

2 May 2023

Ms Annika Hather  
Department of Planning and Environment,  
Locked Bag 5022  
Parramatta NSW 2124

Dear Annika,

## **SSD-31515622- Eastern Creek Retail Outlet Centre**

### **1. INTRODUCTION**

This submission has been prepared in response to the exhibition of State Significant Development Application (SSDA) No. 31515622 relating to the proposed Eastern Creek Retail Outlet Centre at Lot 3 of the Eastern Creek Quarter (ECQ) site at Rooty Hill.

The ECQ site comprises 4 lots. SSD-31515622 relates to the construction of Phase A of the retail outlet centre on Lot 3 of ECQ, comprising:

- the construction and operation of a single storey retail factory outlet centre on Lot 3 of DP31130 with 101 tenancies, the majority of which will accommodate retail factory outlet stores;
- the extension of ECQ Social to provide a large multi-purpose outdoor area with play spaces, passive recreation and alfresco dining;
- detailed landscape design including a multi-purpose sports court;
- signage zones;
- at-grade car parking in the northern portion of the site including 444 spaces;
- basement level car parking including 727 spaces; and
- external infrastructure upgrades, including the upgrade of the Rooty Hill Road South / Church Street intersection and an upgrade of Church Street including a new shared bicycle pathway.

The detailed SSD-31515622 is based on the Concept SSDA (SSD-10457), which was approved on 24 April 2023. It is noted that Vicinity Centres has previously prepared a submission to the Concept SSDA (dated March 2021).

Vicinity Centres has reviewed the Environmental Impact Statement (EIS) and associated documents currently available to view on the Major Projects website and object to SSD-31515622 on the following grounds:

- consistency with SSD-10457;
- economic impact associated with the proposed land use and estimated trading impacts on outlet centres; and
- traffic impacts

## 2. CONSISTENCY WITH SSD-10457

It is noted that SSD-31515622 proposes an additional GFA of 203 sqm compared to the Concept SSDA (SSD-10457) for Phase A. While the proposed GFA is within the overall cap for Lot 3, the proposed GFA for Phase A is inconsistent with SSD-10457 and should be addressed so the GFA for Phase A is consistent with the Concept approval.

## 3. ECONOMIC IMPACTS

An Economic Impact Assessment (EIA) was prepared by Macroplan in December 2020, which was submitted in support of SSD-10457.

The Environmental Impact Statement (EIS) dated March 2023, in relation to the detailed SSDA for Phase A (SSD-31515622), included reference to a letter dated 15 August 2022 where Ethos Urban indicated that there is no basis to update the Economic Impact Assessment (EIA) prepared for the proposed development given the floorspace of the proposed outlet centre is not materially different to that assessed in the EIA from December 2020.

Vicinity Centres believes the EIA should be updated given the EIA was prepared around two and a half years ago and that there are outstanding issues with the EIA that need to be resolved.

The estimated trading impacts on outlet centres are grossly understated given:

- In Point 5 of Macroplan's response to Vicinity Centres' original submission to SSD-10457 (dated March 2021), they acknowledge "*outlet retailing is a niche segment of the retail market*". However only 20% of the trading impact of the proposed outlet centre at Eastern Creek is assessed to be on other outlet centres.

This is despite the trade area defined for the Eastern Creek outlet centre overlapping to a significant degree with the trade areas of DFO Homebush and Fashion Spree in Liverpool. The trade area for the Eastern Creek trade includes the primary trade area of the Fashion Spree centre and core markets for the DFO Homebush outlet centre.

Vicinity Centres requests Macroplan provide additional information as to how the impacts on individual centres has been calculated and how such a small share of the impacts is accounted for by outlet centres which would be a direct competitor to the Eastern Creek centre.

- In the EIA, Macroplan utilises a low trading level of \$5,400 per sq.m for the Eastern Creek outlet centre as the basis to assess the trading impacts on other retail centres. This trading level is more than 40% lower than the average for outlet centres across the country (including centres in Melbourne where the provision of outlet centres is highest) and below what is regarded as necessary to viably sustain an outlet centre. The application of such a low trading level to assess the impacts on other centres inevitably and inappropriately understates the potential impacts on other centres, including outlet centres. In this regard, the impacts assessed by Macroplan cannot be relied upon.
- As Macroplan has provided no evidence in support of the \$5,400 per sq.m trading level, Vicinity Centres requests further information and evidence from Macroplan as to the basis for using a low trading of \$5,400 per sq.m in assessing impacts on other centres. In the response to Vicinity Centres original submission to SSD-10457 (dated March 2021), Macroplan attempted to provide justification for the trading level of \$5,400 per sq.m by stating that outlet centres trade at rates lower than traditional retail

uses and neighbourhood centres. This statement is not supported by any evidence apart from a comment that its generally accepted that neighbourhood centres trade at higher rates than outlet centres. Using neighbourhood centres as a means to justify a low trading level of \$5,400 per sq.m for the outlet centre at Eastern Creek is irrelevant and inappropriate as neighbourhood centres operate within a completely different segment of the retail market to that of outlet centres. Macroplan has provided no relevant evidence in support of the \$5,400 per sq.m trading rate.

- Vicinity Centres also notes that several of their DFO centres include bulky goods retailing on the same property which is not part of the outlet retailing offer. The bulky goods and other large format uses generally trade at significantly lower turnover productivity levels, while outlet centre retailing trades at a significant premium. Outlet centre evidence used to inform the potential trading performance of an outlet centre therefore should exclude non-outlet retailing tenants.
- By applying a more appropriate higher trading level for the Eastern Creek centre and recognising outlet centres directly compete with one another, the assessed trading impacts on other outlet centres could be in excess of 10% and above the threshold where impacts could have adverse effects on the sustainability of other centres.

The utilisation of a low trading level of \$5,400 per sq.m to derive the turnover of the proposed Eastern Creek outlet centre suggests that there is insufficient demand in outer north-western Sydney to support the proposed centre. The significant overlap with the trade areas of existing outlet centres suggests there is no market need for the development within the timeframes outlined in the EIA.

Furthermore, the trade area population available for the Eastern Creek outlet centre is well short of the average of outlet centres in Australia. After excluding areas of the trade area defined by Macroplan for the outlet centre that overlap with the core markets of the DFO Homebush and Fashion Spree outlet centres, the proposed Eastern Creek outlet centre would not have access to an acceptable trade area population for at least another 10 years. This further highlights the lack of demand for the proposed outlet centre, at least over the next 10 years.

#### **4. TRAFFIC IMPACTS**

SSD-31515622 proposes 1,171 car parking spaces for Phase A, out of a total of 1,350 spaces approved as part of the Concept SSDA (SSD-10457).

The proposed parking provision is based on Transport for NSW Guidelines which suggest the provision of 4.3 spaces per 100sqm of GLA for retail centres of this size.

Vicinity would like to raise the following issues based on advice from GTA Consultants:

- The proposed car parking rate (4.6 car spaces per 100sqm GLA) is comparatively low when compared to other factory outlet retail centres in NSW, VIC and QLD.
- GTA consider it possible that car parking demands associated with the proposed development may exceed the available supply, which could have a consequential (and detrimental) impact on the operation of the adjacent road network during peak periods.

## 5. CONCLUSION

From a review of the SSD documentation available on the Major Projects website, we believe the analysis provided in the Macroplan report (dated 2020) and the Ethos Urban advice (dated August 2022) grossly under estimates trading impacts on outlet centres. The scale of the proposal is far too large for the market and will generate other adverse impacts, particularly in regard to traffic generation.

We therefore request that DPE consider refusing the proposal or requiring it to be significantly reduced.

Vicinity Centres would welcome the opportunity to discuss SSD-31515622 and the matters outlined above with DPE. Please feel free to contact the undersigned should you have any questions

Yours sincerely

A handwritten signature in black ink, appearing to read "W Taylor", is written in a cursive style.

Warren Taylor  
General Manager – Property Investment Analytics