

ECONOMIC NEED  
and IMPACT ASSESSMENT

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PROPOSED 'STAGE 3' TRADITIONAL RETAIL

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WOODPARK ROAD,  
SMITHFIELD

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# EXECUTIVE SUMMARY

## Introduction (Section 1)

This Report has been prepared for Snowside Pty Ltd (Snowside). The Report analyses the need for and potential economic impact of adding traditional retail floorspace to a proposed large format/bulky goods retail (now known as specialised retailing) centre (known as Stage 2) of the overall proposed development.

The subject development site is at the corner of Woodpark Road and the Cumberland Highway, Smithfield.

Snowside is proposing the development of a supermarket and supporting convenience retail shops together with additional mini-major-type retailers. The development is proposed to be located on the southern portion of the site and is hereafter referred to as 'Stage 3'.

## Development Consent (Section 2)

The proposed Stage 3 development is to comprise:

- ▶ a full-line supermarket of up to 3,641m<sup>2</sup> Net Lettable Area (NLA) most likely to be operated by Coles
- ▶ 212m<sup>2</sup> liquor store
- ▶ 4,580m<sup>2</sup> of retail floorspace
- ▶ 8,964m<sup>2</sup> of specialised retail floorspace across all levels
- ▶ a fast food outlet of 418m<sup>2</sup> with drive-through facilities.

A total of 888 car spaces will be provided.

## Trade Area Analysis (Section 3)

A trade area has been defined for the proposed development. The trade area comprises:

- ▶ Primary Trade Area (PTA) – Smithfield and part of Guildford West
- ▶ Secondary Trade Area (STA) North – southern part of Greystanes and western part of Merrylands

# EXECUTIVE SUMMARY

## Trade Area Analysis (Cont'd)

- ▶ STA East – part of Guildford West
- ▶ STA South – northern part of Fairfield Heights and northern part of Fairfield West.

## Trade Area Population

The trade area's resident population was estimated to have been some 35,151 people in June, 2017.

At that time the trade area population could have supported up to three full-line supermarkets.

The existing Smithfield Coles is the trade area's only full-line supermarket at present. Woolworths' supermarkets are located at Greystanes and Pemulway just beyond the trade area's northern boundary.

By 2026 the Main Trade Area (MTA) population is forecast to have increased by +5,652 or +16.1% to 40,803 people.

By 2026 annual available trade area spending in the MTA is forecast to have increased to \$569.8 million (\$2018) representing a real increase of +\$99.3 million between 2017-26.

Annual available supermarket expenditure in the MTA meanwhile is forecast to increase from \$145.9 million in 2017 to \$176.6 million by 2026. This equates to real growth of \$30.7 million between 2017-26.

## Non-Resident Spending

2016 Census data indicated the workforce in the local area (Woodpark/Smithfield/Wetherill Park) comprised about 13,424 workers. This suggests a decline in the local workforce of about -11.7% between 2011-16.

Based on the 2016 Census data annual worker spending is estimated to be in the order of \$31.0 to \$41.4 million (\$2018).

# EXECUTIVE SUMMARY

## Impact Analysis (Section 4)

The Stage 3 development is estimated to achieve total annual sales of \$72.0 million (\$2018) in 2021 which is assumed to be its first full year of trading.

Of this, supermarket sales are estimated to be \$44.7 million with \$27.3 million comprising 'other retail' floorspace sales.

Approximately \$56.7 million of total sales is estimated to derive from the trade area with \$15.3 million estimated to originate from spending by non-trade area residents.

The average annual sales rate of the proposed development in 2021 is estimated at \$8,135 per m<sup>2</sup> per annum (\$2018).

Average annual supermarket sales meanwhile are estimated at \$12,276 per m<sup>2</sup> per annum (\$2018). Sales attributable to 'other retail' floorspace are estimated at \$5,450 per m<sup>2</sup> in 2021.

These average sales rates will be consistent with those being achieved by other successful supermarket-anchored centres in the outer areas of the Sydney Metropolitan Area in 2021.

## Potential Sales Impact

The majority of estimated impacts of affected centres of the proposed Stage 3 development are estimated to be less than -5% in 2021.

Most retail analysts in Australia agree that impacts of this order fall into the 'very low' category of impact. As such, they are unlikely to significantly influence the trading pattern of any centre affected.

The impact on the two major centres operated by Stockland at Merrylands and Wetherill Park are expected to be minimal in nature—namely in the range of -0.9% to -2.0%. Both centres are achieving year-on-year sales growth in excess of +1% per annum in real terms. Any impact they may experience, therefore, in all likelihood will be very short lived.

The Fairfield Town Centre (-6.2%) and Greystanes (-9.8%) are identified as experiencing impacts above -5%. Impacts of this order generally are classified as being in the 'medium' category of impact.

We do not consider the impact on the Town Centre will result in any significant long-lasting effect on its trading performance.

# EXECUTIVE SUMMARY

## Impact Analysis (Cont'd)

Greystanes, which is anchored by a Woolworths supermarket, was reported as achieving annual sales of \$57.4 million (\$2017) in 2017. This equates to a healthy average annual sales rate of some \$10,100 per m<sup>2</sup>. An impact of -9.8% in 2021 is unlikely to result in any long-term detriment to the centre's performance.

The Stage 3 proposal's most significant impact will fall on the Smithfield neighbourhood centre given it is currently anchored by a relatively small and underperforming Coles supermarket.

The estimated impact on the centre in 2021—which would be classified as being in the 'very high' category of impact—overwhelmingly will fall on its Coles supermarket.

## Future of Smithfield Centre

The Smithfield centre primarily takes the form of a traditional strip centre with shops running along the northern and southern sides of the street including Coles' existing store and the adjacent Smithfield Tavern.

Although Coles is the centre's anchor tenant its presence has never translated into a significant level of economic prosperity for the Smithfield centre as a whole.

The centre has been affected adversely over time by the expansion of retail floorspace and activity at Stockland Wetherill Park and to a lesser extent that at the Fairfield Town Centre.

The Smithfield centre also experiences competition from centres at Fairfield Heights (Woolworths) and Fairfield West (Coles and Aldi).

In the future, it seems likely the Smithfield centre will acquire more non-retail, commercial functions. Its historic core role of providing convenience retail services to local residents will decline over time. This outcome is to be expected even if additional retail facilities are not developed on the subject site at Woodpark Road.

## Other Economic Benefits

Direct construction employment associated with the Stage 3 proposal is estimated to be equivalent to 400 full-time positions over the life of the project's construction phase.

Once completed and tenanted, the proposed Stage 3 development will substantially increase employment opportunities in the Smithfield area. Total on-site employment generation could be in the order of +843 jobs.

This represents growth of +6.3% in estimated total employment in the Smithfield local area as found at the 2016 Census (13,424 workers).



# EXECUTIVE SUMMARY

## Conclusion (Section 5)

The need for an additional supermarket and supporting specialty shops on the subject site can be demonstrated with reference to the size of the Smithfield trade area's resident population together with demand for retail services generated by a large worker population in the Smithfield/Woodpark employment area.

The impact of the proposed Stage 3 centre (anchored by a Coles supermarket) would be somewhat significant with respect to Greystanes but will not result in long-term detriment to the centre's performance. The impact on the major centres operated by Stockland at Merrylands and Wetherill Park and that on the Fairfield Town Centre would be relatively insignificant.

The impact on the Smithfield neighbourhood centre, although potentially significant, will be offset by the benefit the increased availability of supermarket services in the Smithfield area will confer on local residents.

The proposal will also generate significant growth in local employment opportunities.



# 1 INTRODUCTION

This Report has been prepared for Snowside Pty Ltd (Snowside). The Report analyses the need for and potential economic impact of adding traditional retail floorspace to a proposed large format/bulky goods retail centre (Stage 2 of the overall proposed development) on the corner of Woodpark Road and the Cumberland Highway, Smithfield—hereafter referred to as the subject site.

Leyshon Consulting previously analysed the demand for a major format/bulky goods (now referred to as specialised retailing) retail centre in this location which was the subject of a Planning Proposal. That Planning Proposal was approved.

Snowside is proposing development of a supermarket and supporting convenience retail shops together with additional mini-major-type retailers. The development is proposed to be located on the southern portion of the subject site and is hereafter referred to as 'Stage 3'.

The principal issue examined in this Report is the potential impact of the proposed addition of a supermarket and supporting specialty shops on existing shopping centres in the region surrounding Smithfield.

# 2

## DEVELOPMENT CONTEXT

### 2.1 Stage 3 Proposed Development

The proposed Stage 3 development at ground level is to comprise the following:

- a full-line supermarket of up to 3,641m<sup>2</sup> Net Lettable Area (NLA) most likely to be operated by Coles;
- 212m<sup>2</sup> liquor store
- 4,580m<sup>2</sup> of retail floorspace
- 2,052m<sup>2</sup> of specialised retail floorspace across all levels
- fast food outlet of 418m<sup>2</sup> with drive-through facilities.

#### Level 1:

- 2,561m<sup>2</sup> of specialised retail floorspace

#### Basement:

- 4,351m<sup>2</sup> of specialised retail floorspace on Basement level 2.

We have assumed the inclusion of mini-major floorspace on the ground level of subject site such as Dan Murphys, Chemist Warehouse, a large sports store and the like. Such retailers have been assumed to occupy 2,965m<sup>2</sup> of space in three large tenancies denoted as tenancies G02, G03 and G04.

We understand that a total of 888 car spaces will be provided.

In addition to the retail floorspace an office tower of two levels comprising 6,994m<sup>2</sup> of floorspace in total is proposed.

## 2.2 Existing Competition

In relation to the proposed retail development and in particular the proposed provision of a supermarket on the subject site, we have assumed that the following supermarkets would be regarded as being directly competitive with that proposed:

- Stockland Wetherill Park – Woolworths and Coles
- Fairfield Town Centre – Woolworths, Coles and Aldi
- Smithfield – Coles
- Greystanes – Woolworths
- Pemulway - Woolworths
- Merrylands Town Centre (Stockland) – Coles, Woolworths and Aldi
- South Wentworthville – Aldi and Woolworths
- Fairfield Heights – Woolworths
- Fairfield West – Coles and Aldi.

Data on the size and composition of competitive centres is provided in TABLE 2.1. The retail hierarchy surrounding Smithfield is dominated by three regional-scale centres—namely at Wetherill Park, Fairfield and Merrylands. Two of these centres (Wetherill Park and Merrylands) in turn contain enclosed retail centres operated by Stockland.

**TABLE 2.1**  
**CHARACTERISTICS of MAJOR CENTRES in SMITHFIELD REGION, 2018**

Centre...	Net Leasable Area (Sq.M.)	Major Tenants
Stockland Wetherill Park	71,356	Big W, Coles, Target, Woolworths, Hoyts
Stockland Merrylands	59,386	Big W, KMart, Target, Coles, Woolworths, Aldi
Greystanes	6,005	Woolworths
South Wentworthville	7,800	Woolworths, Aldi
Pemulwuy	5,191	Woolworths
Fairfield Town Centre Fairfield Forum	17,753	KMart, Coles, Aldi
Neeta Centre	24,500	Big W, Woolworths
Balance of Town Centre	8,200	n.a.
Fairfield West	7,000	Coles, Aldi
Fairfield Heights	10,000	Woolworths
Wetherill Park	5,000	IGA
Sources:	<i>Shopping Centre News Survey 2017-18; PCA NSW &amp; ACT Shopping Centre Directory; Fairfield City Council Centres Study, 2015.</i>	

We understand that a Planning Proposal has been supported by Council for a mixed use development on a site fronting Woodville Road, Guildford at its intersection with Lansdowne Street. If approved the development will contain a full-line supermarket (reported to be Coles) and some 3,500m<sup>2</sup> of specialty retail floorspace.

We consider that this proposed development (if approved) will have limited competitive overlap with the proposed Stage 3 development on the subject site. The principal reasons being that the proposed Guildford development is located to the east of the railway line, there are limited crossing points over the rail line between West Guildford and Guildford itself and the bulk of the trade area for the proposed Guildford centre will be to the south and east of the subject site.

# 3 TRADE AREA ANALYSIS

## 3.1 Trade Area Definition

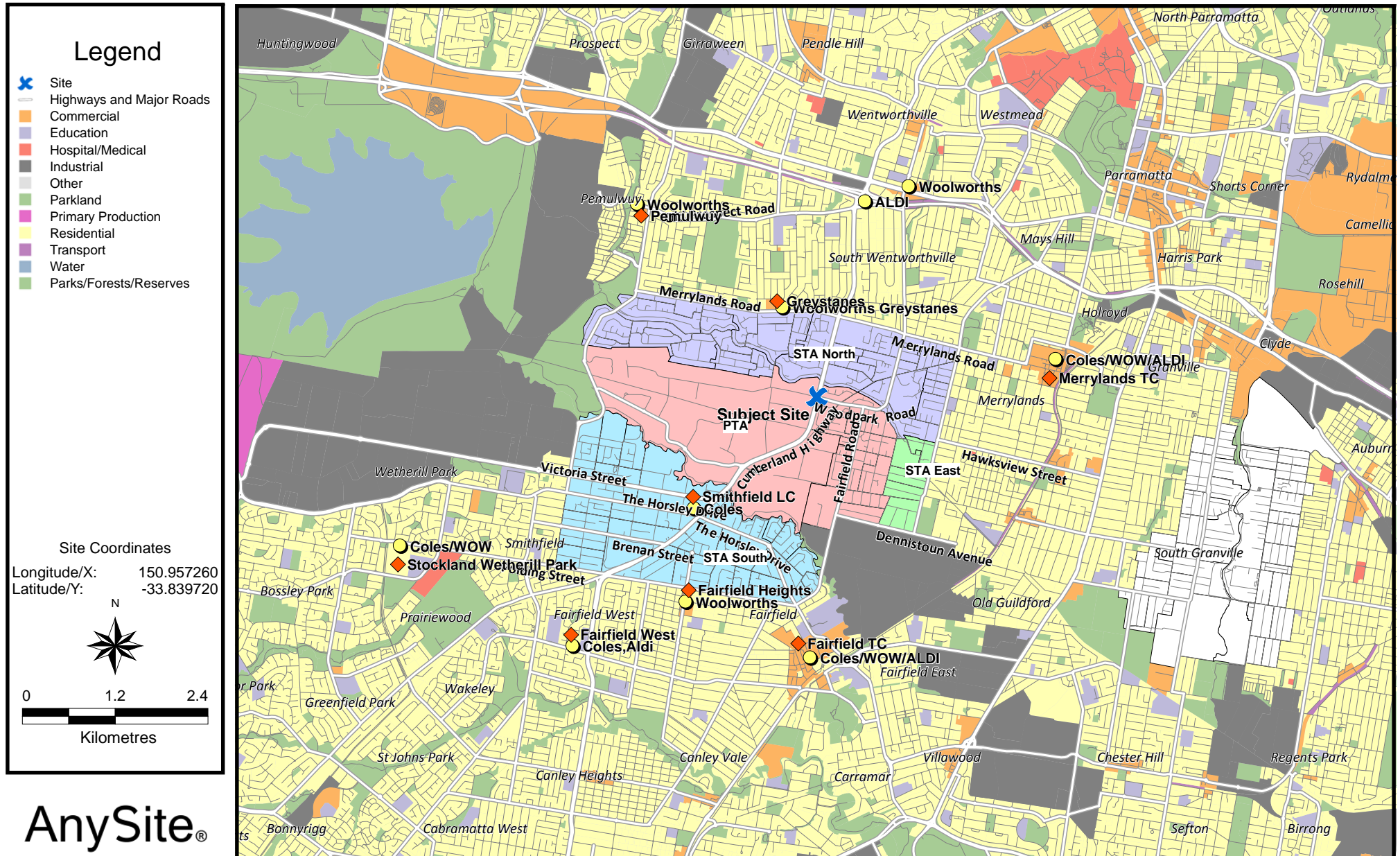
We have defined a trade area for the supermarket/convenience retailing component of the centre—that is, the non-specialised retail component—having regard to likely competition, the regional road system and significant barriers to movement.

FIGURE 3.1 depicts the relevant trade area assuming the non-specialised retail component of the centre is anchored by a full-line Coles supermarket. It should be noted that the definition of the trade area is based on confidential data provided by Coles on the operation of their existing store at Smithfield.

As noted in FIGURE 3.1, the trade area has been subdivided into a number of component areas which can be described as follows:

- Primary Trade Area (PTA) – Smithfield and part of Guildford West
- Secondary Trade Area (STA) North – southern part of Greystanes and western part of Merrylands
- STA East – part of Guildford West
- STA South – northern part of Fairfield Heights and northern part of Fairfield West.

# Figure 3.1: Smithfield Trade Area Coles Option

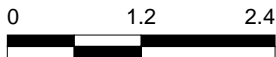


## Legend

- ✕ Site
- Highways and Major Roads
- Commercial
- Education
- Hospital/Medical
- Industrial
- Other
- Parkland
- Primary Production
- Residential
- Transport
- Water
- Parks/Forests/Reserves

### Site Coordinates

Longitude/X: 150.957260  
Latitude/Y: -33.839720



Kilometres

AnySite®

Data Source:

Print Date: 29 November 2018  
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## 3.2 Trade Area Population

Recent data published by the Australian Bureau of Statistics (ABS) on the estimated resident population (ERP) of Statistical Area 2s (SA2s) in New South Wales indicate the areas surrounding and including Smithfield experienced reasonably strong population growth in 2016-17. As indicated in TABLE 3.1, percentage population growth rates in relevant SA2s ranged between 1.6% per annum in Greystanes/Pemulwuy SA2 and 2.1% per annum in Fairfield West SA2.

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**TABLE 3.1**  
ESTIMATED RESIDENT POPULATION GROWTH – SMITHFIELD TRADE  
AREA, 2016-17 (No. Persons)

ABS Statistical Area 2 ...	2016	2017	Annual % Change 2016-17
Smithfield	18,591	18,914	1.7%
Fairfield West	19,801	20,241	2.2%
Greystanes/Pemulwuy	27,290	27,733	1.6%
Guildford West/Merrylands West	21,525	21,964	2.0%

Errors due to rounding.

Source: ABS Regional Population Growth, Australia; Estimated Resident Population (ERP), Statistical Areas Level 2, NSW (Revised), 2017.

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Further analysis of the ABS data indicates the majority of the population growth experienced in these areas was as a result of natural increase rather than net migration. It is likely that the higher rate of natural population growth in Smithfield and surrounding suburbs is due to cultural factors including the very high Catholic component of the resident population (35%) compared with 25% in Greater Sydney.

Having regard to the underlying population growth rates discussed above and results of the 2016 Census, we estimate the resident trade area population to be some 35,151 people as at June, 2017 (TABLE 3.2 refers).



**TABLE 3.2**  
**ESTIMATED RESIDENT POPULATION GROWTH – SMITHFIELD TRADE**  
**AREA, 2017-26 (No. Persons)**

Trade Area Sector ...	2017	2021	2026	Growth 2017-26
PTA	5,163	5,480	5,903	740
STA North	14,131	14,939	15,999	1,868
STA East	2,151	2,310	2,521	370
STA South	13,706	14,836	16,380	2,674
Sub-Total – STA	29,988	32,085	34,900	4,912
MTA	35,151	37,565	40,803	5,652

Errors due to rounding.  
Source: ABS Census 2016, Pitney Bowes 2018, Leyshon Consulting 2018.

Most retail analysts in Australia consider that as a general principle a full-line supermarket requires a catchment population of 8,000 to 10,000 people to trade successfully in urban areas.

In theory, the trade area population in 2017 could have supported up to three full-line supermarkets. The Smithfield Coles is, however, the only such supermarket within the trade area at present although Woolworths supermarkets are located at Greystanes and Pemulway—just beyond the trade area’s northern boundary.

The trade area is likely to experience modest population growth over the next five years. Unlike some other areas of Sydney, there are no significant proposals for major urban in-fill housing projects so it will not experience rapid population growth in the near term.

We estimate that by 2021 the population of the defined trade area will be some 40,803 people (TABLE 3.2 refers). This represents an increase of +5,652 residents between 2017-26 or growth of +16.1%.

## 3.3 Available Retail Spending

### 3.3.1 Available Resident Spending

TABLE 3.3 provides estimates of the volume of available spending in the trade area up to 2031. In summary, annual available resident retail spending in 2017 is estimated to have been some \$470.5 million (\$2018).

**TABLE 3.3**  
ESTIMATED AVAILABLE RESIDENT RETAIL SPENDING – SMITHFIELD  
TRADE AREA, 2017-26 (\$ Mil. per annum; \$2018)

Trade Area Sector ...	2017	2021	2026	Growth 2017-26
PTA	\$74.8	\$81.0	\$89.5	\$14.7
STA North	\$208.1	\$224.5	\$246.5	\$38.4
STA East	\$29.2	\$32.0	\$35.8	\$6.6
STA South	\$158.4	\$174.9	\$198.0	\$39.6
Sub-Total – STA	\$395.7	\$431.4	\$480.3	\$84.6
MTA	\$470.5	\$512.4	\$569.8	\$99.3

Errors due to rounding.

Source: ABS Census 2016, Pitney Bowes 2018, Leyshon Consulting 2018.

By 2026 annual available trade area spending is forecast to increase to \$569.8 million (\$2018), a real increase in annual available spending of +\$99.3 million between 2017 and 2026.

We anticipate that on-line retail spending will increase from 7% in 2017 to 10.5% by 2026. Hence, by 2026 the volume of trade area spending available to so-called 'bricks and mortar' retailers will be about \$509.9 million (\$2018).

The estimated volume of annual available supermarket expenditure in the trade area in 2017 (\$2018) is \$145.9 million increasing to \$176.6 million by 2026, real growth of \$30.7 million between 2017-26 (\$2018;

TABLE 3.4 refers).

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**TABLE 3.4**  
ESTIMATED AVAILABLE RESIDENT SUPERMARKET SPENDING –  
SMITHFIELD TRADE AREA, 2017-26 (\$ Mil. per annum; \$2018)

Trade Area Sector ...	2017	2021	2026	Growth 2017-26
PTA	\$23.2	\$25.1	\$27.7	\$4.5
STA North	\$64.5	\$69.6	\$76.4	\$11.9
STA East	\$9.1	\$9.9	\$11.1	\$2.0
STA South	\$49.1	\$54.2	\$61.4	\$12.3
Sub-Total – STA	\$122.7	\$133.7	\$148.9	\$26.2
MTA	\$145.9	\$158.8	\$176.6	\$30.7

Errors due to rounding.

Source: ABS Census 2016, Pitney Bowes 2018, Leyshon Consulting 2018.

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The projected increase in total available retail and supermarket spending between 2017-26 would support an increased provision of retail floorspace both in and adjacent to the trade area.

For example, the growth in annual available supermarket spending would support in the order of 14,000m<sup>2</sup> of such floorspace in 2017 given an assumed supermarket sales rate of \$10,000 to \$12,000 per m<sup>2</sup>.

### 3.3.2 Non-Resident Spending

In addition to resident spending, we consider a considerable volume of available worker spending potentially could be captured by a convenience retail offer developed on the subject site.

The 2011 Census Journey-to-Work data indicated up to 15,000 people worked in the Woodpark/Smithfield/Wetherill Park area in 2011. The 2016 Census estimated the workforce in the area comprised about 13,424 workers. This suggests a decline in the local workforce in the area of about -11.7% between 2011-165. Based on the 2016 Census data we estimate worker spending could be in the order of \$31.0 to \$41.4 million per annum (\$2018).

# 4

## IMPACT ANALYSIS

### 4.1 Introduction

The purpose of this section of the Report is to estimate the potential impact of the proposed development on other existing centres in the retail hierarchy surrounding Smithfield.

In our opinion, the nature of the proposed Stage 3 development in association with a major specialised retail 'offer' poses some challenges as far as traditional impact analysis is concerned. In addition, the location of the subject site on a busy road and in the midst of a major employment area further complicates the analysis.

Consideration is also given to the potential beneficial effects of the development in terms of job creation during the construction phase and ongoing employment once the centre commences trading as well as other relevant factors.

### 4.2 Assumptions

The following key assumptions have been adopted in preparing the impact analysis namely:

- that the proposed Stage 3 development is anchored by a full-line Coles supermarket of 3,641m<sup>2</sup> NLA—excluding areas devoted to the loading dock
- the Stage 3 development will have 2021 as its first full year of trading

- the specialised retail component of the overall development will be fully tenanted and trading by 2021
- no other major changes to surrounding centres will occur between 2018-21.

## 4.3 Market Share Analysis

Critical to undertaking any economic impact analysis is forecasting the potential annual sales of the proposed development. In this case, sales of the development in 2021 have been forecast having regard to available retail spending generated by trade area residents in 2021 and the likely market share the development could achieve within various parts of its trade area.

We have also assumed the development will attract a significant component of its 2021 sales from spending by non-trade area residents—that is, either workers in the surrounding Smithfield employment zone or shoppers patronising the specialised retail component of the overall development on the subject site and choosing to undertake some traditional supermarket and convenience-type shopping while visiting the centre.

Given its location, it is also certain the development will capture a component of what is known as ‘passing trade’. This principally refers to spending by motorists travelling on the Cumberland Highway who would regard the proposed centre as a convenient place to undertake supermarket and related convenience shopping on their way to or from work or whatever activity they might be undertaking at the time of passing the proposed centre.

The proposed development will also be linked by a pedestrian bridge to the adjacent 'Tway' public transport service. This will encourage patronage of the proposed centre by non-trade area residents.

TABLE 4.1 sets out our estimates of the market shares likely to be captured by the proposed Stage 3 development from various parts of the trade area and the consequent sales generated in 2021 at constant prices (\$2018).

TABLE 4.1 ESTIMATED SALES and MARKET SHARES of PROPOSED STAGE 3 SMITHFIELD CENTRE, 2021 (\$ Mil. per annum; \$2018)							
Factor ...	PTA	STA North	STA East	STA South	MTA Total	Non- Trade Area	Total Centre
<b>Available Spending</b>							
Supermarket	\$25.1	\$69.6	\$9.9	\$54.2	\$158.8		
Other Retail	\$55.9	\$154.9	\$22.1	\$120.7	\$353.5		
Total	\$81.0	\$224.5	\$32.0	\$174.9	\$512.4		
<b>Market Share (%)</b>							
Supermarket	33.0%	18.0%	35.0%	17.0%	21.1%		
Other Retail	11.0%	5.5%	12.0%	5.0%	6.6%		
Total	17.8%	9.4%	19.1%	8.7%	11.1%		
<b>Centre Sales (\$ Mil. per annum)</b>							
Supermarket	\$8.3	\$12.5	\$3.5	\$9.2	\$33.5	\$11.2	\$44.7
Other Retail	\$6.1	\$8.5	\$2.6	\$6.0	\$23.2	\$4.1	\$27.3
Total	\$14.4	\$21.0	\$6.1	\$15.3	\$5.9	\$15.3	\$72.0
Errors due to rounding.							
Source: Leyshon Consulting Estimates, November 2018.							

As can be noted from TABLE 4.1 we estimate the proposed development could capture an overall market share of 11.1% of available trade area resident retail spending in 2021. The individual market shares by trade area sector are estimated to be as follows:

- PTA ... 17.8%
- STA North ... 9.4%
- STA East ... 19.1%
- STA South ... 8.7%
- **Total** ... **11.1%**.

In overall terms we estimate the proposed development could capture 21.1% of available supermarket spending and 6.6% of non-supermarket spending generated within its Main Trade Area (MTA) in 2021.

We further estimate that a substantial component of the centre's turnover will be derived from spending by non-trade area residents. In our opinion, some 25% of supermarket sales and 15% of other retail sales could originate from these sources.

As also shown in TABLE 4.1, we estimate the Stage 3 development could achieve total annual sales of \$72.0 million (\$2018) in 2021. Of this, supermarket sales would comprise \$44.7 million and \$27.3 million being 'other retail' floorspace sales. We further estimate that approximately \$56.7 million of total sales would be sourced from the trade area with \$15.3 million originating from spending by non-trade area customers.

The resultant average annual sales of the development in 2021 would be \$8,135 per m<sup>2</sup> per annum (\$2018). Average annual supermarket sales per m<sup>2</sup> are estimated to be \$12,276 with 'other retail' floorspace achieving an average sales rate of some \$5,450 per m<sup>2</sup> in 2021. In our



opinion, these average sales rates will be consistent with those being achieved by other successful supermarket-anchored centres in the outer areas of the Sydney Metropolitan Area.

## 4.4 Potential Sales Impact

TABLE 4.2 provides our estimate of sales at selected relevant centres in 2017, 2021 prior to the proposed Stage 3 centre opening and 2021 following the centre's opening. The estimated change in sales at these centres in both dollar and percentage terms for each of these years is also identified.

**TABLE 4.2**  
ESTIMATED SALES IMPACT on RELEVANT CENTRES of PROPOSED STAGE 3  
SMITHFIELD CENTRE, 2021 (\$2018)

Centre ...	2017 (\$ Mil.)	2021 Pre- Development (\$ Mil.)	2021 Post- Development (\$ Mil.)	2021 Impact (\$ Mil.)	% Change Pre and Post Development
Greystanes	\$57.4	\$62.1	\$56.0	(\$6.1)	(9.8)%
Pemulway	\$56.8	\$61.5	\$58.6	(\$2.9)	(4.7)%
Fairfield Town Centre	\$230.5	\$239.8	\$225.0	(\$14.8)	(6.2)%
Merrylands Town Centre	\$420.5	\$455.1	\$451.2	(\$3.9)	(0.9)%
Stockland Wetherill Park	\$382.3	\$420.9	\$412.4	(\$8.5)	(2.0)%
Smithfield	\$24.5	\$25.5	\$18.5	(\$7.0)	(27.5)%
Fairfield Heights	\$58.5	\$63.3	\$60.5	(\$2.8)	(4.4)%
Fairfield West	\$65.0	\$70.4	\$67.5	(\$2.9)	(4.1)%
Wentworthville South	\$48.0	\$52.0	\$50.9	(\$1.1)	(2.1)%
Other Centres	n.a.	n.a.	n.a.	(\$22.0)	n.a.
Total	n.a.	n.a.	n.a.	(\$72.0)	n.a.

Errors due to rounding.

Source: Leyshon Consulting Estimates, November 2018.

In summary, the percentage impacts following the opening of the proposed centre are estimated to be as follows:

• Greystanes	...	-9.8%
• Pemulwuy	...	-4.7%
• Fairfield Town Centre	...	-6.2%
• Merrylands Town Centre	...	-0.9%
• Stockland Wetherill Park	...	-2.0%
• Smithfield	...	-27.4%
• Fairfield Heights	...	-4.5 %
• Fairfield West	...	-4.1 %
• South Wentworthville	...	-2.0%.

The majority of estimated impacts are less than -5% in 2021. Most retail analysts in Australia agree that impacts of this order fall into the 'very low' category of impact and, as such, are unlikely to have any significant influence on the trading pattern of a centre so impacted.

In this case, it should be noted that the impact on the major centres operated by Stockland at Merrylands and Wetherill Park will be minimal in nature—namely in the range of -0.9% to 2.0%. Both these centres are achieving year-on-year sales growth in excess of 1% per annum in real terms. Any impact they may experience, therefore, in all likelihood will be very short lived.

Furthermore, both centres have undergone significant expansions recently. This has lifted their status from sub-regional to regional shopping centres. Each centre also enjoys an extensive trade area with catchment populations of between 250,000 to 300,000 people. It is highly unlikely, therefore, that the future trading performance and

vitality of either centre will be threatened in any way by the proposed Stage 3 development.

Two centres are identified as experiencing impacts above -5%—namely the Fairfield Town Centre (-6.2%) and Greystanes (-9.8%). Impacts of this order generally are classified as being in the ‘medium’ category of impact. The Fairfield Town Centre contains three supermarkets—namely Woolworths, Coles and Aldi together with a wide range of specialty stores. We do not consider the impact on the centre will result in any significant long-lasting effect on its trading performance. This is particularly so given the Town Centre is benefiting from substantial nearby residential development centre which will almost certainly lift its sales over time.

In relation to the Greystanes centre which is anchored by a Woolworths supermarket, we note the centre in 2017 was reported as achieving annual sales of \$57.4 million (\$2017). This equates to an average annual sales rate of some \$10,100 per m<sup>2</sup> (Source: *Shopping Centre News* “Little Guns Survey, 2017”). This is a higher than average sales rate for a centre of its type; hence we do not consider an impact of -9.8% in 2021 will result in any long-term detriment to the centre’s performance.

As can be noted from TABLE 4.2, the most significant impact of the proposed Stage 3 development will be experienced by the Smithfield centre which is currently anchored by a relatively small and underperforming Coles supermarket. The estimated impact on the centre in 2021—which would be classified as being the ‘very high’ category of impact—overwhelmingly will fall on its Coles supermarket.

As noted above, the estimated impact on the Smithfield centre will be experienced almost exclusively by its existing Coles supermarket. Ultimately, it is a commercial decision for Coles to evaluate the

advantages of opening an additional store at Woodpark Road in terms of the impact this would have on the sales of their Smithfield store.

In this regard, Coles undoubtedly will also have regard to the fact that its main rival, Woolworths, has six supermarkets in surrounding centres whereas Coles currently has only four stores—namely those at Smithfield, at Stockland Wetherill Park, the Fairfield Town Centre and Stockland Merrylands.

## 4.5 Future of Smithfield Centre

The Smithfield neighbourhood centre on The Horsley Drive primarily takes the form of a traditional strip centre with shops running along the northern and southern sides of the street including Coles' existing store and the adjacent Smithfield Tavern. A Shell service station is also located on the corner of The Horsley Drive and the Cumberland Highway at the eastern end of the centre.

Although Coles is the Smithfield centre's anchor tenant its presence has never translated into a significant level of economic prosperity for the centre as a whole. We also understand Coles has never traded particularly successfully in this location principally because the store is poorly located within the centre. For instance, it is not visible to passing traffic and access to its associated parking area is via a narrow entrance off Justin Street. The supermarket is also poorly connected in pedestrian terms to the shops on The Horsley Drive.

Apart from Coles, the Smithfield centre contains a number of traditional convenience retail tenancies including a newsagency, pharmacy, several take-away food outlets, florist, hairdresser and a large liquor shop. There are some non-retail tenants including a TAB, gymnasium and post office

as well as a number of commercial tenancies including a real estate agency and labour hire business.

In our opinion, the centre has been affected adversely by the increase in retailing floorspace and activity over time at Stockland Wetherill Park and to a lesser extent that at the Fairfield Town Centre. The centre also experiences competition from centres at Fairfield Heights (Woolworths) and Fairfield West (Coles and Aldi).

The centre is always likely to attract a significant level of passing trade. Consequently, it should still be an attractive location for certain retailers such as those providing fast food outlets and other convenience goods which rely substantially on passing trade.

In our opinion it is likely the Smithfield neighbourhood centre will, in the future, acquire more non-retail, commercial functions and its core role of providing convenience retail services will decline over time even if additional retail facilities are not be provided on the subject site at Woodpark Road.

## 4.6 Other Economic Benefits

The proposed development will generate significant employment—both during its construction phase and following its completion when the project commences trading.

The construction value of the project is estimated at approximately \$60million (\$2018).

We estimate that direct construction employment will be equivalent to 400 full-time positions over the project's construction phase. This is estimated to be in the order of 18 months.

Once completed and tenanted the proposed development will substantially increase employment in the Smithfield area. We estimate permanent on the subject site post construction will be provided at the following workspace ratios:

- retail – 1:28m<sup>2</sup>
- specialised retail – 1:65m<sup>2</sup>
- office – 1:18m<sup>2</sup>.

Based on the proposed floorspace as set out in Section 2.1 of this Report, the resulting employment on-site and once fully tenanted would likely be in the order of:

- retail (8,851m<sup>2</sup>) ... 316 jobs
- specialised retail (8,964m<sup>2</sup>) ... 138 jobs
- office (6,994m<sup>2</sup>) ... 389 jobs.

Hence total employment on-site once the project is completed and trading could be in the order of 843 jobs. This would equate to an increase of about 6.3% in estimated total employment in the Smithfield area at the 2016 Census (13,424 workers).

# 5 CONCLUSION

As set out in this Report, we consider the need for an additional supermarket and supporting specialty shops can be demonstrated with reference to the size of the Smithfield trade area's resident population and the demand for retail services generated by a large worker population in the Smithfield/Woodpark area.

The impact of the proposed Stage 3 centre anchored by a Coles supermarket would be somewhat significant particularly in relation to Greystanes although relatively insignificant as far as the major centres operated by Stockland at Merrylands and Wetherill Park as well as the Fairfield Town Centre.

In our opinion it could be argued that the impact on Greystanes, although falling in the 'medium' category of impact, is acceptable given it would not be sufficient to undermine the viability of the centre which currently trades at an above average sales rate.

If Coles establishes a new store on the Woodpark Road site then the Smithfield centre likely will continue to experience a long-term decline in its retail base although this may be offset by some growth in non-retail/commercial activities over time.

Nevertheless the Smithfield trade area has sufficient available spending to support up to three full-line supermarkets at present—and this certainly will be the case by 2021.

In our view the impact on the existing Smithfield centre, although potentially very significant, will be offset by the benefit the increased availability of supermarket services in the Smithfield area will confer on local residents together with a significant increase in local employment.

