

WESTFIELD EASTGARDENS – PROPOSED RETAIL EXPANSION

ECONOMIC IMPACT ASSESSMENT

15 MARCH 2018
PREPARED FOR TERRACE TOWER GROUP AND SCENTRE GROUP

URBIS

URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director	Jeff Armstrong
Associate Director	Brendan Drew
Research Analyst	Liam Hennessy
Project Code	PER0259

TABLE OF CONTENTS

Introduction	i
1. Property Description and Location.....	2
1.1. Westfield Eastgardens	2
1.2. Planning & Infrastructure Framework	4
2. Trade Area Market.....	7
2.1. Trade Area Definition	7
2.2. Trade Area Resident Population.....	7
2.3. Trade Area Resident Demographics	11
2.4. Trade Area Resident Retail Spending	13
2.5. Local Workers	16
2.6. Summary.....	16
3. Retail Supply and Hierarchy	17
3.1. Retail Hierarchy	17
3.2. Retail Within the Planning Framework.....	21
3.3. Current Retail Floorspace	21
3.4. Retail Precincts / Centres	22
3.5. Future Retail Developments	23
3.6. Sydney Retail Demand & Supply.....	24
3.7. Summary.....	25
4. Current Centre Performance	26
4.1. Turnover Performance	26
4.2. Market Shares.....	26
5. No-Development (Status Quo) Potential	27
6. Economic Need, Demand and Impact.....	28
6.1. Proposed Development	28
6.2. Market Need and Demand.....	28
6.3. Turnover Potential of Westfield Eastgardens' Expansion.....	29
6.4. Economic Impact	31
6.5. Benefits	32
7. Conclusions	35
Disclaimer	37

INTRODUCTION

Urbis have been engaged by Scentre Group to prepare an independent assessment of the economic need, demand and impact of the proposed expansion of Westfield Eastgardens.

This report includes the following sections:

Section 1 – Property Description and Location

Section 2 – Trade Area Market

Section 3 – Retail Supply and Hierarchy

Section 4 – Current Centre Performance

Section 5 – No-Development Potential

Section 6 – Economic Need, Demand and Impacts

Section 7 – Conclusions

1. PROPERTY DESCRIPTION AND LOCATION

1.1. WESTFIELD EASTGARDENS

Regional and Local Context

Westfield Eastgardens is a major shopping centre and significant contributor to the Eastgardens-Maroubra Strategic Centre as designated in the *Revised draft Eastern City District Plan*. The centre is located in the suburb of Pagewood (within Bayside Council – the amalgamation of Botany Bay and Rockdale City Councils), approximately 8.5 km south of the Sydney CBD and 6 km south of Bondi Junction Town Centre. The centre is a key retail destination for residents in the eastern suburbs of Sydney, serving convenience and discretionary shopping needs as well as a place for entertainment (cinemas) and dining. Map 1.1 outlines the centre's location in a local context and Map 1.2 within the broader context of eastern Sydney.

In terms of local context, Westfield Eastgardens is located at the north-western corner of Wentworth Avenue and Bunnerong Road. Both of these roads are key local collector roads linking with major arterial roads, including the M1 Freeway in the west and Anzac Parade in the west which is the key north-south thoroughfare in this region of Sydney. The Westfield Eastgardens property is also bounded by Westfield Drive in the north and Banks Avenue in the west.

Westfield Eastgardens is located on the northern edge of a large employment hub, including Port Botany, and surrounded by a mix of low to high density housing. Meriton's largest residential development, i.e. Pagewood Green which is currently expected to provide some 4,200 dwellings, is located directly north of the shopping centre. This will provide a large new market on the doorstep of the centre. Other uses in the general area include the University of New South Wales and a large hospital precinct, including the Sydney Children's Hospital, Prince of Wales Hospital and Royal Hospital for Women, in Randwick.

Westfield Eastgardens – Local Context

Map 1.1



Existing Centre

The centre originally opened in 1987 and at the time was one of the largest shopping centres in Australia. The last major expansion of the centre was completed in 2002 which added a supermarket, DDS and number of additional specialty retailers. Since then a number of small scale changes to the centre have occurred, including the replacement of David Jones with Myer in 2008 and the opening of a new casual dining precinct, located on the ground floor at the western end of the centre.

These alterations have not resulted in any significant change to the centre's overall floorspace and Westfield Eastgardens is largely the same scale as it was in 2002. The centre today provides around 84,100 sq.m of GLA, including approximately 70,500 sq.m of retail defined uses (e.g. excluding the cinemas, banks, travel agents, etc.). Among its peer group of regional shopping centres (as classified by the Shopping Centre Council of Australia), Westfield Eastgardens now ranks within the bottom half in terms of floorspace.

Over the 2002 to 2017 period, the retail market in the catchment served by Westfield Eastgardens has almost doubled in size or over 60% excluding retail price inflation. The growth of the retail market has been driven by an increasing rate of residential development activity and population growth as well as the gentrification and regeneration of suburbs which is bringing higher income households with greater retail spending capacity to the area. This growing retail market has supported a range of new retail developments however the quantum of new floorspace added since 2002 has not kept pace with demand.

Proposed Development

In the context of this supply shortfall but also evolving needs of the residents and workers in the region, Terrace Tower Group (property owner) and Scentre Group (centre manager) have identified the need to enhance and expand Westfield Eastgardens' offer to better service the growing and changing market demand in the centre's catchment.

A masterplan for the Westfield Eastgardens property has been prepared which includes the proposed retail expansion of the shopping centre. As per Table 1.1, retail floorspace would increase from 70,500 sq.m currently to 98,000 sq.m, an increase of 27,500 sq.m. The total GLA of the shopping centre would therefore increase from 84,100 sq.m currently to 111,600 sq.m.

Existing and Proposed Floorspace

Westfield Eastgardens

Table 1.1

	Existing GLA	Incremental GLA	Proposed GLA
	2017	+ / -	Expansion
Shopping Centre			
Mini-Majors	49,000	+15,000	64,000
Specialty Shops	24,900	+12,500	37,400
Other Uses	10,200	+0	10,200
Total Centre	84,100	+27,500	111,600
Retail Uses (Approximate)	70,500	+27,500	98,000
Office Development			
Office Building	0	+25,000	25,000

Source: Terrace Tower Group/Scentre Group; Urbis

In addition to the retail floorspace outlined in Table 1.1, a new commercial office building providing 25,000 sq.m of Gross Leasable Area (GLA), is proposed on the Westfield Eastgardens site. The demand and impacts associated with this development are assessed in a separate report (*Westfield Eastgardens – Proposed Office Development, Economic Impact Statement*). This report notes that the new commercial office building, if approved, would generate further support for retailing in the Westfield Eastgardens centre in the form of the retail expenditure and demand generated by additional on-site (office) workers.

1.2. PLANNING & INFRASTRUCTURE FRAMEWORK

Map 1.2 outlines the latest planning framework with regard to activity centres and transport infrastructure. We understand that the *Revised Draft District Plans* (DDP), including for *Eastern City* where Westfield Eastgardens is located, supersede *A Plan for Growing Sydney* and as such the definitions adopted in this report have been taken from the latest DDP. The following sub-sections briefly outline planning and infrastructure initiatives of relevance to the trade area of Westfield Eastgardens.

MAJOR INFRASTRUCTURE PROJECTS

CBD & South-East Light Rail

In 2012, the NSW Government recognised the need to reduce congestion both on public transport and Sydney's roads, with *Sydney's Light Rail Future* the resultant planning document. Four key objectives were part of this outcome:

- Service integration and improvements
- Modernising and extending the existing network through the creation of the *Inner West Light Rail Extension*
- The creation of a new *CBD & South East* service
- The planning for longer term enhancements and additional services

Of most relevance to Westfield Eastgardens, and currently under construction, the 12 km extension of the existing light rail line from Circular Quay through to both Kingsford and Randwick (*CBD & South East* service), with services currently projected to be running in 2019.

The light rail extension will provide substantial amenity to residents currently located along its alignment, with high-frequency services (every four minutes), as well as the additional capacity to provide enhanced services during special events.

In addition, the *draft Eastern City District Plan* indicates a mooted proposal to investigate the potential for a new mass transit corridor in the south-east of the region. The South-East Light Rail network together with other enhancements to public transport infrastructure are expected to drive increasing levels of residential density and a broader range of commercial development. This will benefit all forms of existing retail uses and underpin the need for a greater depth and breadth of retail floorspace.

URBAN RENEWAL & INFILL PROJECTS

Green Square

Sydney's flagship 278-hectare urban renewal area project. The overall development will ultimately be home to approximately 61,000 residents over the next 15 years, with a construction value of around \$13 billion. The overall renewal area is focussed around the Green Square Town Centre development, with a concentration of commercial, civic and retail uses catering to local residents. Green Square is located within the trade area of Westfield Eastgardens and will expand the size of the market available for the centre.

Arncliffe

The redevelopment and revision of planning controls for the Bayside West precincts (comprising Arncliffe Cooks Cove and Banksia) are relatively sizeable. The priority emphasis area surrounds the existing Princes Highway Corridor between Arncliffe and Banksia, located in the tertiary west trade area sector, with a focus on revitalising the existing town centre. Any improvements and the consequences of such improvements here are likely to be localised in their influence, with no material changes to retail orientation that would affect the higher order role of Westfield Eastgardens. Ultimately however, the densification of residential development in these areas will have flow-on benefits to Westfield Eastgardens by expanding the retail market in an area with relative close proximity to the centre.

Kings Cross to Bondi Urban Renewal

Located along the stretch of railway between Bondi Junction and Potts Point, the NSW government has indicated that this stretch of the railway line will be integral in providing higher-density development partly aimed at alleviating the housing scarcity within 30 minutes of the Sydney CBD.

The associated growth in the residential population flanking this line is likely to place a greater demand on the existing retail, commercial and civic uses within their reach. This will largely benefit the mix of retail precincts and centres in the area, including Bondi Junction town centre, Oxford Street Paddington, Double Bay and other clusters, as well as the wide array of local retailing.

Kogarah

Earmarked as a Strategic Centre and characterised by an ageing population with smaller families and shifting demographics, the DDP identifies Kogarah as an emerging Health and Education Precinct. The area is planned to accommodate reasonably significant growth in employment with the provision of commercial and retail floorspace driven somewhat by an emphasis on increasing the number of white collar and professional / scientific employees.

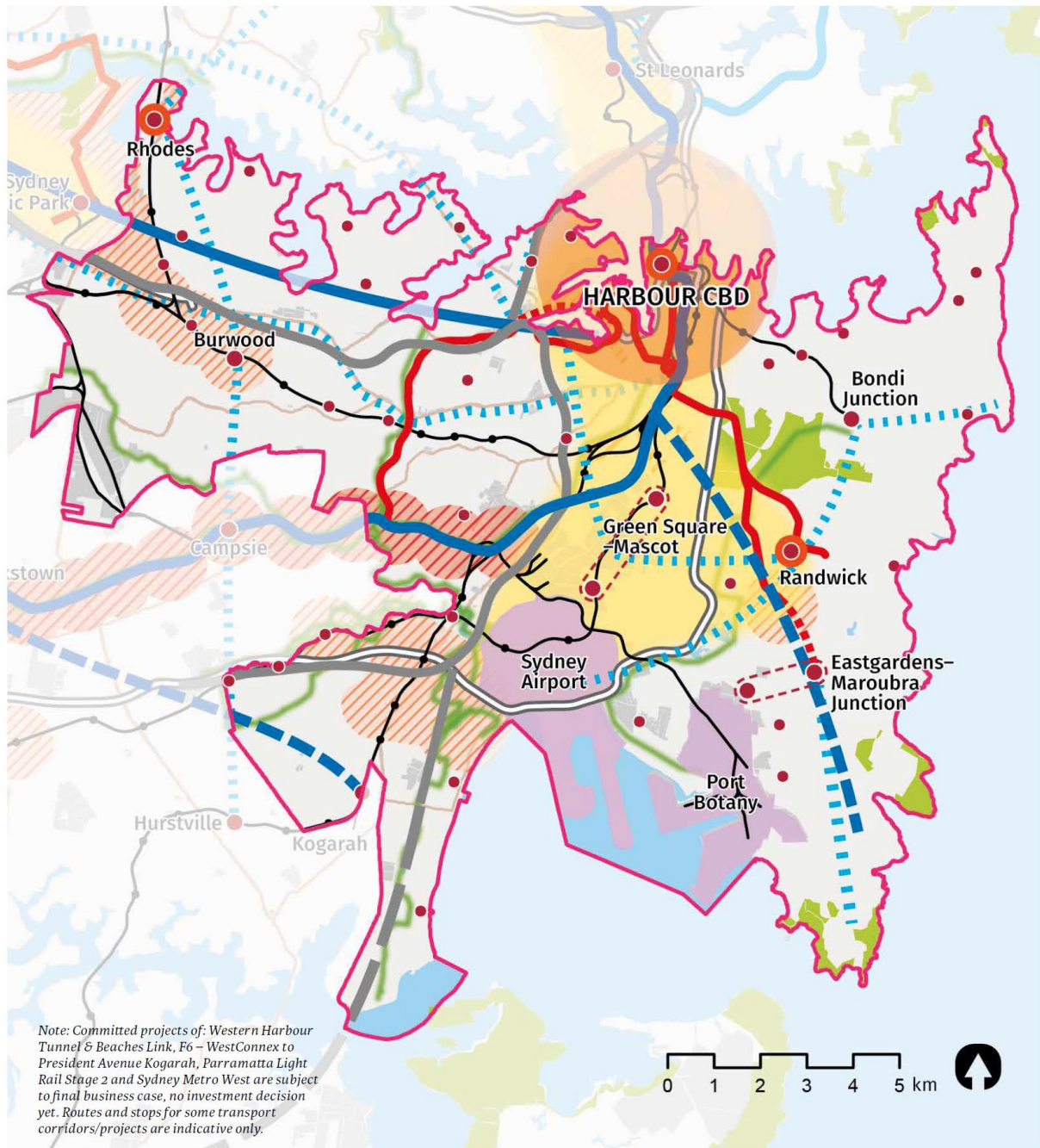
Whilst Kogarah is earmarked for relatively significant development emphasis, it is likely that it will be primarily characterised by employment and commercial uses rather than any significant retail provision and as such it is likely to act in a more complementary manner to the Westfield Eastgardens trade area and the residents within rather than a competing one.

Other

Whilst not specifically identified as priority growth areas by the *NSW Department of Planning and Environment*, various smaller-scale improvements to local areas including Rockdale are planned, predominantly with the aim of increasing the density of development including residential and an increase in commercial and civic uses to cater for an increased population. However, we note that none of these assessments appear to make allowance for any material increase in retail floorspace, at least beyond convenience based retail serving the needs of local workers and residents.

Eastern City District Structure Plan 2036

Greater Sydney
Commission



	Metropolitan City Centre		Trade Gateway		Waterways		Motorway
	Health and Education Precinct		Industrial Land		Train Station		Committed Motorway
	Strategic Centre		Transit Oriented Development		Committed Train Link		Road Investigation 0-10 years
	Local Centre		Urban Renewal Area		Train Link / Mass Transit Investigation 10-20 years		Green Grid Priority Project
	Economic Corridor		Major Urban Parkland and Reserve		On Street Rapid Transit		

2. TRADE AREA MARKET

2.1. TRADE AREA DEFINITION

The trade area served by a shopping centre is influenced by a number of factors, including but not limited to, the scale and tenant mix of the centre, accessibility (road and public transport) of the centre, geography and physical barriers, and competition.

The trade area for Westfield Eastgardens has been defined taking into account the above factors as well as the retail spending patterns of residents based on electronic card transaction data prepared by Quantum and provided by Scentre Group.

The trade area defined for Westfield Eastgardens is outlined in Map 2.1. The trade area extends around 5 km in the north and south, 6 km in the north-west and almost 10 km in the south-west of the centre. Key factors influencing the trade area include:

- A range of competitive retail centres and locations, including Bondi Junction town centre, the Sydney CBD, Broadway, Marrickville Metro and Hurstville Town Centre.
- The accessible location of the centre, facilitated by a good network of local collector and arterial roads, as well as close proximity to public transport (bus) access.
- The proximity of the centre to a major employment node and access to workers which likely extends its geographic reach.

2.2. TRADE AREA RESIDENT POPULATION

Over the past five years, the resident population of Westfield Eastgardens' trade area has grown by an average of 2.9% or just under 8,000 people per annum. This rate of growth was well above the Sydney average of 1.8% per annum.

As of June 2017, Westfield Eastgardens' trade area had an estimated resident population of around 294,250 people (refer Table 2.1), including 155,010 people in the main trade area and 107,240 people in the primary trade area.

Historical & Projected Population

Westfield Eastgardens Trade Area, 2012 – 2031

Table 2.1

	Population					Annual Growth (no.)				Annual Growth (%)			
	2012	2017	2022	2027	2032	12-17	17-22	22-27	27-32	12-17	17-22	22-27	27-32
Primary:													
Core	54,020	60,770	68,760	76,630	84,520	1,350	1,598	1,574	1,578	2.4%	2.5%	2.2%	2.0%
North	23,490	28,320	33,360	36,260	38,660	966	1,008	580	480	3.8%	3.3%	1.7%	1.3%
East	17,960	18,150	18,330	18,480	18,660	38	36	30	36	0.2%	0.2%	0.2%	0.2%
Total Primary	95,470	107,240	120,450	131,370	141,840	2,354	2,642	2,184	2,094	2.4%	2.4%	1.8%	1.5%
Secondary:													
Secondary North	42,980	47,770	50,580	54,060	57,040	958	562	696	596	2.1%	1.1%	1.3%	1.1%
Total Secondary	42,980	47,770	50,580	54,060	57,040	958	562	696	596	2.1%	1.1%	1.3%	1.1%
Main Trade Area	138,450	155,010	171,030	185,430	198,880	3,312	3,204	2,880	2,690	2.3%	2.0%	1.6%	1.4%
Tertiary:													
North	47,530	49,960	51,010	51,690	52,560	486	210	136	174	1.0%	0.4%	0.3%	0.3%
West	35,880	39,120	44,440	48,650	51,900	648	1,064	842	650	1.7%	2.6%	1.8%	1.3%
North West	32,600	50,160	66,220	80,400	94,570	3,512	3,212	2,836	2,834	9.0%	5.7%	4.0%	3.3%
Total Tertiary	116,010	139,240	161,670	180,740	199,030	4,646	4,486	3,814	3,658	3.7%	3.0%	2.3%	1.9%
Total Trade Area	254,460	294,250	332,700	366,170	397,910	7,958	7,690	6,694	6,348	2.9%	2.5%	1.9%	1.7%
Sydney*	4,365,440	4,766,730	5,192,720	5,625,380	6,064,950	80,258	85,198	86,532	87,914	1.8%	1.7%	1.6%	1.5%

1. As at June 30

* Refers to Sydney Metropolitan Area

Source: ABS; New South Wales State and Local Government Area Population Projections; The Department of Planning & Environment, NSW, 2014; SAFI; Urbis

Estimates of forecast growth of the trade area population have been prepared with reference to:

- The latest NSW Government projections.
- Forecast id consulting projections.
- Recent New Dwelling Approvals (NDAs) prepared by the Australian Bureau of Statistics (ABS). Refer to Map 2.2.
- Planned future residential development in the region of relevance to Westfield Eastgardens.

Key points to note:

- A number of major infill development projects will influence population trends in the trade area over the next 10 years, including but not limited to:
 - **Pagewood Green** (Meriton development adjacent to Westfield Eastgardens): This large mixed-use development on the former British American Tobacco & Holden site is planned to comprise some 4,200 apartments and townhouses, expected to be delivered over a ~10-year period.
 - **Green Square**: Located 3.5 km south of Sydney CBD and 4 km north-east of Sydney airport, the Green Square urban renewal project is expected to comprise over 30,000 dwellings upon completion, with government projections suggesting around 60,000 residents by 2030.
 - **Eastlakes**: Crown Group's development at Eastlakes is set to include around 400 apartments and 14,000 sq.m of retail GLA set to commence construction, after being held up in appeals, in the next 12 months.
- In the past five years, the number of NDAs in the trade area of Westfield Eastgardens has averaged around 4,300 per annum. In the last three years, the quantum of NDAs has been higher and closer to 4,700 per annum. The level of planned residential development activity has clearly increased in recent years and the trade area of Westfield Eastgardens is accounting for a larger share of Sydney's overall activity, i.e. 11% share of NDAs from 2012 to 2017 which compares with 7.8% from 2007 to 2012.
- Given the range of major high density residential projects and increasing levels of NDAs in recent years, the population projections prepared by the NSW Government are likely to be exceeded at least in the short to medium term.
- Based on consideration of the range of data sources and analysis of recent trends and planned development activity, trade area population growth is forecast to average 2.5% or 7,700 people per annum over the next five years to 2022 and 1.9% or 6,700 people per annum over the period 2022-2027.
- The trade area population is therefore forecast to reach 332,700 people by 2022 and over 366,000 people by 2027. This growth represents an increase of around 72,000 people or 24% over the next decade. Good levels of population growth are expected to continue beyond 2027.

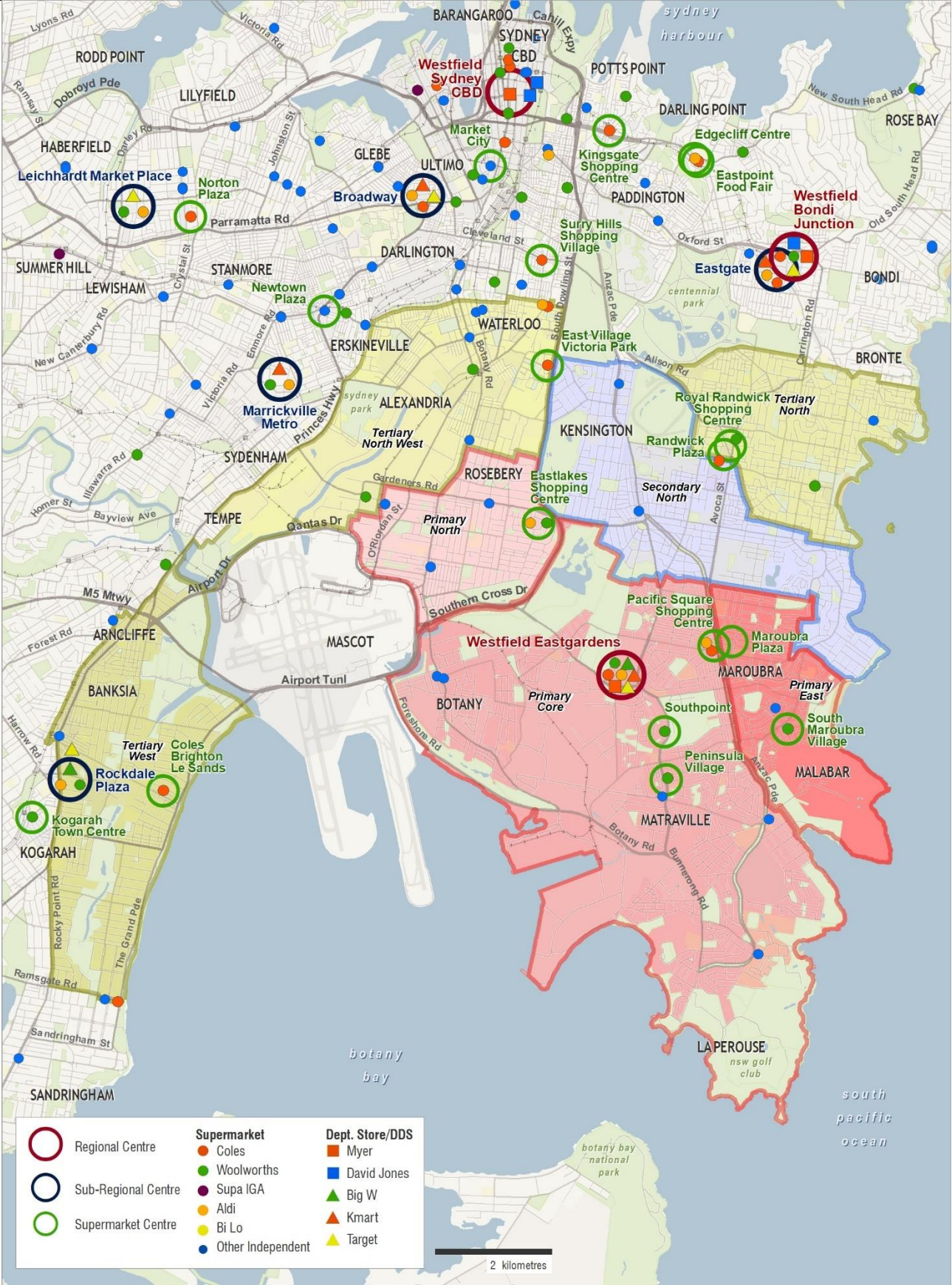
New Dwelling Approvals

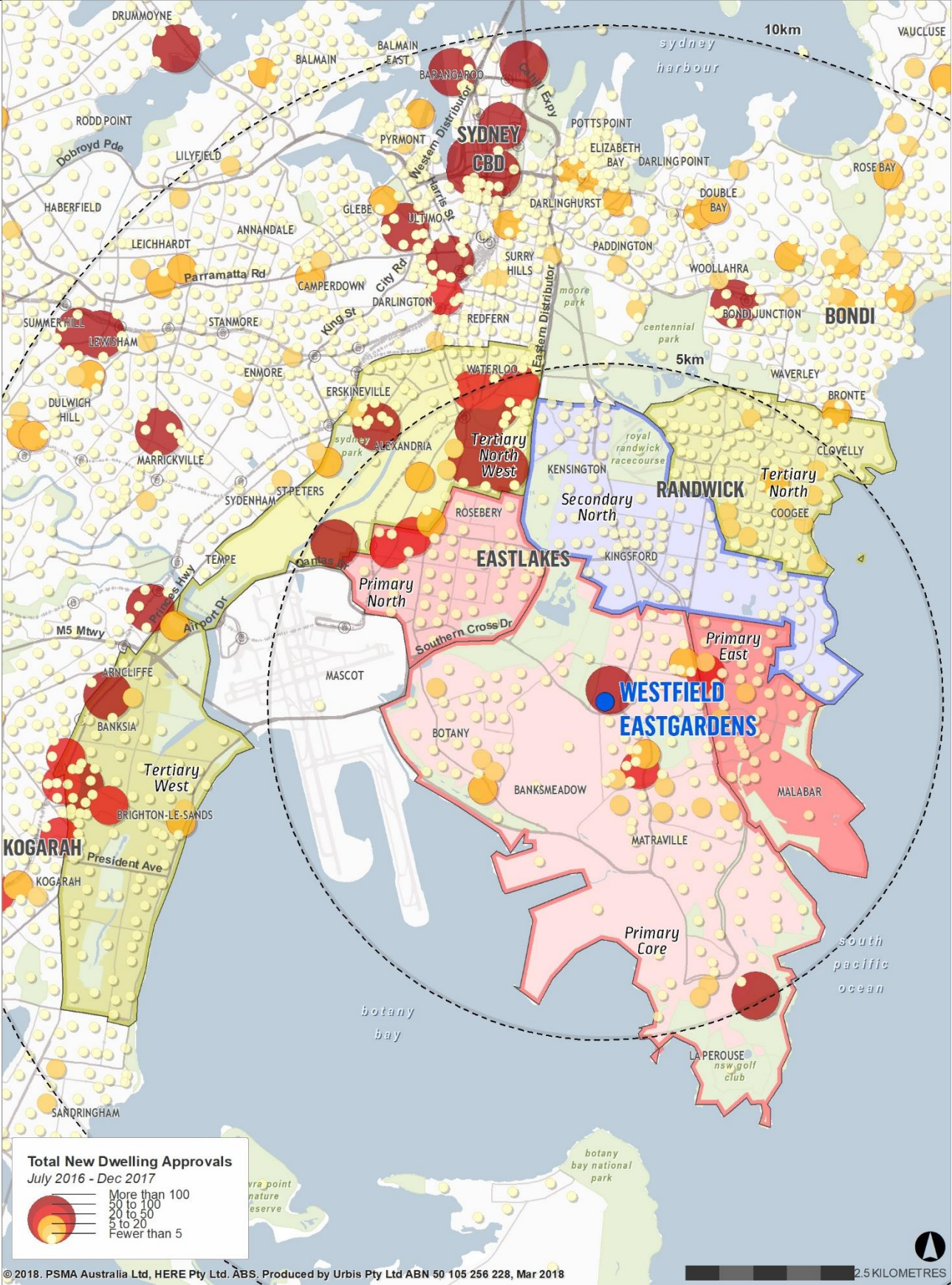
Westfield Eastgardens Trade Area, 2002 – 2017

Table 2.2

	Average NDAs Per Annum		
	2002-07	2007-12	2012-17
Eastgardens TTA:			
Houses	155	188	173
Other	<u>1,626</u>	<u>1,271</u>	<u>4,094</u>
Total	1,781	1,459	4,268
Sydney Metropolitan Area:			
Houses	6,540	6,207	10,526
Other	<u>12,141</u>	<u>12,414</u>	<u>28,334</u>
Total	18,681	18,622	38,860
Eastgardens TA % of Sydney			
Houses	2.4%	3.0%	1.6%
Other	13.4%	10.2%	14.5%
Total	9.5%	7.8%	11.0%

Source: ABS, Urbis





2.3. TRADE AREA RESIDENT DEMOGRAPHICS

The socio-economic profile of trade area residents is based on data from the ABS' Census of Population and Housing, undertaken in 2006, 2011 and 2016.

ABS Census

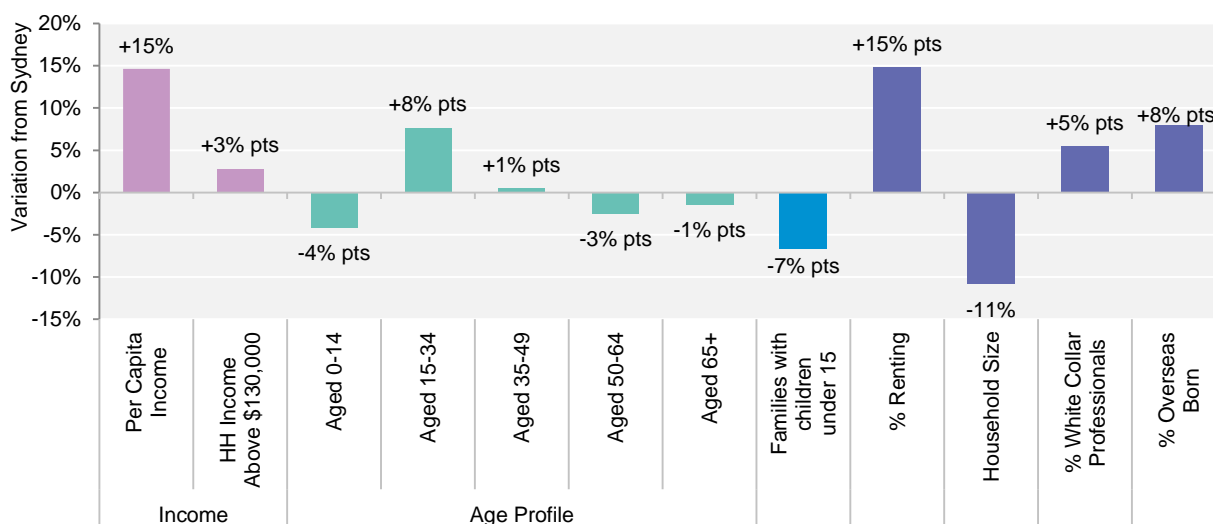
Westfield Eastgardens includes a diverse mix of residents that can be broadly summarised as follows:

- **Primary Core and East Sectors.** These areas are characterised broadly by mature/older age profile households in detached and semi-detached houses. This region is in a process of change, with an increasing number of apartment developments and higher-density residential. Correspondingly, the expectation is for the area to consist of more younger professionals and higher-income white collar workers (as has been seen in inner city and fringe areas).
- **Secondary North and Tertiary North Sectors.** This region of the trade includes suburbs with some of the highest incomes in the trade area. A large proportion of the population are renters (+50%) with housing stock weighted heavily towards units and apartments (reflecting the relatively high population density). Whilst the more easterly coastal areas such as Randwick and Coogee have been earlier beneficiaries of Sydney's sprawl, Kensington and northern Maroubra are beginning to experience this spill-over of wealth, with the demographic profile of residents beginning to shift.
- **Primary North and Tertiary North-West Sectors.** These areas are undergoing substantial urban renewal as old stock of industrial properties are converted to higher density residential and a mix of commercial uses. The Green Square Town Centre urban regeneration project is an example of the type of development occurring in the area. Traditional blue-collar residents are gradually being replaced by residents in white-collar occupations, young professionals with relatively high disposable incomes as these areas develop more fully.
- **Tertiary West Sector.** This area is mainly characterised by older/mature and lower income households with a higher proportion of workers in blue collar occupation. Residential dwellings are mostly represented by detached and semi-detached stock, with a high proportion of family households. The vast majority of higher density residential development in this area is occurring in and around Kogarah Town Centre.

Key Demographic Characteristics

Westfield Eastgardens Total Trade Area, 2016

Chart 2.1



Source: ABS; Urbis

In terms of trends between 2006 and 2016, the key points to note include:

- On a per capita basis, incomes in the total trade area increased by around 77%, compared with 72% for Sydney as a whole.
- The average age in the trade area declined by 4% between the two census dates – in contrast to Sydney which experienced increase in average age of +1%.
- The proportion of rented households increased by 4.5% points, above the Sydney change of 2.7% points.

The abovementioned changes are broadly representative of a gentrifying and densifying trade area aligned with the changing household structures and greater quantum of higher density residential development.

Socio-Economic Change, 2006-2016

Westfield Eastgardens Trade Area

Table 2.3

	Total Primary	Total Secondary	Main Trade Area	Total Tertiary	Total Trade Area	Sydney
Population						
Resident Population	23%	23%	23%	33%	28%	+17%
Household Income						
Average Household Income	53%	40%	49%	47%	48%	+54%
Average Household Size	3%	6%	4%	5%	4%	+4%
Per Capita Income						
Per Capita Income	93%	55%	80%	71%	77%	+72%
Age Distribution						
Average Age	-2%	-7%	-3%	-4%	-4%	+1%
Dependency Ratio	-0.6% pts	-2.3% pts	-1.1% pts	-1.1% pts	-1.2% pts	+0.7% pts
House Tenure						
Owner	-4.2% pts	-3.7% pts	-4.0% pts	-3.5% pts	-3.9% pts	-3.0% pts
Purchaser	+4.4% pts	+1.5% pts	+3.6% pts	+1.8% pts	+2.7% pts	+0.1% pts
Renter	+3.5% pts	+5.2% pts	+4.0% pts	+4.7% pts	+4.5% pts	+2.7% pts
Labour Force						
Labour Force Participation	+2.0% pts	-3.5% pts	+0.2% pts	+1.0% pts	+0.8% pts	+0.0% pts
% Unemployed	+0.2% pts	+3.0% pts	+1.0% pts	+0.7% pts	+0.8% pts	+0.7% pts
% Managers and Professionals	+8.5% pts	+5.1% pts	+7.2% pts	+4.8% pts	+6.2% pts	+3.1% pts
% Other White Collar	-2.7% pts	-2.6% pts	-2.6% pts	-3.0% pts	-2.9% pts	-1.2% pts
% Blue Collar	-5.8% pts	-2.4% pts	-4.5% pts	-1.8% pts	-3.3% pts	-1.9% pts
Birthplace						
Australian Born	-2.7% pts	-6.6% pts	-3.9% pts	-6.6% pts	-5.2% pts	-4.7% pts
Overseas Born	+2.7% pts	+6.6% pts	+3.9% pts	+6.6% pts	+5.2% pts	+4.7% pts
Asia	+4.3% pts	+7.4% pts	+5.3% pts	+4.8% pts	+5.0% pts	+4.6% pts
Europe	-2.5% pts	-2.0% pts	-2.4% pts	-2.7% pts	-2.5% pts	-6.6% pts
Other	+1.0% pts	+1.2% pts	+1.0% pts	+4.5% pts	+2.7% pts	+6.7% pts

Source: Urbis

Summary

The latest Census data and trends confirm the trade area is in a process of transition with the regeneration of long standing households with younger households (including families) and gentrification of areas as residents with higher incomes move into the area.

2.4. TRADE AREA RESIDENT RETAIL SPENDING

Per Capita Spend Levels

The retail spending market has been estimated using *MarketInfo*, a micro-simulation model developed by MDS Market Data Systems Pty Ltd. This model is based on information from the ABS' Household Expenditure Survey (HES), the Census of Population and Housing and other information sources that provide up-to-date information on changes in spending behaviour and/or income levels (e.g. Australian National Accounts, Australian Taxation Statistics, etc.). *MarketInfo* is used widely by stakeholders in the retail industry.

The model uses micro-simulation techniques to combine propensity to spend on particular commodities with the socio-economic characteristics of individuals to derive spending per capita estimates on a small area basis (i.e. the Statistical Area One level).

The retail expenditure estimates throughout the report include the component of turnover attributable to goods and services tax, and that all values are expressed in calendar years in constant 2017 dollar terms (i.e. retail price inflation is not included).

The retail spending estimates outlined in this report represent the categories of retail goods and services which are served by retail shops as per the definition provided in the Definitions section of this report.

Table 2.4 and Chart 2.2 outline retail spending per capita levels across the Westfield Eastgardens trade area for 2017 relative to the Sydney average. Key points to note from this analysis:

- On average, trade area residents spend an estimated \$16,070 per capita annually on retail goods and services, which is 9% above the Sydney average.
- The spending levels vary across the trade area, i.e. from +32% to the Sydney average in the tertiary north sector to -14% in the primary north sector.
- In terms of product groups, trade area residents have spend levels significantly above the Sydney average in most categories, including food catering (+25% to the Sydney average), retail services (+22%), apparel (+14%) and homewares (+14%). A key focus of the proposed expansion of Westfield Eastgardens is to enhance the centre's offer to better meet residents' needs in these categories.

Retail Spending Per Capita by Trade Area Sector

Westfield Eastgardens Trade Area vs Sydney Average, 2017 (incl. GST)

Table 2.4

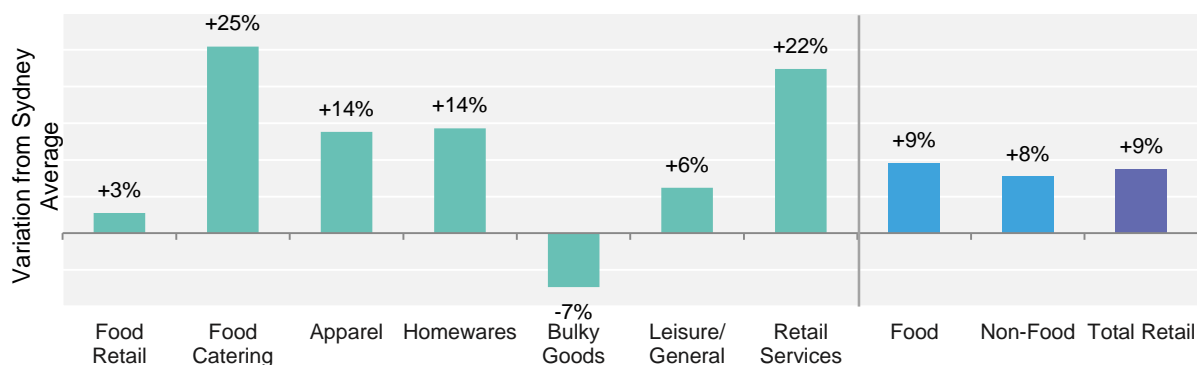
		Per Capita Var'n from Sydney Avg.	Retail Spend Per Capita (\$)			Retail Spending Market (\$M)		
	Population	Spending	Food	Non-Food	Total	Food	Non-Food	Total
Primary:								
Core	60,800	-3%	8,190	6,140	14,330	498	373	871
North	28,300	-14%	7,861	5,438	12,681	223	154	377
East	18,100	+1%	8,805	6,866	14,946	160	125	284
Total Primary	107,200	-8%	8,207	6,078	13,651	880	652	1,532
Secondary:								
Secondary North	47,770	+7%	8,845	6,965	15,810	423	333	755
Total Secondary	47,770	+7%	8,845	6,965	15,810	423	333	755
Main Trade Area	155,010	-0%	8,404	6,351	14,755	1,303	984	2,287
Tertiary:								
North	49,960	+32%	10,557	8,966	19,524	527	448	975
West	39,120	-7%	8,077	5,695	13,773	316	223	539
North West	50,160	+25%	10,406	8,064	18,470	522	404	926
Total Tertiary	139,230	+19%	9,806	7,722	17,528	1,365	1,075	2,440
Total Trade Area	294,240	+9%	9,067	7,000	16,067	2,668	2,060	4,728
Sydney			8,281	6,500	14,781			

Source: ABS; MarketInfo ; Urbis

Retail Spending Per Capita by Product Group

Westfield Eastgardens Total Trade Area vs. Sydney Average, 2017

Chart 2.2



Source: ABS; MarketInfo; Urbis

Retail Spending Market

Table 2.5 outlines Urbis estimates of the amount of retail expenditure generated by trade area residents in 2017 through to 2032.

The trade area retail market is estimated at \$4.7 billion in the year to December 2017, including \$1.5 billion in the primary trade area and \$2.2 billion in the main trade area.

Forecast growth in retail spending is estimated by combining forecast population growth with anticipated growth in real retail spend per capita. The assumptions relating to these contributions to spending growth to 2032 are as follows:

- Population growth averaging 2.0% per annum.
- Real retail spending per capita growth averaging 1.2% per annum.

Over the next 15 years, retail spending generated by residents of Westfield Eastgardens' trade area is forecast to increase by approximately \$2.9 billion or 61%. The trade area retail market is forecast to reach \$7.6 billion by 2032, including \$6.6 billion by 2027 and \$5.3 billion 2022. Retail expenditure generated by trade area residents is therefore forecast to increase on average by almost \$960 million on average every five years.

This quantum of retail expenditure growth will support an expansion of retail floorspace across the trade area, including Westfield Eastgardens.

Total Retail Spending Market

Westfield Eastgardens Trade Area (\$2017, Including GST), 2017 – 2031

Table 2.5

	Food Retail	Food Catering	Apparel	Home- wares	Bulky Goods	Leisure/ General	Retail Services	Total Retail	Annual Growth	=	Pop Growth	+	Per Cap Spend Growth
Primary Trade Area:													
2017	613	267	168	115	143	164	62	1,532					
2022	705	322	203	142	169	197	74	1,812	3.4%		2.4%		1.0%
2027	788	378	238	170	193	231	87	2,087	2.9%		1.8%		1.1%
2032	872	439	277	203	220	269	101	2,381	2.7%		1.5%		1.1%
Main Trade Area:													
2017	894	409	257	175	212	247	93	2,287					
2022	1,010	484	304	212	245	293	110	2,658	3.1%		2.0%		1.0%
2027	1,122	564	354	254	279	341	129	3,043	2.7%		1.6%		1.1%
2032	1,233	651	409	300	315	394	149	3,450	2.5%		1.4%		1.1%
Total Trade Area:													
2017	1,760	908	538	379	420	517	205	4,728					
2020	1,930	1,030	608	436	466	584	232	5,284	3.8%		2.6%		1.1%
2027	2,300	1,324	777	578	572	746	296	6,594	3.2%		2.0%		1.2%
2032	2,563	1,557	910	696	652	875	347	7,599	2.9%		1.7%		1.2%

Source: ABS; MarketInfo; Urbis

2.5. LOCAL WORKERS

Westfield Eastgardens is located on the edge of a major employment node, including Port Botany. According to the 2016 Census (Journey to Work data) there is an estimated 76,400 workers within the main trade area of the shopping centre, including 53,200 workers in the primary trade area. These workers will provide a level of demand in support of retail shops and services and other uses at Westfield Eastgardens.

The masterplan for Westfield Eastgardens also includes the proposal for 25,000 sq.m of commercial office floorspace (GLA). These on-site office workers will provide additional demand for retail shops and services. It is estimated that the workers could potentially spend around \$13 million (\$2017, incl. GST) annually on retail goods and services while at work, of which the vast majority could be captured and directly benefit retailers in Westfield Eastgardens.

2.6. SUMMARY

Westfield Eastgardens' trade area is amid a demographic shift, whereby incomes and house prices are growing stronger than the Sydney averages and the area is attracting more younger households, including families, and white collar workers. The housing typology is evolving to accommodate these changing demographics.

The propensity of residents to spend on retail (currently around 9% above the average for Sydney (*refer Chart 2.2*) is reflective of the region's current demographic profile. As the area continues to attract higher income households the retail spending profile of residents is expected to improve as well. The degree to which this growth supports further provision of retail, including the level proposed at Westfield Eastgardens, is assessed later in this report.

3. RETAIL SUPPLY AND HIERARCHY

This section of the report outlines a review of the existing and future supply of retail centres in the region of relevance to Westfield Eastgardens. This includes an overview of the current (as per the latest DDP including for *Eastern City* where Westfield Eastgardens is located) planning objectives for retail development through the broader central Sydney region.

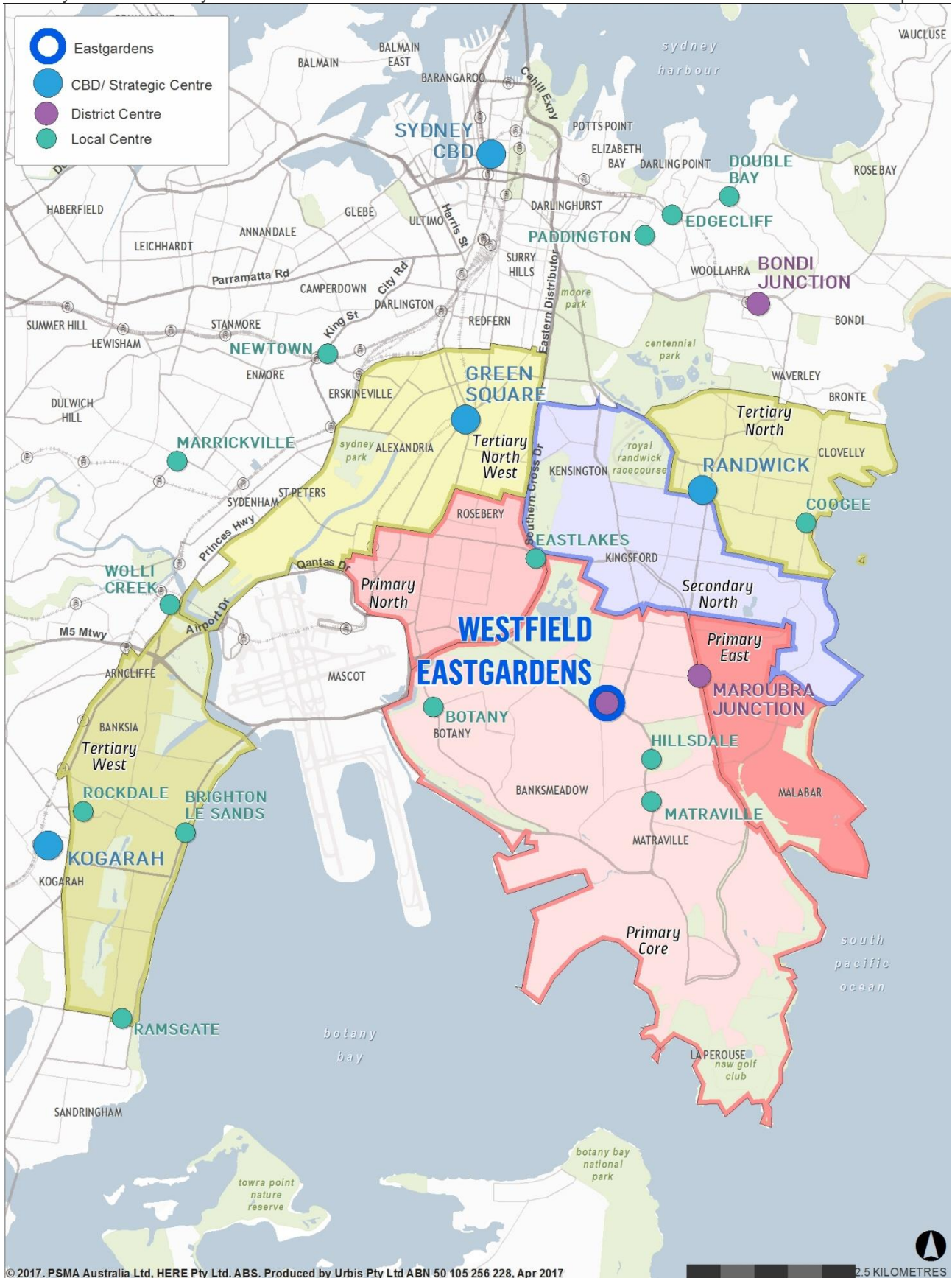
3.1. RETAIL HIERARCHY

Map 3.1 outlines the current retail centres hierarchy throughout the trade area, with these precincts outlined briefly in the following table.

For each activity centre the DDP designation, adopted under the DDP for areas within Sydney, and its retail role as per Urbis' retail classifications are provided. The centres that are outlined are considered those to be of most relevant to the retail role and/or mix of tenants that are currently and proposed to be provided in Westfield Eastgardens. There are also a range of smaller scale local centres serving very localised markets also located throughout the trade area. Given the development of Westfield Eastgardens focusses on the enhancement of discretionary shopping needs these local centres would be expected to be largely unaffected by the proposed development.

PRECINCT/S	DDP DESIGNATION	URBIS RETAIL CLASSIFICATION	URBIS COMMENTS
<p>(1) Sydney CBD</p> <p>(2) Green Square – new centre</p> <p>(3) Randwick</p> <p>(4) Kogarah</p> <p>(5) Hurstville</p> <p>(6) Bondi Town Centre</p> <p>(7) Westfield Eastgardens</p> <p>(8) Maroubra Junction</p>	Metropolitan City Centre (Sydney)/ Strategic Centre	<p>(1) Principal Centre / CBD Retail</p> <p>(2) Supermarket Based Centre</p> <p>(3) Supermarket Based Centre</p> <p>(4) Supermarket Based Centre</p> <p>(5) Regional Shopping Centre</p> <p>(6) Super-Regional Centre</p> <p>(7) Major Regional Centre</p> <p>(8) Supermarket Based Centres</p>	<p>Sydney CBD is the civic, commercial and retail heart of Sydney. The CBD provides an expansive selection of retail, with a variety of centre types, ranging from retail strips to CBD shopping centres including Westfield Sydney</p> <p>Green Square refers to the large-scale urban renewal precinct located 4.4 km to the south of Sydney, or 4.7 km to the north of Westfield Eastgardens. On completion, the development will comprise a mix of commercial, retail and residential, with approximately 10,000 sq.m retail GLA understood to be planned, including a 1,500 sq.m Woolworths supermarket. The precinct also includes the current East Village shopping centre located at Zetland.</p> <p>Randwick refers to the amalgamation of the Randwick Health and Education precinct earmarked by the <i>District Plan</i>, and the surrounding retail. This precinct includes two shopping centres <i>Royal Randwick</i> and <i>Randwick Plaza</i>.</p> <p>Kogarah comprises the proposed expansion of the town centre and associated retail strips to the west of the railway. Currently Kogarah Town Centre comprises around 6,000 sq.m of retail GLA with a 2,800 sq.m Woolworths and 1,500 sq.m Aldi supermarket. Strip retail comprises an additional estimated 9,000 sq.m.</p> <p>Hurstville refers to the precinct broadly comprising Westfield Hurstville and strip retailing flanking Forest Road and Cross Street.</p> <p>Bondi Town Centre – Westfield Bondi Junction falls within the broader Bondi Town Centre precinct, and is one of the top performing regional shopping centres in Australia, providing from higher order fashion to supermarkets and discount department stores. The precinct also includes the <i>Eastgate Shopping Centre</i>, a 15,300 sq.m sub-regional centre anchored by Kmart and Coles / Aldi supermarkets.</p> <p>Combined, these two centres and the flanking street retail form a major super-regional centre for residents across the eastern suburbs.</p> <p>Westfield Eastgardens is the subject of this EIA.</p>

			<p>Maroubra Junction comprises two supermarket based centres <i>Maroubra Plaza</i> and <i>Pacific Square</i> and is located 1.5km to the east of Westfield Eastgardens. The precinct has a range of strip and lower-order retail, much of which essentially exclusively services the local population.</p>
<p>(9) Botany</p> <p>(10) Matraville</p> <p>(11) Hillsdale</p> <p>(12) Eastlakes</p> <p>(13) Coogee</p> <p>(14) Brighton Le Sands</p> <p>(15) Rockdale</p> <p>(16) Wolli Creek</p> <p>(17) Ramsgate</p> <p>(18) Marrickville</p>	Local Centre	<p>(9) Supermarket Based Centres</p> <p>(10) Supermarket Based Centre</p> <p>(11) Supermarket Based Centre</p> <p>(12) Supermarket Based Centre</p> <p>(13) Supermarket Based Centre</p> <p>(14) Supermarket Based Centre</p> <p>(15) Sub-Regional Shopping Centre</p> <p>(16) Supermarket Based Centre</p> <p>(17) Supermarket Based Centre</p> <p>(18) Sub-Regional Shopping Centre</p>	<p>Botany refers to the precinct bounded loosely by Bay Street to the north and Edward street the south, along Botany Road.</p> <p>The Matraville precinct includes <i>Peninsula Village</i> shopping centre and the neighbouring retail strip along Bunnerong Road between Franklin Street and Beauchamp Road.</p> <p>Hillsdale refers to <i>Southpoint Shopping Centre</i>, located on Bunnerong Road and adjacent to Matraville Sports Centre.</p> <p>Eastlakes is located 2.5 km to the north west of Westfield Eastgardens and refers to the double supermarket centre located on the south-side of Gardeners Road.</p> <p>Coogee refers to the Woolworths supermarket and associated strip retail adjacent to Coogee Beach and along Coogee Bay Road. It is a key dining destination in the region.</p> <p>Brighton Le Sands precinct refers to the retail strip on the east side of Bay Street.</p> <p>Rockdale broadly refers to the precinct comprising sub-regional centre <i>Rockdale Plaza</i> and the adjacent retail strip along Princes Highway.</p> <p>Wolli Creek refers to the Woolworths supermarket and associated strip retail flanking Arncliffe Street.</p> <p>Ramsgate refers to the retail strip that runs along Ramsgate Road from The Grand Parade to Rocky Point Road anchored by Coles on the eastern end.</p> <p>Marrickville comprises essentially the Marrickville Metro shopping centre, currently around 20,000 sq.m and anchored by Kmart and Woolworths / Aldi supermarkets. Expansion plans are in progress which would see the centre increase in size by around 16,000 sq.m with the addition of new supermarket, discount department store, mini-majors and specialties.</p>
(19) South Maroubra Village	Not specified	(19) Supermarket Based Centre	<p>South Maroubra Village refers to the retail strip located on the corner of Meagher Avenue and Malabar Road anchored by Woolworths supermarket.</p>



3.2. RETAIL WITHIN THE PLANNING FRAMEWORK

Sydney, including the eastern suburbs, incorporates a comprehensive centre hierarchy with a mix of higher order and lower order centres serving varying roles for local and/or broader catchments.

The NSW Government has recognised the need to provide a more localised, regional supply of services and amenities to residents, both in order to address the demands placed on transport and roads, but also to create more strategic activity centres that can accommodate jobs, retail, and the civic uses associated by this corresponding relative decentralisation of the CBD's traditional role.

As part of this process, a number of strategic centres, transport hubs and regional activity points have been earmarked throughout inner and fringe Sydney. Ultimately the intention will be to focus on developing these in a more strategic manner so that they might accommodate numerous uses. Those of particular relevance to Westfield Eastgardens include Randwick and the associated light rail, and Green Square and associated transport / retail / civic / commercial nodes.

3.3. CURRENT RETAIL FLOORSACE

A more detailed outline of the floorspace estimates for the retail precincts described in Section 3.1 is shown in Table 3.1. Section 3.3 details further the key characteristics and relative positioning of the main retail precincts that are of most relevance to Westfield Eastgardens.

The estimated retail floorspace of individual centres takes into account figures outlined in the 2013 *Eastern Suburbs Economic Profile* prepared by SGS for Randwick, Waverley and Woollahra Municipal Councils as well as data provided by the Property Council of Australia (Shopping Centre Database) and Urbis' estimates.

Retail Centre/Precinct Hierarchy

Key Centres and Retail Floorspace

Table 3.1

Precinct	Location TA Sector	Type of Centre Retail Designation	Retail GLA sq.m
Sydney CBD	Beyond	CBD Retail	n.a.
Bondi Town Centre	Beyond	Super Regional	164,200
Eastgardens	Primary Core	Major Regional	70,500
Rockdale	Tertiary West	Sub-Regional	42,300
Marrickville	Beyond	Sub-Regional	21,500
Randwick	Tertiary North	Supermarket	36,600
Maroubra Junction	Primary East	Supermarket	24,900
Kogarah	Tertiary West	Supermarket	15,000
Kingsford	Secondary North	Supermarket	14,000
Ramsgate	Tertiary West	Supermarket	12,800
Green Square	Beyond	Supermarket	12,000
Brighton Le Sands	Tertiary West	Supermarket	11,700
Hillsdale	Primary Core	Supermarket	10,500
Coogee	Tertiary North	Supermarket	10,400
Wolli Creek	Beyond	Supermarket	10,200
Eastlakes	Primary North	Supermarket	10,200
Matraville	Primary Core	Supermarket	8,800
Botany	Primary Core	Supermarket	8,000
South Maroubra Village	Primary East	Supermarket	2,600

* Total GLA refers to retail floorspace and excludes non-retail uses

Source : PCA; SGS; Urbis

3.4. RETAIL PRECINCTS / CENTRES

Whilst there are a reasonable number of retail precincts located within, or in close proximity to, the Westfield Eastgardens trade area, only a handful of these will be competitive with the type of retail proposed to be added at Westfield Eastgardens.

The key centres of relevance that are located in the trade area are as follows:

- **Hillsdale** – comprising the Southpoint Shopping Centre and around 1 km to the south of Westfield Eastgardens along Bunnerong Road, the centre is anchored by a 2,900 sq.m Woolworths and 2,500 sq.m Coles. Southpoint largely serves a localised catchment, focussed on everyday shopping needs.
- **Matraville** – located 1.4 km to the south of Westfield Eastgardens and in close proximity to northern neighbour Hillsdale, the Matraville precinct consists of Supa IGA and Woolworths stores with a total retail GLA of around 9,000 sq.m.
- **South Maroubra Village** – A neighbourhood centre anchored by a Woolworths supermarket and located 2.5 km to the east of Westfield Eastgardens. The centre is situated within a residential area and would serve a localised catchment within the primary east trade area.
- **Maroubra Junction** – An agglomeration of retail and non-retail uses centred around the Anzac Parade and Maroubra Road intersection. The centre consists of Maroubra Plaza (2,400 sq.m retail GLA, including the Greener Grocer) and Pacific Square (11,100 sq.m retail GLA, including Coles and Aldi supermarkets) shopping centres, with approximately 11,400 sq.m of retail GLA along the shopping strips. The precinct is a reasonably vibrant and active retail location serving mainly localised demand. There is variation in the quality and mix of tenants throughout the precinct and the retailers would serve a sizeable walk-up trade due to the concentration of apartment buildings in the precinct.
- **Eastlakes** – This centre is currently undergoing redevelopment, but still operational including Woolworths and Aldi supermarkets. The centre is located 2.5 km to the north-west of Westfield Eastgardens in its primary north trade area.
- **Randwick** – centred around Belmore Road and Avoca Street, consisting of shopping centres Randwick Plaza and Royal Randwick (including a Coles supermarket and small range of fashion/homewares retailers), as well as a reasonable contingent of strip retail, totalling 36,600 sq.m retail GLA. Randwick also includes the Ritz Cinemas located on St Pauls Street located about 500 metres south of the main shopping area. The cinemas form a key element of The Spot, a dining precinct with around 30 restaurants and cafes.

Randwick operates as a neighbourhood centre to residents around Randwick. But would also serve visitors and workers of the civic and commercial uses associated with the Prince Wales / Sydney Children's Hospital and UNSW. The *South East Light Rail Extension* will extend along High Street, through to its Belmore Road terminus point adjacent to the Prince of Wales Hospital.

There are a number of centres located on the fringe of the trade area, such as Kogarah and Rockdale, which include a small range of discretionary retailing, have localised retail roles and would be of limited competitive relevance to Westfield Eastgardens, particularly the nature of retail proposed to be added to the centre.

Higher-order centres such as *Westfield Bondi, Marrickville Metro and Sydney CBD*, whilst located outside the immediate trade area, draw a significant amount of turnover from trade area residents due to the depth and breadth of their retail offer – much of which is not currently satisfied by the provision at Westfield Eastgardens.

- **Sydney CBD** – will continue to remain the preeminent retail centre for residents of the broader metropolitan area. The agglomeration of civic, commercial, residential, entertainment and retail uses operate essentially independently of the major regional centres that flank them (Bondi / Westfield Eastgardens etc.). A notable provision of luxury goods and flagship stores attract the bulk of tourism spending, much of this separate to the objectives and draw of Westfield Eastgardens.

Ultimately the major decentralised centres (as identified by the DDP) play complementary rather than competing roles with CBD retail. As such, Westfield Eastgardens' proposed development is not expected to be of any particular competitive relevance to the CBD or associated retail found within.

- **Bondi Junction Town Centre** – has more strategic relevance particularly with regard to residents of the northern sectors of Westfield Eastgardens' trade area. The agglomeration of **Westfield Bondi Junction, Eastgate Shopping Centre** and associated strip retail linking the two centres forms a relatively large and important node for residents of the eastern suburbs.

Whilst there is a general divide (occurring roughly around Centennial Park) between the core markets that Bondi Junction (and associated retail) and Westfield Eastgardens serves, the expansion of Westfield Eastgardens will result in an offer more competitive with that currently provided in Bondi Junction.

- **Marrickville Metro** – located around 6.4 km to the north-east of Westfield Eastgardens, Marrickville Metro will be expanding from its current 20,000 sq.m to approximately 36,000 sq.m by 2019. The centre's influence is expected to grow by some margin particularly for residents in the tertiary north west trade area sector. A shift more towards higher-order, particularly DDS / apparel merchandise is expected to drive this.
- **Hurstville Town Centre** – located 12 km to the south-west of Westfield Eastgardens, the Hurstville Town Centre includes the Westfield Hurstville regional shopping centre together, Hurstville Central (Coles anchored) and a broad range of retail and services focussed on the local population. Hurstville is also a destination for its Asian influenced food shops and restaurants. Within Westfield Eastgardens' trade area Westfield Hurstville's influence would be largely contained to the shopping patterns of residents in the tertiary west sector. The impact of the proposed expansion of Westfield Eastgardens is therefore expected to be modest.

3.5. FUTURE RETAIL DEVELOPMENTS

There are a number of new retail developments of relevance to the proposed expansion of Westfield Eastgardens. Within the trade area:

Eastlakes

- Crown Group's development is expected to comprise approximately 400 apartments and around 14,000 sq.m of leasable floorspace (including two anchor supermarket tenants and around 50 specialty stores). The redeveloped centre has an anticipated opening year of around 2022. The development will strengthen the retail offer at Eastlakes and provide greater competition to Westfield Eastgardens and other centres in the area, for convenience based shopping needs. The proposed expansion of Westfield Eastgardens is expected to have negligible impact on the Eastlakes development given the focus on higher order discretionary retail.

Green Square

- Part of a broader \$8 billion large-scale urban renewal precinct, Green Square Town Centre is understood to comprise somewhere in the order of 14,000 sq.m of a mix of retail and entertainment uses, of which approximately 10,000 sq.m have been assumed retail (including a 1,500 sq.m Woolworths supermarket).

The precinct will eventually be home to approximately 60,000 residents across 30,000 dwellings although we note these are government projections that aim for 2030 as a capacity date.

Inspire Botany

- A four storey mixed use development comprising a 1,400 sq.m supermarket on the ground floor and 28 apartments. The site is situated on Botany Road in Botany within the primary core sector.

Beyond the trade area, key incoming developments that it is important to account for include:

- **Marrickville Metro** has been the subject of a mooted redevelopment / expansion scheme for some time now. Public plans are to expand the centre by approximately 16,000 sq.m over two stages with the addition of a new supermarket, new discount department store, mini majors and specialty shops.

Post-development, the addition of a new DDS and mini-major tenants as well as a general upgrade of the retail offer and shopping environment will enable the centre to better serve the residents of its catchment. Whilst the centre will have a retail offer with some overlap with Westfield Eastgardens, its scale and orientation will limit its direct competitive relevance.

3.6. SYDNEY RETAIL DEMAND & SUPPLY

Consultancy Deep End conducted a review of the supply and demand of Sydney's retail floorspace in May 2016 for the Department of Planning & Environment in association with the Greater Sydney Commission (*Sydney Retail Demand and Supply Consultancy*). Whilst a review of the report is beyond the scope of this assessment, there are some key points to note from their analysis, which is summarised briefly in Table 3.2. It is important to note that we have taken the LGAs of Botany Bay, Rockdale and Randwick as a proxy for the trade area of Westfield Eastgardens. Botany Bay and Rockdale were amalgamated in late 2016 to form Bayside Council:

- As of 2015, the provision of retail floorspace across Sydney was estimated at 11.1 million sq.m – servicing a population of 4.6 million – this equates to a retail GLA per capita provision of 2.4 sq.m per person.
- Deep End's analysis suggests, in tandem with population growth, that the Sydney Metropolitan Area would require approximately 14.4 million sq.m of retail floorspace by 2026 – or an increase of around 3.3 million sq.m. This would equate to a provision by 2026, having regard to population growth, of approximately 2.6 sq.m per resident.
- Contrastingly, the retail provision across Botany Bay, Rockdale and Randwick was, in 2015, 400,600 sq.m – or a provision of 1.3 sq.m per person across the area. This provision is evidently substantially below the average for the Sydney Metropolitan Area (-45%). By 2026, Deep End's analysis suggests a demand projection of approximately 496,000 sq.m – an increase of 95,400 sq.m and resulting in a provision, by 2026, of 1.4 sq.m per person (-47% relative to Sydney).
- In our view, the assessed increase in retail floorspace demand over the period to 2026 for the Bayside and Randwick Council areas is well below the level required to adequately service the residents of these markets as well as the influx of workers to these areas. As noted in the report, the Deep End analysis does not take into account the need to increase retail floorspace to service current unmet demand (or in other words the extent to which the markets are under-supplied currently) and the changing demographics and the effect of the gentrification and regeneration of households on the growth in retail spending. Furthermore, the population forecasts applied appear to be too low for the region of relevance to Westfield Eastgardens' catchment.
- In order to address the current undersupply of retail floorspace and future growth in demand for retail floorspace, a far greater amount retail floorspace demand will be available for Westfield Eastgardens and other centres serving the residents and workers of the Bayside and Randwick councils.

Deep End Retail Supply & Demand Analysis

Botany Bay, Rockdale, Randwick & Sydney Total – 2015 – 2026

Table 3.2

Region	Population			Retail Floorspace			Retail GLA Per Capita		
	2015	2021	2026	2015	2021	2026	2015	2021	2026
Botany Bay	46,587	59,300	65,000	197,200	218,000	242,000	4.2	3.7	3.7
Rockdale	109,862	126,050	135,200	139,300	159,000	174,000	1.3	1.3	1.3
Bayside Council	156,449	185,350	200,200	336,500	377,000	416,000	2.2	2.0	2.1
Randwick	145,822	150,550	155,350	64,100	73,000	80,000	0.4	0.5	0.5
Sub-Total	302,271	335,900	355,550	400,600	450,000	496,000	1.3	1.3	1.4
Variation from Sydney							-45%	-47%	-47%
Sydney Metropolitan Area	4,587,804	5,068,600	5,471,500	11,068,700	12,853,000	14,412,000	2.4	2.5	2.6

* Bayside Council was formed by the amalgamation of Botany Bay and Rockdale in September 2016

Source : NSW Planning & Environment; Deep End; Urbis

3.7. SUMMARY

Westfield Eastgardens serves a leading retail and entertainment role in its catchment and is faced with limited competition for higher order retail in the trade area.

The retail centres hierarchy in the region of relevance of Westfield Eastgardens is represented by a mix of higher order centres, mostly located outside of the trade area, and convenience based shopping centres and strips dispersed throughout the trade area.

The scale of the proposed development at Westfield Eastgardens would bring the centre more in line with its northern major activity centre neighbour Bondi Junction Town Centre. Given their shared designation under the *Revised draft Eastern City District Plan* as Strategic Centres and recognising the relative size of market served by each centre the proposed scale of Westfield Eastgardens is considered appropriate and within the confines of the broader planning guidelines.

4. CURRENT CENTRE PERFORMANCE

This section provides an overview of the current composition and performance of Westfield Eastgardens.

4.1. TURNOVER PERFORMANCE

In the year to January 2018 and based on figures provided by Scentre Group, Westfield Eastgardens generated \$599 million in annualised turnover, including \$551 million by retail defined tenants (e.g. excluding cinemas, travel agents, etc.). Table 4.1 shows that the retail tenants in Westfield Eastgardens achieve an average turnover productivity of \$7,815 per sq.m. This trading rate is well above the average of comparable groups of shopping centres (+12%), as sourced from the *2017 Urbis Shopping Centre Benchmarks*.

Centre Turnover Performance

Westfield Eastgardens, 2017

Table 4.1

	Turnover \$psm		
	Westfield Eastgardens	Regional Centres	Variation
Average Trading Level	7,815	6,987	+12%

Source: Urbis Shopping Centre Benchmarks 2017; Urbis

This premium trading performance, together with the fact that Westfield Eastgardens is essentially the only centre in the trade area focussed on serving discretionary shopping needs, suggests that demand is outstripping the supply of floorspace in this category of retail centre.

4.2. MARKET SHARES

The current market share achieved by Westfield Eastgardens is derived taking into account:

- The estimated geographic distribution of trade of the shopping centre, which is derived from the results of card transaction data prepared by Quantum and provided by Scentre Group.
- The estimated size of the trade area retail spending market per the analysis outlined in Section 2.
- The moving annual turnover of Westfield Eastgardens based on figures provided by Scentre Group.

Table 4.2 shows that Westfield Eastgardens is capturing an 8.8% share of annual retail expenditure by trade area residents, including a 15.2% market share from the main trade area and 17.8% market share in the primary trade area. Some 24% of total centre retail turnover (\$133.6 million of \$551.0 million) is sourced from shoppers living beyond the trade area.

Current Market Shares

Westfield Eastgardens, 2017

Table 4.2

	Market (\$M)			Market Shares (%)			Turnover (\$M)		
	Food	Non-Food	Total	Food	Non-Food	Total	Food	Non-Food	Total
Total Primary	880	652	1,532	15.0%	21.5%	17.8%	132.1	139.9	272.0
Total Secondary	423	333	755	8.3%	12.5%	10.2%	35.0	41.7	76.7
Main Trade Area	1,303	984	2,287	12.8%	18.4%	15.2%	167.0	181.6	348.7
Total Tertiary	1,365	1,075	2,440	2.0%	3.9%	2.8%	26.7	42.1	68.8
Total Trade Area	2,668	2,060	4,728	7.3%	10.9%	8.8%	193.7	223.7	417.4
Beyond Trade Area				20.1%	27.5%	24.2%	48.7	84.8	133.6
Total Centre Retail							242.5	308.5	551.0

Source: Urbis

Reflecting the limited range of discretionary retail provided elsewhere in the trade area, the level of market shares achieved by Westfield Eastgardens indicate that a large proportion of trade area resident expenditure that could be serviced locally is leaking to centres outside the trade area.

5. NO-DEVELOPMENT (STATUS QUO) POTENTIAL

Prior to assessing the market need, demand and impact of the proposed expansion of Westfield Eastgardens, the trading outlook for the centre is assessed assuming the centre remains in its current format. This provides the base upon which the future potential of Westfield Eastgardens is assessed.

Assumptions

The key assumptions and factors which are considered in assessing the future turnover potential of Westfield Eastgardens under a No-Development (status quo) scenario are as follows:

- The centre is assumed to continue operating in the coming years with no ostensible economic shocks or significant changes in operation methods, tenant mix or material capital / operational expenses. The centre continues to be leased and managed to a high standard and there are no shocks to the NSW economy or broader national economy that would materially influence retail trading conditions or that could be reasonably expected to influence the performance of the centre.
- Both population and spending growth are in-line with the estimates outlined in Section 2.2, whilst the current and future competitive environment is consistent with that assumed in Section 3 and there are no major redevelopments, incoming centres or material changes to the assumptions on existing approved future retail developments.
- The assessment year for the No-Development scenario coincides the assumed opening year of the proposed expansion of Westfield Eastgardens (as per the expansion scenario). That is, the year ending December 2023.

Turnover Potential

Table 5.1 outlines the turnover potential considered achievable and likely at Westfield Eastgardens in the absence of any redevelopment. In this regard, Westfield Eastgardens would be capable of achieving retail turnover of approximately \$609 million (\$2017, inclusive of GST) in 2023.

With no additional floorspace, the market shares achieved by Westfield Eastgardens would be expected to fall to an average of 7.9% across the trade area, including 14.0% in the main trade area. The level of retail expenditure leakage from the trade area is therefore expected to increase recognising there are no other developments capable/planned to address this leakage in the absence of improvements to Westfield Eastgardens.

Market Share and Retail Turnover Potential, No Expansion (Status Quo)

Westfield Eastgardens, 2023 (\$2017, Including GST)

Table 5.1

	Market (\$M)			Market Shares Potential (%)			Turnover (\$M)		
	Food	Non-Food	Total	Food	Non-Food	Total	Food	Non-Food	Total
Total Primary	1,055	811	1,866	13.5%	19.6%	16.2%	142.4	159.3	301.7
Total Secondary	478	391	869	7.6%	11.5%	9.4%	36.2	45.1	81.3
Main Trade Area	1,532	1,202	2,735	11.7%	17.0%	14.0%	178.6	204.4	383.0
Total Tertiary	1,712	1,393	3,105	1.7%	3.4%	2.5%	29.0	48.0	77.0
Total Trade Area	3,245	2,595	5,840	6.4%	9.7%	7.9%	207.5	252.5	460.0
Beyond Trade Area				20.4%	27.5%	24.4%	53.1	95.6	148.8
Total Centre Retail							260.7	348.1	608.8

Source: Urbis

6. ECONOMIC NEED, DEMAND AND IMPACT

This section outlines the market need and demand and economic impact of the proposed expansion of Westfield Eastgardens.

6.1. PROPOSED DEVELOPMENT

Table 6.1 outlines the increase in the GLA at Westfield Eastgardens based on the proposed masterplan. The key features of the masterplan are as follows:

- The retail expansion of the centre seeks to address tenant gaps in Westfield Eastgardens' offer and the current and future growth in the shortfall of retail floorspace provided in the trade area.
- Of the additional 27,500 sq.m of retail floorspace, approximately 15,000 sq.m is allocated to major and mini-major tenants. An additional 12,500 sq.m of specialty shops are proposed to be added.
- The GLA of Westfield Eastgardens shopping centre would increase from 84,100 sq.m currently to around 111,600 sq.m. Of this amount, around 98,000 sq.m will be occupied by retail tenants.

As noted earlier in this report, the masterplan also includes allowance for the addition of 25,000 sq.m of office floorspace (GLA) at Westfield Eastgardens.

Proposed Development

	Existing GLA <u>2017</u>	Incremental GLA <u>+ / -</u>	Proposed GLA <u>Expansion</u>
Shopping Centre			
Mini-Majors	49,000	+15,000	64,000
Specialty Shops	24,900	+12,500	37,400
Other Uses	10,200	+0	10,200
Total Centre	84,100	+27,500	111,600
Retail Uses (Approximate)	70,500	+27,500	98,000
Office Development			
Office Building	0	+25,000	25,000

Source: Terrace Tower Group/Scentre Group; Urbis

6.2. MARKET NEED AND DEMAND

The market need and demand for the proposed expansion of shopfront floorspace at Westfield Eastgardens is underpinned by the following:

- **Existing shortfall of retail floorspace.** Since the last major expansion of Westfield Eastgardens (in 2002), the trade area market has almost doubled in size. Whilst over this period there has been some additional floorspace added in food, grocery and convenience based retailing (mostly from new supermarket based developments), there has been negligible increase in floorspace in discretionary type retailing in the trade area of Westfield Eastgardens. The development of new retail floorspace has therefore not kept up with demand and there is a need to address this historical and growing shortfall.
- **Leakage of resident expenditure out of the trade area.** With an existing shortfall of floorspace, a higher than typical amount of retail expenditure and shopping trips are being undertaken by trade area residents at centres and locations outside of the trade area. The potential societal benefits from greater levels of retail activity in the trade area, generated by the proposed retail expansion of Westfield Eastgardens, are not being realised.
- **Gentrification and regeneration of households.** The changing demographic profile of trade area residents is generating demand for retail environments of greater quality and a more diverse range of retail shops, dining options and entertainment facilities. The proposed expansion of Westfield Eastgardens will address the need for significant improvements to the offer to bring the centre in line with the expectations of its trade area market.

- **Strong forecast market growth and densification of the trade area.** The trade area retail market is forecast to grow by 11% (or \$556 million) to 2022 and a further 17% (or \$938 million) to 2027, driven by increasing densification of housing in the area and appeal of the area given its proximity to the Sydney CBD and natural features. This will drive demand for a substantial increase in retail floorspace over the next 10 years. Forecast ongoing population growth and expected increase in the employment base in the region will support growth in retail demand longer term.
- **Retail floorspace demand.** Recognising the existing significant shortfall of retail floorspace across the trade area, the strong trade area growth and changing demographics of the region, there is market capacity for a substantial increase in retail floorspace in the trade area served by Westfield Eastgardens.

Drawing on the analysis undertaken by DeepEnd the amount of additional retail floorspace demand generated by residents within the broad catchment of relevance to Westfield Eastgardens (Bayside and Randwick councils) is estimated. As noted earlier in Section 3 of this report, the catchment of Westfield Eastgardens currently has an estimated 1.3 sq.m of retail GLA per capita which is 45% lower than the Sydney average of 2.6 sq.m per capita.

Whilst it is not realistic to have this rate of retail provision in the catchment (given it includes the central city area) in reviewing the provision of other regions of Sydney a rate of between 1.7 sq.m and 2.1 sq.m per capita would be considered appropriate. Based on the forecast population growth (as per the projections in the DeepEnd report), the increase in demand for retail floorspace over the period to 2026 would range from approximately 205,000 sq.m to 345,000 sq.m. Based on the more conservative figure of 205,000 sq.m, the proposed additional 27,500 sq.m of retail floorspace (GLA) would account for 13% of the potential increase in retail floorspace demand. Against the higher estimate of 345,000 sq.m, the share of demand would be a lower 8%.

With its Strategic Centre classification and role as a higher order centre in its trade area, Westfield Eastgardens is strategically important in helping to address the existing unmet and future growth in demand for retail floorspace. The additional 27,500 sq.m of retail would be well within the capacity of the market when considering future growth in demand and need to address the existing floorspace shortfall.

- **Development cycle.** Westfield Eastgardens has not undergone major improvements for around 15 years, which is well beyond the typical development cycle needed to retain a centre's relevance in its market. Without new investment, as proposed in the masterplan which largely address the discretionary retail offer in the centre, Westfield Eastgardens will not be able to effectively meet the needs of its market and face a decline in relevance relative to its competitors in this segment of the market.

6.3. TURNOVER POTENTIAL OF WESTFIELD EASTGARDENS' EXPANSION

As outlined earlier in Section 6.1, the proposed scheme for Westfield Eastgardens suggests some 27,600 sq.m GLA, primarily comprising retail floorspace. In assessing the turnover potential for the proposed centre, we have undertaken the following approach:

- Having regard to the typical floorspace composition, across major tenants, mini-majors and specialty shops as well as other uses, of regional centres of the scale proposed for Westfield Eastgardens.
- Regarding specialty shop floorspace, we have allocated this across six retail product groups (i.e. *food retail, food catering, apparel, homewares, leisure / general and retail services*) consistent with the typical provision of floorspace by category.
- Achievable and sustainable market share and turnover levels having regard to the capacity of the trade area market, role and market position of Westfield Eastgardens as well as industry benchmarks and the typical outcome where the turnover productivity levels of a centre reduce following a major expansion.

When taking these factors into account, Westfield Eastgardens with approximately 98,000 sq.m of retail floorspace has the potential to achieve an annual retail turnover of \$799 million at an average trading level of approximately \$8,150 per sq.m in the year to December 2023 (\$2017, incl. GST).

This is based on Westfield Eastgardens capturing an 10.4% share of total trade area retail expenditure, including 17.4% from the main trade area and 19.4% in the primary trade area (refer to Table 6.2). The assessed market shares are within the range typically achieved by a major shopping centre such as Westfield Eastgardens and the retail role it is intended to serve.

Table 6.3 outlines the change in turnover and market share between the Current centre, No Development and proposed Expansion scenarios.

Of note, the proposed expansion of Westfield Eastgardens would capture:

- In the case where Westfield Eastgardens is not expanded and remains in its existing scale, the centre's market share could reduce by around 1% point from 2017 to 2023. With forecast market growth retail turnover would increase by approximately \$58 million (\$2017, incl. GST).
- With the proposed expansion retail turnover at Westfield Eastgardens could potentially increase by \$190 million, including \$149 million from trade area residents' retail expenditure, in 2023.
- The additional \$149 million of retail turnover from trade area residents represents an additional 2.6% share of their retail expenditure in 2023 relative to the case where the centre is not expanded.
- Relative to the current turnover level, the proposed expansion would capture approximately a 17% share of the forecast growth in retail expenditure by trade area residents (i.e. from 2017 to 2023).

The level of market share that would be captured by the proposed scale of expansion at Westfield Eastgardens is appropriate in the context of the overall available market and would be integral in addressing the future growth in market demand.

Market Shares and Retail Turnover, Post Expansion

Westfield Eastgardens, 2023 (\$2017, including GST)

Table 6.2

	Market (\$M)			Market Shares (%)			Turnover (\$M)		
	Food	Non-Food	Total	Food	Non-Food	Total	Food	Non-Food	Total
Total Primary	1,055	811	1,866	15.2%	24.9%	19.4%	160.5	202.3	362.8
Total Secondary	478	391	869	9.6%	17.5%	13.1%	45.8	68.3	114.1
Main Trade Area	1,532	1,202	2,735	13.5%	22.5%	17.4%	206.3	270.6	476.9
Total Tertiary	1,712	1,393	3,105	2.7%	6.2%	4.3%	46.4	86.0	132.3
Total Trade Area	3,245	2,595	5,840	7.8%	13.7%	10.4%	252.7	356.6	609.3
Beyond Trade Area				21.5%	25.2%	23.7%	69.2	120.3	189.5
Total Centre Retail							321.9	476.9	798.8

Source: Urbis

Retail Turnover and Market Share Change, 2017 to 2023

Westfield Eastgardens, No Expansion and Expansion Scenarios (\$2017, including GST)

Table 6.3

	2017	2023		Incremental		
	Current	No Expansion	Expansion	No Expansion to Current	Expansion to No Expansion	Expansion to Current
Total Primary	17.7%	16.2%	19.4%	-1.6%	+3.3%	+1.7%
Total Secondary	10.1%	9.4%	13.1%	-0.8%	+3.8%	+3.0%
Main Trade Area	15.2%	14.0%	17.4%	-1.2%	+3.4%	+2.2%
Total Tertiary	2.8%	2.5%	4.3%	-0.3%	+1.8%	+1.4%
Total Trade Area	8.8%	7.9%	10.4%	-0.9%	+2.6%	+1.6%
Beyond Trade Area	24.3%	24.4%	23.7%	+0.2%	-0.7%	-0.5%
Total Centre Retail Turnover	551.0	608.8	798.8	+57.8	+190.0	+247.8
Total Centre Retail Turnover (from TA)	417.3	460.0	609.3	+42.7	+149.3	+192.0

Source : Urbis

6.4. ECONOMIC IMPACT

Table 6.4 outlines the general impacts associated with the Westfield Eastgardens proposed development. The key points to note from this analysis are as follows:

- Currently, the total retail spending generated by residents within Westfield Eastgardens' trade area is estimated at around \$4.7 billion.
- By 2023 (the assumed first year of trade for the proposed development), this is projected to increase to around \$5.8 billion. This represents an increase of \$1.11 billion, or annual growth of 3.6%.
- The current turnover generated by Westfield Eastgardens from residents of the trade area (i.e. excluding turnover derived from beyond the trade area) is approximately \$417 million (or 8.8% of the retail expenditure by trade area residents in 2017).
- In the absence of any expansion to Westfield Eastgardens, it is estimated that retail turnover derived by the centre from within the trade area would reach \$460 million by 2023, representing an increase of \$43 million or annual growth of 1.6%. This would, in 2023, account for approximately 7.9% of the size of the trade area retail market (a decrease from the current 8.8%).

If the centre were to expand in the scale proposed:

- The potential additional retail turnover that could be generated by the expansion of Westfield Eastgardens from trade area resident expenditure is estimated to be in the order of \$192 million (difference between current 2017 and 2023 expansion figures). By 2023 this would equate to the centre deriving approximately \$609 million in turnover from the trade area (or a 10.4% share of the market).
- When compared with the increase in the size of the retail market between 2017 and 2023 (+\$1.11 billion) the proposed expansion of Westfield Eastgardens would capture 17% of the retail market increase.

The resultant impacts on other retail precincts would be accounted for as follows:

- In the absence of Westfield Eastgardens' expansion, the balance of retail spending at other retail precincts / centres serving the retail expenditure of trade area residents would rise from its current estimated \$4.31 billion, to approximately \$5.38 billion – an increase of \$1.07 billion or annual growth of 3.8%.
- Were Westfield Eastgardens to expand as proposed, this growth in retail turnover would be reduced, rising from the current \$4.31 billion, to approximately \$5.23 billion – an increase of \$920 million or annual growth of 3.3% - notionally an impact of around \$149 million or 2.8%. This equates to an impact on growth of 0.5% per annum.
- Market growth would help to offset these impacts and even with the proposed expansion of Westfield Eastgardens, the turnover achieved by all retail centres and locations (including online retailers) would be expected to increase by an average of 21%.

It is further noted that given the vast majority of new floorspace will be in the form of retailers serving discretionary shopping (including fashion retailers), the impacts will be distributed across a wide variety of higher order centres and online retailers. The broad distribution of impacts coupled with the modest diversion of trade and the benefit of market growth in offsetting impacts, the assessed trading impacts are well within acceptable levels and the bounds of a normal competitive environment.

The sustainability of the centres hierarchy would therefore be expected to be preserved while at the same time the market benefiting from access to a greater range of retail shops and services.

Estimated General Impact of Proposal

Westfield Eastgardens, 2023 (\$2017), including GST

Table 6.4

Trade Area	Current 2017	Potential 2023	Change 2017 - 2023	Growth p.a. 2017 - 2023
Trade Area Retail Spending (\$M)	4,727.6	5,839.9	1,112.3	3.6%
No Centre Expansion				
Eastgardens Turnover From TA (\$M)	417.3	460.0	42.7	1.6%
Other Centres/Stores - Excluding Eastgardens (\$M)	4,310.3	5,379.9	1,069.6	3.8%
Centre Development				
Post Centre Expansion				
Eastgardens Turnover From TA (\$M)	417.3	609.3	192.0	6.5%
Other Centres/Stores - Excluding Eastgardens (\$M)	4,310.3	5,230.6	920.3	3.3%
Average Impact Levels Post Expansion		Vs. 2023 levels	Vs. 2017 levels	
Turnover Change, 2023 - Other Centres (\$M)		-149.3	+920.3	
Turnover Change, 2023 - Other Centres (%)		-2.8%	+21.4%	

Source : Urbis

6.5. BENEFITS

Ultimately a development of the scale proposed at Westfield Eastgardens will have a number of economic and community benefits associated with it. The following sub-sections outline these benefits.

CHOICE / CONVENIENCE

Providing choice and convenience to consumers is a key consideration in the requirement for new retail space. Demand for retail space is not simply a function of relative floorspace provision. Community benefit is created through increased convenience and choice in the type of retail stores offered, and the range of goods able to be provided through the provision of multiple retail options.

The proposed development would enhance local residents' choice for both more convenience and a greater breadth and depth of shopping, especially in terms of discretionary retailing. Westfield Eastgardens plays a vital role in the provision of this type of retail offer that is currently not adequately provided to the majority of residents throughout the trade area, without the necessity for them to travel outside to areas such as Bondi Junction.

EMPLOYMENT GENERATION

The proposed development is expected to have a positive impact on employment for the suburb of Eastgardens. Most new retail employees are likely to be Eastgardens residents or residents from surrounding suburbs.

With the addition of around 27,500 sq.m GLA in total, and with an average employment density of 341 workers per 1,000 sq.m, we would estimate the development to support the provision of around 1,139 jobs (full-time and part-time), on an ongoing basis.

Direct Employment Impact

Westfield Eastgardens Development

Table 6.5

	GLA sq.m	Employment Density per 1,000 sq.m	Workers At Capacity
Retail			
Majors / Mini-Majors	15,000	30	455
Specialty Shops	12,500	55	685
Total	27,500	41	1,139

Source: Urbis

In addition to the direct employment generated from the ongoing operation of a major expansion of a major regional centre, there are multiplier effects felt throughout the local, state and national economies. These multiplier effects are a result of increased demand for materials, services and products from a whole range of suppliers, and as a result of increased consumption generated by the wages of new employees. In economic terms, it represents the absorption of excess supply in other parts of the economy, driven by an increase in aggregate demand in the retail industry. The proposed development will therefore also have positive indirect employment impacts for the region.

Table 6.6 and Table 6.7 represent the construction phase and ongoing operation phase employment and value added benefits associated with the expansion of Westfield Eastgardens.

Scentre Group advises an indicative construction cost of around \$210 million inclusive of GST over an anticipated construction timeframe of approximately 3 years. This equates to an annualised construction cost of approximately \$70 million.

As shown in Table 6.6, construction of the proposed development is estimated to be able to generate approximately 150 direct jobs for the equivalent of one year as a result of construction, and over 400 jobs indirectly created. There would be approximately \$22.5 million in direct Gross Value Added (GVA) per year during the construction period, and \$63.5 million in indirect GVA annually in constant 2017 dollar terms inclusive of GST. Total annual GVA would be around \$86 million and around \$258 million over the timeframe of the construction period of three years.

Construction Phase Employment & Value Added Benefits

Westfield Eastgardens

Table 6.6

	New South Wales
Employment¹	
Direct Employment	149
Indirect Employment	406
Total Employment	555
Gross Value Added (\$M, Constant 2018 Dollar Value)	
Direct Value Added	22.5
Indirect Value Added	63.5
Annualised Gross Value Added	86.0
Total Gross Value Added (Over Three Years)	258.1

1. Total part-time and full-time jobs for the equivalent of one year during construction.

Source: REMPLAN

Potential annual economic benefits (in jobs and GVA) as a result of the development are estimated in Table 6.7. The number of direct jobs for the proposed development was estimated by referring to industry benchmarks and Urbis' experience in staffing requirements for different land uses. Direct jobs are entered into REMPLAN to produce an estimate for indirect jobs and direct and indirect GVA.

It is estimated that the proposed development would have the capacity to generate around 1,139 direct jobs (full-time, part-time and casual) during the ongoing operation period, all of which are obviously within NSW, given the location of Westfield Eastgardens. These direct jobs are estimated to induce a further 651 indirect jobs (full-time, part-time and casual) both within Sydney and elsewhere across the State. Total employment benefit is therefore approximately 1,790.

Resulting from the economic activity on site, there would be an estimated at around \$190 million per annum in direct and indirect GVA contribution generated from the daily operation and management of the development to the NSW economy. This includes \$81 million direct GVA benefit and \$109 million indirect GVA benefit.

Operation Phase Employment & Value Added Benefits

Westfield Eastgardens

Table 6.7

	New South Wales
Employment¹	
Direct Employment	1,139
Indirect Employment	651
Total Employment	1,790
Gross Value Added (\$M, Constant 2018 Dollar Value)	
Direct Value Added	80.9
Indirect Value Added	108.9
Annualised Gross Value Added	189.7

1. Total part-time and full-time jobs for the equivalent of one year.

Source: REMPLAN

COMPETITION

A potential consequence of the additional retail floorspace, is increased competition amongst retailers within the area, thus possibly leading to cheaper prices for consumers – and particularly enhanced service levels and better quality offerings. This strengthens the overall retail offer across all centres / precincts. Added competition from the proposed expansion would also be expected to result in keener pricing strategies from other retailers. Ultimately this has a direct positive impact on household budgets.

Ultimately, neglecting to ensure the centre is kept up-to-date and appropriately caters for and serves its market is likely to result in poor performance and a more expeditious erosion of market shares and relevance for Westfield Eastgardens than would otherwise be the case.

7. CONCLUSIONS

The analysis of market need and demand and economic impacts of the proposed Westfield Eastgardens retail expansion result in the following key conclusions:

- There is a market need and demand for the scale and type of retail expansion proposed for Westfield Eastgardens, supported by:
 - The gentrification and densification of the trade area market. The changing demographics and growing market are generating strong growth in demand for retail floorspace.
 - The shortfall in retail floorspace in the trade area, especially in terms of discretionary retail. Given its designation as a Strategic Centre and role as the key shopping destination in its catchment Westfield Eastgardens is strategically important in addressing the leakage of expenditure out of the trade area and a more self-sufficient retail market.
- The expansion of Westfield Eastgardens is complementary to the objectives of the *Eastern City District Plan*, underpinning Westfield Eastgardens' position and place in the hierarchy as a Strategic Centre, as well as providing employment opportunities to target the Bayside Council area.
- The scale of retail expansion is supportable by the market and is not expected to have an adverse impact on existing and planned centres in the region of relevance to Westfield Eastgardens. The development would enhance access to retail shops and services while preserving the intended centres hierarchy.
- The proposed expansion would have a range of economic benefits, including a sizeable amount of new employment generation, greater choice and convenience for shoppers and the capacity to induce improvements in the overall retail offer in the region through the effects of greater competition.

Ultimately, the proposed retail expansion of Westfield Eastgardens will result in a net community benefit. The range of choice available to local residents will be enhanced, with existing and planned centres still continuing to serve their role in the retail hierarchy.

DISCLAIMER

This report is dated 15 March 2018 and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (**Urbis**) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of Scentre Group (**Instructing Party**) for the purpose of Economic Impact Assessment (**Purpose**) and not for any other purpose or use. To the extent permitted by applicable law, Urbis expressly disclaims all liability, whether direct or indirect, to the Instructing Party which relies or purports to rely on this report for any purpose other than the Purpose, and to any other person which relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

In preparing this report, Urbis was required to make judgements which may be affected by unforeseen future events, the likelihood and effects of which are not capable of precise assessment.

All surveys, forecasts, projections and recommendations contained in or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report, and upon which Urbis relied. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

In preparing this report, Urbis may rely on or refer to documents in a language other than English, which Urbis may arrange to be translated. Urbis is not responsible for the accuracy or completeness of such translations and disclaims any liability for any statement or opinion made in this report being inaccurate or incomplete arising from such translations.

Whilst Urbis has made all reasonable inquiries it believes necessary in preparing this report, it is not responsible for determining the completeness or accuracy of information provided to it. Urbis (including its officers and personnel) is not liable for any errors or omissions, including in information provided by the Instructing Party or another person or upon which Urbis relies, provided that such errors or omissions are not made by Urbis recklessly or in bad faith.

This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the reasonable belief that they are correct and not misleading, subject to the limitations above.

APPENDIX A DETAILED DEMOGRAPHICS

Key Demographics (1)

Westfield Eastgardens Trade Area, 2016 Census

Table A.1

	Primary Core	Primary North	Primary East	Total Primary	Secondary North	Main Trade Area	Tertiary North	Tertiary West	Tertiary North West	Total Tertiary	Total Trade Area	Sydney	Total Australia
Household Income:													
\$Nil	2%	3%	3%	3%	8%	4%	1%	2%	7%	4%	4%	2%	2%
\$1-\$20,800	7%	6%	8%	7%	8%	7%	3%	5%	5%	5%	6%	5%	6%
\$20,800-\$52,000	22%	23%	23%	22%	19%	21%	15%	25%	12%	17%	19%	21%	27%
\$52,000-\$78,000	14%	15%	12%	14%	12%	13%	11%	17%	11%	13%	13%	15%	17%
\$78,000 - \$130,000	23%	25%	21%	23%	21%	23%	24%	26%	26%	26%	24%	25%	25%
\$130,000-\$208,000	20%	20%	18%	19%	17%	19%	25%	17%	25%	23%	21%	20%	16%
\$208,000 plus	12%	9%	14%	12%	15%	13%	20%	7%	13%	14%	14%	12%	8%
Average Household Income	\$104,180	\$97,774	\$104,260	\$102,498	\$101,686	\$102,242	\$132,415	\$93,771	\$115,898	\$116,044	\$109,202	\$112,106	\$95,162
Var'n from Sydney Avg.	-7%	-13%	-7%	-9%	-9%	-9%	+18%	-16%	+3%	+4%	-3%	0%	-15%
Average Household Size	2.7	2.7	2.5	2.7	2.6	2.6	2.3	2.6	2.2	2.3	2.5	2.8	2.6
Per Capita Income (all persons):													
Per Capita Income	\$41,231	\$38,310	\$44,578	\$41,027	\$40,825	\$40,955	\$59,637	\$37,531	\$56,658	\$52,202	\$46,219	\$40,323	\$37,309
Var'n from Sydney Avg.	+2%	-5%	+11%	+2%	+1%	+2%	+48%	-7%	+41%	+29%	+15%	0%	-7%
Age:													
Aged 0-14	18%	16%	16%	17%	13%	16%	16%	15%	9%	13%	14%	19%	19%
Aged 15-19	6%	6%	5%	6%	8%	6%	4%	5%	5%	4%	5%	6%	6%
Aged 20-34	22%	29%	22%	24%	37%	28%	30%	26%	48%	35%	31%	23%	21%
Aged 35-49	22%	21%	22%	22%	17%	21%	25%	22%	22%	23%	22%	21%	20%
Aged 50-64	18%	15%	17%	17%	13%	16%	15%	16%	10%	14%	15%	17%	18%
Aged 65-79	11%	10%	12%	11%	8%	10%	8%	11%	4%	8%	9%	10%	12%
Aged 80+	4%	3%	6%	4%	3%	4%	3%	4%	1%	3%	3%	4%	4%
Average Age	38.0	36.3	40.0	37.9	34.2	36.7	36.3	38.4	32.6	35.7	36.2	36.8	37.8
Dependency Ratio ¹	33%	28%	35%	32%	24%	30%	27%	31%	14%	24%	27%	33%	34%

1. Dependency ratio refers to the proportion of the population between 0-14 and over 65 years.

Source: ABS; Urbis

Key Demographics (2)

Westfield Eastgardens Trade Area, 2016 Census

Table A.2

	Primary Core	Primary North	Primary East	Total Primary	Secondary North	Main Trade Area	Tertiary North	Tertiary West	Tertiary North West	Total Tertiary	Total Trade Area	Sydney	Total Australia
Household Composition (%):													
Total Family (with children)	48%	43%	40%	45%	34%	42%	33%	42%	19%	30%	36%	48%	43%
- Family with children <15 years	28%	25%	24%	27%	21%	25%	23%	24%	14%	20%	22%	29%	28%
- Family with children 15+ years	20%	18%	16%	18%	13%	17%	10%	18%	5%	10%	14%	19%	16%
Couples with no children	22%	25%	23%	23%	22%	23%	27%	26%	34%	29%	26%	25%	27%
Group Household	4%	7.9%	6.0%	6%	15%	9%	12%	5%	17%	12%	10%	4%	4%
Lone Person	23%	22%	29%	24%	26%	25%	27%	26%	28%	27%	26%	22%	25%
Other	2%	2%	2%	2%	2%	2%	1%	2%	2%	2%	2%	1%	1%
Housing Tenure (%)¹ :													
Owner	31%	28%	30%	30%	25%	28%	24%	32%	10%	21%	25%	30%	32%
Purchaser	31%	27%	25%	29%	20%	26%	24%	28%	29%	27%	27%	34%	36%
Renter	38%	45%	45%	41%	55%	45%	52%	40%	61%	52%	49%	35%	32%
Birthplace (%):													
Australian Born	60%	47%	57%	56%	48%	54%	60%	49%	45%	52%	53%	61%	72%
Overseas Born	40%	53%	43%	44%	52%	46%	40%	51%	55%	48%	47%	39%	28%
• Asia	14%	23%	13%	16%	28%	20%	7%	15%	27%	16%	18%	16%	9%
• Europe	8%	8%	10%	8%	8%	8%	14%	8%	9%	11%	9%	3%	3%
• Other	18%	22%	20%	19%	16%	18%	19%	28%	19%	22%	20%	20%	16%
Tertiary Education (%)² :													
Bachelor Degree or Higher	25%	30%	34%	28%	38%	31%	47%	26%	44%	40%	35%	28%	22%
Advanced Diploma or Associate Degree	9%	9%	9%	9%	7%	8%	9%	10%	9%	9%	9%	9%	9%
Undertaking Tertiary Education	8%	10%	9%	9%	27%	15%	10%	7%	16%	11%	13%	7%	6%

1. 'Other' Tenure Types have not been included.

2. As a percentage of the total population aged over 18 years. Not all qualification and education options have been stated, therefore the percentages are of a range much larger than shown and won't add to 100%

Source: ABS; Urbis

Key Demographics (3)

Westfield Eastgardens Trade Area, 2016 Census

Table A.3

	Primary Core	Primary North	Primary East	Total Primary	Secondary North	Main Trade Area	Tertiary North	Tertiary West	Tertiary North West	Total Tertiary	Total Trade Area	Sydney	Total Australia
Labour Force (%):													
Labour Force Participation	63%	67%	62%	64%	59%	62%	77%	66%	75%	73%	67%	66%	65%
% Unemployed	5%	6%	5%	5%	9%	6%	4%	6%	6%	5%	6%	6%	7%
% Managers and Professionals	39%	37%	49%	40%	50%	43%	58%	34%	57%	51%	47%	41%	36%
% Other White Collar	37%	36%	33%	36%	34%	35%	28%	37%	29%	31%	33%	34%	34%
% Blue Collar Occupations	24%	28%	18%	24%	17%	22%	14%	30%	14%	18%	20%	25%	30%
Occupation (%):													
Managers	14%	13%	16%	14%	14%	14%	17%	12%	19%	16%	15%	14%	13%
Professionals	25%	24%	33%	26%	36%	29%	41%	22%	38%	35%	32%	27%	23%
Technicians & trades workers	12%	12%	10%	12%	9%	11%	8%	12%	8%	9%	10%	12%	14%
Community & Personal Service Workers	11%	11%	10%	10%	11%	11%	9%	11%	8%	9%	10%	10%	11%
Clerical & Administrative Workers	17%	15%	14%	16%	14%	15%	12%	15%	13%	13%	14%	15%	14%
Sales Workers	10%	10%	9%	10%	9%	9%	7%	11%	8%	8%	9%	9%	10%
Machinery operators & Drivers	6%	6%	3%	5%	3%	5%	2%	7%	2%	3%	4%	6%	6%
Labourers	7%	9%	5%	7%	5%	7%	4%	11%	4%	6%	6%	8%	10%
Car Ownership (%):													
% 0 Cars	13%	17%	17%	15%	25%	18%	17%	14%	26%	20%	19%	11%	8%
% 1 Car	40%	46%	43%	42%	42%	42%	51%	47%	55%	51%	46%	38%	36%
% 2 Cars +	48%	37%	40%	43%	33%	40%	32%	39%	20%	29%	35%	50%	56%

Source: ABS; Urbis



BRISBANE

Level 7, 123 Albert Street
Brisbane QLD 4000
Australia
T +61 7 3007 3800

GOLD COAST

45 Nerang Street,
Southport QLD 4215
Australia
T +61 7 5600 4900

MELBOURNE

Level 12, 120 Collins Street
Melbourne VIC 3000
Australia
T +61 3 8663 4888

PERTH

Level 14, The Quadrant
1 William Street
Perth WA 6000
Australia
T +61 8 9346 0500

SYDNEY

Tower 2, Level 23, Darling Park
201 Sussex Street
Sydney NSW 2000
Australia
T +61 2 8233 9900

CISTRI – SINGAPORE

An Urbis Australia company
#12 Marina View
21 Asia Square, Tower 2
Singapore 018961
T +65 6653 3424
W cistri.com