

CONCORD FRESHFOOD PROJECT

Retail Demand Assessment



Prepared for Colliers

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Signature



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EXECUTIVE SUMMARY

The owner of the 3.93 hectare coffee factory at 160 Burwood Road, Concord will decommission the factory and is seeking to rezone the land to enable redevelopment for mixed uses.

This report summarises the findings of the retail needs and impact assessment of the proposal.

Within a walkable catchment of 800m there are around 3,300 residents and this is forecast to increase to around 4,000 by 2031. Redevelopment of the subject site will add a further 1,175 residents. Expenditure on retail goods and services generated by these residents will increase from \$50m in 2017 to \$84m in 2031 (\$2017).

The provision of a local centre on the subject site of 3,500sqm GFA (assuming 2,800sqm leasable retail space and say 500 to 600sqm non-retail commercial GLA) is expected to achieve total retail sales of \$18.7m by 2024. Around 75% of its trade is expected to come from residents in the immediate area. There is the opportunity to capture day trippers with the “theming” of retail space in the heritage building and facing the waterfront. Examples of retail spaces themed in heritage buildings include Harold Park, Danks Street Waterloo, The Grounds Alexandria, Stockland Cammeray and Bakehouse Quarter North Strathfield.

The strongest immediate impacts of the proposal are expected to be experienced by Concord Town Centre (Majors Bay Road) and on Cabarita and Bray Roads neighbourhood clusters. These centres are likely to experience around 7% loss in trade. This is considered to be a low to moderate impact. The impacts on all other centres are expected to be insignificant at less than 5% loss in trade.

Over time these impacts will diminish. Canada Bay west (Concord SLA) is forecast to achieve population growth of more than 1% every year over the next decade. The suburb of Concord is expected to be around 1.3% per annum – 26% over the next 18 years. As a result, by 2024, all existing centres in the locality are expected to trade at 7% or more above their 2017 levels with or without redevelopment under the planning proposal. Hence the viability of any existing centre will not be threatened.

Following full development there will be a sufficient population (around 5,000) within a walkable catchment to support a small village centre as proposed. This will have benefits of fewer car trips and reduced reliance on private motor vehicle trips.

Without the retail space the 5,000 people that live on site and within a walkable distance will have no retail facilities for top-up food and grocery shopping. Without the retail space the proposal itself will be a residential only development rather than a mixed use development. Apart from fewer jobs on site it would lack activation to both Burwood Road and the waterfront.

INTRODUCTION

1.0 INTRODUCTION

HillPDA was commissioned by Colliers on behalf of the site owners, FreshFood Pty Australia, to undertake a retail needs assessment (hereafter referred to as ‘the Study’) of a planning proposal for the rezoning of land known as the FreshFood site (also commonly known as the Bushells Coffee Site). Hereafter it is referred to as the subject site.

1.1.1 The Subject Site

The subject site has an area of 3.93ha and is located at 160 Burwood Road, Concord (see Aerial figure below). It consists of the following lots: Lot 2, DP230294, Lot 398, DP752023, Lot 399, DP752023, Lot 5, DP129325.

Figure 1-1: Aerial image of Subject Site



Source: SIX Maps

The site area is currently zoned IN1 General Industrial – see Figure 2. The site has a legal frontage to the Parramatta River (Exile Bay). Access along the foreshore is currently available to the public however the remainder of the site is securely fenced. The site has an approximate 170m frontage to Burwood Road on its southern boundary.

Figure 1-2: Site zoning



Source: NSW Planning Portal

1.1.2 Area Overview

The subject site is around 1.5km from the Majors Bay Road shops, 2.5km from Burwood Station and 1km from Parramatta Road (A4). Sydney CBD is 12km from the site via Parramatta Road, which is a 45 minute journey by bus or 15 minutes by train from Burwood Station. The site is within an easy drive (6km) of Sydney Olympic Park and Rhodes Waterside Shopping Centre. Cycling times to these venues is around 15 minutes.

The subject site is also distinctly positioned close to education and recreation facilities such as the Concord Public School, Concord High School, Massey Park Public Golf Club, Barnwell Public Golf Club, Bayview Park, Jesse Stewart Reserve, Greenlees Park, Rothwell Park and the Cintra Park tennis courts.

1.1.3 The Study Purpose

It is understood that FreshFood Services Pty Ltd is seeking the rezoning of the subject site from its current zoning of IN1 General Industrial under the Canada Bay Local Environmental Plan (LEP) 2013, to a zoning that would allow a mixed use development.

The purpose of this Study is to provide an assessment of the likely demand for retail services on the site including the amount of space and the type of offering or tenancy mix.

This study also considers the retail trading impacts on existing centres in the locality both at a point in time and over time having regard to growth in wider trade area.

1.1.4 Planning Proposal

The Planning Proposal would facilitate a mixed use development comprising medium to high density residential, retail, commercial and community uses.

The proposed development provides:

- 535 residential dwellings
- 53 (10%) for affordable housing
- Up to 3,500sqm of retail space
- 15,700sqm of public open space.

DEMAND FOR RETAIL SPACE

2.0 DEMAND FOR RETAIL SPACE

There are three sources of expenditure generating demand for retail space on the subject site being local residents, local workers and visitors or day trippers. Each one of these sources is examined below.

2.1 Expenditure from Residents in the Locality

There are around 3,300 residents within a walkable catchment (or immediate trade area) of the subject site defined as being within a distance of around 800m. This catchment extends to Tripod Street and Lindfield Avenue to the west, between Edith Avenue and Corby Avenue to the southwest and includes around 350 residents living just south of Lyons Road West between Cintra Park Netball courts and Barnwell Park Golf Course.

Figure 2-1: Likely walkable catchment



There are a further 550 residents that live just north of the walkable catchment on the Cabarita Peninsula between Exile Bay and France Bay. Whilst the walking distance is slightly more than 800m it is an attractive walk along the foreshore of Exile Bay pass the golf course and there is a lack of retail offer on the Cabarita Peninsula itself.

2.1.1 Socio-demographics of Residents

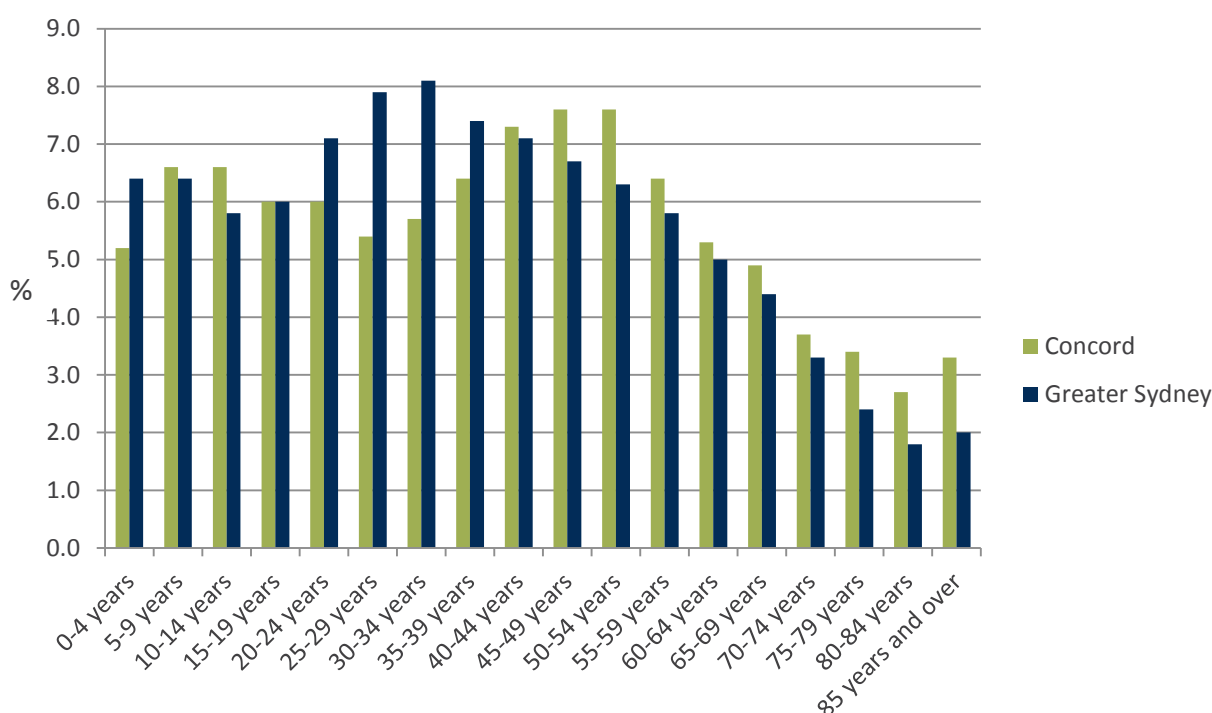
Below is a summary of the socio-demographic character of the area. Understanding the socio-demographics of a trade area (or potential trade area) is important as it affects the demand for retail and commercial services and the type of retail offer. Most importantly Household expenditure surveys have consistently shown a strong positive correlation between income and consumption levels and household consumption is directly related

to the level of demand for retail space. The study area for this analysis is the State Suburb of Concord as defined by the Australian Bureau of Statistics in the Census of Population and Housing 2016.

Concord had an above average representation of people born in Australia at 62% of the population compared to Greater Sydney at 57%. The most common ancestries in Concord were Italian 17.7%, English 14.7%, Australian 14.0%, Chinese 9.5% and Irish 7.4%. This represents a marked difference from the most common ancestries in Greater Sydney, which were English 19.4%, Australian 18.1%, Chinese 7.8%, Irish 6.6% and Scottish 4.9%.

The chart below shows an overrepresentation of older persons living in the walkable catchment and an underrepresentation of young to middle aged adults. 17.9% of residents were over 65 years old with a median age of 41 in 2016 compared to 13.9% and 36 respectively Australia wide.

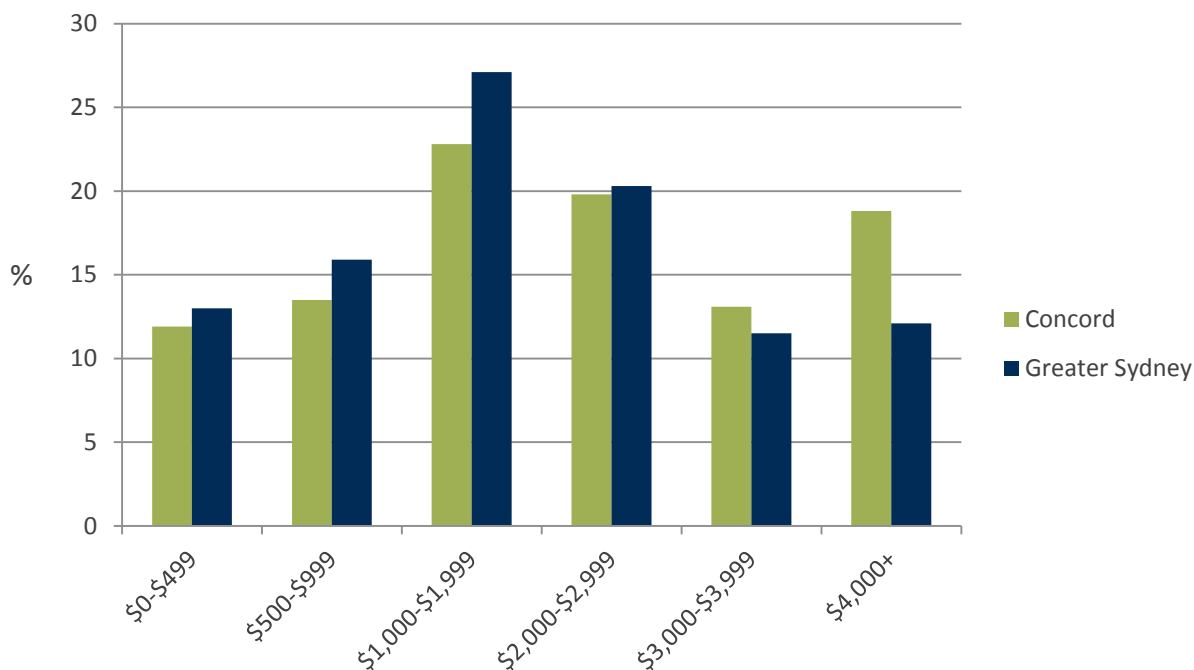
Figure 2-2: Population by Age Cohort



Source: ABS Census 2016

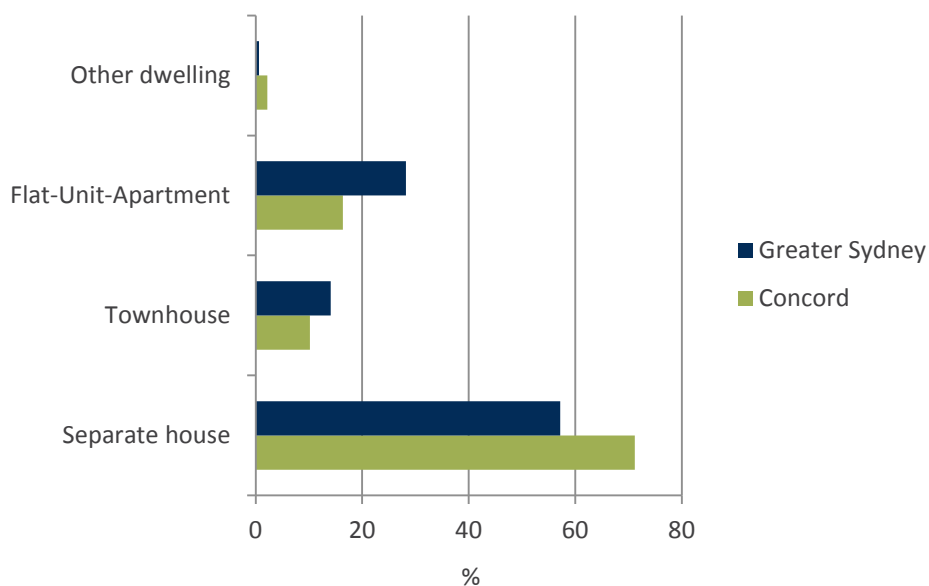
Most importantly, local residents in the walkable catchment have higher income levels compared to Greater Sydney. In 2016, median household income was \$2,078 per week in Concord and \$1,750 in Greater Sydney. 31.9% of households had an income level over \$3,000 per week compared to 23.6% for Greater Sydney. Higher income levels results in more expenditure on retail goods and services. Income levels are shown in Figure 2-3 below.

Figure 2-3: Income bands



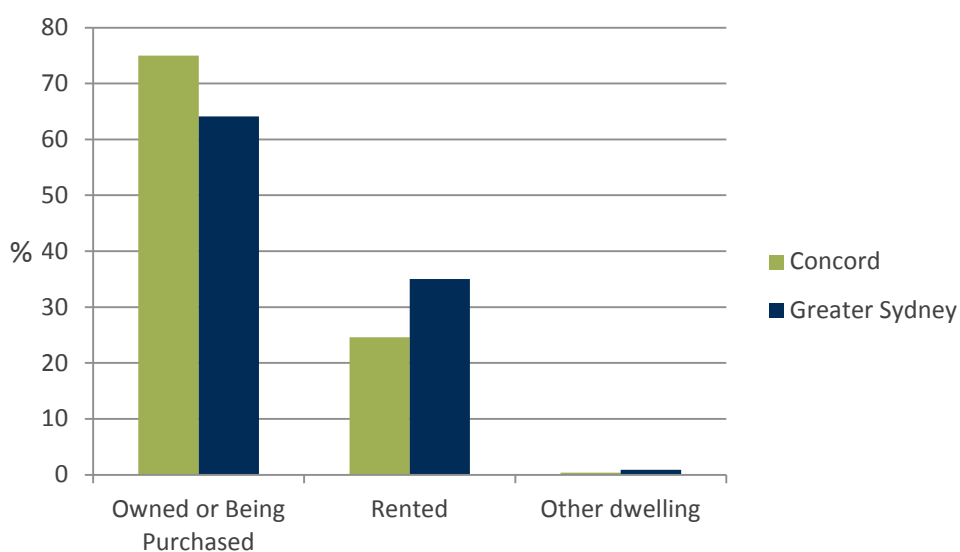
Concord featured a higher proportion of separate houses than Greater Sydney (71.2% and 57.2% respectively) and a lower proportion of Flat-unit-apartment type dwellings (16.4% and 28.2% respectively). The mix of dwelling structures in Concord and Greater Sydney is outlined in **Error! Not a valid bookmark self-reference.** below

Figure 2-4: Dwelling structure



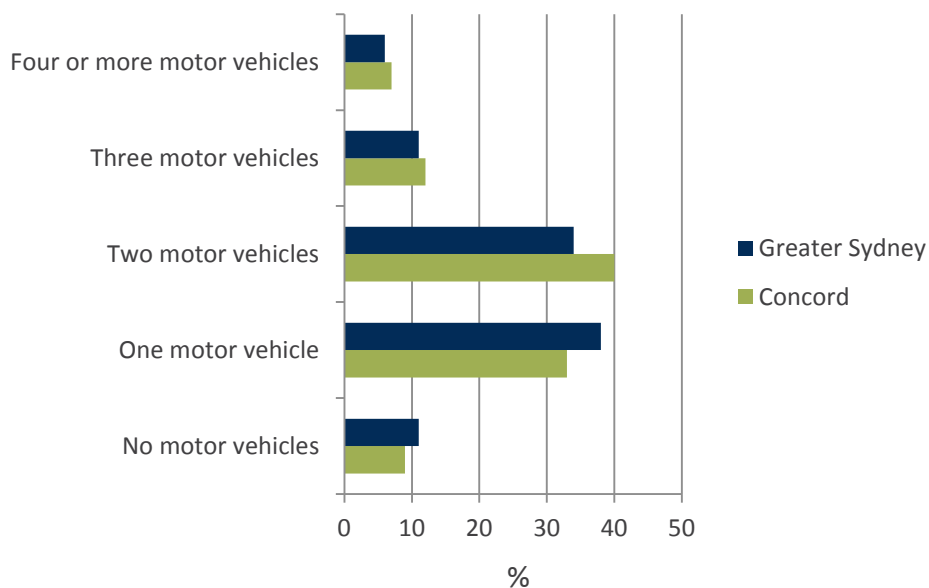
The census revealed that Concord had a higher level of homes owned or being purchased at 75% compared to 64.1% of homes in Greater Sydney. Tenure type is shown in Figure 2-5 below.

Figure 2-5: Tenure type



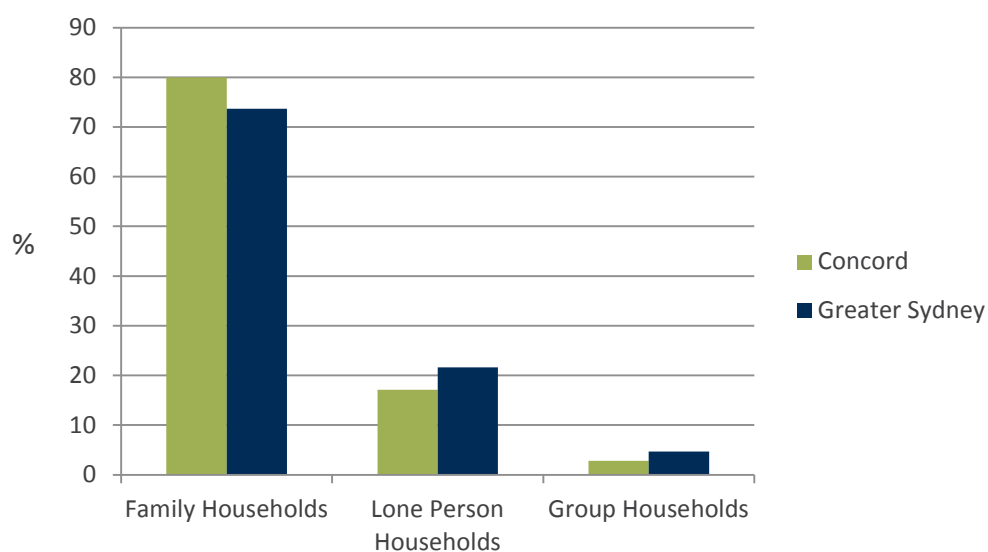
Concord featured higher levels of car ownership than that of Greater Sydney. The proportion of houses with two, three, four or more vehicles was higher in Concord and households with one vehicle or no vehicle at all was higher in Greater Sydney. The percentage breakdown of vehicles per dwelling is shown in Figure 2-6 below.

Figure 2-6: Number of vehicles per dwelling



Concord featured a higher proportion of family households than Greater Sydney at 80% and 73.7% respectively. In Concord, 17.1% of households were lone person households and 2.8% were group households. In Greater Sydney, 21.6% and 4.7% of households respectively were lone person and group households.

Figure 2-7: Household structure



In summary, the suburb of Concord has a high proportion of family households on high levels of income that own their own dwelling outright. These types of households have above average levels of demand for retail goods and services. In particular they demand high quality specialty food stores and quality restaurants.

2.1.2 Population Growth

Population in the walkable catchment in 2016 was approximately 3,350 based on ABS Census and PitneyBowes Anysite 2016. There are some variations in population forecast ranging from almost zero growth in the immediate area to 2.0% per annum as forecast by Pitney Bowes Anysite at SA1 level. At a suburb level Pitney Bowes Anysite is consistent with Forecast.ID to 2026. These forecasts do not take into consideration the subject planning proposal itself. For the purpose of the demand modelling we have adopted a rate of 1.0% per annum and added the population from the planning proposal.

Average household size in an occupied apartment in Canada Bay LGA is 2.2¹. For total dwellings it is a little higher at 2.4. Although strata titled the average internal area of the apartments on the subject site will be around 100sqm – larger than average at around the size of a 3-bedroom unit. Hence we would expect a slightly higher average household size and we have assumed 2.3.

Based on an average occupancy of 2.3 persons per dwelling and assuming 96% occupancy we forecast the population on the subject site to reach residents. For the purpose of the forecast we have assumed that development will be 70% occupied by 2026. The forecast of population in the trade area is shown in the table below.

Table 1: Forecast residents within the 800m walkable catchment

	2016	2021	2026	2031
Forecast residents in Trade Area	3,350	3,520	3,700	3,890
Residents on the subject site			850	1,175
Total Residents in Trade Area	3,350	3,520	4,550	5,065

Source: Pitney Bowes Anysite 2017 and TPA 2018

¹ Average occupancy rate of apartments only in the Canada Bay LGA 2016 (ABS Census)

2.1.3 Expenditure from residents

Expenditure per capita generated by trade area residents is provided in the table below.

Table 2: Expenditure per capita (\$2017)

YEAR	2016	2021	2026	2031
Supermarkets & grocery stores	4,432	4,612	4,800	4,995
Take-away liquor stores	424	442	459	478
Specialty food stores	521	542	564	587
Fast-food stores	817	850	884	920
Restaurants, hotels and clubs*	1,580	1,644	1,711	1,781
Department stores	1,037	1,079	1,123	1,169
Apparel stores	1,335	1,389	1,445	1,504
Bulky goods stores	2,106	2,191	2,280	2,373
Other personal & household goods	1,972	2,052	2,135	2,222
Selected personal services**	558	580	604	629
Total retailing	14,781	15,382	16,007	16,658

Source: Pitney Bowes Anysite 2016 and HillPDA

* Refers to drinking and dining areas only

** As per ANZSIC (includes hair and beauty, optical dispensing, clothing alterations and shoe repairs, key cutting, video hiring and photo processing)

The above forecast allows for 0.8% per annum real growth in retail spend per capita based on the long term trend since 1986².

The ABS Cat No. 8624.0 1998-99 provides a cross tabulation of expenditure by commodity type by retail sales by store type. HillPDA has recalibrated the cross tabulation data to account for retail trends since 1998-99 and to ensure that the results closely matches total retail sales by store type in the national accounts. Multiplying the results by forecast expenditure provides the following results.

Table 3: Forecast expenditure generated by Residents (\$2017m)

YEAR	2016	2021	2026	2031
Supermarkets & grocery stores	14.8	16.2	21.8	25.3
Take-away liquor stores	1.4	1.6	2.1	2.4
Specialty food stores	1.7	1.9	2.6	3.0
Fast-food stores	2.7	3.0	4.0	4.7
Restaurants, hotels and clubs	5.3	5.8	7.8	9.0
Department stores	3.5	3.8	5.1	5.9
Apparel stores	4.5	4.9	6.6	7.6
Bulky goods stores	7.1	7.7	10.4	12.0
Other personal & household goods	6.6	7.2	9.7	11.3
Selected personal services	1.9	2.0	2.7	3.2
Total retailing	49.5	54.1	72.8	84.4

² HillPDA calculation from ABS Population, CPI and Retail Sales for Australia Total

The above table shows a significant level of growth (80%) in retail expenditure generated by local residents from \$50m in 2017 to \$84m in 2031. Of course any proposed retail space on the subject site cannot expect to capture total expenditure as a high proportion of it will be captured by larger higher order centres. Large full line supermarkets generally require a turnover of \$30m or more. Given that the supermarket will be restricted to 1,000sqm in size its role will be different from the large full line supermarkets. It will be a metro style supermarket providing a “convenience” role. It will be a “small trolley and/or basket” supermarket for regular shopping rather than a large trolley supermarket for weekly or fortnightly shopping. A large proportion of trade is expected to come from local residents that walk to the store rather than take their car.

For a supermarket of around 600sqm to 1,000sqm we would expect that it would capture around 30% of the local area’s expenditure in supermarkets and grocery stores. The subject site also has potential to capture a similar proportion of local resident expenditure in specialty foods, food services, liquor and personal services.

2.2 Expenditure from Visitors

In addition to residents within the walkable catchment we would expect some expenditure to be captured from residents outside the walkable catchment. As mentioned above there are a further 550 residents on the Cabarita peninsula immediately north of Exile Bay that occasionally would walk the 1km distance given the pleasant amenity between the golf course and the water edge. There is also further opportunity to capture expenditure from cyclists using the foreshore route. We would expect a further 20% increase on the above figures to account for expenditure from beyond the walkable catchment. Furthermore a restaurant or 2 or 3 restaurants that earn a good reputation, particularly when themed at the waterfront, can attract patrons from a much wider area – even beyond the LGA boundary.

2.3 Expenditure from Workers

Some expenditure can also be captured by workers on site. A recent survey found that Sydney CBD workers spend an average of \$230 a week or \$11,000 per annum on retail goods and services in the CBD localities³. In smaller centres average spend is considerably lower due to the lack of retail offer. For the purpose of the assessment HillPDA has applied a more conservative weekly expenditure of \$80 per week per employee which equates to an annual spend of around \$3,700. With 91 non-resident workers on site this amounts to an additional \$335,000 per annum.

2.4 Total Potential Retail Sales and Demand for Retail Space

Total potential retail sales are derived from applying target capture rates to expenditure generated by trade area residents. Demand for retail space is calculated from dividing potential retail sales by industry benchmark retail turnover density (RTD) rates (\$/sqm). This is shown in the table below.

³ 2013 National Office Workers Survey, Urbis (2013)

Table 4: Demand for retail space on the Subject Site

Store Type	Capture from Trade Area Residents	RTD (\$/sqm)*	2021	2026	2031
Supermarkets & grocery stores	30%	9,500	651	909	1017
Take-away liquor stores	30%	10,000	59	83	93
Specialty food stores	30%	7,250	100	140	157
Fast-food stores	25%	7,250	131	183	205
Restaurants, hotels and clubs	25%	5,000	367	513	574
Department stores	0%	3,500	0	0	0
Apparel stores	0%	6,000	0	0	0
Bulky goods stores	0%	3,500	0	0	0
Other personal & household	20%	5,000	366	483	548
Selected personal services	30%	4,000	194	272	304
Non-retail services ** (say 16% of the above)			355	497	556
TOTAL	19%	6,926	2,241	2,955	3,355

Source: Shopping Centre News, PCA, Urbis Retail Averages, HillPDA and various consultancy studies

* Assumes to increase at 0.4% per annum from 2016 in line with historic trends.

** Includes non-retail commercial occupiers of shop front spaces such as real estate agents, travel agents and financial institutions.

Totals assumes 20% of the turnover is derived from beyond the trade area and a further \$335,000 per annum from non-resident workers on site.

The above table shows that residents within the walkable catchment, visitors and workers on site could support around 3,300sqm of leaseable shop front retail space.

2.5 Examples of Neighbourhood Centres

We tested the robustness of the above estimates by benchmarking it to other known neighbourhood centres (generally centres below 3,000sqm in size with no supermarket or a small format supermarket less than 1,000sqm). Examples include:

- Breakfast Point has a 2,500sqm centre anchored by a 1,400sqm Supa-IGA serving a population of around 4,500 to 5,000 people
- North Epping has a 1,500sqm shopping centre including a 250sqm supermarket serving a trade area of 4,400 people
- East Killara has a 1,200sqm shopping centre comprising 9 shops with 300sqm supermarket serving a population of 2,900
- North Turrumurra has 2,500sqm of retail space anchored by a 500sqm supermarket for a trade area of 4,000 people
- West Pymble has 2,000sqm comprising 22 shops anchored by a 300sqm supermarket serving a trade area of 5,000 people.

The above examples are centres that are generally positioned in the centre of their respective trade areas and have well defined trade areas (suburbs) surrounded by arterial roads and bushland. These centres have all performed sustainably over the past couple of decades suggesting that a centre of say 3,000sqm for the subject site is an appropriate size.

Additional retail space could be provided on the subject site but this implies that it will draw other expenditure from outside the immediate area. This is achievable if the offer is such that it becomes a destination. Additional sources are explored in the following sections.

2.6 Examples of Heritage Themed Centres

The subject site provides a unique opportunity combining quasi-heritage industrial architecture with waterfront amenity. Below are some case studies of retail centres that offer some insights into what is achievable on the subject site. The case studies also allow the ingredients to successful village centres to be explored and lessons learned applied to the Subject Site.

2.6.1 Harold Park

Harold Park is a 5 stage development being undertaken by Mirvac on the former Harold Park Raceway, Glebe. The concept plan for Harold Park comprises approximately 1,250 residential dwellings to be a mixture of 1, 2 and 3 bed properties and terraces and a further 50 affordable housing dwellings⁴. A retail centre of 5,920sqm gross lettable area inclusive of a supermarket has just been completed in the former Rozelle Tram Sheds which are heritage listed.



The ultimate retail mix of the centre based on the development application comprises:

- 2,656sqm supermarket
- 500sqm gymnasium
- 2,720sqm of convenience focused retail
- A further 500sqm community facility.

The former Rozelle Tram Sheds comprise a split level facility with access to Jubilee Light Rail Station, a supermarket and community uses located on the upper level and market hall style retail with car parking located at the ground level. Similar to Precinct D, a retail centre in this location faces the challenge of activating a split level and laneway focused centre. By incorporating key anchors such as a supermarket, community facilities and gym in strategic locations the proposed layout seeks to pull footfall through the centre in a manner to benefit all businesses and promote commercial viability.

⁴ Harold Park Tram Sheds Economic Impact Assessment, Hill PDA (2013)

2.6.2 Danks Street

Danks Street is a new centre which has emerged out of residential growth in the surrounding suburb of Waterloo and in particular the adjacent high density Meriton development. No trading data is publically available for this centre but anecdotally we understand that it is trading well.

Retail in the centre is focused on the Danks Street Shopping Plaza which provides 3,642sqm GLA floorspace anchored by Coles (2,642sqm) and 15 specialties (1,220sqm)⁵. A 1,475sqm ALDI foodstore recently opened near the Shopping Plaza and there is a further 2,100sqm of strip retail along Danks Street⁶. The strip retail has built a reputation through a mix of cafés and restaurants, art and furniture galleries as well as a place for artisan handcrafts. It was formerly anchored by Fratelli Fresh and Café Sopra and associated Vicino Casa di Fratelli (kitchenwares). Total retail floorspace in Danks Street is approximately 7,200sqm GLA.



Today Danks Street is an example of the success that retail targeted at the high end cafe/ restaurant market can have in activating a centre. The centre has a good provision of cafes and restaurants which serves a wide catchment area and lead to the centre developing a reputation for dining and eating out which attracted shoppers. There are also a number of organic and other specialty foods, art and craft, furniture and bulky goods stores.

2.6.3 The Grounds Alexandria

“The Grounds” on Huntley Street in Alexandria has a similar storey to Danks Street. It began as a freestanding restaurant but is now supporting other retail uses adjacent due to its popularity with a further broadening of retail uses⁷.

Located in a former industrial precinct from the 1920s, The Grounds of Alexandria is a landmark coffee roastery, café and kitchen garden known for its abundance of fresh produce and hands-on experiences. Opened in April 2012 the site hosts a coffee research and testing facility, artisan bakery and luscious open garden of heirloom vegetables, fragrant herbs, fresh fruit and flowers, farm animals and children’s play area.



There are plans for further expansion to include a cider room, meat shop, children’s cinema and wood-chopping area.

⁵ NSW/ ACT Shopping Centres Directory, Property Council of Australia (2012/13)

⁶ Redfern-Waterloo Retail Needs Assessment, MacroPlanDimasi (2012)

⁷ Employment Lands Study, SGS Economics and Planning (2013)

2.6.4 Cammeray

Stockland Cammeray is a purpose built shopping centre catering for the surrounding, affluent residential suburb. It opened for trading in November 2008 and provides 5,700sqm of commercial floorspace in the following components.

Retail Store Type	Floorspace (sqm GLA) ⁸
Harris Farm Foodstore	712
11 Specialty stores	2,580
Medical centre	249
Childcare centre	1,550
Dentist	93
Office space	534
Total	5,718

Stockland Cammeray is anchored by a Harris Farm. The other 18 tenancies include 6 café, restaurant and takeaway food tenancies, butcher, patisserie, pharmacy, nail bar, hairdresser, dentist, medical practice and childcare centre.

The demographic of the main trade area served by this development has an average household income which is 40% above the Sydney Metropolitan average.

2.6.5 Bakehouse Quarter

The Bakehouse Quarter is a redevelopment project on the former Arnott's biscuit factory site located along George Street in North Strathfield some 3.5 kilometres from Precinct D. The theme of the project is mixed retail, entertainment and office uses integrated into the historic factory of the site and its buildings along with open space and cobblestoned lanes and streets.



Retail tenants include ALDI, minimart, food markets and specialty stores including pharmacy and newsagent and 14 personal service outlets including hairdressers and fitness centre in addition to about 17 restaurants / bars / cafes. The entertainment offer includes ten-pin bowling, dance studio, amusement centre and laser skirmish. The site also accommodates two childcare centres and an education college. Approximately 11 commercial tenants are located in the development including professional service firms and NRMA's head office and main call centre. The site includes serviced offices with shared facilities and services for small business tenants.

In terms of design, the layout follows the former industrial site's structure and can therefore be described as a campus style development. The area has ample at grade car parking and is adjacent to the junction of Parramatta Road and the M4 Motorway. North Strathfield Train Station is located at the northern edge of the precinct.

⁸ NSW/ ACT Shopping Centre Directory 2013 Property Council of Australia

The Bakehouse Quarter demonstrates the positive impact that night-time activation has on the vitality and viability of the centre offering. The subject site should seek to ensure that activation is achieved throughout the day and in the evening through the retail mix to diversify usage.

2.6.6 Case study implications

The lessons learned from the case study examples comprise:

- Multiple anchors are desirable. These will serve to broaden the appeal of the centre, extend the trade area and operating hours / activity. Anchors could include a supermarket or convenience foodstore, dining precinct, upmarket food hall, club and/or community uses such as a medical centre or childcare centre
- The location of anchor tenants is important in terms of urban activation and ensuring the maximum commercial potential of centres is achieved
- In general terms the highest value commercial and retail uses are located on the locations with greatest footfall. Uses which rely less on passing trade, such as commercial offices, medical services, child care or specific localised uses, can be located away from footfall traffic
- Commercial office and community uses are a desirable component of the retail mix and offer
- The retail mix of centres should be tailored towards the demographic and ethnic character of the trade area which it serves and the needs of users – residents and workers.

2.7 Implications for Subject Site

The subject site enjoys two frontages:

- Burwood Road on the southern boundary of the site is the main feeder road on the peninsula
- Zoeller Street and Exile Bay provides the north facing water views.

The planning of retail space should capitalise on these assets. Convenience retail should address the southern boundary and entrance being the main entrance and the most convenient for residents in the walkable catchment.

Themed retail should utilise the heritage features on the site but could also capitalise on the waterfront amenity. Club and themed restaurants are good examples.

Given these attributes we believe that a local centre of around 3,500sqm could be supported providing a combination of 2,000sqm to 2,500sqm of convenience retail and commercial services for local residents and 1,000sqm to 1,500sqm of themed retail and services including restaurants and the like with heritage and waterfront themes. These roles won't necessarily be distinct and there is likely to be some blurring of the two roles.

2.8 Suggested Retail Mix

Based on the above the suggested retail mix is as follows:

- Approximately 800 to 1,000sqm supermarket (small format Coles or Woolworths, IGA, Harris Farm or similar)
- 200sqm to 400sqm of specialty food (liquor, bakery, butcher, confectionary, coffee, etc)
- Approximately 800sqm of restaurants and fast food/take-aways (at least half of this space would be themed by the water)

- Approximately 500 to 800sqm of non-food retailing and personal services (newsagency, arts, hair and beauty, chemist, etc)
- Approximately 500sqm of non-retail space (travel, finance, medical, massage, real estate services, etc).

Total shop front floor space would be in the order of 3,000 to 3,500sqm.

RETAIL IMPACT ASSESSMENT

3.0 RETAIL IMPACT ASSESSMENT

The previous Chapter in this Study established a need for the retail component of the proposed development. This Chapter assesses the economic impact of the proposed retail floorspace on existing and proposed retail centres in the locality.

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

Before delving straight into the impacts we need to appreciate the centres in the locality which is the subject of the next section.

3.1 Retail Centres in the Locality

3.1.1 Burwood

Burwood is the major centre in the Inner-west metropolitan Sydney. It is only 2.1km south of the subject site although the main street “Burwood Road” stretches almost a kilometre further south.

Westfields anchors the northern end 2.2km from the subject site. It is a 3 level shopping centre with a total shop front floor space of 57,000sqm. It comprises 218 shops and is anchored by David Jones, Kmart, Target, Coles and Woolworths. It achieved retail sales of \$480m in 2016 which equated to \$8,461/sqm making it the 10th highest performing centre amongst the 83 largest centres (over 45,000sqm with reported retail sales) in Australia⁹.

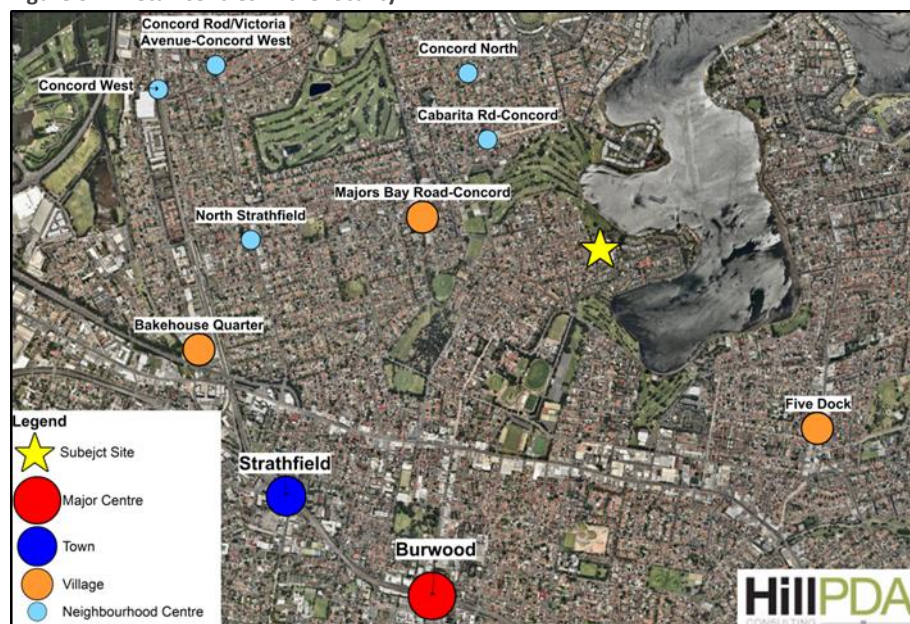
Just south of Burwood Station is the other indoor centre known as Burwood Plaza comprising 10,500sqm of shop front space with 48 stores including a Woolworths and Freshworld foodstore. Its current trading level is not known but in 2014 it achieved retail sales of \$80m which was a strong level of performance¹⁰.

Outside the centres are strip shops fronting both sides of Burwood Road and some side streets. Total shop front space in Burwood is around 100,000sqm.

⁹ Shopping Centre News Big Guns 2017

¹⁰ PCA Shopping Centres Directory 2015

Figure 3-1: Retail centres in the locality



Source: Pitney Bowes Anysite and HillPDA

3.1.2 Five Dock

Five Dock is a main street shopping centre 3.6km by road southeast of the subject site. It has around 17,000sqm of shop front space (around 14,500sqm occupied by retailers). The anchor tenant is a 3,300sqm Coles supermarket. Trading performance is unknown but would appear to be trading reasonably.

3.1.3 Concord (Majors Bay Road)

Concord is a “mainstreet” centre (1.5km west-north-west of the subject site) with shop front spaces on both sides of Majors Bay Road between Gallipoli Street and Brewer Street. The centre includes a full line Coles supermarket approximately 2,500sqm in size and 65 specialty shop front premises. Total shop front space is estimated to be 11,000sqm. Of the specialties a high proportion are restaurants (18). There are a further three take-away food stores, seventeen (24) other retailers, 14 non-retail commercial premises and six vacancies. 2 of the vacancies were being renovated or newly fitted out at the time of the survey.

Concord has a fairly wide trade area encompassing the Canada Bay LGA west of Five Dock. This area will benefit from population growth at an average rate of 2.25% per annum over the next decade.

3.1.4 North Strathfield

Along Concord Road in North Strathfield, 2.8km west of the subject site, is a small format Woolworths supermarket of around 1,200sqm. There are also 45 specialty shops fronting Concord Road between Homedale Avenue and Correys Avenue. 14 of the specialty shops are restaurants and take-aways, 9 are non-retail commercial services and 2 were vacant at the time of survey. Total shop front space is around 6,000sqm.

3.1.5 Neighbourhood Centres

Cabarita Road, 1.6km north of the subject site, is a neighbourhood centre comprising 9 shops, two of which are restaurants

Further to the north on the corner of Gale Street and Brays Road in is a small group of 10 shops including 4 restaurants / take-aways and a convenience store.

Another neighbourhood centre at North Strathfield Station comprises 15 small shops and no anchor tenant.

There is a small cluster of shops on Concord Road in Concord West between Nirranda Street and Myall Street comprising 18 shops.

Another neighbourhood centre at Concord West station comprises 16 small shops.

3.2 Proposed Mix and Turnover

For the purposes of this study HillPDA have assumed a centre of 3,557sqm (GFA) of which 2,700sqm would be occupied leasable retail space. For the purpose of the impact modelling we have assumed the following mix:

- 900sqm supermarket which could be a small format Woolworths or Coles, IGA, Harris Farm or something like the new Supamart IGA store in Harold Park
- 400sqm of specialty food (liquor, bakery, butcher, confectionary, etc)
- 700sqm of restaurants and take-aways (at least half of this space would be themed by the water)
- 800sqm of non-food retailing and personal services (newsagency, arts, hair and beauty, chemist, etc)
- Up to 700sqm of non-retail space (travel, finance, medical, massage, real estate services, etc).

We have further assumed that these businesses will trade at close to industry benchmark levels in metropolitan areas.

Finally we have assumed the centre will be fully operational by 2024.

The below table applies target turnover rates consistent with those used to calculate floorspace demand for the assumed floorspace mix on the subject site to derive expected turnover.

Table 5: Estimated retail turnover in 2024 (\$2017)

Store Type	GLA (sqm)	Retail Sales (\$/sqm)*	Turnover (\$m)
Supermarket	900	9,500	8.6
Specialty food & take-away	400	7,500	3.0
Restaurants	700	5,000	3.5
Other personal & household goods	800	4,500	3.6
Non-retail uses	500		
Total GLA	3,200	7,723	18.7

Source: Various including ABS Retail Survey 1998-99, Urbis Retail Averages, Shopping Centre News, HillPDA and various consultancy studies.

Based on our calculations the retail component of the proposed development would generate total retail sales in the order of \$18.7m in 2024 (measured in 2017 dollars).

3.3 Redirection of Turnover from Existing Centres

The \$18.7m of retail sales captured by the centre would be redirected from competing centres. Note that this turnover should be viewed in the context of growth in expenditure in the walkable catchment between 2016 and 2031 which is equivalent to some \$35m of expenditure. The proposed centre is therefore justifiable based on growth alone and would not be reliant upon redirecting significant trade away from existing centres.

Notwithstanding this, in order to provide a robust assessment, HillPDA has prepared a bespoke gravity model to examine the extent of trade redirected from existing centres. The results of the bespoke gravity model are presented in the following table.

Note that the gravity model assumes that 20% of the turnover captured by the proposed development would be redirected from other destinations not listed in the gravity model. These include freestanding outlets in the wider Concord area as well as day trippers from beyond the locality.

Table 6: Retail Impact Assessment

	1	2	3	4	5	6	7	8	9
Retail Centre	Return travel time from Site (minutes)	Approx. Retail Floor Space	Estimated Turnover in 2017	Turnover in 2024 without Proposal	Turnover in 2024 with Proposal	Immediate Shift in Turnover in 2024	% Shift in Turnover in 2024	Shift in turnover from 2017 to 2024	% Shift in turnover from 2017 to 2024
Proposed Centre					18.7	18.7			
Concord	6.0	8,950	64.0	73.5	68.6	-4.9	-6.7%	4.6	7.2%
Cabarita & Brays Rds	6.0	1,800	9.6	11.0	10.2	-0.8	-7.1%	0.6	6.8%
North Strathfield	12.0	5,000	31.5	35.9	35.0	-1.0	-2.7%	3.5	11.0%
Burwood	15.0	89,000	680.0	791.9	785.9	-5.9	-0.8%	105.9	15.6%
Five Dock	14.0	14,500	108.0	120.7	118.4	-2.3	-1.9%	10.4	9.6%
Other Localities						-3.7			
TOTAL		119,250	893.1	1,033.1	1,036.8	0.0	0.4%	143.7	16.1%

1: Drivetime in minutes derived from Googlemaps.

2: Excludes Source: Various including Shopping Centre News, PCA Shopping Centres Directory, HillPDA Floorspace Surveys.

3: Various including Shopping Centre News, PCA Shopping Centres Directory, Shopping Centre Annual Reports, Urbis Retail Averages, Other Consultancy Reports and HillPDA Estimate.

4: Allows for population growth (variable for each centre) and real growth in retail spend per capita of 0.8% per annum in line with historic trend since 1986 (HillPDA Calculation from ABS Retail Sales, population estimates and CPI indexes).

5: The turnover of localities following the proposed development. The forecast turnover of the proposed development is distributed between localities based on distance and size.

6: Immediate shift in turnover. This is difference between the development and the do nothing options (i.e. Column 4 minus Column 5).

7: Immediate percentage shift is shift in turnover divided by the turnover in 2017 without the development proceeding.

8: This is the shift in turnover from 2017 to 2024 after the opening of the new development.

9: This is shift in turnover from 2017 to 2024 divided by the turnover in 2017.

There are no universal measures of significance of economic impact. There are references in various consultancy reports and statements in the NSW Land & Environment Court which suggest that a loss of trade below 5% is considered insignificant, 5% to 10% is low to moderate, 10% to 15% is moderate to high, and above 15% is a strong or significant impact. Generally impacts of up to 10% are considered to be within the normal competitive range, although this is dependent upon the trading performance of the centre in question and/ or the level of population growth in a trade area.

Columns 6 and 7 in the above table indicate the immediate or point in time trading impact of the proposed development. As would be expected, in proportional terms, Majors Bay Road and Cabarita in Concord would experience the strongest impacts – equivalent to 7% loss of trade. This is still considered to be a moderately low impact. All other centres would experience impacts of less than 5% which is considered insignificant.

Over time this impact will lessen across all the surrounding centres (refer to Columns 8 and 9). This is because these centres will capture an increasing amount of retail expenditure as a result of population and expenditure growth in their respective trade areas. Indeed, over the 2017 to 2024 period all centres will experience an increase in trading levels above 7% with or without the proposed development. On this basis, we consider that the trading impacts would be acceptable and would not threaten the role, function or commercial viability of any existing centre.

3.4 Other Economic Benefits

A significant benefit of the retail space is the improved convenience for residents that live in the immediate area. The existing 3,300 residents that live within 800m of the subject site and the 1,175 new residents all live beyond 800m of any other commercial centre.

The planning proposal will enable these residents to make more purchases regularly on foot rather than relying on using private motor vehicles. Whilst residents in the immediate area are expected to continue to shop at Burwood and Concord for major food and grocery shopping as well as comparative goods and leisure shopping, they are likely to make small but regular convenient purchases in the new centre.

By providing convenience retail services for a walkable catchment of more than 5,000 people we expect that there will be fewer car trips.

3.5 Conclusion

The proposed level and mix of retail uses on the site is supported for the following reasons:

- The residential area within 800m walking distance of the site currently houses 3,300 residents and will house more than 5,000 residents by the time the subject site is fully developed. This is sufficient population to support a neighbourhood centre
- Without the proposed retail space on the subject site these people will live more than walking distance from any other convenience retail offer
- With more than 2% per annum population growth in the Canada Bay - Concord SLA over the next decade the demand for retail space will continue to increase over and above the levels proposed on the subject site
- Due to population growth and increasing affluence all centres in the Canada Bay are expected to trade more than 13% above their current levels over the next 8 years with or without the planning proposal.

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