



Proposed Masters Home Improvement Centre North Ryde

Economic Impact Assessment

PREPARED FOR

Masters

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EXECUTIVE SUMMARY

Hill PDA was engaged to assess the economic impacts of a proposed amendment to the Ryde Local Environmental Plan (LEP) 2010 and Draft Ryde Local Environmental Plan (DLEP) 2011. The proposal seeks to include *'hardware and building supplies'* as a permissible use in the B7 Business Park zone. The proposal would facilitate the development of a Masters home improvement centre of 13,700sqm gross floor area on the Subject Site at Epping Road/ Wicks Road, North Ryde.

The Economic Impact Assessment finds that:

- A gap analysis of the area around the Subject Site demonstrates a lack of large format hardware operations. Provision in this sector is currently limited comprising predominantly small units with no on-site or dedicated car parking;
- The Masters home improvement centre would serve a Primary Trade Area comprising most of the Ryde LGA and a small part of Ku-ring-gai, Epping and Eastwood. It would serve a larger Secondary Trade Area. In total the Main Trade Area (the Primary and Secondary Trade Areas combined) contained approximately 340,000 people in 2011. This population is projected to increase to 406,000 by 2031. Population growth will generate significant demand for new retail and hardware floorspace over the 2011 to 2031 period;
- Residents in the Main Trade Area generated \$153m of hardware-related expenditure in 2011. This is forecast to increase to \$227m by 2031;
- Residents in Ryde LGA have experienced diminished access to hardware related floorspace in the LGA over the past few years as the former BBC, Hudson and Complete hardware stores in Eastwood have all closed. Residents now have to travel greater distances to access hardware facilities which were previously provided locally and the area lacks a large format hardware offering;
- In 2011 the Main Trade Area had an undersupply of hardware and home improvement floorspace of 22,400sqm GLA. By 2031 that level is expected to increase to 39,300sqm;
- There is significant unmet demand for additional hardware floorspace in the Main Trade Area which the proposal would assist in addressing. Around 8,000sqm GLA of the Masters home improvement centre would relate to household retail floorspace. The proposal would therefore account for just 20% of total hardware floorspace undersupply in the Main Trade Area to 2031;
- Masters would derive the majority of its trade (an estimated 75%) from residents living in the Primary Trade Area who must currently travel outside of it to other destinations in order to access large format hardware floorspace due to a lack of proximate facilities. The proposal would assist to reduce the distance travelled by car by residents in the Primary Trade Area;
- Masters would compete predominately with large hardware suppliers and trade-related operators located in industrial precincts. There are only a few hardware stores located in the centres within the trade area. These stores are considerably smaller and provide more of a convenience role for their respective local areas. They are not anchor tenants or key attractors. Conversely the Masters home improvement centre will be a destination with a much larger regional trade areas would perform a different role. Because of these differences, the proposal would not threaten the vitality or viability of any existing centres;

- The proposal is justified on demand growth alone and in the context of significant floorspace undersupply. Any trading impacts on existing businesses would be short-term only and mitigated by demand growth. Existing hardware businesses in centres are small, are not anchors and make a limited contribution towards the performance of centres. Adverse trading impacts on individual retailers are a matter of competition only and not a relevant consideration to economic impact;
- The City of Ryde Local Government Area (LGA) has more than sufficient land zoned to accommodate commercial office land demand forecasts over the period to 2036. The proposed increase in FSR and height in Macquarie Park will further increase capacity. As such, the use of this site for hardware and building supply sales would not jeopardise the potential of the LGA to meet future commercial office demand;
- As the zoning of the site would not change and given the relatively low construction costs of a Masters home improvement centre comparative to commercial office floorspace, the Subject Site could revert to commercial office uses in the future should there be sufficient demand. The proposal does not preclude use of the Subject Site for commercial office uses in long-term;
- Masters is a new entrant to the retail sector. Council should be supportive of this opportunity to facilitate its location in the LGA in the context of need and the appropriateness of the Subject Site;
- Other economic benefits associated with the proposal would include:
 - Job creation during the construction process and in operations;
 - Direct capital investment and indirect investment through the multiplier effect; and
 - Increasing choice and price competition in the retail sector.

1. INTRODUCTION

Hill PDA was commissioned to undertake an economic impact assessment (hereafter referred to as 'the Study') related to a proposal which would facilitate the development of a Masters home improvement centre on a site fronting Epping Road, North Ryde. This Study considers matters related to economic issues only.

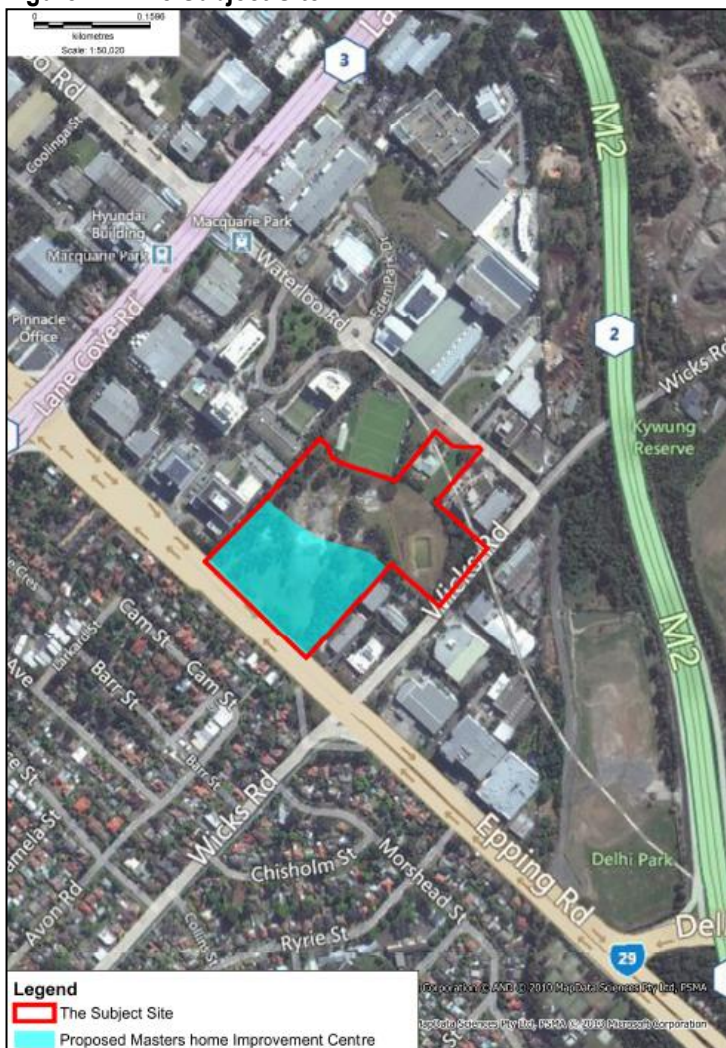
1.1 The Subject Site

The Subject Site comprises 6ha of land of which approximately 2ha will be used for the purposes of a Masters home improvement centre. It is bounded by Waterloo Road to the north east, Wicks Road to the south east, Epping Road to the south west and existing commercial uses to the north west. It is largely vacant although it incorporates a childcare facility located adjacent to Waterloo Road. It is located in the Macquarie Park corridor and within the City of Ryde Local Government Area (Ryde LGA).

The Subject Site is located around 500m south of Macquarie Park Rail Station and 250m north west of Officeworks and Domayne on Epping Road.

The location of the Subject Site is depicted in the following figure.

Figure 1 - The Subject Site



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

The Subject Site is zoned B7 Business Park in the Ryde Local Environmental Plan (LEP) 2010 and Draft Ryde Local Environmental Plan (DLEP) 2011. An increase in permissible FSR and height on the Subject Site and in the wider Macquarie Park Corridor is proceeding.

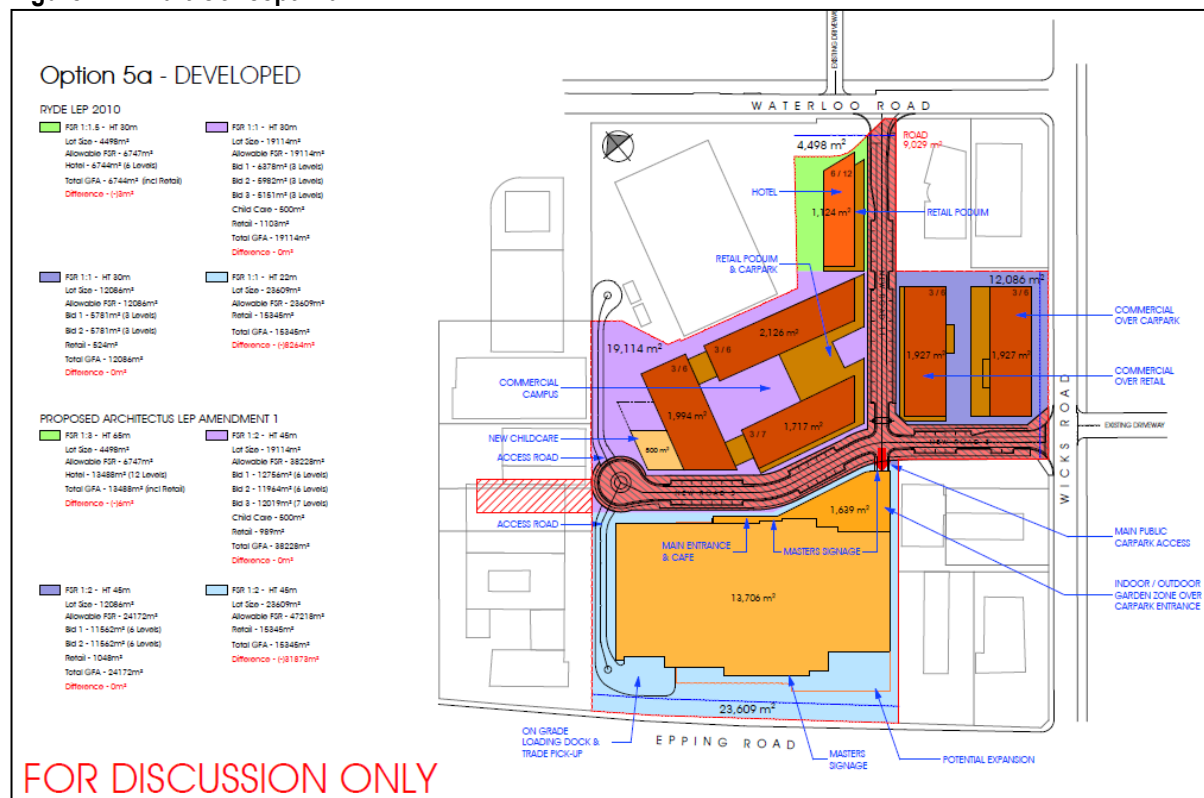
1.2 The Planning Proposal

An amendment to the Ryde LEP 2010 and DLEP 2011 is sought to include 'hardware and building supplies' as a permissible use in the B7 Business Park zone. This would facilitate the development of a Masters home improvement centre of approximately 13,700sqm gross floor area (GFA)¹. Car parking facilities would be provided below-grade, underneath the Masters home improvement centre. Vehicular access to the car park would be via Waterloo Road and Wicks Road.

It is envisaged that retail and commercial uses would be developed on the northern part of the Subject Site, in addition to internal roads, landscaping and a childcare centre.

The figure below shows the concept plan for the Subject Site. The concept plan is premised on achievable development under the amended FSR and height development controls which are proceeding. These will be examined subsequently in the Study.

Figure 2 - Draft Concept Plan



Source: fitzpatrick+partners 2013

¹ Gross Lettable Area (GLA) is the common measure used for lease and for other descriptive purposes in retail centres and shops. It is usually defined as the total area of the lease and includes back of house, storage, offices and mezzanine levels but usually excludes loading docks and common mall spaces. Gross Lettable Area (GLA) is more commonly used in the industry because it defines the area of the lease. Shopping centre owners report rents and turnover figures on the leased area and benchmarking is usually made on the GLA. For the purpose of Hill PDA's demand modelling all floor areas expressed are in GLA

1.3 The Masters Home Improvement Centre Concept

Masters home improvement centres are a new entrant to the Australian retail market. The typical layout generally consists of a total floor area of approximately 13,000sqm to 14,000sqm providing trade and building supplies, landscape and garden supplies, hardware and bulky goods, with associated car parking.

Masters home improvement centres are a joint venture between Woolworths Limited and Lowe's Companies Incorporated. Woolworths are Australia's largest retailer and private sector employer, employing over 191,000 people.

Lowe's is the second largest home improvement retailer in the world and has over 1,700 stores across the USA, Canada and Mexico. Lowe's investment will represent a 33.3% stake in Woolworths' home improvement multi format offer. Lowe's will provide Woolworths with access to people, intellectual property, systems and global sourcing opportunities.

The Woolworths/Lowe's vision is to enhance choice for Australian (retail and trade) consumers with increased competition in the destination home improvement sector, improved product range representing value and choice and a fresh new offer. The joint venture is aiming to secure approximately 150 stores across Australia over the next 5 years.

1.4 Study Structure

To meet the requirements of the project brief the Study is set out in the following manner:

- Chapter 2 provides a summary of the planning and legislative context of relevance to the planning proposal;
- Chapter 3 examines the existing and future retail hierarchy around the Subject Site with a focus on hardware and building supply businesses;
- Chapter 4 defines a trade area for the proposed Masters home improvement centre, undertakes a demographic analysis and forecasts retail floorspace demand within this area. Demand is compared to supply to determine the extent of under/ oversupply;
- Chapter 5 considers the appropriateness of the Subject Site to accommodate a Masters home improvement centre;
- Chapter 6 assesses the potential impact of the planning proposal on existing and future business park uses;
- Chapter 7 assesses the trading impacts of the proposal on centres; and
- Chapter 8 recognises a range of economic benefits which would eventuate from the proposal such as employment, economic multipliers and so on.

2. PLANNING POLICY & LEGISLATIVE REVIEW

A detailed summary of the planning policy and legislative review in relation to the planning proposal is provided in Appendix 1 of this Study. This Chapter summarises the main findings of relevance

2.1 State and Subregional Guidance

An enormous quantum of population, dwelling and employment growth is targeted in Sydney over the next 25 years. This will lead to a significant increase in demand for additional retail and commercial floorspace over the period which the planning system should seek to accommodate.

The NSW Department of Planning and Infrastructure (DoPI) confirms the primacy of centres as the preferred location to accommodate new retail development. However the DoPI recognises that this is not always achievable, particularly for large format retailers who require large floorplates at low rents due to issues of commercial viability. A flexible approach is advocated to facilitate new retail supply. Land supply should always be sufficient to accommodate market demand. A proactive approach towards new formats such as Masters is mandated by the DoPI.

In the consideration of matters of trading impacts resulting from new retail development, court judgments and State guidance is clear that impacts on individual retailers are a matter of competition only and are not a relevant planning consideration. Rather, it is the overall impact of a proposed development on the role, function, vitality and viability of centres which is the pertinent consideration when determining the acceptability of trading impacts. Where proposals do not threaten existing or planned centres to the extent to which their role, function, vitality or viability of centres would be threaten, the increase in retail floorspace supply which proposals support should be viewed positively.

2.2 Local Guidance

Local planning guidance recognises the need to support economic opportunities in the Ryde LGA to meet the needs of a growing resident and worker population. Of particular note to this planning proposal, previous research by City of Ryde Council (Council) has indicated that there is sufficient land zoned within the LGA to accommodate forecast employment growth over the period to 2034². Proposals for uplift in FSR and height development controls in the Macquarie Park corridor, including on the Subject Site, are proceeding. These will further increase the capacity of the LGA to meet future employment demand.

² Source: Local Planning Study, City of Ryde Council (2010)

3. COMPETITIVE RETAIL REVIEW

This Chapter undertakes a review of the competitive retail hierarchy relevant to the planning proposal. This process assists in determining a trade area for the proposal, assessing retail need and potential trading impacts and in identifying the role which it would play in the provision of retail goods and services locally.

3.1 Retail Hierarchy

Defined centres in the locality of the Subject Site of Town Centre classification or above are shown in Table 1 below.

Table 1 - Centres Hierarchy

Typology	Characteristics	Centres
Major Centre	Major shopping and business centre serving immediate subregional residential population usually with a full scale shopping mall, council offices, taller office and residential buildings, central community facilities and a minimum of 8,000 jobs.	Chatswood, Hornsby
Specialised Centre	Areas containing major airports, ports, hospitals, universities, research and business activities. These perform a vital economic and employment role which generate metropolitan-wide benefits.	Macquarie Park
Town Centre	Town Centres have one or two supermarkets, community facilities, medical centre, schools, etc. Contain between 4,500 and 9,500 dwellings. Usually a residential origin than employment destination.	Eastwood, Ryde, Epping, Gordon, Carlingford

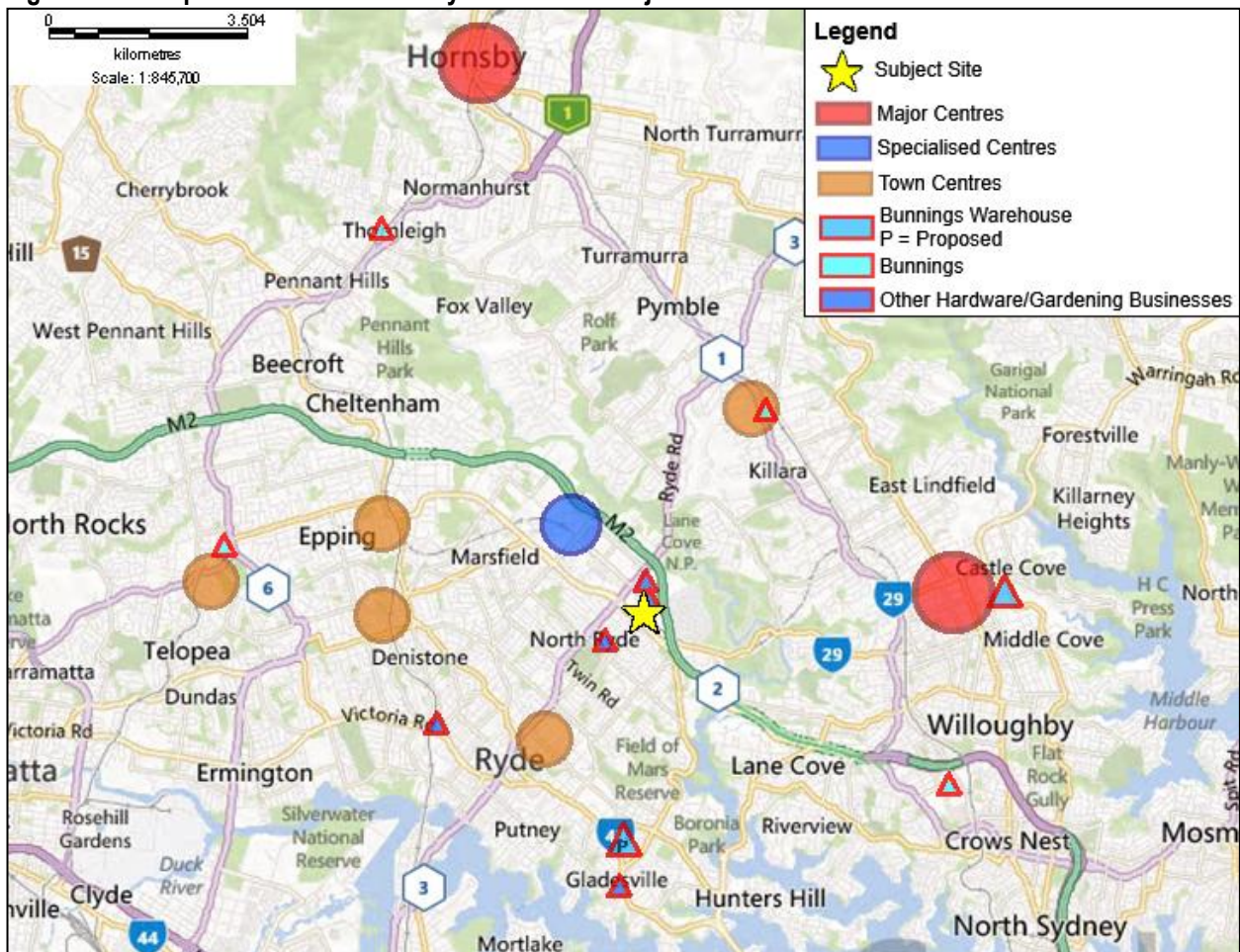
Source: Draft Inner North and North Subregional Strategies, NSW Department of Planning and Infrastructure (2007)

Smaller centres in the hierarchy and other businesses in the locality which may include competing provision include:

- Macquarie Park Corridors – includes Eden Gardens, Sherringham, Officeworks, Domayne and a number of other bulky goods occupiers;
- Cocks Road Small Village Centre, North Ryde – includes a Thrifty Link store;
- Gladesville Village Centre and Industrial Precinct – an existing Thrifty Link and a proposed Bunnings Warehouse and other existing trade related businesses;
- West Ryde Village Centre – includes Taffas Mitre 10;
- Artarmon Industrial Precinct – includes a range of trade related businesses and a Bunnings;
- East Chatswood Industrial Precinct – includes a range of trade related retailers and a Bunnings Warehouse; and
- Thornleigh Industrial Precinct – includes a Bunnings.

The location of these centres and facilities is depicted in the following figure. Each of the centres and facilities is considered in greater detail for the remainder of this Chapter.

Figure 3 - Competitive Retail Hierarchy around the Subject Site



Source: Map produced by Hill PDA using MapInfo 11.5 software and Microsoft Bing (c) 2011 Microsoft Corporation

3.2 Major Centre

Chatswood

Chatswood is located approximately 6km or a 9 minute drive east of the Subject Site³. Chatswood contains approximately 190,000sqm of retail floorspace⁴. Retail provision is dominated by Westfield Chatswood (71,100sqm⁵ gross lettable area or GLA⁶ of retail floorspace) and Chatswood Chase (58,600sqm GLA retail floorspace⁷). Westfield Chatswood contains a Myer, Target, Toys R Us, Coles, Rebel, JB Hi-Fi and ALDI in addition to 272 specialty stores⁸. Chatswood Chase is anchored by David Jones, Kmart, a full-line Coles supermarket and Harvey Norman and provides a further 207 specialty stores⁹. Chatswood includes three further shopping centres; the Chatswood Centre, the Lemon Grove Centre and the Mandarin Centre, as well as strip retail facilities.

³ Source: Googlemaps

⁴ Source: Inner North draft Subregional Strategy, NSW Department of Planning and Infrastructure (2007)

⁵ Source: 2012/2013 Shopping Centre Directory NSW/ ACT Property Council of Australia

⁶ Note: Gross Lettable Area (GLA) is the common measure used for lease and for other descriptive purposes in retail centres and shops. It is usually defined as the total area of the lease and includes back of house, storage, offices and mezzanine levels but usually excludes loading docks and common mall spaces. GLA is more commonly used in the industry because it defines the area of the lease. Shopping centre owners report rents and turnover figures on the leased area and benchmarking is usually made on the GLA. For the purpose of Hill PDA's demand modelling all floor areas expressed are in GLA.

⁷ Source: 2012/2013 Shopping Centre Directory NSW/ ACT Property Council of Australia

⁸ ibid

⁹ ibid

Chatswood performs a wide ranging role to a large catchment area which includes higher order retail including department stores and full line supermarkets, administration, civic, employment and entertainment functions. Hardware and building supply related floorspace in Chatswood is restricted to limited to items sold by a minority of retailers, such as Target, which are ancillary to their main product lines. The proposed Masters home improvement centre would serve a different role to existing provision in Chatswood and would not compete with it.

Hornsby

Hornsby is located 14km or a 20 minute drive north of the Subject Site¹⁰. The majority of retail floorspace in the centre is provided by Westfield Hornsby which accounts for 91,000sqm GLA of retail floorspace¹¹ and includes David Jones, Myer, Kmart, Target, full-line Coles and Woolworths supermarkets, Rebel, ALDI as well as 310 specialty stores¹². Westfield Hornsby is situated on the eastern side of Hornsby. The western side of Hornsby consists of more traditional high street shopping facilities and aligns the Old Pacific Highway. This area performs a number of civic functions and includes a police station, court buildings and Council chambers.

Similar to Chatswood, Hornsby serves an extensive catchment area and provides a wide range of functions over and above retail. It performs a role and function which differs from the proposed Masters home improvement centre and provides limited floorspace which would compete with it.

3.3 Specialised Centres

Macquarie Park

Macquarie Park Regional Shopping Centre, or the Macquarie Centre, is located 3km or a 3 minute drive north of the Subject Site¹³. It currently provides 83,400sqm GLA of retail floorspace including Myer, Big W, Target, a full-line Woolworths and Franklins and 231 specialty stores in addition to a further 13,500sqm GLA of entertainment related floorspace¹⁴. The centre is being expanded to deliver a further 35,000sqm of retail floorspace inclusive of a David Jones¹⁵.

The Macquarie Centre provides a differentiated retail offering to that of the proposed Masters home improvement centre. It services the convenience and higher order comparison shopping needs of residents, workers and students in the surrounding area. It does not contain any significant bulky goods uses and is not a destination for hardware shopping.

¹⁰ Source: Googlemaps

¹¹ Source: 2012/2013 Shopping Centre Directory NSW/ ACT Property Council of Australia

¹² ibid

¹³ Source: Googlemaps

¹⁴ Source: 2012/2013 Shopping Centre Directory NSW/ ACT Property Council of Australia

¹⁵ Source: Macquarie Shopping Centre Expansion Stage 1, August 2012

3.4 Town Centres

Ryde

Ryde Town Centre, also known as 'Top Ryde', is located approximately 4km or a 5 minute drive south west of the Subject Site¹⁶. Retailing in the centre is focused on the recently developed Top Ryde Shopping Centre which provides 78,000sqm of retail and leisure floorspace¹⁷ including Myer, JB Hi-Fi, Best and Less, Freedom Furniture, Event Cinemas, Woolworths, ALDI, Fitness First and 270 specialty stores¹⁸. Residential development in the town centre is continuing.

Top Ryde caters for convenience and comparison goods shopping for its catchment population, which includes residents on site and employees in the surrounding area. It contains limited hardware floorspace and does not cater for this market. On this basis it would not suffer any notable adverse impact from the proposed Masters home improvement centre.

Eastwood

Eastwood contains around 51,000sqm¹⁹ of retail floorspace which includes the Eastwood Shopping Centre (8,300sqm GLA of retail floorspace²⁰) anchored by Woolworths and Eastwood Village Square (5,000sqm GLA of retail floorspace²¹) anchored by Franklins. Redevelopment of the existing Eastwood Shopping Centre was approved in February 2009 but has yet to be implemented²².

Eastwood previously provided three hardware stores: BBC, Hudson and Complete Hardware, which have all now closed. Previously these facilities served the whole of Ryde LGA but their closure has led to a diminishing of to hardware related floorspace for residents in the LGA. Residents must now travel greater distances to purchase hardware related items. Eastwood does not contain any other retail floorspace which would compete with the proposed Masters home improvement centre.

Epping

Epping is located approximately 7km or a 7 minute drive north west of the Subject Site²³ and provides 13,000sqm of retail floorspace including a Coles supermarket²⁴. It performs a localised convenience and comparison retail offer which would not be impacted by the proposed Masters home improvement centre.

Gordon

Gordon is situated around 7km or a 10 minute drive north of the Subject Site²⁵. Retail is focused on the Gordon Centre (8,700sqm GLA of retail floorspace²⁶) to the west of the Pacific Highway and strip retail directly opposite to

¹⁶ Source: Googlemaps

¹⁷ Source: Australian National Construction Review (2012)

¹⁸ Source: Top Ryde City: Centre Info (2013)

¹⁹ Source: City of Ryde Local Planning Study 2010 plus additional 4,450sqm of retail floorspace recently developed on the former Complete Hardware site on Rowe Street

²⁰ Source: 2012/2013 Shopping Centre Directory NSW/ ACT Property Council of Australia

²¹ ibid

²² Source: City of Ryde Employment Centres Study 2009 (Mecone, 2009)

²³ Source: Googlemaps

²⁴ Source: Hill PDA (2010)

²⁵ Source: Googlemaps

the east. A small Bunnings of around 550sqm²⁷ which was formerly BBC Hardware is located at 751 Pacific Highway. This store serves a localised role in providing hardware goods and has a limited range comparative to a Masters home improvement centre. This Bunnings store would not compete with the proposed Masters to any great extent and in any case is not an anchor for Gordon. Gordon contains no other floorspace which would compete with the proposed Masters.

Carlingford

This centre contains a small Bunnings of approximately 1,300sqm²⁸ which is a former BBC Hardware in addition to strip retail provision fronting the Cumberland Highway. It is located 9km or a 13 minute drive of the Subject Site²⁹. The Bunnings performs a localised offer in providing hardware goods which is not comparable with the proposed Masters.

The wider area includes the 33,000sqm GLA Carlingford Court (defined as a Stand-Alone Shopping Centre in the draft North Subregional Strategy) which is anchored by Target, Woolworths and Coles³⁰; and Carlingford Village which provides 11,250sqm GLA retail floorspace³¹. The main role of Carlingford is providing convenience and comparison goods shopping to its trade area and this would not be affected by the proposed Masters.

3.5 Smaller Centres and Retail Locations

Macquarie Park

Outside of the Macquarie Park centre, the Macquarie Park Corridor provides a range of bulky goods and trade related facilities in the B3 Commercial Core and B7 Business Park zoning which applies in the Ryde LEP 2010 and DLEP 2011. Such occupiers include Eden Gardens on Lane Cove Road and Sherringhams on Wicks Road.

Coxs Road Small Village Centre, North Ryde

This small retail centre includes a Thrifty Link of approximately 80sqm³² in addition to a further 2,400sqm of retail floorspace³³. It is situated 1.5km or a 3 minute drive south west of the Subject Site³⁴.

Gladesville Village Centre and Industrial Precinct

Gladesville Village Centre and the industrial precinct fronting Victoria Road contain a range of building, hardware and trade related retailers including Thrifty Link (450sqm³⁵) at 180 Victoria Road and Seymours Building Supplies (1,100sqm³⁶) at 327 Victoria Road. Other trade-related retailers included Paint Place, EPK Kitchens, The Kitchen Catalyst, Tradelink and Gary Ronouf Plumbing. Rezoning to facilitate the development of a Bunnings Warehouse

²⁶ Source: 2012/2013 Shopping Centre Directory NSW/ ACT Property Council of Australia

²⁷ Source: Estimated using aerial photography

²⁸ ibid

²⁹ Source: Googlemaps

³⁰ Source: 2012/2013 Shopping Centre Directory NSW/ ACT Property Council of Australia

³¹ ibid

³² Source: Economic Assessment – Proposed Bunnings Warehouse and Associated Bulky Goods Centre, Leyshon Consulting (2012)

³³ Source: City of Ryde Local Planning Study (2010)

³⁴ Source: Googlemaps

³⁵ Source: Economic Assessment – Proposed Bunnings Warehouse and Associated Bulky Goods Centre, Leyshon Consulting (2012)

³⁶ ibid

of 15,255sqm and further bulky goods retail of 21,885sqm is proceeding at 461 Victoria Road, Gladesville³⁷. This area is situated around 6km or a 9 minute drive south of the Subject Site³⁸.

West Ryde Village Centre

This centre contains 22,000sqm of retail floorspace³⁹ including a Taffas Mitre 10 of approximately 330sqm⁴⁰. It is located 6km or an 8 minute drive south west of the Subject Site⁴¹.

Artarmon Industrial Precinct

The Artarmon Industrial Precinct is located approximately 7km or a 7 minute drive south east of the Subject Site⁴². This precinct includes an estimated 50,000sqm of bulky goods floorspace⁴³ including a Bunnings of 5,500sqm⁴⁴ and a homemaker centre in addition to other trade-related businesses such as Reece Plumbing Centre and Academy Tiles.

East Chatswood Industrial Precinct

This precinct includes a range of trade related retailers including a Bunnings Warehouse of 11,800sqm⁴⁵ as well as trade related business such as Reece Plumbing Centre, Killara Plumbing, Unique Daylighting, Tradelink and Floor Place. It is situated 9km and 13 minute drive east of the Subject Site⁴⁶.

Thornleigh Industrial Precinct

This industrial precinct is located 11km or a 16 minute drive north of the Subject Site in Thornleigh. It includes a Bunnings providing floorspace of 6,000sqm⁴⁷.

3.6 Summary and Gap Analysis

There is a range of competitive retail facilities located in a wide area around the Subject Site, although existing hardware facilities are largely small and lack dedicated customer car parking. These units do not reflect modern hardware retail formats which are demanded by shoppers. Potential competitive provision to a Masters home improvement centre is predominately located outside of defined centres in industrial precincts, reflective of the land requirements of such retailers and their quasi retail/ trade-related functions. Hardware stores located in centres are small and serve a localised catchment only in a role which differs from that of the proposed development. Bunnings dominates provision in the hardware and building supply sector in the surrounding area and is expanding. The provision of a Masters home improvement centre would diversify choice in this sector, provide access to modern format hardware and building supply floorspace and promote competition with Bunnings

³⁷ ibid

³⁸ Source: Googlemaps

³⁹ Source: 2012/2013 Shopping Centre Directory NSW/ ACT Property Council of Australia and previous Hill PDA floorspace surveys

⁴⁰ ⁴⁰ Source: City of Ryde Local Planning Study (2010)

⁴¹ Source: Googlemaps

⁴² ibid

⁴³ Source: Economic Assessment – Proposed Bunnings Warehouse and Associated Bulky Goods Centre, Leyshon Consulting (2012)

⁴⁴ Source: Estimated using aerial photography

⁴⁵ Source: Cordells

⁴⁶ Source: Googlemaps

⁴⁷ Source: CBRE

which would be beneficial outcomes for shoppers. Masters would represent a new retail format to the area and the principle of it should be supported.

4. DEMAND FOR HARDWARE AND BUILDING SUPPLY FLOORSPACE

This Chapter examines demand for hardware and building supplies in the area around the Subject Site in the context of household expenditure growth. It examines demand by:

- Defining a trade area for a Masters home improvement centre on the Subject Site;
- Examining demographic characteristics for the residents within the trade area;
- Deriving population forecasts for the trade area;
- Using household retail expenditure data to calculate the increase in total expenditure generated in the trade area as a result of population and expenditure growth;
- Applying target turnover rates to hardware expenditure to determine floorspace demand;
- Comparing floorspace demand to existing and proposed floorspace supply in order to determine residual or unmet demand for hardware floorspace.

4.1 Trade Area Identification

The trade area served by any retail centre/facility is determined by the consideration of:

- The strength and attraction of the centre and/or store as determined by factors such as the composition, layout, ambience/atmosphere and car parking in the centre/facility;
- Competitive retail centres, particularly their proximity to the subject centre/facility and respective sizes, retail offer and attraction;
- The location and accessibility of the centre/facility, including the available road and public transport network and travel times; and
- The presence or absence of physical barriers, such as rivers, railways, national parks and freeways.

For the purposes of this Study the trade area for a Masters home improvement centre on the Subject Site has been defined consisting of a Primary Trade Area (PTA) and a Secondary Trade Area (STA) which combined comprise the Main Trade Area (MTA). These areas are defined as follows:

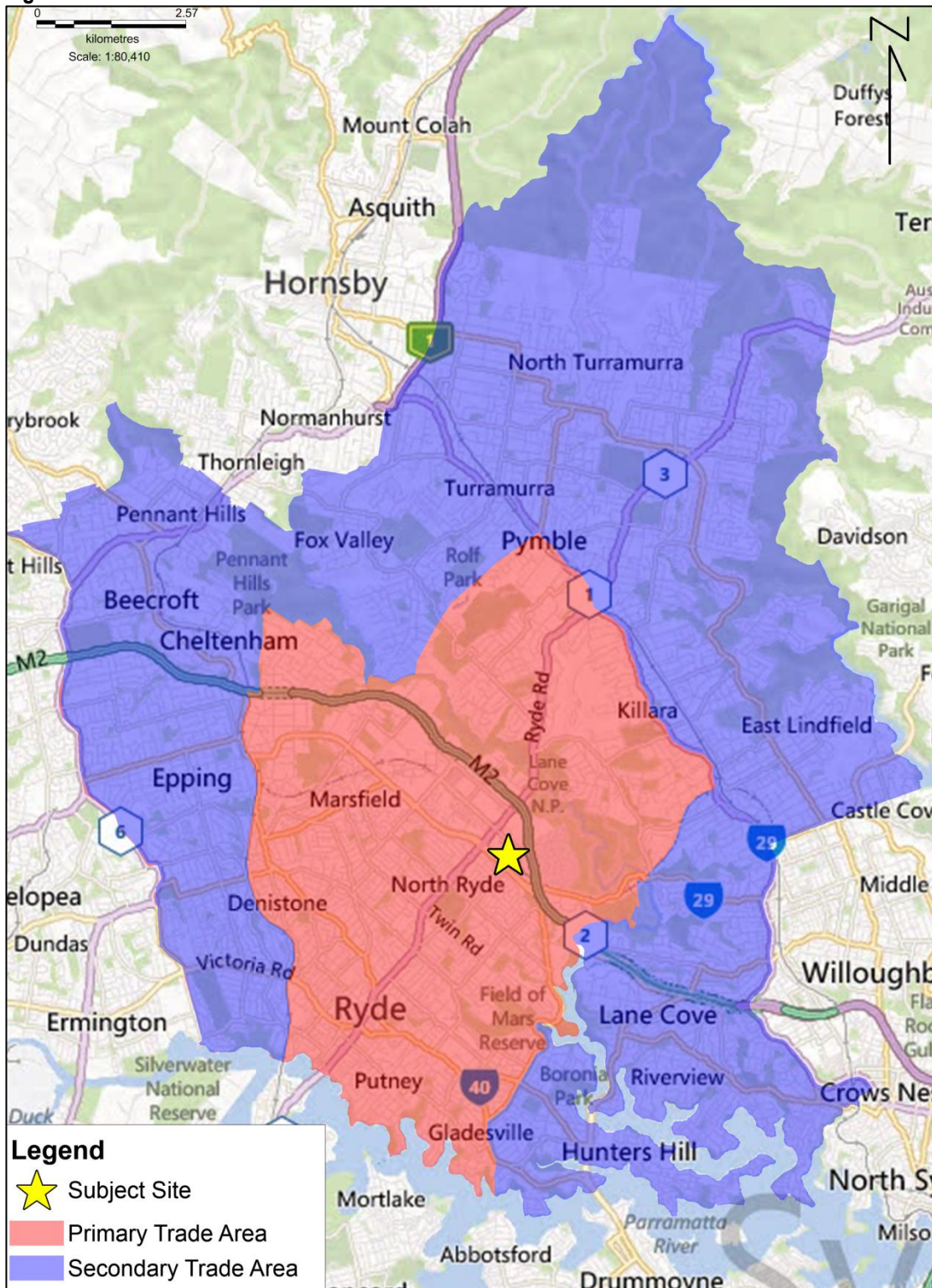
- **Primary Trade Area** – The PTA is the area from within which the proposed Masters home improvement centre would derive the majority of trade. This has been defined as approximately comprising the area east of the Northern railway line, north of the Parramatta River, west of Pittwater Road and Lane Cove River and encompassing a small part of Ku-ring-gai LGA south of the Pacific Highway. The Masters would derive an estimated 75% of its turnover from residents living within this area.
- **Secondary Trade Area** – The STA is the area from which the proposed Masters home improvement centre can expect to capture a small proportion of trade on an infrequent basis. This area comprises the residual parts of Ryde LGA and Ku-ring-gai LGA outside of the PTA, Lane Cove LGA, Hunters Hill LGA and all or parts of the suburbs of Epping, North Epping, Carlingford, Cheltenham, Beecroft, Pennant Hills, West Pennant Hills, Lane Cove North, Chatswood and Chatswood West. We expect the Masters home

improvement store to capture around 20% of its trade from the STA, with the residual 5% derived from beyond the MTA.

- Main Trade Area – The PTA and STA combined.

The extent of the PTA, STA and MTA is shown in Figure 4 below.

Figure 4 - Main Trade Area



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

The MTA does not contain any existing or proposed Masters home improvement centres. Given that Masters would be a new entrant to the retail market and highly sought after, residents would be prepared to travel some distance to access it. This also reflects the nature of many of the goods sold by Masters which are purchased infrequently and often at high cost (e.g. kitchens, bathrooms). Shoppers are thus more willing to travel greater distances to access different prices and choices in this sector compared to other types of goods such as food or clothing items. On this basis the Masters home improvement centre would serve a large MTA but capture expenditure in a thin category of retail goods.

A number of Bunnings hardware stores are located within the MTA. These are predominately former BBC Hardware units and as such are comparatively small compared to the proposed Masters home improvement centre. A large format Bunnings Warehouse is proposed at Gladesville. Given that Masters is a new entrant to the market the presence of Bunnings stores would not restrict the extent of the MTA as residents would be likely to visit both Masters and Bunnings to compare prices, product quality and range.

Within the PTA, residents would have proximate access to the proposed Masters home improvement centre and the area currently lacks any large hardware and home improvement facilities (although a Bunnings Warehouse is proposed in Gladesville). The Subject Site is highly and expediently accessible by residents within the PTA given its location fronting Epping Road and close to the M2 Motorway and Lane Cove Road.

Residents in the STA have greater and quicker access to large format hardware and home improvement floorspace comparative to the PTA in locations, namely the Bunnings Warehouses in North Parramatta, Belrose, Thornleigh and Artarmon. As such whilst residents in the STA may visit the Masters home improvement centre on an infrequent basis as there are no other Masters currently proposed in the MTA, existing large format hardware floorspace would still capture the majority of their expenditure.

4.2 Demographic Characteristics

Demand for retail floorspace is dependant not only upon the number of households in the MTA but also the demographic characteristics of those households. Appendix 2 of this Study examines the key demographic characteristics from the 2011 ABS Census data for Ryde LGA, Ku-ring-gai LGA, Lane Cove LGA and Hunters Hill LGA which constitute the majority of the MTA. The demographic characteristics of the MTA are benchmarked against those of Greater Sydney⁴⁸.

The four LGAs had high dwelling occupancy rates compared to Greater Sydney with a greater proportion of households owning or in the process of purchasing their home. The four LGAs also recorded an older populous, relatively low unemployment rates and a proliferation of higher skilled, white collar workers. This resulted in the median household incomes in the four LGAs being greater than that for Greater Sydney. Affluent households have proportionally greater amounts of retail expenditure which may equate to a greater demand for retail floorspace. Home-owners are also more likely to invest a greater amount of capital in their properties relatively to renters. These characteristics are indicative of strong underlying demand for hardware related floorspace.

⁴⁸ Based on the ABS Greater Capital City Statistical Areas (GCCSAs) for Sydney– The GCCSAs represent the socio-economic extent of each of the eight State and Territory capital cities The GCCSAs combined with the 'Rest of State' regions cover the whole of Australia without gaps or overlaps and aggregate directly to State/Territory

4.3 Population Forecasts for the Main Trade Area

Population forecasts for the PTA and STA have been estimated using the NSW Bureau of Transport Statistics (BTS) Population Forecasts (August 2012 Release). These are shown in the table below.

Table 2 - Population Projections for the Main Trade Area

LGA	2011	2016	2021	2026	2031	Change 2011-31	Growth/ ann (%)
Main Trade Area							
Hunter's Hill	14,775	15,463	16,231	16,965	17,809	+3,034	0.9%
Ku-ring-gai	113,135	121,093	125,718	129,678	134,156	+21,021	0.9%
Lane Cove	33,067	34,192	35,572	36,774	38,130	+5,063	0.7%
Ryde	110,122	114,758	121,212	127,082	133,509	+23,387	1.0%
Residual trade area	68,712	73,016	75,647	78,682	82,336	+13,624	0.9%
Total Main Trade Area	339,811	358,522	374,380	389,181	405,940	+66,129	0.9%
Approximate Split							
Primary Trade Area	125,433	131,767	138,457	144,460	151,078	+25,645	0.9%
Secondary Trade Area	214,378	226,755	235,923	244,721	254,862	+40,484	0.9%

Source: NSW Bureau of Transport Statistics Population and Dwelling Forecasts (August 2012 Release)

Based on BTS data the MTA contained 340,000 residents in 2011 of which around 125,400 (37%) resided in the PTA and 214,400 (63%) in the STA. The population of the MTA is projected to increase to 406,000 by 2031. This equates to a population increase of over +66,000 residents over the 2011 to 2031 period or a per annum increase of 0.9%. The proportional population growth rate over the period is comparable in both the PTA and STA. Given the population of the MTA it is considered sufficiently large to support at least two Masters home improvement centres, if suitable sites could be found.

4.4 Bulky Goods Floorspace Demand Assessment

Household Retail Expenditure Forecast

This Section examines growth in household retail expenditure in the MTA between 2011 and 2031. Household expenditure was sourced from:

- ABS Household Expenditure Survey 2003-04 (updated to 2009) which provides household expenditure by broad commodity type by household income quintile;
- Marketinfo 2009 database 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 12% more expenditure than the HES. Total expenditure by commodity type generated by residents in the MTA is shown in the following table. Note that the breakdown of expenditure between the PTA and STA is shown in Appendix 3 of this Study.

Table 3 - Main Trade Area Expenditure Forecast by Broad Commodity Type 2011 to 2031 (\$m2013)

Commodity Type	2011	2016	2021	2026	2031
Food, Groceries & Liquor take-away	1,654.5	1,844.5	2,033.6	2,232.2	2,458.5
Food Catered	806.7	899.5	991.5	1,088.2	1,198.3
Apparel	451.2	503.3	554.6	608.6	670.1
Hardware and Bulky Goods Stores	688.3	767.3	846.0	928.5	1,022.6
Other Personal & Household Goods	1,176.2	1,311.2	1,445.7	1,586.9	1,747.9
Personal Services	184.6	205.9	226.9	249.0	274.2
Total Trade Area	4,961.4	5,531.7	6,098.4	6,693.4	7,371.5

Note: Excludes Liquor on Premises and Cinema Expenditure

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. Turnover by retail store type generated by household expenditure is provided in Table 4. Total expenditure generated by residents by retail store type is greater than that by commodity as retail stores derive a small proportion of expenditure from non-household sources.

Table 4 - Main Trade Area Forecast Expenditure by Retail Store Type 2011 to 2031 (\$m2013)

Retail Store Type	2011	2016	2021	2026	2031
Supermarkets & Grocery Stores	1,466.6	1,634.9	1,803.2	1,978.7	2,179.3
Specialty Food Stores	494.3	551.1	607.9	666.9	734.5
Fast-Food Stores	410.2	457.2	504.3	553.5	609.6
Restaurants, Hotels and Clubs*	531.5	592.8	653.4	717.0	789.5
Department Stores	458.4	511.1	563.7	618.3	680.9
Clothing Stores	312.2	348.2	384.0	421.1	463.6
Domestic Hardware and Houseware Retailing	152.7	170.3	187.8	206.0	226.8
Other Bulky Goods Stores	531.3	592.2	653.2	716.7	789.5
Other Personal & Household Goods Retailing	747.6	833.4	919.2	1,008.6	1,110.9
Selected Personal Services**	184.6	205.9	227.1	249.0	274.2
Total Trade Area	5,289.3	5,897.1	6,503.8	7,135.8	7,858.9

* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling)

** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos

Note: Forecast assumes 1.1% real growth in retail spend per capita per annum in line with historic trend since 1986.

Residents in the MTA generated approximately \$5.3bn of retail expenditure in 2011 of which \$152.7m related to domestic hardware and houseware retailing. By 2031 this will grow to nearly \$8bn retail expenditure overall of which \$227m will be related to domestic hardware and houseware retailing.

As shown in Appendix 3 of the total expenditure generated in the MTA by retail store type some \$1.9bn related to residents in the PTA and \$3.4bn to residents in the STA in 2011. Domestic hardware and household retailing related expenditure generated by residents in the PTA equated to \$53.8m in 2011 and \$98.9m in the STA. By 2031 the domestic hardware and household retailing related expenditure of residents in the PTA and the STA is projected to reach \$80.6m and \$146.2m respectively.

Hardware Floorspace Forecast Demand

Demand for hardware-related floorspace is estimated by applying target turnover rates (or industry benchmarks⁴⁹) to the total hardware expenditure in the MTA as shown in the following table.

⁴⁹ Derived from various sources including Urbis Retail Averages, ABS Retail Survey 1998-99 escalated at CPI to \$2009, Shopping Centre News, Hill PDA and various consultancy studies.

Table 5 - Hardware Goods Demand in the Main Trade Area (2011 to 2031)

Year	Expenditure (\$m)	Target Turnover Rate (\$/sqm)*	Floorspace Demand (sqm GLA)
2011	152.7	\$3,000	50,900
2016	170.3	\$3,083	55,238
2021	187.8	\$3,169	59,262
2026	206.0	\$3,257	63,248
2031	226.8	\$3,348	67,742

* Source: Various including ABS Retail Survey 1998-99 indexed to 2011 dollars, Shopping Centre News, Urbis Retail Averages, various consultancy studies and Hill PDA research. Target turnover levels increased by 0.55% per annum above the CPI rate in line with the historic trend.

Based on a target turnover rate of \$3,000/sqm in 2011, the MTA demanded 50,900sqm of hardware floorspace in 2011 which is projected to increase to over 67,700sqm by 2031.

The estimated existing provision of hardware floorspace in the MTA is shown in the table below. Note that floorspace related to garden centres (e.g. Sherringham's, Eden Gardens) and trade related retail have been excluded from the table.

Garden centres serve a regional market and cater for a sizeable proportion of trade related demand. Garden-related sales also constitute only a minor proportion of the turnover of a Masters home improvement centre. Garden centre floorspace has thus not been included in our supply assessment. Trade related floorspace does not capture household retail expenditure and therefore should not be considered against household related demand. A small proportion of floorspace in centres, such as that provided in department stores and discount department stores, may sell a small component of hardware goods however floorspace provision in this category of goods would be very minor and immeasurable.

Table 6 - Hardware Floorspace Supply in the Main Trade Area 2013

Facility	Floorspace (sqm GLA)	In Centre	Distance from Subject Site
Bunnings, Gordon	550	Y	7km
Thrifty Link, Coxs Road	80	Y	1.5km
Thrifty Link, Gladesville	450	Y	7km
Taffas mitre 10, West Ryde	330	Y	6km
Bunnings East Chatswood	11,800	N	9km
Bunnings Gladesville (proposed)	15,255	N	6km
Total	28,465		

The MTA currently contains around 28,500sqm GLA of permitted and planned hardware floorspace. Only two facilities, one existing and one proposed, are large format with dedicated car parking and both of these are situated in out of centre locations.

Table 7 compares hardware floorspace supply in the MTA against forecast demand based on household expenditure modelling. It depicts an existing and growing undersupply of hardware-related floorspace over the period to 2031 even allowing for pipeline supply.

Table 7 - Hardware Goods Supply less Demand in the Main Trade Area (2011 to 2031)

Year	Floorspace (sqm GLA)
Supply 2013*	28,465
Demand by Year:	
2011	-22,435
2016	-26,773
2021	-30,797
2026	-34,783
2031	-39,277

* Including proposed Bunnings Warehouse Gladesville

Note: Red shading denotes undersupply

The proposed Masters home improvement centre would provide 13,700sqm floorspace of which approximately 8,000sqm GLA is assumed to relate to household retail goods⁵⁰. On this basis even with the development of the Masters home improvement centre there would remain significant hardware floorspace undersupply of over 18,700sqm GLA in 2016, increasing to over 31,000sqm GLA by 2031. The proposal would account for just 20% of total hardware floorspace undersupply in the MTA to 2031.

It is recognised that there are hardware facilities located just outside of the MTA that will largely serve the needs of residents in the STA (e.g. Bunnings Artarmon, Bunnings Carlingford and Bunnings Thornleigh). However given the extent of unmet demand and demand growth there is a clear demonstrable need for the proposed Masters home improvement centre.

⁵⁰ Note: With the residual floorspace relating to trade-related sales, receiving area and café.

5. TRADING IMPACT ASSESSMENT

In terms of assessing economic impacts, as discussed in Appendix 1 of this Study previous court judgements such as “*Fabcot Pty Ltd v Hawkesbury City Council (97) LGERA*” and “*Cartier Holdings Pty Ltd v Newcastle City Council and Anor [2001] NSWLEC 170*” have provided guidance on relevant issues. The NSW Land & Environment Court has stated that Councils should not be concerned about competition between individual stores as this is a matter of fair trading. Rather Council should however concern itself with impacts in the locality. This Chapter assesses the trading impact of centres in the locality.

5.1 Estimated Turnover of Proposed Development

There is no published data on the trading performance of Masters home improvement centres. For the purposes of this Study a hardware floorspace target turnover rate of \$3,000/sqm has been applied to the 8,000sqm of the proposed Masters which is assumed to relate to retail goods (rather than trade-related goods), equivalent to a turnover of \$25m in 2016 (once target turnover growth is included). We expect the Masters home improvement centre to capture around 75% of this turnover from residents in the PTA, around 20% from residents in the STA and the residual 5% from beyond the MTA.

The external garden area floorspace has not been quantified as it would have a very low turnover and would not compete with in-centre retail floorspace. Trade related sales are also excluded as they do not relate to household expenditure.

5.2 Trading Impacts on Centres

Given the nature of Masters home improvement centres they would compete largely with large hardware operators of a similar size and offering, particularly Bunnings Warehouses. The two planned and existing Bunnings Warehouses in the trade area and those outside of it are all situated in out-of-centre industrial precincts and thus any trade redirection from them would not adversely impact upon centres. Existing hardware suppliers within centres are small and serve localised trade areas only. They perform a different role to that of the proposed Masters home improvement centre and would not be notably affected by it. In any case trading impacts on individual retailers are a matter of competition only.

The small hardware stores make only a limited contribution towards the overall performance of centres and other retailers are not reliant on them. They are not retail anchors. Any impacts on such retailers would therefore not jeopardise the vitality or viability of centres.

Other competitors to Masters in the trade-related sector include operators selling goods such as kitchen, carpets and tiles, plumbing supplies, BBQs, outdoor furniture and timber. Existing businesses in this sector are concentrated in industrial precincts and any adverse impacts would not threaten the role of function of centres. Any impacts would be spread thinly between a wide variety of businesses and would be immeasurable.

5.3 Growth in Hardware Expenditure

Notwithstanding the limited potential for adverse impacts on the vitality and viability of any centre, the proposal should be considered in the context of growth in hardware related expenditure in the trade area. The previous Chapter calculated that growth in hardware expenditure from residents in the MTA between 2011 and 2016 was equivalent to \$18m. This was projected to increase to \$35m between 2011 and 2021 and \$53m between 2011 and 2026. Based on the estimated turnover of the household retail-related floorspace in the proposed Masters, it can be justified based on 7 years of growth in expenditure only (i.e. growth between 2011 and 2018) and would not be dependent upon diverting any notable expenditure away from existing centres or facilities.

Furthermore the proposal would be in response to proven hardware floorspace undersupply in the MTA. It is a direct response to need. It would therefore contribute towards retaining a greater amount of expenditure generated by local residents primarily in the PTA within it. Even with the proposed home improvement centre significant levels of additional hardware floorspace will be required to meet demand.

5.4 Conclusions on Economic Impact

The proposed Masters home improvement centre would not lead to any adverse impact upon the vitality and viability of centres because:

- Centres contain only a small amount of hardware floorspace which serve a different role to that of the proposed Masters;
- Most hardware and trade related floorspace is situated in industrial precincts located outside of centres. Consequently, the potential for adverse impacts on the vitality and viability of existing centres is immeasurable and likely to be extremely limited;
- The turnover of the proposed Masters will be mitigated by expenditure growth in the MTA to 2018 alone. Any adverse trading impacts on retailers will be short-term in duration only;
- There is a significant level of hardware floorspace undersupply in the MTA. The proposal would be responding to unmet demand and not be reliant upon redirecting significant trade away from existing facilities; and
- Adverse impacts on individual retailers are a matter of competition only and not a relevant consideration to economic impact.

Masters differs from more traditional retail centre offerings such as supermarkets, food and non-food specialities, retail services and so on in serving both trade and household markets and requiring significantly greater floorplates. It represents an integration of retail and trade-related industrial type users, which also sell to members of the public and proliferate in industrial areas such as Gladesville and Artarmon.

The Masters concept largely represents an amalgamation of products under one roof which are currently distributed across out-of-centre locations throughout the trade area. In economic impact terms, whether they are provided in separate businesses in an industrial area or in a single retailer makes little difference on centres. In practical terms however the addition of a new store of this nature would offer residents greater choice in the market sectors catered for by Masters as to where they shop for such products.

6. APPROPRIATENESS OF THE SUBJECT SITE

This Chapter considers the extent to which the Subject Site is an appropriate location at which to accommodate the proposed Masters home improvement centre. It considers the site requirements of the Masters business model and applies this to the Subject Site in the context of surrounding land uses.

6.1 Site Requirements

The proposed Masters home improvement centre comprises 13,700sqm of floorspace with below grade car parking facilities. The component of the Subject Site on which the Masters is proposed comprises 2ha.

Masters home improvement centres sell hardware and building supplies which are frequently heavy and difficult to transport (e.g. flooring, timber, washing machines, kitchens, plants etc.). This necessitates ample on-site car parking facilities being provided and it would not be feasible to disaggregate car parking facilities onto another site.

The necessity for shoppers to access the centre by car also means that suitable sites for a Masters home improvement centre must have good accessibility to regional road networks and have high visibility to passing traffic. These attributes are required to support their financial viability. As such they favour out-of-centre locations.

Because of the nature of large hardware suppliers such as Masters serving both trade and household related markets and in view of their site and accessibility requirements, the location of large stores is commonly distributed in industrial or employment precincts. This is evident through examination of the location of large format Bunnings Warehouses in the locality which are all situated in industrial precincts.

6.2 Suitability of the Subject Site

The Subject Site is a commercially viable location at which to accommodate the proposed development given that its available, of sufficient size, highly accessible by car and visible passing traffic on Epping Road. Bulky goods uses are already established in this locality given the presence of Officeworks and Domayne 250m to the south east.

The Subject Site is located close to existing bulky goods retail facilities on Epping Road and close to Eden Gardens and Sherringtons garden centres. It is also under single ownership and capable of serving the large trade area which the Masters home improvement centre requires in order to be financially viable.

Given the difficulties in accommodating certain types of large format operations in centres, such as the proposed Masters home improvement centre, the NSW Draft Centres Policy states that in some instances such retailers should be accommodated in edge or out-of-centre locations which offer requisite site requirements. This is to ensure that the community benefits from the retail offer and increase supply which they would deliver are captured. City of Ryde Council has already recognised the difficulties in securing suitable land plots for large hardware operators in centres in proceeding with the rezoning request for the Bunnings Warehouse in Gladesville industrial precinct.

We are also aware that there is a lack of suitable sites within the trade area capable of viably supporting the proposed use even in out-of-centre locations throughout the trade area.

We therefore conclude that the Subject Site is an appropriate location at which to accommodate the proposed development. In the context of the limited potential for adverse impacts on existing centres, Council should be supportive of this opportunity to deliver a new retail format in Ryde LGA given the appearance lack of alternative options.

7. IMPACT ON MACQUARIE PARK SPECIALISED CENTRE

This Chapter estimates the potential impact of the proposal in the context of the B7 Business Park zoning which applies to the Subject Site, the surrounding area and the role and function of Macquarie Park Specialised Centre. It considers the nature of existing employment provision within the Business Park zoning before considering forecast demand and supply for business park uses.

7.1 Opportunity Cost

The Subject Site is not currently used for any employment generating uses. As such all the jobs sustained by the proposed development would be net additional. However, the proposal would prevent the Subject Site being used for alternative Business Park uses in the short to medium future which would likely sustain a greater amount of employment even though there is no current demand. On this basis the only potential adverse impact of the proposal on employment is the opportunity cost associated with using this land for a Masters home improvement centre versus using it for an alternative commercial office uses under the existing zoning at some point in the future.

7.2 Commercial Office Supply

Commercial office uses dominate existing provision with the Macquarie Park Corridor and most have been constructed recently, within the last 10 years. Existing commercial occupiers range from high-tech and pharmaceutical businesses through to media and research companies.

The Property Council of Australia (PCA) Office Market Report (July 2012) records some 820,400sqm of commercial floorspace being provided in the Macquarie Park Corridor of which 626,100sqm (76%) is located within Macquarie Park and 194,300sqm (24%) is in North Ryde. The total amount of commercial office floorspace in this area has increased from 545,00sqm in July 2005 indicative of growing demand.

Overall, the PCA records a vacancy level of 7% in the Macquarie Park Corridor as at July 2012. This represents a decline in vacant floorspace since the previous year but remains greater than 6% recorded in July 2008.

Based on the Local Planning Study (2010) the wider Ryde LGA contained an estimated 938,000sqm of existing commercial office floorspace in 2010 of which most (800,00sqm or 85%) was provided in Macquarie Park/ North Ryde.

7.3 Demand for Business Park Land

The Local Planning Study found that intensification and development of the Macquarie Park Corridor within the existing zonings would be sufficient to accommodate forecast demand for commercial office uses over the period to 2034. Demand for commercial office floorspace within the Macquarie Park Corridor was projected to increase from 800,000sqm GFA in 2004 (based on the City of Ryde S94 Contributions Plan 2007) to 1.25m sqm GFA in

2034 i.e. an increase of 425,000sqm GFA over the period. The Local Planning Study found that this demand could be accommodated within existing zonings large due to '*significant latent capability in the Macquarie Park/ North Ryde area*'⁵¹.

More recently Hill PDA has compiled commercial office demand projections to inform the proposed FSR and height amendments in the Macquarie Park Corridor. This analysis found that an additional 1.2m sqm of commercial office floorspace is developable under existing FSRs which compares to estimated take-up of 700,000sqm over the 2011 to 2031 period. As such there is more than sufficient capacity to absorb commercial office demand under the existing zonings. The use of the Subject Site for the purposes of uses other than commercial office would therefore have no impact on the ability of Ryde LGA to cater for forecast demand.

Masters home improvement centres are relatively inexpensive to construct within an estimated cost of \$1,000/sqm to \$1,500/sqm for the unit. By comparison commercial office buildings including fitout costs, car parking and site works will cost in the order of \$4,000/sqm. As a result home improvement centres can be financially viable even with a life span of say 20 years. There will always remain the long term opportunity to redevelop the site for higher density commercial uses if required.

7.4 Impact of FSR and Height Amendments

As reviewed in Appendix 1 of this Study, the Macquarie Park Plan Review Recommendations Paper (May 2013) proposes increasing permissible FSR and heights in the Macquarie Park Corridor. These uplifts are proposed in recognition of the Epping to Chatswood rail upgrade which will increase public transport accessibility to the area and sustain greater employment and to provide support for essential infrastructure provision.

Given that existing demand forecasts can be accommodated under the existing zonings, the proposed FSR and height uplifts will only increase the potential of the Macquarie Park Corridor to accommodate future commercial office floorspace demand. Our estimates indicate that the FSR and height uplifts will provide the development potential for a further 1.6m sqm of commercial office floorspace in this locality on top of the 1.2m sqm which can be accommodate through the intensification of land under existing controls. There is therefore no need for the land on which the Masters home improvement centre to remain in use for commercial office purposes to meet future demand.

In any case, an FSR uplift of 2:1 is proposed for most of the Subject Site inclusive of the area on which the Masters home improvement centre is sought, with an uplift of 3:1 on land fronting Waterloo Road. A concept plan has been prepared for the Subject Site which proposes a Masters home improvement centre together with commercial office floorspace and supporting uses which under the proposed FSR and height increases. Enacting the concept plan in the manner proposed would lead to the same number of jobs being sustained on the Subject Site as currently achievable through commercial development under the existing development controls. The proposal would thus not lead to a decline in achievable employment sustained on the Subject Site compared to those permitted under existing controls.

⁵¹ Source: City of Ryde Local Planning Study , City of Ryde Council (2010)

8. OTHER ECONOMIC IMPACTS

This Chapter examines other economic impacts which would eventuate from the proposal in addition to meeting identified retail need and facilitating a new entrant into the retail sector. Note this Chapter considers only the impacts of the Masters home improvement centre component only, not the wider commercial office component of the concept plan. These impacts including direct investment and value-add to the economy, employment, construction multiplier impacts, shopper choice, convenience and competition.

8.1 Construction Multiplier Effects

The construction industry is a significant component of the economy accounting for 7.3% of Gross Domestic Product (GDP) and employing almost one million workers across Australia⁵². The industry has strong linkages with other sectors, so its impacts on the economy go further than the direct contribution of construction. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of multipliers:

- **production induced:** which is made up of:
 - first round effect: which is all outputs and employment required to produce the inputs for construction; and
 - an industrial support effect: which is the induced extra output and employment from all industries to support the production of the first round effect; and
- **consumption induced:** which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

The source of the multipliers adopted in this report is ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0). These tables identify first round effects, industrial support effects and consumption induced multiplier effects at rates of \$0.6463, \$0.6734 and \$0.9891 respectively to every dollar of construction.

For the purposes of this Study we have estimated the Capital Investment Value (CIV) of the proposed Masters home improvement centre at \$23m. This is based on the size of the unit proposed and the provision of below grade car parking facilities. Based on this CIV, economic multipliers associated with the development are calculated in the following table.

Table 8 - Economic Multipliers

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.6463	0.6734	0.9891	3.3088
Output (\$million)	\$23	\$14.9	\$15.5	\$22.7	\$76.1

Source: ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0).

⁵² Source: IBIS World Construction Industry Report 2011

The \$23m of CIV would generate a further \$30m of activity in production induced effects and \$23m in consumption induced effects. Total economic activity generated by the construction of the proposed development would be approximately \$76m.

8.2 Construction Employment

It is estimated that the equivalent of 2.85 construction positions over 12 months is created for every one million dollars of construction work undertaken⁵³. Based on the estimated CIV of \$23m, approximately 66 job years⁵⁴ will be directly generated.

Table 9 - Employment Generation

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Multipliers	1	0.64	0.70	1.34	3.68
Employment No. per \$million	2.85	1.83	1.98	3.81	10.48
Total job years created	66	42	46	88	241

Source: ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0).

The ABS Australian National Accounts: Input-Output Tables 2008-09 identified employment multipliers for first round, industrial support and consumption induced effects of 0.64, 0.70 and 1.34 respectively for every job year in direct construction. Including the multiplier impacts the proposed development will therefore have potential to generate 241 job years.

Note that the multiplier effects are national, and not necessarily local. The ABS notes that *“Care is needed in interpreting multiplier effects; their theoretical basis produces estimates which somewhat overstate the actual impacts in terms of output and employment. Nevertheless, the estimates illustrate the high flow-on effects of construction activity to the rest of the economy. Clearly, through its multipliers, construction activity has a high impact on the economy.”*⁵⁵

8.3 Employment in Operations

We understand from discussions that the proposed Masters home improvement centre would employ 150 employees. These comprise full-time, part-time and casual employees. Given that the component of the Subject Site which would incorporate the Masters is not currently in active use and generates no economic value, all of these jobs would be net additional to the area.

As previously discussed a concept plan has been prepared for the entire Subject Site which includes provision for commercial office uses on the site under the proposed FSR and height increases. Under this scenario, there would be no net loss of employment on the Subject Site comparative to that achievable under the existing development controls.

⁵³ Source: ABS Australian National Accounts: Input-Output Tables 2008-09 (ABS Pub: 5209.0)

⁵⁴ Note: One job year equals one full-time job for one full year

⁵⁵ Source: ABS Year Book 2002 - The Construction Industry's Linkages with the Economy

8.4 Price Competition and Shopper Convenience

Masters is a new retail format not currently represented in the trade area and the provision of it should be supported to widen retail choice for local residents. It would support price competition in the hardware and building supply sector and provide greater convenience for shoppers, lowering the travel distances needed to access retail provision. This is particularly important in light of the loss of hardware stores in Eastwood which has occurred over the last few years.

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5. Due care has been taken to prepare the attached financial models from available information at the time of writing, however no responsibility can be or is accepted for errors or inaccuracies that may have occurred either with the programming or the resultant financial projections and their assumptions.
6. This report does not constitute a valuation of any property or interest in property. In preparing this report Hill PDA has relied upon information concerning the subject property and/or proposed development provided by the Client and Hill PDA has not independently verified this information except where noted in this report.
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This valuation is prepared on the assumption that the lender or addressee as referred to in this valuation report (and no other) may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risk for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that the lender is providing mortgage financing at a conservative and prudent loan to value ratio.

Appendix 1 - PLANNING POLICY AND LEGISLATIVE REVIEW

Section 79C (1)(b) of the EPA Act

Section 79C (1)(b) of the Environment Protection Act (EPA) Act, requires Councils to consider “*the likely impacts of that development, including environmental impacts on both the natural and built environments, and social and economic impacts in the locality*”. Previous court judgements have provided some guidance on relevant issues in relation to the economic impact of retail developments.

In *Fabcot Pty Ltd v Hawkesbury City Council* (97) LGERA, Justice Lloyd noted “*economic competition between individual trade competitors is not an environmental or planning consideration to which the economic effect described in s 90(1)(d) is directed. The Trade Practices Act 1974 (Cth) and the Fair Trading Act 1987 (NSW) are the appropriate vehicles for regulating competition. Neither the Council nor this Court is concerned with the mere threat of economic competition between competing business.... It seems to me that the only relevance of the economic impact of a development is its effect ‘in the locality’...*”.

In *Kentucky Fried Chicken Pty Ltd v Gantidis* (1979) 140 CLR 675 at 687 Justice Stephen noted that “*if the shopping facilities presently enjoyed by a community or planned for it in the future are put in jeopardy by some proposed development, whether that jeopardy be due to physical or financial causes, and if the resultant community detriment will not be made good by the proposed development itself, that appears to me to be a consideration proper to be taken into account as a matter of town planning... However, the mere threat of competition to existing businesses if not accompanied by a prospect of a resultant overall adverse effect upon the extent and adequacy of facilities available to the local community if the development be proceeded with, will not be a relevant town planning consideration.*”

The NSW Land & Environment Court has stated that Councils should not be concerned about competition between individual stores as this is a matter of fair trading. But it should concern itself with impact on established retail centres. The impact on competing stores and businesses is only relevant if the viability of those businesses are threatened and the viability of a retail centre as a whole is threatened due to a demonstrated nexus between the competitive stores and the other retailers within the retail centre.

The principles were reiterated by Justice Pearlman in *Cartier Holdings Pty Ltd v Newcastle City Council and Anor* [2001] NSWLEC 170. “*It follows that Section 79C(1)(b) does not require the consent authority to take an approach in consideration of the relevant matter different from the approach formerly taken in the application of 90(1)(d)*”.

State Policies

NSW Draft Centres Policy (2009)

Over the past few years there has been a growing awareness and investigation of barriers to competition in Australia, particularly in the retail industry. As a result of these investigations the Australian Government directed State government and planning authorities to review the flexibility of planning regulations and policies regarding retail development. In response the NSW Department of Planning and Infrastructure (DoPI) released the NSW Draft Centres Policy in April 2009. The NSW Draft Centres Policy has been publicly exhibited and the DoPI is currently reviewing submissions.

The NSW Draft Centres Policy focuses around six key principles as described in the following table.

Table A1.1 - NSW Draft Centres Policy Key Principles

Principle	Direction	Description
Principle 1	Retail and commercial activity should be located within centres.	Reinforces the longstanding strategy to concentrate the predominant share of retail and business floor space within town centres. The clustering of uses within centres is justified for environmental and economic reasons. By way of example, focusing uses within centres makes efficient use of existing infrastructure, can improve business efficiency and productivity and allow for a range of uses to be provided to meet consumer needs.
Principle 2	Centres should be able to grow and new centres form.	The Draft Centres Policy identifies that areas experiencing significant increases in population and real income must be dynamic and respond to “prevailing market demands” through the extension of existing centres or the growth of new ones. Principle 2 of the Draft Centres Policy notes that increases in population and real incomes and a constantly changing and evolving economy means that the planning system needs to respond dynamically to prevailing market demand.
Principle 3	Market determines need for development, planning regulates location and scale.	Identifies that the market is best placed to determine demand for retail and commercial development. Accordingly, the role of the planning system is not to assess the appropriateness of development on the basis of demand, but rather to make an assessment as to the external costs and benefits. It also notes that the planning system should be flexible and enable new centres to form which may mean that new centres may form and compete with more established centres.
Principle 4	Ensuring the supply of floor space accommodates market demand.	Emphasises the importance of competition between retailers. The key intention of this principle is to create better quality, cheaper and more accessible goods for all consumers through enhanced competition. To support opportunities for greater competition, the Draft policy requires councils to ensure that there is sufficient zoned land to enable additional (and new) large format retailers to enter the NSW retail market.
Principle 5	Support a wide range of retail and commercial premises and contribute to a competitive retail market.	Subject to meeting the appropriate location and design criteria, the zoning and development assessment process should not consider impacts between existing and proposed retailers as a planning consideration.
Principle 6	Contributing to the amenity, accessibility, urban context and sustainability of centres.	Centres should be well designed for functionality, providing ambience, convenience and accessibility and well integrated with surrounding land uses.

Source: NSW Draft Centres Policy, NSW Department of Planning and Infrastructure (2009)

The NSW Draft Centres Policy established the primacy of centres in accommodating new retail development. Notwithstanding this it recognises that due to issues of commercial viability it is not always possible to accommodate bulky goods retailers within centres. It states that:

“Bulky goods premises often need a large area for the handling, display or storage of goods, or direct vehicular access by members of the public to the site to load or unload goods. They are also attracted to locations that offer lower site costs offsetting lower retail turnovers relative to floor area....

Bulky goods premises should be accommodated in zones B2–B4 in centres, or where this is not realistic, they should be clustered together in an appropriate B5 zone in an edge-of-centre location. This provides customers with the benefit of access to bulky goods premises in one location, but also in a location that supports the nearby centre”⁵⁶.

The NSW Draft Centres Policy recognises that smaller centres are not suited towards large bulky goods development as follows:

“In local centres the land uses are also similar, although differences in the scale of development are more important for these centres. For example, large floor plate offices, high traffic generating developments or

⁵⁶ Source: Page 20, NSW Draft Centres Policy, NSW Department of Planning and Infrastructure (2009)

bulky developments would typically be more suitable to major centres or town centres than neighbourhood centres⁵⁷ (Note: Hill PDA emphasis).

Draft State Significant Planning Policy (Competition) (2010)

Following a review undertaken by the DoPI and the Better Regulation Office into how economic growth and competition were impacted by the planning system, a Draft State Environmental Planning Policy (SEPP) was prepared and placed on public exhibition in July 2010.

The proposed state-wide planning policy removes artificial barriers on competition between retail businesses. The Draft SEPP proposes:

- The commercial viability of a proposed development may not be taken into consideration by a consent authority, usually the local council, when determining development applications;
- The likely impact of a proposed development on the commercial viability of other individual businesses may also not be considered unless the proposed development is likely to have an overall adverse impact on the extent and adequacy of local community services and facilities, taking into account those to be provided by the proposed development itself; and
- Any restrictions in local planning instruments on the number of a particular type of retail store in an area, or the distance between stores of the same type, will have no effect.

Plan to make NSW Number 1 (2012)

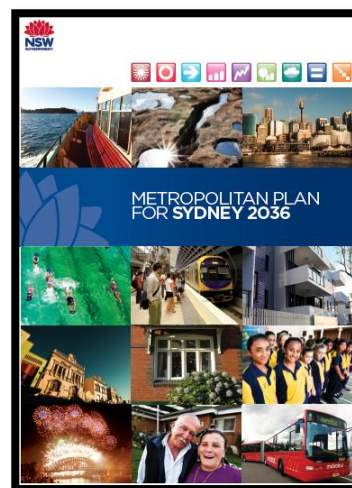
The NSW 2021 Plan aims to rebuild the NSW economy, provide quality services, renovate infrastructure, restore government accountability and strengthen NSW's local environment and communities. The Plan comprises five key strategies. The main strategy of relevance to this Study is "*Rebuild the Economy*" which seeks to secure new jobs and ensure that more land is made available for housing in order to support economic growth. A key goal of the NSW 2021 Plan is to drive economic growth by Plan targeting an additional +100,000 new jobs by 2021 in addition to population growth.

State and Subregional Policies

Metropolitan Plan for Sydney 2036

The DoPI's Metropolitan Plan for Sydney 2036 was released in December 2010. The Plan aims to shape the future growth of Sydney to 2036 ensuring a more resilient, compact, connected, multi-centred and sustainable city. The Metropolitan Plan integrates land use and transport planning by integrating the Metropolitan Transport Plan, which was published for consultation earlier in 2010.

The Plan aims to address key challenges facing Sydney which includes managing a growing and changing population, providing more jobs closer to home, more efficient transport delivery, climate change and maintaining our



⁵⁷ Source: Page 15, NSW Draft Centres Policy, NSW Department of Planning and Infrastructure (2009)

global competitiveness. These challenges are addressed through strategic directions.

The Plan anticipates Sydney's population will reach close to 6 million by 2036. To accommodate this population growth, land use service provision and infrastructure capacity must be planned to provide for +769,000 additional homes and +760,000 additional jobs by 2036. The Plan nominates an additional +44,000 dwellings and +62,000 additional jobs for the Inner North Subregion (of which Ryde LGA is part) between 2006 and 2036.

The Plan forecasts that an additional 10 million sqm of additional commercial floorspace and 5 million sqm of additional retail floorspace will be required across Sydney by 2036 in order to cater for employment growth and increasing demand. The focus for accommodating employment growth will be in centres, particularly those on the public transport network.

Draft Metropolitan Strategy for Sydney to 2031 (2013)

The 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 on 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.

The Draft Strategy defines the Central Subregion as comprising the LGAs of Ashfield, Botany Bay, Burwood, Canada Bay, Hunters Hill, Lane Cove, Leichhardt, Marrickville, Mosman, North Sydney, Randwick, Ryde, Strathfield, Sydney, Waverly, Willoughby and Woollahra. Within this area a minimum of +242,000 residents, +138,000 houses and +230,000 jobs are targeted by 2031.

Draft Inner North Subregional Strategy (2007)

The Draft Inner North Subregional Strategy (July 2007) plans to accommodate +60,100 new jobs and +30,000 new dwellings in the Inner North Subregion between 2004 and 2031. Of these, +21,000 jobs (35%) and +12,000 dwellings⁵⁸ (40%) are to be accommodated within Ryde LGA.

⁵⁸ Outside of the North West Growth Centre

Local Policies

Ryde Local Environmental Plan (2010) and draft Local Environmental Plan (2011)

The Subject Site is zoned B7 Business Park in the Ryde Local Environmental Plan (LEP) 2010 and the draft LEP 2011. An amendment to the permissible uses in this zone is sought to include *'hardware and building supplies'*.

City of Ryde Local Planning Study (December 2010)

City of Ryde Council ('Council') prepared the City of Ryde Local Planning Study to inform the preparation of the draft Local Environmental Plan. The Local Planning Study requires that proposals for retail expansion should be supported by studies to ensure that impacts on existing centres are manageable. This Study responds to this requirement.

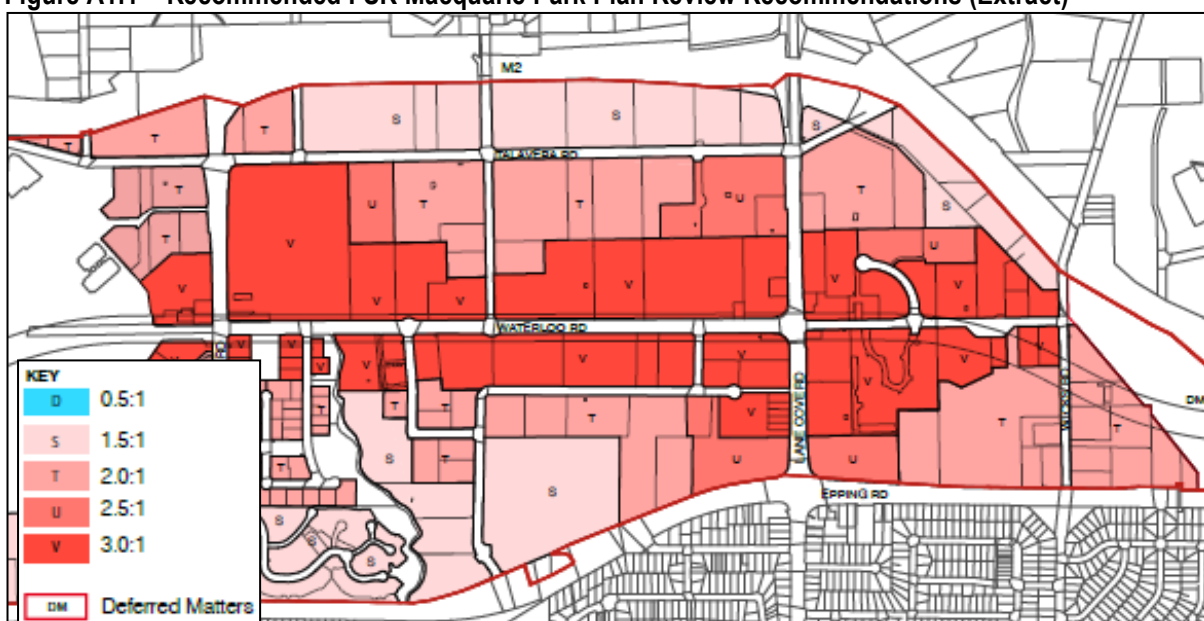
Chapter 7 of the Local Planning Study is entitled *'Employment'*. It recognises that employment targets and current growth projections are capable of being accommodated within existing zoned land in the LGA over the period to 2034. This was predominantly attributable to "...significant latent capacity in the Macquarie Park/North Ryde area, where the majority of growth is projected to occur."⁵⁹

Macquarie Park Plan Review Recommendations Paper (May 2013)

Architectus was engaged by Council to undertake a review of planning controls, public domain design and develop a funding model to deliver infrastructure and open space in Macquarie Park. As a result of this work the "Ryde Local Environmental Plan 2013 Draft (Amendment 1) Macquarie Park Corridor" is currently on public consultation and proposes uplift in permissible heights and FSRs in the Macquarie Park Corridor.

The figure below depicts the proposed FSR uplift relevant to the Subject Site. The affect of this will be to increase the quantum of developable employment floorspace on the Subject Site and the Macquarie Park Corridor.

Figure A1.1 – Recommended FSR Macquarie Park Plan Review Recommendations (Extract)



Source: Architectus (2013)

⁵⁹ Source: Page 7-32, Chapter 3 City of Ryde Local Planning Study (2010)

Appendix 2 - DEMOGRAPHIC ANALYSIS

Demand for retail floorspace is dependant not only on the number of households in the Main Trade Area (MTA) but also the demographic characteristics of those households. Appendix 2 examines data from the 2011 ABS Census for Ryde LGA, Ku-ring-gai LGA, Lane Cove LGA and Hunters Hill LGA which comprise the majority of the MTA and compares the results to data for Greater Sydney⁶⁰. This provides a snapshot of the demographic characteristics of the MTA residents.

The table below provides a summary of the population and dwelling characteristics of the four LGAs and for Greater Sydney.

Table A2.1 – Population and Dwelling Characteristics (2011)

Characteristic	Ryde LGA	Ku-ring-gai LGA	Lane Cove LGA	Hunters Hill LGA	Greater Sydney
Population and Dwellings					
Total Population	103,040	109,299	31,510	13,216	4,391,674
Total Private Dwellings	41,676	38,495	12,823	4,928	1,720,333
Occupied Private Dwellings	37,677	35,777	11,882	4,489	1,521,398
Occupied Private Dwellings (%)	90%	93%	93%	91%	88%
<i>Average Household Size</i>	2.6	2.9	2.5	2.6	2.7
Age Distribution					
0-14	17%	21%	19%	19%	19%
15-29	22%	17%	19%	17%	21%
30-44	23%	17%	24%	18%	23%
45-59	19%	22%	19%	20%	19%
60-74	12%	14%	12%	15%	12%
75+	8%	9%	7%	11%	6%
<i>Median Age</i>	36	41	37	42	36

Source: ABS Census (2011)

From the above table it can be determined that:

- The proportion of occupied dwellings in the four LGAs was greater than that for Greater Sydney showing strong demand for dwellings in this locality;
- With the exception of Ku-ring-gai LGA the average household size in the four LGAs was lower than that for Greater Sydney; and
- The median age of residents in the four LGAs was comparable to or older than that in Greater Sydney. Reflective of this the four LGAs (with the exception of Ryde LGA) had a lesser proportion of younger residents aged below 30 and a greater proportion of older residents aged 60 years or above compared to Greater Sydney.

The following table details household characteristics of residents in the four LGAs compared to Greater Sydney.

⁶⁰ Source: Based on the ABS Greater Capital City Statistical Areas (GCCSAs) for Sydney– The GCCSAs represent the socio-economic extent of each of the eight State and Territory capital cities The GCCSAs combined with the 'Rest of State' regions cover the whole of Australia without gaps or overlaps and aggregate directly to State/Territory

Table A2.2 – Household Characteristics (2011)

Characteristic	Ryde LGA	Ku-ring-gai LGA	Lane Cove LGA	Hunters Hill LGA	Greater Sydney
Home Ownership					
Owned or Being Purchased	63%	82%	67%	71%	65%
Rented	34%	15%	31%	26%	32%
Other/Not Stated	3%	3%	2%	3%	3%
Household Structure					
Family Households	69%	82%	70%	72%	73%
Lone Person Households	25%	16%	25%	26%	23%
Group Households	5%	2%	5%	2%	4%
Family Type					
Couple family w. children	49%	57%	50%	52%	49%
Couple family w/o children	35%	32%	37%	36%	34%
One parent family	13%	10%	11%	11%	16%
Other family	2%	1%	2%	1%	2%

Source: ABS Census (2011)

The data presented above indicates that:

- With the exception of Ryde LGA, the other LGAs recorded a greater proportion of households who owned or were purchasing their properties compared to Greater Sydney.
- With the exception of Ku-ring-gai LGA, the other LGAs recorded a lower proportion of family households and a greater proportion of lone person households comparative to Greater Sydney; and
- Couple families with children dominated family types in the four LGAs and occurred in comparatively greater proliferations than in Greater Sydney.

The following table identifies the employment and income characteristics for the four LGAs and for Greater Sydney.

Table A2.3 – Employment and Income Characteristics (2011)

Characteristic	Ryde LGA	Ku-ring-gai LGA	Lane Cove LGA	Hunters Hill LGA	Greater Sydney
Labour Force by Occupation					
Managers	13%	20%	18%	22%	13%
Professionals	30%	37%	39%	35%	24%
Technicians & Trade Workers	10%	5%	6%	6%	11%
Community & Personal Services Workers	7%	7%	6%	6%	8%
Clerical and Administrative Workers	16%	14%	14%	14%	15%
Sales Workers	8%	8%	7%	7%	8%
Machinery Operators & Drivers	3%	1%	1%	1%	5%
Labourers	5%	3%	3%	3%	7%
Inadequately described or N.S.	2%	2%	2%	2%	2%
Unemployment	6%	4%	4%	4%	6%
Weekly Household Income					
\$0-\$599	19%	10%	12%	15%	18%
\$600-\$1,249	21%	14%	15%	14%	21%
\$1,250-\$2,499	26%	20%	23%	19%	27%
\$2,500-\$3,999	20%	31%	28%	27%	18%
\$4,000+	6%	14%	12%	14%	5%
Partial income stated	7%	10%	8%	9%	8%
All incomes not stated	2%	2%	2%	3%	2%
<i>Median Weekly Household Income</i>	\$1,466	\$2,508	\$2,181	\$2,178	\$1,447

ABS Census (2011)

From the above table, the following can be determined:

- Working residents exhibited a greater propensity to be employed in white-collar professions such as 'managers' and 'professionals' than in Greater Sydney indicating a skilled local workforce;
- The proportion of working residents employed in low skilled professions such as 'machinery operators & drivers' or 'labourers' was below that for Greater Sydney;
- Unemployment rates in the four LGAs were comparable to or below that for Greater Sydney; and
- Median weekly household incomes in the four LGAs were significantly greater than those in Greater Sydney. The four LGAs also had a comparatively greater proportion of households earning \$2,500 or more per week.

Appendix 3 - HOUSEHOLD EXPENDITURE TABLES

Table A3.1: Total Expenditure Forecast by Broad Commodity Type in Main Trade Area (\$m2013)

Commodity Type	2011	2016	2021	2026	2031
Primary Trade Area					
Food, Groceries & Liquor take-away*	593.8	659.4	731.5	805.7	889.7
Food Catered	282.5	313.7	348.0	383.3	423.2
Apparel	155.6	172.9	191.7	211.0	232.9
Hardware and Bulky Goods Stores	243.9	270.9	300.5	331.0	365.5
Other Personal & Household Goods	421.9	468.4	519.7	572.5	632.3
Personal Services	64.5	71.7	79.5	87.5	96.6
Total Primary Trade Area	1,762.3	1,956.9	2,170.8	2,391.2	2,640.2
Secondary Trade Area					
Food, Groceries & Liquor take-away*	1,060.6	1,185.1	1,302.2	1,426.4	1,568.8
Food Catered	524.1	585.8	643.5	704.9	775.1
Apparel	295.7	330.4	363.0	397.6	437.2
Hardware and Bulky Goods Stores	444.3	496.5	545.5	597.5	657.1
Other Personal & Household Goods	754.3	842.8	926.0	1,014.4	1,115.6
Personal Services	120.1	134.2	147.4	161.5	177.6
Total Secondary Trade Area	3,199.1	3,574.8	3,927.6	4,302.2	4,731.4
Main Trade Area					
Food, Groceries & Liquor take-away*	1,654.5	1,844.5	2,033.6	2,232.2	2,458.5
Food Catered	806.7	899.5	991.5	1,088.2	1,198.3
Apparel	451.2	503.3	554.6	608.6	670.1
Hardware and Bulky Goods Stores	688.3	767.3	846.0	928.5	1,022.6
Other Personal & Household Goods	1,176.2	1,311.2	1,445.7	1,586.9	1,747.9
Personal Services	184.6	205.9	226.9	249.0	274.2
Total Main Trade Area	4,961.4	5,531.7	6,098.4	6,693.4	7,371.5

Note: * Excludes Liquor on Premises and Cinema Expenditure. Note: Forecast assumes 1.1% real growth in retail spend per capita per annum in line with historic trend since 1986

Table A3.2: Forecast Expenditure by Retail Store Type in Main Trade Area (\$m2013)

Retail Store Type	2011	2016	2021	2026	2031
Primary Trade Area					
Supermarkets & Grocery Stores	527.2	585.3	649.6	715.3	789.9
Specialty Food Stores	176.3	195.8	217.3	239.3	264.2
Fast-Food Stores	147.9	164.2	182.2	200.7	221.7
Restaurants, Hotels and Clubs*	184.1	204.4	226.8	249.8	275.7
Department Stores	161.3	179.1	198.8	218.8	241.6
Clothing Stores	107.9	119.9	133.1	146.4	161.5
Domestic Hardware and Houseware Retailing	53.8	59.8	66.4	73.0	80.6
Other Bulky Goods Stores	189.7	210.5	233.7	257.4	284.3
Other Personal & Household Goods Retailing	267.6	297.1	329.7	363.1	401.0
Selected Personal Services**	64.5	71.7	79.5	87.5	96.6
Total Primary Trade Area	1,880.4	2,087.9	2,317.1	2,551.3	2,817.1
Secondary Trade Area					
Supermarkets & Grocery Stores	939.4	1,049.6	1,153.4	1,263.3	1,389.4
Specialty Food Stores	318.0	355.3	390.5	427.7	470.3
Fast-Food Stores	262.3	293.1	322.1	352.7	388.0
Restaurants, Hotels and Clubs*	347.4	388.3	426.6	467.2	513.8
Department Stores	297.1	332.0	364.8	399.5	439.3
Clothing Stores	204.3	228.3	250.9	274.7	302.1
Domestic Hardware and Houseware Retailing	98.9	110.5	121.4	133.0	146.2
Other Bulky Goods Stores	341.6	381.7	419.4	459.4	505.2
Other Personal & Household Goods Retailing	480.0	536.3	589.4	645.5	709.9
Selected Personal Services**	120.1	134.2	147.5	161.5	177.6
Total Secondary Trade Area	3,409.0	3,809.3	4,185.9	4,584.5	5,041.8
Main Trade Area					
Supermarkets & Grocery Stores	1,466.6	1,634.9	1,803.2	1,978.7	2,179.3
Specialty Food Stores	494.3	551.1	607.9	666.9	734.5
Fast-Food Stores	410.2	457.2	504.3	553.5	609.6
Restaurants, Hotels and Clubs*	531.5	592.8	653.4	717.0	789.5
Department Stores	458.4	511.1	563.7	618.3	680.9
Clothing Stores	312.2	348.2	384.0	421.1	463.6
Domestic Hardware and Houseware Retailing	152.7	170.3	187.8	206.0	226.8
Other Bulky Goods Stores	531.3	592.2	653.2	716.7	789.5
Other Personal & Household Goods Retailing	747.6	833.4	919.2	1,008.6	1,110.9
Selected Personal Services**	184.6	205.9	227.1	249.0	274.2
Total Main Trade Area	5,289.3	5,897.1	6,503.8	7,135.8	7,858.9

Note: * Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling) ** Selected Personal Services includes hair and beauty, laundry, clothing hire and alterations, shoe repair, optical dispensing, photo processing and hire of videos. Note: Forecast assumes 1.1% real growth in retail spend per capita per annum in line with historic trend since 1986.