WESTFIELD HURSTVILLE ELP EXPANSION

Economic Impact Statement

Prepared for
SCENTRE GROUP
October 2020

URBIS

URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director	Jeff Armstrong
Associate Director	Fraser Brown
Consultant	Thet Swan, Declan Foley
Project Code	P0027151
Report Number	1

CONTENTS

INTRODUCTION

Urbis has been engaged by Scentre Group to prepare an independent assessment of the economic need, demand and broad impact of the proposed expansion of the Entertainment and Leisure Precinct (ELP) at Westfield Hurstville.

An ELP is broadly defined as an integrated development that incorporates a mix of dining, entertainment and leisure uses. These uses, and the visitation they attract, combine to create a place for the community to socialise and undertake leisure activities.

The report includes the following sections:

- Section 1: Centre Context and Proposed Development
- Section 2: Trade Area Market
- Section 3: Retail Supply & Competitive Context
- Section 4: Development Potential
- Section 5: Economic Need, Demand and Impacts
- Section 6: Conclusion.

GOODS AND SERVICES TAX (GST)

The spending market and turnover estimates presented in this report are inclusive of GST.

MARKETINFO

Retail spending estimates provided in this report are based on the MarketInfo microsimulation model developed by MDS Market Data Systems. MarketInfo is based on the Household Expenditure Survey and Australian National Accounts. Given that the estimates are based on survey data, they will be subject to sampling variability.

ANALYSIS YEARS

Analysis throughout this report relates to financial years (ending June 30) unless otherwise stated.

DEFINITIONS

The following definitions have been adopted for the purposes of this report:

Retail refers to the Australian Bureau of Statistics (ABS) definition adopted for the use in estimating Retail Trade in Australia. This definition is also being used for the purposes of detailing the retail expenditure by residents of Australia using MarketInfo, and also for categorising shopping centre turnover and tenancy details.

Non-Retail therefore refers to various store types, services and expenditure categories, not included in the appropriate Australian & New Zealand Standard Industrial Classification (ANZSIC) included within the scope of the latest Retail and Services Census. The non-retail component includes the following tenancy types:

- Amusements
- Appliance Rental
- Auto Accessories
- Banks and Building Societies
- Cinemas
- Equipment Hire
- Financial & Property Services
- Garden Supplies
- Lottery & Gaming
- Marine Equipment
- Medical and Dental Services
- Offices
- Post Office
- Travel Agency

In this report Urbis classifies the retail market into two main product group as follows:

- **Food and beverage (F&B)**. Example product categories include take-away food, cafes & restaurants
- **Other retail.** Includes all other product categories such as food retail, apparel, homewares, bulky goods, leisure retail, general retail and retail services.

The composition and performance benchmarking data has been sourced from the **2019 Urbis Shopping Centre Benchmarks**. Reported composition and turnover performance of Westfield Hurstville is for the year to February 2020.

CENTRE CONTEXT AND PROPOSED DEVELOPMENT

SITE LOCATION AND CONTEXT

Regional Context

The Hurstville City Centre is located in the Georges River Council local government area (LGA) in the southern suburbs of Sydney, approximately 17 km south of the Sydney CBD by road. In a metropolitan context, Hurstville is designated as a Strategic Centre and functions as a major commercial, retail, and administrative centre in the southern suburbs of Sydney.

Hurstville City Centre is serviced by a train station and bus interchange. Hurstville train station has an average of 47,000 barries entries and exits per day, served by T4 Eastern Suburbs & Illawarra Line (Transport NSW, 2019).

Local Context

Westfield Hurstville is centrally positioned within the Hurstville city centre and via a mall is directly linked with the main shopping strip (Forest Road) and conveniently accessible from the train station (which is located about 50 metres from the Westfield centre). Hurstville Central, which includes a Coles supermarket and range of specialty shops catering to shoppers and commuters, sits above the Hurstville Train Station. Retail activity along Forest Road extends a distance of around 1.1 km from Queens Road to Durham Street. This vibrant strip includes a wide range of cafes, restaurants and take-away food shops as well as services.

RELEVANT PLANNING DOCUMENTATION

This section of the report reviews the planning strategies that are of relevance to the overall vision for the Hurstville Strategic Centre in terms of its revitalisation and future as a diverse and sustainable commercial and community hub. The role of the proposed ELP expansion at Westfield Hurstville in contributing to the key objectives and initiatives of the strategies is also assessed.

South District Plan

The aim of this plan is to manage growth in the context of economic, social and environmental aspects for the South District comprising the three LGAs of Georges River, Canterbury-Bankstown and Sutherland. Planning priorities have been identified to *achieve a liveable, productive and sustainable future for the district".*

Planning priority S9, *growing investment, business opportunities and jobs in strategic centres,* is most relevant to the proposed ELP at Westfield Hurstville as Hurstville has been identified as one of the strategic centres. To achieve this outcome the plan includes action 35 with the most relevant goals as follows:

> *35. Strengthen Hurstville through approaches that:*
> *a. encourage and support shopping centre improvements to better integrate with the surrounding public spaces*
> *b. create a strong sense of place by celebrating Hurstville's cultural diversity..*
> *d. encourage new lifestyle and entertainment uses to activate streets and grow the night-time economy*

ELPs appeal to the market and are successful in creating a strong sense of place, particularly in celebrating cultural diversity by providing a diverse range of cuisines in their food and beverage offer. The provision of leisure/entertainment uses, particularly in a well-designed and safe environment also attracts new and more regular visitors which would have flow on effects for the rest of Hurstville Strategic Centre, particularly in the evenings and weekends.

The plan also emphasises that the "*South District will need to accommodate more than 680,000 sq.m of additional retail floorspace over the next 20 years",* to address the needs of the growing market in this region of Sydney. The proposed expansion of the ELP in Westfield Hurstville will contribute to the future requirement of new F&B and retail floorspace.

Hurstville Place Strategy

The objective of the Hurstville Place Strategy is to facilitate the enhancement of the Hurstville City Centre, setting actions that support the existing character, and direct the future growth by supporting and enabling the City Centre's position as an attractive, well-functioning and economically viable location for investment.

The vision of the Hurstville Place strategy is to lead "*the transformation of Hurstville through innovative, economic, cultural and infrastructural improvements".* The strategy outlines 12 key priority projects to achieve this vision, the most relevant priority projects to the proposed ELP in Westfield Hurstville include:

- A bustling night-time economy
- Create a green and open Hurstville.

The fostering of a night-time economy in Hurstville will improve quality of life with additional after work recreation and social opportunities for residents, visitors, and workers. The strategy outlines the night-time economy of Hurstville is:

> *"ready to be captured [by] enhancing the dining, shopping, cinema, gyms, market, gallery, live entertainment, pub and club opportunities that already call Hurstville home, while new opportunities and ideas await those that are soon to realise the potential of this City Centre".*

The proposed ELP at Westfield Hurstville will integrate new dining and entertainment/leisure uses with the existing cinema creating the potential to facilitate late trading hours, support job growth and encourage businesses that operate in the evening to locate to Hurstville.

Creating additional open space is a priority of the strategy as:

> *"Delivering multi-purpose open space will significantly contribute to overall City Centre perceptions and satisfaction, as well as the current shortfall of quality open space and greenery"*

Westfield Hurstville will include a community green space and a children's play area on the rooftop level in the proposed ELP encouraging social interaction and inclusivity leading to a more positive perception and engagement with the Hurstville Strategic Centre.

The strategy also highlights that the night-time economy will further benefit from the inclusion of open space with the potential to hold events in synergy with other uses of the ELP.

Georges River 2050 - Leading for Change

The *Georges River 2020 – Leading for Change* plan was designed to provide a 30-year planning outlook for the Georges River LGA in promoting the following project outcomes:

- Accessible
- Green
- Diverse
- Innovative.

The project outcome of being diverse ensures *"social and cultural communities are celebrated and connected. All residents, workers and visitors enjoy cultural and entertainment facilities, events and innovative and creative spaces"* and is most relevant to the provision of an ELP at Westfield Hurstville.

To achieve these project aspirations the Georges River LGA has set targets to support decision-making and implementation, the most relevant to the proposed ELP being:

- A stronger local economy supported by a variety of jobs with a higher amount of jobs occupied by residents and accessible within 30 minutes.

The proposed ELP expansion will succeed in creating opportunities for local employment with additional dining and entertainment facilities. Additional visitors will also be attracted to Hurstville generating new economic activity, particularly in helping to activate a night-time economy.

EXISTING WESTFIELD HURSTVILLE CENTRE AND PROPOSED DEVELOPMENT

Existing Westfield Hurstville Centre

Westfield Hurstville currently provides approximately 59,750 sq.m of Gross Lettable Area (GLA), including around 55,000 sq.m floorspace occupied by retail tenants.

Major retail tenants in Westfield Hurstville include Big W and Kmart discount department stores, and Coles, Woolworths and Aldi supermarkets, together with a Dan Murphy's liquor store. The centre also has over 260 mini-major and specialty shop retailers which positions it as the main shopping destination in Hurstville. An existing 7-screen cinema, operated by Events, is located on Level 4 which is co-located with the existing casual dining precinct.

The main pedestrian entrance is located on Forest Road, opposite Hurstville Central and the Hurstville train station, while car parking is accessible via the Avenue, Park Road, Rose Street and Cross Street.

Proposed Development

The proposed development at Westfield Hurstville involves an expansion of the existing Entertainment and Leisure Precinct (ELP) on Level 4 as well as other improvements that integrate with this precinct. Overall, gross leasable area (GLA) is in the centre is proposed to be increased by a net additional 2,381 sq.m of GLA to the existing shopping centre, including 1,261 sq.m for food and beverage uses and 1,120 sq.m for non-retail entertainment uses. Upon completion the centre would provide 62,127 sq.m of GLA, an increase of 4% from the current floorspace of 59,750 sq.m.

Existing and Proposed GLA

Westfield Hurstville — Table 1.1

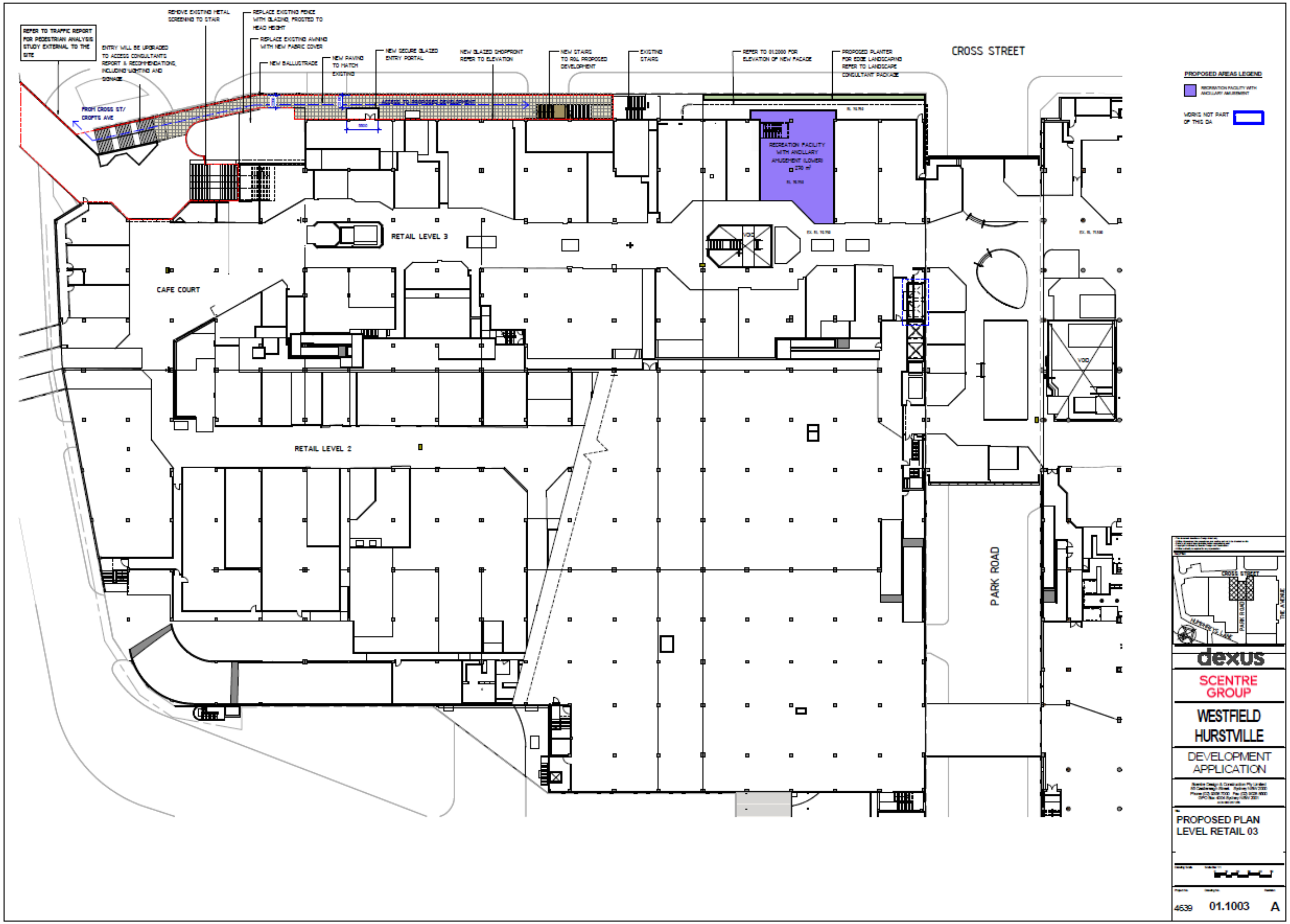
	Existing GLA* sq.m	Incremental GLA sq.m	Proposed GLA sq.m
Major Tenants	23,614	0	23,614
Mini-Major & Retail Specialties	31,345	+1,261	32,606
Total Retail	**54,959**	**+1,261**	**56,220**
Other (Incl Cinemas & Entertainment)	4,787	+1,120	5,907
Total Centre	**59,746**	**+2,381**	**62,127**

**At Feb 2020*

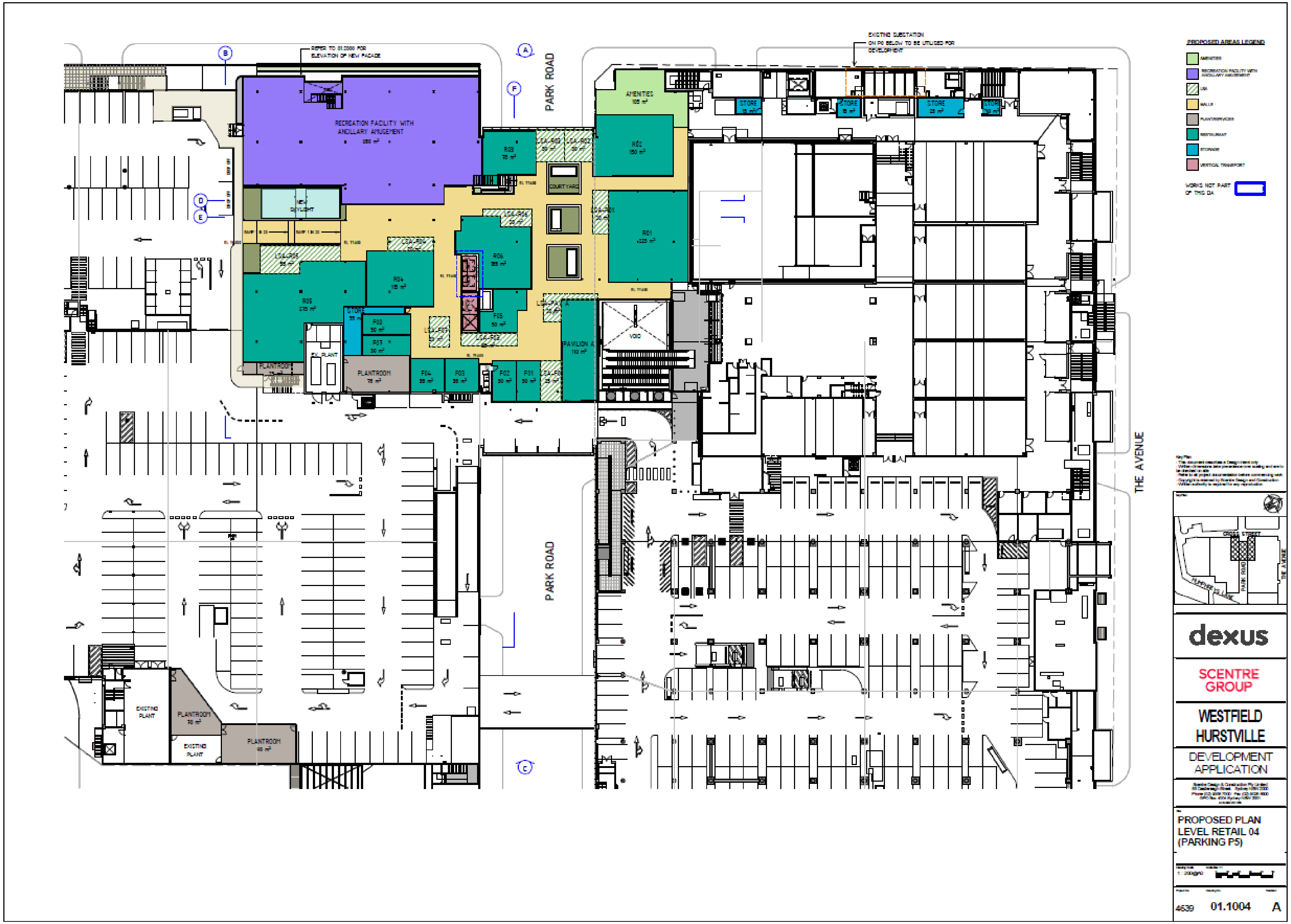
Source: Scentre Group; Urbis

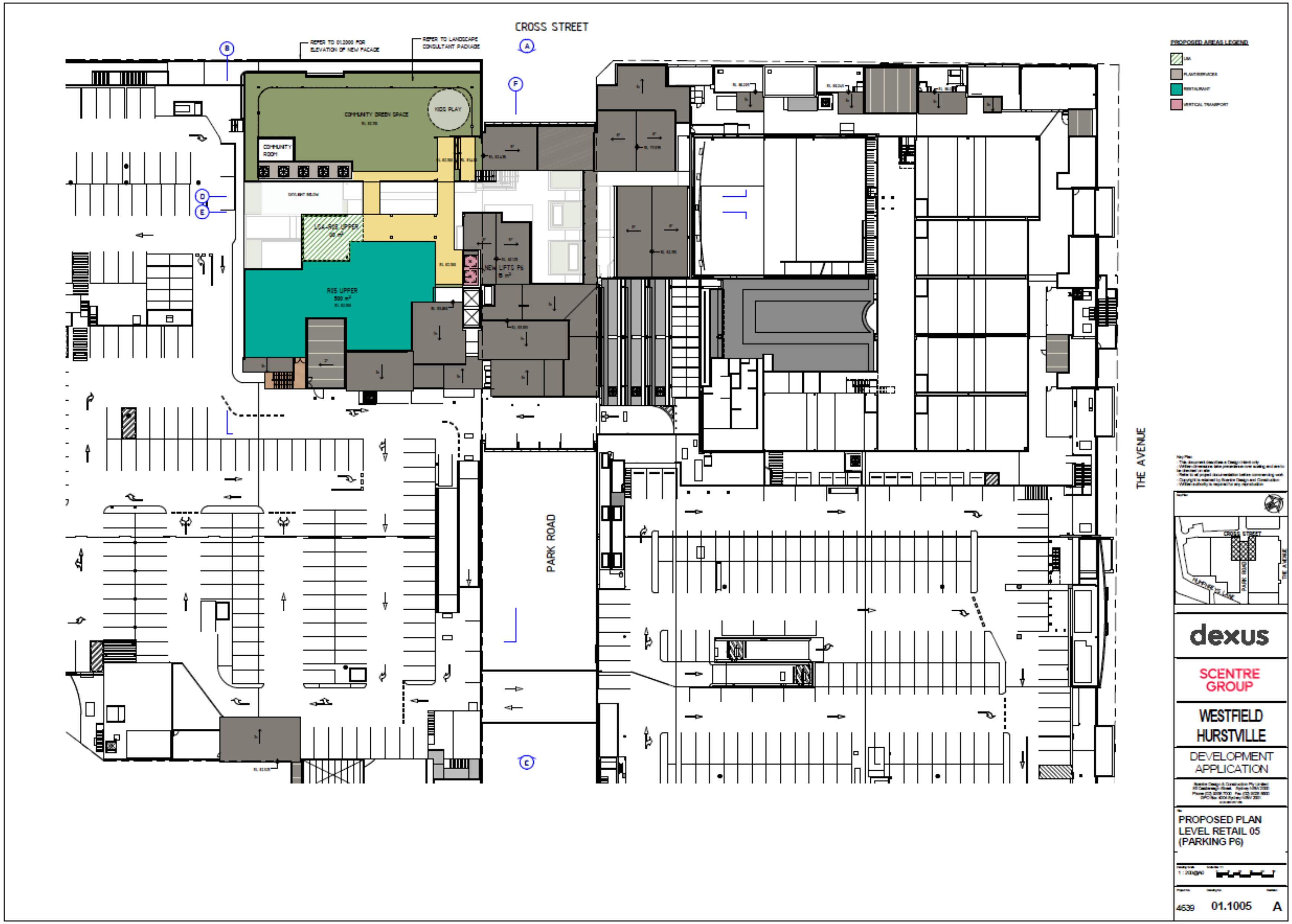
The key elements of the proposed development scheme are illustrated in the figures provided on the pages overleaf and include:

- A minor configuration of the retail area in Level 3 which involves replacing retail floorspace with the proposed indoor recreation space.
- Expansion of the entertainment and leisure precinct on Level 4 and 5 to accommodate an indoor recreation centre and 15 retail tenancies. The existing casual dining precinct with five food & beverage tenants is replaced by the larger ELP.
- Upon the completion the expanded ELP will include 1,620 sq.m of food & beverage tenants and 4,352 sq.m of entertainment and recreation uses (including the existing cinemas)
- A rooftop open space, including a children's play area.



REFER TO TRAFFIC REPORT FOR PEDESTRIAN ANALYSIS STUDY EXTERNAL TO THE SITE
REMOVE EXISTING METAL SCREENING TO STAIR
REPLACE EXISTING FENCE WITH GLAZING, FROSTED TO HEAD HEIGHT
REPLACE EXISTING AWNING WITH NEW FABRIC COVER
ENTRY WILL BE UPGRADED TO ACCESS CONSULTANTS REPORT & RECOMMENDATIONS, INCLUDING LIGHTING AND SIGNAGE
NEW BALLUSTRADE
NEW PAVING TO MATCH EXISTING
NEW SECURE GLAZED ENTRY PORTAL
NEW GLAZED SHOPFRONT REFER TO ELEVATION
NEW STAIRS TO RGL PROPOSED DEVELOPMENT
EXISTING STAIRS
REFER TO 01.2000 FOR ELEVATION OF NEW FACADE
PROPOSED PLANTER FOR EDGE LANDSCAPING REFER TO LANDSCAPE CONSULTANT PACKAGE
CROSS STREET
FROM CROSS ST/ CROFTS AVE
RECREATION FACILITY WITH ANCILLARY AMUSEMENT (LOWER) 270 m²
RETAIL LEVEL 3
CAFE COURT
RETAIL LEVEL 2
PARK ROAD
VOID
PROPOSED AREAS LEGEND
WORKS NOT PART OF THIS DA
dexus
SCENTRE GROUP
WESTFIELD HURSTVILLE
DEVELOPMENT APPLICATION
PROPOSED PLAN LEVEL RETAIL 03
4639
01.1003
A


PARK ROAD
PARK ROAD
THE AVENUE
RECREATION FACILITY WITH
ANCILLARY AMUSEMENT
AMENITIES
PAVILION A
PLANTROOM
EXISTING PLANT
VOID
COURTYARD
NEW SKYLIGHT
PROPOSED AREAS LEGEND
WORKS NOT PART OF THIS DA
dexus
SCENTRE GROUP
WESTFIELD HURSTVILLE
DEVELOPMENT APPLICATION
PROPOSED PLAN
LEVEL RETAIL 04
(PARKING P5)
4539
01.1004
A


CROSS STREET
PARK ROAD
THE AVENUE
COMMUNITY GREEN SPACE
KIDS PLAY
COMMUNITY ROOM
ROS UPPER
NEW LIFTS P6
PROPOSED AREAS LEGEND
dexus
SCENTRE GROUP
WESTFIELD HURSTVILLE
DEVELOPMENT APPLICATION
PROPOSED PLAN LEVEL RETAIL 05 (PARKING P6)
4539
01.1005
A

TRADE AREA MARKET

RESIDENT TRADE AREA DEFINITION

The trade area for a shopping centre is defined based on several factors, including but not limited to:

- The scale and tenant mix of the centre
- Accessibility, including road and public transport
- Geography and physical barriers
- The type and scale of competing centres; and
- Other co-located uses that can drive visitation to the location.

The trade area for Westfield Hurstville has been defined taking into account of the above factors, as well as the spending patterns of residents based on analysis of bank card transaction data.

The trade area served by Westfield Hurstville covers a large proportion of Sydney's southern suburbs [refer to Map 2.1]. The region incorporates a diverse range of demographics, cultures and household types, ranging from established families in separate dwellings and young professionals in high density residential apartment buildings.

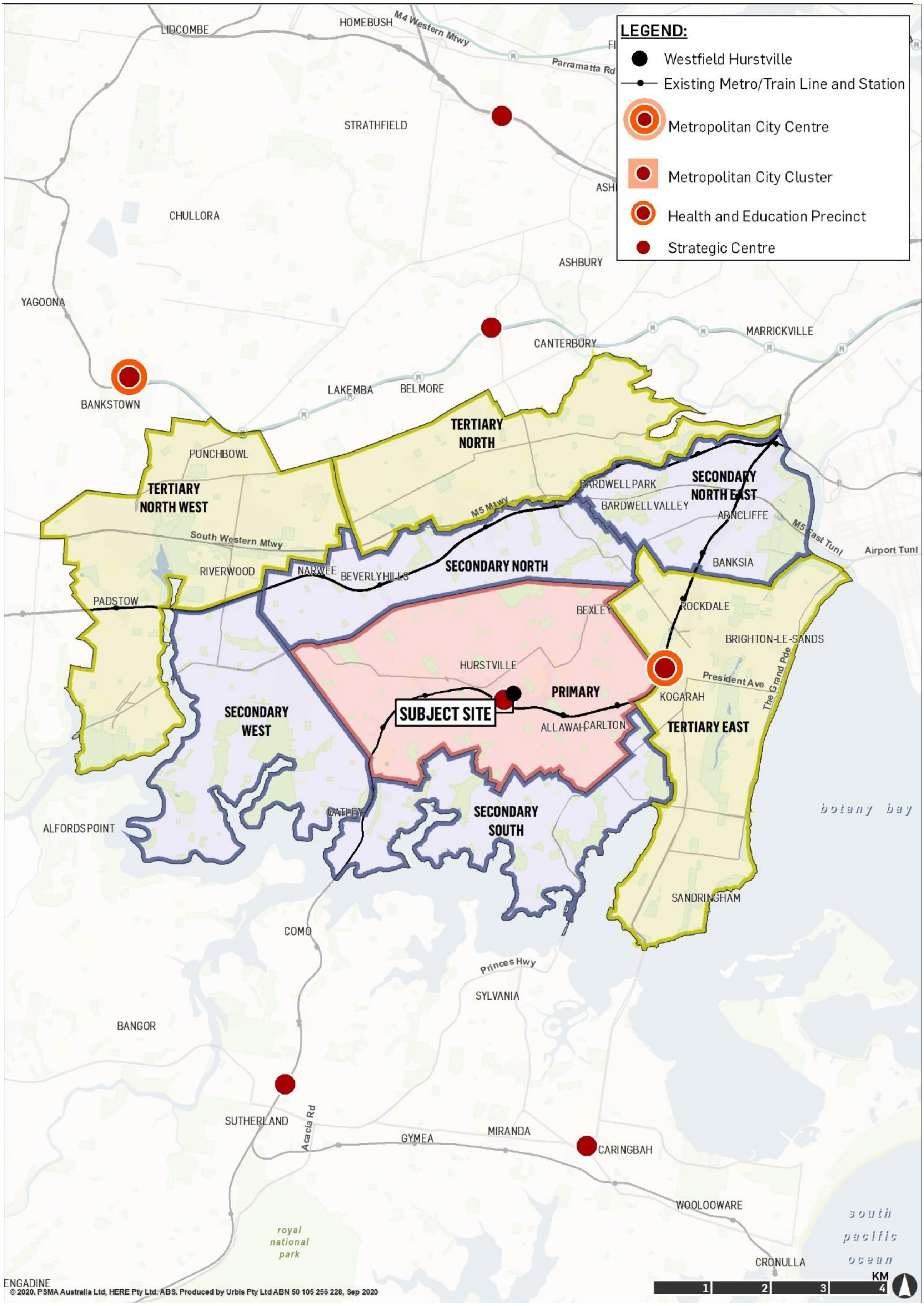
The trade area for Westfield Hurstville is outlined as follows:

- The **primary trade area** mainly includes Hurstville, Penshurst, Allawah, South Hurstville, Carlton and South of Bexley. It extends approximately 4 km west from Westfield Hurstville to Mortdale and 3 km to the east, capturing some part of Kogarah
- The **secondary north trade area** extends north of the primary trade area and comprises of the suburbs Beverley Hills, south of Kingsgrove, Narwee, Bexley North and northern part of Bexley
- The **secondary north-east trade area** is situated about 7km north-east from Westfield Hurstville and is bounded by Cooks River to the east. The suburbs that are within the trade area include Bardwell Park, Bardwell Valley, Turrella, Wooli Creek, Arncliffe, and Banksia
- The **secondary south trade area** is bounded by Georges River to the south and includes the eastern part of Oatley and the western part of Beverley Park. Other suburbs include Hurstville Grove, Connells Point, Kyle Bay, Blakehurst, Carss Park and Kogarah Bay
- The **secondary west trade area** extends to Georges River in the west and south and to Riverwood suburb in the north. It captures western parts of Mortdale and Oatley, Peakhurst, Peakhurst Heights and Lugarno
- The **tertiary north trade area** sits about 4.5 km north of Westfield Hurstville and comprises of the northern part of Kingsgrove and Beverly Hills. It extends east to Earlwood, west to Roselands and north to Campsie
- The **tertiary east trade area** extends east towards Botany Bay from Westfield Hurstville, capturing suburbs along Botany Bay, south to Sans Souci and north to Kyeemagh. It also includes eastern part of Bexley and Beverley Park, Kogarah and Rockdale
- The **tertiary north west trade area** extends north-west to Roselands Shopping Centre up to Punchbowl, west to Padstow and Padstow Heights.

In combination, the primary and secondary trade areas are referred to as the main trade area, while the combination of main trade area and tertiary trade areas is referred to as the total trade area.

Trade Area Map with Strategic Centres

Map 2.1



POPULATION FORECASTS

Westfield Hurstville's trade area has achieved population growth of 1.5% per annum over the last five years.

As of June 2020, the total trade area population is estimated at 375,820, including 217,760 in the main trade area and 95,070 in the primary trade area.

The population forecast for the trade area has taken into consideration the official state government population forecasts as well as potential impacts of the COVID-19 on the key population growth components. COVID-19 is expected to have an impact on population growth over the short to medium term (e.g. overseas migration levels), with the forecasts estimated to return to official forecast growth from around 2025 onwards.

The 5-year average growth rate for the total trade area is forecast to slow to 0.7% per annum between 2020 and 2025 but is expected to return to growth of 1.1% per annum between 2025 and 2030. By 2030, the total trade area is estimated to grow to 410,700 residents, including 238,070 in the main trade area and 99,630 in the key primary trade area.

Resident Population

Westfield Hurstville Trade Area — Table 0.1

	Population (no.)[1]				Annual Population Growth (%)			Annual Population Growth (no.)		
	2015	2020	2025	2030	15-20	20-25	25-30	15-20	20-25	25-30
Primary:										
Total Primary	**89,690**	**95,070**	**97,060**	**99,630**	**1.2%**	**0.4%**	**0.5%**	**1,076**	**398**	**514**
Secondary:										
North	30,410	31,880	32,780	33,580	0.9%	0.6%	0.5%	294	180	160
North East	29,690	37,900	41,580	48,460	5.0%	1.9%	3.1%	1,642	736	1,376
South	24,170	25,070	26,000	26,710	0.7%	0.7%	0.5%	180	186	142
West	26,200	27,850	28,620	29,700	1.2%	0.5%	0.7%	330	154	216
Total Secondary	**110,470**	**122,700**	**128,980**	**138,440**	**2.1%**	**1.0%**	**1.4%**	**2,446**	**1,256**	**1,892**
Main Trade Area	**200,160**	**217,760**	**226,040**	**238,070**	**1.7%**	**0.7%**	**1.0%**	**3,520**	**1,656**	**2,406**
Tertiary:										
North	36,850	39,280	40,360	42,250	1.3%	0.5%	0.9%	486	216	378
East	65,860	70,520	72,720	75,490	1.4%	0.6%	0.8%	932	440	554
North West	44,880	48,270	50,270	54,890	1.5%	0.8%	1.8%	678	400	924
Total Tertiary	**147,600**	**158,060**	**163,350**	**172,630**	**1.4%**	**0.7%**	**1.1%**	**2,092**	**1,058**	**1,856**
Total Trade Area	**347,760**	**375,820**	**389,400**	**410,700**	**1.6%**	**0.7%**	**1.1%**	**5,612**	**2,716**	**4,260**

1. As at June
Source: ABS; Urbis

KEY SOCIO-ECONOMIC CHARACTERISTICS

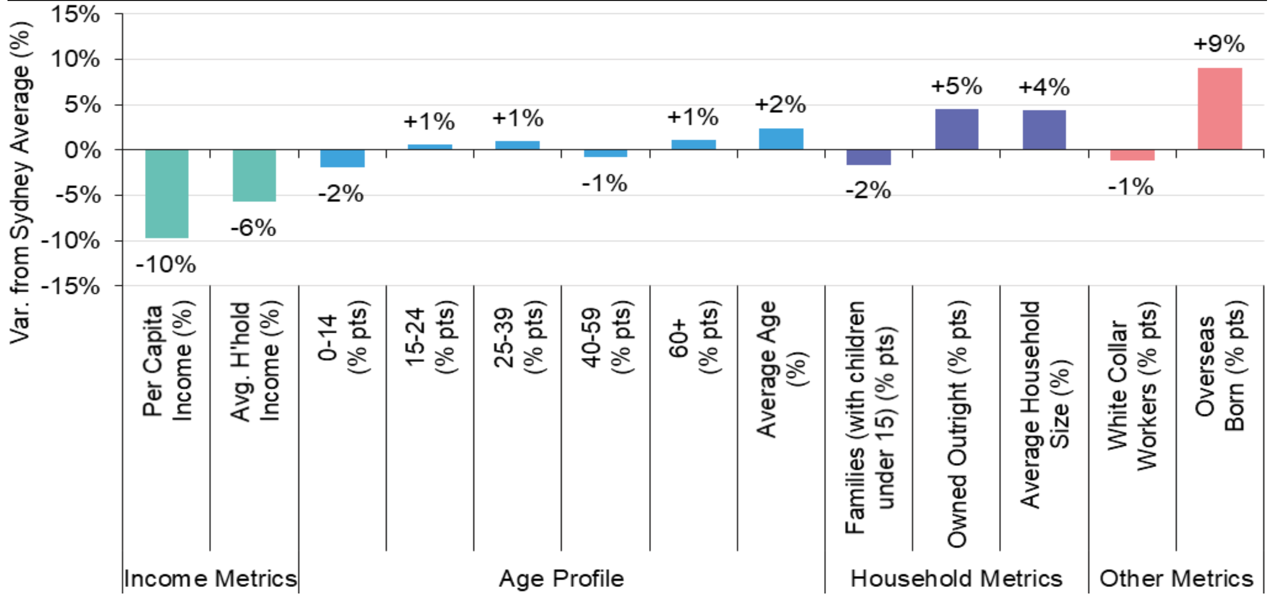
A summary of demographic indicators, based on data from the 2016 Census, for the main trade area is shown in Chart 2.1. In summary, the trade area includes a diverse mix of households but is generally characterised by a high degree of ethnic diversity, notably people with Chinese ancestry, established families and with development of new high density apartment buildings a growing number of singles and couples and young professionals.

The key features of the main trade area market include:

- Average household income in the main trade area is around 6% lower than the Sydney average.
- The trade area residents represent a slightly older demographic with an average age of 38, compared to Sydney average of 37.
- Families with children are well-represented, making up 49% of all households in the main trade area and 48% of those in the total trade area.
- Approximately 36% of the main trade area's households own their homes outright, compared with 31% in Sydney. The proportion of households paying off a mortgage (33%) and those renting (34%) is lower than Sydney average, which suggests disposable incomes would be relatively better than indicated by the household income figures.
- The main trade area includes a culturally diverse population with almost half of residents born overseas. Chinese born residents account for the largest share of overseas-born residents and represent 15% of all residents in the main trade area.

Key Main Trade Area Demographics (2016 Census)

Westfield Hurstville Main Trade Area — Chart 0.1



Source: ABS; Urbis

RETAIL EXPENDITURE

Based on the estimates for population and per capita spending, the total retail spending market generated by trade area residents is estimated at $5.2 billion in 2020, including $0.9 billion on food and beverage items *[Refer Table 2.2].* As a share of total retail spending food and beverage accounts for 17.4% of trade area resident spend, which is in-line with the Sydney average.

Retail expenditure by total trade area residents is forecast to grow to $6.1 billion by 2030 ($2020, incl. GST). This represents average annual growth of $89 million, or around 1.6%, per annum over this period (in constant dollar terms). Food and beverage expenditure by trade area residents is forecast to increase by around 15% from $910 million to $1.05 billion over the next decade.

Retail Expenditure By Category and Trade Area

Westfield Hurstville Trade Area ($2020, incl. GST) — Table 0.2

	Food & Beverage	Other Retail	**Total Retail**	Annual Growth	=	Pop Growth	+	Spend Per Capita Growth
Primary Trade Area:								
2020	240	1,052	**1,292**					
2025	250	1,106	**1,356**	1.0%		0.4%		0.6%
2030	265	1,189	**1,454**	1.4%		0.5%		0.9%
Main Trade Area:								
2020	542	2,541	**3,083**					
2025	575	2,714	**3,288**	1.3%		0.7%		0.5%
2030	625	2,991	**3,616**	1.9%		1.0%		0.9%
Total Trade Area:								
2020	911	4,308	**5,219**					
2025	963	4,591	**5,555**	1.3%		0.7%		0.5%
2030	1,048	5,065	**6,113**	1.9%		1.1%		0.9%

Source: ABS; MarketInfo; Urbis

NON-RESIDENT MARKETS – LOCAL WORKERS

In addition to trade area residents, workers in the Hurstville city centre are also a significant contributor to retail spend at Westfield Hurstville, particularly in terms of expenditure on food & beverages and services.

Based on data reported by Transport for NSW, it is estimated that the Hurstville City Centre has a workforce of around 9,760 as of June 2020.

Having regard for short term impacts of the COVID-19 pandemic on employment levels, the workforce of the Hurstville City Centre is estimated to increase by an average of 1.1% per annum from 2020 to 2030. Annual retail expenditure by Hurstville City Centre workers is estimated to grow from around $48 million in 2020 to $56 million by 2030, with food and beverage expenditure estimated to grow from around $17 million to $19 million (constant $2020, incl. GST).

Hurstville City Centre

Non-Resident Market Segments ($2020, incl. GST) — Table 0.3

	Population			**Total Spend ($M)**			**F&B Spend ($M)**		
	2020	2030	Growth p.a.	2020	2030	Growth p.a.	2020	2030	Growth p.a.
Non-resident Market Segments:									
Workers	9,760	10,930	1.1%	$48	$56	1.6%	$17	$19	1.5%

Source: ABS; Urbis

FOOD AND BEVERAGE RETAIL AND ENTERTAINMENT SUPPLY

This section of the report outlines a review of the food and beverage retailing and entertainment uses within the Hurstville City Centre, as well as across Westfield Hurstville's broader catchment. These uses are of most relevance to the range of tenants proposed for the expansion of the ELP at Westfield Hurstville.

HURSTVILLE CITY CENTRE

Overview

Hurstville City Centre serves as an important shopping, dining and entertainment destination in the southern suburbs of Sydney. Based on a field visit and physical inspection of tenancies, the city centre is estimated to currently provide over 400 retail tenants, including around 130 food & beverage tenants, and several entertainment uses. Refer to Table 3.1. In total, the city centre has over 480 shopfront type tenancies, including 16% occupied by non-retail uses/services.

The main retail activity nodes, i.e. Westfield Hurstville, Hurstville Central and Forest Road, account for over 90% of retail tenancies in the city centre. Of these key nodes the main retail function is as follows:

- Westfield Hurstville is the main shopping destination accounting for the vast majority of fashion and other discretionary retailing but also serves a significant role in catering to day-to-day shopping needs (includes three supermarkets) and, with the cinemas and existing ELP, has a key role in dining and entertainment activities.
- Hurstville Central's offer mainly caters to workers and commuters in the city centre. Coles also extends its role to everyday grocery needs for the surrounding resident population.
- Forest Road includes the broadest range of food & beverage tenants in the city centre and is a destination for people seeking an Asian cuisine and food/grocery experience. The shopping strip also includes a mix of services and convenience based retailing and non-retail uses that serves workers and residents.

The balance of the Hurstville City Centre includes a wide range of retail shops that extends the overall retail offer and complements the role of Forest Road, Westfield Hurstville and Hurstville Central. Overall, the Hurstville City Centre provides a diverse retail experience that underpins the overall vibrancy and appeal of the activity centre. Consequently, vacancy levels are low particularly in the prominent retail areas of the city centre.

Retail Tenants

Hurstville City Centre (including Westfield Hurstville) Table 3.1

Westfield Hurstville:	Unit	Food & Beverage	Other Retail	Total Retail
No. of Tenants	No.	47	163	210
GLA	sq.m	2,954	52,005	54,959
Other Hurstville City Centre:				
No. of Tenants	No.	87	106	193
GLA	sq.m	9,800	14,500	24,300
Total Hurstville City Centre:				
No. of Tenants	No.	134	269	403
GLA	sq.m	12,754	66,505	79,259

Source: Scentre Group; Urbis

Food and Beverage Offer

In total, there is an estimated 134 food & beverage tenants in the Hurstville City Centre, consisting of 47 tenants in Westfield Hurstville and an estimated 87 tenants in the balance of the City Centre.

The key features of the food & beverage (F&B) offer in the Hurstville City Centre are as follows:

- Food & beverage tenancies account for a third of retail tenancies in the City Centre.
- Within Westfield Hurstville, the F&B offer includes:
  - The existing small rooftop dining precinct (5 tenants).
  - Two food courts.
  - A range of cafes throughout the centre.
- Within the balance of the City Centre:
  - Almost half are Chinese restaurants/cafes/take-away food shops.
  - Japanese and a mix of other Asian cuisines are also prominent in the City Centre.

Food and Beverage Tenants by Cuisine

Hurstville City Centre — Table 3.2

	Balance of City Centre		Westfield Hurstville		Hurstville City Centre	
	No. of Tenants	% of Tenants	No. of Tenants	% of Tenants	No. of Tenants	% of Tenants
Chinese	43	49%	6	13%	49	37%
Café	8	9%	12	26%	20	15%
Japanese	8	9%	5	11%	13	10%
Milk tea	7	8%	5	11%	12	9%
Fast Food	4	5%	4	9%	8	6%
Kebab	1	1%	3	6%	4	3%
Juice	1	1%	2	4%	3	2%
Pub	3	3%	0	0%	3	2%
Korean	3	3%	0	0%	3	2%
Thai	1	1%	2	4%	3	2%
Chinese/Bar	2	2%	0	0%	2	1%
Indian	1	1%	1	2%	2	1%
Malaysian	2	2%	0	0%	2	1%
Other	3	3%	7	15%	10	7%
Nepalese	0	0%	0	0%	0	0%
Total	**87**	**100%**	**47**	**100%**	**134**	**100%**

Source: Scentre Group; Urbis

Entertainment Uses

Currently there is a modest range of entertainment uses throughout the Hurstville City Centre with the entertainment offer mainly based around the:

- 7-screen Event cinema complex at Westfield Hurstville;
- Hurstville RSL, which hosts live music events; and
- Hurstville Entertainment Centre, which hosts live events.

There is no ancillary entertainment offer (e.g. bowling, laser tag, large scale arcade/amusements, children play facilities, etc.) which are typically provided in major activity centres.

Future Developments

Significant development is planned over the next decade in the Hurstville City Centre, with further investment driving an increase in the immediate worker and resident populations. In particular, there is a range of developments either underway, proposed or mooted which will have considerable impact on the composition of uses, level and diversity of activity and place value of the Hurstville City Centre, with several examples provided below:

- One Astra Square – 14 storey commercial complex, including retail tenancies, situated adjacent to Westfield Hurstville.
- Beyond (Fridcorp) – a major mixed use development including 886 residential apartments and food and beverage facilities.
- Forest Road – 3 to 20 storey mixed use development across 4 buildings with a mix of commercial, residential, hotel and retail uses.
- Travelodge & Club Central – 9-storey building including extension to the existing Club Central and tourist and visitor accommodation to comprise 125 rooms.

These developments, together with other small projects, will drive change across the broader City Centre and increase demand for retail shops and services, including food and beverage retailers, and entertainment uses. A greater breadth and depth of retail and entertainment facilities will be required to serve the diverse and growing customer segments that visit and live in the City Centre and will support the provision of stronger people-based and civic places. The greater density and diversity of activity will also establish a stronger night economy in the Hurstville City Centre.

OTHER KEY RETAIL AND ENTERTAINMENT LOCATIONS

In the southern suburbs of Sydney, there is a broad range of dining and entertainment destinations serving the needs of the local resident and worker populations as well as visitors to the area. All of these precincts have unique attributes, drawcards and demand drivers and have varying catchments ranging from mainly local suburbs to more regional / metropolitan areas. The visitation and expenditure patterns for dining and quick meals is therefore highly dispersed.

Within or just beyond the trade area for Westfield Hurstville some notable food & beverage and entertainment destinations include the cinemas and dining precinct along King Georges Road in Beverly Hills, the ELP at Westfield Miranda, Kogarah town centre, waterfront offers such as Brighton Le Sands and local strips such as provided in Oatley.

Across the trade area the provision of entertainment uses is relatively limited, with examples including the following:

- A billiard centre at Hurstville in the primary trade area
- Inflatable World at Peakhurst in the secondary south trade area
- Laser skirmish at Turrella in the secondary north-east trade area
- A bowling alley at Revesby outside of the secondary west trade area.

PROPOSED DEVELOPMENTS

There are a few retail developments within the trade area, offering F&B options, that would have varying levels of trading impact on Westfield Hurstville and the overall Hurstville City Centre in the short to medium term, including the following:

- **Roselands Shopping Centre**. This development is situated 6.2 km to the north-west of Westfield Hurstville in the secondary north trade area. The first stage of the redevelopment was completed in late-2019, introducing new Woolworths and Aldi supermarkets, and a refurbished Coles. The remaining stages are expected to be completed by the end of 2023, however specific details around the expansion are unclear at this stage.

- **Bankstown Central Redevelopment**. This development is situated beyond the defined trade area, 10 km north-west of Westfield Hurstville. The redevelopment of Bankstown Central is proposed to include mixed use development, including apartments, commercial buildings and a hotel. The first development applications comprise an “Eat Street” with approximately 2,000 sq.m for new restaurants and cafes on ground level of a seven-storey commercial building along with a standalone café-style pavilion. This development is part of a 2050 vision and will 30,000 sq.m of mixed-use development area across 16 development sites

- **Kogarah Station Precinct**. This development is located 2.5km east of Westfield Hurstville. The development would be expected to significantly upgrade the Kogarah Station Precinct including the transport interchange and Kogarah Town Centre. In addition to improving connectivity in the station, the development will also deliver additional retail space. This development is still in the early planning stages.

ECONOMIC NEED, DEMAND AND IMPACT

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

MARKET NEED AND DEMAND

The market need and demand for the proposed ELP expansion at Westfield Hurstville is supported by the following:

- **Responds to market demand with additional supply**. The existing food and beverage offer a Westfield Hurstville performs at above benchmark levels, indicating that demand is outpacing supply at the centre. The proposed expansion of the ELP is therefore supported by the existing market conditions and will provide a broader range of offer for customers.
- **Cater to future market growth**. Westfield Hurstville's proposed ELP expansion will be integral in addressing the future growth in market demand. From 2020 to 2023 (the proposed opening year of trade of the expanded ELP), food & beverage expenditure by trade area residents is estimated to grow by around $29 million. The new developments in the Hurstville City Centre, including new residential and office buildings, will increase the level of visitor and worker activity in the City Centre. This will provide a further increase in demand for food & beverage retailing and entertainment uses in the City Centre.
- **Protection of the Hurstville City Centre**. It is important for Hurstville City Centre to evolve and grow in order to protect and support its market position in the face of increased competition, particularly in the entertainment and leisure space. Increasingly, shopping centre developments and expansions are placing a greater focus on food and beverage and entertainment as major drawcards. The expansion of the ELP at Westfield Hurstville will further entrench the Hurstville City Centre's position as a major dining and entertainment destination and will protect its position from competitive developments that would otherwise erode market share and divert activity from the City Centre.
- The expanded ELP would be one of the only consolidated cinema, dining and entertainment offers within a single precinct across the region, which will increase the draw from visitors from a broader area and enhance the overall attraction of the Hurstville City Centre.
- **ELPs generate spin-off benefits for retail and other uses**. Analysis shows that ELPs are very effective in driving additional visitation to a location, extending the market reach of a location through capturing a greater proportion of visits from a broader geographic area and increasing dwell times. These outcomes have a significant positive impact on the overall performance and sustainability of a retail centre/precinct. The quality of the proposed Westfield ELP expansion, in terms of its design features, scale and mix of tenants, would be expected to underpin the realisation of the typical benefits associated with the addition of an ELP.
- **ELPs have an integral role in the evolution of regional centres and meeting consumer needs.** Regional shopping centres are ever evolving, and the provision of an integrated ELP is increasingly an essential element in driving visitation and in turn supporting a successful trading performance and the overall sustainability of these centres. An ELP addresses consumers needs and preference for more engaging and greater diversity of experiences. Furthermore, as ELPs are important in driving visitation to a centre they are essential in helping to mitigate the effects of the diversion of shopping online and associated shopping trips to physical retail such as Westfield Hurstville and the broader offer in the Hurstville City Centre. Over two-thirds of all regional shopping centres provide a sizeable ELP and the vast majority of the balance of the centres without an ELP have plans to add a larger dining and entertainment offer. The proposed development at Westfield Hurstville is consistent with the development trends occurring across Australia and globally.
- The existing food and beverage offer at Westfield Hurstville, at around 3,000 sq.m, is significantly undersized relative to regional centres with an ELP (5,800 sq.m) and is therefore not serving its catchment to its full potential. The ELP expansion addresses the prevailing under provision at Westfield Hurstville but also importantly in the broader Hurstville City Centre. Over the past 10 years the average amount of F&B floorspace in regional shopping centres has increased by 45%, which is in direct response to market demand and better serving the needs of the communities they serve

- The existing rooftop ELP at Westfield Hurstville, at around 359 sq.m with five food and beverage tenancies, is significantly undersized relative to the scale and mix of offer that underpins the appeal of leading, modern ELPs such as Westfield Miranda, Westfield Chermside and Eastland.
- **The Westfield development would address key initiatives in the South District Plan, Hurstville Place Strategy and Georges River 2050 – Leading For Change strategic documentation.** The proposed expansion aligns with the common themes and vision for new lifestyle and entertainment uses; growth of the night-time economy; floorspace growth and jobs growth. ELPs allow for extended trading hours and activation into the evening, creating true destinations for consumers and allowing for the expanded function of the centre to service the broader needs of the community.

  The proposed ELP would also deliver improved public realm for the benefit of the community and expand and enhance the experiences for residents, workers and visitors.
- **Westfield's ELP expansion represents a unique opportunity for Hurstville City Centre**. Certain food and beverage operators seek out/or prefer locations that offer a high quality and managed environment and co-location with cinemas/other entertainment facilities as part of an integrated development. The Westfield development is therefore best positioned to cater to this tenant demand in a way that cannot be easily achieved in the Hurstville City Centre, particularly in terms of the timeframe proposed by Scentre Group. This unique/tailored tenant demand creates the opportunity for new to market operators to locate at the centre, extending the appeal of the Hurstville City Centre for dining and entertainment activities and adding to the depth and breadth of food and beverage mix across the broader City Centre.

TURNOVER POTENTIAL OF WESTFIELD HURSTVILLE DEVELOPMENT

As outlined earlier in Section1.3, the proposed scheme for Westfield Hurstville comprises a net increase of 2,381 sq.m, including 1,261 sq.m of food and beverage floorspace and 1,120 sq.m of non-retail entertainment floorspace. In assessing the turnover potential for the proposed centre, the following has been considered:

- The typical floorspace composition, across major tenants mini-majors and specialty shops as well as other uses, of regional centres of a similar scale to Westfield Hurstville.
- The typical composition and performance of food & beverage facilities in regional shopping centres and modern ELP developments.
- Achievable and sustainable market share and turnover levels having regard to the capacity of the trade area market, role and market position of Westfield Hurstville, the amount and quality of competitive supply as well as industry benchmarks

The expanded ELP at Westfield Hurstville is estimated to generate $13.9 million in net additional turnover, including $9.9 million from trade area residents in 2023.

TURNOVER IMPACT

This sub-section outlines an assessment of the potential trading impacts on other centres in the region of relevance as a result of the proposed redevelopment of Westfield Hurstville.

Impact Approach and Methodology

An impact assessment is expected to provide an indication of the trading environment and average trading conditions within which retailers operate, and implications for likely turnover declines or gains on average for the retailers involved. Because an impact assessment forecasts how groups of people are likely to alter their shopping behaviour in response to a given change in the competitive environment, it is not possible to estimate individual retailer impacts or each group of retailers in each location.

Therefore in any impact assessment of this type it is not possible to estimate impacts on any specific individual retailer. The impact on any one individual retailer or any small group of retailers in a given location would depend on many factors (e.g. retailer profitability), some of which are within their control. The actions which each of these retailers take will determine the eventual impact on each, and furthermore the actions which they each take will also determine the eventual impact on the other retailers involved.

All of these factors need to be kept in mind when considering the likely impact of any relocation and expansion of a retailer within the existing retail network. Existing retailers are not passive participants but rather will play a major role in the eventual impact which they will experience.

Shopper behaviour is related to the satisfaction of particular requirements. Decisions made regarding where to shop are based on a number of judgements, including relative accessibility, availability of particular retailers, convenience, variety, carparking and others. As a result, residents like to spread their purchases across a wide variety of shopping centres and areas and use the full range of facilities available to satisfy particular needs.

For this economic statement, impacts on specific centres have not been considered, and the method of analysis used to assess the impacts on the competitive network is based on the redirection of spending from across the total trade area to Westfield Hurstville as a result of the expanded ELP vis a vis the scenario under which the centre is not expanded.

This analysis is based on the principle that if shoppers choose to direct some of their retail expenditure to the subject proposal, then they will reduce their expenditure at other centres in a similar proportion to their usage of other locations.

It is also relevant to consider the dollar impacts in relation to the expenditure that would potentially be directed to other shopping centres over the intervening period. The impact analysis therefore details the turnover change, or net impact, which is expected for the market, expressed as a reduction in spending available (in dollar and percentage terms) across the market between 2020 and 2023.

Estimated General Impact of Proposal

Westfield Hurstville, 2023 — Table 4.1

	Current 2020	**Forecast** 2023	Increase/ Decrease	Avg. Ann. Growth[1]
Estimated TA F&B Spending ($M)	911	935	24.4	0.9%
Estimated TA Total Retail Spending ($M)	5,219	5,370	151.0	1.0%
No Centre Expansion				
Food & Beverage				
Centre Turnover From TA ($M)	31.8	32.6	0.8	0.8%
Other Centres/Stores-Excl. Centre ($M)	879.1	902.7	23.6	0.9%
Total Retail				
Centre Turnover From TA ($M)	431.6	438.9	7.3	0.6%
Other Centres/Stores-Excl. Centre ($M)	4787.5	4931.3	143.7	1.0%
Post Centre Expansion				
Food & Beverage				
Centre Turnover From TA ($M)	31.8	42.6	10.7	10.2%
Other Centres/Stores-Excl. Centre ($M)	879.1	892.8	13.7	0.5%
Total Retail				
Centre Turnover From TA ($M)	431.6	448.8	17.2	1.3%
Other Centres/Stores-Excl. Centre ($M)	4787.5	4921.3	133.8	0.9%
Average Impact Levels Post Expansion		**Vs. 2023 levels**		**Vs. 2020 levels**
Food & Beverage				
Turnover Change, 2023-Other Centres ($M)		-9.9		+13.7
Turnover Change, 2023-Other Centres (%)		-1.1%		+1.6%
Total Retail				
Turnover Change, 2023-Other Centres ($M)		-9.9		+133.8
Turnover Change, 2023-Other Centres (%)		-0.2%		+2.8%

1. Over the 2020-2023 period

Source : Scentre Group; Urbis

Key Findings

Given the nature of the development and the purpose of this report, we have focussed the analysis on the broad trading impacts to be absorbed across the market, and in particular the food & beverage sector, with key findings as follows:

- Given the increase in turnover at Westfield Hurstville from the trade area will be relatively minor, i.e. $9.9 million which accounts for 1.1% of total food & beverage expenditure by trade area residents in 2023, the impact on other retailing would also expected to be low and at a level that would not affect the sustainability of other food & beverage retailing.
- The impact on food & beverage retailing in the Hurstville City Centre would also be expected to be low given the new F&B uses in the expanded ELP would capture trade from a broad area, expand the overall level of dining activity in the City Centre and enhance the offer and experience that is largely not directly competitive with the existing restaurants along Forest Road and other parts of the City Centre.
- The growth in market demand is expected to offset the one-off trading impact of the expanded F&B offer on other F&B retailing and overall F&B turnover by existing F&B retailing is expected to be higher in 2023 relative to the 2020 level.
- The estimated impact levels are within the bounds of a healthy competitive market and are not expected to impact the sustainability of any one retailer within the City Centre or broader area.

Furthermore, the proposed new entertainment facility would also be expected to have negligible impact on other entertainment uses as it would address a gap in the offer provided in the Hurstville City Centre and an undersupply of entertainment uses generally.

ECONOMIC AND COMMUNITY BENEFITS

A development of the scale proposed at Westfield Hurstville will generate a number of tangible economic and community benefits, as follows.

Employment Generation

The additional retail floorspace provided at Westfield Hurstville will generate a greater requirement for ongoing retail employment within the centre. In addition, the project will also generate a sizeable short-term employment boost during the construction process.

Through the creation of new construction and ongoing jobs, further employment benefits will be realised through economic multiplier effects. The employment benefits are as follows:

Construction Benefits

- The additional retail floorspace is expected to generate additional employment during the construction phase. Scentre Group has stated that the estimated construction cost for the whole development is approximately $17.3 million over 12 months, it is projected that around 33 construction jobs would be created for the equivalent of one year of employment during development. Multiplier effects would contribute to additional employment creation, estimated at 50 jobs, resulting in a total construction benefit of 83 jobs.

Construction Employment Benefits

Westfield Hurstville, Proposed Development — Table 4.4

	Direct Jobs	Indirect Jobs	Total Jobs
Construction Phase	33	50	83

Source: Scentre Group; REMPLAN; Urbis

Ongoing Employment Benefits

- The additional 1,261 sq.m of retail floorspace and 1,120 sq.m of entertainment space is expected to provide employment for around 91 workers. Multiplier effects would contribute to further employment creation of 21 jobs, resulting in a total employment benefit of 112 jobs (full time, part time and casual), within the Hurstville LGA.

Ongoing Employment Benefits

Westfield Hurstville, Proposed Development — Table 4.5

	Direct Jobs	Indirect Jobs	Total Jobs
Retail and Entertainment Operations	91	21	112

Source: Scentre Group; REMPLAN; Urbis

Choice and Convenience

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

The proposed development would enhance local residents' choice through providing greater breadth and depth of food and beverage and entertainment facilities. Westfield Hurstville plays a vital role in the provision of this type of consolidated dining and entertainment offer that is currently not accessible elsewhere across the trade area.

As the offer is currently undersized, the expansion of the Westfield Hurstville ELP will bring the offer in-line with industry standards and market leading ELPs, in turn benefiting consumers through a highly destinational offer and increased amenity.

Competition

An outcome of the additional retail floorspace, is increased competition amongst retailers within the area, thus possibly leading to enhanced service levels and better quality offerings that provide an improved experience for consumers. This strengthens the overall retail offer across all centres / precincts and acts as a catalyst for ongoing investment and improvement of centres generally.

CONCLUSIONS

The analysis of market need, demand and economic impacts indicates the following conclusions in relation to the proposed Westfield Hurstville ELP expansion:

- The expansion of the existing ELP at Westfield Hurstville is consistent with strategic planning direction within the Hurstville City Centre and aligns with the objectives of key planning policies and strategies, including the South District Plan, Hurstville Place Strategy and Georges River 2050. The expansion of the ELP will drive additional visitation to the Hurstville City Centre, especially after standard business hours, and improve the public realm for the benefit of the community.
- Westfield Hurstville is currently underprovided in terms of food and beverage floorspace relative to the regional centre benchmarks and though it has an existing ELP, the offer, at 359 sq.m, is considerably smaller than the benchmark for regional centres of around 2,400 sq.m. The redevelopment will deliver an expanded, modern ELP for Westfield Hurstville, increasing its appeal and competitiveness within the region. The expanded ELP will be the one of the only consolidated cinema, dining and entertainment offers within a single precinct across the region.
- The expansion of the ELP at Westfield Hurstville is the next step in the centre's evolution and is an opportunity for a consolidated mix of dining and entertainment uses to co-locate within the same precinct. The larger ELP (including additional dining and entertainment facilities) will appeal to new-to-market operators, who otherwise would not seek a presence in the Hurstville City Centre. The proposed ELP expansion therefore represents a unique opportunity for the Hurstville City Centre and its enhancement as a destination for dining, leisure and entertainment activities.
- In addition to addressing a gap in the offer in the Hurstville City Centre, the proposed ELP expansion at Westfield Hurstville would serve the growing demand for F&B retailing and entertainment facilities which will be driven by the increase in the trade area F&B spending capacity ($30 million over the three year period) and increasing level of activity in the Hurstville City Centre (new developments providing more workers, residents and other visitors)
- Trade area residents currently direct their food & beverage expenditure across a broad range of locations. The assessed trading impacts on competing centres, including the Hurstville Town Centre, from the proposed ELP redevelopment at Westfield Hurstville are estimated to be minor, given the broad distribution of food & beverage expenditure and modest increase in food & beverage tenants (i.e. around 10 net additional tenants which represents an 8% increase in F&B tenants in the City Centre).
- In total, the amount of food & beverage turnover captured by the proposed expansion of the ELP would represent less than 2% of overall demand by trade area residents. The trading impacts would therefore be minor and not affect the sustainability of other food & beverage retailing.
- The incremental visitation driven by the development of the ELP at Westfield Hurstville will have an additional benefit to the Hurstville City Centre that would not otherwise exist. A proportion of visitors to Westfield Hurstville also visit the City Centre retail core, and it is expected that the Hurstville City Centre can attract a greater share of the additional visits generated by the expanded ELP at Westfield Hurstville.
- The expansion of the ELP at Westfield Hurstville will not prevent the addition of new retail facilities, or expansion of existing retail facilities, within the Hurstville City Centre, as they will continue to serve a diverse range of customer segments and address ongoing growth in the market and specific gaps in the offer.
- Ultimately, the proposed ELP expansion at Westfield Hurstville will result in a net community benefit. The range of choice available to local residents will be enhanced, with existing and planned centres and developments still continuing to serve their role in the retail hierarchy. The proposed ELP expansion will also be integral in contributing to the realisation of key strategic directions for the Hurstville City Centre and will support ongoing direct and indirect employment and other economic benefits.

DISCLAIMER

This report is dated **October 2020** and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd **(Urbis)** opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of Scentre Group **(Instructing Party)** for the purpose of Economic Impact Statement **(Purpose)** and not for any other purpose or use. To the extent permitted by applicable law, Urbis expressly disclaims all liability, whether direct or indirect, to the Instructing Party which relies or purports to rely on this report for any purpose other than the Purpose, and to any other person which relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

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

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

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

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

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

URBIS