



MORTDALE RSL, NSW

Market Potential & Economic Impact Assessment

Prepared for Think Planners
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INTRODUCTION

This report presents an independent analysis of the market potential and economic impacts for retail facilities proposed as part of the Mortdale RSL redevelopment.

This report is structured and presented in **six (6)** sections as follows:

- **Section 1** reviews the regional and local context of the subject site and provides a high-level summary of the proposed development.
- **Section 2** provides a review of the relevant resident trade area likely to be served by prospective retail facilities at the site.
- **Section 3** overviews the existing and future retail structure within the surrounding region.
- **Section 4** summarises the relevant planning documents and considerations pertaining to the site.
- **Section 5** outlines an assessment of the sales potential for the retail component of the proposed development and then presents an economic impact assessment. Likely trading impacts on other centres throughout the surrounding region are considered, as are the employment and other economic impacts, both positive and negative, of the proposal.
- **Section 6** presents the key conclusions of the analysis for the proposed retail component of the Mortdale RSL redevelopment, as well as addressing the set of rezoning criteria guidelines developed as part of the Commercial Centres Strategy – Part 1, to manage proposals that seek to expand existing centres.



EXECUTIVE SUMMARY

The key points of this independent Market Potential and Economic Impact Assessment for the proposed Mortdale RSL redevelopment, include:

- i. The suburb of Mortdale is located in the Georges River Local Government Area (LGA), some 20 km south of the Sydney Central Business District. The Mortdale RSL (subject site) is now proposed for redevelopment as 'Mortdale Gardens', which is planned to comprise a range of uses, including a new Mortdale RSL Club, approximately 170 units on upper levels, and approximately 1,800 sq.m of retail on lower levels, including retail specialty shops, a supermarket, and restaurants.
- ii. The Mortdale Gardens main trade area population is currently estimated at 20,945 (2020) and is projected to increase at an average rate of 0.8% per annum to 23,870 by 2036. The main trade area population is characterised by an Australian, family-based population who would have a strong affinity with the convenience offer provided by the subject development.
- iii. There is currently only one commercial centre located within the main trade area, namely the Mortdale Local Centre, which also includes the subject site. The centre is comprised of two halves split by the railway line and provides a broad range of retail and commercial services. There is no major supermarket anchoring this local centre but there is a small-scale IGA supermarket of some 1,100 sq.m. A total of some 6,545 sq.m of retail floorspace is estimated to make up the precinct.
- iv. Generally, the planning framework within the region aims to protect and enhance the established hierarchy through quality, integrated development. New development is generally encouraged as a necessity for the revitalisation of these precincts and will assist in strengthening their identity. A collaborative approach to planning provides an opportunity to deliver employment and economic growth, while also creating attractive and activated centres that remain viable over the long term.
- v. The proposed range of uses at the subject site would represent a modern mixed-use development that responds to the needs of the local community and enhances the broader Mortdale Local Centre. The provision of multiple uses at the site is increasingly common at mixed-use developments at RSLs/Clubs across Australia, and in-particular in close proximity to train stations.
- vi. Based on an indicative retail composition that includes a 1,000 sq.m supermarket and 800 sq.m of retail specialty shopfronts, total projected retail sales for Mortdale Gardens are \$18.9 million in 2022/23. It is



important to note that this assumes a 'maximum' scenario, whereby all floorspace is occupied by retail tenants. Typically, most shopping centres include a mix of retail and non-retail specialty shops.

- vii. The final section of this report summarises the key conclusions of the impact analysis for the proposed retail component of the Mortdale RSL redevelopment, as well as addressing the set of rezoning criteria guidelines that form part of the *Commercial Centres Strategy – Part 1*, to manage proposals that seek to expand existing centres.
- viii. Expansion of the Mortdale Local centre may be considered if the subject site meets seven (7) rezoning criteria (numbered for reference purposes), which are addressed throughout this report in more detail (as well as a range of additional considerations such as demand, economic impact and broader retail trends).

Location and Composition

- i. The south-east corner of the subject site forms part of the B2 Mortdale Local Centre, and consequently (with reference to the rezoning criteria); *(1) the development is 'not an ad hoc out-of-centre rezoning' and; (3) is immediately adjacent to an existing centre* (Mortdale Local Centre).
- ii. The proposed development also *(3) rationalises existing use rights and/or additional permitted uses at the site by way of consolidating the zoning of the site*. Given the RSL Club, residential uses, and retail facilities (massage/day spa) are each already provided at the subject site, the proposed development would not introduce new uses to the site. Rather, the redevelopment would combine and strengthen each of these uses as a single, integrated development of a high quality.

Population & Retail Demand

- i. Typically, 2.3 sq.m of retail floorspace is provided per person throughout Australia, indicating that around 48,174 sq.m of retail floorspace would be demanded by main trade area residents currently, increasing to 54,901 sq.m in 2036.
- ii. The proportion of retail floorspace which can reasonably be allocated to the existing (and future) Mortdale Local Centre would be some 20% - 25% (typical of many local and neighbourhood centres), or 9,635 sq.m – 12,043 sq.m currently. This figure would be around 10,980 sq.m – 13,725 sq.m by 2036. Workers and commuters would add to demand. Currently within the Mortdale Local Centre (and main trade area generally), there is an estimated 6,545 sq.m of total retail shopfronts.
- iii. Even if 20% of retail demand from main trade area residents were to be allocated to facilities within the main trade area (i.e. retained), this would indicate an existing undersupply some 3,090 sq.m.
- iv. The projected additional population within the main trade area over the period to 2036 alone would indicatively demand some 1,346 sq.m (20%) – 1,682 sq.m (25%) of additional local/neighbourhood centre floorspace alone.

- v. Based on the current metropolitan Sydney benchmark, the main trade area population alone could support up to 5,655 sq.m of supermarket floorspace currently, increasing to some 6,445 sq.m by 2036. This would represent an undersupply of 4,555 sq.m of supermarket floorspace currently. Again, workers, commuters and visitors would add to demand.
- vi. This would indicate that the subject development (5) *addresses a demonstrated shortfall / retail gap, particularly in the local food and grocery network*. Further, as per the second component of criteria (5), *this demand of shortfall cannot be accommodated within the existing Mortdale Local Centre*.
- vii. The Local Centre has a lack of vacant or developable land parcels or shopfronts that could cater to growing retail demand and is also characterised by fragmented land ownership and small tenancies, each of which mean that prospective development within the Centre would be difficult and unlikely. In this sense, it is considered that the demonstrated demand for retail floorspace in the area (5) *could not be accommodated within the existing centre*.

Impacts

- i. The analysis of impacts provided in the Section 5.3 of this report shows the projected impacts from the proposed development would not threaten the viability or continued operation of any centre. Further, there would be no depletion or dilution in the range of services which are available to local residents.
- ii. Overall, the proposed retail component of the Mortdale Gardens development (6) *would not negatively impact the economic viability and performance of the existing Mortdale Local Centre*, or any existing or centres in the surrounding region, with all impacts within the normal competitive range, at 10% or less. Most centres will be impacted well below 10%. Even when compared to current sales, projected impacts across centres are below 10%. Given the proliferation of strip retail centres throughout the region, impacts would be spread widely, and the viability of any centres would not be threatened.

Employment

- i. The retail component of the Mortdale Gardens development would result in the creation of additional employment, both during the construction period, and more importantly, on an ongoing basis once the development is complete and operational. In total, some 247 jobs are likely to be created both directly and indirectly because of the proposed development. This includes a number of youth employment opportunities with health and wellness developments generally employing a large number of younger staff.
- ii. Based on the *Commercial Centres Strategy Part 1 - Appendix 2*, the Mortdale Local Centre currently encompasses some 20,412 of employment floorspace. Based on demand modelling, the Appendix indicates demand for a net additional 6,602 sq.m of employment floorspace over the period to 2036, or an additional 413 sq.m per annum. The Appendix also highlights a scenario whereby redevelopment of

all allotments in the centre results in a significant unmet demand in the provision of employment floor space. As above, the development of all allotments in the Local Centre is highly unlikely, given fragmented ownership and the limited supply of vacant, or consolidated, developable land.

- iii. The retail component of the subject development, at 1,800 sq.m, would satiate 27% of this demand and represent four years of employment floorspace demand. Consequently, the *(4) demand for additional commercial floorspace cannot be met within the existing centre*. This is also a specific recommendation within Appendix 2 for the LEP 2022 as it pertains to the Mortdale Local Centre.

Net Community Benefits

- i. It is the conclusion of this report that a substantial net community benefit would result from the development of the proposed retail component of the Mortdale Gardens development. Offsetting insignificant trading impacts on some existing facilities, there are very substantial positive impacts:
- **Enhanced Range:** significant improvement in the range of facilities that would be available to local residents, workers and visitors, particularly in terms of retail, services and amenity.
 - **Anchor:** the development would also serve as a key anchor tenant for the precinct that would benefit most shopfronts in the immediate area by increasing destination appeal, visitation and range of services, while not impacting the future viability of other operators.
 - **Amenity & Vibrancy:** the proposed development would provide improved customer amenity, design and aesthetic for the local residents by way of a new and modern development. The revitalisation of the old and under-utilised site also improves enjoyment of private or public areas. Additional customer flows and vibrancy created through the precinct would positively impact on the other retail and non-retail facilities within the area. An additional advantage of the subject development is distributed usage times that will ensure around the clock activation of the precinct without causing congestion.
 - **Retention of Spending:** the retail component of the subject development would result in the retention of spending currently being directed to other centres beyond the region, thereby reducing the need for local residents to travel further afield.
 - **Consolidate:** the development rationalises existing uses at the site to combine and strengthen each as a single, integrated development of a high quality.
 - **Employment, Income & Economic Activity:** the local community will experience direct impacts and benefits originating from construction and operation of the proposed development, including the creation of some 247 jobs, ongoing wages of some \$5.7 million and an additional \$18.9 million in economic activity (revenue).

- **Third Place:** the development would provide the local community with additional facilities that would serve as a 'third place', or informal settings where people can meet or be comfortably alone while still engaging socially with the community. This provides additional opportunity for social integration and increases prospects of more seamless interactions between the community, which is important for health and wellbeing.
 - **Community Aspirations:** the development also aligns with broader aspirations for the Local Centre and community. The subject development responds to core community issues and reflects the new positive vision/narrative for the precinct in several ways; bringing new visitation to the area; giving dated and underutilised parcels of land a new life and identity which better-reflects the evolution of the precinct and, providing the capacity for economic growth and job creation.
- ii. Consequently, the Mortdale Gardens development (7) *delivers a greater net community benefit compared to the existing use on the subject site*. It is concluded that the combination of the substantial positive economic impacts serve to more than offset the minor trading impacts that could be anticipated for a wide ranging variety of operators throughout the region.

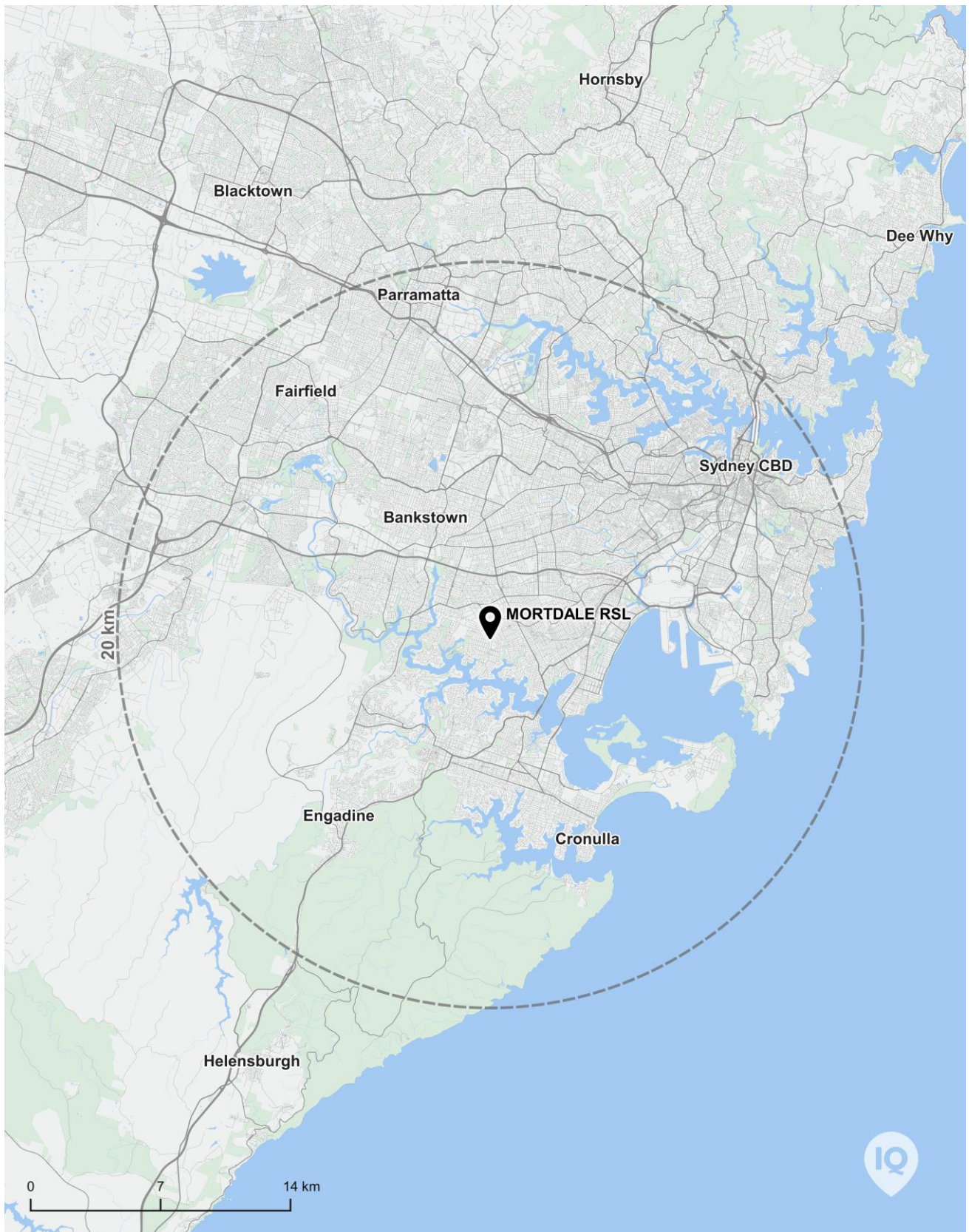
1 LOCATION & SITE COMPOSITION

This section of the report reviews the regional and local context of the Mortdale RSL site, as well as the proposed composition of the development.

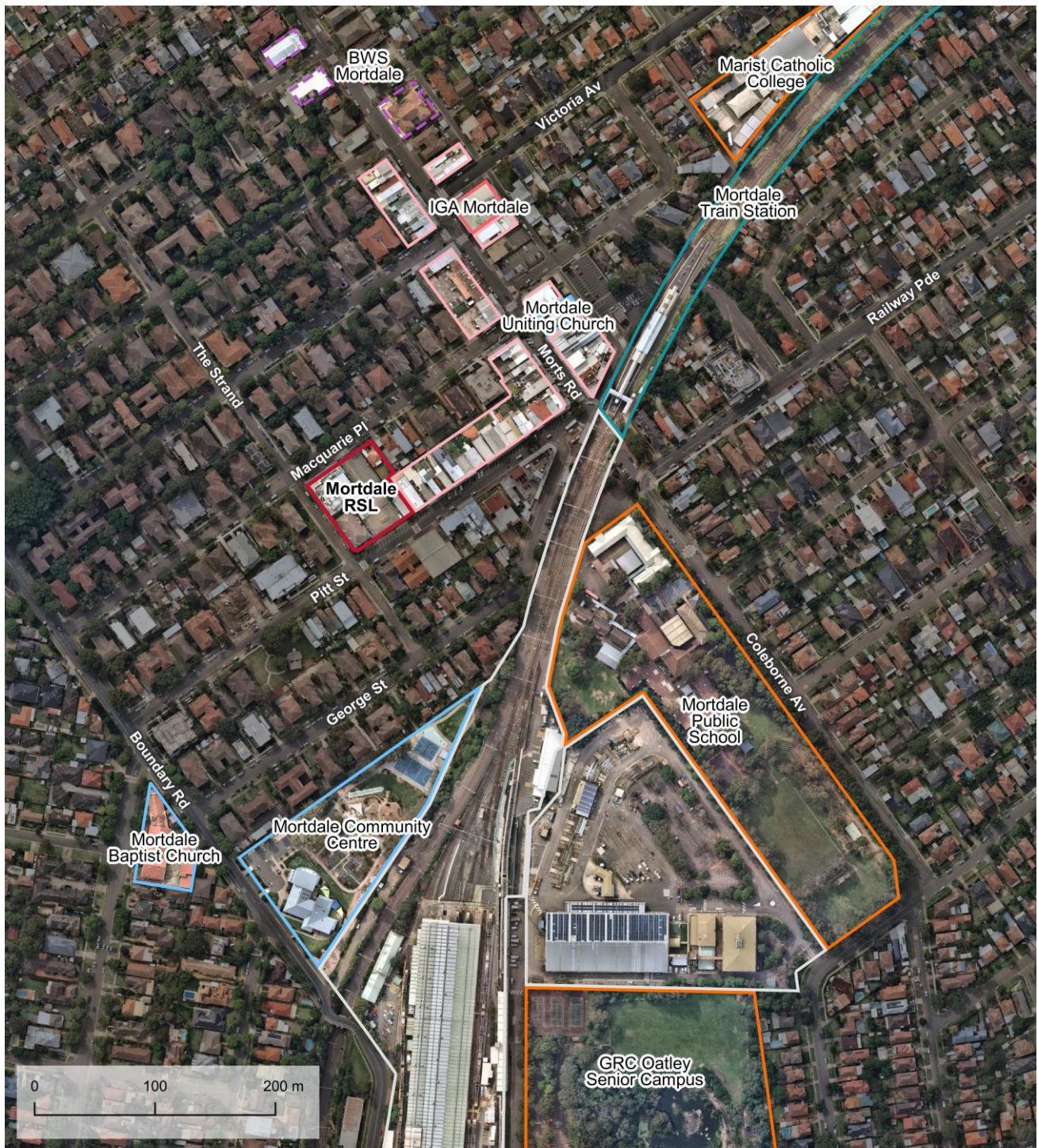
1.1. Regional & Local Context

- i. The suburb of Mortdale is located in the St George region of Sydney, approximately 20 km south of the Central Business District (CBD) (refer Map 1.1). The St George region in southern Sydney is the combination of the Georges River and (part of) Bayside Local Government Areas (LGAs), extending to Botany Bay in the east.
- ii. Mortdale is primarily a residential suburb, adjoining Peakhurst to the north-west, which includes a large number of industrial facilities. Other surrounding suburbs include Peakhurst Heights, Oatley, and Penshurst.
- iii. Accessibility through the suburb is primarily provided along Boundary Road, a north-south route connecting Mortdale to surrounding suburbs. Boundary Road connect with the South Western Motorway via Thurlow Street and Belmore Road in the north.
- iv. Mortdale RSL is located between Macquarie Place and Pitt Street, and bounded to the west by The Strand, as illustrated on Map 1.2. Key points to note include:
 - There is a provision of retail specialty shops directly to the east of the subject site, along Pitt Street and Morts Road, including an IGA supermarket (1,125 sq.m) and BWS.
 - Mortdale train station is located 200 metres to the east of the site.
 - Three schools are provided within proximity, namely GRC Oatley Senior Campus (817 enrolments) Mortdale Public School (405 enrolments) and Marist Catholic College (900 enrolments).
 - There is a provision of industrial facilities to the south of the subject site.
- v. Overall, the site is highly accessible and is reinforced by the surrounding provision of retail and non-retail shopfronts to the north-east, as well as significant transport infrastructure and community facilities.

MAP 1.1. REGIONAL CONTEXT



MAP 1.2. LOCAL CONTEXT



PhotoMap by nearmap.com

- | | |
|--|--|
| Site | Community |
| Shopping Centre | Transport |
| Retail | Industrial |
| Education | Mixed Use |



1.2. Existing & Proposed Development

1.2.1. Subject Site

- i. The Mortdale RSL is located at 19 - 25 Macquarie Street in Mortdale and includes a main bar, function room, sports lounge, gaming facilities and restaurant (Mort's Bar & Grill). Car parking is provided to the north-east of the site, with ingress and egress from the northern portion of the site along Macquarie Place.
- ii. Adjacent sites (46 – 56 Pitt Street) include an 8-unit residential complex at the southern corner of the site, as well as a day spa at the eastern corner, forming part of the Mortdale retail and commercial strip.

1.2.2. Proposed Development

- i. The subject site is now proposed for redevelopment as 'Mortdale Gardens', which is planned to comprise a range of uses, including:
 - **RSL:** a new Mortdale RSL Club, to be intergraded as part of the development. This will deliver a reinvigorated club on the ground floor which will activate Macquarie Place and Pitt Street.
 - **Residential:** approximately 170 units on upper levels.
 - **Retail:** approximately 1,800 sq.m of retail on lower levels, including retail specialty shops, a supermarket, and restaurants.
- ii. As shown in Figure 1.3, the proposal represents a high-quality, modern mixed-use development for the area, maximising exposure to Pitt Street, Macquarie Street and The Strand.
- iii. Think Planners have prepared and lodged a planning proposal for the re-development of the site with Georges River Council.
- iv. Council requested that an Economic Impact Assessment be prepared in relation to the retail component of the site that specifically addresses the criteria for expanding centres in Council's *Commercial Centre Strategy*.

FIGURE 1.1. PROPOSED DEVELOPMENT



2 TRADE AREA ANALYSIS

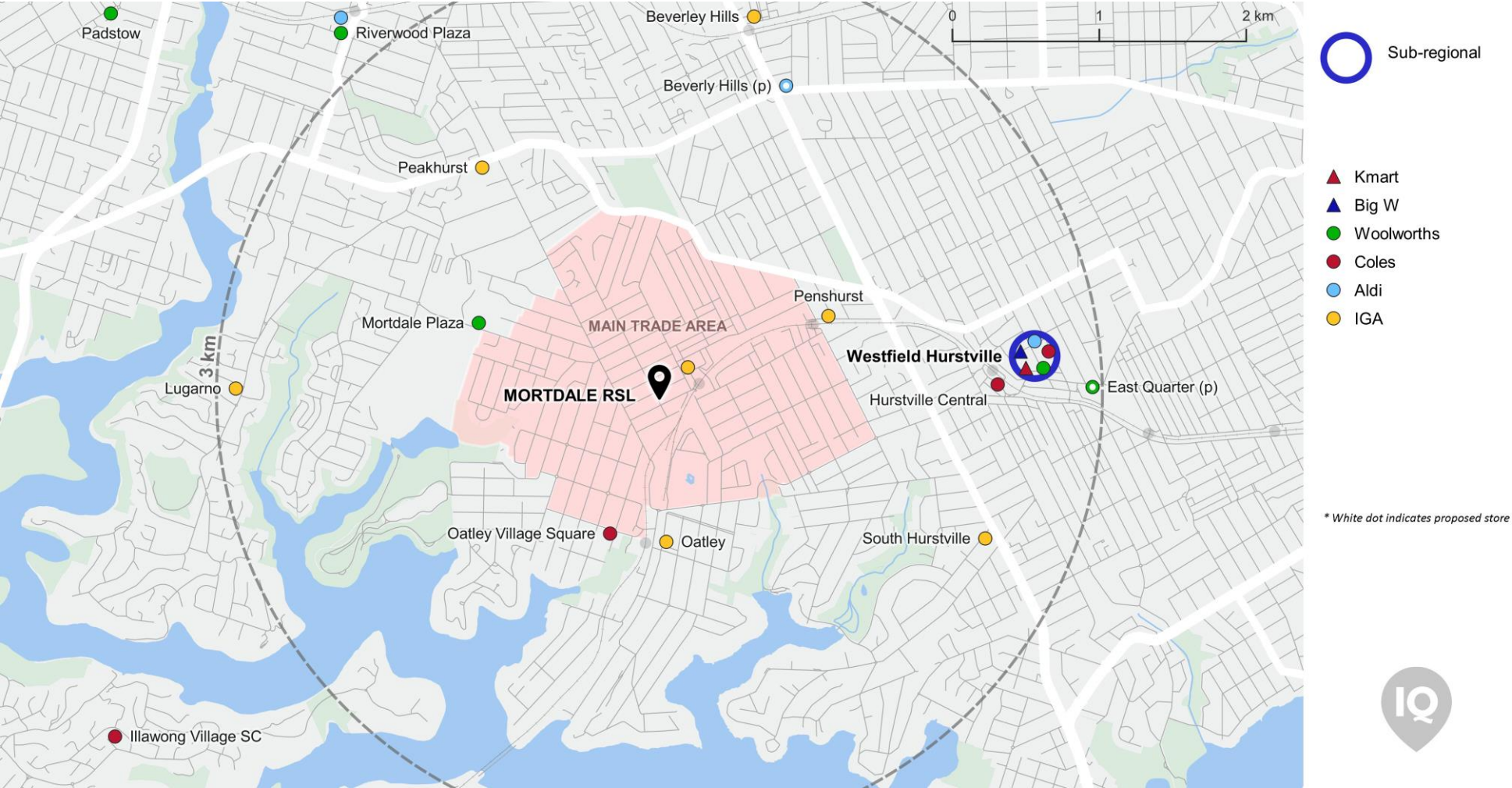
This section of the report outlines the trade area likely to be served by retail facilities at the proposed Mortdale Gardens development, including current and projected population and retail spending levels. The socio-economic profile of the trade area population is also reviewed.

2.1. Trade Area Definition

- i. The trade area for the proposed Mortdale Gardens Commercial Development has been defined considering the following:
 - The scale and composition of the proposed development.
 - The provision of existing and proposed retail facilities throughout the region.
 - Regional and local accessibility.
 - The pattern of urban development.
 - Significant physical barriers such as major roads.
- ii. The defined trade area is also based on the experience of Location IQ, which has been established and refined over many years across many similar assessments.
- iii. The trade area defined for the proposed Mortdale Gardens Development is based on Australian Bureau of Statistics (ABS) SA1 statistical areas, which is common convention for trade area definitions given SA1's are the smallest unit area released in Census data. SA1s typically have a population of between 200 and 800 persons, with an average population size of approximately 400 persons.
- iv. Map 2.1 illustrates the defined main trade area for the proposed Mortdale Gardens Development which generally extends around 1 km around the site and is bounded by Forest Road to the north, Hurstville Golf Course to the west, Mulga Road, Hurstville Road and Hillcrest Avenue to the south, and King Georges Road to the east. The main trade area encompasses most of the suburb of Mortdale, and parts of Penshurst, Oatley and Hurstville.

- v. It is observed in any established population area that residents/customers move freely between different shopping facilities depending on choice, offer, complementary trip purposes, place of work, place of education, place of recreation and the like. It is not unreasonable to expect consumers to make choices about their shopping patterns based on these types of criteria and conversely, it is highly unlikely that residents would just undertake shopping at their closet facility all of the time.

MAP 2.1. MAIN TRADE AREA



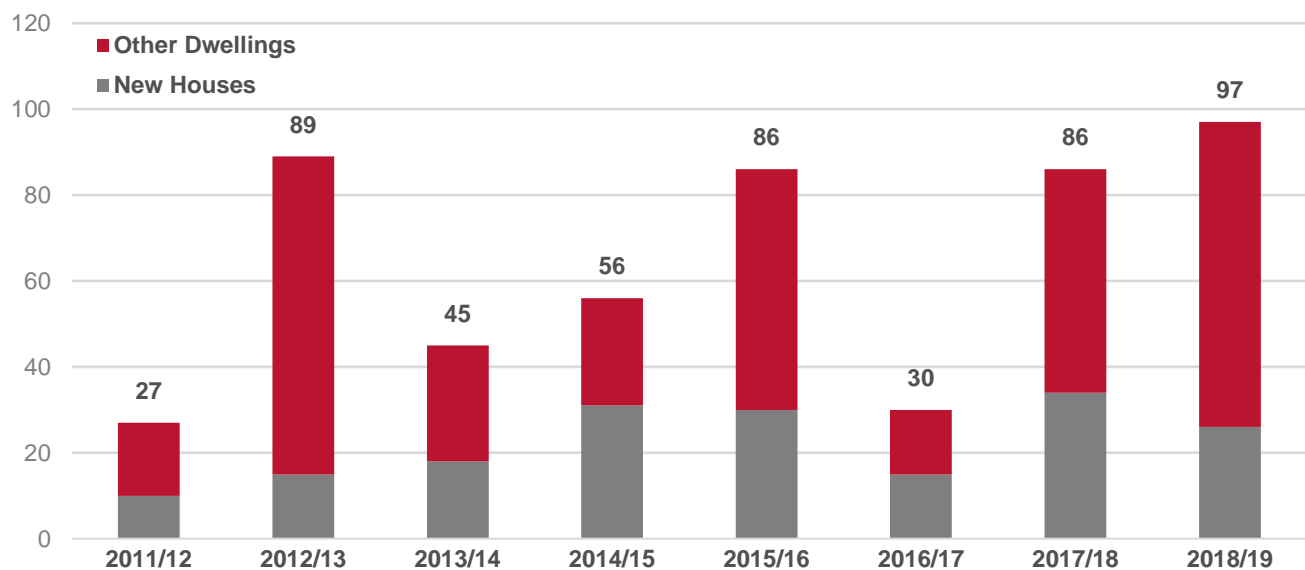
2.2. Main Trade Area Population

- i. Table 2.1 details the current and projected population levels for the proposed Mortdale Gardens Development main trade area, based on the following:
 - The 2011 and 2016 Census of Population and Housing undertaken by the Australian Bureau of Statistics (ABS);
 - New dwelling approval statistics sourced from the ABS over the period from 2011/12 – 2018/19 (refer Chart 2.1);
 - Population projections prepared at a small area level by forecast.id. These projections are also adopted by the Georges River Council.
 - Population projections prepared at the small area level (SAFi) by .id Consulting.
 - NSW Department of Planning forecasts prepared at an LGA level (2019).
 - Investigations by this office in relation to residential development within the main trade area.
- ii. The proposed Mortdale Gardens Development main trade area population is currently estimated at 20,945 (2020) and is projected to increase at an average rate of 0.8% per annum to 23,870 by 2036.
- iii. Future population growth throughout the main trade area is likely to be driven by a range of residential developments, including:
 - The subject development is planned to include approximately 170 units (300 people), with expected completion over the period from 2021 – 2026.
 - Construction has commenced on a mixed-use development at 85-87 Railway Parade which will include 40 units, or approximately 70 people. The project is expected to be completed by FY 2021/22.
 - A development application has been submitted for the construction of a boarding house at 32-38 Judd Street. Upon completion (expected in FY 2022/23), this development will include 24 units.

TABLE 2.1. MAIN TRADE AREA POPULATION, 2011 – 2036

Population	Actual				Forecast		
	2011	2016	2020	2021	2026	2031	2036
Main Trade Area	18,845	20,225	20,945	21,120	22,370	23,245	23,870
Average Annual Change (No.)	Actual				Forecast		
	2011-16	2016-20	2020-21		2021-26	2026-31	2031-36
Main Trade Area	276	180	175		250	175	125
Average Annual Change (%)	Actual				Forecast		
	2011-16	2016-20	2020-21		2021-26	2026-31	2031-36
Main Trade Area	1.4%	0.9%	0.8%		1.2%	0.8%	0.5%
Georges River LGA	1.6%	1.1%	1.1%		1.5%	0.7%	0.3%
Syd Metro	1.9%	1.5%	1.5%		1.3%	1.2%	1.0%
Australian Average	1.7%	1.4%	1.4%		1.4%	1.3%	1.2%

All figures as at June and based on 2016 SA1 boundary definition.
 Sources : ABS; Planning NSW

CHART 2.1. MAIN TRADE AREA NEW DWELLING APPROVALS, 2011/12 – 2018/19

Source: ABS

2.3. Socio-economic Profile

- iv. Table 2.2 summarises the socio-economic profile of the main trade area population compared with the metropolitan Sydney and Australian benchmarks. This information is based on the 2016 Census of Population and Housing, with key points to note including:
- Average per capita income levels are in-line with the metropolitan Sydney benchmark.
 - The average age of the main trade area population (37.6 years) is in-line with the benchmark.
 - The population is predominantly Australian born (60.1%).
 - The dominant household type is traditional families (i.e. couples with dependent children), at 48.6%, which is typical of a suburban Sydney area.
- v. Overall, the main trade area is characterised by an Australian, family-based population who would have a strong affinity with the convenience offer provided by the subject development.

TABLE 2.2. MAIN TRADE AREA SOCIO-ECONOMIC PROFILE, 2016 CENSUS

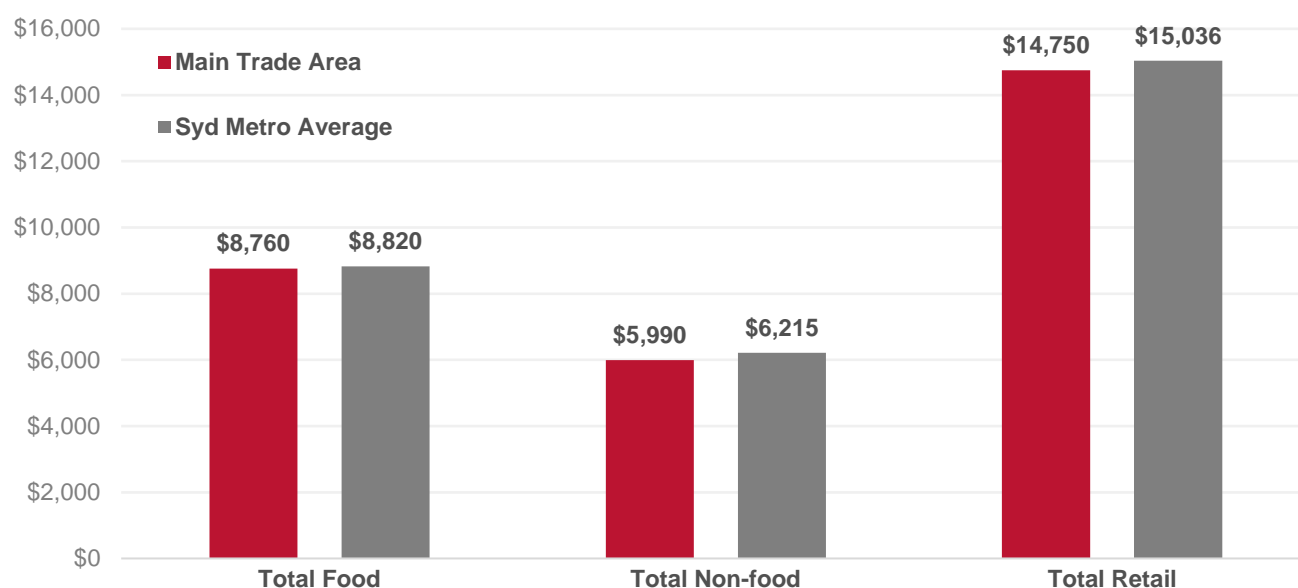
Characteristic	Main TA	Syd Metro Average	Aust Average
Income Levels			
Average Per Capita Income	\$41,139	\$42,036	\$38,500
Per Capita Income Variation	-2.1%		
Average Household Income	\$107,877	\$115,062	\$98,486
Household Income Variation	-6.2%		
Average Household Size	2.6	2.7	2.6
Age Distribution (% of Pop'n)			
Aged 0-14	17.6%	18.1%	18.0%
Aged 15-19	5.4%	6.0%	6.1%
Aged 20-29	14.9%	15.1%	13.9%
Aged 30-39	17.5%	15.7%	14.1%
Aged 40-49	13.7%	13.9%	13.7%
Aged 50-59	12.9%	12.3%	12.9%
Aged 60+	17.9%	19.0%	21.3%
Average Age	37.6	37.8	38.9
Housing Status (% of H'holds)			
Owner/Purchaser	64.2%	64.7%	67.9%
Renter	35.8%	35.3%	32.1%
Birthplace (% of Pop'n)			
Australian Born	60.1%	61.9%	72.9%
Overseas Born	39.9%	38.1%	27.1%
• Asia	25.5%	18.6%	10.7%
• Europe	6.9%	7.7%	8.0%
• Other	7.5%	11.8%	8.4%
Family Type (% of Pop'n)			
Couple with dep't children	48.6%	48.8%	45.2%
Couple with non-dep't child.	8.8%	9.2%	7.8%
Couple without children	21.0%	20.2%	23.0%
Single with dep't child.	6.3%	8.0%	8.9%
Single with non-dep't child.	4.4%	4.1%	3.7%
Other family	1.3%	1.2%	1.1%
Lone person	9.6%	8.5%	10.2%

Sources: ABS Census of Population and Housing 2016

2.4. Main Trade Area Retail Spending

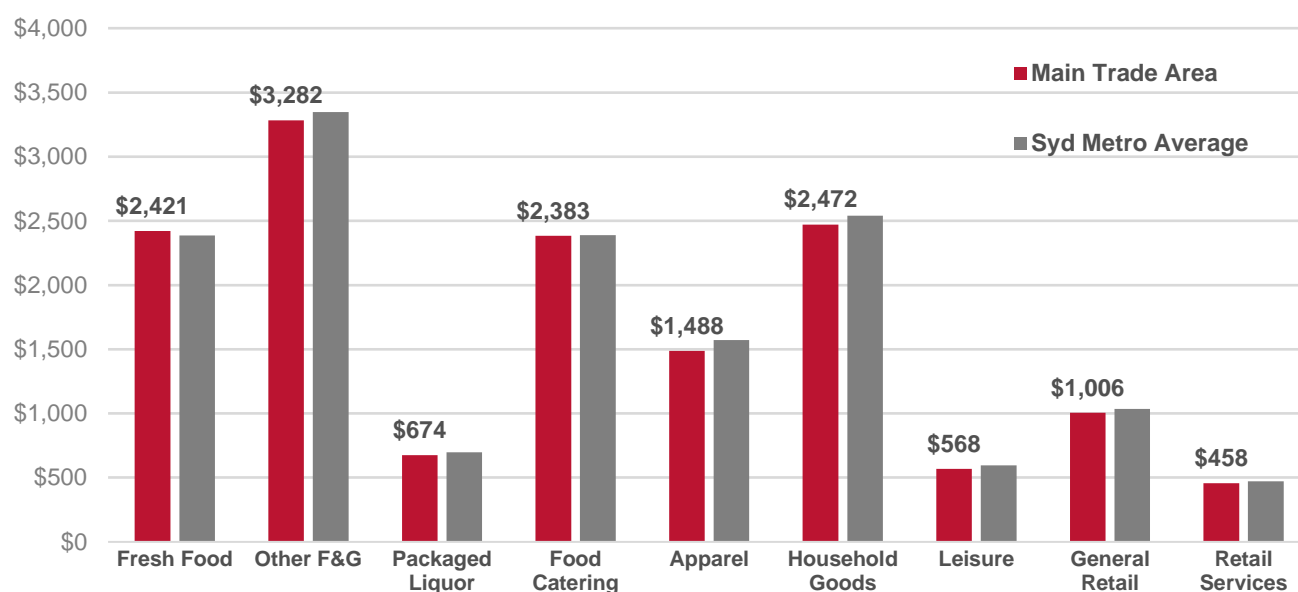
- i. The estimated retail expenditure capacity of the main trade area population is based on information sourced from MDS (Market Data Systems). MDS utilises a detailed micro-simulation model of household expenditure behaviour for all residents of Australia.
- ii. The MDS model considers information from a wide variety of sources, including the regular ABS Household Expenditure Survey, National Accounts Data, Census Data and other information.
- iii. In New South Wales, Western Australia, Queensland, and Victoria, the MarketInfo estimates of retail spending that are prepared independently by MDS are commonly used by all parties in Economic Impact or Retail Need and Sustainability Assessments.
- iv. Charts 2.2 – 2.3 illustrate the retail expenditure levels per person across the proposed Mortdale Gardens main trade area, as compared with the metropolitan Sydney average. As shown, expenditure per capita for main trade area residents is in-line with the Sydney metropolitan benchmark for all categories.
- v. Main trade area retail expenditure is currently estimated at \$307.6 million and is projected to increase to \$398.2 million by 2036, representing an average annual growth rate of 1.6% (refer Table 2.3). All figures presented in this report are in constant 2019 dollars and include GST.
- vi. The projected growth rate of the main trade area retail spending market considers the following:
 - Real growth in retail spending per capita of 0.5% annually for food retail and 1.0% for non-food retail over the period to 2035/36. This is in-line with the national averages over long-term periods. Real growth in retail spending refers to the increase in retail sales consumption of a household adjusted for changes in prices.
 - Main trade area population growth of 0.8% per annum.
- vii. Table 2.3 also presents a breakdown of retail spending by key commodity group, indicating the largest spending market is food and liquor at \$133 million, representing 43.2% of the total retail spending market.

CHART 2.2. MAIN TRADE AREA RETAIL SPENDING PER PERSON, 2018/19



Source: Marketinfo

CHART 2.3. MAIN TRADE AREA RETAIL SPENDING PER PERSON BY CATEGORY, 2018/19



Source: Marketinfo

TABLE 2.3. MTA RETAIL EXPENDITURE BY CATEGORY (\$M), 2019 – 2036

Y/E June	Food & Liquor	Food Catering	Apparel	H'hold Goods	Leisure	General Retail	Retail Services	Total MTA Spend
2020	133.0	49.7	31.0	51.5	11.8	21.0	9.5	307.6
2021	134.8	50.6	31.6	52.5	12.1	21.4	9.7	312.7
2022	136.8	51.6	32.2	53.6	12.3	21.8	9.9	318.3
2023	139.1	52.8	32.9	54.7	12.6	22.3	10.1	324.5
2024	141.4	53.9	33.6	55.9	12.8	22.7	10.4	330.8
2025	143.7	55.1	34.4	57.1	13.1	23.2	10.6	337.2
2026	146.1	56.3	35.1	58.4	13.4	23.7	10.8	343.8
2027	148.3	57.4	35.8	59.5	13.7	24.2	11.0	349.9
2028	150.2	58.4	36.5	60.6	13.9	24.6	11.2	355.4
2029	152.1	59.4	37.1	61.6	14.2	25.1	11.4	360.9
2030	154.0	60.5	37.8	62.7	14.4	25.5	11.6	366.6
2031	156.0	61.6	38.4	63.9	14.7	26.0	11.8	372.3
2032	157.8	62.6	39.1	64.9	14.9	26.4	12.0	377.7
2033	159.4	63.5	39.7	65.9	15.1	26.8	12.2	382.7
2034	161.1	64.5	40.3	66.9	15.4	27.2	12.4	387.8
2035	162.7	65.5	40.9	68.0	15.6	27.7	12.6	392.9
2036	164.4	66.5	41.5	69.0	15.8	28.1	12.8	398.2
Expenditure Growth								
2020-21	1.8	0.9	0.6	1.0	0.2	0.4	0.2	5.1
2021-26	11.4	5.6	3.5	5.9	1.3	2.4	1.1	31.2
2026-31	9.8	5.3	3.3	5.5	1.3	2.2	1.0	28.5
2031-36	8.4	5.0	3.1	5.1	1.2	2.1	1.0	25.9
2020-36	31.4	16.8	10.5	17.5	4.0	7.1	3.2	90.6
Average Annual Growth Rate								
2020-21	1.4%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.6%
2021-26	1.6%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	1.9%
2026-31	1.3%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.6%
2031-36	1.1%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.4%
2020-36	1.3%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.6%

*Constant 2019/20 dollars & including GST

Source : Marketinfo

3 COMPETITIVE ENVIRONMENT

This section of the report reviews the competitive retail environment within which the proposed Mortdale Gardens development would operate, to assist with the assessment of likely trading impacts.

The hierarchy of centres presented in this assessment is consistent with the Georges River Council planning framework, comprising of six classifications with the following breakdown:

- Strategic centres
- Local centres
- Villages
- Small villages
- Neighbourhood centres
- B6 Enterprise Corridor

Information on the size, composition and performance of centres outlined (refer Table 3.1) is based on the Location IQ proprietary databases, that includes information from the following sources:

- The PCA Database;
- Actual size information provided by retail and property owners;
- Annual reports;
- Cordell database;
- Press releases in relation to new store openings, closures and asset transactions;
- Site visits and floorspace surveys;
- Measurements undertaken by this office.
- Estimates based on employment-generating floorspace.

TABLE 3.1. COMPETITIVE ENVIRONMENT

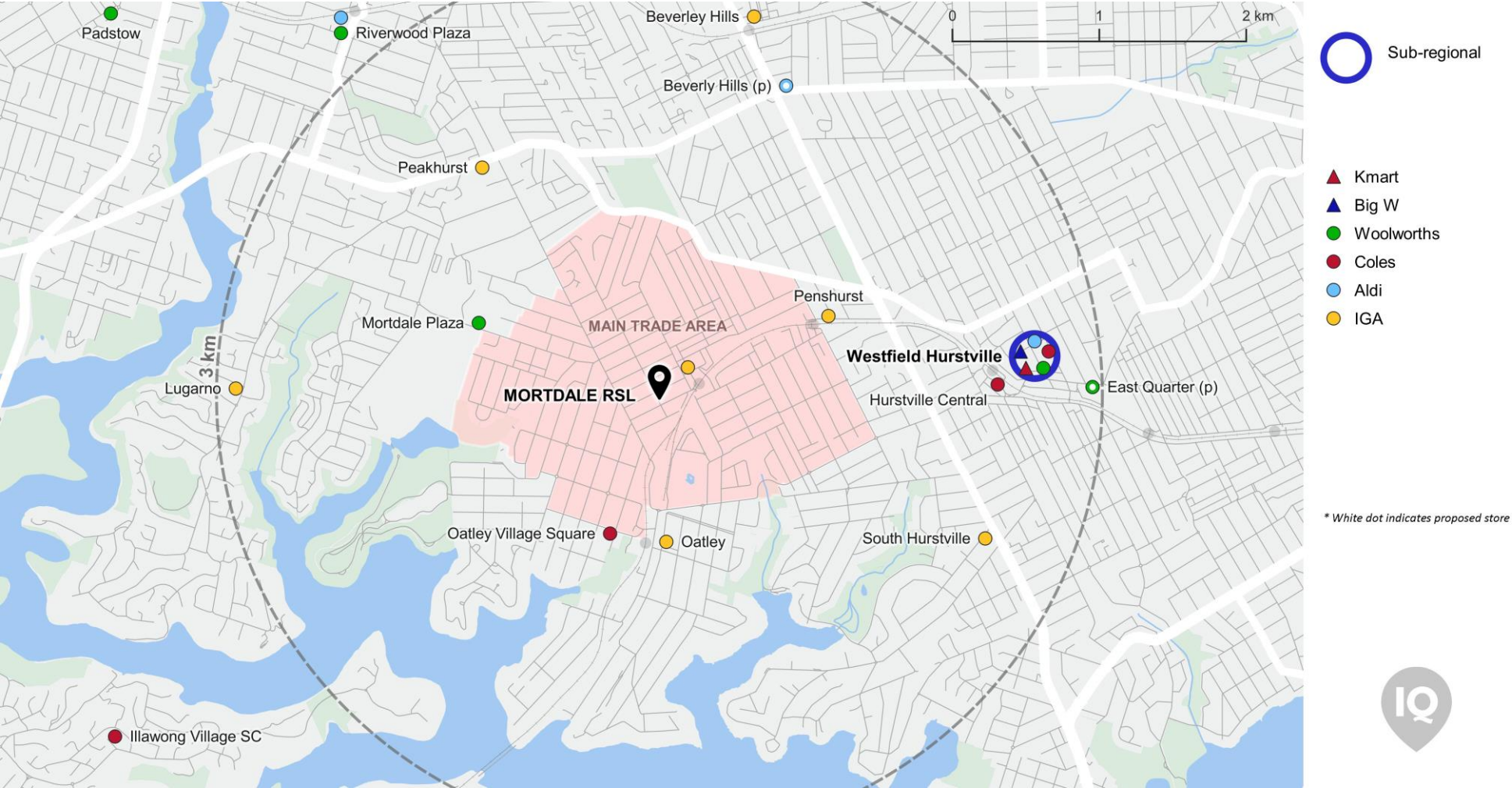
Centre	Shopfront GLA (sq.m)	Anchor Tenants	Dist. From Site (km)
Within the Main Trade Area			
Local Centre			
<u>Mortdale</u>	<u>6,545</u>		
• Morts Road SC	1,100	IGA (1,100)	0.3
• Other	5,445		-
Beyond the Main Trade Area			
Strategic Centre			
<u>Hurstville City Centre (B3 and B4 zone)</u>	<u>100,000</u>		
• Westfield Hurstville	61,200	Big W (7,400), Kmart (6,200), Aldi (1,500), Woolworths (5,132), Coles (3,395)	3.5
• Hurstville Central	10,500	Coles (2,300) & Spec	3.6
• Other	28,300		
Local Centres			
<u>B1 – Oatley (Mulga Road)</u>	<u>6,000</u>		
• Oatley Village Square	3,600	Coles (2,700) & Spec	1.8
• Other	2,400		1.1
B2 – Penshurst (Penshurst Street)	5,000	IGA (600)	2.1
B2 – Beverly Hills (King Georges Road)	7,500	IGA (600)	4.7
Villages			
B2 – Oatley (Oatley Avenue / Frederick Street)	4,000	IGA (400)	2.0
B1 – Peakhurst (Forest Road)	1,500	IGA (600)	3.2
Small Villages			
B2 – Penshurst (Forest Road)	500		1.5
Neighbourhood			
Various	n.a.		-
Other			
Mortdale Plaza	6,000	Woolworths (3,500) & Spec	1.9

Source: Australian Shopping Centre Council Database

Estimated



MAP 3.1. MAIN TRADE AREA & COMPETITION



3.1. Within Main Trade Area

- i. There is currently only one commercial centre located within the main trade area, namely the Mortdale Local Centre, which also includes the subject site. The centre is comprised of two halves split by the railway line and provides a broad range of retail and commercial services.
- ii. There is no major supermarket anchoring this local centre but there is a small-scale IGA supermarket of some 1,100 sq.m, located approximately 0.3 km to the north east of the subject site. This supermarket is small by modern supermarket standards, with full-line supermarkets that serve the weekly shopping needs of local residents typically 3,200 sq.m in size and larger.
- iii. The Morts Road and Pitt Street strips generally comprise a range of commercial and retail shopfronts. Table 3.2 summarises the results of a shopfront survey conducted in June 2020, which estimates a total of 6,545 sq.m of retail floorspace are provided within the Local Centre.
- iv. As shown, the majority of shopfronts are within the food catering and retail services categories, while vacancy rates are very low (at less than 5%) - particularly given recent Covid impacts. The majority of vacancies are located at the south-west portion of the Local Centre, near to the subject site.

TABLE 3.2. MORTDALE LOCAL CENTRE SHOPFRONT COUNT

Category	Mortdale Local Centre Shopfronts			
	Shop Count no.	GLA (sq.m) Total	Ave.	% of Total Shopfronts
Majors				
Supermarket	1	1,100	1,100	11%
Retail Specialties				
Food & Liquor	7	640	91	6%
Food Catering	27	2,065	76	20%
Apparel	1	40	40	0%
Household Goods	1	75	75	1%
Leisure	2	195	98	2%
General Retail	9	1,150	128	11%
Retail Services	<u>23</u>	<u>1,280</u>	<u>56</u>	<u>12%</u>
Total Retail Spec.	70	5,445	78	52%
Total Centre - Retail	71	6,545	92	63%
Non-retail	21	3,480	166	33%
Vacant	4	400	100	<u>4%</u>
Total	96	10,425	109	100%

Source: Based on survey as at June 2020



3.2. Beyond the Main Trade Area

- i. Beyond the defined main trade area, there are several key centres of relevance to the subject development, as follows:

Strategic Centres

- Strategic Centres are regionally significant commercial centres as nominated by the *Greater Sydney Region Plan* and *South District Plan*. The Hurstville City Centre is the nearest Strategic Centre, comprising two shopping centres and a broad range of strip retail facilities.
- Westfield Hurstville comprises a Big W of 7,400 sq.m, Kmart of 6,200 sq.m, Aldi of 1,500 sq.m, Coles of 3,400 sq.m and Woolworths of 5,100 sq.m. This sub-regional shopping centres is located 3.5 km to the east of the subject site.
- Hurstville Central comprises a Coles supermarket of around 2,300 sq.m and specialty shops some 3.6 km to the east of the subject site.
- The balance of retail shopfronts generally follow the alignment of the rail line, largely along Forest Road. In total, the Hurstville City Centre is estimated to comprise approximately 100,000 sq.m of retail floorspace.

Local Centres

- Local centres provide essential access to day to day goods and services close to where people live - with over 5,000sqm of retail floorspace and anchored by at least one supermarket larger than 1,000 sqm.
- Other than the Mortdale precinct, the nearest local centres of competitive relevance include:
 - Oatley (Mulga Road) comprises a total of around 6,000 sq.m of retail floorspace, including Oatley Village Square, which consists of a Coles supermarket (2,700 sq.m) and specialty shops, some 1.8 km south of the subject site.
 - Penshurst (Penshurst Street) comprises approximately 4,500 sq.m of retail floorspace, including a small-scale IGA of 600 sq.m.
 - Beverley Hills (King Georges Road) includes some 7,500 sq.m of retail floorspace, with a small-scale IGA of 600 sq.m also provided.

Villages

- Villages support a local resident and worker population with 3,000 to 5,000 sqm of retail floor space and typically includes a small supermarket or convenience store.

- There are two key villages of relevance to the subject site, namely Oatley (Oatley Avenue / Frederick Street) and Peakhurst (Forest Road). Each includes a small-scale IGA supermarket, with total retail floorspace encompassing an estimated 4,000 sq.m and 1,500 sq.m, respectively.

Small Villages

- These support a local resident and worker population with 1,000 to 3,000 sqm of retail floor space and typically serves a local walking catchment.
- Penshurst (Forest Road) is located some 1.5 km from the subject site and includes around 500 sq.m of retail floorspace.

Neighbourhood Centres

- Neighbourhood centres provide under 1,000 sqm of retail floor space and typically serves a local walking catchment within a 5 to 10 minute radius. There are a range of smaller neighbourhood centres provided throughout the region, of more limited competitive relevance.

Other

- Mortdale Plaza includes a Woolworths of 3,500 sq.m and specialty shops located along Roberts Avenue, some 1.9 km north-west of the site.

3.3. Proposed Developments

- i. There are no known plans for competitive developments within the main trade area.
- ii. In terms of future developments beyond the main trade area, key assumptions are as follows:
 - A planning proposal for the future expansion of **Westfield Hurstville** was previously submitted that included additional retail floorspace and six residential towers above. Westfield Hurstville is not currently listed in the Scentre Group future retail development pipeline and a development has not been assumed for the purposes of this assessment.
 - The redevelopment of **Hurstville Central** has been mooted and may include an expanded retail offer and upper level commercial and residential floorspace. This would be a significant project given the complexity around the built structure above the train station and railway line and has not been assumed for the purposes of this assessment.
 - A development application has been approved for construction of **East Quarter Stage 3** (3.8 km to the east of the subject site), which is a mixed-use development proposed to include 4,345

sq.m of retail floorspace (including a full-line Woolworths supermarket), with an expected opening date of 2021/22. The site will be located within the Hurstville City Centre.

- Construction of an Aldi supermarket of 1,400 sq.m and specialty shops of 400 sq.m at **178 Stoney Creek Road**, Beverly Hills (3.2 km north) has received development approval. This project is assumed to open by 2022/23 and will be provided within the Beverley Hills (King Georges Road) Local Centre.

3.4. Summary

- The main trade area and broader region are generally served by a variety of local, neighbourhood villages and centres that cater for the day to day retail needs of residents and are primarily in retail strip formats. Generally, retail floorspace is estimated to account for some 25% - 40% of employment floorspace supply within these precincts.
- Many of these smaller precincts have become somewhat dated and are in need of refurbishment or renewal and no nearby centres include a major full-line supermarket anchor (3,200 sq.m or larger).
- The Mortdale Local Centre is an active precinct, with the significant levels of local demand supporting a low level of vacancy. The south-west corner of the centre (near to the subject site) is the most dated portion, which would benefit from renewal and increased foot traffic.
- Table 3.3 provides a summary of the current and future provision of supermarket floorspace within the main trade area, as compared to the metropolitan Sydney and Australian benchmark. As shown, the current provision of supermarket floorspace across the main trade area (at 53 sq.m per 1,000 persons) is well below the Sydney Metropolitan benchmark of 270 sq.m per 1,000 persons. With no future retail developments or supermarkets planned within the main trade area, this provision will continue to fall as population increases over time.
- Residents of the region should be provided with a wide range of food and grocery items within proximity to their homes. The opening of the proposed Mortdale Gardens Development would provide a key modern anchor tenant and complementary floorspace that would benefit the overall offer and range of services within the Local Centre.

TABLE 3.3. RETAIL FLOORSPACE PROVISION (GLA PER 1,000 PERSONS), 2020 – 2036

	2020	2021	2026	2031	2036	Syd Metro Average*
Main Trade Area						
Supermarket	53	52	49	47	46	263

Sources: ABS, LIQ SC Database



4 PLANNING CONSIDERATIONS

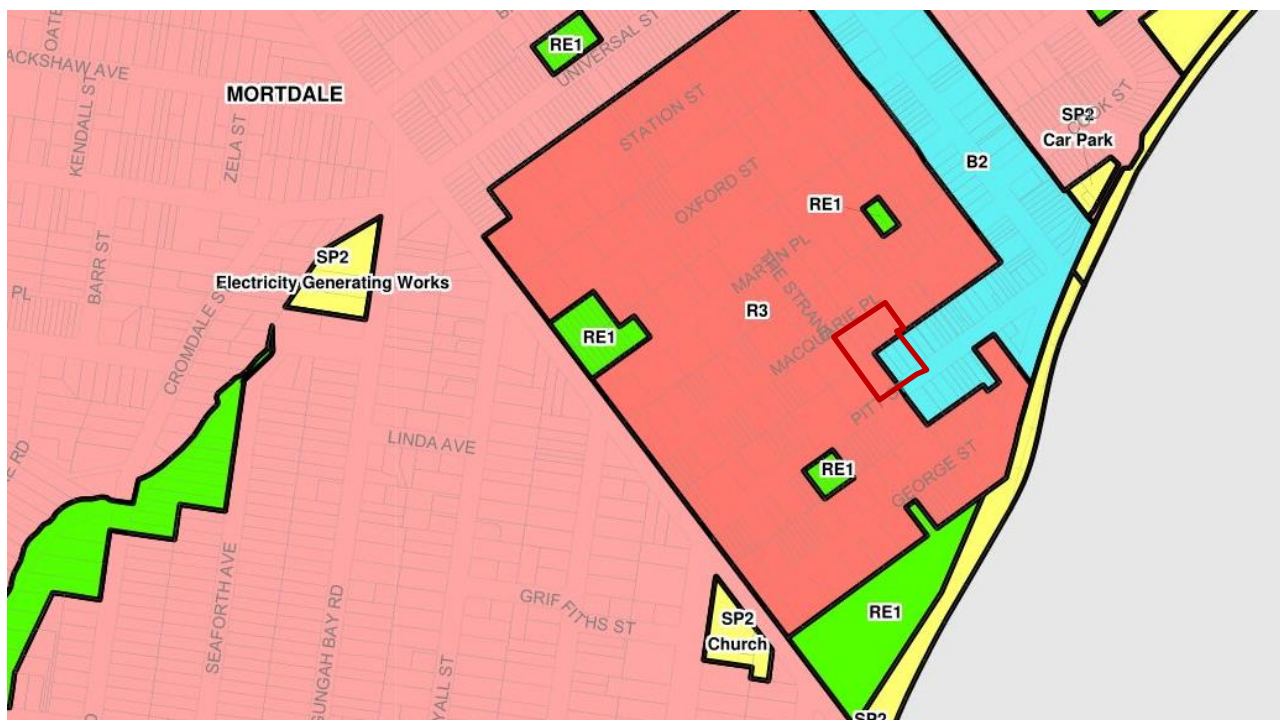
This section of the report provides a high level summary of the relevant planning regulations and documentation pertaining to the subject site, including the *Commercial Centre Strategy*.

4.1. Hurstville Local Environmental Plan 2012

- i. The subject site falls under the Hurstville Local Environmental Plan (LEP) 2012 (Amendment No.3) and encompasses two zone codes (refer Figure 4.1), namely:
 - **B2 Local Zone Code**, the objectives of which are:
 - To provide a range of retail, business, entertainment and community uses that serve the needs of people who live in, work in and visit the local area.
 - To encourage employment opportunities in accessible locations.
 - To maximise public transport patronage and encourage walking and cycling.
 - To maintain a commercial and retail focus for larger scale commercial precincts.
 - **R3 Medium Density Residential**, the objectives of which are:
 - To provide a range of retail, business, entertainment and community uses that
 - serve the needs of people who live in, work in and visit the local area.
 - To encourage employment opportunities in accessible locations.
 - To maximise public transport patronage and encourage walking and cycling.
 - To maintain a commercial and retail focus for larger scale commercial precincts.
 - To provide a range of retail, business, entertainment and community uses that serve the needs of people who live in, work in and visit the local area.
- ii. The subject planning proposal seeks to have the entire Mortdale RSL site rezoned to B4 Mixed Use.
 - **B4 Mixed Use** objectives are:
 - To provide a mixture of compatible land uses.
 - To integrate suitable business, office, residential, retail and other development in accessible locations so as to maximise public transport patronage and encourage walking and cycling.

- To allow for residential development in the Hurstville City Centre while maintaining active retail, business or other non-residential uses at street level.
- iii. It is understood that discussions were held with senior Council staff on 10 December 2019, during which it was advised that officers are targeting the preparation of a harmonised LEP and town centre strategy.
 - iv. Georges River Council is taking a staged approach in implementing the future land use vision for the LGA established by the Local Strategic Planning Statement 2040. Understanding and strengthening the LGA's commercial centres is a critical component of future planning, with key stages being as follows:
 - **LEP 2020** (Harmonisation and Housing): the focus of this LEP will be on delivery of housing targets, housing choice and harmonising the existing planning instruments
 - **LEP 2022** (Jobs and Activation) will require further detailed studies and investigations to focus on the ongoing viability, competitiveness and activation of centres.
 - **LEP 2025** and beyond will be informed by the above LEPs and future strategic planning work to respond to longer-term housing and jobs forecasts and community values.

FIGURE 4.1. HURSTVILLE LOCAL ENVIRONMENT PLAN 2012 (ZONING EXTRACT)



4.2. Georges River Council Commercial Centres Strategy

- i. Georges River Council is currently preparing a *Commercial Centres Strategy* in two parts, to support the staged approach to drafting the new Georges River Local Environmental Plan (LEP).

4.2.1. Part 1 - Centres Analysis

- i. Part One of the Commercial Centres Strategy was adopted by Council in February 2020, the primary purpose of which is:

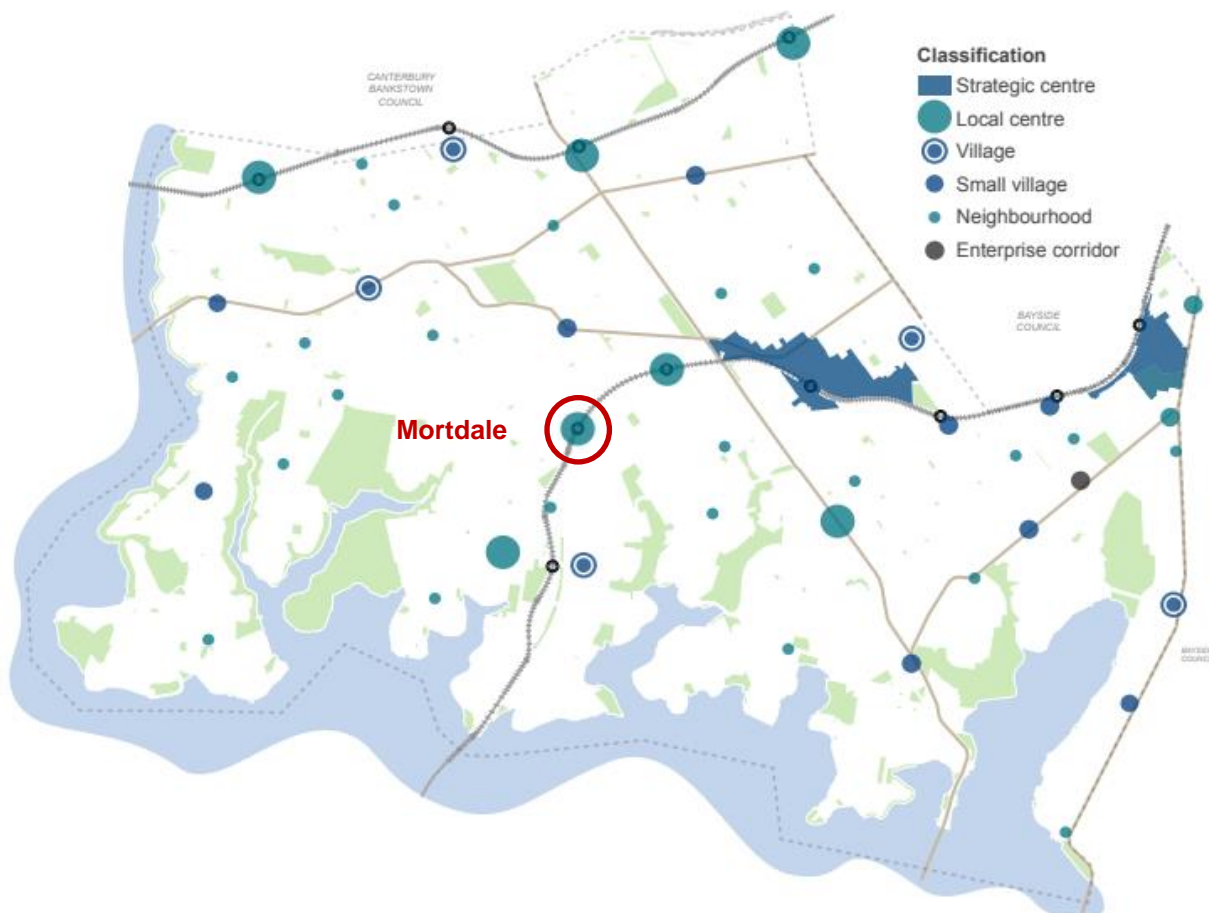
“To inform the preparation of LEP 2020 and its accompanying development control plan. It conducts a stocktake of all 48 commercial centres in the Georges River LGA through a holistic approach with the intention of harmonising the existing planning frameworks that govern the future development of these centres.”

- ii. Detailed economic analysis informed the development of a centres hierarchy based on the existing provision of retail floor space within each centre. The hierarchy is comprised of six classifications with the following breakdown:
 - Strategic centres (2)
 - Local centres (7)
 - Villages (5)
 - Small villages (10)
 - Neighbourhood centres (24)
 - B6 Enterprise Corridor (1)
- iii. The subject site is located within the Mortdale Local Centre. Local centres provide essential access to day to day goods and services close to where people live with over 5,000 sqm of retail floor space and anchored by at least one supermarket larger than 1,000 sqm.
- iv. Appendix 2 of the Centres Analysis provides a more detailed review of the each centre, with key points to note regarding the Mortdale (Morts Road) centre as follows:
 - The centre is comprised of two halves split by the railway line and provides a broad range of retail and commercial services for a relatively affluent catchment.
 - It is well served by public transport (Mortdale Railway Station) and both sides of the centre experience a high volume of kiss and ride commuter drop-offs.

- The centre benefits from good exposure as result of the passing commuter and vehicle traffic.
 - There is no major supermarket anchoring this local centre but there is a small-scale IGA supermarket present.
 - Considering its size, the precinct provides a moderate level of residential, this is mostly attributable to a mixed-use development and additionally some shop top housing.
 - Due to the absence of dedicated services laneways, the provision of on-site car parking is a crucial issue impacting the development of additional retail and commercial premises.
- v. The key recommendations of the analysis for *LEP 2022 (Jobs and Activation)* were as follows:
- Review the minimum non-residential FSR requirement in the centre with the aim of providing sufficient non-residential floor space to meet the 2036 demand.
 - Review development standards in accordance with the existing classification of “local centre” in the centres hierarchy.
 - Investigate expansion of centre if there is demonstrated demand for additional commercial floor space that cannot be met within the existing centre.
- vi. A set of rezoning criteria guideline was also developed within the Centres Analysis (at Section 4.5) to manage proposals that seek to expand existing centres.
- “The merits of expanding an existing centre cannot be pre-emptively conducted through a broad brush rezoning due to the myriad of local issues including the sensitive interface between employment and residential land use zones, development take up and the capacity of existing infrastructure to support the intensification.”*
- vii. Given that the potential expansion of appropriate centres will be investigated in Part 2 of the Commercial Centres Strategy to inform the preparation of LEP 2022, a guideline has been developed in the interim to accompany LEP 2020 to ensure any proponent-initiated request is supported by evidence findings, strategic and site-specific merit and great urban design outcomes. Expansion of the nominated centres may be considered if the subject site meets the below rezoning criteria:
- Not an ad hoc out-of-centre rezoning
 - Rationalises existing use rights and/or additional permitted use premises
 - Is immediately adjacent to an existing centre with the following categorisation in the retail hierarchy of centres:

- Strategic centre
 - Local centre
 - Village
 - Small village
- Meeting an economic demand for additional employment floorspace that cannot be provided within the existing centre
 - Addressing a demonstrated shortfall / retail gap, particularly in the local food and grocery network that cannot be accommodated within the existing centre
 - Does not negatively impact the economic viability and performance of the existing centre
 - Delivers a greater net community benefit compared to the existing use on the subject site
- viii. The remainder of this report demonstrates how the subject proposal meets/addresses each of these criteria, which is summarised in Section 6.

FIGURE 4.2. EXISTING CENTRES HEIRACHY



4.2.2. Part 2

- i. Part 2 of the Strategy is currently being prepared to inform the future LEP 2022 (Jobs and Activation) amendment and the accompanying development control plan.
- ii. This Part will consider the roles and functions of all commercial centres and provide centre-specific objectives, built form controls and guidelines, and investigate the potential expansion of appropriate centres.

4.3. Other Planning Documentation

4.3.1. Georges River Council Employment Lands Study

- i. Council, at its meeting on 7 August 2017, considered the Georges River Employment Lands Study, which provides background information and the strategic context of Georges River's employment lands, including industrial zoned land and business zoned land. Under the study, the subject site falls within the Mortdale – Morts Road Precinct.
- ii. Relevant to this assessment, the study generally recommends the following:
 - Review the height and FSR requirements for land within the B2 – Local Centre zoned land, to encourage redevelopment.
 - Review land uses in the IN2, B1 and B2 Zones to broaden the extent of permitted uses.
 - Review the current on-site parking requirements for the B1 and B2 Zones to ensure that they are not an impediment to the viability of development.
 - Review the requirement for non-residential floor space in the B1 and B2 Zones to assist in the feasibility of development, while at the same time ensuring that commercial centres retain some employment generating opportunities.
- iii. These findings indicate that previous requirements for B2 Local Centre zoned land in the area should be reviewed in order to encourage the new and revitalising development.

4.3.2. Hurstville City Centre Urban Design Strategy

- i. Following the amalgamation of the Hurstville and Kogarah Councils, SJB Architects were engaged to review and update the existing urban design and development principles for the Hurstville City Centre.

“Hurstville City Centre is identified as a strategic centre within the South District Plan, released by the Greater Sydney Commission in March 2018. As the gateway to southern Sydney, it is a thriving modern centre that has organically grown around what is now a major transport interchange. Hurstville will continue to play an important role in providing employment, retail and entertainment opportunities for the area, and provide an exemplar for environmentally and socially sustainable urban development.”

ii. The key objectives for the revised Urban Design Strategy were as follows:

- To reinforce the role of Hurstville as the gateway to southern Sydney
- To strengthen the use of public and active transport to and within the centre
- To enhance and strengthen the identity of the centre
- To improve pedestrian connectivity and movement; and
- To provide block by block planning controls for the centre

4.3.3. Georges River Community Strategic Plan 2018-2028

i. The Community Strategic Plan was developed around six themes that were identified as being important to the community:

- A protected environment and green open spaces
- Quality, well planned development
- Active and accessible places and spaces
- A diverse and productive economy
- A harmonious and proud community with strong social services and infrastructure
- Leadership and transparency.

4.3.4. Georges River Local Strategic Planning Statement 2040

i. The Local Strategic Planning Statement identifies local planning priorities to deliver the desired future for the LGA's economy and centres, which are summarised as follows:

- Land is appropriately zoned for ongoing employment growth

- Planning, collaboration and investment delivers employment growth and attractive, lively, accessible and productive centres
- Hurstville, Beverly Hills and Kogarah are supported to grow safe night-time entertainment, dining and other recreational opportunities
- All local centres are supported to evolve for long term viability

4.3.5. Greater Sydney Regional Plan & South District Plan

- Under *The Greater Sydney Region Plan – A Metropolis of Three Cities*, the Georges River LGA falls within the Eastern Harbour City. The Plan was finalised and released by the Greater Sydney Commission in March 2018, along with the *South District Plan*.
- The guiding directions and objectives of each Plan are similar, with a strong emphasis on place-based planning for all strategic and local centres. Place-based planning is evidence-based planning that creates a vision for a place based on its unique characteristics and potential.

4.4. Summary

- Generally planning framework within the region aims to protect and enhance the established hierarchy through quality, integrated development.
- New development is generally encouraged as a necessity for the revitalisation of these precincts and will assist in strengthening their identity.
- A collaborative approach to planning provides an opportunity to deliver employment and economic growth, while also creating attractive and activated centres that remain viable over the long term.

5 POTENTIAL FOR RETAIL FACILITIES

This section of the report considers the sales potential for the retail component of the Mortdale RSL redevelopment, as well as the likely trading and other impacts that can be anticipated following construction.

5.1. Functional Relationship of Uses & Examples

- i. As outlined previously, the proposed development at the subject site is planned to include a range of uses, including:
 - **RSL:** a new Mortdale RSL Club, to be intergraded as part of the development.
 - **Residential:** approximately 170 units on upper levels.
 - **Retail:** approximately 1,800 sq.m of retail on lower levels, including retail specialty shops, a supermarket, and restaurants.
- ii. The proposed range of uses at the subject site would represent a modern mixed-use development that responds to the needs of the local community and enhances the broader Mortdale Local Centre.
- iii. The provision of multiple uses at the site is increasingly common at mixed-use developments across Australia, and in-particular in close proximity to train stations. Recent examples are as follows:

South Village Kirrawee

- South Village is anchored by a full-line Coles supermarket and Aldi, within a town centre-type development. The retail specialty offer at the site has a strong food catering focus (10 tenants).
- There is a significant number of residential dwellings currently provided on upper levels, with an ultimate yield of some 749 (1,350 persons) planned.

The Albany, Crows Nest

- The Albany by Payce is a mixed-use residential and retail development in Crows Nest which is anchored by a full-line Coles supermarket and around four retail shops.

Clemtown Park Shopping Village, Campsie

- The centre is anchored by a full-line Coles supermarket and specialty shops which surround an open-air plaza and small covered pedestrian mall. Retail specialty floorspace has a convenience focus, predominantly made up of food catering and retail services tenants.
- More than 500 units form part of the site, each provided on upper levels. The site encompasses around 1.5 hectares and is zoned as High Density Residential.

Gasworks Plaza, Newstead (QLD)

- The \$1.1 billion Gasworks by Aveo includes around 750 apartments (1,200 residents), 103,500 sq.m of commercial floorspace and aged care facilities.
- Gasworks Plaza comprises some 17,009 sq.m of floorspace, including a retail component of 7,430 sq.m. The centre is anchored by a Woolworths supermarket of 3,966 sq.m and retail specialty floorspace of 2,200 sq.m across 20 shopfronts. Non-retail floorspace includes a gym and a bank.

Beecroft Place, Kingsgrove

- Beecroft Place is a small neighbourhood shopping centre development which is anchored by a full-line Woolworths supermarket and six food catering tenants, as well as several retail services operators. Residential uses are located on upper levels.

Peninsula Village, Matraville

- Peninsula Village Shopping Centre is anchored by a Woolworths supermarket of some 3,840 sq.m and specialty shops. 108 residential units are provided on upper levels.

Mascot Central, Mascot

- Mascot Central is an open-air precinct anchored by Woolworths and 15 specialty stores. A large number of high-density residential units are provided on upper levels.

Sans Souci Central, Sans Souci

- Sans Souci Central is anchored by a Supabarn and some seven specialty shops across and enclosed pedestrian mall. Food catering tenants enjoy frontage and external seating along Russel Avenue, while residential units occupy upper levels.

- iv. Further, the mixed-used concept is also commonplace among RSLs and similar Clubs in New South Wales. Key examples include:

Revesby Workers Club

- The Revesby Workers' Club is a membership-based leisure, dining and entertainment venue. The Club itself is provided over two levels at the central portion of the site. A range of retail and complimentary non-retail offers are located within the club, including cafés, a dining precinct, function spaces, bars, travel agent, a hairdresser and fitness centre. In addition, the site also comprises several other major components, including:
 - **Shopping Centre:** Revesby Village Centre is an enclosed single supermarket-based shopping centre which includes a Coles supermarket of 4,344 sq. and variety of retail specialty shops totalling 472 sq.m.
 - **Medical:** the medical precinct is located above the Revesby Village Centre on Level One and provides the local community with a critical mass of health tenants, including medical, physiotherapy, speech pathology, occupational therapy, medical imaging, pathology, dental, hearing centres and psychology.
 - **Entertainment:** Level Two of the Workers' Club comprises two entertainment and leisure tenants, namely AMF Bowling (1,689 sq.m) and Carnival Kingdom (1,195 sq.m).
- Revesby Workers' Club also control several other core and non-core assets, which include Tree House Early Learning Centre, Revesby Bowling Club and other undeveloped residential lots throughout the locality.
- In summary, Revesby Workers' Club is a large mixed-use development with a significant retail component that is anchored by a strong full-line Coles supermarket. The variety of uses at the site represent a destinalional offer with a regional draw and high level of customer amenity.

FIGURE 5.1. REVESBY WORKERS CLUB



Bankstown Sports Club

- Bankstown Sports Club was founded in 1958 and has grown into one of the largest clubs in New South Wales.
- Some of the main features of Bankstown Sports Club include a movie theatre, live shows, weekly entertainment, a wide variety of restaurants and bars including Basement Brewhouse, Monkey Mania play centre and Turbo Climb play. Several venues are also associated with the Club, including Bankstown Sports Bowls, Birrong Sports, Baulkham Hills Sports Club, The Acres Club and Auburn Tennis Club.
- Immediately adjacent to Bankstown Sports is Flinders Centre Bankstown, a new 9-storey commercial tower boasting commercial office space.
- The recent redevelopment of Bankstown Sport Club also included the Travelodge Bankstown, a 162-room hotel rated 3.5 stars.

FIGURE 5.2. BANKSTOWN SPORTS CLUB



- v. Other clubs that include (or are proposed to include) a range of uses (such as retail, medical, accommodation, residential, retirement living, aged care, childcare, entertainment and more), include:
- | | |
|------------------------|---------------------------|
| • Rooty Hill RSL | • Hornsby RSL |
| • Dee Why RSL | • Castle Hill RSL |
| • Harbord Diggers Club | • Parramatta Leagues Club |
| • The Juniors | • Blacktown Workers Club |
- vi. RSLs and Clubs typically occupy high-profile positions within their respective communities and, as such, are evolving to meet the needs of local and broader regional residents, as well as better-integrate with their surroundings.

5.2. Potential for Retail Facilities

- i. To assess the potential economic benefits and impacts that may arise from the development of the proposed retail component of the Mortdale RSL development, the retail sales level which the development is projected to achieve is outlined.
- ii. The sales performance of any retail facility, be it an individual store or a collection of stores provided in a shopping centre or precinct, is determined by a combination of the following critical factors:
 - The composition and quality of the facility, including the major trader or traders; the specialty mix; centre layout and configuration; ease of accessibility and parking; and the overall feel of the centre.
 - The size of the available catchment which the facility serves.
 - The location and strength of competitive retail facilities.
- iii. Assessing a proposed retail development also fundamentally requires an understanding of a variety of factors and methodologies, including:
 - Retail turnover;
 - Market shares;
 - Retail supply, demand and impacts.
- iv. Location IQ adopt an evidence-based model that has been tested and refined over more than 10 years and across a range of clients. The model uses all available data, including the Location IQ proprietary database of supermarket, retail and shopping centre tenant size and sales figures.
- v. Location IQ has undertaken more than 80 retail needs assessments/economic impact assessments in Australia over the last decade, adopting a similar methodology as presented in this report for the high-level overview of retail demand. A range of other property consulting firms also adopt the approach outlined by Location IQ.

Supermarket

- The retail component of the subject development is proposed to include a small-scale supermarket of an undetermined size. Supermarkets generate sales primarily from the food and groceries market, as discussed and measured in Section 2 of this report.
- In order to forecast sales for a proposed supermarket, calculations go through a series of steps, commencing with the available expenditure that is of relevance to supermarkets, namely food

and grocery spending; assessing the share of expenditure which all supermarkets are likely to achieve; and then concluding with the likely sales which main trade area supermarkets can expect to generate.

- Given the size of the supermarket tenant is yet to be determined, the likely performance of the proposed store can be examined through sales productivity benchmarking.
- Based on the Urbis Retail Averages 2018/19, supermarkets at supermarket-based neighbourhood shopping centres trade at an average productivity level of \$12,462 per sq.m. (refer Table 5.1) Supermarkets sales across Australia (including free-standing sites) typically average of \$9,000 - \$10,000 per sq.m.
- Assuming a supermarket of some 1,000 sq.m at the site, projected sales (at Urbis benchmark levels) would be \$12.5 million (i.e. \$12,462 sq.m).
- Projected supermarkets sales impacts would be spread across a number of supermarkets, which would mean the impact on any one supermarket would not detrimentally affect the performance of any stores, noting that all supermarkets serve significant and overlapping population catchments.

Specialty Shops

- In addition to a small-scale supermarket, the planned 1,800 sq.m retail component of the proposed development is anticipated to include a range of retail specialty shops such as food catering tenants.
- Based on the Urbis Retail Averages 2018/19, retail specialty shops at supermarket-based neighbourhood shopping centres trade at an average productivity level of \$8,491 per sq.m, with food catering floorspace averaging \$7,622 per sq.m.
- Assuming some 400 sq.m of retail specialty floorspace would comprise food catering tenants, and the remaining 400 sq.m being other retail specialty shops, total retail specialty sales would be some \$6.4 million.

Total Retail

- Based on an indicative retail composition as outlined above, total projected retail sales for Mortdale Gardens are \$18.9 million in 2022/23 (refer Table 5.2).
- It is important to note that this assumes a 'maximum' scenario, whereby all floorspace is occupied by retail tenants. Typically, most shopping centres include a mix of retail and non-retail specialty shops.

- Non-retail shops can include a real estate agent, a medical provider, a travel agent, a bank etc. By not assuming any of the specialty shops are within non-retail categories, this assessment presents the highest forecast sales level that would be likely to occur. In this regard, resultant projected impacts on surrounding centres should also be considered as a 'worst-case' scenario. If a provision of non-retail tenants were allowed for, forecast sales, as well as impacts on surrounding centres, would be lower than presented.

TABLE 5.1. URBIS AVERAGES, SUPERMARKET-BASED SC 2018/19

Category	GLA (sq.m)	Supermarket SC Average Sales ²	
		(\$'000)	(\$/sq.m)
Majors			
Supermarket	4,047	50,433	12,462
Mini-majors (<400 sq.m)			
Mini-majors	633	3,144	4,970
Retail Specialties			
Food & Liquor	289	3,529	12,194
Food Catering	491	3,745	7,622
Apparel	179	869	4,848
Household Goods	36	171	4,754
Leisure	95	794	8,389
General Retail	289	3,126	10,828
Retail Services	<u>251</u>	<u>1,613</u>	<u>6,416</u>
Total Retail Spec.	1,631	13,846	8,491
Total Centre - Retail	6,310	67,423	10,685

Source: Urbis Retail Averages 2018/19

TABLE 5.2. MORTDALE GARDENS RETAIL SALES POTENTIAL

Category	Mortdale Gardens Retail Component		
	GLA (sq.m)	Average Sales (\$'000)	Average Sales (\$/sq.m)
Majors			
Supermarket	1,000	12,462	12,462
Retail Specialties			
Food Catering	400	3,049	7,622
Other Retail Specialty	<u>400</u>	<u>3,397</u>	<u>8,491</u>
Total Retail Specialty	800	6,445	8,057
Total Centre - Retail	1,800	18,908	10,504

Source: Urbis Retail Averages 2018/19

5.3. Sales Impacts

- i. This sub-section of the report outlines the likely sales impacts on competitive retail facilities as a result of the opening of the retail component of the proposed Mortdale Gardens development.
- ii. There is no requirement for impacts to be expressed in terms of individual retailers, but rather potential impacts should be outlined in term of existing or planned centres, as discussed previously throughout this report.
- iii. The following factors are typically considered when assessing the potential impacts of a new supermarket-based development on each existing facility or centre:
 - The distance of the (impacted) centre, by road, from the proposed development.
 - The size of the centre, in terms of total retail floorspace.
 - The amount of supermarket floorspace, and brands of these supermarkets.
 - The quality of offer and unique attributes.
 - The role and function of the centre.
 - Relative accessibility and convenience compared with the proposed retail development.
 - The estimated performance of the centre (in current sales) and future performance (in the impact year), accounting for any future developments in the region that may also impact on the future sales of existing centres.
 - The share of available expenditure which the centre attracts from the identified main trade area of the proposed development. A centre may not be situated in the identified main trade area of the proposed development, but its main trade area may extend to include parts, or all, of the main trade area. For example, the main trade area for large regional shopping centres typically includes circa 250,000 persons. Such a trade area is likely to include (partially or completely) trade areas for surrounding smaller convenience-based centres, sub-regional centres, retail strips and stand-alone supermarkets.
- iv. The following key principles are then relied on when assessing the dollar (and percentage) impacts that are likely to be absorbed by existing facilities/centres:
 - The greatest impacts are typically absorbed by the closest comparable offers. For example, a new supermarket is generally likely to impact the closest nearby similar branded supermarkets

to the greatest extent, followed by impacts on other comparable supermarkets (e.g. in terms of size and scale), and at the lower end of the spectrum, other supermarkets further away..

- Impacts on smaller local foodstores (less than 500 sq.m) tend to be smaller in scale, as these stores normally attract a lower market share of available main trade area expenditure and perform a different role and function within the hierarchy, often serving the local walkable catchments surrounding them, and/or serving more specialised/discerning needs (.
- v. Table 4.3 outlines forecast retail sales impacts from the proposed Mortdale Gardens development on surrounding centres. The steps involved in assessing the sales and impacts on surrounding centres are presented as follows:

- **Step 1** - Estimate sales levels for existing centres in the 2019/20 financial year. Existing sales for all centres outlined are based on:
 - Expert opinions formed through qualitative consideration of factors including location, catchment, brand and infrastructure (our experience);
 - Local knowledge of staff;
 - Actual data that includes publicly available information and Location IQ proprietary data (acquired from various retail clients and similar).

For centres where actual data was not available, the current sales levels are conservatively estimated. Retail specialty floorspace sales productivity levels of \$6,000 per sq.m have been applied on average, which is well below (conservative) reported benchmark levels as follows:

- Supermarket based shopping centres: \$8,491 per sq.m (Urbis Retail Averages).
- Sub-regional shopping centres: \$8,761 per sq.m (Urbis Retail Averages).
- Regional shopping centres: \$10,693 per sq.m (Urbis Retail Averages).
- Westfield Hurstville: \$10,479 per sq.m (Shopping Centre News Big Guns 2019).

This means that sales could well be higher at these centres, and as a result, impacts would be lower in percentage terms.

- **Step 2** – Forecast sales are presented for existing and proposed developments in 2022/23, which is assumed as the first full year of trading for the Mortdale Gardens retail development. These projections include a conservative view of retail market growth and are presented in constant 2020 dollars (i.e. excluding inflation). This also allows for the opening of Aldi at Beverley Hills and Woolworths at East Quarter.

- **Step 3** - Outline the change in sales at each centre in 2022/23, as a result of the development of the proposed Mortdale Gardens site, as well as future competitive developments (as outlined in sub-section 3.3 of this report). Again, all sales are expressed in constant 2020 dollars.
 - **Step 4** - Show the impact on sales in 2022/23, both in dollar terms and as a percentage of sales for each centre.
- vi. Generally, retail trading impacts between 10% - 15% are considered by the industry to be high but acceptable, with impacts less than 10% considered relatively moderate, and impacts less than 5% generally considered minor/negligible. Other factors such as trading performance; expansions/refurbishments of centres; potential loss of services to the community; expected growth; and overall net community benefit should be considered.

TABLE 5.3. PROJECTED IMPACTS, 2020 – 2023

	Unit	Estimated 2020	Projected 2023 Pre Dev. Post Dev.		Impact 2023 \$M %	
Within the Main Trade Area						
<u>Local Centre</u>		<u>\$41.5</u>	<u>\$43.6</u>	<u>\$58.6</u>	<u>15.0</u>	
Mortdale (exc. subject site)	\$M	\$41.5	\$43.6	\$39.7	-3.9	-9.0%
• <i>Mortdale Gardens</i>	\$M	<i>\$0.0</i>	<i>\$0.0</i>	<i>\$18.9</i>		
Beyond the Main Trade Area						
Strategic Centre						
Hurstville City Centre (B3 and B4 zone)	\$M	\$794.8	\$867.4	\$865.5	-1.9	-0.2%
Local Centres						
B1 – Oatley (Mulga Road)	\$M	\$49.4	\$49.9	\$47.4	-2.5	-5.0%
B2 – Penshurst (Penshurst Street)	\$M	\$32.5	\$32.8	\$31.3	-1.5	-4.5%
B2 – Beverly Hills (King Georges Road)	\$M	\$48.8	\$67.4	\$65.7	-1.7	-2.5%
Villages						
B2 – Oatley (Oatley Avenue / Frederick Street)	\$M	\$26.0	\$27.4	\$26.3	-1.1	-4.0%
B1 – Peakhurst (Forest Road)	\$M	\$9.8	\$10.3	\$10.0	-0.3	-2.5%
Small Villages						
B2 – Penshurst (Forest Road)	\$M	\$3.0	\$3.1	\$3.0	-0.1	-3.5%
Other						
Mortdale Plaza	\$M	\$75.0	\$78.9	\$75.0	-3.9	-5.0%
Other						
Remainder					-2.0	

Proposed centres and expansions assumed to be trading for a full year by FY2021

- vii. As outlined previously, the proposed development is forecast to record sales of \$18.9 million in 2022/23. Key information regarding projected impacts as outlined in Table 5.3 is summarised as follows:
- **Mortdale Local Centre:** this is the largest projected impact, at a total impact of -\$3.9 million, including on the IGA supermarket, which would remain viable. In percentage terms, the total impact on the remainder of the Local Centre is -9.0%. It is important to note that total sales in the entire precinct would also increase given the subject site forms part of the centre.
 - **Hurstville City Centre:** projected at -\$1.9 million (-0.2%), by way of the precinct being the most significant destination for retail expenditure for main trade residents currently.
 - **Local Centres (Oatley, Penshurst & Beverley Hills):** impacts of between -\$1.5 to -\$2.5 million, or less than 5%.
 - **Villages (Oatley & Peakhurst):** an impact of -\$1.1 million (-4%) and -\$0.3 million (-2.5%), respectively.
 - **Penshurst Small Village:** a minor impact of some \$0.1 million (-3.5%).
 - **Mortdale Plaza:** an impact of some \$3.9 million (-5%).
- viii. In addition, minor impacts totalling -\$2.0 million in combination (around 11% of the total forecast sales) are projected to fall on a range of other centres located beyond the main trade area or not represented in Table 5.3.
- ix. Overall, the proposed retail component of the Mortdale Gardens development would not impact on the viability or continued operation of any existing or proposed centres in the surrounding region, with all impacts within the normal competitive range, at 10% or less. Most centres will be impacted well below 10%. Even when compared to current sales, projected impacts across centres are below 10%.
- x. Given the proliferation of strip retail centres throughout the region, impacts would be spread widely, and the viability of any centres would not be threatened.
- xi. In addition, the proposed development has only 1,800 sq.m of retail floorspace, which is significantly smaller than the single supermarket-based centre average of 7,237 sq.m. Residents will continue to frequent other centres/shops in the surrounding area for a variety of tenants that are not likely to be provided as part of the proposed development.
- xii. In summary, all sales impacts across the identified centres are considered to be within an acceptable range less of 10% or less, and when considered in the context of the size, performance and role and function of surrounding centres, would be highly unlikely to result in a material reduction of retail service provision.

5.4. Employment Impacts

- i. The proposed development of the retail component of Mortdale Gardens would result in a range of important economic benefits which will be of direct benefit to the local community, including positive employment generation.

Ongoing Employment Generation

- Table 5.4 summarises the projected level of ongoing employment likely to be generated by the retail component of the Mortdale Gardens development. The employment benchmarks (jobs per 1,000 sq.m) used to calculate the indicative total jobs generated is based on typical floorspace and employment yield benchmarks.
- The retail component of the development is projected to employ around 98 persons on an ongoing basis, including 50 persons for the supermarket and 48 persons across the retail speciality shops.
- Taking a conservative view and allowing for an estimated 10% of the total increase to be because of reduced employment at existing facilities, net additional jobs are estimated at 88 across both components.
- Based on *Average Weekly Earnings* data released by the ABS in November 2019 (Cat. 6302.0), the additional permanent employees would earn combined total salary/wages of \$5.7 million across retail workers at the site. This reflects a combined \$5.7 million in salary/wages for the local economy, as a direct result of the retail component of the proposed development alone.

Construction

- It is difficult to isolate construction costs for each component of the Mortdale Gardens development. However, the retail component of the development alone is conservatively estimated to incur total capital costs of around \$7 million, generating significant employment within the construction and associated industries during the development of the project.
- By using the appropriate ABS Input/Output Multipliers that were last produced in 1996/97 and a deflated estimated total capital cost of construction of \$4.1 million (i.e. in 1996/97 dollars), it is estimated that the construction period of the proposed retail and commercial component (in isolation) would directly create some 29 full-time, part time and temporary jobs over the development timeline (refer Table 5.5).

Multiplier Effect

- Overall, the retail component of the subject development is estimated to directly generate 117 jobs, including (refer Table 5.6):
 - **Ongoing Employment from Planned Floorspace:** 88 jobs
 - **Construction Phase:** 29 jobs
 - In addition to this direct employment, multiplier effects will flow through the local economy and indirectly generate additional employment opportunities through ancillary businesses/suppliers that support the development and services, as well as additional consumption expenditure by workers employed within the precinct (spending wages).
 - Again, by using the appropriate ABS Input/Output Multipliers that were last produced in 1996/97 and adjusting for inflationary and other changes to present, it is estimated that an additional 130 jobs will be created indirectly.
- ii. Overall, some 247 jobs are likely to be created both directly and indirectly as a result of the retail component of Mortdale Gardens.

TABLE 5.4. ONGOING EMPLOYMENT GENERATING FLOORSPACE

Component	Total Floorspace (sq.m)	Employment Potential		
		Employm. per 1,000 sq.m	Indic. Total Jobs	Net Increase ¹
Retail				
Supermarket	1,000	50.0	50	45
Retail Specialty Shops	800	60.0	<u>48</u>	<u>43</u>
Total Retail	1,800		98	88

1. Indicates the estimated number of net additional ongoing jobs as a result of the proposed development

Source : Australian National Accounts: Input-Output Tables 1996-97, Cat 6302.0 Average Weekly Earnings, Australia

TABLE 5.5. CONSTRUCTION GENERATED EMPLOYMENT

Metric	Retail Floorspace
Estimated Capital Costs of Construction	
Estimated Capital Costs 2018/19 (\$M)*	\$7.0
Estimated Capital Costs 1996/97 (\$M)	\$4.10
Direct Employment Generation	
Construction Jobs per \$1 million (2018/19)	4.10
Total Construction Jobs¹	29

Source : Australian National Accounts: Input-Output Tables 1996-97

Employment totals include both full-time and part-time work. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects, for the equivalent of one year

TABLE 5.6. ESTIMATED TOTAL EMPLOYMENT GENERATED

Metric / Category	Est. Net Employment Increase ¹	Employment Multiplier Effects	Total Employment
Ongoing Employment from Planned Floorspace			
Retail	88	84	172
Construction Phase			
Employment Generation	29	46	75
Net Additional Employment	117	130	247

Source: Frasers Property Australia

1. Net increase includes an allowance for reduced employment levels at impacted centres estimated at 10% of the total increase

6 NEED ANALYSIS

The final section of this report summarises the key conclusions of the impact analysis for the proposed retail component of the Mortdale RSL redevelopment, as well as addressing the set of rezoning criteria guidelines that form part of the *Commercial Centres Strategy – Part 1*, to manage proposals that seek to expand existing centres.

‘Need’ or ‘Community Need’ in a planning sense is a relative concept that relates to the overall wellbeing of a community. A use is needed, for example, if it would, on balance, improve the services and facilities available in a locality. The reasonable demands and expectations of a community are important, therefore, in assessing need. Several important factors that relate to need, particularly economic need, include:

- Population and retail demand.
- Consumer trends.
- Location.
- Impacts on existing retail facilities.
- Impacts on retail hierarchy.
- Net community benefits.

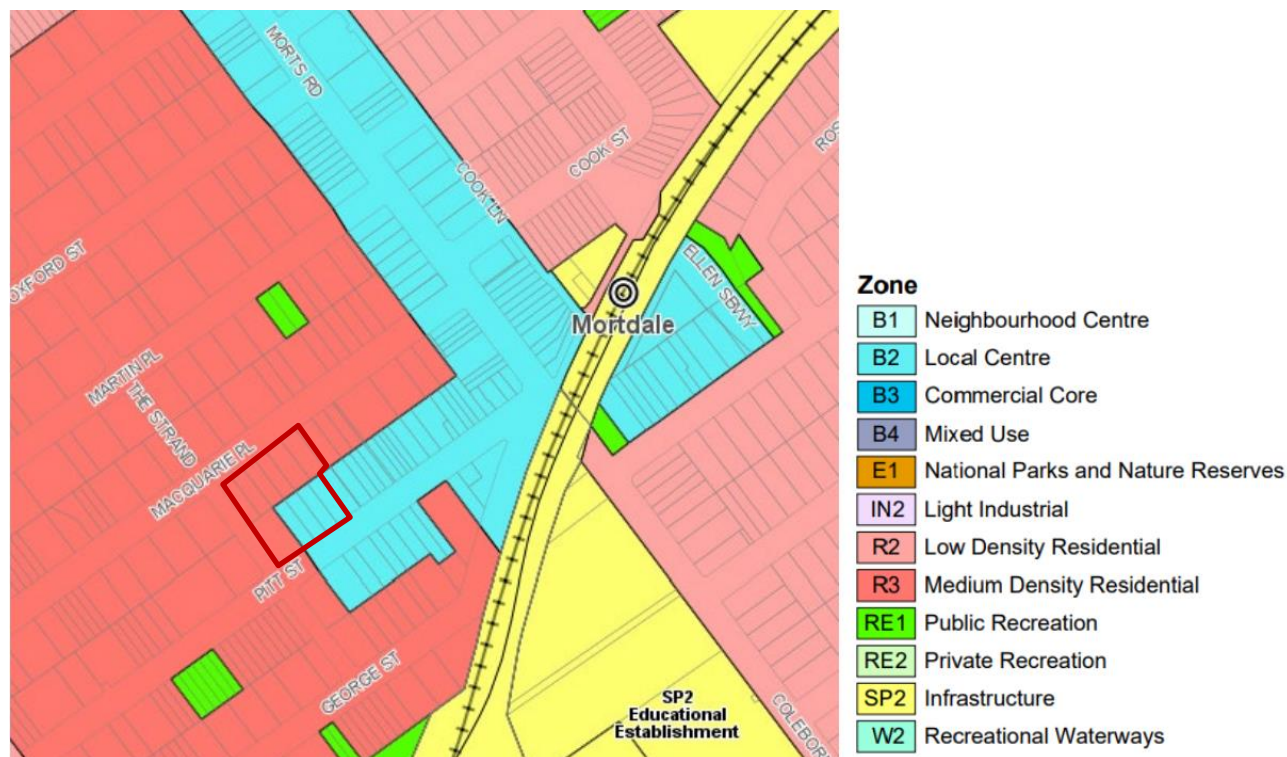
Expansion of the Mortdale Local centre may be considered if the subject site meets the below rezoning criteria (numbered for reference purposes), which have been addressed throughout this report in more detail (as well as a range of additional considerations such as demand, economic impact and broader retail trends):

- 1) *Not an ad hoc out-of-centre rezoning*
- 2) *Rationalises existing use rights and/or additional permitted use premises*
- 3) *Is immediately adjacent to an existing centre with the following categorisation in the retail hierarchy of centres (Local Centre).*
- 4) *Meeting an economic demand for additional employment floor space that cannot be provided within the existing centre*
- 5) *Addressing a demonstrated shortfall / retail gap, particularly in the local food and grocery network that cannot be accommodated within the existing centre*
- 6) *Does not negatively impact the economic viability and performance of the existing centre*
- 7) *Delivers a greater net community benefit compared to the existing use on the subject site*

6.1. Location and Composition

- i. The south-east corner of the subject site forms part of the B2 Mortdale Local Centre, as illustrated in Figure 6.1. Consequently (with reference to the rezoning criteria):
 - 1) *The development is 'not an ad hoc out-of-centre rezoning'*
 - 3) *The development is immediately adjacent to an existing centre (Mortdale Local Centre).*
- ii. The proposed development also (3) *rationalises existing use rights and/or additional permitted uses* at the site by way of consolidating the zoning of the site.
- iii. Given the RSL Club, residential uses, and retail facilities (massage/day spa) are each already provided at the subject site, the proposed development would not introduce new uses to the site. Rather, the redevelopment would combine and strengthen each of these uses as a single, integrated development of a high quality.
- iv. The subject site enjoys a high-profile location, which would be very convenient and easily accessible for the local population and passing traffic, as well as being well-integrated with the Mortdale Local Centre. The site also enjoys convenient public transport links, with Mortdale Train Station located just 250 metres to the north-east, and a bus stop at the site along Macquarie Place.

FIGURE 6.1. MORTDALE LOCAL CENTRE, LEP 2012 LAND ZONING



6.2. Population & Retail Demand

- i. The estimated provision of retail floorspace in Australia has increased from around 1.5 sq.m in 1985/86 to around 2.3 sq.m currently, representing an average annual growth rate of around 1.5%.
- ii. The growth in retail floorspace per person has largely been driven by real growth in income levels throughout Australia and consequently increases in retail spending capacity. In addition, new retail formats have been introduced as the retail industry has evolved.
- iii. Consequently, during this period, Australia has witnessed the extensive development of super regional and regional shopping centres, many more neighbourhood centres (anchored by supermarkets), homemaker centres and outlet centres.
- iv. Table 6.1 outlines an analysis of retail and supermarket floorspace demand within the main trade area based on current and projected population growth over the period to 2036, with key assumptions as follows:
 - The provision of supermarket and full-line supermarket floorspace is based on metropolitan Sydney benchmarks, as outlined previously in Section 3 of this report.
 - Retail floorspace demand does not consider the provision of retail facilities located just beyond the main trade area, in particular, at Westfield Hurstville, Mortdale Plaza and Oatley Village Square.
 - This assessment does not take into consideration other customer segments such as workers and visitors from beyond the trade area. These customer segments would further add to demand.

Retail Floorspace Demand

- Typically, 2.3 sq.m of retail floorspace is provided per person throughout Australia, indicating that around 48,174 sq.m of retail floorspace would be demanded by main trade area residents currently, increasing to 54,901 sq.m in 2036. Having determined the total retail floorspace need generated by residents within the main trade area, the proportion of retail floorspace which can reasonably be allocated to each type of centre or precinct needs to be quantified.
- Retail floorspace demand is normally allocated across the various levels of the traditional retail hierarchy, which is generally structured as follows:
 - The Capital City/CBD typically account for 5% – 10% of retail floorspace needs.

- Regional Activity Centres, typically being regional or large sub-regional centres, generally account for 20% – 25% of retail floorspace needs (Strategic Centres).
- District Activity Centres, typically being sub-regional in nature, generally account for around 15% – 20% of retail needs (Strategic Centres and some Local Centres).
- Centres at the Local and Neighbourhood levels in the hierarchy generally account for around 20% – 25% of total retail needs (Local Centres, Neighbourhood Centres etc).
- Dedicated large format retail (bulky goods centres) typically accommodate 25% – 30% of the total retail floorspace needs.

The above hierarchy is a reasonable representation (i.e. not relevant to all situations) of the general pattern of activity centres within Sydney and reflects the typical situation for well-established parts of the metropolitan area.

- When considered against the Georges River centres hierarchy, the Mortdale Local Centre would generally align with that of the Local and Neighbourhood Centre levels. Taking the above into account, the proportion of retail floorspace which can reasonably be allocated to the existing (and future) Mortdale Local Centre would be some 20% - 25%, or 9,635 sq.m – 12,043 sq.m currently. This figure would be around 10,980 sq.m – 13,725 sq.m by 2036. Workers and commuters would add to demand.
- Currently within the Mortdale Local Centre (and main trade area generally), there is an estimated 6,545 sq.m of total retail shopfronts.
- Even if 20% of retail demand from main trade area residents were to be allocated to facilities within the main trade area (i.e. retained), this would indicate an existing undersupply of around 3,090 sq.m. To satiate this demand, main trade area residents would currently be frequenting facilities beyond the main trade area (leakage).
- The projected additional population within the main trade area over the period to 2036 alone would indicatively demand some 1,346 sq.m (20%) – 1,682 sq.m (25%) of additional local/neighbourhood centre floorspace.

Supermarket Floorspace Demand

- Based on the current metropolitan Sydney benchmark, the main trade area population alone could support up to 5,655 sq.m of supermarket floorspace currently, increasing to some 6,445 sq.m by 2036. This would represent an undersupply of 4,555 sq.m of supermarket floorspace currently. Again, workers, commuters and visitors would add to demand.

- Assuming a small-scale supermarket of 1,000 sq.m at the subject site, there would still be an indicative undersupply of some 3,555 sq.m of supermarket floorspace in 2020, increasing to 4,345 sq.m by 2036.
- Given the location of competitive facilities in the surrounding area, particularly large non-food-based shopping centres such as Westfield Hurstville, Mortdale Plaza and Oatley Village Square, it is likely that a sizable proportion of the non-food spending of main trade area residents both now and in the future will be directed to these larger facilities.
 - As a priority, the main trade area should provide for most of the day to day retail spending for local residents. To complement the proposed development, as well as the precinct or Local Centre, a range of specialty stores would be appropriate, such as food and grocery offers, food catering tenants (takeaway and casual dining), retail services (hairdresser, optometrist and the like), as well as other specialty tenants.
 - This would indicate that the subject development (5) addresses a demonstrated shortfall / retail gap, particularly in the local food and grocery network.
 - Further, as per the second component of criteria (5), this demand of shortfall cannot be accommodated within the existing Mortdale Local Centre – noting that there is a very low level of vacancy currently (less than 5%).
 - Map 6.1 provides an aerial view of the Local Centre, highlighting a significant lack of vacant or developable land parcels that could cater to growing retail demand.
 - Further, the Local Centre is characterised by fragmented land ownership and small tenancies, each of which mean that prospective development within the Centre would be difficult and unlikely. In this sense, it is considered that the demonstrated demand for retail floorspace in the area (5) could not be accommodated within the existing centre.

TABLE 6.1. MAIN TRADE AREA INDICATIVE RETAIL FLOORSPEACE DEMAND

Metric	Benchmark	Existing MTA	Projected				Existing Undersupply	Difference Proj. 2020 - 2036
			2020	2023	2031	2036		
Population								
Main Trade Area	-	20,945	20,945	21,620	23,245	23,870	-	2,925
Retail Floorspace Demand	Australia	Total Retail						
Total Retail Floorspace	2.3 sq.m per person	6,545	48,174	49,726	53,464	54,901	-41,629	6,728
• 20% retained	Local/Neighbourhood Centre	6,545	9,635	9,945	10,693	10,980	-3,090	1,346
• 25% retained	Local/Neighbourhood Centre	6,545	12,043	12,432	13,366	13,725	-5,498	1,682
Supportable Smkt F'space	Metro Sydney	Smkt						
Total Supermarkets*	270 sq.m per 1,000 persons	1,100	5,655	5,837	6,276	6,445	-4,555	790

*Supermarkets > 500 sq.m **Full-line supermarkets > 2,500 sq.m

undersupply | oversupply

MAP 6.1. MORTDALE LOCAL CENTRE AERIAL VIEW AND CADASTRES



PhotoMap by nearmap.com

- Site
- Mortdale Local Centre
- Property Boundaries



6.3. Consumer Trends

- i. Retail precincts in Australia play fundamental roles in the economies of Australia's metropolitan areas, having developed around the need to meet consumer demand. The nature of consumer demand continues to develop and evolve, reflecting social changes within society, such as:
 - Increasing time pressures on working families.
 - Population and income growth.
 - The evolution of new retail formats and traders.
 - Competitive retail developments and precincts.
- ii. The demands of retailers, as well as consumers, combine to add pressure for additional retail floorspace in existing retail precincts.
- iii. There is a strong need for supermarket facilities within close proximity to the homes of main trade area residents more generally, with consumers visiting supermarkets two to three times a week on average.
- iv. Over the past decade, there has been an increasing trend towards convenience shopping. This trend has been largely driven by broader social trends that have resulted in consumers becoming more time poor, such as longer working hours and an increase in the number of women in the labour force.
- v. Time pressures are ranked at the top of the list of issues that consumers face when undertaking their regular shopping. As a result, there is growing demand for convenience shopping facilities to meet the needs of local residents.
- vi. The design of the proposed development, including a supermarket, food catering offers and other specialty shops with easily accessible car parking and street frontage would be highly convenient for local families who would visit on a regular basis.

6.4. Impacts

- i. The analysis of impacts provided in the previous section of this report shows the projected impacts from the proposed development would not threaten the viability or continued operation of any centre. Further, there would be no depletion or dilution in the range of services which are available to local residents.
- ii. The proposed development is forecast to achieve retail sales of \$18.9 million in 2022/23, with projected impacts being as follows:

- **Mortdale Local Centre:** this is the largest projected impact, at a total impact of -\$3.9 million, including on the IGA supermarket, which would remain viable. In percentage terms, the total impact on the remainder of the Local Centre is -9.0%. It is important to note that total sales in the entire precinct would also increase given the subject site forms part of the centre.
 - **Hurstville City Centre:** projected at -\$1.9 million (-0.2%), by way of the precinct being the most significant destination for retail expenditure for main trade residents currently.
 - **Local Centres (Oatley, Penshurst & Beverley Hills):** impacts of between -\$1.5 to -\$2.5 million, or less than 5%.
 - **Villages (Oatley & Peakhurst):** an impact of -\$1.1 million (-4%) and -\$0.3 million (-2.5%), respectively.
 - **Penshurst Small Village:** a minor impact of some \$0.1 million (-3.5%).
 - **Mortdale Plaza:** an impact of some \$3.9 million (-5%).
- iii. In addition, minor impacts totalling -\$2.0 million in combination (around 11% of the total forecast sales) are projected to fall on a range of other centres located beyond the main trade area or not represented in Table 5.3.
- iv. Overall, the proposed retail component of the Mortdale Gardens development (6) *would not negatively impact the economic viability and performance of the existing Mortdale Local Centre*, or any existing or centres in the surrounding region, with all impacts within the normal competitive range, at 10% or less. Most centres will be impacted well below 10%. Even when compared to current sales, projected impacts across centres are below 10%.
- v. Given the proliferation of strip retail centres throughout the region, impacts would be spread widely, and the viability of any centres would not be threatened.
- vi. In addition, the proposed development has only 1,800 sq.m of retail floorspace, which is significantly smaller than the single supermarket-based centre average of 7,237 sq.m. Residents will continue to frequent other centres/shops in the surrounding area for a variety of tenants that are not likely to be provided as part of the proposed development.

6.5. Employment

- i. As outlined previously in Section 5.4, the retail component of the Mortdale Gardens development would result in the creation of additional employment, both during the construction period, and more importantly, on an ongoing basis once the development is complete and operational.

- ii. In total, some 247 jobs are likely to be created both directly and indirectly because of the proposed development. This includes a number of youth employment opportunities with health and wellness developments generally employing a large number of younger staff.
- iii. Based on the *Commercial Centres Strategy | Part 1 - Appendix 2*, the Mortdale Local Centre currently encompasses some 20,412 of employment floorspace. Based on demand modelling, the Appendix indicates demand for a net additional 6,602 sq.m of employment floorspace over the period to 2036, or an additional 413 sq.m per annum.
- iv. The Appendix also highlights a scenario whereby redevelopment of all allotments in the centre results in a significant unmet demand in the provision of employment floor space.
- v. As outlined above and illustrated previously in Map 6.1, the development of all allotments in the Local Centre is highly unlikely, given fragmented ownership and the limited supply of vacant, or consolidated, developable land.
- vi. The retail component of the subject development, at 1,800 sq.m, would satiate 27% of this demand and represent four years of employment floorspace demand.
- vii. Consequently, the *(4) demand for additional commercial floorspace cannot be met within the existing centre*. This is also a specific recommendation within Appendix 2 for the LEP 2022 as it pertains to the Mortdale Local Centre.

6.6. Net Community Benefits

- i. It is the conclusion of this report that a substantial net community benefit would result from the development of the proposed retail component of the Mortdale Gardens development. Offsetting insignificant trading impacts on some existing facilities, there are very substantial positive impacts including the following:
 - **Enhanced Range:** significant improvement in the range of facilities that would be available to local residents, workers and visitors, particularly in terms of retail, services and amenity.
 - **Anchor:** the development would also serve as a key anchor tenant for the precinct that would benefit most shopfronts in the immediate area by increasing destination appeal, visitation and range of services, while not impacting the future viability of other operators. This would be of particular benefit to the south-west portion of the local centre, which is less vibrant.
 - **Amenity & Vibrancy:** the proposed development would provide improved customer amenity, design and aesthetic for the local residents by way of a new and modern development. The revitalisation of the old and under-utilised site also improves enjoyment of private or public

areas. Additional customer flows and vibrancy created through the precinct would positively impact on the other retail and non-retail facilities within the area. An additional advantage of the subject development is distributed usage times that will ensure around the clock activation of the precinct without causing congestion.

- **Retention of Spending:** the retail component of the subject development would result in the retention of spending currently being directed to other centres beyond the region, thereby reducing the need for local residents to travel further afield.
- **Consolidate:** the development rationalises existing uses at the site to combine and strengthen each as a single, integrated development of a high quality.
- **Employment, Income & Economic Activity:** the local community will experience direct impacts and benefits originating from construction and operation of the proposed development, including the creation of some 247 jobs, ongoing wages of some \$5.7 million and an additional \$18.9 million in economic activity (revenue).
- **Third Place:** the development would provide the local community with additional facilities that would serve as a 'third place', or informal settings where people can meet or be comfortably alone while still engaging socially with the community. This provides additional opportunity for social integration and increases prospects of more seamless interactions between the community, which is important for health and wellbeing.
- **Community Aspirations:** the development also aligns with broader aspirations for the Local Centre and community. The subject development responds to core community issues and reflects the new positive vision/narrative for the precinct in several ways; bringing new visitation to the area; giving dated and underutilised parcels of land a new life and identity which better-reflects the evolution of the precinct and, providing the capacity for economic growth and job creation.

- ii. Consequently, the Mortdale Gardens development (7) *delivers a greater net community benefit compared to the existing use on the subject site*. It is concluded that the combination of the substantial positive economic impacts serve to more than offset the minor trading impacts that could be anticipated for a wide ranging variety of operators throughout the region.

TABLE 6.2. COMMERCIAL CENTRES STRATEGY – PART 1 - REZONING CRITERIA GUIDELINES

Ref.	Commercial Centres Strategy – Part 1 - Rezoning Criteria Guidelines		Report Reference
(1)	<i>Not an ad hoc out-of-centre rezoning.</i>	✓	4.1 6.1
(2)	<i>Rationalises existing use rights and/or additional permitted use premises.</i>	✓	1.2.2 6.1
(3)	<i>Is immediately adjacent to an existing centre with the following categorisation in the retail hierarchy of centres (Local Centre).</i>	✓	1.1 3.1 5.2 6.1
(4)	<i>Meeting an economic demand for additional employment floor space that cannot be provided within the existing centre.</i>	✓	4.2 5.4 6.5
(5)	<i>Addressing a demonstrated shortfall / retail gap, particularly in the local food and grocery network that cannot be accommodated within the existing centre.</i>	✓	3.1 5.2 6.2 6.6
(6)	<i>Does not negatively impact the economic viability and performance of the existing centre.</i>	✓	5.3 - 5.4 6.4 - 6.6
(7)	<i>Delivers a greater net community benefit compared to the existing use on the subject site.</i>	✓	Throughout



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