



## **NSW Land and Housing Corporation Project**

**776, 792-794 Botany Road and 33-37 Henry Kendall Crescent, Mascot**

**Economic Impact Assessment**



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# EXECUTIVE SUMMARY

HillPDA was commissioned by FPD Pty Ltd on behalf of NSW Land and Housing Corporation (LAHC) to undertake an Economic Impact Assessment (EIA) (hereafter referred to as the Study) for the Planning Proposal for the LAHC site at 776, 792-794 Botany Road and 33-37 Henry Street, Mascot (hereafter referred to as the subject site).

## The Planning Proposal

The Planning Proposal seeks to amend the Bayside Local Environment Plan (LEP) (2021) to allow greater flexibility and enable residential flat buildings on the subject site and remove the requirement for active street frontage. The proposal also seeks to increase the maximum building height limit from 14m to 18m to achieve a better design outcome for the existing FSR controls.

The Planning Proposal is supported by a preliminary concept scheme developed by SJB Architects. The concept scheme is detailed in the table below.

**Table 1: Proposed development**

Built form	A residential development over 3 to 8 storeys
Floor space ratio	2:1
Height	28m
Potential yield	152 dwellings
GFA by land use	Residential: 11,200sqm New ambulance facility (to replace the existing facility) of around 340sqm Parking: Up to 163car spaces
Key Elements identified by SJB Architects	Based on the strategic merit identified by Council, this proposes additional height to achieve a better design outcome for the existing FSR control of 2:1. The design ensures the protection of the trees which will minimise the impact of the overall scale from street level. On Henry Kendall Crescent, an additional 14m upper-level setback has been incorporated into the building fronting the corner of Coward Street, reducing the impact of visual bulk on Henry Kendall Crescent. The proposed building further north establishes a three-storey built form with a ground level setback that parallels the neighbouring development.

## Study's objectives

Previously, HillPDA prepared the commercial market justification 2021 Report in support of the Planning Proposal. Based on an assessment of:

- the retail market conditions (section 5.0)
- the nature of existing and approved developments/centres with which the subject site will be in competition (sections 3.0 and 5.0) and
- the proposed development against a series of qualitative success factors (section 4.0)

the study found that the ground floor commercial or retail uses are unlikely to be viable at the subject site, and the risks of long-term vacancies and property neglect are high. The study concluded that the retention of residential uses on the subject site or enabling flexible ground floor uses, which permits residential uses, represents a higher and better use for the subject site.

Bayside Council have since requested an EIA (the subject study) also be undertaken in support of the Planning Proposal, “with a focus of that being on providing a quantitative justification of the removal of the currently zoned allowance for commercial/retail floor space and frontages to demonstrate the continued and future sustainability of the retail network in meeting local and regional community needs”. To meet the requirements of an EIA, Council have requested that the EIA will need to consider one or more of the following:

**Table 2: EIA Approach**

Item	Approach	Description	The Current Study
A.	Market Need Assessment	Assessing the market need for the current zoned retail floorspace allowance and frontages in terms of local expenditure based demand and the impact of this not being delivered in terms of creating a current or known future gap in supply	✗
B	Retail Sustainability Assessment	Assessing the extent to which the proposed development would impact the sustainability of the local retail network in meeting the ongoing needs of the community for access to and choice of retail offerings	✓
C	Net Community Benefit / Economic Impact Assessment	Assessing the extent to which the proposed development provides a net benefit to the community and economy relative to the current uses and the underlying planning/zoning of the site	✓

As shown in the table above, the current study undertakes both a retail sustainability assessment and a net community benefit assessment. More specifically, the study :

- Assesses and quantifies, where possible, the economic impacts attributable to developing the Planning Proposal relative to the current uses and the underlying planning/zoning of the site; and
- Considers the impact that retail uses on the subject site would have on the future sustainability of the local retail network.

### Scenarios tested

To best understand the net economic impacts of re-developing the subject site in accordance with the Planning Proposal four scenarios are considered, including:

1. The base case or “status quo”, that is retaining the existing uses on site
2. Re-develop the subject site in accordance with the current controls, with the assumption that the ground floor of the buildings would be fully occupied with viable retail uses trading at industry standard levels
3. Re-develop the subject site in accordance with the current controls, with the assumption that the ground floor retail and commercial spaces would be difficult to let (due to the site’s fringe location, compromised accessibility, parking constraints and competitive disadvantages)
4. Re-develop the subject site in accordance with the Planning Proposal.

### Economic impact assessment

The below table summarises the economic benefits of retaining the subject sites’ current uses compared to re-developing the subject site in accordance with the current controls (under the two scenarios) and with the Planning Proposal.

**Table 3: Economic Impact of the Proposal**

Economic performance indicator	Base case	Redevelop for mix-use under current controls with successful active retail	Redevelop for mix-use under current controls with unsuccessful retail spaces	Planning Proposal (residential)
Total jobs created on-site	19	92	31	33
Total staff remuneration (\$m/annum)	\$2.0	\$4.9	\$2.9	\$3.1
Gross Value Added (\$m/annum)	\$2.2	\$6.3	\$3.3	\$3.5
Design and construction costs (\$m)	-	\$64.1	\$64.1	\$64.4
Total economic output generated by construction (\$m)	-	\$200.9	\$200.9	\$201.9
Total GVA generated during construction (\$m)	-	\$83.7	\$83.7	\$84.2
Total job years generated and supported from construction	-	584	584	588

Source: HillPDA Research

As demonstrated in the table above, the Planning Proposal generates a similar level of economic activity and jobs during the construction phase (albeit slightly higher) than re-development under the current control scenarios. Once operational, the Planning Proposal will support more employment, total remuneration and GVA on site than both the base case scenario and the re-develop to current controls scenario assuming the commercial / retail tenancies remains vacant.

Theoretically, if the ground floor retail is fully leased, this would support more jobs, salaries and GVA on site compared to the other scenarios, including the Planning Proposal. However, the probability of the ground floor retail and commercial trading poorly is high because the subject site is competitively disadvantaged for the following reasons:

- A lack of demand in the locality for such uses as demonstrated by the prevalence of smaller ground-floor retail tenancies along Botany Road and other strip retail in the local area
- Impacts of clearways and limited parking options
- Low levels of footfall pass the subject site which reflects the particularities of it as a traffic peninsula at the confluence of two major vehicular routes which adversely impact pedestrian amenity
- Competition from established centres in the locality which have a stronger retail offer and more desirable attributes to potential operators such as proximity to a rail node, a retail anchor store and/or ample car parking.

Due to these competitive disadvantages, ground floor commercial and retail uses are unlikely to be feasible and the end sale value for commercial/retail space on the subject site is likely to be lower than residential which would impact and reduce LAHC funding ability to provide social housing in the LGA.

Re-developing to current controls could also increase the risk of long-term vacancies and urban blight. Urban blight has been associated with poorer social and economic outcomes including (and not limited to):

- lower health outcomes (and increased costs to government for providing healthcare)
- negative impacts on housing prices
- increase crime and vandalism (and increased costs to Government to address these issues) and
- lower investment in the area.

On this basis, the Planning Proposal provides a stronger economic outcome relative to the other scenarios since it delivers greater benefits during the construction phase; continues to support jobs on site, eliminates the risk

of long-term vacancies and urban blight, provides more housing stock which is more affordable, diverse and aligned to the changing needs of the local community as well delivering better quality and greater social housing yield potential. The provision of more social housing relative the other scenarios provides a stronger outcomes for the community, with widespread positive economic effect (i.e reduced homelessness, reduced costs on government services such as healthcare and social services, stable shelter has also been identified as being integral in being able to hold down secure employment, to live in and contribute to a community).

The increased housing stock is also within walking distance of Mascot train station (800m) and Mascot Village (500m). This promotes walkability, reduced travel times, congestion, and emissions; supports the economic viability of these centres and finally stimulates local economic activity and aligns with the strategic objectives of district and local policies.

**It should also be noted that that although a successful retail centre on the subject site trading successfully has the strongest beneficial impacts in terms of employment, the above analysis (as summarised in the table above) does not show the trading impacts on competing centres. A successfully trading retail centre on the subject site will result in some redirection of trade away from the existing centres – particularly from Mascot Village on Botany Road (discussed in more detail below and section 4.0) and in all likelihood this will result in some job losses in these centres and so the true net impact in the locality of a retail centre is not reflected in the above table.**

### Impacts on retail network

Notwithstanding the difficulties in having a retail centre successfully trading on the subject site we modelled the impacts that a hypothetical centre would have on surrounding centres if it traded successful at industry benchmark levels. Under this scenario the following assumption were made:

- the total amount of additional retail floorspace on the subject site is 2,000sqm<sup>1</sup>, with the following retail mix:
  - 1,000sqm grocer (eg Harris Farm, Metro Woolworths, Supa-IGA, Metro Coles)
  - 600sqm of speciality retail
  - 100sqm of other retail/commercial
- the retail floorspace on the subject site will be operational by 2025
- the destination retail on the subject site performs to industry benchmark levels.

HillPDA estimates that these tenancies would achieve total retail sales of \$17m in 2025. The immediate impact on Mascot Village on Botany Road would be a 17% loss in trade which is considered significant. The impacts on Mascot Station (Woolworths centre) and on Rosebery shops on Gardeners Road would be moderate with a loss of 10% and 6% respectively. Over time these impacts will lessen due to population and expenditure growth in the locality. However, the impact on Mascot Village will remain stronger than 10% loss in trade even after five years of growth in its trade area.

On this basis destination retail on the subject site would adversely impact the performance (and potentially the viability) of the local retail network, particularly the existing village centre at Botany Road, Mascot.

Conversely, the Planning Proposal will exclude any competing retail space and instead add a further 200 plus residents in the locality spending more than \$3m per annum on retail goods and services that will benefit the existing business centres in the locality – particularly Mascot Village on Botany Road.

**Therefore the Planning Proposal delivers a stronger outcome since it:**

- Provides a net benefit to the community and economy through:

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<sup>1</sup> Assumes GFA = 40%\*site area and GLA is 87% of GFA



- Providing immediate stimulus through construction
  - Generating greater economic activity and jobs during the construction phase
  - Reducing the risk of long-term commercial vacancies
  - Replacing the existing ambulance with a newer, enhanced ambulance facility
  - Replacing outdated social housing dwellings on site with new modern social housing dwellings
  - Increasing the yield of social housing
  - Increasing the diversity of dwellings and tenure mix
  - Incentivising re-development, on a site which is currently under-utilised and over time will become obsolete.
  - providing more housing stock which is more affordable, diverse and aligned to the changing needs of the local community
- Supports rather than undermines the sustainability of the local retail network.

# 1.0 INTRODUCTION

HillPDA was commissioned by FPD Pty Ltd on behalf of NSW Land and Housing Corporation (LAHC) to undertake an Economic Impact Assessment (EIA), hereafter referred to as the Study, for the Planning Proposal for the LAHC site at 776, 792-794 Botany Road and 33-37 Henry Street, Mascot (the subject site).

The Planning Proposal seeks to amend the Bayside Local Environment Plan (LEP) (2021) to allow greater flexibility and enable the development of residential uses within the areas of the site identified as active street frontage. The proposal also seeks to increase the maximum building height limit from 14m to 18m to achieve a better design outcome for the existing FSR controls.

Previously, HillPDA prepared the commercial market justification 2021 Report in support of the Planning Proposal. The Report examined the extent to which commercial and/ or retail uses at ground level on Botany Road would be commercially viable from a market perspective and found that the ground floor commercial or retail uses are unlikely to be viable at the subject site, and the risks of long-term vacancies and property neglect are high. The study concluded that the retention of residential uses on the subject site or enabling flexible ground floor uses, which permits residential uses, represents a higher and better use for the subject site.

Based on the market evidence and findings of the prior study, LAHC and HillPDA maintain that the Planning Proposal, which enables the provision of residential uses at ground-level, provides a better and higher use for the site since it reduce the risk of long-term ground floor commercial vacancies and delivers more and better-quality social housing for the benefit of the community.

Bayside Council have since requested an EIA (the subject study) also be undertaken in support of the Planning Proposal, “with a focus of that being on providing a quantitative justification of the removal of the currently zoned allowance for commercial/retail floor space and frontages to demonstrate the continued and future sustainability of the retail network in meeting local and regional community needs”.

Previously, HillPDA prepared the commercial market justification 2021 Report in support of the Planning Proposal. Based on an assessment of:

- the retail market conditions (section 5.0)
- the nature of existing and approved developments/centres with which the subject site will be in competition (sections 3.0 and 5.0) and
- the proposed development against a series of qualitative success factors (section 4.0)

the study found that the ground floor commercial or retail uses are unlikely to be viable at the subject site, and the risks of long-term vacancies and property neglect are high. The study concluded that the retention of residential uses on the subject site or enabling flexible ground floor uses, which permits residential uses, represents a higher and better use for the subject site.

Bayside Council have since requested an EIA (the subject study) also be undertaken in support of the Planning Proposal, “with a focus of that being on providing a quantitative justification of the removal of the currently zoned allowance for commercial/retail floor space and frontages to demonstrate the continued and future sustainability of the retail network in meeting local and regional community needs”. To meet the requirements of an EIA, Council have requested that the EIA will need to consider one or more of the following:

**Table 4: EIA Approach**

Item	Approach	Description	The Current Study
A.	Market Need Assessment	Assessing the market need for the current zoned retail floorspace allowance and frontages in terms of local expenditure based demand and the impact of this not being delivered in terms of creating a current or known future gap in supply	x
B	Retail Sustainability Assessment	Assessing the extent to which the proposed development would impact the sustainability of the local retail network in meeting the ongoing needs of the community for access to and choice of retail offerings	✓
C	Net Community Benefit / Economic Impact Assessment	Assessing the extent to which the proposed development provides a net benefit to the community and economy relative to the current uses and the underlying planning/zoning of the site	✓

As shown in the table above, the current study undertakes both a retail sustainability assessment and a net community benefit assessment. More specifically, the study :

- assesses and quantifies, where possible, the economic impacts attributable to developing the Planning Proposal, including direct and indirect benefits during the construction and post-construction phases (i.e. a net community benefit/ economic impact assessment). This study considers the net economic benefits attributable to developing the Planning Proposal compared to the base case alternative (i.e. economic contribution of the current built form and land uses on site) and the current controls alternative (i.e. building to the current controls)
- considers the impact that destination retail on the subject site would have on the future sustainability of the local retail network (i.e. retail sustainability assessment).

## 1.1 Study structure

To meet the requirements of the brief, the study is set out in the following manner:

- **Chapter 1** | Provides an overview of the report and report structure
- **Chapter 2** | Reviews the subject site and the local context, followed by a description of the Planning Proposal, including key details and rationale for the proposed development
- **Chapter 3** | Examines the economic contribution that the subject site currently generates, referred to as the “Base Case”. The Chapter then examines the economic impacts of developing the site in accordance with (1) the current controls; and (2) the Planning Proposal. The net economic impacts of the Planning Proposal are subsequently compared to the base case scenario and the redevelopment under the current controls.
- **Chapter 4** | Provides commentary on the commercial centres hierarchy and considers the impact that the Planning Proposal will have on surrounding centres.
- **Chapter 5** | outlines key findings from the EIA and impact assessment.

## 2.0 CONTEXTUAL REVIEW

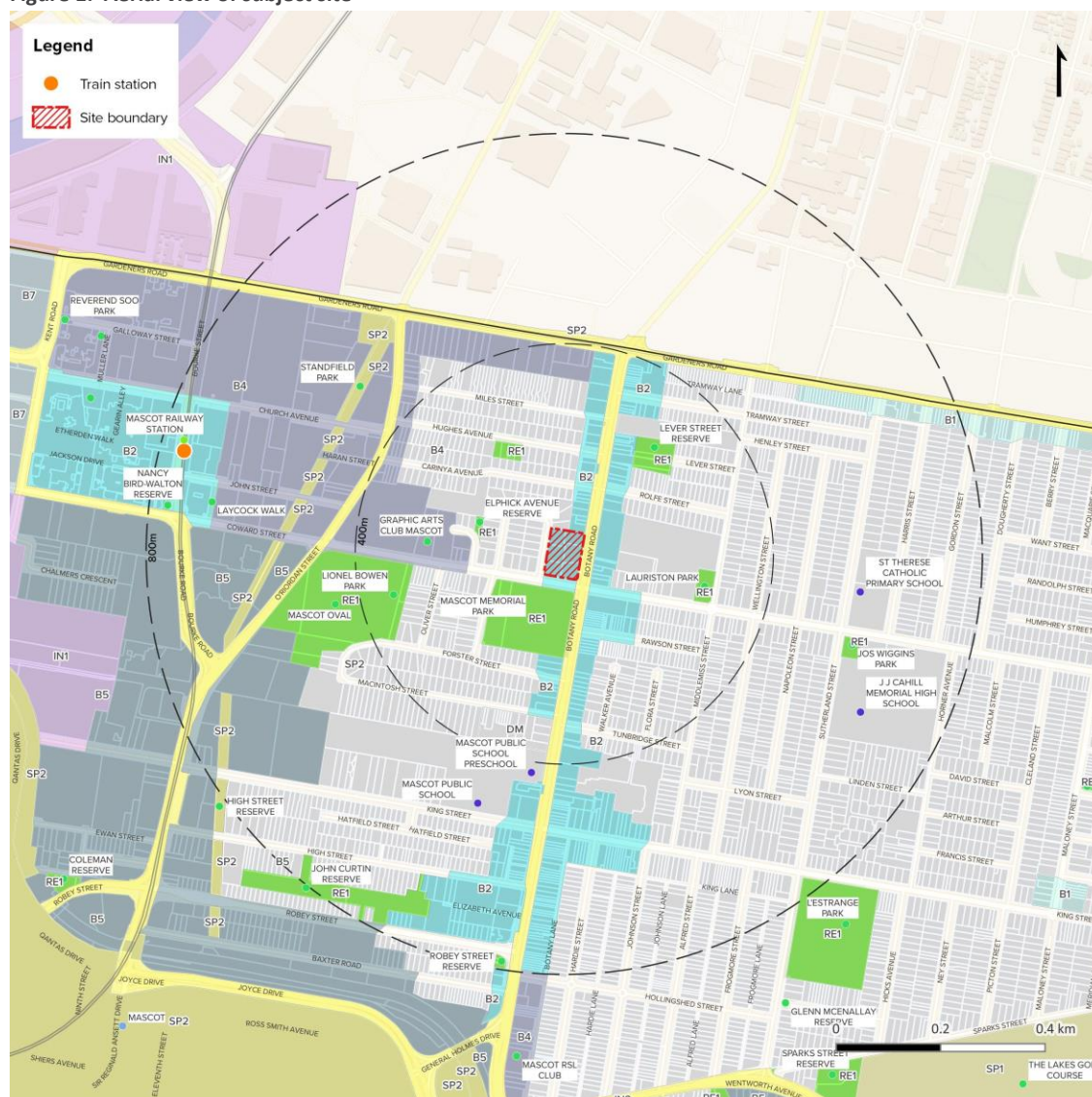
### 2.1 The subject site

The site, which is the subject of this Study, hence referred to as the subject site, is located at 776, 792-794 Botany Road and 33-37 Henry Street, Mascot. The subject site is situated on the corner of Botany Road and Henry Street. There is a mix of land uses surrounding the site including low-density residential uses to the north and west and several two storey commercial buildings, an electrical substation, two storey terraces, and a Mascot Police Station adjacent to the site. It is located opposite Mascot Park and is approximately 1km walking distance from Mascot Railway Station and the Town Centre to the west. The Mascot local centre on Botany Road is also located 500m to 800m walking distance to the south of the site.

The land currently has five 2-storey buildings occupied for social housing and associated at grade car parking. The landowner is NSW Land and Housing Corporation. The site also contains the Mascot Ambulance Station, a two-story building fronting Botany Road to the north of the social housing that NSW Health owns.

The extent of the subject site is depicted in Figure 1 below.

**Figure 1: Aerial view of subject site**



Source: HillPDA, Mapinfor 2021



**Figure 2: Existing property improvements**



Source: HillPDA 2021

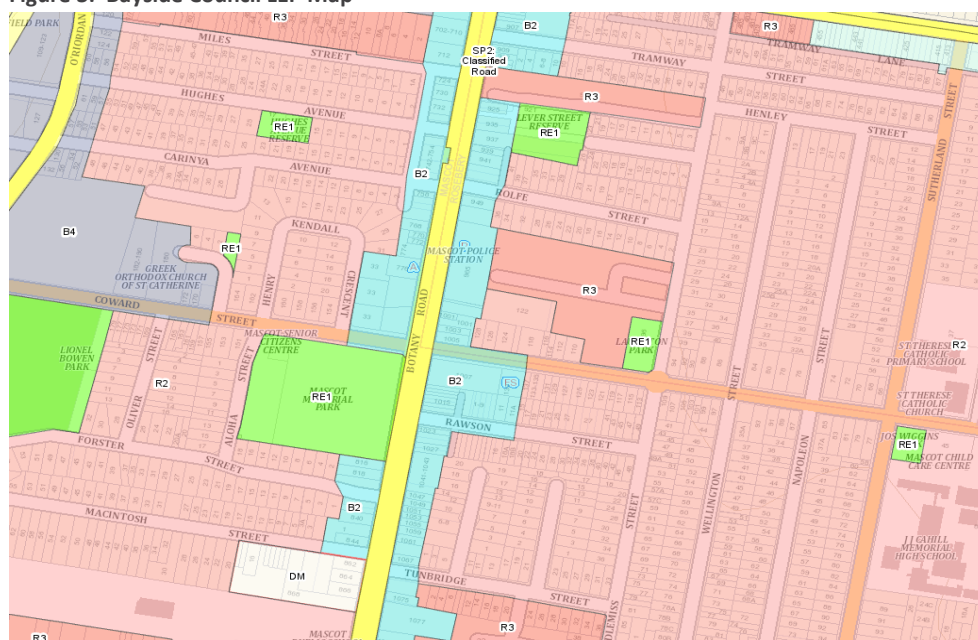
The subject site is zoned for B2 Local Centre in the Bayside Council Local Environmental Plan (LEP) 2021.

## 2.2 Surrounding land uses

The subject site adjoins a residential area to the north. To the east is the Mascot Police Station, some old-style two storey commercial buildings and residential cottages and terraces. Coward Street to the south of the subject site comprises a busy vehicular road that form physical barriers. To the south of Coward Street is Mascot Park. To the west of the subject site are low-density residential dwellings.

The surrounding area's character is predominantly residential with some old-style commercial, and industrial land uses along Botany Road.

**Figure 3: Bayside Council LEP Map**



Source: Bayside Council Local Environmental Plan (2021)



## 2.3 Out of centre location

The subject site is half a kilometre to the north of Botany Local Centre and 800m east of Mascot Station and a kilometre from the new retail centre at Mascot Station, including the Woolworths supermarket. The subject site has limited ability to provide a retail anchor or attract any high-profile tenants given its size and out-of-centre location. Retailers will have a stronger preference to locate at the train station or in the prime retail main street area half a kilometre to the south. Moreover, additional retail on the subject site would merely duplicate retail services in the existing and future designated centres and hence undermine the viability of competing stores in the established centres.

## 2.4 Transportation and access

The subject site is located at Botany Road, Coward Street, and Henry Kendall Crescent. This location has excellent vehicular access to the local and broader area. Both Henry Kendall Crescent and Coward Street connect to Botany Road, a major arterial road within the locality. Bus routes operating within the vicinity of the subject site and the Mascot Train Station on Bourke Street<sup>2</sup> approximately 1 km walking distance from the site.

For commercial purposes the subject site is immediately adversely impacted by access and parking constraints. On street parking is limited by 'no 'stopping' on Botany Road immediately adjacent to the site, 'no 'stopping' for eight hours during the day on Coward Street and bus lane / clearway across Botany Road. Any commercial use on the subject site would rely on onsite parking. Right turning movements would also be problematic. Therefore, the subject site lacks the necessary attributes to provide convenient services and would be competitively disadvantaged.

## 2.5 Site's suitability for providing ground floor retail and commercial uses

Based on an assessment of the site's characteristics and context (with consideration given to accessibility, the out of centre location, competitive landscape, proximity to expenditure sources as well as stakeholder advice) HillPDA concluded in the commercial market justification 2021 Report *"that the ground floor commercial or retail uses are unlikely to be viable in this location and the risks of long-term vacancies and property neglect are high. As such, the retention of the subject site for residential uses or allow greater flexibility to the ground floor uses, which may include residential to at least one of the frontages, represents a higher and better use"* (refer to HillPDA's commercial market justification 2021 Report for further detail).

## 2.6 Planning Proposal

The Planning Proposal is supported by a preliminary concept scheme developed by SJB Architects. The concept scheme is detailed in the table below.

**Table 5: Proposed development**

Built form	A residential development over 3 to 8 storeys
Floor space ratio	2:1
Height	28m
Potential yield	152 dwellings (including over 20 social housing dwellings)
GFA by land use	Residential: 11,200sqm New ambulance facility (to replace the existing facility): 340sqm Parking: Up to 163car spaces

## Built form

### A residential development over 3 to 8 storeys

#### Key Elements identified by SJB Architects

Based on the strategic merit identified by Council, this proposes additional height to achieve a better design outcome for the existing FSR control of 2:1.

The design ensures the protection of the trees which will minimise the impact of the overall scale from street level. On Henry Kendall Crescent, an additional 14m upper-level setback has been incorporated into the building fronting the corner of Coward Street, reducing the impact of visual bulk on Henry Kendall Crescent.

The proposed building further north establishes a three-storey built form with a ground level setback that parallels the neighbouring development.

The design also proposes to retain the existing ambulance uses on site.



Source: SJB Architects

## 3.0 ECONOMIC IMPACT ASSESSMENT

To best understand the net economic impacts of re-developing the subject site in accordance with the Planning Proposal this Chapter considers the economic impacts of four scenarios, including:

1. The base case or “status quo” alternative, that is, retain existing uses on site
2. Re-develop the subject site in accordance with the current controls, with the assumption that the ground floor retail and commercial is fully occupied
3. Re-develop the subject site in accordance with the current controls, with the assumption that the ground floor retail and commercial remains vacant longer term (due to the site’s fringe location, compromised accessibility and parking constraints and strong nearby competition)
4. Re-develop the subject site in accordance with the Planning Proposal.

The assessment (where possible) quantifies the potential economic impacts of the Planning Proposal as measured against the (1) “do nothing” alternative (base case) and; (2) build to current controls scenarios. Economic metrics estimates include employment, wages, GVA and construction multipliers (associated with constructing the Planning Proposal and current controls scenarios).

### 3.1 Economic impacts during the construction phase

This section assesses the potential economic benefits during construction. The economic impacts during the construction phase are assessed for both the Planning Proposal and build to current controls options only, since the base case assumes no re-development of the site.

The economic impacts of the construction stage are based on the estimated total construction cost of around \$64.1 million under the re-develop to current controls scenarios and \$64.4 million under the Planning Proposal scenario. These estimates have been sourced from Rawlinson Construction Handbook 2021 and detailed in the table immediately below. Note the construction costs and multiplier benefits remain the same under the re-develop to current controls scenarios since the same land uses are assumed in both scenarios.

**Table 6: Estimated construction cost**

Component	No.		Units	\$ /unit	\$m	
	Re-develop to Current Control Scenarios	Planning Proposal Scenario			Re-develop to Current Control Scenarios	Planning Proposal Scenario
Demolition					0.5	0.5
Residential <sup>1</sup>	12,258	14,928	sqm	3,000	36.8	44.8
Retail / Commercial <sup>2</sup>	2,340	-	sqm	2,900	6.8	-
Ambulance	400	400	sqm	2,900	1.2	1.2
Fitout Retail/Commercial <sup>3</sup>	2,000	300	sqm	1,000	2	0.3
Carparking	148	163	spaces	50,000	7.4	8.2
Other costs						
• Site costs and external works @ 3%						
• Contingencies @ 5%					9.5	9.5
• Design and other professional fees @ 8.5%						
<b>Total</b>					<b>64.1</b>	<b>64.4</b>

Source: Rawlinson Construction Handbook 2021, SJB Architects, HillPDA Research; <sup>1</sup>Gross Building Area (GBA) which assumes GFA/GBA @ 75%, <sup>2</sup> GBA which assumes GFA/GBA @ 85%; <sup>3</sup>Assumes 75% of GBA

The construction industry is a significant component of the economy, accounting for 5.96% of Gross Domestic Product (GDP) and employing just over one million workers across Australia<sup>3</sup>. The industry has strong linkages with other sectors, so the impacts on the economy go further than the direct contribution of construction. This is known as the multiplier effect. Multipliers refer to the level of additional economic activity generated by a source industry.

There are two types of effects captured by multipliers:

**Production Induced Effects:** which is made up of:

- *Direct effects:* which constitutes all outputs and employment required to produce the inputs for construction, and
- *Indirect effects:* which is the induced extra output and employment from all industries to support the increased production of the construction sector.

**Consumption Induced Effects:** which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

The source of the multipliers adopted in this report is ABS Australian National Accounts: Input-Output Tables 2018-19 (ABS Pub: 5209.0).

Note that the multiplier effects are national, and not necessarily local. The ABS states that:

*“Care is needed in interpreting multiplier effects; their theoretical basis produces estimates which somewhat overstate the actual impacts in terms of output and employment. Nevertheless, the estimates illustrate the high flow-on effects of construction activity to the rest of the economy. Clearly, through its multipliers, construction activity has a high impact on the economy.”*

In particular, the multiplier impacts can leave the impression that resources would not have been used elsewhere in the economy had the development not proceeded. In reality, many of these resources would have been employed elsewhere. Note that the NSW Treasury guidelines state:

*“Direct or flow on jobs will not necessarily occur in the immediate vicinity of the project – they may be located in head office of the supplier or in a factory in another region or State that supplies the project”<sup>4</sup>.*

Nevertheless, economic multiplier impacts represent considerable added value to the Australian economy.

### 3.1.1 Construction – output impact

As above, redeveloping the site will have a direct impact on construction output as well as indirectly stimulating other industries which assist in production or cater to increased consumption. The table below details the output multipliers for both the build to current controls scenario and Planning Proposal scenario. The table shows that the construction of the Planning Proposal would generate a further **\$79.5 million** of activity in production induced effects and **\$58.0 million** in consumption induced effects. The total output from constructing the Planning Proposal would be around **\$201.9 million compared to \$200.9 million under the re-develop to current control scenarios (\$1.1 million increase)**.

<sup>3</sup> Source: IBIS World Construction Industry Report 2018

<sup>4</sup> Source: Office of Financial Management Policy & Guidelines Paper: Policy & Guidelines: Guidelines for estimating employment supported by the actions, programs and policies of the NSW Government (TPP 09-7) NSW Treasury

**Table 7: Construction output impact (\$m)**

	Direct effects	Production induced effect	Consumption induced effect	Total
Output multipliers	1	1.235	0.901	3.136
<i>Re-develop to Current Controls Scenarios Output (\$million)*</i>	<b>64.1</b>	<b>79.1</b>	<b>57.7</b>	<b>200.9</b>
<b>Planning Proposal Scenario Output (\$million)*</b>	<b>64.4</b>	<b>79.5</b>	<b>58.0</b>	<b>201.9</b>

\* Includes design costs and other professional fees related to construction at 8.5%

Source: Hill PDA Estimate using data from ABS Input-Output Tables 2018-19 (ABS Pub: 5209.0)

### 3.1.2 Construction – Gross Value Added (GVA) impact

The Gross Value Added (GVA) of an industry refers to the value of outputs less the costs of inputs. It also measures the contribution that the industry makes to the economy or gross domestic product (GDP).

The proposed construction would directly contribute around \$20.3 million to GDP under the re-develop to current controls scenarios and \$20.4 million under the Planning Proposal scenario. Including the multiplier impacts, a total of \$83.7 would be contributed to GDP (measured in 2019 dollars) under the re-develop to current controls scenarios and \$84.2 million under the Planning Proposal scenario as shown in the table below.

**Table 8: Construction Gross Value Added impact (\$m)**

	Direct effects	Production induced effect	Consumption induced effect	Total
GVA multipliers	0.317	0.511	0.479	1.307
<i>Re-develop to Current Controls Scenarios GVA (\$million)</i>	<b>20.3</b>	<b>32.7</b>	<b>30.7</b>	<b>83.7</b>
<b>Planning Proposal Scenario (\$m)</b>	<b>20.4</b>	<b>32.9</b>	<b>30.9</b>	<b>84.2</b>

\* Includes design costs and other professional fees related to construction at 8.5%

Source: Hill PDA Estimate using data from ABS Input-Output Tables 2018-19 (ABS Pub: 5209.0)

### 3.1.3 Construction related employment

Every million dollars of design and construction work undertaken generates 2.42 job years<sup>5</sup>. Based on the estimated construction cost, the construction of the Planning Proposal has the potential to generate 155 direct job years<sup>6</sup> compared to 156 under the Planning Proposal scenario, as shown in the table below.

**Table 9: Construction employment impact**

	Direct effects	Production induced effect	Consumption induced effect	Total
Employment multipliers	1	1.444	1.320	3.764
Job Years per \$million	2.424	3.501	3.199	9.124
<i>Re-develop to Current Controls Scenarios Job creation (total)</i>	<b>155</b>	<b>224</b>	<b>205</b>	<b>584</b>
<b>Planning Proposal Scenario Job creation (total)</b>	<b>156</b>	<b>225</b>	<b>206</b>	<b>588</b>

Source: Hill PDA Estimate using data from ABS Input-Output Tables 2017-18 (ABS Pub: 5209.0), ABS Census 2016 Data

From the ABS Australian National Accounts: Input-Output Tables 2018-19 HillPDA identified employment multipliers for production support and consumption induced effects of 1.44 and 1.32 respectively for every job year in directly in design and construction. Including the multiplier impacts, construction under the re-develop

<sup>5</sup> Source: ABS Australian National Accounts: Input – Output Tables 2018-19 (ABS Pub: 5209.0) adjusted to 2019 dollars

<sup>6</sup> Note: One job year equals one full-time equivalent job over one year



to current controls scenarios has the potential to generate a total of 584 direct and indirect job years nationally, and 588 under the Planning Proposal scenario.

### 3.1.4 Construction impacts

The analysis above identifies that the Planning Proposal generates higher output (\$1.1 million<sup>7</sup>) and GVA (\$0.4 million<sup>8</sup>) and would support more jobs (3 job years<sup>9</sup>) during the construction phase than the build to current controls scenarios.

## 3.2 Economic performance of the base case

The site currently accommodates the Mascot Ambulance Station ambulance which HillPDA estimates supports 19 full time and part time jobs<sup>10</sup>. It is estimated that these jobs generate an estimated \$2.0 million in salaries<sup>11</sup> and contribute \$2.2 million in GVA per annum<sup>12</sup>.

## 3.3 Operational economic impacts of the Planning Proposal and build to current control scenarios

The following section estimates the potential economic contribution of the Planning Proposal and the re-develop to current control alternative once the land uses are fully operational. Note two scenarios under the current control alternative are considered, namely:

- Ground floor retail/commercial spaces remains vacant due to the subject site's:
  - less desirable fringe location,
  - poor accessibility and parking constraints and
  - Proximity to centres which are more competitive

*For a more detailed assessment of the viability of ground floor commercial and retail at the subject site and risk of vacancy, refer to HillPDA's commercial market justification 2021 Report. Through market evidence and a site assessment, the study found that the ground floor commercial or retail uses are unlikely to be feasible in this location and the risk of long-term vacancies and property neglect are high.*

- Ground floor retail/commercial spaces performs to industry benchmark levels.

The operational impacts of the Planning Proposal are compared to the "base case" and re-development to current controls scenarios.

### 3.3.1 Employment

The table below details the estimated number of jobs that could be supported on the subject site if the subject site was re-developed to the current controls versus the Planning Proposal.

<sup>7</sup> Includes direct and indirect impacts

<sup>8</sup> Includes direct and indirect impacts

<sup>9</sup> Includes direct and indirect impacts

<sup>10</sup> Average number of jobs per establishment for ambulance services as sourced from IBIS World reports

<sup>11</sup> Weight average salary of ambulance s as sourced from IBIS World reports, JobOutlook Australian Government, HillPDA modelling .

<sup>12</sup> IBIS World reports.

**Table 10: Potential employment generation**

Land use	No.			Employment density <sup>1</sup>	No. of workers		
	Re-develop to current controls (retail / commercial floorspace fully occupied)	Re-develop to current controls (retail / commercial floorspace remains vacant)	Planning Proposal		Re-develop to current controls (retail / commercial floorspace occupied)	Re-develop to current controls (retail / commercial floorspace remains vacant)	Planning Proposal
Retail GLA <sup>2</sup>	2,000sqm	0sqm <sup>3</sup>	0sqm	1/ 28 sqm	61	0	0
Ambulance <sup>4</sup>	-	-	-		19	19	19
Work at home <sup>5</sup>	116 units	116 units	144 units	1 / 10 units	12	12	14
<b>Total Employment</b>					<b>92</b>	<b>31</b>	<b>33</b>

1. Sources include ABS Retail Survey 1998-99, IBIS World reports and Hill PDA Research;

2. Assumes 85% efficiency from GFA to Gross Leasable Area (GLA)

3. It is assumed that the retail and commercial remains vacant

4. It is assumed the existing Ambulance facility will be replaced with a new facility and the current number of staff (19) and operations will be retained

5. Work at Home: 8.0% of workers undertake majority of their work at home (ABS Locations of Work 2008 Cat 6275.0 and adjusted to reflect increase in workers working remotely due to COVID-19) and assuming 1.3 working residents per household translates to 1 job per 10 occupied dwellings. Assumes 5% of dwelling are vacant.

The Planning Proposal has the capacity to accommodate around 33 jobs following building completion compared to 19 under the base case (14 jobs), 92 jobs under the re-develop to current controls assuming commercial / retail floorspace is fully occupied (-59 jobs) and 31 jobs under the re-develop to current controls assuming commercial / retail floorspace remains vacant (+2 jobs).

The table shows that a retail centre on the subject site trading successfully has the strongest beneficial impacts in terms of employment. However, the table does not show the trading impacts on competing centres. This is discussed in the Section 4. A successfully trading retail centre on the subject site will result in some redirection of trade away from the existing centres – particularly from Mascot Village on Botany Road and in all likelihood this will result in some job losses in these centres and so the true net impact in the locality is not shown in the above table.

However it is clear from the table that the Planning Proposal would support more jobs on site than base case and if the site re-developed and the ground floor retail or commercial tenancies remained vacant.

### 3.3.2 Total remuneration

As shown in the table below, the total estimated remuneration of workers on-site under the Planning Proposal alternative is estimated at **\$3.1 million**, compared to \$2.0 million under the base case (\$1.1 million), \$4.9 million under the re-develop to current controls assuming commercial / retail floorspace is fully occupied (-\$1.8 million) and \$2.9 million under the re-develop to current controls assuming commercial / retail floorspace remains vacant (+\$0.2 million).

**Table 11: Potential salaries**

Land use	No. of Workers			Average wage	Total wage generation (\$m)		
	Re-develop to current controls (retail / commercial floorspace fully occupied)	Re-develop to current controls (retail / commercial floorspace remains vacant)	Planning Proposal		Re-develop to current controls (retail / commercial floorspace occupied)	Re-develop to current controls (retail / commercial floorspace remains vacant)	Planning Proposal
Retail / commercial	61	0	0	\$34,296	\$2.1		
Ambulance	19	19	19	\$105,425	\$2.0	\$2.0	\$2.0
Work at home	12	12	14	\$72,800	\$0.9	\$0.9	\$1.1
<b>Total Remuneration</b>					<b>\$4.9</b>	<b>\$2.9</b>	<b>\$3.1</b>

Sources IBIS World Industry Reports

### 3.3.3 Gross value added

Gross value added of an industry refers to the value of outputs less the costs of inputs. It also measures the contribution that the industry makes to the wealth of the country, state or region – its contribution to GDP.

HillPDA estimate the potential gross value added from the employment generating uses in accordance with the Planning Proposal to be in the order of **\$3.5 million every year**, compared to \$2.2 million under the base case (\$1.3 million), \$6.3 million under the re-develop to current controls assuming commercial / retail floorspace is fully occupied (-\$2.8 million) and \$3.3 million under the re-develop to current controls assuming commercial / retail floorspace remains vacant (+\$0.2 million).

**Table 12: Gross Value Added (\$2020)**

Land use	No. of Workers			GVA / Worker	GVA (\$m)		
	Re-develop to current controls (retail / commercial floorspace fully occupied)	Re-develop to current controls (retail / commercial floorspace remains vacant)	Planning Proposal		Re-develop to current controls (retail / commercial floorspace occupied)	Re-develop to current controls (retail / commercial floorspace remains vacant)	Planning Proposal
Retail / commercial	61	0	0	\$49,683	\$3.0		
Ambulance	19	19	19	\$116,487	\$2.2	\$2.2	\$2.2
Work at home	12	12	14	\$91,000	\$1.1	\$1.1	\$1.3
<b>Total GVA</b>					<b>\$6.3</b>	<b>\$3.3</b>	<b>\$3.5</b>

Sources IBIS World Industry Reports

## 3.4 Summary and implication

The below table summarises the economic benefits of retaining the subject sites' current uses in comparison to re-developing the subject site in accordance with (1) the current controls and (2) the Planning Proposal.

**Table 13: Economic Impact of the Proposal**

Metric	Base case	Re-develop to current controls (retail / commercial floorspace fully occupied)	Re-develop to current controls (retail / commercial floorspace remains vacant)	Planning Proposal
Total jobs created on-site	19	92	31	33
Total staff remuneration (\$m/annum)	\$2.0	\$4.9	\$2.9	\$3.1
Gross Value Added (\$m/annum)	\$2.2	\$6.3	\$3.3	\$3.5
Design and construction costs (\$m)	-	\$64.1	\$64.4	\$64.4
Total economic output generated by construction (\$m)	-	\$200.9	\$200.9	\$201.9
Total GVA generated during construction (\$m)	-	\$83.7	\$83.7	\$84.2
Total job years generated and supported from construction	-	584	584	588

Sources: IBIS World Reports and HillPDA

As demonstrated in the table above, the Planning Proposal generates greater economic activity, GVA to GDP and supports more jobs during the construction phase than re-development under the current control scenarios. Once operational, the Planning Proposal will support more employment, total remuneration and GVA on site than both the base case scenario and the re-develop to current controls scenario assuming the commercial / retail tenancies remains vacant.

Theoretically, if the ground floor retail is fully leased, this would support more jobs, salaries and GVA on site compared to the other scenarios, including the Planning Proposal. However, this scenario is unlikely, since the ground floor retail and commercial is likely to trade poorly for reasons due to subject site's less desirable fringe location, poor accessibility and parking constraints, proximity to existing centres which are more competitive. These competitive disadvantages will likely result in difficulties in securing a tenant in that location.

Re-developing to current controls could increase the risk of long-term vacancies and urban blight. Urban blight has been associated with poorer social and economic outcomes including (and not limited to):

- lower health outcomes (and increased costs to government for providing healthcare)
- negative impacts on housing prices
- increased crime and vandalism (and increased costs to Government to address these issues) and
- lower investment in the area.

It should also be noted that ground floor commercial and retail uses are unlikely to be feasible due to:

- A lack of demand in the locality for such uses as demonstrated by the prevalence of smaller ground-floor retail tenancies along Botany Road and other strip retail in the local area
- Impacts of clearways and limited parking options
- Low levels of footfall pass the subject site which reflects the particularities of it as a traffic peninsula at the confluence of two major vehicular routes which adversely impact upon pedestrian amenity
- Competition from established centres in the locality which can offer more desirable attributes to potential operators such as proximity to a rail node, a retail anchor and/or car parking and/or
- The sale value for commercial/retail is likely to be lower than residential and therefore would impact and reduce LAHC funding ability to provide social housing in the LGA.

The risk to feasibility will not incentivise LAHC or any other developer to re-develop the site to the current control requirements. As such there is a risk the site will not be re-developed and will remain underutilised and,

over the longer term, obsolete. The Planning Proposal, conversely, will incentivise re-development of the site and presents an opportunity to generate more potential jobs, salaries and GVA on site and provide more and better quality social housing dwellings.

The provision of more social housing relative the other scenarios provides a stronger outcomes for the community, with widespread positive economic effect. Research has shown that providing social housing stock has been associated with reduced homelessness, reduced costs on government services such as healthcare and social services. Stable shelter has also been identified as being integral in being able to hold down secure employment, to live in and contribute to a community<sup>13</sup>.

On this basis, the Planning Proposal provides a stronger economic outcome since it delivers greater benefits during the construction phase; creates more jobs from ongoing operations, reduces the risk of long-term vacancies and urban blight, provides more housing stock which is more affordable, diverse and aligned to the changing needs of the local community as well as provides more and better quality social housing dwellings. It should also be noted that increased housing stock is within walking distance of Mascot train station. This in turn promotes reduced travel times, congestion, and emissions; expands access to different areas of the city and thus stimulates economic activity and aligns with the strategic objectives of the regional and district policies.

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<sup>13</sup> Reye K (2021). Social housing a compelling opportunity for governments and communities



## 4.0 IMPACTS ON RETAIL NETWORK

This Chapter reviews the surrounding retail network, with a focus on those centres which will likely be impacted or influence the trading levels of ground floor retail or commercial on the subject site. The review considers both existing and future commercial developments in the surrounding region. Subsequently, the chapter outlines the estimated economic impact that redevelopment under the existing controls would have on the local retail network. The analysis assumes that retail component performs to industry benchmark levels. The purpose of this impact analysis is to understand the impacts (and any the potential risks) to the existing retail hierarchy of having destination retail on the subject site.

### 4.1 Centres hierarchy

The commercial centres hierarchy in the area around the subject site is shown in the table below. The centres identified are explored on an individual basis subsequently for the remainder of this Chapter.

**Table 14: Commercial Centres Hierarchy**

Centre Typology	Characteristics	Centres
<b>Town centre</b>	Town Centres have one or two supermarkets, community facilities, medical centre, schools, etc. Usually, a residential origin than an employment destination.	<b>Eastlakes</b>
<b>Village</b>	A small strip of shops and adjacent residential area within a 5-to-10-minute walk contains a small supermarket, hairdresser, take-away food shops.	<b>Mascot</b>
	'Woolworths's supermarket centre and specialty stores near the Mascot station	<b>Mascot Station</b>
<b>Small village</b>	A small strip of shops and adjacent residential area within a 5-to-10-minute walk.	<b>Botany Road, Rosebery</b> <b>Gardeners Road, Rosebery</b>

Source: HillPDA research

### 4.2 Eastlakes town centre

BKK Eastlakes Shopping Centre dates from the 1960's and provides 10,200sqm<sup>14</sup> leasable retail floorspace. It is a double-supermarket shopping centre some 1.5km east of the subject site and is anchored by a full-line Woolworths (3,132sqm) and an ALDI Foodstore (1,389sqm)<sup>15</sup>. The residual floorspace comprises 53 specialities<sup>16</sup>.

An additional 2,800sqm of retail floorspace (including a Woolworths metro of 486sqm) is provided at The Grand Shopping Centre development north of the Eastlakes Shopping Centre, fronting Gardeners Road's southern side<sup>17</sup>. It is understood that the 2,800sqm of retail space forms part of Stage One of the development, with a further 10,200sqm of retail floorspace, including a larger format Aldi (1,600sqm) and 357 new apartments proposed as part of the Stage Two. Both stages, once complete, will create The Grand Shopping Centre (The Grand) and will replace the existing BKK Eastlakes Shopping Centre. For the purposes of the impact analysis, it is assumed that The Grand will be operational by 2025.

<sup>14</sup> Source: Property Council of Australia Shopping Centre Directory

<sup>15</sup> Source: Property Council of Australia Shopping Centre Directory

<sup>16</sup> Source: Part 3A Request for Director General's Environmental Assessment Requirements for Eastlakes Shopping Centre, JBA Planning 18<sup>th</sup> February 2011

<sup>17</sup> Source: Near map, Centre Website; CrownGroup (2021) Woolworth Metro To open on 8 September at Crown Group's The Grand Eastlakes; Kingsford News (2021) The Grand Shopping Centre: New Eastlakes Shopping Centre Opens July; Cordell Research

### 4.3 Mascot village

Mascot is defined as a Village Centre and is situated approximately 0.5km south of the subject site. Retail provision is focused on Botany Road and the centre contains an IGA supermarket of some 700sqm GFA<sup>18</sup> in addition to strip retail serving localised shopping needs. It contains several bank branches, a range of personal services, take-away and fast-food outlets, cafes, comparison goods stores and convenience stores (liquor stores, newsagencies, butchers, bakeries etc.). HillPDA estimate that the centre provides some 5,000sqm of retail floorspace. Anecdotally the centre appears to be trading satisfactorily.

### 4.4 Mascot station

Mascot Station, Small Village Centre, is located around 800m<sup>19</sup> west of the subject site. The centre includes a recently developed shopping centre of 5,000sqm GLAR with a full line Woolworths supermarket and 17 specialty stores. Mascot Station is as a transit-orientated activity centre serving the surrounding residential population and local workers.

### 4.5 Other centres

#### 4.5.1 Gardeners Road, Rosebery

Gardeners Road, Rosebery Small Village Centre is located one kilometre northeast of the subject site. Retail provision in this centre is located on the southern side of Gardeners Road. The centre provides a small convenience offer including butcheries, bakeries, and a fruit market. It also contains a small Woolworths convenience store of 210sqm<sup>20</sup> located in a Caltex petrol filling station.

#### 4.5.2 Alexandria Homemaker Centre

In addition to the centres above, the Alexandria Homemaker Centre is situated at 49-59 O'Riordan Street some 1.2km north of the subject site. This comprises 22,000sqm of bulky goods floorspace anchored by The Good Guys (3,490sqm), Taste Living (3,130sqm) Oz Design Furniture (2,250sqm), Bing Lee (1,980sqm), Brescia Furniture (1,500sqm) and Sydney's Baby Kingdom (1,170sqm)<sup>21</sup>. Other bulky goods floorspace is in the vicinity along 'O'Riordan Street, including Harvey Norman, My Baby Warehouse, Alexandria Officeworks and Domayne Alexandria. However due to differing roles in the retail hierarchy, scale and distance from the subject site, it is unlikely that Homemaker Centre will compete with any retail provided on the subject site.

### 4.6 Retail impact assessment

This next section assesses the economic impact on existing and proposed retail centres in the locality of including destination retail at the subject site. The EPA & Act (1979) is not clear on what is meant by locality, however for the purpose of this assessment we have assumed it to be the area within 1.5km of the Subject Site.

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

<sup>18</sup> Source: Near map

<sup>19</sup> Source: Google Maps

<sup>20</sup> Source: Nearmap

<sup>21</sup> Source: Property Council of Australia NSW/ ACT Shopping Centre Directory 2014/15

#### 4.6.1 Estimated turnover of the proposed retail under the build to control scenario

For the purpose of understanding the impacts of destination retail on the subject site on surrounding centres, we have assumed that the total amount of retail floorspace on the subject site would be 2,000sqm<sup>22</sup> and will be operational by 2025. It is assumed the centre will include a grocer of 1,000sqm, 600sqm of specialty retail and 100sqm of other retail/commercial with all tenancies trading at industry benchmark levels<sup>23</sup>. The 1,000sqm anchor store could be say a Metro Woolworths, Metro Coles, Supa-IGA, Harris Farm or the like. HillPDA estimate that these tenancies would achieve total retail sales of \$17m in 2025 assuming \$12,000/sqm for the anchor tenant, \$7,500/sqm for the specialty retailers and \$5,000/sqm for the other retailers.

#### 4.6.2 Redirection of trade

In order to provide a robust assessment HillPDA has prepared a bespoke gravity model to examine the extent of trade redirected from existing centres. For the purpose of the assessment it has been assumed that the subject centre's first year of trading will be in 2025. The gravity model was designed on the premise that the level of redirected expenditure from a competing centre is directly proportional to the retail offer (like stores competing with like stores) and turnover of that centre and indirectly proportional to the distance from the subject site. The results are presented in the following table.

**Table 15: Trading Impact on Surrounding Centres**

1	2	3	4	5	6	7	8	9	10
Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space	Turnover in 2021	Turnover in 2025 without Proposal	Turnover in 2025 with Proposal	Immediate Shift in Turnover	% Shift in Turnover in 2025	Shift in turnover from 2021 to 2025	% Shift in turnover from 2021 to 2025
Proposed Centre					17.0	17.0			
The Grand Eastlakes	1.5	13,000	100.4	106.9	103.5	-3.4	-3.1%	3.1	3.1%
Mascot Village	0.5	5,000	34.9	37.5	31.3	-6.2	-16.5%	-3.6	-10.3%
Mascot Station	1.0	5,000	49.9	56.9	51.2	-5.6	-9.9%	1.3	2.7%
Rosebery	1.0	1,200	7.5	8.0	7.5	-0.5	-5.8%	0.0	0.4%
Other Localities						-1.4			
<b>TOTAL</b>		<b>24,200</b>	<b>192.7</b>	<b>209.2</b>	<b>210.6</b>	<b>0.0</b>	<b>0.7%</b>	<b>17.9</b>	<b>9.3%</b>

Columns:

1. Retail Centre Name (includes strip shops)
2. Distance in kilometres from subject site (source: Googlemaps).
3. Various including Shopping Centre News, PCA Shopping Centres Directory, Hill PDA Floorspace Surveys.
4. Various including Shopping Centre News, PCA Shopping Centres Directory, Shopping Centre Annual Reports, Urbis Retail Averages, Other Consultancy Reports and Hill PDA Estimate.
5. Allows for population growth (variable for each centre) and real growth in retail spend per capita of 1.0% per annum in line with the historic trend since 1986 (Hill PDA Calculation from ABS Retail Sales, population estimates and CPI indexes).
6. The turnover of centres following the proposed development. The forecast turnover of the proposed development is redirected from the existing centres based on distance and size.
7. Immediate shift in turnover. This is difference between the development and the do nothing options (i.e. Column 4 minus Column 5).
8. Immediate percentage shift in turnover divided by the turnover in 2025 without the development (ie Column 6 - Column 5)
9. This is the shift in turnover from 2021 to 2025 after the opening of the new development (Column 6 minus Column 4)
10. This is shift in turnover from 2021 to 2025 divided by the base turnover in 2021

There are no universal measures of significance of economic impact. There are references in various consultancy reports and statements in the Land and Environment Court which suggest that a loss of trade below 5% is considered insignificant, 5% to 10% is low to moderate, 10% to 15% is moderate to high and above 15% is a strong or significant impact.

On this basis, the impact of a retail centre on the subject site on Mascot Village is considered to be significant with an immediate loss of 17% trade. The impacts on Mascot Station and Rosebery are more moderate with an immediate impact of around 10% and 6% loss in trade, respectively. The immediate impact on The Grand Eastlakes would be insignificant. These are immediate impacts in 2025. Over time these impacts will lessen due

<sup>22</sup> Assumes GFA = 40%\*site area; GLA @87% of GFA

<sup>23</sup> Supermarket/Grocer @ \$13,000/sqm; Specialty @ \$7,500/sqm; Other @ \$6,000/sqm as sourced from Urbis Averages, SCN, PCA and HillPDA Research

to population and expenditure growth in the locality. As shown in the final column in the above table Mascot Station is expected to experience a strong increase in trading levels resulting from further residential development around the train station.

However, Mascot village is expected to trade more than 10% below its current level even after five years. This is because population growth is not expected to be strong in its trade area (around 1.2% per annum compared to around 2.8% per annum around Mascot Station over the next 10 years).

The conclusion is that a successful commercial centre on the subject site offering predominantly food and grocery and convenience shopping and food services would significantly adversely impact the performance (and potentially the viability) of the local retail network, particularly Mascot Village on Botany Road.

Conversely, the Planning Proposal will introduce more than 200 new residents on the site spending more than \$3m per annum on retail goods and services. We expect the existing Mascot Village will capture a fair proportion of this spend resulting in an immediate positive impact on the centre.

## 5.0 SUMMARY AND CONCLUSIONS

This Study finds that the Planning Proposal delivers a stronger economic outcome since it:

- generates greater economic activity and supports more jobs during the construction phase than re-developing the site to comply with the current controls
- supports more jobs on site than the base case or the site is re-developing to comply with the current controls and the ground floor tenancies perform poorly or remain vacant
- reduces the risk of long-term vacancies and urban blight and associated issues (i.e. lower health outcome and increased government healthcare costs, increased crime and vandalism, negative impacts on housing process, lower investment in the locality)
- provides more housing stock which is more affordable, diverse and aligned to the changing needs of the local community
- provides more and better-quality social housing dwellings
- Incentivises re-development, on a site which is currently under-utilised and over time will become obsolete.

Additionally, if the Subject Site were able to support a destination retail on the ground floor, to be successful, it will need to draw trade away from local retail centres. Our gravity modelling analysis identifies that impacts to Mascot Village will be significant, moderate for Mascot Station and Rosebery. This would suggest destination retail on the subject site would adversely impact the performance (and potentially the viability) of the local retail network. Conversely, the Planning Proposal will support additional residents in the locality to the benefit of existing and planned businesses in the locality.

**On this basis, the Planning Proposal is the preferred alternative as it provides greater economic benefits, reduces the risk of long-term vacancies, and supports rather than undermines the local retail network.**



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