for Retail Floorspace in Precinct D to 2022 (sqm GLA)

Retail Store Type	2014	2017	2022
Supermarkets & Grocery Stores	2,067	3,055	3,550
Specialty Food Stores	884	1,336	1,540
Fast-Food Stores	1,134	1,662	1,897
Restaurants, Hotels and Clubs*	1,541	2,465	2,883
Other Personal & Household Goods Retailing**	1,539	2,469	2,911
Selected Personal Services***	742	1,095	1,254
Total Retail Floorspace	7,906	12,083	14,034
Commercial (8%)	632	967	1,123
Vacant (3%)	237	362	421
Total Shopfront Floorspace	8,776	13,412	15,578

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling).**includes clothing and footwear related expenditure.*** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos.

Further to demand for retail is demand for shopfront space occupied by non-retail commercial users such as travel agents, banks, doctors and so on. These make up around 5% to 7% of retail shopfront space in an indoor retail centre, although this is usually higher in strip retail centres. On this basis we have adopted 8% plus a further 3% for vacancies. This would increase demand for shopfront floorspace to 8,800sqm in 2014 and 15,600sqm by 2022.

The proposed development comprises a total of:

- 8,560sqm of retail floorspace; and
- 4,039sqm of non-retail commercial floorspace.

On this basis the demand for the retail floorspace proposed would be generated within the trade area by 2014 based on Table 10. Indeed by 2022 a centre of 8,560sqm GLA retail floorspace would capture less than two-thirds (61%) of the total potential retail capture of a centre in this location. There is scope therefore for the centre to be larger at a future stage, if expansion were feasible.

Note that future tenants in Precinct D can expect to achieve strong turnover levels given the extent of unmet demand locally, provided the retail mix is appropriate. The additional demand not satisfied in Precinct D will be

available to support expansions to other retail centres including the two planned centres in Wentworth Point and the Rhodes Shopping Centre.

In terms of non-retail commercial floorspace, the proposed 4,039sqm is less than that quantified in Table 10 with demand in 2022 equivalent to just 28% of the floorspace proposed. However this demand relates to shopfront commercial uses rather than stand-alone commercial floorspace which does not necessarily depend on the presence of retail facilities. Commercial uses comprise offices which are not open to the general public and so on. Such uses are attractors in their own right and demand does not relate to retail expenditure as considered in this Chapter, but rather latent market demand. Demand for commercial office uses of this nature is considered in the next Chapter.

5.5 RETAIL IMPACT ASSESSMENT

The 2012 Study undertook a retail impact assessment based on the proposed retail mix totalling 11,000sqm GLA of floorspace, including 10,000sqm GLA of retail floorspace. Trade redirection associated with the proposed development from other centres in the locality was tested using a gravity model and through this method the proposal was seen to be acceptable on the grounds of trading impact.

The trading impact on Rhodes Shopping Centre was deemed to be '*low to moderate*' at the point of opening, but in the context of the strong trading performance of this centre and its differentiated role could be easily absorbed without the vitality of viability of this centre being jeopardised. The impact on Concord West centre was less than 1% or '*insignificant*' whilst all other centres would still experience growth in trade between 2011 and 2014 even with an 11,000sqm GLA retail centre.

The current proposal seeks to develop 1,500sqm GLA less retail floorspace than that previously anticipated in the masterplan. Retail expenditure demand in the wider area is also greater than previously forecast due to additional population growth in the area and as such the trading performance growth of existing centres will be stronger than previously forecast. For these reasons the trade redirection associated with the current scheme will be less than that quantified for the 2012 Study. Given that the trading impact of the previous scheme in the 2012 Study was deemed to be acceptable in economic terms, the trading impact of this scheme being lesser will also be acceptable.

6. OFFICE VIABILITY ASSESSMENT

This Chapter reviews the commercial office potential of the proposed development and provides recommendations for office floorspace. It considers benchmark data, economic analysis and property market information to arrive at a preliminary finding of potential configuration. This is a preliminary analysis designed to inform the scope of this study brief.

6.1 PROFILE OF SELECTED CENTRES

The following table provides some data on the typical provision of floorspace, including office and other activities, in enclosed shopping centres. This data does not capture street based centres, which would typically have a greater mix of uses, but nevertheless provides a guide to provision ratios in the sample of malls and single owner centres that is provided by the data. This information can be interpreted as baseline office provision associated with retail uses.

Data is provided for neighbourhood centres (typically supermarket based) and subregional centres, typically Discount Department Store based.

For neighbourhood centres, the typical attributes are overall size of 5,100sqm with retail the dominant use. Office space averages only approximately 300sqm, or around 6% of centre area. Such retail uses are typically local catchment based activities such as tax agents, solicitors and real estate services. However, we note that the Property Council of Australia (PCA) from which we have sourced this data does not classify shopfront commercial uses (such as banks, estate agents etc) as commercial floorspace and thus the true representation of commercial uses is greater.

'Other' uses also occupy a similar amount of space (around 300sqm on average) in neighbourhood centres. The average size of tenancies is about 100sqm each.

Profile data for larger sub-regional centres is also provided. Interestingly, for these larger centres office and other uses is not much greater than neighbourhood centres, at around 600sqm.

Other uses typically comprise tavern, medical centre, amusement parlour, childcare centre, hotel, restaurant, gymnasium, community centre, cinema, social club, education centre, bowling alley and similar other uses.

Table 11 - Shopping Centre Profile Data

Profile of Shopping Centres			
Neighbourhood Centres (Average of 189 Stores)			
Total Retail sqm	4,520	88.9%	
Retail Majors sqm	2,227	43.8%	
Number of Speciality Stores	22	0.4%	
Speciality Store sqm	2,293		
Office sqm	295	5.8%	
Office Tenants	3		
Other sqm	267	5.3%	
Total sqm	5,086	100.0%	
Sub-Regional Centres (Average of 76 Stores)			
Total Retail sqm	16,444	93.5%	
Retail Majors sqm	10,682	60.7%	
Number of Speciality Stores	53		
Speciality Store sqm	5,763	32.8%	
Office sqm	599	3.4%	
Office Tenants	3		
Other sqm	544	3.1%	
Total sqm	17,588	100.0%	

Source: PCA Shopping Centre Guide NSW and Hill PDA (2013)

Note: There are many non-retailers that occupy shopfront space in these centres by the PCA does not classify them as commercial uses. As such, the true proportion of commercial uses in these centres will be higher than calculated above.

6.2 EMPLOYMENT PROJECTIONS

The potential future office market in the area can be assessed using job trends and projections. Growth in jobs in sectors that typically use office space provides a guide to the broad demand pattern for such space in an area. It should be noted that office space is consumed across all industry sectors but some sectors mainly utilise office space and buildings (i.e. primary office based sectors) and as such give a better guide to demand for stand-alone office facilities and suites located in centres and within mixed use developments. The selected sectors are shown in Table 12, grouped into primary office uses and other office uses.

BTS data for the trend period 2006 to 2011 suggests that the wider Rhodes area (as defined by two BTS travel zones which constitute the suburb) gained 477 primary office jobs and 207 other office jobs. Using broad floorspace ratios, this suggests absorption of around 7,200sqm and 5,200sqm of the two office space types in the area over this five year period.

The forward projections continue the trend and assume that office based jobs will grow strongly into the future. Despite this, the period 2011 to 2016 suggests that about 6,000sqm of primary office space will be absorbed in the wider Rhodes area.

The planned development proposes over 4,000sqm of office space and as such it would need to absorb a large share of the anticipated space to be commercially viable. This may be challenging if competing locations and developments absorb some of the demand. The projections suggest that the space could potentially have a strong market to tap into the longer term future.

Table 12 - Employment and Floorspace Trends and Projections

Primary Office Uses (Jobs in Rhodes TZ 1499+1500)						
Year	2006	2011	2016	2021	2026	2031
Information Media & Telecommunications	371	387	425	542	564	582
Financial & Insurance Services	1,069	985	1,083	1,322	1,439	1,535
Rental, Hiring & Real Estate Services	152	195	207	266	274	284
Professional, Scientific & Technical Services	864	1,249	1,470	1,922	2,152	2,337
Administrative & Support Services	127	188	207	364	370	375
Public Administration & Safety	38	94	101	104	108	111
Total Jobs	2,620	3,097	3,492	4,521	4,907	5,224
5 Year Change (Jobs)		477	395	1,029	386	318
Floorspace sqm Assuming 15 sqm per Job	39,303	46,453	52,373	67,812	73,603	78,366
5 Year Change sqm		7,150	5,921	15,439	5,791	4,763
Other Office Uses (Jobs in Rhodes TZ 1499+1500)						
Year	2006	2011	2016	2021	2026	2031
Education & Training	68	84	98	116	130	140
Health Care & Social Assistance	316	378	453	580	653	719
Arts & Recreation Services	18	74	74	172	173	173
Other Services	109	180	189	294	298	302
Total Jobs	510	717	814	1,161	1,254	1,334
5 Year Change (Jobs)		207	97	347	92	81
Floorspace sqm Assuming 15 sqm Per Job	12,757	17,921	20,350	29,032	31,339	33,355
5 Year Change sqm		5,164	2,429	8,682	2,307	2,016

Source: NSW BTS 2012 and Hill PDA (2013)

6.3 CURRENT MARKET ACTIVITY

Another way of examining the potential development profile of the project is to examine current market trends and activity. This provides a guide to shorter term possibilities.

As is shown in the Chapter 9 of this Study which examines case study developments, the Bakehouse Quarter near the junction of Parramatta Road and George Street in North Strathfield has been developed as a mixed use retail, entertainment and office precinct. It has absorbed a number of office facilities and tenants including NRMA through to small serviced office tenants. As such, there is some demand for niche commercial office uses in smaller centres.

Sales Activity

There were approximately 118 reported commercial property sales in suburbs within 3 kilometres of Precinct D over the period July 2009 to November 2013. The suburbs that experienced most commercial sales activity over this time were Wentworth Point (30), West Ryde (23) and Ryde (13). Eleven reported sales took places in Rhodes and these are shown in the following table.

Table 13 - Reported Commercial Sales in Rhodes, From July 2009

Street Address	Suburb	Land Size	Building Area	Sale Price	Date	Improvement	Land Use
14/9 Blaxland Road	Rhodes	na	na	\$825,000	Aug-09	COMMERCIAL	Commercial Strata Unit
203/43 Shoreline Drive	Rhodes	na	na	\$260,000	Jul-11	COMMERCIAL	Commercial Strata Unit
202/43 Shoreline Drive	Rhodes	na	na	\$1,375,000	Aug-11	COMMERCIAL	Commercial Strata Unit
204/43 Shoreline Drive	Rhodes	na	na	\$228,000	Aug-11	COMMERCIAL	Commercial Strata Unit
Mary Street	Rhodes	4010	na	\$117,600,000	Sep-11	OFFICE BUILDI	General Commercial
52 Walker Street	Rhodes	1009	na	\$2,310,000	Feb-12	COMMERCIAL	General Commercial
1/7 Rider Boulevard	Rhodes	na	na	\$4,260,000	Jun-12	RETAIL SHOP	Commercial Strata Unit
5/7 Rider Boulevard	Rhodes	na	na	\$1,617,000	Aug-12	COMMERCIAL LO	Commercial Strata Unit
12/9 Blaxland Road	Rhodes	na	na	\$400,000	Sep-12	OFFICE SUITE	Commercial Strata Unit
4/7 Rider Boulevard	Rhodes	na	na	\$1,460,800	Sep-12	COMMERCIAL LO	Commercial Strata Unit
205/43 Shoreline Drive	Rhodes	na	na	\$220,000	Dec-12	COMMERCIAL	Commercial Strata Unit

Source: RP Data and Hill PDA (2013)

Current Listings

According to RP Data (as at November 2013), there are 79 reported commercial rental listings within 3 kilometres of Rhodes. The areas with the most listings are West Ryde (16), Rhodes (12) and Mortlake (12). This sample includes office-warehouse or office-factory entries.

The listings in Rhodes that are commercial office only are shown below. Most listing are for stand-alone campus style buildings, with suites renting in the range of \$345 / sqm pa to \$295 / sqm pa.

Table 14 - Reported Commercial Listings in Rhodes, November 2013

Reported Commercial Listings, Rhodes, November 2013					
Street Address	Suburb	Listing Date	Annual Rent	Building Size sqm	\$ / sqm
3/1 Homebush Bay Drive	Rhodes	23-Jul-13	\$335,750	850	\$395
8/5 Rider Boulevard	Rhodes	23-Jul-13	\$887,760	2,466	\$360
2B/9 Blaxland Road	Rhodes	4-Oct-13	\$43,920	122	\$360
5/2 Rider Boulevard	Rhodes	29-Oct-13	\$250,000	na	na
F/1 Homebush Bay Drive	Rhodes	19-Nov-13	na	na	na
3 Rider Boulevard	Rhodes	19-Nov-13	na	na	na
6/5 Rider Boulevard	Rhodes	21-Nov-13	\$186,300	540	\$345

Source: RP Data and Hill PDA (2013)

Figure 9 - Images of Selected Commercial Listings in Rhodes, November 2013

Source: RP Data and Hill PDA (2013)

Development Pipeline

Development pipeline data (Cordell Connect) reports 66 projects in the wider area of Ryde and Canada Bay LGAs but only one project that specifically references Rhodes. The project is a business park six level building at 1 Homebush Bay Drive at a cost of \$35,000,000 (status complete).

The lack of evidence of small office tenancy leasing and development activity is likely to relate to limited supply of such premises at this time and may be indicative of a lack of demand for such uses.

6.4 IMPLICATIONS

The retail centre benchmark data suggests that retail based centres typically allocate around 6% for small office tenancies, usually catering for population-driven services such as real estate agents, accountants, legal services and the like. Note that our modelling has used an allowance of 8% which we believe to be more reflective of the proportion in a strip location such as that proposed in Precinct D and because the PCA does not classify shopfront commercial uses as commercial.

Provision of office space beyond basic levels requires a market for business services to be established. Rhodes and the wider market area already provide a higher-order market with a current focus on business park campus style accommodation. This suggests there is potential to capture higher order office activities such as professional services in a quality mixed use development although the nature of existing large-floorplate, campus style floorspace is a markedly different product from that proposed in Precinct D. The attractor would be the range and

mix of services offered on site in a location well serviced by public transport. However, we believe that the market for such uses in this location may be challenging due to underlying soft demand evidenced through the modest amount of recent transactions and development activity.

The allocation of around 4,000sqm of office space in the development would require potentially around 3,400sqm of higher order business service activity to be absorbed by the development. The average size of such premises would need to respond to market conditions at the time but could include tenancies from 100sqm to around 1,000sqm.

The economic analysis suggests absorption of the space could occur in the short term but that depends on the competitive context relative to the offer on site. Current listings suggest few mixed use office opportunities and thus potential for the development to meet a market opportunity. Over the long term, the office market in the area is likely to build and as such it would be strategically desirable to cater for some higher order commercial uses within the development.

If 4,000sqm of office space were provided, based on the above analysis we would suggest provision of average sizes in the order of:

- 6 x 100 sqm (600sqm);
- 3 x 200 sqm (600sqm);
- 3 x 400 sqm (1,200sqm); and
- 2 x 800 sqm (1,600sqm).

These types of commercial office premises are not typical of existing provision in the Rhodes Peninsula and the market for such uses is uncertain.

The above analysis also suggests that uses that typically co-locate with retail and office uses are tavern, medical centre, amusement parlour, childcare centre, hotel, restaurant, gymnasium, community centre, cinema, social club, education centre, bowling alley and similar other uses. Precinct D could make a strong offer in the provision of supporting services to support commercial floorspace on the site.

7. HOTEL VIABILITY ASSESSMENT

This Chapter of the Study reviews the potential for the development to accommodate a hotel / serviced apartment facility having regard to the supply of such facilities in the area and market demand potential.

7.1 THE ECONOMIC CONTRIBUTION OF TOURISM

In 2005-06, the direct and indirect contribution of tourism to Australia's GDP was just over \$65 billion (6.8% of GDP)¹⁹. This translated into approximately 810,000 jobs (9.3% of jobs in Australia)²⁰. Within Sydney, tourism contributed \$11 billion to the economy per annum for the year to December 2012²¹. This was sustained through over 20 million domestic day trips, 50 million International nights and 22 million domestic nights²². Tourism is therefore a critical component economic development and employment in Sydney and tourist accommodation is an important part of this

7.2 EXISTING HOTEL SUPPLY

The provision of hotel, motel and serviced apartment accommodation is limited in the immediate Rhodes area. Rhodes has no reported facilities. The nearest facility is a pub / hotel to the south (Concord Hotel).

A cluster of budget focused facilities are located in Ryde to the north and along the Parramatta Road corridor to the south. North Ryde also includes higher quality accommodation such as the 4 star Marriott Hotel (\$200-400/night). Sydney Olympic Park has a number of facilities and Wentworth Point has a serviced apartment facility.

On the basis of spatial distribution, there appears to be potential for a hotel facility to be provided in Rhodes. This could tap the business park market in the area and Sydney Olympic Park visitor market, in addition to the broader residential market for special occasion visits.

Hotel, motels or serviced apartments reported in the broader region are: Alrose Serviced Apartments, Amg Motel & Serviced Apartments, Avondale Hotel, Bank Hotel, Concord Hotel, Darcys Hotel at Homebush, Dellina Palm Cottage, Formule 1 Sydney Olympic Park, Ibis Budget Sydney Olympic Park, Ibis Sydney Olympic Park, Lucida International Pty Ltd, Markets Hotel-Motel, Metro Inn Ryde, Newbury Hotel, Novotel Sydney Olympic Park, Palace Hotel, Quest at Sydney Olympic Par, Royal Hotel Ryde, Sawdust Hotel, Strathfield Hotel, Waterfront Apartments, Wentworth Hotel and West Ryde Hotel.

¹⁹ Source: Tourism's Contribution to the Australia Economy 1997-98 to 2005-06, Tourism Research Australia (2007)

²⁰ *ibid*

²¹ Source: Draft Tourism Action Plan, City of Sydney (2013)

²² *ibid*

7.3 CONTEXTUAL DATA

The latest accommodation data for the Sydney Tourist Region and selected sub-areas for which data is reported is shown below. This provides information for establishments with 15 rooms or more. No data was provided specifically for Rhodes or Concord. Little can be drawn from this for the study area other than the occupancy benchmark data is marginally lower for the Homebush–Silverwater region compared to Sydney overall.

Table 15 - Selected Regional Accommodation Data

Hotels, Motels and Serviced Apartments by Tourism Region, June Quarter 2013						
	Establishments	Rooms	Bed spaces	Room occupancy rate	Average takings per room night occupied	Average takings per room night available
	no.	no.	no.	%	\$	\$
Sydney (TR)						
Homebush	1					
Strathfield	2					
Homebush Bay - Silverwater	4	673	1,874	71.3	232.66	165.79
North Ryde - East Ryde	2					
Ryde - Putney	2					
Sydney (TR) Total	283	33,724	81,757	76.5	192.17	147.03
Hotels and Resorts	108	20,272	47,028	78.8	210.17	165.70
Motels, Private Hotels and Guest Houses	105	7,204	18,770	66.9	133.95	89.59
Serviced Apartments	70	6,248	15,959	80.1	191.20	153.16

Source: ABS 2013 Tourist Accommodation, Small Area Data, New South Wales, June 2013 and Hill PDA

7.4 MARKET OPPORTUNITIES

The extent to which a hotel would succeed in Rhodes will in large part depend on its offer and market positioning in relation to its competitors and market size. The overall business market and resident market is shown indicatively by the BTS data below. This indicates that the overall market size in the immediate area and beyond is likely to grow strongly over time.

The business market includes the numerous companies located within business parks in the region and Parramatta further to the west.

Table 16 - Worker and Resident Market Trends and Projections

Year	2006	2011	2016	2021	2026	2031
Rhodes (TZ 1499+1500)						
Population	1,745	6,267	11,195	12,002	12,077	12,170
Employment	7,557	8,719	9,358	10,957	11,566	12,107
Canada Bay						
Population	68,725	81,321	89,896	92,654	94,416	96,511
Employment	27,397	30,405	32,519	35,544	37,481	39,206
GMA						
Population	5,214,203	5,669,314	6,057,911	6,437,207	6,824,046	7,211,826
Employment	2,573,000	2,799,543	3,030,013	3,229,228	3,409,598	3,575,665

Source: BTS 2012 and Hill PDA

The Sydney Olympic Park will continue to be a strong attractor to the region. The Olympic Park comprises ANZ Stadium, Aquatic Centre, Athletic Centre, Archery Centre, Hockey Centre, Sports Centre and Sports Halls and Visitor Centre. The area also has significant parklands and community facilities.

The Sydney Olympic Park Authority reports that during the 2011-2012 financial year the area hosted “12 million visits with a daily population of 13,000 and 140 organisations. There are 6,000 events annually held in the Park, 2.7 million parklands visitors.” It was also reported that during the year “the Park attracted 716,000 business visitors who attended more than 2,800 business events”²³. Major events hosted at the Park include national sports events such as AFL, NRL, the Royal Easter Show, other sports and major entertainment acts.

The planned development of the Wentworth Point Bridge to Rhodes will improve direct access to the Park and enable a hotel in Rhodes to better tap the associated visitor market.

7.5 PROPERTY MARKET ACTIVITY

There are no reported hotel developments in the pipeline in Rhodes according to Cordell Connect. Two potential developments have been earmarked for Macquarie Park in Ryde, these being:

- Harvey Norman Mixed Development, Macquarie Park (\$150,000,000). The proposal is for a mixed use development across 3 towers: 6 storey commercial building, 10 storey hotel and a 17 storey apartment building. The project is in early planning with potential commencement in 2017.
- Commercial Development MCentral, Waterloo Road, Macquarie Park (\$55,495,000). The project involves construction of an 8 storey serviced apartment building and an 8 storey commercial office tower (GFA 11,822sqm of new commercial office space and 8,832sqm of serviced apartments with additional 760sqm retail). The project is deemed possible and is in the development approval stage, with a potential commencement date in 2014.

²³ Source: 2011-2012 Financial Report, Sydney Olympic Park Authority

There were no reported hotel or motel sales in Rhodes from mid 2009. Four such sales have been reported in the broader region as follows.

Table 17 - Hotel / Motel Sales, From July 2009

Street Address	Suburb	Land Size	Building Area	Sale Price	Sale Date	Improvement	Land Use
68 Blaxland Road	Ryde	847	na	\$9,250,000	Oct-09	HOTEL	Hotel/Tavern
62 Tennyson Road	Mortlake	1,271	na	\$10,500,000	Jun-10	HOTEL	Hotel/Tavern
862 Victoria Road	Ryde	4,400	na	\$5,610,000	Jun-12	MOTEL	Motels
1186 Victoria Road	West Ryde	3,187	na	\$5,711,192	Apr-12	MOTEL	Motels

Source: RP Data and Hill PDA

7.6 IMPLICATIONS

There are no hotel / motel / serviced apartment facilities in Rhodes and few of note in adjacent areas (apart from a cluster of facilities at the Sydney Olympic Park) and there are no reported hotel developments in the pipeline in Rhodes or in the immediate surrounds.

The visitor market in Rhodes can be defined to comprise three elements: the business market, the residential market and the Sydney Olympic Park visitor market. The business market includes the numerous companies located within business parks in the region and Parramatta further to the west. The proposed hotel would serve workers visiting the business park on the east side of the rail station in particular. Business travellers visiting this area currently have no choice of accommodation locally.

Both the business and resident markets are projected to grow strongly over the coming decades in the local and broader areas, and the Sydney Olympic Park is expected to continue to build a large and diverse visitation profile. The planned development of the Wentworth Point Bridge to Rhodes will significantly enhance this opportunity for potential accommodation operators in Rhodes.

A hotel/ serviced apartment use would also support the residential in this locality, particularly given the high proportion of overseas born residents who are likely to have extended families overseas requiring local accommodating during family visits.

Based on this broad supply and demand review, there appears to be an opportunity for a hotel operator to establish in the area focusing on business and visitor markets that are not currently catered for in the immediate area. The extent to which such a facility may succeed will depend on its offer and market positioning in relation to its competition and market size but there is strong market potential for a hotel/ serviced accommodation due to the range of potential users and lack of competing supply.

8. COMMUNITY USES

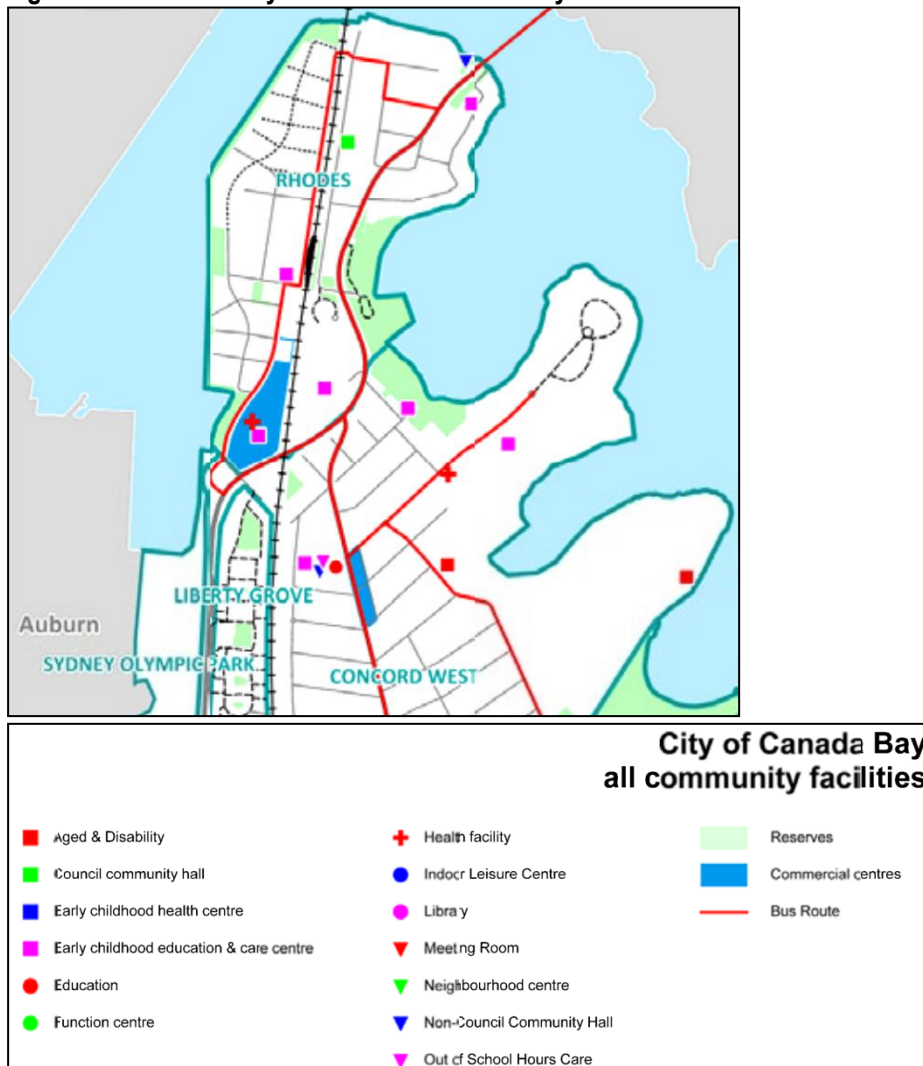
This Chapter undertakes an examination of community uses in the Rhodes Peninsula. Given the potential challenges in occupying the quantum of commercial office floorspace proposed purely for market uses, community use provision may be an alternative to support the centre, activate the area and promote viability.

8.1 COMMUNITY USE ANALYSIS

The Liberty Grove – Rhodes data area of the City of Canada Bay had approximately 8,200 residents in 2011 and forecasts²⁴ suggest the population is likely to increase to around 15,300 by 2021. This is expected to be the peak population for the area.

A profile of selected community facilities is shown in the figure below.

Figure 10 - Community Facilities in Canada Bay



Source: City of Canada Bay 2013

²⁴ Source: City of Canada Bay Forecast.id (2013)

8.2 COMMUNITY FACILITIES IN RHODES

As shown in Figure 10 Rhodes currently provides early childhood educational, medical and community hall facilities locally. Higher order community facilities are located in other parts of the municipality. In addition to these uses we are aware of a childcare centre on the Jeans Walies Avenue/ Rider Avenue.

Using broad service provision thresholds in relation to the anticipated age profile of the area in 2021, the following list of facilities may be demanded by the local population at that time.

Table 18 - Candidate Facilities and Service for a 15,200 Population

Category	Item
Public Open Space and Recreation and Sporting Facilities	Small Local Parks / Plaza
	Local Park / Plaza
	Sport Ovals and Facilities
Art and Cultural Facilities	Branch Library
	Art Gallery
Education	Government Primary School
Health Services	Medical Centre (General Practitioner Clinic)
	Residential Aged Care
Community Meeting Spaces	Neighbourhood House
	Community Centre
	Youth Centre
	Senior Citizens Centre
Places for Spiritual Practices	Place of Worship (Church or Similar)
Early Years Services	Kindergarten / Pre School
	Childcare Centre
	Maternal and Child Health Centre
Other Services	Post Office

The proposed development incorporates a childcare centre, leisure centre, health centre and multipurpose hall on Council owned land within Precinct D. As such, the scope to provide these uses within the centre itself may be limited.

We understand from discussions with Council that there are no primary health care providers in this locality. We are aware that the medical precinct at Concord West is expanding, however this facility serves a larger catchment for higher order medical needs. Given the size of the population in Rhodes there is likely to be justification for a primary health care provider locally, particularly in view of the proportionally larger component of young residents aged under 15 years that are forecast and the growing importance of family households. A successful medical facility of this nature could serve to activate the commercial floorspace and support complementary uses nearby such as a pharmacy or private medical suites and consulting rooms.

The high educational attainment levels of the local population, the high proportion of residents of Asian ethnicity and the growing proportion of school aged residents may also lead to demand for private educational or tuition services locally and could include a language school, IT related education, private tuition for high school and university students, tertiary qualification provider and so on. Rhodes is ranked 8th within the Sydney metropolitan

area in terms of the proportion of the population with a postgraduate degree (14.7% based on 2011 ABS census data)²⁵ which may yield demand for educational uses local.

A gymnasium could also be a successful way to activate the commercial floorspace provides if demand for office uses is limited. Gyms are destinations in themselves and are inward facing thus making effective use of unviable retail locations. A commercial gym is likely to be a feasible use of the upper commercial level given the size of the local population and their demographic profile. This could be combined with other supporting uses including physiotherapist, masseuse, health food emporium and so on. This is also an expanding market sector in Sydney. Notwithstanding this, the presence of a leisure centre nearby may absorb some of this demand dependent upon the nature of facilities to be provided. However, in our view there would be scope for two gym/ health and fitness-orientated facilities in this location and it could provide a point of difference to the leisure centre by offering a different themed leisure activity such as a spinning, yoga and/or pilates studio.

8.3 CONCLUSION

Given the potential challenge in ensuring the viability of commercial offices uses in the proposed development, community uses may be a viable alternative. The key in activating the upper retail floorspace is to provide a strong anchor which is not dependent on passing trade but rather a magnet for trips in its own right. Commercial office uses would have lower propensity to do this compared to community uses as they are not a big attractor or people and as such, from an urban activation perspective, community uses may be preferable.

Potential uses which could fulfil this role include:

- **Medical facility.** This is our preferred option given the strong attraction it would provide and the potential to support other commercial uses locally;
- **Educational centre.** There is expected to be sufficient demand for educational uses in this location and the area could develop a niche offering in this sector. Notwithstanding this unlike medical facilities which are required by all residents, educational uses have a lower potential pool of uses; and
- **Private gymnasium/ health and fitness centre.** The provision of a private gym or health and fitness facility could activate the commercial space and support adjacent commercial uses. It could also operate in conjunction with the hotel facility with free usage for guests as a marketing pitch. The offer would need to be specific to avoid competition with the planned leisure centre.

Provision of any of these uses would be likely to increase the attractiveness of this location as a place to live and, in so doing, the marketability and desirability of the proposed residential units.

²⁵Source: It's all about location, location, education, Sydney Morning Herald (03/11/2012)

9. CASE STUDY DEVELOPMENTS

This Chapter examines a number of retail centres in Sydney and Melbourne which offer insights into what may be achievable in the Rhodes Peninsula. The case studies also allow the ingredients to successful village centres to be explored and lessons learned applied to Precinct D.

9.1 HAROLD PARK

Harold Park is a 5 stage development being undertaken by Mirvac on the former Harold Park Raceway, Glebe. The concept plan for Harold Park comprises approximately 1,250 residential dwellings to be a mixture of 1, 2 and 3 bed properties and terraces and a further 50 affordable housing dwellings²⁶. A retail centre of 5,920sqm gross lettable area inclusive of a supermarket is proposed in the former Rozelle Tram Sheds which are heritage listed.



The ultimate retail mix of the centre has yet to be determined but based on the development application documentation it will comprise:

- 2,656sqm supermarket;
- 500sqm gymnasium;
- 2,720sqm of convenience focused retail; and
- A further 500sqm community facility.

The former Rozelle Tram Sheds comprise a split level facility with access to Jubilee Light Rail Station, a supermarket and community uses located on the upper level and market hall style retail with car parking located at the ground level. Similar to Precinct D, a retail centre in this location faces the challenge of activating a split level and laneway focused centre. By incorporating key anchors such as a supermarket, community facilities and gym in strategic locations the proposed layout seeks to pull footfall through the centre in a manner to benefit all businesses and promote commercial viability.

²⁶ Source: Harold Park Tram Sheds Economic Impact Assessment, Hill PDA (2013)

9.2 DANKS STREET

Crown Plaza Shopping Centre is defined as a Small Village Centre in the Sydney City Draft Subregional Strategy (2007). It is located adjacent to Danks Street Small Village Centre and the two centres effectively function as one centre, known as Danks Street. Danks Street is a new centre which has emerged out of residential growth in the surrounding suburb of Waterloo and in particular the adjacent high density Meriton development where the profile of residents may be similar to the future residents of the Rhodes Peninsular. No trading data is publicly available for this centre but anecdotally we understand that it is trading strongly.



Retail in the centre is focused on the Danks Street Shopping Plaza which provides 3,642sqm GLA floorspace anchored by Coles (2,642sqm) and providing 15 further tenancies (1,220sqm)²⁷. A 1,475sqm ALDI foodstore is provided in close proximity to the Shopping Plaza and there is a further 2,100sqm of strip retail in the vicinity²⁸. The strip retail at Danks Street has built a reputation through a mix of cafés and restaurants, art and furniture



galleries as well as a place for artisan handcrafts. Based on recent market research undertaken in the area²⁹, we understand that retail units along Danks Street have sold for prices between \$6,500/sqm to \$12,000/sqm of building area, outpricing some residential sales. It was formerly anchored by Fratelli Fresh and Café Sopra (now closed *'for renovation'*) and associated Vicino Casa di Fratelli (kitchenwares). Total retail floorspace in Danks Street is approximately 7,200sqm GLA.

Danks Street is an example of the success that retail targeted at the high end cafe/ restaurant market can have in activating a centre. The centre is anchored by the strong provision of cafes and restaurants which serves a wide catchment area and lead to the centre developing a reputation for dining and eating out which attracted shoppers. This emerged from the provision of just one successful anchor restaurant. We note that a similar process is underway at "The Grounds" on Huntley Street in Alexandria. This started as a freestanding restaurant but is supporting other retail uses adjacent due to its popularity with a broadening of retail uses proposed adjacent to it as a result³⁰.

The Danks Street centre is also dually anchored by the Coles and ALDI supermarkets which broaden the offer beyond purely eating out and cater for a more localised catchment. The provision of a number of different types of anchors reduces the commercial risk of the centre and widens the catchment which it serves.

²⁷ Source: NSW/ ACT Shopping Centres Directory, Property Council of Australia (2012/13)

²⁸ Source: Redfern-Waterloo Retail Needs Assessment, MacroPlanDimasi (2012)

²⁹ Note: May 2013

³⁰ Source: Employment Lands Study, SGS Economics and Planning (2013)

9.3 EAST VILLAGE - VICTORIA PARK

Victoria Park is a new centre that is soon to open in Zetland. It will cater predominantly for demand emerging from residents in the high-density residential development in the immediate area being undertaken by Payce. The retail centre, named 'East Village', will comprise the split of uses set out in the following table.

Table 19 - East Village – Victoria Park Retail Mix

Retail Store Type	Floorspace (sqm GLA)	Units
Supermarket	4,015	1
Specialty Stores	5,273	54
Health Club	4,835	1
Audi Showroom	13,399	1
Medical Centre	466	1
Childcare Centre	1,038	1
Office Space	907	n/a
Total	30,989	59

Source: Discussions with Payce Consolidated Ltd

East Village will provide around 9,300sqm of retail floorspace anchored by a full-line Coles supermarket of 4,015sqm plus an estimated 50 specialty stores³¹. The focus for the retail component is on fresh food and the aim is to create an eat-street area of restaurants, cafes and bars fronting Defries Avenue. The target market for this development is '*highly affluent 28-35 years olds...seeking exciting food and entertainment options*'³². This is comparable to the demographic profile of residents in Rhodes.



Components of the East Village are as follows³³:

- Eat Street – cafes, restaurants and bars in 10-12 units ranging from 60-350sqm;
- Lifestyle/ daily needs – expected to include hair and beauty, fashion, homewares, a pharmacy, health stores, florist, retail services such banks, travel agents and dry cleaners in 20 stores of between 40-300sqm;
- Fresh food marketplace – expected to include a butcher, baker, fish monger, green grocer, Asian groceries, delicatessen and patisserie in 10 stores of between 20-800sqm; and

³¹ Source: East Village Retail Marketplace, Payce (2013)

³² ibid

³³ ibid

- Full-line Coles supermarket. This will allude to the above average socio-demographic characteristics of residents in the trade area and will focus on a quality retail experience comparable to the Coles in Stockland Balgowlah.

The layout of the retail precinct in East Village is shown in the following figure. Note the location of the supermarket within the design which serves to pull shoppers into the development past the speciality retailers, but is also easily accessible to allow convenience.

Figure 11 - East Village Retail Marketplace



Source: East Village Retail Marketplace, Payce (2013)

The demographic profile targeted by the future centre in the East Village is comparable to that of the future centre in Precinct D. It provides a retail offer focused on four distinct sectors which focuses on the shopping needs of local residents but also seeks to serve as an attractor for a broader catchment area focused on dining and eating out. It contains a sizeable component of other supporting floorspace including a car showroom and community uses. Total commercial and community use floorspace in East Village equates to 6,339sqm GLA and includes a medical centre, childcare centre and health club. Office floorspace accounts for only a minor proportion of the overall offer (907sqm) and more than four times less than that proposed in Precinct D despite this centre being much larger.

9.4 CAMMERAY

Stockland Cammeray is a purpose built shopping centre catering for the surrounding, affluent residential suburb. It opened for trading in November 2008 and provides 5,700sqm of retail floorspace split as shown in the following table.

Table 20 - Stockland Cammeray Retail Mix

Retail Store Type	Floorspace (sqm GLA)	Units
Foodstore	712	1
Specialty Stores	2,580	11
Medical Centre	249	1
Childcare Centre	1,550	1
Dentist	93	1
Office Space	534	2
Total	5,718	19

Source: NSW/ ACT Shopping Centre Directory 2012/13 Property Council of Australia

Stockland Cammeray is anchored by a Harris Farm of 712sqm GLA and the other 18 tenancies include 6 café, restaurant and takeaway food tenancies, butcher, patisserie, pharmacy, nail bar, hairdresser, dentist, medical practice and childcare centre.

The centre recorded a Moving Annual Turnover (MAT³⁴) of \$21.6m for the year to December 2012³⁵. The demographic of the main trade area served by this development has household income which is +39.6% greater than the Sydney Metropolitan Average and comprises a high proportion of couples both with and without children³⁶. It is a well performing centre.

Stockland Cammeray serves a distinctly local residential need with limited provision of the broader catering offer notable in other case study examples. In focusing on local need it caters for not just retail demand but also demand for community and commercial uses. Indeed community and commercial floorspace accounts for some 2,426sqm GLA of floorspace or 42% of total floorspace in the centre. This is provided at ground and first floor level.

9.5 BAKEHOUSE QUARTER

The Bakehouse Quarter is a redevelopment project on the former Arnott's biscuit factory site located along George Street in North Strathfield some 3.5 kilometres from Precinct D. The theme of the project is mixed retail, entertainment and office uses integrated into the historic factory of the site and its buildings along with open space and cobblestoned lanes and streets.

³⁴ Note: Moving Annual Turnover or MTA is defined as sales for the twelve-month period ending in a nominated month. It is updated by adding the current month's sales to the MAT at the end of last month and subtracting sales from the corresponding month last year. Moving Annual Turnover is calculated inclusive of GST (Source: Property Council of Australia)

³⁵ Source: Stockland Cammeray Casula Mall Leasing, Stockland (2013)

³⁶ ibid

At the current time retail tenants include ALDI, minimart, food markets and specialty stores including pharmacy and newsagent and 14 personal service outlets including hairdressers and fitness centre in addition to about 17 restaurants / bars / cafes. The entertainment offer includes bowling, dance studio, amusement centre and play centre. The site also accommodates two childcare centres and an education college. Approximately 11 commercial tenants are located in the development including professional service firms and NRMA's head office and main call centre. The site includes serviced offices with shared facilities and services for small business tenants.

In terms of design, the layout follows the former industrial site's structure and can therefore be described as a campus style development. The area has ample at grade car parking and is adjacent to the junction of Parramatta Road and the M4 Motorway. North Strathfield Train Station is located at the northern edge of the precinct.

Figure 12 - Masterplan Image, Bakehouse Quarter



Source: Backhouse Quarter Website 2013

The Bakehouse Quarter demonstrates the positive impact that nighttime activation has on the vitality and viability of the centre offering. Precinct D should seek to ensure that activation is achieved throughout the day and in the evening through the retail mix to diversify usage of the centre.

9.6 QV (QUEEN VICTORIA) DEVELOPMENT

Marketed as a city within a city, the QV Urban Village development in Melbourne's CBD is an example of an integrated high density mixed use project that takes in a city block. QV is designed around laneways and multi-layered mixed use high density development. Developed in 2002-2003 it encompasses the historic Queen Victoria Hospital and includes a shopping centre, office buildings, entertainment uses and high rise apartments.

Retail tenants include Big W discount department store and Woolworths supermarket in a basement level, a food court at ground level connected to a series of laneways that include speciality shops, cafes, bars and restaurants. Upper levels include large format retail like Harvey Norman and furniture stores, entertainment uses and residential apartment towers. Entertainment uses include bowling, pool hall and amusements. The site also includes office buildings including the global headquarters of BHP Billiton and Telstra and other major engineering

and professional service firms. The centre provides parking in basement levels. The site is within the CBD grid and is adjacent to the State Library and near the Melbourne Central Train Station. High rise apartment towers are integrated into the project.

Figure 13 - External view of the QV Development



Source: NH Architecture Online

Figure 14 - Internal Plaza at QV



Source: QV Apartments Online

The Precinct D proposal seeks to capture some of the design themes of this development, in particular integrating retail, office and entertainment uses within a high rise apartment development. The direct translation of land uses is not directly comparable because of the CBD location of QV and its much stronger demand profile for a host of land uses, however the design concept does provide some lessons, including locating active land uses along street frontages and laneway frontages, placement of anchor land uses to direct foot traffic through the development and locating lower turnover uses on upper floors.

These principles are captured in the broad scheme proposed by Precinct D in a similar way, however QV has a large catchment and multiple transport linkages.

9.7 CASE STUDY IMPLICATIONS

The lessons learned from the case study examples comprise:

- There is a need for multiple anchors in the Precinct D centre. These will serve to broaden the appeal of the centre, extend the trade area and attraction to a range of shoppers. Anchors could include a supermarket, a strong catering tenant(s) or community uses such as a medical centre or childcare centre;
- The location of anchor tenants is important in terms of urban activation, footfall and ensuring the maximum commercial potential of centres is achieved;
- In general terms the highest value commercial and retail uses are located on the locations with greatest footfall. Similarly retailers which are dependent upon passing trade area situated in the most prominent locations. Uses which do not rely on passing traffic to such an extent, such as commercial office uses, personal services or specific localised uses are situated in locations which reflect this;
- Commercial office and community uses are an important aspect of the retail mix and offer of centres of this size. In the context of the current proposal the commercial floorspace is high as a proportion of the overall floorspace mix but if some of this were used for community purposes this would better reflect provision in other centre; and
- The retail mix of centres should be tailored towards the demographic constitution of the trade area which it serves and the needs of users be they residents or workers. In the case of Precinct D the demographic profile indicates a high component of affluent, Asian and young residents although in time there will be a shift towards families with young children. We would expect the mix to be focused on the particular needs of this group including a strong component of Asian themed retail, a focus on convenience retail (which also serves worker demand) and a quality retail pitch.

10. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The final Chapter summarises and concludes the Study. Our main recommendations for Precinct D going forward are distilled.

10.1 SUMMARY AND CONCLUSIONS

This Study has examined the current proposals for Precinct D. The following conclusions have been drawn:

- Demand for retail floorspace in the trade areas which would be served by Precinct D has increased since the 2012 Study due to greater population and worker forecasts. Planned supply additions are modest and thus there is a greater need for additional retail floorspace than previously quantified. The proposed quantum of retail floorspace in Precinct D has reduced since the masterplan and on this basis there is sufficient demand to justified the retail component;
- In terms of trading impact on other centres the 2012 Study found that trading impacts on all centres in the locality would be acceptable under the masterplan. As demand forecasts have increased and retail floorspace on the site has decreased since the 2012 Study, the trading impact of the current scheme will be lower than previous quantified and thus also acceptable;
- Retail floorspace provided in the centre should respond to the demographics of the residential and worker catchment which it would serve. This includes a high component of young, well educational, affluent residents of Asian ethnicity and in the future shift towards families with young children. This will equate to demand for a high quality retail offer focused on convenience and eating out. Workers in the area will also desire comparable retail provision and the advantage of this is that the successful retail pitch of Precinct D will ensure activation during the day (serving workers and non-working local residents) and in evenings/ weekends (local residents);
- We expect that planning for retail facilities in Wentworth Point may evolve over time in response to the greater quantum of population growth planned for the area. This may have implications for Precinct D but would need to be assessed at such a time as any proposals are published;
- A relatively sizeable quantum of commercial office floorspace is proposed as part of the development. Given the size of the residential catchment which the centre will serve there will be demand for shopfront commercial uses which are expected to occupy some of this floorspace. However the majority of commercial office floorspace would require non-shopfront commercial tenants the demand for which is unclear, particularly in the context of the split level nature of the proposal. In this context it may be a better outcome for the centre is much of this floorspace were planned to incorporate community uses which could provide further anchors for the precinct and more closely align the mix with the other successful retail centres examined. Our preference in this regard is for a primary care focused medical centre, a private gym or health and fitness tenant or an educational node alluding to the high educational level of local residents;

- The provision of a hotel in this location would be a strong asset to Precinct D. Amongst the benefits it would provide are included:
 - Diversifying the trade area for local businesses;
 - Activating upper levels of the centre;
 - Encouraging more pedestrian movement through the precinct;
 - Supporting employment uses in the locality and providing a further support service for local residents who may have a disproportionately greater need for temporary accommodation due to a high proportion of overseas born residents;
 - Broadening the potential employment offer in this location;
 - Further differentiating the role and function of the Precinct from existing and planned centres in the surrounding area;
 - Capitalising on the rail transport node adjacent to Precinct D.
- The centre should include a number of anchors. This will include a supermarket, a strong dining out offer, a hotel and a leisure centre and could also include a community use such as a medical centre, educational node or private gym. An Asian themed precinct in itself could become an anchor for the centre. The provision of a range of anchors broadens the appeal of the centre, supports vitality and urban activation throughout the day and evening and ensures that it can better serve the needs of local residents; and
- The split level nature of the centre provides both a challenge and an opportunity. Ensuring activation of the upper levels will be critical to the performance of the centre but, if successfully achieved, would deliver a niche and unique shopping experience. The laneway nature of the retail offer as individual and would be more akin to the offer provided in Europe and Asian rather than existing provision in the wider Rhodes area. This has strong commercial potential provided that urban activation and inter-relation throughout all levels of the scheme is ensured.

10.2 RECOMMENDATIONS

Retail Mix

The Study has adequately demonstrated sufficient demand for the retail floorspace proposed. In this context, the focus for future planning in the precinct is on getting the mix right in the context of the role of the centre, the trade area it will serve and the laneway and split level nature of the centre.

Our recommendations from the 2012 Study in terms of the retail mix remain broadly unchanged. The precinct should be anchored by a supermarket of 2,500-3,000sqm, an Asian supermarket/ food mini-major(s) and a sizable proportion of restaurants and take-way uses. Comparison goods retail serving local demand will also be required. The nature of the laneways offers the potential for the Precinct to capitalise on this setting to create a unique sense of place and a point of difference for the retail centre from other centres in the locality.

Higher value retail uses such as restaurants, take-aways and food/ convenience retailers should be situated in locations with greater foot traffic such as corners, laneway interchanges and locations offering prime views. Lower

value retail uses including comparison retailers and personal services should be situated in locations which are not as commercially valuable. Anchors should be distributed across the Precinct in order to pull shoppers through the laneways and in this context the larger retail units fronting Marquet Street are the obvious locations for the supermarket and Asian themed food anchors. Asian themed high quality retail should be a cornerstone of this centre.

Note that there is scope for the centre to be larger in the future if space allows given the extent of forecast retail demand growth in the locality.

Commercial Mix

Tenancing the commercial office mix in the centre as currently sought may be a challenge due to the sizeable amount of floorspace proposed and the split level nature of the centre. Ensuring flexibility in the design of this floorspace is critical in allowing it to respond to market demand and increase the potential for occupancy. As previously indicated we believe that focused on a key community anchor(s) may be a beneficial outcome, with a medical facility, gym/ health and fitness facility or educational node being our favoured uses. These would respond to local residential demand, enhance the community experience and support spin-off commercial demand in the locality. In doing so it would support the attractiveness and desirability of this area as a place to live.

Provision of a link at second-floor level to the commercial floorspace fronting Walker Street is mooted. We support the provision of this link as in our view it could increase the commercial viability of this floorspace and could allow the creation of stronger links between the Level 2, Level 1 and ground floor uses.

Hotel Uses

We strongly support the provision of a hotel/ serviced apartment facility as part of the centre. The presence of the hotel offers the potential to provide affiliated uses in the Level 1 and 2 commercial floorspace proposed which could include a gym, restaurant or, dependent upon demand, additional accommodation. In this manner it increases the range of uses which could be viable in this location.

Distribution of Uses across Precinct D

In broad terms, we believe that future planning for the Precinct should seek to facilitate the following:

- Ground floor – High-value retail uses and main retail anchors. This area will comprise the prime retail sites and the location of tenants within the site should be designed to maximise commercial potential. This supports the commercial viability of the precinct;
- Level 1 – Options for the level 1 retail include lower value uses which do not depend on passing traffic and/ or which are attractors in their own right. Such uses could include personal retail services such as banks, hairdressers, dry cleaners or a Post Office, larger floorspace operators which cannot be accommodated at ground level or which require more affordable floorspace such as an Asian supermarket or large pharmacy, or a larger restaurant/ cafe/ hotel offer which can capitalise on the outlook offered by this location. The promotion of a restaurant/ cafe area on the first floor level offers the opportunity to create an anchor at this level in the same manner Fratelli Fresh anchored the Danks Street precinct and also offers the potential to increase the commercial returns on this level comparative to that which would otherwise be achievable. Flexibility should be employed in relation to the commercial floorspace proposed on this level – if a

commercial or community related tenant cannot be secured retail or hotel/ serviced apartment uses may be an alternative;

- **Level 2** – The large commercial floorspace area on level 2 would be suitable for one of the community/ commercial anchors previously identified. The commercial potential of the thin commercial strip on the opposite side of the Precinct will be challenging but could be affiliated with the hotel/ serviced apartment use or that of the commercial/ community anchor.

Achieving Urban Activation

Activation of the whole retail precinct will be key to its success. The challenge will be particularly strong for level 1 and 2 floorspace. The careful location of anchors throughout the centre will support urban activation. Other means in which this could be achieved include strong and legible pedestrian signage and a pedestrian link to the rail station at level 2.

The mix of uses Hill PDA envisage for this centre will ensure that it caters for all components of the trade area it will serve: residents, workers and visitors. In so doing the centre will be active throughout the day, evening and at weekends and will provide a different role to users at different times. This will support the desirability of locating in the centre from a commercial perspective and, in so doing, the viability of the centre. This will require opening hours which reflect the usage of the centre and balance amenity issues for residents.

In time Council may consider other means of activating the precinct and supporting commercial viability. This may include temporary markets, festivals or themed events.

Risk Mitigation

A number of measures are proposed to support the development of a centre in Precinct D:

- **Flexibility.** The provision of flexibility in the design and planning process is key to allow the centre to adapt to market demand. This includes avoiding overly prescriptive planning controls in terms of, for example, the size of units or the hours of trading. The market will determine the viability of uses across the centre and it should be allowed to do so within the broad parameters of masterplan for the Precinct. As the market will change over time, design changes are likely to be required;
- **Range of uses.** Flexibility should also be incorporated in the range of uses provided across the Precinct. As the market for commercial office uses in this location is challenging, in time it may be necessary for the use of this floorspace to change to support a more viable and, ultimately, a more successful centre in this location;
- **Responsive to Resident Needs.** The future retail centre in Precinct D will primarily cater for demand emanating out of local residents and use and function of it should respond to the needs of resident. This requires monitoring of the demographic composition of the trade area as development continues and consideration of how retail and commercial uses can be tailored accordingly. Successful retail centres target their offer specifically to the demographic profile and expenditure characteristics of their trade areas;
- **Review of Competitive Context.** The competitive context in which this centre will operate is an important component in its role and function. Given development in the wider area the extent of planning for retail

uses should be monitored and any implications for retail uses acknowledged in an ongoing process. The development of retail uses in Wentworth Point, for example, may have implications for Precinct D; and

- **Centre evolution.** The role of the centre will evolve over time as the demography of the trade area changes and the centre design and planning should allow this to occur. Given the extent of unmet retail demand in this location, the commercial potential for the trade area and the excellent location of Precinct D we expect demand for representation from retail operators to be strong. In time as the centre establishes itself this will be likely to extend to the upper levels. As such as the centre matures the manifestation of demand and land uses will change and this should be allowed to occur.

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