



# Rozelle Village

Economic Impact Assessment

April 2012

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# Executive Summary

Urbis has been commissioned by Rozelle Village Pty Ltd to determine the potential impacts the proposed retailing within the Rozelle Village development may have on existing retail centres within the locality.

The proposal seeks to create an active and vibrant mixed use community. It involves the construction of an iconic new development that will set a benchmark for the design of new development in Rozelle. The application seeks to construct three interconnected building elements comprising a podium and two towers which together will accommodate a mix of retail, residential, commercial and leisure uses. The retail component of the scheme will provide around 10,000 sq.m retail floorspace, notionally configured over podium layers as follows:

- A 3,315 sq.m supermarket;
- Three mini-major retailers providing around 2,930 sq.m floorspace; and
- Specialty retail and food court / restaurant provision totalling approximately 3,800 sq.m.

Other commercial and leisure uses will include a gym, child care centre and medical centre.

It is assumed that the retail development will open in 2015 and complete its first full year of trading by 2016<sup>1</sup>.

The adopted trade area for the proposed Rozelle Village retail development is largely determined by the geography of Sydney Harbour and the arterial road network. Two sectors have been defined as follows:

- A **Primary Trade Area** which includes the Balmain peninsula, including the suburbs of Balmain, Rozelle, Birchgrove and parts of Lilyfield. The City West Link road provides the boundary at the southern edge of the Primary Trade Area.
- A **Secondary Trade Area** which comprises the suburb of Drummoyne and parts of Russell Lea.

These two sectors comprise the main trade area from which a centre on the subject site is likely to draw the majority of its trade. In addition, a proportion of trade may be drawn from beyond the Main Trade Area, particularly given the proximity of the site to Victoria Road, while the presence of a strong non-food retail offer may also draw customers from further afield.

At 2011 the Main Trade Area's population is estimated as **45,970**, of which the primary trade area accounted for almost 65%, with some 30,090 residents. By 2016 the main trade area is forecast to comprise of **47,470** residents.

Overall, the growth in the trade area is forecast to remain modest through to 2021 reflecting the fact that it is a well-established urban residential area with limited potential for large scale development. By 2021 the Main Trade Area population is forecast to reach **48,720**.

The Main Trade Area is characterised by small, affluent households and a high proportion of single person households. Typically these households value access to a range of high quality and high amenity retail and lifestyle-related activities such as cafes and restaurants.

Current total Food & Grocery (F&G) spending by the Main Trade Area is estimated at **\$211.3m**, which is forecast to increase to **\$225.2m** in 2016. The average annual growth in F&G spending for the trade area between 2011 and 2016 is estimated at 1.3% with 1.2% growth thereafter until 2021.

If we include liquor the total Food Liquor & Grocery (FLG) spend in 2011 is **\$254.9** which is expected to grow to **\$271.8** by 2016.

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<sup>1</sup> 2015 is assumed as the earliest potential opening date and may be subject to change. Impacts in this report therefore represent a 'worst-case scenario' as any delay to opening would result in additional expenditure growth within the retail market.

Current total Department Store Type Merchandise (DSTM) spending by the Main Trade Area is estimated at **\$272.1m**, which is forecast to increase to **\$309.7m** in 2016. The average annual growth in DSTM spending for the trade area between 2011 and 2016 is estimated at 2.6%.

The only modern purpose-built shopping centre within the Main Trade Area is Birkenhead Point which is dominated by outlet retailers and also contains a Coles supermarket. The Balmain and Rozelle retail strips situated along Darling Street provide an extensive and eclectic mix of specialty retailing, dining and other services. The Woolworths supermarket in Balmain is a small store of approximately 1,800 sq.m and provides a limited product range, particularly in the fresh produce and bakery lines. It is however the only national supermarket located within the Primary Trade Area and is understood to be trading substantially above the Australian supermarket average.

A 2006 Retail Needs Study for Leichhardt Council concluded that:

- Leichhardt LGA had an estimated supermarket floorspace deficiency of 13,100 sq.m which was projected to increase to -16,200 sq.m in 2011 if no new supermarkets were constructed;
- Leichhardt LGA had an overall retail floorspace deficiency of 37,500 sq.m in 2006 with the largest deficiencies including:
  - Rozelle: 5,800 sq.m;
  - Balmain: 5,500 sq.m;
- Rozelle / Lilyfield was identified as having a supermarket floorspace deficiency of 6,500 sq.m;
- Balmain / Balmain East / Birchgrove was identified as having a supermarket floorspace deficiency of 5,200 sq.m.

Since the publication of the 2006 Retail Needs study there has been no additional supermarket development within Rozelle and Balmain.

Urbis' assessment confirms that there are still a range of indicators of need and demand for additional retail facilities in the Main Trade Area. The introduction of a new 3,500 sq. m supermarket in 2015 together with the proposed mini-major and specialty retailing will increase the propensity of local residents to redirect their spending within the Main Trade Area.

Taking account for the proposed new supermarket, the amount of available expenditure for supermarket retailing within the Main Trade Area would support up to **9,400 sq.m** total supermarket floorspace at 2015 at sustainable turnover levels. The proposed development would increase the total amount of supermarket floorspace within the MTA to **8,083 sq.m** at 2015 which is comfortably within the quantum that can be supported at sustainable turnover levels.

We estimate that in 2016 the proposed retail development may achieve sales in the order of **\$67m** (in constant \$2011). Of this, the supermarket component is forecast to turnover somewhere in the order of \$35m which equates to \$10,569 per sq.m. The mini majors are forecast to turnover around \$18.1m which equates to \$6,169 per sq.m. The specialty component of the development is forecast to turnover approximately \$13.9m in 2016, which equates to \$3,831 per sq. m. The proposed development is anticipated to have an overall market share of **8.3%** that is, it is likely to capture 8.2% of the total retail spend generated by the Main Trade Area.

Our impact analysis demonstrates that the centre will draw **\$28.9m** from competing centres within the Main Trade Area (MTA), **\$17m** from higher order centres in the vicinity of the MTA and **\$21.2m** from other centres throughout metropolitan Sydney. Other centres may include dispersed locations such as Sydney CBD, Chatswood and Five Dock / Parramatta Road to name a few.

It is important to note that the assessed impacts reflect a one-off effect on each centre's turnover. Following this impact each centre would be expected, without any other new competitive developments, to continue to experience growth in line with market growth.

- In the Main Trade Area the highest dollar impact would be on the Balmain section of the Darling Road retail strip, with an estimated **-\$18m** or **-11.2%** impact relative to turnover otherwise achievable at

2016. Compared with current 2011 turnover, the impact would be +\$9m or +6.7%, which is due in part to the addition of new retailing at the Carrier Site before 2015.

It should be noted that Balmain Darling Street precinct contains the Woolworths supermarket which is understood to be significantly overtrading and achieving turnover rates well in excess of the national average. The supermarket component of the proposed development is therefore likely to trade most competitively with the Woolworths supermarket, which should be able to absorb large competitive impacts and still trade at above average rates. The impact on specialty retailing within the Balmain Darling Street strip is therefore anticipated to be less pronounced. In overall terms the proposed development will strengthen the retail offer on Darling Street by providing a new 'anchor' location at the Balmain / Rozelle convergence.

The Rozelle portion of Darling Street is forecast to undergo a smaller impact in percentage terms (-5.3%) amounting to -\$2.4m in relative to 2016 trading levels without the subject development. Turnover in 2016 would be 1.3% above 2011 trading levels, and retail provision overall in Rozelle would be significantly enhanced as a result of the new development. The impact on Birkenhead Point and Victoria Road, Drummoyle in the Secondary North Trade Area is expected to be around -5.3% and -5% in 2016 respectively. Much of this impact would be directed to the existing Coles and Franklins supermarkets within both developments.

Beyond the MTA the highest dollar impact is expected to fall on Broadway Shopping Centre which has supermarket, DDS and mini-major floorspace that would compete directly with the proposed development and which currently attract a significant portion of spend from the subject site MTA. A **\$9.2m** reduction in trade in 2016 equates to a **-2.3%** impact.

In summary, the potential impact of the proposed development is expected to be spread over a wide range of centres and retailers which currently draw trade from the MTA. Reflecting current shopping patterns of MTA residents, whilst the largest percentage impacts are expected to occur on the Darling Street Balmain Precinct, these impacts would be manageable and would not adversely impact the overall vitality and viability of the precinct given its diversity and strong performing key retailers. Other shopping centres and precincts within the locality and beyond may experience lower level impacts which would also be comfortably within a manageable range.

The key planning question is whether the viability of existing businesses in the competing centres will be impacted by the proposed development in such a way as will threaten the viability of the existing retail centre.

In the case of Darling Street, our observations are that this retail strip is generally healthy with a diverse retail mix, low vacancy levels and good rents. The capacity of the Darling Street retail strip to adequately serve all the shopping needs of local residents is largely restricted by the limitations of the built environment, such as the quality of existing shops, limited opportunities to develop new retail facilities and limited car parking. Additionally, Balmain Woolworths is trading significantly higher than the Australian supermarket average. Although a significant proportion of the forecast impacts on Darling Street will be focussed on Woolworths, we estimate that trading levels of the supermarket will remain significantly higher than the Australian supermarket average after completion of the proposed development.

Darling Street is a reasonably strong, healthy and thriving retail strip. In this context, the impacts from the subject development will not threaten the viability or vitality of the existing facilities as a whole. Darling Street will continue to play an important role in the retail life of the area.

The impact on other centres in the trade area is at a level that is considered acceptable within a normal competitive environment. Victoria Road and Birkenhead Point will continue to serve their particular markets and are unlikely to experience any decline in viability.

It is also reasonable to expect retailers will make improvements to their stores to counter the introduction of new competition. This is the natural process of a competitive environment. The actual level of impact on each centre therefore would be strongly dependent on the measures taken by competing centres and their component retailers to counteract the impacts. In our view, these measures should involve changes and improvements that enhance the competitive positioning of the whole range of centres and individual stores.

Finally, when considering any major proposed retail development, it should be recognised that the key consideration is the net community benefit to residents that is likely to arise from the subject development. **In this case, the overall provision of retail services and facilities is not reduced, but rather improved, by the proposed development.**

Our analysis is consistent with the findings of Council's Retail Needs study in so far as both identify demand for additional retail floorspace within the MTA.

The proposed retail commercial and leisure uses at Rozelle Village have the potential to provide employment for approximately **550** full-time, part-time and casual workers. In total, the proposed construction of Rozelle Village and the on-going employment generated by the proposed retail commercial and leisure uses is estimated to generate employment benefits in excess of **5,200** direct and indirect jobs.

Having regard to the above factors, we are of the opinion that the proposed retail development within the Rozelle Village development would not threaten the viability of any existing retail centre or precinct, and is therefore supportable from an economic perspective.

# Introduction

Urbis has been commissioned by Rozelle Village Pty Ltd (“The Proponent”) to prepare an Economic Impact Assessment (EIA) to consider the economic impact of new retail development associated with the Rozelle Village redevelopment concept for the Rozelle Village site at Victoria Road, Rozelle. The purpose of this report is to determine the potential impacts the proposed centre may have on the retail centres within the locality.

The remaining sections of this report outline the following analysis:

- Section Two – considers the site in its local and regional context;
- Section Three - identifies the subject site’s likely trade area and provides an assessment of the current and forecast population and retail spending trends as well as the demographic profile of residents;
- Section Four– reviews the retail hierarchy in the region of relevance to the proposed development, noting the competing centres;
- Section Five – outlines our assessment of the economic need, demand and impact of the proposed development. Section Five also provides turnover forecast and commentary on the likely market share of the development.

# 1 Site Context and Development Details

## 1.1 LOCAL AND REGIONAL CONTEXT

The subject site is situated in Rozelle, approximately 4km to the west of Sydney Central Business District (CBD) and is within the Local Government Area (LGA) of Leichhardt occupying land on the southern side of Victoria Road which bisects the suburb.

The site is located within a city block bounded by Victoria Road to the north, Waterloo Street to the south, Moodie Street to the west and Darling Street to the east. The site has main road frontage to Waterloo Street and Victoria Street, and partial frontage to Darling Street.

The overall site is irregular in shape and extends over an area of approximately 8,190 sq.m and is currently occupied by the vacant Balmain Leagues Club and its associated parking areas. The Club temporarily relocated to Five Dock and the Sydney Markets in 2010 and the site and adjacent multi-deck car park are currently vacant and disused.

The site forms part of the Rozelle Commercial Precinct which largely encompasses retail units along the length of Darling Street. The Precinct is divided in two by Victoria Road which is located immediately adjacent to the site and accommodates high frequency bus routes to Sydney CBD, Ryde and Parramatta. The site is strategically important as a gateway to Balmain and Rozelle.

The Balmain/Rozelle peninsular is a densely populated part of central Sydney, which was originally developed as a predominantly residential neighbourhood, housing workers from the surrounding docks and associated industries. Some of the dockyard industries still remain in operation alongside White Bay, however the residential areas of Balmain have been transformed into an urban village which is now one of Sydney's most popular and sought after places to live. The urban structure is characterised by Victorian-era terraced housing, interspersed with several more recent residential developments and other uses.

Land uses adjacent to the subject site include:

- A workshop, three dwellings and a service station to the north of the site on Victoria Road;
- Strip retailing along Darling Street, Rozelle to the south;
- The Bridge Hotel, a child care centre and retail premises on the opposite side of Victoria Road to the east of the site, separated by a barrier controlled median;
- Waterloo Street runs to the west of the site and there are a number of residential dwellings facing the site on the western side of the street. There are also retail premises where Waterloo Street intersects with Darling Street at its southern point.

FIGURE 1 – SUBJECT SITE



Rozelle Village Economic Impact Assessment  
SITE AERIAL

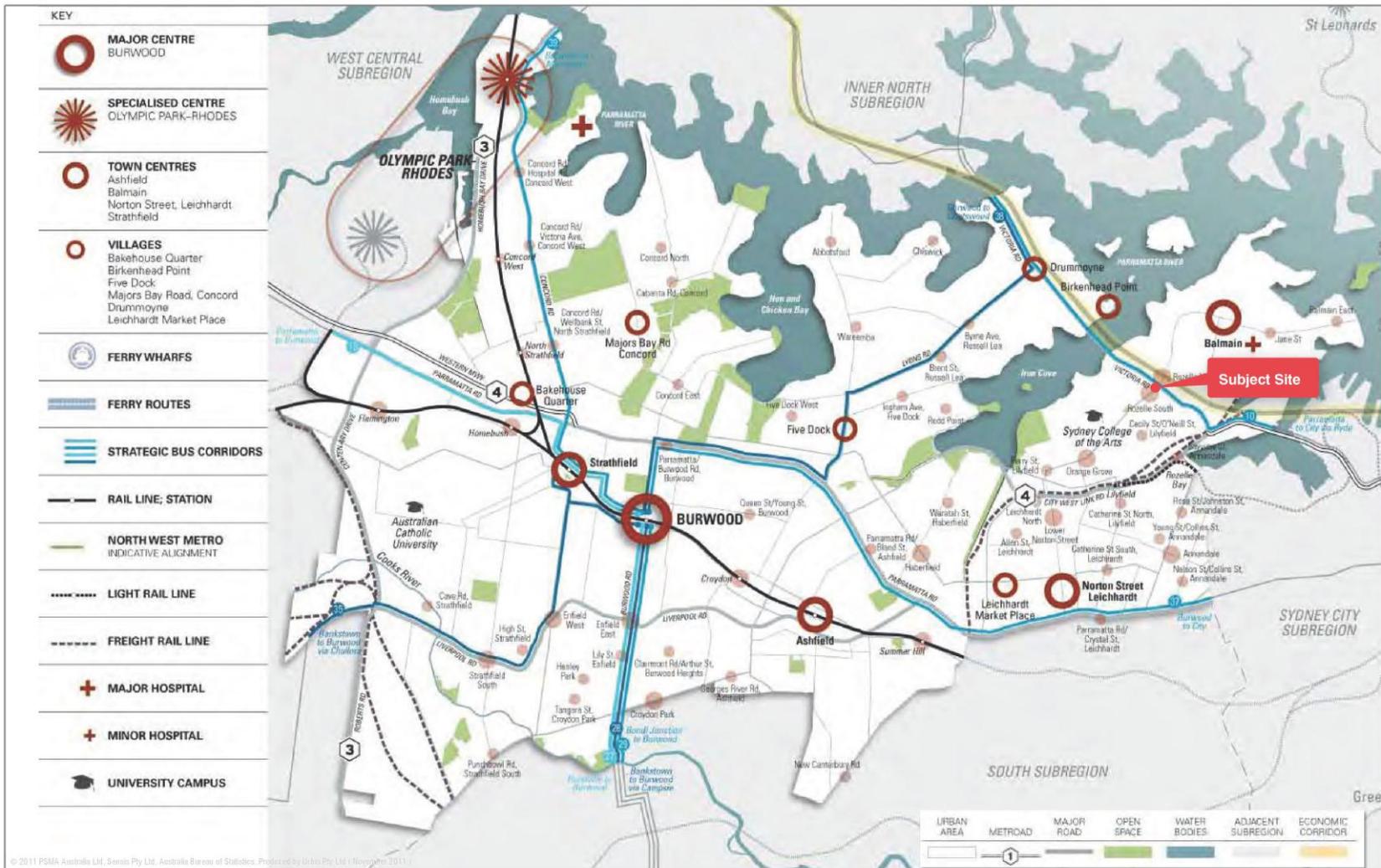


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FIGURE 3 – INNER WEST SUB REGIONAL STRATEGY CENTRES HIERARCHY



## Rozelle Village Economic Impact Assessment

METRO STRATEGY CENTRES



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## 1.2 PROPOSED DEVELOPMENT

The proposal seeks to create an active and vibrant mixed use community. It involves the construction of an iconic new development that will set a benchmark for the design of new development in Rozelle. The application seeks to construct three interconnected building elements comprising a podium and two towers which together will accommodate a mix of retail, residential, commercial and leisure uses.

The scope of the proposal includes:

- Demolition of all existing buildings and structures and site remediation;
- Excavation to provide eight basement levels providing for 834 car spaces, loading bays, plant room, speciality retail space, a supermarket and ancillary spaces;
- Construction of a podium level comprising speciality retail, restaurants, gym, home offices, medical centre and new premises for the Balmain Leagues Club;
- Construction of two tower buildings extending from Level 5 to Level 32 comprising 304 residential apartments including a mix of 1, 2 and 3 bed apartments.

The retail component of the scheme will provide around 10,000 sq.m retail floorspace, notionally configured over three podium layers as follows:

- A 3,315 sq.m supermarket;
- Three mini-major retailers providing around 2,930 sq.m floorspace; and
- Specialty retail and food court / restaurant provision totalling approximately 3,800 sq.m.

It is assumed that the retail development will open in 2015 and complete its first full year of trading by 2016.

## 2 Trade Area Analysis

### 2.1 TRADE AREA DEFINITION

The trade area refers to the area in which an existing or proposed centre or retailer is most likely to draw custom. The size and scale of trade areas vary due to the geographical context of the retail development in question. Other factors which may define a trade area include:

- The strength, range and appeal of the subject centre;
- The proximity, composition and quality of competing retail facilities;
- The presence of similar retail centres as well as the general provision of retail space within the area;
- The accessibility of the centre including the road and transport network, as well as access to ample parking; and
- Physical barriers such as freeways, rivers/lakes, bushland and drive times.

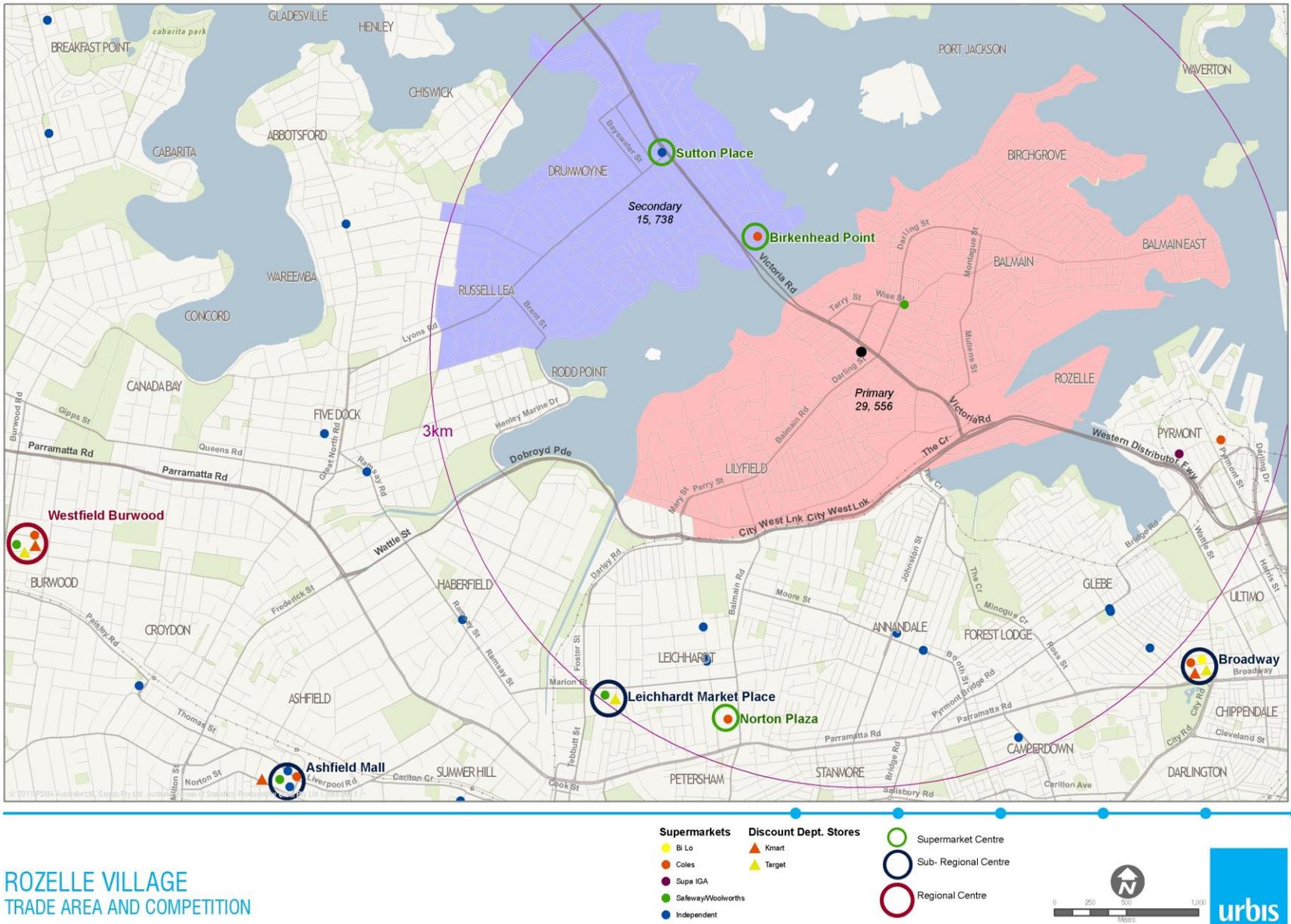
With regard to the above factors, the adopted trade area for the proposed Rozelle Village retail development has been based on collection districts surrounding the subject site. The extent of the trade area in this case is largely determined by the geography of Sydney Harbour and the arterial road network. Two sectors have been defined as follows:

- A **Primary Trade Area** which includes the Balmain peninsula, including the suburbs of Balmain, Rozelle, Birchgrove and parts of Lilyfield. The City West Link road provides the boundary at the southern edge of the primary trade area.
- A **Secondary Trade Area** which comprises the suburb of Drummoyne and parts of Russell Lea.

These two sectors comprise the main trade area from which a centre on the subject site is likely to draw the majority of its trade. In addition, a proportion of trade may be drawn from beyond the Main Trade Area, particularly given the proximity on the site to Victoria Road, while the presence of a strong non-food retail offer may also draw customers from further afield.

The Trade Area and existing retail provision is shown in Figure 4.

FIGURE 4 – TRADE AREA AND COMPETITION MAP



## 2.2 TRADE AREA POPULATION

Using the trade area defined above we can determine the current population and forecast expected growth within the region. Urbis has prepared population forecasts for the proposed trade area taking into account the following sources:

- Information from the 1991, 1996, 2001 and 2006 Census of Population and Housing;
- New Dwelling Approvals (NDAs) in the region over the ten years to December 2010;
- 2010 Estimated Resident Population (ERP) released by the ABS in March 2011;
- Official population projections published in April 2010 by the New South Wales Department of Planning as well as the NSW Draft Subregional Strategy; and
- Forecast ID suburb-based projections prepared for the City of Canada Bay.

From the data in Table 1 we can surmise the following:

- At 2011 the Main Trade Area's population was **45,970**, of which the primary trade area accounted for almost 65%, with some 30,090 residents. By 2016 the main trade area is forecast to comprise of **47,470** residents.
- Overall, the growth in the trade area is forecast to remain modest through to 2021 reflecting the fact that it is a well-established urban residential area with limited potential for large scale development.
- The population forecast accounts for the construction of 292 new apartments as part of the Rozelle Village development, as well as some limited infill development elsewhere within Rozelle and Balmain within the Primary Trade Area. We are unaware of any existing approved large scale residential projects within the Primary Trade Area or the Secondary Trade Area. We note that the draft Masterplan for Callan Park (which is within the PTA) proposes the retention of health related uses on the site and the establishment of a "wellness sanctuary" rather than the wholesale redevelopment of all or part of the site for residential uses.
- Overall, we predict zero population growth within the secondary trade area on the basis that population growth through new residential development will be offset by a reduction of average housing size within this suburban location.
- By 2021 the Main Trade Area population is forecast to reach **48,720**.

TABLE 1 – TRADE AREA POPULATION 1991-2021

## Trade Area Population, 1991-2021

### ROZELLE VILLAGE

Trade Area Sector	Actual Residential Population <sup>1</sup>				Forecast Population		
	1991	1996	2001	2006	2011	2016	2021
<b>Primary Trade Area</b>							
• Primary	23,570	24,590	26,250	27,440	30,090	31,590	32,840
<b>Secondary Trade Area</b>							
• Secondary North	13,930	14,160	15,220	15,170	15,880	15,880	15,880
<b>Main Trade Area</b>	<b>37,500</b>	<b>38,750</b>	<b>41,470</b>	<b>42,610</b>	<b>45,970</b>	<b>47,470</b>	<b>48,720</b>

### Average Annual Change (No.)

	1991-96	1996-01	2001-06	2006-11	2011-16	2016-21
<b>Primary Trade Area</b>						
• Primary	204	332	238	530	300	250
<b>Secondary Trade Area</b>						
• Secondary North	46	212	-10	142	0	0
<b>Main Trade Area</b>	<b>250</b>	<b>544</b>	<b>228</b>	<b>672</b>	<b>300</b>	<b>250</b>

### Average Annual Change (%)

	1991-96	1996-01	2001-06	2006-11	2011-16	2016-21
<b>Primary Trade Area</b>						
• Primary	0.9%	1.3%	0.9%	1.9%	1.0%	0.8%
<b>Secondary Trade Area</b>						
• Secondary North	0.3%	1.5%	-0.1%	0.9%	0.0%	0.0%
<b>Main Trade Area</b>	<b>0.7%</b>	<b>1.4%</b>	<b>0.5%</b>	<b>1.5%</b>	<b>0.6%</b>	<b>0.5%</b>

1. as at June

Source : ABS Cdata 1991, 1996, 2001 and 2006; ABS, Regional Population Growth, Australia, Electronic Delivery (3218.0.55.001); Department of Planning"; Urbis

## 2.3 DEMOGRAPHIC CHARACTERISTICS

The demographic characteristics of the trade area population are shown in Table 2. The information reflected in Table 4 is based on 2006 Census data and is benchmarked against Sydney SD. Key points to note regarding the demographics are as follows:

The key features of this analysis are as follows:

- Average household income (\$106,781) is 36% above the Sydney average;
- The average household size (2.2) is smaller than the Sydney average (2.7);
- The incidence of lone person households (32%) is higher than the Sydney average (23%);
- Rental housing (40%) is more prevalent within the Main Trade Area than Sydney as a whole (32%);
- The proportion of households without a car 15% is broadly in line with the Sydney average (14%) and slightly higher in the Primary Trade Area (17%).

Overall the Main Trade Area is characterised by small, affluent households and a high proportion of single person households. Typically these households value access to a range of high quality and high amenity retail and lifestyle-related activities such as cafes and restaurants.

TABLE 2 – KEY SOCIO ECONOMIC CHARACTERISTICS, 2006

## Key Socio-Economic Characteristics of the Trade Area Population, 2006

### ROZELLE VILLAGE

Characteristics	Primary TA	Secondary North	Main TA	Sydney Average
<b>Household Income</b>				
\$Nil	1%	1%	1%	2%
\$1-\$26,000	12%	13%	13%	17%
\$26,000-\$52,000	15%	17%	15%	23%
\$52,000-\$88,400	18%	20%	18%	25%
\$88,400 - \$104,000	7%	8%	7%	7%
\$104,000 - \$130,000	7%	8%	7%	8%
\$130,000+	41%	33%	38%	18%
Average Household Income	\$110,633	\$99,653	\$106,781	\$78,617
Var'n from Sydney Avg.	40.7%	26.8%	35.8%	n.a.
Var'n from Australian Avg.	63.8%	47.6%	58.1%	16.4%
Average Household Size	2.2	2.3	2.2	2.7
<b>UR Personal Income</b>				
\$Nil	6%	7%	6%	10%
\$1 - \$20,800	20%	24%	21%	33%
\$20,800 - \$41,600	16%	19%	17%	25%
\$41,600 - \$83,200	30%	30%	30%	24%
\$83,200 +	28%	21%	26%	9%
UR Avg. Per Capita Income	\$51,030	\$43,927	\$48,470	\$29,221
UR Per Capita Income Var'n	+74.6%	+50.3%	+65.9%	+0.0%
<b>Age Distribution</b>				
Aged 0-13	13%	14%	14%	18%
Aged 14-24	9%	10%	9%	15%
Aged 25-39	34%	28%	32%	23%
Aged 40-59	29%	27%	29%	27%
Aged 60+	14%	21%	17%	17%
Average Age	38	40	39	37
Dependency Ratio <sup>1</sup>	24%	31%	26%	32%
<b>Household Composition (%)</b>				
Couples with no children	29%	28%	29%	24%
Family with children <15	20%	21%	20%	30%
Family with children >15	11%	13%	11%	18%
Total Family (with children)	31%	33%	31%	47%
Group Household	7%	7%	7%	4%
Lone Person	32%	30%	32%	23%
Other	1%	2%	1%	1%
<b>Housing Status</b>				
Owner <sup>c</sup>	26%	36%	29%	33%
Purchaser <sup>c</sup>	31%	29%	30%	34%
Renter <sup>c</sup>	42%	34%	40%	32%
<b>Housing Costs (% Income)</b>				
Mortgage Repayments <sup>3</sup>	25%	27%	26%	30%
Rent Payments <sup>3</sup>	17%	18%	17%	18%
<b>Car Ownership</b>				
% 0 Cars	17%	12%	15%	14%
% 1 Car	51%	46%	49%	40%
% 2 Cars +	32%	43%	36%	46%
<b>Labour Force</b>				
Labour Force Participation	77%	71%	75%	66%
% Unemployed	3%	2%	3%	5%
<b>Birthplace</b>				
Australian Born	69%	72%	70%	66%
Overseas Born	31%	28%	30%	34%
• Asia	4%	5%	4%	11%
• Europe	17%	13%	15%	10%
• Other	10%	9%	10%	13%

1. Dependency ratio refers to the proportion of the population between 0-14 and over 65 years.

2. 'Other' Tenure Types have not been included.

3. As a percentage of household income.

Source : ABS Census of Population and Housing 2006, Cdata 2006; Urbis

## 2.4 TRADE AREA SPENDING

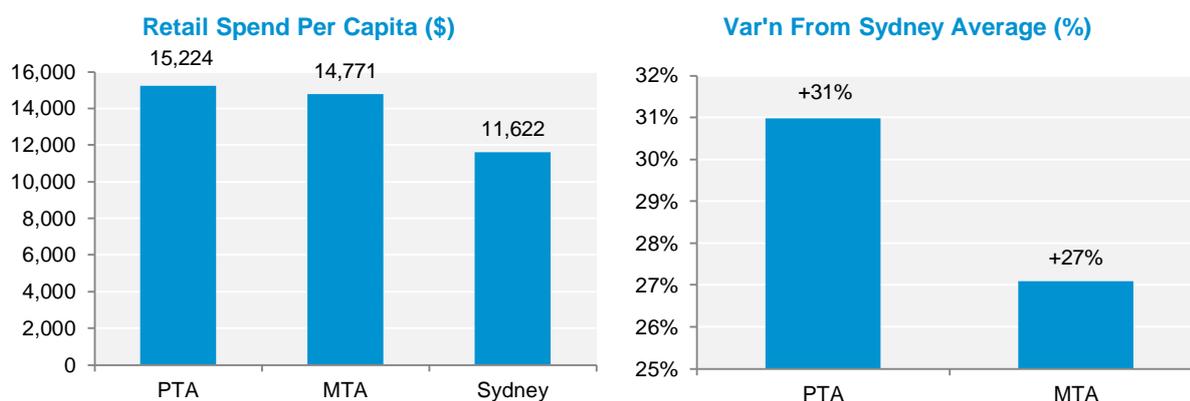
Retail spending estimates are derived using *MarketInfo*, a micro-simulation model developed by Market Data Systems Limited (MDS). This model, which is based on information from the national ABS Household Expenditure Survey (HES) and the Census of Population and Housing, uses micro-simulation techniques to combine a household's propensity to spend on particular commodities with the socio-economic characteristics of individuals to derive spending per capita estimates on a small area basis.

Based on 2006 Census data and the population forecasts provided in Table 1 we have determined the proportion of expenditure that is directed to retail on a per capita basis. This is provided in the graphs below.

FIGURE 5 – TRADE AREA SPENDING PER CAPITA

### Rozelle Village

TRADE AREA RETAIL SPENDING PER CAPITA VAR'N FROM SYDNEY, \$2011, EX. GST



Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

From the graphs above we can see that the Primary Trade Area (PTA) and Main Trade Area as a whole (MTA) spends more per capita in the retail sector than the Sydney average, at \$15,224 and \$14,771 respectively, compared to the Sydney average of \$11,622 representing a +27% difference overall across the MTA.

As the proposed development includes a supermarket and specialty retail stores, the market of most importance to this assessment is the Food and Grocery (F&G) market. Food and Grocery (F&G) expenditure is directed to supermarkets, specialty food retailers and some non-food retailers such as department stores and discount department stores. In addition Department Store Type Merchandise (DSTM) expenditure is directed to department stores, discount department store and other non-food based specialty retailers.

Applying the population forecasts outlined previously and estimates of retail spending per capita, the current and future Food & Grocery and Department Store Type Merchandise (DSTM) spending market in the trade area is detailed in Table 3 below.

Current total F&G spending by the Main Trade Area is estimated at \$211.3m, which is forecast to increase to \$225.2m in 2016. The average annual growth in F&G spending for the trade area between 2011 and 2016 is estimated at 1.3% with 1.2% growth thereafter until 2021.

If we include liquor (Table 4), the total FLG spend in 2011 is \$254.9 which is expected to grow to \$271.8 by 2016.

Current total DSTM spending by the Main Trade Area is estimated at \$272.1m, which is forecast to increase to \$309.7m in 2016. The average annual growth in DSTM spending for the trade area between 2011 and 2016 is estimated at 2.6%.

TABLE 3 – FOOD AND NON FOOD SPENDING 2011-2021

## Food and Non-Food Spending, 2011-2021 (\$2011, Ex GST)

### ROZELLE VILLAGE MAIN TRADE AREA

Year	F&G \$M	Total Food \$M	DSTM \$M	Total Non-Food \$M	Total Retail \$M
2011	211.3	367.7	272.1	306.2	674.0
2012	213.8	372.4	276.3	311.0	683.4
2013	216.3	377.6	283.5	318.9	696.5
2014	219.5	384.2	293.6	329.9	714.1
2015	222.3	390.0	301.5	338.5	728.5
2016	225.2	395.9	309.7	347.3	743.2
2017	227.9	401.7	318.0	356.2	757.8
2018	230.6	407.3	326.3	365.1	772.4
2019	233.3	413.0	334.8	374.2	787.2
2020	236.0	418.8	343.6	383.5	802.3
2021	238.7	424.6	352.6	393.2	817.8
<b>Average Annual Growth<sup>1</sup></b>					
2011-16	1.3%	1.5%	2.6%	2.5%	2.0%
2016-21	1.2%	1.4%	2.6%	2.5%	1.9%
2011-21	1.2%	1.4%	2.6%	2.5%	2.0%

1. Assumes average annual per capita growth of 1.1% in 2010-2015 and 1.4% thereafter, with different growth rates for each product group.

2. Current year is financial year ; Forecast years are financial years

Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

TABLE 4 – FOOD LIQUOR &amp; GROCERY SPENDING 2011-2021

## Food Liquor and Grocery (FLG) Spending 2011-21

### ROZELLE VILLAGE MAIN TRADE AREA

Year	Primary TA	Secondary North TA	Main TA
2011	169.6	85.3	254.9
2012	172.2	85.8	258.0
2013	174.8	86.2	261.1
2014	178.0	86.9	264.9
2015	180.8	87.5	268.3
2016	183.7	88.0	271.8
2017	186.5	88.6	275.1
2018	189.2	89.1	278.3
2019	191.9	89.7	281.6
2020	194.6	90.3	284.8
2021	197.3	90.9	288.2
<b>Average Annual Growth</b>			
2011-16	1.6%	0.6%	1.3%
2016-21	1.4%	0.6%	1.2%
2011-21	1.5%	0.6%	1.2%

Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0);

Urbis

## 3 Retail Hierarchy

This section provides commentary around the current provision of competitive retail floor space relevant to the proposed development. The commentary establishes the relative competitive framework and provides background to assist in determining the level of impact that will be attributed to individual competing centres.

We have considered the centres based on their relative position in the overall retail hierarchy, with convenience based centres at the entry level moving up through neighbourhood centres, sub-regional centres and ultimately regional centres, which serve the broadest role in the retail hierarchy.

The quality and structure of the Darling Street retail strip is assessed in detail.

These competing centres are shown in the previous Trade Area and Competition Map (Figure 4) and summarised in Table 5.

### 3.1 REGIONAL CENTRES

Regional shopping centres occupy the highest level in the retail hierarchy by providing a retail offer that includes a full range of retail goods and services, including department stores. The closest and most relevant regional shopping centres to the subject site are as follows:

- The **Sydney CBD** is located approximately 4 kms east of the subject site and is fairly easily accessed via Victoria Road and the Western Distributor. The CBD as a whole comprises over 750,000 sq.m of retail floor space, with a major focus being associated with the department stores and shopping centres around the Pitt Street Mall. Key buildings include Westfield Sydney, Queen Victoria Building (QVB), World Square, Galleries Victoria, Piccadilly and Market City. In addition to the major department stores and an extensive fashion offer the CBD also offers a range of dining and entertainment options, including Darling Harbour, Chinatown, The Rocks and East Circular Quay.
- **Burwood** is located approximately 6 kms west of the subject site and contains around 80,000 sq.m of retail floor space. The main components of Burwood are the Westfield Burwood regional shopping centre, which is anchored by a David Jones department store, Kmart and Target discount department stores and Coles and Woolworths supermarkets. The centre also has a large number of specialty shops, including many national chain retailers, together with a twelve screen cinema complex. In addition to Westfield there is the smaller Burwood Plaza shopping centre and an extensive retail strip along Burwood Road.

Residents within the Main Trade Area may also make occasional trips to other regional shopping centres further afield, such as Chatswood on the north shore, and Bondi Junction in the eastern suburbs.

### 3.2 SUB-REGIONAL CENTRES

Sub-regional shopping centres are those that are defined to include a discount department store (DDS) as well as a supermarket and specialty shops. There are two DDS-based shopping centres located within 3-4 kms of the subject site.

- **Marketplace Leichhardt** is located at the junction of Marion Street and Flood Street in Leichhardt approximately 3 kms south-west of the subject site. This centre has easy access via Darley Road and James Street from the southern part of the primary trade area, and has a gross leasable area (retail) of over 15,300 sq.m, including a small Target DDS and ALDI and Woolworths supermarkets. The centre was refurbished in early 2007, which included a reconfigured and expanded food court. The centre has good accessibility and car parking and has a broad convenience-based retail offer, including fresh food specialty shops, retail services and banks etc., with a smaller provision of fashion and other non-food specialty shops.
- The **Broadway Shopping Centre** is located on Bay Street Broadway, approximately 3.5 kms south-east of the subject site. Access to the centre for trade area residents is via Victoria Road, The Crescent, Minogue Crescent and Parramatta Road. This centre has over 39,000 sq.m of retail floorspace, including Target and Kmart DDSs, and Bi-Lo and Coles supermarkets. An additional upper level was recently opened in April 2007 to accommodate a Target DDS, Priceline and 30

speciality stores. There is also a good provision of food and non-food specialty retailers at the centre, together with a twelve screen Hoyts Cinema complex.

### 3.3 SUPERMARKET CENTRES

- **Birkenhead Point** is located approximately 1 km north west of Terry Street, on the northern side of the Iron Cove Bridge. The centre has just under 27,000 sq.m of retail floor space, however the majority of this is occupied by factory outlet retailers. In addition to the factory outlets, there is a small fresh food precinct on the lower level, which includes a Coles supermarket of approximately 2,800 sq.m, together with eight fresh food specialty shops. The factory outlet centre is understood to draw customers from a wide area which includes the whole of inner western and inner northern Sydney as well as the wider metropolitan area. However, the supermarket is likely to have a smaller trade area based largely in Drummoyne. Accessibility to the centre is fairly straight forward, and a small amount of car parking is provided adjacent to the fresh food precinct. The centre does suffer from congestion at weekends and other peak times.
- **Sutton Place** is a small centre located at the junction of Lyons Road and Victoria Road in Drummoyne, and consists of a small Franklins supermarket of around 800 sq.m, together with seven retail specialty shops. This centre is dated and poorly presented, reflecting the general quality of the shopping environment of the short retail strip that extends along Victoria Road at this point.
- **Norton Plaza** is a modern centre located on Norton Street in Leichhardt and has approximately 7,700 sq.m of retail floor space, including a large Coles supermarket, Norton Street Grocer, and a Go-Lo discount store. The centre also includes over 30 specialty shops with a strong representation of national chain retailers and high quality independent food and non-food specialty stores. The centre is well integrated into the Norton Street café precinct and also includes basement car parking.
- The suburb of **Pymont** is situated between Darling Harbour and Blackwattle Bay/Johnstons Bay, approximately 2.5 kms south-east of the subject site. Including high density residential dwellings and commercial office buildings, the area also contains a number of tourist oriented facilities, including Star City casino. There are two supermarkets located in Pymont :
  - A Coles supermarket (approximately 3,000 sq.m), and additional 300 sq.m of retail specialties, is located on the corner of Union Street and Edward Street within the Atrium complex, and
  - A completed Supa IGA (1,840 sq.m) on Miller Street which forms part of a mixed-use development within the former Festival Records building.

While these supermarkets will primarily cater to the local resident and office worker market, access is provided to trade area residents via Victoria Road and the Anzac Bridge. Both supermarkets are of competitive relevance to the proposed supermarket due to ease of access to the both Pymont supermarkets, availability and access to car parking at both locations, and limited supermarket facilities within the trade area.

### 3.4 RETAIL STRIPS

In addition to the planned shopping centres discussed above, competition to the proposed development will be provided by the extensive retail strips in Balmain, Rozelle and Leichhardt. The role and function of the retail strips along Darling Street is of particular interest, as these areas currently provide the main local shopping facilities for residents. Given the lack of supermarket retailing in the Main Trade Area we assume that a significant amount of resident shopping activity is directed to other centres beyond the trade area, indicating that Darling Street is not the main shopping destination for residents of the trade area. Additionally, specialty retailing within the proposed development is likely to provide a convenience role for residents, rather than the destinational role the surrounding retail strips provide for both local residents and visitors to the region. An assessment of these strips will help us to assess their current strengths and weaknesses and the effect that the proposed development may have on their future role and performance.

### 3.4.1 DARLING STREET, ROZELLE

The Rozelle retail strip extends along Darling Street on either side of Victoria Road. The range of shops is quite extensive and eclectic and the presentation of the stores and shop fronts varies along the extent of the strip, with some shops presenting well and others less so (particularly the vacant premises).

On the western side of Victoria Road side, the strip extends as far as Manning Road and contains around 70 retail tenancies (including the tenancies on Victoria Street itself in the vicinity of the subject site).

The retail mix within the precinct may be characterised as follows:

- Approximately 17% of the retail outlets can be classified as retail service, containing such uses as hairdressers, beauty salons, massage, and drycleaners;
- Around 16% of tenancies are currently vacant (the majority of these are clustered around the Rozelle Village site itself);
- Around 14% of tenancies contain homewares uses (furniture, antiques, upholstery etc.);
- Food catering comprises around 14% of tenancies (cafes, restaurants and take-aways);
- Food retail comprises around 7% of tenancies;
- Apparel comprises around 5% of tenancies.

On the eastern side of Victoria Road, the Rozelle retail strip extends as far as Schultz Street and contains around 86 tenancies. The retail mix within the precinct may be characterised as follows:

- Approximately 23% of the retail outlets can be classified food catering (cafes, restaurants and take-aways);
- Approximately 17% of retail outlets can be classified as retail service, containing such uses as hairdressers, beauty salons, massage, and drycleaners;
- Food retail comprises around 14% of tenancies (including fresh fruit and vegetable stores, bakeries and patisseries);
- 'Other' retail and commercial uses forms around 13% of tenancies (real estate, banks, professional services and medical);
- Around 9% of tenancies contain homewares uses (furniture, antiques, upholstery etc.).

The Rozelle Markets operate in the grounds of the Rozelle Public School on Saturday and Sunday with approximately 100 stalls, specialising in second hand clothing and other "flea market" stalls.

As a retail environment, Darling Street can be considered viable and healthy, with the key features being:

- few vacancies (other than the cluster around the subject site); and
- a good standard of presentation in the shop fronts and the public spaces;
- Car parking is clearly the most problematic aspect of the Darling Street retail strip, with a very limited supply of on-street and off-street parking spaces and most of these subject to time restrictions and charges.

### 3.4.2 DARLING STREET, BALMAIN

The Balmain section of the Darling Street retail strip extends generally from Shultz Street in the west as far Ann Street beyond the London Hotel to the east, and contains around 220 retail shops plus some non-retail services. The key features are as follows:

- The mix of stores is as varied and eclectic as in Rozelle, but has a more premium feel, with a significant presence of designer boutiques, gourmet delis, and upmarket eateries. However, there is still a strong provision of everyday retail stores, including a variety of cafes and take away food shops, and a range of non-food specialty goods and services retailers.

- The provision of apparel and footwear retailers is more extensive than in Rozelle, comprising many independent specialty boutiques but very few national chain retailers.
- The Woolworths supermarket is located at the junction of Beattie Street and Darling Street and is a small and store of approximately 1,800 sq.m. Reflecting the size of the store, there is a limited product range, particularly in the fresh produce and bakery lines. However, given the limited product range, it is the only national supermarket located within the Primary Trade Area and, as such, is understood to be trading well above the Australian supermarket average.
- Beyond the supermarket the food retail specialty offer is limited, with only a small number of fresh food specialty shops.
- Other categories that are well represented include personal services, such as hairdressers and beauty salons, and non-retail services, including banks, real estate agents and the like.
- The Balmain markets operate each Saturday in the grounds of the church. The markets contain around 140 stalls, with a focus on arts and crafts.
- Overall, the Balmain retail strip is a strong and vibrant retail precinct, with no long term vacancies. As with Rozelle, the key problem is the limited availability of car parking, which causes severe problems at peak shopping times.

The overall mix within Balmain may be summarised as follows:

- Approximately 24% of the retail outlets can be classified as Food Catering (cafes, restaurants and take-aways);
- Apparel comprises around 17% of tenancies (with a focus on women's apparel in particular, with Witchery and Mimco represented);
- Retail service, containing such uses as hairdressers, beauty salons, massage, and drycleaners comprises 11% of tenancies;
- Around 8% of tenancies contain homewares uses (furniture, antiques, upholstery etc.);
- Food retail comprises around 7% of tenancies;
- Around 7% of tenancies are currently vacant.

### 3.4.3 VICTORIA ROAD, DRUMMOYNE

The retail strip along Victoria Road in Drummoyne is quite different in character to Darling Street, combining a smaller convenience shopping provision with a wide mix of destination retailers and commercial showrooms. The strip contains around 80 retail shops in total, in addition to a number of non-retail showrooms and other commercial uses and extends from just north of Lyons Road to as far as Day Street.

The convenience shopping offer is based around the Lyons Street intersection and includes a small Franklins supermarket as part of a courtyard style retail development (Sutton Place).

Along the south-eastern part of the retail strip there are more showroom style stores and a more diverse mix of uses, including several kitchen suppliers and bulky goods retailers.

The quality of the retail environment is poorer than Darling Street, largely reflecting the poorer amenity and types of uses that are associated with a main arterial road location. The strip includes a few vacant stores but also includes some newer development, incorporating street level retail showrooms and residential apartments above.

### 3.4.4 NORTON STREET, LEICHHARDT

The retail strip along Norton Street in Leichhardt extends for approximately 1 km north from Parramatta Road. This strip includes the Norton Plaza shopping centre (mentioned previously) and IGA supermarket, together with a wide range of convenience and destination stores.

The key attraction of Norton Street is however the range of eateries, including a large number of Italian and other ethnic restaurants and cafés along Norton Street and also in the Italian Forum. Other individual attractions include Berkelouw Books and the Palace Cinema centre.

Mixed-use developments are also underway along Norton Street, providing a small provision of retail floorspace at street level with high density residential units above.

TABLE 5 – MAIN TRADE AREA AND ENVIRONS: RETAIL HIERACHY

## Competitive Environment

### ROZELLE VILLAGE

Centre	Retail GLA <sup>1</sup> (Sq.m)	Dist. <sup>2</sup> From Centre (km.)	Major Tenants	
			Food	Non Food
<b>Regional Centres</b>				
Sydney CBD	750,000	4.5	Coles, Woolworths	David Jones, Myer
Westfield Burwood	56,500	9.0	Coles, Woolworths	David Jones, Kmart, Target
<b>Sub-Regional Centres</b>				
Leichhardt Marketplace	15,300	4.4	Woolworths	Target
Broadway	39,000	4.0	Coles, Bi-Lo	Target, Kmart
<b>Supermarket Centres</b>				
Sutton Place	1,700	2.3	Franklins	
Norton Plaza	6,900	3.2	Coles	
<b>Other Centres</b>				
Birkenhead Point	27,000	1.6	Coles	
<b>Retail Strips<sup>3</sup></b>				
Rozelle - Darling Street	8,700	0.0		
Balmain - Darling Street	15,000	1.5	Woolworths	

1. PCA, Australian Shopping Centre Database 2010 for current centres

2. Distance measured by most direct road route

3. Estimate

(p) = proposed; (u/c) = under construction; (a) = approved

Source : PCA, Australian Shopping Centre Database 2010 ; Urbis

## 4 Need, Demand and Impact

This section of the report analyses the level of demand for retail floorspace, particularly supermarket floorspace as generated by the trade area. Analysing demand helps to give an indication of the likely turnover for a new retail development and helps to determine whether a proposed development can be supported. To analyse demand, factors such as population growth, income growth, amount of available supply and the proportion of expenditure attributed to F&G are considered.

As discussed in previous sections of this report, supermarket provision within the Main Trade Area is limited to the small Woolworths at Balmain, the Coles at Birkenhead Point and the Franklins at Drummoyne.

It is likely that there is currently a significant amount of expenditure leakage at to full line supermarkets within higher order centres in the vicinity of the Main Trade Area (notably Broadway and Burwood).

### 4.1 NEED

As part of the assessment criteria it is necessary to establish the need and demand for the proposed retail development. It is assumed the development will commence trading at the beginning of 2015, therefore 2016 is selected as the impact year to reflect one full year of trading.

In our view, an appropriate principle to be applied when assessing the market potential for any retail development can be described as follows:

*“The residents of an area should be provided with the broadest range of conveniently located retail facilities and services which the market can support, at the earliest possible time without jeopardising the sustainability of other centres in the network which are adequately fulfilling consumer needs.”*

Of course, other planning considerations relating to the proposal will also be important in determining whether to give planning consent, including traffic, parking provision, amenity and various community benefit considerations. However, as far as the economic aspects are concerned, the above statement represents a practical principle to apply in a market economy which encourages competition and focuses on consumer needs.

There are a range of indicators of need and demand for additional retail facilities in the subject region, including the proposed supermarket based centre at Rozelle Village. These include the following:

- There is ample expenditure within the Main Trade Area and beyond. The provision of an additional retailing at the scale proposed on the subject site will not jeopardise the viability of any other centre, including those within the main trade area.
- The proposed development is located off Darling Street which is the main retail precinct within Rozelle. It provides a convenient shopping option for local residents and an alternate shopping option to Woolworths at Balmain, giving consumers a wider range of goods to choose from and a higher level of competition.
- A simple benchmark of the provision of floor space is the ratio of floor space per capita. The Main Trade Area, with a population of 45,970 people in 2011, has a ratio of approximately 1.3 sq.m of floorspace per person. For comparison purposes, the overall ratio in Australia as a whole is around 2.2 sq.m per capita. On this measure therefore, the Main Trade Area is currently undersupplied with retail floor space.
- The provision of supermarket floorspace per capita is another indicator of the possible need for additional retail facilities. The current supermarket offer in the trade area includes three small supermarkets, namely Woolworths in Balmain, Coles at Birkenhead Point and Franklins in Drummoyne. Total supermarket floor space is approximately 4,800 sq.m, or 104 sq.m per 1,000 residents. This ratio is well below the Sydney average, which is around 247 sq.m per 1,000 people, and further below the Australian metropolitan average, which is around 297 sq.m per 1,000 people.

## 4.2 DEMAND

The additional demand for retail floorspace by Main Trade Area residents has been estimated based on the forecast growth in population and the amount of retail floorspace that is capable of being supported at average \$/sq.m turnover levels based on the Urbis Retail Averages. The analysis has been undertaken for the Main Trade Area as it represents the area where the proposed development would draw the majority of its demand and compete most strongly with other centres serving the area.

The introduction of a new 3,500 sq.m supermarket in 2015 together with the proposed mini-major and specialty retailing will increase the propensity of local residents to redirect their spending within the MTA.

Table 6 demonstrates that, taking account for the proposed new supermarket, the amount of available expenditure for supermarket retailing within the Main Trade Area would support up to **9,398 sq.m** total supermarket floorspace at 2015 at sustainable turnover levels.

The proposed development would increase the total amount of supermarket floorspace within the MTA to **8,083 sq.m** at 2015 which is comfortably within the quantum that can be supported at sustainable turnover levels. This assessment is consistent with the Retail Needs Study for Leichhardt Council prepared by Leyshon Consulting in 2006, and is discussed in more detail in Section 4.6.

TABLE 6 – MAIN TRADE AREA SUPERMARKET POTENTIAL, 2015

Rozelle Village - Main Trade Area Supermarket Potential Assessment, 2011 - 2021					
Factor	Unit	Amount (Constant \$2011 and Ex GST)			
		2011	2015	2016	2021
Total Available Spending to TA Smkts	\$M.	81.7	97.5	98.8	104.8
Existing & Proposed Supermarket Space <sup>1</sup>	Sq.m	4,768	8,083	8,083	8,083
Resulting Average Trading Levels <sup>2</sup>	\$/Sq.m	17,132	12,063	12,220	12,965
Average Supermarket Turnover	\$/sq.m	10,170	10,375	10,427	10,690
Supportable Supermarket Floorspace	Sq.m	8,032	9,398	9,473	9,803
Resulting Average Trading Levels	Sq.m	17,132	12,063	12,220	12,965
Surplus/Deficiency (+/-)	Sq.m	-3,264	-1,315	-1,390	-1,720

## 4.3 TURNOVER POTENTIAL

It is our view that an impact assessment can reasonably be expected to provide an indication of the trading environment and average trading conditions which retailers are likely to operate within, and implications for likely turnover declines or turnover gains, on average, for the retailers involved. Because an impact assessment seeks to forecast 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 be so precise as to estimate exactly what will happen to each individual retailer, or each group of retailers in each location.

It is therefore not possible in any impact assessment of this type to estimate precisely what will be the trading 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, some of which are within their control. For example, the impact of the proposed supermarket on the performance of existing supermarkets in the trade area will depend very much upon the competitive response which results from the introduction of the supermarket itself on the subject site (e.g. pricing policy, etc.).

The actions which each of these retailers take will determine the eventual impact on each of them, 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.

The development comprises approximately 10,000 sq.m of retail floorspace. To determine the subject site's potential turnover, the following assumptions were made:

- The subject site will be open to trade in 2015. The impact on other retail centres is therefore considered in the first full year of trading 2016.
- Trade Area population growth is forecast as per Section 3.
- Trade Area retail spending is forecast to increase by an average of \$13.8m per annum over the period 2011-2016 to \$743.2m (in constant \$2011 dollars and excluding GST).
- The proposed development will proceed as described in this report, thereby providing residents and workers in the trade area with an enhanced level of retail provision compared to that which is currently available within the trade area.
- The assessment takes into consideration the size and likely strength of the proposed centre, having regard to the major tenants, location considerations and the extent, composition and quality of competing retail facilities.
- We have assumed that the supermarket operator will be a full line national retailer such as Coles or Woolworths; and that the mini majors will include a fresh food operator and a clothing and home wares operator such as the new Target Urban. Specialty stores will include a range of food, liquor and non-food retailing and the mix will also include some non-retail premises such as a travel agent. The modelling reflects turnover rates that would be expected for these stores, adjusted with regard to the locality, competitive environment and socio-economic characteristics. The turnover and impact analysis provided in the sections below therefore represents a robust development scenario likely to lead to a realistic economic impact.
- We have also assumed that a small proportion of the floorspace identified for specialty retail (around 170 sq.m in two tenancies) will actually be taken up by non-retail uses such as a travel agent, real estate agent or the like.
- Average turnover levels for specialty retail tenancies will be reduced by larger restaurant based tenants located on upper levels and layout of the centre that separates the supermarket level from the majority of specialty retail accommodation.

The competitive environment in which the centre will trade is outlined in Section 4.

TABLE 7 – SALES POTENTIAL BY TENANT 2016

**Rozelle Village - Forecast Turnover vs Australian Single Supermarket Average (\$2011, ex GST)**

Tenant	Rozelle Village			Single Supermarket Average		Rozelle Village Var'n from Aust. Avge
	GLA (Sq.m)	Turnover (\$M) <sup>1</sup>	\$/Sq.m	Turnover (\$M)	\$/Sq.m	
<b>Majors</b>						
Discount Department Stores	0	0.0	n.a.	0.4	3,096	n.a.
Supermarkets	3,315	35.0	10,569	36.8	10,622	-0.5%
<b>Total Majors</b>	<b>3,315</b>	<b>35.0</b>	<b>10,569</b>	<b>37.4</b>	<b>10,334</b>	<b>2.3%</b>
Mini-Majors	2,933	18.1	6,169	1.5	3,400	81.5%
<b>Specialty Stores</b>						
• Food	2,529	9.4	3,720	4.6	8,154	-54.4%
• Non-Food	600	2.4	3,922	4.8	6,148	-36.2%
• Services	<u>499</u>	<u>2.2</u>	<u>4,401</u>	<u>0.8</u>	<u>4,928</u>	<u>-10.7%</u>
Total Specialty	3,628	13.9	3,831	10.2	6,758	-43.3%
<b>Total Retail Space</b>	<b>9,876</b>	<b>67.0</b>	<b>6,787</b>	<b>49.1</b>	<b>8,536</b>	<b>-20.5%</b>

Source : Urbis, Urbis Retail Averages 2009/10

Note figures may not sum due to rounding

Table 7 reflects the likely turnover for the proposed development by tenant type in 2016. Potential turnover is calculated by analysing the amount of retail expenditure available in a trade area in relation to the retail supply present. All turnover figures are expressed in constant 2011 dollars.

Table 7 shows we estimate that in 2016 the proposed development may achieve sales in the order of **\$67.1m** (in constant \$2011). Of this, the supermarket component is forecast to turnover somewhere in the order of **\$35m** which equates to \$10,569 per sq.m. The mini majors are forecast to turnover around **\$18.1m** which equates to \$6,169 per sq.m.

The specialty component of the development is forecast to turnover approximately **\$13.9m** in 2016, which equates to \$3,831 per sq. m.

In assessing the turnover potential of the proposed retail development we have had regard to the following Trade Area and design characteristics:

- The site is located in an area that is under supplied with retail floorspace (particularly supermarket floorspace) and one in which there is significant expenditure leakage to centres beyond the MTA. Both of these factors provide an opportunity for new retail development to retain expenditure.
- Per capita retail expenditure within the MTA is 27% above the Sydney average.
- From a tenancy perspective turnover will be driven by the supermarket and mini-major floorspace, one of which we expect will be a large grocer. The amount of specialty floorspace is somewhat limited, reflecting the broader provision of specialty floorspace elsewhere on Darling Street. Limiting the amount of specialty floorspace reduces the potential turnover that can be achieved, as it typically achieves higher turnover rates per sq.m than mini major floorspace (with the exception of stand-out mini-major tenants such as Harris Farm and JB Hi Fi).
- From a design perspective multi-level supermarket-based shopping centres tend to perform less well than single level centres with at-grade parking. This is because, as a convenience based centre, quick and convenient access is most valued by customers. In the proposed design, the separation of car parking from multiple retail levels has the potential to reduce shopper footfall across different retail levels, particularly for the specialty floorspace which is largely removed from the supermarket anchor

tenant. This is reflected in the turnover performance we have forecast for the specialty retailing component, however specialty retailing can still trade viably at these levels.

The proposed development is anticipated to have an overall market share of **8.3%** that is, it is likely to capture 8.3% of the total retail spend generated by the Main Trade Area. The Primary Trade Area is forecast to direct the highest proportion of its expenditure toward the subject site at 9.1% while the Secondary Trade Area is forecast to direct 6.5% of its total retail expenditure to the subject site. The proposed centre is likely to capture a modest percentage of trade from 'beyond' (8%), meaning from outside the trade area. Trade from beyond is likely to be derived from a combination of sources notably passing trade from motorists using Victoria Road as well as people from outside the Main Trade Area visiting the Rozelle and Balmain Darling Street precinct as part of a destination trip.

## 4.4 IMPACT ANALYSIS

### 4.4.1 OVERVIEW OF APPROACH

The approach adopted by Urbis in assessing the economic impacts and other effects of the proposed supermarket centre development can be summarised by the following steps, namely:

- A market assessment, including a review of competition and the likely future demand for the proposed centre;
- An assessment of the turnover potential of the proposed centre based on the development scheme;
- Calculation of the additional turnover resulting from the centre development;
- Assessment of the possible impact on the trading performance of other centres, particularly those centres located throughout the subject centre's area of influence; and
- Assessment of the effects of the calculated impacts.

### 4.4.2 DESCRIPTION OF ECONOMIC IMPACTS

For the purposes of this report "economic impact" on specific centres is defined to mean the probable change in retail turnover at various shopping centres resulting from the introduction of new competition in the form of a new or expanded/refurbished shopping centre.

The reduction in turnover usually relates to a reduced turnover volume from that applicable if the status quo had been maintained (i.e. if the centre's competitive circumstances remained unchanged).

As discussed in this section, in our view it is appropriate to express the impact on particular shopping centres or activity centres as a percentage of their potential turnover in the opening year of the proposed centre, as well as comparing impacts with the estimated current trading situation at each centre.

This latter measure is important because it shows the extent to which current conditions will be sustained even after the impact of competitive developments, recognising that growth in the market, from population growth or real spending growth per capita, can offset in whole or part the effects of new competition.

Therefore the relevant measures are considered to be two-fold:

- **Turnover impact** representing the reduction in turnover as a result of new competition, compared with turnover which would otherwise have been achieved by a particular centre.
- **Turnover change** represents the anticipated overall increase or decrease in turnover for a centre in the forecast year (2016 in this report) compared with the current situation (2011). This measure reflects the combination of the impact of new competitive developments, counteracted by any underlying growth in turnover which would be achieved by the centre anyway.

The retail component of the development is assumed to be completed and open for trading by the beginning of 2015. The impacts outlined in this report are based on the calendar year 2016, which is taken as the first full year of trading for the proposed development.

It is also important to recognise that the relevance of an economic impact assessment in planning terms relates essentially to the broader issue of net community benefit and this includes consideration of the sustainability of existing and planned centres in the activity centre network.

The effects of new competition on individual businesses are not a relevant planning consideration. The relevant consideration in planning terms relates to the ongoing ability of centres to continue to provide for the needs of the community which they serve, and to ensure that new development does not fundamentally undermine the viability and role of existing and planned centres.

#### 4.4.3 IMPACTS

To determine the impacts of the proposed development on surrounding retailers, Urbis has considered the issues discussed above, with particular focus on the competitive context in which the new centre would exist, including the strength and proximity of other centres. Table 8 details the amount of expenditure the proposed development captures from competing centres and from other centres.

TABLE 8 – DISTRIBUTION OF PROPOSED IMPACTS, 2016

<b>Rozelle Village - Distribution of Impact on Key Centres, 2016 (\$2011, ex GST)</b>							
Shopping Area	Est. Retail Turnover (\$M) <sup>1</sup>			Turnover Incr./Decr. (\$M)		IMPACT	
	Existing	Pre-Exp <sup>1</sup>	Post Exp.	Relative to:		Relative to:	
	2011 (1)	2016 (2)	2016 (3)	Existing 2011 (4)=(3)-(1)	Pre-Exp 2016 (5)=(3)-(2)	2011 (6)=(4)/(1)	2016 (7)=(5)/(2)
Rozelle Village	0.0	0.0	67.0	+67.0	+67.0	n.a.	n.a.
<b><u>Competing Centres</u></b>							
<b><u>Within MTA:</u></b>							
Balmain Darling Street & surrounds	134.0	161.0	143.0	+9.0	-18.0	+6.7%	-11.2%
Rozelle Darling Street & surrounds	43.0	46.0	43.6	+0.6	-2.4	+1.3%	-5.3%
Birkenhead Point SC	120.0	134.0	127.4	+7.4	-6.6	+6.1%	-5.0%
Victoria Road, Drummoyne	40.0	43.0	41.2	+1.2	-1.8	+3.0%	-4.2%
<i>Sub Total</i>	<i>337.0</i>	<i>384.0</i>	<i>355.1</i>	<i>+18.1</i>	<i>-28.9</i>	<i>+5.4%</i>	<i>-7.5%</i>
<b><u>Beyond MTA:</u></b>							
Broadway SC	350.0	403.0	393.8	+43.8	-9.2	+12.5%	-2.3%
Leichhardt Marketplace	120.0	140.0	135.3	+15.3	-4.7	+12.7%	-3.4%
Norton Plaza	90.0	104.0	102.4	+12.4	-1.6	+13.7%	-1.6%
Westfield Burwood	350.0	470.0	468.8	+118.8	-1.2	+33.9%	-0.3%
Coles Pyrmont	22.0	29.0	28.5	+6.5	-0.5	+29.4%	-1.8%
Supa IGA Pyrmont	14.0	18.0	18.3	+4.3	+0.3	+30.8%	+1.7%
<i>Sub Total</i>	<i>946.0</i>	<i>1,164</i>	<i>1,147</i>	<i>+201.0</i>	<i>-17.0</i>	<i>+21.3%</i>	<i>-1.5%</i>
<b>Total Above Centres</b>	<b>1,283</b>	<b>1,548</b>	<b>1,502</b>	<b>+219.2</b>	<b>-45.8</b>	<b>+17.1%</b>	<b>-3.0%</b>
<b><u>New Additions</u></b>							
Carrier Site	included in total above (Balmain Darling Street & surrounds)						
<b>Total All Above Centres</b>	<b>1,283</b>	<b>1,548</b>	<b>1,502</b>	<b>219.2</b>	<b>-45.8</b>	<b>+17.1%</b>	<b>-3.0%</b>
Other centres					-21.2		
<b>Total Competing Centres</b>					<b>-67.0</b>		

1. Year ending June

2. Turnover CHANGE is a comparison to current 2011 turnover

Turnover IMPACT is a comparison to expected turnover would otherwise be in the forecast year if the subject development did not occur.

3. All turnover figures are rounded estimates

Source : Property Council 'NSW Shopping Centre Directory', 2011; Shopping Centre News 'Big Guns 2011'; Urbis

The data presented in Table 8 shows that the centre will draw **\$28.9m** from competing centres within the Main Trade Area (MTA), **\$17m** from higher order centres in the vicinity of the MTA and **\$21.2m** from other centres throughout metropolitan Sydney.

Given the location of the proposed development, the regional and sub-regional retail hierarchy and the high volume of passing traffic, it is likely that spend from 'other centres' may include dispersed locations such as Sydney CBD, Chatswood and Five Dock / Parramatta Road to name a few .

It is important to note that the assessed impacts reflect a one-off effect on each centre's turnover. Following this impact each centre would be expected, without any other new competitive developments, to continue to experience growth in line with market growth.

The key points to consider regarding the impact assessment are:

- The degree of impact varies across the range of centres listed depending primarily on each centres proximity and competitiveness of offer to the proposed development.
- In the Main Trade Area the highest dollar impact would be on the Balmain section of the Darling Road retail strip, with an estimated -\$18m or -11.2% impact relative to turnover otherwise achievable at 2016. Compared with current 2011 turnover, the impact would be +\$9m or +6.7%, which is due in part to the addition of new retailing at the Carrier Site before 2015.
- It should be noted that Balmain Darling Street precinct contains the Woolworths supermarket which is understood to be significantly overtrading and achieving turnover rates well in excess of the national average. The supermarket component of the proposed development is therefore likely to trade most competitively with the Woolworths supermarket, which should be able to absorb large competitive impacts and still trade at above average rates. The impact on specialty retailing within the Balmain Darling Street strip is therefore anticipated to be less pronounced. In overall terms the proposed development will strengthen the retail offer on Darling Street by providing a new 'anchor' location at the Balmain / Rozelle convergence.
- The Rozelle portion of Darling Street is forecast to undergo a smaller impact in percentage terms (-5.3%) amounting to -\$2.4m relative to 2016 trading levels without the subject development. Turnover in 2016 would be 1.3% above 2011 trading levels, and retail provision overall in Rozelle would be significantly enhanced as a result of the new development.
- The impact on Birkenhead Point and Victoria Road, Drummoyne in the Secondary North Trade Area is expected to be around -5.3% and -5% in 2016 relatively. Much of this impact would be directed to the existing Coles and Franklins supermarkets within both developments.
- Beyond the MTA the highest dollar impact is expected to fall on Broadway Shopping Centre which has supermarket, DDS and mini-major floorspace that would compete directly with the proposed development and which currently attract a significant portion of spend from the subject site MTA. A \$9.2m reduction in trade in 2016 equates to a -2.3% impact.
- In percentage terms the only other centres estimated to undergo any notable impact are Leichhardt Marketplace (-3.4%) and Norton Plaza Leichhardt (-1.6%). These centres contain a mix of supermarket, DDS and mini major floorspace which currently draws spend from the subject site MTA.

In summary, the potential impact of the proposed development is expected to be spread over a wide range of centres and retailers which currently draw trade from the MTA. Reflecting current shopping patterns of MTA residents, whilst the largest percentage impacts are expected to occur on the Darling Street Balmain Precinct, these impacts would be manageable and would not adversely impact the overall vitality and viability of the precinct given its diversity and strong performing key retailers. Other shopping centres and precincts within the locality and beyond may experience lower level impacts which would also be comfortably within a manageable range.

#### 4.5 VIABILITY OF EXISTING RETAIL CENTRES

The key planning question is whether the viability of existing businesses in the competing centres will be impacted by the proposed development in such a way as will threaten the viability of the existing retail centre.

In the case of Darling Street, our observations (refer Section 3) are that this retail strip is generally healthy with a diverse retail mix, low vacancy levels and good rents. The capacity of the Darling Street retail strip to adequately serve all the shopping needs of local residents is largely restricted by the limitations of the built environment, such as the quality of existing shops, limited opportunities to develop new retail facilities and limited car parking. Additionally, Balmain Woolworths is trading significantly higher than the Australian supermarket average. Although a significant proportion of the forecast impacts on Darling

Street will be focussed on Woolworths, we estimate that trading levels of the supermarket will remain significantly higher than the Australian supermarket average after completion of the proposed development.

Darling Street is a reasonably strong, healthy and thriving retail strip. In this context, the impacts from the subject development will not threaten the viability or vitality of the existing facilities as a whole. Darling Street will continue to play an important role in the retail life of the area. The proposed development will also significantly enhance the overall retail offer and critical mass of activity within the Rozelle Darling Street Precinct.

The impact on other centres in the trade area is at a level that is considered acceptable within normal competitive environment. Victoria Road and Birkenhead Point will continue to serve their particular markets and are unlikely to experience any decline in viability.

It is also reasonable to expect retailers will make improvements to their stores to counter the introduction of new competition. This is the natural process of a competitive environment. The actual level of impact on each centre therefore would be strongly dependent on the measures taken by competing centres and their component retailers to counteract the impacts. In our view, these measures should involve changes and improvements that enhance the competitive positioning of the whole range of centres and individual stores.

In addition to private sector improvements and growth strategies, other measures to ameliorate the effects of competition can also be introduced by the public sector. These can include traffic management, landscaping and street beautification works, car parking, etc.

Finally, when considering any major proposed retail development, it should be recognised that the key consideration is the net community benefit to residents that is likely to arise from the subject development. In this case, the overall provision of retail services and facilities is not reduced, but rather improved, by the proposed development. The development would also have a number of other economic benefits, which are discussed in the remainder of this section of the report.

#### 4.6 COMPARISON WITH RETAIL NEEDS STUDY 2006

In December 2006 Leyshon Consulting prepared a Retail Needs Study for Leichhardt Council which considered the scope for new retail development across the LGA and in specific suburbs including Rozelle and Balmain. Key conclusions from the Retail Needs Study in 2006 were:

- Leichhardt LGA had an estimated supermarket floorspace deficiency of -13,100 sq.m which was projected to increase to -16,200 sq.m in 2011 if no new supermarkets were constructed;
- Leichhardt LGA had an overall retail floorspace deficiency of 37,500 sq.m in 2006 with the largest deficiencies including:
  - Rozelle: 5,800 sq.m;
  - Balmain: 5,500 sq.m;
- Rozelle / Lilyfield was identified as having a supermarket floorspace deficiency of 6,500 sq.m;
- Balmain / Balmain East / Birchgrove was identified as having a supermarket floorspace deficiency of 5,200 sq.m.

Since the publication of the 2006 Retail Needs study there has been no additional supermarket development within Rozelle and Balmain. Urbis' supermarket demand assessment is therefore consistent with the Retail Needs study in so far as both identify demand for additional supermarket floorspace in the MTA at 2011.

In fact, our analysis is more conservative as we assume relatively high levels of expenditure leakage from beyond the MTA to competing centres at 2011, and assume that expenditure leakage will still occur (albeit it at a reduced rate) following the proposed development in 2015. This is due to the close

proximity to higher order centres such as Broadway, Burwood and Sydney CBD all of which contain supermarkets.

The provision of an additional 10,000 sq.m retail floorspace at the subject site is consistent with the floorspace deficiency identified for Balmain and Rozelle in the Retail Needs Study.

## 4.7 EMPLOYMENT GENERATION

The proposed Rozelle Village development would have a positive impact on employment, both locally and in the broader economy. The employment benefits occur in two distinct phases:

- The **construction phase**. A number of jobs are created as a result of the construction of the built forms and infrastructure.
- The **operational phase**. The retail and commercial businesses will provide on-going employment.

In addition to the direct employment generated by these two phases, there are multiplier (or indirect) effects throughout the local, state and national economies. These multiplier effects are a result of, for instance, the sourcing of goods and services from suppliers to the businesses on the site and increased consumption generated by the wages of new employees.

The direct and indirect employment generated from the construction and operational phases of the Rozelle Village retail development is now outlined and quantified.

### 4.7.1 DIRECT EMPLOYMENT EFFECTS

#### CONSTRUCTION PHASE

In order to assess the economic benefit of the construction phase of the development, the number of jobs the development might create has been assessed. For the purposes of this analysis the Australian Input-Output (I-O) employment multiplier tables from 1996-97<sup>2</sup> have been utilised. These are the most recently published tables by the Australian Bureau of Statistics (ABS). We note that the published tables are not current. In order to make them reflect the current state of the economy more accurately, appropriate adjustments have been made for productivity and inflation changes since 1996-97.

To assess the employment generation of the construction phase of this development, it is necessary to first estimate the construction costs of the retail development.

The construction cost for the proposed retail development has been provided by Rozelle Village Pty Ltd. It should be noted that these are indicative costs for construction only, and does not take into account unusual land conditions or any treatment of financing related costs or related building costs.

The proposed development has an estimated construction cost in the order of \$310 million, including retail and residential, commercial and leisure components.

Using the Australian National Accounts Input-Output data, Table 9 indicates that the construction investment of \$310 million (\$2011) would generate direct employment of around **1,705** full-time and part time jobs during construction. These construction jobs would be spread over the development timeframe for the Rozelle Village project.

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<sup>2</sup> ABS Australian National Accounts, I-O Multiplier Table 3T, 1996-97

TABLE 9 – ROZELLE VILLAGE CONSTRUCTION PHASE EMPLOYMENT

<b>Rozelle Village - Construction Phase Employment</b>			
Development Option/ Type of Employment	Construction Cost (\$2011m)	Direct Employment (No. of jobs)	Indirect Employment (No. of jobs)
Full development	310	1,705	2,684

1. Total Employment - full-time, part-time and casual

2. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects.

Jobs are for the equivalent of one year of employment.

Source : Urbis

The direct employment of **1,705 jobs** would generate an additional **2,684 jobs** in supporting industries and other businesses servicing the expenditure by the employed workers. This is the indirect employment generated by the construction phase of the Rozelle Village development.

Total employment from the construction phase therefore would be in the order of **4,389** full-time equivalent jobs over the development timeframe for the Rozelle Village project.

### OPERATIONAL PHASE

The retail uses will provide opportunities for on-going employment on the site. Expected employment densities for each component (employment per hectare) are derived from a range of sources, including:

- The Australian Bureau of Statistics, 1998-99 Retail Industry publication (8622.0);
- NSW Department of Planning, Employment Monitoring of Commercial and Industrial Areas;
- Other publicly available sources and information held by Urbis.

Employment densities vary significantly by different building uses and other factors, such as age of building and quality of a building's design. Drawing on industry benchmarks as reported in the sources identified above, Table 10 outlines the estimated on-going employment that would be generated within the proposed retail, commercial and leisure uses at Rozelle Village.

TABLE 10 – ROZELLE VILLAGE DIRECT EMPLOYMENT IMPACT OF RETAIL DEVELOPMENT

Type of Use	Employment Per '000 Sq.m	Rozelle Village Additional	
	Industry Average	GLA (Sq.m)	Employment (Persons)
Supermarket(s)	40.8	3,315	135
Mini-Majors	23.5	2,933	63
Specialty Shops	60.7	3,783	230
Gym	25.0	3,676	92
Childcare	43.3	300	13
Medical Centre	37.0	492	18
<b>Total Retail</b>		<b>14,499</b>	<b>551</b>

1. Total employment - full time part time and casual

Source : Urbis, Virgin Active

In total, the proposed retail commercial and leisure uses have the potential to provide employment for approximately **550** full-time, part-time and casual workers per year. Some of the new employment within the proposed retail development may be sourced in the form of transfer from retailers affected by the proposed retail development on the site.

## 4.7.2 MULTIPLIER EFFECTS

Factoring in the multiplier effects, the total direct employment of 550 jobs has the potential to generate further employment of 373 workers in the wider economy, as shown in Table 11. In table 11, the 550 retail, commercial and leisure jobs created-on site is reduced by 15% to allow for potential transfer effects of employees moving from existing businesses.

The economic effects of the development will also extend into the wider economy as a result of the multiplier effects of the initial investment:

- Indirect impacts related to the employment generated in supporting and supplying businesses as a result of increased demand for intermediate goods and services;
- Induced impacts related to new employees spending their wages.

The combined direct and multiplier employment effects are detailed in Table 11, with the latter being based on ABS input-output multiplier tables.

## 4.8 EMPLOYMENT EFFECT

There are a number of other employment related benefits that potentially can be achieved by the proposed development that are of particular relevance to the Rozelle area. These include:

- Employment that has better synergy with the employment profile of local residents;
- The provision of employment opportunities to the youth market, a segment of the market that typically has the highest rate of unemployment;
- The retention of the Leichhardt resident workforce and expenditure, which has flow-on benefits to local businesses;
- Reduced need to travel outside Leichhardt for employment and car travel.

TABLE 11 – ROZELLE VILLAGE TOTAL EMPLOYMENT OF RETAIL DEVELOPMENT AND CONSTRUCTION

### Rozelle Village -Total Employment Impact of Retail, Commercial & Leisure Development and Construction

Development Option/ Type of Employment	Direct Employment	Supplier Employment <i>Multiplier Effects</i>	Total Jobs <sup>2</sup>
Construction Phase	1,705	2,684	4,389
Ongoing Employment Increase <sup>3</sup>	<u>468</u>	<u>373</u>	<u>841</u>
Total	2,173	3,056	5,230

1. Total Employment - full-time, part-time and casual

2. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects.

Jobs are for the equivalent of one year of employment.

3. Indicates the estimated number of ongoing jobs as a result of the proposed expansion (ie the floorspace increase)

Source : Urbis

The direct and multiplier effects from the construction phase are estimated to generate the equivalent of 4,389 spread over the development timeframe for the Rozelle Village project whilst the ongoing employment within the retail, commercial and leisure component is estimated to generate 841 jobs in the wider community.

It is important to keep in mind that the multipliers used in the analysis below are based on 1996/97 National Input Output tables. These multipliers can vary significantly at the regional level, however for the purpose of this assessment, the indicative estimates above are sufficient. These estimates are at the more optimistic end of the spectrum, and are based on job creation nationally and not locally.

In total, the proposed construction of Rozelle Village and the on-going employment generated by the proposed retail commercial and leisure uses is estimated to generate employment benefits in excess of **5,230 jobs**. direct and indirect jobs.

#### 4.9 INCOME GENERATION

An alternative indicator of the potential economic benefits accruing to the community by the proposed rezoning is the level of additional income and spending that it is likely to generate. Incomes are generated through employment at the centre and indirectly through the flow-on effects in the wider economy, both in terms of the jobs created in supplier and supporting businesses and the follow-on benefits as employees spend their incomes in the wider economy.

According to data from the ABS the average retail wage is approximately \$960 per week for a full time position. Allowing for a large proportion (60%) of part-time workers, we expect total employment in the retail centre to equate to approximately 256 full time equivalent positions. Total annual wages through ongoing employment in the centre are therefore estimated at **\$14 million**. Many employees are likely to live locally, therefore a high proportion of this income is likely to directly benefit families living in the local area.

Similarly, incomes generated by the construction activity are estimated at approximately \$99.5 million for the period of two years. The benefits of these incomes are likely to be spread more widely, reflecting the varied residential locations of construction contractors.

#### 4.10 CONSUMER CONSIDERATIONS

The proposed development will also have a number of benefits for consumers. In particular:

- The retail development will include a full-line supermarket, offering a full range of products, such as is currently not available within the Main Trade Area;
- There will also be a wide range of mini major and specialty retailers, including many retailers which are not currently represented within the trade area and operators who cannot currently find suitable space within the locality;
- Local residents will be provided with a wider range of retail facilities, conveniently located within walking distance of the existing Rozelle retail precinct;
- The extension of choice will also promote greater competition, with possible benefits in terms of keener prices and better quality;
- The development of a local retail centre will reduce the need for trade area residents to undertake shopping trips at more distant retail centres, this will help to reduce the extent of car usage for shopping purposes;
- The development will include a substantial provision of off street car parking, which will help to ease the current shortage and parking problems for shoppers in the Darling Street area.

## 5 Conclusion

Urbis has been commissioned by Rozelle Village Pty Ltd to determine the potential impacts the proposed retailing within the Rozelle Village development may have on existing retail centres within the locality.

The proposed development will result in the comprehensive redevelopment of the Rozelle Village site at Victoria Road, Rozelle to create a landmark development comprising a mix of residential and commercial uses. The retail component of the scheme will provide around 10,000 sq.m retail floorspace, notionally configured over three podium layers as follows:

The retail component of the scheme will provide around 10,000 sq.m retail floorspace, notionally configured over three podium layers as follows:

- A 3,315 sq.m supermarket;
- Three mini-major retailers providing around 2,930 sq.m floorspace; and
- Specialty retail and food court / restaurant provision totalling approximately 3,800 sq.m.

It is assumed that the retail development will open and complete its first full year of trading by 2016.

We estimate that in 2016 the proposed retail development may achieve sales in the order of **\$67m** (in constant \$2011).

Our impact analysis demonstrates that the centre will draw **\$28.9m** from competing centres within the Main Trade Area (MTA), **\$117m** from higher order centres in the vicinity of the MTA and **\$21.2m** from other centres throughout metropolitan Sydney. Other centres may include dispersed locations such as Sydney CBD, Chatswood and Five Dock / Parramatta Road to name a few.

The potential impact of the proposed development is expected to be spread over a wide range of centres and retailers which currently draw trade from the MTA. Reflecting current shopping patterns of MTA residents, the largest percentage impacts are expected to occur on Darling Street with lower level impacts at other shopping centres.

The retail component of the proposed development will deliver a net community benefit by improving the overall provision of retail services to meet current demand and by having the potential to create up to 428 retail jobs on-site. Additional employment will also be generated by the non-retail uses on the site and during construction.

Our analysis is consistent with the findings of Council's Retail Needs study in so far as both identify demand for additional retail floorspace within the MTA.

The proposed retail commercial and leisure uses have the potential to provide employment for approximately **550** full-time, part-time and casual workers per year. In total, the proposed construction of Rozelle Village and the on-going employment generated by the proposed retail commercial and leisure uses is estimated to generate employment benefits in excess of **5,200** direct and indirect jobs.

Having regard to the above factors, we are of the opinion that the proposed retail development within the Rozelle Village development would not threaten the viability of any existing retail centre or precinct, and is therefore supportable from an economic perspective.

# 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 purposes of the 1991/92 Retail and Services Census, with some minor exclusions. This definition includes Total Shopfront Retailing less garden supplies and marine equipment. Motor vehicle and related retailers are also excluded. This definition has been adopted for the purposes of detailing the retail market using the ABS Household Expenditure Survey (HES), 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 Lottery & Gaming
  - Marine Equipment
  - Medical and Dental Services
  - Offices.
  - Post Office
  - Travel Agency
  - Garden Supplies
  - Auto Accessories
  - Banks and Building Societies
  - Cinemas
  - Equipment Hire
  - Financial and Property Services

In addition to the above tenant types which are quite often found in shopping centres, facilities such as garden supplies, builders supplies, and similar businesses which are predominantly wholesale, are usually treated entirely as non-retail stores, despite the fact that a proportion of the business may be retail orientated.

- The **Food & Groceries (F&G)** market refers to the market relevant to supermarkets, and comprises spending on take-home food and groceries. Some non-supermarket traders, including fresh food specialties, milk bars and convenience stores and to a limited extent non-food stores such as Discount Department Stores (DDSs), also compete for F&G spending. The F&G category includes food items only and therefore does not include the general merchandise items sold in supermarkets. The F&G category also excludes spending on liquor. Where a specific supermarket competes for bottled liquor spending, the analysis takes this component into account separately.
- The **Department Store Type Merchandise (DSTM)** market specifically refers to the market relevant to department stores and DDSs. It comprises expenditure on department store and DDS type merchandise, all of which is included in the defined retail market. More specifically it comprises expenditure on :
  - Clothing and Accessories including all clothing, footwear, clothing accessories, jewellery and cosmetics.
  - Furniture, Floor Coverings and Major Electrical including all furniture, floor coverings, televisions, refrigerators, and other large electrical appliances.
  - General Merchandise including books, printed material, toys, hardware items, small electrical appliances, bikes, photographic equipment, etc.

This category excludes spending on food items which these stores also stock, such as confectionery, soft drinks, tobacco, tea and coffee and other consumable items.

- **Financial Years:** Analysis throughout this report relates to financial years (ending June) unless otherwise specified

## ABBREVIATIONS

The following abbreviations are used in this report :

ABS	Australian Bureau of Statistics
ANZSIC	Australian & New Zealand Standard Industrial Classification
CBD	Central Business District
DDS	Discount Department Store
DSE	Department of Sustainability and Environment
DSTM	Department Store Type Merchandise
ERP	Estimated Resident Population
F&G	Food & Groceries
GLA	Gross Leasable Area
GST	Goods and Services Tax
HES	Household Expenditure Survey
MDS	Market Data Systems Limited
SLA	Statistical Local Area

## GOODS AND SERVICES TAX (GST)

The tax package has had differential effects on turnover by various categories of retailers as a result of changes in prices and consumer demand.

These effects have been estimated by Urbis and from 2001 the spending market and turnover forecasts presented in this report are exclusive of GST.

## MARKETINFO

Spending estimates provided in this report are based on the *MarketInfo* 2010 micro-simulation model developed by MDS Market Data Systems. *MarketInfo* 2010 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.

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