



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

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

**Market Needs Assessment**



# CONTENTS

<b>Executive summary .....</b>	<b>5</b>
<b>1.0 Introduction .....</b>	<b>8</b>
1.1 Structure of report .....	9
<b>2.0 Contextual Review.....</b>	<b>10</b>
2.1 The subject site .....	10
2.2 Surrounding land uses .....	12
2.3 Out of centre location .....	13
2.4 Transportation and access .....	13
2.5 Site's suitability for providing ground floor retail and commercial uses .....	13
2.6 Planning Proposal .....	13
<b>3.0 Competitive landscape .....</b>	<b>15</b>
3.1 Centres hierarchy .....	15
3.2 Eastlakes town centre .....	15
3.3 Mascot Botany Road local centre .....	16
3.4 Mascot station local centre .....	17
3.5 Neighbourhood centres .....	18
3.6 Other Centres.....	18
<b>4.0 Market needs assessment.....</b>	<b>19</b>
4.1 Trade area definition .....	19
4.2 Population growth .....	20
4.3 Resident expenditure.....	20
4.4 Demand and supply for retail space .....	22

# Tables

Table 1: Proposed development .....	5
Table 2: Proposed development .....	13
Table 3: Commercial Centres Hierarchy .....	15
Table 4: BBK Eastlakes SC composition .....	15
Table 5: The Grand Eastlakes stage one retail centre composition .....	16
Table 6: Mascot Botany Road local centre composition .....	17
Table 7: Mascot Station local centre composition .....	17
Table 8: Gardeners Road, Rosebery neighbourhood centre composition .....	18
Table 9: Forecast expenditure from trade area residents (2020 dollars) (\$m) .....	21
Table 10: Total forecast potential retail sales in the trade area (2021 dollars) (\$m) .....	22
Table 11: Retail Floorspace Demand (sqm).....	22

# Figures

Figure 1: Aerial view of subject site.....	11
Figure 2: Existing property improvements .....	12
Figure 3: Bayside Council LEP Map.....	12
Figure 4: Trade area for the subject site .....	20

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## Quality control

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# EXECUTIVE SUMMARY

HillPDA was commissioned by FPD Pty Ltd on behalf of NSW Land and Housing Corporation (LAHC) to undertake a Market Needs Assessment, 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

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 (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
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 and will ensure more and better-quality social housing dwellings on site than currently provided on site.

## Study's objectives

Previously, HillPDA prepared the commercial market justification 2021 Report (2021 Report) and the Economic Impact Assessment 2022 (EIA) of the Planning Proposal.

The 2021 report concluded that the site was not appropriate or suitable for retail premises given its competitive disadvantages (location, lack of parking, clearways, low footfall / pedestrian traffic and other negative attributes). There is a high risk of long term vacancies.

The EIA concluded that a successful hypothetical destination retail centre 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.

Bayside Council requested a Market Needs Assessment (this Study) also be undertaken "to provide a quantitative justification of the removal of the current commercial/retail floor space and frontages to demonstrate the continued and future sustainability of the retail network in meeting local and regional community needs."

In response to Council's requirement, this Study was undertaken to quantify the current supply of retail space (including supply in the competitive centres) and the demand for retail space in the locality, whether there is a need for additional retail and commercial uses on site and whether it can be supported by the local community.

## Competitive landscape

The key centres that are most likely to compete with any retail on site are detailed below:

- **Eastlakes:** The vast majority of retail at Eastlakes is provided at BKK Eastlakes Shopping Centre which is 1.5km east of the centre and provides 10,200sqm gross leasable area retail (GLAR). The centre is anchored by a full-line Woolworths (3,132sqm) and includes around 50 specialities. The centre was dated and largely vacant at the time of HillPDA's survey in August 2022. This was expected as it is understood that the centre is to be redeveloped as part of new mixed development known as The Grand Eastlakes. The Grand Eastlakes is to be developed over two stages on both sides of Evans Avenue. Stage one has already been delivered and provides 2,800sqm of retail floorspace, including an Aldi of 1,600sqm and metro Woolworths of 436sqm. Stage two of The Grand, which is located on the southern side of Evans Avenue and will replace the existing BKK Eastlakes Shopping Centre, will provide 15,900sqm of retail floorspace, including a full line Woolworth's supermarket of 3,800sqm. Construction for stage one is set to commence this year.
- **Mascot Botany Road local centre:** Defined as a local centre. Defined by the B2 zoning the local centre is an elongated strip 1.3km long from Gardeners Road in the north to Joyce Drive in the south. This is an excessive length for a local centre. The physical prime retail strip is a more appropriate length of 350m on both sides of Botany Road. The northern end of this prime retail strip is immediately south of Mascot Public School some 400m from the subject site. The centre contains an IGA supermarket of some 700sqm GLAR in addition to 7,700sqm of occupied 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.). There is around 3,500sqm of vacant shopfront floorspace in the B2 zoned area. The vast majority of this vacant floorspace was north of the primary retail or core retail precinct – that is north of Mascot Public School up to Gardeners Road. This demonstrates the area's difficulties in securing commercial tenants due to its less desirable nature and constraints (parking constraints, distance from the core retail, low footfall, uninviting pedestrian environment).
- **Mascot station local centre:** Mascot Station local centre, is located around 800m west of the subject site. The centre includes a recently developed shopping centre, named Mascot Central of around 5,300sqm GLAR which includes a full line Woolworths supermarket (3,150sqm) and around 20 specialty stores. Surrounding the centre, along Bourke, Coward and John Streets, there is a further 2,800sqm of estimated retail floorspace including an IGA supermarket of around 500sqm, just off Bourke Street.
- **Gardeners Road, Rosebery:** Gardeners Road, Rosebery neighbourhood 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 is zoned B1 and provides a small convenience offer including convenience stores, butcheries, bakeries, and a fruit market. The strip is more than 640m long with more than 60 shops and a total shopfront floor space of around 8,500sqm. There is a high level of vacancies at around 2,400sqm (29%) demonstrating the difficulty of securing tenants in this location.

## Retail demand and supply

The trade area for the subject site has been defined to include the area of the Mascot bound by Gardeners Road to north, Gordan Street and JJ Cahill Memorial High School to the east, Macintosh Street /Tunbridge Street to the south and O'Riordan Street to the west. The trade area is generally confined to the area within 600 to 800 metres of the subject site due to competition at Eastlakes to the east, Mascot Village to the south, and Mascot Central to the west. This area has a current population of around 4,700 persons and is estimated to increase to around 5,400 persons by 2036, which equates to a growth rate of 1% per annum. Expenditure generated by trade

area residents in 2020-21 was estimated at \$78.2 million and this will increase in real terms to around \$100 million by 2036.

By applying target capture rates to household expenditure (approximately 10% of total household expenditure and 10% from trade from beyond the trade area) we estimate total potential retail sales in the trade area could reach \$11.1 million in 2036. This results in a demand for 1,260sqm of retail space in the trade area in 2031, increasing to 1,360sqm in 2036.

There is currently an estimated 3,220sqm of occupied retail floorspace in the trade area. This would suggest there is currently an over-supply of retail floorspace which will continue to 2036 and beyond. The oversupply does not account for the additional vacant shopfront floorspace at around 4,000sqm in the trade area and over 3,000sqm of commercial shopfront. Any additional retail floorspace provided on the subject site will only exacerbate the situation. The analysis demonstrates that the trade area cannot sustainably support additional retail on site, with the local residents adequately serviced by the existing retail along Botany Road and Gardeners Road, Rosebery to 2036 and beyond. Moreover, the high proportion of vacant shopfront space in the trade area along Botany Road, as well as Gardeners Road, Rosebery, demonstrates a high risk of long-term vacancies on the subject site. The site's competitive disadvantages of location, poor access, parking constraints and clearways, low levels of footfall and remoteness from the core retail centre will exacerbate this difficulty.

Conversely, the Planning Proposal will introduce more additional residents on the site, with Mascot Village likely to capture a fair proportion of this spend resulting in an immediate positive impact on the centre. As such, the Planning Proposal will eliminate any risk of long-term commercial vacancies and support, rather than undermine, 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 a Market Needs Assessment, 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 (2021 Report) and the Economic Impact Assessment 2022 (EIA) in support of the Planning Proposal. The findings of these reports are summarised below.

**The 2021 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.

**The EIA assessed:**

- the extent to which the proposed development would impact the sustainability of the local retail network
- 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.

The EIA found that the Planning Proposal delivers a stronger outcome since it:

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

In terms of supporting the local retail network, the EIA found that 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.



The overall conclusion was that the Planning Proposal provides a better and higher use for the site since it reduces the risk of long-term ground floor commercial vacancies and delivers more and better-quality housing for the benefit of the community.

Bayside Council requested a Market Needs Assessment also be undertaken “to provide a quantitative justification of the removal of the current commercial/retail floor space and frontages to demonstrate the continued and future sustainability of the retail network in meeting local and regional community needs.”

In response to Council’s requirement, this Study has been undertaken, which specifically considers the current supply (including competitive centres) and demand for retail in the locality and whether there is a need for additional retail and commercial uses on site and whether it can be supported by the local community.

## 1.1 Structure of report

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

**Chapter 1 | Introduction:** this chapter which includes description of the site and the proposal.

**Chapter 2 | Contextual review:** 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 | Competitive retail landscape:** provides a brief description and size (floor areas) of the competitive centres in the locality.

**Chapter 4 | Market needs assessment:** provides a forecast of the demand for retail floor space in the defined trade area for the subject site based on population growth and expenditure levels. Demand levels are subsequently compared to the existing supply of retail floorspace in the trade area to ascertain if there is a need for additional retail and commercial floorspace on the subject site.

## 2.0 CONTEXTUAL REVIEW

This Chapter 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.

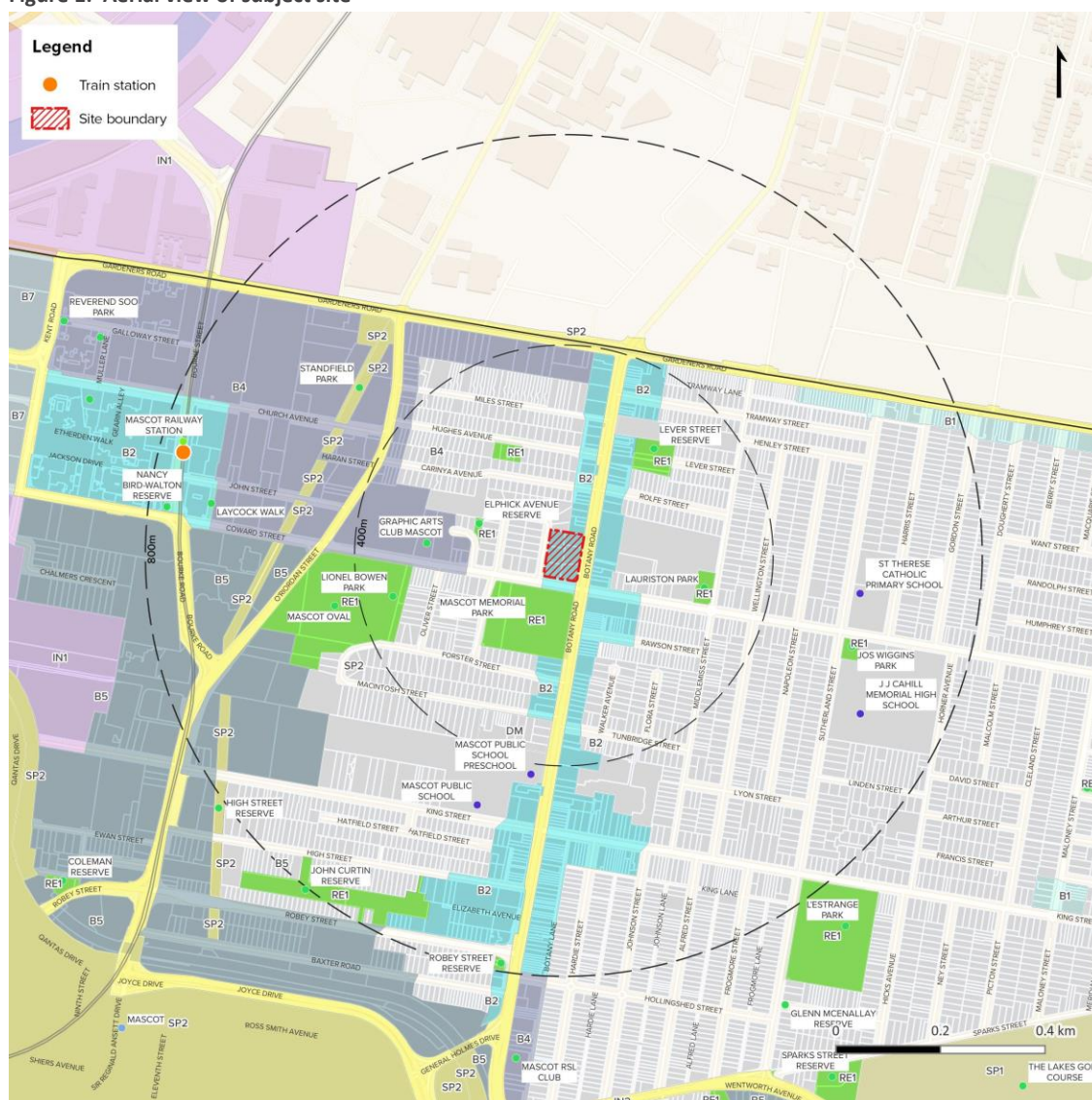
### 2.1 The subject site

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

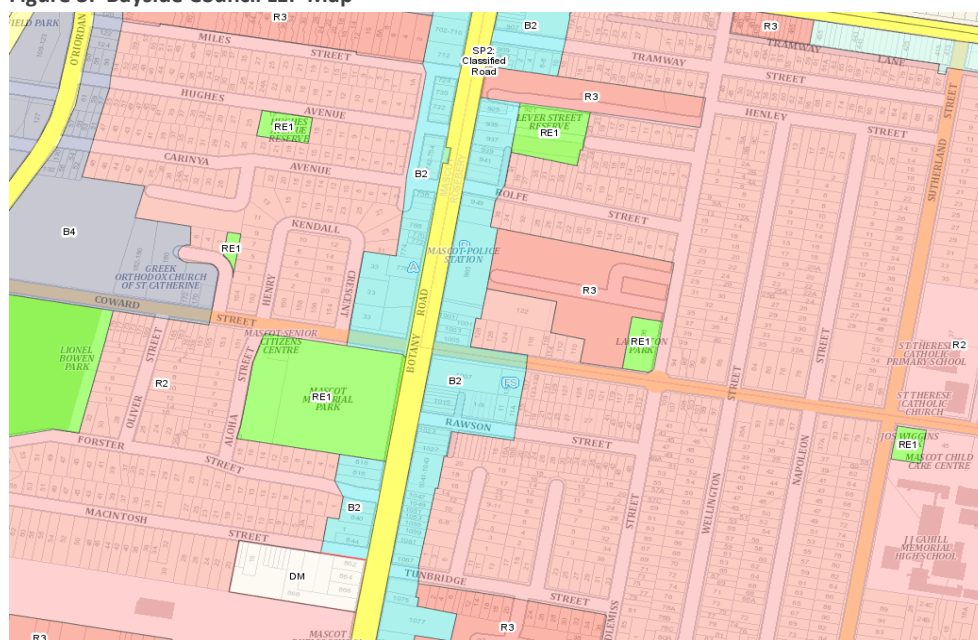
The subject site is zoned for B2 Local Centre in the Bayside Council Local Environmental Plan (LEP) 2021.

## 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>1</sup> approximately 1 km walking distance from the site.

Access and parking constraints severely impact the subject site's capacity to accommodate successful retail and commercial uses on site. 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 2: 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
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.



## Built form

### A residential development over 3 to 8 storeys

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 and will ensure more and better-quality social housing dwellings on site than currently provided on site.



Source: SJB Architects

## 3.0 COMPETITIVE LANDSCAPE

This Chapter undertakes an analysis of the existing and planned commercial centres hierarchy in the area around the subject site. This is important in understanding the competitive context of any retail floorspace on the subject site.

### 3.1 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 3: 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>Local Centre</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>Botany Road, Mascot Mascot Station, including Mascot Central</b>
<b>Neighbourhood centre</b>	A small strip of shops and adjacent residential area within a 5-to-10-minute walk.	<b>Gardeners Road, Rosebery</b>

Source: HillPDA research

### 3.2 Eastlakes town centre

Eastlakes Town Centre's retail provision is largely contained in the BKK Eastlakes Shopping Centre which dates from the 1960's and provides 10,200sqm<sup>2</sup> leasable retail floorspace. The centre is located some 1.5km east of the subject site and is anchored by a full-line Woolworths (3,132sqm)<sup>3</sup> and includes around 48 specialities<sup>4</sup>. The table below includes the composition of the centre by retail store type.

**Table 4: BBK Eastlakes SC composition**

Store Type	Store count	Area (sqm)
Supermarkets and grocery stores	3	3,800
Specialised food stores	8	1,200
Bulky goods stores	-	-
Department stores	-	-
Apparel stores	8	780
Other non-food stores	1	300
Restaurants and fast food services	10	1,000
Personal services	5	370
Commercial	4	750
Vacancy	10	2,000
<b>Total</b>	<b>49</b>	<b>10,200</b>

Source: HillPDA site visit undertaken on 16th August 2022

Based on HillPDA's site survey undertaken in August 2020, the vacancy rate for the centre was extremely high at an estimated 20% as at the time of the survey. As many as half of the apparel stores were also temporary closed,

<sup>2</sup> Source: Property Council of Australia Shopping Centre Directory

<sup>3</sup> Source: Property Council of Australia Shopping Centre Directory

<sup>4</sup> Source: Part 3A Request for Director General's Environmental Assessment Requirements for Eastlakes Shopping Centre, JBA Planning 18<sup>th</sup> February 2011

with the former Aldi store also remaining vacant. The high vacancy rate and tired and dated state of the centre is expected as it is understood that the centre is to be redeveloped as part of new mixed development known as The Grand Eastlakes. The Grand Eastlakes is to be developed over two stages on both sides of Evans Avenue. Stage one has already been delivered and provides 2,800sqm of retail floorspace, including an Aldi of 1,600sqm and metro Woolworths of 436sqm (refer to the table below for a more detailed breakdown by store type of the centre) as well as 133 apartments.

Stage two of The Grand, which is located on the southern side of Evans Avenue and will replace the existing BKK Eastlakes Shopping Centre, will provide a further 357 apartment and 15,900sqm of retail floorspace, including a full line Woolworth's supermarket of 3,800sqm. Construction for stage one is set to commence this year.

**Table 5: The Grand Eastlakes stage one retail centre composition**

Store Type	Store count	Area (sqm)
Supermarkets and grocery stores	2	2,065
Specialised food stores	1	71
Bulky goods stores		
Department stores		
Apparel stores		
Other non-food stores	2	194
Restaurants and fast food services	3	109
Personal services	1	66
Commercial	1	77
Vacancy	2	217
<b>Total</b>	<b>12</b>	<b>2,799</b>

Source: HillPDA site visit undertaken on 16th August 2022

### 3.3 Mascot Botany Road local centre

Mascot is defined as a local centre which runs along both sides of Botany Road and includes the subject site. Retail provision is focused on Botany Road, south of Mascot Public School towards Hollingshed Street. The centre contains an IGA supermarket of some 700sqm GFA<sup>5</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.). Based on the site survey undertaken August 2022 (refer to table below), the centre provides some 8,400sqm of occupied retail floorspace. At the time of the survey vacant shopfront space was estimated at around 3,500sqm with the vast majority of this (around 2,300sqm) in the northern end (north of Mascot Public School and up to Gardeners Road). This high provision of vacant space and low provision of occupied retail floorspace is reflective of the less desirable attributes of this end of the designated local centre and is indicative of the potential challenges that any retail on the subject site will likely face.

<sup>5</sup> Source: HillPDA site visit undertaken on 16th August 2022 and aerial imager sourced from nearmaps

**Table 6: Mascot Botany Road local centre composition**

Store Type	Store count	Area (sqm)
Supermarkets and grocery stores	4	1,100
Specialised food stores	9	1,180
Bulky goods stores*	2	800
Department stores		
Apparel stores		
Other non-food stores	7	1,180
Restaurants and fast-food services	32	3,290
Personal services	11	860
Occupied Retail space	65	8,410
Vacant shopfront space (17%)	22	3,500
Commercial	43	8,600
<b>Total shopfront</b>	<b>130</b>	<b>20,510</b>

Source: HillPDA site visit undertaken on 16th August 2022 \* Does not include auto-related retail or repairs

### 3.4 Mascot station local centre

Mascot Station local centre, is located around 800m<sup>6</sup> west of the subject site. The centre includes a recently developed shopping centre, named Mascot Central of 5,300sqm GLAR. The centre includes a full line Woolworths supermarket (3,150sqm) and around 20 specialty stores. Surrounding the centre along Bourke, Coward and John Streets, there is a further 2,800sqm of estimated retail floorspace including an IGA of around 500sqm just off Bourke Street. The composition of Mascot Station retail and commercial floorspace as sourced from HillPDA's site visit in August 2022 is provided in the table below. Mascot Station is as a transit-orientated activity centre serving the surrounding residential population and local workers.

**Table 7: Mascot Station local centre composition**

Store Type	Mascot Central		Balance of Mascot Station		Total	
	Store count	Area (sqm)	Store count	Area (sqm)	Store count	Area (sqm)
Supermarkets and grocery stores	2	3,150	2	700	4	3,850
Specialised food stores	2	280	4	330	6	610
Bulky goods stores*						
Department stores						
Apparel stores						
Other non-food stores	1	100	1	100	2	200
Restaurants and fast food services	18	1,440	13	1,580	31	3,020
Personal services	6	350	1	80	7	430
Commercial shopfront	3	1,161	5	1,100	8	2,261
Vacant shopfront space	1	20	5	537	6	557
<b>Total shopfront</b>	<b>33</b>	<b>6,501</b>	<b>31</b>	<b>4,427</b>	<b>64</b>	<b>10,928</b>

Source: HillPDA site visit undertaken on 16th August 2022 \* Does not include auto-related retail or repairs

In addition to Mascot Station local centre there is approximately a further 2,500sqm of retail floorspace and 2,000sqm commercial shopfront floorspace provided across the B4 zoned land along Bourke, Coward and John Street and Church Avenue.

<sup>6</sup> Source: Google Maps

## 3.5 Neighbourhood centres

### 3.5.1 Gardeners Road, Rosebery

Gardeners Road, Rosebery neighbourhood 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, with total retail floorspace estimated at 3,690sqm. It also contains a small Woolworths convenience store of 210sqm<sup>7</sup> located in a Caltex petrol filling station along with two other convenience based stores. The composition of the centre is detailed in the below table.

**Table 8: Gardeners Road, Rosebery neighbourhood centre composition**

Store Type	Store count	Area (sqm)
Supermarkets and grocery stores	3	730
Specialised food stores	3	350
Bulky goods stores*	2	230
Department stores		
Apparel stores		
Other non-food stores	7	860
Restaurants and fast food services	8	920
Personal services	7	600
Commercial shopfront	20	2,310
Vacant shopfront space (29%)	12	2,440
<b>TOTAL</b>	<b>62</b>	<b>8,440</b>

Source: HillPDA site visit undertaken on 16th August 2022 \* Does not include auto-related retail or repairs

The inspection of the centre undertaken August 2022 revealed the strip of retail was dated and tired and appeared to be trading poorly as reflected in the high vacancy rates of almost 29%. This is likely due to the less desirable attributes of the location, with poor access and parking constraints. Of the retail floorspace in this local centre around 2,500sqm was located along Gardeners Road between Botany Road and the Australia Post facility.

## 3.6 Other Centres

### 3.6.1 Alexandria Homemaker Centre

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>8</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.

<sup>7</sup> Source: Nearmap

<sup>8</sup> Source: Property Council of Australia NSW/ ACT Shopping Centre Directory 2014/15



## 4.0 MARKET NEEDS ASSESSMENT

This Chapter provides a forecast of the demand for retail floor space in the defined trade area for the subject site based on population growth and expenditure levels. Forecast floorspace demand is subsequently compared to supply in order to determine any residual need for additional retail and commercial floorspace or deficiencies in provision.

The method of demand forecasting is to identify the trade area, current and forecast population of the trade area and retail expenditure generated by the trade area population. Demand for retail space can also be derived from other sources including workers and tourists / day trippers. However the levels generated by workers and tourists are insignificant in this location. For the purpose of this assessment we have confined it to resident population.

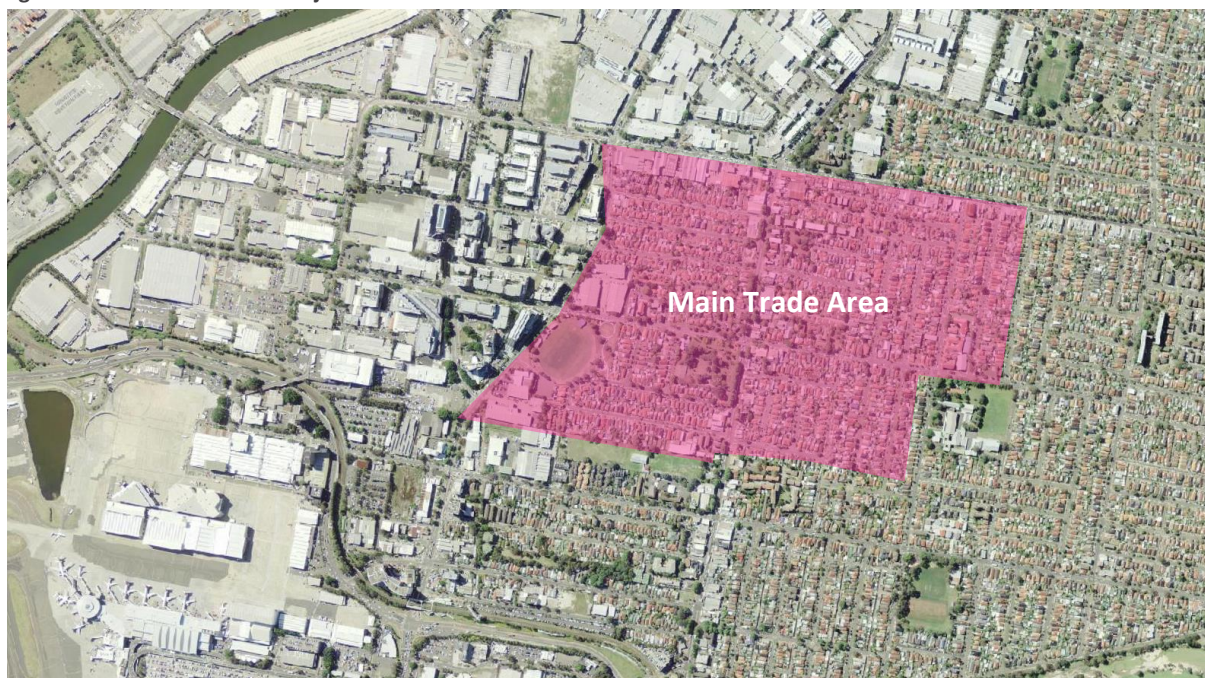
### 4.1 Trade area definition

The residential trade area is determined by a combination of factors including:

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

The trade area has been defined to include the area of the Mascot bound by Gardeners Road to north, Gordan Street and JJ Cahill Memorial High School to the east, Macintosh Street /Tunbridge Street to the south and O’Riordan Street to the west. The trade area is generally confined to the area within 600 to 800 metre of the subject site due to competition at Eastgardens to the east, Mascot Village to the south, and Mascot Central to the west. The trade area is depicted in the figure immediately below.

**Figure 4: Trade area for the subject site**



Source: Sixmaps, HillPDA Research

## **4.2 Population growth**

The trade area had an estimated population of approximately 4,680 residents in 2021 as sourced from ABS Census 2021 and aerial imagery. Based on Transport of NSW population growth rates for the MTA and immediate surrounds HillPDA estimates that the population will increase to 5,380 residents by 2036. The assumed growth rates are consistent with the Forecast.ID population growth rates for the broader area and a desktop review of current development applications for residential development in the trade area.

## **4.3 Resident expenditure**

The trade area population is affluent with average household incomes being 10% higher than Greater Sydney average (Census 2016). Being more affluent they have higher spending levels on retail goods and services. In 2020-21 these residents spent an average \$16,710 on retail goods and services compared to around \$15,200 in Greater Sydney. Total forecast sales from trade area residents is shown in the table immediately below.

**Table 9: Forecast expenditure from trade area residents (2020 dollars) (\$m)**

Year	2021	2026	2031	2036
Population	4,680	4,960	5,190	5,380
Supermarkets and grocery stores	22.7	25.3	27.8	30.3
Specialised food stores	4.8	5.2	5.6	5.9
Bulky goods stores	14.6	15.9	17.0	18.1
Department stores	3.8	4.0	4.2	4.3
Apparel stores	7.4	8.0	8.6	9.2
Other non-food stores	11.2	12.2	13.0	13.9
Restaurants and fast-food services	10.9	12.3	13.7	15.0
Personal services	2.8	3.0	3.2	3.4
<b>TOTAL</b>	<b>78.2</b>	<b>85.9</b>	<b>93.1</b>	<b>100.0</b>

Assumes real growth in retail spend per person per annum at the rates of 1% in food and groceries, 1.2% in food services, 0.5% for non-food retail and -0.25% for department stores generally in line with historic trends over the past 3 decades. Weighted average is around 0.75% per annum.

Sources: Forecast.ID, ABS Census 2016, ABS Retail Turnover, ABS Household Expenditure Survey and HillPDA

Estimating potential retail sales for the proposed centre at the subject site is determined through applying capture rates to household expenditure. Taking to account the area of the site, development controls, constraints, the need for loading and other requirements and retention of the ambulance services the maximum amount of leasable shopfront space would be around 2,000sqm which could include a smaller scale supermarket/grocer (up to 1,200sqm) at best. As such any potential retail on site would capture a relatively low of proportion of expenditure given most shoppers will travel to larger regional centres such as Eastgardens to undertake discretionary goods expenditure and Mascot Central and/or Eastlakes for their main food and grocery shop as these centres provide full-line supermarkets and offer a stronger retail offer. Small or neighbourhood centres (generally those centres below 3,000sqm and with no medium or large supermarket) make up around 10% to 11% of total retail floor space.<sup>9</sup> Capture rates for neighbourhood centres can vary from 5 to 15%<sup>10</sup>, pending on the strength of the retail offer, surrounding competition and level of pedestrianisation.

As established in the 2021 Report, it is highly unlikely that the subject site will be able to secure an anchor tenant and/or provide a niche retail offer such as an eat-street hub or high-end fashion focus due to the limited size of the subject site and its limited access and parking, along with the uninviting pedestrian environment surrounding the site. As such the expenditure capture rates for any retail on site are likely to be low. Notwithstanding this, we have assumed an aspirational capture rate for the retail on site of around 10%, which is in line with a strongly performing neighbourhood centre. The assumed capture rates and total potential retail sales in the trade area are shown in the table below.

<sup>9</sup> ACT Commercial Centres Floorspace 2007 and IBECON "Sydney – Are there enough Shops" 2004

<sup>10</sup> ACT Commercial Centres Floorspace 2007 and IBECON "Sydney – Are there enough Shops" 2004

**Table 10: Total forecast potential retail sales in the trade area (2021 dollars) (\$m)**

Year	Capture Rate	2021	2026	2031	2036
Supermarkets and grocery stores	17.5%	4.4	4.9	5.3	5.8
Specialised food stores	15.0%	0.8	0.9	0.9	1.0
Bulky goods stores	-	0.0	0.0	0.0	0.0
Department stores	-	0.0	0.0	0.0	0.0
Apparel stores	-	0.0	0.0	0.0	0.0
Other non-food stores	12.0%	1.5	1.6	1.7	1.8
Restaurants and fast-food services	12.0%	1.4	1.6	1.8	2.0
Personal services	12.0%	0.4	0.4	0.4	0.5
<b>TOTAL</b>	<b>9.8%</b>	<b>8.4</b>	<b>9.3</b>	<b>10.2</b>	<b>11.1</b>

Please note that the table above shows total potential retail sales in the trade area. Again, actual retail sales will depend on various factors such as the strength of the retail offer and future competition, reputation of restaurants and other factors.

The above table is probably optimistic given the likely proportion of total retail sales captured by neighbourhood centres across the metropolitan. In 2007 across the ACT local centres (centres generally anchored by a small format supermarket) captured only 7% of total retail sales and that proportion had been trending downwards<sup>11</sup>.

Please also note that the above figures make a further assumption that 10% of turnover would be derived from sources outside the trade area. This includes residents that live further to the north, from workers in the locality and day visitors.

#### 4.4 Demand and supply for retail space

Demand for retail space is estimated by dividing potential retail sales by industry standard retail turnover density (RTD) levels. The results are shown in the table immediately below.

**Table 11: Retail Floorspace Demand (sqm)**

Store Type	Target RTD*	2021	2026	2031	2036
Supermarkets and grocery stores	10,500	416	463	509	555
Specialised food stores	9,500	83	91	97	103
Apparel stores	6,000	-	-	-	-
Other non-food stores	6,000	246	268	287	305
Restaurants and fast food services	6,500	222	250	278	306
Personal services	5,000	73	79	85	90
<b>Sub-total demand for retail</b>	<b>8,116</b>	<b>1,040</b>	<b>1,150</b>	<b>1,256</b>	<b>1,359</b>
<b>Existing Supply</b>		<b>3,220</b>	<b>3,220</b>	<b>3,220</b>	<b>3,220</b>
<b>Total demand for retail floorspace</b>		<b>-2,180</b>	<b>-2,070</b>	<b>-1,964</b>	<b>-1,861</b>

\* Sources: Various including ABS Retail Surveys, Shopping Centre News, Urbis Retail Averages, Property Council of Australia, various consultancy studies and HillPDA research

The table above shows that 1,150sqm is supportable by 2026 and 1,360 sqm by 2036. There is currently 3,220sqm of occupied retail floorspace in the trade area. This would suggest there is currently an over-supply of retail floorspace in trade area which will continue to beyond 2036. The above table does not account for the additional vacant shopfront floorspace in the trade area of around 4,000sqm. Any additional retail floorspace provided on the subject site will only exacerbate the situation. The analysis demonstrates that the trade area cannot sustainably support additional retail on site, with the local residents adequately serviced by the existing retail along Botany Road and Gardeners Road, Rosebery to 2036 and beyond. The local community also benefit from close proximity to strong retail offers at Mascot Station and Eastgardens. **Moreover, the high proportion of**

<sup>11</sup> Retailing in Canberra 2009 and Supermarket Retailing in the ACT 2009, ACT Government

**vacant shopfront space in the trade area along Botany Road, as well as Gardeners Road, Rosebery, demonstrates that the site is at high risk and likelihood of long-term commercial vacancies on site,** particularly given the site's poor accessibility and parking constraints, low levels of pedestrianisation and its removed location from the core local centre (i.e. Botany Road south of the Mascot Public School).

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 would yield a stronger. We expect the existing Mascot Village will capture a fair proportion of this spend resulting in an immediate positive impact on the centre. As such we consider the Planning Proposal will yield a substantially stronger outcome for retail network as it will not only reduce the risk of long-term commercial vacancies, but it supports rather than undermines the sustainability of the local retail network.



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